News
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10 Facts About the Financial Fragility of Retirees in the Post-Pandemic Economy

New study on the experience of retirees yields actionable insights for future generations

LOS ANGELES – November 26, 2024 – Fewer than one in four retirees (23%) are very confident they will be able to maintain a comfortable lifestyle throughout their retirement, according to a new report, ***Retiree Life in the Post-Pandemic Economy***, released by nonprofit Transamerica Center for Retirement Studies® (TCRS) in collaboration with Transamerica Institute®.

"Retirement brings freedom and time for personal pursuits," said Catherine Collinson, CEO and president of Transamerica Institute and TCRS. "However, retirees are living on a fixed income with limited financial resources. Many would be unable to withstand a major financial shock, such as the need to pay for long-term care. Retirees' fragile financial situation serves as a cautionary tale that underscores the imperative for strengthening our retirement system."

Retiree Life in the Post-Pandemic Economy examines the health and well-being, personal finances, and retirement security of U.S. residents who are retired and no longer working. Based on the survey report's findings, these 10 facts illuminate their experience and vulnerabilities:

#1. ***Retirees are active and engaged in meaningful ways.*** Now that they are retired, retirees are spending more time with family and friends (58%), pursuing hobbies (43%), traveling (36%), taking care of their grandchildren (19%), doing volunteer work (16%), and caregiving (10%).

#2. ***Most retirees have positive feelings about life, but some are distressed.*** Most retirees are generally happy (89%), have close relationships with family and friends (88%), are enjoying life (86%), have a positive view of aging (79%), have a strong sense of purpose (79%), and have an active social life (53%). However, three in 10 retirees (30%) have trouble making ends meet, 27% indicate they often feel unmotivated and overwhelmed, 24% often feel anxious and depressed, and 17% are isolated and lonely.

#3. ***Retirees retired before the traditional retirement age of 65.*** Retirees retired at age 62 (median). For many, their working years and time to save were cut short. Almost six in 10 retirees retired sooner than planned (58%) and, among them, almost half did so for personal health-related reasons (46%) and employment-related issues (43%), while 20% did so for family-related reasons. Only one in five (21%) retired early because they were financially able.

#4. ***Retirees are juggling competing financial priorities***. Retirees' current top financial priorities include building emergency savings (31%), just getting by to cover basic living expenses (29%), and continuing to save for retirement (24%). Forty-five percent of retirees cite paying off one or more forms of debt as a current financial priority, including paying off credit cards (30%), paying off mortgages (20%), paying off other consumer debt (10%), and paying off student loans (3%).

#5. ***Retirees' greatest retirement fears revolve around money and health,*** such as fearing that Social Security will be reduced or may cease to exist in the future (42%), declining health that requires long-term care (37%), losing their independence (32%), outliving their savings and investments (32%), and cognitive decline, dementia, or Alzheimer's disease (28%).

#6. ***Social Security is the cornerstone of retirement income for retirees.*** Almost six in 10 retirees (58%) expect Social Security to be their *primary* source of income throughout their retirement.

#7. ***Retirees started claiming Social Security before their full retirement age.*** Retirees currently receiving Social Security started at age 63 (median) which translates to a lower monthly benefit than if they had waited until their full retirement age of 66 or 67, depending on the year they were born. Only 4% of retirees waited until age 70 or later which would have maximized their monthly benefit.

#8. ***Retirees have limited financial resources and many risk a savings shortfall.*** Retirees have an annual household income of $55,000 (estimated median) as of late 2023. More than one-third of retirees (36%) had an income of less than $50,000. Retirees' household savings excluding home equity were $71,000 (estimated median) in 2023.

#9. ***The potential need for long-term care threatens the personal finances of retirees and their families.*** Only 13% of retirees are very confident they would be able to afford long-term care, if needed – and only 13% have long-term care insurance. When asked if their health declines and they need help with daily activities and/or nursing care, almost half of retirees (48%) say they plan to rely on family members and friends to provide such care. Moreover, relatively few retirees have codified their wishes in legal documents such as powers of attorney and advance directives.

#10. ***Untapped opportunities might help retirees strengthen their financial situation.*** Retirees need to be fully engaged in financial planning or taking steps that could improve their overall situation. Only 24% indicate they have "a lot" of working knowledge about personal finance, 19% have a financial strategy for retirement in the form of a written plan, and just 7% frequently discuss saving, investing, and retirement planning with family and close friends. Only one in three (33%) use a professional financial advisor.

Retiree Regrets: Insights for Future Generations

"Many retirees may wonder what they could have done differently to save and plan for retirement, and many may feel they have done everything right but still came up short," said Collinson. "In reality, over their working careers, the world has changed, the retirement landscape has evolved, and the need to self-fund a greater portion of one's retirement income has intensified."

Almost seven in 10 retirees (69%) say they did as much as they could to prepare for retirement, according to the survey's findings. Retirees also shared reflections that might help future generations:

- 76% of retirees agree they wish they would have saved more and on a consistent basis.
- 68% of retirees wish they had been more knowledgeable about retirement saving and investing.
- 50% of retirees would have liked more information and advice from their employers on how to reach their retirement goals.
- 49% of retirees indicate that debt interfered with their ability to save for retirement.
- 49% of retirees feel they waited too long to concern themselves with saving and investing for retirement.

"By gaining knowledge and taking greater control of their financial situation, retirees can make better informed decisions to optimize and protect their income and savings," said Collinson. "At the same time, policymakers, industry, employers, nonprofits, and individuals and families must join together to innovate solutions so that current and future generations of retirees can retire with confidence and dignity."

Retiree Life in the Post-Pandemic Economy provides detailed survey findings about the health and well-being, personal finances, and longevity planning of people in retirement. The report provides recommendations for retirees and policymakers. To download the report, visit www.transamericainstitute.org. Listen to Transamerica Institute's podcast *ClearPath – Your Roadmap for Life℠*. Follow on LinkedIn, Facebook, and X (formerly Twitter) @TI_insights and @TCRStudies.

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About the 24th Annual Transamerica Retirement Survey

The analysis contained in ***Retiree Life in the Post-Pandemic Economy*** was prepared internally by the research team at Transamerica Institute and TCRS. The 25-minute online survey was conducted within the U.S. by The Harris Poll on behalf of Transamerica Institute between September 14 and October 23, 2023, among a nationally representative sample of 10,002 people, including a subsample of 2,404 retirees who are retired and do not work. Data was weighted where necessary for age by gender, race and ethnicity, region, education, marital status, household size, household income and propensity to be online to being them in line with their actual proportions in the population. Respondents were selected from among those who have agreed to participate in our surveys. The sampling precision of Harris online polls is measured by using a Bayesian credible interval and the worker sample data is accurate to within ±1.2 percentage points using a 95% confidence level. This credible interval will be wider among subsets of the surveyed population of interest. Percentages are rounded to the nearest whole percent.

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