North American Company for Life and Health Insurance | Annuity

The retirement squeeze

‘Sandwich’ generations feeling the pressure of retirement planning

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How prepared are you to deal with the squeeze?

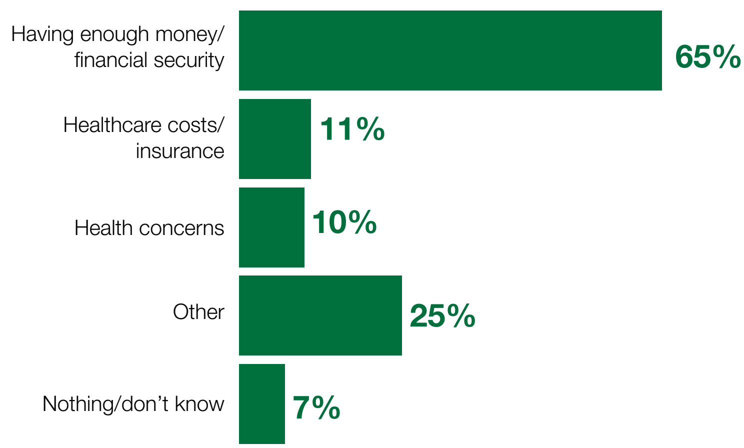
Raising kids, attempting to save for their own retirement and helping their parents through their golden years, members of the "Sandwich" generations are really feeling the pinch. These Baby Boomers (ages 51-69) and Gen X-ers (ages 36-50) may be looking for help. These are just some of the results found from the research conducted this spring as part of the 2017 North American Company for Life and Health Insurance® Baby Boomer and Generation X Retirement Study.

Key Learning 1:

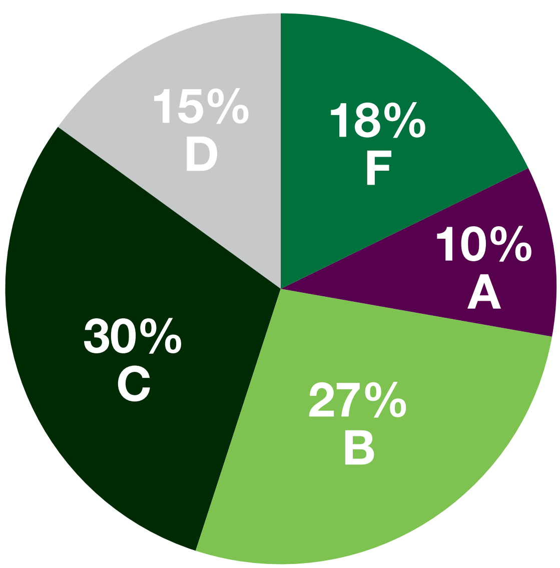
Most concerned about being unprepared and many are unprepared

Baby Boomers and Gen X-ers grade themselves relatively lowly regarding their own retirement planning (63 percent give a "C" or lower grade), and most believe they should be saving more. Financial security continues to be their biggest concern with retirement. About 65 percent say having enough money is their biggest concern. Almost 40 percent have less than $25,000 currently saved for retirement.

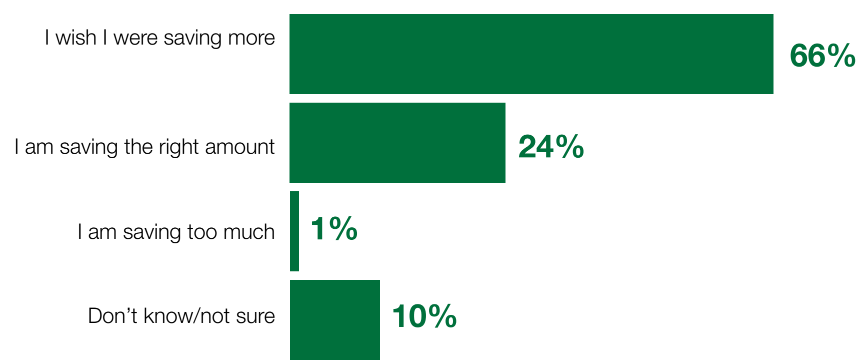
What are you most concerned about regarding your retirement?



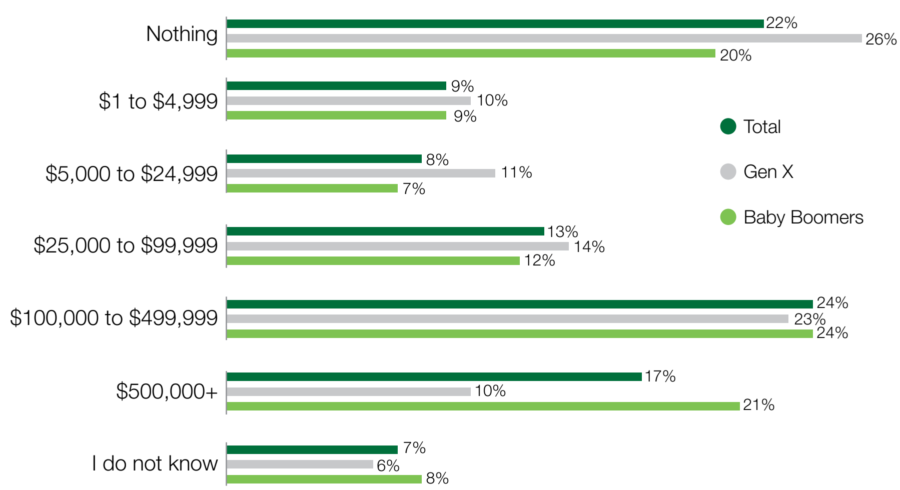
What grade would you give yourself regarding your retirement planning, where A is best and F is worst?



Which of the following best describes how you feel about how much you save each month for retirement?



How much money have you saved for retirement?



Key Learning 2:

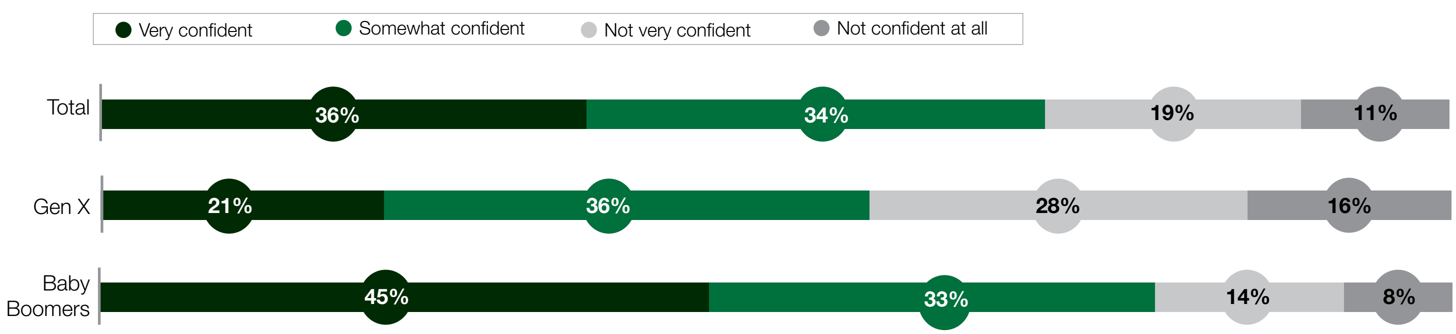
Financial outlook is murky

Looking ahead, both the Baby Boomer and Gen X generations have a realistic but also concerned outlook as it relates to their preparation and Social Security. While Boomers believe they will need roughly $2 million for retirement, the estimate from Gen X-ers is even higher, close to $2.5 million. The generations agree that they should be saving approximately 30 percent of their income for retirement.

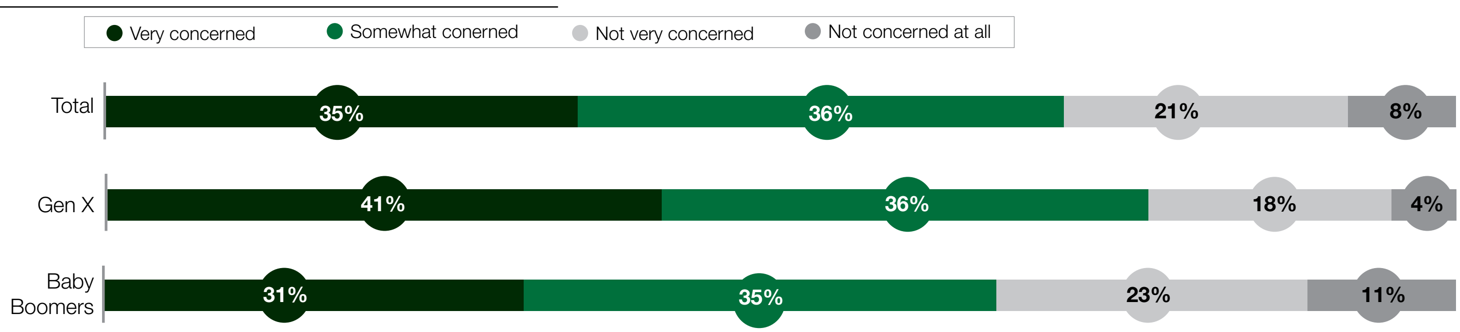
One of the biggest differences between these groups is confidence in receiving Social Security. More than twice as many Baby Boomers are "very confident" as Gen X. In a similar way, Gen X respondents were more concerned about outliving their own retirement savings than Baby Boomers.

	Gen X	Baby Boomer
How much money do you think you need for retirement? **mean*	$2,532,841.19	$1,937,152.61
What percent of your current income do you think you need to be saving for retirement? **mean*	30%	29%

How confident are you that you will receive Social Security during your retirement?



How concerned are you that you will outlive your retirement savings?



Key Learning 3:

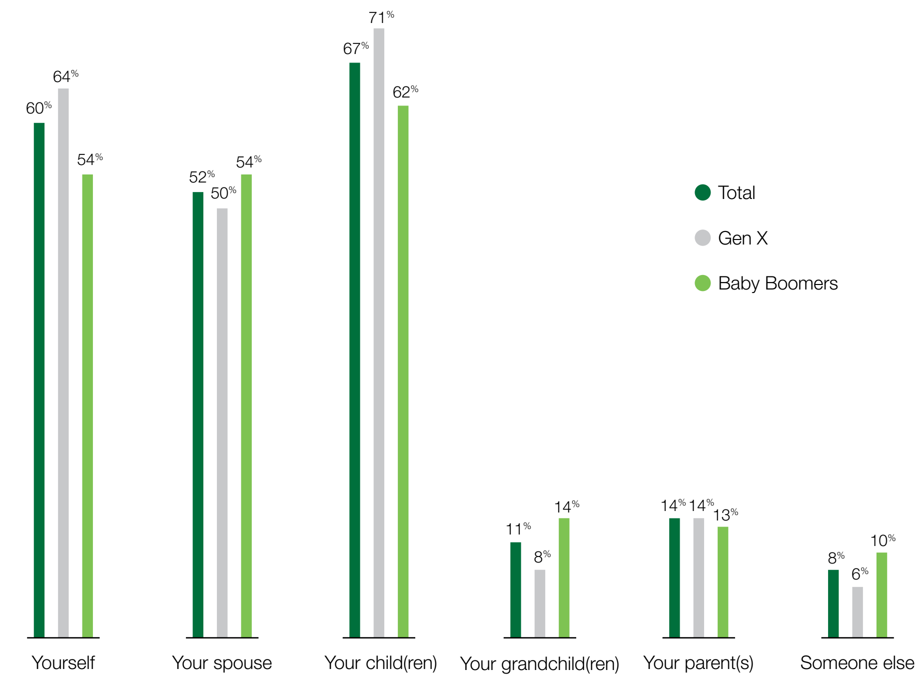
Relationships are complicating planning

Preparing for one's own retirement can be complicated, but it's even more so when you factor in relationships. Baby Boomers and Gen X-ers may feel this more than any others.

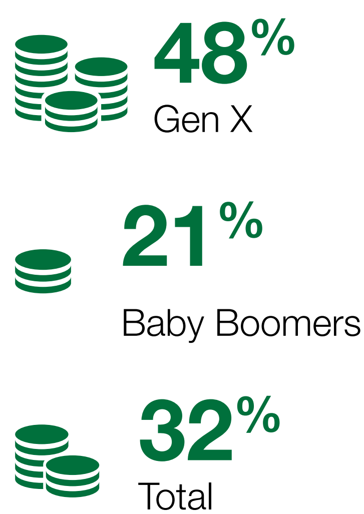
Almost a third of respondents claim to financially support someone other than themselves. The number spikes to almost 50 percent for Gen X. A concerning insight is that while many respondents claim to be supporting others, including parents, two-thirds of all respondents are "not involved at all" with their parents' retirement planning.

In a bit of a disconnect, despite their general pessimism on retirement preparedness, both Baby Boomers and Gen X-ers judge their own retirement outlook more favorably than that of their parents. They also feel that their own generation will have it better than young people coming up today.

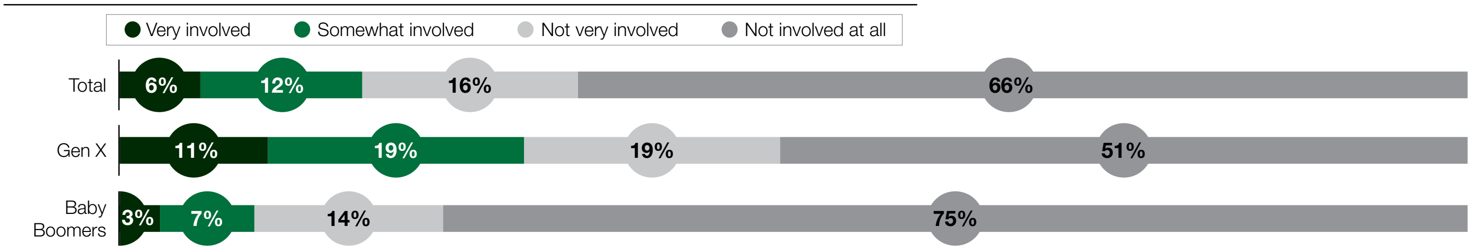
Who are you currently supporting, either fully or partially?



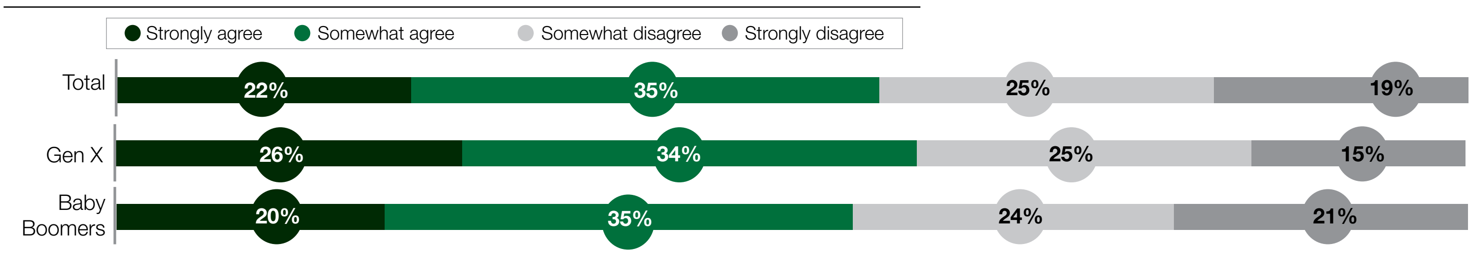
Are you currently financially supporting someone other than yourself, such as family or friends? *indicating yes



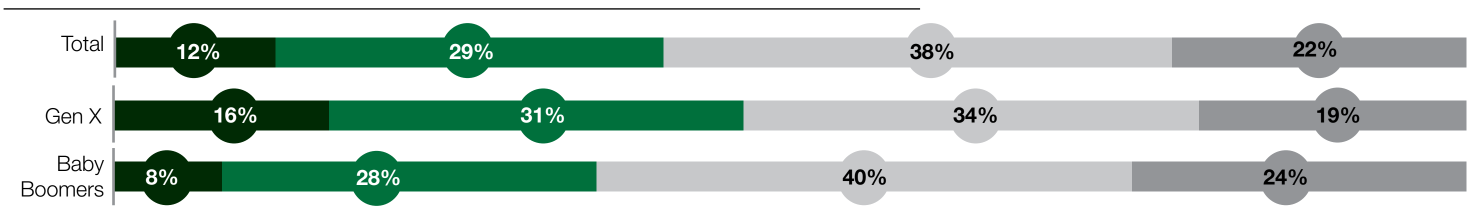
How involved are/were you in your own parents' retirement planning?



I will be better off in my retirement than my parents.



Young people today will be better off in their retirement than my generation.

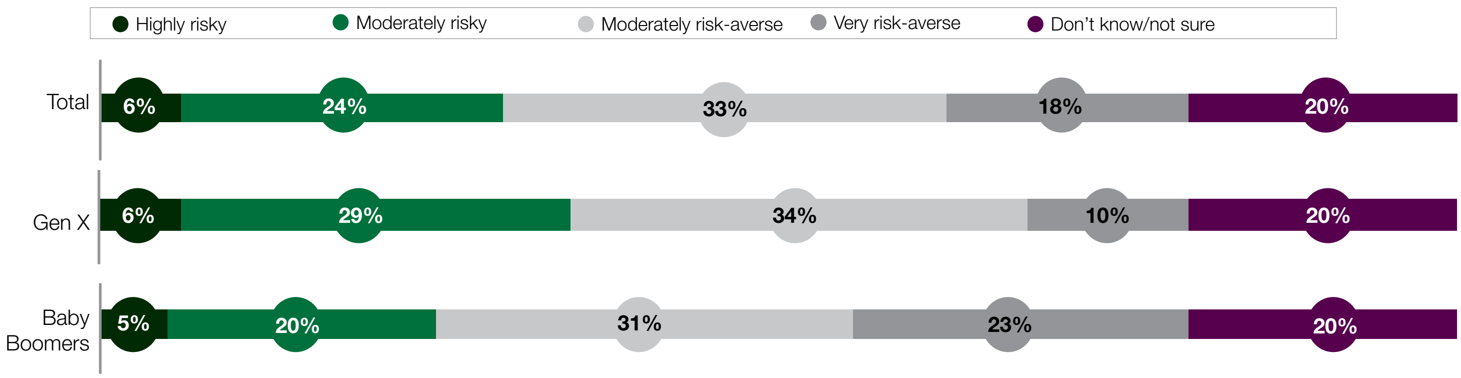


Key Learning 4:

Financial help and fixed index annuities both have appeal

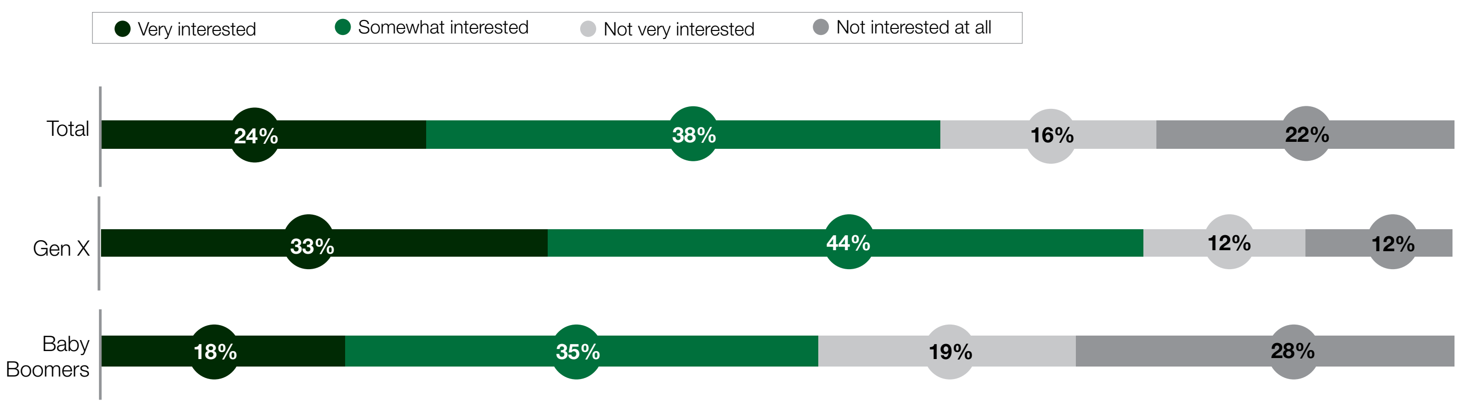
Opportunities are available with both generations to offer guidance and consider fixed index annuities as a potential solution. A majority of respondents in both generations professed to lean more toward a risk-averse investment mindset, but 20 percent said they didn't know. This group could potentially find value in using a financial professional. Fixed index annuities, which are insurance products, appear to be of interest, especially with Gen X-ers (77 percent have some level of interest in the FIA concept).

Which of the following best describes your investment mindset?



Some retirement savings accounts allow you to contribute a set monthly amount, and then you receive guaranteed payments through your retirement regardless of how the stock market does. It may not have as high returns as a stock account, but you are also guaranteed not to lose money.

How interested are you in this type of retirement savings account?



Methodology

The online survey was fielded via Toluna's online respondent panel and platform from March 29-April 3, 2017. The sample included 600 United States adults between the ages of 36 and 69. Questions covered topics related to retirement, such as concerns, preparedness, confidence in Social Security and savings, and barriers to greater retirement savings. Data weighted by gender, race, ethnicity, and region to be representative of the national adult audience aged 36-69.