Retirement fluency is knowledge that promotes financial well-being in retirement.

Five questions in the 2024 P-Fin Index survey gauged retirement fluency, each covering a distinct topic:

- Social Security benefits
- Medicare coverage of healthcare expenses
- Employment-based retirement savings
- Ensuring lifetime income
- Life expectancy in retirement

On average, U.S. adults correctly answered two questions out of the five.

The share who correctly answered none of the questions (19%) matched the share who correctly answered four or five questions (17%).
Demographic variations in retirement fluency are apparent.

On average, men correctly answered more retirement-related questions than women. Likewise, Asians and Whites tended to correctly answer more questions than Blacks and Hispanics, and so too older generations compared with younger generations.

<table>
<thead>
<tr>
<th>Demographic Group</th>
<th>Men</th>
<th>Women</th>
<th>Asian</th>
<th>Black</th>
<th>Hispanic</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>43%</td>
<td>38%</td>
<td>42%</td>
<td>33%</td>
<td>31%</td>
<td>45%</td>
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</table>

Source: TIAA Institute-GFLEC Personal Finance Index (2024).

Retirement income security is linked to retirement fluency—individuals with greater retirement fluency tend to be more confident that they will have enough money to live comfortably throughout retirement.

Twenty-six percent of those who correctly answered four or five of the retirement-related questions are very confident in this regard, while only 7% are not at all confident. These figures are essentially flipped among those who correctly answered none of the questions—10% are very confident and 29% are not at all confident.

This finding demonstrates the importance of retirement fluency. Certainly, other factors matter as well in realizing a financially secure retirement, for example, the opportunity to save through an employment-based retirement savings plan. At the same time, an ability to make sound retirement-related decisions matters too.
Methodology
The TIAA Institute–GFLEC Personal Finance Index (P-Fin Index) has served as an annual barometer of financial literacy among U.S. adults since 2017. The 2024 survey was completed online in January by a sample of 3,876 individuals, ages 18 and older. The survey data were weighted to be nationally representative.

Questions measuring retirement fluency
Which statement about Social Security is false?
- The amount someone receives in Social Security benefits depends upon his/her earnings during the last two years of full-time employment. (42% correct)
- A worker receives Social Security benefit payments if he/she becomes disabled before retiring.
- Social Security benefit payments will continue as long as an individual is alive, no matter how long he/she lives.
- Don’t know.

Susan worries about living a long life and running out of money. What is the best way for her to address that possibility?
- Buy an annuity. (53% correct)
- Buy life insurance.
- There is nothing she can do about this.
- Don’t know.

On average, Medicare and other government programs cover how much of an individual’s health care expenses in retirement?
- Over 90%.
- About 2/3. (30% correct)
- About 1/2.
- Don’t know.

Latisha plans to start saving for retirement by setting aside $2,000 this year. Her employer offers a 401(k) plan and fully matches a worker’s contributions up to $5,000 each year. Under which scenario does Latisha have the largest amount in retirement savings at year-end?
- She contributes $2,000 to the 401(k) plan and invests the money in a mutual fund that earns a 5% return during the year. (44% correct)
- She contributes $2,000 to an IRA (individual retirement account) and invests the money in a mutual fund that earns a 5% return during the year.
- It does not matter—she will have the same amount of year-end savings either way.
- Don’t know.

On average in the U.S., how long will a 65-year-old man/woman live?
- Man age 79/Woman age 82.
- Man age 84/Woman age 87. (32% correct)
- Man age 89/Woman age 92.
- Don’t know.

Learn more
To learn more about the retirement fluency of U.S. adults visit the TIAA Institute and Global Financial Literacy Excellence Center (GFLEC) websites to read the full report.