

# The Forgotten Generation: Generation X Approaches Retirement

## Research Webinar

**July 19, 2023**



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Retirement Security

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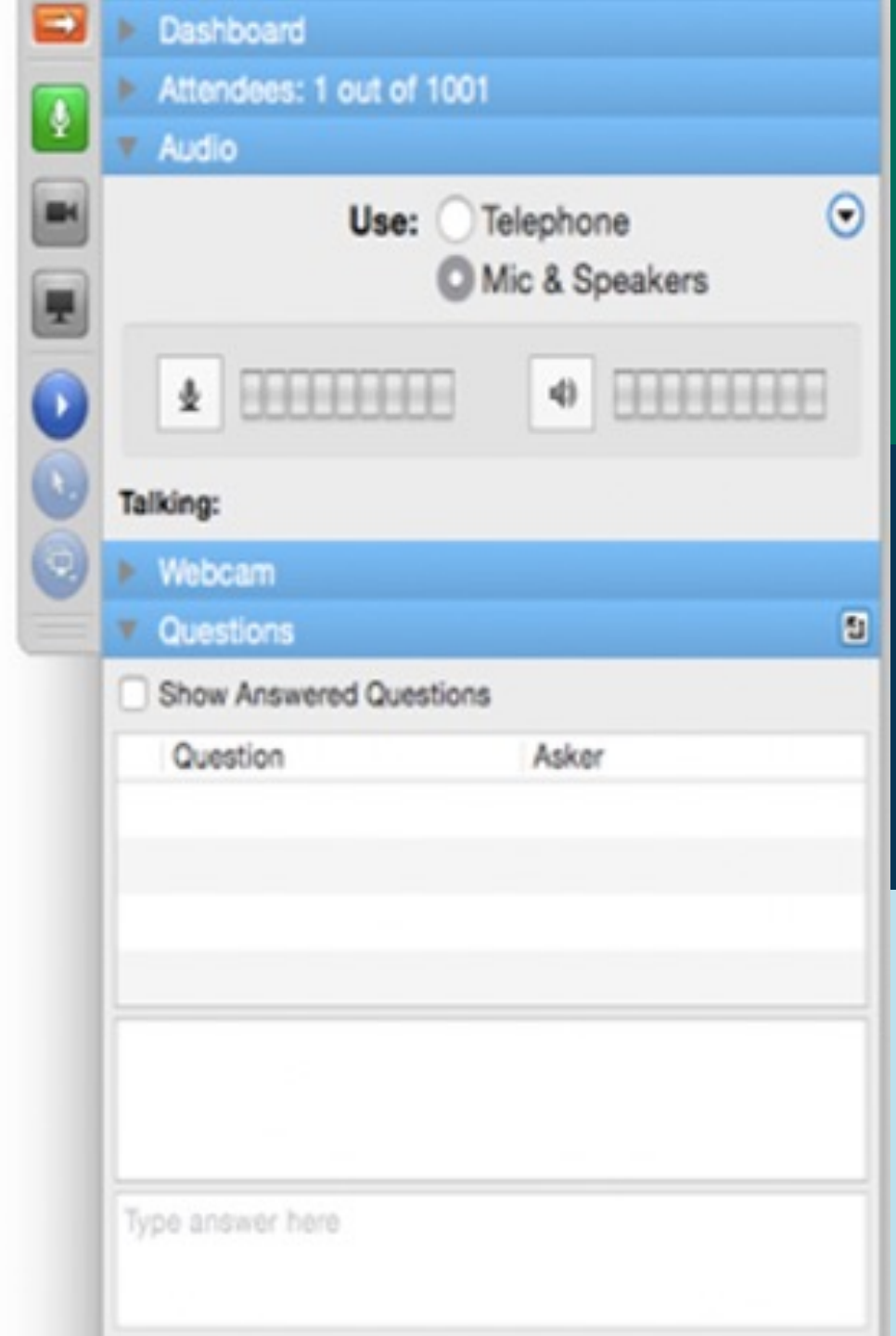
# Agenda

- Logistics and Introductions
- Research Findings
- Q&A



# Logistics

- Attendees in listen only mode.
- Questions are welcome. Submit using “Question” function on control panel.
- Audio/technical issues during webinar: call GoToWebinar at 1-800-263-6316.
- Webinar replay and slides will be emailed and posted at [nirsonline.org/GenX](http://nirsonline.org/GenX).



# Speakers



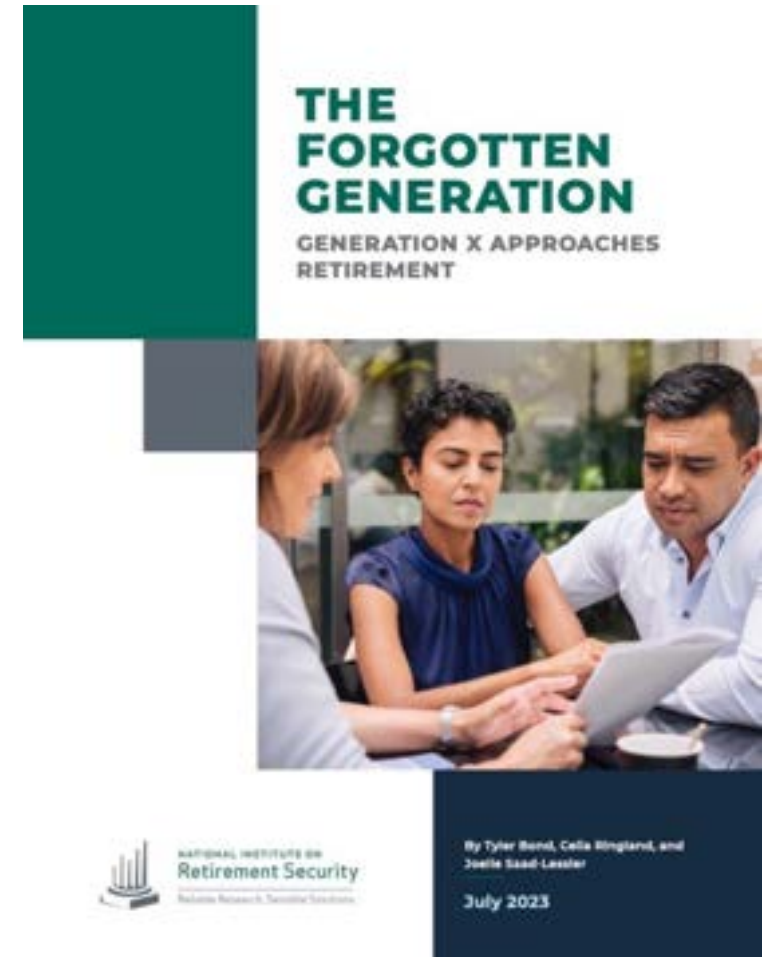
**Tyler Bond**  
NIRS Research Director



**Joelle Saad-Lessler**  
Stevens Institute of Technology Professor

# Why This Research?

- Generation X is often overlooked in favor of a focus on the Baby Boomers or Millennials.
- The leading edge of Gen X will be eligible for Social Security's earliest retirement age in just a few years.
- Gen X was the first generation to enter the workforce as the private sector was moving away from defined benefit pensions.
- Gen X experienced notably different social and economic circumstances than the Boomers, so their retirement experience will be different.



# Key Findings

- Slightly more than half (55%) of Gen Xers are participating in an employer-sponsored retirement savings plan.
- Fourteen percent of Gen X is covered by a DB plan, and this level of coverage is fairly consistent across gender and race.
- Only a third (35%) of Hispanic Gen Xers are participating in an employer-sponsored retirement savings plan.

# Key Findings, Continued

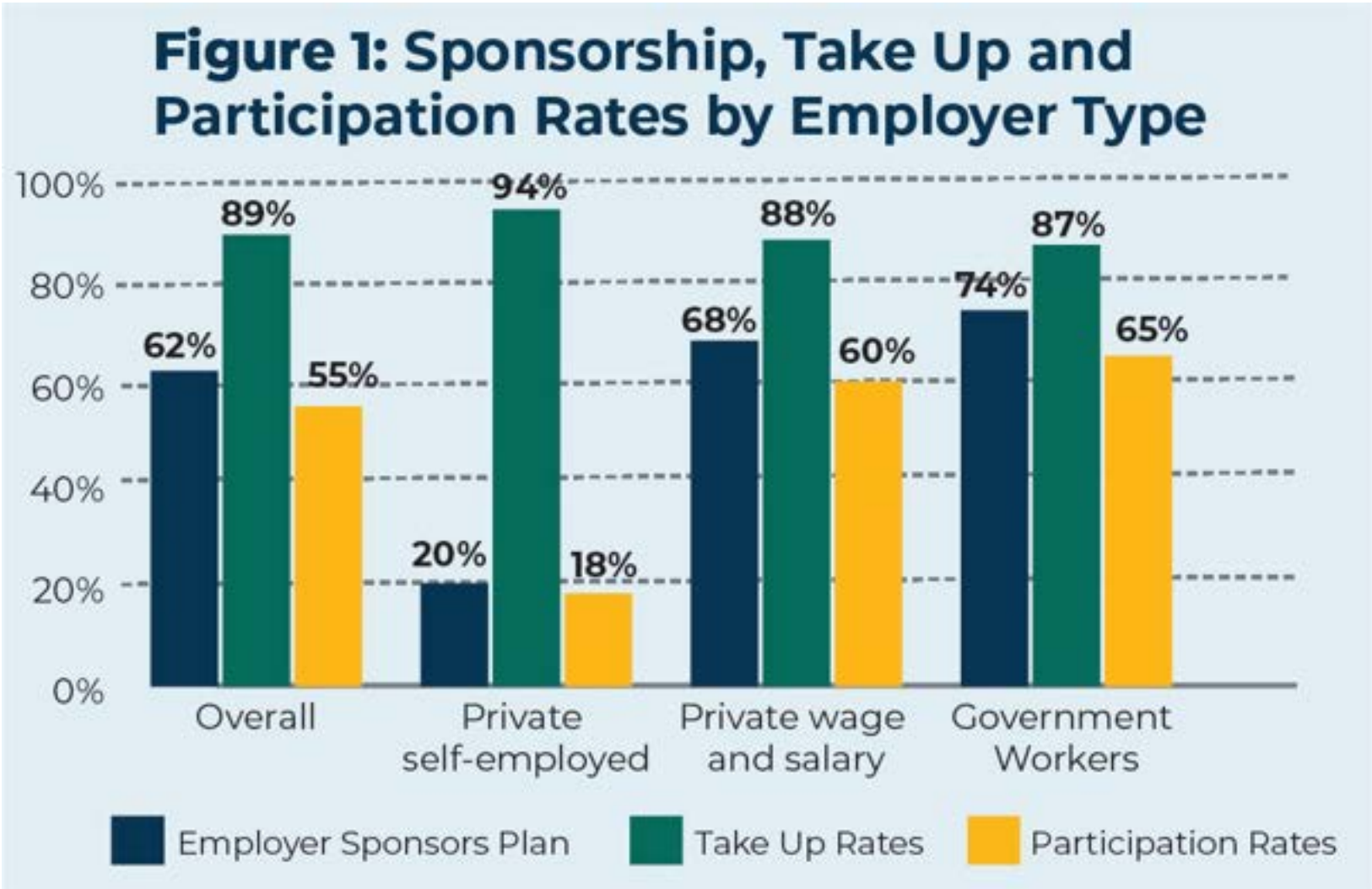
- There is a large discrepancy between average and median amounts of retirement savings, and this discrepancy holds across gender, race, income, and other measures.
- The typical Generation X household only has \$40,000 in retirement savings in private accounts.
- Most Gen Xers, regardless of race, gender, marital status, or income, are failing to meet retirement savings targets.

# Research Methodology

- Generation X is defined as those born between 1965 and 1980.
- As of December 2020, Gen X represented almost 64 million Americans, or nearly 20 percent of the population.
- This research uses data from the Survey of Income and Program Participation (SIPP).
- The reference month for the research is December 2020.



# Sponsorship Rates Depress Participation Rates



# Sponsorship Rates Vary Widely by Industry

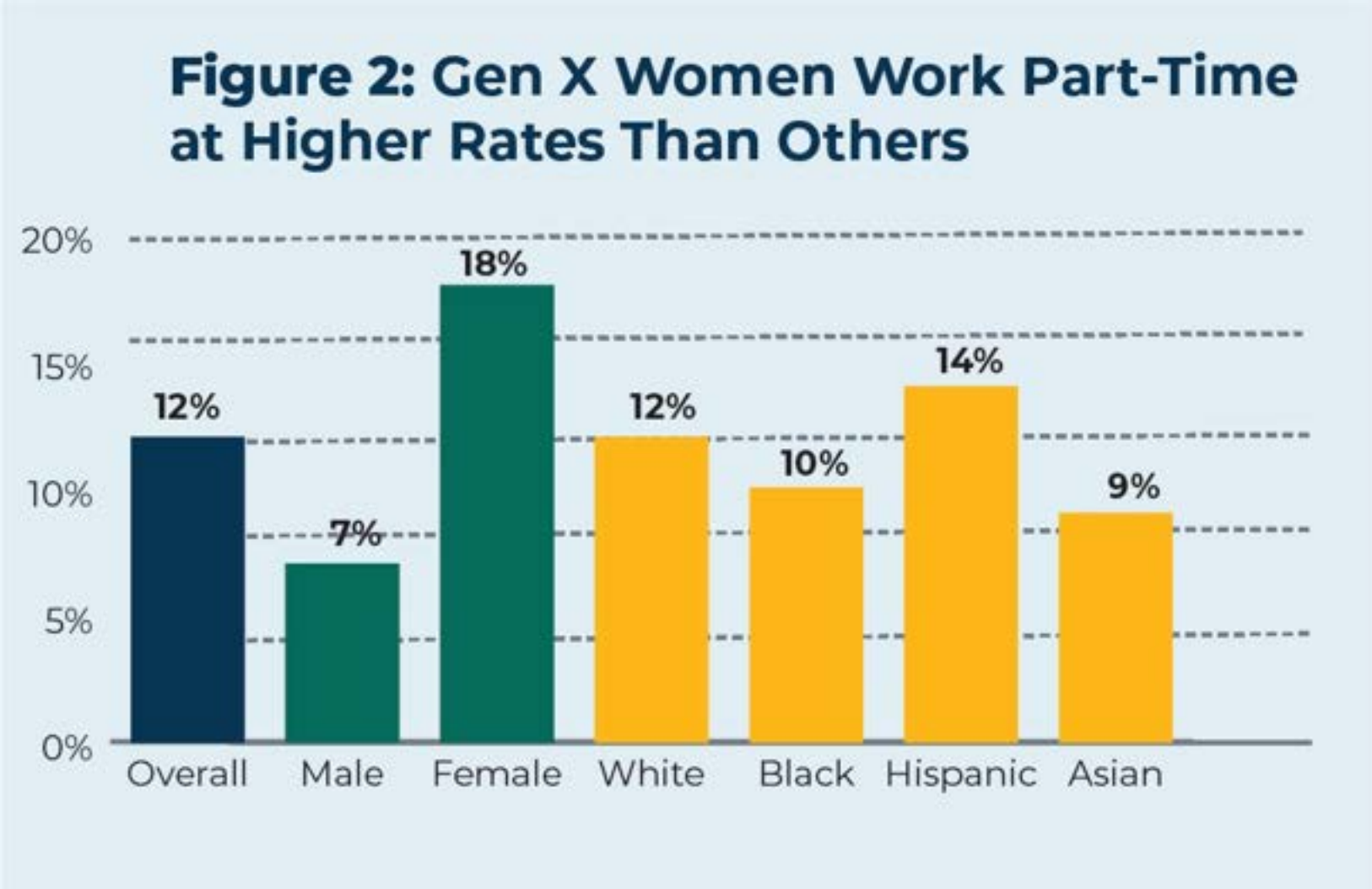
These findings are consistent with other NIRS research.

Industries that tend to employ workers with higher levels of education, or where workers tend to have longer tenures, are more likely to sponsor retirement plans.

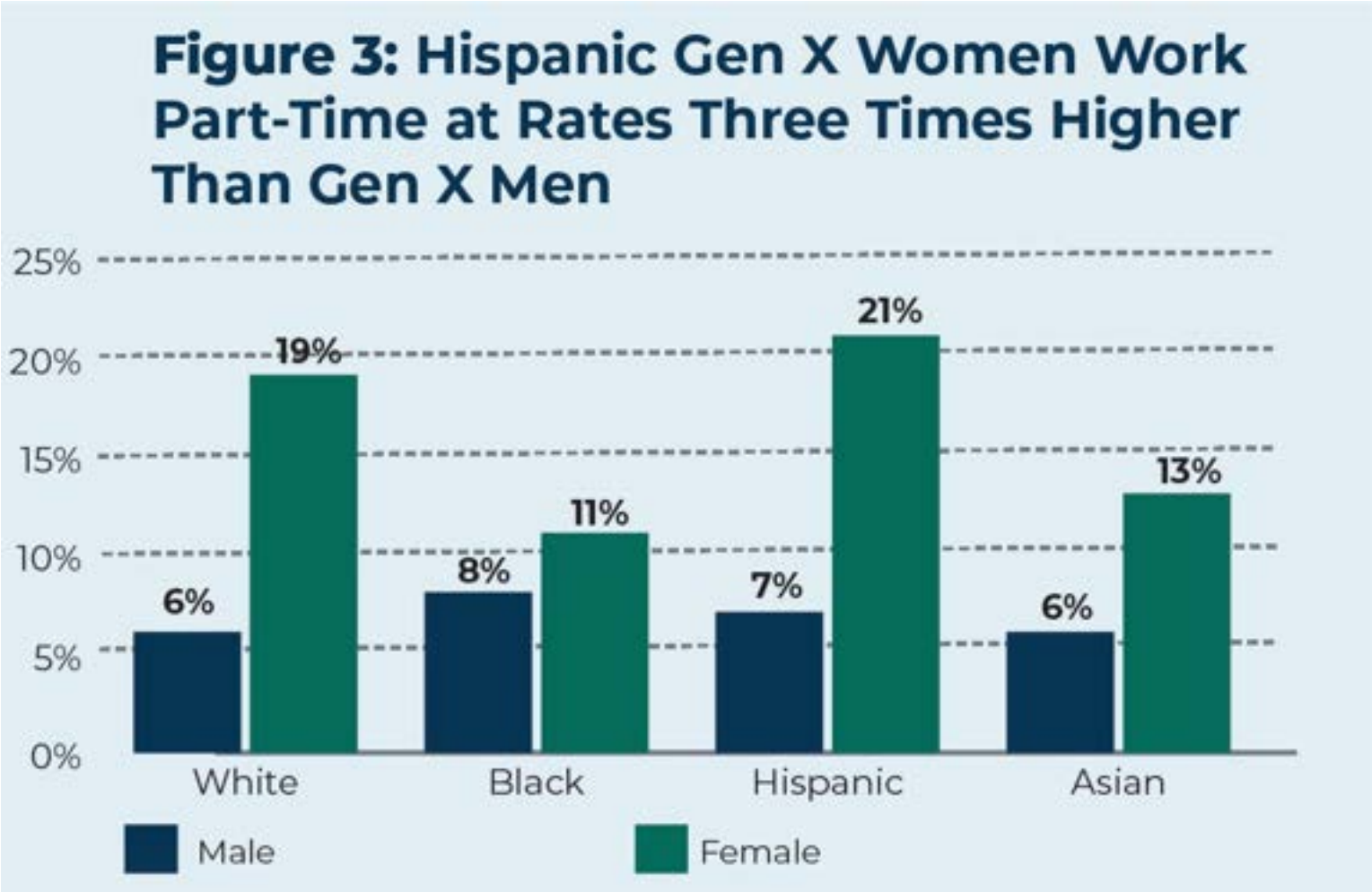
**Table 1: Rates of Retirement Plan Sponsorship Vary Widely by Industry**

Industry	Overall
Farming	22%
Accommodation and Food Services	26%
Construction	42%
Other Services	45%
Real Estate	49%
Arts, Entertainment and Recreation	58%
Social Services	60%
Professional, Scientific, Management, Administrative and Waste Management Services	60%
Retail Trade	63%
Transport, Warehousing and Utilities	67%
Health Services	70%
Wholesale Trade	71%
Manufacturing	76%
Information and Communications	80%
Educational Services	82%
Finance and Insurance	86%
Public Administration	89%

# Gen X Women More Likely to Work Part-Time

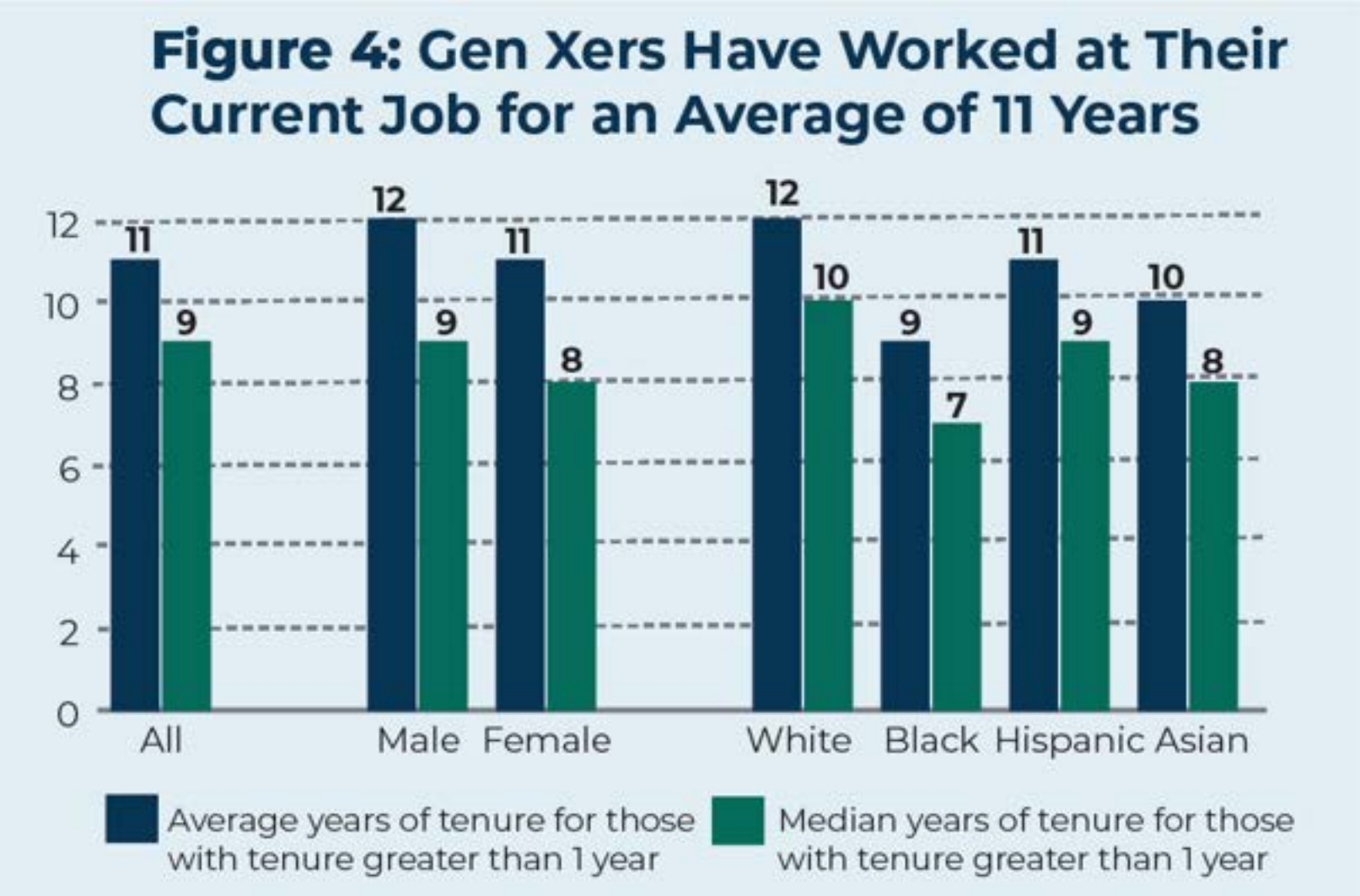


# Gen X Latinas Have Highest Rates of Part-Time Employment



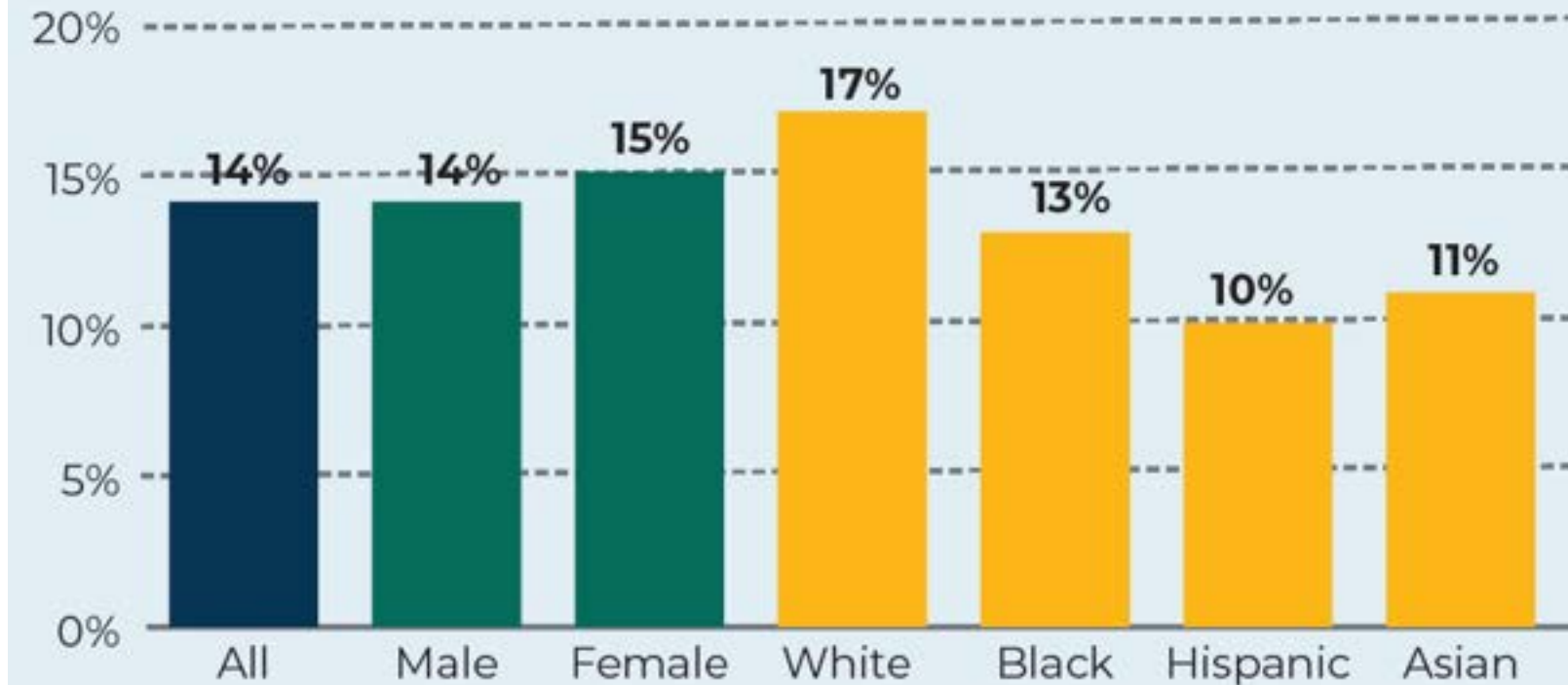
# Current Job Tenure is Fairly Consistent

**Figure 4: Gen Xers Have Worked at Their Current Job for an Average of 11 Years**

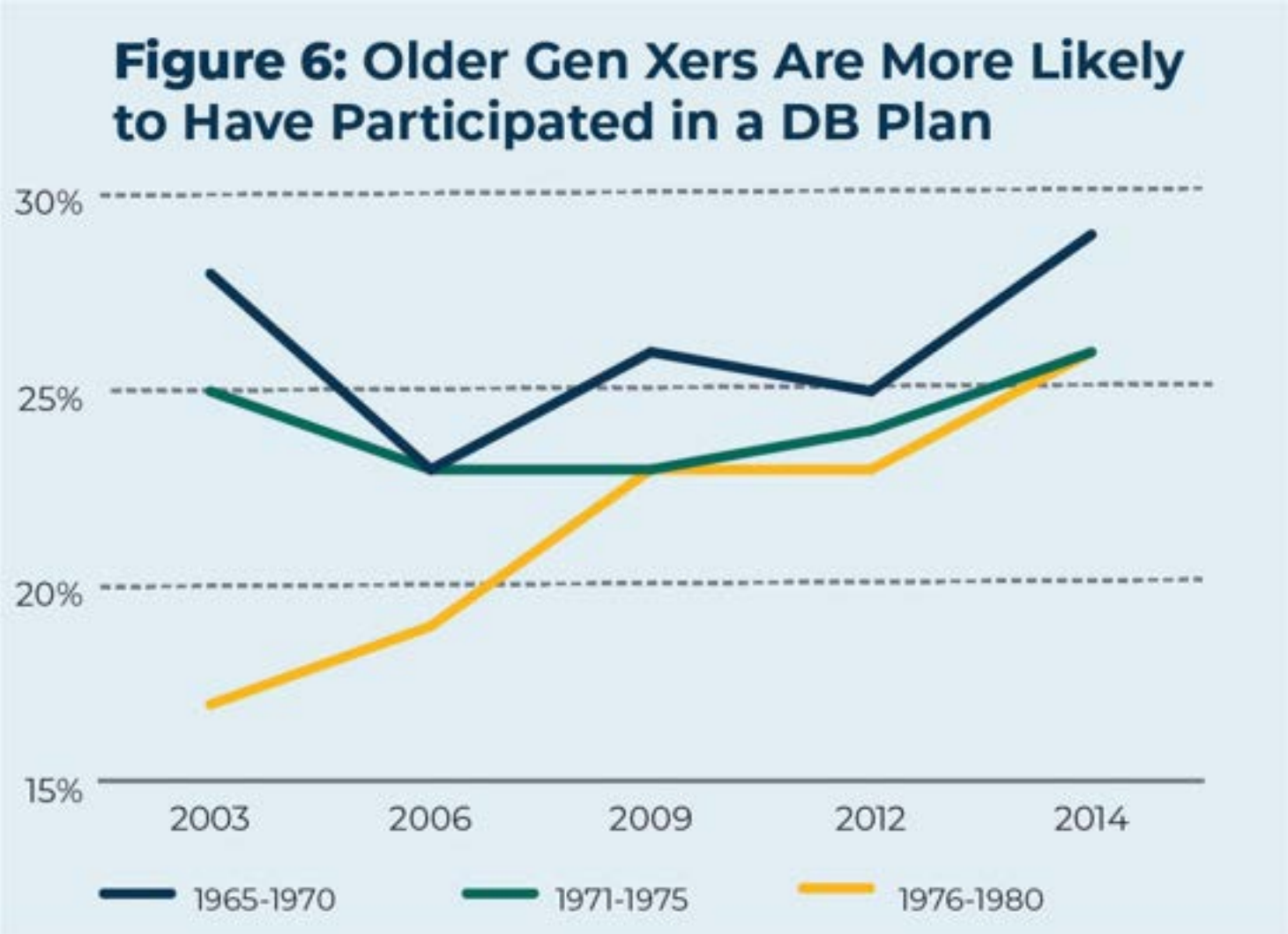


# About 1/6 of Gen X Has DB Coverage

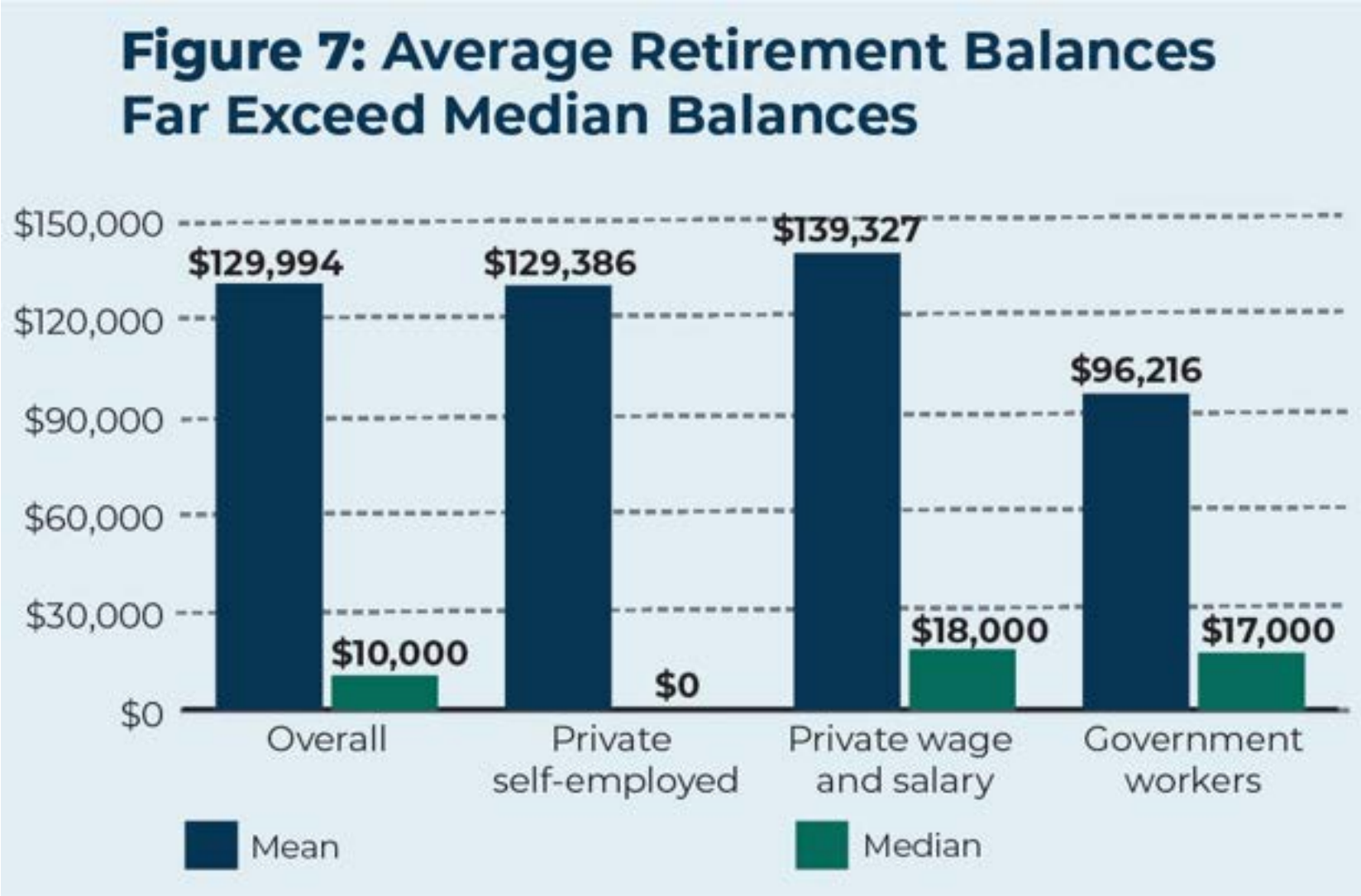
**Figure 5: DB Plan Coverage is Low, but Level Across Gen X**



# Older Gen Xers Had More DB Coverage

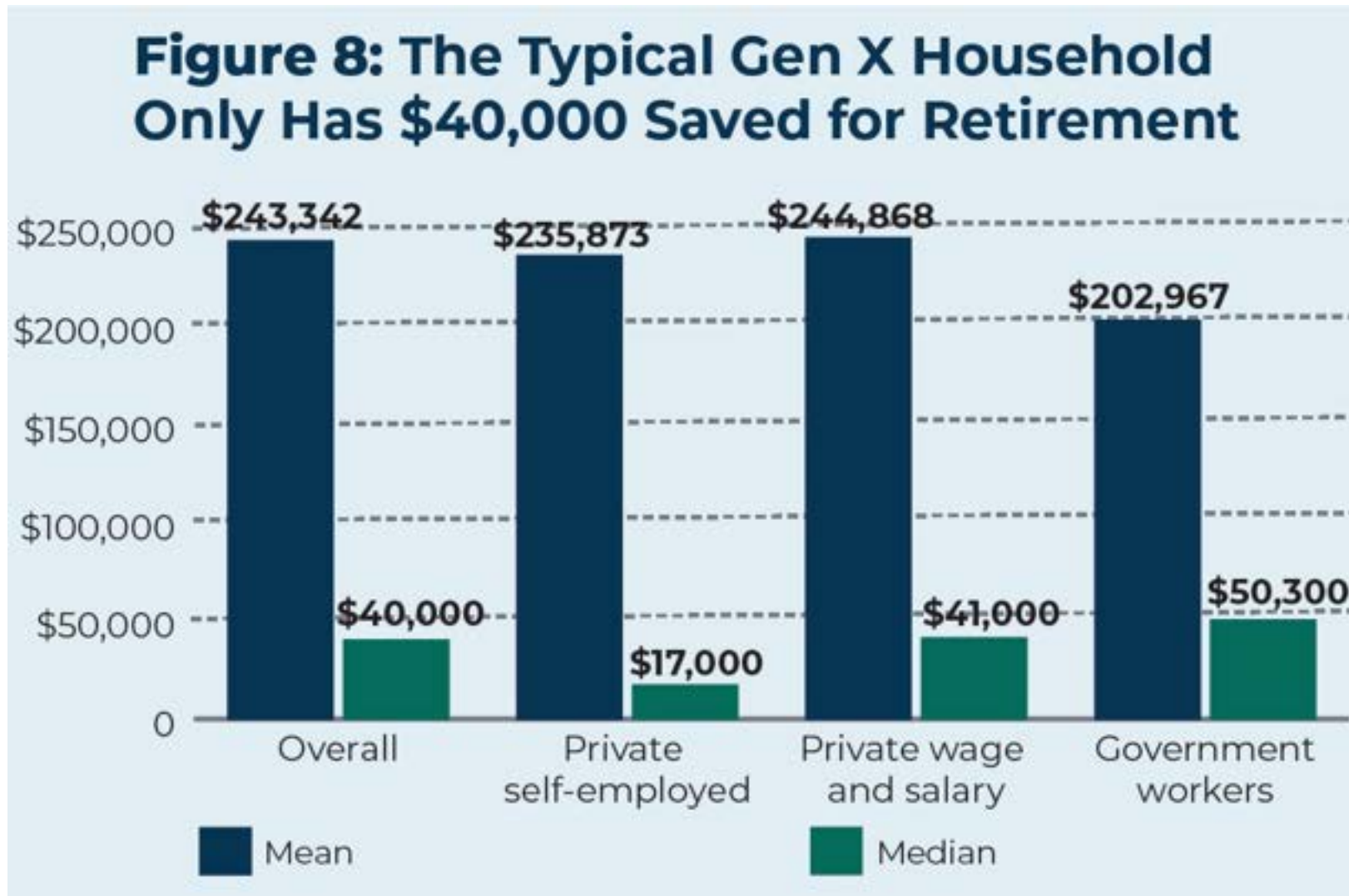


# Average Savings Higher Than Median Savings

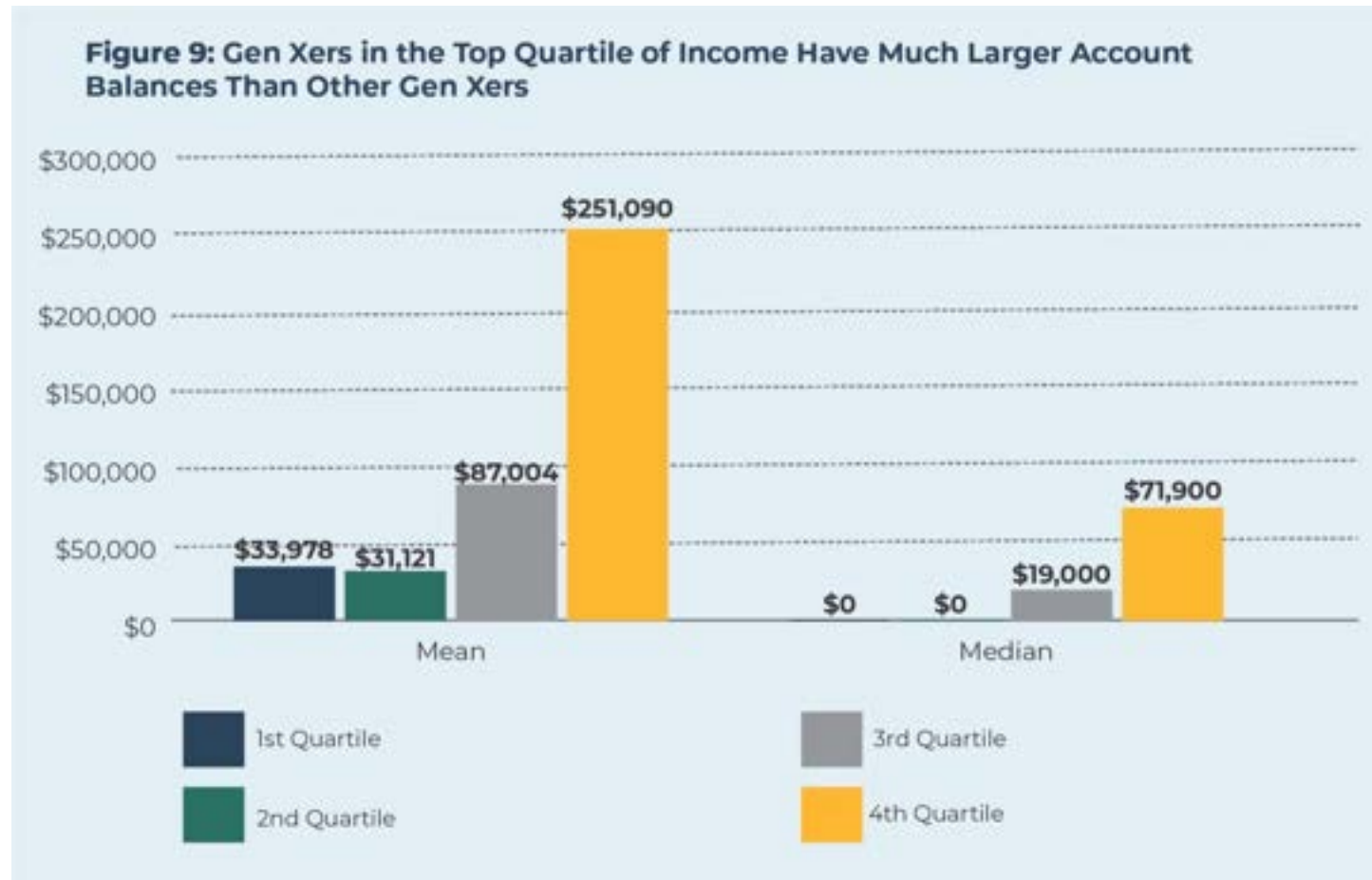




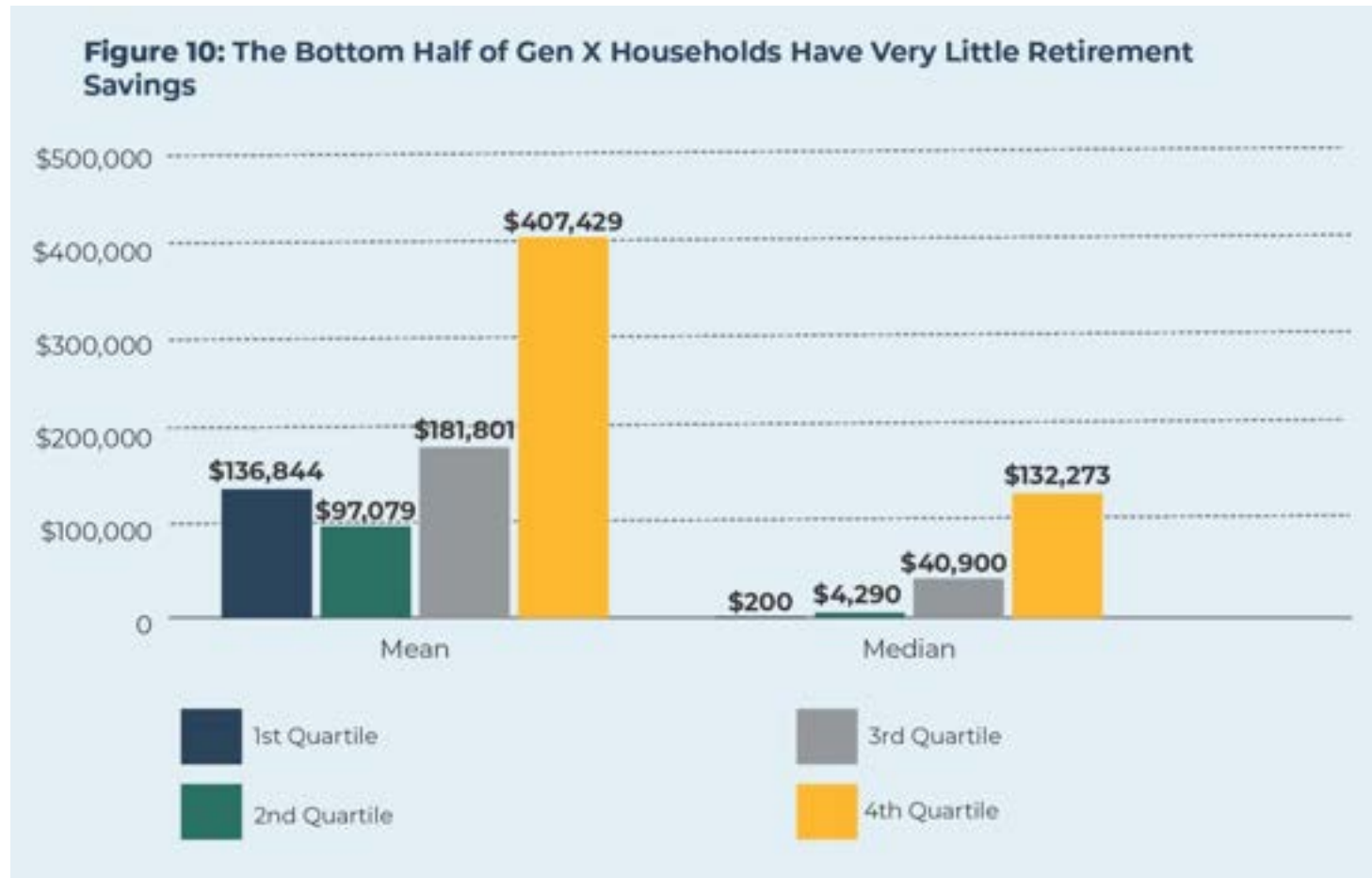
# Median Household Savings Are Low



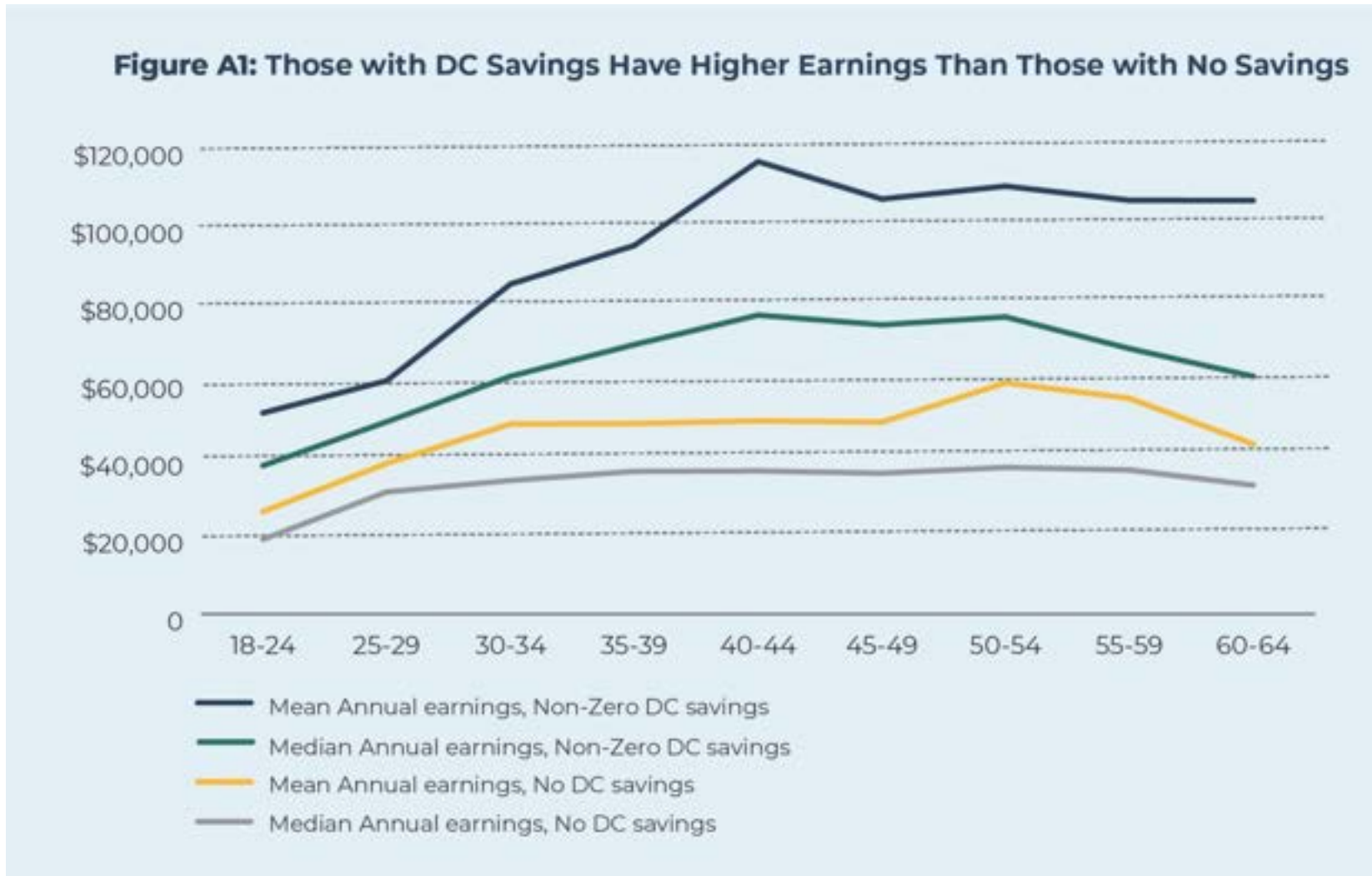
# The Highest Earners Have Much Greater Amounts of Retirement Savings



# Bottom Half of Gen X Households Have Almost Nothing Saved for Retirement



# DC Savers Have Higher Earnings



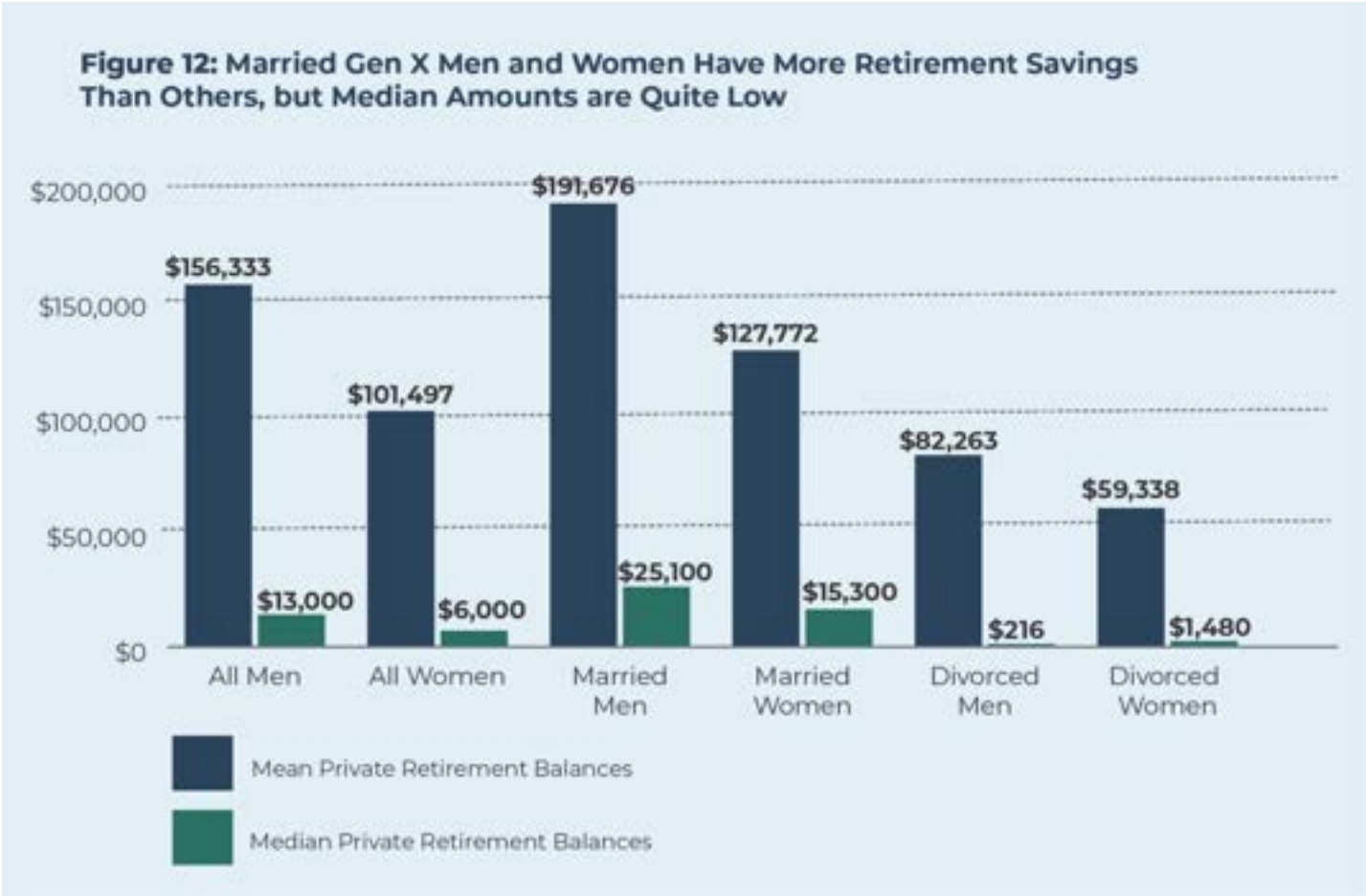
# Women Lag Behind Men, but Not by Significant Degrees

Gen X women have lower annual earnings and lower net worth than men, and are more likely to fall short of retirement savings targets (as will be seen on the next slide).

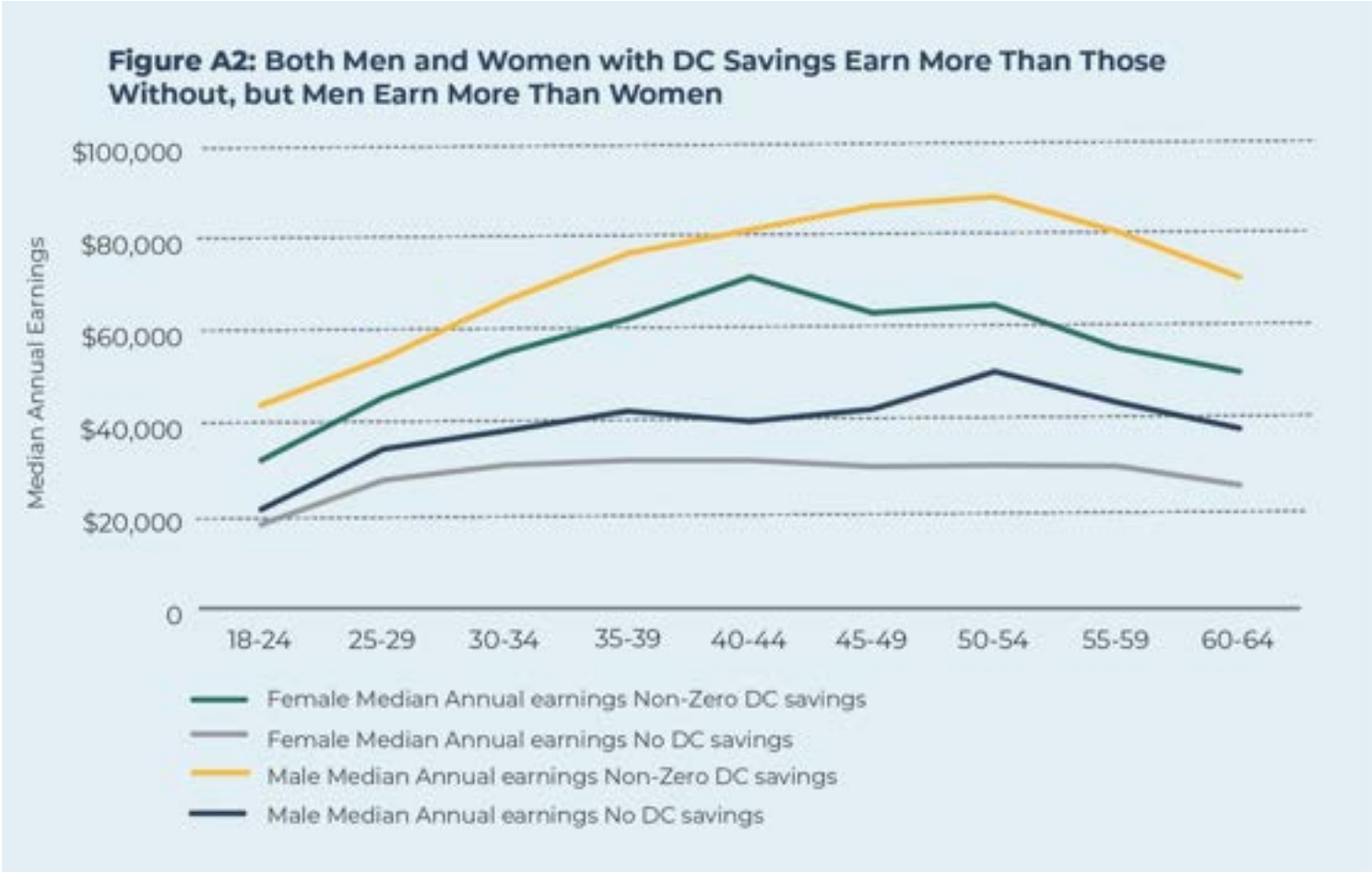
Table 2: Sponsorship, Take Up, and Participation Rates in Retirement Plans by Gender

Overall		Male	Female
	<b>Sponsorship</b>	63%	61%
	<b>Take Up</b>	91%	86%
	<b>Participation</b>	57%	53%
Private Wage and Salary		Male	Female
	<b>Sponsorship</b>	69%	66%
	<b>Take Up</b>	90%	85%
	<b>Participation</b>	63%	56%
Government Workers		Male	Female
	<b>Sponsorship</b>	77%	72%
	<b>Take Up</b>	96%	79%
	<b>Participation</b>	74%	57%

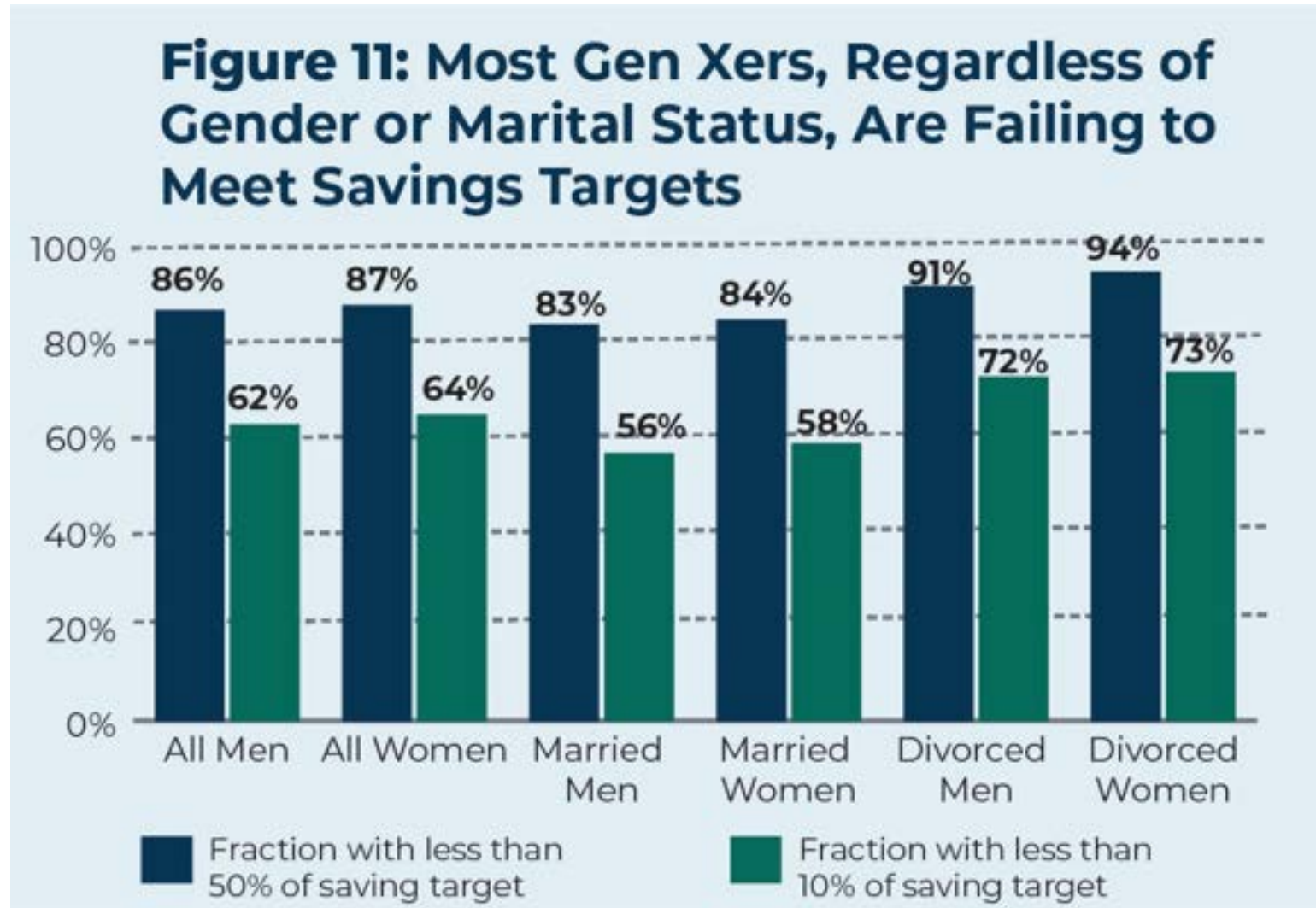
# Median Savings Are Quite Low Regardless of Gender or Marital Status



# Women & Men with DC Savings Earn More Than Those Without

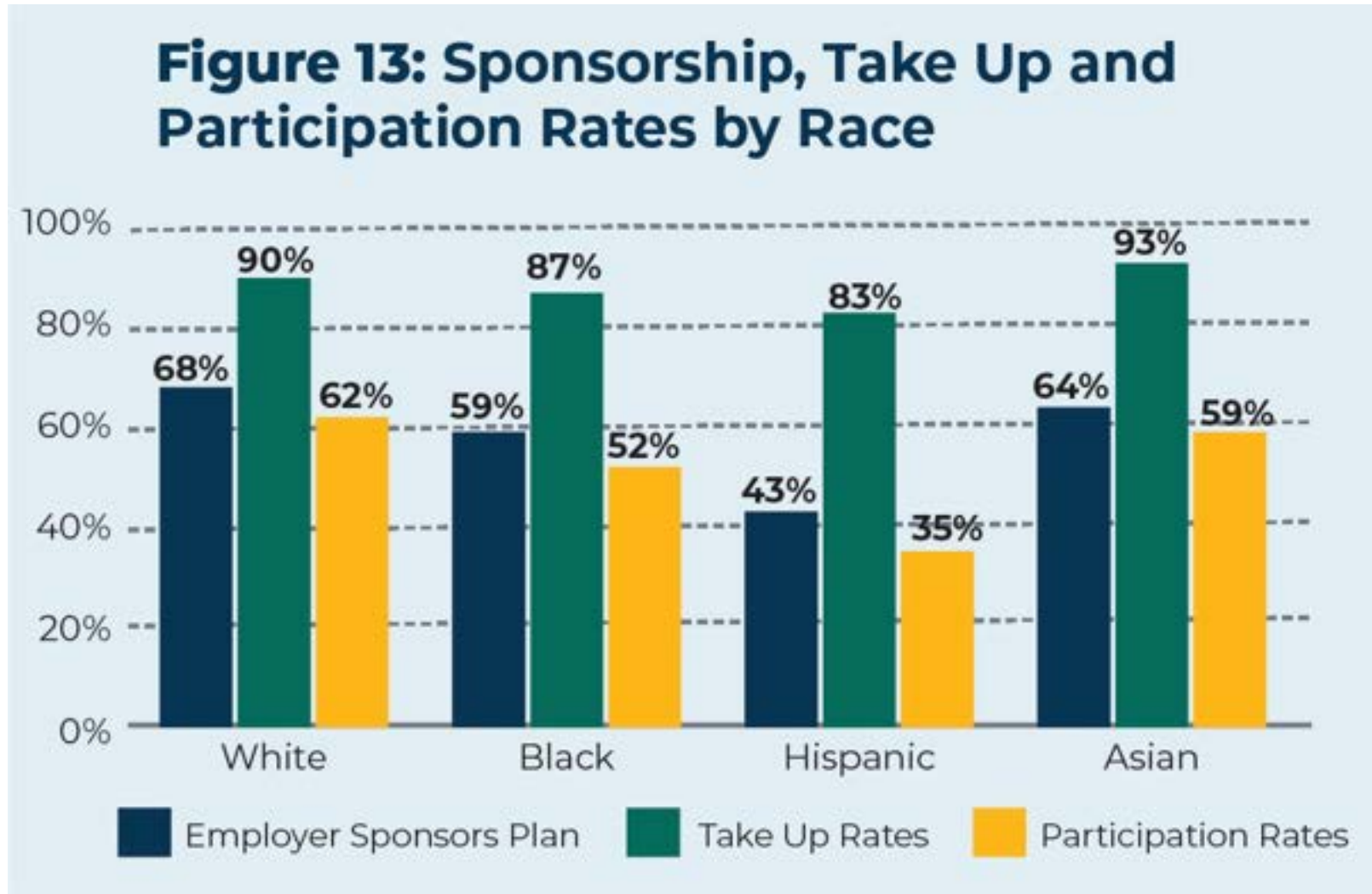


# Most Are Failing to Meet Savings Targets

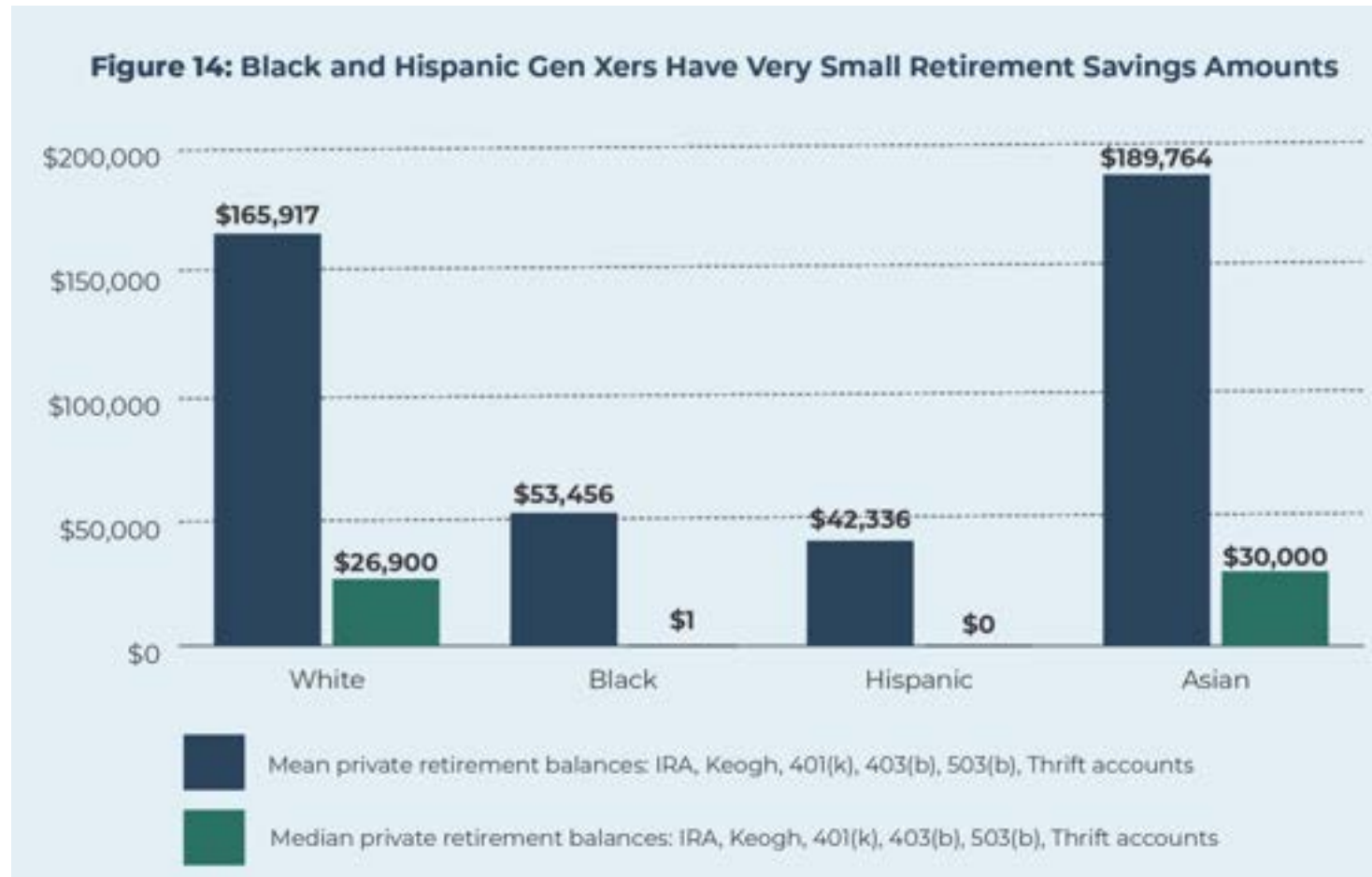




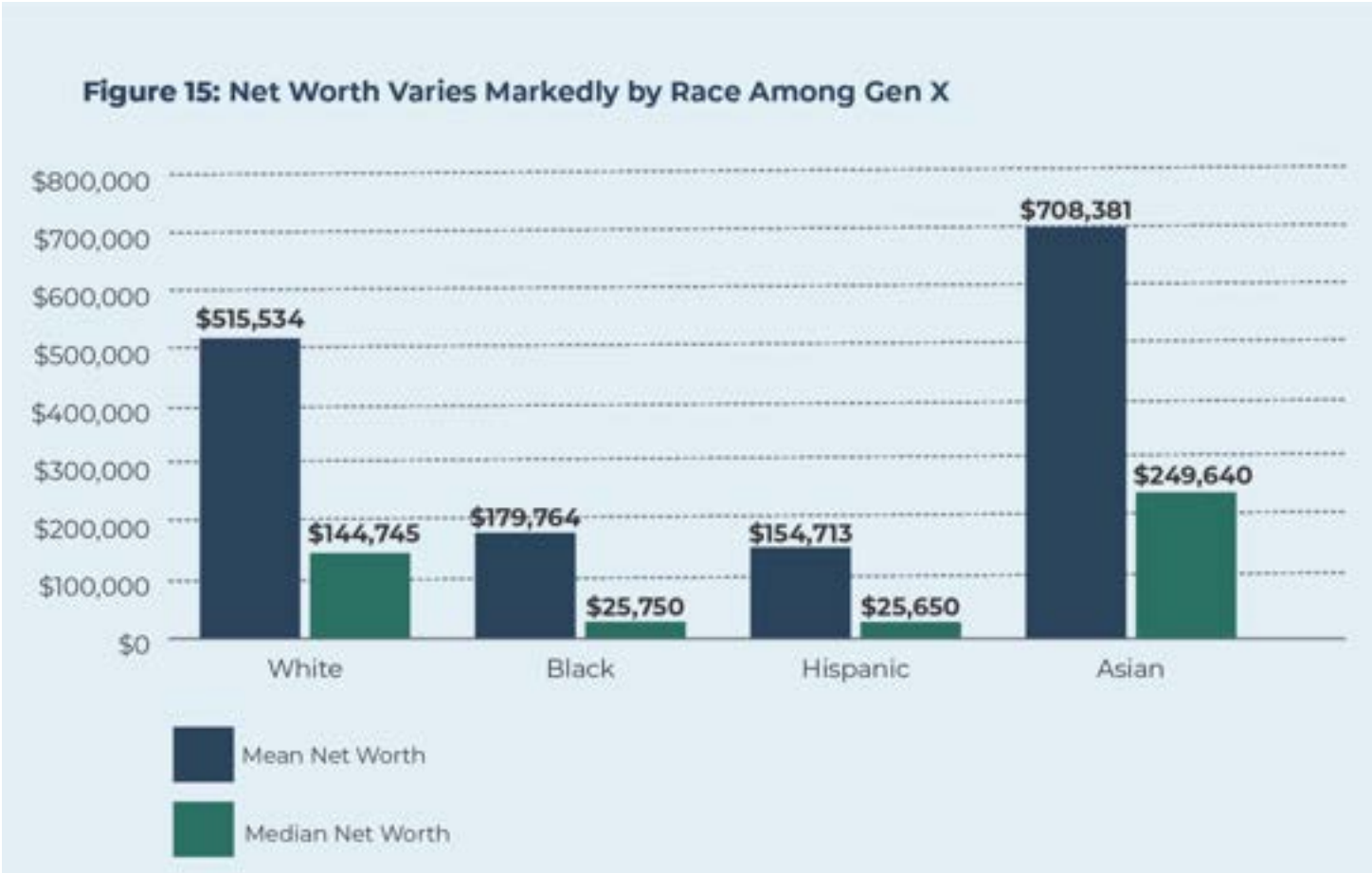
# Hispanic Gen Xers Lack Access to Plans



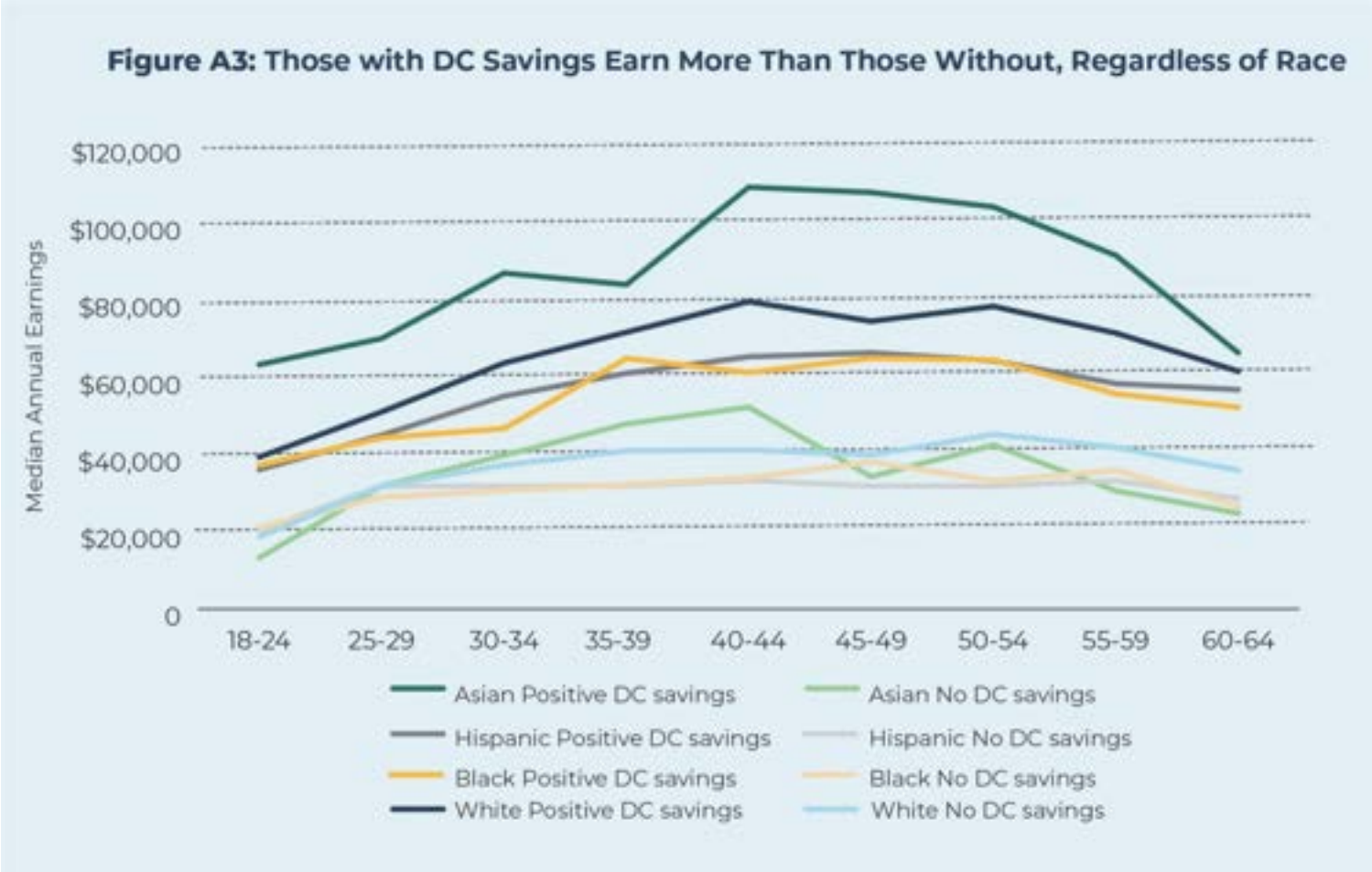
# The Typical Black and Hispanic Gen Xer Has Nothing Saved for Retirement



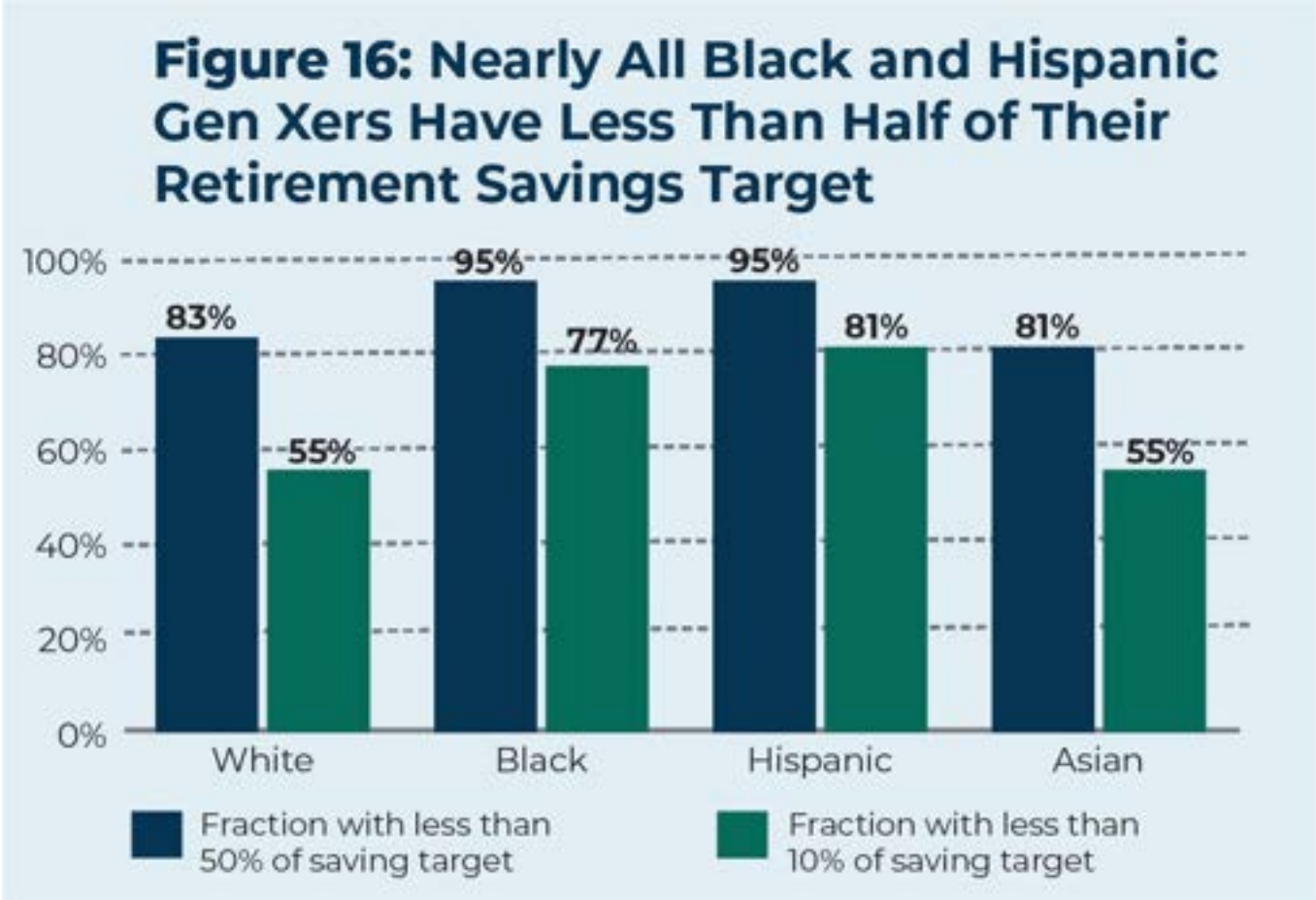
# White and Asian Gen Xers Have Much Higher Net Worths



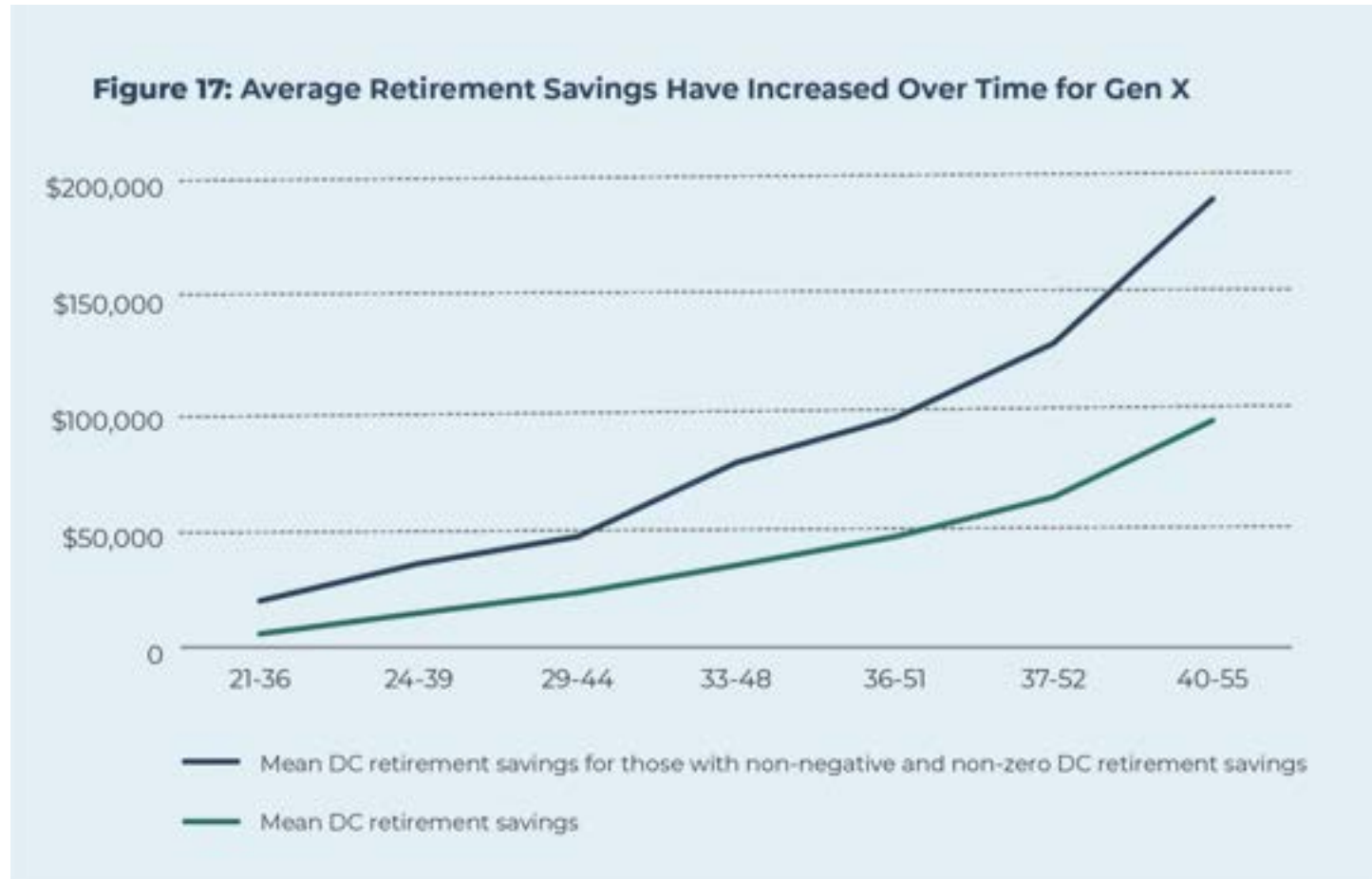
# Even by Race, Those with DC Savings Earn More Than Those without



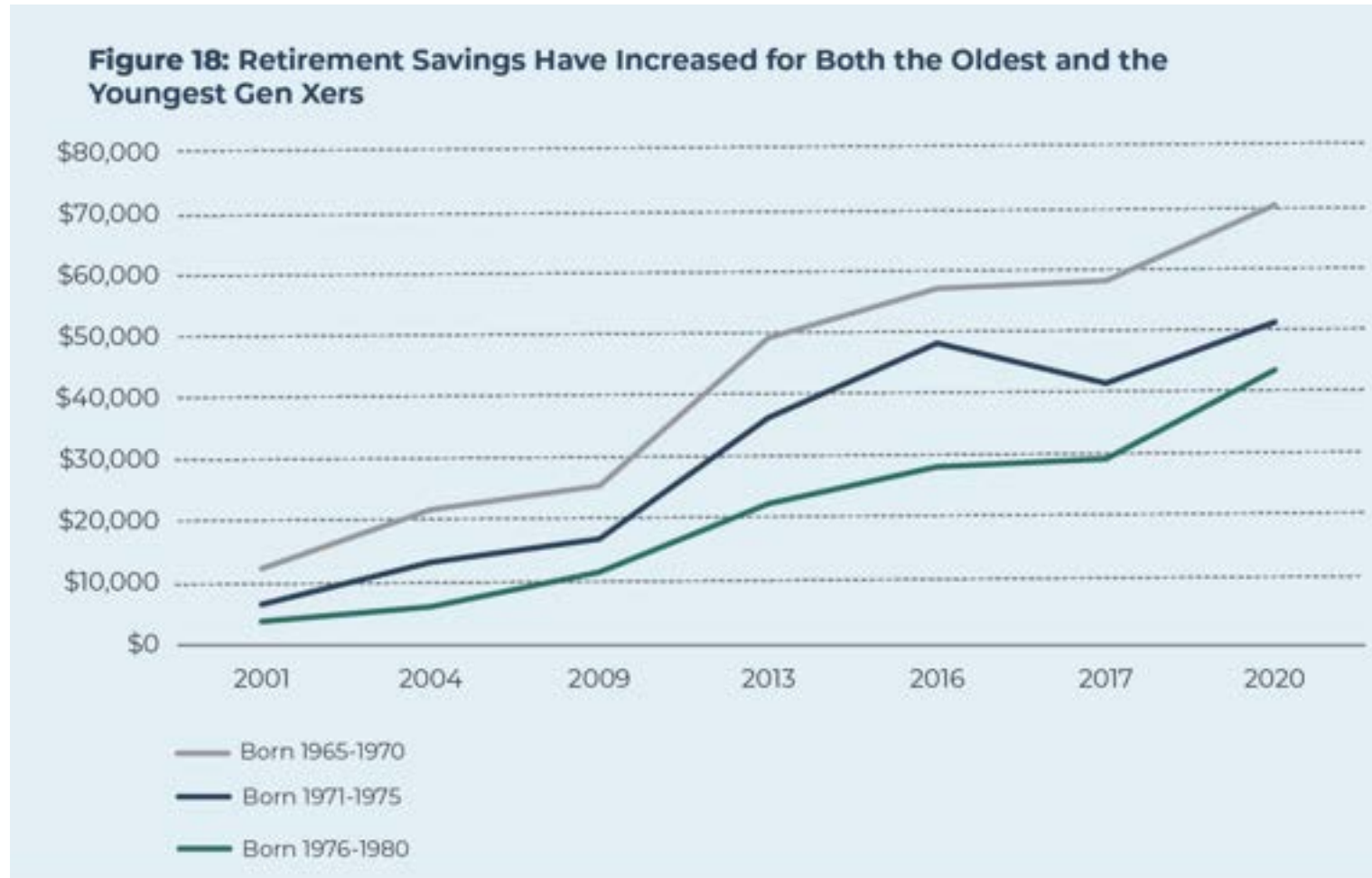
# Most Are Failing to Meet Savings Target, Regardless of Race



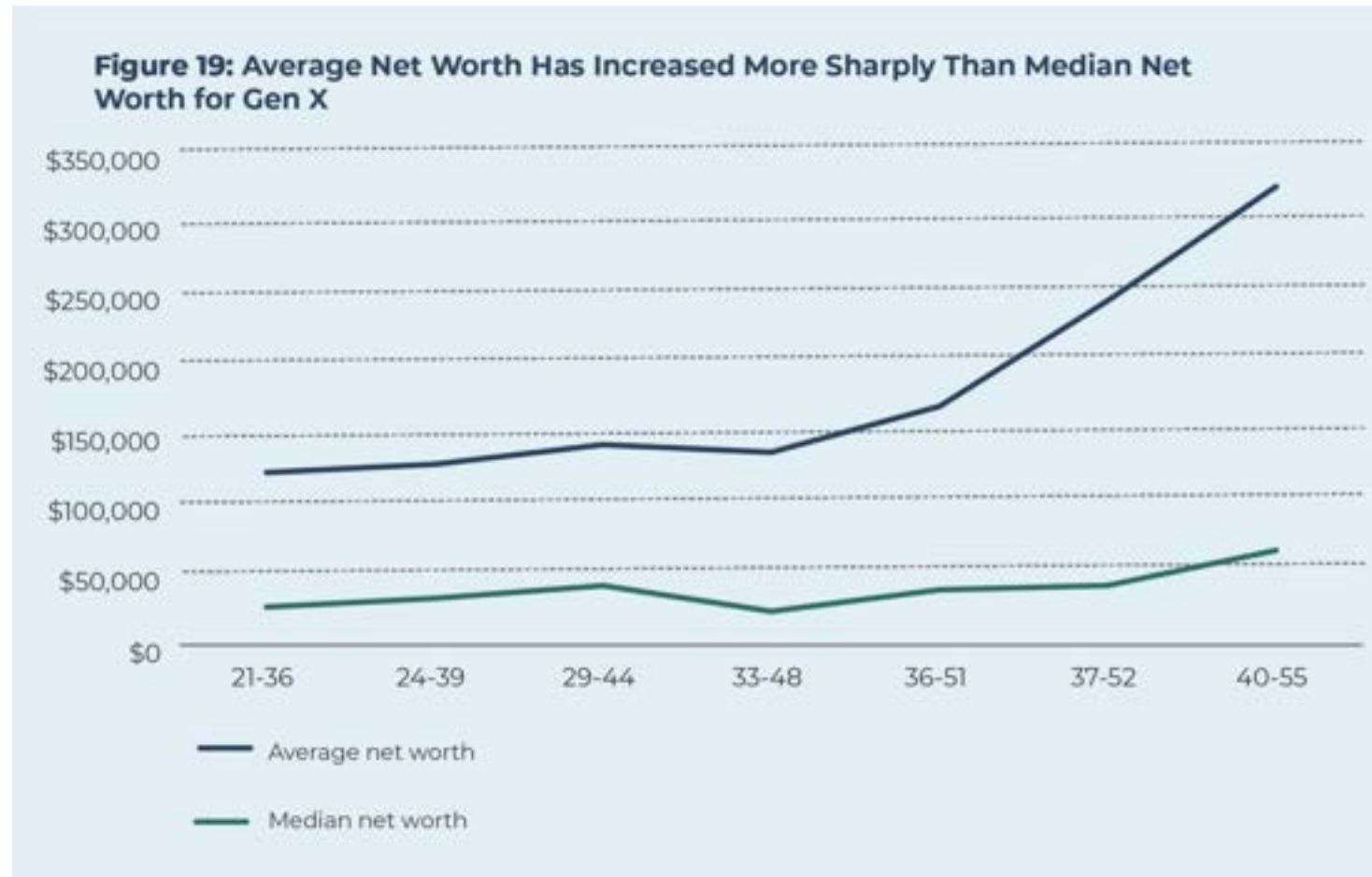
# As Expected, Retirement Savings Have Increased Over Time



# Median Retirement Savings Have Increased Across Gen X for Those With Savings

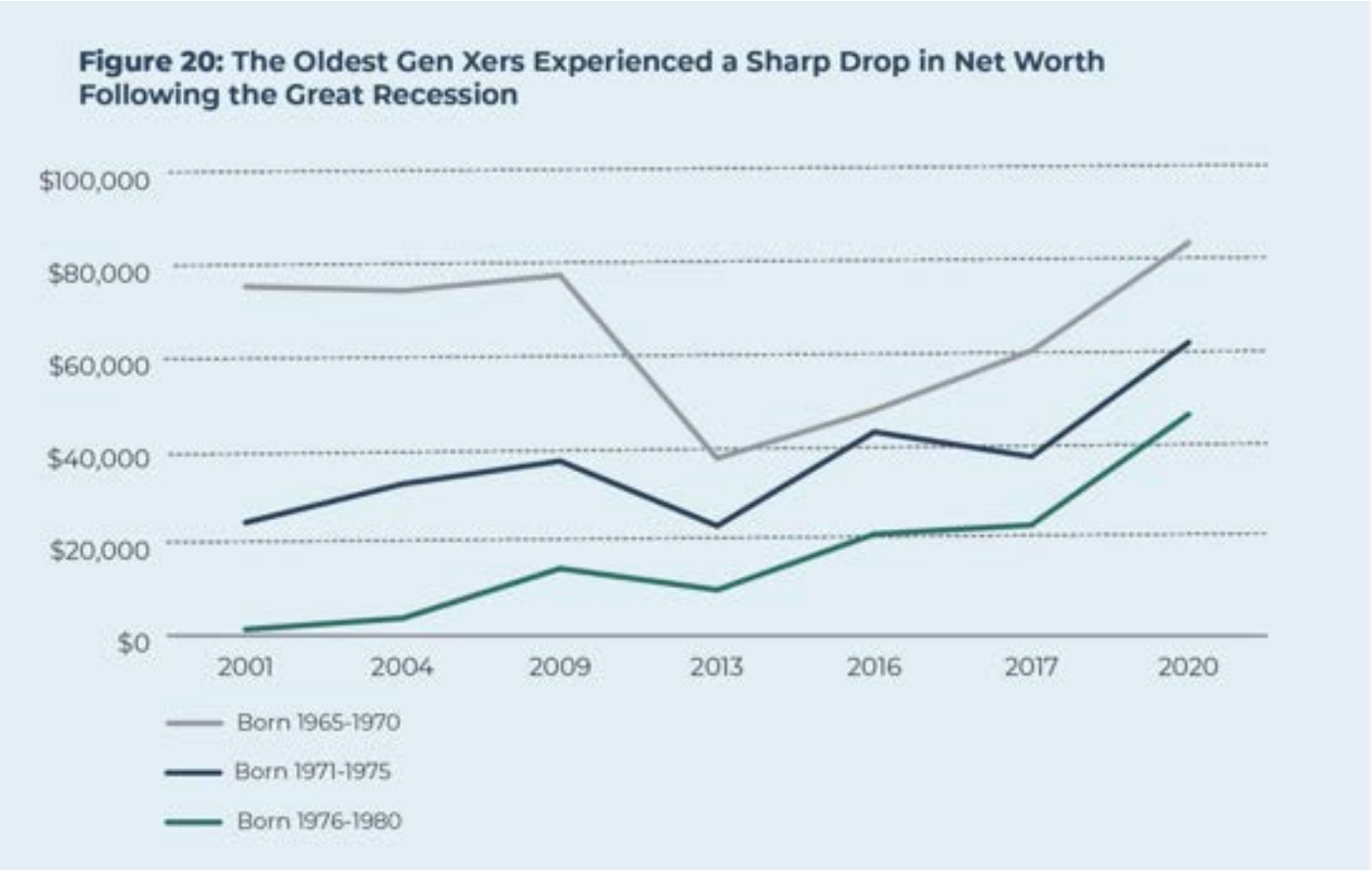


# Average Net Worth is Much Higher Than Median Net Worth





# Oldest Gen Xers Saw a Large Drop in Median Net Worth Following the Great Recession



# Homeownership Rates Rise with Age

**Table 3: Homeownership Rates Increase with Age Within Gen X**

<b>Age</b>	<b>Home Ownership Rate*</b>	<b>Living in a household that owns a home+</b>	<b>Mean Debt Owed**</b>
40-45	26%	53%	\$123,175
46-50	53%	66%	\$125,774
51-55	61%	72%	\$104,611

\*Calculated based on fraction of people with positive equity in their primary residences

\*\*Personal share of debt owed on primary residence

+Calculated based on the fraction of people living a household with positive home equity in the primary residence. Household level home equity is the sum of home equity across household members

# Student Loan Debt is Not Widespread Among Gen X

**Table 4: Less than One-Sixth of Gen Xers Have Student Loan Debt**

<b>Fraction who owe student loan debt</b>	14%
Based on their own loans	96%
Shared debt burden with a spouse	5%
<b>Total Mean Amount Owed</b>	\$37,556
In Own Name	\$37,615
Jointly Owed with Spouse	\$23,821
<b>Total Median Amount Owed</b>	\$20,000
In Own Name	\$20,000
Jointly Owed with Spouse	\$10,000

# Younger Gen Xers Are Slightly More Likely to Have Student Loan Debt

**Table 5: Younger Gen Xers are Somewhat More Likely to Have Student Loan Debt**

	Age 40-45	Age 45-50	Age 50-56
<b>Fraction who owe student loan debt</b>	16%	15%	11%
Based on their own loans	98%	96%	93%
Shared debt burden with a spouse	3%	5%	8%

# Policy Solutions

- Social Security
- SECURE Act and SECURE 2.0
- State-Facilitated Retirement Savings Plans
- Tax Policy

# Questions

