

Retirement at a Glance

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SAVING LESS

39% OF WORKERS HAVE CUT BACK ON HOW MUCH THEY ARE CONTRIBUTING TO RETIREMENT PLANS.



A Morgan Stanley study found that while the percentage of workers saving for retirement was roughly unchanged from a year ago, **39% of workers have cut back on how much they are contributing to retirement plans.** Gen Z has seen the largest pullback, with 48% scaling back contributions. (Source: Barron's)

3 LONGER ROAD TO RETIREMENT – In late May, the Danish parliament voted overwhelmingly (81 to 21) in favor of raising the retirement age of anyone born after 1970 to 70 from the current level of 67. **While previously tied with Greece, Italy and Norway, Denmark will now have the highest retirement age of any country in Europe.** (Source: Parade)

7 YOUNG LESS LIKELY TO SAVE – 67% of all Americans have a tax-deferred retirement account or pension, but the percentage declines with age. **While 80% of adults over 65 have a retirement account or pension,** the percentages drop to 77% for adults between 55 to 64, and 66% for adults between the age of 25 to 54. **For adults under the age of 25, just 26% have a retirement account or pension.** (Source: Federal Reserve)

4 GEN Z MORE PREPARED – Working age Americans say they started saving for retirement at an average age of 31 and plan to retire when they turn 65. **Gen Z workers started saving for retirement at an average age of 24 and plan to retire at 61 while Baby Boomers didn't start saving until an average age of 37** and don't plan to retire until they turn 72.* (Source: Planadviser)

8 STAYING THE COURSE – During Q1, **the combined 401(k) savings rate increased to a record high of 14.3%.** The average employee contribution rate increased to 9.5% while the **average employer contribution rate hit a record high of 4.8%.** Overall, 17.4% of participants increased their contribution rate compared to just 4.9% that lowered their contribution rate. (Source: Fidelity)

1 PAID TO LEARN – Germany is planning to launch a **new program for children aged 6 to 18 that will deposit 10 euros into a retirement investment account for every month that they attend an educational institution.** Funds in the account would grow tax free until retirement, and from the age of 18, people can add funds of their own within annual limits. (Source: CNBC)

5 RELYING MORE ON SOCIAL SECURITY – **At least 40% of American senior citizens rely on Social Security as their sole source of income, and that percentage has doubled since 2000.** South Dakota and Mississippi have the highest percentage of seniors receiving Social Security at over 95% each, while in six states — MD, MA, NY, HI, CA and FL — fewer than 85% of seniors currently receive benefits. (Source: Retirement Living)

9 GROWING COLLECTIVE – Within the target-date investment strategy, collective investment trusts (CITs) have grown increasingly popular. **Of the record \$4 trillion invested in target-date strategies in 2024, the percentage of assets in CITs reached 52%, exceeding 50% for the first time.** (Source: Morningstar)

2 LESS LOFTY EXPECTATIONS – Americans believe they'll need \$1.26 million to retire comfortably, a drop of \$200K from last year's \$1.46 million estimate. Despite the more modest estimate, just 46% of Americans believe they will be financially prepared for retirement when the time comes, and 51% say it is likely they will outlive their savings. (Source: Northwestern Mutual)

6 LESS CONFIDENCE IN SOCIAL SECURITY – **59% of non-retirees are worried that Social Security will not be available by the time they retire, and 57% feel behind on their retirement goals. Members of Gen X are the least optimistic** over the prospects for Social Security, with 70% worried that it will not be available, while Gen Z is the least pessimistic at 45%. (Source: LendingTree)

Q QUESTION: On May 28, the Department of Labor simplified regulations, making it easier and less risky for employers to include cryptocurrency investments in 401(k) plans. If the average allocation to bitcoin across all 401(k) accounts went to 1%, what percentage of mined bitcoins would be held in these accounts?

*According Statista, Generation Z was born between 1997 and 2012 and Baby Boomers were born between 1946 and 1964.

Keep in mind that all investments, including mutual funds, carry a certain amount of risk including the possible loss of the principal amount invested.

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