

Advisers urged to help aging clients plan for 'leisure boom'

By Kenneth Corbin

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As waves of baby boomers head into retirement, a new report suggests that advisers might start talking more with their clients about how they plan to spend their leisure time — and plan for how they will fund the activities they look forward to after they exit the workforce.

The new survey from Merrill Lynch and research firm Age Wave highlights how, for all the optimism boomers bring to the prospect of retirement, large numbers of Americans haven't thought through how they will spend their time during what Merrill is calling a "leisure boom."

Funding retirement dreams

Most retirees have not planned or budgeted for their leisure activities

Do not know how much is needed 58%

Have not estimated how much is needed 45%

Source: Merrill Lynch / Age Wave Study

The survey, which polled more than 3,700 Americans above the age of 25, found that 53% of respondents say that they have "hardly planned at all" for how they will spend their time in retirement.

AMPLE TIME FOR PLANNING

When considering how they will spend their retirement, for instance, many people will look ahead vaguely to travel. This is all well and good, says Lorna Sabbia, head of retirement and personal wealth solutions for Bank of America Merrill Lynch, but of an average retirement, travel might only take up about 100 days.

"What about the other 7,200 days in a 20-year retirement?" Sabbia asks. "Many people could be doing more to think about how to fill their abundant time in retirement."

The survey calls attention to the role that advisers can play, both in helping clients prepare financially for retirement, and working with them to navigate what Sabbia calls the "significant reorientation" entailed in the transition to retirement when leisure time abounds.

In the survey, 58% of respondents say that they don't know how much money they will need to fund leisure activities in retirement, and 40% say that they are concerned they won't have enough. Another 45% of respondents say that a fear of outliving their money will compel them to limit their spending on leisure activities.

"As more and more people move into retirement, we anticipate that planning for both every-day and those special occasion leisure [activities] will become an increasingly important part of the retirement preparation discussion," Sabbia says.

"Many Americans could be doing a better job at planning ahead to fill two decades or more of time in this life stage as well as planning and funding their retirement dreams," she adds. "So having more conversations to help people better prepare for the challenges, surprises, and priorities could help retirees achieve their leisure dreams, and actually have a more fulfilling retirement."

'NEW BEGINNINGS'

Overall, the respondents polled in the survey express considerable optimism about their retirement years, with 92% saying that retirement has given them greater freedom and flexibility to pursue their interests, irrespective of how much money they have saved.

Merrill concluded that baby boomers, as they head into retirement, are breaking the mold and, in overwhelming numbers, are looking at retirement as a period for "new beginnings."

"They are rejecting yesterday's model of old age and finding a whole new chapter of life after work," says Andy Sieg, head of global wealth and retirement solutions for Bank of America Merrill Lynch. "The boomers have hit every phase of life like a sledgehammer — they've reinvented it, and it's no surprise they're going to do the same for leisure and retirement."

The survey also reveals a near consensus favoring experiences in retirement over material things, with 95% of respondents saying that the former matters most to them, and 85% saying that retirement has enabled them to spend more time with family and friends.

"Retirees are 10 times more likely to say that retirement is more fun, enjoyable and pleasurable than before their retirement. They say they have less stress and pressure from work, and more freedom to do what they want, when they want, and on their own terms rather than living up to other people's expectations," says Age Wave CEO and President Ken Dychtwald.

"We may have been biased by the popular portrayals of older people as struggling, and it is true in our study we saw that there are people who are struggling even with their leisure," Dychtwald says. "The 7% of people who say they're challenged by what to do with and how to make sense of this leisure generally are people who are having a difficult time with their finances."

But Dychtwald points out that many survey respondents are able and willing to modify their expectations for retirement to meet their financial realities, citing one individual who in a focus group said that he had dreamed of playing the great golf courses in Europe, but determined that the public golf courses of northern New Jersey were an acceptable alternative.

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