

Retirement Survey & Insights Report 2023

DIVING DEEPER INTO THE FINANCIAL VORTEX

A Way Forward

Navigating the Vortex:

Retiring in an Improving
Financial Environment

Planning Paradox:

When Preparation Doesn't
Increase Confidence

Evolving Participant Needs:

New Plan Designs
and Considerations

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Introduction

Retirement savers face a complex backdrop of financial concerns. Economic and personal factors combine to create an unpredictable Financial Vortex of challenges and responsibilities that strain savers' ability to save and live in retirement.

In this year's Retirement Survey & Insights Report, we dive deeper into these challenges and identify potential solutions that may help manage the Financial Vortex's impact. Our report explores steps employers and advisors can take to help employees navigate the turbulence and find unique paths to retirement.

In the first section of our report, [The Financial Vortex Continues to Plague Savers](#), we show how the realities of life's competing financial priorities can continue to threaten workers' savings, even while overall economic conditions improve around them.

The second section, [Managing the Unexpected](#) covers practical changes plan sponsors and advisors can consider to help savers navigate the inevitable but often hard-to-predict financial challenges that life throws their way. We analyze four key aspects of plan design and retirement services that can impact individuals' ability to retire.

In the third section, [Rethinking the Role of the 401\(k\) Plan](#), we explore the evolving role of the 401(k) plan in supporting the broader financial wellbeing of a workforce. With the passage of SECURE Act 2.0, the industry will need to consider widening the scope of services beyond those traditionally associated with retirement.

More than ever, we believe there is no one path or solution that solves retirement for all individuals. Yet this challenge brings the opportunity to provide workers and retirees with more integrated, personalized, solutions to help their retirement goals.

Methodology and Respondents

METHODOLOGY

We evaluate survey responses from both working and retired Americans to understand the realities of preparing for and living in retirement. Our goal is to learn about the financial obstacles individuals need to overcome and lessons that can be applied. Our Retirement Survey & Insights Report includes key findings that we hope will help plan advisors and plan sponsors better prepare

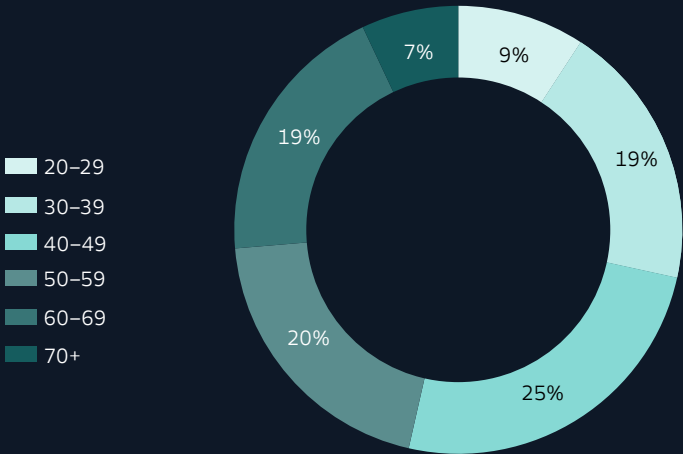
employees for retirement. Our findings are from 5,261 individuals surveyed in June-July 2023 and provide insights from a diverse set of perspectives, including (i) working individuals (3,673 working individuals across generations—working Baby Boomers, Generation X, Millennials, and Generation Z), and (ii) retired individuals (1,588 retired individuals age 50-75).

RESPONDENTS

5,261

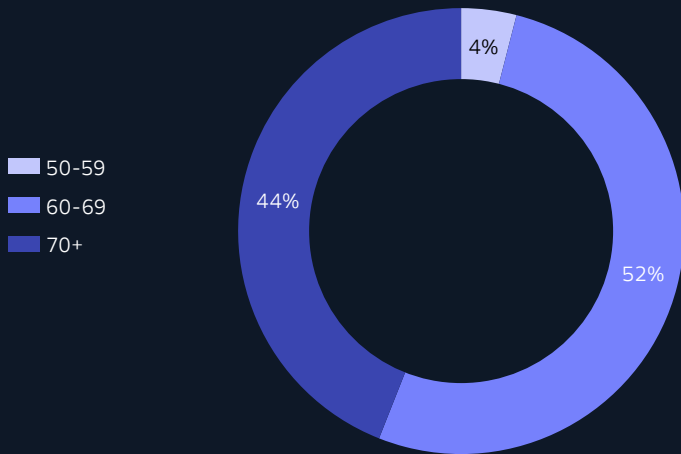
WORKING INDIVIDUAL

3,673



RETIRED

1,588



KEY SURVEY FINDINGS

REALITIES OF RETIREMENT

Retirement Sentiment Improved, but the Financial Vortex Effect Remains

Despite improving economic conditions, the reality that individuals need to navigate the Financial Vortex is here to stay. Competing priorities and limited financial resources make it difficult to balance multiple goals. As a result, 21% report that this impact is going to delay their retirement by four or more years.

PLANNING PARADOX

Personalized Planning Provides Many Benefits, but Does Not Entirely Alleviate Vortex Challenges

While a personalized retirement plan can increase confidence, reduce stress and improve overall satisfaction with savings, it can also heighten savers' awareness of the financial vortex. Those without a plan report feeling less impacted by competing financial priorities than those with a plan. This paradox highlights the need for personalized support that goes beyond planning.

FINANCIAL LITERACY CONCERNS

Despite Low Financial Literacy, Many Are Managing Their Retirement Savings On Their Own

Nearly half of working respondents (47%) self-manage their retirement savings, yet only 13% correctly answered all of the financial literacy questions. Financial education provides empowerment and allows retirement savers and retirees to feel confident when navigating financial challenges. As we consider optimal retirement plan design, this is one of many factors that can be important to help people prepare for retirement.

LOOKING BEYOND RETIREMENT

Employees Want Retirement Plans to Help with Near-Term Financial Challenges

Emergency savings was the top choice for plan design enhancements, evidencing the employee desire to receive help navigating immediate financial challenges. The survey highlights that emergency savings can significantly help the concerns of competing financial priorities and therefore can be an important driver of financial resiliency.

MANAGING THE FINANCIAL VORTEX

ALIGN PLAN DESIGN WITH RETIREMENT SAVER JOURNEY



KEY FINDINGS

FINANCIAL FOUNDATION

Financial literacy can positively impact the retirement journey.

Almost half of working respondents prefer to manage retirement savings themselves, yet only 13% correctly answered the sample financial literacy questions.

Financial literacy can have a meaningful impact on workers ability to navigate competing priorities.

FINANCIAL RESILIENCY

Preparing for emergencies can prevent early withdrawals from retirement savings.

42% of working respondents experienced a hardship that caused them to stop saving for retirement.

56% of working respondents have less than three months of income saved for emergencies.

FINANCIAL STRATEGY

Personalized plans provide a range of potential benefits that are tailored to each saver.

78% of working respondents with a financial plan report their retirement savings as on-track or ahead of schedule, compared to 34% of those without a plan.

78% of retired respondents with a financial plan entering retirement were confident they were ready to make the transition, compared to 56% without a plan.

INCOME STRATEGY

Blended investment and annuity-based income strategies can align with better retirement experience.

Almost 60% of retired respondents with a blended income strategy report having a better retirement lifestyle than those with only an investment or annuity strategy (49% for each).

35% of retirees with a blended income strategy report being very satisfied with their income, compared to 23% and 25% for those with just annuity or investment income, respectively.

Disclosures

Glossary

Per the Consumer Financial Protection Bureau, financial well-being is a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future and is able to make choices that allow them to enjoy life.

Correlation is a measure of the amount to which two investments vary relative to each other. Past correlations are not indicative of future correlations, which may vary.

Diversification refers to allocating capital in a way that seeks to reduce exposure to any one asset or risk.

SECURE 2.0 has a broad range of new provisions (92 in total), which include significant changes designed to help close existing gaps across the retirement system.

A 401(k) is a feature of a qualified profit-sharing plan that allows employees to contribute a portion of their wages to individual accounts.

Financial resiliency is the ability to withstand life events that impact one's income or assets. It is the longer term approach to one's relationship with money. If an unexpected expense were to arise, having the financial means to deal with it means you are financially resilient.

The financial vortex is a term we commonly use to describe the magnitude of competing financial priorities that may affect one's retirement savings.

A bear market is when a market experiences prolonged price declines.

Year-over-year is a metric used to compare data from the current year to the previous year.

Blended investments refers to the combination of annuity income and investment income.

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All investing involves risk, including loss of principal.

The survey was conducted by Goldman Sachs Asset Management and Qualtrics Experience Management between June 16, 2023–July 8, 2023. Views expressed discussed are those of survey respondents.

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There are minor changes in the 2023 sample compared to 2022. The total sample size increased to 5,261 in 2023 from 1,566 in 2022, and

now includes not-for-profit organizations that were not included in the previous wave. This year we also asked a new question about net investable assets, which we used to establish soft quotas to ensure enough representation and enable us to analyze the data across different wealth tiers. We believe broad trends for the overall sample can be compared year-over-year despite these minor sample changes.

Survey participants were asked to select responses based on what has extremely, very, moderately, slightly or no impact on their ability to save for retirement. We are reporting extremely, very and moderate responses.

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