



## Is a Retirement Crisis on the Horizon?

A record number of Americans, **4 million**, will retire in 2024 and each year through 2027. This is the largest surge of retirements in the country's history, as baby boomers retire. The surge, referred to as "Peak 65" or the "silver tsunami," underscores that we are an aging country with 20% of the population to be 65 or older by 2030. The surge occurs as statistics show that Americans are living longer, with many surviving into their 90s.

In most instances, the experience of retiring with the hope of greater longevity would be met with great enthusiasm, but unfortunately, it is estimated that two-thirds of baby boomers retiring will be financially challenged, with research suggesting that half of them are likely to run out of money during retirement, especially those who may reach 90.



### How We Got Here

Over the past 40-50 years, the traditional retirement strategy of combining personal savings, a pension from your company, and social security has faded. **In 1980, roughly 60% of Americans had access to an employer/company pension plan. Today, that number is 12%** among the Peak 65 group, with approximately 40 million Americans lacking access to an employer-sponsored retirement plan as the way we work has changed.

For many, 401(k) plans have emerged as a replacement for the long-established employer-defined pension plan, but their existence has not replaced the routine, fixed, stable income throughout retirement provided by historic pension plans. Many have not pursued a 401(k) plan for reasons ranging from lack of access to lack of understanding to lack of confidence or desire to self-fund their retirement. One analogy compared the barriers of transitioning to a 401(k)-retirement model to dumping car parts on a driveway and telling an individual to put the car together themselves.

### Financial Security ... in Today's Post-Employment World

As the way we work has changed, so must the manner in which people plan and save for retirement.

While there's no one-size-fits-all approach for an individual's retirement, a strategy offered by life insurers can replicate a traditional pension plan offering a guaranteed lifetime income stream.



**Annuities are a safe alternative for individuals** preparing for retirement who want a predictable way to meet immediate, ongoing and future financial needs. Annuities offer protection from risk and provide predictable lifetime income, addressing the critical concern of running out of money during retirement.

An annuity is a **contract between a consumer and a life insurance company**. The consumer pays premiums to the life insurer, who in return commits to paying the consumer a guaranteed stream of income for life.

**Robust state and federal laws govern annuities.** In 2021, with life insurers' support, Texas incorporated enhanced consumer protections into law, requiring life insurers and agents to act in the "best interest" of consumers in annuity sales.

Traditional life insurance addresses challenges faced if someone dies unexpectedly or too soon. Annuities address the issue of someone outliving their savings. They are one of the many products life insurers offer to protect individuals' financial security throughout a lifetime.

### The Goal

Life insurers embrace the goal of reaching the point where most Americans can retire securely. After all, don't **Americans deserve that security following a lifetime of work, raising families, caring for parents and relatives, and enduring the unexpected?**

**Life insurers believe they do**, and it is why we work daily to protect access to financial products for all Americans who seek financial security.