Millennials Redefining Retirement

A recent survey by retirement finance company IRALogix Inc.[1] found that Millennials are changing how people think about retirement. Among the Millennials surveyed, over 50% reported that obtaining "financial independence" is a more significant indicator of retirement than simply turning 65.

While some Millennials hope to retire at age 65, many see retirement as a stage of greater freedom in their lives rather than a total absence from the workforce.

A study targeting millennials of various household incomes and their retirement plans showed that 22% want to work longer because they “enjoy” their jobs or lack enough money saved for retirement. Conversely, 47% want to retire as soon as they can afford it. The results show that Millennials have a moderate confidence level (47%) to save enough for retirement. Almost one-third of the millennials surveyed (29%) reported having little confidence in saving enough money. More than half of Millennials hold themselves accountable for ensuring they have enough money saved for retirement; however, 25% place this on their employers, and 20% think the government should pay for their retirement.

Nearly a quarter of those who think their employers should be responsible for retirement savings want a standard defined benefit plan. In this situation, the company assumes all financial risk and agrees to pay a specified monthly amount upon retirement, with investments handled by experts.

Another recent study by personal finance company Credit Karma[2] addresses "money dysmorphia." This term describes what happens when people feel insecure about their financial condition. Money dysmorphia describes the distorted financial perception common

[1] IRALogix Inc. Survey

[2] Credit Karma Study

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among Gen Z and Millennials. Credit Karma reports that 43% of Millennials and Gen Zers encounter this issue. The survey found that 59% of respondents said they felt financially stable, even though many admitted to feeling behind. This response shows how people's perceptions of their financial stability differ from their actual circumstances.

Money dysmorphia has a detrimental effect on financial decisions; 40% of those who experience it have difficulties saving money or avoiding overspending and debt buildup.

In contrast to these financial challenges, Millennials manage their debt well. Most have reasonable debt levels; of those with debt, 55% have debts ranging from $0 to $20,000 (not including mortgages).

Looking at financial priorities, 62% of Millennials try to balance long-term goals like retirement savings and short-term ones like buying a house. Additionally, 61% of workers contribute to employer-sponsored retirement plans, like SEP IRAs, SIMPLE IRAs, 403(b)s, and 401(k)s.