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The “Clicking” Concept – Americans Struggle to Save for Retirement

Many Americans are finding it increasingly difficult to save for their futures. This challenge is often encapsulated by the term “clicking,” a concept that represents the ongoing process of managing daily expenses in a way that stretches a paycheck as far as possible. After covering essential costs—such as groceries, mortgage payments, childcare, and unexpected bills—there can be little left for savings.

Click…. Click…. Click!

The Struggle to Save

Americans continue to face challenges as the number of workers aged 75 and older is projected to nearly double over the next decade, according to the Bureau of Labor Statistics. The traditional safety nets for retirement— such as pension plans, Social Security, and 401(k) plans —are eroding. In the mid-1980s, approximately half of private-sector workers had pension plans; by 2022, that number had dwindled to just 15%. Although Social Security still provides critical support for many older adults, the trust fund is facing significant shortfalls that could impact future payouts. With only 68% of private industry workers having access to 401(k) plans, and only half participating, the landscape looks increasingly precarious.

The “Clicking” Moment

The concept of “clicking” can also refer to the pivotal moment when individuals realize the need to start saving for retirement. This realization often emerges from personal financial crises or the pressures of everyday life. Each previously mentioned “click” is a reminder of the immediate financial burdens that prevent individuals from taking steps to plan ahead, such as saving extra into retirement accounts, cutting expenditures or possibly working with a financial advisor to forecast future cash flows.

A Broader Crisis

The reality is that only 44% of U.S. adults could cover an emergency expense of $1,000 from their savings, according to Bankrate data. High inflation, the return of student loan payments, and the depletion of savings accrued during the pandemic have exacerbated this issue, forcing many to treat their 401(k) accounts as emergency funds. A recent Vanguard survey showed that many are withdrawing early from their retirement accounts, often at a significant financial penalty.

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As retirement challenges loom for many, the need for a cultural shift towards financial literacy and proactive saving strategies becomes ever more urgent. The "clicking" concept can serve as a call to action—encouraging individuals to recognize their financial challenges and take steps towards better planning for their futures. Engaging a financial advisor can be a very beneficial way to start this process.

The Struggle to Save

In conclusion, while addressing immediate financial needs is essential, cultivating a mindset focused on long-term saving is key to building lasting financial security. By embracing this proactive approach, you can break free from uncertainty and pave a clear path toward a secure and fulfilling retirement. Not sure how to get started? Schedule a complimentary meeting with your Dedicated Retirement Planning Specialist to get started today!

For more information, contact your MCF Financial Advisor today!

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