



# The TIAA Retirement Insights Survey

A Survey of Employees and Employers

Executive Summary

December 2020

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- 1** **The COVID-19 crisis has dramatically increased sponsor focus on both the physical health and safety of employees and their financial health.**

82% of employers say they have an increased focus on the health and safety of employees, 69% have a greater focus on improving financial wellness, and 60% say the same about retirement preparedness. Yet while employees recognize the newfound attention to health, only a third say this is the case for financial wellness and only 1 in 4 say this for retirement preparedness.
- 2** **Saving for retirement is the top financial goal of all employees, with 64% considering it a major financial goal of theirs, presenting opportunities for employers to enhance financial literacy and retirement savings offerings.**

Saving for retirement is viewed as a significant contributor to financial wellness, with 40% of employers citing it as the top contributor. But, only about half of those under 40 consider it a major goal. Instead, younger employees face a variety of financial obligations and priorities that compete for space with their desire to save for retirement. This presents an opportunity for employers to increase their engagement on a variety of financial literacy topics to help employees balance short-term needs with longer term goals, ultimately improving employees' retirement readiness.
- 3** **Concern among employers about early withdrawal/loan penalties and a lack of diversification hurting employees has massively increased in 2020 vs. 2018.**

61% of employers are concerned about early withdrawal/loan penalties this year (up from 42% in 2018) and 50% say the same thing about insufficient diversification (up from 27%), highlighting worries specific to this year in crisis. The heightened short-term concerns are understandable, but the slippage of longer-term concerns could be problematic if it represents less emphasis being placed on addressing those concerns.



# Executive Summary: Detailed Findings

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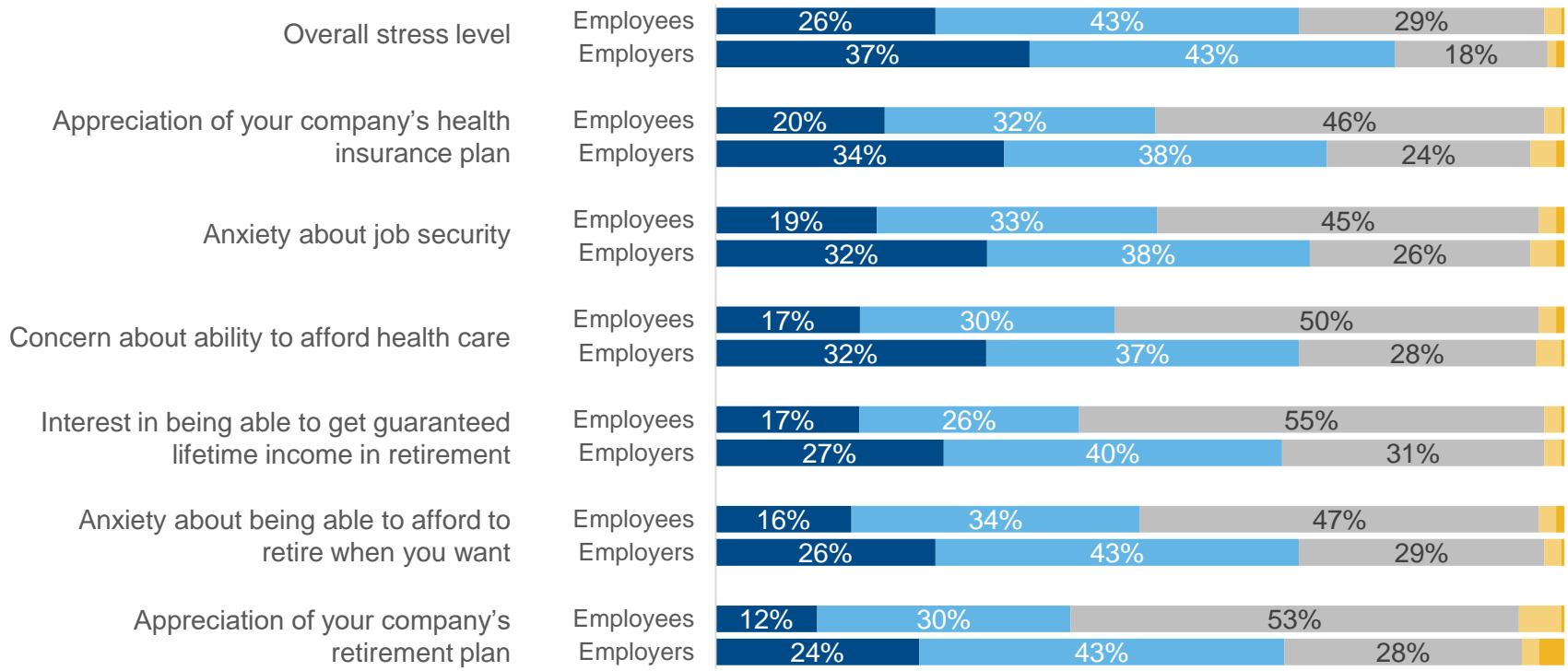
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# COVID-19 has increased both employees and employers' stress



## Impact of COVID-19 : Employees vs. Employers Perspective

■ Increased significantly  
 ■ Increased somewhat  
 ■ No impact  
 ■ Decreased somewhat  
 ■ Decreased significantly



Q42. To what extent has the COVID-19 pandemic impacted you as it relates to the following? (employees, n=1,005)

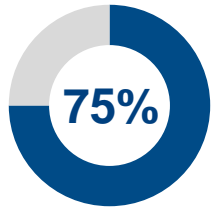
Q34. To what extent has the COVID-19 pandemic impacted your employees in the following ways? (employers, n=502)

# Employers have increased their focus on health and safety, financial wellness, and retirement preparedness, but employees only really see the effort on health

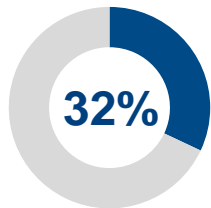


## How Employers Have Changed Since COVID-19

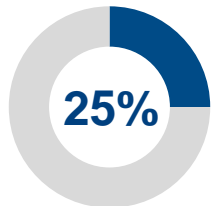
### According to Employees



Employer increased focus on the health and safety of employees

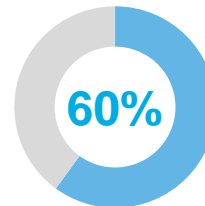
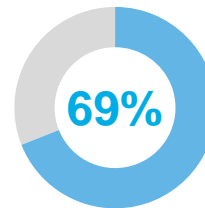
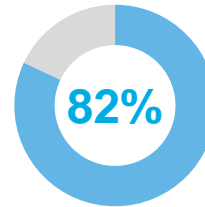


Employer increased focus on improving the financial wellness of employees



Employer increased focus on retirement preparedness of employees

### According to Employers



- Not surprisingly, the COVID-19 crisis has shifted the focus of employers and employees alike.
- One key example of this is the increased focus employers must pay to the health and safety of their employees: 75% of employees and 82% of employers say their company emphasizes this more now.
- This heightened focus on health is paralleled by an increased focus on financial health: 69% of employers now have a greater focus on improving financial wellness and 60% say the same about retirement preparedness.
- Yet while employees recognize the newfound attention to health, only a third say this is the case for financial wellness and only 1 in 4 say this for retirement preparedness.
- A notable outcome of this crisis will likely be employers' enhanced focus on both health and wellness, as well as a greater focus on employees' overall financial wellness.

# While the majority of employers feel responsible for financial wellness and retirement preparedness, few employees have seen a significant effort made



- Nearly three-quarters of employers feel a high level of responsibility for both employee financial wellness and retirement preparedness.
- The overlap of these feelings of responsibility makes sense. In fact, employers identify “saving for retirement” as the number one contributor to employee financial wellness by a mile: 40% rank it as number one while the next highest contributor is at only 12%.
- Despite employers’ sense of responsibility for financial wellness and retirement preparedness, not many employees see any significant effort being made.
- Only 23% of employees see their employer making a significant effort on financial wellness and only 20% say the same about retirement preparedness.

**72%** Of employers feel a high level of responsibility for employee **financial wellness**

**73%** Of employers feel a high level of responsibility for employee **retirement preparedness**

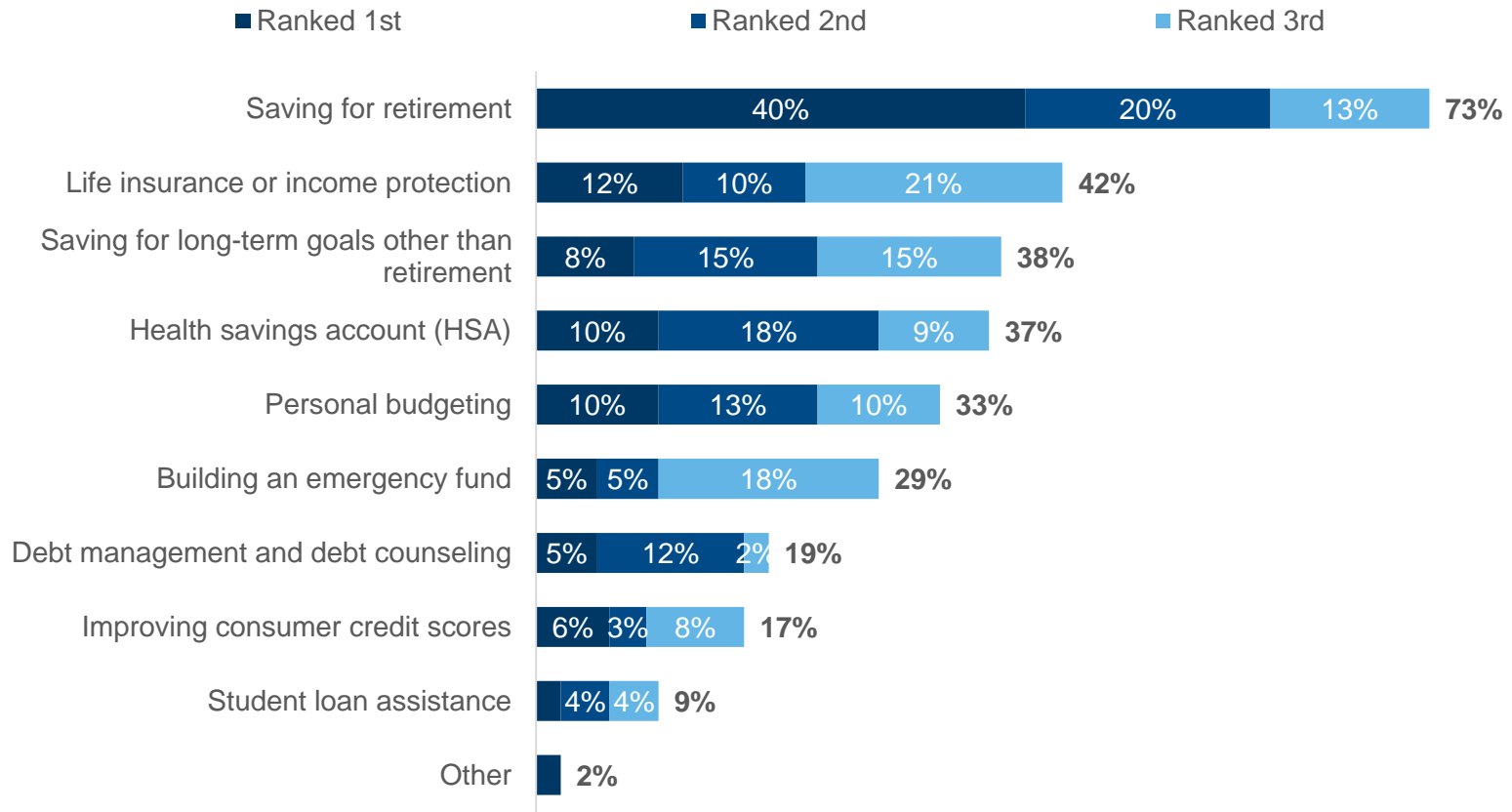
## Employee View of Employer Effort



# Saving for retirement is viewed as the biggest contributor to employees' overall financial wellness



## Contributors to Employees' Financial Wellness



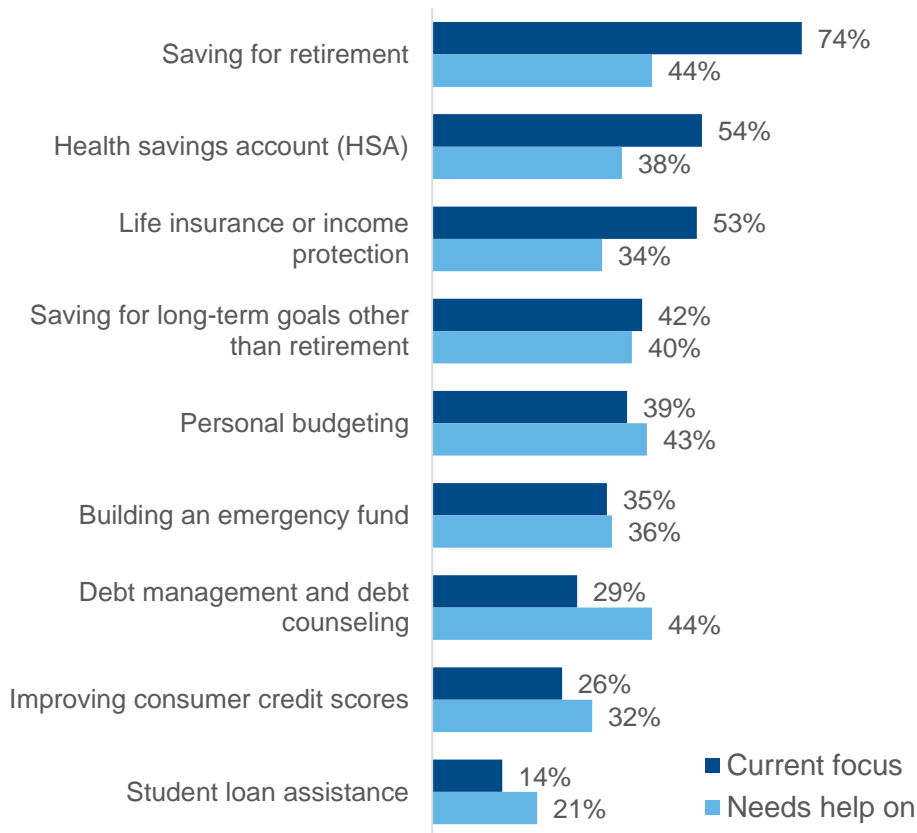
Q11. Out of the following list, please rank what you consider to be the 3 things that contribute most to your employees' overall financial wellness. (employers, n=502)



# Employers are actively working to help employees improve their retirement savings, but new gaps exist between employer perceptions and employee needs



### Employer Areas of Focus vs. Areas of Needed Assistance



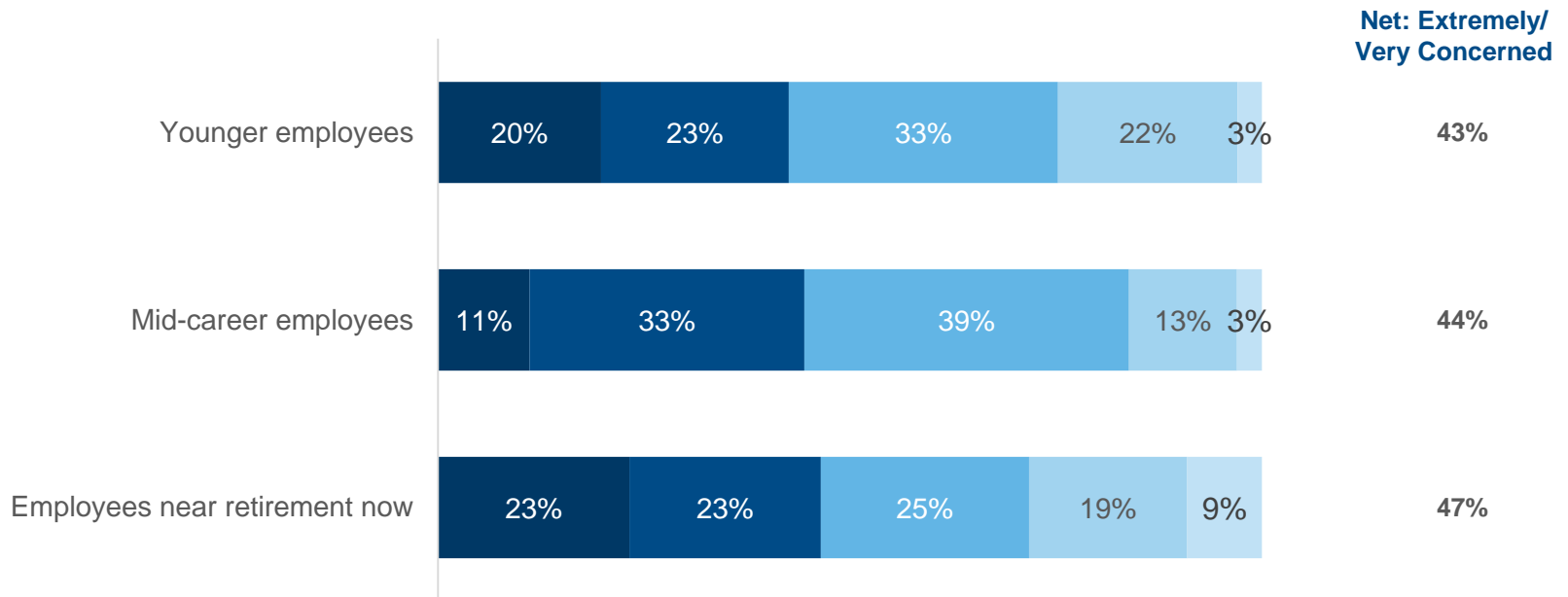
- Retirement savings is by far the most common area that companies are working on to help employees address. Three-quarters (74%) name this as a focus, followed by HSAs (54%), life insurance/income protection (53%), and saving for other long-term goals (42%).
- Despite retirement savings being a common area of focus, it is also tied for first in terms of areas employers could use the most assistance with in order to better help employees improve their financial wellness.
- Debt management/debt counseling and personal budgeting are also high up in terms of areas of needed help, despite them being less common areas of attention currently.

# Employers have a fair amount of concern for employees' ability to save enough for retirement regardless of how close they are from retirement age



## Concern About Ability of Employees to Save Enough for Retirement

■ Extremely concerned  
 ■ Very concerned  
 ■ Somewhat concerned  
 ■ Not too concerned  
 ■ Not at all concerned

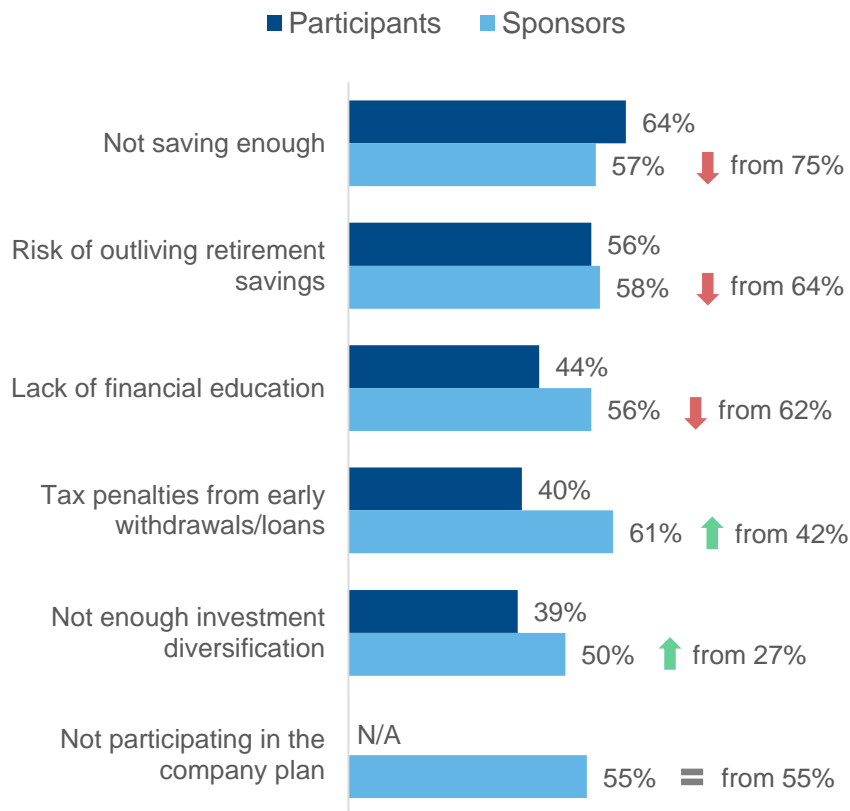


Q36. How concerned are you about the ability of these employees to save enough to not run out of money in retirement? (employers, n=502)

# Amid the pandemic, employers' concern about tax penalties and investment diversification on employees' ability to save for retirement increased



## Financial Concerns Regarding Saving and Planning for Retirement\*



- In terms of concerns, employees and employers are in sync about the risk of not saving enough and outliving one's retirement savings:
  - Roughly 6 in 10 of both groups view these issues as a concern.
- Employees tend to be less concerned than employers about a lack of financial education and investment diversification and significantly less worried about withdrawal/loan penalties.
- Comparing sponsor concerns to those from TIAA's *2018 Plan Sponsor Retirement Survey* reveal interesting dynamics about the unique problems of 2020.
- Concern about employees not saving enough is down significantly from 2018. Concern about outliving savings and a lack of education are also down. These are still important issues, especially in the long term, but perhaps not seen as paramount in the midst of a year in crisis.
- Meanwhile, massive increases in concerns about early withdrawal/loan penalties and a lack of diversification reveal what worries employers about participant behavior this year.

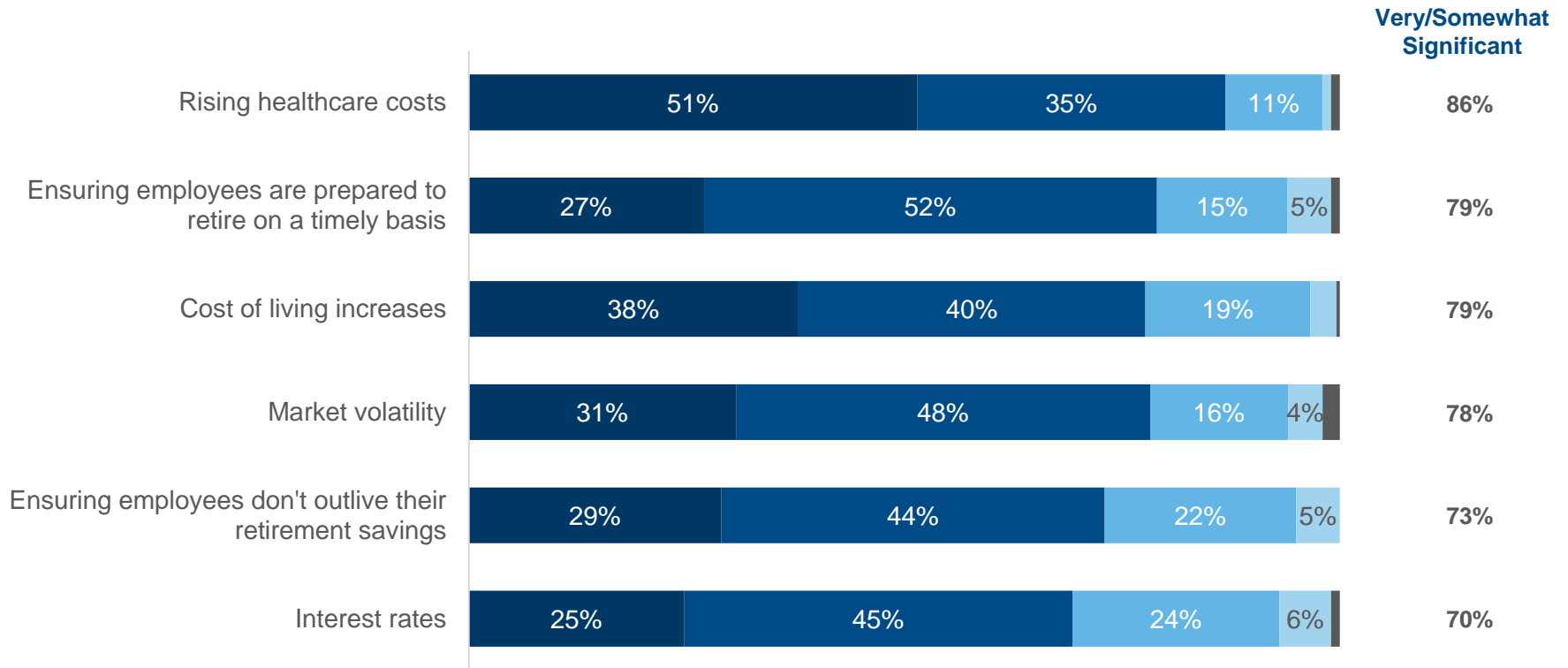
\*Trend comparison vs. 2018 TIAA Plan Sponsor Survey

# Employers see rising healthcare costs as the biggest issue for attaining financial security in retirement



## Top Issues in Achieving and Maintaining Financial Security in Retirement

■ Very significant  
 ■ Somewhat significant  
 ■ Not very significant  
 ■ Not at all significant  
 ■ Don't know

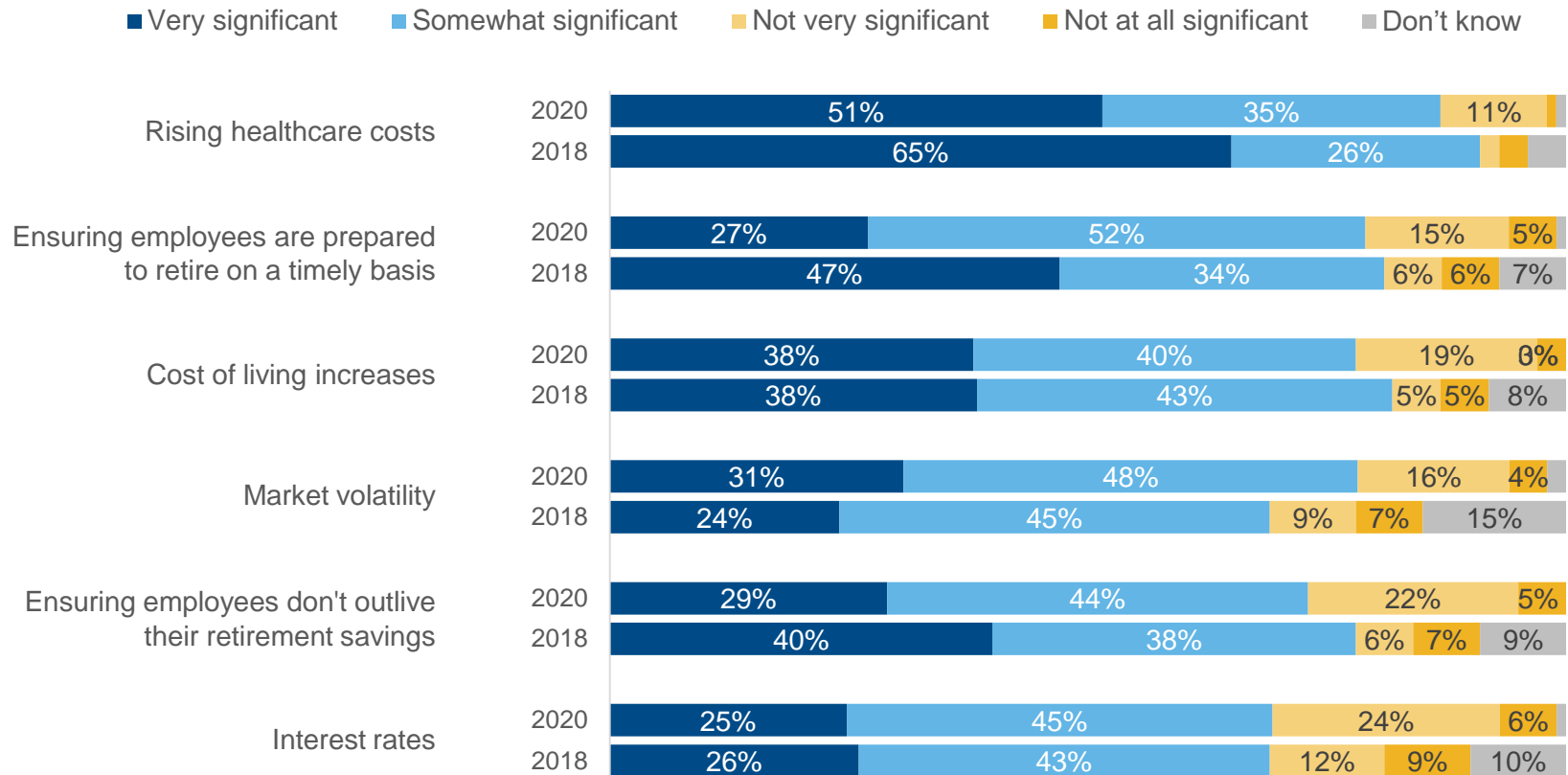


Q40. From your perspective, how significant are each of the following issues when it comes to employees achieving and maintaining financial security in retirement? (employers, n=502)

# Employers' financial security concerns are similar in 2020 vs. 2018, but market volatility is an increasingly significant issue



## Top Financial Security Issues: Employers in 2020 vs. 2018



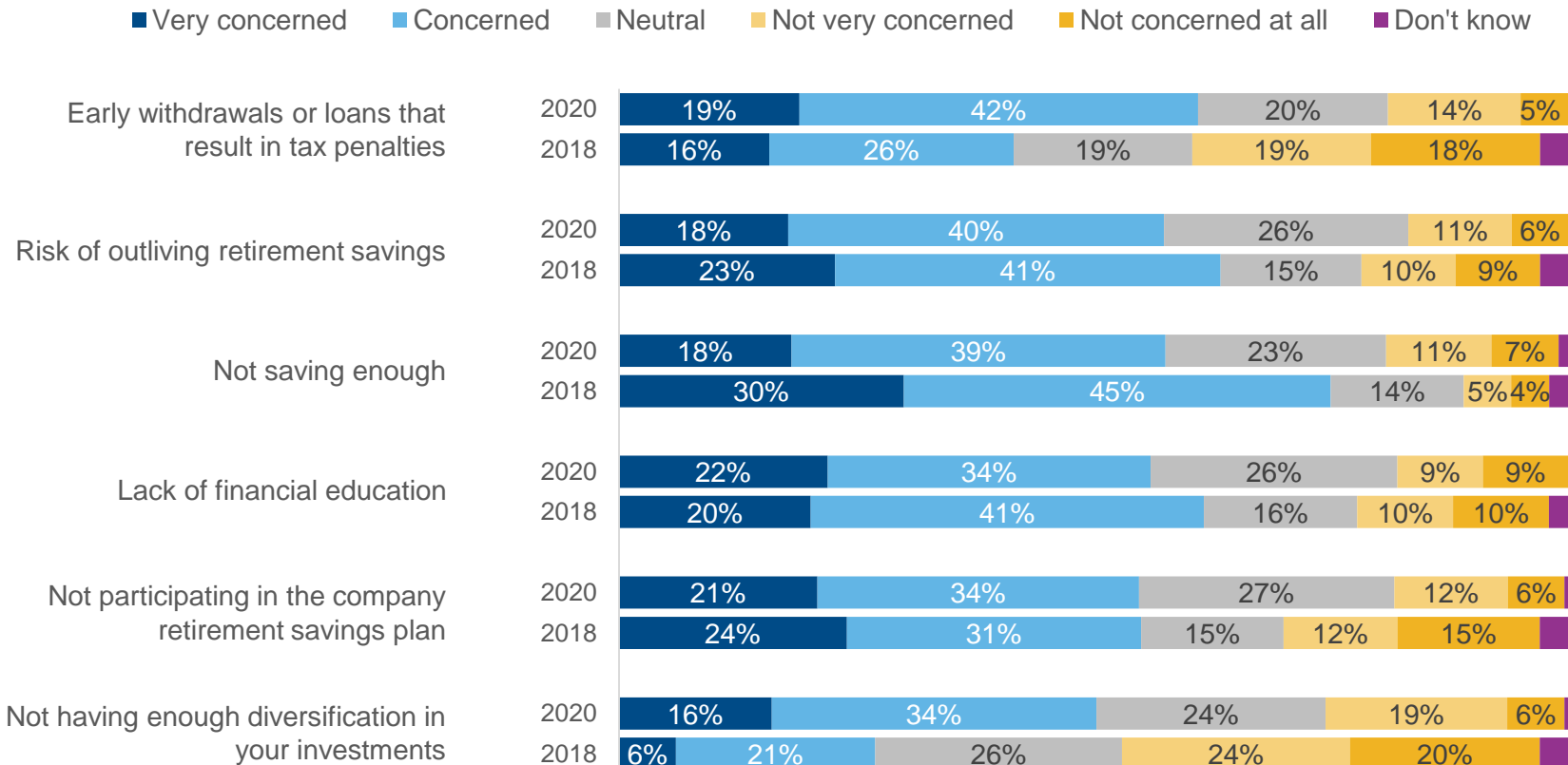
Q40. From your perspective, how significant are each of the following issues when it comes to employees achieving and maintaining financial security in retirement? (2020 employers, n=502; 2018 employers, n=1,001)

# Sponsors in 2020 are more concerned about penalties for early withdrawals/loans and a lack a diversification than they were in 2018.



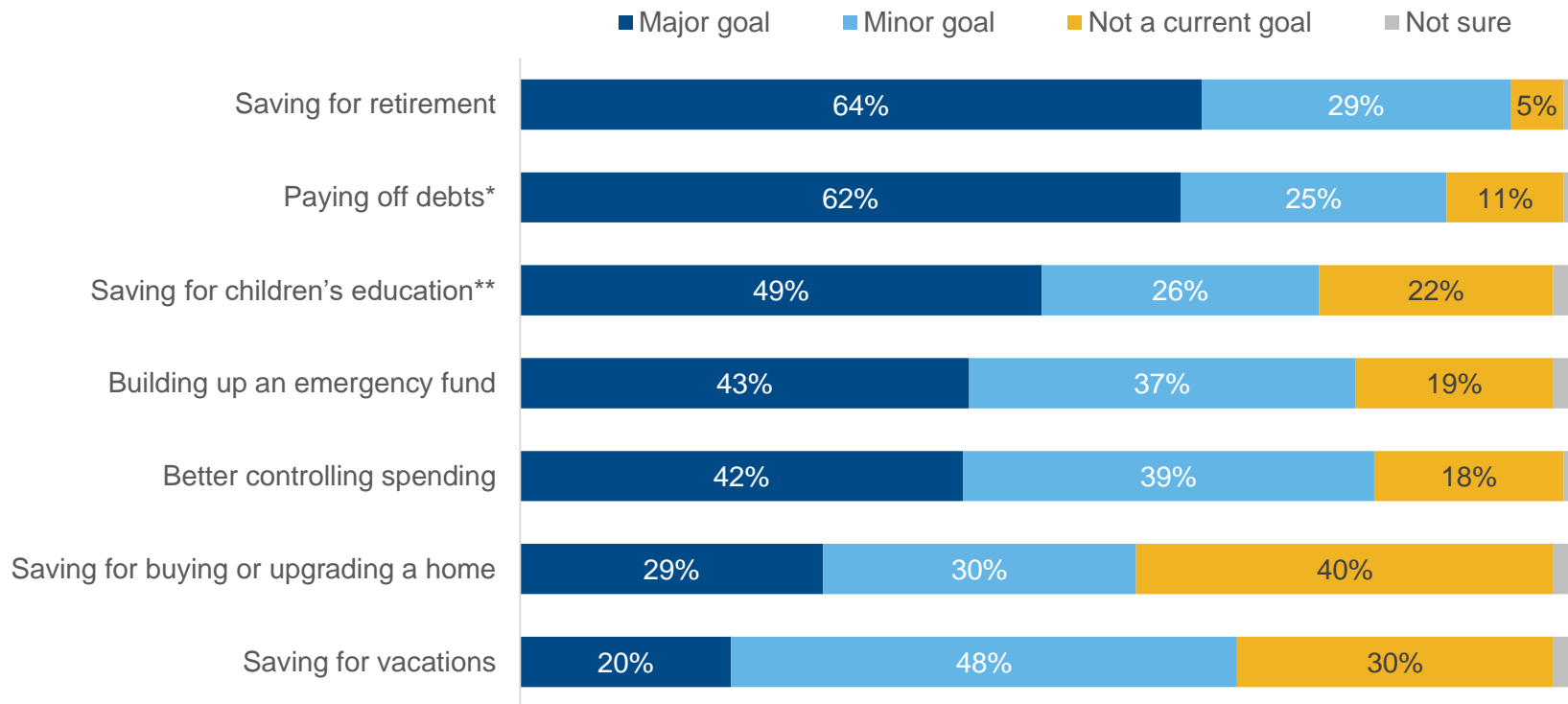
Sponsor Survey  
2020 vs. 2018

## Financial Concerns: Sponsors in 2020 vs. 2018



Q39. How concerned are you about each of the following issues when it comes to your employees saving for and preparing for retirement? (2020 Sponsors, n=502; 2018 Sponsors, n=1,001)

## Employee Financial Goals



Q3. To what extent, if at all, is each of the following one of your household's financial goals at this point in time? (employees, n=1,005)

\*Among employees with debt (n=908)

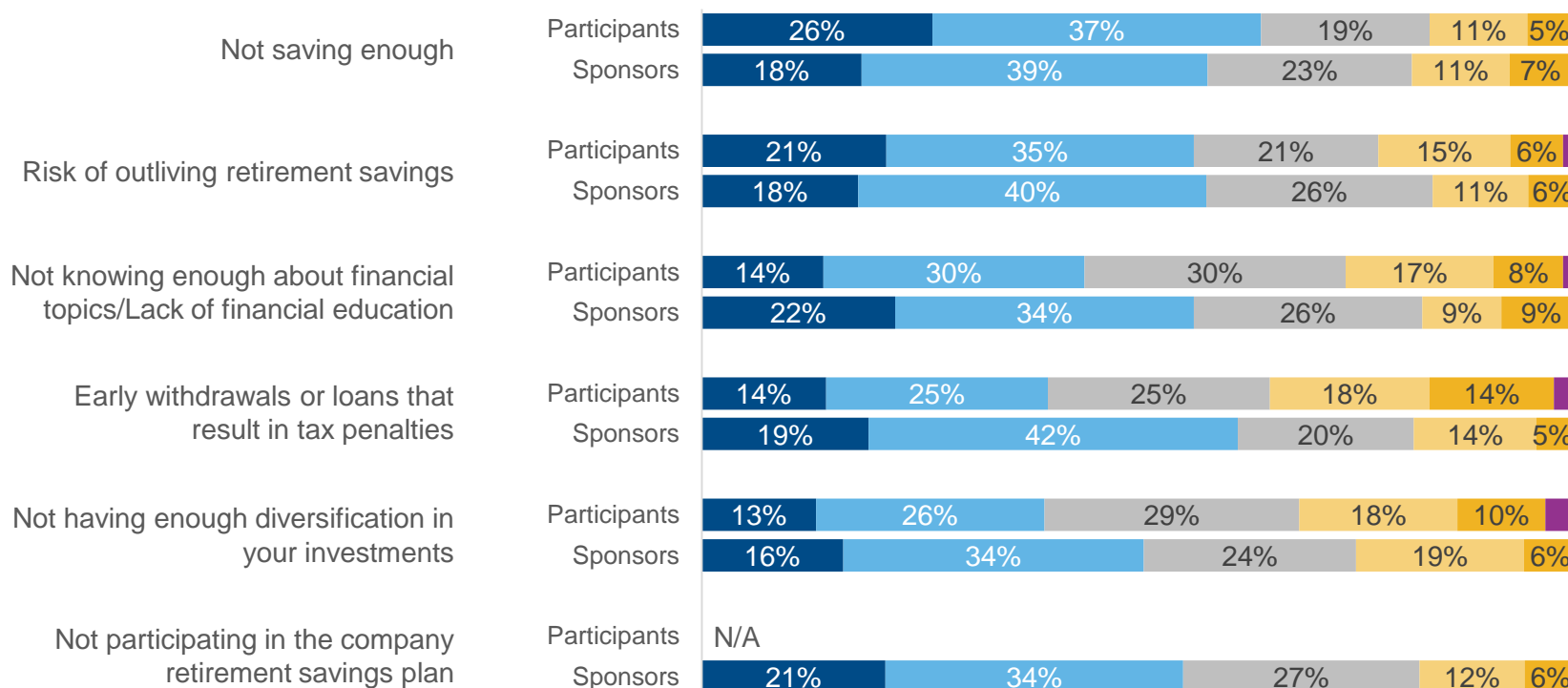
\*\*Among employees with children under age 21 (n=609)

# More than half of employees are concerned about the risk of outliving savings. A similar share of employers are concerned about this for their employees



## Financial Concerns: Employees vs. Employers

■ Very concerned  
 ■ Concerned  
 ■ Neutral  
 ■ Not very concerned  
 ■ Not concerned at all  
 ■ Don't know



Q9. How concerned are you about the following regarding your saving for and planning for retirement? (employees, n=1,005)

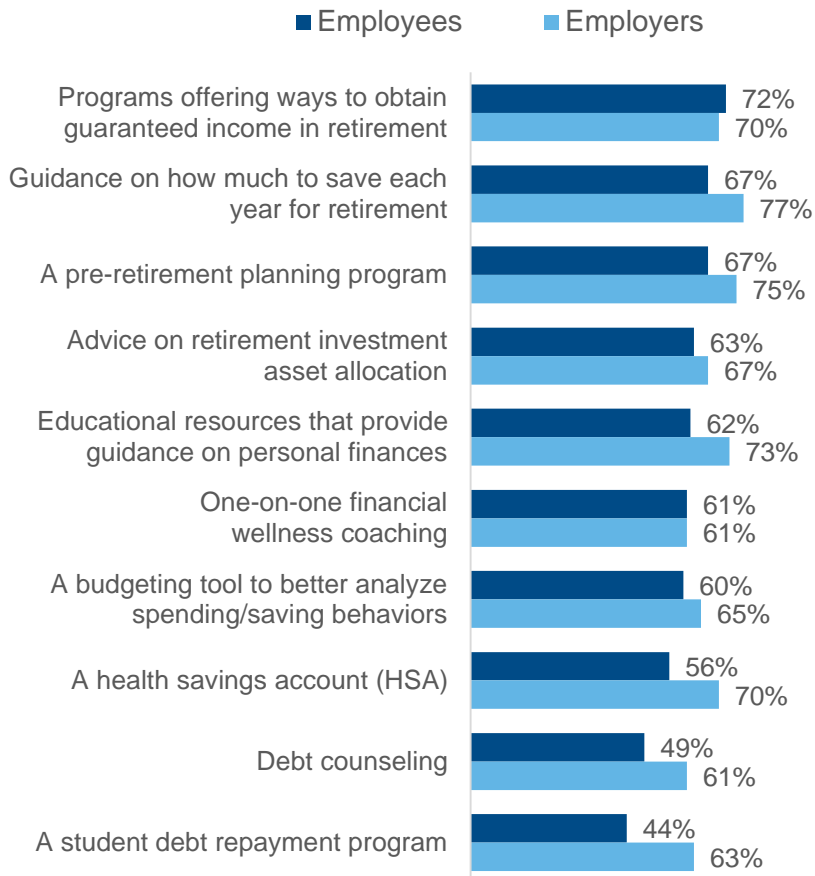
Q39. How concerned are you about each of the following issues when it comes to your employees saving for and preparing for retirement? (Plan employers, n=502)



# Employees are interested in resources and education broadly, but a program that would offer ways to obtain guaranteed income would be highly valued



## Resources That Would Be Highly Valuable to Employees\*



- Employees are generally very interested in almost all types of education or resources that might be offered in the workplace. In fact, nearly three-quarters say they'd like more information about their plan or retirement savings in general.
- There's also a desire for more personalization in education, info, and advice received with at least half of all employees.
- In terms of resources that would be highly valuable to employees, employees see the greatest value in programs that would offer ways to obtain guaranteed income<sup>1</sup> in retirement. 7 in 10 (72%) would consider this highly valuable. The same proportion (70%) of employers agree that this would be highly valuable for employees.
- Employers also see a great deal of value in guidance on how much to save, pre-retirement planning programs, and educational resources regarding personal finance.

\*% extremely/very valuable; response text has been abridged

1. Any guarantees are backed by the claims paying ability of the issuing company

## Methodology

This report presents the results of the **TIAA Retirement Insights Survey**, an online survey of:

- 1,005 plan employees, between the ages of 25 to 70, employed full-time at a company that has at least 50 employees, and currently contributing to a 401(k) or 403(b) plan. The survey included 204 403(b) employees and 801 401(k) employees.
- 502 plan employers who are employed full-time at a company that has at least 50 employees and offers a 401(k) or 403(b) plan . The survey included 251 403(b) plan employers and 251 401(k) plan employers.



The survey was conducted by Greenwald Research on behalf of TIAA.

The participant survey was fielded from October 26 to November 2, 2020. These results are weighted by gender, age, personal income, education, company size, race/ethnicity, and 401(k)/403(b) plan type to reflect the distribution of American plan employees in this segment.

The sponsor survey was fielded from October 26 to November 5, 2020. These results are weighted by company size and 401(k)/403(b) plan type.

Note that percentages in the tables and charts may not total to 100% due to rounding and/or missing categories.



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