

## What a Difference a Generation Makes: How Our Life Experiences Shape Our Viewpoints and Behaviors

Sandra Timmermann, EdD

So much has been written about the baby boomers in the past few years that many of us are on overload. We know that the boomers are reaching traditional retirement age and entering a new phase of life. But what makes them different from other generations, and what about those who came before them—their parents—and those who follow—their children?

One way to better understand the boomers and other generations is to analyze each cohort and figure out what major external events took place as the members of the cohort were growing up. For the GI Generation, for example, it was World War II that had a profound impact on how they viewed the world around them and provided a context throughout their lives. While it would be naive to generalize about the individuals in each cohort, they do share some common values and experiences that influence how they see the world. These commonalities can provide valuable insight into their attitudes and behaviors and what makes them tick as they move through the continuum of life. It also can help those in sales and marketing figure out what products and services

are attractive and how to tailor their approaches and communication.

### The Generations: What Makes Them Different?

There are slightly different approaches to segmenting the generations. Many consider generational cuts to be about 22 years in length. Others look at cohort analysis differently, focusing on the formative years in our lives as children and teens, a 10- or 12-year cut. And of course there is a blending at the edges of each cohort, with younger boomers relating more in attitude and behavior to Generation X than to the leading edge boomers who protested the Vietnam War. However it is done, the concept remains the same—what was the collective experience of the cohort and how does that manifest itself in behaviors and attitudes?

### GI Generation

Let's start with the GI Generation, which we might define as those born before 1932. They are the parents of the boomers, and for those still alive, likely to be experiencing the frailties of old age. But, as we look back in recent history, they are recognized for their stoic and heroic behavior. We now call them the greatest generation. This was the generation that lived through the Great Depression of 1929, a defining event for many in this cohort. Many people lost jobs during the Depression, and had no source of income. Just before the stock market crash, only 3% of the workforce was unemployed. By 1933, the figure had risen to 25%.<sup>1</sup> The Social Security system was a response to the need to provide all citizens with a minimum

income. When the United States entered World War II in 1941 after the bombing of Pearl Harbor, the country rallied behind it. Men made an effort to enlist, and the war enjoyed the support of the vast majority of citizens.

These shared experiences influenced their savings and spending patterns. At home, this generation turned off the lights when they left the room and kept the heat low. They were patriotic, trusted their government to do the right thing, and shared the opinion that the good of the country, not the individual, was key to a functioning society.

The GI Generation witnessed some amazing new developments—the first transatlantic flight by John Lindbergh, mass-produced automobiles, central heat, and radio. They danced to the music of big bands like Glenn Miller and listened to crooners like Frank Sinatra. And when the war ended, the economy was in good shape, they could buy a house for \$10,000, and they could get a free education on the GI Bill. They started their families, and a baby boom resulted. The United States would never be the same.

### The Silent Generation

The Silent Generation is a smaller generation, born between 1932 and 1945. The cohort is small because men were away at war and also because of the influence of the Great Depression, resulting in fewer children. Members of this generation are known to be more conservative, less apt to make waves. There was no large-scale turmoil during their teen years. They were influenced by the cold war and nuclear arms race, the McCarthy trials of commu-

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nists, and the Korean War. There has never been a U.S. president elected from this cohort.

They are often called the Swing Generation, or the transitional generation. The nation was changing rapidly as new technology was introduced and lifestyle attitudes began to change. As a result, those born in the early part of the 1930s are more likely to have values like the GI Generation, more likely to be save their money, and adhere to traditions.

Those born in the 1940s, on the other hand, are more like the older boomers. They grew up with Elvis Presley, the first television set, and were at the cusp of the feminist and civil rights movement. Gloria Steinem, Martin Luther King, Jr., and Bob Dylan were all silents—hardly a good word to describe them.

By and large, however, this generation tends to adhere to traditional values. They were brought up to be polite and not to contradict adults. Most worked for one employer all their lives. They married early and started a family, saving money and living well but not flamboyantly. Not too many women worked outside the home. They were probably the last generation that could count on a steady stream of income through a defined-benefit plan. And by sheer numbers, they were outnumbered by the next cohort. But the early adapters in this generation gave signals that times were changing. They paved the way.

### Leading-Edge Boomers

The leading-edge boomers, born between 1946 and 1955, are most likely the “poster children” for the images we have in our minds of the boomer generation. They grew up when the country

was booming and prosperous. In the first half of the 1960s, salaries were up (increasing 20%), inflation was stable (1%-2%), and unemployment was low (5%-6%).<sup>2</sup> Their parents—the GI Generation—wanted them to have all the things they didn’t have when they grew up. This was by and large a child-centered era, partially because there were so many of them (the pig in the pytheon). Witness the large numbers of schools that were built and the suburban sprawl to accommodate growing families. They were the Dr. Spock babies, and they were told to believe that nothing was impossible for them to achieve. They grew up to be individualists who expected to live a lifestyle better than their parents, and to do it their own way.

They were the rebels. Not all of them, of course, but Woodstock defined the generation. They experimented with drugs, became Hippies, and started the sexual revolution with the onset of the pill. They lived in dorms on college campuses, and many marched against the Vietnam War and participated in the Civil Rights movement. When they graduated from college with more education than any previous generation, they had job opportunities that their parents never had.

The leading-edge boomers expected a lot out of life as they moved into the workforce. Many had not saved money and, in fact, had not believed as their parents did in delayed gratification. Instead, many were likely to buy a bigger home, a better car. They are the workaholics, willing to put in long hours for self-gratification and monetary returns.

Now, for some, there is a rude awakening. You might say that this

generation feels that the contract was broken on their charmed lives. They didn’t expect that employers would cut back on defined-benefit plans or eliminate retiree health benefits, or that there would ever be any uncertainties about Social Security. They are more likely to worry about retirement and less likely to think that they can retire with the income they need at age 65 than younger boomers.<sup>3</sup>

Yet, they are redefining retirement in ways unimaginable to their parents and grandparents. Their belief in self still drives them to look inward to figure out how to live this new stage of life, and their orientation to “making a difference” manifests itself in looking for ways to contribute to society.

### Younger Boomers

The younger boomers, born between 1956 and 1964, had a different experience. When a *Newsweek* cover story appeared recently about the boomers smoking pot at Woodstock, there was a stream of letters to the editor from this cohort indicating that they were boomers too, but they didn’t have the same experience. In fact, the younger boomers grew up in different times.

While the leading-edge boomers grew up when the economy was strong, the younger boomers lived through an economic downturn. While the leading-edge boomers lived in an intact nuclear family with mom at home, the younger boomers were the first latchkey children—many mothers worked and weren’t there when they came home from school. They also were the children of divorce, even of the “swingers” as the sexual revolution reached some suburbs. By

1979, the divorce rate had increased since 1968—the median duration of marriage being 6.6 years.<sup>4</sup> Watergate was a defining moment, and they lost their sense that they could do much about government or society.

But as a result, they may have grown up to be more realistic about their future. They didn't expect things to be handed to them, and they had a sense that life would be hard. Some of these boomers, born in the 1960s, are closer to punks than hippies, the cohort called Generation X.

### Generation X

In many ways, Generation X, born between 1965 and 1976, has some similarities to the Silent Generation. There are fewer of them, squeezed in between the larger generation before them (the boomers) and the larger generations behind them (Generation Y and the Millennials). They are the baby bust generation.

Perhaps for that reason, it appears that they are pessimistic—or maybe just realistic—about their future. They recognize that the boomers may place a real burden on government entitlements like Social Security and Medicare to the point where they can't count on these benefits being there when they get older. They also have watched their parents work night and day, and they opt instead for quality of life rather than putting in long hours to launch a great career.

They are, perhaps, the ultimate pragmatists as they are very comfortable with change as they adapt to a world that is more fast paced and more ethnically diverse than their parents experienced. Perhaps it isn't surprising that the generations—like history—

repeat themselves. Despite the generational divide, the Generation Xs are conservative in their spending and saving behaviors since they know they must manage their own finances, and they care a lot about relationships with their family. They too are blazing new trails, but in a quieter way.

### Generation Y

Generation Y, born between 1977 and 1994, is sometimes called the Echo Boom, and they have some similarities to their parents generation. Like the boomers, their numbers are greater than the smaller generation before them. They also grew up in a relatively peaceful and prosperous time, so they share the optimism many of their parents experienced.

But while Generation Ys' social values may be similar to their parents, their world view is different. Their optimism is tinged with fear brought on by 9/11; the defining event that forever changed their outlook on life. Their world has shrunk—interconnected through global communications—and they take diversity for granted. They are the true techies, where high speed and instant response is the norm. It's no wonder that they look for constant feedback from friends, families, and employers alike. They are redefining how we communicate and share information.

The Generation Ys have close ties with their parents; some say because the social values of the boomers and the echo boomers are not that different. While boomers struck out on their own after college, witness the phenomenon of the "boomerang kids." It is estimated that 65% of recent college graduates have moved back home with their par-

ents.<sup>5</sup> It is okay it seems for Generation Ys to stay out late and not check in—a rarity among phone-based boomer grads and their conservative GI Generation parents. Maybe boomer parents are more simpatico as they fondly remember their own Woodstock experiences.

### Implications for Financial Service Professionals

What can financial service professionals learn from this generational exercise? As any good sales professional knows, it is useful to step back and to walk in the other person's shoes. Often, because of stereotypes we carry—whether it is about elderly people or baby boomers—we make some assumptions that might not be true and, in fact, can lead us in the wrong direction. Each generation comes with its own shared experiences that can influence what products they purchase and how they respond to our communications.

The leading-edge boomers—now about to face the retirement transition—find themselves increasingly worried about the future. Because they were given a lot and had high expectations since childhood, many are surprised that they are facing this chapter in their lives without sufficient savings and no assurance of a steady stream of income. Many would be open to advisers who take an interest in them.

Despite their advancing age, they will never see themselves as "senior citizens." Their orientation toward youth has both pros and cons. Many are in denial that they will need health and long-term care insurance. Witness the surge in plastic surgery and fitness centers. Preparing them for possible health events is a challenge. On the other

hand, one can build on their desire to stay active and healthy by helping them figure out how long they want to work—perhaps they can add a few more years to their work life—and the impact additional earned income will have on their financial future.

Advisers would do well to change the conversation from accumulation of assets to distribution of assets. The generation that thought they would never have to worry about money—and who haven't paid much attention to their investments and their 401(k) allocations—may find the idea of a having a steady stream of income in retirement the safety net that will make them feel most secure. This, along with protecting them against possible health and long-term care needs that could derail their financial plans, will free them up to enjoy a new

stage of life with fewer worries.

With the generations that follow—younger boomers, Generation Xs and Ys—the financial service advisers might try to view the world as they do, if only from 10,000 feet. Understanding each generation better can only help in building relationships and in communicating the value of the products and services they will need for a secure financial future. ■

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Sandra Timmermann, EdD, is assistant vice president and director of the Mature Market Institute, a business unit of MetLife. The Institute is the company's information and policy resource center on issues related to aging, retirement, and long-term care. Staffed by gerontologists, it provides training and education, consultation, research, and resources and information to support MetLife, its corporate customers, and its business partners. Dr. Timmermann received her master's and EdD in educational gerontology from Teach-

ers College, Columbia University. She can be reached at [stimmermann@metlife.com](mailto:stimmermann@metlife.com).

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*The viewpoints represented in this column belong to the author and are not necessarily those of MetLife.*

- (1) Carolyn Kott Washburne, *America in the Twentieth Century 1930-1939* (New York: Marshall Cavendish, 1995) in Rick and Kathy Hicks, *Boomers, Xers, and Other Strangers* (Wheaton, IL: Tyndale House Publishers, 1999).
- (2) Richard Layman (ed), *American Decades* (Detroit, MI: Gale Research, 1995) in *Boomers, Xers, and Other Strangers*.
- (3) MetLife Mature Market Institute, *The MetLife Survey of American Attitudes toward Retirement: What's Changed?* (Westport, CT: MetLife Mature Market Institute, 2005).
- (4) Lois and Alan Gordon, *The Columbia Chronicles of American Life 1910-1992* (New York: Columbia University Press, 1995) in *Boomers, Xers and Other Strangers*.
- (5) "Returning to the Nest," *The Baltimore Sun* (February 29, 2004).

### SUMMARY

Each generation comes with its own shared experiences that can influence what products they purchase and how they respond to our communications. A review of the various generations can help planners "to walk a mile in their client's shoes."