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Reflecting Generational and Lifecycle Issues in Benefit Plan Management

As we think about differences between generations—life and financial issues that change across the life span, technology usage, economic conditions and changing families—we find that employers are challenged to manage benefits that serve the varying needs of employees. This article reviews research findings on the mosaic of generational, family, decision-making and lifecycle issues that are important to financial security and employee benefits. It provides observations and recommendations for employers about addressing important postretirement and lifecycle-related issues in benefit plans. It also discusses the interaction of earlier life decisions and security later in life and provides observations for employers on these issues.

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Financial needs vary over the life cycle. Perceptions about what is important and how issues are addressed vary by generation. Society of Actuaries research indicates that people have a relatively short planning horizon, and they often underestimate longevity. The research also indicates that people underestimate the impact of widowhood. *Seven Life-Defining Decisions*, a joint project of the Women's Institute for a Secure Retirement and the Actuarial Foundation, identifies the link between retirement security and life decisions made at various points in time. *The New American Family*, a joint study by the MetLife Mature Institute and the Society of Actuaries, focuses on family issues and how they impact planning for financial security.

Generations are different because of their different positions in the life cycle, and they are influenced by the time in which they grew up. Today, there are vast differences in the use of technology and methods of communication by generations.

This article reviews research findings on generational, family, decision-making and lifecycle issues that are important to financial security and employee benefits. It provides observations and recommendations for employers about addressing important postretirement and lifecycle-related issues in benefit plans. It also discusses the interaction of earlier life decisions and security later in life and provides observations for employers on these issues.

Related Employer Issues

As we focus on the issues related to multiple generations and lifecycle stages, we will be considering a number of employee benefit management issues. Some of the questions that employers will ask are as follows:

- What service and communication models should we use? Comfort with various models varies greatly by generation, but each generation also includes some people who are not comfortable with technology.
- If we use a technology-based approach, will we have some people who are unable or unwilling to use that approach, and how will we service them? Many plan sponsors have some plan participants who will not use technology. The 2011 ERISA Advisory Council explored issues of privacy and security as they applied to employee benefit plans. Discussions with multiemployer plan administrators indicated that the plans they service include some participants who do not use technology, forcing them to maintain dual approaches (Department of Labor, 2012). A Federal Reserve study on banking behaviors of adults aged 40 and over indicated that there are significant numbers of people who do not use technology for banking transactions (Federal Reserve Bank, 2013).
- How do we use behavioral finance findings to help structure programs to make them more effective? Do different generations respond to framing and nudges in different ways? Many benefits today require individual action, and framing of the messages is very important. However, different generations respond better to communication strategies customized to their situations.
- What benefits should we offer? Recognizing the different needs of individual employees, how much of the benefit package should be offered to everyone, and how much of it should be voluntary with employees paying all or part of the cost? As families and employee preferences are changing, how do we accommodate people at all life stages?
- Since younger generations change jobs more frequently, how portable do benefits need to be? How can we ensure such portability?

Employers need to balance the diverse needs, communication styles and technological capabilities as they attempt to build benefit programs and delivery systems that will work for an entire workforce.

Context and Current Environment

As we consider the issues related to multiple generations, we are doing so in the context of major shifts in the economic security environment over the last 25 years. One of the difficulties of dealing with generational (and cohort) issues is that personal expectations develop when people are young and change over time. Some of the key issues today include:

- **Sense of job insecurity.** Through much of my career, American workers with full-time jobs had a sense of job security. They believed that if they did their job well they could achieve career employment. Early in my career, layoffs of white-collar and professional workers were rare, whereas today they are commonplace. It is not unusual for entire business units to be shut down, or individual jobs to be eliminated. For many years, when an organization was entering a new venture or introducing a new product, it was an opportunity to work on it and grow with it. Today, such positions are viewed as being risky. If the new venture does not succeed quickly, the people working on it will probably be laid off. Getting laid off can have very different financial and life consequences for different people. In many situations, it is a career setback. However, it is not unusual to get severance pay when getting laid off. In a few situations, getting laid off becomes a nudge to find new directions. In today's environment, there is a high value placed on being prepared for change. It is important to have resources to weather a period of change. It is not prudent to expect long-term employment stability.
- **Mergers and spin-offs.** In many industries, larger companies are built by a series of mergers. This was true in the benefit consulting industry where I worked for many years. At the same time, when a company acquires another company with multiple business units, it is common for the new company to spin off the businesses that do not fit the new company well. Often long-service employees have been in an organization that has had three or four different owners during their career and have had benefits that changed during the evolution of the company.
- **Bond between the company and the employee.** The

sense of loyalty that existed when I started working and through much of my career is gone in most organizations. People are working for the present and hope to have a good future, but today there are few private sector jobs where there is a strong bond of two-way loyalty. The growing income inequality in the United States also has served to reduce the loyalty of most workers to their employer.

- **Personal identity more linked to profession than employing company.** When I was young, it was very common for individuals to have a strong sense of loyalty linked to the firm. Today, it is much more common for the bond to be to a particular profession. Many younger people are very willing to move between firms if they believe it is in their best interests.
- **Global competition and outsourcing.** For many years, Americans earned significantly more than people in many other countries. Global competition has narrowed the wage gap, and many jobs have been sent overseas. With technology, both manufacturing and processing of paper can be moved to the most advantageous place. This puts pressure on productivity and compensation.
- **Rising health care costs.** There have been huge increases in health care costs in the United States, leading to increasing employer and employee spending for health care. Health care benefits also have been an important factor in the selection of jobs and ability to make career changes by individuals. Rising health care costs have crowded out spending for other benefits and have had a negative impact on the rest of the benefit package. They also have had a negative impact on individual earnings and corporate profits.
- **Shift to defined contribution (DC) plans.** There has been a major shift away from defined benefit (DB) plans to DC plans as primary retirement vehicles. The traditional DB plans were designed to provide income in retirement and to allow continuation of the preretirement standard of living for career employees. DC plans with significant amounts saved and invested appropriately over a long time and drawn down prudently can produce very good retirement security. In many situations, however, there is not enough saved and, at other times, amounts saved may be used prior to retirement. The shift to DC means a shift to retirement financial insecurity for many people.
- **Balance between financial and nonfinancial assets.** Many middle-income American families nearing retirement age do not have adequate assets for retirement. *Mass middle* couple households (25% to 75% of couple households) between the ages of 55 and 64 had median financial assets of $96,000 in 2010. For this age group, mass middle single female households had median financial assets of $7,000 and single males had $13,000. Nonfinancial assets count for the greatest part of their assets for many such families (Society of Actuaries, 2012). Housing is the primary source of nonfinancial assets. Families who spent a lot of money on housing with the idea that they could sell the house and downsize, providing them with a significant financial asset to help support retirement, are often finding that this strategy has failed. And in some cases, families with two homes who expected to sell one may be disappointed.
- **Growth of student loans.** Student loans are an increasing burden on college- and graduate school-educated individuals as they enter the workplace. According to a Pew analysis of Survey of Consumer Fi-

Case Study: Challenges for Recent Labor Market Entrants

The author knows of John, a young attorney with a very good academic record and good job skills who spent the first few years out of law school doing part-time and pro bono work in associations and local law firms. After he got a full-time position in a suburban firm and did well with the clients, the firm experienced a drop in business and could not keep him on the payroll. He was able to work out of the firm's office and do projects, but this was not adequate. He is considering seeking a job as a restaurant manager while continuing to do legal work as it is available.

Case Studies: Housing and Family Finance

Two anecdotes serve to illustrate the impact of these issues on different generations. Several years ago, the wife of an up-and-coming military officer told me that they were being encouraged by a real estate agent to buy a home that was far more costly than they could afford. The real estate agent assured them they could get a mortgage. Fortunately, they did the analysis, understood that they should not spend more and did not accept that advice.

Another family was not so fortunate. A boomer family with both spouses working and earning a combined income of more than $175,000 was concerned about how to build savings after the difficult stock market conditions in 2001. They saw housing prices rising and decided to buy a vacation home on the shore as a better investment than stocks. They bought a condo, got a mortgage and later had to pay large special assessments. They were "fortunate" (or so they thought) to be able to use house equity and increase the loan balance. While prices in the area had increased a great deal during the housing bubble, they fell even more and have not recovered fully. Their mortgage is underwater today, and their second home, rather than helping them build retirement savings, has been an ongoing financial drain.

nances data, 40% of households headed by someone younger than 35 owe such debt (Pew, 2012), and 19% of all U.S. households had such debt, up from 9% in 1989 (Pew, 2012). College costs have increased a great deal, contributing to increased borrowing. The situation was aggravated because recent graduates often found it difficult to find suitable jobs. It is the author's view the combination of student loans and a challenging job market will have a significant impact on the future careers and financial path of millennials. One of the likely longer term impacts will probably be a delay in starting to save for retirement.

- **Housing prices and mortgages.** There was a major run-up in housing prices in the early 2000s after the stock market bubble linked to tech stocks burst and left the stock market much more fairly valued. Many people, both individuals and the financial community, acted as if they believed that housing prices could only rise. Contributing to the housing bubble were extremely easy-to-get mortgages, often lending close to the full perceived market value of the house. Financial market liberalization and innovation led to mortgages that were extremely risky, particularly for economically vulnerable families (Emmons and Noeth, 2013). Mortgages were granted for unaffordable amounts, often with the idea that the expected increase in housing values would make them a good idea. After housing prices crashed around 2007, many people found themselves with *underwater mortgages*, i.e., the mortgage balance that they owed was greater than the market value of the house. The problem of underwater mortgages persisted and still exists in 2014.
- **Family structures.** As time goes on, there are more blended families, more divorces and many children raised in single-parent households. Marriage occurs later, and some couples live together for many years without marrying. In states that recognize same-sex marriage, these couples have the same rights as other married couples. There are fewer dependent stay-at-home spouses. The family structure situation varies somewhat by generation. Data shown below from Pew Research shows different attitudes by generation to a variety of family issues. Data shown from the *New American Family* study shows characteristics of families nearing retirement by type of family.

The Generations

There are four generations commonly identified in discussions about generational differences. They vary based on the values and ideas they learned when they were growing up, their personal values and the competitive labor markets and economic conditions during their work lives. Their communication styles also are

TABLE I

What Makes Your Generation Unique?
Top Five Characteristics Among Respondents Who Said Their Generation Was Unique

Veterans or Silents Born: 1922-1945	Baby Boomers 1946-1964	Generation X 1965-1980	Generation Y or Millennials 1981-2000
WWII, Depression (14%)	Work ethic (17%)	Technology use (12%)	Technology use (24%)
Smarter (13%)	Respectful (14%)	Work ethic (11%)	Music/pop culture (11%)
Honest (12%)	Values/morals (8%)	Conservative/traditional (7%)	Liberal/tolerant (7%)
Work ethic (10%)	"Baby boomers" (6%)	Smarter (6%)	Smarter (6%)
Values/morals (10%)	Smarter (5%)	Respectful (5%)	Clothes (5%)

Source: Pew Research Social & Demographic Trends. *Millennials: Confident. Connected. Open to Change,* February 2010.

TABLE II

The Generations, Social Connections and Technology (A View in 2010)

Generation	Veterans or Silents	Baby Boomers	Generation X	Generation Y or Millennials
Year of Birth	**1922-1945**	**1946-1964**	**1965-1980**	**1981-2000**
Do you have a profile on a social networking site? (% saying yes)	6%	30%	50%	75%
Do you sleep with your cell phone? (% who have ever placed their cell phone right next to their bed while sleeping)	20%	50%	68%	83%

Source: Pew Research Social & Demographic Trends. *Millennials: Confident. Connected. Open to Change,* February 2010.

very different. Research in this article on the generations is cited from the Pew Foundation, from a paper setting forth workplace characteristics and from the 2002 National Summit on Retirement Savings (U.S. Department of Labor, 2002).

Research From the Pew Foundation

The Pew Foundation studied younger Americans, the millennials, and how they compared to other generations in 2010. We focus here on how the generations described three things—themselves, technology and family issues.

The Pew study provided insights about what the generations were thinking in 2010 (Table I).

The millennials and Generation X defined technology as their top unique characteristic. Baby boomers defined their work ethic as their top unique characteristic, and the silents defined their shared experiences of World War II and the Great Depression as most important. The millennials were the only group who did not include work ethic in their five top characteristics. This could change as they mature.

Two of the issues Pew focused on provide a good snap-

TABLE III

Different Views on Marriage and Family
Weighing Trends in Marriage and Parenthood, by Generation
(% saying this is a bad thing for society) (A View in 2010)

	Veterans or Silents	Baby Boomers	Generation X	Generation Y or Millennials
More single women deciding to have children	72%	65%	54%	59%
More gay couples raising children	55%	48%	36%	32%
More mothers of young children working outside of the home	38%	39%	29%	23%
More people living together without getting married	58%	44%	31%	22%
More people of different races marrying each other	26%	14%	10%	5%

Source: Pew Research Social & Demographic Trends. *Millennials: Confident. Connected. Open to Change,* February 2010.

shot of how the generations differ with regard to connectedness and technology. While 75% of the millennials have a profile on a social networking site, only 30% of baby boomers have such a profile. The statistics also understate the potential difference in use of such sites. Some individuals use a social networking site as a major communications strategy, whereas others rarely use these sites even though they have accounts. The same type of difference applies to cell phones. Some users of cell phones use them as their major method of staying connected, whereas others have them but use them much less frequently (Table II). The Pew report also offers insights about changing attitudes to families (Table III).

Pew Research found in 2013 that after the great recession, more millennials are living at home and seeking to establish independent households. In 2010, fewer millennials owned their own homes and automobiles than in 2007 (Pew Research, 2013). The *PNC Financial Independence Survey* searched for insights into the situation and mind-set of millennials in 2013. The survey also was conducted in 2011. The survey found that millennials viewed three factors as key to achieving financial independence: paying the bills, obtaining a full-time job in a preferred profession and moving out of their parents' home. However, many of the millennials had not achieved independence on these measures. Only 60% were able to pay their bills. Only 35% of 25- to 29-year-olds described their current job as an established position in their chosen field. The survey found that the group in 2013 was less secure than the group in 2011 (PNC Financial Services Group, 2013).

A View of Generations and the Workplace

Greg Hamill, in *Mixing and Managing Four Generations of Employees,* provides a summary of differences in workplace characteristics by generation. His summary of workplace characteristics is shown in Table IV.

Various research has looked at the differences in the generations. Hamill focused on what they mean for people in the workplace. The different experiences that people grew up with have led to differences in how people communicate, interact and lead. Understanding these differences is important

TABLE IV

The Generations and Workplace Characteristics (A View From 2005)

Generation	Veterans or Silents	Baby Boomers	Generation X	Generation Y or Millennials
Year of Birth	**1922-1945**	**1946-1964**	**1965-1980**	**1981-2000**
Work ethic and values	Hard work Respect authority Sacrifice Duty before fun Adhere to rules	Workaholics Work efficiently Crusading causes Desire quality Question authority	Eliminate the task Self-reliance Want structure and direction Skeptical	What's next Multitasking Tenacity Entrepreneurial Tolerant Goal-oriented
Work is . . .	An obligation	An exciting adventure	A difficult challenge A contract	A means to an end Fulfillment
Leadership style	Directive Command-and-control	Consensual Collegial	Everyone is the same Challenge others Ask why	(To be determined)
Interactive style	Individual	Team player Loves to have meetings	Entrepreneur	Participative
Communications	Formal Memo	In person	Direct Immediate	E-mail Voice mail
Feedback and rewards	No news is good news Satisfaction in a job well done	Don't appreciate it Money Title recognition	Sorry to interrupt, but how am I doing? Freedom is the best reward	Whenever I want it, at the push of the button Meaningful work
Messages that motivate	Your experience is respected	You are valued You are needed	Do it your way Forget the rules	You will work with other bright, creative people
Work and family life	Ne'er the twain shall meet	No balance Work to live	Balance	Balance

Source: Hamill (2005).

if the various generations are to work together efficiently. The recent recession also had varying impacts on each generation that are important to understand.

The 2002 National Summit on Retirement Savings

The 2002 National Summit on Retirement Savings was structured to focus on the differences in generations (Department of Labor, 2002). I was a delegate at that summit. The summit report suggests differences in communication styles to fit different generations and highlights some of the key issues related to the generations and retirement savings. More about the summit findings is in an appendix to this article.

A synthesis of these ideas sets the stage for benefit managers thinking about these issues. They also need to consider how the economic environment influenced people at various times and how values and experience have interacted with other factors (Table V).

TABLE V

The Generations: A Context for Benefit Management (A View From 2013)

Generation	Veterans or Silents	Baby Boomers	Generation X	Generation Y or Millennials
Lifecycle stage	Mostly retired	Nearing retirement and retired	Midcareer	Growing up and early career
Dealing with money	Put it away Pay cash	Buy now, pay later	Cautious, conservative Save, save, save	Earn to spend
Common support for retirement savings by employers	DB plans were the majority of programs	Shift from DB to DC plans; expectations changed during their careers	Mostly DC except for public sector employees	Mostly DC except for public sector employees
Communications in the workplace	Formal memo	In person E-mail, texting (but much less than younger groups)	Direct Immediate E-mail, texting Shorter communications	Texting E-mail Voice mail Very short communications
Grew up with these communications styles	Rotary phones One-on-one Writing letters and memos	Touch-tone phones Call me anytime	Cell phones Call me at work	Texting (prefer texting to talking) Internet and social media E-mail
Use of the Internet	Not extensive Many do e-mail Very limited use of social media	Extensive Uses e-mail Very mixed in use of social media	Extensive Text regularly Social media users E-mail	Extensive Text heavily Social media used regularly Build relationships online
Likely comfortable with self-service automated benefit administration	Many people will not be comfortable and would need alternatives	Most people should be able to handle	Generally good	Generally good
Family	Traditional nuclear; relatively large number of of children	Changing family patterns; more divorce; married and had children later; more two-earner families	Some grew up as latchkey kids; both parents work; divorce common; single-parent households; blended families	Blended families much more common; many single-parent households
Impact of the Great Recession	Relatively little impact (Emmons and Noeth, 2013)	Varies by individual but big impacts on job losers, those with large mortgages	Big impacts on job losers, those with a lot of their assets in home values and large mortgages	Made it difficult for them to get jobs, get established on their own

TABLE VI

Life Stages and Typical Financial Issues and Decisions

Lifecycle Stage	Important Issues	Typical Decisions	Comments
Early career	Getting a good job Career progress Student loans Debt management Starting family	What type of job to seek Whether to marry Housing choice Life insurance and disability coverage 401(k) participation and how much to save	Choice of job type influences benefits and long-term security Student loans have become much more important in recent years, particularly when individuals with loans have difficulty getting a decent job
Midcareer	Career progress Debt management Home ownership Raising families College savings for children Retirement savings	Marriage and divorce Having children Housing choice Job changes Savings and investments Life insurance and disability coverage	
Nearing retirement age	Job security Caring for parents and older family members Children in college Debt management Affordability of retirement More chronic illness Sources of advice	Investing assets Whether and when to retire Life insurance and disability coverage Marriage and divorce	Critical to make up shortfall in retirement savings at this time May need to make major adjustments in lifestyle Typical situation changes by generation; today's group nearing retirement is impacted by housing crisis, substantial debt, decline of DB, inadequate savings
At retirement	When to retire Where to live Whether to continue working Sources of advice	Housing and location choice When to collect Social Security Benefit elections in employer plans	
Postretirement	Asset management Debt management Health and long-term care planning Protection of spouse after one partner dies Sources of advice	Method, if any, of paycheck replacement Investing assets Marriage and divorce	Future retirees will be much more on their own than past retirees

TABLE VII

Financial Situation and Banking Behaviors of Older Americans Findings From a Federal Reserve Survey of Older Adults

Age group	40-49	50-59	60-69	70+
Percentage who carry a secured debt (mortgage, home equity loan or home equity line of credit)	72%	59%	48%	29%
Percentage using various methods to monitor account balances and make deposits and withdrawals				
In person at a bank branch	47%	48%	53%	59%
ATM	48%	39%	39%	30%
Telephone	20%	22%	22%	19%
Online at a computer	74%	70%	65%	54%
Bank app on mobile	18%	10%	6%	2%
Rely on others	3%	2%	2%	6%

Source: Federal Reserve Board, *Insights into the Financial Experiences of Older Adults: A Forum Briefing Paper,* July 2013.

Lifecycle Stages and Important Issues

Some of the issues that affect benefit management are generational, and others are more life cycle-related (Table VI). The move from early to mid- and late career happens to each generation. But the impact of economic events and trends such as the decline of DB plans and the growth of student loans varies by generation.

The boomers are particularly affected by the decline of DB plans since the change took place midcareer for them. They were not prepared culturally to take the responsibility for retirement handed to them. They also did not have the benefit of having been encouraged to save during their younger years. It is likely that few expected DB benefits would be cut back in their later years. Many probably did not focus on the long term, but some may have been led to a false sense of security by their expectations about what DB and Social Security would provide. However, later on, when in their 40s and 50s, they faced the reality of having their safety net reduced at the same time they were struggling with educating children and helping older parents. Some boomer families are helping children who they had hoped would be independent, but the children are still struggling to get established. Many of the boomers who counted on rising home values have experienced major asset losses and, of this group, many are struggling to meet mortgage obligations. Some have lost homes to foreclosure. A variety of factors have interacted to make retirement more difficult for some boomers.

For today's young people, student loans combined with a difficult job market tend to overwhelm their early career financial strategies. It is more difficult to gain independence, to start a family and to buy a house. Starting retirement savings is often not on their radar screen.

Decisions made throughout life can have unintended impacts on longer term financial security. For example, married couples are taxed differently than single individuals living together. Married couples have rights to participate in their spouse's benefit plans, and they get Social Security benefits. If married couples divorce after ten years, they have rights to Social Security benefits, but they have no such rights if they divorce in less than ten years. While living together without being married is very socially acceptable for many Americans, it can have long-term economic consequences (Women's Institute for a Secure Retirement, 2008). I believe that some of the people who make choices about marrying or not marrying do not understand the longer term economic implications of these choices. I find that troubling.

Different types of jobs have very different employee benefits. Moving between jobs can cause loss of benefits. It is important to help people understand the impact of life decisions on financial security and to help them make in-

TABLE VIII

Wealth of Middle-Income Households—Ages 55 to 64

Analysis based on 2010 Survey of Consumer Finances

Household Type	Number of Households	Median Income	Estimated Median Net Worth	Nonfinancial Assets	Financial Assets	Nonfinancial Assets (%)
Mass middle household segments (25% to 75% of all households)						
Married	5.7 million	$82,000	$277,000	$181,000	$96,000	65%
Single female	2.7 million	$32,000	$41,000	$34,000	$7,000	82%
Single male	1.8 million	$44,000	$76,000	$63,000	$13,000	83%
Mass affluent household segments (75% to 85% of all households)						
Married	1.1 million	$146,000	$1,241,000	$671,000	$570,000	54%
Single female	.5 million	$64,000	$185,000	$117,000	$68,000	63%
Single male	.4 million	$85,000	$339,000	$214,000	$125,000	63%

Source: Society of Actuaries, *Segmenting the Middle Market: Retirement Risks and Solutions,* Phase I report updated using 2010 Survey of Consumer Finances data. Updated report published in 2013.

Note: Financial assets exclude the value of DB pensions and Social Security.

formed choices (Women's Institute for a Secure Retirement, 2008). I believe that often these decisions are made without understanding all of the longer term issues.

The Federal Reserve Bank has surveyed Americans aged 40 and over to understand their financial experiences. The results provide insights into the use of home-secured debt and methods of banking (Table VII).

As indicated earlier, many millennials use cell phone technology at a much higher rate than boomers and silents. The banking choices of individuals at different ages provide insight into the benefit administration choices that will be most effective for different age groups.

Background Financial and Family Information

As we consider the different issues by generation and life cycle, some basic data offers additional context. The median income and wealth of middle-income American households nearing retirement is shown in Table VIII. Many boomer households without DB plans do not have adequate assets to retire at their current living standard. Nonfinancial assets are much larger than financial assets (not counting the value of Social Security and DB pensions) for both mass middle and mass affluent (75% to 85% of the total) households. It seems likely that the Generation Xers will be better off when it comes to savings. They have a stronger awareness of the importance of savings and will have had a much longer period to understand the importance of savings.

An analysis by economists from the Federal Reserve Bank of St. Louis of how different types of households fared in the financial crisis points to the vulnerability of households that had risky balance sheets, including relatively large amounts of housing and other debt. These households were particularly vulnerable if they suffered a job loss (Emmons and Noeth, 2013). That analysis also compares rates of return by households on different types of assets and finds that residential real estate had low returns compared to financial assets and pension accounts (Table IX).

TABLE IX

Average Annualized Percent Rates of Return (Nominal) and Rank by Asset Type, 1983-2001 and 1983-2007

Asset type	1983-2001	Rank	1983-2007	Rank
Financial assets, including stocks	13.1%	1	10.3%	1
Pension accounts	11.8%	2	7.0%	2
Liquid assets	4.0%	5	4.8%	4
Business plus nonhome real estate	5.4%	3	5.4%	3
Residential real estate	4.3%	4	4.7%	5
Inflation (CPI-U)	3.2%		3%	

Source: Emmons and Noeth (2013).

TABLE X

Median Household Debt and Percentage of Households Holding Debt

All Dollar Amounts in 2011 Dollars

Age group	Median household debt 2000	Median household debt 2011	Percentage holding debt 2000	Percentage holding debt 2011
U.S. total	$50,971	$70,000	74.2%	69.0%
Under age 35	$40,240	$45,300	81.5%	72.2%
35-44	$86,650	$108,000	85.5%	79.6%
45-55	$63,445	$86,500	85.9%	78.9%
56-64	$42,654	$70,000	76.8%	73.0%
65 and over	$12,072	$26,000	41.0%	44.4%

Source: U.S. Census Bureau, *Household Debt in the U.S.: 2000 to 2011.*

Debt is a very important issue for some families. Debt is an issue at different stages in the life cycle. Median debt is increasing at all age groups, but the percentage holding debt did not increase from 2000 to 2011, except among those aged 65 and over (Table X).

Another Pew study shows that debt is increasing among older adults. Debt was compared in the original *Health and Retirement Study* (HRS) cohort interviewed in 1992, the war baby group interviewed in 2002 and the early boomers interviewed in 2008. The percentage of people aged 56 to 61 arriving on the verge of retirement with debt rose from 64% in 1992 to 71% by 2008. The median amount of debt in 2012 dollars increased from $6,200 in 1992 to $19,100 in 2002 and $28,300 in 2012 (Lusardi and Mitchell, 2013).

Marital status varies by age among older Americans. This demographic pattern will be repeated for all generations, although they could differ in the number of divorces and the tendency to remarry. In the aged-85-and-over group, while 60% of men are married, only 15% of women are married (Table XI).

A survey of Americans aged 45 to 80 provides insights into the differences between families by family type. Differences like this persist across generations, although the number of children is likely to be different by generation (Table XII).

The data for the reported family groups without children is shown in Table XIII.

The *New American Family* study results did not show big differences between blended families and first marriages. It turned out that the biggest differences were between couples and noncouples, and not between those with children and those without children. Between 40% and 60% say they are from families with a strong culture of helping each other. For retired individuals, this can work two ways—They can help children, grandchildren, siblings or others, or they can be the recipients of help. It appears that family issues are often not considered in planning, and there is an opportunity to do much more in that regard. Different and special issues in blended families likely exist, but the survey results did not document these issues.

TABLE XI

Percentage of the Population by Age and Marital Status

	Ages 65-74	Ages 75-84	Ages 85 and over
Men			
Married	78%	74%	60%
Widowed	8%	17%	34%
Divorced	10%	6%	2%
Never married	4%	4%	3%
Women			
Married	57%	38%	15%
Widowed	26%	52%	76%
Divorced	13%	7%	4%
Never married	4%	3%	4%

Source: Older Americans 2008: Key Indicators of Well-Being, downloaded from www.agingstats.gov on May 9, 2010; source cited as U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement.

Conclusions

As we think about differences between generations—life and financial issues that change across the life span, technology, economic conditions and changing families—we find that we need to manage benefits that serve the needs of employees that vary and can be viewed as a mosaic. The customer for benefit programs has changed over time, partly as a result of the differences in generations, but also in response to changing economic conditions. There has been a huge growth in technology, but there are many differences in the way different generations and individuals respond to the new technology. While some embrace it totally, others do not use it at all. As employers respond to this mosaic, they should keep the following in mind:

- Debt is a huge issue for many families.
- Couples are much better off than singles.
- Job security has become a huge issue.
- Many families will not be able to save enough for a secure retirement.
- Work options to help people work longer and better retirement benefits will be needed.
- The rationale for offering employees choice in benefits remains very strong.
- Internet- and cell phone-based benefit support solutions will work well for some employees but not for others.
- Framing matters, but it is important to consider the needs of employees at different life stages and in different generational groups.

The bottom line is that there are a lot of challenges for employers. Many of today's workers face severe financial challenges, and employee benefits remain vital to their financial security. Workforce diversity makes it more challenging to design and manage benefit plans that will fit the needs of any workforce. No matter what an employer does, what seems to make the most sense to one group may not appeal to and meet the needs of other groups.

Appendix

More Information From the Saver Summit

The summit report encouraged delegates to understand how as each generation ages, it will bring something new into that phase of life. It also indicated that each generation will change the mood of society as it ages. The summit focused on building

TABLE XII

Differences in Households with Children by Family Type
Family Characteristics and Retirement Planning Responses

	First marriage with children	Second marriage with children	Unmarried couples with children	Divorced or separated with children	Widowed with children
Average age	59.5	59.3	55.2	58.5	66.2
Average household income	$69,000	$65,000	$57,000	$39,000	$34,000
Average household assets	$236,000	$189,000	$148,000	$102,000	$117,000
Percent owning homes	88%	84%	60%	57%	71%
Average number of children	2.5 children and 4.6 grandchildren	3.7 children and 5.7 grandchildren	3.7 children and 4.8 grandchildren	2.6 children and 4.4 grandchildren	2.7 children and 5.6 grandchildren
Percent on track to meeting retirement goals	37%	30%	23%	16%	29%
Percent who say they are behind	41%	46%	43%	45%	35%
Percent with strong family culture of helping one another	55%	57%	45%	54%	60%
Percent who feel family needs are a barrier to retirement security	38%	44%	36%	34%	26%

Source: The New American Family: The MetLife Study of Family Structure and Financial Well-Being, 2012.

generation-specific action plans with important and compelling messages targeted by generation, and it encouraged a focus on appropriate partners for delivering messages. Delegates were encouraged to build on meaningful similarities by generation but not to dismiss real differences. It also indicated that the differences by generation were generally comparable across gender, racial and ethnic groups with similar income levels. The summit work was done in small groups. Some of the findings that were common across groups included the following:

- Placing retirement savings within the context of other financial and life-stage issues;
- Recognizing that the Internet is a powerful medium for reaching all generations, but not the only means of communication;
- Recognizing the value of a generation and life-stage approach for outreach and education, while keeping in mind those principles and human behaviors that are universal across generations;
- Remembering that each generation influences the other generations, so reaching out to one generation can have a ripple effect on others. For example, silent generation grandparents have influence on their millennial grandchildren, while millennials have influence on their Xer and boomer generation parents.

—U.S. Department of Labor, 2002

The summit report characterized millennials as confident, hopeful and patriotic. It stated that strong family ties and parental involvement may show up as rigorous structure and hyperactive scheduling. Millennials were described as very goal-oriented. The report found three areas where they were unlike prior generations:

1. They are the most financially savvy generation in history, often privy to their families' financial decision making and carrying their own credit cards.
2. They are highly multicultural and matter-of-fact about ethnic differences.

TABLE XIII

Family Characteristics and Retirement Planning Responses for Other Households (Households Generally Without Children; Results Combined for Never-Married Singles)

	First marriage	Divorced or separated without children	Widowed without children	Singles (with or without children)
Average age	58.2	58.4	62.4	54.6
Average household income	$67,000	$31,000	$39,000	$32,000
Average household assets	$224,000	$104,000	$178,000	$110,000
Percent owning homes	85%	51%	71%	43%
Percent on track to meeting retirement goals	40%	22%	31%	17%
Percent who say they are behind	35%	32%	39%	36%
Percent with strong family culture of helping one another	42%	41%	45%	49%
Percent who feel family needs are a barrier to retirement security	32%	26%	19%	31%

Source: The New American Family: The MetLife Study of Family Structure and Financial Well-Being, 2012.

3. Those with computers take globalism and 24/7 connectivity for granted. However, evident in this generation is the divide between those with access to computers and other digital technologies and those without.

—U.S. Department of Labor, 2002

The summit recommended use of advanced multimedia with millennials and pointed out that communications should be goal-oriented, positive, team-oriented, entertaining and exciting.

The summit identified Generation X as coming of age during the most profound economic, societal, cultural and workplace changes since the Industrial Revolution. Their lives have been influenced by downsizing, reengineering, mergers, technology and globalization. Gen Xers are more loyal to individuals and institutions. The summit report identified several things to keep in mind when shaping messages to the Gen Xers. They want to define their financial planning in terms of the life they want to lead. They prefer seeing options in order to give them choice and control. This enhances their sense of freedom. They want to understand quickly what the bottom line is.

The summit characterized boomers as independent, well-educated risk takers who mistrust authority and love designing alternatives to the established system. This is a generation that has not saved well. The summit indicated that outreach to boomers should not be authoritarian. Coaching and helpful advice can be effective. Technology can be used with this group.

The summit pointed out that silents were good savers because of their experiences with the Great Depression and World War II. It also pointed out they spend most freely on travel, homes, cars and grandchildren. Effective communications to this group were identified as those that used nostalgia, courtesy, politeness, personalized service and plenty of information. Messages need to be simple and clearly presented. BQ

AUTHOR

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