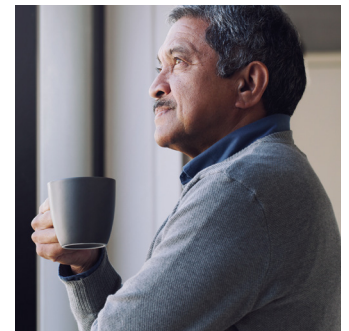


Longevity and the New Journey of Retirement

Edward Jones and Age Wave joined forces in 2019 to explore people's hopes, dreams, and concerns in retirement, publishing the award-winning study *The Four Pillars of the New Retirement*. Our latest collaboration, *Longevity and the New Journey of Retirement*, is a groundbreaking study of more than 11,000 North Americans, largely pre-retirees and retirees, that explores how the journey unfolds, the patterns of people's experience in retirement, and keys to helping thrive to and through retirement.

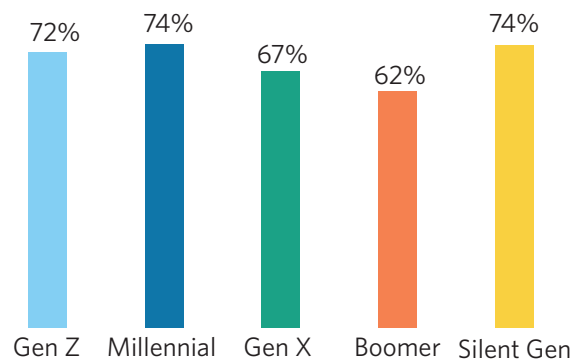


Five Forces Are Shaping the New Journey of Retirement

- 1 Greater Longevity.** Life expectancy is on the rise (minus a small setback from COVID), and so is Americans' interest in living a long life. Nearly 70% of all Americans 18+ would like to live to 100, and, according to retirees, the ideal length of retirement is nearly three decades (Fig 1).
- 2 The Aging Boom.** The outsized Baby Boom generation—and now Gen X—is swelling the ranks of retirees and transforming the personality of retirement. The number of Americans age 65+ has almost tripled in the last 50 years.
- 3 The Lifespan-Healthspan Gap.** The average American spends the last 12 years of life with their activities at least partially—and often seriously—curtailed by illness, injury, or cognitive decline.¹ Closing this gap represents one of the greatest economic and social challenges we face today.
- 4 Demise of the Three-Legged Stool for Funding Retirement.** Saving for retirement has become a self-responsibility. Employer defined-benefit pensions have become rare. While Social Security benefits are insufficient to live on comfortably, Americans have the habit of under-saving. Retirees started saving at an average age of 38 but wish they had started saving nearly a decade earlier, at 29.

Figure 1

Want to live to 100



Base: U.S. adults by generation: Gen Z (18-24), Millennial (25-40), Gen X (41-56), Boomer (57-75), Silent Gen (76+)

- 5 The COVID-19 Pandemic.** COVID-19 has disrupted the lives of all Americans across the four pillars of health, family, purpose, and finances. It has also altered retirement timelines and made the transition into retirement tougher on today's new retirees. One silver lining of the pandemic is that many are rethinking what really matters and how they want to spend their time in retirement.



Retirement Is Now a New Chapter in Life

For the parents of today's retirees, the focus of retirement was mostly on "rest and relaxation." Now the majority of retirees view retirement as "a new chapter in life" (Fig 2). Half of today's retirees say they are "reinventing themselves" in retirement and 90% are "looking forward to the years ahead."

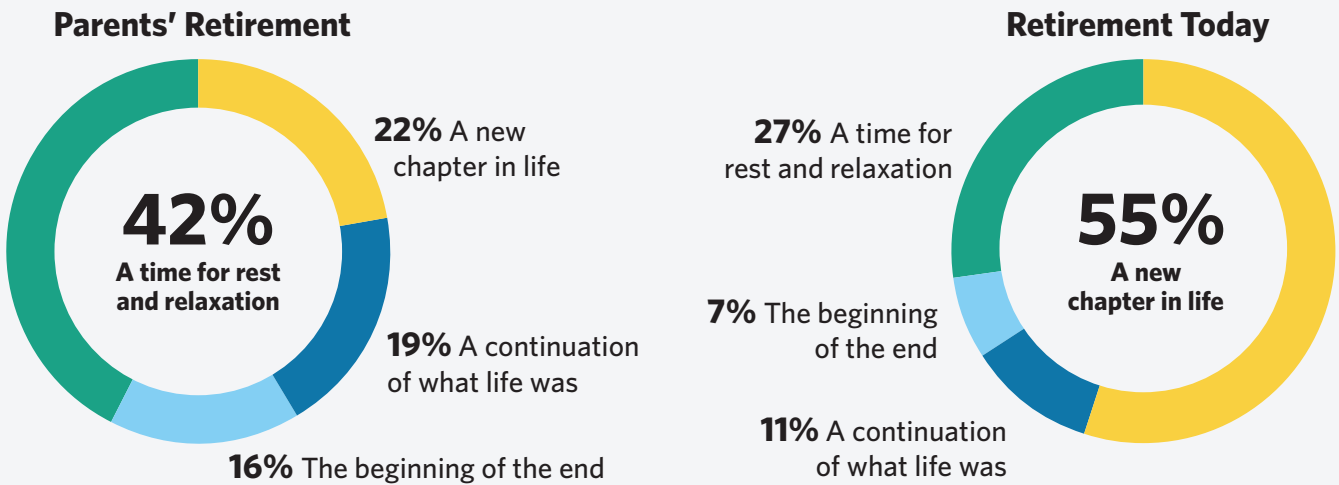
Today, there is no agreed-to milestone that marks the start of retirement. About half of today's retirees and pre-retirees say retirement begins when someone stops working full time

or steps away from a primary job or career. For 22%, it's when they start receiving benefits from pensions or Social Security. Interestingly, 17% say it's when they achieve financial independence and only 10% say it's reaching a certain age.

90%
of retirees are
looking forward
to the years
ahead

Figure 2

What best describes your parents' generation's retirement vs. retirement today?



Base: U.S. retirees and pre-retirees age 45+

Four Stages Defining the Retirement Journey



Anticipation
10-0 Years
Before Retirement

Liberation/Disorientation
0-2 Years
After Retirement

Reinvention
3-14 Years
After Retirement

Reflection/Resolution
15+ Years
After Retirement

Stage 1: Anticipation

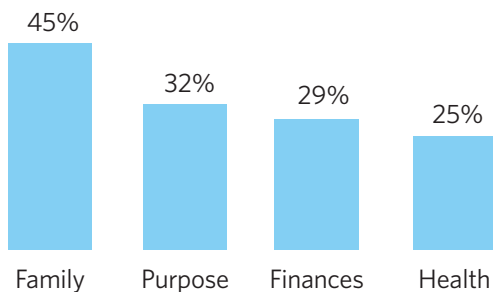
(< 10 years before retirement)

The pre-retirement period is when people are still primarily focused on their careers and perhaps caring for family members. There's optimism and excitement mixed with anxiety, particularly regarding finances.

- The majority (57%) view their upcoming retirement as “a new chapter of life.”
- To prepare financially, a majority (52%) are contributing to retirement accounts, with only 29% currently working with a financial advisor.
- Looking across the four pillars, the large majority do not feel very prepared at all for the journey, especially when it comes to finances and health (Fig 3).

Figure 3

Preparedness for retirement across the Four Pillars (% very prepared)



Base: U.S. pre-retirees age 45+

Stage 2: Liberation/Disorientation

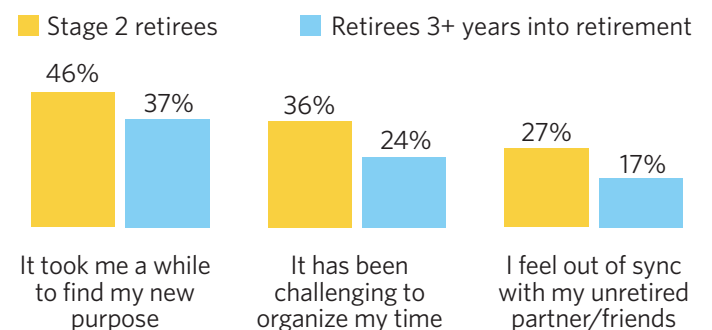
(0-2 years retired)

The first years of retirement are a transition period. New retirees feel a sense of freedom from the anxieties and time constraints of work and family responsibilities and freedom to pursue their hopes, dreams, and passions. Many new retirees also feel disoriented and uncertain about what the future holds.

- One quarter consider themselves “semi-retired” and 61% are interested in working in some way during retirement.
- The pandemic has made the transition even more disorienting; 61% feel the COVID-19 pandemic has made life in retirement more difficult.
- 46% say it took a while to find their new purpose (Fig 4) while 48% say they often worry about outliving their money.

Figure 4

Experiences in retirement



Base: U.S. retirees

48% of Stage 2 retirees say they worry about outliving their money



Stage 3: Reinvention

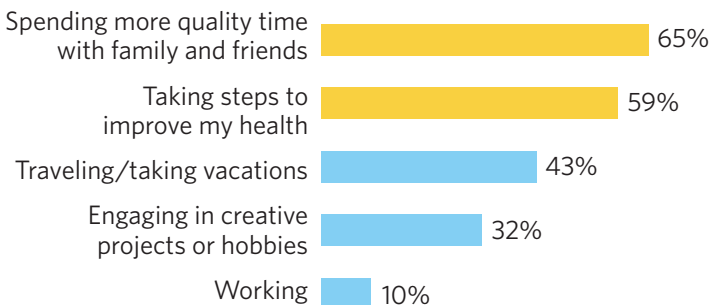
(3-14 years retired)

This is the heart of retirement, where retirees hit their stride, actively shaping their new post-work identities and lifestyles. Retirees in this stage continue to explore what retirement means for them, who they want to be, and what they'd like to be doing and with whom.

- 80% of today's Stage 3 retirees are Baby Boomers, a generation that has, through its sheer numbers and nonconformist attitudes, transformed each lifestage it has inhabited.
- Only 35% feel their finances are "in great shape."
- Their favorite activities are spending quality time with family and friends (66%) and taking steps to improve their health (58%) (Fig 5).

Figure 5

Favorite activities in retirement



Base: U.S. retirees 3-14 years in retirement

Stage 4: Reflection/Resolution

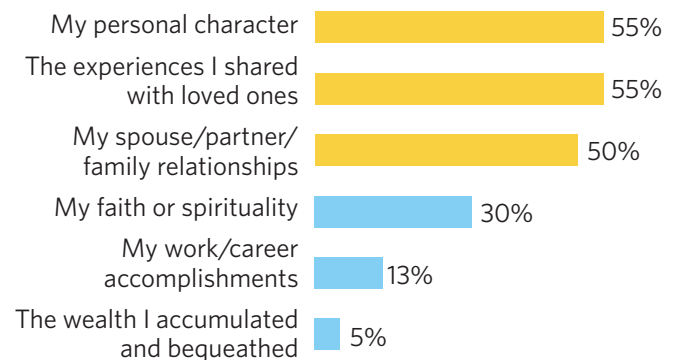
(15+ years retired)

The last chapter of retirement is when retirees are focused on enjoying life and creating their legacy. Most have learned to live within their means; health concerns now tend to outweigh financial concerns.

- Among retirees in this stage of retirement, 95% look back on life with deep gratitude, 86% say they have grown more resilient, and 87% still say they are looking forward to the years ahead.
- While two-thirds have a will, less than half have a healthcare directive or power of attorney, and only one-third have all three of these most recommended legacy documents.
- In this stage, retirees reflect on what has mattered—and still matters—most in their life (Fig 6).

Figure 6

How retirees in Stage 4 would like to be remembered



Base: U.S. retirees 15+ years in retirement

Four Different Journey Paths in the Heart of Retirement



Purposeful Pathfinders
(23% of Stage 3 retirees)



Relaxed Traditionalists
(26% of Stage 3 retirees)



Challenged yet Hopefuls
(20% of Stage 3 retirees)



Regretful Strugglers
(31% of Stage 3 retirees)

We found that those in the heart of retirement (3-14 years retired) divide into four distinct groups, characterized by their attitudes and ambitions, their circumstances and retirement preparations, and their level of enjoyment of life in retirement. The four types of retirees are:

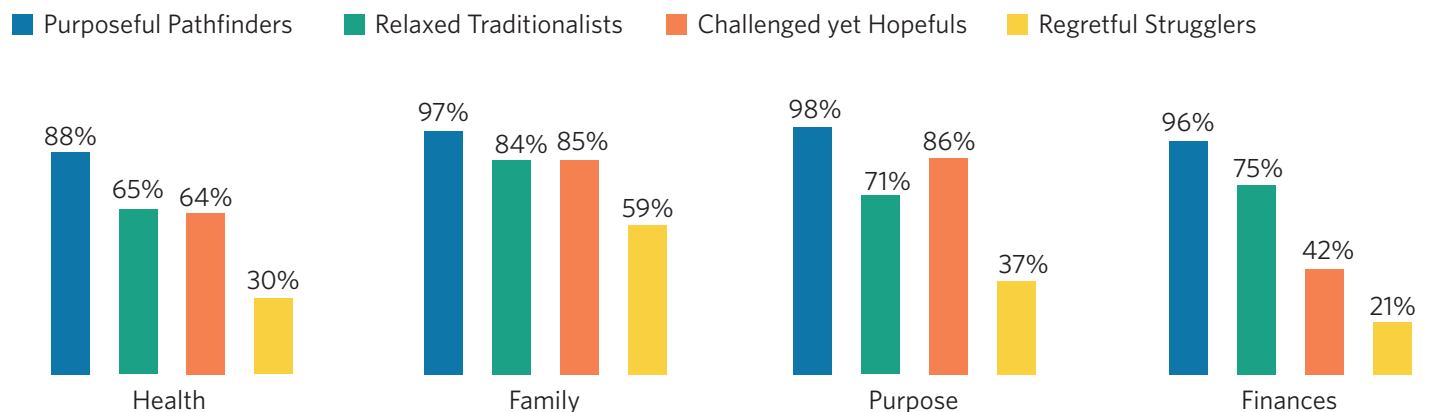
- **Purposeful Pathfinders** are the most active, engaged, and fulfilled of the groups. They have prepared well for retirement and began saving the earliest, on average at age 34.
- **Relaxed Traditionalists** pursue a more traditional retirement, focused primarily on rest and relaxation. They have prepared well financially and are enjoying life.

- **Challenged yet Hopefuls** make the most of retirement despite lack of preparation, and they started saving the latest, on average at age 45. They feel satisfied with today, but financial challenges lie ahead.
- **Regretful Strugglers** enjoy retirement least of all and tend to be struggling with financial and health problems. The majority (59%) say they have many regrets in life, and 42% feel that life has dealt them a bad hand.

Purposeful Pathfinders grade themselves highest across all four pillars (Fig 7). On the flipside, Regretful Strugglers give themselves the lowest grades. Relaxed Traditionalists give themselves fairly high grades across the board, including in finances (75% give themselves an A or B). Challenged yet Hopefuls give their lowest grade to finances but are fairly high across the remaining three pillars.

Figure 7

How retirees grade their Four Pillars today (% A or B grade)



Base: U.S. retirees 3-14 years in retirement

Preparing for the Journey

Those who have taken more steps to prepare for their retirement journey across all four pillars tend to enjoy their retirement the most. Among retirees who report having a high quality of life, they began saving earlier on average and were less likely to make early withdrawals from retirement accounts than those retirees with lower quality of life. They were also more likely to take care of their health prior to retirement, discuss retirement goals with family and friends, and explore new pastimes, hobbies, and interests to help boost their sense of purpose in retirement.

A holistic approach and financial foresight can have big payoffs in retirement. Retirees enjoying the highest quality of life say that their top three smartest financial actions to prepare for retirement were: starting to save early (and consistently), maximizing contributions, and working with a financial advisor.



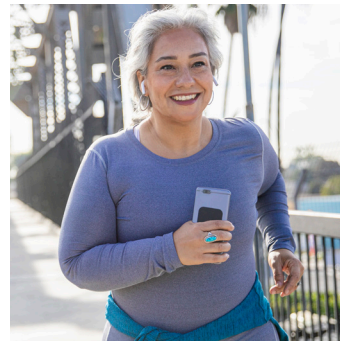
Pre-retirees want guidance on how best to prepare for retirement across all four pillars

Five Habits of Highly Successful Retirees

The preparation actions we've described don't end when someone retires. Those with the highest quality of life in retirement continue to take care of themselves across all four pillars. From our work to date, we've identified five habits of highly successful retirees:

- 1 They attend to their health.
- 2 They stay socially engaged.
- 3 They have a clear sense of purpose.
- 4 They mindfully manage their finances and keep them on track.
- 5 They are willing to course correct again and again to achieve their retirement dreams.

People of all ages can anticipate and appreciate the joys and challenges, the twists and turns of the new journey of retirement. Equipped with knowledge and insight, they can prepare more comprehensively and navigate more nimbly to and through their retirement. They'll be better able to thrive and make the most of all the opportunities and challenges of the new retirement.



Methodology

Nationally representative surveys of more than 11,000 people were conducted online in January and February 2022 with The Harris Poll. The main survey included 5,956 U.S. adults and 1,003 Canadian adults age 45+ who were retired or within 10 years of retirement. Additional omnibus surveys included 4,114 U.S. adults age 18+. Results were weighted where necessary to bring them into line with their actual proportions in the population.

¹ Gap between life expectancy and healthy life expectancy source: World Health Organization, Global Health Observatory data repository, data for 2019 (latest available)