Baby Boomers Envision What’s Next?

Research and Strategic Analysis
Integrated Value and Strategy
June, 2011
**Study Specifics**

**What?** An in-depth look at how boomers are preparing for or experiencing their retirement years: attitudes, expectations, and behaviors. The third in a series—previous versions in 1997 and 2003.

**How?** A telephone survey, with field work, questionnaire consulting, and analytical contributions from Roper GFK.

**Who?** 1,200 boomers (Americans age 46-65), both retired (n=249) and non-retired (n= 954). Confidence interval +/- 3% at 95% confidence level for non-retired sample and +/- 6% for retired sample. 1997 n= 1,200, 2003 n= 2,000.

**When?** February 1 –March 15, 2011

**Why?** 76 million boomers are headed towards their “retirement years” – the oldest turn 65 this year!
Key Findings

General Attitudes Toward Retirement: Declining Optimism

• Both the declining economy and personal aging have combined to lower boomer expectations.

• A majority (60%, down 10 points from 1998) are at least “fairly optimistic,” but 39% are not optimistic. One in four (26%) have become more pessimistic in the last five years, primarily due to the economy.

Personal Finance: Lowered Expectations and Heightened Challenges

 About half of working boomers (55%) are at least “somewhat” satisfied with their retirement savings, and only 14% are completely satisfied. In 1998, two out of three were at least somewhat satisfied.

 401Ks/retirement savings are most frequently cited as a retirement income source (61%, down eight pts. since 2003). Other declines include other savings and investments (55%, down nine pts.), and pensions (49%, down nine pts.). Those expecting to rely on Social Security have increased nine points to 59%, now placing it second in terms of frequency of mention as a source of retirement income.

 44% of boomers feel they will not be able to afford to do the things they want to do in retirement (up 10 pts.), may not be able to afford to retire (36%, up 12 pts.), and may have to struggle to make ends meet (33%, up 10 pts.).

Life Experiences: Age is Catching Up with Baby Boomers

 Three of four boomers have experienced the death of a parent, up from 51% in 1998. Almost half were now grandparents (46%) or empty nesters (47%). Four in ten (39%) had become responsible for caring for a parent (up 13 points from 1998). One in three had suffered a major illness (34%, up 12 points) and almost half had experienced a job loss (43%, up from 35% in 2003).
Key Findings (con’t)

**Boomers and Work: Boomers Take Divergent Paths and Defy Generalization and Stereotyping**
- Working boomers are split between those who can’t wait to retire (43%) and those who won’t want to stop working (41%), percentages that have been stable over the last 13 years.

- As in 1998, four of five boomers (81%) expect to gradually transition to retirement. More boomers expect to work part time for income (29%, up six points) rather than for interest or enjoyment (23%, down 12 pts.).

**Boomer Health: As Boomers Age, Concern Increases**
- Only half of working boomers (50%) say they are in good or excellent health, compared to almost two of three in 1998 (64%).

- Boomers have become more favorable towards Medicare (69% favorable, up eight points from 1998).

- Only about half of boomers say they plan to exercise regularly in retirement, a proportion that has not changed over the last 13 years.

**Boomers and Their Families: A Preference For Emotional Connections But Financial Independence**
- Most boomers (67%) feel that a family’s emotional support is essential in retirement, and they expect to live near their children (58%), and with a spouse or partner (69%).

- Only 12% feel they should depend on family financial support during retirement, and only 7% expect financial help from their children, with 17% expecting to provide financially for their own children.
Key Findings (con’t.)

**Anticipated Retirement Lifestyles: Less Aspirational, More Pragmatic**

- Seven in ten (71%) see retirement as a time to spend more time with their families, with 66% anticipating more time with hobbies and interests (down 8 points from 1998), and fewer seeing retirement as a time of leisure (57%, down 11 points), a time to indulge themselves (45%, down 10 points) or a time to do the travelling they couldn’t do when they were younger (49%, down 12 points).

- Three of four boomers (77%) feel it is important to “prepare for the future by sacrificing and saving today” a proportion that has been stable since 1998. But only a little over half (53%) feel confident in their ability to prepare for the future (down eight points).

**Retirement Preparation: A Tendency to “Go It Alone”**

- Less than one in four (23%) feel they need more information to help them prepare for retirement (down seven points since 1998), despite the fact that their knowledge of critical information may be limited, as evidenced by the fact that most do not know the age at which full Social Security benefits are available. Only one in three (34%) say they often discuss retirement with family or friends, a percentage that has remained stable since 1998 despite the fact that retirement and the need to plan for it and make decisions regarding it is drawing closer.
Key Findings: The Boomer Retirement Segments

Retirement Means Different Things to Different Boomers: The Boomer Retirement Segments

The Self Reliants (22%) – optimistic, affluent, plan to continue to work, especially for interest or enjoyment, and rely on personal investments.

The Enthusiasts (10%) – also optimistic and affluent, they can’t wait to retire and are satisfied with their retirement savings, most likely to be married.

Today’s Traditionalists (26%) – cautiously optimistic, they plan to continue to work for income but also are favorable towards and intend to rely on Social Security and Medicare.

The Anxious (22%) – lower income and education, less favorable about retirement and their retirement finances, but especially concerned about health issues.

The Strugglers (20%)- most pessimistic, lowest income and education, little if any retirement savings, most likely to have suffered adverse life events (job loss, serious illness, death of spouse).
Key Findings: Retired Boomers

Retired Boomers: Differences Between Expectations and Experiences

- Most retired boomers (69%) went directly from full time work to full time retirement.

- Retired boomers are optimistic (74%) and feel that retirement has been better than they thought (53%) due to personal freedom, more time with their families, more socializing, and the opportunity to pursue their interests and hobbies.

- Retired boomers have spent most of their new free time on home-centered activities like watching television, reading, and cooking, as have previous generations making the transition to retirement.

- The primary aspirations of retired boomers are to travel more and spend more time with their families.

- Almost half (43%) of retired boomers said they had to stop working because of health problems, and 41% currently have a serious health problem.

- Retired boomers are constrained economically. 43% can’t afford to do all that they would like to do, and 38% weren’t able to afford to retire but did so anyway.

- Retired boomers expect to rely more on Social Security and less on personal savings in retirement than do working boomers.

- Retired boomers emphasize the financial aspects of retirement when giving advice to those not yet retired – prepare financially, save more, work longer, etc.

- Access to health care is also a source of boomer retiree optimism. They are more likely to say they have insurance and are able to get needed health care than are working boomers regarding their own retirement health care expectations.
## Boomers Envision Retirement/What’s Next?

<table>
<thead>
<tr>
<th>Year</th>
<th>Event 1</th>
<th>Event 2</th>
<th>Event 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>Oldest boomers turn 52</td>
<td>Oldest boomers turn 57</td>
<td>Oldest boomers turn 65</td>
</tr>
<tr>
<td>2003</td>
<td>Tech boom</td>
<td>9/11/2001</td>
<td>Great Recession</td>
</tr>
<tr>
<td>2011</td>
<td>Peace Dividend</td>
<td>Tech Bust</td>
<td>Continued War</td>
</tr>
<tr>
<td></td>
<td>Balanced Budget/Deficit</td>
<td>War in Iraq/Afghanistan</td>
<td>Budget deficits</td>
</tr>
<tr>
<td></td>
<td>Reduction</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
General Attitudes of Boomers Towards Retirement: Then and Now
Boomers are Divided and Less Optimistic About Retirement But The Majority Are Still Hopeful

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

**Very/fairly optimistic about retirement**
- 2011 (n=954): 24% Very optimistic, 36% Fairly optimistic, 60% Total
- 2003 (n=1200): 30% Very optimistic, 38% Fairly optimistic, 69% Total
- 1998 (n=2001): 28% Very optimistic, 41% Fairly optimistic, 70% Total

**Not too/not at all optimistic about retirement**
- 2011 (n=954): 25% Not too optimistic, 14% Not at all optimistic, 39% Total
- 2003 (n=1200): 22% Not too optimistic, 8% Not at all optimistic, 30% Total
- 1998 (n=2001): 21% Not too optimistic, 8% Not at all optimistic, 29% Total
Boomers’ Outlook Towards Retirement Has Changed – But Not For The Better

Q26. Would you say that your personal outlook for your own retirement has changed for the better, changed for the worse, or has not changed at all over the past five years?

Change in Retirement Outlook Among Non-Retired Boomers over the Past Five Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Changed for the better</th>
<th>Changed for the worse</th>
<th>No change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>46%</td>
<td>14%</td>
<td>40%</td>
</tr>
<tr>
<td>2011</td>
<td>31%</td>
<td>26%</td>
<td>43%</td>
</tr>
</tbody>
</table>

Q26. Would you say that your personal outlook for your own retirement has changed for the better, changed for the worse, or has not changed at all over the past five years?
For Boomers Who Are More Optimistic, Personal Finance Factors Are The Main Reason

(31% of Non-Retired Boomers)

% of non-retired Boomers who say their outlook toward retirement has improved (open end; n=306)

- Financially better off due to lifestyle change: 28%
- Have started saving/investing more for retirement: 22%
- Better job/business is better: 11%
- Health has improved: 10%
- The economy is better: 7%
- Inheritance: 3%
- I will be able to do what I want when I want: 1%

Q27. What are the main reasons that your outlook for retirement has changed for the better? 
Base: Personal outlook for your own retirement has changed for the better
The Economy and Personal Finances Are Why Retirement Outlook Has Changed For the Worse

Percentage of non-retired Boomers who say their outlook toward retirement has changed for the worse (open end; n=249)

(26% of Non-Retired Boomers)

- The economy is worse: 52%
- I lost my job/I am unemployed: 20%
- Financially worse off due to lifestyle change: 16%
- My health is worse that it was five years ago: 11%
- I am saving/investing less for my retirement: 8%
- My 401K or other retirement accounts are worth less than they were five years ago: 6%
- My current job pays me less than the job I had five years: 4%
- Social security will not be around when I retire: 3%
- My company is no longer offering retirees pension benefits/worse benefits at work: 3%

Q28. What are the main reasons that your outlook for retirement has changed for the WORSE?
Base: Personal outlook about retirement has changed for the worse
* Caution: small base
Boomers and Personal Finance: Lowered Expectations and Heightened Challenges
More Boomers “Not Satisfied” With What They Are Putting Away For Retirement

Q8. How satisfied are you with the amount of money you put aside for your retirement? Are you completely, somewhat, not very, or not at all satisfied?

% of non-retired Boomers saying each.

<table>
<thead>
<tr>
<th>Satisfied Level</th>
<th>2011 (n=954)</th>
<th>2003 (n=1200)</th>
<th>1997 (n=2000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completely satisfied</td>
<td>14%</td>
<td>19%</td>
<td>17%</td>
</tr>
<tr>
<td>Somewhat satisfied</td>
<td>41%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Not too satisfied</td>
<td>16%</td>
<td>12%</td>
<td>15%</td>
</tr>
<tr>
<td>Not at all satisfied</td>
<td>28%</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>Don't Know</td>
<td>0%</td>
<td>1%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Q8: How satisfied are you with the amount of money you put aside for your retirement? Are you completely, somewhat, not very, or not at all satisfied?
Boomers See Themselves Relying Less on Personal Savings and Pensions, More On Social Security

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

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

- IRA, 401(k), or other retirement savings
- Social Security
- Income or money from savings and investments
- Pension from place of employment
- Money I get from selling my house
- Annuity policy from insurance company
- Military service pension
- None of these

2011: 61% 69% 68% 48% 59% 63% 61% 6% 3%
2003: 65% 57% 64% 55% 59% 60% 64% 6% 3%
1998: 60% 63% 64% 61% 58% 57% 63% 5% 2%

Q7. Which of these things do you feel fairly sure you can count on as a source of income during your retirement years?
Boomers Are More Likely To Anticipate Scaling Back Their Lifestyle When They Retire

% of non-retired Boomers agreeing with each (Top 2 Box 4,5 rating).

I Expect…

- To have plenty of money when I retire: 30% (2011), 27% (2003), 23% (1998)
- To have to scale back my lifestyle during retirement: 35% (2011), 36% (2003), 42% (1998)
- To not be able to afford to retire: 36% (2011), 36% (2003), 35% (1998)
- To struggle to make ends meet: 23% (2011), 24% (2003), 25% (1998)
- To depend heavily on my 401(k): 32% (2011), 32% (2003), 36% (1998)
- To rely on Social Security for all or most of my income during retirement: 31% (2011), 32% (2003), 38% (1998)
- To not be able to afford to do all the things I want to do: 25% (2011), 27% (2003), 30% (1998)
- To struggle to make ends meet: 23% (2011), 24% (2003), 25% (1998)
- To have plenty of money when I retire: 30% (2011), 27% (2003), 23% (1998)

Q6a, Q10a, Q23. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I’d like you to consider each statement. (ONLY ITEMS RELATED TO FINANCE FROM EACH QUESTION ARE SHOWN)
Boomers’ Perceived Knowledge Of Social Security Has Increased, and They are More Favorable Towards and Confident in Social Security - But Their Knowledge May be More Limited Than They Believe

% of non-retired Boomers agreeing with each (Top 2 Box 4,5 rating).

Q19. 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

Q20. Based on what you have heard, read or experienced with Social Security, what is your overall view of the program? Is it

Q22. How confident are you that Social Security will still be available to you when you retire?

Q: “At what age will you be eligible for full retirement benefits from Social Security?”

(most frequent response) . . .

1998 (65)  2003 (65)  2011 (65)
Personal Milestones and Life Events: As Boomers Age, More Life Happens
More Milestones Experienced By Boomers

% of non-retired Baby Boomers who experienced each.

Q24a/b. People experience major changes at various stages of their lives. Have you ever experienced any of the following major life events or changes?

- Having a parent die
- Having my last child move out of the house
- Becoming a grandparent
- Losing my job
- Becoming responsible for the care of a parent
- Getting a divorce
- Surviving a major illness
- Having a spouse/partner die

2011: 74%  63%  51%  47%  46%  43%  39%  34%
2003:     63%  51%  32%  35%  35%  35%  35%  32%
1998:      51%  32%  19%  19%  26%  26%  22%  9%

AARP
Boomer Health: Another Challenge
As They Age, Boomers Are Less Likely to Describe Their Health as “Very Good” Or “Excellent”

Q15. In general, would you say your health is...

Q24a. People experience major changes at various stages of their lives. Have you ever experienced any of the following major life events or changes?

% of non-retired Boomers say...

- In very good/excellent health
  - 2011: 50%
  - 2003: 58%
  - 1998: 64%

- Have survived a major illness
  - 2011: 34%
  - 2003: 27%
  - 1998: 22%
Boomers Continue to Feel Younger Than They Are

QD1a. What is your age?
QD1b. Regardless of how old you are, how old do you feel?

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual Mean Age of Boomers</th>
<th>Mean Age Boomers Feel</th>
<th>Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>55</td>
<td>48</td>
<td>-7</td>
</tr>
<tr>
<td>2003</td>
<td>47</td>
<td>40</td>
<td>-7</td>
</tr>
<tr>
<td>1998</td>
<td>42</td>
<td>35</td>
<td>-7</td>
</tr>
</tbody>
</table>

% of non-retired Boomers who ...

- Feel older than my real age: 2011: 17%, 2003: 10%, 1998: 10%
- Refused/No Answer: 2011: 1%, 2003: 5%, 1998: 3%
Boomers Are More Favorable Towards Medicare

% of non-retired Boomers agreeing with each (Top 2 Box 4,5 rating).

Q11. 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...

Q12. Based on what you have heard, read or experienced with Medicare, what is your overall view of the program? Is it...

Q14. How confident are you that Medicare will still be available for you when you reach age 65?
Boomers Plan to Exercise Regularly, But Increasingly Admit The Possibility of Failing Health

% of non-retired Boomers agreeing with each (Top 2 Box 4,5 rating).

<table>
<thead>
<tr>
<th>Statement</th>
<th>2011 (n=954)</th>
<th>2003 (n=1200)</th>
<th>1998 (n=2001)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I'll exercise regularly</td>
<td>55%</td>
<td>54%</td>
<td>56%</td>
</tr>
<tr>
<td>I should give more thought to how I'll keep active when I retire</td>
<td>52%</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>I expect to be healthier than most people my age</td>
<td>50%</td>
<td>51%</td>
<td>52%</td>
</tr>
<tr>
<td>I know I'm not doing enough now to maintain my health</td>
<td>26%</td>
<td>28%</td>
<td>27%</td>
</tr>
<tr>
<td>I expect to have some serious health problems</td>
<td>26%</td>
<td>22%</td>
<td>16%</td>
</tr>
<tr>
<td>I expect to have to stop working earlier than I would like because of poor health or a disability</td>
<td>20%</td>
<td>18%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Q6a, Q10a, Q23. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I’d like you to consider each statement. (ONLY ITEMS RELATED TO HEALTH FROM EACH QUESTION ARE SHOWN)
Boomers and Work: A Diverse Generation Has Diverse Expectations
Boomers Evenly Split Between Desire to Work – and Desire to Retire

% of non-retired Boomers agreeing with each (Top 2 Box 4,5 rating).

<table>
<thead>
<tr>
<th>Statement</th>
<th>1998 (n=2001)</th>
<th>2003 (n=1200)</th>
<th>2011 (n=954)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I can't wait to retire</td>
<td>42%</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>I won't want to stop working</td>
<td>37%</td>
<td>37%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Working boomers expected to retire at 64 in 1998, but now expect to keep working until 68 (although they would still prefer to retire at 64)

Q23. 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.
There Has Been A Shift Towards Working For Needed Income Versus Working For Enjoyment/Intent

% of non-retired Baby Boomers who think they will be doing each when they retire.

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

- Working (net)
  - 2011: 81%
  - 2003: 79%
  - 1998: 80%

- Working part-time for the needed income
  - 2011: 29%
  - 2003: 25%
  - 1998: 23%

- Working part-time mainly for interest/enjoyment
  - 2011: 30%
  - 2003: 35%
  - 1998: 30%

- Starting my own business
  - 2011: 15%
  - 2003: 15%
  - 1998: 17%

- Retire from current job/career but work full-time for pay doing something else
  - 2011: 7%
  - 2003: 7%
  - 1998: 5%

- Other
  - 2011: 6%
  - 2003: 3%
  - 1998: 0%

- Not working at all
  - 2011: 15%
  - 2003: 20%
  - 1998: 16%

- Don't know
  - 2011: 4%
  - 2003: 1%
  - 1998: 4%
Boomers and Their Families: A Preference for Emotional Connection but Financial Independence
Q6a, Q10a, Q23. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I’d like you to consider each statement. (ONLY ITEMS RELATED TO FAMILY FROM EACH QUESTION ARE SHOWN)
% non-retired Boomers agreeing with each (Top 2 Box 4,5 rating).

<table>
<thead>
<tr>
<th>Statement</th>
<th>2011 (n=954)</th>
<th>2003 (n=1200)</th>
<th>1998 (n=2001)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I expect to be living alone for most of my retirement years</td>
<td>29%</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>I expect to have an aging parent/in-law living in my home at some time</td>
<td>17%</td>
<td>19%</td>
<td>18%</td>
</tr>
<tr>
<td>during my retirement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I expect to have to provide financially for my children</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>I expect to have to provide financially for my elderly parents/in-laws</td>
<td>14%</td>
<td>18%</td>
<td>15%</td>
</tr>
<tr>
<td>I think people ought to be able to depend on their family financially</td>
<td>12%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>during retirement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I'll expect my children to help me out financially</td>
<td>7%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>
Anticipated Retirement Lifestyles: Less Aspirational, More Pragmatic
Boomers’ Less Likely To See Retirement As A Time For Fulfilling Aspirations

Q4. 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.

% non-retired Boomers agreeing with each (Top 2 Box 4,5 rating).
Instead, Retirement Increasingly Means Economic Hardship, The End Of Productive Years, And Increased Dependence

Q4. 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.

% non-retired Boomers agreeing with each (Top 2 Box 4,5 rating).

- Fewer obligations: 43% (2011), 44% (2003), 46% (1998)
- Economic hardship: 30% (2011), 23% (2003), 22% (1998)
- Increase dependence on others for my personal care: 21% (2011), 17% (2003), 15% (1998)
- Boredom: 20% (2011), 18% (2003), 14% (1998)
- Increased isolation from society: 19% (2011), 16% (2003), 12% (1998)
Boomers Are Less Confident In Their Ability To Prepare For The Future -But Not Because of a Lack of Information or Planning

% of non-retired Boomers agreeing with each (Top 2 Box 4,5 rating).

<table>
<thead>
<tr>
<th>Statement</th>
<th>2011 (n=954)</th>
<th>2003 (n=1200)</th>
<th>1998 (n=2001)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am confident in my ability to prepare adequately for the future</td>
<td>53%</td>
<td>61%</td>
<td>61%</td>
</tr>
<tr>
<td>I find it hard to save for retirement with so many other needs right now</td>
<td>49%</td>
<td>47%</td>
<td>45%</td>
</tr>
<tr>
<td>I often discuss retirement planning with my family, friends, and co-workers</td>
<td>34%</td>
<td>35%</td>
<td>36%</td>
</tr>
<tr>
<td>I need more information to help me plan for my retirement</td>
<td>23%</td>
<td>23%</td>
<td>22%</td>
</tr>
<tr>
<td>When I think about retirement, I have the attitude that the future will take care of itself</td>
<td>23%</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>It is important to be prepared for the future by sacrificing and saving today</td>
<td>77%</td>
<td>74%</td>
<td>76%</td>
</tr>
</tbody>
</table>

Q6b. Now, how much do you agree or disagree with each of the following statements?
Q10a. 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”
From Generalizations to Segments: Retirement Means Different Things to Different Boomers
A Segmentation of Today’s Non-Retired Baby Boomers

Similar to 1998 and 2003, a segmentation analysis shows five well-defined groups that segment according to attitudes, expectations and behaviors toward retirement. The striking finding that emerges this round is the pressure that the economic downturn has put on all Boomer groups’ retirement choices and realities, especially the lower income segments, but the more affluent segments as well.
The Self-Reliants (22%)

- Down 10 points from 2003
- Very optimistic, although their optimism has slipped 6 points (to 81%)
- Have the resources to be active in the workforce and save aggressively—most affluent and best educated of the five segments
  - 56% college graduates, 31% of all boomers
  - $106K median HH income, $67K for all non-retired boomers
  - 54% executive/professional, 35% of all boomers
- Expect to depend on personal savings in retirement (77%, compared to 52% total)
- Continue to be satisfied with amount currently putting away for retirement (89%, compared to 55% for all boomers and basically unchanged from 91% in 2003), yet show a 10 point decline in feeling like they will have plenty of money when they retire (33%, compared to 21% for all boomers)
- **None** plan to stop working when retired; a majority (55%) plan to work part-time mainly for interest or enjoyment’s sake (23% of total)
- 84% white non-Hispanic, compared to 78% of all boomers
- 72% married, compared to 59% of all boomers
The Enthusiasts (10%)

- Down 4 points from 2003
- Continue to look forward to their retirement years with pleasure
- Enjoy second highest income among five the segments
  - $88.1 median HH, $67K all non-retired boomers
  - less likely to be blue collar (23%, 34% for all boomers)
- Plan not to work at all when retired
- Most optimistic about retirement years (91%, unchanged from 93% in 2003)
- Two-thirds, the greatest number across all the groups, say they “can’t wait to retire” (66%, compared to 43% of all boomers)
- Though most continue to be satisfied with amount putting away for retirement, this number has slipped (to 87% from 95% in 2003)
- Most likely to expect to have “plenty of money” in retirement (47%) – unchanged since 2003 (total 21%, down 6 points since 2003)
- 72% married, compared to 59% of all boomers
Today’s Traditionalists (26%)

- Increased 4 points from 2003-- continue to have the most confidence in Medicare (77%, total 52%) and Social Security (80%, total 55%),
- Like Self Reliants, plan to work during retirement but more so for added income than for enjoyment/interest
- Optimism about retirement remains steady (74%, 60% overall)
- Most favorable towards Social Security (87%, 59% overall)
- Most favorable towards Medicare (85%, 69% overall)
- Closest median income to non-retired boomers overall ($73.3K, compared to $67K)
The Anxious (22%)

- Up 5 points from 2003
- This group's already low optimism toward retirement declined (37%, down 6 points, compared to 60%, -9 points for all non-retired boomers)
- But the number who can’t wait to retire increases (43%, up 13 points and matching boomer average)
- A majority (55%) report losing a job at some point (43% overall)
- Almost half (48%) expect to work part-time during retirement for needed income compared to 29% of all boomers
- Almost half expect to have to scale back during retirement
- Just one third (down 20 points) satisfied with amount putting aside for retirement, compared to 55% of total, down 14 points
- Greatly concerned about health care coverage during retirement
  - 23% feel they will get needed care, down 23 points (all boomers =70%, -8)
  - 13% confident in Medicare (52% overall)
  - 41% favorable towards Medicare (69% overall)
- 61% feel not having Social Security would have a major impact on their retirement, up 9 points since 2003 (all boomers 56%,+11 points), but only 16% are confident about it (55% overall) and only 35% are favorable (69% overall)
- Median income is $52,900
- Income declined from 2003 ($60K before inflation)
- 22% college graduates (31% boomer average)
The Strugglers (20%)

- Increased 5 points from 2003
- Just three in ten are optimistic (half the rate of all non-retired boomers)
- The least educated and least affluent segment
  - median HH income $24K, $67K for all non-retired boomers
  - 66% high school grad or less (40% overall)
  - 62% blue collar (34% overall)
  - 19% African American/Black, 72% white non-Hispanic (11%, 78%)
- This segment has been heavily affected by life events
  - 56% have experienced job loss (43% overall)
  - 50% have survived a major illness (35% overall)
  - 25% have had a spouse/partner die (14% overall)
  - 34% married (59% overall)
- Savings for retirement at half the rate of average Boomers, 41% versus 82%, a 17 point drop from 2003
- Just one in ten (down 12 points) satisfied with amount putting aside for retirement; most find it hard to save for retirement with so many other needs right now (72%)
- Their confidence in Social Security and Medicare systems has risen dramatically since 2003.
- Four in five (81%) feel the absence of Social Security would have a major impact on their retirement (55% overall)
- Increase of 9 points in the number who say they “can’t wait to retire” (41%, 43% overall)
Since 2003, Shifts Have Occurred Among the Segments

The negative-outlook segments – the Strugglers and the Anxious – have increased, while the positive-outlook segments – the Enthusiasts and the Self-Reliants – have decreased. This further underscores the impact of the recent economic downturn.

![Bar Chart showing changes in segments from 1998 to 2011](chart.png)

- **The Strugglers**: 9% (1998), 15% (2003), 20% (2011)
- **The Anxious**: 10% (1998), 17% (2003), 22% (2011)
- **The Self-Reliants**: 14% (1998), 30% (2003), 32% (2011)
- **The Enthusiasts**: 13% (1998), 23% (2003), 26% (2011)
- **Today's Traditionalists**: 22% (1998), 25% (2003), 26% (2011)
The Anxious and the Self-Reliants Show the Biggest Declines in Optimism

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

<table>
<thead>
<tr>
<th>Segment</th>
<th>2011 (n=954)</th>
<th>2003 (n=1,200)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Baby Boomers</td>
<td>60%</td>
<td>69%</td>
</tr>
<tr>
<td>The Strugglers</td>
<td>30%</td>
<td>31%</td>
</tr>
<tr>
<td>The Anxious</td>
<td>37%</td>
<td>43%</td>
</tr>
<tr>
<td>The Self-Reliants</td>
<td>81%</td>
<td>87%</td>
</tr>
<tr>
<td>The Enthusiasts</td>
<td>91%</td>
<td>93%</td>
</tr>
<tr>
<td>Today's Traditionalists</td>
<td>74%</td>
<td>72%</td>
</tr>
</tbody>
</table>

Q2. As things stand today, which of these statements best describe your feelings as you think about your retirement years?
Retired Boomers: The Shape of Things to Come?
Who are the Retired Boomers?
Demographic and Life Stage Differences:

<table>
<thead>
<tr>
<th>Retired boomers ....</th>
<th>Not Retired%</th>
<th>Retired%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Are Older</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean Age</td>
<td>54</td>
<td>60</td>
</tr>
<tr>
<td><strong>Are Less Healthy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excellent/very good health</td>
<td>50</td>
<td>35</td>
</tr>
<tr>
<td>Fair/Poor Health</td>
<td>22</td>
<td>43</td>
</tr>
<tr>
<td><strong>Have Experienced Different Life Events</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Widowed</td>
<td>4</td>
<td>14</td>
</tr>
<tr>
<td>Having a parent die</td>
<td>74</td>
<td>81</td>
</tr>
<tr>
<td>Losing your job</td>
<td>43</td>
<td>27</td>
</tr>
<tr>
<td>Becoming a grandparent</td>
<td>46</td>
<td>58</td>
</tr>
<tr>
<td>Getting a divorce</td>
<td>36</td>
<td>29</td>
</tr>
<tr>
<td>Surviving a major illness</td>
<td>34</td>
<td>45</td>
</tr>
<tr>
<td>Having a spouse/partner die</td>
<td>14</td>
<td>21</td>
</tr>
<tr>
<td><strong>Were Less Likely to have executive/professional careers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive/ Professional</td>
<td>35</td>
<td>24</td>
</tr>
<tr>
<td><strong>Have Lower Incomes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median Income ($)</td>
<td>67,000</td>
<td>51,400(77%)</td>
</tr>
</tbody>
</table>
For Retired Boomers, the Transition from Work to Retirement Did Not Match Working Boomers’ Expectations

When you retired from your last full time job, did you...

- Stop working completely: 69%
- Work part-time mainly for the needed income: 6
- Work part-time mainly for interest or enjoyment: 11
- Start your own business: 4
- Other: 4
- [VOL.] Not applicable –never in labor force (homemaker, disability, etc.); left labor force many years before retiring: 5
- Don’t know: 1
Q2. As things stand today, which of these statements best describe your feelings as you think about your retirement years?

Q6b. 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”

% of retired Baby Boomers (n=249) who...

- Very/fairly optimistic about retirement: 74%
- Agree retirement is better than I thought it would be: 53%
Retired Boomers Are Three Times as Likely to Say Their Outlook Has Changed for the Better Than For The Worse Since Retiring

Q23. Would you say that your personal outlook about retirement has changed for the better, changed for the worse, or has not changed at all since you retired?

% of retired Baby Boomers (n=249) who say...

- Retirement outlook has changed for the better: 40%
- Changed for the worse: 12%
- No change: 47%
Personal Freedom Is The Key Reason Retired Boomers are Feeling Better About Retirement

% of Boomers who say retirement outlook has changed for the better

- I am able to do what I want when I want: 31%
- Financially better off due to lifestyle change: 21%
- Health has improved: 11%
- The economy is better: 2%
- Inheritance: 1%

Q24/27. What are the main reasons that your outlook for retirement has changed for the better?
Base: Personal outlook for your own retirement has changed for the better
Declining Health is the Key Reason Some Retired Boomers Say Their Outlook Has Changed for the Worse

% of Boomers who say retirement outlook has changed for the worse

- My health is worse than it was five years ago: 67%
- Financially worse off due to lifestyle change: 26%
- The economy is worse: 22%
- I am saving/investing less for my retirement: 14%
- I lost my job/I am unemployed: 10%
- My 401K/retirement accounts are worth less: 10%
- Social security will not be around when I retire: 7%
- Employer no longer offers retirees pension benefits: 7%
- There are not enough younger workers/Gen-Xers to pay into Social Security: 2%
- My current job pays me less than the job I had five years ago: 0%

Q25/28. What are the main reasons that your outlook for retirement has changed for the WORSE?
Base: Personal outlook about retirement has changed for the worse

*Caution: small base
Since Retirement, Boomers Have Spent More Time With Family, Pursuing Interests, and Socializing

Q4. Please tell me whether each of the following describes your life since retirement or not, using a scale from 1 to 5 - where 1 means it does not describe you at all and 5 means it very accurately describes you since retirement.

% of retired Boomers (n=249) agreeing with each (Top 2 Box 4,5 rating)

- Spent more time with my family: 76%
- More time to pursue my interests and hobbies: 67%
- More opportunity for socializing: 60%
- Time of leisure: 59%
- Time to indulge myself: 56%
- Increased concern and attention to health: 50%
- Fewer obligations: 48%
- Chance to do the traveling I couldn’t do before: 42%
- End of my productive years: 36%
- Economic hardship: 29%
- Increased isolation from society: 28%
- Boredom: 19%
- Increased dependence on others for my personal care: 17%
### Retired Boomers Use Their New-Found Free Time Like Previous Generations of Retirees: Watching TV, Reading, and Cooking

<table>
<thead>
<tr>
<th>Activity</th>
<th>% of retired Boomers who have ever done activity (bases vary).</th>
<th>More time</th>
<th>Same</th>
<th>Less time</th>
<th>Net change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Watching television</td>
<td></td>
<td>68</td>
<td>25</td>
<td>7</td>
<td>+61</td>
</tr>
<tr>
<td>Reading</td>
<td></td>
<td>64</td>
<td>19</td>
<td>16</td>
<td>+48</td>
</tr>
<tr>
<td>Cooking</td>
<td></td>
<td>59</td>
<td>22</td>
<td>17</td>
<td>+42</td>
</tr>
<tr>
<td>Surfing the Internet</td>
<td></td>
<td>58</td>
<td>24</td>
<td>17</td>
<td>+41</td>
</tr>
<tr>
<td>Exercising</td>
<td></td>
<td>50</td>
<td>20</td>
<td>30</td>
<td>+20</td>
</tr>
<tr>
<td>Listening to music at home</td>
<td></td>
<td>47</td>
<td>31</td>
<td>22</td>
<td>+25</td>
</tr>
<tr>
<td>Donating time to charitable activities</td>
<td></td>
<td>46</td>
<td>22</td>
<td>31</td>
<td>+15</td>
</tr>
<tr>
<td>Traveling</td>
<td></td>
<td>42</td>
<td>20</td>
<td>38</td>
<td>+4</td>
</tr>
<tr>
<td>Getting involved with civic activities</td>
<td></td>
<td>41</td>
<td>25</td>
<td>34</td>
<td>+7</td>
</tr>
<tr>
<td>Going out to eat</td>
<td></td>
<td>40</td>
<td>27</td>
<td>33</td>
<td>+7</td>
</tr>
<tr>
<td>Going out to plays, theatre, movies, other kinds of entertainment</td>
<td></td>
<td>32</td>
<td>32</td>
<td>35</td>
<td>-3</td>
</tr>
<tr>
<td>Playing competitive sports</td>
<td></td>
<td>21</td>
<td>16</td>
<td>62</td>
<td>-41</td>
</tr>
</tbody>
</table>

Q19Y. Compared to before you were retired, please tell me if today you spend much more time, somewhat more time, about the same amount of time, somewhat less time, or much less time doing each of the following in an average month. First...
Travel is Still an Aspiration for Boomers—As is Spending Time with Family and Friends

Now that you are retired, how would you most like to spend your time over the next several years? [OPEN END. RECORD VERBATIM. PROBE FULLY:] Anything else?

<table>
<thead>
<tr>
<th>Activity</th>
<th>pct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>36</td>
</tr>
<tr>
<td>Spend time with family/friends</td>
<td>26</td>
</tr>
<tr>
<td>Sports/fishing/golfing etc</td>
<td>9</td>
</tr>
<tr>
<td>Taking care of my health/exercise etc</td>
<td>9</td>
</tr>
<tr>
<td>Taking care of my house/yard/garden</td>
<td>7</td>
</tr>
<tr>
<td>Hobbies</td>
<td>6</td>
</tr>
<tr>
<td>Spend time with my spouse</td>
<td>5</td>
</tr>
<tr>
<td>Helping other people/help in the community</td>
<td>5</td>
</tr>
<tr>
<td>Volunteering</td>
<td>4</td>
</tr>
<tr>
<td>More money/make ends meet/pay bills</td>
<td>4</td>
</tr>
<tr>
<td>Reading</td>
<td>3</td>
</tr>
<tr>
<td>Go to church more/sing in church choir</td>
<td>3</td>
</tr>
<tr>
<td>Movies/theater</td>
<td>2</td>
</tr>
<tr>
<td>Would like to socialize/meet new people</td>
<td>2</td>
</tr>
<tr>
<td>Continuing education</td>
<td>1</td>
</tr>
<tr>
<td>Doing what I am doing now</td>
<td>11</td>
</tr>
</tbody>
</table>
Health Issues Have Played an Unexpected Role in Boomer Retirement

Q9. 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.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Not Retired (n=954)</th>
<th>Retired (n=249)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I will have to/had to stop working earlier than I will want to/wanted to because of poor health or a disability</td>
<td>20%</td>
<td>43%</td>
</tr>
<tr>
<td>I expect to have/I have serious health problems</td>
<td>26%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Q9. 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.
Many Boomers have Scaled Back in Retirement

% of retired Boomers (n=249) agreeing with each (Top 2 Box 4,5 rating)

I can’t afford to do all the things I want to do 43%
I wasn’t really able to afford to retire, but did anyway 38%
I depend heavily on the personal investments I made while still working 37%
I have had to scale back my lifestyle during retirement 37%
I have struggled to make ends meet 31%
I’ve relied upon Social Security for all or most of my income during retirement 31%
I have plenty of money 26%
I depend heavily on my 401k 22%
I rely on the Social Security benefits of a spouse 22%

Q6a, Q9, Q20. Using a scale from 1 to 5, where 1 means it does not describe at all what retirement means to you personally and 5 means it very accurately describes what retirement means to you personally. I’d like you to consider each statement.
(ONLY ITEMS RELATED TO FINANCE FROM EACH QUESTION ARE SHOWN)
Base: Retired (n=249)
Retired Boomers More Likely to Say They Can Count on Social Security for Income

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>Not Retired (n=954)</th>
<th>Retired (n=249)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security</td>
<td>59%</td>
<td>68%</td>
</tr>
<tr>
<td>Pension from place of employment</td>
<td>49%</td>
<td>52%</td>
</tr>
<tr>
<td>Income or money from savings and investments</td>
<td>44%</td>
<td>55%</td>
</tr>
<tr>
<td>IRA, 401(k), or other retirement savings account</td>
<td>41%</td>
<td>61%</td>
</tr>
<tr>
<td>Military service pension</td>
<td>7%</td>
<td>13%</td>
</tr>
<tr>
<td>Annuity policy from insurance company</td>
<td>10%</td>
<td>21%</td>
</tr>
<tr>
<td>Money you get by selling your house</td>
<td>5%</td>
<td>29%</td>
</tr>
<tr>
<td>None of these</td>
<td>6%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Q7. Which of these things do you count on as a source of income during your retirement years?
Retirement Lesson One: What Retired Boomers Have Learned About Themselves

% of retired Boomers (n=249) who say...

- I enjoy spending time with family: 8%
- I like being retired/having more time: 7%
- I am more patient/tolerant: 5%
- I am stronger than I thought: 4%
- I have learned the value of life: 4%
- I'm independent/self-sufficient: 4%
- I'm more outgoing/I like to socialize: 4%
- Retirement can be boring: 4%

Q26. Now that you are retired, what interesting things have you learned about yourself since you have retired? [OPEN END]
Q27. If you could offer any advice about retirement to people in their forties and fifties, what would it be?

- Save as much money as you can (28%)
- Plan ahead financially (26%)
- Stay working/work if you can (13%)
- Take care of your health (8%)
- Invest wisely/early (7%)
- Retire as soon as you are financially able (7%)
- Learn to enjoy life more (6%)
Q6b. 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”

Base: Retired (n=249)

- Retirement is better than I thought it would be: 53%
- I’m glad to not be working, but I need something else to do to fill my time: 39%
- Since I’ve retired, I’ve rekindled my relationship with my spouse or partner: 35%
- It’s harder to connect with or meet other people since I’ve retired: 33%
- People take me less seriously since I am no longer working: 26%
- Retirement is so boring I can hardly stand it: 17%

*64% of married respondents
Although Health Issues Are Prominent Among Retired Boomers, Insurance Coverage and Access to Health Care Contribute to a More Positive Outlook

- 85% of retired boomers have health insurance, compared to 80% of non-retired boomers (down 9 points from 1997)

- 91% have been able to get the health care they need when they need it, compared to 70% of non-retired boomers who expect this when they retire

- 88% have been able to visit doctors of their own choosing, compared to 72% of non-retirees who expect to do so

- 86% have been able to see a specialist when they felt the need to, compared to 71% of those who expect to do so
Key Take-Aways
Key Take-Aways

- The economy and growing older have created a more realistic/subdued/pessimistic vision
- Boomers are more positive about Social Security and Medicare
- Boomers vary *greatly* in their vision and readiness for the future
- Retired Boomers are more positive than those who have yet to retire because of personal freedom and health insurance
- Retired Boomers have experienced more health problems, which may have been a factor in their decision to retire early
- Retired Boomers are experiencing retirement the same way that previous generations did
- Advice from retired Boomers to those that will follow: Save More! Keep Working!
- Are Boomers reinventing retirement, or is retirement reinventing the Boomers?
Baby Boomers Envision
What’s Next?

Research and Strategic Analysis
Integrated Value and Strategy
June, 2011

© Copyright AARP and GFK Custom Research North America 2011