

Retirement Read(y)

What's (Really) Hindering Millennials' Retirement Savings?

Hint: It's not avocado toast.

By Nevin Adams

I was recently asked to participate in a forum focused on the challenges to retirement savings faced by Millennials. That event, "The Millennial Perspective: An Intergenerational Discussion on Retirement Savings," was sponsored by Women for a Secure Retirement (WISER), centered on the organization's iOme Challenge to develop a comprehensive proposal to address the challenges Millennials face in saving for retirement.

Of course, the definition of a Millennial has proven to be surprisingly elusive over time. But those in the forum were willing to accept the definition recently put forth by the Pew Research Center, that it would apply to those born between 1981 and 1996 — which, of course, means that the oldest in that demographic are hardly "kids" (aged 37 in 2018).

Retirement Roadblocks

My panel was tasked with discussing issues regarding financial education, savings, and "retirement roadblocks" for this group. And indeed, there are a number of obstacles to savings generally, and retirement saving specifically, for this demographic. Specifically cited were:

Lack of "traditional" employment.

This has manifested itself both in higher unemployment rates, and more in so-called 1099 employment in the

"gig" economy. This can, of course, create an issue both in the income from which to save, and a...

Lack of access to a retirement plan at work. This, of course is a significant hindrance. After all, we know that workers are significantly more likely to save if they have the opportunity to do so via a workplace retirement plan like a 401(k) — 12 times more likely, in fact. But even when they have access to a plan at work, they can still be hindered by a...

Lack of eligibility for a retirement plan at work. While a growing number of plans allow immediate eligibility for employee contributions (58.5%, according to the Plan Sponsor Council of America's 60th Annual DC Survey), others don't — and some plans still maintain a yearlong wait. And that can be a problem when it comes to...

Job turnover. Millennials are widely regarded as job hoppers, and relative to their elders they may be — not so when their elders were younger. Going back to the end of the Second World War, job tenure has been remarkably consistent — so yes, Millennials do change jobs, and while that doesn't make them unusual, it can make it harder for them to save, particularly when there are...

Other priorities. Let's face it, the early stages of most working careers are a different kind of "accumulation" — household goods, a car, a house, furni-

ture, etc. And, for many those priorities also include paying down the debt that helped pave the way. Those obligations have, along with shorter job tenures, long been part of the earlier stages of our careers — and still are...certainly when it comes to thinking about...

Retirement. Let's face it — we can, with a little effort — put a dollar figure on "retirement" — but juxtaposed next to that much-needed vehicle to get to work, that home with which to house a growing family, that college debt repayment...well, "retirement" is likely to be viewed more as an abstract concept than a tangible goal.

Janis Joplin once told Boomer parents that "freedom is just another word for nothing left to lose." But it seems to me that for Millennials, and perhaps for all of us, freedom — financial freedom — is "just" another word for everything to gain.

Perhaps a better way to think about "retirement" is the point at which you have financial resources sufficient to provide the freedom to pursue the avocation of your dreams, to work the hours you want (or don't), from the location(s) you desire — or even the freedom to quit "working" altogether. ➤

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