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Look who's not talking!

Consumers surprisingly mum on retirement planning

GEN-to-GEN

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We need to talk.

All consumers do. Right now, many people are aware that they are unprepared for retirement, and concerned about how they will fund it. In fact, just 16% give themselves an ‘A’ grade on retirement planning. 41% give themselves a ‘C’ or lower.

However, the various generations are not talking to each other about retirement planning, and today’s retirees aren’t passing along realistic or practical advice to younger generations.

Whether money and savings are taboo topics, or older generations are feeling guilt or embarrassment over their retirement savings habits, this lack of conversation between generations can have a big impact on the future of savings.

Generational categories

Baby Boomers: age 55+

Gen X-ers: ages 45-54

Millennials: ages 25-44

Gen Z-ers: ages 18-24

Key learning 1:

Retirement advice is limited and vague

More than a third of Gen-Xers and 32% of Baby Boomers polled have never given advice to their children about planning for retirement. And of the parents who gave their children retirement advice, most was vague guidance and cliches about savings, and lacked specific recommendations about retirement plans, debt avoidance, and responsible spending. As to be expected, Millennials and Gen Z-ers reported passing along retirement advice even less often, likely because their children, if any, are too young.

What is the top piece of advice you received?

1. Save a lot, early, and often: 10-50% specifically mentioned
2. Spend wisely
3. Avoid debt
4. Invest conservatively
5. Set up a retirement savings plan (401k, IRA, Roth, trust fund)

* Ranked in order of prevalence

Have you ever given your children advice about planning for retirement?

*parents only

Yes

Gen Z
25%

Millennials
37%

Gen X
64%

Baby Boomers
68%

No

Gen Z
75%

Millennials
63%

Gen X
36%

Baby Boomers
32%

Key learning 2:

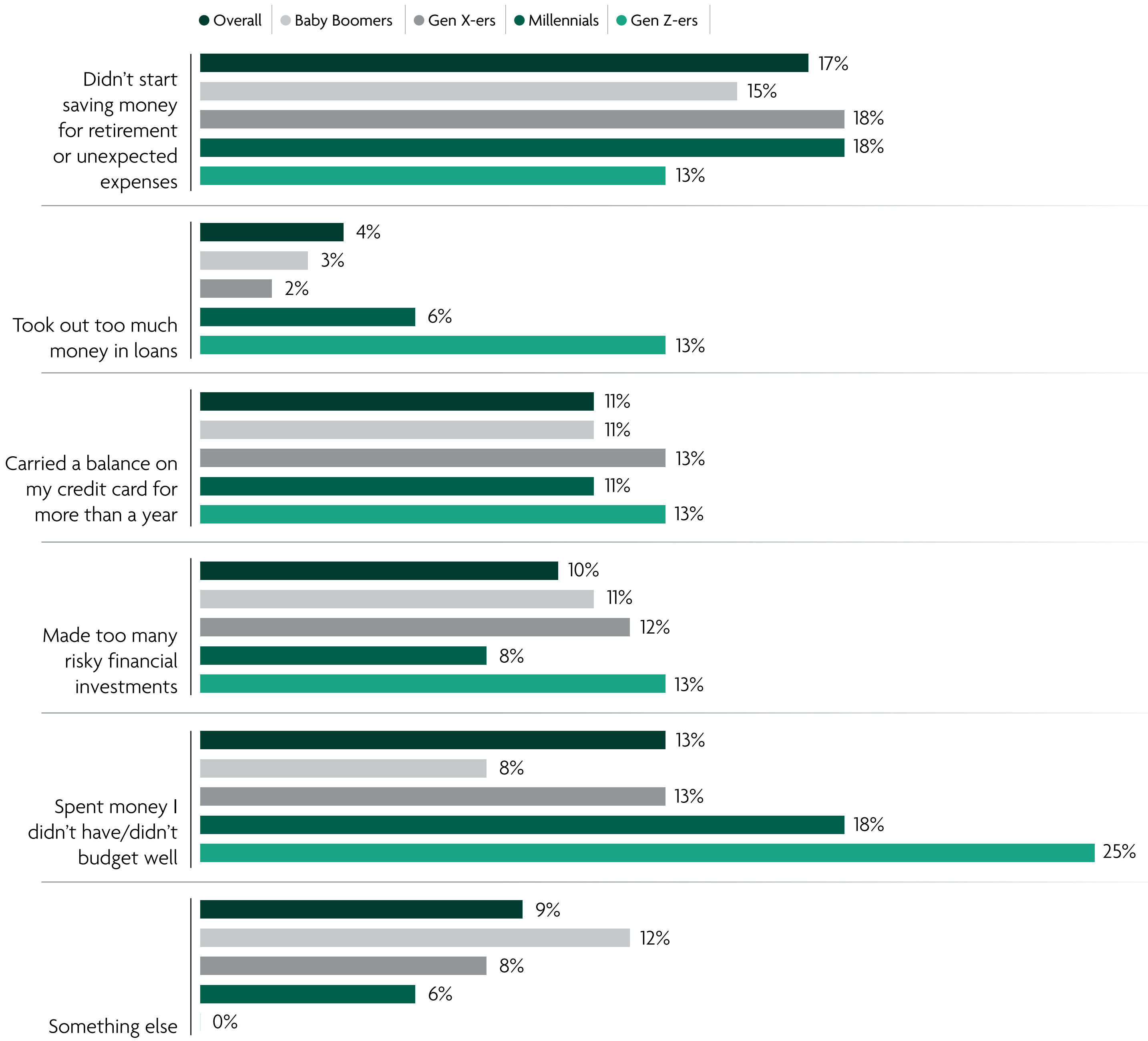
Each generation repeating the same retirement mistakes

Many consumers are not talking about retirement with their children, but when they are, their advice is vague. Yet, part of helping the next generation succeed financially means allowing them to learn from the previous generations' mistakes.

Some Baby Boomers confessed that spending money on things they didn't need, and getting into too much debt, were the biggest financial mistakes they made when they were young, and another 17% said their biggest mistake was not saving for retirement. Yet, this is not the primary information or advice that they pass along to younger generations.

Gen Z-ers reported 'taking out too much in loans' and 'overspending' more often than older generations.

What's the biggest financial mistake you made when you started planning for retirement?



Key learning 3:

Financial fears remain the same across generations

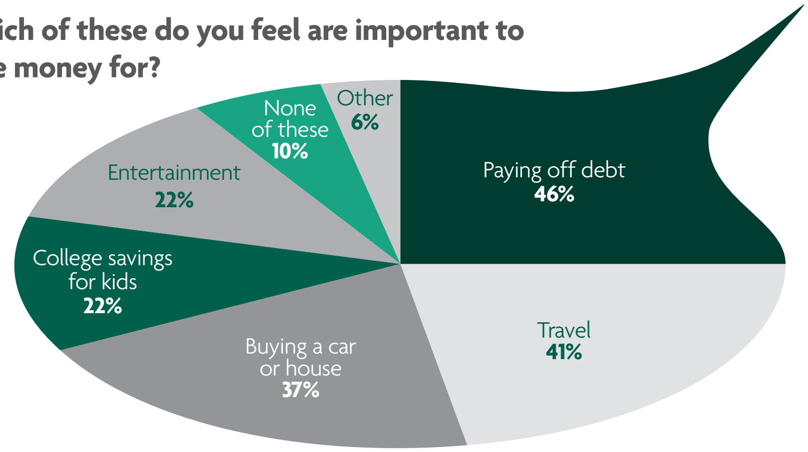
As they approach retirement, most Baby Boomers cite not knowing how much they'll need, as well as not making enough money, as barriers to saving more for their retirement.

As the generation closest to retirement, Baby Boomers have real fears about having enough money or financial security in retirement.

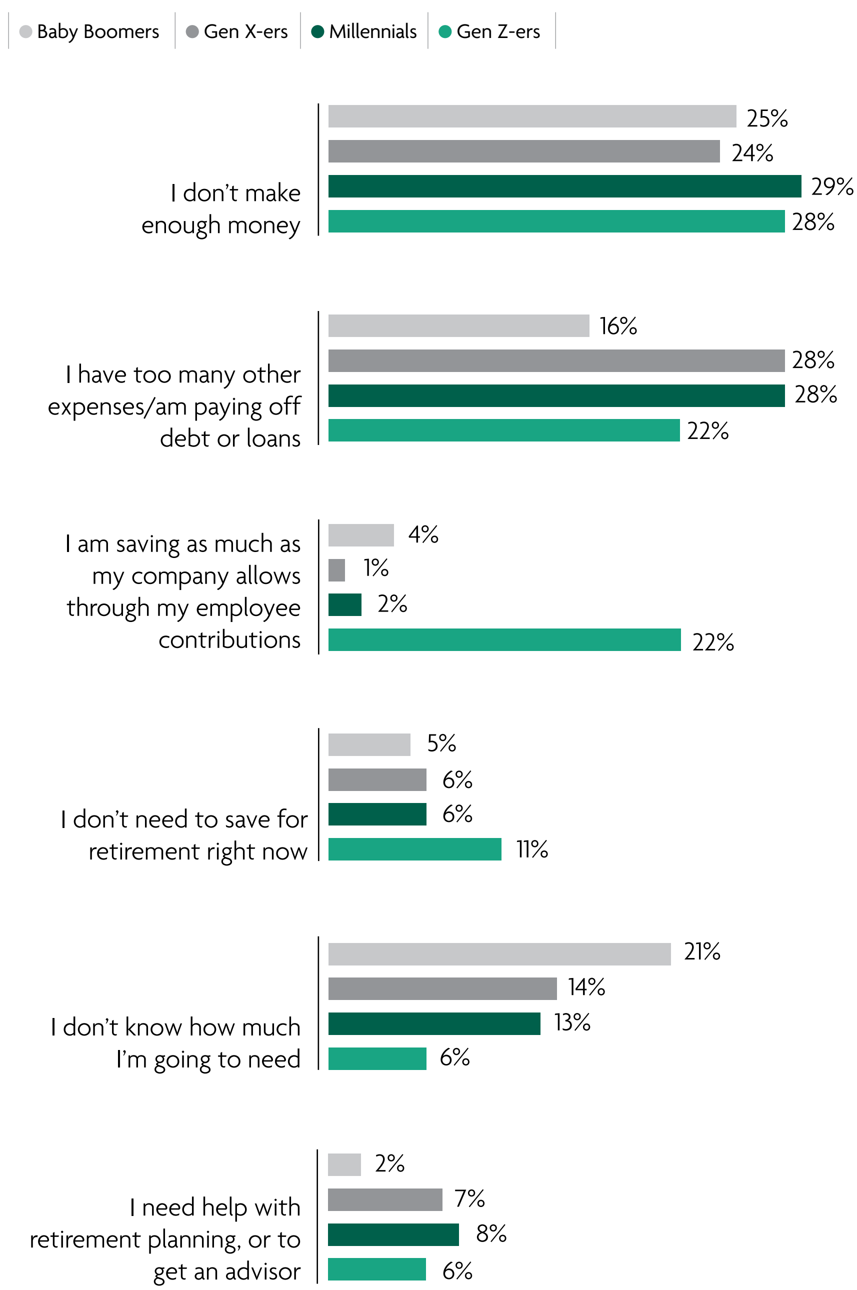
In fact, 77% of Baby Boomers admit they are at least slightly concerned about outliving their retirement savings. Younger generations are even more fearful—with 80% of Gen X-ers, 87% of Millennials, and 89% of Gen Z-ers reporting the same concern.

Ensuring your savings can last a lifetime starts with assessing your current retirement strategy, including benefits such as Social Security and any other income streams, as well as future financial needs. Adding a fixed index annuity to your portfolio can help protect your nest egg from market volatility and generate steady lifetime income.

Which of these do you feel are important to save money for?



Which of the following is the biggest impediment to you putting away more money for your retirement?



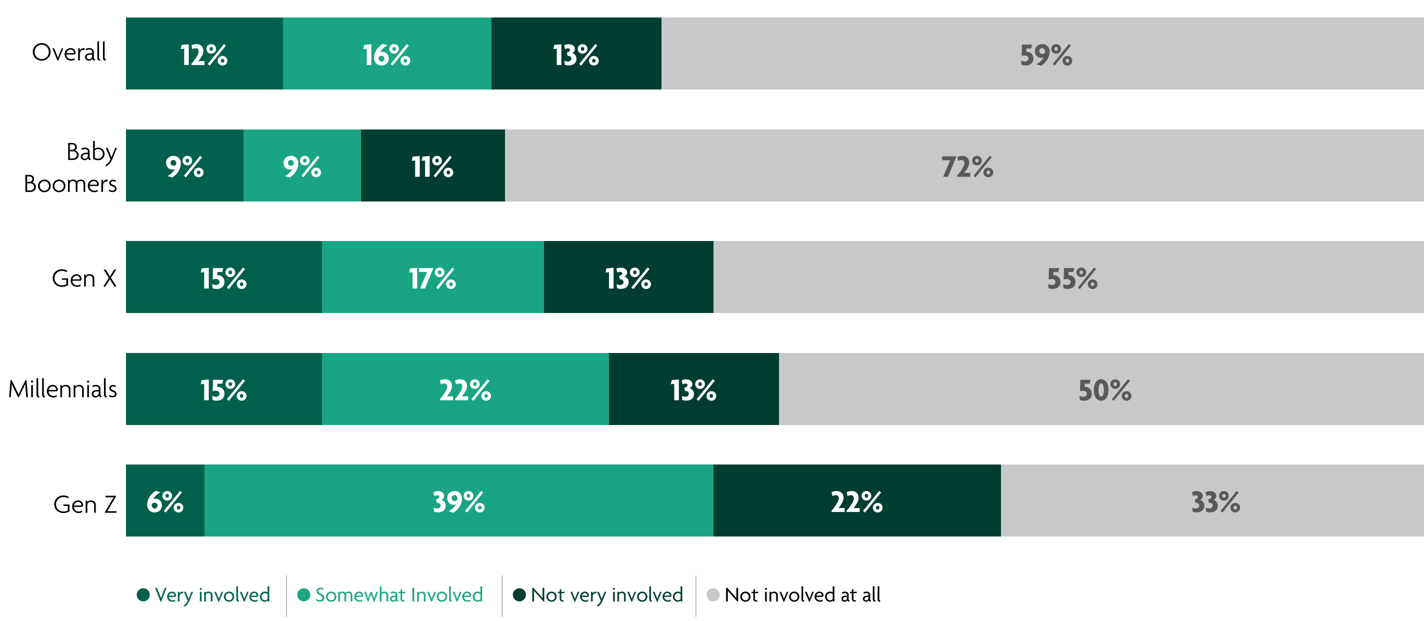
Key learning 4:

Gen X-ers poised to be more involved in parents' planning

A third of Gen X-ers say they are involved in their parents' retirement planning—an increase from the previous generation, as three-quarters of Baby Boomers did not participate at all in their parents' retirement planning.

While participation appears to be growing with each succeeding generation, there is clearly room for improvement in communication about retirement planning. Awareness of parents' savings strategy and retirement plans can help consumers financially plan for possibly assisting their family members down the road and influence their own planning.

How involved are you currently in your parent or family member(s)' ongoing retirement savings or planning?



It's true that each generation might not fully understand the next, but when it comes to thoughts about retirement, we're not all that different.

With each new generation reporting similar saving, spending and communication blunders, imparting lessons-learned on younger generations may help them avoid some of the financial pitfalls of our own pasts. After all, maybe one day we'll all be able to give ourselves an **'A'** grade on retirement planning.

If you're carrying the burden of retirement planning alone, a financial professional from North American could help you achieve your retirement goals.

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Methodology

For analysis purposes, when you see references to each generational group in the report, they have been grouped and categorized as such: Gen Z = Age 18-24, Millennials = Age 25-44, Gen X = Age 45-54, Baby Boomers = Age 55+

This survey was conducted online between June 12 and June 29, 2020, and included 1,203 adults, age 18 and above. Data was weighted by gender, race, ethnicity, and region to be representative of the national adult audience. Survey results have been rounded to nearest whole numbers. Some totals may not equal 100%.

Analysis is for educational purposes only. The experience of the participants of the 2020 North American Company for Life and Health Insurance® Generations Retirement Study may not be representative of the experience of all.

Fixed index annuities are not a direct investment in the stock market. They are long term insurance products with guarantees backed by the issuing company. They provide the potential for interest to be credited based in part on the performance of specific indices, without the risk of loss of premium due to market downturns or fluctuation. Although fixed index annuities guarantee no loss of premium due to market downturns, deductions from your accumulation value for additional optional benefit riders or strategy fees associated with allocations to enhanced crediting methods could exceed interest credited to the accumulation value, which would result in loss of premium. They may not be appropriate for all clients. Interest credits to a fixed index annuity will not mirror the actual performance of the relevant index.

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