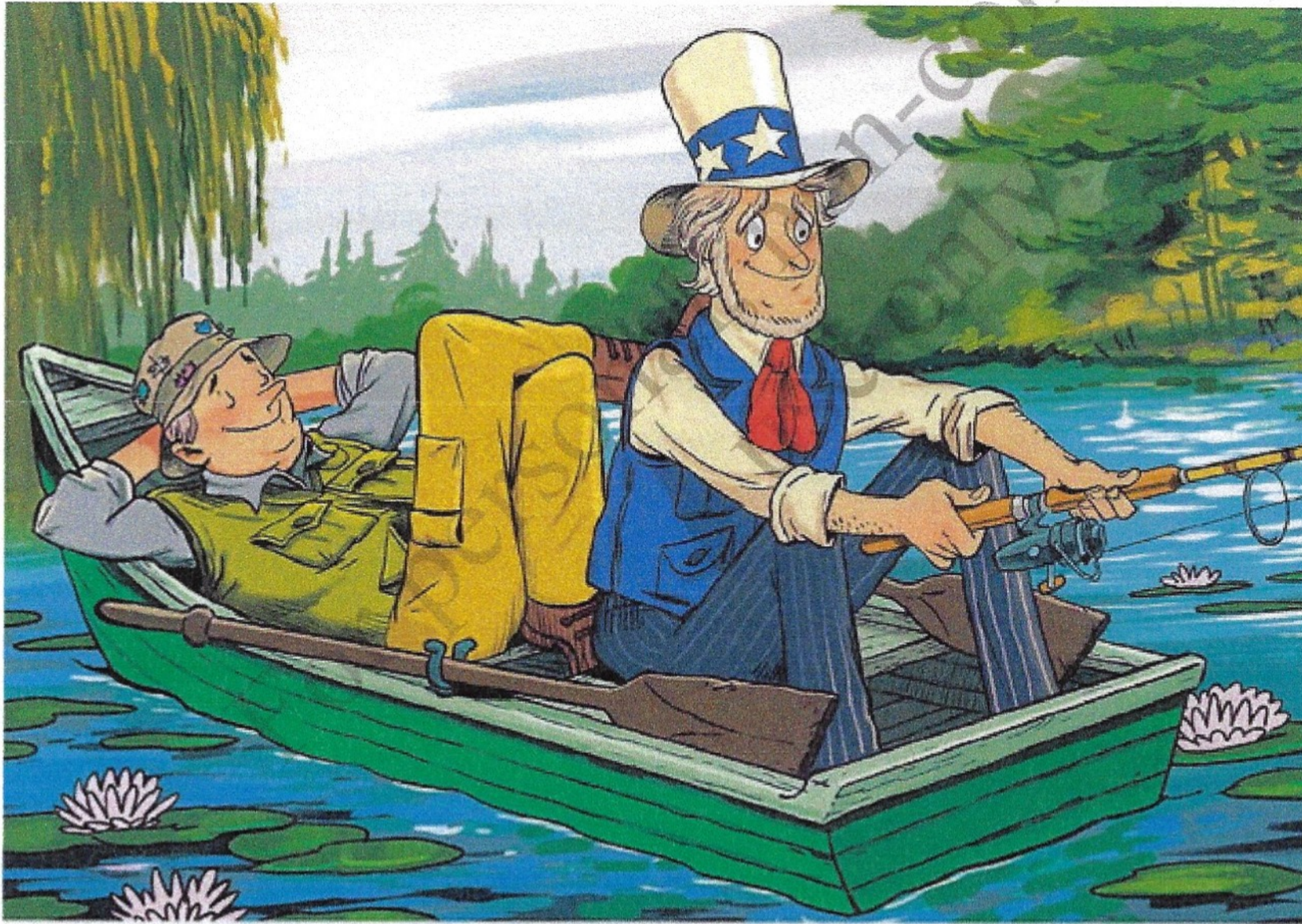


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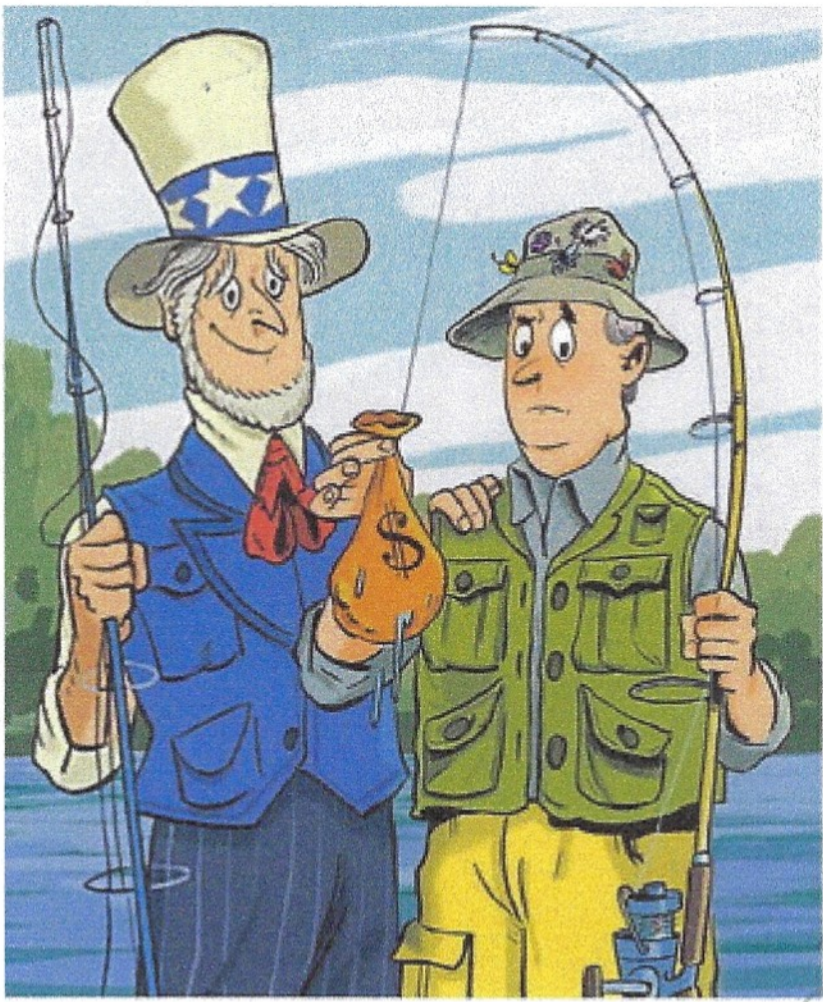
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The High-Stakes Effort to Repair The American Retirement System

Things look bleak for would-be retirees, especially the youngest workers. But policymakers are starting to pay attention.

BY GLENN RUFFENACH

THE warning from educators, economists and think tanks is loud, clear and persistent: The nation's retirement system is in need of repair. Failing to do so could mean that tens of millions of Americans in the 2050s and beyond will enter later life with little, if any, financial security.

The good news: People appear to be listening.

"I'm excited about the progress we're seeing," says Angela Antonelli, executive director of the Georgetown University Center for Retirement Initiatives at the Mc-Court School of Public Policy. In the past, she notes, decades could pass without significant retirement- system overhauls. Now, incremental gains in helping workers build savings and prepare for later life are evident in both the public and private sectors.

"We still have a long way to go, make no mistake," she says. "But this is absolutely critical for the fiscal and economic well-being of the country going forward."

While many Americans today are entering later life in good financial shape, the prospects for large numbers of younger workers are more dire. A survey last fall by the Pew Research Center found that almost half (45%) of Americans under age 65 aren't confident they'll have sufficient assets to get through retirement—or say they won't be able to retire at all.

Helping these workers build a secure future becomes even more challenging when the nature of work and retirement is likely to change in the coming decades.

"If you ask Generations Z and Alpha about their expectations for their careers, they absolutely expect to have multiple career chapters and transitions," says Liba Wenig Rubenstein, director of the Future of Work Initiative at the Aspen Institute in Washington, D.C. "They're interested in breaks for education and rest and caring for family members, as opposed to some sort of continuous, linear career path."

Put another way: Workers will likely wish to “retire” at multiple points in their lives (and for varying amounts of time) before returning to work—and will need tools that can help fund these periodic breathers.

Here’s a closer look at some of the biggest challenges that retirees and would-be retirees are facing and how legislators and policymakers are coming to grips with them:

Universal access

It’s the single biggest problem in the nation’s retirement system: Almost half of private-sector employees ages 18 to 64, or about 57 million Americans, don’t participate in a retirement plan at work, according to the National Institute on Retirement Security, a Washington-based research organization. Yes, Social Security provides a financial foundation in retirement. But steady payroll deductions—month after month, year after year, starting as early as possible—are essential to building a nest egg.

In particular, many Americans now hitting mid-career have saved only a fraction of what they’ll need for retirement and have little time to catch up, says Dan Doonan, the institute’s executive director. Among workers within 10 years of turning 65, the median retirement savings is just \$30,000.

Ideally, the U.S. would have “universal access” to retirement savings accounts, giving all workers the option of contributing automatically to a savings plan via payroll deductions. Absent a national program that does just that, individual states are taking the lead—and seeing progress.

In the past decade, 22 states have adopted retirement-savings programs, with 17 of them requiring employers to offer their own retirement plans or to enroll their workers in state-facilitated savings accounts. (The others are voluntary arrangements, and the particulars vary from state to state.) More than 1.2 million people are now enrolled in these state programs, with about \$2.9 billion in assets, according to the Center for Retirement Initiatives.

“It just shows that when you make it easy for workers to save, especially those who tend to be more low and moderate income, they will save,” says Antonelli.

Washington and Congress haven’t been sitting on their hands entirely. The Secure Act and Secure 2.0 Act, enacted in 2019 and 2022, respectively, changed several features involving retirement plans, including making it easier for some employers to offer 401(k)s. The federal Saver’s Match program, starting in 2027, will pump dollars into selected savings plans. And new 530A accounts, known as Trump Accounts, will, in effect, allow Americans to begin building nest eggs at birth.

Perhaps most important, all the above shows that retirement overhaul “really does have bipartisan support,” says K.C. Boas, who leads the retirement initiative for the Aspen Institute’s Financial Security Program. “But these innovations are just the first step. Now we have to get them into the hands of everyone.”

Social Security’s future

If getting more Americans enrolled in savings plans is the biggest challenge on the retirement front, fixing Social Security runs a close second. At the moment, unless Congress acts, the program’s trust fund will be depleted in late 2032, at which point beneficiaries will see their monthly checks reduced about 22%. Without reserves from the trust fund, Social Security relies solely on payroll taxes to pay beneficiaries; those taxes aren’t sufficient to pay 100% of benefits.

Surveys show that the public is clearly aware of—and concerned about—the threat. But will Congress fix it? The last time Social Security was in dire straits, in 1983, Congress did, in fact, step in—but with just three months to spare. (President Reagan signed legislation in April 1983; benefits were scheduled to be cut that July.) A similar scenario seems likely today: A solution *will* emerge, but later rather than sooner.

“I’m certain we’re going to address [an overhaul] at some point,” says David Blanchett, head of retirement research at Prudential Financial. “And I think it’s incredibly unlikely that current and near-retirees will be affected.” But, as part of

this, he adds, “it is possible that Social Security benefits in 20 years could be less generous than they are today. And that means people will have to save more for retirement.”

Health and healthcare costs

Older Americans in 2026 are grappling with numerous challenges to their health. Only about onethird (37%) rate their physical health as excellent or very good, according to the 2025 Pew survey. About 93% have at least one chronic condition and nearly 80% have two or more. Falls alone send three million adults age 65-plus to hospital emergency rooms each year. And 1 in 4 older adults suffer from behavioral health problems, including depression, anxiety or substance abuse. It’s here, though, that the outlook is brighter for Americans retiring in the 2050s and beyond. To start, artificial intelligence likely will give individuals a much more precise answer to the question that bedevils so much of retirement planning today: How long will I live? “A 65-year-old today has a pretty decent chance of dying in the next five years but also has a pretty decent chance of living for at least 30 years.” says Ben Harris, vice president and director of economic studies at the Brookings Institution and co-author of the book “The Retirement Challenge.” “With its ability to personalize medicine, AI will give us a better understanding of the probability of each person living to a certain age, which can help them plan for their lifespan.”

And those spans are likely to increase more than we realize, Harris adds. Two and three decades from now, improved diagnostics and improved pharmaceuticals, also courtesy of AI, will help extend, he says, “our most precious commodity: years of life.”

Sue Peschin, president and chief executive officer of the Alliance for Aging Research in Washington, sees tomorrow’s retirees benefiting from several advances in medicine: a more-exact understanding of the risks and benefits involved in treating serious diseases; potential breakthroughs in curbing diabetes and obesity; improved programs to deal with substance-abuse disorders; and earlier detection of Alzheimer’s.

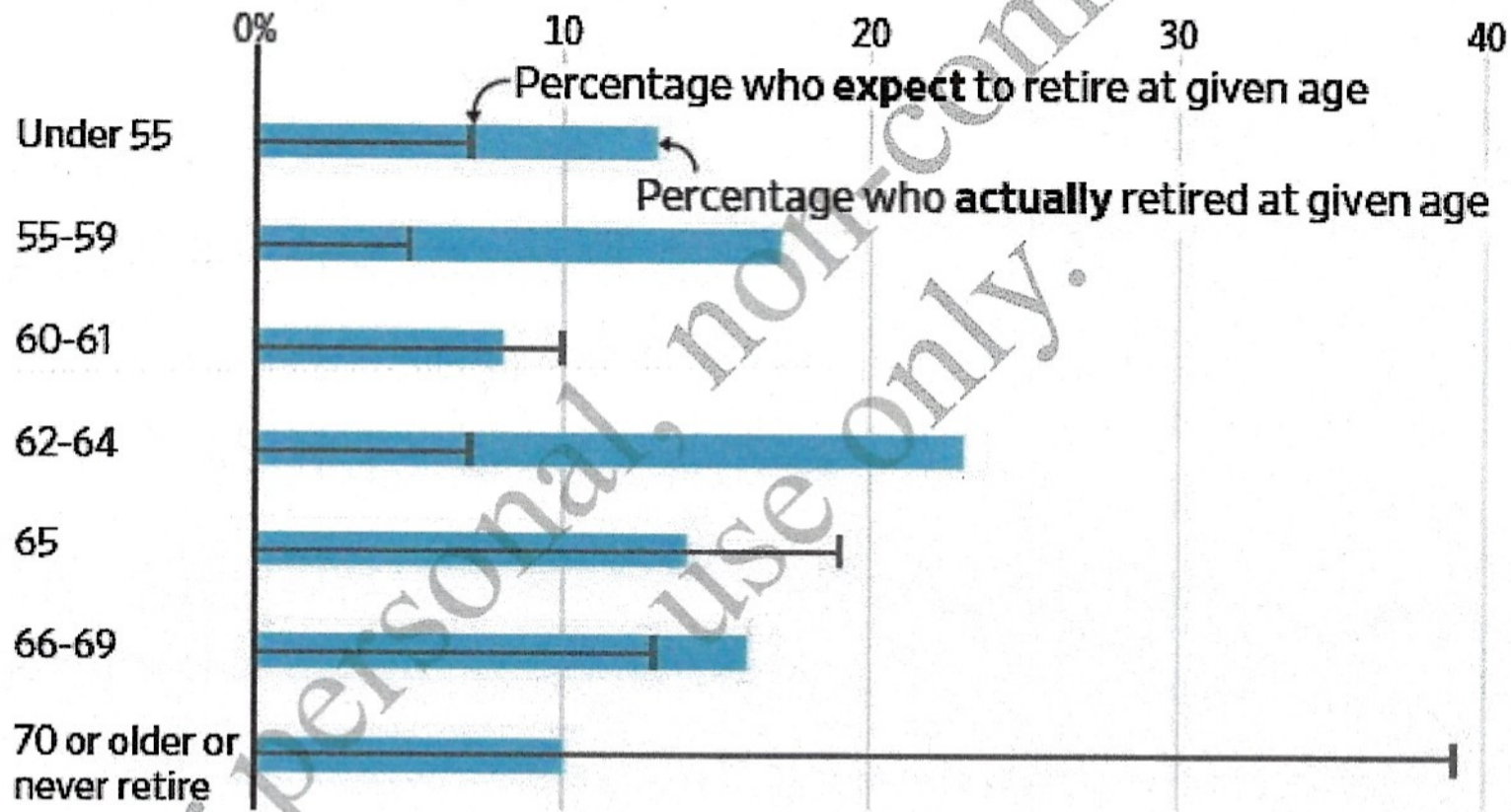
And Generation X and millennials, in particular, she notes, might have more advantages than they realize when it comes to living a long and healthy retirement.

“They’ve had different struggles than older generations— more with mental health and stress,” she says. “On the other hand, there’s much more awareness about nutrition and exercise. And that’s a big plus.” *Glenn Ruffenach is a former reporter and editor at The Wall Street Journal. He can be reached at reports@wsj.com.*

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False Hopes?

Asked at what age they expect to retire, almost 4 in 10 surveyed workers in 2026 said age 70 or older—or that they would never retire. But surveyed retirees say they frequently end up retiring earlier than planned, often because of health problems or disability:



Source: Employee Benefit Research Institute and Greenwald Research, '2026 Retirement Confidence Survey,' of 2,544 respondents ages 25 or older, conducted Jan. 2-28, 2026.

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