

FRTIB Financial Wellness Survey 2023

Presented By
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Thrift Savings Plan

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Agenda



Survey Overview



Financial Wellbeing



Retirement Confidence



Retirement Planning



Emergency Savings



Effects of Money Management Practices



TSP Offerings



Key Takeaways



Financial Wellness Survey Overview

Focus of survey

Financial wellness
& retirement readiness

Fielding dates of survey

June 1– July 18, 2023

Participant group surveyed

FERS

Overall response rate

13%

6% response rate
FERS early career
(<35 y.o.)
(12% of total response)

10% response rate
FERS mid career
(35-49 y.o.)
(25% of total response)

20% response rate
FERS late career
(50+ y.o.)
(63% of total response)

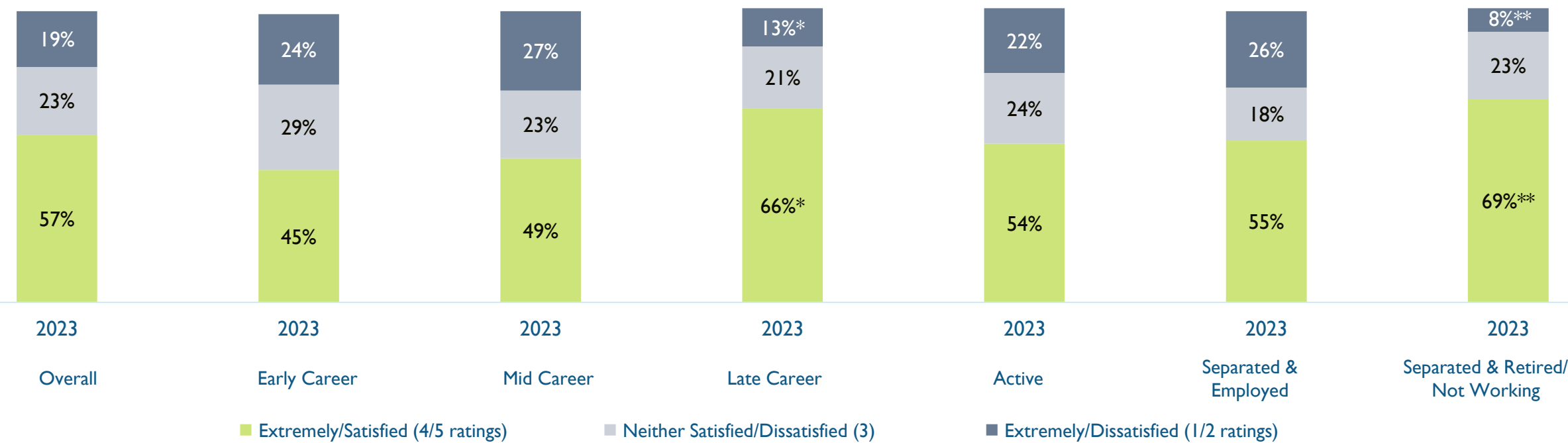
Key Takeaways

- The survey focused on financial and retirement wellness.
- Mail and web surveys were completed with postcard and email reminders.
- Surveyed FERS participants across three career stages.

NOTE: 2023 response rates were lower than the 2020 survey, resulting in small early career response sizes. Use caution when comparing across career stages and other sub-demographics.

Perceptions of Financial Wellbeing

Overall, thinking of your household's assets, debts, and savings, are you satisfied or dissatisfied with your current financial condition?



Key Takeaways

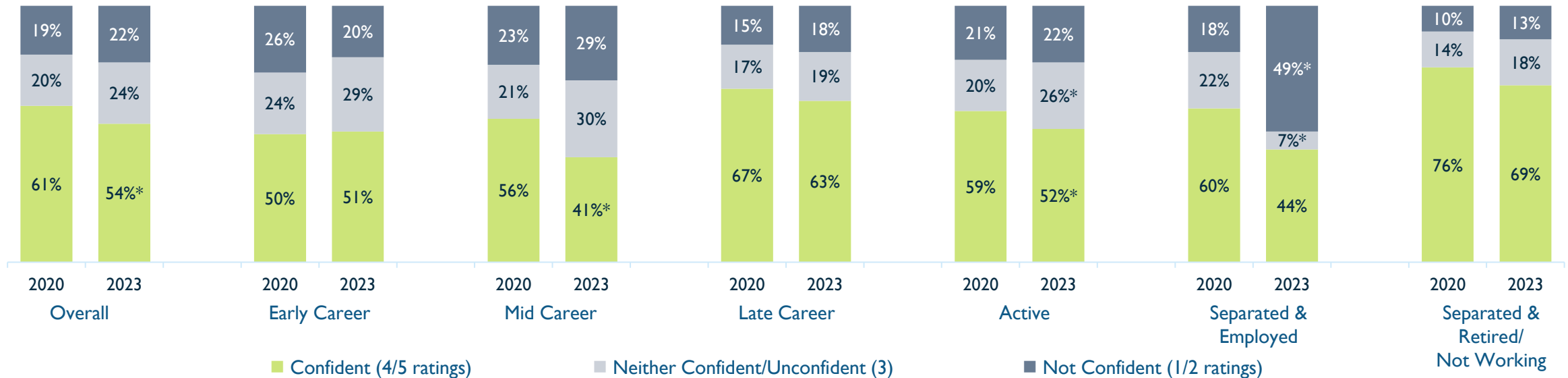
- Fifty-seven percent of participants are satisfied with current financial condition.
- Late Career and retired participants generally reported higher satisfaction rates than younger and active participants, respectively.

* Late Career has significantly higher satisfaction than Early and Mid-Career and significantly lower dissatisfaction than Mid Career.
** Retirees have significantly higher satisfaction than Active, and significantly lower dissatisfaction than Active and Separated/Employed.

NOTE: Data may not total 100% due to “don’t know” responses and rounding. Percentages not shown if <5%.

Retirement Confidence

How confident are you that you are on track to/have saved enough income to support a comfortable lifestyle throughout your retirement?



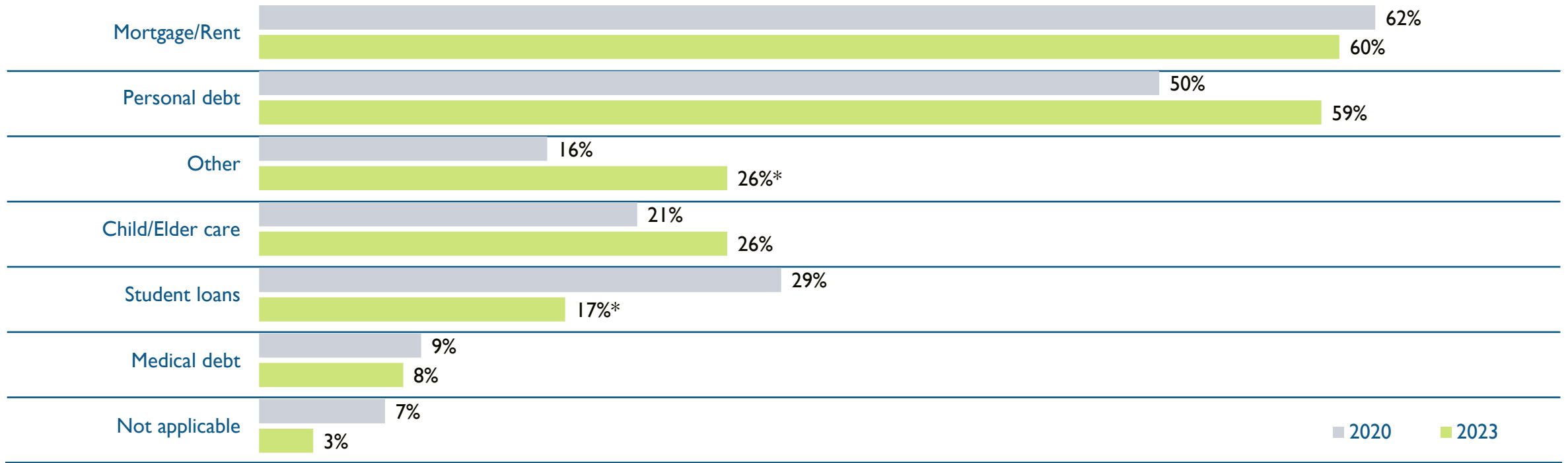
Key Takeaways

- A little over half of all participants are confident they are on track, while the balance are not confident or unsure.
- Overall confidence is higher than the 43% of non-retirees in Gallup's April 2023 poll. However, retired participants (69% confident) are less confident than the 77% of retirees in the Gallup poll.
- Participants who are Separated & Employed are less confident that they are on track than they were in 2020.
- Of the 22% who are not confident, the top concerns are: not saving enough (67%), inflation (38%) and out-living savings (33%).

* Indicates significant difference between 2023-2020

Retirement Planning: Barriers to Saving

What kind of debts or living expenses affect(ed) your ability to save as much as you would like for retirement?



Key Takeaways

- The top three debt categories preventing participants from saving as much as they wanted are mortgage/rent, personal debt and dependent care.

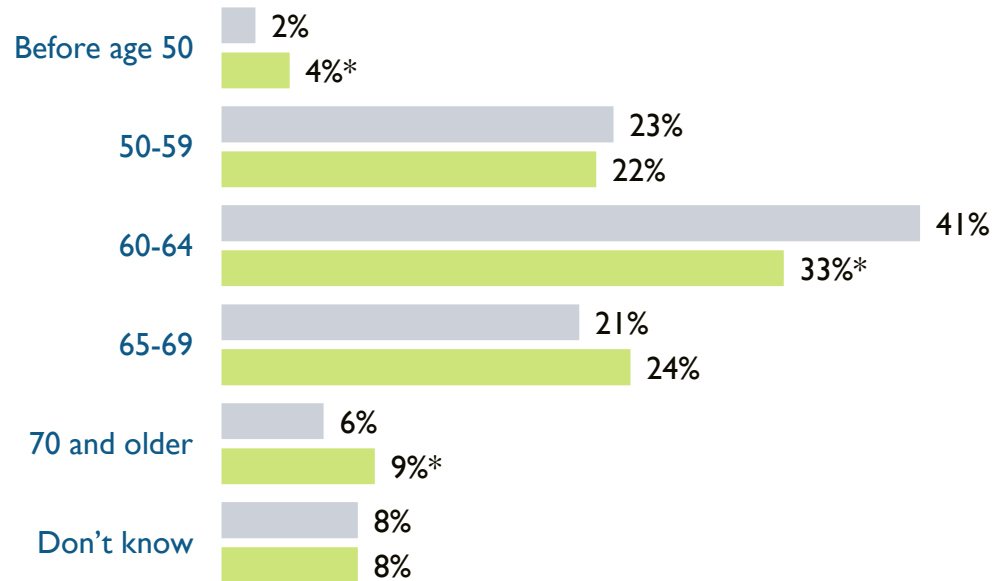
* Indicates significant difference between 2023-2020

Note: Responses are only from those who are not confident in retirement readiness.

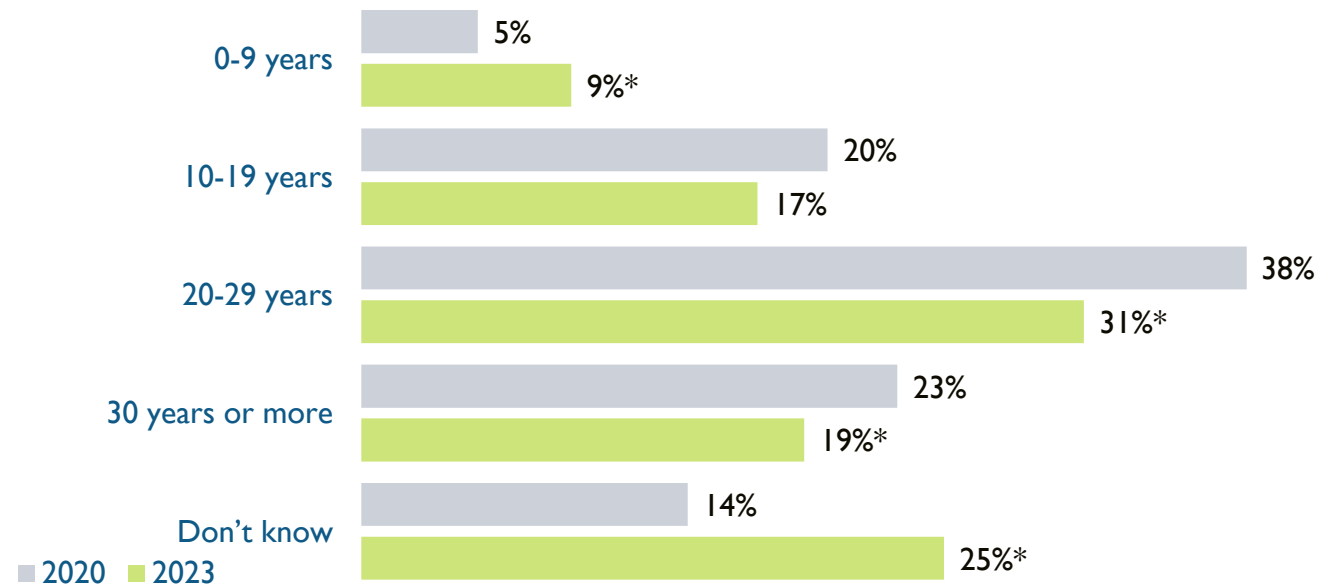
- Significantly less reported student loans as a barrier – perhaps due to pause in repayments (and other programs) during the pandemic.

Retirement Planning: Retirement Age/Planning Horizon

At what age do you plan to, or did you, retire from full-time employment?



How many years do you think you will need your TSP to last in retirement?



Key Takeaways

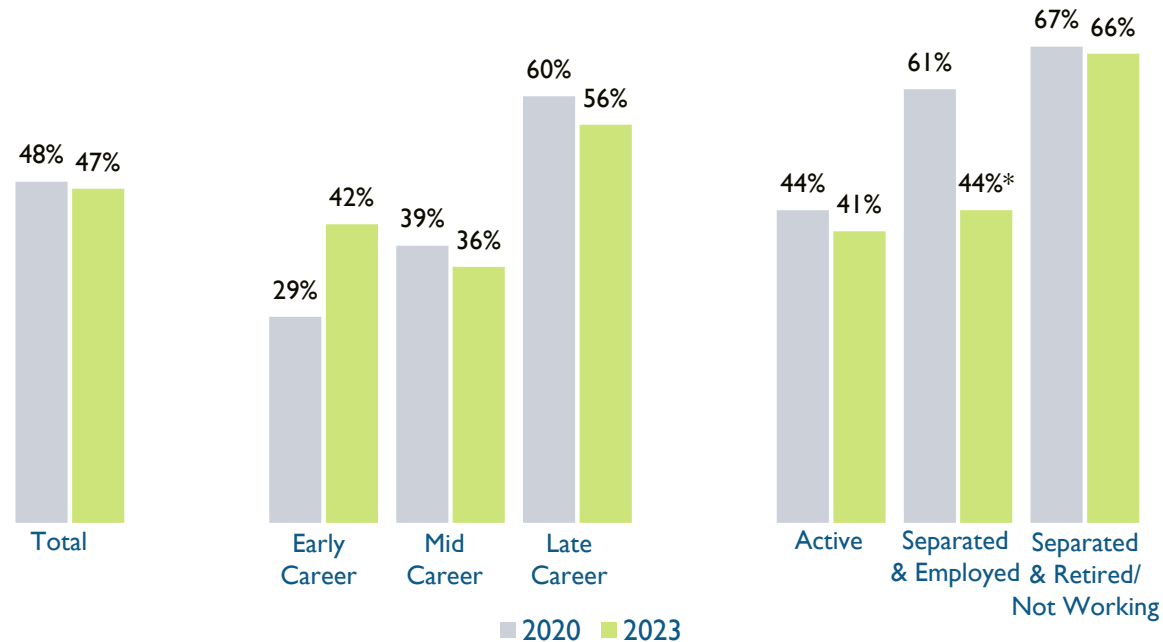
- 33% of participants plan to retire between 60-64
- Active participants are planning to retire at similar ages to current retirees.

* Indicates significant difference between 2023-2020

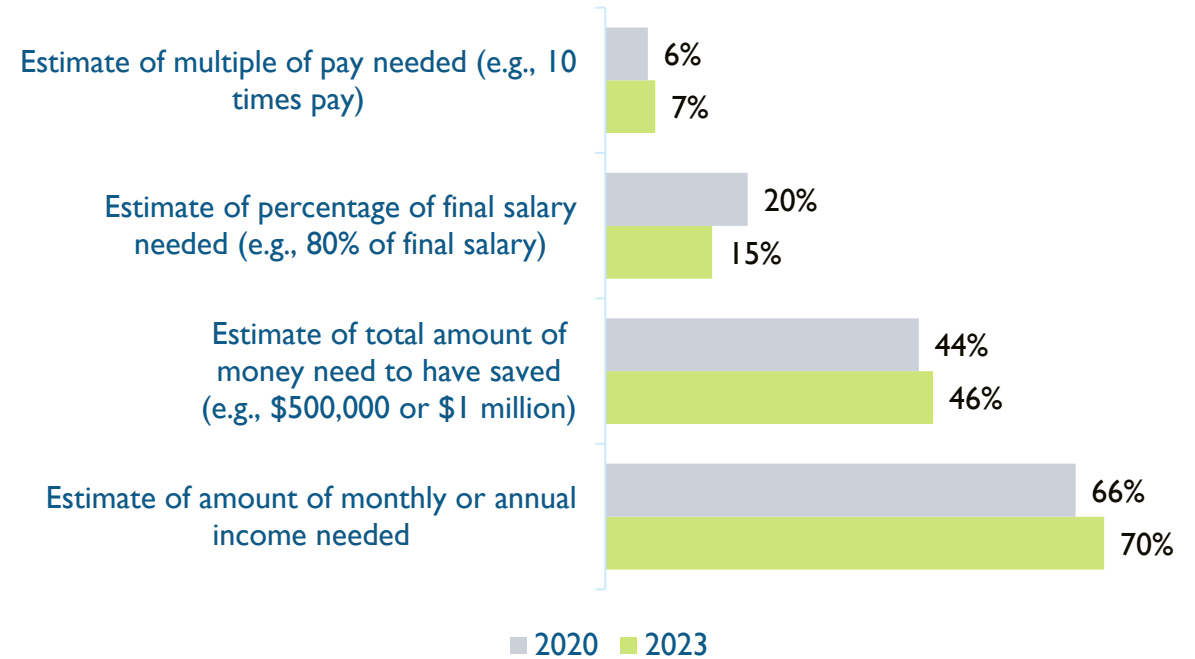
- 50% think they need TSP to last 20+ years.
- 25% of participants don't know how long they expect to need their TSP to last in retirement, an increase from 2020.

Retirement Planning: Amount Needed

Do you have an idea of how much money you need in retirement to retire comfortably? (% who responded “Yes”)



How do you think about the amount of money you will need to retire comfortably?



* Indicates significant difference between 2023-2020

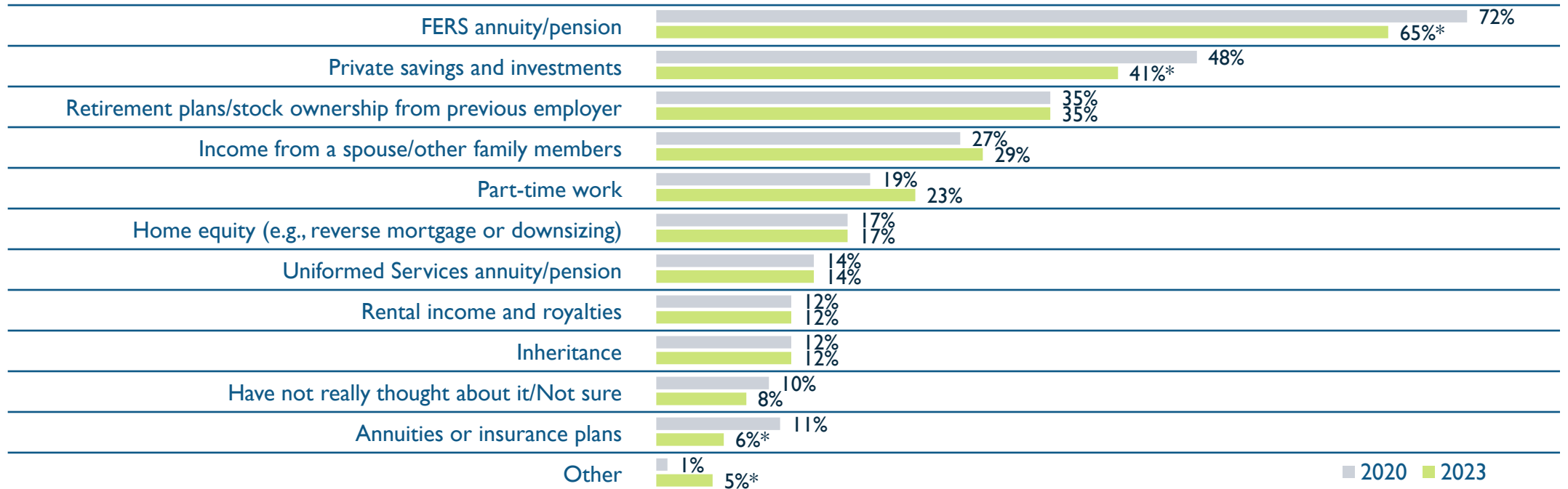
Key Takeaways

- 47% feel they know how much they need for a comfortable retirement.
- 66% of those in retirement and 56% late in career have an idea of how much they need for a comfortable retirement.

- Overall, most indicate they think about their retirement savings needs in terms of monthly or annual amounts.

Retirement Planning: Income Sources

In addition to your TSP and Social Security, select the sources of income that you currently have or plan to have during retirement. (Select all that apply.)



* Indicates significant difference between 2023-2020



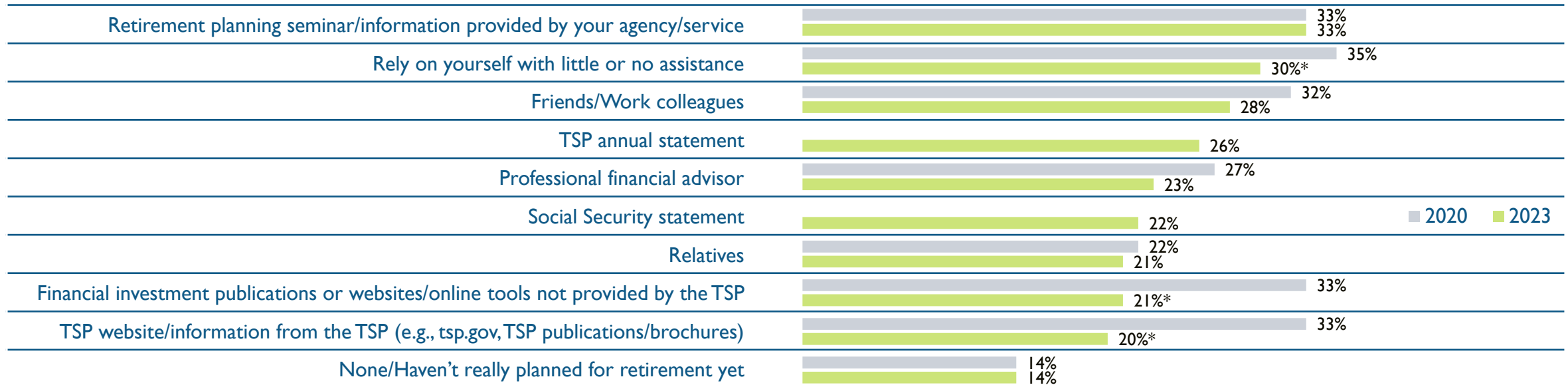
Key Takeaways

- Outside of TSP & Soc. Security, the FERS annuity is the top source of retirement income, though there was a slight drop since 2020.
- About four in 10 report having private savings/investments to provide additional retirement income, also a drop from 2020.
- Overall, just 8% of all FERS participants haven't thought about this question.



Retirement Planning: Sources of Information

What are your top three sources of information for retirement planning guidance? (Select up to three options)



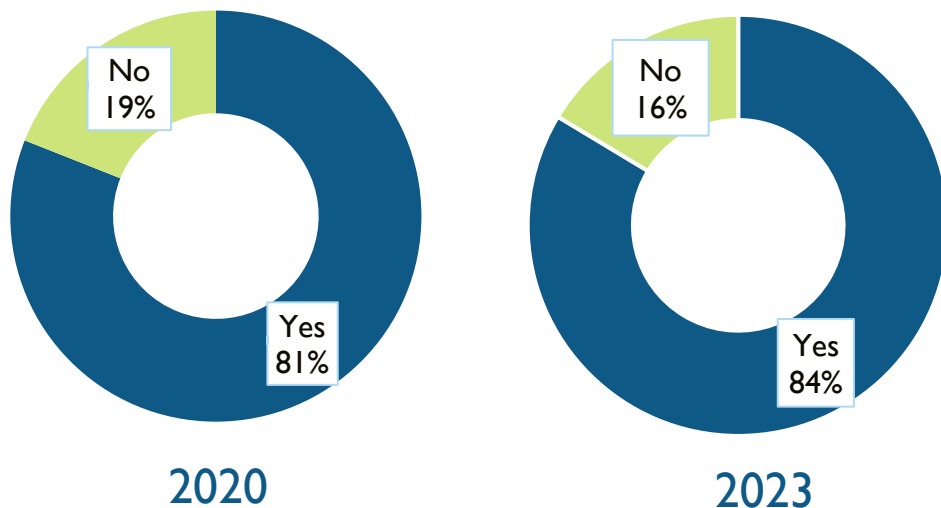
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Key Takeaways

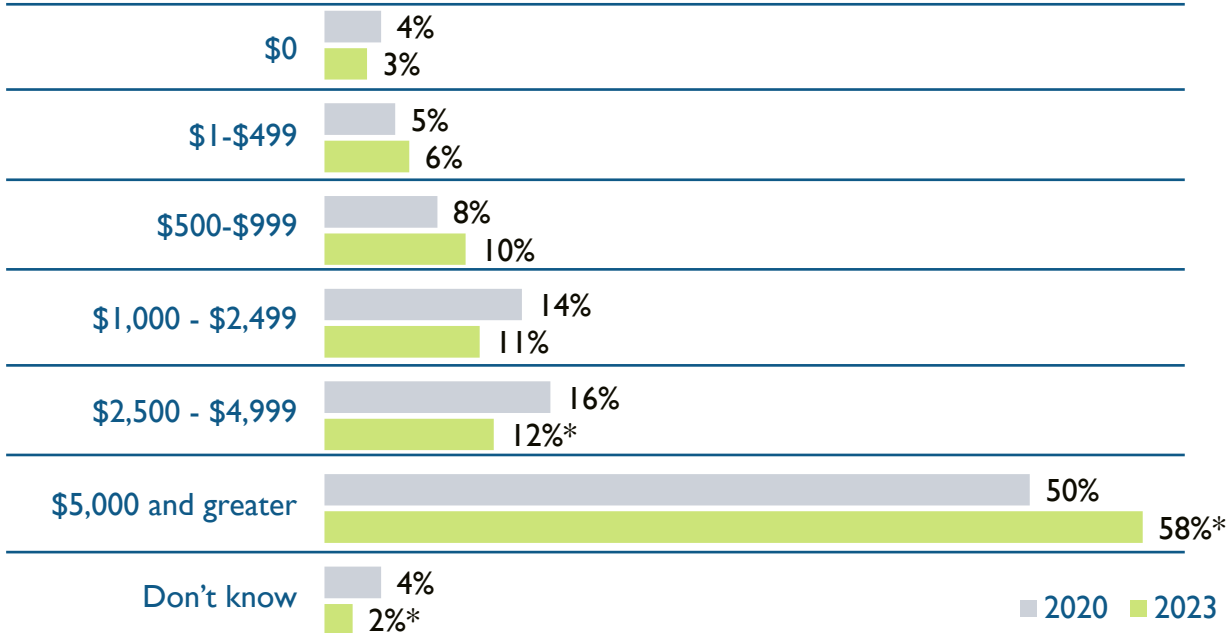
- Retirement planning sources outside the TSP (21%) are about as common as information from TSP (20%).
- Three in 10 rely on themselves as a top source of information for retirement planning guidance.
- Almost one-quarter use financial advisors.
- Two items added in 2023, the TSP annual statement and the Social Security statement, are used by about a quarter of participants.

Emergency Savings

Do you have savings or a fund set aside for emergencies?



About how much of an unexpected one-time expense could you handle without taking out a loan, using a credit card, or otherwise borrowing money to pay for it?



Key Takeaways

- A large majority (84%) of participants report having an emergency fund.
- Those with an emergency fund are much more likely to be at least somewhat confident in their retirement savings (61% vs. 21%).

- 58% report being able to handle a \$5,000 or more expense.

* Indicates significant difference between 2023-2020



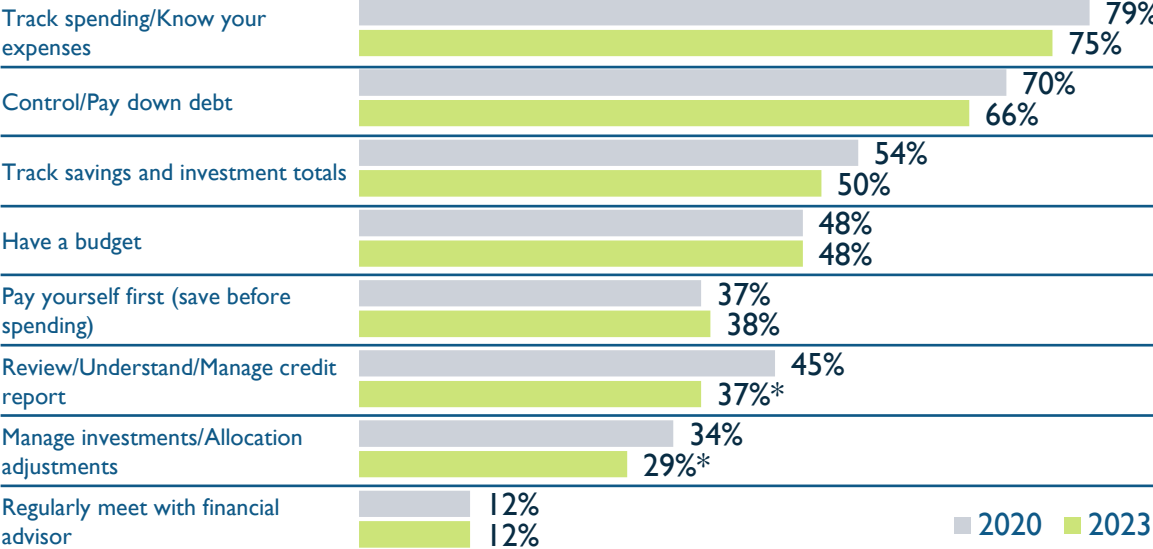
Thrift Savings Plan

U.S. population data: <https://www.federalreserve.gov/publications/2023-economic-well-being-of-us-households-in-2022-executive-summary.htm>

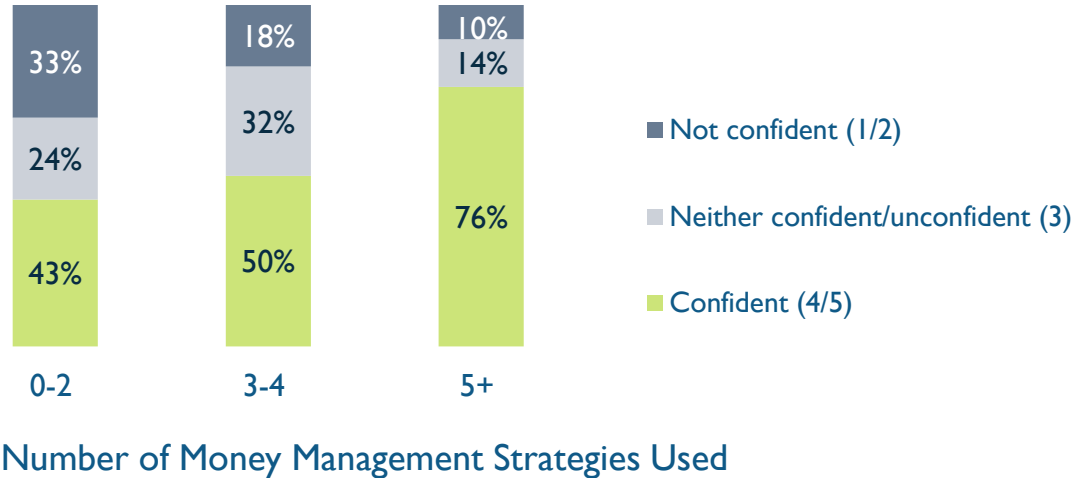
NOTE: Data may not total 100% due to "don't know" responses and rounding.

Effects of Money Management Practices

Which, if any, of the following money management practices do you use?



How confident are you that you are on track to/have saved enough income to support a comfortable lifestyle throughout your retirement?



Key Takeaways

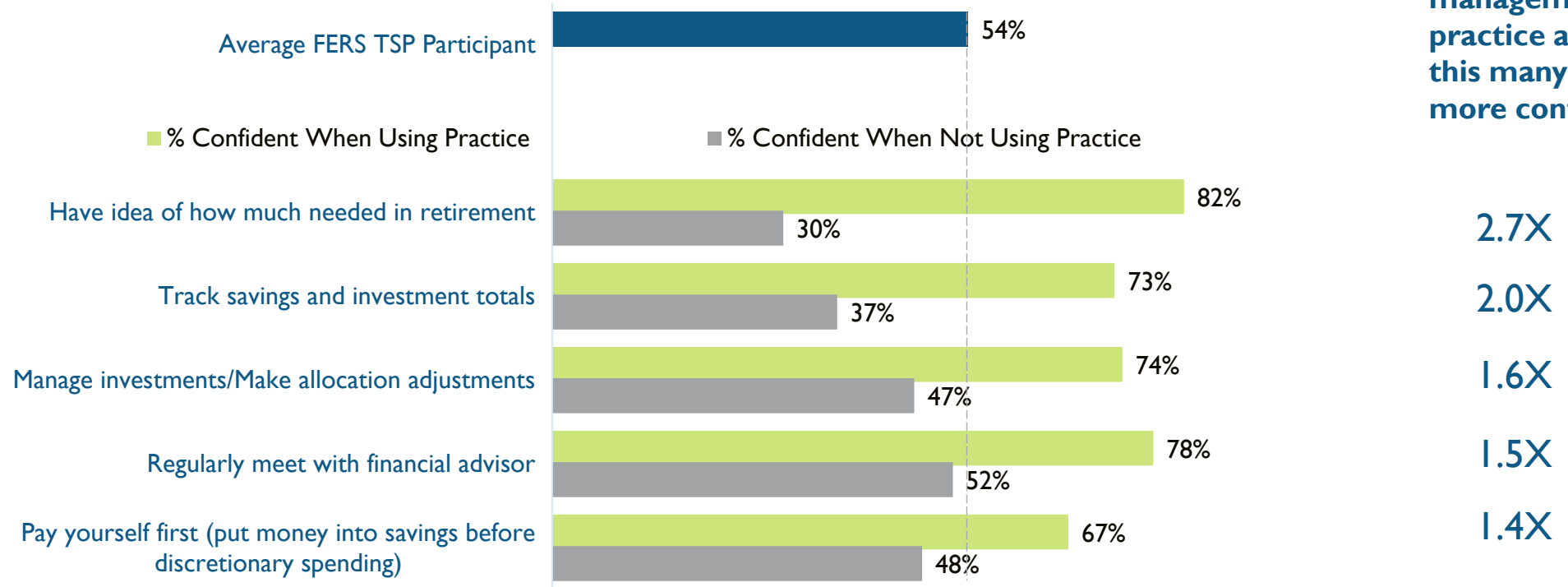
- Three-quarters of participants are tracking their spending, and two-thirds are paying down debt as their major money management practices.
- 2020 showed a similar pattern of management practices.

- The more money management practices they use, the more likely respondents are to be confident in a comfortable retirement, though one might not cause the other.

* Indicates significant difference between 2023-2020

NOTE: Percentages not shown if <5%.

Key Drivers of Confidence

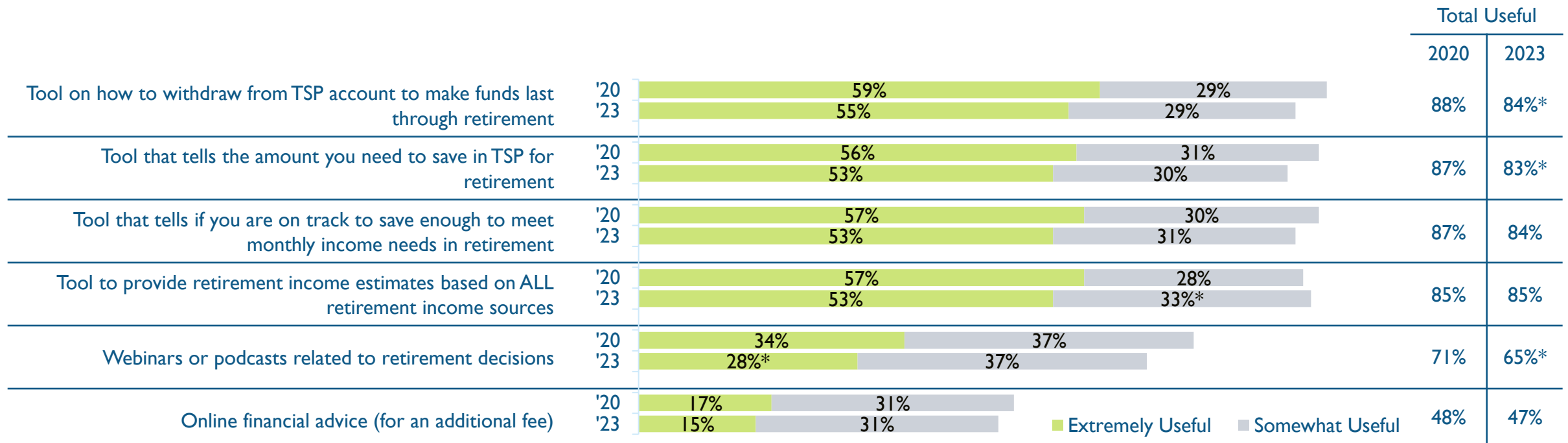


Key Takeaways

- Participants who have an idea of how much they need are 2.7 times more confident than those who don't.
- Top three drivers of confidence are: having an idea of how much is needed, tracking savings, and managing investments.
- Top practices driving confidence were similar in 2020.
- These results emphasize the importance of setting a retirement saving goal and being engaged with managing finances and retirement planning.

TSP Offerings: Usefulness in Retirement-Related Decisions

How useful would each of the following be in helping you make retirement-related decisions?



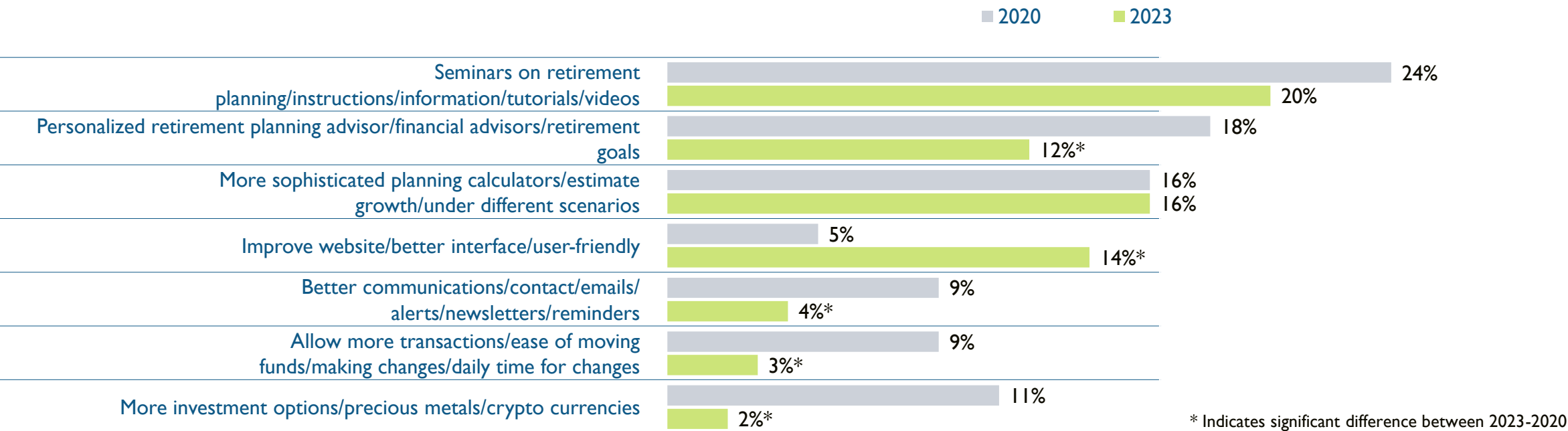
Key Takeaways

- Participants think withdrawal and savings tools will be most useful for them.
- Relatively fewer think webinars or podcasts would be extremely useful.

* Indicates significant difference between 2023-2020

TSP Offerings: What the TSP Can Do to Help

What can the TSP do or provide to assist you in understanding and reaching your retirement goals? (Select all that apply)



Key Takeaways

- Top responses include more retirement planning information and more sophisticated calculators.
- Interest in personalized advisory services has declined since 2020.
- The desire for improved website/online interfaces might have been caused by the changes during recordkeeper transition. Several updates were made in response to participant feedback.
- Desire for more investment options is significantly less, perhaps a result of the Mutual Fund Window.

Key Takeaways

Over half of participants (54%) are confident they are on track, while the balance are not confident or unsure. Mid-careerists and participants who are Separated & Employed are less confident that they are on track than they were in 2020.

About half (47%) of all participants have an estimate of how much they need in retirement. Two-thirds (66%) of retired participants and nearly three-fifths (56%) of late-career participants have an estimate of how much they will need. Most who have an idea think in terms of an annual or monthly amount needed in retirement.

About four in 10 participants report having private savings/investments to provide additional retirement income. Additionally, 35% have retirement plans or stock ownership from a previous employer.

Key Takeaways

Key drivers of participant confidence in retirement are having an idea of retirement savings needed and practicing multiple money management practices, though these drivers do not necessarily *cause* increased confidence.

Participants indicate retirement saving and decumulation tools are most useful to them in making retirement-related decisions.

Questions?

