



MI FINANCE'S LIFETIME FINANCIAL SECURITY PROGRAM

The Lifetime Financial Security Program in MI Finance at the Milken Institute focuses on ensuring that everyone is financially secure at all stages of their lives and into retirement. MI Finance works through leading convenings; conducting research; coordinating with policymakers, experts, and thought leaders; and conducting media outreach and advocacy. MI Finance focuses on ensuring the financial markets and institutions are available to those who need them when they need them and on utilizing finance as a force for good.

Its experts released a comprehensive landscape report in August 2023. The report resulted from convenings, sessions at the Milken Institute's 2022 and 2023 Global Conferences, a half-day private gathering of experts in October 2022, research, and interviews with retirement, FinTech, and long-term saving experts.

Lifetime Financial Security Report Overview

The report, [*Shifting the Retirement Paradigm: Moving toward Lifetime Financial Security*](#), discusses many of the factors that relate to achieving financial security over time and into retirement. It contains actionable recommendations for policymakers, employers, financial firms, and individuals. It also includes an appendix with retirement planning considerations for individual savers.

The LFS Program and the report define lifetime financial security as:

- having the financial ability to pay recurring monthly expenses,
- having the funds to pay for adequate housing,
- having the ability to absorb a financial shock (e.g., job loss or unexpected expense, such as a major repair of a car or home),
- setting and meeting both short-term and long-term financial goals,

- having a tax-deferred savings plan to save for the end of your traditional work life,
- being financially prepared for long-term medical costs, and
- being comfortable with the lifestyle you live and can afford.

Distinct from other reports on financial security, this report takes a comprehensive view of many of the factors that come into play when we grapple with the complex basic issue: How can we ensure that all Americans are financially secure over time and into retirement? The report presents data, insights, and quotations from foremost experts on financial security and retirement planning.

The landscape report is for readers who want to understand the factors impacting long-term financial security and retirement security for all Americans. Each stand-alone section can facilitate discussion of discrete areas of interest. Further, each section outlines noteworthy developments, indicates where more work is needed, and offers suggestions for change. The report also presents points for consideration by people of all ages planning retirement.

Primary topic areas covered in the report:

- Four Elements of a New Financial Paradigm for Americans
 - Encouraging Early Saving
 - Focusing on Financial Knowledge
 - Considering Life Events, Life Stages, and Lifestyle
 - Highlighting Simple Savings Models and Low-Cost or Free Financial Information
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 - Focusing on Financial Knowledge
 - Considering Life Events, Life Stages, and Lifestyle
 - Highlighting Simple Savings Models and Low-Cost or Free Financial Information
- Addressing Inequities in Long-Term Savings
 - Long-Term Savings Differences by Worker
 - Racial Inequity in Long-Term Savings
 - Gender Inequity in Long-Term Savings
- Extending Working Life to Enhance Financial Security: Addressing Ageism and Retraining Needs
- Behavioral Issues: Overcoming Biases and Making Conscious Choices to Save for the Future
 - Temporal Discounting: Envisioning Your Future Self
 - The Power of Visualization
 - The Power of Regret

- The Power of Consequential Thinking
- Inertia: Failure to Act
- Developing Self-Control
- Loss Aversion
- The Impact of Student Loan Debt on Younger Americans' Long-Term Savings
- SECURE 2.0 Act: Key Provisions Promoting Retirement Savings
- State-Facilitated Retirement Savings Programs
- Planning for Medical and Long-Term Care Costs
- Social Security as an Income Replacement Tool
- FinTech Developments and Innovative Solutions that Enhance Lifetime Financial Security
 - Robo-Advising Services
 - Micro-Investing Services
 - Mixed-Product Online Investing
 - AI-Assisted Visualizations
 - Integrated Financial Wellness Platforms
 - Innovative Pension and Retirement Planning Solutions
 - Insurance Innovation: Longevity Annuity
 - National Retirement Plan Auto Portability Initiative
 - FinTech-Driven Investing Software

Conclusions and Recommendations

Each section of the report ends with conclusions and recommendations for policymakers, employers, financial firms, and individuals, such as early investing can enhance financial stability at each stage of life; student loan debt remains an impediment to early saving for many younger Americans; encourage employers to create programs that allow workers to transition to training roles leading to longer working lives and enhanced long-term financial security; encourage financial firms to create additional long-term care insurance products that are more accessible and affordable; encourage policymakers and retirement experts to highlight education on drawing Social Security benefits long before retirement; and encourage policymakers to highlight existing resources and consider developing government programs to help Americans understand finance, investing, and early saving.

Core elements of lifetime financial security:

1. Gain financial knowledge and understand the power of compounding, increasing the likelihood that Americans will start systematically saving by age 25.
2. Ensure that all Americans have access to a retirement savings plan and contribute to at least one plan consistently.

3. Understand and overcome biases and cognitive blocks that impede long-term saving and investing and making wise investment decisions.
4. Ensure that all Americans save for medical and long-term care expenses.
5. Eradicate racial and gender inequities from long-term saving and investing.
6. Ensure that all Americans review estimates of their projected monthly benefits periodically and plan their optimal age to claim Social Security benefits.
7. Address the need to extend working lives by dismantling ageism, engaging with employers, and developing retraining programs for older workers.
8. Ensure that all workers create a “longevity career plan” to help extend their working life.
9. Enhance engagement with FinTech applications and innovations that enhance overall saving rates, remove impediments to saving, and make long-term saving and investing simpler and more accessible.
10. Ensure that all Americans have access to the means of developing a structured lifetime financial security plan.

Addendum: Retirement Planning Considerations

The report also contains an addendum that discusses planning considerations that individuals and families can use to help craft a long-term savings plan:

- Write a personal plan.
- Use an early saving model.
- List your assets.
- Understand your home as an asset.
- Calculate income streams.
- Consider annuities.
- Consider target date funds.
- Pool your funds and plan for key life stages.
- Consider tax implications of retirement planning.
- Understand aspects of debt and credit management, including HSAs.
- Consider life insurance with a cash value.
- Save for medical and long-term care costs.
- Use employer savings match and catch-up savings.
- Plan for and categorize expenses.
- Consider decumulation in retirement.

View the full report at <https://milkeninstitute.org/report/retirement-paradigm-financial-security>.