



# Bridging the Gap

Why Most Americans Don't  
Look Forward to Retirement



| ADVISOR ADVANCEMENT INSTITUTE



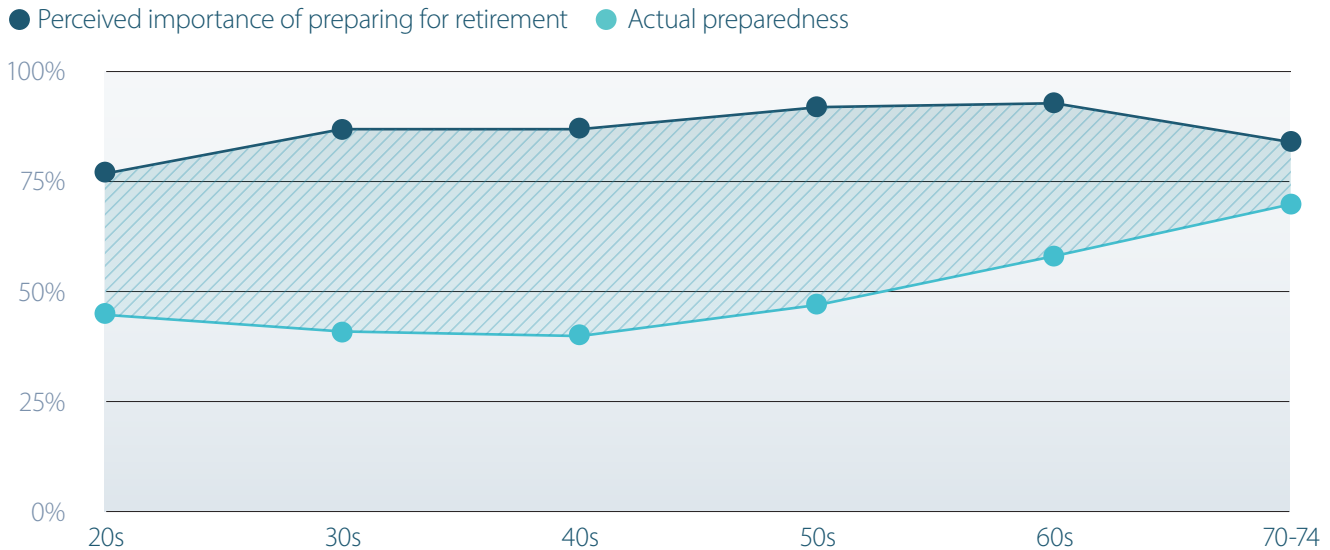
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## Retirement is no longer a postscript to a career.

Today, it's best described as freedom: the freedom to choose, freedom to do, and freedom to grow.

### The primary issue:

People recognize the importance of retirement preparation, but many are not doing what it takes.



Based on a survey of 3,025 American adults aged 20-74.  
Source: New York Life Investments (2021)

These preparation gaps suggest that the status quo isn't working for most people.

## What Barriers do Americans Face?

To gain a deeper understanding of the issue, New York Life Investments partnered with AARP to survey over 3,000 Americans about their retirement plans.

The key takeaway was that **65% of respondents didn't feel optimistic.**

These five barriers help to explain why.







## 1 Managing multiple priorities

Juggling between retirement savings and more immediate needs such as childcare can lead to emotional overwhelm.

"It is difficult to put substantial money in a 401/IRA while also paying off debt at the same time."

**Alex B.** (20s)



## 2 Figuring out how much is enough

Uncertainty about how much is needed causes many people to avoid retirement planning altogether.

"Retirement and aging are not things I look forward to, mainly because of the lack of preparation and fear of the unknown."

**Janet F.** (50s)



## 3 The complexity of resources

Many Americans find retirement resources are too difficult to understand.

"They don't break it down into where you can understand it."

**Amy E.** (40s)



## 4 Lack of representation in the marketplace

People feel that available resources are not speaking to them, or are not relevant to their life circumstances.

"I don't see people who are anything like me. I see representations of upper management people continuing their lives in the style they are accustomed... and I know that won't be my reality."

**Penni B.** (60s)



## 5 Don't know who to trust

People feel that the financial industry does not have their best interests in mind.

"I avoid professionals because I hear so many stories of financial planners who cheated people in their investments. I believe in some of the people I follow on YouTube more."

**Dino M.** (50s)

"Websites like Investopedia "speak" to me. I do not get the impression that they are trying to profit off me."

**Johnson D.** (20s)

These barriers highlight the disconnect between who the market is targeting, and who is most in need of help.

**Financial advisors can bridge this gap by doing two things.**

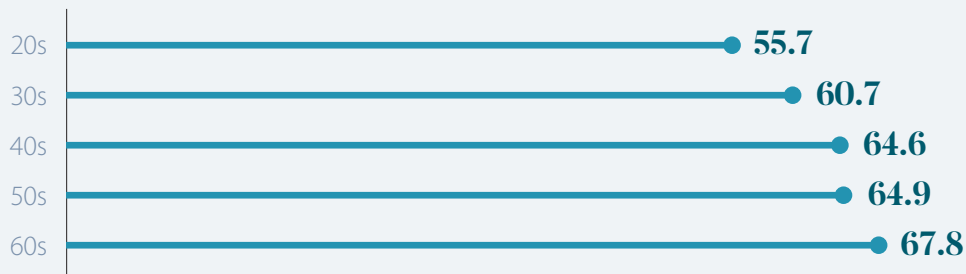
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## View investors as “customers for life”

Large firms often push advisors to work with clients who have a greater level of assets—typically those in their 40s or older.

This could create a major challenge for younger generations who hope to one day retire.

**Expected retirement age increases as people grow older**



Based on a survey of 3,025 American adults aged 20-74.  
Source: New York Life Investments (2021)

These findings suggest that young adults are struggling to develop the right financial plan for their needs.

**By viewing investors as “customers for life”, advisors have the opportunity to steer people onto the right path at an earlier age.**

This can help them create positive impact in their communities, as well as grow their business through word-of-mouth marketing.



Consumer studies show that younger generations are more likely to read and write online reviews.<sup>1</sup>

<sup>1</sup>Murphy, R. (2019, Dec. 11). Local Consumer Review Survey. Bright Local.  
<https://www.brightlocal.com/research/local-consumer-review-survey-2019/>



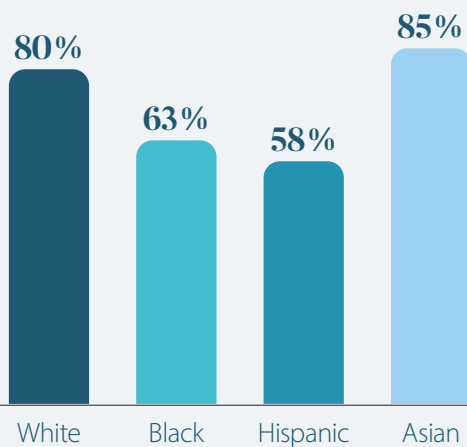
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## Reach out to underserved communities

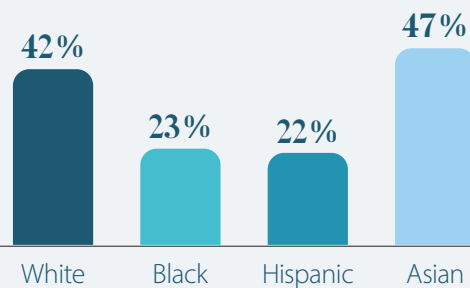
Americans of all backgrounds need assistance, but there is a particularly large opportunity among Black and Hispanic communities.

These demographics are less likely to have retirement savings, and those that do feel much less confident.

Percentage who have retirement savings



Percentage who perceive retirement savings as being on track



Source: Statista (2021)



Creating resources that are easily approachable and inclusive can help to remove the barriers that people struggle with.

The barriers to retirement are primarily financial, but what about health & wellness? After all, money is just one part of the equation.

# Health, Wealth, and Self

The rising importance of personal health has been a major phenomenon of the COVID-19 pandemic.

For example, **48% of Americans increased their prioritization of wellness** compared to 2-3 years ago.

Source: "Feeling good: The future of the \$1.5 trillion wellness market" McKinsey & Co. (2020)

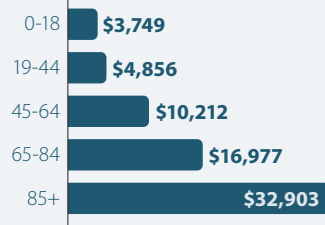
**This shift in thinking must also be reflected by retirement plans. One way to do this is to integrate health & wellness considerations alongside wealth.**



## Physical health

Poor physical health can significantly drive up the costs of retirement. In fact, the average American aged 65-84 already spends nearly **\$17,000** per year on healthcare.

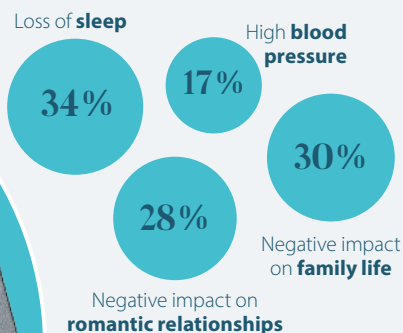
### Annual healthcare spending per capita



Source: Peter G. Peterson Foundation (2019)

## Mental health

**90%** of Americans say that money-related stress has an impact on their mental health. This can cause a range of negative effects.



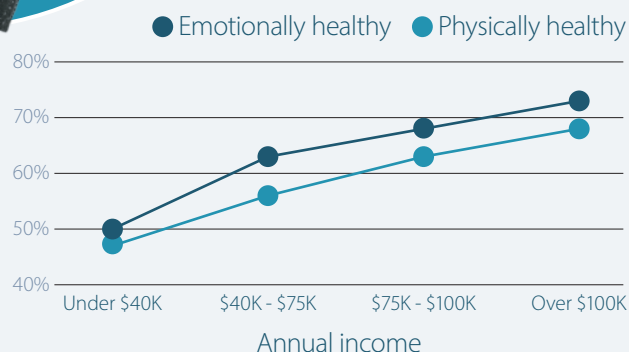
Based on a survey of over 3,000 American adults. Source: "Thriving Wallet". Discover, Thrive Global (2020)

## Wealth

Income allows people to afford their retirement lifestyle, but is also a driver of **better emotional and physical health.**

Based on a survey of 3,025 American adults aged 20-74. Source: New York Life Investments (2021)

### The correlation between income and health

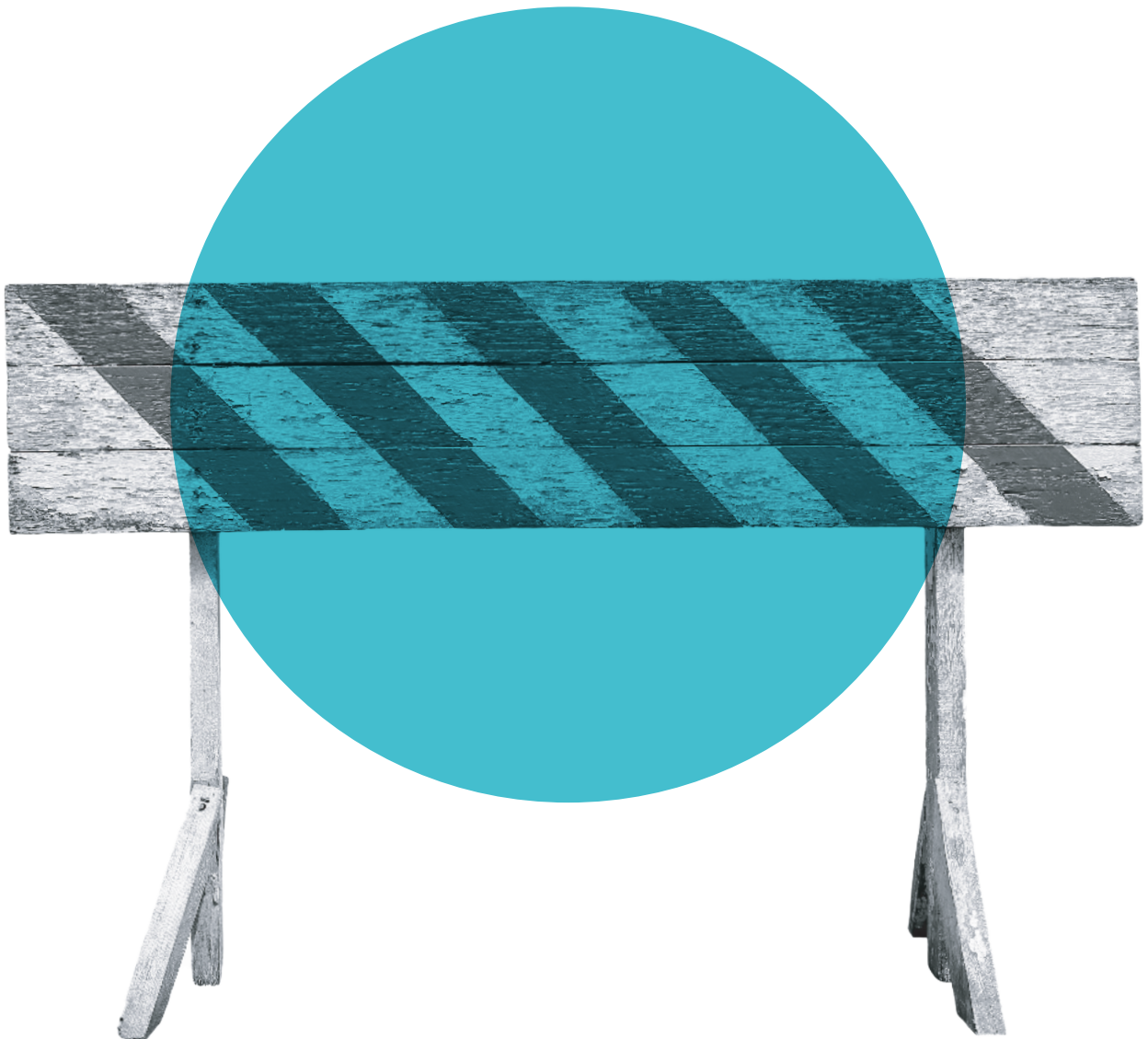


To stay ahead of the curve, advisors must transform from financially focused representatives to holistic life coaches.

# Barriers Are Meant to Be Broken

With the concept of retirement, many Americans feel like they are on the outside looking in. They suffer from a lack of representation, a mistrust for the financial industry, and have few resources that are catered to them.

**What's needed is a democratization of retirement planning.**





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