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WHAT
RETIREES
WANT

A HOLISTIC VIEW OF
LIFE'S THIRD AGE

WILEY

Table of Contents

[Cover](#)

[Introduction](#)

[1 The Age Wave Is Rising](#)

[A Brief History of Retirement](#)

[How Demographics Are Redefining Retirement](#)

[How the Age Wave Is Transforming the Economy and the Marketplace](#)

[How the Boomers Are Redefining Retirement](#)

[Connecting with the Boomer Generation](#)

[The New Retirement Lifescape](#)

[One Size Doesn't Fit All](#)

[Retirement Is a Journey, Not a Destination](#)

[Notes](#)

[2 Ageism Sucks](#)

[When Old Was In](#)

[Ageism Is Both Ignorant and Blinding](#)

[Ageism Blocks Authenticity](#)

[Advertising: Hardly Any Older People in the Room](#)

[Leading the Way](#)

[The New Metric of Maturity](#)

[Notes](#)

[3 Reframing Aging](#)

[Aspiration, Not Desperation](#)

[The End of “Seniors” and the Rise of “Modern Elders”](#)

[It Isn't About a Number](#)

[New Freedom, Less Worry, More Fun](#)

[Aging Becomes a “Non-Issue”](#)

[Modern Elders Are Reinventing, Not Retiring](#)
[The Power of Universal Design](#)
[The New Story Can Be Fun to Tell](#)
[Staying in the Game with a New Sense of Urgency.](#)
[Notes](#)

[4 Putting Wisdom to Work](#)

[The Older Worker Payoff](#)
[Why People Work in Retirement](#)
[How People Work in Retirement](#)
[The Life Cycle of Work-in-Retirement](#)
[Workforce Ageism, Skills Obsolescence, and Other Barriers](#)
[Four Types of Working Retirees](#)
[How Employers Can Engage Working Retirees](#)
[Notes](#)

[5 The Time Affluence Explosion](#)

[The Baby Boom Leisure Boom](#)
[The No-Vacation Nation](#)
[Retirement Transforms Leisure – and Leisure Transforms Retirement](#)
[The Leisure in Retirement Journey](#)
[Everyday Leisure and Staying Healthy](#)
[In Search of Peak Experiences](#)
[Help Needed: How and Where Can Fun Be Found?](#)
[Notes](#)

[6 Searching for the Fountain of Health](#)

[Retirement's Biggest Wild Card](#)
[The Health-Wealth Convergence](#)
[Taking Charge of Health: The Self-Care Revolution](#)
[Four Boomer Health Styles](#)
[Helping Boomers Look and Feel Their Best](#)
[Coming Breakthroughs in Longevity?](#)

[Battling and Coping with Chronic Conditions](#)

[Maintaining Brain Health for Life](#)

[Living with Everyday Health Problems](#)

[Age-Related Tech Is Ramping Up](#)

[Waze to Help People Out of the Maze?](#)

[A Looming Geriatric Medical Crisis](#)

[Notes](#)

[7 Retirement Isn't a Solo Project](#)

[The Changing Family Lifescape](#)

[Deepening Relationships and the Reemergence of Interdependence](#)

[The Generosity of Grandparents](#)

[Who's the Buyer?](#)

[Transgenerational Appeal: No Need for Age-Ghetto Marketing](#)

[Challenges Aging Families Face](#)

[The Responsibilities and Rewards of Caregiving](#)

[The Journey of Widowhood](#)

[Notes](#)

[8 Home and Community](#)

[Crossing the Threshold into the Freedom Zone](#)

[Should We Stay or Go?](#)

[Where Retirees Want to Live](#)

[How Retirees Want to Live](#)

[The Upsize Surprise](#)

[Renovation and Home Services](#)

[Care at Home](#)

[Communities with Care](#)

[Notes](#)

[9 Funding Longevity](#)

[The Funding Formula Is Changing: No More Three-Legged Stool](#)

[Widespread Lack of Understanding, Confidence, and Trusted Advice](#)

[Holistic Preparation for Retirement](#)

[Challenges Women Face](#)

[Course Corrections in Retirement](#)

[Spending and Decumulating in Retirement](#)

[Cash Poor But Brick Rich: Ways to Monetize the Biggest Asset](#)

[Coping with Health Care Costs](#)

[Avoiding Elder Fraud: A Hidden Menace](#)

[Tools and Resources to Help Keep Affairs in Order](#)

[Notes](#)

[10 The Giving Revolution](#)

[The Power of Purpose](#)

[The Longevity Bonus: The Upside of Aging](#)

[Giving with Purpose and a Desire for Impact](#)

[How Giving Gives Back](#)

[Intergenerational Connections](#)

[Women: The More Generous Gender](#)

[New Ways of Giving](#)

[Waze Needed to Precisely Match Interested Givers with Potential Recipients](#)

[Giving Within Families: The Four Pillars of Legacy.](#)

[What Matters Most Regarding Legacy.](#)

[Financial Inheritances](#)

[A Good Death and Dying with Purpose](#)

[The Future of Dying](#)

[Notes](#)

[11 Retiring Retirement](#)

[The Third Age: Life's New Frontier](#)

[A Glimpse into the Future](#)

[A Great Age?](#)

[Time's Up](#)

[Acknowledgments](#)

[About the Authors](#)

[Index](#)

[End User License Agreement](#)

Introduction

THE AGING OF THE MASSIVE Baby Boom generation is creating an unprecedented wave of retirees worldwide, and increasing longevity means that they will spend more years in retirement than we've ever seen. These older men and women are a rapidly increasing portion of the global population, and in terms of wealth and spending, they already have disproportionate economic clout. Yet many businesses and other organizations that can and should be meeting the needs of retirees continue to ignore, misread, even alienate them. These organizations mistakenly view retirement as a time of loss and decline when, for most, it's really about new freedom and purpose. It's the emerging Third Age of Life.

Let us introduce ourselves. Ken has been involved in the study of aging, health, and longevity since 1974, when he co-founded the country's first preventative health research project, the SAGE Project, and then set up similar initiatives around the world. In the early 1980s, while advising the Office of Technology Assessment – the think tank of the U.S. Congress – he became captivated by the extraordinary ways that increasing longevity, declining fertility, and the aging of the Boomer generation were creating an “age wave.” He founded his company of the same name in 1986 and has advised more than half of the Fortune 500 while giving presentations to more than two million people worldwide. He is the author of 16 previous books, including his seminal book, *Age Wave*, which was published in 1989. Ken has been a leading expert, innovator, entrepreneur, and activist in the aging field for four decades. Some of his work alongside other pioneers in the field is recounted in this book.

Robert is a business researcher, writer, speaker, consultant, and authority on the intersections of business, technology, and people management. He has spent much of his career as a leader of research and executive programs in influential management consulting firms, working with hundreds of major organizations across industries. His

breakthrough work has ranged from business reengineering to technology and workforce management to business analytics.

We began working together in 2000 with the project “Demography Is De\$tiny” that provided the sparks for our *Harvard Business Review* article “It’s Time to Retire Retirement,” which earned a McKinsey Award, and then our book *Workforce Crisis*. Our collaboration has continued in a series of studies about life in retirement, and we have worked with every industry covered in this book. We are both Boomers, born in 1950, so we have lived as well as studied the topics and trends we describe – and sometimes led the way.

Age Wave’s quarter-century-long research into the changing lifescape of retirement in the United States and around the world has formed a comprehensive and holistic portrait of the experiences, values, priorities, worries, opportunities, and aspirations of retirees, with special emphasis on the Baby Boomers who are swelling the ranks and market potential of retirees worldwide. We have reviewed thousands of papers, reports, and data sets, conducted hundreds of expert interviews and dozens of focus groups, and administered cutting-edge surveys of more than 100,000 nationally and internationally representative respondents. We have endeavored at every step to understand retirement in its personal, social, economic, and cultural contexts.

This book is addressed to everyone seeking a more complete and holistic understanding of today’s and tomorrow’s retirees in order to anticipate their needs and provide them with informed, innovative, empathetic, and valuable products and services. That includes executives, managers, marketers, and frontline employees in businesses, nonprofits, and government and community agencies. In addition, because so many retirees and pre-retirees are curious about their own options for this new chapter in their lives, we hope they find this book to be a helpful and thought-provoking resource.

In [Chapter 1](#) we explore how retirement is transforming at the hands of the Boomers and the myriad opportunities that creates. In [Chapter 2](#) we discuss how ingrained ageism prevents organizations from realizing the opportunity to serve new generations of retirees. [Chapter 3](#) describes the antidote – the imperative to reframe attitudes and practices around aging.

In [Chapters 4](#) to [10](#), we detail what retirees want in the key facets of their lives: work, leisure, health, family, home, finances, and purpose. In the final chapter, we'll look ahead to how the Third Age we currently call “retirement” will continue to become a larger, more important, and more rewarding segment of people's lives. And a growing opportunity for organizations that master the retiree market.

Throughout this book, we'll share data and analysis on what retirees want, along with commentary from experts and examples of organizations that are finding innovative ways to meet retirees' needs and aspirations. Many chapters end with checklists of actions and opportunities for organizations and entrepreneurs in relevant industry sectors. Much of our survey research is U.S.-based, and some major retirement issues, like pension and health care programs, are specific to the United States. But we also share international data where comparisons are enlightening, and many of our examples are multinational or global enterprises. The challenges and opportunities of serving growing waves of retirees are common in countries around the world.

While the chapters on each facet of life in retirement are of special importance to specific industries, we invite you to read them all for two reasons. First, because they are interconnected. For example, health and location shape opportunities for work and leisure. Work improves financial footing. Family and financial concerns are everywhere. Second, because we've learned time and again that the examples of situations, opportunities, and innovations in one industry often trigger insights and actions in another.

We hear from all the organizations we work with – business, nonprofit, and government alike – urgent demand for more information and better insight into what retirees want and how to serve them respectfully, engagingly, and holistically. We hope this book meets those needs and helps both organizations and retirees to thrive in the new Third Age.

We completed this book and submitted it to our publisher in mid-January 2020, before the devastating effects of the COVID-19 virus

were widely known. We hope that by our publication date of July 2020, the pandemic will have subsided somewhat, and the ways forward will be clearer. When we talk about this book, we expect one of the first questions will be how the virus changes what we have to say. For now, we anticipate a three-part answer.

First, everything about our lives is disrupted in the short-term and perhaps the long-term as well. We've seen volatility in financial markets before. Now we're getting a lesson in the importance and fragility of our health system and supportive social networks.

Second, many of the fundamental challenges and opportunities we discuss are unchanged, while others are amplified. We more clearly see the value and power of purpose, resiliency, and (with a technological assist) connectedness across families, communities, and enterprises. And there's heightened awareness of the need for financial planning on one hand, and societal safety nets on the other.

Third, generational differences are coming to the fore. Older people are at greater health risk from the virus. But if healthy and not alone, they have stronger foundations for coping. Most are retired from work, and many own their homes. They have the safety nets of Social Security and Medicare, and many are using their experience and perspective to help them cope better than younger, less experienced cohorts.

We hope that you and all those you care about remain safe and sound and that this book provides some helpful guidance going forward.

April 24, 2020

1

The Age Wave Is Rising: How the Boomers Are Transforming Retirement

WHAT DOES “RETIREMENT” mean anymore? Literally, the word “retire” means to “leave” or “withdraw” or even “disappear.” In popular connotation, retirement has become the time to end your career, kick back, and relax in a life of leisure. Today, however, retirement is in the midst of an incredible transformation, and tomorrow’s retirement will have a whole new timing, meaning, and purpose.

The new retirement is not a time of gradual decline, nor is it about growing old quietly. Our studies find that increasing numbers of older men and women are not interested in “acting their age” and retreating to the sidelines. They’d rather rebel against ageist stereotypes and be productive and involved – even late-blooming – in their maturity. They see retirement as an opportunity for new dreams, contributions, and personal reinventions with new interests, relationships, and ways of living. Passive leisure is being replaced by adventure travel, “edutainment,” and “voluntourism” as a vital, turned-on generation of retirees seeks new experiences and new ways to learn.

Richard Eisenberg, Managing Editor of *Next Avenue*, talks about those ambitions: “People have different dreams. For some it’s about starting a business that they’ve thought about for years. For some it’s about learning a new language, or taking up an instrument, or going back to a hobby they had when they were children, or having the time to spend with family or traveling, or volunteering.” Mary Furlong, EdD, author of *Turning Silver into Gold: How to Profit in the New Boomer Marketplace* and a leading pioneer on the longevity marketplace, points out how today’s retirees are on the move: “They’re traveling to visit their grandchildren or their parents or

they're having an adventure for themselves. Between their volunteering, part-time work, enjoying their grandchildren and, yes, their doctor's appointments, they're very busy. They want to stay in the game, even as peak performers." During the past decades, there has been a great deal of focus on helping people add years to their lives. Now, it seems, they want to also add life to those years.

A Brief History of Retirement

Up until the twentieth century, most people did not retire. The economy was largely agrarian and family-based, and all generations pitched in. You worked all your life and work served a variety of functions, as a livelihood, a way of feeling worthwhile, and a social activity, where you encountered people of all ages. If somebody was no longer able to perform a physically demanding job, responsibilities changed. Grandpa would stop plowing the fields and instead fix the fences – and pass on his knowledge of field plowing. People had no real concept or expectation of retiring. We call that the first age of retirement, and it had lasted for centuries.

By the early twentieth century, the industrial revolution had migrated much of the labor force from the family farm to the factory assembly lines, and the second era of retirement began. Older workers were let go when they weren't needed or could no longer perform at the pace or intensity of their younger counterparts. Then, in the midst of the Great Depression, Social Security was created, officially institutionalizing retirement for older workers. The program had two main purposes: first, to create a modest safety net for older adults in a period of economic uncertainty, and second, with unemployment levels skyrocketing to 25%, to provide a process whereby older people would leave the workforce to make room for the young. However, life expectancy in the 1930s was only 62, so most people didn't live long enough to retire. If they did retire, it was for an average of less than five years.¹ Early in the Social Security program, there were 40 workers supporting each retiree, and the average annual payout was \$220, so it was not much of a strain on the economy.

Through subsequent decades, people began retiring earlier and earlier ([Figure 1.1](#)). Social Security benefits were increased 77% in 1950, and by the 1960s, company pensions covered half of all workers, up from virtually none in 1900.² The average age at which people retired plummeted from 70 in 1950 to 66 in 1960 to 63 in 1990. In this third era of retirement, people were living longer and, for increasing numbers, retirement was lasting for decades. Retirement communities and cruise lines began to promote retirement as the “golden years” of life. Many people came to think of

a financially secure retirement as an entitlement, a reward for a life of hard work. But it also came to be viewed as a badge of success, and the younger you retired, the more successful you were perceived to be.

We are entering what we'll call the fourth era of retirement, driven both by rising longevity and by an unprecedented influx of Boomer retirees. With their numbers also comes unprecedented economic clout. But they have less financial security from pensions and thus more responsibility for funding their own retirements. As a result, more of them will need to – or wish to – work a bit longer before they retire, and the average retirement age is 65 and rising. They will also have more “time affluence” in retirement and more options on how to spend it. And to further complicate the picture, they are looking at retirement differently. They don't want to be called “seniors” and they don't want their parents’ retirement. They want a kind of “ageless aging” and their dream is to stay active, engaged, and purposeful. How this new, fourth era is playing out is the core story of this book.

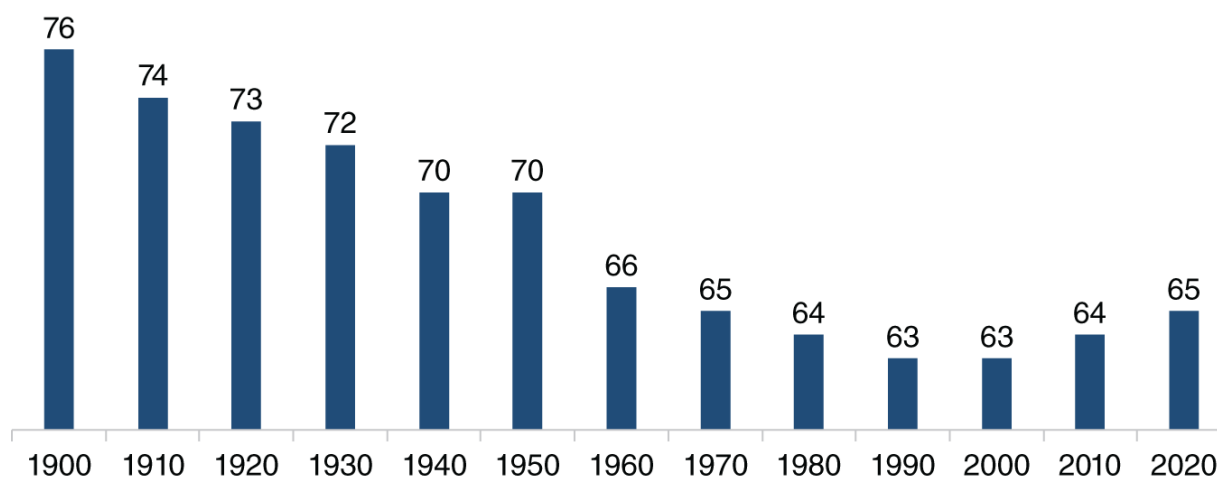


Figure 1.1 U.S. Average Retirement Age 1900–2020

Source: Age Wave / Merrill Lynch, *Work in Retirement: Myths and Motivations*; Center for Retirement Research at Boston College, 2020

How Demographics Are Redefining Retirement

The longevity revolution is the most disruptive trend in human history. Humans have walked the earth for 100,000 years, but our life expectancy has vaulted only in the last 100. As a result, the pace and processes of aging are being entirely redefined. A century ago, life expectancy in the United States was about 55 ([Figure 1.2](#)). Today, it is 79, and that's only good for 33rd place globally, almost 6 years behind Japan ([Figure 1.3](#)). With the possibility, and some would say inevitability, of medical breakthroughs in the near future, life expectancy could make another leap. How many decades might retirement last then?

Increasing longevity, however, is just half the story. There was a record-breaking baby boom in many countries after World War II. In the United States, we had 76 million births between 1946 and 1964. That baby boom became a teenager boom in the '60s and '70s, then a labor force boom, and today a retirement boom. Every day, another 10,000 American Boomers retire. In China, 440 million people were born during the period. And while the average life expectancy in China was a mere 35 in 1950, it has vaulted to over 75 today (and rising). China's age wave may be its biggest social, medical, and economic challenge/opportunity in the years ahead.

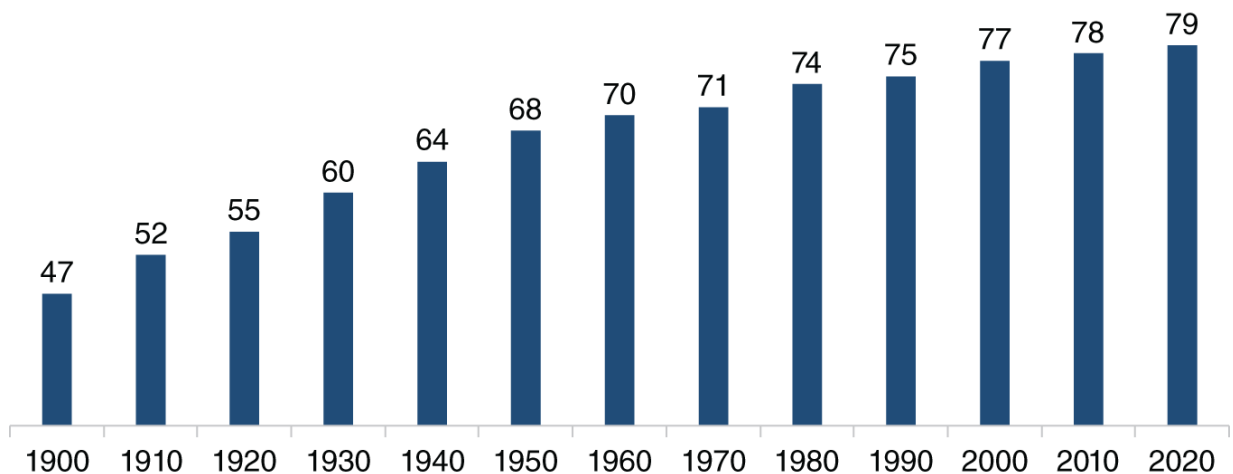


Figure 1.2 U.S. Life Expectancy at Birth, 1900–2020

Source: Social Security Administration, 2020

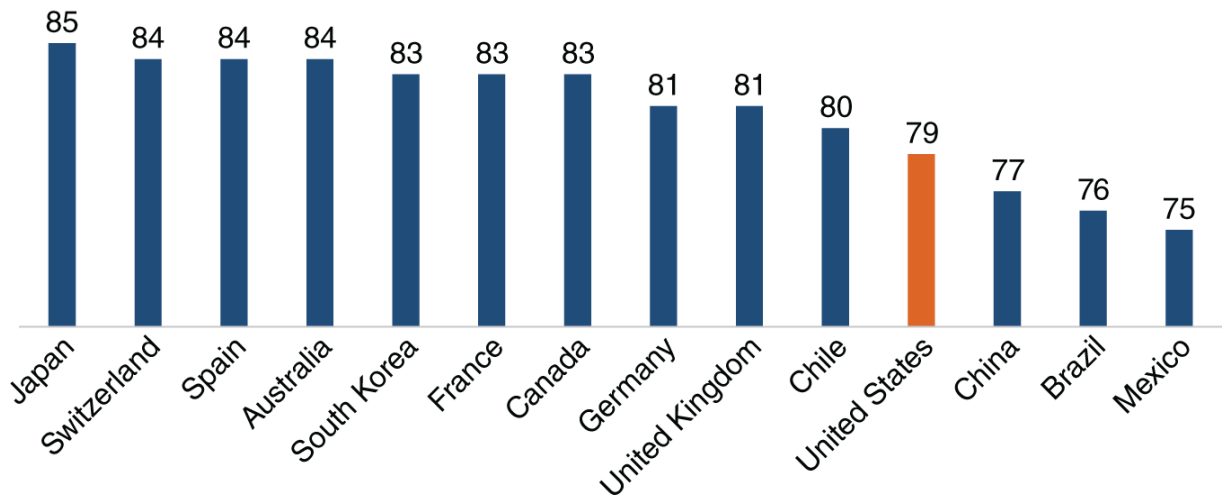


Figure 1.3 Life Expectancy at Birth, Selected Countries

Source: United Nations, 2019 Revision of World Population Prospects

Longevity plus the aging of the Baby Boom generation drive the dramatic growth in the number of older men and women. There are now more than a billion people age 60+ in the world, and it's estimated that we will cross the 2 billion threshold in 2048. This growth is most dramatic among the older old. In 1900, there were only 122,000 people aged 85+ in the United States. As of 2020, there are nearly 6.7 million (more than the total American population in 1800), representing an increase of 5,500%. That number will more than double to 14.5 million by 2040.

Moreover, the rate of population aging, which varies dramatically across different countries, is accelerating. It took 115 years (from 1865 to 1980) for the age 65+ cohort in France to rise from 7% of the total population to 14% (Figure 1.4). It took 85 years in Sweden and 69 in the United States. But it took only 25 years in Japan and will take 23 in China and 21 in Brazil. The next proportional increase, from 14% to 21%, is happening much faster: 42 years in France, 40 in Sweden, 20 in the United States, 12 in Japan, 11 in China. Japan and Sweden are already over 21%, and South Korea is going from 7% all the way to 21% in only 27 years. This population acceleration has major countries and cities scrambling to adjust their facilities and services.

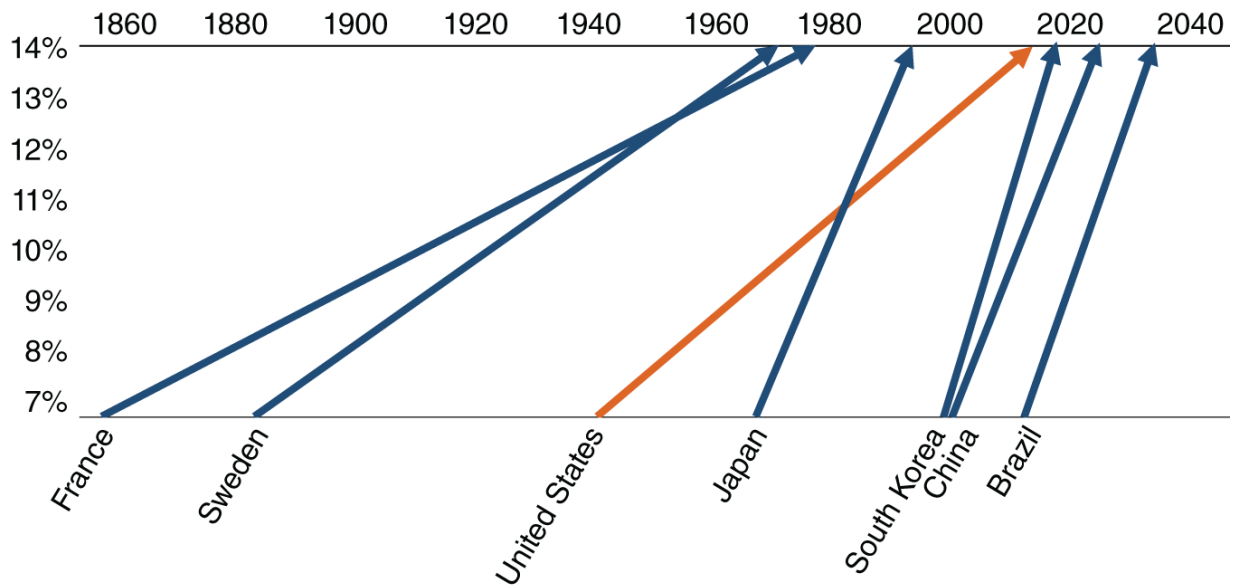


Figure 1.4 The Speed of Aging: Time for 65+ Population to Rise From 7% to 14%

Source: U.S. Census Bureau

There are already approximately 68 million retirees in the United States, or 21% of the population. The number of retirees is projected to grow to 82 million by 2040. We say “approximately” because the definition of “retiree” is blurry with so many returning to the workforce, or considering themselves partially retired, or retired prematurely by health issues.

With longer life expectancy, women retirees outnumber men, especially at advanced ages. Women comprise 57% of the population over 65 and 67% of those over 85. Meanwhile, the ethnic distribution of older Americans continues to change. Non-Hispanic whites make up 76% of the age 65+ population today, and that will decline to 66% in 2040. The proportion of African Americans (9% to 11%), Hispanics (9% to 16%), and Asians (4% to 7%) will rise significantly ([Figure 1.5](#)). Of course, younger cohorts are more diverse yet – 56% of Millennials are white, 44% other ethnicities.

These trends create today's age and retirement waves. Rising life expectancy changes the age mix, and the aging of the Baby Boom amplifies the effect. All around the world, populations are rapidly aging. Nothing like this has ever happened before. We have a

massive wave of retirees looking at retirements of unprecedented length.

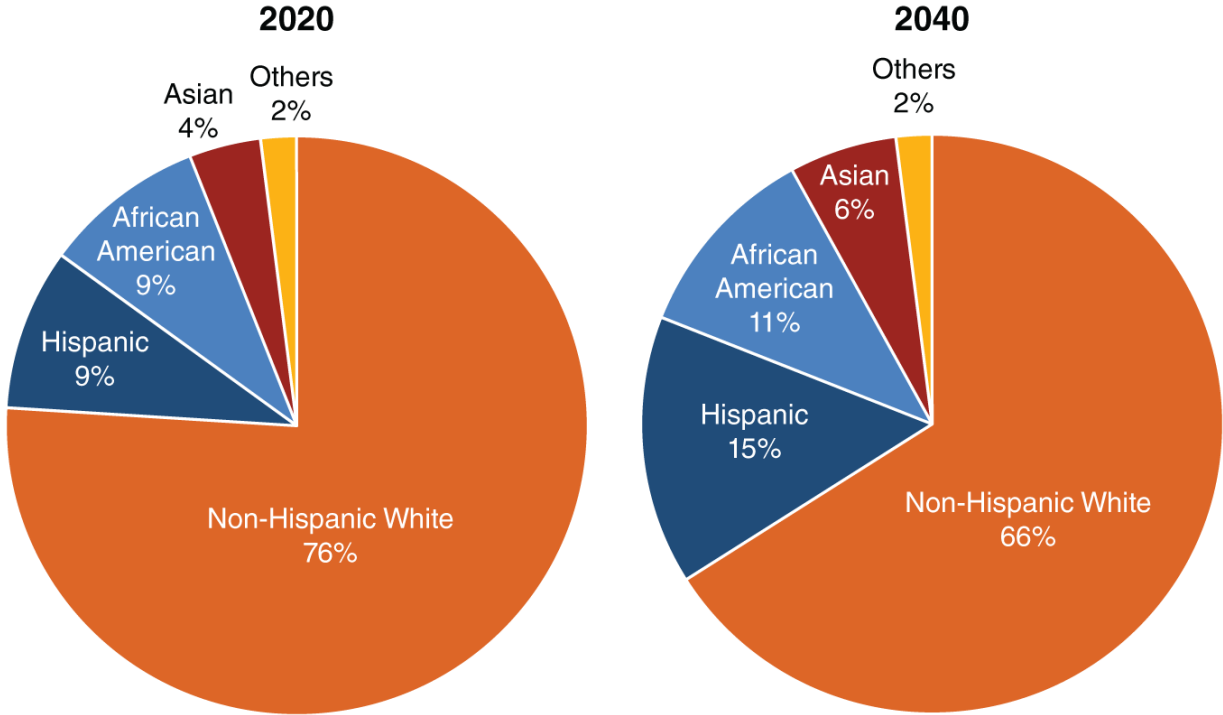


Figure 1.5 Changing Diversity of Age 65+ Americans

Source: U.S. Department of Health and Human Services Administration for Community Living, 2018 Profile of Older Americans and Minority Aging Profiles

How the Age Wave Is Transforming the Economy and the Marketplace

This story is about far more than headcount. Behind these population numbers is growing economic power. The 113 million Americans over age 50 turn out to be the most powerful and affluent consumer group in history. Representing 35% of the population, and 44% of adults, Americans over 50 control 76% of the total net worth of U.S. households. They have a combined annual personal income of over \$5.7 trillion and nearly \$80 trillion of wealth.³ Median net household worth is approximately three times that of those under age 50. Ninety percent of all billionaires are over age 50.⁴

These mature households now account for \$7.6 trillion in direct consumer spending, or 56% of the total. For categories including health care, they account for two-thirds of spending. They are responsible for purchasing or consuming:⁵

- 82% of home health care
- 78% of owned vacation homes
- 75% of contributions to charities
- 75% of prescription drug consumption
- 75% of landscaping services
- 74% of accounting fees
- 71% of over-the-counter drugs
- 70% of dental services
- 66% of ship fares
- 66% of magazine subscriptions
- 65% of out-of-pocket health care expenditures
- 57% of lodging
- 55% of major appliances
- 54% of airline fares

- 53% of jewelry
- 53% of groceries
- 52% of women's apparel
- 52% of personal care products and services
- 51% of new cars and trucks
- 50% of health club memberships

They also aid society and the economy in other ways. As a recent AARP study reports, the societal benefits of the 50+ population's unpaid activities – including caregiving, volunteering, donating to charities, and raising grandchildren – were worth \$745 billion in 2018. And they pay 59% of all federal income taxes.⁶

Americans 65 and older, the majority already retired, account for 17% of the total population and 38% of net wealth.⁷ In countries with comparable statistics available, the proportions are similar. In Canada, 18% are age 65+ and they have 31% of the wealth. In the U.K. it's 19% with 35% of the wealth, in Australia, 16% with 33%. In Japan, which is aging “earlier” than other developed economies, 28% of the population is over 65 and people in their 60s have the highest savings, double that of people in their 40s.⁸

Looking at assets and spending power generationally, Boomers are the wealthiest cohort ever. They have median household net worth of \$206,700 and an average of \$1,210,100.⁹ They control 54% of total wealth, and they make up more than 56% of the 12 million households with over \$1 million in assets (not counting primary residences).¹⁰ However, the wide difference between median and average net worth reveals the uneven distribution of wealth among the Boomers. Half have worth of around \$200,000 or less. As we'll detail in [Chapter 9](#), that leaves many financially unprepared for retirement. Others have significant wealth, often with an owned home the major asset. And there are some with extraordinary wealth, which brings the average way up – and can distort the picture of the generation's wealth. Nonetheless, as we'll see throughout this book, financial resources enable, but do not determine, enjoyment of life in retirement.

How the Boomers Are Redefining Retirement

The Boomers have famously – or infamously – reshaped every stage of life they've inhabited. Their early years caused a market boom in baby products. Their teenage years gave rise to the hippie movement. They activated sexual and gender revolutions. They reshaped the workforce with unprecedented numbers of women. As parents, they embraced a more involved approach to childrearing. When they were young, there were three television channels; now there are hundreds. For ice cream, they had to choose between vanilla, chocolate, strawberry, or Neapolitan. Baskin-Robbins' 31 flavors was a breakthrough. Today there are hundreds of flavors and ice cream shops customize their own. As teenagers, they were drawn to the idea of "fast food" and so Ray Kroc licensed the McDonald brothers' brand, and now there are nearly 38,000 McDonald's restaurants worldwide. Now this demographically potent generation has begun to reimagine and reinvent retirement.

Interested from the start in discovering themselves and finding purpose, they grew up with major causes – civil rights, women's rights, gay rights, opposition to war – and defining events – the assassinations of two Kennedys and Dr. Martin Luther King, the rebellious freedom of Woodstock, and the wonder of the moon landing. At the same time, the Boomers were glamorized and indulged. The story of youth's excitement was baked into them. And now they really don't want to become "old" people, certainly not by conventional definition.

In many ways, the Boomers are also the first generation to have had the benefit of retirement review and observation, watching their grandparents and then their parents be the first cohorts to have somewhat lengthy retirements, spent in a relatively quiet fashion. In contrast, they want their retirement to be more interesting, active, passion-filled, and exciting. They imagine, and indeed have, more choices in lifestyle, location, leisure, and other realms.

Because the Boomers are so different from older retirees, there's a gradual replacement going on, from one style of older person to another. The generation just in front of the Boomers grew up in the shadow of the Depression and lived through a world war. They were – and remain – far more conservative, frugal, and straight arrow-ish

than subsequent generations. The Boomers came along at another time in history and had the privilege of benefiting from the postwar period of peace, prosperity, and the ensuing expansion of the middle class. Compared to previous generations of older adults, they are better educated, more high-spirited, more willing to experiment, more willing to change things. They are also more spoiled, pampered, and unaccustomed to delayed gratification. Throughout their lives, Boomers have had an ambitious appetite for breaking rules of all sorts and experimenting with a diverse range of lifestyles. We are convinced that these proclivities will be central to their retirements.

It's also critical to note that Boomer women are more educated, skilled, ambitious, and confident than any previous generation of women. They were the first generation to step out of the homemaker pattern, where the husband worked and eventually retired, and the wife managed the home and family. Instead, they pursued higher education and careers and were also willing to leave unsatisfying marriages. In retirement, they are not just tagging along with their spouses. As Dr. Rita Smith writes in *Empty Nest, Empty Desk, What's Next?*, "We Boomer professional women are the first and largest generation of women to define themselves by our work. A retirement model is needed that provides continuity and outlets for our education, productivity, achievements, sense of community, and passion for meaningful work."¹¹

Boomer women's experience in decision making and financial matters will most likely serve them well in retirement, because on average the married will outlive their husbands. Many women spend much of their retirement as a primary or sole decision maker, and the scope of their decisions can include their spouses, parents, children, and grandchildren. This independence can empower them to pursue their diverse passions in retirement.

Connecting with the Boomer Generation

The times they are a-changin'. Cyndi Lauper is a spokesperson for Consentyx psoriasis treatment, Jon Bon Jovi for Advil pain reliever. Paul McCartney did a famous spot for Fidelity Investments. Not to be outdone, the Rolling Stones had as the sole sponsor of their recent North American tour the Alliance for Lifetime Income, the industry association for financial annuity providers. What's going on here? Cultural celebrities age and their needs change, just like what happens to their fans and followers.

These brands are employing the common technique of using celebrity spokespersons, as with Lauper and Bon Jovi, or simply attaching themselves to the aura of the celebrities, as with McCartney and the Stones. This is one version of “generational anchoring,” connecting with a target market by appealing to their shared experiences and attitudes. It works well with Boomers because of their strong generational identity. We're shaped by both *where* we're from and *when* we're from. We are not only of a certain background and neighborhood but also part of a certain cohort – with music, entertainers, and athletic celebrities commonly enjoyed, politicians admired or despised, and language and attitudes shared with friends. We may keep up with cutting-edge changes such as new technologies (often with the help of our children), but we also remain indigenous to our cultural places in time.

When Boomers were becoming fans of the Beatles and the Rolling Stones, retirement planning wasn't on their minds, let alone financial planning and annuities. But in more recent years, financial services firms have made effective use of generational anchoring because, as bank robber Willie Sutton pointed out, that's where the money is. After Ameriprise Financial was spun off from American Express in 2005, Age Wave worked with the new firm to help them put their brand on the map through an effective combination of generational anchoring and aspirational guidance. Ads featured Dennis Hopper, co-star of the classic 1969 biker movie *Easy Rider*. In one spot, with “Gimmie Some Lovin'” by the Spencer Davis Group playing in the background, Hopper tells the audience, “Your generation is definitely not headed for bingo night. In fact, you could write a book about how you're going to turn retirement upside-down.” The voiceover then

takes over: “The best book on retirement is the one you'll write, the *Dream Book* ... for retirement defined by your dreams.” Ameriprise's *Dream Book* became a widely used tool for financial planning driven by people's unique hopes and ambitions in retirement.

The Mercedes-Benz 2017 Super Bowl ad had generational anchoring hitting on many cylinders, with the help of Peter Fonda, the other co-star of *Easy Rider*. Set in a biker bar full of scruffy, gray-bearded Boomer-age bikers, the action begins with a biker donning his reading glasses to see the labels on the juke box more clearly and then push the button for Steppenwolf's “Born to Be Wild” (theme song of the *Easy Rider* movie). A parody scene of biker mayhem is interrupted when someone parks outside, blocking their motorcycles. The bikers charge outside ready for a brawl, but stop in their tracks because that someone is Fonda. He compliments their “rides” and drives off in his new Mercedes convertible, leaving his awestruck fans in a cloud of dust. You don't have to be a biker or have seen the movie in its first run to get the message: free-spirited, wind-in-hair then, and a more advanced kind of free-spirited, wind-in-hair now.

The most direct form of Boomer generational engagement may be through people, often entertainers or athletes, whom the audience recognizes instantly, relates to, and ideally identifies with. Anchors can also be the music used in ads or references to movies, events, and common experiences. With today's Boomer retirees, anchoring can say, “We're talking to you,” without the preface of, “Hey, old person.” Anchoring often benefits from humor, and it can be sealed with a wink and a nod, the suggestion of an inside joke. And the most engaging marketing campaigns (like the two we just mentioned) connect experiences from the past with analogs today in creative ways. They say to the audience, “This is you then, this is you now, and we understand the similarities and the differences.” They elicit characteristics and attitudes – freedom and fun, purpose and hope – that persist into the Boomers' retirement years.

The New Retirement Lifescape

In this book, we'll be taking a holistic look at the various aspects and experiences of the new retirement and how so much will be both activated and transformed by the Boomers. Here's a preview of some of the major zones we'll be covering.

Work. Retirement increasingly includes some employment. Seven in ten Boomer workers expect to work past age 65, are already doing so, or do not plan to retire. Retirees work because they need the money; because they want to stay mentally, physically, and socially active; or simply because they love what they do. Many choose to work in new occupations, to start businesses, or to launch “encore” careers that give back to society. As we'll be covering in depth in a few chapters, working in new ways is becoming part of the opportunity, adventure, enjoyment, and funding of retirement.

Leisure. Retirees also have the greatest time affluence and will be looking for new ways to enjoy it. In their everyday leisure pursuits, they seek to stay active and healthy. On special occasions, they seek memorable “peak experiences” such as travel, often with family. Retirees account for a disproportionate share of leisure spending, including over \$200 billion annually on travel. Worldwide, over the next 20 years, retirees will have 50 trillion hours of leisure to fill.

Health. Health is the key ingredient to an active and happy retirement. The additional life expectancy at age 65 is over 20 years for women, 18 years for men. The average person can expect to be in good health for about half that span, and is probably already managing at least one chronic condition, hypertension being the most common. Loss of health is retirees' greatest source of worry, and Alzheimer's has become the most feared condition of age. The need for care naturally increases with age: while 16% of people age 65–69 need care due to health problems or functional limitations, nearly 60% of those 85–89 need care. It's almost unimaginable what retirees will consider doing and spending to retain their health as long as possible.

Family. Family is far and away retirees' greatest source of reported satisfaction in life. Longevity produces three, four, five, even six generation families, and they will become increasingly matriarchal. Due to their superior longevity, the larger number of older women has dramatic effect on family structure. Over 34% of women age 65+ are widowed, only 13% of men. Some 9.4 million older Americans, almost 20% of the total, live in multigenerational households and generational interdependency is on the rise.

Home. Today's retirees enjoy new freedom in where and how they live. Younger retirees move to their dream locations, older ones to where care and comfort are available. Many stay in place and renovate. Seventy-nine percent of those age 65+ own their own homes, and seven in ten of them are mortgage-free. Nearly 14 million older Americans live alone, 70% of them women, and approaching half (45%) of all women age 75+ live alone. About 2.5 million older Americans live in assisted living or nursing facilities.

Finances. Less than half of Americans over the age of 60 feel that their retirement savings are on track, and on average they've saved only \$135,000. So they enter retirement facing the need for financial and lifestyle adjustments. The median annual income of households headed by someone age 65+ is about \$44,000, and the median net worth is over \$230,000. Eighty-four percent of older Americans report receiving Social Security, and it provides 90% or more of income for 34% of beneficiaries. Retirees' greatest financial concerns are costly health issues, rising cost of living, supporting their lifestyle, and outliving their savings.

Purpose. A strong sense of purpose keeps retirees more active, healthier, and happier. They believe that retirement is the best time to give back, and they are generous. Although often portrayed as self-centered, it turns out Boomers are the most charitable generation in history – in terms of both volunteer time and money. They account for over 40% of money donated and hours volunteered to charities and causes. Still, volunteering represents a small fraction of today's retirees'

discretionary time. As we'll explore in detail, mobilizing more retiree volunteers holds enormous potential for social good.

One Size Doesn't Fit All

Today's retirees want to be related to and respected for their diversity – and are weary of the stereotyped “golden agers” strolling along the beach at sunset. Colin Milner, founder of the International Council on Active Aging, stresses the importance of personalizing products and services: “The research shows that no two individuals experience aging in exactly the same way or at the same rate. Consumers expect products and services to be ‘about me.’ What is the solution that I need that's different from the mass solution? That's why we're seeing things like person-centered medicine and wellness. Every consumer enterprise should be looking for ways to be person-centered.” Paul Irving, JD, who chairs the Milken Institute Center for the Future of Aging, reinforces the point: “Older adults are as diverse and complex and different as any other part of the population, and in many ways more so because their tastes and understandings are refined by a lifetime of experience. So a one-size-fits-all marketing approach to retirees is not going to succeed.”

A first step toward customization is to recognize patterns and devise useful market segments. We have found patterns in the attitudes and experiences of retirees that fall into four different lifestyles. Our segmentation model, which emerged from numerous large-scale national and international studies, is based on the psychographics of retirees – their attitudes, aspirations, and stated needs and priorities. We have also fleshed out the segment characteristics with key demographic, financial, and other background information that aligns with the segment patterns.¹² Roughly 20% of retirees fall into each of the first three segments, which we call Ageless Explorers, Comfortably Contents, and Live for Today's. That leaves about 35% of retirees in the fourth segment, Worried Strugglers.

Ageless Explorers

Ageless Explorers see retirement as a time of opportunity, adventure, exploration, and personal reinvention. They tend to be accomplished in their lives and careers, and retirement presents the chance to accomplish even more. Although they want to step back a bit from the burdens and stresses of their careers, they don't intend to wind

down. In fact, work has typically been a source of personal fulfillment in their lives, and they often work in retirement, but more for the activity and accomplishment than the money. They are the most likely to start businesses in retirement or take teaching positions. They tend to plan ahead and have given considerable thought to their activities and ambitions in retirement.

Most Ageless Explorers feel energetic and empowered, and they tend to be optimistic and happy, active and informed, and both independent and social. They have self-knowledge and the confidence that goes with it. They very much enjoy the additional freedom and flexibility of retirement. They are financially secure in retirement through the combination of successful careers, financial knowledge and planning, and the fact of saving for 25 years (the most of any segment).

In this stage of their lives, they want a better balance between work and leisure and they especially want to focus more on family and have quality time with them. Their leisure centers on experiencing and learning new things and continuing to explore their own potential. Most of them want to give back to society, often as a continuation of the volunteering and donating they did before retiring. They tend to be healthy, and even when they have health challenges, they are determined to stay physically active.

Ageless Explorers have rejected the life-of-leisure definition of retirement in favor of exercising their freedom to choose new paths. They are in the vanguard when it comes to actively making the most of their retirement experience.

Comfortably Contents

Comfortably Contents have much in common with Ageless Explorers in terms of what they've accomplished in their careers and how financially prepared they are for retirement. However, they approach retirement with a more traditional, less driven view that retirement is a reward for a life of conscientious work. They tend to be well-educated and their work provided a good income. They are less likely to work in retirement, and when they do, it's to stay active as well as earn some supplemental money. In retirement, their focus is on recreation, fun, and relaxation. They're not necessarily winding

down, but rather shifting gears and priorities to enjoy the fruits of their labor.

Comfortably Contents view themselves as responsible, hard-working, capable, self-disciplined, and ambitious. In retirement, they report feeling very positive and relatively worry-free. They are the most likely of the four segments to say they are having fun and are very happy and healthy in retirement. Comfortably Contents want to take leisure activities to new heights. They are the most interested in exotic, adventure, and extended travel. They very much want their families to enjoy life with them, and they may be especially doting as grandparents. At the same time, they feel less need than other segments to give back to society outside their families.

They have been saving for retirement for an average of 23 years (second only to the Ageless Explorers). Most have planned, invested, and achieved financial security. Comfortably Contents have played the game of “you worked hard so now enjoy retirement,” and they've played it well. They now see their time in retirement as theirs to fully enjoy.

Live for Todays

Live for Todays have had active and varied lives and hope to continue with new experiences and adventures in retirement. Even more than Ageless Explorers, they seek continued personal growth and want to keep reinventing themselves. They have the biggest list of things they'd like to do and would ideally like their retirement to be an extension of their free-spirited lives. Live for Todays are versatile, idealistic, experimental, hopeful, and ambitious to do and learn new things. They are the most likely to say they never feel old inside. They like challenges and changes, and they've changed more than most – relationships, jobs, and locations. They see life as fascinating and often find it unpredictable. They're not planners. If they could, they would rather be doing it all: having fun with children and grandchildren, volunteering in the community, making new friends, taking classes, traveling, and engaging in new activities, hobbies, and intellectual pursuits.

They may have done okay financially, but it was more a matter of pay-as-you-go than save-for-retirement. Many will need to work a

few extra years in retirement to get by, and they're working primarily to supplement their income or build more of a nest egg. Because most haven't planned or saved enough to live comfortably in retirement, they are frustrated with the financial challenges they face in this stage of life.

Compared to Ageless Explorers and Comfortably Contents, Live for Todays are more worried about everyday expenses, health care costs, and outliving their money. They run greater risk of being derailed financially by health issues. The onset of retirement can be a shock, and they may continue to find retirement less fulfilling than they'd like because they have less flexibility than they'd like. They have regrets about their “be here now” lifestyle and wish they would have planned better for this stage in their lives.

Worried Strugglers

Worried Strugglers are, compared with the other segments, the least ready and able to enjoy retirement. They have fewer financial resources and fewer hopes and dreams for what they'd like to do. They report being more worried, less active, less healthy, and less happy.

Financially, they have done relatively little planning and preparation. If they've been saving, it's been at a lower rate and for fewer years. So they have greater reliance on employer pensions (if any) and Social Security for retirement income. They're more likely to have to work in retirement to make ends meet, but also more likely to have been forced into retirement by poor health. They don't travel spontaneously, but save for the annual getaway. Their physical sphere is generally close to home, and family, friends, and neighbors provide sources of enjoyment. Family support may be needed to sustain them personally and financially.

Many Worried Strugglers feel they've been dealt a bad hand late in life and they are frustrated that others seem to have it better. For this segment, retirement is not the “golden years,” but instead a largely unpleasant experience. Yet they report that they're not giving up and most think of themselves as pragmatic, as survivors.

Over the years, as we have discussed these four different segments of retirees, for obvious reasons, nearly everyone says they hope they don't wind up as Live for Todays or Worried Strugglers in their later years. This is a segmentation of retirees overall. In [Chapters 4](#) and [6](#), we'll discuss two more cuts based on retirees' attitudes toward work and health.

Retirement Is a Journey, Not a Destination

Not only are there different types of retirees, but the retirement lifescape is a moving target. People begin their retirement at different ages under different circumstances. Then they proceed through retirement in different ways at different paces. You can no longer tell where a retiree is in the journey simply based on age. We have seen far too many marketers treat 64-year-olds and 93-year-olds the same, just because they're both "retired." It turns out, though, that there are some common patterns. Inspired by the insightful analysis of the idea that there were distinct stages of grief and bereavement by Dr. Elizabeth Kubler Ross (with whom Ken collaborated occasionally in the 1970s), we have been examining the stages of retirement for years. We've learned that retirees' attitudes, needs, and priorities do evolve in five stages along the typical retirement journey.¹³

Stage 1: Imagination. Starting 15 or more years before their planned retirement, many people start to imagine how they might spend their retirement years. With other responsibilities and concerns front-and-center, starting with family and job, they don't dwell on retirement, but it appears that they do think about it quite positively. As their vision becomes clearer, especially about what they'd like to do and achieve in retirement, enthusiasm grows. In this imagination period, many realize that they should already be saving for retirement, including taking full advantage of employer and private retirement savings programs. Unfortunately, as we'll discuss later, most are not actually doing this.

Stage 2: Anticipation. Starting about 5 years before retirement, anticipation and preparation begin to percolate. Excitement builds as plans for recreation, hobbies, family, travel, and post-retirement careers begin to coalesce. Most people feel that their retirement ambitions may be in reach. At the same time, reality sets in, especially around financial preparation, and many people get financial advice and try to ramp up their savings. And as retirement draws closer, other anxieties increase around any health issues, how they will adapt

to the absence of a regular paycheck, and how things will work out.

Stage 3: Liberation. “Retirement Day” arrives and retirees feel an immediate mix of freedom, empowerment, and relief that it's finally here. Most get busy with a planned backlog of activities and priorities – travel, hobbies, time to reconnect with spouses and families. They report that they are having fun and they enthusiastically enjoy their newfound free time, though they may have trouble structuring it. During the initial adjustment to retirement, they are most likely to be working with financial advisors and life coaches. How long does this honeymoon period of liberation last? Not long. Our research showed that, on average, it's less than two years.

Stage 4: Reorientation. Starting about two years into retirement, people have largely transitioned out of their work identities and have begun to figure out what retirement means for them. After the initial burst of excitement, many find they need to adjust their expectations and plans. For most, retirement offers even more new choices and opportunities than they had anticipated – and that's exciting. Those who relocate tend to do so a few years into retirement. As life's clock continues to tick, retirees in this phase may have growing worries about health and finances. However, most reinvent themselves, overcome obstacles, make adjustments in both lifestyles and expectations, and reorient themselves around what will make their retirement personally fulfilling. Our research shows that many enjoy a prolonged “sweet spot” of retirement where happiness, contentment, and fun are at all-time highs. This stage of reorientation and enjoyment typically lasts a dozen years or more.

Stage 5: Reconciliation. Starting around 15 years or more into retirement, as health problems and limitations increase, most people tend to slow down their pace of activities and enjoy more rest and relaxation. Our research has shown that while many retirees in this phase are still enjoying themselves and trying to remain hopeful and content, that's mixed with sadness due to their own illness or that of a loved one, loss of friends and

loved ones, and worries about further loss. Many are widowed, often after a period of caregiving for the spouse. Family connections and activities become more central to their lives. In this later stage of retirement, people engage in more personal reflection and are coming to terms with their lives and the legacies they wish to leave.

Retirement is being transformed by demographic forces and by a very different generation of retirees. Retirement isn't just a major adjustment in work status and financial arrangements. It has reverberations across the most important facets of life: family relationships, leisure time, living arrangements, staying healthy, and giving back. For organizations that want to effectively engage and serve today's and tomorrow's retirees, the challenges are both multilayered and multidimensional. They need to appreciate those interconnections in people's lives – between family relationships and housing aspirations, for example. Or between wealth and health. Or even between loneliness and volunteerism. They need to recognize both the wide variety of retirees and the revealing patterns in their circumstances and needs. Organizations also need to view life in retirement in motion, as retirees progress through common stages but with quite variable timing. And they need to recognize how the Boomers continue to rewrite the rules as they go. It takes knowledge, anticipation, and innovation to keep pace.

What do retirees want? Interestingly, our research has taught us that the American dream of “life, liberty, and the pursuit of happiness” is morphing slightly for today's retirees. What they want is health for life, freedom to be one's authentic self, and a chance to pursue one's purpose and personal version of happiness.

Notes

- [1.](#) Gary Burtless and Joseph Quinn, “Retirement Trends and Policies to Encourage Work Among Older Americans,” Brookings, 2000.
- [2.](#) Patrick Seburn, “Evolution of employer-provided defined benefit pensions,” *Monthly Labor Review*, 1991.
- [3.](#) AARP, *The Longevity Economy Outlook*, 2019; Age Wave calculation of household wealth from the Survey of Consumer Finances, 2016, and Financial Accounts of the United States, 2018.
- [4.](#) Wealth-X, *Billionaire Census 2019*.
- [5.](#) U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2018.
- [6.](#) AARP, *Longevity Economy*.
- [7.](#) Survey of Consumer Finances, 2016, and U.S. Census Bureau, Current Population Survey, 2018.
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- [9.](#) James Ellis, “Generational Wealth Gap Is Greater Than 20 Years Ago,” MagnifyMoney, July 17, 2019.
- [10.](#) “Baby Boomers Possess the Majority of US Household Wealth,” Marketing Charts, April 12, 2019.
- [11.](#) Dr. Rita Smith, *Empty Nest, Empty Desk, What's Next? How Boomer Professional Women Are Reinventing Their Retirement* (Outskirts Press, 2018).

- [12.](#) The initial version of this segmentation was developed in Age Wave / SunAmerica, *Re-Visioning Retirement*, 2001.
- [13.](#) The initial version of this stages model was developed in Age Wave / Ameriprise Financial, *New Retirement Mindscape*, 2006.