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Baby boomers only slightly ahead of millennials when it comes to retirement planning

More than half of millennials and Gen Xers, as well as over one-third of boomers, haven't started retirement planning, NAPFA survey shows

Chicago, IL – Going into 2020, more than half (59%) of millennials haven't considered their options for retirement. However, this trend is not limited to younger Americans. According to a survey from the National Association of Personal Financial Advisors (NAPFA), one in three baby boomers — Americans who are nearing or starting retirement — hasn't done any financial planning in the last two years.

The survey — which assessed the financial health of Americans — found that stress around finances transcends generational differences. In fact, 74% of respondents said they want a financial planning do-over.

"As we move into a new decade, consumers continue to be pessimistic about their retirement options, with almost half of all respondents lacking confidence in Social Security," says Geoffrey Brown, NAPFA CEO. "More than one-third of millennials and Gen Xers don't think they'll ever be able to retire. While these results are troubling, you can gain a greater sense of control and certainty over your financial future by having a financial plan that's tailored to your life stage."

The different generations are consistent in their goals regarding money, which include planning for retirement (61%), achieving greater savings (52%), and paying off debts (50%). Yet, their priorities for planning differ by age and proximity to retirement. For example, millennials put a higher emphasis on increased savings (59%), with one in three worried they will need to support their parents financially. Meanwhile, planning for retirement is top of mind for 69% of baby boomers.

"Luckily, there are strategies each generation can use to start 2020 off on the right foot," explains Brown.

Tips from NAPFA Advisors:

Applicable to all generations

- Put bonuses, tax refunds and/or reimbursements from Flexible Spending Accounts into a retirement account to boost savings.
- Make a list of debt in order of the amount you owe, from smallest to largest, then make a list of your debt in order of interest rate, from highest to lowest. Choose what will be most motivating to you — either paying off the smallest debt first or paying off the debt with the highest interest rate first.
- Write down what you value most in life and make a list itemizing your spending for the past few months. Ensure your spending is in alignment with both your values and your earnings. Also, be

sure to reduce financial clutter by canceling subscriptions you aren't using and negotiating for lower rates on cable TV, Wi-Fi and car insurance.

Millennials

- Ensure you are paid your worth — consult industry salary surveys and stay objective when negotiating by focusing on your accomplishments and your future at your workplace. Small discrepancies in pay can have large, compounding effects on your future financial security.
- Automate savings — it is easy to justify keeping more money in your checking account, but it often gets spent.
- Take advantage of your employer's 401(k) match, if applicable, but don't stop there. It is better to start saving now, even if it is only a small amount. Try building your budget around 90% of your income so you can put the remaining 10% in savings.

Gen X

- Open a high-yield savings account and set up automatic transfers from your checking account — this acts as a guardrail against impulse purchases.
- Don't jeopardize your retirement plans by paying for your kid's college education. There are creative ways to pay for college (e.g., grants, scholarships, tax benefits, loans), but there aren't many creative ways to pay for retirement.
- Max out your 401(k) contributions. For 2020, you can contribute up to $19,500 of pre-tax money to your 401(k). If you're 50 or older, you can contribute an additional $6,000 pre-tax.

Baby boomers

- Take advantage of catch-up contributions — many employer retirement plans offer catch-up contributions to enable savers over 50-55 to put more money into tax-favored accounts.
- Prioritize paying back any loans you have against your 401(k). If you retire while still owing money, you'll have a very short window to repay it; otherwise, money you borrowed will be treated as taxable income in the year you retire.
- Be honest with yourself about how you will spend your time in retirement and how this may impact your savings. In addition, don't let the fear of running out of money prevent you from enjoying your retirement years. You may have created a plan to accumulate assets for retirement. Now you need a plan to help you prudently spend down those assets.

At any point in your financial journey, working with a Fee-Only financial planner can help you understand your current financial situation and help you feel prepared for retirement. Visit the NAPFA website for a search tool to find financial planners in your area, as well as for a variety of consumer resources, including more tips and details on how to find a financial advisor.

Note to editors/reporters:

Additional survey findings are available here. The following NAPFA planners are available for interviews about tips for each generation:

- **Lauren Zangardi Haynes**, CIMA®, CFP®, Spark Financial Advisors, Richmond & Williamsburg, VA
- **Lori Lustberg**, JD, CFP®, CDFA®, Pathway Financial Advisors LLC, Burlington, VT
- **Danielle Seurkamp**, MS, MPAS®, FBS®, CFP®, Well Spent Wealth Planning, Cincinnati, OH

About NAPFA

Since 1983, the National Association of Personal Financial Advisors has provided Fee-Only financial planners across the country with some of the highest standards possible for professional competency, comprehensive financial planning, and Fee-Only compensation. With more than 3,800 members across the country, NAPFA is the leading professional association in the United States dedicated to the advancement of Fee-Only financial planning. Learn more at www.napfa.org.

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