

News

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Four Generations of Workers Are Preparing for Retirement Amid an Uncertain Future

New research examines the retirement prospects of Baby Boomers, Generation X, Millennials, Generation Z

LOS ANGELES – October 12, 2022 – Seventy-six percent of workers say their life priorities changed as a result of the pandemic, and 56 percent cite saving for retirement as a financial priority, according to [**Emerging From the COVID-19 Pandemic: Four Generations Prepare for Retirement**](#), a survey report released today by nonprofit Transamerica Center for Retirement Studies® (TCRS) in collaboration with [Transamerica Institute®](#).

“Today’s workers are emerging from a pandemic and navigating megatrends such as population aging, increases in longevity, workforce disruptors, and concerns about Social Security,” said [Catherine Collinson](#), CEO and president of Transamerica Institute and TCRS. “Despite an unclear future, workers of all ages are envisioning and saving for an active and purposeful retirement – but are they adequately preparing?”

As part of TCRS’ [22nd Annual Retirement Survey](#), one of the largest and longest-running surveys of its kind, the study delves into the retirement outlook of U.S. workers aged 18 and older and employed by for-profit companies. Comparing Baby Boomers, Generation X, Millennials, and Generation Z, the study illustrates how workers’ expectations and preparations differ and how the retirement landscape has evolved.

Baby Boomers (Born 1946 to 1964)

“Baby Boomers have re-written societal rules at every stage of their lives, including retirement. With aspirations of working into older age and a flexible transition to retirement, they are upending the notion that work and retirement are mutually exclusive. As a result, they are paving the way for future generations,” said Collinson.

Many Baby Boomers were already mid-career when the retirement landscape began shifting from traditional defined benefit pension plans toward 401(k) or similar plans. They started saving at an older age than younger generations and have not enjoyed the same long-term time horizon to grow their investments. Emerging from the pandemic, Baby Boomers have been susceptible to employment risks, volatility in the financial markets, and increasing inflation – all of which could disrupt their retirement plans.

Forty percent of Baby Boomer workers expect Social Security to be their primary source of retirement income. Eighty-three percent are saving for retirement in an employer-sponsored 401(k) or similar plan and/or outside the workplace. They began saving at age 35 (median). Those participating in a 401(k) or similar plan contribute 10 percent (median) of their annual pay. Baby Boomer workers have saved \$162,000 (estimated median) in total household retirement accounts but only \$15,000 (median) in emergency savings.

Almost half of Baby Boomer workers (49 percent) expect to or already are working past age 70 or do not plan to retire. Their reasons for doing so are almost as likely to be healthy aging-related (78 percent) as financial-related (82 percent). However, their success depends on support from employers. Just 59 percent say their employers are age-friendly (for example, by offering opportunities, work arrangements, training and tools needed for employees of all ages to be successful).

“Baby Boomers are extending their working lives, which can help bridge savings shortfalls. However, it’s important for them to have backup plans because life’s unforeseen circumstances could derail their best intentions,” said Collinson.

Generation X (Born 1965 to 1980)

Generation X began entering the workforce in the 1980s and 1990s when 401(k) plans were brand new and traditional defined benefit plans were starting to vanish from the retirement landscape. They were early adopters of 401(k) plans and the first generation who could potentially have access to them for the majority of their careers. However, back in the 1980s and 1990s, 401(k)s were relatively primitive, with few investment options, limited investment education and guidance, and printed quarterly statements sent via U.S. mail.

Only 22 percent of Generation X workers are “very” confident they will be able to fully retire with a comfortable lifestyle and just 28 percent “strongly agree” they are building a large enough retirement nest egg. Seventy-eight percent are concerned that Social Security will not be there for them when they are ready to retire.

Eighty-one percent are saving for retirement in an employer-sponsored 401(k) or similar plan and/or outside the workplace. Generation X began saving at age 30 (median). Those participating in a 401(k) or similar plan contribute 10 percent (median) of their annual pay. They have saved \$87,000 (estimated median) in total household retirement accounts but only \$5,000 (median) in emergency savings.

Generation X workers seek to extend their working years with more time to save. Thirty-eight percent expect to retire at age 70 or older or do not plan to retire, and 55 percent plan to work in retirement. They have an opportunity to set forth goals: Only 27 percent have a financial strategy for retirement in a written plan.

“Most Generation X workers are saving for retirement, but many may fall short. The oldest Generation Xers are now in their late 50s and the youngest are in their early 40s, so there is no time like the present to build their savings and create long-term financial plans,” said Collinson.

Millennials (Born 1981 to 1996)

Millennials entered the workforce around the Great Recession, which began in late 2007. They experienced a turbulent economy in their early working years. They started their careers with higher levels of student debt than previous generations. Millennials have waited to buy homes, get married, and start families – but with the increasingly widespread availability of 401(k) plans, they made a solid and early start in saving for retirement.

Most Millennial workers (84 percent) say their life priorities have changed as a result of the pandemic and 68 percent are concerned about their mental health. Thirty-four percent were unemployed at some point during the pandemic for various reasons. Six in 10 cite paying off debt as a financial priority (60 percent).

Three in four Millennial workers (76 percent) are saving for retirement in a 401(k) or similar plan and/or outside the workplace. They began saving at age 25 (median). Those participating in a 401(k) or similar plan contribute 15 percent (median) of their annual pay. Millennial workers have saved \$50,000 (estimated median) in total household retirement accounts but just \$3,000 (median) in emergency savings.

Fifty-two percent expect their primary source of retirement income to be self-funded savings, including 401(k)s, 403(b)s, and IRAs (40 percent) or other savings and investments (12 percent). Seventy-three percent are concerned that Social Security will not be there for them when they are ready to retire.

“Many Millennials will be called upon as caregivers for aging parents or loved ones. But, unfortunately, this invaluable labor of love could be at the expense of their employment and ability to save for retirement,” said Collinson. Forty-two percent of Millennial workers are currently serving and/or have served as a caregiver for a relative or friend during their working career.

Generation Z (Born 1997 to 2012)

“Generation Z workers are young and have decades to grow their retirement savings. In addition, they will change employers many times throughout their careers, and likely spend time in self-employment, so they must be diligent in managing their retirement savings, especially during transitions,” said Collinson.

Generation Z entered the workforce shortly before COVID-19 when unemployment rates were at historic lows, then skyrocketed at the onset of the pandemic, and have since returned to lows as workers have been reluctant to return to the workforce. Despite this tumultuous start to their careers, Generation Z will have even greater access to 401(k)s and workplace retirement plans than their predecessors.

The pandemic has been especially difficult for Generation Z workers. Fifty-nine percent often feel anxious and depressed. Fifty-two percent experienced one or more negative impacts on their employment, ranging from layoffs and furloughs to reductions in hours and pay. Fifty-one percent have trouble making ends meet. Yet, they have not given up on retirement.

Sixty-seven percent of Generation Z workers are saving through employer-sponsored 401(k)s or similar retirement plans and/or outside the workplace – and they started saving at the unprecedented young age of 19 (median). Those participating in a 401(k) or similar plan contribute 20 percent (median) of their annual pay. Generation Z workers have saved \$33,000 (estimated median) in total household retirement accounts but only \$2,000 (median) in emergency savings.

“As we look toward the future, a future in which all Americans can retire with dignity, policymakers must take center stage in orchestrating ways to strengthen the retirement system for current and future generations. Likewise, employers must continue to play a vital societal role by providing jobs, income, and benefits to help workers protect their health and finances and facilitate saving and investing for retirement. And the private sector must continue innovating products, services, and solutions that can help people live, work, save, and retire better. We’re all in this together,” said Collinson.

[***Emerging From the COVID-19 Pandemic: Four Generations Prepare for Retirement***](#) provides detailed survey findings about Baby Boomers, Generation X, Millennials, and Generation Z. It also provides recommendations for workers, employers, and policymakers. To download the report, visit www.transamericainstitute.org. Follow on Twitter [@TCRStudies](https://twitter.com/TCRStudies).

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About the 22nd Annual Transamerica Retirement Survey

The 28-minute online survey was conducted within the U.S. by The Harris Poll on behalf of Transamerica Institute and TCRS between October 28 and December 10, 2021 among a nationally representative sample of 5,493 workers in a for-profit company employing one or more employees, including 398 Generation Z, 2,326 Millennials, 1,631 Generation X, 1,100 Baby Boomers, and 38 workers born before 1946. Results were weighted where necessary to align with the population of U.S. residents, referencing Census data for education, age, gender, race/ethnicity, region, household income, education, employment, marital status, and size of household. Weighting also adjusts for attitudinal and behavioral differences between those who are online versus those who are not, those who join online panels versus those who do not, and those who respond to surveys versus those who do not.