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United Business Media

Americans Re-Set Retirement Expectations

SunAmerica Study Reports on Resilience of Americans as They Focus on New Approach to Post-Recession Retirement

LOS ANGELES, July 12, 2011 /PRNewswire/ -- Americans have emerged from the economic recession with a new set of expectations around the purpose, timing and funding of retirement, according to a new study sponsored by SunAmerica Financial Group in collaboration with Age Wave. The SunAmerica Retirement Re-Set Study is a national opinion telephone survey conducted in April 2011 by Harris Interactive among 1,001 Americans 55 and older that reports on the emotional mindset, attitudes and expectations of pre-retirees and retirees nationwide post-recession.

"While the recession clearly had a financial and emotional impact, it was very encouraging to see that three out of five Americans 55 and older have remained hopeful for their future," said SunAmerica Financial Group President and CEO Jay S. Wintrob. "Americans are emerging from the experience with new knowledge, new discipline and have re-set their vision of an ideal retirement.

"Americans have also proven themselves to be both resilient and resourceful," added Wintrob, noting that 81% say they have learned important lessons regarding retirement preparation in the past several years. "They are course-correcting: intending to work longer, save more, spend less, be more disciplined and adjust their lifestyle expectations."

The study—available at www.retirementreset.com—found a significant shift in attitudes and actions since 2001, when SunAmerica conducted its initial landmark retirement study with Age Wave. The 2001 telephone study was also conducted by Harris Interactive.

Key findings about today's pre-retirees and retirees include:

- A new outlook: Today, 54% view retirement as a new chapter in life, rather than a winding down—a significant increase over the 38% that held a similar view a decade ago.
- Retirement is being postponed: Pre-retirees say they now intend to delay retirement by five years—from 64 to 69—triggered in part by increasing longevity, as well as the recession and financial need.

- Retirement no longer means the end of work: Almost two-thirds say they would ideally like to remain productive and include some work in retirement to stay active and involved.
- Financial peace of mind is now six times more important than accumulating wealth: 82% name it their key financial goal.
- Unexpected multi-generational family assistance has become the new retirement wild card: Pre-retirees must balance their retirement plans with the possibility of having to support aging relatives, adult children, grandchildren and siblings. Nearly half of Americans 55 and older expect to provide this support and, in a new twist on childcare, 70% of those believe their adult children will need financial assistance.

"Emerging from the recession, Americans are beginning to define retirement differently than previous generations of retirees," said Dr. Ken Dychtwald, gerontologist, founder and CEO of Age Wave. "Having been jolted by the last several years, Americans have adopted more realistic and pragmatic views of the possibilities before them. They now see retirement as a time for new priorities, new opportunities and new strategies for today's challenges."

Retirement Mindset Re-set

The study reports that many felt the negative impact of the recession, with one third saying their financial assets still have not recovered to pre-recession levels and almost half (46%) saying their home is worth less now than before the recession.

While the majority of those 55 and older remained relatively hopeful throughout the recession, their level of security dropped dramatically and is now on the rebound.

Positives	Before the recession	Low point of recession	Now
Hopeful	62%	50%	60%
Secure	62%	36%	44%

Similarly, they became more worried and angry during the recession but are now more optimistic.

Negatives	Before the recession	Low point of recession	Now
Worried	28%	51%	39%
Angry	19%	43%	28%

Today's retirement mindset re-set is defined by:

- **A New Balance of Work and Leisure:** People are not seeking a retirement of all work or all play, but rather a new, more flexible combination of work and leisure, with 65% seeing this as their ideal retirement. When asked why they might work in retirement, the number one reason for a majority of those 55 and older was for stimulation and satisfaction rather than financial need.

"Most Americans want increased flexibility in retirement with the opportunity to move back and forth between periods of work and leisure," said Dr. Dychtwald. "Seeking a

more active and productive version of retirement than their parents' generation, their main driver is the ability to stay engaged and stimulated in both work and new activities."

- ***Re-setting Values and Obligations:*** The recession has brought families closer together. 85% now appreciate the importance of quality relationships with friends and family even more, while virtually all (96%) feel it is important to protect themselves and their families against financial uncertainties.

"The financial services industry will be called upon to provide new solutions in retirement planning as people are concerned about a need to plan financially not only for parents, but also adult children, grandchildren, siblings and in-laws," said Wintrob.

Nearly half of Americans 55 and older believe they may provide inter-generational support for family members, with 70% of those responding they might need to provide some level of financial assistance for adult children and 62% for grandchildren.

- ***Re-setting Long Life Expectations:*** Longevity is another key element of today's retirement mindset with 67% of respondents saying they would like to live to 100. They cite advantages of living to 100 as remaining productive, establishing deep relationships with family, witnessing new discoveries and experiencing many years of leisure. Conversely, the biggest concerns of living to be 100 are health problems, being a burden to the family and running out of money—all issues that pose real challenges as Americans prepare for a retirement that could last 40 years or more.

Adding to the challenge, Americans may not have as many years to save for retirement as they expect. Nearly half of today's retirees retired earlier than planned, and of those who did, 41% did so because of unexpected health problems and 19% due to loss of employment.

- ***Re-setting Retirement for Boomers:*** Compared with earlier retirees, today's boomer generation faces a mixed outlook for retirement. Americans 55 and older say that boomers are more likely to have less in entitlements, less money for retirement and less respect from younger generations. However, they also expect boomers to be more active and youthful than previous retirement generations, have more opportunities to learn and grow, and experience more interesting lives.

Re-setting Financial Strategies

76% agreed that the last few years provided a much-needed financial wake-up call and 84% now exercise more cautious investment strategies. Protecting assets is now five times more important than investing aggressively to make up for lost time. Almost two-thirds (65%) now want investments that are guaranteed not to lose value and 60% seek to protect their income from market loss. According to Dr. Dychtwald, Americans are now concluding that retirement is not a do-it-yourself project, and that additional education and professional guidance are needed.

"This is a significant shift and a clear lesson resulting from the recession, with Americans now seeking the preservation of assets as a top investment goal," said Wintrob. "The appetite for risk has clearly diminished. As Americans approach and enter retirement over the next decade, their need for asset protection, risk management and lifetime income solutions will take on even greater significance."

Americans are clearly interested in more financial help and from many sources. Before, during and after the recession, only about 50% of Americans felt financially informed. Today, 80% want education and advice on saving and investing for retirement at their workplace and 92% feel that financial management should be a standard part of a high school education. More adults 55 and older today have used professional financial advisors to assist with retirement planning than 10 years ago (49% versus 40%), and the vast majority (68%) who have used financial advisors believe they have been very helpful.

Those who sought professional advice are 72% more likely to feel very financially prepared for retirement and are also more likely to be financially informed and secure in retirement, according to the SunAmerica study. When people describe their ideal financial advisor, effective communication and listening skills are ranked even more important than achieving competitive returns.

Re-setting the Path to a Successful Retirement

The new SunAmerica survey identifies four distinct retirement experiences based on the retirement attitudes, expectations and behaviors of Americans 55 and older. The segments are:

- *Ageless Explorers (20% of respondents)*, who have a positive, active and fulfilling vision of a new chapter in life and new opportunities;
- *Cautiously Contents (18%)*, who seek a traditional retirement view with more rest, relaxation and leisure;
- *Live for Todays (27%)*, who have many retirement ambitions but find themselves financially unprepared; and
- *Worried Strugglers (35%)*, who see retirement as a period of financial worry and stress with little interest in new experiences, staying engaged or relationships.

These groups were comparable to the four segments reported in the initial study 10 years ago. "In summary, a lot has changed since SunAmerica first set out to understand Americans' attitudes toward retirement in 2001," said Wintrob. "Today, ten years later, is the first year baby boomers start to turn 65. Over the past decade, we have faced a number of challenges, including a worldwide recession and an economy that is still in recovery. And while the recession took an emotional and financial toll, people are starting an emotional and financial recovery and reporting that they feel wiser, more empowered and more realistic in their retirement outlook." For more information regarding this national study and its findings and to download a full report, please visit www.retirementreset.com.

SunAmerica Retirement Re-Set Study Methodology

This survey was conducted by Harris Interactive by telephone within the United States on behalf of SunAmerica Financial Group and Age Wave between April 11 – 25, 2011 among a nationwide cross section of 1,001 adults aged 55 and over. For a full methodology, please visit www.retirementreset.com.

About SunAmerica Financial Group

SunAmerica Financial Group is one of the largest life insurance and retirement services organizations in the United States with more than \$230 billion of admitted assets and

shareholder's equity of over \$36 billion as of March 31, 2011. The organization traces its origins to 1850 and today is among the largest issuers of annuities and life insurance in the United States, as well as a leading provider of defined contribution plans in the education and healthcare markets. Through its American General, AGLA, VALIC, Western National, SunAmerica, Royal Alliance, SagePoint Financial and FSC Securities businesses, it offers a diversified portfolio of life insurance, investment and retirement savings products, guaranteed income solutions and financial planning services. For the 12 months ended March 31, 2011, the combined businesses had sales of over \$20 billion and more than \$4 billion in pre-tax operating income. SunAmerica Financial Group serves over 18 million customers and its products are sold by over 300,000 financial professionals. For more information, please visit www.safg.com.

About Age Wave

Age Wave is the nation's foremost thought leader on population aging and its profound business, social, healthcare, financial, workforce and cultural implications. Under the leadership of Founder/CEO Dr. Ken Dychtwald, Age Wave has developed a unique understanding of the body, mind, hopes and demands of new generations of maturing consumers and workers and their expectations, attitudes, hopes, and fears regarding retirement. Since its inception in 1986, the firm has provided breakthrough research, compelling presentations, award-winning communications, education and training systems and results-driven marketing and consulting initiatives to over half the Fortune 500. For more information, please visit www.agewave.com.

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Harris Interactive is one of the world's leading custom market research firms, leveraging research, technology, and business acumen to transform relevant insight into actionable foresight. Known widely for the Harris Poll and for pioneering innovative research methodologies, Harris offers expertise in a wide range of industries including healthcare, technology, public affairs, energy, telecommunications, financial services, insurance, media, retail, restaurant, and consumer package goods. Serving clients in over 215 countries and territories through their North American, European, and Asian offices and a network of independent market research firms, Harris specializes in delivering research solutions that help the firm - and its clients - stay ahead of what's next. For more information, please visit www.harrisinteractive.com.

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