



October 19, 2015

## **ADP Sees Continued Generational Gap in Retirement Savings; Recognizes 'National Save for Retirement Week' With Tips to Help Begin Saving More for Retirement**

ROSELAND, NJ -- (Marketwired) -- 10/19/15 -- Only 41.1 percent of employees aged 20-24 are currently saving for retirement compared to 65.5 percent of employees aged 55 and older, according to a study conducted by the ADP Research Institute<sup>®</sup>.

The pattern of older workers saving more for retirement than younger workers continues to hold true from earlier research, and highlights the need for employers to refine their financial education strategies to ensure they are addressing the distinct priorities, needs and desires of each demographic within their workforce to encourage retirement planning.

"It's no mystery that as employees age, they take retirement planning more seriously," said Joe DeSilva, Senior Vice President and General Manager, ADP Retirement Services. "But playing 'catch-up' takes away employees' ability to capitalize on the power of compounding earnings to help their retirement savings grow."

The study, [\*How Employers Can Extend Coverage and Simplify the Retirement Readiness Process\*](#), examined the retirement savings rates of approximately 10 million employees between the ages of 20 and 69 who earned total compensation of at least \$20,000 in 2014 across about 161,000 organizations. In looking at the data, ADP continues to see more employees participating in their plan offering as they draw closer to retirement age. Salary deferral rates also increased with age, with employees aged 20-24 years deferring on average only 4.6 percent of salary, while employees aged 55 and older deferring on average 8.5 percent of salary. Additionally, even as employees race to catch up and save more, average savings levels never approach the optimal double-digit savings rates that are recommended by financial experts.

"We believe that providing plan participants with access to financial education throughout all stages of their career can help to reinforce the importance of retirement planning and increase their financial security," De Silva added. "National Save for Retirement Week is a great time for plan sponsors to help participants reflect on their retirement plans and ensure they're on track."

ADP<sup>®</sup> offers several retirement planning [\*tips\*](#) employers and plan sponsors can share with today's multi-generational workforce.

### ***Baby Boomers -- those born between 1946 and 1964***

- If you're not saving -- start: It's better to have some money at retirement than nothing at all -- it's never too late.
- Try living on your retirement income now. By putting away more of your pay for retirement savings, you can add to your nest egg while adjusting to your new income level in retirement.
- If you are age 50 or older, take advantage of catch-up contributions.
- Review your asset allocation in your retirement plan account. Ensure your investments are appropriate for your age and risk tolerance.

### ***Gen X -- those born between 1965 and 1980***

- Don't wait to reach the catch-up contribution age of 50. Save more now to take advantage of compounding earnings.
- Maximize your savings during your prime earning years by choosing to automatically increase your retirement plan contribution every year. Check with your employer to see if your company's retirement plan offers this feature.
- Save for retirement first. You can borrow for your child's college education, and you can purchase long-term care insurance for elderly parents, but you cannot borrow for your retirement.
- Get an annual financial health check-up. Consider your personal savings, life insurance, investments, credit card debt, mortgage, and retirement savings.

### ***Millennials -- those born between 1981 and 1997***

- Don't wait to save until all your college loans are paid off. Save now to take advantage of compound earnings.
- Establish good money management habits; focus on saving, smart budgeting and planning for emergencies.
- Actively plan your retirement. Even though a retirement plan is offered by your employer, only you can take charge of your future financial security.
- Maximize your savings early in your career by choosing to have your employer automatically increase your retirement plan contribution every year.

- Consider contributing to a Roth 401(k), which may allow you to withdraw funds during retirement tax-free.

#### **About the ADP Research Institute®**

The ADP Research Institute is a specialized group within ADP that provides insights to leaders in both the private and public sectors around issues of human capital management, employment trends and workforce strategy. For more information about the ADP Research Institute, visit: [www.adp.com/research](http://www.adp.com/research).

#### **About ADP** (NASDAQ: ADP)

Powerful technology plus a human touch. Companies of all types and sizes around the world rely on ADP's cloud software and expert insights to help unlock the potential of their people. HR. Talent. Benefits. Payroll. Compliance. Working together to build a better workforce. For more information, visit [ADP.com](http://ADP.com).

*The ADP logo, ADP, and ADP Research Institute are registered trademarks of ADP, LLC. ADP A more human resource. is a service mark of ADP, LLC. All other marks are the property of their respective owners. Copyright © 2015 ADP, LLC.*

<sup>i</sup> How Employers Can Extend Coverage and Simplify the Retirement Readiness Process, ADP Research Institute, June 2015

#### **ADP-Media**

##### **Media Contact:**

Allyce Hackmann, ADP

973-974-3064

[Allyce.Hackmann@ADP.com](mailto:Allyce.Hackmann@ADP.com)

Source: ADP

News Provided by Acquire Media