

Unrealistic optimism coloring workers' retirement views: BlackRock survey

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While the majority of American workers enrolled in qualified plans are confident about their prospects for a financially secure retirement, many are banking on investment returns that financial experts believe are unlikely.

Two-thirds of defined contribution plan participants believe that over the next decade, returns on their savings will continue to be in line with what they have experienced in the past, while 17% believe the returns will be higher, according to results of a survey of DC plan participants conducted by BlackRock.

In a release, BlackRock said that more participants than last year (56% versus 52%) believe they are on track to retire with the lifestyle they want — and nearly seven in 10 expect to be able to save enough to meet their financial goals in retirement. But their expectations are sharply out of line with consensus forecasts from 35 financial firms that for the foreseeable future, stock and bond returns could be half that of recent decades.

In contrast, 78% of plan participants surveyed believe bond returns will remain consistent or be higher than previous returns.

"Perhaps most concerning," BlackRock said, "is that 70% of participants (as well as 54% of sponsors) say they do not expect to do anything different in the next 12 months to prepare for potential lower returns."

Compared with results of last year's survey, BlackRock also found that more participants describe themselves as being "confident" (18% vs. 11%) and "optimistic" (22% vs. 17%) about retirement.

More than 1,000 participants with at least \$5,000 in assets in their defined contribution retirement plan and more than 200 plan sponsors took part in the survey, BlackRock said.