2020 401(k) Participant Survey

Retirement Saving and Spending

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Participants want help calculating how much money they need to retire, plus managing taxes and creating income in retirement.

<table>
<thead>
<tr>
<th>Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculating how much money needed for retirement</td>
<td>39%</td>
</tr>
<tr>
<td>Anticipating tax expenses in retirement</td>
<td>34%</td>
</tr>
<tr>
<td>How to create an income stream in retirement</td>
<td>33%</td>
</tr>
<tr>
<td>Determining retirement age</td>
<td>33%</td>
</tr>
<tr>
<td>Specific advice on how to invest in 401(k)</td>
<td>32%</td>
</tr>
<tr>
<td>Expenses in retirement</td>
<td>31%</td>
</tr>
<tr>
<td>Managing current expenses to maximize retirement savings</td>
<td>20%</td>
</tr>
<tr>
<td>How to catch up to retirement savings goal</td>
<td>18%</td>
</tr>
<tr>
<td>Managing debt</td>
<td>14%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>12%</td>
</tr>
</tbody>
</table>

Q. If you could get help with retirement planning, what would you like help with? (Base: Total = 1,000)
Almost a third of participants do not know how many years their savings will last in retirement—uncertainty is higher among women.

Q. How many years do you expect your retirement savings to last? (Base: Total = 1,000)

- Female: 40%
- Male: 25%
- Don’t know: 32%
- Gave an estimate: 68%

Average number of years expect retirement savings to last: 24 years
On average, survey participants expect to retire at age 65 and think they need $1.9M saved for retirement.
Half of participants believe their financial situations warrants advice

Q. Do you think your current financial situation warrants financial advice from a professional? (Base: Total = 1,000)

- 50% Believe financial situation does not warrant advice
- 50% Believe financial situation does warrant advice
Confidence increases with the help of a financial advisor

**Confidence in investment decisions**

<table>
<thead>
<tr>
<th>Very confident in investment decisions on own</th>
<th>Very confident in investment decisions with advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>32%</td>
<td>49%</td>
</tr>
<tr>
<td>+17 points</td>
<td></td>
</tr>
</tbody>
</table>

Q. How confident are you in your ability to make the right 401(k) investment decisions on your own?  (Base: Total = 1,000)

Q. How confident would you be in your ability to make the right 401(k) investment decisions if you had the help of a financial professional?  (Base: Total = 1,000)
## Retirement
Participants’ 401(k) will be their primary source of income in retirement followed by Social Security

56% of retirement income expected to come from multiple other sources besides 401(k)

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security</td>
<td>17%</td>
</tr>
<tr>
<td>Savings and investments</td>
<td>15%</td>
</tr>
<tr>
<td>Pension/defined benefit plan</td>
<td>10%</td>
</tr>
<tr>
<td>Part-time work</td>
<td>4%</td>
</tr>
<tr>
<td>Inheritance</td>
<td>3%</td>
</tr>
<tr>
<td>Annuities/insurance</td>
<td>3%</td>
</tr>
<tr>
<td>Real estate income</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
</tbody>
</table>

44% of retirement income expected to come from 401(k)

- Own 401(k): 35%
- Partner’s 401(k): 9%

Q. Thinking about the different sources of income for your retirement, what percentage do you expect to come from each source listed? (Base: Total = 1,000)
Over one-quarter of participants contribute the maximum to their 401(k); on average participants contribute about $10,600.

Contributed the max allowed to 401(k) in 2019

26%

Average amount contributed to 401(k) in 2019

$10,562

A 20% increase year-over-year.

In 2018, participants contributed an average of $8,788 to their 401(k)s.
Outside their 401(k), participants are more likely to be saving for retirement in a savings account than investing

### Top methods for investing/saving for retirement

<table>
<thead>
<tr>
<th>Methods</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Saving in savings account</td>
<td>57%</td>
</tr>
<tr>
<td>2. Investing in IRA</td>
<td>48%</td>
</tr>
<tr>
<td>3. Investing in brokerage account</td>
<td>38%</td>
</tr>
<tr>
<td>4. Saving in HSA</td>
<td>24%</td>
</tr>
</tbody>
</table>

Q. Which of the following methods are you using to save or invest for retirement? (Base: Total = 1,000)
More than three-quarters of participants are offered an HSA; almost half currently take advantage of it.

Q. Which of the benefits listed are offered by your employer and, if offered, have you used? (Base: Total = 1,000)

- 77% Are offered an HSA by their employer
- 45% Use HSA offered by their employer
Two in five participants who are using an HSA are using it to help save for healthcare costs in retirement

Currently utilize HSA to...

- Help pay the cost of health insurance deductible: 51%
- Save for unexpected healthcare costs in short-term: 45%
- Save for healthcare costs in retirement: 41%
- Never used: 10%

Q. In which of the following ways, if any, do you currently utilize your Health Savings Account (HSA)? (Base: Those who have an HSA = 451)
One third of those using an HSA contributed enough to meet current health costs and then set aside savings for retirement.

**How HSA was spent in 2019**

- **31%** Enough to cover deductible
- **34%** Enough to cover expected expenses
- **28%** Enough to cover unexpected expenses
- **33%** Enough to meet needs and set aside for the future/retirement
- **16%** I did not contribute last year

**44%** Used all or most of their HSA funds last year

Q. Which of the following describe the amount of money you contributed toward your HSA in 2019, if anything? (Base: Those who have an HSA = 451)

Q. Which of the following best describes how much of your HSA you spent last year? (Base: Those who have an HSA, and have ever used it = 381)
Methodology

• The 401(k) Participant study is an online study conducted for Schwab Retirement Plan Services, Inc. by Logica Research.
• Logica Research is neither affiliated with, nor employed by, Schwab Retirement Plan Services, Inc.
• The sampling error is +/- 3 percentage points at the 95% confidence level.

• The study was conducted from May 28 through June 11, 2020.

• 1,000 401(k) plan participants completed the survey.
  • Ages 25-70
  • Work for companies with 25+ employees that have 401(k) plans
• Survey respondents were not asked to indicate whether they had 401(k) accounts with Schwab Retirement Plan Services, Inc.
• The typical (median) survey length was 13 minutes.
Disclosures

Schwab Retirement Plan Services, Inc. provides recordkeeping and related services with respect to retirement plans.

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