

June 26, 2018

Will Social Security Save Retirement? Many Americans Think So, According to New Personal Capital Survey

SAN CARLOS, Calif. – A new survey from [Personal Capital](#), a leading hybrid digital wealth manager, finds that when it comes to preparing for retirement, Americans largely understand at a high level what they *should* be doing, but are struggling to execute. The survey of more than 2,000 Americans – 1,630 of which were pre-retirees – reveals that far too many people are relying on Social Security, a safety net with significant holes; the retirement savings “deck” is stacked against women; and Gen Xers have a lot of catching up to do.

A Moth-eaten Retirement Safety Net

When it comes to funding retirement, a quarter of pre-retirees surveyed expect Social Security to be their primary source of retirement income, including 15 percent of Millennials and 29 percent of Gen Xers. Social Security follows closely behind employer-sponsored plans (27 percent) as a top expected revenue stream in retirement. Yet, based on the [Social Security trustees' 2018 annual report](#), the Social Security fund will be depleted by 2034 and for the first time in 36 years, has begun dipping into its reserves to make monthly payments. This means younger generations can expect smaller payouts – at best.

Compounding the issue, 51 percent of pre-retirees surveyed by Personal Capital report that they plan to retire at 65 or younger, at least a year shy of maximizing the full Social Security benefit for anyone born after 1943. Millennials plan to retire by age 65 at a higher rate than their peers (62 percent). Despite expecting early retirement, 32 percent of Baby Boomers, 34 percent of Gen Xers and 39 percent of Millennials say they have no money at all saved for retirement, making reliance on a disappearing safety net all the more problematic.

“Saving for retirement isn’t what it used to be: strategies that set the standard twenty years ago, like Social Security and pensions, are no longer safety nets for funding Americans’ retirement dreams,” said Jay Shah, CEO at Personal Capital. “With the retirement landscape changing, it’s more important than ever for Americans to improve and act on their financial knowledge. The technology available today, coupled with the insights and guidance of financial advisors, can dramatically improve retirement savings efforts.”

Overcoming the Odds: Women and Retirement Savings

Among pre-retirees, responses show that more women than men understand that sticking to a comprehensive financial plan (62 percent vs. 47 percent, respectively) and leveraging a skilled financial advisor (28 percent and 24 percent, respectively) are critical to securing a comfortable retirement. However, 40 percent of women say they do not have any money saved for retirement, compared to 33 percent of men. What’s more, 71 percent of women say they do not know their net worth (compared to 56 percent of men).

The survey findings suggest one reason for the shortfall is that women don’t have the same access to retirement options as men do:

- Twenty-seven percent of employed women report they are not offered an employer-sponsored retirement plan, in comparison to 19 percent of working men.
- Women who do have access to these benefits are less likely to take full advantage of them: female respondents were less likely to contribute to their plans than their male counterparts (58 percent vs. 67 percent) or max out their employer-sponsored retirement plan (16 percent vs. 26 percent).

“Women have the know-how to save for retirement, but the cards are stacked against them: they have longer lifespans that require higher savings goals, are frequently in lower paying careers, and don’t have the same plan options afforded to them as many of their male counterparts,” said Michelle Brownstein, CFP®, Vice President of Private Client Services at Personal Capital. “On top of those factors, women also tend to be more generous with their money, prioritizing charitable giving or passing something on to their children over securing a comfortable retirement. As financial professionals, we have to address women’s unique challenges and priorities as they work to achieve their financial goals.”

Gen X and The Financial “Middle Child” Syndrome

Survey results suggest that a cultural focus on Baby Boomers and Millennials may have left Gen Xers in the dust, resulting in stunted retirement preparedness. Gen Xers report being similar to Millennials when it comes to a lack of savings – despite having a shorter retirement runway:

- Among pre-retirees, more than one-third of Gen Xers (34 percent) and Millennials (39 percent) have no retirement savings despite the fact most members of both generations (56 percent and 57 percent, respectively) expect they will need over \$1 million in retirement.
- Only 24 percent of Gen Xers and Millennials believe that a skilled financial advisor is key to a comfortable retirement, while 30 percent of Boomers consider it a crucial part of their plan.
- Gen Xers are less likely than Millennials to max out their employer-sponsored plans, though their timeline to accrue retirement savings is shorter (18 percent vs 22 percent).

Continued Brownstein, “Despite the hurdles they may have to overcome to reach their retirement goals with a shortened runway, it’s not too late for Gen Xers to get serious about preparedness. Contextualizing savings – or lack thereof – by talking to an advisor or using online resources is a great first step. Americans need a retirement wake-up call, and these findings should serve as the alarm.”

For more insights from Personal Capital and to view past surveys, click [here](#).

Methodology

This survey was conducted online within the United States by ORC International’s Online CARAVAN® on behalf of Personal Capital from March 1-7, 2018 among 2,008 U.S. adults ages 18 and older. Of the 2,008 total respondents, 1,630 qualified as pre-retirees. For complete survey methodology, including weighting variables, please contact press@personalcapital.com.

About Personal Capital

Personal Capital is a hybrid digital wealth management company based in San Carlos, California with more than \$7B assets under management. The company offers free financial planning tools for investors and fee-based wealth management services. With hubs in San Francisco, Denver, Dallas, and Atlanta, Personal Capital has fiduciary financial advisors across the U.S. For more information or to open an account, visit <https://www.personalcapital.com>.

###

Contact Information:

Rebecca Neufeld
Director of Public Relations
Rebecca.neufeld@personalcapital.com
(415) 231-3055