

Alliance for
Lifetime
Income

Retirement Reset

Research Findings

March 2020

Objectives

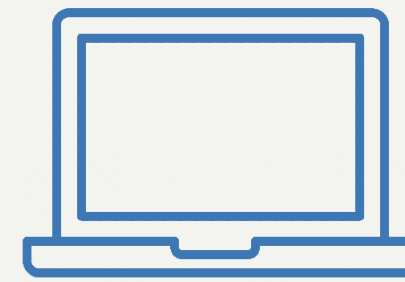
This unique study explores those at the prime retirement years: ages 61 through 65. It was conducted at the beginning of a massive upheaval (March 6-16) while America was roiling from the initial impact of the coronavirus and economic uncertainty.

The respondents represent a distinctive perspective; half (48%) are retired and half (52%) are employed. The retirement decision is fresh in their minds because most are either very recently retired or will be retired in the next couple of years.

Retirement Reset Study Methodology



Participants
N=1,202



Online Quantitative Study
National sample
Ages 61 to 65



Field Dates
March 6 to 16, 2020

General Specifications

1. U.S. adults age 61 to 65
2. Employed (full or part-time) or Retired (fully or retired, but working part-time)
3. Respondents have \$100,000 or more in investable assets
4. Questions adjusted for people in retirement

Survey conducted by [Artemis Strategy Group](#)

Retirement Decisions Amid Unprecedented Volatility

Those at prime retirement age share investment concerns and decisions during upheaval

- One group at risk by the economic uncertainty are people who recently retired and those who plan to retire soon (Americans aged 61 to 65). These people rely on income from investments, and many plan to put off receiving Social Security benefit until after age 66. They are concerned about the extreme volatility of the stock market
- Amid the current pressures, seven of ten investors are in it for the long haul and plan to stay the course with their investments. Nearly two in ten are adjusting to more conservative investments, while one in ten plan to buy now that the market is low.

A major life decision: when to retire?

- The reasons for retiring are varied and range from achieving a specific goal (age or money saved), to health concerns or circumstances at one's employer.
- There are considerable differences between those who have already retired and those who are planning to retire at a specific age. Nearly one quarter of recent retirees moved into retirement due to circumstances beyond their control – a situation that those currently employed don't anticipate.

Retirement Decisions Amid Unprecedented Volatility

Retirement decisions hinge on stock market patterns

- Among those currently employed between ages 61 and 65, half are very confident that they will retire at the age they identify as their goal.
- But four out of ten of those who are less confident say when they will retire depends on what the stock market is doing at the time. Clearly many are depending on income that is at risk during turbulent times.

Age is secondary to the action

- There are many ways to analyze the information from this study: age cohorts, those retired versus those employed, men versus women, etc. Initial analysis finds that the most significant differences occur between those who have retired versus those who are currently employed. The retirement decision is life altering. A 62-year-old who is retired has perceptions that are more aligned with a 65-year-old retiree than with a fellow 62-year-old.

Retirement Decisions Amid Unprecedented Volatility

Anticipating retirement

- If you are age 61 to 65 and still employed, chances are you think about retirement a lot. Two out of ten say it is on their mind all the time, and over four out of ten think about it frequently.
- Most look forward to retirement, but healthcare costs are a persistent concern. Eight out of ten believe there is at least a moderate chance they or their spouse/partner will have high medical expenses. Concerns about other responsibilities are prevalent. Five out of ten expect to provide personal care for someone, and one-quarter believe they will need to provide financial support to someone.

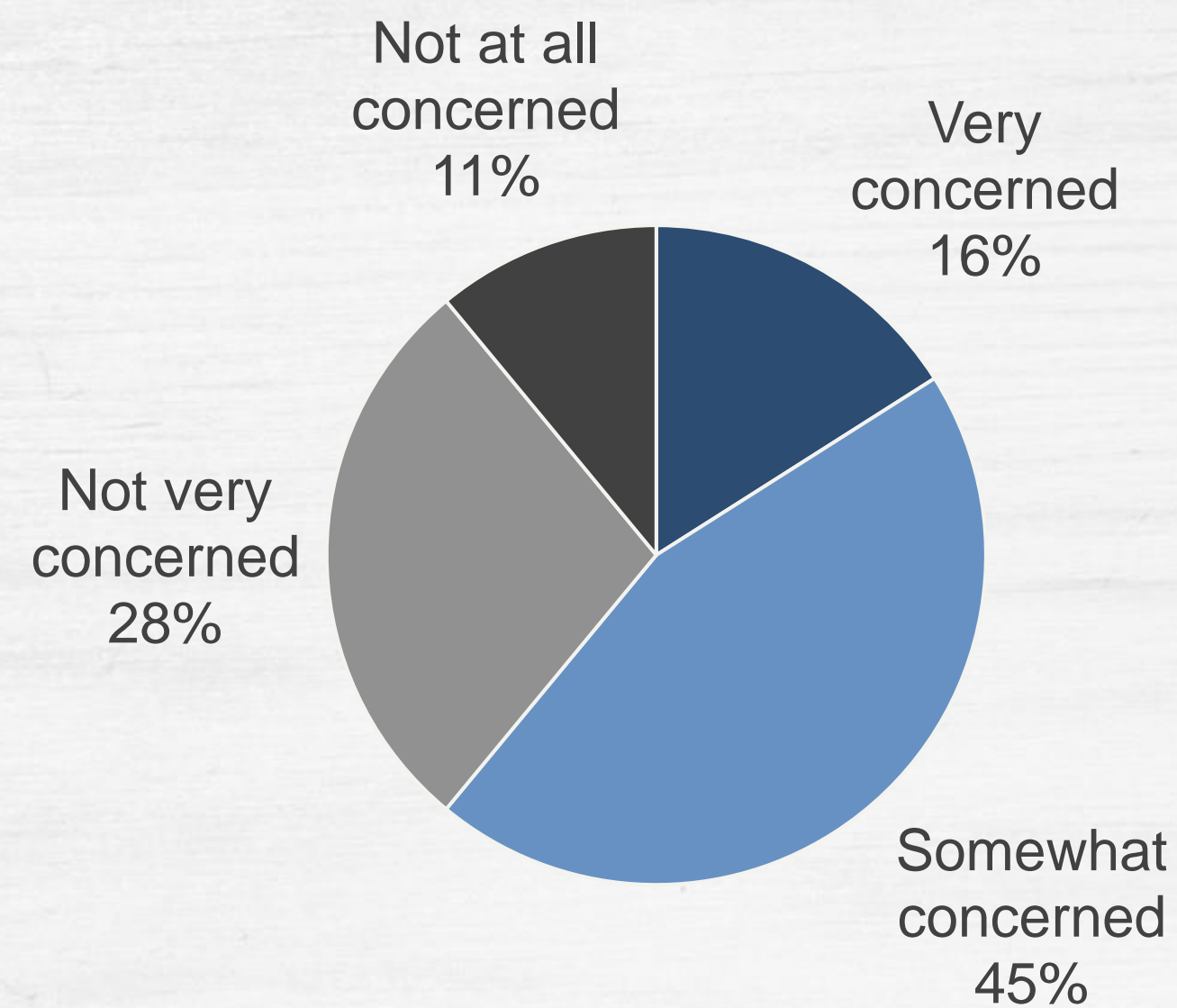
We all have an inner age

- Nine out of ten of the respondents say their “inner age” is younger than their current age. On average most feel about 13 years younger than their actual age.

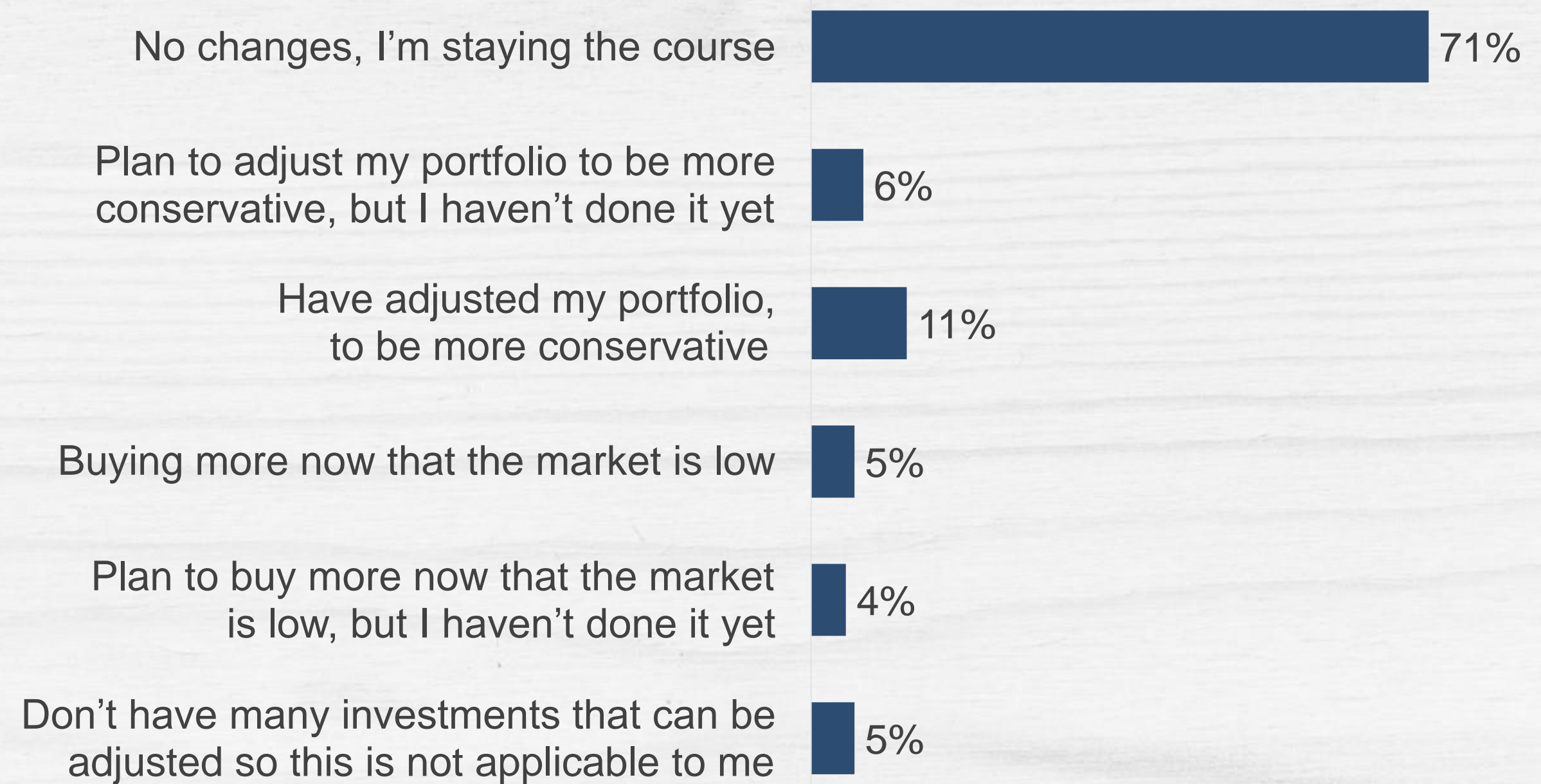
Six out of ten in these prime retirement years are concerned about volatility. Those currently employed are significantly more concerned (20% very concerned) than current retirees (12% very concerned).

Despite the volatility, seven out of ten are staying the course in the market. Those who are retired are more likely to stay the course than those who are employed. (75% vs. 67%)

Effect of Current Stock Market Volatility on Retirement Thinking

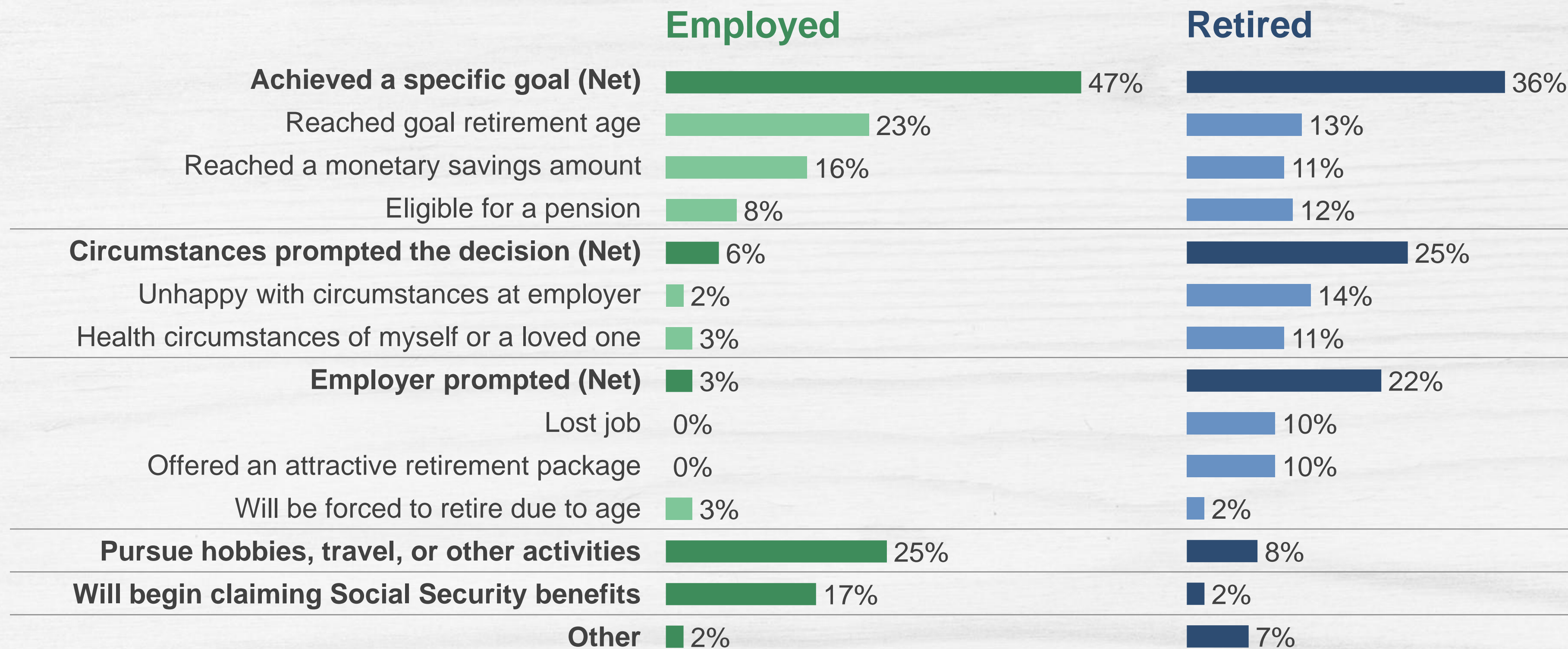


Have Made Change(s) Due to Current Stock Market



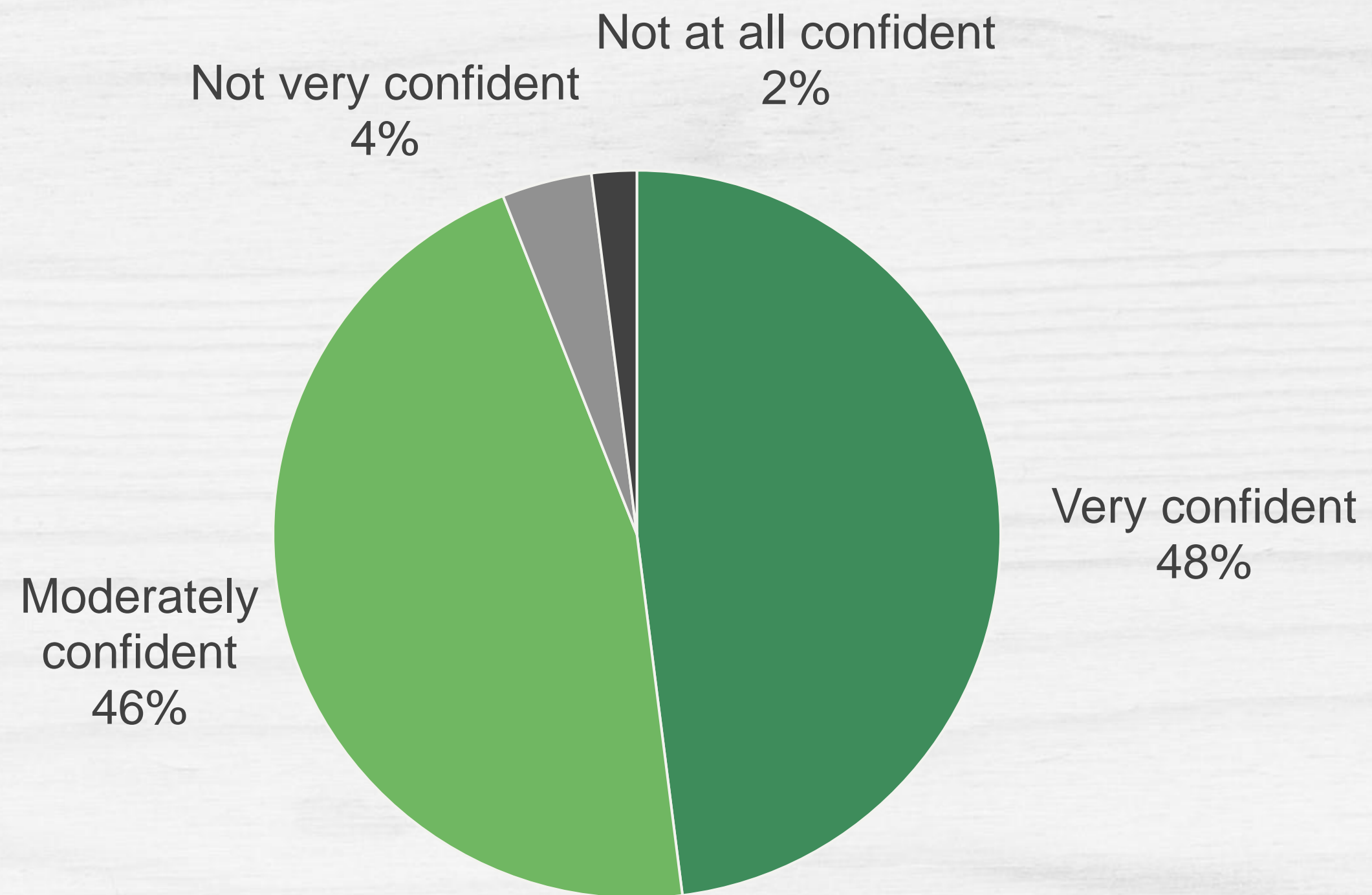
There are considerable differences between those who have already retired and those are planning to retire at a specific age. Those currently employed could learn a lesson from retirees: it isn't always your decision.

For about one-quarter of retirees there were circumstances that prompted their decision. They were either unhappy with their employer or there were health concerns of their own or a loved one. Very few of those currently employed are anticipating these circumstances driving their decision to retire.



Among those currently employed, nearly half (48%) are very confident that they'll retire at the age they identify as their goal.

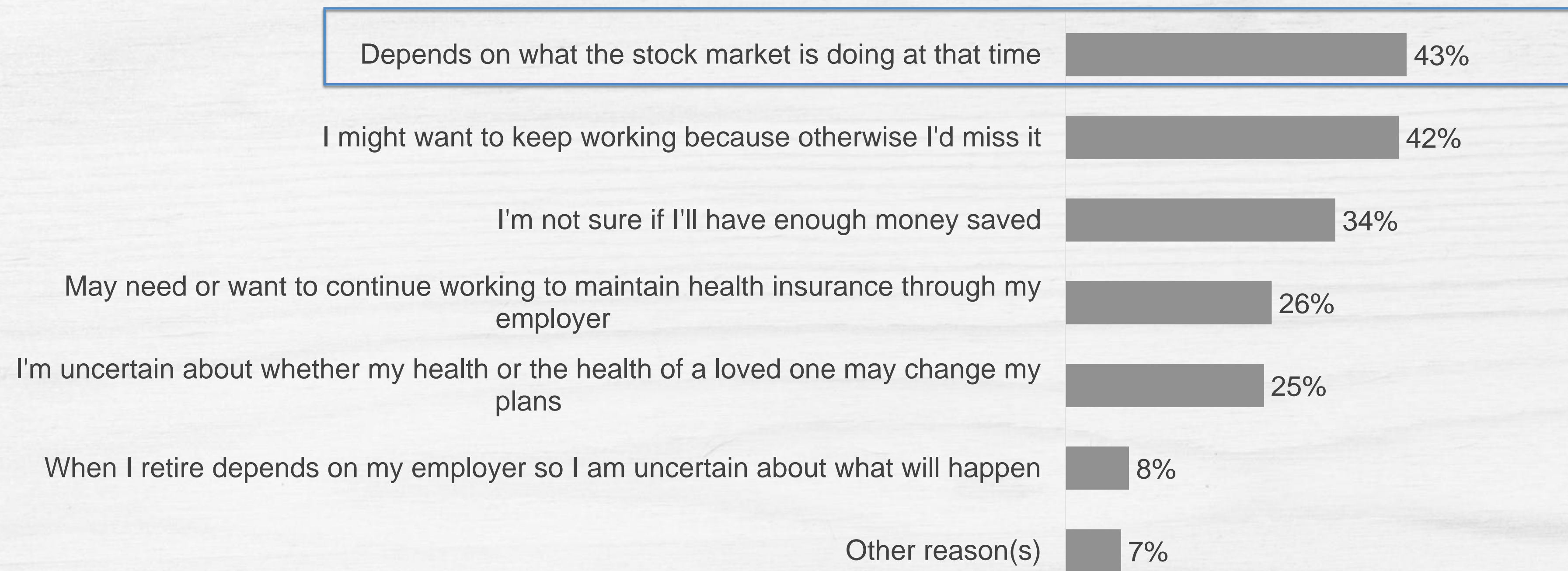
Among those still working
Confidence They'll Retire at Planned Age



Over four out of ten cite the stock market situation as a reason they are not fully confident in a retirement age, a relevant finding in this time of flux.

Deciding the best time to retired is complicated and not just about money. Four out of ten think they may miss work.

Among those still working | Reason Not “Very Confident” Will Retire at Planned Age



Most of those who are currently employed think about retiring a lot.

Three quarters of those who are less than 2 years from retiring say they think about it “frequently” or “all the time” with a full one third who think about retiring “all the time.”

Half of women think about retiring “frequently” compared to 38% of men.

Among those still working **Frequency Think about Retirement**



Retirees are surprised by a range of things in retirement, most either related to their financial situation or the amount of time they have.

Some say they have too much time, some say they are really busy. But no one says that have too much money.

Among those retired

What Has Surprised Them the Most about Retirement

“Since I haven't started collecting Social Security, I was surprised how badly I feel by not having a steady source of income.”

“Working only increased the taxes I paid.”

“Nothing except that I have a lot of free time on my hands.”

“How difficult it is to find part time work that is suitable to my skills.”

“How busy I am.”

Healthcare costs are the biggest uncertainty among those currently employed.

In addition to healthcare costs, market volatility and the length of time they will live also contribute to feelings of uncertainty.

Among those still working

What Is Their Biggest Uncertainty about Retirement

“Health care costs.”

“Unexpected health surprises that may require me to spend a lot on medical expenses.”

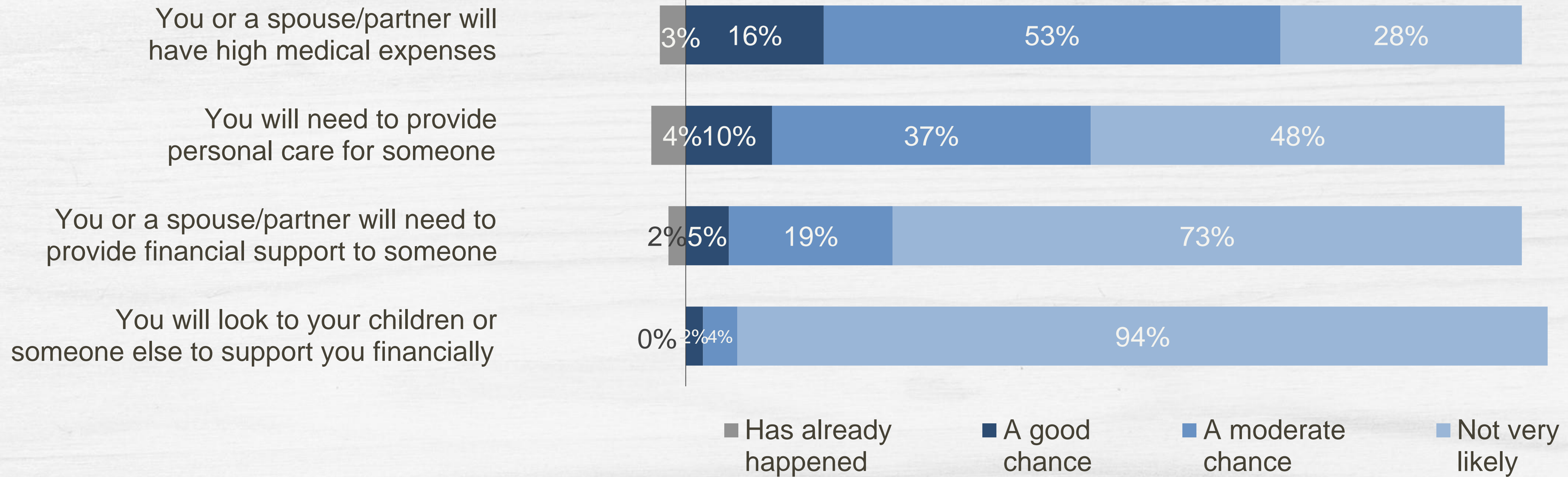
“Having enough money to pay for my expenses before I die.”

“How long I will live”

“Right now the market volatility is very concerning. Until that, was feeling pretty good about things.”

Most expect to be able to support themselves financially when retired - more than 9 out of 10 don't think their children will need to support them. But they do anticipate additional expenses or responsibilities in the form of medical expenses or personal care

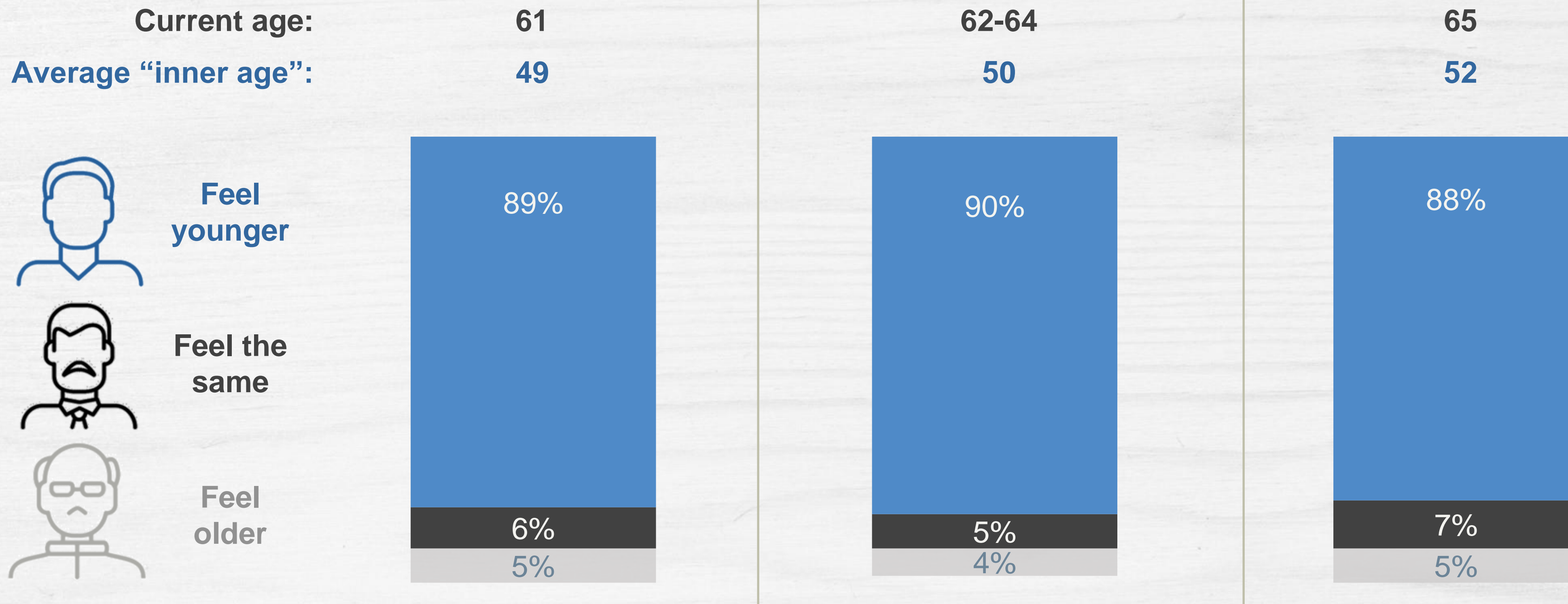
Chance of Occurrence in Retirement



Nine out of ten of the respondents say their “inner age” is younger than their current age.

On average most feel about 13 years younger than their actual age.

Their “Inner Age”



Although most say their inner age is younger, many feel limited and base their retirement outlook on their actual age.

Their “Inner Age”



Feel Younger

Effect on Retirement Outlook

“It makes me feel as if I don't have enough resources to last the rest of my life, since I feel so young.”

“It is frustrating for my physical self not to be able to look and perform as my inner self thinks it should. As in, it bothers me that my body is more fragile than it used to be.”

“Prompts me to proceed. I am very healthy, very active (much more active than 99% of individuals my age). I recognize that my time with such vigorous health could be limited. Hence, I want to get out of the work force as soon as possible.”



Feel the Same

“My inner age has no affect on retirement. Some days I feel young and vibrant, and other days old and tired. I've worked over 40 years, and now it's time to sit back, relax and enjoy what's left of my life.”

“It affects me as I see that I have more and more health problems that may keep me from working full time. I enjoy my job and would like to but pain may keep me from doing so.”

“As long as I maintain good health, age is just a number”



Feel Older

“Because of my health, I feel older than I really am, and frankly, I want to quit working so I can have some semi-quality time before I end up disabled.”

“Feel like my retirement may be shorter than anticipated and that I may not be able to be as active as planned.”

“Poor health makes me sad”

“Do as much as possible as quickly as possible”

65-year-olds give advice to their 61-year-old self

At 65 | Advice to 61-Year-Old Self

Save more and be smart financially

“Save more.”

“Stop buying stuff.”

“Get a very good financial planner who you really like personal.”

“Shift out of the low risk investments and invest in stocks until last month.”

“Get a job.”

At 65 | Advice to 61-Year-Old Self

Be proactive

“Better proactive health.”

“Find something else you love to do and start doing that before you retire from work.”

“If you haven't planned for your retirement, do it now. Don't wait for external circumstances to force you into retirement without a plan.”

At 65 | Advice to 61-Year-Old Self

Don't forget to have fun

“Take more time for myself”

“Don't worry, things will be fine.”

“Go fishing more often”

“Travel now, while you're still healthy.”

61-year-olds ask their 65-year-old self...

At 61 | Question for 65-Year-Old Self

Timing of retirement?

"Should you have retired earlier?"

"Did you retire too early?"

At 61 | Question for 65-Year-Old Self

Personal questions:

"How are the knees?"

"Have you married Karen yet?"

"Are you still sober?"

"Why didn't you exercise more?"

"Are you happy?"

At 61 | Question for 65-Year-Old Self

Financial nuggets

"How is the market doing?"

"Which stocks should I buy now?"

Do I have enough savings today to cover all expenses for the rest of my life, and am I doing enough today to make sure that happens?"

The 2017 tax law changes had a mix of outcomes for this age group.

27% of those employed paid more as a result of the tax law changes compared to only 18% of those who are retired.

Impact of 2017 Tax Law Changes on Personal Taxes



APPENDIX



Data is weighted on age to make each age equal proportion.

Respondent Profile

Age	61	20%
	62	20%
	63	20%
	64	20%
	65	20%
Gender	Male	50%
	Female	50%
Marital Status	Married	75%
	Living with partner	5%
	Single, never married	9%
	Divorced	9%
	Separated	1%
	Widowed	3%
Current Employment Status	Employed full-time	42%
	Employed part-time	10%
	Retired, but working part-time	6%
	Fully retired	42%
Race/Ethnicity	White/Caucasian	94%
	Asian	3%
	Black/African American	1%
	American Indian or Alaska Native	1%
	Native Hawaiian or Pacific Islander	0%
	Other	1%
	Prefer not to answer	0%
	Hispanic	2%

Region	Northeast	24%
	Midwest	24%
	South	30%
	West	22%
Highest Level of Education	High school graduate or less	10%
	Completed some college	14%
	Associate's degree	10%
	College graduate	32%
	Completed some grad. school	6%
	Completed graduate school	28%
	Prefer not to say	0%
Age of Spouse <i>Among those married</i>	60 or younger	21%
	61 – 64	37%
	65	10%
	66 or older	29%
Have Children	Yes	69%
	No	31%

Total Household Income for 2019 <i>Before taxes</i>	Less than \$35,000	3%
	\$35,000 to \$49,999	5%
	\$50,000 to \$74,999	20%
	\$75,000 to \$99,999	21%
	\$100,000 to \$149,999	26%
	\$150,000 to \$199,999	11%
	\$200,000 to \$249,999	7%
	\$250,000 to \$499,999	5%
	\$500,000 or more	1%
Household's Total Investable Assets	\$100,000 - \$149,999	9%
	\$150,000 - \$499,999	33%
	\$500,000 - \$999,999	27%
	\$1,000,000 - \$1,999,999	19%
	\$2,000,000 - \$2,999,999	7%
	\$3,000,000 or more	5%
Financial Products Currently Own	401(k)/403(b)/employer provided acct	68%
	An IRA	77%
	A Roth IRA	46%
	An annuity	35%
	A pension	65%
Work with a Financial Advisor	Yes	64%
	No	35%
	Not sure	1%