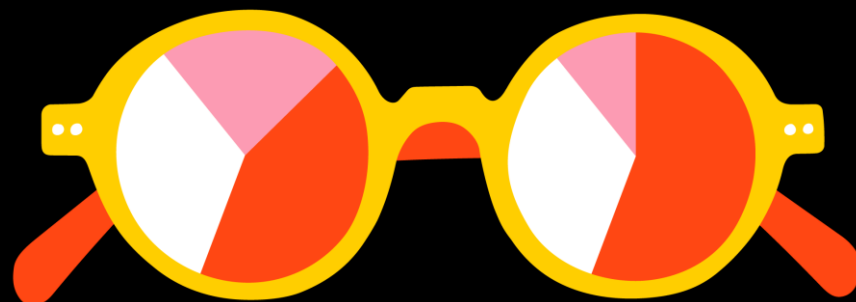


BlackRock

**See the
moment.**



2023 BlackRock

Read on Retirement[™]

WHAT TO WATCH:

Financial burnout is real – but solvable

If the pandemic taught us anything, it's that burnout is real. Three years on, it turns out it's not just a workplace side effect. BlackRock's 2023 Read on Retirement™ survey reveals that *financial* burnout is on the rise – and one for employers to watch.

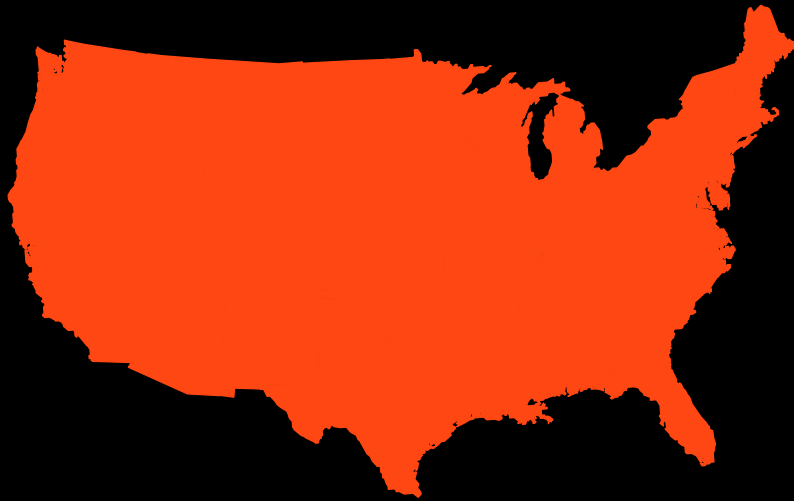
Today, only about half of workplace savers feel on track to retire with the lifestyle they want – a double-digit drop compared to last year and a worrisome trend since 2021. Encouragingly, though, this drop in confidence hasn't translated to a decrease in saving rates – at least yet.

That's why we think this moment matters. By working across the industry, we can help boost retirement confidence. But first, we have to understand what's driving the declines in confidence – so we know where to focus our efforts.

About the survey

The BlackRock Read on Retirement™ survey provides insights from a research study of large defined contribution plan sponsors, workplace savers, independent savers and retirees in the U.S. executed by Escalent, Inc., an independent research company. All respondents were interviewed using an online survey fielded March 21–May 24, 2023.

[BlackRock.com/ReadonRetirement](https://www.blackrock.com/readonretirement)



465

Plan sponsors

Plans had at least \$300 million in assets, with 26% of respondents serving in benefits or HR roles, and the rest in finance, investment or business management for their organizations.

1,339

Workplace savers

Workplace savers (participants) were employed full-time and participating in their employer's 401(k) or 403(b) plan, with at least \$5,000 in assets in their current account. The gender breakdown of the sample is 53% male and 47% female.

1,319

Independent savers

Independent savers were employed full-time with at least \$5,000 in assets set aside for retirement and no access to a workplace retirement plan. 53% use an IRA, and 26% use a full-service taxable brokerage account to save.

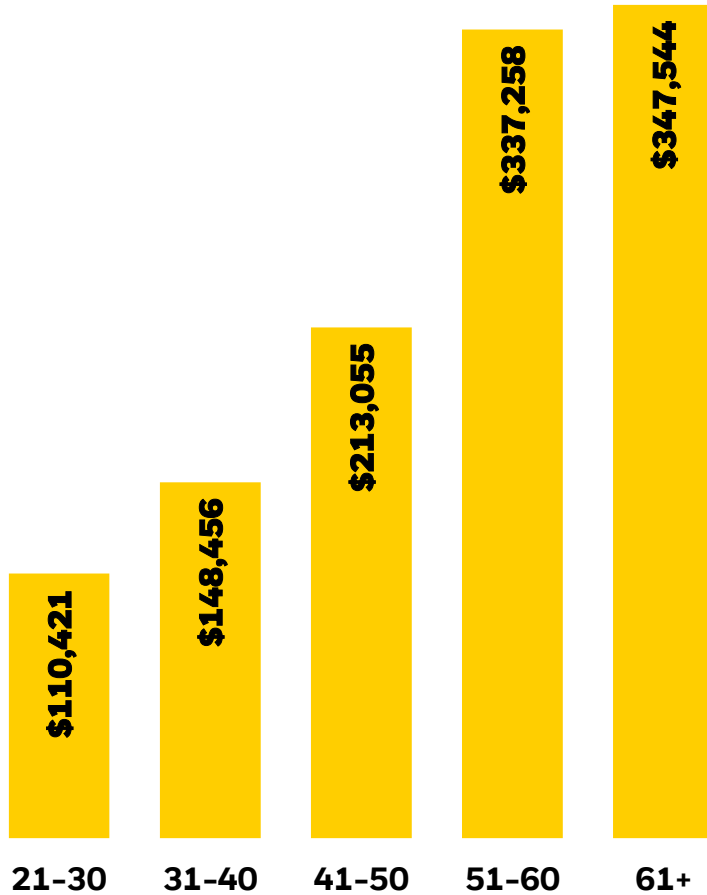
304

Retirees

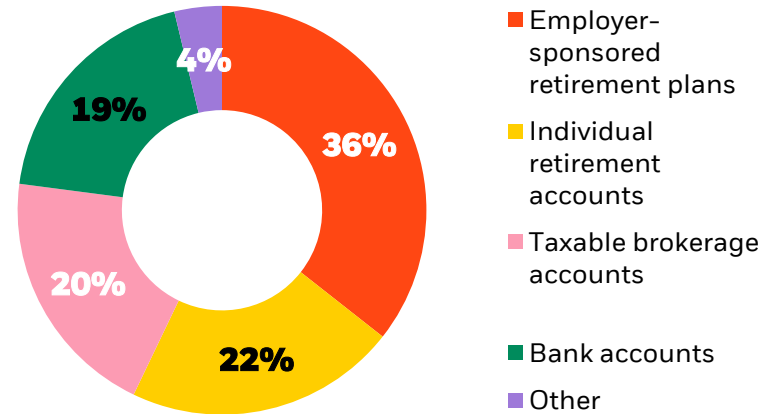
Retirees were retired at least 10 years. Many previously enrolled in a 401(k) or 403(b) plan, and some have stayed in plan after retirement. 45% also had access to a defined benefit/pension plan through an employer.

Workplace saver snapshot

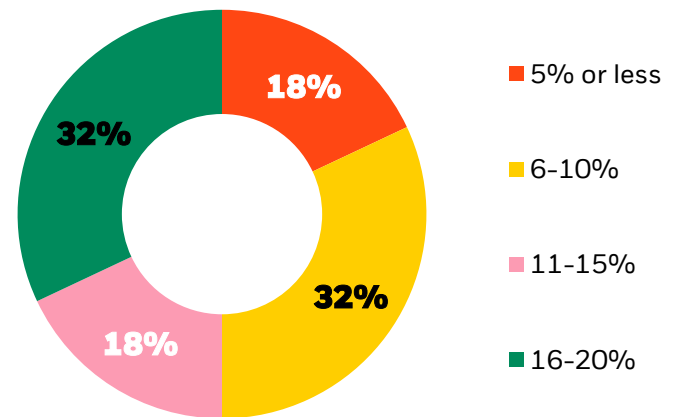
Average workplace saver retirement account balance by age/cohort



Percentage of total retirement assets across account types for workplace savers



Percentage of salary contributed to workplace plan



What's driving the drop?

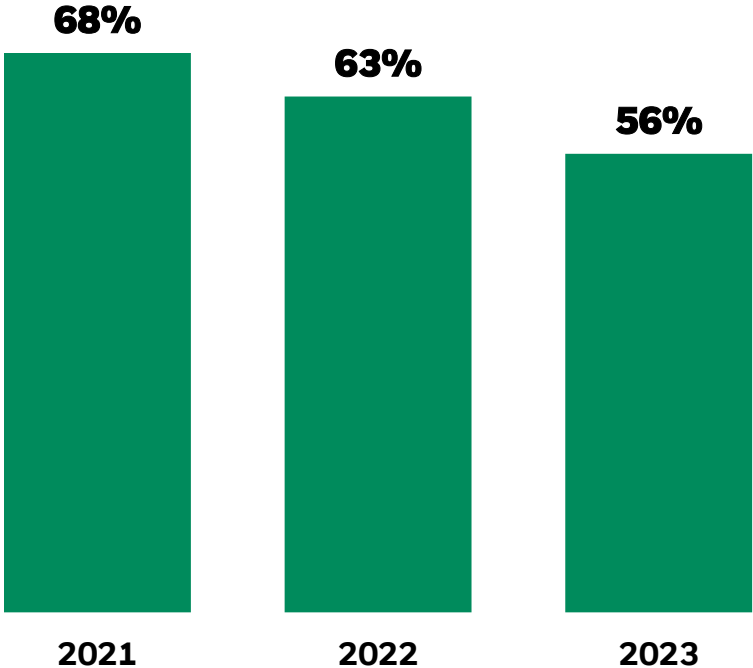
Confidence cracks

Confidence cracks

The percentage of workplace savers who feel off-track to retire with the lifestyle they want has more than doubled since 2021, reaching a survey record.

Today, only about half of workplace savers feel on track to retire with the lifestyle they want.

% of participants who believe they are on track with their retirement savings to retire with the lifestyle they want:



The impacts on retirement confidence

Concerns tend to pool around four key stressors

1

Increased market volatility

93% of workplace savers are worried volatility will impact their savings.

2

High levels of inflation

86% of workplace savers are worried about inflation eroding their savings.

3

Recessionary fears

29% of workplace savers plan to retire later than expected due to concerns.

4

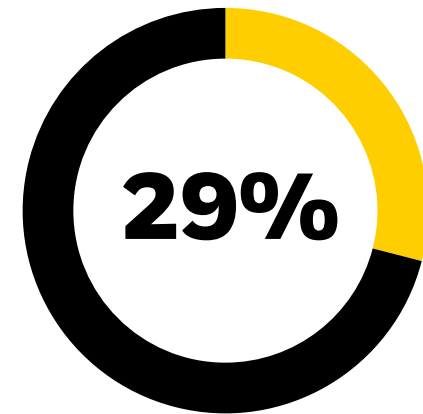
Lack of retirement income

Only 21% are very confident they will have enough money to last through retirement.

Savers set back

These four factors are creating lasting impact, forcing savers to consider delaying their retirement.

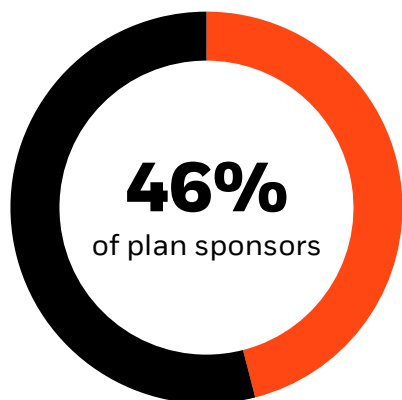
Approximately 50% more workplace savers say that hardships related to high inflation and volatility have set them back with saving for retirement compared to last year.



of workplace savers plan to retire later due to these economic conditions.

Plan sponsors ring alarm bells

Concerns aren't one-sided, with plan sponsors reporting on the effects compounding economic forces have had on their savers.



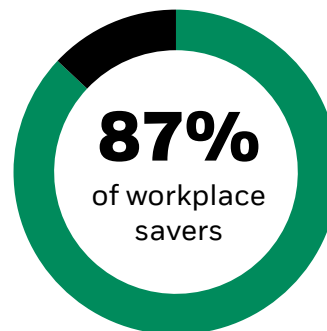
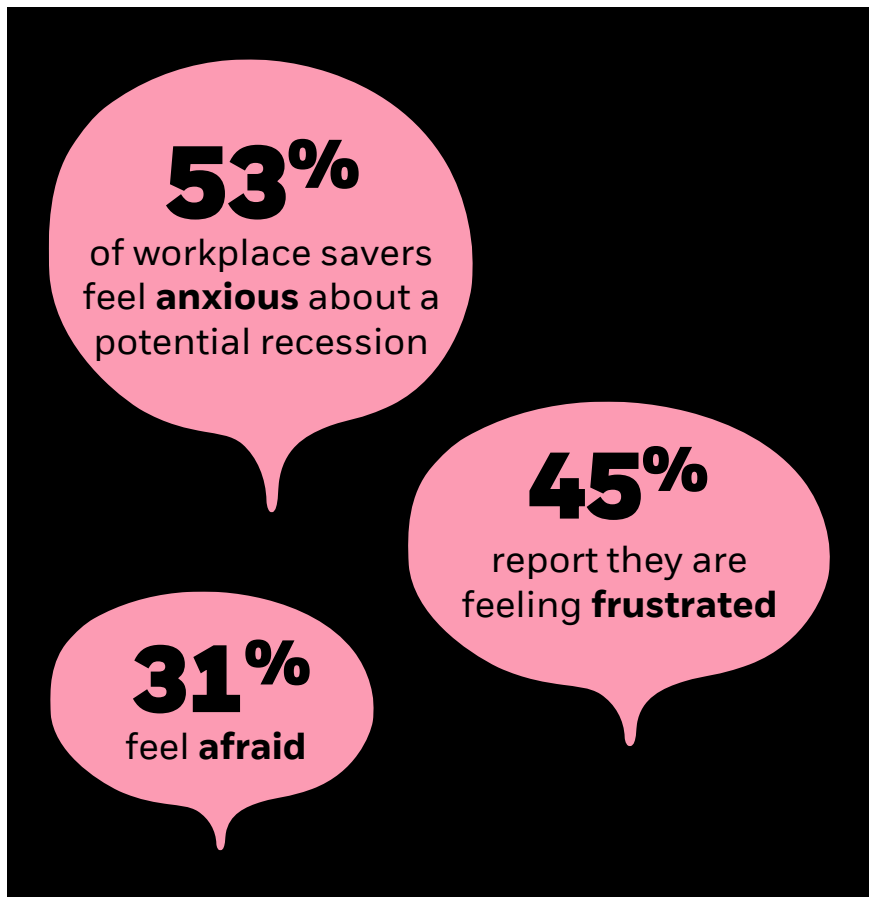
are **highly** confident in the ability of their participants to stay on track during a period of market volatility.

 **3 in 4**
plan sponsors

- say they are worried about inflation eroding their participants' retirement savings.
- report concerns about a recession negatively impacting participants in the next year.

A bright outlook amid current turbulence

Economic concerns are not only impacting retirement confidence, but also stirring up negative emotions. Planning for the long-term helps offset them.



say that they are a happier and more confident person because they are saving for retirement.



are at least somewhat optimistic about their overall well-being over the next few years.

Where do we go from here?

(Re)introducing income

Searching for certainty

Market volatility and inflation have savers searching for certainty as they start to think about their future retirement income needs.

**Guaranteed
income
solutions
present a
path towards
easing saver
concerns**

93%

of workplace savers are concerned future market volatility will impact their retirement savings.

1 in 4

are less confident in how much they might be able to spend in retirement due to volatility and inflation.

89%

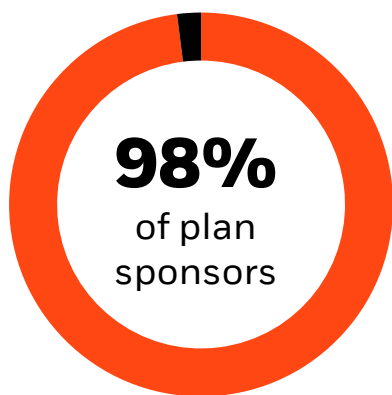
say having guaranteed retirement income would positively impact their current well-being now.

71%

would save more if their plan offered them a guaranteed retirement income solution.

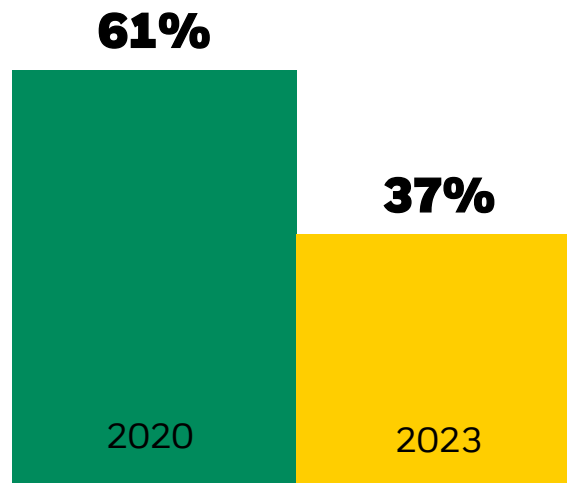
Addressing the challenge

Across the board, plan sponsors feel responsible for helping their savers generate income. But confidence in their existing ability to do so has declined.



feel responsible to help their participants generate and/or manage their income in retirement.

Sponsors extremely confident that their plan enables participants to know how much of their balance can be spent each year in retirement:



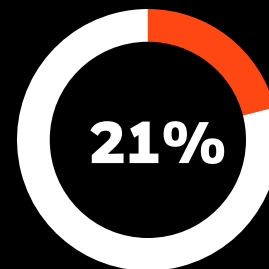
Conventional strategies stall out

Perpetuated by old rules of thumb, savers intend to rely on plans to spend down their nest egg that may not best serve them.

75% plan to maintain their balance and only spend the dividends and interest, even if they need to economize.

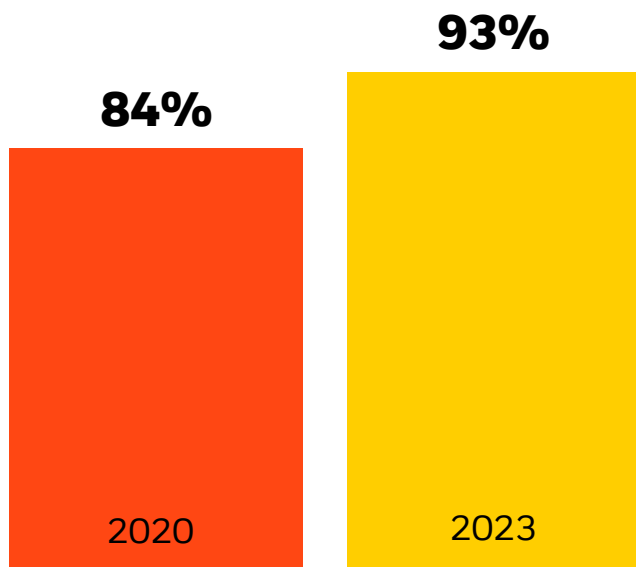


Only about 1 in 5 workplace savers are very confident they will have enough money to last through retirement.



Surfacing solutions

Workplace savers are seeking answers to one of retirement’s hardest questions, and interest in solutions that provide them is growing.



workplace savers that find the idea of “a well-diversified fund where you can opt-in to have a portion automatically converted to guaranteed income as you near retirement” appealing

Topping workplace savers’ wish lists...

1 in 3

knowing the amount they can spend each year in retirement

1 in 4

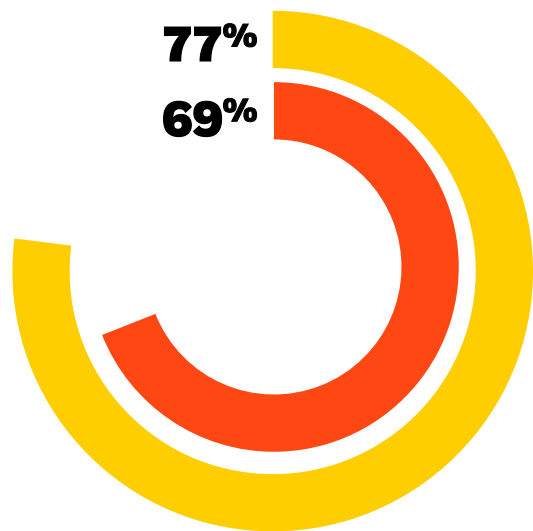
knowing how long their savings might last

Building resilience

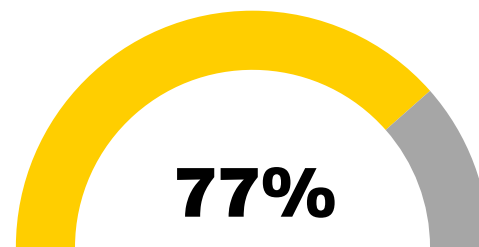
Savers seek downside protection

Workplace savers are seeking protection from downside risk more than in past years, and want specific education on their investments to achieve that.

Workplace savers that say selecting options they think will be less likely to lose money is an important criteria:



● 2021 ● 2023



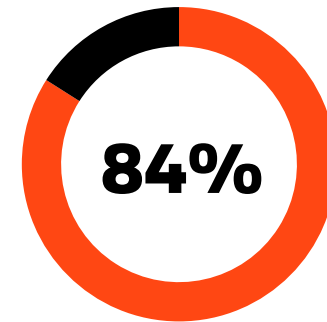
Over $\frac{3}{4}$ of workplace savers say it would be helpful if their plan provided specific education around the investments available.

Sitting on the sidelines

Market downturns can trigger some savers to sell out, a risk that could become larger as they approach retirement.

About one third

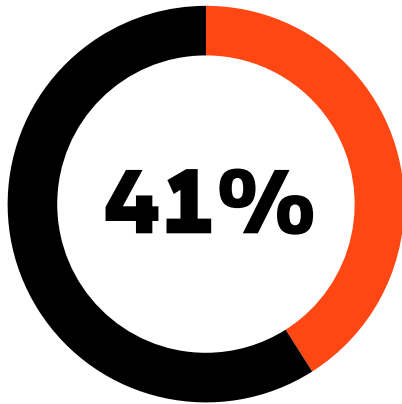
of workplaces savers agree they sell investments during periods of market downturn.



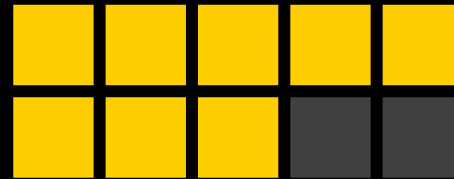
of workplace savers agree they plan to engage with their retirement accounts more frequently as they approach retirement.

An unfamiliar solution

Familiarity with active investing strategies is lower, though interest in this type of management remains strong.



of workplace savers aren't familiar with active investing strategies.

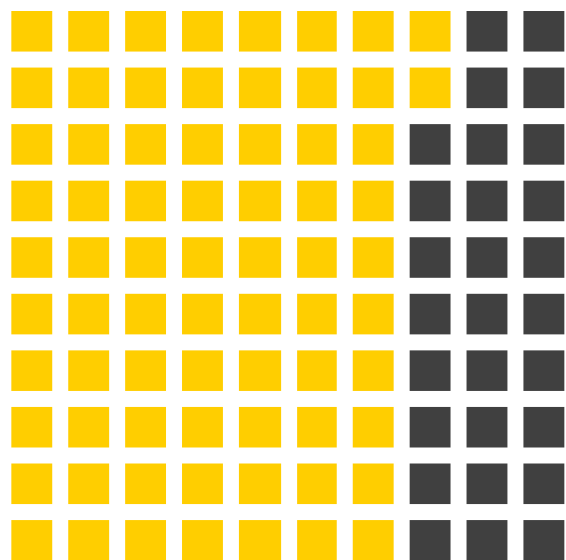


Nearly 8 in 10

workplace savers say they would be interested in using an actively managed fund, a potential way to limit downside risk.

Alignment on active

Sponsors believe active strategies can be a ballast against market shocks – designed to outperform the market – and build resilience into portfolios.



72% believe that active managers can consistently outperform.

Just over half of plan sponsors value active management more than before due to last year's market volatility and performance.

Top ways plan sponsors believe active management adds value for savers:

“Helping participants achieve their investment goals through additional returns”

“Broadening their investment selection”

Calling the professionals

Calling the professionals

Greater uncertainty is resulting in savers turning to trusted sources and advisors to help manage their retirement investments.

Under half of workplace savers surveyed have a financial advisor they can rely on. But that support does make a difference.

30%
of those that feel on track for retirement say that access to an advisor is a reason why.

21% 

more savers prefer to have a professional manage the investments in their workplace plan compared to doing it themselves than in 2022.

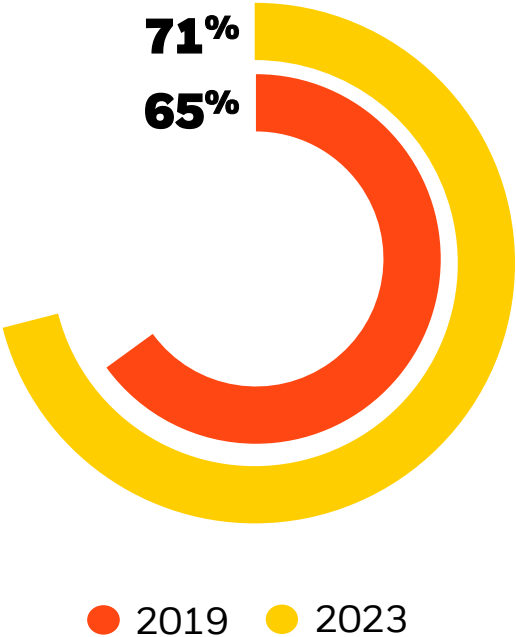
% of workplace savers that aren't confident managing investments in their plan themselves:



Calling the professionals

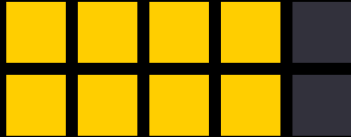
The professional management that target date funds provide is capturing attention and keeping people invested, taking one stressor off their plate.

Workplace savers that say it would be helpful for their employer to automatically reallocate their investments to something more appropriate for their age:



Over 8 in 10

workplace savers not aware of target date funds would be interested in investing in one.



“I like the convenience and access to professional management”

The most common reason workplace savers say for why they invested in a target date fund.

Important notes

Investing involves risk, including possible loss of principal.

Asset allocation models and diversification do not promise any level of performance or guarantee against loss of principal. The principal value of the target date funds is not guaranteed at any time, including at and after the target date.

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