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Exploring the Concept of a Retirement Crisis in the United States

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EXECUTIVE SUMMARY

Whether Americans are financially prepared for retirement is a topic of debate among policymakers, stakeholders, and researchers. Many believe that a concerning percentage of workers and households are not on track for a financially secure retirement, labeling the current state of retirement in the United States a "retirement crisis." Others argue that the word "crisis" is a misnomer, contending that, while some identifiable groups are at risk of financial insecurity in retirement, the current retirement system in the U.S., including existing safety nets, is generally working well and is better than ever in many respects.

Defining and measuring a "crisis"

Experts usually determine retirement financial readiness by comparing a household's current or projected retirement savings to the amount needed to maintain a preretirement lifestyle or meet some other minimum standard. Because lifestyles and needs vary by household, there is no single measure or benchmark defining what level of resources is adequate. The degree of financial shortfall and the number of affected households that constitute a crisis are unavoidably subjective.

Factors pointing to a crisis

Those who warn of financial vulnerability among current and future retirees base their concerns on various factors, including:

- The potential depletion, by 2032, of the Social Security Old-Age and Survivors Insurance (OASI) Trust Fund, which, depending on how it is addressed, could result in sharp reductions in Social Security benefits;

- The long-term shift in private-sector plans from traditional defined benefit (DB) pension plans to defined contribution (DC) plans, which has transferred much of the responsibility for saving, investing, managing longevity risk, and drawing down assets from employers to individuals;

- Gaps in workplace plan access and participation, especially among part-time workers, gig and other nontraditional workers, small-business employees, lower-paid workers, and workers of color;

- Failure or inability of many workers to save enough of their income to retire comfortably, with the challenge potentially more acute for women and individuals in certain racial and ethnic groups;

- Unanticipated health care costs, especially when daily living support is needed, in part because Medicare does not cover long-term services such as nursing home care and certain other out-of-pocket medical costs.

Arguments that counter the crisis narrative

Those who challenge the broad crisis narrative point to the following considerations:

- Social Security remains an essential safety net and has helped many lower-income retirees maintain their living standards and avoid poverty;

- DB plan enrollment was never universal with most private-sector workers having never participated in a DB plan. Also, access to DC plans has been more widespread, and aggregate retirement resources have generally increased over time across demographic and income groups;

- Data indicating inadequate retirement plan access, which is often self-reported, may understate workplace plan access, participation, and retirement income when compared with employer surveys, administrative tax data, and measures of participation over an entire career;

- Some adequacy measures may overstate needs or understate resources by using wage-indexed (rather than consumer-price indexed) targets, omitting irregular plan distributions, or disregarding household circumstances and lifecycle saving patterns; and

- Health and long-term care costs in retirement are a factor, but only a small percentage of the elderly require significant long-term care expenditures over an extended period, and Medicaid and some other government programs provide coverage for those who meet financial and other requirements.

Populations at risk for retirement insecurity

Even without consensus that the United States faces a broad crisis, there is greater agreement that certain groups face elevated risks. In many cases, financial preparedness is contingent on an individual's income and ability to save. For example, many low- or middle-income workers may not save enough for retirement, especially those who are not enrolled in DC plans. Hispanic and Black individuals, part-time and gig workers, and single women are among the most likely to face financial challenges, as are people with long-term disabilities, widowed and divorced individuals. Also at heightened risk are Gen Xers (born between 1965 and 1980) who may have slipped through the cracks in the transition from fully employer-funded DB plans to DC plans and are also more likely than other generations to be financially supporting both young and elderly dependents.

Policy considerations

The Academy has published a variety of issue briefs and policy papers that discuss potential solutions to addressing retirement insecurity, including increasing access to employer-sponsored plans, encouraging automatic enrollment and savings escalation, making financial and investment tools more widely available, and enhancing the Social Security safety net.

Additional policy topics that may warrant research and analysis include offering plans that allocate risk more broadly between participants and/or plan sponsors, providing long-term services and supports benefits, expanding access to long-term care insurance, supporting continued employment in later life, and allowing workers to more easily roll over or take their retirement plans with them from one job to the next or from one retirement account to another.

Exploring the Concept of a Retirement Crisis in the United States

Introduction

The extent to which Americans are financially prepared for retirement is hotly debated among policymakers, stakeholders, and researchers. Many believe that a concerning share of workers and households are not on track for a financially secure retirement, labeling the current state of retirement in the United States a "retirement crisis." Others argue that the word "crisis" is a misnomer, contending that, while some identifiable groups are at risk of a financially insecure retirement, the current retirement system in the U.S., with existing safety nets, is generally working well and is better in many respects than in the past.

This policy paper does not offer an assessment of whether a retirement crisis exists; rather, it covers the debate's arguments, evidence, and underlying assumptions and identifies which populations face the greatest challenges in achieving a financially secure retirement. The discussion concludes with an examination of policy changes that may help better prepare current and future retirees to achieve greater financial security in their post-employment years.

Defining and Measuring a "Crisis"

To determine whether households are financially ready for retirement, experts usually compare the retirement resources a household has, or is projected to have, with the amount needed to maintain its preretirement standard of living or meet some other minimum standard. Because lifestyles and needs vary by household, there is no single measure or benchmark defining what level of resources is adequate. The degree of shortfall and the number of affected households that would constitute a crisis are ultimately matters of judgment.

Measuring available resources is often difficult because such resources can take many forms, including employer-sponsored defined benefit (DB) pension plans, defined contribution (DC) plans such as 401(k) plans, individual retirement accounts (IRAs), other personal savings, investments and properties, Social Security benefits, home equity, and even part-time earnings in retirement. "Needs" are affected by social and demographic factors such as one's living expenses, financial obligations, including outstanding debts, marital status, geographic region, health status, life expectancy, access to quality financial advice, support to or from children or other family members, and the availability of government safety nets.

Analysts often disagree on how to treat these various components of needs and resources, and there is no easy way to capture all relevant factors. The types of information collected through consumer surveys can vary and may paint a different picture from other sources of information, such as income tax data. These factors help explain why assessments of retirement preparedness diverge widely.

Is There a Retirement Crisis? Arguments for and Against

Arguments for a Crisis

Proponents who argue that there is a retirement crisis largely point to systemic weaknesses facing workers without significant traditional DB pension benefits. In their view, these workers struggle (or will struggle) to accumulate enough resources to bridge the gap between Social Security and the income needed or desired in retirement. They also cite widespread savings shortfalls and high debt levels as threats to current and future retirees, and point to some or all of the following factors in arguing that retirement security in the United States, especially among certain groups, is in a critical state.

Social Security Trust Fund Reserves Are Projected to Be Depleted by 2032

Under current law, the Social Security Old-Age and Survivors Insurance (OASI) Trust Fund is projected to be depleted by 2032 and will rely primarily on payroll taxes to cover benefit payments after that date.[1] If no changes are made, Social Security benefits would initially be reduced, in aggregate, by 20% or more. If these reductions are applied to all benefit levels, at all ages, to future cost-of-living increases, or in any other across-the-board way, they could result in significant financial hardship, especially for those who rely primarily on Social Security benefits because their other financial resources are limited.[2]

A Private Sector Shift from DB to DC Has Transferred Risk and Financial Responsibility from Employers to Individuals

Since the 1970s, the predominant private-sector employer-based retirement plan has shifted from traditional DB pension plans to DC plans, most commonly 401(k) plans. Traditional DB plans place investment and longevity risk largely on employers, while DC plans place these risks largely on individuals. Retirees with limited financial expertise or resources, or those experiencing cognitive decline, may be ill-equipped to manage these risks. This may leave such retirees with inadequate savings and with the challenge of investment decisions and timing the spending down of assets so they will last for life.

Private-Sector Access to and Participation in Workplace Pension or Savings Vehicles Are Limited for Many

While workplace access to and participation in DC plans have increased significantly, there are still large gaps in coverage. For example:

- Based on Current Population Survey (CPS) data, the New School for Social Research reports that "at the end of 2019, only 36% of workers ages 25–64 had a retirement plan at work (a fall in coverage rates from 41% in 2015)."[3]

- Research from the Wharton Pension Research Council that references CPS and IRS Statistics of Income data finds that only about 52% of Americans have access to a retirement plan.[4]

- Morningstar research also notes a dramatic divergence in outcomes based on plan participation, projecting that 57% of individuals who do not participate in a DC plan will run short of money in retirement, a figure that drops to just 21% for those with 20 or more years of participation.[5]

- The Center for Retirement Research at Boston College (CRR) examines several data sources and concludes that "at any given point, roughly half of private-sector workers participate in any employer-sponsored retirement plan, although a larger percentage have access to a plan." The report concludes that "the lack of continuous participation in an employer-sponsored retirement plan remains a serious problem."[6]

- The Congressional Research Service (CRS) reports, based on the National Compensation Survey (NCS) of employers, that as of March 2023, 79% of full-time private-sector workers had access to an employer-sponsored retirement plan with 63% participating, while only 44% of part-time workers had access with 22% participating.[7]

- The Aspen Institute, also based on NCS data, notes that tens of millions of Americans, including self-employed workers, lower-paid workers, workers of color, and small-business employees, have little or no access to a retirement plan through their employer.[8]

- An Academy policy paper, *Retirement and Gig Workers* (September 2025), discusses the challenges gig workers—those who do not have a traditional employer-employee relationship—face in accessing retirement plans.[9]

Future Retirees May Not Be Saving Enough, and Current Retirees May Not Have Saved Enough

Some sources suggest that significant segments of the population will have insufficient savings for retirement.

- The National Retirement Risk Index[10] (NRRI), developed by researchers at the Center for Retirement Research at Boston College, in a 2024 update, suggests that about 40% of currently working households will not have enough retirement income to maintain their preretirement standard of living.[11]

- Separate survey-based research shows that middle-class respondents who are not yet retired, with household income between $50,000 and $199,000, have median retirement account savings of just $66,000.[12]

- Aon's "Real Deal" 2018 analysis claims that the average person retiring at age 67 needed to save 11.1 times final pay by that age to maintain their preretirement standard of living, while acknowledging a wide range based on individual circumstances.[13] Based on that target, researchers from The New School reported in 2025 that Americans' retirement savings fall short by nearly $500,000.[14]

- In 2025, Schroders reported that Gen X, because their careers spanned the DB and DC eras, largely before automatic enrollment and auto-escalation were common in DC plans, has an average retirement savings gap of more than $400,000, exceeding that of Baby Boomers and Millennials.[15]

- A 2024 U.S. Treasury report found that women have approximately 30% lower income in retirement than men, driven by disparities in account balances tied to labor market opportunities, such as lower pay and time spent out of the workforce due to caregiving responsibilities. Women near retirement also report lower savings balances than men.[16]

- The Employee Benefit Research Institute's (EBRI) *2024 Spending in Retirement Survey* found that half of retirees said they had saved less than what was needed for retirement.[17]

Health Care and Long-Term Services and Supports May Present Unexpected Future Costs

Beyond questions of savings adequacy, some observers believe that retirees are often not well positioned to deal with unexpected health care costs in retirement, especially if daily living assistance becomes necessary.[18]

While Medicare provides substantial health care coverage, it does not eliminate exposure to out-of-pocket medical expenses, certain prescription drug or long-term services and supports (LTSS) costs. Most households lack insurance to cover LTSS expenses, such as home and community-based services or nursing home care, which are often incurred late in life and for unpredictable periods of time.[19] A lack of affordable long-term care coverage may leave retirees vulnerable to catastrophic costs that can rapidly deplete savings, even among households that otherwise may have appeared financially prepared at retirement.[20] Furthermore, individuals may be required to "spend down" to meet Medicaid eligibility requirements in order to access Medicaid LTSS services. Also, while Medicaid is the primary payer of LTSS spending nationally, eligibility and funding vary by state, and demographic trends and budget constraints may make it difficult to maintain current levels of LTSS coverage in the future.[21]

Arguments Against a Crisis

Economists and researchers from the American Enterprise Institute, the Heritage Foundation, and the Investment Company Institute, among others, have raised notable objections to the crisis narrative. They describe shortcomings in the evidence cited by those who characterize the retirement system as being in crisis and note many positive developments.

Social Security Is a Safety Net for Lower-Income Americans

Those who question the retirement crisis characterization acknowledge the importance of Social Security for many retirees. Social Security's existence is cited as a significant reason why lower-income seniors have been able to maintain their standard of living in retirement, keeping many retirees out of poverty.[22] Despite differing views on whether there is a retirement crisis, those on both sides of the debate generally agree on the need to keep Social Security intact for lower-income retirees.

The Shift from DB to DC Has Been Accompanied by Higher Retirement Plan Participation Overall

Critics of the crisis narrative point out that DB plans were never as universal as portrayed—only around 40% of the private-sector workforce ever participated in a DB plan—and that the shift from DB to DC plans has broadened workers' access to and participation in workplace retirement plans.[23] In addition, aggregate retirement resources (including the value of traditional pensions and Social Security) in real dollar terms and as a percentage of pay have increased since 1989 for all age groups, income levels, education levels, and racial/ethnic groups.[24] This trend suggests that the switch from DB to DC has improved the prospects for attaining a financially secure retirement for many workers, compared to what could have been achieved in the past.

Access to Private-Sector Workplace Pensions or Savings Vehicles Is Significant and Growing, and Participation Rates Are Relatively Strong

Some researchers note that data sources (such as the unadjusted CPS) commonly used as evidence of inadequate plan access and participation are often based on workers' self-reported survey responses, which they view as less reliable and as being contradicted by other sources, like administrative tax data and employer surveys (such as NCS data).[25, 26]

Using what many researchers consider to be more credible sources; they highlight several data points with respect to access and participation in private-sector retirement plans:

- "In the NCS, retirement plan participation rates at businesses with 500 or more employees increased, from 75 percent in 2010 to 78 percent in 2022."[27]

- In a 2015 study using data that matched the Census Bureau's Survey of Income and Program Participation (SIPP) responses to tax data, researchers found that "among employers with 100 or more workers, 87 percent of employees were offered a retirement plan, and 71 percent participated."[28]

- Looking at households rather than individuals, 2017 tax data show that 81% of joint filers had at least one partner participating in a retirement plan, indicating that access was at least as high.[29]

They also note that the percentage of workers who participate in a plan at some point during their careers is higher than the percentage who participate at any given time.[30] Recent EBRI research comparing a 1957-1964 birth cohort with a 1980-1984 cohort found that, by ages 39 and 40, more than 75% of the earlier cohort had been eligible for a retirement plan at least once; for the later cohort, the figure rose to more than 85%.[31] Further, under the "life-cycle hypothesis" discussed more below, participation rates below 100% may be appropriate for certain significant segments of the population, such as younger and lower-paid workers.[32]

Current Retiree Households Are Generally Likely to Have Saved Adequately

Critics also suggest that Americans are, in general, more financially secure than proponents claim. The Heritage Foundation's review of the Federal Reserve Survey of Household Economics and Decisionmaking (SHED) report showed that, in 2022, only approximately 4% of retired individuals aged 65 or older reported "finding it hard to get by," while approximately 82% stated they were "doing okay" or "living comfortably."[33]

Additionally, they note that many oft-cited metrics, such as the NRRI, may overestimate a household's retirement needs by using wage-indexed rather than consumer-price-indexed (CPI) earnings. Using wage-indexed earnings implies that retirees are projected to maintain current workers' relative level of consumption. It may be more reasonable, however, to assess adequacy by reflecting inflation rather than higher wage indexing and by recognizing that retirees naturally reduce their spending in retirement.[34] Critics argue that, by attaining a wage-indexed target, retirees would not merely maintain preretirement living standards but exceed them.[35]

They also note that the data many retirement crisis proponents use in their analyses underestimate retirees' incomes. For example, CPS asks respondents how much money they receive *on a regular basis*, which generally excludes income from DC plans, since most of those plans do not provide regular payouts.[36] This leads to income underreporting among 61% of the CPS sample across all income levels.[37] Researchers from the Investment Company Institute (ICI) have found "much higher incidence of income from employer plans and IRAs than reported in household survey data, with 70% or more of the population receiving retirement income directly or through a spouse from age 71 through age 91." [38]

ICI researchers found "the spendable income of the lowest income groups falls the least in retirement .... The highest income groups experience the largest declines in spendable income during the transition into retirement. In fact, median spendable income actually increases for the bottom 60% of the income distribution between age 61 and age 70."

Many Private Sector Workers Participating in Employer Plans May Be Saving Adequately

Critics of the crisis narrative often argue that retirement adequacy should be evaluated through the lens of lifetime consumption rather than by focusing solely on accumulated account balances. Under the economic "life-cycle hypothesis," individuals are expected to borrow or save relatively little early in their careers, increase savings during their peak earning years, and draw down those assets in retirement. Likewise, some lower-income households may require relatively little private saving because Social Security and other safety-net programs replace a larger share of their preretirement income.[39]

Because the amount an individual should save depends on numerous factors, many researchers argue that retirement preparedness should be evaluated on a household-specific basis rather than by comparing all workers to a common savings target.[40, 41] Public data from large defined contribution recordkeepers indicate that participants in employer-sponsored retirement plans are contributing at historically high rates. For example, Vanguard's 2026 report on the retirement savings behaviors of nearly five million American workers found an average participant deferral rate of 7.6% and, when combined with employer contributions, an average participant total savings rate of 12.1%, both of which are all-time highs.[42]

As to what savings rates are adequate, a 2019 model indicated that fairly modest saving rates between ages 30 and 65, in addition to scheduled Social Security benefits under current law, would result in 90% preretirement income replacement rates. The resulting savings rates ranged from 0.4% for "very low-wage earners" (earning 25% of the then national average wage) to 6.4% for those earning the Social Security Wage Base. (The researcher assumed a 5.7% real rate of return preretirement.) [43]

Health Care and LTSS Costs Are Reasonably Modest in Aggregate and for Many Individuals

Critics acknowledge the actual and potential impacts of health care and LTSS costs in retirement, but they note that overall spending levels are reasonably modest. Health care spending varies with financial means, with the government often covering a large portion of the costs for those who cannot afford care. The implication is that retirement policy concerns should focus on ensuring that government safety nets remain in place for the population segments that need them, rather than on workplace retirement plans.[44] In addition, the Consumer Expenditure Survey (CES) conducted by the Bureau of Labor Statistics (BLS) shows that health care spending at older ages is offset by lower spending on other things.[45]

Although studies show that a large segment of the population will need some LTSS, such spending is highly skewed, with a small number of retirees spending the majority of the money.[46] While the number of affected retirees might be small, the cost can be catastrophic for those individuals.

So, Is There a Consensus About a Retirement Crisis?

Based on the different points of view and findings from various researchers and organizations, readers may reach different conclusions on whether the U.S. faces a broad-based retirement crisis. The answer may depend in part on how a retirement crisis is defined and measured.

Whether or not one labels the current situation as a crisis, certain segments of the population seem likely to face financial challenges in retirement based on socioeconomic status, type of employment, race or ethnicity, and gender. [47] Understanding the factors that contribute to these challenges will help inform future discussions regarding retirement security and potential policy initiatives.

Populations Possibly at Risk for Retirement Insecurity

Beyond the Retirement Crisis Narrative

Although research findings can differ regarding the extent of retirement security across the overall population, there is substantially greater agreement that certain demographic and socioeconomic groups face elevated retirement risks. Examining the sources of these groups' vulnerabilities may provide a more nuanced understanding of the challenges within the U.S. retirement system.

Workers With Limited Income and Savings

In today's DC-centric U.S. retirement system, the key components of retirement preparedness depend on an individual's income level and ability or willingness to save. Many Americans continue to face a fundamental lack of sufficient resources or access to effective savings mechanisms to set aside enough funds for the future. For these groups, there could still be a high probability of future shortfalls in retirement preparedness, particularly if addressing Social Security's projected inability to pay full scheduled benefits involves reducing benefits for these segments of the population.

Individuals Lacking Access to or Not Participating in Workplace Retirement Plans

One of the most frequently cited concerns in discussions of retirement security is that, despite recent progress, many workers either lack access to an employer-sponsored retirement plan or do not participate when one is available. Because workplace plans are one of the most effective mechanisms for retirement saving, access and participation remain important policy concerns. Numerous studies have shown that employees are significantly more likely to save for retirement when a workplace retirement plan with payroll deduction is available.[48]

As a result, workers who are self-employed, employed by small businesses, working in nontraditional employment arrangements, or employed by organizations that do not sponsor retirement plans, may face greater challenges accumulating retirement savings. Likewise, even among workers with access to employer-sponsored plans, some either don't participate or don't contribute enough to meet their retirement goals, potentially due to competing financial priorities, limited financial literacy, or behavioral factors. In addition, for those who do participate in employer-sponsored plans, retirement savings may be diminished through "leakage" resulting from hardship withdrawals, cash-outs, and other preretirement distributions, reducing the assets ultimately available to support retirement income.

Certain Racial and Ethnic Groups

Compared to 40% of non-Hispanic White individuals, an estimated 61% of Hispanic individuals and 59% of non-Hispanic Black individuals are expected to confront retirement shortfalls[49] due to disparities in access, overall wealth, and retirement savings.[50] In addition, a greater proportion of non-Hispanic Black and Hispanic workers are in part-time and gig work, where saving for retirement may be especially challenging.[51]

Gender and Marital Status

Women, and particularly single women, face a distinct set of retirement risks. Morningstar research indicates that about 55% of females who are single at retirement are projected to be at risk, compared to 40% for single males and 41% for couples.[52] U.S. women receive, on average, lower pay than their male counterparts, making it more challenging for them to save. Women also live longer than men, with a greater percentage reaching older ages and therefore needing more savings to last through retirement.[53]

Gen X

The Gen X cohort, those born between 1965 and 1980, may face a particularly challenging outlook as they approach retirement. Their careers, especially among older members, coincided with the shift from traditional DB pensions to DC plans. This transition occurred before the widespread adoption of target-date funds and automatic enrollment.

Compounding these structural shifts is Gen X's experience as a "sandwich generation" in which more than 50% of adults are simultaneously providing care or financial support to aging parents and to their own children. Gen X is now considered the largest sandwich generation.[54] These factors have likely contributed to Morningstar's finding that Gen X is projected to have the lowest "retirement readiness," predicting that 47% of all Gen Xers are expected to run short of money in retirement.[55]

However, the potential transfer of wealth from earlier generations to Gen X could offset some of these risk factors.

Other Vulnerable and Under-Researched Populations

In addition to the groups described above, the Society of Actuaries has identified certain populations that are frequently underrepresented in research studies, which may mask the particular challenges these vulnerable populations face.[56] These populations include individuals with long-term disabilities that interfere with their ability to work, those who are widowed or divorced, immigrants, and incarcerated populations.

Identifying specific at-risk groups is an essential step in advancing the national retirement security conversation. By moving beyond the "crisis" debate, policymakers and financial industry leaders can begin to develop targeted and effective solutions needed to address the diverse realities of retirement insecurity in the United States.

Policy Considerations

As indicated above, debate over whether the United States faces a broad retirement crisis often centers on differing interpretations of existing data and projections. Regardless of how the current system is characterized, policymakers continue to examine ways to improve retirement security, particularly for populations that may face greater financial vulnerability.

The Academy has already examined many aspects of retirement security in prior work products. Selected areas of this work are summarized below, followed by a discussion of additional topics that may warrant further research and analysis.

Policy Areas Previously Addressed by the Academy

Relevant Academy publications include issue briefs and policy papers that have discussed many aspects of retirement savings. Some take a broad view, such as the *National Retirement Policy Guiding Principles Series* of issue briefs published between July 2019 and March 2022, which lays out guiding principles for a comprehensive national retirement policy, and the Academy's papers *Improving Retirement Outcomes: Demographic Considerations* (June 2024) and *Enhancing Retirement Security Through Changes in Plan Design and Related Requirements* (September 2023). Other Academy publications focus on various specific aspects of retirement security, as follows:

Social Security Solvency and Benefit Adequacy

Social Security remains a primary source of retirement income for many households. There is broad agreement on its importance as a safety net, especially for retirees at lower- and moderate-income levels and those with limited other financial resources. The Academy has published numerous issue briefs and analyses addressing Social Security's long-term solvency and potential reform options, especially for those with lower incomes, including *Reforming Social Security Sooner Rather Than Later* (March 2026), *Social Security and The Financially Disadvantaged* (June 2025), and *Social Security Challenge* (2023, updated regularly).

Expanding Access to Workplace Retirement Plans

Expanding access to payroll-deduction retirement savings opportunities remains an important factor in retirement preparedness. Potential approaches include employer-sponsored plans, state-facilitated retirement savings programs, and pooled employer plans that allow smaller employers to participate in shared plan arrangements. The Academy's issue brief *Potential for Changing Roles of Employers in Retirement Programs* (October 2021) discussed how shifting retirement plan responsibilities and related liability to a third-party entity and away from the employer ("decoupling") may be advantageous to both employers and employees. Employers may see reduced costs, risks, and administrative burdens, while employees may benefit from additional options and retirement income solutions.

Strengthening Automatic Plan Design Features

Automatic enrollment, automatic contribution escalation, and periodic re-enrollment in DC plans have been shown to increase participation and savings levels. These behavioral plan design features have been discussed in several Academy retirement policy publications, including the issue brief *Aligning Plan Design With Effective Employee Engagement* (March 2022).[57]

Improving Retirement Income Options in DC Plans

As DC plans have become the dominant workplace retirement vehicle, policymakers and plan sponsors have increasingly focused on how participants can convert accumulated balances into sustainable retirement income. The Academy has examined these issues in publications, including *Decumulation Strategies: Creating Lifetime Income from Defined Contribution Plans* (March 2025), *Experience-Sharing Lifetime Income* (June 2023), and comments on recent proposed regulations (June 2026). These items discuss both insured and uninsured lifetime income options.

Retirement Security for Nontraditional Workers

Gig workers and other nontraditional workers often lack access to employer-sponsored retirement plans and may face challenges saving consistently due to irregular income. The Academy addressed these issues in its policy paper *Retirement and Gig Workers* (September 2025).

Preserving Retirement Income Provided Through Public and Multiemployer Pension Plans

Millions of workers and retirees continue to rely on pension plans sponsored by state and local governments for their employees ("public plans") and multiemployer defined benefit plans as an important source of retirement income. While policymakers have explored a variety of approaches to improve the long-term sustainability of these plans, this remains an ongoing concern. The Academy has contributed to these discussions through several publications available in separate, dedicated practice areas related to both *multiemployer plans* and *public plans*.

Financial Education and Retirement Planning Tools

Improved financial literacy, retirement income projections, and planning tools may help individuals better understand retirement risks and make more informed saving and retirement timing decisions. The Academy has addressed the importance of financial education and tools to support retirement planning, including through its online *Actuaries Longevity Illustrator* tool, which helps individuals better understand longevity risk. Employers, financial professionals, and retirement service providers can provide additional resources, such as personalized income projections and planning support. The Academy has addressed issues relating to required income projections in a *letter to the Department of Labor*.

New Retirement Plan Designs With Varying Degrees of Risk Sharing and Pooling

Plan designs that incorporate varying degrees of risk sharing between employers and participants could be considered. Certain types of risk-sharing designs are currently permitted in employer plans subject to the Employee Retirement Income Security Act of 1974 (ERISA), while other innovative designs may not currently be permissible for ERISA-covered plans (though they may be permissible for plans not covered by ERISA). Several emerging plan designs are structured to allocate risks more broadly across participants, or between plan sponsors and participants, potentially providing more predictable retirement income while maintaining greater cost stability for employers. Examples include collective defined contribution (CDC) plans, uninsured pooled longevity risk arrangements, and other hybrid structures that combine elements of both DB and DC plans. The Academy has discussed some of these designs in issue briefs, including *Collective Defined Contribution Plans* (September 2024) and *Experience-Sharing Lifetime Income* (June 2023), which discusses longevity risk.

Additional analysis could examine how different approaches to risk sharing affect retirement income adequacy, benefit stability, incentives for employers to sponsor retirement plans, and employees' decisions to elect these options if voluntary.

Long-Term Services and Supports (LTSS) Risks

LTSS costs are among the largest and most uncertain financial risks retirees face. Extended nursing home or home-based care needs can significantly affect retirement security, particularly for middle-income households and single retirees. Insurance can be one mechanism for transferring some of the financial risk associated with LTSS, although long-term care insurance remains broadly unavailable due to many insurers exiting the market and perceived affordability issues for the few insurers who do remain in the market. The Academy recently discussed this topic in *The State of Long-Term Care Insurance* (February 2025).

Additional Policy Areas for Continuing and Future Analysis

In addition to the areas discussed above, several policy topics related to retirement security may warrant additional research and analysis.

Policies Affecting Work at Older Ages

Continued employment later in life, for those who are able, can improve retirement security by increasing lifetime earnings, extending the savings accumulation period, and reducing the number of years retirement assets must last. Additional research could examine how policies affecting older workers, such as phased retirement arrangements or provisions related to eligibility for Social Security retirement benefits before full retirement age for those still working, may influence retirement timing and financial outcomes.

Supplemental Security Income Modernization

Supplemental Security Income (SSI) provides income support for older individuals and people with disabilities who have limited resources. However, several program parameters, including asset limits, have not been updated for many years. Future research could examine how SSI program design interacts with retirement savings and Social Security benefits for lower-income retirees.

Retirement Savings Portability and Leakage

Job changes can lead to early withdrawals, cash-outs, or fragmentation of retirement plan balances, which may reduce long-term retirement security. Leakage may occur not only through cash distributions but also through a lack of account consolidation, resulting in lost, forgotten, or inefficiently managed retirement assets.

Future analysis could evaluate how plan design features, default rollover mechanisms, administrative practices, and regulatory policies influence participant behavior at job separation. In particular, research could assess the effectiveness of automatic portability solutions, simplified rollover processes, and improved data-sharing across plan administrators in reducing leakage and promoting asset preservation.

Policymakers may also consider the impact of recent initiatives, such as the U.S. Department of Labor's Retirement Savings Lost and Found database established under the SECURE 2.0 Act, which is intended to help participants locate retirement accounts from former employers. Evaluating the scope, adoption, and effectiveness of such tools – including their interaction with private-sector solutions – could provide insight into their potential to improve retirement outcomes.

The Academy has previously addressed retirement savings leakage and portability challenges in its broader work on retirement security (*Portability and Retirement Income*, 2020). Additional analysis could build on this foundation by identifying practical approaches that balance ease of access for participants with the goal of preserving retirement assets.

Decision-Support Tools and Retirement Planning Guidance

As DC plans place greater responsibility on individuals for retirement planning, access to clear, reliable, and actionable decision-support tools becomes increasingly important. Additional research could explore how plan sponsors, service providers, and policymakers can expand access to high-quality, individualized guidance while maintaining appropriate fiduciary and regulatory safeguards. Areas for further consideration include the role of digital tools, managed accounts, and emerging technologies in helping participants make more informed savings, investment, and decumulation decisions.

Long-Term Services and Supports (LTSS) Risks

With the uncertainty of LTSS needs and costs, future analysis could examine how LTSS financing mechanisms, including private insurance, public programs, or hybrid approaches, interact with retirement savings and household financial security. This could include examining the performance of non-Medicaid public programs such as the Washington State WA Cares Fund, as well as examining policy proposals designed to reduce fragmentation of benefits for Medicare and Medicaid "dual" eligibles and better align the incentives of the two programs.

Home Ownership

For many households, home equity represents a significant portion of total wealth and may serve as a potential resource to support retirement income. However, accessing this equity in a sustainable and efficient manner can be complex, and its role in retirement security varies widely depending on individual circumstances, housing markets, and financial literacy.

Future analysis could examine the extent to which housing wealth is currently utilized in retirement, as well as the factors that influence whether and how retirees access this resource. These factors may include behavioral preferences, such as the desire to age in place, product complexity, costs, and varying levels of consumer understanding.

Policymakers may also consider the role of financial products, such as reverse mortgages, home equity lines of credit, and other housing-related financing tools, in facilitating access to home equity. Evaluating the availability, transparency, consumer protections, and risks associated with these products could help inform how housing wealth might more effectively complement other sources of retirement income.

The Academy has not traditionally focused on housing wealth relative to retirement plans, but additional analysis in this area could provide a more comprehensive view of the resources available to support retirement security.

Summary and Conclusion

A stronger retirement system requires a broad range of policy considerations and coordinated efforts across multiple dimensions. These include expanding access to workplace retirement plans, reinforcing effective plan design features such as automatic enrollment and escalation, supporting lifetime income solutions, ensuring the long-term sustainability of Social Security while addressing near-term trust fund depletion, addressing LTSS risks, and improving access to tools and guidance that help individuals make informed financial decisions.

Research suggests that targeted improvements across these areas have the potential to meaningfully enhance retirement outcomes, particularly for certain populations that may be at greater risk of financial insecurity. While the U.S. retirement system provides significant resources for many retirees, targeted policy analysis may help identify opportunities to improve outcomes for financially vulnerable groups of current and future retirees.

The debate over whether the U.S. retirement system is in "crisis" brings attention to various important aspects of the system, some positive and some negative. More important than answering the question of whether there is a crisis, however, is identifying those aspects of the system that can be improved to enhance retirement security for segments of the population that may be most at risk. The Academy looks forward to furthering the discussion to help continually improve retirement outcomes for all Americans.

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