

# [***Retirement crisis looms as Americans struggle to save***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BPF-G0B1-DY7V-G004-00000-00&context=1516831)

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**Body**

New York (CNN) &#8212; Eric Payne, a 37-year-old single father to two boys, works hard to stretch his paycheck each week. It's a task he refers to as "clicking."

He makes a good salary - in the $80,000 range - but by the time all of the essential expenses have clicked into place, there's not much left to spare.

"The clicking is for day-to-day operations," explained Payne, who works as the director of quality assurance for a seafood wholesaler near Portland, Maine.

"Groceries, car payment, mortgage, kids' clothes, childcare, or figuring out how to cover an unexpected bill."

Click. Click. Click. Click. Click. Click.

"My financial focus has to be on the present, as every dollar counts," he told CNN. "However, I am fully aware that I'm creating another problem for myself down the road."

For now, hisretirement plans sit on the back burner.

Budgeting for the future, he said, feels impossible. "It's a constant battle, I guess I would say I always kind of feel like I'm getting kicked. I think I've got a handle on it and then something else comes up that I have to deal with."

Between a 401(k) from a previous job and an employee stock ownership plan at his current company, he has less than $10,000 saved for retirement.

But he doesn't expect to stop working at 65 and says he'll likely have to keep earning money as long as his health allows him to.

Payne is far from alone in his struggles.

The retirement-savings cliff

The number of US workers in the labor market over the age of 75 is expected to nearly double over the next decade [*according to*](https://www.weforum.org/agenda/2019/09/workers-over-75-double-next-decade/) the Bureau of Labor Statistics, creating a looming retirement crisis.

Retirement savings in the United States were long thought of as a three-legged stool. Americans had pension plans, Social Security benefits, and defined contribution plans like the 401(k). Not anymore.

Pension plans are nearly extinct. About half of private sector workers were covered by those so-called defined-benefit plans in the mid-1980s, but by 2022 [*only 15%*](https://www.bls.gov/opub/ted/2023/retirement-plans-for-workers-in-private-industry-and-state-and-local-government-in-2022.htm) of private sector workers had them.

Social Security payments still provide [*about 90% of income*](https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf) for more than a quarter of older adults, according to Social Security Agency surveys. But the Social Security trust fund is facing a 75-year deficit, and without intervention it [*will be depleted*](https://www.ssa.gov/policy/docs/ssb/v70n3/v70n3p111.html) by the mid-2030s, meaning that only a portion of retirees' expected benefits will be paid out. Lawmakers have faced a decades-long political stalemate on how to fix it.

What's left is the 401(k), which 68% of private industry workers have access to, but only 50% use.

BlackRock CEO Larry Fink warned in his [*annual investor letter*](https://www.blackrock.com/us/individual/about-us/larry-fink-annual-chairmans-letter?cid=ppc:blk_us:chairmansletter2024:google:brand_nonprod:ol&gad_source=1&gclid=CjwKCAjwtqmwBhBVEiwAL-WAYSgf7YaeWlcRUowUTQw1ndR5d4qyWtIysRue_8Pnjgtq1tUXWJr5oBoCQCEQAvD_BwE&gclsrc=aw.ds) last week that unless corporate leaders and politicians undertake "an organized, high-level effort" to rethink retirement in the US, they risk alienating younger generations from capitalism and ***politics***.

"It's no wonder younger generations, Millennials and Gen Z, are so economically anxious," he wrote. "They believe my generation - the baby boomers - have focused on their own financial well-being to the detriment of who comes next. And in the case of retirement, they're right."

Fink suggested pushing the age of expected retirement past 65 and said that more access to investing and 401(k) plans can help solve the problem.

That would also help Fink, asmore than half of the $10 trillion in assets that BlackRock manages are marked for retirement.

401(k)s as emergency funds

But saving for retirement is a far off thought for many Americans - just 44% of US adults could afford to pay an [*emergency expense*](https://www.bankrate.com/f/102997/x/a01c91d2a4/january-2024-fsp-press-release.pdf) of $1,000 or more from their savings, according to Bankrate data.

High rates of inflation, the resumption of student loan payments and the erosionof pandemic-era savings means more Americans are finding themselves at a loss for funds.

Many are prematurely tapping their 401(k) accounts because of financial distress and paying steep penalties for it, according to a [*recent Vanguard survey*](https://institutional.vanguard.com/insights-and-research/perspective/previewing-how-america-saves-2024-strong-participant-outcomes-despite-economic-problems.html).

Jamie is a 54 year-old single mother working as a legal administrative assistant in Central Texas. She's had to rely on her 401(k) retirement savings to support her and her son more than once.

The first time was right after giving birth to her son - Jamie was working a job with no maternity leave policy. She received a letter from her employer the day she returned home from the hospital informing her that they would not hold her position for her during her expected leave time.

"I was out of work, his father wasn't around and wasn't able to help. That's when I first stepped into my 401(k) to support us while I looked for another job," she said.

She dipped in again a few years later while she was between jobs. She needed the money to cover expenses, fund a move and pay off credit card debt, she said.

Jamie, who spoke to CNN on condition we not use her last name, still lives paycheck-to-paycheck and has about $15,000 remaining in her 401(k).

"That's all I have," she said. "I mean, it's just not enough. But there's nothing I can do about it right now."

Retirement worries in an election year

The retirement crisis is on Americans' minds as they head to the polls this November.

Former President [*Donald Trump*](https://www.cnn.com/politics/president-donald-trump-45) suggested [*on CNBC*](https://www.cnn.com/2024/03/11/politics/trump-entitlements-social-security-medicare/index.html) last month that he was open to making cuts to Social Security and Medicare.

"There is a lot you can do in terms of entitlements, in terms of cutting and in terms of also the theft and the bad management of entitlements," Trump said.

Following the interview, President Joe Biden responded to a clip his campaign made of Trump's comments: "Not on my watch."

Trump campaign spokeswoman Karoline Leavitt later told CNN that Trump was "clearly talking about cutting waste, not entitlements."

In December, 2022, the Biden administration signed [*SECURE 2.0*](https://www.cnn.com/2022/12/20/success/retirement-savings-secure-2-0-omnibus/index.html) into law, which encourages employers to offer retirement plan benefits to their workers and lifts some barriers to saving. Late last year the administration proposed a rule to [*limit junk fees*](https://www.cnn.com/2023/10/31/business/biden-administration-junk-fees/index.html) in retirement investments.

Vermont Independent Senator Bernie Sanders, meanwhile, rang the retirement alarm last month when he chaired a hearing on the state of retirement. About a quarter of seniors are [*living on less than $15,000 a year*](https://www.help.senate.gov/chair/newsroom/press/news-ahead-of-hearing-chairman-sanders-releases-report-exposing-depth-of-retirement-crisis-facing-working-class-americans), Sanders noted.

The former presidential candidate argued that companies should bring back pension plans - a striking difference from the investment programs that BlackRock's Fink advocated for in his letter.

Voters are taking note of those differences.

Beth, a 60 year-old administrative assistant in Pittsburgh, told CNN that she's paying close attention to what each candidate says about retirement, from presidential hopefuls "down to dogcatcher."

She has about $360,000 saved in her 401(k), which she knows is better than average. Still, she said, she has "no illusion of it being enough."

Beth, who also asked CNN not to use her last name, said she plans to work to at least 65 when she qualifies for Medicare, but "who am I kidding?" she asked, "I'll work until the wheels fall off."

She's yet to find a political candidate with a plan to fix retirement that appeals to her.

"It would be nice if it got better, but I don't see how it will at this point," she said. "I definitely don't want it to get worse."

Kate Sullivan and Tami Luhby contributed to this report

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