Inflation, Market Volatility, and Retirement: How Employer Benefits Can Help Public Sector Worker Anxiety Over Current Economy

This National Retirement Security Month, public service employees across the nation are grappling with the impact of current economic conditions, such as inflation, market volatility, and rising housing costs, on their short- and long-term financial health. Results of a MissionSquare Research Institute nationally representative survey of state and local government workers, conducted in collaboration with Greenwald Research, offer insights into the role employer retirement and other benefits can play in reducing workers’ anxiety and helping them achieve financial security.

Anxiety Over Economic Conditions and Market Volatility

84% say current economic conditions and market volatility make them feel anxious about their current personal financial security.

- Will have enough money to live comfortably in retirement:
  - 81% Will have enough money to live comfortably in retirement

- Will have enough money to last throughout retirement:
  - 81% Will have enough money to last throughout retirement

- Have enough emergency savings right now:
  - 70%

- Poar finance in 5 years:
  - 69%

- More likely to:
  - Be female
  - Have a household income less than $100K

81% Will have enough money to live comfortably in retirement
81% Will have enough money to last throughout retirement
70% Have enough emergency savings right now
69% More likely to retire before 65

Economic Conditions and Changes in Retirement Savings

Nearly half of state and local public service workers are currently saving less than usual for retirement due to high inflation rates over the past year. Current housing costs (e.g., rent, mortgage payments) have led to more than one-third saving less than usual for the retirement.

- Saving less than usual for retirement:
  - 48%

- Saving more than usual for retirement:
  - 17%

- No change:
  - 35%

High Inflation Rates Over the Past Year Have Led To... Saving less than usual for retirement:
- 48%
- Saving more than usual for retirement:
- 17%
- No change:
- 35%

While a large majority of all workers report reducing or not changing their savings rates, given housing expenses, Non-White respondents were more than 2x as likely as their White peers to report that they are saving more than usual for retirement due to current housing costs.

Top 3 Actions Employers Could Take to Bolster “Retirement Readiness”

<table>
<thead>
<tr>
<th>Rank</th>
<th>Action Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Higher wages/salary</td>
<td>86%</td>
</tr>
<tr>
<td>2</td>
<td>Better retirement benefits (e.g., employer matches)</td>
<td>54%</td>
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<tr>
<td>3</td>
<td>Better healthcare benefits in retirement</td>
<td>48%</td>
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Impact of Benefits

One way in which employers can ease workers’ anxiety and bolster retention is to communicate the total value of the benefits provided.

For the majority of public sector workers, both employer retirement and non-retirement benefits (e.g., health insurance, other insurance benefits, PTO/leave, non-traditional benefits) make employees more inclined to stay in their jobs.

- More inclined to stay in job:
  - Employer’s Retirement Benefits:
    - Better than those offered in the private sector:
      - 35%
    - Worse than those offered in the private sector:
      - 12%
  - No difference:
    - 58%

- Less inclined to stay in job:
  - Employer’s Retirement Benefits:
    - Better than those offered in the private sector:
      - 42%
    - Worse than those offered in the private sector:
      - 33%

- More inclined to stay in job:
  - Employer’s Non-Retirement Benefits:
    - Better than those offered in the private sector:
      - 62%
    - Worse than those offered in the private sector:
      - 58%
  - No difference:
    - 9%

- Less inclined to stay in job:
  - Employer’s Non-Retirement Benefits:
    - Better than those offered in the private sector:
      - 35%
    - Worse than those offered in the private sector:
      - 11%
  - No difference:
    - 33%

Data for the infographic is from a MissionSquare Research Institute / Greenwald Research online survey of 1,003 state and local government workers, fielded September 15-27, 2022. The final data were weighted by gender, age, race, income, and industry type to reflect the distribution of state and local government workforce characteristics as found in the U.S. Census of Governments. Further information is available at mission-sq.org/researchinstitute for past infographics and reports on public sector retirement plans, health and financial wellness benefits, and workforce demographics, skills needs, and labor force development.