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RETIREMENT PLANS

# THE RETIREMENT TIMES

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## Guiding 60-Somethings Through the Final Stretch of Retirement Planning


Participants in their 60s are poised on the cusp of retirement, where every move can have big consequences. Plan sponsors have a critical opportunity to support late-career workers' retirement planning efforts by providing relevant tools and communication strategies that help them make more informed choices during these critical years.

Promote "super catch-ups." Participants aged 60 to 63 can accelerate savings while they're still earning. A provision introduced under SECURE 2.0, allows eligible workers to contribute up to $11,250 in catch-up contributions — significantly more than the standard $7,500. Sponsors should proactively communicate this option to employees who are either within or approaching the qualifying age range and help them take advantage of the provision.

Turn attention to income. Many workers in their 60s are highly focused on how to turn their savings into a steady stream of income during retirement. Consider exploring guaranteed income options and assist participants through one-on-one advisory support to help them reduce the risk of outliving their savings.

Support phased retirement. For some older workers, easing into retirement makes more sense than stopping employment cold turkey. Phased retirement into part-time or consulting roles can help participants transition out of the workforce while maintaining income, extending benefit access, and staying engaged. Encouraging contributions past age 65 for those catching up on their retirement goals, offering flexible withdrawal strategies, and providing clear guidance on how benefits interact with continued employment can better support those shifting gradually into retirement.

Support financial wellness for 60-somethings. Segment communications to highlight relevant actions for this demographic. Provide education around decumulation strategies, planning for health care costs, and reducing high-interest debt before retirement.

Educate on Social Security timing. The age at which employees claim Social Security benefits can have a significant impact on their long-term retirement income. Claiming at age 62 results in permanently reduced monthly payments, while delaying up to age 70 can increase payments by as much as 8% per year. The decision also affects Medicare coordination and how long retirement savings must stretch. Providing clear, personalized education can help participants weigh the trade-offs and make more informed decisions based on their individual circumstances and financial goals.

Prepare for Roth catch-up rules affecting older, higher earners. Starting in 2026, employees aged 50+ earning more than $145,000 from the plan sponsor in the previous year must make catch-up contributions on a Roth basis. That includes many workers in their 60s — often their peak earning years and final opportunity to boost retirement savings. Sponsors should act now to ensure their plan is Roth-ready and that employees approaching retirement understand how the new rules may impact their savings strategy.

With thoughtful plan design and targeted support, sponsors can help older participants navigate the often-blurry transition between work and retirement by offering tools and flexibility that support a more personalized off-ramp.

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## How Legislation, Location, and Longevity Are Shaping Retirement Readiness

Retirement planning starts with numbers such as savings targets, contribution rates, and investment returns. These kinds of foundational metrics guide the structure of retirement strategies and inform plan design. Yet even the most precise calculations don't exist in a vacuum. Factors like geography, public policy, and life expectancy function as contextual forces, offering mitigating variables that can shape how those numbers play out in real life. Plan sponsors have an opportunity to support more informed, context-aware decision-making by helping to address these broader considerations.

**Legislation: Implications of Social Security Shortfall Projections**
The latest Social Security Trustees Report moved up the projected depletion date for the combined Social Security trust fund reserves to 2034 — nine years away. Without legislative intervention, that could result in a reduction to roughly 80% of scheduled benefits, potentially signaling a broader planning challenge for today's workers. Plan sponsors can help by encouraging participants to account for any potential variability in their future benefit amounts.

Sponsors aren't expected to predict legislative outcomes in Washington, but offering ways for participants to model around uncertainty may help them make more resilient decisions. As such they can offer educational tools that incorporate different Social Security income scenarios, or that stress-test their retirement plans under reduced benefit assumptions to help provide employees with a clearer picture of how different eventualities could impact them.

**Location: The Geography of Affordability**
The cost of retirement can differ dramatically depending on where someone lives. In light of the accelerated projected depletion of the combined Social Security trust funds, GoBankingRates analyzed the price of a "comfortable" retirement — defined as twice the cost of living — in each state, excluding Social Security income. The most expensive state? Hawaii, with an annual cost of $186,062. The most affordable state, by comparison, was West Virginia, coming in at $64,715 per year. This geographic variability underscores the importance of personalized financial education that helps participants think through not only how much to save, but where their savings can go furthest.

**Longevity: A Blind Spot With Real Consequences**
Perhaps the most overlooked factor in retirement planning is longevity itself. A TIAA Institute and GFLEC study found that more than 60% of adults either don't know or underestimate how long the average 65-year-old is expected to live. Underestimating life

expectancy can lead to inadequate savings, overly aggressive withdrawal strategies, or early benefit claims that don't match the realities of a 25- to 30-year retirement.

Longevity is rarely discussed with the same precision as contribution rates or investment returns, yet it quietly reshapes both of them. For plan sponsors, this represents an opportunity — not to project individual outcomes, but to reinforce planning frameworks that can accommodate a wider range of retirement durations. Supporting tools and conversations that help surface longevity assumptions can lead to more grounded, realistic participant strategies.

Retirement readiness isn't just about helping employees accumulate assets. It's about equipping them to make decisions within an evolving retirement landscape shaped by variables that aren't always captured in a spreadsheet. Sponsors who support context-aware planning can empower participants to make better informed, more resilient choices for the future.

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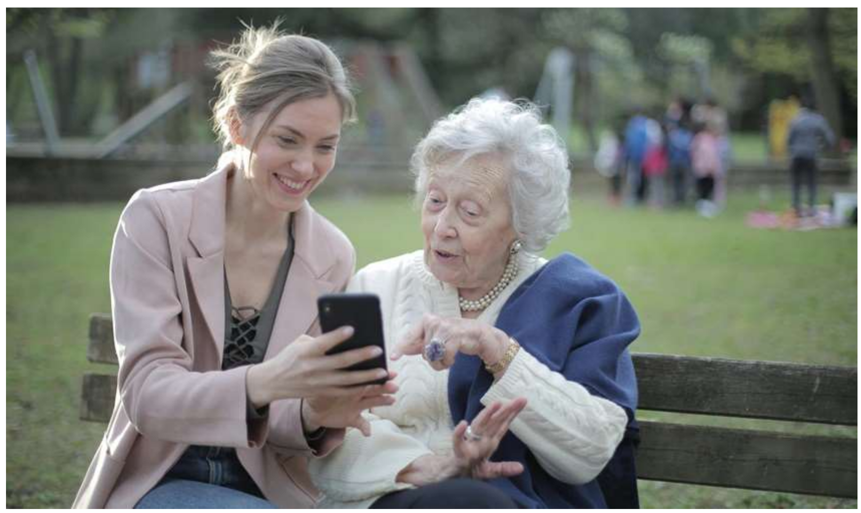
## Talking Retirement Across Generations



In today's workforce, the demographic ages range from Gen Z to Baby Boomers. This is a gap of approximately 60 years! Plan sponsors should be adjusting their communication strategies to better reach each generation.

To understand how to change these communication strategies, look first at the generational preferences for each age group and then how a plan sponsor can adjust messaging.

**Starting with Gen Z** (1997 – 2012), they grew up in the digital boom where they prefer concise, visual content accessible through their phones. They value authentic and transparent information, especially with financial wellness programs. In their current life stage, they are focused on basic financial literacy, moving out, learning how to save for retirement, and entering the workforce. With the overwhelming amount of information available on the internet (that may or may not be reliable), it's important to have very straightforward wording as well as include interactive content such as calculators or readiness quizzes to keep them engaged.

**Millennials** (1981 – 1996) are also extremely comfortable with technology, expect their information to be accessible online, and similarly to Gen Z, also want mobile-friendly content. The financial responsibilities of Millennials are diverse with possibly saving for a house, starting a family, or paying off student loans. With this increased amount of responsibility, they want to view their content when it's convenient for them, which means financial education needs to be available 24/7. When sending out communications, use clear language that relates to their life stage and explains how using different savings tactics now can change the outcome of their retirement years.

**For Gen Xers** (1965 – 1980), they want straightforward information with every detail they will need to make informed decisions. With their retirement age being only 15-20 years away, it's important to communicate projected income needs and understand catch-up contributions when the time comes. Known as "the sandwich generation," this age group is juggling retirement saving, college costs (if they have children), and elder care. Digital communication is not as heavy of a factor as Gen Z and Millenials, and they place a higher value on human guidance, especially for big decisions, leaving you with an option to offer 1-on-1 meetings to boost that participation.

**Lastly, Baby Boomers** (1946 – 1964) are more traditional, leaning towards print options and in person meetings rather than everything digital. Being so close to retirement, their communications should include deadlines and checklists to remind them about age-based milestones. Including information about how to increase their income stream during retirement will be another important factor in getting through to this generation.
Different generations require different needs when it comes to financial and retirement saving education. Tailoring those communications to each group will be imperative to increasing participation across your organization.

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# PARTICIPANT CORNER

## 3 Ways to Retire with Confidence

Frequently, the news about retirement is pretty pessimistic. Pensions no longer exist for most workers, we aren't saving enough, and Social Security is going to disappear. However, things may not be as bleak as they are often painted. Retirement plan consultants suggest three ways that anyone can use to help them retire:

1. **Start saving now.** No matter what your age or financial circumstances, you'll improve your retirement prospects if you start saving now. Ideally, you should set aside at least 10 percent of your income, but it's more important to get started than to worry about exactly how much you can save. An employer-sponsored retirement plan can help you by allowing you to save pre-tax dollars, and the interest on your funds also accumulates free of taxes. You will be taxed at your normal rate when you withdraw funds. If your employer matches all or a portion of your contribution, that will immediately boost your savings.
2. **Choose appropriate investments.** It's important to balance your personal tolerance for risk against potential gains. While conservative investors might want to put all their funds into savings, like money market accounts or certificates of deposit, returns on those types of accounts are low, and often barely outpace inflation. Even conservative investors may need to have a portion of their assets in investments with a higher potential return, such as stocks, to help their portfolios grow.
3. **Maximize your retirement income.** One way to increase your income in retirement is to work longer. You'll have more time to save, and waiting to claim Social Security means you'll get a larger benefit later. Even working part-time will help your retirement income. Other ways to maximize your retirement include downsizing your home and/or moving to a location with a lower cost of living.

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