

# Despite a major gap in financial literacy, Americans are saving more for retirement than last year

Article

**The opportunity:** A recent [study](#) found that more Americans contributed to their retirement accounts in 2023 than last year, but most lack the financial literacy necessary to meet their goals.

- These results are from the 2023 Retirement Survey & Insights Report, which is based on a survey of 5,261 US individuals conducted by **Goldman Sachs** Asset Management and Qualtrics Experience Management in July.

**What's the "Financial Vortex?"** Despite the growth in retirement accounts, many workers [said competing financial priorities](#) kept them from hitting their savings goals.

- [42%](#) of surveyed workers faced financial hardship, leading them to halt retirement savings, up from 33% the previous year.
- Only [36%](#) of workers have set aside three months' worth of income for unplanned events, highlighting a lack of emergency savings.
- Various factors like debt, caregiving, and education costs increasingly impede retirement savings for many, potentially delaying retirement by at least four years for [one in five](#) workers.
- Following [a recent resumption in student debt payments](#), 84% of higher education borrowers say student loans have hurt their ability to save for retirement.

**Growing savings gaps:** Within the retirement system, there are deeper divides that point to more systemic issues, per the [Fed Survey of Consumer Finances](#).

- As of 2022, the median value for retirement accounts of Black retirees had declined to [\\$39,000, only 39%](#) of the median value for white retirees (\$100,000), from \$40,570 in 2019.
- Black Americans' participation in retirement plans fell to [34.8%](#) in 2022 from 35.1% in 2019. Hispanic Americans saw only a 4.5% rise in participation over the same period—still less than half the participation of white Americans.
- Moreover, nearly [one out of every four](#) US seniors lives below the poverty line, underscoring the pressing need for increased support and assistance before reaching this phase of life.

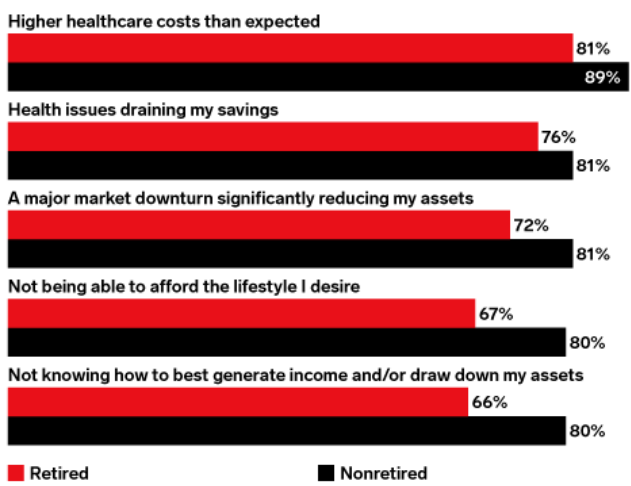
**Financial literacy as a core need:** Adding fuel to the fire, just [13%](#) of the Goldman Sachs survey respondents correctly answered five questions designed to assess their basic financial literacy.

- Understanding basic financial principles empowers both those saving for retirement and retirees to confidently navigate financial hurdles and manage the challenges posed by the financial vortex.
- Individuals with this necessary financial knowledge are more likely to still save for retirement despite conflicting financial demands.

**Key takeaways:** With 47% of survey respondents saying they manage their own retirement accounts, financial institutions (FIs) have the opportunity to ensure their customers know about existing products and services that could assist them in saving.

- FIs must adopt financial wellness as a core strategy and measure the impact of their efforts.
- FIs should tailor financial resources to certain demographics—such as women, minorities, Gen Z, or even Gen Alpha—taking into consideration how they learn best.
- They could offer to arrange meetings with in-house experts who could help customers plan ahead by using the FI’s range of savings products and services.

**Retirement Issues US Consumers Are Concerned About, Jan 2021**  
 % of respondents



Note: ages 45-75  
 Source: Schroders, "US Retirement Survey," March 18, 2021  
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