

RETIREMENT CHALLENGES FACING GEN-X IN THE PEAK 65[®] ERA

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OVERVIEW

The year 2025 marks the peak of the [Peak 65[®] Zone](#)—the largest wave of Americans turning 65 in history. While Baby Boomers dominate headlines, Generation X (ages 45–60) faces an even greater retirement crisis. With shrinking pensions, rising longevity, and heavy caregiving burdens for parents and other family members, Gen-X risks becoming the most financially vulnerable cohort to reach retirement.

The following summary and highlights are discussed in greater detail in the full research paper, [“Retirement Challenges Facing Gen-X in the Peak 65 Era.”](#) Unless otherwise specified, the research data here are taken from the [2025 Protected Retirement Income and Planning Study \(PRIP\)](#).

1. GEN-X’S RETIREMENT REALITY

- **Economic shocks:** eight recessions, student-loan burdens, high healthcare and housing costs—have constrained savings during peak earning years.
- **Traditional pension plans disappearing:** defined-benefit plans fell from 40% of all retirement plans in 1983 to 6% by 2022. Only 14% of Gen-X workers have a traditional pension.
- **Sandwich pressures:** 24% of adult caregivers support both parents and children, creating financial and emotional strain.
- **Women hit hardest:** Gen-X women’s median retirement savings (\$6k) is less than half that of

men (\$13 k). They face longer lifespans, higher healthcare costs (\$320k out-of-pocket), and greater Alzheimer’s risk (4.8 million affected in 2025).

2. SOCIAL SECURITY AND PROTECTED INCOME

- **System stress:** The 2025 [OASDI Trustees Report](#) projects combined trust-fund depletion in 2034, potentially triggering an approximate 20% benefit cut without reform.
- **Gen-X awareness gap:** 84% of financial professionals say clients rely on them for claiming guidance, yet 76% of investors say they made Social Security decisions on their own.
- **PRIP 2025 findings:**
 - 37% of Gen-Xers plan to delay retirement due to finances (vs. 19% Boomers).
 - Only 41% believe their savings will last a lifetime (vs. 62% Boomers).
 - Confidence jumps to 73% for those working with a financial professional.

3. THE LITERACY AND PLANNING GAP

- **Financial literacy stagnates:** [The 2025 Financial Capabilities in the United States](#) survey shows just 4% of U.S. adults answered all 7 financial-knowledge questions correctly.
- **Formal retirement-income planning remains low:** only 35% of Gen-Xers follow a specific plan.

- **Tools emerging:** Milliman's [RISE Score®](#) uses actuarial modeling to project income adequacy and shortfalls; Ask ALI™, the Alliance's AI assistant, now expands access to conflict free retirement education.

4. ANNUITIES: FROM MISUNDERSTOOD TO ESSENTIAL

- **Interest vs. action gap:** 37% of Gen-X plan to purchase an annuity (vs 21% Boomers), yet only 6% of 55-year-olds actually use one.
- **PRIP 2025 highlights:**
 - When offered a \$100k inheritance, 69% of Gen-X would put the money in an annuity vs. the stock market (vs. 58% of Boomers).
 - 64% of respondents find annuities the hardest product to understand, showing an urgent need for clearer communication.
 - Policy progress: The SECURE and SECURE 2.0 Acts (2019, 2022) enable annuities in 401(k)s and expand QLAC limits—critical to re-establishing protected income as a core asset class.

5. WORKING LONGER AND REDEFINING RETIREMENT

- **Workforce trends:** 19% of adults age 65+ are still employed (up from 11% in 1987); age 75+ workers are the fastest-growing group.
- **Part-time work:** Many Gen-Xers (40%) expect to work part-time in retirement for income and/or a new purpose.
- **Purpose-driven work:** as outlined in the [Peak 65 on Purpose paper](#), this is an emerging fourth “leg” of the new retirement stool.

6. POLICY & PRACTICE RECOMMENDATIONS

FOR POLICYMAKERS

- Modernize Social Security funding to prevent potential benefit cuts.
- Expand incentives for annuity options in employer plans.
- Support financial education initiatives and caregiver tax credits.

FOR EMPLOYERS AND PLAN ADVISORS

- Offer professional financial advice as a workplace benefit.
- Incorporate protected-income products into default (QDIA) retirement plans.
- Increase conversations on cognitive decline, caregiving, and health-care costs.
- Provide annuities as part of employer-sponsored retirement plans, as enabled by the enactment of SECURE Acts 1.0 and 2.0.

7. THE PATH FORWARD

PRIP 2025 confirms that Gen-X faces a “confidence crisis” in retirement security. They are savvy but underserved, carrying high debt and low trust in traditional systems. The solution is not simply saving more—but creating sustainable, protected income through education, advice, and policy reform.

- 37% Gen-X plan to delay retirement (vs 19% Boomers)
- 41% confident money will last (vs 62% Boomers)
- 36% discuss long-term care needs with advisors (vs 28% Boomers)
- 69% would invest an inheritance in an annuity vs. the stock market
- Confidence rises to 73% when working with a financial professional

CONCLUSION

The Peak 65® Era has revealed a fragile retirement foundation for Gen-X. Without greater financial literacy, protected income adoption, and policy modernization, this “Forgotten Generation” is entering retirement less secure than any generation before them. But PRIP 2025 data also show hope: when Gen-Xers receive advice and access to income tools like annuities, their confidence and security rise dramatically.

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