

Study: Baby boomers aren't retiring to a rocking chair

Kathy Mitchell - June 15, 2016



As they enter their retirement years, baby boomers—Americans born during the 20 years that followed World War II—are changing the norms for the post work years just as they changed lifestyle norms in other areas from housing to education to employment expectations.

A recent Merrill Lynch study finds that as the baby boomer generation retires a “leisure boom” is being created that is expected to have an unprecedented impact on individual lifestyles, families and leisure marketplaces.

The study, *Leisure in Retirement: Beyond the Bucket List*, conducted in partnership with research agency Age Wave, is “an in-depth study that examines the priorities, hopes, dreams and challenges of the surging new world of leisure in retirement, and reveals how retirees are exploring and enjoying their newfound time affluence,” according to Merrill Lynch.

The survey was conducted among a total of 3,712 adult respondents age 25 and older chosen to give a nationally representative sampling of age, gender, ethnicity, income and geography. Qualitative research was conducted among pre-retirees and retirees and among experts in related topics.

“More than in any previous generation, this generation is going into retirement still healthy and active,” observed Dunwoody-based **Howard Joe**, senior vice president of wealth management at Merrill Lynch. “Today’s retirees aren’t going home to sit in a rocking chair. They are reinventing themselves, finally having time for the things they’re passionate about.”

Retirees participating in the study report that the things they enjoy doing are more fun in retirement. This response peaks among those between ages 65 and 74. Approximately 67 percent of retirees say they prefer trying new experiences in their leisure time versus engaging in activities they have already done. The study also found that emotional well-being peaks in retirement. Feelings of happiness, contentment, confidence, relaxation all soar, while anxiety decreases significantly.

The study concludes that there are two types of leisure experiences that retirees should prepare for: “everyday leisure,” the activities of a typical day, and “special occasion leisure”— stand-out moments such as vacations or milestones. “Retirees want a balance of both and seek different elements from each. While they are primarily focused on staying healthy and relaxing in their everyday leisure, retirees are striving for peak experiences and adventure in their special occasion leisure,” the study reports.

The key to a happy and successful retirement, according to Joe, is planning, both in terms of financial resources and setting priorities for retirement years. “This is less about money than it is about stress reduction. Once you know that you have enough to finance your needs and at least some of your wants, you are able to relax and enjoy your life.”

Although 86 percent of retirees say it is easy for them to find inexpensive leisure activities to enjoy, retirees can do more to plan and save for leisure in retirement, Joe said.

The study indicates that 58 percent do not know how much money they will need to fund leisure activities, two-thirds have not discussed and agreed with their spouse or partner how much money to spend on leisure in retirement and 77 percent of retirees who say retirement is more fun, enjoyable and pleasurable than pre-retirement also report feeling financially prepared at various wealth levels.

Noting that one of the study’s key findings is that few retirees have thought through how they will spend their time in retirement and 53 percent have hardly planned at all, Joe recommended that those approaching retirement speak with a knowledgeable expert, exploring the possibilities.

Describing his company’s approach as “goal-based wealth management,” Joe said he spends time with each client learning what the type of life the person envisions in retirement. “I ask what they enjoy, what they have dreamed of doing and what they would like to do in terms of helping their children or grandchildren.”

Those entering retirement often for the first time in their adult lives find themselves “time affluent,” with large periods of time that they are able to use at their discretion.

In commentary accompanying the report, **Ken Dychtwald**, founder and CEO of Age Wave, states, “Of all the life stages, our study revealed that the pinnacle of freedom occurs between the ages of 61 and 75 when retirees enjoy the greatest balance of health, free time, fun and emotional well-being—what we call the ‘freedom zone.’ With longer, more vital lives, retirees have the opportunity to use their newfound freedoms and flexibility for personally meaningful experiences.”

“Couples or individuals approaching retirement may save for a trip they have always dreamed about to Hawaii or Alaska or to Europe or South American, but when they get home, they are often left wondering ‘How will I spend the next 50 weeks of the year? How will I spend the next 20 years of retirement?’” Joe said.

He divides retirement into three phases. “The first 10 years are what I call the ‘go-go’ years. Immediately after retiring people want to go the places and do the things they always dreamed about.”

The second phase, Joe said, is a slowdown of the early retirement years. “After people have been retired more than 10 years they are more interested in spending time with their children and grandchildren.

“The third phase is the ‘no-go’ years, when retirees have done the things they planned and just want to live a quiet life at home,” Joe said.

“Whether a person retires with lots of money or a more modest amount, the retirement experience can be enriched by planning,” he said. “When people find they will not have the money to do the things they envisioned for after retirement, they can either save more as they approach retirement or adjust their plans.

“The good news is that enjoyable experiences depend more on who than what,” Joe said. “What’s most important to people is spending time with those they want to be around. It’s less important whether they’re on a cruise or hanging around on the patio.”

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