



# Financial Stress and Financial Wellness

Addressing Barriers to Successful Retirement Outcomes

## Workers' financial stress is a predictor of financial wellness

Respondents to our latest Retirement Savings and Spending Study detail their stressors:

### 1 Trouble budgeting



*one-third* report that they struggle to stick to **monthly budgets**

### 2 Inability to manage debt



*more than one-third* of those with **student loan debt** struggle to repay it

### 3 Lack of savings

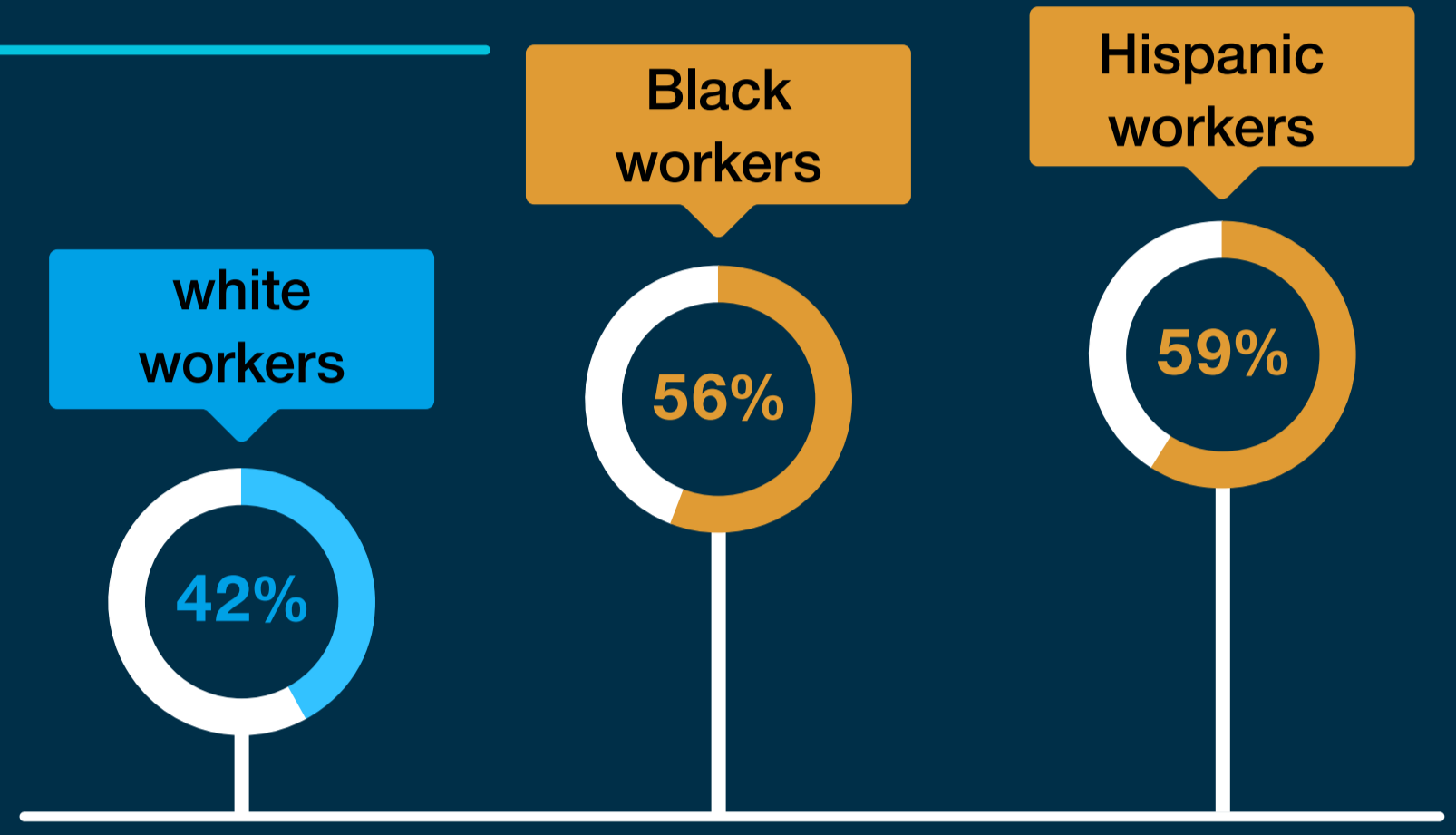


*one-quarter* believe they will have to **reduce their standard of living in retirement**

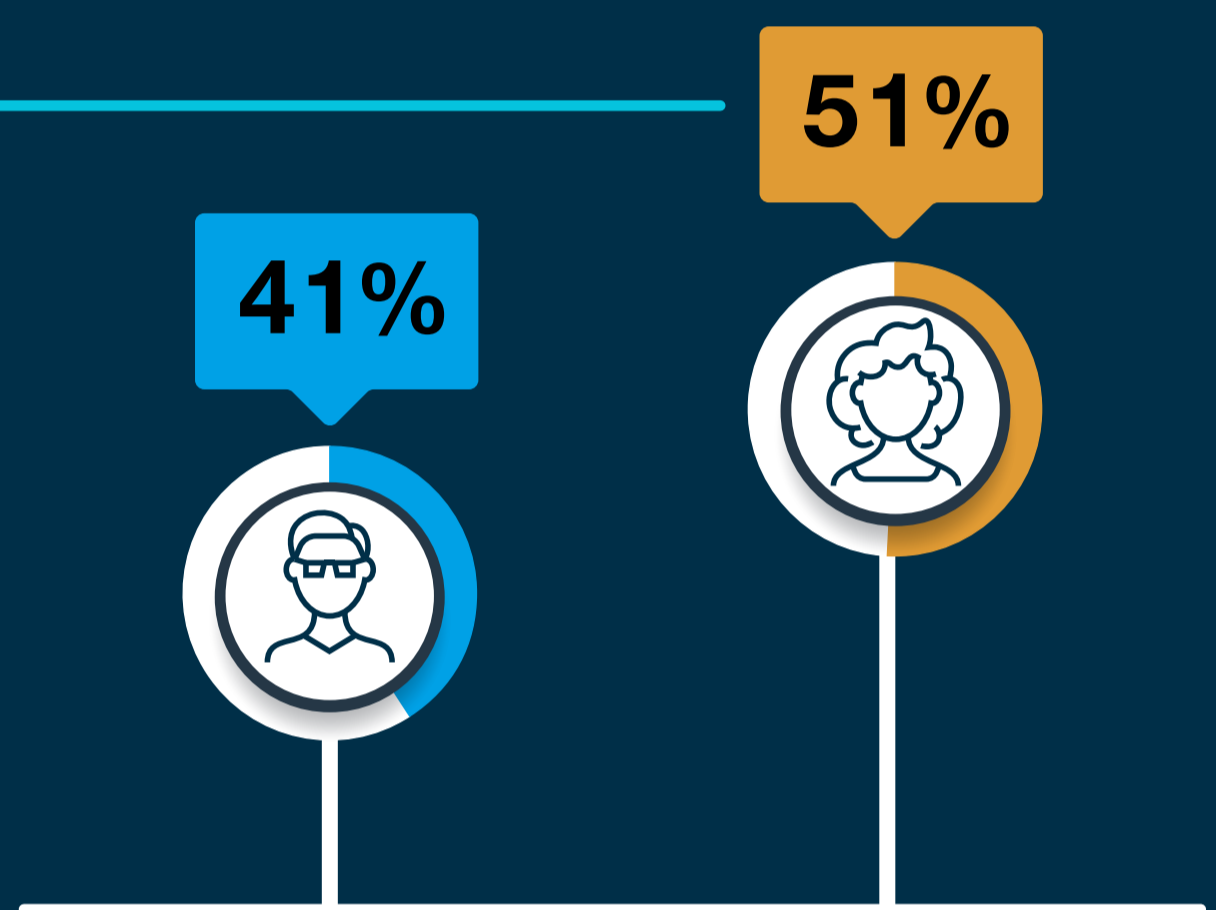
## But financial stress affects some groups more than others



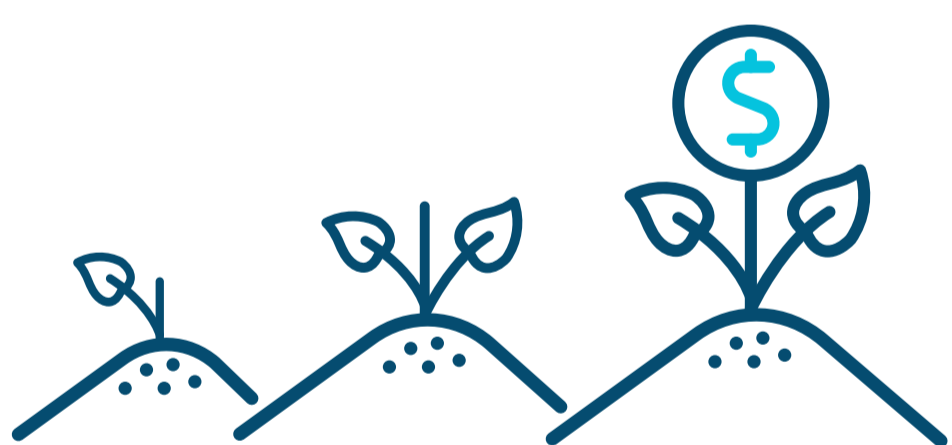
**Black and Hispanic workers are more likely to experience higher levels of debt-related stress than white workers.**



**Women are more likely to experience higher levels of debt-related stress than men.**



## Three ways that plan design can impact financial wellness



- 1 Choosing plan design features such as auto-enrollment and auto-escalation to help increase both participation and savings
- 2 Integrating qualified default investment alternatives with plan design features like reenrollment to help improve asset allocation and/or reengage workers who previously opted out
- 3 Implementing plan design innovations such as matching student loan repayments or emergency savings which can sit alongside the retirement plan

## How to make financial wellness programs more effective



**Targeted communications** to encourage workers to take financially healthy actions



**Programs and tools** to help employees with budgeting



Measurement and assessment tools that reinforce healthy behaviors and their **connection to successful retirement outcomes**

For more information on our financial wellness research and insights, read the **T. Rowe Price 2022 U.S. Retirement Market Outlook**.

The T. Rowe Price Retirement Savings and Spending Study (RSS) is an annual study that has been conducted online since 2014. The study annually surveys approximately 3,000–4,000 participants who are currently contributing to a 401(k) plan or eligible to contribute and have a balance of at least \$1,000. The survey also includes an additional 1,000–1,500 retirees who have retired with a Rollover IRA or left-in-plan balance. The study investigates saving attitudes and behaviors of plan participants and retirees. The latest study, the 2021 RSS, was conducted between June 9, 2021, and August 4, 2021, and included 3,844 plan participants and 1,332 retirees.

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