

Stanford Center on Longevity  
**A TOOLKIT SERIES BRIEF**

**LIFE PLANNING  
IN THE AGE OF  
LONGEVITY**  
Insights for Gen Xers

**Steve Vernon, FSA**  
Research Scholar  
Stanford Center on Longevity

## TAKE-HOME POINTS

- Generation Xers could live for another 40, 50 or even 60 years.<sup>1</sup>
- Living long and living well is more realistic for people who take steps in three domains: healthy living, social engagement and financial security.
- As Gen Xers move through the halfway point of their lives, they may want to consider how their choices help them best live the second half of life.

## INTRODUCTION

The majority of Gen Xers are currently at their peak productivity in both their personal and work lives, and are gaining valuable life experience along the way. Many are also facing the stresses that come with middle-age, however, from starting new families to helping young adult children to caring for aging parents. At the same time, they may be assuming increasing responsibilities at work. Such life stressors incurred by “sandwich generations” have been well documented.<sup>2</sup>

The upside is that Gen Xers may be especially motivated by their family’s needs to make good choices and put plans in place that will help them live well into old age. Taking smart steps now through exercise, nutrition, community engagement and savings habits will lay the groundwork for good health, social connectedness and financial security in their later years.

Consider the following: A 45-year-old female non-smoker who reports being in excellent health has more than a 50 percent chance of living another 45 years to age 90, a 37 percent chance of living to age 95 and nearly a 20 percent chance of living to age 100, according to the Society of Actuaries.<sup>3</sup> A 45-year-old man with similar characteristics has a 45 percent chance of living to age 90, a 27 percent chance of living to age 95 and an 11

percent chance of living to age 100.

Unlike their grandparents and prior generations, many Gen Xers will live for a few more decades, so it may be well worth their time and effort to make mid-life adjustments to give themselves the best chance of not just living long but living well. Employers, financial institutions and advisers all have helpful roles to play in the process.

Compelling scientific evidence indicates that living long and living well is most realistic for individuals who take steps throughout their lives towards optimizing three key domains: healthy living, social engagement and financial security.<sup>4</sup> Members of Gen X in particular may benefit from assessing their current circumstances and resources to make well-informed decisions about:

- Maintaining and enhancing their job skills and contacts to maximize gainful employment for two to four more decades.
- Earning sufficient income in the next few decades to support their current cash-flow needs as well as a sufficient allocation for a longer retirement than previous generations.
- Exploring how they can build and maintain their social networks, particularly their extended family and community-based groups.

- Developing a savings and investment program for financial security in their retirement years, including setting a realistic, perhaps older age for eventual transition from the workforce.
- Protecting against potentially devastating health and disability events, as they move towards older age, where such risks increase significantly.
- Taking steps to improve their health and manage potentially rising health care costs for themselves and their aging parents.
- Investigating how they can finance their children’s college education without incurring significant debt and jeopardizing other financial goals.

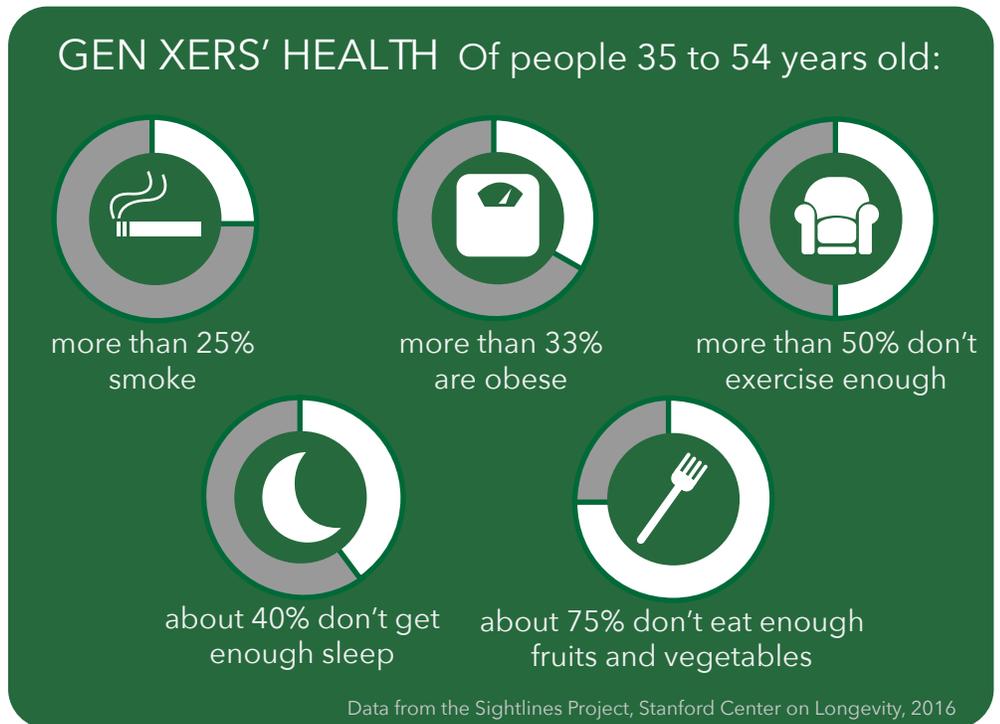
With respect to the last point mentioned above, the Sightlines Project highlights the substantial student loan debt Millennials have accrued, which may be of significant importance to older Gen Xers whose children are approaching their college years.

The Stanford Center on Longevity’s Sightlines Project provides a helpful checklist of goals people can work towards or maintain.<sup>4</sup> For a complete checklist, see the “Action Plan” brief.<sup>5</sup> The sections below provide more details for Gen X on the issues for each of the three domains.

# HEALTHY LIVING

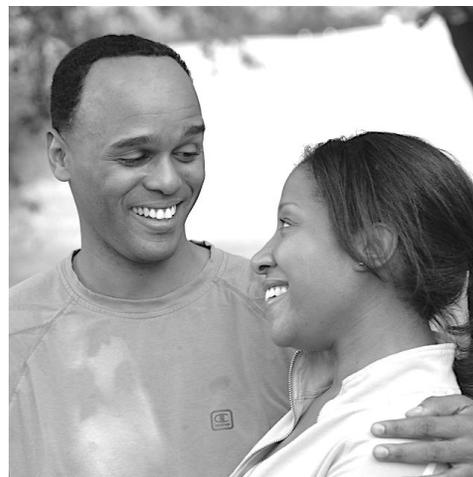
The Sightlines Project identifies eight action steps that fall into two categories: engaging in healthy daily activities and avoiding risky behaviors. Many Gen Xers may need to mitigate or reverse unhealthy habits they've accumulated throughout their childhood and first few decades of adult life. The figure to the right shows a few examples of Gen Xers' healthy living behaviors.

Many employers and health insurance plans offer health and wellness programs that provide resources and incentives to adopt healthy behaviors and address the significant barriers that commonly hold people back. These programs can be a good place for someone to start on a path to healthy living.



# SOCIAL ENGAGEMENT

More and more research has found links between feeling connected to family, friends and the community and improved health and longevity.<sup>4</sup> The Sightlines Project identifies



the 35- to 44-year-old and 45- to 54-year-old age groups as having the highest rates of marriage or partnering, which may yield significant benefits for life expectancy and well-being, either via emotional or instrumental support.

During this busy phase of life, maintaining old relationships and building new ones may be a challenge, but creating a diversified social portfolio should be tackled with the same intent and purpose as when building an investment portfolio.<sup>6</sup> Such a social portfolio would include meaningful interactions with and support from family, friends and partners. In addition, Gen Xers may want to consider maintaining connections

Gen Xers have the highest rates of marriage and partnering, which may yield significant benefits for life expectancy and well-being.

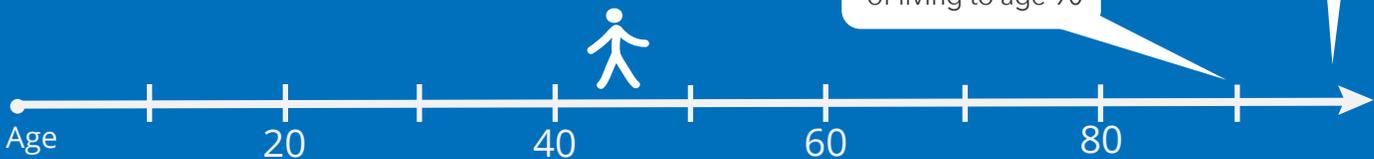
with neighbors, as well as continued engagement in group activities such as work, volunteering and participating in religious institutions and community groups even after their school-aged children leave home. These actions will help Gen Xers address the many personal and career challenges identified above that they're facing at this phase in their lives.

## GEN XERS COULD LIVE FOR DECADES

a 45-year-old woman in excellent health has a...

**50%** chance  
of living to age 90

**20%** chance  
of living to age 100



## FINANCIAL SECURITY

The nine actions in this domain fall into three categories: cash flow, asset growth and protection. Compared to “Healthy Living” and “Social Engagement,” the “Financial Security” action steps may be the most difficult for individuals to achieve on their own due to the complexity of the decisions that must be made. These steps may be easier with help and support from employers, advisers and financial institutions and changes in public policy.

Some of the most important decisions facing Gen Xers involve balancing competing goals: building the necessary financial resources for their retirement security, managing expenses from having children, helping their adult children launch their lives and supporting their aging parents, if applicable. For many people, this is no small feat.

In the box at right are a few of the most important financial decisions that Gen Xers need to focus on.

Simply put, there are many complex choices that must be made by Gen Xers in the next two decades (i.e. the period leading up to retirement).

### Here are the specific financial decisions Gen Xers will need to focus on:

- Develop a realistic and more specific retirement plan, and revisit it regularly. The plan should include a realistic target age to transition from the workforce as well as estimates of the retirement income needed to meet expected living expenses.
- Learn about Social Security, Medicare and how to obtain medical coverage outside the workforce.
- Consider obtaining long-term disability income insurance. The Sightlines report estimates that about one in three Americans under the age of 65 holds insurance to replace income in the event of a long-term disability.
- Homeowners may want to develop a plan to become mortgage-free at some point in their retirement to significantly reduce their living expenses.
- Gen Xer parents can explore options for minimizing the significant debt burden placed on them as their children enter college. Possibilities include less costly alternatives such as public universities, community colleges and trade schools, as well as tuition assistance programs offered by some employers. Parents and their children will want to evaluate the long-term consequences of assuming student debt, including estimating the annual debt repayments once the child graduates.

During this time, workers may need assistance from employers, financial institutions and advisers to help them make and carry out these critical decisions. Many employers are expanding

their health and wellness programs to include financial wellness, and these programs can be a good place to start on the road to financial security.



## PREPARE FOR HAVING MORE TIME?

---

A common complaint of Gen Xers is that they simply don't have the time to take these suggested steps, given the many pressures they face. They may not realize that they could transition from being "time constrained" to "time affluent" once their last child leaves the nest and they no longer have responsibilities for their adult children or aging parents.<sup>7</sup> This can give them the time to focus on changing their health habits, nurturing their social network and building the financial resources needed to last them for the rest of their lives. They may also have more freedom to choose a geographic location and specific home that better meets their changing life circumstances.

If this freedom is still years away, however, Gen Xers will want to look for creative ways to make improvements in the intervening years.

Many middle-aged workers groan at the possibility of the financial need to work into their late 60s or 70s. In this situation, Gen Xers may want to seek alternative work that's more satisfying, less intense and/or requires working fewer hours. In this case, it might be useful to consider how to balance how much income is really necessary to cover living expenses with the importance of doing meaningful work.

These steps can be a tall order that may require a lot of work and significant life changes. Merely providing facts

and strategies might motivate only a small part of the population to make these desirable changes. For many people, it may be critical to start the process by exploring strategies that influence and strengthen core motivations for change, which can give individuals the energy and willpower to implement these plans.<sup>8</sup>

Compared to their grandparents' and prior generations, Gen Xers have been given a gift of an extra 20 to 30 years of life. Many Boomers are struggling with adjusting to this gift; witnessing their experience may provide a wake-up call to Gen Xers to start preparing today for a longer, better life.



# ACTION STEPS

1. Prepare realistic assessments of living expenses in retirement and expected income from Social Security, pensions (if available) and savings. This can lead to helpful decisions about how long to work and how much money is needed for a comfortable retirement that could last a few decades.
2. Take steps to improve health and nurture a diversified, robust social portfolio.
3. Read the comparable brief for Boomers to see what may be in store for Gen Xers as they enter late middle-age and older adulthood and to understand the challenges facing parents and older friends and relatives.<sup>9</sup>
4. Explore core motivations and personalized strategies that are most effective for mobilizing people to implement their goals.<sup>8</sup>

## CITATIONS

1. Generation X has generally been defined as those born from the early to mid-1960s to the late 1970s to early 1980s. [https://en.wikipedia.org/wiki/Generation\\_X](https://en.wikipedia.org/wiki/Generation_X)
2. "The Sandwich Generation: Rising Financial Burdens for Middle-Aged Americans," *Pew Research Center* (January 2013). <http://www.pewsocialtrends.org/2013/01/30/the-sandwich-generation/>
3. Based on the 2010 Social Security Administration mortality table, with future mortality improvement projected using the Society of Actuaries' MP-2015 scale. See the Longevity Illustrator: <http://www.longevityillustrator.org>
4. The Sightlines Project, *Stanford Center on Longevity* (February 2016). <http://sightlinesproject.stanford.edu>
5. Vernon, Steve, "Life Planning in the Age of Longevity: An Action Plan," Toolkit Series Brief, *Stanford Center on Longevity* (2017).
6. Yotopoulos, Amy and Jonathan Streeter, "Social Portfolios Are Just As Important As Financial Portfolios," Toolkit Series Brief, *Stanford Center on Longevity* (forthcoming 2017).
7. Leisure in Retirement: Beyond the Bucket List. *Merrill Lynch/Age Wave* (May 2016).
8. Vernon, Steve and Elizabeth Borges, The MORE Design: Integrating Psychological Science and Behavioral Economics to Engineer Better Outcomes with Human Resources, Benefits, and Retirement Programs, *Stanford Center on Longevity* (forthcoming 2017).
9. Vernon, Steve, "Life Planning in the Age of Longevity: Insights for Boomers," Toolkit Series Brief, *Stanford Center on Longevity* (2017).

The mission of the Stanford Center on Longevity is to redesign long life. The Center studies the nature and development of the human life span, looking for innovative ways to use science and technology to solve the problems of people over 50 in order to improve the well-being of people of all ages.

