AdvisorEdge

The Debt Roadblock

Retirement advisors have plenty of tools to help the Gen X population create a successful retirement plan that they control

The numbers are telling. According to an Allianz survey, Gen Xers – typically defined as adults in their late 30s to late 40s – have had debt impact their retirement savings. That includes credit card debt and student loan debt. The average debt amount per household - $16,000.

How they're responding to their debts is equally concerning. Nearly half of those surveyed feel they can't focus on retirement saving until they pay off their credit card debt. Even more concerning is how they plan to approach retirement – 63% of Gen Xers say they're confident it will "just work out" for them in retirement.

And they're willing to go it alone. Just 39% of Gen Xers are working with a financial planner, says the Allianz survey. That same percentage is open to professional advice, but retirement advisors will have to let them remain in control – a whopping 70% of those surveyed will still make their own decisions and plans even with the help of a financial professional.

> *Gen Xers are drowning in debt and it's affecting their ability to save for retirement. How retirement advisors can help them plan for a more secure retirement*

Still, retirement advisors have plenty of tools to help the Gen X population create a successful retirement plan that they control. Some methods advisors can use to help bolster the Gen Xer's retirement account include:

Conduct annual financial wellness checkups.
A comprehensive view of your plan participant's personal financial picture, including savings, expenditures, debt, and changes to lifestyle or financial commitments, can help them see where their money is going and how to make changes now to secure retirement outcomes.

Encourage automatic enrollment and deferral increases.
A study of Mercer's defined contribution plan showed that automatic enrollment participants who participated in automatic contribution increases realized a 25% higher contribution rate than those without automatic deferral increases. Review automatic enrollment and deferral increase programs with plan sponsors.

Show them the big picture.
Using information from the financial wellness checkup, build a realistic financial portrait of what your Gen Xer participant can expect to have saved in retirement. Show the wish list items in relation to their current savings level.

Illustrate various savings options.
Coupled with the big-picture financial view of retirement, retirement advisors can use charts showing the different financial outcomes given how much of the Gen Xer's salary has been saved toward retirement. A simple move such as bumping up contributions from 6 percent to 8 percent can have a significant impact.

Remind them.
After the meeting is over or the workshop is a week old, retirement becomes a back-of-mind topic for most plan participants. Shortly after the meeting, send out an emailed reminder of what was discussed. A month later, send correspondence that reiterates what your participants learned in the meeting/workshop. Keep communication flowing and their retirement goals on their radar.

Gen Xers aren't saving for retirement because they don't want to, but because they can't see beyond their immediate financial roadblocks. Retirement advisors are in a great position to become the trusted resource they need to vastly improve their retirement savings picture.

BCG Benefit Consultants Group
A HORACE MANN COMPANY
51 Haddonfield Road, Suite 200 • Cherry Hill , NJ 08002 • www.BcgBenefits.com • 800-524-401k