

The Nationwide Retirement Institute[®] Consumer Social Security PR Study

March 2019
Presented by:



NFM-18413AO



Target Group and Method

- This survey was conducted online from February 11 to 21, 2019 to a targeted subset of the U.S. population:
 - 1,315 U.S. adults aged 50 or older, who currently collect or plan to collect Social Security benefits and fall into one of the following groups:
 - **10+ (Years) Retirees (n=421),**
 - **Recent Retirees (n=439),** or
 - **Future Retirees (n=455)**
 - This sample includes a subset of “Affluent Adults” who in addition to meeting the qualification criteria above, have at least \$250,000 in investable assets (IA) and are divided into the following subgroups:
 - **Mass Affluent – having \$250,000 IA to less than \$500,000 IA (n=206)**
 - **Emerging High Net Worth (EHNW) – having \$500,000 IA to less than \$1,000,000 IA (n=207),** or
 - **High Net Worth/Ultra High Net Worth – having \$1,000,000 or more in IA (n=208)**
- Data were weighted as needed to bring them in line with the population of US residents age 50+ from the CPS 2018 for education, age by gender, race/ethnicity, region, household income, marital status, household size, and employment status. Additionally, those with investable assets of \$250k or more were weighted separately to align on the same demographics listed above, plus assets amount, based on the weighted qualified gen pop population meeting that criteria. Our weighting algorithm also included a propensity score which allows us to adjust for attitudinal and behavioral differences between those who are online versus those who are not, those who join online panels versus those who do not, and those who responded to this survey versus those who did not.

Report Notes

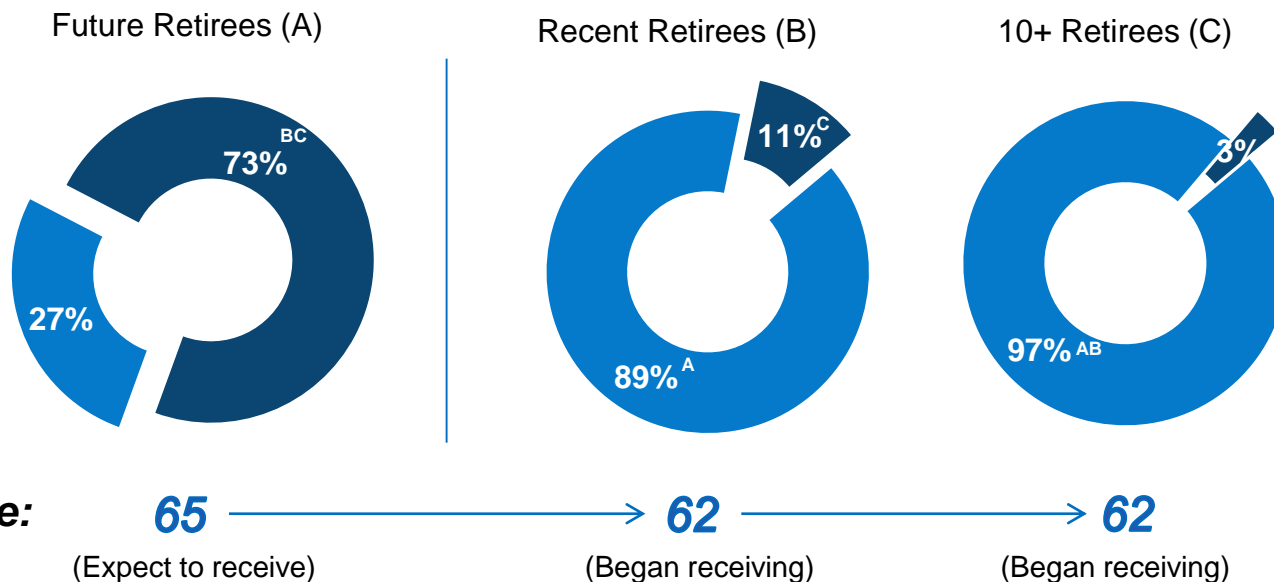
- “Current Retirees” includes both Recent and 10+ years Retirees
- “Older adults”, “adults”, “retirees” include all qualified respondents
- “Affluent adults” and “Affluent” includes all respondents with at least \$250,000 in investable assets
- An asterisk (*) in a data chart indicates that a response is less than .5%
- Significant differences among subgroups are noted at the 95% confidence level:
 - Letters (A, B, C) = significant difference from comparison group
- Some subgroups are too small to report quantitatively for PR. These are noted with “caution”. This report notes when bases are small (<100), or very small (<30)
- When subgroup sample sizes are too small to report quantitatively (<100), Total data is noted. At times, Total may also be provided as additional information.

Future Retirees expect to collect Social Security around age 65, on average

- One in four Future Retirees (27%) are currently receiving SS. Expectedly, they are less likely to be receiving SS than both Recent Retirees (89%) and 10+ Retirees (97%).
- On average, Recent Retirees and 10+ Retirees say they began collecting SS at age 62.

Getting/Planning To Get SS

■ Currently Receiving ■ Expect to Receive



Base: Qualified Respondents (Total n=1,315): Future (n=455); Recent (n=439); 10+ (n=421)

Q615 Do you currently receive or will you receive Social Security?

Q702 IF Receiving SS (Total n=873; Recent n=363; 10+ n=397): At what age did you begin collecting Social Security?

IF Not Receiving SS (Total n=442; Future n=342): At what age do you think you will start to collect Social Security?

Over half of Older Adults who plan to draw Social Security do not plan to draw Social Security benefits before full retirement age

- Of Future Retirees who plan to draw SS, a quarter (25%) plan to draw these benefits early, before reaching full retirement age, while about one in eight (13%) are not sure if they will be drawing SS early.

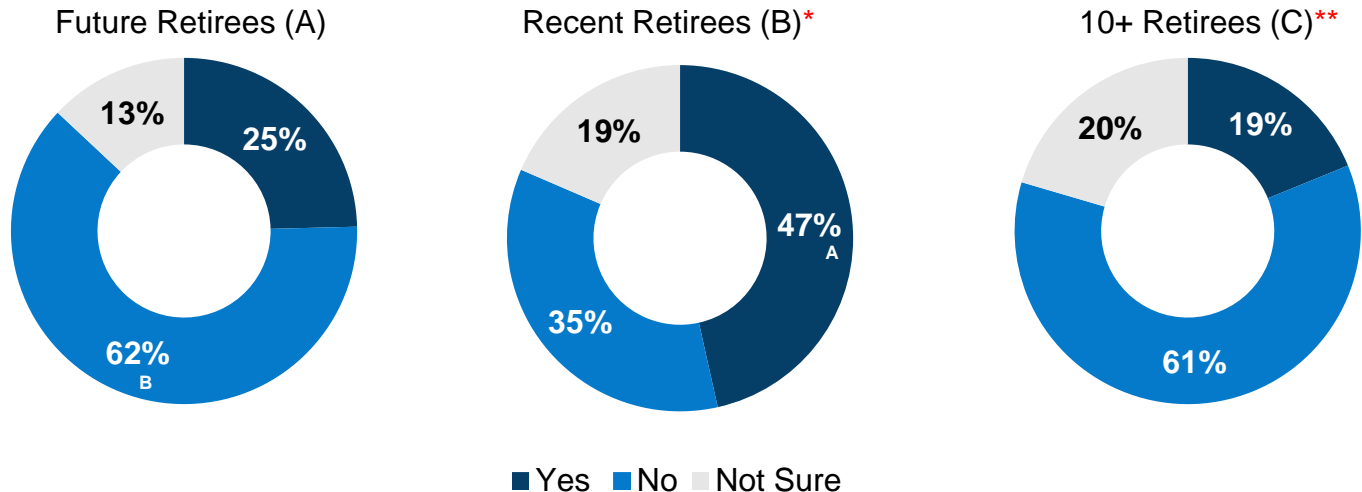
Plan To Draw SS Benefits Before Full Retirement Age

Total:

Yes (27%)

No (60%)

Not sure (14%)



*Caution, small base <100, results are directional in nature and stat testing is not shown

**Caution, very small base <30, results are directional in nature and stat testing is not shown

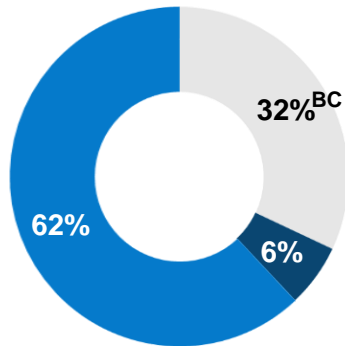
Four in five Recent and 10+ Retirees incorrectly identified the age at which they are eligible for full Social Security benefits

- Most commonly, older adults think they are eligible for benefits sooner than they actually are.

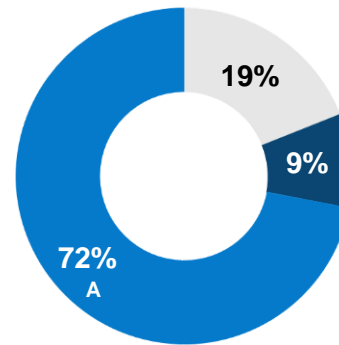
Age of Eligibility for Full Retirement Benefits

- Correctly Identified Age Eligible for Full SS Benefits
- Thinks They Are Eligible for Full SS Benefits Later than they Actually Are
- Thinks They Are Eligible for Full SS Benefits Sooner than they Actually Are

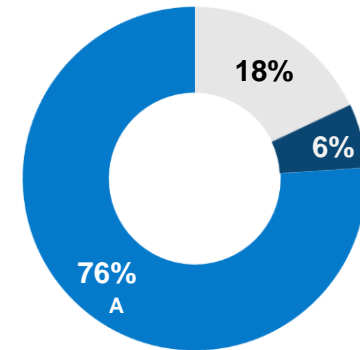
Future Retirees (A)



Recent Retirees (B)



10+ Retirees (C)



Incorrect Response:

68%

81%^A

82%^A

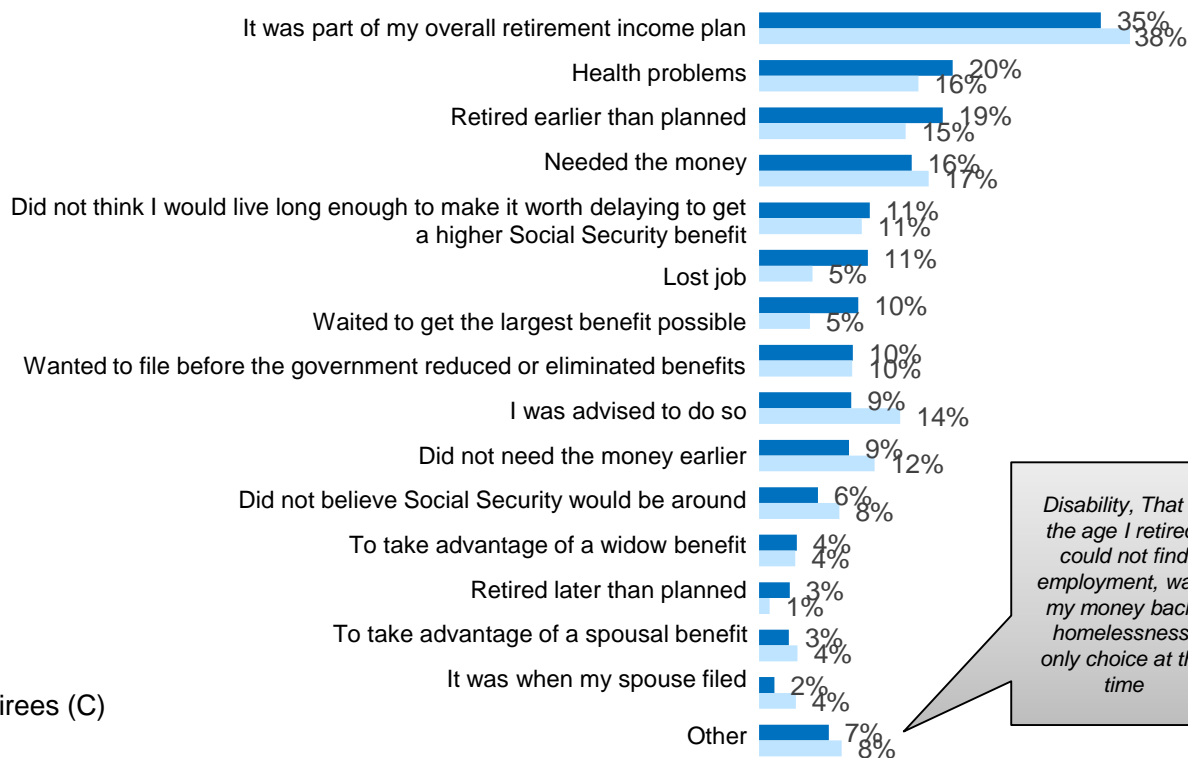
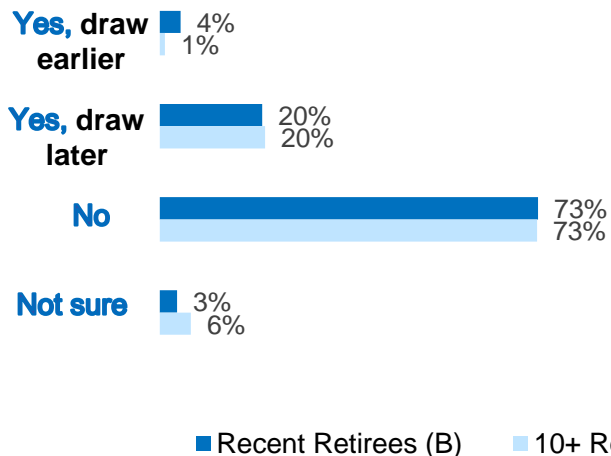
About three in four current retirees would not change the age they started drawing SS

- Of those who would not change their drawing decision, about one in three cite it was part of their overall retirement income plan and one in five cite health problems as reasons they started drawing at that age.

Would you change the age you started to collect SS if you could?

No

Reasons For Drawing SS At That Age
(Of those who would not change decision)



Disability, That is the age I retired, could not find employment, want my money back, homelessness, only choice at the time

Base: Currently Drawing Social Security (Total n=873): Recent (n=363); 10+ (n=397)

Q712 Looking back on your decision to start at that age, would you change that decision if you could?

Base: Would Not Change Drawing Decision (Total n=639): Recent (n=264); 10+ (n=293)

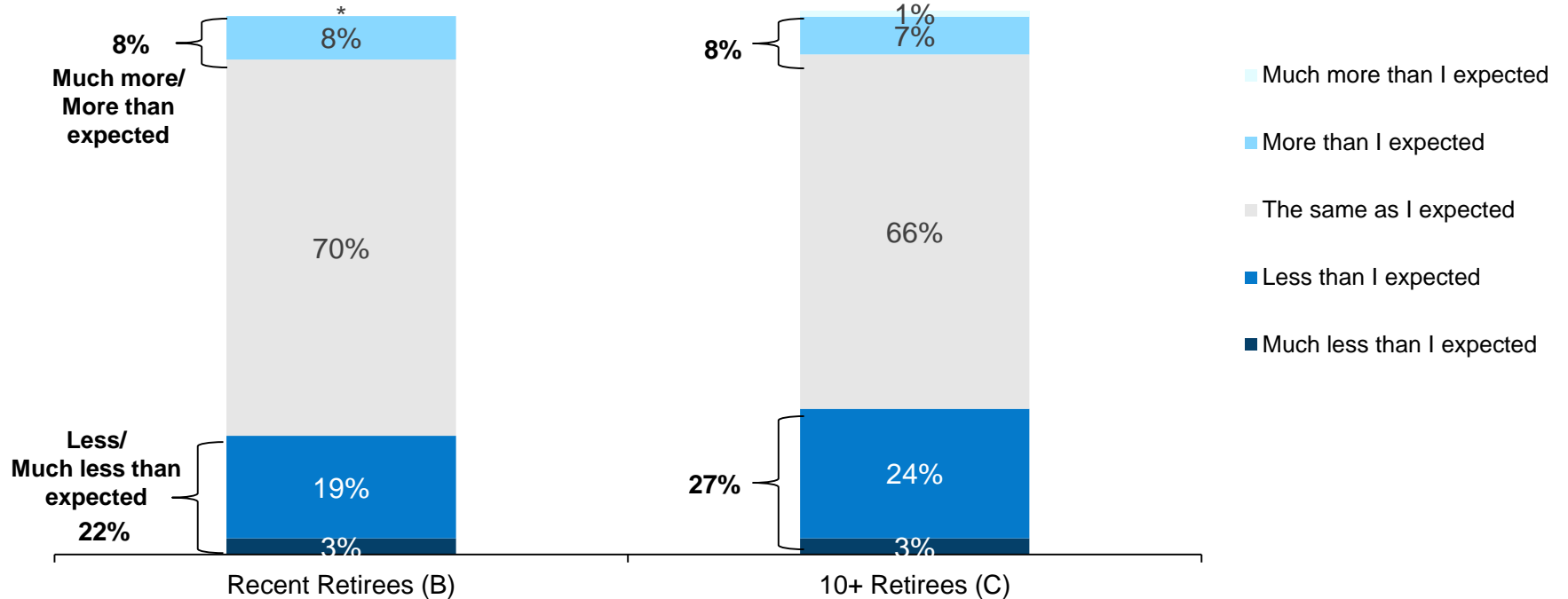
Q710 Which of the following are reasons you drew Social Security at that age?

Please select all that apply.

About a quarter of current retirees overestimate their SS payment

- Less than one in ten Recent Retirees (8%) and 10+ Retirees (8%) say their SS payment is more/much more than expected.
- About two thirds of Recent Retirees (70%) and 10+ Retirees (66%) say their SS payment is what they expected.

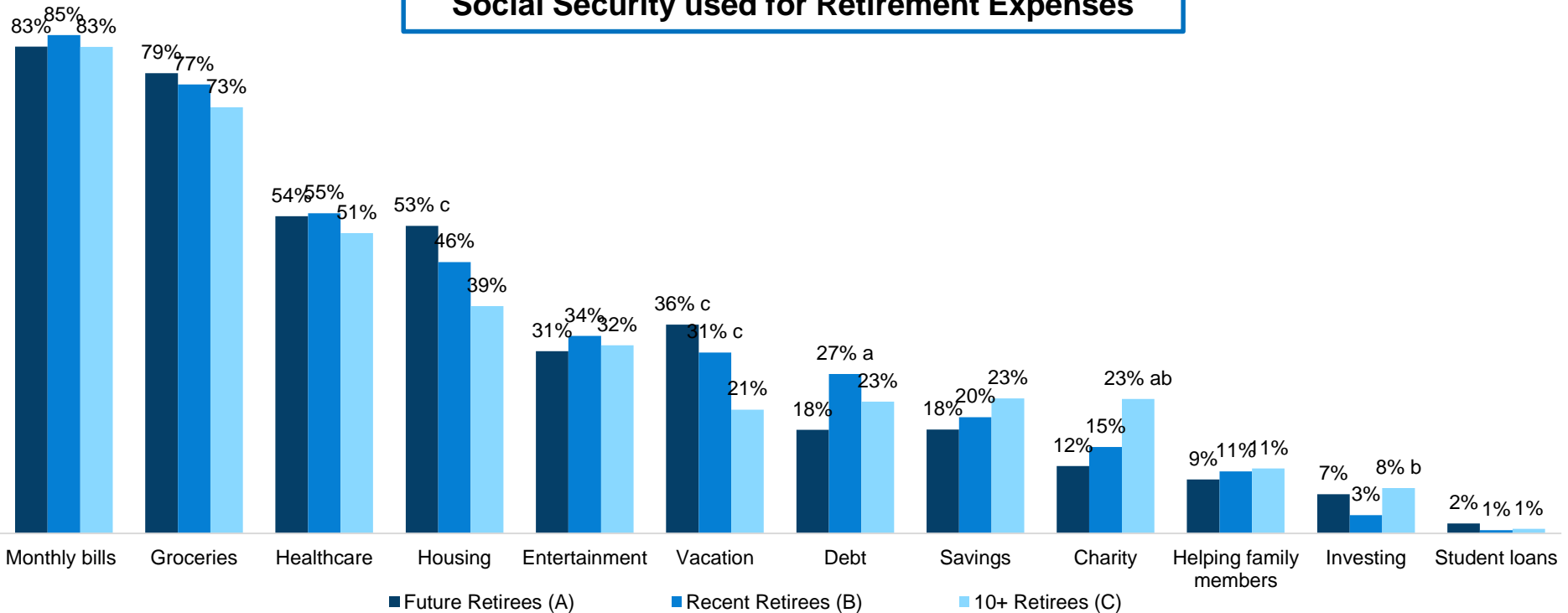
Is your SS payment what you expected?



Vast majority of older adults expect to spend or are spending their SS on monthly bills and groceries

- Future Retirees are more likely than 10+ Retirees to say that they expect to spend or are spending their SS on housing (53% vs. 39%) and vacation (36% vs. 21%).
- Recent Retirees are more likely than Future Retirees to say that they expect to spend or are spending their SS on debt.

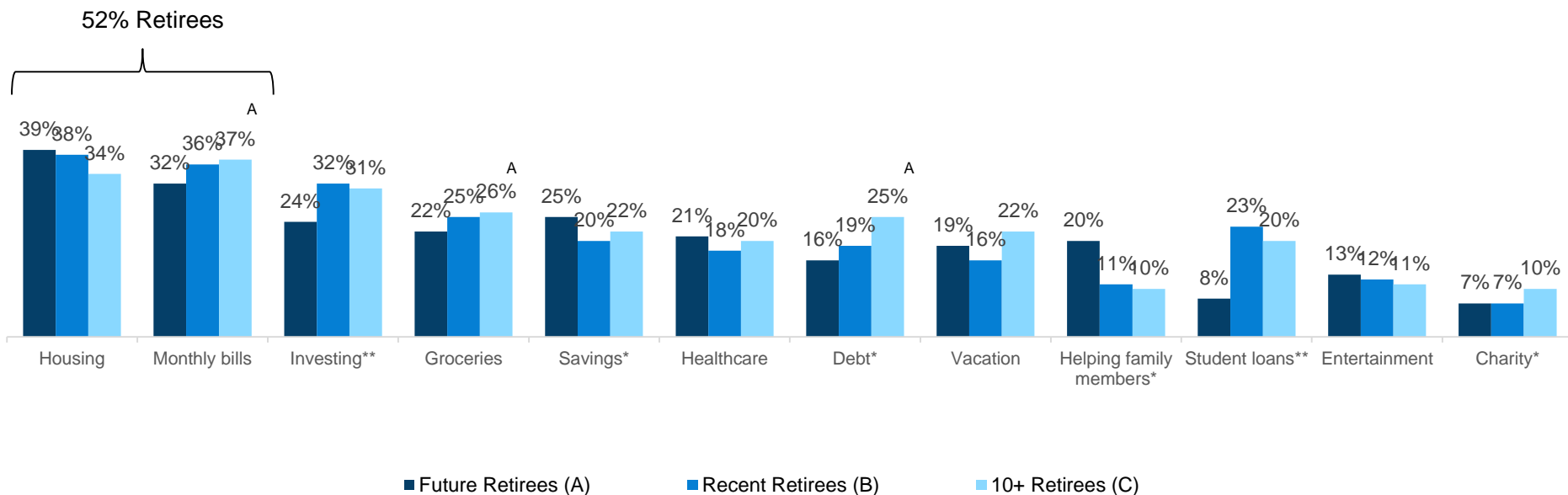
Social Security used for Retirement Expenses



Note: Other not displayed

Retirees, on average, expect to spend over half of their total retirement income on housing and monthly bills in retirement

Mean % of Retirement Income Used for Expenses
(among those who spend/expect to spend on the specific item in retirement)



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Expected Social Security payments somewhat higher, on average, than payments currently receiving

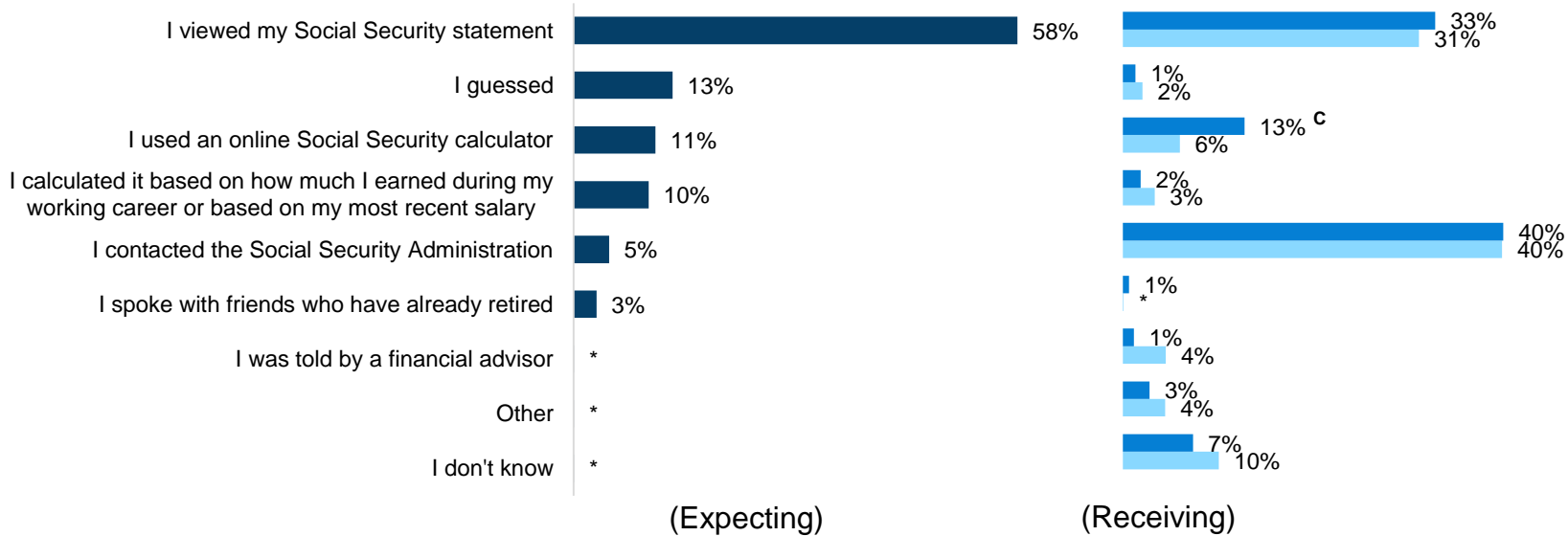
- Most commonly, Future Retirees (58%) used their SS statement to calculate their future payment.
- Whereas, most commonly Recent (40%) and 10+ Retirees (40%) contacted the SS administration.

Social Security Payment Expecting/Receiving (Mean)

- Future Retirees (A) \$1,805^{BC} (Expecting)
- Recent Retirees (B) \$1,554^C (Receiving)
- 10+ Retirees (C) \$1,249 (Receiving)

Current Retirees:
\$1,408
(Receiving)

How did you arrive at that dollar amount?



Base: Qualified Respondents (Total n=1,315): Future (n=455); Recent (n=439); 10+ (n=421)

Q720 What monthly payment are you currently receiving/expecting to receive from Social Security?

Base: Not Getting SS and Provided Expected Monthly Dollar Amount (Total n=270); Future (n=212)

Q722 Which one of the following best describes how you arrived at this dollar amount?

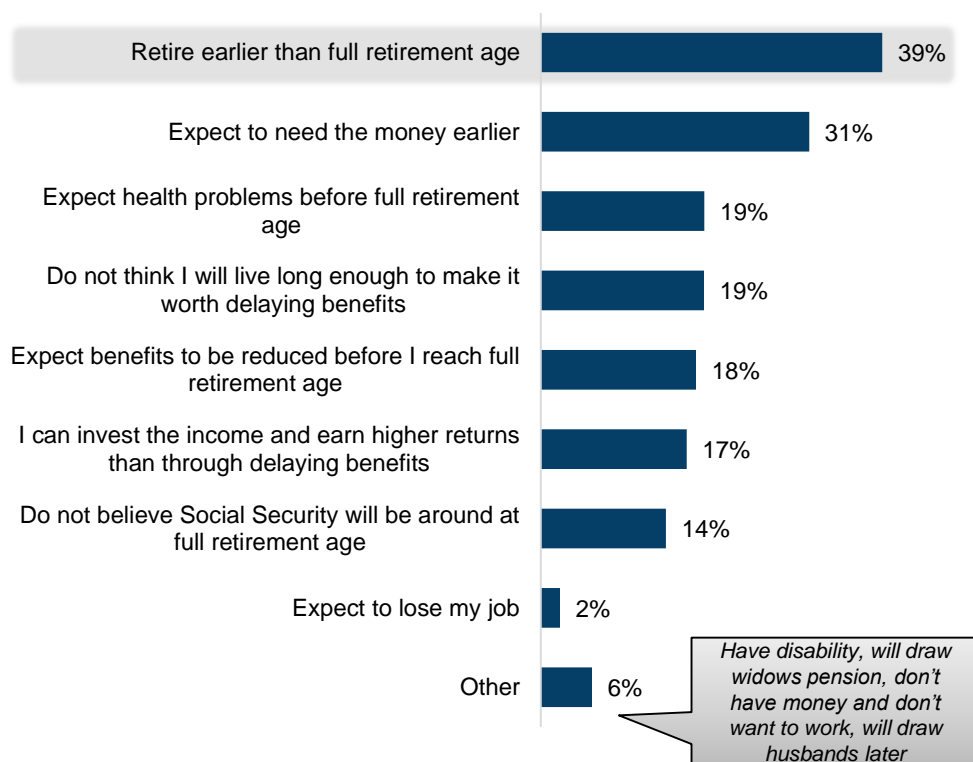
Base: Getting SS (Total n=873); Recent (n=363); 10+ (n=397)

Q1722 Which one of the following resources helped you to best identify the monthly Social Security payment amount you would receive prior to retiring?

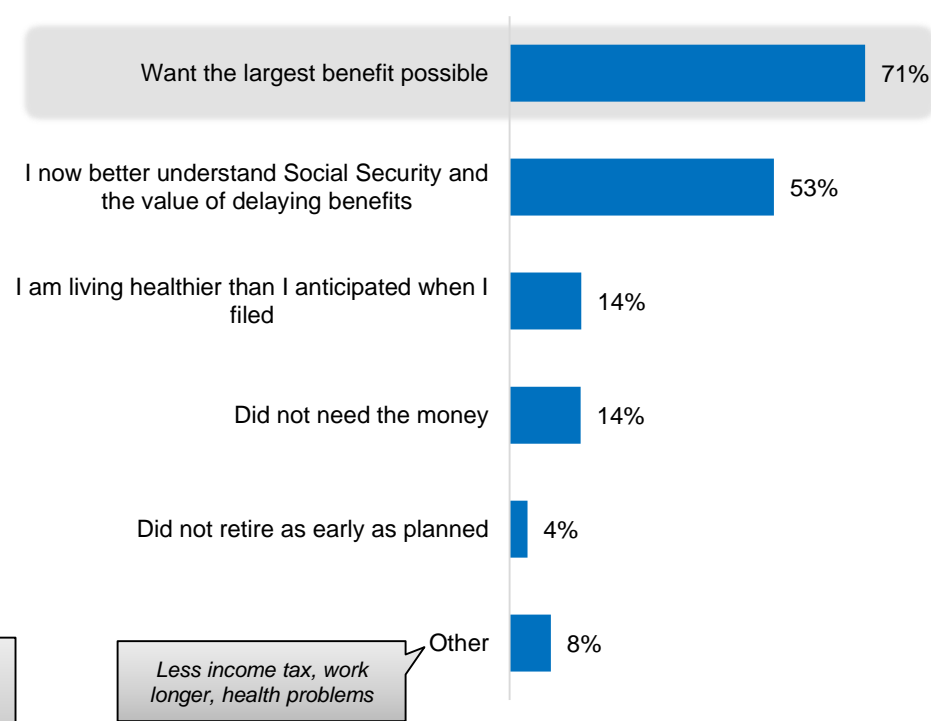
Most who would draw Social Security later say it is so they can receive the largest benefit possible

- Half (53%) would start later because they better understand SS and the value of delaying benefits.
- Of those planning to start drawing early, about a third say they will do so because they will retire earlier than the full retirement age (39%) or expect to need the money earlier (31%).

Reasons Planning Start Drawing SS Early



Reasons Would Start Drawing SS Later



Base: Plan To Draw Benefits Early (Total n=118)

Q714 You indicated that you plan to draw Social Security benefits before full retirement age. Which of the following are reasons you would start drawing Social Security benefits early? Please check all that apply.

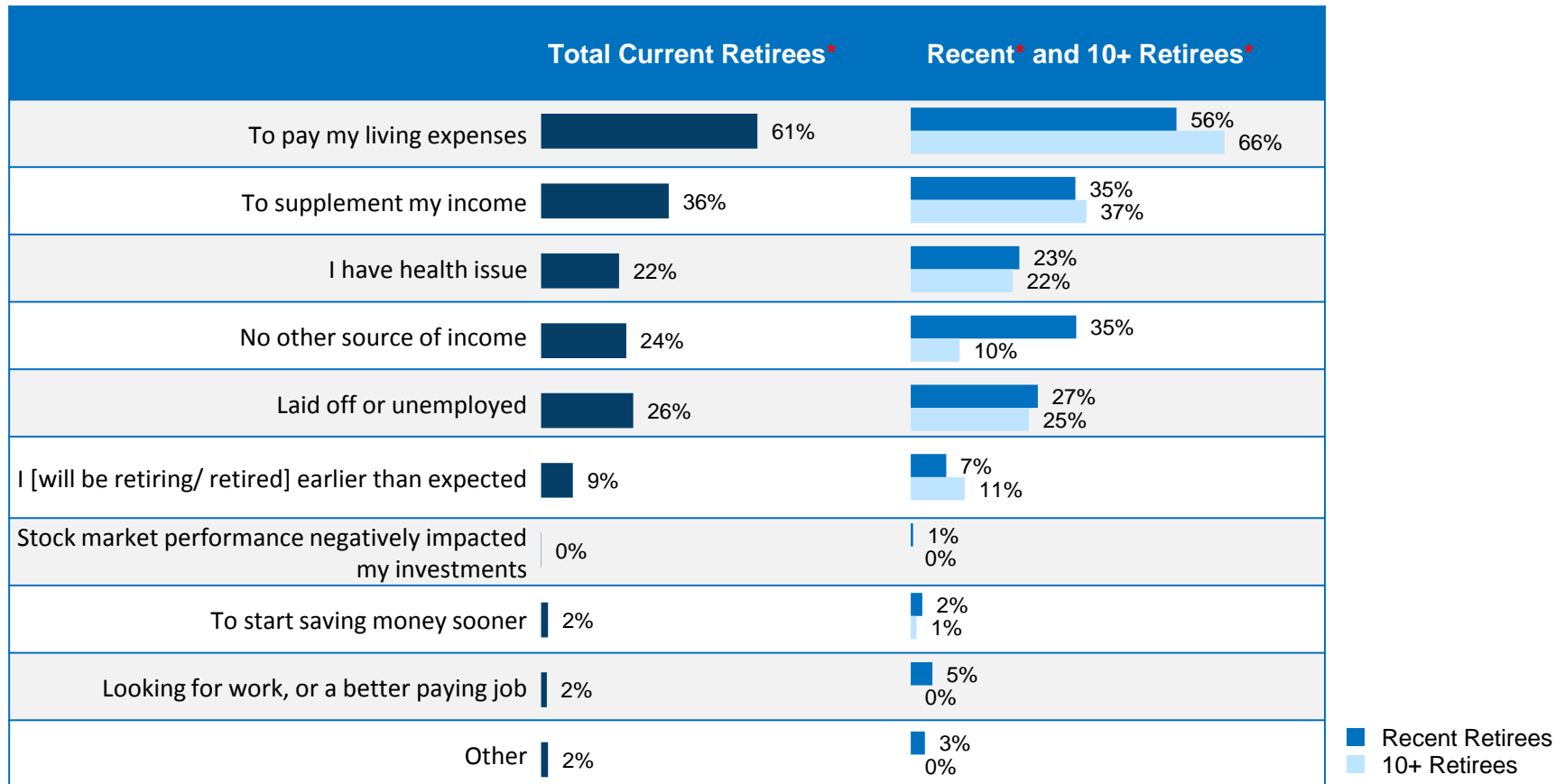
Base: Would Start Drawing Social Security Later (Total n=158)

Q711 You indicated that you would start to draw Social Security later. Which of the following are reasons you would start drawing Social Security later? Please check all that apply.

Current Retirees drawing early need(ed) the money for living expenses or to supplement income

- Recent Retirees (56%) and 10+ Retirees (66%) most commonly attribute their need for SS earlier to pay their living expenses.

Why did you need the SS money earlier?



*Caution, small base <100, results are directional in nature and stat testing is not shown

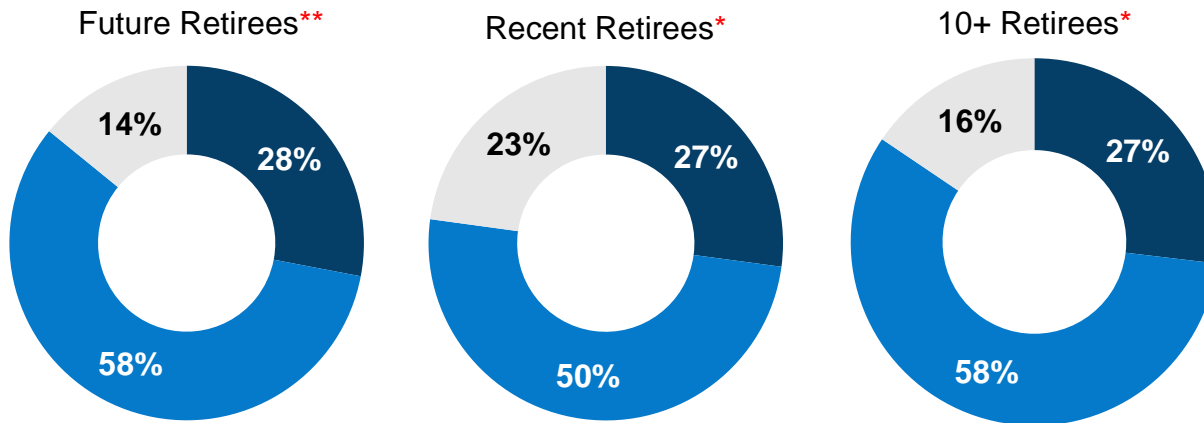
Just over half of older adults would not change their Social Security drawing decision

- However, a quarter of Recent (27%) and 10+ (27%) Retirees would change their drawing decision.

Total:
Yes (27%)
No (54%)
Not sure (19%)

Would Still Have Drawn SS Regardless of Life Event

■ Yes ■ No ■ Not sure



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Base: Would Not Change Drawing Decision Due to Any Life Event (Total n=215); Future (n=31); Recent (n=93); 10+ (n=91)

Q715B You indicated that you started drawing Social Security benefits due to [a lost job/health problems/needing the money]. If it were not for [this reason/these reasons], would you still have started drawing Social Security benefits at this age?

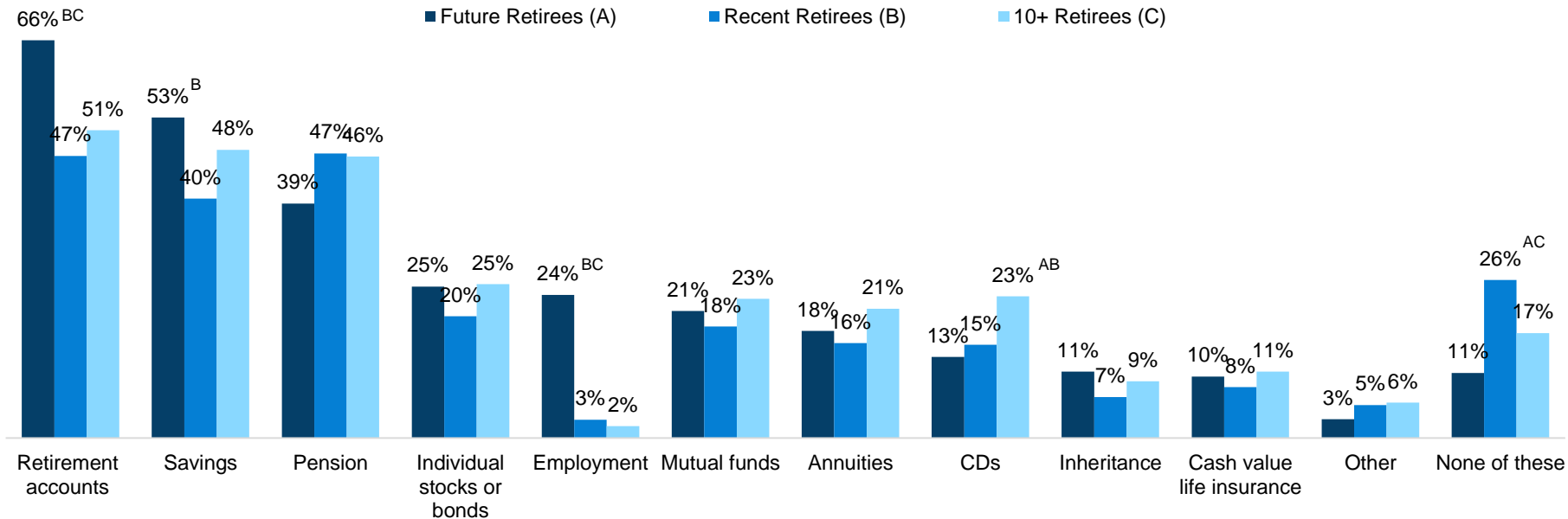
Future Retirees most likely to indicate retirement accounts, savings, and employment as additional sources of retirement income

- 10+ Retirees more likely to cite CDs (23%) as an additional source of retirement income.
- Nearly half of Current Retirees will rely on a pension as an additional source of retirement income.
- On average, Future (53%), Recent (61%) and 10+ (53%) Retirees expect SS to cover half or more of their expenses, though Recent Retirees expect higher proportions of coverage than Future and 10+ Retirees .

Sources of Retirement Income

Avg. % of Expenses Expect SS to Cover:

- Future Retirees: 53%
- Recent Retirees: 61% AC
- 10+ Retirees: 53%



Note: Only responses >3% among Total are reported

Base: Qualified Respondents (Total n=1,315): Future (n=455): Recent (n=439): 10+ (n=421)

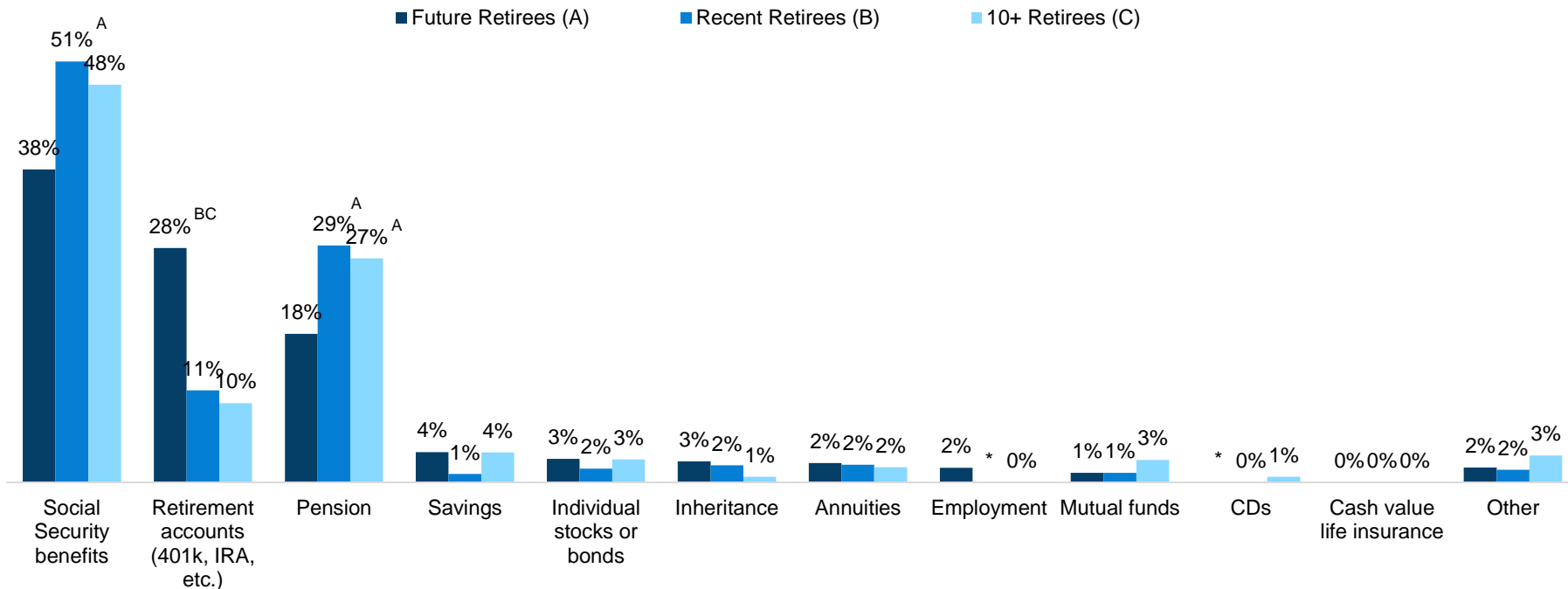
Q716 In addition to Social Security, [do you have/will you have] any of the following sources of retirement income? Please select all that apply.

Q813 What percent of your expenses [do/do you expect] your Social Security benefits [to] cover?

Future and Current Retirees say Social Security is/will be their primary source of retirement income

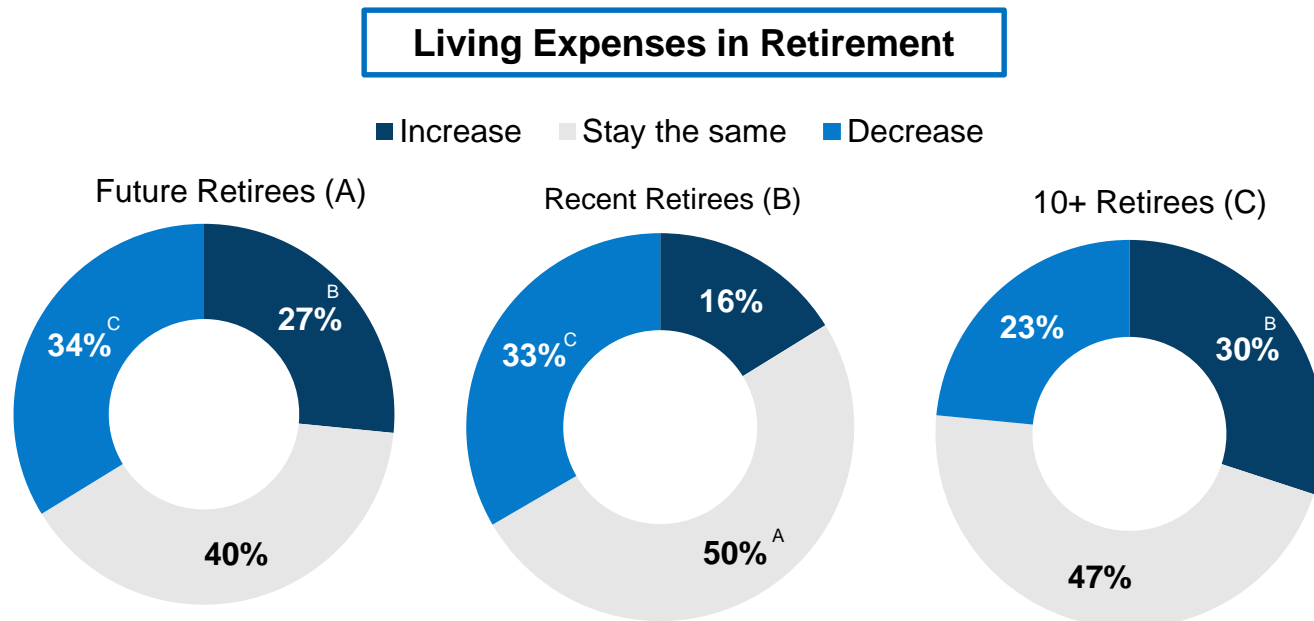
- Future Retirees (28%) are more likely than Recent (11%) and 10+ (10%) Retirees to say that their primary source of retirement income will be retirement accounts while Retirees (Recent, 29%; 10+, 27%) are more likely to say that their primary source of retirement income will be a pension.
- Current Retirees are more likely than Future Retirees to rely on a pension.

Primary Source of Retirement Income



About half of Retirees expect their living expenses to remain the same

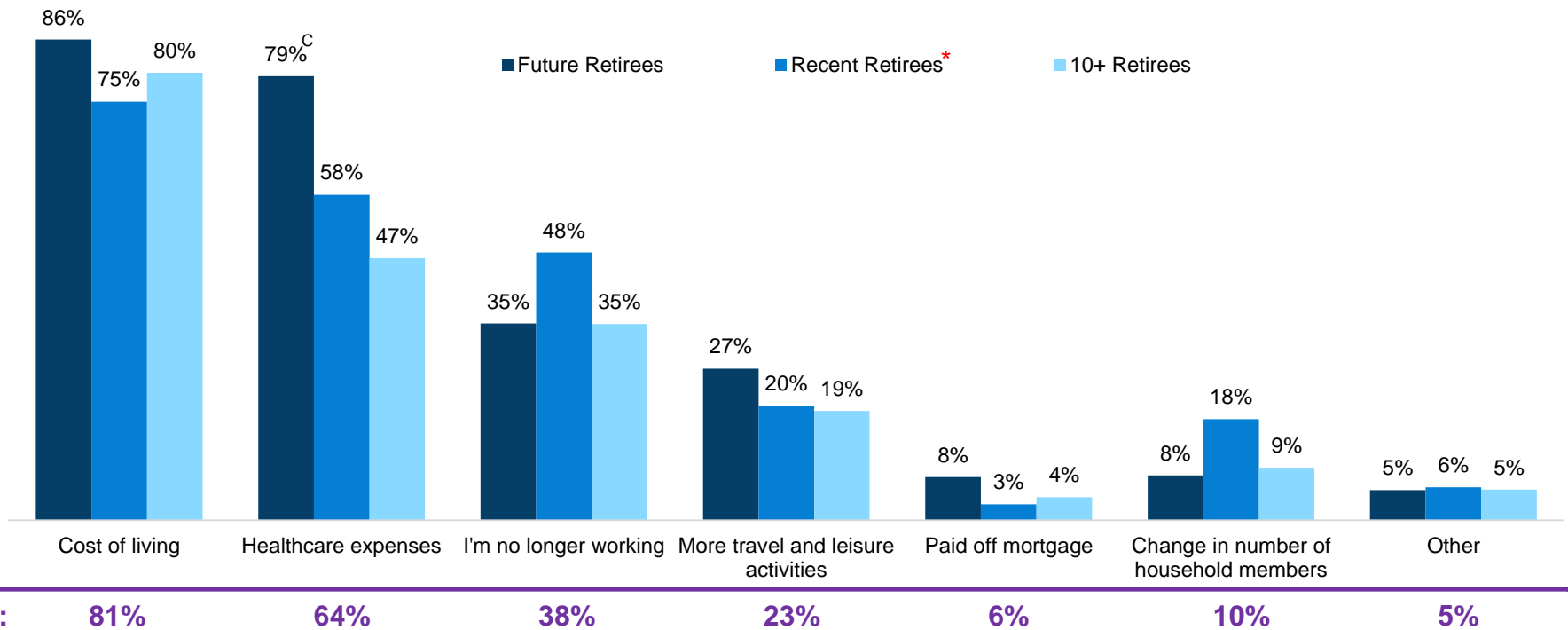
- A third of Future (34%) and Recent (33%) Retirees expect their living expenses to decrease in retirement while a third of 10+ Retirees (30%) expect their living expenses to increase in retirement.



Cost of living is the top reason expenses increase in retirement

- Most Future Retirees say their living expenses will increase in retirement because of cost of living (86%).

Reasons Living Expenses [Will Increase/Increased] in Retirement



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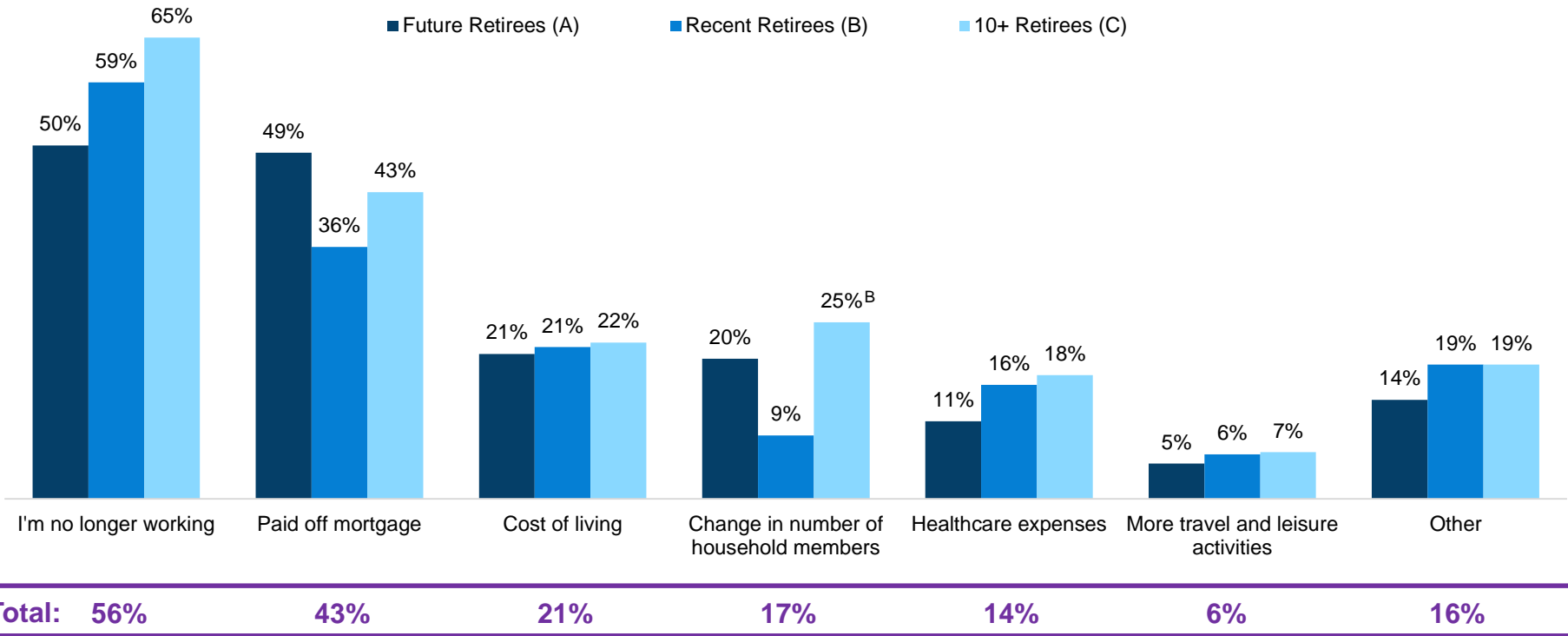
Note: Only responses >1% among Total are displayed

Base: Respondents Whose Living Expenses Increased (Total n=319); Future (n=125); Recent (n=76); 10+ (n=118)
 Q755 [Why did your living expenses/do you expect your living expenses to] ["increase"]? That is, what do you believe that is due to?

Most say decrease in living expenses is primarily due to no longer working

- Half or more of Future (50%), Recent (59%) and 10+ (65%) Retirees attribute no longer working to a decrease in living expenses in retirement.

Reasons Living Expenses [Will Decrease/Decreased] in Retirement



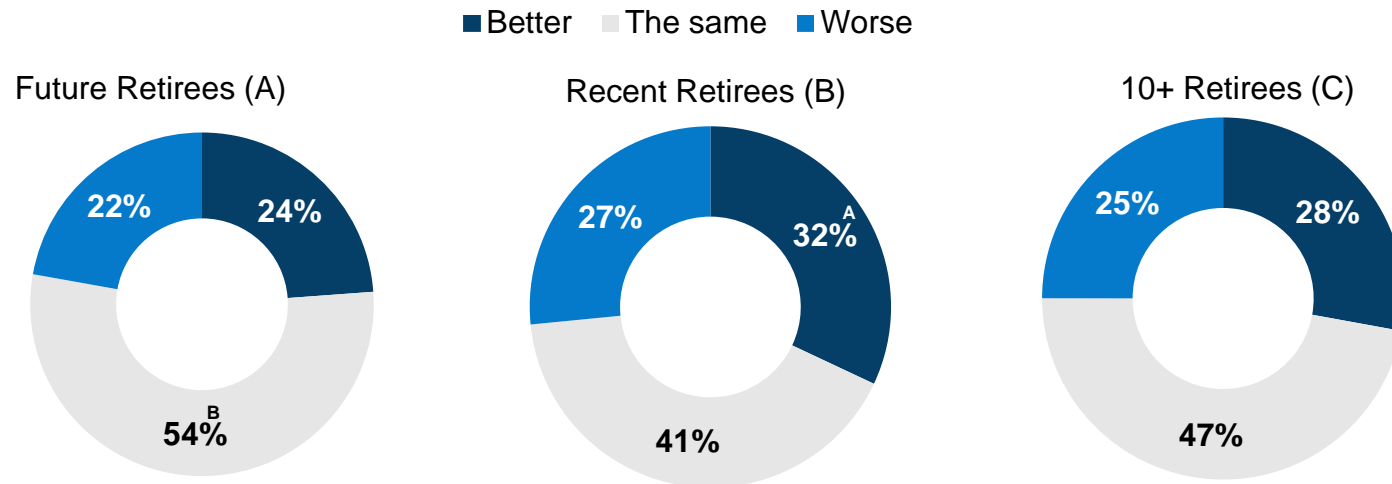
Base: Respondents Whose Living Expenses Decreased (Total n=412); Future (n=147); Recent (n=143); 10+ (n=122)

Q755 [Why did your living expenses/do you expect your living expenses to] ["decrease"]? That is, what do you believe that is due to?

Retirees most likely to say life in retirement will change – either for better or for worse

- Around a quarter of Future (22%), Recent (27%), and 10+ (25%) Retirees say life in retirement will be/is worse than before retirement.

[Is/Will] life in retirement [be] better or worse than before retirement?



There are no significant difference compared to 2017

Both Recent and 10+ Retirees cite personal freedom as the top reason why life is better in retirement

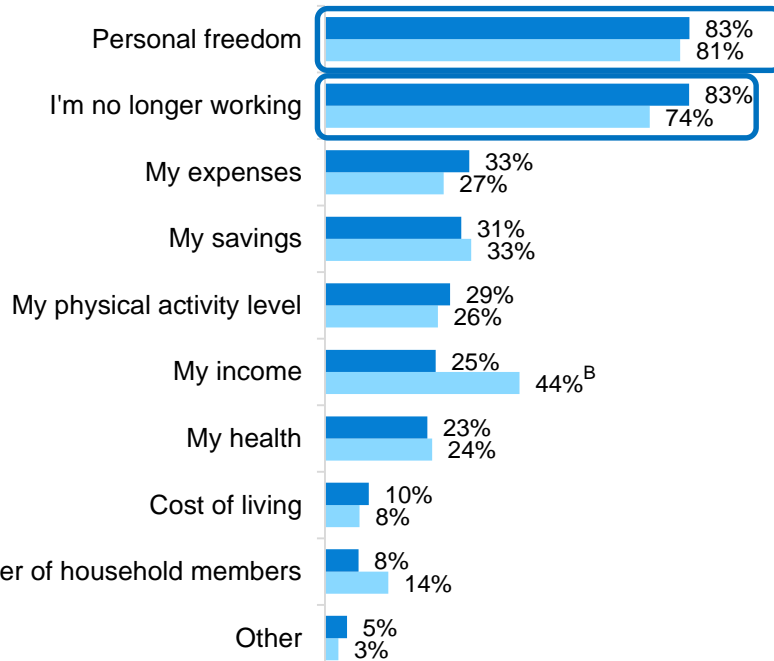
- Recent Retirees (86%) cite income, while 10+ Retirees (75%) cite cost of living as the top reason why life is worse in retirement.

Retirees: Why is life better/worse?

■ Recent Retirees (B) ■ 10+ Retirees (C)

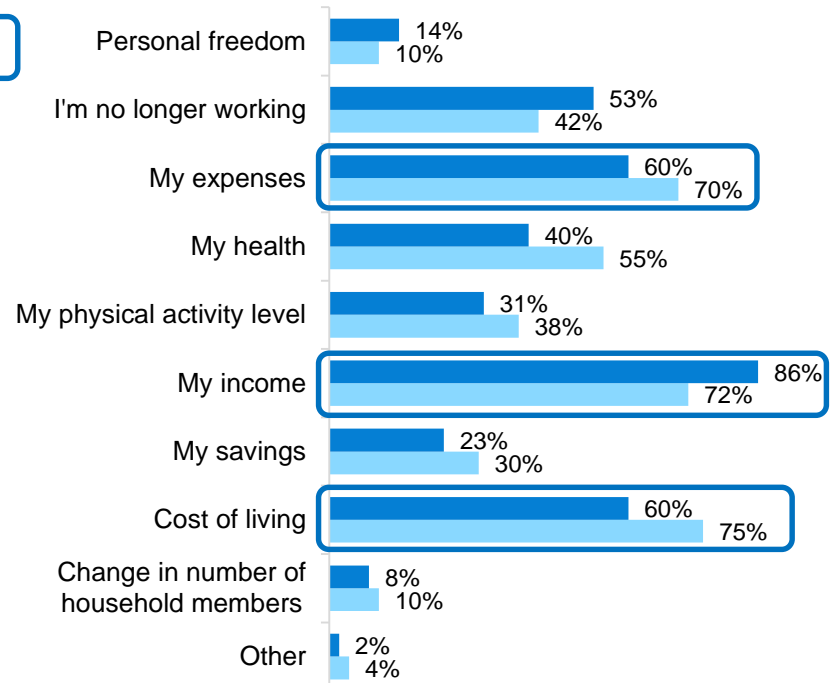
Better: Retiree Major Mentions (n=313)

Recent Retirees (n=169), 10+ Retirees (n=144)



Worse: Retiree Major Mentions (n=189)

Recent Retirees (n=98*), 10+ Retirees (n=91*)



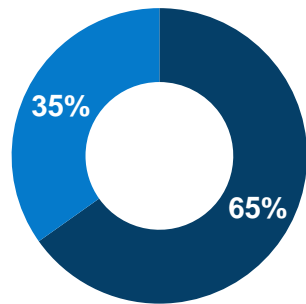
*Caution, small base <100, results are directional in nature and stat testing is not shown

A third of Recent and 10+ Retirees say health problems are interfering with their retirement

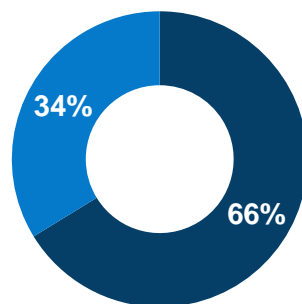
- However, about two in three Recent (65%) and 10+ (66%) Retirees were able to do the things they wanted when they retired.

Able to do things wanted in retirement?

Recent Retirees (B)



10+ Retirees (C)

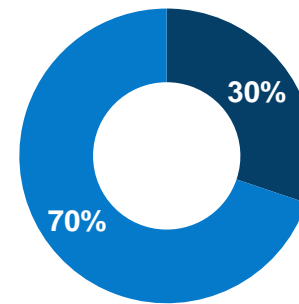


■ Yes
■ No

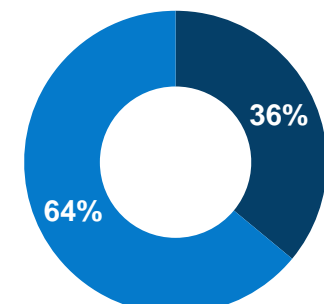
Current Retirees: 66% Yes

Health problems interfering with retirement?

Recent Retirees (B)



10+ Retirees (C)



Current Retirees: 33% Yes

Reasons Not Able to do Things Wanted*:

- Couldn't afford to do those things: 85%
- Had to take care of loved one(s): 23%
- Poor Health: 6%
- Had to continue working: 4%
- Other: 10%

*Caution, small base <100, results are directional in nature

Base: Retired Respondents (Total n=860): Recent (n=439); 10+ (n=421)

Q760 Were you able to do the things you wanted when you retired?

Base: Did Not Do The Things Wanted To After Retirement, Not Health Related (Total n=60)

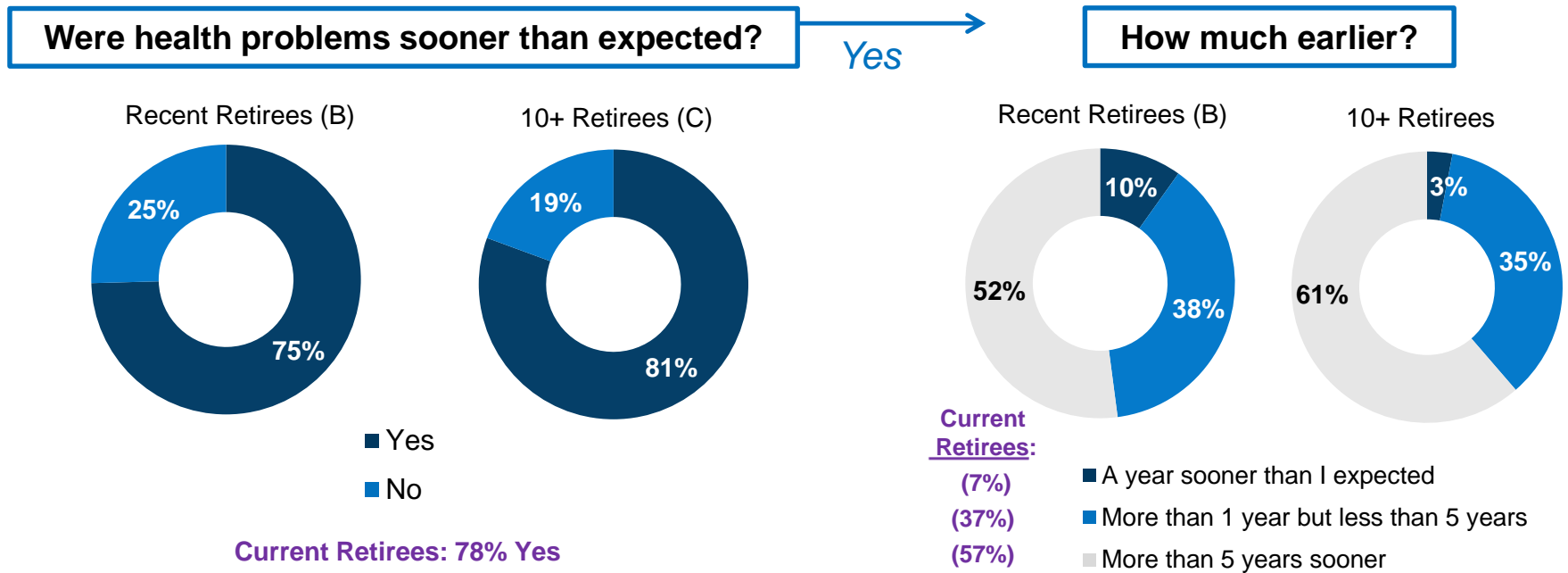
Q785 Why were you not able to do the things you thought you would when you retired?

Base: Retired Respondents (Total n=860): Recent (n=439); 10+ (n=421)

Q765 Do health problems keep you from living the retirement you expected?

Health problems occurred much sooner than expected for many retirees

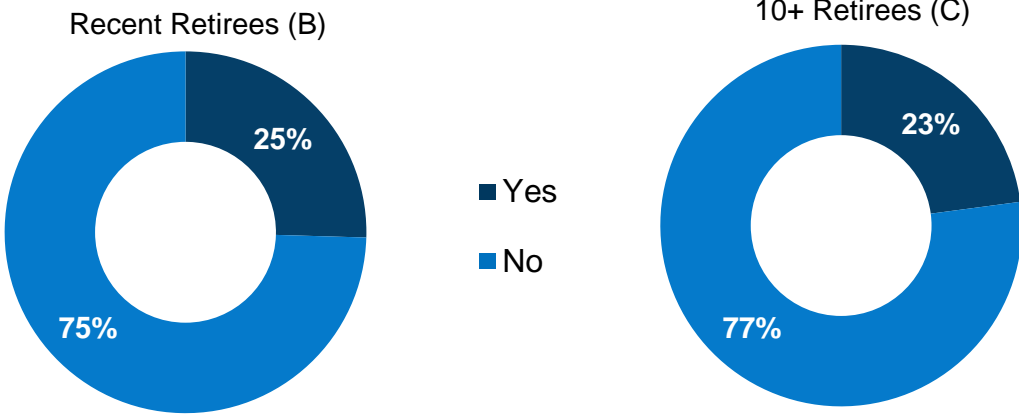
- Eight in ten 10+ Retirees (81%) say health problems that occurred sooner than expected, with 61% saying they occurred more than 5 years sooner than they expected.



Health care expenses keep about a quarter of Current Retirees from living the retirement they expected

- Most Recent (75%) and 10+ (77%) Retirees say that health care expenses do **not** interfere with retirement life as expected.

Health Care Expenses Interfere With Retirement Life Expected?

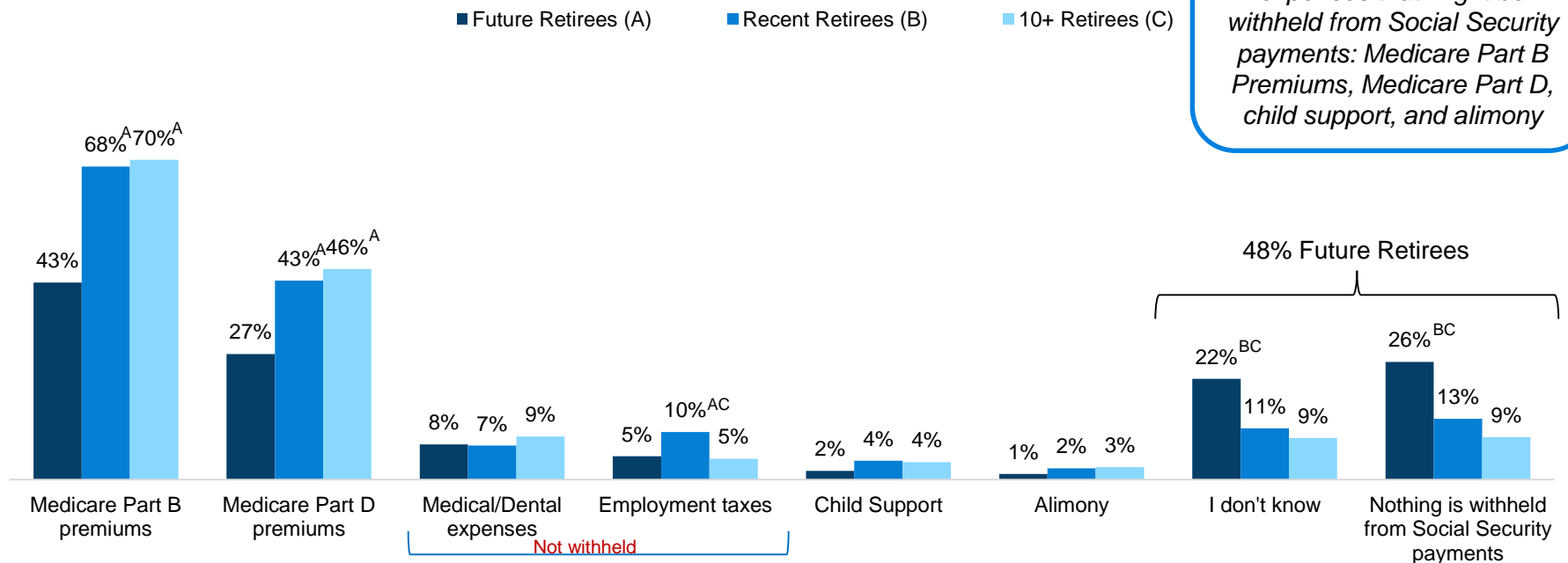


Current Retirees: 24% Yes

Just under a quarter of Future Retirees admit to not knowing which expenses might be withheld from Social Security

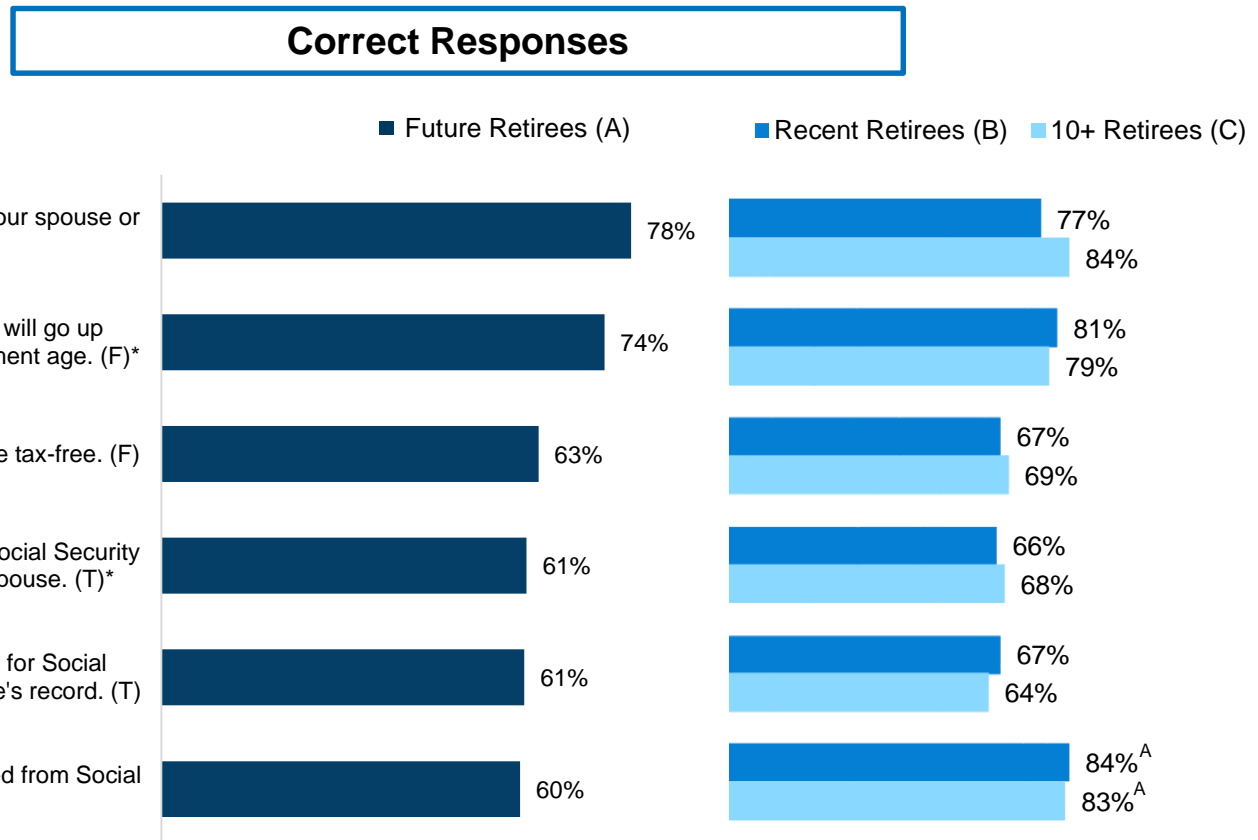
- Nearly half of Future Retirees (48%) say that they don't know what can be withheld or, incorrectly indicate that nothing can be withheld from SS payments.

Perceived SS Withholdings



Basic Social Security facts understood by most older adults

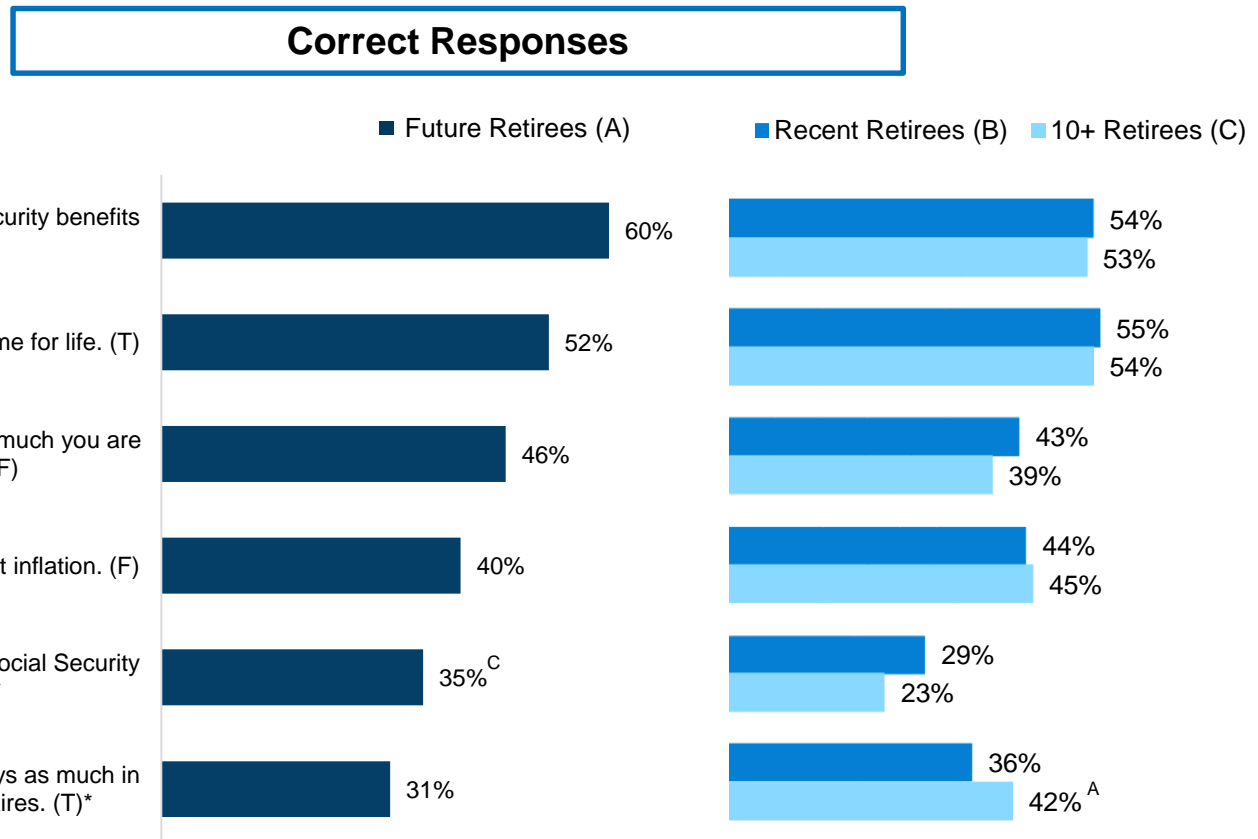
- Retirees are most likely group to know that Medicare Part B premiums are deducted from Social Security Checks.



*Added in 2019
^Updated in 2018

However, some Social Security facts still cause some confusion

- The vast majority of older adults do not realize that if they don't work for at least 35 years, their social security benefit will be reduced (65%) and somebody who makes \$150,000 pays as much in SS taxes as millionaires (69%).



*Added in 2019

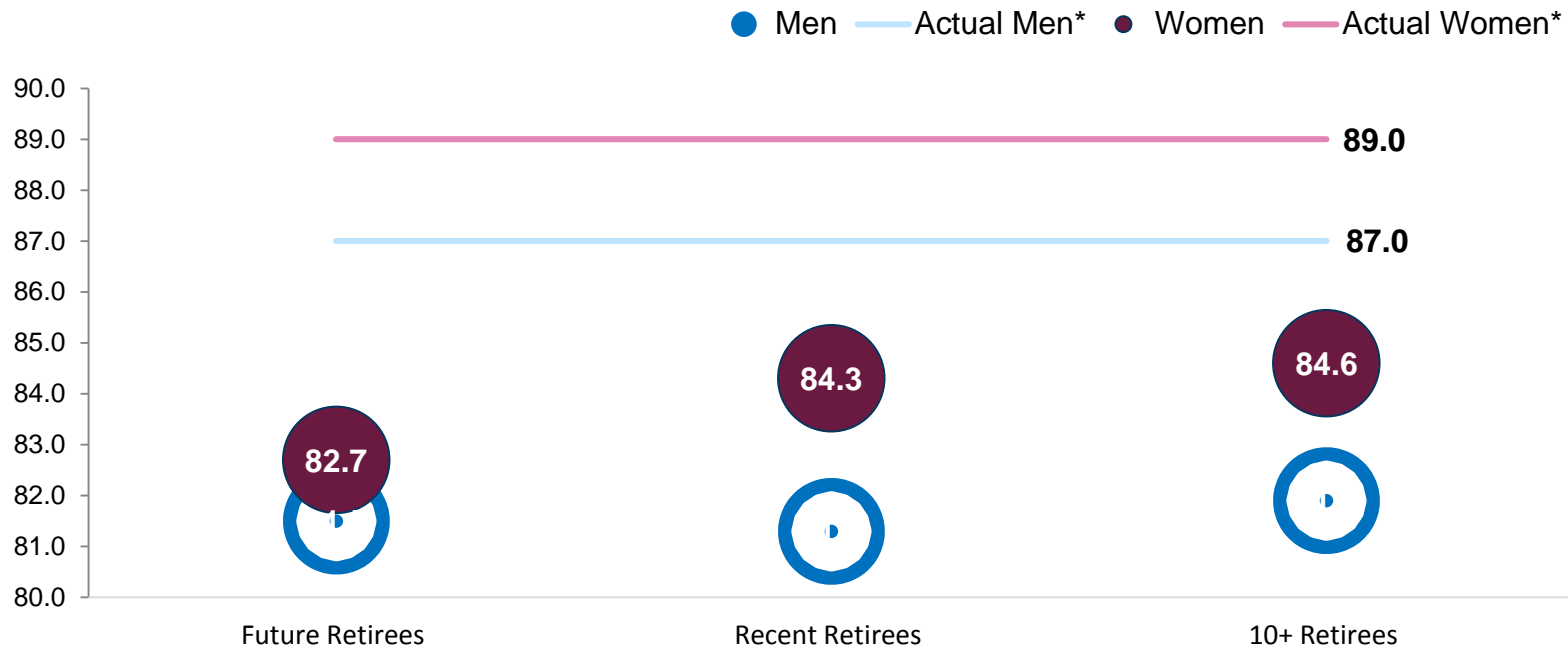
Base: Qualified Respondents (Total n=1,315); Future (n=455); Recent (n=439); 10+ (n=421)

Q735 Do you believe the following statements to be true or false?

Older adults underestimate how long the average 65 year old will live

- On average, older adults think women will live to be 83.7, when in actuality they will live to be 89 years old.
- On average, older adults think men will live to be 81.6, when in actuality they will live to be 87 years old.

Average Age Average 65 Year Old Will Live To



There are no significant differences between men and women for these findings

*Source: LIMRA, 2018 Retirement Income Reference Book.

Base: Qualified Respondents^ (Total n=657): Future (n=220); Recent (n=235); 10+ (n=202)
Q7350A. To what age do you think the average 65 year old man will live?

Base: Qualified Respondents^ (Total n=658): Future (n=235); Recent (n=204); 10+ (n=219)
Q7350B. To what age do you think the average 65 year old woman will live?

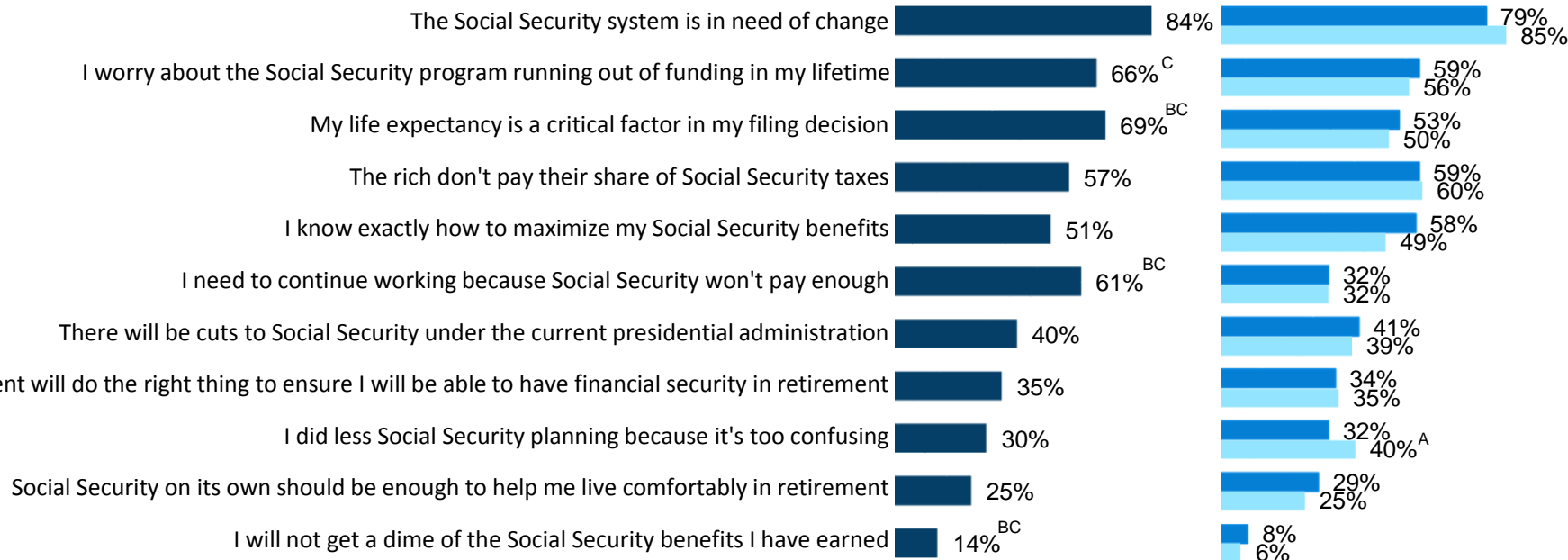
^Respondents were randomly split between these two questions.

Future Retirees are most likely group to worry about Social Security program running out of funding in their lifetime

- About half of Future Retirees (51%) say they know exactly how to maximize their SS benefits.

Strongly/Somewhat Agree

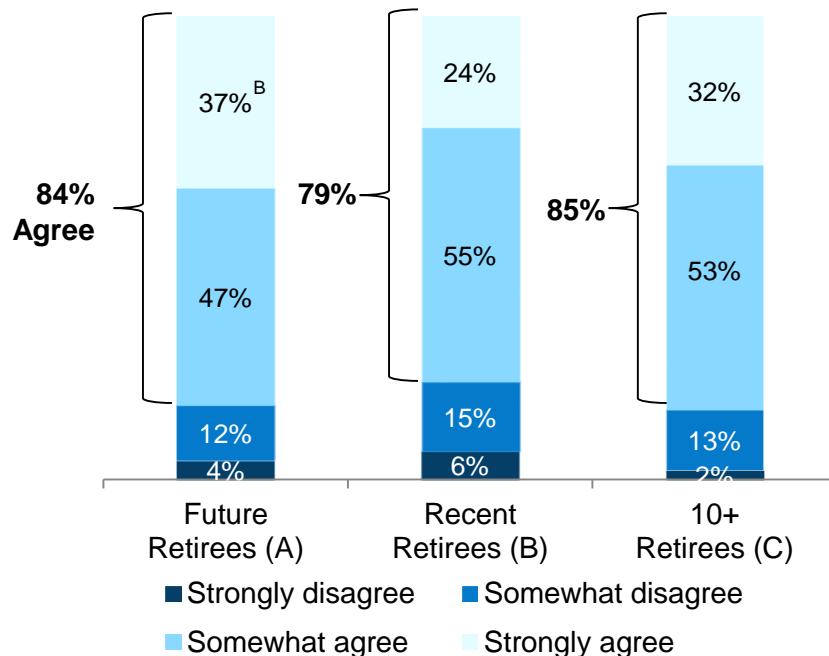
■ Future Retirees (A) ■ Recent Retirees (B) ■ 10+ Retirees (C)



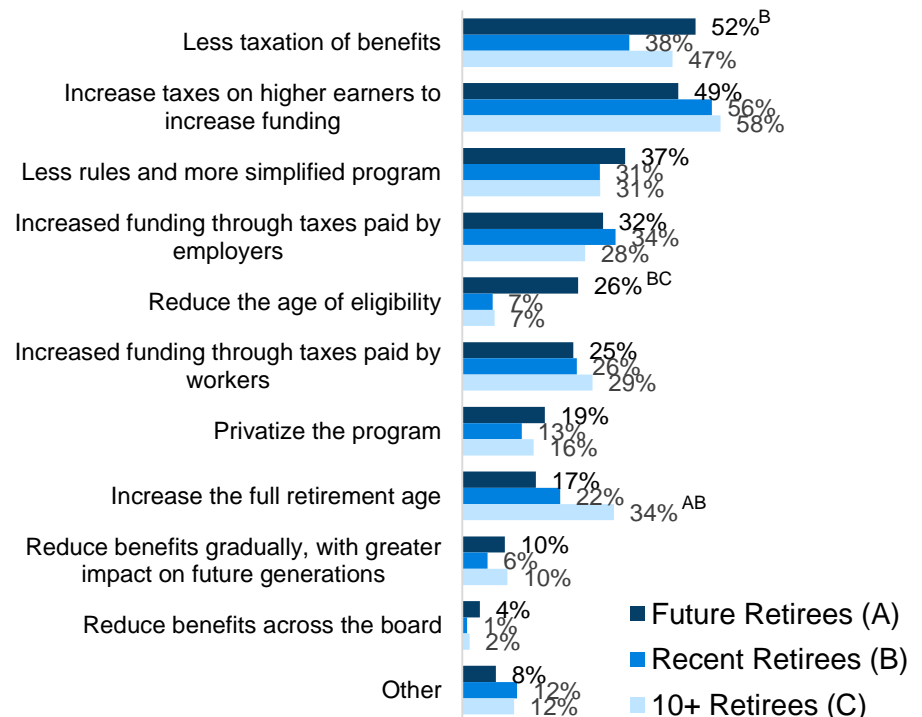
Older adults agree that the Social Security system is in need of change

- Most commonly, Future Retirees (52%) who agree the SS system is in need of change feel that it needs less taxation of benefits, while Recent (56%) and 10+ (58%) Retirees feel that it needs increased taxes on higher earners to increase funding.

The Social Security system is in need of change



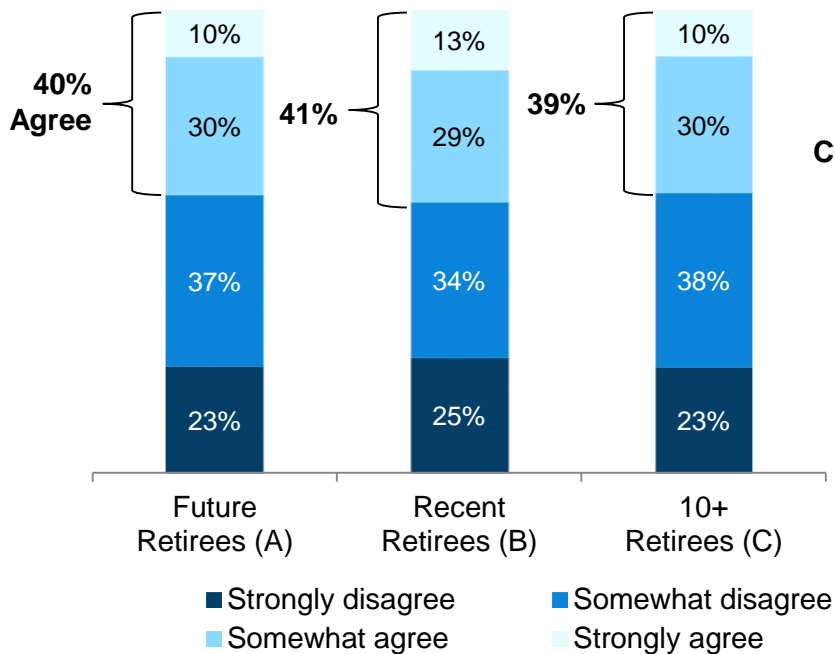
Changes needed to Social Security system



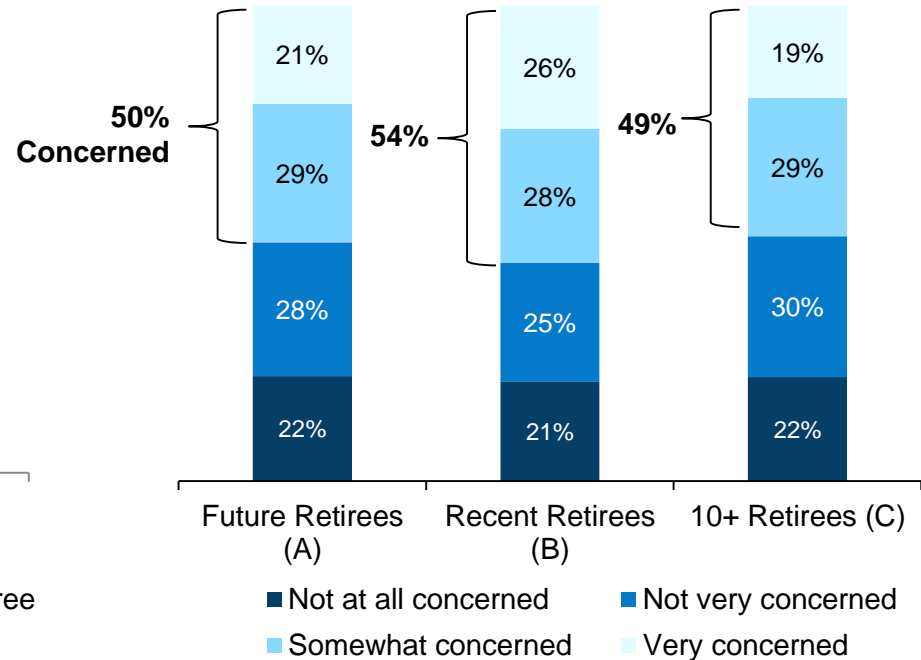
About half of older adults are concerned about cuts to Social Security under the current administration; fewer think there will be cuts

- About two in five Future (40%), Recent (41%), and 10+ (39%) Retirees agree that there will be cuts to Social Security under the current presidential administration.

There will be cuts to Social Security under the current presidential administration



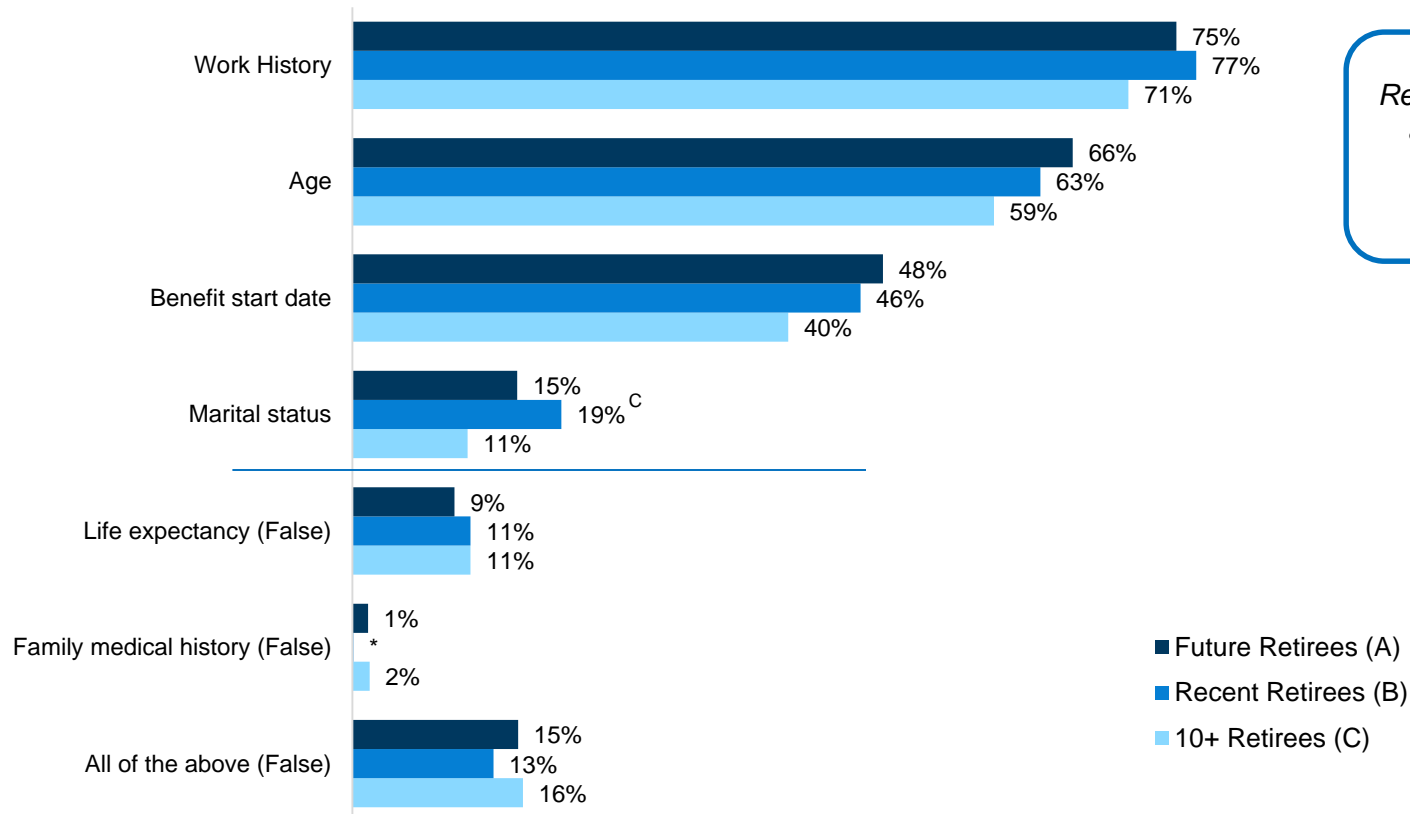
Concerned about cuts to SS under current presidential administration



Most older adults can identify some of the factors that determine maximum Social Security benefits but few can pinpoint them all

- About one in ten incorrectly believe that life expectancy determines the maximum Social Security benefit.

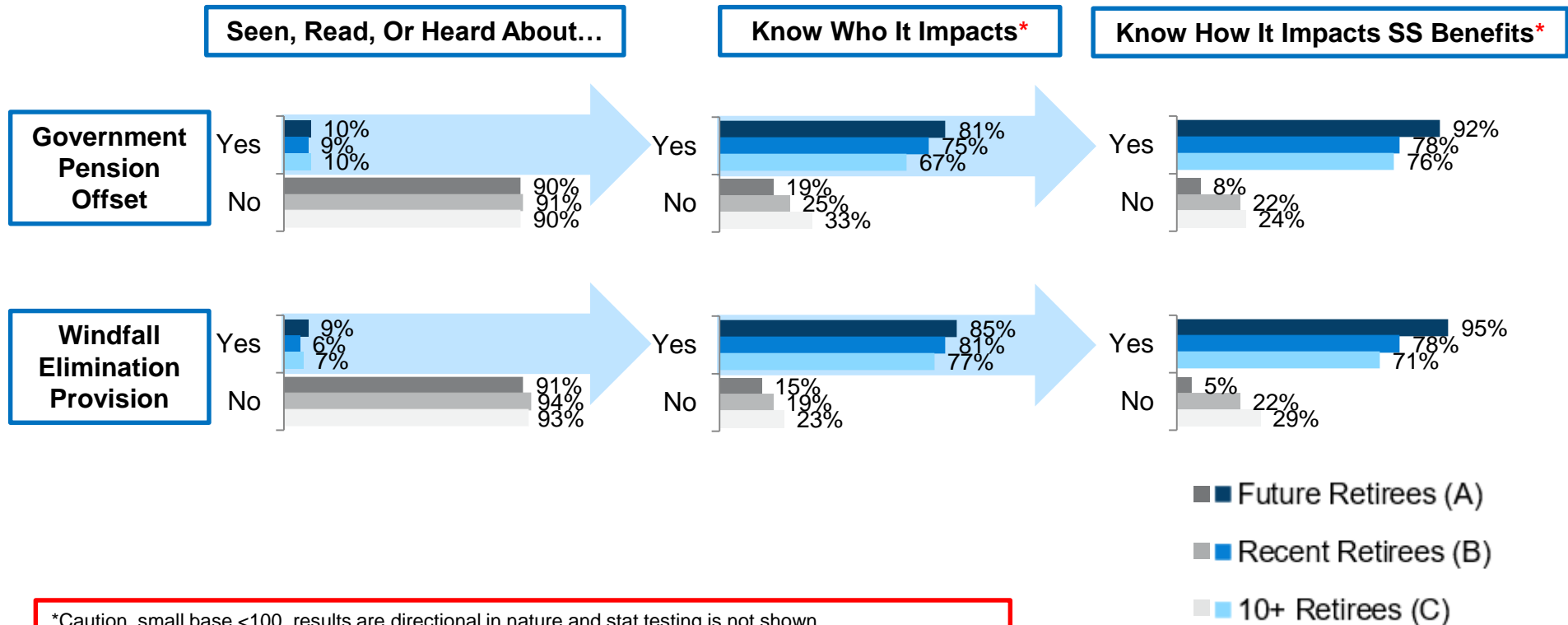
What Determines The Maximum Social Security Benefit?



Only 9% of Future, 8% of Recent, and 7% of 10+ Retirees accurately identified all four factors that determine the maximum SS benefit an individual can receive.

Few Older Adults have seen, read, or heard about the Government Pension Offset and Windfall Elimination provisions

- Only around 1 in 10 Older adults know of GPO (10%) or the WEP (8%).
- Among those who do know, many know who it impacts and of those, high proportions express knowledge about how it impacts SS benefits.

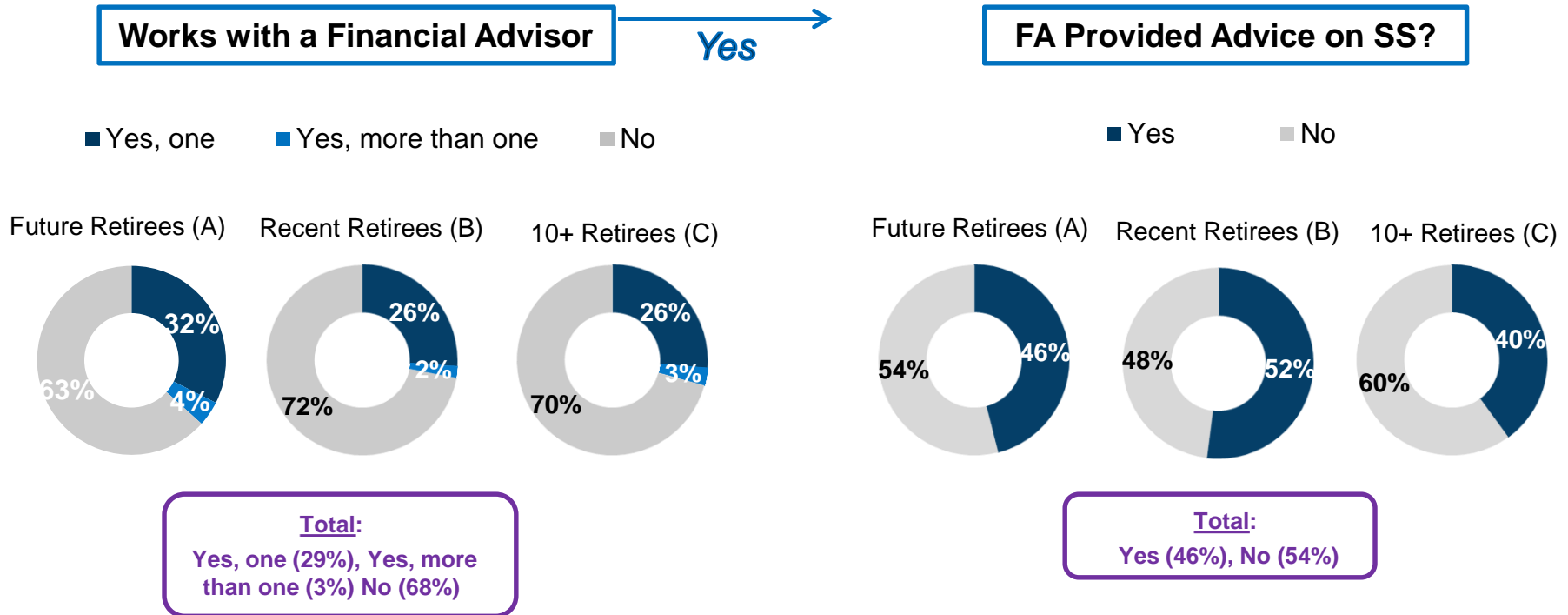


*Caution, small base <100, results are directional in nature and stat testing is not shown
 **Caution, very small base <30, results are directional in nature and stat testing is not shown

Almost one in three older adults currently work with a financial advisor

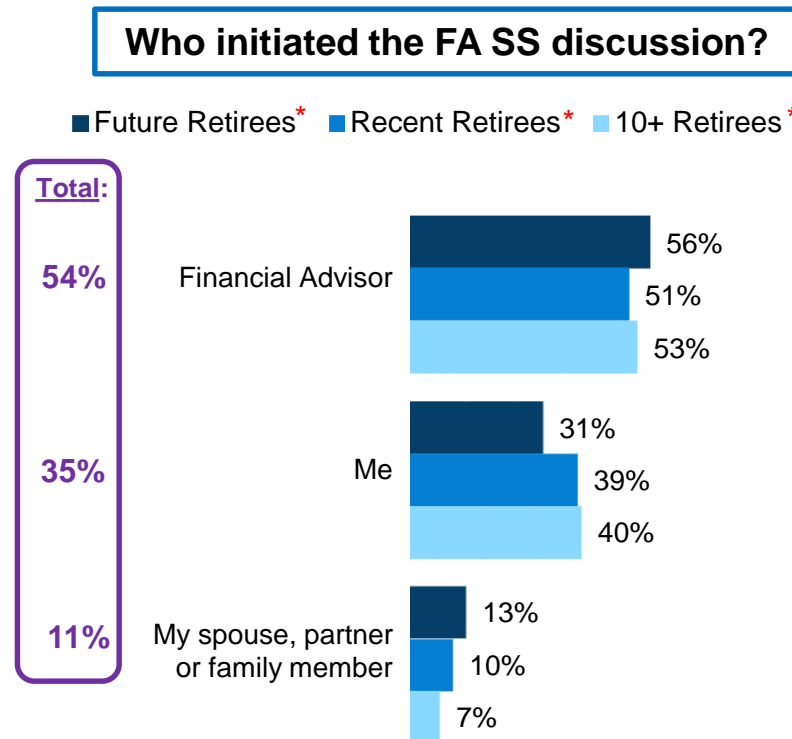
- Overall, just over one in seven older adults (15%) say their financial advisor has provided advice on how to handle Social Security. Of those working with a financial advisor, over four in ten retirees say the same.

Total Incidence of having a FA who provided SS advice: **15%**



Of those given Social Security advice by a FA, about one in three initiated the discussion themselves

- For all Retiree groups, over half had their financial advisor initiate the SS discussion while around one ten had a spouse, partner, or family member initiate the conversation.



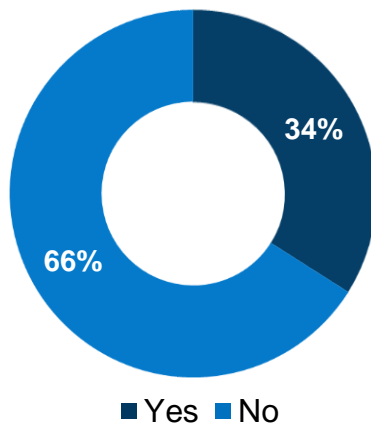
*Caution, small base <100, results are directional in nature and stat testing is not shown

*Caution, small base <100

Majority of older adults working with an FA and who have not been advised on Social Security do not expect this advice from their FA

- Just over one third with an FA who have not been advised on SS (34%) say SS advice is something they expect from their FA.

Expect Social Security Advice From FA



Three quarters of Future Retirees who work with a FA likely to switch FAs to maximize Social Security benefits

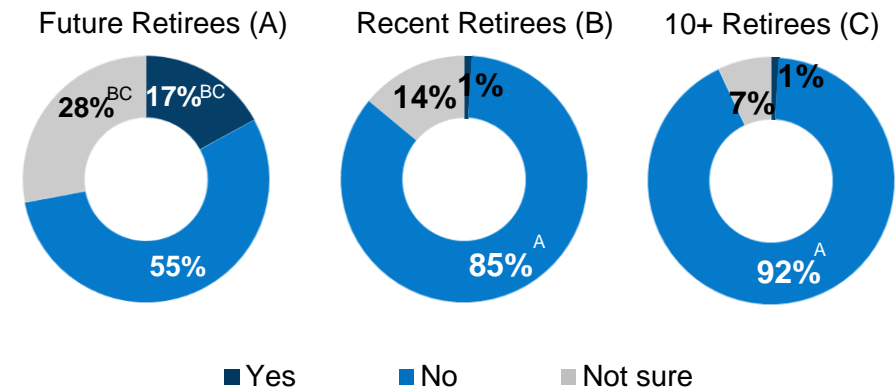
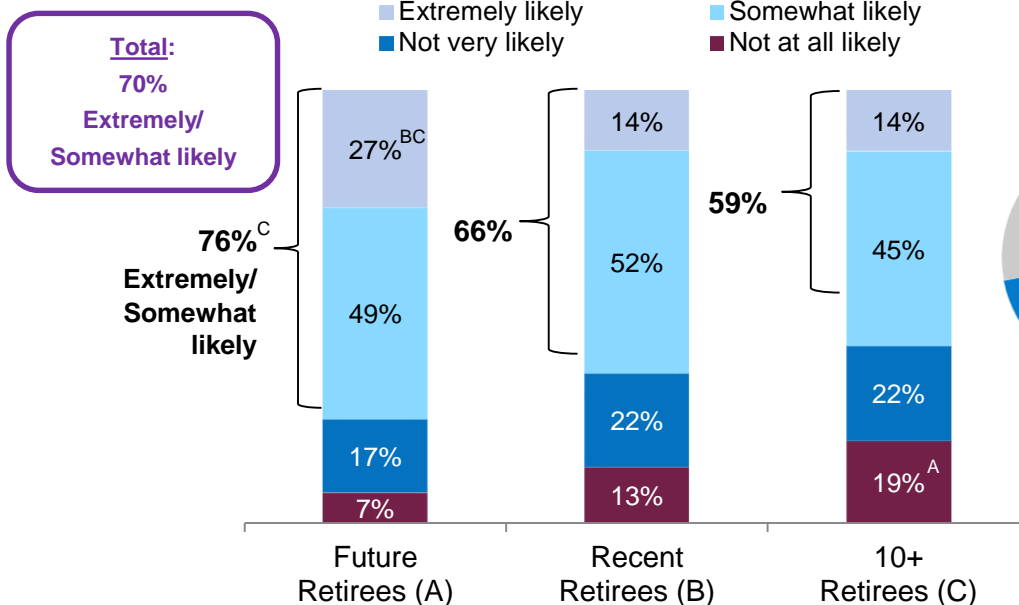
- A strong majority of those who do not work with a FA don't plan to ask about SS benefits, but Future Retirees are more likely to do so (17% vs. 1%, 1%).

Likelihood of Switching FA to Maximize SS Benefits

(Among those who work with or plan to work with a FA)

Plan on asking FA about SS?

(Among those who do not work with a FA)



Few older adults have formal written retirement plans

- About one in five Future (22%), Recent (19%), and 10+ (17%) Retirees have a formal written retirement plan.
- Top reasons for not having a formal written retirement plan include not thinking they need a plan for retirement and being focused on other financial goals.

Formal Written Retirement Plans

Future Retirees (A)

Recent Retirees (B)

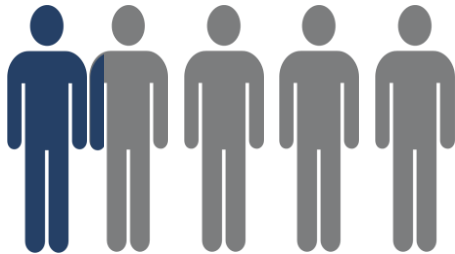
10+ Retirees (C)

Total: Yes
(20%)

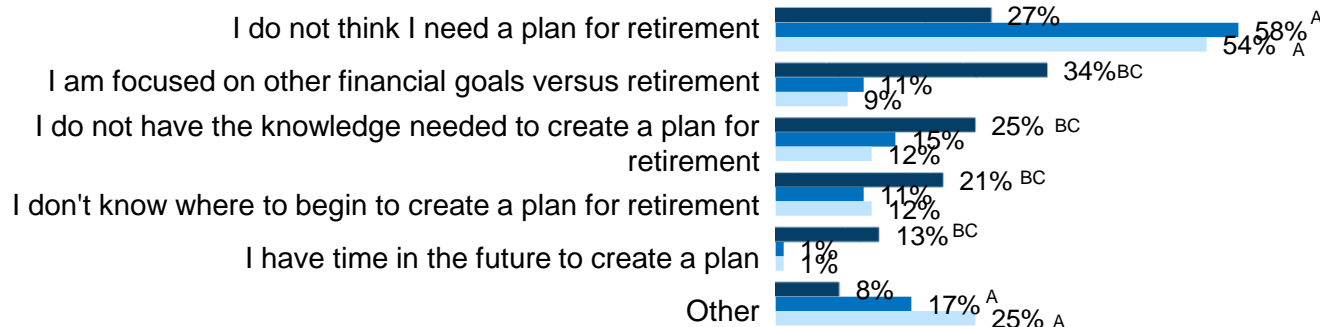
22% Yes

19% Yes

17% Yes



Reasons For Not Having A Written Plan



Base: Qualified Respondents (Total n=1,315): Future (n=455); Recent (n=439); 10+ (n=421)
Q7410. Do you have a formal written retirement plan?

Base: Don't Have A Formal Written Plan (Total n=1022): Future (n=348); Recent (n=331); 10+ (n=343)
Q801 Why do you not have a formal written plan?

A majority of older adults think the next recession will hit the U.S. within the next 2 years

- One in four believe the next recession will hit the U.S. within the next year (26%).

Timing of the Next Recession

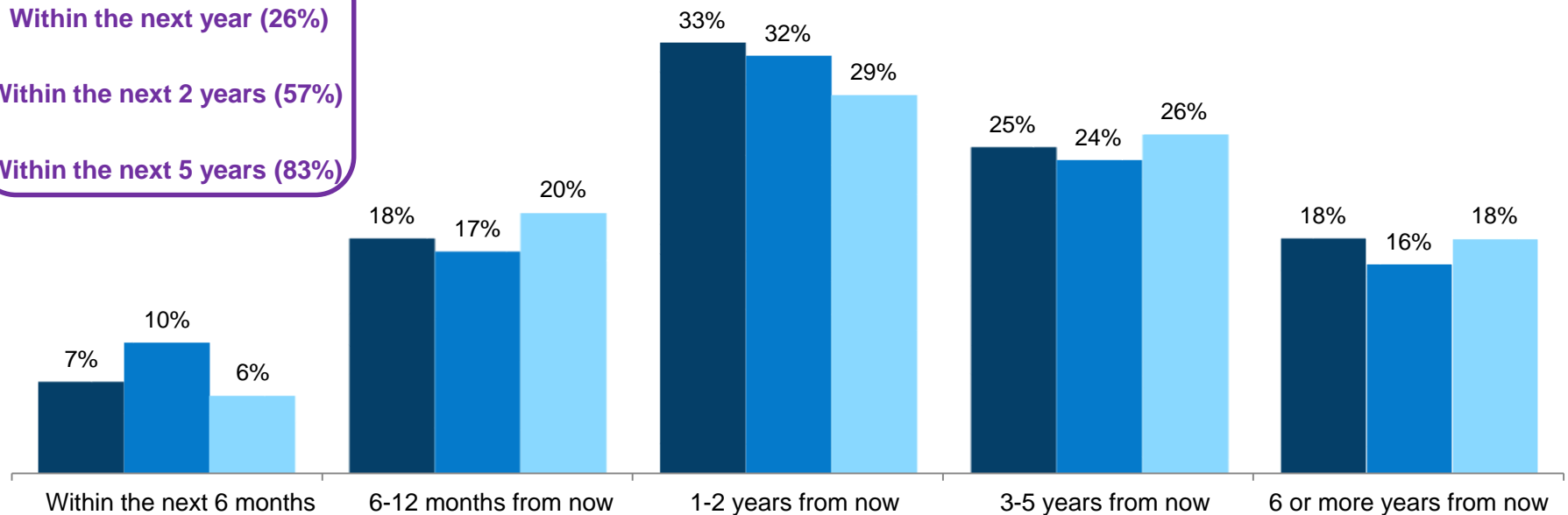
■ Future Retirees (A) ■ Recent Retirees (B) ■ 10+ Retirees (C)

Total:

Within the next year (26%)

Within the next 2 years (57%)

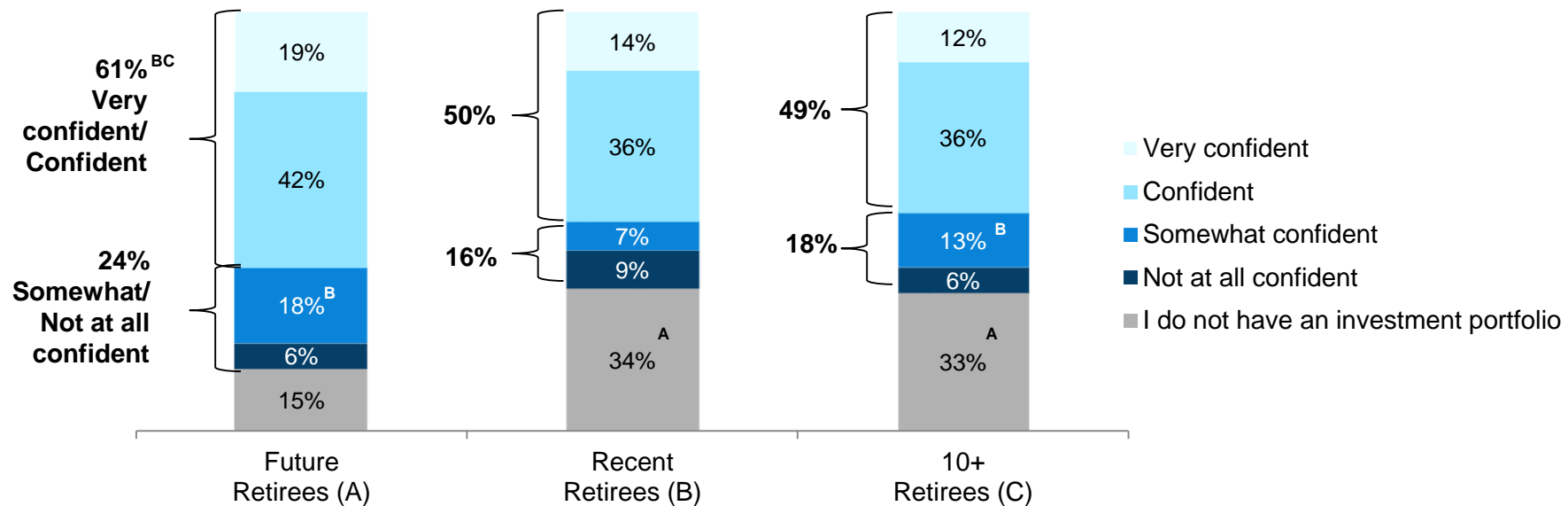
Within the next 5 years (83%)



Future Retirees most confident in their investment portfolio surviving a market downturn

- One in three Recent (34%) and 10+ (33%) Retirees say they do not have an investment portfolio.

Confidence in Investment Portfolio Surviving a Market Downturn



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