

The Future of Retirement Living

*Findings from a National Study by
The MetLife Mature Market InstituteSM*

and

AARP Healthcare Options[®]

with

Mathew Greenwald & Associates

June 2004



EXECUTIVE SUMMARY

The MetLife Mature Market Institute and AARP Health Care options sought to examine pre-retirees' (ages 50-65) expectations regarding their living situation in retirement and the implications for their long-term care needs. In a survey conducted by Mathew Greenwald & Associates, researchers explored what type of living arrangements pre-retirees expect to have in retirement, and what factors will go into the selection of living arrangements. In addition, pre-retirees were asked about the amount of thought or planning that they have given to retirement housing and finances, as well as how they would pay for long-term care if they need it in the future.

Key Findings included:

- Almost all pre-retirees want to live in their own home during retirement.
- Just over 1/3 of pre-retirees anticipate changing homes, with many planning to move to a different city or town.
- Most pre-retirees expect they will be able to live independently during retirement.
- A sense of community and independence both factor strongly in pre-retirees' decisions about where to live in retirement.
- After a preference for one's own home, the next most popular living situations are an adult retirement community that has services and amenities or a home/apartment for people 55 and over.

SUMMARY OF FINDINGS

Most pre-retirees want to live in their own home during retirement.

- Nearly all pre-retirees currently live in their own home in a regular community (91%), and most would like to continue living in their own home during retirement if they are able to live without ongoing assistance (86%).
- Even if they begin to need day-to-day assistance or ongoing health care during retirement, half would prefer to stay in their home (49%).

Some pre-retirees anticipate changing homes, however, with many planning to move to a different city or town.

- Although half of pre-retirees anticipate they will stay in their current home during retirement (49%), one-third think they will move (36%).
- Most of those who expect to move think they will go to a different city or town (70%).

Most pre-retirees expect they will be able to live independently during retirement.

- Relatively few expect they will need day-to-day assistance or ongoing health care at any point during their retirement (14%).
- Only a small proportion think that they will live with anyone other than a spouse during retirement (7%).

A desire for a sense of community and independence both factor strongly in pre-retirees' decisions about where to live in retirement.

- Half of pre-retirees say being in a community with family and friends would be one of the three most important considerations in deciding where to live in retirement (51%).
- Living under one's own rules is next most important, with 42% choosing it as one of their top three considerations.
- Climate is also important (38% place it in their top three considerations), particularly for men.

Although pre-retirees prefer living in their own home, the next most popular living situations are an adult retirement community that has services and amenities or a home/apartment for people 55 and over.

- Over two-thirds of pre-retirees indicate these two living options among their top three choices, assuming they do not need day-to-day assistance (adult retirement community – 70%; home/apartment for those 55 and older – 66%).

If they begin to need ongoing assistance or health care, pre-retirees are open to other living options.

- Although half of pre-retirees would prefer to stay in their own home if they begin needing day-to-day assistance, 72% rank an adult retirement community as one of their top three preferences. One in five select this as their first choice (21%).
- Half identify an assisted living facility (50%) or a home or apartment for people 55 and over (46%) as one of their top three choices, but few designate these as their most preferred choices (10% and 6%, respectively).

When presented with four alternative group living arrangements, an active adult community stands out as generating the most interest.

- 47% of pre-retirees rate their interest in an “Active Adult Community” as 4 or 5 on a 5-point scale. This community was defined as targeting certain age groups and providing maintenance-free living and social activities.
- About one-third express interest in a “Basic Lifecare Community System” where they would buy a unit, pay a monthly fee, and receive long-term care services as needed (37%).
- Another third also indicate interest in a “Clustered Living Community” with a campus-like setting, private space for residents, and a shared dining room, kitchen, library, entertainment center, and laundry facility (34%).
- About one quarter show interest in building a new home to share with friends, including private space and communal living areas (22%).

Pre-retirees have not given much thought to their living and finances in retirement.

- Four in ten pre-retirees admit they have given *little* or *no* thought in the past 5 to 10 years about where they will live in retirement (42%), and an equal proportion lack a plan to manage their savings and spending so that their money lasts through their retirement (42%).

- Yet, the large majority of pre-retirees report *little* or *no* concern about whether they will have enough money to live comfortably throughout their retirement years (79%).
- Many retirees predict that they will retire after age 65. Specifically, 36% believe they will retire at age 66 or older, and an additional 6% indicate they will never retire. Older pre-retirees are particularly likely to think they will retire after the age of 65, perhaps because they can more clearly see the financial need to do so.

Pre-retirees are operating under misconceptions about what sources of funding they will be able to use if they need long-term care.

- Six in ten intend to use Medicare if they need long-term care (62%), and 40% intend to use health insurance to help pay for the services, although neither covers extended care..

METHODOLOGY

An online survey comprised of 20 questions was sent to members of Survey Sampling International's Survey Spot™ Internet Survey Panel, and responses were received from March 15 to 22, 2004. The survey was sent to a demographically balanced sample of panel members ages 50 to 65, so that both genders as well as the various regions, ethnicities, and education levels would be represented in approximate proportion to their frequency among 50- to 65-year-old Americans.

The results of the survey are based on 500 responses. If the panel sample is equivalent to a random sample of the population, this sample size would lead to a margin of error of plus or minus five percentage points.

SUMMARY OF RESPONDENT DEMOGRAPHICS

The 500 respondents include a roughly equal mix of men (55%) and women (45%). Half of the respondents are 50 to 55 years of age (49%), and about one-quarter each are 56 to 60 (26%) and 61 to 65 (25%). Most are married (63%), and 28% are divorced, separated, or widowed. Small percentages are living with a partner (4%) or are single, never married (5%).

Figure 1:

Characteristics of the Survey Respondents

	(n=500)
<u>Gender</u>	
Male	55%
Female	45
<u>Age</u>	
50 to 55	49%
56 to 60	26
61 to 65	25
<u>Marital Status</u>	
Married	63%
Not married, but living with a partner	4
Divorced, separated or widowed	28
Single, never married	5

SURVEY SPONSORS

The MetLife Mature Market Institutesm is the company's information and policy resource center on issues related to aging, retirement, long-term care and the mature market. The Institute, staffed by gerontologists, provides research, training and education, consultation and information to support MetLife, its corporate customers and business partners. **MetLife** is a leading provider of long-term care insurance to individuals and group sponsors. MetLife, Inc. (NYSE: MET) through its subsidiary Metropolitan Life Insurance Company, is also the exclusive provider for the AARP endorsed Long-Term Care Insurance Plan.

AARP Health Care Options is the trusted source for health products, services and information for men and women age 50+--AARP Health Care Options helps AARP Members stay healthy.

Mathew Greenwald & Associates, is a full-service market research company with an expertise in financial services research. Founded in 1985, Greenwald & Associates has conducted public opinion and customer-oriented research for more than 100 organizations, including many of the nation's largest companies and foremost associations.

MetLife Mature Market Institute
MetLife
57 Greens Farms Road
Westport, CT 06880
(203) 221-6580
www.MatureMarketInstitute.com
MatureMarketInstitute@metlife.com