52% of Workers Feel Behind on Retirement Savings

More than half with retirement accounts have taken an early withdrawal

NEW YORK -- November 17, 2021 – More than half of working Americans (52%) say they are behind on retirement savings, according to a new study from Bankrate.com. Just 21% feel they are on track for where they should be in terms of retirement savings and only 1-in-9 (11%) feel as though they are ahead of the game. Sadly, 16% don’t know whether they’re on track or not. For more information go to:


The economic impact of the Covid-19 pandemic was a wake-up call for many on the state of their retirement savings. Nearly a quarter (24%) of workers are saving more for retirement now than they were prior to the pandemic, including 9% saving ‘much more’ and 16% saving ‘slightly more.’ Almost 4 in 10 (39%) indicate they are saving about the same amount for retirement now as they were prior to the pandemic. Just 1-in-7 workers (14%) is saving less for retirement now than before the pandemic, including 8% that are saving ‘much less’ and 5% that are saving ‘slightly less.’

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Retirement Savings</th>
<th>Retirement contributions</th>
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<tbody>
<tr>
<td></td>
<td>Behind on savings</td>
<td>Ahead on Savings</td>
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<tr>
<td>Gen Z (18-24)</td>
<td>33%</td>
<td>12%</td>
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<tr>
<td>Millennials (25-40)</td>
<td>49%</td>
<td>15%</td>
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<tr>
<td>Gen X (41-56)</td>
<td>60%</td>
<td>9%</td>
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<tr>
<td>Baby Boomers (57-75)</td>
<td>56%</td>
<td>6%</td>
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Of those that are saving less for retirement now, the predominant reasons cited were loss of income (49%), additional expenses (32%), additional debt (21%), wanting to keep more cash on hand (19%), and helping other adult family members financially (14%).

“Saving for both emergencies and retirement are vitally important to current and future financial security. Even a modest emergency fund acts as a buffer from early retirement account withdrawals when unplanned expenses arise, allowing the power of compounding to continue to work its magic,” said Bankrate Chief Financial Analyst, Greg McBride, CFA.

Among all U.S. adults that currently have a retirement account, or have had one in the past, just over half (51%) have withdrawn money prior to retirement, including 31% that had done so prior to the pandemic, 12% that have done so during the pandemic, and 8% that have taken a pre-retirement withdrawal both prior to and during the pandemic. Illustrating the financial toll and potential long-term ramifications of the pandemic, 1-in-5 U.S. adults with a retirement account (20%) have taken a pre-retirement distribution from their account since March 2020.
“While Roth IRA contributions – not earnings, just contributions – can be withdrawn at any time for any reason without taxes or penalties, this is a one-way street. The money comes out but you don’t get to make larger contributions in later years to replace that money. It is a permanent setback to your retirement planning,” McBride added.

Just 43% of households with a retirement account earning less than $50,000 have never taken a pre-retirement withdrawal, compared to just over half of those earning $50,000-$99,999 (52%) and those earning $100,000 or more (51%).

It’s concerning that 36% of all U.S. adults indicate they have never had a retirement account at all, such as a 401(k) or IRA. 53% of Gen Z and half (50%) of those earning less than $50,000 annually have never had a retirement account. Even if a workplace retirement plan is not offered, those with earned income or a spouse that has earned income are eligible to contribute to an Individual Retirement Arrangement (IRA).

Retirement savings among income brackets:

- More than half of households for workers earning less than $100,000 annually are behind on retirement savings, including 58% earning less than $50,000 annually and 52% earning $50,000-$99,999. But even 46% of households earning at least $100,000 annually claim to be behind where they should be.
- Only 12% of households earning less than $50,000 feel they are right on track with retirement savings, compared to 27% of those earning $50,000-$99,999 and 29% of households earning $100,000 or more.

Methodology:

Bankrate.com commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,225 adults. Fieldwork was undertaken October 20-22, 2021. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

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