

# Impact of Inflation in Retirement—Survey Findings


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## CONTENTS

<b>Introduction.....</b>	<b>4</b>
<b>Survey Findings.....</b>	<b>4</b>
<b>Acknowledgments .....</b>	<b>16</b>
<b>About The Society of Actuaries Research Institute .....</b>	<b>17</b>
<b>About Optimity.....</b>	<b>17</b>

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## Introduction

With the onset of COVID-19, inflation rose to levels not seen in recent history. Increased costs for food, gasoline, housing, and other necessities impact the buying power of consumers as well as effectively reducing the value of pay raises for many workers. Many retirees, especially those on fixed incomes, may feel the impact of inflation in both direct and indirect ways.

To further explore this impact, the Society of Actuaries Research Institute partnered with Optimity to survey retirees who use the Optimity wellness app on a series of inflation-related questions.

In April 2024, twelve questions were posed to app users who self-identified as retired. Optimity app users are everyday consumers and have no specific company or organization affiliation. Responses to the questions were provided by 1,541 US and Canadian users. Of these a random sample of 1,000 respondents was selected to analyze responses. The sample of 1,000 was selected through a randomization algorithm and process. Respondents range in age from 55 to 80.

It should be noted that this study's sample population of health app users may not be representative of the general population. Results should be interpreted accordingly.

## Survey Findings

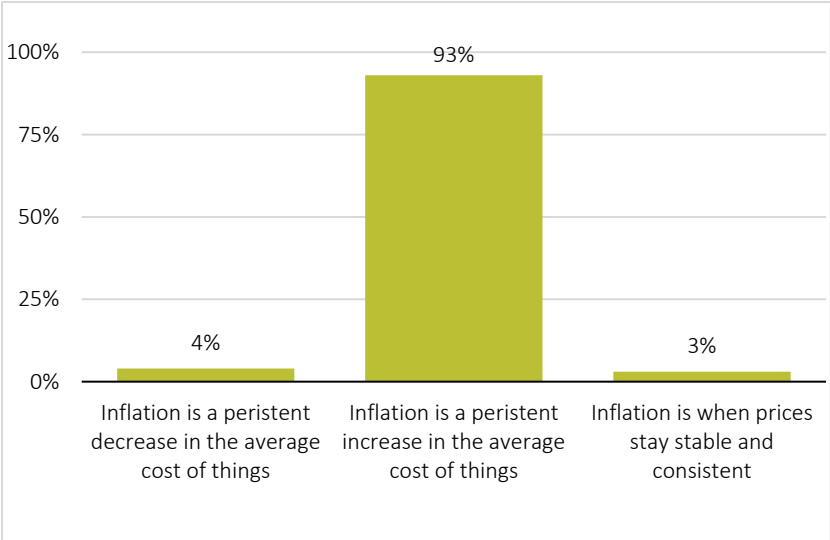
The remainder of this report contains results of each of the 12 questions and major observations. The Optimity app serves a dual purpose of education on topics relevant to its users and a tool for understanding how users may be impacted by a particular topic.

The objective of the first three questions in the series was educational and to draw observations on overall understanding of inflation and how it can be addressed. For each of these three questions, respondents were then provided within the app the correct answers to the questions. This helped provide a foundation of understanding for the remaining questions in the survey which explored how inflation impacted the users personally. The following summarizes the responses to each of the questions with graphs and commentary. Graphs show percentages of respondent selections. Major observations include:

- High percentages of respondents demonstrate an overall understanding of inflation and its impact on retirement savings.
- More respondents have felt the impact of inflation on finances than those who have not, with the level of impact wide-ranging and of varying degrees. Food and transportation are the areas where the impact of inflation has been felt the greatest.
- Most respondents are spending less than or equal to their income, with most also indicating they have made adjustments to their spending patterns. Related to this, from a list of actions undertaken in response to inflation, cutting back on spending was by far the most common response.

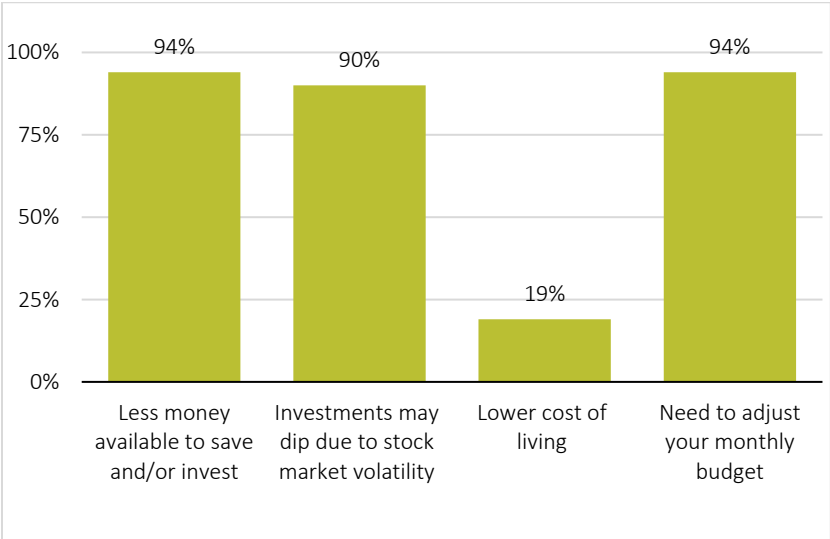
- Most respondents agree that their budgets will be under control as inflation is under control and that they will be able to manage finances going forward.

**Question 1**  
**WHAT IS INFLATION?**



**Understanding of the Concept of Inflation** - The first question in the series probed users on their understanding of the concept of inflation. Respondents were provided three choices. A high majority of respondents (93%) correctly identified inflation as a persistent increase in the average cost of things from the three choices provided. These responses indicate that users by and large have at least a basic understanding of the fundamental concept of inflation and its impact on cost. Given the rise in costs across many sectors of the economy, this basic level of understanding would be expected.

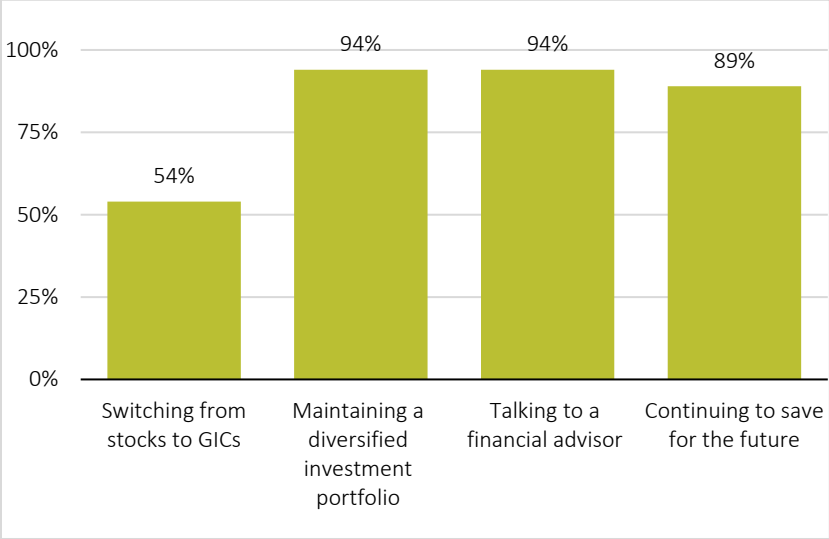
**Question 2**  
**RISING INFLATION CAN IMPACT YOUR RETIREMENT SAVINGS IN VARIOUS WAYS. THESE MAY INCLUDE... (SELECT ALL THAT APPLY)**



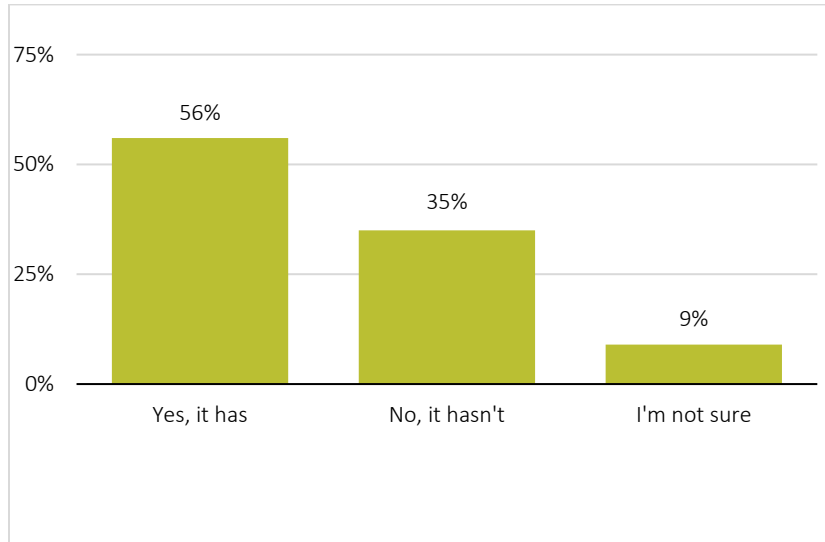
**Knowledge of Inflation's Potential Effects on Retirement Savings:** A high majority of respondents correctly identified a sample of key effects of inflation on retirement savings, such as having less money available to save and invest (94%), potential dips in investments due to stock market volatility (90%), and the need to adjust monthly budgets (94%). A significant majority of respondents (81%) correctly understood that a higher cost of living is a key effect of inflation. Overall, responses to Question 2 generally indicate a well-informed understanding among participants about how inflation can impact personal financial conditions, although no further information is available about their overall understanding of finance and investments.

**Question 3**

**WHETHER YOU'RE EARLY CAREER, MID-CAREER, PRE-RETIREMENT OR A RETIREE, THERE ARE WAYS YOU CAN PROTECT YOUR SAVINGS FROM INFLATION. THEY INCLUDE...(SELECT ALL THAT APPLY).**



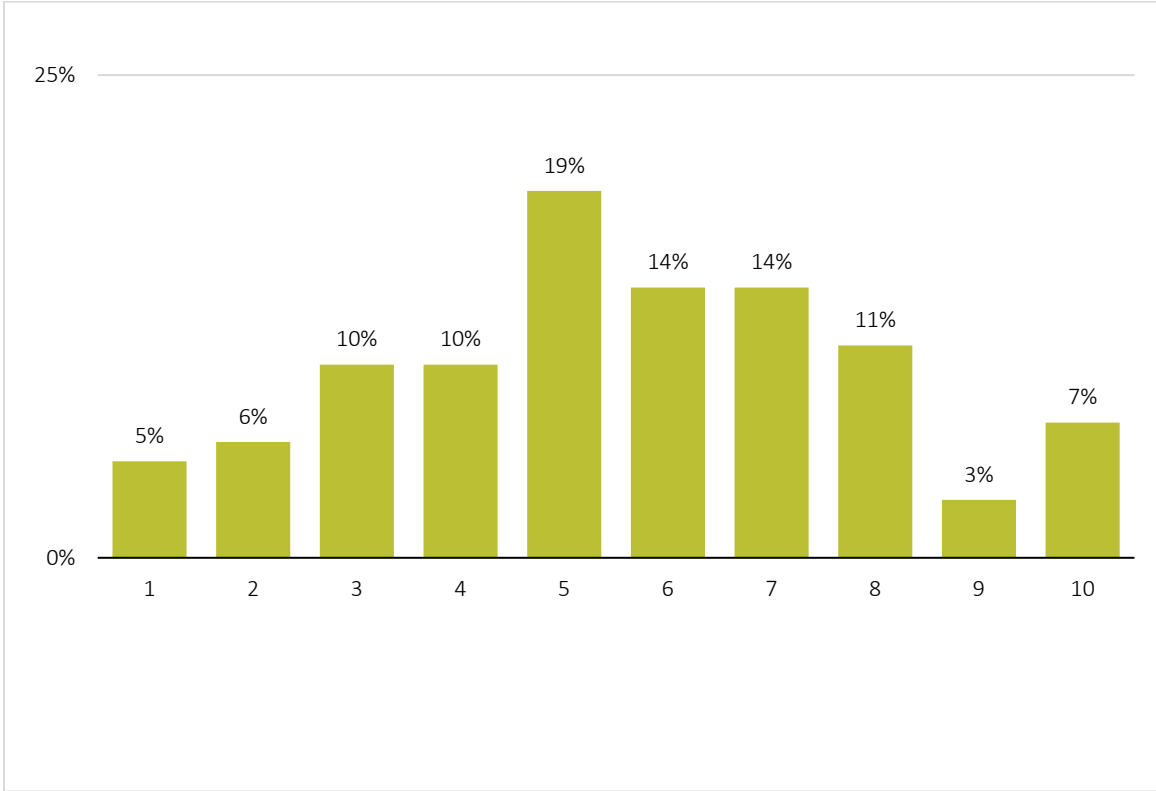
**Understanding of Approaches to Manage Inflation:** When asked about how they can protect their savings from inflation from among four choices, a high majority of respondents chose maintaining a diversified investment portfolio (94%), talking to a financial advisor (94%), and continuing to save for the future (89%) as strategies they would use. A smaller majority of respondents (54%) chose switching from stocks to GICs (Guaranteed Investment Contracts). These results may indicate that fewer respondents are either significantly invested in stocks or willing to switch their allocations.

**Question 4****HAS INFLATION IN THE PAST 12 MONTHS BEEN AN ISSUE FOR YOU AND/OR YOUR FAMILY'S FINANCES?**

**Perceived Impact of Inflation on Personal Finances:** When asked if inflation has been an issue for respondents and their family's finances, a majority (56%) of respondents reported that inflation in the past 12 months has been an issue for their family's finances. This indicates that a significant number of households have felt some strain from rising costs. A minority (35%) of respondents did not find it problematic with a smaller minority (9%) unsure. Some may have seen benefits from increased Social Security benefits, favorable investment results, or increases in housing values.

**Question 5**

ON A SCALE OF 1 TO 10 (WITH 1 BEING “NONE” AND 10 BEING “MAJOR”), HOW WOULD YOU RATE THE IMPACT OF INFLATION IN THE PAST 12 MONTHS ON YOUR FINANCES?

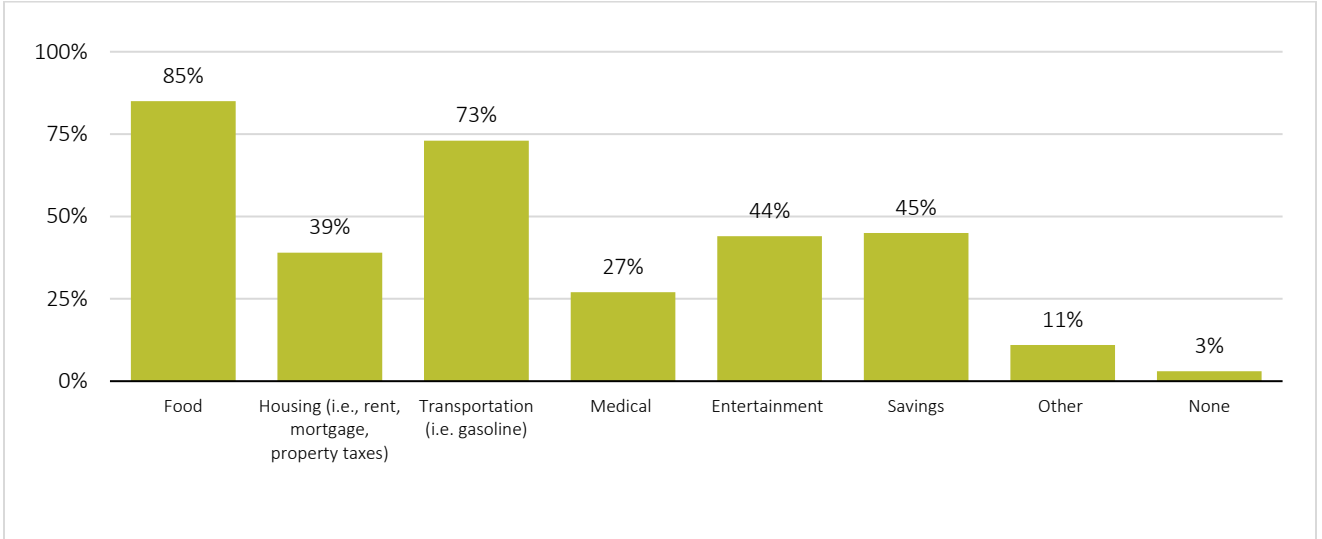


**Level of Inflation’s Impact on Personal Finances:** When asked to rate the level of impact of inflation on their finances in the past twelve months on a scale of 1 (none) to 10 (major), equal portions (50%) of respondents rated the impact from 1-5 as compared to 6-10 with the highest percentage (19%) of respondents choosing 5. This result indicates that the magnitude of inflation’s impact is wide ranging and that respondents are feeling it to varied degrees on their finances.



**Question 6**

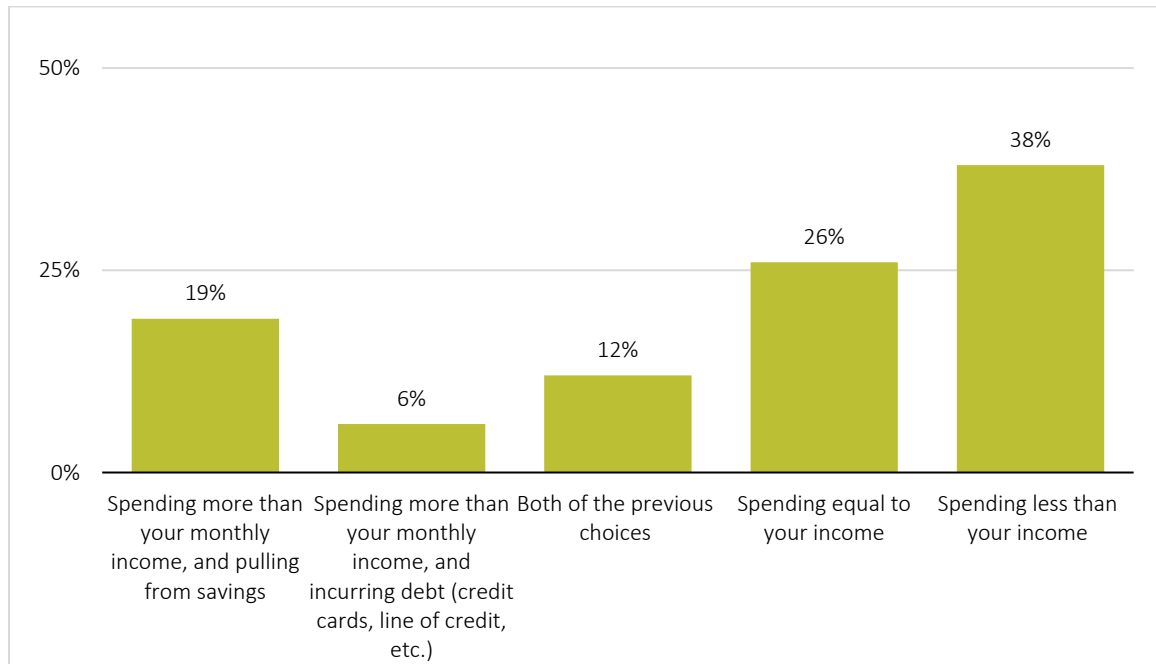
**WHAT AREAS OF YOUR BUDGET HAVE BEEN IMPACTED THE MOST BY INFLATION IN THE PAST 12 MONTHS? (SELECT ALL THAT APPLY)**



**Budget Areas Most Impacted by Inflation:** When asked which areas of their budget have been most impacted by inflation in the past 12 months, food (85%) and transportation (73%) were the areas that a majority of respondents selected. Respondents may be feeling the most significant impacts of inflation in their daily living expenses and of those they most frequently encounter. Other significant choices were savings (45%), entertainment (44%), and housing (39%). Fewer respondents chose medical expenses (27%) possibly indicating regular increases in medical costs may have already been anticipated in their budgeting, or many spent less than anticipated.

### Question 7

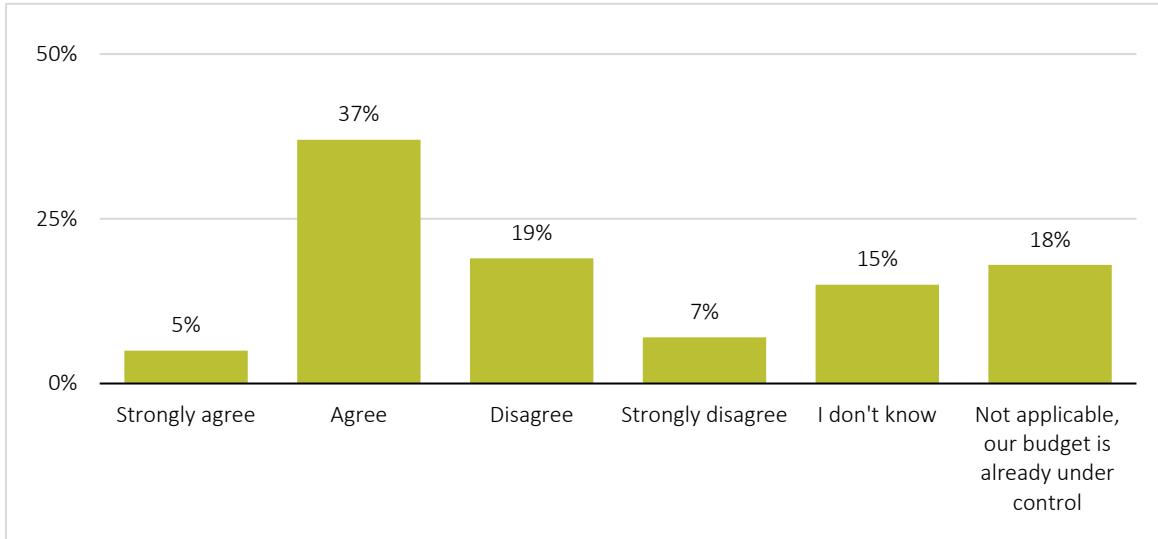
#### WHEN IT COMES TO SPENDING ARE YOU NOW...



**Adjustments to Spending Patterns Due to Inflation:** When asked to describe their pattern of spending now, a significant portion of respondents (38%) reported spending less than their monthly income despite the impact of inflation. This may indicate a possible shift towards more conservative spending practices among these respondents. However, an almost equal number (37%) of respondents are spending more than their monthly income by either pulling from savings or incurring more debt or both actions.

**Question 8**

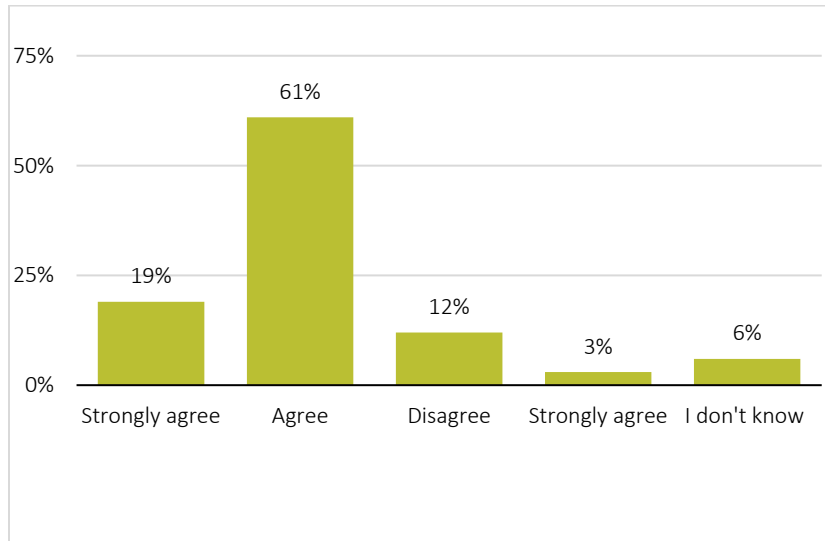
HOW STRONGLY DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENT: "ONCE INFLATION IS UNDER CONTROL, OUR BUDGET SHOULD BE BACK UNDER CONTROL."?



**Views on Budget Recovery as Inflation Moderates:** When asked about their views on whether their budget will be back under control once inflation is under control, a total of 42% of respondents either agree or strongly agree, with 18% of respondents selecting that it is already under control. This result reflects a significant level of optimism about the future economic situation. However, 26% of respondents either disagree or strongly disagree, indicating at least some level of concern about the future.

**Question 9**

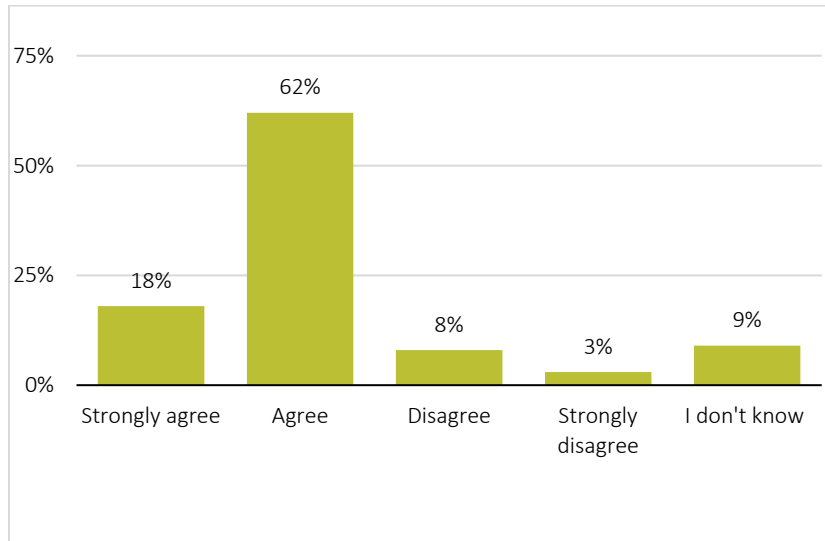
HOW STRONGLY DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENT: "WE HAVE MADE ADJUSTMENTS TO OUR SPENDING PATTERNS."?



**Adjustments in Spending Patterns:** When asked whether they have made adjustments to their spending patterns, a large majority (80%) of respondents have made adjustments with 19% strongly agreeing and 61% agreeing. This indicates that most respondents are pursuing some financial management strategies to address inflation, implying a significant level of intentional responsiveness and effort to adapt.

**Question 10**

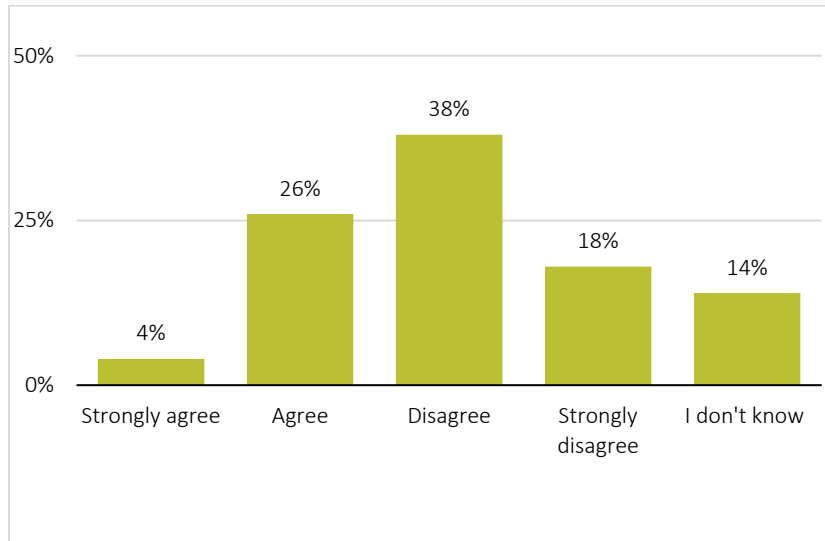
HOW STRONGLY DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENT: “WE ARE ABLE TO MANAGE OUR FINANCES GOING FORWARD.”?



**Future Financial Management:** When asked whether they are able to manage their finances going forward, a substantial majority of respondents (80%) feel able to manage their finances going forward, with 18% strongly agreeing and 62% agreeing. This level of response suggests a generally positive outlook among participants regarding their financial resilience and planning capabilities, which may be indicative of the greater motivation shown by a sample of health app users.

**Question 11**

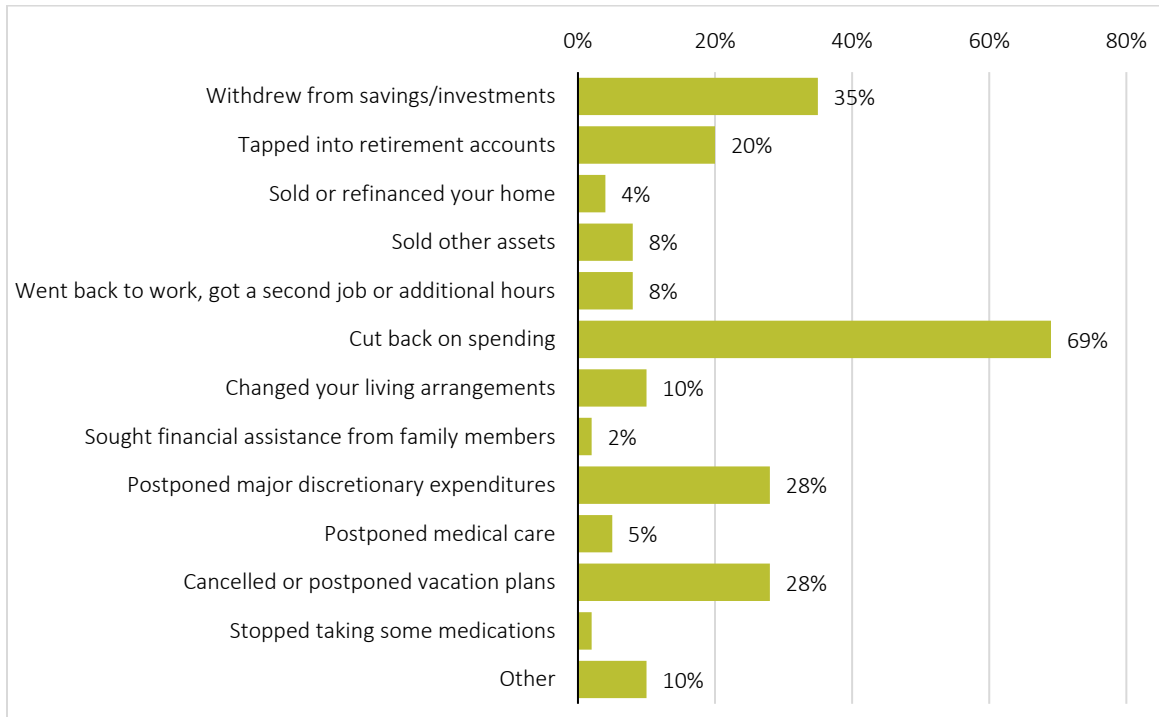
HOW STRONGLY DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENT: “WE ARE CONCERNED THAT WE WILL NOT BE ABLE TO EFFECTIVELY MANAGE OUR FINANCES IN THE FUTURE.”?




**Concerns About Future Financial Management:** When asked about their level of concern about not being able to effectively manage their finances in the future, 30% of respondents either agree or strongly agree that they are worried about future financial management. This result reflects some underlying anxiety among some participants about the long-term impact of inflation. However, 56% of respondents either disagree or strongly disagree that they are concerned they will be able to effectively manage finances in the future, indicating a significant level of optimism. Although as noted in previous questions, there may be a certain level of overconfidence among some respondents.

**Question 12**

**IN RESPONSE TO INFLATION IN THE PAST 12 MONTHS, WHICH OF THE FOLLOWING HAVE YOU DONE?  
(SELECT ALL THAT APPLY)**




**Actions Taken in Response to Inflation:** Respondents were asked about what actions they have been taking in response to inflation in the past 12 months. The most common adjustments from the list of choices include cutting back on spending (69%), withdrawing from savings or investments (35%), postponing major discretionary expenditures (28%), and cancelling or postponing vacations (28%). On the other hand, only a very small minority of respondents are either postponing medical care (5%) or have stopped taking some medications (2%).



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## Acknowledgments

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## About The Society of Actuaries Research Institute

Serving as the research arm of the Society of Actuaries (SOA), the SOA Research Institute provides objective, data-driven research bringing together tried and true practices and future-focused approaches to address societal challenges and your business needs. The Institute provides trusted knowledge, extensive experience and new technologies to help effectively identify, predict and manage risks.

Representing the thousands of actuaries who help conduct critical research, the SOA Research Institute provides clarity and solutions on risks and societal challenges. The Institute connects actuaries, academics, employers, the insurance industry, regulators, research partners, foundations and research institutions, sponsors and non-governmental organizations, building an effective network which provides support, knowledge and expertise regarding the management of risk to benefit the industry and the public.

Managed by experienced actuaries and research experts from a broad range of industries, the SOA Research Institute creates, funds, develops and distributes research to elevate actuaries as leaders in measuring and managing risk. These efforts include studies, essay collections, webcasts, research papers, survey reports, and original research on topics impacting society.

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## About Optimity

Founded in 2014, Optimity is a mobile-first health technology platform that integrates behavioral science to assist members in improving their health. The platform's applications are used by over 7 million members in North America, providing tools to support physical, mental, nutritional, social, and financial well-being. The software is utilized by multi-line insurance carriers, employers, and community partners through various implementation models, including SaaS platforms, white-labeled apps, co-labeled solutions, and modular APIs. Optimity's objective is to help clients achieve sustainable outcomes at scale. More information is available at [myoptimity.com](https://myoptimity.com).

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