

2023 RETIREMENT SURVEY

A Clear Vision of Retirement

How perception shapes our reality

Helping investors see retirement for what it could be

Retirement represents one of the biggest before-and-after moments in life. We spend our working years building savings and hopefully planning for the time when we no longer need to work. Fortunately, for many of the retirees in this year's survey, retirement has meant happiness.

Employers and advisors play an essential role in successfully planning for and achieving happiness in retirement. It's difficult to know how we will experience retirement and then plan around that. Advisors can provide objectivity, a critical component to making financial decisions in the face of uncertainty.

Allspring's survey sheds light on near-retirees' and retirees' perspectives, highlighting opportunities to reenvision the path to retirement based on the individual's circumstances. We hope advisors will use these insights to help near-retirees and younger workers proactively plan for retirement to balance income needs, social desires, personal limitations, and other individual aspects of a fulfilling retirement. Please reach out to continue the conversation with us.



NATE MILES

Head of Retirement

nathaniel.s.miles@allspringglobal.com



RON COHEN

Head of DCIO

ronald.cohen@allspringglobal.com

Retirement: When time no longer equals money

We each have our own idea of what a happy retirement means and how to achieve it. How we perceive retirement shapes how we plan for it and ultimately how we experience it. Allspring's goal is to provide insights that help employers and advisors better understand retirement perceptions and realities—for both retirees and near-retirees.

This year, Allspring surveyed near-retirees and retirees with at least \$200,000 in investable assets, along with advisors, to hear all three sides of the retirement story and to highlight shared views and differences. For most retirees in this year's survey, retirement represents happiness.

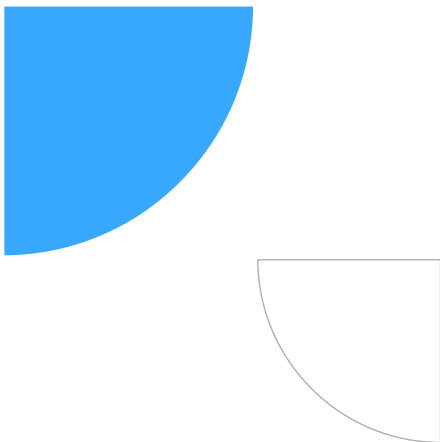


7 in 10 retirees are satisfied with most aspects of their financial security.

85% are happy with when they were able to retire.

69% say retirement is better than they expected.

Spending in retirement could **drop by 25%** (on average) before retirees' happiness would be significantly impacted.



Wisdom comes from experience

A happy and successful retirement calls for careful planning. Investors—who have one chance to get it right—can benefit from an advisor’s years of experience.

Perception of retirement readiness:

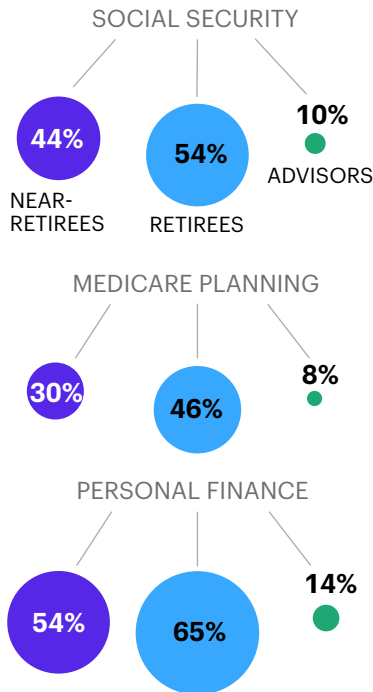
64%

of near-retirees and retirees believe they are on track for retirement

40%

of advisors agree

Big gaps exist between how many investors (near-retirees and retirees) think they’re knowledgeable and how many advisors think investors are knowledgeable about:



Advisors can help close the gap for financial literacy, educating investors with important information on Social Security, Medicare, and personal finance.

“ I spoke with my financial advisor and we’re in agreement—delay taking Social Security until 70 to maximize my payout. In the meantime, I’ll take payments from my savings to cover the income I’m losing by not taking Social Security.

Actionable insight:

Become the retirement go-to before retirement

When advisors engage younger investors, they help foster good financial habits and pave the way for being a trusted source later in life.



6 in 10 near-retirees know that their 401(k) or 403(b) plan offers advisory services through the plan

47% of near-retirees are equally likely to work with the advisor associated with their plan as with any other advisor

- — **HELP WANTED**
- — **Near-retirees are looking for help with financial planning, especially tax planning, investments, planning for long-term care, and Medicare planning**

The right age? There isn't one.

The decision of *when* to retire is highly personalized.

1 in 20

retirees continue to work part time—most by choice

62

is the average age of retirement, *but*

65–69

retirees and advisors say 65–69 is a good range

Factors that determined the “right” age for retirees:

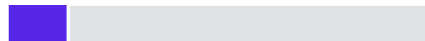
47% FINANCIAL RESOURCES



25% HEALTH AND TIME TO ENJOY RETIREMENT



14% JOB SATISFACTION

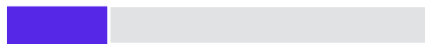


37%

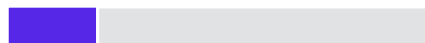
 retired sooner than expected, and only 6% retired later than expected

Retirees who felt they retired too early:

24% WERE FORCED TO RETIRE



21% HAD ENOUGH SAVINGS



39%

 of those who retired too late wish they had more time to enjoy retirement

“ I retired before I was 100% eligible for my pension. I also started drawing my Social Security at age 62 and should have waited until at least 65. Both of those events have caused me to fall seriously behind when it comes to keeping up with rising prices of housing, groceries, and transportation.

Actionable insight:

Is there a right age for Social Security?

By one estimate, the median household stands to gain \$182,000 in lifetime discretionary spending by claiming at the right time.¹ Advisors can help near-retirees maximize benefits by planning ahead.

1. Benefit calculated for participants age 45–62. Source: David Altig, Laurence J. Kotlikoff, and Victor Yifan Ye, “How Much Lifetime Social Security Benefits Are Americans Leaving On the Table?” National Bureau of Economic Research Working Paper 30675, November 2022.

Focus on what matters most

With deeper insight into investors' needs, advisors can coach near-retirees to focus on what aspects of retirement they can control and help retirees maintain financial security.

Top financial concerns for advisors and investors:

- 01** INFLATION
- 02** INVESTMENT PERFORMANCE
- 03** INCREASED TAXES

1/2 of investors focused on a retirement income target (as opposed to a savings target) were advised by a paid retirement planner

Expected retirement savings needed:

NEAR-RETIREEES **\$1.6M** RETIREEES **\$1.1M**

More bonds, please:

3/4 of near-retirees and retirees moved money to stable or fixed income investments last year

Actionable insight:

Better solutions for better outcomes

The average defined contribution plan has three stock funds to every bond fund. Near-retirees and retirees need more options for capital preservation and income generation. Better investment options plus better planning can lead to better outcomes.

Near-retirees with a 401(k) or 403(b) plan prefer:

17% TARGET DATE FUNDS

31% PROFESSIONALLY MANAGED ACCOUNTS

52% A MENU OF FUNDS



WHY HAVEN'T NEAR-RETIREEES USED THEIR PLAN'S ADVISOR?

- "** I'm confident in my investment choices.
- "** I have two other financial advisors outside of my 401(k) that I know and trust.
- "** I'm unsure how it works; I don't know if I really need an advisor.

Unretirement: The new norm?

A significant number of investors surveyed decided to take time off from retirement, returning to work after they retired.



1 in 8 near-retirees are actually unretirees, having returned to work after they retired

83% of unretirees returned by choice, not necessity

Compared with other near-retirees, unretirees have:

- Lower household income
- Lower household investable assets
- Lower expected retirement income needed



2 in 5 unretirees surveyed went back to work within the past year

57% of unretirees are working part time

“ It’s not enough to retire “from” a job; nowadays, we need to determine what we are retiring “to.”

Actionable insight:

Watch for warning signs

Unretirees add an important buffer to their retirement outlook, even when they return to work by choice. Particularly in the latter stages of retirement, investors can fail to see the signs of rapidly depleting their retirement savings. Advisors can address this risk by applying guardrails early on and course correcting when necessary so that unretirees are truly continuing to work on their own terms.

About the survey

On behalf of Allspring Global Investments, Escalent conducted a survey between September 5 and September 28, 2023, among 1,515 adults who reside in the U.S. and are primary or joint household financial decision-makers and 320 advisors. The survey analyzed attitudes and behaviors around planning their finances, saving, and investing for retirement. The sample consisted of 752 near-retirees (average age of 61), 763 retirees (average age of 70), and 320 advisors (with at least \$5 million in assets under management). Data are weighted where necessary by assets, age, gender, race/ethnicity, and region to bring them into line with their actual proportions in the population.

Advisors, plan sponsors, and consultants

Ask your Allspring contact about a call or meeting to learn more about our retirement survey, to receive a copy of our paper on when to claim Social Security benefits, or to discuss key retirement trends for 2024.

Contact details

- For retail clients, contact your financial advisor.
- To reach our intermediary sales professionals, contact your dedicated regional director, or call us at **+1-866-701-2575**.
- To reach our institutional investment professionals, contact your existing client relations director, or email us at **AllspringInstitutional@allspringglobal.com**.
- To reach our retirement professionals, contact your dedicated defined contribution investment only specialist, or call us at **+1-800-368-1370**
- To discuss sustainable investing solutions, contact **Henrietta Pacquement**, head of Sustainability, and **Jamie Newton**, deputy head of Sustainability, at **henrietta.pacquement@allspringglobal.com** and **jamie.newton@allspringglobal.com**.

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