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NEWS RELEASE

T. ROWE PRICE: RETIREMENT SAVERS LACK KNOWLEDGE OF SOCIAL SECURITY BENEFITS, WITH YOUNGER GENERATIONS PESSIMISTIC ABOUT FUTURE PAYMENTS

Education is Key to Closing the Social Security Knowledge Gap and Restoring Confidence in the System

BALTIMORE (March 25, 2025) – T. Rowe Price, a global investment management firm and leader in retirement, published a new white paper today revealing that many retirement savers, including pre-retirees, lack a basic understanding of Social Security benefits. Given the complexity of the system, this knowledge gap is understandable, but it underscores the urgent need for better education and guidance around this critical aspect of retirement planning. The paper features the latest findings from the firm's annual Retirement Savings and Spending Study, conducted in 2024, which explores the financial attitudes and behaviors of 401(k) savers.

Despite having the highest accuracy rates on Social Security questions presented in the survey, older respondents still had notable gaps in knowledge. While nearly all pre-retirees (aged 50 and older) understood that a reduction in benefits occurs when Social Security is claimed before full retirement age, fewer (62%) understood that the benefits increase if they delayed their claim beyond the full age. Additionally, only 45% of those over the age of 50 knew their approximate Social Security benefit amount. Younger respondents, particularly Generation Z and millennials, showed even less understanding. While 80% knew that Social Security is funded by payroll taxes, two-thirds incorrectly believed that benefits automatically start at age 65 if not claimed earlier.

Meanwhile, confidence in Social Security's ability to pay out currently scheduled benefits was remarkably low among survey respondents, with only 38% expressing confidence. Pessimism was particularly prevalent among younger generations, with both Gen Z and millennials expecting to only receive just over half of their currently scheduled benefits. In contrast, baby boomers anticipate receiving 88% on average.

The [white paper](#) further examines this knowledge gap and pessimism as well as the popularity of potential solutions to the long-term funding challenges of the program.

Additional key findings include:

- None of the survey's solutions to Social Security's long-term funding challenges gained widespread support from survey respondents. The choice of Congress not taking any action, thereby allowing the Social Security Trust Fund to deplete (which would result in a 20% benefit cut) was the least popular solution, with 60% disliking this option. Raising or eliminating the income cap on payroll taxes, while technically receiving the most support in comparison to the other solutions, still only garnered approval from just over one-third of respondents.
- The official Social Security website, SSA.gov, is a frequent source for information about Social Security benefits, used by 64% of survey respondents. Use of the site jumps to 85% among respondents who are aware of their approximate benefits, highlighting a link between information-seeking behavior and benefit awareness.
- Among investors who work with financial advisors, 67% turned to them for Social Security guidance. While that indicates advisors are an important information source, it also represents an opportunity to further educate their clients on the benefit.

"This research identifies a major gap in retirement savers' knowledge about Social Security benefits that can adversely affect their retirement," said Roger Young, CFP®, senior financial planner at T. Rowe Price. "Whether investing on their own or through a financial advisor, it's critically important for investors

to learn as much as they can about Social Security. Greater understanding can help individuals make more informed decisions and lead to better retirement outcomes.”

ABOUT T. ROWE PRICE

Founded in 1937, T. Rowe Price (NASDAQ – GS: TROW) helps individuals and institutions around the world achieve their long-term investment goals. As a large global asset management company known for investment excellence, retirement leadership, and independent proprietary research, the firm is built on a culture of integrity that puts client interests first. Clients rely on the award-winning firm for its retirement expertise and active management of equity, fixed income, alternatives, and multi-asset investment capabilities. T. Rowe Price serves millions of clients globally and manages US \$1.63 trillion in assets under management as of February 28, 2025. About two-thirds of the assets under management are retirement-related. News and other updates can be found on [Facebook](#), [Instagram](#), [LinkedIn](#), [X](#), [YouTube](#), and [troweprice.com/newsroom](https://www.troweprice.com/newsroom).

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