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Aug. 25, 2016



Every generation handles things their own way, and this includes preparing for retirement. A new study by [Transamerica Center for Retirement Studies](#) evaluates the retirement outlook of American workers by generation.

“Today’s workers are grappling with retirement security and challenged by the

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generation. And among Millennial workers, the youngest generation in the workforce, only 18 percent are very confident about their future retirement.

“Although the Great Recession ended years ago, millions of Americans are still regaining their financial footing,” said Collinson. “As each year passes, people’s fears about our current retirement system come more sharply into focus.”

Key findings from the survey report titled *Perspectives on Retirement: Baby Boomers, Generation X, and Millennials* raise questions about the stability of the U.S. retirement system’s three-legged stool:

- Sixty-one percent of workers have not fully recovered from the Great Recession, including 41 percent who have somewhat recovered, 13 percent who have not yet begun to recover, and seven percent who may never recover;
- Seventy-seven percent of workers are concerned Social Security won’t be there when they are ready to retire;
- Only 51 percent of workers agree that they are building a large enough retirement nest egg, including only 16 percent who strongly agree; and
- Sixty-five percent believe that they could work until age 65 and not save enough to meet their needs.

“Amid retirement savings shortfalls, American workers are attempting to prop up our system’s three-legged stool by adding a fourth leg: working during retirement,” said Collinson. The survey found that 38 percent of workers are expecting income from continued work during their retirement – and 15 percent are expecting it to be their primary source of income in retirement.

Baby Boomers (Born 1946 to 1964): Trailblazers of the New Retirement

“Baby Boomers are the generation that has re-written societal rules at every stage of

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Most Baby Boomers (87 percent) are expecting Social Security to be a source of their retirement income and one in three (34 percent) expects it to be their primary source of income. One-third (33 percent) are expecting income from a traditional pension plan, while most (78 percent) from retirement accounts (e.g., 401(k)s, 403(b)s, IRAs) and other savings and investments.

The current household savings in all retirement accounts among Baby Boomer workers is \$147,000 (estimated median). It should be noted that many Baby Boomers were already mid-career when 401(k) plans were first introduced. Therefore, they have not had a full 40-year time horizon to save in 401(k) plans.

“Working longer and fully retiring at an older age is a common sense solution for mitigating retirement savings shortfalls. Baby Boomers’ vision can only be achieved if they are proactive about staying employable and if employment opportunities are available to them,” said Collinson. “As part of their retirement planning, Baby Boomers should create a Plan B if retirement happens unexpectedly due to job loss, health issues, or other intervening circumstances.”

Generation X (Born 1964 to 1978): The Struggling Retirement Savers

“Generation X entered the workforce in the late 1980s and is the first generation to have access to 401(k) plans for the majority of their working careers,” said Collinson. “As such, they are early adapters who had to learn from their own experience without precedents to help guide their way.”

Seventy-seven percent of Generation X workers are saving for retirement and they started at age 28 (median). Among those participating in a 401(k) or similar plan, they contribute seven percent (median) of their annual pay.

Unfortunately, 30 percent of Generation X retirement plan participants have taken a

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“Generation X has entered its sandwich years with many in the middle of raising children and looking after aging parents – while juggling their jobs. They may feel that they cannot afford to invest in their own retirement. On the contrary, they have now reached the age at which they cannot afford not to save for retirement,” said Collinson. “Generation X has fallen behind on their retirement savings, but they still have time to catch up and improve their retirement outlook if they begin focusing on it right now.”

Millennials (Born 1979 to 2000): The Digital DIY Generation of Retirement Savers

“Millennials are the youngest and largest generation in the workforce. They’ve heard the word that they need to save for retirement,” said Collinson.

Seventy-two percent of Millennial workers have started saving – and at the young age of 22 (median). Among those who are offered a 401(k) or similar plan, 72 percent participate in the plan and contribute seven percent (median) of their annual pay. An impressive 30 percent contribute more than 10 percent of annual pay. The total household retirement savings among Millennials is \$31,000 (estimated median).

Millennials can do more to improve their retirement outlook by learning about investing. Seventy-two percent agree that they do not know as much as they should about retirement investing. Among those currently participating in a 401(k) or similar plan, one in four are “not sure” how their retirement savings are invested. Another 22 percent indicate their retirement savings are invested mostly in bonds, money market funds, cash, and other stable investments, thereby suggesting that they may be investing too conservatively given their long-term investing horizon until retirement.

Hungry for more education, most Millennials (75 percent) say they would like more

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