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Millennials: Digital DIY Retirement Savers?

By: Nevin E. Adams, JD, 8-29-16

Millennials (born 1979 to 2000) are the youngest and largest generation in the workforce — and, according to a new survey, they are also a do-it-yourself generation of retirement savers.

According to [the survey](#) by the Transamerica Center for Retirement Studies, Millennial workers most frequently cite self-funded savings (55%) as their expected primary source of retirement income, including 43% expecting to rely on income from 401(k)s, 403(b)s and IRAs and 12% expecting to rely on income from other savings and investments. Just 17% are expecting Social Security to be their primary source of income when they retire.

Nearly three-quarters (72%) have already started saving – and at the young age of 22 (median), in contrast to Gen X, which didn't start until age 28 (see "[Generation X: The Struggling Retirement Savers](#)") or Boomers, who had a median savings start at age 35. Among those who are offered a 401(k) or similar plan, 72% participate in the plan and contribute 7% (median) of their annual pay (the same as Gen X). Nearly a third (30%) contribute more than 10% of annual pay. The total household retirement savings among Millennials is \$31,000 (estimated median).

They may need that early start, since most Millennials (60%) plan to retire at age 65 or sooner (consider that two-thirds of Baby Boomer workers expect to or already are working past age 65, or do not plan to retire). On the other hand, 17% of Millennials are more likely than the older generations to plan to work full-time when they retire.

While most participants haven't increased their deferrals in the past 12 months, Millennials (40%) were the most likely to have done so. However, 72% agree that they do not know as much as they should about retirement investing. Among those currently participating in a 401(k) or similar plan, one in four are "not sure" how their retirement savings are invested. Fear of the markets has perhaps led more than one in five (22%) of this youngest workforce demographic to invest primarily in bonds, money market funds, cash and other stable investments — arguably, an unsuitable mix for their investment timeline.

Of the three generations (including Gen X and Boomers), Millennials are most likely to find digital technologies offered by their retirement plan providers to be helpful, including 80% who find mobile apps for managing their accounts to be helpful (compared with just 48% of Baby Boomers).

The survey found that 22% of Millennial workers frequently discuss saving, investing and planning for retirement with family and friends, which is more than twice as many as Generation X and Baby Boomer workers (both 10%).

This article can be found online here: <http://www.napa-net.org/news/managing-a-practice/industry-trends-and-research/millennials-digital-diy-retirement-savers/>