



# 15 Facts About Millennials' Retirement Readiness... and 7 Steps for Long-Term Success

Select Findings from the 15th Annual Transamerica Retirement Survey of Workers

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FOR RETIREMENT STUDIES®

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# 15 Facts About Millennials' Retirement Readiness... and 7 Steps for Long-Term Success

Millennials, born 1979 and later, have witnessed profound events during their young lives: the irrational exuberance of the 1990s, the bursting of the dot-com bubble, the tragic events of September 11, the mania of the real estate market and its collapse, and rapid technological developments and advances.

Many Millennials began entering the workforce coincident with the Great Recession, which economists indicate lasted from 2007 to 2009, although its effects are still being felt today. The economic downturn made it difficult for Millennials to find work, yet they face higher levels of student debt than older generations. Given these challenges, it might be easy to conclude that Millennials' prospects for achieving a financially secure retirement are iffy at best, if not outright impossible. Quite the contrary.

Transamerica Center for Retirement Studies® surveyed more than 1,000 Millennials who are currently employed and found that many are super savers who are getting an impressive head start in saving and planning for their future retirement.

These 15 facts aim to spotlight Millennials' current views, the many things they are doing right, and opportunities to improve their long-term retirement outlook:

- 1 Seventy percent of Millennials are already saving for retirement and started saving at the unprecedented young age of 22 (median).
- 2 Three out of four (76 percent) are discussing saving, investing, and planning for retirement with family and friends. Eighteen percent of Millennials "frequently" talk about it.
- 3 Two-thirds of Millennials expect their primary source of income in retirement to be self-funded through retirement accounts (48 percent) or other savings and investments (18 percent).
- 4 Four out of five (81 percent) are concerned that Social Security will not be there for them when they are ready to retire.
- 5 Many (41 percent) expect that they will need to financially support aging parents and/or other family members when they are retired. Another 23 percent of Millennials are "not sure."
- 6 Sixty percent of Millennials plan to retire at age 65 or sooner, including 26 percent who plan to retire at age 65 and 34 percent who plan to do so even sooner.
- 7 Fifty percent of Millennials plan to work in retirement and, of those, nearly half (47 percent) plan to do so for reasons of enjoyment or staying involved.
- 8 Three out of four (76 percent) say that retirement benefits offered by a prospective employer will be a major factor in their decision on whether to accept a future job offer.
- 9 Among Millennials who participate in a 401(k) or similar plan and are offered a company match, their contribution rate is 10 percent (median) of annual pay.
- 10 The majority (62 percent) who are participating in a 401(k) or similar plan are using some form of professionally managed account such as a target date fund, strategic allocation fund, and/or managed account service.
- 11 Seventy-one percent of Millennials participating in a 401(k) or similar plan find mobile apps for managing their retirement accounts to be helpful.
- 12 Fifty-two percent of Millennials who provided an estimate of their retirement savings needs say they "guessed" what that figure should be. Just one in 10 have used a retirement calculator or worksheet.
- 13 Three in five (61 percent) want some level of advice when saving and investing for retirement, yet only 32 percent who are saving actually use a professional financial advisor.
- 14 Two-thirds (68 percent) of Millennials are "very" or "somewhat" confident that they will be able to someday fully retire with a comfortable lifestyle.
- 15 Despite the confidence-shaking events of the Great Recession, Millennials' household retirement savings dramatically increased from \$9,000 in 2007 to \$32,000 in 2014 (estimated medians).

# Seven Steps for Millennials to Help Them Achieve Long-Term Retirement Success

Millennials have already gained first-hand experience with how quickly the world, economy, and technology can change. As they progress through their careers, they will likely face many challenges and opportunities. However, timeless tactics to help prepare for retirement can serve them well throughout their working lives.

## Seven steps for Millennials to help them achieve long-term retirement success:

- 1 Save for retirement.** Start saving as early as possible – and as much as possible. Save consistently over time. Avoid taking loans and early withdrawals from retirement accounts as they can severely inhibit the growth of long-term retirement savings.
- 2 Consider retirement benefits as part of total compensation.** Retirement plans, like other employer-provided benefits, are an important part of one's overall compensation, yet can be overlooked when searching for a job. When comparing job offers, ensure that you know about all benefits offered by a prospective employer. If you currently work for an employer that doesn't offer a retirement plan, ask your employer to consider setting up a plan.
- 3 Participate in employer-sponsored retirement plans, if available.** Many employers also contribute to the company-sponsored retirement plan by matching employees' contributions. Take full advantage of matching employer contributions, and defer as much as possible.
- 4 Calculate retirement savings needs, develop a retirement strategy, and write it down.** One of the most important secrets to attaining retirement readiness is having a well-defined written strategy about retirement income needs, costs, expenses and risk factors. In creating a plan, factor in living expenses, healthcare needs, government benefits and long-term care. Envision future retirement and have a backup plan in case retirement comes early due to an unforeseen circumstance. You should periodically update your strategy as your circumstances and goals will inevitably change over time.
- 5 Get educated about retirement investing.** Whether relying on the expertise of professional advisors or taking a more do-it-yourself approach, gain the knowledge to ask questions and make informed decisions. Learn about Social Security and government benefits, keeping in mind that benefits may change over time.
- 6 Seek assistance from a professional financial advisor, if needed.** Ask your employer whether professional advisor services are available through its company-sponsored retirement benefits. If not, check with family and friends for referrals.
- 7 Be proactive about staying competitive in the ever-changing job market.** Be proactive about keeping job skills up-to-date, performing well on the job, staying current on employment trends and marketplace needs, and even going back to school to learn new skills if necessary.

Learn more about Millennials' retirement outlook, as well as saving and investing for retirement, at [www.transamericacenter.org](http://www.transamericacenter.org).

## About the Author



Catherine Collinson serves as President of the Transamerica Center for Retirement Studies<sup>®</sup>, and is a retirement and market trends expert and champion for Americans who are at risk for not achieving a financially secure retirement. Catherine oversees all research and outreach initiatives, including the Annual Transamerica Retirement Survey.

With over 15 years of retirement services experience, Catherine has become a nationally recognized voice on retirement trends for the industry. She has testified before Congress on matters related to employer-sponsored retirement plans among small businesses, highlighting the need to raise awareness of the Saver's Credit among those who would benefit most from the important tax credit. Catherine is regularly cited by top media outlets on retirement-related topics. Her expert commentary has appeared in major publications, including: The Wall Street Journal, U.S. News & World Report, USA Today, Money, The New York Times, and The Huffington Post. Catherine speaks at major industry conferences each year, having appeared at events hosted by organizations including PSCA, LIMRA, SVIA and PLANSPONSOR. She also authors articles published in leading industry journals, such as ASPPA, SPARK and PSCA.

Catherine also serves as President of the Transamerica Institute<sup>™</sup>. She is currently employed by Transamerica Retirement Solutions and serves as Senior Vice President of Strategic Planning. Since joining the organization in 1995, she has been instrumental in identifying and evaluating short- and long-term strategic growth initiatives, developing business plans and building infrastructure to support the company's high-growth strategy.

## About Transamerica Center for Retirement Studies<sup>®</sup>

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## About the 15th Annual Retirement Survey

This survey was conducted online within the United States by Harris Poll on behalf of Transamerica Center for Retirement Studies between February 21 – March 17, 2014, among a nationally representative sample of 4,143 workers including 1,021 Millennials, 1,120 Generation X, 1,805 Baby Boomers, and 197 who were born prior to 1946. Potential respondents were targeted based on employment status and company size. Respondents met the following criteria: U.S. residents, age 18 or older, full-time workers or part-time workers in for-profit companies, and employer size of 10 or more. Results were weighted to account for differences between the population available via the Internet versus by telephone, and to ensure that each quota group had a representative sample based on the number of employees at companies in each employee size range.

## About this Fact Sheet

This fact sheet was derived from a report entitled, *Millennial Workers: An Emerging Generation of Super Savers* which can be found at [www.transamericacenter.org](http://www.transamericacenter.org).

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