



Empowering Gen Z: Setting Your Youngest Participants up for Success

Understandably, companies typically devote considerable attention to assisting participants nearing retirement. But the outsized value of early contributions to retirement readiness means employers should also focus on getting their youngest workers enrolled — and contributing — to their workplace retirement plan as soon as possible.



So, what do we actually know about Gen Zers' attitudes toward retirement planning and their understanding of employer assistance in this area?

What the Research Says

What Retirement Plan Features Do Employees Really Want? A survey conducted by the Society of Actuaries and Deloitte Consulting found that 18- to 24-year-olds were five times more likely than others to be unaware of their employer-sponsored retirement benefits. Additionally, 40% indicated friends and family were among their top three resources for financial advice.

Concerningly, nearly one-quarter of this age segment also listed social media and influencers among their top sources of advice, in contrast to just 7% of the overall population. Unsurprisingly, this group also indicated a lower likelihood of tapping financial advisors for assistance. These findings suggest that younger workers may be relatively uninformed about the retirement benefits available to them and are more likely to turn to nonprofessionals for financial advice.

How Plan Sponsors Can Help

Implementing auto-enrollment and auto-escalation features can help get more younger workers into plans, but you'll want to take additional steps to keep them participating and contributing sufficiently. Therefore, organizations should also boost their outreach efforts to this cohort to increase awareness of their employer-sponsored retirement benefits along with the advantages of getting an early start. And tailoring the approach



and messaging to the preferences of this demographic can make their efforts even more effective.

This can be accomplished by leveraging online resources and video content channels to increase the utilization of advisory and financial wellness resources. Short-form videos (in the style of TikTok, YouTube Shorts, and Instagram Reels) may be particularly effective for this audience, especially when the messaging comes from their peers. Please be aware that modern-thinking advisers who wish to leverage these means of communication must implement technologies and processes that comply with SEC tracking and record-keeping requirements.

Financial wellness topics of particular interest to this age group include managing student loan debt, establishing good credit, saving for milestones like marriage, and budgeting for major purchases such as a new car or first home.

The Good News

One bright spot in research from the Transamerica Center for Retirement Studies suggests that each generation is starting to save a little earlier (Gen Z at 19, millennials at 25, Gen X at 30, baby boomers at 35). And this may mean that your youngest employees only need a little encouragement — and education — to set them on the right path. By helping address this generation's unique financial wellness needs, employers can encourage early participation in retirement savings and get them on track toward a more secure future.

Sources

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