

# TheStreet

## How to Cash In on Boomers' Retirement Plans

The Baby Boomers' retirement is about to lead to 20 times as much leisure spending. That means the opportunity for real money for the right entrepreneurs.

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May 23, 2016 9:17 AM EDT

How can you profit from retiring Baby Boomers?

Lately the news has been filled with dire warnings about the mass of Boomers headed toward retirement age and the consequences for Social Security when that happens. These concerns are well founded. At current levels of funding, Social Security benefits will fall to nearly 75% when the first Millennials hit 65, driven in large part by the degree to which Boomers will have to consume the program's trust fund.

Yet there's a silver lining to these clouds. Business opportunities are about to explode for the right sectors. You see, with retirement comes free time, [and the Baby Boomers are about to have a lot of it.](#)

A recent study by Merrill Lynch concluded that over the next 20 years Boomer retirements are going to generate approximately 2.5 trillion hour's worth of leisure time waiting to be filled. In that same analysis, the study's authors found that this will generate approximately \$4.6 trillion worth of new spending on that same sector.

That's more than the gross domestic product of Japan, aimed exclusively at occupying free time. [For budding entrepreneurs](#) and

existing businesses alike, this represents an enormous moneymaking opportunity.

They should start, according to the report's authors, by offering less "stuff."

"One of the more startling quotes was 95% of people want more experiences," said Ken Dychtwald, founder of Age Wave and a partner in the research. "Very few people want more things at this stage in their life, so you're going to see an experiential economy come alive."

In particular, the leisure economy will shift toward shared experiences, as many retirees speak of the importance of who they spend time with. Businesses that can accommodate, or even cater to, this market will be well positioned to take advantage of an influx of customers. Group tour travel agencies, outdoors clubs, restaurants and more will start to see customers who need to know how many seats are on the bus.

"People are willing to be flexible," said Lorna Sabbia, head of retirement and personal wealth solutions with Merrill Lynch. "If you can't afford to sit in the first ten rows, maybe the back ten rows will be fine. [They] are finding that what's far more important than how much they spend or where they go is who they're with. People are rediscovering the importance of a laugh with friends."

For new businesses, the lesson is clear: a market is about to expand in a big way. Current business owners can't sit on their laurels, however. The sheer size of spending about to hit the leisure market isn't just going to blow it open.

It's going to transform it, completely.

Few of the markets that will be affected by this spending [have turned their attention to what's coming](#), Dychtwald said, and Sabbia agreed. There just aren't enough leisure service providers to accommodate coming demand, and the ones that exist aren't focused on retirees. No, they cater to the coveted under-40 demographic... for now.

Right now the free time industry is youth-oriented, but young adults, the ones who have money, are also the ones with the least time. Between work and family, this is a "time-constrained" group. Yet the leisure industry markets to them heavily because of numbers; up until now they've simply outnumbered anyone else with spending power.

That's coming to an end.

[As we noted in a previous piece](#), Merrill Lynch's study has found that "for the first time in the U.S., more people are in the 'time affluent' stage (age 65+) of their life than the 'time constrained' stage (ages 35-44)." The market, built for so long around the needs and consumption habits of young adults, won't just begin to accommodate the needs of seniors. Given the disproportionate spending power, leisure services will in many ways be shaped by them.

For businesses, that can be a good thing. As consumers, senior citizens often have greater needs. This can mean a return to many of the individual-service level products that have long since fallen off of the market, such as travel agents and concierges. It's a change that will impact every level of the marketplace from consultants to conglomerates, and not just in more traditionally "senior" market sectors either.

About 1 million Airbnb users and 20% of REI Adventures' business are over 60. Biking as an activity for those aged 60 to 79 grew 320% between 1995 and 2009. There are no pigeonholes anymore. The leisure market is going to grow in virtually every conceivable direction.

"In many ways, what you're seeing here is the opportunity that the experiential marketplace has been waiting for," Dychtwald said. "This leisure economy bodes very well for employment opportunities across the spectrum."

Businesses will have opportunities to begin reintegrating those services into their product lines; not just the opportunity, considering the numbers it will be an obligation. Entrepreneurs, meanwhile, have an opening.

Currently American seniors consumer roughly 126 billion hours of leisure time per year, whether that's time spent on vacation, reading a book or just catching up on some TV. **Between 2016 and 2036, that number will increase by 20 times**, and 81% of those surveyed told Merrill Lynch they want to fill that time with "peak experiences." This business landscape will look entirely different. For those trying to adjust, it will probably start with a variation on the same service that helped many of us into adulthood: career services.

"There's this enormous appetite on the part of today's retirees to give back, to do something purposeful with their retirement time," said Dychtwald. "And they don't want to do just menial tasks. So whether that's a Habitat build, whether that's Doctors Without Borders or a group of accountants going to another country and teaching young people how to manage their money better, I think you're going to see this sort of Elder Corps going abroad."

Helping seniors not just to make plans, but to figure out what those plans should be will be big business.

For everyone else, the seniors are coming, and they've got a lot of money to spend.

Original URL: <https://www.thestreet.com/story/13581031/2/how-to-cash-in-on-boomers-retirement-plans.html>