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ADP Retirement Services

# MILLENNIAL AND GEN X PERSPECTIVES ON FINANCIAL WELL-BEING



## METHODOLOGY

ADP Retirement Services commissioned a survey to understand individuals' financial management related to retirement savings, investing and personal expenses. Data was collected from an online survey of 1,000 workers between the ages of 35 and 62. Retirement Insights, LLC developed and conducted the study, which was completed in June 2025.

### **Objective**

Understand the financial and retirement planning concerns and challenges of individuals as they save, invest and manage their personal expenses.



## INSIGHTS INTO WORKERS' THOUGHTS AND BEHAVIORS AS THEY SAVE FOR RETIREMENT

The ADP Millennial & Gen X Perspectives Study finds that economic uncertainty and the rising cost of living are putting financial security at risk for many respondents. Despite efforts to reduce expenses, individuals use credit cards too often to help make ends meet. Although most save for retirement in their workplace plan, the majority have account balances below \$100,000, indicating a future financial shortfall. Support is needed — financial wellness and retirement planning programs may benefit individuals who are struggling with managing current expenses and planning for their future financial security.

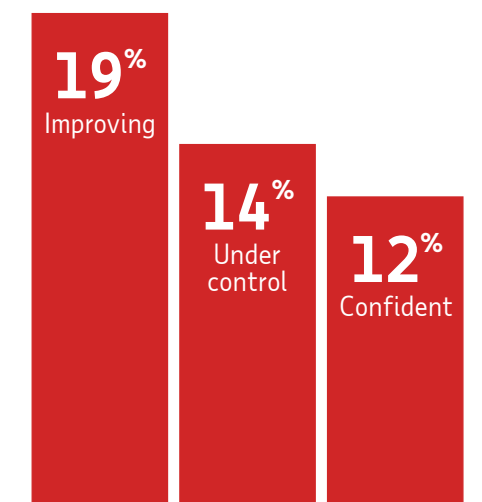
### Key insights

- Survey respondents are more likely to describe feeling overwhelmed, anxious or fearful about their financial situation since 2023.
- Housing, everyday expenses and debt are top financial concerns and obstacles to saving for retirement.
- Seven in 10 have saved under \$100,000 in a workplace retirement savings plan and many have no other savings for retirement.
- Few get professional assistance with retirement planning and investing.

### Declining optimism about personal finances

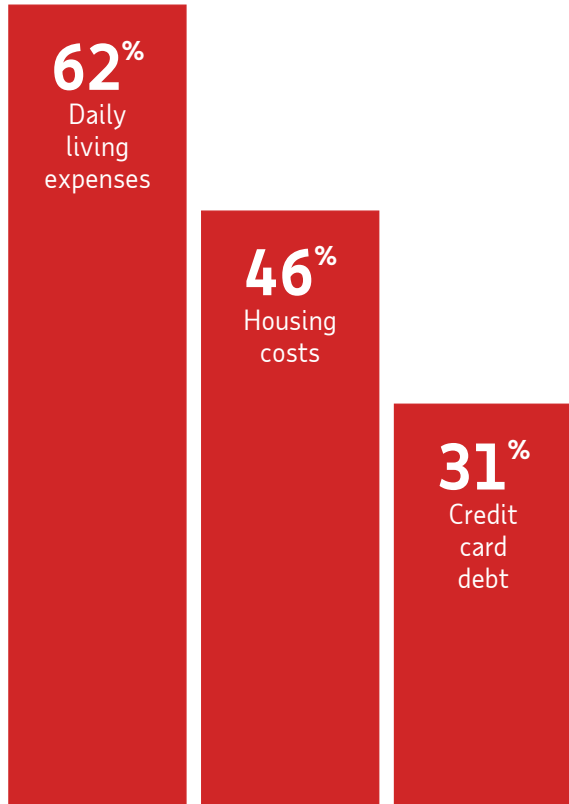
Many respondents report feeling anxious, fearful or overwhelmed about their personal finances. Half view their financial situation negatively — an 11 percent increase since 2023. Just 45 percent view their personal finances positively — including 19 percent citing finances that are improving, under control (14%) or confident (12%).

### PERSONAL FINANCE POSITIVITY





## WHAT PREVENTS SAVING?



### Living expenses and debt are top financial concerns and obstacles to saving

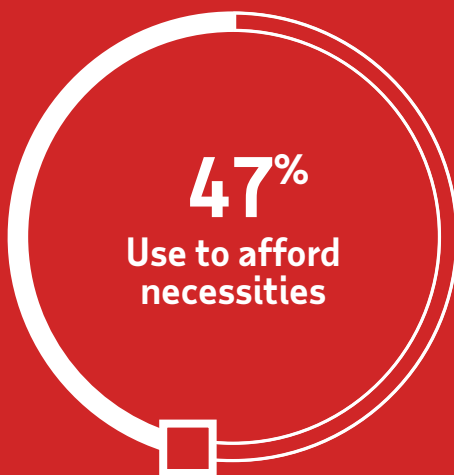
The majority of survey respondents' income is spent on housing costs like rent and mortgage payments (66%), utilities (39%) and food (37%). Student loans, education costs, child/elder care or taxes are of lesser impact. Federal, local and other taxes, which are likely a top 3 expense, are identified by just 12 percent of individuals as impacting their paycheck. While workers may view taxes as an unchangeable expense, pretax contributions to a 401(k) plan can redirect money owed on current income taxes into retirement savings.

The rising cost of living and economic conditions are impacting individuals' ability to afford necessities and save for financial goals. Economic uncertainty is largely the top financial concern among those surveyed (45%), followed by debt (22%) and overspending (12%). Likewise, daily living expenses, housing and credit cards are named as expenses that make saving and investing unlikely. Few identify medical expenses (13%) as a savings obstacle.

Despite uneasiness about finances and the economy, 60 percent are unprepared for an emergency — just 4 in 10 have an emergency fund of 3 to 6 months of income.

## CREDIT CARDS ARE OFTEN USED TO MAKE ENDS MEET

Almost half of credit card spending is for non-necessities, and 40 percent have a monthly balance of \$1,000 or more. Credit card balances are only paid in full sometimes (35%) to never (25%), which compounds the debt and adversely affects the ability to save and invest more in the future.





## Reducing spending is a priority

Over the past 12 months, 60 percent scaled back spending. Fifteen percent of respondents made cuts of 10 percent or more and 31 percent cut 5 to 10 percent. Looking to the future, nearly a third (29%) vow to spend "somewhat to much" less by targeting non-essentials (39%), credit cards (38%), food (25%), entertainment (20%) and housing (19%) over the next 12 months. And 87 percent would be very to somewhat likely to trade vacations, dining out and entertainment for saving \$5,000 or more over the year. Additional income would be directed to bump up savings (53%) or reduce debt (33%).

Basic money management skills like tracking expenses and budgeting could greatly help in savings and expense management endeavors. However, the majority of those surveyed (53%) don't track their monthly expenses at all to better manage their money. For those who do keep track, half review their expenses either monthly or quarterly.

## Retirement planning skills need improvement

The survey indicates that better financial planning skills and/or professional assistance with retirement planning would be welcomed. Respondents state calculating a retirement savings goal (34%) and projecting retirement expenses (23%) are top challenges.

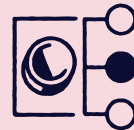
- A quarter of respondents don't have a retirement savings goal.
- Few have a written financial plan (13%) to guide them in their retirement planning.
- Nearly half (45%) say they don't know how to create a basic financial plan. Most just have an idea of financial goals (37%) or a mental plan (17%).
- Almost 40 percent have not reviewed their retirement account statement and made investment changes in the last 1 to 2 years.

## RETIREMENT PLANNING CHALLENGES



# 34%

Calculating retirement savings goals



# 23%

Projecting retirement expenses



# 21%

Uncertainty about where to live



# 20%

Creating a retirement income plan



## Retirement savings and investing

Two thirds do not have a personalized retirement plan with details like estimated expenses, health care coverage, where they will live, and a savings goal. Retirement savings balances reflect this lack of planning — 71 percent have saved under \$100,000 in a workplace plan and 51 percent have no other retirement savings. Eighty percent of those with outside assets have saved \$100,000 or less, typically in brokerage (20%) or bank products like CDs (12%). Expectations about Social Security income is on the decline — most think it will provide half or less of their retirement income (58%), and 19 percent are unsure.

Most choose their own investments. Fifty three percent are do-it-yourself investors, and rely on themselves (36%) or investing websites (17%) for information. Only 16 percent work with a financial professional, and 22 percent of these individuals report better investment results and time savings (9%). Over a third (36%) think professional advice is financially out of reach for them.

Beyond growth, respondents seek investments with low fees (29%), that provide easy access to their money (27%) and offer tax deferment (26%). Early career individuals are more concerned with liquidity and portability than their latter career counterparts, and a third of those making \$75,000 or less choose to invest outside of workplace plans. Interest in easy-to-access accounts may be due to lack of financial stability and concerns about how the economy may impact their financial situation. Reluctance to invest in a 401(k) may also be due to plan withdrawal penalties and restrictions.



### WORKPLACE RETIREMENT SAVINGS BALANCES REFLECT LACK OF PLANNING



# two-thirds

do not have a detailed personalized retirement plan with estimated expenses, health care coverage, where they will live, and a savings goal



# 71%

Have saved under \$100,000  
in a workplace plan



# 51%

Have no other  
retirement savings

## Workplace plan upgrades

Individuals believe their retirement savings would improve with access to certain services, programs and resources. In addition, developing communications campaigns may help to raise awareness of such solutions as many plan providers make these tools available today. For example, a third of those surveyed say workplace financial wellness resources are unavailable (34%) or they are unsure (21%) if workplace tools are available to them. Forty-five percent of respondents who are aware of the availability of financial wellness tools at work use them as frequently as every six months or more (39%).

### In addition:

- Feedback regarding workplace plans finds that assistance in creating a savings plan (32%), better investment choices (20%), and investment advice services (17%) appear to be lacking.
- A retirement savings calculator (31%) remains the top request for improving plan solutions. Personalized investing advice (29%) and help writing a detailed savings plan (29%) are other top-line items noted.
- Interest in a guaranteed income retirement product is high. If offered in the workplace plan, 93 percent would likely invest.
- Digital communications channels are rising in popularity. Email (30%), workshops (18%), websites (25%) and mobile applications (16%) are preferred for delivering workplace benefits information.

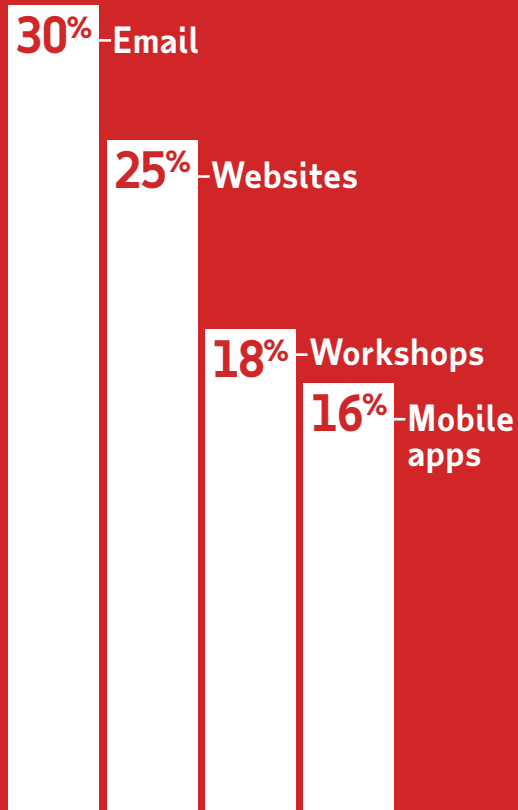
## Conclusion

Investors' financial wellbeing is not progressing in the right direction. While many are making the effort to reduce expenses to save money, they are in need of financial assistance to help enable better retirement saving. Employers can support workers' financial security with retirement solutions such as plan features, services and financial wellness programs that help remove obstacles and simplify the complex process of planning for the future. Here are some ways to support employees:

- Raise awareness of financial wellness programs. Many retirement plan providers offer financial wellness resources that teach resilience and provide support tools promoting fiscal literacy, emergency savings, debt relief and more.
- Highlight available retirement planning tools. Retirement planning can be complicated. Some providers leverage personal data to simplify retirement planning, drive engagement and help participants make more informed decisions. Personalized retirement planning assistance and investment guidance could help savers define a savings goal, create a plan for saving and choose an investment strategy based on their needs and goals.



## DIGITAL COMMUNICATION CHANNELS ARE PREFERRED FOR BENEFIT TOOLS



## Conclusion — continued

- Give participants more flexibility to access their plan savings. For example, plan loan features let them borrow from savings without incurring taxes and withdrawal penalties. In addition, the SECURE 2.0 Act provisions include features that support employee financial well-being such as emergency savings accounts and student loan matching contribution features that can help clear hurdles negatively affecting many workers' ability to save for retirement. Emergency and qualified disaster withdrawals add further flexibility and liquidity to 401(k) savings in support of financial wellness. Check with your plan provider about adopting these plan options.
- Communicate the benefits of pre-tax saving. Saving pre-tax can reduce current income taxes while participants save for the future — some may also be eligible for the Savers Tax Credit.



**Emergency and qualified disaster withdrawals add further flexibility and liquidity to 401(k) savings**



**LET'S TALK.** For more information about ADP retirement plans and how we design them to be engaging and easier to manage, visit us at [adp.com/401k](https://adp.com/401k).

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The research for this white paper was commissioned by ADP Retirement Services. Data was collected from an online survey of 1,000 workers between the ages of 35 and 62. Retirement Insights, LLC developed and conducted the study, which was completed in June 2025.

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