

Retirement Planning Services

Monthly Feature

Squeeze play: Gen Xers especially feel the pinch

Saving for retirement can challenge the best of us. For one group of employees, the challenge seems particularly daunting. Your mid-career colleagues, those between 36 and 56 years of age, may sometimes feel the odds are stacked against them. They are squeezed by their own debt, financial obligations to children who are not yet grown, and often, financial demands of aging parents. How, they may wonder, will they ever be able to retire?

Here are a few statistics about this generation, according to information from an ADP Retirement report¹:

- More than 60% of Gen X workers have dependent children
- 30% provide financial support to their parents or in-laws
- 31% have outstanding student debt.

About 1/3 of Gen Xers answering the survey reported concern about their ability to meet current monthly expenses. In fact, in 2017 38% said they used a credit card to afford necessities, up a startling 11% compared to one year earlier.

Meanwhile, Gen Xers appear to be more confident in their ability to retire on time than in previous years. 29% reported in 2017 anxiety about not being able to do so, compared to 37% who felt that way in 2016. And ¾ of Gen Xers are, indeed, saving for retirement, although about 1/3 have used their retirement assets for something unrelated to retirement, and nearly half believe they will need to at some point.

Retiree healthcare costs cause concern

A significant point of concern for Gen Xers is the cost of health care in retirement, with 30% citing it as a top concern. (Running out of money in retirement (46%) and health issues (32%) were the worries topping the list). They are right to be concerned. One national provider of healthcare cost-projection software expects a healthy 65-year-old couple retiring in 2018 to need nearly \$364,000 in their retirement years to pay healthcare premiums and expenses.² Even so, only half of Gen X workers who have access to a Health Savings Account use it as a way to build a nest egg toward these expenses in retirement.

Push back with financial wellness education

To push back against the squeeze, many employers provide some form of financial wellness program. A solid financial wellness program should include education about managing debt, setting up and using a budget effectively, and finding ways to save for the future. Such a program can help solidify the relationship between employer and employees—for all ages and pay grades. It can help reduce financial stress on employees, which in turn may improve productivity—since, according to the survey, 34% of Gen Xers report being distracted at work over money. Among them, almost half say they spend at least 3 hours a week preoccupied with personal finance issues during the workday.

¹Generation X: The Most Financially Stretched and Financially Stressed Generation, ADP Retirement Services 2018

²Healthview Services 2018 Retirement Healthcare Costs Data Report®, <https://tinyurl.com/HVS-2018-retiree>

bankatfirst.com/wealth

First Financial Wealth Management, a division of First Financial Bank, provides investment advisory, wealth management and fiduciary services. First Financial Wealth Management does not provide legal, tax, or accounting advice. The products and services made available by First Financial Wealth Management: • **Are Not Deposits.** • **Are Not FDIC insured.** • **Have No Bank or Federal Government Guarantee.** • **May Lose Value.**

FIRST
first financial
wealth management