

RETIREMENT

As life expectancy rises, retirement strategies lag

By [Elijah Nicholson-Messmer](#) March 14, 2025, 4:31 p.m. EDT 4 Min Read



As retirees are living longer, a new paper says retirement planners must take extended life expectancy into account. *WavebreakMediaMicro - stock.adobe.com*

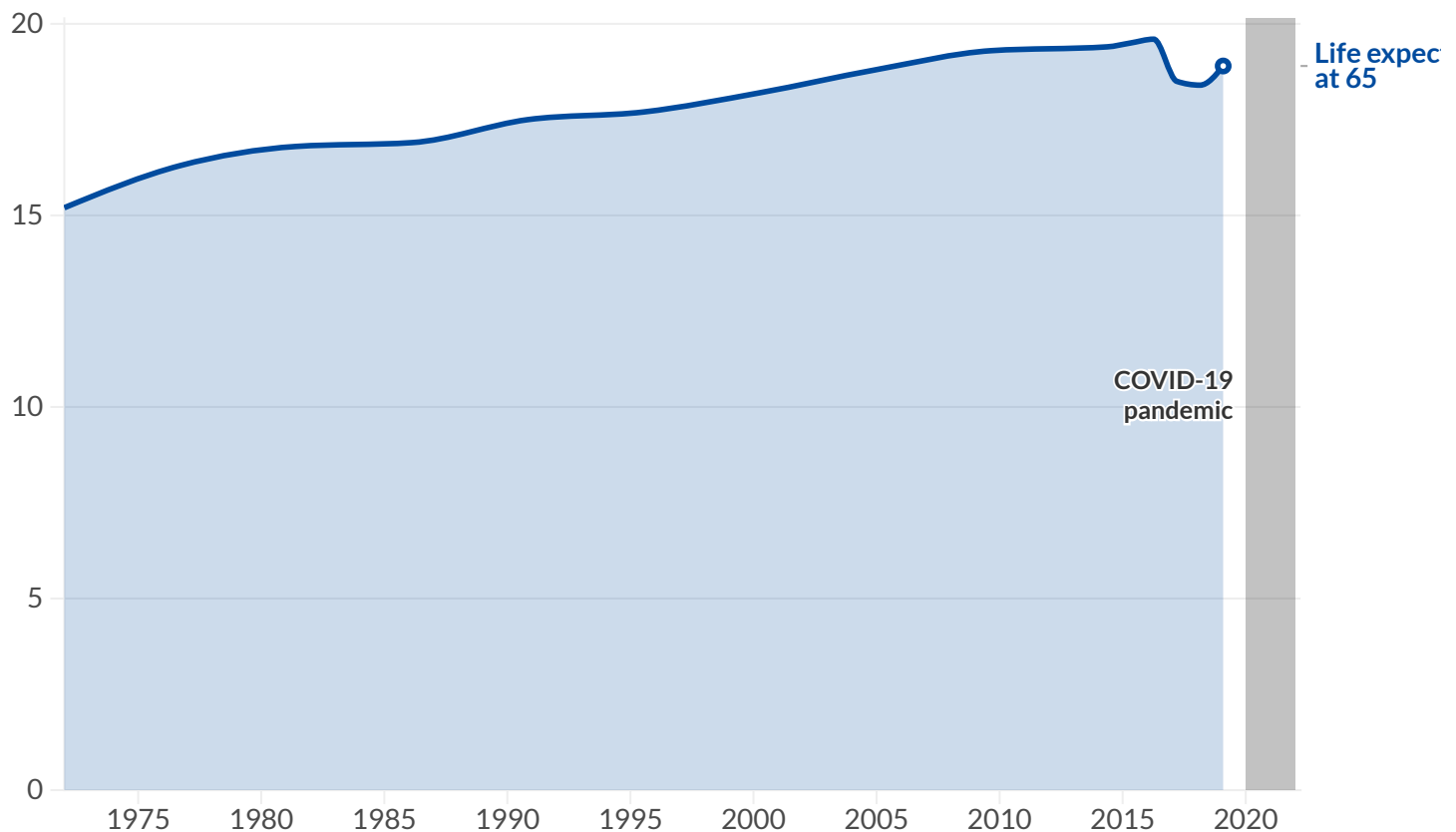
Life expectancy is improving, but the financial services industry remains "remarkably unprepared" for retirees living longer, according to a [new white paper](#) from Dunham & Associates Investment Counsel.

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In 1972, the average 65-year-old American was estimated to live an additional 15.2 years, or to just over 80 years. By 2022, the most recent year of available data, that figure reached 18.9 years, or just under 84 years.

A second life in retirement

Over the past 50 years, U.S. life expectancy at age 65 has increased nearly 25%, despite a dip from the COVID-19 pandemic.



Source: [CDC, National Vital Statistics Reports](#)

After a pandemic-driven dip, life expectancy for American seniors is back on the rise. Andrew Fincher, a financial advisor at VLP Financial Advisors in Vienna, Virginia, said that improved life expectancy is a "huge factor" in retirement planning.

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including a timeline and guidance on critical elements such as a...

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"As life expectancy has increased, retirement age has mainly stayed the same," Fincher said. "Therefore you are seeing more years in retirement with no steady income. This increases not only the importance of diligent savings while working but also creates more strategy around investment allocation."

Not all advisors are eager to consider changing life expectancy when designing clients' retirement plans. Numerous advisors said that they base their [retirement plans](#) on default ages, usually somewhere between 95 and 100.

Lauren Lindsay, a Houston-based financial advisor at [Beacon Financial Planning](#), said that she runs all of her retirement plans to 100, no matter the client.

"I have had people say things like, 'No man in my family has lived past 85,' but it is too hard to predict," she said. "Both of my grandmothers lived to 99, and my oldest client passed away at 106. If the plan works until 100, I feel pretty good about things."

READ MORE: [Should parents be saving for their child's retirement?](#)

Erring on the conservative (older) side of a default retirement timeline can help to compensate for increasing life expectancy, but is it enough? In his white paper, author Salvatore Capizzi, Dunham's chief sales and marketing officer, points to emerging technology that could soon extend life not by a few years but by decades.

"Most concerning is that personal retirement savings strategies generally promoted by financial advisors typically aim to sustain retirees for only 20-30 years post-retirement, potentially meaning 40+ years of life without adequate financial resources," Capizzi wrote. "The implications of this systemic unpreparedness will affect millions of people and they could outlive their retirement by decades, creating an [unprecedented economic and social crisis](#)."

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expectancies, according to CDC data.

When it comes to retirement planning, advisors are generally mindful of the fact that women tend to live longer than men. On average, a 65-year-old woman in the U.S. is expected to live nearly three years longer than a man of the same age. But the differences don't end there.

Retirement planning around demographics

Life expectancy at 65 may be on the rise in the U.S., but the exact figures can vary drastically from one group to another depending on demographics like race and gender.

Source: [CDC, National Vital Statistics Reports](#)

A similar gap is present across races. Asian and Hispanic Americans have above average life expectancy compared to the overall 65-year-old population, according to CDC data. Black and Native Americans have significantly below-average life expectancies at 65.

Based on race alone, there can be an over five-year gap in life expectancy at 65. That difference is even greater at the intersection of [race and gender](#). Applying the same timeline to a retirement plan for an Asian woman as for a Black man ignores a greater than seven-year gap in life expectancy at 65.

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"For example, the U.S. medical system uses primarily white infants (mostly of Scandinavian descent from the Midwest) as benchmarks when recording progress of newborns and infants," Ahmed said in an email. "Obviously, using that is not sensible when rendering pediatric care to children of immigrants from South Asia. The same principle applies when planning for people of a different race, especially when they are first-generation immigrants. Of which I have many as clients."

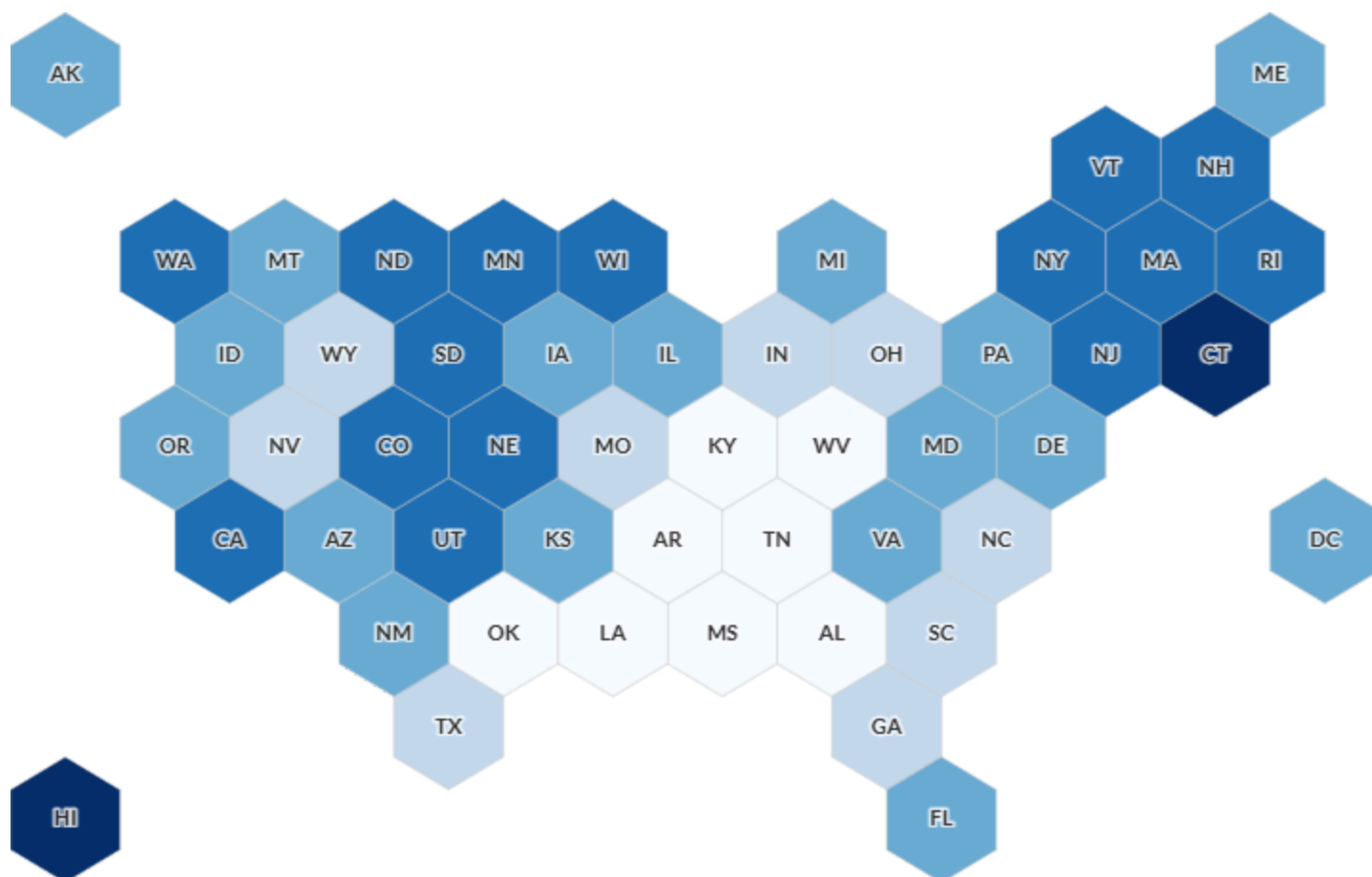
Even the state someone lives in is correlated to significantly different life expectancies, according to CDC data.

Living shorter lives in the South

Even the state that a retiree lives in can account for as much as a 4.5 year difference in life expectancy for people at 65. Retirees in southern states tend to live shorter lives compared to the rest of the country.

Years of life expectancy past 65

16.1 18.4 20.6





Source: [CDC, National Vital Statistics Reports](#)

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81 years old. That's a nearly five-year difference in life expectancy depending on the state in which someone lives.

Of course, people aren't statistics. Advisors like Ahmed say that it's important not to ignore demographics when it comes to retirement planning, but the industry is far from reaching a consensus on the issue.

John Powers, a financial advisor at Power Plans in Walpole, Massachusetts, said that shifts in life expectancy haven't significantly affected his practice because "they are based on broad statistics of the population and seldom are directly relevant to an individual."

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