How Confident Are You in Your Retirement?

By Steve Giacobbe, CFA, CFP®, Co-Founder and Managing Partner at Accredited Wealth Management

Each year the Employee Benefit Research Institute conducts an annual Retirement Confidence Survey (RCS) that includes both workers and retirees. This year's survey found that workers' confidence in their ability to fund retirement fell by the largest amount since the financial crisis of 2008. Retirees' confidence also took a substantial hit. Overall, only 20% of respondents felt very confident they will be able to afford a comfortable retirement.

The top two reasons workers gave for a lack of confidence were: having too little in savings/afraid they can't afford it (40% of respondents) and the rising cost of living/inflation (29% of respondents). Those reasons mirrored retiree responses, but in reverse order: 42% of retirees who lack confidence were concerned about inflation, while 25% said they were worried about having too little savings and couldn't afford it.

Cost of Living a Major Worry

Inflation was a recurring theme in this year's report:

- 84% of workers and 67% of retirees were concerned that inflation will make it harder to save money.
- 73% of workers and 58% of retirees were worried that they will have to cut their spending substantially due to inflation.
- Nearly half of retirees said their overall spending is higher than expected, compared with just 36% in 2022.
- Only 58% of workers (down from 67% in 2022) believed they would have enough money to keep up with the rising cost of living in retirement.

Overall, inflation and the economy were the two most common concerns cited by both groups.

In our experience, the best way to increase your retirement confidence is to complete a comprehensive financial plan that considers all your goals, needs and risks. A good financial plan will analyze your cash-flow, taxes, spending, investments and more; it should also factor in multiple different economic and real-life scenarios that may impact your retirement. Similar to going to the doctor for a check-up, a good "stress-test" of your financial plan can give you the information you need to have a happy and successful retirement!

Written by: Steve Giacobbe, CFA, CFP®, Co-Founder and Managing Partner at Accredited Wealth Management. Call if you have questions or want to discuss how to increase your confidence in having a great retirement.