Financial Uncertainty Pushes Workers to Delay Retirement, Principal® Research Finds

August 12, 2026

Nearly seven in 10 employers say employees are postponing retirement as cost-of-living and inflation concerns persist

DES MOINES, Iowa--(BUSINESS WIRE)--Aug. 12, 2026-- U.S. employers are more optimistic about the economy and their own business outlooks, but many workers remain uncertain about their financial futures, according to the latest Principal Financial Well-Being Index℠. Nearly seven in 10 employers (69%) say employees are delaying retirement because of current economic conditions, underscoring the continued pressure workers face as they plan for long-term financial security.

Financial uncertainty is reshaping retirement timelines

Employers cite financial security concerns as the leading reason employees are delaying retirement, with rising cost of living and inflation (71%) topping the list. Healthcare costs and concerns about outliving retirement savings are also contributing to workers reassessing when and how they can afford to retire.

"The path to retirement is personal, but confidence is a universal need," said Teresa Hassara, senior vice president of Workplace Savings and Retirement Solutions at Principal®. "People want to understand where they stand today and what they can do next. A strong retirement plan can help by bringing together savings, guidance, and income strategies that support long-term financial confidence."

Business sentiment rebounds

Employer sentiment improved in the latest Principal Financial Well-Being Index℠, rising to 6.55 out of 10 from 6.06 in March. The increase was driven by stronger views of the 12-month economic outlook (+9 points), the health of the U.S. economy (+7 points), and the health of local economies (+6 points).

Even with the rebound, sentiment remains below levels seen throughout much of 2023 and 2024, when the index ranged from 7.25 to 8.08. Since April 2025, the index has ranged from 6.02 to 6.80 as employers have navigated shifting economic and policy conditions.

AI adoption has continued, with limited reported impact on staffing levels

More than half of employers (52%) reported an increase in staff over the past three months, while 38% reported no change. Just 12% reported a decrease in staffing, and 56% of those departures were driven by employee choice rather than employer action. Only 1.4% of all businesses surveyed attributed a staffing decrease to AI or automation.

AI adoption has continued to expand across businesses. Nearly one-third of employers (31%) expect AI adoption to increase both staffing and wages over the next 12 to 24 months, while another 24% expect wages to increase as staffing remains stable. Only 4% expect both staffing and wages to decline as a result of AI adoption. The share of employers who say AI is not applicable to their business fell from 19% to 10% over the past year, as more organizations actively explore how the technology can support their operations and employees.

"Much of the public conversation around AI has focused on potential job losses, but employers are telling a more nuanced story," said Amy Friedrich, president of Benefits and Protection at Principal®. "We're seeing broader AI adoption alongside relatively stable staffing levels and continued investment in talent. That aligns with what we're hearing from employers across our customer base, where the focus is less on workforce reduction and more on using AI to increase productivity, support employees, and help drive business growth."

About Principal Financial Group®

Principal Financial Group® (Nasdaq: PFG) is a global financial company with over 19,000 employees[1] passionate about improving the wealth and well-being of people and businesses. In business for 147 years, we're helping 82 million customers [1] plan, insure, invest, and retire, while working to support the communities where we do business, and build an inclusive workforce. Principal® is proud to be recognized as one of the 2026 World's Most Ethical Companies [2] and named as a "Best Places to Work in Money Management[3]." Learn more about Principal and our commitment to building a better future at principal.com.

[1] As of June 30, 2026

[2] Ethisphere, 2026|

[3] Pensions & Investments, 2025

About the Principal Financial Well-Being Index℠

The Principal Financial Well-Being Index℠ (WBI) Wave 3 (June 22-July 13, 2026) is recurring research used to track sentiment around repeated financial health measures and timely issues relevant to businesses. Business owners, decision makers, and business leader participants who represent companies with between 2 to 10,000 employees (n=1,000) provide information by completing a 15-minute online survey. Access to sample is provided by ROI Rocket, a third-party research panel provider.

In 2025, the WBI added a formal index. The index number in the WBI is calculated by taking responses from 6 perceptual measures evaluating current financial health, financial comparisons year over year, and future projections for business and economic outlook. The percentages of respondents who answered positively for each measure are averaged and standardized to a 0-10 scale, with perceptions of business / company, local economic, and U.S. economic growth weighted 60%, 20%, and 20% respectively within their aggregate measure.

Small businesses = 2–499 employees, Large businesses = 500–10,000 employees

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Source: Principal Financial Group