2021 STATE OF RETIREMENT PLANNING STUDY

FACT SHEET

About the Study

The **State of Retirement Planning** study examines the extent of planning Americans have undertaken to meet their retirement goals, how they feel about those efforts and the impact the COVID-19 pandemic has had on their preparation. The study also looks at what worries them most and the role planning plays in allaying their stress and concern. Finally, respondents were asked about their familiarity with a set of commonly accepted retirement guidelines. We spoke to a national sample of **1,204 adults** who are not yet retired. Respondents had at least one investment account and those over age 34 had at least $100,000 in investable assets.

Where Americans stand **on retirement planning**

Most Americans (**69%**) describe themselves as proactive or planners—and **64%** either have a plan or have thought in detail about how to afford their desired lifestyle in retirement .

Where are you in planning **how to afford retirement?**

33%	31%	34%
I have a plan in place to achieve my goals	I have thought about it in great detail	I have thought about it somewhat/have yet to start

Men (**37%**) are much more likely to say they have a plan in place than women (**29%**).

Millennials are **slightly more likely than older generations** to have a plan in place.

The pandemic's impact on retirement planning

Among people who have lower confidence levels than prior to the events of the past year, **82% of Americans** report that their retirement plans have been impacted negatively by the pandemic, placing many several years behind where they would have otherwise been. While men and women both report similar recovery timelines, it is notable that **far more women say they are not sure just how far back they are,** which likely is a reflection of the lower rate of planning.

How far behind are Americans' retirement plans **due to events of the last year?**

	ALL	MEN	WOMEN
Less than one year before I'm back on track	3%	4%	2%
About one year before I'm back on track	24%	26%	22%
Two or three years before I'm back on track	33%	35%	32%
Four or five years before I'm back on track	11%	13%	9%
More than five years before I'm back on track	12%	11%	12%
I'm not sure	18%	11%	23%

Despite this **82% are confident that they will achieve their retirement goals.** Men in particular express greater assurance: **55%** say they are 'very confident' compared to only **39% of women.**

While many are frustrated (**30%**) or angry (**11%**) nearly half (**45%**) are hopeful or determined they will get back on track. In fact, **36%** are more confident now than they were prior to the events of the past year.

Curiously, that optimism may be a result of the pandemic itself; the events of the past year have caused **79%** to re-evaluate their priorities and seven in ten are making changes to improve their retirement preparedness. That is reflected in a shift over the past 12 months in what people are stressed about. Not surprising, in particular the ability to afford health care in retirement is now causing greater stress than at this time last year.

One year into the pandemic, **financial stress levels are changing**

More stressed than before the pandemic about my ability to....	APRIL 2020*		MARCH 2021
Pay monthly bills	40%	VS	32%
Maintain nest egg in retirement	35%	VS	36%
Afford health care costs in retirement	37%	VS	42%
Pay for child's education	43%	VS	41%

SOURCE MARKET SENTIMENT STUDY APRIL 2020

Generations are losing sleep **over different things**

When presented with a list of retirement topics that might keep them up at night, **younger and older Americans answered very differently.** While worry over the cost of health care was a theme common to all, those closer to retirement generally had fewer worries and they tended to be financial. For the younger generations the concerns were more existential.

Which of the following **'keep you up at night'** when you think about retiring one day?

	Gen Z	Millennial	Gen X	Boomer
Running out of money/significantly having to cut back over time	39%	40%	36%	38%
Not having enough money to retire the way I want	37%	30%	42%	38%
Feeling like I'm no longer a useful member of society	36%	35%	20%	14%
Becoming sick	33%	35%	36%	41%
Not being able to afford health care	32%	26%	32%	32%
Being bored	32%	28%	17%	19%
None of these	5%	4%	14%	18%

The power of **planning**

The survey results suggest the simple existence of a plan has a positive impact on financial mindset, and these benefits accrue even after just taking first steps. For example, many people report beginning to relax **following these actions:**

At what point in the process did **you start to relax?**

39%	35%	34%	34%
Set Financial Goals for Myself	Met with Financial Advisor	Got Finances Organized	Sat Down with Partner to Get on Same Page

Furthermore, those **with a blueprint for achieving retirement goals** (either have a plan or have thought about in detail) compared to those who don't are more likely to:

	WITH A PLAN		WITHOUT A PLAN
Have greater peace of mind during stock market ups and downs	43%	VS	26%
Be very confident they'll be able to retire when and how they want	56%	VS	30%
Be more confident now than since events of last year	40%	VS	30%
Feel it will take a year or less to get back on track	29%	VS	23%
Feel hopeful 2021 will be better than 2020	40%	VS	28%
More likely to have saved money over the last year	26%	VS	20%
Feel they will exceed or accomplish what they want to accomplish in retirement	83%	VS	66%

Notably, that same group with a blueprint **tend to work more collaboratively with spouses and partners.** Age may play a determining role in this as Gen Z and Millennials more than Gen Xers or Boomers report going it alone and using online tools and calculators.

Used online tools or research to explore:	Gen Z & Millennials	Gen X and Boomers
Where I want to live in retirement	15%	8%
How I want to spend my time in retirement	14%	8%
What I want to accomplish in retirement	17%	9%
What I want to be remembered for	17%	7%
How to afford a few of my retirement dreams	21%	10%
How to afford my desired retirement lifestyle	19%	12%
How to feel secure in retirement by not having any big, unexpected financial surprises, like health care	17%	13%
How to plan my charitable giving	18%	9%

Brushing up on retirement guidelines **can make a difference**

When planning for retirement, it can be useful to have **familiarity with some of the broadly accepted fundamentals.** The survey results show that a refresher may be useful for many.

How much to save for retirement

Only 25% of respondents accurately indicated that experts recommend having 10-12 times your last full year of working income by the time you reach retirement. Half of all respondents thought the figure would be only 5 times or less.

How much to withdraw in retirement

28% said that financial experts would recommend a withdrawal rate of **10 to 15% of retirement savings every year**, a withdrawal rate that would use up one's retirement savings quickly. Withdrawing that amount would be far above the suggested rate of 4 to 5 percent annually.

Market Returns

Almost three-quarters (**72%**) of respondents believe the stock market has seen negative returns more frequently than positive ones over the past 35 years. It may come as a pleasant surprise for people to learn that the stock market has had a positive annual return for 26 out of the past 35 years.

The cost of out-of-pocket health care expenses

Most respondents underestimate the cost of out-of-pocket health care for a couple in retirement, with **37%** guessing between **$50,000-100,000**. In fact, for a couple retiring at 65, the actual average cost throughout their retirement is three times higher, at **$295,000***.

Full retirement age for Social Security

Although you can start receiving Social Security retirement benefits as early as age 62, you have to wait a few more years before you reach Full Retirement Age (FRA). Claiming Social Security benefits any time before you reach FRA can lock in a permanent reduction in monthly income. Doing some research on this may be helpful, as **only 17% correctly identified their Full Retirement Age** (FRA) for Social Security, with **44% of Gen X-ers** underestimating their FRA of 67.

The impact of divorce on Social Security

There's good news on this front. While **63% of respondents think a former spouse has the ability to reduce their monthly benefits**, the truth is, one's Social Security benefit is not reduced if an ex-spouse claims some of their Social Security benefits.

About the Fidelity Investments State of Retirement Planning Study

This study presents the findings of a national online survey, consisting of **1,204 adult financial decision makers** who were not retired. Respondents had at least one investment account and those over age 34 had at least **$100,000 investable assets**. The generations are defined as: Baby Boomers (ages 57-75), Gen X (ages 41-56), millennials (ages 25-40), and Millennials (ages 18-24). Interviewing for this CARAVAN® Survey was conducted February 5-12, 2021 by Engine Insights, which is not affiliated with Fidelity Investments. The results of this survey may not be representative of all adults meeting the same criteria as those surveyed for this study.

About Fidelity Investments

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*Estimate based on a hypothetical couple retiring in 2020, 65-years-old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates with Mortality Improvements Scale MP-2017. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Cost Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program, Original Medicare. The calculation takes into account cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.

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