

Six Ways Boomers are Transforming Retirement



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This year, the oldest of the boomers celebrated their 70th birthday, and every day over the next decade another ten thousand boomers will turn 70. The boomer generation is a demographic and economic juggernaut that has been a powerful engine of change for the past half century, and, as the boomers move into their retirement years, they are changing almost everything about this stage of life. Today, the boomers, at 75-million strong, are the largest generation in America. But it's not just about headcount. The boomers are also the wealthiest and, in aggregate, the highest spending generation of all time. Boomers have an average net worth of \$753k (over 12x that of Millennials) and account for \$2.6 trillion in annual spending (more than twice that of Millennials), according to government statistics.

As the boomers age, later life and retirement—once viewed as a time of inactivity and decline—are now being redefined as an opportunity for continued productivity, learning, personal growth, and new ambitions. As a new vision of later life emerges, our products, services, media, and business infrastructure have begun to reconfigure to meet the emerging needs and preferences of the boomer generation. In fact, recent studies reveal there are six key ways that boomers are transforming retirement today.

Boomer Retirement Impact #1: Re-Mapping American Communities

Liberated from many work and family obligations, retirees have unprecedented freedoms to move to a new home, community, different part of the country, or even a different part of the world. Every year, over four million retirees are on the move. A growing number of communities are vying to become recognized “aging-friendly” magnets for retiree migrants, while home builders are re-designing homes to accommodate physical and lifestyle needs in later life. Bucking common stereotypes, while half of retirees downsize when they move, half don’t, and three in ten actually upsize into larger homes, according to Merrill Lynch national studies. Retirees who remain where they are often invest significant time and money to make their homes better. People age 55+ spend close to \$100 billion annually on home renovations—and now account for almost half of all home renovation spending in the U.S., according to statistics from the Joint Center for Housing Studies of Harvard.

Boomer Retirement Impact #2: Re-Defining Healthy Aging

Boomers are, and always have been, empowered and demanding health care consumers, and these attitudes and expectations will only intensify during their quest for healthier, more vital lives in the years ahead. The generation that spurred the national fitness movement and embraced complementary and alternative medicine is now confronting the health challenges of later life. The boomers are seeking new solutions to these new challenges, helping drive massive innovation in areas such as telemedicine, functional foods, wearable devices, health care IT, patient-centric health strategies, and the shift from institutional care to home-based care.

“Preparing for the boomer generation presents unique challenges. They don’t want to live in the same types of communities their parents were.”

- interview with home builder executive

Boomer Retirement Impact #3: Revolutionizing Work

Retirement used to mean the end of work. Today, seven in 10 boomer pre-retirees say they want to continue working in retirement. That's a good thing: Because of rapid population aging and slowing growth among younger population, the age 55+ population accounted for almost all workforce growth in the U.S. over the past decade. Employers seeking to maintain growth are crafting new ways to recruit, retain, and motivate older workers. And older workers are pursuing very different work arrangements—more flexible, entrepreneurial, and targeted to their lifetime skills and passions. 83% of retirees work part-time, compared to 17% of pre-retirees, according to the Merrill Lynch studies. Moreover, contrary to stereotypes, entrepreneurship actually increases with age. Older and experienced workers, it turns out, often have the networks, skills, and financial resources needed to start successful companies. In fact, people age 45-64 now account for 52% of entrepreneurial activity in the U.S. (up from 38% twenty years ago), according national statistics from the Kauffman Foundation.

Boomer Retirement Impact #4: Building Stronger—and More Complex—Family Relationships

76% of boomers say family is “the most important element of their lives,” according to research by the Pew Research Center. Boomers are now moving into a stage of life

characterized by a shift in focus from materialism to experiences, and from individualism to relationships. For boomers, this can be more complicated than for prior generations. Because of boomers' high rates of divorce and re-marriage, two in five people age 50+ today are part of a blended family. Yet boomers are navigating these new family realities and, in times of economic uncertainty, many are stepping up to financially help out their children, grandchildren, parents, and siblings. According to surveys sponsored by Merrill Lynch, six in ten people age 50+ today are providing financial support to family members. Half of boomer pre-retirees say they would make major sacrifices during their retirement to help family members, including postponing retirement and cutting down their lifestyle expenses.

“Family can complicate retirement for boomers, in both good and bad ways. But too few anticipate the financial relationships and what that means for their retirement plans.”

- *interview with a financial advisor*

Boomer Retirement Impact #5: Re-Inventing Financial Preparation

The boomers are the first generation to retire in a new era of “Do-It-Yourself” financial preparation. In 1985, nine in ten employers offered employees defined benefit plans. Today, just one in eight do, according to Towers Watson data. With many still recovering from the devastation of the Great Recession, and faced with historically low interest rates on traditional retirement savings products, boomers are in greater need than any prior generation of proactive, creative financial planning and preparation. This includes not only smart saving and investing, but also in many cases postponing retirement and finding other income sources. For example, 25 percent of Americans 55 and older are providers in the sharing economy, compared to 7 percent of all Americans, according to a study by PwC.

Boomer Retirement Impact #6: Giving Back

Two-thirds of retirees say retirement is the best time in life to give back, according to Merrill Lynch national studies. In fact, today’s retirees are the most generous of all Americans: They are more likely than younger generations to give money to charities and on average contribute by far the most money. Volunteers age 65+ contribute on average 94 hours per year—almost twice that of younger age groups, according to the US Census. And, studies reveal, giving in retirement gives back. Boomers who give in retirement are both happier and healthier, and report a far stronger sense of purpose and higher self-esteem than those who do not give.

“We are seeing a surge in giving as boomers retire. But they give differently than prior generations, they want to be involved.”

- *interview with nonprofit executive*

As they have in every stage of life they have moved through, boomers will continue to experiment and push boundaries as they pioneer a new vision of retirement. And they will continue to be generation worth watching: Younger generations planning their own retirement, and companies seeking to meet the needs of boomer retirees, will benefit from learning from boomers' innovations, mistakes, and successes in the years ahead.

To learn more about boomer attitudes and marketplace opportunities as this generation moves into the next stage of their lives, contact:

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