

THE U.S. HAS REACHED THE PEAK OF PEAK 65[®]
IT'S TIME TO APPLY RETIREMENT READINESS LESSONS FROM THE BOOMER EXPERIENCE
A record 4.18 million Americans will reach traditional retirement age this year

FOR IMMEDIATE RELEASE

Washington, D.C. January 28, 2025 – In 2025, an average of 11,400 Americans will turn 65 every day, setting a historic milestone with 4.18 million people reaching the traditional retirement age in a single year – the highest on record.

2025 marks the absolute peak of ‘America’s Peak 65[®] Zone’, a four-year period that began last year and runs through 2027, according to a pioneering [research report](#) by Jason Fichtner, Executive Director of the Alliance’s Retirement Income Institute and a former Chief Economist in the Social Security Administration. This year’s record-breaking peak (the Peak 65[®] Zone) will hold for about 20 years, until the larger Millennial generation starts reaching retirement age and setting even higher numbers of Americans turning 65.

“We should use this time as an opportunity to apply retirement readiness lessons that can benefit future generations,” said Fichtner, author of two studies that form the foundation for the Peak 65 phenomenon and highlight the risks facing current and future generations of retiring Americans.

“For those who are 20 years away from retirement, this is a great time to assess what went right and wrong for Boomers, so when our next Peak 65 moment occurs about twenty years from now, more Gen-Xers and following generations will retire more financially secure,” said Fichtner. “There is still plenty of time for course-correcting, even for Gen-Xers who will be retiring over the next 20 years.”

A Cautionary Tale

Determining the need for course correction is underscored by the challenges confronting millions of Baby Boomers in retirement, according to two recent studies from the Alliance.

A [definitive study](#) on the widespread economic impact of Peak 65 by Robert J. Shapiro, former Under Secretary of Commerce for Economic Affairs and commissioned by the Alliance’s Retirement Income Institute, indicates more than half (52.5%) of the Baby

Boomers turning 65 between 2024 and 2030 have assets of \$250,000 or less. Given the likelihood of living 20 or more years in retirement, they will likely exhaust their retirement savings and be forced to rely mainly on Social Security, which was designed to replace about 40% of a person's annual pre-retirement income, on average.

Similarly, the Alliance's most recent annual [Protected Retirement Income & Planning survey](#) of consumers ages 61 to 65 shows over half (51%) have investable household assets of less than \$100,000.

Key Lessons

Among the key retirement-readiness lessons from Baby Boomers:

Get help... Early. Saving early and steadily throughout your working career, coupled with professional advice for developing a retirement plan, can make a huge difference in retirement readiness. Studies consistently show that most people do not seek professional financial advice to help prepare a retirement plan. Those who do seek professional advice report experiencing less stress as they enter retirement. One thing that did work right for the youngest Boomers was the introduction of defined contribution plans such as 401(k) plans in the workplace, which provided some workers with a highly effective way to save for retirement.

Understand financial terms. For example, an important term for retirement readiness is 'protected income'. This is income that can continue throughout the rest of your life without fear of disappearing and is increasingly important as people live longer lives in retirement. There are only three forms of protected income available to Americans: Social Security, Pensions, and Annuities. Yet research shows most people still have no idea what protected income is. ALI's surveys of financial advisors and investors show both groups think the other is not hearing or understanding what they are saying, which is in part a reflection of not understanding the terminology being used.

If you can, wait to claim Social Security. The Alliance's PRIP study found 49% of Baby Boomers aged 61 to 65 have already started claiming Social Security Benefits. Since full retirement benefits are not available to people now until they are 67 years old, this means many people are tapping into their benefits at reduced levels and they will stay at that level for the rest of their lives. By waiting until age 70 to claim benefits, a person can add 24% to their annual earnings forever. Early claiming costs people thousands of dollars every year.

"If we concentrate on these three areas – getting people comfortable with seeking professional advice, learning and understanding some of the basic financial terms and concepts, and, if possible, maximizing Social Security benefits by not claiming early, we

– more –

will go a long way in improving our retirement readiness,” said Cyrus Bamji, Chief Strategy Officer for the Alliance for Lifetime Income. “Gen-Xers and even younger Peak 65 Boomers still have the runway to plan and ensure they’ll have enough protected income to maintain the lifestyle they want in retirement.”

Notably, as the last cohort of Baby Boomers enters retirement age our research shows that slightly more than half of them have savings of \$250,000 or less. They will likely exhaust their assets and rely mainly on Social Security in retirement. They are in a difficult situation and future generations who have time to prepare for retirement should look on them as a cautionary tale. Significant gender and race disparities exist, with women, Hispanics and Blacks having far less in retirement savings than white males on average.

Fortunately, 24% of Boomers entering retirement age have defined benefit pensions, which combined with savings and Social Security benefits will place them in a stronger position to live in retirement comfortably. However, private sector pensions are now available to only about 4% of the workforce, so Generation X will find itself entering retirement without a pension to provide protected income.

Congress has enabled private sector employers to allow their employees to transition some of their investments from 401 (k) funds into annuities which will allow people to create their own form of a personal pension for retirement. Not many employers are providing this option to their employees, however, and greater adoption of this annuity option could allow younger generations to generate personal pensions.

“Congress has done its part in creating options for employers to help employees build private pensions through their workplace retirement investment plans. Now it’s time for employers to give workers those options to help protect their retirements,” Fichtner said.

About The Alliance for Lifetime Income

The [Alliance for Lifetime Income \(ALI\)](#) is a non-profit, 501(c)(6) consumer education organization based in Washington, D.C., that educates Americans about the value and importance of having protected income in retirement. Our vision is for a country where no American has to face the prospect of running out of savings in retirement. The Alliance provides consumers and financial professionals with unique educational resources, live retirement planning shows, and interactive tools to use in building retirement income strategies and plans. We believe annuities – one of only three sources of protected lifetime income – can be an important part of the solution for retirement security in America. The Alliance’s [Retirement Income Institute](#) houses 16 of the leading academics and thought-leaders in retirement, who create evidence-based research and analysis, translated into practical ideas and actions to help Americans plan for a protected and happy retirement.

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