

## Do Millennials Currently Save for Retirement?

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In 2015, more than 25% of the U.S. population are Millennials who were born between 1982 and 2000 (U.S. Census Bureau, 2015). For the 83.1 million Millennials, it may seem to be plenty of time to save for their retirement. However, unlike their parents and grandparents, Millennials are expected to shoulder more responsibilities to financially prepare for their retirement.

Although many prior studies have been conducted to analyze the retirement readiness for the baby-boomers generation, very few focused on the Millennials' retirement preparation. By using the 2013 Survey of Consumer Finances (SCF) dataset, this study analyzes Millennials' ownership of and asset allocation in accounts that are earmarked for retirement purposes such as their Individual Retirement Accounts (IRAs) and defined contribution (DC) plans.

Results show that among the 955 currently working Millennials, 38.3% are saving for retirement via either IRAs or DC plans. The majority (61.7%) of them are not saving for retirement. The uncertain future payouts of Social Security, the decreasing number of DB plans offered by employers, as well as today's low interest rate environment are all factors that make it more challenging for Millennials to financially prepare for retirement. It is critical for them to start saving and planning for retirement early in their career.

### References

US Census Bureau. (2015, June 25). *Millennials Outnumber Baby Boomers and Are Far More Diverse*. Retrieved from <http://www.census.gov/newsroom/press-releases/2015/cb15-113.html>.

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