



Millennials, Gen X and Gen Z Need to Prepare for Retirement Now

Do you plan to retire in your 40s or early 50s as part of the FIRE movement? The FIRE movement stands for Financial Independence, Retire Early. It requires frugal spending and furious savings – as much as 50% to 75% of current income each year. It also depends upon how much income you earn. In addition, it requires personal sacrifice and amazing discipline to achieve the goals of FIRE. That sacrifice and discipline may even extend into all of the years of retirement, depending upon how much is actually saved, and the yearly expenditures to maintain the lifestyle that is sought.

Alternatively, are you more of a traditionalist that expects to retire in your 60s or later? This allows you more time to save and to potentially sacrifice less to enjoy your current lifestyle. Perhaps you're somewhere in between. Regardless of your age, and when you want to retire, you need to prepare for your retirement now and there are several important reasons why.

The first is increasing longevity. According to the U.S. Census Bureau, "Americans are projected to have longer life expectancies in coming decades." In addition, "Increases in life expectancy are projected to be larger for men than women, although women are still projected to live longer than men do, on average, in 2060."¹ So, obviously, you'll need to account for a longer period in retirement.

In addition, according to a study by AARP, the well-known nonprofit organization dedicated to empowering those over 50 years of age, there are numerous legislative proposals that will adversely affect a person's ability to retire earlier or comfortably.²

These proposals include:

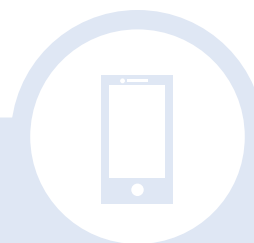
- Raising the full retirement age to receive Social Security benefits.
- Increasing or eliminating the cap upon which payroll taxes are applicable making less money available for saving and investing.
- Reducing Social Security benefits for higher wage earners requiring greater personal retirement savings.
- Including some state and local government employees not currently covered by Social Security thereby increasing demand and strain on the Social Security system.
- Taxing all deferred compensation plans including qualified retirement plans, such as a 401(k) plan, currently, making less available for savings and decreasing the impact of investment compounding.
- Making Social Security benefits means-tested; and more!

Note that these proposals are all still in the early stages; whether any of them will become law is unclear.

Fortunately, there are options. In 2021, Ernst & Young, the internationally renowned company and one of the "Big Four" accounting and consulting firms, released a study proclaiming that permanent life insurance, such as whole life insurance, along with deferred income annuities with increasing income potential through features such as non-guaranteed dividends, outperform investment-only approaches to retirement savings. The study concluded that this particular retirement savings strategy outperforms all of the other retirement investment strategies studied, stating it "can give comfort and peace of mind to retirement investors by providing legacy protection, tax-deferred savings growth, and guaranteed income for life without sacrificing their present lifestyle."³

For More Information Contact:

So, what should you do? You should immediately contact your Security Mutual Life insurance advisor to set up a meeting and start planning for your retirement needs and to build a secure and confident future. Security Mutual Life Insurance Company of New York ("SML") is a leading provider of life insurance, annuity products and retirement planning solutions.



¹ Medina, Lauren, Sabo, Shannon, and Vespa, Jonathan. "Living Longer: Historical and Projected

Life Expectancy in the United States, 1960 to 2060." Census.gov. <https://www.census.gov/content/dam/Census/library/publications/2020/demo/p25-1145.pdf> (accessed July 19, 2023).

² AARP. "The Future of Social Security: 12 Proposals on the Table in Washington." Goffy.az.gov. https://goffy.az.gov/sites/default/files/meeting-documents/materials/social_security_options.pdf (accessed July 19, 2023).

³ Singer, Justin. "How life insurers can provide differentiated retirement benefits." Ey.com. https://www.ey.com/en_us/insurance/how-life-insurers-can-provide-differentiated-retirement-benefits (accessed July 19, 2023).

The information presented is designed to provide general information regarding the subject matter covered. It is not intended to serve as legal, tax or other financial advice related to individual situations, because each person's legal, tax and financial situation is different. Specific advice needs to be tailored to your particular situation. Therefore, please consult with your own attorney, tax professional and/or other advisors regarding your specific situation.

The applicability of any strategy discussed is dependent upon the particular facts and circumstances. Results may vary, and products and services discussed may not be appropriate for all situations. Each person's needs, objectives and financial circumstances are different, and must be reviewed and analyzed independently. We encourage individuals to seek personalized advice from a qualified Security Mutual life insurance advisor regarding their personal needs, objectives, and financial circumstances. Insurance products are issued by Security Mutual Life Insurance Company of New York, Binghamton, New York. Product availability and features may vary by state.

Note: Annuities are meant to be long-term investments. Guarantees are subject to the claims-paying ability of the insurance company. Withdrawals are subject to ordinary income tax and if made prior to age 59 1/2, may be subject to a 10% IRS tax penalty. Tax deferral may not be available if the annuity is owned by a non-natural person. There is no additional tax-deferred benefit for annuity contracts purchased in an Individual Retirement Account (IRA) or other tax-qualified plan because these are already afforded tax-deferred status. An annuity should be purchased in an IRA or qualified plan only if the purchaser values the annuity's other features such as a lifetime income payment. The renewal interest rate, after the initial guaranteed interest period, will be determined annually thereafter and will be guaranteed for one year at a time.



The Company That Cares.®