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Boomer or Bust: Charting a Path Toward Retirement Security



A recent study commissioned by the Alliance for Lifetime Income (ALI) Retirement Income Institute has revealed a stark reality: A substantial portion of America's Baby Boomer population (anyone born from 1946 to 1964) is ill-prepared for retirement. The study, co-authored by former U.S. Under-Secretary of

Commerce for Economic Affairs, Robert Shapiro, highlights the economic challenges faced by the greatest surge of retirement-age Americans in history. According to the findings, a significant majority of "Peak Boomers," those turning 65 between 2024 and 2030, lack the financial resources to maintain their lifestyles in retirement. More than half of Peak Boomers will rely primarily on Social Security for income, which on average replaces only 40% of pre-retirement income.

As the retirement countdown begins for Peak Boomers, plan sponsors have an opportunity to implement impactful strategies that can help increase the financial security of employees entering their golden years.

Phased retirement options. Consider offering phased retirement options that allow employees to gradually reduce their hours and transition into retirement more smoothly while maintaining income and benefits. This approach can be particularly beneficial for employees who may not be ready or able to retire fully but wish — or need — to reduce their workload.

Catch-up contributions. Encourage employees aged 50 and older to take advantage of catch-up contributions. This can help boost savings in the critical years leading up to retirement.

Health savings accounts. Offer health savings accounts (HSAs) as part of your benefits package, providing a valuable resource for managing healthcare costs. HSAs offer a triple



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tax advantage: contributions can be made on a pre-tax basis, earnings growth within the account is tax-free and withdrawals for qualified medical expenses are also tax-free. After age 65, funds can be used for any purpose — however, withdrawals are taxable as income.

Targeted education. Ensure your financial wellness offering covers topics relevant to this age cohort. These topics include retirement income strategies, the timing of Social Security benefits, post-retirement budgeting, estate planning, and RMD general education. An individual turning age 65 today has almost a seven in 10 chance of someday requiring long-term care services. Participants should be advised of Medicare’s limitations in this regard as well as long-term care insurance options. Encourage older employees to schedule one-on-one meetings with a financial advisor to discuss their specific circumstances.

The Road to Retirement. For Boomers nearing the last exit on the road to retirement, the journey ahead may look like a steep climb. Social Security alone won’t cut it, and navigating health care costs may seem overwhelming. Plan sponsors can provide critical assistance, helping Boomers navigate the complexities of retirement planning and helping to ensure they have the tools needed to reach their destination with confidence and greater financial security.

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