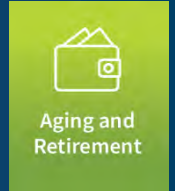


Retirement Planning and Decision-Making Among Early Middle-Aged Adults

APPENDIX
OCTOBER 2023



APPENDIX

INTRODUCTION

This appendix provides participant verbatim quotes that were not included in the main report. The researchers have compiled this document for readers as a source for more insights. It is hoped that these additional verbatim quotes will provide interested readers with a greater understanding of the perspectives of 35–45-year-olds in retirement planning and related issues.

Influence of Retirement Plan on Employment Decisions

OVERVIEW

Although many say the retirement plan was not important when they started working, many contend that it is more important to them now as they age.

No, when I got the job, I was 23, I didn't think about retirement, I just thought it was something to do and then it's now I'm like thank God it's there. - male, middle income, married, with children

"Not the job specifically, but going into education, it is a nice perk that I knew would be there." - male, higher income, married, with children

"It was not important, although as I've aged, it is obviously increasingly more important." - male, middle income, married, with children

Most say the retirement plan is not an important factor in staying at their company, with some explaining that they can take their savings with them to another job. However, some still maintain that the retirement plan does contribute to them staying.

"I wouldn't say it's a factor, as long as I could take it wherever I'm going with me." - female, middle income, single, no children

Plans to Retire and Aspirations for Retirement

MAJOR LONG-TERM GOALS

The main goal of participants is to retire and be financially secure when they do so.

"The most important thing is to be able to retire comfortably." –male, middle income, married/partner, have children

"Financial independence. Early retirement." – female, high income, most married, no children

“I would like to retire comfortably.” -female, low income, not married, some have children

“I am wanting to make sure we have enough money to live off of after we retire.” – male, high income, married, have children

TARGET RETIREMENT AGE AND PLANS TO WORK

Many intend to retire in their sixties, or as early as their fifties, with those in middle to high-income groups more often projecting that they will retire younger. However, a number of participants admit that they are entirely unsure when they will retire.

“Early sixties, maybe mid-sixties. Just kind of somewhere in that ballpark.” – middle income, married/partner, no children

“I’d like to retire tomorrow. But I think realistically it could be 65 - 67, somewhere in there.” –male low income, married/partner, no children

“Realistically for me it will be early 60s just because with retirement and not getting taxed on things. Hopefully it will be early 60s.” –male, high income, most married, no children

Most participants say they plan to work in some capacity after retiring. Some plan to work to supplement incomes, while others simply desire to stay busy or continue work in a field they are passionate about.

“It’s going to be some work on the side. I’m just not a person who can just sit around and just watch TV every day or just sit there. So I’m sure that I will be doing something on the side, like some kind of small jobs here and there. A little vacation, of course, just to give myself a reward just for going through life and everything like that. There will probably be some work on the side just to keep it busy, keep my mind going and just keeping my brain going and keeping it up to par.” –male, low income, married, have children

“For me, it’s a sliding scale. I started out life working really long hours. All kinds of low-wage jobs, and I just want to work fewer and fewer hours. And so transitioning where I work fewer hours and I start to research more and understand investing and perfecting that until I may never fully retire. But I think ideally it would be nice to work two hours a day, research a couple hours a day and then have the rest of the time off to relax. That would be great.” –male, low income, married/partner, no children

EXPECTATIONS ABOUT LIFE IN RETIREMENT

Most participants expect to retire from their primary careers and hope to live comfortably and modestly on their retirement savings distributions, pensions, and/or other income sources. Many think retirement will provide a time for more rest, travel, and the freedom to do what they want with little restriction.

“I forecast and put it into existence that my life will be relaxing and happy. I don’t need to be rich, although that would be nice, but I just need to pay what I need to pay. I’m not an over spender, I’m a simple person. I like to travel, so I see my life as a traveler and using my retirement money for that and bills. I don’t have any children, so that

seems like that will be the plan for me and my husband.” –female, low income, married/partner, no children

“I want to retire, I want to have money to go on vacations with my family, my kids, just enjoy the family and as well as the empty nest stage and hopefully my kids will be out of the house and independent as well.” –male, middle income, married/partner, have children

“I hope traveling will be a big part of my retirement. And again, I don’t have kids either, but I also don’t have some crazy retirement package. So just hopefully being able to travel, but still live comfortably.” –male, low income, married/partner, no children

“I don’t see my standard of living going up when I retire but I see myself where I am at now, probably just minus several obligations and responsibilities. I would like to use the time to do some volunteering locally and maybe take a couple nice trips throughout the year but other than that, just kind of doing what I want to do.” –male, high income, married, have children

When asked about their expectations about life after age 65, a strong majority of participants anticipate it will be an overall good time of life. They expect to have more freedom, less stress, and the ability to spend time with family. However, several note that unexpected health issues impact these expectations.

“I think it will be wonderful. I am part-time right now so I do have some freedom to do what I want to do during the week or whatever, but I am anxious to have us both be retired and enjoy the time together that we have. My schedule right now is a lot more flexible than my husband’s and we are new empty nesters. That has been quite a change. With not having our daughter at home anymore, we are getting a little taste of what the future is going to be like.” –female, high income, most married, no children

“I would hope it is a good time. I don’t know if it will be the best. I certainly think it will be lower stress and more time for things that I enjoy.” –male, high income,

“Health is a concern and that is something I am trying to take more seriously now. My parents are in pretty good shape. They are in their late 60s. My one grandma just passed away in her 90s a couple months back and it was rough. Trying to do what I can to avoid the healthcare industrial complex for as much and as long as possible. As long as I am able to do that, retirement should be great.” –female, high income, most married, no children

“Everything is reflective on, I think, health so you can enjoy it as long as you’re healthy and if you’re not healthy then it’s not necessarily going to be enjoyable and that’s too difficult to predict.” –male, middle income, married/partner, have children

THOUGHT GIVEN TO RETIRMENT PREPARATION

Most participants have given some thought to preparing for retirement, with some having given it a great deal of thought. High-income participants are more likely to have thought about retirement planning “a lot” and take an active role in their planning beyond simply saving.

“Me personally, I have given thought into it. I have a 401(k), company matches and everything else. Do I need to do more? Yes! But you can only do so much and also earn a living.” –Male, low income, married, have children

“I’ve thought about it a lot. I limit what jobs I will apply for to make sure that I am still within the same pension retirement system, a civil servant. So I won’t work outside of that.” –Female, middle income, married/partner, no children

“I have given it thought. I think looking at the calculators online. I have given it thought but I think it is dumping as much as I can into various retirements. My spouse’s, looking at his probably more than he does. How much do I need? What do I need to live the current lifestyle that I currently have?” –Female, high income, most married, no children

A small number of factors motivated participants to start thinking about planning for retirement. The factor mentioned most often is the influence of parents. Some seek to emulate their parents’ successful retirement planning behaviors that lead to their financial stability in retirement. Others hope to learn from their parents’, or grandparents’, negative example, hoping to avoid their mistakes.

“My dad just retired recently, maybe two years ago. I am pretty much learning from him. So he has rental properties, because his pension is not enough to cover everything he wants to do and everything he needs. So that is why he got the rental properties. That completely covers everything he needs, and I am learning everything from him, everything that I should be doing or what I shouldn’t be doing also is from him...If it was just his pension, he would not be happy. It would not be enough for him and my mom to live out their life. It’s a big, big difference.” –Female, middle income, not married, some have children

“My parents didn’t really think about their retirement. I think it is that little bit of anxiety. They never thought about it and now I have to support them in their older age as well as my own retirement.” Female, high income, most married, no children

“My parents have just recently, for the most part, retired since right around the time the pandemic set in. So, it’s the first time I’ve had a front row to see what retirement looks like. I’m not really jealous of what their version of it looks like. For the first time I have been pondering it a lot the last couple of years... because of the way they have taken care of themselves or lack of.” Male, middle income, married/partner, no children

“My mom actually retired a couple of years ago and she had no plans, and I see how stressed out she is and how broke she is, and it stresses me out every day. I think I’ll probably have to take her on in the next few years. If she had just planned properly, it probably would be a lot less stressful.” –Female, low income, married/partner, no children

Expectations for the Future

EXPECTATIONS OF FUTURE INCOME

Nearly all participants expect their incomes to increase as they progress in their careers, citing consistent annual raises and upward mobility as major contributing factors. A few mention that their income may decrease or stagnate in the short-term while they are attending school or starting new business ventures; however, they all say their income will increase in the long term.

“For me, in the next few years I plan on earning more. I ultimately am probably going to go back to school, which is going to put me in a little more debt. Realistically speaking, that savings that we were talking about, I’m going to let it be a buffer so this way I can do tuition reimbursement with my job. Ultimately nursing is probably going to be the goal, and I already have my foot in the door, so ultimately nursing. It would probably be \$20 more an hour.” -female, lower income, with children

“I expect it to go up. It better. At my company, we get annual raises anyway.” -Female, middle income, married/partner, no children

“Yeah, I would expect the insurance field is pretty stable. In fact, one of the only fields that continue to grow during the past pandemic. The underwriting skill is pretty transferable as I continue to grow and gain more authority in that field. I can get more opportunities and bigger opportunities.” -male, lower income, married/partner, with children

“Yes, definitely. Just with our pay scale, we automatically move up. I can’t see us going backward. We just move forward.” -female, higher income, married/partner, with children

Although the majority of participants expect to earn more, several add the caveat that inflation, as well as overall economic uncertainty, will likely result in their earning power staying the same.

“Probably the same with adjusted for inflation. I work at a church, so it’s not like we are rolling in it. But my husband probably more. As a household, probably more. But nothing exuberant.” -female, middle income, married/partner, no children

“I definitely will be making more money. The question is where is inflation going to be and how much buying power will that have. I definitely plan and I do have regular merit increases. I am in sales too so we have a bonus structure.” -male, higher income, married/partner, with children

“Yes, I’m definitely sure I’m going to earn more in the future. I just don’t know, echoing what everybody else said, based on inflation and things like that, how much it’s going to make a difference. My goal is that I can make a bigger difference. Like I’m thinking of ways now to do it, but I don’t know.” -female, lower income, single, with children

“In theory, yes. I’m optimistic in that sort of way. But I’m not as optimistic with these sort of uncertainties as much as I think I’ve made it through this pandemic of my lifetime. I also think who knows what else can come later this year or next year? I feel like, in some ways, it has made us stronger. But now this economic uncertainty. It’s like you don’t know. So you’ve got to just roll with the punches.” -male, middle income, married/partner, no children

A few expect to earn the same or less than they are making now, with the hope of working less for the same income.

"I do. I expect to move up in my career. So I do expect that with a pay raise. But then I don't plan on working two jobs for the rest of my life. So I'm hoping to kind of make what I make now with one job and then get rid of the second one." -Female, lower income, married/partner, with children

EXPECTATIONS OF FINANCIAL IMPACT OF CHILDREN

Although parents acknowledge that children's expenses will increase in the immediate future, most are confident that their children will eventually become financially independent. However, some participants expect, or at least are willing, to provide financial help to their children in the long term.

"I feel like with my daughter, she'll be 21 in March. Right now she's the negative impact right now. Still coming to mom and dad for the money and "Help me pay for school." She is starting school this month for esthetician. So I feel with age comes maturity and comes the positive impact where she'll be doing for herself. She recently moved in with her boyfriend, so she has a little bit of responsibility with rent. They're splitting the rent. I think eventually over time for her it will be a positive impact." -female, lower income, single, with children

"I agree. It definitely takes a chunk of my money to think that I would like to save something for my kid. But then again, I also would like to have some type of free time in my life other than raising children and be able to travel or just relax. But I think that once they get older, I am hoping that it will be easier to save. I'm not really sure how that is going to work, but that is what I'm hoping for." -female, middle income, single, with children

"Ridiculous. Our little girl got involved in cheerleading. The amount of money you have got to spend for the extra curriculums and fundraisers and this and that. I expect the kids to cost more and more as the years progress." -male, higher income, married/partner, with children

"Nobody can say, because I have friends that have graduated college and still living with parents because they can't afford to live on their own." -Female, middle income, married/partner, no children

Most participants say they do not have any intention of receiving financial help from their children in old age, or at least hope not to. At the same time, many note that if they needed it, they believe their children would provide financial assistance. However, a few participants, primarily with lower incomes, say they expect to receive financial help from their children or already do.

"I don't expect her to help me. Anything that she does help with I'm grateful for, but I honestly just want my daughter to have a positive impact financially for herself and not have to worry about me." -female, lower income, single, with children

"I would never expect my kids to help me financially." -female, higher income, married/partner, with children

"I think my grand plan is to not have to do that. But I'm sure she would if I asked her to. But I don't intend that to be a thing." -male, lower income, married/partner, with children

"For me, my daughter, she does her own thing. Even when she moved to a totally different state, she packed up a truck herself. I was like, "Do you want me to go?" She's like, "No, mom, I'm fine." I stayed on the phone with her a little bit. She drove her stuff, paid for all her own stuff. She buys me stuff. She brought me a MacBook because I wanted to do photography, and she's like, "Quit your job and I'll help you. You get your camera. I'll buy the laptop." So I don't worry about mine. She's going to work whether it's her business or

her job. She is going to work, and if I'm not okay, she'll make sure I'm okay." -female, lower income, single, with children

EXPECTATIONS OF FINANCIAL IMPACT OF PARENTS AND IN-LAWS

There is diversity of expectations about the future financial impact of parents and in-laws. Some say their parents are financially self-sufficient and consequently in the position to provide financial support currently or down the road.

"My in-laws are sitting on a lot of money and aren't in the greatest health. I think that might be a plus. My parents, neutral to plus. They did all the right things. They are moving closer to us so if we do have a kid, childcare is done and dusted which is going to really be a blessing." -female, higher income, married/partner, no children

"Right now they're both retired so it's a plus for me. They also retired from New York City jobs so I know their retirement package is excellent and I'm benefitting from it." -female, middle income, married/partner, with children

"They give all the time. They spoil us, always have. If I ever needed it, no problem. They would give me money in a heartbeat and wouldn't expect me to pay them back. But luckily, they taught me well enough that I don't need to borrow money from them." -female, lower income, single, with children

"Both of my parents passed away before they got to retirement age. My dad owned his own business. My mom, she worked here and there part-time but she was never full-time. Me and my siblings split what they had. It wasn't much. It was essentially the house and a little bit extra. I have kind of used that up already to pay down some of my loans and pay for my wedding. That is really it. It was a plus. It was something that I definitely used but it is kind of neutral at this point." -male, higher income, married/partner, with children

Others say their parents or in-laws will have a negative impact on their finances, citing poor financial choices by their parents or impending medical expenses as common reasons for the financial drain.

"I think it will be negative, really. She wasn't good at saving. She left from Utah to Florida with a relationship, ran out of money, blew all her 401(k). Started trying to save up, started blowing more money when she was having a rough week, so she's got nothing other than that. I know the cost of living in nursing homes there is pretty up there with us, so if something were to happen, it would be a negative impact on me. My dad, I learned a lot from him. He was a saver, but after years of moving, he saved just enough. It paid for funeral, it paid for medical transport across the U.S., and it paid for him to live one month in a nursing home and nothing more." -female, lower income, single, no children

Several do not expect parents and in-laws to, on an overall basis, affect their finances one way or the other.

"I don't expect anything. I don't think they will be much of a burden, because they do have that little revenue coming in to help balance that out. Even if something does happen, I have two other brothers. So I am not going to be the only one bearing that burden. We would kind of split it. The same thing with my grandmother right now. She kind of bounces around, because she has like ten kids. So everyone kind of chips in to take care of her, does everything they need for her. So I'm thinking it is going to be the same thing with me, my brothers and my parents. So I don't expect them to be such a financial burden to me." -female, middle income, single, with children

"If you are talking about both sides of the family, I would say it is close to a wash. If anything, maybe a little bit of a plus. We are giving to one side of the family to help support and care. The other side is self-sufficient

and they will probably have something to leave. We never count on that kind of thing and you never know exactly how that is going to work out. By way of just not having to support one side, I would say it is slightly a plus.” -male, higher income, married/partner, with children

“Neutral for me. Since my dad is a huge smoker, he just turned 77, he is having a lot of health issues related to that. But they are homeowners and have very little expenses. So worst case, I don’t think they will need assistance from my siblings and I. So I would say neutral overall.” -male, middle income, married/partner, no children

EXPECTATIONS OF MEDICARE

All participants say they expect Medicare to provide for them in some capacity. A number feel that Medicare will or should be reformed.

“I hope so. Because if not, that is a huge, huge expense every month if you have to pay for your own insurance at that age. That is astronomical.” -male, lower income, married/partner, no children

“I am fairly optimistic that those changes will take place and am hoping for the best.” -male, middle income, married/partner, no children

“Yeah, my father has issues with his health and he has to pay out-of-pocket over \$500 something dollars for medication because Medicare does not cover it and neither is supplemental insurance from BlueCross BlueShield. This is the reality we’re going to have to face.” -female, middle income, married/partner, with children

Expected Sources of Income in Retirement

SOCIAL SECURITY

Most expect to receive very little or nothing from Social Security.

“Just much like everybody said, it is probably going to change or become less and less, and I don’t think the amounts would be something you would be living comfortably, or as ... said, consider it as a supplement. I just think it’s going to be lower and lower as we get older.” -female, middle income, with children

“That probably would be enough to help with my pups. I don’t think I’m going to get that much from Social Security. I don’t even think about Social Security, actually. So that would be probably like a nice bonus check.” -female, lower income, married/partner, no children

“I agree. I think it might be around in some form. But we don’t consider it to be something to live on. It would be nice, but I don’t think it’s realistic that it would cover everything or go that far or even be there in some form.” -male, middle income, married/partner, no children

“I’m going to say not as good. It’s going to go down. They’re going to need more and more from us to cover what they say they’re going to give us.” -male, middle income, married/partner, with children

“Yeah. I actually got a letter maybe a couple of years ago from Social Security stating how much I would get per month at retirement age. But like ... said, ain’t no telling if that is really going to be there by that time.” - female, lower income, married/partner, with children

“Just from what I hear in the media. You always hear about Social Security solvency is going to run out by this date. The date that you constantly hear, within 20 years, I am not going to be in retirement age to collect this.” -male, higher income, married/partner, no children

“I don’t even expect there to be a Social Security anymore by the time I retire. It will be gone.... So yeah, I’ve got to rely on something else.” -female, lower income, single, with children

HOME EQUITY

Most participants are homeowners. Those who are not homeowners say they aspire to be before they retire. Among those looking to buy homes, some have cited difficulty doing so due to factors like COVID-19 and the economy.

“No, I hope to buy before I retire.” -male, lower income, married/partner, no children

“Hoping within this next year to get something.” -male, higher income, married/partner, no children

“I’ve been trying for a past couple years but you know how that’s been with the economy.” -female, middle income, married/partner, with children

“We don’t pay a mortgage. It’s paid for.” -male, middle income, married/partner, no children

Many participants acknowledge that their home equity can be leveraged in retirement. Several mention downsizing or relocating, planning to live at a lower cost of living in retirement and pocket the rest. Others plan to use the equity from their homes to purchase additional properties, thus creating additional streams of revenue in retirement.

“I would say something similar. We live in an area where home prices are just outrageous. So I think if we sold here and moved someplace else where the housing is more affordable, we could actually make quite a profit.” -female, middle income, married/partner, no children

“For my primary house, it is going to stay put until if I go somewhere else. For the other places, that will be recurring revenue.” -male, higher income, married/partner, no children

“If the times are good, hopefully I can purchase an additional home or something and use that to invest and make extra money or something like that, I guess.” -female, lower income, married/partner, no children

“As soon as my mortgage is paid off or I have enough equity, I’m just going to get another mortgage. Because I’ve learned enough about investing that I’m convinced I can earn more through investing than the interest, as long as the interest isn’t sky high. But the last time I refinanced my home it was like 3%. And if I can get those rates in the future, I’ll keep using the equity in my home to invest in other things.” -male, lower income, married/partner, with children

PENSION

Participants with pensions express a heightened expectation of financial security in retirement.

"I think I'm on schedule. I got into my pension system at the right time so that I will be able to retire on time with my full pension, because you have to put a certain number of years in just to get the pension, and then you have to put a certain number of years on top of that in to get your full pension." -female, middle income, married/partner, no children

"I do see myself retiring someday. Having the pension helps but at the same time I don't know if I would ever stop doing everything because that is not my personality." -male, higher income, married/partner, with children

"Yes, right. So I also, I have the 401(k) and I have the 457 and then I also have the pension and they're all doing well, I guess, right now. And don't forget I also have Bitcoin." -male, middle income, married/partner, with children

RENTAL PROPERTY

Several say they plan to use rental properties as a source of passive income in retirement, with a few participants saying they already derive income from rental property.

"I would love to have some sort of passive income or property that I could rent. I have some friends that have figured that out and are in their 40s and that seems unrealistic for me. But I am hoping I could do that by my 50s." -female, higher income, married/partner, no children

"I do have now with a mortgage on it still so working to pay that off and then we will have rental income hopefully after that." -female, higher income, married/partner, no children

"I would love to buy another rental property. So aside from the one I have already, I would want to have one other income earning property." -female, middle income, single, with children

WORK AFTER RETIREMENT

Most say they plan to work in retirement. Some participants, primarily those with lower incomes, say they will need to work in retirement for supplemental income. However, most say they plan to work in order to keep busy and feel fulfilled, planning to work in diminished capacities in professions they enjoy, or as volunteers.

"I hope not, but obviously if it comes to it, you've got to do what you've got to do." -female, lower income, married/partner, no children

"Teaching for me too brings me joy and fulfillment. I watched other teachers too and really love the profession. They will retire and come back and sub and then retire again and come back and do this and that. So in that way, I won't. But also I work about 60 hours a week right now with my full time and little side gigs, including tutoring. We are still not really making it, just by the skin of our teeth. It's really fulfilling, but at the end of the week I'm tired and still don't have enough for any vacations or anything fun. So we will see if things improve someday." -female, lower income, married/partner, with children

"Once again, with designs to eventually go over to working for myself and consulting, I think here will always probably be some space where I can pick up some if not a lot of work, depending on what I would like to see myself growing into." -male, middle income, single, no children

Savings

THE DIFFERENCE BETWEEN GENERAL SAVING AND SAVING FOR RETIREMENT

A strong majority consider saving for retirement different than saving for all other goals. When asked what they were saving for, very few participants mention that they are saving for retirement, even though almost all of them are putting money into either a retirement plan or an IRA specifically for retirement. Saving for retirement typically does not require any action. Money for retirement is automatically taken out of the paycheck with no decision required. Saving for other purposes typically requires making a decision about how much to save and actually taking steps to put money into a savings vehicle.

“You’re not going to see that money. Yeah, it’s a different mindset.” Female, Group: low income, married/partner, no children

“It’s taken automatically. I have a certain percentage that I am required to contribute to my pension. So I don’t see it, don’t think about it going somewhere, hopefully back to my pocket at some point.” Female, Group: middle income, married/partner, no children

“When I think about saving, I think something more as active more than something that is inactive. I mean not really inactive, but that’s automatic. The 401(k) is automatic, it’s already coming through. I figure saving is okay, I have this money. Now I am going to take it and move it with a real concrete purpose that I can actually get my hands on if I need it right now. The retirement is future money that I hope will grow and I wish it will grow. I’m watering the tree, I’m fertilizing it. I hope it turns out into a good tree and that it doesn’t have termites or anything like that. That is the term I’m hoping for. So that is not really saving. It’s just hopes and wishes with the retirement.” Male, Group: low income, married, have children

“It comes out of your check before you ever see it so it doesn’t count.” Female, Group: middle income, married/partner, have children

“Non-negotiable savings. So that doesn’t even come across my brain as an “are you.” It’s like of course!” Female, Group: middle income, married/partner, no children

WHY PEOPLE SAVE

People ages 35-45 save for a wide variety of reasons. Income and the presence of children are key drivers of reasons for non-retirement savings. People with incomes of \$50,000 to \$74,999 most often save for emergencies, to pay off credit card debt and student debt, and just to have some cash reserves available.

“We save mostly for emergency expenses at this point, with a little left over to kind of push to the side for retirement.” Female, Group: low income, married/partner, no children

“I’m saving for retirement, a house, attempting to pay off loans so I can save more, and then saving for a birthday trip coming up.” Female, Group: low income, not married, some have children

“I’m saving for home improvement projects.” Male, Group: middle income, married/partner, no children

“I’m saving both just to have cash reserves, but also, I’m going to need to buy a new car at some point soon, so that’s in the back of my mind.” Male, Group: low income, married/partner, no children

“Just save to save, like for a down payment on a house, down payment for a car. Just to have if I need it or for when I need it.” Female, Group: middle income, not married, some have children

“Pay off some of my credit card debt and stuff like that. The ultimate goal is to this year pay off my credit card debt. This way I’ll have more to save just for emergencies or whatever. Occasionally, if I need extra Christmas money, I’ll get it from there. If I want to get a tattoo, I’ll get it from there. So that’s my savings.” Female, Group: low income, not married, some have children.

Among participants with household incomes of \$75,000 to \$124,999, the reasons for saving are more varied. Some are saving for emergencies and others are saving for a car, to pay off debt, for travel, for home-related expenses such as a down payment of a house or a home repair, or just for peace of mind. Notably, over half the people in this income range who are parents are saving for the cost of children’s education.

“For my kids’ futures.” Male, Group: middle income, married/partner, have children

“College, travel, just adding to my investments so that they can keep growing so that hopefully by the time I’m ready to retire there’s a good chunk in there to play with.” Male, Group: middle income, married/partner, have children

“Saving for college right now and a rainy-day fund because like the kids, you don’t know what will happen.” Female, Group: middle income, married/partner, have children

“I am saving as well and it’s just a pot, just put it in there, new roof is coming soon, paying for my daughter’s college right now. What else? Car repairs. You save because something’s going to happen, that’s pretty much the way it is. And then my retirement accounts just save on their own so I’m not even worried about that at this point.” Male, Group: middle income, married/partner, have children

“It’s always good to have savings in all of these accounts, independent on when and how you are planning to retire, meaning to lose your job or give away your job.” Male, Group: middle income, not married, some have children

“Basically, it’s for old age. Old age and also in the event of a catastrophe.” Female, Group: middle income, not married, some have children

Among those with household incomes of \$125,000 to \$249,999, the presence of children is the key driver of reasons for non-retirement savings. Those who do not have children are mainly saving for home improvements or new cars. Pre-funding home repairs is another reason that is sometimes brought up. Among those with children, saving for college is the overwhelming goal.

“Similar to the other people, I just started college accounts for my children. They have got a ways to go but figure it is a good time as any to start. We just opened up accounts within the last couple months.” Male, Group: high income, married, have children

“We also save for our daughter. We throw that money into the 529 college plan. You can also use that for prep school but I don’t think we are going to put her in a prep high school. Not in New Jersey where we are already paying beaucoup dollars in taxes anyways and the schools are good. There is really no need for the prep school. If there is any money left over, whatever our mortgage is we are throwing that toward the principal.” Male, Group: high income, married, have children

“Furnishing the house and also buying another car.” Female, Group: high income, most married, no children

*“Secondary to retirement, I tend to think of it as capital improvements budget. Capital improvements. The only real capital other than my stock portfolio that I own is my home. The next time we have to have the roof done or concrete work or this year our savings took a pretty big hit. I was glad we had done such a good job saving as we had because we had a pipe burst and had to remodel the whole kitchen. That sucked and was very expensive but our new kitchen is awesome and we were able to pay cash”
Female, Group: high income, most married, no children*

“I have been saving for home improvements and financial emergencies. I wonder a lot should I be putting more of this money into the stock market or retirement but I feel like I would worry about needing cash for if something happens with the house and things like that.” Female, Group: high income, most married, no children

“We are working to build back up our savings for retirement and rainy days if something happens with the house or the cars or anything like that. We just did spend a big chunk putting our daughter through college and her master’s program. We did not want her to come out of school with student loans. We are trying to set her up to where she can be successful in planning for her retirement as well. She is also getting married in April so we have that expense as well. Now we are on a pretty good roll saving again for retirement as well as emergencies that will arise.” Female, Group: high income, most married, no children

“We are saving for my wife’s car. It is older so we might have to replace that. For travel, for retirement and just in case an emergency happens that we have enough money for us and since our parents are getting older, we need to assist them with maybe a one-time payment, we can do that as well.” Male, Group: high income, most married, no children

SAVING FOR RETIREMENT

Almost all of the focus group participants save for retirement. Eligibility in a retirement plan at work is a leading motivator to save. Almost all who are eligible for a retirement plan defer part of their salary into a plan. Most who are not eligible for a retirement plan do save for retirement. Among those eligible for a retirement plans, some save to meet the employer retirement plan match.

"I'll be honest, I just put what my company matches, because I just figured I'll put in what they match, and there we go." Female, Group: middle income, not married, some have children

"Right now I am just matching whatever my employer is putting in." Female, Group: middle income, not married, some have children

"For me, since I am part-time at my company, they match 3% so I put in what they match and that is why I decided to go that route." Female, Group: high income, most married, no children

"Maximizing the company's contribution because you are leaving free money pretty much on the table if you don't." Male, Group: middle income, not married, some have children

"I'll say I want to at least do a match. Currently, as I'm attempting to pay down debt, I am probably not going over that much more as I could if I want to change that as I get other debt down." Male, Group: middle income, not married, some have children

Some who do not meet the match state they are using it as a starting point for deciding on how much to save for retirement. A couple of people save the maximum allowed by their plan.

"It's similar to what everybody else said. I looked at what my district offers as like a maximum, and I went with that. I will say I, on my end, do increase it a little bit percentage wise every year, because every year I get a raise. So I just bump it up ever so slightly. Some years it's 1%, some years it's been 3%. It just kind of depends." Female, Group: middle income, not married, some have children

"My company does 4, at least for the direct match. But then I started at either 5 or 6, and I just have it on an automatic increase 1% every year. So with my raise, I don't know the difference because I never saw the paycheck before the 1% increase anyway." Female, Group: middle income, married/partner, no children

OBSTACLES TO SAVING

There are two significant obstacles to saving: student debt and just everyday expenses. A third problem which did not affect many, but has a very significant impact on those who were affected, are problems that occurred earlier in life that substantially impaired finances and have had long lasting impact. Loss of a job, major health problem, and divorce are the main examples. Divorce is especially damaging financially for those who are raising a child as a now unmarried parent.

"It's problematic [student debt]. It's a thorn in my side. But it's not a major problem. I actually owe more than I actually have borrowed, even though I have been paying on it. So some shenanigans with them. But it's a thorn in my side." Male, Group: low income, married, have children

"For me, paying off my student loan was a priority. I had a goal to pay off my student loans before I turned 29. I had a mixture of private loans so since the interest rate was so high, it was a compulsion for me to pay it off." Female, Group: high income, most married, no children

“Vet expenses and we drive older cars, so they’re paid off which is great, but they do break down.” Female, Group: low income, married/partner, no children

“It’s budget and day-to-day life, but also we want to have extra money to spend now so that we can take the kids on trips now and we can do fun stuff day-to-day because they’re only going to be little once. So we put aside money that we have now just to do fun things with them while they’re little.” Female, Group: middle income, married/partner, have children

“I think just when money was tighter, we just cut back on how much we would put in the savings.” Female, Group: low income, married, have children

“I had a job loss my first year of teaching. I was planning to contribute into my retirement. We had teacher housing that was set to go, and then they let me go after my first ... there wasn’t any reason, they just cancelled my contract. So that set us back. Then we had moving fees. We had to move in with my in-laws. Then we had health problems, then we had a bankruptcy and everything just went crazy. So plans went out the window.” Female, Group: low income, married, have children

SPENDING HABITS

The ability to save is dependent clearly upon having money left over after spending needs have been met. Most participants make a significant effort to control their spending. A few in the lower income groups report a high level of frugality.

“Bringing a lunch bag to work, it makes a significant difference. Because we pay for lunch, so that’s easy. It’s an easy \$10 a day, and if I’m buying breakfast at work, it’s another \$5-\$6 for breakfast. So it’s very simple to cut out those things. Again, just not stopping at a convenience store on the way home to grab some snacks or to grab some candy or whatever. My drive home is usually about an hour and a half with traffic, so I’m like let me stop at the gas station and get a juice and something to snack on. For me, I find it very easy to cut out \$50 a week.” Female, Group: low income, not married, some have children

“We live frugally. For us, we don’t go out to eat, we don’t go to bars, we don’t spend money on things that we think are not necessities. But it’s kind of more of a guideline than a set number.” Female, Group: low income, married/partner, no children

“I have a budget, and within that budget there’s a category that goes into entertainment. And we don’t stick to it down to the penny or the dollar or anything, but we have a general guideline like okay, we’ll spend this amount on whatever it is – going out to the movies or going out to eat, or whatever the case might be. But yeah, it’s worked into the budget.” Male, Group: low income, married/partner, no children

For people in all income groups, a key issue is how to find a “balance” between enjoyment and other goals and saving.

“I would say I am trying to find a balance between still enjoying my time now and making sure that I am not screwing myself over in the future. My father died about nine years older than I currently am now. So, there is always that chance of save all your money and don’t have fun and then die before you can have it. So, I am trying to

*find the balance where I can still have my fun without spending all my money.” Male,
Group: low income, married, have children*

*“If I wait to do anything fun until I retire then I’m missing out on life and I’d hate to
end up like my wife’s doctor where you get there and then you die and you don’t get
to spend it.” Male, Group: middle income, married/partner, no children*

Many in among the higher income groups carefully watch their spending and try to control costs through various tactics. Most do not adhere to a strict budget or limitation on spending. Almost all, even in the low income group, who are not saving for retirement because of the weight of everyday expenses, assert they have the ability to cut back on spending even more than they currently do.

*“I think for us it is more about conscious spending and not so much the deprivation.
We do have a household spreadsheet with all the recurring and annual payments
every month. That gives us the dollar amount of how much it costs us to just live and
maintain our lifestyle somewhat. That includes the grocery budget, the gas budget,
the Netflix which we actually don’t do Netflix anymore because that was one of the
things we identified that we could cut and not miss. It does leave money for the fun
things, the hobbies, the travel. Most of our travel we get through points on credit card
rewards. We have numbers and spreadsheets for sure and we do cut where we can.
For me, I see it as a challenge. I feel like it is beating the system when I can give a
middle finger to consumerism.” Female, Group: high income, most married, no
children*

*“I try to control it. I shop on clearance. Every time I go into the store, it is the first thing
I go to is clearance at the grocery store, clearance at clothing stores. If something is
full price, I try not to buy it. If it is something I don’t need, I will try to stay away from
it. That allows me to save more money by shopping only on things on sale.” Male,
Group: high income, most married, no children*

*“I rarely pay full price for a whole lot of anything. I am known as the coupon queen. I
usually have a coupon or something for everything. Minus things at the grocery store
but I will shop what is on sale at the grocery store. I am pretty low maintenance too. I
don’t like to shop that much. I do try to control spending. My husband on the other
hand, he has made personal friends with the people at Amazon that come to our
house almost every day. I can’t speak for him but he stays without our budget but he
could probably control it a little better.” Female, Group: high income, most married,
no children*

*“We kind of unfortunately just go with the flow. We try our best to have a balance
when it comes to our savings and our spending. But, unfortunately, we do get a little
bit loose with it. So lately we have been using a spreadsheet and more of a budget to
kind of hold back on the things we do, because I’m in my forties now, and I can’t do
things like I did in my twenties. I can’t eat that rich food anymore. Right now it would
be better to go to the grocery store and get those foods and make a nice simple meal
instead of going out to eat and then maybe getting my arteries all clogged up, and
then I have to go get some more meds or something like that. In the long run, that is
going to cost more than just holding back and doing things a little bit better. For us,
not only do we have to look at the way we are spending, we have to look at what else
we’re doing. Maybe not go for that long vacation. Maybe just go to an arcade or*

something or go to a park. Some parks are free.” Male, Group: low income, married, have children

THE ADEQUACY OF LEVEL OF SAVING FOR RETIREMENT

Very few believe they are saving enough for retirement, even those who are saving more than 8% of their salary. This assessment of inadequacy is most often not based on any metric or projection. It is a feeling that people have that appears to be significantly based on the belief that a very large amount of money will need to be accumulated to have a financially secure retirement.

Some people say they are not saving enough because they started to save late and have not adjusted their level of savings enough to catch up.

*“Definitely not. I started pretty late. I married way too young, had kids, struggled as a young parent trying to figure out my way through life, so it wasn’t until my late twenties that I started saving. And again, all the savings I did, I found out my significant other never did. He got a good chunk of all of those, so I feel like I’m back at square one. I couldn’t even retire by 65 at this rate unless I put a lot more into it.”
Female, Group: low income, not married, some have children*

“I don’t think I am. I set really high goals for myself, but I did start late. So at this point, I definitely do not have three times my annual income at all. What I plan to do is basically when my children ... I have nine more years for the last one to leave the house, and then after that, I am hoping to be able to put a substantial amount into retirement. But we’ll see. You just never know in the future.” Female, Group: middle income, not married, some have children

Some are not saving as much as they want because of the pressure of everyday expenses or because they think everyday expenses will be very much higher when they retire.

“I definitely don’t think I am saving enough, just because the way I figure it, when I am ready to retire, I guess because I am looking at the now, and I know how much my monthly bills are. Of course, mortgage payments will assumingly go down later on down the line. But all of those variables come into play. But still, it’s a minimum. I don’t even think I am meeting the minimum going into my savings right now.” Female, Group: low income, married, have children

*“The cost of living goes up so much. How can you really forecast that? We save what we can comfortably save, because we’re not going to live our lives just penny pinching everything. We’re frugal, but to an extent. If there’s things we really want to do, we’re going to do it. We’re going to live life now while we’re alive and healthy and able, and we’re going to save what we can. And when we’re able, we’re not going to put ourselves in a situation because of a potential future. We don’t even know if we’re going to be here. And I don’t know if that amount is set. Things change. We save what we can save, and when that time comes, we’ll have to figure it out if it’s not enough.”
Female, Group: low income, married/partner, no children*

"I think just the cost of everything when I think of what we're paying now just to live. So thinking if I had to pay that by myself, and then pretty much no income, just on my retirement, it would be a little scary." Male, Group: low income, married/partner, no children

"I am one of those people where I'm younger now and I want to travel while I can, and I dip into too much from the savings when I just want to do something. Like I'll be frugal in ways where I'll cook at home every night and things like that, and kind of limit other things. But if there's something really calling to me, I will do it. It's hard. I just don't feel like I have enough income right now to put aside." Female, Group: low income, married/partner, no children

"I think just the cost of everything when I think of what we're paying now just to live. So thinking if I had to pay that by myself, and then pretty much no income, just on my retirement, it would be a little scary. "I've done a few calculators over the years, that based on your age and how much you're saving, this is what you're going to have at 65 or at 70 or whatever. At my age, I should be somewhere closer to the 25% to 30% of my income range, and I'm nowhere near that." Female, Group: high income, married, have children

Many participants state that they simply do not know if they are saving enough for retirement.

"With inflation, I feel like by the time we get there, oh boy, I don't know what stuff is going to cost." Female, Group: low income, married, have children

"Is it enough today, but is it going to be enough in 20 years?" Female, Group: middle income, not married, some have children

"How do we ever know? I am looking at a lot of online financial calculators and seeing where that is at but this is not where I am going to be forever. I want to take less responsibility at work and so forth. That will put me in a spot to save less. While I am in this spot, I am doing more but I know it is not forever." Male, Group: high income, most married, no children

"For me, enough is one of those relative terms that I don't know how to define. I struggle with all aspects of life, with impulse control, being able to set goals and then keep the goalpost where I originally set it.... I don't know how to measure enough because I don't know what I'll want later in life." Male, Group: low income, not married, some have children

"I don't know how to answer that, because I don't know what enough is. You do what you can, you do the best that you can. I don't know what is enough. Like she said, I have a financial advisor as well, and I just try to do what he tells me to do and follow what his plan is. That's about the best I can do." Female, Group: middle income, married/partner, no children

"I would hope so. What is the right amount? Can you actually put an amount on there? So I would hope so." Male, Group: low income, married/partner, no children

"You never know but it is probably less than enough based on what is happening with costs skyrocketing. Who knows what that is going to be like around retirement age? I

*probably need to start dumping more money somewhere else. You don't know." Male,
Group: high income, most married, no children*

*"You really don't know the right amount until you get there, and when you get there, it's already too late. Every year the company says ... We work with Fidelity, and Fidelity can do a free analysis of your portfolio at the beginning of the year, I believe. So I always talk to them, and see how it's going. Then they say, "How much are you looking for?" I'm like hey, I just don't want to be penniless when we're 65. Help me out here. "How much are you looking? Are you looking for \$10 million or anything like that?" I'm like listen, I am not trying to break the bank and have marble mansions and everything like that, I just don't want to be in a soapbox or anything like that." Male,
Group: low income, married, have children*

"No, inflation is close to 10% and the market is down, there's no other combination that tells you that you're saving enough and I know that the market can rise back up but the reality, and you're buying cheaper now." Male, Group: middle income, married/partner, have children

Interestingly, the people most likely to say they are saving enough are the middle-income participants who do not have children.

"I do a check-in once a year with my financial advisor, and he's like, "Yeah, you're looking good." I get an 'atta girl' from an expert." Female, Group: middle income, married/partner, no children

When asked how they made a judgement about the adequacy of their savings, some people refer to the rules of thumb such as the "4% rule," calculators, or projections. A couple of people got advice from a financial advisor.

"I have heard this theory that every stage in life you have a certain percentage of your annual salary saved up. So by the time you are 40, you should have the equivalent of three to four or four to five times of your annual salary saved up throughout your equity being three to four times your annual salary. I think this theory is pretty sustainable." Male, Group: middle income, not married, some have children

*"I looked at a calculator and it says enough but for me I don't think it is enough if I were to live in this country. But if I were to move overseas where the cost of living is lower and healthcare costs are either free or lower then it would be enough." Female,
Group: high income, most married, no children*

"At my previous job, they actually had financial advisors come into work, which was really helpful, because I didn't really have a clue. Then they recommended a number to me, so then I kept that and I worked with them to keep at what was the 401(k) which then rolled over into the IRA. Then I do like private investment with them and my life insurance with them. So that stayed the same as my previous job. Then with this new job, I also took part in the company 401(k) with their matching program as well. That is kind of my supplemental 401(k). So I just did a company match as well, made sure I got that." Female, Group: middle income, not married, some have children

"I've done a few calculators over the years, that based on your age and how much you're saving, this is what you're going to have at 65 or at 70 or whatever. At my age,

I should be somewhere closer to the 25% to 30% of my income range, and I'm nowhere near that." Female, Group: low income, married/partner, no children

"The company who holds my account, they have a calculator that shows how much you're saving and your age and it lets you put, hey, if you retire at this age, this is how much you would need and I'm never where I would need to be and that's why I'm going to be 75 when I retire." Female, Group: middle income, married/partner, have children

"My 401(k) also has a calculator and going off of just what mine says, but I have mine set early to give me some leverage or I guess cushion, so I have mine stating I'm going to retire at 59 but I know those last couple of years can do wonders for compounding your money. But mine right now says I'm at 63% so I'm probably not saving enough but my hope is that the other money that I have invested is also growing and maybe can help offset that." Male, Group: middle income, married/partner, have children

"I think there is a 4% or 5% rule, that you can live off roughly 4%. You can spend 4% of your investments safely. At least it used to be in a regular year 4% of your investments. So you think you have so much saved, that you can spend 4% of it and live on this for a year and it would probably be enough." Male, Group: middle income, not married, some have children

"I still stick to the 4% or 5% rule. If you can live on 5% a year of what you have, then you can keep having your investment without draining it Just because I basically know what I'm going to make when I retire, and I think that is going to be enough." Male, Group: middle income, not married, some have children

"I am looking at a lot of online financial calculators and seeing where that is at but this is not where I am going to be forever. I want to take less responsibility at work and so forth. That will put me in a spot to save less. While I am in this spot, I am doing more but I know it is not forever." Male, Group: high income, most married, no children

A number of people, especially those with pensions, think they are saving enough.

"Right now, as far as the pension so far, I looked at everything, spoke with an advisor. So far, with the pension, I will be okay." Female, Group: low income, married, have children

"I think we do save enough until something maybe happens or what not. We are pretty happy. The more we make, the more we will save as income comes up. I think as far as percentage wise, I think we are where we want to be as far as I can tell." Male, Group: high income, married, have children

A few people say they are saving enough because they will adjust and live in retirement on whatever they accumulate.

"It might be a little bit of a mealy-mouthed response, but I'll make it be enough. I'm good in a crisis and I'm good at getting by under extreme conditions. So I'm confident that within certain limits I'll be able to make it work." Male, Group: low income, married/partner, no children

“Just because I basically know what I’m going to make when I retire, and I think that is going to be enough.” Female, Group: middle income, married/partner, no children

A few people feel their savings rate is not at the level it should be and they assert that they hope to increase it.

“For me, it is always how can I improve? How can I contribute more? Do I know what is coming out down the road where you can contribute more? But some of those house projects get expensive. So it is always trying to budget a roof down the line, and what is that going to be or so on? So it’s always that it would be great long-term to increase the match, but having to meet the goals the other way.” Male, Group: middle income, married/partner, no children

“I feel no, just because the amount of money I have to spend on bills and help out with my family. So I feel like I could do better but, in this economy, I feel like I’m not at the levels I want to. But I’m comfortable right now, I just hope it can do better though.” Female, Group: middle income, married/partner, have children

“I think we could do better than what we are doing. My husband’s income goes up a little higher and it almost causes us to spend more. We could be better.” Female, Group: high income, married, have children

ASSESSMENTS IF THEIR LEVEL OF ACCUMULATIONS FOR RETIREMENT IS “ON SCHEDULE”

There is wide variation in participant assessments of whether or not levels of accumulation for retirement are “on schedule”. A majority do not think they are on schedule or simply do not know, but a significant number, especially at the higher income levels, do believe they are on schedule. It is interesting that only a small number did any type of calculation or sought any advice to determine if their level of accumulation is on track to allow them to afford to retire when they would like.

The main reason people think they are behind schedule is that they started saving for retirement later than they should have.

“I’ve always been a late bloomer in everything that I do, and I’m 39 and I’ve only started doing this a few years ago, and I just feel like everybody my age that I hang out with just seems to have it a little bit more together than I do. So it just makes me feel insecure. Even my salary feels less than everybody else that I know. So it’s just like a whole bunch of insecurities and anxiousness, and that’s why I think I’m always hustling for side incomes, is to try to just feel balanced.” Female, Group: low income, married/partner, no children

“I would have liked to start a 401(k) or an IRA earlier. A 1099, you get no taxes or anything. So basically it was at the end of tax season to pay a bunch of money. But I would have liked to have put that money in that IRA with tax advantages as well. But I wasn’t thinking about it. I’m okay, but I would have liked to have started earlier in life.” Male, Group: middle income, married/partner, no children

“We just started saving for retirement a couple of years ago so I feel like for my age we’re probably behind schedule. But we’ll catch up.” Female, Group: middle income, married/partner, no children

"I am behind. I am behind because I started my work a little bit later than all of you probably. I came to this country when I was 20. When I came at age 20, you probably were already working. I came and I didn't even speak English. Then I had two girls. I worked part-time. I have only been full-time for 11 years and I am 43. I am definitely behind all of you probably. That is just my life. It is what it is. I am happy with it."

Female, Group: high income, married, have children

A couple of people say they are behind schedule because of the stock market decline, poor stock market performance, or because they had expenses and had to withdraw money from their retirement account.

"But I know my 401(k) certainly took a hit as well. I feel like everyone's probably did because of the state of what's going on." *Female, Group: low income, married, have children*

"Behind schedule because the market is less than inflation." *Male, Group: middle income, married/partner, no children*

"I am behind schedule. During COVID I was allowed to take money out and so I did and I just used it for home repairs and made my house better, more livable than what it was. So now I need to play the catch-up game." *Male, Group: middle income, married/partner, no children*

"I would say behind schedule because I've been having to deal with a lot of... I feel like I've been taking a lot of money dealing with just medical bills over the last few years and I'm not as I was around five years ago. But I'm still, I'm in a stable position but I want to go higher though." *Female, Group: middle income, married/partner, no children*

One person assesses that she is not on schedule based on a projection.

"I ran the numbers. If I retire at 65 and live another 20 years, then I'm going to need 'x' amount of dollars per year to cover my expenses, and then anything else over and above. I'm nowhere near where I need to be." *Female, Group: low income, married/partner, no children*

Some people state that they simply do not know whether or not they are on schedule.

"I am not sure. The schedule and what the scale for it is, to me is not my retirement. And honestly, I would never be on schedule. To me, that's too comfortable. You're getting too comfortable, and that's not the hustle mentality" *Female, Group: low income, married/partner, no children*

"I have \$50,000 in student loan debt. I forgot about that, because I try not to think about it. But when you are in the red, the mindset is hard. Also, like people have been saying, the economy and the inflation and everything is scary right now. So yeah, I am kind of under the surface with a little straw. So just barely." *Female, Group: low income, married, have children*

"I'm hoping I'm ahead of schedule but I don't really know. The only reason why I say I think I'm ahead of schedule is because I think I may have started contributing at an

earlier age than a lot of people but I could be wrong.” Male, Group: middle income, married/partner, no children

The people who believe they are on schedule cite a variety of reasons. A couple of people whose employer provides a pension plan state they are on schedule due to the pension plan. Only a couple of people did a projection. Some think they are on schedule because of actions they took, such as paying off debt, their level of saving, or the time they have taken to plan. Some others have a feeling they are on schedule even though they have not done any calculation.

“I think I’m on schedule. I got into my pension system at the right time so that I will be able to retire on time with my full pension, because you have to put a certain number of years in just to get the pension, and then you have to put a certain number of years on top of that in to get your full pension.” Female, Group: middle income, married/partner, no children

“I keep an eye on my retirement, my pension. We have a benefit estimator so I can kind of estimate how much I will be able to get per year when I retire, whether I take an annuity or take a lump sum. So I think I am pretty much where I need to be. So I try to keep on top of that.” Female, Group: middle income, married/partner, no children

“I think I would say on schedule because I really don’t know when I plan on retiring. I may retire in my mid-70s so by the time you reach that point, I think I would be just fine.” Female, Group: middle income, married/partner, no children

“Slightly ahead in certain aspects as far as retiring our debt and not having a mortgage payment or anything like that. We buckled down on that. We are a little bit behind on the actual money saving in the bank. We are trying to rebuild that up. As far as money going out for monthly bills, I think we are a little bit ahead of the game for our age but I would like to have more saved and now that I think that her college and her wedding is already paid for and done, I think we will be able to catch that back up in a fairly short amount of time.” Female, Group: high income, most married, no children

“I would say I started late but I would say I am catching up at least being on schedule to where I want to be. It is kind of an objective target there. I was definitely a late starter to it as well just because I was single for so long.” Male, Group: high income, married, have children

“I am either on schedule or maybe a little ahead of schedule. I certainly don’t believe it. I am super paranoid about the future and not having enough. It doesn’t feel like that to me. I always feel like I have more to make up for.” Male, Group: high income, married, have children

“I’m just doing everything I can. I’m putting in a lot more time in this than most people do, so I think I’ll be okay.” Male, Group: low income, married/partner, no children

“I think I’m on schedule just because I’ve been working since I was 18 and have been putting money away since then. But I haven’t done the numbers like some of these people have, so I could be very blind in thinking that I’m on schedule and could totally not be.” Male, Group: low income, married/partner, no children

“I think I am a little ahead of schedule and it is from online research and looking at different calculators.” Male, Group: high income, most married, no children

“We do a lot of money simulation here for software at my work and doing simple projections.” Male, Group: high income, most married, no children

“I just feel like it is my intuition. I just feel like I should be ahead.” Female, Group: high income, most married, no children

Investing for Retirement

INVESTMENTS

Nearly all who are eligible for a defined contribution plan contribute to the plan. Many participants set their contributions and do little in the way of updating or checking in on it.

“Through work, the 401(k) and the target fund. So I will review it and see if they made changes. But, for the most part, it’s the indexed fund based off your age and everything.” -male, middle income, married/partner, no children

“So me, I have a mix. With my 401(k) through the employer, I play it safe and I’m not really taking any risks in investments. But I have an IRA and I let the financial advisor do what he thinks is best. So it’s a little bit more risky on that side in terms of the stocks that he chooses to invest in with my money.” -female, middle income, married/partner, with children

“Just traditional, 401(k), with the IRA for retirement and do sort of crypto sort of not, just here and there, and I do have financial advisor, but I have the last word so I don’t always go with my financial advisor. But I just consult with him first before the final decisions made.” -male, middle income, married/partner, with children

“I have a 401(k) and my wife, she has a 401(k). It is mainly stocks and mutual funds. I will let the company, they just automatically enrolled me in a plan.” -male, higher income, married/partner, no children

“I had picked stuff, and then I pretty much haven’t touched it since.” -male, lower income, married/partner, no children

Among those who are not eligible for a defined contribution plan, a variety of investment vehicles are used. Lower income participants often choose speculative investment options, like cryptocurrency. A couple also mention investing in physical assets like metals or art.

“I have four stocks. Crypto I currently started with my nephew, because he’s heavily into that and I defer to him for those things. We have three savings accounts, one to which I mentioned earlier that I have a certain percentage from my company’s check go into that and don’t touch it, don’t look at it or deal with it, let it just pile up. I check it to make sure it’s going in there, but that’s about it. Two investments. One with – you may have seen this commercial lately, because it’s been excessive – with forhersandforhims.com., a prescription company. So we have an investment in that and an investment in a friend of mine who just started Camp Bow Wow, which is a camp for puppies. It’s a daycare, it’s a training facility, it’s a boarding place, it’s grooming, it’s all kinds of things. They also have franchises, so she did a franchise, and I joined her investment team.” -male, lower income, married/partner, no children

“I’ve always been investing in precious metals like silver and gold, and then it was like maybe four or five years ago started investing in stocks. I’ve always been invested in crypto because I’ve always used it for money ever since the invention of bitcoin. That’s the best decision I’ve ever made. And I started getting more knowledgeable in newer cryptos; cryptos that are used for more than just currency. This whole blockchain technology I see as the next Internet. This is as important as the invention of the computer, because there’s all these companies using this technology. So I’ve been really heavily investing and studying crypto.” - female, lower income, married/partner, no children

WORKING WITH FINANCIAL ADVISORS

Few participants, primarily among the middle-and higher-income brackets, work with financial advisors. Advisors typically counsel on investments, with some conducting retirement projections as well. Those who have utilized a financial advisor typically say the experience was valuable.

“We have a financial planner that we pay a fee to every year. He does all the moving around of stocks and bonds. The majority of the retirement is within my husband’s 401(k). We also have the high yield savings account. I also have an inherited account that was my dad’s and he also manages that.” -female, higher income, married/partner, no children

“They give me advice when I ask for it. If I said I don’t like how my portfolio is looking right now. How about we talk about where we can get it where I would like? We talk over my goals, and then we go for it.” - female, lower income, married/partner, with children

“So me, I have a mix. With my 401(k) through the employer, I play it safe and I’m not really taking any risks in investments. But I have an IRA and I let the financial advisor do what he thinks is best.” -female, middle income, married/partner, with children

“When I first started with transit, I spoke with a financial advisor from Prudential and they told me the best thing to do, since I was young at the time, to start volatile and then as the time went on the system itself just removed me from volatile to now where I’m more with a stable mix of bonds and stocks.” -male, middle income, married/partner, with children

Participants have several reasons for not working with a financial advisor. Some say they are doing fine on their own or feel as though they can do their own research. Others say financial advisors are not worth the cost, or the effort of finding one.

“I feel like it’s going to cost a lot of money to have one.” -female, lower income, married/partner, with children

“Truthfully, I guess there is no reason. If one was to ever maybe introduce themselves or if I was to ever come by one, I would probably have one. It’s something that I don’t know that I need.” -female, lower income, married/partner, with children

“Every respectable investor will tell you the same thing. Warren Buffett, any of these guys, will say the same thing. Do your homework and know what you’re investing in.” -female, lower income, married/partner, no children

“For me, I feel that up until this point, even though it wouldn’t hurt, and it is something I’ve considered moving forward, I would say definitely in the next five, but perhaps maybe even within the next one or two. But I consider myself fairly responsible and we discussed, I am fairly on track and moving on the right path.

So I hadn't really felt the need to be like I'm not saving or I'm trying to save, and I'm not reaching these goals. Something is not right. Yes, that would drive me to make that sort of appointment. Because my financial situation isn't in sort of jeopardy or shambles, I haven't felt an immediate need." -male, middle income, married/partner, no children

SOURCES OF INFORMATION ON INVESTING

Some participants say they have conducted their own research on investing through online forums, blogs, podcasts, or books by financial experts. Some discuss investing with friends and peers.

"We have a 401(k) and then we also have stocks and we're lucky enough to have friends that are financial advisors so we talk to them but we don't have to pay them. That's helpful." -female, middle income, married/partner, with children

"I have a brother who works in finance, and helps me with budgeting every year. So I technically don't have somebody that I go to, but he is my go-to." -male, middle income, married/partner, no children

"Somewhat but not really. I did talk to an investor person if that makes sense but not really. Just kind of researching and looking up stuff and kind of where to go and what our options were with my job and stuff. Where I could put the money with the 401(k)." -male, higher income, married/partner, no children

"Roth 401(k) and it is in a target date, mutual funds and some index funds. No, I have not received professional advice. Just amateur research." -male, higher income, married/partner, no children

Planning for Retirement

THE DIFFERENCE BETWEEN SAVING AND PLANNING

Many participants believe there is a difference between saving for retirement and planning for retirement. While planning requires active thought and attention, saving can be more passive.

"I think there is, once again, a difference between maybe just blindly, or not even blindly, but putting your money away and not really trying to set it and forget it, or maybe being more strategic about let me talk to a professional regularly and make sure my money is in the right place now, or maybe we can move it if there is some other opportunities there. So whether it's literally just setting it and forgetting it or making some better strategic plans about what you are doing with it." -male, middle income, single, no children

CURRENT RETIREMENT PLANNING ACTIVITIES

Most participants are not doing much in the way of retirement planning beyond saving and investing. Some mention seeking out advice from a financial advisor.

"I'd say investing, saving, a little of this, policies, whatever, there's all sorts of things, vehicles and means out there to do it." -male, middle income, married/partner, with children

"For sure. Maximizing investments by minimizing debt and minimizing recurring expenses. Getting the house paid off earlier so we can kind of stay put or have cash out if we want to downsize at some point or move to a lower cost of living area." -female, higher income, married/partner, no children

“Well, we have our home here and my wife and I, we bought another home so when we’re not using it we have it listed for Airbnb and so it makes money for us on that side and that’s something that it will, could always happen.” -male, middle income, married/partner, with children

“Trying to keep our debt down so it doesn’t multiply. Just keeping it low so whenever we retire we won’t have a massive amount of debt.” -male, higher income, married/partner, no children

“I meet with a financial planner, and I also think it’s really important to have your home paid off by the time you get to that age. So that is definitely a piece of it as well.” -female, middle income, married/partner, no children

“I do have a meeting with a financial planner sometime later this year.” -male, middle income, married/partner, no children

INFLUENCE OF UNCERTAINTY ON RETIREMENT PLANNING

Several suggest that there is too much uncertainty to effectively plan for the future, citing the economic and political climate, as well as the possibility of unforeseen life events.

“Absolutely. So you project it but it doesn’t mean that it’s going to happen. We have market volatility, you have all sorts of things, what you need versus what the return is. It’s great to have that as a tool but it shouldn’t be the end-all be-all.” -male, middle income, married/partner, with children

CURRENT USE OF TOOLS IN PLANNING

Few participants currently use tools for retirement planning, although some say they have used calculators for projections. Of those who have utilized this tool, most say it was helpful in determining how much they needed to save.

“My bank has a tool for retirement calculations. I use Wells Fargo.” -female, lower income, married/partner, no children

“Capital One has one. I think I’ve used like a couple of the different financial information websites like NerdWallet or whatever. I think I’ve used theirs. My former 401(k) plan administrator had one on there.” -female, lower income, married/partner, no children

“I remember last year I did look at it. It was a retirement calculator. I don’t even know how I stumbled across it, but I plugged in some numbers, and I did on the low spectrum, and I was just like I’m not going to be able to work with that. Then I plugged in some higher numbers, and I’m like okay, but how realistically am I going to be able to save \$500 a week or something like that in order for me to retire where I want to be?” -female, lower income, married/partner, with children

“I think that’s valuable. I have something like that for my benefit projector for my pension where you can put in how much you expect to get a raise every year and all that, and then it will tell you. But I think having that for like different accounts would be nice too.” -female, middle income, married/partner, no children

SOURCES OF RETIREMENT PLANNING INFORMATION

While a few say they have received formal education about retirement planning through work or a retirement plan provider, most say they conduct independent research through informal venues such as YouTube, blogs, or podcasts.

"I have had training through work. Not training, but they give these classes that are like an hour once a year, and they go through all the retirement specs and projections and things like that." -female, lower income, married/partner, with children

"I have also looked at personal finance blogs. I think one Cindy mentioned, Her First \$100K. Follow some other people, influencers in that area on social media." -female, higher income, married/partner, no children

"I have people that I follow specifically who have YouTube channels that are based around investing cryptocurrency, land, stocks. They build their entire brand and their entire YouTube channel around giving advice and being good in their space, so I listen to what they have to say, and I take it with pretty good weight." -male, lower income, single, with children

"I basically go on Yahoo! and MSN on lunch breaks and I like to go to articles that maybe whether you agree with him or not but what Elon Musk or what Jeff Bezos or Jamie Dimon at Chase, what they say about the economy and what they project. I like to read what their thoughts are. Warren Buffet, like where he things are going. What he is putting his money in. I try to do research because those guys are billionaires and millionaires. I try to mimic what they are doing if I can." -male, higher income, married/partner, with children

Interest in New Tools to Assist in Retirement Planning

FIVE-YEAR GOAL METHOD

Over half of participants think there would be value in getting a five-year saving goal. When asked about having a tool that could set five-year goals on saving for them based on their assets, income, and target age, many thought this would be helpful.

"I like that, and it sounds a lot more attainable than 30 years." -female, middle income, married/partner, no children

"It makes it more realistic, more attainable. I can see five years down the road easier than 40 or 30 or 20." -male, middle income, married/partner, no children

"I think if they looked alongside the longer term, kind of look at them both, because 30 years things can change. But if you have that kind of chunked out, like everybody else said, I think that makes it a little more real." -female, middle income, married/partner, no children

A few participants mention the value of these five-year goals having a real-time tracking component, with the ability to modify or re-evaluate goals as they go.

"Your situation might change. You all can plan to do a five-year plan, and then what if you have a life-threatening illness so you've got to borrow money? You can't wait five years to see what's going to happen with your retirement. Or you hit the lottery, or you get land like does, and you might be able to wait a little longer because your money is already working for you. So you have that time to wait the three or five years to review it." -female, lower income, single, no children

"Sure. But like I said, it needs to be adaptive, and you be able to move the sliders and be able to make adjustments as you go." -male, lower income, single, with children

VISUALIZING RETIREMENT: IS IT HELPFUL?

Participants believe that visualizing their future in retirement is helpful, making it easier for them to set concrete goals.

“Yeah, that seems like it would be helpful so you can get an idea of what your life, the life that you want and how much that would cost or what others are paying for it.” -female, middle income, married/partner, with children

“Yeah, without a vision what are you doing it for? Even if it is just making small changes towards reaching that vision..... If you know how you want to live, it is going to affect certain decisions you make now. I know it is far off and it can change but it is still going to have an affect on it. You have got to have something in mind otherwise what are you doing it for in the first place.” -male, higher income, married/partner, with children

“Having a vision for what you actually want to do in retirement. Without a realistic picture, if you want to golf or if you want to volunteer a lot, all that, just to have some kind of vision because then you are not going to know what you are actually planning for. Usually it is hard to preserve without that.” -male, higher income, married/partner, with children

Lessons Derived by Participants from Group

LESSONS LEARNED

The main takeaway participants derived from participating in the group is that they should be doing more planning for retirement. For many, this includes setting short- and long-term goals, utilizing tools and other investment resources, and consulting with a financial advisor. Several also say they should be saving more. Although the topic of retirement planning can be stressful, participants say talking with peers about the subject was informative and validating.

“What stood out to me is that as important as it is for us to need a plan, and the fact that we should be planning, the current state of the world as most of us are living in it right now does not afford us the opportunity as a collective to really be able to hone in on it, like you used to be able to do back in the day.” -female, lower income, single, with children

“You just made me think more about my retirement plan, just getting ideas, what type of milestones, just getting milestone ideas, which is a good thing, great thing.” -male, middle income, married/partner, with children

“Yeah, I think something I have learned is there are more tools and resources out there that are available that I wasn't aware of. It is something that might provide some peace of mind that I didn't have before.” -male, higher income, married/partner, with children

“To me, it has really been the importance of diversifying. I have gotten ideas from hearing what others are doing to plan for retirement. Now once we get done with this, I am going to go look at other things of what to do. Just be able to plan better for the future to be proactive instead of reactive.” -male, higher income, married/partner, no children

“I will probably lean on Fidelity a little bit more and probably research a little bit more to different creative and other options of retirement that I can fully use just to see if there is anything else that I'm not seeing

that I can do for a little bit more. Maybe just see if we can get an extra side job just for retirement.” -male, lower income, married/partner, with children

“Contribute more. Contribute a little bit more.” -male, middle income, married/partner, with children

“I agree completely. I think I just need to focus more a little bit on the investing and taking things to the next level. Instead of just putting my leftover money at the end of the month, I need to make it more of a priority.” -female, lower income, married/partner, no children

“It is almost like validation. My parents passed away when I was younger before they got to retirement so I didn’t see how it worked for them. I know Mike talked about his parents and they kind of motivated him to do it a little bit. My wife’s parents both just retired in the past year and they are doing very, very well. They didn’t make millions. They had good jobs but they were really smart about it and they have been to five different countries in the last two years, probably traveling and they are living well. I think it kind of validates the importance of planning. If I want to do that, I have got to do this.” -male, higher income, married/partner, with children

“I think I am comparing myself to you guys as my peers and I feel like I am in different categories, yes, but also kind of behind the ball a little bit so maybe I need to start thinking about it a little bit more.” -female, higher income, married/partner, with children

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