



Changing View of Retirement Calls for Changed Planning

By Jill Cornfield | June 9, 2014

A new definition of retirement means advice and education cannot be just about accumulating a certain amount of savings.

Nearly three out of four (72%) pre-retirees older than 50 say their ideal retirement will include work—often in new, more flexible and fulfilling ways, a study from Merrill Lynch finds.

The common thinking on retirement is that it's a sedentary, fixed time of life, says Ken Dychtwald, CEO of Age Wave, which partnered with Merrill Lynch for the research. "Work in Retirement: Myths and Motivations" had some surprising findings, with half (47%) of current retirees having worked or planning to work during their retirement years. "Incredibly, three-quarters of Boomers said that continued work would be extremely important in their ideal retirement," Dychtwald says.

But they didn't intend to continue in the same career path. They redefined work altogether, Dychtwald tells PLANSPONSOR. Even before actually reaching retirement, they were envisioning new careers. It's not surprising, he points out. After all, Baby Boomers famously have reinvented themselves, changing college majors with some frequency, changing spouses and religions. "They are far more likely to reinvent themselves again and again than previous generations," Dychtwald observes.

More than half surveyed (60%) said they wanted to try something new, Dychtwald says, describing this as "absolutely stunning." When his grandparents reached retirement age, they were not thinking of a new career, he says, but these days, "a bookkeeper somewhere is dreaming of opening a coffee shop. Someone else is thinking of being a teacher. A financial adviser might like to write a novel." People no longer see retirement as the end of work, nor do they desire a leisured life.

While money and financial security remain important motivations for retirement careers, nearly half (48%) say continued "stimulation and satisfaction" are the main reasons they want to work in retirement. "Older workers have such a powerful storehouse of knowledge and skills, and companies are waking up to this opportunity. We're now seeing a more gradual fadeout of a person's working career and hopefully a better harnessing by companies of what older workers have to offer," said Andy Sieg, head of Global Wealth and Retirement Solutions for Bank of America Merrill Lynch, during a press call when the first of three reports from the study was released (see ["Financial Resources for Retirement Changing"](#)).

Another surprising trend revealed by the survey, Dychtwald says, is the career intermission. About half of working retirees (52%) said they wanted a break when they stopped working, for periods lasting anywhere from a few months to a few years. But it's clear they are looking for a temporary respite. One respondent, he recalls, said her bucket list was empty after three years, and she was bored and wanted to get back in the game.

The definition of success has changed, Dychtwald points out. Some years ago, retirement itself was the goal, and achieving it meant success. “But now the most successful people want to work longer,” he says, “and that is going to create change, too, as other people follow. It’s not because you need the money. The wealthier people are, the more they want to work in retirement.”

“A just-the-numbers approach to financial services might have worked fine for previous generations in an earlier model of retirement that was plain vanilla,” he explains.

[Retirement plan providers and advisers] must be much more fluid to understand how to educate people and meet their needs, and they will have to take a wide view, holding conversations about the things that matter to clients, Dychtwald points out. “Boomers have diverse interests, challenges and goals.”

Cyndi Hutchins, director of financial gerontology for Bank of America Merrill Lynch, agrees that the number is no longer the main point. “As a former financial adviser, we used to talk about retirement with clients, about accumulating as much money as you can,” she says. “Then at the end of the game, you put on a withdrawal rate and 4% would buy you 30 years of income in retirement.” But now the focus is on how you want your life to look in retirement, creating lifestyle goals, making sure the financial pieces are in place. The conversation is based on goals, not numbers.

“Work in Retirement: Myths and Motivations Career Reinventions and The New Retirement Workscape,” which was completed in March 2014, was conducted in partnership with Age Wave and executed online by TNS. The survey included 7,078 respondents older than 25, broken down by generation: 720 Silent Generation (ages 69 to 89), 1,781 Boomers (ages 50 to 68), 517 Generation Xers (ages 38 to 49), and 485 Millennials (ages 25 to 37).

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