



# 5 SURPRISES ABOUT PLANNING FOR RETIREMENT INCOME

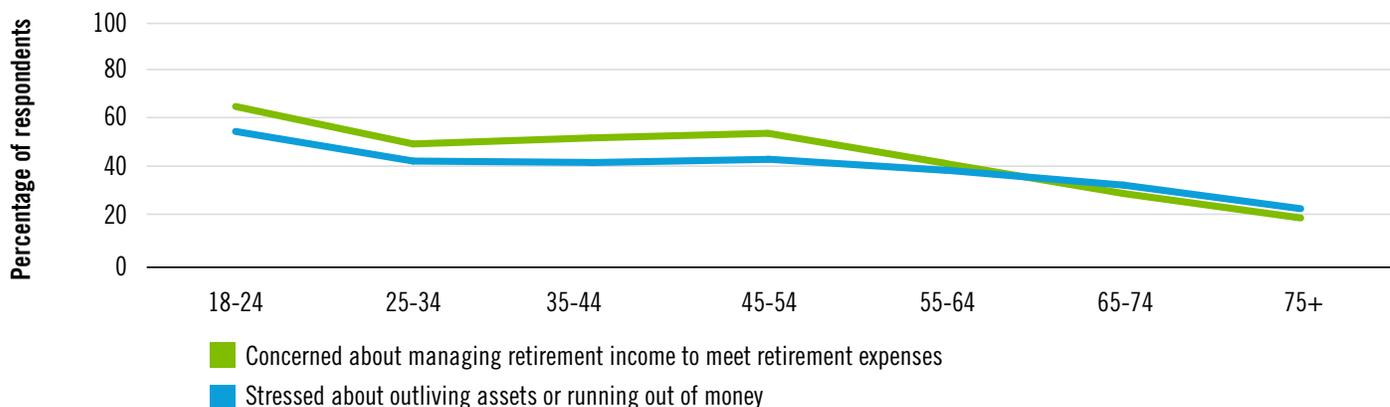
Franklin Templeton's 2020 Retirement Income Strategies and Expectations (RISE) Survey uncovered five findings that may surprise you.

## 1. RETIREMENT-RELATED CONCERNS START LONG BEFORE RETIREMENT

Retirement may be a period of relaxation. However, thinking about your financial plan for retirement may not be. When it comes to retirement finances, managing income, considering investments, and concerns about longevity, the 2020 RISE Survey found that retirement-related concerns start much earlier in life than many might expect.

### Retirement-related concerns across ages

(% responding 'somewhat/very concerned' and 'moderate/significant stress')



Note: 2020 Total n=2,004.

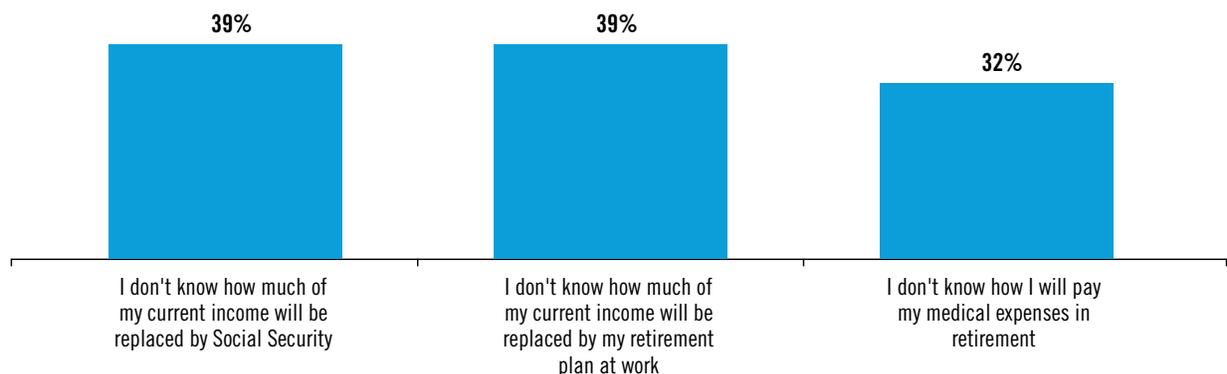
Source: Franklin Templeton Retirement Strategies and Expectations (RISE) survey 2020.

**More than half of respondents reported feeling concerned about their retirement savings and investments long before the years leading up to retirement.** For example, among individuals ages 35 to 44, 42% said they were stressed about outliving their assets or running out of money and 52% said they were concerned about managing their retirement income to meet their expenses.

What drives these concerns about retirement income? Perhaps a lack of understanding regarding the essential components of a retirement income strategy. Many people just don't know the answers to some critical planning-oriented questions.

### A lack of understanding may be driving retirement-related concerns

(% responding 'no')



Note: 2020 Total n=2,004, Have participated in workplace plan n=1,016.

Source: Franklin Templeton Retirement Strategies and Expectations (RISE) survey 2020.

## 5 Surprises About Planning For Retirement Income

As with any life change, hard work and preparation come long before the big day. Having a strategy for achieving financial goals can reduce uncertainties and provides confidence about having enough money to last.

### Having a strategy for achieving financial goals increases confidence about having enough money in retirement

(% uncertain)



Note: 2020 Total n=1,760.

Source: Franklin Templeton Retirement Strategies and Expectations (RISE) survey 2020.

## 2. HEALTH-RELATED CONCERNS ARE TOP OF MIND ACROSS ALL AGES

Planning for retirement isn't just about saving money. It's also about appreciating the reality of factors that can have a major impact on an individual's ability to experience retirement success. Our survey continues to expose that people are acutely aware of the role health might play.

### Which ONE of the following is your top concern for or during retirement?

(% responding 'top concern')

	Under 55	55 and older
Health issues	23%	44%
Running out of money	37%	22%

Note: 2020 Total n=2,004.

Source: Franklin Templeton Retirement Strategies and Expectations (RISE) survey 2020.

### Which ONE of the following expenses are you most concerned about paying in retirement?

(% responding 'top expense concern')

	Under 55	55 and older
1. Health-related	28%	33%
2. Paying off debt	18%	22%
3. Lifestyle	18%	17%

For people with access to a high deductible health plan (HDHP) through their employer, a Health Savings Account (HSA) is a great, triple tax-advantaged way to save for health-related expenses in retirement. We found that individuals using an HSA to save for medical expenses in retirement are significantly more likely to say they are *very* confident they will be able to pay for medical expenses in retirement (49% versus 19%).

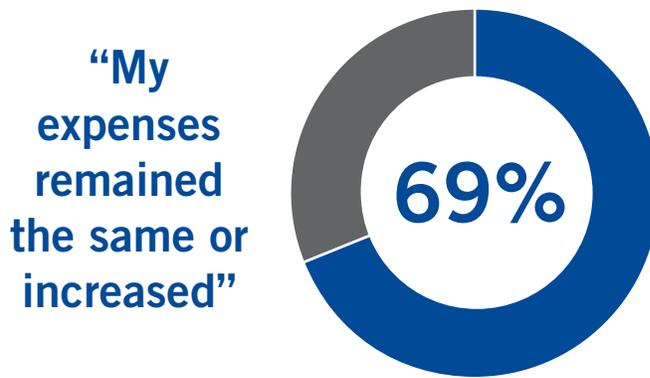
**3. EXPENSES DON'T NECESSARILY GO DOWN IN RETIREMENT**

Part of being confident in a retirement strategy is understanding what to expect and then planning for that reality. When it comes to expenses, it helps to think in terms of what they will be used for, such as basic needs or discretionary “nice to haves.” Also, consider how each type of expense may change over time—do they rise with inflation? Are they impacted by changes in the economy?

Generally, there are three distinct categories of retirement expenses: Fixed, Rising and Discretionary. Fixed expenses are less impacted by inflation and need to be funded by a relatively stable source of income. Rising expenses are more impacted by inflation and need to be funded by a relatively stable source of income, but one that has the potential to grow over time. The potential for growth also increases the risk. Discretionary expenses are impacted by inflation but have more flexibility in terms of the risk that might be assumed with potential sources of income.

**The majority cite flat or increased expenses since retiring**

*(“How have your expenses changed since you’ve been retired?”)*

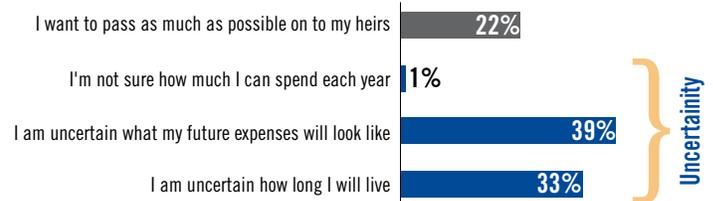
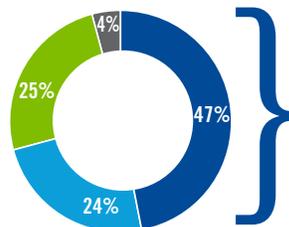


Note: 2020 Total n=2,004, Currently retired n=481.  
Source: Franklin Templeton Retirement Strategies and Expectations (RISE) survey 2020.

**4. RETIREES’ APPROACH TO SPENDING THEIR NEST EGGS IS NOT ALWAYS STRATEGIC**

One may assume that once someone is living in retirement they have a plan for how they will spend their nest egg throughout their retirement years. Our results highlight a different story. One-quarter (24%) of retirees are winging it, stating they are ‘spending what they need and hoping it will last’. And the majority (47%) are trying to avoid dipping into their savings at all. When we took a closer look as to why, uncertainty emerged as a common theme – whether not understanding how much they can sustainably spend, what future expenses look like or what their time horizon is.

- I’m trying to limit to sources of income and not to dip into my savings
- I’m spending what I need to and hoping it will last
- I plan to spend the majority of my savings
- Other



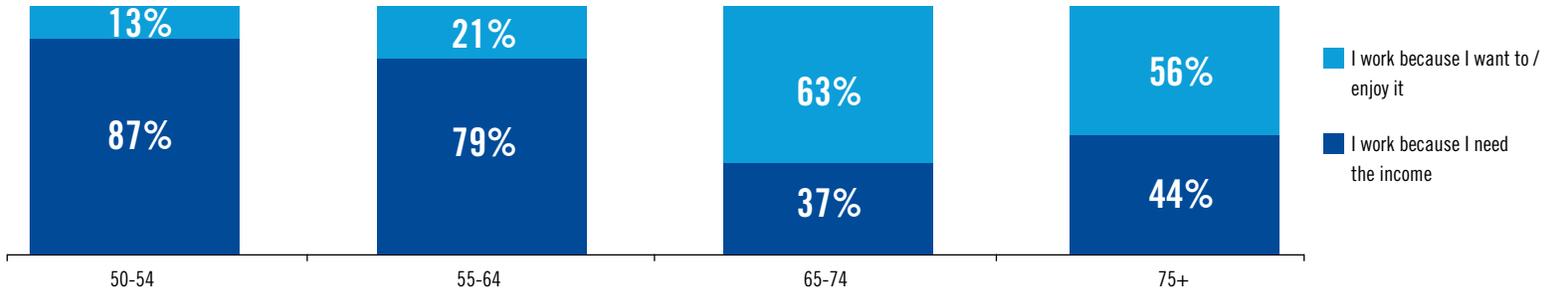
Note: 2020 Total n=2,004, Currently retired n=481.  
Source: Franklin Templeton Retirement Strategies and Expectations (RISE) survey 2020.

### 5. WORKING PAST 65 ISN'T ALWAYS ABOUT MONEY

When people think about retirement, they often think of age 65, 66 or 67, and that if someone is working beyond this age they must need the money. However, retirement isn't only about having enough saved to be financially prepared. How people want to spend their time during the traditional retirement years also plays a large role. In fact, once individuals reach age 65, they are dramatically more likely to say they are working because they want to and enjoy it versus because they need the income.

#### Most individuals working past age 65 are doing so by choice

*(What is the main reason you are currently working?)*



Note: 2020 Total n=2,004, Age 50 or older and currently employed n=322.  
Source: Franklin Templeton Retirement Strategies and Expectations (RISE) survey 2020.

At the same time, people need to be prepared for the unexpected, both mentally and financially. Our study revealed that the number one adjustment people say they'd make if they were unable to retire due to not having saved enough would be to continue working. Unfortunately, that may not always be an option. In fact, nearly one-quarter of retirees said they entered retirement due to circumstances beyond their control (e.g. health issues, downsizing).

No matter what your stage of retirement planning, there may be surprises that can catch you off-guard. Having confidence in your ability to experience a successful retirement ultimately comes down to knowledge and planning.

### THREE STEPS TO RETIREMENT CONFIDENCE

# 1

#### Know your situation

Identify your concerns and set individual goals.

# 2

#### Work with a financial advisor

Professional advice makes a difference.

# 3

#### Set a holistic strategy

Be sure to think about your total financial picture when setting goals and strategies to achieve them.

#### ABOUT THE SURVEY

The Franklin Templeton Retirement Income Strategies and Expectations (RISE) survey was conducted online among a sample of 2,004 adults comprising 1,002 men and 1,002 women 18 years of age or older. The survey was administered between January 31 and February 11, 2020, by Engine's Online CARAVAN®, which is not affiliated with Franklin Templeton. Data is weighted to gender, age, geographic region, education and race. The custom-designed weighting program assigns a weighting factor to the data based on current population statistics from the U.S. Census Bureau.

**This communication is general in nature and provided for educational and informational purposes only. It should not be considered or relied upon as legal, tax or investment advice or an investment recommendation, or as a substitute for legal or tax counsel.**

Any investment products or services named herein are for illustrative purposes only, and should not be considered an offer to buy or sell, or an investment recommendation for, any specific security, strategy or investment product or service. Always consult a qualified professional or your own independent financial advisor for personalized advice or investment recommendations tailored to your specific goals, individual situation, and risk tolerance.

Franklin Templeton does not provide legal or tax advice. Federal and state laws and regulations are complex and subject to change, which can materially impact your results. Franklin Templeton Distributors, Inc. (FTDI) cannot guarantee that such information is accurate, complete or timely; and disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information. You should consult with your qualified tax and financial advisors with respect to your individual goals and specific circumstances as appropriate.

*All financial decisions and investments involve risks, including possible loss of principal.*



Franklin Templeton Distributors, Inc.  
One Franklin Parkway  
San Mateo, CA 94403-1906  
[franklintempleton.com](http://franklintempleton.com)