

MAKING YOUR MONEY LAST

A Kiplinger – Personal Capital Poll: The Pandemic Is Reshaping Retirement

Inflation tops health care costs as the biggest concern, and many preretirees are boosting their saving rate.



Getty Images

The pandemic has altered retirement plans for some Americans, and inflation has emerged as a top concern, according to a new national poll of retirees and near-retirees by Kiplinger and wealth management firm Personal Capital.

One-third of respondents in the poll say the pandemic has convinced them that they will need a bigger nest egg for retirement. And 36% believe it has lowered their current (or anticipated) standard of living. Nevertheless, most respondents say they are still confident that they will have enough income to live comfortably throughout retirement.

Among those who are planning to retire within the next five years, more than four out of 10 have already started saving more. Nearly one-fourth have delayed their retirement date, and a similar percentage say they now plan to work part-time in retirement.

Investors have largely stayed the course since early 2020, despite a volatile stock market. Most respondents (63%) say their investment outlook has not changed since early 2020, even after a sudden but short-lived bear market that was followed by stocks scaling to new heights. But more than one-fifth say they have become more risk averse after seeing how quickly the market can change. Only 13% report feeling more bullish about stocks.

Higher-income investors (\$200,000+) were almost three times more likely than less-affluent investors to say they became increasingly bullish in 2020 and added stocks to their portfolio. They were also more likely to report a “significant” increase in the value of their portfolio during the pandemic compared with investors who have lower income. The asset allocation of investors remains conservative across genders and ages and regardless of whether investors are retired or not. On average, portfolios were made up of 35% stocks, 26% cash, 15% bonds, 9% real estate and 15% other. (Figures are medians unless otherwise indicated.)

Has the pandemic changed your current or anticipated standard of living in retirement?

- No, my (our) anticipated standard of living remains the same: 58%
- Yes, but only lowered it slightly: 27%
- Yes, significantly for the worse: 9%
- Yes, my (our) standard of living will likely be better than anticipated: 6%

Has financial turmoil during the pandemic changed how much money you think you’ll need to retire comfortably?#

- It hasn’t changed; I’m on target with saving: 59%
- Yes, I think I’ll need a larger nest egg: 33%
- Yes, I anticipate needing less: 9%

What actions do you plan to take in the next few years to achieve a bigger nest egg?*†

- Cut spending: 62%
- Boost savings: 41%
- Take a part-time job to boost income: 32%
- Boost investments: 25%
- Delay retirement, work longer: 21%
- Adopt a more conservative withdrawal rate from savings: 14%

Methodology

The poll, conducted by Qualtrics in late June, surveyed a national sampling of 772 people age 40 and older (median age 67) who are fully or partially retired or who are planning to retire within the next five years. They had a net worth of at least \$100,000, and the median household net worth (excluding primary residence) was \$422,066. The respondents were equally divided between men and women.

*#Percentages do not add up to 100% due to rounding. *Among respondents who say they’ll need a larger nest egg. †Respondents were asked to select all answers that apply.*

NYSUT Note: Get assistance planning for retirement through the NYSUT Member Benefits Corporation-endorsed Financial Counseling Program, so you can enjoy the fruits of your labor after years of hard work. NYSUT members have access to a team of

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