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More States are Planning for the Coming Retirement Surge.

Increasingly, states are turning to automated savings programs to help their constituents—and budgets.

A record number of Americans are reaching retirement age this year, marking the start of an unprecedented surge in Americans turning 65 that will last through roughly 2027, and bringing issues related to life after work to the forefront for individuals and policymakers. Financial security is of particular concern. Although the retirement savings gap—the difference between what workers have set aside for retirement and what they will need—has improved in recent years, studies have consistently found that most Baby Boomers haven't saved enough and will probably have to rely primarily on Social Security and Medicare as they age.

The wave of people leaving the workforce also affects the public sector, with the associated fiscal and policy strains increasingly viewed as a present-day crisis. The Pew Charitable Trusts estimates that by the end of 2040, insufficient retirement savings will have cost states and the federal government a combined \$1.3 trillion since 2021 in increased public assistance spending, administrative costs and reduced tax revenue. Meanwhile, the working-age population, which provides most of the tax revenue needed to pay for such costs, is unlikely to keep pace with the workforce losses, growing only modestly over time.

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Route Fifty

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