



For Immediate Release

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## **INFLATION IS ALREADY RESHAPING RETIREMENT STRATEGIES AND EXPECTATIONS, 2023 MFS GLOBAL RETIREMENT SURVEY FINDS**

### **In the Face of New Financial Realities, Americans are Rethinking When and How to Retire**

**BOSTON – October 17, 2023** – Inflation fears have not only heightened retirement anxieties, they have also begun to change how workers are saving and investing to meet their goals, according to the 2023 Global Retirement Survey released today by MFS Investment Management® (MFS®). Following a second straight year of above-average inflation, and after last year’s volatile markets, workers’ perceptions of what retirement will look like have also begun to shift, further complicating the retirement outlook.

Here are some of the key findings of this year’s survey, which queried more than 1,000 defined contribution participants in the United States and an additional 3,000 globally:

- 63% of American workers believe their retirement will not mean an end to their employment but rather a transition to reduced hours or a different job.
- 60% say the recent increase in inflation has caused them to think differently about retirement.
- In response to the inflationary environment, 61% of Americans have adopted more conservative investment strategies, a higher percentage than workers in Canada, Australia or the United Kingdom.
- 75% say they now need to save more for retirement than they originally thought.
- 66% are not confident they will be able to retire at the age they want.
- 32% think they will not be able to retire at all.

“The uncertainties and disruptions over the past few years have clearly affected workplace savers, who are now less sure about when retirement will come, what it will look like and how they should prepare for it,” says Jeri Savage, retirement lead strategist, at MFS. “Plan sponsors and advisors have an opportunity to educate workers on the benefits of staying invested, as well as how to get back on track and stay on track.”

That includes communicating with those near retirement as well as much younger plan participants. One surprising finding of the survey is that a greater percentage of younger workers (those under 45) feel they need to save more (76% vs. 65%) and work longer (58% vs. 53%) because of recent market events, even though younger workers have more time than those over 45 to course correct for negative market impacts.

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## **U.S. Workers Have Concerns...And Competing Priorities**

With participants feeling negatively about recent market events, that translates into a decline in overall retirement confidence. Just 34% of respondents are confident they will be able to retire at the age they want, a number that has declined since last year's survey. The survey also finds that respondents across all generations have competing priorities and feel those financial obligations can get in the way of saving adequately for retirement. This is most pronounced for millennials (89%), who say they are also saving for emergencies (41%), education (28%) or student loan payments (25%) or are living paycheck to paycheck (26%).

## **Americans Need Clarity on Target Date Funds**

Target date funds (TDFs), all-in-one funds designed to make investors' lives easier by rebalancing and re-allocating automatically over time, are proving to be another area of disconnect. While over half of plan participants currently invest in TDFs (56%), only a third of those under 45 and only 19% of older workers own a single TDF, which is how these funds are designed to be used. A majority are using either multiple TDFs or combining them with other investment options.

And while plan participants understand TDFs are an easy way to diversify through a single fund and grow more conservative over time, most incorrectly believe they provide a guaranteed stream of income or a guaranteed rate of return or invest only in cash and other low-risk assets.

"Our survey highlights that more education is needed to ensure that retirement investors understand the important role that TDFs can play in retirement strategies," said Savage. "That education can help increase participation in TDFs, especially by those who may not yet understand their benefits."

## **Retirement Investors Are Looking for Advice — But in Different Ways**

As retirement investors are grappling with these challenges, most are looking to their companies for help. For instance, 53% of respondents say they have found or expect to find a financial advisor through their employer. And if their workplace retirement plan offered access to an advisor, 70% say they would use that resource.

How they want that advice, however, varies. Nearly half (45%) are looking for advice either in person or via video while 20% have turned to online tools and 9% to robo-advisors. There are generational distinctions as well. Gen X investors, for example, are more likely to turn to an advisor while millennials tend to look to online investment services or their employers. This is an important distinction as plan sponsors seeking to help their participants think about incorporating plan features.

## **Conclusion**

Along with recent market disruptions, inflation, which has returned in a meaningful way for the first time in a generation, is clearly influencing how Americans save and invest for retirement and what they think retirement will look like, the survey finds. But the survey also underscores the need for accessible financial advice through workplace retirement plans to help Americans as they juggle retirement with competing priorities, including saving for emergencies and education, and paying off student loans.

## **Methodology**

The survey was conducted online between March 22 and April 6, 2023. The sponsor, MFS Investment Management, was not revealed during the survey. The global survey gathered insights from over 4,000 adults over the age of 18 who are employed at least part-time and actively participate in workplace retirement plans in the US, UK, Australia, and Canada. The information presented here pertains specifically to the 1,000 US participants who were surveyed.

For more information, please visit [mfs.com/DC](https://mfs.com/DC).

## **About MFS Investment Management**

In 1924, MFS launched the first US open-end mutual fund, opening the door to the markets for millions of everyday investors. Today, as a full-service global investment manager serving financial advisors, intermediaries and institutional clients, MFS still serves a single purpose: to create long-term value for clients by allocating capital responsibly. That takes our powerful investment approach combining collective expertise, thoughtful risk management and long-term discipline. Supported by our culture of shared values and collaboration, our teams of diverse thinkers actively debate ideas and assess material risks to uncover what we believe are the best investment opportunities in the market. As of September 30, 2023, MFS manages US\$555.9 billion in assets on behalf of individual and institutional investors worldwide. Please visit [mfs.com](https://mfs.com) for more information.

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