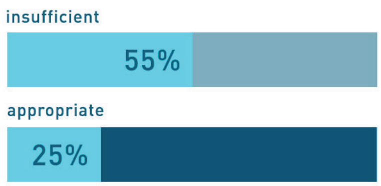
Retirement at a Glance

February | 2025

NOT ENOUGH

retirees said the increased payment was



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)**

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)**

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)**

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)

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)**

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)

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)**

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)**

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)**

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)**

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?**

MFSB_FLY_3190766_2_25 56919.13