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Generations

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baby boomers are finally showing signs of optimism about their retirement

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1,000 Gen Xers (ages 37-51) and 1,000 millennials (ages 20-36) – also found that fewer boomers today think it is “impossible” to determine retirement expenses (50%, down from 60% in 2014) and fewer believe they lack the tools to figure out the retirement puzzle (36%, down from 46% in 2014).

“The Generations Ahead Study highlights encouraging news for boomers and proves that with proper focus and engagement, anyone can turn around a poor savings situation and start building for a successful retirement,” said Paul Kelash, vice president of Consumer Insights for Allianz Life. “Whether taking lessons from the past or forging a new path, the key for each generation is to recognize that a solid retirement plan doesn’t happen by chance, but rather with a clear process and defined actions.”

A new frugality has taken hold with baby boomers that is leading to a stronger sense of financial preparedness and confidence than seen in previous Allianz Life studies. With 64% of boomers noting themselves as “savers” rather than “spenders,” and 61% saying they always know exactly how much money is in their accounts, the formerly free-spending boomers of the “Me” generation have embraced the financial habits of their Depression-era parents – so much so that a full quarter of boomers now describe themselves as “penny pinchers.”

These traits have more boomers thinking seriously about saving for retirement, with nearly two-thirds (65%) saying they see it as a basic necessity like food or housing (versus 58% millennials and 53% Gen X). This new frugal mindset has also contributed positively to their bottom line, with boomers having the highest median amount in retirement savings among all three generations at \$175,000, and a full third of boomers saying they have \$250,000 or more earmarked for life after work.

Millennials Surpassing Gen X in Retirement Readiness

Interestingly, the other generation finding the most savings success is not the next in

line. While Generation X continues to struggle with saving and spending,

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Despite the strong positive attitudes millennials have on being prepared for retirement, they also exhibit some worrying behaviors. While boomers are proud of their newfound saver status, millennials like to spend, with the majority (63%) claiming to be “spenders” and nearly one in five (17%) admitting they spend money “as soon as I get it” (versus only 6% of boomers). Half of all millennials also say they spend more on going out than they do on rent or mortgage (versus 16% of boomers).

New Strategies, Lessons Learned

Despite these financial challenges, new savings strategies and a desire to avoid repeating the mistakes their parents made have had a positive effect on millennials' retirement readiness. Although largely eschewed by boomers, millennials have embraced online apps to help manage money and/or track spending (70% versus 24% of boomers). And where technology fails, more millennials are happy to use traditional money management methods like a notebook or planner to manage expenses (63% versus 28% of boomers). Millennials are also more than twice as likely as boomers to set up “tricks,” such as setting up different accounts for different goals, to get themselves to save money (71% versus 32% of boomers).

Millennials' more proactive approach with money management is driven by a belief that their parents made financial mistakes and they can do better. Two-thirds (66%) of millennials say they are “much better with money” than their parents were and a similar amount (65%) say they are uncomfortable with debt because they saw they parents struggle with it. The end result: millennials have the most confidence of any generation that they'll be able to fund their life goals (78% versus 67% boomers and 64% Gen X) with one quarter even feeling “extremely confident” they'll be successful.

“Although generations share similar hopes and fears for the future, the fact that they all approach retirement in different ways is testament to the need for more tailored

planning that can address both the positives and negatives inherent in each group,”

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