

***The American Pension Crisis  
an Alliance for Retired Americans Seminar  
November 19-20, 2019***

## **Retirement Savings Challenges Facing Millennials and Younger Workers**



**Alliance for Retired Americans  
Tyler Bond, NIRS Research Manager  
November 20, 2019**

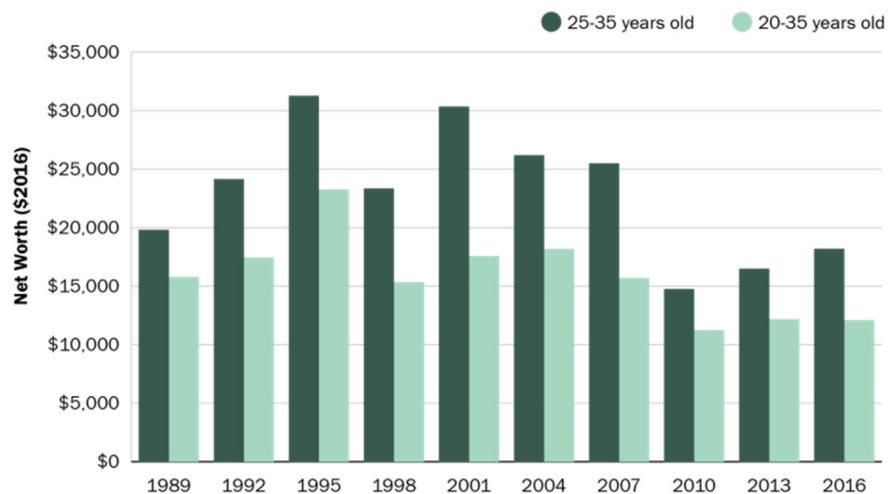


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## Millennials Have Less Wealth than Previous Generations

**Figure 1. Median Net Worth Among Young Households (1989-2016)**



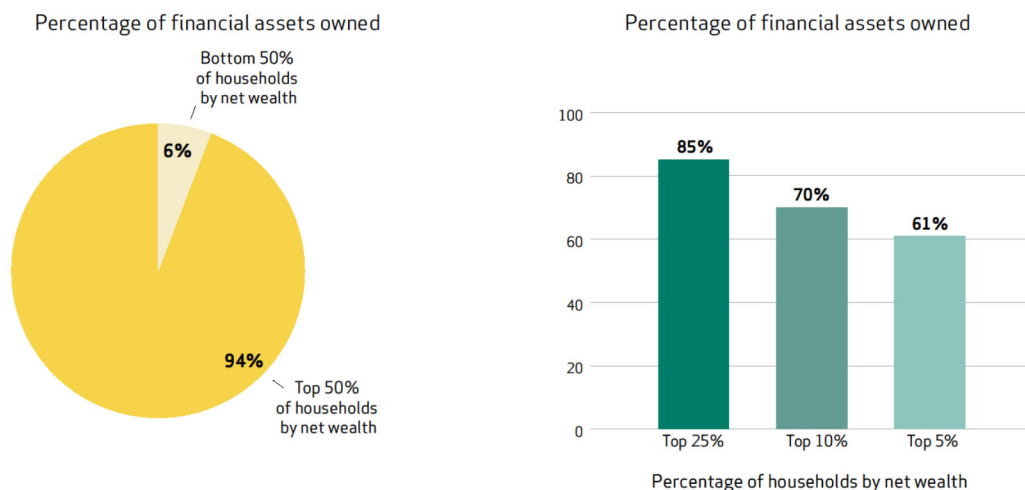
Source: Board of Governors of the Federal Reserve System (2017).

BROOKINGS

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## Millennial Financial Asset Ownership (2016)

Figure 5: **Distribution of Millennial Financial Assets, by Wealth Percentiles - 2016**



Source: [Financial Asset Inequality and Its Implications for Retirement Security](#), National Institute on Retirement Security, Sept. 2019.



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## Millennials Need to Save More

### Private Needs by Current Age and Pay

Retirement Age 67

While 11.1 times pay is a useful overall benchmark, current income and current age affect retirement needs. Income affects private needs primarily because of the amount of income Social Security replaces, taxation differences, and medical costs, which are typically a much larger proportion of spending for lower-income individuals. Needs vary by age because health care costs are growing faster than salaries are expected to increase and life expectancies are rising.



Source: [The Real Deal: 2018 Retirement Income Adequacy Study](#), Aon, Oct. 2018.

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## **Retirement Income Increases With Educational Attainment**

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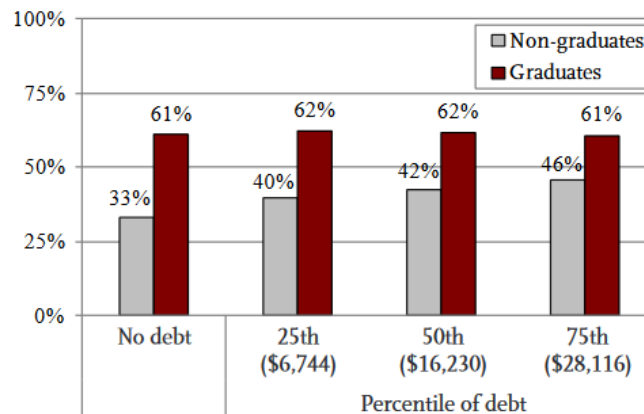
	<b>Median Total Retirement Income</b>
<b>High School Graduate</b>	\$25,520
<b>Some College Education</b>	\$37,527
<b>College Graduate</b>	\$51,553

Source: *Examining the Nest Egg*, National Institute on Retirement Security, forthcoming January 2020.

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## Student Loan Debt Doesn't Affect Retirement Plan Participation

FIGURE 1. RETIREMENT PLAN PARTICIPATION RATE AT AGE 30 BY PERCENTILE OF STUDENT DEBT



Note: Estimates are based on regressions of retirement plan participation on student loan variables and personal and school characteristics.

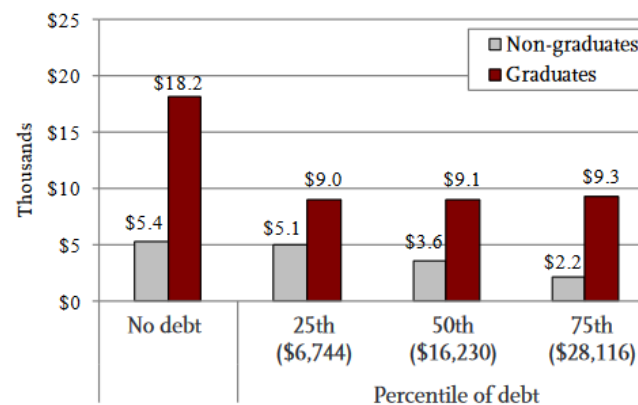
Source: Authors' estimates from NLSY97 (1997-2013).

Source: [Do Young Adults with Student Debt Save Less for Retirement?](#), Center for Retirement Research, June 2018.

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## But, It Seems to Impact Asset Accumulation

FIGURE 2. RETIREMENT PLAN ASSETS AT AGE 30 BY PERCENTILE OF STUDENT DEBT



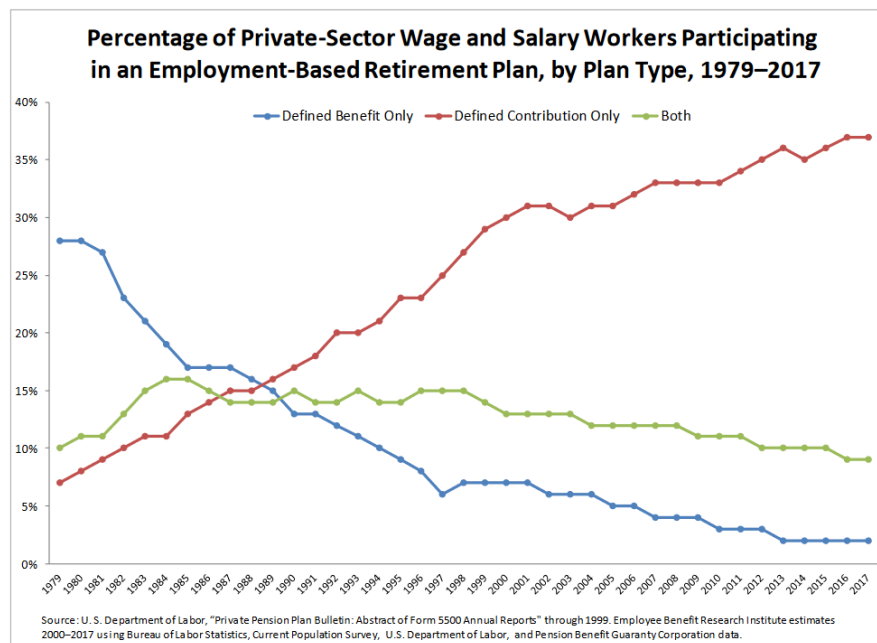
Note: Estimates are based on regressions of retirement plan participation on student loan variables and personal and school characteristics.

Source: Authors' estimates from NLSY97 (1997-2013).

Source: [Do Young Adults with Student Debt Save Less for Retirement?](#), Center for Retirement Research, June 2018.

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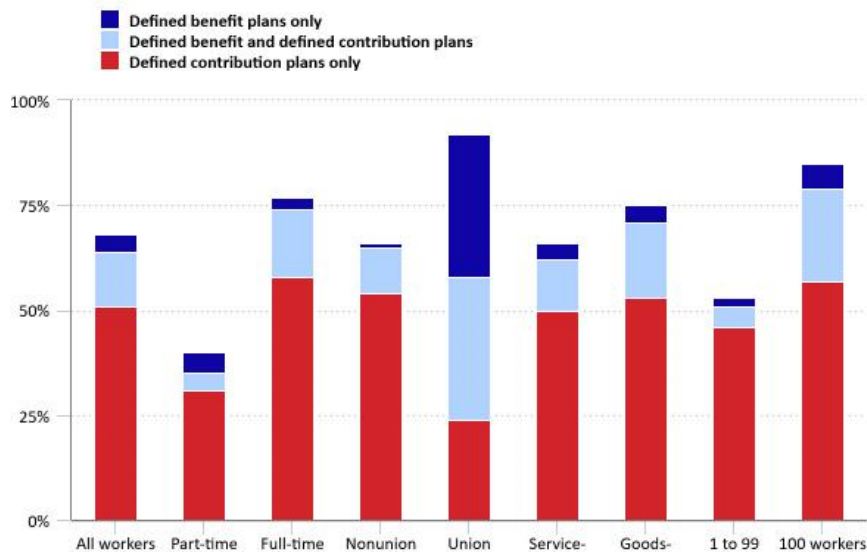
## **Access to Pensions Has Declined**





## Employees in Unions Have Greater Access to Pension Plans

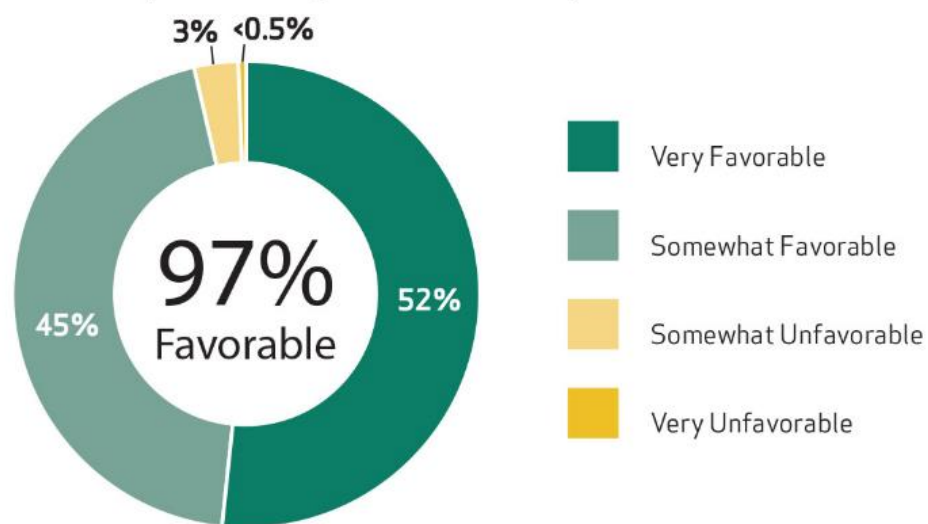
Retirement benefits access rates, private industry workers, March 2018



Source: U.S. Bureau of Labor Statistics

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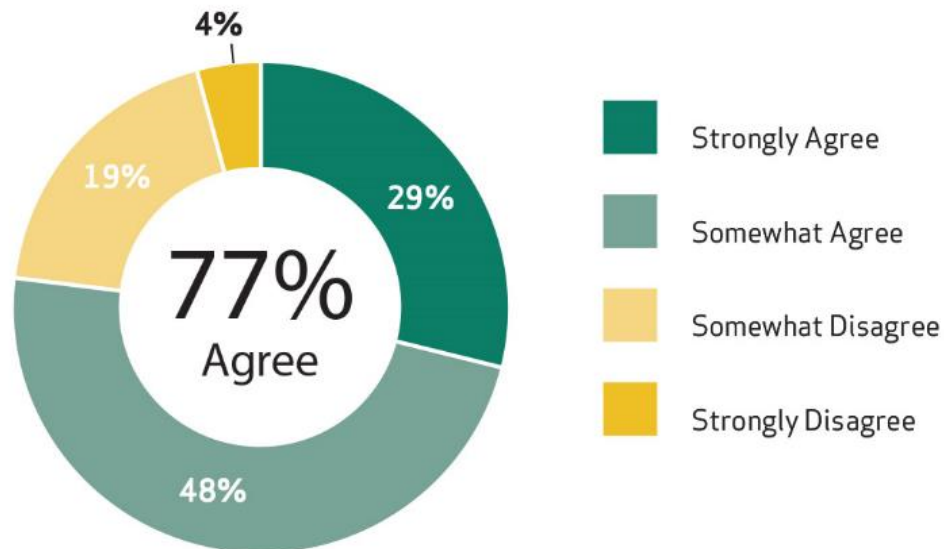
## Nearly all Millennials Working in State, Local Govt Have Favorable Views of Pensions



Source: [State and Local Employees Views of The Jobs, Pay and Benefits](#), National Institute on Retirement Security, Nov. 2019.

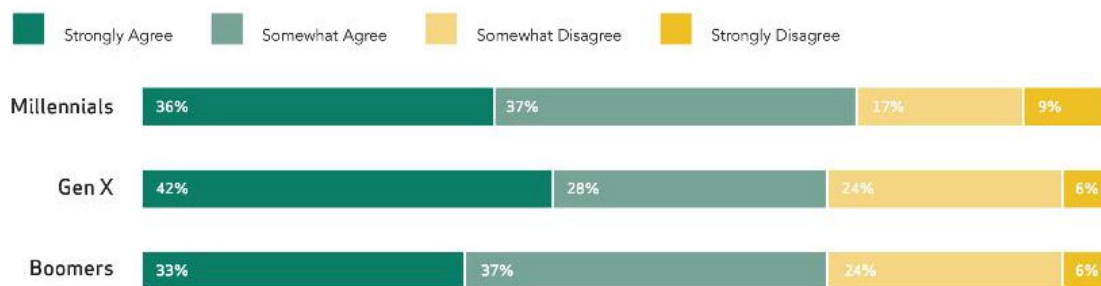
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## Millennials Agree Pensions Better Than 401(k)s for Maintaining Retirement Standard of Living



Source: [State and Local Employees Views of The Jobs, Pay and Benefits](#), National Institute on Retirement Security, Nov. 2019.

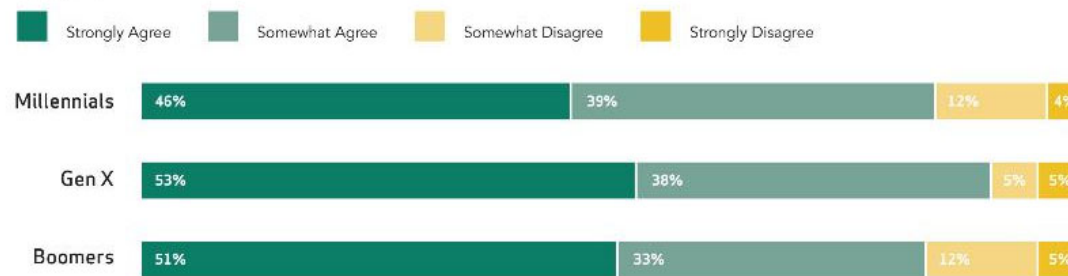
## Millennials Say Pension is Major Reason They Chose Public Sector Job



Source: [State and Local Employees Views of The Jobs, Pay and Benefits](#), National Institute on Retirement Security, Nov. 2019.

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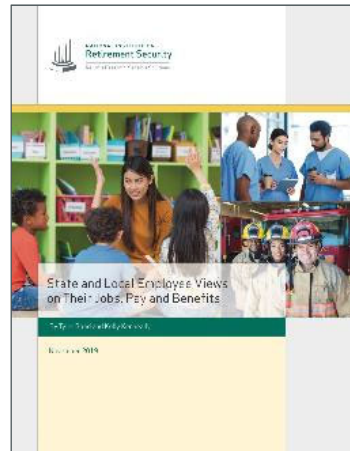
## Millennials Say Pension Major Reason They Stay in Public Sector Job



Source: [State and Local Employees Views of The Jobs, Pay and Benefits](#), National Institute on Retirement Security, Nov. 2019.

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## Key NIRS Reports



## Questions

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