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How Legislation, Location, and Longevity Are Shaping Retirement Readiness



Retirement planning starts with numbers such as savings targets, contribution rates, and investment returns. These kinds of foundational metrics guide the structure of retirement strategies and inform plan design. Yet even the most precise calculations don't exist in a vacuum. Factors like geography, public policy, and life expectancy function as contextual forces, offering mitigating

variables that can shape how those numbers play out in real life. Plan sponsors have an opportunity to support more informed, context-aware decision-making by helping to address these broader considerations.

Legislation: Implications of Social Security Shortfall Projections

The latest Social Security Trustees Report moved up the projected depletion date for the combined Social Security trust fund reserves to 2034 — nine years away. Without legislative intervention, that could result in a reduction to roughly 80% of scheduled benefits, potentially signaling a broader planning challenge for today's workers. Plan sponsors can help by encouraging participants to account for any potential variability in their future benefit amounts.

Sponsors aren't expected to predict legislative outcomes in Washington, but offering ways for participants to model around uncertainty may help them make more resilient decisions. As such, they can offer educational tools that incorporate different Social Security income scenarios or stress-test their retirement plans under reduced benefit assumptions to help provide employees with a clearer picture of how different eventualities could impact them.

Location: The Geography of Affordability

The cost of retirement can differ dramatically depending on where someone lives. In light of the accelerated projected depletion of the combined Social Security trust funds, GoBankingRates analyzed the price of a "comfortable" retirement — defined as twice the cost of living — in each state, excluding Social Security income. The most expensive state? Hawaii, with an annual cost of \$186,062. The most affordable state, by comparison, was West Virginia, coming in at \$64,715 per year. This geographic variability underscores the importance of personalized financial education



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that helps participants think through not only how much to save, but where their savings can go furthest.

Longevity: A Blind Spot With Real Consequences

Perhaps the most overlooked factor in retirement planning is longevity itself. A TIAA Institute and GFLEC study found that more than 60% of adults either don't know or underestimate how long the average 65-year-old is expected to live. Underestimating life expectancy can lead to inadequate savings, overly aggressive withdrawal strategies, or early benefit claims that don't match the realities of a 25- to 30-year retirement.

Longevity is rarely discussed with the same precision as contribution rates or investment returns, yet it quietly reshapes both of them. For plan sponsors, this represents an opportunity — not to project individual outcomes, but to reinforce planning frameworks that can accommodate a wider range of retirement durations. Supporting tools and conversations that help surface longevity assumptions can lead to more grounded, realistic participant strategies.

Retirement readiness isn't just about helping employees accumulate assets. It's about equipping them to make decisions within an evolving retirement landscape shaped by variables that aren't always captured in a spreadsheet. Sponsors who support context-aware planning can empower participants to make better informed, more resilient choices for the future.

Sources

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