North American Company
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Annuity

Lost in translation

Retirement lessons learned by 'Sandwich' generations not getting passed on

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‘Sandwich’ generations have learned a lot but struggle sharing that knowledge

Whether it’s “don’t touch the stove” or “look both ways before crossing the street,” we lean on our parents for guidance from an early age. A lot of the time, our parents give advice based on lessons they had to learn the hard way. Had they only known…

Well, it turns out, when it comes to finances, Baby Boomer (ages 51-69) and Gen X (ages 36-50) parents – collectively known as the “Sandwich” generations – aren’t exactly passing along what they’ve learned to their kids. That’s one of the big lessons learned in the 2017 North American Company for Life and Health Insurance® Baby Boomer and Generation X Retirement Study.

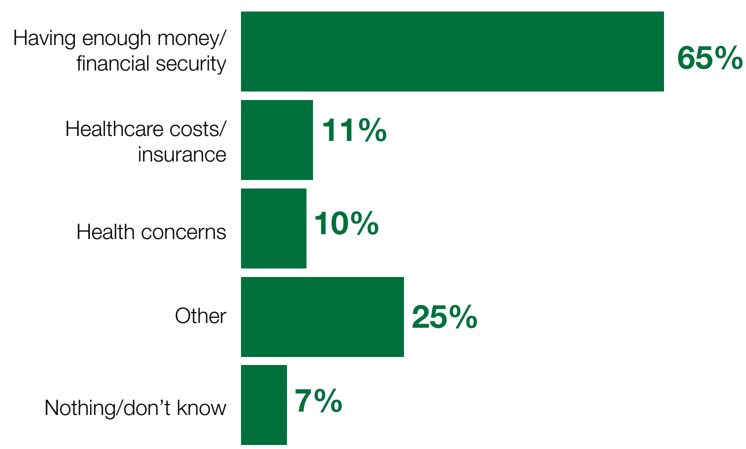
Key Learning 1:

Parents just understand

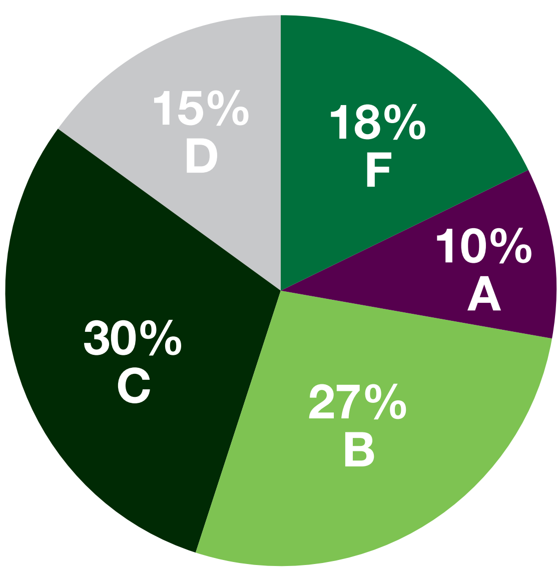
The Sandwich generations grade themselves relatively lowly regarding their own retirement planning (63 percent give a “C” or lower grade), and most believe they should be saving more. Financial security is overwhelmingly their biggest retirement concern. About 65 percent say they fear running out of money.

And there appears to be real reason to worry. Almost 40 percent have less than $25,000 currently saved for retirement. About 22 percent have saved nothing.

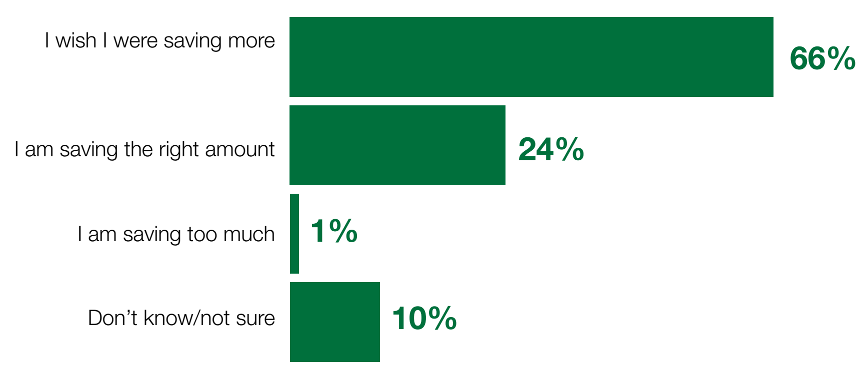
What are you most concerned about regarding your retirement?



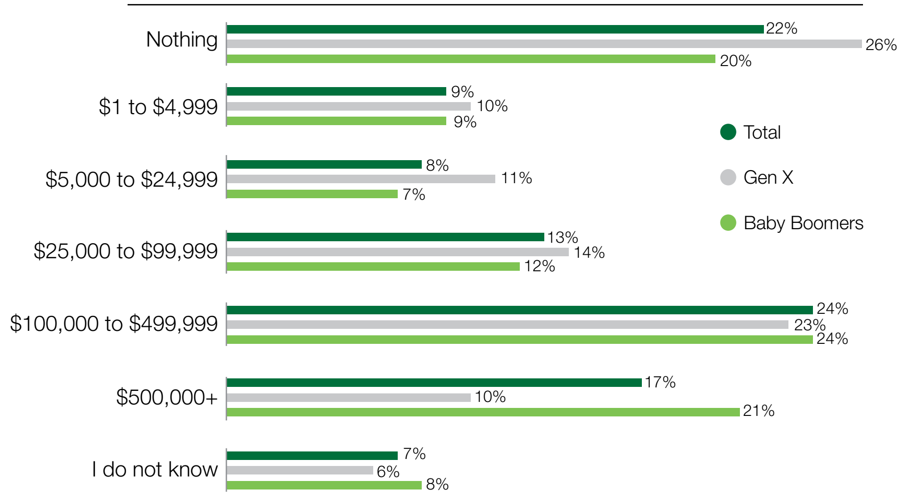
What grade would you give yourself regarding your retirement planning, where A is best and F is worst?



Which of the following best describes how you feel about how much you save each month for retirement?



How much money have you saved for retirement?



Key Learning 2:

And don't necessarily share their lessons learned

So the Sandwich generations know they need to be doing more to get ready for retirement, and their kids have even more time than they do to get their savings on track. Now would be the best time to receive advice to change their behavior, but the majority of Sandwich-generation respondents don't feel comfortable speaking about this topic with their kids.

Here's another example. The biggest single mistake reported by our Sandwich generation respondents was spending money on things they didn't need. Another big mistake was going into too much debt. Combined, these two answers accounted for 57 percent of respondents.

And yet just two in five Baby Boomers and a slim majority of Gen X-ers reported ever having given advice to their kids on planning for retirement.

The two biggest impediments to saving more for retirement were "not making enough money" and "too many other expenses," almost two thirds of the total responses. When it comes to what is prioritized ahead of saving more to retirement, over half of the Sandwich generations' respondents said "paying off debt."

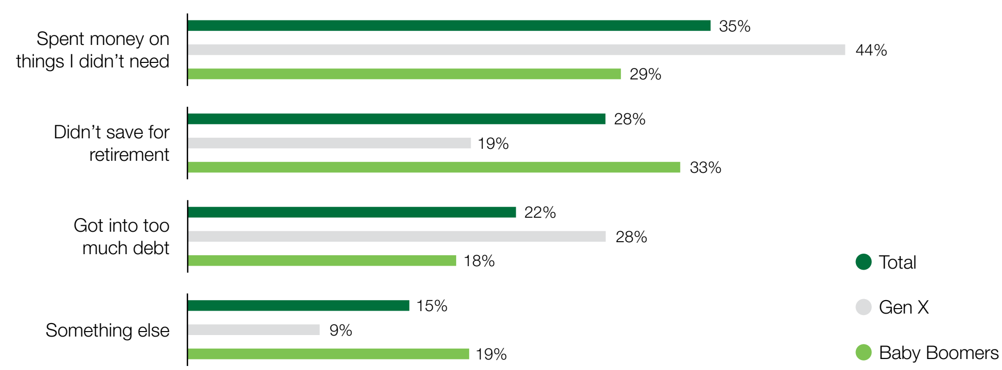
What's the biggest financial mistake you made when you were young?

35%
Spent money on things I didn't need

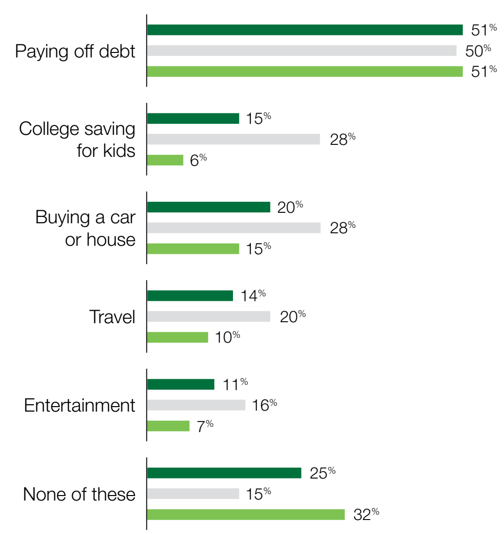
28%
Didn't save for retirement

22%
Got into too much debt

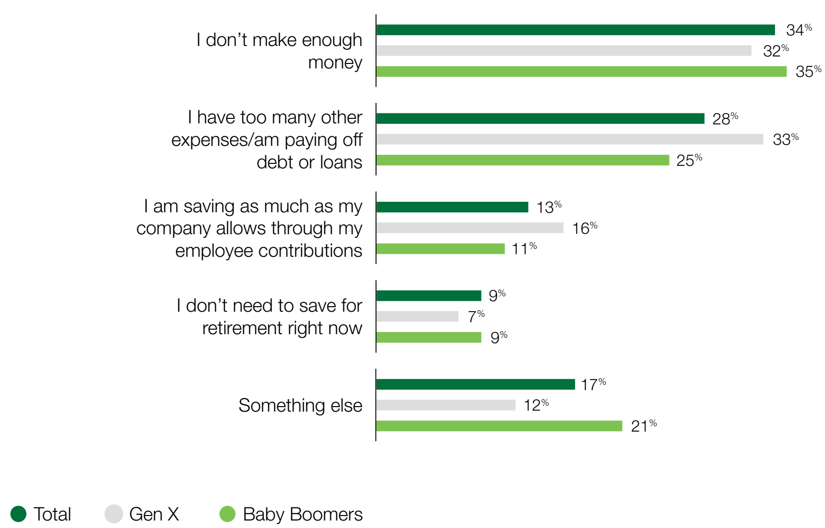
What's the biggest financial mistake you made when you were young?



Thinking about your budget, which of these do you prioritize over putting more toward your retirement?



Which of the following is the biggest impediment to you putting away more money for your retirement?



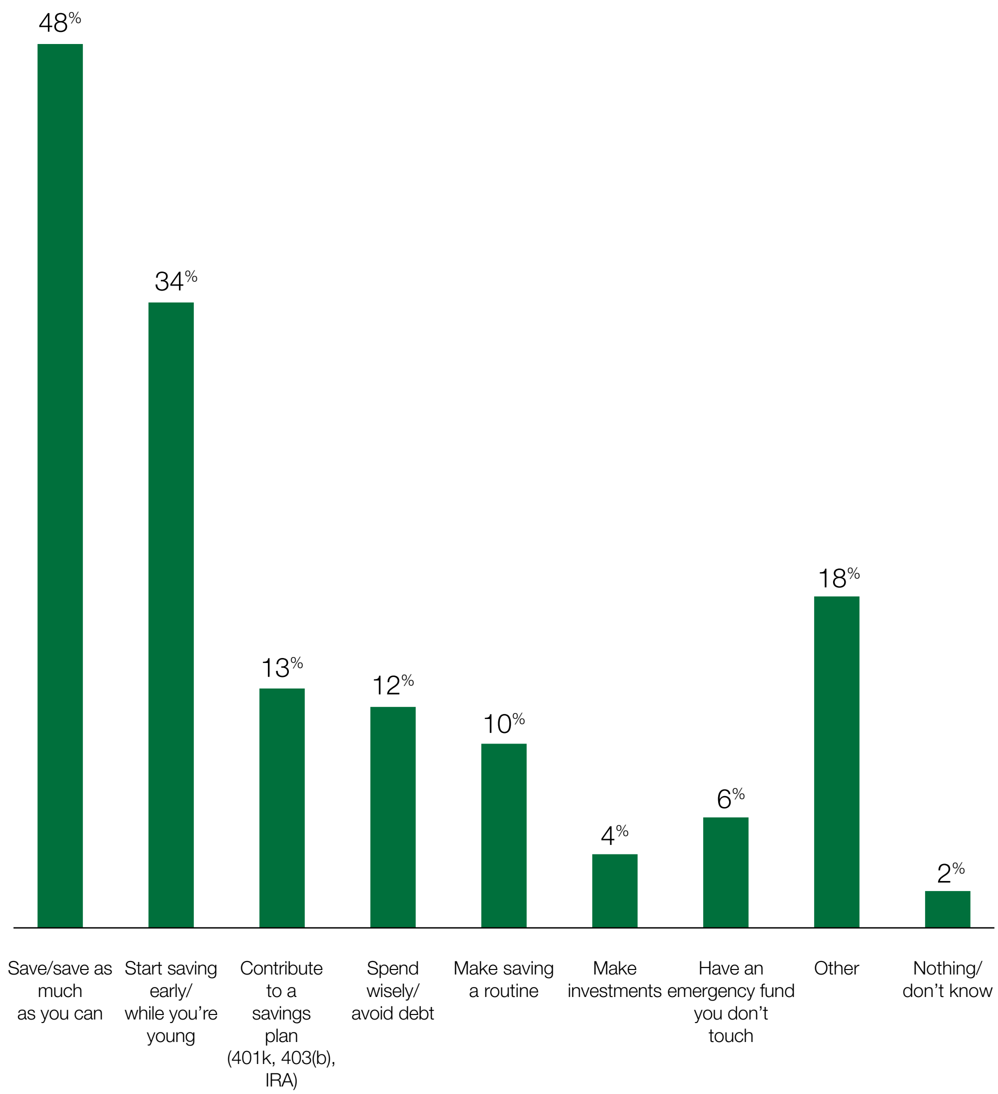
Key Learning 3:

Disconnected advice

The data shows that overspending and debt accumulation are the primary reasons for not being able to save more for retirement. But when it comes to the advice parents are giving their kids related to retirement, it consists primarily of platitudes like “save as much as you can” and “save early.” When it came to the advice of debt avoidance, only 12 percent offered it.

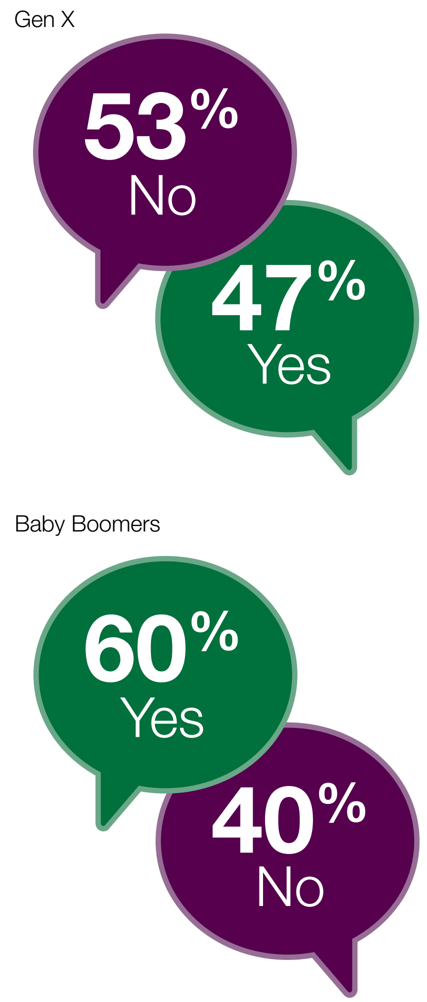
Consider this another opportunity to pass along some focused, actionable advice to your kids.

What is the top piece of advice you gave them?



Have you ever given your children advice about planning for retirement?

*parents only



Methodology

The online survey was fielded via Toluna's online respondent panel and platform from March 29-April 3, 2017. The sample included 600 United States adults between the ages of 36 and 69. Questions covered topics related to retirement, such as concerns, preparedness, confidence in Social Security and savings, and barriers to greater retirement savings. Data weighted by gender, race, ethnicity, and region to be representative of the national adult audience aged 36-69.