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## **Generation X 401(k) savers indicate Financial Peace Of Mind as Major financial objective**

### **Survey reveals 401(k) savers' attitudes, behaviors across 16 financial objectives and four areas of advice**

BALTIMORE, Feb. 5, 2018 /PRNewswire/ -- T. Rowe Price has announced the results of the third installment of its [Retirement Savings and Spending survey](#), revealing that 77 percent of Generation X retirement savers with 401(k)s view having financial peace of mind as a major financial objective, leading the 16 financial objectives scored in the survey. The survey asked respondents across all generations to categorize each financial objective as major, minor, or not an objective. Of the financial objectives cited as major, having financial peace of mind, maintaining an acceptable quality of life (cited by 70 percent), and saving for retirement in a 401(k) (65 percent) were the top three for Generation X.

Additional findings across all generations include:

- 1 **More women than men cite financial peace of mind as a major objective.** Seventy-five percent of all respondents view having financial peace of mind as a major objective, with 83 percent of women selecting it as a major objective compared with 71 percent of men.
- 1 **401(k) contribution rates are trending upward.** This is especially true of millennials (ages 18-35), 45 percent of whom said their expected contribution rate is now higher than their contribution rate in the last 12 months. For Generation X (ages 36-51) and baby boomers (age 52 or older), 36 percent and 30 percent, respectively, said they expect to increase their 401(k) contributions in the coming months.
- 1 **Employer match makes a difference.** The majority of individuals determine their contribution rate based on their employer match, with 65 percent taking full advantage of the match.

The survey examined the attitudes and behaviors of 3,022 adults, focusing on Generation X's financial objectives and attitudes toward financial advice.

"Those in Generation X are at a time in their lives when awareness and concern for their retirement savings is steadily increasing," said Anne Coveney, senior manager of retirement thought leadership at T. Rowe Price. "This group is also balancing competing financial demands, with the majority of them indicating their households have numerous financial objectives. Fortunately, this generation has shown a desire for financial advice to help them reach their goals. They are also at a stage in their lives where there is time to adopt strategies that can make these goals more attainable. With the proper guidance and action, these savers can better position themselves for successful retirement outcomes."

#### **GENERATION X AND FINANCIAL OBJECTIVES**

For the financial objectives rated as major or minor in the survey, respondents specified the progress they have made with each as a great deal of progress, some, not very much, or practically none. Key findings include:

- 1 **Generation X is making some or a great deal of progress with their major household financial objectives.** For the five objectives Generation X most often cited as major, 80 percent reported making some or a great deal of progress on having financial peace of mind; 86 percent on maintaining an acceptable quality of life; 83 percent on saving for retirement through a current 401(k), workplace plan, or previous employer plan; 75 percent on reducing debt; and 84 percent on managing and budgeting for day-to-day expenses.
- 1 **But progress with other financial objectives is slower.** Though many Generation X savers expect to put away more for retirement than they used to, on average, they are saving 9 percent of their income in their 401(k), with more than half of respondents saving less than 10 percent. T. Rowe Price recommends an annual contribution rate of 15 percent. Additionally, among their five most cited major financial objectives, reducing debt is the objective with the highest reports of "not very much" or "practically none" for progress, at 25 percent.
- 1 **Their competing financial priorities may be the explanation.** Fifty-one percent of Generation X respondents contributing less to their 401(k) than the amount the IRS allows, cite a major reason for contributing less is because the amount is already as much as they can afford. This highlights the competing financial demands that many among Generation X face—such as reducing debt and financing their child's education while also maintaining an acceptable quality of life, saving for retirement, and budgeting for day-to-day expenses.

## GENERATION X AND ADVICE

In the survey, respondents who acknowledged their need for advice for specific financial objectives also evaluated four categories of advice-selecting investments, figuring out how much to save, tracking progress, and prioritizing objectives-and indicated in which areas they want advice.

- 1 **Many cite tracking progress as their preferred advice type.** Generation X chose tracking progress as the type of advice they would like to have across many of their major financial objectives, including reducing various types of debt (indicated by 41 percent of respondents), managing and budgeting their day-to-day expenses (36 percent), and saving for retirement through their current 401(k) (33 percent).
- 1 **And their 401(k) provider emerged as the leading source of advice.** Nearly 70 percent of those in Generation X view the company that manages their 401(k) as the leading source of advice that they rely on a "great deal" or "somewhat" to achieve their financial goals, above their employer, an advisor, online tools, or friends and family.
- 1 **Their preference for a human advisor is evident.** When asked for the type of advisor that would be best for them, 40 percent of Generation X respondents selected a human advisor and another 39 percent indicated a combination of a human and digital advisor as their preference.

"As a retirement plan provider, these findings are meaningful and provide a deeper understanding of the financial needs specific to Generation X," said Aimee DeCamillo, head of T. Rowe Price Retirement Plan Services, Inc. "Knowing that nearly 70 percent of this generation looks to their plan provider as their leading source of advice helps us tailor strategies that will be effective and motivate action. The top three financial objectives cited as major by Generation X reaffirms our view on the importance of providing financial wellness programs alongside a 401(k). Employers can support their Generation X participants by providing a retirement savings program that offers a clear financial wellness strategy focused on budgeting, prioritization, and tracking."

## ABOUT THE SURVEY

The findings are based on a national survey of 3,022 adults age 18 and older who have never retired and are currently contributing to a 401(k) plan or are eligible to contribute, and have an account balance of at least \$1,000. Brightwork Partners, LLC, a research-based consultancy now part of NMG Consulting, conducted the online survey for T. Rowe Price from March 3-14, 2017. This is the third year the survey was conducted, following the [2014](#) and [2015](#) installments.

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