



Baby Boomers Envision Retirement II

Survey of Baby Boomers' Expectations
for Retirement

Prepared for AARP
by Roper ASW

May 2004

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I. Background and Objectives of the Research

This report presents the results of a major research initiative commissioned by AARP and conducted by RoperASW aimed at better understanding the Baby Boom generation as it moves into its retirement years. The findings reported here build upon an earlier benchmark study from 1998, *Baby Boomers Envision Their Retirement*, also a collaboration between AARP and Roper.

The Baby Boom generation, now 77.5 million people strong, represents the largest single sustained growth of the population in the history of the United States. The cohort of Boomers—Americans born between 1946 and 1964—has long commanded the attention of demographers, politicians, marketers, and social scientists. As the oldest of the Baby Boomers approached later adulthood, in 1998 AARP sought to investigate how Boomers might interpret and redefine retirement.

One of the major findings in the 1998 study concerned the purported cohesiveness of this cohort. The survey confirmed that the oft-held view of the Boomers as a monolith was ill-conceived. Rather than a homogeneous group, the 1998 study illustrated that one of the key characteristics of the Baby Boom cohort is its diversity. It elucidated this diversity as it relates to Boomers' hopes, dreams, and expectations for retirement.

Five years later, AARP embarked on updating the study to uncover how this massive generation, and the various segments within, has progressed in their planning and preparedness for retirement. Now several steps closer to retirement, the Baby Boom generation is today between 38 and 57 years old. Yet, beyond aging five years, other major factors have potentially impacted the Boomers' vision of retirement.

Notably, the past five years have seen:

- Economic fortunes of the United States worsen considerably. Shrinking or stagnant 401(k)s have taken their toll on retirement expectations for many. Thus, planning for retirement may be taking a backseat to simply planning for tomorrow.

- Overwhelming federal deficits incurred during the current Administration. These threaten to affect the stability of the Social Security and Medicare systems just as the bulk of the Boomers turn to them for support.
- Varied effects of the events of September 11. Undoubtedly this has influenced some of Baby Boomers' retirement priorities and overall values, perhaps by contributing to perceptions of reduced physical, economic and national security.
- A series of corporate scandals, including the collapse of the Enron Corporation. These scandals may have eroded confidence among better-off Baby Boomers in the stewardship of their investments and pensions. The most recent mutual fund scandals at firms such as Janus and Bank One have also heightened this concern.

Against this backdrop and in light of the original findings, an update of the benchmark 1998 study provides AARP with the opportunity to gauge how the Boomers' retirement values and priorities have changed over the last five years. Moreover, it includes a re-examination of the five key attitudinal and behavioral subgroups of Boomers that emerged from the original segmentation analysis. The survey also included an oversample of Hispanic Boomers. Results from this analysis will be presented in a subsequent report.

The following report provides keys to better understanding and communicating with the complex and intriguing next generation of American retirees.

II. Overview of the Research Design

The design of this project included:

- A large-scale quantitative survey, conducted by telephone in 30-minute interviews among a nationally representative sample of 1,200 adult Americans age 38-57;
- An oversample survey was conducted among African American and Hispanic Boomers to yield a total, when combined with those from the general sample, of 309 African American Boomer and 301 Hispanic Boomer interviews. Results from this data, which allow for subgroup analysis by race and ethnicity, will be presented in a subsequent report.
- A segmentation analysis of the survey data, designed to better understand the Baby Boom population by grouping individuals according to their attitudes, beliefs and behaviors regarding retirement, and tested against the segmentation analysis developed in 1998.

The sampling error for the general Baby Boomer sample (n=1,200) is plus or minus three percentage points at the 95 percent confidence level.

This report describes in detail the results of the full survey among Boomers and the segmentation analysis.

A full description of the methodology employed appears at the back of the report (see Appendix A).

III. Key Findings

Dramatic positive shift in Boomers' attitudes toward and confidence in Social Security

Marking one of the most dramatic shifts in Boomers' vision for retirement since 1998, Baby Boomers are far more likely now compared to five years ago to describe themselves as knowledgeable about and favorably predisposed toward Social Security. Moreover, Social Security now ranks among the top three income sources that Boomers feel they can count on in retirement.

- 71% of Boomers say they have at least a somewhat favorable view of Social Security, up 15 points since 1998
- 67% consider themselves at least somewhat knowledgeable about the system, up 13 points
- 54% are very or somewhat confident that Social Security will be available when they retire, up 19 points
- 63% feel they can count on Social Security as a source of income in retirement, up 15 points

Favorable views and levels of confidence in Social Security are fairly consistent by race and ethnicity. Hispanics, however, are less likely than others to consider themselves knowledgeable about the system.

African American and Hispanic Boomers are more inclined than white-NH Boomers to expect to rely on Social Security for income during retirement.

Boomers are more confident now than five years ago that Medicare will be available when they reach age 65

As with Social Security, more Boomers now compared to five years ago are familiarizing themselves with Medicare and are confident that the system will be available when they reach age 65.

- 54% of Boomers say they are at least somewhat knowledgeable about Medicare, up nine points since 1998
- 47% are at least somewhat confident that Medicare will be available when they reach age 65, up eight points since 1998

Boomers' opinions of and confidence in Medicare do not vary markedly by race. However, as with Social Security, Hispanic Boomers are less likely than others to consider themselves knowledgeable about Medicare. Both African Americans and Hispanics are more likely than NH-whites to expect Medicare to cover most of their health care needs in retirement.

As age increases, so does confidence in Medicare and Social Security.

Boomers remain optimistic about retirement...

The recent economic downturn, mutual fund scandals, and jobless recovery appear to have had little impact on Baby Boomers' retirement outlook.

- 69% of Baby Boomers are very or fairly optimistic about their retirement years, on par with the 70% reported in 1998
- 46% say their retirement outlook has changed for the better in the past five years. Those with an improved outlook are most likely to attribute it to efforts to save more for retirement and improvements in their financial situation that result from lifestyle changes such as paying off a mortgage or having their last child move out of the house

African Americans have a much improved and markedly more positive retirement outlook compared to other groups, despite a disproportionately high incidence of recent job losses among this subgroup.

... But their expectations, particularly those related to finance, have become much more conservative

Although Baby Boomers remain optimistic about their retirement prospects, indications are that recent economic conditions and investment scandals have tempered Boomers' financial expectations for retirement.

- 48% of Boomers define retirement as a time to indulge themselves, down seven points since 1998¹
- 31% of Boomers equate retirement with having enough money and financial security, down 10 points since 1998²

African American and Hispanic Boomers are particularly likely to have developed more conservative and less self-indulgent expectations for their retirement. In addition, minorities are increasingly more likely than NH-whites to associate retirement with negative conditions such as economic hardship, increased dependence on others for personal care, and increased isolation from society.

Boomers' primary definitions of retirement, however, are largely unchanged since 1998

Most in this generation continue to view retirement principally as an opportunity to spend more time with family, as a time to pursue hobbies and interests, and as a time of leisure.

Most Boomers expect to work in retirement— fewer for fun

As in 1998, most Boomers expect to work in retirement. However, the gap between those who plan to work for enjoyment's sake and those who plan to work for needed income is shrinking, with fewer planning to work for fun.

- 79% of Boomers plan to work in some capacity during their retirement years, which is consistent with the 80% reported in 1998
- However, the 12-percentage point gap, that existed in 1998, between those who plan to work part-time for enjoyment's sake and those who plan to work part-time for the needed income, has dwindled to five percentage points (30% vs. 25%, respectively). The closing of the gap primarily results from a decline in the proportion who plan to work for enjoyment

Down notably since 1998 are the proportions of African Americans who plan to work for enjoyment during retirement.

¹ Data are based on a closed-ended question, Q4.

² Data are based on an open-ended question, Q1a.

African American and Hispanic Boomers remain more inclined than NH-whites to plan to explore entrepreneurial endeavors during retirement.

Recreation and service continue to factor into Boomers' expectations for retirement

Inching closer to retirement age has not changed Boomers' expectations for their recreational time and service activities in retirement.

- 70% of Boomers have a hobby or special interest that they will dedicate a lot more time to when they retire, on par with the 72% reported in 1998
- 68% agree that they will have plenty of time for recreation in retirement, which is similar to the 72% reported in 1998
- 51% (on par with the 49% reported in 1998) expect to devote more time to community service and volunteering in retirement. This is similar to the proportion of Boomers currently involved in volunteering
- Indeed, a majority of Boomers who currently volunteer (62%) expect to devote more time to community service and volunteering once they retire

Family should provide for emotional, not financial, support during retirement

Reflecting a genuinely American spirit of self-reliance, Baby Boomers would prefer not to rely on family for financial support during retirement. However, as in 1998, most Boomers consider familial relationships and the emotional support that these relationships provide key elements of their retirement vision.

- 70% of Boomers believe that family should provide emotional support to people during retirement
- 76% of all Boomers, 90% of those who are married, expect to spend most of their retirement years living with a partner
- 70% are looking forward to becoming grandparents

- 57% expect to live near at least one of their children during retirement
- 10% think people ought to be able to depend on their family financially during retirement

Although Boomers strongly reject the idea of relying on others for financial support during retirement, more Boomers have assumed care-giving responsibilities for their aging parents, and considerable proportions expect to provide financially for their parents and children during retirement.

- 35% of Boomers have been or are responsible for the care of their elderly parents, up nine points since 1998
- 19% expect to have an aging parent or in-law living with them during retirement, consistent with 1998 findings
- 18%, up slightly since 1998 (three points), expect to provide financially for an aging parent or in-law during their retirement
- 17% expect to provide financially for their children during their retirement, unchanged since 1998 despite considerable increases in the proportions of Boomers who have experienced having their last child move out of the home

Hispanic Boomers are particularly likely to *anticipate* having to provide for both their elderly parents and children during retirement.

Boomers increasingly acknowledge health issues

Most Boomers say they are not afraid of aging, and many believe that people in their generation will be healthier and will live longer than the prior generation of retirees. Nonetheless, few Boomers deny the toll that getting older is taking on their bodies.

- 58% of Boomers consider themselves to be in very good or excellent health, down six points since 1998
- 27% say they have survived a major illness, up five points since 1998
- 11% have survived a major illness in just the past year

Health planning is likely to play an increasingly important role in shaping Boomers' vision for retirement, yet many Boomers acknowledge that they are not taking adequate steps to maintain their health. Indeed, Boomers are almost evenly divided between those who are planning for and anticipate having a healthy and active retirement and those who do not.

- 54% of Boomers expect to exercise regularly in retirement
- 51% expect to be healthier than most people their age in retirement
- 54% associate retirement with increased concern and attention to health
- 48% agree that they should give more thought to how they will keep active during retirement

Although Boomers' perceptions of their health do not vary widely by race or ethnicity, African American and Hispanic Boomers are more likely than are white-NH Boomers to feel that they are *not* doing enough now to maintain their health.

Many anticipate inadequate health coverage

About half of Boomers (56%, similar to the proportion reported in 1998) expect to have health insurance that will meet their needs in retirement. However, many believe their health coverage in retirement will be lacking.

- 58% of Boomers do *not* expect their current employer to cover their health insurance needs, which is consistent with findings reported in 1998
- 43% do *not* expect Medicare to cover most of their health care needs in retirement, on par with 1998 findings (41%)
- 19% do *not* expect to have health insurance coverage that will meet their needs, up four points since 1998

But growing minorities think they will have health care on their own terms

Despite the considerable proportions of Boomers who expect health coverage shortfalls during retirement, more now compared to five years

ago are very confident that they will receive the type of health care that they want and need in retirement.

- 30% of Boomers are *very* confident that they will be able to see a specialist when they feel they need to in retirement, up nine points since 1998
- 28% are *very* confident that they will be able to visit doctors of their choosing, up four points

African Americans tend to be more confident than others that they will have the type of health care they need and want in retirement, even though a sizable plurality of this group (41%) expect to rely on Medicare for most of their health care needs in retirement.

Boomers Are Not Stuck at Thirty-Something, But They Continue to Feel Younger Than They Really Are

Boomers are getting older and facing more health concerns, but most in this generation continue to feel several years younger than their actual age. Indeed, as in 1998, there is a seven-year gap between Boomers' biological age and the age they feel.

- The mean age among Baby Boomers is 47, but the mean age that this generation feels is 40
- 63% of Boomers feel younger than their actual age, up from 47% in 1998
- Those who feel younger than their actual age are most likely to attribute the difference to a general attitude of feeling young (41%), good health (26%), and staying in good shape and exercising (19%)

These findings are highly consistent by race and ethnicity.

Confidence in ability to prepare for retirement unchanged

Even though Boomers are moving closer to retirement age, they are no more likely to feel prepared financially for this phase of their lives now than five years ago. Moreover, expectations for greater financial needs in retirement, compared to their parents' generation, still have not translated into more aggressive efforts to prepare financially for retirement.

- 61% of Boomers are confident in their ability to prepare adequately for the future, unchanged since 1998
- 83% of Boomers agree that people in their generation will need more money than people in their parents' generation to live comfortably during retirement, but only 39% agree that Boomers are saving more for retirement than the previous generation

Boomers' assessments of their financial preparedness for retirement have remained largely unchanged across age subgroups.

Fewer believe personal investments will provide sufficient income during retirement

- 59% of Boomers expect to depend heavily on their current personal investments in retirement, down five points since 1998
- 32% expect to depend heavily on their 401(k), down six points

Boomers slowly augmenting retirement savings portfolios

Perhaps because they are inching closer to their retirement years, more Boomers today compared to five years ago are setting aside money in various savings and investment accounts. Conservative investments such as regular and long-term savings accounts have experienced the most significant gains since 1998.

- 70% of Boomers are currently putting money in IRA, 401(k) and other retirement savings accounts, up slightly (three points) since 1998
- 50% are currently setting aside money for retirement in regular savings accounts, up eight points

- 38% are putting money aside in long-term savings accounts, also up eight points since 1998
- 69% of Boomers are at least somewhat satisfied with the amount of money that they are setting aside for retirement; 19% are completely satisfied

White-NH Boomers have experienced the largest and most widespread increases in retirement investment activity over the past five years. As in 1998, investments among African American and Hispanic Boomers lag behind those of NH-whites.

Polarization of the retirement expectations of Haves and Have-nots continues

As noted in the 1998 study, the trend of polarization—a widening gap between the rich and poor—has been observed in other Roper surveys and is evident among the Baby Boomer generation. Differences among the “Haves” and the “Have-nots” in terms of income, optimism about retirement, and preparedness all continue to be evident in the study this year.

1998 Boomer segmentation still holds true today, as does the view that a “one-size-fits-all” retirement solution is unworkable for Boomers

The identical segmentation analysis from the 1998 study was applied to the data from this year’s study, and the results are intriguing. The main characteristics and size of the segment groups has changed very little, suggesting that the five well-defined groups of Baby Boomers—the Strugglers, the Anxious, the Self-Reliant, the Enthusiasts, and the Traditionalists—identified in 1998 remain today.

There are, however, a few key changes worth taking note of.

Many of those who were merely Anxious before are now Strugglers in today’s weak economy

- In exactly parallel numbers, the number of Baby Boomers who fall into the Anxious group has decreased by six points, while the number who are now Strugglers, the most challenged group financially, has now increased by six points

The outlook of Traditionalists' has dimmed

Another group greatly affected by the downturn in the economy is the Today's Traditionalists. The gap between their median household income and that of the average Boomer has now widened to \$14,000 below average. Moreover, many more now feel that they will need to work during retirement for the income it provides.

- One-fourth now feel that they will have to struggle to make ends meet during retirement, up seven points
- As a group they show the biggest drop (10 points) in the expectation that they will depend heavily on their 401(k) in retirement (27%)
- More than one-fourth (up nine points) expect to rely on Social Security for all or most of their retirement income, and an equal number (up seven points) expect to rely on the Social Security benefits of a spouse
- Almost one-fourth expect to have health problems (up 10 points)

Many Boomers are entering a period of significant life changes that will shape their retirement outlook

- Up significantly since 1998 are the proportions of Baby Boomers who have experienced having their last child move out of the house (up 13 points), having a parent die (up 12 points), becoming responsible for the care of a parent (up nine points), and surviving a health crisis (up five points).

IV. Boomers' Retirement Vision

A. Optimism About Retirement

More Boomers Are Experiencing Life Events Likely to Shape Their Retirement Outlook

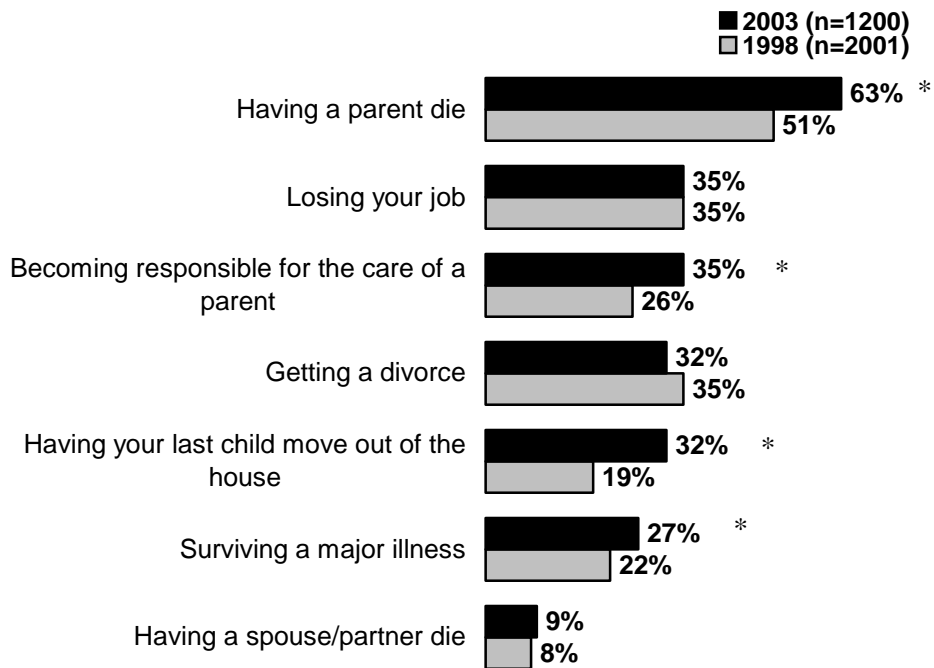
More Boomers now than five years ago are experiencing the challenges of aging through their parents. Sixty-three percent of Boomers, up from 51% in 1998, have experienced having a parent die. In addition, more than one-third of Boomers have or are assuming responsibility for the care of a parent, compared to about one-fourth (26%) in 1998. With the exception of the youngest segment of Boomers (age 38 to 42), more Boomers from their mid-forties onward have assumed responsibility for the care of aging parents or in-laws. However, the largest increases since 1998 in those taking on eldercare responsibilities have occurred among the older half of Boomers, those in their late forties and fifties. More than four in ten Boomers age 48 to 57 have experienced becoming responsible for the care of a parent (45%, compared with 32% of this cohort in 1998).

Health concerns are also likely to factor more into Boomers' thoughts on retirement, as more of them now compared to five years ago have experienced a serious health crisis (27% vs. 22% in 1998). Not surprisingly, experiences with serious illness are more common among older Boomers (age 53 to 57), 37% have survived a major illness up nine points since 1998. Boomers in their late forties and early fifties are only slightly less likely than their older counterparts to have survived a health crisis, 33% up eight points since 1998. Incidence of major illness among younger Boomers has remained largely unchanged since 1998, suggesting that the early fifties may mark the leading edge of a health status turning point for Baby Boomers.

On the positive side, more Boomers are reaching an age when their children are leaving the nest and they can focus more attention on their own needs. One-third (32%) of Boomers in this year's study report that their last child moved out of the house, up from 19% in 1998. As should be expected, older Boomers (age 53 to 57) are most likely to have experienced having their last child move out of the house, 58% up 18 points since 1998.

Key Life Events Experienced

% of Baby Boomers who have experienced the following life events



* Significant difference at the 95% confidence level

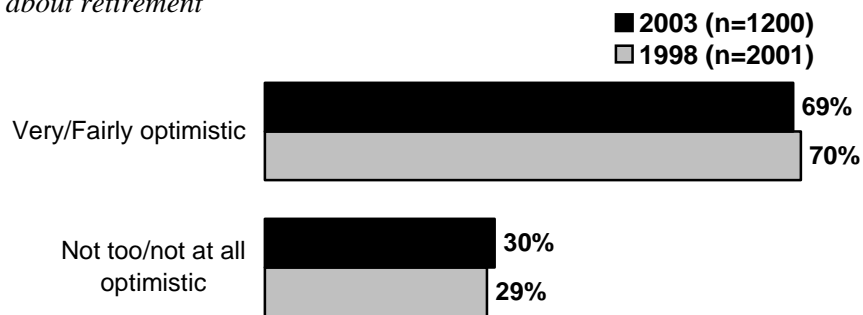
Q26. People experience major changes at various stages of their lives. Have you ever experienced any of the following major life events or changes?

Baby Boomers Remain Optimistic About Retirement

The recent economic downturn and jobless recovery appear to have had little impact on Baby Boomers' retirement outlook. As in 1998, about seven in 10 (69%) Baby Boomers say they feel optimistic about their retirement. Moreover, 46% of Boomers say their retirement outlook has changed for the better over the past five years, which is nearly three times the proportion (14%) who describe their outlook as having changed for the worse.

Meaning of Retirement

% of Baby Boomers who say the following statements best describe their feelings about retirement

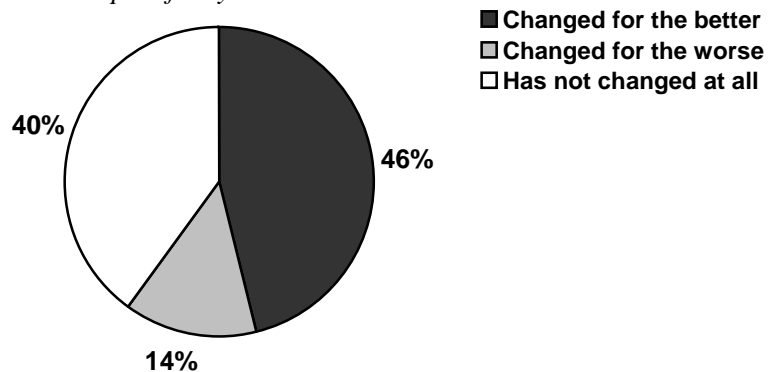


Q2. As things stand today, which of these statements best describes your feelings as you think about your retirement years?

Change in Retirement Outlook over the Past Five Years

% of Baby Boomers who say that their outlook on retirement has changed in the following ways over the past five years

(Base: 1200)



Q27. Would you say that your personal outlook for your own retirement has changed for the better, changed for the worse, or has not changed at all over the past five years?

Baby Boomers' positive retirement outlook is likely the result of the economic gains that this generation has made in recent years. Although the nation has been in an economic recession, Baby Boomers have made sizable economic gains as the cohort entered its peak earning years. Since 1998, the median household income of Boomers has increased from \$54,418 to \$61,872 according to the U.S. Census.³

Life events that seem most likely to significantly affect Boomers' retirement vision are becoming a grandparent and surviving an illness. More than half of Boomers (55%) who have become grandparents in the past year say that their retirement outlook has changed for the better, compared to 46% of all Boomers. Twenty-seven percent of those who have experienced serious illness in the past year say that their outlook has changed for the worse, compared to 14% of Boomers overall.

Asked why their outlook has improved, Baby Boomers who say their outlook has changed for the better are most likely to cite three reasons:

- Efforts to save more for retirement (26%),
- Improvements in their financial situation that result from life events such as having their children move out of the home and paying off their mortgage (24%), and
- Having a better job today compared to five years ago or improvements in the business environment (17%).

Among those whose outlook has changed for the worse, the largest share (38%) blame poor economic conditions. Sixteen percent specifically cite losing their job.

African Americans Have a Much Improved Retirement Outlook

African Americans (61%) are notably more likely than NH-whites (44%) or Hispanics (36%) to say their retirement outlook has changed for the better. This finding is particularly interesting given that African American Boomers (18%) were more likely than average Boomers (10%) to have experienced losing a job within the past year. However, despite recent job losses among a significant proportion of African American Boomers, this segment of the population is still better off income-wise compared to five years ago. In 1998, the median household income among African American Boomers was \$43,000. Today it is \$51,000, according to the survey.

³ Survey results show a similar increase of \$52,000 in 1998 to \$66,000 in 2003.

Perhaps explaining their less sanguine outlook, Hispanics are among the least affluent segments of the Boomer population. Median household income among this group is \$38,000, compared to the Boomer average of \$66,000. It is worth noting that the median income among Hispanics is depressed because of the inclusion of Spanish-dominant Hispanics in the sample. Survey results show that the median household income of English-dominant Hispanics is more than twice that of Spanish-dominant Hispanics (\$63,000 vs. \$28,000 respectively).⁴

⁴ Interviews for this study were conducted by bilingual interviews in the language most comfortable for Hispanic respondents, either English or Spanish. English-dominant refers to respondents who were most comfortable completing the survey in English. Spanish-dominant refers to those who were most comfortable completing the survey in Spanish.

B. Meaning of Retirement

Despite Optimism, Fewer Boomers Equate Retirement with Financial Security and Self-Indulgence

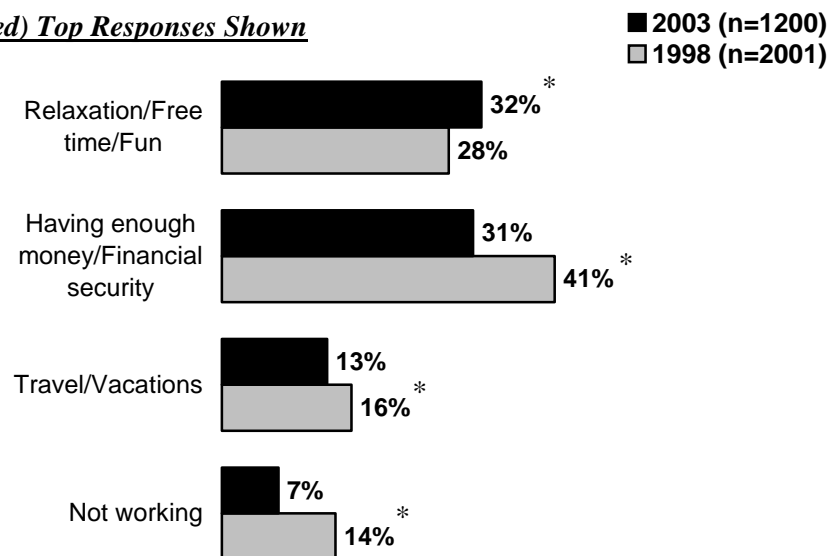
Although Baby Boomers remain optimistic about their retirement prospects, the impact of trying economic times is not lost on this cohort. There are clear indications that economic events over the past five years have eroded some of Boomers' financial expectations for their retirement years. Indeed, declines in the proportions of Baby Boomers who associate retirement with financial security and a departure from the workforce transcend gender, racial, education, and income lines.

Asked in an open-ended question what first comes to mind when thinking about retirement, down notably since 1998 are the proportions of Baby Boomers who equate retirement with having enough money and financial security (31%, compared with 41% in 1998). Even though fairly few Boomers (14%) defined retirement as *not* working in 1998, this proportion has declined even further, down seven points to 7%.

Meaning of Retirement

% of Baby Boomers who say that retirement means the following things to them

(Unaided) Top Responses Shown



* Significant difference at the 95% confidence level

Q1a. Retirement means different things to different people. Briefly, what are the first things that come to mind when you think of your retirement years?

An overall trend emerges when Boomers are asked how well 13 specific definitions describe their own vision of retirement: Positive associations with retirement have eroded slightly since 1998, while negative ones have inched upwards. The largest change is a downward shift in the proportion of Boomers who feel that their retirement will be a time to indulge themselves (48%, down seven points since 1998). This decline is further evidence that Baby Boomers may be developing more conservative expectations for their retirement years.

There also have been modest downward shifts in the proportions of Baby Boomers who define retirement as an opportunity to spend more time with family (72%, down two points since 1998), as a time to pursue their interests and hobbies (71%, down three points), and as a time of leisure (63%, down five points). However, these three positive definitions of retirement remain the top three.

Leading-edge Boomers, those age 53 to 57, who are closest to retirement age are most likely to have made adjustments in their definition of retirement since 1998. Down notably since the previous study are the proportions of Boomers this age who view retirement as a time to pursue hobbies and interests (67%, down eight points), a time of leisure (54%, down nine points), and a time to indulge themselves (41%, down 10 points).

Boomer women are particularly likely to have tempered their expectations for retirement in the past five years.

- 63% of Boomers women view retirement as a time of leisure, down seven points since 1998.
- 57% consider it a time to do the traveling that they couldn't do when they were younger, down seven points
- 48% consider it a time to indulge themselves, down 10 points.

Boomer men are more likely now than five years ago to describe retirement as a time of increased isolation from society (19%, up six points) and as a time of boredom (19%, up five points). On other measures, however, their outlook on retirement has remained unchanged.

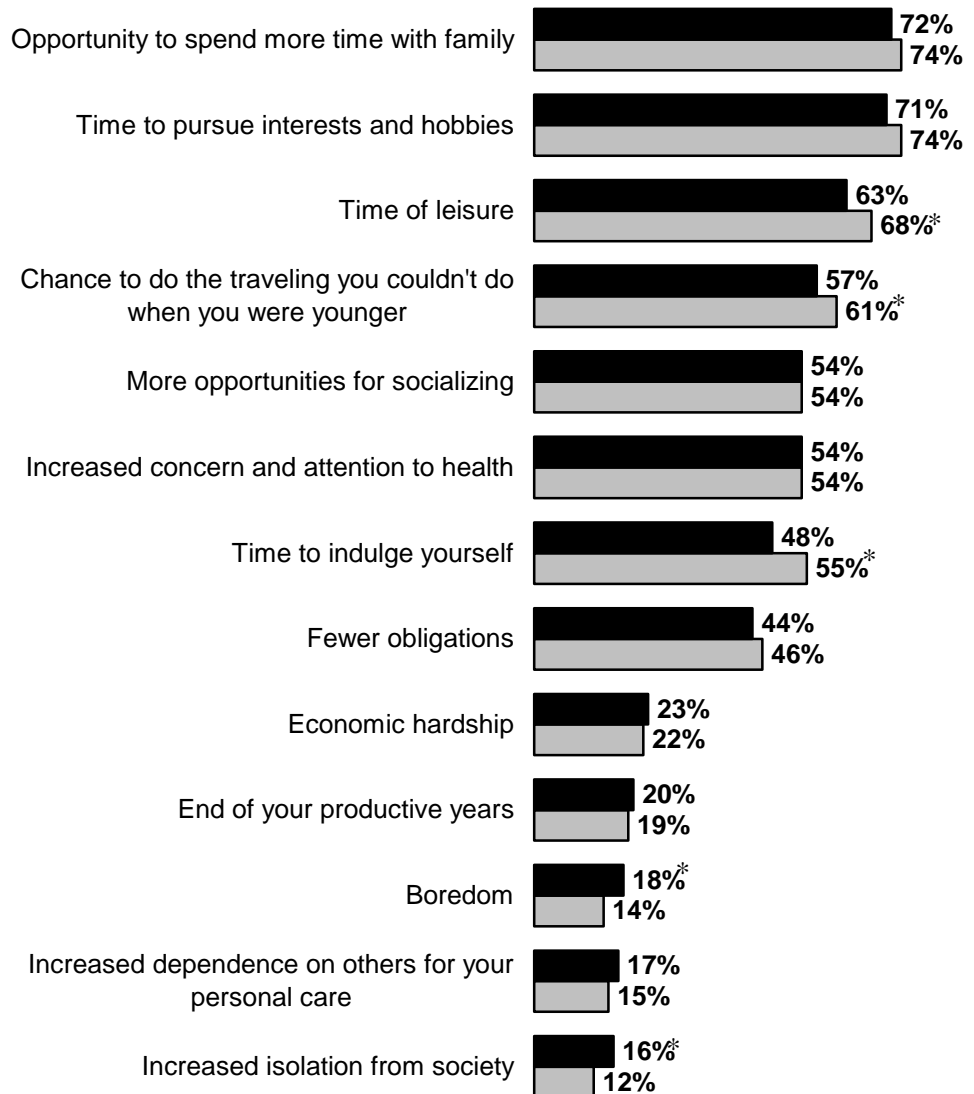
Generally, there is little difference between Boomer men's and Boomer women's views of retirement, with one exception: Boomer women are notably more apt than their male counterparts to view retirement as an opportunity to socialize more (59% vs. 48% of Boomer men).

Meaning of Retirement

% of Baby Boomers who say that the following statements accurately describe their retirement

(Top 2 Box 4,5 rating)

■ 2003 (n=1200)
□ 1998 (n=2001)



* Significant difference at the 95% confidence level

Q4. Retirement is a state that signifies different things to different people. Thinking about your own situation, I'd like you to consider whether these items accurately describe what retirement means to you. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I'd like you to consider each statement.

African American and Hispanic Boomers are particularly likely to have developed more conservative and less self-indulgent expectations for their retirement in recent years. Down notably since 1998 are the proportions of African Americans who define retirement as a time to pursue hobbies and interests (65%, down 12 points) and as a chance to do the traveling they could not do when they were younger (61%, down 11 points).

African American Boomers are markedly more inclined than white-NH Boomers to define retirement as a time of increased health concerns and as the end of their productive years. Larger proportions of both African American and Hispanic Boomers than NH-whites consider retirement a time of economic hardship, increased dependence on others for personal care, and increased isolation. Moreover, based on 1998 trend data for African Americans and NH-whites, the gap between white-NH Boomers' expectations for retirement and those of minority Boomers appears to be widening.

Meaning of Retirement

% of Baby Boomers who say that the following statements accurately describe their retirement (Top 2 Box 4,5 rating)

	White-NH			African American			Hispanic
	<u>2003</u> (956) %	<u>1998</u> (1525) %	<i>Pt. Diff</i>	<u>2003</u> (309) %	<u>1998</u> (230) %	<i>Pt. Diff.</i>	<u>2003</u> (301) %
Opportunity to spend more time with your family	73	74	-1	74	74	-	76
Time to pursue hobbies and interests	72	74	-2	65	77	-12*	63
Time of leisure	63	68	-5*	66	72	-6	67
Chance to do the traveling you couldn't do when you were younger	56	59	-3	61	72	-11*	54
More opportunity for socializing	53	52	+1	61	64	-3	58
Increased concern and attention to health	53	52	+1	63	64	-1	68
Time to indulge yourself	48	52	-4*	58	66	-8	54
Fewer obligations	44	44	-	49	56	-7	47
Economic hardship	22	21	+1	31	27	+4	37
End of your productive years	18	17	+1	31	33	-2	35
Boredom	17	13	+4*	22	17	+5	25
Increased dependence on others for your personal care	16	14	+2	24	21	+3	35
Increased isolation from society	15	11	+4	25	15	+10*	28

* Significant difference at the 95% confidence level

Q4. Retirement is a state that signifies different things to different people. Thinking about your own situation, I'd like you to consider whether these items accurately describe what retirement means to you. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I'd like you to consider each statement.

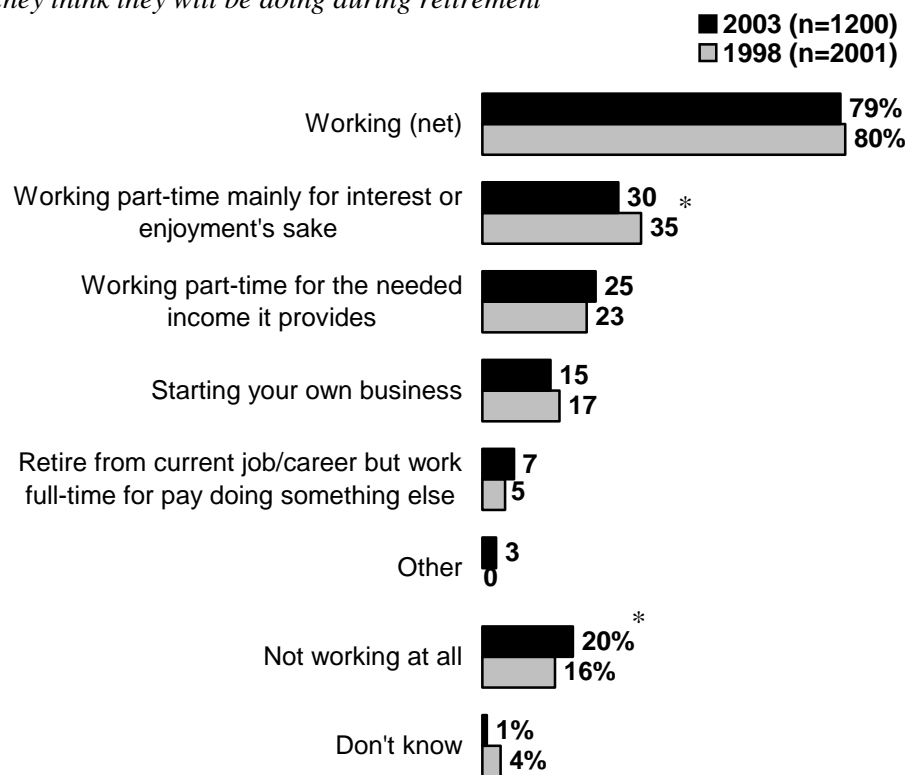
C. Role of Work in Retirement

Most Boomers Expect to Work in Retirement

About eight in 10 (79%) Baby Boomers plan to work in some capacity during their retirement years, about the same as in 1998. The gap, however, between those who plan to work part-time for enjoyment's sake and those who plan to work part-time for the needed income is shrinking. In 1998, the proportion of Boomers who planned to work part-time during retirement for enjoyment's sake exceeded that of Boomers who planned to work for the needed income by 12 percentage points (35% vs. 23%, respectively). Since that time, the gap has dwindled to five percentage points (30% vs. 25%) primarily because of a decline in the percentage of Boomers who plan to work only for enjoyment.

Work Plans During Retirement

% of Baby Boomers who say that the following statements best describe what they think they will be doing during retirement



* Significant difference at the 95% confidence level

Q3. Thinking about your employment status in later years, which of these best describes what you think you will be doing when you retire? Will you...?

By age, the largest increase since 1998 in the proportion planning not to work during retirement has occurred among the older of Boomers, those age 48 to 57, who are closer to retirement age, up seven points to 23%.

Boomer men and women tend to have different plans for the role of work during their retirement. Women are more inclined than men to plan to work part-time for the needed income (31% vs. 19% of Boomer men) or to fully depart from the workforce (23% vs. 16%) during retirement. Indeed, since 1998 the proportions of women who plan a complete departure from the workforce has increased by six points to 23%. In contrast, fewer plan to work for enjoyment's sake (27%, down nine points).

Boomer men are more prone than their female counterparts to plan to work part-time for enjoyment (34% vs. 27% of Boomer women) or to start their own businesses (18% vs. 11%) in retirement. Unlike Boomer women, their overall plans for work during retirement have not changed since 1998.

Fewer African Americans Plan to Work for Enjoyment

Fewer African American Boomers now compared to five years ago are planning to work in retirement for enjoyment's sake, while more are planning to work for needed income.

Among Hispanic Boomers there is a clear focus on using retirement to explore entrepreneurial endeavors. Nearly one-third of Hispanic Boomers (32%) plan to start their own business during retirement. This is nearly double the proportion of total Boomers who plan to choose this work path in retirement.

Although the proportion of African Americans who desire to start their own business during retirement has declined somewhat since 1998, both African Americans and Hispanics remain more inclined than NH-whites to plan to start their own businesses during retirement (Hispanics: 32%; African Americans: 27%; NH-whites: 12%). White-NH Boomers, in contrast, are more prone than either group to plan to work part-time for interest or enjoyment's sake. About one-fifth of white-NH and African American Boomers plan to withdraw entirely from the workforce during retirement, compared to 12% of Hispanic Boomers.

Work Plans During Retirement

% of Baby Boomers who say that the following statements best describe what they think they'll be doing during retirement

	White-NH			African American			Hispanic
	<u>2003</u> (956) %	<u>1998</u> (1525) %	<i>Pt. Diff</i>	<u>2003</u> (309) %	<u>1998</u> (230) %	<i>Pt. Diff.</i>	<u>2003</u> (301) %
Work (net)	79	79	-	78	83	-7	80
Work part-time mainly for interest or enjoyment's sake	33	36	-3	17	26	-9*	19
Work part-time mainly for the needed income it provides	25	23	+2	26	20	+6	18
Start your own business	12	14	-2	27	34	-7	32
Retire from your current job/career but work full-time for pay doing something else	7	5	+2	7	4	+3	10
Other	2	-	-	1	-	-	-
Not work at all	20	17	+3	19	14	+5	12
Don't know	1	4	-3	2	3	-1	8

Q3. Thinking about your employment status in later years, which of these best describes what you think you will be doing when you retire? Will you...?

Many Boomers Want to Keep Working in Retirement

Although many Boomers anxiously await retirement, it remains clear that work will play a critical role in this generation's retirement years. Forty-three percent of Boomers say they can't wait to retire, but nearly as many say that they will not want to stop working (37%). Hence, while many will remain in the workforce past retirement age for needed income, a considerable proportion will also work primarily because they want to, not because they have to.

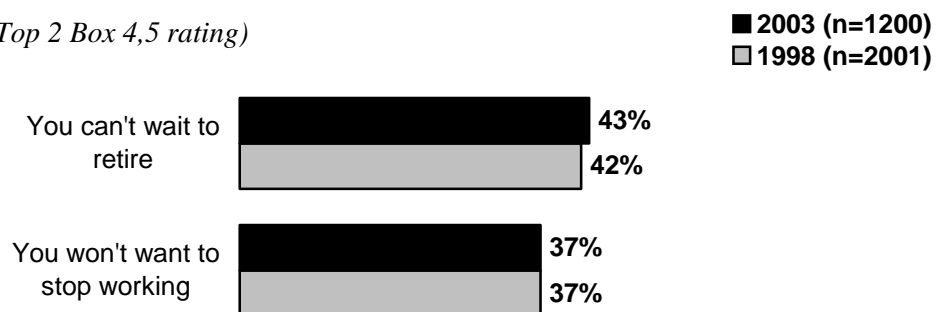
More Boomer men than Boomer women say they will not want to stop working in retirement (41% vs. 33%). This is consistent with the larger proportions of men than women who plan to work for enjoyment's sake or to start their own businesses in retirement.

Hispanics (54%) are markedly more inclined than other Boomers (white-NH: 36%; African American: 40%) to say they will not want to stop working once they reach retirement age. In contrast, African Americans (49%) and NH-whites (43%) are more likely than Hispanics (35%) to say they cannot wait to retire. However, as previously stated findings indicate, a majority of all Boomers, regardless of their race or ethnicity, plan to work in some capacity past retirement age.

Desire to Retire vs. Desire to Work

% of Baby Boomers who agree with the following statements

(Top 2 Box 4,5 rating)



Q25. Using a scale from 1 to 5, where 1 means you completely disagree and 5 means that you completely agree, I'd like you to consider each statement.

D. Role of Leisure in Retirement

Recreation, Service Continue to Factor into Boomers' Expectations for Retirement

Inching closer to retirement age has not changed Boomers' expectations for their recreational time during their later years. As in 1998, about seven in 10 Boomers expect to have plenty of leisure time during their retirement (68%), and about as many say they have a hobby or interest that they will dedicate more time to during retirement (70%).

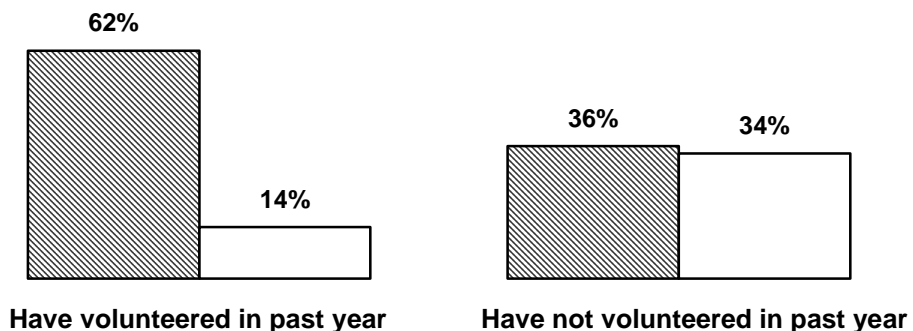
About half (51%, similar to the proportion reported in 1998) expect to dedicate time to community service and volunteering during their retirement years. This is only slightly more than the proportion of Boomers (46%) who volunteered their time to a charity or cause in the past month.

Boomers who have a strong interest in volunteer service now will likely maintain their interest in these types of activities during retirement. More than six in 10 (62%) Boomers who currently volunteer expect to devote more time to service in retirement, versus 36% of Boomers who are not actively engaged in volunteering now.

Plans for Volunteering in Retirement

% of Baby Boomers who expect to devote more time to community service or volunteering activities in retirement

- Expect to devote more time to volunteering (5,4, rating)**
 Do not expect to devote more time to volunteering (2,1 rating)



Q25. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I'd like you to consider each statement. ONLY ITEM RELATED TO VOLUNTEERING SHOWN

Boomers' expectations for traveling more than most people during retirement have also remained fairly constant since 1998, with roughly one-third expecting to do so.

By age, there is data to suggest that Boomers will adjust their expectations for leisure and travel, as they get closer to retirement age. Leading-edge Boomers (age 53 to 57) who are closest to retirement age are less likely than their younger counterparts to anticipate having time to pursue hobbies and interests and to travel more than most people their age in retirement. Moreover, since 1998 the proportions of older Boomers who expect to have time to pursue their interests in retirement (67%, down eight points since 1998) and to travel more than others (30%, down eight points) have declined, while the proportions of younger Boomers who share these views have remained stable.

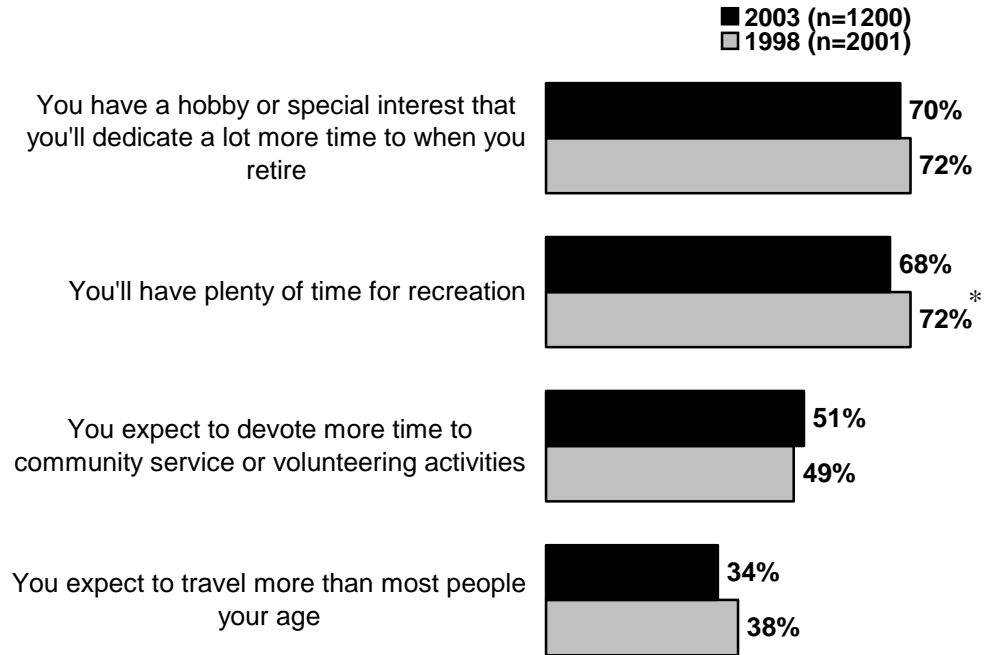
Women's expectations for leisure time and activities during retirement are somewhat more conservative now compared to five years ago. Fewer women Boomers now than in 1998 expect to have plenty of time for recreation (67%, down seven points) or to travel more than most others their age (29% down seven points) in retirement.

Although Boomer men's leisure expectations for their retirement are mostly unchanged since 1998, more anticipate devoting time to community service (48%, up six points).

Generally, there is little difference between Boomer men's and Boomer women's leisure expectations for retirement, except that men are more apt than women to expect to travel more than most people their age during retirement (39% Boomer men vs. 29% Boomer women).

Boomers' Expectations for Leisure Time and Activities

*% of Baby Boomers who agree with the following statements
(Top 2 Box 4,5 rating)*



* Significant difference at the 95% confidence level

Q6a./Q11./Q25. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I'd like you to consider each statement. ONLY ITEMS RELATED TO TRAVEL, LEISURE, HOBBIES, AND INTERESTS FROM EACH QUESTION ARE SHOWN.

Boomers' expectations for their leisure time activities during retirement do not vary widely by race, with one exception. African American (47%) and Hispanic (42%) Boomers are considerably more inclined than are white-NH Boomers (32%) to expect to travel more than most people their age during retirement.

With respect to changes in minority Boomers' leisure expectations during retirement, there has been a notable decline since 1998 in the proportion of African Americans who say they have a hobby or interest that they will dedicate a lot of time to during retirement (66%, down 11 points since 1998). Leisure time expectations among NH-whites have remained stable since 1998.

Boomers' Expectations for Leisure Time and Activities

% of Baby Boomers who agree with the following statements

(Top 2 Box 4,5 rating)

	White-NH			African American			Hispanic
	<u>2003</u> (956) %	<u>1998</u> (1525) %	<i>Pt. Diff</i>	<u>2003</u> (309) %	<u>1998</u> (230) %	<i>Pt. Diff.</i>	<u>2003</u> (301) %
You have a hobby or special interest that you'll dedicate a lot more time to when you retire	71	72	-1	66	77	-11*	65
You'll have plenty of time for recreation	69	72	-3	70	74	-4	63
You expect to devote more time to community service or volunteer activities	50	48	+2	57	52	+5	53
You expect to travel more than most people your age	32	35	-3	47	53	-6	42

* Significant difference at the 95% confidence level

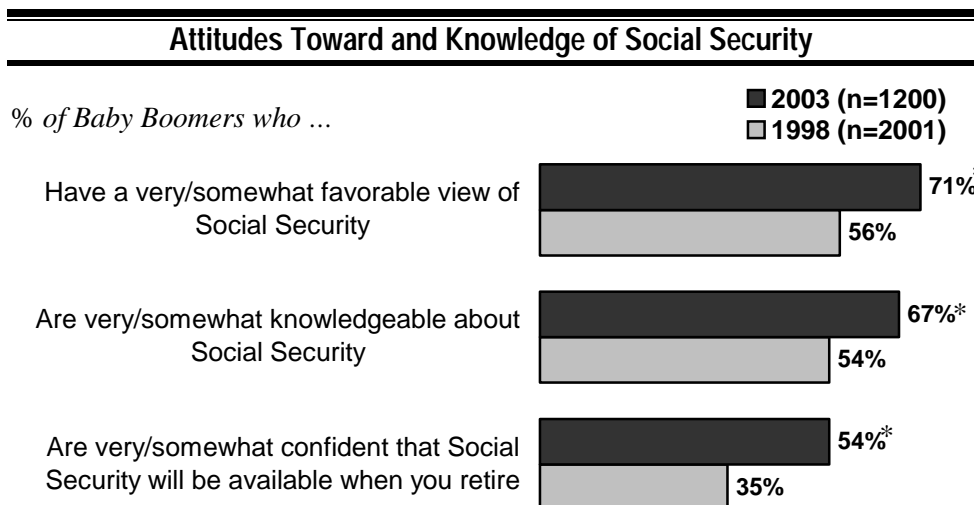
Q6a./Q11./Q25. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I'd like you to consider each statement. ONLY ITEMS RELATED TO TRAVEL, LEISURE, HOBBIES, AND INTERESTS FROM EACH QUESTION ARE SHOWN.

E. Attitudes About Social Security and Medicare

More Favorable Views on Social Security Since 1998

Baby Boomers are far more likely now compared to a few years ago to describe themselves as knowledgeable about and favorably predisposed toward Social Security. Since 1998, the proportion of Boomers who say they have a very or somewhat favorable view of Social Security has increased from a slim majority of 56% to more than seven in 10 (71%). Also up notably are those who consider themselves to be at least somewhat knowledgeable about the system (67%, up 13 points).

The most dramatic shift, however, is a 19-point increase in the proportion of Boomers who expect Social Security to be available to them when they retire. In 1998, just over one-third of Boomers were confident that Social Security would be available upon their retirement. Today that proportion is up to 54%. Boomers' growing confidence in Social Security may, in part, reflect *declining* confidence in the stock market and American business more generally.



* Significant difference at the 95% confidence level

Q21./Q22./Q24. When discussions come up about Social Security, how knowledgeable do you feel about how the Social Security system works? / Based on what you've heard, read, or experienced with Social Security, what is your overall view of the program? / How confident are you that Social Security will still be available to you when you retire?

As might be expected, older Boomers are more confident in the Social Security system than younger ones (53-57: 68%; 48-52: 55%; 43-47: 49%; 38-42: 44%). This has historically been the case: the closer one gets to retirement, the more likely one is to have faith in Social Security. Further analysis of this trend is provided at the end of this section.

Increases in favorable views of Social Security transcend sex. However, Boomer women are much more likely than Boomer men to expect to depend heavily on the system in retirement. Half (50%) of Boomer women say that, if Social Security benefits were not available, it would have a major impact on their retirement, compared to 40% of Boomer men.

Favorable views and levels of confidence in Social Security are also quite consistent by race and ethnicity. However, African American and Hispanic Boomers are more inclined than white-NH Boomers to expect to rely on Social Security for all or most of their income during retirement (Hispanics: 36%; African Americans: 26%; NH-whites: 14%).

With respect to knowledge about the system, Hispanic Boomers (49%) are less likely than are NH-whites (68%) and African Americans (64%) to consider themselves knowledgeable about the system.

Attitudes Toward and Knowledge of Social Security

% of Baby Boomers who ...

	White-NH			African American			Hispanic
	<u>2003</u> (956) %	<u>1998</u> (1525) %	Pt. Diff	<u>2003</u> (309) %	<u>1998</u> (230) %	Pt. Diff.	<u>2003</u> (301) %
Have a very/somewhat favorable view of Social Security	70	54	+16*	71	65	+6	66
Are very/somewhat knowledgeable about Social Security	68	54	+14*	64	56	+8	49
Are very/somewhat confident that Social Security will be available when you retire	54	33	+21*	54	40	+14*	52

* Significant difference at the 95% confidence level

Q21./Q22./Q24. When discussions come up about Social Security, how knowledgeable do you feel about how the Social Security system works? / Based on what you've heard, read, or experienced with Social Security, what is your overall view of the program? / How confident are you that Social Security will still be available to you when you retire?

Knowledge of Social Security Has Little Impact on Boomers' Perceptions of the System

There appears to be no relationship between how much Boomers say they know about Social Security and their attitudes toward the system. Moreover, the sweeping shifts in Boomers' overall attitudes toward and confidence in Social Security have occurred among Boomers who are knowledgeable about the system *and* those who are not. Indeed, even more dramatic increases in favorable perceptions of Social Security have occurred among those who claim to know little or nothing about the system than among those who claim to know more about it.

- 72% of Boomers who say they are very or somewhat knowledgeable about Social Security have a favorable opinion of the system, up from 61% in 1998
- 68% of Boomers who say they are not very or not at all knowledgeable about Social Security have a favorable opinion of it, up from 49% in 1998

Similarly, Boomers' confidence in Social Security seems unrelated to how knowledgeable they are about the system. However, Boomers who are knowledgeable about the Social Security, as well as those who are not, are both more likely now than five years ago to feel confident that the system will be available when they are ready to retire.

- 56% of Boomers who say they are very or somewhat knowledgeable about Social Security are confident that it will be available to them when they retire, up from 41% in 1998
- 49% of Boomers who say they are not very or not at all knowledgeable about Social Security are confident that it will be available to them when they retire, up from 29% in 1998

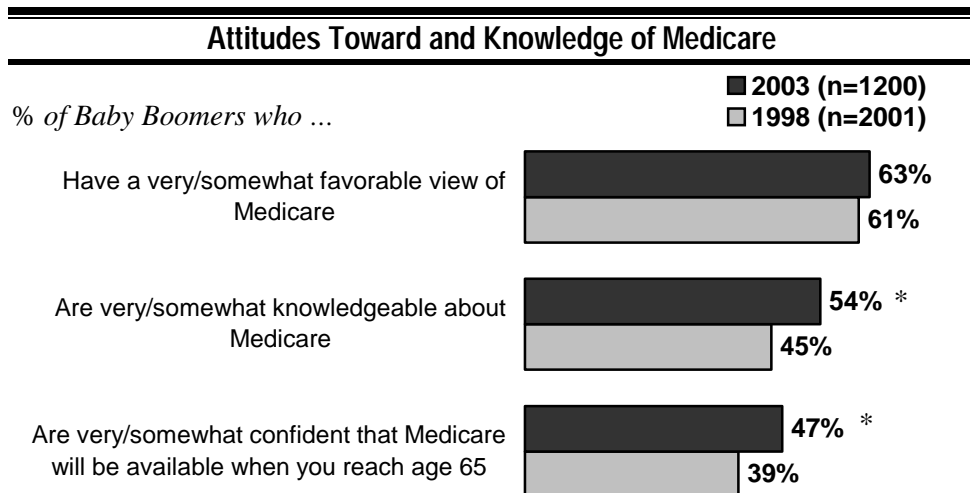
Half of Boomers Are Confident That Medicare Will Be Available When They Retire

There has been a notable increase in the proportion of Baby Boomers who are confident that Medicare will be available when they reach age 65, up eight points to 47%. Here again, confidence in the system is highest (56%) among the oldest Boomers aged 53 to 57.

Perhaps because Boomers are inching closer to retirement age, and many may find themselves dependent upon the system in the future, more are familiarizing themselves with Medicare. Fifty-four percent of Boomers say they are knowledgeable about Medicare, compared with 45% in 1998.

The increase in self-reported knowledge of Medicare has been driven by shifts among the older half of Boomers, those age 48 to 53. Sixty-two percent of Boomers this age consider themselves knowledgeable about Medicare, up from 51% of the cohort in 1998. The proportion of younger Boomers who consider themselves knowledgeable about Medicare has remained stable since 1998 and considerably smaller than the proportion of older Boomers who consider themselves knowledgeable about the system (48% vs. 62% respectively).

Boomer men and Boomer women share similar attitudes toward and confidence in Medicare.



* Significant difference at the 95% confidence level
 Q13./Q12./Q15. When discussions come up about Medicare, how knowledgeable do you feel about how the Medicare system works? / Based on what you've heard, read, or experienced with Medicare, what is your overall view of the program? / How confident are you that Medicare will still be available to you when you reach age 65?

Boomers' current opinion of and confidence in Medicare do not vary markedly by race. However, as with Social Security, Hispanic Boomers are less likely than other groups to consider themselves knowledgeable about the system.

Attitudes Toward and Knowledge of Medicare

% of Baby Boomers who ...

	White-NH			African American			Hispanic
	<u>2003</u> (956) %	<u>1998</u> (1525) %	<i>Pt. Diff</i>	<u>2003</u> (309) %	<u>1998</u> (230) %	<i>Pt. Diff.</i>	<u>2003</u> (301) %
Have a very/somewhat favorable view of Medicare	62	60	+2	67	65	+2	63
Are very/somewhat knowledgeable about Medicare	53	45	+8*	58	52	+6	43
Are very/somewhat confident that Medicare will be available when you reach age 65	48	40	+8*	41	33	+8	48

* Significant difference at the 95% confidence level

Q13./Q12./Q15. When discussions come up about Medicare, how knowledgeable do you feel about how the Medicare system works? / Based on what you've heard, read, or experienced with Medicare, what is your overall view of the program? / How confident are you that Medicare will still be available to you when you reach age 65?

Boomers Have a Fairly Accurate Understanding of Medicare Benefits

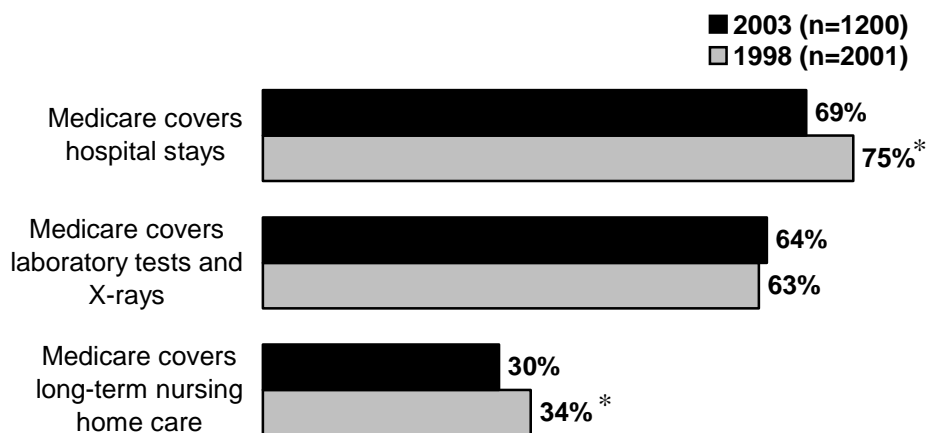
A majority of Boomers (69%, down six points since 1998) rightly believe that Medicare covers hospital stays. Nearly as many are also correct in assuming that the system covers laboratory tests and X-rays.

Somewhat fewer (56%), however, understand that Medicare does *not* cover long-term nursing home care. Indeed, 30% of Baby Boomers mistakenly believe that Medicare covers this type of care.

Boomers' understanding of the benefits covered by Medicare do not vary by sex.

Understanding of the Types of Care Covered by Medicare

% of Baby Boomers who think the following statements about Medicare are true



* Significant difference at the 95% confidence level

Q14. Please tell me whether to the best of your knowledge the following statements about Medicare coverage are true or not true...

African American and Hispanic Boomers are more inclined than NH-whites to overestimate the types of services covered by Medicare, specifically with respect to long-term care benefits. More than four in 10 Hispanic (43%) and African American (42%) Boomers wrongly believe that Medicare covers long-term nursing home care, compared to 28% of NH-whites. Moreover, Hispanic (32%) and African American (20%) Boomers are far more likely than NH-whites (14%) to say that they do not know if Medicare covers this type of care.

Hispanic Boomers are roughly two to three times more likely than others to say they do not know whether or not Medicare covers laboratory tests and X-rays (Hispanic: 29%; African Americans: 16%; White-NH: 15%) or hospital stays (Hispanic: 28%; African Americans: 10%; White-NH: 12%).

Understanding of the Types of Care Covered by Medicare

% of Baby Boomers who think the following statements about Medicare are true

	White-NH			African American			Hispanic
	<u>2003</u> (956) %	<u>1998</u> (1525) %	<i>Pt. Diff</i>	<u>2003</u> (309) %	<u>1998</u> (230) %	<i>Pt. Diff.</i>	<u>2003</u> (301) %
Medicare covers hospital stays	69	76	-7	67	72	-5	59
Medicare covers laboratory tests and X-rays	66	63	+3	63	60	+3	57
Medicare covers long-term nursing home care	28	33	-5*	42	38	+4	43

* Significant difference at the 95% confidence level

Q14. Please tell me whether to the best of your knowledge the following statements about Medicare coverage are true or not true...

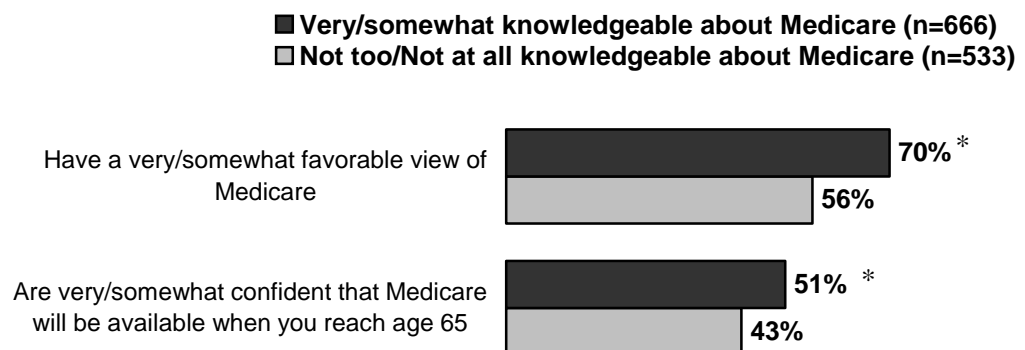
Knowledge of Medicare Boosts Confidence in the System

The Medicare system has undergone sweeping reforms in the past year. Findings from this survey indicate that improving Boomers' understanding of Medicare will likely improve their opinions of the system and boost their confidence in it.

Boomers who consider themselves very or somewhat knowledgeable about Medicare (70%) are considerably more inclined than other Boomers (56%) to have favorable opinions of the system. In addition, Medicare-knowledgeable Boomers are more likely than others to feel confident that the system will be available for them when they reach age 65 (51% vs. 43% respectively). Moreover, faith in the system among Medicare-knowledgeable Boomers is up compared to five years ago (51%, up from 42% in 1998).

Attitudes Toward and Knowledge of Medicare

% of Baby Boomers who are ...



* Significant difference at the 95% confidence level

Q13./Q12./Q15. When discussions come up about Medicare, how knowledgeable do you feel about how the Medicare system works? / Based on what you've heard, read, or experienced with Medicare, what is your overall view of the program? / How confident are you that Medicare will still be available to you when you reach age 65?

As Age Increases, So Does Confidence in Medicare and Social Security

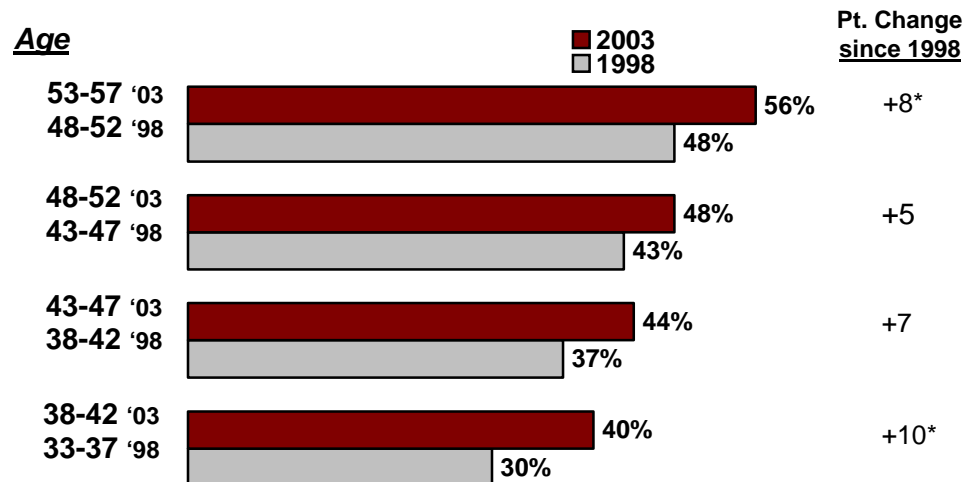
A comparison between the 1998 and 2003 data, which focuses on age and confidence in Medicare and Social Security, finds a positive correlation between age and confidence in these systems.

As the following charts show, as age increases, so does people's confidence in these systems. For example, confidence in Medicare availability increases steadily from age 33 to 57, hitting a high of 56% among the oldest group of Boomers. However, the most significant increased in confidence in Medicare since 1998 have occurred among the oldest and youngest Boomer age segments.

Similarly, for Social Security, confidence rises steadily, and then hits a high of 68% among the oldest group of Boomers. As with Medicare, the largest gains in confidence in Social Security since 1998 have occurred among the oldest and youngest Boomer age segments.

Confidence in Medicare, by Age Cohort

% of Baby Boomers who say they are confident Medicare will still be available when they reach age 65

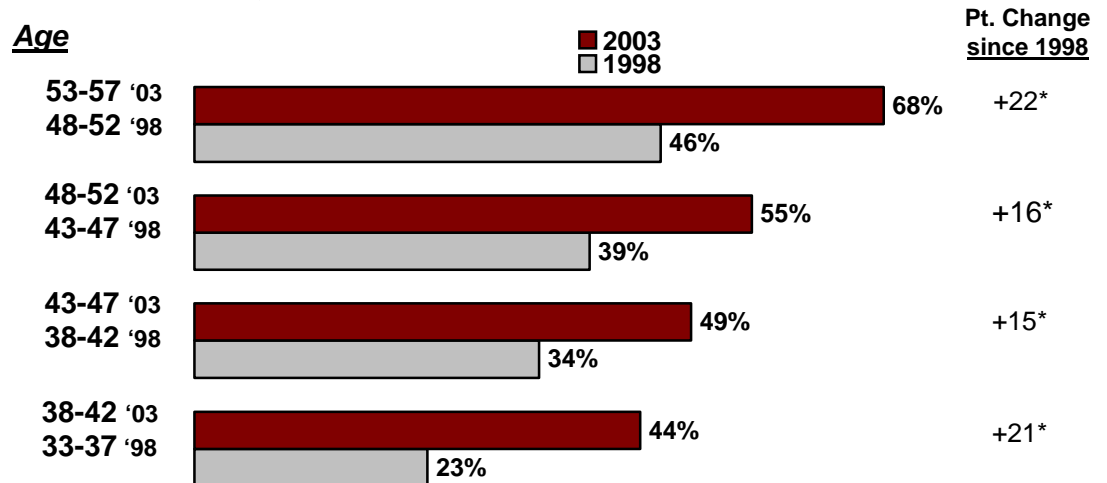


* Significant difference at the 95% confidence level

Q15. How confident are you that Medicare will still be available for you when you reach age 65?

Confidence in Social Security, by Age Cohort

% of Baby Boomers who say they are confident Social Security will still be available when they retire



* Significant difference at the 95% confidence level

Q. 24. How confident are you that Social Security will still be available to you when you retire?

To further examine the positive correlation between increasing age and increasing confidence in Medicare and Social Security, an additional statistical analysis was applied. In utilizing a T-test, we reexamined the data from 1998 and 2003 on Boomers' confidence that the Medicare and Social Security systems will be available to them when they retire.

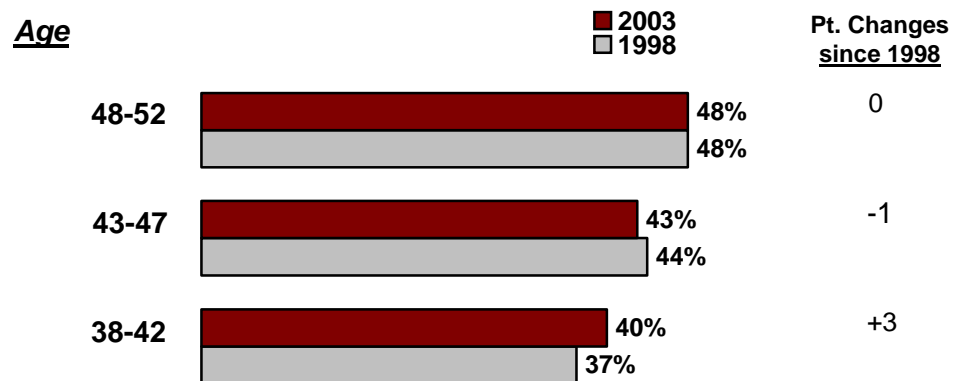
The five-year passage of time between the data sets from 1998 and 2003 means that, when comparing the cohorts, three age breaks are common to both sets of data (ages 38-42; 43-47; 48-52); Two additional age groups are not common to both data sets: the youngest age group from the 1998 data set (33-37 year olds) and the oldest age group from 2003 (53-57 year olds).

These two additional age groups (the youngest group and the oldest group) were removed from the data set. In retabulating the data, we find that, when we control for age, several interesting findings emerge:

- In terms of confidence in Medicare, when we control for age, there is almost no difference between the data sets in confidence in the Medicare system: the average percentage confident in 1998 is 44% and the average percentage confident in 2003 is 42%. However, when the oldest group is included in the 2003 data, there is an eight-point increase in confidence in Medicare between 1998 and 2003, meaning that all of this increase can be attributed to the oldest age category of Boomers (those age 53-57).

Confidence in Medicare, Controlling for Age

% of Baby Boomers who say they are confident Medicare will still be available when they reach age 65

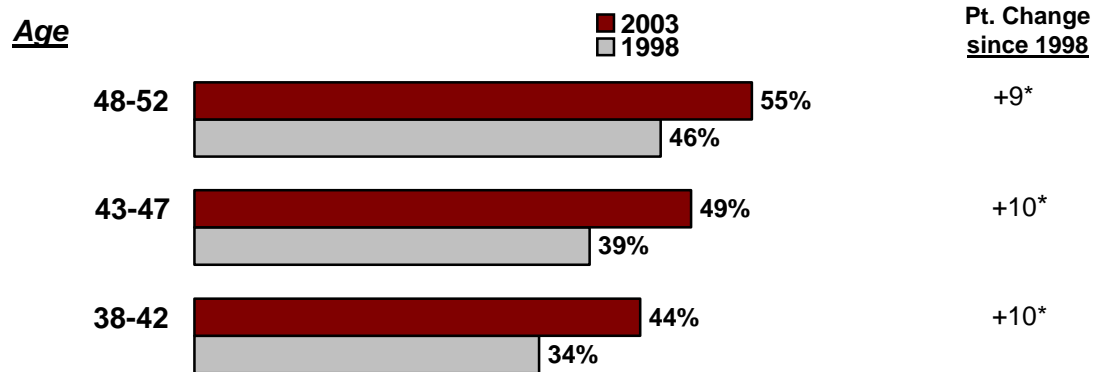


Q15. How confident are you that Medicare will still be available for you when you reach age 65?

- Turning to Social Security, when we control for age, there is a 10-point difference between age and confidence in Social Security: the average percentage confident in 1998 is 39% and the average confident in 2003 is 49%. When the oldest group is put back into the 2003 data, there is a 22-point increase in confidence in Social Security, meaning that nearly half of the increase can be attributable to age. It is likely that the rest of the increase in confidence in Social Security is attributable to the differences between the political and media climates in 1998 and 2003 regarding the soundness and future viability of the Social Security system.

Confidence in Social Security, by Age Cohort

% of Baby Boomers who say they are confident Social Security will still be available when they retire



* Significant difference at the 95% confidence level

Q. 24. How confident are you that Social Security will still be available to you when you retire?

F. Role of Family in Retirement

Family Provides for Emotional, Not Financial, Support During Retirement

Reflecting a genuine spirit of self-reliance, Baby Boomers would prefer not to rely on family for financial support during retirement. Emotional support is a different story, however. As in 1998, Boomers are seven times more likely to believe that family should provide emotional support (70%) than financial support (10%) to people during retirement. Moreover, the proportions of Boomers who consider familial relationships key elements of their vision for retirement has also remained stable:

- Three-fourths (76%) of Boomers continue to expect to spend most of their retirement years living with a partner
- Seventy percent of Boomers, unchanged since 1998, are looking forward to becoming grandparents
- Nearly six in 10 (57%), also stable since 1998, expect to live near at least one of their children during retirement

Just as Boomers' attitudes toward the emotional role of family have not changed since 1998, neither have their attitudes toward the financial role of family. As indicated, the vast majority of Boomers continue to reject the idea of depending on their children for financial support during retirement. Indeed, only 5% of Boomers expect their children to help them out financially when they reach retirement age. Two-thirds (66%), down only a modest four points since 1998, do not want to depend on their children during retirement.

But Boomers Expect to Give Financial Support

Although most Baby Boomers do not want to rely on their children for financial support, considerable proportions expect their parents and children to be among their financial obligations later in life. About one-fifth of Baby Boomers expect to have an aging parent or in-law living with them (19%, compared with 18% in 1998) or to provide financially for an aging parent or in-law (18%, compared with 15% in 1998) during their own retirement.

Increasing numbers of Boomers have already begun to assume responsibility for the care of their aging parents. Since 1998, there has been a marked increase in the proportion of Baby Boomers who are or have been responsible for the care of their parents. More than one-third of Baby Boomers (35%) say they have been or are responsible for the care of their elderly parents, up from 26% in 1998. That proportion jumps to 46% among Hispanic Boomers.

Hispanics also are particularly likely to *anticipate* parental care-giving responsibilities during their retirement. Four in 10 Hispanic Boomers (43%) expect to have an aging parent or in-law living in their home during their retirement years. This is double the proportions of white-NH (18%) and African American (20%) Boomers who expect to assume this responsibility. Likewise, 35% of Hispanic Boomers expect to provide financially for aging parents or in-laws during retirement, compared with 25% of African Americans and 15% of NH-whites.

In addition to parental obligations, a notable proportion of Boomers expect to provide financially for their *children* during their retirement years. About one in six Boomers (17%) expects to provide financially for his or her children during retirement. This proportion has not changed since 1998, even though the proportion of Boomers who have experienced having their last child move out of the home has increased sharply in the past five years, from 19% in 1998 to 32% today. Moreover, fewer Boomers now compared to five years ago believe that they will be able to save more for retirement when their kids are older, down eight points eight from 56% to 44%.

Hispanic (33%) and African American (28%) Boomers are about twice as likely as white-NH Boomers (15%) to anticipate having to provide financially for children during their retirement.

Boomer men and Boomer women's views on the role of family in retirement have not changed over the past five years. As in 1998, Boomer women are more inclined than their male counterparts to say that the emotional support of family is essential during retirement (75% vs. 65%, respectively), to be looking forward to being grandparents (75% vs. 65%), and to expect to live near at least one of their children (62% vs. 51%).

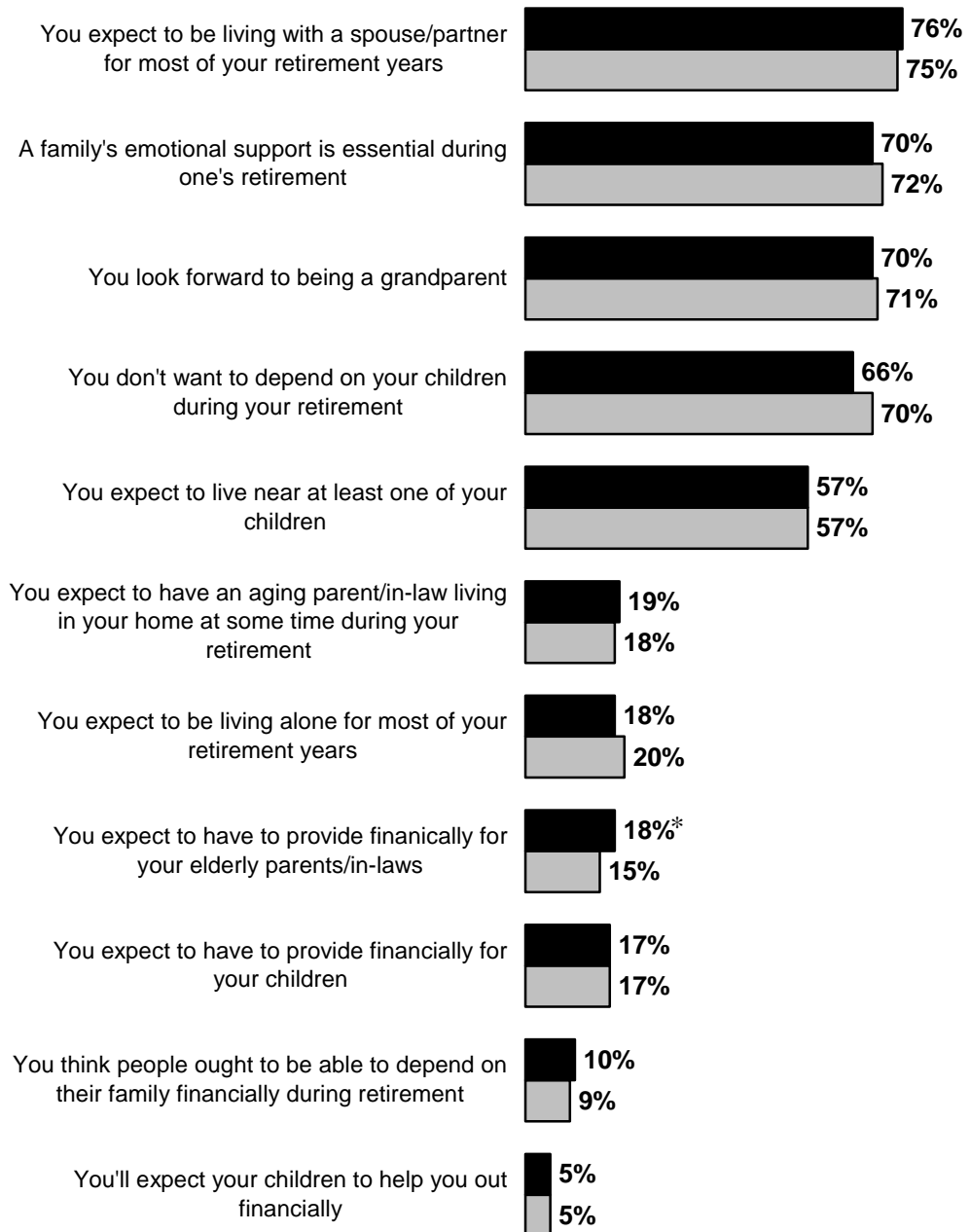
As with gender, across various age subgroups Boomers' views on the role of family in retirement have remained largely unchanged since 1998.

Boomers' Perceptions of the Role of Family During Retirement

% of Baby Boomers who agree with the following statements

(Top 2 Box 4,5 rating)

■ 2003 (n=1200)
 □ 1998 (n=2001)



* Significant difference at the 95% confidence level

Q6a./Q11./Q25. Using a scale from 1 to 5, where 1 means you completely disagree and 5 means that you completely agree, I'd like you to consider each statement. ONLY ITEMS RELATED TO FAMILY FROM EACH QUESTION ARE SHOWN.

Boomers' Perceptions of the Role of Family During Retirement

% of Baby Boomers who agree with the following statements

(Top 2 Box 4,5 rating)

	White-NH			African American			Hispanic
	<u>2003</u> (956) %	<u>1998</u> (1525) %	<i>Pt. Diff</i>	<u>2003</u> (309) %	<u>1998</u> (230) %	<i>Pt. Diff.</i>	<u>2003</u> (301) %
You expect to be living with a spouse/partner for most of your retirement years	78	76	+2	64	71	-7	75
A family's emotional support is essential during one's retirement	70	72	-2	71	70	+1	74
You look forward to being a grandparent	70	70	-	69	71	-2	73
You don't want to depend on your children during your retirement	69	73	-4	52	51	+1	43
You expect to live near at least one of your children	59	58	+1	53	50	+3	60
You expect to have an aging parent/in-law living in your home at some time during your retirement	18	17	+1	20	23	-3	43
You expect to be living alone for most of your retirement years	17	18	-1	24	30	-6	31
You expect to have to provide financially for your elderly parents/in-laws	15	12	+3	25	25	-	35
You expect to have to provide financially for your children	15	14	+1	28	29	-1	33
You think people ought to be able to depend on their family financially during retirement	9	9	-	11	13	-2	19
You'll expect your children to help you out financially	3	3	-	14	11	+3	20

Q6a./Q11./Q25. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I'd like you to consider each statement. ONLY ITEMS RELATED TO FAMILY FROM EACH QUESTION ARE SHOWN.

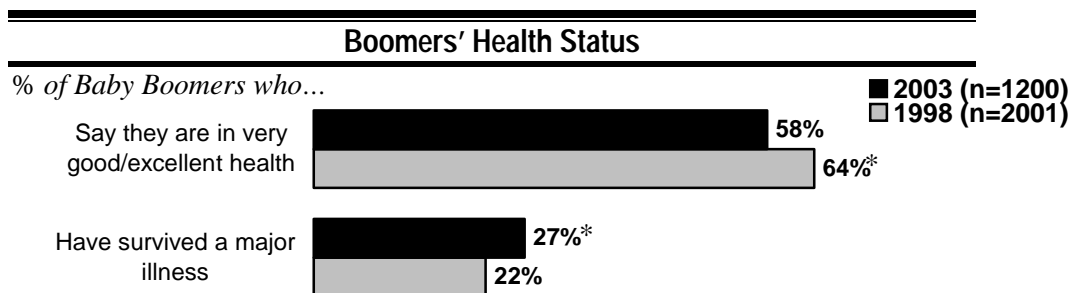
G. Health and Longevity

Boomers Increasingly Acknowledge Health Issues in Vision for Retirement

Majorities of Boomers say they are not afraid of aging (62%), and many believe people in their generation will be in better health during retirement than people were in their parents' generation (54%). Nonetheless, Boomers are aging, and more are coping with health issues. Down notably since 1998 is the proportion of Boomers who consider themselves in very good or excellent health (58%, down six points since 1998). In addition, more Boomers now, compared to five years ago, say they have survived a major illness (27%, up five points). About one in 10 (11%) has experienced surviving a major illness in the past year.

As may be expected, older Boomers are more likely than younger ones to have experienced a serious illness (53-57: 37%; 48-52: 33%; 43-47: 20%; 38-42: 16%) and less likely to consider themselves in very good or excellent health (53-57: 52%; 48-52: 60%; 43-47: 58%; 38-42: 65%). Indeed, among the older half of Boomers (those age 48 to 57) incidence of experiences with serious illness are up significantly (nine points since 1998).

However, despite the notable increases in the proportions of Boomers confronting health issues and adopting more conservative expectations for their health in retirement, half (51%) expect to be healthier than most people their age in retirement, largely unchanged since 1998. But there is evidence of some erosion in older Boomers' expectations for health in retirement, as fewer now than in 1998 anticipate being healthier than most people their age (53-57: 45%, down eight points).

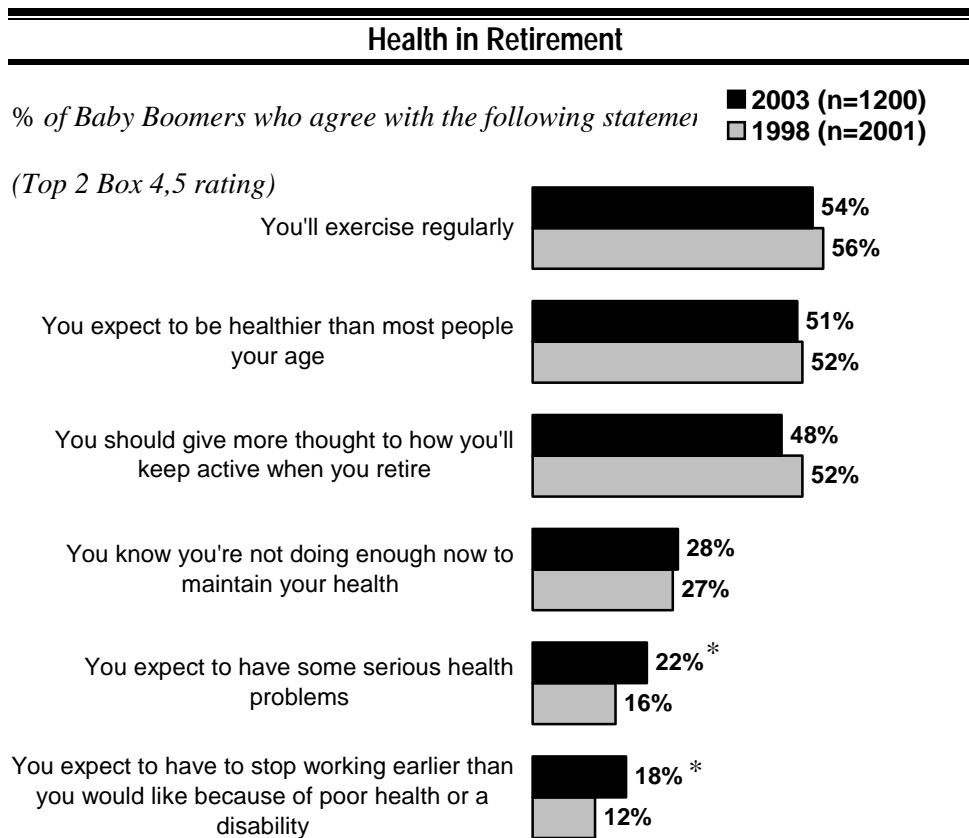


* Significant difference at the 95% confidence level

Q16./Q26a. In general, would you say your health is...? / People experience major changes at various stages of their lives. Have you ever experienced any of the following major life events or changes? / 6a. Using a scale from 1 to 5 where 1 means completely disagree and 5 means completely agree, I'd like you to consider each statement.

Likely a result of recent changes in their health status, more Boomers today than five years ago expect to have serious health problems in retirement (22%, up six points). Also up is the proportion who expect to have to stop working earlier than they would like because of poor health or a disability (18%, up six points).

However, despite increased public focus on wellness over the last few years and increased incidence of health concerns among Boomers, there has been no movement since 1998 in the proportion of Boomers who are giving serious thought to and taking steps to maintain their health as they age. Indeed, unchanged since 1998 is the proportion of Boomers that plan to exercise during retirement (1998: 56%; 2003: 54%).⁵



* Significant difference at the 95% confidence level

Q6a./Q11./Q25. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I'd like you to consider each statement. ONLY ITEMS RELATED TO HEALTH FROM EACH QUESTION ARE SHOWN.

⁵ According to Roper Reports data (RR 03-3, Q6y) the proportion of Boomers who say that they regularly get enough physical exercise has also remained relatively stable since 1998 (1998: 32%; 2003: 35%).

Health "Haves" and "Have-nots"

As with financial planning and preparedness for retirement, health planning and status is likely to play a significant role in shaping Boomers' retirement vision. In retirement, not only will this generation be divided into financial "haves" and "have-nots," it is also likely to be divided into health "haves" and "have-nots." Indeed, Boomers are almost evenly divided between those who anticipate a healthy and active retirement and those who do not.

Nearly half of Boomers (45%) believe they are taking adequate steps to maintain their health, which is nearly as great as the proportions who expect to exercise regularly (54%) and to be healthier than most people their age (51%) in retirement. Presumably the other half of Boomers, 48%, agree that they should give more thought to how they will keep active during retirement. This proportion is remarkably consistent with the proportion of Boomers (54%) who associate retirement with increased concern and attention to health.

Although Boomers' perceptions of their health do not vary widely by race or ethnicity, African American (37%) and Hispanic (38%) Boomers are more likely than white-NH Boomers (27%) to feel that they are not doing enough now to maintain their health. Minority Boomers' are more inclined than white-NH Boomers to expect to be healthier than most people their age when they retire (African Americans: 65%; Hispanics: 60%; NH-whites: 48%).

Boomers' attitudes towards their health now and in the future do not vary by sex.

The gap between current actions and expectations for future health is particularly critical for Hispanic Boomers. Among this population, 39% expect to experience serious health problems during retirement, compared to 21% of white-NH and 20% of African American Boomers. Moreover, markedly more Hispanic Boomers (32%) than their African American (21%) or white-NH (17%) counterparts expect to have to retire early because of health issues or disabilities.

Health in Retirement

% of Baby Boomers who agree with the following statements

(Top 2 Box 4,5 rating)

	White-NH			African American			Hispanic
	<u>2003</u> (956) %	<u>1998</u> (1525) %	<i>Pt. Diff</i>	<u>2003</u> (309) %	<u>1998</u> (230) %	<i>Pt. Diff.</i>	<u>2003</u> (301) %
You'll exercise regularly	54	55	-1	59	62	-3	69
You expect to be healthier than most people your age	48	50	-2	65	67	-2	60
You should give more thought to how you'll keep active when you retire	46	49	-3	66	67	-1	72
You know you're not doing enough now to maintain your health	27	27	-	37	31	+6	38
You expect to have some serious health problems	21	16	+5*	20	18	+2	39
You expect to have to stop working earlier than you would like because of poor health or a disability	17	11	+6*	21	15	+6	32

* Significant difference at the 95% confidence level

Q6a./Q11./Q25. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I'd like you to consider each statement. ONLY ITEMS RELATED TO HEALTH FROM EACH QUESTION ARE SHOWN.

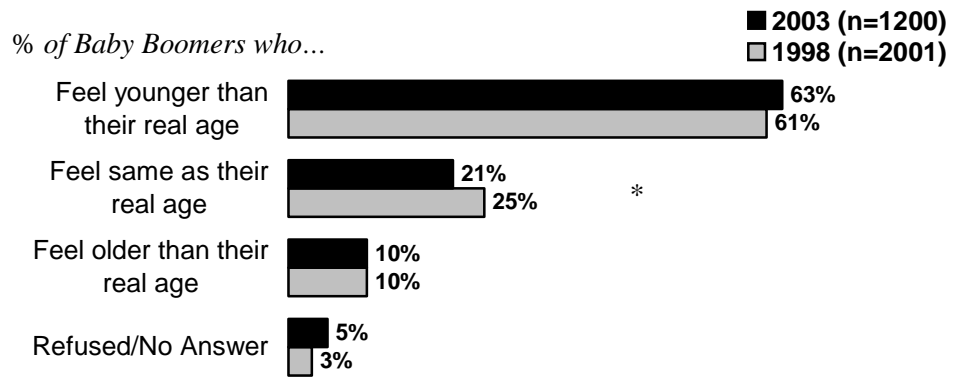
Boomers Are Not Stuck at Thirty-Something, but They Continue to Feel Younger Than They Really Are

Although Boomers are getting older and facing more health concerns, this generation remains young in mind and spirit. The average age of Baby Boomers today is 47, but 63% feel younger than their actual age, similar to the proportion reported in 1998. On average, Boomers feel seven years younger than their actual age and the seven-year gap between Boomers' actual age and the age they feel has not changed since 1998. This suggests that, as Boomers age, they will continue to feel younger than they really are. Moreover, the gap between Boomers' actual and perceived ages is likely contributing to heightened expectations for longevity among this generation. Indeed, 73% of Boomers, up six points since 1998, expect people in their generation to live longer than people in their parents' generation.

A youthful mindset and good health are critical factors in the retardation of the aging process among Boomers. Indeed, those who feel younger than their actual age are most likely to attribute the difference to generally feeling young (41%), good health (26%), and staying in good shape and exercising (19%). On the other hand, those who feel older than their actual age are most likely to attribute the difference to poor health or health problems (49%).

These findings are highly consistent by sex, race, and ethnicity. However, as may be expected given increases in incidence of health concerns among older Boomers (age 53 to 57), fewer of them than in 1998 feel younger than their real age (64%, down eight points) while more feel older than they are (13%, up seven points). This suggests that 50 may be the age when Boomers' youthful outlook begins to dim.

Boomers Feel Young

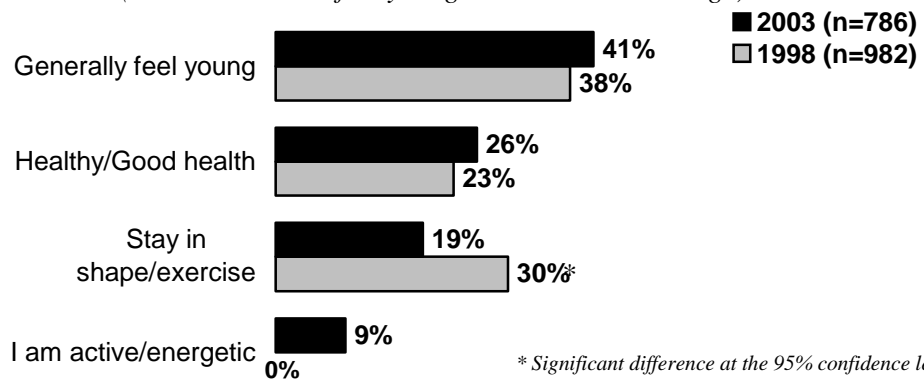


<u>Actual Mean Age of Boomers</u>	<u>Mean Age Boomers Feel</u>	<u>Diff.</u>
2003: 47	2003: 40	-7 years
1998: 42	1998: 35	-7 years

D1a./D1b. What is your age? / Regardless of how old you are, how old do you feel?

Top Reasons Boomers Feel Younger Than Their Age

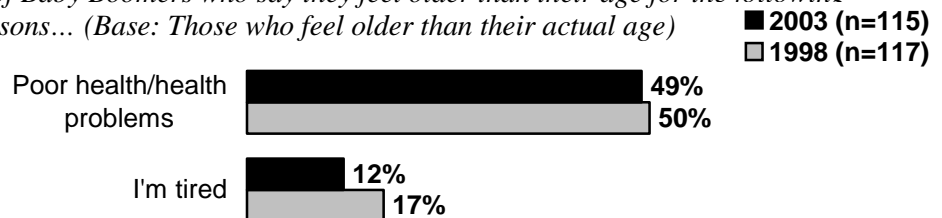
% of Baby Boomers who say they feel younger than their age for the following reasons... (Base: Those who feel younger than their actual age)



* Significant difference at the 95% confidence level

Top Reasons Boomers Feel Older Than Their Age

% of Baby Boomers who say they feel older than their age for the following reasons... (Base: Those who feel older than their actual age)



Q.D1c. (ASKED OPEN-ENDED) Why do you say that? (Asked of those who feel either younger or older than their real age)

H. Paying for Health Care

Growing Numbers Anticipate Inadequate Health Coverage...

Although many Boomers (56%) expect to have health insurance that will meet their needs in retirement, a sizable and growing proportion, nearly one in five (19%, up four points since 1998) does not anticipate having adequate health care coverage. Moreover, only about one-third of Boomers expect their employer (34%, unchanged since 1998) or Medicare (31%, down three points) to cover most of their health care needs or expenses in retirement. Indeed, 58% of Boomers do *not* expect their current employer to cover their health insurance needs in retirement, and 43% do *not* expect Medicare to cover most of those needs.

...But Majorities Expect to Get What They Need

Despite the considerable proportions of Boomers who do not anticipate that their employer or Medicare will provide them with adequate health care coverage in retirement, most Boomers are confident that they will get the care they need.

- 78% are confident that in retirement they will get the health care they feel they need when they need it.
- 74% are confident they will be able to see specialists when needed.
- 72% are confident they will be able to visit doctors of their choosing.

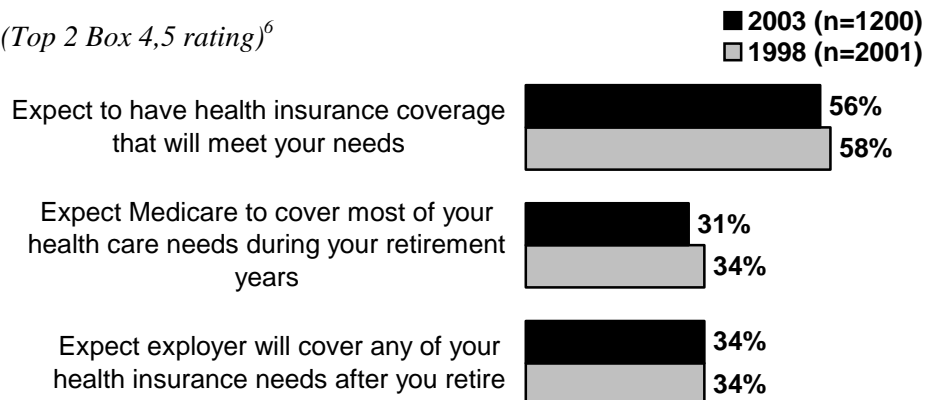
Moreover, growing proportions of Boomers are *very* confident that they will be able to have the type of health care they want in retirement. The proportion of Boomers who are *very* confident that they will be able to see a specialist when they feel they need to has increased by nine percentage points, from 21% to 30%, since 1998. More are also *very* confident that they will be able to visit doctors of their choosing (28%, up four points).

By age, expectations for health care coverage during retirement have remained largely unchanged. However, despite evidence that more leading-edge Boomers (age 53 to 57) are confident that Medicare will be available when they reach age 65, there has been some erosion since 1998 in the proportion of this cohort who expect Medicare will cover most of their health care needs in retirement (30%, down eight points).

Health Care Coverage in Retirement

% of Baby Boomers who...

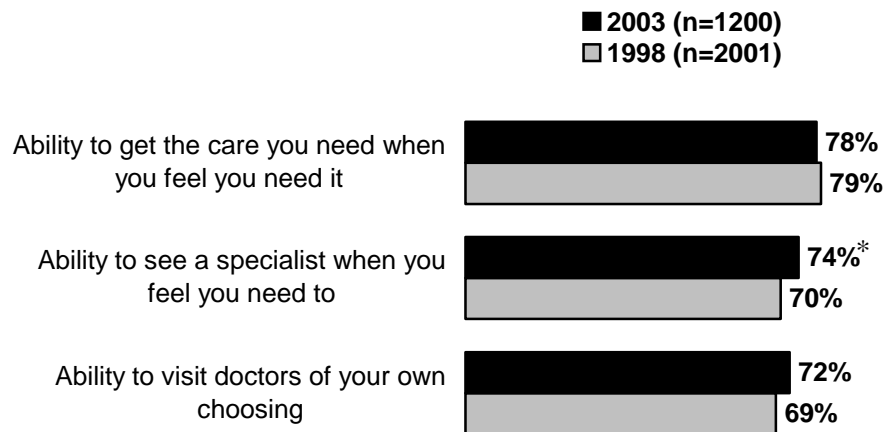
(Top 2 Box 4,5 rating)⁶



Q6a./Q18./Q25. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I'd like you to consider each statement. / Do you expect that your employer will cover any of your health insurance needs after you retire?

Health Care in Retirement

% of Baby Boomers who say they are very or somewhat confident that their health care in retirement will provide each of the following



* Significant difference at the 95% confidence level

Q19. And thinking about your health care coverage in your retirement years, how confident are you that it will provide each of the following?

⁶ Top 2 Box rating 4,5 applies to the first two items listed in the series, which are from Q6a and Q25.

African Americans tend to be more confident than others that they will have the type of health care they need and want in retirement. African Americans (71%) are far more inclined than both NH-whites (54%) and Hispanics (58%) to expect to have health insurance that will meet their needs in retirement. African Americans are also notably more apt than NH-whites to be very confident that in retirement they will be able to see specialist when they feel they need to do so.

With respect to Medicare coverage, both African Americans (41%) and Hispanics (49%) are more likely than NH-whites to expect the system to cover most of their health care needs in retirement.

Although Boomers of both sexes are equally confident that they will get the health care they need in retirement, more women than men in this cohort expect to have to keep working during retirement to obtain needed health care benefits (33% vs. 24% of Boomer men).

Health Care Coverage in Retirement

*% of Baby Boomers who say they agree with the following statements...
(Top 2 Box 4,5 rating)⁷*

	White-NH			African American			Hispanic
	<u>2003</u> (956) %	<u>1998</u> (1525) %	Pt. Diff	<u>2003</u> (309) %	<u>1998</u> (230) %	Pt. Diff.	<u>2003</u> (301) %
Expect to have health insurance coverage that will meet your needs	54	56	-2	71	72	-1	58
Expect Medicare to cover most of your health care needs during your retirement years	29	33	-4	41	44	-3	49
Expect employer will cover any of your health insurance needs after you retire	33	32	+1	39	44	-5	36

Q6a./Q18./Q25. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I'd like you to consider each statement. / Do you expect that your employer will cover any of your health insurance needs after you retire?

Health Care in Retirement

% of Baby Boomers who say they are very or somewhat confident that their health care in retirement will provide each of the following

	White-NH			African American			Hispanic
	<u>2003</u> (956) %	<u>1998</u> (1525) %	Pt. Diff	<u>2003</u> (309) %	<u>1998</u> (230) %	Pt. Diff.	<u>2003</u> (301) %
Ability to get the care you need when you feel you need it	78	79	-1	80	82	-2	67
Ability to see a specialist when you feel you need to	73	69	+4*	76	75	+1	66
Ability to visit doctors of your own choosing	71	68	+3	76	73	+3	63

Q19. And thinking about your health care coverage in your retirement years, how confident are you that it will provide each of the following?

* Significant difference at the 95% confidence level

⁷ Top 2 Box rating 4,5 applies to the first two items listed in the series, which are from Q6a and Q25.

V. Financial Preparedness for Retirement

Confidence in Ability to Prepare for Retirement Unchanged

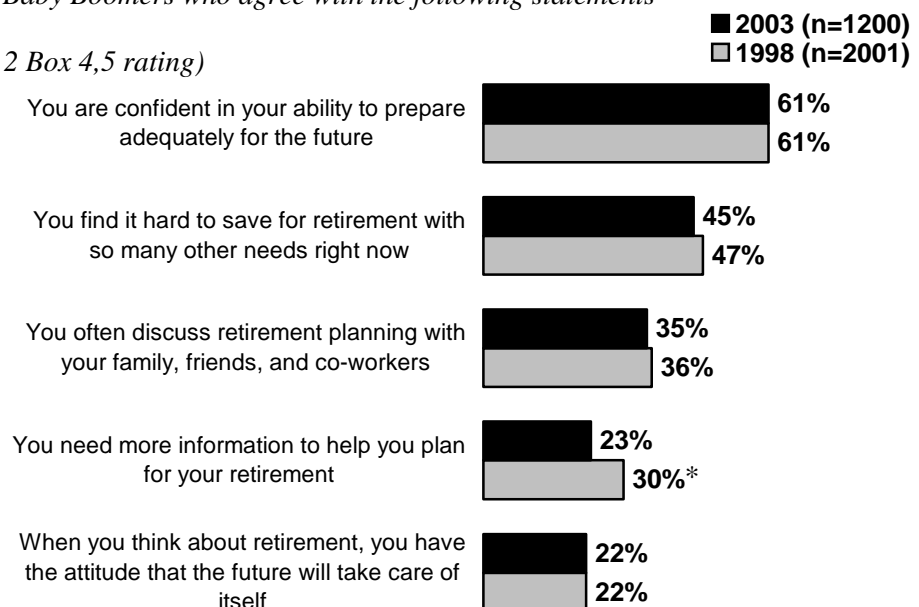
Baby Boomers may be moving closer to retirement, but they are no more likely to feel prepared financially than they were five years ago. As in 1998, six in 10 Boomers (61%) feel confident in their ability to prepare adequately for their retirement years. It appears that current needs tend to obscure retirement needs. Indeed, about half of Boomers (45%, similar to the proportion reported in 1998) admit that they find it hard to save for retirement with so many other needs right now.

While findings among men are consistent with those from 1998, there are indications that women are taking their financial preparedness for retirement more seriously. Down notably since 1998 are the proportions of women who say they find it hard to save for retirement with so many other needs now (46%, down six points) and who have an attitude that the future will take care of itself (18%, down five points).

Confidence in Ability to Prepare for Retirement

% of Baby Boomers who agree with the following statements

(Top 2 Box 4,5 rating)



* Significant difference at the 95% confidence level

Q6b./Q11. Now, how much do you agree or disagree with each of the following statements? Using a scale from 1 to 5, where 1 means completely disagree and 5 means you completely agree. I'd like you to consider each statement.

For the most part, Boomers' assessments of their financial preparedness for retirement have remained largely unchanged across the various age subgroups. It is worth noting, however, that while the proportions of younger Boomers (age 33 to 47) who feel they need more information to plan for retirement have remained stable, fewer older Boomers (age 48 to 57) now than in 1998 feel they need more information to plan for the future.

A majority of Boomers, regardless of their race, remain confident in their ability to prepare adequately for retirement, but the proportions of minority Boomers who feel that they need more information to help them plan for retirement continues to exceed that of NH-whites (Hispanics: 45%; African Americans: 37%; NH-whites: 21%). It should be noted that fewer Boomers, overall, feel they need more information on retirement planning compared to five years ago (23%, compared to 30% in 1998).

Hispanics are likely to be in particular need of additional support planning for the future. This population (52%) is markedly more inclined than are white-NH (20%) or African American (32%) Boomers to agree that, when they think of retirement, they have an attitude that the future will take care of itself. Data also suggest that Hispanic Boomers may be overly confident in their ability to prepare for retirement, especially given the group's heightened expectations for financial obligations and hardships during retirement.

Confidence in Ability to Prepare for Retirement

% of Baby Boomers who agree with the following statements

(Top 2 Box 4,5 rating)

	White-NH			African American			Hispanic
	<u>2003</u> (956) %	<u>1998</u> (1525) %	<i>Pt. Diff.</i>	<u>2003</u> (309) %	<u>1998</u> (230) %	<i>Pt. Diff.</i>	<u>2003</u> (301) %
You are confident in your ability to prepare adequately for the future	60	59	+1	67	75	-8	74
You find it hard to save for retirement with so many other needs right now	44	47	-3	43	49	-6	47
You often discuss retirement planning with your family, friends, and co-workers	34	35	-1	40	48	-8	33
You need more information to help you plan for your retirement	21	26	-5*	37	47	-10*	45
When you think about retirement, you have the attitude that the future will take care of itself	20	19	+1	32	38	-6	52

* Significant difference at the 95% confidence level

Q6b./Q11. Now, how much do you agree or disagree with each of the following statements? Using a scale from 1 to 5, where 1 means completely disagree and 5 means you completely agree. I'd like you to consider each statement.

Boomers' Retirement Needs May Exceed Financial Resources

Asked to compare the retirement needs and expectations of their generation with those of their parents' generation, the vast majority of Baby Boomers continue to believe that they will need more money to live comfortably during retirement than their parents did (83% vs. 84% in 1998). This is not surprising given increases in Americans' life expectancy and Boomers' unwillingness to do without. Indeed, 73% of Baby Boomers today, up from 67% in 1998, expect to live longer than people in their parents' generation— meaning they will have to support themselves longer. At the same time, most Baby Boomers (79%, up from 75% in 1998) describe their generation as more self-indulgent than people were in their parents' generation.

For many Boomers, though, expectations of greater financial needs during retirement still have not translated into more aggressive efforts to prepare financially for retirement. As in 1998, the proportion of Baby Boomers who agree that their generation will need more money than their parents' generation to live comfortably during retirement is more than double the proportion that say Boomers are saving more for retirement than their parents' generation (83% vs. 39%, respectively). Moreover, only 45% of Baby Boomers today (compared with 42% in 1998) believe that people in their generation will have more money when they retire than people had in their parents' generation.

Perhaps to fill the gap between anticipated needs and expected financial preparedness for retirement, more Baby Boomers are putting their faith in Social Security. Thirty-seven percent of Baby Boomers today, compared with 31% in 1998, expect Social Security to meet their needs as well as it did their parents' generation. Moreover, there has been a 15-point increase since 1998 in the proportion of Baby Boomers who feel fairly sure that they can count on Social Security as a source of income during their retirement (See Section *Income Sources Boomer Feel They Can Count on During Retirement*). There has also been a modest increase in the proportion of Boomers who agree that the absence of Social Security benefits would have a major impact on their retirement (45% vs. 41% in 1998).

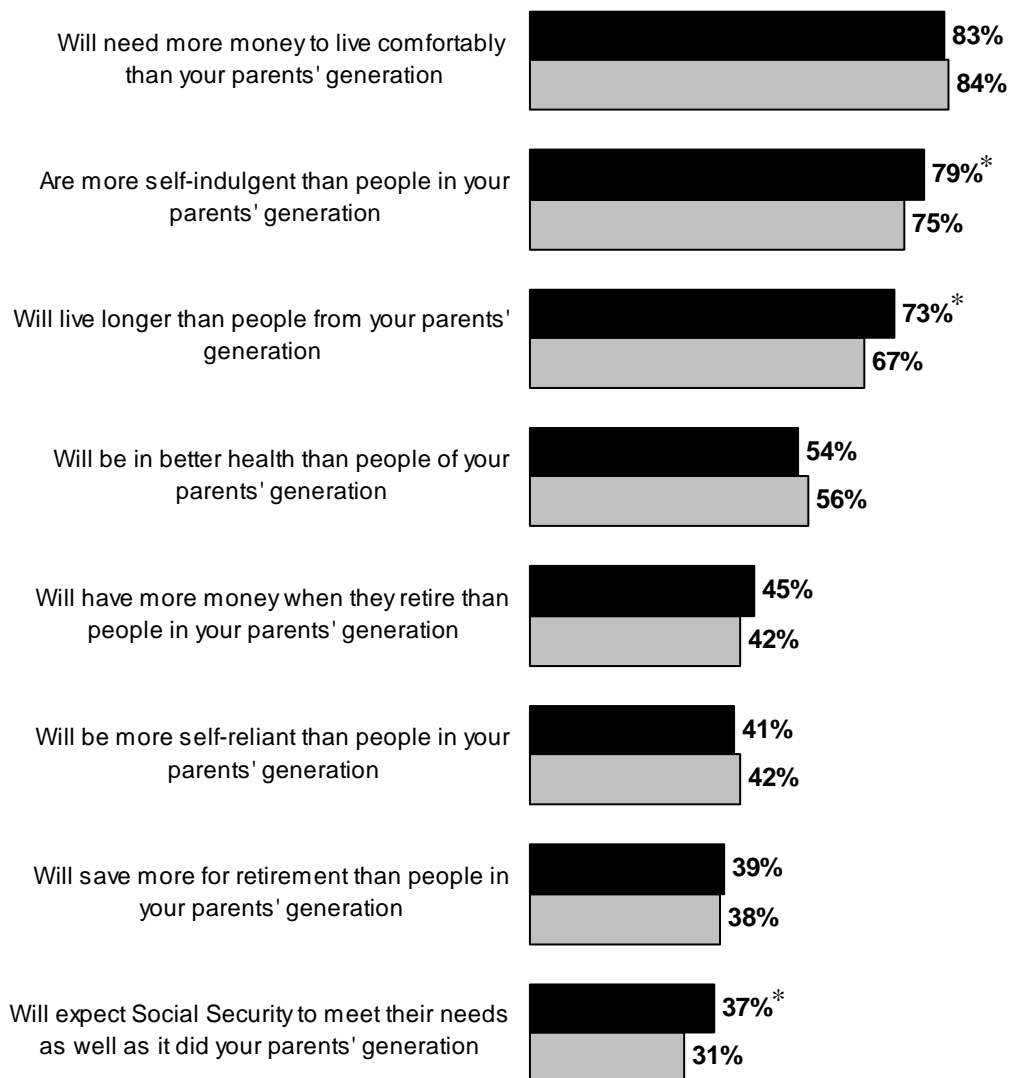
Boomers' Expectations for Retirement Compared to Their Parents' Generation

% of Baby Boomers who agree with the following statements about retirement

(Top 2 Box 4,5 rating)

People in your generation...

■ 2003 (n=1200)
□ 1998 (n=2001)



* Significant difference at the 95% confidence level

Q20. Continuing with some more statements people have made about retirement and getting older. Using a scale from 1 to 5 where 1 means you "completely disagree" and 5 means you "completely agree", I'd like you to consider each statement.

When asked to compare themselves to their parents' generation, white-NH Boomers are considerably more inclined than African American or Hispanic Boomers to consider their generation more self-indulgent than their parents' generation. They are also more inclined than others to feel that their generation is healthier than their parents' generation and is likely to live longer.

Minority Boomers are more inclined than their white-NH counterparts to feel better prepared financially for retirement as compared to their parents' generation. African American and Hispanic Boomers are also more likely than NH-whites to expect that Social Security will meet their needs as well as it did their parents' generation.

Boomers' Expectations for Retirement Compared to Their Parents' Generation

*% of Baby Boomers who agree with the following statements about retirement
(Top 2 Box 4,5 rating)*

	<u>White-NH</u>			<u>Black</u>			<u>Hispanic</u>
	<u>2003</u> (956) %	<u>1998</u> (1525) %	<i>Pt. Diff</i>	<u>2003</u> (309) %	<u>1998</u> (230) %	<i>Pt. Diff.</i>	<u>2003</u> (301) %
<i>People in your generation...</i>							
Need more money to live comfortably than your parents' generation	82	84	-2	87	86	+1	79
Are more self-indulgent than people in your parents' generation	81	77	+4*	70	66	+4	65
Will live longer than people in your parents' generation	77	72	+5*	51	41	+10*	50
Will be in better health than people of your parents' generation	56	57	-1	41	49	-8	40
Will have more money when they retire than people in your parents' generation	44	41	+3	53	48	+5	53
Will be more self-reliant than people in your parents' generation	39	42	-3	48	43	+5	60
Will save more for retirement than people in your parents' generation	38	37	+1	46	40	+6	51
Will expect Social Security to meet their needs as well as it did your parents' generation	36	29	+7*	43	40	+3	47

* Significant difference at the 95% confidence level

Q20. Continuing with some more statements people have made about retirement and getting older. Using a scale from 1 to 5 where 1 means you "completely disagree" and 5 means you "completely agree", I'd like you to consider each statement.

Fewer Boomers Than in 1998 Expect to Depend on Current Investments

Although, as a generation, Baby Boomers have prospered economically during the past five years, recent economic events have eroded the cohort's belief that their personal investments will provide sufficient income during retirement. Down somewhat since 1998 are the proportions of Boomers who expect to depend heavily on their current personal investments (59%, down five points) and 401(k) savings (32%, down six points) during retirement.

Interestingly, across all races there is a nearly even divide between those who expect to struggle during retirement and those who plan to have plenty of money. Hispanics, however, are the most evenly polarized group with 37% expecting to struggle in retirement and 39% expecting to have plenty of money.

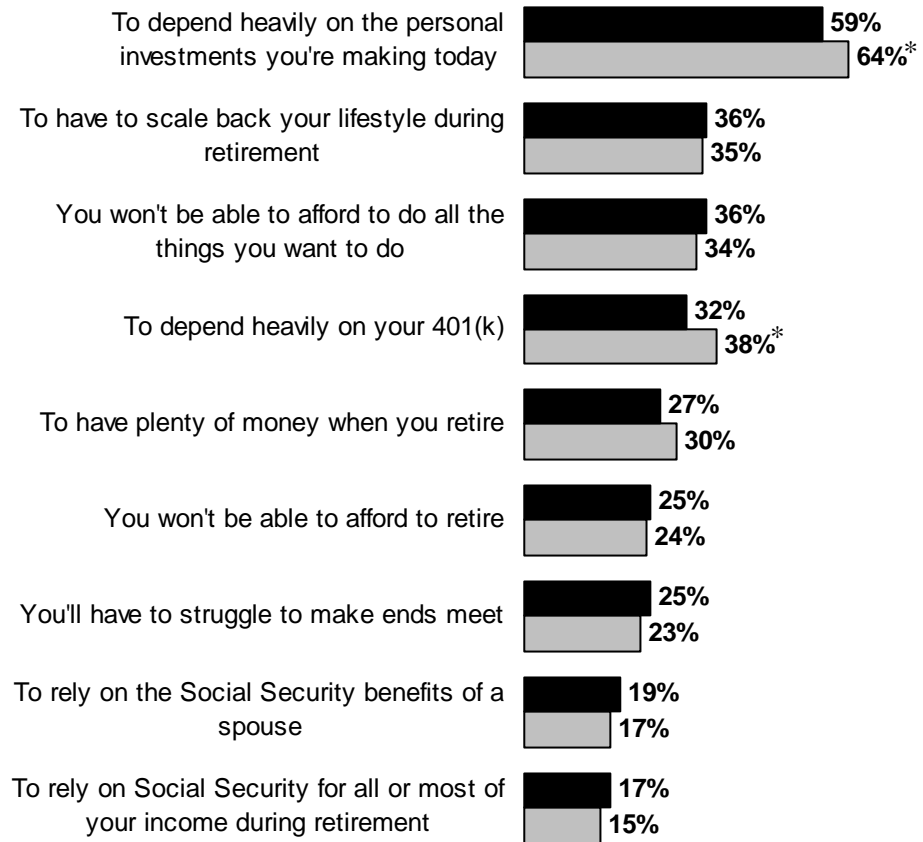
Boomer men are more likely than Boomer women to expect to have plenty of money when they retire (34% vs. 21%, respectively). In addition, consistent with other findings indicating that Boomer women's retirement outlook is more conservative now compared to five years ago, fewer Boomer women today than in 1998 expect to have plenty of money when they retire (21%, down six points).

Financial Expectations for Retirement Years

% of Baby Boomers who agree that they have the following financial expectation for their retirement (Top 2 Box 4,5 rating)

You Expect...

■ 2003 (n=1200)
□ 1998 (n=2001)



* Significant difference at the 95% confidence level

Q6a./Q11./Q25. Using a scale from 1 to 5, where 1 means you completely disagree and 5 means that you completely agree, I'd like you to consider each statement. ONLY ITEMS RELATED TO FINANCE FROM EACH QUESTION ARE SHOWN.

Financial Expectations for Retirement Years

% of Baby Boomers who agree that they have the following financial expectation for their retirement (Top 2 Box 4,5 rating)

<u>You Expect...</u>	White-NH			African American			Hispanic
	<u>2003</u> (956) %	<u>1998</u> (1525) %	<i>Pt. Diff</i>	<u>2003</u> (309) %	<u>1998</u> (230) %	<i>Pt. Diff.</i>	<u>2003</u> (301) %
To depend heavily on the personal investments you're making today	61	65	-4	60	60	-	54
To have to scale back your lifestyle during retirement	35	34	+1	35	37	-2	40
You won't be able to afford to do all the things you want to do	37	35	+2	30	29	+1	33
To depend heavily on your 401(k)	31	38	-7*	31	41	-10*	40
To have plenty of money when you retire	26	29	-3	32	34	-2	39
You won't be able to afford to retire	25	23	+2	31	30	+1	38
You'll have to struggle to make ends meet	24	22	+2	27	27	-	37
To rely on the Social Security benefits of a spouse	19	17	+2	22	16	+6	30
To rely on Social Security for all or most of your income during retirement	14	14	-	26	20	+6	36

* Significant difference at the 95% confidence level

Q6a./Q11./Q25. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I'd like you to consider each statement. ONLY ITEMS RELATED TO FINANCIAL EXPECTATIONS FROM EACH QUESTION ARE SHOWN.

Investments Boomers Count on: Faith in Social Security on the Upswing

One of the most dramatic shifts in Boomers' vision of retirement since 1998 has been a marked increase in the proportion who feel at least fairly sure that they can count on Social Security in retirement. Consistent with Boomers' more positive attitudes toward the system, 63% of Boomers feel they can count on Social Security as a source of income in retirement, up 15 points since 1998. Social Security now ranks among the top three income sources that Boomers feel they can count on in retirement.

Although IRAs, 401(k)s, and other retirement savings accounts collectively remains the income source that Boomers are most likely to feel they can count on in retirement, since 1998, the 20-point gap between those who feel that they can count on these private retirement accounts and those who feel that they can count on Social Security has narrowed to six points (69% vs. 63%, respectively). In addition, Boomers are now as likely to feel that they can count on Social Security (63%) as money from savings and investments more generally (64%).

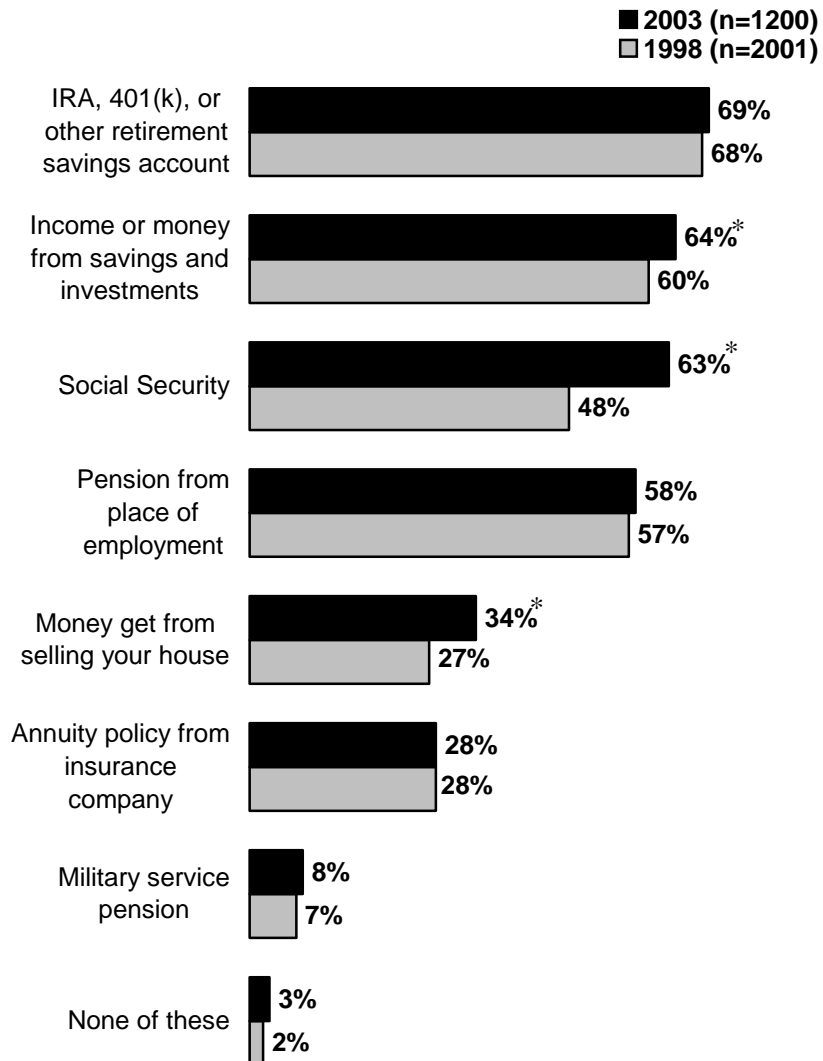
More Boomers now than in the past are looking at their homes as potential sources of income during retirement, perhaps a reflection of the robust real estate market of the past few years. Up notably since 1998 is the proportion of Boomers who feel sure they can count on money from selling their home (34%, up seven points) in retirement.

Unchanged since 1998, nearly six in 10 Boomers (58%) say they are fairly sure that they can count on a pension from their place of employment for income during retirement.

As may be expected, the income sources that Boomers feel they can count on in retirement vary somewhat by age. Consistent with previously reported findings, older Boomers are more likely than younger ones to feel that they can count on Social Security income during retirement (53-57: 70%; 48-52: 64%; 43-47: 57%; 38-42: 59%). In contrast, younger Boomers are more inclined than older ones to feel they can count on retirement account savings such as a 401(k) or IRA for income during their later years (38-42: 73%; 43-47: 73%; 48-52: 67%; 53-57: 64%)

Income Sources Boomers Feel They Can Count on During Retirement

% of Baby Boomers who feel fairly sure that they can count on the following for income during their retirement years



* Significant difference at the 95% confidence level

Q7. Which of these things do you feel fairly sure you can count on as a source of income during your retirement years?

The income sources that Boomers plan to rely on during retirement also differ by race and ethnicity. Notably, Hispanics (71%) are much more likely than others (White-NH: 62%; African American: 58%) to feel that they can rely on Social Security for retirement income. It should be noted, of course, that faith in Social Security is up among all three groups.

Meanwhile, white-NH Boomers (71%) are far more inclined than African American (59%) and Hispanic (48%) Boomers to feel that they can count on income from IRAs, 401(k)s, and other retirement accounts. NH-whites are also more likely than others to feel that they can count on income from selling their home (White-NH: 35%; African American: 27%; Hispanic: 28%).

Larger proportions of both white-NH and African American Boomers than Hispanic Boomers feel they can count on income from savings and investments (White-NH: 66%; African American: 65%; Hispanic: 49%) and pensions from their place of employment (White-NH: 57%; African American: 62%; Hispanic: 45%). African American Boomers are more likely than other groups to mention annuity policies from insurance companies and military service pension among the income sources they feel they can rely on in retirement.

In a separate question, Baby Boomers were asked whether or not they expected to receive an inheritance from a family member that could affect their retirement planning. As in 1998, about one-fourth (24%, up one point since 1998) expect an inheritance, with NH-whites (24%) more apt than African Americans (19%) or Hispanics (17%) to report expecting one. No increase in this proportion since 1998 suggests that the theory of a major transfer of wealth from Baby Boomers' parents to the Boomers may be just that—a theory.

Income Sources Boomers Feel They Can Count on During Retirement

% of Baby Boomers who feel fairly sure that they can count on the following for income during their retirement years

	White-NH			African American			Hispanic
	<u>2003</u> (956) %	<u>1998</u> (1525) %	<i>Pt. Diff</i>	<u>2003</u> (309) %	<u>1998</u> (230) %	<i>Pt. Diff.</i>	<u>2003</u> (301) %
IRA, 401(k), or other retirement savings accounts	71	71	-	59	54	+5	48
Income or money from savings and investments	66	60	+6*	65	58	+7	49
Social Security	62	47	+15*	58	51	+7	71
Pension from place of employment	57	57	-	62	57	+5	45
Money you get by selling your home	35	28	+7*	27	18	+9*	28
Annuity policy from insurance company	27	27	-	37	28	+9	29
Military service pension	7	6	+1	12	10	+2	5
None of these	3	2	+1	3	4	-1	4

* Significant difference at the 95% confidence level

Q7. Which of these things do you feel fairly sure you can count on as a source of income during your retirement years?

Boomers Slowly Augmenting Retirement Savings Portfolios

Perhaps because they are inching closer to their retirement years, more Boomers today compared to five years ago are setting aside money in various savings and investment accounts.

IRAs, 401(k), and other retirement savings accounts may not be the golden nest eggs they once were, but these types of accounts remain the primary retirement savings vehicles for Baby Boomers. Seventy percent of Boomers (up three points) are currently putting money in these types of retirement accounts.

Half of Boomers are currently setting aside money for retirement in regular savings accounts (50%, up eight points). This type of conservative investment has experienced the most significant gains since 1998. Also up are the proportions investing in long-term savings accounts (38%, up eight points).

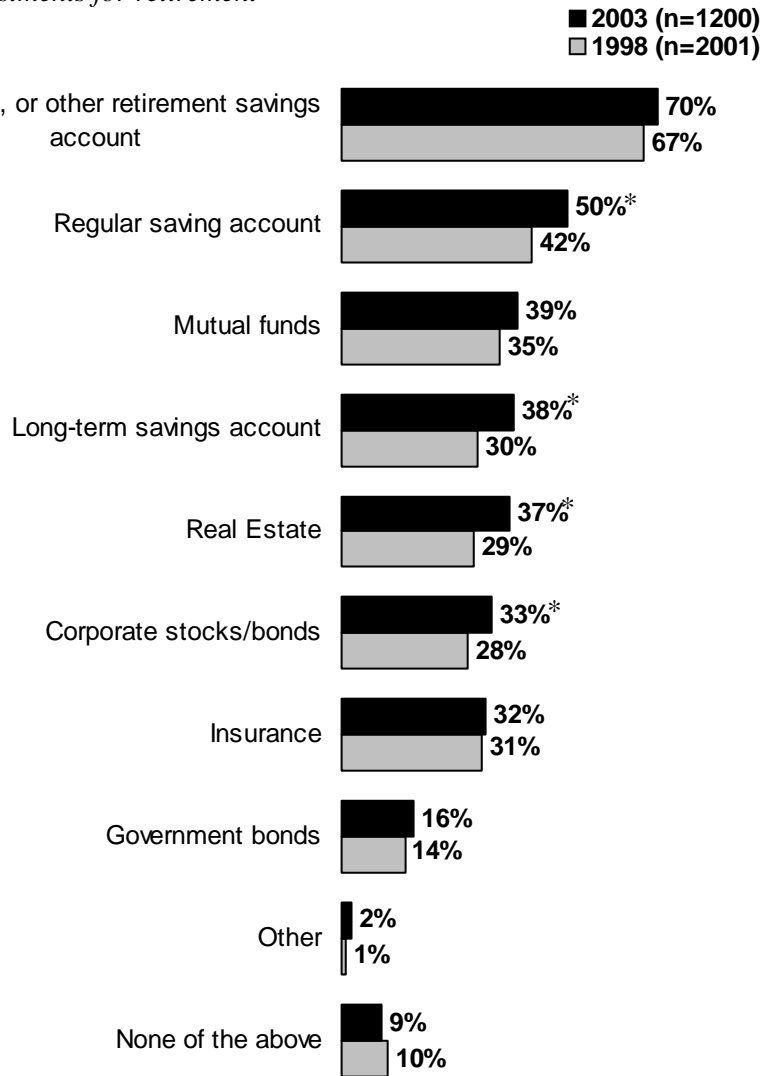
In addition to increases in conservative investments, more Boomers now than in 1998 are investing in mutual funds (39%, up four points) and corporate stocks and bonds (33%, up five points). About one-third (32%, similar to the proportion in 1998) are putting aside money in insurance.

Somewhat surprisingly, younger Boomers (38-42: 72%; 43-47; 76%) are more inclined than older Boomers, particularly those age 53 to 57 (64%), who are likely to be in their peak earning years, to be putting aside money in IRA, 401(k) and other private retirement savings accounts.

Currently, Boomer men and Boomer women are using similar investment approaches to save for retirement. Both sexes are likely to be investing more in retirement by putting money into regular savings accounts and real estate. However, up notably since 1998 are the proportions of Boomer men who are investing in long-term savings accounts (42%, up 11 points). Boomer women, on the other hand, are more likely now than they were five years ago to be investing in corporate stocks or bonds (32%, up seven points).

Retirement Savings/Investments

% of Baby Boomers who say they are current putting money into the following types of investments for retirement



* Significant difference at the 95% confidence level

Q9. And, which of these things, if any, are you putting money into for retirement?

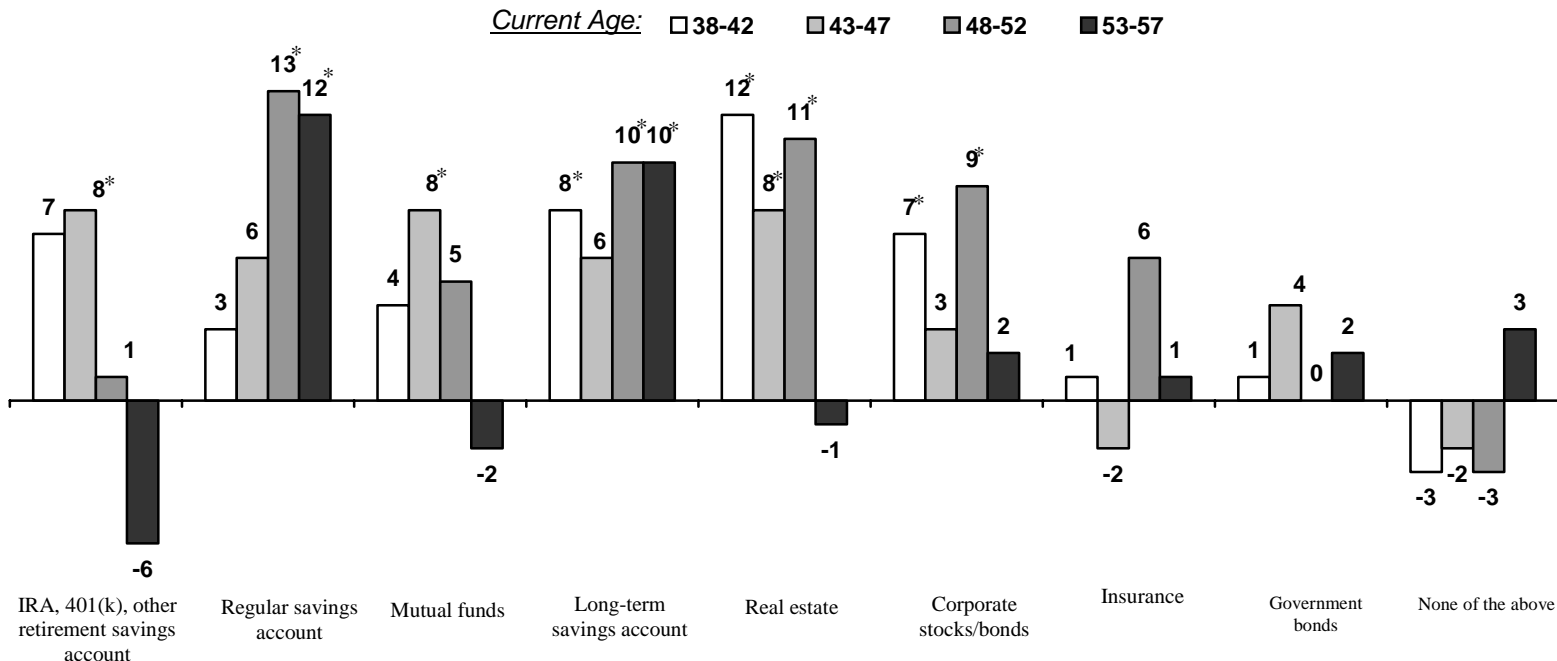
The most significant increases in use of conservative investments have occurred among older Boomers. Since 1998, there have been double-digit increases in the proportions of Boomers age 48 to 57 who are putting aside money in regular (48-52: up 13 points; 53-57: up 12 points) and long-term (both up 10 points) savings accounts. Investments in long-term savings accounts are also up significantly (8 points), since 1998, among younger Boomers age 38 to 42.

Significant increases in use of market-based investments such as IRA and 401(k) accounts and mutual funds have occurred among Boomers approaching their mid-forties (those age 43 to 47).

All age cohorts except the leading edge of Baby Boomers, those age 53 to 57, have experienced increases in real estate investment activity.

Retirement Savings/Investments by Age Then & Now

Point change since 1998 in retirement savings for each age subgroup⁸



* Significant percentage point change since 1998 at the 95% confidence level

Q9. And, which of these things, if any, are you putting money into for retirement

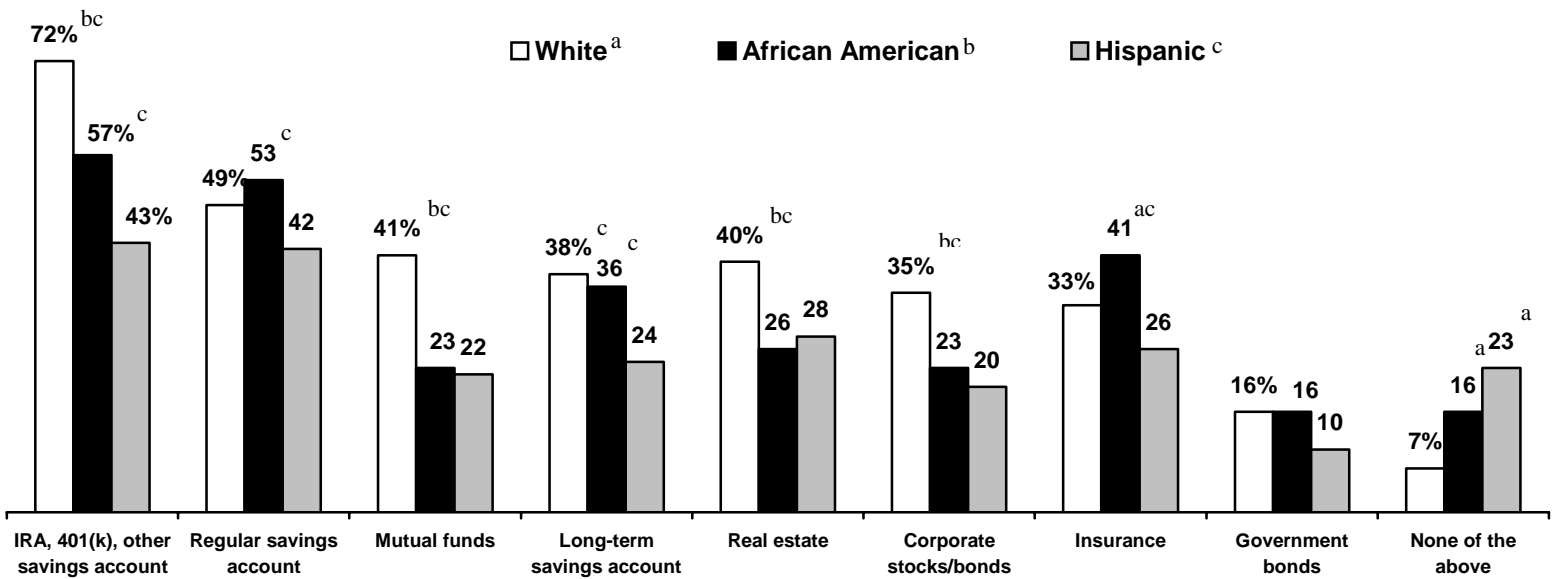
⁸ In 1998, these Boomers were age 33-37, 38-42, 43-47, and 48-52.

Retirement investments among African American and Hispanic Boomers continue to lag behind those of NH-whites. African American (16%) and Hispanic Boomers (23%) are about two-to-three times more likely than white-NH Boomers (7%) to say that they are *not* putting aside money for retirement in any of the listed types of investments. NH-whites are considerably more likely than African Americans or Hispanics to be putting money into four out of the eight listed retirement investment channels—IRA, 401(k), and other retirement savings accounts; mutual funds; real estate; and corporate stocks or bonds.

Both African American and white-NH Boomers are more inclined than Hispanic Boomers to put money into long-term savings accounts. In addition, consistent with the sources of income that African Americans are more inclined than others to feel that they can rely on in retirement, a greater proportion of African Americans (41%) than others (White-NH: 33%; Hispanic: 26%) are investing in insurance.

Current Mix of Retirement Savings/Investments

% of Baby Boomers who say they are current putting money into the following types of investments for retirement



Superscript letters indicate significant differences between groups at the 95% confidence level

Q9. And, which of these things, if any, are you putting money into for retirement?

Retirement Savings/Investments

% of Baby Boomers who say they are current putting money into the following types of investments for retirement

	White-NH			African American			Hispanic
	<u>2003</u> (956) %	<u>1998</u> (1525) %	<i>Pt. Diff</i>	<u>2003</u> (309) %	<u>1998</u> (230) %	<i>Pt. Diff.</i>	<u>2003</u> (301) %
IRA, 401(k), or other retirement savings account	72	70	+2	57	54	+3	43
Regular savings account	49	40	+9*	53	48	+5	42
Mutual funds	41	37	+4	23	24	-1	22
Long-term savings account	38	30	+8*	36	36	-	24
Real estate	40	30	+10	26	21	+5	28
Corporate stocks or bonds	35	30	+5*	23	20	+3	20
Insurance	33	30	+3	41	36	+5	26
Government bonds	16	14	+2	16	14	+2	10
Other	2	1	+1	2	3	-1	2
None of these	7	9	-2	16	12	+4	23

* Significant difference at the 95% confidence level

Q9. And, which of these things, if any, are you putting money into for retirement?

Most Boomers Are Satisfied with Their Retirement Savings

Satisfaction with retirement savings is virtually unchanged since 1998—despite the fact that Boomers are more apt to be putting money aside. Nearly seven in 10 (69%) Boomers are at least somewhat satisfied with the amount of money that they are setting aside for retirement; 19% are completely satisfied. Boomers' satisfaction with their retirement savings varies by race, education, and income. Hispanics (58%) are less inclined than African Americans (65%) or NH-whites (71%) to be satisfied with the amount of money that they have put aside for retirement.

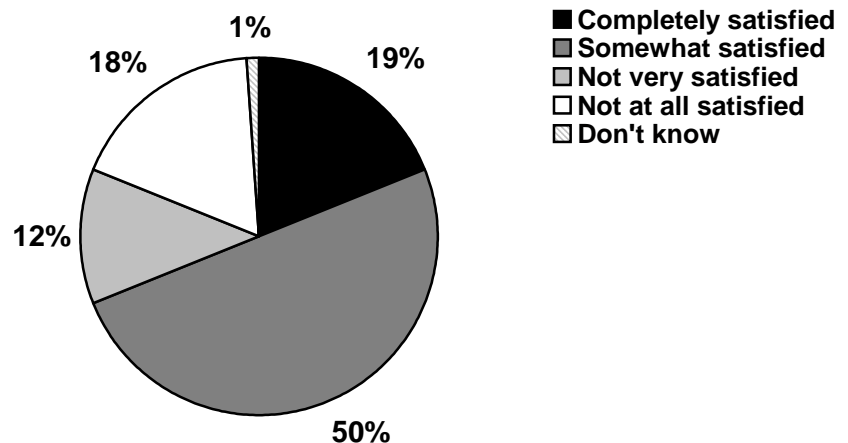
With respect to education and income, those in lower education and income brackets are less inclined than are others to be satisfied with their retirement savings. Not unexpected, 80% of Boomers with household incomes of \$50,000-plus are satisfied with their retirement savings, versus 52% of less affluent Boomers, the same as in 1998.

Although men and women in this cohort are equally likely to be investing in various retirement savings options, men (74%) are more likely than women (65%) to say they are satisfied with the amount of money that they are putting aside.

Satisfaction with Amount Putting Aside for Retirement

% of Baby Boomers who say they are satisfied with the about of money they are putting aside for retirement

(Base: 1200)



Q10. How satisfied are you with the amount of money you are putting aside for your retirement? Are you completely, somewhat, not very, or not at all satisfied?

VI. Polarized Retirement Visions

A. The Haves and Have-nots Continue

Polarization within the Generation

As was noted in the 1998 study, the trend of polarization—a widening gap between the rich and poor—has been observed in other Roper surveys and is evident among the Baby Boomer generation. Differences among the “Haves” and the “Have-nots” in terms of income, optimism about retirement, and preparedness all continue to be evident in the study this year.

Indeed, the Baby Boomers’ attitudes concerning their retirement years dramatically diverge when the attitudes of the “Haves,” those at the high end of the income scale with household incomes of \$100K+ (18% of the total sample) are compared with the “Have-nots,” those at the low end, with households incomes of less than \$40K (23% of the sample).⁹

⁹ In 1998, the “Haves” were defined as those with household incomes of \$70K+ (25% of the total sample); and “Have-Nots” were defined as those with household incomes of less than \$30K (18% of the sample).

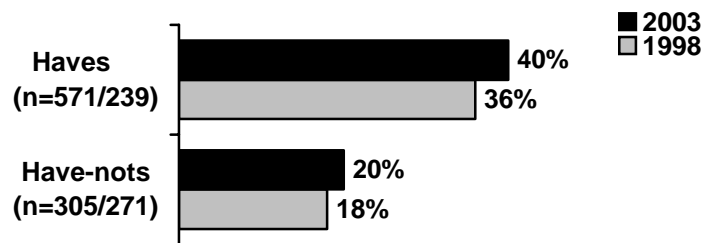
B. Optimism About Retirement

Have-nots Remain Pessimistic

The “Haves,” those at the high end of the household income scale continue to be twice as likely as the “Have-nots,” those at the low end of the income scale, to be “very optimistic” about their retirement (40% to 20%, mirroring the 36% vs. 18% found in 1998).

No Change in Retirement Outlook over the Past Five Years

% who describe themselves as very optimistic about their retirement

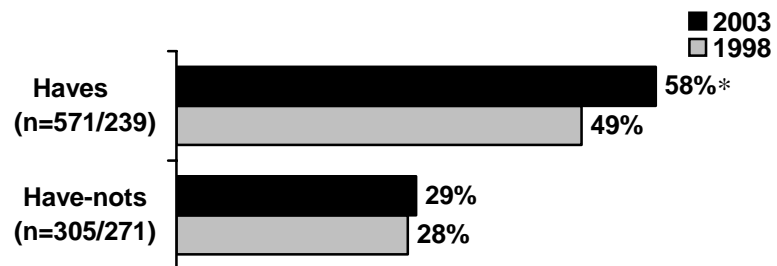


Q2. *As things stand today, which of these statements best describe your feelings as you think about your retirement years?*

A large disparity in the level of thought given to retirement exists between those at either ends of the economic spectrum. The Haves continue to be twice as likely as the Have-nots to have given a great deal of thought to their retirement. This year close to six in 10 (58%) of Haves report that they have given retirement a great deal of thought, compared to just 29% of the Have-nots (an even greater gap than last year, when the numbers were 49% vs. 28%).

No Increase in Have-nots Planning for Retirement over the Past Five Years

% who have given a great deal of thought to their retirement



* Significant difference at the 95% confidence level

Q1b. Regardless of how far down the road it might be, how much thought, if any, have you given to your retirement years—what you'll do, what you'll live on, etc.?

C. Financial Preparedness for Retirement

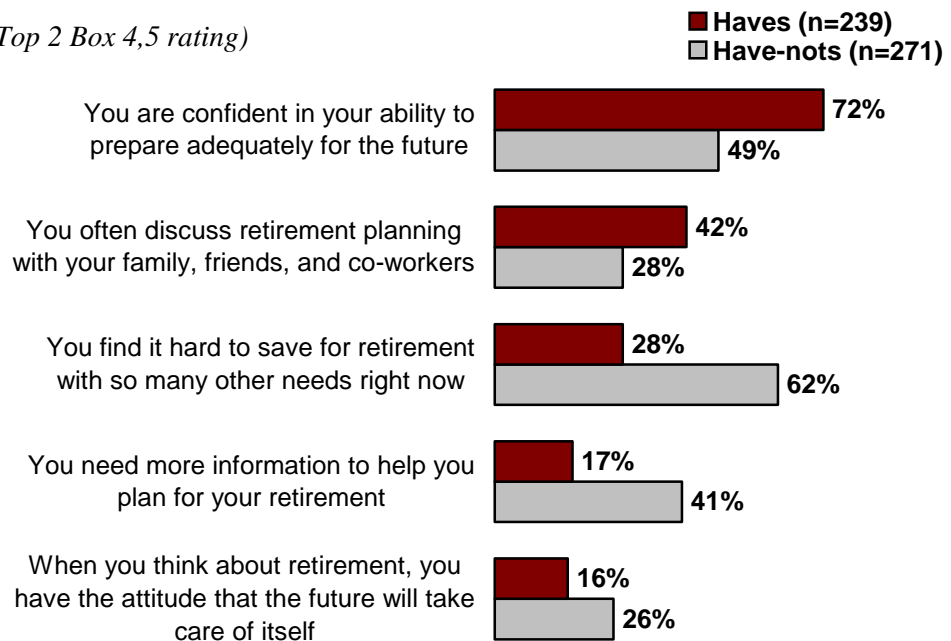
The Haves Are Much More Confident Than the Have-nots in Their Ability to Prepare Financially for Retirement

As was true in 1998, the Haves are much more likely than the Have-nots to feel confident in their ability to prepare for the future. Seventy-six percent of the Haves felt this way in 1998 versus 47% of the Have-nots, similar to the gap of 72% versus 49% today).

Confidence in Ability to Prepare for Retirement

% who agree with the following statements

(Top 2 Box 4,5 rating)



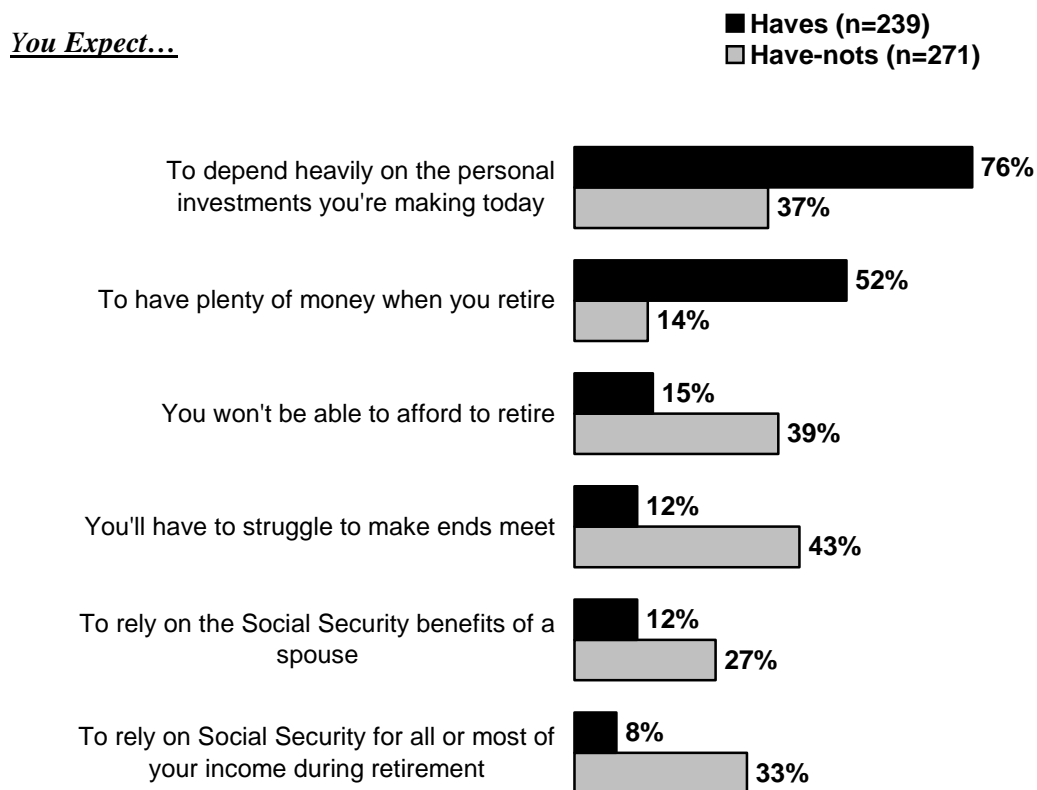
Note: For all items shown there are statistically significant differences at the 95% confidence level between the two groups

Q6b./Q11. Now, how much do you agree or disagree with each of the following statements? Using a scale from 1 to 5, where 1 means completely disagree and 5 means you completely agree. I'd like you to consider each statement.

Four in ten Have-nots expects not to be able to afford to retire (39%). In fact, as the following chart illustrates, on most financial outlook measures, the Have-nots have a much more pessimistic financial outlook for their retirement than do the Haves.

Financial Expectations for Retirement Years

% who agree that they have the following financial expectation for their retirement (Top 2 Box 4,5 rating)



Note: For all items shown there are statistically significant differences at the 95% confidence level between the two groups

Q6a./Q11./Q25. Using a scale from 1 to 5, where 1 means you completely disagree and 5 means that you completely agree, I'd like you to consider each statement. ONLY ITEMS RELATED TO FINANCE FROM EACH QUESTION ARE SHOWN.

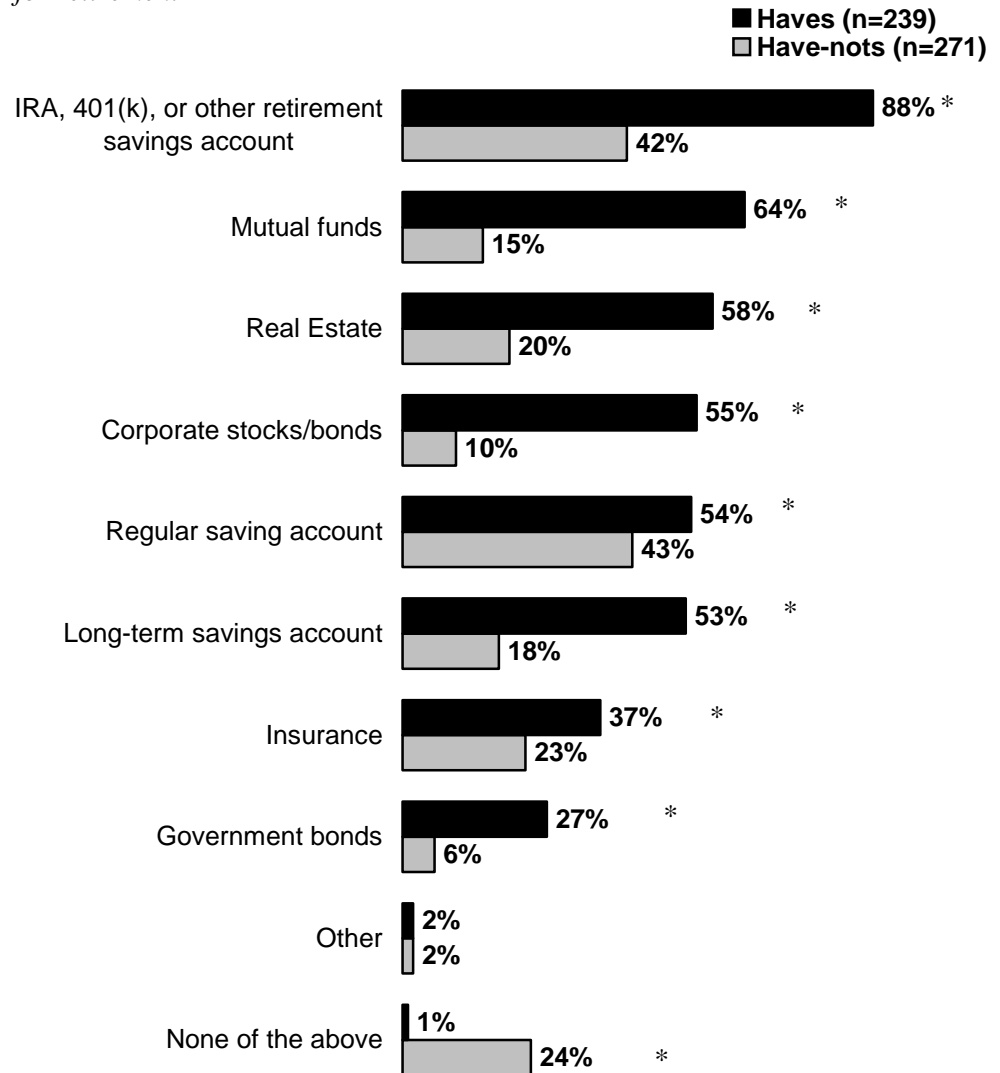
Haves Are Much More Likely Than Have-nots to Be Saving for Retirement

Given the disparity in their incomes, it is not surprising that the Haves and the Have-nots exhibit very different patterns when it comes to saving for retirement. Larger proportions of Haves than Have-nots report putting money into all of the various retirement investments asked about in the survey.

Moreover, the Haves are much more than the Have-nots to feel that they can count on various sources of income during their retirement. The one exception is Social Security, where many more Have-nots than Haves say they feel they will count on this income source during retirement (71% to 51%, respectively).

Haves Have More Retirement Savings/Investments

% who say they are current putting money into the following types of investments for retirement

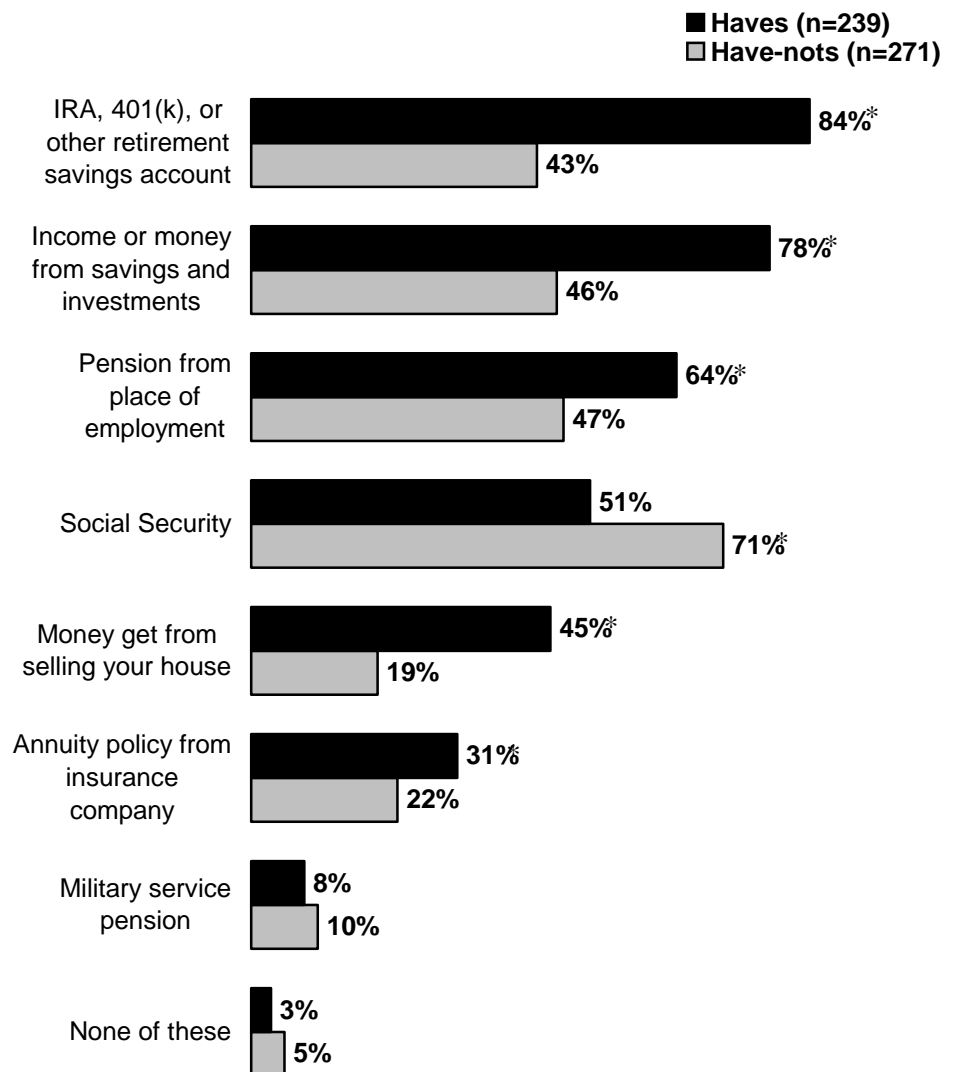


* Significant difference at the 95% confidence level

Q9. And, which of these things, if any, are you putting money into for retirement?

Haves More Than Have-nots Feel They Can Count Income Sources

% who feel fairly sure that they can count on the following for income during their retirement years



* Significant difference at the 95% confidence level

Q7. Which of these things do you feel fairly sure you can count on as a source of income during your retirement years?

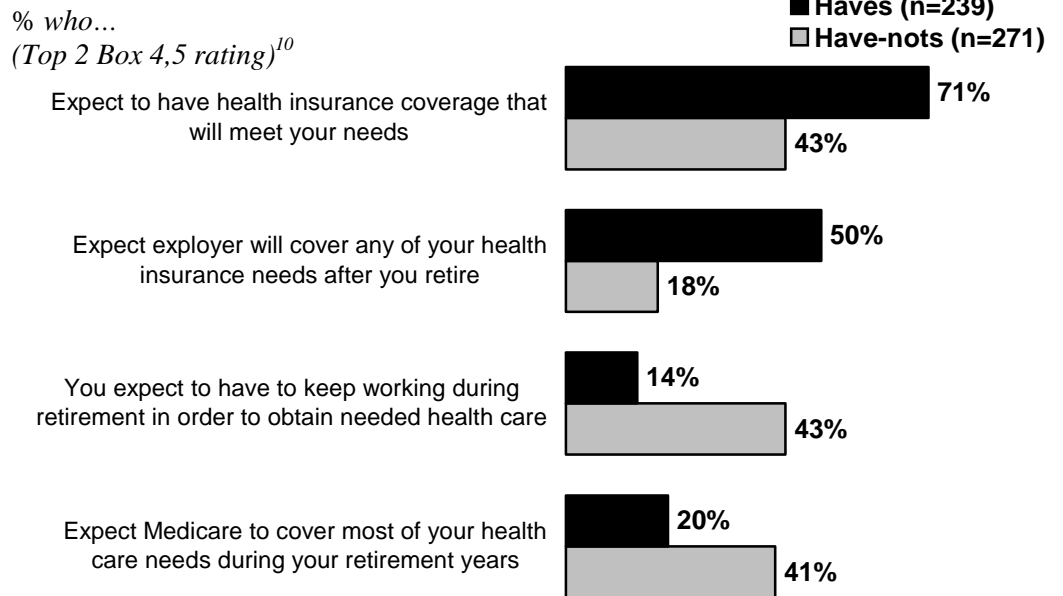
D. Polarization Extends to Health Care

Haves Are More Likely than Have-nots to Anticipate Getting the Health Care They Need During Retirement

As well as being divided on economic expectations for retirement, Boomers from the opposite ends of the economic spectrum diverge in terms of expectations for their health care coverage during retirement.

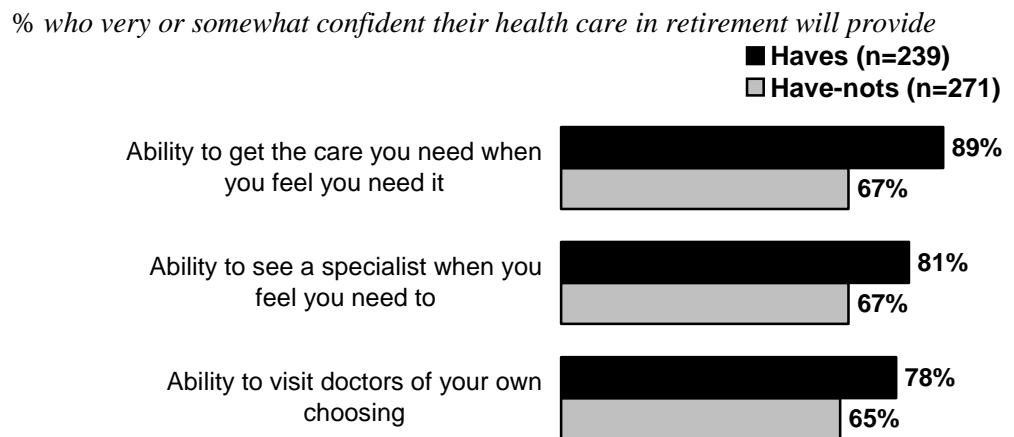
Most fundamentally, the Haves are much more likely than the Have-nots to feel they will have the health care coverage they need during retirement (71% versus 43%). On several measures of quality, the Haves are more likely than Have-nots to be confident that they will get quality health care when they need it during retirement.

Haves' Outlook for Health Coverage in Retirement Brighter Than Have-nots'



Q6a./Q11/Q18./Q25. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I'd like you to consider each statement. / Do you expect that your employer will cover any of your health insurance needs after you retire?

Have-nots Have Lower Expectations for Quality Health Care in Retirement



Q19. And thinking about your health care coverage in your retirement years, how confident are you that it will provide each of the following?

Note: For all items shown there are statistically significant differences at the 95% confidence level between the two groups

¹⁰ Top 2 Box rating 4,5 applies to the first two items listed in the series, which are from Q6a and Q25.

VII. 1998 Baby Boomer Segmentation Revisited

A. Background on 1998 Baby Boomers Segmentation

The study of five years ago, *The 1998 AARP Baby Boomers Envision Retirement* report, included an exploration of key dimensions that underlie different *groups* of Baby Boomers. Using a segmentation technique, the analysis grouped the Baby Boomers according to their attitudes, expectations, and behaviors with respect to their impending retirement years.

The groups—or clusters—that emerged from the analysis provided a deeper understanding of how the Baby Boomers' various characteristics drive their views of retirement. This aided in understanding not only *who* the Baby Boomers are, but *how* different groups within this generation view various retirement choices and realities.

A full description of the segmentation analysis procedure appears in the Technical Appendix at the back of this report. Briefly, the technique identified groups by looking at the responses given by each respondent in the sample to various questions, examining how respondents are similar to each other and how they differ from one another. A wide spectrum of attitudinal and behavioral questions and items were employed in this process.

The Five Baby Boomer Segments

Five well-defined groups of Baby Boomers emerged from the segmentation analysis in 1998. The key characteristics of the five segments are briefly described in the following chart.

Defining Characteristics of the Five Baby Boomer Segments

The Strugglers

- Not putting money into any of the savings vehicles asked about in the survey
- Not satisfied with the amount putting away for retirement
- Find it hard to save for retirement with so many other needs right now
- The least educated and least affluent segment
- Most likely to have experienced negative life events (e.g., job losses, health crisis, death of spouse)

The Anxious

- Not optimistic about retirement
- Not satisfied with amount putting aside for retirement
- Greatly concerned about health care coverage during retirement
- Most skeptical of Social Security and Medicare

The Enthusiasts

- Enjoy second highest income among five segments
- Plan not to work at all when retired
- Optimistic about retirement years
- Can't wait to retire

The Self-Reliants

- Currently putting money into a wide array of savings vehicles and fairly sure they can count on these as sources of retirement income
- Satisfied with amount currently putting away for retirement
- Plan to work part-time mainly for interest or enjoyment's sake
- Most affluent and best educated of the five segments
- Least likely to have experienced negative life events (e.g., health crisis, divorce)

Today's Traditionalists

- Confident Social Security will still be available when they retire
 - Confident Medicare will still be available when they retire
 - Plan to work during retirement
-

Source: 1998 AARP/Roper Baby Boomer Study. N = 2001

B. Replicating the 1998 Baby Boomers Segmentation

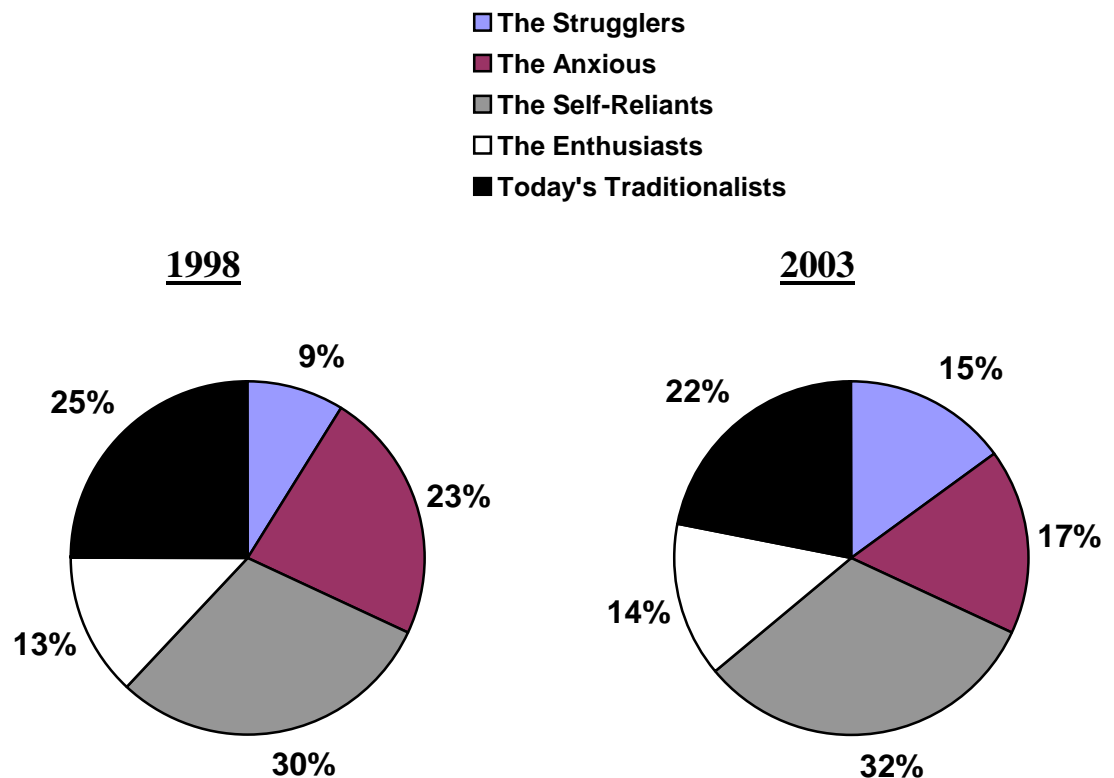
Boomer Segmentation Remains Fairly Stable

Among the benefits of replicating the 1998 study in 2003 is the ability to examine whether or not the groups, or segments, of Baby Boomers identified in the original segmentation have shifted or changed in the last five years.

The identical segmentation analysis from the 1998 study was applied to the data from this year's study, and the results are intriguing. The main characteristics and size of the segment groups has changed very little, suggesting that the five well-defined groups of Baby Boomers identified in 1998 remain today.

Total Baby Boomer Population by Segments: 1998 and 2003

Base: (2003 n=1200; 1998 n=2001)



C. Portrait of the Five Boomer Segments

Boomer Segments – Then and Now

The following section provides a brief profile of the five segments found in 1998 and replicated this year.

- **The Enthusiasts** (14%, unchanged from 13% in 1998) — The Enthusiasts enjoy the second highest income among the five segments. They continue to look forward to their retirement with pleasure (93% are optimistic about their retirement years). For them, retirement promises to be a time free of the rigors of working. A defining characteristic of this group is that Enthusiasts—without exception—do not plan to work *at all* during retirement. Despite their continued positive outlook on retirement, since 1998, more in this segment have experienced challenging life changes such as surviving a health crisis and becoming responsible for the care of a parent.
- **The Self-Reliants** (32%, unchanged from 30%) — The Self-Reliant segment—which boasts the highest income and educational level of any group in the segmentation—continues to have the resources to save and is aggressively putting money into retirement-oriented investments. However, in contrast to the Enthusiasts, the Self-Reliants want to continue working at least part-time after they retire. As was true in 1998, there is a striking contrast between the groups: *all* of the Enthusiasts expect to stop working, while *none* of the Self-Reliants expect to not work at all. For Self-Reliants, work provides interest and enjoyment, with six in 10 saying they will work part-time for this reason. The Self-Reliants, however, are not immune from the economic downturn – they experienced declines in the number who feel that retirement means financial security (10-point drop), and in expecting to depend heavily on their 401(k) (nine-point drop). At the same time, more Self-Reliants now are of the opinion that they put money into Social Security and they expect to get it back (12-point increase).
- **Today’s Traditionalists** (22%, unchanged from 25%) — Today’s Traditionalists’ views toward retirement have shifted somewhat over the past five years. This group most clearly demonstrates the effects of the economic downturn from the high of 1998. In the last survey, their median household income was just \$3,000 below the average

Boomer; this year it is \$14,000 below. Moreover, Today's Traditionalists have shifted their work plans during retirement. In an increase of 19 points from 1998, 44% now say they will work part-time for the *needed income* it provides. At the same time, there has been an 18-point drop in the number who say they will work part-time *for interest or enjoyment's sake* (24%) and a 9-point drop in those who say they will start their own business (14%). Today's Traditionalists always had great confidence in the Medicare and Social Security systems, but this year's survey finds them expecting to depend on these systems even more. This is consistent with the increase in the proportion of this segment that expects to face economic hardship in retirement. Also up since 1998 is the proportion that expect to face health problems in their later years.

- **The Anxious** (17%, down from 23% in 1998) — The Anxious are best characterized by their sense of apprehension when they look ahead to their later years. Despite economic gains over the past five years, the median household income of Anxious Boomers remains below average (about \$6,000 less than the average), and a majority continue to look toward their retirement years with little sense of optimism (55% down from 60% in 1998). The Anxious are putting money away for retirement at a greater rate than five years ago. Still, they do not expect to be rewarded with financial well-being when they retire: more than half (57%, up from 50% in 1998) expect to have to scale back their lifestyle during retirement (the greatest number of all the segments).
- **The Strugglers** (15%, up from 9%) — Of the five Baby Boomer segments, the Strugglers were and remain the lowest income group, with a median household income nearly \$34,000 below that of the average Baby Boomer. Beyond economic hardships this segment is also most likely of the five to have experienced negative life events such as divorce, the death of a spouse, and a personal health crisis. Still disproportionately comprised of females (57%) rather than males (43%), an even greater majority of Strugglers than last survey say they look ahead to their later years with very little sense of optimism (64% vs. 57% in 1998). A greater number than in 1998 are managing to save some money for retirement but at levels very much below that of other groups. The Strugglers are the only group of the five segments that has grown significantly in numbers over the past five years.

Looking Across the Boomer Segments

To provide a summary of the key differences among the five segments of Baby Boomers, the following table compares the views of the various segments across selected items from the survey. The highest and lowest percentages for each item are highlighted in bold print.

Comparison of Groups Across Selected Items						
	% of Total Baby Boomers	% of The Strugglers	% of The Anxious	% of The Enthusiasts	% of The Self- Reliant	% Today's Traditionalists
	(n = 1200)	(n= 159)	(n = 227)	(n = 167)	(n = 395)	(n = 252)
	%	%	%	%	%	%
Very/Fairly optimistic about retirement years (Q.2)	69	31	43	93	87	72
Putting money into any of the savings vehicles asked about (Q.9)	91	58	100	100	100	88
Completely/Somewhat satisfied with amount putting away for retirement (Q.10)	69	23	52	95	91	66
Expect to depend heavily during retirement on personal investments making today (Q.25d)	59	18	67	73	76	46
Life Events Experienced (Q26a)						
Having a parent die	63	72	52	58	61	70
Becoming responsible for the care of a parent	35	38	37	37	33	33
Losing your job	35	49	44	25	28	36
Becoming a grandparent	34	43	23	33	31	43
Getting a divorce	32	39	41	33	26	31
Having last child move out of the house	32	32	31	33	28	37
Surviving a major illness	27	36	27	30	19	28
Having a spouse/partner die	9	14	9	7	7	11

Comparison of Groups Across Selected Items (continued)

	% of Total Baby Boomers	% of The Strugglers	% of The Anxious	% of The Enthusiasts	% of The Self- Reliant	% of Today's Traditionalists
	(n = 1200)	(n= 159)	(n = 227)	(n = 167)	(n = 395)	(n = 252)
	%	%	%	%	%	%
Confident healthcare coverage when retired will allow to:						
See specialist when feel need to (Q.19)	74	47	39	83	87	94
Get care when feel need it (Q.19)	78	45	46	90	95	94
Visit doctor of own choosing (Q.19)	72	42	42	79	84	91
Plan to not work at all when retired (Q.3)	20	21	5	100	0	9
Plan to work part-time mainly for interest or enjoyment's sake (Q.3)	30	21	16	0	60	24
Can't wait to retire (Q.25j)	43	32	30	66	46	42
Expect to have plenty of money when retired (Q.11j)	27	7	12	46	43	18
If Social Security were not available it would have major impact on retirement (Q.11o)	45	72	52	29	26	60
Very/Somewhat confident Social Security still will be available when they retire (Q.24)	54	38	17	54	58	87

Comparison of Groups Across Selected Items (continued)

	% of Total Baby Boomers (n = 1200)	% of The Strugglers (n= 159)	% of The Anxious (n = 227)	% of The Enthusiasts (n = 167)	% of The Self- Reliant (n = 395)	% of Today's Traditionalists (n = 252)
Very/Somewhat confident Medicare still will be available when they retire (Q.15)	47	26	11	51	57	73
Very/Somewhat favorable view of Social Security program (Q. 22)	71	65	44	72	73	91
Very/Somewhat favorable view of Medicare program (Q.13)	63	44	39	62	71	84
<u>Gender</u> (Q.D23)						
Male	49	43	46	40	57	48
Female	51	57	54	60	43	52
<u>Mean Age</u> (Q.D1a)	47	47	46	48	47	48
<u>Median Income</u> (Q.D11)	\$66,000	\$32,000	\$60,000	\$78,000	\$82,000	\$52,000
<u>Employment Status</u> (Q.D14)						
Full-time	68	55	76	59	80	59
Part-Time	12	14	9	12	12	14
Executive/ Professional ¹¹	27	5	29	36	38	17
White-Collar	32	31	34	34	33	25
Blue-Collar	36	60	33	26	25	53
Not Employed	18	30	12	27	7	25

¹¹ Percent of Baby Boomers by occupation (executive professional/white-NH-collar/blue-collar) are based on those employed either full or part-time.

Comparison of Groups Across Selected Items (continued)

	% of Total Baby Boomers (N = 1200)	% of The Strugglers (N = 159)	% of The Anxious (N = 227)	% of The Enthusiasts (N = 167)	% of The Self- Reliant (N = 395)	% of Today's Traditionalists (N = 252)
<u>Education (Q.D9)</u>						
High School grad or less	40	63	27	30	29	52
Some vocational/tech training	7	8	9	7	5	9
Some college (or 2-year degree)	22	19	29	27	22	18
College graduate or more	30	7	33	33	43	19
<u>Marital Status (Q.D7)</u>						
Married	71	57	64	79	84	63
Living with partner	6	8	9	6	3	6
Divorced	8	12	12	5	5	9
Separated	2	2	3	0	1	5
Widowed	2	5	1	2	1	1
Singled/Never married	10	16	10	6	6	15
<u>Race (Q.D16-17)</u>						
White-NH	81	78	82	85	84	74
Black/African- American	12	13	9	8	9	19
Other	6	6	6	5	5	4
<u>Hispanic Origin*</u>	3	2	5	4	4	2

*Respondents may be of different races

D. Highlighting Changes Between 1998 and 2003

This section of the chapter highlights the most significant changes found in a detailed comparison of the 1998 segmentation data with 2003 data.

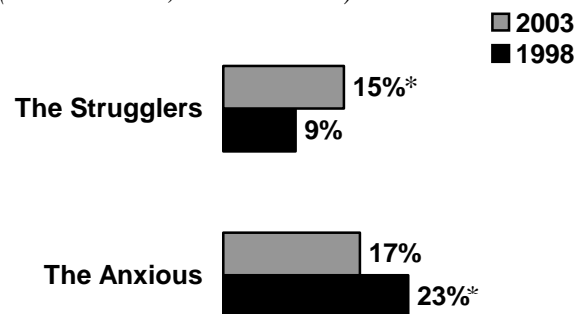
Moving from Feeling Anxious to Struggling

Although the same basic segmentation groups are apparent in the 1998 and 2003 studies, the economic turmoil of the last five years is no doubt responsible for the one significant shift in the sizes of two of the groups. In parallel numbers, the number of Baby Boomers who fall into the Anxious group has *decreased* by six points, while the number who are now Strugglers, the most challenged group financially, has now *increased* by six points. In other words, many of those who were merely Anxious before are now Strugglers in today's weak economy.

Interestingly, the shifts in these groups support a trend toward the economic polarization of Americans, first identified by Roper in 1995. Indeed, with the Struggler group increasing in size, the poor are seemingly getting poorer.

Movement Between Groups: from The Anxious into the Strugglers

Base: (2003 n=1200; 1998 n=2001)

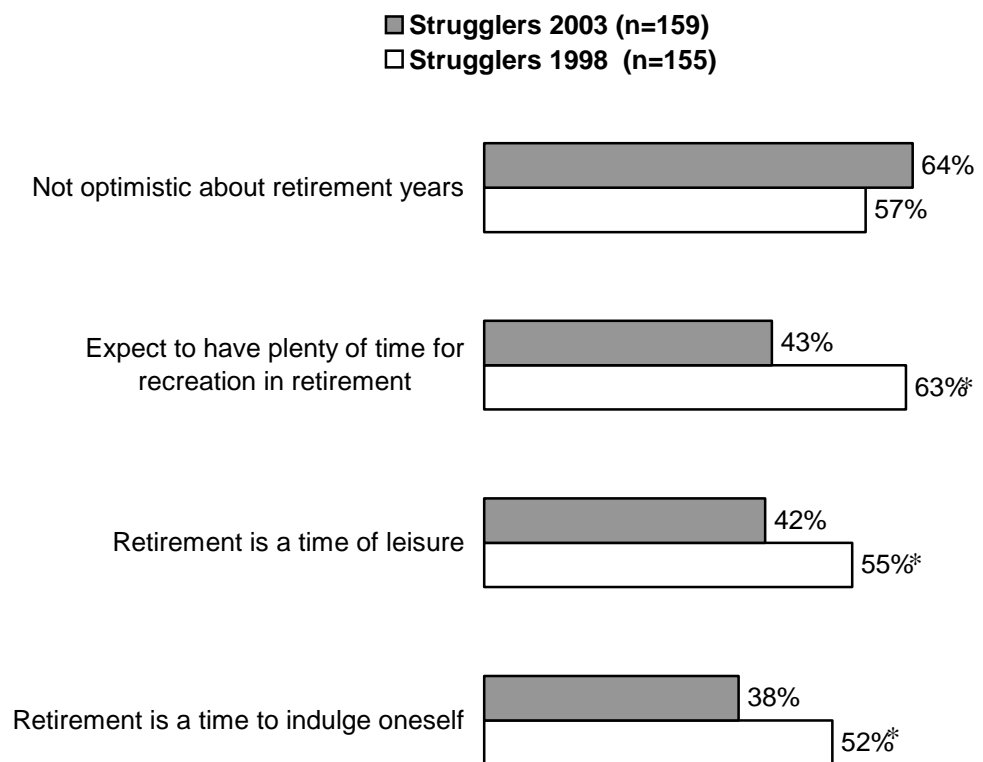


* Significant difference at the 95% confidence level

Even more than in 1998, the greatest number of Strugglers (64%) say they do not feel optimistic toward their retirement (compared to just 30% of total Boomers). The Strugglers' views of retirement are no doubt colored by their increasingly difficult economic circumstances. Indeed, their declining optimism can be seen by comparing Strugglers' views in 1998 with those of today.

For example, fewer of today's Strugglers think of retirement as a time to indulge oneself (down 14 points) or as a time of leisure (down 13 points). Still fewer expect to have plenty of time for recreation during retirement (down 20 points).

The Strugglers Envision a Rough Retirement



* Significant difference at the 95% confidence level

Q2./Q4./Q6a. As things stand, which of these statements best describes your feelings as you think about your retirement years? / Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally, I'd like you to consider each statement. / Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I'd like you to consider each statement.

Anxious or Struggling, More Are Trying to Save

Nevertheless, in spite of their economic situation, more of both the Strugglers and the Anxious Boomers are attempting to save money for their retirement this year than in 1998.

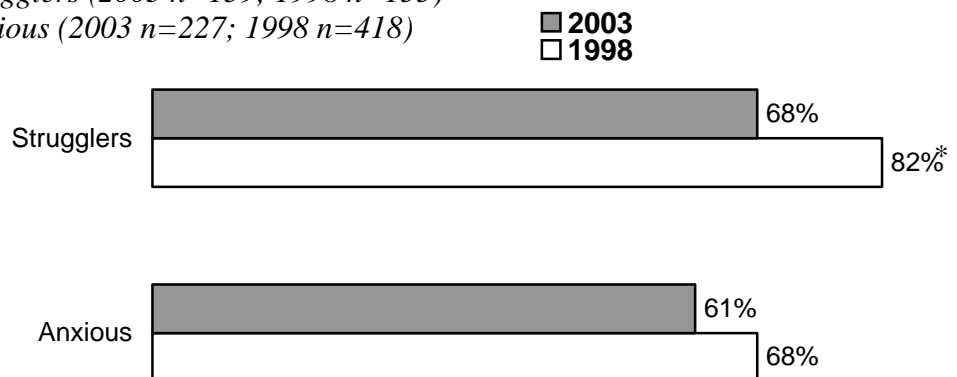
Although a strong majority of both Strugglers (68%) and Anxious (61%) agree “they find it hard to save for retirement with so many other needs right now,” these numbers are down 14 and seven points, respectively. Perhaps it is because they are now five years closer to facing the reality of retirement, or perhaps it is because, being five years older, they now have fewer child-related expenses, but more Strugglers and Anxious than in 1998 are putting some money away in almost all categories of savings. A third reason the Strugglers’ savings have increased may be because of the influx into their group of those who were previously in the Anxious category (a group that has been saving for retirement). Savings among the other groups do not show the same general level of increase.

The Strugglers and The Anxious Find It Hard to Save for Retirement

% of Baby Boomers who say they find it hard to save for retirement with so many other needs right now

Strugglers (2003 n=159; 1998 n=155)

Anxious (2003 n=227; 1998 n=418)



* Significant difference at the 95% confidence level

Q6b. Using a scale from 1 to 5, where 1 means you completely disagree and 5 means you completely agree, I'd like you to consider each statement.

Despite Challenges, More Strugglers and the Anxious Are Saving

% of Baby Boomers who say they are current putting money into the following types of investments for retirement

	Total			The Strugglers			The Anxious		
	<i>2003</i> <i>(1200)</i> %	<i>1998</i> <i>(2001)</i> %	<i>Pt.</i> <i>Diff.</i>	<i>2003</i> <i>(159)</i> %	<i>1998</i> <i>(155)</i> %	<i>Pt.</i> <i>Diff.</i>	<i>2003</i> <i>(227)</i> %	<i>1998</i> <i>(418)</i> %	<i>Pt.</i> <i>Diff.</i>
IRA, 401(k), or other retirement savings account	70	67	+3	18	-	+18*	80	64	+16*
Regular savings account	50	42	+8*	24	3	+21*	54	37	+17*
Mutual funds	39	35	+4	3	-	+3*	40	19	+21*
Long-term savings account	38	30	+8*	7	-	+7*	34	16	+18*
Real estate	37	29	+8*	11	1	+10*	40	23	+17*
Corporate stocks or bonds	33	28	+5*	4	-	+4*	32	11	+21*
Insurance	32	31	+1	15	2	+13*	24	27	-3
Government bonds	16	14	+2	2	-	+2	12	6	+6*
Other	2	1	+1	4	**	+3*	1	3	-2
None of these	10	9	-1	42	94	-52**	**	-	**

* Significant difference at the 95% confidence level

** denotes less than .5% mentions

Q9. And, which of these things, if any, are you putting money into for retirement?

Today's Traditionalists' Outlook Dimmed

Another group greatly affected by the downturn in the economy is the Today's Traditionalists group. The gap between their median household income and that of the average Boomer has now widened to \$14,000 below average. Moreover, many more now feel that they will need to work during retirement for the income it provides.

Throughout the survey, other findings point to a shift in attitudes of this group. Where they once exhibited a stronger sense of confidence and less of an attitude of uncertainty than some of the other groups, in 2003 more of the Today's Traditionalists feel that retirement might be a struggle. One-fourth now feel they will have to struggle to make ends meet during retirement, up seven points, which is the greatest increase in this sentiment among all of the groups. Their investments seem to have been hit hard: as a group they show the biggest drop (10 points) in the expectation that they will depend heavily on their 401(k) in retirement (27%). There has also been a 10-point drop in the number who feel they will have plenty of money when they retire.

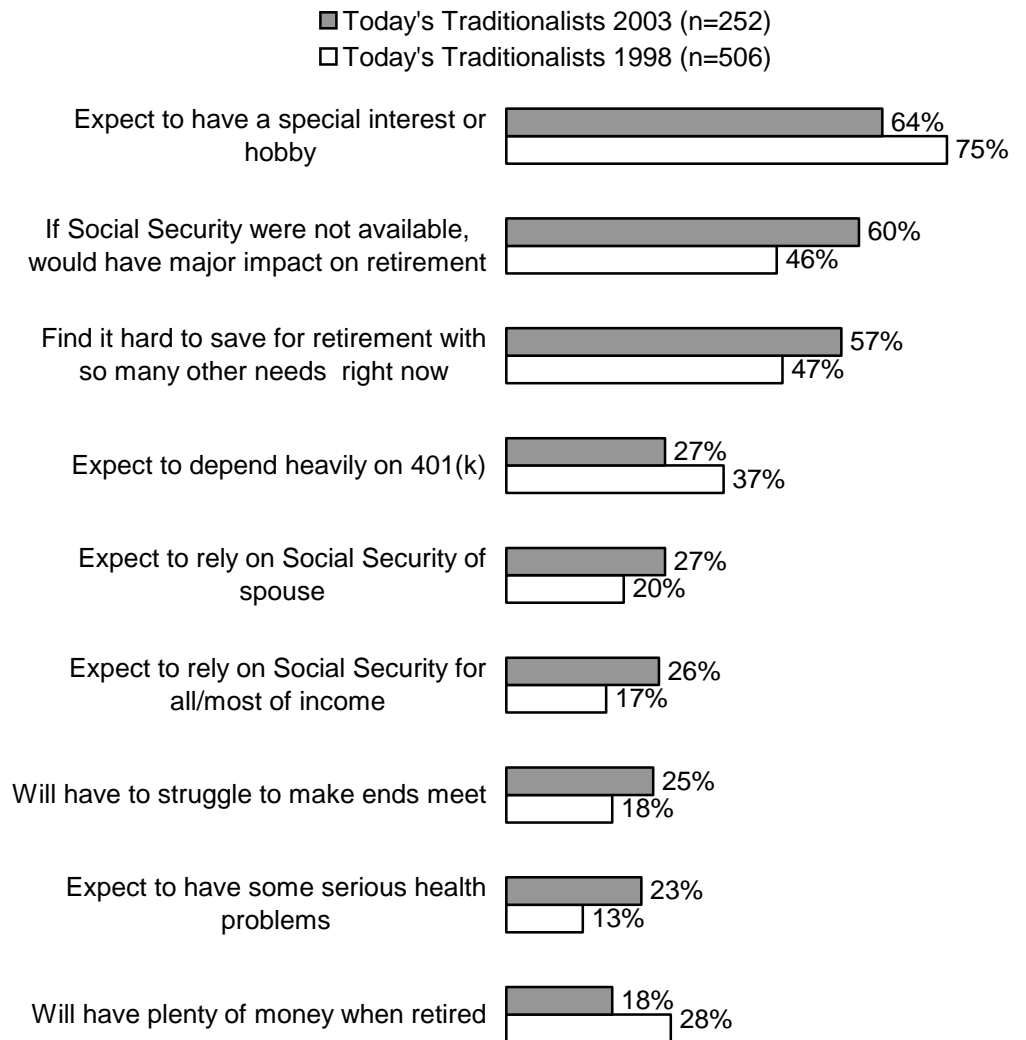
Although Today's Traditionalists always had great confidence in the Medicare and Social Security systems, this year's study finds that six in ten, up 14 points, say that if Social Security benefits were not available, it would have a major impact on their retirement. More than one-fourth (up nine points) expect to rely on Social Security for all or most of their retirement income, and an equal number (up seven points) expect to rely on the Social Security benefits of a spouse.

A majority of Today's Traditionalists now say they find it hard to save for retirement, with so many other needs right now (up 10 points). And the number who are satisfied with the amount they are putting away for retirement has dropped nine points.

Another sign of their less than rosy vision of retirement is that almost one-fourth expect to have health problems (up 10 points), and fewer (down 11 points) expect to have a hobby or special interest, probably because more envision that they will be working.

Today's Traditionalists' Retirement Expectations Dimmed in Last Five Years

% who agree (Top 2 Box 4,5 rating)



Note: For all items shown there are statistically significant differences at the 95% confidence level between 1998 and 2003 percentages

Q6a./Q11. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I'd like you to consider each statement. ONLY ITEMS RELATED TO TRAVEL, LEISURE, HOBBIES, AND INTERESTS FROM EACH QUESTION ARE SHOWN.

E. Positive Views of Social Security and Medicare

Different Mood Toward Social Security and Medicare

In addition to the shifts documented above that seem to be related to the economy, the other major shift seen among many of the groups is a more positive view of the Social Security and Medicare systems.

It is worth noting that, when the survey was conducted in 1998, there was much discussion in the media and policy circles of the potential problems with the Social Security system, including questions about its viability in the face of the massive cohort of aging Boomers. This climate of dire predictions for the future of Social Security is not so prevalent this year, so it is perhaps not surprising that there has been an increase in positive views toward the system. At the same time, this year has brought a lot of discussion about Medicare, and shifts have occurred among Boomers' views. Comparing data from 1998 with 2003 to highlight those groups reveals more favorable attitudes toward both systems.

Knowledge, Favorability, Confidence About Social Security Soars

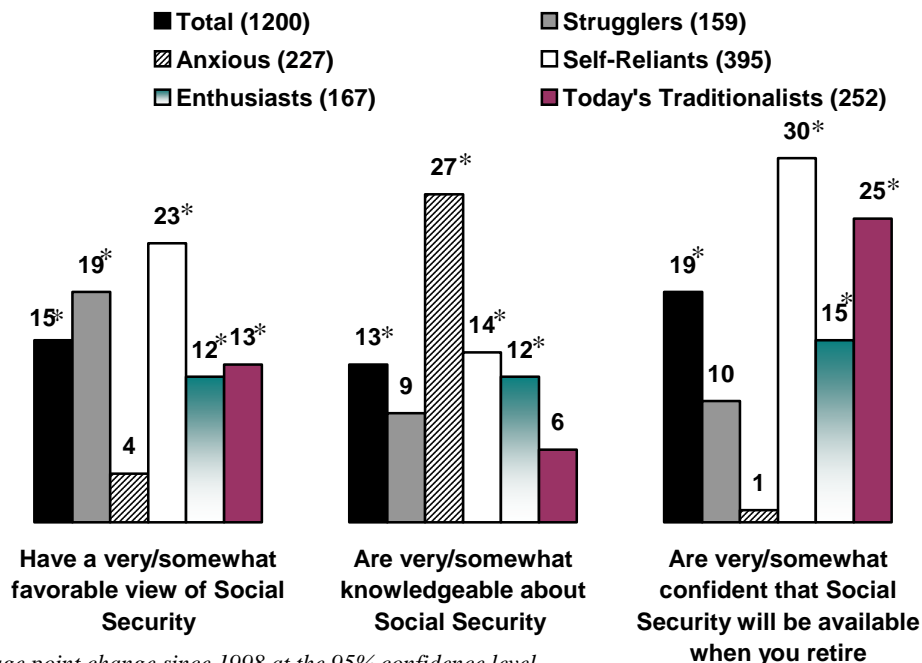
Turning first to Social Security, the study finds major positive gains in knowledge about, favorability toward, and confidence in the system. Two-thirds of Boomers assess themselves as being knowledgeable about Social Security, up 13 points from 1998. An increase in self-assessed knowledge of Social Security is recorded for all of the segmentation groups, with The Anxious, The Self-Reliants, and The Enthusiasts showing double-digit gains.

Along with increased knowledge, Boomers feel much more favorable toward Social Security in 2003 than they did in 1998 (an increase of 15 points). Again an increase is seen across all subgroups, with double-digit increases among all groups except the Anxious.

Confidence in the fact that Social Security will be available to them when they retire has soared. Overall, it has increased 19 points, so that a majority of Boomers now feel this way. All segments show significant increases in confidence, except the Anxious. The biggest gains have occurred among the Self-Reliants and Today's Traditionalists.

Attitudes Toward and Knowledge of Society Security

Pt. Change from 1998...



* Significant percentage point change since 1998 at the 95% confidence level

Medicare Knowledge, Favorability, Confidence up, Too

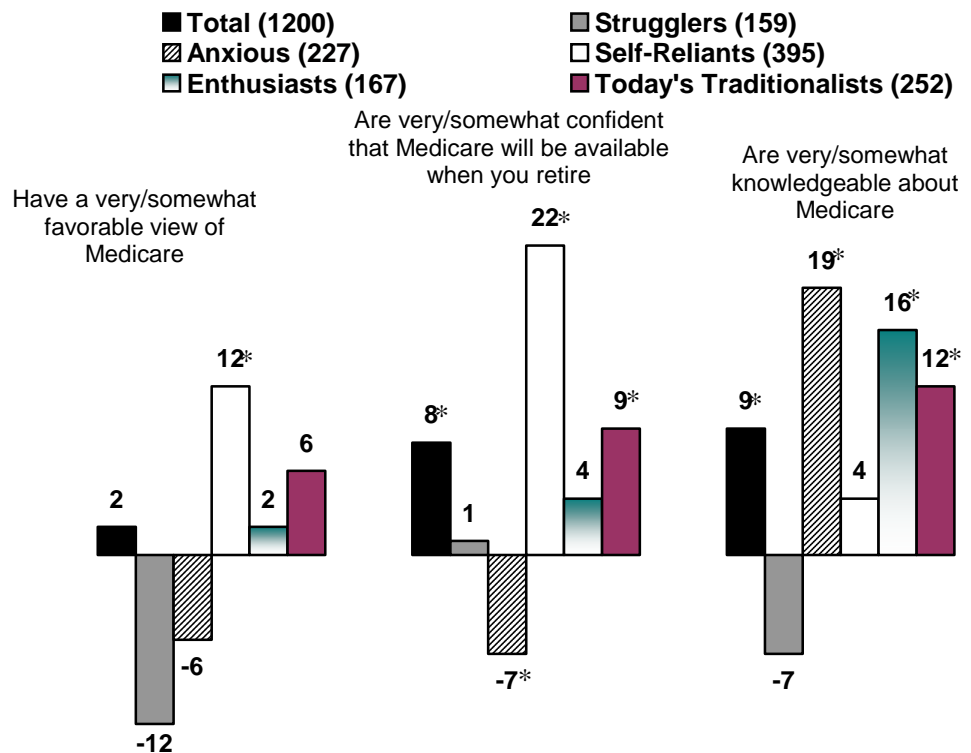
The study also finds positive gains in knowledge about, favorability toward, and confidence in Medicare, though the gains aren't as large as those for Social Security. A majority of Boomers assess themselves as being knowledgeable about Medicare, up nine points from 1998. An increase in self-assessed knowledge of Medicare is recorded for all of the segmentation groups except the Strugglers.

Overall, Boomers' favorability toward Medicare in 2003 has not changed since 1998 (an increase of two points), but among the segments the ratings are mixed. The increase among Self-Reliants is double-digits (12 points), but the Strugglers and the Anxious show a decline.

Overall, confidence that Medicare will be available to them when they reach 65 has increased among Boomers. It is up eight points overall, with close to half of Boomers now feeling this way (47%). Among segments, all groups show an increase in confidence, except for Strugglers and the Anxious.

Attitudes Toward and Knowledge of Medicare

Pt. Change from 1998...



* Significant percentage point change since 1998 at the 95% confidence level

F. Summarizing the Segmentation Findings

“One-size-fits-all” Retirement Solution Continues to Be Unworkable for the Boomer Generation

The 1998 report on the Boomer segmentation concluded that “the five Baby Boomer segments portend an increasingly polarized society, a new type of workforce, and a wide range of retirement hopes and expectations. Perhaps the strongest message to be taken from the segments is that, in the new millennium, Americans cannot expect a one-size-fits-all retirement; nor will it be feasible to offer one-size-fits-all retirement solutions.”

This year’s findings continue to support these conclusions. For example, the economic polarization of the Boomer generation has only widened, with more Boomers moving into the Strugglers segment, or lowest economic category. And even as the economic downturn of the last few years has affected all of the Boomer segments, some groups remain well-prepared for retirement, while others foresee much tougher retirement years. Retirement continues to represent a wide range of expectations—financially, emotionally, and physically—for those in different Boomer segments, which means that multiple types of retirement support and solutions continue to be needed.

Appendix A: Methodology

The following section provides an overview of the basic research and sampling methods used for this study.

A. Questionnaire Design

Since the purpose of this study was to compare how Boomers' attitudes toward and preparedness for retirement have evolved over the past five years, the questionnaire from the 1998 Boomers Envision Retirement study was used for this research. To build on the previous research, a few new questions were added to the end of the questionnaire. Because of AARP's growing focus on ethnic subgroups within the Boomer population, the questionnaire was translated into Spanish to ensure that the views and opinions of both English and non-English-speaking Hispanics would be captured in this year's study.

B. Field Methodology

The survey was conducted by telephone, between October 9, 2003, and November 26, 2003, using RoperASW's CATI (computer-assisted telephone interviewing) system. Interviews were conducted by RoperASW's experienced telephone interviewers, in centralized telephone facilities. All interviewers assigned to the study received special study-specific training for this assignment and were monitored throughout the interviewing period.

Interviewing in English and Spanish

As previously stated, Hispanics were of special interest to AARP for this wave of research, and it was critical that the achieved sample of this population be representative of all Hispanics—including those who speak only Spanish. (This is a change from the 1998 study, when only English-speaking Hispanics were interviewed.) For this study the questionnaire was translated into Spanish by AARP. When a non-Spanish-speaking interviewer encountered a respondent in the national cross section sample who was believed to need to be interviewed in Spanish, the interview was directed to a Spanish-speaking interviewer. Only bilingual (English and Spanish-speaking) interviewers were assigned to conduct the Hispanic

oversample interviews and these interviews were completed in the language (English or Spanish) preferred by the respondent.

C. Sample Design

The survey was conducted among a nationally representative sample of 1,200 people, 38 to 57 years of age. Oversamples were also included to yield a total, when combined with those from the general sample, of at least 300 African American and 300 Hispanics interviews.

Sampling Households

Random-digit-dialing (RDD) procedures were used to select a nationally representative sample (excluding Alaska and Hawaii) of households who were screened to identify people 38 to 57 years of age.

Oversamples of African Americans and Hispanics. Targeted-RDD sampling procedures were used to decrease the number of households that needed to be screened to locate eligible African-American and Hispanic respondents for the oversamples. For each of these two racial/ethnic populations, a targeted sampling methodology was used to stratify phone numbers by the density of the particular race/ethnicity population in the area where the phone numbers were located. Phone numbers were disproportionately sampled, selecting larger samples of those in high-density areas and smaller samples from those with low density. Post-survey weighting, described on the following page, was used to correct for this disproportionate sampling so that the final weighted data reflect the actual incidences of the oversample populations.

For the African American oversample, the targeted sampling design further increased the incidence of this group by eliminating from the sampling frame those telephone exchanges in areas with incidences of African Americans of 5% or lower. The remaining sampling frame covered 90% of African American telephone numbers.

For the Hispanic oversample, the sampling frame excluded areas with incidences of Hispanic households of 3% or less. The remaining sampling frame covered 90% of Hispanic households.

Margin of Sampling Error

The sampling error for the general sample (n=1,200) is plus or minus three percentage points at the 95 percent confidence level. The sampling errors for the African American (n=309) and Hispanic (n=301) oversamples is plus or minus six percentage points at the 95 percent confidence level.

D. Weighting

Weighting targets were applied to the data to ensure that the sample reflects census projections for adults age 38 to 57 by age within sex and region criteria. Separate weighting targets were applied to the ethnic oversamples to ensure that the samples of African Americans and Hispanics in the sample reflect census estimates for these populations by age within sex and region.

E. Segmentation Analysis

The following sections provide procedural background and technical specifications for the segmentation analysis presented in this report. This Appendix provides the necessary details as they pertain to this particular study. It is, however, beyond the scope of this document to cover all options and details of segmentation research comprehensively. The interested reader is referred to an excellent (nontechnical) discussion of the topic by James H. Myers (Segmentation and Positioning for Strategic Marketing Decisions, American Marketing Association, 1996.)

Items used in the analysis

The following items or item batteries from the questionnaire were included in the analysis: Q1b, Q2, Q3, Q4, Q6, Q7, Q8, Q9, Q10, Q11, Q12, Q13, Q14, Q15, Q18, Q19, Q20, Q21, Q22, Q24, Q25, D1a, and D1b. (See posted questionnaire for question wording.)

Item modifications

In order to maximize the information provided by the questions that would be included in the segmentation analysis, the following modifications were made:

- For certain items, response scales were reversed from the way they appear in the questionnaire so as to simplify interpretation of mean

scores. For example, scores for Q2 were reversed so that a higher score corresponds to a higher degree of optimism.

- The response options for Q3, Q7, and Q9 were converted into individual binary items. If an option was selected by the respondent, a value of one (1) was assigned. Options that were not selected received a value of zero (0).
- Q3b, Q3f, Q3g, Q7h, Q7i, Q9j, and Q9k were eventually eliminated from the analysis. These items are the “none,” “other,” or “don’t know” options for item batteries 3, 7, and 9. These items are highly skewed, i.e., fewer than 5% of respondents selected these items.
- Q14 refers to actual knowledge of Medicare (rather than opinions or attitudes). The numbers of correct responses for this question was converted to “knowledge scores” ranging from 0 to 3.
- A new item was created by computing the difference between questions D1a (“what is your age”) and D1b (“how old do you feel”).
- Where appropriate, answers of “don’t know” were recoded in order to reduce the amount of missing data:
 - Q1b: response options “not much at all” and “don’t know” were combined;
 - Q8: response options “no” and “don’t know” were combined;
 - Q12: response options “not at all knowledgeable” and “don’t know” were combined;
 - Q18: response options “no” and “don’t know” were combined;
 - Q21: response options “not at all knowledgeable” and “don’t know” were combined;
 - For Q2, Q10, Q13, Q15, Q19a, Q19b, Q19c, Q22, and Q24, a “don’t know” response was considered equivalent to a “neither” response (i.e., the mid-point of the scale).

Item Redundancies

Questionnaire items are often designed to capture nuances in the respondents’ attitude or opinion structure. While these subtleties can substantially enrich segment profiling and subsequent analyses, they can inadvertently (but seriously) bias a segmentation toward content areas that are probed in multiple ways. Attitudinal item batteries, in particular, are prone to exhibit such content redundancies. So as to avoid unintentional weighting of the segmentation, highly correlated items are either consolidated into factor scores, or only select items out of a correlated item set are included in the analysis.

For this analysis, item batteries 4, 6, 11, 20, and 25 were consolidated into principal component scores. The remaining items were included as standardized scores.

Clustering procedure

Cluster Analysis techniques are most commonly used to derive segments from survey data. We typically employ a two-stage clustering procedure. First, a hierarchical cluster analysis using Ward's method for cluster agglomeration is used to obtain initial cluster centers. These initial cluster centers are then used as starting centroids for the k-means cluster analysis that produces the clusters considered for segmentation. K-means cluster analysis is a partitioning method also referred to as nearest centroid sorting. Respondents are assigned to the nearest starting centroid based on their squared Euclidean distance. The procedure then iterates through re-computation of the cluster centers and reassignment of respondents until the convergence criterion is met.

Segmentation solutions

The segmentation presented in this report was derived using principal component scores for item batteries 4, 6, 11, 20, and 25 and standardized scores for Q1b, Q2, Q3a to Q3e, Q7a to Q7g, Q8, Q9a to Q9i, Q10a, Q12, Q13, Q15, Q18, Q19a to Q19c, Q21, Q22, Q24, Medicare knowledge score from Q14, and the difference score computed from D1a and D1b.

Profiles generated for the five-segment solution clearly depicted distinct segments. Results of a multivariate analysis of variance provided a conservative estimate of 70% of the total variance accounted for by this segmentation.

Appendix B: Survey Instrument

AARP BOOMERS ENVISION THEIR RETIREMENT II REVISED POSTED QUESTIONNAIRE

(Base: 1998:N=2001; 2003:N=1200)

Hello, my name is _____ and I'm with RoperASW, a national public opinion research company. We're conducting an important survey about things that are happening in this country today. Your views are important and we would greatly appreciate your participation. This is an opinion survey. We are not trying to sell anything. All responses are confidential.

- 1a.** Retirement means different things to different people. Briefly, what are the first things that come to mind when you think of your retirement years? **(DO NOT READ LIST)**

	1998	2003
	%	%
Having enough money/financial security	41	31
Relaxation/free time/fun	28	32
Travel/vacation	16	13
OTHER (SPECIFY)	47	31

- 1b.** Regardless of how far down the road it might be, how much thought, if any, have you given to your retirement years—what you'll do, what you'll live on, etc.? **(READ LIST)**

	1998	2003
	%	%
A great deal.....	39	43
Some	33	31
A little	13	10
Not much at all.....	15	13
Already retired	--	3
Don't know	1	*

2. As things stand today, which of these statements best describe your feelings as you think about your retirement years? (READ LIST)

	1998	2003
	%	%
Very optimistic about my retirement years and very much look forward to them	28	30
Fairly optimistic about my retirement years and pretty much look forward to them	41	38
Not too optimistic about my retirement years and look forward to them with mixed feelings	21	22
Not at all optimistic about my retirement years and do not look forward to them	8	8
Don't know.....	1	2

3. Thinking about your employment status in later years, which of these best describes what you think you will be doing when you retire. Will you...(READ LIST) (SELECT ONE)

	1998	2003
	%	%
Not work at all	16	20
Retire from your current job/career but work full-time for pay doing something else	5	7
Work part-time mainly for the needed income it provides	23	25
Work part-time mainly for interest or enjoyment's sake	35	30
Start your own business/go into business for yourself	17	15
Other: (Vol. & specify	2	3
Don't know	2	1

4. Retirement is a stage that signifies different things to different people. Thinking about your own situation, I'd like you to consider whether these items accurately describe what retirement means to you. Using a scale from **1** to **5** - where **1** means it does not describe at all what retirement means to you personally and **5** means it very accurately describes what retirement means to you personally, I'd like you to consider each statement. (ROTATE)

% Very accurate/Accurate (5, 4)

	1998	2003
	%	%
Opportunity to spend more time with your family.....	74	72
End of your productive years	19	20
Increased isolation from society.....	12	16
Economic hardship.....	22	23
Increased concern and attention to health	54	54
Time to pursue your interests and hobbies.....	74	71
Increase dependence on others for your personal care.....	15	17
Fewer obligations	46	44
Time to indulge your self	55	48
Time of leisure	68	63
Boredom.....	14	18
More opportunity for socializing	54	54
Chance to do the traveling you couldn't do when you were younger...	61	57

5. At what age do you expect to retire completely and not work for pay at all?

	1998	2003
AGE (MEAN)	63.9	65.5

- 6a.** I am going to read you some statements people have made about retirement and getting older. Thinking about your own situation, I'd like you to consider whether these statements apply to you personally. Using a scale from 1 to 5—where 1 means you “completely disagree” and 5 means you “completely agree”, I'd like you to consider each statement. (ROTATE)

	1998	2003
	%	%
a) You expect to be living with a spouse or partner for most of your retirement years.	75	76
b) You expect to have an aging parent or parent-in-law living in your home at some time during your retirement	18	19
c) You expect to have to scale back your lifestyle during retirement.	35	36
d) You'll have to struggle to make ends meet.	23	25
e) You expect to rely upon Social Security for all or most of your income during retirement.	15	17
f) You expect to have some serious health problems.....	16	22
g) You expect Medicare to cover most of your health care needs during your retirement years.	34	31
h) You expect to live near at least one of your children.	57	57
i) You put money into the Social Security system and you expect to get it back during your retirement years.	55	58
j) You won't be able to afford to retire.	24	25
k) You'll have plenty of time for recreation	72	68
l) You expect to depend heavily on your 401k	38	32
m) You look forward to being a grandparent.....	71	70

- 6b.** Now, how much do you agree or disagree with each of the following statements? Using a scale from 1 to 5 - where 1 means you “completely disagree” and 5 means you “completely agree,” I'd like you to consider each statement. (ROTATE)

	1998	2003
	%	%
a) You often discuss retirement planning with your family, friends and co-workers.....	36	35
b) You find it hard to save for retirement with so many other needs right now	47	45
c) When you think about retirement, you have the attitude that the future will take care of itself.....	22	22
d) You are confident in your ability to prepare adequately for the future.....	61	61

7. Which of these things do you feel fairly sure you can count on as a source of income during your retirement years? (CHECK ALL THAT APPLY)

	1998	2003
	%	%
a. Social Security.....	48	63
b. Pension from place of employment.....	57	58
c. Military service pension	7	8
d. IRA, 401(k), or other retirement savings account	68	69
e. Annuity policy from insurance company	28	28
f. Income or money from savings and investments	60	64
g. Money you get by selling your house.....	27	34
None of these.....	2	3
Don't know.....	*	*

8. Do you expect to receive an inheritance (such as cash, stocks, bonds, real estate) from a parent, grandparent, or other family member in an amount that could affect your retirement planning?

	1998	2003
	%	%
Yes.....	23	24
No.....	74	75
Don't know.....	2	1

- And which of these things, if any, are you putting money into for retirement? (CHECK ALL THAT APPLY)

	1998	2003
	%	%
a) Regular savings account.....	42	50
b) Long-term savings account.....	30	38
c) IRA, 401(k), or other retirement savings account	67	70
d) Government bonds	14	16
e) Corporate stocks or bonds	28	33
f) Mutual funds.....	35	39
g) Real estate.....	29	37
h) Insurance	31	32
None of these.....	10	9
Other	1	2
Don't know.....	1	1

9. How satisfied are you with the amount of money you are putting aside for your retirement? Are you completely, somewhat, not very, or not at all satisfied?

	1998	2003
	%	%
Completely.....	17	19
Somewhat.....	50	50
Not very.....	15	12
Not at all.....	18	18
Don't know.....	1	1

10. Here are more statements people have made about retirement and getting older. Thinking about your own situation, I'd like you to consider whether these statements apply to you personally. Using a scale from **1** to **5** where **1** means you "completely disagree" and **5** means you "completely agree", I'd like you to consider each statement. (ROTATE)

% Completely agree/agree (5,4)

	1998	2003
	%	%
a) You'll exercise regularly.....	56	54
b) You expect to move away from this area to another.....	31	27
c) You find it hard to imagine yourself retired.....	39	40
d) You need more information to help you plan for your retirement.....	30	23
e) You have a hobby or special interest that you'll dedicate a lot more time to when you retire.....	72	70
f) The idea of growing old is frightening to you.....	22	20
g) You think people ought to be able to depend on their family financially during their retirement.....	9	10
h) You expect to be living alone for most of your retirement years.....	20	18
i) You expect to have to provide financially for your children.....	17	17
j) You'll have plenty of money when you retire.....	30	27
k) You won't be able to afford to do all the things you want to do.....	34	36
l) You expect to rely on the Social Security benefits of a spouse.....	17	19
m) You expect to have to stop working earlier than you would like because of poor health or a disability.....	12	18
n) You expect to have to keep on working during retirement in order to obtain needed health care (coverage) for yourself (and your family).....	28	28
o) If Social Security benefits were not available, it would have a major impact on your retirement.....	41	45
p) You don't want to depend on your children during your retirement.....	70	66

11. Just to get an idea, when discussions come up about issues involving Medicare, how knowledgeable do you feel you are about how Medicare works? Would you say you are: (READ LIST):

	1998	2003
	%	%
Very knowledgeable.....	11	13
Somewhat knowledgeable.....	35	42
Only a little knowledgeable.....	36	30
Not at all knowledgeable.....	19	15
(DO NOT READ) Don't know	*	*

12. Based on what you have heard, read or experienced with Medicare, what is your overall view of the program? Is it. (READ LIST):

	1999	2003
	%	%
Very favorable.....	7	8
Somewhat favorable.....	53	56
Not too favorable.....	25	23
Not at all favorable.....	9	11
(DO NOT READ) Don't know	5	4

Please tell me whether to the best of your knowledge the following statements about Medicare coverage are true or not true...

	<u>True</u>		<u>Not true</u>	
	1998	2003	1998	2003
a) Medicare covers hospital stays	75	69	13	20
b) Medicare covers laboratory tests and x-rays.....	63	64	19	21
c) Medicare covers long term nursing home care.....	34	30	49	56

13. How confident are you that Medicare will still be available for you when you reach age 65?
(READ LIST):

	1998	2003
	%	%
Very confident.....	6	9
Somewhat confident	33	38
Not too confident	36	32
Not at all confident	23	19
(DO NOT READ) Don't know	2	1

14. In general, would you say your health is: (READ LIST)

	1998	2003
	%	%
Excellent.....	27	22
Very good.....	36	37
Good.....	25	25
Fair	9	12
Poor	2	5
Don't know.....	*	-

15. Are you currently covered through any form of health insurance?

	1998	2003
	%	%
Yes.....	89	88
No	11	12
Don't know.....	*	-

16. Do you expect that your employer will cover any of your health insurance needs after you retire?

	1998	2003
	%	%
Yes.....	34	34
No	57	58
Not employed (Vol.).....	1	2
Don't know.....	8	5

17. And thinking about your health care coverage during your retirement years, how confident are you that it will provide each of the following?

% Very/Somewhat

	1998	2003
	%	%
a) Ability to get the care you need when you feel you need it	79	78
b) Ability to visit doctors of your own choosing.....	69	72
c) Ability to see a specialist when you feel you need to	70	74

18. Continuing with some more statements people have made about retirement and getting older. Using a scale from 1 to 5 where 1 means you “completely disagree” and 5 means you “completely agree”, I’d like you to consider each statement. (ROTATE)

% completely agree/agree (5,4)

	1998	2003
	%	%
a) People in your generation will live longer than people from your parents’ generation.....	67	73
b) People in your generation will have more money when they retire than people in your parents’ generation	42	45
c) People in your generation will be in better health than people of your parents’ generation	56	54
d) People in your generation will be more self-reliant than people in your parents’ generation	42	41
e) People in your generation save more for retirement than people in your parents’ generation.....	38	3
f) People of your generation expect Social Security to meet their needs as well as it did your parents’ generation.....	31	37
g) People in your generation need more money to live comfortably than your parents’ generation.....	84	83
h) People in your generation are more self-indulgent than people in your parents’ generation.....	75	79

19. Just to get an idea, when discussions come up about Social Security, how knowledgeable do you feel you are about how the Social Security system works? Would you say you are: (READ LIST)

	1998	2003
	%	%
Very knowledgeable	7	11
Somewhat knowledgeable	47	57
A little knowledgeable.....	35	26
Not at all knowledgeable	10	7
(DO NOT READ) Don't know.....	1	--

20. Based on what you have heard, read or experienced with Social Security, what is your overall view of the program? Is it (READ LIST):

	1998	2003
	%	%
Very favorable.....	7	10
Somewhat favorable.....	48	61
Not too favorable.....	29	20
Not at all favorable.....	14	9

21. At what age will you be eligible for full retirement benefits from Social Security?

AGE:	1998	2003
	%	%
	65	65

21. How confident are you that Social Security will still be available to you when you retire? (READ LIST):

	1998	2003
	%	%
Very confident.....	6	14
Somewhat confident	30	40
Not too confident	34	27
Not at all confident	30	17
Not eligible/not applicable	1	2
(DO NOT READ) Don't know	*	1

Here are more statements people have made about retirement and getting older. Thinking about your own situation, I'd like you to consider whether these statements apply to you personally. Using a scale from 1 to 5 where 1 means you "completely disagree" and 5 means you "completely agree", I'd like you to consider each statement. (ROTATE)

	1998 %	2003 %
% completely agree/agree (5,4)		
a) You expect to have to provide financially for your elderly parents or in-laws.	15	18
b) You'll expect your children to help you out financially.	5	5
c) You expect to be better off financially than most people your age.	39	37
d) You expect to depend heavily on the personal investments you're making today.	64	59
e) You expect to be healthier than most people your age.	52	51
f) You expect to have health insurance coverage that will meet your needs.	58	56
g) You expect to devote more time to community service or volunteer activities.	49	51
h) You and your spouse/partner have discussed how to finance your retirement if or when one of you is left alone.	40	45
i) You won't want to stop working.	37	37
j) You can't wait to retire	42	43
k) You expect to travel more than most people your age.....	38	34
l) You will be able to save more for retirement when your kids are older.....	56	44
m) You know you're not doing enough now to maintain your health.....	27	28
n) You should give more thought to how you'll keep active when you retire.....	52	48
o) It is important to be prepared for the future by sacrificing and saving today.....	76	74
p) A family's emotional support is essential during one's retirement.....	72	70

q) 26a.. People experience major changes at various stages of their lives. Have you ever experienced any of the following major life events or changes? [ROTATE LIST]

26b. [FOR EACH ITEM EVER EXPERIENCED IN Q26a, ASK] And which ones have you experienced within the past year? [ROTATE LIST]

	Ever Experienced		Past Year	
	1998	2003	1998	2003
	%	%	%	%
a) Getting a divorce.....	35	32	n/a	4
b) Having your last child move out of the house	19	32	n/a	8
c) Having a spouse/partner die.....	8	9	n/a	2
d) Surviving a major illness	22	27	n/a	11
e) Losing your job.....	35	35	n/a	10
f) Having a parent die	51	63	n/a	13
g) Becoming responsible for the care of a parent.....	26	35	n/a	13
h) Becoming a grandparent	n/a	34	n/a	14

27. Would you say that your personal outlook for your own retirement has changed for the better, changed for the worse, or has not changed at all over the past five years?

	2003 *	
	%	
Changed for the better	46	→ GO TO Q28, THEN SKIP TO D1
Changed for the worse	14	→ GO TO Q29
Has not changed at all	40	} → GO TO D1a
DON'T KNOW (Vol.)	*	

28. What are the main reasons that your outlook for retirement has changed for the BETTER? (DO NOT READ LIST)?

(Base: say changed for the better)

	2003 *
	%
The economy is better	5
Better job/business is better	17
Have started saving/investing more for retirement.....	26
Health has improved.....	4
Inheritance	2
Financially better off due to lifestyle change (i.e., kids have graduated/left home, mortgage is paid off, etc.).....	24
OTHER (SPECIFY).....	34

* Q 27 and Q28 were not asked in 1998

29. What are the main reasons that your outlook for retirement has changed for the WORSE? (DO NOT READ LIST)?

(Base: say changed for worst; n)

	2003
	%
The economy is worse	38
I am saving/investing less for my retirement.....	12
My health is worse that it was five years ago.....	6
My 401K or other retirement accounts are worth less than they were five years ago	4
My company is no longer offering retirees pension benefits/worse benefits at work.....	2
I lost my job/I am unemployed.....	16
My current job pays me less than the job I had five years	5
Financially worse off due to lifestyle change (i.e., caring for aging parents, college tuition for kids, adult children have moved back home, caring for grandchildren, etc.).....	11
Social security will not be around when I retire	*
There are not enough younger workers/GenXers to pay into Social Security.....	*
OTHER (SPECIFY).....	*

The following questions are for classification purposes only.

D1a. What is your age? (CODE AGE, NOT A RANGE) _____

[RANGE 38-57]	<u>1998</u>	<u>2003</u>
Mean age	41.8	47.2

D1b. Regardless of how old you are, how old do you feel? (CODE AGE, NOT A RANGE)

[RANGE 0-200]	<u>1998</u>	<u>2003</u>
Mean age	35.3	40.1

D1c. (IF D1a. AND D1b ARE DIFFERENT, ASK): Why do you say that? (DO NOT READ LIST)

	1998	2003
	%	%
I feel young.....	34	35
Stay in shape/exercise.....	26	17
Healthy/good health.....	21	23
Other (SPECIFY)	43	39

D2. Including yourself, how many people live in your household?

(ENTER NUMBER)	Mean #	1998	2003
		%	%
_____ [RANGE 1-20]		3.3	3.1

D3. Are you a parent or have you been a parent?

	<u>1998</u>	<u>2003</u>
	%	%
Yes	84	83
No	16	16

D4. IF YES, how many children do you have?

(ENTER NUMBER)	Mean #	1998	2003
	of children	2.5	2.7

D5. And how many children are under age 6?

(ENTER NUMBER)	Mean #		
	of children.....	1998	2003
		1.3	.2

D6. And how many children are age 6-17?

(ENTER NUMBER)	Mean # of		
	of children	1998	2003
		1.8	.9

D7. Are you... (READ LIST)

Single	11	10
Married	68	71
Living with a partner	--	6
Separated	3	2
Divorced	16	8
Widowed.....	2	2
DON'T KNOW	--	1
REFUSED	--	*

D8. How many of your parents and/or your spouse's parents are still living? (DO NOT READ)

	1998	2003
	%	%
One	17	24
Two.....	25	30
Three.....	23	17
Four	23	13
More than four.....	*	1
None	9	15
No answer.....	3	1

D9. What was the last level of education you completed?

	1998	2003
	%	%
Less than high school	6	7
High school graduate.....	35	33
Some vocational/technical training after high school	7	7
Some college (or 2 year degree).....	23	22
College graduate.....	18	17
Post-graduate education+	9	13

D10. Do you own your own home, rent it, or do you have some other arrangement such as living in the home of your parents or children?

	1998	2003
	%	%
Own	73	78
Rent	21	17
Live in home of parents	2	2
Live in home of children	*	1
Other (vol.)	1	2

D11. For statistical purposes only, we need to know your total household income before taxes in 2002. I am going to read off some income categories. Would you please stop me when I name the category that best describes the combined annual income of all members of your household, including wages or salary, pensions, interest or dividends, and all other sources?

	1998	2003
	%	%
\$100,000 or more	10	18
\$90,000 to \$99,999.....	4	4
\$80,000 to \$89,999.....	5	7
\$70,000 to \$79,999.....	6	11
\$60,000 to \$69,999.....	9	9
\$50,000 to \$59,999.....	10	8
\$40,000 to \$49,999.....	11	8
\$30,000 to \$39,999.....	12	9
\$20,000 to \$29,999.....	9	7
\$10,000 to \$19,999.....	6	4
Under \$10,000.....	2	3
Don't know/Refused.....	15	11
Median Income:	52	66

D12a. Are you employed or self-employed, either full-time or part time?

	1998	2003
	%	%
Full-time	78	68
Part-time	11	12
Not employed	9	18

D12a. Are you ever retired from a previous job?
(Base: employed; n=1798/976)

	1998	2003
	%	%
Yes.....	--	8
No.....	--	91

D13. Are you (READ EACH ITEM)?
(Base: Not employed; n=158/212)

	1998	2003
	%	%
A homemaker	52	36
Unemployed	25	23
A student	7	4
Retired	5	27
Or what? (all other)	--	9

D14. What is your occupation exactly? (RECORD VERBATIM)
(Base: Employed; n=1798/976)

	1998	2003
	%	%
Blue Collar	26	26
White Collar	30	32
Exec Prof.....	20	27

D15. Is your spouse/partner employed or self-employed, either full-time or part-time? (IF "YES")
Which?
(Base married/Living as married; n=1388/845)

	1998	2003
	%	%
Employed full-time.....	74	74
Employed part-time.....	10	8
Not employed.....	15	16
Not applicable/refused.....	1	2

D16. Do you consider yourself to be of Hispanic **or Latino** origin or not?

	1998	2003
	%	%
Yes.....	7	3
No.....	93	95

D17. Would you describe yourself as..

	1998	2003
	%	%
White	83	81
Black/African-American	12	12
Asian, or	1	1
Something else	1	5
Refused.....	3	2

D18a. Have you volunteered your time, or donated money to an organization such as a charity, school, hospital, religious organization, neighborhood association, civic group or social issue or cause in the last 12 months?

	1998	2003
	%	%
Yes, volunteered time	NA	12
Yes, donated money	NA	25
Yes, both volunteered time <u>and</u> donated money.....	NA	44
No, have not volunteer time or donated money in the past 12 months	NA	17
Don't know	NA	2

* D18a was not asked in 1998

D18b. About how much time do you think you volunteered in the last month? [READ LIST]

(Base: Volunteered time in past year; n=708)

	2003*
	%
1-4 hours	18
5-10 hours	27
11-20 hours	20
21-39 hours	7
40-52 hours	3
53+ hours.....	6

[D19-D22 ARE PROPRIETARY AND NOT FOR PUBLIC RELEASE]

D19. Have you ever heard of A-A-R-P or “arp” – formerly known as the American Association of Retired Persons, or N-R-T-A – The National Retired Teachers Association?

	2003*
	%
Yes, AARP	87
Yes, NRTA	28
No, have heard of neither.....	9
Don’t know	2

D20. Do you or your spouse belong to A-A-R-P or N-R-T-A?

(Base: Heard of AARP/NRTA;n=1092)

	2003*
	%
Yes, AARP	87
Yes, NRTA	28
No, do not belong to either organization	9
DON’T KNOW (DO NOT READ)	2

[IF A MEMBER OF AARP OR NRTA IN D20, ASK D21 THEN GO TO D23.]

D21. How likely are you to renew your membership to AARP? When it is time to renew? Would you say you are...

(Base Member/Spouse is member of AARP;n=219)

	2003*
	%
Extremely.....	46
Very likely	32
Somewhat likely	13
Not too likely	2
Not at all likely to renew your AARP or NRTA membership.....	3
DON'T KNOW (DO NOT READ).....	3

[IF NOT A MEMBER OF AARP IN D20, ASK D22]

D22. How likely are you to join AARP? Would you say that you are ... (READ LIST)?

(Base: Not a AARP member ;n=981)

	2003*
	%
Extremely.....	8
Very likely	13
Somewhat likely	30
Not too likely	15
Not at all likely to renew your AARP or NRTA membership.....	17
DON'T KNOW (DO NOT READ).....	17

D23. Gender (DO NOT ASK)

	1998	2003
	%	%
Male.....	49	49
Female	51	51

D24. What is your zip code?

(ENTER ZIP) _____

THANK & TERMINATE