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Guaranteed Income Is Growing Up

How advisors can reframe this conversation for the DIY generation

by Steve Scanlon

For previous generations, retirement income was fairly simple. You walked to the mailbox and collected your pension and Social Security. For the 65 million Americans in Gen X now approaching retirement, however, their golden years will look very different.

Just 14% of Gen Xers have a traditional pension, compared with 44% of Baby Boomers, according to the [National Institute on Retirement Security](#). This earned them the title “the DIY Retirement Generation,” but they didn’t ask for this role. Caught between the pension generation and the auto-enrollment generations, they had to rise to the occasion of creating an independent income in retirement.

New research from Equitable, conducted in partnership with *The Wall Street Journal*, has found that many assumptions around Gen X and investment are misleading. These findings are highly instructive for advisors working with this cohort at a pivotal moment.

In short, the DIY Generation is more open to help than many realize, and looking at ways to create their own guaranteed income—in the spirit of a ‘private pension’*—might be the most effective way to meet their needs.

Gen X Is Starting To Realize The Difficulties Of Decumulation

As the first generation largely responsible for its own retirement savings, Gen X developed confidence through experience. Our study found that nearly three-fourths of Gen Xers consider themselves financially knowledgeable.

But accumulation, while challenging, basically comes down to discipline.

Managing income in retirement, on the other hand, is significantly more complex and currently carries higher stakes than ever. Retirement periods are longer due to increased life expectancy, while the traditional fallback of returning to work is less reliable than it once was. Older workers are facing competition from lower-cost labor, in addition to the uncertainties of the AI era. So, if retirement income proves insufficient, supplementing it may be harder and less lucrative than many expect.

Sequence-of-returns risk is another major challenge: a market downturn early in retirement can do serious damage to a portfolio's ability to generate income. When retirees are withdrawing money during down markets, they may be forced to sell assets at a loss, leaving less invested to benefit from a recovery. Even with the same long-term returns, retirement outcomes can vary widely depending on when declines occur. That's why creating a predictable income base can be so important—it helps reduce the need to sell investments at the worst possible time.

Despite this uncertainty, 40% of Gen X investors don't have a formal written financial plan. Among those who do, 60 percent of them created the plan independently, which means a risk of blind spots.

Effective decumulation requires decisions that most individuals are just not equipped to make alone. Each savings vehicle has different tax implications, and any decision has broader portfolio risks. Entering retirement without a coordinated strategy inevitably means tax inefficiency and income that rises and falls with market performance. That means getting the right advice is key to the rest of these investors' lives.

They may not be getting this advice yet, but that doesn't mean they're not interested. We found that three-quarters of Gen Xers believe financial advice is critical and would trust advisor recommendations. This includes strategies for guaranteed income.

We found that Gen X values predictability. Nearly three-quarters say they'd be open to guaranteed income as part of their strategy if offered. Establishing this income base would allow Gen X retirees to focus on how they'd prefer to build wealth, spend their time, and leave their legacy.

Gen X And Risk

In their peak earning years, Gen X investors have to balance competing goals with three priorities: lifestyle, longevity and legacy. Planning across all three is complex, and too much caution here could hold them back from reaching their goals.

The research shows that Gen X is financially conservative. After living through the dotcom bust, the financial crisis of 2008, and COVID-era volatility, 55% describe themselves as risk-averse and reluctant to increase exposure. As understandable as this is, it can also imperil retirement income sustainability and limit their ability to leave a legacy.

Using guaranteed income products like annuities to help Gen Xers create a 'private pension'* as part of a broader strategy is one way to create a sense of security that this generation needs, allowing them the freedom to take on risk elsewhere

Resistance here often comes from fees. But fees are only an issue in the absence of value. Yes, an annuity is more expensive than an ETF. But that's because it does something completely different. Think about it like insurance, but for your income: the peace of mind that a base level of guaranteed income throughout your retirement provides can help you sleep at night.

For example, in the late '90s, I worked with a forward-thinking advisor in the early days of annuities. He advised employees at a company with a large employee stock ownership plan (ESOP) and recognized the concentration risk. His proposed strategy was to use guaranteed income to lock in a portion of income, then diversify the rest across traditional investments.

As it turned out, this company was Enron, and when it collapsed, many lost most of their savings and nearly their entire 401(k). But their income was protected. And I was able to sit in meeting after meeting with people who thought they had lost everything they'd worked for all those years and tell them: *You're going to be fine*. No one ever asked what they'd paid in fees for that security.

How To Meet Gen X Where They Are

Given Gen Xers' need to start thinking about retirement, and their openness to advice, there is a tremendous opportunity for advisors right now. And one thing advisors can offer Gen X is a level of certainty that they may not have had in their investing journey so far.

There's an understandable nostalgia for pensions right now. At its core, a pension was a guaranteed income stream—an insurance contract that removed some degree of uncertainty from retirement. That same structure is available on an individual basis today. When used as part of a broader portfolio, guaranteed income addresses the most

fundamental question retirees ask: *What is the worst-case scenario, and can I live with it?*

In practice, “do it yourself” has meant everything has rested on these investors—from deciding where to invest, to how to create income, to managing tax exposure and market risk.

Pension plans may be largely gone but combining guaranteed income with invested assets can make retirement income more predictable. This can help Gen X investors relying on personal savings and employer-sponsored retirement plans create an income strategy.

Further, these DIY investors will need support with withdrawal sequencing, coordinating taxable and tax-deferred assets, optimizing Social Security timing, and managing longevity.

Gen X investors expect empathy and personalization from advisors. Eighty-four percent want their advisor to understand their personal circumstances, family responsibilities, and financial constraints. They want guidance that reflects their lived reality. Gen X is unlikely to initiate the conversation on its own, but the research shows they are receptive when approached with pragmatism, plain language, and comprehensive planning.

The combination of solid advice and a level of guaranteed income can go a long way toward alleviating the angst they’re understandably feeling.

Gen X Is A Test Case

Gen X is unique in being the first generation to go through decumulation—but they won’t be the last. This generation is the first real stress test of the post-pension retirement system. How advisors help this cohort transition from accumulation to decumulation will shape expectations for every generation that follows.

Retirement has shifted from a defined outcome to an open-ended problem that individuals are expected to solve on their own. That shift places new demands on advisors—not just to help clients optimize their portfolios, but to help them as they engineer income, manage uncertainty, and seek to understand tradeoffs that were once handled institutionally.

That means getting it right for Gen X is not just about this moment. It’s about setting the blueprint for retirement for generations to come.

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