

Today's Retirees Offer a Cautionary Tale With Insights for Future Generations

New research examines pre-retiree expectations and retiree realities

LOS ANGELES – December 2, 2015 – Today, nonprofit Transamerica Center for Retirement Studies® (“TCRS”) released new research, ***The Current State of Retirement: Pre-Retiree Expectations and Retiree Realities***, which compares and contrasts retirement outlook of age 50+ workers with the actual experiences of retirees.

“The retirement landscape is changing, with many workers planning to work past the traditional retirement age of 65. This new vision of retirement among workers is a tremendous departure from the experiences of those already in retirement,” said Catherine Collinson, president of TCRS. “Many retirees stopped working before age 65, largely for reasons outside of their control. Their financial realities serve as a cautionary tale for workers, employers, and policymakers.”

Retirement Arrived Sooner Than Planned for Most Retirees

Retirees who are fully retired did so at age 62 (median). Most retirees (60 percent), including the fully and semi-retired, share that they retired sooner than they had planned. Their reasons include:

- Employment-related reasons including organizational changes at their place of work, job loss, being unhappy with their job or career, or receiving a retirement incentive or buyout (66 percent);
- Health or family reasons including ill-health or family responsibilities (e.g., caregiving) (37 percent); and,
- Financial ability to do so (16 percent).

Seven percent of retirees say they retired later than planned. Most who did so (61 percent) cited the need for income and benefits. However, 44 percent were enjoying their work or wanted to stay active.

Most retirees indicate that their most recent employer offered little in the way of retirement transition assistance. Fewer than 10 percent say their most recent employer offered flexible work arrangements, retirement seminars, or financial counseling. Age 50+ workers are more likely to say that their employers offer those same types of assistance, but the proportion doing so is nevertheless low at less than 25 percent.

Retirees Anticipate a Long Life with Limited Income and Competing Financial Priorities

“Today’s retirees envision spending decades in retirement, albeit with limited savings and means,” said Collinson. “Most retirees are reliant on Social Security. For many, a major unexpected expense or the need to pay for long-term care could prove financially devastating.”

Retirees are expecting a long retirement of 28 years (median), with 41 percent expecting a retirement of more than 30 years. Retirees plan to live to age 90 (median), although it should be noted that 43 percent of retirees are not sure how long they plan to live.

Few retirees (16 percent) strongly agree that they built a large enough retirement nest egg. The total household savings in all retirement accounts among retirees at the time of their retirement was \$131,000 (estimated median). A precipitous gap is found between those who are married (\$225,000) and unmarried (\$53,000).

The annual household income among retirees is \$32,000 (estimated median). However, there is a wide disparity between those who are married (\$48,000) and unmarried (\$19,000).

Eighty-nine percent of retirees indicate that Social Security is one of their current sources of retirement income, with 61 percent expecting Social Security to be their primary source of income throughout their retirement. Retirees started collecting Social Security at age 62 (median), despite major reductions to their monthly benefits. Only one percent waited until age 70, the age at which one can receive maximum monthly benefits.

Retirees identify a myriad of competing financial priorities including just getting by / covering basic living expenses (42 percent), paying healthcare expenses (37 percent), paying off mortgages (21 percent), and continuing to save for retirement (20 percent). An alarming 25 percent of retirees cite paying off credit card debt as a financial priority.

“One of the most important things within reach that retirees and pre-retirees can do is formulate a financial plan to identify opportunities, vulnerabilities, and ways to address them,” said Collinson. Only 10 percent of retirees and 14 percent of age 50+ workers have a written strategy which may include government retirement benefits (i.e., Social Security and Medicare), on-going living expenses, a budget, savings and income needs, healthcare costs and other factors.

Retirees Are Enjoying Life Despite Financial Storm Clouds

“Retirees may be facing formidable financial challenges; however, they are also finding meaningful ways to spend their time and enjoy life,” said Collinson. Ninety-four percent of retirees say that they are generally happy and 84 percent have a strong sense of purpose in life. Most (70 percent) consider themselves to be in good or excellent health.

Most retirees (61 percent) live in the same home as they lived in when they retired. Among the 39 percent who have moved, commonly referenced reasons include downsizing (34 percent), reducing expenses (29 percent), starting a new chapter in life (28 percent), and moving closer to family and friends (27 percent). Eighteen percent moved as a result of change in marital status.

Since retiring, retirees are spending their time on a wide variety of activities including:

- Spending more time with family and friends (53 percent)
- Pursuing hobbies (40 percent)
- Traveling (33 percent)
- Doing volunteer work (24 percent)
- Taking care of grandchildren (11 percent)

Only five percent of retirees are currently employed or self-employed, a stark contrast with the 54 percent of age 50+ workers who plan to continue working at least part-time in retirement.

“Given that so many retirees are self-reported to be in good health, the question naturally arises whether opportunities are available for them to get a job or pursue other ways to earn income in order to become more financially healthy,” said Collinson.

Retirees’ Reflections Offer Insights for Younger Generations

“Retirees have much wisdom to share with younger generations, including actionable insights about what they would have done differently in preparing themselves for retirement,” said Collinson. “Their advice may include saving more, becoming savvier about savings and investments, and avoid procrastinating.”

Reflecting on their working years, many retirees agree with the following sentiments that they:

- Wish that they would have saved more on a consistent basis (76 percent);
- Wish they had been more knowledgeable about retirement saving and investing (68 percent);
- Would have liked to have received more information and advice from their employers on how to achieve their retirement goals (53 percent);
- Waited too long to concern themselves with saving and investing for retirement (48 percent); and,
- Should have relied more on outside experts to monitor and manage their retirement savings (41 percent).

“People are living longer than at any time in history, yet the age at which we stop working has remained relatively unchanged,” said Collinson. “Mathematically, the notion that people can work for 40 years to save enough and accrue sufficient benefits to fund a 30-year retirement does not add up. Solving this equation requires changes in how we think about aging, employment, and retirement itself. It also requires the highly coordinated efforts of employers, policymakers, nonprofits, the private sector, and individuals and families.”

Please visit TCERS at www.transamericainstitute.org to view the full survey results and additional research. Follow TCERS on Twitter [@TCRStudies](https://twitter.com/TCRStudies).

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About the Survey

The analysis contained in *The Current State of Retirement: Pre-Retiree Expectations and Retiree Realities* was prepared internally by the research team at Transamerica Center for Retirement Studies (TCRS). The online surveys were conducted within the United States by Harris Poll on behalf of TCRS. Potential respondents were targeted based on employment/retirement status and company size. The **retiree survey** was conducted between July 6 – 24, 2015 among a nationally representative sample of 2,012 U.S. residents, age 50 and older, who consider themselves fully or semi-retired, and who were employed by for-profit companies of 10 or more employees during their working careers. The **worker survey** was conducted between February 18 and March 17, 2015 among a nationally representative sample of 4,550 full-time and part-time workers, including 2,191 workers age 50 and older. Respondents met the following criteria: U.S. residents, age 18 or older, full-time workers or part-time workers in for-profit companies, and employer size of 10 or more. For both surveys, results were weighted to account for differences between populations available via the Internet versus by telephone, and to ensure that each quota group had a representative sample for their respective population. No estimates of theoretical sampling error can be calculated.

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