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Welcome to 'peak boomer' era: A wave of retirees is about to blow through their savings and cling to Social Security to stay afloat.



Peak boomers are getting ready to retire. Alistair Berg/Getty Images

- **Over 30 million "peak boomers" are entering retirement financially unprepared.**
- **The economy could take a hit, with industries like manufacturing and education needing to replace boomer workers.**
- **Those new retirees will likely be disproportionately leaning on Social Security to stay afloat.**

The youngest baby boomers are about to enter retirement — and most of them aren't financially prepared for this next stage of their life.

Beginning this year, over 30 million boomers born between 1959 to 1964 will start to turn 65, marking the "largest and final cohort" of that generation entering retirement,

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according to a [new report](#) from the Alliance for Lifetime Income's Retirement Income Institute.

Many in this cohort, known as "peak boomers," are facing significant economic headwinds, the report said. It's what some have called [the boomer retirement bomb](#) — and it might be costly for the rest of the workers in the economy.

Through an analysis of data from the Federal Reserve and the University of Michigan Health and Retirement Study, the report found that 52.5% of peak boomers have \$250,000 or less in assets, meaning that they'll likely deplete their savings and rely primarily on [income from Social Security in retirement](#). Another 14.6% of that cohort have \$500,000 or less in assets, meaning "nearly two-thirds will strain to meet their needs in retirement," the report said.

"America has never seen so many people reaching retirement age over a short period, and well over half of them will find it challenging to meet their needs through their retirements, let alone maintain their current standard of living," Robert Shapiro, an author of the report and the former Under Secretary of Commerce for Economic Affairs, said in a statement. "They lack the protected income that many older Boomers have from solid pensions or higher savings."

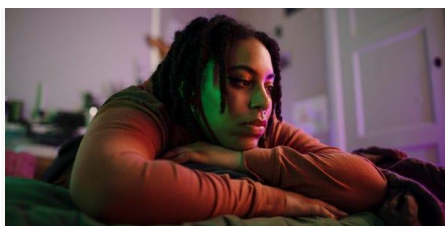
The peak boomers' retirement wave could also impact the overall US economy. The report projects that employers will have to replace as many as 14.8 million peak boomers — primarily in the manufacturing, healthcare, and education industries — which could decrease economic productivity.

On top of that, the generation's retirement is likely to have an impact on consumer spending. Using data from the Consumer Expenditure Survey, the report found that peak boomers will spend \$204 billion less in 2032 than they did in 2022, with the transportation sector taking the biggest hit.

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Still, as the report noted, younger employees are likely to fill some of the jobs that peak boomers will leave, and productivity will rise as technology advances.

The crisis is partially due to changes in how Americans save for retirement.

Peak boomers entered the workforce just as retirement plans shifted away from defined benefit plans like pensions — which generally guarantee stable income and

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are employer-subsidized — to contribution plans like 401(k)s, which rely on workers to pay into them.

Of the different types of retirement-savings plans the report looked at, defined benefit pensions have the least disparities along racial, gender, and ethnicity lines (although there are significant disparities in annual payments) — but only 24% of peak boomers hold them, and even those plans are coming up against potential underfunding.

Already, many retirement-aged Americans are living on paltry incomes. A little over half of Americans over 65 live on incomes of \$30,000 or less a year, per the Census Bureau's Current Population Survey, with the largest share living on \$10,000 to \$19,000. And, per Business Insider's calculations of CPS ASEC data, 79.2% of retirees receive some type of Social Security income.

Retirement-aged Americans, many of whom fall in that peak boomer category, previously told Business Insider that they might just have to continue working until they die or become infirm to stay afloat.

"Only the very wealthy are going to have any dignity in their old age," Pam, who is nearly 58, said. "And the rest of us are just going to pray that they can die while they still have a job because nobody wants to die on the street."