



Transitioning into Retirement

The MetLife Study of Baby Boomers at 65

April 2012

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Executive Summary

In 2007, the MetLife Mature Market Institute (the Institute) began conducting a series of studies to better understand the Baby Boomer cohort, those born between 1946 and 1964. The first in this series, *Boomers: Ready to Launch*, studied Boomers on the cusp of reaching age 62 in 2008. In 2008, the Institute conducted *Boomer Bookends: Insights Into the Oldest and Youngest Boomers* (released in 2009), a comparative look at Boomers born specifically in 1946 and 1964. For each of these studies, respondents were re-contacted to compare their attitudes and experiences from the previous waves.

In 2010, the Institute released *Boomers in the Middle: An In-Depth Look at Americans Born 1952–1958*. This study examined the middle cohort of the Baby Boomers, who in some ways tend to favor attitudes and behaviors of either side of the Boomer spectrum.

In 2011, the oldest Boomers reached a new milestone — turning age 65 — an age that traditionally defined retirement. This study examines the attitudes and behaviors of this leading-edge Boomer segment as they transition into their next life stage. Respondents included those who agreed to be re-contacted from the 2009 study, so in many instances, direct comparisons of changes in circumstances, plans, and behavior are included in this report.

The results indicate that much can change in three years, with major changes in employment and retirement status specifically. Despite the conventional wisdom that Boomers are ready to “work forever” and significantly extend their formal working career, many of the oldest Boomers are already well into the retirement phase. Almost twice as many 65-year-olds in 2011 stated that they were fully retired as were working full-time at age 65 (45% versus 24% respectively). The average age at retirement for these Boomers was 59.7 for men and 57.2 for women. A large majority of those who have transitioned into their retirement also report that they are well satisfied with this new stage of their lives.

Of those still working, over one-third anticipated that they will retire within the coming year, when they turn 66 and are eligible for full Social Security retirement benefits. Despite this anticipation, a small minority (15%) are unconvinced of the Social Security program’s long-term sustainability, and slightly more (21%) are fully convinced that it will be around. Almost two-thirds (63%) are also currently collecting Social Security retirement benefits. At the same time, of the 65-year-old Boomers who have not retired, many are considering working until even longer than in the past. Consistent with prior studies, major concerns are having adequate finances, staying active and productive, and long-term care costs.

With a large majority of these oldest Boomers without a living parent (76%) and 83% of those with children now also having grandchildren, much of their attention has turned to these younger generations. Of the approximately one in four who have at least one living parent, the incidence and activity of elder care has remained steady at 14%.

The respondents also revealed that concerns about the recession may be waning, although it still clearly concerns many, with 43% expressing optimism about the future (next 25 years). In this regard, 25% relate it to their personal finances and 22% to their health. Of those pessimistic, most attribute this to the government (49%) or the economy (21%).

Although health reasons play a major role in the decision to retire earlier than anticipated, a majority report good health and over two-thirds report no change in their health status. This may be a factor in why the oldest Boomers continue to push back the age at which they view themselves as old, now postponing this declaration until age 79, a full year more than they indicated in 2007.

Key Findings

- Almost one-half (45%) of 65-year-old Boomers are now fully retired (up from 19% in 2008), with another 14% reporting that they are retired but working part-time or seasonally.
- Of those who have not yet retired, 61% plan to retire at the same time as they planned one year ago. On average, Boomers who have not yet retired plan to do so by age 68.5.
- Almost four in 10 respondents (37%) who retired earlier than they had planned, cite health-related reasons for doing so, another 16% cited loss of a job or job opportunities. Those who retired later than they had planned mention needing a salary to pay for day-to-day expenses (27%) and a desire to stay active (13%) as the reasons for delaying retirement.
- The majority of Boomers (63%) have also started receiving Social Security benefits; of those, half started collecting before they had originally planned. Six in 10 Boomers are at least somewhat confident in the ability of Social Security to provide adequate benefits for their lifetime.
- Seven in 10 retirees report liking retirement “a lot” while another two in 10 say they “like it somewhat.” The majority of Boomers like the word “retirement” to describe their life stage and feel it is as they expected it to be.

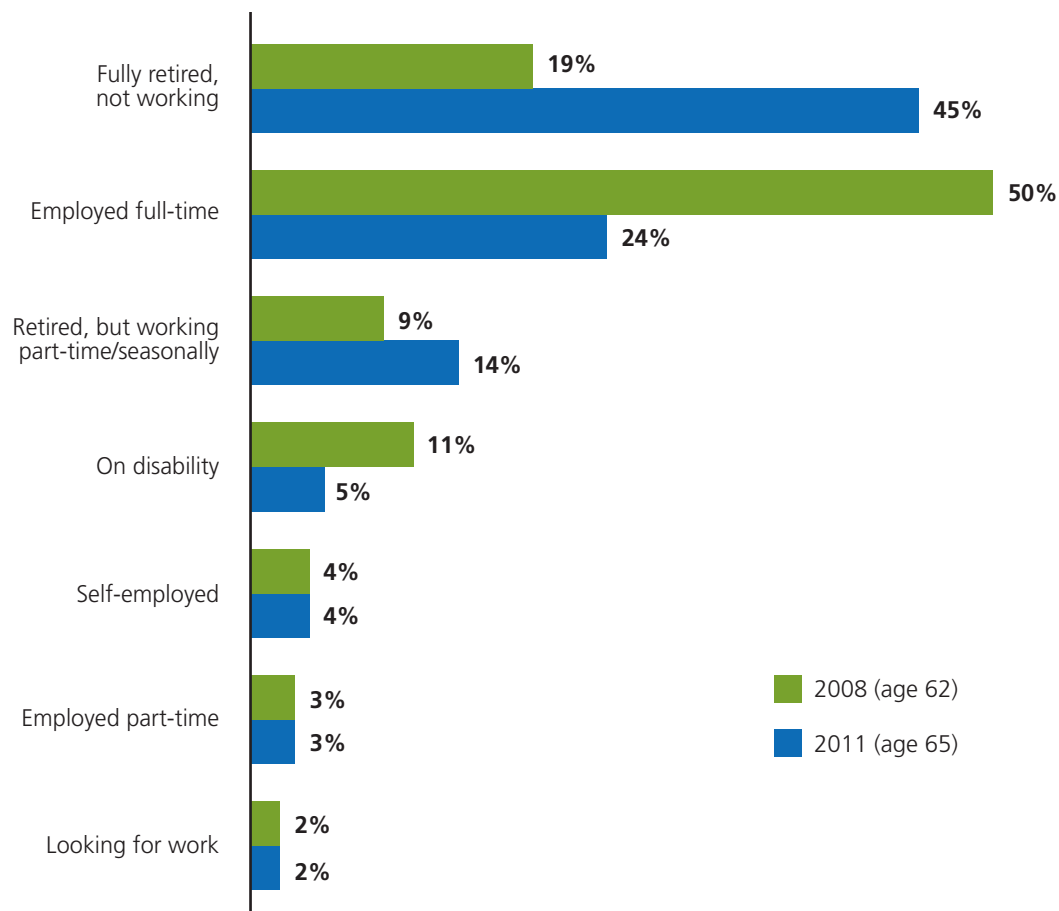
- Half of Boomers feel on track or have achieved their retirement savings goals. Just under half (48%) have consulted a financial advisor in the past 12 months, and six in 10 have calculated their needed monthly income during retirement. An equal percentage of retirees and those who are still working full-time have tried to calculate their monthly income needed in retirement (63% of retirees and 65% of full-time workers).
- Despite current difficult times, more than twice as many Boomers (43%) are optimistic about the future in the long-term than the less than one-fifth who are pessimistic. They are optimistic about their personal finances and their health. Those pessimistic about the future are most concerned about the government and the economy.
- Almost one-quarter of Boomers received an inheritance from their parents with an average value before taxes of \$110K.
- Boomers still feel that they are in good health, with 85% reporting excellent, very good, or good general health ratings. Almost two in 10 report being in worse health than they were in 2008. Of those, half have suffered a major health problem in the past three years.
- The Boomers surveyed say on average that they will be old at age 79, a year later than reported in 2007. Nearly one-third (31%) of Boomers think that they were their sharpest mentally in their forties while about one-fifth feel the sharpest now, in their sixties.
- From 2008 to 2011, more Boomers have become grandparents — an increase from 77% to 83%.
- During that same period, the number of respondents who report having neither parent alive increased significantly from 67% in 2008 to 76% in 2011. However, the proportion of Boomers providing care to a relative has remained stable at 14%, providing an average of 11 hours of care on a weekly basis.
- Home ownership increased significantly from 2008, from 85% to 93% of Boomers. The majority of homeowners (83%) do not plan on moving. The average home value reported is \$255,000, down slightly from \$269,000 reported in 2008.

Major Findings

Work and Retirement

In 2011, significantly more Boomers report being fully retired, and significantly fewer are employed full-time. There is also a greater proportion of respondents in 2011 who are retired but work part-time or seasonally. A quarter (26%) of recontacted Boomers from the 2009 study had a change in their employment status within the past three years.

Figure 1: Current Employment Status

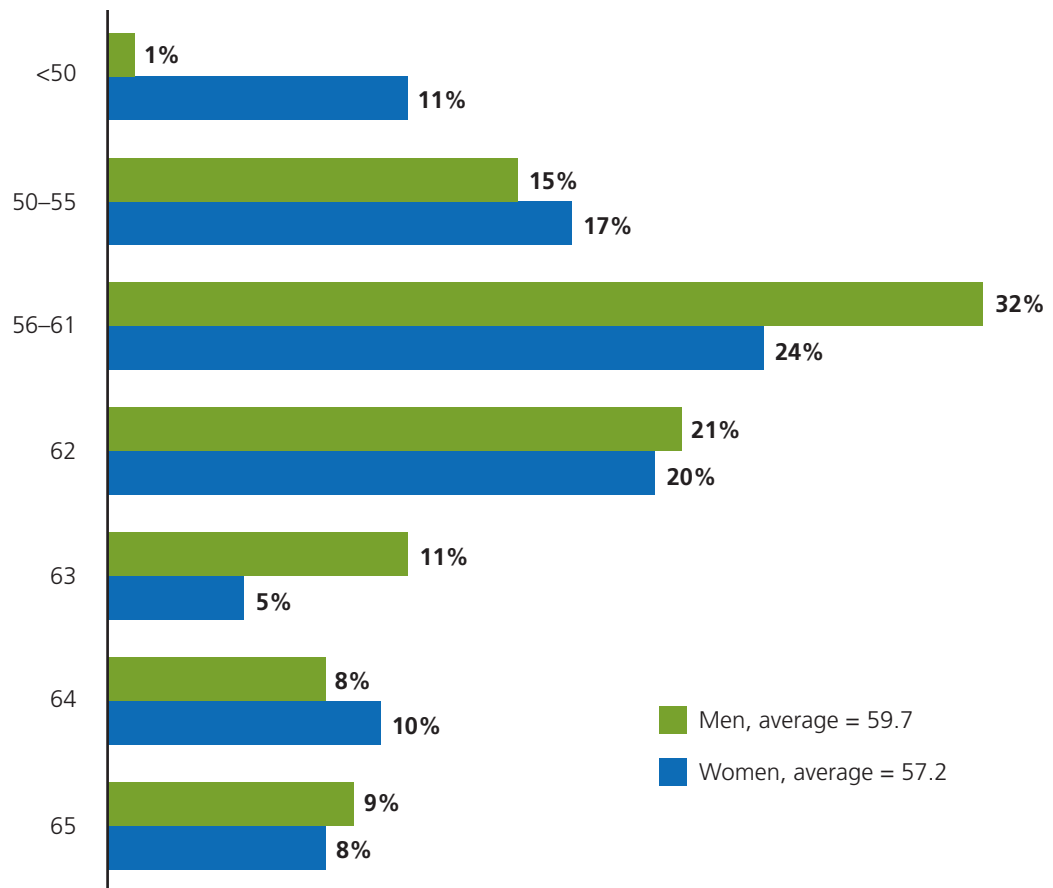


Retirement Age

Among those currently working, just over half anticipate being able to retire before they turn 70 years old. In fact, 37% believe they will be able to retire within the next year (2012). On average, these respondents believe they will be able to retire by age 68.5. Between 2008 and 2011, the average planned retirement age among those still working increased by more than two years from 66.3 in 2008.

In comparison, the fully retired were relatively young, approximately 58 years old, when they retired. There was a difference between when men and women retired. Men, on average, retired at age 60. Women, on average, retired at age 57.

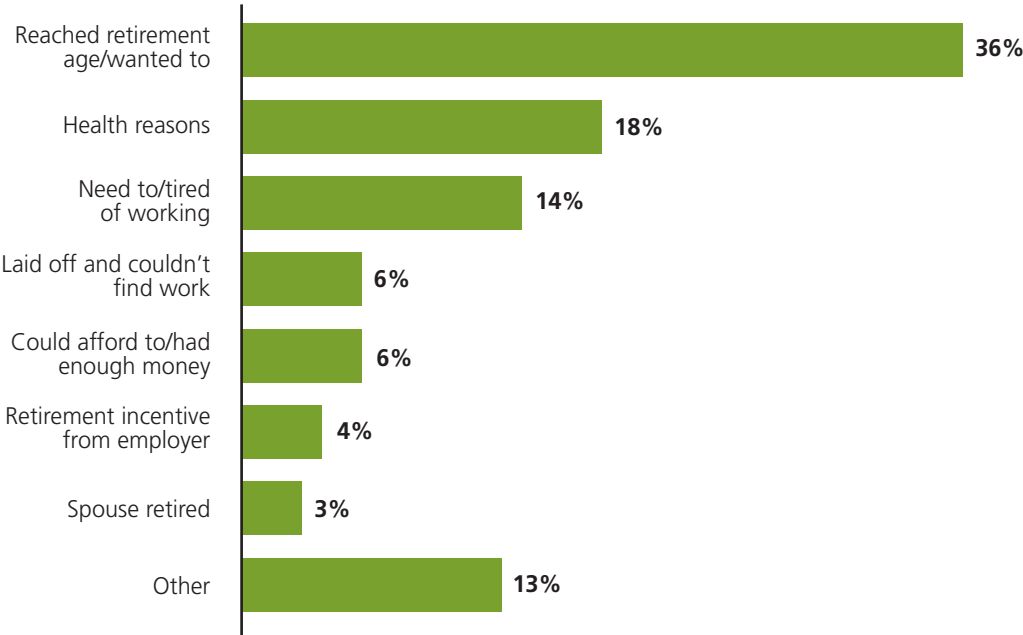
Figure 2: Age When Retired*



*Of those who indicated they are fully retired.

Almost half (46%) retired within the past few years, when they were age 62 or older. Just over a quarter (27%) retired between the ages of 56 and 61. Twenty percent retired at age 62. Just over a third (36%) of retirees say the reason they retired was because they reached retirement age and wanted to. Another 18% cited health reasons.

Figure 3: Reasons for Retiring*



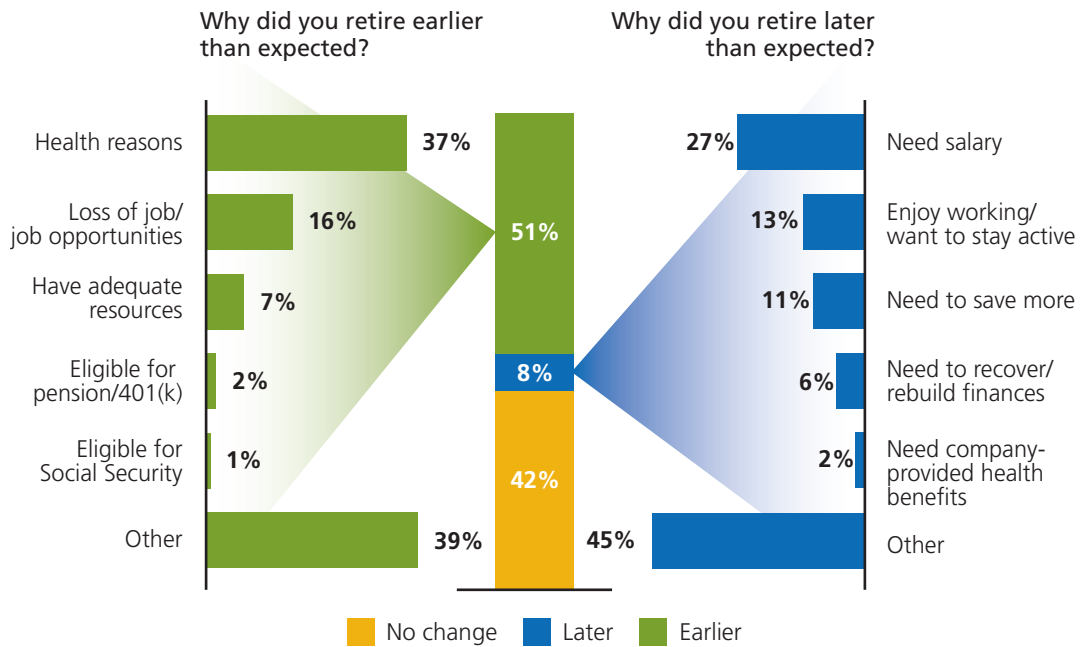
**Of those who indicated they are fully retired.*

Retirement Timing

For most of those still working, the age they plan to retire has not changed from that of their planned age one year ago as reported by 61% of respondents. A third (32%), however, have changed their plans to a later date. This is primarily due to the need to continue receiving a salary to pay for day-to-day expenses, as reported by 27% of respondents. Another 24% report that they enjoy working or want to stay active. Of the few (7%) who now plan to retire earlier than they did one year ago, 23% attribute this to health reasons.

Of those who have already retired, half (51%) report they retired earlier than they had expected. Another 8% said they retired later than planned. The remaining retired as planned. More women than men reported an earlier retirement (57% versus 43% respectively). The reason most retirees gave for why they decided to retire early was health-related (37%), followed by a loss of job (16%). Four in ten retirees said they retired early for “other” reasons.

Figure 4: Reasons for Retiring Earlier or Later than Expected

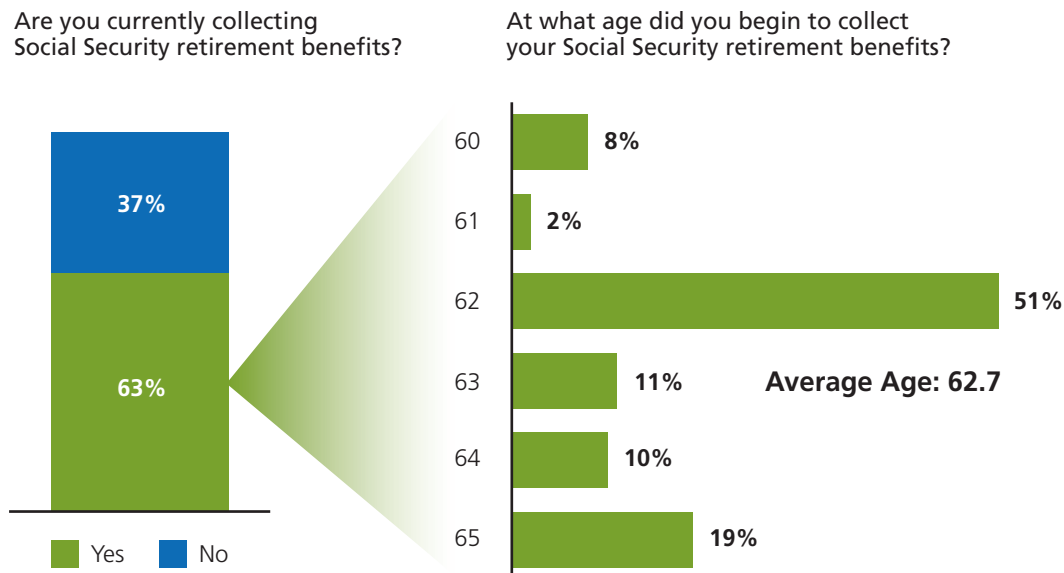


While few (8%) retired later than planned, the main reason for this was the need for salary to pay for day-to-day expenses (27%), followed by the desire to remain active/enjoy working (13%), and the need to save more toward retirement (11%).

Social Security Benefits

Almost two-thirds (63%) of respondents are currently collecting Social Security benefits. Just under one in five (17%) respondents who are still working full-time have started collecting these benefits. The remaining respondents plan to start collecting their benefits in the next year when they turn 66 (38%) or sometime after age 66 (32%). Seventeen percent are unsure when they will begin collecting.

Figure 5: Social Security Benefits

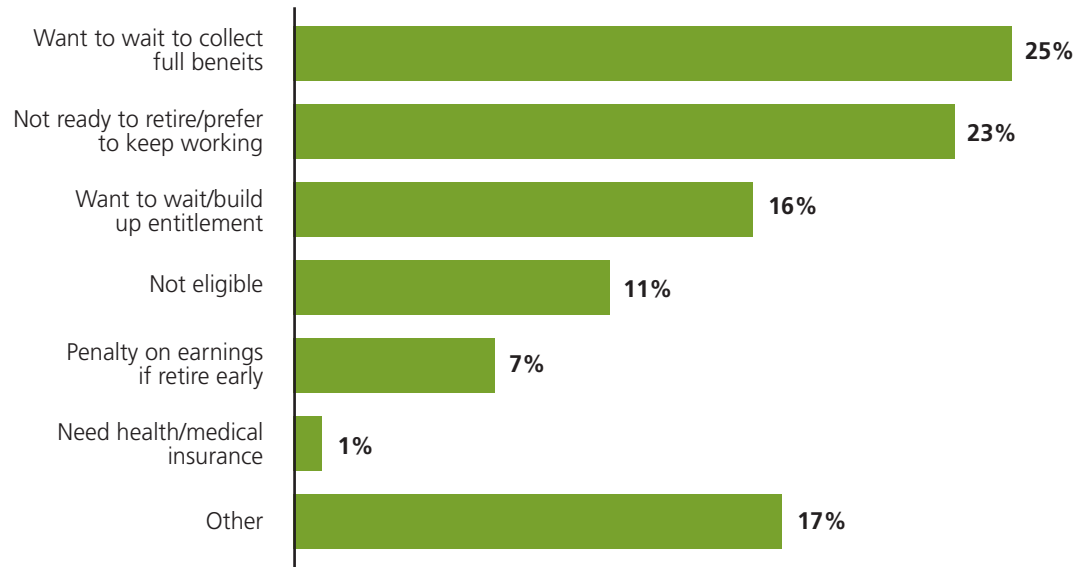


Of those who are already collecting benefits, on average they started collecting at the age of 63 (62.7). There was no difference between men and women in terms of when they began collecting Social Security benefits.

For those who decided to wait, 16% report they want to wait and build up their entitlement. Another 25% report that they want to wait to collect full benefits. For respondents in this study (those born in 1946), the Social Security Administration states full retirement age is 66.

Another 23% report that they prefer to keep working and are not ready to retire.

Figure 6: Reasons for Not Collecting Social Security Benefits*

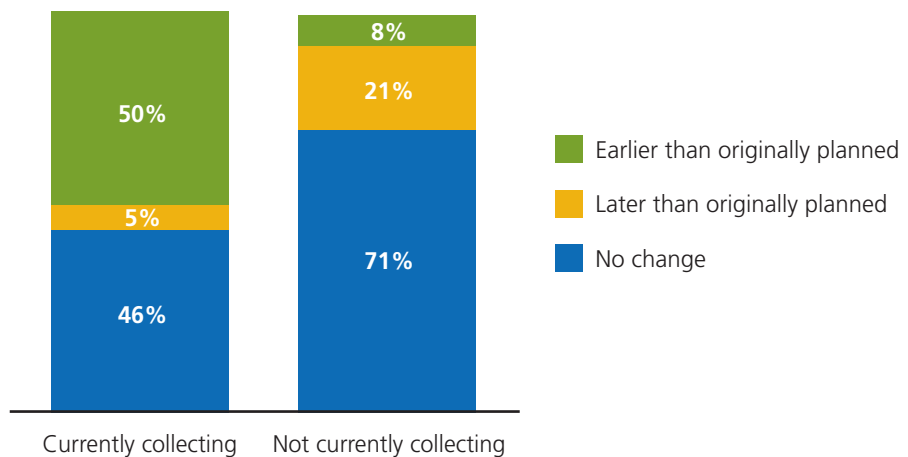


**Of those who are not currently collecting Social Security.*

One in five respondents who are not yet collecting Social Security benefits say they are going to collect their benefits later than originally planned. Another 8% are going to collect earlier than planned. Still, the majority (71%) have not changed their plans as to when they will begin collecting Social Security.

On the other hand, half of those who have already begun collecting indicated that they did so earlier than planned. Very few (5%) started collecting later than planned. The remaining (46%) did not change their plans.

Figure 7: Change in Plans to Collect Social Security Benefits



Of those who are planning to collect benefits earlier, 29% indicated health reasons. Another 13% are disabled and can't work. For those delaying when they will start collecting, 30% indicate that they don't want to retire or stop working just yet. One in five (19%) are waiting to build up their benefits by delaying the age at which they will receive them.

Fifteen percent of those who started collecting earlier than they had originally planned say they needed the money for income. Also, 16% of respondents indicated lack of or trouble with finding a job and 18% indicated they started collecting early due to health reasons. Employment was also a reason why those who started collecting later than planned — 14% indicated they either don't have a job or couldn't find one. Overall, the majority of the reasons were categorized into three broad areas: 24% of the reasons were financial, 37% were employment-related, and 21% were medical-/health-related.

Sustainability of Social Security

Almost two-thirds of respondents are at least somewhat confident in the ability of Social Security to provide adequate benefits for their lifetime, with 21% feeling very confident. More retirees than pre-retirees reported confidence (68% versus 56%). Overall, 15% of respondents are not at all confident in the sustainability of their Social Security benefits. Given the major role Social Security benefits play in retirement finances, attitudes about its sustainability can play a major role in the continuing trend of early applications for benefits.

Finances

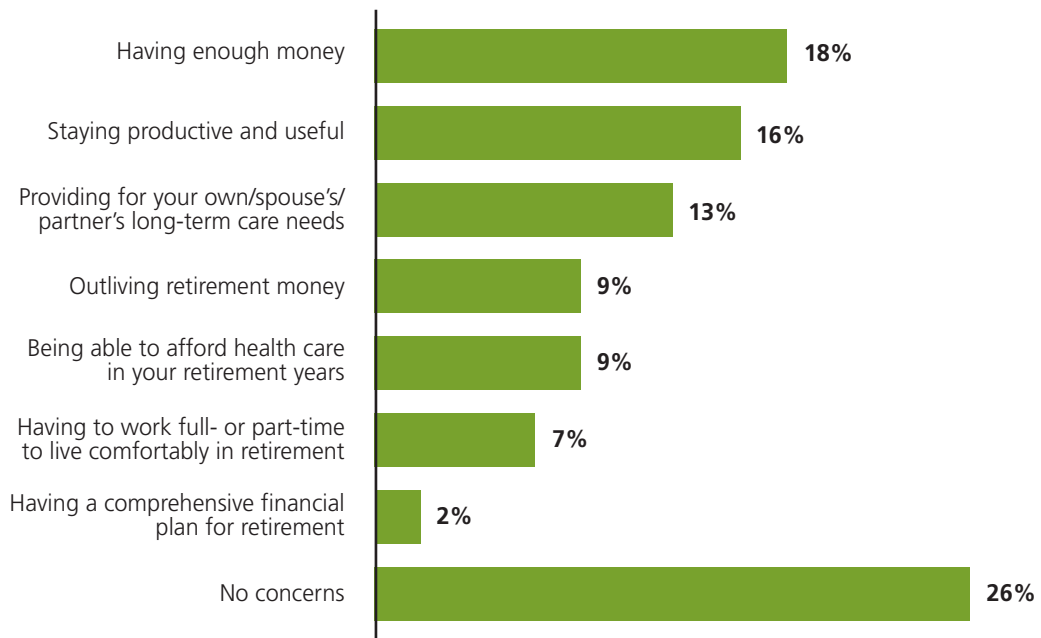
Inheritances

Almost one-quarter of respondents (23%) have received an inheritance. On average, respondents have received approximately \$110,000 from their parents. Receiving this money certainly changes the retirement financial picture for many. While receiving an inheritance does not significantly impact feelings of optimism or pessimism about the future, it does have an impact on getting to retirement savings goals; 64% of those who received an inheritance are on track or have achieved goals, versus 44% of those who haven't received an inheritance.

Concerns for Retirement

Respondents were asked to select their biggest concern for retirement. The most often selected were having enough money (18%), staying productive and useful (16%), and providing for their long-term care needs (13%). Still, 26% indicated no concerns for retirement. There did not appear to be a significant difference between men and women on biggest concerns.

Figure 8: Biggest Concern Regarding Retirement



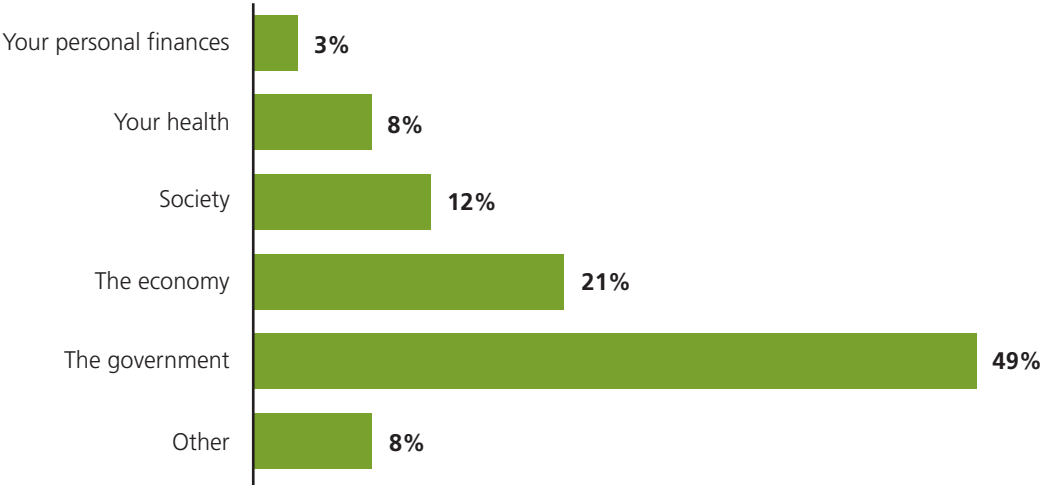
Looking Ahead

About two in five respondents (43%) are optimistic about the future (next 25 years). More men than women are pessimistic about the next 25 years (23% versus 16%).

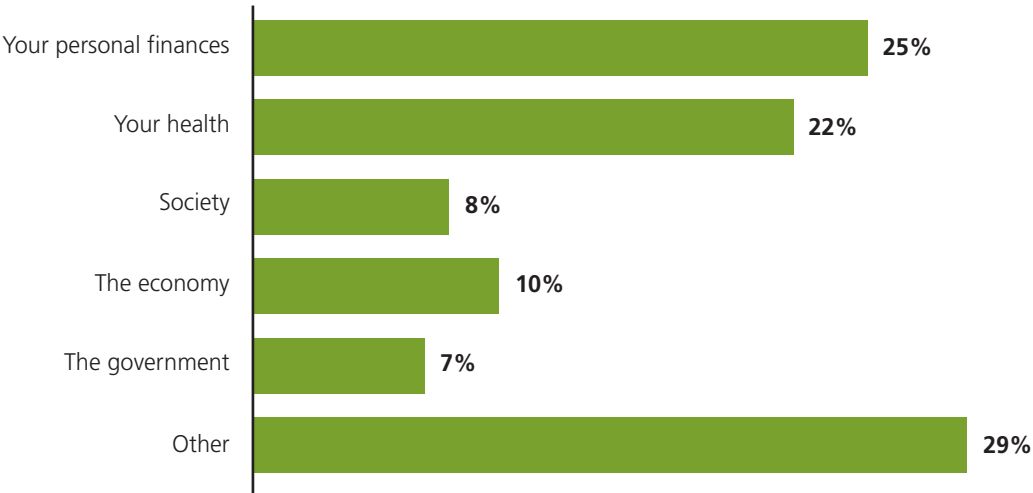
Of those who are optimistic, 25% relate this to their personal finances and 22% relate this to their health. Of those pessimistic, most attribute this to the government (49%) or the economy (21%).

Figure 9: Feeling About the Next 25 Years

What are you most pessimistic about?*



What are you most optimistic about?***

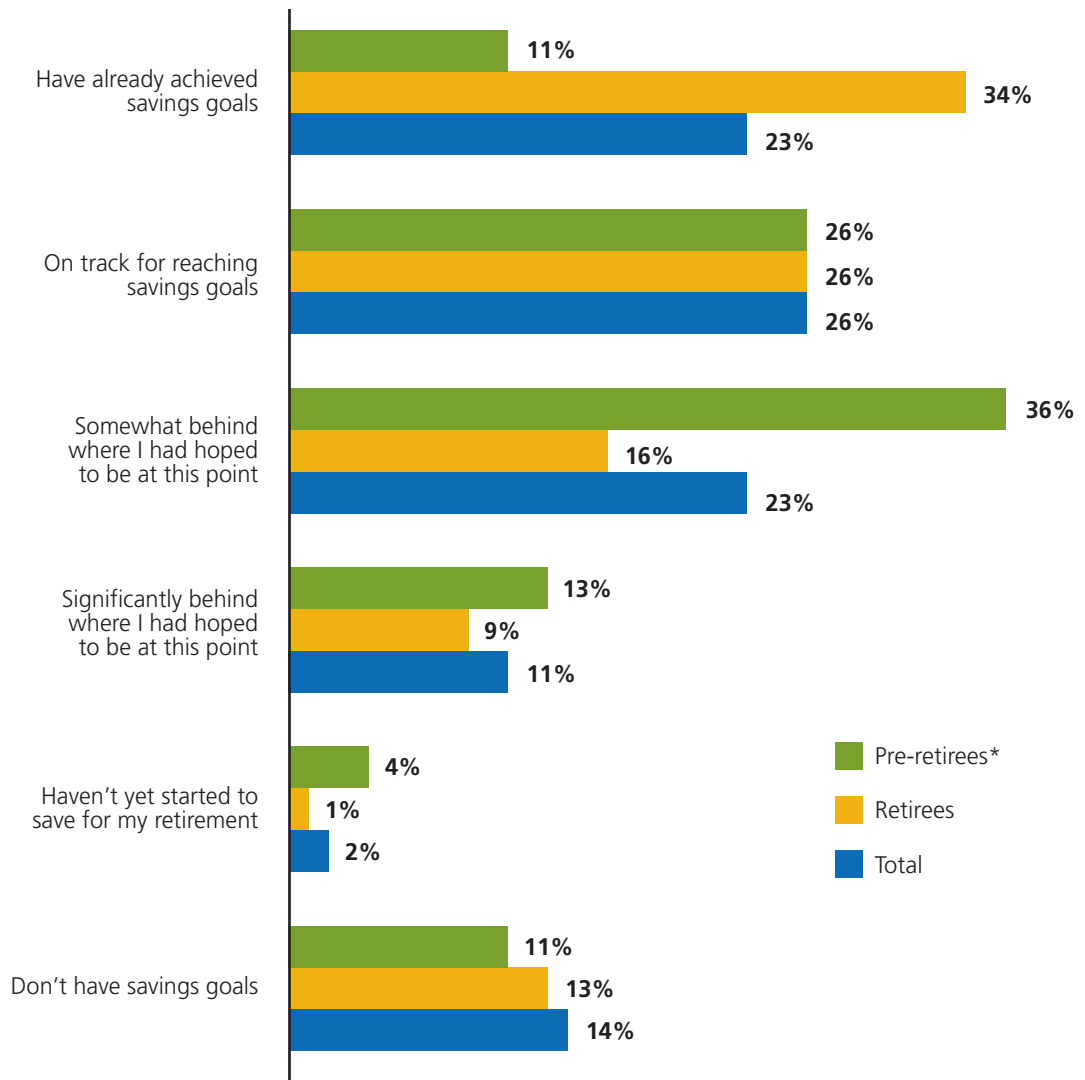


*Of those who report feeling pessimistic.
**Of those who report feeling optimistic.

Retirement Savings

Half of respondents are on track or have already achieved their retirement savings goals. One-third report that they are at least somewhat behind—11% are significantly behind. While more retirees have achieved their goals than pre-retirees, only 34% of retirees say that they have achieved their savings goals. Pre-retirees have the advantage of still working to build resources to meet their savings goals.

Figure 10: Progress of Retirement Savings Goals



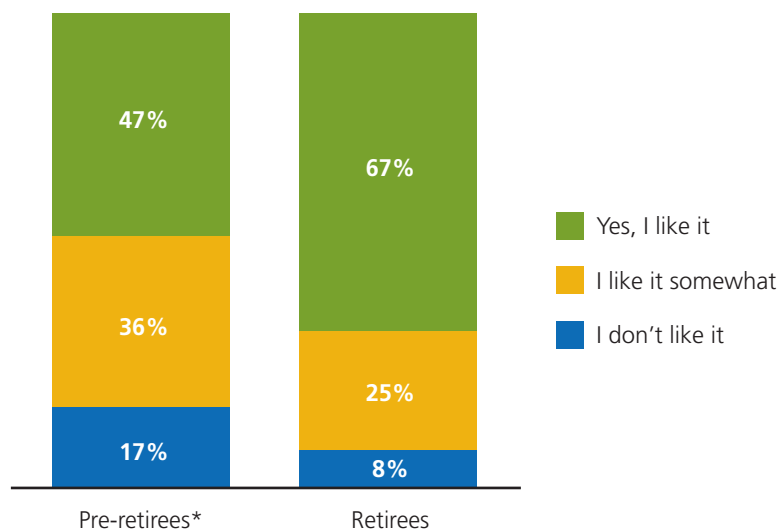
*Employed full-time

The majority of respondents (60%) have tried to calculate how much monthly income they will need in retirement to live comfortably, and almost half (48%) have sought out advice from a financial advisor in the past 12 months. More women than men have sought this type of advice (52% versus 43%), and more married couples have sought advice compared to those who are divorced, separated, or widowed (52% versus 37%).

Retirement Expectations

Over half (56%) of respondents say they like the word “retirement” to describe their next life transition. Another 31% like it somewhat. Of the retirees, three-quarters (76%) say retirement is what they expected. This may indicate why 67% of retirees versus 47% of pre-retirees say they like the word “retirement.”

Figure 11: How Much 65 Year-Old Boomers Like the Word “Retirement”



**Employed full-time*

The vast majority of retirees (96%) indicate that they like their retirement lifestage at least somewhat — 70% like it a lot.

More married respondents say retirement is as they expected (81% versus 60% of those who are divorced, separated, or widowed).

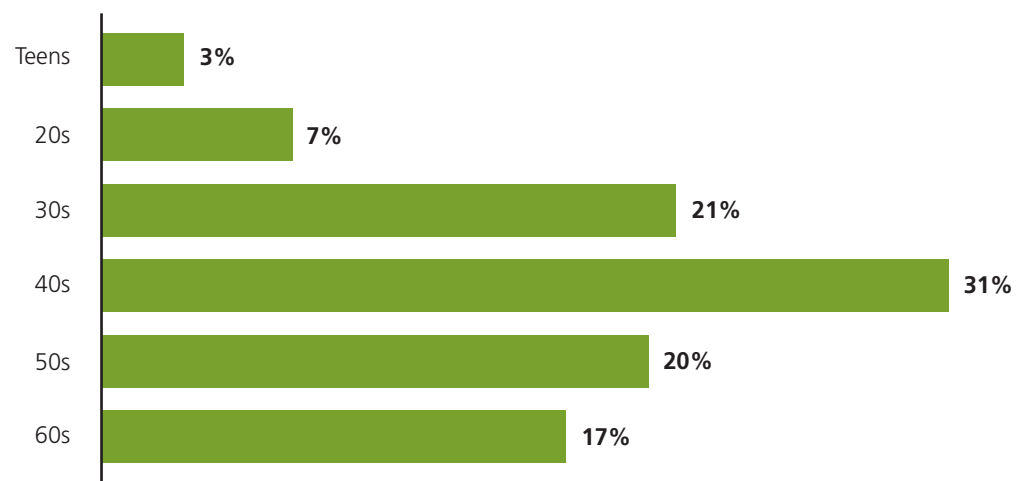
For those who say retirement is not what they expected, the two major reasons are due to health problems (27%) and not having enough money (23%). Only 7% said they prefer working and thought they would never retire. Others (12%) feel that they didn't think they would be as busy as they are. On the other hand, a similar number say they are bored and don't have enough to do. A very small minority (3%) are limited by the poor economy to not do as much as they had hoped.

Health and Aging

The majority of respondents still rate their health as excellent to very good. While the majority (68%) report their current health status to be the same as it was three years ago, 17% report a decline. Of those with a decline in their health, half experienced a major health problem during this time, such as a heart attack, cancer, or a disease.

Respondents were asked at what age they thought they were their sharpest mentally. The majority said sometime between their 30s and 50s, with a peak in their 40s.

Figure 12: Perceived Age When Sharpest Mentally



Respondents were also asked at what age they would have to be to describe themselves as “old.” On average, they would have to be about 79 years old, a year older than they reported in 2007. Men, on average, would have to be about 77 years old, while women would have to be 80.

In the past three years, only a few (10%) of the respondents have experienced any type of discrimination because of their age. An equal number of men and women report feeling discriminated against.

Family

Marital Status

The majority of the Boomers surveyed (71%) are married or in a domestic partnership. Twelve percent are divorced or separated, 10% are widowed, and 7% are single. Of those who were re-contacted, 5% reported that their marital status changed in the past three years. One-third of the new respondents in 2011 who are currently married or have been married report that they have been married more than once.

Children and Grandchildren

The majority of the Boomers surveyed (84%) have children and of those, 83% also have grandchildren. The proportion of Boomers with grandchildren has increased significantly from 77% in 2008. On average, respondents have two children and five grandchildren. The average number of grandchildren increased from three in 2008.

One in five Boomer parents report that they have children living with them — one child on average. Only one in 11 (9%) grandparents have grandchildren living with them — two grandchildren on average. The number of grandchildren has increased in the past three years for a number of the re-contacted grandparents (28%).

Parents and Caregiving

A quarter (24%) of respondents has at least one living parent, while the majority (76%) does not have any living parents. Since 2008, the percentage of Boomers reporting neither parent alive (67%) has increased significantly. Of those re-contacted, 12% lost a parent in the past three years.

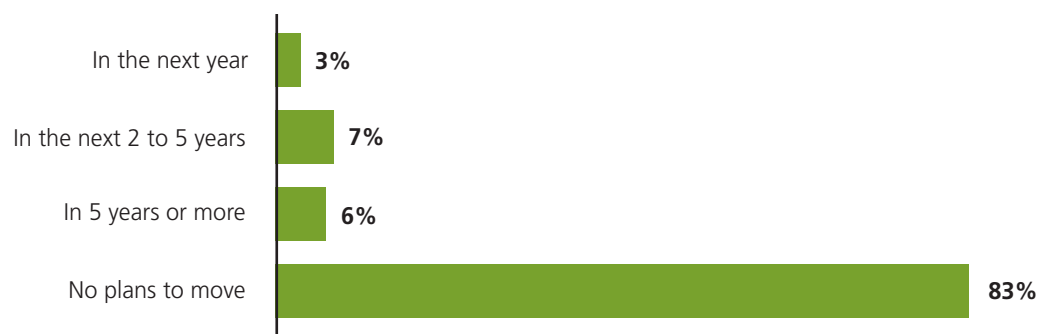
The number of Boomers who are providing regular care to a parent or older relative remained stable since 2008, as well as the number of hours spent per week providing this type of care. One in seven respondents are currently providing regular care to a parent or relative age 65+ with help with shopping, household chores, making meals, providing transportation, etc. Over the past three years, 7% of those re-contacted started providing this type of care to a parent or older relative. On average, those providing care spend approximately 11 hours per week doing so. In fact, one in five respondents is spending more than 20 hours providing this type of care. There is no difference in the amount of time that women and men spend on providing care.

Housing

Almost all respondents (93%) currently own their homes, which is significantly higher than in 2008 (85%). On average, homes are valued at approximately \$255,000. Interestingly, given the current real estate conditions, there was little variation in the reported home values between 2008 and 2011. In 2008, the average reported home value was approximately \$269,000. The effect of the troubled housing market is still taking its toll on some homeowners in the study. Of those re-contacted, 17% report a decrease in their home price compared to last year. A small minority (5%) reported an increase.

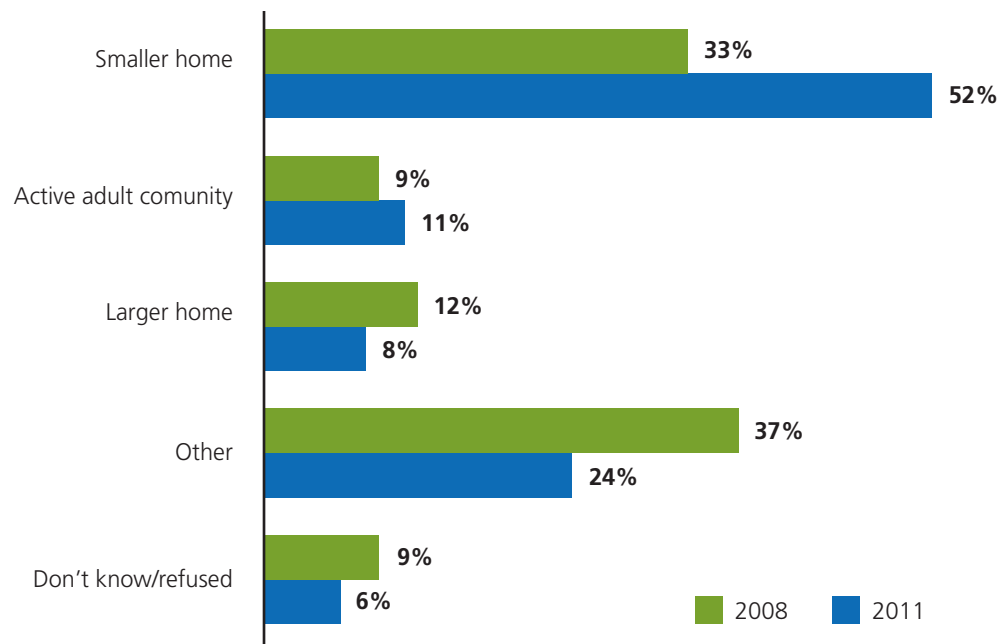
The vast majority (83%) of new respondents surveyed in 2011 have no plans to move from their current residence. This percentage is significantly higher than in previous years (78% had no plans to move in 2008 and 75% in 2007). Only 16% of respondents this year are planning to move from their current residence. Ten percent plan on moving within the next five years. The remaining plan to move in five years or more.

Figure 13: Plans to Move



Since 2008, the number of those who wish to downsize has increased significantly. Of those who did move recently (in the past three years) or are planning to move in the future (11%), more than half chose to downsize into a smaller home.

Figure 14: Where Moved to/Plan to Move*



**Of those who moved or are planning to move.*

Reverse Mortgages

Very few respondents (2%) either have used or plan to use a reverse mortgage at some point in the future. For those who have, the primary reason is to support their aging and long-term care needs. For those who haven't, 12% would consider it and another 4% are unsure.

Implications

Keeping tabs on social insurance benefits affects individuals as well as programs

The current debate about the sustainability of social insurance benefits such as Social Security and Medicare has led to wide public attention to these programs. Yet, the decision of so many Boomers who just turned 65 to access these benefits, rather than waiting to a later age, reflects their relative importance in the retirement context, and the eagerness of beneficiaries to claim them. Whether this will continue with later segments of the Boomer cohort remains to be seen.

There is also clear indication that despite their eligibility for full Social Security benefits at age 66, the allure of accessing these benefits at the age of 65 or earlier remains as strong for these Boomers as it had for earlier generations. This is so despite pronouncements encouraging the postponement of receiving Social Security even beyond the age for full retirement benefits as one way to ensure a better chance of having sufficient funds to last throughout retirement. Attitudes about the viability of these benefits, actual financial resources and preparedness, and health status all seem to play a part in the decision to both retire and to access retirement benefits.

It is likely that these decisions will not only be as important in the future but also will get more complicated as well. Continued discussion and public education about Social Security options, as well as self-education and consultation with financial professionals become even more important as more Boomers approach the retirement and employee benefits decision point, one that affects them and the benefits programs they receive.

“Retired” or “Working” involves preparing for the unexpected

While most 65-year-old Boomers did not dramatically change the timing of their retirement plans, almost one-third of those still working have moved their retirement date back. They may not be doing this by choice, but more from a concern about having adequate resources to pay current or future expenses. Fewer of them have reached or are on track for reaching their retirement savings goals. Significantly more are slightly or significantly behind in this process, making continued work a necessity rather than a choice. At age 65, this may be one of the few options left, and there is certainly a significant portion of those employed who do it for non-financial reasons as well. Many of those in both the retired and working category had to deal with both the “earlier than expected” as well as the “later than expected” categories. Previous studies by

the MetLife Mature Market Institute such as *Best-Case Strategies for a Flexible Retirement* have examined the influence and prevalence of the unexpected in plans for retirement. The experiences of the Boomers in this study reinforce that the unexpected — whether health, economic or “other” in nature — can significantly affect the choices available and can affect staying on track for the optimal retirement choice.

Caregiving doesn't end, it just changes

With a large majority of 65-year-olds without a living parent, the elder care responsibility has diminished, but with many more of them now grandparents in the past three years, their responsibility for attention and caregiving has changed. With two presumably adult children and five grandchildren (up from three in 2008) in their families there are more opportunities for sharing. In addition, a significant portion of the oldest Boomer parents report that they have children living with them — one child on average and almost 10% of grandparents have on average two grandchildren living with them. With this changing family dynamic, both the challenges and joys of caregiving increases for many Boomers, and requires additional consideration as a potential issue in everyone's retirement plan.

Methodology

Transitioning into Retirement was conducted by GfK Custom Research North America on behalf of the MetLife Mature Market Institute from November 3, 2011 through November 30, 2011. A total of 1,012 respondents born in 1946 were surveyed by random digit-dial telephone contact. The recontacted sample was among 942 respondents from the previous wave of *Boomer Bookends: Insights Into the Oldest and Youngest Boomers* (2009) who agreed to be recontacted. A total of 450 respondents from this group completed the follow-up survey. The sample was supplemented by an additional sample of 562 respondents from Dunhill.

Data were weighted by demographics to be representative of the total U.S. Baby Boomer population. The margin of error for the survey was +/- 3 percentage points.

Demographics

Marital Status

Married	71%
Single, never married	7%
Domestic partnership	<1%
Divorced	11%
Separated	<1%
Widowed	10%

Ethnic Background

White/Caucasian	85%
Black/African-American	9%
Asian	<1%
Other	6%

Hispanic Origin

Yes	6%
No	94%

Gender

Male	45%
Female	55%

Employment Status

Employed (net)	27%
Employed full-time	24%
Employed part-time	3%
Stay at home Mom or Dad	3%
Self-employed	4%
On Disability	5%
Looking for work	2%
Fully retired, not working	45%
Retired, but working part-time	14%

Education

Did not complete high school	3%
High school or GED	40%
Associate's degree	16%
Bachelor's degree	24%
Master's or doctorate degree	16%

Household Annual Income

Less than \$15,000	5%
\$15,000 - \$24,999	7%
\$25,000 - \$34,999	10%
\$35,000 - \$49,999	15%
\$50,000 - \$74,999	19%
\$75,000 - \$99,999	16%
\$100,000 or more	23%
Don't know/Refused	5%

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