

The 2021 Nationwide Retirement Institute® Tax-Efficient Retirement Income Survey

Survey Results

Prepared for Nationwide

March 25, 2021



NFM-20651AO



Nationwide®

Research Method



Mode:

Online survey:
Harris on Demand



Weighting:

U.S. adult general
population



Sample

Size:

3,002 Total

Field Dates:

March 9 – 11, 2021

Qualification Criteria:

- Resident of the US
- Age: 18+

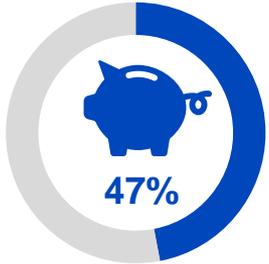


COVID-19 has changed how Americans manage their financial lives

Many Americans' finances or taxes have become more complicated due to COVID-19

My ... have become more *complicated* as a result of COVID-19

Finances

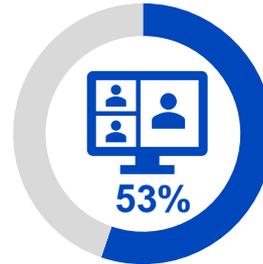


Taxes

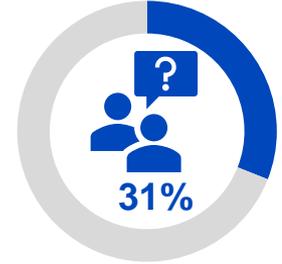


Behaviors and attitudes about financial professionals have been impacted

The majority are more *comfortable meeting with a financial professional virtually* as a result of COVID-19



Some have *engaged a financial professional for the first time* due to the impact of the COVID-19 pandemic





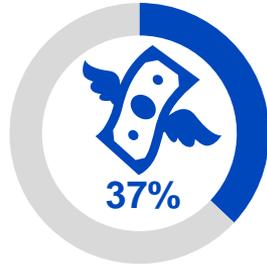
COVID-19 has impacted retirement savings and planning

Most of the impact of COVID-19 on non-retirees' and retirees' retirement plans have been negative

Among non-retirees, some say

- ↓ I have **saved less or stopped saving** for retirement for reasons **other than losing my job** (14%)
- ↓ I have **saved less or stopped saving** for retirement **due to losing my job** (13%)
- ↓ I am **pushing back my retirement date** (12%)
- ↓ I **no longer plan to retire** (7%)
- ↓ I have been **forced into retirement** due to losing my job (4%)

I have or I am likely to **withdraw money from my retirement plan early** because of the pandemic
(%Agree)



COVID-19 made Americans think about taxes and retirement income or reevaluating retirement plans

I think it is more important now than it was before for me to develop a strategy to address my taxes in retirement

62% Agree

I worry more now than I did before about what taxes will do to my retirement income

51% Agree

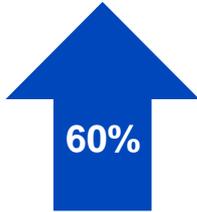
I am reevaluating my retirement/retirement plans to assess the financial impact of COVID-19

46% Agree



Many Americans could use help managing their taxes now and in retirement

Most Americans expect their taxes to increase in the next four years and most agree it's more important to minimize taxes now than in retirement



Most Americans expect their taxes to **go up significantly** in the next four years



Most Americans agree it is more important to **minimize taxes now** than in retirement

More Americans should plan for taxes in retirement and there is a desire to do that with financial professionals

Most American *rarely consider* the taxes they will pay/are paying in retirement



Half of Americans go to a financial professional, tax accountant, or retirement plan provider to get **advice specifically on taxes in retirement**



yet **3 in 10 do not get tax planning advice for retirement**

Half of Americans would **switch financial professionals** for someone who could help them plan for taxes in retirement



The worries of retirees about taxes in retirement should serve as a warning to non-retirees

I did not consider how tax rates in retirement would affect my retirement income when I was planning for retirement

42% Agree

I wish I would have better prepared for paying taxes in retirement

41% Agree

I am terrified of what tax rates during my retirement will do to my retirement income

36% Agree



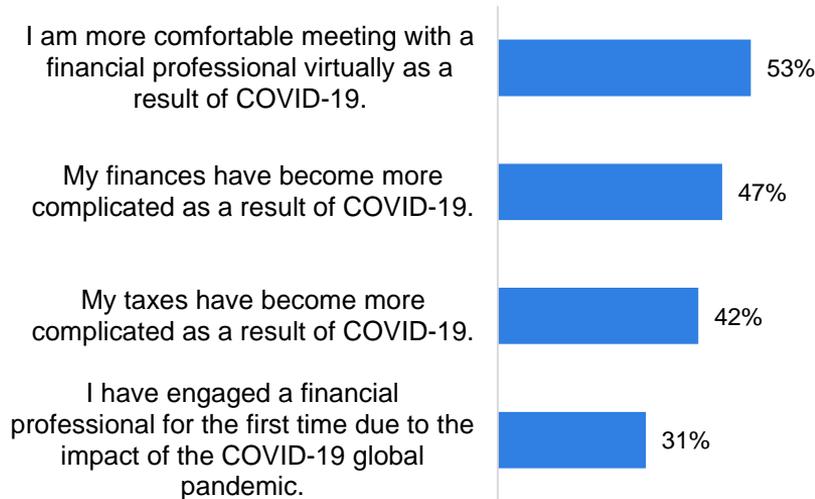
The COVID-19 pandemic has made finances and taxes more complicated for many Americans

In addition, a majority are more comfortable meeting with a financial professional as a result of COVID-19 and 3 in 10 have even engaged a financial professional for the first time due to the impact of the COVID-19 global pandemic.

Agreement with Statements:

TOTAL

■ STRONGLY/SOMEWHAT AGREE (NET)



Compared to the April 2020 survey, more agree they have engaged a financial professional for the first time due to the impact of the COVID-19 global pandemic (31% vs 24% in April 2020)



- Millennials and Gen Xers are more likely than Boomers to agree they are more comfortable meeting with a financial professional virtually as a result of COVID-19 (64% and 58% vs 40%, respectively)
- Millennials are more likely than Gen Xers and Boomers to agree their finances have become more complicated as a result of COVID-19 (62% vs 51% and 27%, respectively)
- Millennials are more likely to agree their taxes have become more complicated as a result of COVID-19 compared to Gen Xers and Boomers (58% vs 45% and 24%)
- Millennials are more likely than Gen Xers and Boomers to have engaged a financial professional for the first time due to the impact of the COVID-19 global pandemic (48% vs 32% and 12%)

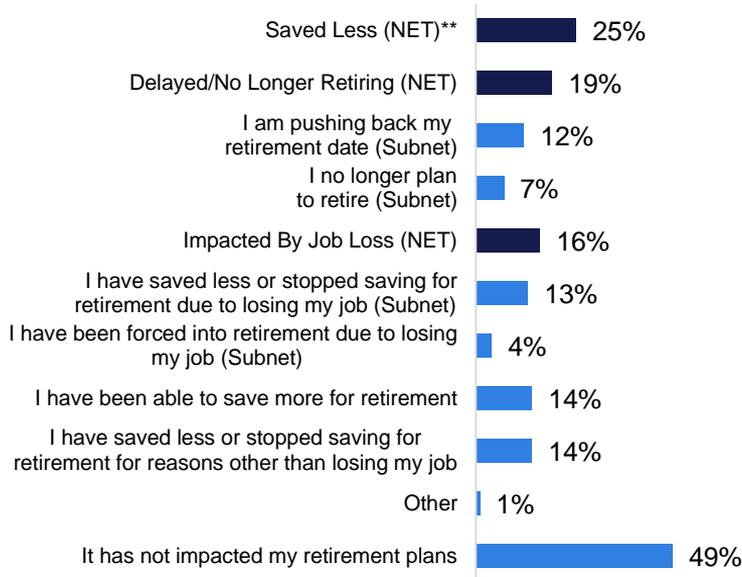


A slight majority of non-retired Americans have had their retirement plans impacted by the COVID-19 pandemic

While many non-retired Americans' retirement plans have been impacted negatively by the COVID-19 pandemic, 14% report they have been able to save more for retirement and 49% have not had their retirement plans impacted.

COVID-19 Pandemic Impact on Retirement Plans/Saving:

Non-retired



There are fewer non-retired Americans who report the retirement plans have not been impacted by the COVID-19 pandemic compared to the May 2020 survey (49% vs 62%, respectively)



- Non-retired Millennials are more likely to have saved less or stopped saving due to losing their job compared to Gen Xers and Boomers (18% vs 10% and 6%, respectively)
- Non-retired Millennials and Gen Xers are more likely than Boomers to have saved less or stopped saving for retirement for reasons other than losing their job (16% and 15% vs 9%, respectively)



Non-retired men are more likely than women to have delayed or no longer plan to retire (22% vs 16%, respectively)

**Includes I have saved less or stopped saving for retirement due to losing my job AND I have saved less or stopped saving for reasons other than losing my job

BASE: ALL NON-RETIRED QUALIFIED RESPONDENTS (Total n=2,303)

Q1 How, if at all, has the COVID-19 pandemic impacted your retirement plans? Please select all that apply.



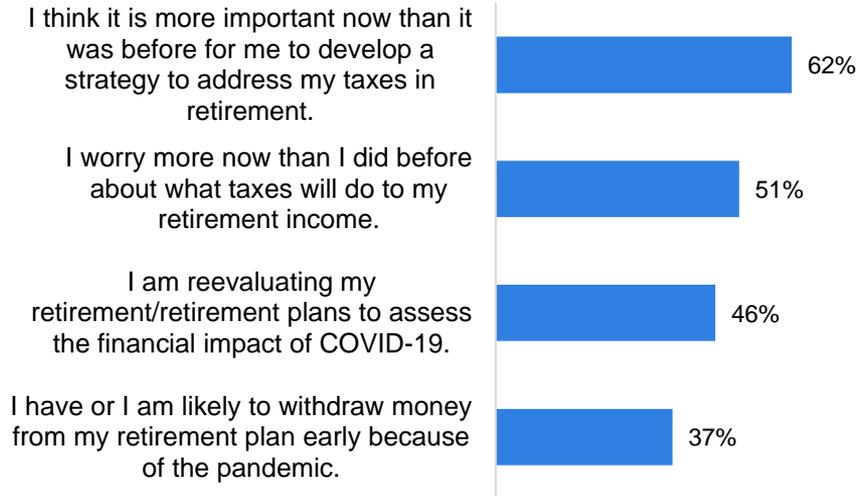
COVID-19 made Americans think about taxes and retirement income and some are reevaluating retirement plans

Almost half report they are reevaluating their retirement/retirement plans to assess the financial impact of COVID-19. In fact, about 2-in-5 indicate they have or are likely to withdraw money from their retirement plan early because of the pandemic.

Agreement with Statements:

TOTAL

■ STRONGLY/SOMEWHAT AGREE (NET)



Compared to the May 2020 survey:

- About as many agree that it is more important now than it was before for them to develop a strategy to address their taxes in retirement (62% vs 63% in May 2020)
- A smaller majority agree that they worry more now than they did before about what taxes will do to their retirement income (51% vs 59% in May 2020)
- A little more agree they are reevaluating their retirement/retirement plans to assess the impact of COVID-19 (46% vs 41% in May 2020)

- Millennials and Gen Xers are more likely than Boomers to agree it's more important now than it was before for them to develop a strategy to address their taxes in retirement (68% and 68% vs 53%, respectively)
- Millennials and Gen Xers are more likely than Boomers to agree they worry more now than they did before about what taxes will do to their retirement income (57% and 55% vs 45%, respectively)
- Millennials are more likely to agree they are reevaluating their retirement plans to assess the financial impact of COVID-19 compared to Gen Xers and Boomers (59% vs 53% and 31%, respectively)
- Millennials are more likely to agree they have or are likely to withdraw money from their retirement plan early because of the pandemic compared to Gen Xers and Boomers (54% vs 37% and 19%, respectively)

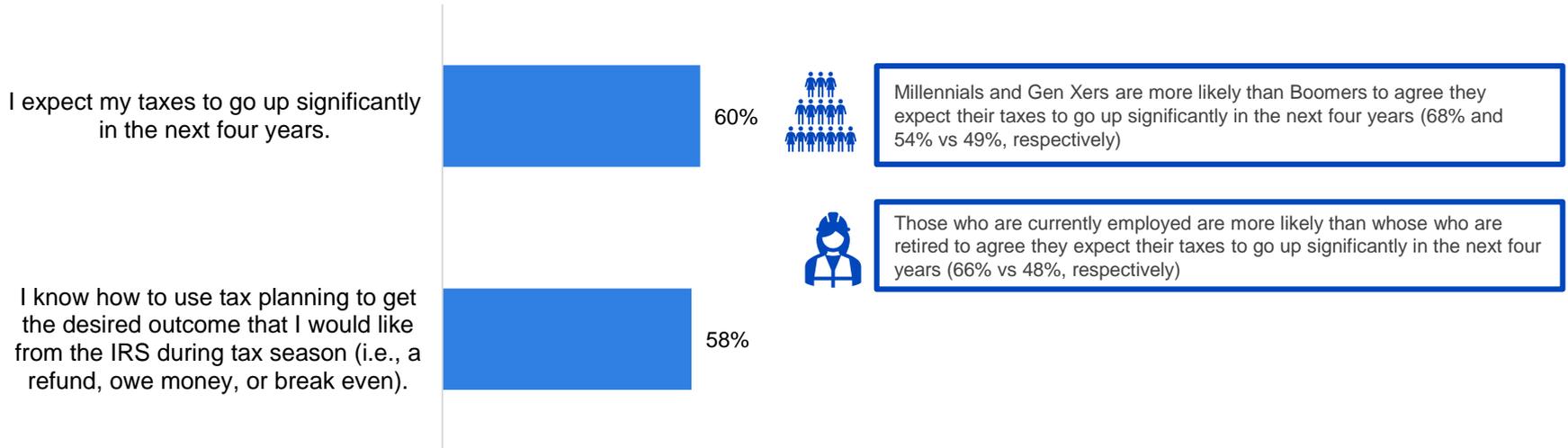


Most Americans expect their taxes to go up significantly in the next four years

About as many Americans report they know how to use tax planning to get the desired outcome that they would like from the IRS during tax season.

Agreement with Statements: TOTAL

■ STRONGLY/SOMEWHAT AGREE (NET)





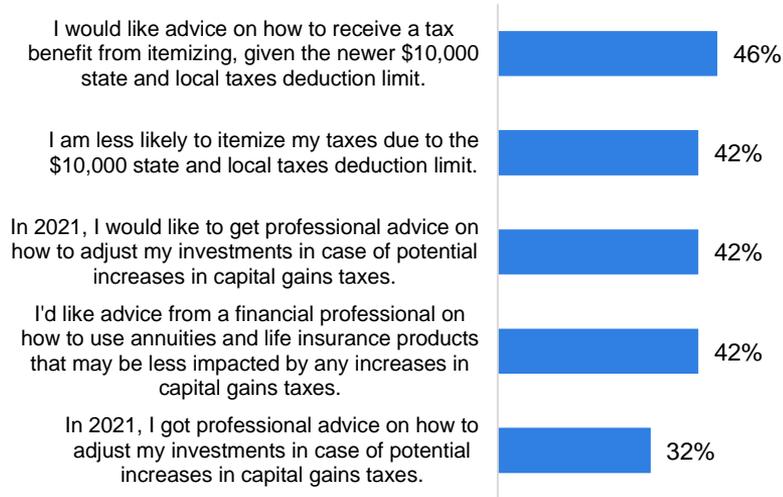
Almost half of American adults would like advice on how to receive a tax benefit from itemizing, given the newer \$10,000 state and local taxes deduction limit

Two in five American adults would like to get professional advice on how to adjust their investments in case of potential increases in capital gains taxes and two in five would like advice from a financial professional in how to use annuities and life insurance products that may be less impacted by any increases in capital gains taxes.

Agreement with Statements:

TOTAL

■ YES



Millennials are more likely than Gen Xers and Boomers to

- Report they would like advice on how to receive a tax benefit from itemizing, given the newer \$10,000 state and local taxes deduction limit (55% vs 48% and 38%, respectively)
- In 2021, would like to get professional advice on how to adjust their investments in case of potential increases in capital gains taxes (52% vs 42% and 32%)
- They'd like advice from a financial professional on how to use annuities and life insurance products that may be less impacted by any increases in capital gains taxes (52% vs 45% and 30%)
- In 2021, they got professional advice on how to adjust my investments in case of potential increases in capital gains taxes (40% vs 29% and 23%)



Those who are employed are more likely than the retired to

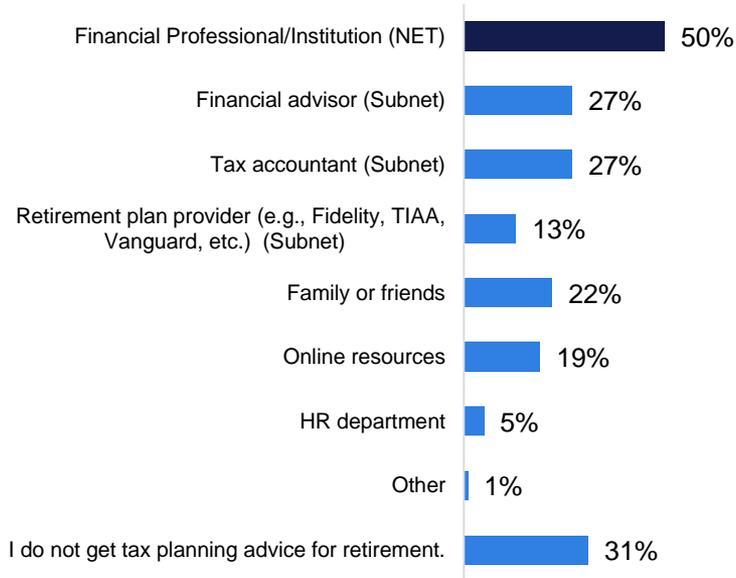
- Report they would like advice on how to receive a tax benefit from itemizing, given the newer \$10,000 state and local taxes deduction limit (55% vs 36% respectively)
- In 2021, would like to get professional advice on how to adjust their investments in case of potential increases in capital gains taxes (51% vs 31%)
- They'd like advice from a financial professional on how to use annuities and life insurance products that may be less impacted by any increases in capital gains taxes (51% vs 30%)
- In 2021, they got professional advice on how to adjust my investments in case of potential increases in capital gains taxes (39% vs 24%)



Half of Americans go to a financial professional or institution for advice specifically on taxes in retirement

About 3 in 10 do not get tax planning advice for retirement and about one fifth go to friends or family or online resources for advice specifically on taxes in retirement.

Sources of Advice for Taxes in Retirement:



- Millennials are more likely than Gen Xers and Boomers to go to family or friends (28% vs 22% and 13%, respectively) or their HR department (10% vs 6% and 1%)
- Millennials and Gen Xers are more likely than Boomers to go to their retirement plan provider (16% and 16% vs 12%, respectively) or online resources (25% and 21% vs 11%)



Those who are currently employed are more likely than those who are retired to get advice from their retirement plan provider (16% vs 12%, respectively) or online resources (24% vs 11%)



Women are more likely than men to not get tax planning advice for retirement (35% vs 26%, respectively)

BASE: ALL QUALIFIED RESPONDENTS (Total n=3,002)

Q4 When it comes to getting advice specifically on taxes in retirement, where do you go? Please select all that apply..

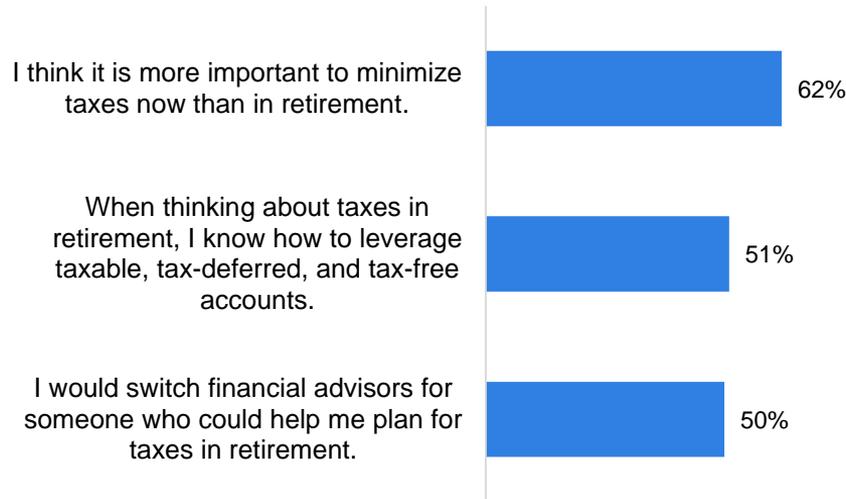


Two thirds of American adults think it's more important to minimize taxes now than in retirement, but half would switch financial professionals to one who could help them plan for taxes in retirement

A slight majority agree they know how to leverage taxable, tax-deferred, and tax-free accounts when thinking about taxes in retirement.

Agreement with Statements: TOTAL

■ STRONGLY/SOMEWHAT AGREE (NET)



- Millennials and Gen Xers are more likely than Boomers think it is more important to minimize taxes now than in retirement (66% and 67% vs 56%, respectively)
- Millennials are more likely than Gen Xers and Boomers to agree they know how to leverage taxable, tax-deferred, and tax-free accounts when thinking about taxes in retirement (58% vs 49% and 47%, respectively)
- Millennials are more likely than Gen Xers and Boomers to agree they would switch financial professional for someone who could help them plan for taxes in retirement (63% vs 57% and 32%)



- Those who are employed are more likely than the retired to
- Think it is more important to minimize taxes now than in retirement (67% vs 54% respectively)
 - Agree they know how to leverage taxable, tax-deferred, and tax-free accounts when thinking about taxes in retirement (55% vs 50%)
 - Agree they would switch financial professionals for someone who could help them plan for taxes in retirement (60% vs 29%)

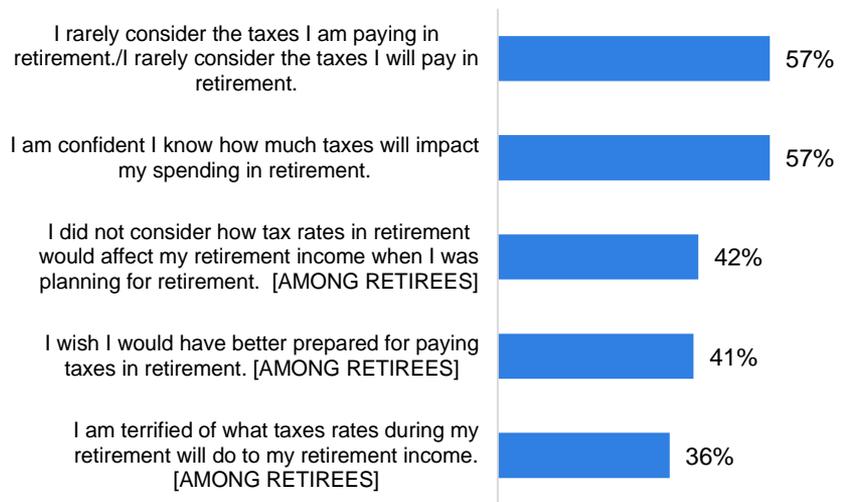


Most American adults rarely consider/considered the taxes they will pay in retirement and are confident they know how much taxes will impact their spending in retirement

About two fifths of retirees agree they wish they would have had a better prepared for paying taxes in retirement and about a third of retirees are terrified of what tax rates during their retirement will do to their retirement income.

Agreement with Statements: TOTAL

■ STRONGLY/SOMEWHAT AGREE (NET)



- Millennials are more likely than Gen Xers and Boomers to agree they rarely consider the taxes they will pay in retirement (65% vs 58% and 49%, respectively)
- Millennials and Boomer are more likely than Gen Xers to agree they are confident they know how much taxes will impact their spending in retirement (62% and 58% vs 50%, respectively)



Those who are employed are more likely than the retired to agree they rarely consider the taxes they will pay in retirement (61% vs 49% respectively)



- Women are less likely than men to be confident they know how much taxes will impact their spending in retirement (51% vs 63%, respectively)
- Women retirees are more likely than their male counterparts wish they would have better prepared for paying taxes in retirement (45% vs 35%, respectively)



Disclaimers

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