

## ‘Sandwiched’ Gen Xers: The next wave in America’s retirement crisis?

By Lynn Cavanaugh

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**N**early three quarters (73%) of Gen X respondents have adjusted their retirement goals to support their adult children or aging relatives, according to a new “sandwich generation” survey by Athene, a leading retirement services company.

The survey, which defined the Sandwich Generation as people aged 40-59 who provide financial or caregiving support to both adult children and elderly relatives, found that nearly three quarters (73%) of respondents have adjusted their retirement goals to support their adult children or aging relatives, including:

- Delaying retirement (34%)
- Using retirement assets to support their family (22%)
- Not planning to retire at all (9%)

“As the retirement age population in the U.S. grows, the Sandwich Generation represents the next wave in America’s retirement crisis, with potential long-term implications for individuals, families and the economy,” said Mike Downing, Athene Chief Operating Officer. Although the Sandwich Generation’s average age of expected retirement is 65, only 24% of respondents have a written retirement plan and 30% indicate they are concerned about having to rely on their children for financial support in retirement.



Credit: rudall30/Adobe Stock

“Many retirees don’t have the luxury of assuming that the traditional ‘three legs’ of the retirement stool – Social Security, savings and investments, and workplace pensions – will fully secure their retirement,” said Downing. “Early preparation has never been more important.”

Among respondents who support older family members who have an income source, 83% say those family members depend on Social Security, which often doesn’t provide sufficient retirement income to cover a retiree’s full expenses. Only 14% have an annuity, which provides guaranteed income in retirement.

### **Guaranteed income**

Among respondents who say they are not completely confident in their ability to provide support to family, approximately two-thirds (66%) say that increased income would improve their confidence, outweighing other factors including:

- Increased savings and investments (43%)
- Support from other family members (42%)
- Lower debt (38%)

Guaranteed income is one tool available through a financial professional that can help the Sandwich Generation manage the financial aspects of caregiving and plan for retirement. Importantly, respondents who had already incorporated guaranteed income into their financial strategies tended to have higher incomes, and reported more confidence, less stress and greater preparedness for retirement.

“As Americans face the financial responsibility of supporting their families, strategies to diversify their sources of income in retirement are more critical than ever,” said Downing. “Understanding your options and creating a plan are the most effective steps to balance the dual responsibilities of supporting family and securing your retirement.”

### Significant impact on women

Athene’s survey found that caregiving for adult children and elderly relatives affected women in the Sandwich Generation disproportionately, with women surveyed reporting higher levels of financial strain than men (53% vs. 40%). Women were also less likely than men to proactively plan their finances across a number of measures, putting them at an additional disadvantage when preparing for retirement:

- Seek advice from a financial professional (36% vs. 57%)
- Have a written retirement plan (19% vs. 30%)
- Discuss financial planning with elderly relatives (57% vs. 68%)

### Financial wellness

“Workplace benefits fill an important role in helping workers plan for and live well in retirement,”

said Rebecca Tadikonda, Executive Vice President, Strategy and Innovation, Athene. “While this isn’t new, plan sponsors and benefit managers should recognize that the toolkit will continue to expand with new beneficial solutions for retirement savers and retirees. There is a lot of innovation coming and auto-income solutions, which are still nascent, are the next evolution that will help to enhance retirement security.”

A financial professional can help employees devise solutions. An overwhelming majority (90%) of respondents already working with a financial professional say that their relationship had a positive impact on their financial future.

“Approximately 43% of employers offer access to financial professionals but only 10% of employees utilize the benefit,” said Tadikonda. “So employers have the twin opportunities of encouraging their use and also incorporating guaranteed income solutions into their plans to support workers who may not choose to engage with a financial professional.”

Although the majority of respondents (53%) say they are concerned about maintaining their standard of living in retirement, those respondents not currently working with a financial professional were more likely to be worried about not having enough assets to retire (47% vs. 30%).

“The decline of traditional pensions has largely shifted the responsibility of saving and investing for retirement to the individual,” said Tadikonda. “The defined contribution system has helped fill the gap, and most plans do a great job helping people save for retirement and taking the guesswork out of investing. However, retirees still need help soundly navigating the process of spending down their savings in retirement. This is where guaranteed income solutions can have a big impact – helping retirees automatically turn their savings into a paycheck.”