



# Retirement readiness and financial wellness: Thoughts from plan sponsors and employees

## **Principal® Retirement Security Survey: Plan Sponsor Results, February 2021 (Q1)** *Insights from plan sponsors and employees*

As plan sponsors push forward amidst ongoing challenges related to the COVID-19 pandemic, they are concerned about the financial well-being of their employees and considering ways to continue helping them prepare and save for retirement.

During January and February, Principal® surveyed 160 plan sponsors representing more than 11 industries across the U.S. The survey explored their sentiments related to employees' retirement readiness, factors considered when making benefit decisions, and financial wellness impacts related to the COVID-19 pandemic.

In this first-quarter edition of our Principal® Retirement Security Survey—the fourth conducted during the COVID pandemic and including plan sponsor feedback for the first time—we've gleaned six notable findings.

Despite providing retirement benefits and resources, plan sponsors are concerned about their employees' retirement readiness.



More than **75%** of surveyed plan sponsors are confident they are providing resources, encouragement, and value through their retirement plan. Despite this, only **16%** are confident their employees' retirement savings will enable them to live comfortably in retirement.

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### Plan sponsors feel good about their retirement plan offering

- 84%** We are encouraging younger employees to save for retirement
- 82%** Our employees value/appreciate the retirement plan
- 77%** We are providing employees the education and resources they need to save for retirement

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But concerns about employee engagement are prevalent according to plan sponsors' lower confidence in the following:

- 37%** Our retired employees have the knowledge to manage their retirement savings successfully
- 31%** Our employees are doing a good job preparing for retirement
- 24%** Our employees will achieve their retirement income goals by their planned retirement age
- 16%** Our employees will have enough money saved to live comfortably in their retirement years

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**50%** of plan sponsors are concerned their employees are not planning enough to manage their savings/income in retirement

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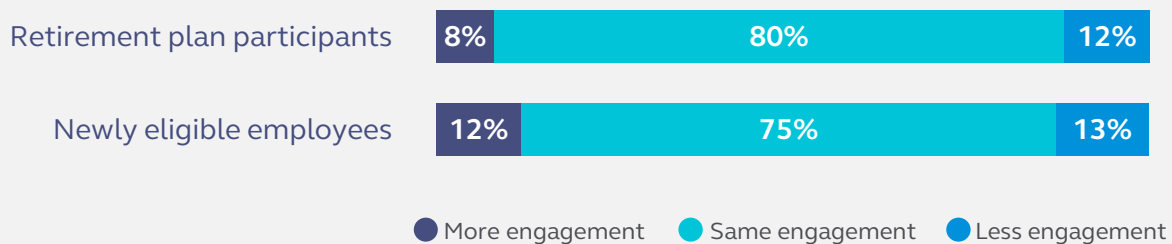
Plan sponsors' and employees' confidence differs on some aspects of retirement benefits and readiness.



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Retirement plan engagement remained steady in 2020, and plan sponsors encourage continued action.

During the last year retirement plan engagement by participants and newly eligible employees remained mostly the same:



Plan sponsors would like their employees to engage in the following ways with their retirement planning during 2021:

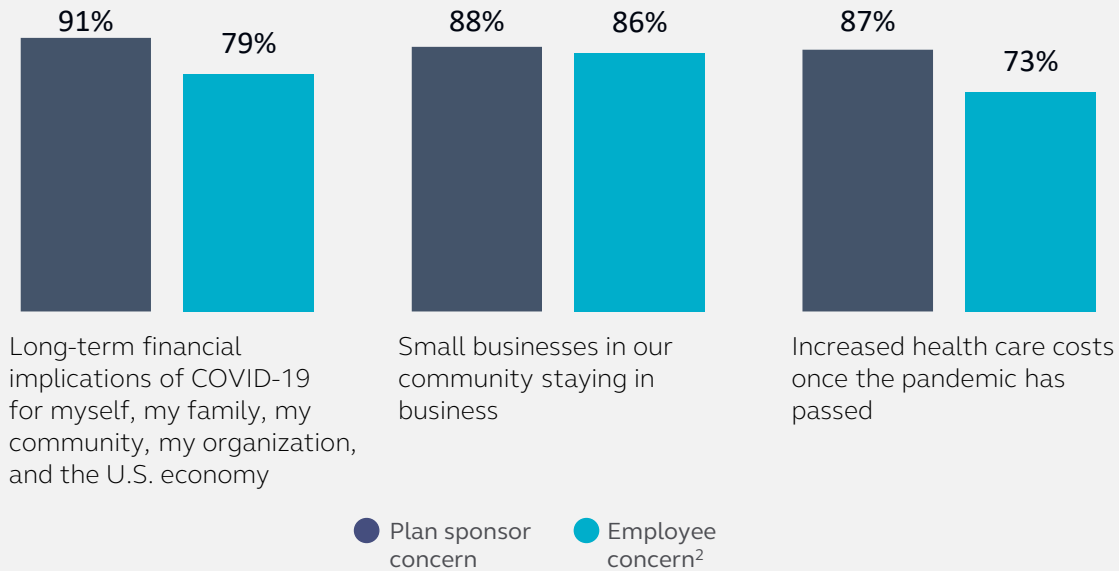
Increase their savings rate for their retirement plan **37%**

Start to save in the plan if eligible **31%**

Meet with a financial professional regarding their retirement accounts **28%**

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## Plan sponsors and employees are concerned about impacts of Covid-19



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## Employees<sup>3</sup> and plan sponsors share thoughts on financial wellness



Four in 10 workers:

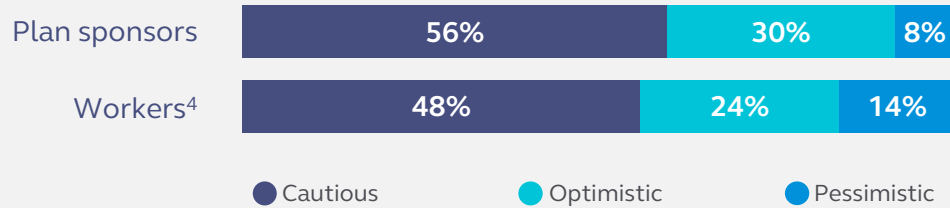
- ▶ have enough money saved in an emergency savings fund to cover at least seven months of expenses
- ▶ follow a formal household budget

**64%**

of plan sponsors feel it's important to measure their employees' financial wellness

## Looking ahead

Plan sponsors and workers are primarily cautious and optimistic about the 12-month economic outlook.



### Topics of most interest to plan sponsors

#### Retirement planning:

**43%** Social Security withdrawal options/strategies

**41%** Determining when best to retire

**39%** Estimated retirement health care costs

#### Financial wellness:

**55%** Reducing financial stress

**48%** Budgeting today

**37%** Emergency savings account resources

### Topics of most interest to employees<sup>5</sup>

#### Products and services:

**70%** Investment options within an employer-sponsored retirement plan that guarantees lifetime income starting at retirement

**59%** Managed accounts

**37%** Environmental, social, and governance or ESG investments; the ability to access or choose exchange traded funds (ETFs)

#### Finances:

**43%** Withdrawal strategies once I retire

**41%** How to manage health care costs once I retire

**33%** Tax strategies with retirement income

Want to know more?

For information on our surveys, methodology, and respondents—download the full [Principal<sup>®</sup> Retirement Security Survey: Plan Sponsor Results, February 2021 \(Q1\)](#) research reports located at [advisors.principal.com](https://advisors.principal.com).

For retirement planning resources, including client guides, educational articles, and checklists, visit [principal.com/prepare](https://principal.com/prepare).

Reach out to your representative of Principal for ways to help people better prepare for retirement.

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