

The Future of Retirement

Study Reports and Sample Media Coverage

Age Wave, in partnership with Bank of America Merrill Lynch, undertook nine landmark studies focused on all aspects of life in retirement. To complete this body of work, the Age Wave team reviewed thousands of papers, reports and datasets, conducted over 140 expert interviews and 43 focus groups, surveyed 50,000+ respondents, and put in 70,000+ collective work hours. These landmark studies have garnered 10B+ media impressions to date.

All nine reports followed by a few representative media impressions have been compiled into this document for your convenience.

- *Americans' Perspectives on New Retirement Realities and the Longevity Bonus, 2013*
- *Family & Retirement: The Elephant in the Room, 2013*
- *Work in Retirement : Myths and Motivations, 2014*
- *Health & Retirement: Planning for the Great Unknown, 2014*
- *Home in Retirement: More Freedom, New Choices, 2015*
- *Giving in Retirement: America's Longevity Bonus, 2015*
- *Leisure in Retirement: Beyond the Bucket List, 2016*
- *Finances in Retirement: New Challenges, New Solutions, 2017*
- *Women & Financial Wellness: Beyond the Bottom Line, 2018*



Americans' Perspectives on New Retirement Realities and the Longevity Bonus

A 2013 Merrill Lynch Retirement Study,
conducted in partnership with Age Wave



Merrill Lynch

Bank of America Corporation

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Introduction



With people living and often working longer than any preceding generation, this study examines their perspectives about preparing for retirement and living the best life that they can during their later years.

The 2013 Merrill Lynch Retirement Study reveals new insights into people's approaches to and thoughts about retirement, including:

- **Reinvention:** Today's retirees aren't retiring — they're moving on to explore new options, pursue old dreams and live life to the fullest. They're seeing the longevity bonus as a chance to devote energy to pursuits they may not have had the time or freedom to chase during the "career" portion of their lives, to stay stimulated, and to strengthen and expand their social network.
- **Connectivity:** The "Me Generation" is becoming the "Us Generation." Today's retirees are finding comfort, meaning and safety in connections — family, friends, communities and trusted guides.
- **Traditional Values:** Today's retirees are defining happiness not in terms of dollars but in terms of new experiences, peace of mind, helping family and making a difference.

What are people worrying about? The Study found five major areas of concern:

- **Health Disruptions:** Health problems and the cost of healthcare now top the list of retirement worries — and even more so among the affluent. Yet just one in nine pre-retirees is completely confident in their ability to pay for their retirement healthcare expenses.
- **Falling Short:** People don't know exactly how long they will live and feel insecure about their ability to support a very long life. They do not want to be a burden on their families and do not want to sacrifice too much quality of life. They also fear being lonely.

- **New Family Interdependencies:** In today's uncertain economy — where one or more family members may be struggling financially — balancing an individual's or couple's retirement needs with the needs of parents, siblings, children and grandchildren is a growing and complicated challenge. And partly because of these family complexities, most couples now want to share responsibility equally when making major financial decisions.
- **Home & Community:** People are concerned about where they should live in retirement, as well as finding ideal accommodations for their parents.
- **Search for Guidance:** Because of shifts away from pensions and strains on entitlement plans, Boomers recognize they must be more self-reliant. But they are in uncharted territory and feel they need guidance.

The following report summarizes the key findings of our Study.



Methodology



This report is based on a national public opinion poll conducted online by Harris Interactive. The Merrill Lynch survey was completed from December 2012 to January 2013, in partnership with Age Wave, and included more than 6,300 respondents age 45 and older. Findings are based on 3,002 responses from the general population. In addition, select study findings are based on an oversampling of an additional 3,005 affluent respondents with \$250,000 to \$3 million in investable assets (including liquid cash and investments, but excluding real estate). The remaining 320 interviews included an oversample among 60 to 70-year-olds. Results were weighted as needed for age by gender, education, race/ethnicity, region and household income. Propensity score weighting was also used to adjust for respondents' propensity to be online. No estimates of theoretical sampling error can be calculated.



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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. Age Wave is not affiliated with Bank of America Corporation.

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Work & Leisure: A Revolving Door

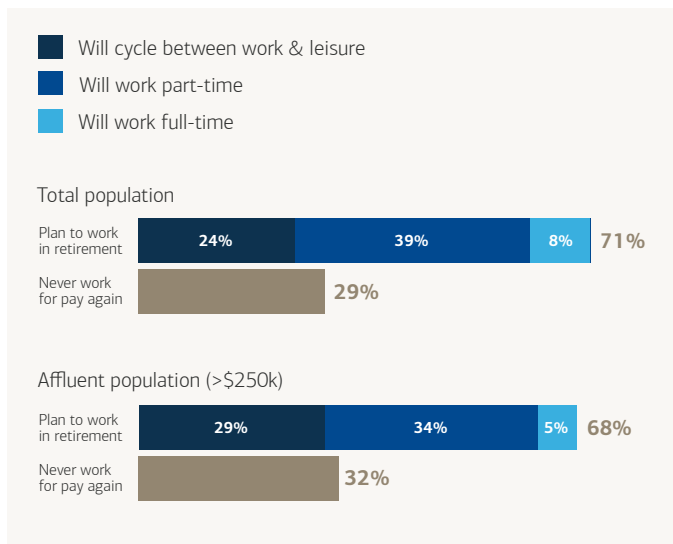


Retirement now often includes a desire for continued productivity. Continued income is an important motivation in today's uncertain economy, but stimulation, satisfaction and social connections are just as important.

Rebalancing work and leisure

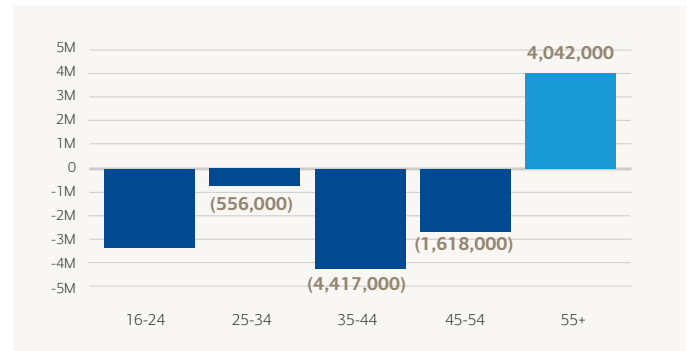
Retirement used to mean the end of work. Today, seven out of ten pre-retirees say they would ideally like to include some work in their retirement years. Most are seeking flexible work arrangements, such as part-time work (39%) or going back and forth between periods of work and leisure (24%) (FIG 1). In fact, working in later life is increasingly becoming the norm. For example, between 2006 and 2011, only the age 55+ workforce grew, while during the same time, millions of younger workers left or were displaced from the workforce (FIG 2).

Figure 1: Ideal plan for balancing work and leisure in retirement



Base: Pre-retirees

Figure 2: Change in employed workers by age group, U.S. 2006-2011



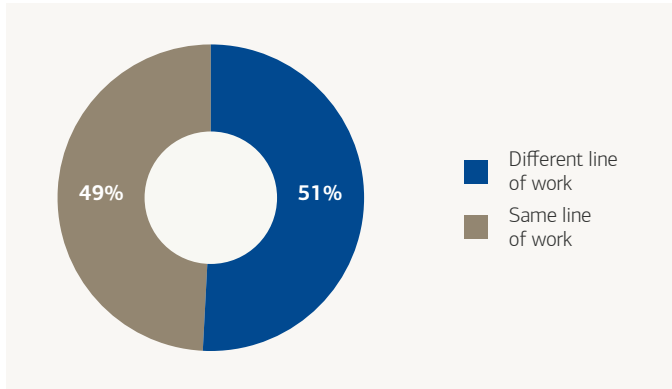
Source: Bureau of Labor Statistics, February 2012



New beginnings

Perhaps due to lengthening life spans, many now view retirement as an opportunity for career reinvention, with half saying they want to launch into a whole new career rather than continuing the same line of work they did in their pre-retirement years (FIG 3).

Figure 3: Percent seeking same or different kind of work in retirement

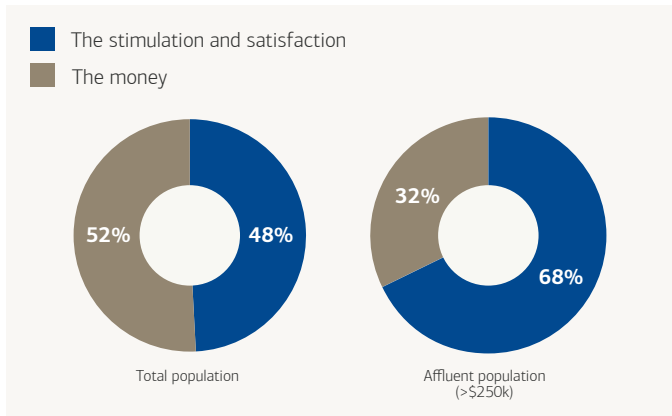


Base: Pre-retirees

More than a paycheck

While money and financial security remain important motivations for retirement careers, almost half say continued “stimulation and satisfaction” are the main reasons they want to work in retirement (FIG 4).

Figure 4: Top reason for working in retirement

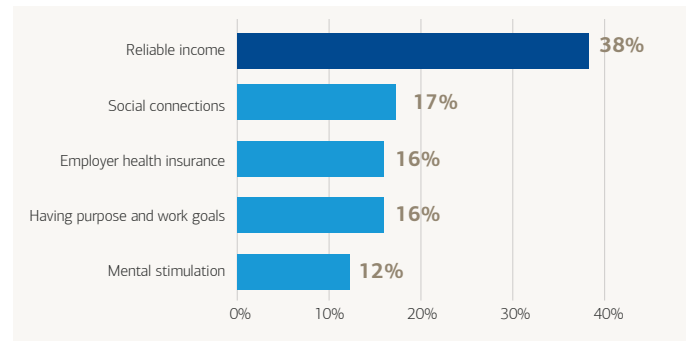


Base: Total population

The missing link: Friendship

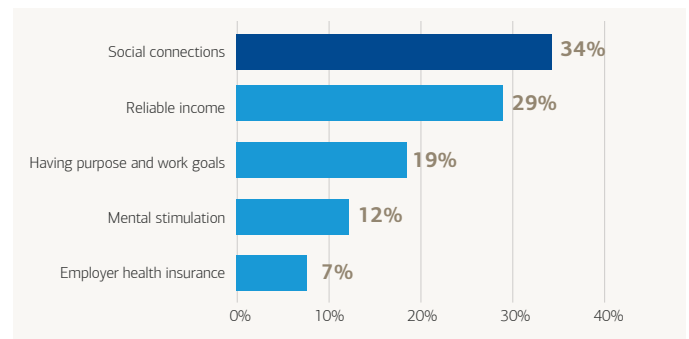
The end of work also reveals an often unforeseen surprise: the importance of friendships and relationships with fellow workers. Although pre-retirees think a reliable income is what they’ll miss most when leaving work, retirees tell us that it is the social connections that they miss most after they retire (FIG 5, 6).

Figure 5: What pre-retirees think they will miss most about work when they retire



Base: Pre-retirees

Figure 6: What retirees actually miss most about work now



Base: Retirees

Health Disruptions & Concerns

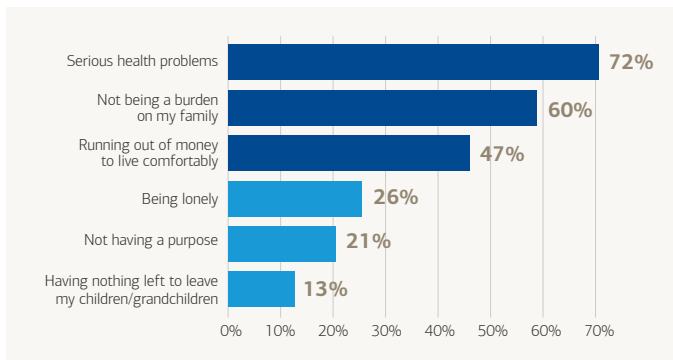


For many, loss of health can be the most devastating wildcard in retirement. Health problems and the cost of healthcare now top the list of retirement worries—and even more so among the affluent. Yet just one in nine pre-retirees is completely confident in their ability to pay for their retirement healthcare expenses. In addition, though many associate early retirement with financial success, loss of health is the top reason people retire earlier than expected.

Health problems: The #1 retirement worry

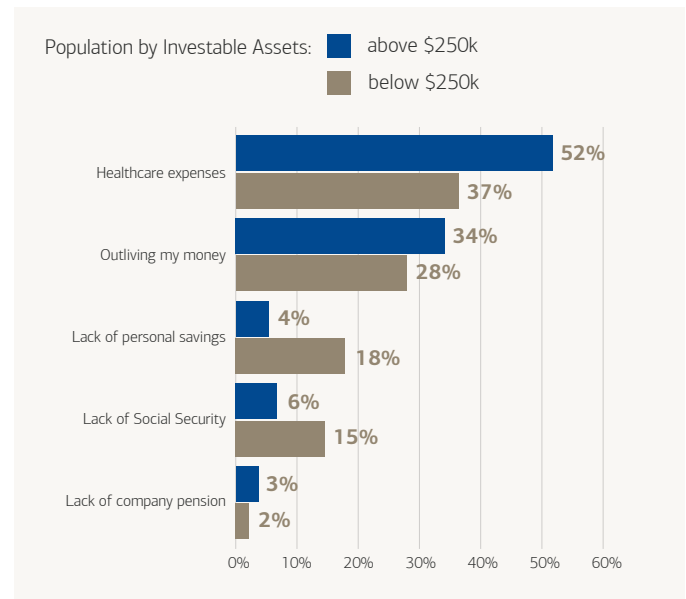
Health problems can severely disrupt retirement timing, lifestyles, and financial security. When asked what their biggest worries are about living a long life, retirees tell us serious health problems top the list (FIG 7).

Figure 7: Biggest worries about living a long life



Base: Retirees

Figure 8: Top financial worries for retirement



Base: Total population

The risks of retirement healthcare expenses

The expenses of healthcare are a top worry as well (FIG 8). Unanticipated medical expenses can derail years of retirement preparation. Sixty percent of bankruptcies in the U.S. today are related to medical bills,¹ and retirees who are struggling with health issues are twice as likely to say they are in a financial crisis. Wealthier pre-retirees and retirees are even more likely to rank healthcare expenses as their top financial worry in retirement (FIG 8).



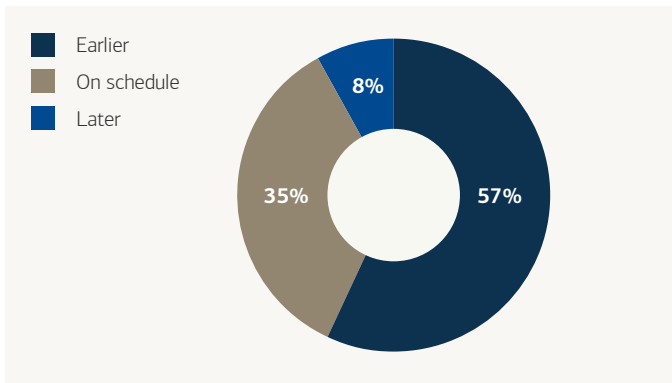
1. "Bitter Pill: Why Medical Bills Are Killing Us." Time.com (2013). Available at <http://www.time.com/time/magazine/article/0,9171,2136864,00.html>. Accessed March 13, 2013.

The #1 reason for early retirement

Despite all that we hear today about people’s plans to delay retirement, nearly three out of five retirees say they retired earlier than they expected (FIG 9) — 58% of women, 56% of men. And although early retirement has often been equated with financial success, health problems are actually the top reason (FIG 10).

Today, pre-retirees expect to delay retirement by four years, on average. Often, pre-retirees delay retirement to shore up their retirement savings. But health problems can cause a devastating double hit on retirement preparation, both increasing unexpected expenses and cutting hoped-for income.

Figure 9: Percent retiring earlier, on schedule or later than planned

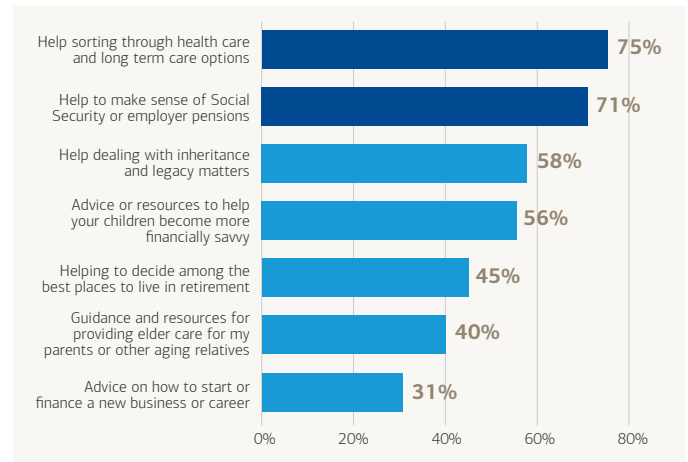


Base: Retirees

Protecting against retirement health risks

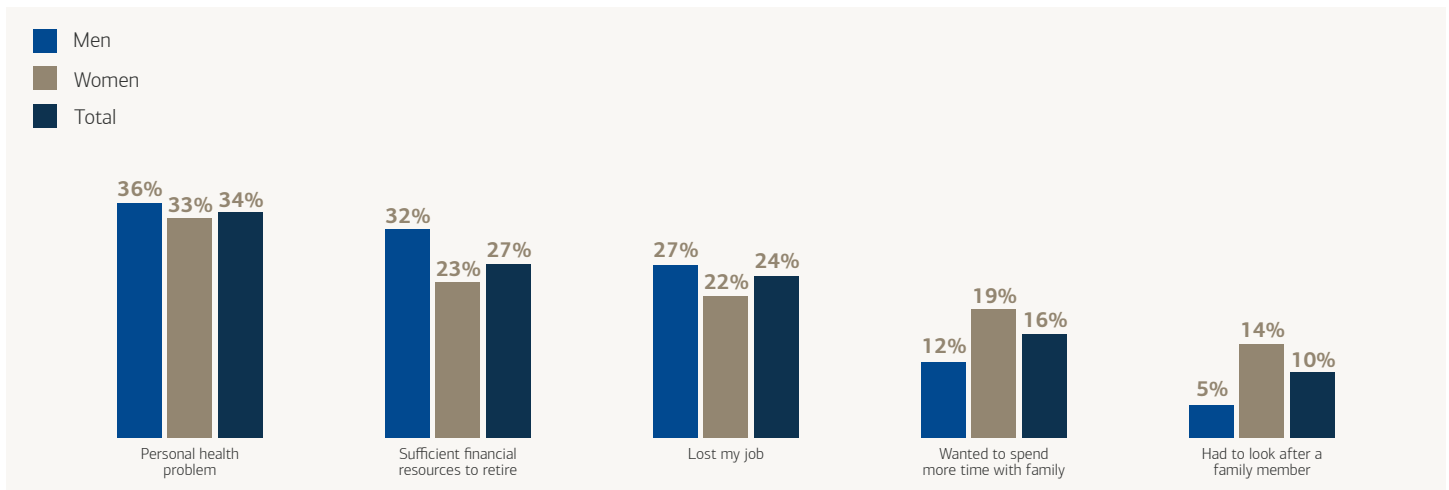
Twenty-five years ago, two-thirds of large companies offered health benefits to retirees. Now, just one-third of these companies offer retirement health benefits.² In addition, there is growing concern about the long-term stability of government healthcare programs, such as Medicare. Retirees today are seeking new solutions to protect against retirement healthcare costs, such as increased savings, programs that supplement traditional Medicare (e.g., Medigap or Medicare Advantage), and long-term care insurance. And in fact, healthcare is one of the top issues pre-retirees and retirees are seeking advice about (FIG 11).

Figure 11: Beyond core financial advice, what is most valuable



Base: Total population

Figure 10: Reasons for early retirement



Base: Retirees

2. "Ultimate Guide to Retirement: Health Insurance." CNNMoney.com (2012). Available at http://money.cnn.com/retirement/guide/insurance_health.

New Family Dynamics

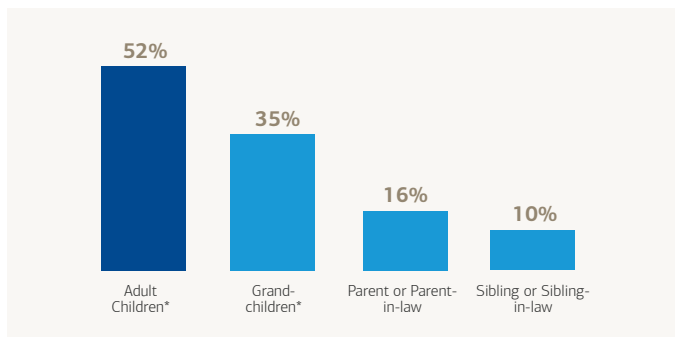


In today's economic uncertainty, one or more family members may be struggling financially. This can make balancing an individual's or couple's retirement needs with the needs of parents, siblings, children and grandchildren a growing and complicated challenge. Pre-retirees and retirees increasingly delve into their own retirement savings to extend financial, housing, healthcare, and education support to family members in need.

The family cube

The term "sandwich generation" was coined in the 1980s to describe Boomers who needed to care for both children and aging parents. Today, due in part to recent economic hardships, the sandwich generation is transforming into a family cube, with support extending side to side as well as up and down. In our national survey, we asked people age 45+ whether they expect to provide support to family members (FIG 12).

Figure 12: Do you expect to provide support to...?



* Among those who have children (74% of those surveyed have children)
Base: Total population



Collaborative partnership

There is an emerging trend among spouses when it comes to making major financial decisions, including long-term planning and investing. Going forward, our data finds that couples are interested in a more collaborative partnership, with three out of four men (73%) and women (76%) indicating they would like to have equal responsibility when making major financial decisions.

The four mainstays of family support

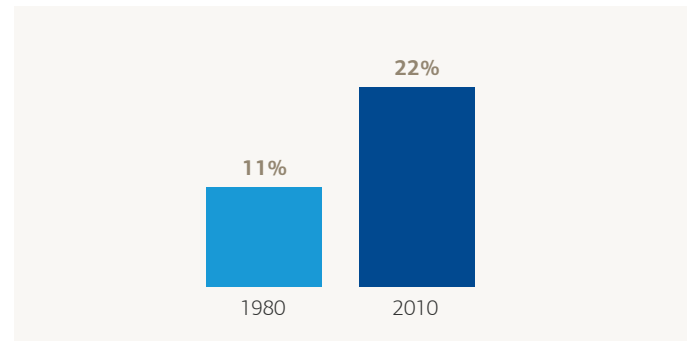
The dynamics and emotions of family support can be far more complex today. It is estimated that stepfamilies outnumber original families.³ Other extended relationships are increasing, too. Multigenerational households are on the rise, doubling since 1980 to more than one in five households⁴ (FIG 13). With this in mind, we believe these are the four mainstays of family support:

- **Financial.** 43% expect to provide direct financial support, such as writing a check or providing a loan to a family member.
- **Housing.** 38% expect to provide or help a family member pay for a place to live.
- **Education.** 30% expect to help pay education expenses for a family member.
- **Healthcare.** 25% expect to pay for or help manage a family member's healthcare or long-term care needs. (FIG 14).

Wealthier family members more likely to be called upon to help

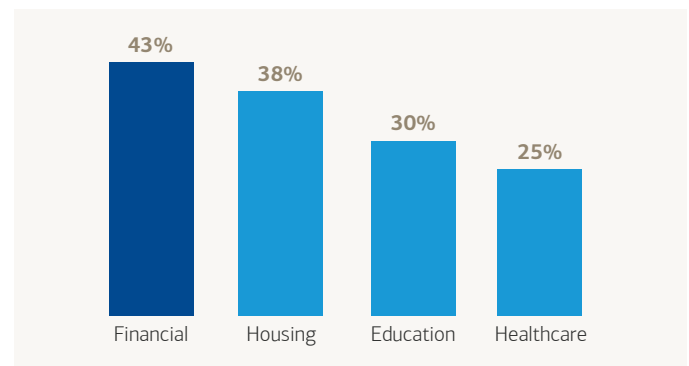
Financial success often brings greater family responsibilities. Higher-income pre-retirees and retirees are twice as likely to expect to provide support to their adult children, grandchildren and parents (FIG 15).

Figure 13: Percent households that are multigenerational



Source: "The Boomerang generation: Feeling OK about Living with Mom and Dad." Pew Research & Social Trends (2012).

Figure 14: Types of support expecting to provide to family members



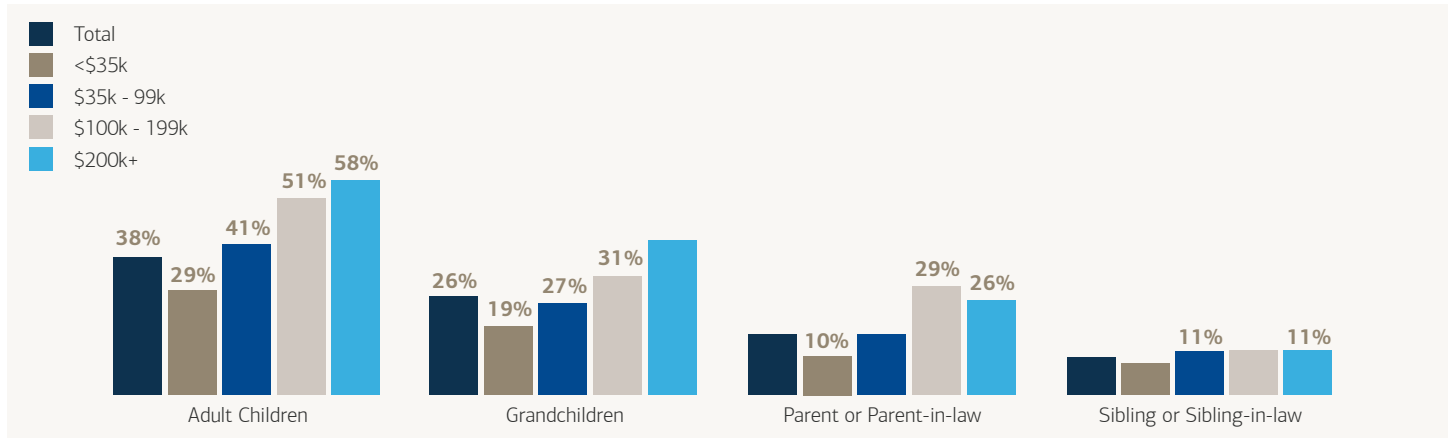
Base: Total population



3. "Stepfamilies to Uncle Sam: Learn to Count!" Wednesday Martin. The Huffington Post (2009). Available at www.huffingtonpost.com/wednesdaymartin/stepfamilies-to-uncle-sam_b_373314.html. Accessed February 4, 2013.

4. "The Boomerang Generation: Feeling OK about Living with Mom and Dad." Pew Research & Social Trends (2012). Available at <http://www.pewsocialtrends.org/files/2012/03/PewSocialTrends-2012-BoomerangGeneration.pdf>. Accessed January 21, 2013. Multigenerational households means more than two generations living together.

Figure 15: Percent expecting to provide support to family members by income



Base: Total population

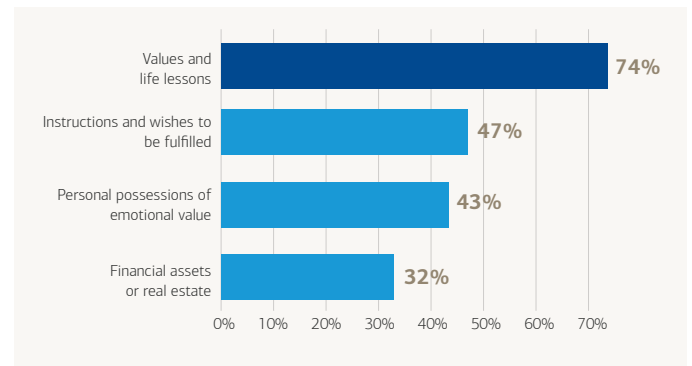
The four pillars of legacy

People also seek to benefit family members through inheritance and legacy — and this extends beyond just money. According to Age Wave research, there are four key pillars of legacy:

1. Values and life lessons
2. Instructions and wishes to be fulfilled
3. Personal possessions of emotional value
4. Financial assets or real estate

When asked what is most important to pass on to future generations, the top priorities are values and life lessons — more than twice as important as money and financial assets (FIG 16).

Figure 16: Most important to pass on to the next generation



Base: Total population



Seeking “Retirement Peace of Mind”

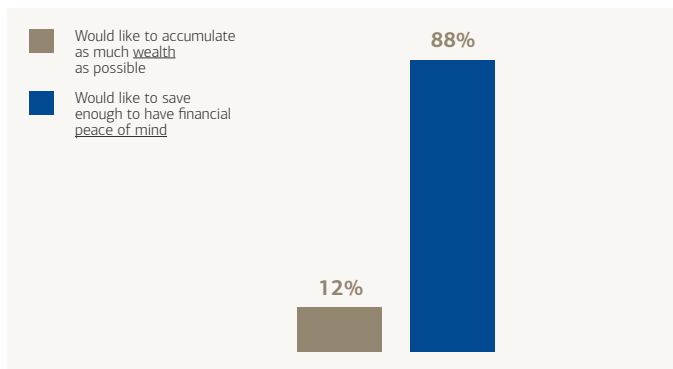


At the end of the day, achieving peace of mind is the priority among pre-retirees and retirees. Many are seeking strategies to protect their financial assets and generate reliable income sources throughout what may be a longer retirement. Below we have also introduced a new national “Retirement Peace of Mind Index,” calculated through the aggregation of findings from this research pertaining to how people feel about their retirement.

Today’s priority: achieving peace of mind

In previous decades, “getting rich” and “retiring early” were often heralded as the ideal retirement plan. Today, pre-retirees and retirees are more than seven times more likely to say their financial goal is “saving enough to have financial peace of mind” versus “accumulating as much wealth as possible” (FIG 17).

Figure 17: Most important financial goal



Base: Total population

The new focus on peace of mind is likely driven by a number of converging forces, including:

- The financial wake-up call of the recent recession, which exposed the dangers and risks of aggressive investment strategies.
- The movement of the boomer generation from their accumulation years into their retirement decumulation years — when they are seeking to responsibly manage savings and income to last throughout retirement.
- Increasing life expectancy, creating greater uncertainty regarding how much people need to save and prepare for retirement.

Longevity concerns

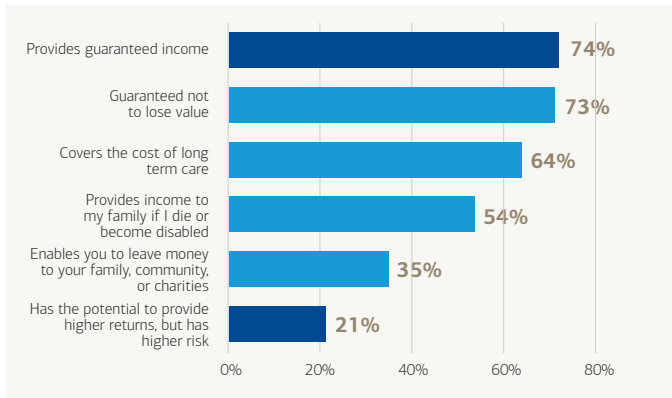
As life expectancy continues to increase, people find themselves spending more time in retirement than they had originally planned. While a longer life is generally viewed positively, pre-retirees and retirees are expressing concerns about unexpected life events due to a lengthier retirement. In fact, when asked what might be their biggest worries about living a long life, 70% of men and 68% of women said serious health problems and 47% of men and 61% of women said running out of money.



More Conservative Strategies

Many pre-retirees and retirees seek to adopt more conservative financial strategies. When considering investments or insurance, people age 45 and older now say having guaranteed income* and protecting assets are almost four times more important than achieving higher-risk returns (FIG 18).

Figure 18: Most important in retirement investment or insurance



Base: Total population

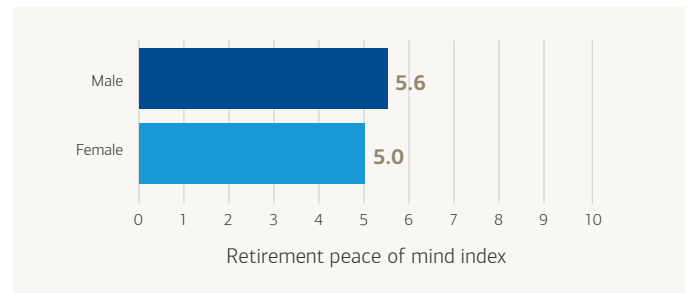
Retirement Peace of Mind Index

An index to measure the current level of national retirement peace of mind was calculated from responses to the following survey questions:

1. I feel content and comfortable about how I will spend my retirement years.
2. I have many worries about what might happen during my retirement.
3. Thinking about my retirement gives me feelings of security and stability.
4. I feel anxious and uneasy about how I will support myself and my family during retirement.
5. I feel well prepared for whatever may happen during my retirement.

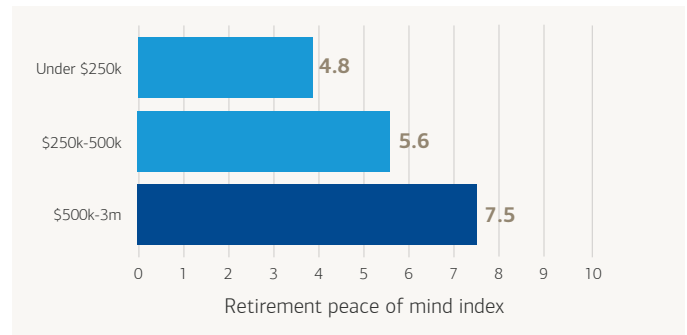
Based on averages of responses to these questions, the national “Retirement Peace of Mind Index” at the time of the survey was 5.3 on a scale of 1-10. Retirement peace of mind varies by gender, wealth, and use of a financial advisor (FIG 19, 20, 21)

Figure 19: Retirement peace of mind by gender



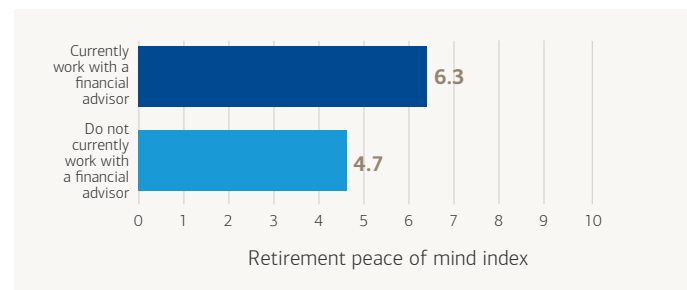
Base: Total population

Figure 20: Retirement peace of mind by investable assets



Base: Total population

Figure 21: Retirement peace of mind by use of a financial advisor



Base: Total population

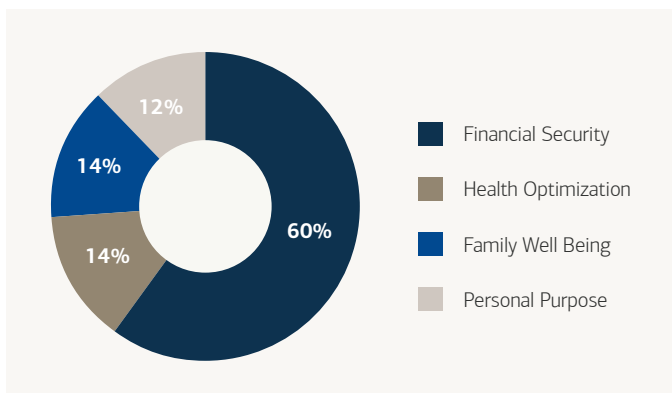
* Any guarantees are subject to the claims-paying ability of the issuer.

Four key elements of retirement peace of mind

The following four key elements help create retirement peace of mind (FIG 22):

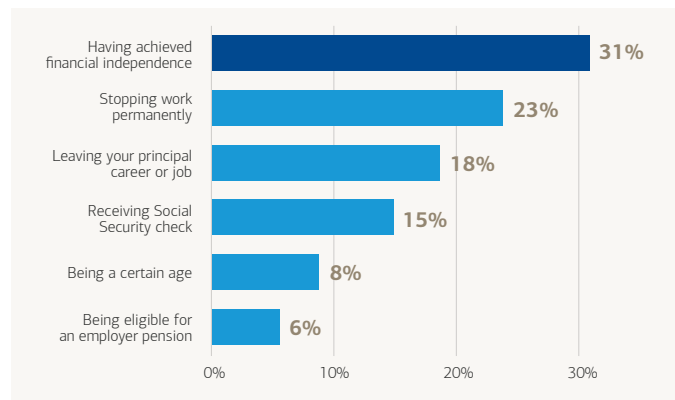
- Financial security: confidence in having sufficient resources for retirement.
- Health optimization: confidence in having resources and reliable care to maintain health in retirement.
- Family well-being, feeling assured that family members will be financially secure and can rely upon each other when needed.
- Personal purpose: having meaningful retirement goals, faith/spirituality, social connections, and personal legacy.

Figure 22: Importance of four key elements of retirement peace of mind



* Financial security, health optimization, family well-being, and personal purpose account for 67% of variance in the retirement peace of mind index.

Figure 23: When asked what best defines what retirement means to them, respondents cited:

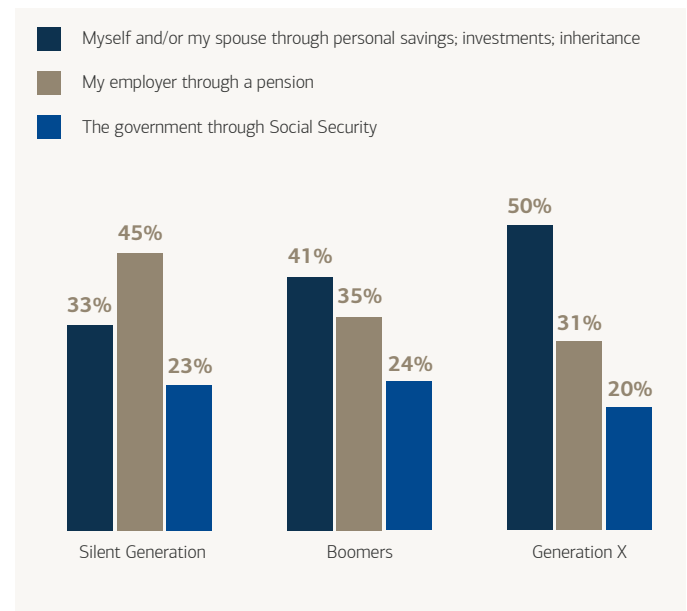


Base: All respondents

Overturning the three-legged stool

Among previous generations, retirement preparation was very much like a three-legged stool. Retirement funds were expected to come from (1) government entitlement programs, such as Social Security and Medicare, (2) employer pensions, and (3) personal savings and investments. The retirement plans of the “silent generation” (ages 68 to 88) reflect this expectation. This generation estimates that just 33% of their retirement funds come from personal savings. However, other generations are far less likely to feel they can count on government entitlement programs or employer defined benefit pensions. The boomer generation (ages 49 to 67) expects they will need to fund 41% of their retirement through personal savings and investments. Generation X (ages 37 to 48) expects to be personally responsible for half of their retirement funds (FIG 24).

Figure 24: Expected sources of retirement funds



Conclusion



New retirees and those nearing retirement are looking forward to their “bonus years.” They see life in retirement as filled with opportunity and a chance to enjoy a Second Act. However, they don’t know exactly what to expect during, or how to successfully manage, a long, complex and ever-changing retirement. And a long life in retirement brings worries about outliving their money, health and healthcare costs, family interdependencies, the loss of quality of life, and being isolated and lonely.

These findings suggest people would benefit from at least six things:

- A better understanding of the issues critical to retirement, risks they face and what they need to prepare for
- A clear definition of their goals and what is most important to them in retirement
- Knowledge of potential trade-offs they must consider
- An ability to examine various scenarios and the potential outcomes of decisions they are being asked to make
- A plan of action that puts all their resources to work to help them to live their very best lives in retirement
- An ability to correct course when circumstances warrant

In short, we believe people want and need to know more about their retirement years before they are upon them, to gain greater clarity about what they want to achieve, and to understand what is possible in this stage of life.

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Americans' Perspectives on New Retirement Realities and the Longevity Bonus, 2013

Total Story Count: 113

Impressions: 438,117,692

Notable Media Coverage

<u>Publication</u>	<u>Date</u>	<u>Title</u>
<i>Think Advisor</i>	5/6/13	Health Top Reasons for Early Retirement
<i>Reuters</i>	5/6/13	Health concerns top list of retirement worries in U.S.: study
<i>Think Progress</i>	5/6/13	Even Wealthier Americans Are Worried About Paying for Their Health Care After They Retire
<i>Financial Advisor Magazine</i>	5/6/13	Many Retirees Going Back To Work, Study Says
<i>OnWallStreet</i>	5/6/13	Boomers Usher in New Retirement Reality
<i>The Street</i>	5/6/13	Boomers Saving for Kids Too
<i>The Boston Globe</i>	5/6/13	Peace of mind more important than accumulating wealth, Merrill Lynch survey finds
<i>Investment Executive</i>	5/6/13	U.S. boomers seek peace of mind over wealth accumulation
<i>Forbes</i>	5/31/13	Focus on Passing Down Your Values, Not Money
<i>The New York Times</i>	2/16/15	Consulting as a Bridge Between Full-time Work and Retirement

Family & Retirement: The Elephant in the Room

A Merrill Lynch Retirement Study,
conducted in partnership with Age Wave



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Introduction



For most, family makes life—and life in retirement—richer and more enjoyable. But family connections can also complicate retirement. Retirement planning has traditionally centered largely on the needs of an individual or a couple. This landmark Study reveals the impact that today’s family complexities and financial interdependencies have on retirement, and shows how pre-retirees and retirees can better plan, engage and communicate with family members to balance both family priorities and their own long-term retirement security.

The lives of retirees and pre-retirees today are complicated by three converging trends:

- **Parenthood Doesn’t Retire.** In today’s uncertain economy, adult children and other younger relatives—struggling with career stalls and financial difficulties—are increasingly turning to older family members for a helping hand.
- **Extended Lives, Extended Needs.** At the same time, rising longevity is introducing new complications. The parents of today’s pre-retirees and retirees are living longer than any prior generation and very often require greater emotional, physical and financial support.
- **Stretched and Stressed.** Many pre-retirees and retirees have insufficient savings, putting them on shaky ground as they attempt to balance the competing priorities and tradeoffs of preparing for and financially managing their own retirement while also helping family members.

Family & Retirement: The Elephant in the Room reveals pitfalls and safer passages as pre-retirees and retirees navigate today’s modern family dynamics, including:

- Finding oneself in the role of the “Family Bank”
- The impact providing family support can have on retirement
- Why ground rules and boundaries are important when providing support for family members
- The financial challenges of blended families and divorce
- What it means to be a burden on one’s family
- What steps people are taking—or not taking—to avoid becoming a burden on family
- The impact family challenges and crises can have on retirement preparedness
- How discussing, planning and coordinating with family members around important financial topics can increase everyone’s peace of mind

The following report summarizes the key findings of our Study.



Methodology



The survey included a total of 5,415 respondents age 25+, including 2,104 respondents among the Boomer (age 47-67) and Silent (age 68-88) generations, 250 Millennials (age 25-36), and 252 respondents among Generation X (age 37-48). In addition, select findings are based on an oversample of 2,809 affluent respondents age 50+ with at least \$250,000 in investable assets (including liquid cash and investments, but excluding real estate). Among the affluent respondents, 2,506 had assets from \$250,000 to \$5 million and 303 had assets of \$5 million or more. The survey, which was completed in August 2013, was conducted in partnership with Age Wave and executed online by Harris Interactive. Focus groups were also conducted among both pre-retirees and retirees.



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Merrill Lynch Global Wealth Management is a leading provider of comprehensive wealth management and investment services for individuals and businesses globally. With over 14,000 Financial Advisors and \$1.8 trillion in client balances as of September 30, 2013*, it is among the largest businesses of its kind in the world. Within Merrill Lynch Global Wealth Management, the Private Banking and Investment Group provides tailored solutions to ultra affluent clients, offering both the intimacy of a boutique and the resources of a premier global financial services company. These clients are served by more than 150 Private Wealth Advisor teams, along with experts in areas such as investment management, concentrated stock management and intergenerational wealth transfer strategies. Merrill Lynch Global Wealth Management is part of Bank of America Corporation.



Age Wave

Age Wave is the nation's foremost thought leader on population aging and its profound business, social, financial, healthcare, workforce, and cultural implications. Under the leadership of Founder/CEO Dr. Ken Dychtwald, Age Wave has developed a unique understanding 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. Age Wave is not affiliated with Bank of America Corporation.

*Source: Bank of America. Merrill Lynch Global Wealth Management (MLGWM) represents multiple business areas within Bank of America's wealth and investment management division including Merrill Lynch Wealth Management (North America and International), Merrill Lynch Trust Company, and Private Banking & Investments Group. As of September 30, 2013, MLGWM entities had approximately \$1.8 trillion in client balances. Client Balances consists of the following assets of clients held in their MLGWM accounts: assets under management (AUM) of MLGWM entities, client brokerage assets, assets in custody of MLGWM entities, loan balances and deposits of MLGWM clients held at Bank of America, N.A. and affiliated banks.

Are You the Family Bank?

Can You Afford to Be?



Six in ten people age 50+ today are providing financial support to family members in need. This support is often leniently and generously given. Half of pre-retirees age 50+ say they would make major sacrifices to help family members.

A New Era of Family Interdependencies

Six in ten people (62%) age 50+ today are providing financial support to family members. This support may be to meet a one-time need, or it could be ongoing assistance over the course of many years, and is often offered without expecting anything in return. But those providing support to family members are often not accounting for it in their retirement planning, nor are they talking with family members about it, which can pose a hidden risk to retirement.

Financial help extends in multiple directions, including adult children, grandchildren, parents and in-laws and siblings (FIG 1). The amount of support provided by people age 50+ to family can be thousands of dollars a year, and averages \$14,900 among people with less than \$5 million in investable assets (FIG 2).

Are You the “Family Bank?”

Three out of five people (56%) age 50+ believe a member of their family is the “Family Bank,” meaning someone who their extended family is most likely to turn to for financial help.

“I thought I would be supplementing my grandchildren’s college funds. It turns out I was the college fund.”

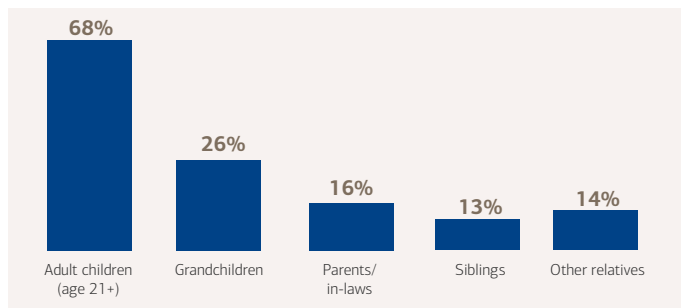
– Focus Group Participant

The role of the Family Bank is often assigned to those who have saved and invested responsibly. In fact, the more financially responsible you are, the more likely other family members will consider you to be the Family Bank (FIG 3).

“I paid down my mortgage and didn’t run up my credit cards, unlike my sisters. Now everyone in my family is turning to me for money.”

– Focus Group Participant

Figure 1: Percent who provided financial support to family members in the last five years



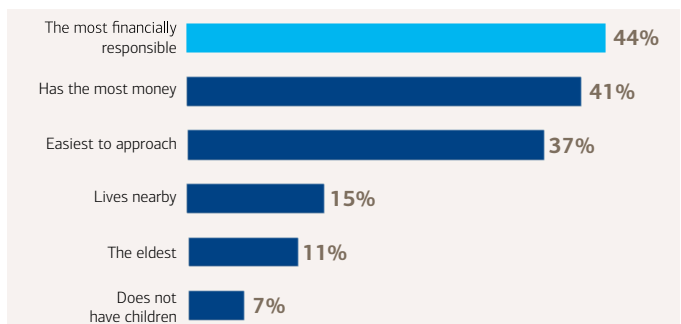
Base: age 50+, with adult children/grandchildren/parents/in-laws/siblings/other relatives; bases vary

Figure 2: Financial support provided to family members in the last five years, by investable assets



Base: age 50+, providing financial help to family

Figure 3: Reasons why a family member is turned to for financial support



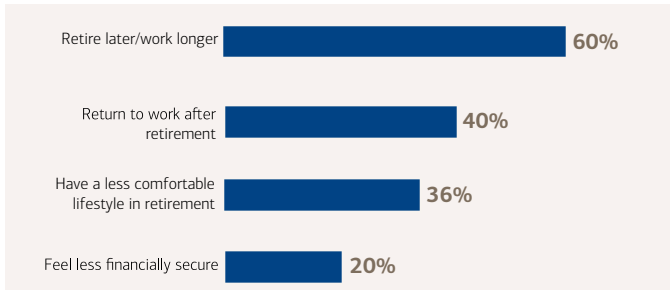
Base: age 25+

Generational Generosity

Half of pre-retirees age 50+ say they would make major sacrifices that could impact their retirement to help family members. Among these pre-retirees, three in five say they would retire later, four in ten would return to work after retirement, and more than one-third say they would accept a less comfortable retirement lifestyle to help family financially (FIG 4).

Figure 4: Types of “retirement sacrifices” pre-retirees would make to financially support family members

Among age 50+ pre-retirees willing to alter their retirement

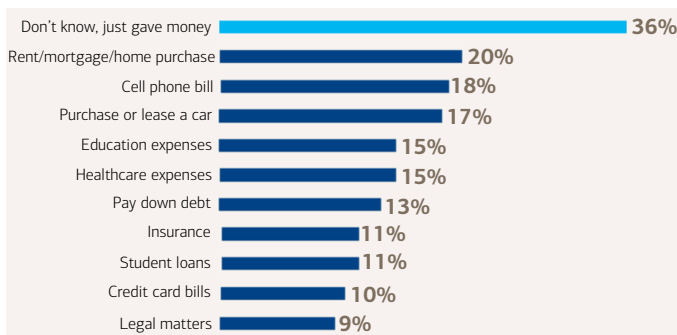


Base: age 50+ pre-retirees willing to alter retirement plans to support family. 50% of these pre-retirees would make “retirement sacrifices” to financially help family members

Family Bank: Open 24/7, Lenient Terms

In addition to being willing to make major sacrifices to their own retirement and financial security in order to support family members, many pre-retirees and retirees also cite that they give support without even knowing how the money is being used (FIG 5).

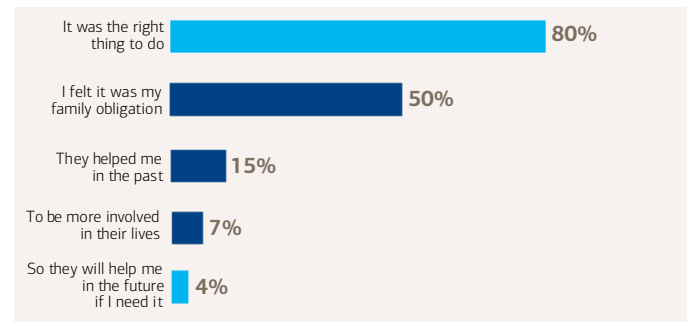
Figure 5: Reasons people age 50+ give adult children money



Base: age 50+, with adult children

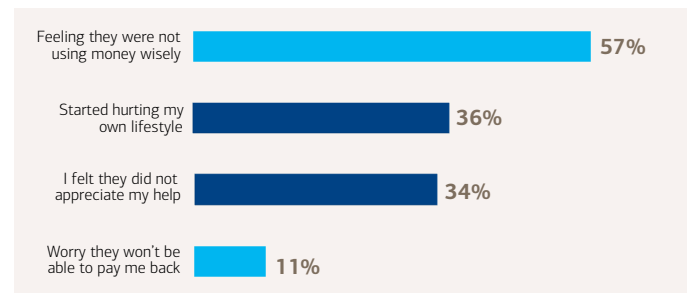
Those helping family members rarely do so because they expect future help or financial payback. Older adults are 20x more likely to say they are helping family because “it is the right thing to do” than because “family members will help me in the future” (FIG 6). They are 5x more likely to stop family support because the recipient is not using the money wisely than because of worries about being paid back (FIG 7).

Figure 6: Reasons for providing financial help to family members



Base: age 50+, has given money to family in last five years

Figure 7: Reasons for stopping financial help to family members



Base: age 50+

“I’m not looking to get back the money I loaned my daughter. I’m just happy I could help her when she needed it.”

– Focus Group Participant

Those giving money to family members are 3x more likely to feel “appreciated” than “taken advantage of” (FIG 8).

This generational generosity also extends to a shift in mindset regarding inheritance and giving to family. Three in five (60%) people age 50+ say it is better to pass on their assets now rather than waiting until end of life. Age 50+ women are even more likely than men to say it is better to pass on inheritance during retirement (65% vs. 53%).

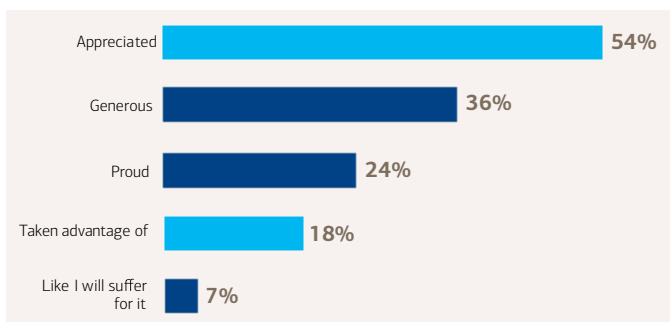
“Why should I wait until I die to leave my inheritance? My children can use my help now, and I want to be there to enjoy helping them.”

– Focus Group Participant

Family Support: Unforeseen, Unprepared

Unfortunately, very few people have prepared financially for potential family events and challenges. The vast majority of people age 50+ have never budgeted and prepared for providing financial support to other family members (88%), caring for an aging parent or relative (91%), or helping to pay for their grandchildren’s education (91%)—even though they are highly likely to provide such support. This lack of preparation extends to end-of-life issues as well. Among people age 50+, half (51%) have a will, four in ten have a healthcare directive (42%) and just one-third of people age 50+ have both a will and a healthcare directive.

Figure 8: How people age 50+ feel about helping family members financially



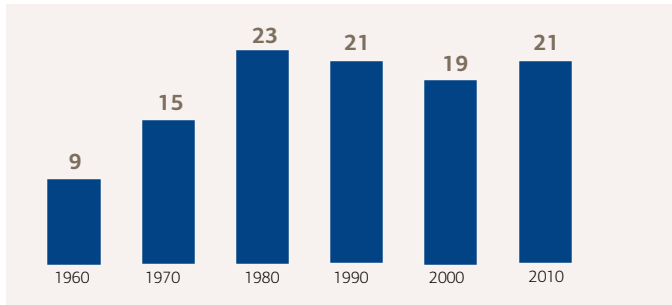
Base: age 50+, has given money to family members in last five years



Blended Families Alter the Face of Retirement

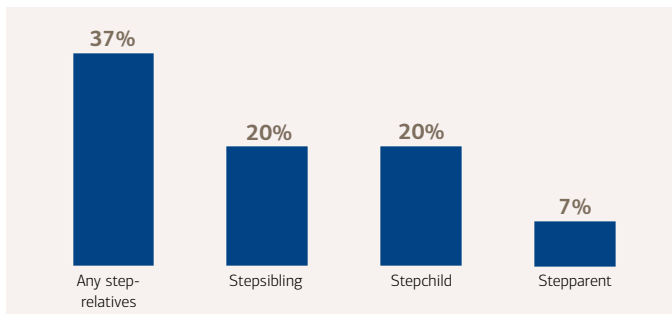
Rising divorce rates, which peaked in the 1980s, have created more complex families among today's pre-retirees and retirees (FIG 9). Roughly three-quarters of people who divorce remarry,¹ often introducing stepchildren, stepparents and stepsiblings into the family and financial mix. Nearly two in five people age 50+ are now part of a blended family (FIG 10).

Figure 9: Number of divorces per year among 1,000 married women age 15+



Source: U.S. Census Bureau; CDC

Figure 10: Percent of people age 50+ who have...

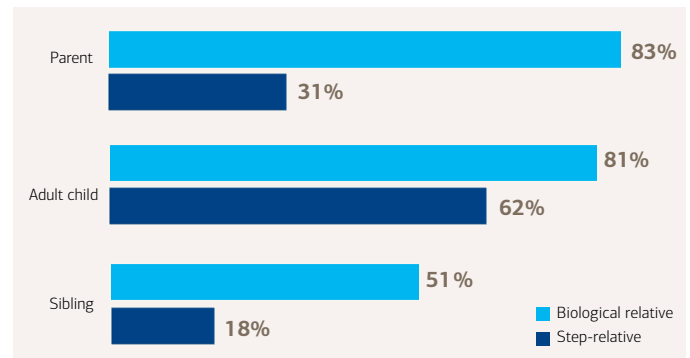


Source: Pew Social and Demographic Trend Survey, October 2010; Age Wave calculations

Special Strains of Stepfamilies

Members of stepfamilies have unique challenges when meeting family financial needs. Adults age 50+ generally feel some financial responsibility for stepfamily members (most particularly stepchildren), but usually less responsibility than they feel for biological relatives (FIG 11).

Figure 11: Percent age 50+ who feel financially responsible for...



Base: age 50+, with parent/stepparent, etc.; top two box; bases vary

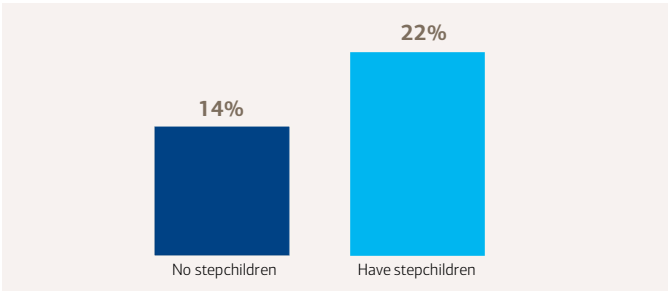
"I am very happy we are able to help our stepson. He is having a difficult time. But to be honest, I want to help my own daughter more, and it is a hard thing to talk about with my husband."

– Focus Group Participant



Nearly one-third (31%) of people age 50+ who have stepchildren say it complicates financial planning. Three in ten (32%) also say that they and their spouses have different financial priorities for their own children than they have for their stepchildren. Those with stepchildren are less likely to divide their assets equally than those without stepchildren (FIG 12).

Figure 12: Percent who will not divide assets equally among children



Base: age 50+, with more than one child

Fathers are more likely than mothers to say that their financial plans treat their stepchildren exactly the same (90% vs. 61%) and that they feel financially responsible for their stepchildren (72% vs. 51%).

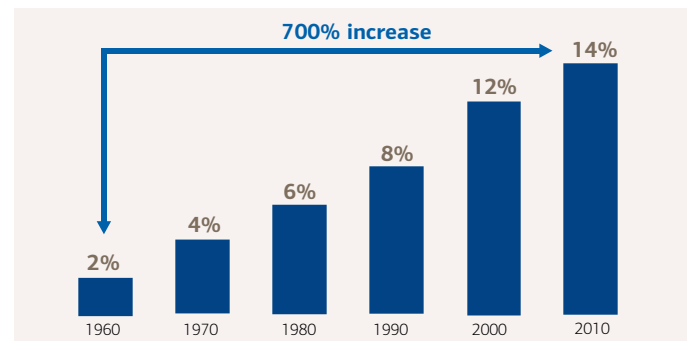
Gray Divorce

Divorce is becoming increasingly common among older adults, which can have a significant impact on retirement savings and plans. Overall, the percent of people who divorced per year in the U.S. among all ages was essentially unchanged between 1990 and 2010. However, during this time period, the divorce rate among those age 50+ doubled.²

One in seven people age 50+ who were once married are now divorced and single, a sevenfold increase from 1960 (FIG 13). Divorce in maturity often creates substantial financial hardships, especially for women. After a divorce, household income drops by more than 40% for women and by about 25% for men.³



Figure 13: Percent age 50+ who are divorced and single

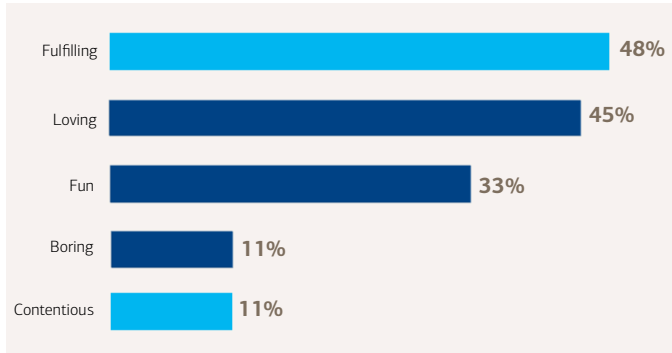


Source: U.S. Census Bureau, 2013; Age Wave calculations

Marriage Gets Better in Retirement

Divorce may be becoming more common in later life, but overwhelmingly retirees are more likely to say their marital satisfaction has improved, not diminished, since retiring. Close to half say their marriage is more fulfilling and loving in retirement, while only one in ten say it is more boring or contentious (FIG 14).

Figure 14: Percent of retirees who say their marriage has become more...



Base: age 50+, retirees, married



“In retirement there is more quality time. My husband and I do everything together.”

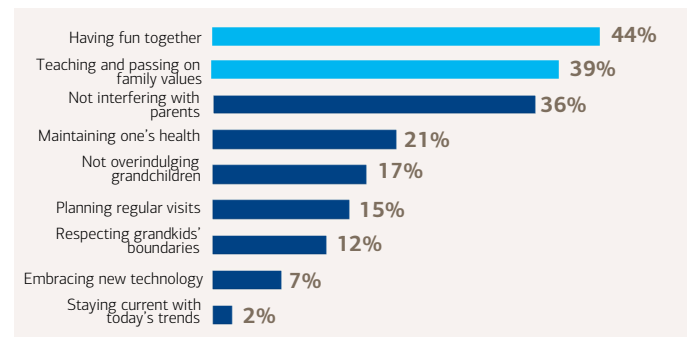
– Focus Group Participant

Connecting with Grandchildren

More than half (54%) of people age 50+ are grandparents, having an average of nearly five grandchildren each. In many ways, technology is helping to revolutionize how grandparents connect with their grandchildren. Nearly three in five grandparents (57%) say technology today makes it much easier to stay connected with family members. While technology helps keep families connected, grandparents say having fun together and teaching and passing on family values—much more so than staying hip with trends—are the best ways to be a good grandparent (FIG 15).



Figure 15: What does it mean to be a good grandparent?



Base: grandparents age 50+

“I want to be a very active grandmother. I want to go on family trips with my son, go to my grandchildren's baseball games, take them to ballet dance. I want to be a vital part of their lives.”

– Focus Group Participant

Retirement's Unexpected Worry

Being a Burden

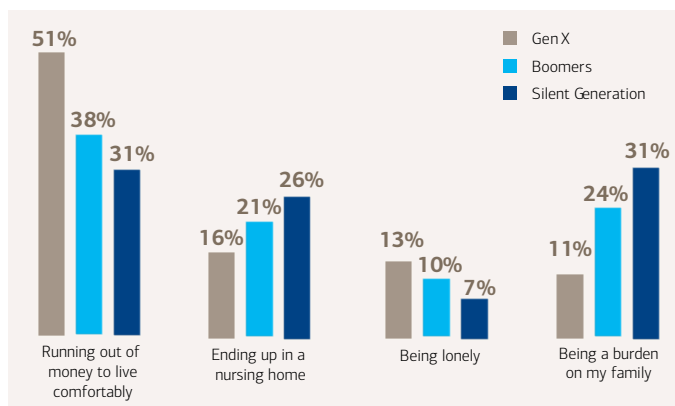


As people age, “being a burden on family” and “running out of money” become the top concerns. Older adults are most likely to define “being a burden” as having family members providing hands-on care. While the #1 choice for long-term care, if needed, is in their own home, two-thirds of people age 50+ admit that they have taken no steps to maintain their independence.

Retirement's Two Greatest Worries

There are two top worries in retirement, which change in priority as people age. Younger generations say their greatest worry about living a long life is running out of money to live comfortably. But in later life, another worry weighs just as heavily: Older adults say “being a burden on family” is of equal concern (FIG 16). Women age 50+ are even more likely than men to say “being a burden on family” is their greatest worry (32% vs. 18%).

Figure 16: Greatest worry about living a long life



Base: Generation X (age 37-48), Boomers (age 49-67), Silent Generation (age 68-88)

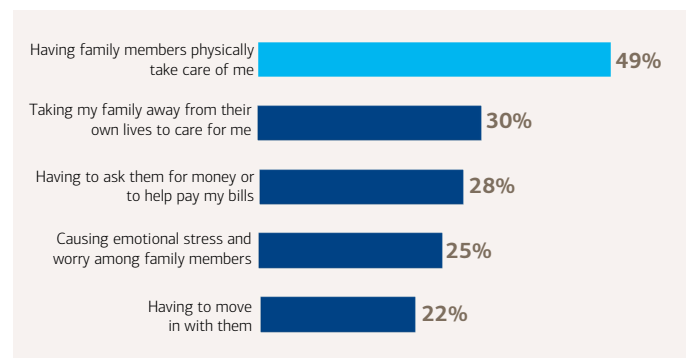
“I have always been independent. I am the one who is there to help my family. The last thing I want is to have to turn to them for help.”

– Focus Group Participant

What It Means to Be a Burden on Family

Older adults are most likely to define “being a burden” as having family members “physically take care of” them (FIG 17). The need for eldercare can have repercussions across generations. While family members may need to pay for or coordinate care, asking family members to provide hands-on care is the top anxiety.

Figure 17: Top definitions of being a burden on family



Base: age 50+

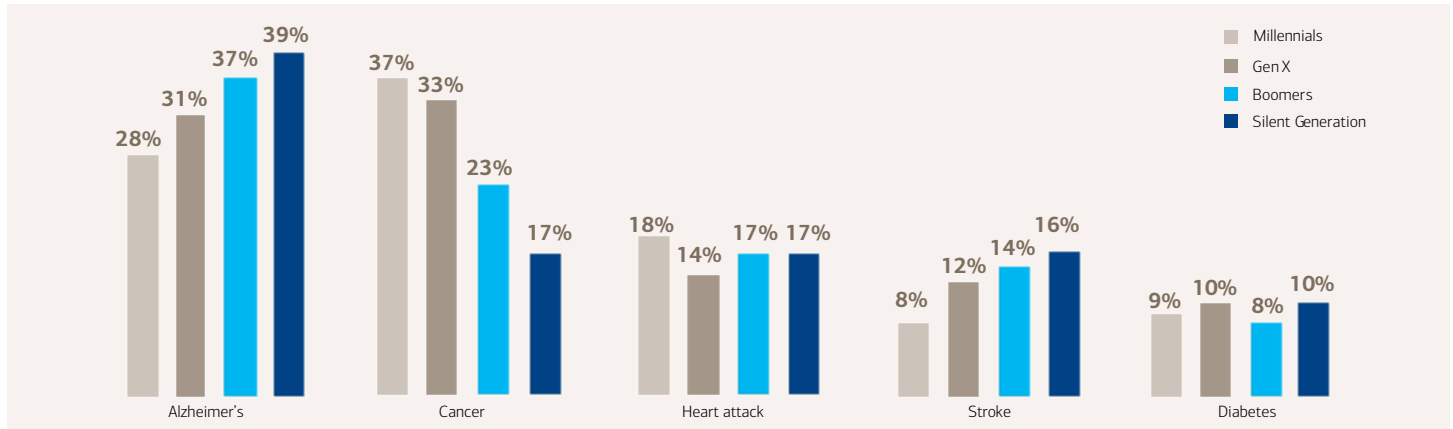
Parents Moving in with You? Fathers More Likely to Feel They Will Be a Burden

Among those age 50+, men are likely to have greater anxiety about how their adult children would feel about them moving in later in life. Fathers are more likely than mothers to believe their children will feel burdened by such responsibility (48% vs. 36%). And more mothers than fathers believe their children would say they are fulfilling their obligation (43% vs. 31%).

Alzheimer's: The Cost of Longevity

Worries about Alzheimer's disease escalate as people age. While younger people consider cancer to be the greatest health-related worry of later life, older adults unequivocally say it's Alzheimer's—which can require years of caregiving and cause tremendous distress and rapid depletion of financial resources among close family members (FIG 18).

Figure 18: Greatest health worries in later life

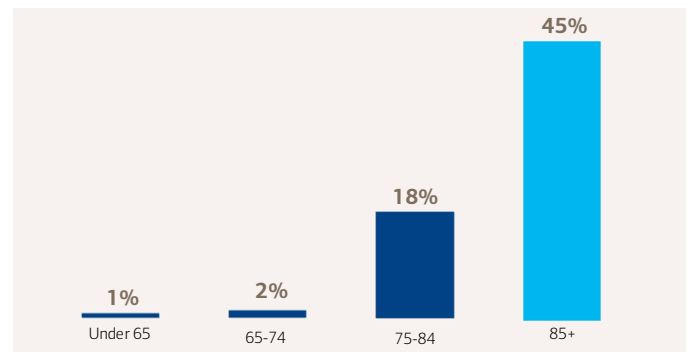


Base: Millennials (age 25-36), Generation X (age 37-48), Boomers (age 49-67), Silent Generation (age 68-88)

Alzheimer's is far too common in later life. Nearly half of people age 85+ have Alzheimer's or related dementias (FIG 19).⁴

Currently, there are over 5 million people with Alzheimer's.⁵ But as we continue to live longer, and as the age 85+ population increases, more and more people will suffer from this disease unless a cure or treatment is found.

Figure 19: Prevalence of Alzheimer's disease by age

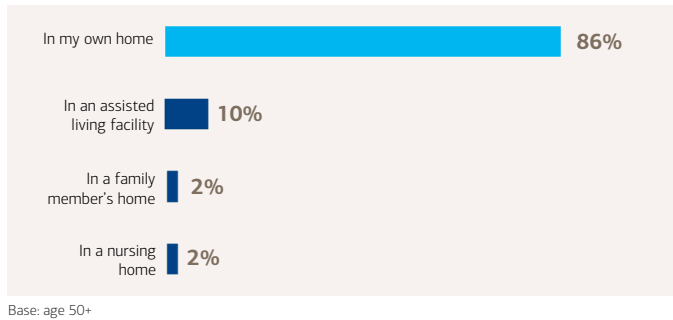


Source: U.S. Department of Health and Human Services, Administration on Aging; Hebert et al. 2003

Home: The #1 Choice for Long-Term Care

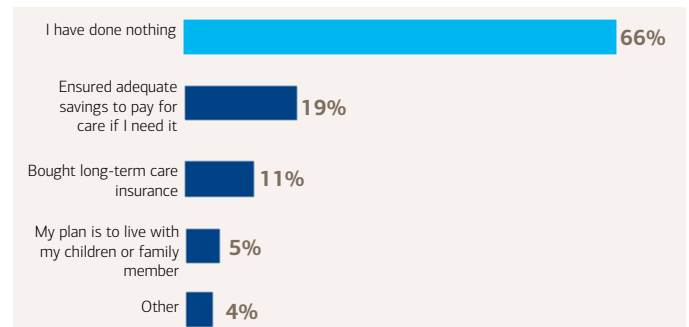
The vast majority of older adults say they would prefer to receive care in their own home, if needed. Just 2% say their first choice would be to receive care in a family member's home—a choice as unpopular as moving to a nursing home (FIG 20).

Figure 20: Top choice to receive long-term care, if needed



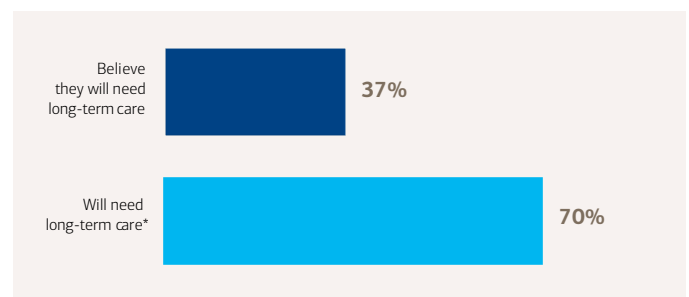
Although nearly all older adults say they would prefer not to have to move in with family, two-thirds of people age 50+ admit that they have taken no steps to avoid having to live with a family member if unable to live on their own (FIG 21).

Figure 21: Steps taken so that it won't be necessary to move in with family, if unable to live on own



In part, inaction may be driven by lack of awareness—or worse, denial. While 37% of people age 50+ believe they may need long-term care in their lifetime, the reality is that 70% will eventually need long-term care (FIG 22).

Figure 22: Percent who believe they will need long-term care versus percent who will need long-term care



Base: age 50+
Source: U.S. Department of Health and Human Services, 2013

Silence Is Not Golden

Proactive Communication Key to Preventing Catastrophes

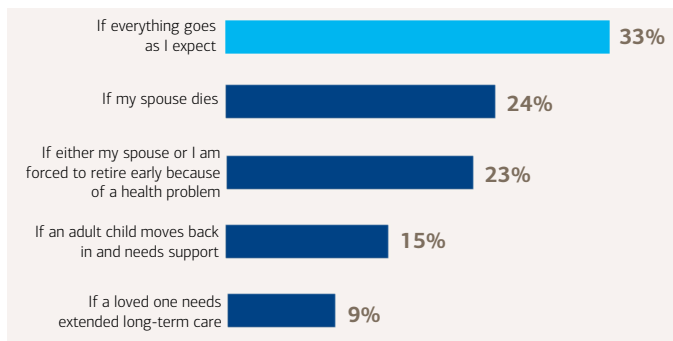


Most people are reactive, not proactive, when discussing and coordinating important financial decisions with family members. Few have had any discussions regarding important financial topics with their spouse, adult children or parents. Active discussions and coordination with family members can be the difference between smooth sailing and significant hardship when confronting family challenges throughout retirement.

The Family Factor

Family challenges and crises can derail years of responsible retirement preparation. While already a mere one-third of people age 50+ say that they feel well prepared for retirement if everything goes as they expect, less than a quarter would feel prepared if they or their spouse needed to retire early for health reasons or if a spouse died. Only about one in ten would feel well prepared if they had to provide extended care or support to a family member (FIG 23).

Figure 23: Percent saying they are prepared for retirement



Base: age 50+; top two box out of ten; bases vary

"I have a Christmas account. I have a vacation account. I've never had an account thinking I'm going to have to take care of my parents. Maybe I should."

– Focus Group Participant

Unfortunately, family-related events can create financial hardship in retirement. For example:

- Half (51%) of women over age 70 have been widowed.⁶
- One-third (34%) of people who retire early do so for health reasons.⁷
- One in five people (19%) age 50+ have “boomerang” adult children who have moved back in with them, according to this study.
- There are 66 million people in the U.S. providing extended care to loved ones.⁸

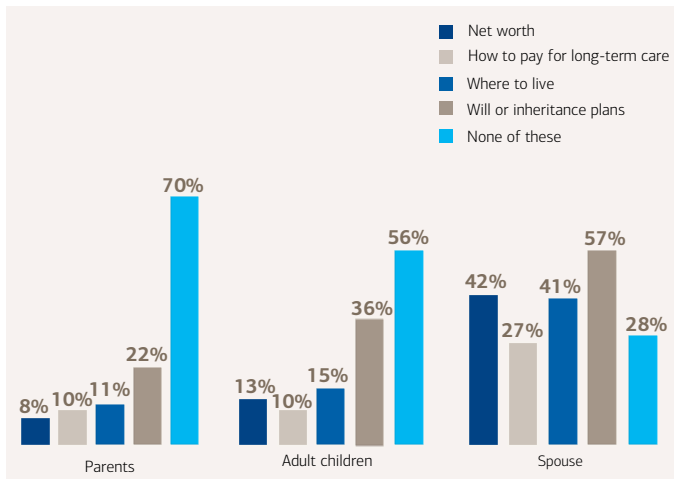


Troubling Lack of Discussion

There is a dangerous absence of planning, discussion, coordination and establishment of safe boundaries as people navigate these new family interdependencies. This lack of proactive engagement and discussion can negatively impact every aspect of a person’s retirement.

Very few people talk with close family members about important financial topics, such as level of financial security, plans for living arrangements in retirement, inheritance or long-term care. Seventy percent of those age 25+ have not had an in-depth discussion with their parents about these retirement issues. More than half of those age 50+ have not had such discussions with their adult children, and nearly one-third age 50+ have not even had such discussions with their spouse (FIG 24). Just one in four (24%) have discussed how their parents will be financially provided for or cared for as they get older.

Figure 24: Percent who have ever had in-depth discussions on the following topics with...



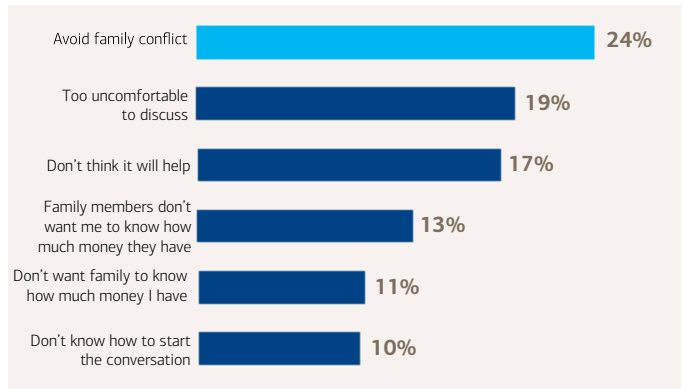
Base: vary by column groups: age 25+, age 50+ with adult children, age 50+ and married

“I just never wanted to talk about it with my sister. It was the elephant in the room. We both knew Mom’s health was failing, but it was like we pretended it wasn’t happening. Then when she got sick, we wished we had talked about it sooner. It was a nightmare.”

– Focus Group Participant

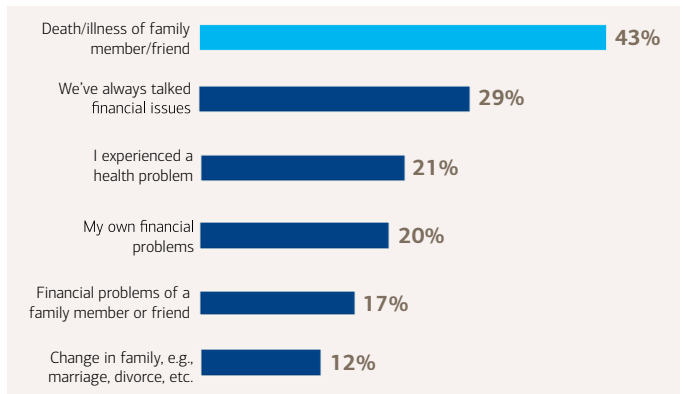
Worry about causing family conflicts is the top reason for not discussing important financial issues with family members (FIG 25). In fact, these discussions often don’t start until confronting a crisis, such as a death or an illness (FIG 26). Unfortunately, lack of proactive discussion today can cause even more difficulty and conflict when a family crisis arises. It can also lead to people becoming a burden on their family—the very thing they most want to avoid.

Figure 25: Top barriers to having proactive discussions on important financial issues



Base: age 50+

Figure 26: Top triggers for family financial discussions



Base: age 50+

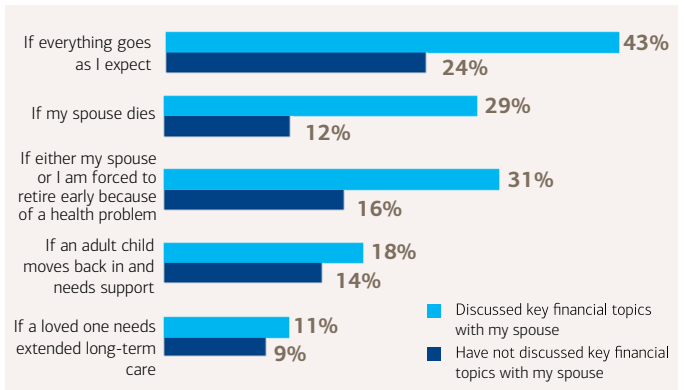
The Payoff of Proactive Planning and Discussion

There is a need—and payoff—for thoughtfulness and discussion about retirement as pre-retirees and retirees plan for how they're going to support their family as they move to—and through—retirement. Those who have had financial discussions with their spouses or adult children are almost twice as likely to say they would be well prepared if they were to face family challenges (FIGS 27 and 28).

People age 50+ report that having a retirement specialist or advisor engage with multiple generations within a family has various benefits, including: helping family members communicate better on important financial issues and—most of all—increasing financial peace of mind for the entire family (FIG 29).

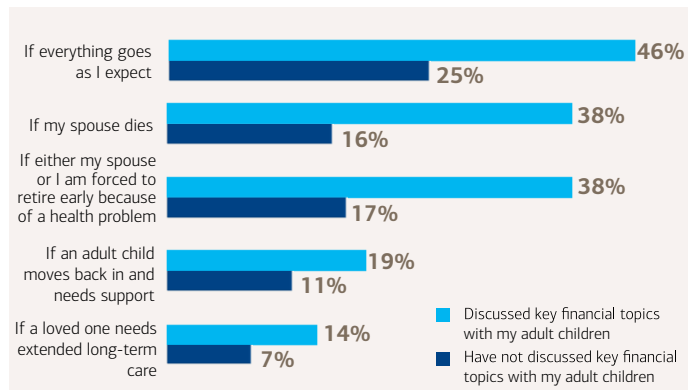


Figure 27: Percent saying they are prepared for retirement Among those who discuss/don't discuss financial topics with spouse



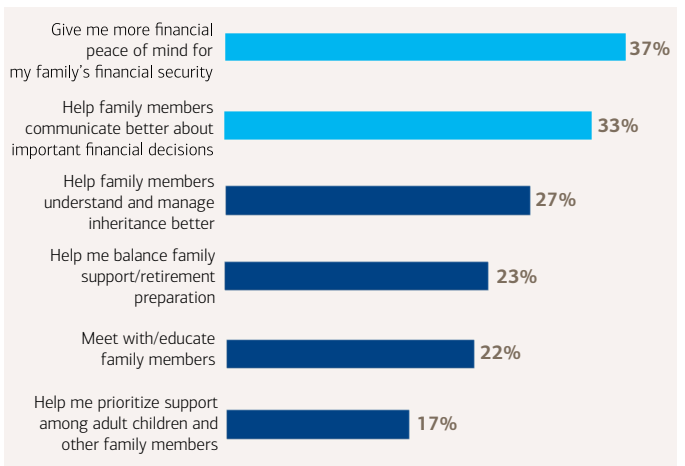
Base: age 50+, married; top two box

Figure 28: Percent saying they are prepared for retirement Among those who discuss/don't discuss financial topics with adult children



Base: age 50+, with adult children; top two box

Figure 29: Benefits of an advisor engaging with multiple family generations



Base: age 50+

Conclusion



Our families are a source of happiness, fulfillment and pride, but also sometimes financial stress when planning for and living in one's retirement years. In these challenging economic times, older adults are increasingly playing a role in supporting their family members—both emotionally and financially. They often do so generously and under very lenient conditions. Too often, family challenges are neglected—or unanticipated—during retirement planning. This study reveals some important insights and recommendations to prepare for family hopes and needs in connection with retirement, including:

1. Anticipate and budget for support you may provide to multiple family members—adult children, parents, siblings, and grandchildren—during your retirement.
2. The more financially responsible and secure you are, the more likely you are to be considered the “Family Bank.”
3. Balance your family needs with your own retirement financial security. Giving too much without accounting for your future needs may jeopardize your retirement—and ultimately require you to rely on support from your family.
4. Recognize and plan for the unique challenges that blended family and divorce can have on retirement preparedness and family financial decisions.
5. Prepare early to avoid being a burden on family, especially regarding health and care needs. Too often, the default is relying on family members to coordinate or even provide care.
6. Discuss, plan, and coordinate with family members to effectively prepare for family challenges, reduce their emotional and financial costs and create greater financial peace of mind for both yourself and your loved ones.



Endnotes



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Family & Retirement: The Elephant in the Room, 2013

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<u>Publication</u>	<u>Date</u>	<u>Title</u>
<i>USA Today</i>	11/17/13	Survey: Americans do not like to discuss finances
<i>FOX News Live</i>	11/18/13	Can you afford to be the 'Family Bank'? - Live on camera interview with Ken Dychtwald
<i>Los Angeles Times</i>	11/18/13	Do you give money to relatives? You may be the 'family bank'
<i>Forbes</i>	11/18/13	Are You the Family ATM? 60% Of Boomers Helping Out Adult Relatives with Money, Averaging \$15K
<i>Financial Adviser Magazine</i>	11/18/13	Advisors Urged to Delve Into Family Issues
<i>TIME</i>	11/19/13	Helping Your Family Doesn't Have to Mean You Can't Retire
<i>U.S. News & World Report</i>	11/22/13	Struggling Family Members Disrupt Retirement Plans
<i>Wall Street Journal</i>	11/29/13	The Elephant In The Room - Live on camera interview with Ken Dychtwald
<i>CBS News</i>	3/16/14	Retirement: It's a Family Affair
<i>Today Show</i>	10/14/16	Five Emotional Roadblocks that Crimp Women's Retirement

Work in Retirement: Myths and Motivations

Career Reinventions and the New Retirement Workscape

A Merrill Lynch Retirement Study conducted
in partnership with Age Wave



Merrill Lynch

Bank of America Corporation

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Executive Summary



Retirement used to mean the end of work. But now we're at a tipping point: a *majority* of people will be continuing to work after they retire — often in new and different ways.

Nearly half (47%) of today's retirees say they either have worked or plan to work during their retirement. But an even greater percentage (72%) of pre-retirees age 50+ say they *want* to keep working after they retire, and in the near future it will become increasingly unusual for retirees *not* to work. This new phenomenon is driven by four forces:

- **Increasing life expectancy**, which has produced a retirement that can last 20 years or more.
- **Elimination of pensions for most workers**, shifting the burden for funding retirement from employers to retirees.
- **Recent economic uncertainty**, which has been a wake-up call for many people that it is not financially sustainable to retire without some employment income.
- **Re-visioning of later life**, as new generations seek greater purpose, stimulation, social engagement, and fulfillment in retirement.

While some are delaying retirement, a growing number of people are continuing to work after they retire. Because this is largely uncharted territory, pre-retirees who anticipate working in retirement are confronted with many questions and uncertainties: Will I be able to find work in my later years? If so, for how long? How can I balance work with other things I want to do? What kind of work might I be able to do? Will I enjoy it? Will it help me be more financially secure? What can I do now to best prepare for working during my retirement years?

These pre-retirees can learn essential lessons from people who are now working in retirement. This landmark study—based on a survey of 1,856 working retirees and nearly 5,000 pre-retirees and non-working retirees—is the most comprehensive investigation of the successes, pitfalls and innovative career paths in today's retirement.

Busting the Four Biggest Myths

By examining the experiences of working and non-working retirees, the *Work in Retirement: Myths and Motivations* study dispels important misperceptions.

Myth 1: Retirement means the end of work.

Reality: Over seven in 10 pre-retirees say they want to work in retirement. In the near future, it will be increasingly unusual for retirees not to work.

Myth 2: Retirement is a time of decline.

Reality: A new generation of working retirees is pioneering a more engaged and active retirement—the New Retirement Workscape—which is comprised of four different phases: (1) Pre-Retirement, (2) Career Intermission, (3) Reengagement and (4) Leisure.

Myth 3: People primarily work in retirement because they need the money.

Reality: This research reveals four types of working retirees: Driven Achievers, Caring Contributors, Life Balancers and Earnest Earners. While some work primarily for the money, many others are motivated by important nonfinancial reasons.

Myth 4: New career ambitions are for young people.

Reality: Nearly three out of five retirees launch into a new line of work, and working retirees are three times more likely than pre-retirees to be entrepreneurs.

The New Retirement Workscape

Based on an examination of these myths and realities, and the experiences of retirees now working in retirement, this study reveals how today's working retirees are creating a new path through retirement (FIG 1), and offers a guide to help pre-retirees chart a course toward a rewarding retirement career. This report summarizes the findings from this study.

Figure 1: The New Retirement Workscape



Methodology



This study, which was completed in March 2014, was conducted in partnership with Age Wave and executed online by TNS. The survey included a total of 7,078 respondents age 25+. The total includes a nationally representative sample of 720 Silent Generation (age 69–89), 1,781 Boomers (age 50–68), 517 Generation Xers (age 38–49), and 485 Millennials (age 25–37). In addition, select findings are based on an oversample of respondents who self-identified as both “retired” and “working” to yield 1,856 working retirees age 50+. This group includes 249 unpaid workers who volunteered ≥ 20 hours per week. An oversample was also conducted to yield 2,829 affluent respondents age 50+ with at least \$250,000 in investable assets (including liquid cash and investments, but excluding real estate). Among the affluent respondents, 2,678 had assets between \$250,000 to \$5 million and 151 had assets of \$5 million or more. Focus groups were also conducted among both pre-retirees and retirees.



About Merrill Lynch Global Wealth Management

Merrill Lynch Global Wealth Management is a leading provider of comprehensive wealth management and investment services for individuals and businesses globally. With more than 13,700 Financial Advisors and \$1.9 trillion in client balances as of March 31, 2014*, it is among the largest businesses of its kind in the world. Within Merrill Lynch Global Wealth Management, the Private Banking and Investment Group provides tailored solutions to ultra affluent clients, offering both the intimacy of a boutique and the resources of a premier global financial services company. These clients are served by more than 150 Private Wealth Advisor teams, along with experts in areas such as investment management, concentrated stock management and intergenerational wealth transfer strategies. Merrill Lynch Global Wealth Management is part of Bank of America Corporation. For more information, please visit www.ml.com/retire.



About Age Wave

Age Wave is the nation’s foremost thought leader on population aging and its profound business, social, financial, healthcare, workforce, and cultural implications. Under the leadership of Founder/CEO Dr. Ken Dychtwald, Age Wave has developed a unique understanding 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. (Age Wave is not affiliated with Bank of America Corporation.)

Source: Bank of America. Merrill Lynch Global Wealth Management (MLGWM) represents multiple business areas within Bank of America’s wealth and investment management division including Merrill Lynch Wealth Management (North America and International), Merrill Lynch Trust Company, and Private Banking & Investments Group. As of March 31, 2014, MLGWM entities had approximately \$1.9 trillion in client balances. Client Balances consists of the following assets of clients held in their MLGWM accounts: assets under management (AUM) of MLGWM entities, client brokerage assets, assets in custody of MLGWM entities, loan balances and deposits of MLGWM clients held at Bank of America, N.A. and affiliated banks.

Myth 1: Retirement Means the End of Work



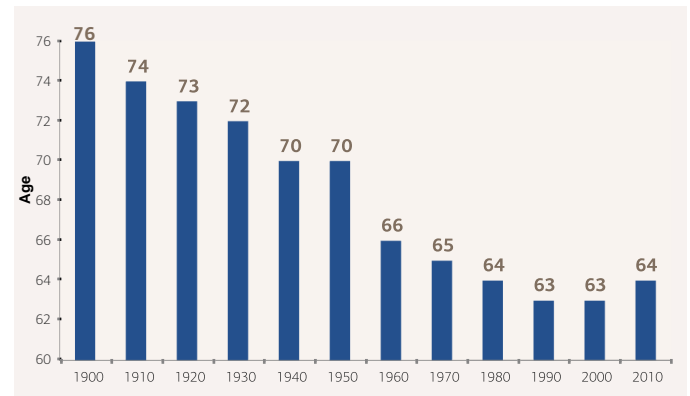
Reality: Over seven in ten pre-retirees say they want to work in retirement. In the near future, it will be increasingly unusual for retirees not to work.

The Birth of Retirement and the End of Work

Up until the beginning of the 20th century, most people did not retire. The economy was largely agrarian and family-based, and all generations pitched in. Then, in the early 20th century, much of the labor force migrated from the family farm to the factory assembly lines. Speed, agility, adaptability and strength were at a premium: age and experience, once an asset, became a liability. In 1935, in the midst of the Great Depression, Social Security was created, officially institutionalizing retirement for older workers. Still, the average retirement age in the 1930s was over 70 (FIG 2), and time spent in retirement—among those who lived to retire—averaged less than five years.¹

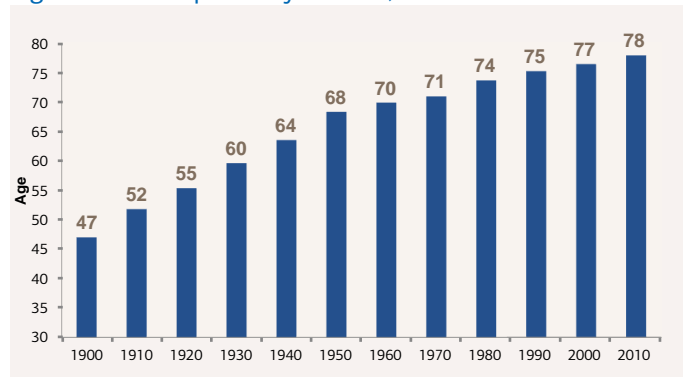
Through subsequent decades, people began retiring earlier and earlier. Social Security benefits were increased 77 percent in 1950, and by the 1960s, company pensions covered half of all workers, up from virtually no workers in 1900.² The average age of retirement plummeted from 72 in 1930 to 63 in the year 2000, and at the same time, life expectancy soared to 77 by the end of the century, up from just 47 in 1900 (FIG 3). Increasingly, people began living in retirement for decades. The labor force participation rate among those ages 55+ fell to 32%, less than half the level in the early 20th century (FIG 4).

Figure 2: Average retirement age, 1900-2010



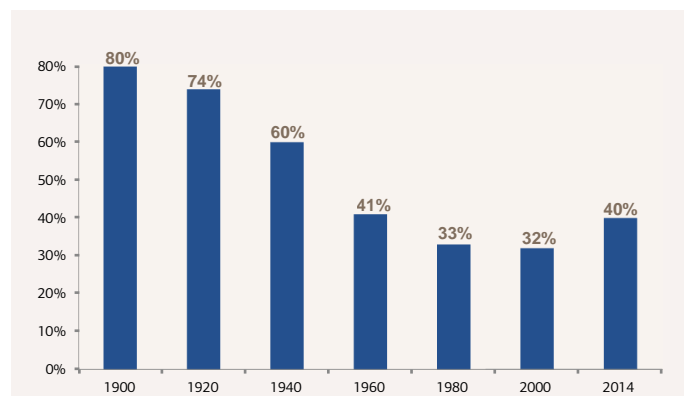
Source: Burtless G, Quinn JF, "Retirement Trends and Policies to Encourage Work Among Older Americans," 2000; Munnell A, "What Is the Average Retirement Age?", Boston College, 2011; Data show male average retirement age for comparability across timeline.

Figure 3: Life expectancy at birth, 1900-2010



Source: Social Security Administration, 2014

Figure 4: Labor force participation rate, age 55+



Source: Bureau of Labor Statistics, 2014; Munnell A, "What Is the Average Retirement Age?", Boston College, 2011

The Resurgence of Older Workers

With increasing life expectancy, lengthening retirements, and difficulties funding so many non-working years, times are changing: A growing number of people are beginning to question whether a 20+ year retirement without work is practical, desirable or affordable.

After decades of decline, working in later life is making a comeback. Today, 40% of people age 55+ are working — a level of engagement in work among this age group not seen since the 1960s. As more people continue working in their later years, the U.S. workforce is steadily transforming. In prior decades, workforce growth was driven by the influx of young workers. In the last seven years, however, workers age 55+ accounted for virtually all workforce growth (FIG 5).

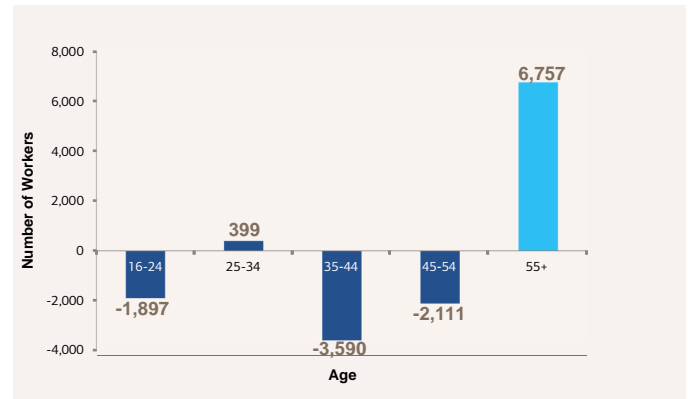
The Working Retirement Revolution

As more people work in later life, retirement itself is also transforming. While retirement was once defined as the end of work, working in retirement is now increasingly the norm. Nearly half (47%) of today's retirees say they either have worked or plan to work during their retirement years (FIG 6).

“Not working, that was for my parents’ generation. I can’t imagine not doing anything for 30 years. Nor could I afford to.”
—Focus Group Participant

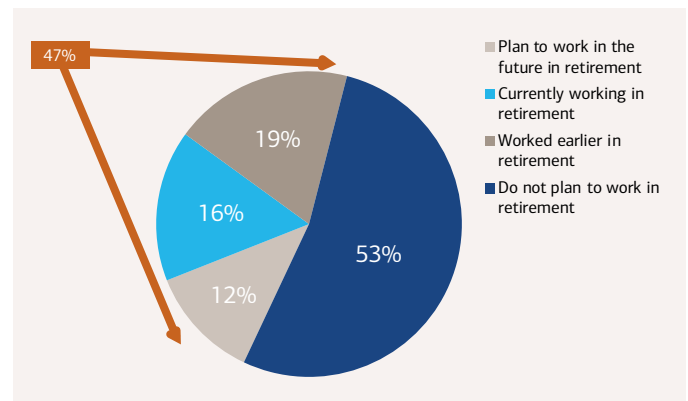
Moreover, the number of retirees who work will escalate in the years ahead, with 72% of pre-retirees age 50+ now saying that their ideal retirement includes work in some capacity (FIG 7).

Figure 5: Change in number of workers by age (in thousands), 2007-2014



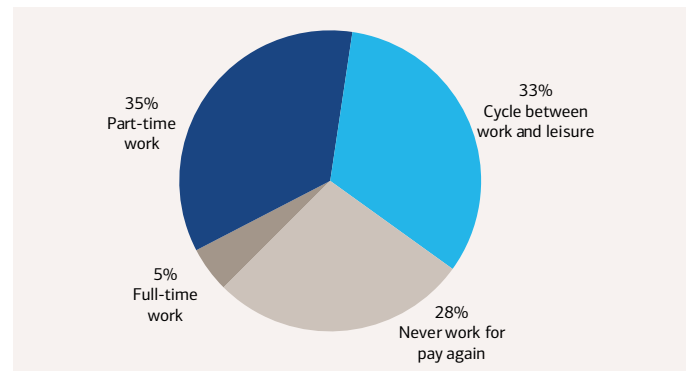
Source: Bureau of Labor Statistics, 2007Q1 to 2014Q1

Figure 6: Retiree work status



Base: Retirees, age 50+

Figure 7: Preferred retirement work status among pre-retirees



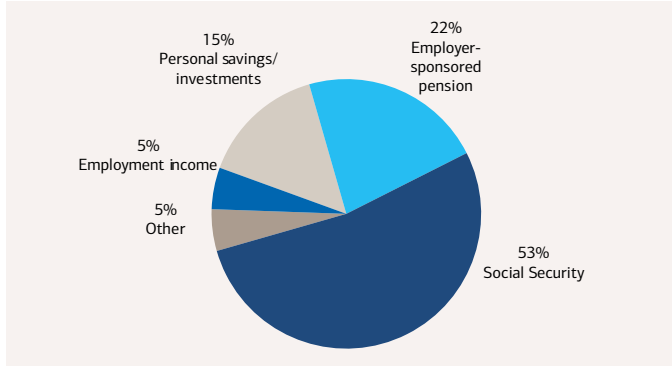
Base: Pre-retirees, age 50+; sums to >100% due to rounding

Financing Retirement

Working in retirement is likely to become even more commonplace as Generation Xers and Millennials eventually head toward their retirement years. While many of today's retirees say they can count on Social Security and employer pensions to fund most of their retirement, future generations are far more likely to say they will need to rely primarily on personal savings and income from working during retirement (FIG 8).

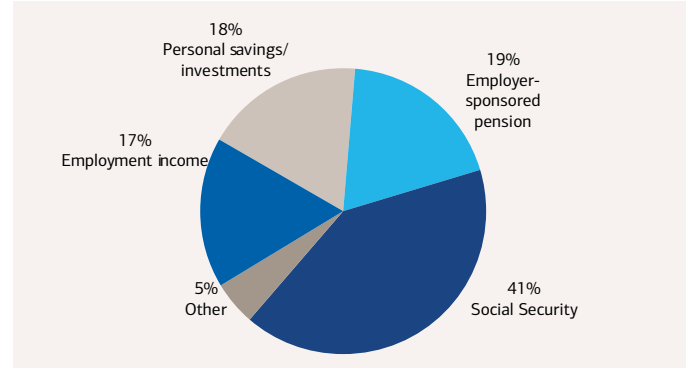
Figure 8: Expected sources of retirement income

Silent Generation



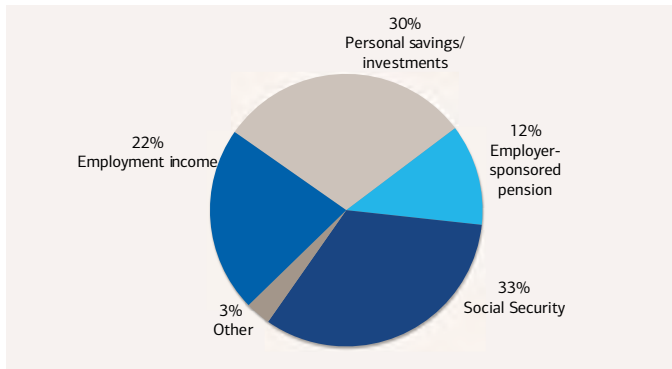
Base: Age 69-89

Boomers



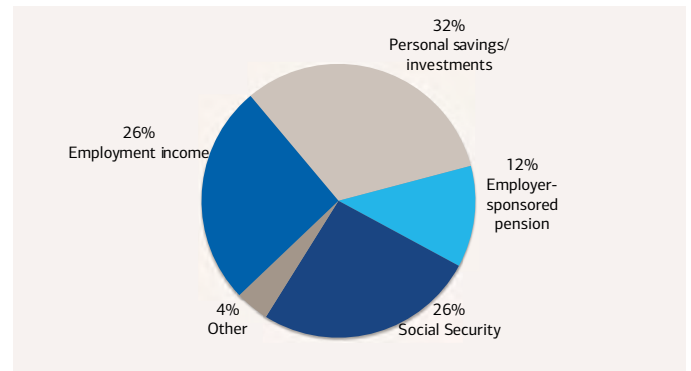
Base: Age 50-68

Gen Xers



Base: Age 38-49

Millennials



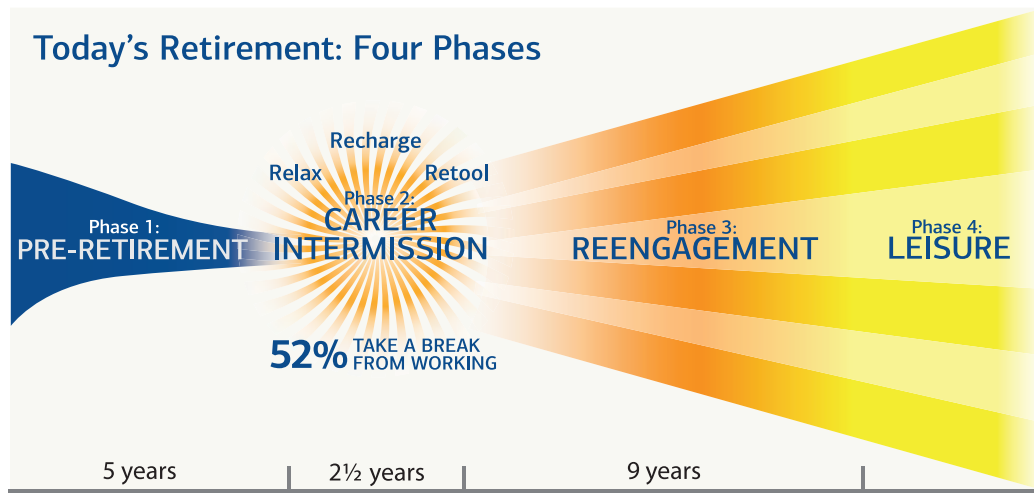
Base: Age 25-37

Myth 2: Retirement Is a Time of Decline



Reality: A new generation of working retirees is pioneering a more engaged and active retirement – the New Retirement Workscape – which is comprised of four different phases.

Figure 9: The New Retirement Workscape



Charting the New Retirement Workscape

Prior generations often viewed retirement as years of continuous leisure without work. Today, a new generation of working retirees is redrawing the retirement map to include four different phases: (1) Pre-Retirement, (2) Career Intermission, (3) Reengagement and (4) Leisure (FIG 9).

Phase 1: Pre-Retirement

Five years before retiring, 37% of pre-retirees who want to work in retirement will have taken some substantial steps to prepare for continued work. Preparing to work in retirement then intensifies in the two years prior – at which point, 54% of pre-retirees who want to work in retirement will significantly prepare to do so.

Phase 2: Career Intermission—Relax, Recharge, Retool

Most pre-retirees do not aspire to go directly from pre-retirement work to retirement work. About half (52%) of working retirees say they took a break from working when they first retired. The average Career Intermission is roughly two and a half years (or 29 months).

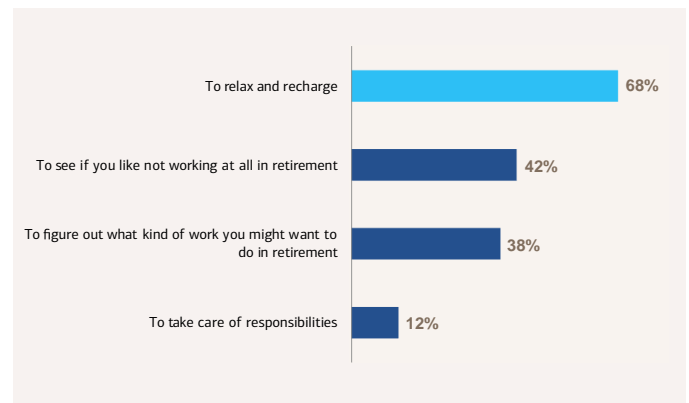
“It took just three years of retirement before the bucket list started getting empty.” —Focus Group Participant

For many, the Career Intermission phase—a “gap” or sabbatical period—is a chance to step away from stress and responsibility after an often strenuous pre-retirement career. Retirees who participated in this phase are five times more likely to say its top benefit was to have a chance to relax and recharge (68%) than a time to take on other responsibilities (12%) (FIG 10).

Reentry Risks

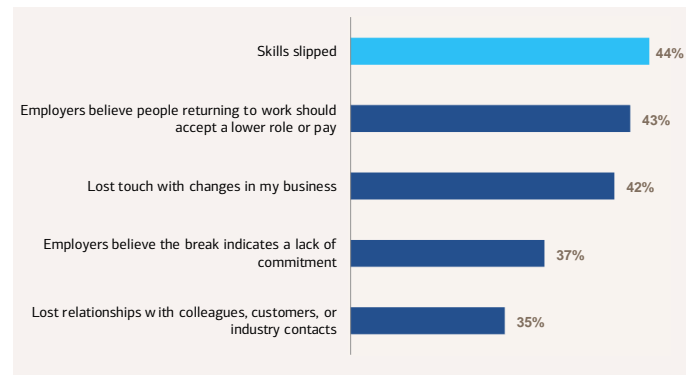
However, there are some potential downsides to the Career Intermission phase. Retirees say the biggest challenge of reentering the workforce after taking some time off is “skills slippage” (FIG 11). Other top challenges include biases from employers, losing touch with business trends, and lost relationships with key business contacts. And for older workers seeking employment, it can take nearly twice as long to secure a job as younger jobseekers.³

Figure 10: Top benefits of a Career Intermission



Base: Working retirees who took a break when they first retired

Figure 11: Biggest challenges of reentering the workforce during retirement



Base: Working retirees, age 50+ who took a break from work when they first retired

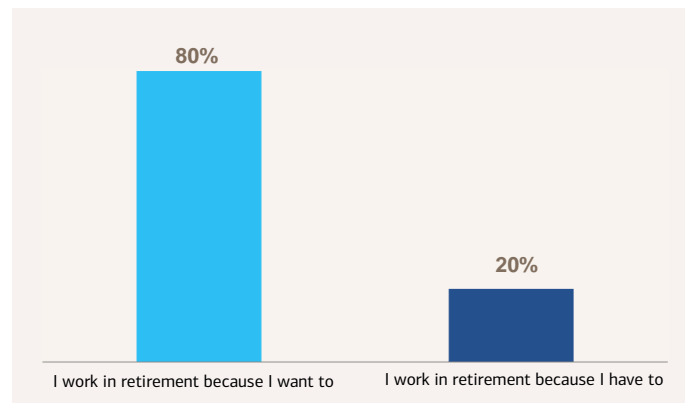
Phase 3: Reengagement

After the Career Intermission phase, many of today's retirees return to work, beginning the third phase of retirement: Reengagement. The study found that, on average, this phase lasts nine years. Many retirees report that retirement can be a gateway to a new—and far more enjoyable—way of working. In fact, retirees are four times more likely to say they are continuing to work in retirement because they “want to” rather than because they “have to” (FIG 12) – in what we would refer to as “FlexCareers.”

Greater financial flexibility in later life can enable people to work more on their own terms. First, most retirees today can count on Social Security, Medicare, pensions or personal savings to help support their income. Second, many have fewer financial burdens and family obligations than they did in their pre-retirement years, and seven out of 10 homeowners age 65+ have paid off their mortgage.⁴

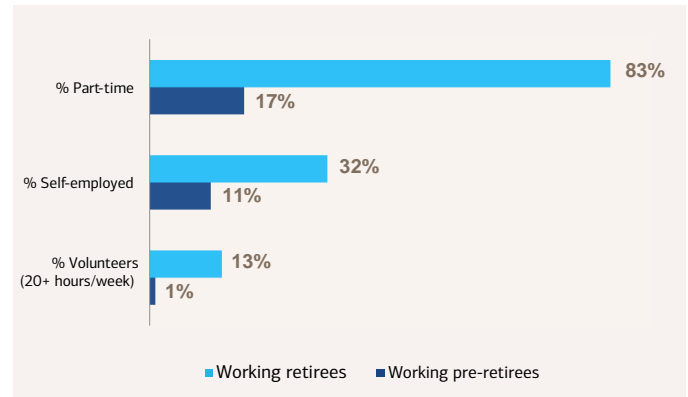
As a result, retirees are often able to work with greater life balance, to pursue entrepreneurial ambitions, or to use work in retirement as an opportunity to give back to their communities or worthy causes. Compared to those in pre-retirement careers, people in FlexCareers are nearly five times more likely to work part-time (83% vs. 17%) and three times more likely to be self-employed (32% vs. 11%) (FIG 13). Workers age 65+ have a new work/leisure equation, and clock in three-quarters as many hours as younger workers.⁵

Figure 12: Percent of working retirees who agree...



Base: Working retirees, age 50+

Figure 13: Work status: employed retirees and pre-retirees



Base: Employed, age 25+

Overwhelmingly, working retirees say their work is far more flexible, fun and fulfilling—and less boring and stressful—than their pre-retirement careers (FIG 14).

For Many, Work Makes Retirement Better

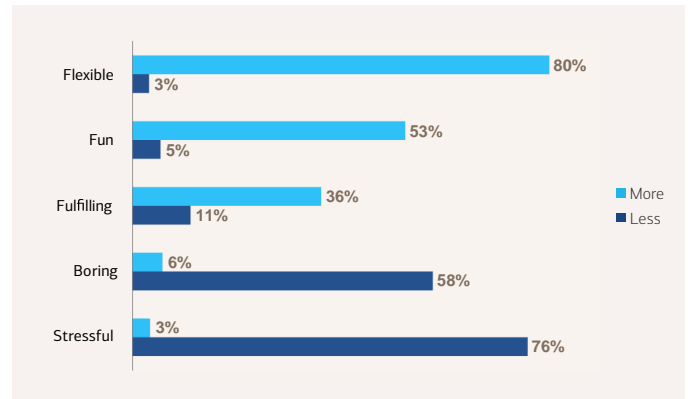
Retirees who continue to work in some form are more stimulated, connected to others, and proud of their lives than retirees who stop work completely (FIG 15). Regardless of work status, retirees agree that working in retirement helps people stay more youthful (83%), and that when people don't work in retirement, their physical and mental abilities decline faster (66%).

"If you don't work, you shorten your lifespan; you get old faster."
—Focus Group Participant

Phase 4: Leisure

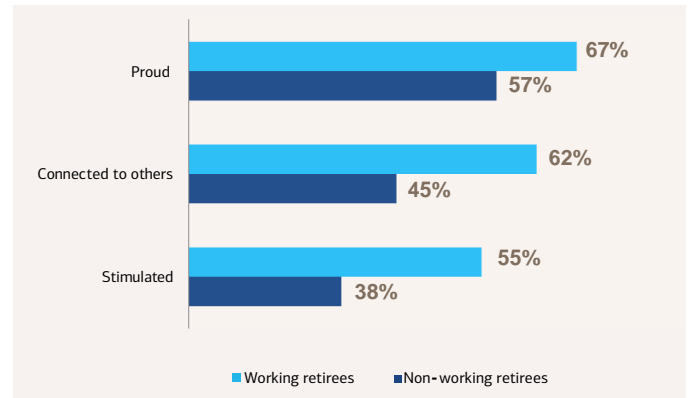
After engaging in FlexCareers, working retirees enter the fourth phase of retirement: Leisure. Shifting from a mix of work and leisure, retirees in this phase have permanently stopped working and view this time in their lives as an opportunity to rest, relax and focus on other priorities. Working retirees expect health challenges (77%) or simply not enjoying work as much (61%) to be the most likely causes of their stopping work permanently.

Figure 14: Compared to work before retiring, work in retirement is more/less...



Base: Working retirees, age 50+

Figure 15: Percent who feel...



Base: Retirees, age 50+

Myth 3: People Primarily Work in Retirement Because They Need the Money



Reality: There are four types of working retirees. While some work primarily for the money, many others are motivated by important nonfinancial reasons.

Not Just About Money

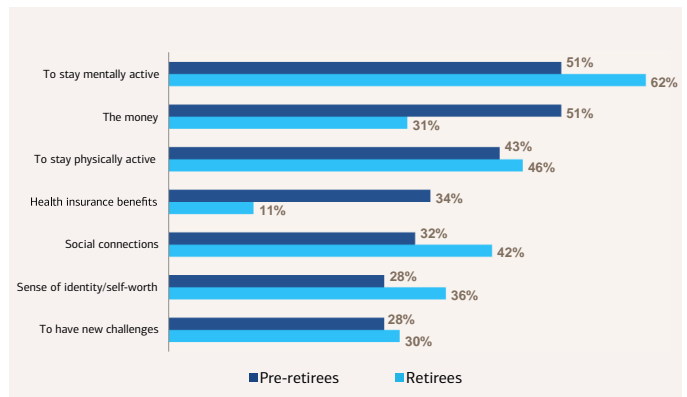
Income from continued work can play an important role in maintaining financial security in retirement. However, many retirees say the nonfinancial benefits of working are even more important. Among pre-retirees, “the money” and “staying mentally active” were tied as the top two reasons they believe they will work in retirement. Yet when working retirees were asked what they feel is the most important reason to work, they were twice as likely to say “staying mentally active” as “the money.” Working retirees also say that staying physically active, maintaining social connections, and having a strong sense of self-worth are more important reasons to work than the money (FIG 16).

The Four Types of Working Retirees

Retirees are motivated to work for a variety of financial and nonfinancial reasons. The study revealed four distinct types of working retirees, each with very different work/life priorities, ambitions and reasons for working: Driven Achievers, Caring Contributors, Life Balancers, and Earnest Earners (FIG 17).

These four types of working retirees were identified by quantitatively analyzing their attitudes toward and priorities involving work. While one working retiree type may share certain characteristics with another, this analysis identified attributes best describing each type of working retiree.

Figure 16: Top reasons to work in retirement



Base: Age 50+

Figure 17: Four types of working retirees



Driven Achievers (15%)



- Four out of five (79%) feel at the top of their game
- Seek “retire-preneurship”: 39% own a business or are self-employed
- Are most satisfied with work (84%)
- Tend to be workaholics, even in retirement
- Actively prepared to work in retirement
- 54% feel financially prepared for retirement
- 39% female, 61% male
- Preferred retirement soundtrack: *Forever Young* (Artist: Rod Stewart)

Caring Contributors (33%)



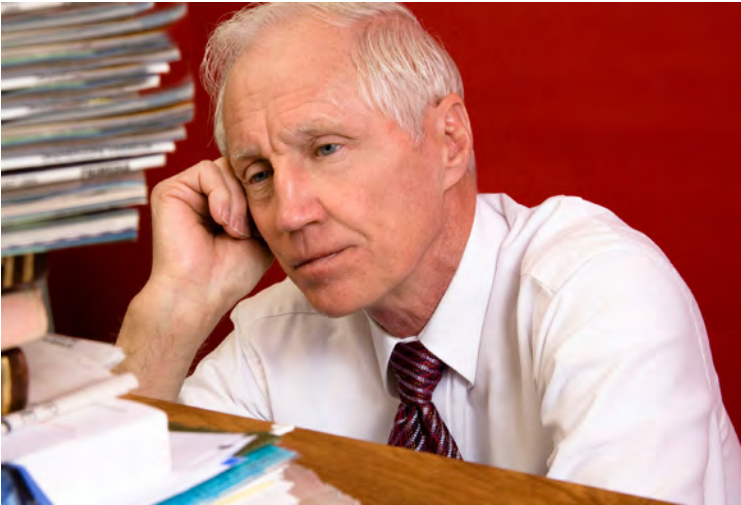
- Seek to give back to their communities or worthwhile causes
- Four out of 10 work for a nonprofit
- More than a quarter are unpaid volunteers
- Are highly satisfied with work (75%)
- One out of four volunteered in a related field before retiring
- Actively prepared to work in retirement
- 50% feel financially prepared for retirement
- 53% female, 47% male
- Preferred retirement soundtrack: *The Best Is Yet Come* (Artist: Frank Sinatra)

Life Balancers (24%)



- Primarily want to keep working for the workplace friendships and social connections
- However, definitely need the extra money
- Seek work that is fun and not stressful, and often work part-time
- Have high levels of work satisfaction (67%)
- Took few steps to prepare for retirement work
- 42% feel financially prepared for retirement
- 50% female, 50% male
- Preferred retirement soundtrack: *Take It Easy* (Artist: The Eagles)

Earnest Earners (28%)



- Need the income from working in retirement to pay the bills
- Fewer are satisfied with work (43%)
- Have many frustrations and regrets regarding working at this time in their life
- Three out of 10 don't feel motivated anymore
- Did little to prepare for working in retirement
- Just 4% feel financially prepared for retirement
- 53% female, 47% male
- Preferred retirement soundtrack: *Bridge Over Troubled Water* (Artist: Simon & Garfunkel)

Myth 4: New Career Ambitions Are for Young People



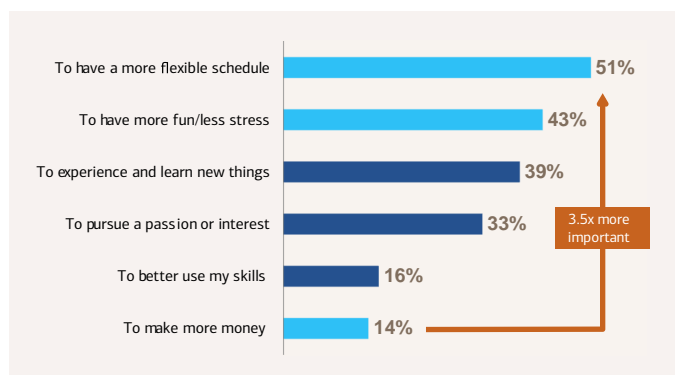
Reality: Nearly three out of five retirees launch into a new line of work, and working retirees are three times more likely than pre-retirees to be entrepreneurs.

A Chance for Career Reinvention

For most, working in retirement is not simply more of the same. In fact, many see retirement as a chance to try something new and even pursue career dreams they were unable to explore during their pre-retirement years. Nearly three out of five (58%) working retirees said retirement was an opportunity to transition to a different line of work (FIG 18). Retirees who participated in the Career Intermission phase are even more likely to launch into new career paths than those who did not take a break from work (68% vs. 47%).

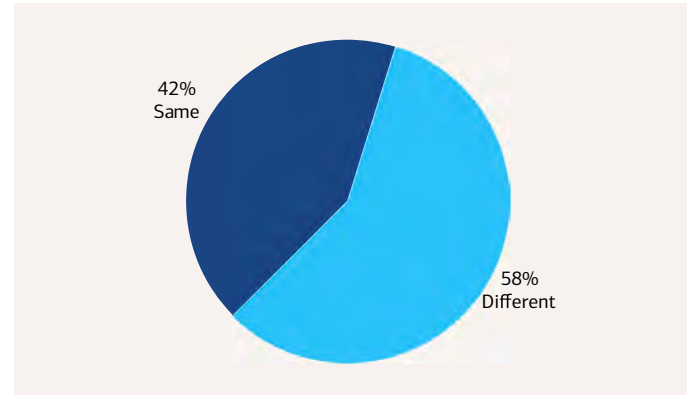
The top reasons retirees moved to a new line of work were not financial, but for a more fulfilling career: to have more flexibility, more fun and less stress. These reasons were three and a half times more important than “to make more money” (FIG 19). When working retirees were asked for their best advice for people who want to work in retirement, they said “be open to trying something new” and “be willing to earn less to do something you truly enjoy” (FIG 20).

Figure 19: Reasons working retirees pursued a different line of work



Base: Working retirees, age 50+ who pursued a different line of work in retirement

Figure 18: Percent of retirees in the same/different line of work as pre-retirement career



Base: Working retirees, age 50+

Figure 20: Working retirees’ advice for working in retirement



Base: Working retirees, age 50+

Retirees who chose to stay in the same line of work were most often motivated by pride and satisfaction with their skills and expertise developed over the years. Very few felt stuck in their careers for financial reasons. In fact, they were nearly five times more likely to say that they stayed in the same line of work because they're good at what they do than because they didn't think they could make as much money in a different line of work (FIG 21).

Retire-preneurship

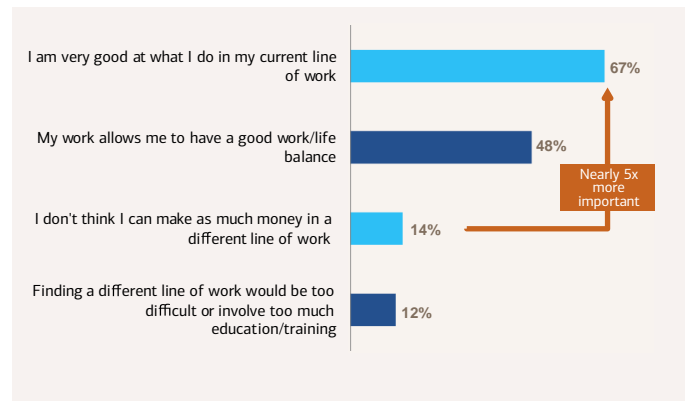
While many may think of typical entrepreneurs as people in their 20s from Silicon Valley, the reality is that older workers—with their vast experience, business connections, and often greater financial resources—have consistently exceeded younger workers in entrepreneurial activity (FIG 22).

Working retirees are three times more likely than pre-retirees to own their own business or be self-employed (32% vs. 11%).

While some may think retire-preneurs are forced to start their own companies because of age discrimination or difficulty getting a job, the top reason retire-preneurs started their own business was to work on their own terms (82%). Just 14% felt they had to start their own companies because they otherwise couldn't find work (FIG 23).

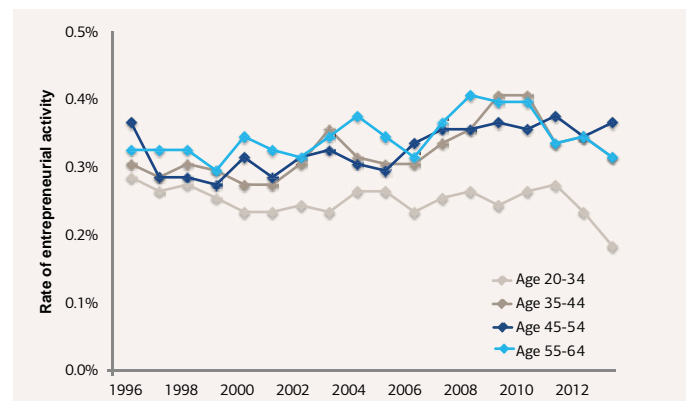
“When you look at people inspired in their later life work, you realize it is because it’s their passion. They don’t consider what they do a job—they consider it their life.” —Focus Group Participant

Figure 21: Reasons working retirees stayed in the same line of work



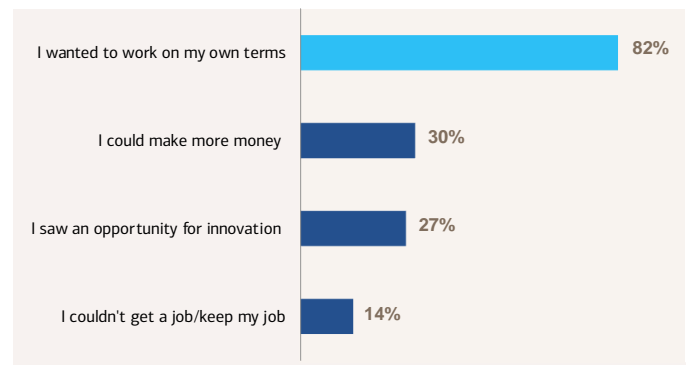
Base: Working retirees, age 50+ who stayed in the same line of work in retirement

Figure 22: Entrepreneurship by age group



Source: Kauffman Index of Entrepreneurial Activity, 2013

Figure 23: Reasons people started a business in retirement



Base: Working retirees, age 50+ who started a business/are self-employed

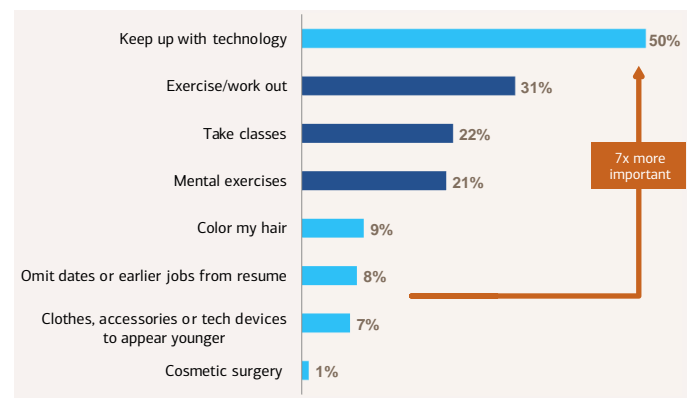
Charting a Course to a Retirement FlexCareer



As more people remain productive during retirement, we will increasingly come to think of the later years of life not as a time of decline, but rather as an opportunity to craft a new path that is more fulfilling, stimulating, engaging, and financially and economically viable—for ourselves, our families, and the communities in which we live. This study reveals how today’s retirees are pioneering what it now means to work in retirement, and ways to prepare for a successful retirement career, which may include:

1. Getting started before you retire by taking steps such as expanding your business network, taking classes, volunteering or working part-time in a field related to work you may want to do, as well as talking with working retirees to better understand paths they took toward a fulfilling retirement career.
2. Talking with your spouse or partner about your retirement work plans to understand each other’s expectations and concerns, and discuss how you’ll balance work with other retirement priorities. Working retirees say this was the most important step to preparing for working in retirement.
3. Developing your technology skills. Seven times as many working retirees cite the importance of keeping up with technology vs. trying to appear younger as a means of improving their ability to work in retirement (FIG 24).
4. Talking with your employer before you retire to explore opportunities for continued work on a more flexible basis, or to engage in work you find more motivating. Your employer may have options that enable you to work more on your own terms, such as phased retirement, part-time or seasonal work, sabbaticals, and mentorship positions.
5. Determining whether you want to work for yourself or start a business in retirement. If this is of interest, talk to others who have taken this path. Consider speaking with a financial professional to determine the necessary steps to prepare and identify how best to manage any risks.
6. If engaging in the Career Intermission phase, consider ways to stay up to speed in your field to facilitate a smooth work reentry, such as maintaining business contacts or continued training.
7. Estimating your potential income from continued work in retirement as part of your overall retirement plan. Unlike income from some other sources, income from working can help keep pace with inflation. However, consider that health challenges—yours or a loved one’s—could force you to stop working earlier than you might anticipate.
8. Understanding how working in retirement can affect Social Security, Medicare and other benefits. Some benefits may be reduced or delayed due to employment income.

Figure 24: Strategies working retirees would consider to improve their ability to work in retirement



Base: Working retirees, age 50+

Endnotes



¹ Burtless G, Quinn JF, "Retirement Trends and Policies to Encourage Work Among Older Americans," 2000; Centers for Disease Control and Prevention, National Center for Health Statistics, 2010

² Seburn P, "Evolution of Employer-Provided Defined Benefit Pensions," Monthly Labor Review, 1991

³ Bureau of Labor Statistics, 2014

⁴ Bureau of Labor Statistics, Consumer Expenditure Survey, 2011

⁵ Bureau of Labor Statistics, 2014

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Work in Retirement: Myths and Motivations, 2014

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Notable Media Coverage

<u>Publication</u>	<u>Date</u>	<u>Title</u>
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<i>Bloomberg</i>	6/5/14	The Sunny Side of Working in Retirement
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<i>TIME</i>	6/11/14	Millennials Are Leading Boomers to a Smarter Retirement
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<i>The Boston Globe</i>	10/17/17	Older Workers are Jumping at a Second Chance
<i>Fortune</i>	1/2/18	Why Consulting Can Be Better than Retiring

Health and Retirement: Planning for the Great Unknown

A Merrill Lynch Retirement Study conducted
in partnership with Age Wave



Merrill Lynch
Bank of America Corporation

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Introduction



Today's retirees tell us that the #1 ingredient for a happy retirement is health, which can have a far-reaching impact on quality of life, family, and financial security.

This year, the youngest baby boomers will celebrate their 50th birthdays. As boomers move into their later years, health will be the ultimate retirement wildcard. For many, health can be the difference between a retirement of opportunity, independence, and financial security – or of worry and financial challenges.

Three major forces are now converging to redefine how individuals and society plan for health and financial wellness in later life:

- **A new empowered vision of health and health care.** The boomer generation has demonstrated a tendency to take control of their health and health care throughout their lives, and they will be a new type of health care consumer as they navigate their retirement years.
- **The chronic disease challenge.** Increasing life expectancy coupled with the aging of the large boomer generation will potentially give rise to growing numbers of older adults confronting chronic diseases, such as hypertension, heart disease, diabetes, cancer, Alzheimer's, and arthritis.
- **The health/wealth convergence.** Health care and long-term care costs can be both unpredictable and costly – in part due to rising life expectancy – and have the potential to put at risk years of retirement preparation.

Health and Retirement: Planning for the Great Unknown uncovers the challenges of planning for health and health care expenses in retirement, and reveals strategies to set a course for a healthier and more financially secure retirement, including the:

- Four Boomer HealthStyles - How some Boomers are on a course for a healthier and more financially sound retirement, and how others may struggle with health and health care expenses
- Double threat of retirement health care costs, and why planning for health and health care is an essential part of holistic retirement financial preparation
- Challenges people face about not just their own retirement health and health care expenses, but also the health care costs of parents, siblings, and adult children
- Five conversations regarding retirement health and health care expenses couples and families should be having – but often aren't
- Three important solutions needed to prepare for an aging population and a healthier later life
- Five strategies to invest in a healthy retirement

The following report summarizes the key findings of our Study.

Methodology



This research study, completed in May 2014, was conducted in partnership with Age Wave and executed by TNS via online data collection methodology. The survey included 5,424 respondents. Findings in this report are based on the analysis of 3,303 respondents age 25+, representative of the U.S. national population across age, income, gender, and Census region, unless otherwise noted. The generational distribution of the 3,303 is: 785 Silent Generation (age 69-89), 2,153 Boomers (age 50-68), 192 Generation Xers (age 38-49), and 173 Millennials (age 25-37). Where noted, results from an additional sample of 2,121 affluent respondents age 50+ with at least \$250,000 in investable assets (including liquid cash and investments, but excluding real estate) are included. Qualitative research (seven focus groups) was also conducted among both pre-retirees and retirees prior to the quantitative research.



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About Age Wave

Age Wave is the nation's foremost thought leader on population aging and its profound business, social, financial, health care, workforce, and cultural implications. Under the leadership of Founder/CEO Dr. Ken Dychtwald, Age Wave has developed a unique understanding 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. (Age Wave is not affiliated with Bank of America Corporation.)

Source: Bank of America. Merrill Lynch Global Wealth Management (MLGWM) represents multiple business areas within Bank of America's wealth and investment management division including Merrill Lynch Wealth Management (North America and International), Merrill Lynch Trust Company, and Private Banking & Investments Group. As of June 30, 2014, MLGWM entities had approximately \$2 trillion in client balances. Client Balances consists of the following assets of clients held in their MLGWM accounts: assets under management (AUM) of MLGWM entities, client brokerage assets, assets in custody of MLGWM entities, loan balances and deposits of MLGWM clients held at Bank of America, N.A. and affiliated banks.

Boomers Taking Charge of Their Health

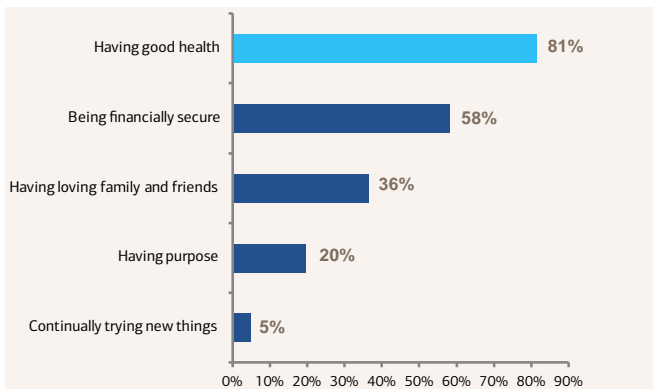


Retirees say health is the #1 ingredient for a happy retirement. As boomers near retirement, many are taking charge of their health and will demand more from the health care system than their parents did.

Sage Advice from Today's Retirees: Health Tops Wealth for a Happy Retirement

Although being financially secure is very important, today's retirees tell us that good health is the most important ingredient for a happy retirement (FIG 1).

Figure 1: Percent of retirees who say the most important ingredients for a happy retirement are...



Base: Retirees, age 50+

Boomers Taking a More Proactive Approach to Health and Health Care

As they approach retirement, boomers say they are far more likely to take charge of their health and health care than their parents' generation. In fact, boomers have adopted a more empowered, proactive approach to health during every stage of their lives.

- Boomers catalyzed the fitness movement in the United States. In the 1960s, less than a quarter of adults exercised. By the 1980s, six in ten exercised regularly.¹
- By their early 30s, half of boomers used alternative/complementary medicine – such as acupuncture, chiropractic medicine, or herbal supplements.² Today, boomers are 30% more likely to use complementary medicine than the Silent Generation preceding them.³
- Boomers have proven to be demanding health care consumers. The vast majority (96%) say it is reasonable to expect their doctors to call them back the same day (vs. 85% of doctors who say it is reasonable), and 95% say it is reasonable to expect their doctors to ask them about their fears and concerns (vs. 10% of doctors).⁴

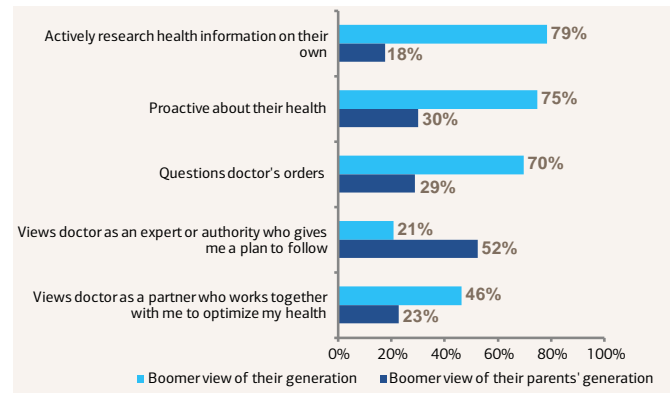
When they compare themselves to their parents' generation (FIG 2), boomers are:

- More than four times more likely to say they actively research health information (79% vs. 18%)
- Two-and-a-half times more likely to say they are proactive about their health (75% vs. 30%)
- More than twice as likely to say they question doctors' orders (70% vs. 29%)
- Less than half as likely to say they think of their doctor as an authority who gives them a plan to follow (21% vs. 52%)
- Twice as likely to say they view their doctor as an ally – a partner who works with them to optimize their health (46% vs. 23%)

“My parents believed that the doctor’s word was gospel. You didn’t question it. Now you need to be your own health advocate.” – Focus Group Participant

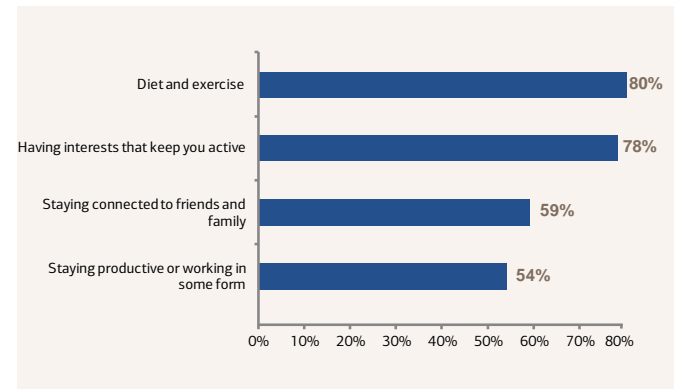
Boomers believe their own lifestyle decisions will be crucial for a healthy retirement. Their top strategies for maintaining health in retirement include diet, exercise, staying connected and work (FIG 3). Boomers are also highly optimistic about their health, with nearly 80 percent expecting their generation will be healthy and active at the age of 75.

Figure 2: Boomers’ view of their own generation vs. their parents’ generation



Base: Age 50-68

Figure 3: Percent of boomers who say the most important aspect of maintaining health in retirement is...



Base: Age 50-68

The Four Boomer HealthStyles



Our research revealed four Boomer HealthStyles – some on a course for a healthier and more financially sound retirement, while others may face challenges with their retirement health and health care costs.

Our study uncovered four Boomer HealthStyles and revealed how these different types of boomers approach their health, health care, and preparation for health care expenses in retirement: Healthy and Proactive (29%), Lucky but Lax (10%), Course-Correcting and Motivated (29%), and Challenged and Concerned (32%) (FIG 4).

- The **Healthy and Proactive** take charge of their health and health finances. They are the most actively engaged in healthy behaviors such as exercise and eating well, have the most positive attitude about their health, and also feel well prepared for health care costs in retirement.
- The **Lucky but Lax** have been fortunate to be relatively healthy so far, but show little interest and effort in taking care of themselves or planning for their health finances, leaving them potentially vulnerable to future unexpected health disruptions.
- The **Course-Correcting and Motivated** have experienced a health “wake-up call,” such as an illness or diagnosis, and are now trying to improve their health by seeking out information and tools as well as adopting healthier behaviors.
- The **Challenged and Concerned** are struggling with health challenges, yet many are not actively taking good care of their health. They are the most worried about the impact of illness on their finances, and are the most likely to say health care costs and insurance information are overwhelming and confusing.

Figure 4: The Four Boomer HealthStyles



Healthy and Proactive (29%)



- Actively engage in key health behaviors such as exercising and eating well (73%)
- Few allow things to get in the way of taking care of their health (25%)
- 93% say that staying healthy is a source of pride
- Few see themselves as limited by a chronic condition (20%)
- Have proactively researched retirement-related health care costs and insurance options (49%)
- If married, many have had discussions with their spouse about retirement health care topics
- 55% female, 45% male

Lucky but Lax (10%)



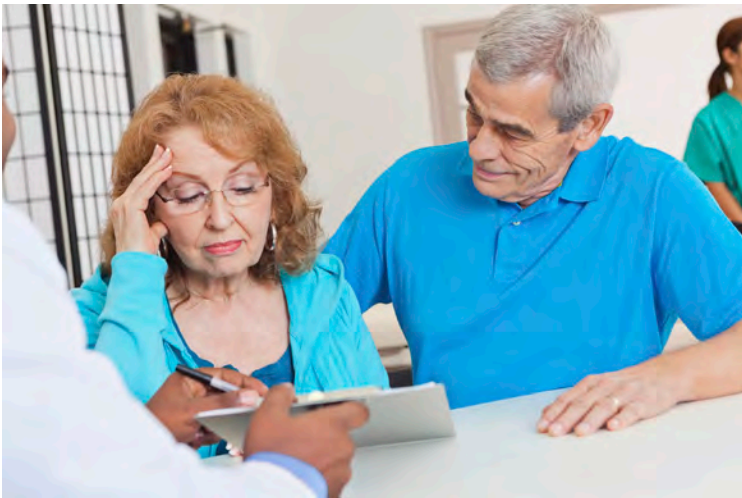
- Only about a third engage in key health behaviors (35%), yet compared to others their age, fewer currently have a chronic condition
- Rarely seek out information to improve their health (37%)
- Feel some concern about the impact an illness could have on their financial situation (62%)
- Few research retirement-related health care costs and insurance options (23%)
- Among those who are married, fewer than a quarter have had discussions with their spouse about retirement health care topics
- 41% female, 59% male

Course-Correcting and Motivated (29%)



- Four out of five say having a chronic condition was a wake-up call for them to take better care of their health (82%)
- Many now engage in healthier behaviors (55%), actively seek out information about how to improve their health (80%), and are very interested in technology that can help them better manage their health
- Are very concerned about the impact illness could have on their financial situation (68%)
- Many have researched retirement-related health care costs and insurance (46%)
- If married, about four in ten have discussed retirement health care topics with their spouse
- 53% female, 47% male

Challenged and Concerned (32%)



- Many have chronic conditions, which keep them from doing the things that they enjoy (48%), and only about two out of five engage in key health behaviors (42%)
- Many say other life worries and responsibilities get in the way of taking care of their health (58%)
- Are seriously concerned about the impact illness could have on their financial situation (72%)
- Only about a third have researched retirement-related health care costs and insurance options (36%)
- Among those who are married, less than one-third have discussed retirement health care topics with their spouse
- Feel very overwhelmed (58%) and confused (54%) by retirement health care cost and insurance information
- 57% female, 43% male

Double Threat of Health Challenges



Health challenges can impact both retirement savings and timing. Health care costs are now the top retirement financial worry.

A Double Threat

Health challenges can be a double threat to retirement financial security. First, health care expenses can be unpredictable and costly, therefore draining retirement savings. Second, unexpected early retirement due to health problems can reduce earning years and retirement savings potential.

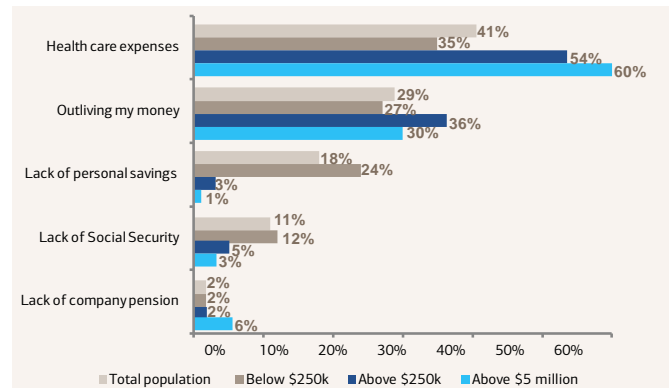
Potential Threat #1: Unpredictable Retirement Health Care Costs

Health care expenses are people’s top financial concern in retirement (FIG 5). Wealthier pre-retirees and retirees are even more likely to rank health care expenses as their top financial worry in retirement.

With rising life expectancy, many retirees can face substantial health care expenses (FIG 6). Health care costs over the previous decade have risen at double the rate of inflation.⁵ And today’s pre-retirees and retirees can count on less help from employers when facing health care costs. Twenty-five years ago, two-thirds of large companies offered health benefits to retirees. Now, just one-third of these companies offer retirement health benefits.⁶

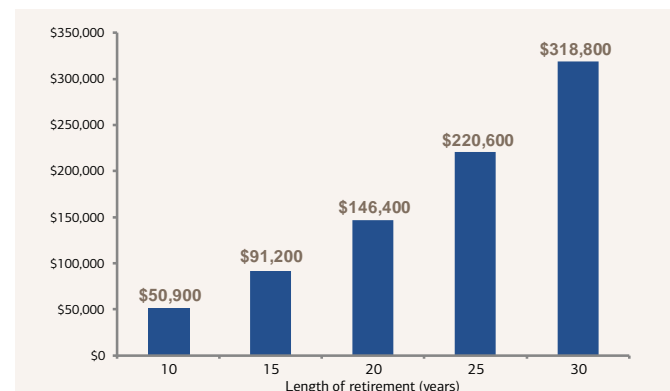
“I’ve seen the numbers about what health care can cost and it’s hard to wrap your head around. I haven’t even started thinking about that when saving for retirement.” – Focus Group Participant

Figure 5: Greatest retirement financial worry by investable assets



Base: Age 50+

Figure 6: Estimated out-of-pocket health care costs if retirement lasts...



Source: Yamamoto, D. H. (2013). Health Care Costs: From Birth to Death. Health Care Cost Institute Report. Estimates assume retirement starts at age 65 and include uninsured out-of-pocket health care costs and Medicare and any other insurance premiums. Estimates exclude long-term care costs.

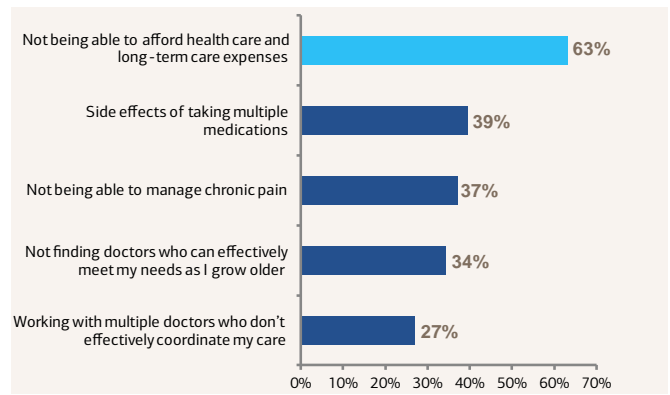
Among people age 50+, the greatest retirement health worry is not being able to afford health care and long-term care expenses (FIG 7). In addition, long-term care can be expensive and is largely not covered by Medicare. While only 37% of people age 50+ believe they may need long-term care during their lifetime, the reality is that 70% will, in fact, need long-term care at some point during their later years.⁷

Helping Family in Need: Health Care Costs Can Impact Multiple Family Generations

Many people age 50+ anticipate they would help out other family members facing health problems and health care costs – which could hurt their own financial security and retirement preparation. In fact, more people are more concerned about the financial impact of a spouse’s serious illness (66%) than their own illness (62%). Women – who are likely to outlive their spouse and may spend down savings on their spouse’s health care – are even more concerned than men (70% vs. 62%) about the financial impact of their spouse developing a serious health problem.

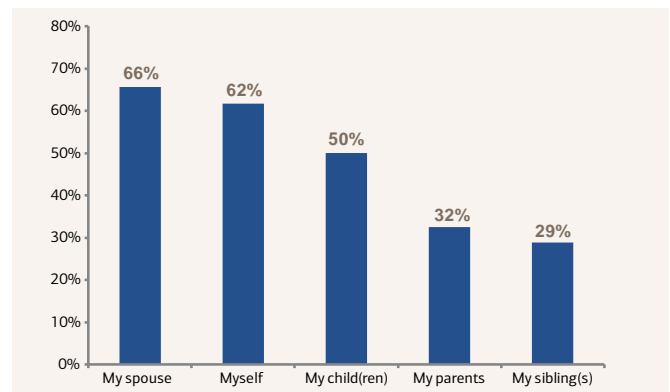
People’s concerns spread beyond the impact of their own or even a spouse’s illness on their financial security. Half (50%) would be very concerned about the impact on their own financial security if their children have health problems, and one-third would be very concerned about their own financial security if their parents (32%) or siblings (29%) have serious health problems (FIG 8).

Figure 7: Greatest retirement health worries



Base: Age 50+

Figure 8: Percent who are very concerned about the impact on their own financial security if the following family members developed a serious health condition...

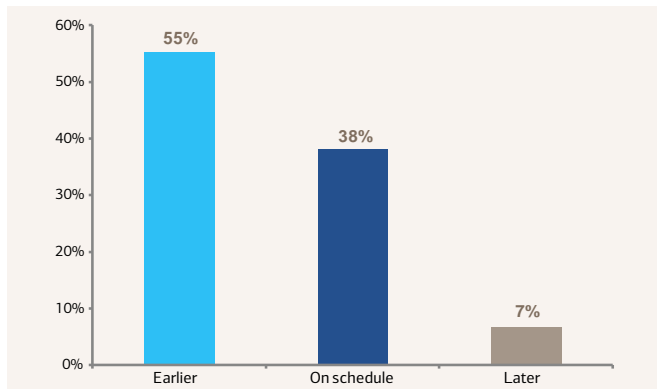


Base: Varies by column groups: age 50+ married, age 50+, age 50+ with child, age 50+ with living parent, age 50+ with sibling

Potential Threat #2: Unexpected Early Retirement Due to Health Problems

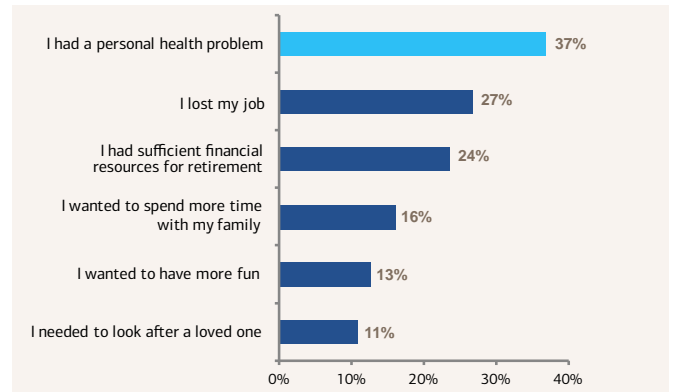
The majority of retirees surveyed (55%) retired earlier than they had expected, while 38% retired when they planned to, and just 7% later than they expected (FIG 9). Although early retirement used to be equated with financial success, today's retirees say health problems – which are almost always unexpected – are now the top reason for their early retirement (FIG 10). Many pre-retirees plan to delay retirement and work a few additional years to shore up their retirement savings, or simply because they enjoy what they are doing. However, health problems can cut careers short, reduce anticipated earnings and retirement savings, and force them to crack into their nest egg earlier than expected.

Figure 9: Percent of retirees who retired earlier, on schedule, or later than expected



Base: Retirees, age 50+

Figure 10: Reasons for early retirement



Base: Retirees, age 50+ who retired earlier than planned

Planning for Health Care Expenses: Not a Do-It-Yourself Project



Planning for retirement health care expenses can be both confusing and overwhelming. Pre-retirees are in need of guidance to help them make appropriate decisions.

The Missing Link in Retirement Planning

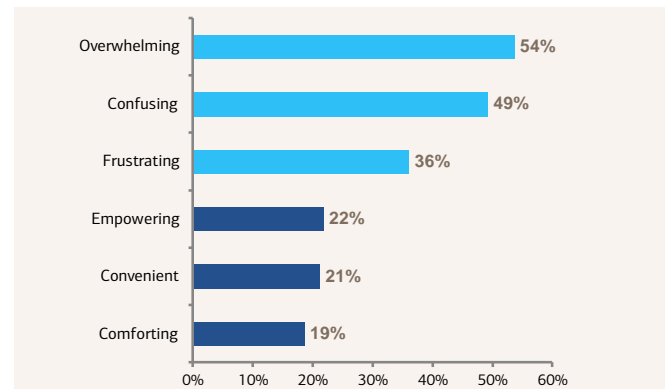
Any holistic financial planning for retirement should include anticipating and preparing for health care costs. However, less than one out of six pre-retirees (15%) has ever attempted to estimate how much money they might need for health care and long-term care in retirement.

Lack of clear information remains a significant barrier to planning for retirement health care costs. Many pre-retirees say the information available to them when they are trying to determine how much they might need to cover health care costs in retirement – and how they can best prepare for and insure against these costs – is overwhelming, confusing, and frustrating (FIG 11). A mere 7% of people age 55–64 say they feel very knowledgeable about Medicare coverage options. Even among actual Medicare recipients, only about one in five (19%) say they are very knowledgeable about Medicare offerings.

“It’s all overwhelming. No one is telling you what the right information is. There is no Library of Congress for medical information.” – Focus Group Participant

In fact, few pre-retirees feel they have a trusted resource to help them understand, prepare for, or manage retirement health-related expenses. Just 14% say they feel they have a trusted resource to help them understand Medicare options. Just 12% feel they have a trusted resource or advisor for information regarding long-term care insurance, and only 11% feel they know where to turn to figure out how to cover health care costs in retirement.

Figure 11: Percent of pre-retirees who feel retirement-related health care costs and insurance information is...



Base: Pre-retirees, age 50+ who have begun researching retirement health care costs and insurance

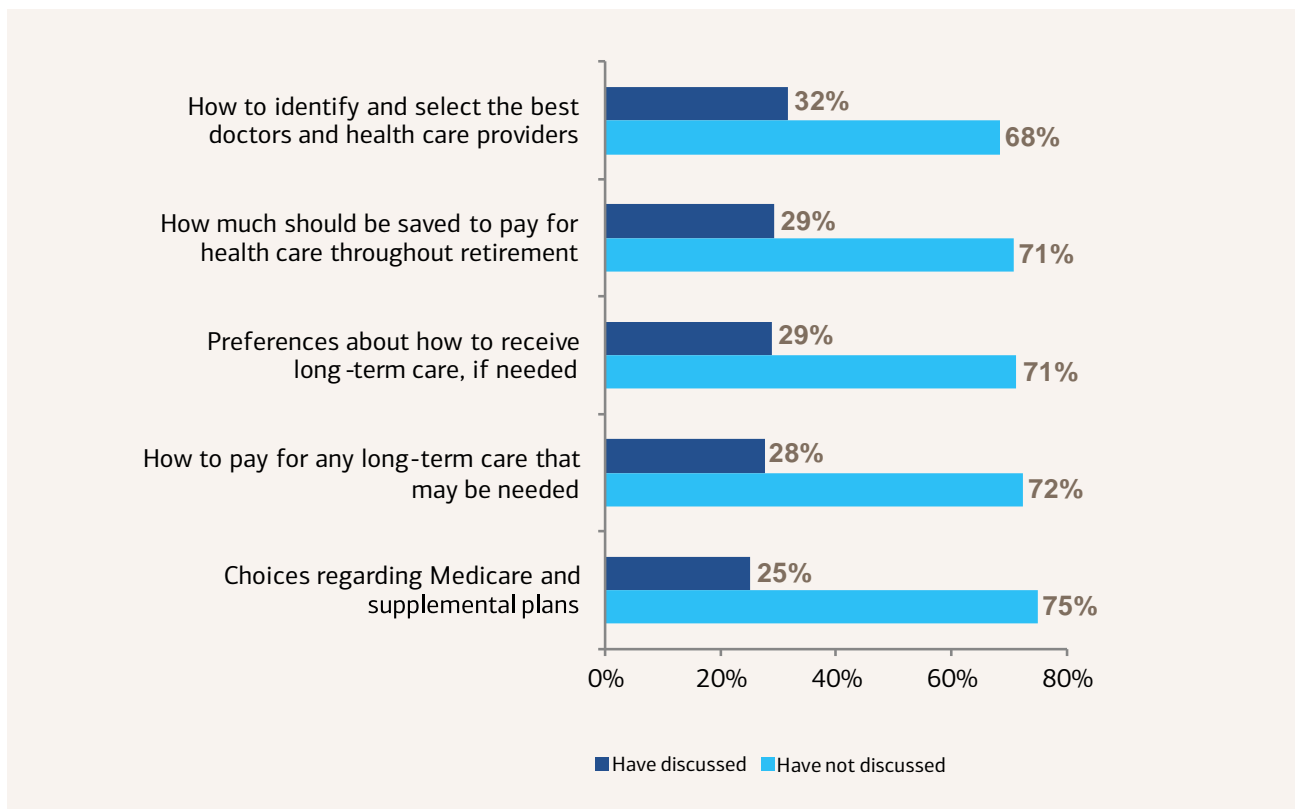
Conversations about Health Topics: Critical, Though Not Happening

There are at least five conversations couples or families should have to help them effectively prepare for retirement health care:

1. How to identify and select the best doctors and health care providers
2. How much should be saved to pay for health care throughout retirement
3. Choices regarding Medicare and supplemental plans
4. Preferences about how to receive long-term care, if needed
5. How to pay for any long-term care that may be needed

However, less than one-third of married pre-retirees age 50+ have discussed these important retirement health care topics with their spouse (FIG 12). Even fewer pre-retirees have discussed with other family members how key health care decisions may be coordinated. For example, just one in five (20%) have discussed with their adult children what might be the best strategy for long-term care, if needed.

Figure 12: Percent of pre-retirees who had in-depth discussions with their spouse regarding...

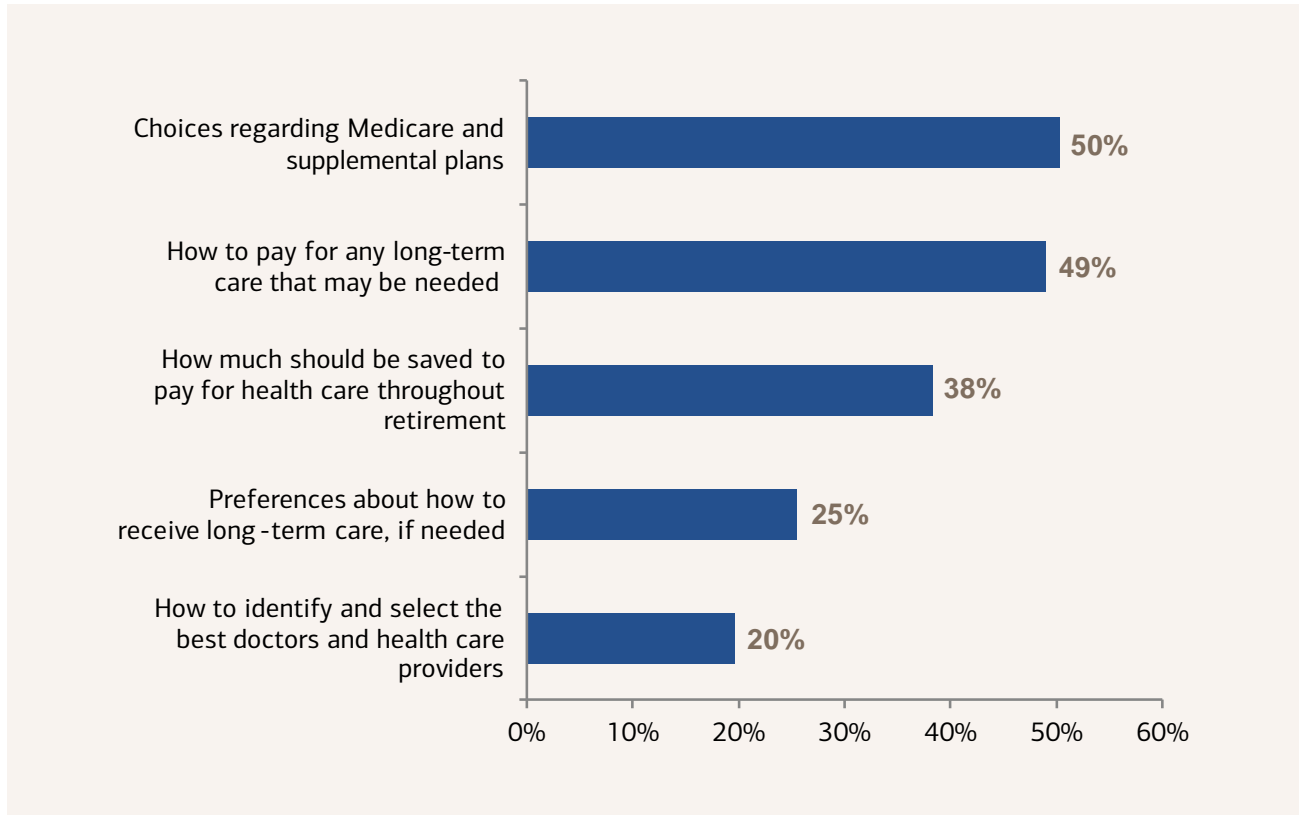


Base: Married pre-retirees, age 50+

The Widespread Need for Trusted Retirement Health Care Guidance

Today's pre-retirees increasingly recognize the need for guidance on how to plan and financially prepare for retirement health care expenses. When asked what advice and guidance would be most valuable to them regarding retirement health care, pre-retirees reveal they are seeking help on a wide range of topics (FIG 13). Topping the list are guidance on how to select the best Medicare and supplemental plans, and how to save and prepare for health care and long-term expenses.

Figure 13: Most valuable advice and guidance regarding retirement health care



Base: Pre-retirees, age 50+

Can the Health Care Challenges of an Aging Population be Solved?



Rising life expectancy and the aging of the boomers will create new health challenges. We believe three important changes are needed to achieve a healthier and more secure retirement.

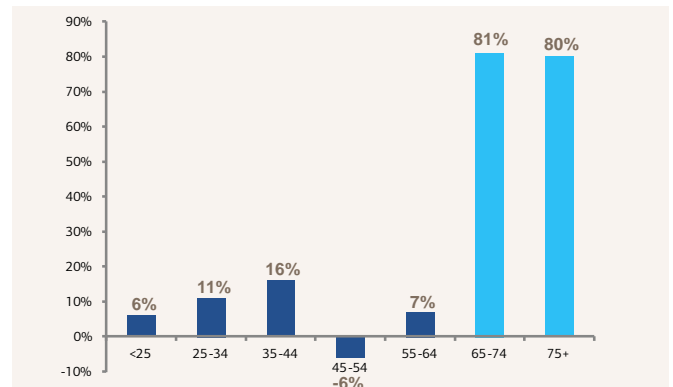
Preparing for the Unique Health Challenges of Retirement

With greater life expectancy and the aging of the boomer generation, the number of older adults in the United States is expected to dramatically escalate. While younger populations will grow very little between 2010 and 2030, the age 65+ population will increase by 80% (FIG 14).

Three quarters of retirees (76%) rate their health as good-to-excellent, and retirees today can expect to live more of their retirement in greater health than prior generations. In fact, the majority of retirees say they are optimistic about their health (83%).

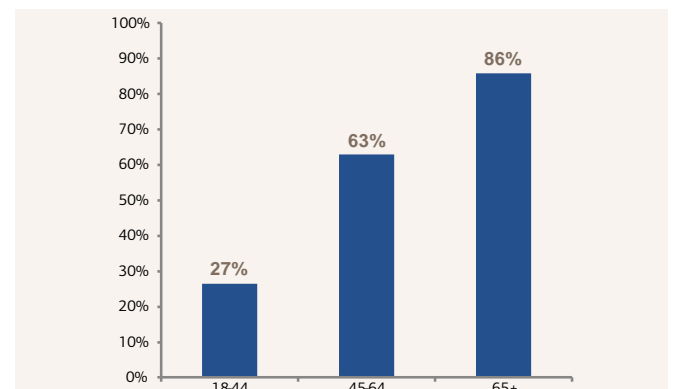
When retirees have health problems, they are often different from the health challenges of younger adults. Younger adults more often have short-term acute health problems, such as a flu or sprained ankle. Older adults, however, are much more likely to have chronic health problems (FIG 15), such as hypertension, heart disease, diabetes, cancer, Alzheimer's, or arthritis. These conditions can be of longer duration and more expensive to manage.

Figure 14: Change in population by age, 2010-2030



Source: U.S. Census Bureau, 2012 Population Estimates and 2012 National Projections

Figure 15: Percent with chronic conditions, by age



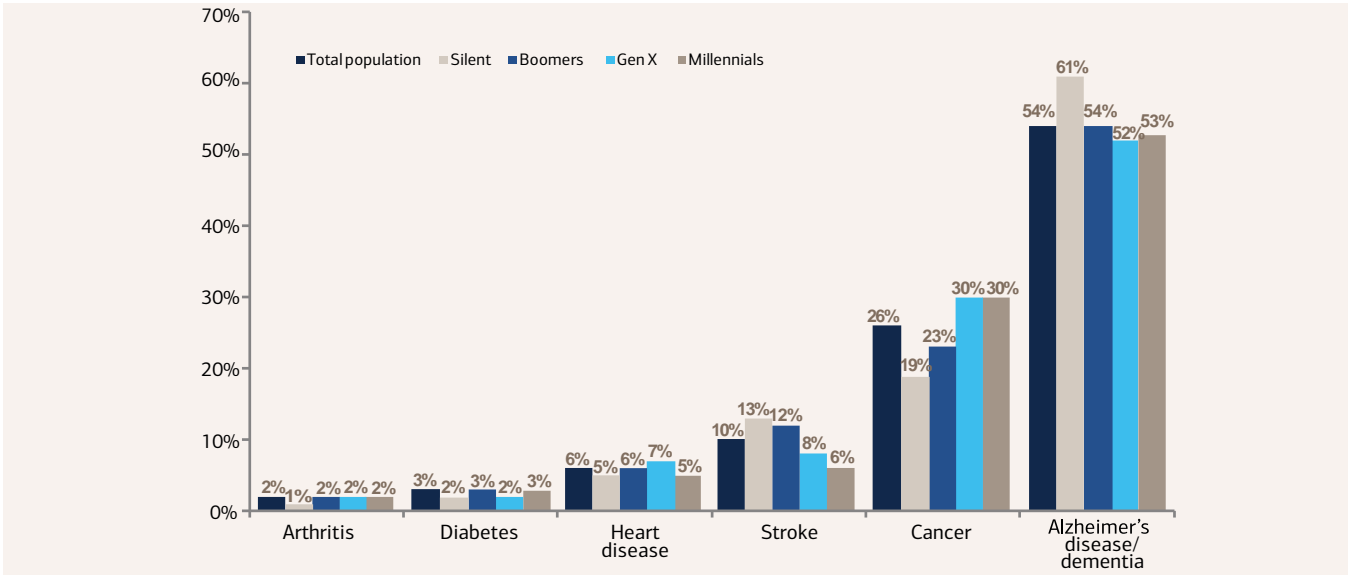
Source: Ward, B.W. et al. (2014). Multiple Chronic Conditions Among US Adults: A 2012 Update. Preventing Chronic Disease, 11.

Alzheimer's: The Most Worrisome Disease of Later Life

While chronic diseases can disrupt both health and wealth in retirement, our study revealed that one aging-related disease now stands out from the rest. Overwhelmingly, people of all ages say the scariest disabling condition in later life is Alzheimer's disease. In fact, people are now more worried about Alzheimer's than cancer, stroke, heart disease, diabetes and arthritis combined (FIG 16).

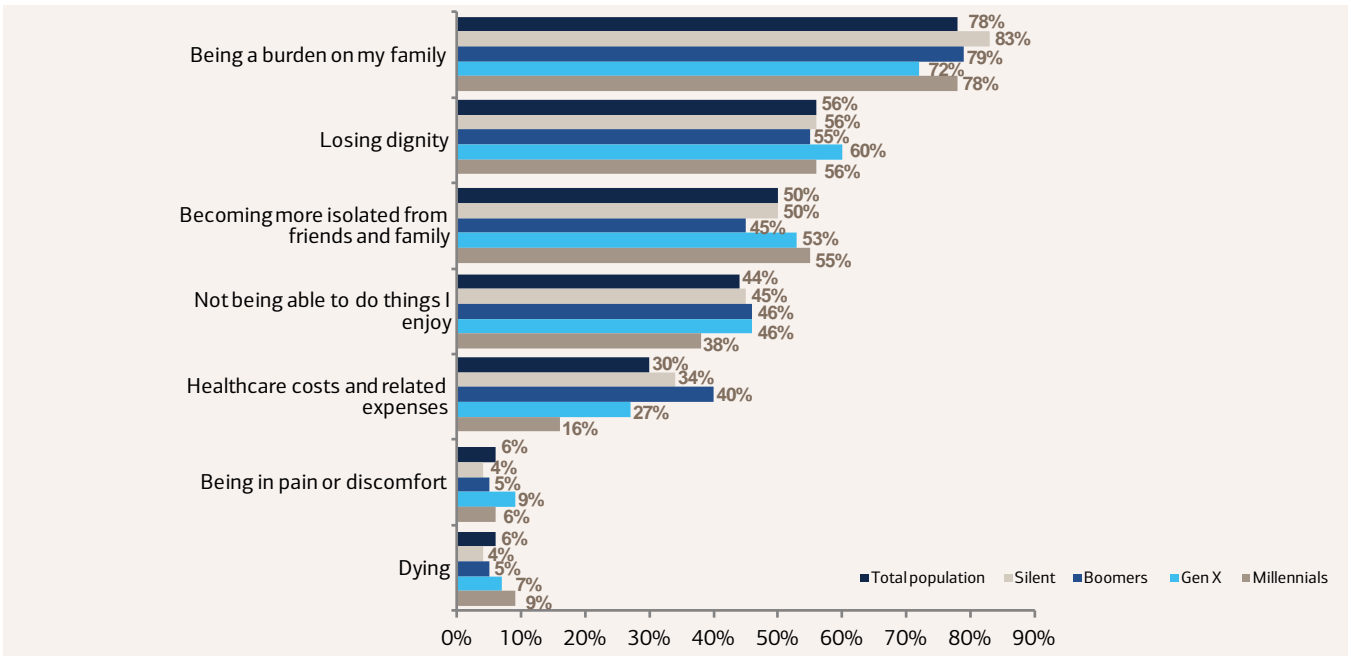
Alzheimer's can impact not just individuals but also their families, and can require years of caregiving and financial help from family members. When asked why they are most worried about Alzheimer's, people say they are concerned about the potential impact on family independence and dignity (FIG 17).

Figure 16: Percent who say the scariest disabling condition of later life is...



Base: Age 25+

Figure 17: Top worries about Alzheimer's disease/dementia



Base: Age 25+

Three Critical Solutions for Healthier Aging

Two-thirds of adults age 50+ (67%) believe today's health care system is ill-prepared for our aging population. As the numbers of older adults escalate in the coming years, we believe three important changes are needed:

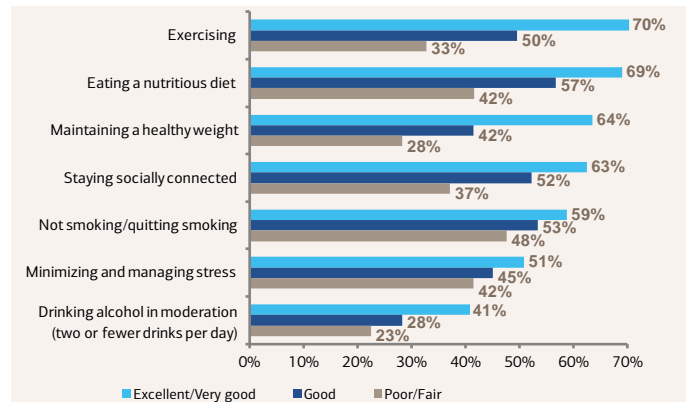
1. Retirees must take greater charge of their own health to achieve the retirement and lifestyle they aspire to in later life
2. Health care system must enhance resources, skills, and knowledge to be more aging-ready
3. Both the government and scientific communities must increase research to eliminate and manage the diseases of aging

Solution #1: Retirees Need to Take Charge of Their Own Health – Five Strategies for Healthier Aging

Investing in health can be just as important – to retirement happiness and even financial security – as investing in a financial portfolio. Even small proactive improvements in health behaviors can create a lifetime of health dividends. In fact, retirees who have achieved high levels of health actively engage in healthy lifestyles and habits (FIG 18). Five important strategies to prepare for healthy aging include:

1. **Exercising.** People who begin exercising in their 60s or 70s are three times more likely than those who don't exercise to age healthfully – and not develop a major chronic disease, depression, physical or cognitive impairment.⁸
2. **A nutritious diet.** A healthy diet can improve heart health, fortify bones, and reduce the risk of stroke, type 2 diabetes and cancer.⁹
3. **Maintaining a healthy weight.** People age 45-64 who eat better, maintain a healthy weight, and exercise a few hours a week can reduce the risk of cardiovascular disease by 35%.¹⁰
4. **Staying socially connected.** Studies show that having a low level of social interaction is just as unhealthy as smoking and can be even healthier than lack of exercise or obesity.¹¹
5. **Maintaining healthy lifestyle habits.** This includes the avoidance of smoking, stress, and excessive drinking. It's never too late to quit smoking. The benefits are almost immediate, and quitting at age 65 adds two to four years on your life.¹² People who drink two or more drinks per day have a 62% higher chance of having a stroke.¹³

Figure 18: Health behaviors among retirees, by health level



Base: Retirees, age 50+

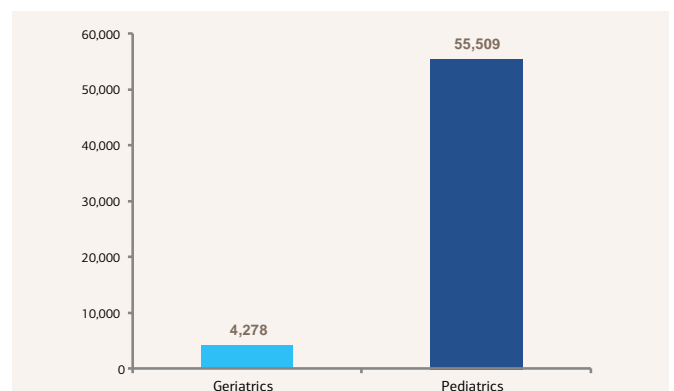
Solution #2: Better Prepare Health Care Professionals for an Aging Population

Our current health care system is highly adept in the diagnosis and treatment of the acute health conditions of younger populations. But how prepared is our health care system for an aging population?

Today, there is only one physician trained and certified as a geriatrician to every 13 pediatricians (FIG 19). Another way to consider this is one trained pediatrician today for every 1,200 children age 15 or younger, compared to just one geriatrician for every 9,400 adults age 65+.¹⁴

We are also ill-prepared to increase the number of geriatricians in the future, despite the tremendous growth in the age 65+ population in the coming decades. Only 14 of the 159 medical schools surveyed in the United States have a full department of geriatrics.¹⁵

Figure 19: Total number of active physicians by specialty



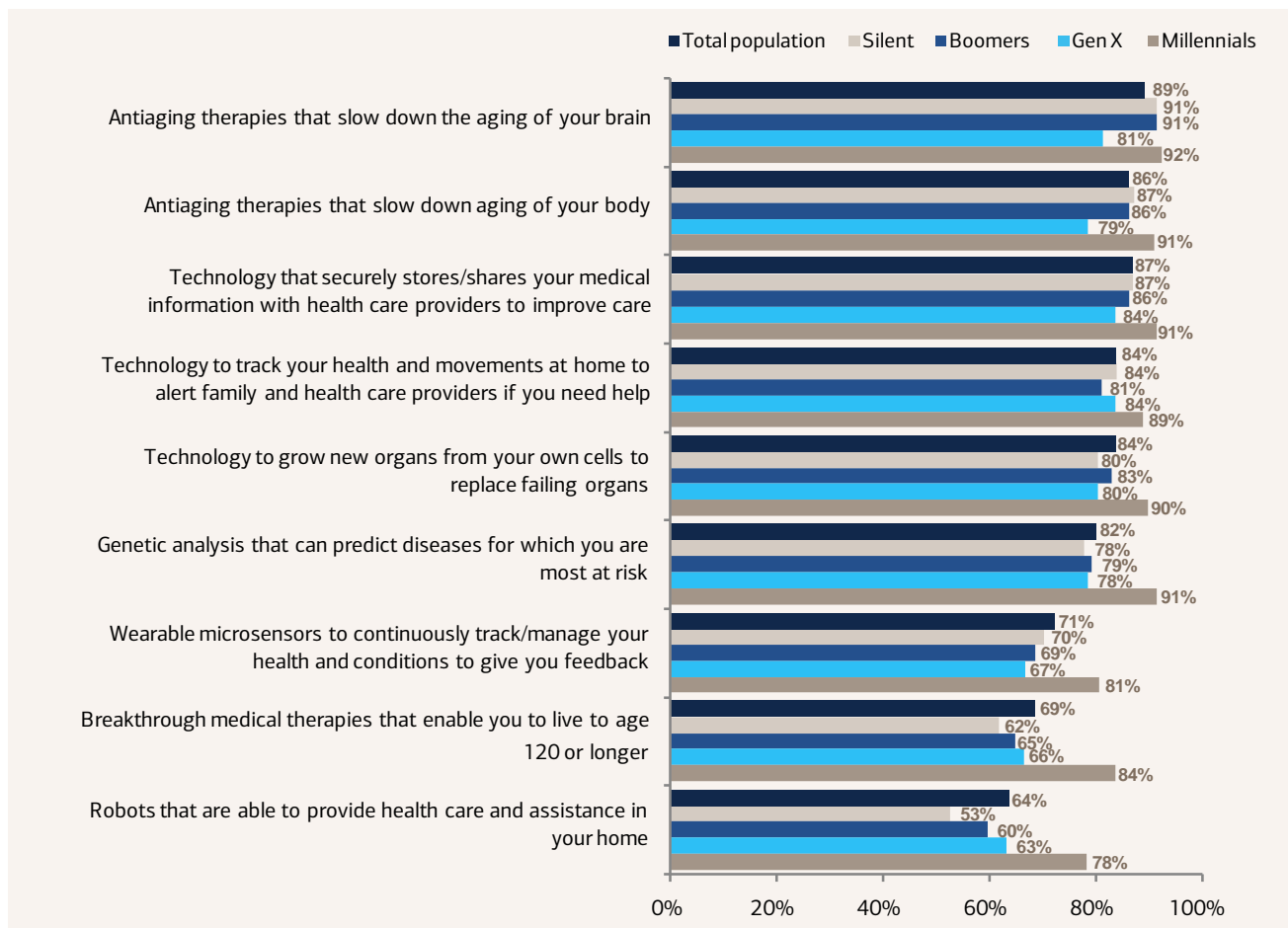
Source: AMA Master Datafile, 2010. Active physicians are those licensed by a state and working at least 20 hours per week. Physicians who are retired, semiretired, or are not active for other reasons are excluded. Active physicians include those working in direct patient care, administration, medical teaching, research, or other nonpatient-care activities. Active physicians include physicians with a Doctorate of Medicine (M.D.) and physicians with a Doctor of Osteopathy (D.O.).

Solution #3: Step Up Government and Private Sector Efforts to Manage and Eliminate the Diseases of Aging

Future technology and medical breakthroughs have the potential to make aging far healthier. For example, if we could find an effective treatment or cure for Alzheimer’s, the future health and financial landscape for many families may be dramatically improved. The goal is to match our healthspans (how long we can expect to be healthy) with our increasing lifespans. There is considerable optimism among all generations regarding the potential of scientific advancements. And, on average, people age 50+ believe future medical innovations and technologies could add another eleven years to their lives.

People of all generations express overwhelming interest in a wide range of potential innovations to help them age with greater health and vitality. Millennials – perhaps due to their longer time horizon and comfort and familiarity with technology – express the highest levels of interest (FIG 20). At the top of the list is “therapies to slow down the aging of the brain.”

Figure 20: Percent interested in potential breakthrough health innovations



Base: Age 25+

Preparing for a Healthier and More Financially Secure Retirement



Retirees tell us maintaining health and preparing for retirement health care expenses are most important for a happy, fulfilling, and financially secure retirement. This study reveals important steps pre-retirees and retirees can take, including:

- Invest in your health by maintaining healthy lifestyle habits and strong social connections. Even when started later in life, healthy habits can significantly improve well-being and vitality during your retirement years.
- Take proactive steps to be financially prepared for health care expenses in retirement:
 - o Estimate and prepare for out-of-pocket health care expenses such as insurance co-pays and Medicare premiums.
 - o Educate yourself about Medicare, including new preventative care and recent eligibility changes for therapy and home care.
 - o Plan for the possibility of lost income should an unexpected illness force you to retire earlier than you expected.
 - o Discuss critical retirement health and health care topics and decisions with your spouse, along with other family members and trusted advisors.
 - o Create contingency plans for unexpected health problems and health care expenses, for yourself, your spouse, and even other family members.
 - o Prepare for long-term care by researching long-term care options you would most prefer and planning for their costs.

Endnotes



- ¹ Gallup, 1960; 1984.
- ² Kessler, R.C., et al. 2001. "Long-Term Trends in the Use of Complementary and Alternative Medical Therapies in the United States." *Annals of Internal Medicine*, 135(4), 262-8.
- ³ Ho, T.F., et al. 2014. "Generational Differences in Complementary and Alternative Medicine (CAM) Use in the Context of Chronic Diseases and Pain: Baby Boomers versus the Silent Generation." *The Journal of the American Board of Family Medicine*, 27(4), 465-473.
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- ¹¹ Forbes, 2010. Casserly, M. "Friends with Health Benefits." Accessed August 14, 2014.
- ¹² Taylor, D.H., et al. 2002. "Benefits of Smoking Cessation for Longevity." *American Journal of Public Health*, 92, 990.
- ¹³ Ronskley, P.E., et al. 2011. "Association of Alcohol Consumption with Selected Cardiovascular Disease Outcomes: A Systematic Review and Meta-Analysis." *British Medical Journal*, 342.
- ¹⁴ Age Wave calculations based on U.S. Census figures, 2010-2012.
- ¹⁵ Bragg, E.J., et al. 2012. "The Development of Academic Geriatric Medicine in the United States 2005 to 2010: An Essential Resource for Improving the Medical Care of Older Adults." *Journal of the American Geriatrics Society*, 60(8), 1540-1545.

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Health & Retirement: Planning for the Great Unknown, 2014

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<i>USA Today</i>	9/12/14	Top Retirement Financial concern: Health Care Bills
<i>Money</i>	9/12/14	The East Way to Beat the High Cost of Health Care in Retirement
<i>OnWallStreet</i>	9/12/14	Boomer Client's Biggest Fear
<i>The Fiscal Times</i>	9/12/14	Health: The (Expensive) Secret to a Happy Retirement
<i>Financial Advisor Magazine</i>	9/12/14	Health and Wealth Entwined Retirement Issues, Study Says
<i>The Washington Post</i>	9/15/14	Health Care is Often the Biggest Expense in Retirement – and the Hardest to Predict
<i>CNBC.com</i>	9/15/14	How to Save on Health Care When Planning Your Retirement
<i>MarketWatch</i>	9/16/14	How Smart Are You About Health Care?
<i>Wall St. Cheat Sheet</i>	11/30/14	3 Reasons Why Good Health Is Crucial for a Happy Retirement

Home in Retirement: More Freedom, New Choices

A Merrill Lynch Retirement Study conducted
in partnership with Age Wave

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Introduction



Today's retirees have more freedom and options when choosing where and how they want to live in retirement. With the possibilities presented by unprecedented longevity, and often fewer work and family obligations than before retirement, according to the study two-thirds (65%) of retirees say they are living in the best home of their lives. However, retirees today also face challenges, and must consider how their needs may change throughout a 20-, 30-, or even 40-year retirement.

During the next decade, age 65+ households will account for nearly all household growth (FIG 1). This tremendous growth among older households is driven by powerful demographic forces:

- The massive baby boomer generation is now moving into their retirement years.
- Increasing longevity leading to longer retirements.

How and where older adults choose to live will have widespread implications for the different ways homes might be designed, what resources will be needed, and how communities nationwide should prepare for an aging population.

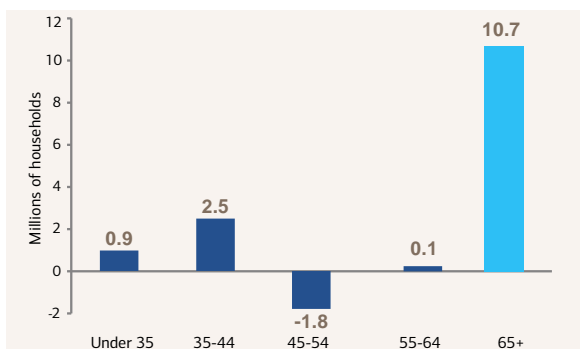
Home in Retirement: More Freedom, New Choices reveals the priorities, hopes, and worries of pre-retirees and retirees as they envision the type of home, community, and geography they wish to live in during their retirement years.

The Study uncovers:

- When people cross the "Freedom Threshold" and how retirement can be a gateway to unprecedented freedom when choosing where to live
- The "Downsize Surprise," and why many retirees don't opt for a smaller home
- Today's "Retirement HotSpots," and where tomorrow's retirees want to live
- How retirees often choose not to move, but instead are making their current home the best home of their lives
- The home and health challenges of later retirement and how retirees are increasingly empowered to age in place independently

The following report summarizes the key findings of our Study.

Figure 1: Projected household growth by age: 2015-2025



Source: Joint Center for Housing Studies of Harvard, 2014

Methodology



This research study, completed in August 2014, was conducted in partnership with Age Wave and executed by TNS via online data collection methodology. This survey was conducted among a total of 5,983 respondents. Findings in this report are based on the analysis of 3,638 respondents age 21+, representative of the U.S. national population across age, income, gender, and Census region, unless otherwise noted. The generational distribution of the 3,638 is: 749 Silent Generation (age 69-89), 2,192 Boomers (age 50-68), 287 Generation Xers (age 38-49), and 410 Millennials (age 21-37). An additional oversample of 2,345 affluent respondents age 50+ was conducted for those with at least \$250,000 in investable assets. Results from the affluent oversample are not included in this report and will be released in future reports. Qualitative research was conducted via six focus groups among both pre-retirees and retirees prior to the quantitative research.



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About Age Wave

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Source: Bank of America. Merrill Lynch Global Wealth Management (MLGWM) represents multiple business areas within Bank of America's wealth and investment management division including Merrill Lynch Wealth Management (North America and International), Merrill Lynch Trust Company, and Private Banking & Investments Group. As of June 30, 2014, MLGWM entities had approximately \$2 trillion in client balances. Client Balances consists of the following assets of clients held in their MLGWM accounts: assets under management (AUM) of MLGWM entities, client brokerage assets, assets in custody of MLGWM entities, loan balances and deposits of MLGWM clients held at Bank of America, N.A. and affiliated banks.

Home Free in Retirement



Retirees are twice as likely as pre-retirees to say they're free to live where they want, and two-thirds of retirees say they're now living in the best home of their lives.

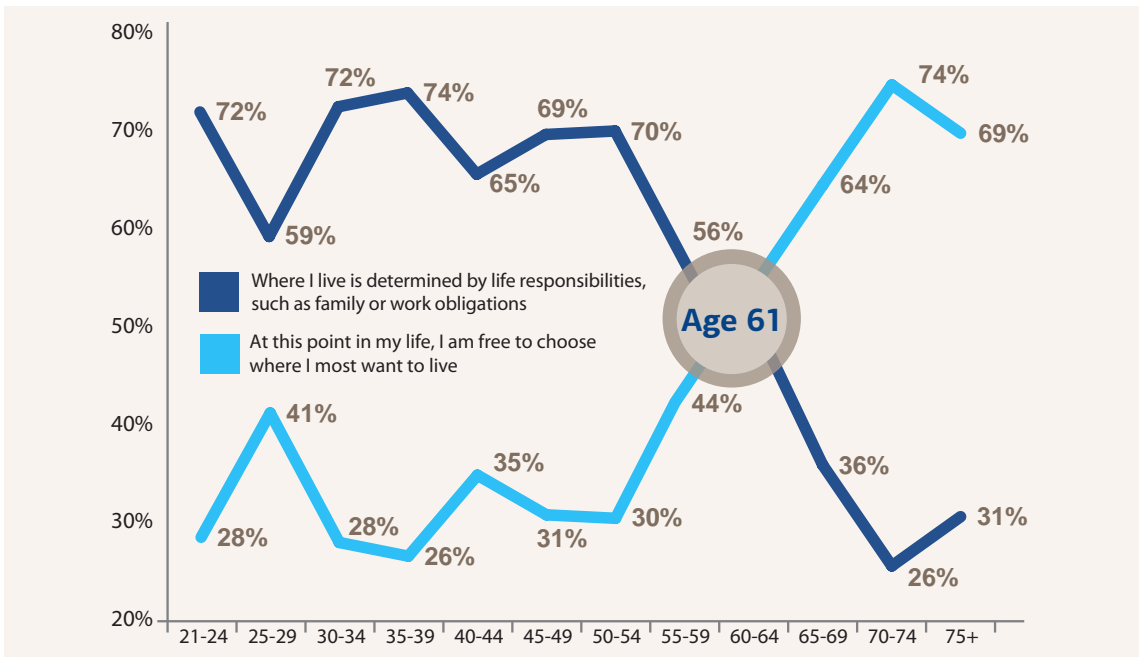
Retirement: A Gateway to Greater Freedom

Overwhelmingly, retirees say they have unprecedented freedom to choose where they want to live, including freedom from many work and family obligations that can dictate home choices, as well as greater freedom from home-related financial worries and mortgage payments. As a result of this newfound flexibility, the majority of retirees say they're living in the best home of their lives.

Greater Freedom from Work and Family Obligations

Throughout most of people's lives, where they live is determined by their responsibilities. Most careers demand that people live within a reasonable commuting distance from where they and/or their spouse work. Parents need homes that accommodate their growing family and are close to their children's schools. However, as people enter their 50s and 60s, they begin to cross what this study reveals to be the "Freedom Threshold." At age 61, the majority of people say they feel free to choose where they most want to live (FIG 2).

Figure 2: Crossing the "Freedom Threshold"



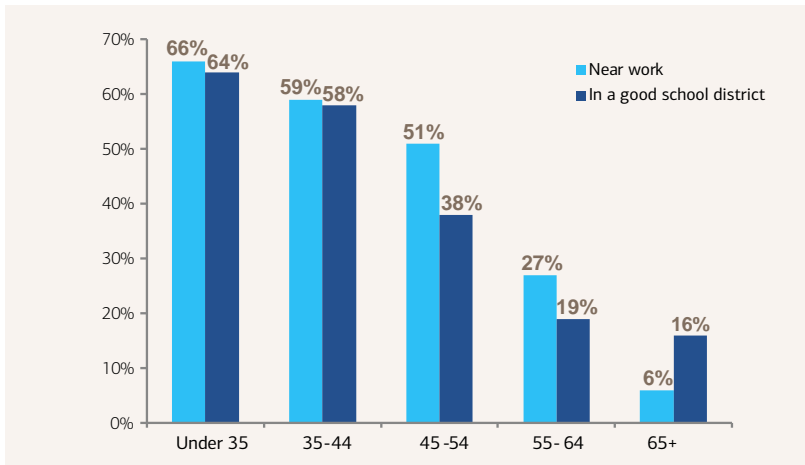
Base: Age 21+

As people empty nest and retire from full-time work, they are increasingly liberated from many of the family and work obligations that have long restricted their choice of home and community (FIG 3). This newfound freedom to live how and where they want peaks in retirement. Compared to pre-retirees, retirees are twice as likely to say they are free to choose where they want to live. Conversely, pre-retirees are twice as likely as retirees to say where they live is determined by life responsibilities (FIG 4).

"In retirement, you have the chance to live anywhere you want. Or you can just stay where you are. There hasn't been another time in life when we've had that kind of freedom."

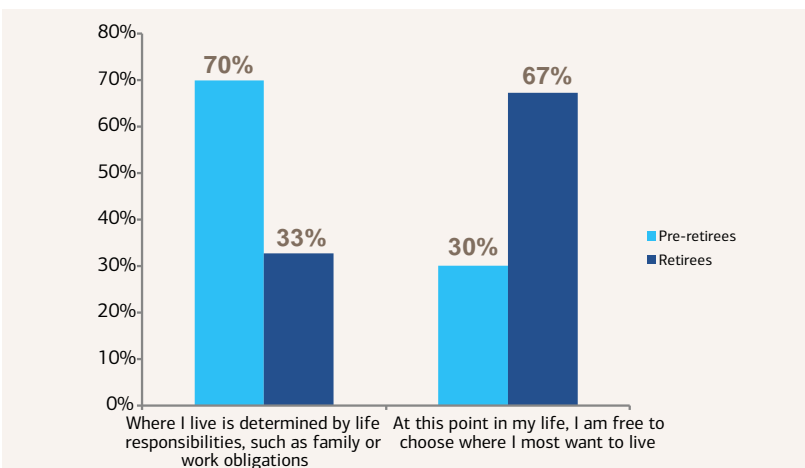
– Focus Group Participant

Figure 3: Percent who place a high degree of importance on living...



Base: Age 21+

Figure 4: Percent who say where they live is determined by family or work obligations



Base: Age 50+

Greater Freedom from Home-Related Financial Worries

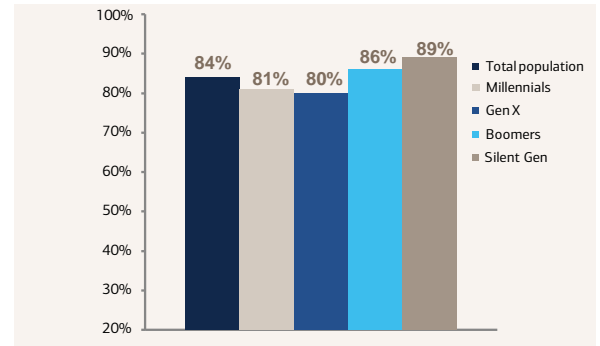
Homeownership has long been a cornerstone of the American Dream, and can create opportunities to build equity and achieve greater financial security. Some may assume that, due to the recent economic uncertainty, few people – particularly younger generations – still aspire to homeownership. However, the vast majority of people across all generations say homeownership is a priority (FIG 5).

Nonetheless, affording a home can require many years of savings, and homeownership is often a goal not achieved until later in life. While a minority of young people own their homes, four out of five Americans age 65+ are homeowners (FIG 6).

Not only are most people age 65+ homeowners, few need to worry about making mortgage payments. More than seven in ten have fully paid off their mortgages (FIG 7). For many, paying off their mortgage before retiring can be an important step toward achieving financial peace of mind throughout their retirement years.

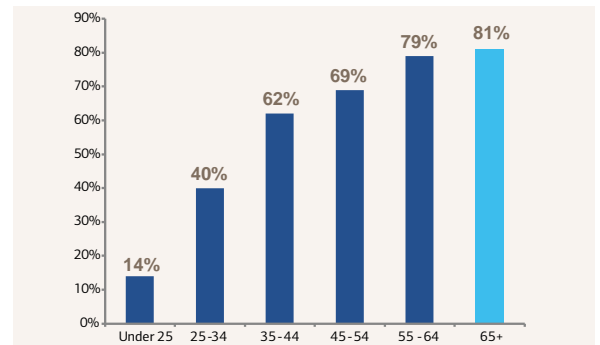


Figure 5: Percent who agree “homeownership is an important part of the American Dream”



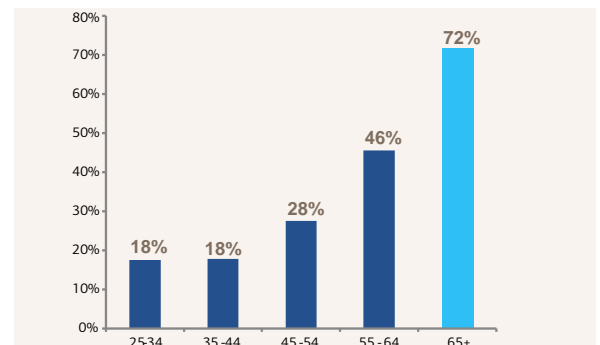
Base: Age 21+

Figure 6: Percent who are homeowners, by age



Source: Bureau of Labor Statistics, 2013; noninstitutionalized population

Figure 7: Percent of homeowners with no mortgage

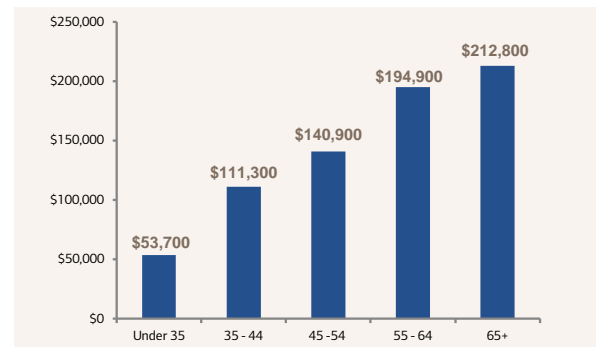


Source: Bureau of Labor Statistics, 2013; noninstitutionalized population

Moreover, the equity they have built in their homes during their lifetime can represent a substantial part of their overall net worth. On average, home equity among homeowners age 65+ is more than \$200,000 (FIG 8). Age 65+ households represent 22% of all U.S. households, but account for 40% of home equity.¹

“When I was younger, I always worried about that monthly mortgage payment. Now that I am retired, I have the peace of mind of knowing I own my home free and clear.”
 – Focus Group Participant

Figure 8: Average home equity among homeowners, by age

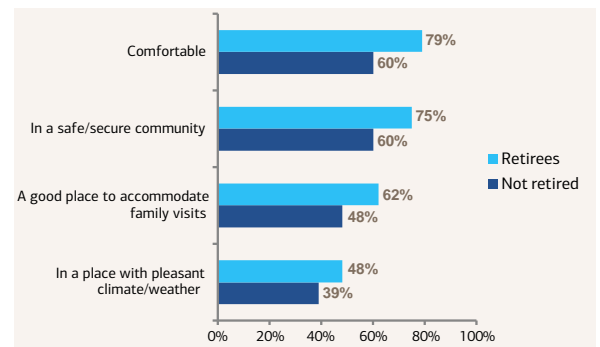


Source: Survey of Consumer Finances, 2013

Freedom to Live in the Best Home of Your Life

Empowered with new options and opportunities, and with greater freedom from many home-related financial worries, two-thirds (65%) of retirees say they are now living in the best home of their lives. Compared to people who have not yet retired, retirees are more likely to say their homes are comfortable, in a safe community, and a great place to connect with family. They also are more likely to say that they are now living in a part of the country with pleasant climate and weather (FIG 9).

Figure 9: Percent who say their home is...



Base: Age 21+

Should I Stay or Should I Go?



Two-thirds of retirees are likely to move at least once during retirement. When retirees move, only half downsize, and many move into larger homes.

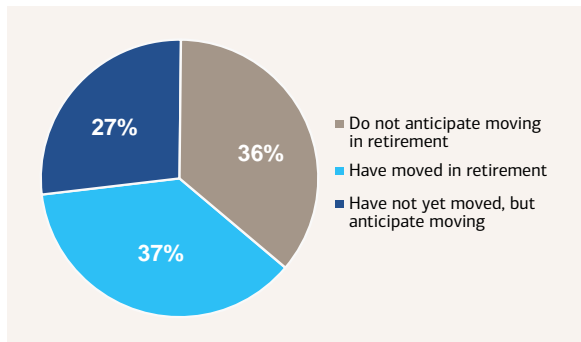
Retirees on the Move

With new freedom to decide where they want to live, many retirees make the decision to move to a different home, community, or part of the country. An estimated 4.2 million retirees moved into a new home last year alone.²

Sixty-four percent of retirees say they are likely to move at least once during retirement, with 37% having already done so and 27% anticipating doing so (FIG 10).

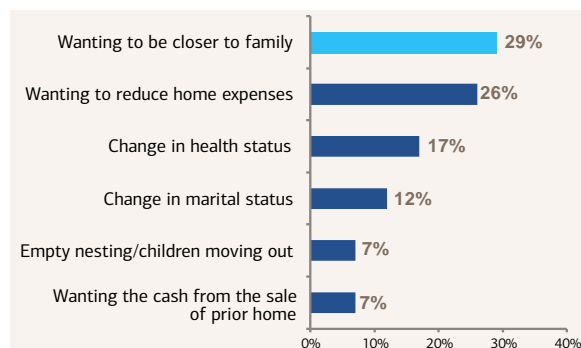
Among other things, wanting to lower home expenses, encountering health challenges, divorce or widowhood, and empty nesting can all be triggers for moving in retirement. However, retirees cite “wanting to be closer to family” as a top reason for moving (FIG 11).

Figure 10: Percent of retirees who have moved or anticipate moving in retirement



Base: Age 50+ retirees

Figure 11: Reasons for moving in retirement



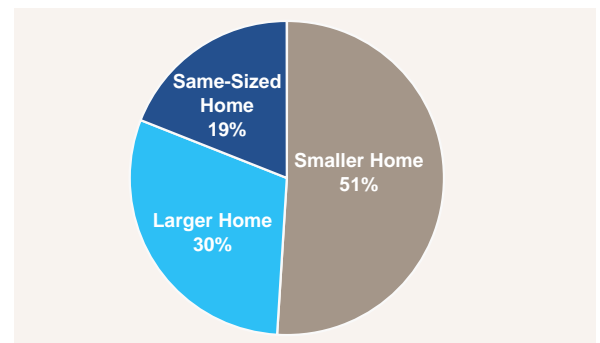
Base: Age 50+ retirees who have moved since retiring

The “Downsize Surprise”

Many people assume that once they retire, they will downsize their home. Their children have moved out, they need less space, they don’t want the maintenance hassles of a larger home, and moving to a smaller home might free up cash. In fact, many pre-retirees assume they will downsize to help pay for their retirement.

However, pre-retirees who expect to downsize when they retire may be surprised to learn that half (49%) of retirees didn’t downsize in their last move. In fact, three in ten upsized into a larger home (FIG 12).

Figure 12: Retirees’ most recent move was into a...



Base: Age 50+ retirees who have moved since retiring

From Empty Nest to Welcome Home

Retirees say a top reason to upsize is to have a home that is large and comfortable enough for family members to visit and stay with them (FIG 13). Many retirees have empty nested, and their adult children, grandchildren, and other family members may live in disparate parts of the country. Thus, retirees often find their homes become places for family to come together and reconnect, particularly during holidays or summer vacations.

Many retirees also say they upsize so that family members can live with them, if needed. According to this study, one in six (16%) retirees has a “boomerang” adult child who has moved back in. In fact, due in part to adult children returning to their parents’ home, the number of multigenerational family households doubled between 1980 and 2010, from 11% to 22%.³

“After our kids left home, we got an even bigger house. We have kids and grandkids all over the country and wanted space for them to visit.”

– Focus Group Participant

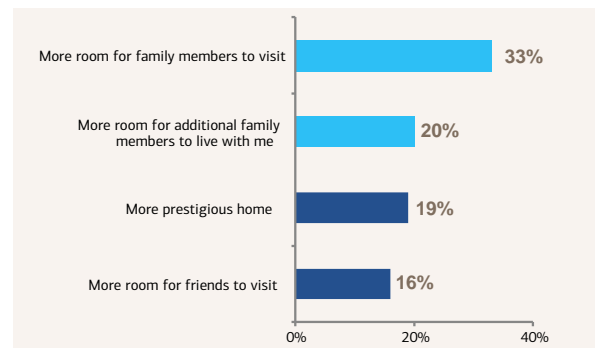
The Upsides to Downsizing

The half (51%) of retirees who downsized in their last move cite freedom from the financial and maintenance burdens of a larger home as the top reasons to downsize (FIG 14). By reducing expenses and releasing equity tied up in a larger home, downsizing can help make retirement more financially secure.

Finding a Retirement Community That Matches Your Interests

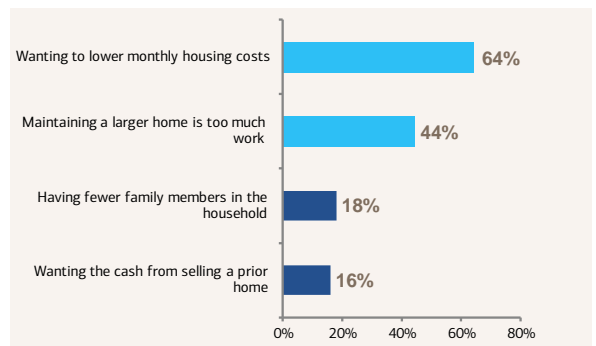
According to this study, just 7% of retirees have moved into age-restricted retirement communities. However, there is growing diversity of retirement communities designed to meet the needs and aspirations of new generations of retirees. Today, approximately 100 retirement communities have ties to universities,⁴ affording opportunities for continued learning and connections with both students and alumni. Other retirement communities have been created around niche interests and affinities, such as religion and spirituality, art and theater, and hobbies.

Figure 13: The main motivations for upsizing in retirement



Base: Age 50+ retirees who upsized in retirement

Figure 14: The main motivations for downsizing in retirement



Base: Age 50+ retirees who downsized in retirement

Retirement HotSpots



The South Atlantic, Mountain, and Pacific regions top the list of Retirement HotSpots.

Following Your Own Compass in Retirement

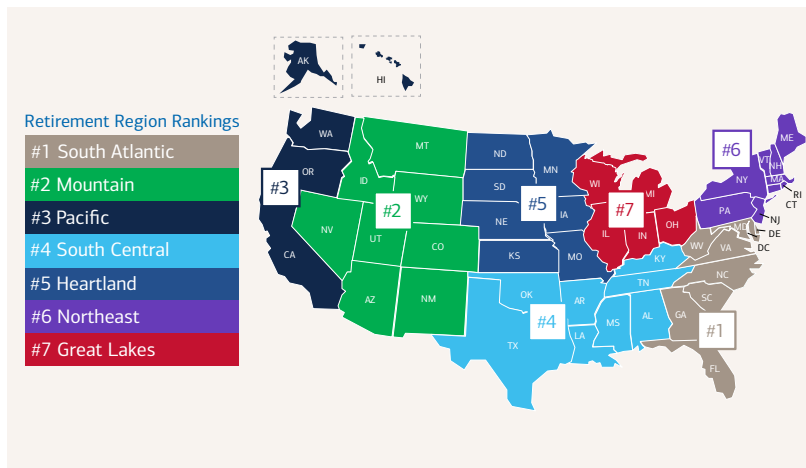
Retirement can present new opportunities to live anywhere in America. For some people, it can even mean living in another part of the world – roughly 373,000 retired Americans lived abroad in 2013.⁵ Among people age 65+ who moved last year, most (83%) chose to remain in the same state. However, over one out of six (17%) people age 65+ who moved last year relocated to a different state or part of the country.⁶



Top Retirement HotSpots

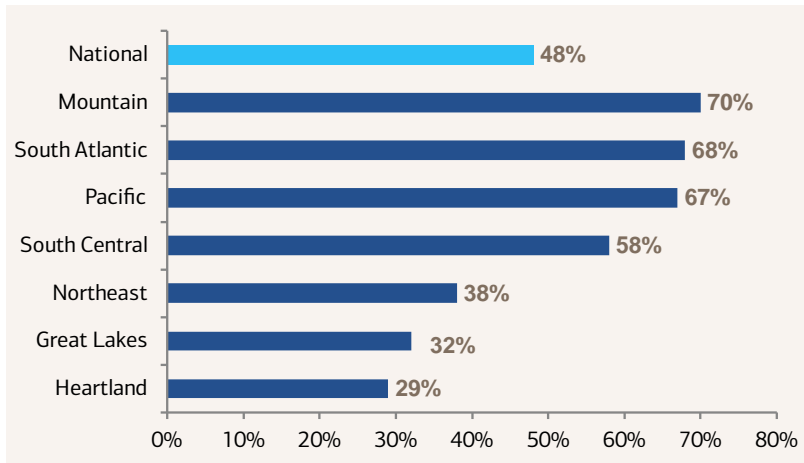
When asked to grade how well their geographic location fits their priorities and lifestyle, retirees in the South Atlantic, Mountain, and Pacific gave their regions the highest marks (FIG 15). Not surprisingly, retirees in these three regions are happiest with their climate and weather (FIG 16). Retirees in the Mountain and South Atlantic regions are also among the most satisfied with their cost of living (FIG 17).

Figure 15: Where do retirees give the highest grades to their geographic region?



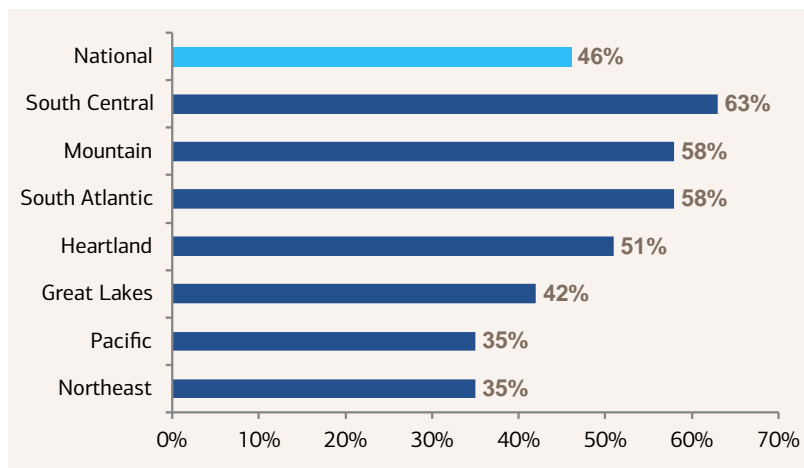
Base: Age 50+ retirees; grade their geographic region 80%+

Figure 16: Percent of retirees highly satisfied with their climate/weather



Base: Age 50+ retirees; grade their climate/weather 80%+

Figure 17: Percent of retirees highly satisfied with their cost of living

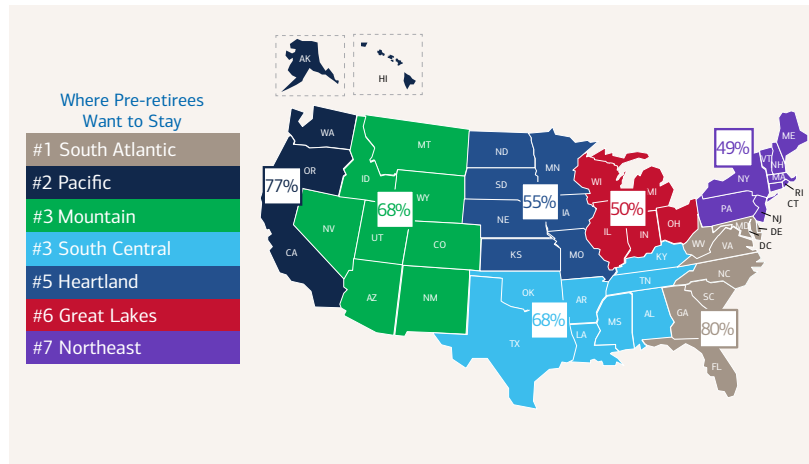


Base: Age 50+ retirees; grade area they live for affordable cost of living 80%+

Where Tomorrow's Retirees Want to Live

A portrait of where pre-retirees want to live in retirement provides a glimpse into how America may be reshaped in the coming years. Most pre-retirees (60%) anticipate staying in the same state or region, while four in ten see retirement as a chance to try living in a new part of the country. To a large degree, where pre-retirees say they want to stay or move to in retirement mirrors where today's retirees say they are happiest. For instance, roughly four in five pre-retirees living in both the South Atlantic (80%) and Pacific (77%) regions say they want to continue living there in retirement (FIG 18).

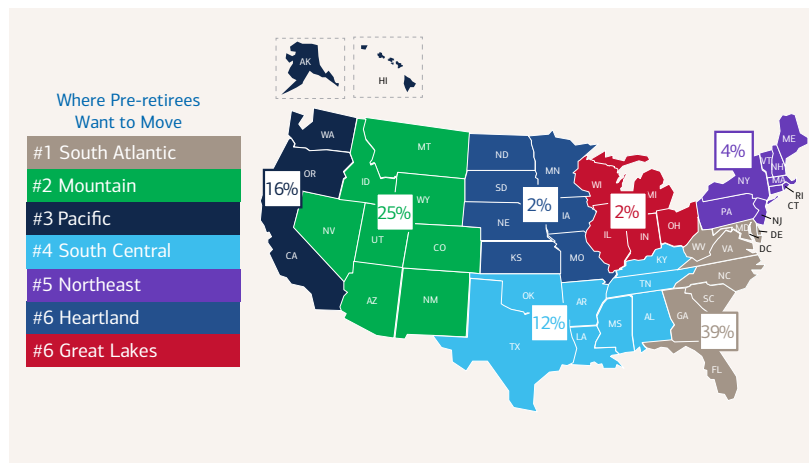
Figure 18: Percent of pre-retirees who want to continue living in each region after retirement



Base: Age 50+ pre-retirees

Among pre-retirees who want to move to a different region in retirement, the South Atlantic region is the clear winner – with four in ten (39%) saying they would most want to move to that region – followed by the Mountain (25%) and Pacific (16%) regions (FIG 19).

Figure 19: Percent of pre-retirees who want to move to each region, among all pre-retirees who want to move to a different region in retirement



Base: Age 50+ pre-retirees

Refresh, Remodel, Renovate



Most retirees say their home's emotional value is even more important than its financial value. Many never move but instead make their current home even better.

In Retirement, Home Is Where the Heart Is

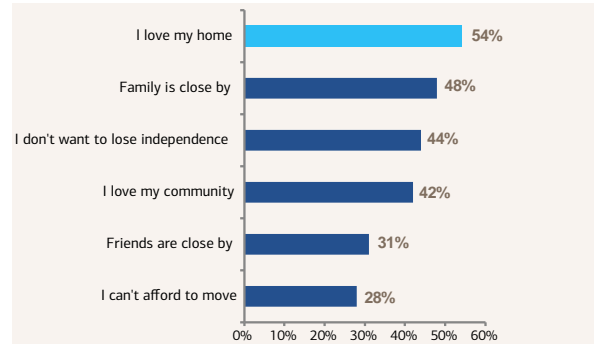
While roughly two-thirds of retirees are likely to move at least once in retirement, the other one-third anticipates staying where they are throughout their retirement years. The reasons many retirees don't move reveal the deep emotional connection they have with their home. Retirees who don't plan to move cite, "I love my home" as a top reason for remaining where they are (FIG 20).

People's homes can be both a financial asset and also an important emotional asset – representing memories with family and treasured life experiences. Prior to age 55, more homeowners say the financial value of their home outweighs its emotional value. As people age, however, they are far more likely to say their home's emotional value is more important than its financial value (FIG 21).

"Our home is everything we put into our house materially and emotionally over the years. It's us."

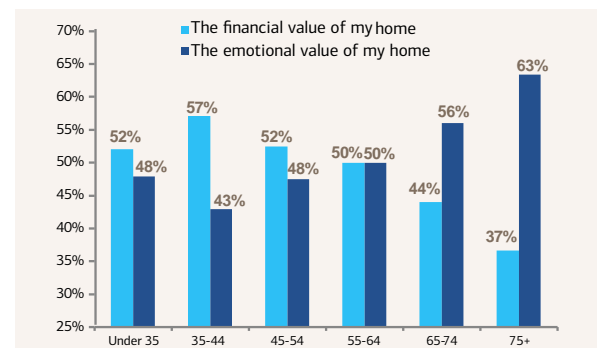
– Focus Group Participant

Figure 20: Top reasons why retirees would not leave their current home



Base: Age 50+ retirees who don't plan to move

Figure 21: Which is more important to homeowners: their home's emotional or financial value?



Base: Age 21+ homeowners

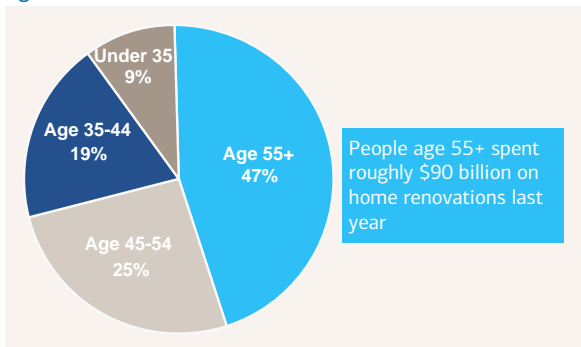
A Chance to Create Your Dream Home

Retirees may love their home – but that doesn't mean they're not interested in making it even better. People in later life and retirement often have more flexibility, time, and financial resources to improve their homes. In fact, age 55+ households account for nearly half (47%) of all spending on home renovations – about \$90 billion annually (FIG 22). Moreover, while younger households slowed or reduced spending on home renovations between 2003 and 2013, spending among those age 65+ increased by 26% (FIG 23).

*"We always had plans to make our home better. Now that we're retired, we have the time, flexibility, and savings to do just that."
– Focus Group Participant*

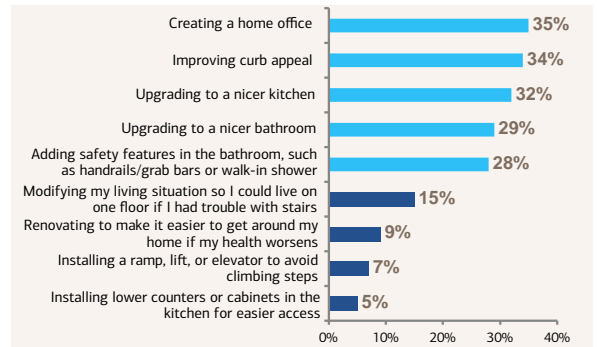
While some modified their home to make it more age-friendly, most retirees have renovated their homes to make them more attractive, more comfortable, and more versatile (FIG 24). A typical renovation or remodeling project can cost several thousand dollars, and budgeting for home renovations can be an important part of retirement planning (FIG 25).

Figure 22: Percent of total home renovation expenditures by age of head of household



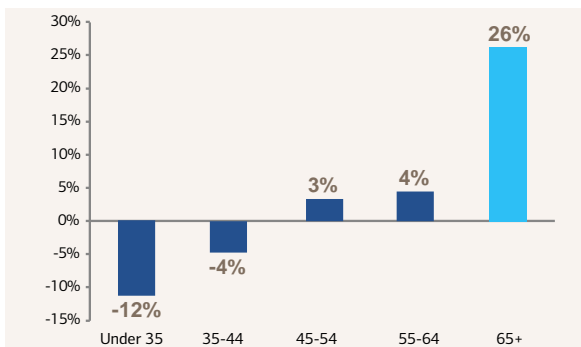
Sources: Joint Center for Housing Studies of Harvard, 2015; Age Wave calculations

Figure 24: Percent of retirees who have renovated their home by...



Base: Age 50+ retiree homeowners who plan to stay in their home throughout retirement

Figure 23: Percent change in average spending on home renovations by age, 2003-2013



Source: Joint Center for Housing Studies of Harvard, 2015.

Figure 25: Median cost of home renovation project by type

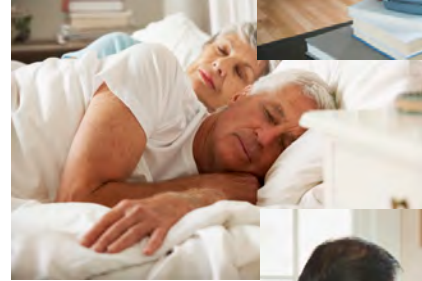
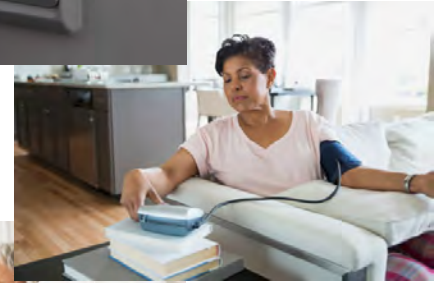
Kitchen	\$5,000
Roofing	\$4,600
Plumbing, electrical, etc.	\$3,600
Recreation rooms	\$3,000
Bedroom(s)	\$2,500
Bathroom	\$2,400
Patio, terrace, or deck	\$2,000
Flooring, paneling, & ceiling	\$1,200
Doors and windows	\$1,200

Source: U.S. Census Bureau, Home Improvements, May 2013.

High-Tech Home Improvement

Retirees are not just interested in traditional remodeling and renovation activities. They're also seeking new technologies that can make their homes more convenient, connected, and secure, and easier and less expensive to maintain.

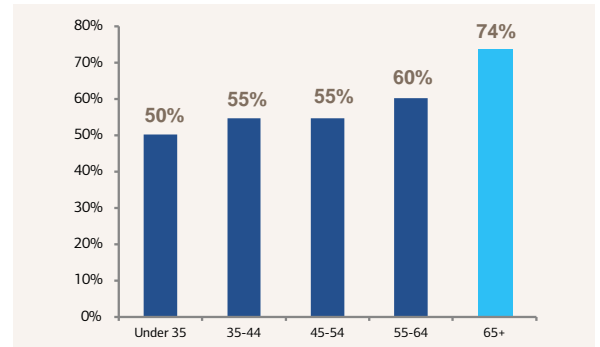
- Four in five retirees (80%) are interested in new technologies to reduce their home expenses, such as smart thermostats or apps to control appliances.
- Three-quarters (76%) are interested in technologies to monitor their health at home, such as sensors, alerts, or medication reminder apps.
- Two-thirds (67%) are interested in home technologies to help them optimize their health, such as devices for air purification or to improve their sleep.
- Nearly two-thirds (64%) are interested in home technologies to connect them with their family and friends, such as video chat and interactive devices.
- Six in ten (58%) are interested in technologies to help them maintain their home, such as cleaning robots or heated driveways.



Stronger Community Connections in Retirement

In retirement, creating a better home can mean more than just renovations. Many retirees take the opportunity to rediscover their neighborhood and more deeply connect with their community. Before retirement, many younger and middle-age households can be so busy with work and family responsibilities that they don't have as much time to explore or get involved in their community. Retirees are far more likely to have the time and flexibility to build deeper and more fulfilling connections by volunteering, visiting museums and libraries, taking lifelong learning classes at community colleges, or simply getting to know their neighbors better (FIG 26).

Figure 26: Percent who feel connected to their neighbors and community, by age

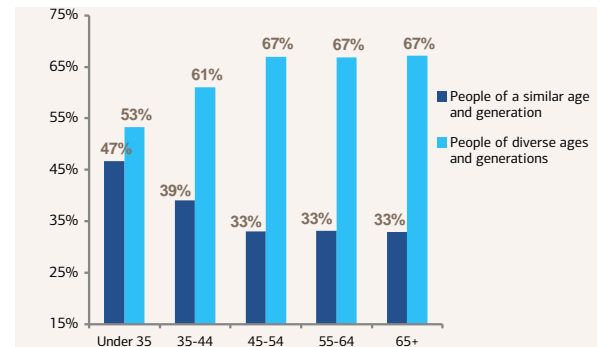


Base: Age 21+

“Since I retired, I rediscovered my neighborhood. I made new friends and started volunteering in my community.”
– Focus Group Participant

While some may think retirees prefer to spend time largely with people their own age, most retirees seek to interact and engage with vibrant communities of diverse ages. In fact, compared to younger people, older Americans are far more likely to want diversity in age and generation among their communities and neighbors (FIG 27).

Figure 27: Type of neighbors people prefer, by age



Base: Age 21+

Health and Home in Later Retirement



Today's retirees have more options for how and where to receive care and support. Overwhelmingly, retirees prefer to age in place by continuing to live independently at home.

Home Considerations in Later Retirement

Though people enjoy new freedoms during much of retirement, as they age, health challenges and care needs can become a larger factor in where people choose to live. In fact, there are two distinct phases when it comes to choosing where to live during retirement.

The first phase in retirement living – which can often span now 15 to 20 years or more – is a time of more freedom and new choices for how and where people live. This first phase has emerged as people live longer and are often healthier and more active than prior generations of retirees.

During the second phase – which often begins when people are in their 80s – health becomes an increasingly important factor impacting where people live. Among people age 85+, three-quarters (74%) have difficulties with at least some daily activities, such as housework, getting around the home, or other everyday tasks.⁷ The average age of people entering assisted living is 85.⁸



New Options for Health and Care

Among prior generations, most retirees had two options: if they were healthy enough, they could continue living at home; or they would need to move to a nursing home to receive care if they became too sick or frail.

Today, however, there is a growing continuum of options for retirees facing health challenges, including:

- Retirement apartments and communities that offer meal preparation, home maintenance, and other helpful services
- Assisted living communities that offer meal preparation, home maintenance, transportation and other supportive services, activities and programs that provide the opportunity to stay active and involved
- Cohousing, through which retirees live together and help arrange or provide each other support as needed
- Creative systems, such as the “Village” model, through which older adults who live near each other form an organized group with centralized access to coordinating services and resources that help them age in place

These innovative living options often not only provide care and support, but also create more opportunities for social engagement and community activities, and promote wellness and fitness.

My Own Home: The #1 Choice for Long-Term Care

Overwhelmingly, retirees say their top preference for receiving extended care, if needed, is to age in place in their own home (FIG 28). With new technologies (such as telemedicine and remote diagnostics)-, growing numbers of home care providers and services, and renovations to make homes more aging-ready (FIG 29), it is increasingly possible for retirees with health challenges to continue living independently at home. In fact, there has been a significant shift in where people are receiving care. The number of nursing home residents has declined in the past decade (FIG 30), while at the same time the number of people receiving care at home has increased (FIG 31).

As boomers enter their later retirement years and the need for all types of long-term care increases, new services, technologies, and options will continue to develop to enable people to receive care how and where they most desire.

Figure 28: Retirees' top preference for receiving long-term care

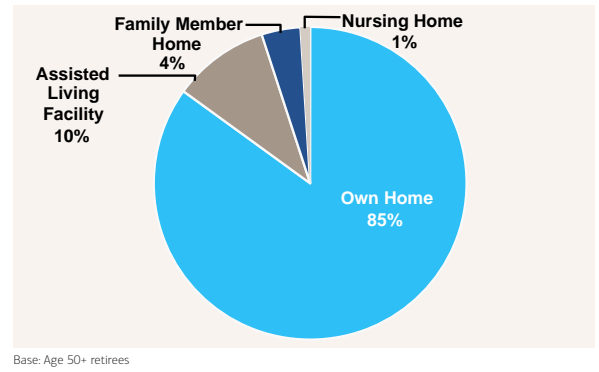
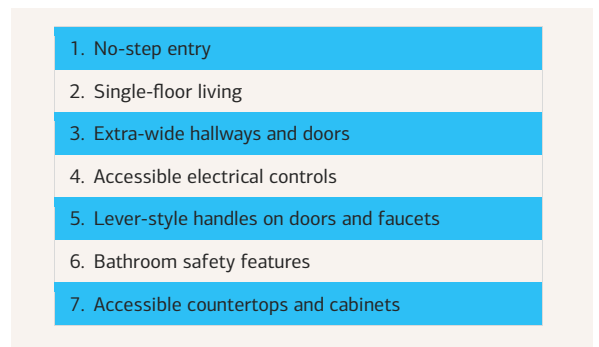
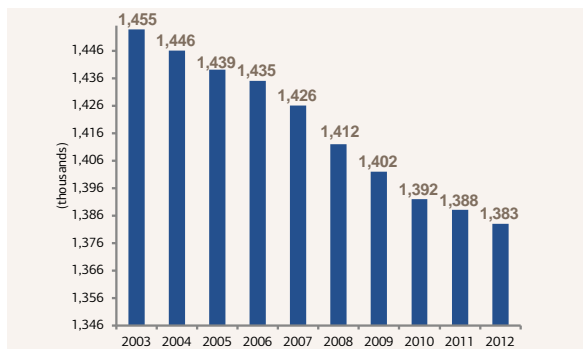


Figure 29: Aging-ready home features



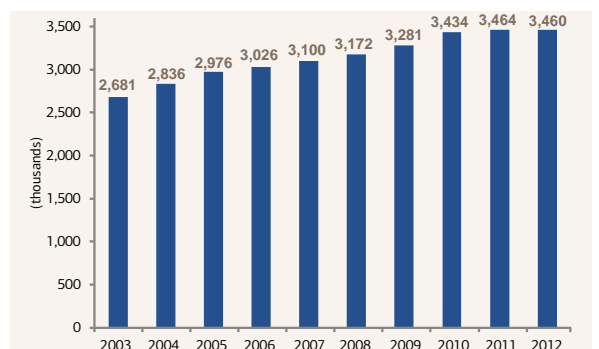
Sources: Joint Center for Housing Studies of Harvard, AARP

Figure 30: Number of nursing home residents, 2003-2012



Source: Centers for Medicare and Medicaid Services, 2013

Figure 31: Number of home health care recipients, 2003-2012



Source: Centers for Medicare and Medicaid Services, 2013

Preparing for Choices and Challenges



This study reveals new choices and opportunities retirees have to live in homes and communities that can make their lives even more fulfilling. Achieving your best home in retirement and navigating challenges requires careful forethought and preparation, including:

1. When deciding where to live in retirement, whether you decide to move or stay in your current home, carefully consider a range of priorities that will be important to you in future lifestages. These may include affordability, climate, proximity to family and friends, recreational or cultural activities, opportunities for continued work, access to good health care, etc. Consider trying out a potential area to live in retirement with extended visits or short-term rentals.
2. Consider all expenses when forecasting potential home-related costs during retirement, including mortgage or rent payments; income, estate, and property taxes; and insurance, relocation, utilities, repairs and maintenance, and other expenses. It is also important to consider whether you might want to renovate or remodel your home in retirement and plan and budget for those expenses as well.
3. Assess whether you should pay off your mortgage before retirement. Paying off your mortgage before you retire can create greater financial security and peace of mind. But there are many factors – such as your risk tolerance, interest rates, taxes, estate planning, and other investment opportunities – that you should factor into this decision.
4. Don't assume you will downsize your home in retirement. Moving to a smaller home can provide cash and reduce expenses, but you may find your current or even a larger home better fits your lifestyle and family needs in retirement.
5. Prepare for long-term care, in case it is needed, by researching options that would enable you to receive care where you most prefer, whether you choose to move to supportive communities and housing or to stay in your own home.
6. Consider home modifications and services that can empower you to remain in your own home if you face health challenges. Modifications like installing lower counters and tables, replacing lever handles, enhancing bathroom safety features, and changing your living situation to avoid the use of stairs can make it easier to get around your home. Home care services and health monitoring and alert technologies can enable you to continue living independently as long as possible.



- ¹ Age Wave calculations based on Federal Reserve data, 2013. Calculations include home equity only in primary residence.
- ² Age Wave calculations based on survey responses and U.S. Census data, 2014.
- ³ Pew Research Center, 2014. “In Post-Recession Era, Young Adults Drive Continuing Rise in Multi-generational Living.”
- ⁴ PBS NewsHour, 2014. “Why more seniors are going back to college — to retire.”
- ⁵ New York Times, 2014. Kelly, C. “Choosing to Live Abroad in Retirement.”
- ⁶ Age Wave calculations based on U.S. Census, 2013. Includes migration within the U.S.
- ⁷ Centers for Medicare and Medicaid Services, 2009.
- ⁸ National Center for Assisted Living (NCAL), American Health Care Association (AHCA), Assisted Living Federation of America (ALFA), Association of Homes & Services for the Aging (AAHSA), National Investment Center for the Seniors Housing & Care Industry (NIC), 2009. “2009 Overview of Assisted Living.”

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Home in Retirement: More Freedom, New Choices, 2015

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<u>Publication</u>	<u>Date</u>	<u>Title</u>
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<i>Money</i>	2/25/15	Boomers' Homes Are Once Again Their Castles
<i>PBS Next Avenue</i>	2/25/15	Homes of Retirees: I Want It My Way
<i>Los Angeles Times</i>	2/25/15	Retiree preferences are poised to drive the housing market, study says
<i>The Chicago Tribune</i>	2/28/15	Study explores new realities of retirement and homeownership
<i>The Wall Street Journal</i>	3/17/15	Why Many Retirees Are Upsizing Into Larger Homes by Maddy Dychtwald
<i>CBS Money Watch</i>	3/24/15	Where should you live after retirement?
<i>U.S. News and World Report</i>	3/30/15	Why Some Seniors Are Upsizing in Retirement
<i>The New York Times</i>	10/2/15	Downsizing Offers a Fresh Start for Older Adults
<i>Forbes</i>	9/6/18	How to Continue Living at Home in Your Old Age

Giving in Retirement: America's Longevity Bonus

A Merrill Lynch Retirement Study conducted
in partnership with Age Wave



Merrill Lynch

Bank of America Corporation

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Introduction



Two-thirds (65%) of retirees say retirement is the best time in life to give back. How retirees give—through financial contributions or by volunteering their time and skills—will have important implications for how our nation’s challenges and needs will be met in the years ahead.

Generosity is at the heart of America. Total U.S. charitable donations reached a record high of \$358 billion last year. While corporations and foundations account for some of this amount, 80% of giving in the U.S. comes from individuals and families.¹ In addition, Americans contributed 7.7 billion hours in 2013 through volunteering for charities, nonprofits, and causes.² Based on rates of charitable donations, volunteering, and helping out neighbors and strangers in need, the U.S. ranks among the most generous nations in the world.³

But while people of all age groups give generously, the center of gravity of giving is about to shift. Over the next two decades there will be a surge in giving by retirees: America’s \$8 trillion “Longevity Bonus.” Three forces are converging to create this new phenomenon:

- The movement of the massive boomer generation into their retirement years
- Increasing longevity, which means more people may spend more years in retirement
- High rates of giving among retired men and women (especially women)—of both money and time

The impact of the “Longevity Bonus” is not only about how much retirees give, but also how they give. The *Giving in Retirement: America’s Longevity Bonus* Study is an in-depth exploration of the priorities, rewards, and challenges of giving in retirement.

The Study uncovers:

- How retirement transforms giving, and why retirees are able to give more, and with greater impact, than younger age groups
- How giving gives back, and why giving can be a key ingredient to make retirement happier, healthier, and more purposeful
- The #1 motivation for retirees to give
- How the boomer generation will give differently—and with more potential impact—than prior generations
- Seven strategies for teaching generosity to the next generation, and which strategy retirees say is the most effective
- How “giving while living” to family, rather than waiting until the end of life, is becoming the new norm
- How women are the more generous gender, and are increasingly taking control of giving in retirement
- The top barriers that limit giving by retirees, and what is most important when retirees seek guidance and advice
- The five giving conversations couples should have
- Methods and innovations that can make giving in retirement both more impactful and personally fulfilling

The following report summarizes the key findings of our Study.

Methodology



This research study, completed in July 2015, was conducted in partnership with Age Wave and executed by TNS via an online data collection methodology. The sample is nationally representative of age, gender, ethnicity, income, and geography. The survey was conducted among a total of 3,694 adult respondents age 25+. The generational distribution of the 3,694 respondents is: 762 Silent Generation (age 70-90), 2,140 Boomers (age 51-69), 373 Generation Xers (age 39-50), and 419 Millennials (age 25-38). Qualitative research—six focus groups among both pre-retirees and retirees, and interviews with national thought leaders on a variety of topics related to giving—was also conducted prior to the quantitative research.



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The \$8 Trillion “Longevity Bonus”



Retirees lead the nation in giving. As the boomer generation retires, they will help create an \$8 trillion surge — the total value of retirees giving and volunteering.

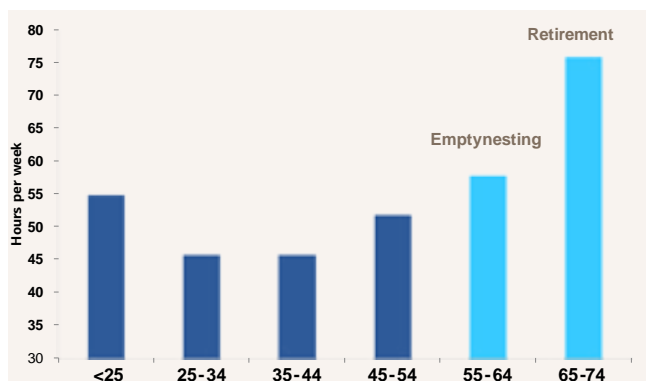
The Retirement Giving Potential

Giving back is important to Americans of all ages. However, younger Americans face many constraints on their giving: work schedules, the responsibilities and costs of raising a family, and daily expenses that often leave little extra time or money for either volunteering or charitable donations.

For many, retirement unleashes new opportunities to give. Retirees have the greatest amount of time, savings, life experiences, and skills they can contribute to charities, nonprofits, and causes.

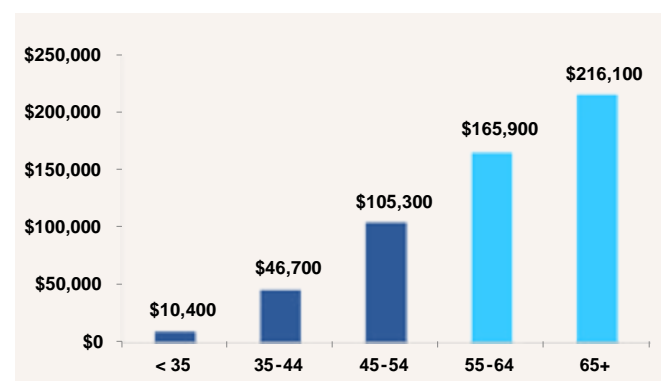
- *More time.* As people emptynest and retire from full-time work, they gain free time and become more available to engage in charitable giving and volunteering (FIG 1).
- *More savings.* Many retirees have accumulated savings—which are necessary to fund their retirement years—but part of which may be available to contribute to causes and needs they are passionate about (FIG 2).
- *More skills.* Retirees bring a lifetime of experience when they give back. According to our survey, 84% of retirees say an important reason they are able to give more in retirement is that they have greater skills and talents compared to when they were younger.

Figure 1: Discretionary time, by age group



Source: BLS Time Use Survey, 2014; discretionary time defined as time not spent for work, educational activities, sleeping, personal care, household chores, and caring for others

Figure 2: Median net worth, by age of household

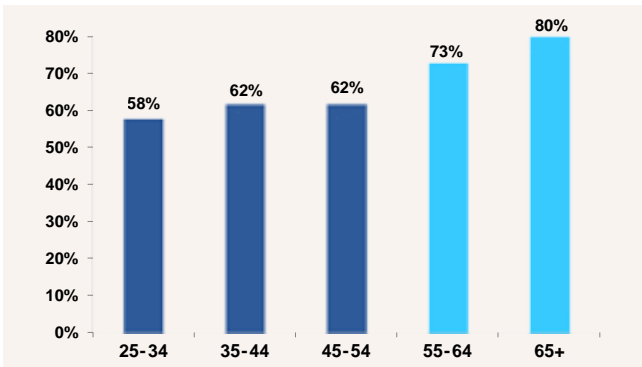


Source: Federal Reserve, “Changes in U.S. Family Finances from 2010 to 2013: Evidence from the Survey of Consumer Finances,” 2014

The Most Generous Americans

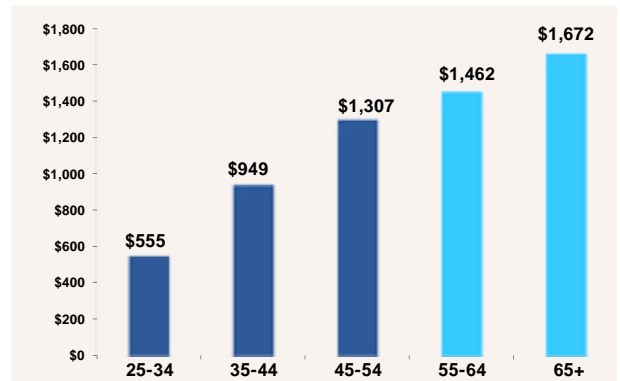
With more time, savings, and skills to contribute, two-thirds (65%) of retirees say retirement is the best time in life to give back. As people move to and through their retirement years, giving often escalates. Older adults are the most likely to donate money or goods to charities (FIG 3), and among those who give, contributions are by far the most dollars of any age group (FIG 4).

Figure 3: Percent who give money/goods to charities, nonprofits, or causes, by age



Base: Age 25+

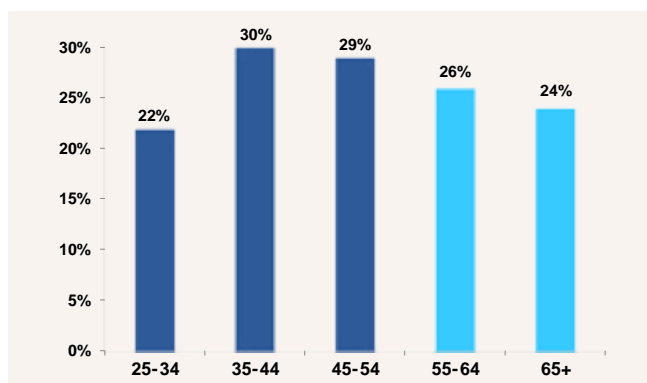
Figure 4: Average amount given to charities, by age



Base: Age 25+ who gave money/goods to a charity, nonprofit, or cause in the last 12 months

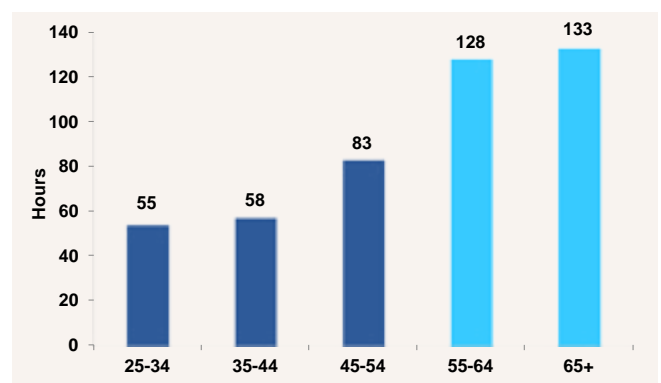
A similar pattern emerges when looking at volunteering. Currently, older adults are not the most likely to volunteer: The percentage of people volunteering is highest in midlife (FIG 5), often related to volunteer activities with their school-age children.⁴ But while midlife volunteers often have limited time to contribute, older adults give much more of their time. The average number of hours contributed by volunteers soars among older adults (FIG 6).

Figure 5: Percent who volunteer for a charity, by age



Source: Bureau of Labor Statistics, 2015

Figure 6: Average hours volunteered per year, by age

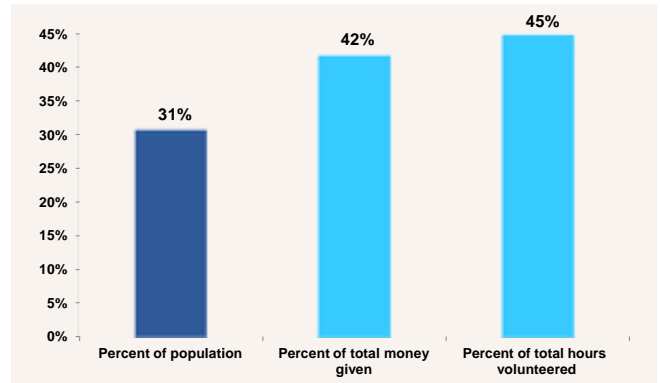


Base: Age 25+ who volunteered for a charity, nonprofit, or cause in the last 12 months

Without question, when considering contributions of both money and time, retirees lead the nation in giving. Although retirees account for less than a third (31%) of the adult U.S. population (age 25+), they contribute:

- 42% of money given to charity
- Nearly half (45%) of total volunteer hours (FIG 7)

Figure 7: Retirees as a percent of total U.S. adult (age 25+) population, financial contributions, and volunteer hours



Source: Calculations based on U.S. Census and "Giving in Retirement: America's Longevity Bonus" survey data



Giving with Greater Impact

In addition to giving more than younger age groups, retirees also give differently. Retirees report that retirement can be a gateway to more fulfilling and effective giving. Compared to before they retired, the majority of retirees say they now give in a way that is more focused, hands-on, and impact-oriented (FIG 8).

In fact, giving with impact is a priority for retirees. There are many motivations for giving, including having greater purpose, staying active and connected, expressing religious or spiritual beliefs, and charitable tax deductions. However, for retirees, “making a difference in the lives of others” is by far the top motivation to give, 5x more important than getting tax deductions (FIG 9).

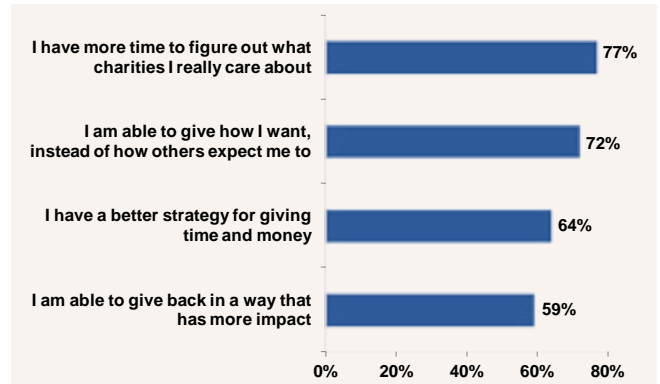
America’s “Longevity Bonus”

What is the future of retiree giving? To answer this question, this study calculated the Longevity Bonus, the total value of money and time that retirees are projected to give. Three forces will drive a surge in retiree giving over the next two decades:

- The movement of the massive boomer generation into their retirement years.
- Increasing longevity, which means more people will spend more years in retirement. The aging of the boomers and increasing longevity will drive the age 65+ population up by 57% (FIG 10).
- High rates of giving among retirees, who, as the survey found, have more free time and savings than younger adults, and give more generously than people in their working years.

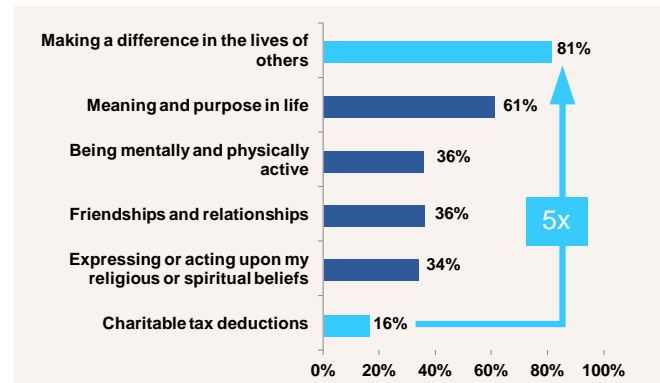
The combined effect of these three forces is the potential for tremendous growth in financial giving. Assuming giving rates among retirees remain at the level they are today, **we believe charitable financial giving from retirees over the next two decades will swell to an estimated \$6.6 trillion.**⁵

Figure 8: Compared to how I gave before I retired, in retirement ... (% agree)



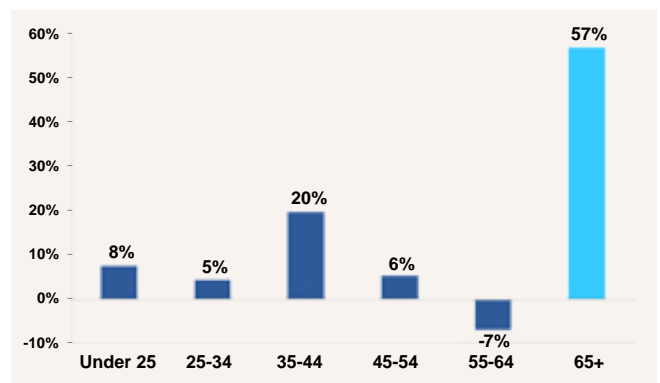
Base: Age 50+ retirees

Figure 9: Greatest motivations for charitable giving or volunteering among retirees



Base: Age 50+ retirees

Figure 10: Change in population by age group: 2016-2035



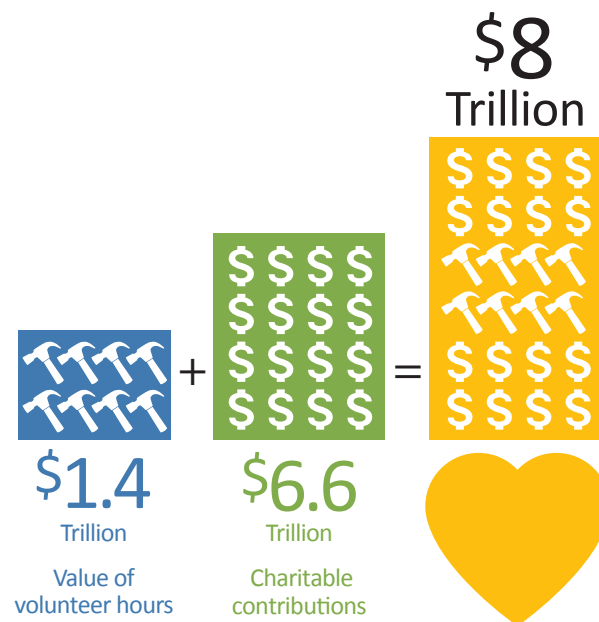
Source: U.S. Census Bureau, 2015

But it's not just about money. Retirees are projected to volunteer 58 billion hours over the next two decades. Assuming industry standard measures of the value of volunteer time, **we believe retiree volunteering will contribute almost \$1.4 trillion worth of services nationwide.**⁶

In total, we believe the value of giving by retirees, including both charitable giving and the value of volunteer hours, will create an estimated \$8 trillion Longevity Bonus cumulatively over the next two decades (FIG 11).

Figure 11: Estimated value of retiree charitable contributions: 2016-2035 (in \$ trillions)

America's Longevity Bonus (2016-2035)



Source: Calculations based on data from the Center for Wealth and Philanthropy at Boston College, the U.S. Census, the U.S. Corporation for National Community Service, and Giving in Retirement: America's Longevity Bonus survey.

Boomers Will Transform Giving

The Longevity Bonus also means new kinds of giving are on the horizon. As the boomer generation moves into retirement over the next two decades, they are poised to transform how people give during a stage of life already characterized by high levels of generosity. Compared to their parents' generation, boomers say they are more strategic, hands-on, and demanding with how their time and financial contributions are used. They also say they are more likely to want to fully leverage the talents and skills developed over a lifetime when volunteering (FIG 12).

Figure 12: According to boomers, which generation is more likely to...



Base: Boomers (age 51-69)

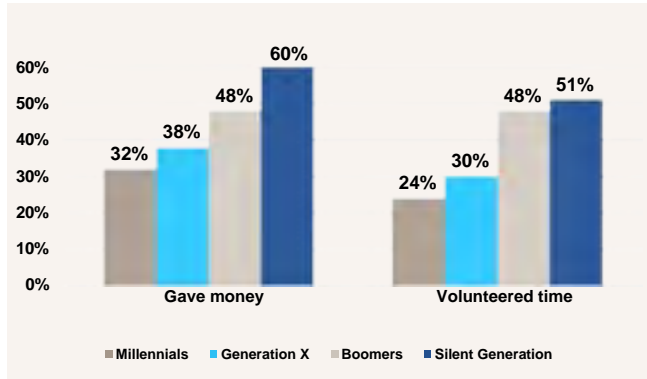


Retirement Giving Priorities

Today’s retirees give generously to a variety of causes. However, they are most likely to give to religious or spiritual charities, nonprofits, and causes. Among retirees who donate money or goods, about half (53%) donated to religious or spiritual organizations or causes in the past year (far more than, for example, to poverty relief (31%), disaster relief (26%), or educational institutions (19%)). Similarly, among retiree volunteers, almost half (48%) gave their time to religious/spiritual organizations or causes—three times the rate of retiree volunteering for any other type of recipient.

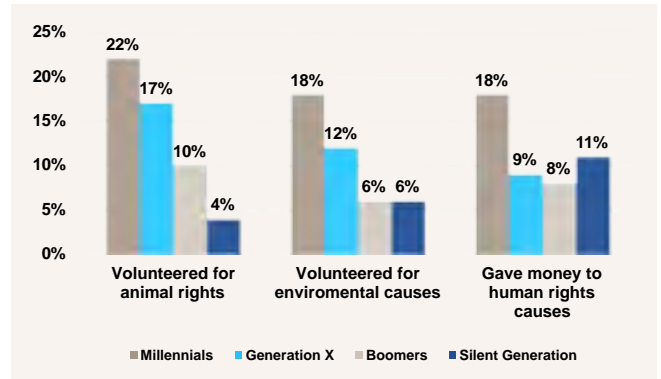
Future generations of retirees may change the giving landscape. Younger generations are less likely to give to religious or spiritual causes and more likely to give to animal rights, environment, and human rights causes (FIGS 13 and 14).

Figure 13: Percent who give to religious/spiritual charities, nonprofits, or causes, by generation



Base: Age 25+ who gave money or volunteered in the last 12 months; Bases vary

Figure 14: Percent who give to select causes, by generation



Base: Age 25+ who gave money or volunteered in the last 12 months; Bases vary

Giving Gives Back

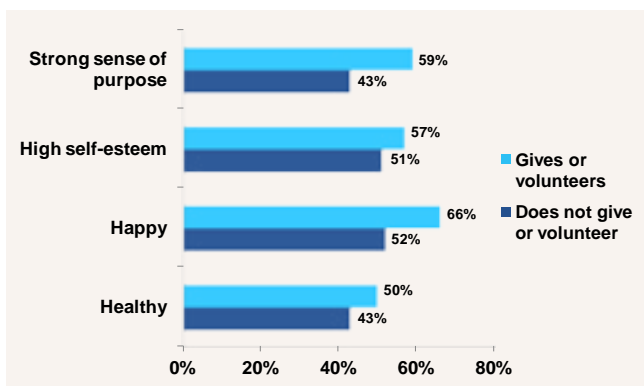


Giving is a key ingredient to a better retirement. Today's retirees are almost 6x more likely to define success by their generosity, rather than by their wealth.

Giving Transforms Retirement

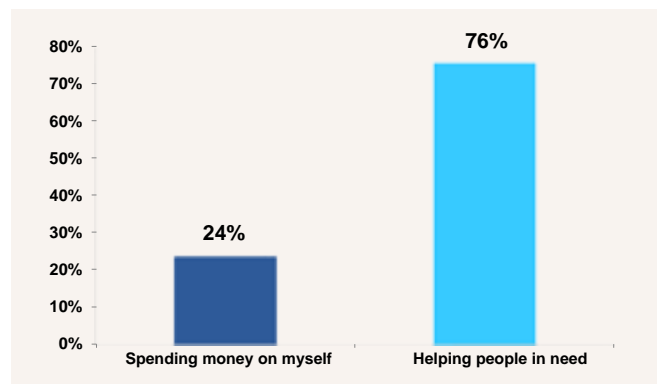
The Longevity Bonus has the potential to transform giving in the years ahead. But giving can also transform retirement. Seven in ten retirees (69%) say being generous is an important source of happiness in their retirement years. Retirees who give are more likely than those who don't to say they have a strong sense of purpose, high self-esteem, and are happy and healthy (FIG 15). Multiple studies have demonstrated that giving and volunteering are associated with lower rates of depression, blood pressure, and mortality.⁷ Retirees are 3x more likely to say "helping people in need" brings them greater happiness vs. "spending money on themselves" (FIG 16).

Figure 15: Percent of retirees who say they have/are ...



Base: Age 50+ retirees; includes giving and volunteering activities in the last 12 months

Figure 16: Which of the following brings you greater happiness in retirement?



Base: Age 50+ retirees

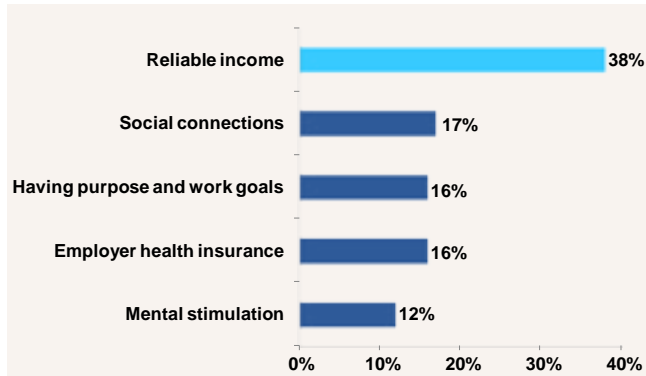
"We make a living by what we get. We make a life by what we give."

—Sir Winston Churchill

The Giving Connection

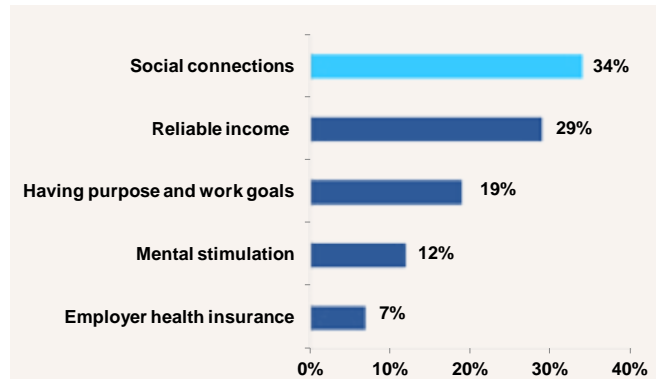
While pre-retirees predict “a reliable income” is what they’ll miss most after leaving work (FIG 17), retirees tell us instead that it is actually the social connections that they miss most (FIG 18). By helping retirees connect with other people who have similar interests, values, and passions, giving and volunteering can often help create new friendships to replace the social connections that can be lost when people retire. Eighty-five percent of retiree volunteers say they have developed important new friendships through their giving and volunteering activities.

Figure 17: Percent pre-retirees who say what they will miss most in retirement



Source: Merrill Lynch/Age Wave “Americans’ Perspectives on New Retirement Realities and the Longevity Bonus” Survey 2013, among pre-retirees

Figure 18: Percent retirees who say what they do miss most in retirement



Source: Merrill Lynch/Age Wave “Americans’ Perspectives on New Retirement Realities and the Longevity Bonus” Survey 2013, among retirees

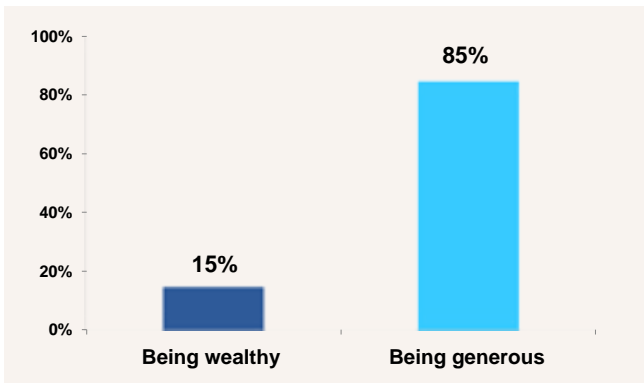


Success Redefined

During the working years, many people define their success by career advancement or the size of their bank account, house, or paycheck. But in retirement, a new definition of success emerges. Today’s retirees are almost 6x more likely to define success by their generosity, rather than their wealth (FIG 19).

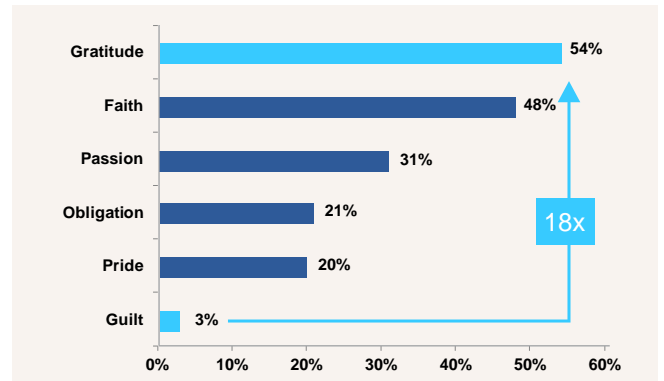
In fact, retirees say a top reason they want to give is because they are grateful for what they have had in their lives. They are 18x more likely to say they are motivated to give by feelings of “gratitude” rather than “guilt” (FIG 20).

Figure 19: Which of the following better defines success in retirement?



Base: Age 50+ retirees

Figure 20: Top motivations for retirees to give or volunteer

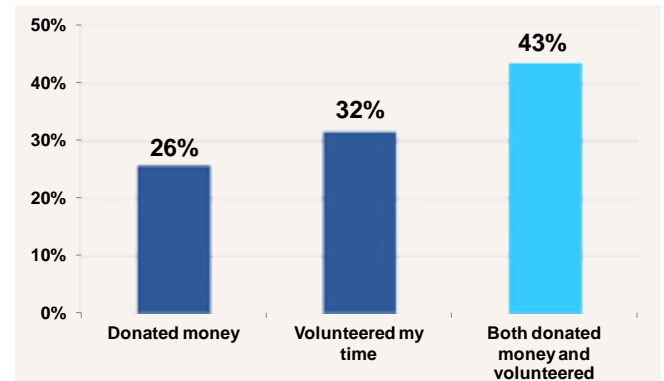


Base: Age 50+ retirees

Money + Time = Most Fulfilling Giving Experience

Giving money or time to a cause often creates a better retirement experience. But for the greatest personal payback, the best strategy is to do both. A quarter of retirees (26%) say that their most fulfilling giving experience was when they donated money, and a third say it was when they volunteered. However, retirees are most likely (44%) to say that their most fulfilling giving experience was when they combined their money and volunteering time and gave both to a charity, nonprofit, or cause they cared about (FIG 21).

Figure 21: In your most fulfilling giving experience, in what ways did you contribute?



Base: Age 50+ retirees

“Before I retired, I just wrote checks to charities. I didn’t have time for anything else. In retirement, I give of my money, my time, and myself. Now I can really feel the difference I am making.” —Focus Group Participant

Giving to Family



Giving to family is top of mind, including both creating a meaningful legacy and helping out family members in times of need.

A Legacy Is Now Much More Than Money

Some may think that an inheritance is principally about financial assets and real estate. While a financial inheritance can be an important part of one's legacy, today's retirees are 2x more likely to say it is very important to them to pass on "values and life lessons" vs. "financial assets or real estate". And perhaps even more surprisingly, younger generations are 2.5x more likely to say receiving values and life lessons is very important vs. receiving financial assets.

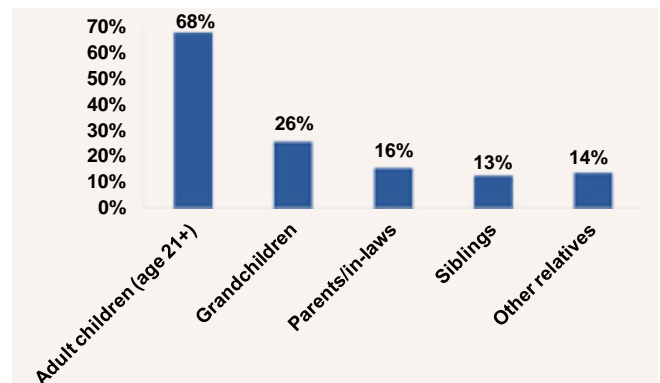
Giving While Living

Today, giving to family no longer means waiting until the end of life. Three in four retirees (77%) now prefer to give money to family throughout their retirement years. With today's unprecedented longevity, parents might live until their children are in their 50s, 60s, or even older. The times of greatest need in the lives of children are likely to be well before we pass away.

The Merrill Lynch/Age Wave 2013 study Family & Retirement: The Elephant in the Room, revealed that six in ten people (62%) age 50+ provide some kind of financial support to family members in the last five years. Financial help can extend in multiple directions, including to adult children, grandchildren, parents and in-laws, and siblings (FIG 22).

However, "giving while living" introduces a new challenge: Retirees must carefully balance generosity toward family with their own financial needs in retirement. Giving too much without accounting for future needs may jeopardize their retirement financial security—and ultimately require them to rely on support from their family.

Figure 22: Percent who provided financial support to family members in the last five years



Source: Merrill Lynch/Age Wave "Family & Retirement: The Elephant in the Room" Survey 2013; among age 50+ with adult children/grandchildren/parents/siblings/other relatives; bases vary



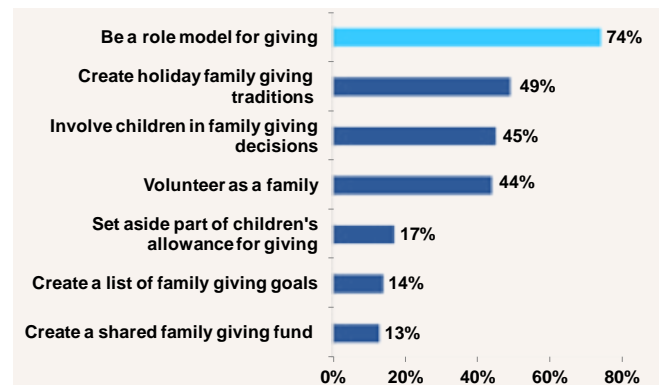
Sage Advice: How to Teach Generosity to the Next Generation

For many retirees, the importance of generosity is one of the values and life lessons they most want to pass on to the next generation. In our study, we interviewed thought leaders on giving from around the country to uncover seven best practices to teach generosity to the next generation:

1. Be a role model for giving by sharing your giving experiences and why they are meaningful for you.
2. Create family giving traditions during holidays, such as making a trip to local charities to donate together.
3. Involve children in family giving decisions so they can better understand how to set priorities, identify giving goals, and decide between giving options.
4. Volunteer as a family. According to our study, seven in ten (71%) retirees say volunteering and giving together deepens family relationships.
5. Set aside part of children's allowance for giving, so that giving can become a habit.
6. Create a list of family giving goals so that values can be discussed and shared among family members.
7. Create a shared family giving fund so that family members can better understand how to budget responsibly for their giving priorities.

The survey asked retirees to rank what they felt were the most effective ways to teach generosity. A top strategy, according to retirees, is “teaching by doing”—being a role model for the next generation through one’s own giving (FIG 23).

Figure 23: What are the most effective ways to teach generosity to the next generation?



Base: Age 50+ retirees



The More Generous Gender



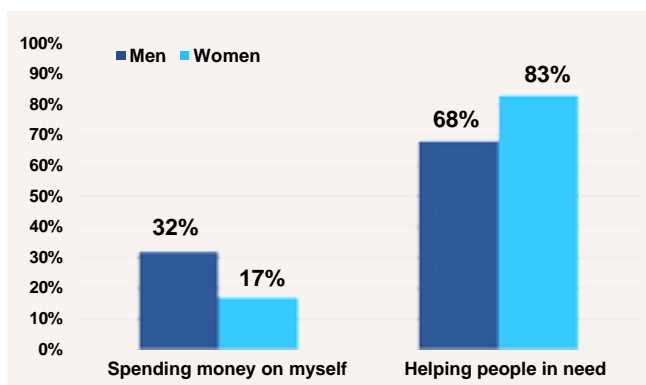
When it comes to giving, the genders are not equal. Women are more generous than men—and are leading the retirement giving revolution.

Our study uncovered six ways retired women are different from retired men. Women in retirement are more likely to:

- (1) prioritize giving;
- (2) give and volunteer;
- (3) be motivated by gratitude, faith, and passion;
- (4) take the lead in couples' giving decision-making;
- (5) prefer “giving while living” to family; and
- (6) control inheritance decisions and make charitable bequests.

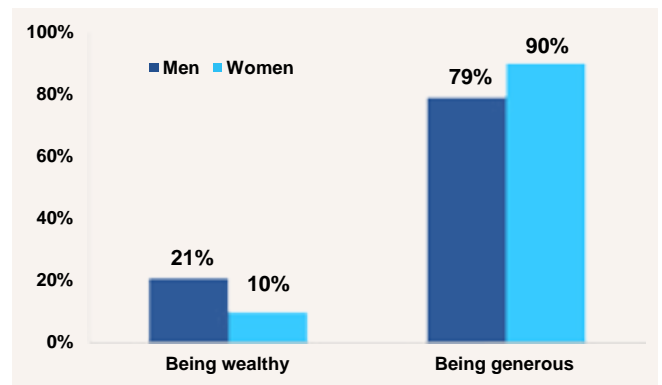
1. **Women are more likely to say giving is a high priority in retirement.** They are more likely than retired men to say that retirement is the best time in life to give back (68% vs. 62%). They are more likely than men to say that they get greater happiness from “helping people in need” than from “spending money on themselves” (FIG 24). Women are also more likely than men to define success in retirement by generosity vs. wealth (FIG 25).
2. **Women are more likely to give in retirement.** Compared to retired men, retired women are both more likely to contribute financially (81% vs. 71%) and to volunteer their time (29% vs. 22%) to charities, nonprofits, and causes.

Figure 24: Which of the following brings greater happiness at this time in your life?



Base: Age 50+ retirees

Figure 25: Which of the following better defines success in retirement?

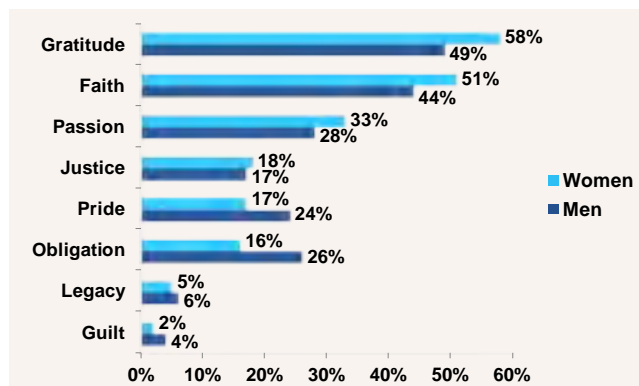


Base: Age 50+ retirees

3. **Women are motivated differently to give.** When it comes to motivations for giving, both genders are highly motivated by gratitude, faith, and passion—but women are even more so than men. Men more often than women say they are motivated to give out of a sense of obligation to a cause or their community, or out of the sense of pride they gain when making a difference (FIG 26).

4. **Married women are more likely than their husbands to take the lead on many giving decisions.** When married retirees make decisions regarding how and where they give, they often make the decisions together—particularly when it comes to making larger financial donations. However, when retired spouses plan how they will volunteer and make smaller financial donations, the decision is made jointly only about half the time—and women are significantly more likely than their husbands to be in charge (FIG 27).

Figure 26: Top motivations for retirees to give or volunteer



Base: Age 50+ retirees

Figure 27: Who takes the lead in making decisions regarding...?

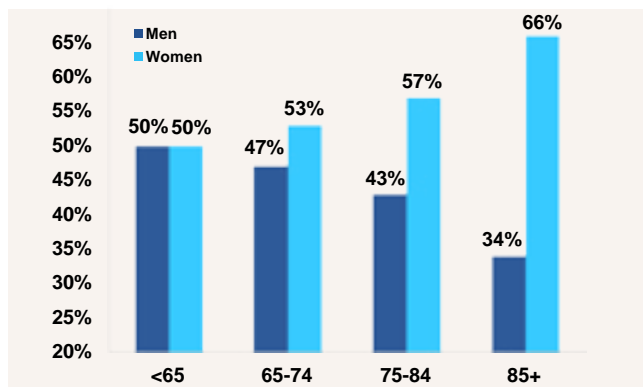
	Wife	Husband	Equal
Volunteering Activities	34%	22%	44%
Smaller Financial Donations	28%	18%	54%
Larger Financial Donations	12%	12%	74%

Base: Age 50+ married retirees

5. **Women are more likely to prefer to give while living.** When it comes to passing money on, retired women are even more likely than retired men to say they prefer to give money to family members while still alive, rather than passing it on as an inheritance (81% vs. 73%).

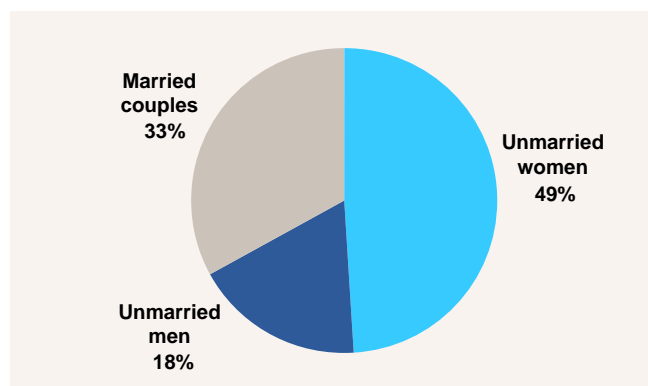
6. **In later life, women are increasingly the ones to control inheritance and giving decisions, both to family and charitable causes.** In part, women’s growing influence is a result of their greater longevity. On average, women outlive men by six years,⁹ and in later life women significantly outnumber men. Among Americans age 85 or older, there are almost twice as many women as men (FIG 28). Women are 3x more likely than men to be widowed in later life,¹⁰ and therefore often decide how and where to pass on money and assets—both to family and charitable causes. Among people age 55+, unmarried women, including those who are widowed, divorced, or never married, already contribute nearly half (49%) of all charitable bequests (FIG 29).

Figure 28: Percent of U.S. men and women by age group



Source: U.S. Census Bureau, 2015

Figure 29: Who leaves charitable bequests?



Source: American Charitable Bequest Demographics, 2013; among age 55+



A Game Plan for Greater Giving



Creating a retirement giving game plan can empower retirees to unleash their Longevity Bonus.

Retirees are equipped with both greater potential and greater passion for giving, but they also face challenges. Retirees report that top barriers that limit their giving include knowing which charities to trust, having too many options to choose from, and financial limitations (FIG 30).

Today's giving landscape is complex, but with a sound game plan retirees can give with the greatest impact and personal fulfillment. This game plan includes:

1. Explore your giving goals
2. Maximize your impact
3. Assess and refine your giving game plan

1. Explore Your Giving Goals

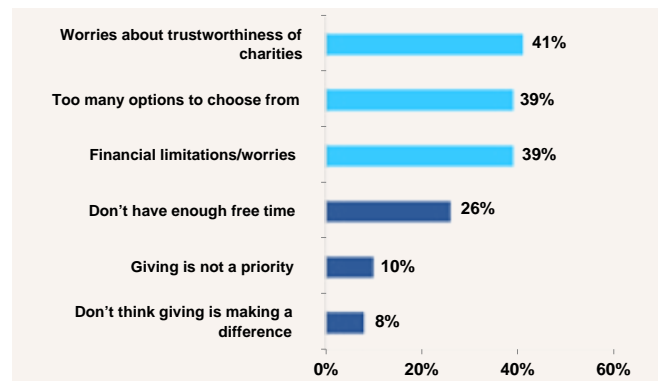
Before retirement, many people have little time to develop a giving strategy that addresses their goals, values, and priorities. Moreover, their giving activities may often be driven by needs and obligations such as volunteering for their children's schools or pitching in through workplace giving programs. Retirement can be an opportunity to rethink your giving strategy, and to explore and discover what is most important to you.

- What are your top motivations?
- What do you find most fulfilling when giving?
- What are you most hoping to achieve?
- What values are you hoping to express or bring to life?

Everyone has unique goals, and exploring and identifying these giving goals can be a very important first step in developing a giving game plan. In fact, when asked what is most important in the ideal giving guide or advisor, retirees say they are looking for someone who “understands my values and priorities” (FIG 31).

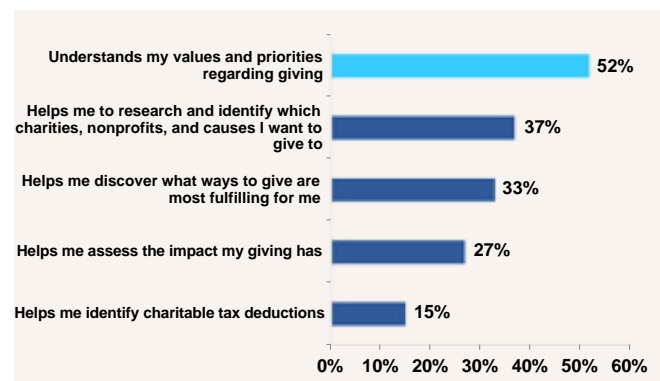
Creating a budget is also an important step to help prioritize among different giving options, ensure one's own financial security, and create a lasting strategy that enables you to give to causes you care about throughout retirement. However, four in five (80%) retirees who gave to a charity or nonprofit last year did not create a budget for how much to give. Similarly, the vast majority of people age 50+ have never budgeted and prepared for giving or providing financial help to other family members (88%)—even though they are highly likely to provide such support.¹¹

Figure 30: Top reasons retirees limit their giving



Base: Age 50+ retirees who give or volunteer

Figure 31: What is most important in the ideal person to guide and advise your giving activities?

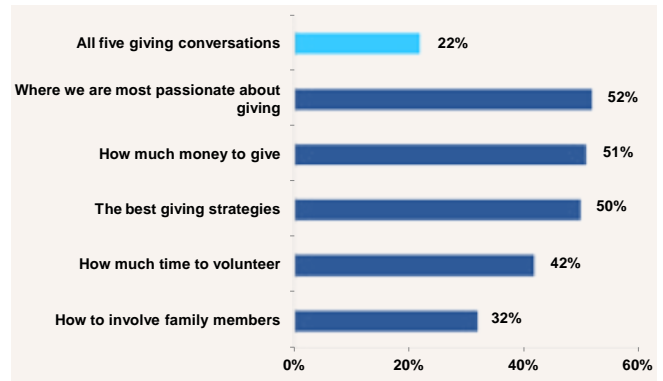


Base: Age 50+ retirees

For retiree couples, talking about and agreeing on their giving goals and strategy can help spouses and partners understand each other's priorities and enable them to give with the greatest impact. Three-quarters of married retirees (77%) say it is very important to have in-depth conversations about giving with their spouse. This study reveals five important conversations for spouses to have about giving:

1. Where we feel most passionate about giving
2. How much money to give
3. How much time to volunteer
4. The best giving strategies
5. How to involve family members in our giving

Figure 32: Percent have discussed/agreed with spouse regarding...



Base: Age 50+ married retirees

Though married retirees say discussions are important, there is still a significant absence of planning, discussion, coordination of giving priorities and activities between spouses. Only one in five retirees (22%) say they have addressed all five giving conversation topics with their spouse (FIG 32).

There is a payoff when spouses explore giving priorities and make giving decisions together. Retiree couples who have engaged in all five giving conversations are more likely than those who haven't to say that giving is an important source of happiness in their retirement (79% vs. 64%).

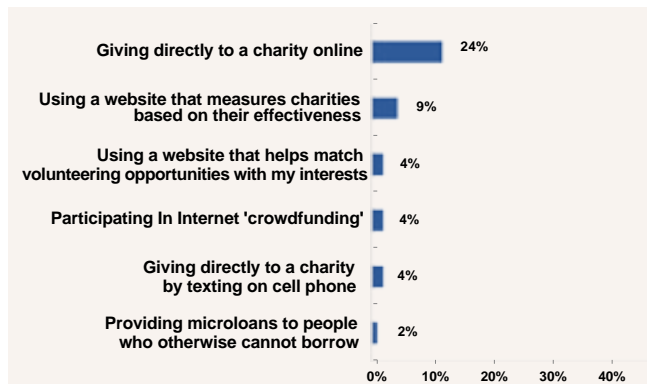


2. Maximize Your Impact

Among prior generations, mailing a check to a worthy cause was a standard way to give. Today, there are a growing number of ways to both research and identify giving options, and to give in ways that optimize the impact of your contributions. A few examples include:

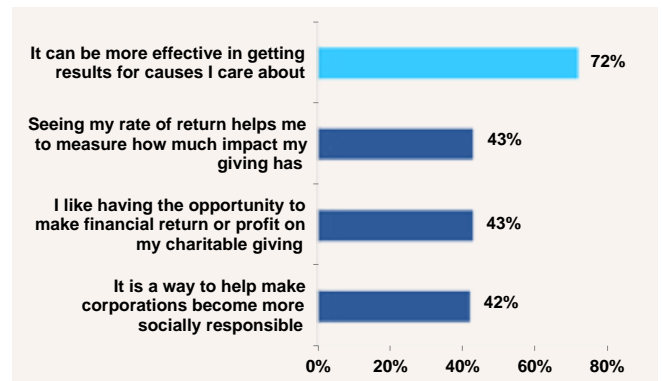
- **Leverage technology innovations.** Technology is creating new ways to identify, research, and give to charities and causes. These technologies are gaining popularity among younger generations, but they have been slower to catch on with retirees (FIG 33).
- **Launch an encore career.** Seven in ten (72%) pre-retirees age 50+ say they want to keep working after they retire.¹² Many find fulfillment in an “encore career,” where they work for pay (perhaps earning less than before retirement) in a field that enables them to give back.¹³
- **Engage in voluntourism.** Voluntourism, or “volunteer vacations,” combines a vacation with volunteering at a travel destination, and provides opportunities for cultural immersion, learning, and new friendships, as well as giving back.
- **Become a mentor.** Many retirees have a lifetime of valuable skills and experience. Becoming a mentor, either informally or through an established program, can be one form of volunteering that enables retirees to pass on their knowledge and connect with the next generation.
- **Start your own program or organization.** Although this approach has its challenges, one in five of today’s retirees (19%) say they have an appetite to become hands-on “philanthropreneurs,” and start their own nonprofit to address a need they care about.
- **Consider social impact investing.** This can include buying stocks or bonds, and mutual funds or making other investments designed to have a positive social or environmental impact in addition to financial returns.* Although retirees say financial returns from social impact investing can be appealing, the top benefit cited by retirees is that social impact investing is more effective in getting results for causes they care about (FIG 34).

Figure 33: Percent retirees who have used/participated in the last 12 months



Base: Age 50+ retirees

Figure 34: Compared to other ways of giving, what do you find most appealing about social impact investing?



Base: Age 50+ retirees

*Social impact investing is a relatively new and evolving investment opportunity which is highly speculative and involves a high degree of risk. An investor could lose all or a substantial amount of their investment.

- **Donate appreciated assets** to reduce capital gains. Rather than donating cash, giving appreciated assets such as stocks, mutual funds or real estate to a charity can be a win-win: This strategy may reduce the donor's capital gains tax on the asset's appreciation, while the charity receives the full market value of the gift.
- **Use an IRA or other retirement accounts.** There are multiple options such as donating distributions directly to charities; naming charities as beneficiaries; or leaving retirement accounts to charities upon death. Each option has different requirements and impacts on estate planning, as well as current and future taxes.
- **Open a donor advised fund account.** With a donor-advised fund account, donors make a charitable contribution and receive an immediate tax benefit, and then request gifts to their favorite charities from the account over time. Donor advised funds are simple to use and are becoming increasingly popular. In 2013, contributions to donor advised funds totaled \$17.3 billion—an 86% increase over the prior five years.¹⁴
- **Use a charitable gift annuity (CGA).** Many nonprofit organizations offer CGAs to their donors. CGAs are similar to regular commercial annuities, with an upfront donation in exchange for an annuity stream of income, now or deferred. The CGA contract is with the nonprofit organization instead of an insurance company. The upfront contribution is a charitable donation that creates a tax deduction.
- **Create a charitable trust.** Trusts can combine goals such as “splitting” the interest from assets donated to the trust. One form of charitable trust provides an income stream to the donor in exchange for the donation, while leaving remaining assets to a charity – or vice versa, where the trust assets provide income to charities while leaving assets to heirs. These methods can be complex and require outside assistance to set up.
- **Start a private foundation.** For specialized, more extensive goals or donations, a private foundation may make sense. Foundations have overhead in establishing and managing, but provide flexibility and control in supporting very specific causes and managing foundation assets that have been donated. Foundations are also complex with legal and tax assistance to set up and maintain annually.

3. Assess and Refine Your Giving Game Plan

Generosity can be an ongoing journey in retirement. You can periodically measure giving activities against giving priorities, maintain a giving plan consistent with your long-term financial security, and identify which kinds of giving are most fulfilling.

You may also want to assess whether your efforts have achieved the impact you want by following up on the results of programs you have donated to or volunteered for. Other ways to evaluate impact include speaking with other donors or volunteers about their experiences, or researching the reputation of the charitable organizations you support.

By evaluating your goals and impact, you can continue to build upon and find new ways to give back that meet your personal and family goals, values, and aspirations in the years ahead.



Unleashing Your Longevity Bonus



This study reveals how retirees are poised to unleash an \$8 trillion Longevity Bonus that has the potential to transform giving in the years ahead. Giving back in a way that is both impactful and personally rewarding requires careful planning and forethought, including:

1. Plan ahead for new ways you may want to give in retirement. Retirees have greater freedom and flexibility to give back, and giving can be an important part of happiness and fulfillment in retirement.
2. Look for ways to deeply engage with a charitable organization you have passion for, and combine contributions of both your money and time for greatest impact and fulfillment.
3. Seek ways to create new friendships through volunteering. Loss of social connections can be an unforeseen consequence of retirement, and giving and volunteering can be a great way to build connections with people who share similar interests and values.
4. When planning your legacy, and look for ways to effectively convey your values and life lessons, in addition to any financial assets, to the next generation.
5. Teach generosity to the next generations by leveraging the seven strategies. You may find that being a role model through your own giving is the most effective.
6. When “giving while living”—either to family members or charities—carefully balance your giving objectives with your own retirement financial security.
7. Develop a game plan for the most impactful giving in retirement—including (1) exploring your giving goals, (2) identifying creative avenues to optimize impact, and (3) continuing to assess and refine your giving game plan to both make a difference and create a more satisfying and purposeful retirement.



Endnotes



¹ Giving USA 2015: “The Annual Report on Philanthropy for the Year 2014”, The Giving USA Foundation.

² “Volunteering and Civic Life in America,” 2014, Corporation for National and Community Service and the National Conference on Citizenship.

³ World Giving Index 2014, “Charities Aid Foundation”. Based on Gallup surveys of 195,000 people in 153 nations. In this survey the U.S. ties for the #1 ranking in generosity.

⁴ Volunteer Growth in America: A Review of Trends Since 1974, Corporation for National and Community Service and the National Conference on Citizenship, 2006.

⁵ The retiree charitable financial giving estimate is based on the paper published by the Center for Wealth and Philanthropy at Boston College, released in May of 2014, “A Golden Age of Philanthropy Still Beckons: National Wealth Transfer and Potential for Philanthropy Technical Report” by Havens and Schervish. Our estimate uses data from their scenario, which assumes a 2% growth rate and a \$5 million estate tax exemption. Their 55-year estimates (2007-2061) for lifetime giving and bequests were scaled to 20 years. The lifetime giving potential was adjusted for percent of giving by retirees observed in our survey data. The percentage of giving by retirees was projected to reflect demographic changes forecasted by the U.S. Census Bureau over time. All numbers are in 2015 U.S. dollars. The estimate includes charitable bequests but does not include the value of any gifts or bequests to family members.

⁶ The value of retiree volunteer hours is based on data from our survey, population projections from the U.S. Census Bureau, and the volunteer hourly value estimate from Corporation for National Community Service. U.S. Census Bureau projection data provided expected number of individuals by age group over the 20-year time horizon. Survey data on the likelihood of being retired, likelihood of volunteering, and average number of hours per volunteer by age group were used to create an estimate of the number of retiree volunteer hours. These hours were valued at a rate of \$23.63/hour based on inflation-adjusted estimates derived from figures published by the Independent Sector. All numbers are in 2015 U.S. dollars.

⁷ Examples studies and publications supporting this point include: “A Prospective Study of Volunteerism and Hypertension Risk in Older Adults,” Rodlescia S. Sneed and Sheldon Cohen, 2013; Patricia A. Boyle, Lisa L. Barnes, Aron S. Buchman, and David A. Bennett, “Purpose in Life Is Associated With Mortality Among Community-Dwelling Older Persons,” *Psychosomatic Medicine*, June 2009; “Volunteering and mortality among older adults: findings from a national sample.” Musick MA, Herzog AR, House JS *J Gerontol B Psychol Sci Soc Sci*. 1999 May; 54(3):S173-80.

⁸ Merrill Lynch/Age Wave 2013, “Family & Retirement: The Elephant in the Room.”

⁹ Centers for Disease Control and Prevention 2014, “Health, United States.”

¹⁰ U.S. Administration on Aging 2014, “Profile of Older Americans.”

¹¹ Merrill Lynch/Age Wave 2013, “Family & Retirement: The Elephant in the Room.”

¹² Merrill Lynch/Age Wave 2014, “Work in Retirement: Myths and Motivations Career Reinventions and the New Retirement Workscape.”

¹³ You can learn more about the benefits and strategies to create an encore career at www.encore.org.

¹⁴ 2014 Donor-Advised Fund Report, National Philanthropic Trust.



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Giving in Retirement: America's Longevity Bonus, 2015

Total Story Count: 239

Impressions: 1,301,751,680

Notable Media Coverage

<u>Publication</u>	<u>Date</u>	<u>Title</u>
<i>Huffington Post</i>	10/22/15	Unleashing The \$8 Trillion Longevity Bonus by Ken Dychtwald
<i>Wall Street Journal</i>	10/22/15	Retired Women Are More Generous Than Men by Maddy Dychtwald
<i>Financial Advisor</i>	11/19/15	Retirees Like Impact Investing
<i>U.S. News & World Report</i>	11/16/15	7 Reasons to Volunteer in Retirement
<i>The Washington Post</i>	11/14/15	When retiring, think about finding fun and worthy pursuits
<i>New York Times</i>	11/1/15	Retiree Giving Becomes a Force of Philanthropy
<i>Barron's</i>	10/28/15	Wealth Management Trends for the Rich
<i>ThinkAdvisor</i>	10/22/15	Retirees to Add \$8 Trillion to Economy Through Charity: Report
<i>Forbes</i>	10/23/15	The Coming \$8 Trillion-Plus Retiree Giving Boom
<i>PBS Next Avenue</i>	10/22/15	Boomers In Retirement: The Greatest Giving Generation?

Leisure in Retirement: Beyond the Bucket List

A Merrill Lynch RETIREMENT STUDY
conducted in partnership with Age Wave



Merrill Lynch
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Visit the Leisure in Retirement Experience @ www.ml.com/retirementstudy

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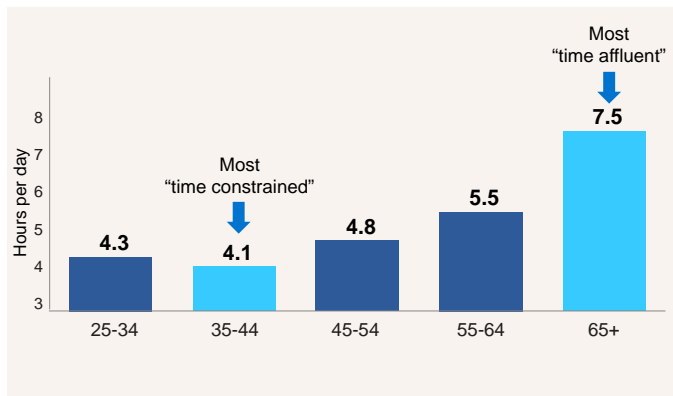
Introduction



With nearly 10,000 boomers retiring each day, a profoundly different portrait of leisure in retirement is emerging—a new leisure that is both transformed and transformative in its power to shape our lives in retirement. Three forces are converging to help create this revolution:

1. **The "Age Wave":** Life expectancy is at an all-time high and the ranks of the retired are growing dramatically.
2. **Time Affluence:** As boomers retire from a workaholic culture, they will swell the ranks of American adults age 65+ in this “time affluent” stage of life (FIG 1).
3. **New Beginnings:** Rather than viewing retirement as the finish line, nine out of ten (88%) retirees now describe it as an opportunity for new beginnings, bringing greater freedom and flexibility and often an entirely new state of mind.

Figure 1: Average hours of leisure per person per day, by age; retirees are the most “time affluent.”



Source: Bureau of Labor Statistics, 2015; U.S. Census Bureau, 2015; Age Wave calculations

Leisure is a dimension of life that is limited in the prime working and childrearing years, but in retirement becomes far more available. Rather than a “winding down,” retirement is becoming the time of life when most individuals report having the greatest amount of fun. Two-thirds (66%) of today’s retirees say they prefer trying new things in their leisure versus doing things they’ve already done. Retirees in total will fill 2.5 trillion hours of leisure time over the next 20 years, creating massive growth in the emerging experiential economy.

This is a first-of-its-kind, in-depth investigation into the priorities, hopes, dreams, and challenges of the new world of leisure in retirement, and reveals how retirees are exploring and enjoying their newfound “time affluence.”

Our study uncovers:

- How the purpose and role of leisure in retirement has evolved and continues to change
- How retirement transforms leisure and, in turn, how leisure is a transformative force in retirement
- Why the “freedom zone” is the most liberating time in life, when retirees enjoy the greatest balance of free time, fun, health, and emotional wellbeing
- Life’s true valuables: the growing importance of experiences over things
- The new social security—the increased importance of social connections with family and friends in retirement
- The four stages of retirement leisure and what defines each one
- The uncharted territory of planning for retirement leisure

The following report summarizes the key findings of our study.

Methodology



This research study, completed in January 2016, was conducted by Merrill Lynch in partnership with Age Wave and executed by TNS via an online data collection methodology. The sample is nationally representative of age, gender, ethnicity, income, and geography. The survey was conducted among a total of 3,712 adult respondents age 25+. The generational distribution of the 3,712 respondents was: 682 silent generation (age 70–90), 2,170 boomers (age 51–69), 447 generation Xers (age 39–50), and 413 millennials (age 25–38). Qualitative research—six focus groups comprised of both pre-retirees and retirees, and interviews with national thought leaders on a variety of topics related to leisure—was also conducted prior to the quantitative research.



About Merrill Lynch Global Wealth Management

Merrill Lynch Global Wealth Management is a leading provider of comprehensive wealth management and investment services for individuals and businesses globally. With 14,412 Financial Advisors and nearly \$2 trillion in client balances as of March 31, 2016, it is among the largest businesses of its kind in the world. Merrill Lynch Global Wealth Management specializes in goals-based wealth management, including planning for retirement, education, legacy, and other life goals through investment, cash and credit management. Within Merrill Lynch Global Wealth Management, the Private Banking and Investment Group focuses on the unique and personalized needs of wealthy individuals, families and their businesses. These clients are served by more than 175 highly specialized Private Wealth Advisor teams, along with experts in areas such as investment management, concentrated stock management and intergenerational wealth transfer strategies. Merrill Lynch Global Wealth Management is part of Bank of America Corporation. For more information, please visit www.ml.com/retire.



About Age Wave

Age Wave is the nation's foremost thought leader on population aging and its profound business, social, financial, health care, workforce, and cultural implications. Under the leadership of Founder/CEO Dr. Ken Dychtwald, Age Wave has developed a unique understanding 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 more than half the Fortune 500 companies. For more information, please visit www.agewave.com. (Age Wave is not affiliated with Bank of America Corporation.)

Source: Bank of America Corporation. Merrill Lynch Global Wealth Management (MLGWM) represents multiple business areas within Bank of America's wealth and investment management division including Merrill Lynch Wealth Management (North America and International), and Private Banking and Investment Group. As of September 30, 2015, MLGWM entities had \$1.9 trillion in client balances. Client Balances consists of the following assets of clients held in their MLGWM accounts: assets under management (AUM) of MLGWM entities, client brokerage assets, assets in custody of MLGWM entities, loan balances and deposits of MLGWM clients held at Bank of America, N.A. and affiliated banks.

The Challenge of Retiring from a Workaholic Life in a Workaholic Culture



In the past, leisure in retirement was often defined as a brief time to rest and relax before the end of life. Due to longer lifespans and the rejection of yesterday's model of old age, leisure in retirement has evolved into an extended period of newfound freedom. As millions of boomers move into retirement, we will see a further evolution and expansion of retirement leisure, creating a "time affluence" and a budding economic boom of new products and services.

Definition of leisure:

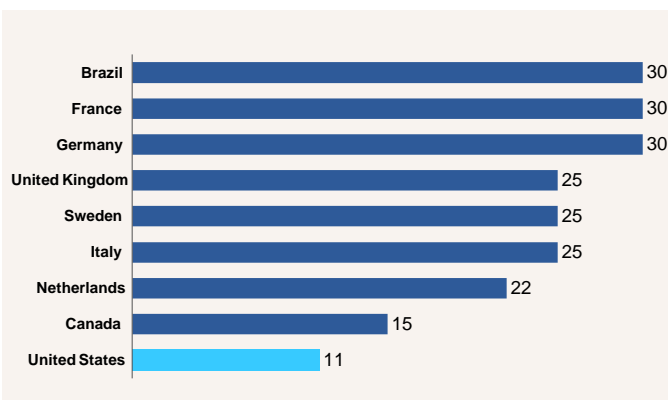
- 1) Time when you are not working;
- 2) Time when you can do whatever you want to do.

—Merriam-Webster's Dictionary¹

The "No-Vacation Nation"²

We live in a society where we often define ourselves by how hard we work, our job title, or our career path. For many Americans, workaholicism has become a way of life and an impediment to the fun, freedom, and fulfillment leisure can offer. Our workaholic culture creates an environment that does not encourage leisure and vacation time. Compared to other industrialized countries, Americans are, in fact, vacation deprived (FIG 2).

Figure 2: Average number of vacation days per year by country.

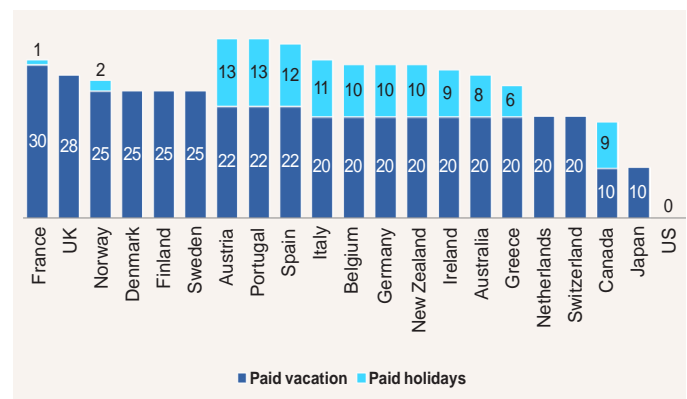


Source: Vacation Deprivation Survey, Expedia, 2015

We have, on average, the fewest paid vacation days of any developed nation, and, unlike governments of most

other countries, the U.S. government doesn't mandate that employers provide any paid vacation or holidays to workers (FIG 3). Furthermore, 41% of employed Americans who do receive paid time off don't even use all of their vacation time.³ We have become a *no-vacation nation*.

Figure 3: Government mandated paid vacation and paid holidays for workers in the OECD.



Source: Center for Economic and Policy Research, 2013; OECD countries

In addition, when we do take vacations, we often still work. Our survey revealed that:

- 56% of Americans age 25+ say they feel guilty if they don't use their "vacation" time productively.
- 80% check their work emails regularly while on vacation.
- 83% of employed Americans age 25+ say they do some type of work-related activities when on vacation.

While boomers are a workaholic generation, with 76% saying they work while on vacation, younger generations report having an even harder time tuning out, with 81% of generation Xers and 89% of millennials telling us they work while on vacation.

Making the Transition from Time Constrained to Time Affluent

Leisure in retirement is far different than leisure before retirement (FIG 4). While pre-retirees view free time as precious and scarce, retirees tell us that they are happy to break free of the pressures and constraints of full time work and 79% report that they now have the amount of free time they desire...and they like it. When asked “in retirement, how many years of leisure is the ideal amount for people, in general?” most Americans say it is 20 years.

Figure 4: Leisure in retirement can be very different from leisure before retirement.

Leisure before retirement	Leisure in retirement
Leisure is restricted, mostly to evenings, weekends, and vacations	Leisure is abundant
Leisure is often about relaxation and de-stressing	Leisure is often about engagement, connection, and activity
In their leisure, pre-retirees often want to escape from structure	In their leisure, retirees often desire to balance both structure and non-structure
Health is less likely to be a constraint on leisure	Health is more likely to be a constraint on leisure
There may be more income from work, but time is a major limiting factor (time constrained stage of life)	Retirees often have a more limited income, but have more free time (time affluent stage of life)
Technology interferes with leisure; people want to (but can't) unplug	Technology enhances leisure through social connection; people want to be plugged in
Travel is often short	Travel can be longer and more immersive
Work/family constrains leisure timing, activities, and level of involvement	New freedom and flexibility come from fewer work/family obligations; greater freedom allows engaging in what you want to do, when you want to do it

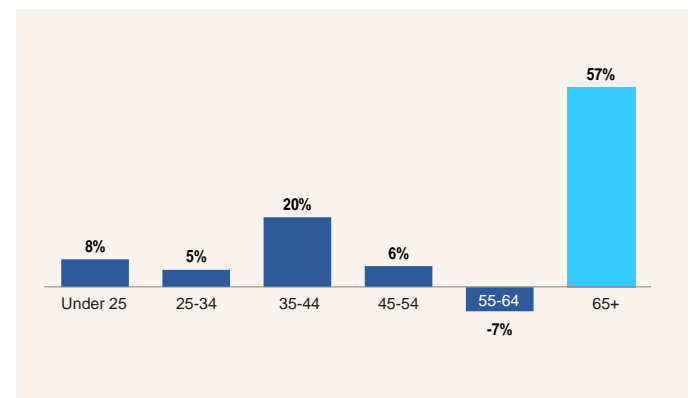
Source: Survey results among respondents age 25+; focus groups with pre-retirees and retirees

Due to the aging of boomers, the number of Americans age 65+ will increase 57% over the next 20 years (FIG 5), while other age groups will have modest or no growth.

One consequence of this “age wave” is that between 2010 and 2020, America will have reached a tipping point, shifting from being a nation where the number of Americans in the most time affluent stage of life, age 65+,

exceeds those in the most time constrained stage, age 35-44 (FIG 6). The impact on individual lifestyles, families, and leisure marketplaces, both for-profit and not-for-profit, will be unprecedented.

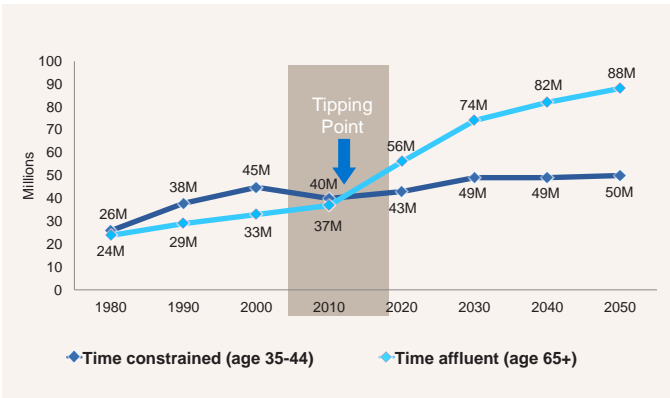
Figure 5: Change in population by age group: 2016-2035.



Source: U.S. Census Bureau, 2015



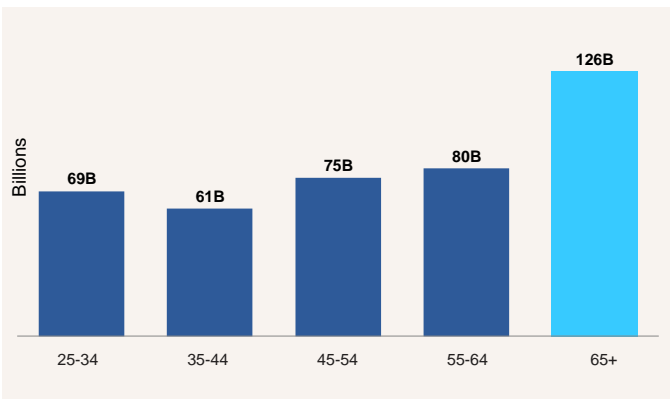
Figure 6: The tipping point: The number of “time affluent” vs. “time constrained” Americans from 1980-2050.



Source: U.S. Census Bureau, 2015; Age Wave calculations

Collectively, retirees will enjoy 126 billions hours of leisure time this year (FIG 7). And, as tens of millions of boomers become time affluent, over the next 20 years, they will amass 2.5 trillion hours of leisure time to fill (FIG 8).

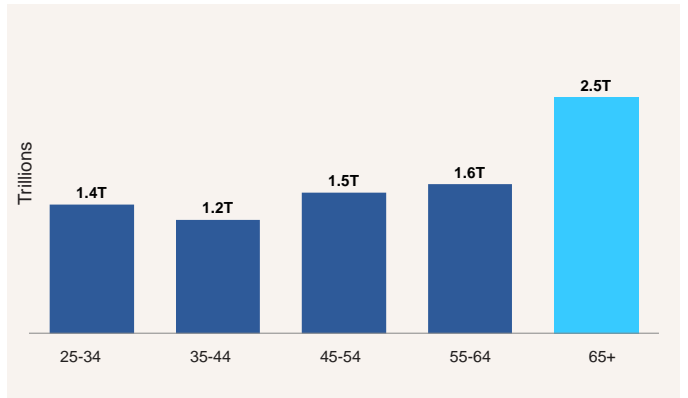
Figure 7: Total hours of leisure for each age group per year.



Source: Bureau of Labor Statistics, 2015; U.S. Census Bureau, 2015; Age Wave calculations



Figure 8: The total hours of leisure time each age group will accumulate between 2016-2035.



Source: Bureau of Labor Statistics, 2015; U.S. Census Bureau, 2015; Age Wave calculations

How did we calculate total time affluence over the next two decades? The Bureau of Labor Statistics American Time Use Survey tracked how more than 11,000 Americans age 15+ spend their time each day, which we used to look at how much leisure time people of different ages have per day. By their definition, leisure time includes a variety of activities, such as time spent relaxing, reading for pleasure, engaging in hobbies or exercise, socializing with friends and family, etc. We found that people age 65+ have, on average, 7.5 hours of leisure time per day (FIG 1). If you consider the 7.5 daily hours for each of the more than 46 million Americans age 65+ over the course of a year, it adds up to a total of 126 billion hours of leisure time (FIG 7). When tallied over the next 20 years, and accounting for the growth of the age 65+ population, this group will have 2.5 trillion hours of leisure time to fill (FIG 8).

Retirement Leisure is Both Transformed and Transformative



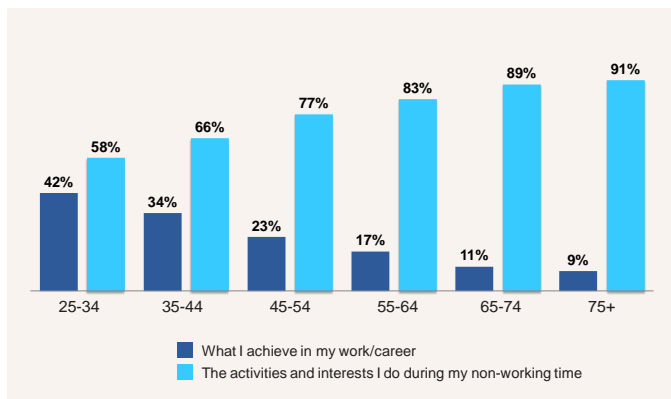
Retirees are experiencing a liberation from their hard-working and often workaholic pasts and report having more freedom, more fun, new beginnings, and greater emotional wellbeing than at any other point in their lives.

“Before retirement, I defined myself by my work. Now, I define myself by what I do with my leisure—I’m now a grandmother, a French student, a cook, and a volunteer. I seek out new ways to define myself, to become who I want to be.”

—Retiree, focus group participant

While still in their working years, most individuals forge their identity through their work and parenting roles. However, with age, identity becomes far more about the leisure activities and interests retirees choose (FIG 9).

Figure 9: At this stage of your life, which of the following is more important to your identity?



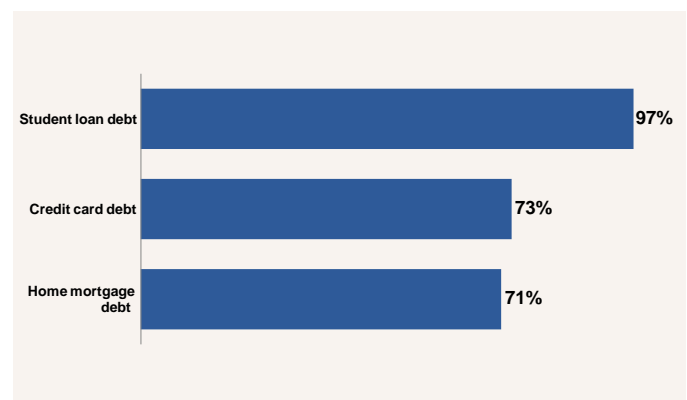
Base: Age 25+

Freedom from ...

Most retirees are delighted to find that they are suddenly free from the daily grind, the pressure of juggling family and work, alarm clocks, deadlines, never-ending emails,

and more. In addition, although the challenge of funding a long life persists, many of those age 65+ find themselves freed from some of the key financial debts that may have constrained them in their earlier years (FIG 10).

Figure 10: Percent of households headed by someone age 65+ who are free from...

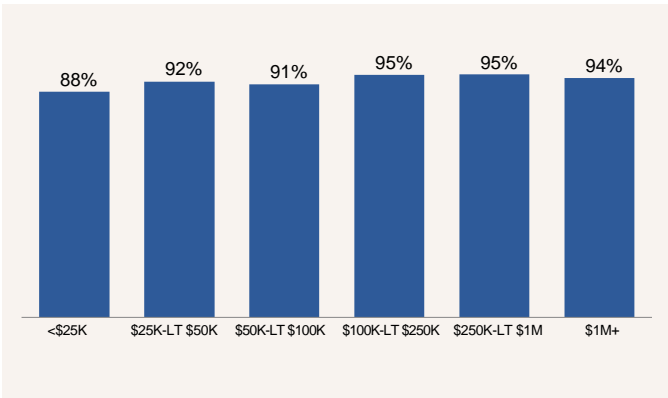


Base: Households headed by someone age 65+; Source: GAO, www.gao.gov/assets/670/665709.pdf

Freedom to ...

As retirees move from work into retirement, nine out of ten (92%) say retirement gives them greater freedom and flexibility to do whatever they want—and on their own terms. Leaving full time work behind, retirees say they are able to create their own schedules, open a business, sleep in, exercise more, get to know their grandchildren better, fall in love again, travel, read more, unplug, volunteer, learn a new skill, and try lots of things that they could previously only dream about. And, nearly all retirees tell us that freedom and flexibility increase, regardless of how much money they have (FIG 11).⁴ Although you might assume that leaving the structured environment of work behind would be difficult to adjust to, nearly all retirees (92%) say they definitely enjoy the freedom of a less structured life in retirement.

Figure 11: Percent who agree, “In retirement I have greater freedom and flexibility to do whatever I want” by assets.

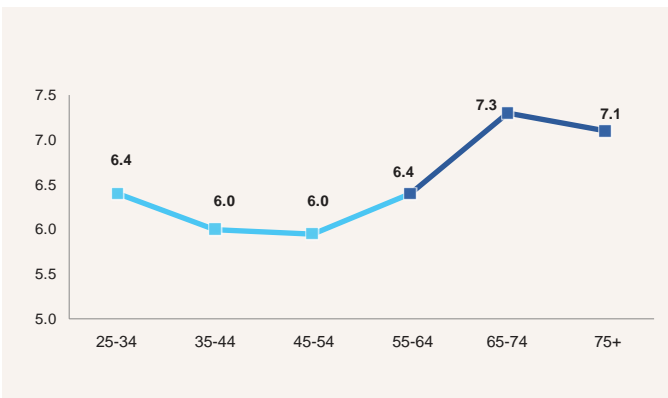


Base: Age 50+ retirees; top 2 boxes; by level of investable assets

More Fun

Notwithstanding the popular media portrayals of fun primarily being the domain of youth, it turns out that the experience of fun rises in mid-life and peaks in retirement (FIG 12). This is due to less stress, obligation, and pressure from work, and greater freedom to engage in leisure activities retirees enjoy, rather than having to do what others would want or expect them to do.

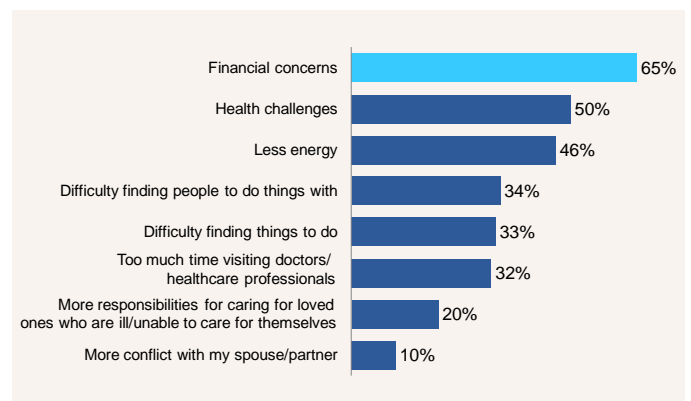
Figure 12: How much fun are you having at this stage of your life?



Base: Age 25+; average fun at this stage of life on a 1-10 scale

There is a small number of retirees (7%) who tell us retirement is less fun, enjoyable, and pleasurable than their pre-retirement years. They report that the primary reason for this is financial concerns (FIG 13).

Figure 13: Why is retirement less fun, enjoyable, and pleasurable than before you retired?



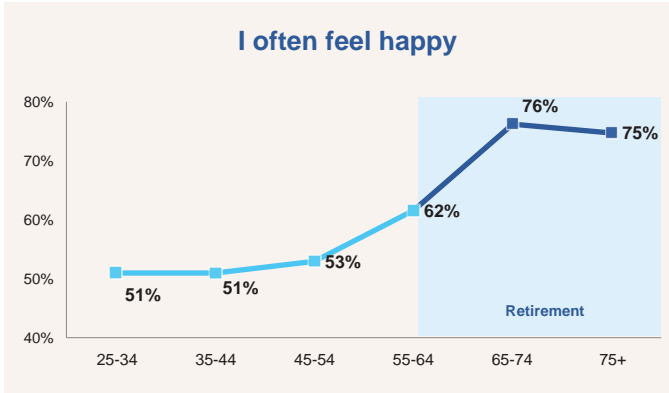
Base: Age 50+ retirees who said retirement is less fun, enjoyable and pleasurable than before retirement; select all that apply



Greater Emotional Wellbeing

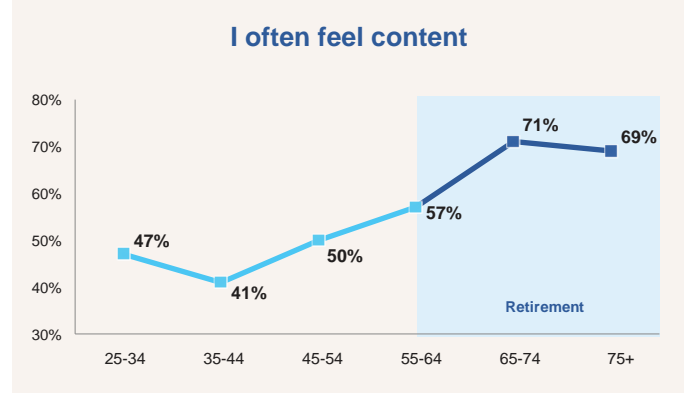
Contrary to stereotypes that portray youth as a time of psycho-social vitality and maturity as a period of emotional decline, our study reveals that lifetime emotional wellbeing actually peaks in retirement. Feelings of happiness, contentment, and relaxation soar, while anxiety seems to plummet (FIG 14).

Figure 14a: Wellbeing across the lifecycle: happiness soars in retirement.



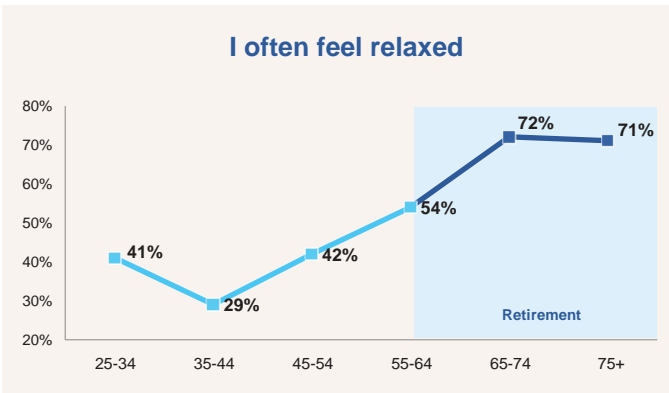
Base: Age 25+; top 2 boxes

Figure 14b: Wellbeing across the lifecycle: contentment soars in retirement.



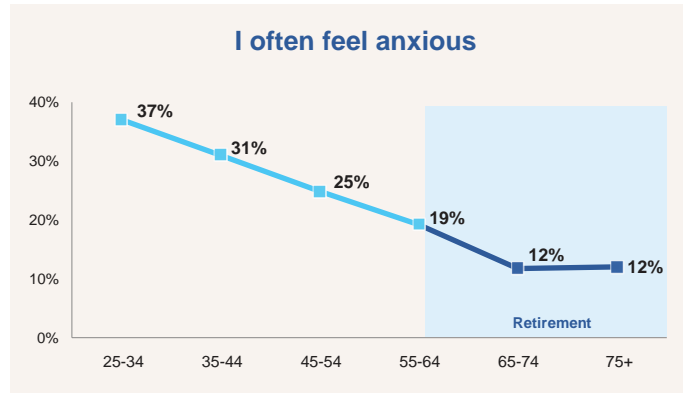
Base: Age 25+; top 2 boxes

Figure 14c: Wellbeing across the lifecycle: relaxation soars in retirement.



Base: Age 25+; top 2 boxes

Figure 14d: Wellbeing across the lifecycle: anxiety plummets in retirement.

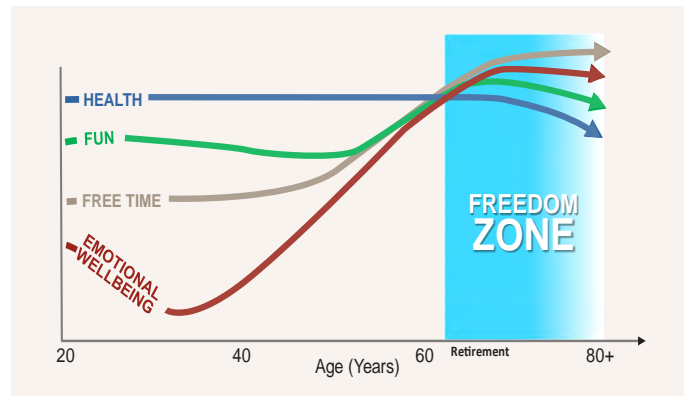


Base: Age 25+; top 2 boxes

The Freedom Zone

Between ages 61-75, retirees reach the pinnacle of freedom, the “freedom zone” (FIG 15), where they enjoy the greatest balance of health, free time, fun, and emotional wellbeing.

Figure 15: The Retirement FREEDOM ZONE.



Life's True Valuables: Experiences vs. Things



Most retirees (95%) say they would prefer to have more enjoyable experiences rather than buy more things. In today's retirement, there are two general types of leisure activities – each with its own priorities and preferred activities. In “everyday leisure,” most retirees want to de-stress and improve their health. In “special occasion leisure,” peak experiences, adventure, and fun top the list.

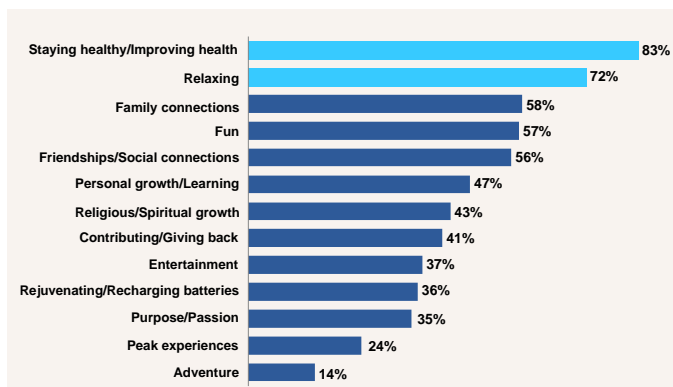
“When I was younger, I was focused on having a nice house and a great car. Now that I'm older, I realize it's about the experiences in life—not the things—that matter most.”

—Retiree, focus group participant

Everyday Leisure

When it comes to everyday leisure, retirees say that most of all, they want activities that help them to stay healthy and relaxed (FIG 16). As they get older, these priorities grow in importance. However, retirees are twice as likely to say that health is a bigger limit on their leisure than is wealth. As they age, they're prepared to make adjustments in the demands of their activities to accommodate their physical abilities. Most (75%) tell us that health limitations do not substantially affect their leisure activities.

Figure 16: At this stage of your life, which of the following are you most seeking in your everyday leisure activities?



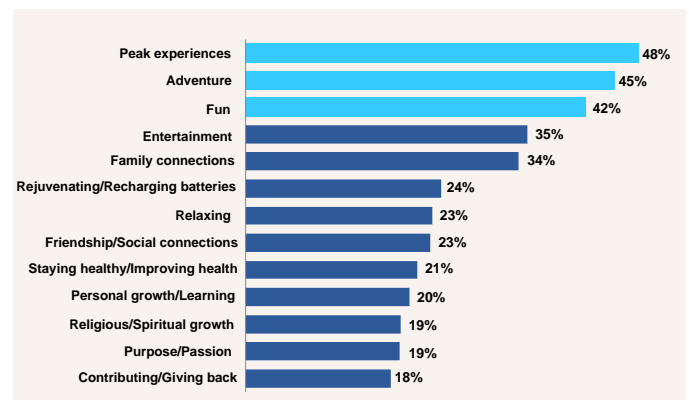
Base: Age 50+ retirees; select all that apply

The majority of retirees (52%) tell us that simplifying their lives is what they most seek in retirement, with 86% agreeing that it is relatively easy to find inexpensive leisure activities to enjoy. Today's retirees are engaging in a wide variety of activities in their everyday leisure that satisfy their individual appetites for engagement, purpose, and connection. Whether it is volunteering in their communities, reading their favorite books, playing with grandchildren, leading a walking group, swimming, or watching TV, retirees participate in an ever-growing assortment of leisure options and activities.

Special Occasion Leisure

For special occasion leisure—such as travel, celebrations, and important milestones—retirees want to break out of the ordinary. They want to have special experiences, with special people—and a chance to make new memories. They're seeking peak experiences, adventure, and fun (FIG 17).

Figure 17: At this stage of your life, which of the following are you most seeking in your special occasion leisure activities?



Base: Age 50+ retirees; select all that apply

What is a peak experience? Retirees concur with renowned psychologist Dr. Abraham Maslow’s definition of peak experiences as “unique or rare and give them lasting memories.” In fact, 81% of retirees say they want a retirement filled with many peak experiences.

Dr. Abraham Maslow is credited with coining the phrase “peak experiences” in the 1960s. He defined them as “moments that stand out from everyday events. Think of the most wonderful experience of your life: the happiest moments, ecstatic moments, moments of rapture, perhaps from being in love, or from listening to music or suddenly “being hit” by a book or painting, or from some creative moment.”⁵

More Flexible Travel

Without the restrictions of an active work life and the holiday alignments needed when raising children, retirees have far more flexibility to pursue memorable experiences by traveling where they choose, when they choose, and for however long they choose—assuming, of course, affordability. Whether it is a day trip or an immersion experience in a new culture, an extensive cruise or a trip to visit grandchildren, retirees are able to take advantage of off-season rates and also make spontaneous, last-minute decisions to travel.

Seeking Fun, Fun, and More Fun

No matter where they go or with whom they travel, most retirees agree that what they want most from a travel experience is to have fun! Whether traveling with a spouse/partner, adult children, or grandchildren, fun soars as the number one priority (FIGs 18-20). Deepening relationships with whom they are traveling is next on the list.

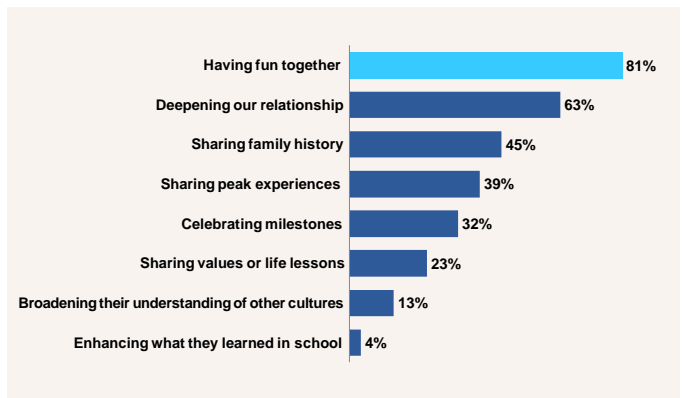


Figure 18: Which of the following do you most want from a travel experience with your spouse/partner?



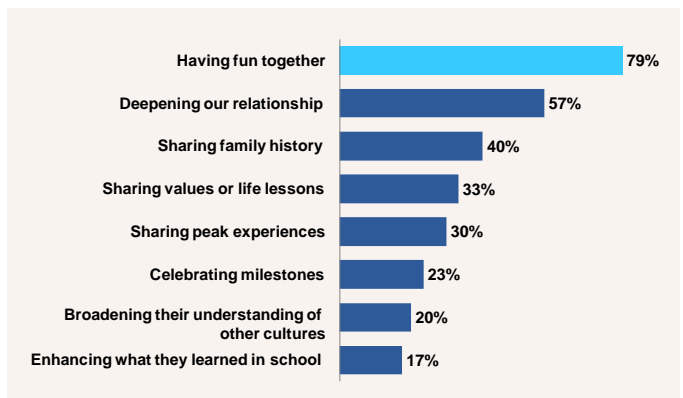
Base: Age 50+ retirees with spouse/partner

Figure 19: Which of the following do you most want from a travel experience with your child(ren)?



Base: Age 50+ retirees with child(ren)

Figure 20: Which of the following do you most want from a travel experience with your grandchild(ren)?



Base: Age 50+ retirees with grandchild(ren)

“Boomers have been shaping the nation’s travel choices for decades. Your lost summer backpacking through Europe? Thank the boomers who in the 1960s and 70s made shoestring student trips to Europe de rigueur. Your naughty romp at Club Med? It was the boomers who propelled the singles resort scene to its apotheosis in the 1970s. Your posh room at the Copacabana Palace in the 1990s? Fueled by the boomers’ appetite for luxury hotels.”

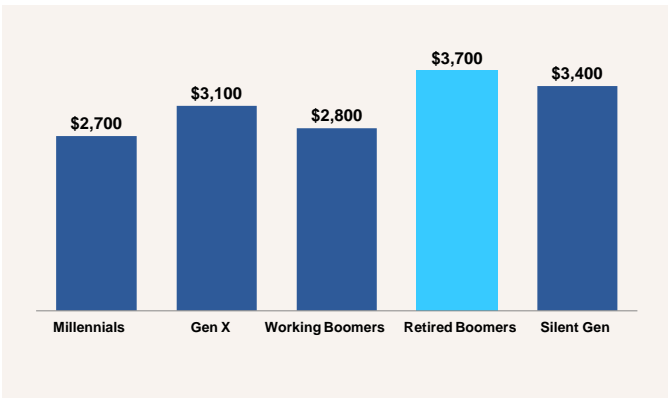
**—Stephanie Rosenbloom,
New York Times⁶**



The Coming Leisure Boom: \$4.6 Trillion over the Next Two Decades

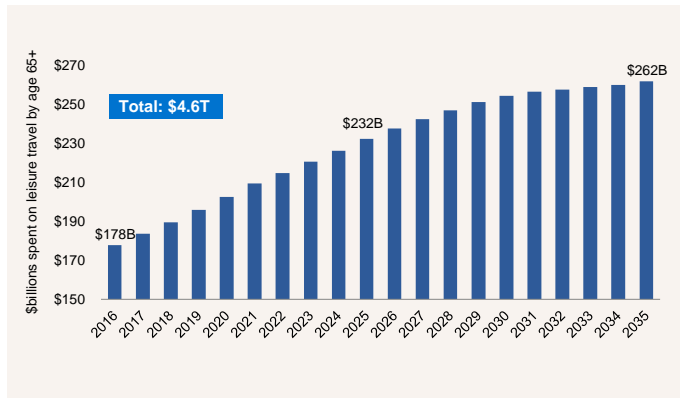
As boomers move from being time constrained to time affluent, the leisure travel economy is well positioned to grow and prosper. In the past year, retired boomers spent more than any other group on leisure travel (FIG 21). As the “age wave” proceeds, this leisure economy will diversify and multiply to reach a cumulative total of an estimated \$4.6 trillion, which we anticipate will create an unprecedented opportunity for the leisure industry (FIG 22).

Figure 21: Average amount spent by an individual on leisure travel in the past 12 months.



Base: Age 25+; Age Wave calculations; trips lasted 1+ nights away from home and included transportation, lodging, meals on trips, recreation, and other activities while traveling; millennials in this sample are 25+

Figure 22: Annual spending by people age 65+ on leisure travel between 2016-2035.



Source: U.S. Census Bureau, 2015; Age Wave calculations

Retirement Travel Trends

The latest travel trends reveal that retirees enjoy a wide range of travel experiences, including:

1. **Tried and True Destinations.** Although retirees enjoy a variety of vacation spots, familiar locations remain the most popular.

List of retirees' preferred travel destinations

In the United States	In the World
1. Hawaii	1. Italy
2. New York	2. Australia
3. California	3. England
4. Alaska	4. Ireland
5. Florida	5. France

Base: Age 50+ retirees

2. **New Lodging Options.** Globally, almost one million AIRBNB users are over 60, including 10% of all hosts (and growing), who make, on average, \$6,000 per year.⁷
3. **Adventure Travel.** Overseas Adventure Travel, the first U.S. travel company to design adventure trips for age 50+ travelers, saw business jump 67% in a decade.⁸ The majority of customers at Nomadic Expeditions and Mountain Travel Sobek are age 50+. Roughly 20% of REI Adventures' business comes from customers over 60.⁹
4. **Nostalgia Travel.** 24% of retirees say going on an RV trip is very appealing at this stage of their life and RV sales are expected to continue to grow as boomers retire.¹⁰ Airstream sales grew 35% in 2014 (nearly 3x industry growth) with most buyers age 50-69.¹¹



5. **Biking.** Several companies are now tailoring bike tourism trips to the 50+ market,¹² and marketers say biking is replacing golf as a popular option for active holidays.¹³ Data released last year show that between 1995 and 2009, biking rates among people ages 60–79 grew 320%.¹⁴
6. **Voluntourism.** Americans age 60+ were the most likely to have taken a volunteer trip in the last year. The Peace Corps also now has a program seeking volunteers 50+.¹⁶
7. **Learning.** Educational tours and programs, which combine travel and learning, are booming. Road Scholar offers 5,500 programs worldwide.¹⁷
8. **Cruising.** From 2009 to 2014, around-the-world cruises grew from 17.8 million to 22.1 million passengers, 52% of whom are age 50+.¹⁸ Almost half (45%) of retirees say a cruise is very appealing at this stage of life.
9. **Solo Travel.** 12 million of the 32 million Americans who live alone are 65+.¹⁹ 10% of all leisure travelers go alone.¹⁶ Forty percent of travelers with the age 50+ adventure travel company OAT are solo travelers.²⁰
10. **Multigenerational Travel.** More than one-third (36%) of retirees have gone on a multigenerational trip in the past year. While many say it's the greatest experience of their lives, multigenerational travel can have its challenges—chief among them is aligning activities that appeal to everyone (FIG 23).

Figure 23: What are the biggest challenges of multigenerational travel?



Base: Age 25+; select the top two

The New Social Security: Strong Relationships Matter

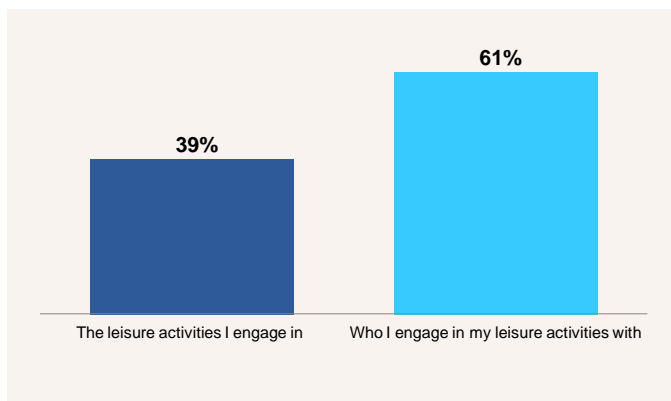


The value of social relationships to mental and even physical health has been shown through numerous studies. Retirees recognize the importance of refreshing and deepening relationships, finding new friends, and growing social networks in their later years.

Who vs. What

Retirement can disrupt or alter our social connections and friendships, especially in one's daily routine. While pre-retirees say that what they expect to miss most from work is a reliable paycheck, retirees report that it is the social connections that are their greatest loss.¹⁷ As a result of this strong need for social support and nourishment in their leisure, retirees place a premium on their relationships, telling us *who* they spend time with (61%) is far more important than what they do (39%) (FIG 24), and women are even more likely to feel this way.

Figure 24: Which of the following is more important for an enjoyable leisure experience?



Base: Age 50+ retirees

Researchers have identified several health benefits of social connections and friendship:²¹

- People who do not feel lonely are healthier and live longer.^{22,23}
- Having more and diverse friendships is associated with lower risk of heart disease.²⁴
- Low social interaction is as bad for your health as smoking 15 cigarettes a day, being an alcoholic, or never exercising, and twice as bad for your health as obesity.²⁵
- Having stronger social ties is linked to better cognitive health in later life and lower likelihood of developing dementia.²⁶

“I was very interactive with people all day and I missed that when I retired from work. It was important for me to replace that social interaction. Through new activities, I now have my church friends, my yoga friends, and my travel friends who fill that void.”

—Retiree, focus group participant

Strong Family Ties

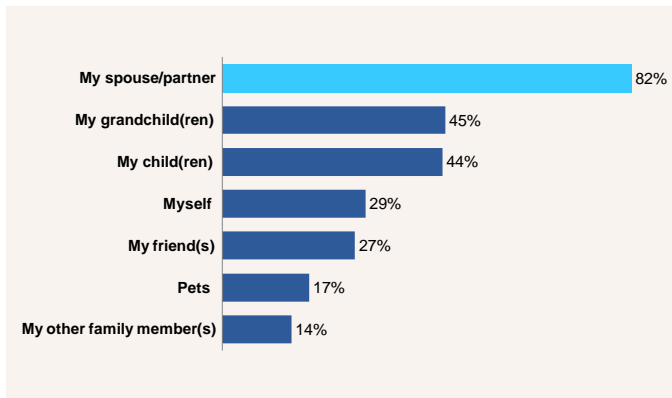
Whether spending time with their spouse/partner, children or grandchildren, retirees place very high value on family relationships. Strong family connections often make life richer, and the abundance of free time offers retirees ways to have fun together, deepen family bonds, share family history, make new, lasting memories, and leave their legacy.

“Family leisure trumps all other forms of leisure. You can’t put a price tag on it.”

—Retiree, focus group participant

Those retirees with a spouse/partner report that their most enjoyable leisure experiences are with that spouse/partner (FIG 25). And 69% of retirees say that retirement leisure is a great time for romance.

Figure 25: Who retirees have the most enjoyable leisure experiences with.

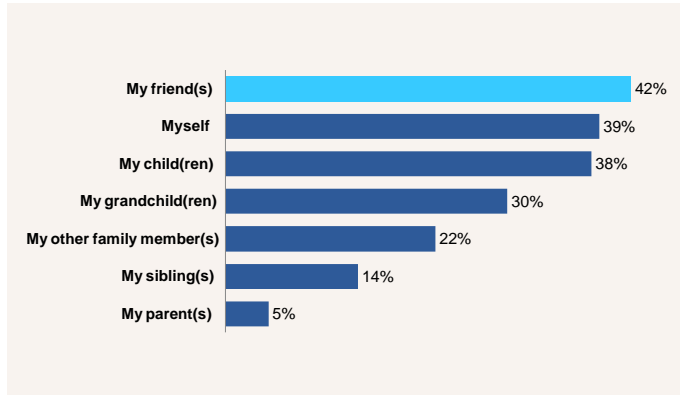


Base: Age 50+ retirees; with relative; bases vary

Twenty million (43%) retirees in the U.S. are single, including those who are widowed, divorced, separated, or never married. The nation’s 11 million widowers make up a large portion of this population.²⁷ Singles most value leisure experiences with friends (FIG 26).



Figure 26: Who single retirees have the most enjoyable leisure experiences with.

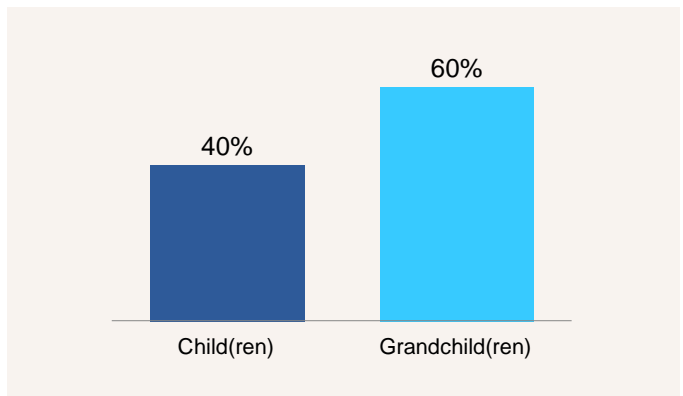


Base: Age 50+ retirees who are divorced, separated, widowed, or never married; U.S. Census Bureau, 2016

Grandkids Rule

Retirement is also a wonderful time to connect with and strengthen bonds with grandchildren. Most retirees (60%) say spending time with grandkids is more fulfilling than spending time with their own children (FIG 27). The pull is so strong that retirees also say the top reason they move in retirement is to be closer to their family.²⁸

Figure 27: At this stage of your life, which is more fulfilling? Leisure experiences with my....

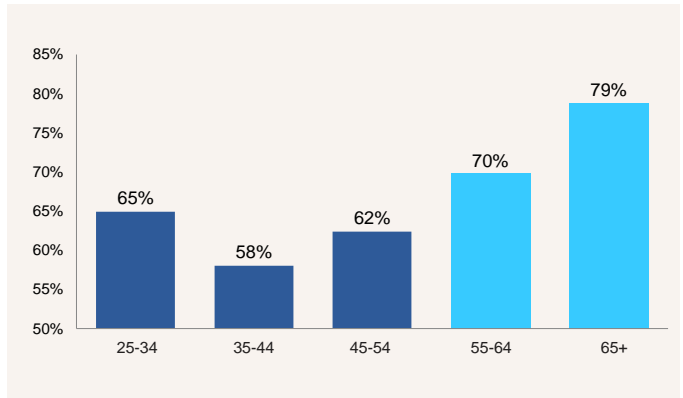


Base: Age 50+ retirees who have both child(ren) and grandchild(ren)

Friendships in Retirement: More Important Than Ever

As important as family is to retirement leisure, friends also play a vital role. While the 1990s hit sitcom *Friends* followed the lives and loves of six twenty-something friends, the 1980s sitcom *Golden Girls* may actually have been more prescient in terms of how friendships will play out in the years ahead. In our study, retirees recognize the importance of friendships more than any other age group (FIG 28). Retirees also realize the need to continually feed the friendship pipeline, since with age people increasingly are at risk of losing friends through relocation or illness.

Figure 28: Percent who agree, “It’s important to stay connected with friends.”



Base: Age 25+; top 2 boxes



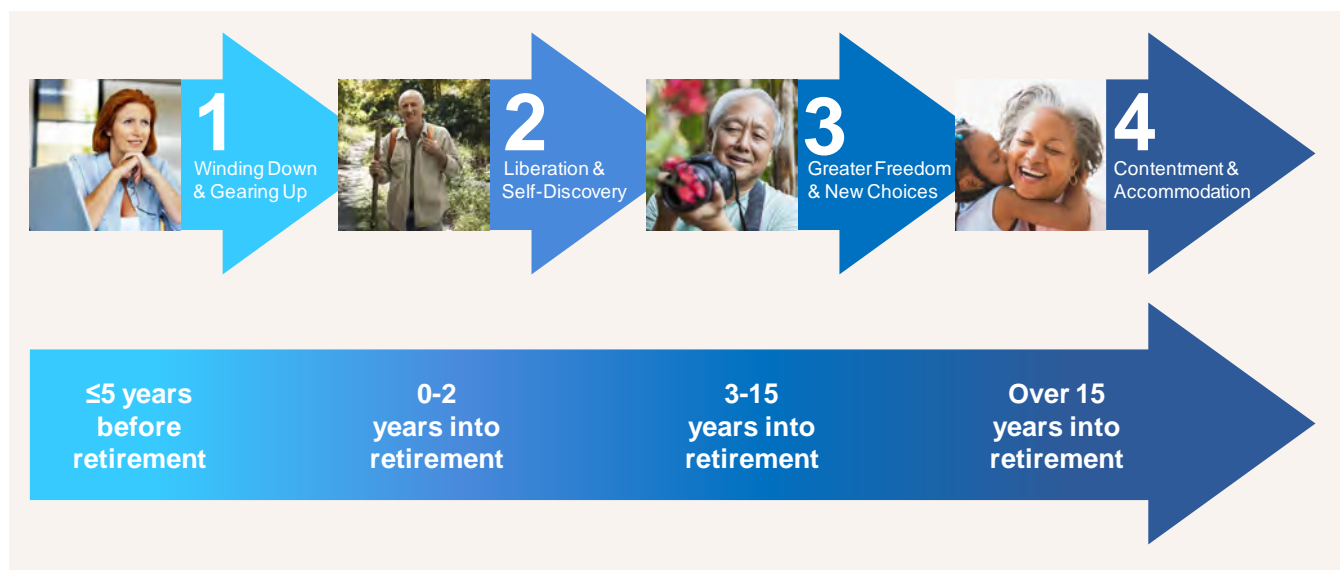
The Four Stages of Retirement Leisure



As people move to and through retirement, their relationship with leisure—and themselves— evolves. Our study uncovered four distinct stages of retirement leisure and revealed the key experiences, priorities, and connections retirees seek in each stage.

Yesterday, retirement leisure was mostly about stepping off the playing field and moving quietly to the sidelines. Our study revealed that today, in part because of longer, healthier lives, and far higher aspirations, people go through four stages of retirement leisure (FIG 29).

Figure 29: The Four Stages of Retirement Leisure





Stage 1: Winding Down & Gearing Up: ≤5 years before retirement

In the five years prior to retirement, many pre-retirees feel overwhelmed with work and look forward to more time for the non-work activities they love.

- Not surprisingly, 74% say work is a barrier to them having more fulfilling leisure and many feel stressed because they are so busy.
- Compared to retirees, they are more likely to feel worn out, burned out, and lonely.
- Leisure travel in this stage is about escape (43%) and recharging one's batteries (46%).
- Optimism and financial preparedness rise compared to earlier pre-retirement, with a slight dip in travel and spending in the two years before retirement.



Stage 2: Liberation & Self-Discovery: <2 years into retirement

Recent retirees (in retirement for two years or less), are enjoying their newfound free time, and are challenged to adjust from a work-centered identity to one defined by leisure and other interests.

- There's an enormous sense of liberation and relief as most (78%) feel they finally have enough free time. Nearly all (92%) say retirement provides them with the freedom to now do what they want—and on their own terms.
- However, during this transitional period, some still feel unsettled, anxious, or bored, and 35% say it's harder to structure their time than before they retired. 47% still say they feel guilty about not using leisure productively.
- There is a peak in retirees seeking personal growth, adventure, including biking and hiking, and enjoying trips that offer learning and home sharing.
- 72% want to try new leisure activities compared to doing things they've already done.
- 24% continue to work; 68% work part time; 22% regularly volunteer.



Stage 3: Greater Freedom & New Choices: 3-15 years into retirement

Spanning the period from year 3-15 of retirement, the enjoyment of leisure continues to improve and deepen. As retirees embrace their new identity, feelings of happiness, contentment, and confidence are high, spontaneity peaks, and anxiety wanes.

- 74% say it's easier to structure their time now than during their pre-retirement years.
- As retirees further separate from full time work and gain comfort with their post-work selves, “be-ing” increasingly replaces “do-ing” and fewer have feelings of guilt when not using leisure productively.
- They are likely to do the following for everyday leisure: exercising, shopping, reading for pleasure, volunteering, taking classes/learning, and socializing with friends.
- Spending on leisure travel, as well as the pace of travel, rises with interest in immersive experiences. Voluntourism, cruises, adventure travel, international sightseeing, RV travel, and overnight spa trips are common.
- Some (9%) still work, often in different and more enjoyable ways than their core careers.



Stage 4: Contentment & Accommodation: >15 years into retirement

More than 15 years into their retirement, retirees are most likely to strive to maintain health and independence as well as enjoying familiar activities rather than new ones. Much of their leisure time is spent relaxing or connecting with family and friends.

- Compared to other stages, people are most likely to prioritize simplifying their lives.
- Tried and true leisure activities are the norm vs. trying new things.
- While often happy, relaxed, and content, retirees in this stage are also less energetic, more physically limited, and more worn out than earlier in retirement.
- They seek to connect with family and friends in all types of leisure, including multigenerational travel with grandchildren and heritage trips.
- At this stage, health conditions (72%) are more pervasive and limit leisure experiences. Increased doctor visits and medical care are also barriers to leisure activities for 61%, as well as caregiving for a spouse/partner for some.

The Challenges to Retirement Leisure



This study revealed that planning for retirement leisure can have a very positive impact. Those who have done some preparation are far more likely to say retirement is more fun, enjoyable, and pleasurable. Yet, very few people actually plan for this important dimension of their retirement experience.

“At 55, I’m excited for retirement when I can take several trips that I’ve put off— a river cruise and going to England with my grandson. But when I add up the days that’ll take, it might be 100 days. But if I spend 20 years in retirement, that’s only 100 of 7,300 days. What if I spend 3 months at the cottage each year? That still leaves 5,500 days, so I’m starting now to think about how to fill my days.”

—Pre-retiree, focus group participant

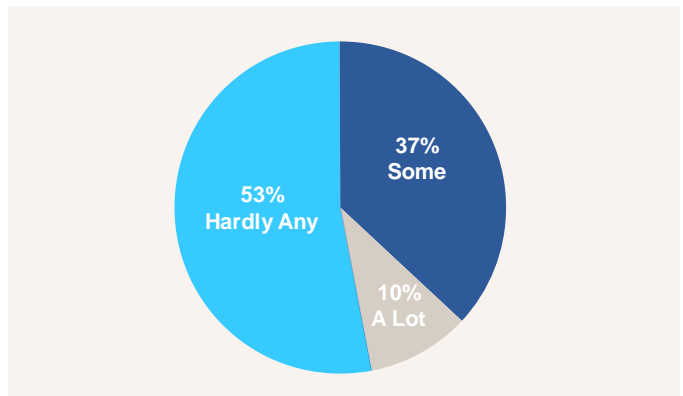
Planning: Retirement Leisure’s Uncharted Territory

Most Americans take practical steps ahead of time when it comes to funding their children’s education or anticipating a home remodeling project. However, envisioning and planning for how to best fund one’s retirement leisure dreams is uncommon.

Roughly half of retirees have done some planning for leisure in the next year. Far fewer have made plans further out (FIGs 30-32). Two-thirds of those with a spouse/partner have not discussed and agreed on how much leisure time to spend together in retirement or how much money to spend on retirement leisure.

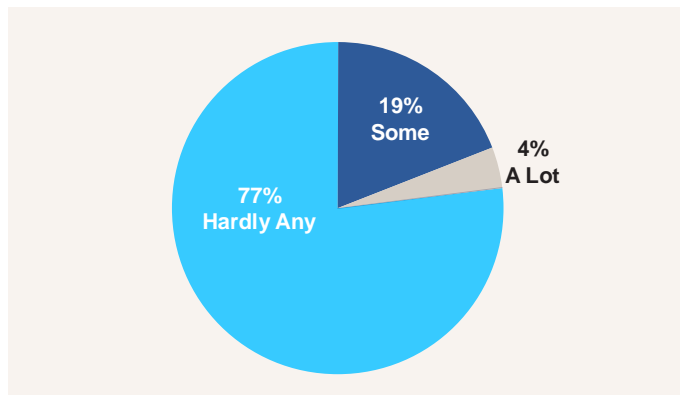


Figure 30: How much planning have you done for your leisure activities for the next year?



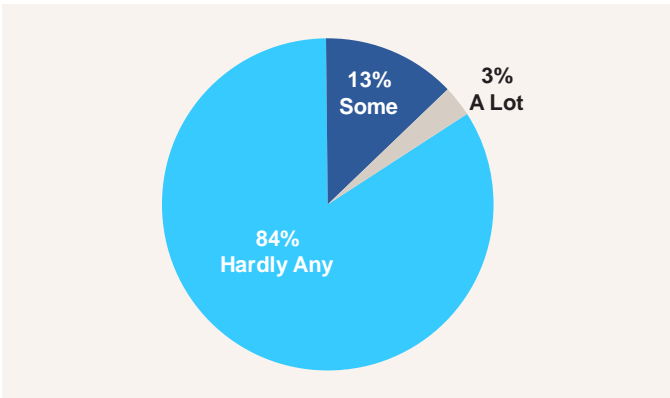
Base: Age 50+ retirees

Figure 31: How much planning have you done for your leisure activities for the next five years?



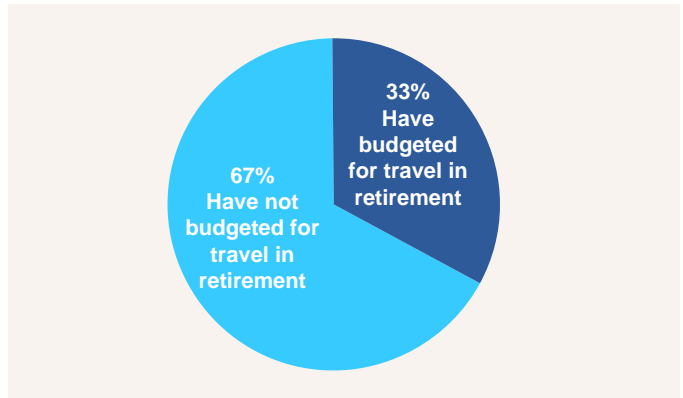
Base: Age 50+ retirees

Figure 32: How much planning have you done for your leisure activities for the next ten years?



Base: Age 50+ retirees

Figure 33: Two-thirds of retirees have NOT budgeted for travel in retirement.



Base: Age 50+ retirees

Kicking the Bucket List

While most retirees have dream vacations they're hoping to take, peak experiences they're hoping to have, and leisure wishes they're hoping to fulfill, only 15% of retirees report having a bucket list. Many don't even like the phrase!

As more and more people move into retirement, we anticipate that planning for both everyday and special occasion leisure will become an increasingly important part of all retirement preparation discussions.

Funding Your Dreams

Few retirees are planning, saving, and budgeting for the things they most want to do in retirement. In fact, most (58%) tell us they do not know how much money they will need to fund the leisure activities they would like to pursue in retirement. In addition:

- Almost half (45%) of retirees say that the fear of outliving their money could curtail spending on the things they most want to do.
- Almost half (45%) have not even estimated how much they will need to fund their leisure goals.
- Overall, when it comes to travel in retirement, two-thirds of all retirees have not created a budget (FIG 33).



Creating Your Game Plan for Leisure



Creating a Retirement Leisure Game Plan Can Empower Retirees to Achieve Their Goals

Pre-retirees look forward to a time when they have more freedom from responsibilities and freedom to engage in the leisure activities they desire. This study reveals how today's retirees have the freedom to enjoy a longer period of leisure filled with new beginnings, new experiences, and deeper social connections. For both pre-retirees and retirees, here are some steps to consider as you map out your aspirations and goals for leisure in retirement:

- What do you most want to do and experience in your leisure time?
- What are your leisure dreams for everyday activities and special occasions? Have you thought of rekindling an old hobby, taking a course to learn more about a topic you're interested in, taking a trip with a grandchild or volunteering abroad?
- What are the peak experiences you most want to have in retirement? And who do you most want to share those with?
- How do you want to spend your time and who do you want to spend it with?
- The vast range of activities available to you in retirement come at a wide range of price points. What are the financial implications, whether it be pursuing passions and interests, traveling, staying socially connected or spending time with family?
- What might be the ingredients of a plan that will help you advance toward achieving your leisure goals and dreams?



Summary



A new portrait of leisure in retirement is emerging. Due to increased longevity, better health later in life, and the influx of the boomer “age wave,” retirees are increasingly finding their retirement years to be a launching point instead of a finish line. Below are highlights of the **Leisure in Retirement: Beyond the Bucket List** study’s key findings:

- **Breaking the Workaholism Addiction:** Americans experience fewer vacation days than other nations, many don’t take the days they have, and 83% do some work while on vacation.
- **Time Affluence and 2.5 Trillion Hours of Retirement Leisure:** In work, Americans are time constrained and many feel stressed with their fragmented leisure. In contrast, most retirees feel liberated and finally have the time to do the things they want to do on their own terms.
- **The Freedom Zone:** The transformation to the new self can take time and adjustment, but most retirees embrace the “freedom zone,” a roughly 15-year span in retirement where they experience the greatest balance in fun, free time, health and emotional wellbeing.
- **Experiences vs. Things:** As retirees chart their new courses, they find an expanding variety of “everyday” and “special occasion leisure” activities, including peak experiences, deeper connections with family and friends, travel, learning, and volunteering.
- **Strong Social Connections:** Retirees value relationships more than at any other time in their lives, and many use that time to deepen bonds with family and friends—and create new relationships.
- **The Four Stages of Retirement Leisure:** Most retirees are successfully shedding their work selves and forging a new identity in retirement. Approaching retirement, people wind down and gear up. The first two years of retirement feature liberation and adjustment. Years three to fifteen see the peaks of freedom, fun, emotional wellbeing and choice. Deeper into retirement comes a period of contentment and deepened family connections.
- **The Upcoming Retirement Leisure Boom:** Tens of millions of boomers migrating into retirement will further expand and diversify retirement leisure, creating a cornucopia of new programs and opportunities for retirees. Retirees will spend nearly \$180 billion in 2016 on leisure travel. Over the next 20 years that number will surge, totaling an estimated \$4.6 trillion.

Endnotes



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Leisure in Retirement: Beyond the Bucket List, 2016

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<u>Publication</u>	<u>Date</u>	<u>Title</u>
<i>Huffington Post</i>	5/12/16	New Study Uncovers The Upside Of Retirement Leisure: The Freedom Zone: a Two-Part Series by Ken Dychtwald
<i>PBS Next Avenue</i>	5/12/16	Retirement: More Fun Than You've Heard
<i>MONEY</i>	5/12/16 and 6/1/16	The Huge Retirement Benefit You Probably Aren't Expecting; Here's How to Make the Most of Your Bucket-List Trip
<i>The Washington Post</i>	5/16/16	It's not that hard to have fun once you retire
<i>U.S. News & World Report</i>	5/16/16	Working Beyond 65 Has Become a Reality
<i>CBS MoneyWatch</i>	5/16/16	The extraordinary happiness of retirees
<i>MONEY</i>	6/1/16	Here's How to Make the Most of Your Bucket-List Trip
<i>The Fiscal Times</i>	6/17/16	Another Record for Boomers: Move Leisure Time Than Ever Before
<i>NBCNews.com</i>	6/30/16	More Than Half of US Employees Are Wasting Their Vacation Days
<i>CBS MoneyWatch</i>	7/8/16	The keys to a successful transition to retirement

Finances in Retirement: New Challenges, New Solutions

A Merrill Lynch Retirement Study,
conducted in partnership with Age Wave

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Introduction



Life Priorities in Retirement

In 2012, Merrill Lynch and Age Wave began a strategic collaboration to understand and address the most important areas of life to better guide Americans towards a satisfying and financially comfortable retirement. The initiative has been a multi-year, multi-disciplinary, multi-layered investigation into the changing landscape of retirement.

A series of studies looked through the lenses of seven major priorities—Family, Health, Home, Work, Leisure, Giving, and Finances—and probed the values, experiences, preferences, worries, opportunities, and aspirations of retirees and pre-retirees (FIG 1). The seven Life Priorities form a dynamic constellation, with all priorities constantly in motion and influencing each other, often with financial implications. Their relative positions and importance change over time. Most importantly, the constellation is different for every individual.

FIGURE 1: The Seven Life Priorities



In this capstone study, *Finances in Retirement: New Challenges, New Solutions*, we summarize how the financial landscape of retirement is changing, integrate the financial implications and challenges of each of the Life Priorities in retirement, and examine the choices and changes that people can make to become more financially secure in retirement.

Individually, each of these studies is groundbreaking. Collectively, they provide perspectives, unprecedented in both comprehensiveness and insight, into how Americans can thrive as they move into and through retirement.

New Retirees, New Retirement.

Increasing longevity offers potentially more years in retirement. The massive retirement wave of Baby Boomers is amplifying the opportunities and challenges of retirement in America. With the Baby Boomers' attitudes, behaviors, and ambitions, retirement is transforming into a time of new beginnings, new challenges, and new choices.

New Freedoms—The Upside of Aging.

Today's retirees are more "time affluent" than previous generations and have new freedoms to live where they want, work on their own terms, connect with family and friends, engage in leisure of their choosing, invest in their health, contribute to activities and causes they care about, and make lifestyle changes to suit their individual needs.

Financing Retirement.

Preparing for and funding retirement is more than ever a personal responsibility, and many Americans are worried that a financially secure retirement may be out of reach. Their challenges start with not knowing how much money they'll need and not being disciplined about saving. They are also hampered by the fact that talking about personal finances remains socially taboo.

Seven Life Priorities in Retirement.

Retirement preparation is about more than just reaching financial targets. The Life Priorities framework offers a uniquely holistic and insightful approach for individuals to anticipate how they want to live in retirement, what they want to accomplish, how they can prepare for life's challenges, and how the most important elements of their lives intersect and interact.

Course Corrections.

When faced with financial and other retirement challenges, most Americans are generally resilient, adaptable, and hopeful. Each of the Life Priorities offers assets, liabilities, and currencies that can be traded, balanced, and modified. By making well-informed course corrections, within and across the Life Priorities, people can better fund and enjoy life in retirement.

About This Report

This report first confirms the changing challenges Americans commonly face in financing their retirements. We review:

- Why growing numbers of retirees must find new ways to fund their lengthening retirements—and take more personal responsibility to do so.
- How Americans expect the retirement funding formula to continue to evolve, and how much they worry about not being financially comfortable in retirement.
- How they underestimate the cost of retirement, don't know how much they need to save, and put aside far less than the amount they think they should.

We then look across the seven Life Priorities, sharing key findings and themes from this and the earlier studies, and charting what people can do to improve their overall financial well-being in retirement. Highlights include:



Finances are the greatest worry of many Americans, and financial decisions are often second-guessed. Their objective is financial peace of mind, but many lack the financial knowledge, role models, and disciplined behaviors to attain it.



Health is the biggest wildcard in retirement, sending ripple effects across the other Life Priorities. Two of the most important investments Americans can make in retirement are to maintain good health and cover its uncertain costs.



Family is the greatest source of satisfaction for most retirees. They want to enjoy more family time, may be ready to support family members today, and want to avoid becoming a burden on their family in the future.



Work in retirement, which growing numbers of retirees choose to do part-time or flex time, offers opportunities to supplement income, maintain social connections, and contribute in ways people feel passionate about.



Home is where the heart is—and often where the assets are. Most retirees own and enjoy their homes, but exercising the freedom to downsize, upsize, renovate, and relocate can have broad lifestyle and financial impact.



Giving provides retirees with added purpose. They are generous with their time, experience, and money. Their collective financial and volunteering contributions over the next twenty years are projected to create an \$8 trillion “Longevity Bonus” for the nation.



Leisure for retirees is a source of everyday relaxation, occasional adventure, and overall fun. They overwhelmingly value having new experiences over acquiring new things, and they deepen connections with family and friends through leisure activities.

Methodology



Finances in Retirement: New Challenges, New Solutions culminates the Life Priorities in Retirement series. As is the case in all previous studies in this series, the sample is nationally representative of age, gender, ethnicity, income, and geography. The study was conducted by Merrill Lynch in partnership with Age Wave and executed by TNS via an online data collection methodology.

This survey was conducted in August 2016 among a total of 4,854 adult respondents age 25+. The general population sample consists of 3,718 respondents, including: 674 Silent Generation (age 71+), 2,117 Baby Boomers (age 52-70), 516 Generation Xers (age 40-51), and 411 Millennials (age 25-39).

Qualitative research—six focus groups among both pre-retirees and retirees, and interviews with national thought leaders on a variety of topics related to finances—was conducted prior to the quantitative research. Also incorporated are results of an online omnibus panel survey conducted in September 2016 on the general population (n=2,500) to assess worries and priorities in their lives.

Across the eight studies in the Life Priorities in Retirement series, conducted by TNS or Harris Interactive, we had over 50,000 survey respondents. We conducted a total of 43 focus groups of retirees and pre-retirees across the country, including people of various income and asset levels. We also interviewed more than 140 subject matter experts on retirement and the individual Life Priorities.



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About Merrill Lynch Global Wealth Management

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About Age Wave

Age Wave is the nation's foremost thought leader on population aging and its profound business, social, financial, healthcare, workforce, and cultural implications. Under the leadership of Founder/CEO Dr. Ken Dychtwald, Age Wave has developed a unique understanding 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. (Age Wave is not affiliated with Bank of America Corporation.)

Source: Bank of America. Merrill Lynch Global Wealth Management (MLGWM) represents multiple business areas within Bank of America's wealth and investment management division including Merrill Lynch Wealth Management (North America and International), Merrill Lynch Trust Company, and Private Banking & Investments Group. As of June 30, 2016, MLGWM entities had approximately \$2 trillion in client balances. Client Balances consists of the following assets of clients held in their MLGWM accounts: assets under management (AUM) of MLGWM entities, client brokerage assets, assets in custody of MLGWM entities, loan balances and deposits of MLGWM clients held at Bank of America, N.A. and affiliated banks.

Financing the Retirement Wave

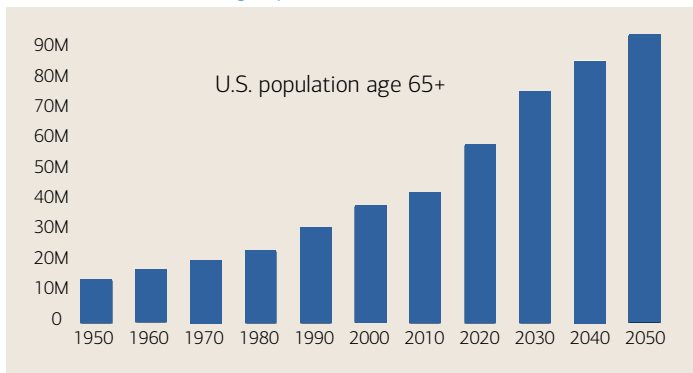


The fast-growing ranks of American retirees need to find new ways to fund longer retirements, and many are worried about their ability to do so. They don't know the full cost of retirement or how much they need to save, but they save far less than they think they should.

Retirement Funding in Transition

Three major forces are transforming the challenge of funding retirement. First, the massive Baby Boomer retirement wave is dramatically increasing the retiree population (FIG 2), adding about 10,000 new retirees a day. The U.S. population age 65+ will continue its dramatic rise, increasing by half over the next 30 years.

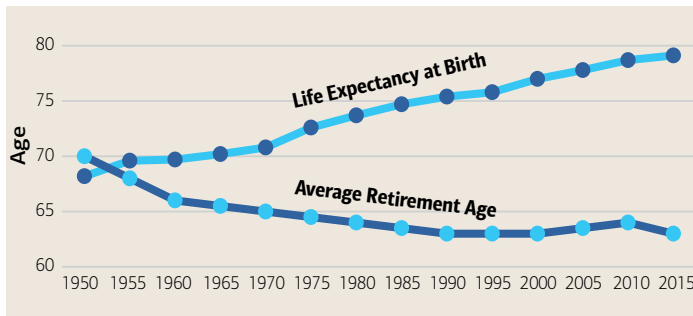
FIGURE 2: The Fast-Rising Population of Older Americans



Source: U.S. Census Bureau, 2015

Second, longevity continues to climb. Average life expectancy at birth is up to 79 years and is projected to continue to rise, adding nearly two years per decade.¹ However, the average retirement age is little changed (FIG 3). That means more retirees will need to fund longer retirements.

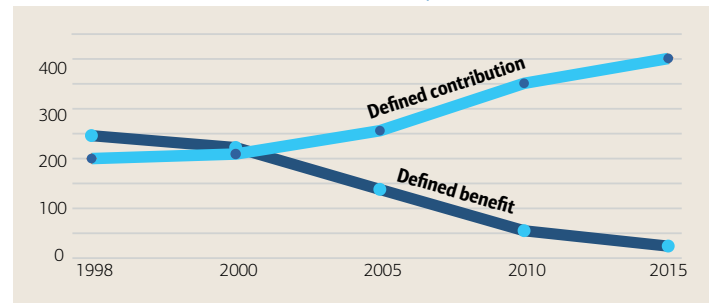
FIGURE 3: Life Expectancy and Retirement Age



Source: U.S. Census Bureau; 2016; Boston College, 2015

Third, the retirement funding formula is shifting dramatically. Most employers have discontinued guaranteed defined benefit pensions in favor of 401(k) and other forms of defined contribution accounts (FIG 4). And the long-term viability of Social Security benefits is in question.²

FIGURE 4: Pension Plans in Fortune 500 Companies



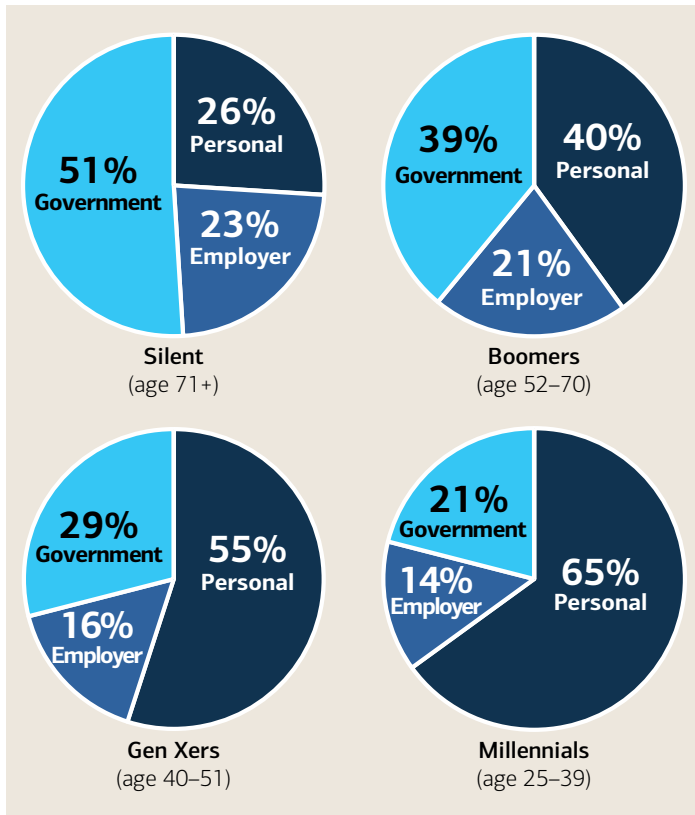
Source: Willis Towers Watson, 2016

Americans need more funding for longer retirements, yet the “three-legged stool” traditionally used for funding retirement—Social Security, employer pension, personal savings—is getting very wobbly for many people. They will need to rely more on personal sources of income, and so the responsibility for managing retirement funding resides more than ever with the individual.

Sources of Retirement Funds

Americans know that the retirement funding formula is changing. Our study reveals that the Silent Generation, (children born between 1925 and 1945) almost all retired at this point, counts on Social Security for half their income, with roughly a quarter each from employer pensions and personal sources (FIG 5). Each younger generation in turn anticipates less reliance on government programs and employer pensions, and more on personal sources. Millennials expect 65% of their retirement income to come from personal sources. A few industries and government organizations generally continue to provide defined-benefit pensions. However, for the overwhelming majority of Millennials—and most of today’s other pre-retirees—the defined benefit pensions leg of the stool will contribute little or nothing.

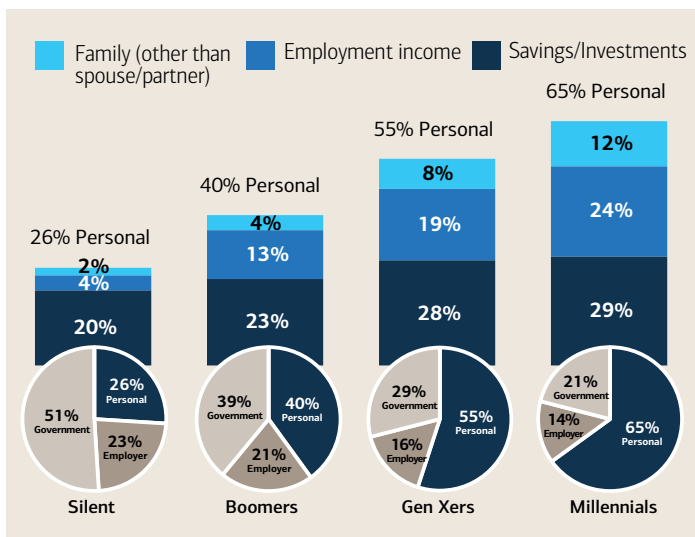
FIGURE 5: Americans' Anticipated Sources of Retirement Income



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 25+

As personal sources play an increasing role in funding retirements, the mix is also shifting within that category (FIG 6). Savings and investments are still the largest component, but younger generations expect increasing reliance on income from continued employment in their retirement years, as well as on support from family. In fact, Millennials expect one-fourth of their retirement funding to come from continuing to work in retirement.

FIGURE 6: Sources of Retirement Income

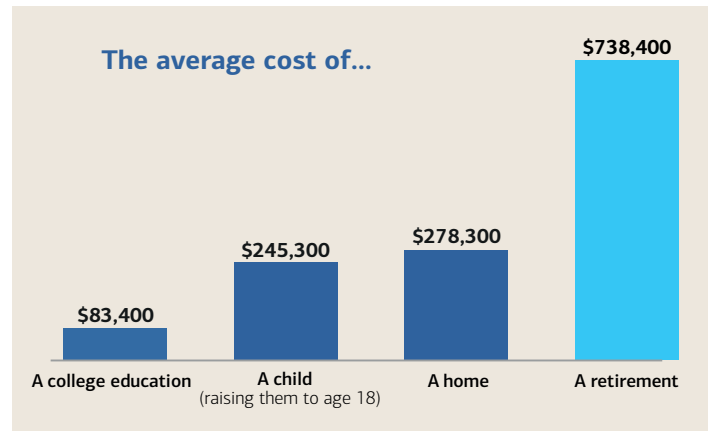


Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 25+

The Purchase of a Lifetime

Americans are rightly concerned about funding a comfortable retirement, yet most aren't aware of what it will cost. Compared to life's other biggest expenses—buying a home, raising a child, paying for college—retirement carries the highest average price tag. The average cost of retirement is over \$700,000 or about 2.5 times that of the average house (FIG 7). It's truly the purchase of a lifetime.

FIGURE 7: Retirement Has the Highest Price Tag



Source: CollegeData.com, 2016; USDA/Consumer Expenditure Survey, 2014; U.S. Census Bureau, 2015-2016; Fidelity.com

Many big variables go into financial planning for retirement. How much income per year do I need to live comfortably? How much can I save before retiring? How might my investments perform? The answers are different for each of us; however, the uncertainty about getting them right affects almost everyone. Eighty-one percent of Americans say they don't know how much money they'll need to fund their retirement.

The biggest unknown variable is how long each of us will live in retirement. When we asked, "To what age would you like to live?" the average response was around 90 years (and older people expressed the wish to live even longer). Retiring at 65 and living to 90 means 25 years in retirement, yet few are prepared for a retirement lasting that long (FIG 8). Only 16% of age 50+ pre-retirees say they are financially prepared for a retirement lasting 20 years, and merely 27% say they are prepared for a ten-year retirement.

FIGURE 8: Ready for a Lengthy Retirement?



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 50+ pre-retirees; T1B

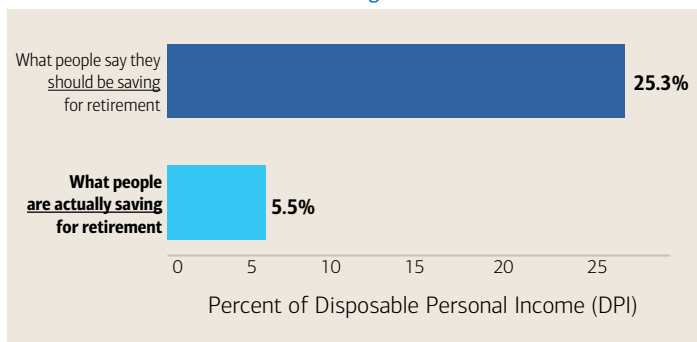
This lack of preparedness extends even to the wealthy. Of those with at least \$1M in investable assets, only 60% say they feel prepared for a 30-year retirement. Among those with \$500K to \$1M, it drops to 37%.

The Intention-Action Gap

Americans seem to know what they should be doing to build their retirement savings. Roughly two-thirds know they ought to start saving early and live within their means, so they don't have to tap into their retirement savings prematurely. A majority also say they know the importance of maintaining the discipline to save regularly.

However, there's a big difference between theory and practice. On average, Americans said they think they should be saving about 25% of their disposable (after tax) income each year. But the average annual savings rate in the U.S. is only 5.7% (FIG 9).³ The savings rate has moved up from a low of about 3% during the recent recession, but it's still less than half the peak rate of 13% in the early 1970s.⁴ In fact, Americans are saving less than one-fourth of the amount they think they should be saving for retirement.

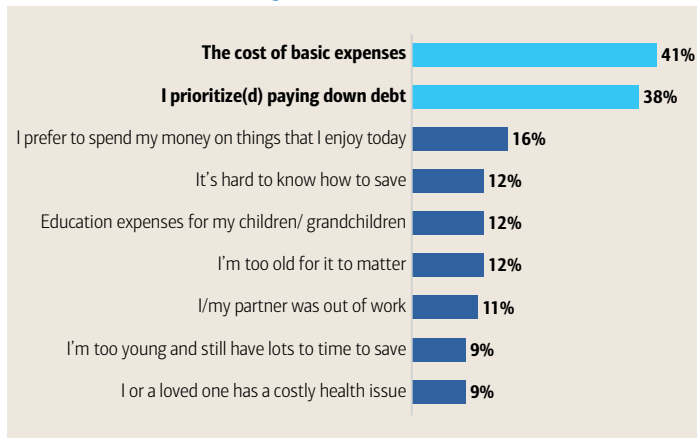
FIGURE 9: Intended versus Actual Savings Rates



Source: Federal Reserve, 2016
Base: Age 25+; mean; total answering; Age Wave calculations

People offer a variety of reasons for not saving for retirement (FIG 10). They say their top two barriers are not having enough money left after paying basic expenses (41%) and paying down debt (38%).

FIGURE 10: Barriers to Saving for Retirement

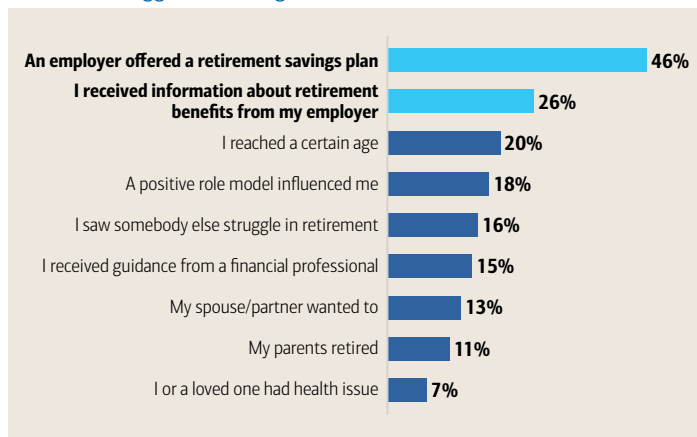


Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017;
Base: Age 25+; select all that apply

Saving and Leaking

Among Americans who are saving regularly for retirement, by far the most common trigger is the employer that offers a plan and provides information on how to take advantage of it (FIG 11). Thirty-nine percent of adult Americans have 401(k) or other types of defined contribution plans, with combined employee/ employer contributions averaging around \$5,600 a year.⁵ But only 12% of participants contribute the maximum amount allowed⁶ (\$18,000 in 2017⁷), and 22% of those eligible for plans do not contribute to them at all. Moreover, these accounts often suffer "leakage" when people tap into them (and bear the tax and penalty consequences) before reaching age 59½, often when changing jobs.⁸

FIGURE 11: Triggers to Saving for Retirement



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017;
Base: Age 25+ who have started saving for retirement; select all that apply

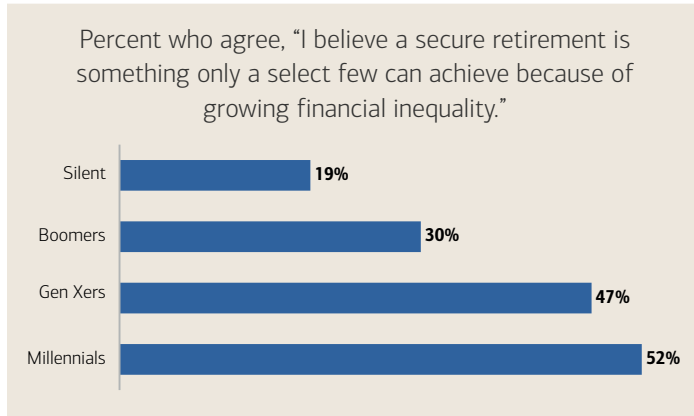
A significant number of Americans aren't saving for retirement at all. One-third of adults have no savings for retirement.⁹ That includes the 42% of Millennials who haven't started to save yet. Another 23% of the population has less than \$10,000 saved for retirement. So more than half the U.S. population is basically unfunded for retirement in terms of savings. Only 13% have saved \$300,000 or more.⁹

Against a backdrop of economic uncertainty, financial hurdles, and growing concern about income inequality, younger generations feel that a financially secure retirement is falling out of reach (FIG 12). More than half of Millennials are pessimistic in this regard; however, they also have the longest lead time for learning what to do and taking action.

"My husband and I have always tried to do the right things: lived within our means, maxed out our 401 Ks, and even put off retirement for a few years, but who knows how long we'll live? Who knows what might happen to our health? We are worried we will outlive our savings, and that is a scary thought."

— Focus Group Participant

FIGURE 12: Is a Secure Retirement Falling Out of Reach?



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017;
Base: Age 25+; T2B

New Challenges, New Solutions

To recap the situation, Americans need to fund longer retirements. The retirement funding formula is changing, and responsibility is shifting more and more to the individual. Retirement is the most expensive purchase most people will ever make, yet most are not saving enough to fund it adequately.

Resolving this situation requires a new approach. It requires new knowledge, new attitudes, and new behaviors, starting with more informed and disciplined management of finances. There are also opportunities across each of the Life Priorities to make course corrections that can help individuals attain a more financially comfortable and secure retirement.



Life Priorities in Retirement



Retirement planning is about a lot more than having target numbers for net worth and retirement income. It's about how individuals want to live in retirement. This research across the Life Priorities shows that, even in the face of financial and other challenges, today's retirees are resilient, adaptable, and hopeful.

Examining the Seven Life Priorities

The Merrill Lynch/Age Wave studies collectively developed and examined the multi-disciplinary framework of the seven Life Priorities in retirement—Family, Health, Home, Work, Leisure, Giving, and Finances. These Life Priorities are best examined:

- Specifically—Within each Life Priority, what are people's needs and preferences? Their ambitions and constraints? Where are they flexible, and what are their non-negotiables?
- Holistically—What are the interconnections among the Life Priorities? How might positive or negative changes, for example in health or work status, reverberate across other priorities? Or how might downsizing a home in retirement provide more resources to help fund a grandchild's education?

This constellation of Life Priorities is in constant motion. The relative importance of Life Priorities—and one's preferences and goals within them—may change throughout a lifetime. For most people, some of the biggest changes occur as they approach, enter, and adjust to retirement.

Upon close examination of their individual Life Priorities, people can make three basic kinds of helpful course corrections:

- Small adjustments that could add up over the years
- Direct tradeoffs of one activity/expense for another
- Larger, often one-time, changes to financial status and future cost of living

These course corrections are very individual—based on circumstances, values, needs, preferences, and aspirations. One person's clear choice can be another's non-starter. There are many options within and across the Life Priorities.

Looking Ahead

In each of the following sections, we share key insights from our suite of studies of the Life Priorities. We examine the financial facets of each Life Priority, and we explore with examples some of the course corrections, large and small, that Americans might consider making in order to have more financially comfortable retirements.

The resounding theme as we look across the Life Priorities is people's resilience, adaptability, and hopefulness. A majority of survey respondents are willing to consider most of the selected actions we polled them on. In Health, Family, Leisure, and Giving, virtually all the course correction options are in play for a majority of people. Some of the course corrections around Home, Work, and Finances are a bit more difficult for older Americans to consider. Many are less willing to do things that are emotionally or socially awkward, like seeking help from relatives and providing services to strangers, or that might seriously deplete their assets. But overall, the good news is that people find ways to adapt and enjoy their retirement.



Finances in Retirement — Seeking Peace of Mind



Finances are the #1 worry of many Americans. Although money is on their minds, they are reluctant to discuss it. Their financial knowledge is low, and most don't have financial role models. So the financial peace of mind they seek can be elusive.

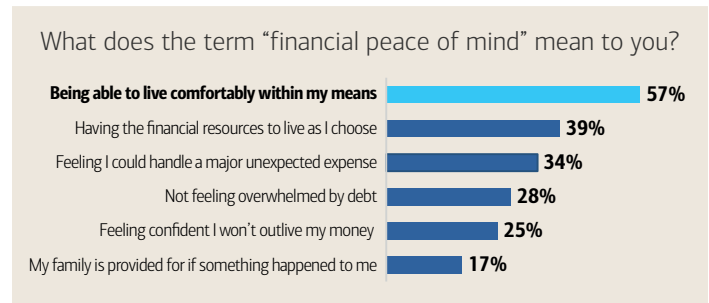
Financial Objectives

We found that, for the overwhelming majority of people, the financial objective is not wealth per se, but peace of mind. Given the choice, 88% say they would like to save enough to have financial peace of mind, while only 12% say they would like to accumulate as much wealth as possible.¹⁰

Financial peace of mind, however, can mean different things to different people (FIG 13). For a 57% majority, it means being able to live comfortably within one's means. For many, financial peace of mind also includes a strong element of freedom to live as one chooses, confidence in being able to handle an unexpected expense, or freedom from the burden of debt.

What is most likely to diminish financial peace of mind? More than 80% of those age 50+ said "a health disruption for my partner or myself" and "a large unexpected expense." More than half cited "a loved one requiring ongoing financial support."

FIGURE 13: What Financial Peace of Mind Means



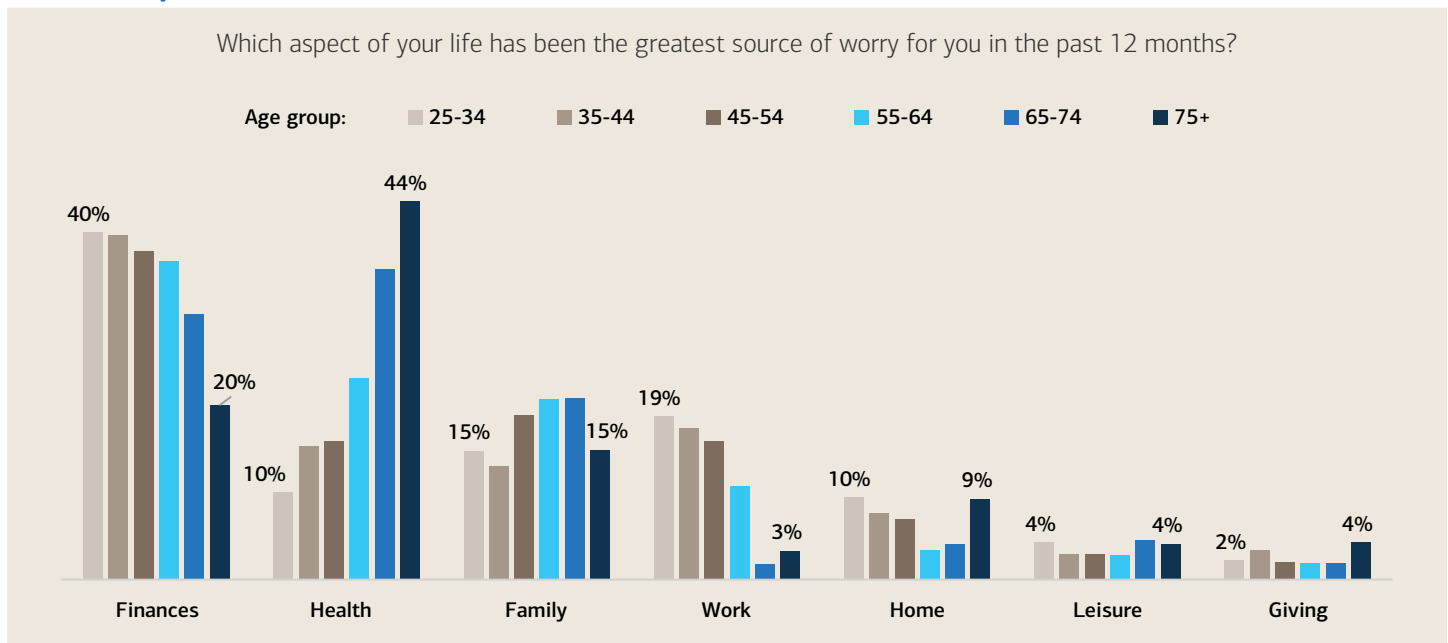
Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 50+, select two

Financial Worries

Amid all the major political, economic, environmental, and social challenges faced today, Americans are more likely to say their number one worry is their personal and family finances. Two-thirds of those we surveyed said that they are more worried about their finances than the nation's finances.

Looking across the seven Life Priorities, people are most anxious about their finances and, as they age, their health (FIG 14).

FIGURE 14: Worry About the Life Priorities



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 25+ omnibus, select one

We asked Americans of all ages specifically about their financial worries in retirement (FIG 15). These start with unexpected costs for health care, the rising cost of goods and services, and lack of money to do the things they want to do. These basic financial hurdles outweigh concerns about tax rates and stock market performance.

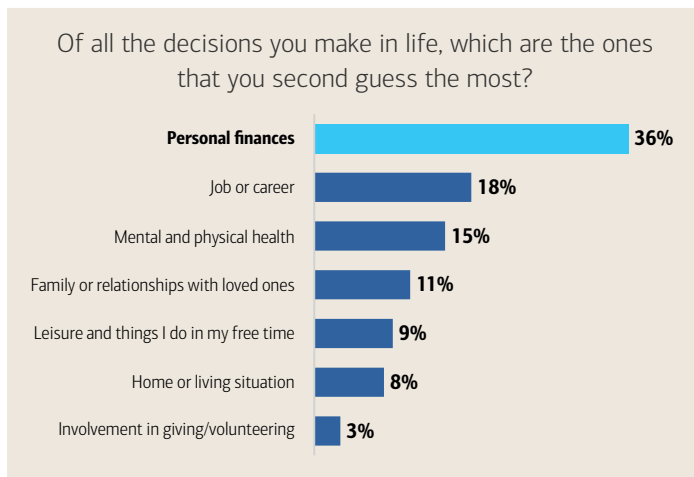
FIGURE 15: Financial Worries in Retirement



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 25+; select three

To complicate matters further, people lack confidence in their financial decisions. Our survey found that, by a wide margin, decisions around personal finances are the ones people second guess the most (FIG 16). At the same time, people want to project financial confidence to their family and friends: Sixty percent say, "It's important that others think I'm in control of my finances."

FIGURE 16: What Decisions Are Second Gussed?



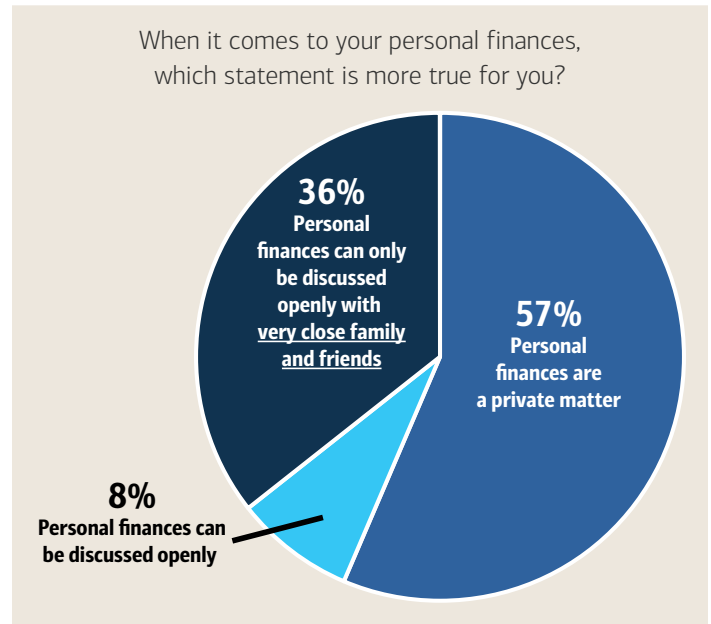
Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 25+; select one



Talking About Finances Is Socially Taboo

We live in an era of increased transparency and sharing via social media, but not when it comes to personal financial situations. Fifty-seven percent of Americans consider their finances a private matter, and another 36% feel that finances can be discussed only with very close family and friends (FIG 17), typically, just one's spouse or partner. Eighty-two percent say they know a lot about their spouse or partner's financial situation, while only 30% know about their children's, 13% their siblings', and a mere 8% their best friend's. In fact, many people are more uncomfortable talking about their financial status than discussing their preferences for end of life.

FIGURE 17: Finances Are a Private Matter



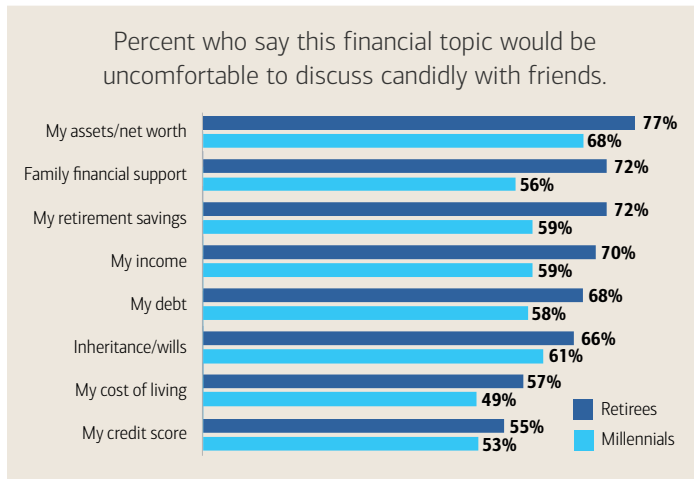
Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 25+; sums to >100% due to rounding

Some financial topics are more taboo than others (FIG 18). Over 70% of retirees say they would be uncomfortable discussing with friends their net worth, retirement savings, or income. Credit scores and cost of living are more readily talked about, but still uncomfortable topics of discussion. A shift is under way, however. With each generation, there's more openness to discussing money. The Millennials are most transparent, but discomfort is still the rule.

"The implications of a bad financial decision could be devastating to me and my family. Yet making smart financial decisions is incredibly confusing and complex. How am I supposed to know the answer?"

— Focus Group Participant

FIGURE 18: Different Degrees of Taboo



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 50+ retirees, Millennials

Knowledge Is Low, Role Models Few

Personal unease may be at the heart of Americans' difficulty discussing and dealing with financial matters, but other factors are at work, too. People find the language of finance confusing: Sixty-five percent of Americans say that most of the language used by the finance industry is not user-friendly.

The world of financial instruments and strategies can be complicated, and many people's "financial IQ" isn't high. Only six in ten of Americans age 50+ say they clearly understand the two terms most associated with saving for retirement—IRA and 401(k). Far fewer understand the process of asset decumulation or the problem of 401(k) leakage. Only 17% give themselves high grades for understanding how Social Security works.

Many Americans know they're not doing a good job with their retirement finances. When we asked those age 50+ to grade their own financial behaviors, only a third gave themselves As or Bs for how much they were saving, using tax-advantaged accounts, optimizing Social Security benefits, or learning how to manage finances to last a lifetime. The average grade was C-.

Half of age 50+ pre-retirees say they don't have positive role models when it comes to money and financial planning. Among those with role models, it's most often a parent or parent-in-law, or a financial advisor.

Help Us Help Ourselves

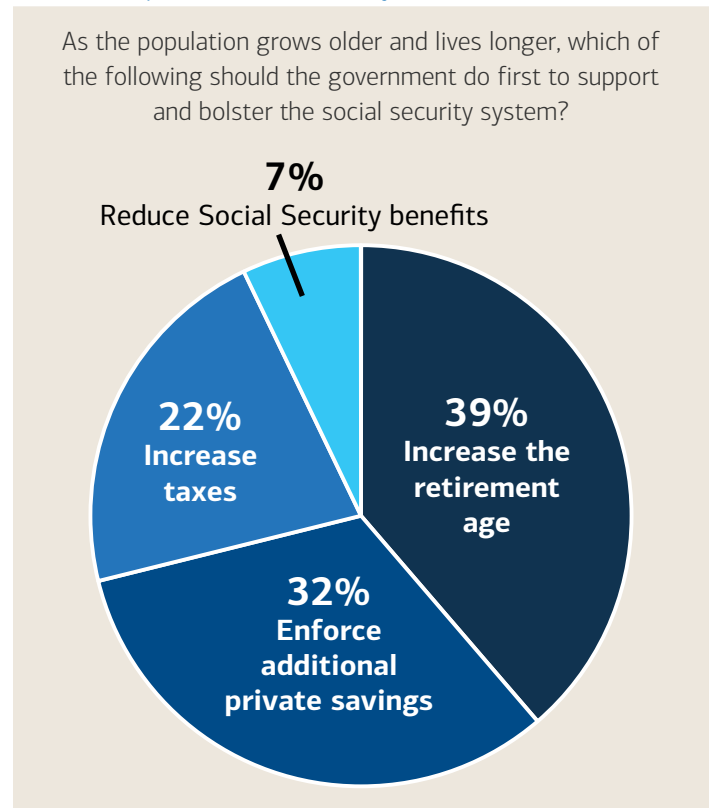
Nine in ten Americans say basic financial management should be a standard part of the high school curriculum. That's currently the case in only five states,¹¹ in contrast with the 36 states that require sex education.¹² America's youth would be benefited by learning about how to manage their money early, so they can start saving early and be motivated to live within their means from the start.

"My friends and I talk about almost everything except money. It just seems so uncomfortable to focus on that."

— Focus Group Participant

Many Americans are open to public policy changes to improve the financial picture for an aging population. We asked people of all ages what they suggest the government do to improve retirement preparedness. Thirty-nine percent say to raise the retirement age, keeping it more aligned with increasing longevity (FIG 19). Thirty-two percent recommend enforcing additional private savings, ensuring that everyone has a retirement account. The less popular options are raising taxes (22%) and reducing Social Security benefits (only 7%) to make the program and its funds last longer.

FIGURE 19: What Americans Want: Potential Government Actions to Improve Retirement Solvency

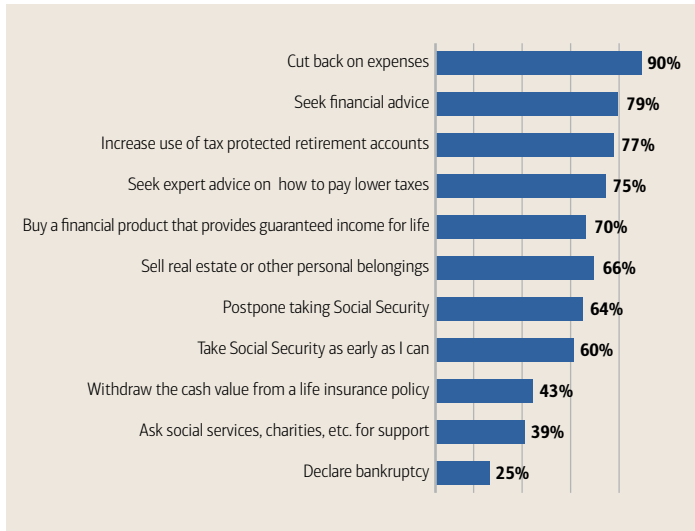


Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 25+, total answering

Making Course Corrections

What finance-based changes are people willing to make in order to have a more comfortable and secure retirement? Ninety percent say they would start with cutting back on basic expenses (FIG 20). Three in four would seek professional advice on money management or minimizing taxes, or would increase use of tax-protected retirement accounts. Seventy percent would look at financial products like annuities that provide the opportunity for a guaranteed income. Six in ten would adjust the timing of Social Security benefits. They are more willing to sell real estate or personal belongings (66%) than to withdraw cash value from life insurance policies (43%). Seeking help from social services and declaring bankruptcy are at the bottom of the list, but one in four would consider the latter.

FIGURE 20: Course Corrections – Finances



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 50+; select all that apply

Beyond simple belt-tightening, many financial course corrections can be complex, and people recognize that they may need guidance. For example, is it better to claim Social Security early or late? Additional changes must be made with care because they involve one-time decisions that may carry long-term implications, for example, selling a home or purchasing an investment that provides the opportunity for a guaranteed income.

Hypothetical Example of a Helpful Finances-Related Course Correction

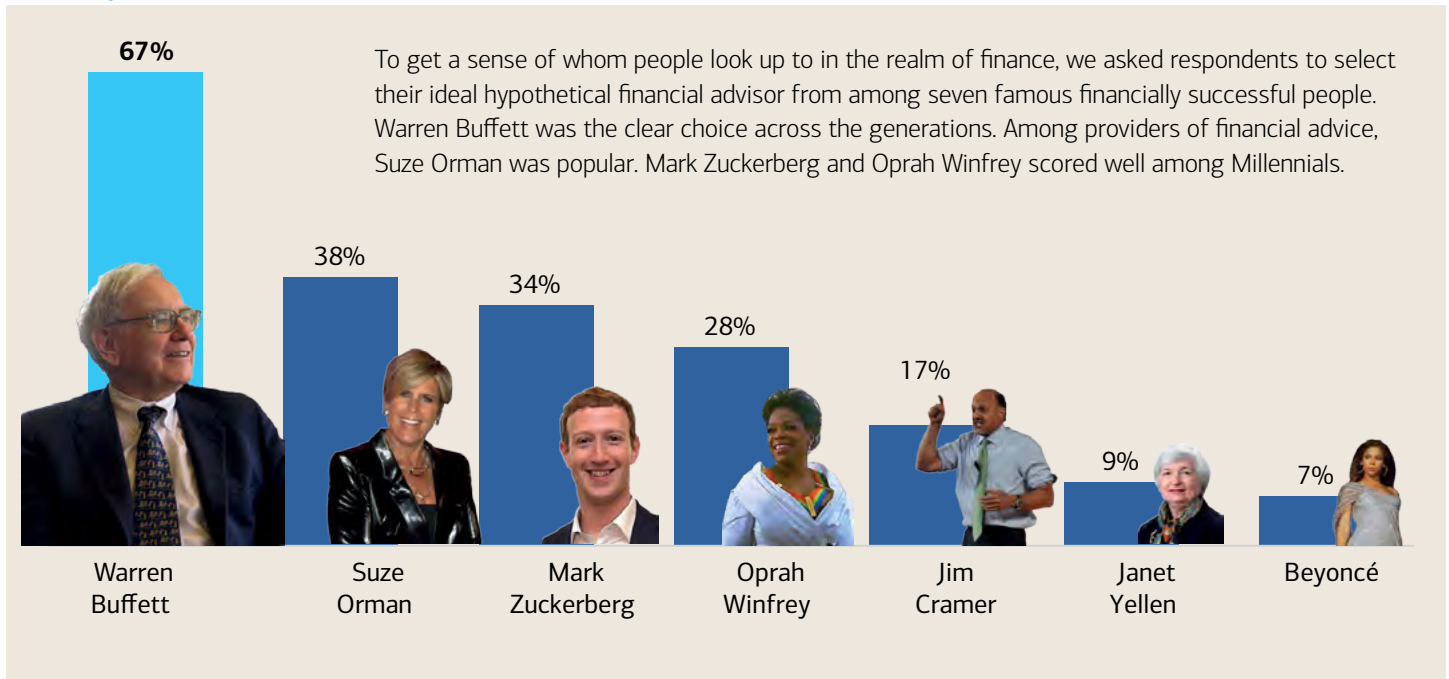
A 61-year-old couple living in San Diego optimized their Social Security benefits claiming strategy. One spouse is eligible for relatively high benefits (about \$2,600/month at the Social Security full retirement age¹³) and expects to live to average life expectancy. The other is eligible for average benefits (about \$1,300/month) and expects to live a long life. If they decided not to claim their benefits as early as possible at age 62, as many people do.¹⁴ Instead, initiating benefits at ages 70 and 68 respectively, it will result in an estimated \$215,000 in greater total lifetime benefits, even after the delay.

Additional Funds Available for Retirement



Source: Based on Age Wave calculations, 2016

Celebrity Financial Advisors



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 25+; select two

Health in Retirement — The Biggest Wildcard

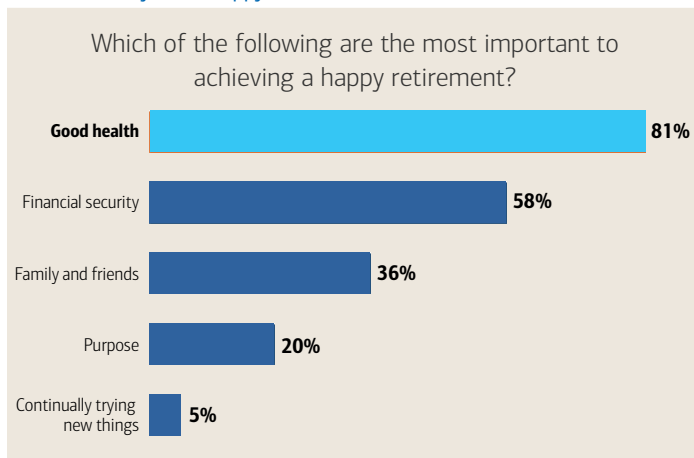


Today's retirees tell us that the #1 ingredient for a happy retirement is health, which can have a far-reaching impact on quality of life, family relationships, and financial security. At the same time, the uncertain and potentially high cost of health care is their #1 financial worry of retirement.

Healthy Choices

Retirees know the importance of good health. Eighty-one percent put it at the top of the list for a happy retirement (FIG 21). Eighty-six percent agree that maintaining or improving their health could minimize out-of-pocket health related expenses in retirement, and 78% say their retirement could be better if they took excellent care of their health. Most retirees know (if not always practice) the behaviors that lead to good health. Our study found that the retirees who report their health as excellent or very good are twice as likely as those whose health is fair or poor to be exercising, eating nutritiously, maintaining a healthy weight, and, critically, staying socially connected.¹⁵

FIGURE 21: Keys to a Happy Retirement



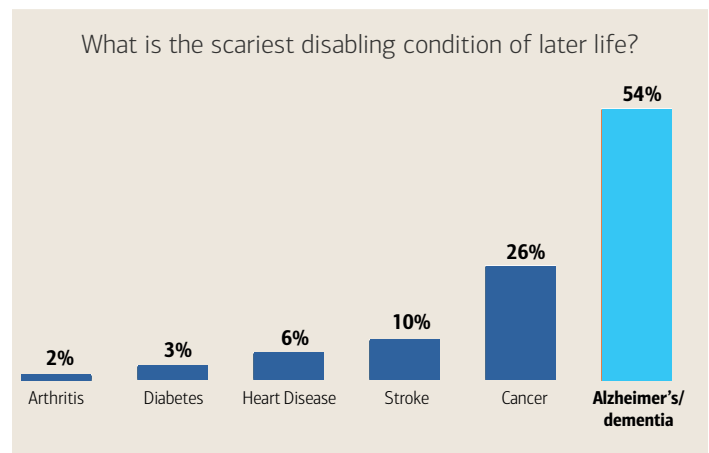
Source: Age Wave/Merrill Lynch, "Health & Retirement: Planning for the Great Unknown," 2014; Base: Age 50+ retirees; select two

Major Worries About Health

Serious health problems are retirees' greatest worry about retirement.¹⁶ Increasing life expectancy, coupled with the aging of the large Baby Boom generation, will potentially give rise to growing numbers of older adults confronting chronic diseases, such as arthritis, hypertension, heart disease, stroke, diabetes, cancer, and Alzheimer's. Health care and long-term care costs can put at risk years of retirement preparation. And unexpected early retirement due to health problems can reduce earning years and retirement savings potential.

Age 50+ Americans surveyed told us that, assuming financial sufficiency, their greatest fear in living a long life is losing their physical and cognitive abilities. That translates into compounded fears, including not being able to live independently, being a burden on family, and not being able to do things they enjoy. Among the common serious health conditions of later life, Alzheimer's is by far the scariest (FIG 22). It was cited by 54% of Americans, more than all other major diseases combined.

FIGURE 22: Alzheimer's Is Feared Most of All



Source: Age Wave/Merrill Lynch, "Health and Retirement: Planning for the Great Unknown," 2014; Base: Age 25+

Health Care Costs Can Be High

Health care expenses are the biggest financial worry of many retirees. And it's a worry that extends to children, parents, and siblings whose health conditions can become a family expense. Half of retirees say they're concerned they won't have enough money to cover out-of-pocket health-related expenses. It's a valid concern given that health care cost inflation continues to exceed overall inflation.¹⁷

Many retirees don't fully understand their health insurance and coverage. Forty-three percent erroneously believe that Medicare will cover nearly all their health care costs in retirement. Few correctly anticipate the total potential cost. If a married couple wants to have 90% certainty that they can cover their out-of-pocket health-related expenses in retirement, they'll need \$259,000—more than the average home equity and more than the median household net worth of Americans 65 and older.¹⁸ And that figure does not include long-term care. Only 37% of people think they'll need long-term care. Yet, in reality, seven in ten will need it at some point in their lifetimes—on average lasting three years.¹⁹

We found that many pre-retirees struggle to get a handle on health care costs because information on costs and insurance can be complex and confusing. Many want advice about Medicare and supplemental plans, long-term care, and how much money they may need to cover health care in retirement. Yet few (less than 15%) feel they have a trusted resource to help them understand, prepare for, or manage retirement health-related expenses. Some 70% of married pre-retirees have not even discussed with their spouses health care in retirement and how to pay for it.

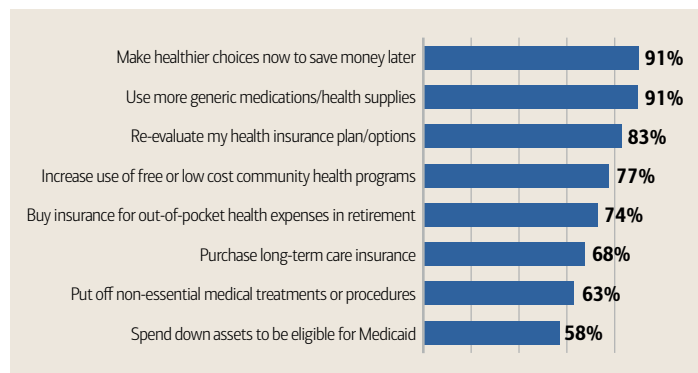
Making Course Corrections

What health-related changes did respondents say they are willing to make in order to have a more financially comfortable retirement? They are near-unanimous in saying they would be willing to make healthier choices that could reduce expenses later on, and that they would use generic medications and supplies (FIG 23). Three-fourths or more would make adjustments to their health insurance plans. Sixty-eight percent would consider long-term care insurance. At the bottom of the list, but still seen as possibilities for over half, are postponing treatments and even spending down assets in order to be covered by Medicaid.

“I’ve seen the numbers about what health care can cost and it’s hard to wrap your head around. I haven’t even started thinking about that when saving for retirement.”

— Focus Group Participant

FIGURE 23: Course Corrections – Health



Source: Age Wave/Merrill Lynch, “Finances in Retirement: New Challenges, New Solutions,” 2017; Base: Age 50+; select all that apply

Positive adjustments to health can carry over to other Life Priorities and open up opportunities, for example, to engage in leisure and work or remain in the family home. And some adjustments have a relatively larger impact for those with lower income because (Medicaid excepted) health expenses and insurance are generally independent of income and assets.

Holistic planning for retirement should include anticipating and preparing for potential health care costs. However, healthcare is often a missing link in retirement planning. Fewer than one in six pre-retirees (15%) have ever attempted to estimate how much money they might need for health care and long-term care in retirement. Only 42% have health care directives.

Hypothetical Example of a Helpful Health-Related Course Correction

Nearly 17% of Americans smoke. A 35-year-old man living in New Mexico was about to have his first child and decided to quit his pack-a-day habit. The financial impact—not purchasing cigarettes, avoiding the smoker’s penalties on health and life insurance, and benefiting from the average wage differential enjoyed by non-smokers—is \$12,000 per year.²⁰ By age 65, the value of this course correction amounts to \$360,000. Some of the savings may go toward child rearing or household expenses, but if the cigarette fund becomes a retirement investment fund, the long-term financial and lifestyle benefits will be great.

Additional Funds Available for Retirement



Source: Based on Age Wave calculations, 2016

Additional Key Findings from Health and Retirement: Planning for the Great Unknown

The Baby Boom generation at large has taken a more empowered approach to health and health care. But they still fall into four distinct segments:

- Healthy and Proactive (29%) consistently engage in key health behaviors.
- Lucky but Lax (10%) do not take great care of themselves but thus far have avoided chronic conditions.
- Course-Correcting and Motivated (29%) have conditions that served as wake-up calls to take better care of their health.
- Challenged and Concerned (32%) may have conditions that keep them from doing everything they enjoy, but only two in five engage in key health behaviors.



Source: Age Wave/Merrill Lynch "Health and Retirement: Planning for the Great Unknown," 2014

Family in Retirement — Love, Ties, Tensions

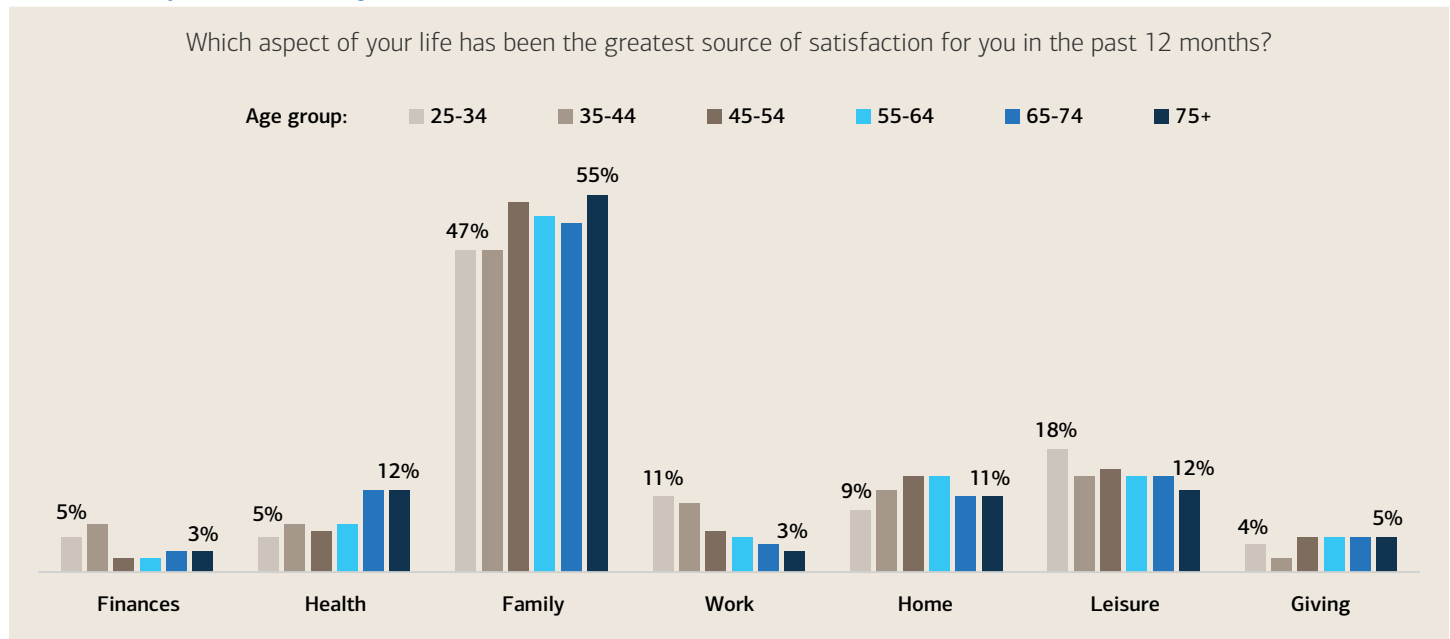


Family is the most nourishing, complex, and emotion-laden of the Life Priorities. Family finances can be generous and empowering, or awkward and contentious. The connections and interdependencies within families can complicate retirement and its planning, but it's better to navigate than ignore them.

Satisfaction plus Concern

Looking across the Life Priorities, we find that family provides the greatest satisfaction for people of all ages (FIG 24).

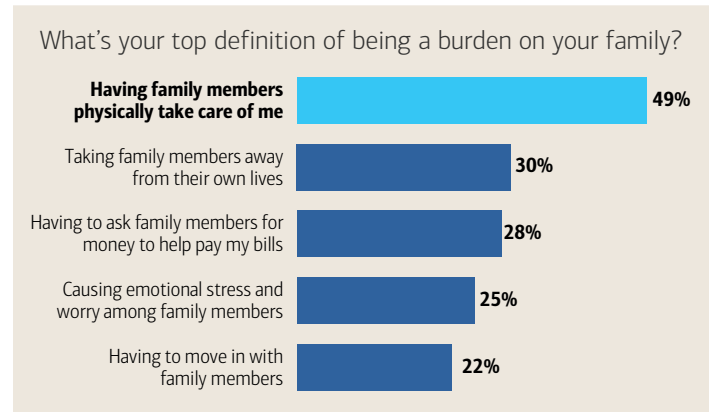
FIGURE 24: Family Is the Source of Highest Satisfaction



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 25+; select one

Meantime, 60% of middle-aged and older Americans told us that one of their greatest worries is becoming a burden on their families. When asked what it means to be a burden, they said they're worried not only about needing physical care, but also about interfering with the lives, finances, and emotional well-being of family members (FIG 25).

FIGURE 25: What It Means to Be a Burden on Family



Source: Age Wave/Merrill Lynch, "Family in Retirement: The Elephant in the Room," 2013; Base: Age 50+; select up to two

It Gets Complicated

Today's families have unprecedented complexities. They are:

- **Multigenerational.** With greater longevity, there are more grandparents—and great-grandparents—than ever before.
- **Geographically dispersed.** For the many families whose members are living all over the nation and around the globe, staying emotionally close and supportive can be challenging.
- **Blended and dynamic.** While the overall divorce rate has stabilized, gray divorce (among those age 50 and older) increased 700% from 1960 to 2010.²¹ Most of those who divorce remarry, creating complex and fluid family structures.

Parenthood doesn't retire. Adult children, often struggling with careers, relationship transitions, and finances, are increasingly returning home or seeking a helping hand. Meanwhile, the elder parents of today's pre-retirees and retirees are living longer than any prior generation and often require emotional, physical, and financial support. That leaves many pre-retirees and retirees sandwiched—stretched financially and stressed emotionally—as they attempt to balance the priorities and tradeoffs of planning and financially managing their own retirement with helping both younger and older family members.

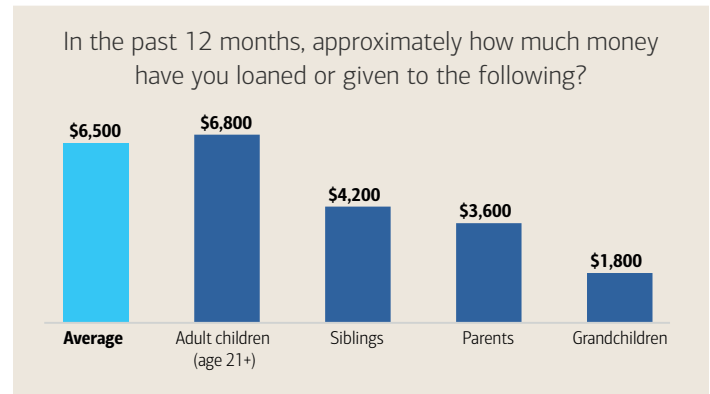
Financial concern is a family affair:

- 48% of Americans age 50+ say they're willing to overextend themselves financially to give their children a more comfortable life.²¹
- 60% say they would delay retirement, and 40% would return to work after retiring, in order to financially support family members.
- 35% of people say they might need to have their children help them out financially in retirement. Baby Boomers are twice as likely (30%) as the Silent Generation (17%) to feel this need.

The Family Bank

One of the most challenging roles in terms of family finances is serving as the "family bank." Sixty-two percent of people age 50+ have provided financial support to family members in the last five years. While half say they felt it was an obligation, 80% say it was also "just the right thing to do." Those who have given or loaned money to family members in the last year gave an average total of \$6,500 (FIG 26). Which family members are relied upon for financial support? Those who are the most financially responsible, have the most money, or are easiest to approach.

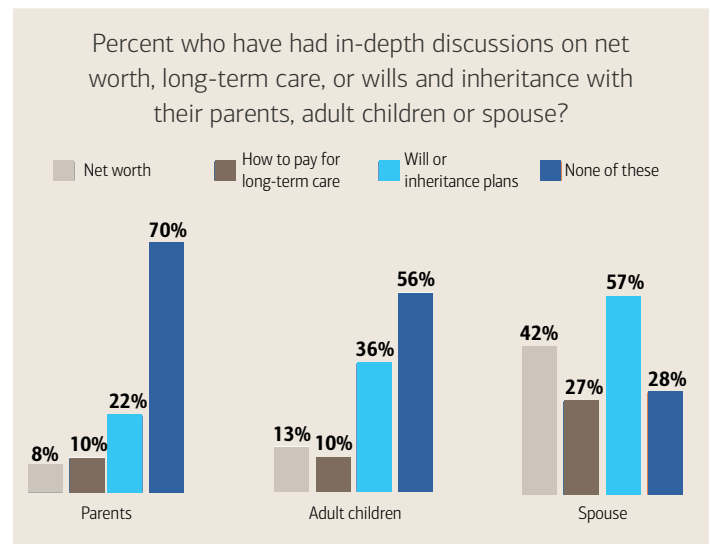
FIGURE 26: Money Given or Loaned to Family Members



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 50+ who loaned or gave to relative in past 12 months; has relatives (bases vary); average dollar amount given/loaned

Even with these financial interdependencies, talking about finances can still be taboo. People often avoid discussing financial topics, even with their spouses (FIG 27). They may be secretive, or find the topics uncomfortable, but the number one reason is to avoid family conflict. When discussion happens, it's often triggered by an illness or death of a family member or close friend, or by family members' specific financial problems coming to the fore. Despite any reluctance, discussing financial matters is important to financial well-being. Those who have discussed key financial topics with a spouse or partner are almost twice as likely to feel better prepared for retirement.

FIGURE 27: Lack of Communication on Financial Matters



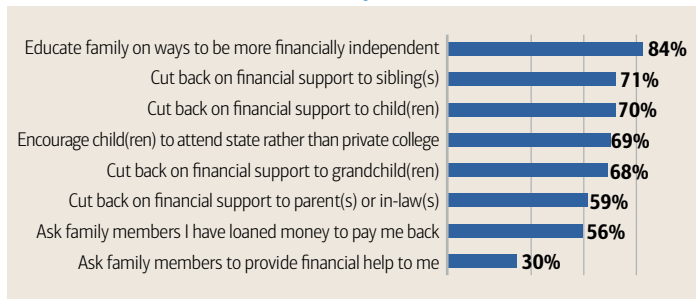
Source: Age Wave/Merrill Lynch, "Family & Retirement: The Elephant in the Room," 2013; Base: Vary by column groups: age 25+, age 50+ with adult children, age 50+ and married

Family situations and challenges are seldom budgeted for in retirement, not even providing support for elderly parents when the need is easily anticipated. Planning and budgeting—and clarity of intention—can be especially important in blended families, because Americans tend to feel more financially responsible for their direct relatives than for their step-relatives. And there are often financial strains associated with gray divorce. After a divorce, household income typically drops by 25% for men and more than 40% for women. That can push divorced pre-retirees and retirees closer to needing family financial help.

Making Course Corrections

What family-related changes are Americans willing to make in order to have a more financially comfortable retirement? Eighty-four percent said they would like to educate family members to help make them more financially independent, which is also a way to get overdue conversations started (FIG 28). When it comes to cutting back financial support, most would reduce support for siblings and children before parents and grandchildren. Sixty-nine percent would encourage their children to attend less expensive state schools rather than private colleges. Twice as many respondents would ask for loaned money back than would ask for financial help directly.

FIGURE 28: Course Corrections – Family



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 50+; select all that apply

Many adjustments people would consider entail setting clearer boundaries and guidelines about the expectations and terms of financial support. Retirees should carefully consider how much they can afford to give or loan without compromising their own

Additional Key Findings from Family and Retirement: The Elephant in the Room

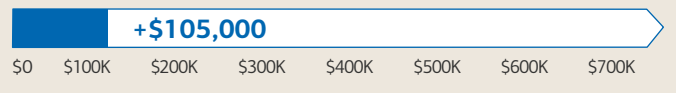
- The most common reasons for giving money to adult children are to help them pay for housing and purchase or lease a car.
- Roughly 14% of Americans age 50+ are divorced and single; in 1960 it was only 2%.
- More than half of people age 50+ are grandparents, and 28% have given money directly to their grandchildren in the last five years.
- Grandparents see their primary roles as passing on family values and simply having fun together with their grandchildren.

retirement finances—and potentially becoming a burden to their family members in the future. Too generous today can mean strapped tomorrow. They should also consider budgeting for specific larger family expenditures, such as group vacations or helping to finance grandchildren's education.

Hypothetical Example of a Helpful Family-Related Course Correction

A 50-year-old couple living in Pennsylvania have a son completing college at age 22. The parents decide they will not provide additional financial support after graduation. Instead of an average of \$6,800/year of post-college financial support to their son during their remaining working years, they will save that money for their retirement. They anticipate retiring at age 65, when their additional funds amount to around \$105,000.

Additional Funds Available for Retirement



Source: Based on Age Wave calculations, 2016



Work in Retirement — Paycheck, Productivity, People



For some people, the essence of retirement is to be free of work. Those at the opposite end of the spectrum can't imagine ceasing to work at something they're good at and passionate about. The line between work and retirement has blurred, and those who choose to work in retirement reap a variety of rewards—financial, social, physical, and psychological.

Work Is on Today's Retirement Agenda

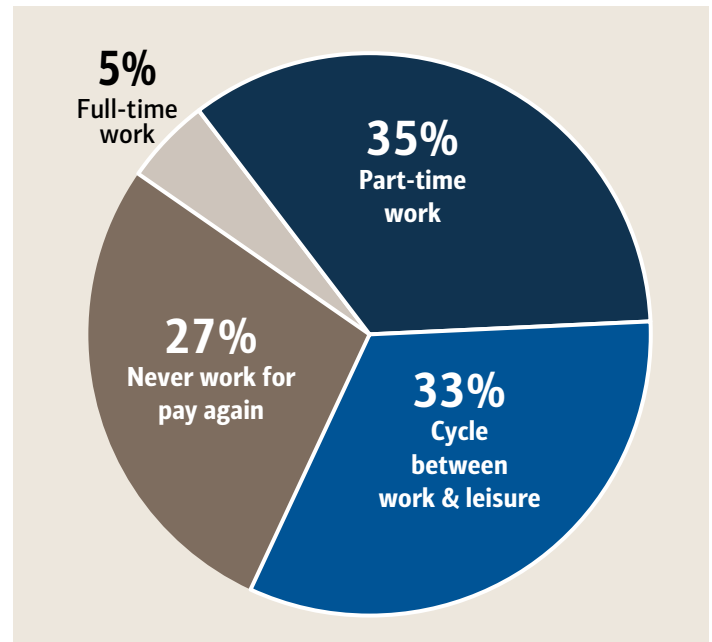
Nearly half of today's retirees currently work, have worked, or plan to work in retirement.²² Seven in ten pre-retirees say they plan to work in retirement, and the fastest growing segment of the total American workforce is those age 55 and older. And, as we've seen, younger generations anticipate generating a growing proportion of their retirement income from work.

Some people work in retirement out of necessity to make ends meet, and work can interfere with their preferred retirement activities. For most Americans, however, working part-time can be a viable and enjoyable facet of retirement—a source of extra money, social connections, and the opportunity to stay mentally and physically sharp. Many retirees are shifting from full-time, often workaholic, careers to part-time work on their own terms in roles they enjoy.

To most pre-retirees, the ideal working arrangement in retirement is flexible, either regular part-time or cycling back and forth between periods of work and leisure (FIG 29). Project-based work in many kinds of organizations is a good fit with the latter.



FIGURE 29: Flex Retirement Is the New Ideal

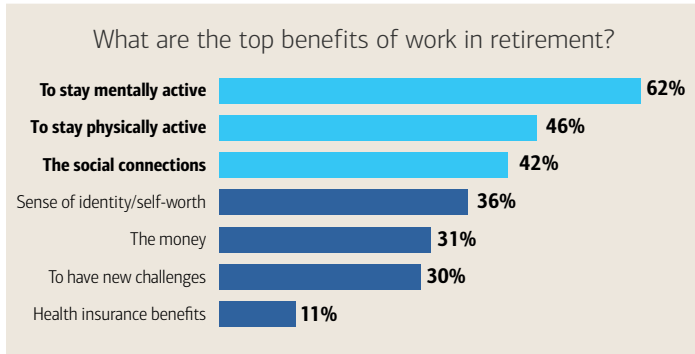


Source: Age Wave/Merrill Lynch, "Work in Retirement: Myths & Motivations," 2014; Base: Age 50+ pre-retirees; sums to >100% due to rounding

Working with Purpose

While working in retirement can significantly improve one's finances, work has great value beyond the paycheck. The large majority of working retirees in our study said they work because they want to, not because they have to (80% vs. 20%). The top reasons for working in retirement are staying mentally and physically active and maintaining social connections (FIG 30). While pre-retirees think a reliable income is what they'll miss most when not working, the non-working retirees say it's actually the social connections in the workplace that they miss most.

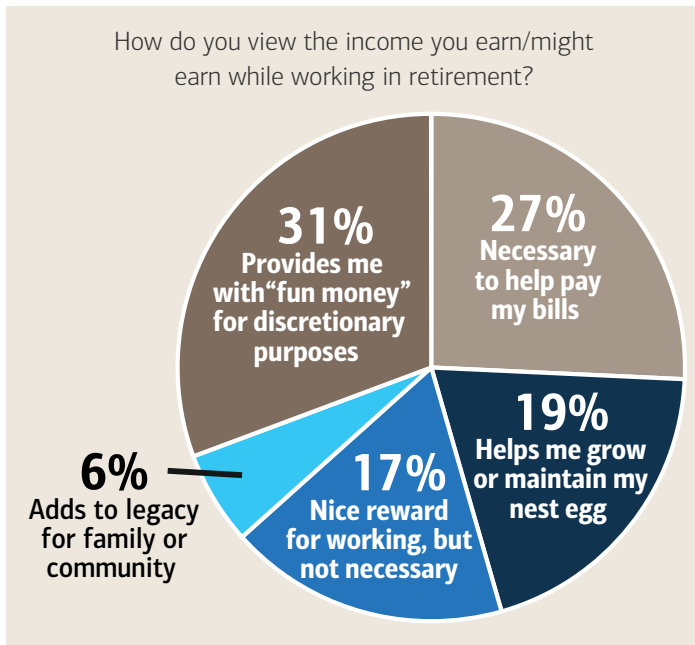
FIGURE 30: Top Reasons for Working in Retirement



Source: Age Wave/Merrill Lynch, "Work in Retirement: Myths & Motivations," 2014; Base: Age 50+ working retirees; select all that apply

We asked working retirees for their advice to pre-retirees who are considering employment in retirement. Three-fourths recommend being open to trying something new and being willing to earn less in order to do something you truly enjoy. Working retirees view the income they earn in a variety of ways. It helps protect or grow the nest egg while providing "fun money" for discretionary purposes (FIG 31).

FIGURE 31: Roles of Retirement Income



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 50+ retirees

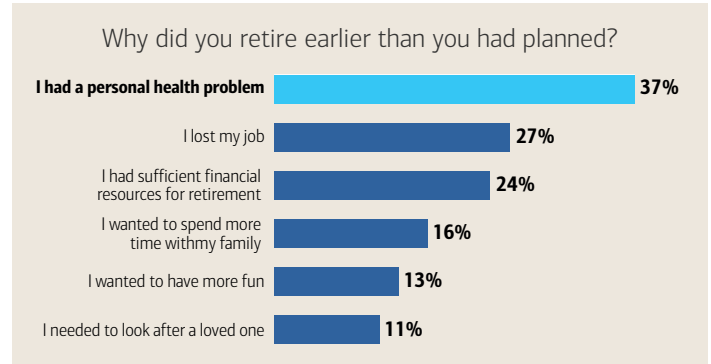
"Not working, that was for my parents' generation. I can't imagine not doing anything for 30 years. Nor could I afford to."

— Focus Group Participant

Work disruption.

Fifty-five percent of today's retirees retired earlier than planned, health problems being the most common reason for doing so (FIG 32).

FIGURE 32: Reasons for Retiring Early

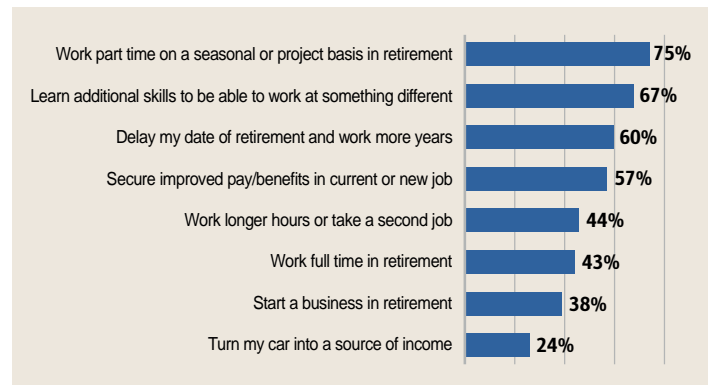


Source: Age Wave/Merrill Lynch, "Health & Retirement: Planning for the Great Unknown," 2014; Base: Age 50+ who retired earlier than planned

Making Course Corrections

What work-related changes are people willing to make in order to have a more financially comfortable retirement? Three-fourths of our age 50+ respondents said they're willing to work part-time, and two-thirds say they'd learn new skills in order to work at something different (FIG 33). More than half would delay retirement or try to adjust their jobs for better pay and benefits.

FIGURE 33: Course Corrections – Work



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 50+; select all that apply

Working in retirement, typically part-time, is one of the most obvious and direct adjustments Americans can make for both immediate and longer term financial benefit. As money is earned, more savings can be preserved. But it's essential to anticipate how the income may impact taxes, Social Security, or other elements of one's retirement financial plans.

Hypothetical Example of a Helpful Work-Related Course Correction

A couple in Seattle met their goal of being able to retire at age 60. However, they desired to transition gradually and stay connected with friends at work. Each arranged to work 20 hours a week for their former employer, she as a dental hygienist at \$38/hour and he as a claims adjuster at \$33/hour. If they continue working for their planned five years, they improve their retirement finances by around \$300,000 after taxes. The employment income also enables them to consider drawing Social Security later in favor of higher monthly benefits when they fully retire.

Additional Funds Available for Retirement



Source: Based on Age Wave calculations, 2016



Additional Key Findings from Work in Retirement: Myths and Motivations

- More than half of working retirees took a “career intermission” before returning to work—to relax, recharge, retool, and give retirement a “trial run.”
- Retirement is a time for new beginnings on the work front. A majority enter a different line of work in retirement, and a third are self-employed.
- Compared to their pre-retirement careers, people describe their retirement work as much more flexible and fun, and much less boring and stressful.
- There are four types of working retirees:
 - Driven Achievers (15%) keep right on working and accomplishing.
 - Caring Contributors (33%) find ways to give back, often by working for nonprofits.
 - Life Balancers (24%) keep working largely for the friendships and social connections.
 - Earnest Earners (28%) keep working primarily to pay the bills, and with less satisfaction than the other types.



Source: Age Wave/Merrill Lynch “Work in Retirement: Myths and Motivations” 2014; Base: Age 50+ working retirees

Home in Retirement — Right Size, Right Place, Right Lifestyle



Retirees can often be very emotionally attached to their homes. However, if they choose to change—downsize, upsize, relocate—it can significantly impact their lifestyle, their cost of living, and how they fund their retirement. Home choices may often be shaped by other Life Priorities—health needs, family proximity, and convenient access to leisure activities and perhaps part-time work.

A Multi-Faceted Asset

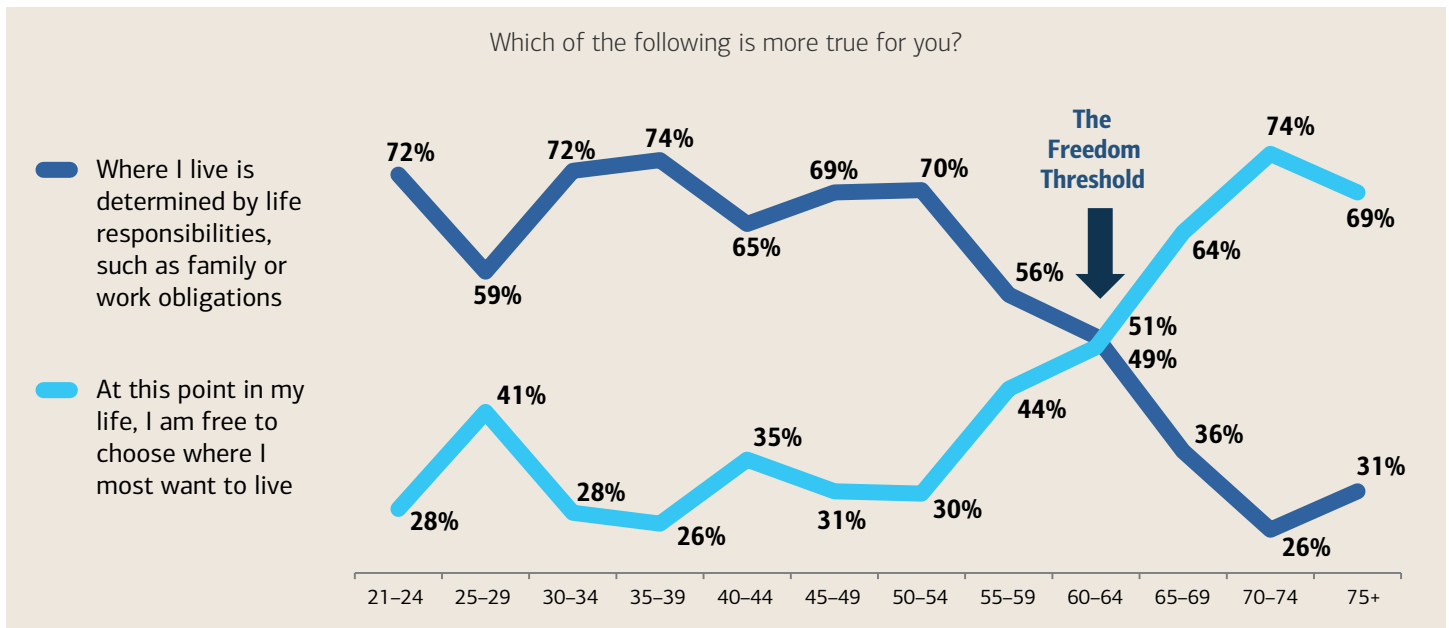
Eighty percent of Americans age 65+ own their homes, and 72% of those no longer have mortgages.²³ Their average home equity is over \$200,000. But a home is usually much more than a financial asset. Most retirees age 65+ say the emotional value of their home is greater than its financial value. It may be a center for gatherings of family and friends. If a long-time residence, it may hold much of a lifetime’s memories. Retirees are more likely than others to say their home is comfortable, in a safe community, and a good place to accommodate family visits.

One of the freedoms of retirement is to live where you choose. At around age 60, people cross a threshold where location is no longer determined primarily by responsibilities such as family and work (FIG 34).

Two-thirds of retirees tell us they have freedom of location, and 64% have moved or anticipate moving in retirement. The number one reason for moving is to be closer to family (cited by 29%), followed by wanting to reduce expenses (26%). The number one reason retirees would not move is that they simply love their homes (54%), followed by the fact that family is already close by (48%).

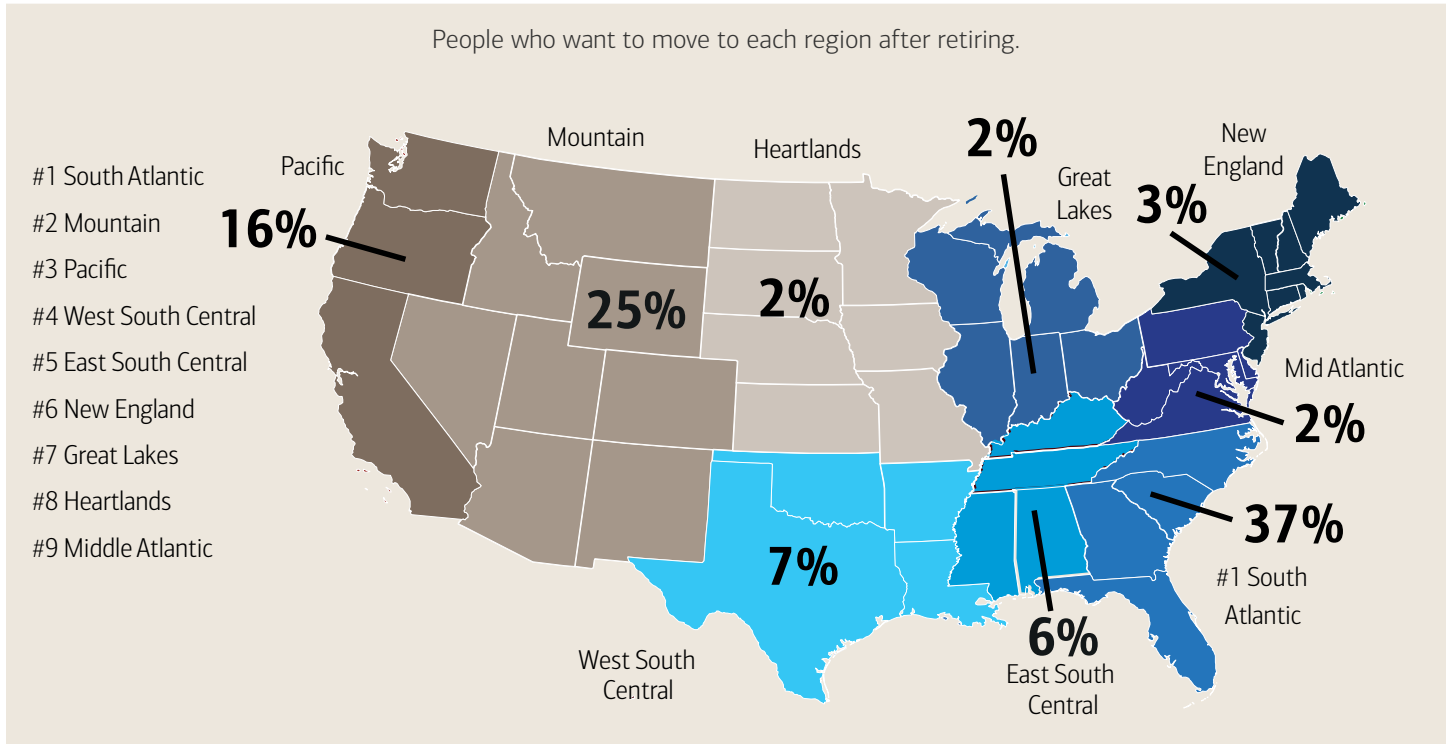
Where do people want to relocate? Pre-retirees who want to move favor the South Atlantic and Mountain regions (FIG 35). Those most likely to want to stay put are in the South Atlantic and Pacific regions.

FIGURE 34: The Freedom Threshold



Source: Age Wave/Merrill Lynch, "Home in Retirement: More Freedom, New Choices," 2014; Base: Age 21+

FIGURE 35: Regional Destinations in Retirement

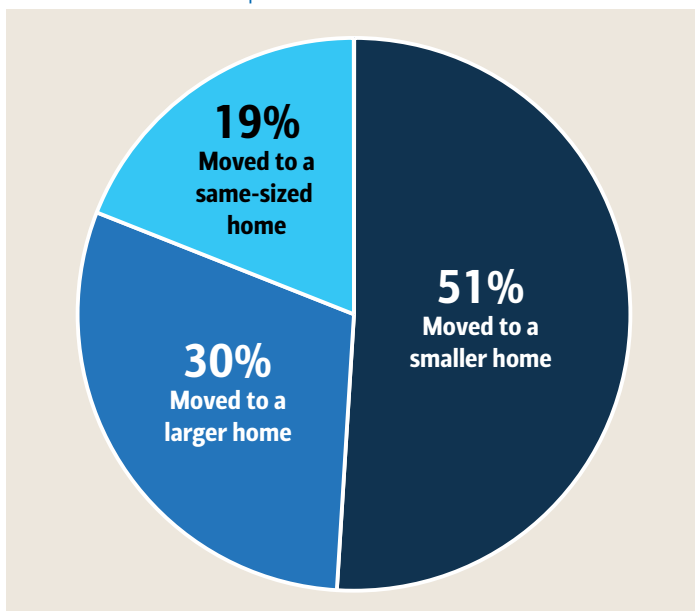


Source: Age Wave/Merrill Lynch, "Home in Retirement: More Freedom, New Choices," 2014; Base: Age 50+ pre-retirees

Downsize, Upsize, Renovate

Among those who have already moved, just over half downsized to reduce the cost and effort of home ownership (FIG 36). But we found that a surprising 30% chose to upsize into a larger home, most often to accommodate family members who visit, or even move in. According to our study, just 7% of retirees have moved into age-restricted retirement communities. However, there is growing diversity of retirement communities designed to meet the needs and aspirations of new generations of retirees, for example, through ties to universities.

FIGURE 36: Downsize or Upsize?



Source: Age Wave/Merrill Lynch, "Home in Retirement: More Freedom, New Choices," 2014; Base: Age 50+ retirees who have moved since retiring

Many retirees want to turn their current homes into their dream homes. Americans age 55+ spend roughly \$90 billion on home renovations annually, 47% of the national total. Among those who have renovated, the most common projects include creating a home office and upgrading kitchens and bathrooms.

Less common, but perhaps more important in the long term, are renovations to make homes more "aging friendly" with accommodations such as no-step entry, wide doorways, single-floor living, lever-style handles, and bathroom safety features. Twenty-eight percent of renovators have added safety features to their bathrooms, and 15% have made adjustments to enable living on a single floor. Overall, however, less than 2% of America's housing stock is aging friendly.²⁴

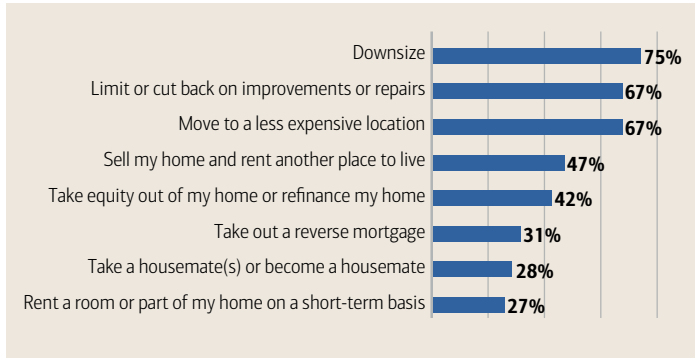
Making Course Corrections

What home-related changes are people willing to make in order to have a more financially comfortable retirement? Three-fourths are willing to downsize (FIG 37). Two-thirds are willing to move to a less expensive location or cut back on home improvements or repairs. Nearly half would consider selling or renting their homes, and 42% would consider home equity loans or refinancing. Less popular, but still under consideration by one in four, is taking boarders, either permanently or occasionally.

"In retirement, you have the chance to live anywhere you want. Or you can just stay where you are. There hasn't been another time in life when we've had that kind of freedom."

— Focus Group Participant

FIGURE 37: Course Corrections – Home



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 50+, select all that apply

Making a home move can be among the most significant one-time changes to a retiree’s financial picture. Downsizing or moving to a less expensive location can both reduce living expenses and free up funds to be invested or spent. Most retirees prefer those options to financial adjustments like reverse mortgages. If home equity represents a significant portion of net worth or an essential source of retirement funding, retirees should consider the options. They should also consider how home needs and preferences may change with advancing age.

Additional Key Findings from Home in Retirement: More Freedom, New Choices

- Two-thirds of retirees say they are now, many with the benefit of relocation or remodeling, living in the best home of their lives.
- Two-thirds also say they prefer neighborhoods with people of diverse ages and generations.
- Due in part to adult children returning home, the number of multigenerational family households doubled between 1980 and 2010, from 11% to 22%.
- What home technologies interest retirees?
 - Technologies to reduce home expenses, such as smart thermostats – 80%
 - Technologies to monitor health at home – 76%
 - Technologies to connect with family and friends, such as video chat – 64%
 - Technologies to help maintain the home, such as cleaning robots – 58%

Hypothetical Example of a Helpful Home-Related Course Correction

A 62-year-old couple was ready to retire, but they knew their nest egg was too small. They were willing to relocate and sold their \$325,000 home in New Jersey, purchased 15 years ago, and still carrying a mortgage. They bought a \$135,000 home in South Carolina. That immediately freed up \$115,000 to invest and left them mortgage free. Over the next 15 years, home ownership cost savings, including lower real estate taxes, plus cost of living savings, averaged \$28,000 annually—a total of about \$420,000 to spend or invest. If one or both spouses live in the house to age 90, the aggregate value grows to \$690,000.

Additional Funds Available for Retirement



Source: Based on Age Wave calculations, 2016

Giving in Retirement — Money, Minutes, Meaning



Two-thirds of retirees say retirement is the best time in life to give back.²⁵ As longevity increases and the massive Baby Boom generation retires, the cumulative potential of their generosity is likely to surge. Over the next 20 years, America could receive a “Longevity Bonus” of retiree donations and effort worth an estimated \$8 trillion between 2016 and 2035.

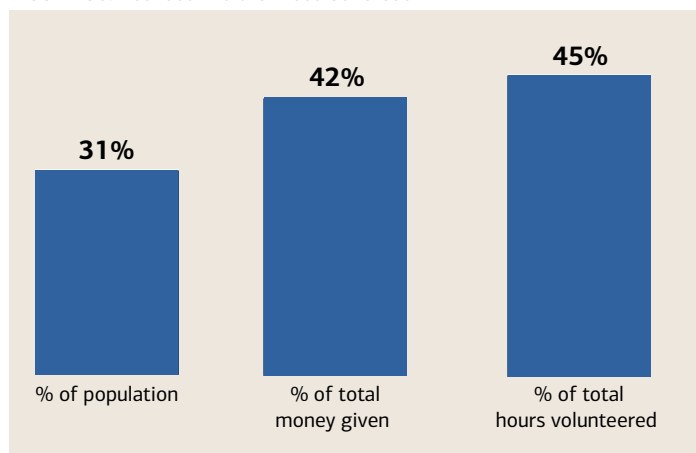
Retirement: Time for Generosity

What constitutes giving in retirement? The three M’s:

- Money: making charitable contributions or giving money to loved ones
- Minutes: volunteering time, skills, and effort
- Meaning: passing along values and life lessons

Today’s retirees are extremely generous, donating a disproportionate share of both time and money (FIG 38). Eighty percent of those age 65+ donate money and goods to charity, and their average donation per year of \$1,672 is highest among age groups. While people in their 30s and 40s are more likely to be donating time, those volunteers in their 50s and 60s donate many more hours per year.

FIGURE 38: Retirees Are the Most Generous



Source: Age Wave/Merrill Lynch, “Giving in Retirement: America’s Longevity Bonus,” 2015; calculations based on U.S. Census and survey data

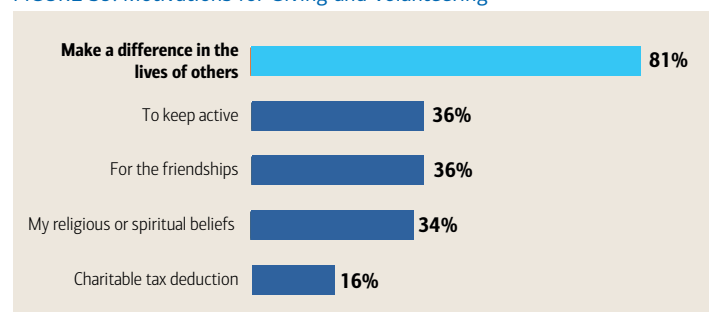
“Before I retired, I just wrote checks to charities. I didn’t have time for anything else. In retirement, I give of my money, my time, and myself. Now I can really feel the difference I am making.”

— Focus Group Participant

The ingredients for extraordinary contribution are in place:

- Retirees have the time. With an average of 7.5 hours of leisure per day, they are by far the most “time affluent” age group.²⁶
- Many also have the money. Age 50+ households control 83% of America’s personal assets, and the median household net worth of those age 65+ is significantly higher than that of younger cohorts.²⁷
- They have the skills and experience. Eighty-four percent of survey respondents say an important reason they are able to give more in retirement is that they have greater skills and talents compared to when they were younger.
- They have the motivation. Eighty-five percent define success in retirement as being generous rather than being wealthy. Their motivations for giving have everything to do with making a difference and having purpose, and little to do with taking charitable tax deductions (FIG 39).

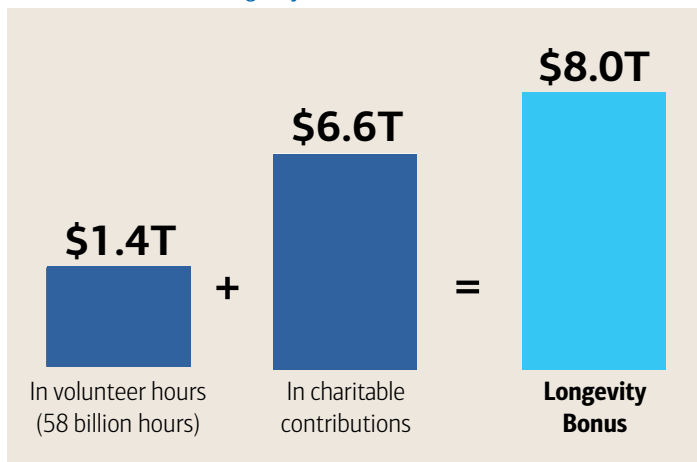
FIGURE 39: Motivations for Giving and Volunteering



Source: Age Wave/Merrill Lynch, “Giving in Retirement: America’s Longevity Bonus,” 2015; Base: Age 50+ retirees; select three

We calculate that those ingredients add up to the \$8 trillion Longevity Bonus of retiree donations and effort over the next 20 years (FIG 40).

FIGURE 40: America's Longevity Bonus, 2016–2035



Source: Age Wave/Merrill Lynch "Giving in Retirement: America's Longevity Bonus," 2015; Age Wave calculations

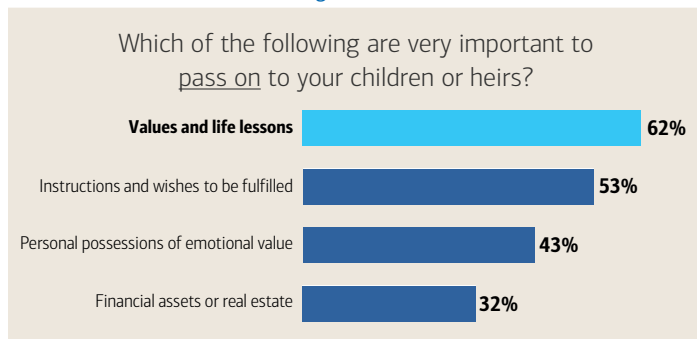
Surveyed retirees said they can now be more focused in their giving than they were in pre-retirement. They have more time to determine what they really care about, more freedom to give as they choose (instead of how others expect them to), better strategies for giving time and money, and more impact through their giving. Different from their parents, the Baby Boom generation says they're much more likely to investigate how charities use the money they take in, as well as specify how their personal donations are used.

Giving gives back in a big way. Seventy-six percent say they get greater happiness helping people in need than spending money on themselves. Retirees who donate and volunteer report having a stronger sense of purpose than those who don't, and say they're happier and healthier, too.

The Gift of Family Legacies

Giving to family is more than just about wills and inheritances, financial assets and real estate. Retirees believe—and younger generations agree—that it's about leaving a personal legacy of values, experience, and life lessons (FIG 41). One of those values is often generosity, and retirees can be role models by sharing their giving experiences and why they are meaningful. As to the financial side of things, "giving while living" is becoming more the norm. Seventy-seven percent of retirees now say it's better to pass on inheritances while still alive.

FIGURE 41: The Most Valuable Legacies



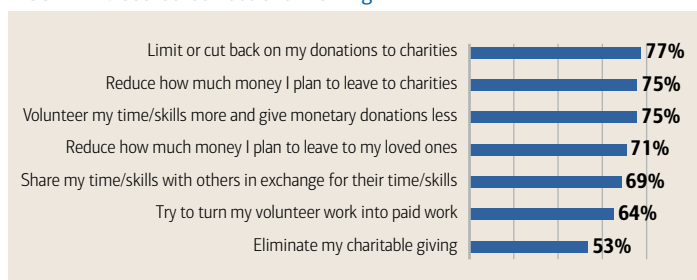
Source: Age Wave/Merrill Lynch, "Giving in Retirement: America's Longevity Bonus," 2015; Base: Age 50+ retirees

However, giving can have financial complications when not balanced with the financial needs of a potentially long life in retirement. The majority of retirees say they give less to charity than they'd like to because they're afraid of outliving their savings. Thirty-eight percent worry that their generosity could hurt them financially in their later years. And giving while living introduces a new challenge: As we mentioned earlier, retirees must balance generosity toward family with their own financial needs to avoid requiring support from family down the road.

Making Course Corrections

What giving-related changes are people willing to make in order to have a more financially comfortable retirement? About three-fourths would be willing to cut back on donations to charities or bequests to family, or to substitute more volunteer time in place of money donated (FIG 42). Roughly two-thirds would be willing to monetize their efforts through bartering among volunteers or doing paid work for the institutions they support.

FIGURE 42: Course Corrections – Giving



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 50+; select all that apply

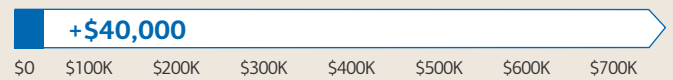
Giving back is important to the majority of retirees, but giving is a relatively discretionary and flexible Life Priority. Retirees are willing to impose limits as needed and to substitute the currencies of their time and effort for donating their money. It helps to be clear about objectives in giving, discuss them with a spouse or partner, and to budget both time and money commitments.



Hypothetical Example of a Helpful Giving-Related Course Correction

A recently retired woman, 62 years old, had been earning about \$60,000 a year and giving 5% of that, or \$3,000 a year, to charities including two local service organizations. That level of generosity did not look sustainable on her retirement income, so she cut back financial contributions by two-thirds. That saves \$2,000 a year or \$40,000 over the next 20. To maintain her commitment, she tripled her volunteer time to the local service organizations, from four hours a week to 12, and took on tasks with more responsibility, including bookkeeping. At a conservative wage equivalent of \$20/hour, the charities' added benefit amounts to \$12,000/year or \$240,000 over 20 years.

Additional Funds Available for Retirement



Source: Based on Age Wave calculations, 2016

Additional Key Findings from Giving in Retirement: America's Longevity Bonus

- Retirees find the giving experience most fulfilling when they donate both money and time to a charity, non-profit, or cause.
- People working part-time in retirement often have “encore careers” in jobs that enable them to give back.
- The top reason why retirees limit their giving is worries about the trustworthiness of charities.
- Women are in the lead:
 - More likely than men to give both time and money
 - More motivated by gratitude, faith, or passion—and less by pride or obligation
 - More likely to prefer giving while living
 - More likely to be the spouse making decisions about giving

Leisure in Retirement — Into the Freedom Zone



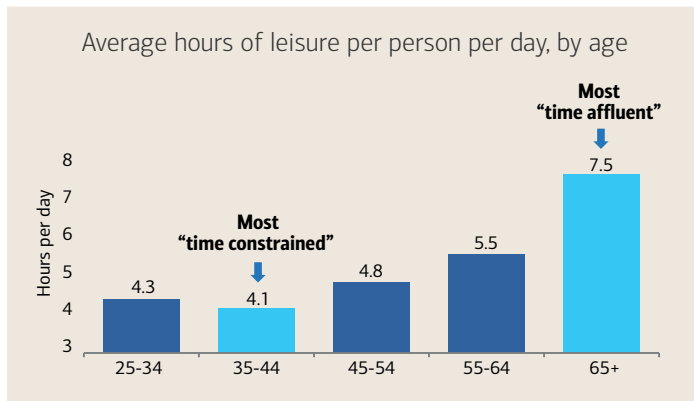
Leisure can be very limited during people’s prime working and childrearing years, but in retirement people go from time constrained to “time affluent.” Collectively, American retirees will enjoy 126 billion hours of leisure this year.²⁸ Rather than a “winding down,” retirement is becoming a time of life for new experiences and a great deal of fun.

Leisure at Last

On the job, many Americans tend toward workaholism. We’re a “no-vacation nation” when compared to the rest of the industrialized world, averaging just 11 vacation days per year (and the government doesn’t mandate any). Forty-one percent of Americans don’t use all the vacation days that are available to them, and 83% of employed Americans say they do work-related activities when on vacation.

Leisure in retirement is very different. Retirees become far more time affluent (FIG 43), averaging 7.5 hours of leisure per day. But leisure can take some getting used to. The newly retired can have difficulty structuring their time, and our survey found that it can take two to three years to fully hit one’s stride in retirement.

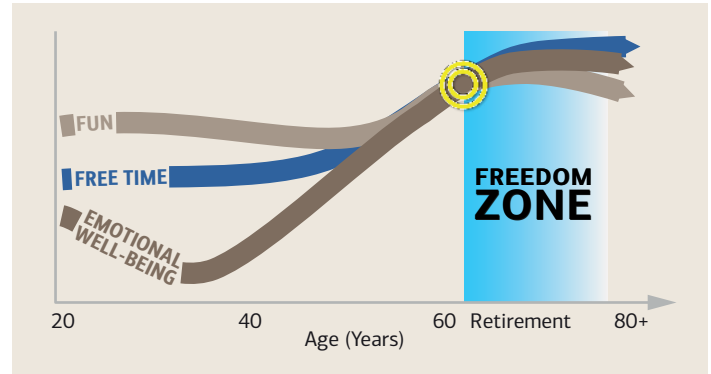
FIGURE 43: Retirees Become Time Affluent



Source: Age Wave/Merrill Lynch “Leisure in Retirement: Beyond the Bucket List,” 2016; calculations based on Bureau of Labor Statistics, 2015; US Census Bureau, 2015

But it’s not just about time. Emotional well-being can also rise dramatically in retirement, while anxiety plummets. If health remains strong, retirees are truly in the Freedom Zone (FIG 44).

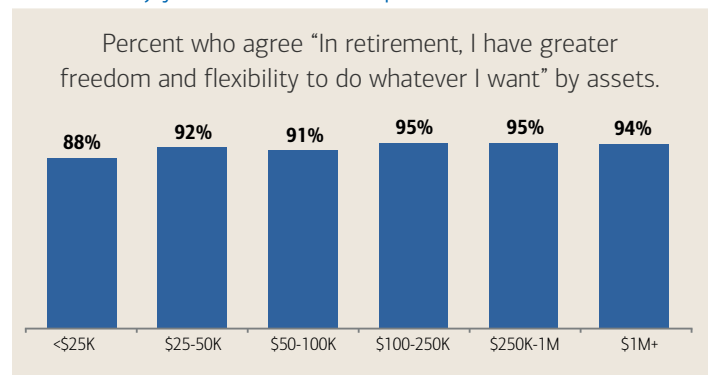
FIGURE 44: Entering the Freedom Zone



Source: Age Wave/Merrill Lynch, “Leisure in Retirement: Beyond the Bucket List,” 2016

Over 90% of retirees have positive experiences with leisure—more freedom and flexibility to do what they want—and that’s regardless of net worth (FIG 45). Enjoyable leisure doesn’t have to cost a lot. Eighty-six percent say it’s easy to find inexpensive leisure activities they enjoy. And if retirees are flexible with timing (as many can be), the travel industry offers discounts. Leisure is a currency available to all.

FIGURE 45: Enjoyment of Leisure Is Independent of Wealth



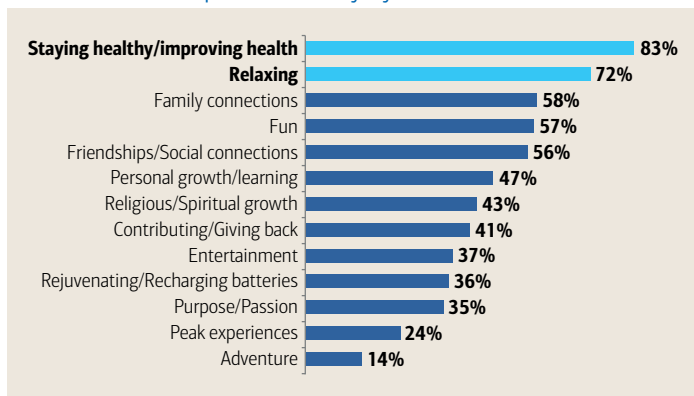
Source: Age Wave/Merrill Lynch, “Leisure in Retirement: Beyond the Bucket List,” 2016; Base: Age 50+ retirees; T2B, by level of investable assets

Eighty-eight percent of retirees say that retirement is a time for new beginnings. Sixty-six percent say they prefer trying new things to leisure activities they've already done. Seventy-seven percent want to visit places they've never been before. And there's so much to do, from local events and hobbies old and new, to adventure or nostalgia travel, educational programs and tours, and voluntourism. Leisure in retirement is ultimately about experiences. Ninety-five percent of retirees say it's more important to have new experiences than to acquire more things.

Classifying Leisure: Everyday Activities versus Special Occasions

Retirees distinguish clearly between two types of leisure activities. In everyday leisure they want activities that help them to stay healthy and relaxed (FIG 46), and as they get older, these priorities grow in importance.

FIGURE 46: What People Seek in Everyday Leisure



Source: Age Wave/Merrill Lynch, "Leisure in Retirement: Beyond the Bucket List," 2016; Base: Age 50+ retirees; select all that apply

For special occasion leisure—such as travel, celebrations, and important milestones—retirees want to break out of the ordinary (FIG 47). They want to have special experiences with special people. They most want "peak experiences," what psychologist Dr. Abraham Maslow defined as experiences that are "unique or rare and give them lasting memories."²⁹

FIGURE 47: What People Seek in Special Occasion Leisure



Source: Age Wave/Merrill Lynch, "Leisure in Retirement: Beyond the Bucket List," 2016; Base: Age 50+ retirees; select all that apply

Family and fun feature prominently in both everyday and special occasion leisure. Today's retirees report having more fun in retirement, especially at ages 65-74, than at any other stage of their lives. Eighty-two percent have their most enjoyable leisure experiences with their spouse or partner, and 84% say that a family vacation is an important way to make special memories. More than one-third of retirees have gone on a multigenerational trip in the past year. Sixty percent prefer leisure experiences with their grandchildren over experiences with their children.

Making Course Corrections

What leisure-related changes are people willing to make in order to have a more financially comfortable retirement? In this Life Priority, people are very flexible (FIG 48). More than 80 percent say they would increase use of discounts, scale back everyday leisure activities or leisure travel, and increase use of free or low-cost community activities. Seventy-seven percent would cut back on spending on family members' leisure, but only 23 percent would ask family members to pay for their travel. Six in ten would consider turning a hobby into a source of income—combining their Life Priorities.

FIGURE 48: Course Corrections – Leisure



Source: Age Wave/Merrill Lynch, "Finances in Retirement: New Challenges, New Solutions," 2017; Base: Age 50+; select all that apply

Planning for leisure, particularly special occasion leisure, can have a big benefit, enabling retirees to maximize what they get for their leisure dollars. But many retirees miss the opportunity. Two-thirds don't budget for leisure activities.

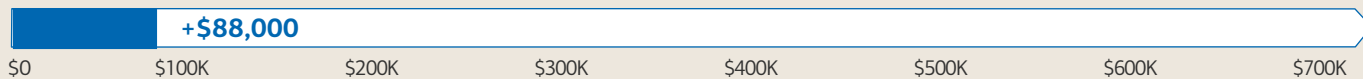
"Before retirement, I defined myself by my work. Now, I define myself by what I do with my leisure—I'm now a grandmother, a French student, a cook, and a volunteer. I seek out new ways to define myself, to become who I want to be."

—Focus Group Participant

Hypothetical Example of a Helpful Leisure-Related Course Correction

A 65-year-old newly retired couple living in Atlanta was looking forward to travel in retirement, planning on four airline trips and 30 days away each year. But the estimated travel expenditure of about \$14,000 a year might stress their overall budget. So they systematically find discounts and deals that cut their travel costs by about 10%. They also have the flexibility to adjust their travel behaviors, such as traveling off-peak or taking trips on short notice, which lowers the cost by another 25%. These adjustments make travel more affordable, and the accumulated savings over ten years amount to \$70,000. Planning to halve their days away from home starting at age 75 brings the total to \$88,000.³⁰

Additional Funds Available for Retirement

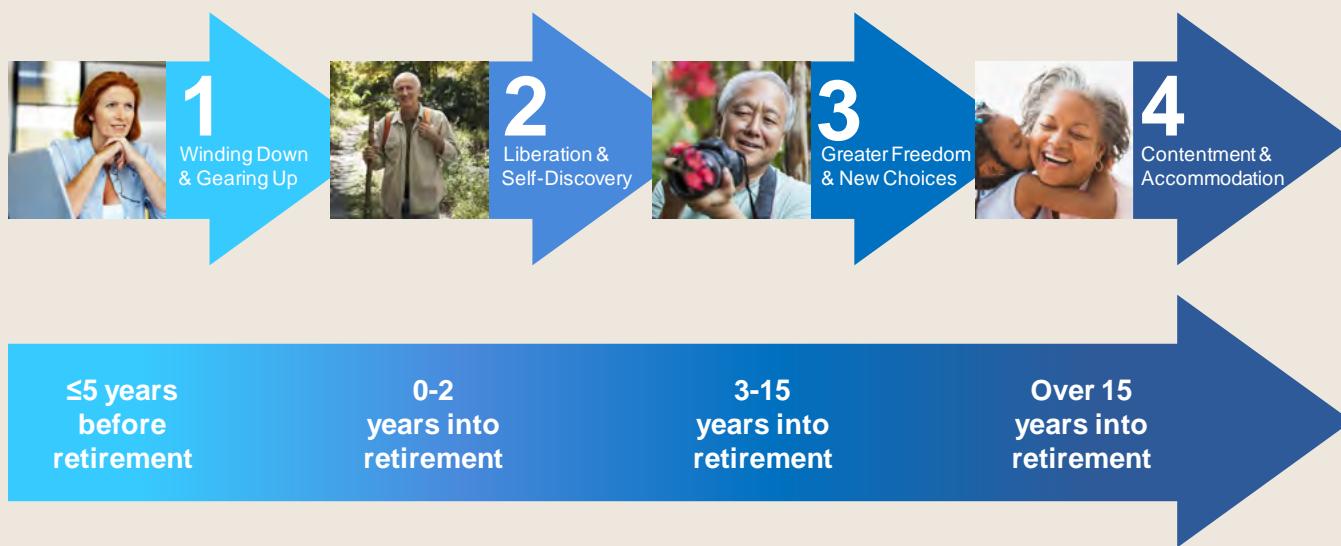


Source: Based on Age Wave calculations, 2016

Additional Key Findings from Leisure in Retirement: Beyond the Bucket List

- 61% of retirees feel that “Who I engage in my leisure experiences with” is more important than the leisure activities themselves.
- 66% percent of retirees say health has a greater impact on their leisure than wealth, and 75% say that health limitations do not substantially affect their leisure activities.
- The retiree travel economy will surge over the next two decades. Americans age 55+ already account for 39% of consumer spending on airfare, 46% on lodging, and 67% on cruises.
- There are four stages of retirement leisure:
 - Winding down and gearing up—where many still feel constrained by work but are looking forward to more leisure activities
 - Liberation and self-discovery—where retirees enjoy newfound free time but are sometimes challenged to adjust to the freedom
 - Greater freedom and new choices—where retirees are in the groove of leisure in retirement and enjoyment peaks
 - Contentment and accommodation—where people focus on their health, independence, family, and friends

The Four Stages of Retirement Leisure



Source: Age Wave/Merrill Lynch, “Leisure in Retirement: Beyond the Bucket List,” 2016

How an Early Course Correction Compounds in Value

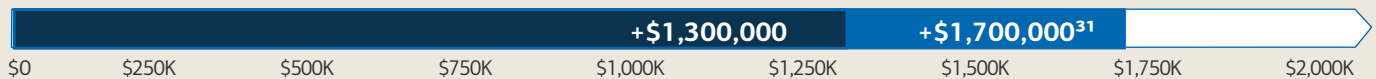
Actions taken early in one's life can profoundly shape retirement finances. Responsibility for retirement funding is shifting more and more to the individual. Those who exercise that responsibility, have the discipline to save, and take full advantage of employer programs and tax-deferred retirement plans will substantially raise the likelihood that they'll accumulate a large nest egg for retirement.

For example, a 23-year-old recent college graduate starts full-time employment in Boston and is auto-enrolled in his company's 401(k) plan with a 3% deferral rate and no company match. For our purposes, we assume a 5% annual average return on investments.

- If he maintains that savings rate throughout his working career, upon retirement he will have a 401(k) balance of \$265,000. That is a significant amount of money but, as we have seen, not nearly enough to fund the average retirement.
- If he immediately changes his deferral rate to 15% and maintains it throughout his working career, upon retirement he will have a 401(k) balance of \$1,300,000.
- If he works for companies that match the first 4% of his salary deferral, his 401(k) balance at retirement would be \$1,700,000.

Many of our survey respondents said they cannot afford to save for retirement at this point in their careers. But can they afford not to?

401(k) Funds Available for Retirement



Source: Based on Age Wave calculations, 2016

Summary



Finances in Retirement: New Challenges, New Solutions is the capstone of eight groundbreaking studies of the transformation of retirement in America conducted by Merrill Lynch and Age Wave. This pioneering series explored the experiences, values, preferences, worries, opportunities, and aspirations of Americans, and we've painted a comprehensive, detailed, and holistic portrait of how pre-retirees can prepare for and retirees can thrive in retirement.

Major demographic forces—increasing longevity and the influx of retiring Baby Boomers—are swelling the ranks of retired Americans. Retirement for most of them is becoming a time of new beginnings, unprecedented freedoms, and great enjoyment.

Thriving in retirement requires looking through the lenses of all of the major Life Priorities—Family, Health, Home, Work, Leisure, Giving, and Finances—and anticipating how you want to live, what you want to accomplish, and how you can fund your future self. The Life Priorities form a constellation of elements continually in motion and exerting “gravitational pull” on each other. The nature and relative importance of the Life Priorities shift across a lifetime, and some of the most profound changes occur around the point of retirement.

In this concluding, study of the Finances Life Priority, we explored the imperative to fund lengthier retirements through greater reliance on personal funding sources, including savings and investments, employment, and support from family. Older Americans seek financial peace of mind over wealth per se, but that level of comfort can be elusive for a variety of reasons.

Retirement costs more than most people anticipate, and most save significantly less than they might need. They also often lack financial knowledge, education, and role models—and there can be a social taboo on discussing personal finances even with those closest to them.

This capstone study also wove the Life Priorities together through the common thread of personal finances and an examination of the large and small course corrections that people can—and are generally willing to—make to be more financially comfortable in retirement. We found that today's retirees and pre-retirees are extremely resilient, adaptable, and hopeful when faced with financial and other challenges. They are willing to cut back where they must, adopt healthier behaviors, calibrate family spending, supplement funds through work, downsize their homes, remix their leisure activities, and substitute time for money for the causes they support.

The potential course corrections are different for each of us, and many of us may not be aware of—or seriously consider—all of the available options. Retirees and pre-retirees should consider the range of possibilities, examine their immediate and longer term financial impact, and anticipate how they may reverberate across other Life Priorities. By making regular and well-informed actions course corrections into and through retirement, Americans can become more comfortable financially and enjoy retirement even more. *The Life Priorities in Retirement series shows the way.*

Endnotes



- ¹ U.S. Census Bureau, 2016
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Finances in Retirement: New Challenges, New Solutions, 2017

Total Story Count: 227

Impressions: 1,666,269,697

Notable Media Coverage

<u>Publication</u>	<u>Date</u>	<u>Title</u>
<i>FOXBusiness</i>	2/15/17	People Are Expected to Live Longer, but There's a Catch
<i>Money</i>	2/15/17	The One Thing Americans Get Right About Retirement Saving
<i>Forbes</i>	2/16/17	The Biggest Wild Card In Retirement And How To Deal With It
<i>Chicago Tribune</i>	2/17/17	Why you don't need Warren Buffett to get your finances in order
<i>The New York Times</i>	2/27/17	Rethinking Retirement for Longer Lives With Fewer Safety Nets
<i>PBS Next Avenue</i>	3/3/17	How Washington Is Eroding Retirement Security
<i>USA Today</i>	3/7/17	How to improve your readiness for retirement
<i>CBS</i>	3/27/17	Retirement planning course corrections to consider
<i>The Wall Street Journal</i>	4/9/17	Why Parents Need to Be Willing to Cut Off Adult Children Financially by Maddy Dychtwald
<i>MarketWatch</i>	10/7/17	Your retirement may not be so horrible after all

Women & Financial Wellness:

Beyond the
Bottom Line

A MERRILL LYNCH STUDY, CONDUCTED
IN PARTNERSHIP WITH AGE WAVE



Merrill Lynch

Bank of America Corporation

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Wellness

A NOTE FROM MERRILL LYNCH AND AGE WAVE



LORNA SABBIA
Head of Retirement & Personal Wealth
Solutions, Bank of America Merrill Lynch



MADDY DYCHTWALD
Co-Founder, Age Wave

Today women's lifelong financial wellness is at a tipping point. Thanks to a seismic shift toward women's growing personal and financial power, they are poised to move into true financial independence, enjoying all the freedom that it brings. Yet there is still a trail left to blaze. Women are living longer than ever before, and funding that longevity has truly become a women's issue.

As women seek more financial knowledge, confidence and empowerment, they see money as more than just the bottom line. It's a means to meet their responsibilities, reach their goals and take care of the people they love.

This report explores how women's financial needs and preferences are distinct. It examines the different life journeys women take—and the financial consequences of the circumstances and decisions they are faced with along the way. Finally, it shines a light on the importance of demonstrating respect and inclusion to facilitate a path to women's financial freedom and wellness.

Two handwritten signatures in black ink. The first signature is 'John' and the second is 'Maddy'.

ABOUT MERRILL LYNCH

Merrill Lynch Wealth Management is a leading provider of comprehensive wealth management and investment services for individuals and businesses globally. With 14,953 financial advisors and \$2.3 trillion in client balances as of December 31, 2017, it is among the largest businesses of its kind in the world. Merrill Lynch Wealth Management specializes in goals-based wealth management, including planning for retirement, education, legacy and other life goals through investment, cash and credit management. Within Merrill Lynch Wealth Management, the Private Banking and Investment Group focuses on the unique and personalized needs of wealthy individuals, families and their businesses. These clients are served by nearly 200 highly specialized private wealth advisor teams, along with experts in areas such as investment management, concentrated stock management and intergenerational wealth transfer strategies. Merrill Lynch Wealth Management is part of Bank of America Corporation.

ABOUT AGE WAVE

Age Wave is the nation's foremost thought leader on population aging and its profound business, social, financial, healthcare, workforce and cultural implications. Under the leadership of Founders Dr. Ken Dychtwald, Ph.D., CEO, and Maddy Dychtwald, Senior Vice President, Age Wave has developed a unique understanding of new generations of maturing consumers and workers and their expectations, attitudes, hopes and fears regarding their longer lives. 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.

Age Wave is not affiliated with Bank of America Corporation.

In Brief

Women have come a long way personally, professionally and financially, but when it comes to finances, there's still considerable work to be done to level the playing field. This report celebrates the progress made, deeply examines the specific financial challenges women face across their lifetimes, and offers potential solutions and actions for funding the present and future.



Our study uncovers how women's superior longevity, multidimensional life journeys and higher lifetime health and healthcare costs compound over time, as well as:

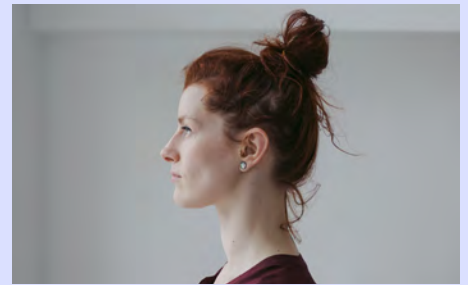
- Why the wealth gap is the biggest challenge we're not talking about enough
- Women's number one financial regret
- Why women need to be planning for a 100+ year life
- How the pay gap accumulates over the course of a woman's lifetime
- How women's diverse life journeys come with meaningful rewards and challenges

This report is the culmination of extensive research including a review of relevant publications and studies, interviews with experts, custom qualitative and quantitative research, and brainstorming sessions with Age Wave, Bank of America executives and leading experts in the field.

Our survey, fielded October 25–November 22, 2017, was conducted by Merrill Lynch, in partnership with Age Wave, and executed by Kantar TNS utilizing the Kantar Lightspeed Panel, along with selected panel participants. The sample is nationally representative across the U.S. and comprises 3,707 respondents, including 2,638 women and 1,069 men over 18 years old, across all geographies and education, income and asset levels. Sufficient samples of all ages, races/ethnicities and marital statuses were observed.

“We are committed to serving women clients. We offer customized financial solutions that consider a client’s individual life journey, wants and needs.”

LORNA SABBIA
Head of Retirement & Personal Wealth
Solutions, Bank of America Merrill Lynch



One Size Does Not Fit All

We recognize that women should not be bucketed as one voice and body. Throughout this report we aim to represent the voices of many women of diverse backgrounds. We’re also highlighting women at different places along their life journeys. Relationship, education and employment statuses are key differentiators in the lives of women that drive their financial priorities and values, and that may change, one or many times, throughout their lives.



A Trail Left to Blaze

With media coverage and social momentum around women's power and equality currently at the highest point in decades, it's worth taking a moment to recognize how far women have come. In the not-so-distant past, American women couldn't own property (up until 1862), vote (1920) or apply for individual credit cards (1974). Progress has been made, but there's still a trail left to blaze. Women make less money. They also live longer than men yet accumulate less wealth to fund their longer lives.



“Women make more values-based decisions for themselves and their families, rather than just going for the bottom line. When you bring values into the conversation, it makes all the difference.”

JEANETTE SCHNEIDER

Senior Vice President & Private
Client Advisor, U.S. Trust

AT THE TIPPING POINT

We have, however, reached a tipping point, thanks to a seismic shift toward women’s growing personal and financial power. Women are pioneers and are reshaping history every day. Today, women graduate in higher numbers than men from college and graduate school, accounting for 57% of recent degree earners.¹ Due in part to this rise in education, there has been a dramatic increase in women’s earnings, which grew by

75% compared to only 5% for men between 1970 and 2015.² By 2020, women will control \$22T of wealth in the United States.³

In the decades to come, women are poised to achieve even greater financial empowerment and the independence and freedom it brings. Momentum is high, but there is still a trail left to blaze.

BEYOND THE BOTTOM LINE

When it comes to money, women are about more than the bottom line. Yes, they care about performance, but they also see money as a way to finance the life they want to live—to meet their commitments to themselves and to the people and issues they care about. First and foremost, women report that when it comes to money, family is their priority; 77% of women say they see money in terms of what it can do for their families. When it comes to investing, about two-thirds (65%) of women say they want to invest in causes that matter to them. In fact, more than half (52%) of women investors are interested in or currently engaged in impact investing,* generating financial returns along with social returns, compared to 41% of men.⁴

Women also see the link between their finances and their careers. The majority of women (84%) say that understanding their finances is a key to greater career flexibility. Their bottom line: They want their relationship with money to be linked to their values, goals and priorities.

*Impact investing and/or Environmental Social Governance (ESG) investing has certain risks based on the fact that ESG criteria excludes securities of certain issuers for nonfinancial reasons and therefore, investors may forgo some market opportunities and the universe of investments available will be smaller.



A TRAIL LEFT TO BLAZE

CONFIDENCE IN ALL BUT INVESTING

Our study shows that women are confident—equally as confident as men—in most financial tasks, such as paying bills (90%) and budgeting (84%) (Fig. 1). However, when it comes to managing investments, their confidence drops significantly: Only about half (52%) of women say they are confident in managing investments, and that is the largest gap (16%) between women and men reporting they are confident in specific financial tasks.

There's a social taboo around talking about money that adds to the lack of confidence.

Sixty-one percent of women would rather talk about their own death than money. And 45% of women say they do not have a financial role model.

The media, even women's media, is largely complicit and does not often contribute to smart and open dialogue about money, lifelong financial planning, and investing questions and needs. Case in point: Of 1,594 pages of editorial content in the March 2018 issues of the top 17 women's magazines, there were only 5 pages covering personal finance.⁵ That's less than 1%.

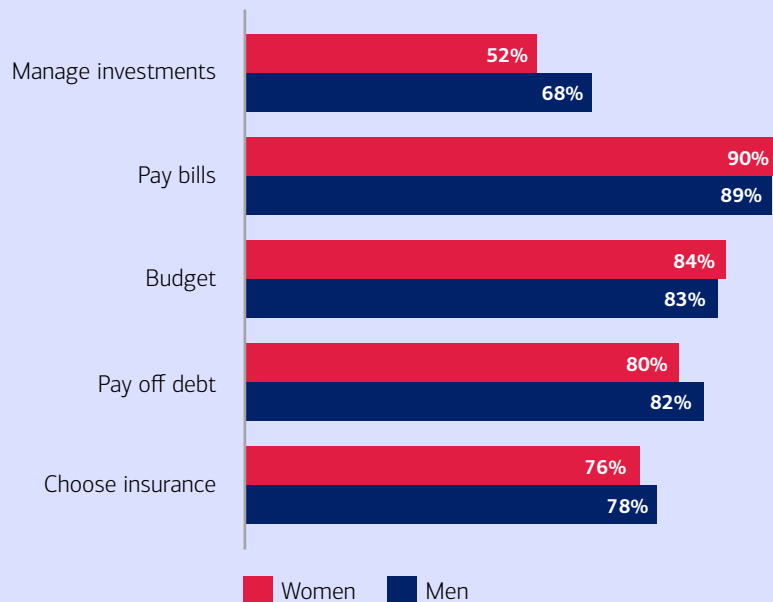
And there's more. Seventy percent of women surveyed report that the financial services industry has traditionally catered to men. Financial planning models have defaulted to men's salaries, career paths, family roles, life spans and preferences. Just one example: Retirement calculators do not allow for planned or unplanned breaks from the workforce—breaks taken more frequently by women—to raise children or care for aging family members.⁶

Sixty-one percent of women would rather talk about their own death than money.

Figure 1

Percent of Women and Men Who Are Confident at Financial Tasks

Base: Women and men age 18+





THEIR BIGGEST FINANCIAL REGRET

Women (41%) report that their biggest financial regret is not investing more. Investments provide the opportunity for women to grow their wealth in ways that income alone does not. Fifty-nine percent of women report that they are not doing a good job using investing as a way to pursue their financial goals. Women say that not having the knowledge to invest is their number one barrier (60%) followed by not having the confidence (34%).

For the women who do invest, however, most (77%) report feeling they'll be able to save enough money to last them the rest of their lives.

While not investing enough is women's top financial regret, it is not their only regret. Women also report that they wish they had chosen a career with higher pay, not taken on as much credit card debt and lived within or below their means (Fig. 2).

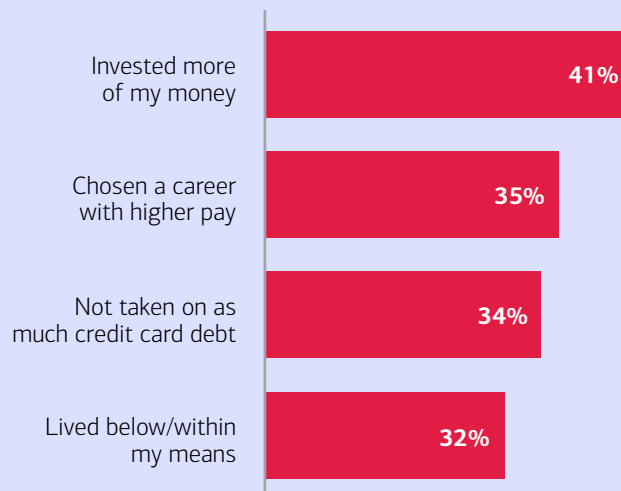
This is true for women of all races and ethnicities. Forty-eight percent of Asian women, 41% of African American women and 40% of both Caucasian and Latina women report that their biggest financial regret is not investing more of their money. The second largest financial regret for African American and Asian women is not choosing a career with higher pay, and the second largest regret for Caucasian and Latina women is taking on too much credit card debt.

Women's #1 financial regret is not investing more of their money.

Figure 2

What Do You Wish You Had Done Differently to Feel More Financially Secure Today?

Base: Women age 18+





87%

of women say basic financial management should be a standard part of the high school curriculum.

CONFIDENCE CAN TRIGGER ACTION

Studies have shown that confidence leads to action.⁷ Women and financial confidence is a well-trodden topic, with action being the missing link. The needle is not being moved for young women in particular; only 46% of Millennial women are confident in investing compared to older generations (Fig. 3). Confidence in investing is not just about experience but also exposure.

Exposure can come from education. All women surveyed wish they had more education around money and finance, but Asian, African American and Latina women especially so. Forty-three percent of Asian women, 42% of Latina women and 41% of African American women wish they had educated themselves more around money,

compared to 28% of Caucasian women. Financial education is important to nearly all women: Fully 87% of women say basic financial management should be a standard part of the high school curriculum.

“We need to instill a new set of life expectations for women... Your only sure investment is an investment in yourself.”

MARINA ADSHADE

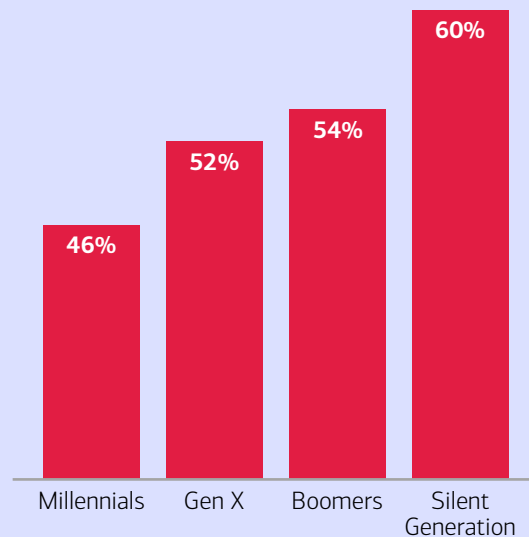
PhD, Author/Professor of Economics,
University of British Columbia

There is a great opportunity being lost for younger women to learn from older women. Women across generations, families and workplaces can help each other through sharing lessons learned and practical advice. Older women can help younger women as financial mentors and role models. The media and financial services, too, can help educate women by eliminating some of the taboo that still exists when talking about money.

Figure 3

Percent of Women Confident in Investing By Generation

Base: Women age 18+



A TRAIL LEFT TO BLAZE

LONGER LIVES, SMALLER NEST EGGS

Longevity needs to be a factor in everyone's financial planning, but far more so for women, who, on average, live five years longer than men.⁸ In fact, 77% of people who are widowed are women.⁹ By age 85, women outnumber men two to one¹⁰ and the majority (81%) of centenarians are women.¹¹ This means that women are more likely to be alone and financially self-reliant in their later years, perhaps having already spent some of their nest egg on a partner's health or end-of-life care costs.

Over half of women (64%) say they'd like to live to 100, yet most (60%) fear they will run out of money if they do live that long. In fact, 42% of women are afraid they will run out of money by age 80. These fears are not unwarranted. The typical retirement costs \$738,000,¹² yet only 9% of American women have \$300,000 or more saved.¹³

Despite the fact that longevity is a critical women's issue, and that women tell us they want to live long lives, when asked, "How far into the future have you planned for financially?" the findings are astonishing. One in four women ages 18 or older, and as many as 30% of women ages 30 to 44—critical years for retirement savings—say they have not planned at all for their future.

“Longevity is a critical issue for women, probably one of the biggest reasons why women's needs are so different than men's in terms of financial saving and investing.”

ANNAMARIA LUSARDI

PhD, Academic Director, Global Financial Literacy Excellence Center, George Washington University

“The foundation of saving for retirement hasn't changed to support the 100-year life. People aren't thinking about this. We need to bring the story of long life and planning for it to our employees.”

VICTORIA MAZUR

Head of Compensation and Benefits, Lord Abbett

Women's Life Journeys



Seventy percent of women say that women and men have fundamentally different life journeys. Together, Merrill Lynch and Age Wave have developed an innovative way of looking at how people traverse the journey of life. Most women will go through these life stages, sometimes experiencing them simultaneously—for example, spousal caregiving and retirement or parenting and elder caregiving.

Here, we apply a gender lens to show how, at each life stage we explore, women are more likely to have specific financial setbacks as they make accommodations to care for family,¹⁴ while at the same time enjoying each step of their journey.

- Early Adulthood
- Parenting
- Elder Caregiving
- Retirement
- Spousal Caregiving

THE REWARDS AND RISKS THROUGHOUT THE JOURNEY

While each life stage brings important rewards, including emotional fulfillment, each stage also presents risks, which can include key financial consequences.



42%

of women ages 18-64 have a bachelor's degree or higher, up from 25% in 1992.

EARLY ADULTHOOD¹⁵

Early adulthood is about beginning to establish and maintain independence. Women now graduate from college and graduate school in higher numbers than men, boosting their career options.¹⁶ Today, 42% of women ages 18 to 64 have a bachelor's degree or higher, up from 25% in 1992.¹⁷ However, one of the financial consequences of the increase in education is that women hold 64% of all student debt.¹⁸ Then, when they enter the workforce, many face the gender pay gap.

It's harder for women to save and subsequently invest if they are simultaneously paying down debt and accumulating less income.¹⁹ Fully 63% of women ages 18 to 29 say financial planning is too difficult to even think about, yet 84% percent anticipate they will be more responsible for paying for their own retirement than their parents' generation.

EARLY ADULTHOOD FINANCIAL TIPS:

- Create and try to stick to a budget to manage expenses, have an emergency fund and save for long-term goals
- Find ways to reduce debt and establish a positive credit score
- Take advantage of employer-sponsored saving plans, such as a 401(k) and/or a Health Savings Account (HSA)



41%

of mothers vs. 20% of fathers say that being a working parent has made it harder to advance in their careers.

PARENTING

Eighty percent of women have children during their lifetime,²⁰ and, on average, they have two children.²¹ Parenting is emotionally rewarding and fulfilling, but it also poses challenges for career trajectories and finances. Women are more likely to make tradeoffs for family than men are,²² and mothers experience a "mommy penalty," a pay gap that is three times that of non-mothers due to lost income and missed opportunities for promotions caused by breaks from the workforce.²³ Forty-one percent of mothers vs. only 20% of fathers say that being a working parent has made it harder to advance in their careers.²⁴ One in three mothers we surveyed who returned to the workforce after caring for their children say they took on less demanding work, which resulted in lower pay, and 21% of those mothers say they were paid less for the same work they did previously.

Parenting often results in women being time-poor, acutely so when their children are young or when they're single mothers. As recently as 2016, mothers of children under six reported dedicating nearly twice the amount of time per day as fathers spent dedicated to childcare, including when both parents work.²⁵ In more than half (54%) of homes where both parents work full time, the mother does more to manage children's schedules and activities.²⁶ That leaves less time for financial management, planning, saving and investing during critical years that can help build a nest egg.

PARENTING FINANCIAL TIPS:

- Expect potential career interruptions and plan accordingly
- Plan ahead for children's education—consider a tax-efficient 529 savings plan
- Be a financial role model: Create a will, power of attorney, healthcare proxy and medical directives



ELDER CAREGIVING

Two-thirds of care provided to older adults is done by women,²⁷ whether to a parent, grandparent, parent-in-law or other family member or friend. Caregivers overwhelmingly report that it gives them a sense of purpose and that they are grateful for the opportunity to provide care,²⁸ but it can also be stressful and financially challenging. Like parenting, it requires attention, tradeoffs and emotional commitment. Caregivers are also time-poor, especially if they are sandwiched between caring for their own children and caring for their parents or older relatives.

Caregiving can lead to lost benefits and promotions if work interruptions occur, in addition to out-of-pocket costs. The average caregiver spends \$7,000 per year on their care recipient,²⁹ which can diminish long-term savings for the person providing care. Depending on the length of care, this can be a significant financial strain.

ELDER CAREGIVING FINANCIAL TIPS:

- ❑ Talk openly with family about their wishes for later life
- ❑ Secure necessary legal authorization (e.g., power of attorney) to fulfill financial and healthcare tasks and where to access important financial and health documents
- ❑ Gain an understanding of Medicare and also of long-term care options—such as housing and hands-on care—as the needs of the loved one change over time

2/3

of care provided to older adults is done by women.



RETIREMENT

Women face a retirement paradox: They live longer and may have a much longer retirement, which gives them more years to enjoy the flexibility, freedom and leisure of this life stage.³⁰ On the other hand, women on average enter retirement two years earlier than men, with less savings.³¹ Women are equally likely to participate in 401(k)s and retirement plans if they have access to them.³² Work interruptions for providing care and part-time employment can limit access to employer-sponsored retirement plans.³³ Women could get a retirement bonus if they invest in their 401(k) early and delay retirement. Alternately, there could be a major setback if they retire too early and have not invested fully in their 401(k), relying instead on their lower levels of savings for longer.

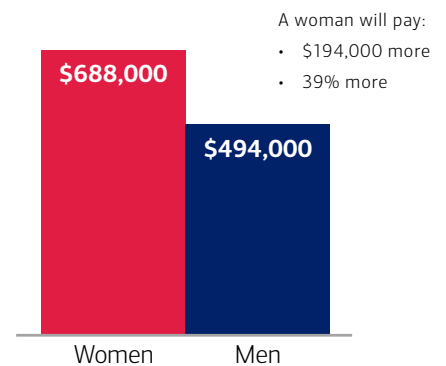
Another financial challenge women need to plan for is that the average woman will have 39% higher health costs than the average man in retirement, paying an additional \$194,000 (Fig. 4).³⁴ This is because women retire earlier, live longer and are more likely to spend years alone and have to rely on formal long-term care in their later years.³⁵ Adding even more complexity to the healthcare equation, women are more likely to have multiple chronic conditions,³⁶ and women over 65 have two times the estimated lifetime risk of developing Alzheimer's disease compared to men.³⁷

RETIREMENT FINANCIAL TIPS:

- Ensure financial plans account for longer life expectancy and higher healthcare costs
- Develop a strategy for Social Security and retirement savings
- Create or update estate plans (e.g., will or power of attorney), healthcare proxy and medical directives

Figure 4

Average Out-of-Pocket Healthcare Costs Through Retirement, Including Long-Term Care³⁴



WOMEN'S LIFE JOURNEYS



SPOUSAL CAREGIVING

Women often become caregivers to their own spouses/partners as they age together, since women marry men that are, on average, two years older³⁸ and they live, on average, five years longer than men do.³⁹

Women who provide this care feel the love and honor of caregiving and protecting the dignity of their spouse/partner. At the same time, providing this care may have significant financial consequences: It can deplete her nest egg and force her into the additional role of financial caregiver to her spouse. Spousal caregivers may need to leave the workforce earlier than planned, and there is a toll on caregivers affecting their physical and mental health for the future. Additionally, as compared to other caregiving relationships, a woman caring for her spouse/partner is less likely to have additional support from family members or paid homecare workers to help share the load.⁴⁰

In addition to juggling the demands of work and caring for children, spouses, and other family and friends over the course of their life journeys, it is essential that women create a plan to save for their own 100-year lives.

Women live, on average,

5 years

longer than men.

SPOUSAL CAREGIVING FINANCIAL TIPS:

- Seek guidance and support from peers, care specialists, and financial and legal professionals
- Be able to locate and access important health and financial documents
- Ensure adequate savings to fund current and future personal healthcare needs

Funding Women's Life Journeys: Uncovering the Realities



Women's life journeys through early adulthood, parenting, elder caregiving, retirement and spousal caregiving necessitate financial planning for lifelong security and peace of mind. Women face some very specific challenges along the way.

**THE PAY GAP COMPOUNDS
OVER A LIFETIME**

There's a lot of talk regarding the gender pay gap: For every \$1 a man makes, a woman in a similar position earns 82¢.⁴¹ Women of color face even greater disparities—African American and Latina women earn 70¢ and 64¢ on the dollar, respectively.⁴² But that's only part of the story: The pay gap only considers what women are now earning compared to men. It fails to demonstrate how the pay gap accumulates and compounds over the course of a woman's life.

Looking at the pay gap alone is a limited, conventional picture because it does not account for gaps in workforce participation. An average woman spends 44% of her adult life out of the workforce compared to 28% for a man.⁴³ Work disruptions and interruptions—often triggered by the need to care for children, parents and spouses—affect a woman's potential earnings over her lifetime. These gaps become relatively impossible to

make up and reach parity with men who do not take time away from the workforce to provide care.

The pay differential accumulates across a woman's life and grows even more impactful when she reduces hours or takes time out of the workforce. Some women never take time away from the workforce for any period of time. For people who do leave work temporarily or permanently to care for family, it's most often a woman.



An average woman spends

44%

of her adult life out of the workforce compared to 28% for a man.

THE CUMULATIVE PAY GAP

Men also make sacrifices for family, but they don't tend to have the same financial consequences. For example, consider a woman and a man who both earn median wages: While the average man continues to work full time at median wages continuously until retirement age, a woman could experience three key work interruptions:⁴⁴

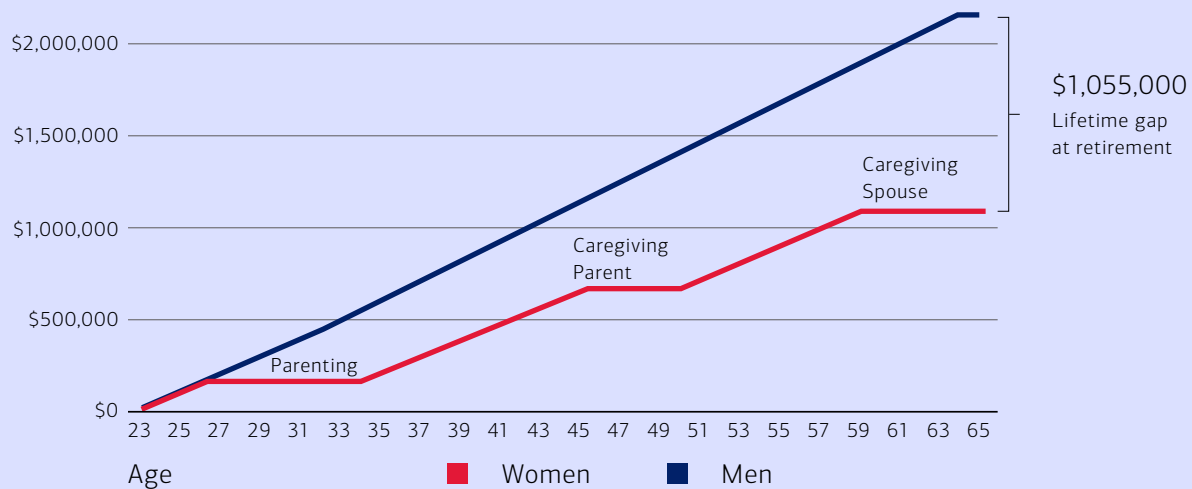
- In her 20s or 30s, she takes eight years out of the workforce to care for two children.
- In her late 40s or 50s, she stops working for four years while she is caring for a parent.
- In her early 60s, she retires two years earlier than planned to care for her spouse.

Taken together, when she reaches retirement age, she'll have earned a cumulative \$1,055,000 less than a man who has stayed continuously in the workforce, due to the accumulated lifelong pay gap and workforce interruptions (Fig. 5).

When a woman reaches retirement age, she may have earned a cumulative \$1,055,000 less than a man who has stayed continuously in the workforce.

Figure 5

Cumulative Lifetime Earnings for a Woman Who Takes Time Off from the Workforce to Care for Children, Parent, and Spouse vs. a Man Who Doesn't



Age Wave calculation based on Bureau of Labor Statistics, TED: The Economics Daily, Median usual weekly earnings of women and men who are full-time wage and salary workers, by age 2016 annual averages.

Building wealth is about funding one's present and future self and having financial security throughout it all.



WOMEN'S EVEN LARGER WEALTH GAP

Women's financial security is about more than the pay they earn. What we're not talking enough about, what we see less of in the media, and what many don't even know exists is the even larger gender wealth gap. What is the wealth gap? It's the difference between women's and men's total sum of all sources of financial resources, including earnings, investments, retirement savings and additional assets such as property. Today, the average single woman has three times less wealth than the average single

man.⁴⁵ The gap persists among women and men of similar levels of education and age.⁴⁶

The wealth gap is not about being wealthy; It's about the difference between men's and women's accumulated assets. More importantly, building wealth is about funding one's present and future self and having financial security throughout it all.

A MISSING LINK: WEALTH ESCALATORS

The wealth gap is due, in part, to women's lack of access to what are called wealth escalators.⁴⁷ Wealth escalators are on-ramps for people to build wealth beyond their income. They include fringe benefits from employment, government benefits and favorable tax codes, all of which have been proven to be more easily accessible to men than women.⁴⁸ Wealth escalators derive from career choices and promotions that men are more likely to take advantage of or be offered. In addition, women's work interruptions create ripple effects: There are negative impacts on their wealth escalators, including benefits like Social Security, pre-tax savings opportunities such as 401(k)s, 529s and HSAs, and other benefits like medical insurance and paid time off.⁴⁹

In addition to the wealth gap, women face a potential penalty when they enter retirement—particularly due to Social Security, which is calculated by taking into

consideration a person's 35 highest-earning years.⁵⁰ For women, however, this fails to recognize their complex life journeys, which often involve time out of the workforce to care for family. Women are twice as likely as men to have at least one zero-earning year count toward their Social Security.⁵¹ As a result, the wealth gap continues even when Social Security kicks in, with women on average receiving \$4,000 less annually than men.⁵²

FUNDING THE JOURNEY

Women's longevity, compounded by the pay and wealth gaps, makes it even more critical for women to take the necessary steps to achieving financial wellness. Women regret not investing more of their money and are looking for financial education and solutions that align with their values and priorities, as well as their bottom line.



Taking the Next Steps to Achieving Financial Wellness

Women's financial independence and empowerment are at a tipping point. At a time when women are more financially formidable than ever before, there is still room for progress. In order to maintain this upward trajectory and continue improving women's financial lives, challenges must be unearthed, understood and addressed and we can all play a role.

Women can:

- **Break the taboo around money talk.** Encourage conversation between friends, family, and financial professionals, and in the press and in schools. Seek mentors and learn more about money and finances.
- **Turn longevity into an asset.** Start a retirement plan as early as you can, take advantage of tax-efficient retirement plan options such as 401(k)s that provide the opportunity to grow with compound interest, work longer, if possible and maximize Social Security and pension benefits.
- **Acknowledge financial challenges that impact women.** These can include career interruptions, longer lives to fund, or increased healthcare costs. Save and plan for these eventualities.
- **Plan early and often.** Consult a professional, discuss life priorities and goals, create a plan that matches any unique circumstances and revisit that plan often and make course corrections along the way.

For many, including husbands and partners, the financial industry, employers, policy makers, the press and the broad community that collectively can make an impact: Be part of the solution. Respect women's different life journeys and longer life spans, their growing financial empowerment and that they are not all the same. Encourage financial discussions, facilitate financial education and confidence, demand equality in pay and promotions and play your part in achieving gender parity.



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Unless otherwise noted, all information is current as of March 2018.

This material should be regarded as general information on Healthcare and social security considerations and is not intended to provide specific healthcare or social security advice. If you have questions regarding your particular situation, please contact your legal or tax advisor.

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<i>Fox Business Network-Mornings with Maria</i>	4/19/18	On average women earn \$1M less over a lifetime than men - Live on camera interview with Maddy Dychtwald
<i>Reuters</i>	4/19/18	Your money: Women who retire early can miss out
<i>MarketWatch</i>	4/19/18	61% of women say they would rather discuss their own death than money
<i>The Wall Street Journal</i>	4/22/18 and 5/30/18	Why Women Fear They Will Run Out of Money by Maddy Dychtwald
<i>Forbes</i>	4/30/18	New Studies Highlight Why Women Must Become More Financially Savvy; Dear Young Girls: Let's Talk About Money
<i>CNBC</i>	5/7/18	4 steps women can take to conquer the \$1 million earnings gap before they retire
<i>NBC News</i>	5/11/18	The 5 biggest and most common financial regrets and how to avoid them
<i>Inc.</i>	5/22/18	Frustrating New Analysis: Being a Woman Costs You More Than \$1 Million Over Your Career