

# Security in Retirement

SERIES

in partnership with

CENTER *for*  
RETIREMENT  
RESEARCH  
at BOSTON COLLEGE



RESEARCH, ANALYSIS  
AND INSIGHTS ON ADDRESSING

# Policy Risk

---

## WORKING PAPER

Part five of Jackson's Security in Retirement Series  
conducted in partnership with the Center for  
Retirement Research at Boston College

Jackson® is the marketing name for Jackson Financial Inc., Jackson National Life Insurance Company®, and Jackson National Life Insurance Company of New York®.

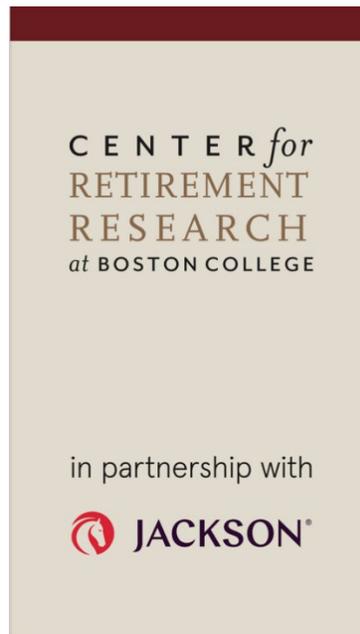
Not FDIC/NCUA insured • May lose value • Not bank/CU guaranteed  
Not a deposit • Not insured by any federal agency

**Part 5: Jackson National/Greenwald Research/CRR Project**

**How Do Retirement Investors and Financial Advisors View and Cope With Policy Risk?**

By Alicia H. Munnell and Gal Wettstein

Working Paper



The authors are both with the Center for Retirement Research at Boston College (CRR). Alicia H. Munnell is a senior advisor and Gal Wettstein is associate director of health and insurance. The authors thank Oliver Shih for excellent research assistance. The CRR gratefully acknowledges Jackson National Life Insurance Company for supporting this research and the helpful insights provided by Greenwald Research. Any opinions expressed herein are those of the authors and do not necessarily represent the views of the Jackson National Life Insurance Company, Greenwald Research, or Boston College. Greenwald Research, the CRR, Alicia H. Munnell, and Gal Wettstein are not affiliated with Jackson National Life Distributors LLC.

© 2026, Alicia H. Munnell and Gal Wettstein. All rights reserved. Short sections of text, not to exceed two paragraphs, may be quoted without explicit permission provided that full credit, including © notice, is given to the source.

## **Introduction**

Retirement planning is a complicated decision problem: the plan must cover all of a person's remaining years and beyond, considering their legacy. The problem is further complicated by the potential for shifts in the public policy environment: changes to social insurance programs can undermine the plan, changes to the tax system can sow disarray in household finances, and burgeoning government debt can undermine decisions through unanticipated interest rate hikes and slower economic growth.

Anecdotally, policy uncertainty in the United States has grown markedly since the hotly contested 2024 presidential election and subsequent administration change. Given the recent increase in the scope and salience of policy uncertainty, this paper explores how this uptick in policy risk has affected the decisions and behavior of near retirees and retirees. That assessment begins with a survey of the literature on the nature of policy uncertainty and its impact on household behavior. It then integrates the existing literature with two surveys: one of retirees and near-retirees investing for their late-life years, and another of financial advisors to understand the advice that these investors might be receiving about policy risk. Together, this approach focuses on how policy risk impacts older Americans and applies results from previous research to today's more uncertain environment. Moreover, while the existing literature focused on a single program, policy, or event, this assessment looks simultaneously across three policy areas: 1) Social Security; 2) Medicare; and 3) fiscal policy – comprised of the federal debt and taxes.

The discussion proceeds as follows. The first section reviews the literature on the measurement of policy uncertainty and its estimated impacts. The second section explores uncertainty in various policy areas, discussing the stakes in the current environment and how unsettled policy might affect households planning for retirement. The third section describes the nature of the new surveys and presents the results for individual retirement investors. The fourth section describes the results of the survey of financial advisors. The final section concludes that older Americans are keenly aware of the increase in policy uncertainty on many fronts and are taking defensive responses. Interestingly, advisors are relatively ambivalent about recent developments – retaining a generally positive position, albeit with some specific concerns, which likely explains why advisors do not have much impact on the confidence of their clients.

## What Is Policy Uncertainty and How Could It Affect Household Behavior?

The first step in this analysis is defining “policy uncertainty.” The issue is not about policy change, per se, but rather about the *unpredictability of future policy*. Even without any change to current policy, for example, a tight and polarized election forces households to consider a wider range of policies than if the election outcome were certain or the policy positions of the candidates were similar.

The most common approach to measuring such uncertainty is textual analysis of media coverage for terms associated with policy risk.<sup>1</sup> An influential paper, for example, measured the frequency of articles in 10 leading newspapers that contained the three terms: “economic” or “economy”; “uncertain” or “uncertainty”; and one or more of “Congress,” “deficit,” “Federal Reserve,” “legislation,” “regulation,” or “White House.”<sup>2</sup> The resulting index mirrored news events expected to increase uncertainty, such as the 9/11 attacks or tight presidential elections.

Other approaches to understanding policy risk involve looking at actual variability in policy parameters and the impact of these changes on behavior. For example, one study found that increasing volatility in U.S. taxes reduced economic activity.<sup>3</sup> An alternative approach is to rely on case studies. For example, on the eve of a tight German election, households increased savings by reducing consumption and working more.<sup>4</sup> Another approach uses surveys to gauge household perceptions of policy uncertainty and their likely responses.<sup>5</sup>

Such general policy uncertainty (not tied to specific programs) seems to have increased over the past few decades in the United States.<sup>6</sup> This increase reflects both a larger role of government in the economy (increased taxes/subsidies, spending, and regulation) and greater political polarization, which leads to greater swings in policy when power changes hands.

The effects of policy uncertainty on the economy are broadly negative.<sup>7</sup> In terms of the macroeconomy, uncertainty depresses economic activity, increases stock-market volatility, and

---

<sup>1</sup> For example, Boudoukh et al. (2013) and Alexopolous and Cohen (2015).

<sup>2</sup> Baker, Bloom, and Davis (2016).

<sup>3</sup> Fernandez et al. (2015).

<sup>4</sup> Agarwal et al. (2022) use a large set of U.S. gubernatorial elections in a similar way.

<sup>5</sup> Leduc and Liu (2016).

<sup>6</sup> Baker et al. (2016).

<sup>7</sup> Theoretical modeling demonstrates how policy uncertainty can lead to economic contraction, particularly when the central bank’s monetary policy is at the “zero lower bound,” which precludes further rate reductions (see Fernandez et al. (2015) and Basu and Bundick (2017)).

reduces returns.<sup>8</sup> Similarly, unemployment is found to rise in the face of greater uncertainty, while consumption and investment tend to fall.<sup>9</sup>

All this evidence relates to policy uncertainty in general. However, policy risk varies across programs.

### **How Does Policy Risk Vary Across Programs?**

The three most important areas of policy risk for near-retiree and retiree investors are Social Security, Medicare, and fiscal policy.

#### *Social Security*

Since Social Security provides the majority of income for roughly half of U.S. retirees, any change to the program can have seismic implications for them. And large changes are on the horizon, since Social Security's retirement trust fund is projected to run out of money in 2033, after which current revenue is likely to cover about 75 percent of statutory retirement benefits.<sup>10</sup>

Concern about Social Security's fiscal imbalance can lead households to take precautionary actions in terms of savings, work, and claiming ages, and the precise responses likely vary by type of household. For example, younger households are more sensitive than their older counterparts to changes in payroll taxes, and less sensitive to changes in benefits because they have more time to reoptimize.<sup>11</sup> Similarly, lower-income households would be more sensitive to any changes than higher-income ones, as Social Security is a larger part of their lifetime resources.<sup>12</sup>

Precisely how households would actually respond, however, is unclear. For example, when presented with a specific policy response of a 30-percent benefit cut, many individuals say that they intend to reduce spending.<sup>13</sup> On the other hand, when the policy response to Social Security's shortfall is left unspecified, households have no clear idea how they would adapt. For

---

<sup>8</sup> Boudoukh et al. (2013); Alexopolous and Cohen (2015); Fernandez et al. (2015); and Baker, Bloom, and Davis (2016).

<sup>9</sup> Leduc and Liu (2016).

<sup>10</sup> U.S. Social Security Administration (2025).

<sup>11</sup> Gabor-Toth and Georgarakos (2018) and Agarwal et al. (2022).

<sup>12</sup> Shoven, Slavov, and Watson (2021).

<sup>13</sup> Delavande and Rohwedder (2017).

example, one study found no intended change to savings in response to more alarming descriptions of Social Security’s fiscal problem.<sup>14</sup>

With respect to labor activity and claiming, the evidence is also ambiguous. One study found that households plan to work longer in response to a 30-percent Social Security benefit cut, thereby reducing the cut to their monthly benefit from 30 percent to 21 percent.<sup>15</sup> On the other hand, another study found that some households plan to claim earlier than otherwise when press stories draw their attention to the “unsustainability” of current Social Security benefits.<sup>16</sup> What is clear is that households’ attempts to protect themselves against Social Security policy risk can harm them. Studies find that knowing what reform will be adopted in advance is valuable, with individuals willing to forgo as much as 6 percent of expected benefits or 2.5 months of earnings to resolve the uncertainty.<sup>17</sup>

### *Medicare*

If Social Security is the foundation of retirees’ resources, healthcare remains one of their biggest consumption items and two programs dominate government policy in healthcare: Medicare and Medicaid. While both programs are subject to considerable policy risk, this discussion is limited to Medicare, because older individuals account for only 10 percent of the Medicaid population.<sup>18</sup>

Unlike Social Security, the finances of Medicare are not structurally unsound.<sup>19</sup> However, Medicare operates in a high-cost healthcare environment, so its outlays have historically risen far faster than GDP and have accounted for a growing share of the federal budget. Given the cost pressure, Medicare may become less generous in the future with either higher premiums or greater cost-sharing (co-pays, co-insurance, and deductibles).

Medicare cuts could have both financial and healthcare implications. For example, when Medicare reduced reimbursement rates, some studies found that the quantity of healthcare

---

<sup>14</sup> Quinby and Wettstein (2021).

<sup>15</sup> Delavande and Rohwedder (2017).

<sup>16</sup> Quinby and Wettstein (2021).

<sup>17</sup> Luttmer and Samwick (2018) and Shoven, Slavov, and Watson (2021).

<sup>18</sup> Rudowitz et al. (2025).

<sup>19</sup> While Medicare Part A does have a trust fund, it is small and mostly irrelevant to the sustainability of the Medicare program as a whole (Munnell 2025).

services provided declined, as hospitals reduced the number of beds.<sup>20</sup> Some researchers even found that reduced reimbursement rates led to slower improvement in mortality.<sup>21</sup> On the other hand, another study found changes in reimbursement rates only affected utilization of one procedure out of eight examined. One area where care may not be affected is Medicare Advantage, where cuts may reduce rents extracted by private insurers.<sup>22</sup>

Households may react to Medicare policy risk in many of the same ways as to Social Security reform options. Increasing either premiums or cost-sharing would reduce resources available for other purposes. Thus, the prospect of such reforms may lead households to save more or work longer. Furthermore, such impacts are likely to affect lower-wealth households more, since healthcare costs account for a disproportionate share of their consumption.<sup>23</sup>

### *Government Debt*

Large and persistent federal budget deficits have fueled a steep rise in the national debt. Excessive debt can eventually lead to rapidly rising interest rates on Treasury securities, which impact other forms of borrowing, or to a major increase in taxes or decline in public spending

For retirees, the rising interest rates caused by increasing government debt are mitigated as they are less likely to borrow than younger households. They are nevertheless likely to be impacted in two ways. On the one hand, retirees will see the price of their existing bond holdings go down as interest rates rise. On the other hand, they will be able to buy bonds or annuities with better yields. Overall, younger retirees will be less likely to be negatively affected as they hold fewer fixed-income securities than older retirees.

In addition, if the government raises taxes or cuts spending to deal with the debt, it could directly affect people's finances by reducing their disposable income. For example, reducing the deduction for mortgage interest on housing or increasing income tax rates would reduce retirees' after-tax income. Alternatively, if the federal government cuts spending by reducing transfers to other levels of government, states and localities may cut services or raise their income, sales, and/or property tax rates.

---

<sup>20</sup> Dafny (2005) and White and Yee (2013). However, see Bazzoli et al. (2004) for conflicting results; and He and Mellor (2012) find that the impact of Medicare cuts on hospitals depends on the share of Medicare patients they serve.

<sup>21</sup> Shen and Wu (2013)

<sup>22</sup> Skopec, Aarons, and Zuckerman (2019).

<sup>23</sup> Most evidence suggests that healthcare is a necessity, not a luxury good (e.g., Parkin, McGuire, and Yule 1987).

This discussion on the policy risk associated with Social Security, Medicare, and federal debt/taxes provides a basis for addressing the question: “How have recent changes in policy uncertainty affected today’s near-retirees and retirees?”

### **Results from the Retirement Investor Survey**

The two surveys were conducted by Greenwald Research between July 7 and July 31, 2025. The investor survey sampled 1,443 individuals ages 45-79 with over \$100,000 in investable assets.<sup>24</sup> The survey explored both how the participants perceived the nature and severity of the risk regarding Social Security, Medicare, and fiscal policy and how they might act to hedge the risk.

#### *Overall View of Policy Risk*

Anecdotally, early 2025 was a period of heightened expectations of policy risk – expectations which have been largely borne out (see, for example, Berrero et al. 2025; and Shroeder 2025). Throughout 2025, policy has changed in drastic ways in terms of taxation (including tariffs), the federal debt, Medicaid (due to the One Big Beautiful Bill Act, or OBBBA), and the administration of Social Security (if not because of changes to programmatic rules, at least due to reductions in staffing levels). The pending expiration of enhanced Affordable Care Act premium tax credits in 2026 and the uncertainty around them (most directly relevant to near-retirees below age 65) led to the longest government shutdown in U.S. history. And long-term trends in Medicare and Social Security financing have gotten more concerning. For Medicare, expensive new treatments (such as GLP-1 agonists for diabetes and weight loss) push up costs. For Social Security, modest reforms – such as the repeal of the Windfall Elimination Provision and Government Pension Offset and, in the OBBBA, the reduction in income taxation of benefits – exacerbate funding shortfalls.

It should therefore come as no surprise that near-retirees and retirees in the investor survey in July 2025 – referred to in figures and tables as “investors” – expressed concern about the direction and unpredictability of federal policy. Figure 1 shows that investors’ concerns for their financial future mounted (39 percent say concern increased versus 15 percent who say it

---

<sup>24</sup> A supplemental survey of 157 individuals with under \$100,000 in investable assets was also conducted but the results here will focus on the wealthier sample, who have more leeway in how to respond to changing policy.

decreased), while their confidence in federal policy benefiting Americans declined (61 percent decreased versus 26 percent increased). And views of further developments to policy also engendered pessimism regarding their own future, with 47 percent reporting that they expected future government action to weaken their financial security, against just 24 percent who expected an improvement in their finances (see Figure 2).

Near-retirees and retirees have also been exposed to a lot of media coverage of policy uncertainty (see Figure 3). Majorities say that they have seen a lot of coverage of all the topics surveyed, including Social Security's financial pressures (55 percent), the cost of Medicare (52 percent), and particularly the size of the federal debt (75 percent) and tariffs (89 percent). Meanwhile, only single digits say they have heard nothing about each of the topics.

These investors have coped with this unpredictability in myriad ways. While 67 percent of pre-retirees have not changed their anticipated retirement date since the beginning of the year, 21 percent plan to retire later than before, while only 4 percent plan to retire earlier (see Figure 4). In addition, respondents, on average, say that since the beginning of the year they have generally changed their investments to a more conservative portfolio to reduce possible losses (27 percent) rather than to a more aggressive one to increase possible gains (10 percent), although, as in the case of retirement, most have not made any changes (57 percent) (see Figure 5).

One question is whether the participants' heightened anxiety is a generalized concern or whether it is tied to the risk associated with a specific program or policy. To gauge whether some risks are more important than others, the survey inquired about the hit to respondents' lifestyles if a battery of different policy risks materialized. These negative scenarios, chosen to be plausible given recent history or expert projections, included: inflation hitting 7 percent for three years;<sup>25</sup> Medicare premiums increasing by 10 percent per year for three years;<sup>26</sup> high and varying tariffs hurting the economy;<sup>27</sup> a 5-percentage point increase in the federal income tax rate;<sup>28</sup> the federal

---

<sup>25</sup> Inflation topped 7 percent annually between 1978 and 1981 (Federal Reserve Bank of St. Louis 2025).

<sup>26</sup> Medicare premiums increased by more than 10 percent annually seven times between 2002 and 2022 (Neuman, Cubanski, and Freed 2022).

<sup>27</sup> High and varying tariffs have already been instituted and changed multiple times since April 2025.

<sup>28</sup> The top income tax rate rose 4.6 percentage points, from 35 to 39.6 percent, as recently as 2012-2013 (The Tax Foundation 2025).

debt increasing from 100 percent of GDP now to 125 percent in 2035;<sup>29</sup> Social Security benefits being cut by 20 percent starting in 2035;<sup>30</sup> and payroll taxes increasing by 4 percentage points.<sup>31</sup>

### *Views of Social Security Policy Risk*

Despite being a relatively wealthy sample, responses indicate that Social Security is the most important policy area for near-retirees and retirees. Fifty-four percent say that a 20-percent cut to Social Security benefits starting in 2035 would entail significant sacrifices or a tighter budget, higher than any other reasonable risk the survey asked about (see Figure 6). Notably, this scenario is less extreme than the current policy trajectory, which envisions a larger cut, sooner – roughly 25 percent in 2033. However, the prospect of one possible solution to Social Security’s problems, raising the payroll tax, does not worry as many respondents. Just 27 percent say such a reform would necessitate tighter budgets or significant sacrifice, the lowest of all scenarios considered. This assessment may reflect the fact that older and retired respondents would have less, or no, exposure to higher payroll taxes.

Even though Social Security benefits replace a larger share of lifetime earnings for those with lower earnings, more than half of people in virtually every asset bracket say Social Security is somewhat important or very important (see Figure 7). The only exception is those with over \$2.5 million in investable assets, where the percentage is just below half, at 46 percent. And current retirees, who have the greatest personal experience with Social Security benefits, value Social Security the most.

Consistent with theory and findings from past literature, the results of the survey also find heterogeneity by age and income in the importance of Social Security and sensitivity to the resolution of its financial problems. These results are in Table 1, which shows regressions of how likely a respondent was to say different scenarios would entail significant changes to their lifestyle on a variety of characteristics. In this and future regressions, the observations are weighted to be representative of the U.S. population ages 45-79 with over \$100,000 in investable assets; and standard errors are robust to heteroscedasticity. The results show that higher-income

---

<sup>29</sup> The federal debt is projected to be 100 percent of GDP in 2025, increasing to 118 percent in 2035 and 136 percent in 2045 (Congressional Budget Office 2025).

<sup>30</sup> Unless current law is changed, the Social Security actuaries project that benefits will be cut across the board by about 25 percent in 2033 (U.S. Social Security Administration 2025).

<sup>31</sup> The combined actuarial deficit for Social Security’s retirement and disability insurance programs was 3.82 percent of payroll over the 75-year projection period in 2025 (U.S. Social Security Administration 2025).

households are less likely to expect Social Security benefit cuts to involve significant sacrifices to their lifestyle (Column 1), while older and wealthier households expect less of an impact from payroll tax increases (Column 2). Age may not be associated with the expected impact of benefit cuts because respondents believe that older beneficiaries will be held harmless in any reforms (as was broadly the case in prior Social Security reforms). Certainly, payroll tax hikes will have less impact on households near or in retirement.

Table 2 shows regression results that relate press coverage exposure to policy risks, on the one hand, to various precautionary steps respondents say they have taken since the beginning of 2025, on the other. While the results cover several policy risks, the focus here is Social Security. These regressions control for various demographic characteristics: age, gender, White race, college or more education, and amount of investable assets.

The results show that the more respondents have heard of Social Security's financial difficulties, the more concerned they tend to be about their own financial future, and the more likely they are to have decided to delay retirement relative to their pre-2025 plans (both significant at the 5-percent level or better).

Notably, the coefficients on investable assets and various respondent characteristics all have the expected signs: wealthier respondents are less financially concerned and less likely to plan to retire earlier. They also seem to have the luxury of pivoting to more conservative investments in 2025.

Table 3, in turn, shows the relationship between concern about specific policy adjustments that might happen, on the one hand, and the household's coping mechanisms, on the other. In the Social Security context, the question is how a household's concern about increased payroll taxes correlates with the precautionary steps taken since the beginning of 2025. Hence, the results differ from those in Table 2, because, in addition to speculating about Social Security's finances generally, a specific possible solution is contemplated – increasing the payroll tax. Unlike the more general concern over Social Security's finances, a contemplated rise in payroll taxes does not correlate with pushing out retirement plans. This response is sensible since the payroll tax hike would actually bite harder the longer the individual works. Nor is worry about a payroll tax hike significantly correlated with the other coping mechanisms.

Overall, the results point to trepidation among near-retiree and retired investors regarding the future of Social Security and to the steps taken to protect themselves. Their preferred

responses, however, are sensitive to the precise resolution of Social Security's financial imbalance. In particular, changes in their planned age of retirement seem to depend on whether the issue is settled through benefit cuts or tax increases: respondents react to Social Security's general unsettled future but not to tax hikes specifically.

### *Views of Medicare Policy Risk*

In contrast to Social Security benefit cuts, only 39 percent of respondents say that Medicare premiums rising by 10 percent per year for three years would result in tighter budgets or significant sacrifices (see Figure 6). This smaller share is reasonable since Medicare premiums make up relatively less of the budget for most households, particularly households with over \$100,000 in investable assets. Furthermore, Columns 2 and 3 of Table 1 show, respectively, that payroll tax hikes and Medicare premium increases are less likely to be expected by respondents to significantly impact their lifestyle as income increases, consistent with the hypothesis that such changes would represent a smaller burden to richer respondents.

Nevertheless, as shown in Table 2, exposure to information about Medicare cost increases is still associated with general financial concern. In fact, alongside general worries about Social Security's finances discussed above, the unsustainable growth of Medicare's costs is the only other policy where having heard a great deal about it is significantly associated with general concern over the individual's future finances.

The two specific initiatives to address the rising costs in Medicare are raising premiums and increasing cost-sharing. Table 3 finds that worry over this development is also associated with worries about the individual's finances, as well as plans to delay retirement and move to more conservative investments (the latter at the 10-percent significance level).

Thus, even though only a minority of respondents believe significant Medicare premium hikes would necessitate severe adjustments to their lifestyle, this policy risk is associated with a meaningful change in individuals' plans over when to retire and how to invest.

### *Views of Fiscal Policy Risk*

The survey considered two elements of fiscal policy that have been very much in the news – the size of the federal debt generally and the imposition of tariffs. Near-retirees and retirees do not view either policy as threatening as Social Security benefit cuts (see Figure 6).

Specifically, only 34 percent say an increase in the debt-to-GDP ratio to 125 percent would lead to significant budgetary adjustments for their household and 42 percent say the same about high and unpredictable tariffs hurting the economy. Similarly, 43 percent would feel significantly impacted by a 5-percentage point increase in their federal income tax rate.

Respondents display no correlation between their general concern for the future and exposure to news about either the federal debt or tariffs, although exposure to news on tariffs is associated with decreased risk-taking in investment (see Table 2). This lack of response across most dimensions may reflect the fact that such news coverage is nearly ubiquitous. Indeed, the vast majority of respondents say they have seen a lot of coverage of these two issues (see Figure 3). Even though respondents indicate these fiscal events are not creating increased concern, they are changing their behavior. Table 3 shows that while federal debt is not associated with any particular coping strategy, worry over tariffs is strongly correlated with financial worries, plans to delay retirement, and a more conservative investment portfolio in 2025 (see Table 3). Moreover, tariffs are associated with a strong *decline* in savings, possibly because they drive up current costs, and possibly because they are viewed as temporary (and thus do not necessitate long-term buffers for more expensive consumption in the future). Indeed, many of the tariffs announced before fielding the survey in July 2025 have already been scaled back.

Overall, the results on fiscal policy point to individuals reacting quite strongly to tariffs, possibly because they are an acute feature of current policy and possibly because they are so much more unpredictable than other policy areas. In contrast, the overall debt elicits muted responses, maybe because it is a relatively predictable and ponderous quantity. The difference between responses to tariffs and the debt is telling regarding the importance of unpredictability of policy in driving individual responses – the pattern is consistent with policy *risk* being a key millstone around retirement investors' necks.

### **How Do Financial Advisors Differ from Investors and What Role Can They Play?**

One group that could help older Americans cope with the heightened level of policy uncertainty is their financial advisors. To find out what advisers are thinking and what advice they are offering, the second survey interviewed 400 financial professionals. Each professional was required to have at least 75 clients, at least three years of experience at their current firm, and to manage over \$30 million in assets. Furthermore, at least 40 percent of their clients must

be 50 or older, and at least half their income must be derived from financial products or planning. These advisors represented a cross section of firms, including broker-dealers, registered investment advisors (RIAs), insurance companies, banks, and full-service financial services firms.

The advisor survey reveals a different view of the retirement landscape and its susceptibility to policy risk than the investor survey, but also a nuanced one. On the one hand, advisors have a much rosier view of the economy in general. In particular, while 53 percent of near-retirees and retirees say the economy deteriorated between 2024 and early 2025 and only 26 percent say it improved, the numbers for advisors are nearly flipped, with 47 percent saying the state of the economy has improved and only 25 percent saying it has weakened (see Figure 8). And while investors say the government's future actions will weaken their financial security by a nearly two-to-one margin (47 percent versus 24 percent, see Figure 2), the views of advisors are flipped. Only 31 percent of advisors believe the government will weaken their clients' finances, while 36 percent believe government actions will be positive.

On the other hand, even advisors seem to be recommending greater caution in response to the turbulent environment in 2025. In particular, 22 percent have recommended that their clients increase emergency savings since the beginning of the year, as opposed to 3 percent recommending a decrease (75 percent recommend no change, see Figure 9). And the amount of attention advisors pay to political and policy issues has also increased since 2024 – 54 percent say they pay more attention to these topics than last year, as compared with 5 percent saying the opposite. Advisors' level of concern about their own clients' financial future also belies their general unease: 28 percent say they are more concerned about their clients' financial future in 2025 versus 2024, while only 9 percent say they are less concerned.

The advisors' positive outlook for retirement is also somewhat contradicted by their concern regarding specific policy risks. Figure 10 shows that advisors are worried or very worried about a variety of risks. In fact, 63 percent report being worried about a major decline in the stock market, and 64 percent worried about longevity risk – that is, people living so long that they exhaust their resources – which is objectively the most serious risk to retirement security (Hou 2020). Notably, clients rank these risks quite similarly, but are almost uniformly more worried in absolute levels. Figure 10 also shows investor responses where the questions were

similar to those for advisors. Interestingly, both investors and advisors consider the federal debt to be the most concerning of the different topics, with Medicare costs close behind.

The underlying pessimism of advisors beneath their overall positive sheen has real implications. The vast majority of advisors either do not recommend a retirement age to their clients (24 percent) or have not changed their recommendations between 2024 and 2025. However, 11 percent have advised a later retirement age, whereas only 1 percent have shifted in favor of earlier retirement (see Figure 11).

Moreover, the vast majority of advisors have recommended that their clients take precautionary actions in light of anticipated policy changes (see Figure 12). In particular, 21 percent have suggested cutting back spending; 49 percent have suggested changes to investments; 43 percent have suggested acquiring financial products to hedge investment losses; and 42 percent have suggested reallocation of resources based on tax treatment, such as Roth conversions. Support for Roths is consistent with a view that future taxes will be higher than current taxes, in line with advisors' concern about the federal debt. Only 21 percent have not recommended any of the above actions.

Of those advisors who recommended changes in investment strategies in 2025 relative to 2024, most suggested a more conservative allocation. Twenty-five percent chose that option, relative to 18 percent who recommended a more aggressive strategy (with 21 percent suggesting a mix and 36 percent suggesting no change; see Figure 13). When asked about their personal investments, 29 percent say that the importance of protecting their assets has increased since 2024, while only 4 percent said that the need to protect assets had become less important, with 66 percent saying their views had not changed (see Figure 14).

Overall, the pattern of responses from advisors paints a picture of frothy optimism at a high level, coupled with fundamental concern about the implications of policy on financial security. When asked in any great detail about specific policies or about the appropriate posture to strike between conservative and aggressive investment behavior, the advisors generally display an increased preference for safety as opposed to chasing returns. Putting on a brave face despite underlying concerns may be a response to clients' need for reassurance. Exploring this discrepancy further may be an avenue for future research.

The ambivalence in advisors' views may help explain why they do not appear to have much impact on the confidence of their clients. The correlations between having a financial

advisor, on the one hand, and the change in investors' concern for either their financial future or for their investments, on the other, are statistically insignificant in both cases (see Table 4).

## **Conclusion**

While policy uncertainty has been much studied, some important gaps in the literature remain. First, most studies predate the spike in policy risk in 2025, so it is useful to get an update on how people view this change and how they plan to respond. The survey results presented here suggest retirees are approaching the current environment with greater caution, planning delays in retirement, shifting to more conservative investments, and betting on higher taxes in the future through Roth conversions.

Second, previous studies of policy risk have focused on specific public programs in isolation, with little comparative research. The results here highlight several themes. The relative importance of Social Security even to a sample of wealthy households stands out. That said, the concern seems mostly focused on benefit cuts, rather than payroll tax increases, consistent with the age of the survey respondents. Aside from Social Security, the only area where a majority of respondents believe policy is likely to lead to severe changes in their lifestyle is inflation – echoing the media coverage showing Americans deeply concerned with the cost of living.

Third, retirement has not been the major focus of past work on policy uncertainty, with the exception of research narrowly aimed at Social Security and Medicare. Yet a secure retirement, which requires making very long-term plans, is uniquely sensitive to changes in policy. The findings here show that pre-retirees and retirees are taking steps to hedge policy risk. Importantly, such steps may look different for younger or poorer households (e.g., more sensitivity to payroll tax changes).

Finally, the findings suggest that advisors are ambivalent about the risks policy poses to their clients, which is consistent with this ambivalence undercutting a message of confidence.

Overall, the risk policy poses to retirees seems substantial, comparable to or exceeding the risks retirees confront even in a stable policy environment, like market risk or longevity risk. And policy risk, more than any other, is controlled by policymakers. Whether policymakers are capable of taking steps to chart a more predictable course is an open question.

## References

- Agarwal, Vikas, Hadiye Aslan, Lixin Huang, and Honglin Ren. 2022. "Political Uncertainty and Household Stock Market Participation." *Journal of Financial and Quantitative Analysis* 57(8): 2899-2928.
- Alexopolous, Michelle and Jon Cohen. 2015. "The Power of Print: Uncertainty Shocks, Markets, and the Economy." *International Review of Economics & Finance* 40: 8-28.
- Baker, Scott R., Nichola Bloom, and Steven J. Davis. 2016. "Measuring Economic Policy Uncertainty." *The Quarterly Journal of Economics* 131(4): 1593-1636.
- Basu, Susanto and Brent Bundick. 2017. "Uncertainty Shocks in a Model of Effective Demand." *Econometrica* 85(3): 937-958.
- Bazzoli, Gloria J., Richard C. Lindrooth, Romana Hasnain-Wynia, and Jack Needleman. 2004. "The Balanced Budget Act of 1997 and U.S. Hospital Operations." *Inquiry* 41(4): 401-417.
- Berrero, Jose Maria, Nick Bloom, Steven J. Davis, Kevin Foster, Aaron Jalca, and Brent Meyer. 2025. "Uncertainty over (Trade) Policy Will Cut Hiring and Investment, Say Business Execs." Macroblog. Atlanta, GA: Federal Reserve Bank of Atlanta.
- Boudoukh, Jacob, Ronen Feldman, Shimon Kogan, and Matthew Richardson. 2013. "Which News Moves Stock Prices? A Textual Analysis." Working Paper 18725. Cambridge, MA: National Bureau of Economic Research.
- Congressional Budget Office. 2025. "The Long-Term Budget Outlook: 2025 to 2055." Report. Washington, DC.
- Dafny, Leemore S. 2005. "How Do Hospitals Respond to Price Changes?" *American Economic Review* 95(5): 1525-1547.
- Delavande, Adeline and Susann Rohwedder. 2017. "Changes in Spending and Labor Supply in Response to a Social Security Benefit Cut: Evidence from Stated Choice Data." *Journal of the Economics of Ageing* 10: 34-50.
- Fernandez-Villaverde, Jesus, Pablo Guerron-Quintana, Keith Kuester, and Juan Rubio-Ramirez. 2015. "Fiscal Volatility Shocks and Economic Activity." *American Economic Review* 105(11): 3352-3384.
- Federal Reserve Bank of St. Louis. 2025. "Inflation, Consumer Prices for the United States (FPCPITOTLZGUSA)." Available at: <https://fred.stlouisfed.org/series/FPCPITOTLZGUSA>

- Gabor-Toth, Eniko and Dimitris Georganakos. 2018. "Economic Policy Uncertainty and Stock Market Participation." CFS Working Paper Series 590. Frankfurt, Germany: Center for Financial Studies.
- He, Daifeng and Jennifer M. Mellor. 2012. "Hospital Volume Responses to Medicare's Outpatient Prospective Payment System: Evidence from Florida." *Journal of Health Economics* 31(5): 730-743.
- Hou, Wenliang. 2020. "How Accurate Are Retirees' Assessments of Their Retirement Risk?" Working Paper 2020-14. Chestnut Hill, MA: Center for Retirement Research at Boston College.
- Leduc, Sylvain and Zheng Liu. 2016. "Uncertainty Shocks are Aggregate Demand Shocks." *Journal of Monetary Economics* 82: 20-35.
- Luttmer, Erzo F.P. and Andrew A. Samwick. 2018. "The Welfare Cost of Perceived Policy Uncertainty: Evidence from Social Security." *American Economic Review* 108(2): 275-307.
- Munnell, Alicia H. 2025. "Medicare Finances: A Perspective on the 2025 Trustees Report." *Issue in Brief* 25-16. Chestnut Hill, MA: Center for Retirement Research at Boston College.
- Neuman, Tricia, Juliette Cubanski, and Meredith Freed. 2022. "Monthly Part B Premiums and Annual Percentage Increases." San Francisco, CA: Kaiser Family Foundation.
- Parkin, David, Alistair McGuire, and Brian Yule. 1987. "Aggregate Health Care Expenditures and National Income: Is Health Care a Luxury Good?" *Journal of Health Economics* 8(2): 109-127.
- Quinby, Laura D. and Gal Wettstein. 2021. "Does Media Coverage of the Social Security Trust Fund Affect Claiming, Saving, and Benefit Expectations?" Working Paper 2021-10. Chestnut Hill, MA: Center for Retirement Research at Boston College.
- Rudowitz, Robin, Jennifer Tolbert, Alice Burns, Elizabeth Hinton, Anna Mudumala, Priya Chidambaram, and Maiss Mohamed. 2025. "Medicaid 101." In *KFF's Health Policy 101*, edited by Drew Altman, 1-27. San Francisco, CA: KFF.
- Shen, Yu-Chu and Vivian Y. Wu. 2013. "Reductions in Medicare Payments and Patient Outcomes: An Analysis of 5 Leading Medicare Conditions." *Medical Care* 51(11): 970-977.
- Shoven, John B., Sita Slavov, and John G. Watson. 2021. "How Does Social Security Reform Indecision Affect Younger Cohorts?" Working Paper 28850. Cambridge, MA: National Bureau of Economic Research.

Skopec, Laura, Joshua Aarons, and Stephen Zuckerman. 2019. "Did Medicare Advantage Payment cuts Affect Beneficiary Access and Affordability?" *American Journal of Managed Care* 25(9): e261-e266.

The Tax Foundation. 2025. "Historical US Federal Individual Income Tax Rates & Brackets, 1862-2025." Available at: <https://taxfoundation.org/data/all/federal/historical-income-tax-rates-brackets/>

U.S. Social Security Administration. 2025. *The 2025 Annual Report of the Board of Trustees of the Federal Old-age and Survivors Insurance and Federal Disability Insurance Trust Funds*. Washington, DC.

White, Chapin and Tracy Yee. 2013. "When Medicare Cuts Hospital Prices, Seniors Use Less Inpatient Care." *Health Affairs* 32(10): 1789-1795.

Table 1. *Relationship Between Policy and Investors' Expectations for Their Finances*

	(1)	(2)	(3)
	A 20% Social Security benefit cut in 2035	Social Security/ Medicare payroll taxes increase 4%	Medicare premiums increasing 10%/year for 3 years
Age	0.001 (0.002)	-0.004** (0.002)	0.001 (0.002)
Household income	-0.025*** (0.009)	-0.013* (0.008)	-0.021** (0.008)
White	-0.015 (0.037)	-0.021 (0.028)	-0.012 (0.031)
Male	-0.085*** (0.029)	-0.007 (0.024)	-0.081*** (0.024)
College+ education	-0.010 (0.033)	-0.050** (0.025)	-0.047* (0.028)
Investable assets	-0.019*** (0.006)	-0.012** (0.005)	-0.010* (0.005)
Retired	0.005 (0.038)	-0.008 (0.038)	-0.038 (0.030)
Constant	0.553*** (0.155)	0.593*** (0.152)	0.431*** (0.132)
Observations	1,443	1,443	1,443
$R^2$	0.046	0.055	0.046

Notes: The outcome is an indicator for expecting the scenario described to lead to significant sacrifices in lifestyle. Standard errors in parentheses. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

Source: Authors' calculations based on the 2025 Greenwald Research Investor Survey.

Table 2. *Relationship Between Investors' Consumption of Press Coverage and Change in Their Views and Behavior*

	(1)	(2)	(3)	(4)
	More concerned for future	Increase savings	Delay retirement	Decrease investment risk
Seen a lot, Social Security	0.091** (0.044)	0.005 (0.042)	0.166*** (0.059)	0.030 (0.040)
Seen a lot, Medicare	0.126*** (0.048)	-0.003 (0.046)	0.078 (0.070)	0.059 (0.046)
Seen a lot, Medicaid	0.015 (0.044)	-0.039 (0.044)	-0.015 (0.070)	0.031 (0.042)
Seen a lot, federal debt	-0.002 (0.047)	0.052 (0.042)	0.015 (0.049)	-0.014 (0.041)
Seen a lot, tariffs	0.003 (0.060)	-0.034 (0.056)	0.027 (0.049)	0.108** (0.044)
Age	-0.004 (0.003)	-0.001 (0.003)	-0.004 (0.003)	-0.001 (0.002)
Male	-0.037 (0.033)	0.092*** (0.031)	-0.046 (0.042)	0.008 (0.029)
White	-0.050 (0.042)	-0.013 (0.038)	-0.075 (0.049)	-0.037 (0.038)
College+ education	0.022 (0.036)	-0.020 (0.034)	-0.022 (0.051)	0.001 (0.031)
Investable assets	-0.024*** (0.007)	0.015** (0.006)	-0.023** (0.009)	0.012** (0.006)
Retired	-0.070* (0.042)	-0.029 (0.041)	0.000 (.)	0.008 (0.038)
Constant	0.737*** (0.164)	0.289* (0.158)	0.500** (0.201)	0.123 (0.131)
Observations	1,443	1,443	593	1,443
$R^2$	0.089	0.024	0.118	0.030

Notes: Standard errors in parentheses. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

Source: Authors' calculations based on the 2025 Greenwald Research Investor Survey.

Table 3. *Relationship Between Investors' Concern about a Particular Policy Change and Change in Their Views and Behavior*

	(1)	(2)	(3)	(4)
	More concerned for future	Increase savings	Delay retirement	Decrease investment risk
Increased Medicare costs	0.146*** (0.036)	-0.037 (0.036)	0.158*** (0.048)	0.067* (0.037)
Medicaid cuts	0.077** (0.038)	-0.035 (0.033)	0.101 (0.062)	0.039 (0.037)
Tariffs	0.171*** (0.039)	-0.160*** (0.038)	0.100** (0.048)	0.093** (0.036)
The federal debt	0.011 (0.038)	0.017 (0.035)	0.013 (0.045)	0.028 (0.033)
A Social Security tax hike	0.083** (0.038)	0.057 (0.035)	-0.029 (0.051)	-0.046 (0.036)
Age	-0.004* (0.002)	-0.001 (0.002)	-0.004 (0.003)	-0.001 (0.002)
Male	0.002 (0.030)	0.078** (0.030)	-0.040 (0.039)	0.019 (0.028)
White	-0.029 (0.042)	-0.023 (0.037)	-0.047 (0.051)	-0.027 (0.038)
College+ education	0.026 (0.033)	-0.002 (0.033)	-0.023 (0.048)	0.006 (0.030)
Investable assets	-0.017*** (0.006)	0.014** (0.006)	-0.018** (0.008)	0.014** (0.006)
Retired	-0.046 (0.037)	-0.025 (0.039)	0.000 (.)	0.009 (0.036)
Constant	0.509*** (0.148)	0.342** (0.161)	0.402** (0.190)	0.164 (0.131)
Observations	1,443	1,443	593	1,443
R <sup>2</sup>	0.182	0.059	0.164	0.039

Notes: Standard errors in parentheses. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

Source: Authors' calculations based on the 2025 Greenwald Research Investor Survey.

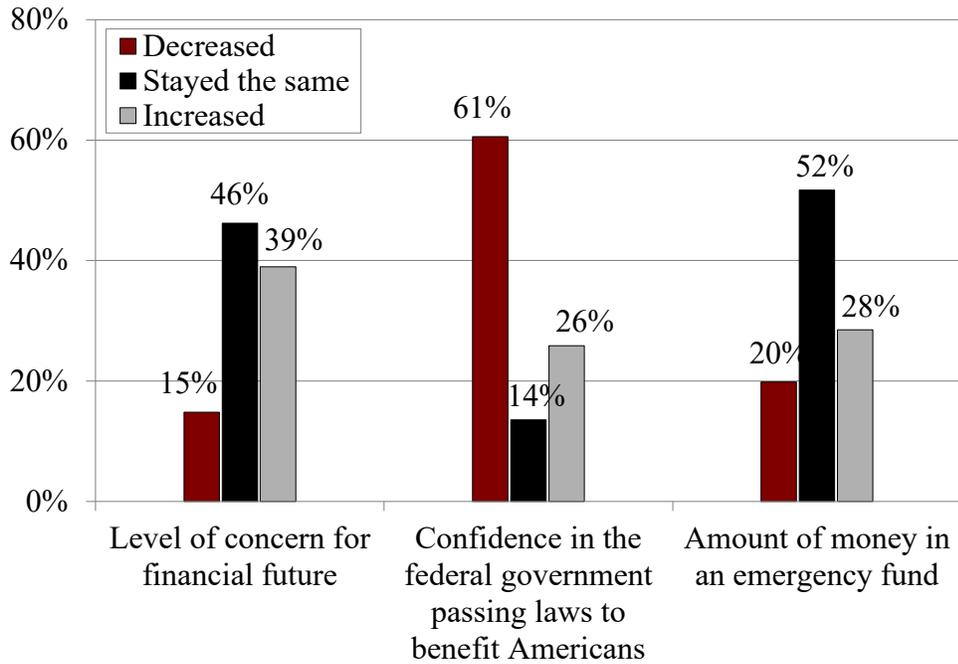
Table 4. *Relationship between Having a Financial Advisor and Investors' Concern about the Future and Confidence in Investment Strategy*

	(1)	(2)
	More concerned for future	Confidence in investment strategy
Has a financial advisor	0.052 (0.033)	0.031 (0.027)
Age	-0.004 (0.002)	-0.005* (0.002)
Male	-0.038 (0.033)	0.058** (0.028)
White	-0.070* (0.042)	-0.014 (0.035)
College+ education	0.049 (0.035)	-0.057* (0.031)
Investable assets	-0.027*** (0.007)	0.003 (0.006)
Retired	-0.068 (0.042)	0.027 (0.038)
Constant	0.838*** (0.155)	0.449*** (0.142)
Observations	1,443	1,443
$R^2$	0.046	0.015

Notes: Standard errors in parentheses. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

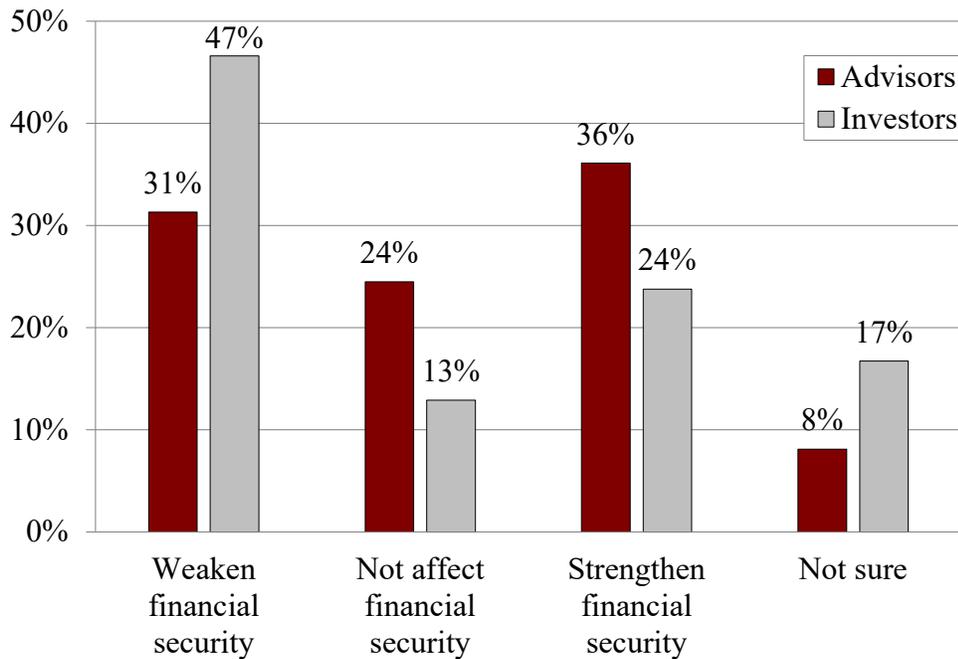
Source: Authors' calculations based on the 2025 Greenwald Research Investor Survey.

Figure 1. *Changes in Investors' Outlook and Behavior since the Start of 2025*



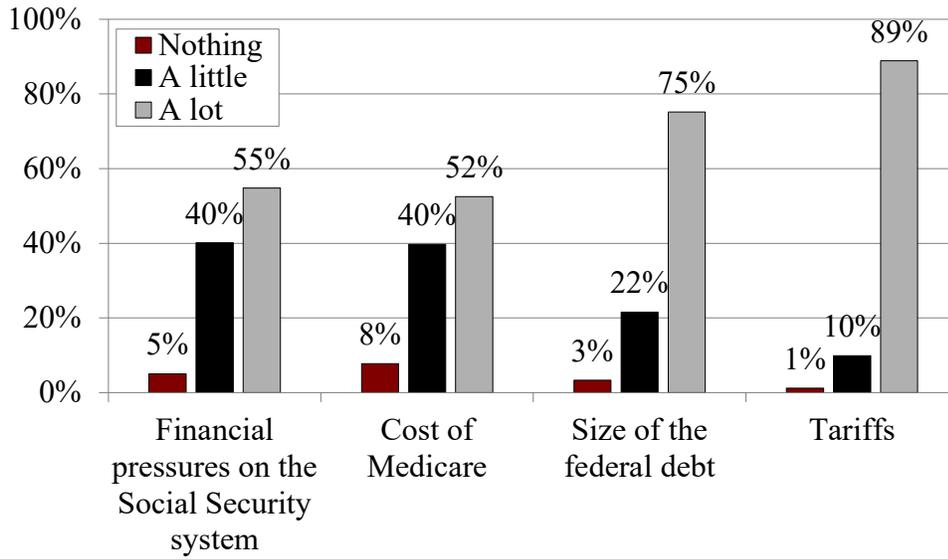
Source: Authors' calculations based on the 2025 Greenwald Research Investor Survey.

Figure 2. *Changes in Advisors' and Investors' Assessments of How Government Actions Would Affect Their Financial Security since the Start of 2025*



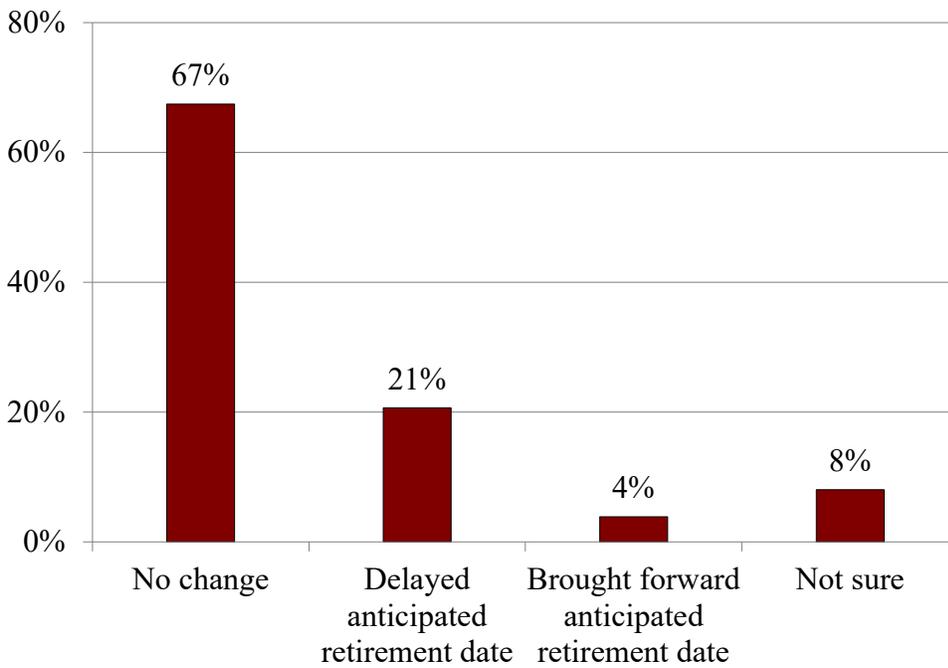
Source: Authors' calculations based on the 2025 Greenwald Research Advisor and Investor Surveys.

Figure 3. *Investor Consumption of Press Coverage on Various Topics since the Start of 2025*



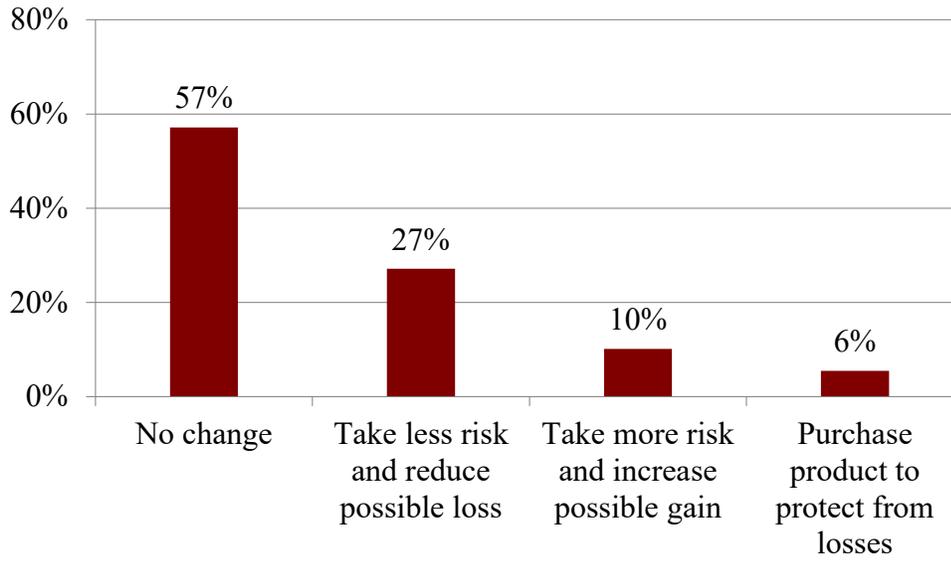
Source: Authors' calculations based on the 2025 Greenwald Research Investor Survey.

Figure 4. *Changes in Non-retired Investors' Anticipated Retirement Date since the Start of 2025*



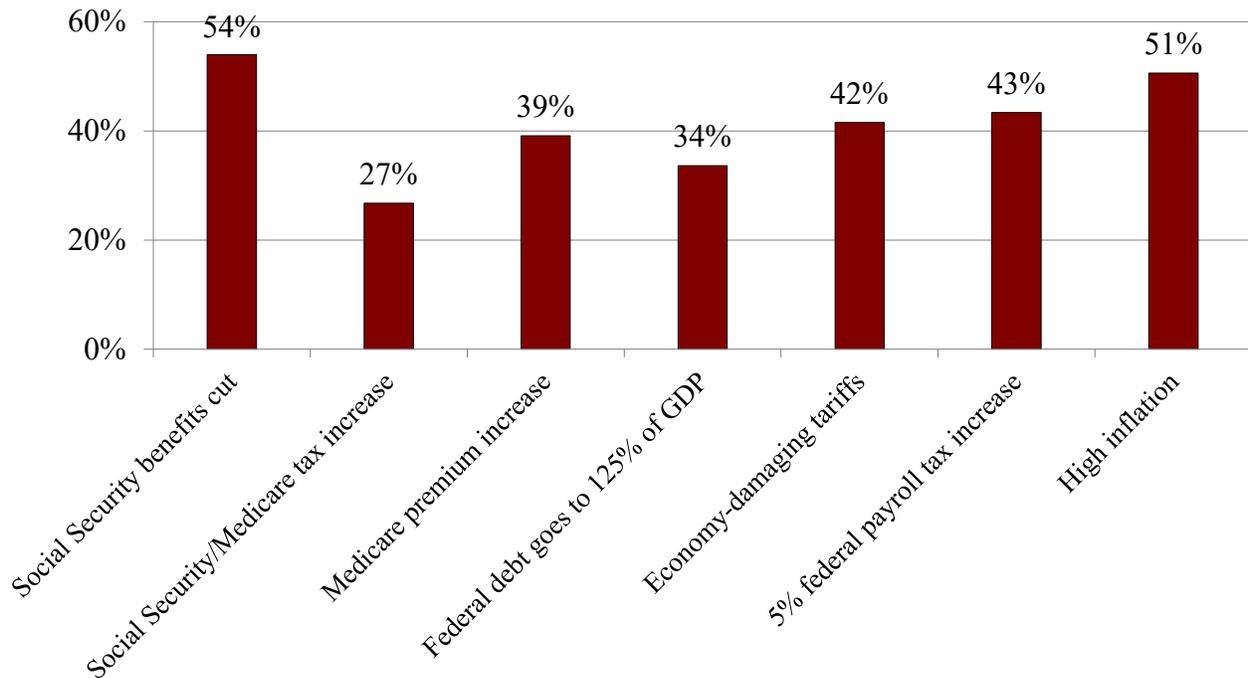
Source: Authors' calculations based on the 2025 Greenwald Research Investor Survey.

Figure 5. *Changes in Investors' Investment Strategy since the Start of 2025*



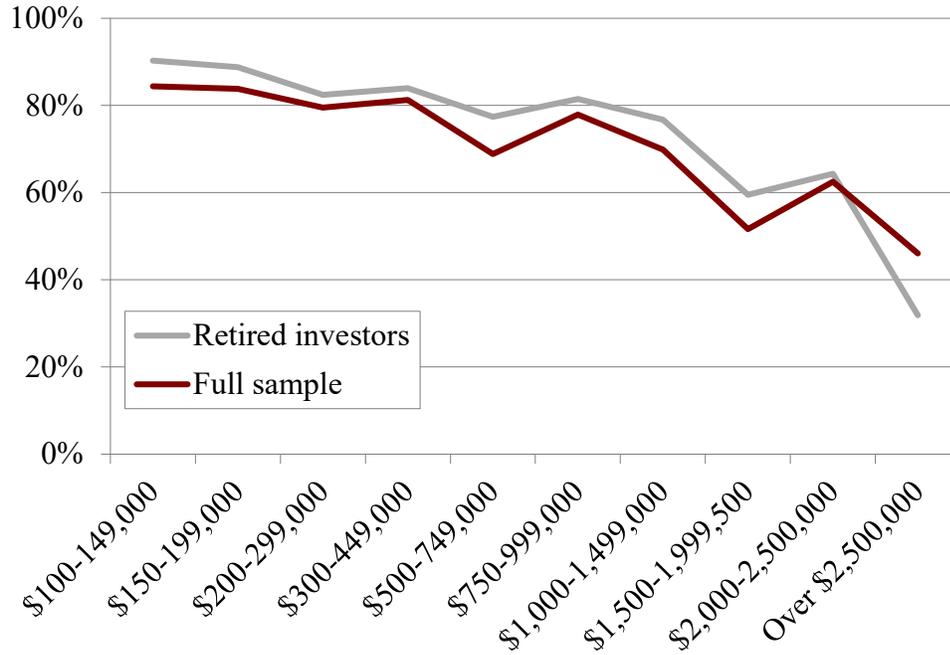
Source: Authors' calculations based on the 2025 Greenwald Research Investor Survey.

Figure 6. *Percentage of Investors Saying Suggested Policy Would Lead to "Significant Sacrifices" or "Tighter Budget"*



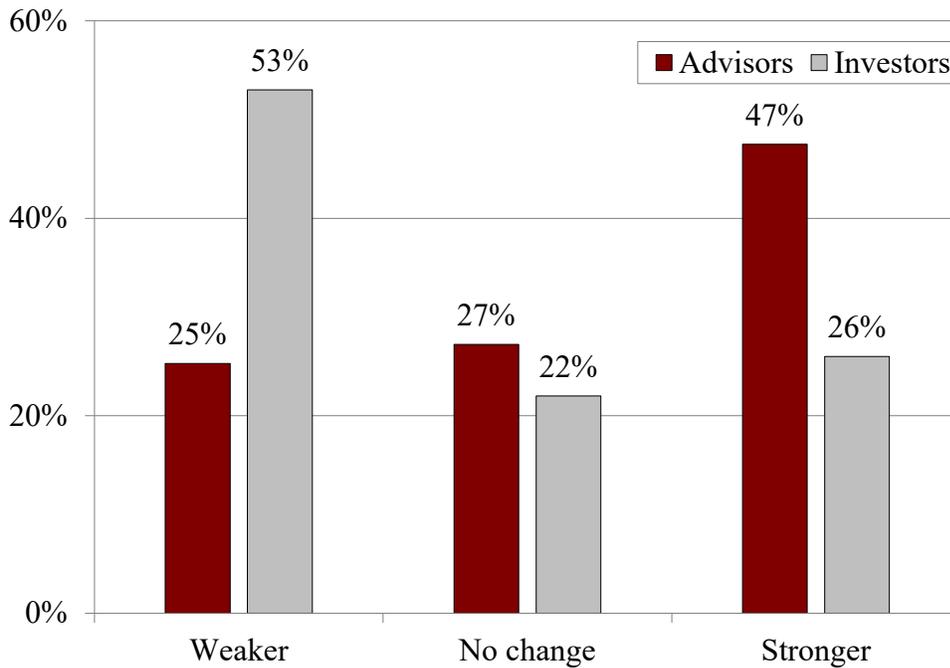
Source: Authors' calculations based on the 2025 Greenwald Research Investor Survey.

Figure 7. *Percentage of Investors Who Consider Social Security Income “Somewhat Important” or “Very Important” by Investable Assets*



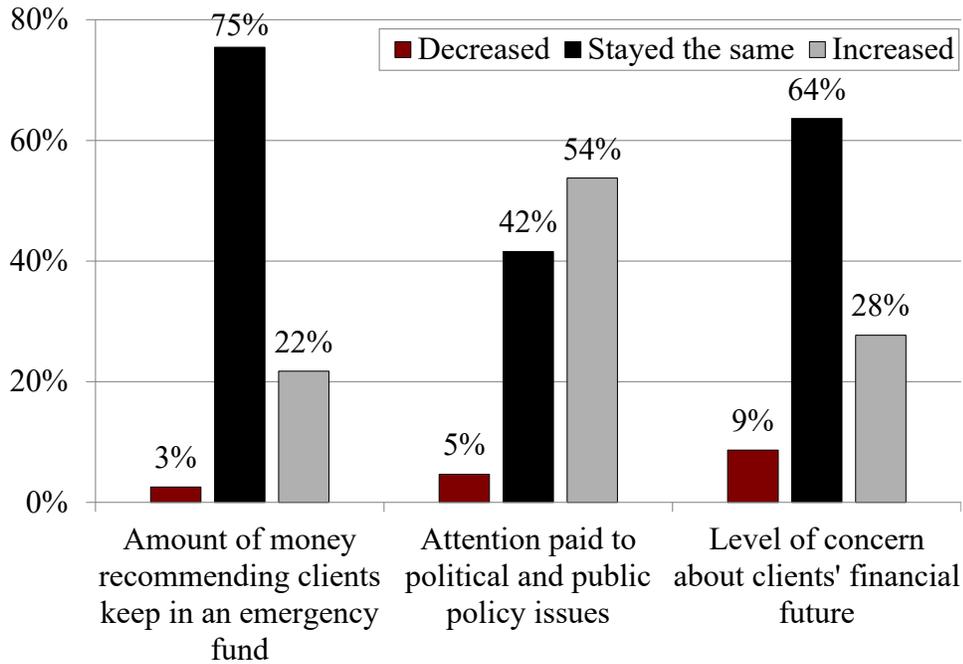
Source: Authors’ calculations based on the 2025 Greenwald Research Investor Survey.

Figure 8. *Changes in Advisors’ and Investors’ Assessments of the Economy since the Start of 2025*



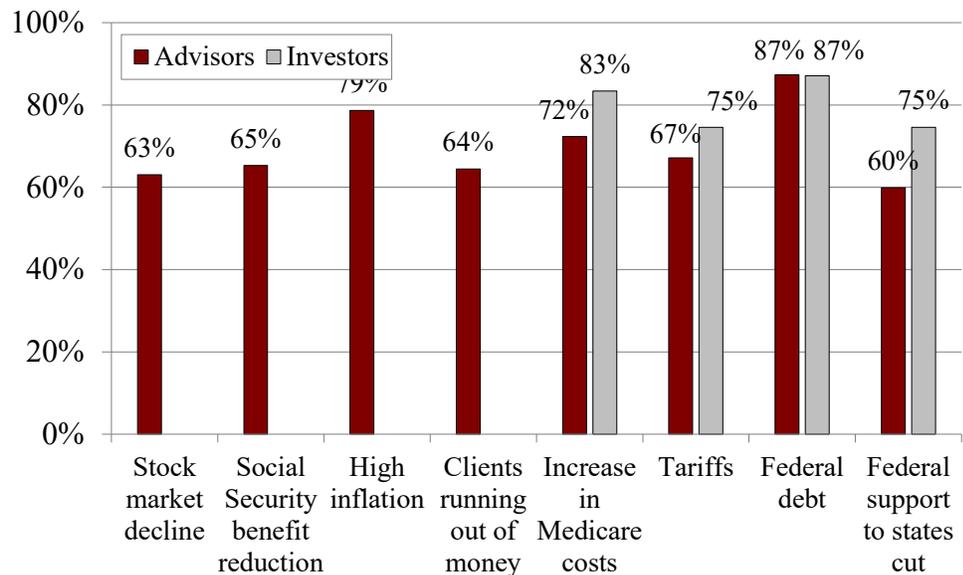
Source: Authors’ calculations based on the 2025 Greenwald Research Advisor and Investor Surveys.

Figure 9. *Changes in Advisors' Views since the Start of 2025*



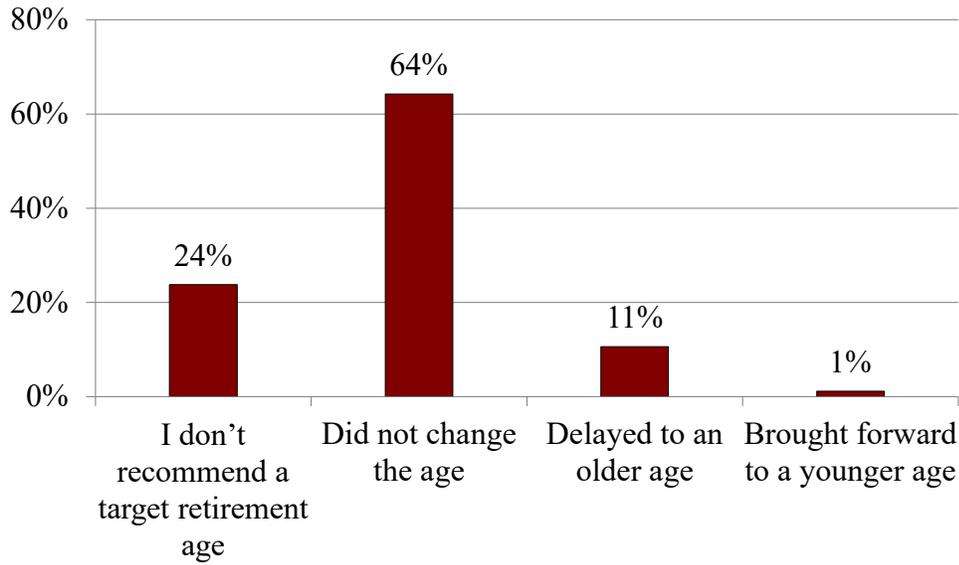
Source: Authors' calculations based on the 2025 Greenwald Research Advisor Survey.

Figure 10. *Percentage of Advisors and Investors Worried about Various Risks*



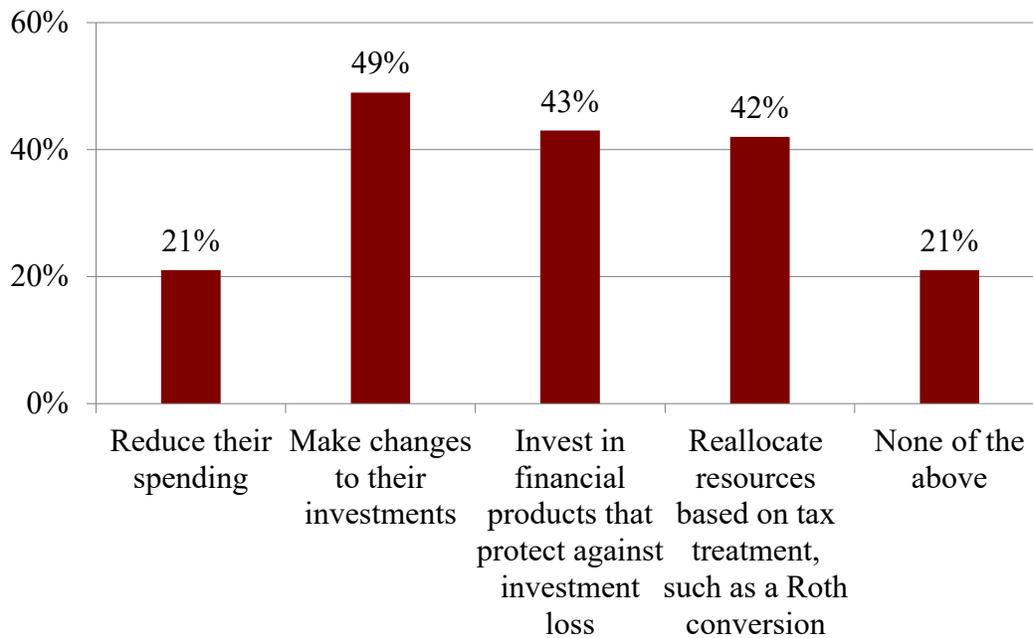
Source: Authors' calculations based on the 2025 Greenwald Research Advisor and Investor Surveys.

Figure 11. *Changes in Advisors' Suggested Retirement Age since the Start of 2025*



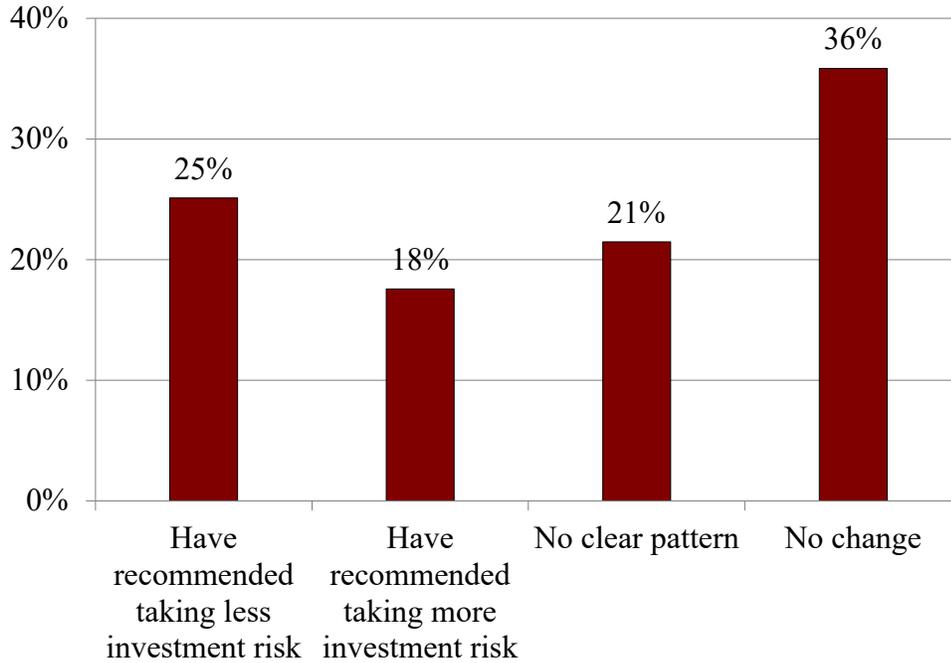
Source: Authors' calculations based on the 2025 Greenwald Research Advisor Survey.

Figure 12. *Percentage of Advisors Recommending Each Action Since the Start of 2025*



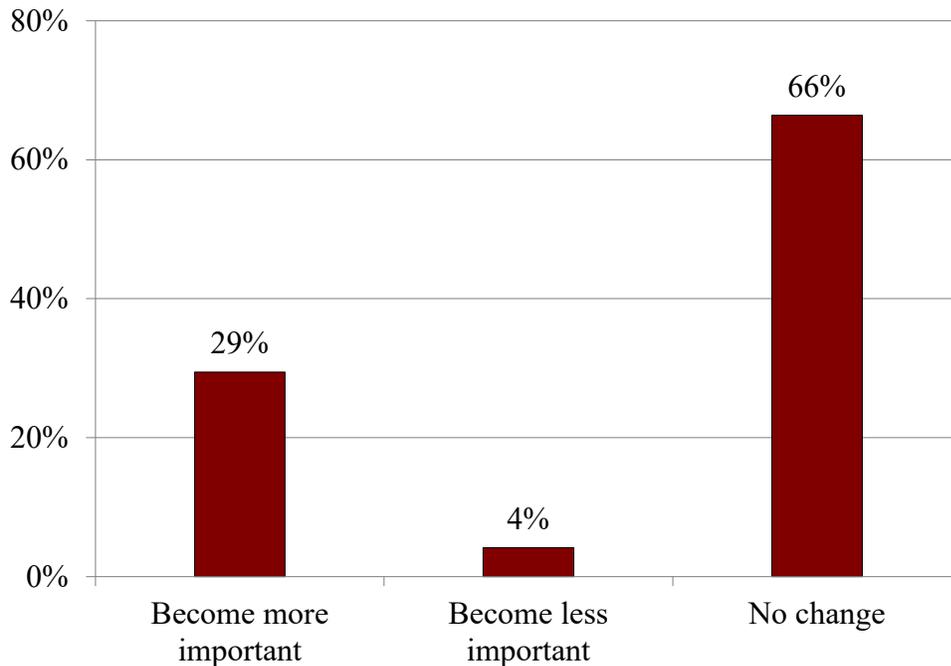
Source: Authors' calculations based on the 2025 Greenwald Research Advisor Survey.

Figure 13. *Percentage of Advisors Recommending Changes in Investment Strategies since the Start of 2025*



Source: Authors' calculations based on the 2025 Greenwald Research Advisor Survey.

Figure 14. *Percentage of Advisors Saying that Protecting Their Own Investments Has Changed in Importance since the Start of 2025*



Source: Authors' calculations based on the 2025 Greenwald Research Advisor Survey.

**What are annuities?**

Annuities are long-term, tax-deferred vehicles designed for retirement. Variable annuities involve investment risks and may lose value. Earnings are taxable as ordinary income when distributed. Individuals may be subject to a 10% additional tax for withdrawals before age 59½ unless an exception to the tax is met.

Provided by Jackson National Life Distributors LLC.

Greenwald Research, Center for Retirement Research at Boston College, Alicia H. Munnell and Gal Wettstein are not affiliated with Jackson National Life Distributors LLC.

Jackson and its affiliates do not provide legal, tax, or estate-planning advice. For questions about a specific situation, please consult a qualified advisor.

CMC110080 04/26

