



## ALLSPRING GLOBAL INVESTMENTS' ANNUAL RETIREMENT SURVEY CHALLENGES CONVENTIONAL WISDOM

Survey finds retirees are doing well, yet opportunities remain for near-retirees to seek guidance on tax management, Social Security, and Medicare

**Charlotte, NC, January 18, 2023** — Guaranteed income, savings targets, and the complexity of Social Security and Medicare benefits are some of the themes examined by Allspring Global Investments in its annual retirement survey conducted by Escalent. As the survey celebrates its 20th year, Allspring again spoke directly with retirees and near-retirees, giving plan sponsors and advisors a clearer picture of tomorrow's retirement landscape. This year's report challenges conventional wisdom, with the purpose of giving plan sponsors and advisors insights that can help near-retirees become confident retirees and offer retirees options for a better retirement experience.

Commenting on the findings, Head of Retirement Nate Miles at Allspring said: "As fewer participants retire with employer-sponsored defined benefit plans, concerns of the newly retired are more evident with each passing year. These concerns place more options and choices in the hands of participants. As a result, we're seeing growing interest in better management of taxes and optimization of Social Security—claiming strategies. Long term, that means near-retirees and new retirees are going to need—and will be looking for—help from their employers and advisors to optimize choices."

Ron Cohen, Allspring's head of Defined Contribution Investment Only Distribution, added: "A key takeaway from our research is retirees are doing well but near-retirees are struggling and concerned. This is an enormous opportunity for advisors and plan sponsors. The three biggest areas of concern we found revolved around taxation, Social Security, and Medicare, and these topics are ripe for guidance and education."

Findings from this year's survey reflect five retirement themes, and Allspring's analysis looks beyond each one to challenge or confirm the conventional wisdom. Complete results are available [here](#).

### **A guaranteed source of income relieves financial stress.**

The survey found that pension benefits continue to decline as concerns about Social Security solvency rise. Fortunately, near-retirees appear to be adapting financially and psychologically. Having a balance of both guaranteed and non-guaranteed retirement income sources is related to a more positive outlook on retirement, compared with mostly guaranteed retirement income sources.

Below is a summary of retirees' sources of income:

- Guaranteed sources of income: Social Security 37%, pension plan 25%, bank account 9%, and annuity 4%
- Non-guaranteed sources of income: IRA 10%, taxable brokerage account 6%, and DC plan 4%

### **Focus on setting and achieving a savings target.**

The survey found that it's also important to look ahead and plan for the decumulation phase. Drawing down retirement income tax-efficiently should start with allocating where savings are held between taxable and non-taxable accounts during accumulation years.

- 53% of near-retirees plan to use an advisor to maximize retirement income sources, but 39% of near-retirees have not yet used an advisor.
- 71% of near-retirees are interested in learning how to minimize investment-related taxes.

### **You either reach your savings target or you don't.**

The survey found that a retirement savings plan can help keep workers on track, but it represents several assumptions. Retirement expenses vary widely, while many retirees participate in part-time work and others stop working earlier than expected. Many will adjust their spending—by force or by choice.

- Each year of early retirement before 65 significantly increases the chance of running out of money in retirement.
- Even working 10 hours per week after 65 significantly decreases the chance of running out of money in retirement.

### **Social Security and Medicare are complicated.**

The survey found that near-retirees who start this planning process early can enlist experts and maximize the benefits they receive through both programs. Putting it off or going it alone can lead to fewer options and suboptimal benefits overall.

- 47% of near-retirees are not sure they'll get the Social Security benefits they're entitled to.
- 50% rely on self-education to understand Social Security and Medicare.

### **Underserved segments have lower levels of retirement readiness.**

The survey found that the wealth gap still exists for most women, African Americans, and Hispanics, adding an extra hurdle for these individuals going into retirement. The financial services industry needs to do better in serving these groups, including building diverse teams of investment professionals to support all communities, offering tailored guidance throughout their working years, and helping individuals optimize retirement readiness.

- 69% of women retirees are confident their savings will last, versus 87% of men.
- African Americans were affected more by the pandemic financially and expect to retire two years later, across income levels, yet they feel a greater sense of resiliency.

To learn more about Allspring and our mission to elevate investing, please visit [www.allspringglobal.com](http://www.allspringglobal.com).

### **About Allspring Global Investments**

Allspring Global Investments is an independent asset management firm with more than \$463 billion in assets under management\*, offices around the world, and investment teams supported by 450 investment professionals. Allspring is committed to thoughtful investing, purposeful planning, and inspiring a new era of investing that pursues both financial returns and positive outcomes.

\*As of September 30, 2022. AUM includes \$93 billion from Galliard Capital Management, an investment advisor that is not part of the Allspring trade name/GIPS firm.

### **About the survey**

On behalf of Allspring Global Investments, Escalent conducted a survey between August 15 and September 7, 2022, among 2,758 adults who reside in the U.S. and are primary or joint household financial decision-makers. The survey analyzed attitudes and behaviors around planning their finances, saving, and investing for retirement. The sample consisted of 1,504 working Americans (with an average age of 60) and 1,254 retired Americans (with an average age of 70). 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.

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