Financial Challenges for Millennials: How Do They Compare With Other Generations?

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Employee benefit plans generally provide the same benefits to employees of all generations, but the structure of specific plans may be much more important to some generations than others. Recent Society of Actuaries (SOA) research provides insights into financial priorities and challenges across generations.

From a financial perspective, 56% of Millennials believe they have it harder than the generations before them, and the generations before them agree with this assessment. A number of factors contribute to different situations for this group.

- Many Millennials were starting their careers when the Great Recession of 2008 forced changes in their early career path.
- Millennials face a challenging combination of financial pressures including student loan and/or credit card debt. They incurred and continue to bear greater student loan debt than other generations.
- Educational costs were higher for them than for previous generations, but many did not reap the rewards of jobs in their earlier careers that matched what they had spent on their education.
- They grew up with very different technology than the generations before them, and they use hand-held devices more than older generations.
- Many Millennials still had not purchased homes by the time the 2018 SOA generational survey was conducted. Many are saving for their first home or to upgrade their housing arrangements.
- Many still need to build an emergency fund.
- When compared with earlier generations, many Millennials started families and living adult lives later, and more are living with their parents.

AT A GLANCE

- Millennials represent the largest segment of today's workforce and employers increasingly are recognizing how financial challenges affect their generation.
- Among members of all generations, Millennials are the most likely to be financially fragile, which means they have immediate financial needs, are less likely to be saving for retirement and are much less able to deal with unexpected expenses.
- To help Millennials meet their financial goals, employers may want to consider programs that address factors such as student debt, emergency funds and expanding planning horizons.

The Context for Financial Security for Millennials in the United States

The U.S. Government Accountability Office (GAO) report, *The Nation's Retirement System: A Comprehensive Re-evaluation Is Needed to Promote Better Future Retirement Security* (GAO 2019), provides insights into challenges facing the U.S. retirement system. The challenges include:

- Increasing longevity without corresponding increases in retirement ages
- A shift away from defined benefit (DB) plans to defined contribution (DC) plans
- Employers moving away from rewarding long service and providing financial protection to longer term employees
- A relatively large number of individuals without access to employer plans
- Individuals without employer plans ending up with insufficient retirement savings and relying primarily on Social Security
- Gradual increases in Social Security retirement ages and significant increases in Medicare Parts B and D premiums, which lead to gradual reductions in Social Security replacement ratios
- Increasing income inequality with virtually no increases in real income for lower income Americans
- Relatively low savings rates.

The retirement security challenges for Millennials will be greater for those who do not find longer term employment with organizations that provide adequate retirement benefits. Many Millennials are likely to be in this group. The GAO report makes it clear that policy makers and employers need to consider how to modernize the retirement system and fill in the gaps for all generations.

Employers Take Notice

Millennials represent the largest segment in today's workforce. Increasingly, employers are recognizing how financial challenges impact their workforce, especially Millennial employees. Employee wellness programs have expanded to encompass financial wellness, with many employers offering access to services that help employees with budgeting, managing student loan and other debt, as well as saving for retirement. These programs can lead to better employee engagement and retention while minimizing the drain on employee productivity caused by financial concerns.

Accessing the Research

The 2018 Society of Actuaries (SOA) research report *Difficulties in Gaining Financial Security for Millennials* focused on the Millennial generation* and the challenges it faces. The report *Financial Perspectives on Aging and Retirement Across the Generations* provides information on all generations. The report *Financial Fragility Across the Generations* examines financial fragility† across the generations. These reports can be downloaded from www.soa.org/research-reports/2018/financial-perspectives-aging-retirement/.

*Millennials were ages 20 to 38 at the time of the study.

†The SOA research provides insights into financial fragility and who is most likely to be fragile. The researchers developed an index based on a combination of each individual's feelings about financial management and his or her responses to some financial questions. They then divided the population into three groups with regard to fragility.

Demographics of Millennials vs. the Generations They Followed

The five generations studied in the SOA research have very different characteristics, as shown in Table I. Millennials have lower incomes, are less likely to be married, and have fewer children than Gen Xers and Late Boomers. Millennials also are the first generation to have grown up with cell phones and touch technology, which has major implications for how they interact with work and financial security systems, manage their finances and employee benefits, and socialize with others. The mostly retired generations have lower incomes, include more females and those who are widowed, and have more children than the later generations.

The Pew Research Center compares Millennials with prior generations when they were the same age (Pew 2019). Researchers found that Millennials are better educated than prior generations were at ages 25-37. Thirty-nine percent of Millennials have a college degree or higher, compared with 29% for Gen Xers, 25% for Late Boomers, 24% for Early Boomers and 15% for Silents. The results are much more dramatic for Millennial women. More than two in five (43%)

TABLE I

Characteristics of Respondents by Generation

	Millennials		Gen X		Late Boomer		Early Boomer		Silent	
Age in 2018	20-38		39-53		54-63		64-72		73-83	
Household Income	32%	Less than $50,000	27%	Less than $50,000	32%	Less than $50,000	43%	Less than $50,000	58%	Less than $50,000
	34%	$50,000 to $99,999	31%	$50,000 to $99,999	30%	$50,000 to $99,999	29%	$50,000 to $99,999	27%	$50,000 to $99,999
	34%	$100,000 +	42%	$100,000 +	37%	$100,000 +	28%	$100,000 +	16%	$100,000 +
Gender	50%	Male	49%	Male	48%	Male	47%	Male	45%	Male
	50%	Female	51%	Female	52%	Female	53%	Female	55%	Female
Marital Status	47%	Married	59%	Married	66%	Married	63%	Married	52%	Married
	15%	Partner*	11%	Partner*	4%	Partner*	4%	Partner*	1%	Partner*
	2%	Divorced†	10%	Divorced†	16%	Divorced†	14%	Divorced†	17%	Divorced†
	0%	Widowed	2%	Widowed	3%	Widowed	9%	Widowed	27%	Widowed
	36%	Never married	19%	Never married	10%	Never married	10%	Never married	3%	Never married
Children	58%	None	34%	None	26%	None	28%	None	10%	None
	20%	One	19%	One	19%	One	16%	One	17%	One
	22%	Two or more	46%	Two or more	55%	Two or more	56%	Two or more	74%	Two or more
Stepchildren	90%	None	82%	None	86%	None	80%	None	86%	None
	7%	One	8%	One	4%	One	10%	One	5%	One
	4%	Two or more	10%	Two or more	11%	Two or more	11%	Two or more	10%	Two or more

Note: Totals may not add up to 100% due to rounding.
*Unmarried and living with a partner in a permanent relationship.
†Separated or divorced.
Source: Financial Perspectives on Aging and Retirement Across the Generations, Society of Actuaries, 2018.

Millennial women have college degrees or higher, compared with 11% of Silents when they were the same age. The percentage of people with less than a high school education has dropped from 30% of Silents when they were ages 25-37 to 8% of Millennials in that age group.

Looking at the same age groups, the labor force participation of women has also increased dramatically over time. Of the Silents, 40% of women were employed at ages 22-37, compared with 66% of Boomers and 72% of Millennials.

The earnings pattern of young adults is very different over time depending on the level of education. Inflation-adjusted earnings increased for people with at least a bachelor's degree but decreased for those with some college and decreased even more for high school graduates. The median annual earnings among full-time workers ages 25-37 in 2017 dollars for those with bachelor's degrees or more education increased from $51,500 for Silents to $56,000 for Millennials. For high school graduates, median earnings declined from $37,100 to $31,300.

Millennials are less likely to be married than previous generations at the same age. In 2018, 46% of Millennials ages 25-37 were married, compared with 57% of Gen Xers at the same age in 2001 and 83% of Silents in 1968 (Pew 2019).

TABLE II

Demographics of Millennials by Gender

	All Millennials	Men	Women
Marital Status	47% Married	43% Married	52% Married
	36% Single, never married	44% Single, never married	27% Single, never married
	15% Living with partner	11% Living with partner	19% Living with partner
	2% Separated or divorced	2% Separated or divorced	2% Separated or divorced
Children	58% None	69% None	47% None
	20% One child	14% One child	25% One child
	22% Two or more children	17% Two or more children	27% Two or more children
Education	26% High school or less	28% High school or less	23% High school or less
	31% Some college or technical school	31% Some college or technical school	32% Some college or technical school
	28% Bachelor's degree	26% Bachelor's degree	31% Bachelor's degree
	14% Graduate or professional degree	13% Graduate or professional degree	14% Graduate or professional degree

Note: Totals may not add up to 100% due to rounding.
Source: Difficulties in Gaining Financial Security for Millennials, Society of Actuaries, 2018.

The demographics and family status of Millennials, as shown in Table II, influence their financial priorities and status. About half of Millennials are currently married, while 15% are unmarried and live with a partner, and another 36% are single, never married. The percentage of Millennials who are unmarried and living with a partner or single, never married, is significantly higher than in older generations. Approximately six in ten Millennials have no children and, of those who do, about half have only one child.

Another part of the picture is getting support from family. More than one-fifth (23%) of Millennials surveyed were receiving some financial support from family, and 44% said they were giving some support to other family members. Millennials are more likely to be living with parents than prior generations. The Pew study indicates that in 2018, 20% of Millennials with a high school education or less were living with parents, as were 16% of those with some college and 10% of those with a bachelor's degree or more (Pew 2019).

When it comes to education, 31% of Millennials have completed some college or technical school, 28% hold bachelor's degrees, 26% have a high school education or less, and 14% have professional degrees. Seven in ten are currently working for pay. As indicated above, the Pew report shows that Millennials are considerably more educated than the generations before them.

Millennials are the most likely to be financially fragile. Financially fragile individuals have immediate needs that must be addressed, and they are much less likely to be saving for retirement and much less able to deal with unexpected expenses that can arise rather regularly.

Financial Perceptions and Priorities

The SOA research asked a number of questions about feelings toward individual financial situations. Overall, respondents were similarly optimistic across all generations, but a number feel overwhelmed. Compared with older generations, Millennials are most likely to report feeling overwhelmed, with 40% reporting they feel this way when reviewing their financial situation, compared with 22% of all other generations. In addition, there is a significant gender gap in the number reporting feeling overwhelmed, with half of Millennial women saying they felt overwhelmed, compared with 37% of men.

TABLE III

Financial Priorities of Millennials vs. Other Generations (Percentage With High or Highest Priority)

Priority	Millennials	Other Generations
Being able to afford everyday bills	79%	64%
Saving for retirement	60%	59%
Building an emergency fund	59%	49%
Paying off credit card debts	52%	42%
Saving for buying or upgrading a home	44%	18%
Saving for vacations	39%	31%
Saving for medical expenses	38%	36%
Saving for long-term care	36%	30%
Saving for children's education	36%	17%
Paying off student loans	30%	5%

Source: Unpublished analysis of data from *Financial Perspecives on Aging and Retirement Across the Generations,* Society of Actuaries, 2018.

Millennials were less likely than all other generations to say they feel in control (34% vs. 44%) or satisfied (29% vs. 36%). Yet "optimistic" was still the most common feeling among Millennials (43%) and especially Millennial men (50%).

The highest financial priority for Millennials is being able to afford everyday bills. The second priority is being able to afford retirement, and the third is building up an emergency fund. Many people do not have an adequate emergency fund, and this issue often does not get enough attention.

In several areas where there are large differences between Millennials and members of other generations, Millennials show more concern, and their priorities reflect their life stage. The biggest difference is concern about the importance of paying off student loans. Millennials also are more concerned about paying off credit card debt, but the differences are much smaller.

Despite their overall optimistic outlook and the fact that they are just getting established, Millennials have substantial concerns when thinking about retirement. In particular, they are more concerned than older generations about whether the value of their investments will keep up with inflation, their ability to maintain a reasonable standard of living in retirement and the possibility of depleting all of their savings. They also are more concerned that they might not be able to leave money to their children or maintain the same standard of living after the death of a spouse or partner. Many Millennials face a more challenging road to retirement than the groups before them. Fewer of them have access to DB plans, and some are facing challenges in getting established in a career. The situation seems to be very different for those with college degrees vs. those without. Those without college degrees have lower earnings than the groups before them.

The demographic data combined with the data from the Pew study show there are dramatic differences in the situation of Millennials depending on their educational level. Those with less education have seen relatively declining earnings over time and are the most likely to be financially fragile.

How Debt Fits In

In addition to apprehension about retirement, 34% of Millennials indicated that debt is complicating their ability to manage their current finances. In total, Millennials have similar rates of debt compared with all other generations. However, there are significant differences when it comes to student loans and mortgages. One in three (31%) Millenials currently has student loans—the highest of any generation.[1] Among the other generations, only 7% have college debt. And, not surprisingly, only one-third of Millennials have a home mortgage, far short of the half of Gen Xers who currently do. Forty-five percent of Millennials have credit card debt, compared with 32% in other generations.

Many Millennials have chosen financial strategies and action steps to help address their debt challenges. Sixty-one percent said they are sticking to a budget, and 45% said they are sticking to a monthly savings plan. More than two in five (41%) said they are making efforts to get debt under control, and 36% said they are putting money into an employer-sponsored retirement plan. They also are focused on spending. Forty-four percent said they are cutting back on vacations and on eating out, and 34% said they are learning to use credit cards wisely. Employers may want to consider whether education on some of these topics should be included in their financial wellness programs.

Millennials also recognize managing debt as a priority. More than half (52%) of Millennials said they highly prioritize paying off credit card debts, and another 30% said the same for student loans.

Living Arrangements

Millennials are the least likely generation to own a home, with only 47% indicating that they own a home. Other generations are much more likely to own homes. The highest percentage of home ownership is 84%, among Early Boomers. Millennials are most likely to choose other housing arrangements, with 37% renting a home and 12% living in an arrangement in which they do not contribute to the cost of housing. Of all Millennials, those who are married are the most likely to be living in a home they own, at 62%, compared with 33% of those who are living with a partner or single.

Family Obligations Across Generations

There is a strong sense of family obligations across generations. Millennials share these concerns with Americans of all generations, but they are more likely to believe that parents have more obligations to adult children. Millennials are more mixed than other generations in whether they believe that adult children have more obligations to parents.

Family obligations are important to employers, because employees who are heavily involved in helping family and dealing with family problems may have less energy for work. Employers differ in how much they support their employees in helping family and dealing with family matters.

Financial Well-Being and Fragility

The SOA research provides additional insights into financial fragility and who is most likely to be fragile. The researchers developed an index based on a combination of each individual's feelings about financial management and his or her responses to some financial questions. The population was then divided into three groups with regard to fragility.

The research showed mixed results among the generations. Millennials are the most financially fragile, with 26% having high financial fragility, 35% moderate and 39% low fragility. The Early Boomers have the best situation, with 11% having high fragility, 21% moderate and 68% low fragility. Within each generation, some people are very well off, some are managing well within their financial constraints, and others are living in poverty. The Millennials are at greater risk of fragility because of high student loan debt and challenges upon entering the job market. The earnings of Millennials without college degrees indicate that inadequate earnings progression over time makes them vulnerable. Individuals with poor financial literacy also are likely to be vulnerable at any age.

The SOA survey shows that:

- Millennials are the most likely to be very financially fragile.
- People with assets under $10,000 are far more likely to be financially fragile.
- People with lower incomes, the unemployed and the disabled are much more likely to be fragile.
- Single people are more likely to be financially fragile.

It is helpful to think about these relatively high rates of fragility when we think about Millennials and what they need in employee benefits and support. The SOA research shows that people plan very differently. While some plan

TABLE IV

Sense of Family Obligations of Millennials vs. Other Generations (Percent Agreeing With Statement)

Parents' Obligation to Children	Millennials	Other Generations
Should contribute the full amount or what they can reasonably afford for their children's cost of college	64%	58%
Should allow adult children who have financial difficulties to move back into their home	64%	52%
Should help adult children if they have problems, even if it means they will have inadequate funds for themselves later	34%	25%
Adult Children's Obligations to Parents	**Millennials**	**Other Generations**
Should prioritize helping with tasks parents are no longer able to do	80%	80%
Should help parents financially if needed and can afford it	80%	73%
First priority is to their own families, not to their parents	55%	65%
Should have parents move in with them rather than to assisted living	48%	41%
The days when children would sacrifice their own happiness to take care of parents are over	36%	17%

Source: Unpublished analysis of data from *Financial Perspectives on Aging and Retirement Across the Generations,* Society of Actuaries, 2018.

long-term, others live paycheck to paycheck or plan for very short periods at the time. Financial fragility seems to be correlated to differences in planning, and it may be a cause for those differences. The group with high financial fragility has dramatically different planning behavior. About 60% plan paycheck to paycheck, and more than 75% plan in advance for three months or less. In contrast, in the low-fragility group, only about 5% plan paycheck to paycheck, and about 18% plan in advance for three months or less.

Millennials' financial priorities are similar to those of other generations in some areas but not in others. Their life circumstances are different. These differences translate into higher financial fragility in many cases, which, in turn, may translate into differences in priorities. For example, those with low financial fragility are much more likely to be saving for retirement. People who are more financially fragile are less likely to succeed in retirement planning and to build retirement security. Reducing levels of financial fragility is an important step to helping these people plan for retirement.

A big question for employers as they focus on Millennials and higher levels of fragility, higher levels of debt, etc., is how much they wish to help employees work through major challenges. Employers with financial wellness or education programs have the opportunity to offer a variety of programs, including some targeted to the more fragile.

Examples of issues to address for Millennials include:

- Student loan debt. Debt can be a huge barrier to retirement planning and other longer term financial management.
- Emergency funds
- Growing planning horizons. Issues to be considered include moving employees beyond living paycheck to paycheck to longer term management and moving them beyond cash flow planning to broader planning, including debt management, risk management and long-term retirement planning.

Millennials vs. Other Generations: Differences and Similarities

Focusing on the differences and similarities among generations is a good way to understand some of the issues and ways that employers may respond. Where there are differences, employers are faced with the challenge of how to recognize those differences in benefit plan design and communication. They may ask: To what extent do we need to recognize the differences and offer some choices? How much customization should we support?

The differences in how people communicate and respond as well as different time horizons add complexity.

The SOA research indicates many similarities as well as substantial differences among the generations and the way they address financial issues. Some of the key similarities are:

- All of the generations believe the Millennial generation has it harder than the generations before them.
- Paying bills is a key financial priority across generations. The percentage who are having problems paycheck to paycheck varies by generation.
- Some individuals in each of the generations commonly describe themselves as savers, thrifty and investment novices.
- About three in five survey respondents believe they are on track to a financially secure retirement.[2]
- Most respondents agree that adult children should help their parents financially and with regular tasks. All generations recognize the importance of family responsibilities.
- Few believe parents should help adult children if it means they will harm their own financial future.
- About 45% feel optimistic when focused on their finances.
- All generations say they are concerned with paying for long-term care. But concern does not mean action. Other SOA research indicates that relatively few people actually take steps in advance to provide for long-term care costs.

In addition to the issues the SOA study focused on, the generations are similar in that many employed individuals do not have access to financial advice beyond what is provided through their employer and its benefit programs.

Some of the key differences are:

- Millennials are most likely to have a high level of financial fragility.
- Younger generations have shorter financial planning time frames.
- Younger generations are most likely to have debt, with Gen Xers most likely to have mortgage debt and Millennials most likely to have student loan debt.
- Confidence in making financial decisions increases with age.
- Older generations are more likely to feel in control and satisfied, while Millennials are more likely to feel overwhelmed.
- Late Boomers are the most likely to be planners.
- Retirement concerns are higher with younger generations.

The generations also are very different regarding the types of technology they are comfortable with.

Employers Adapting to Preferences and Current Issues of Millennials

As discussed in this article, Millennials[3] are faced with different life histories and challenges than the generation before them. The world that Millennials were raised in uses technology in a way not seen before. Employers can help meet the needs of this group in a variety of different ways. Those strategies should be considered in light of the competitive labor market.

With benefit plans transferring financial risks to employees through DC retirement plans and health savings accounts (HSAs)[4] for health care expenses, helping Millennials navigate these financial challenges is very important and should help employers retain key talent. Through providing access to financial tools, resources and education, employers can enable employees to be successful and reduce their financial fragility.

Employers are expanding the range of benefits offered, both through employer-sponsored programs and voluntary benefits.

The authors' observations with regard to Millennials, regular employment and benefits are as follows:

- **Benefits matter from a competitive point of view.** They are a factor in the choice of employment in competitive employment situations.
- **Student loans are a major problem for some Millennials.** A few companies are finding ways to assist employees with student loans. For example, one company is making contributions into a 401(k) plan to match

TABLE V

Financial Fragility by Generation

	Millennials	Gen X	Late Boomers	Early Boomers	Silents
Financial Fragility Rating	39% Low 35% Moderate 26% High	52% Low 24% Moderate 24% High	57% Low 26% Moderate 13% High	68% Low 21% Moderate 11% High	67% Low 20% Moderate 14% High

Note: Totals may not add up to 100% due to rounding.
Source: Financial Fragility Across the Generations, Society of Actuaries, 2019.

employees' student loan repayments. This is authorized by a private letter ruling and is not generally available to other companies, however.

- **More Millennials are financially stressed compared with other generations.** Financial wellness programs offer various tools, training and counseling to help employees learn to manage their budgets. Managing finances and debt is a precursor both to saving for retirement and to the development of good lifelong financial habits. Increasingly, employers are focusing on integrated financial wellness rather than targeted retirement savings education.
- **Flexibility is important to Millennials.** They value having a flexible work schedule and the ability to work remotely. Voluntary benefits offer a range of choices for workers of all ages. Employers can expect to see a continued expansion of voluntary benefits.
- **Benefit managers are increasingly recognizing the importance of behavioral finance and the opportunities created by data analytics.** They are using data in new ways to create incentives and encourage helpful behavior.
- **Employees look for jobs that offer opportunity for advancement.** Access to job-related education is important for keeping skills up to date. This is important not only to Millennials but to people at all ages.
- **Health and retirement benefits are important to employees, but these plans have increasingly shifted financial responsibility to employees.** It does not appear that job applicants usually compare the provisions of these plans in making job choices.
- **HSAs are getting more attention as a way to use health care dollars effectively.** These accounts are paired with high-deductible health plans (HDHPs), which help employers manage their costs while proving an employee benefit. HSAs also can create an incentive to manage care wisely and possibly create another source of funds for retirement.
- **Retirement benefits are increasingly offered as DC plans.** These plans use defaults and autofeatures to help improve retirement security and steer employees in the right direction.
- **Retirement benefits provided to older employees also affect Millennials.** If older employees do not have adequate resources to retire, it is likely that their continued employment will leave promotion paths blocked. Blocked promotion paths encourage people to seek other employment, leading to turnover and possible loss of employees with high potential.
- **Employers play important roles in providing financial education and counseling to employees.** Online education is generally available, and Millennials are more comfortable with technology than prior employee groups. This offers the potential for technical innovation. However, some Millennials grew up with their parents "holding their hands." They may expect in-person service and on-site seminars.

The Gig Economy

More and more people, particularly Millennials, are employed in the gig economy rather than in traditional jobs with established employers. While these jobs give them freedom and flexibility, they do not offer conventional employee benefits and financial security. Gig worker needs include health benefits, retirement, disability, life insurance, etc. The gig economy includes people in different situations who have very different needs for security attached to their gig employment.

The issue of financial security is very important for those whose gig job is their primary job. Most gig economy workers do not have good financial security based on that work.

More attention should be paid to developing personalized security programs for gig workers. The growth of the gig workforce also makes clear how important Social Security and the Affordable Care Act are to our society. People working in the gig economy are generally responsible for finding their own financial security. Employee associations, open multiple employer plans and voluntary benefits are all possibilities to help gig employees build their benefits, but that is just a start.

Future Issues as Millennials Age

As Millennials age, they are likely to want workplace flexibility and the ability to work longer, often on a flexible or part-time basis, rather than retire.[5] Later retirement, together with the decline of DB plans and increases in Social Security retirement ages, will heighten the importance of having this flexibility.

Options for employers to investigate include:

- Increasing availability of flexible work locations and schedules, with the understanding that more people are likely to work at older ages
- Phased retirement programs
- Making health care benefits available to people who choose flexible work arrangements
- Project work for retirees
- Default options for the payout period in DC plans that provide income in retirement
- Assistance in managing debt and in broad financial planning
- More education and focus on HSAs
- Recognizing that age is not the only determinant of whether an employee can provide value to an employer.

Disability is a major risk facing employees, and if Millennials work longer the risks and challenges related to disability may increase. Disability coverage was integrated with retirement coverage in the early days of DB plans and still is available in many public retirement plans, but that is not true today for most private sector employees. Employers should consider how to provide appropriate disability coverage, especially with DC plans providing the bulk of retirement income. Millennials will likely become more aware of the importance of such coverage as they age. Disability can be particularly difficult within the DC plan environment. A disabled person may lose the opportunity to save for retirement and may need to spend funds saved for retirement during the period of disability.

These ideas address issues for Millennials, but they also will address the needs of many employees in other generations.

Policy Issues for Exploration

There has not been a major examination of pension policy for many years in the U.S. GAO recently called for such an examination (GAO 2017). Support for some of the benefits that will be helpful for Millennials and make sense in the marketplace is challenging under today's retirement plan regulations. With more focus on these issues may come changes in regulations to provide better support to meet current workforce needs.

Policy makers could explore the following issues as they look to the future and addressing the needs of Millennials:

- Responsibly integrating student loan repayment and other benefits
- Offering emergency fund savings vehicles
- Providing safe harbors for distribution options during the payout period and making it easier to provide lifetime guaranteed income features within DC plans
- Expanding the use of autofeatures in DC plans, including personalized defaults instead of a single default
- Liberalizing DC plan rules to allow broader use of savings and maybe a focus on lifetime savings accounts (Towarnicky 2017)
- Rationalizing and simplifying burdensome regulations with respect to benefit plan administration to facilitate plan adoption by smaller employers
- Investigating disparate retirement vehicle availability between those in traditional employment and those in nontraditional positions (e.g., 401(k) vs. IRA)

- Enabling new options for employers to help employees deal with borrowing more effectively
- Reviewing disability coverage and integration of disability with other coverage
- Enabling more benefit options for the gig economy
- Revisiting retirement ages and support for work later in life.

If the federal government follows the GAO recommendations for a broad look at retirement policy, it is important for those looking at the issues to understand how the workforce and society are changing and also to provide the means to adapt to such change.

Conclusion

Millennials are the largest percentage of the workforce today and are more likely to be financially fragile than other generations.

Employers have found that addressing issues specific to Millennials is important both for remaining competitive and for enhancing productivity. Financial wellness programs that are designed to address Millennials' issues are good business. Such programs will also serve other generations well. BQ

Endnotes

1. College costs have risen rapidly over the years, so the younger generations were faced with substantially higher costs for college, and they have ended up with more loans. Based on the College Board's *Trends in College Pricing 2017* report, published in-state tuition and fees at public four-year institutions increased from $3,190 in 2017 dollars for the 1987-88 school year to $9,970 in 2017-18.
2. It should be noted that survey respondents indicated that they are better off than is generally shown by research on retirement adequacy.
3. The research provided in this article focuses on Millennials and earlier generations. Most of the ideas provided for employers for Millennials should also work well for Gen Z, the generation after the Millennials.
4. Health savings accounts (HSAs) allow setting aside pretax dollars for health care costs and carrying over such amounts to be used in future years. They are viewed today as a specialized pretax savings vehicle and are quite popular.
5. The story of whether Millennials work longer as they age will unfold as they reach the period when they could retire or continue working. Predictions of retirement ages are often not realized.

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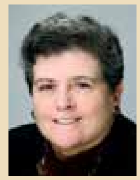
AUTHORS



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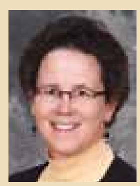

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