



Americans Have New Idea of Retirement

By Rebecca Moore

July 12, 2011

A new study sponsored by SunAmerica Financial Group, of which VALIC is a member, in collaboration with Age Wave found a significant shift in attitudes and actions regarding retirement since an initial study in 2001.

According to a press release, 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.

Bruce Abrams, President and CEO of VALIC and Western National Life, both SunAmerica companies, told PLANSPONSOR baby boomers are looking at working longer as a good thing - a choice, not necessity. They feel it will make them more productive and they can pursue their interests. For example, he says, if an individual likes biking, they may find part-time work in a bike shop.

More than half (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.

Americans have also re-set their 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. Financial peace of mind is now six times more important than accumulating wealth; 82% name it their key financial goal.

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.

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.

The study found 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.

“The recession has made it very difficult for younger generations, so boomers are realizing that providing financial support to the younger generations is a potential part of their retirement picture,” Abrams adds.

Renewed interest in financial help

The SunAmerica Retirement Re-Set Study found 76% of respondents 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 Abrams, “Baby boomers emerged from the recession wiser, though weary, and are seeking more guaranteed returns. They have a realistic view that it will take a long time to secure the retirement they are looking for.”

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 advisers to assist with retirement planning than 10 years ago (49% versus 40%), and the vast majority (68%) who have used financial advisers believe they have been very helpful.

“Advisers need to be clear on the path an individual needs to get on,” Abrams notes. 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 adviser, effective communication and listening skills are ranked even more important than achieving competitive returns.

Abrams concludes: “This study validates that people are aware that they are going to have to do more to prepare for retirement. Employers will see additional concerns from employees that they are not getting enough educations.” Abrams says employers can turn to advisers and providers to fill this need.

This article can be found at

http://plansponsor.com/Americans_Have_New_Idea_of_Retirement.aspx.