

# Retirement at a Glance

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## STAYING PUT

**78% of homeowners aged 60 to 78 plan to stay in their current homes** as they age. Empty-nest baby boomers own 28% of US homes with three or more bedrooms, and by not moving, it only exacerbates an already **tight supply of housing inventory** for younger Americans. (Source: Redfin)

**3 LIFE EXPECTANCY GAP** - American women aged 65 today have a **52% probability of living to 85**, a 30% probability of living to 90, and an 11% chance of living to 95. For men, the probabilities are all lower at 39%, 19%, and 5%, respectively. **For couples aged 65, there is only a 20% chance that both members will live to 85**, a 6% chance of both living to 90, and less than a 1% chance of both living to 95. (Source: JP Morgan)

**4 YOLO** - 30% of Americans expect to spend more on travel this year than last, and 27% of those would be willing to take on debt to help cover their costs. The **willingness to take on debt varies widely with age**. While 35% of Millennials (age 28 to 43) would be willing to take on debt to travel, 78% of Baby Boomers (age 60 to 78) would not. (Source: Bankrate)

**7 BACK TO NEW HIGHS**. After dipping in 2022, **assets in target date strategies rose to a record \$3.5 trillion in 2023**. Inflows into target-date strategies totaled \$156 billion for the year comprised of \$104.5 billion of inflows into collective investment trusts (CITs) and \$51.5 billion into mutual funds. Assets in target date strategies are now almost evenly split between **CITs with 49% and mutual funds with 51%**. (Source: Morningstar)

**8 FULLY FUNDED** - The Milliman 100 Pension Funding Index measures the funded status of the 100 largest defined benefit plans of US public companies. In March 2024, the index increased to 1.0563. **The only times in the last 20 years that the largest US pensions were more fully funded were in October 2022 and from May to October 2007**. (Source: Milliman, Bloomberg)

**1 RETIREMENT CRISIS** - The percentage of **people globally over the age of 65 will nearly double** from 2019 to 2050, and **nearly half of Americans between the age of 55 to 65 have no money saved** in personal retirement accounts. These trends could lead to a **US 'retirement crisis.'** (Source: BlackRock)

**5 14 YEARS AND COUNTING** - The average **expense ratio** for equity mutual funds' **fell two basis points** in 2023 to 0.42%, marking the 14th straight year of declines. Average **mutual fund expense ratios are down 60% since 1996** but are still nearly triple the 0.15% average expense ratio of index equity ETFs. (Source: Investment Company Institute)

**9 DON'T FORGET THE HSA** - Health savings accounts (HSAs) can function as a backdoor retirement investment tool for suitable investors that offer triple-tax benefits of tax-free contributions, tax-deferred growth and tax-free withdrawals along with other features that should be considered. **Total assets in HSA accounts increased to \$123.3 billion in 2023**, representing a 19% increase versus 2022 and the 15th double-digit percentage increase over the last 16 years. (Source: Devenir)

**2 RETIREMENT GAP** - More than **75% of caregivers for children and the elderly are women**, and that is a **major reason for the 30% gender gap in retirement savings**. When making the decision to leave the workforce to raise children, only 33% of women placed a "lot of thought" into how the decision would impact their retirement compared to 20% who "didn't think of it." (Source: TIAA)

**6 TARGET DATE FUNDS CHEAPER TOO** - It's now cheaper than ever to invest in target date strategies. As of the end of 2023, the average **asset-weighted fee of target date funds was 0.30%**. That's down 7 basis points (bps) from 2020 and **nearly half the average fee of 58 bps from ten years ago in 2014**. (Source: Morningstar)

**Q QUESTION:** What is the "Magic Number" for savings that Americans believe would be necessary for a comfortable retirement? **The answer can be found by calling an MFS representative.**

<sup>1</sup> A combination of equity mutual funds in the US comprised of growth, sector, value and blend including US mutual funds that invest in international equities.

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