



## **Millennials Reshaping Path to Retirement**

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Millennials' perspective on their later years and how to get there hints at a possible redefining of retirement, according to the latest Merrill Edge® Report. Nearly half (41 percent) of the generation surveyed expects to retire when they hit a certain financial milestone or savings goal, whereas their older counterparts are focused on leaving the workforce when they hit a certain age or can no longer work due to health concerns.

The survey of more than 1,000 mass affluent Americans reveals that the largest generation in today's workforce has a different view on retirement, alluding to a potential shift of the life milestone in the years to come. For millennials, retirement is more than a time for rest and relaxation – it's a time full of possibilities.

The majority (53 percent) of millennials view retirement as the start of something exciting. In comparison to their elders, 21 percent of millennials are more likely to make pursuing a passion (10 percent), furthering their education (7 percent) or starting/growing their own business (4 percent) their priorities in retirement.

Also looking toward the future, 47 percent of millennials believe the outcome of the 2016 presidential election will have a positive impact on their long-term financial goals, higher than any other generation.

“It's refreshing to see the mindset around retirement evolve, particularly a strong optimism and a goal-oriented approach from younger generations,” said Aron Levine, head of Merrill Edge at Bank of America. “This focus is a great start, but one of the keys to a successful retirement is to ensure savings are prioritized early and often. Year over year, we continue to see today's non-retirees struggle with the impact short-term spending has on their long-term financial future.”

### **Savings shortcomings**

While millennials are taking a goal-oriented approach toward their retirement, they align with Americans overall in thinking they could be more proactive. Nearly half (48 percent) of Americans say they are most insecure about some aspect of their finances (financial future, retirement savings or income), with retirement savings (21 percent) being one of their top insecurities, ahead of their personal relationships (10 percent), judgment of others (6 percent) and career path (4 percent).

Americans also cite that daily expenses in retirement will dominate their financial future (28 percent), more so than managing health care expenses (17 percent) and housing expenses (17 percent).

And, despite these strong sentiments, they still don't seem to prioritize retirement savings. When asked how proactive they were about planning for retirement, nearly two in five (38 percent) award themselves a grade of "C" or lower and only 18 percent give themselves an "A."

"It has become increasingly apparent that retirement planning is not only evolving, but also has become a moving target that Americans must continuously revisit to pursue their goals and priorities," said Ken Dychtwald, Ph.D., founder and CEO of Age Wave. "As we see in the latest Merrill Edge Report, retirement planning requires a new mentality – 'set it and forget it' is a thing of the past. As millennials are envisioning living very long lives, this study reveals the new priorities they have for work, leisure, success and money as they are coming to realize that everything they do today, financially speaking, can impact the lives they're hoping to live in retirement."

### **Retiree realities**

These savings shortfalls may be indicative of the retirement today's retirees are living. When asked what they have done in retirement that they didn't expect to, retirees' top response was "spent more money than anticipated" (30 percent), followed by "moving to a new location" (19 percent) and "feeling a lack of purpose" (18 percent).

Top priorities of retirees also seem to differ from those of non-retirees. The retirees' top priorities include maintaining their standard of living (29 percent), followed by spending time with loved ones (27 percent) and maintaining their health (23 percent). Despite that nearly one in five non-retirees hope to make traveling the world their top retirement priority, only 5 percent of retirees have prioritized traveling.

"Today's retirees tell us they are experiencing a very different retirement than non-retirees are envisioning," said Levine. "With continuing savings challenges and potential economic uncertainties ahead, non-retirees should have a plan in place and regularly revisit it to make sure it still aligns with what's most important to them for their retirement years."

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