

## Boomers Usher in New Retirement Reality



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ON WALL STREET  
Monday, May 6, 2013

When it comes to retirement, baby boomers are favoring lifestyle choices over wealth preservation, bucking the traditions of the generations that came before them.

That is according to a new survey from Bank of America Merrill Lynch and research firm, Age Wave released on Monday titled “Americans’ Perspectives on New Retirement Realities and the Longevity Bonus.” The report polled 6,300 U.S. residents ages 45 and older from December to January.

“When asked the question, ‘What’s most important to pass on to the next generation, overwhelmingly the choice that they had was values and life lessons,” Jeff Cimini, head of personal retirement for Bank of America Merrill Lynch, said of the survey’s results. “It wasn’t wealth. It wasn’t a tax strategy.”

### **Redefining the Retirement Lifestyle**

The majority of the baby boomers surveyed said they see retirement as a “longevity bonus” or a period of time when they can pursue other interests outside of their career. Of the respondents, 57% said they look at retirement as a new life phase, while 51% of respondents who have not retired yet said they plan to keep working into retirement, but in a different field of work. The survey’s respondents also said they see the retirement phase of their lives as an opportunity to strengthen family ties. That coincides with more support given to both children and grandchildren: 52% of parents said they expect to provide their adult children with some kind of support, whether it be education, financial, health care or housing. At the same time, 35% of the respondents said they expect to provide for their grandchildren.

Peace of mind also came in as a top priority, according to the survey’s results, with many citing connections with family, friends and community as a goal for their later years. And when it comes to what they will pass on, 72% cited values and life lessons as most important, while just 32% said financial and real estate assets.

Those responses are particularly striking when taken into consideration with the fact that the baby boomers are really the first generation to fully fund their own retirements, Cimini said. Previously, their parents and grandparents mostly had their retirements paid for through defined benefit programs provided by private employers.

Lisa Kent, a wealth management advisor at Merrill Lynch based in Princeton, N.J., said she is seeing those priorities shift the conversations she is having with clients.

“Years ago, what I would hear is, ‘I want to pass on my entire estate intact. I never want to touch principal. I want to pass on every penny.’ That was the mentality,” Kent said. “Now, I hear it very differently. ‘I don’t care if I don’t pass on every single nickel. I want to see life through a positive lens not that I can enjoy it.’ It’s a whole different way of looking at their money.”

### **New Concerns and Guidance Needs**

When looking at their retirement plans, one concern looms largest in baby boomers’ minds: health care.

That worry is even more prominent for affluent investors, the survey found, with 52% of affluent respondents citing the cost of health care as a top concern, versus just 37% of the general respondents. When it comes to living a long life, other prominent concerns for the respondents include serious health problems, which was cited by 72%; burdening family, 60%; or outliving assets, 47%.

And another major decision that all baby boomers face when it comes to retirement is where to live, with 45% of respondents indicating they want help deciding where to live, 40% looking for ideal housing or care for their own parents and 38% expecting to also support other family members.

Kent said she sees more clients deciding to age in place, a contrast to previous retirees she worked with who often sought to completely relocate to areas like Florida or South Carolina. Today, those clients are more concerned with staying near family members who may still need support. The result, Kent said, is savings for the client.

“If you’re aging in place, it means you’re not going to spend the money to relocate. You’re going to be able to stay in your home rather than going to a facility,” Kent said. “They free up capital for other things. For the first time, all of our retirement clients are talking about taking their greater family on a trip. I hear it almost every day.”