



The Great Wealth Transfer and Generation X

A call to action for Generation X to improve their retirement readiness

For many members of Generation X, those born between 1965 and 1980, a comfortable retirement may feel like an increasingly distant dream. Despite being in their prime earning years, a significant number of this generation are facing a retirement savings crisis. With a potential lack of assistance from the upcoming Great Wealth Transfer, the outlook seems concerning.

According to a recent study conducted by Prudential, over a third of Gen Xers surveyed have less than \$10,000 in retirement savings, with 18% having no savings at all. These numbers paint a sobering picture of the retirement readiness of this generation.

Understanding the Retirement Gap

Financial planning experts attribute this retirement savings deficit to a combination of factors. Unlike their Baby Boomer parents who had access to defined-benefit pension plans, most Gen Xers have had to rely on 401(k) plans and other defined-contribution schemes that shift the responsibility of retirement savings onto the individual. Coupled with the Great Recession, which hit during their prime earning years, many Gen Xers find themselves behind on their retirement savings goals.

The Great Wealth Transfer: A Missed Opportunity?

In the context of these challenges, the so-called "Great Wealth Transfer" could, in theory, come to the rescue.

This term refers to the massive intergenerational transfer of wealth expected to occur over the next few decades as Baby Boomers pass their assets down to their heirs.

However, according to Prudential's study, most Gen Xers do not anticipate this event will significantly bolster their retirement savings.

For many Gen Xers, there are potential obstacles that could prevent them from fully benefiting from the wealth transfer. These may include late-in-life healthcare costs for their parents, sibling wealth split, or the possibility that their parents may exhaust their assets due to increased longevity.

A Call to Action for Gen Xers

While the outlook may seem grim, it is important for Gen Xers to remember that it's never too late to improve their retirement readiness. Here are a few strategies:

1. **Maximize retirement contributions:** Take full advantage of employer-sponsored retirement plans like 401(k)s, especially if your employer matches contributions. Additionally, consider contributing to an IRA for additional savings.
2. **Reduce Debt:** High-interest debt can significantly hamper your ability to save for

retirement. Prioritize paying off such debts as soon as possible.

3. **Consider Professional Advice:** A financial planner can provide valuable insights into your retirement strategy, helping you make the most of your assets and plan for a more secure future.
4. **Plan for Healthcare Costs:** Consider options like Health Savings Accounts (HSAs) or long-term care insurance to help manage potential healthcare costs in retirement.

The prospect of missing out on the Great Wealth Transfer may seem daunting for Generation X. However, with a proactive approach to financial planning and a focus on individual saving strategies, it is possible to build a robust nest egg for retirement. The key is to start taking action now.

The road to a secure retirement may be a challenging one, but it's a journey well worth taking.