

FAMILYWEALTHREPORT

Study Finds Having More Money Doesn't Deter Desire To Work in Retirement

By: Elaine Chavagnon | July 22, 2014

Affluent individuals are twice as likely to work in retirement than the general US population, according to new research from Merrill Lynch and Age Wave.

The statistic stems from the two firms' recently-published study examining how the affluent view and approach work in retirement; according to the Work in Retirement: Myths and Motivations study – based on a US survey of around 7,000 individuals - Baby Boomers are “redefining a life stage” – that working in retirement can be more fulfilling, stimulating and financially viable for themselves and their families. The insights raise significant considerations for those in the business of managing people's wealth – particularly at a time when some 10,000 Baby Boomers are turning 65 every day and the US is witnessing its largest inter-generational transfer of wealth ever seen. The phenomenon is also an opportunity for financial advisors to continue working with existing clients or indeed add new ones.

In the original report, released in June, Merrill predicted that it will become increasingly common for people – regardless of their net worth - to seek work during this stage of their lives as, already, half of current retirees have worked or are planning to work during their retirement years.

The latest research released yesterday is based on a survey sample of over 780 affluent individuals age 50 and older with at least \$1 million in investable assets. It shows that 33 per cent of retirees with between \$1 million and \$5 million in assets are currently working, as are 29 per cent of those with at least \$5 million in assets. However, the same can be said about just 15 per cent of retirees with less than \$250,000 in assets.

Unsurprisingly – given their likely source of wealth - affluent retirees are more likely to work for themselves, the research suggests, with 53 per cent owning their business or being self-employed, compared to 32 per cent of all working retirees.

Challenges

Bill Hunter, director of personal retirement strategy and solutions for Bank of America Merrill Lynch, previously told Family Wealth Report that, according to the firm's research, 85 per cent of pre-retirees have not discussed their retirement work plans with their financial advisor.

“Given the financial implications of working during later life, including how much and when you should withdraw from your savings and how remaining in or re-entering the workforce may

affect entitlements, such as Social Security and Medicare, this is a topic that needs to be more prevalent in advisors' conversations with their clients," he said.

However, affluent working retirees cited "staying mentally active" as the top reason they continue to work – six times greater than "for the money," the latest findings show. On the other hand, many see retirement as a chance to try something new, with half of affluent working retirees having transitioned to a different line of work in retirement – a finding that supports Hunter's above-mentioned note that re-entering the workforce, particularly a different industry, may affect various entitlements.