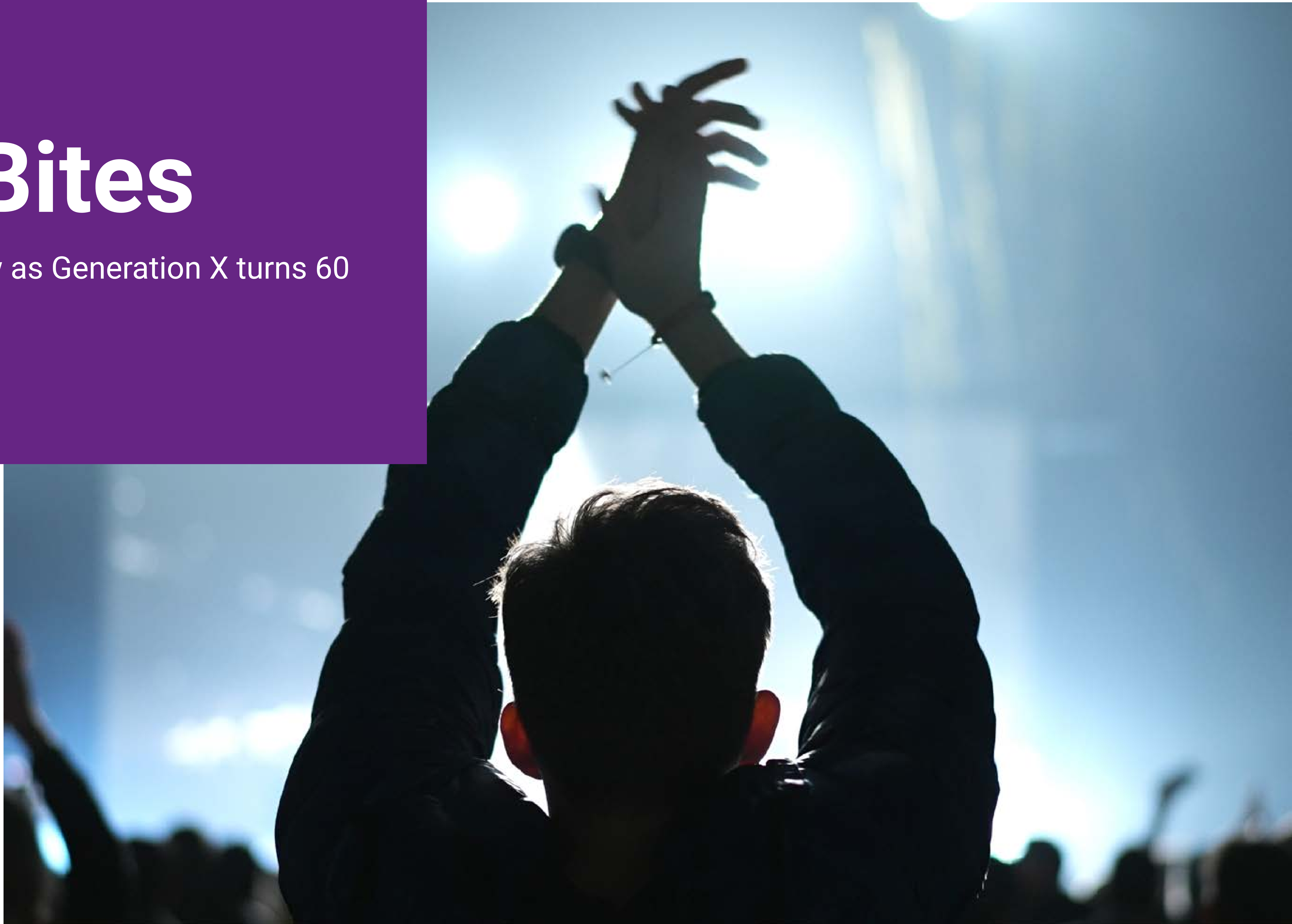
GENERATION X REPORT

Reality Bites

Retirement anxieties grow as Generation X turns 60



NATIXIS INVESTMENT MANAGERS

Generation X is the stubborn middle child of demographics. Perpetually stuck between older, more popular Baby Boomers and younger, more precocious Millennials, Generation X has been overlooked for most of the 21st century.

But while the world focused on their siblings, Gen Xers (born between 1965 and 1980) rose from their slacker beginnings and the low-paying McJobs that marked their early years, and now 51% of business leadership roles globally are held by members of Generation X.[1]

These latchkey kids, who learned self-reliance fending for themselves in the hours between school and dinner as children, came of age as investors with the E-Trade baby and the democratization of online investing. From that start, their resilience has been continually tested as they weathered the dot.com bubble, the global financial crisis and Covid. But as the oldest Gen Xers are set to turn 60 in 2025, retirement is rapidly approaching, and their resiliency is being tested in a new way.

At a time when they are entering the "pre-retiree" phase of planning and may be looking to accelerate savings, many Gen Xers find themselves sandwiched between the financial pressures of supporting their kids and caring for elderly parents. Firmly planted in middle age, they are under pressure to fund retirement. Almost half of Gen Xers surveyed (48%) say it's going to take a miracle to retire securely. Those long-range concerns are compounded by today's inflation, which 41% of Generation X say is killing their dreams of retirement.

Results from the Natixis Global Survey of Individual Investors reveal that Generation X is striving to address retirement funding while they still have enough time to recalibrate plans and grow the assets they'll need to be successful. When it comes down to it, though, they will need to face up to three key challenges:

Growing concerns about retirement:

With 82% recognizing that the responsibility for funding retirement is increasingly on their shoulders, Gen Xers are worried about coming up short. As a result, 60% accept that they may have to work longer. However, many of them realize work offers no guarantees, and 47% are worried they won't be able to work long enough.

Inconsistent investment expectations:

Generation X investors are optimistic: 30% say they are confident about the current state of their finances, and another 24% say they are prepared. But that optimism may need to be countered with realism. Especially as Gen Xers have long-term return expectations of 13.1% above inflation on average. Those hopes for big returns may be dashed by misplaced views on risk, misconceptions about passive investments, and a critical knowledge gap on bonds.

Professional financial planning:

Faced with this complex picture, 56% say they need professional advice. Financial planning (48%) and retirement income planning (44%) top the list of services they want from an advisor. But the real question may be where they go to get that advice, as globally, Generation X looks to be warming to digital advice.

While it may be six months until the first Gen Xers turn 60, some in the US may have heightened anxieties as soon as July 1, 2024, when the first wave of the generation will turn 59½, a milestone that allows them to take penalty-free distributions from qualified retirement plan savings. Few are likely to line up for withdrawals, but the milestone is a reminder of just how close the reality of retirement is and how high the stakes are.

Retirement: the unknowns, the uncertainties, and the unprepared

Crossing the threshold into your 60s has a way of changing your perspective on retirement. After seeing it as something conceptual, coming decades in the future, the countdown to retirement can now be measured in single digits. On the surface, Generation X seems ready to face that reality, as six in ten (61%) believe they will be secure in retirement. But that sense of security is fleeting at best.

On average, the Gen Xers surveyed say they plan to retire at 60, which is early by many global standards, and they anticipate retirement will last 20 years, which is shorter than many retirees experience. To get there, they are saving an average of 17% from their annual income toward retirement. Underneath the numbers, though, is the reality that this group of investors with a median household income of $150,000, have a median retirement savings of only $150,000 today – hardly enough to carry them over 20 years.

Gen Xers innately recognize the challenge, as 48% are worried that they'll won't have saved enough to enjoy their retirement. The question of how much will be enough lingers for some, as one in five (19%) think that even if they saved $1 million, they still couldn't afford to retire. Many are worried about the consequences of coming up short, and 28% worry that they'll be forced to return to work after retirement. If they can.

Gen X retirement fears

48%	I won't have enough money to enjoy my retirement
41%	Inflation is killing my dreams of retirement
37%	I'm worried my government benefits will be cut
31%	I'll never save enough to retire
28%	I will be forced to return to work after retirement

Retirement isn't always a choice

Knowing they may come up short on funding, 60% of Generation X accept they may have to work longer. Staying on the job may sound like an easy answer for making up a funding shortfall, but for many older workers, it's easier said than done. In fact, four out of ten Gen Xers are worried that they won't be able to work as long as they like. That is the key challenge facing many workers in their 50s and 60s.

A late-career layoff can disrupt retirement savings plans – just as paying off a mortgage or the end of college bills could free up the cash needed to top off retirement savings. As can stepping out of the workforce to care for an elderly parent or sick child. Or a personal illness or disability that prevents an individual from performing their job.

It's surprising to realize just how often this happens. A 2018 study by the Urban Institute tracked workers who held full-time positions with their current employers for at least five years. They were followed from their early 50s through at least age 65 to see how their employment status changed.The results demonstrate why retirement isn't always a choice.

Data shows that 28% of those tracked stopped working after a layoff, 13% left because of job dissatisfaction, 15% had unexpected retirements, and 9% cited poor health or personal reasons. Only 19% of those surveyed retired voluntarily. Most striking is that only 16% of those who were followed said they were still working at age 65.[2]

1970s The oldest Gen Xers experience a childhood marked by economic malaise, political scandal and upheaval, and rapid societal change.

- Runaway global inflation 1970-79
- Earth Day 1970
- US pulls out of Viet Nam 1973
- The Oil Crisis 1973, 1979
- Star Wars 1977
- Apple II personal computer 1977
- Margaret Thatcher, first woman elected UK PM 1979

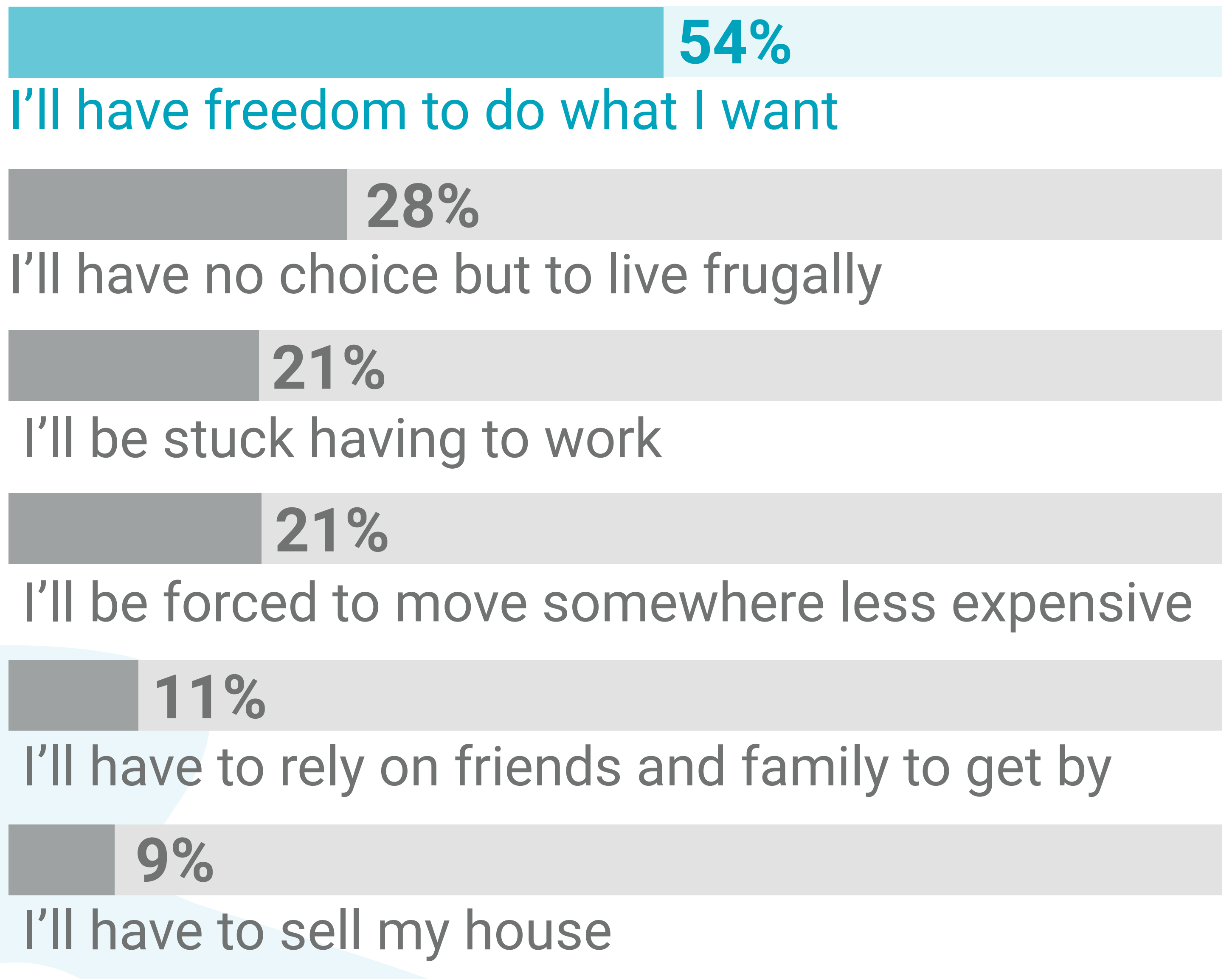
Can they count on divine intervention?

With the reality of retirement looming, Gen X is taking stock of where they stand on savings. A little more than half (54%) say they will have the freedom to do what they want when they stop working. Others among these affluent investors are much less confident. Allowed to choose more than one option, Gen Xers show just how uncertain retirement looks.

Looking at high expenses and lower savings balances, 28% say they will have no choice but to live frugally. Another 21% worry they will be forced to keep working. The same number worry that they'll have to move somewhere less expensive, and 9% worry they'll have to sell their house. Most telling is the 11% who worry they will have to rely on their friends and family to get by.

When asked the same question in 2021, only 41% of Gen Xers were counting on a miracle. Similarly, the number who worried that retirement may not be an option increased by 15% from 42%[3] in 2021 to almost half (49%) in 2023. In the end, Gen Xers are so worried that half (50%) of those surveyed say they avoid thinking about it altogether.

How Generation X envisions life in retirement



1980s

Gen Xers enter their school years in a decade marked by economic boom, technological advancement, and globalization.

Recession ends inflation
1981–82

MTV
1981

Falklands War
1982

Internet created
1983

Single European Act signed
1986

Black Monday Market Crash
1987

Fall of the Berlin Wall
1989

Prices in the short term, debt in the long term.

Beyond the savings and planning challenges, two critical issues may be shaping Generation X's fatalistic thinking about retirement – one short term and one long term.

In the short term, they're coming to grips with the reality of inflation. Surveyed in Q1 and Q2 of 2023, when inflation was well above the average for the past 15 years, Generation X investors were struggling with its impact on their plans for retirement. A year later, with inflation still hovering above 3%, it's not likely their concerns have changed dramatically.

Overall, 83% of Generation X investors say the recent bout of inflation has revealed just how big a threat rising prices are to their retirement security. It's not just the future that has them worried about inflation, as many are feeling the effects now. Nearly seven out of ten (69%) say inflation has hurt their ability to save for retirement. More than half (55%) report that they are saving less because they are facing higher everyday costs. On the flip side of the equation, just one-third (33%) of Gen Xers say high inflation has motivated them to save more.

While inflation is a relatively short-term phenomenon, the retirement outlook across Generation X is also being shaped by a key long-term issue: public debt. Long a fiscal problem for policymakers and a pressure on the calculus behind public retirement benefits, public debt exploded to all-time highs during the global pandemic. In just two years, debt, as measured as a percentage of GDP in OECD countries, increased from an average of 79% of GDP in 2019 to 89% in 2021.[4]

Higher levels of debt will mean tough funding choices for policymakers – and Generation X is taking notice. In fact, 77% of Gen Xers worry that increasing public debt is going to result in reduced retirement benefits. Another 37% are already worried that their benefits will be cut. Even small cuts could have a big impact on Gen Xers, as 58% believe it will be hard to make ends meet without their benefits.

Public debt is eroding retirement confidence

	Debt to GDP Ratio (as a % of GDP)[4]	Gen Xers who think levels of public debt will result in reduced public retirement benefits in the future
Australia	70.8%	78%
Canada	113.3%	78%
Chile	41.3%	71%
Colombia	82.9%	73%
France	117.3%	78%
Germany	65.4%	79%
Italy	148.5%	88%
Japan	254.5%	89%
Mexico	52.8%	67%
Netherlands	54.3%	72%
Spain	116.3%	75%
Switzerland	37.5%	61%
United Kingdom	104.5%	82%
United States	144.2%	75%

1990s

Generation X enters college and graduates into a recession, a difficult job market and a war, only to end the decade in an era of irrational exuberance.

Persian Gulf War
1990–91

Nirvana, *Nevermind*
1991

Collapse of the USSR
1991

Motorola StarTAC flip phone
1996

UK hands over Hong Kong to China
1997

Columbine shooting
1999

Introduction of the euro
1999

Dot-com bubble
1998–2000

Self-reliance may not be enough.

Generation X is feeling alone and exposed on retirement funding. Overall, 82% have realized that it is increasingly their responsibility to fund retirement on their own. But this generation that's been minding themselves since grade school doesn't think they should still have to go it alone. In fact, 83% of Gen Xers think employers should also be responsible for helping their employees achieve retirement security.

According to 79% of Gen Xers, one step employers could take to help shore up retirement security would be to offer pensions instead of defined contribution plans. They also see opportunities for employers to help stimulate savings within existing defined contribution plans: first by providing access to investments that reflect their values (75%), and second by providing professional advice in selecting investments in their plan (67%).

If Generation X is looking for an edge in their retirement savings, the best place to start may be to analyze their own investment plans and habits.

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Investing: Confusion, conflict, and contradictions.

Generation X's experience as investors has been shaped by a 25-year bust and boom cycle. In their 20s, Gen Xers got their first hard-knock lessons about investing when the tech bubble burst in 2000. In their 30s, they learned another hard lesson from the global financial crisis. The losses may have hardened their resiliency, but many found some rewards in their 40s as a decade-long bull cycle pushed markets to record highs. This may be where their biggest challenge lies.

On average, Gen Xers say they have long-term return expectations of 13.1% above inflation. This, despite the 80% who say the 2022 market downturn reminded them that markets go down and the fact that they report average investment returns of just 1.9% that year. High hopes may have been rewarded in the past decade, but now, as interest rates remain elevated and inflation lingers, Gen Xers may be ready for a reality check. Especially when financial advisors say 9% is more realistic.[5]

Saying the right things, but…

Pursuing double-digit returns comes with significant risks and potential exposure to volatility, and an aging Generation X will need to be prepared. On the surface, Gen Xers say all the right things about risk: 62% say they are comfortable taking on risk to get ahead, and 69% say volatility creates investment opportunity. But when it comes down to it, they need to look more closely at how their view on risk may be changing as they get closer to retirement.

In reality, 72% of Gen Xers say, if forced, they would choose safety over investment performance, while almost half (47%) readily admit that they are taking on more risk than they should to get ahead. This disconnect could be costly as they near retirement. They will have less time to make up for potential losses, and income plans for nest egg savings could be thrown out of balance in the important early stages of drawdowns.

How investors see risk	Gen X	Advisors[6]
Exposure to volatility	25%	25%
Losing wealth	23%	22%
Underperforming the market	13%	7%
Not having access to my money	11%	7%
Failing to meet my goals	11%	24%
Holding too much in cash	6%	6%

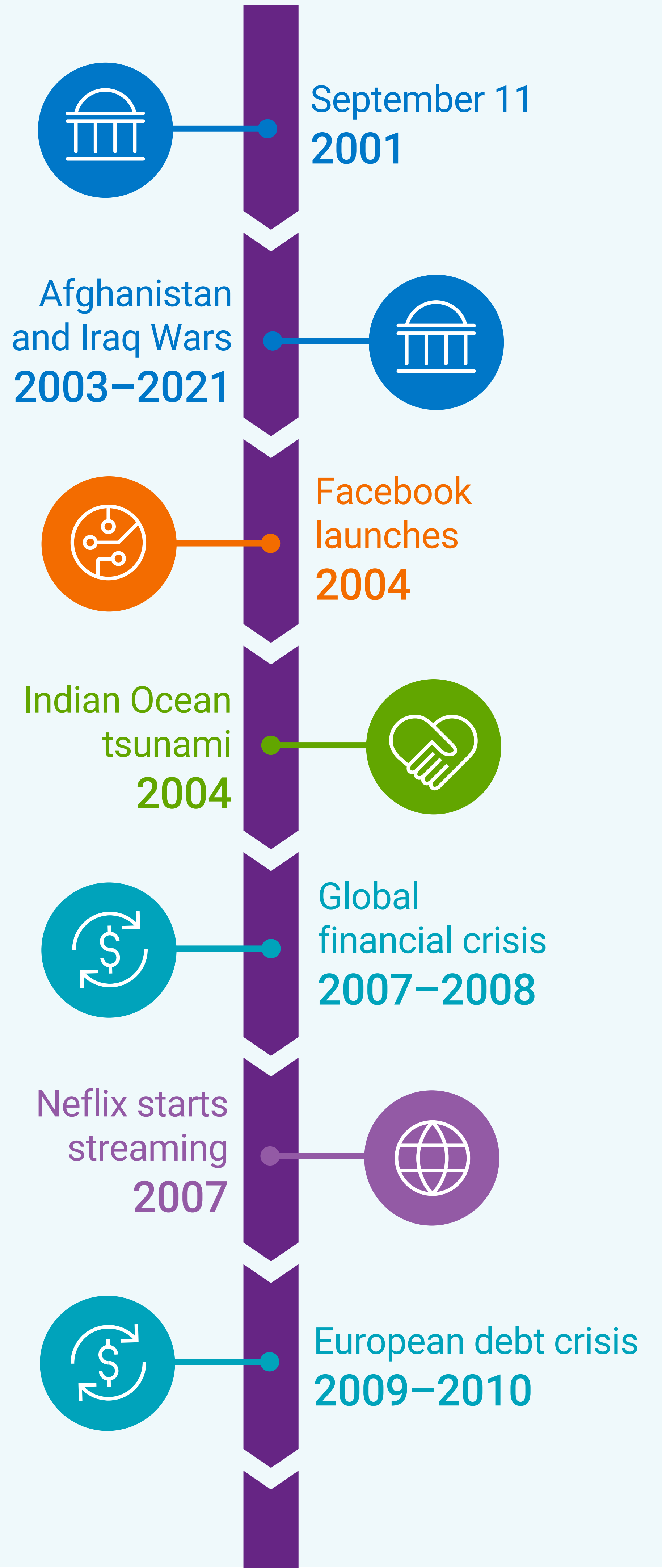
What's most surprising is that when asked how they define risk, 25% say it's volatility and 23% say it's losing wealth. Both are clearly significant risks, but with the time they have left to address retirement savings getting shorter by the year, only 11% of Generation X investors define risk as failing to meet their goals.

Asked the same question, advisors also define risk in terms of volatility and loss, but they are more than two times as likely (24%) to say risk is about missing goals.

Expectation gap by country	Investors' long-term return expectations	Expectation gap	Financial professionals' long-term expectation[5]
Global	**13.1%**	**46%**	**9.0%**
US	15.3%	119%	7.0%
Australia	13.4%	94%	6.9%
Germany	11.4%	63%	7.0%
Italy	10.1%	60%	6.3%
Hong Kong	12.1%	59%	7.6%
Canada	10.2%	57%	6.5%
Japan	13.2%	52%	8.7%
Switzerland	10.0%	45%	6.9%
Spain	10.4%	37%	7.6%
France	8.9%	35%	6.6%
UK	8.3%	34%	6.2%
Singapore	15.0%	6%	14.2%
Mexico	14.7%	5%	14.0%
Chile	13.5%	-7%	14.5%

2000s

Generation X turns 30, starting families and buying homes just in time for the housing bubble to burst.



The hidden risks of cash

Given Generation X's anxieties about retirement and their need to grow assets and establish a reliable income stream, they may need to think about another side of risk: being too conservative in their investments. With interest rates near 20-year highs, investors have flocked to cash investments to capture higher yields. But with over $6 trillion now invested in money markets in the US alone, investors may be overallocating to cash.

The allure of "risk-free returns" could be clouding their judgment, as only 6% of Generation Xers define risk as holding too much in cash, when cash actually presents three distinct risks that are especially challenging for retirement:

Reinvestment risk: Cash won't pay higher interest rates forever. When short-term cash investments mature, Generation X may be looking at lower rates. But while bond investments may have slightly lower rates today, they will pay that rate over a longer maturity, which could provide a more predictable income stream.

Inflation: With inflation topping their list of investment concerns, Gen Xers may want to consider how much they are actually earning from cash. Interest rates may be in the 5% range, but with 3% inflation, they are actually netting just 2% from their investment.

Longevity risk: With their eyes set on retirement at 60, Generation X may want to consider how much cash could limit their earnings potential. Short-term rates may be especially appealing now, but for assets to last longer, they'll likely need to earn more.

Gen Xers may be letting cash take the place of longer-term fixed income investments, such as government and corporate bonds. But like many investors, Generation X has little understanding of how bonds work and where they fit in a portfolio.

2010s

Generation X turns 40. Markets look up, but the economics of caring for elderly parents and raising a family stresses finances for many.

Ultra-low interest rates
2010–2023

Cloud computing
2010–2020

Game of Thrones
2011–2019

UberX and Lyft launched
2012

China becomes world's largest economy
2014

Brexit vote
2016

#MeToo movement
2017

Bonds are math. Math is hard.

With the first Gen Xers soon turning 60, higher rates have come at an opportune time for individuals who suddenly find themselves at a stage in life where bonds often take on a more prominent role in portfolio plans. Almost six out of ten (59%) say they understand how higher rates will impact their bond investments. Unfortunately, very few do actually have it right.

Given a quiz on rates and bonds, Gen Xers were asked to identify what happens to bonds when rates go up. Would the price of the bonds they currently own go up? Or down? Would their income potential go up now? Or in the future? Asked to pick all the right answers, only 2% of Generation X knew that higher rates could lead to a decline in prices for the bonds they own today and that future income potential would be higher from new bonds purchased at today's rates.

Perhaps most telling was the number-one answer: "I don't know" (28%).

There are at least two reasons these numbers are so low: First, six out of ten (61%) Gen Xers say it's more fun to invest in stocks than bonds – sentiment reinforced by the significant market gains made since the end of the global financial crisis. Second, interest rates have been low for the better part of the 21st century to date. Gen Xers may simply not have enough experience with fixed income investing to be fully versed in the ways of bonds.

Regardless of how they got to this position, Gen Xers know they have more to learn about bonds and have clear questions for advisors.

Gen Xers will want to get up to speed on bonds, especially as higher interest rates offer key potential advantages investors haven't seen in a very long time. Higher rates mean higher yields from bond portfolios, which helps to boost overall total return. Higher rates can also enhance the diversification benefits of bonds. And with retirement closer on the horizon, Gen Xers should recognize the value of higher interest rates in terms of more favorable rates for annuitizing their assets.

Gen Xers' biggest questions about bonds

39%	How do different types of bonds work?
37%	How long do I need to hold a bond?
35%	What are the tax implications of bonds?
32%	Why do I need to invest in bonds?
28%	How easily can I get out of my bond investment?
21%	How does a bond's coupon work?

2020–24 Generation X closes in on 60 and almost half (48%) say it's going to take a miracle to achieve a secure retirement.

Global pandemic
2020

#Black_lives_matter protests
2020

January 6th US Capitol riots
2021

Inflation hits 40-year high
2022

Russia invades Ukraine
2022–

Rising interest rates
2022–2024

ChatGTP
2022

Confusion on the benefits of passive investing

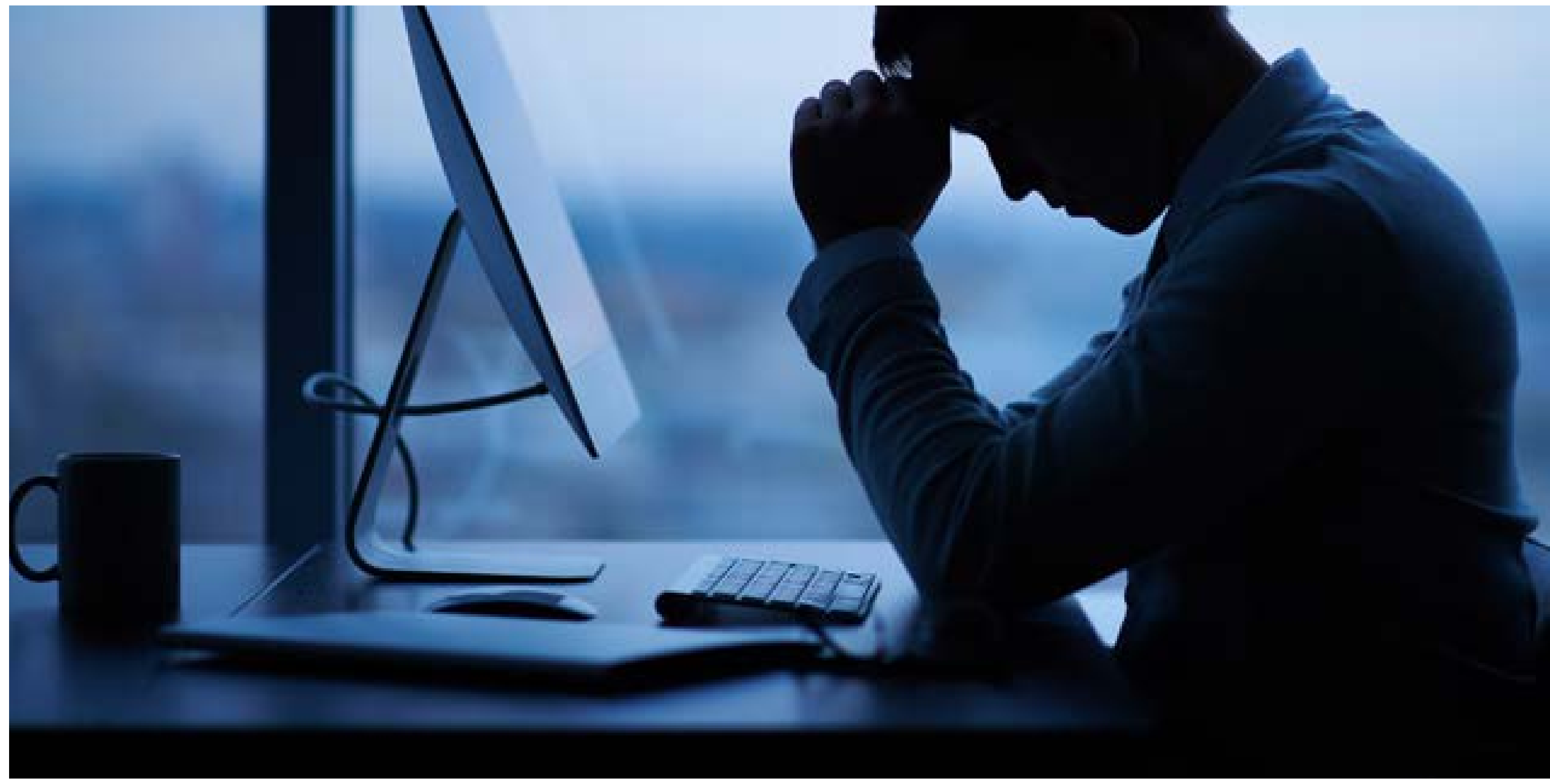
During the same time frame that ultra-low interest rates pushed bonds to the back of their minds, Gen Xers also experienced the rise in passive investments like index funds. Originally marketed with a simple value proposition of market exposure at a lower fee, index funds have gained so much attention that Gen Xers, like other investors, are making broad assumptions about the risks of passive investing at a time in life when misconceptions could prove to be costly.

Overall, 64% of Gen Xers understand that index funds are designed to give them returns that are comparable to the market. But not as many see the cost side of the equation, as only 54% think that index funds are cheaper. Even as some miss that part of the proposition, many assume that passive investments offer benefits they just can't deliver.

More than six in ten (61%) think index funds are less risky. They're not. Index funds deliver whatever risks are present in the market. Two thirds (67%) think index funds are going to protect them on the downside. They can't. Investors forget that index funds deliver market returns – up and down. Similarly, 61% believe index funds give them access to the best opportunities in the market. They're only half right. Index funds give them the whole market including the worst performers right along with the best.

These misconceptions can be risky at any point in life, but they are amplified for pre-retirees like Generation X. In the event of a down market, those who are overly reliant on passive investments could be exposed to significant losses at an age when they have less time ahead to rebuild their assets.

Despite the confusion, conflicts, and contradictions, Gen Xers know they need help and want professional advice to help set the course into retirement.



Financial Planning: Access, algorithms, and advice.

Faced with a new timeline and new financial concerns, 56% of Gen Xers are convinced they need professional advice on topics ranging from achieving broad financial planning goals to more specific retirement income plans. In many ways the question isn't whether they'll seek out advice but where they will look for it: an advisor, an online platform, or some combination.

While the largest cohort in the survey panel relies primarily on a relationship with a traditional financial advisor (36%), advisors should not rest on their laurels. Generation X is increasingly incorporating automated platforms into their mix of advisors.

In fact, the number of Gen Xers globally who say they prefer digital advice to in-person advice increased significantly the past five years. Where just 35% shared this preference in 2019, almost half (49%) preferred digital in 2023.

Sentiment is skewed by responses in Asia, where the number who prefer digital has grown from 41% to 64% between 2019 and 2023. The UK also saw preference for digital grow from 33% to 53%, and Latin America saw that preference rise from 31% to 40%. The sole exception in the data is North America, where the preference declined from 33% to 21%.

That does not mean Gen Xers are diving headlong into robo-advice, however. In fact, those who are taking digital advice are combining it with a relationship with a traditional financial advisor.

Advice usage	2019[7]	2021[3]	2023
Traditional advisor	40%	40%	36%
Automated advice	6%	5%	7%
Combination of both	13%	16%	18%

In 2019, 13% reported using this mix, but in 2023, that number inched up to 18%, while the number who use only a financial advisor declined from 40% to 36%. Over the same time frame, the number who rely only on robo services has grown slightly from 6% to 7%.

A more personal touch

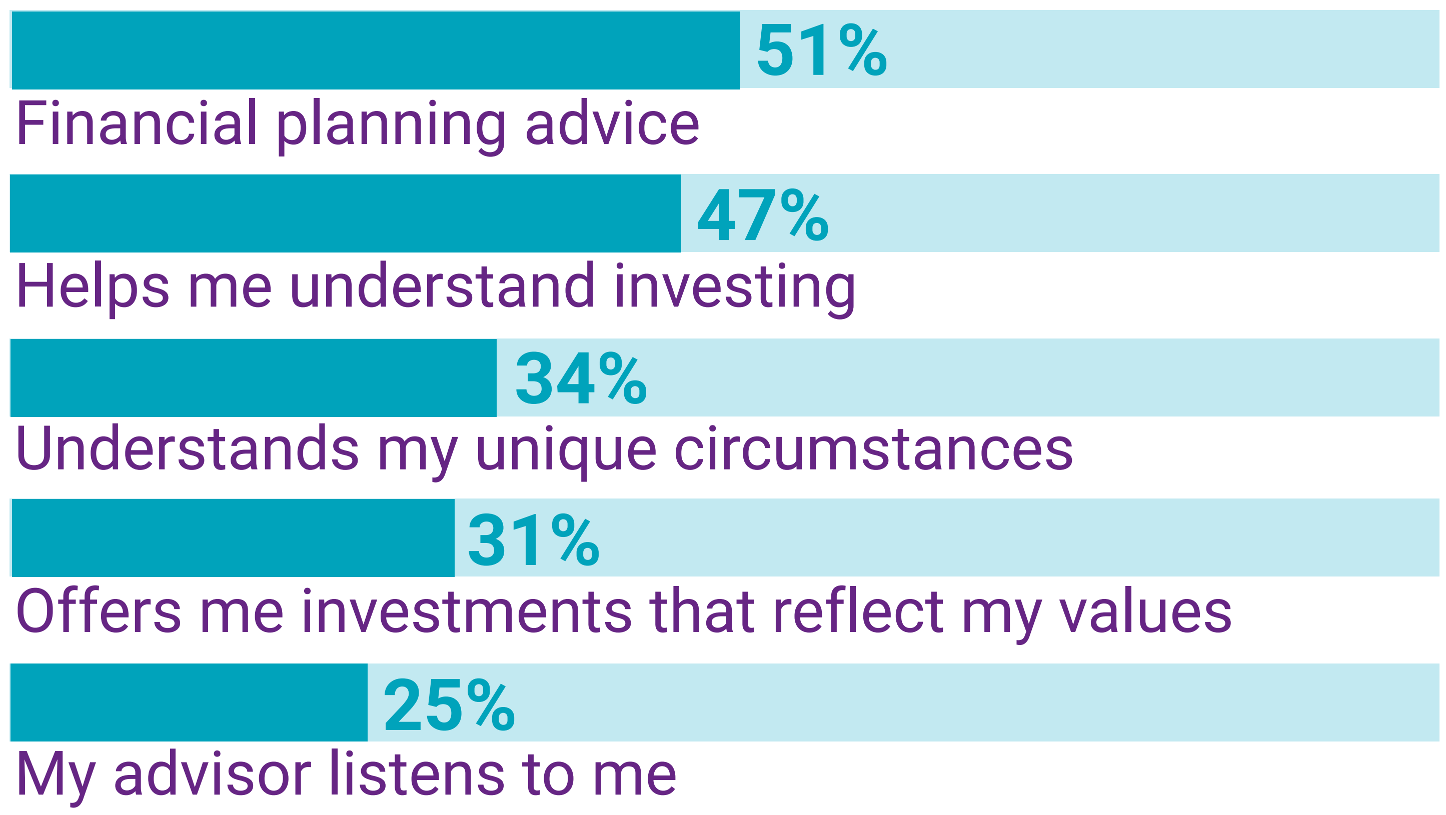
Access to algorithmic advice may be sufficient for some needs, but technology has not advanced to the point where it can support the facets of an advisory relationship most valued by Generation X. For example, a digital solution is not likely to fulfill the needs of the 34% who say it's important for an advisor to understand their unique circumstances and 25% who say it's important that they have an advisor who listens to them.

This can be a particularly important factor for Gen Xers, as not only are they faced with critical decisions related to their own retirement strategy but many also may need advice on how to balance those needs while also paying school bills, or helping adult children with living expenses, or assisting elderly parents with long-term care costs.

So what matters in their relationship with an advisor? Gen Xers put financial planning (51%) at the top of the list, underscoring how important it is for advisors to focus on their unique needs. They also recognize that their limited investment knowledge needs to be addressed, as 47% want their advisor to help them understand investing.

Another 31% want their advisor to offer investments that match their personal values. This could be an important part of advisory relations, as more than two-thirds (68%) of those surveyed say they consider their investments a way of making a positive social and environmental impact.

Most important facets of Gen X FA relationship



What do they want from advisors?

Many of these facets stand out again when Gen Xers are asked what services they are most interested in getting from their advisors. Financial planning (48%) tops the list as they navigate this new stage of life. But they are clearly looking ahead as another 44% say they want retirement income planning services.

This sort of advice will be critical as Gen Xers are now closer to retirement age. For most of their working lives, the focus has been on accumulating assets to fund retirement. Now, the objective is setting a plan for turning their assets into income and a strategy for maximizing whatever additional savings and retirement benefits they may have. The real goal is to simply address the questions and uncertainties presented by retirement and being reassured they will have a consistent income stream after work ends.

The same number of Gen Xers are also interested in getting sustainable investments from their advisor. While many may want their investments to reflect their values, it should be noted that their demand for sustainable investment isn't wholly altruistic. It's more like enlightened self-interest. Generation X still has strong performance expectations, as 71% do not believe they have to give up returns to get investments that match their values.

Beyond sustainable investments, 35% of Generation X would like to have access to private investment opportunities. They may have solid instincts on these investments, as pensions have been upping allocations to private equity, private debt, real estate and infrastructure to diversify portfolios and enhance long-term return potential ever since the global financial crisis. The challenge for average individuals is that they may not meet the qualifications to invest.

Another 33% want access to tax-efficient investment strategies. They may want these capabilities to help minimize current tax bills, but there is also an important long-range consideration these strategies could help address. If Gen Xers are able to keep more of what they earn on their investments now, there will be more to put toward their retirement income needs.

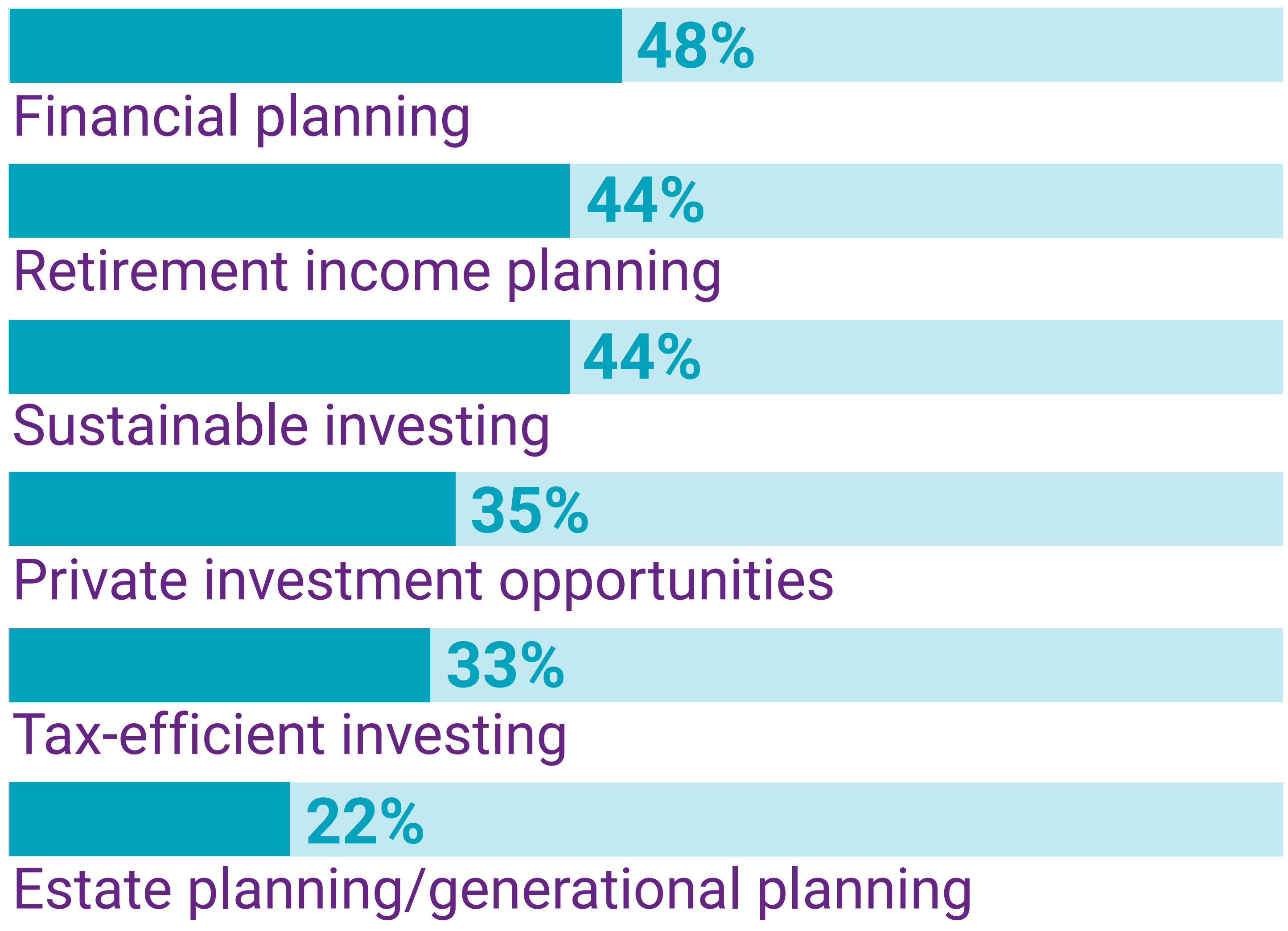
On the face of it, Generation X is staying with traditional in-person relationships because they get more personalized advice, as well as access to their most sought after services. That level of personalization translates into one of the most critical parts of any relationship – trust.

My advisor. Myself.

Generation X hold their advisors in high regard. When asked who they trust when making financial decisions, Gen Xers are as likely to answer with "my advisor" (91%) as "myself" (91%). In fact, those surveyed were more likely to trust their advisors more than they trust family (76%) and close friends (63%).

Beyond those personal relationships, trust was hard to come by from a generation noted for its cynicism. Fewer than half of those surveyed (48%) say they trust financial media when making decisions. And even though 49% say they prefer digital advice, not all of them are sold, as just 43% say they trust algorithms. Of all sources of advice, Generation X is most skeptical about social media, as less than one in five (19%) place their trust in those platforms.

What services are they most interested in from their financial advisor?



It's time to get real.

With so much to accomplish on a relatively short timeline, trust will be a critical factor for them as retirement comes closer to reality. They'll need to trust themselves to step up savings and formalize retirement plans. They'll need to trust a professional advisor to help them set the course. And they'll need to trust that employers and policymakers will do what's needed to ensure their retirement security.

Key steps for Xers:

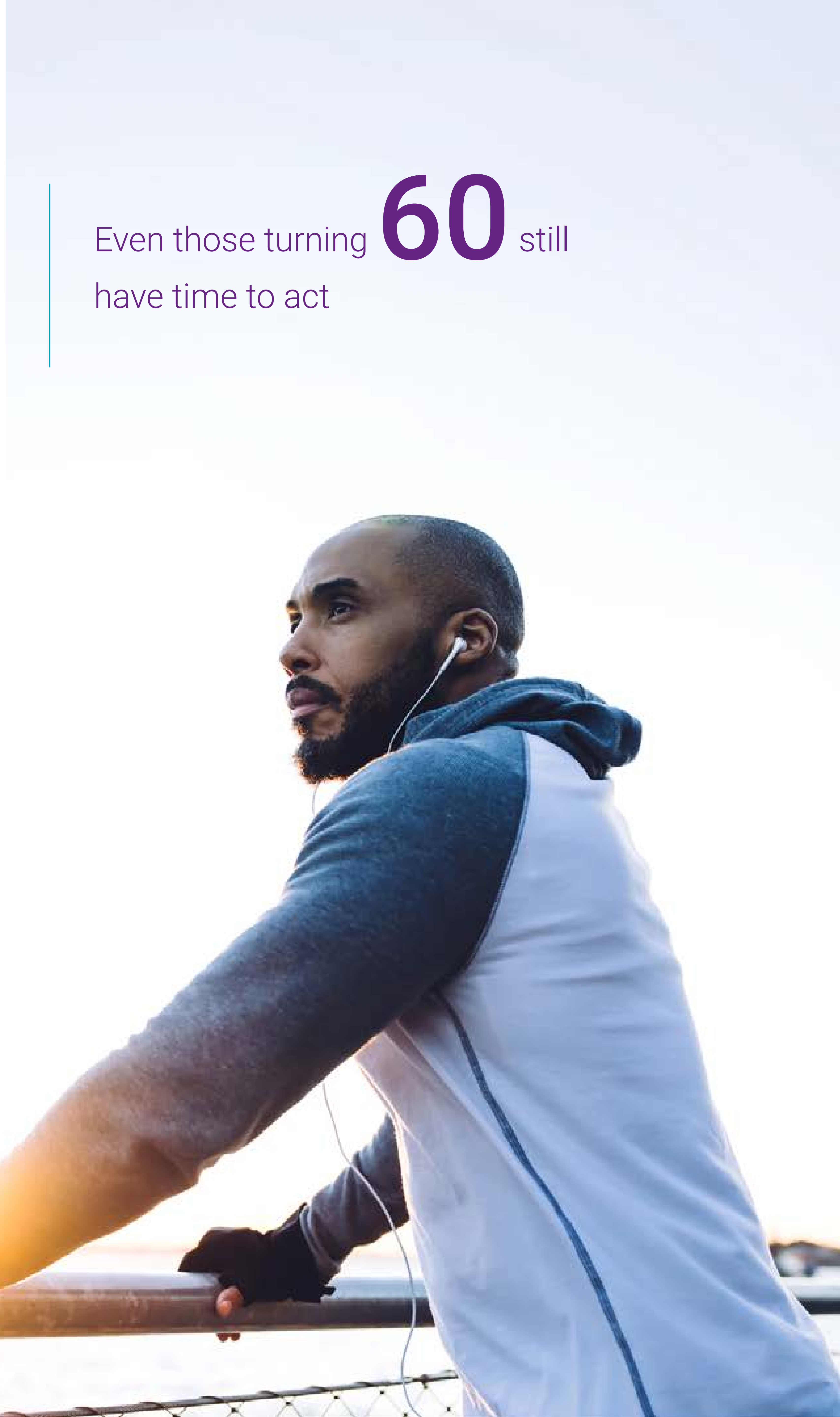
Retirement may appear closer on the horizon for Generation X, but even those turning 60 still have time to act. This new milestone is an opportunity to pressure test assumptions about retirement funding and spending.

It starts with a realistic financial plan – one that considers not only how income will change after working years but also how expenses will likely change. It's time to take stock of savings and look for ways to maximize opportunities for topping off retirement and nonretirement accounts.

It may mean facing down taxes – something Gen Xers rank one of their top financial fears. Although 63% say they understand how taxes impact their investments, how many have a strategy in place to help moderate the effects of taxes? Keeping more of what's earned now can help boost the effect of compounding and ultimately the size of asset pool that will provide a key source of retirement income.

It's also a time to reconsider risk. More than four in ten (47%) of Gen Xers say they sometimes take more risk than they should to get better returns. They can't avoid risk altogether, but Generation X will need to balance the risk they overwhelmingly define as exposure of volatility and loss of assets with one key new risk: longevity. As they get closer to retirement, they may want to look for strategies that can help dampen volatility and ensure their portfolio is properly diversified with a mix of stocks, bonds, and other asset classes.

Most importantly, as pre-retirees, Gen Xers will want to have more concrete conversations with their advisors about how the assets they've built can be put to work to provide a sustainable income in retirement.



Even those turning **60** still have time to act

Key steps for advisors:

As advisors look to address the needs of Generation X at this stage in life, retirement income planning will of course be a critical service, but reassuring their concerns with Monte Carlo simulations is only the beginning of the process. Retirement is not only a transition from working to not working, it's a major life transition that may require a new take on financial planning.

One of the key points will be when they would like to retire. Knowing most hope to retire between 4-7 years early, the key question will be if clients can afford to retire early. Discussions about longevity may lead to a decision to postpone retirement to a more opportune time, or about a second-act career that can help supplement retirement income plans.

Given the experience many Gen Xers have had caring for their own parents, long-term care insurance will also a be a top concern for Generation X as they look to not repeat the financial stresses elderly parents may have had on them. In fact, nearly one-quarter of Gen Xers say that one of their greatest fears about retirement is that they will go broke trying to cover their healthcare costs. This after 13% say they fear they'll have spent too much money caring for their parents.

On the other side of the equation, it may be time for some frank discussions about just how much financial support they can continue to provide to adult children. Similarly, it may be time to review and update an estate plan, as 22% worry they won't have enough money to leave something to their kids.

Key steps for policymakers and employers:

Given their place in the birth order, Generation X has become accustomed to getting leftovers and hand-me-downs from Boomers. Early in their career, they struggled to get beyond the entry-level jobs as Boomers coursed through the job market. As adults, they faced higher home prices as Boomers drove up property markets. As pre-retirees, they see a larger generation ahead of them, and 37% worry that their government benefits will be cut.

Generation X knows that the responsibility to fund retirement is falling on them and need help. Many countries have made advancements that will help Gen Xers accelerate savings and give them an opportunity to top off accounts by a meaningful margin. This was the case for SECURE 2.0 in the US, which increased limits on catch-up contributions. But additional steps will be needed.

Embedded professional advice within defined contribution plans could help participants maximize their savings and provide a sounding board for income strategies. Similarly, plans could be designed to include retirees and provide investments designed to help them manage income drawdowns on savings.

One thing is clear: There is a lot on the line for Generation X, and it will take the combined efforts of individuals, advisors, policymakers and employers to make a secure retirement a reality.

22% of Gen Xers worry they won't have enough money to leave something to their kids.

About the survey

Natixis Investment Managers, Global Survey of Individual Investors conducted by CoreData Research in March and April 2023.
Survey included 8,550 individual investors in 23 countries.

About the Natixis Center for Investor Insight

The Natixis Center for Investor Insight is a global research initiative focused on the critical issues shaping today's investment landscape.
The Center examines sentiment and behavior, market outlooks and trends, and risk perceptions of institutional investors, financial professionals and individuals around the world.
Our goal is to fuel a more substantive discussion of issues with a 360° view of markets and insightful analysis of investment trends.

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