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38.1%

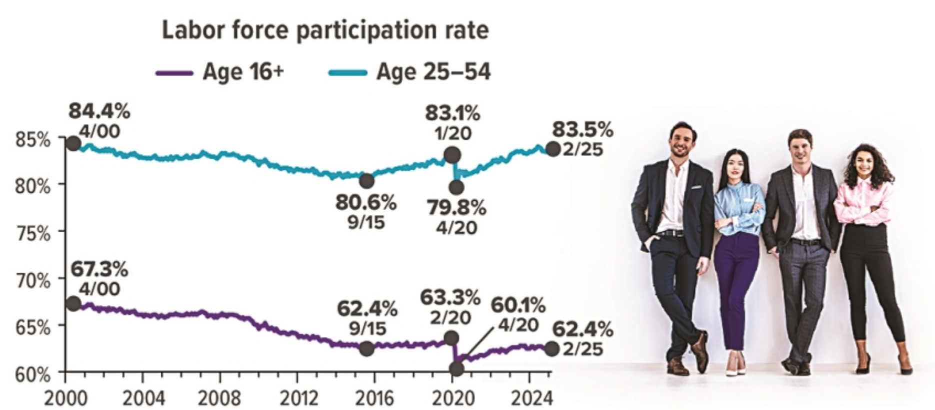
Labor force participation rate for Americans age 55 and older in February 2025, more than two percentage points below the pre-pandemic rate of 40.3% in February 2020. The pandemic drove more than three million adults into early retirement by October 2021, and the aging of the U.S. population will likely continue to reduce the percentage of older people in the workforce.

Sources: U.S. Bureau of Labor Statistics, 2025; U.S. Chamber of Commerce, December 13, 2024

Prime Workforce Stays Strong

The labor force participation rate — the percentage of Americans age 16 and older who are working or actively looking for work — peaked in early 2000, when it began to drop due to an aging population and more young people in college. Participation was rising before the pandemic but has only partially recovered, due in large part to accelerated retirement among older workers.

The rate for the prime working ages of 25 to 54 surpassed the pre-pandemic level in 2023 and was still above it as of early 2025. A solid prime workforce, combined with technology and other productivity measures, could help the U.S. economy stay strong with a smaller percentage of the total population in the workforce.



Sources: U.S. Bureau of Labor Statistics, 2025; U.S. Chamber of Commerce, December 13, 2024

ETFs Are Closing the Gap with Mutual Funds

Investor demand for exchange-traded funds (ETFs) has increased rapidly over the last decade due to attractive features that set them apart from mutual funds. At the end of 2024, over $10 trillion was invested in more than 3,600 ETFs. This was equivalent to 36% of the assets invested in mutual funds, up from 21% in 2019 and just 12% in 2014.[1]

Fund meets stock

Like a mutual fund, an ETF is a portfolio of securities assembled by an investment company. Mutual fund shares are typically purchased from and sold back to the investment company and priced at the end of the trading day, with the price determined by the net asset value (NAV) of the underlying securities. By contrast, ETF shares can be traded throughout the day on stock exchanges, like individual stocks, and the price may be higher or lower than the NAV because of supply and demand. In volatile markets, ETF prices might quickly reflect changes in market sentiment, while NAVs — adjusted once a day — take longer to react, resulting in ETFs trading at a premium or a discount.

Indexes and diversification

Like mutual funds, ETFs may be *passively managed,* meaning they track an index of securities, or *actively managed,* guided by managers who assemble investments chosen to meet the fund's objectives. Whereas active management is common among mutual funds, most ETFs are passively managed, which helps reduce administrative fees.

Investors can choose from a wide variety of indexes, ranging from broad-based stock or bond indexes to specific market sectors or indexes that emphasize certain factors. This makes ETFs a helpful tool to gain exposure to various market segments, investing styles, or strategies, potentially at a lower cost. Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss.

Tax efficiency

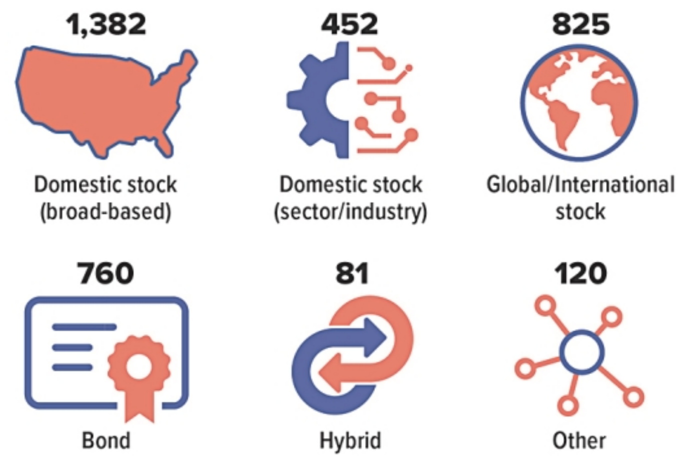
Investors who own mutual fund shares actually own shares in the underlying investments, so when investments are sold within the fund, there may be capital gains taxes if the fund is held outside of a tax-advantaged account. By contrast, an investor who owns ETF shares does not own the underlying investments and generally will be liable for capital gains taxes only when selling the ETF shares.

Trading, expenses, and risks

ETFs typically have lower expense ratios than mutual funds — a large part of their appeal. However, you may pay a brokerage commission when you buy or sell shares, so your overall costs could be higher, especially if you trade frequently. Whereas mutual fund assets can usually be exchanged within a fund family at the end of the trading day at no cost, moving assets between ETFs requires selling and buying assets separately, which may be subject to brokerage fees and market shifts between transactions.

Plenty of Choices

Number of ETFs by type of underlying investment



Source: Investment Company Institute, 2025 (data for December 2024). Bond funds are subject to the same inflation, interest rate, and credit risks as their underlying bonds. As interest rates rise, bond prices typically fall, which can adversely affect a bond fund's performance. A portfolio invested only in companies in a particular industry or market sector may not be sufficiently diversified and could be subject to higher volatility and risk. Investing internationally carries additional risks, such as financial reporting differences, currency exchange risk, and economic and political risk unique to the specific country. This may result in greater share price volatility.

Mutual funds typically have minimum investment amounts, but you can generally invest any dollar amount after the initial purchase, buying partial shares as necessary. By contrast, you can purchase a single share of an ETF if you wish, but you can typically only purchase whole shares.

The trading flexibility of ETFs may add to their appeal, but it could lead some investors to trade more often than might be appropriate for their situations. The principal value of ETFs and mutual funds fluctuates with market conditions. Shares, when sold, may be worth more or less than their original cost. The performance of an unmanaged index is not indicative of the performance of any specific security. Individuals cannot invest directly in any index.

Exchange-traded funds and mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

1) Investment Company Institute, 2025

Life Insurance in Retirement

What role can life insurance play in your retirement plan? Most of us think of life insurance as protection against financial loss should we die prematurely. But when we reach retirement and the kids are all self-sufficient, do we still need life insurance? The answer is maybe. Here are some situations where life insurance may make sense for retirees or those close to retirement.

Provide a source of retirement income

While life insurance is designed to protect against unexpected economic loss, cash value life insurance also may provide a source of income during retirement. Earnings on the cash value accumulate tax-deferred, and in some instances, cash-value distributions can be received income tax-free. However, loans used to access cash values from a life insurance policy will reduce the policy's cash value and death benefit, could increase the chance that the policy will lapse, and might result in a tax liability if the policy terminates before the death of the insured.

Help pay for long-term care

Some cash value life insurance policies provide multiple sources of protection. Along with the death benefit and potential cash value, these policies may also provide a long-term care benefit. Often, these policies allow for a portion or all of the death benefit to be "accelerated" if used for the payment of qualifying medical and long-term care expenses.

Provide for a dependent family member

Sometimes, even in retirement, there are family members who depend on you for financial and/or custodial support. Should you die unexpectedly, life insurance may help provide funds needed to support dependent family members with disabilities.

Replace income for a surviving spouse

While Social Security provides retirement income for many of us, at the death of a spouse, his or her benefits end, reducing the total benefits available to the surviving spouse. Life insurance can be used to replace the loss of income for the surviving spouse.

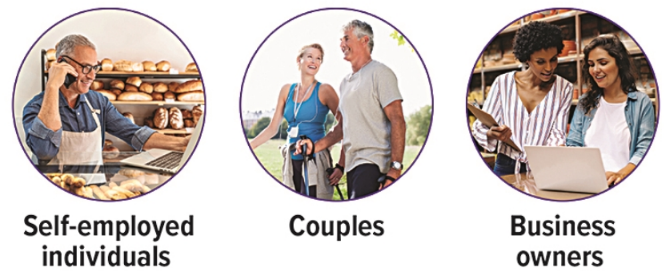
Pay off debt

While past generations often retired with little or no debt, it is not uncommon for today's retirees to leave the workforce while still carrying a mortgage, car loan, and credit card debt. Life insurance can provide the cash to pay off these debts, which is especially beneficial for a surviving spouse.

Help cover final expenses

Unfortunately, the expense of dying is often overlooked or underestimated. Uninsured medical bills, funeral costs, debts, and estate administration costs can add up. Typically, these expenses are paid in a lump sum, which can reduce savings for surviving spouses and dependent family members. Proceeds from life insurance can be used to help pay for these final expenses, which may help preserve savings for other needs.

Who may benefit from life insurance in retirement?



Leave a legacy

For many approaching retirement, as well as for those already there, a primary concern is having enough money to live comfortably. While conserving savings and keeping track of spending in retirement are important, all too often retirees will forgo spending on themselves in order to fulfill a desire to leave a legacy. Having life insurance can help you feel freer to spend more in retirement because you know you'll be leaving something behind for your loved ones.

Life insurance provides protection for your family's financial future should you die during your working years. However, life insurance may provide other benefits that can be useful during your retirement. Whether life insurance should be part of your retirement plan is best determined based on your individual circumstances and goals. You may want to talk with an insurance or financial professional before making this decision.

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. Before implementing a strategy involving life insurance, it would be prudent to make sure that you are insurable. As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely there may be surrender charges and income tax implications. Any guarantees associated with payment of death benefits, income options, or rates of return are based on the financial strength and claims-paying ability of the insurer.

A Backup Plan for Your Paycheck

Your ability to earn a paycheck may be your most valuable asset. In a 2024 survey, 48% of Americans without disability insurance said their household would have to use personal savings to pay daily expenses in the event of a disability, and 26% said they would have to tap retirement savings.[1]

Social Security offers some disability protection, but only one out of three applications is approved, and it typically takes almost eight months for an initial decision and seven more for an appeal.[2] The average monthly Social Security Disability Insurance payment of $1,581 would not meet the needs of most families.[3]

Unfortunately, the odds of a disability are higher than you may think. The Social Security Administration projects that almost one out of four 20-year-old workers will experience a disability before they reach their full Social Security retirement age of 67.[4]

Portable individual coverage

If you're concerned about the potential effect of losing your paycheck due to sickness or injury, you might consider an individual disability income insurance policy, which could replace a portion of your income up to policy limits. Your employer may offer long-term disability coverage, but group plans typically don't replace as large a percentage of income as an individual plan could, and benefits from employer-paid plans are taxable to the employee if the premiums were paid by the employer.

An individual disability income insurance policy will stay in force regardless of your employment situation as long as you pay the premiums. If you have employer coverage, those benefits would generally be paid first, and your individual policy would pay any benefits that are higher than the employer coverage. Benefits may be paid for a specified number of years or until you reach retirement age. If you pay the premiums yourself with after-tax dollars, benefits are usually free of income tax.

Unlike group policies, individual policies can generally be customized to meet your specific needs. There are a variety of optional riders available at additional cost that provide the potential for higher benefits and/or for benefits to be paid under a broader range of circumstances.

Disability premiums are typically based on your age, gender, occupation, and the amount of potential lost income you are trying to protect, as well as the specifics of the policy and any additional riders. A complete statement of coverage, including exclusions, exceptions, and limitations, is found only in the policy. Carriers have the discretion to raise their rates and remove their products from the marketplace.

1) LIMRA, May 2, 2024

2) Center on Budget and Policy Priorities, August 6, 2024

3) Social Security Administration, January 2025

4) Social Security Administration, August 2024
