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Wells Fargo Finds Gen X Needs More Attention

In its second annual *Driving Plan Health* report, **Wells Fargo** took a closer look at retirement savings by generation, comparing each age group's performance.

While the report looked at various areas such as contribution rate, participation, and diversification, **Mel Hooker**, director of relationship management for Wells Fargo Institutional Retirement and Trust tells **401kWire** one area of the report stood out. In contrast to other generations, Gen X seems to take out more loans. In fact, 25 percent of Gen X participants have a 401(k) loan compared to 16 percent of Millennials and 19 percent of Baby Boomers.

"One of the generations that doesn't get a lot of airtime is Gen X," Hooker tells **401kWire**. "This is an opportunity for a plan sponsor and an advisor to look at that population and see how plan design is helping or hurting them."

Amongst Millennials, participation rates are going up with an increase of 13.3 percent over the last five years. This reflects a recent study from **Pentegra Retirement Services** which found a majority of Millennials saving for their retirement. In addition to the increase in participation rate, Millennials are the biggest users of Roth 401(k) plans. Hooker tells **401kWire** that this is most likely a result of the political climate around the time Millennials were entering the workforce when significant pieces of legislation like the Pension Prevention Act of 2006 were put into place.

In light of the report, as the industry thinks about how to approach increasing participation and contribution rates, Hooker says to focus on employers' role and influence — a viewpoint she refers to as "employer inertia."

"In particular, when we see retirement plan contribution rates are in a stagnant state relative to other important behaviors, we can put in place the plan design features that will help improve this metric," Hooker states. "Employers can use this data to inform their decisions based on their defined goals for helping their employees save for retirement."

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