

Retirement at a Glance

September | 2024



BIGGER BROKERAGE BALANCES



The **percentage of US households with stock market investments of \$500,000 or more increased to a record high (with June 2024) of 30% in August** compared to 21% a year ago. The 9-percentage point increase is the largest year/year gain since at least 2000. (Source: Bloomberg)

1 PANIC IN THE 401(K) – Trading activity in 401(k) accounts on 8/5 surged to 8.3 times the average daily activity level in what was the busiest day of trading activity since the pandemic in March 2020. Net trading on 8/5 accounted for 0.08% of all 401(k) balances, which was nearly as much as the entire month of July. (Source: Pensions & Investments)

2 NOT AS BAD AS EXPECTED – 20 years ago, Gallup found that only 54% of non-retirees aged 45 to 60 surveyed expected to have enough money to live comfortably in retirement. **79% of that same cohort, now retired between the ages of 65 to 80, say they have enough money to live comfortably.** (Source: Gallup)

3 OPTIMISM AMONG THE YOUNG - Americans believe it takes a net worth of \$2.5 million to be wealthy, which is up 14% from 2023's level of \$2.2 million. Among age cohorts, **just 21% of Boomers (age 60 to 78) say they are either wealthy now or on track to be wealthy compared to 39% of Gen Z Americans (age 12 to 27) and 40% of Millennials (age 28 to 43).** (Source: Charles Schwab)

4 SOCIAL (IN)SECURITY...IN CHINA - With its main state pension fund projected to run out of money by mid-2035, **Chinese officials have adopted plans to raise the country's retirement age from 60 for men and 55 for women.** While no specific ages have been released officially, a 2023 report suggested that "65 years old may be the final result." (Source: BBC)

5 UNEQUAL SAVINGS TRENDS - From 2019 through 2022, the percentage of American households with individual retirement plan accounts increased from 50.5% to 54.3%. **Whites and non-Hispanics (62.2%) are about twice as likely as Blacks (34.0%) and Hispanics (29.5%) to have a retirement account.** (Source: Employee Benefit Research Institute)

6 WHO WILL DELIVER THE MAIL? - 19.8% of all US Postal Service employees are currently retirement-eligible and this will rise to 52.8% within ten years. For the entire federal government, 14% are currently eligible, with 45.1% expected to be eligible in the next decade. (Source: USPS)

7 GUARD YOUR INFO - A lawsuit filed against background check company National Public Data alleges that **up to 3 billion personal records including names, addresses, phone numbers, dates of birth, and/or social security numbers were compromised in a breach** rivaling the 2013 Yahoo hack as the largest in US history. (Source: USA Today)

8 HAPPY BIRTHDAY! - 8/14 marked the 89th anniversary of FDR signing the Social Security Act into law. While benefits are modest, replacing an average of just 39% of past annual earnings, **without Social Security payments, 39% of all adults over the age of 65 would fall below the poverty line compared to just 10% now.** (Source: Center on Budget and Policy Priorities)

9 TARGET DATE TRUSTS TAKE THE LEAD - Assets in target date funds have surged almost four-fold since 2015 to \$3.8 trillion as of June 2024. While mutual funds have historically held most target date assets, **as of June, collective investment trusts (CITs) saw their share of total target date assets exceed 50% for the first time ever.** (Source: Morningstar)

Q QUESTION: An analysis from Morningstar found that 45% of Americans who retire at 65 will experience retirement shortfalls. By delaying retirement, the odds of running out of money in retirement fall dramatically. For Americans who retire at 70, what percentage will outlive their savings? **The answer can be found by calling an MFS representative.**

Keep in mind that all investments, including mutual funds, carry a certain amount of risk including the possible loss of the principal amount invested.

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