

Millennials & Retirement: Redefining the Future

It may be hard to imagine, but older millennials are celebrating their 40th birthday this year, while the younger part of the cohort is turning 25. As millennials make their mark on the workforce, they are also redefining the way we think about retirement.

Our grandparents and great-grandparents subscribed to an ideal notion of retirement: build your career at one organization, retire at 65 and receive your coveted defined-benefit pension plan – where years of service guaranteed a steady retirement income. Add to this the equity from your home, and you're set for life.

But times have changed. Defined-benefit pensions are now very rare, and home ownership is out of reach for most millennials. The result? These traditional sources of retirement income are hard to come by.

At the same time, millennials are also reconsidering what it means to retire. They don't necessarily want their grandparents' retirement – many will choose to remain active in the workforce in some capacity, not only out of financial need, but also for societal enrichment and personal satisfaction. As conventional thinking on retirement evolves, so too will the way millennials plan for it.

New challenges, new opportunities

Many millennials are either just establishing themselves in the workplace or firmly putting down roots for family and career. What is clear for everyone is that the workforce is changing quite dramatically. While there was evidence of a shift before the pandemic, we are witnessing its acceleration with "The Great Resignation" currently underway. Employees are finding better opportunities with other companies, taking time off and even working for several employers (in the office, remotely or a mix of both). Entrepreneurship, either full-time or as a side hustle, is also an emerging trend.

Without the comfort that relative job security brings, millennials will find that saving and planning for retirement is more complicated. Add to this the likelihood of a longer lifespan – thanks to advances in health care – and this means millennials may have to save more than their parents did.

Looking at it another way, these are actually positive changes – millennials will have greater flexibility around when and how they spend their mature years, and there is good reason to believe they will be much healthier during retirement than any other generation.

The value of advice

If you're a millennial, it's never too early or too late to take what will likely be the most important financial step of your life: partnering with a skilled and trusted advisor. Here are three important ways an advisor can help you achieve your retirement goals:

1. **Develop a strong retirement plan.** Although it may be decades away, creating a plan today will help you achieve your goals down the road. Start by having a conversation with an Investment Advisor who has experience creating comprehensive, realistic wealth plans.
2. **Encourage retirement saving.** The earlier you start saving for retirement, the more you can benefit from the power of compound growth. An advisor can implement effective strategies, including pre-authorized contribution plans, to help you save regularly for the future.
3. **Invest for growth.** A skilled advisor will build a portfolio around your unique time horizon, risk tolerance and financial goals. Your advisor can also develop strategies to help you stay disciplined over time – decreasing the chances of emotional decisions that could erode your returns.

Keep in mind these are just the basics. Retirement plans are as unique as you are and should be designed that way.

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