



NATIONWIDE RETIREMENT INSTITUTE®

Social Security

6th Annual Consumer Survey



About the survey

Methodology

This survey was conducted online by The Harris Poll on behalf of the Nationwide Retirement Institute® from February 11 – 21, 2019. It included 1,315 U.S. adults age 50 or older who currently collect or plan to collect Social Security benefits and fall into one of the three following groups:



Future retirees (455)

Plan to retire in the next 10 years



Recent retirees (439)

Retired for less than 10 years



10+ year retirees (421)

Retired for 10 or more years

The surveyed adults include a subset with at least \$250,000 in investable assets (IA), including 206 respondents with \$250,000 – \$499,000 in IA; 207 respondents with \$500,000 – \$999,999 in IA; and 208 respondents with \$1,000,000+ in IA.

Additional terms used throughout

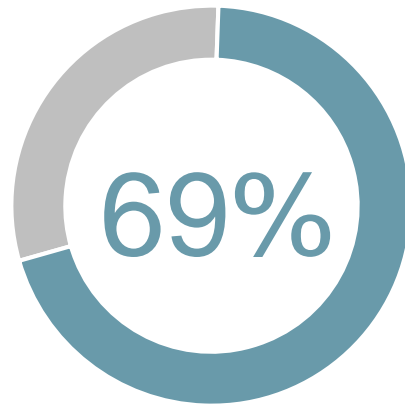
- “Retirees” refers to the “10+ year retirees” and “Recent retirees” groups combined (860)
- “Older adults” refers to all survey respondents (1,315)

Older adults misunderstand full retirement age, a critical consideration

24%



Fewer than a quarter of older adults **know what their full retirement age (FRA)* is**



7 of 10 older adults **believe they are eligible for full benefits before they actually are**

63
years old



On average, future retirees **believe they're eligible for full benefits at age 63**, at least three years before they actually are

* FRA – The age an individual can begin receiving full Social Security retirement benefits (without reductions).

Older adults are overconfident in their ability to maximize benefits



53%

More than half say they know exactly how to maximize benefits



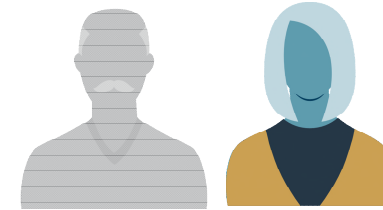
8%

However, **only 8% were able to identify the factors that determine a maximum benefit**

Knowledge gaps may prevent future retirees from making sound decisions



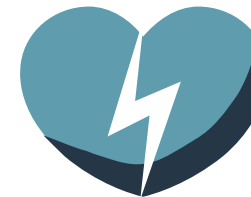
Nearly half are not aware that Social Security offers **guaranteed income for life**



4 in 10 (39%) are unaware that upon a spouse's death, the **higher benefit is inherited** by the surviving spouse



6 in 10 don't know that **benefits are protected against inflation**



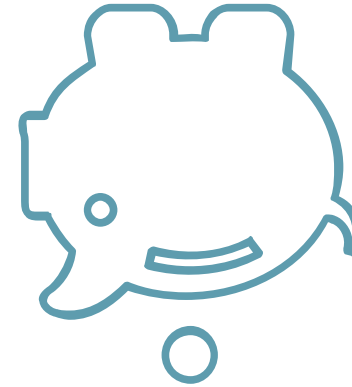
4 in 10 (39%) future retirees do not know that **divorced spouses may be eligible for benefits** based on an ex-spouse's record

Future retirees are concerned with short-term cuts and long-term solvency



50%

Half are concerned **Social Security benefits will be cut** by the current presidential administration



66%

Two-thirds worry that **Social Security will run out** of funding in their lifetime*

* Though funding shortfalls are anticipated, Social Security is primarily funded by payroll taxes paid by employers and employees on an ongoing basis. Under this current system, funding will never run out. The latest annual report from the Board of Trustees estimates that with no legislative changes, full benefits will be payable until 2034 and 79% thereafter.

More than 8 in 10 older adults believe Social Security is in need of change

82%



53% believe **higher earners should be taxed more** to increase funding

31% believe **employers should pay more in taxes** to increase funding

26% believe **workers should pay more in taxes** to increase funding

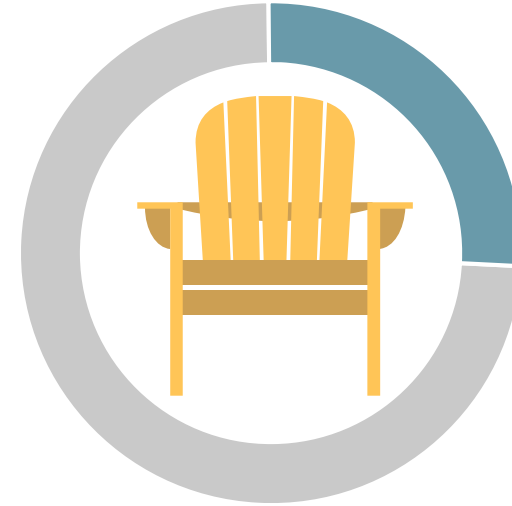
33% believe there should be **fewer rules and the program should be simplified**

Older adults may be over-relying on Social Security



56%

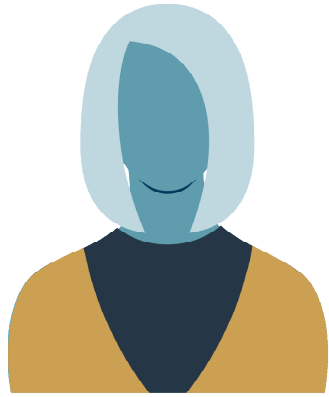
Older adults expect Social Security to **cover more than half (56%) of their expenses** in retirement



26%

One-quarter **believe Social Security on its own should be enough** to help them live comfortably in retirement

Future retirees' expectations are not in line with the reality of those currently retired



65 vs. 62

On average, future retirees plan to draw Social Security benefits **three years later than when retirees actually filed**



Retiree reality:
\$1,408



Future retiree expectation:
\$1,805

Future retirees anticipate **collecting 28% more** in monthly benefits than current retirees actually receive



25%

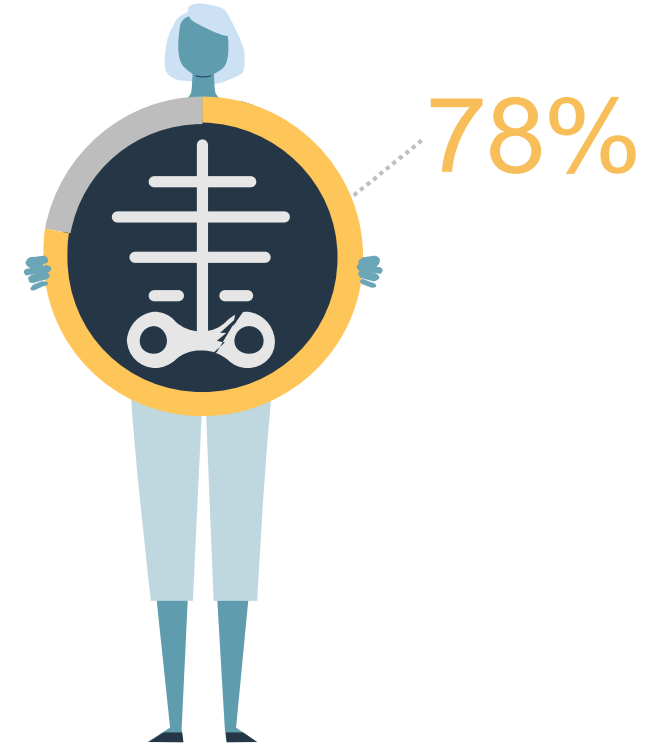
Only a quarter of future retirees plan to **draw Social Security benefits before full retirement age (FRA)***

* However (as shown on slide 2), future retirees believe their FRA is earlier than it actually is; and as noted above, plan to file on average at age 65, which is before their FRA. Beyond these survey responses, The Social Security Administration reported that in 2018, 54% of new claimants filed before FRA.

Health problems often disrupt retirement — and come sooner than expected



One-third of retirees say **health problems interfere with living the retirement they expected**



Of those, more than three-quarters say **health problems occurred sooner than expected — most often by 5 years or more**

Working with an advisor can help



- Only 15% of older adults work with a **financial advisor who has provided advice on Social Security**
 - Yet **76% of future retirees say they're likely to switch** to an advisor who can help them maximize benefits
- Retirees working with a financial advisor report:
 - Receiving 17% more in benefits than those who do not — **\$1,551 vs. \$1,324**
 - Being much more able to do the things they want in retirement — **90% vs. 56%**



CLIENTS

Work with your financial advisor to **help you prepare** to make the best decisions when it comes to Social Security.



ADVISORS

To learn more about Nationwide's Social Security 360[®] program and Social Security 360 Analyzer[®] tool, call the Retirement Institute Income Planning team at **1-877-245-0763**.



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