

MFS RESEARCH

2023 MFS® Global Retirement Survey

Understanding the Drivers of Retirement Confidence



1 Market events are impacting participant psyche

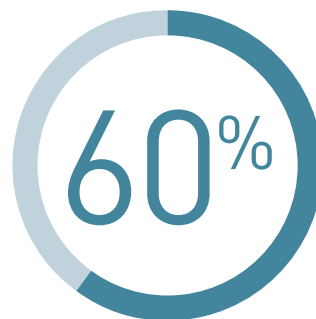
Events of the past three years have participants on edge. One concern is, record levels of inflation have compounded their anxiety, causing participants to think differently about retirement. Results were consistent across men and women: slightly lower for men at 58% and moderately higher for women at 63%.

¹Q: The recent increase in inflation has not caused me to think differently about retirement or my retirement savings. Percentage represents the sum of respondents who strongly disagree, somewhat disagree, or neither agree nor disagree with the statement.

²Q: Please indicate how strongly you agree or disagree with each statement about how the current inflationary environment will affect your retirement and retirement saving. Percentages represent the sum of respondents who somewhat agree or strongly agree with each statement.

³Q: Do you feel you have competing financial priorities that are preventing you from adequately saving for retirement? Percentages represent the sum of respondents who selected each option. 80% represents the percentage of respondents who did not select "I do not have competing financial priorities."

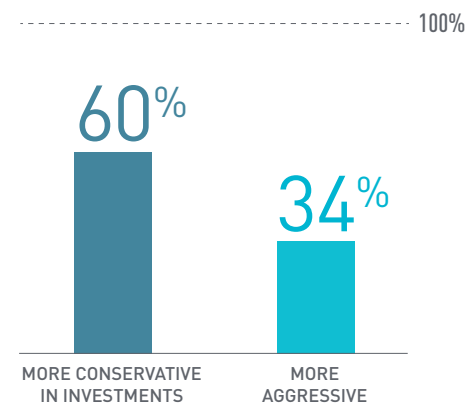
IMPACT OF INFLATION ON RETIREMENT AND INVESTMENTS



of participants think differently about retirement due to inflation¹

QUESTION

How have you changed your investments in relation to inflation?²



While SECURE 2.0 and plan sponsor actions have helped—including provisions around setting up emergency savings accounts and addressing these competing priorities, such as student loan payments—the retirement crisis continues to loom. Many workers have no retirement savings and of those that do, 80%³ feel other financial obligations get in the way of saving for retirement.

“The opportunity for plan sponsors and advisors is to use this moment to educate workers on the features and potential benefits of staying invested, as well as how to get back on track and stay on track towards achieving their retirement goals.”

Jeri Savage
Retirement Lead Strategist

2 Increasing anxiety can manifest in lower retirement confidence

Given participant anxiety levels are up since our 2022 survey, it's not surprising that retirement confidence is low. Moreover, confidence is down 11% since 2021. More participants think they will have to work longer or may not be able to retire at all, which may have an impact on the workforce.

----- LOW CONFIDENCE IN RETIRING AT A DESIRED AGE -----

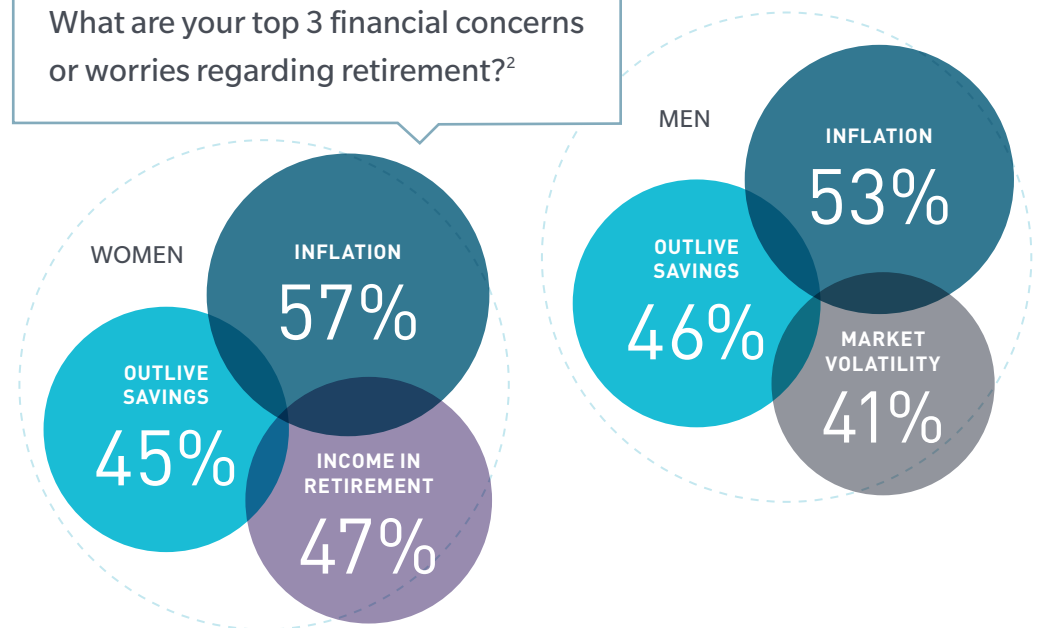


QUESTION

How confident are you that you will be able to retire at the age you want to?¹

QUESTION

What are your top 3 financial concerns or worries regarding retirement?²



¹ Q: How confident are you that you will be able to retire at the age you want to? 34% represents the sum of respondents who answered very confident or extremely confident to the question "How confident are you that you will be able to retire at the age you want to?"

² Q: What are your top 3 financial concerns or worries regarding retirement? Percentages represent the sum of respondents that chose each statement as a top 3 concern.

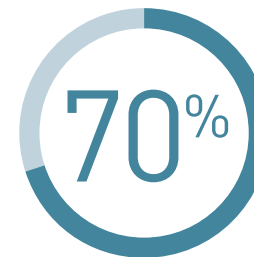
3 The power of advice

Some drivers of retirement confidence, such as bear markets or inflation, are beyond control. However, access to quality advice is not, and it can be a powerful tool to boost retirement confidence. Participants indicate a preference in speaking with a financial advisor when it comes to advice. Trusted and personalized advice can be one of the most valuable tools for plan participants.

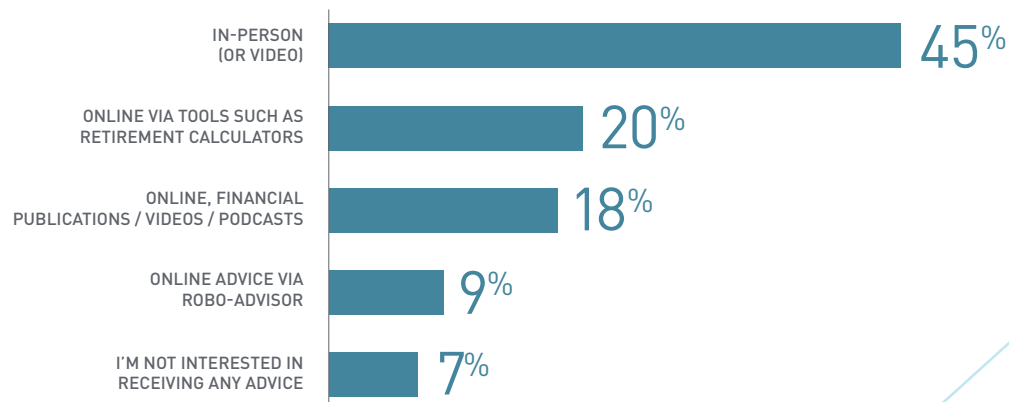
PARTICIPANTS WANT IN-PERSON ADVICE

QUESTION

How do you prefer to receive advice related to retirement saving and planning?¹



would use an advisor if offered by their plan²



Generational differences in seeking advice:³

Millennials are more likely to turn to:

- Employer **38%**
- Financial media **30%**
- Online services **27%**
- Family **35%**
- Friends **21%**

Gen X is most likely to:

- Use a financial advisor **45%**

When it comes to retirement advice, participants use a variety of sources, from advisors to family participants to online services. Recognizing these preferences is important, and plan sponsors can satisfy them by providing access to multiple sources of advice.

¹Q: How do you prefer to receive advice related to retirement saving and planning? "In-person" can be a video call.

²Q: If your workplace retirement plan offered access to an advisor/planner to help with planning for retirement, would you use this resource?

³Q: What resources do you use to help make investment and/or retirement planning decisions?

Actions to consider taking

While solving the crisis will take our combined efforts, there are some actions that plan sponsors could take.



Market events

Participants often look for information or advice during market volatility. Plan sponsors and advisors can use this as an opportunity to educate them on the features and potential benefits of staying invested.

This includes communicating with those near retirement as well as much younger plan participants. Consider if your plan has the tools and resources available to help participants stay on track.



Retirement confidence

Participants expect a more gradual transition into retirement, possibly reducing hours or switching jobs. The traditional view of retirement may no longer resonate with many employees.

Why should we care about this sentiment around a gradual transition into retirement rather than a hard stop?

It could have implications for workforce management. For example, policies that allow employees to gradually wind down before retirement, might offer opportunity for a better transition for both the retiree and the new person filling that role. Explore how employees retire. Would a gradual transition support healthy workforce turnover?



Power of advice

While participants use a variety of resources for advice, plan sponsors are a natural hub from which participants can access to receive advice, education and tools.

Consider offering access to a comprehensive financial wellness program that can support plan participants in planning for retirement.

For more details, reach out to your MFS representative, or visit mfs.com/dc

“ Each participant is unique based on their financial needs, goals and risk tolerance, and a wide array of solutions will be needed to address varying participant needs. ”



Jeri Savage

Retirement Lead
Strategist

Survey methodology

Source: 2023 MFS Global Retirement Survey, US Results.

Methodology: Dynata, an independent third-party research provider, conducted a study among 1,000 Defined Contribution (DC) plan participants in the US on behalf of MFS. MFS was not identified as the sponsor of the study.

To qualify, DC plan participants had to be ages 18+, employed at least part-time, actively contributing to a 401(k), 403(b), 457, or 401(a). Data weighted to mirror the age gender distribution of the workforce. The survey was fielded between March 22 and April 6, 2023.

We define generational cohorts as follows: Millennial ages 26–41; Generation X ages 42–57; Baby Boomer ages 58–77. ▲

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