



THE WHITE PAPER

Your Guide to Life Planning

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Retirement Confidence Levelled Off in 2016

Americans' confidence in their ability to retire in financial comfort has rebounded considerably since the Great Recession, but worker optimism leveled off in 2016. According to the 26th annual *Retirement Confidence Survey* -- the longest-running study of its kind conducted by Employee Benefit Research Institute in cooperation with Greenwald & Associates -- worker confidence stagnated in the past year due largely to subpar market performance.

The percentage of workers who reported being "very confident" about their retirement prospects hit a low of 13% between 2009 and 2013, recovered to 22% in 2015, and stabilized at 21% in 2016. However, significant improvement was reported among workers who said they were "not at all" confident about retirement, as their numbers shrank from 24% in 2015 to 19% this year. Curiously, the attitude shift away from being not at all confident came from those respondents who reported no access to a retirement plan.

It's All in the Plan

The data clearly shows a strong relationship between the level of retirement confidence among workers and retirees and participation in a retirement plan -- be it a defined contribution (DC) plan, a defined benefit (DB) pension plan, or an IRA. Workers reporting they and or their spouse have money in some type of retirement plan -- from either a current or former employer -- are more than twice as likely as those with no plan access to be very confident about retirement.

Still Not Preparing

Underlying the generally positive trend in the 2016 survey was the persistent fact that most Americans are woefully unprepared for retirement, having little or no money earmarked for retirement. For instance, among today's workers, 54% said that the total value of their savings and investments (excluding the value of their home and any defined benefit plan assets) is less than \$25,000. This includes 26% who have less than \$1,000 in savings.

Retirement Plan Dynamics

Not only do workers and retirees that own retirement accounts have substantially more in savings and investments than those without such accounts, on a household level, these individuals tend to have assets stored in multiple savings vehicles. For instance, according to the 2016 RCS, about two-thirds of those with money in an employer-sponsored plan also report that they or a spouse have an IRA. Further, 90% of survey respondents with access to a defined benefit pension plan either through their current or former employer also have money in a defined contribution plan.

Retirement Age

Perhaps as an antidote to their lack of savings, some workers are adjusting their expectations about when they will retire. In 2016, 17% of workers said the age at which they expect to retire has changed -- of those, more than three out of four said their expected retirement age has increased. Longer-term trends show that the percentage of workers who expect to retire past the age of 65 has consistently crept higher -- from 11% in 1991 to 37% in 2016.

For more retirement trends among workers and retirees or to review the [2016 Retirement Confidence Survey](#) in its entirety, visit EBRI's website.

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