

Majority expect to keep earning in retirement as savings crisis shows no sign of recovery

- Almost two thirds (64 percent) of Americans expect they will need to keep earning in retirement
- 64 percent of these expect this will be through the gig economy or temporary employment
- Just two in five (39 percent) of those not yet retired expect to have the same standard of living in retirement
- Fintech does not yet appear to be having a large influence on investing, with only a fifth (21 percent) of US consumers having used a mobile app to make an investment

Nearly two thirds (64 percent) of Americans now anticipate they will have no choice but to keep earning during retirement, with 64 percent of these expecting to turn to the gig economy or temporary work.

These were the findings of global bank ING, which published its eighth ING International Survey on Savings today. The study of 14,695 respondents in 13 countries across Europe plus the United States and Australia, suggests that the notion of a ‘traditional retirement’ is fast becoming obsolete, with almost a third of those not yet retired not knowing when they will retire (29 percent). Indeed, an additional 17 percent believe they will work for the rest of their lives.

These stark expectations of the need to continue earning in retirement come despite relatively high consumer awareness of the pitfalls of inadequate retirement savings, with 62 percent of Americans not yet retired, worried about whether they will have enough money in retirement.

ING’s findings also suggest that despite the excitement around fintech, just a fifth (21 percent) of people in the US use mobile apps for making investments, while 27 percent use them to view long-term investments. Of these, many say the impact has been positive, with 34 percent viewing them more often, 30 percent reporting “better performance”, and 40 percent saying they feel “more confident” viewing investments this way. But mobile apps are more likely to be used for spending or transferring money (51 percent), indicating that driving the development and uptake of tools that can positively impact long-term savings remains an opportunity.

Jessica Exton, Behavioural Scientist at ING, said: *“These findings shine a light on the true extent of the problems many face in reaching long-term savings goals. Most Americans report that they track their day-to-day spending in some way, but many still agree they face financial challenges, such as expecting to need to earn in retirement. And this is not a problem confined to the US. Long-term planning is difficult when many are also facing short-term savings challenges, a trend seen across all countries surveyed.*

“Increased focus on the tools we use to monitor spending and how they influence our behaviour may help to address savings hurdles and support planning for retirement. Given the uptake of spending and transferring apps, compared to those for making or viewing investments, building positive financial habits through the use of technology may lie in day-to-day support, rather than facilitating longer-term planning. We need technology to back behavioural change if we are to truly shift attitudes towards retirement savings.”

James Knightley, Chief International Economist at ING, said: *“The global financial crisis continues to cast a shadow over parts of the US economy. In terms of the jobs market we have seen robust employment growth, but not the pick-up in worker pay we would typically have expected. The US is certainly not alone in experiencing this phenomenon, but there are finally some really encouraging signals. With unemployment close to 50 year lows and business surveys suggesting firms are struggling to fill vacancies there is growing evidence that the competition for labour is driving worker pay higher (1). Firms are also increasingly offering more generous benefit packages, including on healthcare and pensions, according to the Federal Reserve (2). Americans seem pessimistic right now, but if these trends continue attitudes may soon start to change.*

(1) <https://www.nfib.com/foundations/research-center/monthly-reports/jobs-report/>

(2) <https://www.federalreserve.gov/monetarypolicy/beigebook201901.htm>

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About the research

The ING International Savings Survey was conducted by Ipsos using internet-based polling. Fifteen countries were surveyed: Austria, Belgium, Czech Republic, France, Germany, Italy, Luxembourg, the Netherlands, Poland, Romania, Spain, Turkey, the United Kingdom, Australia and the United States of



America. Polling took place between 17 October and 2 November 2018. The full report is available at www.economics.com/iis and www.slideshare.net/ING

The ING International Survey is produced several times a year by ING eZonomics. It is about money and life - combining ideas around financial education, personal finance and behavioural economics to produce regular and practical information about the way people manage their money - and how this can affect consumers' lives.

For further information, please contact:

MHP Communications
+44 (0)20 3128 8100
ing@mhpc.com

Christoph Linke
Press officer, ING
+31 20 576 43 15
Christoph.linke@ing.com

Jessica Exton
Behavioural Scientist, ING
+44 (0)20 7767 6542
Jessica.exton@ing.com

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