The Forgotten Generation: Generation X Approaches Retirement

Research Webinar

July 19, 2023
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.
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

Figure 1: Sponsorship, Take Up and Participation Rates by Employer Type

- Sponsorship Rates
- Take Up Rates
- Participation Rates

Overall: 62% (Employer Sponsors Plan), 55% (Take Up Rates), 20% (Participation Rates)
Private self-employed: 94% (Employer Sponsors Plan), 18% (Take Up Rates), 20% (Participation Rates)
Private wage and salary: 88% (Employer Sponsors Plan), 68% (Take Up Rates), 18% (Participation Rates)
Government Workers: 87% (Employer Sponsors Plan), 74% (Take Up Rates), 65% (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>
<thead>
<tr>
<th>Industry</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farming</td>
<td>22%</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>26%</td>
</tr>
<tr>
<td>Construction</td>
<td>42%</td>
</tr>
<tr>
<td>Other Services</td>
<td>45%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>49%</td>
</tr>
<tr>
<td>Arts, Entertainment and Recreation</td>
<td>58%</td>
</tr>
<tr>
<td>Social Services</td>
<td>60%</td>
</tr>
<tr>
<td>Professional, Scientific, Management,</td>
<td>60%</td>
</tr>
<tr>
<td>Administrative and Waste Management Services</td>
<td></td>
</tr>
<tr>
<td>Retail Trade</td>
<td>63%</td>
</tr>
<tr>
<td>Transport, Warehousing and Utilities</td>
<td>67%</td>
</tr>
<tr>
<td>Health Services</td>
<td>70%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>71%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>76%</td>
</tr>
<tr>
<td>Information and Communications</td>
<td>80%</td>
</tr>
<tr>
<td>Educational Services</td>
<td>82%</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>86%</td>
</tr>
<tr>
<td>Public Administration</td>
<td>89%</td>
</tr>
</tbody>
</table>
Gen X Women More Likely to Work Part-Time

Figure 2: Gen X Women Work Part-Time at Higher Rates Than Others

- Overall: 12%
- Male: 7%
- Female: 18%
- White: 10%
- Black: 14%
- Hispanic: 9%
- Asian: 9%
Gen X Latinas Have Highest Rates of Part-Time Employment

Figure 3: Hispanic Gen X Women Work Part-Time at Rates Three Times Higher Than Gen X Men
Current Job Tenure is Fairly Consistent

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

- **All**: 11 average years, 9 median years
- **Male**: 12 average years, 9 median years
- **Female**: 11 average years, 8 median years
- **White**: 12 average years, 10 median years
- **Black**: 10 average years, 9 median years
- **Hispanic**: 11 average years, 9 median years
- **Asian**: 10 average years, 8 median years

*Notes: Average years of tenure for those with tenure greater than 1 year, Median years of tenure for those with tenure greater than 1 year.*
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

Figure 6: Older Gen Xers Are More Likely to Have Participated in a DB Plan
Average Savings Higher Than Median Savings
Median Household Savings Are Low

Figure 8: The Typical Gen X Household Only Has $40,000 Saved for Retirement

- Overall: $243,342
- Private self-employed: $235,873
- Private wage and salary: $244,868
- Government workers: $202,967

Mean vs. Median
The Highest Earners Have Much Greater Amounts of Retirement Savings

Figure 9: Gen Xers in the Top Quartile of Income Have Much Larger Account Balances Than Other Gen Xers
Bottom Half of Gen X Households Have Almost Nothing Saved for Retirement

Figure 10: The Bottom Half of Gen X Households Have Very Little Retirement Savings

[Chart showing retirement savings by quartile]
DC Savers Have Higher Earnings

Figure A1: Those with DC Savings Have Higher Earnings Than Those with No Savings

- Mean Annual earnings, Non-Zero DC savings
- Median Annual earnings, Non-Zero DC savings
- Mean Annual earnings, No DC savings
- Median Annual earnings, No DC savings
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>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsorship</td>
<td>63%</td>
<td>61%</td>
</tr>
<tr>
<td>Take Up</td>
<td>91%</td>
<td>86%</td>
</tr>
<tr>
<td>Participation</td>
<td>57%</td>
<td>53%</td>
</tr>
<tr>
<td><strong>Private Wage and Salary</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsorship</td>
<td>69%</td>
<td>66%</td>
</tr>
<tr>
<td>Take Up</td>
<td>90%</td>
<td>85%</td>
</tr>
<tr>
<td>Participation</td>
<td>63%</td>
<td>56%</td>
</tr>
<tr>
<td><strong>Government Workers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsorship</td>
<td>77%</td>
<td>72%</td>
</tr>
<tr>
<td>Take Up</td>
<td>96%</td>
<td>79%</td>
</tr>
<tr>
<td>Participation</td>
<td>74%</td>
<td>57%</td>
</tr>
</tbody>
</table>
Median Savings Are Quite Low Regardless of Gender or Marital Status

Figure 12: Married Gen X Men and Women Have More Retirement Savings Than Others, but Median Amounts are Quite Low
Women & Men with DC Savings Earn More Than Those Without
Most Are Failing to Meet Savings Targets

Figure 11: Most Gen Xers, Regardless of Gender or Marital Status, Are Failing to Meet Savings Targets

- All Men: 86%
- All Women: 87%
- Married Men: 83%
- Married Women: 84%
- Divorced Men: 91%
- Divorced Women: 94%

Legend:
- Blue: Fraction with less than 50% of saving target
- Green: Fraction with less than 10% of saving target
Hispanic Gen Xers Lack Access to Plans

Figure 13: Sponsorship, Take Up and Participation Rates by Race

- **White**
  - Employer Sponsors Plan: 90%
  - Take Up Rates: 62%
  - Participation Rates: 52%

- **Black**
  - Employer Sponsors Plan: 87%
  - Take Up Rates: 59%
  - Participation Rates: 43%

- **Hispanic**
  - Employer Sponsors Plan: 83%
  - Take Up Rates: 35%
  - Participation Rates: 35%

- **Asian**
  - Employer Sponsors Plan: 93%
  - Take Up Rates: 64%
  - Participation Rates: 59%
The Typical Black and Hispanic Gen Xer Has Nothing Saved for Retirement
White and Asian Gen Xers Have Much Higher Net Worths

Figure 15: Net Worth Varies Markedly by Race Among Gen X

- White: $515,534
- Black: $144,745
- Hispanic: $179,764
- Asian: $249,640
- Mean Net Worth
- Median Net Worth

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

Figure A3: Those with DC Savings Earn More Than Those Without, Regardless of Race
Most Are Failing to Meet Savings Target, Regardless of Race

Figure 16: Nearly All Black and Hispanic Gen Xers Have Less Than Half of Their Retirement Savings Target

- White: 83% with less than 50% of saving target, 55% with less than 10% of saving target
- Black: 95% with less than 50% of saving target, 77% with less than 10% of saving target
- Hispanic: 95% with less than 50% of saving target, 81% with less than 10% of saving target
- Asian: 81% with less than 50% of saving target, 55% with less than 10% of saving target
As Expected, Retirement Savings Have Increased Over Time

Figure 17: Average Retirement Savings Have Increased Over Time for Gen X
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

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

*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>
<thead>
<tr>
<th>Table 4: Less than One-Sixth of Gen Xers Have Student Loan Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fraction who owe student loan debt</strong></td>
</tr>
<tr>
<td>Based on their own loans</td>
</tr>
<tr>
<td>Shared debt burden with a spouse</td>
</tr>
<tr>
<td><strong>Total Mean Amount Owed</strong></td>
</tr>
<tr>
<td>In Own Name</td>
</tr>
<tr>
<td>Jointly Owed with Spouse</td>
</tr>
<tr>
<td><strong>Total Median Amount Owed</strong></td>
</tr>
<tr>
<td>In Own Name</td>
</tr>
<tr>
<td>Jointly Owed with Spouse</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th></th>
<th>Age 40-45</th>
<th>Age 45-50</th>
<th>Age 50-56</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraction who owe student loan debt</td>
<td>16%</td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td>Based on their own loans</td>
<td>98%</td>
<td>96%</td>
<td>93%</td>
</tr>
<tr>
<td>Shared debt burden with a spouse</td>
<td>3%</td>
<td>5%</td>
<td>8%</td>
</tr>
</tbody>
</table>
Policy Solutions

• Social Security

• SECURE Act and SECURE 2.0

• State-Facilitated Retirement Savings Plans

• Tax Policy
Questions