



GENERATION X: SIX RETIREMENT TOPICS TO RAISE

Guess who's thinking about retirement? After decades of living in the shadow of the Boomers, Gen Xers are ready to start thinking about and planning for their new retirement life starting within the next decade.

Consider these demographic points about the generation born between 1965 and 1980:

- Leading edge Gen Xers are older than 55 and will be eligible for Social Security starting in 2028.
- One in four have assets above \$500,000¹
- They're in their peak earning years
- They will benefit from the \$84 trillion transfer of wealth under way from the Silent Generation and Boomers.²

"For years we've heard that the Baby Boomers are coming," says Michael Harris, senior education advisor for the Alliance of Lifetime Income. "But don't forget there are 65 million Gen Xers coming right behind

them and they can sure use help from financial professionals to assist them in making smart and responsible decisions about their financial future."

6 retirement topics

Their future looks bright. One third of Gen Xers said they feel "optimistic" when engaged in financial planning, according to a 2022 Society of Actuaries study. Here are six key areas to consider when engaging your Gen X clients:

1. Understand Their Values and Emotions Around Financial Security

First and foremost, ask Gen Xers about their goals and dreams for retirement. Learn what they value

most, things like independence, security, and freedom to live life on their own terms. Probe for emotional context and ask questions such as:

- How do you feel about financial security?
- Are you excited about looking ahead to retirement?
- What concerns you most about your next chapter?

Be sure to acknowledge this generation as separate from the higher-profile Boomer and Millennial segments. Gen Xers have distinct histories and characteristics. Most of all, don't be afraid to connect emotionally with this group. They'll embrace your authenticity and appreciate that your interest lies beyond their assets.

Remember, Gen Xers want to hear about maintaining their lifestyle in retirement, enjoying life without incurring significant debt, and enjoying a steady stream of income in retirement. This sets the table for a discussion around the solutions that deliver those benefits.

Also, Gen Xers value transparency, so be sure to have an open discussion around fees.

2. Demonstrate Your Social Security Knowledge

As Gen Xers look ahead to retirement, they're curious about Social Security. They've heard about it their entire lives but now they want to know: Will it be there for them? How does it work? What are the best strategies for claiming and when? This is a good opportunity to discuss guaranteed income and remind them that Social Security is just one leg on the retirement income stool.

3. Address Family Estate Planning Questions

Many members of Generation X are caring for and are beneficiaries of aging parents. Be sure to address how they feel about this part of their journey. This is a good time to address whether their families have all the right planning documents in place so there's a smooth transfer of assets to the next generation. Be prepared to introduce different experts like estate planning attorneys who can address legal and

technical issues. Also consider engaging siblings and parents during the process.

4. Who Is Paying for College?

Good retirement planning includes making smart decisions about how families pay for college. (Many a family's retirement plan has been hurt because poor planning led to taking on too much debt.) Differentiate yourself by becoming knowledgeable on late-stage college planning for Gen X families. While it sounds like a narrow lens, consider that families face an average annual cost of nearly \$40,000 for private college³ and most kids take more than four years to graduate.

5. Offer Digital Tools and Resources

Your Gen X clients rely heavily on technology (web, apps) for financial knowledge, and they want to work with financial professionals who understand that. According to a survey by Salesforce.com, 83% of Gen X respondents expect financial professionals to use modern tools for financial planning. Be sure to:

- Engage them with the resources at your disposal. More than Boomers, this group is ready for tools that analyze risk, Social Security, retirement income readiness, and their investment personality profiles. Explore all that your firm and the industry have to offer.
- Enhance your marketing and communications. Be sure your website is fresh and up to date, consider using video in your email content or hosting a series of retirement planning videos. Continue to offer live and on-demand webinars, expect fewer in-person meetings (virtual is appreciated) and communicate simple messages in your emails. A consistent flow of information is optimal, without being overwhelming.

6. Discuss the Concept of Protection

In the 2022 Society of Actuaries study, Gen X participants expressed concerns about paying for unexpected health events and mitigating the impact of inflation on savings. Here is an opportunity to provide education and advice about the need for

“protection.” They understand the need to safeguard their auto, home, and health through various insurance offerings. Use that concept to explore their feelings around other areas that may need protecting, such as their family, health, or income in retirement. Consider:

- **Addressing long-term care protection.** This group may also benefit from a conversation about long-term Care (LTC) for themselves and aging parents. Too many Americans assume that Medicare will pay for LTC, so be sure they understand that is not the case. Today, there are several good options for funding long-term care, and it may be helpful to look at what is available in the marketplace.
- **Talking about annuities.** The fact that fewer Gen Xers are relying as heavily on employer pensions as older generations have, may correlate with a recent study⁴ citing over half of Gen Xers have an interest in annuities. Product design has advanced over the last decade and annuities may help with a myriad of Gen X concerns around accumulation, protection, and lifetime income. Some offerings even feature LTC benefits.

Generation X may also appreciate that, like their 401(k), all annuities are tax-deferred, and many offer a family benefit to provide for heirs.

Use these tools and resources with Gen X clients

If you have Gen X clients, there is a world of opportunity to help them right now. Simply taking the time to understand who they are and what they care about most will advance your practice as they plan for retirement.

Find interactive tools and other great resources for working with your Gen X clients at the Alliance for Lifetime Income’s **Financial Professional Resource Center** (resources.protectedincome.org), including:

- Retirement Income Security Evaluation (RISE) Score[®]
- Investing Personality Quiz (have clients share their results with you)

Get to the heart of what matters most:

- The New Client Conversation: Financial Security and the Keys to Effective Decision-Making presentation
- 6 New Client Conversation Personas, real stories that drive financial security for different personality types
- Check off the Basics, A Guide to Planning for Essential Expenses in Retirement
- Income Hierarchy Brochure and Worksheet
- Annuities Language Glossary for Consumers, simplify your language

Financial Professional Resource Center (resources.protectedincome.org)

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Sources

¹Society of Actuaries Research Institute (SOA) study: Generation X: Ready for Retirement? Amount in Savings and Investments, Including Retirement Savings (Feb 2022).

²[Cerulli Associates](https://cerulli.com) (Jan 2022) research projects that \$84.4 trillion is expected to transfer through 2045; 63% of all transfers will come from Baby Boomer households, representing \$53 trillion.

³CollegeData.com, Average college tuition and fees, 2021-2022 academic year.

⁴Protected Retirement Income and Planning study, conducted by the Alliance for Lifetime Income and CANNEX (June 2022).