Gen X vs. boomers:

Retirement readiness in 10 charts

Discover why Gen Xers are lagging behind boomers and explore insights to support better retirement outcomes

JACKSON®

INTRODUCTION:

The "Forgotten Generation" approaches retirement

Financial circles are abuzz about the retirement needs of baby boomers—and rightfully so. This generation, named for the rapid U.S. population growth that followed World War II, is leading a historic retirement surge. In fact, from 2024 through 2027 more Americans than ever before will reach the traditional retirement age of 65.[1] Meeting their needs will greatly affect the economy, workforce, healthcare and public policy, among other areas.[2]

But what about Generation X? The earliest members of this cohort, born between 1965 and 1980, are nearing their 60s and are next in line for retirement.[3] Recent research by Jackson® shows they aren't nearly as confident as baby boomers about their retirement security. Not only are the Gen Xers we surveyed far more stressed about planning for their financial futures, but they're less prepared, have lower financial knowledge and fewer investable assets. Despite these and other financial challenges, only about four in 10 are working with a financial professional.

There are valid reasons behind Gen Xers' concerns. Social and economic forces have left them in a different place financially than baby boomers. They earned four-year degrees at higher rates, but also shouldered greater college debt.[4] And unlike their predecessors, they didn't enter the workforce when pay was more aligned with the cost of living and employer-sponsored pensions were the norm. Instead, they struggle with high inflation and rising housing and childcare costs. Their tight budgets don't leave significant room for emergency expenses and saving money is a challenge.[5]

Gen X "is the Jan Brady of generations," overlooked while the larger baby boomer and Millennial generations grab more attention. "They were the kids left alone after school, and they are kind of on their own in retirement too."*

— Dave Goodsell
executive director,
Natixis Center for Investor Insight

* Aimee Picchi, CBS News, "Retirement Bites? Almost Half of Gen Xers Say They'll Need a Miracle to Retire," June 18, 2024.

1 Jason J. Fichtner, Retirement Income Institute, Alliance for Lifetime Income, "The Peak 65 Zone Is Here—Creating a New Framework For America's Retirement Security," January 2024.

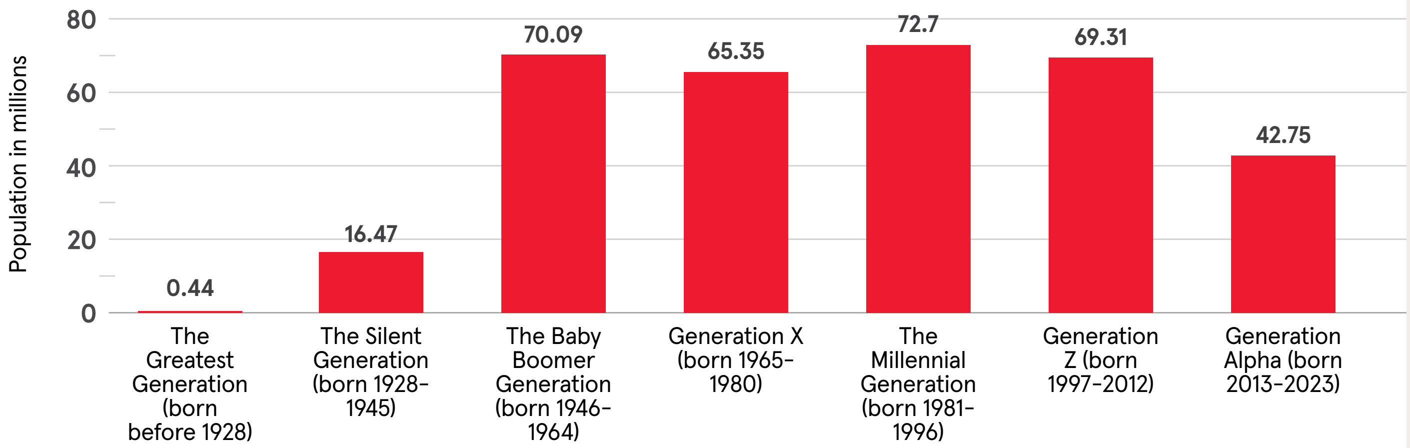
2 Jessica Hall, Morningstar, "As Baby Boomers Hit Another Milestone Next Summer, Social Security Will Feel the Strain," August 7, 2023.

3 Aimee Picchi, CBS News, "Retirement Bites? Almost Half of Gen Xers Say They'll Need a Miracle to Retire," June 18, 2024.

4 Tyler Bond et al., National Institute on Retirement Security, "The Forgotten Generation—Generation X Approaches Retirement," July 2023.

5 Aaron Smith, Life Annuity Specialist, "Gen Xers Are Running out of Time for Saving - and They Know It," June 28, 2024

U.S. POPULATION BY GENERATION IN 2023



Source: Statista, "Resident Population in the United States in 2023 by Generation," June 18, 2024.

Generation X is known as the Forgotten Generation for a reason. They are "in-betweeners," bookended by the more sizable boomers who preceded them and the even larger Millennial generation that followed. Their influence and insights on society, modern life and work are profound, yet they often feel overlooked and believe their many contributions are understated.[6]

Jackson is committed to ensuring more Americans from every generation can enter retirement with greater confidence and clarity in their financial futures. To support this important goal, we often conduct proprietary research to provide financial professionals and their clients with valuable information and insights that can make planning discussions more productive and ultimately contribute to better retirement outcomes.

The perspectives that follow are based on our psychographic research, which captures insights on attitudes, behaviors and personality traits among retired and pre-retired investors. In sharing these findings, it's our goal to help ensure members of Generation X—and the baby boomers who precede them in retirement—are far from forgotten when it comes to achieving their financial freedom.

[6] Jeannine Mancini, Benizinga, "'Whining Got Us Nowhere': Gen X Is Notoriously Laid Back But Often Overlooked—79% Say They're 'Forgotten' In The Workplace," March 21, 2024.

Research methodology

"Gen X vs. baby boomers: Retirement readiness in 10 charts" is based on broader research conducted by Jackson on the psychographics of successful retirement outcomes. The research, performed in partnership with Advanis, used an online survey fielded from June 8–23, 2023. The approach involved polling a population with the following characteristics:

1,001 pre-retired U.S. consumers

- Respondents were between 43 and 70 years of age, at least shared financial decision-making responsibilities in their households and were employed full- or part-time.
- These participants had investable assets of up to $2 million and no more than 35% of those polled had investable assets of less than $100,000. A maximum of 250 respondents planned to rely on Social Security benefits alone as a retirement income source.

1,003 retired U.S. consumers

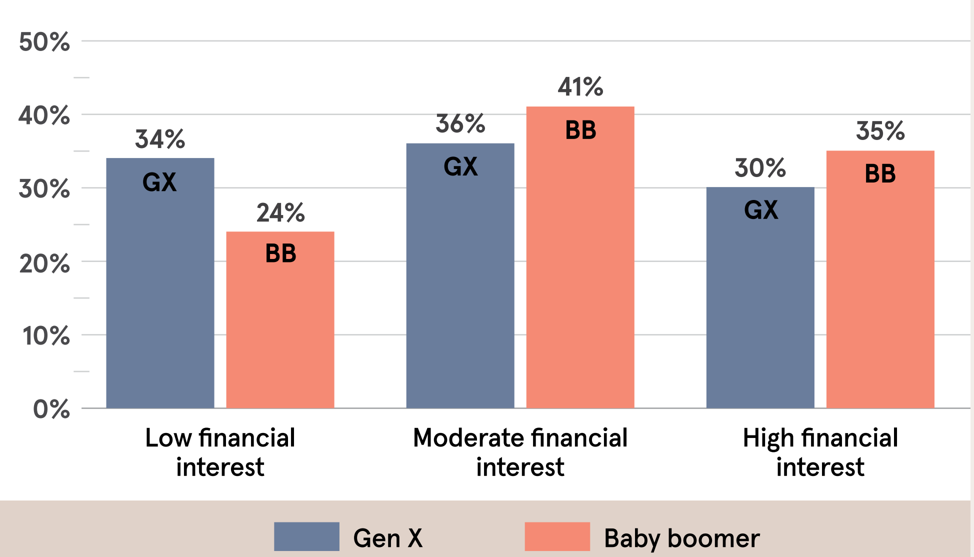
- Respondents were age 65 or older, at least shared financial decision-making responsibilities in their households and were retired three years or more. No more than 10% of those polled were retired less than five years.
- These participants had investable assets of up to $2 million and no more than 35% had investable assets of less than $50,000. A maximum of 100 respondents from this cohort planned to rely on Social Security benefits alone as a retirement income source.

Generational categories were created by coding all respondents with years of birth between 1946 and 1964 (greater than 1945 and less than 1965) as baby boomers, and respondents with years of birth between 1965 and 1980 (greater than 1964 and less than 1981) as Gen X. Of the 2,004 respondents surveyed, 1,856 were coded as either Gen Xers or baby boomers.

In addition to Jackson's research, outside sources are leveraged throughout this paper to provide additional context and deeper perspective.

01 Financial interest

GEN Xers SHOW LOWER FINANCIAL INTEREST THAN BABY BOOMERS



Research summary:

Baby boomers are more likely than Gen Xers to show moderate or high levels of financial interest. This was determined by placing respondents in one of the three categories shown in the chart above based on their level of agreement with these three statements:

STATEMENT	LEVEL OF AGREEMENT	
	Gen Xers	Baby boomers
I feel stressed out when I think about planning my financial future	30%	16%
I don't like dealing with money and finances	16%	11%
I enjoy managing my money	48%	49%

Not only do Gen Xers surveyed appear to experience significantly more stress than baby boomers in planning for their financial futures, but more Gen Xers than baby boomers don't like to manage money and finances at all.

Key insights:

Gen Xers are in their key wealth-building years but are often hampered by competing financial demands. For instance, several are balancing the obligation to care for children or aging parents while juggling work and household budgets. As a result, they are not saving enough money for retirement and they know it, and high inflation has prevented them from saving more.[7]

[7] Alex Gailey, Bankrate, "Meet the 'Sandwich Generation': Gen Xers are Burnt Out and Stressed About Money," July 24, 2023.

01 Financial interest

Further complicating matters is the fact that Gen Xers have endured a triple retirement threat while in the workforce. Over the course of 25 years, they experienced the dot-com bubble burst in the late '90s, followed by the Great Recession less than 10 years later and, more recently, the coronavirus recession.[8] Considering these and the other factors mentioned, it shouldn't be surprising that Gen Xers are more likely than any other generation to say money has a negative effect on their mental health.[9]

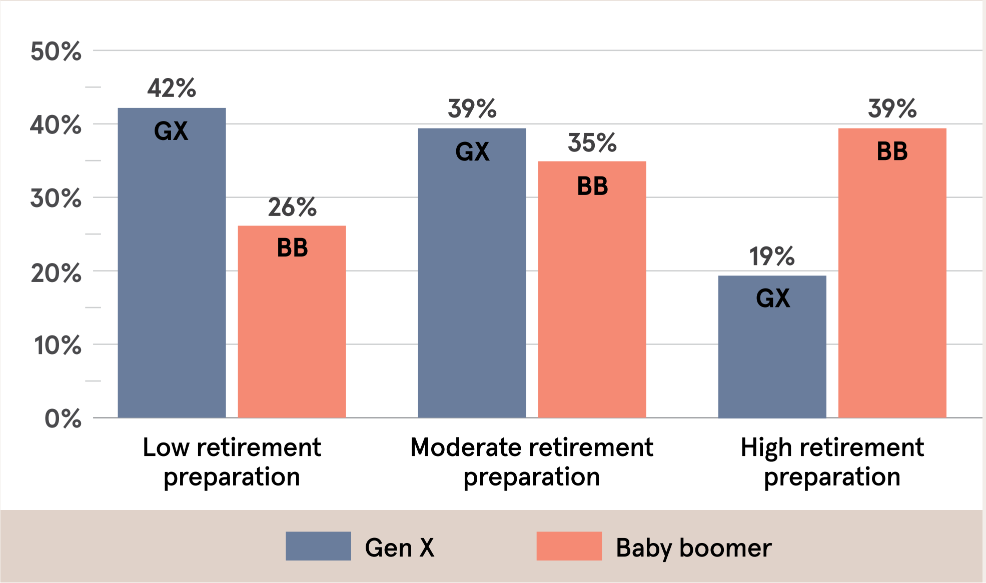
Practical suggestions:

- For **financial professionals**, breaking down financial stressors is especially important when assisting Gen X clients. It may also be necessary to suggest to them the need to have honest conversations about finances with family members and help prepare them to carry out those discussions.
- **Gen Xers and baby boomers** need to be willing to have sometimes-uncomfortable money conversations with family members. These may include discussing estate planning with parents and initiating frank discussions about the family's finances with children.

[8] Alex Gailey, Bankrate, "Meet the 'Sandwich Generation': Gen Xers are Burnt Out and Stressed About Money," July 24, 2023.
[9] Ibid.

02 Retirement preparation

GEN Xers FEEL MUCH LESS PREPARED FOR RETIREMENT THAN BABY BOOMERS



Research summary:

Baby boomers surveyed generally feel much more prepared for retirement than Gen Xers. This may be influenced partly by the fact that they are closer to—or are already experiencing—retirement. Levels of preparation were determined by placing respondents in one of the three categories shown in the chart above based on their level of agreement with these statements:

STATEMENT	LEVEL OF AGREEMENT	
	Gen Xers	Baby boomers
I worry about having enough money [for/for the rest of] retirement	43%	25%
I know the amount of income I will need [for/for the rest of] retirement	27%	40%
I think I'm on track to meet all my financial goals [for/in] retirement	36%	52%

Key insights:

Economic factors like elevated interest rates and high inflation have made it more difficult for Americans of every generation to save money. But it's particularly hard to build wealth for the many Gen Xers who are already behind on their savings with a fairly short time horizon to save.[10] The oldest Gen Xers are 59, after all—just six years away from the traditional retirement age.

[10] Lane Gillespie, Bankrate, "After Years of Economic Instability, Many Gen Xers Could Reach Retirement Age Without Enough Savings," January 10, 2024.

02 Retirement preparation

Because money is tight for many from this generation, they often lack sufficient emergency savings, meaning an unexpected major expense could set them back further.[11] Moreover, Gen Xers are the first generation to fund retirement mostly without private employer pension plans. And the early 401(k) plans employers offered them were unsophisticated and lacked the educational tools of present-day plans that may have helped them save more money earlier.[12]

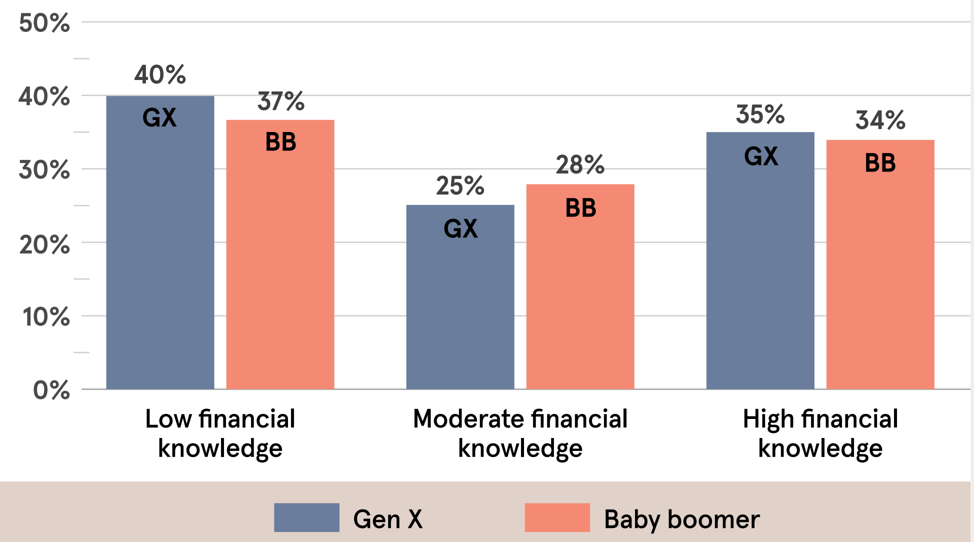
Practical suggestions:

- **Financial professionals** should discuss higher 401(k) and IRA contribution limits available to clients older than 50 and encourage Gen Xers to take advantage of them.
- **Gen Xers and baby boomers** should not allow worries about their ability to finance retirement erode their willingness to engage in the planning process. They also should invest as much money as they can, even if it's a small amount. Over the course of even 10 years, compound interest on earnings can result in major savings, compared to not saving at all.

[11] Lane Gillespie, Bankrate, "After Years of Economic Instability, Many Gen Xers Could Reach Retirement Age Without Enough Savings," January 10, 2024.
[12] Jessica Hall, MarketWatch, "It's Time for Gen X-ers Nearing 60 to Give Their Retirement Plans a Reality Check," July 1, 2024.

03 Financial knowledge

MORE GEN Xers RANK AS HAVING LOW FINANCIAL KNOWLEDGE



Research summary:

Survey participants from Generation X are more likely than baby boomers to fall within the low financial knowledge category. Financial knowledge was determined by placing respondents in one of three groups indicating low, moderate or high financial knowledge based on their level of agreement with these three statements:

STATEMENT	LEVEL OF AGREEMENT	
	Gen Xers	Baby boomers
I like to get financial advice from financial professionals	35%	40%
Financial information or data can be confusing or overwhelming to me	28%	21%
I feel confident in my investment skills	33%	35%

As shown in the table, not only are Gen Xers more likely to indicate financial information and data can be confusing or overwhelming, but they are less likely to want to seek advice from a financial professional. This is clearly not an ideal combination of traits to support retirement readiness.

Key insights:

Financial literacy is low across generations and is lower among Gen Xers than baby boomers. Research by the Global Financial Literacy Excellence Center and TIAA Institute affirms this. The research asked 28 questions covering eight financial areas and assigned a percentage score based on the number answered correctly. Baby boomers answered 55% correctly and Gen Xers answered 49% correctly.[13] It's possible Gen Xers' scores may rise as they gain more financial experience because financial literacy tends to increase over time.

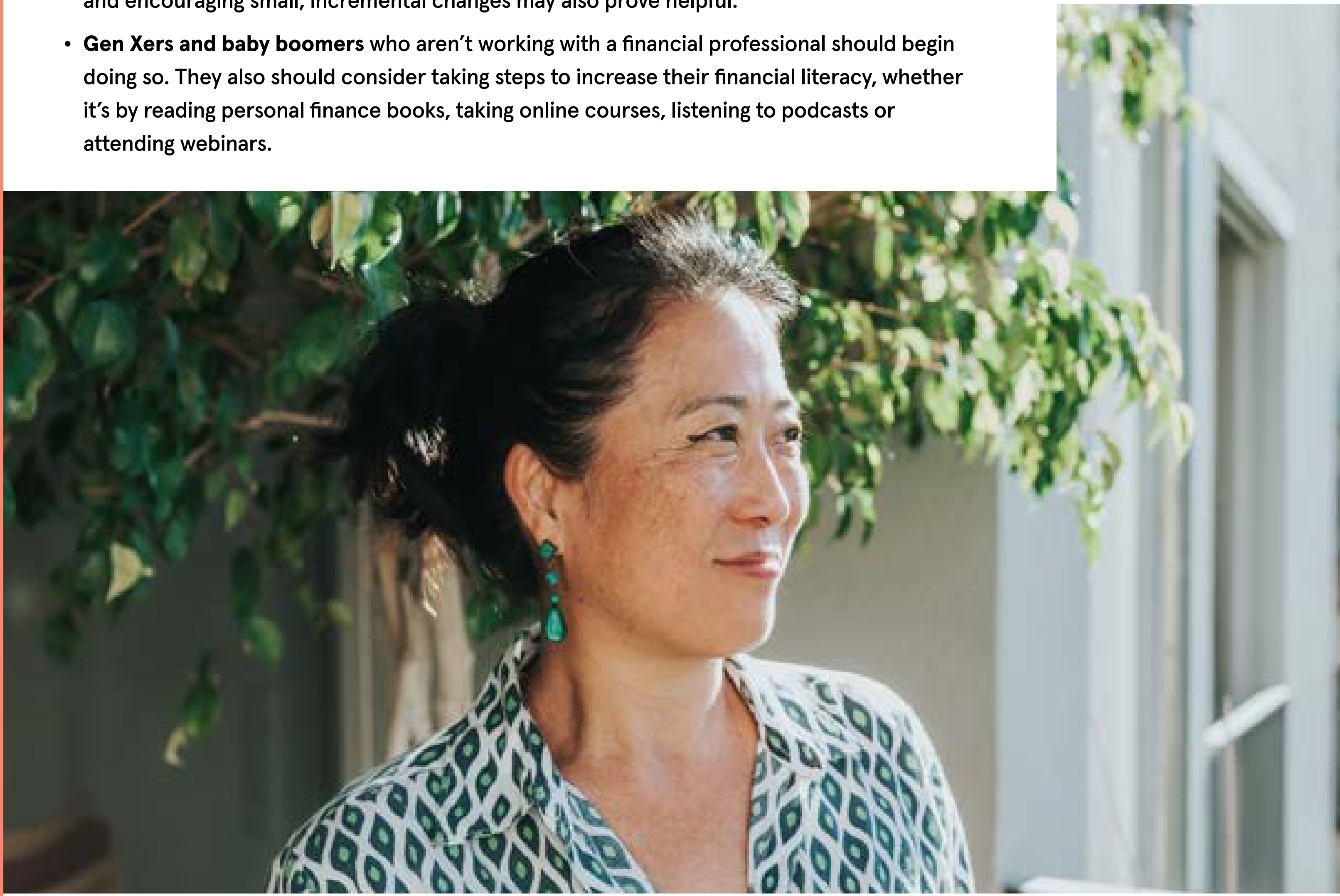
[13] GFLEC and TIAA Institute, "Gen Z has the Lowest Financial Literacy, Study Reveals," October 19, 2021.

03 Financial knowledge

Financial knowledge is vital because it affects financial wellness. What's especially concerning is that trends across financial wellness indicators in the same research cited above show Gen X faces the greatest financial challenges among all generations. For instance, 28% of Gen X respondents report having trouble making ends meet in an average month, which is the case for just 20% of baby boomers.[14]

Practical suggestions:

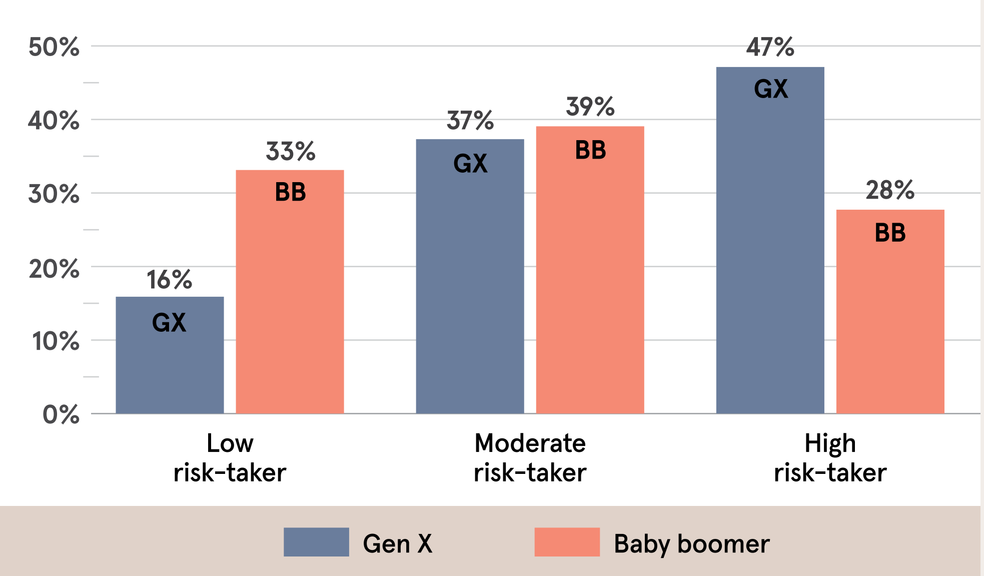
- After building trust with Gen Xers, **financial professionals** may need to educate them gradually. This might involve simplifying complex financial concepts, avoiding jargon and breaking down information into digestible parts. Using visual aids and analogies when possible and encouraging small, incremental changes may also prove helpful.
- **Gen Xers and baby boomers** who aren't working with a financial professional should begin doing so. They also should consider taking steps to increase their financial literacy, whether it's by reading personal finance books, taking online courses, listening to podcasts or attending webinars.



[14] GFLEC and TIAA Institute, "Gen Z has the Lowest Financial Literacy, Study Reveals," October 19, 2021.

04 Financial investment risk taking

GEN Xers OUTRANK BOOMERS IN FINANCIAL RISK TAKING



Research summary:

Survey participants from Gen X indicate far higher financial risk-taking behavior than baby boomers. While the generations are nearly evenly matched with moderate risk-takers, Gen Xers score 19 percentage points higher than boomers in the high risk-taker category. Risk-taking behavior was determined by ranking survey participants in one of three categories, based on their level of agreement with these three statements:

STATEMENT	LEVEL OF AGREEMENT	
	Gen Xers	Baby boomers
I am willing to take investment risks if it could mean a higher return	35%	40%
To get ahead financially you have to be willing to take substantial investment risks	28%	21%
I am not a risk-taker when it comes to investing my money	33%	35%

Key insights:

Industry research finds that 47% of Gen Xers admit to sometimes taking on more investment risk than is prudent in order to gain better returns.[15] This is understandable considering their anxieties about retirement and the fact that many are trying to close a significant savings gap—and chasing higher returns generally requires realizing greater potential risks. However, as their investment time horizon narrows, too much exposure to volatility or a loss of assets can significantly damage their retirement prospects.

[15] Natixis, "Generation X Report—Reality Bites," June 2024.

04 Financial investment risk taking

It's concerning that Gen Xers may be trying to realize market gains using passive investing based on misconceptions about the risk level. The research cited previously by Natixis notes that while index funds are not less risky than the stock market, more than 60% of Gen Xers think they are, and two-thirds incorrectly believe index funds will protect them against market downturns.[16] "These misconceptions can be risky at any point in life, but they are amplified for pre-retirees like Generation X," the report's publishers say.[17]

Practical suggestions:

- For **financial professionals** working with Gen Xers and some baby boomers, retirement income planning discussions are important. Considerations about longevity may make it advisable for some clients to postpone retirement or continue working—possibly in an encore career that excites them.
- **Investors** should evaluate their level of financial risk and seek strategies that protect against market volatility—diversification of assets across stocks, bonds and other assets is key. **Gen Xers** and many **baby boomers** should be encouraged by the fact that there's still time to act and maximize opportunities to save and invest. Collaborating with a financial professional is key.

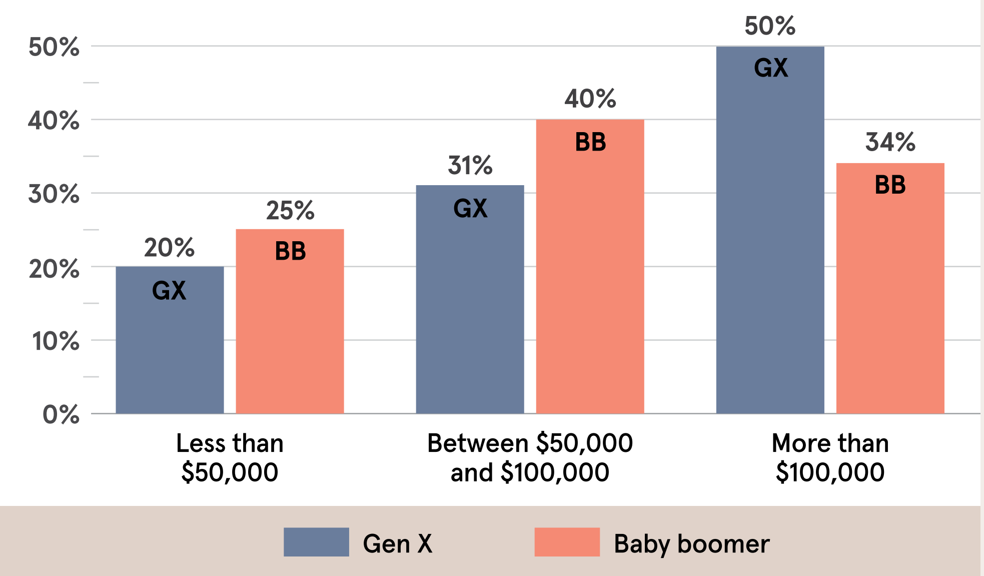
[16] Natixis, "Generation X Report—Reality Bites," June 2024.
[17] Natixis, "Generation X Report," June 17, 2024.

05

Financial profile—

income and expenses

GEN Xers HAVE HIGHER INCOME THAN BABY BOOMERS



Research summary:

Participants were asked to provide their pre-tax annual income, which averages nearly 21% higher for Gen Xers than baby boomers, at $109,654 and $90,727, respectively. As the chart shows, half of Gen Xers report income greater than $100,000 per year, compared to 34% of boomers. And about two-thirds of baby boomers fall into the mid- and low-salary ranges, compared to half of Gen Xers. But Gen Xers also have higher monthly expenses that prevent them from saving more. They report paying out an average of more than $3,800 per month, which is more than 12% higher than baby boomers.

GEN Xers ALSO FACE GREATER EXPENSES

Average monthly household expenses	
Gen Xers	$3,835
Baby boomers	$3,397

Gen Xers pay $433 more per month

Key insights:

Housing is a top expense for Gen Xers and its elevated cost is also a major contributor to their status as the highest-spending generation. The reason? High housing costs are leading many American parents to provide financial help to their adult children.[18] Research finds that 64% of parents are allowing their children over 18 to continue living with them and almost one-third of parents support them financially. Basic generational math suggests most of these parents are Gen Xers and three-fourths who provide this assistance say doing so impacts their own finances.[19]

Gen X parents say they've sacrificed retirement savings, emergency savings, paying down their debt and other financial milestones to assist their adult children financially.[20] This is occurring as Gen Xers settle into their peak earnings years and have managed to quietly reach the top of the generational income ladder.[21] Yet with larger households, they're spending the most on consumer goods and services and carrying more debt than other generations.[22]

[18] Carolyn Osorio, Money Digest, "Generational Spending Habits: Who Spends The Most," March 19, 2024.
[19] Credit Karma, "Nearly One-third of American Adults Rely on Their Parents for Financial Support," January 2, 2024.
[20] Alex Gailey, Bankrate, "Meet the 'Sandwich Generation': Gen Xers are Burnt Out and Stressed About Money," July 24, 2023.
[21] Scholaroo, "Median Income by Generation in the U.S.," December 6, 2023.
[22] Alex Gailey, Bankrate, "Meet the 'Sandwich Generation': Gen Xers are Burnt Out and Stressed About Money," July 24, 2023.

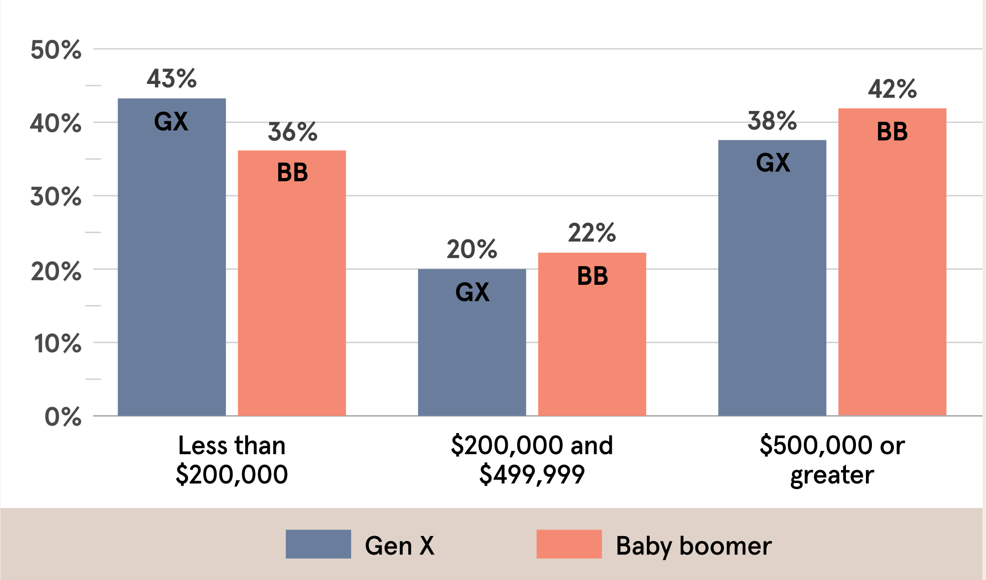
05 Financial profile—income and expenses

Practical suggestions:

- Beyond assisting clients with navigating family money dynamics, **financial professionals** may consider helping them map their cash flow and identify problem areas. With a clearer view of their budget and finances, professionals may help restructure debt on more favorable terms.
- **Investors** facing debt should work with a financial professional to devise a plan to eliminate it. They should commit to sticking to the plan and apply any cash windfalls directly to debt repayment. Investors should always be wary of debt relief companies and scams.

06 Financial profile—assets

GEN Xers HAVE FEWER INVESTABLE ASSETS THAN BABY BOOMERS



Research summary:

Gen Xers surveyed have less available capital to invest than baby boomers. This was determined by asking respondents to estimate the value of their investable assets. As the chart shows, not only are more baby boomers in the $500,000 or greater bracket for investable funds, but they have slightly more to invest in the mid-range bracket from $200,000 and $500,000. Gen Xers are also more likely than boomers to have less than $200,000 to invest.

On a positive note, our research finds that Gen Xers have more of their investable assets in tax-deferred accounts, like 401(k)s or traditional IRAs, and tax-free accounts, like Roth IRAs or Health Savings Accounts (HSAs). There are clear retirement benefits to tax-advantaged accounts. For example, with tax-deferred accounts, contributions are typically deductible immediately, but taxes aren't owed on investment gains until the funds are withdrawn in retirement.

Key insights:

Gen Xers are in their peak earning years but nearly 70% are behind on their retirement savings, Bankrate reports, which equates to lower investable assets. They're also not saving enough for emergencies. But most aren't spending extravagantly either, with only 5% reporting excess leisure spending. Among the top reasons Gen Xers cite for not saving more are rising prices or inflation, having too much debt and rising interest rates. To a lesser extent, they cite a change in income or employment and unanticipated expenses.[23] They also have faced significant economic instability in their prime working years.

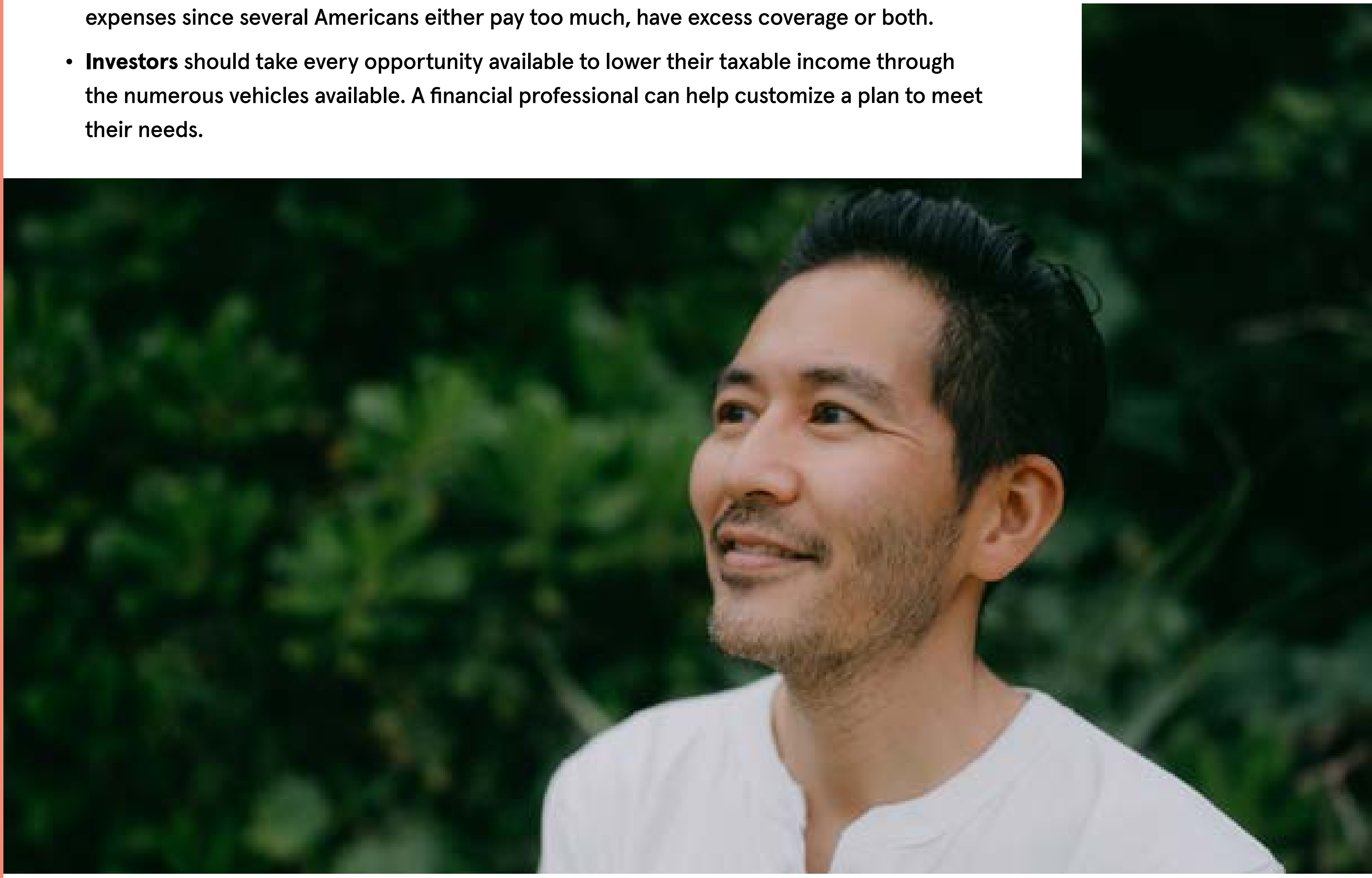
[23] Lane Gillespie, Bankrate, "After Years of Economic Instability, Many Gen Xers Could Reach Retirement Age Without Enough Savings," January 10, 2024.

06 Financial profile—assets

There are several likely reasons Gen Xers have more of their investments in tax-advantaged accounts than boomers. Perhaps the most significant is the timing of the introduction of 401(k)s. Gen Xers were entering the workforce as these plans became popular, making them more likely to rely on 401(k)s than baby boomers.[24] There was a broader shift at the time away from defined benefit plans—or pensions. By 1987, they represented 28% of all retirement plans and now only about 10% of private, nonunion workers have access to pensions.[25]

Practical suggestions:

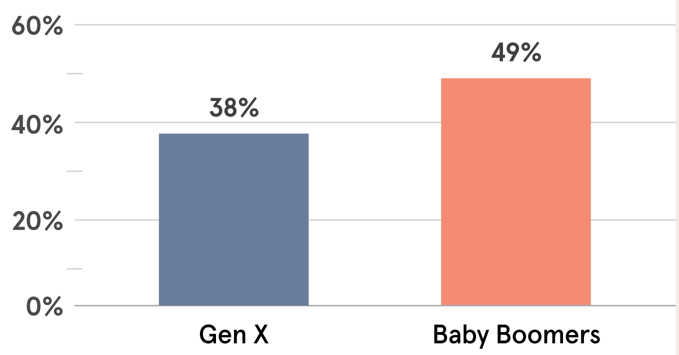
- **Financial professionals** can possibly help Gen Xers and baby boomers save more through tax planning that lowers how much they pay to the IRS, which clearly affects wealth building. Reducing interest rates by debt restructuring also can save money, as can lowering insurance expenses since several Americans either pay too much, have excess coverage or both.
- **Investors** should take every opportunity available to lower their taxable income through the numerous vehicles available. A financial professional can help customize a plan to meet their needs.



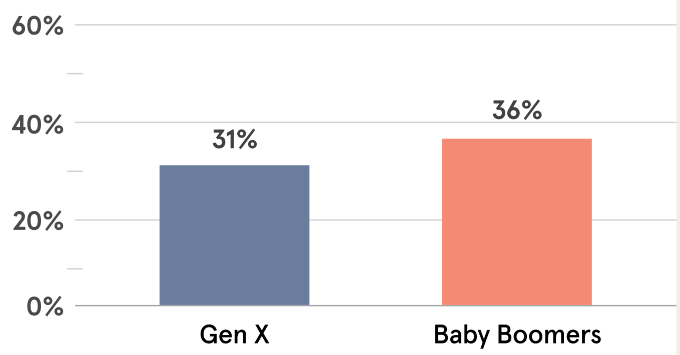
[24] Transamerica Center for Retirement Studies, "Post-Pandemic Realities: The Retirement Outlook of the Multigenerational Workforce," July 2023.
[25] James McWhinney, Investopedia, "The Demise of the Defined-Benefit Plan and What Replaced It," May 12, 2024.

07 & 08 Financial behaviors

FEW BABY BOOMERS AND GEN Xers ARE SEEKING PROFESSIONAL FINANCIAL HELP



AND FEWER HAVE A WRITTEN FINANCIAL PLAN



Research summary:

Only about four in 10 Gen Xers surveyed are working with a financial professional, compared to almost half of all baby boomers. Additionally, even fewer from each generation have a written financial plan, at 31% and 36% respectively. There is significant room for improvement in these areas, especially considering that many members of both generations face considerable retirement challenges. Working with a financial professional and creating and adhering to an effective written plan can support better retirement outcomes.

Key insights:

Because Gen Xers surveyed trail baby boomers in almost all areas related to retirement security in our research, they are the primary focus of this paper. This isn't meant to obscure the reality that many baby boomers are also struggling in terms of retirement. In fact, two-thirds of the 30.4 million boomers who will reach age 65 between 2024 and 2030 are not financially prepared and—as the largest and final baby boomer cohort—their retirement will significantly impact the broader U.S. economy. More than half from this group have assets of $250,000 or less and will rely mostly on Social Security for retirement income.[26]

It's never too late to start working with a financial professional but the longer the delay, the more limited financial choices can become. The good news is that many workplace retirement plan sponsors offer the opportunity to work with a professional, free of charge. The potential benefits for retirement savers are numerous and can include higher returns, lower stress and greater confidence in their financial futures.[27]

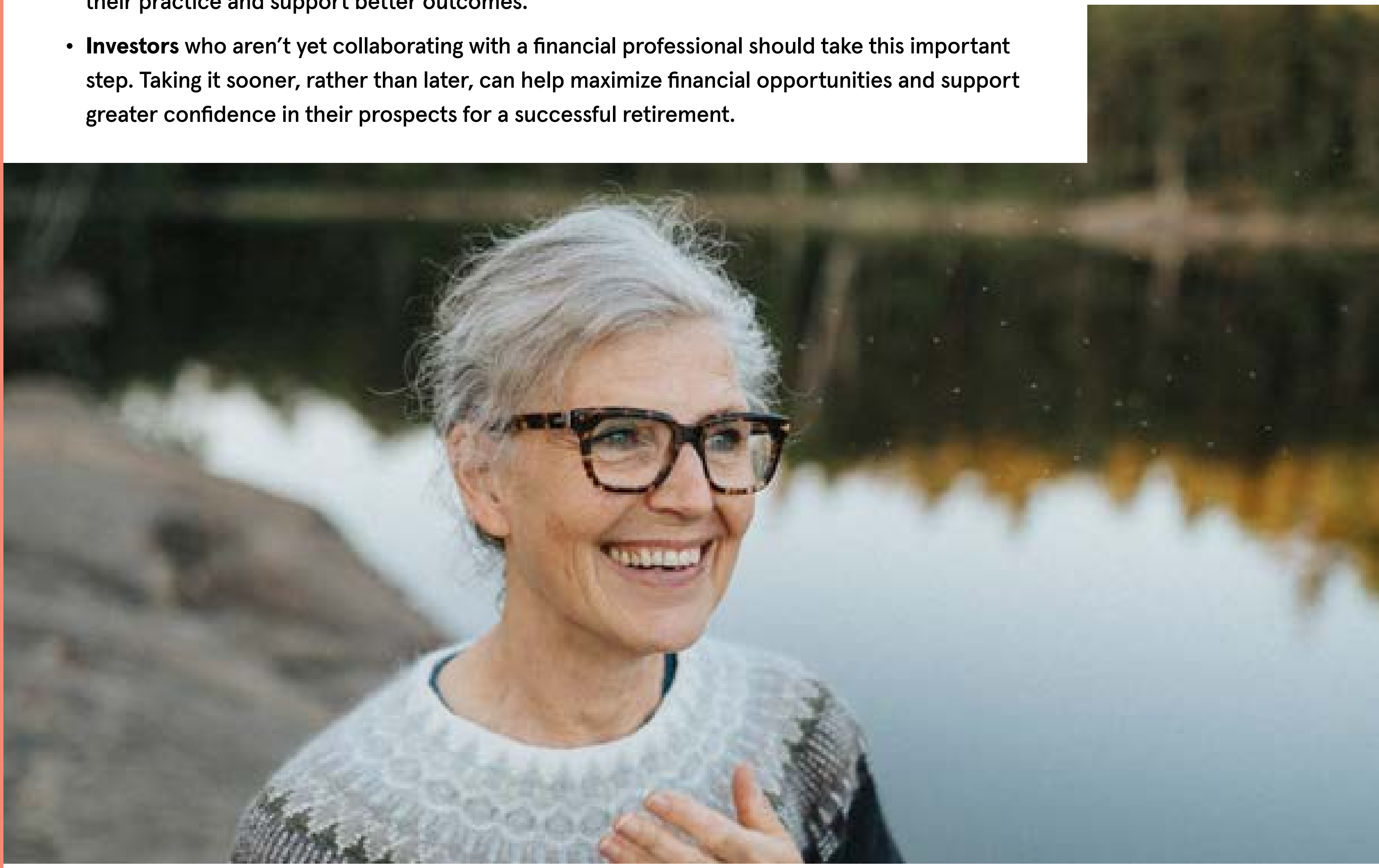
[26] Robert Shapiro and Luke Stuttgen, Retirement Income Institute, Alliance for Lifetime Income, "A Majority of Peak Boomers Are Not Financially Prepared for Retirement and Their Retirements Will Have Large Effects on the U.S. Economy," April 2024.
[27] Brian J. O'Connor, Smartasset, "More Workers Say They Want Employers to Offer Financial Planning Help," June 9, 2023.

07 & 08 Financial behaviors

Regarding written retirement plans, these can serve as blueprints for building a more secure retirement. Not only do they provide clarity and guidance by offering a road map and timeline for meeting retirement goals, but they can make it easier to stay disciplined and on track. Research shows that Americans with written plans save more across all income levels. In fact, more than half of households with written plans save 10% of their income or more. This is the case for only 36% of households with unwritten plans. The research finds that only one-third of households with financial plans have written ones, which roughly tracks with our findings.[28]

Practical suggestions:

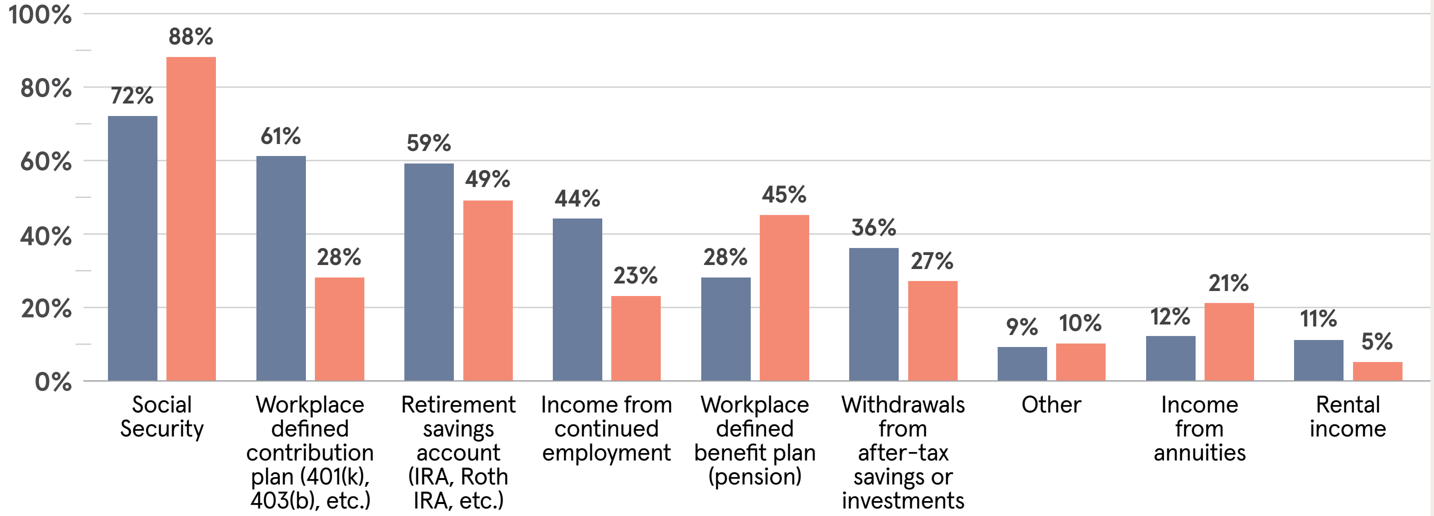
- **Financial professionals** who don't provide their clients with a written plan may want to consider doing so. This can offer an opportunity to better connect with clients, reinforce the value of their practice and support better outcomes.
- **Investors** who aren't yet collaborating with a financial professional should take this important step. Taking it sooner, rather than later, can help maximize financial opportunities and support greater confidence in their prospects for a successful retirement.



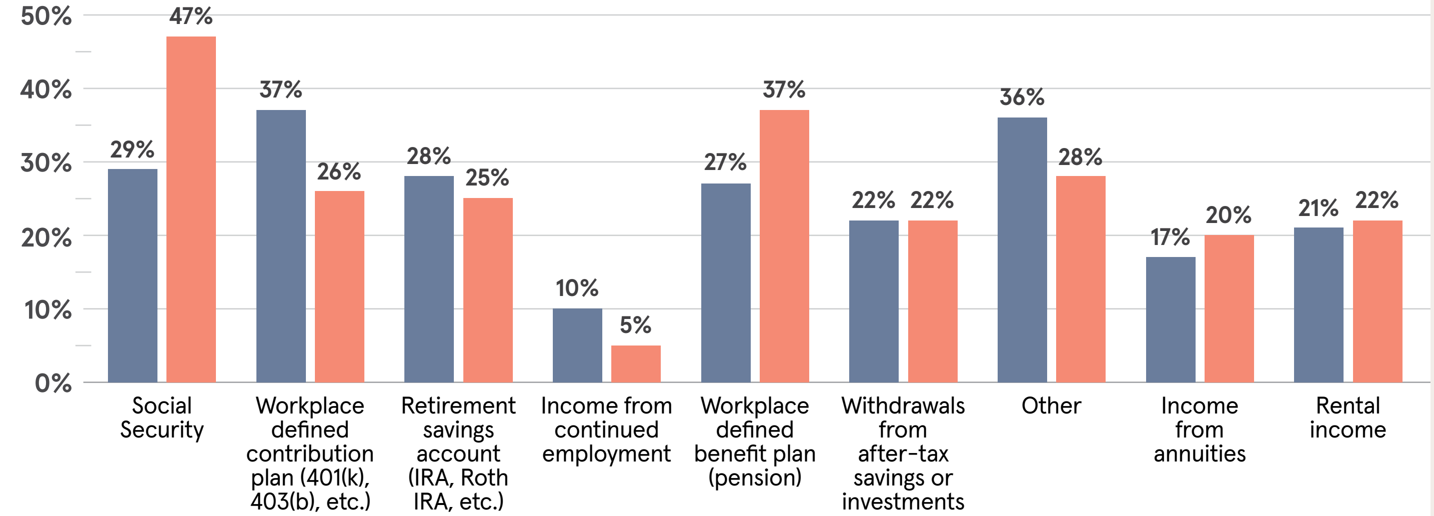
[28] Hearts & Wallets, "Happily Ever After for Singles: Pair Up with a Written Plan for Better Financial Outcomes," February 8, 2022.

09 & 10 Retirement income sources

DISTRIBUTION OF CONSUMERS BY INTENT TO USE VARIOUS INCOME SOURCES



AMOUNT OF RETIREMENT INCOME BY SOURCE
(AMONG THOSE INTENDING TO USE THAT SOURCE)



Gen X   Baby boomer

Research summary:

One of the more glaring differences between baby boomers and Gen Xers surveyed in terms of their retirement income plans concerns Social Security. Gen Xers who intend to rely on the popular government program expect to derive nearly 30% of their retirement income from the benefits. The percentage is much higher for baby boomers at 47%. There's also a noticeable inverse relationship between Gen Xers and boomers in terms of workplace defined contribution and defined benefit plans. This is understandable based on the shift away from pensions described on page 16.

Two other areas of note are income from continued employment and annuities. Nearly twice as many Gen Xers surveyed (44%) plan to work longer to generate income than baby boomers (23%). When it comes to annuities, 21% of baby boomers expect to rely on these insurance products to produce 20% of their retirement income. That compares to 12% of Gen Xers relying on annuities to produce 17% of their retirement income. One reason for the greater preference for annuities among baby boomers is likely that they are closer to or are already experiencing retirement. Still, many economists believe annuity uptake should be much higher.[29]

What is an annuity?
An annuity is a long-term, tax-deferred vehicle designed for retirement and is an insurance contract. Variable annuities and registered index-linked annuities involve investment risks and may lose value. Earnings are taxable as ordinary income when distributed. Individuals may be subject to a 10% additional tax for withdrawals before age 59½ unless an exception to the tax is met. Add-on benefits are available for an extra charge in addition to the ongoing fees and expenses of the variable annuity and are subject to conditions and limitations. There is no guarantee that a variable annuity with an add-on living benefit will provide sufficient supplemental retirement income.

Key insights:

It's easy to see why Gen Xers appear to be counting less on Social Security benefits for retirement income than baby boomers. Industry research finds that 86% of Gen Xers and 79% of baby boomers are worried about the program's future.[30] There appears to be broad agreement that Social Security won't disappear, but the question remains whether it will be able to fully pay scheduled benefits. These could be cut as soon as 2035 if Congress does not address the program's financial shortcomings.[31] Many Gen Xers would need to ramp up savings immediately,[32] which may not be an option for some.

Considering Gen Xers' concern about Social Security—along with other factors discussed that are leading many to feel unprepared for retirement—it's not surprising that 44% plan to rely on income they earn by continuing to work in their retirement years. However, separate research conducted by Jackson in partnership with the Center for Retirement Research at Boston College finds that of those Americans who plan to delay retirement and work longer, doing so will not be a viable option for 45% of them. Therefore, this may not be a failsafe retirement income strategy.

On the topic of annuities, LIMRA reports interest in these insurance products remains high, with over half of pre-retired workers willing to consider them. LIMRA says interest is likely spiking as many future retirees realize they won't have sufficient guaranteed* income from Social Security or pensions to cover their basic living expenses in retirement.[33] As Brookings notes, the changing nature of workplace retirement plans suggests many retirees would benefit by directing part of their liquid assets to annuities. However, due to what economists call the "annuity puzzle,"—a disconnect between predicted and observed demand—the uptake remains comparatively low.[34]

* Guarantees are subject to the claims-paying ability of the issuing insurance company.
29 Martin Neil Baily and Benjamin H. Harris, Brookings, "Can Annuities Become a Bigger Contributor to Retirement Security?" June 2019.
30 Allianz, "Majority of Americans Have Taken a Financial Hit Due to Rising Interest Rates," June 27, 2023.
31 Aimee Picchi, CBS News, "Social Security Projected to Cut Benefits in 2035 Barring a Fix," May 7, 2024.
32 Maurie Backman, The Motley Fool, "Gen Xers Are Worried About Social Security—and They Don't Have Much Time to Make Up for That," July 7, 2023.
33 LIMRA, "Future Retirees Face a Different Reality and Increasingly Look to Annuities for Financial Security," April 30, 2024.
34 Martin Neil Baily and Benjamin H. Harris, Brookings, "Can Annuities Become a Bigger Contributor to Retirement Security?" June 2019.

09 & 10 Retirement income sources

Practical suggestions:

- **Financial professionals** working with Gen X and baby boomer clients who are behind on their retirement income goals should make tailored recommendations. Tackling outstanding debt, determining financial needs in retirement, and catching up or continuing to make progress on retirement savings may all play an important part.
- Many **Gen Xers** are at the peak of their career and, if necessary, may consider leveraging their accumulated experience to maximize income by seeking a higher-level job with greater compensation. Both **baby boomers** and **Gen Xers** should consult with a financial professional who can help address their income needs while accommodating their unique personal and family situation.

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Closing insights

Gen Xers grew up fixated by the first music videos on MTV and came of age with the internet. They witnessed the beginning and end of the space shuttle program, the collapse of the Soviet Union and the fall of the Berlin Wall. They experienced the evolution of mobile phones into smartphones and the transition of music and video from analog to digital and streaming. This is only a sampling of the events and technological advances that define the collective Gen X experience.

Just as these experiences helped shape who they are, several key economic events have helped shape Gen Xers' financial pictures. After weathering uncertainty early on with recessions in the '70s, '80s and '90s, economic tumult followed them throughout their adult lives. College tuition soared and they were left with more debt than their parents. Many Gen Xers entered the workforce during or after a recession and, as a result, were unemployed or underemployed. This led several to return home to live with their parents as the first "boomerang kids," a trend that would accelerate with their own children and further disrupt their financial futures.[35]

In the decades that followed, Gen Xers—like boomers and other living generations—were faced with the financial effects of the Great Recession from 2007 through 2009[36] and the COVID-19 pandemic from 2020 to 2023.[37] But they were affected disproportionately. Many succumbed to mass corporate layoffs that followed the crash when they were in their 20s and 30s and just beginning to find firm footing in the marketplace.[38] And they were laid off at greater rates during the pandemic at 33%, compared to 21% for late boomers born from 1955 to 1964. These younger members of the generation were far more likely to be unretired than those born earlier.[39]

The combined economic events represented a massive loss of saving potential for large numbers of Gen Xers. This is in the form of several potential years of lost employer matching contributions, investment gains and compounding interest, both early in their careers and in their peak saving years. As a result of these and other financial factors—many of them discussed in this paper—debt is complicating the finances of more than a third of Gen Xers, as reported by the Society of Actuaries.[40]

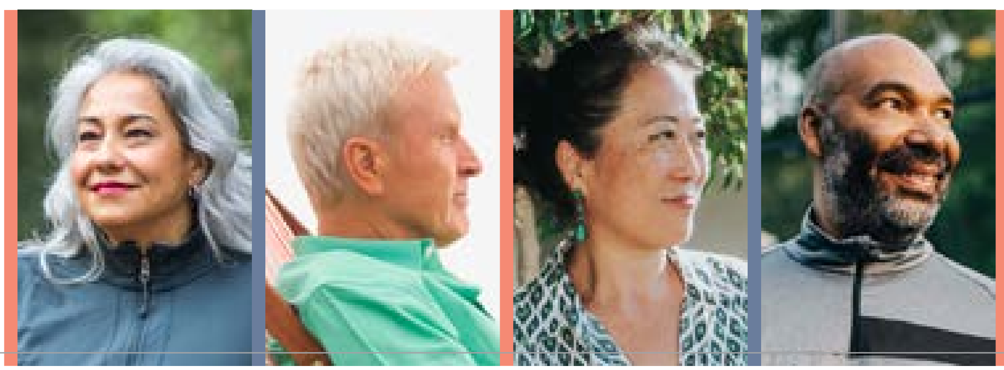
It's important to restate that along with the 42% of Gen Xers we surveyed who feel unprepared for retirement, this is also the case for more than one-fourth of baby boomers. The good news is that for pre-retirees from both generations concerned about their retirement prospects, it's not too late to take steps to alleviate their retirement fears and help improve their financial futures.

35 Amy McKenna, Britannica, "Generation X," July 11, 2024.
36 Ibid.
37 Northwestern Medicine, "COVID-19 Pandemic Timeline," March 2023.
38 Austin Channing Brown, Vox, "Millennials Weren't the Only Ones Gutted by the Recession. Gen X has Never Recovered." December 4, 2019.
39 Society of Actuaries, "Financial Perspectives on Aging and Retirement Across the Generations," May 2021.
40 Ibid.

The X factor for a successful retirement

The most frequently offered practical suggestion throughout this paper is for retirement savers to seek the help of a financial professional, which less than half of Gen Xers and baby boomers surveyed actually do. Building a solid financial plan with a professional is perhaps the most important step any investor can take to address the complexity of retirement planning and help alleviate the financial stress and anxiety many members of both generations are experiencing.

By working closely with a financial professional to take an honest inventory of their finances, investors can identify opportunities to trim expenses, increase savings and establish a clear path forward to a more confident retirement.



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Investors should contact their financial professional or visit jackson.com for more information.

Financial professionals should contact their Jackson representative for useful resources, tools and strategies to help support more successful retirement planning.

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