

The Huge Retirement Benefit You Probably Aren't Expecting *Get ready for the "freedom zone."*

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By Dan Kadlec

America is reaching a tipping point. Adults in the busiest phase of life, juggling kids and careers, number about 40 million, which is roughly equal to those near and in retirement, who typically have time on their hands. But the number of adults pressed for time is projected to grow slowly, reaching 49 million by 2050. By contrast, the number of retirees with plenty of free time will explode to 88 million, as more and more boomers retire.

When you add it all up, retirees will have 2.5 trillion hours of leisure time to fill over the next 20 years. This free time will redefine their habits and priorities—even their identities. And yet almost no one is planning for this sweeping change, according to [a report](#) from Bank of America Merrill Lynch and Age Wave.

The rise of this senior leisure class will not only reshape retirement but the businesses that cater to older Americans—leisure spending is projected to total \$4.6 trillion over the next 20 years. Already the travel industry has seen a spike among older Americans seeking active group trips centered on biking, volunteering and learning. Boomers are also embracing Airbnb for extra income and as a less costly way to travel, and they increasingly plan experiences that include extended family.

The Best Things Are Free

The good news is that you don't need to be wealthy to enjoy leisure in retirement. Older Americans with relatively few assets are nearly as likely as the wealthy to agree they have greater freedom and flexibility to do whatever they want, the report found. Granted, having fewer resources mean you can afford fewer and more modest experiences. Still, a whopping 95% of retirees value experiences over things, whether it's a picnic in the park with grandkids or a trip around the world with extended family.

That fits in with the broader findings of the study—deepening relationships with family and having fun together easily top the list of what retirees want most. Especially spending time with grandchildren, which retirees say is more fulfilling than spending time with their own kids, according to the report.

These new priorities in later life will surprise some. By age 65, a startling 89% of people say they are most defined by the activities and interests they pursue outside of work—not by what they accomplished in their long career or as a parent. What they are doing with their free time, right now, is who they are—whether it's caring for grandkids, volunteering, or learning to sculpt.

Given that so many will develop a new identity in retirement, it seems odd that so few are planning for it. Only 23% of retirees have done any planning around leisure activities the next five years and only 33% have budgeted for travel, the report found.

“Pre-retirees often dream of taking that big trip with their spouse or having that once-in-a-lifetime experience with their grandchildren,” says Lorna Sabbia, head of retirement and personal wealth solutions for Merrill. “But when they return, how about the next twenty years?” Retirees need to plan for everyday leisure too.

Entering the “Freedom Zone”

Longevity has given us a new retirement sweet spot: ages 61 to 75, according to the report. This is the “freedom zone,” where retirees enjoy the greatest balance of health, free time, fun, and emotional well-being. In the years just before and after turning 70, the greatest percentage of adults of any age report being happy, content and relaxed, according to the report. For example, about half between the ages of 25 and 54 say they often feel happy. That soars to about 75% of those 65 and older. At this age, the smallest percentage of adults also reports feeling anxious.

That’s not to say everyone is enjoying their retirement years. Those who report being less happy in retirement than when they were working overwhelmingly cite financial and health issues, and also tend to be lonely. But the vast majority find their retirement satisfying. Given the savings and retirement income crisis we hear about everyday, what could account for this general happiness?

One reason, studies suggest, is that boomers are getting real about their finances. It’s [not a pretty picture](#) for many. But coming to grips with what you have and making the adjustments provides some peace of mind. Other [studies](#) support the notion that for retirees time is more valuable than money. Millions say they will never fully recover from financial losses during the Great Recession and yet nearly all describe themselves happy, according to a [recent report](#) from Transamerica Center for Retirement Studies.

The Merrill report sheds further light on what makes retirees happy: 61% say that who they spend time with is more important than what they spend time doing. Those 65-plus are most likely to say it is important to stay connected with friends. “Retirees should focus first on saving and budgeting for their essential goals,” says Sabbia. “Beyond that, people could be doing more to think about how best to fill their abundant time in retirement.” The good news is that what matters most—relationships—can be free.

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