

Retirement at a Glance

February | 2025



NOT ENOUGH

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insufficient

55%

appropriate

25%

In response to the 2.5% cost of living adjustment (COLA) to social security benefits for 2025, **55% of retirees said the increased payment was insufficient, while 25% indicated that the increase was appropriate.** Additionally, 71% of retirees surveyed believe that the formula used to calculate COLA does not accurately reflect the levels of inflation faced by retirees. (Source: Motley Fool)

3

THEMATIC FUNDS OFF TARGET -

Theme-based investment products have gained in popularity over the last few years, but they haven't generated much alpha.

In the three years ending 11/30/24, the average dollar invested in thematic funds lost around 7% per year while a plain vanilla investment in target-date 2050 funds gained an average of 7% annualized. (Source: Morningstar)

7

NOT AS GREAT A MATCH - Citigroup plans to **cut the amount of its annual match to employee 401(k) contributions for high earning employees.** Beginning in March 2026, employees making more than \$200,000 will see a maximum match of \$12,000 compared to a match of as much as \$21,000 under current policies. (Source: Bloomberg)

4

TSP MILLIONAIRES - Through the end of 2024, **the number of participants in Federal Thrift Savings Plans (TSP) with balances exceeding one million dollars reached 157,760, representing a 35% increase compared to the end of 2023** and accounted for 2.2% of all TSP accounts. Out of the 7.2 million total TSP accounts, 59.5% have balances of less than \$50K. (Source: FedSmith)

8

SHOCK ABSORBER - A study by the National Institute on Retirement Security (NIRS) found **that defined benefit contribution plans contribute to local economic stability during downturns and have a multiplier effect on the economy.** For every dollar paid out in benefits, the total impact on national output is \$2.28. (Source: NIRS)

1

FLUSH PENSIONS - Through a combination of higher interest rates and surging stock prices, **the median solvency ratio of private pension plans tracked by Mercer increased nine percentage points in 2024 to a record high since at least 2008 of 125%.** Of the 450 plans tracked by Mercer, 88% have solvency ratios of at least 100%. (Source: Investment Executive)

5

THRIFTY RETIREES - Married Americans aged 65 or older with at least \$100,000 in financial assets withdrew an average of just 2.1% of their savings on an annual basis, or barely more than half of the recommended guideline spending rate of 4%. **Americans in the top 20% of wealth distribution could safely spend an additional \$773K to \$1.17 million over a 30-year retirement.** (Source: WSJ)

9

BURNING OUT - A study from University College London found that **each cigarette smoked reduces a person's life expectancy by 20 minutes.** Smoking a pack a day cuts 6.5 hours off your life daily, and over a year, it shortens life expectancy by 101 days. (Source: CNN)

2

DITCHING 2 AND 20 - Citing lower fees, the University of Connecticut shifted almost all of its hedge fund exposure into 'buffer ETFs' that help provide downside exposure against losses in exchange for capping upside gains. In its latest year ending June 30, UConn's endowment returned 12.1% compared to a 13.5% gain in the Innovator US Equity Power Buffer ETF. (Source: WealthAdvisor)

6

SOCIAL SECURITY GARNISHMENT - The Department of Education will resume collections on defaulted federal student loans of nearly 6 million Americans, which were paused due to Covid in 2020. Among these borrowers, the Consumer Financial Protection Bureau estimates that 452,000 aged 62 or older may face garnishment of Social Security benefits. (Source CFPB)

Q

QUESTION: Changing demographic trends are expected to take the share of total direct consumption by Americans aged 65 and over from 23% in 2023 to 29% in 2050. **Which sectors of the US economy are expected to be most positively and negatively impacted by these changing demographic trends?**

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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