



Award Winner

Beyond Going Nuclear: How Family Diversity Shapes Retirement

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A HOUSE BUILT ON BONDS AND YEARS

Retirement is not only a financial calculation or a matter of technical policy. It is a story lived in households, shaped by webs of kinship that support or strain people over many decades. For much of the twentieth century in the United States, planning and regulation were built around one dominant idea, the nuclear family. Father, mother, and biological children under one roof were treated as the standard unit from which savings, caregiving, and intergenerational transfers would flow. Pension rules, survivor benefits, and even the tone of retirement advice assumed a two-adult household with a stable division of roles.

The world has changed. Marriage is later and less universal. Divorce and remarriage are common. Fertility has fallen drastically. People live longer and spend more years managing health conditions that require coordination and care. Housing costs and mobility reshape who can live near whom. The result is a mismatch between systems designed for a single-family template and a population that now lives in arrangements that are diverse and fluid. Multigenerational households, single adult households, blended families, dual income no kids (DINK) households, same-sex families, and boomerang children all shift the math of later life.

Work from the Society of Actuaries Research Institute underscores these realities. The Understanding and Managing Post-Retirement Risks report, "Family is Important for Retirement Security,"¹ describes how caregiving, housing, and informal transfers differ by household type. The 2024 Retirement Risk Survey report, "Family Support and Retirement,"² shows how perceptions of longevity, health costs, inflation, loss of a spouse, and market shocks shift with family context and lived experience. This essay builds on those themes. It offers deep dives into three structures that increasingly drive retirement outcomes, then draws shorter lessons from other patterns and from global experience. The aim is practical: if family is the architecture that holds retirement together, actuaries and planners need designs that reflect the homes where people actually live.

¹ <https://www.soa.org/491bb5/globalassets/assets/files/resources/research-report/2020/family-retirement-security.pdf>

² <https://www.soa.org/4a12eb/globalassets/assets/files/resources/research-report/2025/2025-retirement-risk-family-report.pdf>

THE LONG TABLE: MULTIGENERATIONAL HOUSEHOLDS IN TRANSITION

Multigenerational households were once treated as cultural outliers in the United States. They declined through the mid twentieth century as suburbanization and rising wages allowed nuclear arrangements to dominate. In recent years they have returned. Housing costs, student debt, caregiving needs, immigration, and lengthening lifespans have brought for many three or more generations back under one roof. That change is not only a social fact but a financial force.

For retirement, the implications are significant. On one side, multigenerational living can buffer shocks. Retired parents provide housing and childcare, which frees middle aged children to maintain earnings and savings. Adult children share mortgage payments or rent and offer informal long-term care that delays or replaces paid services. A pooled household budget stretches further when pensions or Social Security combine with wages from younger workers. Meals, transportation, and appliances are shared. The household can function like a small mutual aid network that reduces waste and buys time during disruption.

On the other side, the risks of dependency multiply. Financial strain is not eliminated, it is shifted and sometimes hidden. Adult children may delay their own saving to help with parental expenses or to subsidize the household. Retired parents may see resources drained by grandchildren or by medical bills that the family feels obliged to shoulder. Asset illiquidity becomes acute when many people depend on a single home. Downsizing to fund retirement can be impossible. Borrowing against the house may help cash flow but raises risk if payments cannot be sustained.

Caregiving is the hinge for these households. Informal care can be a gift that maintains dignity and connection. It can also exhaust caregivers through lost wages, sleep deprivation, and emotional load. The difference often comes down to planning. Financial plans that ignore caregiver capacity underestimate the need for respite, paid aides, or adapted housing. Plans that recognize the role of caregivers can budget for short stays in a facility after hospital discharge, for adult day services that free a worker during business hours, and for transportation that prevents missed appointments. When caregivers are supported, multigenerational living becomes more durable. When they are stretched beyond capacity, stress compounds and savings erode.

Globally, multigenerational living is common rather than novel. In South and East Asia, supporting parents is a social expectation. In parts of Latin America, co-residence and remittances underpin older age security where pensions are limited. In many migrant families, flows of money and care run in both directions as elders support grandchildren and adult children support parents. There are huge expectations such as parents framing their sacrifices for children by thinking that the children will support them in every way when they get old. Joint family means less pressure on real estate because living separately for some families versus pooling by living together is much cheaper. This is not often a conscious choice; it's a practical necessity due to low purchasing power and massive poverty prevalent across many of the developing countries. It's common to see people shifting to separate living when their purchasing power and earnings start increasing enough.

Retirement outcomes are shaped not only by family structure but also by strategy, and ambitious individuals can tilt the arc in their favor by choosing a clear path. Some pursue FIRE (Financial Independence Retire Early), compressing decades of saving into a short working window through high savings rates, simple diversified portfolios, careful spending, and sometimes location choices that lower costs, with the payoff of optional work and more control over time. Others adopt a die with nothing philosophy, planning to spend down assets purposefully to maximize life experiences and well-timed gifts, often pairing a safety floor of guaranteed income with a disciplined decumulation plan so longevity and health shocks do not derail the journey. Both approaches demand rigor, from stress testing sequence risk and healthcare costs to aligning housing, caregiving, and inheritance intentions, and both work best when calibrated to the realities of the household, whether single, multigenerational, blended, or somewhere in between.

In practice, multigenerational households show both resilience and fragility. They cushion shocks through shared effort, and they expose people to interdependencies that can undermine autonomy. Insurance penetration as well as banking service penetration are very low in developing countries, but a lot of these protection elements are provided by the family like loans, money for health emergencies, contribution for purchasing new assets, and so on. Revolving committees (also called Rotating Savings and Credit Associations or ROSCAs) are the informal form of rotating savings that operate between family members. Funds for investing in a family member's business are common as well as working for the same family's business. In rural settings, this is a factor in the high number of children because parents bore them with expectations of providing farmhand labor in the future in the form of their children.

In such settings, we can utilize actuarial models and technology to create digital ROSCA platforms for savings. Another factor that can help in saving for retirement is not directly for retirement itself. In my experience in many developing countries, it's very difficult to convince people to think of the very long term when survival is the main priority. So, to increase savings culture, the step should not be to go from zero to the 20–40-year horizon directly but to look for the middle ground. Focus on saving for less long-term considerations first like 5-10 years only. Create payouts once every three years like anticipated endowments to make people see the result of their saving efforts regularly and in a shorter time period. Focus on small items like school education, saving for house renovations, buying items like bikes, a new refrigerator, or a new paintjob around the house. Once the people get an appetite for saving, their timeframe can gradually increase for the long term. It won't happen overnight, so we need to be patient and long-term oriented ourselves. Simple adjustments can go a long way; such as no hefty surrender charges for the first few years' premium to be flexible, since most people do not have fixed monthly salaries coming in. Premium can be monthly instead of annual to unlock premium financing and so on.

ALONE TOGETHER: THE RISE OF SINGLE ADULT HOUSEHOLDS

If multigenerational households represent pooling, single adult households embody solitude. The rise of singlehood is one of the most striking demographic changes of recent decades. Marriage is less universal. Cohabitation is common. Divorce remains prevalent, and widowhood is an enduring late life reality. The outcome is a growing share of older adults living alone by choice or by circumstance.

For retirement, singlehood compounds risk. Without a spouse, there is no shared pension, no dual income, and no built-in caregiver. Fixed costs such as housing are not divided. Survivorship benefits may not apply, and economies of scale in daily living are limited. Surveys of retiree perceptions, including the Retirement Risk Survey series, show that single retirees are more likely to fear outliving assets and are less confident about covering health costs, especially long-term care.

Roommates, co-housing, and chosen support networks can mitigate some of these risks, but they often lack the formal obligations of kinship. A friend can move away. A roommate may not provide care during illness. A neighbor may carry groceries but may not manage a complex discharge plan. The pooling that benefits nuclear or multigenerational households is less reliable. Loneliness also intersects with financial risk. Social isolation is linked with higher health care utilization and with mortality, which feeds back into the adequacy of retirement savings through higher expenses and shortened planning horizons.

Internationally, the challenge is widely recognized. Japan has grappled with an increase in older adults living alone and with deaths that go unnoticed for days. Cities across Europe have experimented with senior living models that combine private apartments with shared services, staff on site, and community space that reduces isolation. Actuaries cannot treat singlehood as a marginal deviation. It is central to the modern retirement landscape and requires products and policies designed for individuals rather than for couples.

PATCHWORK LIVES: BLENDED FAMILIES AND RETIREMENT UNCERTAINTY

Blended families created by divorce, remarriage, and stepchildren introduce complexity that traditional retirement templates struggle to accommodate. Planning is complicated not only by numbers but by loyalties and by law. The questions are sensitive and consequential. Whose education costs come first? Who inherits the family home? Are retirement accounts shared or kept separate? Will stepchildren provide care, or will responsibilities fall mainly on biological children? Every answer shifts the distribution of money and of emotional commitment.

Financial planning is often reactive. Divorce settlements can divide pensions or require support payments well into retirement years. Remarriage can reset beneficiary designations in ways that leave children excluded or create disputes. Blended families may show both pooling and fragmentation, depending on whether relationships are cooperative or contested. Volatility is common and can produce surprises that undermine careful plans.

The actuarial implications are substantial. Mortality protection through life insurance may be unevenly allocated when ownership and beneficiary choices follow old patterns rather than current intentions. Long-term care expectations may falter if stepchildren feel little obligation to provide hands-on help. Asset division can create inefficiencies that erode security. While nuclear households often rely on implicit assumptions of joint planning, blended families require a more dynamic model with explicit agreements and regular review. Beneficiary designations, titling, and coordinated estate planning matter as much as asset mix. Absent clarity, the best investment strategy can still produce poor outcomes.

Globally, blended families are not new. Societies with longstanding norms around divorce and remarriage have clearer expectations about step relationships and inheritance. In settings where the nuclear ideal dominated for generations, financial products and retirement systems have been slower to adjust. Recognizing blended households as a standard category rather than an exception is essential to fair and workable strategies. Model assumptions that treat a second marriage as equivalent to a first marriage may fail. The actuarial profession can learn from this diversity. Retirement systems should not assume a single template. They must adapt to household structures as they actually exist and must be stress tested for the ways those structures shift risk between generations and across borders.

PRACTICAL IMPLICATIONS FOR ACTUARIES AND PLANNERS

A family centered lens reshapes the practical toolkit for retirement work. Risk identification should be household specific. A single homeowner needs a different long term care strategy than a multigenerational renter. A blended family may prioritize legal clarity over maximum return. Cash flow modeling should incorporate informal transfers. Deposits to adult children, shared utility bills with parents, or remittance obligations abroad all change savings trajectories and decumulation paths. Stress tests that add and remove these flows reveal how fragile a plan may be.

Housing is both an asset and a liability. In multigenerational living it is a productive asset that substitutes for paid care and rent, but it is also illiquid and subject to conflicting claims. In single households, maintenance capacity and neighborhood support matter as much as loan terms. Caregiving capacity is a risk factor in its own right. Families that can provide care may need fewer liquid assets but more respite services. Families that cannot provide care need larger reserves or insurance that target long-term care explicitly.

In professional work I have seen family structure predict vulnerability more than portfolio design. A widow with modest savings but strong family support can fare better than a couple with higher assets and fractured relationships. A single client with a solid retirement account can still struggle without someone to advocate during illness. Numbers matter, but the shape of family around those numbers matters just as much.

THE FUTURE HEARTH: BEYOND GOING NUCLEAR

Retirement security in the twenty-first century will not be achieved by clinging to a single ideal. Multigenerational households, single adults, same-sex families, blended families, DINK couples, and boomerang children each reshape the dynamics of later life. They change who gives care, who pays, and who inherits. They alter the balance between public and private support. They complicate actuarial assumptions, and they enrich them, because they offer multiple pathways to resilience.

Going nuclear is not the only option. It is one option among many. The task for actuaries, policy makers, and families is to recognize diversity not as deviation but as the new normal and to design retirement systems that fit the homes where people actually live. In the end, retirement is built not only on savings and pensions but on the living architecture of family, and that architecture continues to evolve in full view.



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