

Baby Boomers Envision Their Retirement: An AARP Segmentation Analysis

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YEARS

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TURNING DATA INTO INTELLIGENCE WORLDWIDESM

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Preface

The Baby Boom generation—the cohort of Americans born between 1946 and 1964—has long commanded the attention of demographers, politicians, marketers, and social scientists. Seventy-six million strong, Baby Boomers represent the largest single sustained growth of the population in the history of the United States. Their mass alone has had an enormous impact on the national psyche, political arena and social fabric. From the youth culture they created in the 1960s and 1970s to the dual-income households of the 1980s and 1990s, this generation has reinterpreted each successive stage of life. As the oldest of the Baby Boomers, now 52, approach later adulthood, they are again poised to redefine the next stage, retirement.

A so-called “pig in the python,” the Baby Boom generation has often been portrayed as a homogeneous monolith. Shared experiences including the advent of the television age, the Vietnam War, the political assassinations of the 1960s, and the promise of space travel have created a generational identity for the Baby Boomers unparalleled by any previous cohort, including even the Depression generation. AARP/Roper research suggests that Baby Boomers themselves are aware of the uniqueness of their peer group, a fact not lost on the pundits of our day. From childhood to parenthood to retirement, Baby Boomers have been and will be watched intently for insight into the future of the country.

There is little doubt that the impact of the Baby Boom's generational identity has never been underestimated. The *cohesiveness* of this cohort, however, has perhaps been grossly overestimated. Although commonly viewed as a monolith, the idea of the Baby Boomers as a homogeneous group is more myth than reality. With its members spanning nearly 20 years of life, Baby Boomers are represented by a wide range of life stages, life experiences, and life values. The temptation to generalize about this generation is likely driven by a compelling need to understand how this huge segment of society will shape the future. Yet, one of the key characteristics of the Baby Boom cohort is its diversity.

For policymakers and business leaders, the diversity of the Baby Boom generation presents major challenges as we prepare for a new millennium and a new type of retirement. This diversity will, in fact, become more pronounced as Baby Boomers move *en masse* into their fifties. A 1995 *Modern Maturity/Roper* study, *Smashing Old Stereotypes of 50+ America*, revealed that when adults enter their fifties, they are entering the most diverse decade of life. The years between 50 and 59 bring about myriad life stage changes, from a major career change, menopause, and mid-life crisis to becoming responsible for the care of an elderly parent, having one's nest empty, or even having an adult child move home.

To tap into the wide range of values, attitudes and behaviors that Baby Boomers will bring to their *retirement* in the new millennium, AARP has recently embarked upon a major research initiative with Roper Starch Worldwide Inc. AARP undertook this research with the goal of understanding this generation in all its complexity. The result is a definitive and comprehensive portrait of this massive group as it prepares to enter later adulthood. *Baby Boomers Envision Their Retirement: An AARP Segmentation Analysis* underscores the heterogeneity of today's 33-to-52 year-olds as it relates to their retirement planning and preparation and their hopes and expectations of the future.

Segmenting the generation into five key attitudinal and behavioral groups, this research provides a roadmap to the retirement of the largest generation in the nation's history. From the Self Reliants and Enthusiasts, groups who are well-prepared for the retirement road ahead, to the Strugglers and the Anxious, those who are more pessimistic about the future, to Today's Traditionalists who expect a traditional retirement that also includes work, the following report provides keys to better understanding and communicating with the next generation of American retirees.

Overview Of The Research Design

The design of this project included five phases of research among Baby Boomers. Each phase in the project was intended to build upon and inform the subsequent phases. The centerpiece of the project was a segmentation analysis, aimed at developing a fuller understanding of the Baby Boom population. The five phases of research included:

- an initial review of background data among Baby Boomers, drawn from the Roper Reports database and presented in a white paper entitled “A Profile of the Baby Boom: Retirement, Finances, Health Information, and Other Key Areas of Exploration;”
- a qualitative research phase, with a total of eight focus groups conducted among Baby Boomers in four cities (Kansas City, Providence, Charlotte, and Phoenix);
- a large-scale quantitative survey, conducted by telephone in 30-minute interviews among a nationally representative sample of 2,001 adult Americans aged 33-52;
- a segmentation analysis of the survey data, designed to better understand the Baby Boom population by grouping individuals based on their attitudes, beliefs and behaviors regarding retirement;
- a second qualitative research phase, with a total of 8 post-survey focus groups conducted among Baby Boomers (among the segment types identified in the segmentation analysis), conducted in two cities (Chicago and Baltimore).

This report describes in detail the results of the segmentation analysis. Before turning to those findings, however, a brief overview of the key findings from the quantitative survey is provided. These survey findings were originally released in three Roper presentations at AARP's Biennial Convention "Connecting With The Future" held in Minneapolis in June, 1998. The presentations were titled: "Awake and Aware: Baby Boomers Face Aging and Retirement;" "A Polarized Retirement: Optimism Divides the Baby Boomers;" and "Boomers Look Toward Retirement."

To provide a context of the Baby Boom generation's attitudes toward retirement, key findings from the Roper Reports database, Roper's ongoing tracking survey of American attitudes and behavior, are also included where relevant.¹ Using this database, it is possible to compare Baby Boomers' opinions with those of Americans over the age of 53. These findings were originally released in a background report informing this study entitled, "A Profile of The Baby Boom: Retirement, Finances, Health, Information, and Other Key Areas of Exploration."

¹The Roper Reports database includes survey data from 1973 through the present. All Roper Reports surveys are based on a nationally representative sample of 2,000 Americans. Interviewing is conducted face-to-face in respondents' homes. Baby Boomers are defined as Americans between the ages of 33 and 52. Approximately 600 Baby Boomers are interviewed in each Roper Reports survey.

Key Findings From The Survey

Key findings of the attitudes of the total Baby Boomer population are presented before turning to the segmentation analysis. These highlights of the “typical” Baby Boomer’s views provide a backdrop against which to consider the striking characteristics of each of the five segments profiled in the following chapters.

Unique Expectations for Retirement

*“When I’m 65, I think I will still be working. I don’t like not to work. Hopefully, I’ll still have the health to keep working.”—
Male Baby Boomer*

Baby Boomers envision a very novel type of retirement. The survey finds that most Baby Boomers believe that they will still be working *during* their retirement years.

- Fully eight in ten Baby Boomers say they plan to work at least part time during their retirement; just 16% say they will not work at all;
- A little over a third (35%) say they will be working part-time mainly for the sake of interest and enjoyment;
- About one quarter (23%) say they will work part-time mainly for the income it provides;
- Others envision starting their own business (17%) or working full-time at a new job/career (5%).

Findings from the Roper Reports database are consistent with these data. Roper Reports show that Baby Boomers are twice as likely as non-retired Americans over age 53 to believe their desire to continue working is an obstacle to their retirement (16% vs. 8%). However, it should be noted that Roper Reports research has consistently shown that the closer people get to their own retirement, the more comfortable they become with the idea. Baby Boomers may be similar to previous generations' pre-retirees in that they have not yet reconciled themselves to life without work.

In other ways, the data from the quantitative stage of this study suggest that Baby Boomers may experience a different type of retirement than the previous generation. For example,

- Just two in ten Baby Boomers (21%) expect to move to a new geographic area when they retire;
- Almost one quarter (23%) expect to receive an inheritance that will affect their retirement planning;
- Only about one third (35%) expect that they will have to scale back their lifestyle during retirement;
- Just 23% think they will have to struggle to make ends meet;
- Relatively few believe, at least at this point, that they will have serious health problems when they are retired (16%).

These findings are consistent with a number of Roper Reports measures suggesting that when compared to previous generations, Baby Boomers face some unique challenges when it comes to their ability to retire. More than eight in ten Baby Boomers report that having enough money to live on when they retire is a “major” or “minor” concern, compared to just 66% of non-retirees aged 53 or older. Likewise, 44% of Baby Boomers (vs. 51% of their older counterparts) anticipate that they will have enough money to live comfortably during retirement.

Other Expectations in Retirement

The survey provides insight into other ways Baby Boomers expect to define their retirement years.

- Close to half (49%) say they expect to devote more time to community service or volunteer activities during retirement.
- More than seven in ten Baby Boomers (73%) say they expect to have a hobby or special interest that they will dedicate a lot of time to when they are retired.
- Family, it seems, will play an important role in the Baby Boomer retirement: 57% expect to live near at least one of their children; seven in ten (70%) say they look forward to being a grandparent.

*“The best thing
you can hope for
at 85 is that you
would not be a
burden to your
children. That
you could be
self-sufficient.”
–Male Baby
Boomer*

Focusing on Retirement and Reflecting Self-reliance

Challenging the conventional wisdom which held that Baby Boomers are only concerned about the present, the study finds strong evidence that they have actually focused quite a lot on the prospect of retirement. A strong majority of Baby Boomers (72%) say that they have given a lot or at least some thought to their retirement years, while just over one quarter say they have given only a little thought or none at all to their retirement years.

Roper Reports surveys further substantiate the fact that Baby Boomers are fast awakening to the challenges of retirement. Since just 1995, there has been a sizable increase in the proportion of Baby Boomers who say they have given serious thought to retirement (74%, up from 66%).

Baby Boomers’ definition of their retirement seems to include a large measure of self-reliance. Their self-reliant attitude is reflected in that:

- Fully seven in ten Baby Boomers say they don’t want to depend on their children during retirement;
- Six in ten feel confident in their ability to adequately prepare for the future;
- Only about two in ten have the attitude that “the future will take care of itself;”
- Just 9% believe that people ought to be able to depend on their family financially during retirement.

This self-reliant attitude is reflected in Baby Boomers' anticipated sources of retirement income, as well. For example,

- Almost seven in ten Baby Boomers (68%) say they can count on self-directed sources of income such as IRAs and 401(k)s during retirement;
- Six in ten are counting on money from savings and investments as retirement income;
- Fewer than half (48%) say they are counting on Social Security as a source of retirement income;
- Two-thirds of Baby Boomers are satisfied with the amount of money they are putting away today for retirement.

It is worthy of note that the largest group to emerge from the segmentation analysis is characterized by self-reliance.

Putting their financial preparation for retirement into a short-term historical context, the self-reliance of the Baby Boomers is reflected in recent retirement savings trends from Roper Reports. Sixty-seven percent of Baby Boomers say they are presently putting away money for retirement, up from 56% in 1995. They are more likely to report putting their money into self-directed vehicles such as a 401(k) plan or mutual fund than are previous generations of pre-retirees, although whether this is due to their own self-reliance or shifts in the nature of retirement plan funding, or both, is uncertain.

*“I wonder if we’re
not doing the
reverse of what
our parents did...
they spent the
money when they
were 60, 70. And
we may be
spending it when
we’re 30, 40, and
50, but I don’t
know that we’re
going to be as
well off when
we’re the ages of
our parents.”
–Female Baby
Boomer*

Generational Differences

In many ways, the survey supports the stereotypes of Baby Boomers as a confident, independent, optimistic, and somewhat self-involved group. Moreover, Baby Boomers are conscious of the differences between their generation and previous ones. For example, compared to other generations, Baby Boomers admit that:

- Their generation needs more money than their parents’ generation to live comfortably (84%);
- Their generation is more self-indulgent than their parents’ (75%);
- Their generation will live longer (67%);
- Their generation will be healthier during retirement (56%).

Optimism and Ambivalence

The Baby Boomers’ characteristic optimism is illustrated in their attitudes toward their retirement years. As they look toward the future,

- Nearly seven in ten (69%) feel optimistic about their retirement years, with 28% saying they are very optimistic and very much looking forward to those years, and 41% saying they are fairly optimistic and pretty much looking forward to them.
- Those who have thought the most about their retirement are actually the most optimistic about it; more than eight in ten (81%) of those who say they have given a great deal of thought to retirement say they feel optimistic about their later years.

In some ways, this generation thinks very optimistically as it looks toward getting older. At times, though, this optimism is tempered by anxiety about finances.

- When asked to rate the extent to which various statements about retirement describe the meaning of retirement for themselves, Baby Boomers gave the highest ratings to positive (and somewhat traditional) statements, topped by time to spend time with family (74%) and time to pursue interests/hobbies (74%);
- Meanwhile, the bottom four items on the list (all less-positive associations, things such as boredom and isolation) are viewed as being an element of retirement by fewer than two in ten Baby Boomers;
- At the same time, though, when asked to name the first thing that comes to mind when they think of retirement, “having enough money/financial security” is the number one response in an open-ended question.

Indeed, when it comes to thinking about retirement, Baby Boomers’ views of the subject reflect a certain amount of ambivalence. For example:

- Three quarters (76%) of Baby Boomers say it is important to sacrifice and save now for the future, yet about one half (47%) say they find it hard to save;
- About four in ten Baby Boomers (39%) agree with the sentiment “I can’t imagine myself retired,” yet almost the same proportion (44%) disagree;

- Ambivalence about getting older underscores the fact that while the median age of the average Boomer is 42, the typical Boomer says he or she feels 35!

Baby Boomers' ambivalence toward aging and retirement is similarly reflected in findings from Roper Reports surveys. When asked what getting older means to them personally, 68% of Baby Boomers mention at least one of six positive ideas, while a remarkably similar 67% mention at least one of nine negative ideas. Their ambivalence may stem from the fact that this is a generation increasingly worried about aging in general: 46% of Baby Boomers say they are concerned about getting older, up from just 37% as recently as 1991.

Polarization Within the Generation

The trend of polarization—a widening gap between the rich and poor—which has been observed in other recent Roper surveys, is evident in this survey among Baby Boomers. Approximately one-quarter of Baby Boomers are ill-prepared for and pessimistic about retirement. Indeed, income, optimism about retirement, and preparedness all divide the Baby Boomers when it comes to attitudes concerning their impending retirement years.

- The “Haves,” those at the high end of the household income scale with household incomes of \$70K+ (25% of the total sample), are twice as likely as the “Have-nots,” those at the low end with household incomes of less than \$30K (18% of the sample), to be “very optimistic” about their retirement (36% vs. 18%);
- The Haves are nearly twice as likely as the Have-nots to have given a great deal of thought to their retirement (49% versus 28%);

- And the Haves are much more likely than the Have-nots to feel confident in their ability to prepare for the future (76% vs. 47%);
- Although one in four Baby Boomers overall do not expect to be able to retire, that number jumps to 44% among the Have-nots.

Evaluating Social Security and Medicare

In exploring Baby Boomers' general attitudes toward Social Security and Medicare, the survey suggests that Baby Boomers have conflicted views of these programs. In evaluating Social Security:

- More than half (55%) say they have a very/somewhat favorable view of Social Security;
- A majority of Baby Boomers agree with the statement "you put money into the Social Security System and you expect to get it back" (55%);
- Yet while almost half (48%) expect to count on Social Security during retirement, just 15% expect to rely on it for *most* or *all* of their retirement needs. (It should also be noted that Roper Reports surveys suggest that although Social Security is Baby Boomers' second most expected source of retirement income, expectations of Social Security as a source of retirement income have been declining over the past two decades);
- Just over one-third (36%) feel personally confident that Social Security will be around when they retire.

*“I expect to be
alive and
healthier than my
parents. I didn’t
fall victim to some
of the crutches
that they did, the
smoking and
even the fatty
foods...I hope it
translates into a
longer life.”
—Male Baby
Boomer*

When it comes to evaluating Medicare, Baby Boomers have similarly conflicted views.

- Six in ten say they have a very or somewhat favorable view of the system. (These findings are consistent with Roper Reports findings showing that 74% of Baby Boomers have a highly or moderately favorable view of Medicare);
- Yet fewer than half (46%) say they are very or somewhat knowledgeable about the system;
- Only about four in ten (39%) feel confident Medicare will be available to them during retirement.
- Currently, most Baby Boomers express confidence about various aspects of their current health care coverage.
- While majorities say they are very satisfied with various aspects of their current health plan, far fewer say they feel confident about the same aspects when it comes to their impending retirement health care coverage: the ability to get the care you need (60% vs. 25%); the ability to visit the doctors of their own choosing (55% vs. 24%); the ability to see specialists when you feel you need it (53% vs. 21%).

How The Segmentation Analysis Was Conducted

The survey data paint a detailed picture of the Baby Boomer cohort's views toward retirement issues, as well as those of different demographic subgroups. Yet, to better understand the Baby Boom generation in its full complexity suggests the need for taking a step beyond examining the basic demographics that define the group as a whole. The AARP/Roper study also sought to explore key dimensions—attitudes, expectations, and behaviors—that underlie different *groups* of Baby Boomers.

The study employed a technique known as segmentation analysis, that groups the Baby Boomers according to their attitudes, expectations and behaviors with respect to their impending retirement years. The groups—or clusters—which emerged from the analysis ultimately allow us to deepen our understanding of how the Baby Boomers' various characteristics drive their views of retirement. By classifying Baby Boomers according to key characteristics based on their attitudes and expectations toward retirement and their behavior with respect to preparing for retirement, this study aids in understanding not only *who* the Baby Boomers are, but *how* different groups within this generation will face various retirement choices and realities.

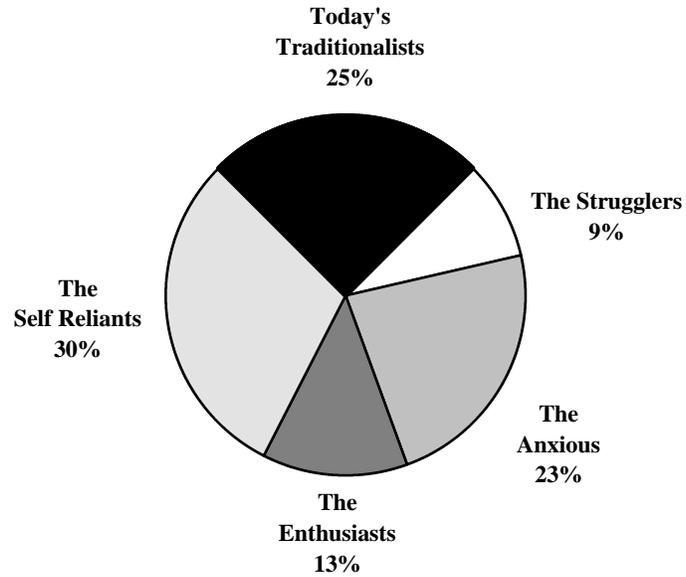
A full description of the segmentation analysis procedure appears in the Technical Appendix at the back of this report. Briefly, the statistical process used here uncovers various underlying structures which delineate groups of people. This clustering technique (in this case, a partition clustering methodology utilizing a k-means algorithm) looks for homogenous groups which exist within the sample of the population examined. It does not create these groups. Rather, the technique identifies 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 very wide spectrum of attitudinal and behavioral questions and items were employed in this process.

The key characteristics used to profile each segment in this report are based on the extent to which that segment deviates from the total Baby Boomer population with regard to particular questions in the survey. In other words, each segment is described in terms of its responses that deviate most from the responses of the total Baby Boomer population.

The Five Baby Boomer Segments

Five well-defined groups of Baby Boomers emerged from the segmentation analysis. Because the sample was randomly selected and represents the population of Baby Boomers across the United States, we can reasonably assert that the five segments represent natural groups in the population as a whole.

Figure 1. Total Baby Boomer Population by Segment



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

A detailed portrait of each of the five segments appears in the following chapters of the report. Briefly described, the five segments which comprise the Baby Boomer generation include:

- **The Strugglers** (9%) — Of the five Baby Boomer segments, the Strugglers are the lowest income group, with a median household income nearly \$30,000 below that of the average Baby Boomer. This group is disproportionately comprised of females (64%) rather than males (36%). The Strugglers are saving virtually no money for retirement, because they simply have no money to save. The Strugglers, it seems, are not even in a position to prepare for retirement. Compared to other groups, they report having given relatively little thought to retirement (where they will live, what they will live on). A majority say they look ahead to their later years with very little sense of optimism.
- **The Anxious** (23%) — The Anxious are best characterized by their sense of apprehension when they look ahead to their later years. Although they fall below the average Baby Boomer's household income level (by approximately \$10,000), with their limited means, they currently strive to put some money aside for retirement. But the Anxious do not expect to be rewarded with financial well-being when they retire. Indeed, many do not expect to be able to stop working. In addition to their anxieties about their retirement finances, the Anxious also express great concern about their health care coverage during their retirement years.

- **The Enthusiasts** (13%) — Unlike the Strugglers and the Anxious, who fear not having enough money in retirement and look toward their later years with very little optimism, the Enthusiasts could hardly be more eager to reach their retirement years. A defining characteristic of this group is that Enthusiasts—without exception—do not plan to work *at all* during retirement. Indeed, they envision having plenty of money and plenty of time for recreation. For them, retirement promises to be a time free of the rigors of working.
- **The Self Reliants** (30%) — The Self Reliant segment—which boasts the highest income and educational level of any group in the segmentation—has 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. Indeed, the contrast with the Enthusiasts could not be more striking: whereas all of the Enthusiasts expect to stop working, only 1% of the Self Reliants expect to not work at all. But what motivates the Self Reliants to continue working is not the pay, but rather the interest and enjoyment that work provides.
- **Today's Traditionalists** (25%) — In describing this group, who make up one quarter of the Boomer population, the word traditional comes to mind. This segment, in many of their attitudes toward Social Security and Medicare, seem to have a stronger sense of confidence and less of an attitude of uncertainty than the other segments displayed toward these programs. But this group is not totally traditional: Today's Traditionalists plan both to work *and* to rely on Social Security and Medicare during retirement.

Figure 2. Selected Top Characteristics Of The Five Baby Boomer Segments

The Strugglers	<ul style="list-style-type: none">• 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 Anxious	<ul style="list-style-type: none">• Not optimistic about retirement• Not satisfied with amount putting aside for retirement• Greatly concerned about health care coverage during retirement
The Enthusiasts	<ul style="list-style-type: none">• Plan to not work at all when retired• Optimistic about retirement years• Can't wait to retire
The Self Reliants	<ul style="list-style-type: none">• 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 sake
Today's Traditionalists	<ul style="list-style-type: none">• 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

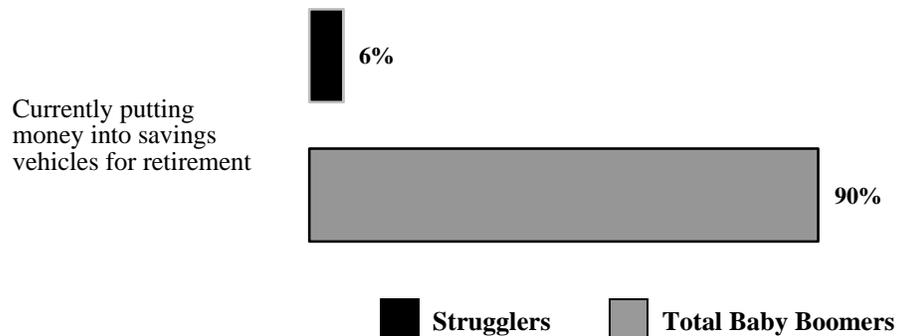
Detailed Portrait of the Segments: The Strugglers (9%)

Of the five Baby Boomer segments, the Strugglers (9% of the total Baby Boomer population) are the lowest income group, with a median household income nearly \$30,000 below the average Baby Boomer. The Strugglers are saving virtually no money for retirement, because they simply have no money to save. Compared to other groups, they report having given relatively little thought to retirement, and a majority say they look ahead to their later years with very little sense of optimism.

Characteristics That Best Define the Strugglers

The Struggler segment of the Baby Boomer population is defined by the fact that they recognize their lack of retirement preparation. The most significant characteristic that sets this group apart: a mere 6% of the Strugglers report placing money in any of a broad array of savings vehicles asked about in the survey, compared to an overwhelming 90% of Baby Boomers as a whole who are using at least one of these vehicles to save for their retirement years.

Figure 3. The Strugglers Are Not Saving For Retirement



Source: 1998 AARP/Roper Baby Boomer Study. N = 186 Strugglers; N = 2001 Total

It is not at all surprising that the Strugglers find it difficult to save for retirement. They currently have the lowest annual median household income of all five of the Baby Boomer segments, which, at \$22,300, falls well below the annual median income among Baby Boomers measured in the survey of \$51,700.

A close look at retirement savings patterns reveals that virtually none of the Strugglers report currently putting money into: an IRA, 401(k), or other retirement savings accounts; mutual funds; long-term savings accounts; corporate stocks or bonds; or government bonds. An extremely small percentage currently are putting money into a regular savings account (3%), insurance (2%) and real estate (1%).

It is important to note that the Strugglers are not happy about their current retirement savings situation; almost three quarters (73%) say they are not at all satisfied with the amount they are currently putting away for retirement (compared to just 18% of Baby Boomers as a whole who feel this way). Those who are dissatisfied with the amount they are saving were asked to express in their own words the single most important reason they are not saving more for retirement: an overwhelming two-thirds (66%) respond that they do not have enough income to save. At another point in the survey, more than eight in ten (82%) of Strugglers agreed that they find it hard to save for retirement with so many other needs right now (compared to 47% of Baby Boomers who express this view).

Not only are the Strugglers currently not saving for retirement, but also, in looking ahead to their retirement years, comparatively few feel fairly sure that they can count on many possible sources of retirement income. For example, just 13% of the Strugglers feel they will be able to count on a 401(k) or other retirement savings account, compared with 68% of all Baby Boomers, who are fairly sure they can count on this source of retirement income. Similarly, only 20% of the Strugglers say they feel fairly sure they can count on income or money from savings and investments, compared to many more (60%) of total Baby Boomers who feel this way. Accordingly, elsewhere in the survey, fewer than three in ten Strugglers (28%) say they expect to depend heavily during retirement on the personal investments they are making today, compared to almost two-thirds (64%) of all Baby Boomers who hold this expectation.

Moreover, just 28% of the Strugglers feel they are fairly sure they can count on an employee pension, about half as many as the percentage of Baby Boomers as a whole (57%) who are counting on employee pensions as a source of retirement income. In sum, of seven possible sources of retirement income asked about (including Social Security), 14% of the Strugglers felt that they couldn't count on any of the sources, compared with just 2% of Baby Boomers as a whole.

The Strugglers do think that they will have to depend on Social Security. Almost four in ten of the Strugglers (38%) say that they expect to rely on Social Security for all or most of their income during retirement, more than twice the number of total Baby Boomers who report this (15%). The financial situation of the Strugglers no doubt contributes to their feelings of dependence on Social Security benefits. Indeed, three quarters of the Strugglers (73%) feel that if Social Security benefits were not available, it would have a major impact on their retirement (compared to four in ten Baby Boomers (41%) who feel this way).

Figure 4. Key Characteristics Of The Strugglers

	% of Strugglers (N = 186)	% of Total Baby Boomers (N = 2001)
Putting money into any of the savings vehicles asked about	6	90
Into IRA, 401(k)	–	67
Into regular savings account	3	42
Into mutual funds	–	35
Into long-term savings account	–	30
Into insurance	2	31
Into corporate stocks or bonds	–	28
Into real estate	1	29
Not at all satisfied with amount putting away for retirement	73	18
Expect to depend heavily during retirement on personal investments making today	28	64
Can count on 401(k) or other retirement saving account	13	68
Can count on income from savings/investments	20	60
Can count on employee pension	28	57
Find it hard to save for retirement with so many other needs right now	82	47
Expect to depend heavily on a 401(k) during retirement	16	38
Expect to rely on Social Security for all/most of their income during retirement	38	15
If Social Security benefits were not available, it would have a major impact on their retirement	73	41

Source: 1998 AARP/Roper Baby Boomer Study

Demographic Profile of the Strugglers

In terms of demographic characteristics that differ significantly from the Baby Boomers as a whole, the Strugglers tend to be disproportionately comprised of females (64%) more than males (36%), whereas the Baby Boomer sample as a whole is about half female (51%) and half male (49%).

A higher than average proportion of Strugglers are currently divorced (26% versus 16% of all Baby Boomers); and a higher percentage are separated (9% versus 3% of all Baby Boomers). A larger proportion are single/never married people (16% versus 11% of all Baby Boomers).

Therefore, fewer of the Strugglers are married (45%) compared to Baby Boomers as a whole (68%). However, the Strugglers are equally likely as other Baby Boomers to have children (86% versus 84% for all Baby Boomers).

As for employment status, the Strugglers are less likely than Baby Boomers as a whole to be comprised of people who are employed full-time (62% versus 78%), equally likely to include part-time workers (10% versus 11%), and much more likely to include people who are not employed (25% of the Strugglers versus 9% of all Baby Boomers). As a group, the Strugglers report lower levels of education attained than do Baby Boomers as a whole. For example, 20% of the Strugglers have less than a high school degree compared to just 6% among all Baby Boomers. Fewer than one in ten (8%) of the Strugglers have graduated from college, while 27% of Baby Boomers as a whole are college graduates.

The Strugglers' median annual household income of \$22,300—which is nearly \$30,000 less than the average Baby Boomers' income—reflects the extent of single-headed households, the level of education, and the level of unemployment seen among this segment.

In terms of lifestyle variables, Strugglers are more likely than Baby Boomers as a whole to have experienced losing a job (51% versus 35%), divorce (47% versus 35%), and surviving a major illness (37% versus 22%). Strugglers are also more likely than Baby Boomers as a whole to assess their current health status as fair or poor.

In terms of region, the Strugglers tend to be concentrated most heavily in the South (where 43% live, compared to 35% of Baby Boomers as a whole). Just under one in four (23%) live in the West and 18% live in the Northeast, roughly in the same proportion as total Baby Boomers. Fewest live in the Midwest (16% compared to 23% of total Baby Boomers).

As the accompanying table illustrates, there are no significant differences between Strugglers and Baby Boomers as a whole in terms of several other demographic characteristics, such as age and race/ethnicity.

Figure 5. Demographic Characteristics Of The Strugglers

	% of Strugglers (N = 186)	% of Total Baby Boomers (N = 2001)
<u>Gender</u>		
Male	36	49
Female	64	51
<u>Marital Status</u>		
Married	45	68
Divorced	26	16
Separated	9	3
Widowed	4	2
Single/never married	16	11
<u>Have Children</u>	86	84
<u>Employment Status</u>		
Full-time	62	78
Executive/Professional	16	22
White collar	23	34
Blue collar	57	40
Part-time	10	11
Not-employed	25	9
<u>Educational Level</u>		
Less than high school	20	6
High school grad	41	35
Some vocational/tech training	14	7
Some college (or 2 year degree)	15	23
College graduate or more	8	27
<u>Median Household Income</u>	\$22,300	\$51,700
<u>Mean Age</u>	42	42

Source: 1998 AARP/Roper Baby Boomer Study

Figure 5. Demographic Characteristics Of The Strugglers (Continued)

	% of Strugglers (N = 186)	% of Total Baby Boomers (N = 2001)
<u>Significant Lifestage Variables Have Experienced</u>		
Lost job	51	35
Gotten a divorce	47	35
Survived major illness	37	22
<u>Self-assessed Current Health Status</u>		
Excellent	14	27
Very Good	23	36
Good	28	25
Fair	26	9
Poor	8	2
<u>Race</u>		
White	80	83
Black/African-American	15	12
Asian	–	1
Hispanic	1	1
Native American	1	1
Something else	1	1
<u>Hispanic Origin†</u>	5	7
<u>Region</u>		
Northeast	18	20
Midwest	16	23
South	43	35
West	23	22

†Respondents may be of different races

Source: 1998 AARP/Roper Baby Boomer Study

The Strugglers' Attitudes Toward Retirement

Retirement does not engender a sense of optimism for most of the Strugglers. Almost six in ten (57%) say they are not too or not at all optimistic about their retirement years (compared to 29% of Baby Boomers as a whole who feel this way). A majority of the Strugglers (52%) say that they have given only a little or not much thought at all to what they will do during retirement—where they will live, what they will live on, etc.—while only 28% of Baby Boomers as a whole admit to such a lack of preparation. In addition to having little money to save, the Strugglers have given retirement plans little thought perhaps, in part, due to the fact that almost half (49%) believe that they won't be able to afford to retire (compared to 24% of all Baby Boomers who say this).

The Strugglers' expectations for their retirement years are very much influenced by their current financial vulnerabilities. A majority of the Strugglers (53%) feel that during retirement they will have to struggle to make ends meet. By comparison, fewer than a quarter of all Baby Boomers express this sentiment (23%). Further, just 9% of the Strugglers feel they will have plenty of money when they are retired, compared to 30% of Baby Boomers who feel this way. Just 15% expect to be better off than most people their age (compared to 39% of all Baby Boomers who say this). The Strugglers are three times as likely as Baby Boomers overall to worry that they will have to stop working earlier than they would like due to poor health or a disability (36% versus 12%).

Figure 6. The Strugglers' Attitudes Toward Retirement

	% of Strugglers (N = 186)	% of Total Baby Boomers (N = 2001)
Expect to have plenty of money when retire	9	30
Expect to be better off financially than most people their age	15	39
Expect to have to stop working earlier than would like because of poor health	36	12
Expect to have to struggle to make ends meet	53	23
Not too/not at all optimistic about retirement	57	29
Have given only a little/not much thought to retirement	52	28
Won't be able to afford to retire	49	24
Expect to devote more time to community service or volunteer activities	43	49

Source: 1998 AARP/Roper Baby Boomer Study

“I don’t think anybody really wants to work. I don’t think any 65-year-old person really wants to work. As I get older, I’m getting tired and I’m getting tired faster...And so when I’m 65, it’s not that I want to work, but I may have to work, at least something to supplement.”
–Female member of Anxious segment

Detailed Portrait of the Segments: The Anxious (23%)

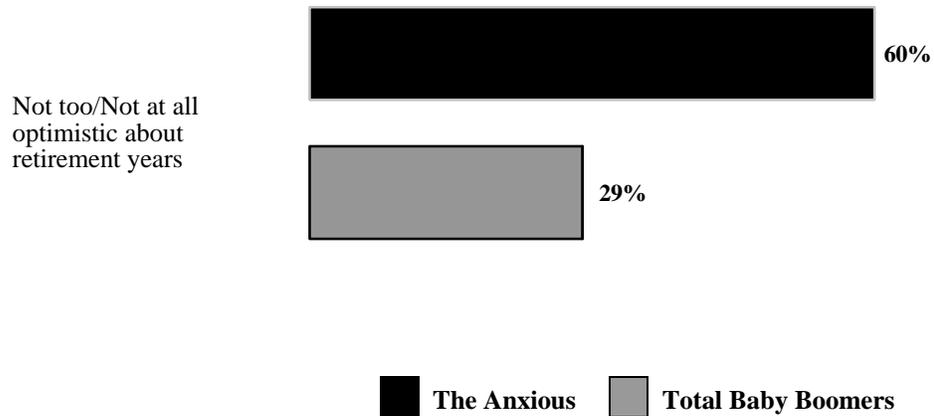
The Anxious (23% of the Baby Boomer population) are best characterized by their sense of apprehension when they look ahead to their later years. Although they fall below the average Baby Boomer’s household income level, with their limited means, they currently strive to put some money aside for retirement. But the Anxious do not expect to be rewarded with financial well-being when they retire. Indeed, many do not expect to be able to stop working. In addition to their anxieties about their retirement finances, the Anxious also express concern about their health care coverage during their retirement years.

Characteristics That Best Define the Anxious

Although they are currently doing a fair amount to actually prepare for their retirement, the Anxious nevertheless foresee it as a time of difficulties and hardship. In fact, six in ten of the Anxious (60%) report feeling not too or not at all optimistic about their retirement years, the highest degree of pessimistic feelings among any of the groups, and a much higher level than the 29% of Baby Boomers as a whole who feel this way.

“There was no planning [for retirement by my parents]. And that’s what frightens me because I’m pretty much stuck in that rut. I don’t have a spare cent to invest in any way, shape or form, and I have to rely on my employer’s pension or the 401(k) or whatever, which at the rate I’ve been picking places to work, I haven’t been doing very well.”
–Male member of the Anxious segment

Figure 7. The Anxious Lack Optimism About Retirement



Source: 1998 AARP/Roper Baby Boomer Study. N = 455 Anxious; N = 2001 Total

The Anxious segment’s expectations of their retirement years are fraught with financial insecurity. Most anticipate having to struggle financially. Just 9% expect to have plenty of money when they retire, compared to 30% of total Baby Boomers who feel this way. Four in ten of the Anxious (40%) anticipate having to struggle to make ends meet during retirement, compared to fewer than a quarter of all Baby Boomers who feel this way (23%). And four in ten of the Anxious (42%) feel they won’t be able to afford to retire (compared to one quarter of Baby Boomers as a whole). When asked whether they expect to work during retirement, almost half of the Anxious (47%) foresee having to work at least part-time mainly for the income a job provides (compared to 23% of Baby Boomers as a whole); only 18% expect to work for enjoyment (compared to 35% of Baby Boomers as a whole).

“The biggest thing [concern about retirement savings] is just your healthcare alone. God help you if you get sick, even if you have everything saved up. You have to go into the hospital and let’s say you’re not prepared, you’re ruined.”
–Male member of Anxious segment

Health care coverage during retirement also is a major concern for the Anxious. Almost half (49%) expect to have to keep on working during retirement in order to obtain needed health care coverage for themselves and their families (compared to 28% for all Baby Boomers). In a series of questions about their anticipated health care coverage during their retirement years, the Anxious express much less confidence than Baby Boomers as a whole that they will have coverage that will allow them to: see a specialist when they feel they need to (31% compared to 70% of all Baby Boomers), get the care they need when they feel they need it (47% versus 79%), and visit doctors of their own choosing (36% versus 69%).

Adding to their concerns about health care coverage during retirement is a lack of confidence, expressed by more than eight in ten of the Anxious, that Medicare will still be available when they retire (81% hold this view compared to 59% of all Baby Boomers). Additionally, only 11% of the Anxious expect that their employer will cover their health insurance needs after they retire, far fewer than the 34% of total Baby Boomers who expect their employer will do so. Just 37% of the Anxious say they expect to have health coverage that will meet their needs (compared to 58% of total Baby Boomers who expect to).

In terms of financial planning for retirement, it is worth noting that the Anxious do not differ greatly from total Baby Boomers in the extent to which they are currently using various vehicles to save money for their retirement years. In roughly equal proportions to all Baby Boomers, the Anxious currently are putting money into: an IRA, 401(k) or other retirement savings account (64% of the Anxious compared to 67% of all Baby Boomers); a regular savings account (37% compared to 42%); insurance (27% compared to 31%); real estate (23% compared to 29%); and government bonds (6% compared to 14%). With respect to a few other investment vehicles, a smaller proportion of the Anxious than Baby Boomers as a whole are saving, though the numbers of the Anxious saving is not negligible: mutual funds (19% of the Anxious versus 35% of all Baby Boomers), long-term savings accounts (16% versus 30%), and corporate stocks or bonds (11% versus 28%).

The Anxious' actual retirement savings participation, in and of itself, does not seem to be the key to their pessimistic outlook on retirement. However, their annual median household income, at \$41,100, is below the median for Baby Boomers as a whole at \$51,700. Moreover, the Anxious are twice as likely as Baby Boomers as a whole to report feeling not very or not at all satisfied with the amount of money they are putting aside for retirement (62% versus 33%).

Thus, perhaps it is their *belief* that they should be doing more now to save, coupled with their *inability* to do so that contributes to feelings of anxiety as they look ahead to their later years. Just over one-third of the Anxious (35%) say they feel confident in their ability to adequately prepare for the future, compared to six in ten Baby Boomers as a whole who report feeling confident (61%).

Figure 8. Key Characteristics Of The Anxious

	% of The Anxious (N = 455)	% of Total Baby Boomers (N = 2001)
Confident health care coverage when retired will allow to:		
See specialist when feel need to	31	70
Get care need when feel need it	47	79
Visit doctor of own choosing	36	69
Not too/not at all optimistic about retirement	60	29
Not very/not at all satisfied with amount putting aside for retirement	62	33
Expect to have to keep on working to obtain needed health care coverage	49	28
Expect to have plenty of money when retire	9	30
Will have to struggle to make ends meet	40	23
Expect to work part-time for needed income it provides	47	23
Feel confident in ability to prepare for the future	35	61
Won't be able to afford to retire	42	24
Not too/not at all confident Medicare will be available when they retire	81	59
Expect employer will cover health insurance after retire	11	34
Expect to have health coverage that will meet needs	37	58

Source: 1998 AARP/Roper Baby Boomer Study

Demographic Profile of the Anxious

Beyond the Anxious' income level—the second lowest of the five groups, and at \$41,100, roughly \$10,000 below the average Baby Boomers' annual median income—there are several other demographic characteristics that set the Anxious apart from the typical Baby Boomer.

Like the Strugglers, this group skews more heavily female (55%) than male (45%), compared to Baby Boomers as a whole (51% female and 49% male). The Anxious are comprised of married people in roughly the same proportion as Baby Boomers as a whole (65% and 68%). And the Anxious are equally likely as average Baby Boomers to have children (86% and 84%, respectively).

The Anxious have attained a somewhat lower level of education than average Baby Boomers; 27% of Baby Boomers are college graduates versus 19% of the Anxious. Yet, the Anxious' employment status mirrors that of Baby Boomers as a whole, with three-quarters employed full-time and just about one in ten employed part-time. The Anxious, however, are less likely than Baby Boomers as a whole to be employed in executive/professional positions (15% versus 22%, respectively).

The Anxious are somewhat less likely than Baby Boomers as a whole to rate their current health status as “excellent.” As the accompanying table illustrates, there are no significant differences between the Anxious and Baby Boomers as a whole in terms of several other demographic characteristics, such as age and race/ethnicity.

As for regional distribution, the Anxious mirror the total Baby Boomer population: 34% live in the South, 24% in the West, 21% in the Northeast, and 21% in the Midwest.

Figure 9. Demographic Characteristics Of The Anxious

	% of The Anxious (N = 455)	% of Total Baby Boomers (N = 2001)
<u>Gender</u>		
Male	45	49
Female	55	51
<u>Marital Status</u>		
Married	65	68
Divorced	19	16
Separated	2	3
Widowed	2	2
Single/never married	11	11
<u>Have Children</u>	86	84
<u>Employment Status</u>		
Full-time	77	78
Exec/Professional	15	22
White collar	38	34
Blue collar	43	40
Part-time	11	11
Not-employed	9	9
<u>Educational Level</u>		
High school grad or less	50	41
Some vocational/tech training	6	7
Some college (or 2 year degree)	22	23
College graduate or more	19	27
<u>Median Household Income</u>	\$41,100	\$51,700
<u>Mean Age</u>	41	42

Source: 1998 AARP/Roper Baby Boomer Study

Figure 9. Demographic Characteristics Of The Anxious (Continued)

	<u>% of The Anxious (N = 455)</u>	<u>% of Total Baby Boomers (N = 2001)</u>
<u>Self-assessed Current Health Status</u>		
Excellent	20	27
Very good	34	36
Good	31	25
Fair	12	9
Poor	3	2
<u>Race</u>		
White	87	83
Black/African-American	8	12
Asian	1	1
Hispanic	1	1
Native American	1	1
Something else	1	1
<u>Hispanic Origin†</u>	6	7
<u>Spouse Employed Full-Time</u>	56	58
<u>Region</u>		
Northeast	21	20
Midwest	21	23
South	34	35
West	24	22

†Respondents may be of different races

Source: 1998 AARP/Roper Baby Boomer Study

The Anxious' Attitudes Toward Retirement

"So now I am at a point where I really don't have much put away for retirement, and Social Security is down the tubes. I really can't rely on it...And I haven't got enough in my 401(k), so I'm real concerned about retirement"

—Female member of the Anxious segment

Another dimension of the Anxious' outlook on their later years is illustrated by their frustration, expressed by a majority (52%), that they won't be able to afford to do all the things they want to do (compared to 34% of Baby Boomers as a whole who feel this way). In fact, the Anxious are more likely than Baby Boomers as a whole to describe retirement as a time of economic hardship (35% versus 22%). Their anticipation of a difficult retirement reflects current difficulties making ends meet: two-thirds of the Anxious find it hard to save for retirement, with so many other needs right now (68% versus 47% of all Boomers).

Compared to all Baby Boomers, fewer of the Anxious expect to be better off financially than most people their age (21% versus 39%) or to be able to travel more than most people their age (20% versus 38%). Fewer of the Anxious than Baby Boomers as a whole expect to have plenty of time for recreation (54% versus 72%).

Social Security benefits during retirement are something that six in ten of the Anxious (60%) say would have a major impact on their retirement if not available (compared to 41% of all Baby Boomers). Yet, reflecting their generally pessimistic outlook on retirement—and their anticipation of hardship—more than eight in ten of the Anxious (84%) say they are not too or not at all confident that Social Security will still be available to them when they retire (compared to 64% of total Baby Boomers).

Figure 10. The Anxious' Attitudes Toward Retirement

	% of The Anxious (N = 455)	% of Total Baby Boomers (N = 2001)
Won't be able to afford to do all the things want to do when retired	52	34
Not too/not at all confident Social Security will still be available	84	64
Expect to be better off financially than most people my age	21	39
Expect to be able to travel more than most people my age	20	38
Describe retirement as time of economic hardship	35	22
Find it hard to save for retirement with so many other needs right now	68	47
If Social Security benefits were not available, it would have major impact on their retirement	60	41
Expect to have plenty of time for recreation	54	72
Expect to devote more time to community service or volunteer activities	40	49

Source: 1998 AARP/Roper Baby Boomer Study

Detailed Portrait of the Segments: The Enthusiasts (13%)

*“What comes to
mind when I
think about
retiring?
Relaxing – just
totally relaxing.
Traveling...Just
not having to do
anything.”
–Female
member of the
Enthusiasts
segment*

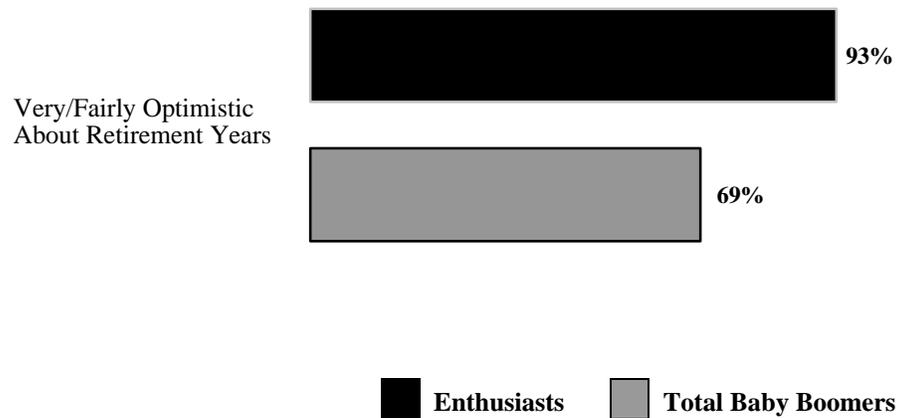
Unlike the Strugglers and the Anxious, who fear not having enough money in retirement and look toward their later years with very little optimism, the Enthusiasts could hardly be more eager to reach their retirement years. A defining characteristic of this group is that, without exception, Enthusiasts do not plan to work *at all* during retirement. Indeed, they envision having plenty of money and plenty of time for recreation. For them, retirement promises to be a time free of the rigors of working.

Characteristics That Best Define the Enthusiasts

Unlike all of the other groups, the Enthusiasts, who make up 13% of the Baby Boomer population, have absolutely no plans to work during retirement (100%). By comparison, only 16% of Baby Boomers as a whole say they have no plans to work when they retire.

Overwhelmingly, Enthusiasts (93%) express optimism about their retirement years, and say they look forward to them. For most Enthusiasts, the time won't come soon enough: almost two-thirds (66%) say they can't wait to retire.

Figure 11. Enthusiasts Overwhelmingly Optimistic About Retirement



Source: 1998 AARP/Roper Baby Boomer Study. N = 260 Enthusiasts; N = 2001 Total

The Enthusiasts enjoy the second highest income level of the groups, with a median income of \$59,300. Thinking about their financial future, they report a high level of satisfaction with the amount of money they are putting aside for retirement, with more than eight in ten (88%) saying they are completely or somewhat satisfied.

Moreover, almost half of Enthusiasts (49%) agree with the statement that they will have plenty of money when they retire. Just one in ten (10%) envision having to struggle to make ends meet.

“Isn’t that what retirement’s supposed to be all about – you have the time to do exactly what you want to do. Whether you choose to get up at 7:30 one day or sleep in until 10 o’clock...I think that’s what your retirement’s supposed to be about, to give you that time to do exactly what you want to do when that morning comes.”
 –Female member of the Enthusiasts segment

Figure 12. Key Characteristics Of The Enthusiasts

	% of Enthusiasts (N = 260)	% of Total Baby Boomers (N = 2001)
Plan to not work at all when retired	100	16
Very/fairly optimistic about retirement years	93	69
Can’t wait to retire	66	42
Completely/somewhat satisfied with amount putting away for retirement	88	67
Will have plenty of money when retire	49	30
Will have to struggle to make ends meet	10	23

Source: 1998 AARP/Roper Baby Boomer Study

Demographic Profile of the Enthusiasts

In only a few ways do Enthusiasts’ demographic characteristics differ from the average Baby Boomers’. This segment tends to be comprised more of males (55%) than females (45%), rather than a more even split between males (49%) and females (51%) seen among Baby Boomers as a whole. Enthusiasts also tend to be married in greater proportion than Baby Boomers as a whole (75% compared to 68%).

Education levels of the Enthusiasts roughly mirror those of Baby Boomers as a group. Full-time employment figures are identical, although Enthusiasts tend to be white collar workers in greater proportions than Baby Boomers as a whole (41% versus 34%, respectively).

Enthusiasts are somewhat more likely than Baby Boomers as a whole to rate their health “excellent.” Age and race/ethnicity show no differences compared to Baby Boomers as a whole.

Enthusiasts are somewhat more likely than Baby Boomers overall to have a spouse who is employed full-time. This contributes to the fact, no doubt, that Enthusiasts' median household income is \$59,300 per year, somewhat higher than the \$51,700 level for Baby Boomers in general.

Figure 13. Demographic Characteristics Of The Enthusiasts

	<u>% of Enthusiasts</u> (N = 260)	<u>% of Total Baby Boomers</u> (N = 2001)
<u>Gender</u>		
Male	55	49
Female	45	51
<u>Marital Status</u>		
Married	75	68
Divorced	11	16
Separated	1	3
Widowed	3	2
Single/never married	10	11
<u>Have Children</u>	81	84
<u>Education</u>		
High school grad or less	42	41
Some vocational/tech training	6	7
Some college (or 2 year degree)	20	23
College graduate or more	29	27
<u>Employment</u>		
Full-time	78	78
Exec./Professional	18	22
White Collar	41	34
Blue Collar	37	40
Part-time	12	11
Not-employed	7	9
<u>Spouse Employed Full Time</u>	62	58
<u>Median Household Income</u>	\$59,300	\$51,700
<u>Mean Age</u>	42	42

Source: 1998 AARP/Roper Baby Boomer Study

Figure 13. Demographic Characteristics Of The Enthusiasts (Cont'd)

	% of Enthusiasts	% of Total Baby Boomers
	(N = 260)	(N = 2001)
<u>Self-assessed Current Health Status</u>		
Excellent	34	27
Very Good	36	36
Good	23	25
Fair	7	9
Poor	*	2
<u>Race</u>		
White	84	83
Black/African American	12	12
Asian	*	–
Hispanic	1	1
Native American	1	1
Something else	*	1
<u>Hispanic Origin†</u>	4	7
<u>Significant Lifestage Variables Experienced</u>		
Getting a divorce	28	35
<u>Region</u>		
Northeast	20	20
Midwest	22	23
South	38	35
West	21	22

†Respondents may be of different races

Source: 1998 AARP/Roper Baby Boomer Study

“The idea of getting to retirement is getting to a point in your life where you say ‘I’m through with having to do the norm; I can do whatever I want.’ You can do whatever you want within your retirement capabilities. It’s a freedom.”
–Male member of the Enthusiasts segment

The Enthusiasts’ Attitudes Toward Retirement

The Enthusiasts’ expectations for enjoying their retirement are high. Underscoring the earlier points noted about their optimism regarding their financial future, close to six in ten Enthusiasts (57%) say that they expect to be better off financially than most people their age (of the five segments, they are the most likely to feel this way). This group also is the most certain of all the groups that they will have plenty of time for recreation when they retire (88% agree).

The Enthusiasts reject the idea that they won’t be able to afford to retire (only 11% share this sentiment) and that they won’t be able to afford to do all the things they want to do when they are retired (just 20% agree). In both instances, of the Baby Boomer segments, Enthusiasts register the lowest levels of agreement with these notions.

In fact, their optimistic feelings about retirement extend to their expectation for health care: more than nine in ten say they are confident that their health care coverage during retirement will allow them to get the care they need when they need it (94%).

Finally, while many Baby Boomers (39%) say they find it hard to imagine themselves retired, it comes as no surprise that the Enthusiasts are the least likely segment to express this sentiment (23%).

Figure 14. The Enthusiasts' Attitudes Toward Retirement

	% of Enthusiasts (N = 260)	% of Total Baby Boomers (N = 2001)
Expect to be better off financially than most people my age	57	39
Won't be able to afford to retire	11	24
Confident that their health care coverage will allow them to get care they need	94	79
Won't be able to afford to do all the things want to do	20	34
Will have plenty of time for recreation	88	72
Find it hard to imagine self retired	23	39
Expect to devote more time to community service or volunteer activities	44	49

Source: 1998 AARP/Roper Baby Boomer Study

Detailed Portrait of the Segments: The Self Reliants (30%)

“I think it’s never too late to start saving for retirement. A lot of people are concerned with the money. It just takes a little discipline to plan ahead of time. And the sooner you plan, the better off you are.”

–Female member of the Self Reliant segment

The Self Reliant segment—which boasts the highest income and educational level of any group in the segmentation—has 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. Indeed, the contrast with the Enthusiasts could not be more striking: whereas all of the Enthusiasts expect to stop working, only 1% of the Self Reliants expect to not work at all. But what motivates the Self Reliants to continue working is not the pay, but rather the interest and enjoyment that work provides.

Characteristics That Best Define the Self Reliants

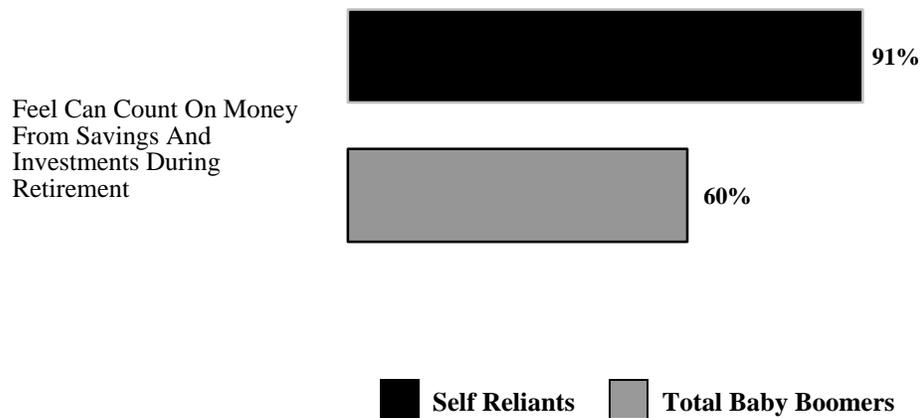
The Self Reliants are best defined by the steps they are taking to be just that—self-reliant during their later years. The behavior that most sets apart this group, who represent 30% of the Baby Boomer population, from the typical Baby Boomer is the extent to which the Self Reliants are putting money away for retirement.

A majority of Self Reliants are currently putting money into most of the possible savings vehicles asked about in the survey: IRA, 401(k) or other retirement savings (93% of Self Reliants compared to 67% of all Baby Boomers); mutual funds (71% compared to 35%); corporate stocks or bonds (61% compared to 28%); long-term savings accounts (61% compared to 30%); insurance (54% compared to 31%); and real estate (51% compared to 29%). As a point of comparison, among the Baby Boomers as a whole, a majority are putting money into only one of these vehicles—IRA, 401(k), or other retirement savings (67%). Only about three in ten Baby Boomers are saving money in each of the other savings options mentioned above.

Not surprisingly then, when asked what sources of income they feel fairly sure they can count on during retirement, Self Reliants in much greater proportions than Baby Boomers as a whole list several: IRA, 401(k) or other retirement savings (95% vs. 68%); money from savings and investments (91% vs. 60%); pension from place of employment (78% vs. 57%); annuity policy from insurance company (49% vs. 28%).

Not only are the Self Reliants utilizing a number of different savings options, an overwhelming majority are pleased with the amount of money they are saving. Almost nine in ten (89%) say they are satisfied with the amount of money they are currently putting aside for their retirement (compared to 67% of total Baby Boomers as a whole who feel this way). More than eight in ten Self Reliants (83%) say they expect to depend heavily during retirement on the personal investments they are making today, compared to 64% of Baby Boomers overall.

Figure 15. Self Reliants Counting On Money From Savings And Investments



Source: 1998 AARP/Roper Baby Boomer Study. N = 592 Self Reliants; N = 2001 Total

In keeping with their commitment to self-reliance, only about one quarter say they find it hard to save for retirement with so many other needs right now (27% compared to 47% of total Baby Boomers who express this sentiment).

Social Security benefits do not factor heavily into the Self Reliants' retirement plans. Very few of this group (19%) say that if Social Security benefits were not available it would have a major impact on their retirement, especially when compared to Baby Boomers as a whole (41%).

Figure 16. Key Characteristics Of The Self Reliants

	% of Self Reliants (N = 592)	% of Total Baby Boomers (N = 2001)
Putting money into any of the savings vehicles asked about:	100	90
Mutual funds	71	35
Corporate stocks or bonds	61	28
Long-term savings account	61	30
IRA, 401(k), other retirement savings accounts	93	67
Real estate	51	29
Insurance	54	31
Government bonds	30	14
Feel fairly sure can count on as a source of income during retirement:		
Money from savings/investments	91	60
IRA, 401(k), or other retirement savings	95	68
Annuity policy from insurance company	49	28
Pension from employer	78	57
Completely/somewhat satisfied with the amount putting away for retirement	89	67
If Social Security benefits were not available, it would have major impact on their retirement	19	41
Find it hard to save for retirement with so many other needs right now	27	47
Expect to depend heavily during retirement on personal investments making today	83	64

Source: 1998 AARP/Roper Baby Boomer Study

“We’ve planned ahead with other investments. Real estate investments, stock investments. So our minds are always working to make money.”
–Female member of the Self Reliant segment

Demographic Profile of the Self Reliants

The most significant demographic fact about the Self Reliants is that they are the most well-off of the five Baby Boomer segments, with the highest median household income at \$69,100 per year (well above the average Baby Boomer at \$51,700). Their income level allows for the pattern of aggressive saving for retirement described above.

This group is evenly split between males (51%) and females (49%). More than three-quarters of Self Reliants (77%) are married, a higher proportion than among Baby Boomers as a whole (68%). They are equally as likely as typical Baby Boomers to be parents (84%).

Several other demographic characteristics that set the Self Reliants apart from other Baby Boomers correlate strongly with their high level of household income. The Self Reliants have the highest educational level of any group. Four in ten Self Reliants (42%) have a college education or more: 27% are college graduates and 15% have a post-graduate education. In terms of occupation, the Self Reliants are more likely than Baby Boomers as a whole to be in an executive or professional position (29% versus 22%) and less likely to be a blue collar worker (34% versus 40%). The Self Reliants also are the segment most likely to have a spouse employed full-time (65% compared to 58% of Baby Boomers as a whole).

The Self Reliants are more likely than the average Baby Boomer to assess their health as excellent or very good (76% versus 63% of Boomers as a whole). They do not differ significantly in terms of race/ethnicity. In terms of regional distribution, the Self Reliants mirror the Baby Boomer population as a whole: Northeast (21%), Midwest (24%), South (32%), and West (23%).

It is worth noting that the Self Reliants are the largest of the five segments. Given the Baby Boom generations’ propensity to value self-reliance, this group’s large presence in the population is not surprising.

Figure 17. Demographics Characteristics Of The Self Reliants

	<u>% of Self Reliants</u> (N = 592)	<u>% of Total Baby Boomers</u> (N = 2001)
<u>Gender</u>		
Male	51	49
Female	49	51
<u>Marital Status</u>		
Married	77	68
Divorced	12	16
Separated	2	3
Widowed	1	2
Single/never married	8	11
<u>Have Children</u>	84	84
<u>Education</u>		
High school grad or less	24	41
Some vocational/tech training	6	7
Some college (or 2 year degree)	27	23
College graduate or more	42	27
<u>Employment</u>		
Full-time	82	78
Exec/professional	29	22
White collar	34	34
Blue collar	34	40
Part-time	11	11
Not-employed	5	9
<u>Spouse Employed Full-Time</u>	65	58
<u>Median Household Income</u>	\$69,100	\$51,700
<u>Mean Age</u>	42	42

Source: 1998 AARP/Roper Baby Boomer Study

**Figure 17. Demographics Characteristics Of The Self Reliants
(Continued)**

	% of Self Reliants	% of Total Baby Boomers
	(N = 592)	(N = 2001)
<u>Self-assessed Current Health Status</u>		
Excellent	34	27
Very Good	42	36
Good	18	25
Fair	5	9
Poor	1	2
<u>Race</u>		
White	86	83
Black/African American	9	12
Asian	*	1
Hispanic	1	1
Native American	1	1
Something else	1	1
<u>Hispanic Origin†</u>	1	1
<u>Region</u>		
Northeast	21	20
Midwest	24	23
South	32	35
West	23	22

†Respondents may be of different races

Source: 1998 AARP/Roper Baby Boomer Study

*“To me
[retirement
means]
stopping one
thing you’ve
been doing for
a period of time
and going to do
something else.
I don’t think
personally that
anybody should
ever retire and
say, ‘Okay, I’m
just going to
stay home and
do nothing.’
You have to be
occupied.”*
–Male member
of the Self
Reliant
segment

The Self Reliants’ Views Toward Retirement

When it comes to thinking about retirement—where they will live, what they will live on—the Self Reliants report giving the matter the most thought (85% report giving it a great deal or some thought, compared to 72% of total Baby Boomers). A majority (56%) say they have thought about it a great deal, and another 29% report having thought about it some.

Those thoughts of retirement, no doubt, include plans for work of some sort. Virtually all of the Self Reliants say they plan to work in some capacity during retirement (just 1% say they do not plan to work at all). Nearly two-thirds (63%) of Self Reliants, however, say they will be working part-time mainly for enjoyment or interest’s sake.

This expectation of working mainly for enjoyment or interest’s sake is not surprising, given that 45% of the Self Reliants expect they will have plenty of money when they retire. In fact, very few Self Reliants (9%) say they expect to have to struggle to make ends meet, compared to nearly one quarter (23%) of Baby Boomers as a whole who have this expectation for their retirement.

Figure 18. The Self Reliants' Attitudes Toward Retirement

	% of Self Reliants (N = 592)	% of Total Baby Boomers (N = 2001)
Plan to work part-time mainly for interest's or enjoyment sake	63	35
Expect to have plenty of money when retired	45	30
Plan not to work at all during retirement	1	16
Expect to have to struggle to make ends meet	9	23
Thought a great deal/some about retirement years	85	72
Expect to devote more time to community service or volunteer activities	58	49

Source: 1998 AARP/Roper Baby Boomer Study

Detailed Portrait of the Segments: Today's Traditionalists (25%)

"[In preparing for retirement], when you are eligible for Medicare is key...As a retiree, no one that I know of can afford this health insurance without Medicare."

–Male member of Today's Traditionalists

In describing this group, who make up one quarter of the Boomer population, the word traditional comes to mind. This segment, in many of their attitudes toward Social Security and Medicare, seem to have a stronger sense of confidence and less of an attitude of uncertainty than the other segments displayed toward these programs. But this group is not totally traditional: Today's Traditionalists plan both to work *and* to rely on Social Security and Medicare during retirement.

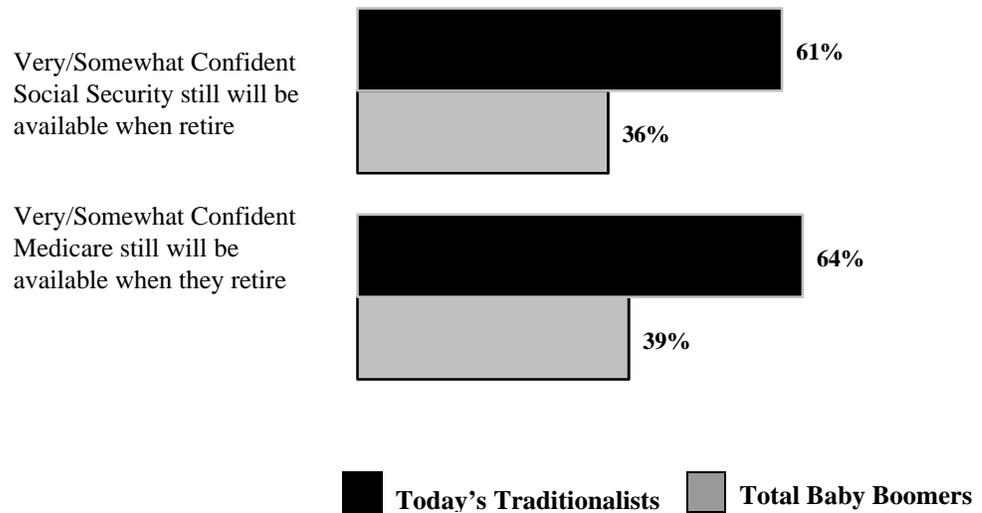
Characteristics That Best Define Today's Traditionalists

More than six in ten of Today's Traditionalists (61%) say they feel confident that Social Security will still be available to them when they retire. This is a sizable level of confidence when compared to the level registered for Baby Boomers as a whole at just 36%.

Accordingly, when asked about their views of the Social Security program, nearly eight in ten of Today's Traditionalists (78%) give it favorable marks, compared to 55% of Boomers as a whole who say they feel either very or somewhat favorable toward the program.

A similar pattern holds for Today's Traditionalists' attitudes toward Medicare. Although fewer than four in ten Boomers as a whole (39%) feel confident that Medicare will still be available to them when they retire, the level of confidence jumps to 64% among Today's Traditionalists. Moreover, close to eight in ten of Today's Traditionalists (79%) say they have a favorable view of Medicare.

Figure 19. Today's Traditionalists Confident In Social Security And Medicare



Source: 1998 AARP/Roper Baby Boomer Study.

N = 507 Today's Traditionalists; N = 2001 Total

In thinking more specifically about their health care coverage when they are retired, Today's Traditionalists express confidence in several aspects of it. Close to nine in ten say they feel that their health care coverage when they are retired will allow them to: get the care they need when they feel they need it (93%); see a specialist when they feel they need to (91%); and visit doctors of their own choosing (87%).

Beyond their views of Social Security and Medicare, there is one major way that Today's Traditionalists exhibit more clearly the tendencies of other Baby Boomers and do not fit the mold of the traditional American worker of years ago. Virtually all of Today's Traditionalists say they have no plans to quit working when they are retired. A mere 1% say they will not work at all when they are retired.

What type of work do Today's Traditionalists plan? Unlike the Self Reliants, a majority of whom plan to work for enjoyment or interest's sake, Today's Traditionalists respond with a whole range of possibilities when asked about their work plans during retirement. While four in ten plan to work part-time for interest or enjoyment (42%), one quarter say they will work part-time for the needed income it provides (25%), about one quarter say they will go into business for themselves (23%), and a few say they will work full-time at something else (5%).

Figure 20. Key Characteristics Of Today's Traditionalists

	% of Today's Traditionalists (N = 507)	% of Total Boomers (N = 2001)
Very/somewhat confident Social Security still will be available when they retire	61	36
Very/somewhat confident Medicare will still be available when they retire	64	39
Very/somewhat favorable view of Social Security program	78	55
Plan to not work at all during retirement	1	16
Very/somewhat favorable view of Medicare program	79	60
Feel very/somewhat confident that health care coverage when retired will allow to:		
Get the care they need when feel need it	93	79
See specialist when feel need to	91	70
Visit doctors of own choosing	87	69

Source: 1998 AARP/Roper Baby Boomer Study

Demographic Profile of Today's Traditionalists

In terms of demographic characteristics, Today's Traditionalists do not differ greatly from the average Boomer demographic profile. Today's Traditionalists tend to be somewhat more comprised of males (53%) than females (47%), rather than split more evenly as is true among total Boomers (49% male and 51% female).

Today's Traditionalists' marital status patterns are very similar to Boomers as a whole, and Today's Traditionalists are equally as likely as Boomers as a whole to have children.

Today's Traditionalists' median household income, at \$49,500, falls right in the middle of the five segments, and slightly below the median for all Boomers at \$51,700. Their educational levels roughly mirror those of Boomers as a whole, though somewhat fewer Today's Traditionalists are college graduates (22% compared to 27%).

Similarly, Today's Traditionalists' employment status mirrors Boomers' as a whole, with the same proportions for both groups employed full-time, part-time and not-employed. A majority of Today's Traditionalists (54%) have a spouse employed full-time, as do 58% of total Boomers.

Today's Traditionalists' self-assessed current health status does not differ from that of Boomers as a whole. In terms of race/ethnicity, Today's Traditionalists' are comprised of a somewhat higher proportion of African-Americans and Hispanics, though not at a significant level.

Figure 21. Demographic Characteristics Of Today's Traditionalists

	% of Today's Traditionalists (N = 507)	% of Total Boomers (N = 2001)
<u>Gender</u>		
Male	53	49
Female	47	51
<u>Marital Status</u>		
Married	66	68
Divorced	17	16
Separated	3	3
Widowed	3	2
Single/never married	12	11
<u>Have Children</u>	82	84
<u>Education</u>		
High school grad or less	44	41
Some vocational/tech training	10	7
Some college (or 2 year degree)	21	23
College graduate or more	22	27
<u>Employment</u>		
Full-time	78	78
Exec/professional	23	22
White collar	31	34
Blue collar	43	40
Part-time	10	11
Not-employed	9	9
<u>Spouse Employed Full-Time</u>	54	58
<u>Median Household Income</u>	\$49,500	\$51,700
<u>Mean Age</u>	42	42

Source: 1998 AARP/Roper Baby Boomer Study

**Figure 21. Demographic Characteristics Of Today's Traditionalists
(Continued)**

	% of Today's Traditionalists	% of Total Boomers
	(N = 507)	(N = 2001)
<u>Self-assessed Current Health Status</u>		
Excellent	28	27
Very good	36	36
Good	27	25
Fair	8	9
Poor	1	2
<u>Race</u>		
White	78	83
Black/African-American	17	12
Asian	1	1
Hispanic	2	1
Native American	*	1
Something else	*	1
<u>Hispanic Origin†</u>	10	7
<u>Region</u>		
Northeast	19	20
Midwest	27	23
South	34	35
West	20	22

†Respondents may be of different races

Source: 1998 AARP/Roper Baby Boomer Study

*"[I'll work for the guaranteed income], but I'll work just to keep busy too. Not many people can basically retire and travel all their life... You can only play golf so many times a day or afford to do all these different things unless you're very financially set."
—Male member of Today's Traditionalists*

Today's Traditionalists' Attitudes Toward Retirement

Compared with the other segments, Today's Traditionalists show less strong deviations, or stand apart less, from the average Baby Boomer. Other than in their views toward Social Security and Medicare, and their strong desire to work during retirement, the other top twenty or so variables with respect to Today's Traditionalists do not show the same strength of deviation as the top twenty or so variables of the other segments.

Even so, an examination of the top twenty variables for Today's Traditionalists finds some differences worth noting. For example, while virtually all of Today's Traditionalists (97%) are putting some money away for retirement, they are less likely than the average Baby Boomer to be putting money into several of the savings vehicles asked about. For example, 17% of Today's Traditionalists are putting money into mutual funds compared to 35% of Baby Boomers as a whole. Similarly, fewer Today's Traditionalists than Baby Boomers as a group are putting money into: corporate stocks or bonds (11% versus 28%), long-term savings accounts (15% versus 30%), insurance (18% versus 31%), real estate (18% versus 29%), and government bonds (7% versus 14%). With two other savings mechanisms—IRA, 401(k) or other retirement savings accounts and regular savings accounts—Today's Traditionalists are nearly as likely as average Baby Boomers to be putting money away (60% compared to 67% for IRA, 401(k), and 37% compared to 42% for regular savings accounts).

Accordingly, fewer Today's Traditionalists than Baby Boomers as a whole say they feel fairly sure they can count on several of a list of possible sources of retirement income. For instance, fewer Today's Traditionalists than average Baby Boomers say they feel they can count on: an annuity policy from an insurance company (15% versus 28%), income from savings and investments (47% versus 60%), money from selling their home (18% versus 27%), and IRA, 401(k), other retirement savings accounts (59% versus 68%).

Yet, even though Today's Traditionalists are less likely than the Baby Boomers as a group to say they can count on many of the savings vehicles asked about in the survey, they express more satisfaction than the average Baby Boomer with the amount they are putting aside for retirement. Three-quarters of Today's Traditionalists say they are either completely or somewhat satisfied with the amount they are saving, compared to two-thirds of Baby Boomers as a whole.

Perhaps this lower level of concern about savings is linked to the fact that Today's Traditionalists have heavily factored Social Security benefits into their retirement futures. Almost seven in ten (68%) have the attitude that since they put money into the Social Security system, they expect to get it back during their retirement years. Further, more than four in ten of Today's Traditionalists believe that people of their generation expect Social Security to meet their needs as well as it did their parents' generation (42% compared to 31%). Finally, it is worth noting that Today's Traditionalists, more than the average Baby Boomer, are likely to say that when they think about retirement, they have the attitude that the future will take care of itself (31% versus 22%).

Figure 22. Today's Traditionalists' Attitudes Toward Retirement

	% of Today's Traditionalists (N = 507)	% of Total Baby Boomers (N = 2001)
Put money into Social Security and expect to get it back	68	55
Believe people of their generation expect Social Security to meet their needs as well as it did their parents	42	31
Believe future will take care of itself	31	22
Putting money into any of the saving vehicles asked about:	97	90
Mutual funds	17	35
Corporate stocks or bonds	11	28
Long-term savings account	15	30
Insurance	18	31
Real estate	18	29
Government bonds	7	14
IRA, 401(k), other retirement savings accounts	60	67
Regular savings accounts	37	42
Completely/somewhat satisfied with amount putting away for retirement	75	67
Feel fairly sure can count on as a source of income during retirement:		
Annuity policy from insurance company	15	28
Income from savings and investments	47	60
Money from selling house	18	27
IRA, 401(k), other retirement savings accounts	59	68
Expect to devote more time to community service or volunteer activities	51	49

Source: 1998 AARP/Roper Baby Boomer Study

Comparison of 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 and boxed.

Figure 23. Comparison of Groups Across Selected Items

	% of Total Baby Boomers (N = 2001)	% of The Strugglers (N = 186)	% of The Anxious (N = 455)	% of The Enthusiasts (N = 260)	% of The Self Reliant (N = 592)	% Today's Traditionalists (N = 507)
Very/fairly optimistic about retirement years	69	42	39	93	87	77
Putting money into any of the savings vehicles asked about	90	6	100	99	100	97
Completely/somewhat satisfied with amount putting away for retirement	67	13	37	88	89	75
Expect to depend heavily during retirement on personal investments making today	64	28	57	72	83	57

Source: 1998 AARP/Roper Baby Boomer Study

*Baby Boomers Envision Their Retirement:
An AARP Segmentation Analysis
Comparison of Groups Across Selected Items*

Figure 23. Comparison of Groups Across Selected Items (Continued)

	% of Total Baby Boomers (N = 2001)	% of The Strugglers (N = 186)	% of The Anxious (N = 455)	% of The Enthusiasts (N = 260)	% of The Self Reliant (N = 592)	% of Today's Traditionalists (N = 507)
Confident healthcare coverage when retired will allow to:						
See specialist when feel need to	70	48	31	87	82	91
Get care when feel need it	79	59	47	94	91	93
Visit doctor of own choosing	69	46	36	84	81	87
Plan to not work at all when retired	16	16	5	100	1	1
Plan to work mainly for interest or enjoyment sake	35	14	18	–	63	42
Can't wait to retire	42	34	32	66	44	40
Expect to have plenty of money when retired	30	9	9	49	45	28
If Social Security were not available it would have major impact on retirement	41	73	60	25	19	46
Very/somewhat confident Social Security still will be available when they retire	36	29	16	38	28	61

Source: 1998 AARP/Roper Baby Boomer Study

*Baby Boomers Envision Their Retirement:
An AARP Segmentation Analysis
Comparison of Groups Across Selected Items*

Figure 23. Comparison of Groups Across Selected Items (Continued)

	% of Total Baby Boomers (N = 2001)	% of The Strugglers (N = 186)	% of The Anxious (N = 455)	% of The Enthusiasts (N = 260)	% of The Self Reliant (N = 592)	% of Today's Traditionalists (N = 507)
Very/somewhat confident Medicare still will be available when they retire	39	24	18	47	35	64
Very/somewhat favorable view of Social Security program	55	46	40	60	50	78
Very/somewhat favorable view of Medicare program	60	55	45	60	59	79
Gender						
Male	49	36	45	55	51	53
Female	51	64	55	45	49	47
Mean Age	42	42	41	42	42	42
Median Income	\$51,700	\$22,300	\$41,100	\$59,300	\$69,100	\$49,500
Employment Status						
Full-time	78	62	77	78	82	78
Executive/ Professional	22	16	15	18	29	23
White Collar	34	23	38	41	34	31
Blue Collar	40	57	43	37	34	43
Part-Time	11	10	11	12	11	10
Not Employed	9	25	9	7	5	9

Source: 1998 AARP/Roper Baby Boomer Study

Figure 23. Comparison of Groups Across Selected Items (Continued)

	% of Total Baby Boomers (N = 2001)	% of The Strugglers (N = 186)	% of The Anxious (N = 455)	% of The Enthusiasts (N = 260)	% of The Self Reliant (N = 592)	% of Today's Traditionalists (N = 507)
Education						
High School grad or less	41	61	50	42	24	44
Some vocational/tech training	7	14	6	6	6	10
Some college (or 2 year degree)	23	15	22	20	27	21
College graduate or more	27	8	19	29	42	22
Marital Status						
Married	68	45	65	75	77	66
Divorced	16	26	19	11	12	17
Separated	3	9	2	1	2	3
Widowed	2	4	2	3	1	3
Singled/never married	11	16	11	10	8	12
Race						
White	83	80	87	84	86	78
Black/African-American	12	15	8	12	9	17
Other	4	3	4	2	3	3
Hispanic Origin†	7	5	6	4	6	10

†Respondents may be of different races

Source: 1998 AARP/Roper Baby Boomer Study

Considerations and Conclusions

The Baby Boom generation—people born between 1946 and 1964—has been identified and labeled as a “group” for so long that it is easy to think of this cohort as having a uniform profile. But that is too simplistic.

While as a generation Baby Boomers may embody certain common characteristics, they cannot be thought of as being a homogeneous group. As the preceding chapters demonstrate, the Baby Boom generation actually is quite heterogeneous. Understanding how Baby Boomers will face retirement requires considering both the values that this generation carries with them as a group and the differences among the segments within the generation.

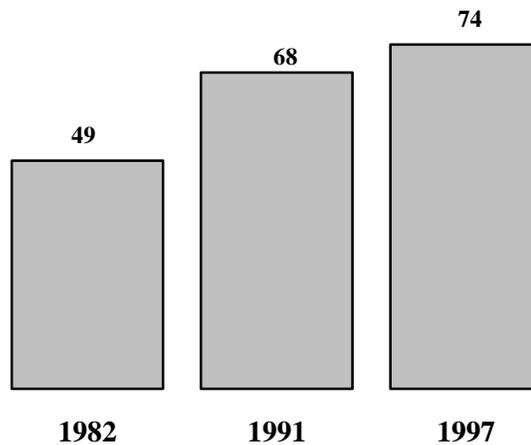
Baby Boomers in General

Generalizing across the Baby Boomer generation as a whole, the data from this study suggest certain common characteristics and values that this group seems to embody. Self-reliance, independence, and indulgence are all lifelong traits that will lead, no doubt, to a uniquely Boomer retirement. These traits very likely will be reflected in the Baby Boomers’ retirement-related choices and lifestyles. The following points are worth noting.

Many observers in recent years have portrayed the Baby Boom as a generation that is focused only on the present, and as a result speculate that the Baby Boomers have given little thought to the future and their retirement years. This study, however, finds that Boomers *have* awakened to the prospect of retirement; it is very much on their radar screens. More than seven in ten have given “a lot” or “at least some” thought to their retirement years, while just over one-quarter have given only a little thought or none at all.

Baby Boomers' awareness of impending retirement is further substantiated by long-term trends from the Roper Reports database. The trend data shows that in 1982, when the youngest of the Baby Boomers had just turned 18, only about half (49%) of this generation said that they had given serious thought to retirement. By 1991, about two-thirds (68%) of them had started to focus seriously on retirement. Since then, the proportion of Baby Boomers who have seriously thought about retirement has risen to nearly three-quarters (74%) of the generation.

Figure 24. Have Given Serious Thought To Retirement



Source: Roper Reports. N= 2000 for each.

Their attention to retirement reflects the fact that a hallmark trait of the Baby Boom generation is self-reliance. Perhaps this generation learned after several years of recession, downsizing, and the scaling back of employee benefits that they need to take care of themselves in order to prosper. Recent Roper Reports trends substantiate that Baby Boomers are bringing an increasingly self-reliant approach to retirement, with 67% of them now putting aside money for retirement, up from just 56% in 1995.

The Baby Boomers are not only awake to and aware of impending retirement, they are on the whole quite optimistic about their retirement years. Nearly seven in ten Baby Boomers are very or fairly optimistic about their retirement, and looking forward to it. Further, those who have thought the most about their retirement are actually the most optimistic about it; more than eight in ten of those who say they have given a great deal of thought to retirement say they feel optimistic about their later years.

But it is important to note that the Baby Boomers' optimism is moderated somewhat by concerns about finances. Most Boomers have received the wake-up call with respect to planning their retirement finances, although not their retirement health care.

The Baby Boomers are keenly aware that their retirement will be uniquely theirs, different from their parents' retirement in many ways. While Baby Boomers may anticipate "playing" during retirement, most also expect to work, either for enjoyment or out of financial necessity.

Overall, the study finds few differences among Baby Boomers of various demographic subgroups. For example, there are very few significant differences between the views of female Boomers and male Boomers. Likewise, the study finds little differences in opinions based on age or race/ethnicity. Similarly, various lifestage events play only a minor role in the outlook of Baby Boomers. In relation to a limited number of retirement-related issues, divorce, job loss or major illness seem to have affected the views of some Boomers; other lifestage events such as spousal death and caregiving are not yet major factors.

There are major differences in views, however, which relate directly to varying income levels. Although the larger share of Baby Boomers feel well-prepared to enter retirement, a sizable portion, as underscored by various of the segment profiles, remain both ill-prepared and pessimistic about their impending retirement years.

The Strugglers

The Strugglers segment of the Baby Boomer population presents a unique set of challenges. This group so clearly falls into the “have nots” of our society that it is hard for them to manage to get by day-to-day, let alone plan financially for the future.

Nevertheless, in spite of their pressing present needs, the Strugglers also worry about their degree of ill-preparedness for future years. Nearly three-quarters say they are not at all satisfied with the amount they are currently putting away for retirement.

The Strugglers, not surprisingly, anticipate feeling dependent on Social Security. Three-quarters say that if Social Security benefits were not available, it would have a major impact on their retirement.

Retirement does not bring about a sense of optimism for a majority of the Strugglers; almost six in ten say they are not optimistic about their retirement years. The Strugglers’ expectations for their retirement years are very much influenced by their current financial realities.

The Anxious

The Anxious segment’s sense of apprehension or dread when looking ahead to their retirement years is a key characteristic of this segment. Six in ten of the Anxious report feeling not too or not at all optimistic about their retirement years, the highest degree of non-optimistic feeling among any of the groups.

The Anxious feel pessimistic in spite of the fact that they are currently doing a fair amount to actually prepare for their retirement. Nevertheless, they see it as a time of hardship. Perhaps this is due to the fact that, in terms of household income, they fall below the average Baby Boomers income level.

Their expectations of their retirement are fraught with insecurity about their finances and about their health care coverage. The Anxious are striving to put some money aside for retirement, and they don't expect to be rewarded with financial well-being when they retire. Many expect to continue to have to work throughout their retirement years, both for money and for the health care coverage work provides.

With respect to retirement they do exhibit some self-reliance in that they are striving to save, but their pessimism suggests they still don't feel adequately prepared.

The Strugglers and the Anxious: “Have-nots” in a Polarized Society

Both the Strugglers and the Anxious clearly do not exhibit the high levels of self-reliance that many other Baby Boomers do. The existence of these two groups among the Baby Boom underscores the fact that Boomers are approaching retirement at a time when the United States population is becoming increasingly polarized by income.

Their presence in society is a reminder that there are two sizable groups among a stereotypically privileged generation that are woefully unprepared to move into retirement. Despite generally good economic times, the Strugglers and Anxious represent a substantial number of people who are having a difficult time financially.

Today, these two groups need active support, information, and secure Social Security and Medicare systems. It is important to note that these two group register the lowest levels of both favorable attitudes toward, and confidence in, the Social Security and Medicare programs. (The higher income segments such as the Self Reliants and the Enthusiasts are not confident in these programs, yet they are not unfavorable toward them.) The existence of the Struggler and Anxious segments today will undoubtedly pose societal challenges tomorrow.

The Enthusiasts

The Enthusiasts envision retirement as a wonderful stage in life. The Enthusiasts overwhelmingly look forward to their future years with great optimism. A sizable nine in ten express optimism about their retirement and are looking forward to it.

The Enthusiasts absolutely do not plan to work at all and instead foresee having plenty of money and time for recreation. Two-thirds of the Enthusiasts say they can't wait to retire.

Enjoying the second highest income level of the five segments, Enthusiasts report a high level of satisfaction with the amount of money they are putting aside for retirement. Almost half agree with the sentiment that they will have plenty of money when they retire.

Financial worries do not seem to be a factor with their thoughts of the future, nor do concerns about health care. More than nine in ten Enthusiasts also express confidence that their health care coverage will allow them to get the care they need.

The greatest challenge to Enthusiasts may be in their ability to look beyond their somewhat rose-colored retirement lenses. A relatively privileged sector of society, with optimistic expectations, the Enthusiasts may be more oblivious than the other segments to the reality of financing a retirement that promises to last far longer than retirement periods of decades past. Although they are fairly well-prepared to finance their own retirements, they may not be awake to the challenges facing the broader spectrum of Baby Boomer pre-retirees.

The Self Reliants

The Self Reliants are the most serious retirement planners of the five segments of Baby Boomers. This group has the highest income and education level of any group in the segmentation. They currently have the resources to save and are overwhelmingly putting money into retirement-oriented investments.

A majority of the Self Reliants are currently putting money into most of the possible savings vehicles asked about in the survey. Self Reliants, in much greater proportions than Baby Boomers as a whole, plan to count on a wide array of sources of income during retirement. Not only are the Self Reliants utilizing a number of different retirement savings options, an overwhelming majority are pleased with the amount of money they are saving.

The Self Reliants overwhelmingly plan to work during retirement, in spite of their current income status and retirement saving activities. This is because, it appears, the Self Reliants are motivated to continue working not for the pay, but rather for the interest and enjoyment that work provides.

Social Security benefits are not a major factor in the Self Reliants' retirement plans. Fewer than one in five say that if Social Security benefits were not available to them, it would have a major impact on their retirement.

By nature, the Self Reliants are information seekers. Their planning behavior suggests that they regularly process large and complex amounts of information.

Today's Traditionalists

Today's Traditionalists (25% of the Baby Boomer population) will both plan to work *and* rely on Social Security and Medicare during retirement. This segment registers a high degree of confidence in the Social Security and Medicare programs.

Two-thirds of Today's Traditionalists say they feel confident that Social Security will still be available when they retire. Two-thirds also have confidence that Medicare will still be available when they retire. Close to eight out of ten of Today's Traditionalists have favorable views of both programs. The Today's Traditionalists represent a sizeable proportion who feel confident about Social Security and Medicare.

Virtually all of Today's Traditionalists say they will continue working in some way when they are retired. Today's Traditionalists envision a range of types of retirement work plans. While the plurality say they will work for interest or enjoyment's sake, about one quarter each say they will work part-time for the needed income it provides, and about one quarter plan to start their own business.

With their stronger sense of confidence and less of an attitude of uncertainty than other segments toward Social Security and Medicare, Today's Traditionalists resemble in many ways more traditional American workers of the past generation. One third of Today's Traditionalists feel they need more information to help them plan for their retirement, the third most likely segment to say this after the Strugglers and the Anxious.

Self Reliants, Today's Traditionalists and the Workplace

The Enthusiasts, Self Reliants and Today's Traditionalists are less wary of their retirement years than either the Anxious or the Strugglers. Enthusiasts and Self Reliants can credit an optimistic outlook to early and effective financial planning. For the Self Reliants and Today's Traditionalists, it is perhaps also because they factor work into their personal retirement agendas.

The shift to a "working retirement" is a Baby Boomer phenomenon. It may be the biggest legacy that they bring to the retirement of the new millennium. The fact that eight in ten Baby Boomers overall expect to work at least part-time during retirement—and that two of the segments are largely defined by a desire to work in retirement—suggests a very different idea of retirement than that of prior generations. It also foreshadows opportunities and challenges for society, particularly in the workplace.

With the largest generation in U.S. history entering its mature years *en masse*, employers may need to rethink the workplace to accommodate Baby Boomer "retirees." The needs of the "retired" Baby Boomer worker may focus more on such benefits as flexible work schedules, adequate health care coverage, and even companionship. The "retired" Baby Boomer worker—who seeks to integrate part-time work into an active retirement—in many cases may be less motivated by income and the opportunity for promotions than by the work environment and job satisfaction.

Baby Boomers Envision Their Retirement: Conclusion

Be it in the workplace, specifically, or in society at large, the Baby Boomers' impending march into retirement promises to redefine the way Americans think about their later years. As we have seen, the five Baby Boomer segments portend an increasingly polarized society, a new type of work force, 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.

AARP BABY BOOMER QUESTIONNAIRE

Roper Starch Worldwide
205 East 42nd Street
New York, NY 10017

Final Posted Questionnaire (in percents)
(n=2001)

Job # 4454-07
Final

Hello, my name is _____ and I'm with Roper Starch, a national public opinion research company. May I please speak to the member of the household at home now who is between 33 and 52 years of age? 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? (RECORD VERBATIM)

(Top 3 responses) Having enough money/financial security 41%
Relaxation/free time/fun 28
Travel/vacations..... 16

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.?

A great deal 39%
Some 33
A little..... 13
Not much at all 15
Already retired..... --
Don't know 1

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

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

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...(SELECT ONE)

- Not work at all..... 16%
- Retire from your current job/career but work full-time for pay doing something else 5
- Work part-time mainly for the needed income it provides 23
- Work part-time mainly for interest or enjoyment sake 35
- Start your own business/go into business for yourself..... 17
- Other: (vol. & specify) _____ 2
- Don't know 2

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)

	<u>Does not describe at all</u>		<u>Very accurately describes</u>			<u>Not applicable</u>	<u>Don't know</u>
	1	2	3	4	5	6	Y
a) Opportunity to spend more time with your family	7%	5	14	19	54	*	*
b) End of your productive years.....	46	15	18	7	12	*	1
c) Increased isolation from society	58	16	13	5	8	*	1
d) Economic hardship	30	20	26	9	13	*	1
e) Increased concern and attention to health.....	9	9	27	23	31	*	1
f) Time to pursue your interests and hobbies	7	5	14	24	50	*	*
g) Increased dependence on others for your personal care	47	19	17	7	9	*	1
h) Fewer obligations	14	11	28	20	26	*	1
i) Time to indulge your self.....	11	8	26	21	34	*	*
j) Time of leisure	7	7	18	26	42	*	1
k) Boredom	54	17	14	5	8	*	1
l) More opportunity for socializing.....	9	8	28	22	32	*	*
m) Chance to do the traveling you couldn't do when you were younger	12	8	19	21	40	*	*

5a. At what age would you like to stop working for pay altogether/completely?

Mean = 59.7

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

Mean = 63.9

5c. (ASK ONLY IF 5a AND 5b DIFFER): Why the difference between the age you would like to stop working and the age you expect to? (RECORD VERBATIM)

(n = 1196)

(Top 3 reasons) Can't afford to retire/financial reasons..... 31%
 Can get retirement benefits then/Medicare/Social Security 11
 Realistic retirement age 10

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)

	<u>Completely Disagree</u>				<u>Completely Agree</u>		<u>Not Applicable</u>	<u>Don't Know</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>Y</u>	
a) You expect to be living with a spouse or partner for most of your retirement years.	13%	3	7	11	65	1	*	*
b) You expect to have an aging parent or parent-in-law living in your home at some time during your retirement	51	14	16	7	12	1	*	*
c) You expect to have to scale back your lifestyle during retirement.	23	14	28	17	17	*	*	*
d) You'll have to struggle to make ends meet.	35	20	23	9	14	*	*	*
e) You expect to rely upon Social Security for all or most of your income during retirement.	47	20	18	5	10	*	*	*
f) You expect to have some serious health problems.	41	22	21	7	9	*	*	*
g) You expect Medicare to cover most of your health care needs during your retirement years.	23	18	24	11	23	*	*	*
h) You expect to live near at least one of your children.	14	6	18	15	42	4	*	*
i) You put money into the Social Security system and you expect to get it back during your retirement years.	21	10	14	9	46	*	*	*
j) You won't be able to afford to retire.	41	16	18	8	16	*	*	*
k) You'll have plenty of time for recreation	5	4	18	25	47	*	*	*
l) You expect to depend heavily on your 401(k).....	26	10	21	15	23	5	*	*
m) You look forward to being a grandparent.....	12	4	9	9	61	4	*	*

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)

	1	2	3	4	5		
a) You often discuss retirement planning with your family, friends and co-workers	25%	17	22	15	22	*	*
b) You find it hard to save for retirement with so many other needs right now	18	13	22	16	31	*	*
c) When you think about retirement, you have the attitude that the future will take care of itself	40	19	19	8	14	*	*
d) You are confident in your ability to prepare adequately for the future	7	7	24	26	35	*	*

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)

- a. Social Security..... 48%/
- b. Pension from place of employment..... 57
- c. Military service pension..... 7
- d. IRA, 401(k), or other retirement savings account..... 68
- e. Annuity policy from insurance company 28
- f. Income or money from savings and investments 60
- g. Money you get by selling your house..... 27
- None of these..... 2
- 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?

- Yes..... 23%
- No..... 74
- Don’t know..... 2

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

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

10a. 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?

Completely 17% → (Skip to Q.11)

Somewhat 50

Not very 15 → (Ask Q.10b)

Not at all 18

Don't know 1

10b. What is the single most important reason why you are not saving more money for retirement? (RECORD VERBATIM)

(n = 1639) _____

(Top 3 reasons) Don't have enough income 31%

Cost of living/living expenses 18

Have children..... 16

11. 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.

	<u>Completely Disagree</u>			<u>Completely Agree</u>		<u>Not Applicable</u>	<u>Don't Know</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>Y</u>
a) You'll exercise regularly	9%	9	25	17	39	*	*
b) You expect to move away from this area to another	42	9	17	10	21	*	1
c) You find it hard to imagine yourself retired	34	11	16	12	27	*	*
d) You need more information to help you plan for your retirement ..	36	16	18	10	19	*	*
e) You have a hobby or special interest that you'll dedicate a lot more time to when you retire	8	5	14	22	51	*	*
f) The idea of growing old is frightening to you	48	14	16	7	15	*	*
g) You think people ought to be able to depend on their family financially during their retirement.	61	18	12	4	6	*	1
h) You expect to be living alone for most of your retirement years.....	56	13	11	5	15	*	1
i) You expect to have to provide financially for your children. ...	43	16	20	6	10	4	*
j) You'll have plenty of money when you retire.	24	14	32	16	14	*	1
k) You won't be able to afford to do all the things you want to do..	21	16	30	13	21	*	*
l) You expect to rely on the Social Security benefits of a spouse. ...	54	14	13	6	11	2	*
m) You expect to have to stop working earlier than you would like because of poor health or a disability.	63	14	10	5	7	*	*
n) You expect to have to keep on working during retirement in order to obtain needed health care (coverage) for yourself (and your family). .	32	18	21	10	19	1	1
o) If Social Security benefits were not available, it would have a major impact on your retirement.	26	14	18	11	30	*	1
p) You don't want to depend on your children during your retirement.	22	2	2	8	61	4	*

12. 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):

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

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

Very favorable..... 7%
 Somewhat favorable..... 53
 Not too favorable..... 25
 Not at all favorable..... 9
 (DO NOT READ) Don't know 5

14. 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>	<u>Don't know</u>
a) Medicare covers hospital stays.....	75%	13%	12
b) Medicare covers laboratory tests and x-rays	63	19	18
c) Medicare covers long term nursing home care.....	34	49	17

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

Very confident..... 6%
 Somewhat confident 33
 Not too confident 36
 Not at all confident 23
 (DO NOT READ) Don't know 2

16. In general, would you say your health is:

- a) Excellent 27%
- b) Very good 36
- c) Good 25
- d) Fair 9
- e) Poor 2
- f) Don't know *

17a. Are you currently covered through any form of health insurance?

- Yes 89% → (Ask Q.17b)
- No 11 | → (Skip to Q.20)
- Don't know *

17b. Is that through your employer or your spouse's employer?

(n = 1778)

- Yes 93%
- No 7

18. Are you in ...

- (n = 1778) A "traditional" health insurance plan 33%
- or
- A managed care plan
("HMO" or "PPO", or "POS") 58
- Other (SPECIFY) _____ 2
- (Vol.) Don't know 6

19. How satisfied are you with each of these aspects of your current health plan?

(n = 1778)

	<u>Very satisfied</u> 1	<u>Somewhat satisfied</u> 2	<u>Not very satisfied</u> 3	<u>Not at all satisfied</u> 4	<u>Don't know</u> Y
a) Ability to get the care you need when you feel you need it	60%	32	4	2	1
b) Ability to visit doctors of your own choosing ...	55	29	9	6	1
c) The total cost of the plan to you personally	47	36	11	4	2
d) Ability to see a specialist when you feel you need to	53	32	7	4	3

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

Yes.....	34%
No	57
Not employed (Vol.).....	1
Don't know	8

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

	<u>Very</u> 1	<u>Somewhat</u> 2	<u>Not very</u> 3	<u>Not at all</u> 4	<u>Don't know</u> Y
a) Ability to get the care you need when you feel you need it	25%	54	13	6	3
b) Ability to visit doctors of your own choosing	24	45	19	9	3
c) Ability to see a specialist when you feel you need to	21	49	19	9	3

22. 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)

	<u>Completely Disagree</u>				<u>Completely Agree</u>	<u>Don't know</u>
	1	2	3	4	5	
a) People in your generation will live longer than people from your parents’ generation.....	10%	7	15	25	42	1
b) People in your generation will have more money when they retire than people in your parents’ generation	15	14	28	19	23	1
c) People in your generation will be in better health than people of your parents’ generation	11	7	26	26	29	1
d) People in your generation will be more self-reliant than people in your parents’ generation	14	13	31	20	21	1
e) People in your generation save more for retirement than people in your parents’ generation.....	19	17	25	16	22	1
f) People of your generation expect Social Security to meet their needs as well as it did your parents’ generation.....	25	23	19	10	21	1
g) People in your generation need more money to live comfortably than your parents’ generation.....	5	3	8	21	63	*
h) People in your generation are more self-indulgent than people in your parents’ generation.....	5	3	16	23	52	1

23. 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)

Very knowledgeable.....	7%
Somewhat knowledgeable.....	47
A little knowledgeable	35
Not at all knowledgeable.....	10
(DO NOT READ) Don’t know	1

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

Very favorable.....	7%
Somewhat favorable	48
Not too favorable.....	29
Not at all favorable.....	14
(DO NOT READ) Don’t know	1

25. Please tell me whether, to the best of your knowledge, each of the following statements about Social Security is true or not true. (READ AND ROTATE)

	<u>True</u>	<u>Not true</u>	<u>Don't know</u>
a) Social Security taxes paid by today's workers are saved for them in their individual accounts until they retire23%	23%	71%	6
b) Both workers and their employers pay into the Social Security system..... 83	83	13	4
c) Social Security pays benefits to the spouse and children of workers who die 86	86	10	4
d) Social Security pays benefits to workers who become disabled and their families..... 82	82	13	5
e)			

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

Very confident.....	6%
Somewhat confident	30
Not too confident	34
Not at all confident	30
Not eligible/not applicable	1
(DO NOT READ) Don't know	*

27. 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)

	<u>Completely Disagree</u>			<u>Completely Agree</u>		<u>Does not Apply</u>	<u>Don't know</u>
	1	2	3	4	5	6	Y
a) You expect to have to provide financially for your elderly parents or in-laws.	48%	18	18	7	8	1	*
b) You'll expect your children to help you out financially. ...	67	18	6	1	3	4	*
c) You expect to be better off financially than most people your age.	12	12	36	19	20	*	1
d) You expect to depend heavily on the personal investments you're making today.	13	6	16	23	41	1	*
e) You expect to be healthier than most people your age.	7	7	33	25	27	*	1
f) You expect to have health insurance coverage that will meet your needs.	8	7	25	23	35	*	1
g) You expect to devote more time to community service or volunteer activities.	12	12	27	22	27	*	1
h) You and your spouse/partner have discussed how to finance your retirement if or when one of you is left alone. ...	26	12	15	14	26	6	1
i) You won't want to stop working.	27	13	22	13	23	1	*
j) You can't wait to retire.	21	12	24	12	30	*	1
k) You expect to travel more than most people your age.	17	16	29	19	19	*	*
l) You will be able to save more for retirement when your kids are older.	15	7	15	22	34	6	1
m) You know you're not doing enough now to maintain your health.	29	18	25	13	14	*	*
n) You should give more thought to how you'll keep active when you retire.	14	11	23	23	29	*	*
o) It is important to be prepared for the future by sacrificing and saving today.	4	4	15	24	52	*	*
p) A family's emotional support is essential during one's retirement.	5	5	17	24	48	*	*

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

		<i>Ever</i>	
		<u>Experienced</u>	
		<u>Yes</u>	<u>No</u>
a)	Getting a divorce	35%	64
b)	Having your last child move out of the house	19	79
c)	Having a spouse/partner die	8	92
d)	Surviving a major illness	22	78
e)	Losing your job	35	64
f)	Having a parent die	51	49
g)	Becoming responsible for the care of a parent	26	74

D1a. What is your age? (code age, not range) _____ Mean = 42 _____

D1b. Regardless of how old you are, how old do you feel? (code age, not range) _____ Mean = 35 _____

D1c. (IF D1a. AND D1b ARE DIFFERENT, ASK): Why do you say that? (RECORD VERBATIM)

(n = 1429) (Top 3 reasons) I feel young..... 34%
 Stay in shape/exercise 26
 Healthy/good health 20

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

1.....	14%
(ENTER NUMBER) _____	2..... 21
	3..... 20
	4..... 25
	5+ 19

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

Yes..... 84%
No..... 16

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

(n = 1674)
(ENTER NUMBER)

1..... 18%
2..... 40
3..... 24
4..... 10
5+ 6

D5. And how many children are under age 6?

(n = 1674)
(ENTER NUMBER)

None 75%
1..... 17
2..... 6
3..... 1

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

(n = 1674)
(ENTER NUMBER)

None 31%
1..... 29
2..... 26
3..... 9
4..... 3

D7. Are you... (READ LIST)

Married..... 68%
Widowed 2
Separated..... 3
Divorced..... 16
Single/never married 11
No answer..... *

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

One	17%
Two.....	25
Three.....	23
Four	23
More than four.....	*
None	9
No answer.....	3

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

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

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?

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

D11. For statistical purposes only, we need to know your total household income before taxes in 1997. 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?

a. \$100,000 or more.....	10%
b. \$90,000 to \$99,999.....	4
c. \$80,000 to \$89,999.....	5
d. \$70,000 to \$79,999.....	6
e. \$60,000 to \$69,999.....	9
f. \$50,000 to \$59,999.....	10
g. \$40,000 to \$49,999.....	11
h. \$30,000 to \$39,999.....	12
h. \$20,000 to \$29,999.....	9
i. \$10,000 to \$19,999.....	6
j. Under \$10,000.....	2
Don't know.....	4
Refused.....	11

Mean = \$54,900
Median = \$51,700

D12. Are you employed or self-employed, either full-time or part time?

Full-time.....	78%
Part-time.....	11
Not employed.....	9

D13. Are you (CALL OFF APPROPRIATE CATEGORIES)

(n = 449)	A homemaker.....	51
	Unemployed.....	11
	A student.....	5
	Retired.....	2
	Or what? (all other).....	31

D14. What is your occupation exactly?

(n = 1552)

Executive/professional	22%
White collar	34
Blue collar	40

D15. Is your spouse/partner employed or self-employed, either full-time or part-time? (IF "YES") Which?

Employed full-time.....	58%
Employed part-time	7
Not employed	14
Not applicable/refused	21

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

Yes.....	7%
No.....	93
Refused.....	1

D17. Would you describe yourself as..

White	83%
Black/African-American	12
Asian, or	1
Something else	3
Refused.....	1

D18. Are you or is someone in your household a member of AARP, the American Association of Retired Persons?

Yes..... 10%
No..... 89
Don't know..... 1

D19. Gender(DO NOT ASK)

Male..... 49%
Female 51

D20. What is your zip code?

(ENTER ZIP) _____

Technical Appendix

Survey Methodology

In terms of the methodology for the survey, the findings are based on telephone interviews of approximately 30 minutes in length. Interviews were conducted by Roper Starch Worldwide with a national cross-section of 2,001 adults aged 33-52, during April and May, 1998. A posted questionnaire follows the Technical Appendix.

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 (non-technical) 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, Q10a, Q11, Q12, Q13, Q14, Q15, Q20, Q21, Q22, Q23, Q24, Q25, Q26, Q27, D1a, and D1b. (See posted questionnaire on page x 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 in order 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., less than 5% of respondents selected these items.
- Q14 and Q25 refer to actual knowledge of Social Security and Medicare (rather than opinions or attitudes). The numbers of correct responses for both questions were converted to “knowledge scores” ranging from 0 to 3 for Q14 and from 0 to 4 for Q25.
- 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;
- ◆ Q20: response options “no” and “don’t know” were combined;
- ◆ Q23: response options “not at all knowledgeable” and “don’t know” were combined;
- ◆ For Q2, Q10a, Q13, Q15, Q21a, Q21b, Q21c, Q24, and Q26, 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 towards content areas that are probed in multiple ways. Attitudinal item batteries, in particular, are prone to exhibit such content redundancies. In order 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, 22, and 27 were consolidated into principal component scores (Table will be provided.) 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 re-assignment of respondents until the convergence criterion is met.

Segmentation solutions

A number of different segmentation solutions were generated and evaluated. These solutions involved different combinations of items, combinations of factor scores and items, and different numbers of groups. Various solutions were rejected in the process because:

- (a) they included segments characterized only by positive or negative responses (“yea-saying” and “nay-saying”);
- (b) they included segments that were driven by a single item. (This resulted in the elimination of certain items as mentioned above.);
- (c) segments were not well differentiated;
- (d) segments were distributed very unevenly;
- (e) segments were uninterpretable.

The segmentation presented in this report was derived using principal component scores for item batteries 4, 6, 11, 22, and 27 and standardized scores for Q1b, Q2, Q3a to Q3e, Q7a to Q7g, Q8, Q9a to Q9i, Q10a, Q12, Q13, Q15, Q20, Q21a to Q21c, Q23, Q24, Q26, Medicare knowledge score from question 14, Social Security knowledge score from question 25, 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.

Rotated Component Matrix

	Component																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Q6A-D-You'll have to struggle to make ends meet	0.70		0.20														
Q11J-You'll have plenty of money when you retire	-0.68																
Q6B-You find it hard to save for retirement with so many other needs right now	0.63																
Q11N-You expect to have to keep on working during retirement in order to obtain needed health care	0.63																
Q6A-J-You won't be able to afford to retire	0.63		0.21														
Q11-K-You won't be able to afford to do all the things you want to do	0.62																
Q27-C-You expect to be better off financially than most people your age	-0.56					0.21										0.25	
Q11-O- If Social Security benefits were not available, it would have a major impact on your retirement	0.55			0.49													
Q6B-D-You are confident in your ability to prepare adequately for the future	-0.55	0.20								0.20							
Q6A-C-You expect to have to scale back your lifestyle during retirement	0.54		0.20														
Q4D-Economic hardship	0.51		0.49														
Q27-F-You expect to have health insurance coverage that will meet your needs	-0.42					0.35											

Source: 1998 AARP/Roper Baby Boomer Study

Rotated Component Matrix

	Component																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Q11D-You need more information to help you plan for your retirement	0.41																0.23
Q4J-Time of leisure		0.71															
Q4F-Time to pursue your interests and hobbies		0.70															
Q4I-Time to indulge your self		0.67															
Q4L-More opportunity for socializing		0.64															
Q4M-Chance to do the traveling you couldn't do when you were younger		0.63															0.20
Q4A-Opportunity to spend more time with your family		0.57			0.25												
Q4H-Fewer obligations		0.48															
Q6A-K-You'll have plenty of time for recreation	-0.26	0.48															
Q4E-Increased concern and attention to health		0.40	0.30														
Q4B-End of your productive years			0.66														
Q4C-Increased isolation from society			0.64														
Q4K-Boredom			0.59														
Q4G-Increased dependence on others for your personal care	0.21		0.58														
Q6A-I-You put money into the Social Security system and you expect to get it back during your retirement years				0.76													

Source: 1998 AARP/Roper Baby Boomer Study

Rotated Component Matrix

	Component																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Q6A-E-You expect to rely upon Social Security for all or most of your income during retirement	0.34			0.59													
Q22F-People of your generation expect Social Security to meet their needs as well as it did your parents' generation				0.58													
Q6A-M-You look forward to being a grandparent					0.73												
Q6A-H-You expect to live near at least one of your children					0.72												
Q27L -You will be able to save more for retirement when your kids are older					0.59												
Q11P-You don't want to depend on your children during your retirement					0.46								-0.21		0.26	0.24	
Q11-I-You expect to have to provide financially for your children					0.39								0.27				
Q27O-It is important to be prepared for the future by sacrificing and saving today						0.59											
Q27P-A family's emotional support is essential during one's retirement						0.54											
Q27N-You should give more thought to how you'll keep active when you retire						0.49			-0.25								
Q22E-People in your generation save more for retirement than people in your parents' generation								0.76									

Source: 1998 AARP/Roper Baby Boomer Study

Rotated Component Matrix

	Component																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Q22B-People in your generation will have more money when they retire than people in your parents' generation							0.70										
Q22D-People in your generation will be more self-reliant than people in your parents' generation							0.65										
Q6A-You expect to be living with a spouse or partner for most of your retirement years								0.80									
Q11H-You expect to be living alone for most of your retirement years								-0.76									
Q27H-You and your spouse partner have discussed how to finance your retirement if or when one of you is left alone	-0.25					0.34		0.42									
Q11L-You expect to rely on the Social Security benefits of a spouse				0.41				0.41					0.29				
Q11A-You'll exercise regularly									0.71								
Q27M-You know you're not doing enough now to maintain your health						0.20		-0.61			0.20						
Q27E-You expect to be healthier than most people your age									0.48		-0.43						
Q11E-You have a hobby or special interest that you'll dedicate a lot more time to when you retire		0.30								0.32							0.20

Source: 1998 AARP/Roper Baby Boomer Study

Rotated Component Matrix

	Component																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Q22A-People in your generation will live longer than people from your parents' generation										0.79							
Q22C-People in your generation will be in better health than people of your parents' generation							0.27			0.74							
Q27J-You can't wait to retire						0.20					-0.69						
Q27-I-You won't want to stop working						0.25					0.67						
Q11C-You find it hard to imagine yourself retired	0.29										0.56						0.22
Q6B-A-You often discuss retirement planning with your family, friends and co-workers						0.28	0.23	0.22	0.28		-0.29						
Q11M-You expect to have to stop working earlier than you would like because of poor health or a disability												0.67					
Q6A-F-You expect to have some serious health problems	0.23											0.65					
Q11F-The idea of growing old is frightening to you	0.28		0.20									0.34					0.29
Q6A-B-You expect to have to provide financially for your elderly parents or in-laws						.164											
Q27A-You expect to have to provide financially for your elderly parents or in-laws													0.76				

Source: 1998 AARP/Roper Baby Boomer Study

Rotated Component Matrix

	Component																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Q11G-You think people ought to be able to depend on their family financially during their retirement													0.35	0.35				
Q6B-C-When you think about retirement, you have the attitude that the future will take care of itself														0.56				
Q27B-You'll expect your children to help your out financially													0.31	0.50				
Q27G-You expect to devote more time to community service or volunteer activities			-0.21			0.32								0.35	0.22			
Q6A-L-You expect to depend heavily on your 401(k)																0.80		
Q27D-You expect to depend heavily on the personal investments you're making today	-0.31					0.24										0.55		
Q11B-You expect to move away from this area to another																		0.76
Q27K-You expect to travel more than most people your age	-0.31	0.27				0.20								0.24		0.38		
Q22H-People in your generation are more self-indulgent than people in your parents' generation										0.26								0.63
Q22G- People in your generation need more money to live comfortably than your parents' generation						0.20	0.22											0.58

Source: 1998 AARP/Roper Baby Boomer Study