

### **Generation X Workers' Retirement Collision Course Can Still Be Corrected**

*Research from Transamerica Center for Retirement Studies® Reveals Ways to Improve Outcomes*

**LOS ANGELES – August 28, 2014** – Today, nonprofit Transamerica Center for Retirement Studies® (“TCRS”) released a new report and fact sheet revealing the current lack of retirement preparedness among Generation X workers (born between 1965 and 1978) that identifies opportunities for improving their long-term outcomes.

“Gen Xers are feeling that retirement reality bites,” said Catherine Collinson, president of TCRS. The survey found that 85 percent of Generation X workers believe that their generation will have a much harder time achieving financial security in retirement than their parents’ generation. Eighty-three percent of Generation X workers are concerned that Social Security will not be there for them when they are ready to retire.

#### ***Post-Great Recession: Gen Xers Need a Vote of Confidence***

“Generation X was slammed by the Great Recession yet most are now financially recovering,” said Collinson. According to the survey findings, 12 percent of Generation X workers were laid off during the recession. Twenty-five percent had their work hours or wages reduced. Four percent lost their homes.

Most Generation X workers (57 percent) say they are financially recovering from the recession, but only 12 percent have fully recovered. A relatively small percentage (14 percent) said they were not affected.

In the aftermath of the recession, just 24 percent say that saving for retirement is their greatest financial priority. Almost half (48 percent) are focused on current needs, such as paying off debt (27 percent) or covering basic living expenses (21 percent), as their top priorities right now.

Sixty-one percent of Generation X workers are confident that they will be able to someday fully retire with a comfortable lifestyle; however, among them, only 14 percent are “very confident.” Thirty-four percent expect their standard of living to decrease when they retire.

“Next year, the first Gen Xers will begin turning 50 and they need a vote of confidence that they can improve their retirement outlook,” said Collinson. “Gen Xers are on a retirement collision course that can be corrected. They still have time to positively change their retirement destiny. They can do it.”

#### ***Gen Xers Can Strengthen Savings to Overcome Setbacks***

“Most Generation X workers are currently saving for retirement but many are not saving enough,” said Collinson. “Finding the extra income to save may be extremely difficult. However, it is a worthy challenge that can make or break a comfortable retirement.”

Eighty-four percent of Gen Xers who are offered a 401(k) or similar plan participate in that plan at an annual contribution rate of seven percent (median).

“Taking out loans and early withdrawals can severely inhibit the long-term growth of retirement accounts,” said Collinson. “Unfortunately, many Gen Xers have found themselves in situations where it was necessary to do so.”

Among Gen X workers currently participating in a 401(k) or similar plan, the survey found that 27 percent had taken some form of loan and/or early withdrawal from the plan, including 18 percent who had taken a loan and ten percent an early withdrawal.

“In the coming years before they retire, Gen Xers can meaningfully grow their savings,” said Collinson. “Increasing retirement plan contributions from the current level of seven percent of annual pay to 10, 12, or even 15 percent can profoundly increase the size of their nest eggs at retirement.”

The survey found that Generation X workers have currently saved just \$70,000 (estimated median) in total household retirement accounts.

### ***Procrastination Is a Barrier to Planning***

“Procrastination is the enemy,” said Collinson. “Our survey found that 39 percent of Generation X workers prefer not to think about or concern themselves with retirement investing until they get closer to their retirement date.”

Half (51 percent) of Generation X workers who provided an estimate of their retirement savings needs indicate that they guessed what that number should be. Twenty-one percent have estimated their savings needs based on current living expenses. Just 12 percent used a retirement calculator or completed a worksheet.

The majority of Generation X workers (61 percent) have some sort of retirement strategy, but only 14 percent have a written plan (another 47 percent have a plan but it is not written down). Most Gen Xers with a strategy have factored savings and income needs (56 percent), on-going living expenses (56 percent), and a retirement budget (50 percent). Fewer than half of them have considered healthcare costs, inflation, or taxes.

Sixty-five percent of Generation X workers agree that they don’t know as much as they should about retirement investing. The majority (58 percent) want some level of advice or outside input when saving and investing for retirement. In contrast to their desire for advice, only 35 percent of Generation X workers who are now investing for retirement use a professional financial advisor.

Most Generation X workers (54 percent) plan to work past age 65 or do not plan to retire. Many plan to continue working when they retire, at least on a part-time basis. Doing so requires they have access to employment opportunities. Only 44 percent are focused on keeping their job skills up-to-date, 18 percent are networking and meeting new people, and only 17 percent are scoping out the employment market.

“Working longer and delaying retirement is an effective way to help bridge retirement savings shortfalls. In order to stay employed, Gen Xers need to be hyper-vigilant about keeping their job skills up-to-date and in step with employers’ needs,” said Collinson.

### **Gen Xers Can Chart a Roadmap for Retirement Readiness**

Three strategic steps for Gen Xers to make a course correction and improve their retirement outlook include:

1. **Evaluate your financial situation.** Do a full financial assessment of current levels of retirement savings and other components of your personal balance sheet including other assets and debts. Know where you stand.
2. **Calculate retirement savings needs, develop a retirement strategy, and write it down.** Factor in living expenses, healthcare needs, government benefits and long-term care. Envision your future retirement and have a backup plan in case retirement comes early due to an unforeseen circumstance. Seek assistance from a professional advisor, if needed.
3. **Save as much as possible for retirement.** Consider participating in employer-sponsored retirement plans and taking full advantage of matching employer contributions. Consider deferring even more, if possible. Avoid taking loans and early withdrawals. When eligible, consider Catch-Up Contributions.

“Gen Xers’ alarm clock is sounding. They cannot afford to hit the snooze button any longer. Now is the time to focus on retirement,” said Collinson. “It is never too late to start saving – or to begin saving even more for retirement. Increasing savings combined with knowledge, expertise, and solid planning can help Gen Xers achieve a financially secure retirement.”

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#### **About Transamerica Center for Retirement Studies**

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#### **About the 15th Annual Transamerica Retirement Survey**

The survey was conducted online within the United States by Harris Poll on behalf of Transamerica Center for Retirement Studies between February 21 – March 17, 2014 among a nationally representative sample of 4,143 full-time and part-time workers, including 1,021 Millennials, 1,120 Generation X, 1,805 Baby Boomers, and 197 who were born prior to 1946. Potential respondents were targeted based on employment status and company size. Respondents met the following criteria: U.S. residents, age 18 or older, full-time workers or part-time workers in for-profit companies, and employer size of 10 or more. Results were weighted to account for differences between the population available via the Internet versus by telephone, and to ensure that each quota group had a representative sample based on the number of employees at companies in each employee size range. No estimates of theoretical sampling error can be calculated.

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