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## The Gen X Savings Crisis: How Plan Sponsors Can Help



A recent December 2023 survey by Schroder's revealed that almost half of non-retired Gen Xers, born between 1965 and 1980, have neglected retirement planning. Additionally, they highlight a savings gap exceeding \$450,000 between projected needs and estimated savings. A separate study by the National Institute on

Retirement Security in the past year found that the average Gen X household possesses only \$40,000 in total retirement savings. So, what can employers do to assist their MTV Generation workers in saving?

1. **Flexible Work Arrangements:** Recognize that Gen Xers may choose nontraditional retirement paths like phased retirement or encore careers. Support these choices through flexible work arrangements, such as part-time or remote work options. This allows employees to extend their workforce tenure and delay their full retirement date. Tailor roles based on their new schedules and availability.
2. **Emergency Savings Opportunities:** Starting this year, SECURE 2.0 enables employers with defined contribution plans to offer emergency savings accounts for non-highly compensated employees. This provision helps prevent hardship withdrawals by automatically enrolling workers at up to 3% of their salary as Roth after-tax contributions, capped at \$2,500.
3. **Mid-Career Financial Checkups:** Offer personalized financial consultations focused on where Gen X employees are in their financial journey. Emphasize mid-career corrections and available savings acceleration strategies, such as catch-up contributions to employee-sponsored retirement accounts.
4. **Support for "Sandwich Generation" Challenges:** Provide resources and support for those in the "sandwich generation," including elder care assistance, childcare benefits, and flexible spending accounts for dependent care needs.



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Plan sponsors play a critical role in bridging the retirement savings gap for Gen X employees. Initiatives like SECURE 2.0 are steps in the right direction, but they must occur within a holistic and individualized approach to employee financial well-being. By integrating measures like those listed above into your company culture and benefits structure, you can demonstrate a serious commitment to the long-term success and stability of your workforce. Ensure early and frequent engagement with employees. Proactive plan sponsors can expect not only to assist their employees in securing a more stable financial future but also to potentially benefit from a more productive and loyal workforce.

Sources

<https://www.nirsonline.org/reports/genx/>

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