

## The MetLife Report on **The Oldest Boomers**

Healthy, Retiring Rapidly and Collecting Social Security

May 2013

## The MetLife Mature Market Institute®

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# Executive Summary

The MetLife Mature Market Institute (MMI) has conducted numerous studies since 2007 examining Baby Boomers as they have approached and began transitioning into their retirement years. This study takes a deeper look at the oldest Boomers, born in 1946, as they dive head first into retirement. The MMI looked at these oldest Boomers' work and retirement status, finances and housing, family and their views of their own Baby Boomer generation, aging and the future. Previous MMI studies allow comparisons over the past five years in terms of the changes in their lives and attitudes, including:

- *The MetLife Study of Boomers: Ready to Launch (2007)*, which studied the oldest Boomers (born 1946) who were age 61 in 2007.
- *The MetLife Study of Boomer Bookends: Insights into the Oldest and Youngest Boomers (2009)*, which looked at both the youngest Boomers (born in 1964) and the oldest Boomers in 2008.
- *Transitioning into Retirement: The MetLife Study of Baby Boomers at 65 (2012)*, which examined Baby Boomers born in 1946 as they began reaching traditional retirement age in 2011.

Additional research on Boomers from the MMI not reported here includes:

- *The MetLife Study of Boomers in the Middle: An In-Depth Look at Americans Born 1952-1958 (2010)*, which studied the middle cohort of Baby Boomers.
- *Early Boomers: How America's Baby Boomers Will Transform Aging, Work & Retirement (2010)*, which uses data from the 2010 Census and the Bureau of Labor Statistics to examine the Boomers born 1946-1955.

Now, at age 66 in 2012 and eligible for full Social Security benefits, these oldest Boomers continue to be myth busters; they aren't necessarily "working 'till they drop," as is typically thought of Boomers. Despite the gradual increase among working oldest Boomers of the average planned retirement age (now 71, up from 69 in 2011), more than half (52%) of all oldest Boomers overall are actually retired now — a full five years prior to that target age. This represents a big jump since 2007 and 2008 when just 19% of oldest Boomers were retired and a significant leap from the 45% retired in 2011.

Fewer than one in 10 currently working oldest Boomers think they will need to retire later than planned and 13% currently think they'll be able to retire early. Similarly, 54% of currently retired oldest Boomers did so earlier than planned, but many cited health challenges or job losses as a cause. A majority of these retirees say their retirement income is less than when they were working, but apparently lower income does not always equal a lower standard of living in retirement, as only 20% felt theirs had declined.

Although 64% are partially- or fully-retired, oldest Boomers are collecting Social Security benefits in droves: 86% are collecting benefits and 43% began collecting earlier than they had planned. Their confidence in Social Security is on the rise as well, including 20% who are very confident and 46% who are somewhat confident in Social Security's ability to provide them with adequate lifetime benefits. A quarter of retired oldest Boomers who reported an improved standard of living in retirement said Social Security is a reason.

Long-term care rose to the top of the list of retirement concerns among oldest Boomers, with 31% reporting concern about providing for their own or spouse's/partner's long-term care needs. The majority (69%) believes one answer to their concern is that long-term care should be included in the Medicare umbrella of coverage; just under a quarter actually owns private long-term care insurance.

Oldest Boomers are following in the footsteps of the generation before them as they continue to prefer the "Green Green Grass of Home," with 82% choosing to age in place as they do not plan any future moves. Eight percent are "upside down" on their mortgage, owing more than the value of their home. Perhaps they are enjoying their homes more now though, since 83% are empty nesters. At the same time, the next generation of their family is expanding, with oldest Boomer grandparents now having an increased average of 4.8 grandchildren. As the younger generation grows, however, the older generation dwindles, with 79% of oldest Boomers having neither of their parents living. Still, more than one in 10 are providing regular care for a parent or older relative, and almost a quarter of those have a high intensity commitment, spending more than 20 hours per week doing so.

As oldest Boomers dive into retirement, even though some have been forced to do so earlier than expected, overall this cohort seems to be “feelin’ groovy” and heading into their “Go-Go”<sup>1</sup> retirement years well poised to remain active and engaged. As their nests empty they seem to be largely feeling healthy and positive. The fly in the ointment for a good half of these oldest Boomers could be their slow progress toward achieving retirement savings goals – will they be able to pay for this next phase of their lives they hope to be dynamic and on the go? While there has been a strong increase among oldest Boomers who have achieved their retirement saving goals (from 13% in 2008, to 23% in 2011 to 27% in 2012) nearly half are still behind, haven’t started or just don’t have retirement saving goals. Are they moving realistically into their retirement?

In the coming years as progressively more of the oldest Boomers retire, they will continue to set the stage for the Boomers who follow. Will their good health remain and will they set new standards for activity and engagement in this new retirement phase of life? Or will they be grounded by a lack of retirement savings?

## Key Findings

### Work/Retirement

- More than half (52%) of oldest Boomers (and their spouses) have fully retired and are not working, up from 19% in 2007 and 45% in 2011.
- Only 12% of oldest Boomers are retired but working part-time or seasonally.
- More than half (54%) of retired oldest Boomers did so earlier than planned, citing health issues and job-loss as the two top reasons for doing so.
- Oldest Boomers continue to gradually increase their planned retirement age with an average age of 71 in 2012, up steadily from 66 in 2008 and 69 in 2011.
- Just 39% of working oldest Boomers believes they will be able to retire when they plan to; 13% believe they will retire earlier and only 7% think they will need to retire later than planned.
- Few of the working oldest Boomers anticipate an improved standard of living in retirement (6%), but more than twice the percentage of oldest Boomers who are currently retired (18%) report improvement, citing lower expenses and Social Security income as driving factors. A third of working oldest Boomers expect a decreased standard of living in retirement, but only 20% of those who are currently retired report a decline.

## Finances and Housing

- The vast majority (86%) of the oldest Boomers are currently collecting Social Security. Of these, 43% started collecting benefits earlier than expected. Oldest Boomers are increasingly confident in the ability of Social Security to provide adequate benefits for their lifetime, with 66% feeling very or somewhat confident, about the same (63%) as in 2011.
- Just over half of the oldest Boomers have reached or are on track for their retirement savings goals, an increase from only 38% in 2008. However, 34% are somewhat or significantly behind in their saving.
- Nearly six in 10 (58%) retired oldest Boomers say their retirement income is less than pre-retirement. Just 20% reported a decreased standard of living and 18% said they have experienced an increased standard of living.
- Long-term care costs are a top retirement concern for oldest Boomers, and close to 70% of all oldest Boomers say they believe long-term care should be covered under the national Medicare umbrella. Only a quarter currently have private long-term care insurance.
- Inheritance from parents is increasing among oldest Boomers; one-third had received an inheritance, up from just 22% in 2011. The average value reported in 2012 was \$110,000.
- Nine out of ten oldest Boomers are homeowners, with an average value of \$254,000. But 8% are “upside down,” owing more than the current value of their home.
- Increasing numbers of the oldest Boomers are choosing to stay in their own homes, with 82% reporting they don’t plan to move compared to 75% in 2007.

## Family

- The oldest Boomer families are changing. They have an average of 2.4 children, but the majority (83%) has no children living with them.
- They have more grandchildren now, with an average of 4.8 (up from 2.6 grandchildren in 2008.)
- Nearly eight in 10 oldest Boomers have no parents still living.
- Thirteen percent of the oldest Boomers are caring for a parent or relative, spending an average of 11.7 hours per week in 2012, up from 10.5 hours per week in 2011.

## Health, Aging and the Future

- The majority (82%) have positive things to say about their health, rating it from good to very good or excellent.
- Oldest Boomers continue to believe they will see themselves as “old” at the age of 78.5.
- Sixteen percent of the oldest Boomers see themselves as being sharpest mentally now, in their 60s, but the largest group (30%) believes they were sharpest in their 40s.
- More than 40% of the oldest Boomers are optimistic about the future. Nearly a quarter of those are optimistic about their health, and two in 10 of them feel good about their personal finances. Fewer (23%) are pessimistic about the future and blame big picture issues such as the government (49%) or society and the economy (17%). More than a third (35%) feels neutral about the future.
- More than half of the oldest Boomers feel their generation is leaving a positive legacy for future generations. Values and morals (20%) and good work ethics (15%) were the top cited positive legacies. In terms of a personal legacy, the most often cited topics related to family.

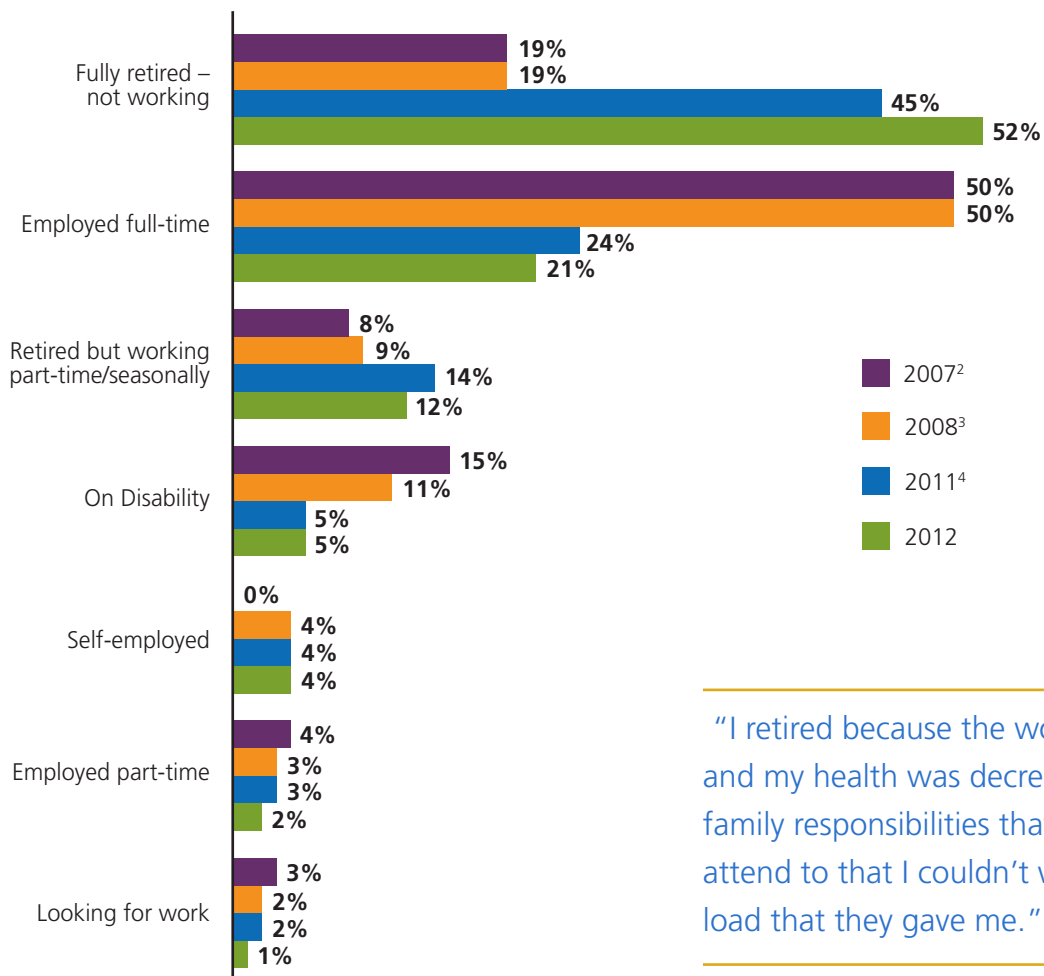


# Major Findings

## Work and Retirement

The numbers of the oldest Boomers who are retired continues to rise with 52% fully retired now (as are the same percentage of their spouses/partners) up from 19% in 2007 and 2008 and 45% in 2011. Twenty-one percent are working full-time and just 12% are retired but working part-time or seasonally. Very few (2%) of the oldest Boomers are employed part-time.

**Figure 1. Current Employment Status\***



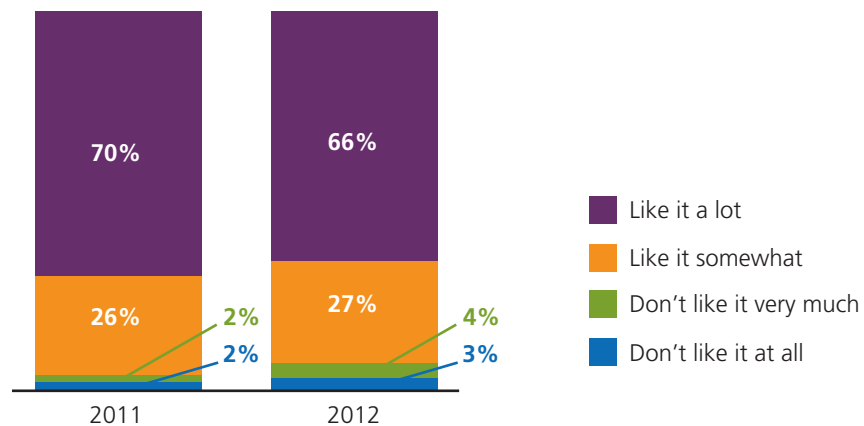
“I retired because the work increased and my health was decreasing and I had family responsibilities that I had to attend to that I couldn’t with the work load that they gave me.”

\*Trend data throughout this report for 2007, 2008, 2011 are from previous Mature Market Institute Boomer studies noted in the Executive Summary.

## Retired and Liking It

More than half of oldest Boomers are retired (52%) and it's no surprise that the vast majority like it somewhat or a lot (93%), down only slightly from 2011 (96%).

Figure 2. Like Retirement?\*



\*Of those fully retired

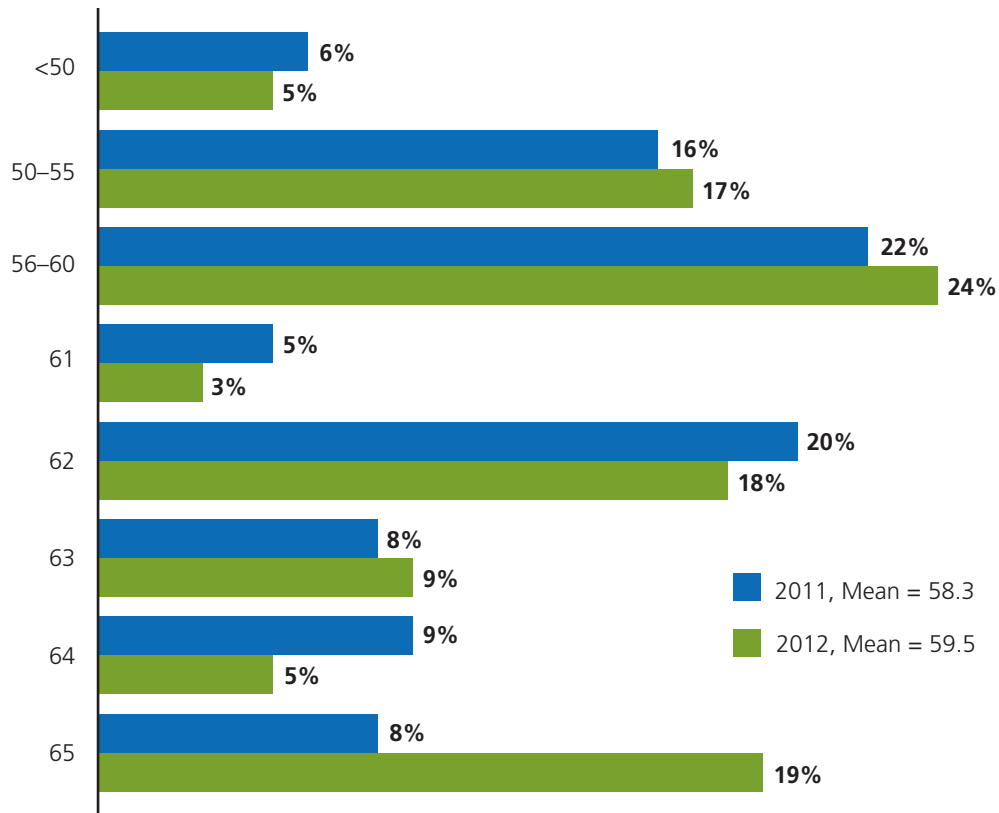
Nearly a quarter of retired oldest Boomers left the workforce between the ages of 56 and 60. Nearly 20% retired at age 65. The average age of retirement is 59.5.

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"I feel like, 'is there anything more?' I am in a stage where I do the same thing day after day. When I was younger I thought I would be more successful. We are successful but we have had to work really hard to get what we have. More people seem to have more."

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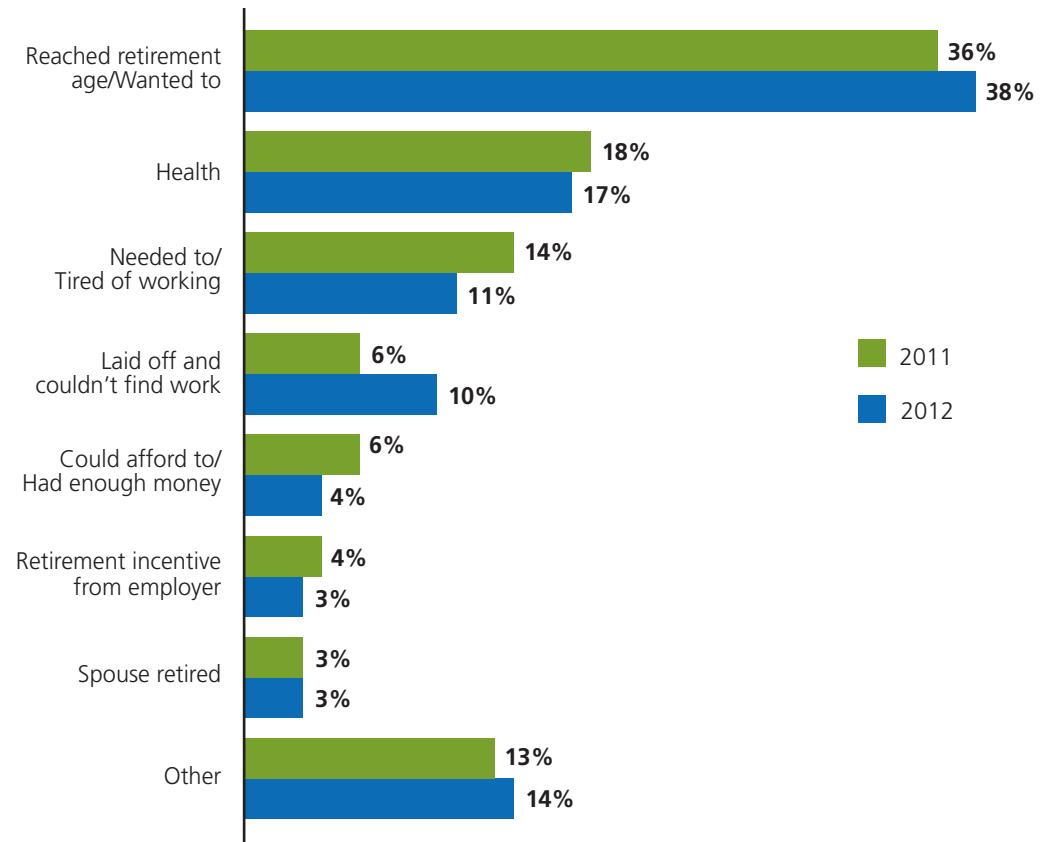
**Figure 3. Age of Actual Retirement\***



\*Of those fully retired

When asked why retired oldest Boomers left the workforce, nearly four in 10 cited the fact that they reached retirement age and they just wanted to retire as the primary reason. Just 17% reported health as the main incentive for retirement. Significantly more gave being laid off or unable to find work as the basis for their retirement in 2012 (10%) than in 2011 (6%).

**Figure 4. Primary Reason for Retirement\***



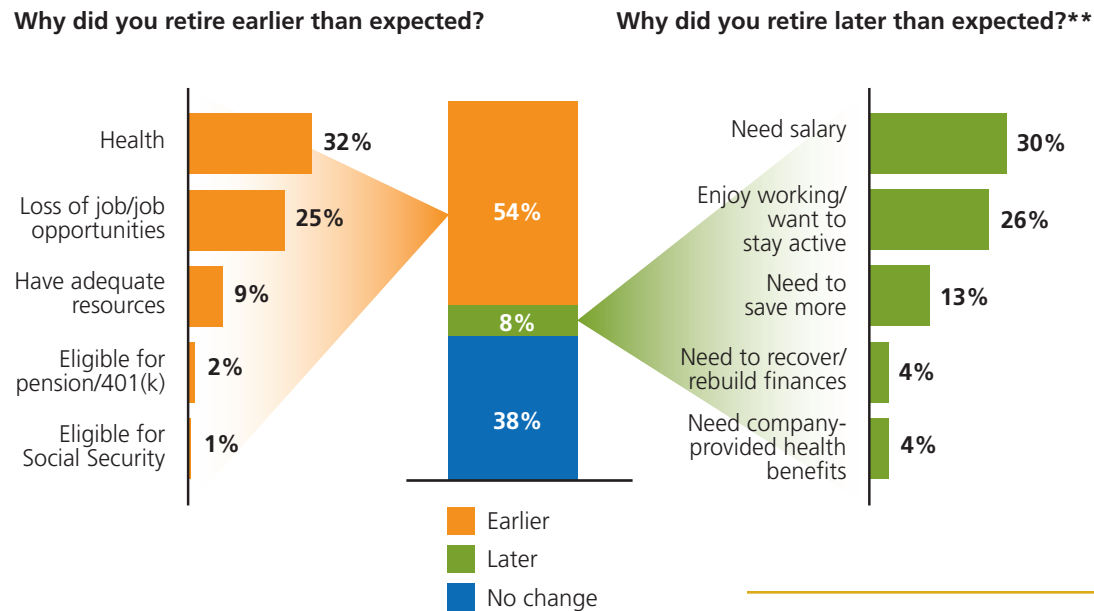
\*Of those fully retired

Of currently retired oldest Boomers, more than half (54%) left the workforce earlier than planned. Of those who retired earlier than expected, more did so for negative reasons than positive incentives. Health was the biggest motivation (32%) and a quarter left the workforce early due to the loss of a job. Fewer than one in 10 retired early because they had adequate retirement resources or other reasons.

Few reported actually retiring later than expected (8%). The primary push to work longer for those who retired later than planned was the need for the salary (30%). Yet just over a quarter (26%) did keep working because they enjoyed it and wanted to stay active.

“I retired early because the economy wiped me out.”

**Figure 5. Age Retired Compared to Planned Age\***



\*Of those fully retired  
 \*\*Small base

“My standard of living increased in retirement because I don’t have the expenses of going to work, and with retirement, my net income is higher than when I was working.”

Most retired oldest Boomers find retirement pretty much as they expected (76%), but of the quarter who finds it doesn’t meet their expectations, health problems were the top reason, followed closely by lack of adequate money. Just over one in ten who was disappointed in retirement said they were bored and didn’t have enough to do.

Not surprisingly, when asked about retirement income, more than half (58%) of currently retired oldest Boomers have found theirs to be less than before they stopped working. A quarter says their retirement income is about the same. Sixteen percent say their income has increased a little or a lot in retirement.

Most retired oldest Boomers saw no change in their standard of living when they retired (62%). Of the 18% who said their standard of living actually increased in retirement, nearly half (47%) said lower expenses was a reason, and just over a quarter (26%) said Social Security was a driver. Just over two in 10 (21%) cited more unearned income.

Twenty percent saw their standard of living decline upon retirement and among those the primary reason cited was unexpected or high expenses (42%) followed by not enough retirement income (35%). Just 12% named depleted savings as a key reason.

### Working Boomers on Track to Retire

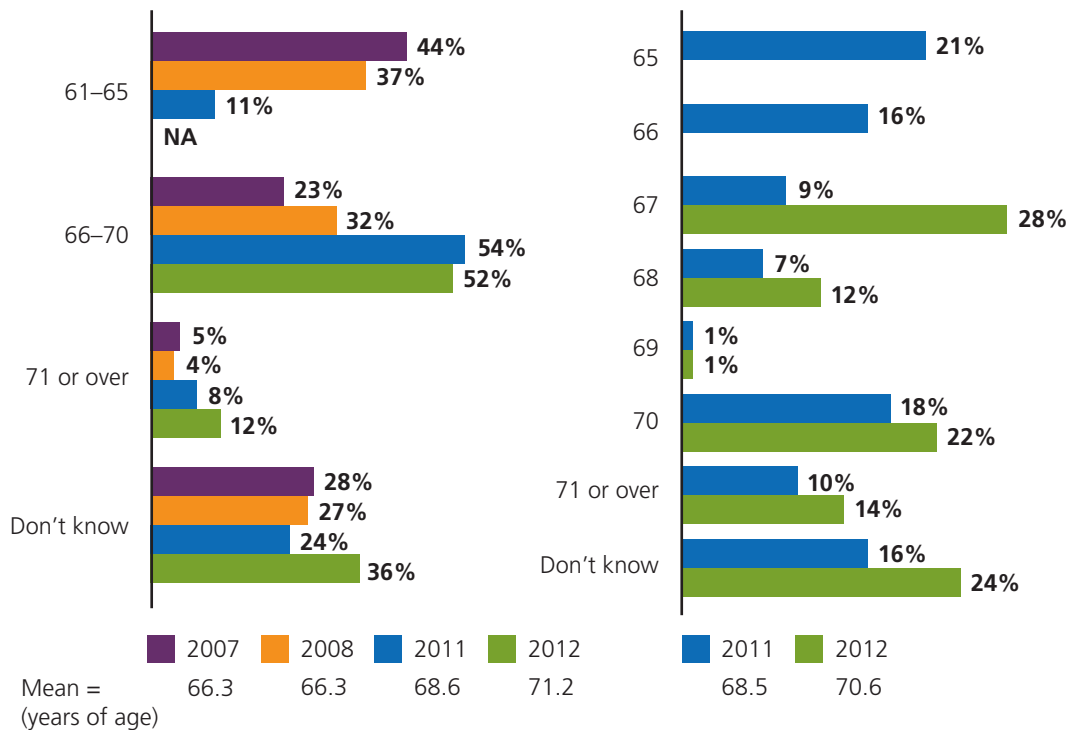
Oldest Boomers who are currently working plan to retire at age 71.2 on average, up from age 66.3 in 2007 and 68.6 in 2011. They believe they will be able to retire close to the age they have planned to (70.6).

“I found an enjoyable job I like to do.”

Figure 6. Retirement\*

At what age do you plan/want to retire fully?

At what age do you believe you will be able to retire fully?



\*Of those not disabled or fully retired

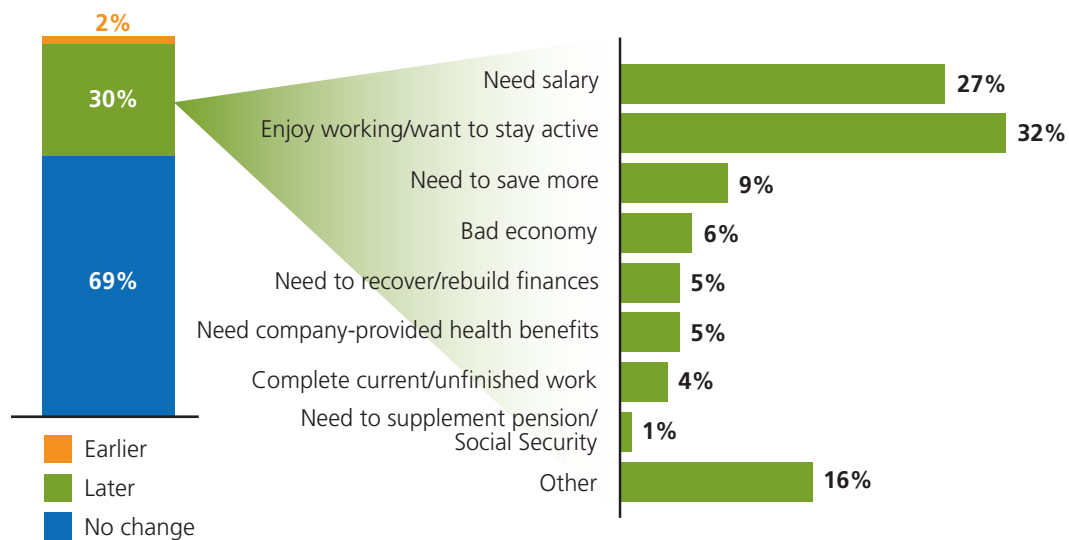
“Unforeseen expenses are why I’m still working, I am a retired Auto Worker and we lost a lot of benefits. All of that has to be made up somewhere.”

Nearly one in 10 currently working oldest Boomers believe they will have to retire later than they want to — most likely up to five years later.

When asked to compare to a year ago, only 2% of oldest working Boomers said they are now planning to retire earlier than they planned. Significantly more have not changed their plans — 69%. Less than one-third (30%) are planning to retire later than they were a year ago.

Of those currently working oldest Boomers who expect to retire earlier than planned, the largest group (29%) thinks they will do so simply because they will have adequate retirement resources. For those who believe they will have to retire later than planned, the top reason is because they want to; they simply enjoy working and want to stay active.

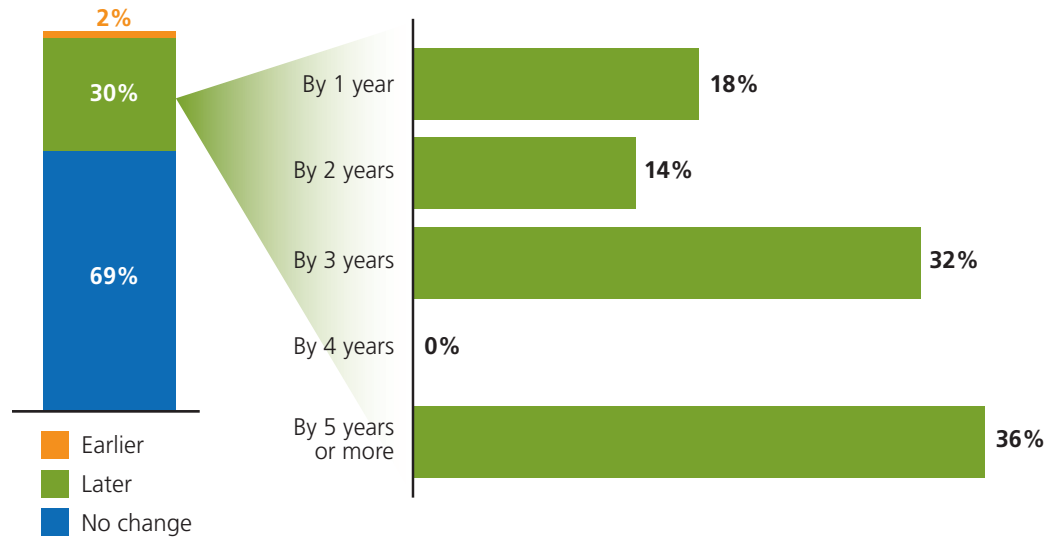
**Figure 7. Why Expecting to Retire Later?\***



\*Of those not disabled or fully retired

Of oldest working Boomers who, in 2012, believe they will be able to retire earlier than they thought a year ago, nearly half (48%) expect to do so three years earlier than planned. Those who think they will have to retire later than they thought they would a year ago, 64% think they will now retire three years later or less.

**Figure 8. Retirement: How Much Later than Planned in 2011\***



\*Of those not currently retired

Among the oldest Boomers who are not retired, four in 10 expect their retirement income will be about the same as it is now when they are working. However, half believe their income will decline. One in ten thinks their income will increase in retirement.

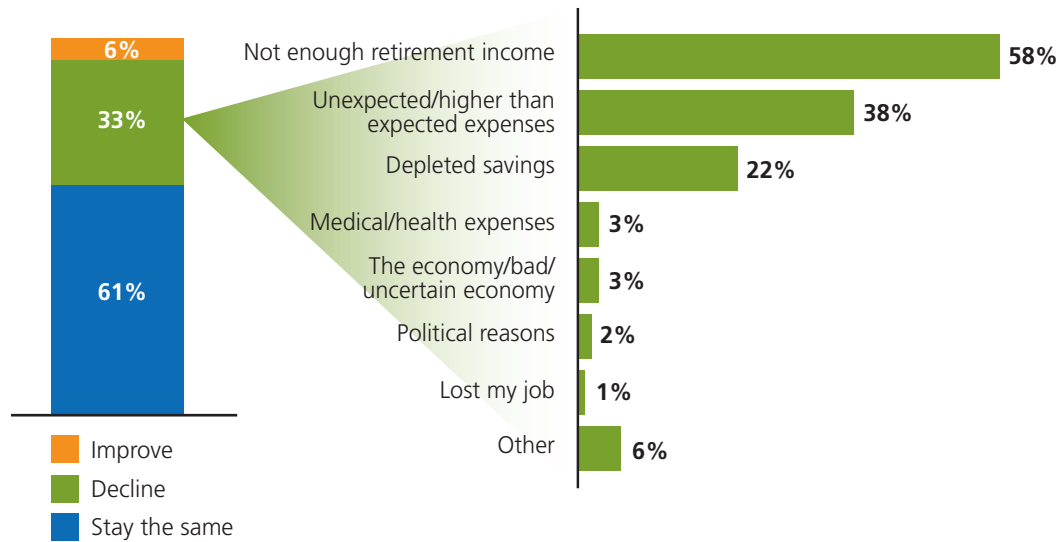
Most working oldest Boomers expect no change in their standard of living when they do retire (61%). Six percent believe their standard of living will actually improve in retirement.

One-third of oldest working Boomers expect standard of living to decline upon retirement. Of these, 58% cite not enough retirement income as the projected reason, followed by 38% who think they will have unexpected or higher than expected expenses. Almost a quarter (22%) thinks they will deplete their savings.



**Figure 9. Anticipated Standard of Living in Retirement for Those Currently Working\***

Why will your standard of living decline?



\*Of those not currently retired

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“My standard of living declined because of family issues; children out of work; helping our children. The economy stinks.”

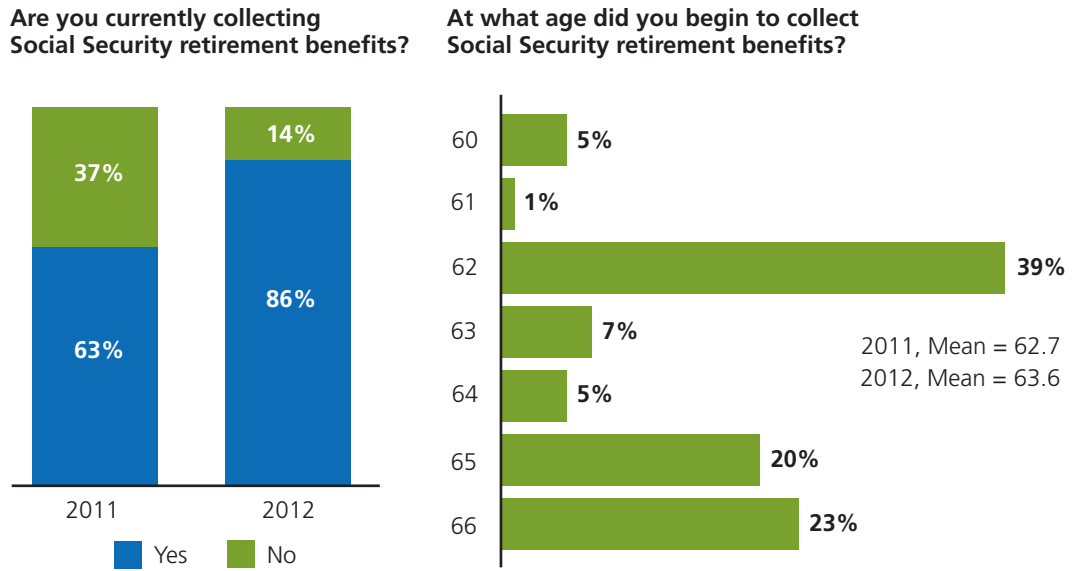
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## Finances and Housing

### Confident About Social Security and Largely Collecting Already

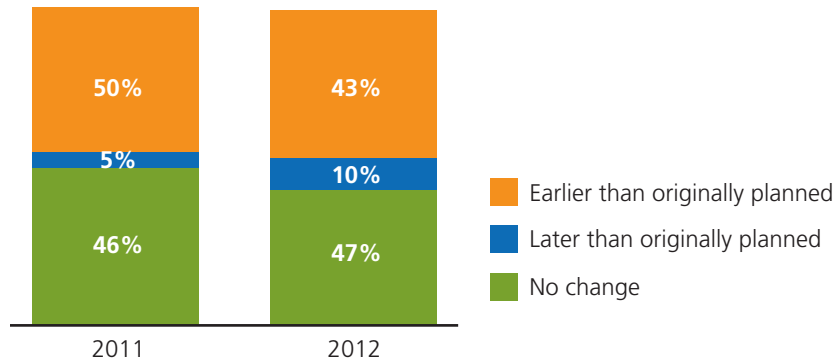
The considerable majority of the oldest Boomers are collecting Social Security at an all-time high of 86%. The average age they began to collect their Social Security benefits was 63.6. Four in 10 of those collecting Social Security started at age 62 and nearly a quarter began at age 65 or 66.

**Figure 10. Collecting Social Security Benefits**



Close to half (47%) of those already collecting benefits began collecting Social Security approximately when they had planned to, but nearly that many (43%) started receiving benefits earlier than expected.

**Figure 11. Collecting Social Security Actual vs. Planned\***



\*Of those currently collecting Social Security benefits

Of those oldest Boomers who have not yet begun to collect Social Security benefits, a quarter plan to at age 66. Another 27% are not sure when they will start collecting benefits, far more than in previous years. This uncertainty may have a positive effect as it may allow for a later claim for Social security benefits, thereby raising the benefit amount in comparison to an earlier claiming age.

The substantial majority (78%) of oldest Boomers who are not currently collecting Social Security benefits have not changed their plan for when they will begin collecting.

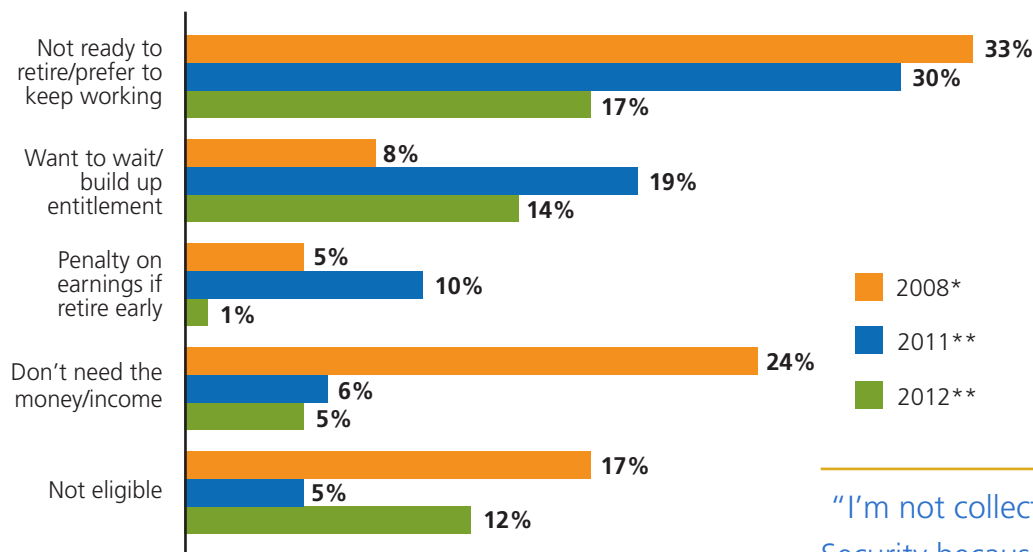
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“I get Social Security, but I want to work.”

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Not being ready to retire or a preference to keep working remains the top reason for not collecting Social Security among those oldest Boomers who have not done so yet, although significantly fewer reported this reason (17%) than in 2011 (30%). The basis for the decision being a penalty on earnings if they retire early was down from 10% in 2011 to just 1% in 2012, and fewer also were waiting to build up their entitlement than in 2011.

**Figure 12. Why Not Collecting Social Security?\***




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“I’m not collecting Social Security because I get more money if I defer collecting it.”

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\*Of the recontacted respondents who were planning to take Social Security benefits at age 62 in 2007 and did not

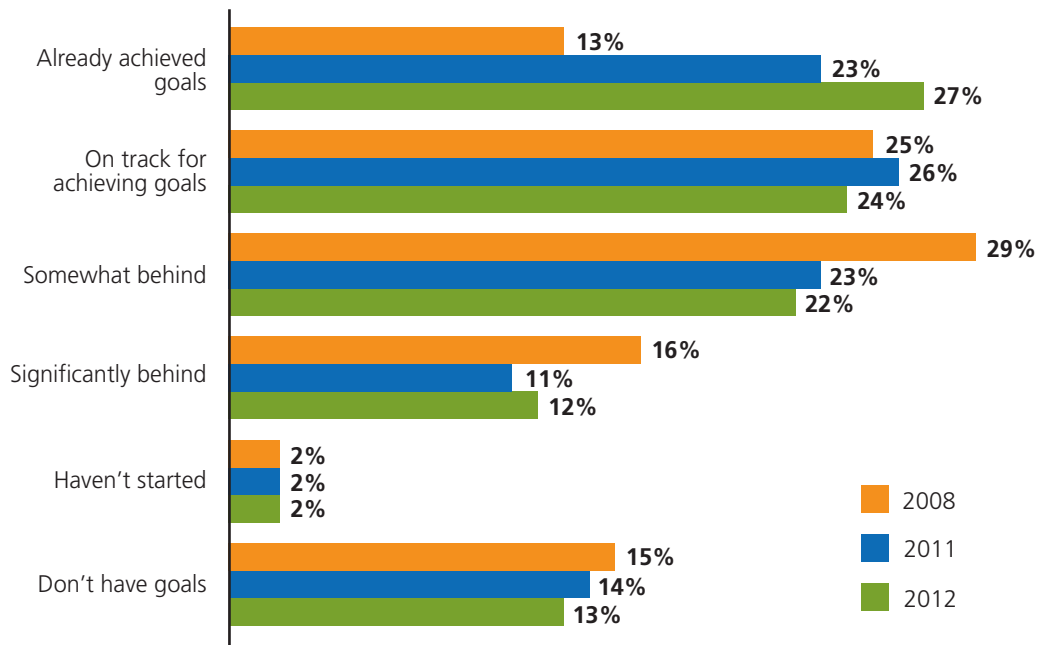
\*\*Of those not currently collecting Social Security benefits who will take it later than originally planned

Having a benefits “bird in the hand” can apparently foster more confidence about the Social Security system. Similar to 2011, most of the oldest Boomers in 2012 are somewhat or very confident that Social Security will be able to provide adequate benefits for their lifetime (65%). Just slightly more than one-third are not too or not at all confident. Men are more likely to be very confident, with a quarter expressing that level of confidence versus just 14% of women. Oldest Boomers with higher education levels are also more likely to feel confident in Social Security’s long-term viability.

### Financial Planning, Products and Services

Despite financial and housing setbacks of the mid- to late 2000s, many are on track or have actually reached their retirement savings goals. Just 13% had reached their goals in 2008 and more than a quarter (27%) has done so in 2012. Another 24% are on track toward their savings target. However, slightly more than one-third are still behind somewhat or significantly in their saving. Significantly more retirees have achieved or are on track with their goals than those still working full-time (56% versus 45%).

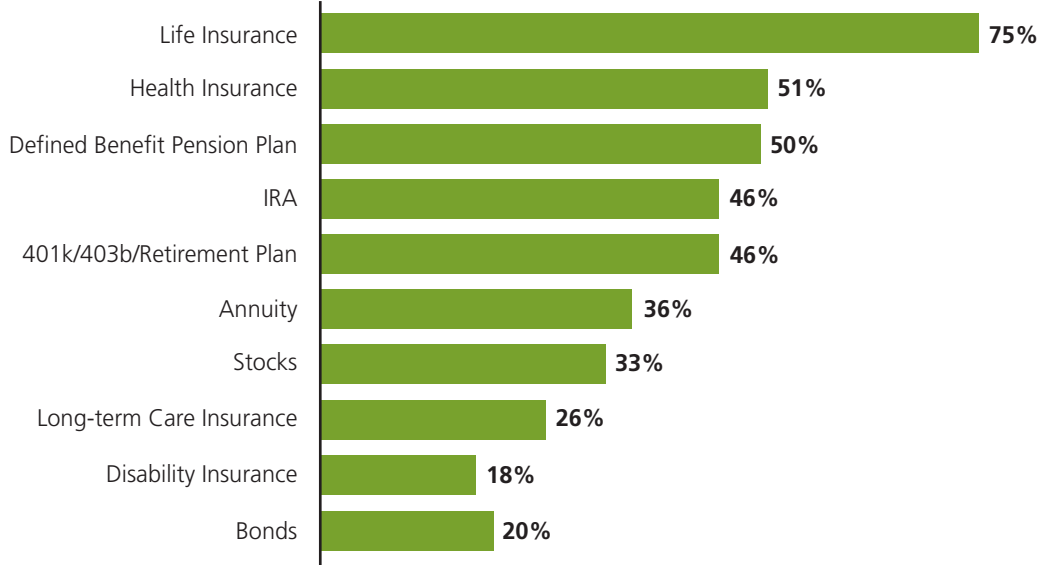
**Figure 13. Perceptions of Retirement Savings Progress**



As in the past, the majority of oldest Boomers have attempted to predict what their monthly income would need to be in retirement — six in 10 have done so.

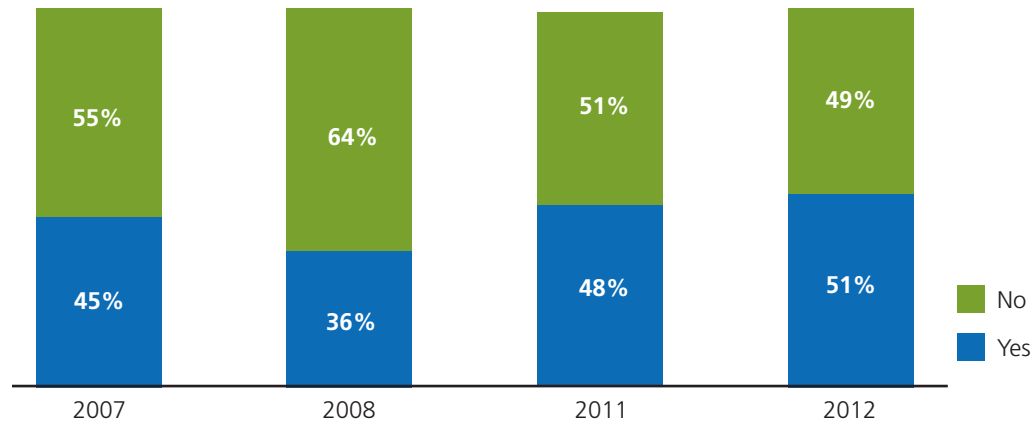
Compared to 2008, ownership of financial products among the oldest Boomers is down. Most own life insurance (75%), but only slightly more than half own health insurance. Ownership of 401(k) retirement plans is down from 54% in 2008 to just 46% in 2012, possibly because they have rolled over these benefits into other sources of income. A quarter owns long-term care insurance.

**Figure 14. Financial Product Ownership**



As retirement becomes more imminent or a reality, it may be spurring a higher level of outreach to financial professionals. More of the oldest Boomers are seeking advice from professional financial advisors as they age — up to 51% in 2012 from 36% in 2008, notably at the start of the recessionary economy.

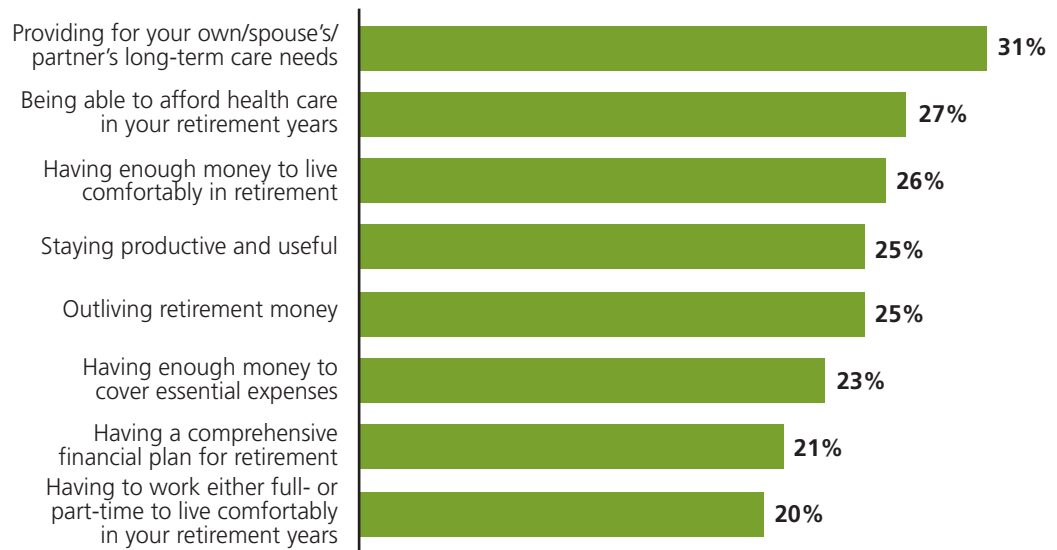
**Figure 15. Professional Financial Advisory**



### Long-Term Care Concerns

Nearly one-third (31%) of all older Boomers express high concern about providing for their own or spouse’s/partner’s long-term care needs — the top retirement concern cited. More than a quarter (27%) are highly concerned about being able to afford health care in retirement, and nearly as many express this concern about having enough money to live comfortably, staying productive and outliving their retirement money.

**Figure 16. Concerns Regarding Retirement**

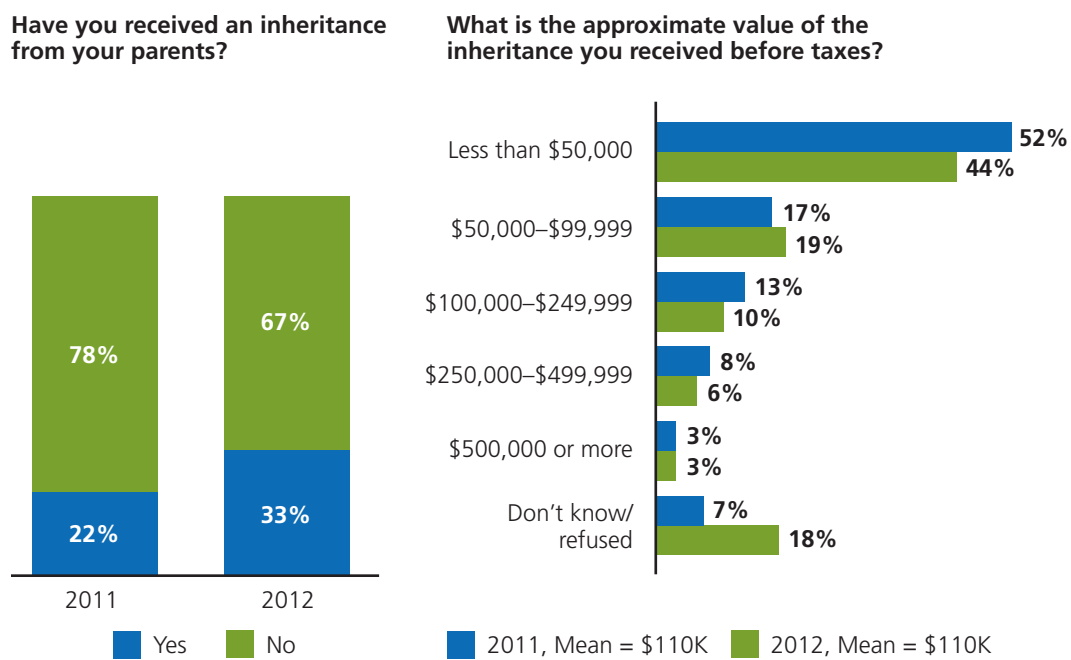


Nearly 70% of oldest Boomers believe the cost of long-term care (ongoing assistance in the home or in a facility, helping with day-to-day activities such as bathing, dressing or eating due to an accident or to a chronic illness over many years) should be covered under the national Medicare umbrella.

### More Oldest Boomers Inheriting

As oldest Boomers age, more have inherited from their parents, with a significant increase between 2011 (22%) and 2012 (33%). The average value of inheritance is \$110,000, although 44% have received less than \$50,000 and only 9% have inherited \$250,000 or more. Nineteen percent have inherited \$50,000 —\$99,999. Nineteen percent have inherited \$50,000 —\$99,999. Nineteen percent have inherited \$50,000 —\$99,999.

**Figure 17. Inheritance from Parents\***



\*Of those who have at least one parent alive

## Home Ownership Up and Property Values Holding Steady

Home ownership among the oldest Boomers has increased in 2012 (93%) compared to 2007 (85%) but conversely their property values have gone down during that time from an average of \$298,000 (2007) to \$254,000 (2012). The good news is that house values have remained stable between 2011 and 2012. The largest proportion of home values fall between \$100,000 and \$249,999 (47%).

While fully 40% of oldest Boomers have paid off their mortgages, regrettably 8% of the oldest Boomer homeowners are “upside down” on their mortgage, with their home value being less than they owe. The average homeowner still owes \$49,000 on their mortgage and a quarter owes less than that.

## Oldest Boomers Staying Put

In the past five years, fewer of the oldest Boomers are planning to move, with 25% planning a move in 2007 and only 18% aiming to do so in 2012. The sizable majority (82%) don't currently plan any future moves.

Of the oldest Boomers who did move or are planning a move, more than half (53%) chose to downsize into a smaller home. Just 16% plan to or have moved to an active adult community, significantly up from 9% in 2008. The oldest Boomers have most likely raised their families, as moving (or planning) to a larger home is down to just 4% in 2012 from 12% in 2008. Almost a quarter (23%) said they had plans or had moved to an “other” situation in 2012 (down from 37% in 2008) — perhaps some of these families are living in multigenerational households.

## Family

### Empty Nests but Growing Grandkids

The oldest Boomers' are largely parents. But their nests are largely empty, and fewer have children living with them in 2012 (17%) compared to 2011 (21%). As they have become empty-nesters the next generation grows, making the vast majority of oldest Boomers grandparents, with 85% having grandchildren in 2012, up from 78% in 2007. The average number of grandchildren has also grown to 4.8 in 2012.

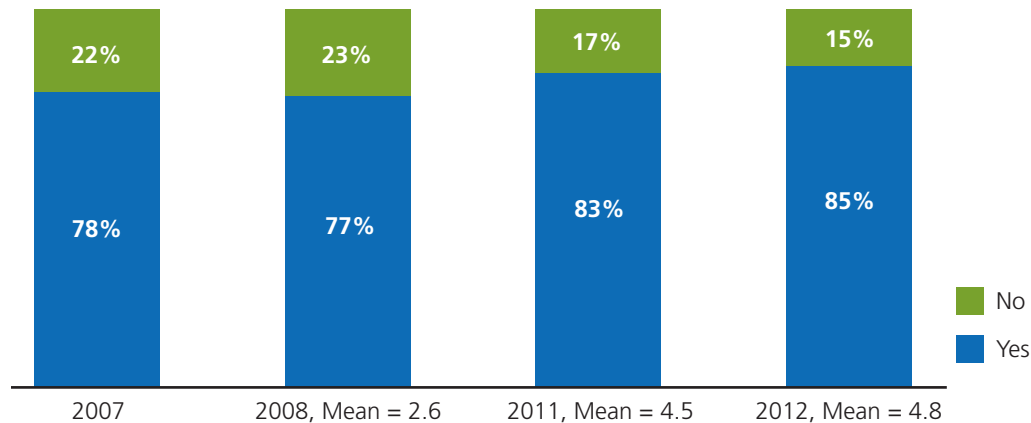
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I retired because my daughter was pregnant with twins and I needed to help her.”

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**Figure 18. Grandparents and Grandchildren\***



\*Of those who have children

## Aging Parents and Caregiving

As the oldest Boomers age, they are less likely to have both parents still living. Nearly 80% have neither parent living in 2012, compared to 68% in 2007. Approximately two in 10 oldest Boomers still have one parent living, and very few (2%) have both parents living.

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“I retired because my mother was ill and she needed me.”

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For oldest Boomers, caring for older parents or other relatives over the age of 65 has remained steady over the past five years — currently at 13%.

However, the average time they and/or their spouse/partner spent caregiving has slightly increased from 9.5 hours per week in 2007 to 11.7 hours per week in 2012.

While one of the largest segments is the 23% of oldest Boomer caregivers who spend just two to four hours per week caring for older parents or relatives, a considerable number are more heavily involved in caregiving. The same percentage (23%) spends more than 20 hours a week.

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“Retirement is different than I expected because I did not think I was going to become a caregiver.”

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## Health, Aging, and the Future

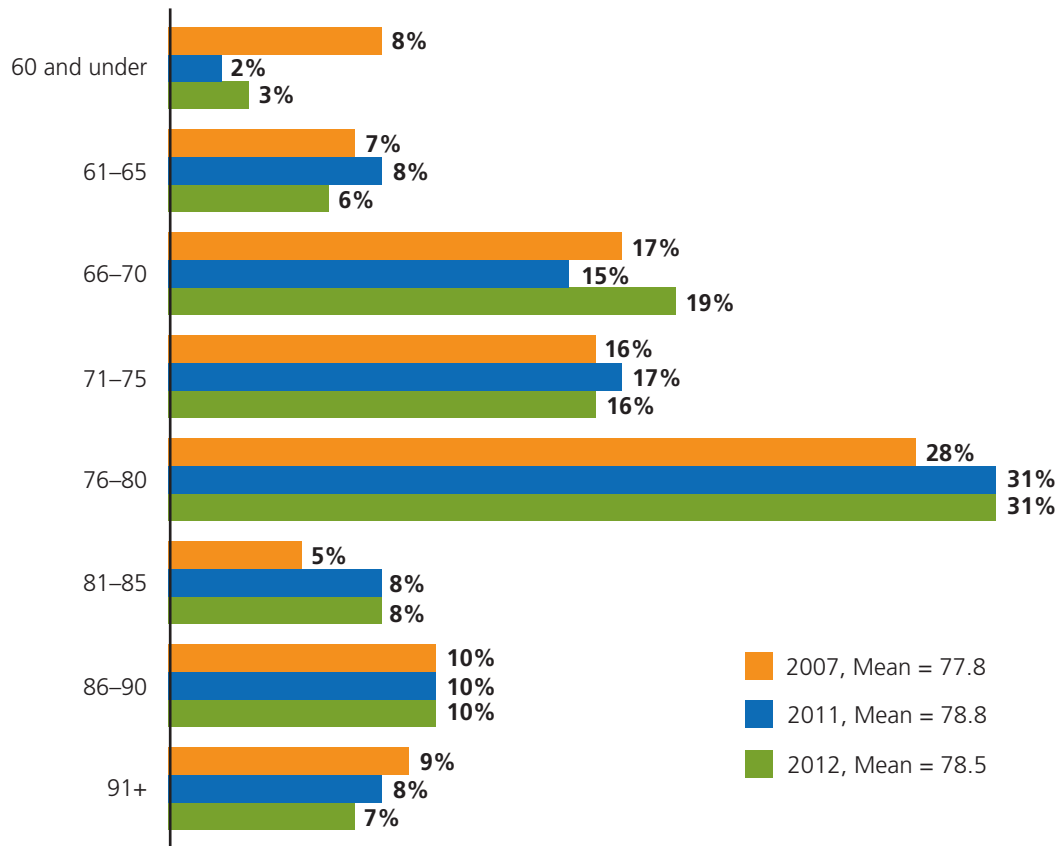
### Feeling Healthy, Holding Steady, and Keeping "Old" at a Distance

Although the oldest Boomers are aging, they continue to feel positively about their own health, with 82% rating their health from good to excellent. More than half (53%) assess their health at the highest levels: very good or excellent. Few (4%) experience poor health.

Most oldest Boomers also say their health has stayed the same over the past year (72%). Compared to the past, fewer oldest Boomers report their general health as "worse" over the past year, with just 12% rating their general health as worse. Still, nearly half (47%) say they've had a major health challenge in the past year.

It seems that the older one gets the older you have to get to be "old." As they age, the oldest Boomers have gradually increased the average age at which they will describe themselves as "old." In 2007, when the oldest Boomers were age 61, they felt they would be old at 77.8, but the target has moved as Boomers age (currently oldest Boomers are 66) to 78.5.

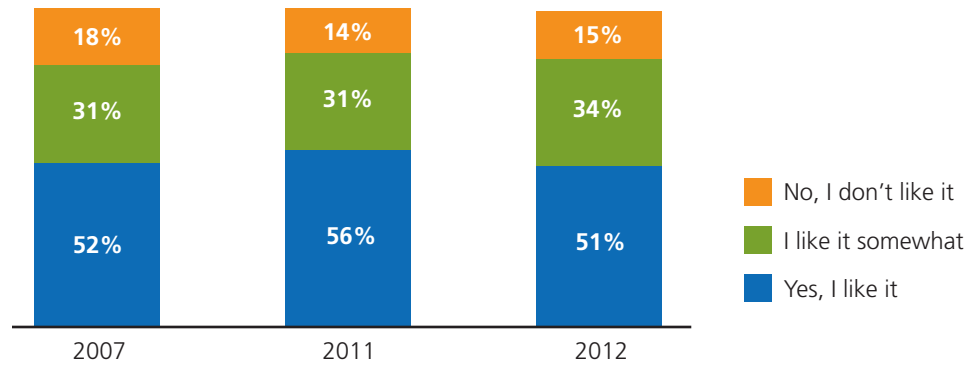
**Figure 19. Age Describe Self as Old**



Nearly one in six (16%) of the oldest Boomers believe they are sharpest mentally now — in their 60s, but more (30%) believe they were more mentally fit in their 40s. Very few now believe their teens or twenties were their most astute years.

The vast majority (85%) of the oldest Boomers like the word “retirement,” at least somewhat to describe their next life transition. Men, homeowners and those who are fully retired are more likely to say that they like that name for the life transition.

**Figure 20. Opinion of the Word “Retirement”**



### Largely Positive about the Future

Looking ahead to the future over the next 25 years, the oldest Boomers are divided in their views. The largest proportion (42%) feels optimistic about the future. Personal or “other” reasons seem to drive their optimistic attitudes, including personal finances and health. About two in 10 (23%) feel pessimistic about the future, fewer than those who feel neutral (35%). Pessimistic views are largely derived from big picture issues — primarily the government (half of those who are pessimistic cite this as a reason,) society and the economy.

Interestingly, personal finances and health have very little influence on negative attitudes. Indeed, the oldest Boomers who are in better health are more likely to feel optimistic, but men and those who are working full-time are more likely to express negative feelings about the future.

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“They are going to remember the boomers as a people who revolutionized the society of thought. We were the people who pushed for racial and gender equality.”

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“I think our generation we were hard working people. For one, we took our jobs serious. My generation would try to be helpful whether they were on the job or off.”

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More than half of the oldest Boomers feel they, as a generation, are leaving a positive legacy for future generations. Many (20%) cited legacies related to morals and values including honesty, wisdom, giving back, family values, responsibility, perseverance and respect. Fifteen percent named

work ethics and hard work as an important heritage their generation will convey to the future.

For those who felt their generation was passing on more negative aspects, 9% felt concern about future generations inheriting national debt.

When it comes to leaving a personal legacy, 27% of the oldest Boomers mentioned family-related roles and qualities, including the importance of family, memories of family life, love/kindness and being a good spouse, parent and grandparent.

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“I want my family to know they were the most important part of my life and I want to know that they're happy and enjoying life. I want to leave a better world for them and to know they were loved.”

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# Implications

## “Up, Up and Away!” or “I Can’t Get No Satisfaction”?

### Work and Retirement

#### Retiring Early

More than half of retired oldest Boomers retired earlier than planned and few did so for positive reasons such as having adequate retirement resources. Thirty-two percent reported health challenges and a quarter said job loss was a key driver. Retiring earlier than planned may leave many oldest Boomers short when it comes to their savings, pensions and other income sources in retirement. These findings may well cause younger Boomers to adjust their own financial strategies for retirement to account for the possibility of retiring earlier than planned for unexpected reasons over which they have little control.

#### Expectations vs. Reality: Income and Standard of Living

There are some striking differences between retired oldest Boomers’ reports and the expectations of currently working Boomers when it comes to changes in retirement standard of living. These findings can be helpful for working oldest Boomers as they update and create realistic financial plans for retirement:

- While 33% of working oldest Boomers anticipate their standard of living will decline in retirement, just 20% of retired oldest Boomers actually report a decline. Of these:
  - Only 35% of retirees said not enough retirement income was a factor, but more than half of the working oldest Boomers (58%) cite this as a projected reason.
  - While 42% of retirees say unexpected or higher than expected expenses is a key cause, fewer working oldest Boomers (38%) cite this as an anticipated reason.
  - Just 12% of current retirees reported depleted savings as an issue, but nearly twice that proportion (22%) of working oldest Boomers project depleted savings to be a problem in retirement.

- While 18% of retired oldest Boomers reported an increase in standard of living, just 6% of working oldest Boomers anticipates an improvement. Of these retirees:
  - More than a quarter (26%) of retirees said Social Security income had contributed to improved standard of living, but no workers think Social Security will have this positive effect.
  - Nearly half of retirees (47%) said lower expenses were a reason for improvement; just more than a quarter (26%) of working oldest Boomers think their expenses will be lower.
  - More than two in 10 retirees (21%) cited more unearned income as a cause for improved living, but more (33%) working oldest Boomers believe they will have increased unearned income.
- It's interesting to note that while 58% of retired oldest Boomers reports lower income than when they were working, just 20% overall say their standard of living has decreased, and 18% have actually experienced an improvement. Further study regarding adjustments they are making in their lifestyle and spending habits that enables less of a decline and in some cases perhaps an improvement in their standard of living.

### **Encore Careers and Volunteer Opportunities**

Of the working oldest Boomers who report planning to retire later than expected, the leading reason is that they enjoy working and want to stay active. When full- or part-time jobs are available for retirees, many are very fulfilled with second (or perhaps third or fourth) career paths or "encore careers." But if future waves of Boomers retire or lose jobs before they are ready to retire and don't find other paid work opportunities, volunteering or working for non-profit organizations can provide an alternative way to stay active, stimulated and engaged in their communities. As more and more Boomers retire, it's quite possible that more appropriate flexible volunteer opportunities will be needed with the general good health of the oldest Boomers. It is also anticipated that employers will be more open to hiring older workers.

## Finances and Housing

### Social Security: A Crucial Support

- Oldest Boomers are largely confident in Social Security, with 65% feeling very or somewhat confident in the ability of Social Security to be able to provide the benefits they've earned. The rising confidence in Social Security may indicate that education and outreach efforts by Social Security advocates are succeeding with these oldest Boomers.
- If the remainder of the Baby Boomer generation follow in the footsteps of these oldest Boomers in terms of high rates (86%) collecting Social Security by age 66 and collecting benefits earlier than planned (43%), it is clear that there could be a major increase in the number of those collecting Social Security benefits in the coming two decades. Social Security is a crucial part of retirement income, and it is important that these oldest Boomers be a part of the national conversation about potential changes to the program and education about the optimal time to claim benefits to ensure an adequate income.
- The most prevalent reason oldest Boomers retired earlier than planned is health issues (32%). In addition, 47% of these 66 year old Boomers overall have experienced a major health challenge in the past year. Social Security is an important part of their income when they are unable to work due to their health challenges. Currently, eligibility for full retirement benefits is 66 for oldest Boomers, so many with health problems are only able to collect partial Social Security benefits. The needs of all potential beneficiaries will be an important component of the national conversation about how to best ensure the sustainability of this critical program.

### Long-term Care

Oldest Boomers place providing long-term care for themselves and spouses/partners at the top of the list of extreme retirement concerns. Apprehension about long-term care is warranted, as average long-term care costs continue to rise in most categories.<sup>5</sup> Despite the fact that Medicare doesn't currently cover long-term care, only a quarter of oldest Boomers currently own long-term care insurance policies. Consumer education and planning assistance regarding long-term care services and insurance, as well as Medicare benefits are indicated. The concerns these oldest Boomers have about long-term care are a signal that the wave of Boomers to follow them will most likely have similar trepidation. Long-term care is an issue that needs to be solved.



## Retirement Savings: Advice and Strategies

More of the oldest Boomers are seeking advice from professional financial advisers as they age. Half (51%) received guidance regarding their finances in 2012, up from just over one-third (36%) in 2008. While these oldest Boomers may be realizing they need professional help in their retirement planning efforts, 13% still say they don't have retirement saving goals, and 34% are somewhat or significantly behind in their retirement savings goals. Despite the fact that more than half are now fully retired, only 27% overall report already achieving their retirement savings goals.

It's worthy of note that 60% have tried to calculate what they will need to live on a monthly basis in retirement. This can provide insight for financial planners in terms of a good place to start for those who are overwhelmed with the thought of creating retirement savings goals and understanding how to generate a steady stream of income once they stop working.

## Oldest Boomers Add to Aging in Place

Surveys consistently report the vast majority of people want to stay in their own homes as they age,<sup>6</sup> and the results of this study once again confirm this trend: eight out of 10 (82%) oldest Boomers don't plan to move out of their current homes. In fact, as the oldest Boomers age, their desire to move has diminished. Between 2007 and 2012 the proportion of oldest Boomers planning to move decreased from 25% to just 18%. If they do plan a move, it will primarily be to scale back to a smaller more manageable home. We can surmise they won't plan further moves once they downsize. These results continue to point to the need for "aging in place" options, including community infrastructure, home and community-based services, transportation, technology and smart home design/modification options that not only make it possible to remain at home throughout the aging process, but to also beautify and add value to the home and community for all ages. As described in the MetLife MMI report, *Aging in Place 2.0*: "Aging in Place is a more desirable form of housing and care using design, tools, equipment, technologies and services managed through a comprehensive and dynamic system that has great promise for solving these problems."

## Family

### Increasing Intensity of Caring for Older Relatives

While some parents feel sad when their children grow up and move out of their homes, others get a new lease on life and enjoy the freedom that comes along with being an empty nester. Many become grandparents, including the great majority of oldest Boomers who are 85% grandparents to a growing number (4.8) of grandchildren. They usually enjoy spending time building that special new relationship. But for some, including 13% of the oldest Boomers, that freedom and ability to focus on grandchildren can be stifled by caregiving responsibilities for older relatives. Oldest Boomers and their spouses/partners spend an average of 11.7 hours per week caregiving for older relatives. Two in 10 oldest Boomers still have at least one parent living, and as their parents live longer, the intensity of caregiving increases. In 2012:

- 10% of caregiving oldest Boomers spent 16-20 hours per week providing regular care for a parent or relative over age 65.
- 23% of caregivers spent more than 20 hours per week caring for a parent or relative.

The higher number of hours spent caregiving per week represents not just a greater time commitment but a greater intensity which can have more negative effects on caregivers' other personal relationships as well as their finances and health.<sup>7</sup> This segment of high intensity older Boomer caregivers is a particularly vulnerable group as they handle the stress of extreme caregiving along with saving for retirement or living on a retirement budget and managing their own health issues. Caregiving supports such as education, training, support groups and respite care could be a great help for this targeted group of caregivers spending 16 or more hours per week caring for older loved ones.

## Health, Aging and the Future

What Will the Future “Go-Go” Years Bring? — “Up, Up and Away!”<sup>5</sup> or “I Can’t Get No Satisfaction?”<sup>6</sup> The oldest Boomers have reached the “mid-60s” stage, but even though they are aging the substantial majority (82%) are positive about their health and most (72%) say their health hasn’t changed over the past year despite the fact that 47% say they’ve experienced a major health challenge in the past year. Oldest Boomers must be a hearty group who recover quickly; they are certainly holding “old” age at bay, as most think that milestone won’t be for another 12.5 years. Even fully 16% of oldest Boomers believe they are sharpest mentally now — in their 60s. The minority (23%) feels negative about the future and the larger group of 42% who feel optimistic seem to feel primarily good about their health and finances. More than half of oldest Boomers also feel their generation is leaving positive legacies for future generations.

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“My health is good so I spent some time traveling; I’m not going to wait until I’m sick to retire. I mean what’s the purpose of working your entire life?”

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But couple this “feeling groovy” attitude with the half of oldest Boomers who are still behind in their retirement saving, haven’t started or just don’t have retirement saving goals. It remains to be seen if they will be “Up, Up and Away” through this active phase of retirement, or if these oldest Boomers will be singing a different tune. If unplanned earlier than expected retirement becomes a trend, as witnessed in this first round of 52% of current retirees, and lack of progress toward retirement saving doesn’t pick up, they may be left singing “I Can’t Get No Satisfaction.”

# Methodology

The nationally representative survey for *Healthy, Retiring Rapidly and Collecting Social Security: The MetLife Report on the Oldest Boomers* was conducted by GfK Custom Research North America on behalf of the MetLife Mature Market Institute between November 6, 2012 and December 23, 2012. A total of 1,003 respondents, including 447 respondents from the 2011 study, were interviewed by phone — respondents were all born in 1946. Data were weighted by demographics to reflect the total Boomer population of the United States. The margin of error is +/- 3.2%.

# Demographics

## Marital Status

Married	71%
Single, never married	8%
Domestic partnership	<1%
Divorced	10%
Separated	<1%
Widowed	10%

## Ethnic Background

White/Caucasian	84%
Black/African American	10%
Asian	<1%
Other	5%

## Hispanic Origin

Yes	7%
No	93%

## Gender

Male	46%
Female	54%

## Region

Northeast	18%
Midwest	24%
South	36%
West	23%

## Employment Status

Employed (NET)	23%
Full-time	21%
Part-time	2%
Stay at home Mom or Dad	2%
Self-employed	4%
On Disability	5%
Looking for work	1%
Fully retired, not working	52%
Retired, but working part-time	12%

## Education

Did not complete high school	3%
High school or GED	43%
Associate's degree	18%
Bachelor's degree	22%
Master's or doctorate degree	14%

## Annual Household Income

Less than \$50,000	39%
\$50,000 - \$74,999	20%
\$75,000 - \$99,999	15%
\$100,000 or more	20%
Don't know/Refused	5%

# Endnotes

- 1 Stein, Michael. *The Prosperous Retirement: Guide to the New Reality*. 1998.
- 2 *The MetLife Study of Boomers: Ready to Launch* (2007)
- 3 *The MetLife Study of Boomer Bookends: Insights into the Oldest and Youngest Boomers* (2009),
- 4 *Transitioning into Retirement: The MetLife Study of Baby Boomers at 65* (2012) (fielded in 2011).
- 5 MetLife Mature Market Institute. *Market Survey of Long-Term Care Cost: The 2012 MetLife Market Survey of Nursing Home, Assisted Living, Adult Day Services, and Home Care Costs*. 2012.
- 6 MetLife Mature Market Institute. *The MetLife Report on Aging in Place 2.0: Rethinking Solutions to the Home Care Challenge*. 2010.
- 7 MetLife Mature Market Institute. *The MetLife Study of Caregiving Costs to Working Caregivers: Double Jeopardy for Baby Boomers Caring for Their Parents*. 2011.
- 8 Jimmy Webb; Soul City Records, 1967
- 9 Mick Jagger, Keith Richards, London Records, 1965

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