

Generation X:

Prepared to work Gen Xers looking at longer time on job than previous generations

by Lenay Ruhl

When it comes to taking responsibility and planning for retirement, generation likely doesn't have much to do with it, despite popular generalizations.

There are people who prepare and people who wing it.

Generation X is no exception.

"I'll say this, it's a mixed bag like any other age group," said Bradley R. Newman, a certified financial planner at Roof Advisory Group Inc. in Harrisburg. He described himself as being "smack dab in the middle" of Generation X.

Gen Xers have some time before they hit retirement age, so they're not flooding financial institutions for advice. But they're still thinking about it: They're thinking about retirement, but planning to work for a long time.

"I don't think they want to quit working at 62," said Mike Helveston, a certified financial planner at Lancaster-based Rodgers & Associates Ltd., a Gen Xer who has worked in the investment field for 16 years.

Although he doesn't have any Gen X clients, Helveston said the children of his clients typically belong to the cohort born from 1965 to 1980.

A lesson from recession

Several factors influence Gen Xer plans to extend their working lives.

Helveston observed that Gen Xers have lived through two recessions in their careers.

Newman pointed out that the last recession clarified the need for Gen Xers to focus on planning ahead.

But as a generation that likely borrowed more money to go to college than did previous generations, Gen Xers were just paying off their tuition debt when the recession and financial crisis hit.

Now, they're looking at things a little more objectively, according to Newman.

Helveston said, based on his experience, that Gen Xers have a better handle on their debt than previous generations. He also describes Gen Xers as joiners, whether they are joining social groups or charities, which keeps them engaged in their work and communities.

What's a pension?

At the end of the day, do Gen Xers have to work longer, or do they want to?

Probably a little bit of both.

Defined-benefit pensions are long gone, replaced by 401(k) and other plans that shift investment risks to savers. And when it comes to Social Security, Gen Xers aren't counting on it.

"We're more accountable to ourselves as it relates to retirement than ever before," said Keith Aleardi, chief investment officer of Fulton Financial Advisors, a division of Lancaster-based Fulton Bank.

Aleardi credited Gen Xers with being educated and informed when it comes to Social Security and retirement planning, and the generation in general “feels accountable for their retirement and is not relying on the government.”

Nonetheless, as an adviser, Helveston thinks there will be something left in the tank of Social Security for Generation X.

For Newman, whether or not Gen Xers are counting on Social Security, he believes they are planning ahead.

He has clients at Roof Advisory utilizing both fee-only project-based planning and the firms' [fee-only] asset management.

The younger members of Generation X, people aged 35 to 45, are typically tapping services that help them decide how much money they should set aside each year for priorities such as college education for their children and their own retirement.

Older Gen Xers, those over 45, typically seek out both project-based advice and ongoing financial management. They are probably for the first time trying to quantify how much money they will need for their retirement, according to Newman.

While Gen X may not be completely prepared for the golden years, its members are taking a closer look at a younger age than did their parents and grandparents, advisers said.

“I think by and large our generation is doing a little bit of a better job than the previous,” Newman said.