Edward Jones

The Four Pillars of the New Retirement

Health **Family** **Purpose** **Finances**

AgeWave

The Harris Poll

Harris Insights & Analytics LLC, A Stagwell Company

Study Methodology

- Comprehensive examination of 100+ North American studies, articles, and publications
- In-depth interviews with 13 subject matter experts, 10 Edward Jones senior leaders, and 6 Edward Jones financial advisors/area leaders
- Two online forums and six focus groups across the U.S. and Canada, with roughly 100 people, including retirees and working-age individuals conducted by The Harris Poll
- Thousands of brainstorming input and analysis hours from team members
- 9,000 person five-generation survey (ages 18+), nationally representative in the U.S. and Canada conducted by The Harris Poll, fielded in late May to early June 2020

The Four Pillars of the New Retirement

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How to Live Well in the New Retirement

Health Family Purpose Finances

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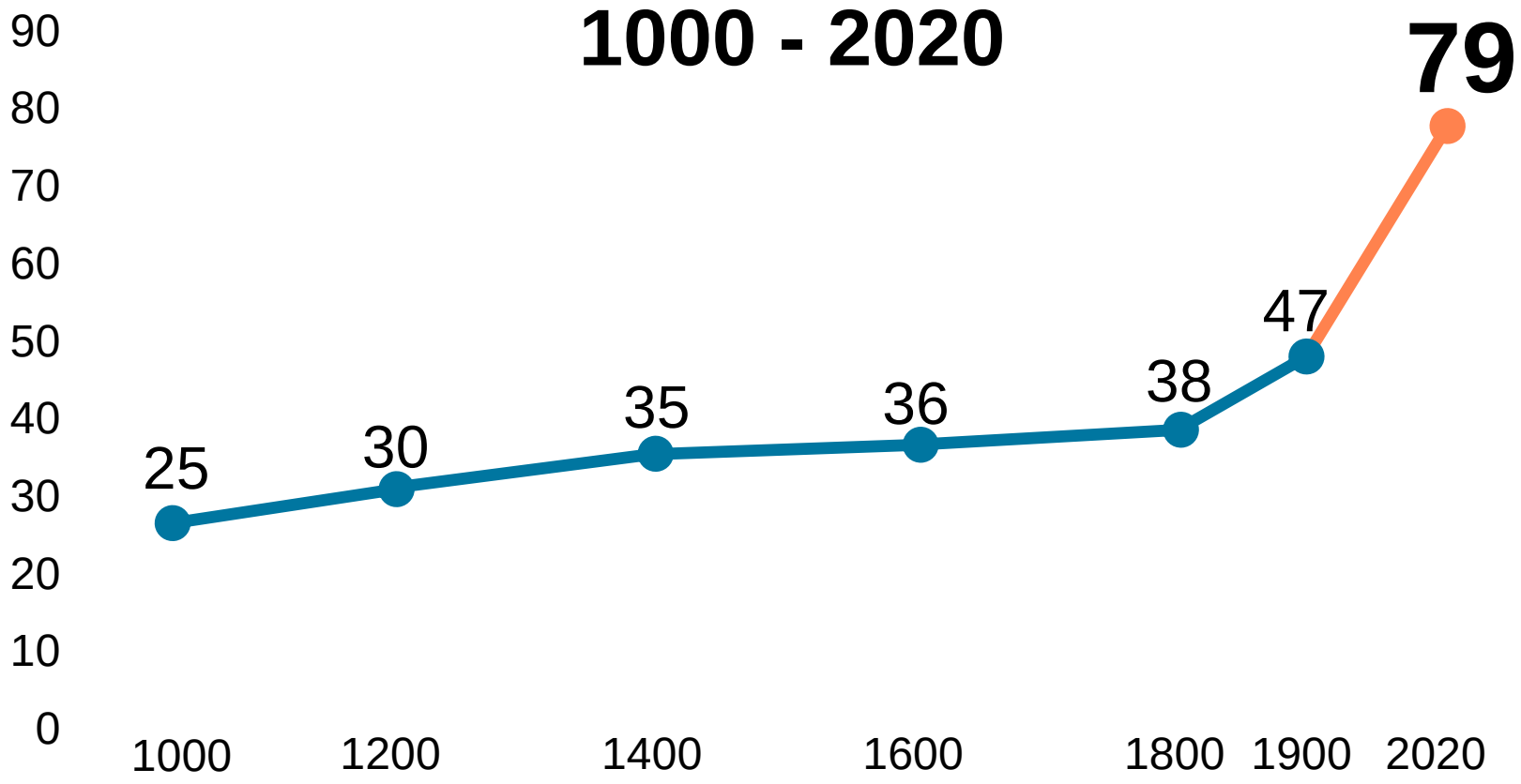
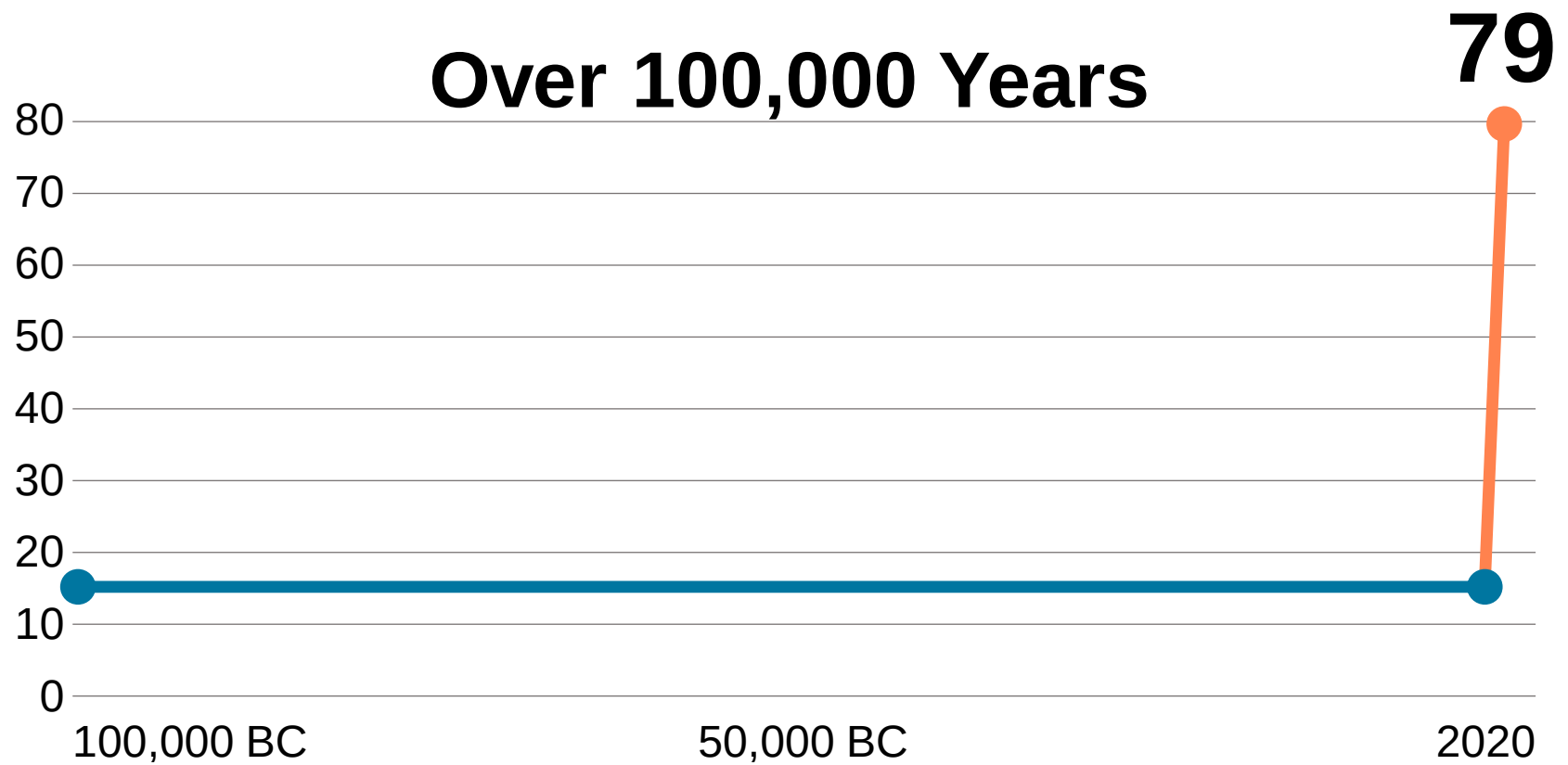
The Longevity Revolution: Life expectancy at birth



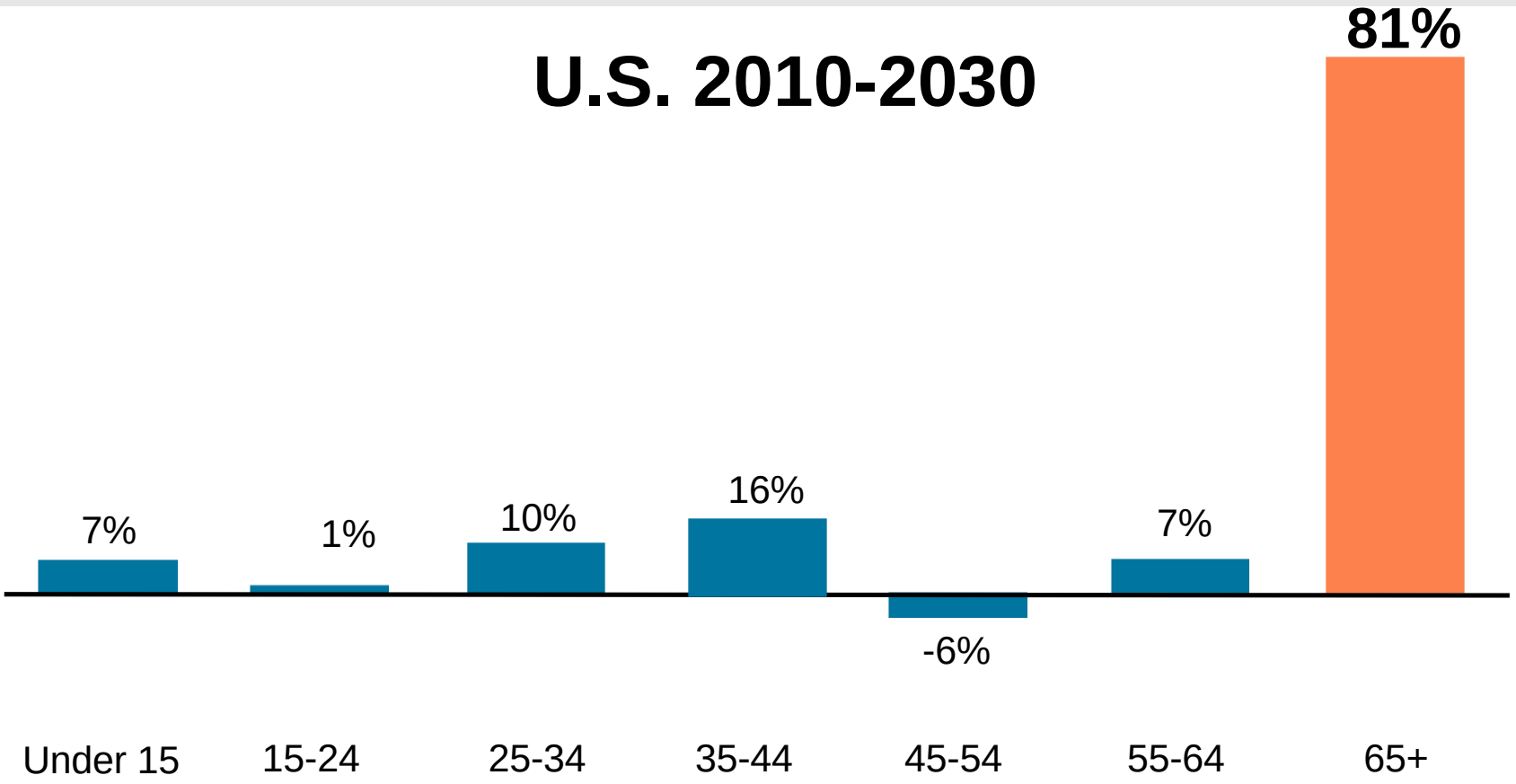
Source: Census Bureau, 2010

The Longevity Revolution:
Life expectancy at birth



Source: Encyclopedia Britannica, Census Bureau, 2010

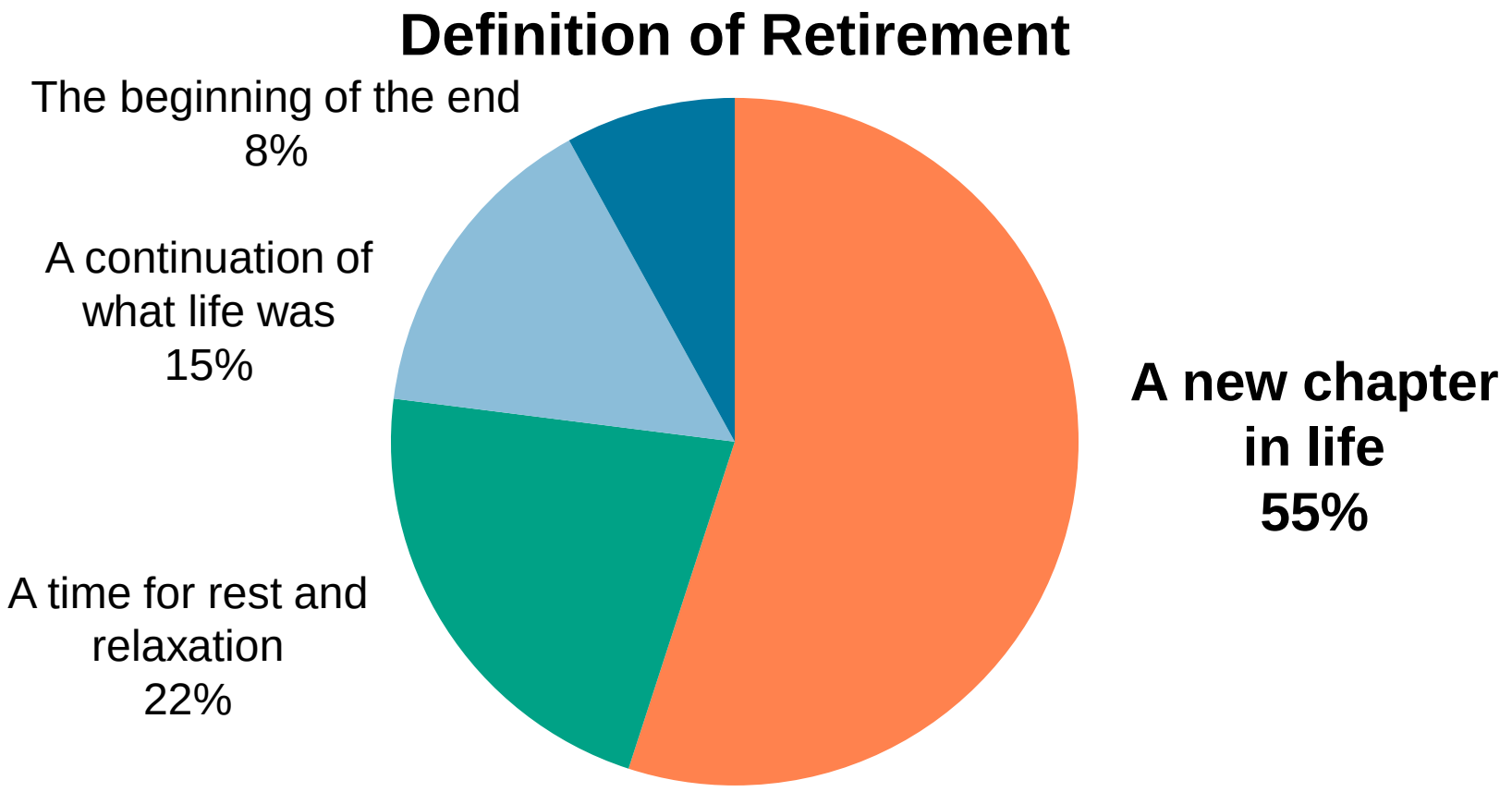
Change in Population Growth



Source: U.S. Census, 2010

Understanding the New Retirement

Retirement is now a time for reinvention, discovering new purpose, and the beginning of **a whole new chapter in life**

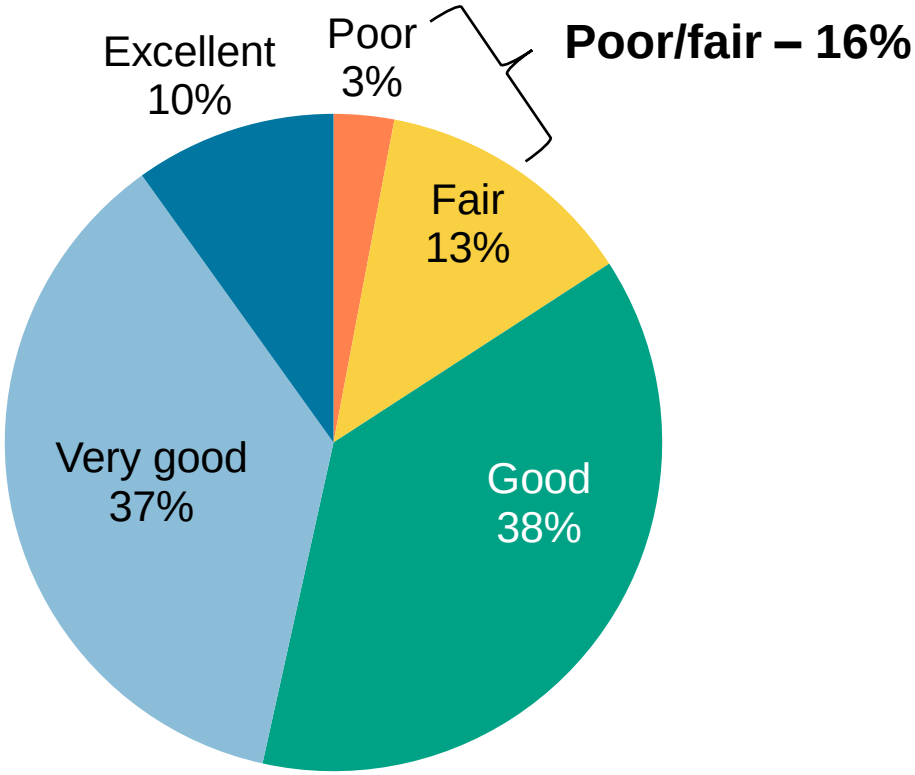


Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees)

Retirement no longer means the end of work: it's about **new choices**, **new challenges** and **new freedoms *from* and *to***

Most retirees report a good quality of life, but close to 9 million are doing poor to fair

Overall quality of life of retirees



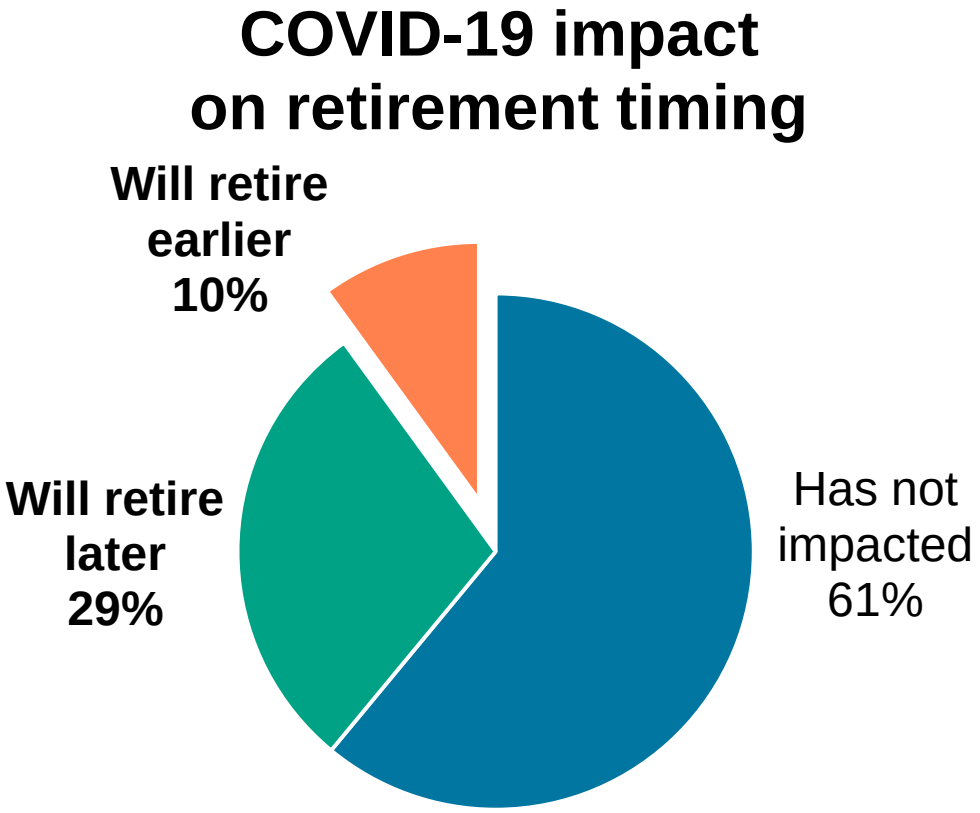
Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees)

The COVID-19 Retirement Effect

Nearly 68 million Americans say COVID-19 has altered their retirement timing

Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020, (Base: U.S. adults)

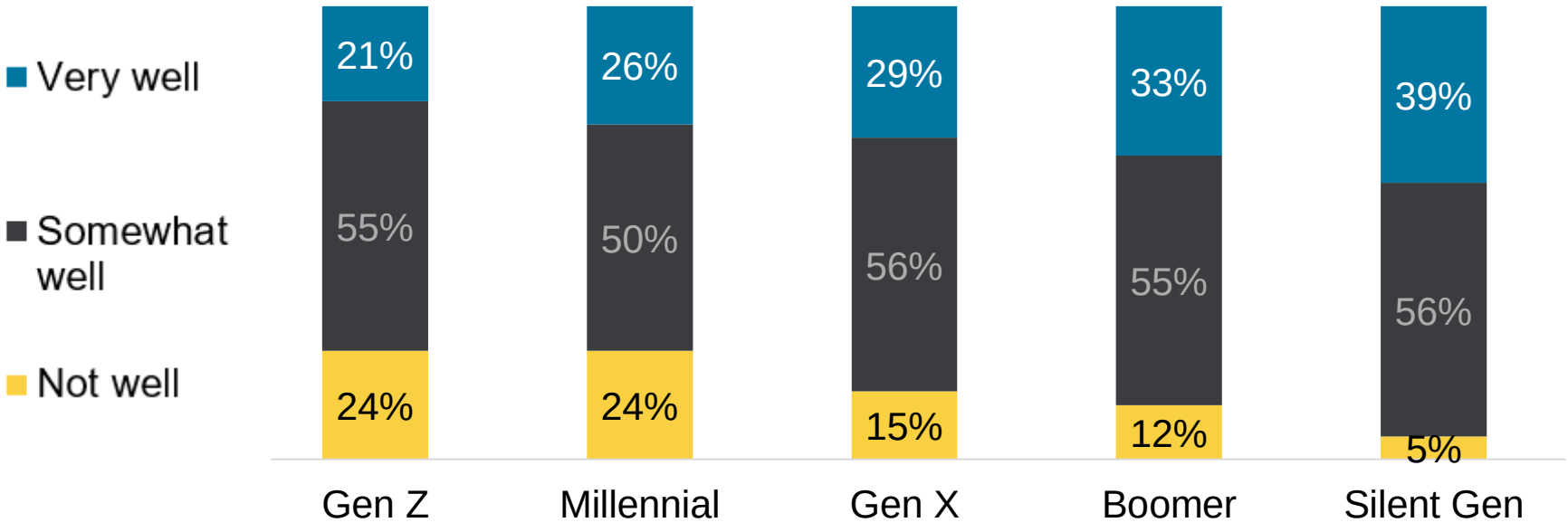
While most are delaying retirement, some are moving up their timeline



Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. adults who plan to retire)

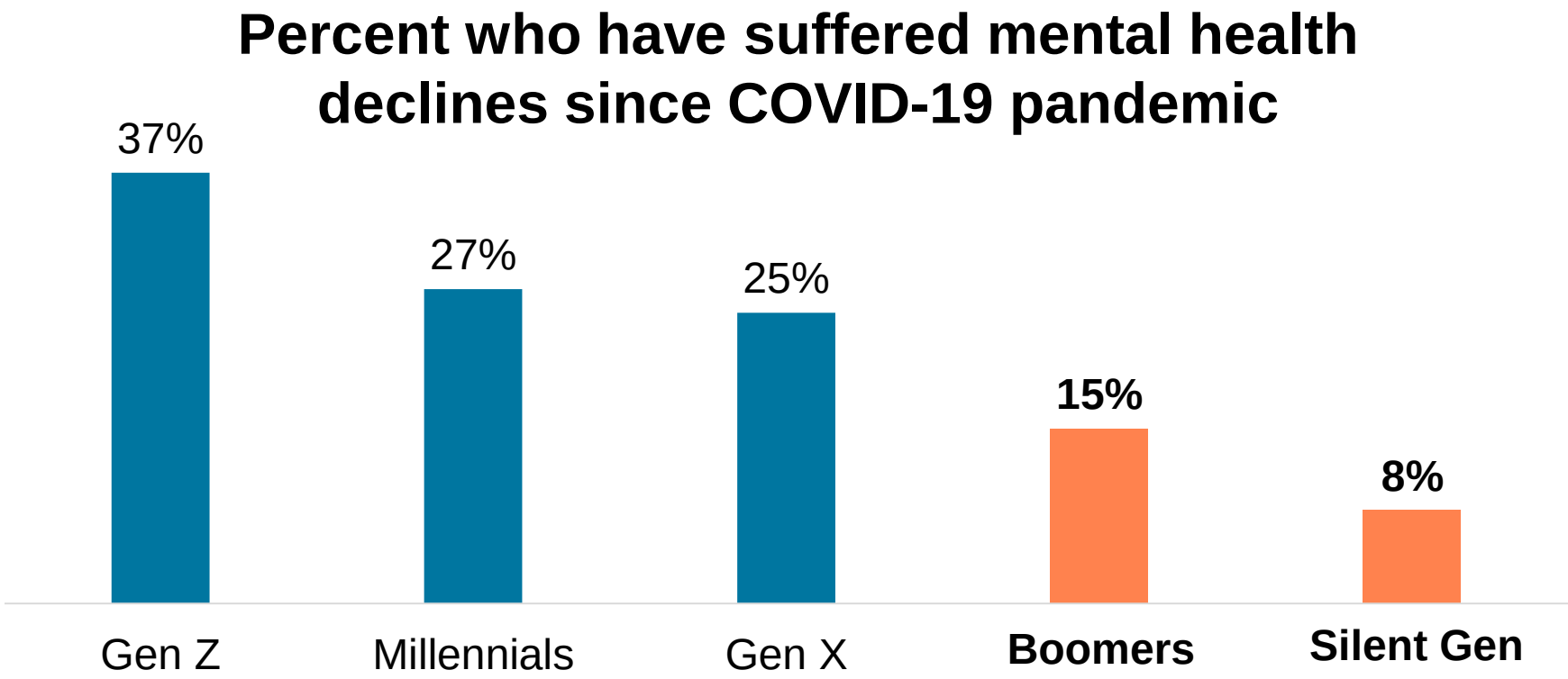
Despite the grave health risk, **older adults** are **coping far better** than younger ones

How well are you coping with the impacts of COVID-19?



Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. adults by generation: Gen Z (18-23), Millennial (24-39), Gen X (40-55), Boomer (56-74), Silent Gen (75+))

Older generations have remained more emotionally/psychologically resilient



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The Four Pillars of the New Retirement

Health

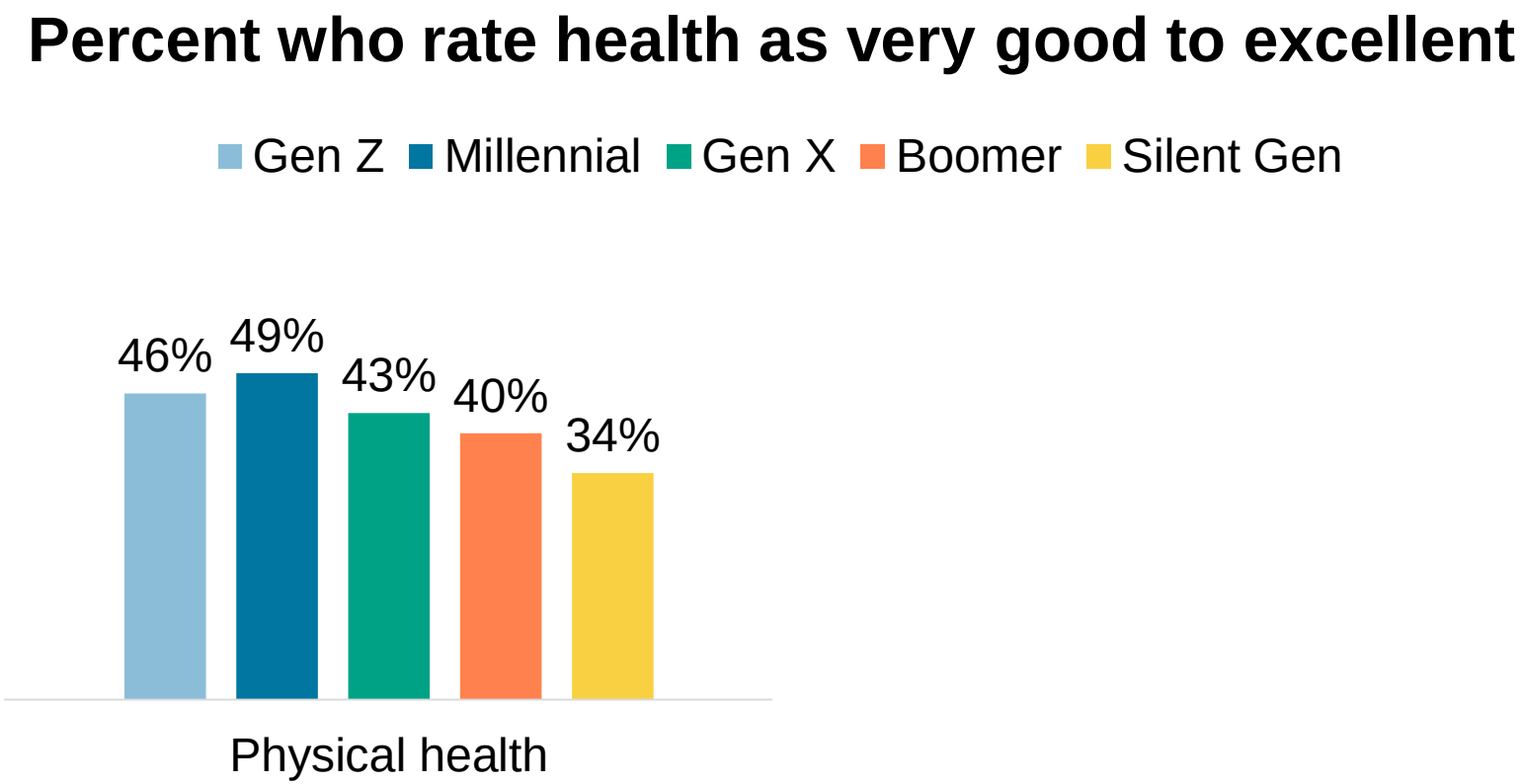
Family

Purpose

Finances

Health

Physical health usually declines with age



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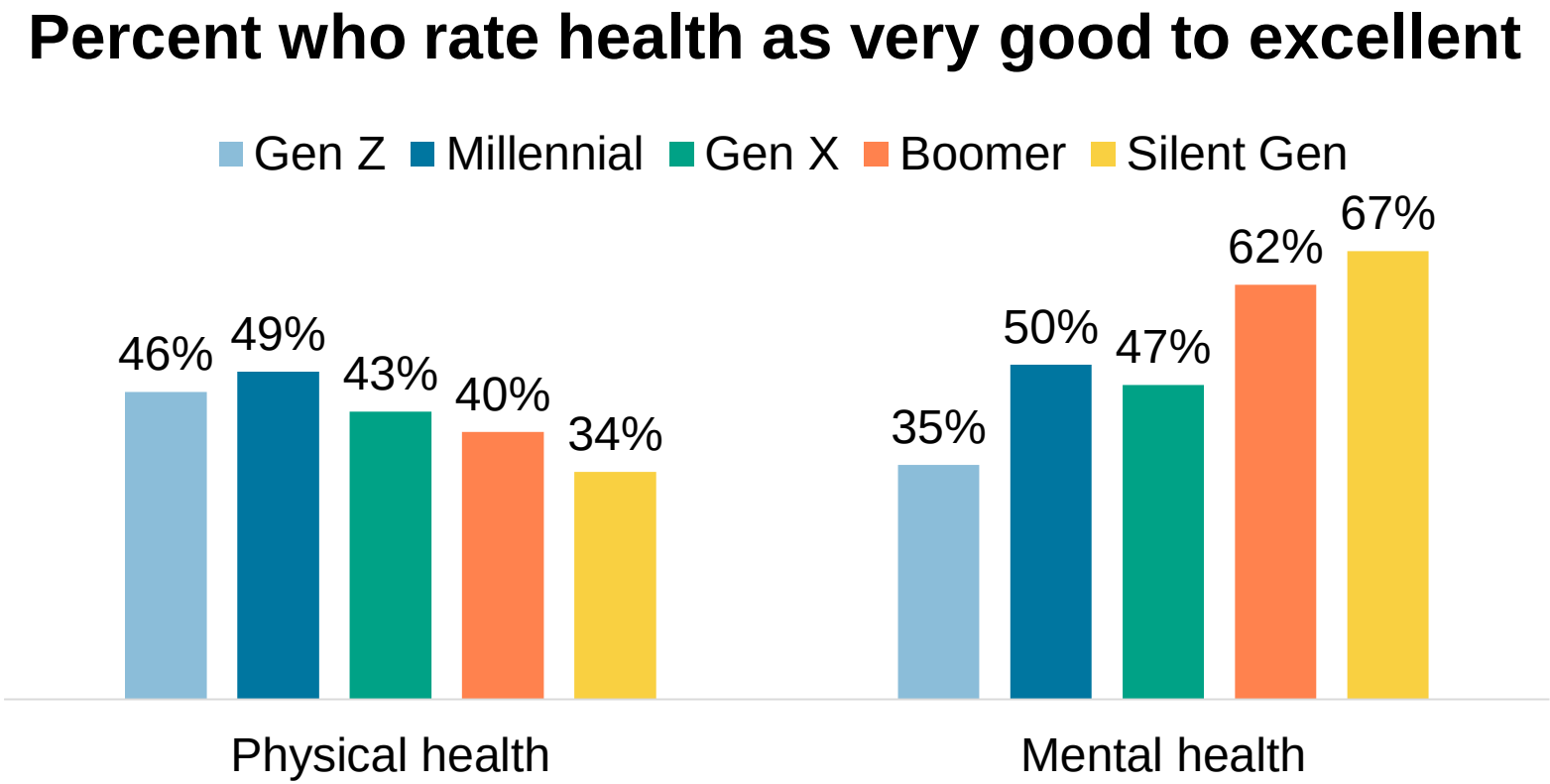
Physical health usually declines with age, but for many, **mental health** rises



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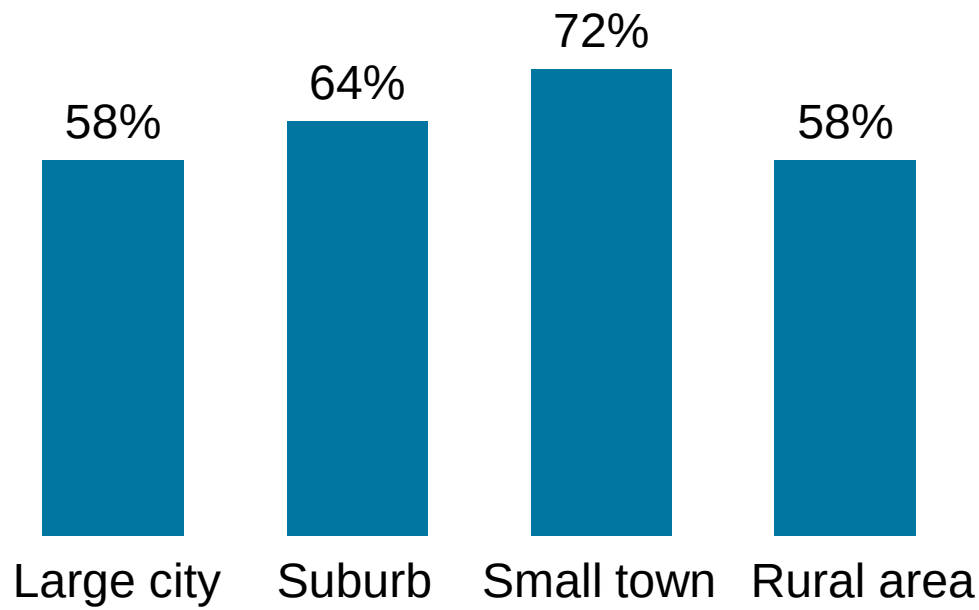
Retirees living in small towns report superior mental health

Percent who rate mental health as very good to excellent



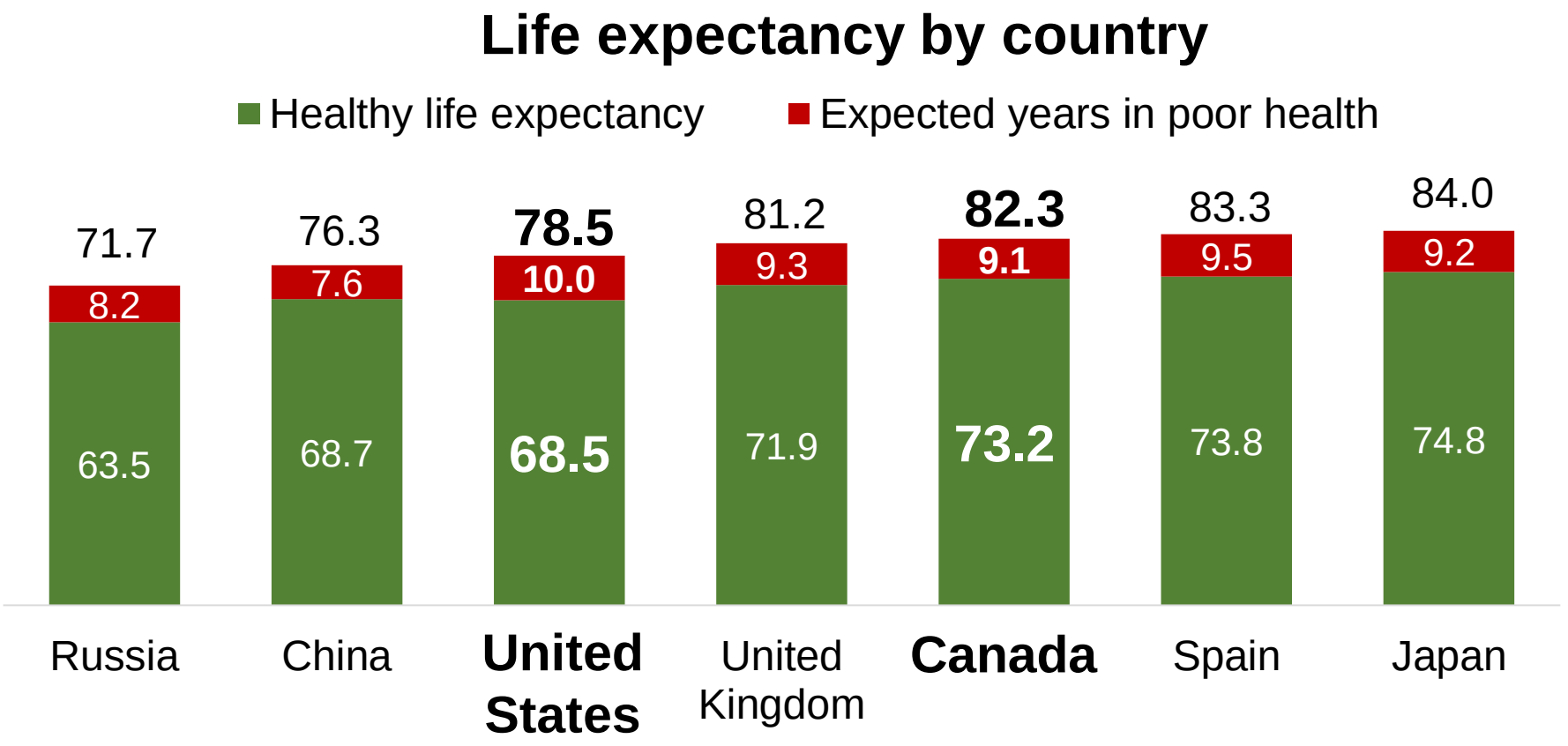
Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees by urbanicity)

Our healthspans do not match our lifespans

10 years:
the average number of years most Americans live in poor health

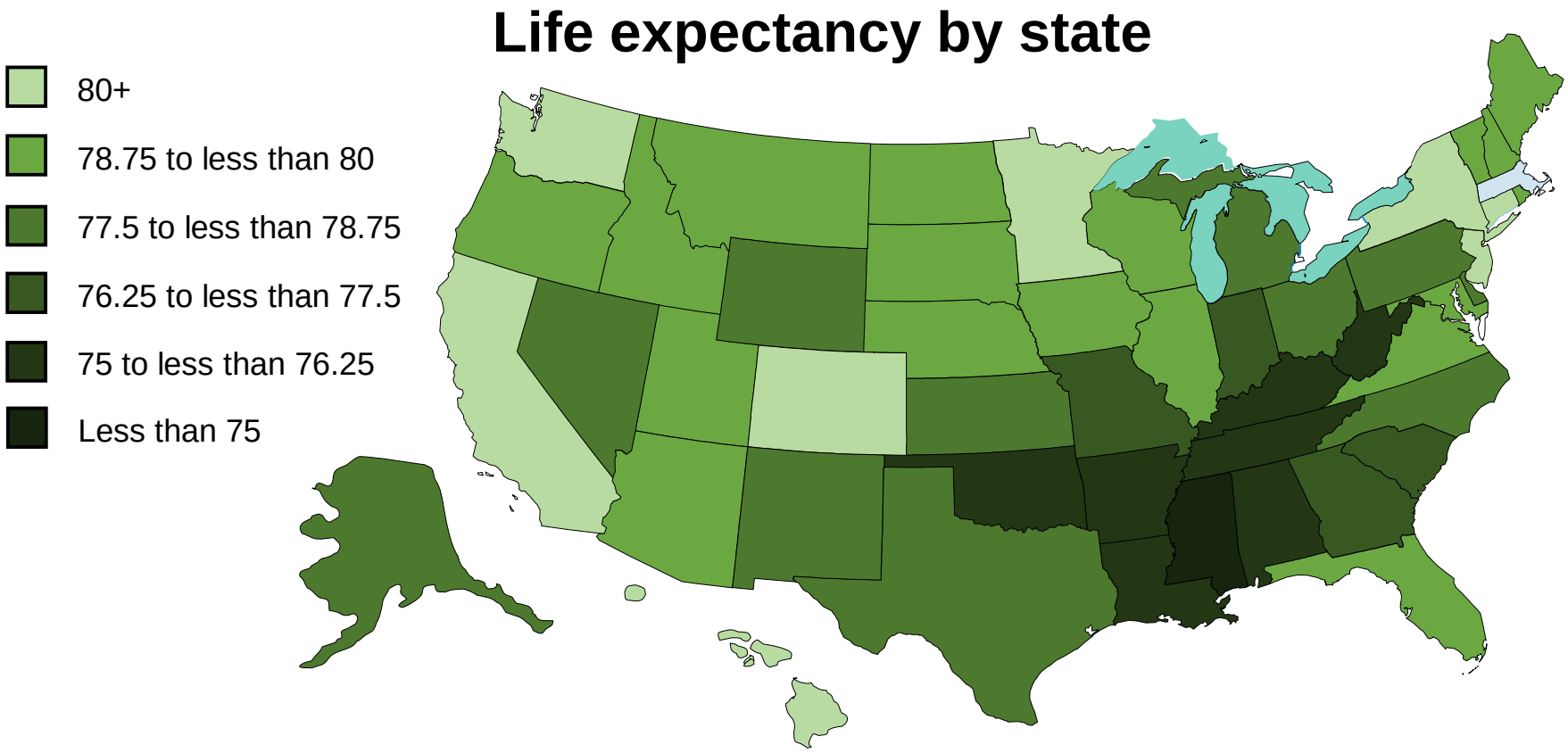
Source: The US Burden of Disease Collaborators. The State of US Health, 1990-2016: Burden of Diseases, Injuries, and Risk Factors Among US States. *JAMA*. 2018

The U.S. lags behind Canada, and many other countries in both lifespan and healthspan



Source: World Health Organization, Global Health Observatory data repository, Life expectancy and healthy life expectancy data for 2016 (latest available)

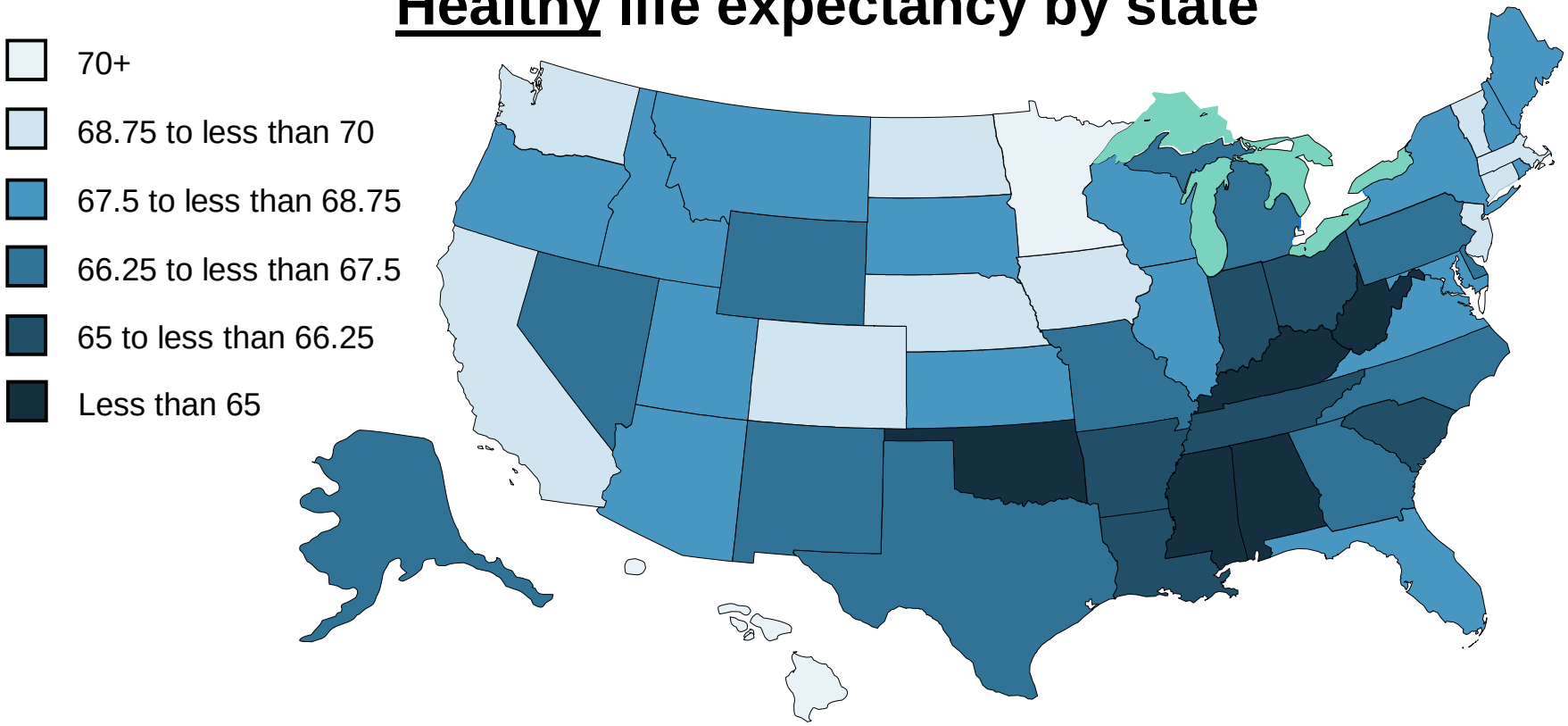
Lifespan varies widely within the U.S.



Source: The US Burden of Disease Collaborators. The State of US Health, 1990-2016: Burden of Diseases, Injuries, and Risk Factors Among US States. *JAMA*. 2018

Healthspan varies widely within the U.S.

Healthy life expectancy by state

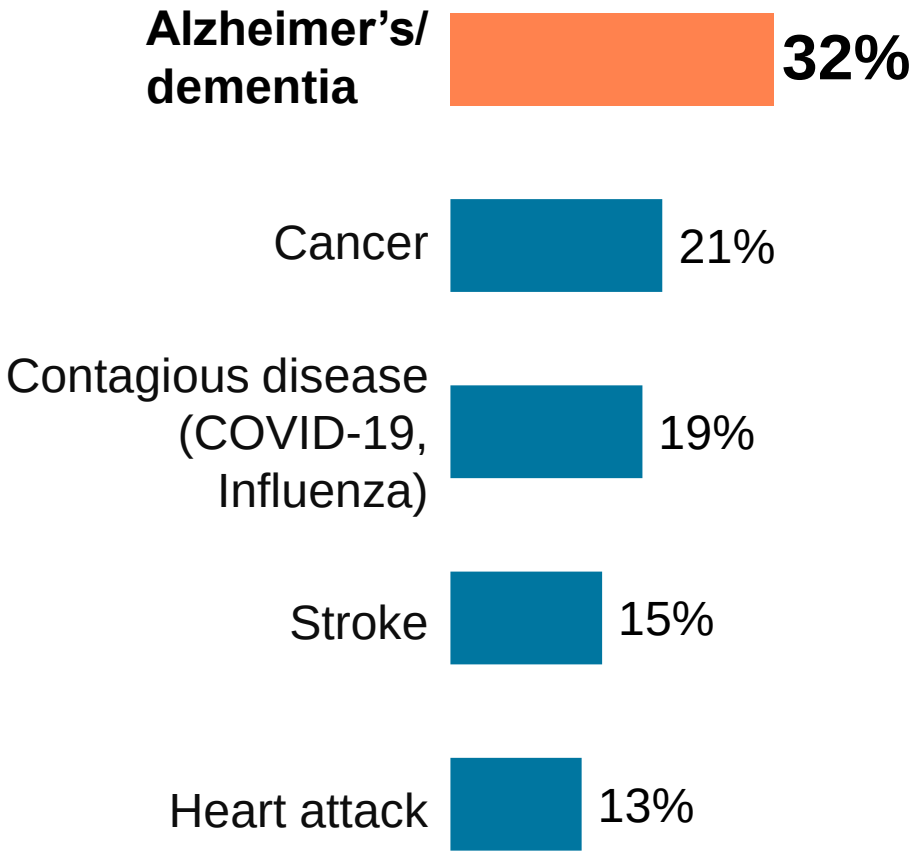


Source: The US Burden of Disease Collaborators. The State of US Health, 1990-2016: Burden of Diseases, Injuries, and Risk Factors Among US States. *JAMA*. 2018

93% of retirees say it’s never too late to improve your health

Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees)

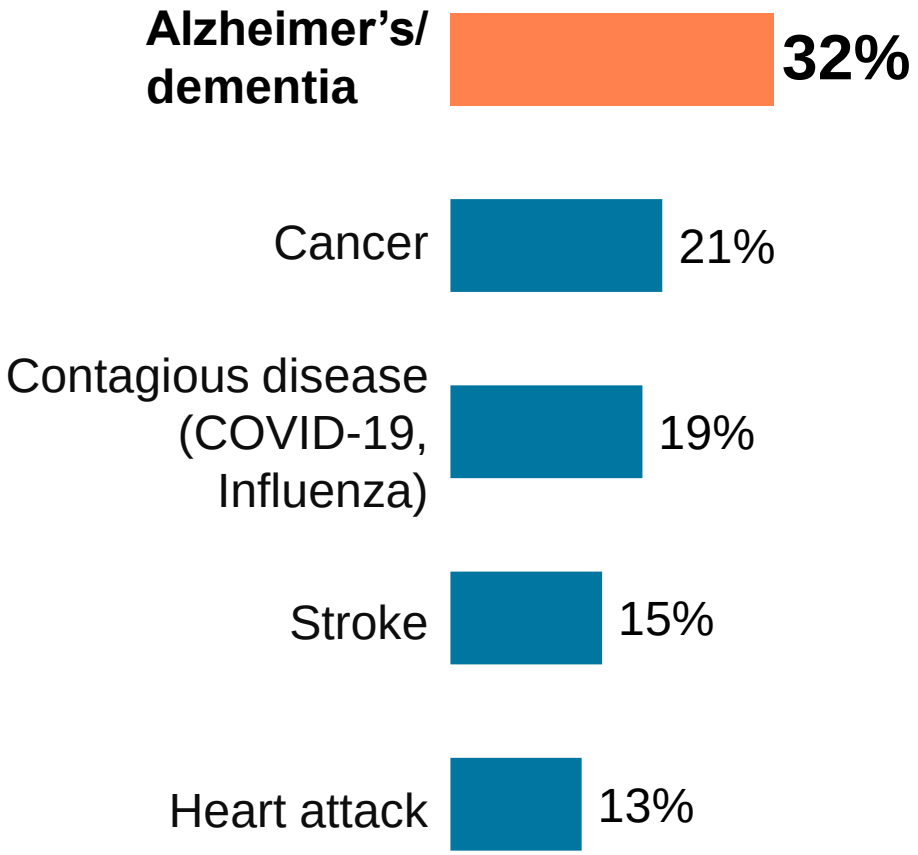
Retirees' Most Feared Condition of Later Life



Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: Canadian retirees)

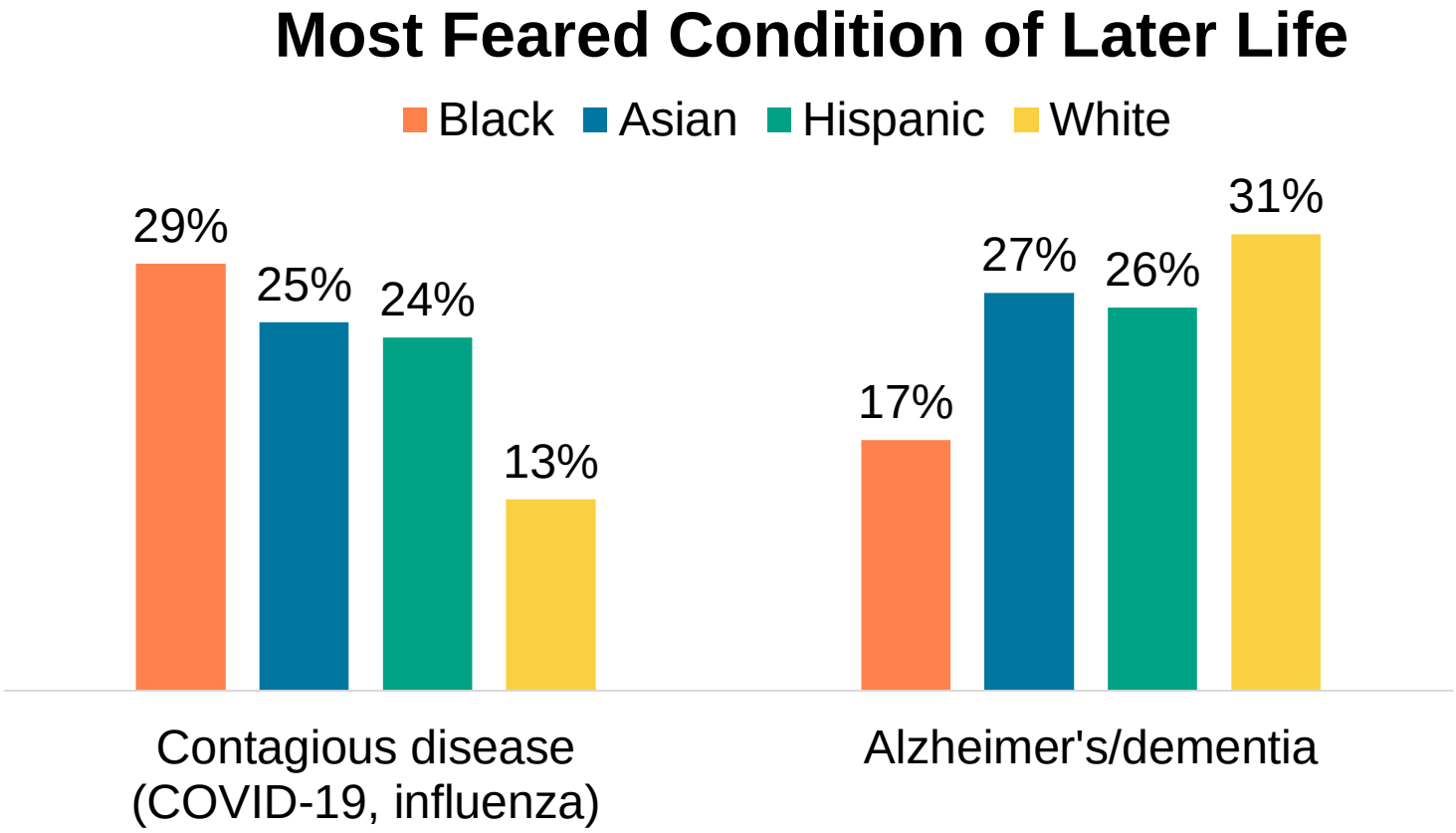
Even during the pandemic, Alzheimer's is more feared than COVID-19 and all other life-threatening diseases

Retirees' Most Feared Condition of Later Life



Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: Canadian retirees)

However, **Black Americans fear COVID-19 more** than Alzheimer's



Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. adults by race/ethnicity)

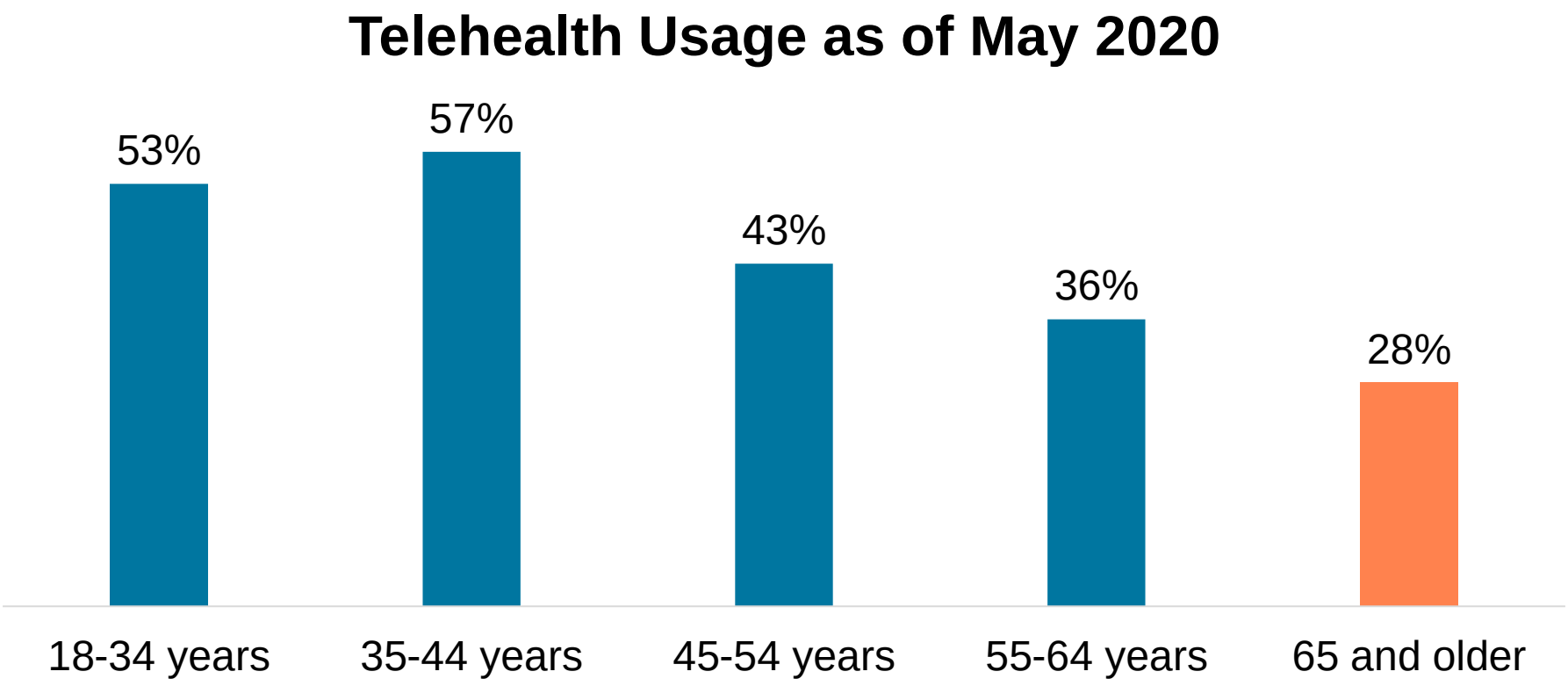
Yet there's an intention/action gap:

Only **55%** of retirees say they maintain a healthy diet

Only **52%** exercise regularly

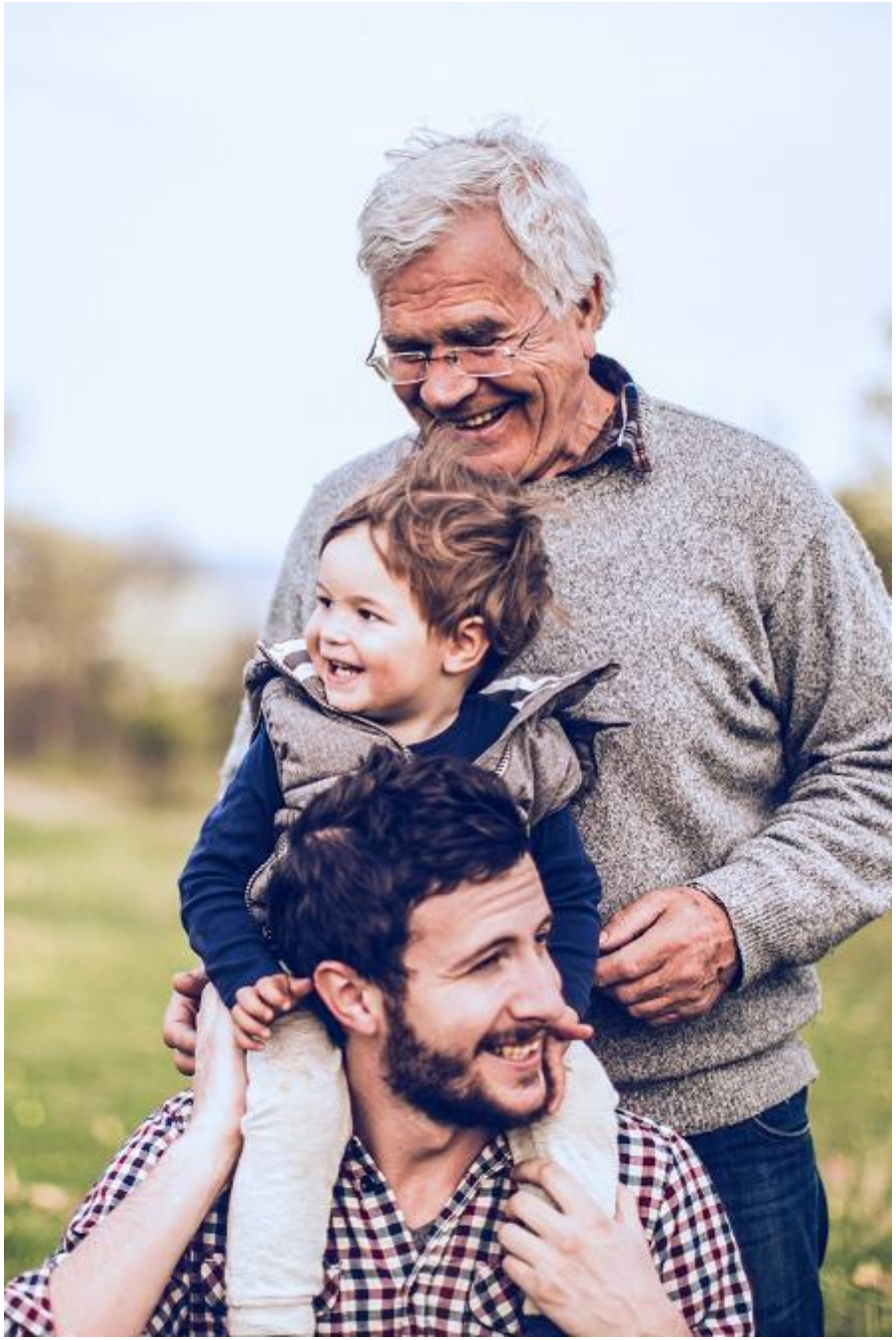
Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees)

The digital divide: Older adults are being under-served by telehealth, despite the higher risk for COVID-19



Source: The Harris Poll, “Telehealth: The Coming of the ‘New Normal’ for Healthcare, Part 2” May 2020

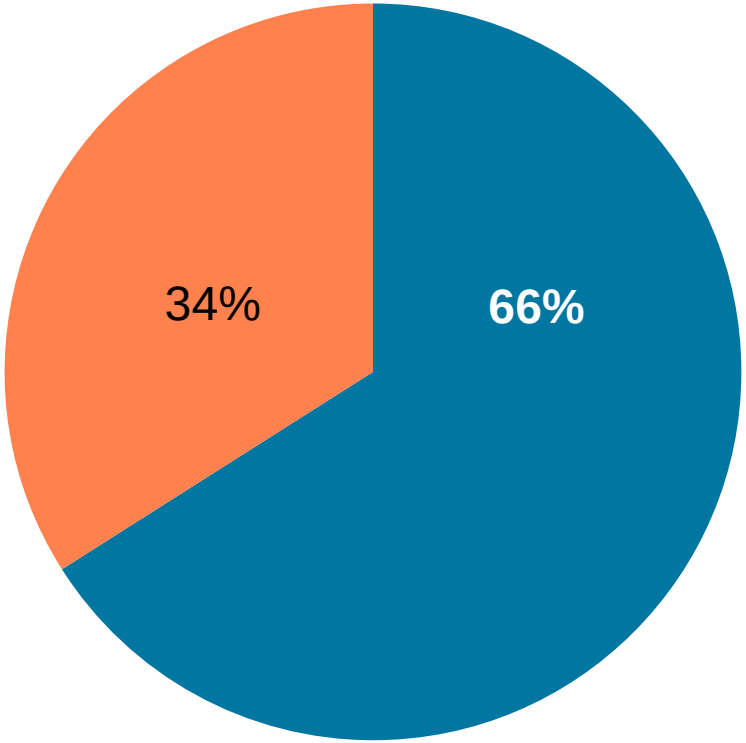
Family



For most, today's family now reaches beyond blood relations to **"families of affinity"**

I consider my family to be…

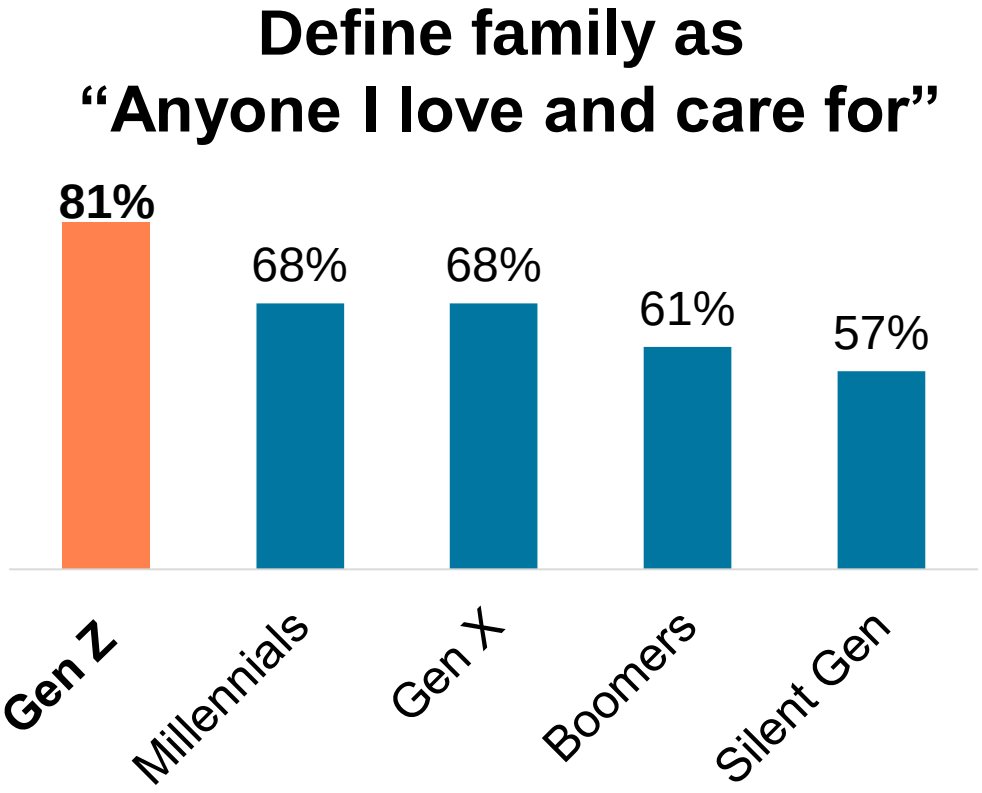
Only the people who are related to me by blood, marriage, or legal adoption



Anyone who I love and care for whether or not I am related to them by blood, marriage, or legal adoption

Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. adults)

The broadening view of family is largely driven by our younger generations



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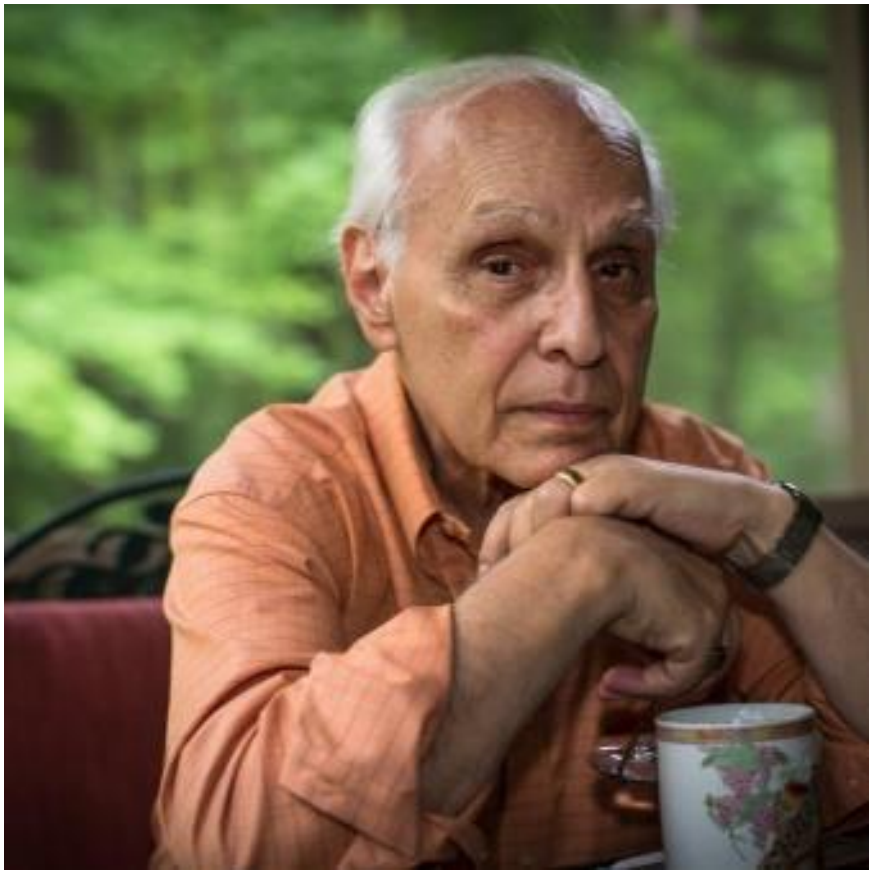
67% of Americans say that the pandemic has **brought their family closer together**

Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. adults)

72% of retirees say that one of their **biggest fears** is becoming **a burden on their families**

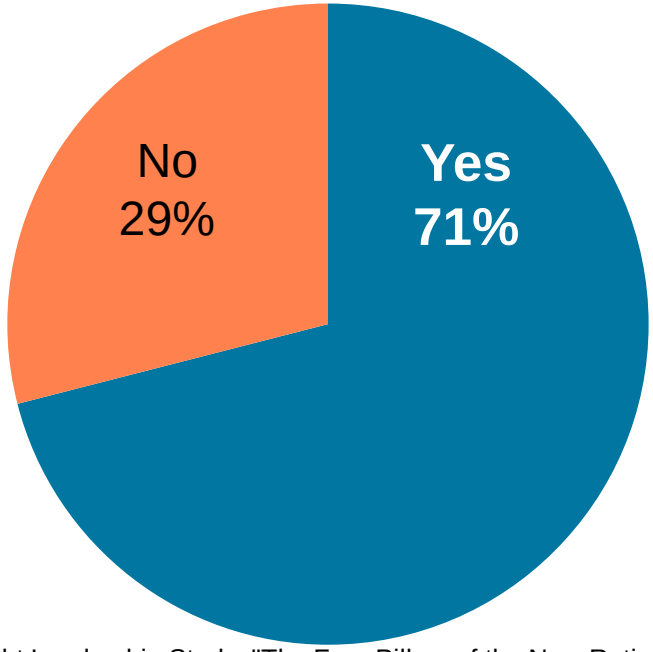


Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees)

The Family Bank
24 million Americans have provided more financial support to adult children due to the pandemic

Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020

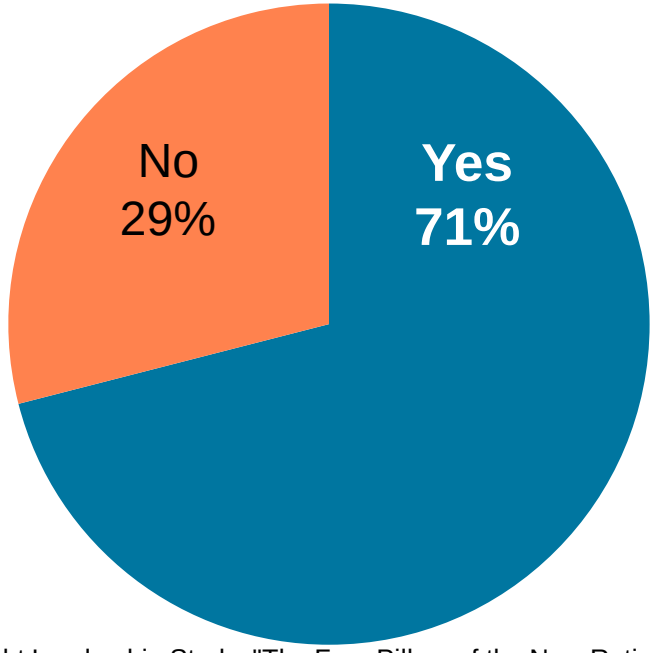
Are you willing to offer financial support to your family, even if it could jeopardize your own financial future?



Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees ages 50+)

Retirees provide **generational generosity**, but may be **sacrificing their own future security**

Are you willing to offer financial support to your family, even if it could jeopardize your own financial future?



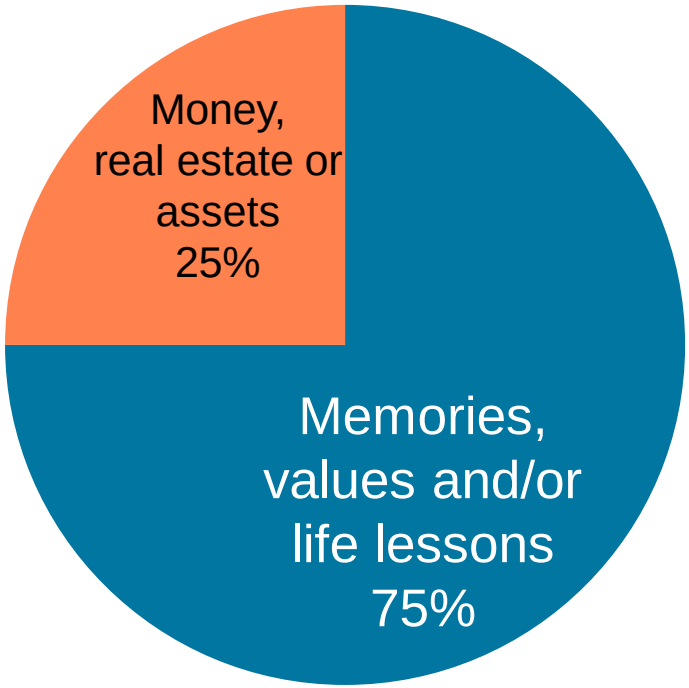
Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees ages 50+)

A two-way street: 43% of Gen Z have helped their parent with a technology need during the pandemic

Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. Gen Z (18-23))

Leaving a legacy: Retirees value creating lasting memories over gifting money

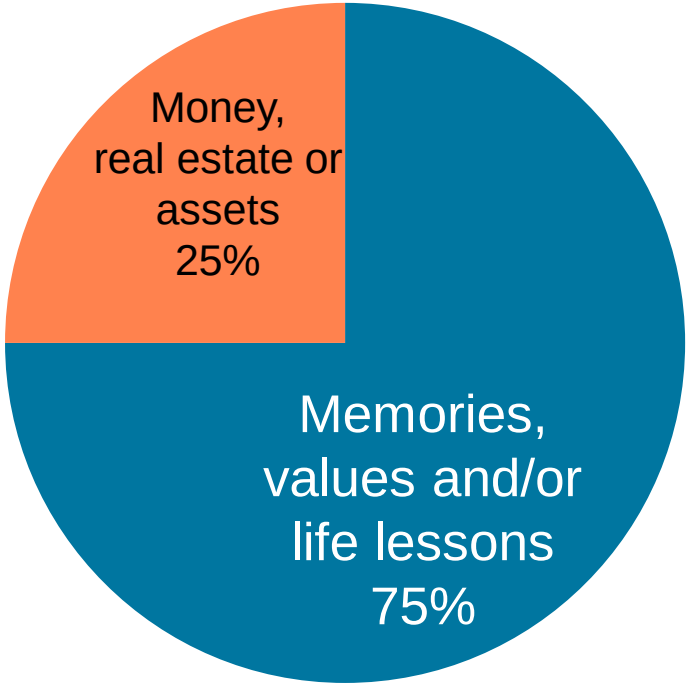
The most important to <u>pass on</u> to loved ones is…



Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees)

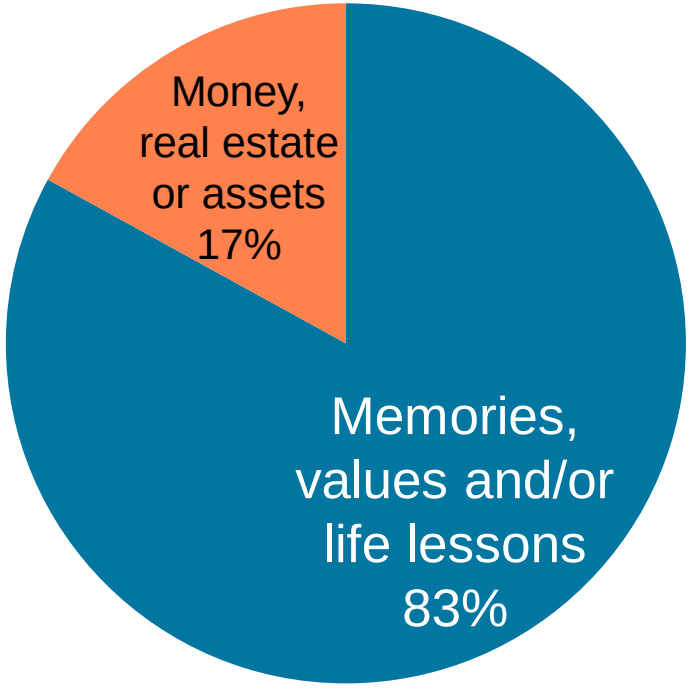
Leaving a legacy: Retirees value creating lasting memories over gifting money – and younger adults agree

The most important to <u>pass on</u> to loved ones is…



Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees)

The most important to <u>receive</u> from loved ones is…



Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. adults not retired)

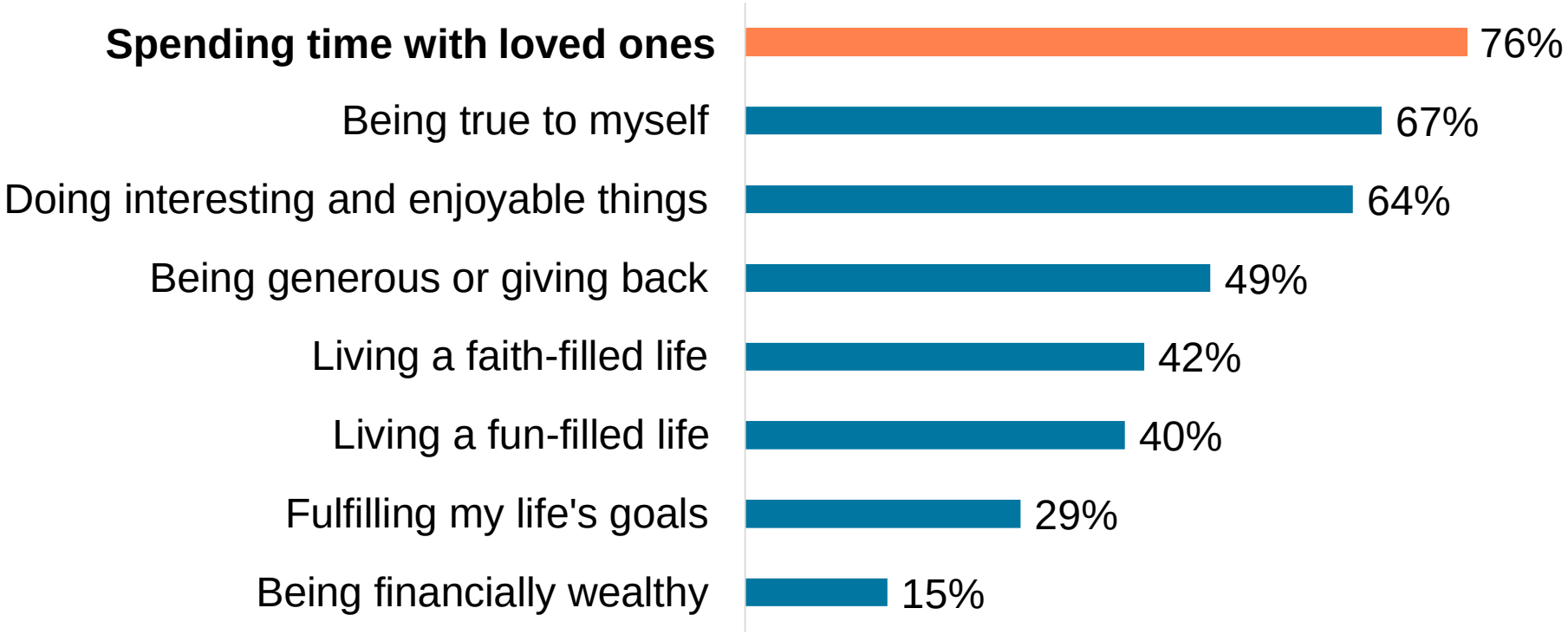
COVID-19 has prompted almost 30 million Americans to have **end-of-life discussions** for the first time

Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020

Purpose

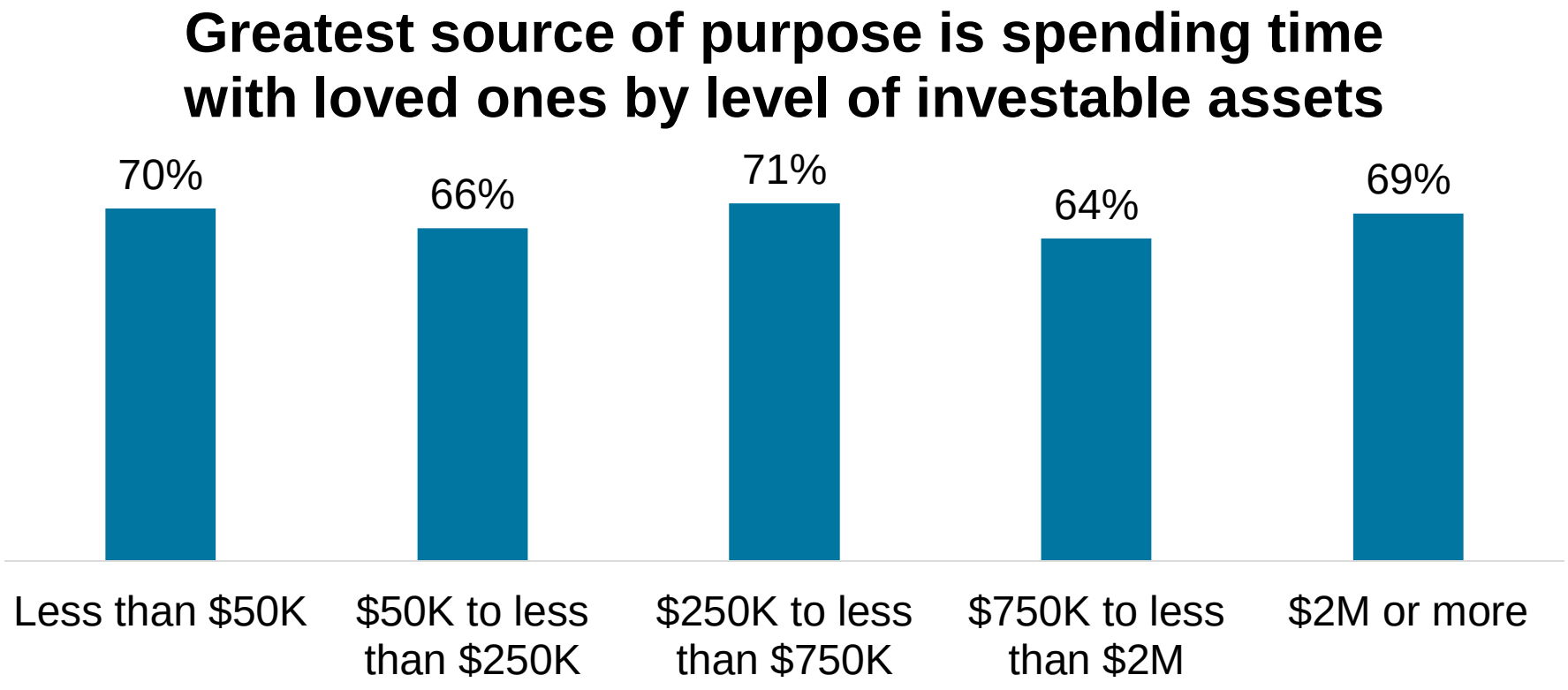
Retirees derive the greatest sense of purpose from time with loved ones

Personal sources of purpose, meaning, and fulfillment



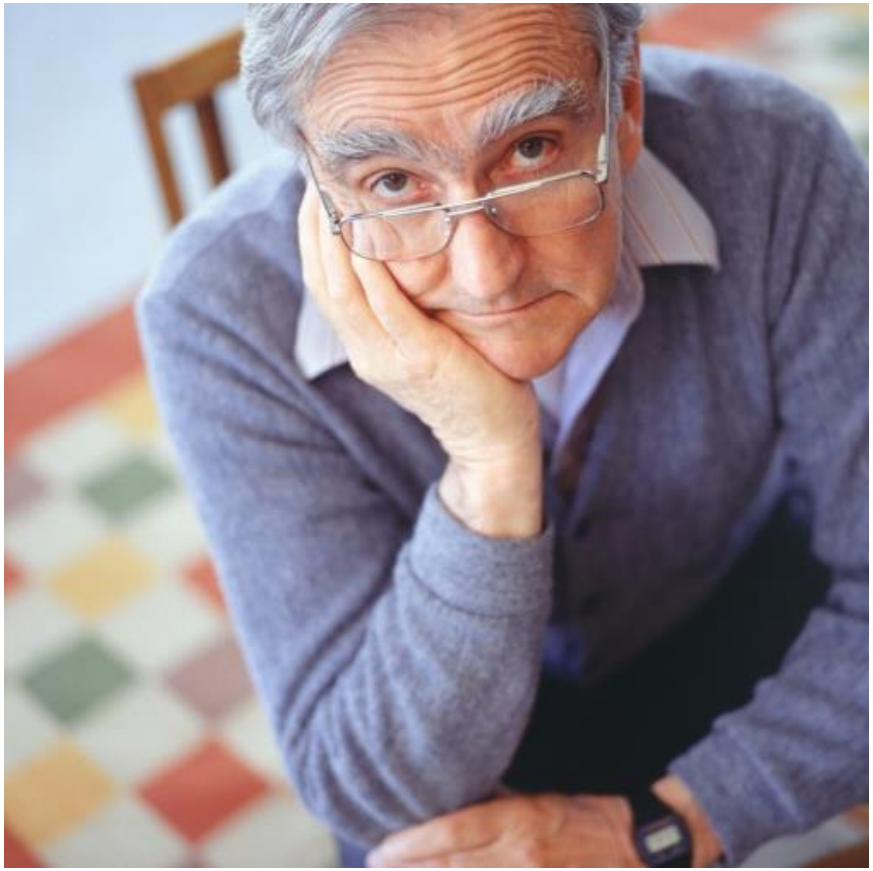
Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees)

Regardless of financial circumstances, spending time with **loved ones** is nearly **everyone's greatest source of purpose**



Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. adults by investable assets)

Many retirees say they are struggling to find a sense of purpose post-work



Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees retired less than 5 years)

Help needed: Only one-quarter (24%) of today's retirees have volunteered

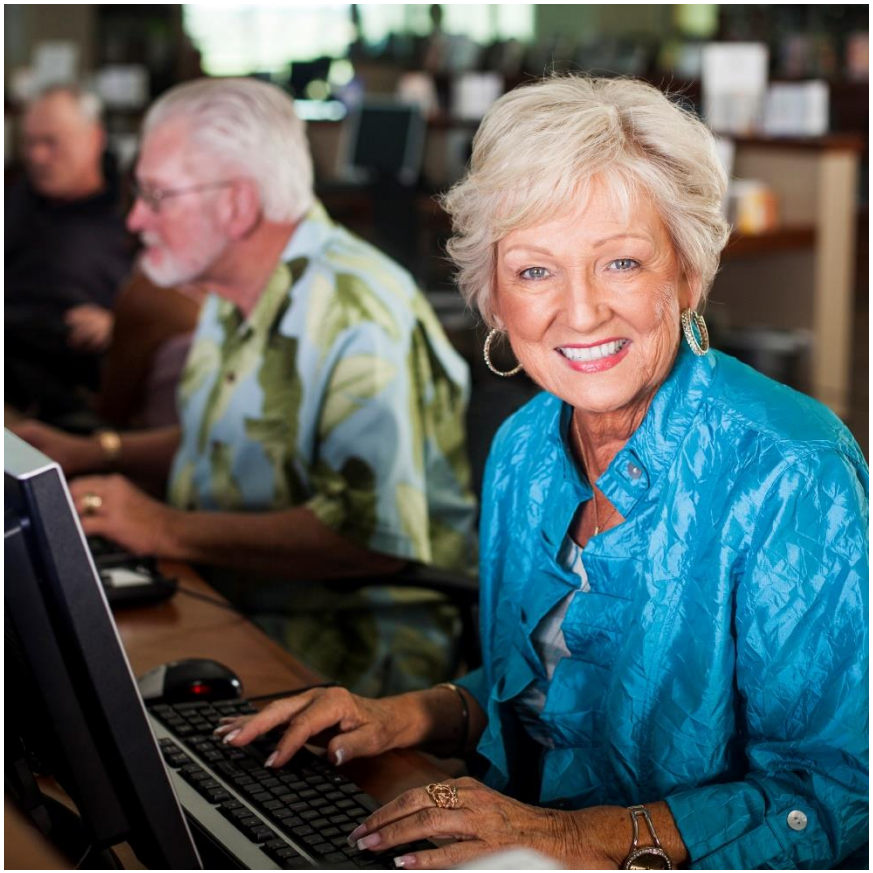
Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees)

89% of Americans feel there should be more ways for retirees to **use their talents and knowledge for the benefit of their communities and society at-large**

Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. adults)

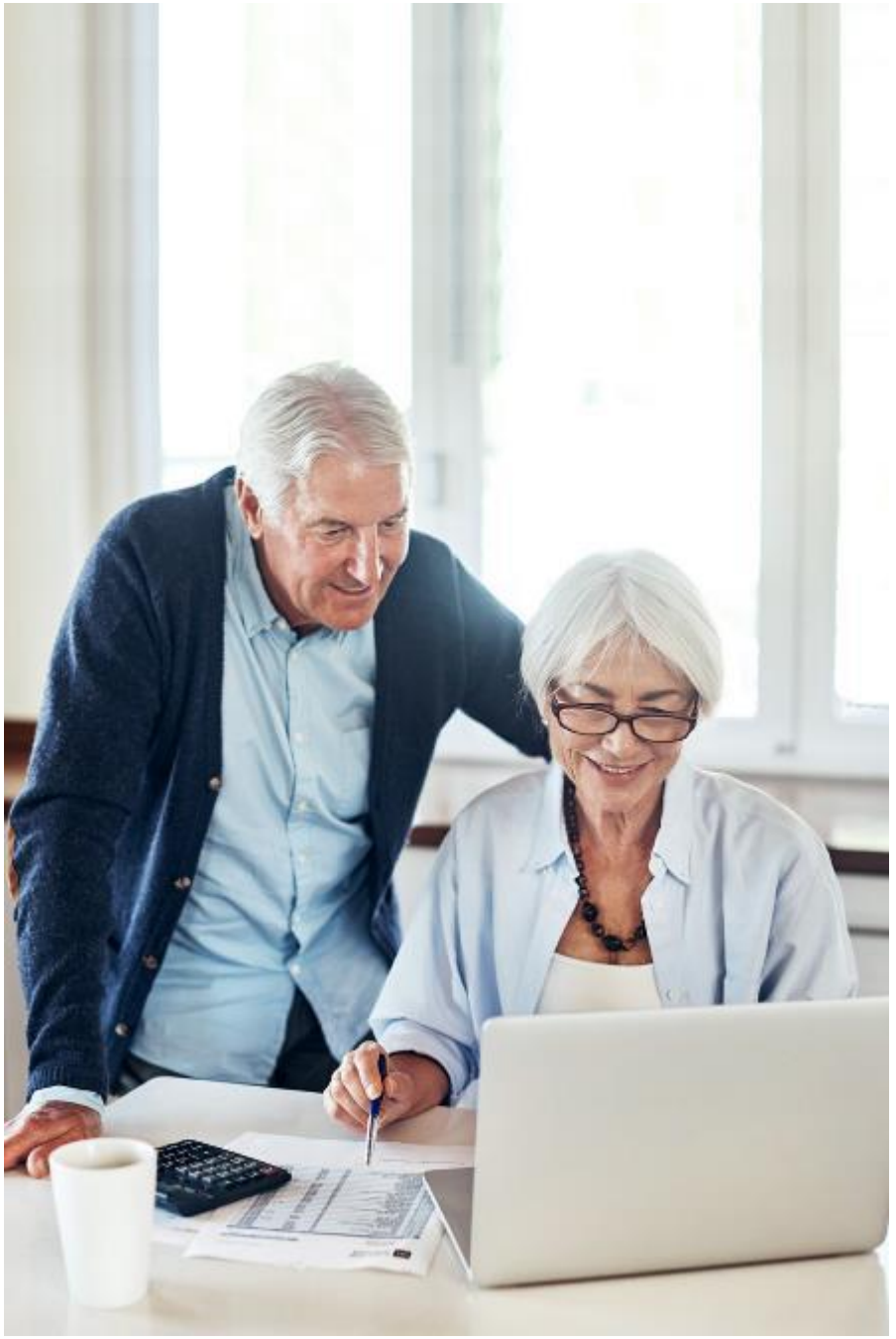
Today's older adults also want to be students, not just teachers

95% of retirees say it's important to keep learning and growing

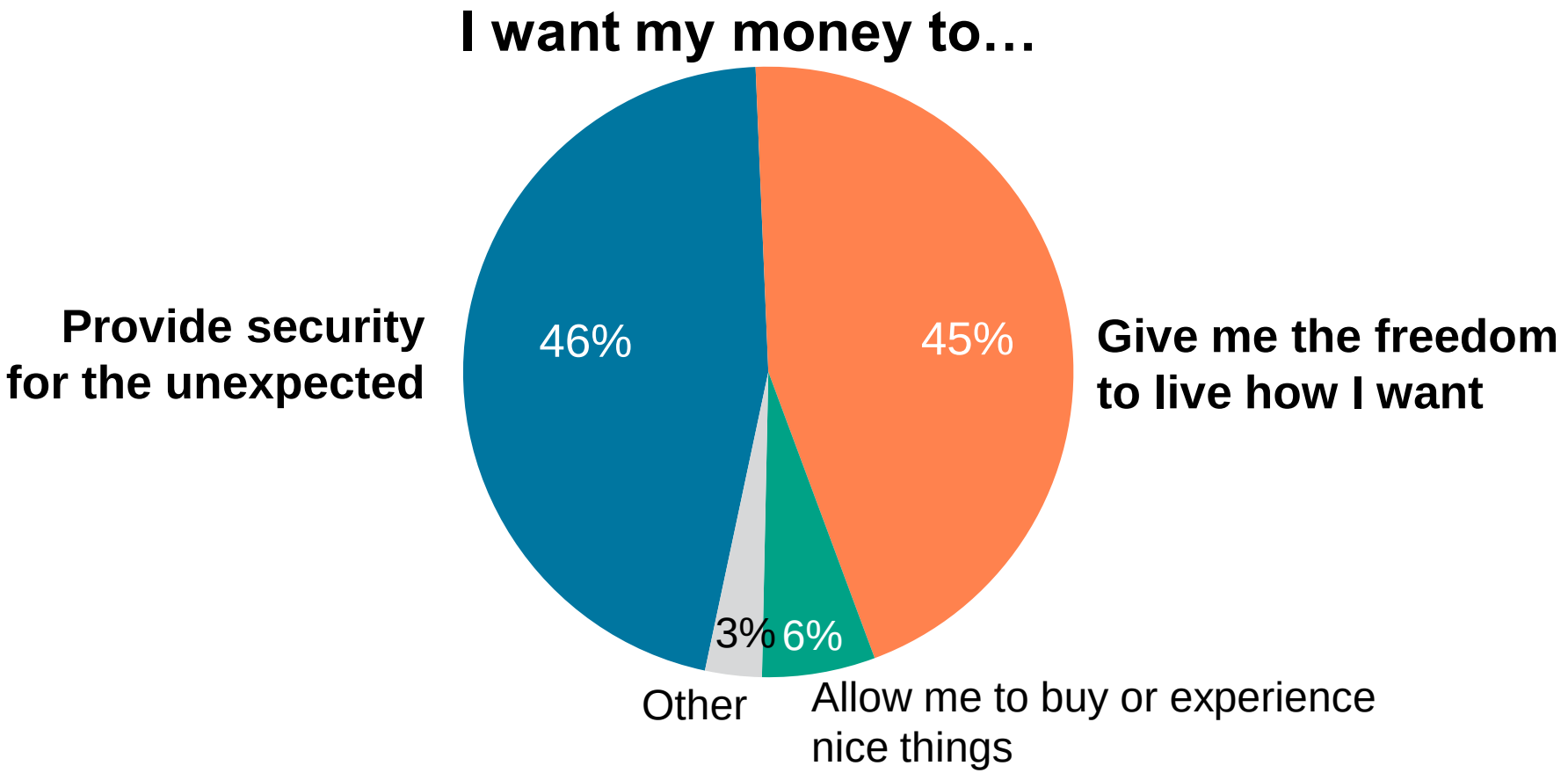


Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees)

Finances

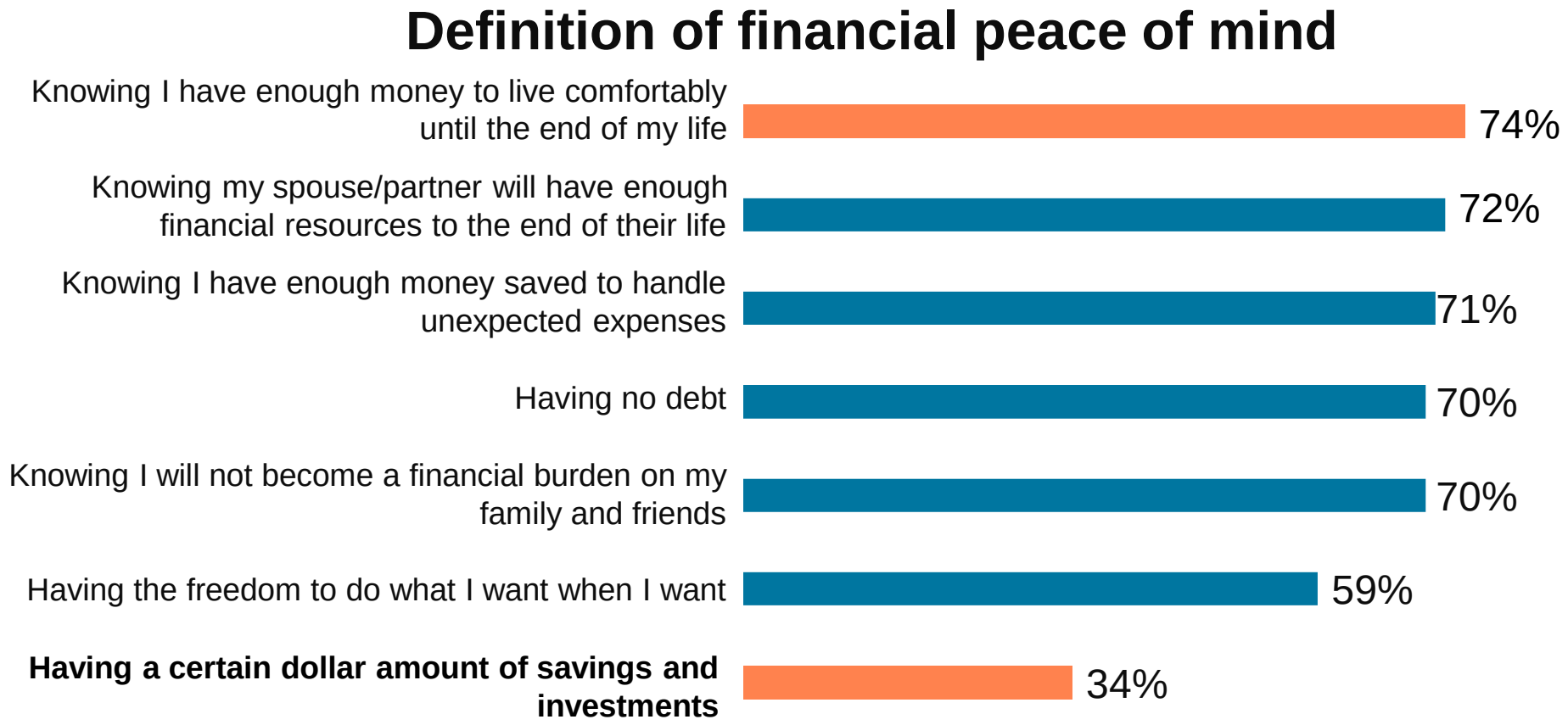


In retirement, money provides **freedom and security**



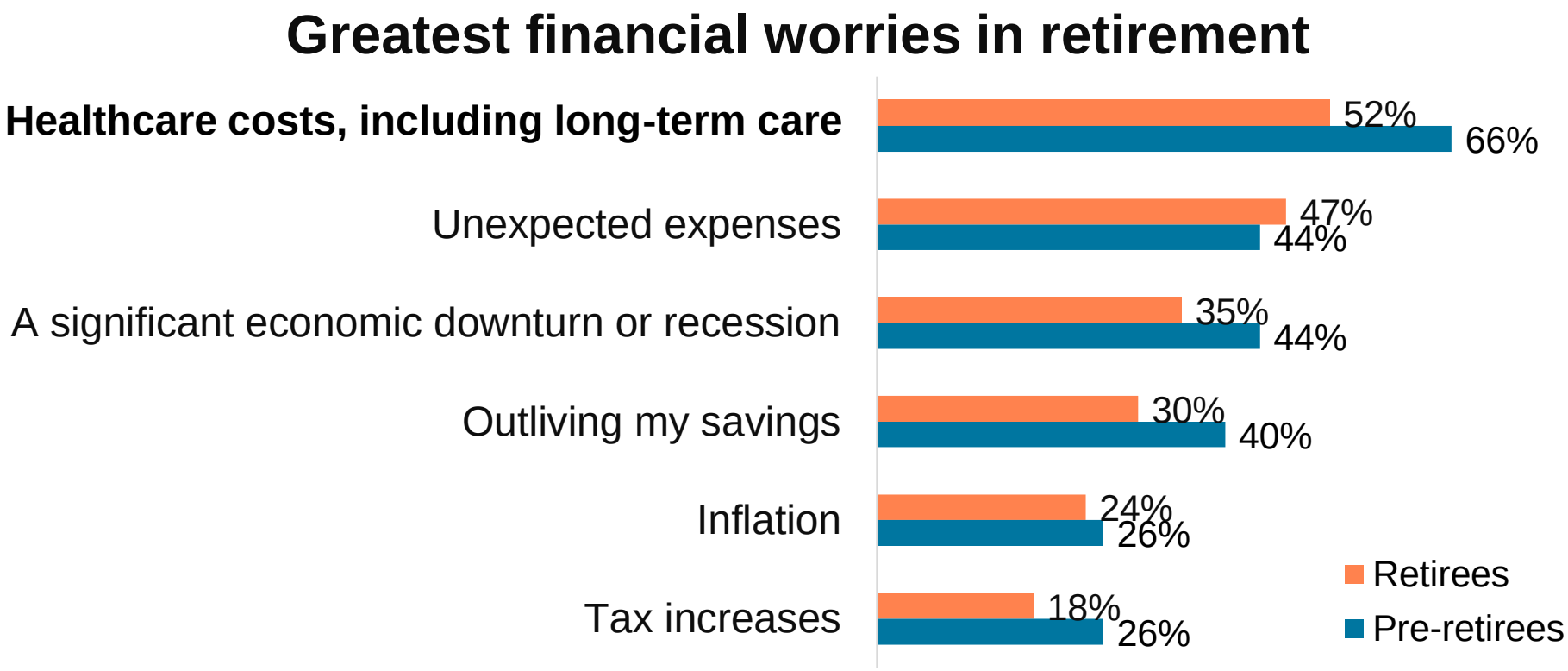
Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees)

Retirees say **financial peace of mind** is about far more than just a number



Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees ages 50+)

The **greatest financial worry** for older adults is **healthcare and long-term care costs -** not a recession



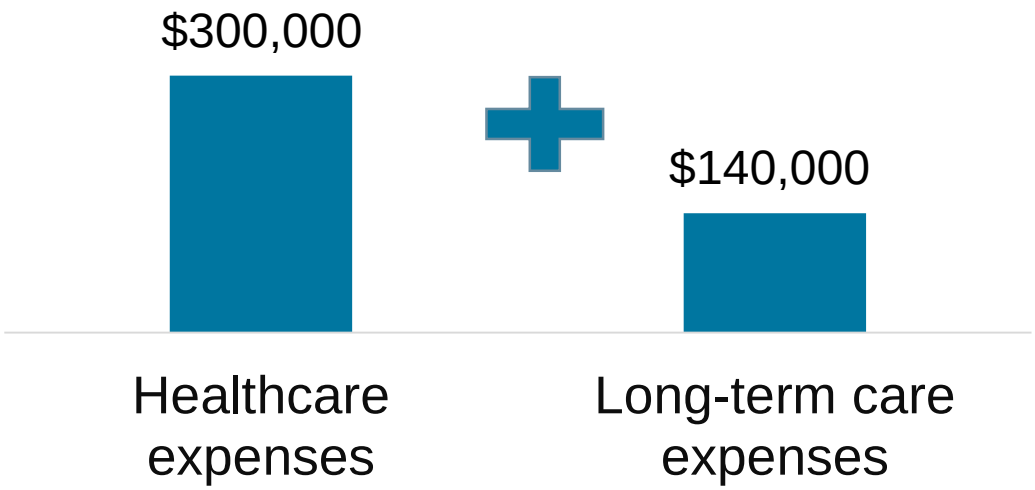
Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees and pre-retirees within 10 years from retirement)

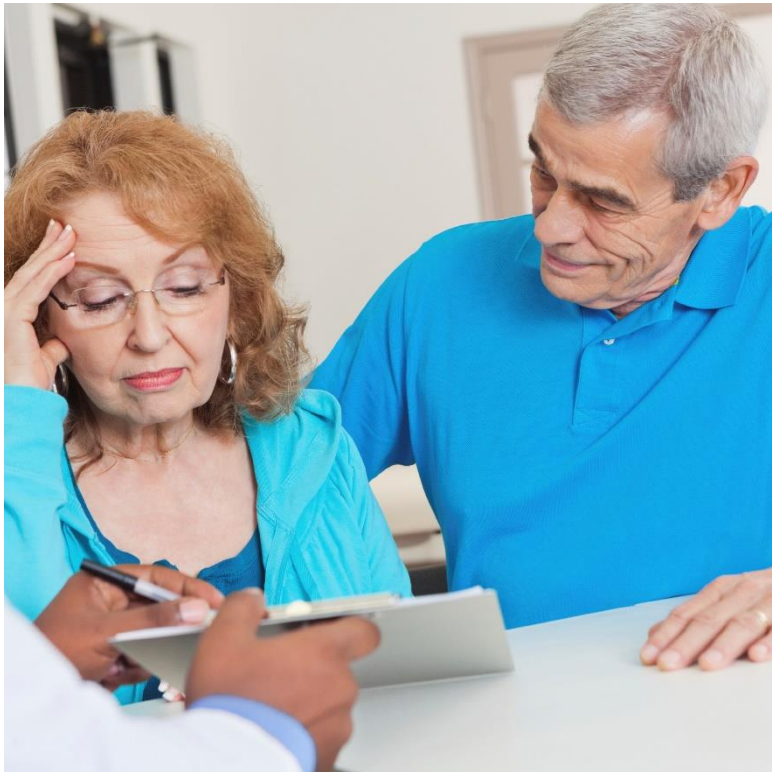
68% of pre-retirees say they **have no idea what their healthcare and long-term care costs will be in retirement**

Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. adults who plan to retire within next 10 years)

The average couple will need to save $440,000 to cover out-of-pocket health and long-term care expenses in retirement

Average amount a couple will need at the start of retirement to cover…



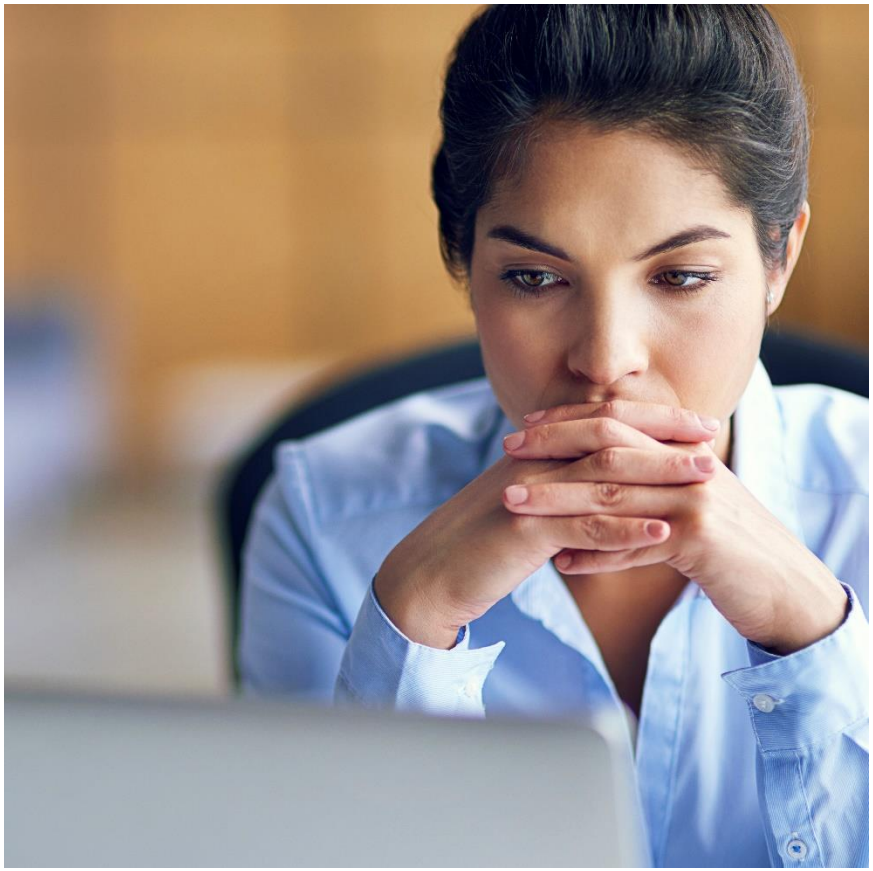


Note: sources to be updated/validated prior to launch
Source: EBRI, Savings Medicare Beneficiaries Need for Health Expenses in 2019: Some Couples Could Need as Much as $363,000, 2019; Urban Institute, Long-term services and supports for older Americans: risks and financing research brief, 2016

Three quarters of working Americans were **not on track with their retirement savings** prior to the COVID-19 pandemic

Source: Federal Reserve, Report on the Economic Well-Being of U.S. Households in 2018 - May 2019

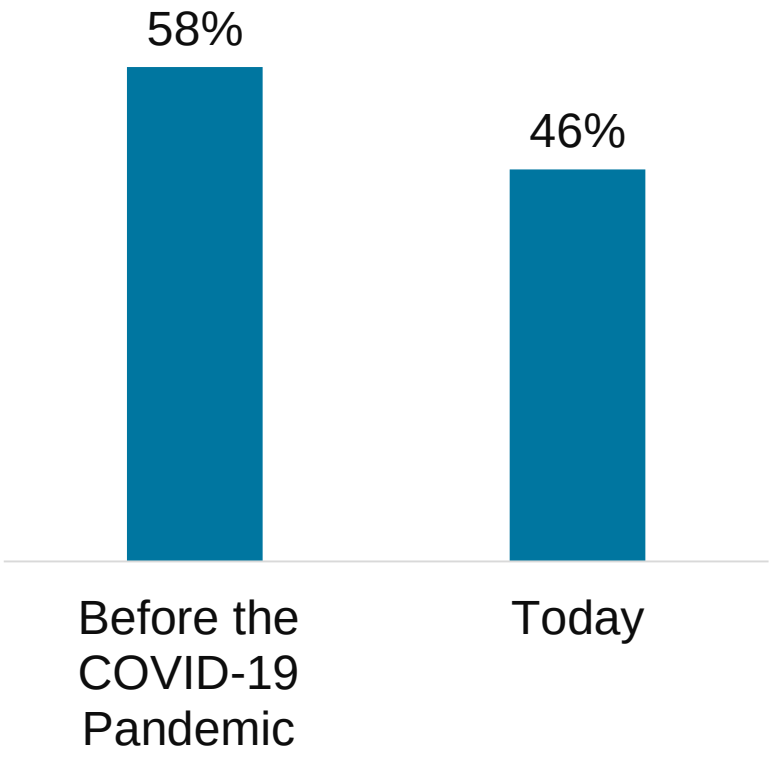
20 million Americans stopped making retirement savings contributions during the COVID-19 pandemic



Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020

Among **pre-retirees**, the impact of **COVID-19** has further **driven down** retirement financial **confidence**

Percent confident about how much they were/are saving for retirement



Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. adults who plan to retire)

56% of retirees wish they had budgeted and planned more for **unexpected expenses**

Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees)

36% of retirees say managing their money and expenses in retirement is **more confusing** than saving for retirement

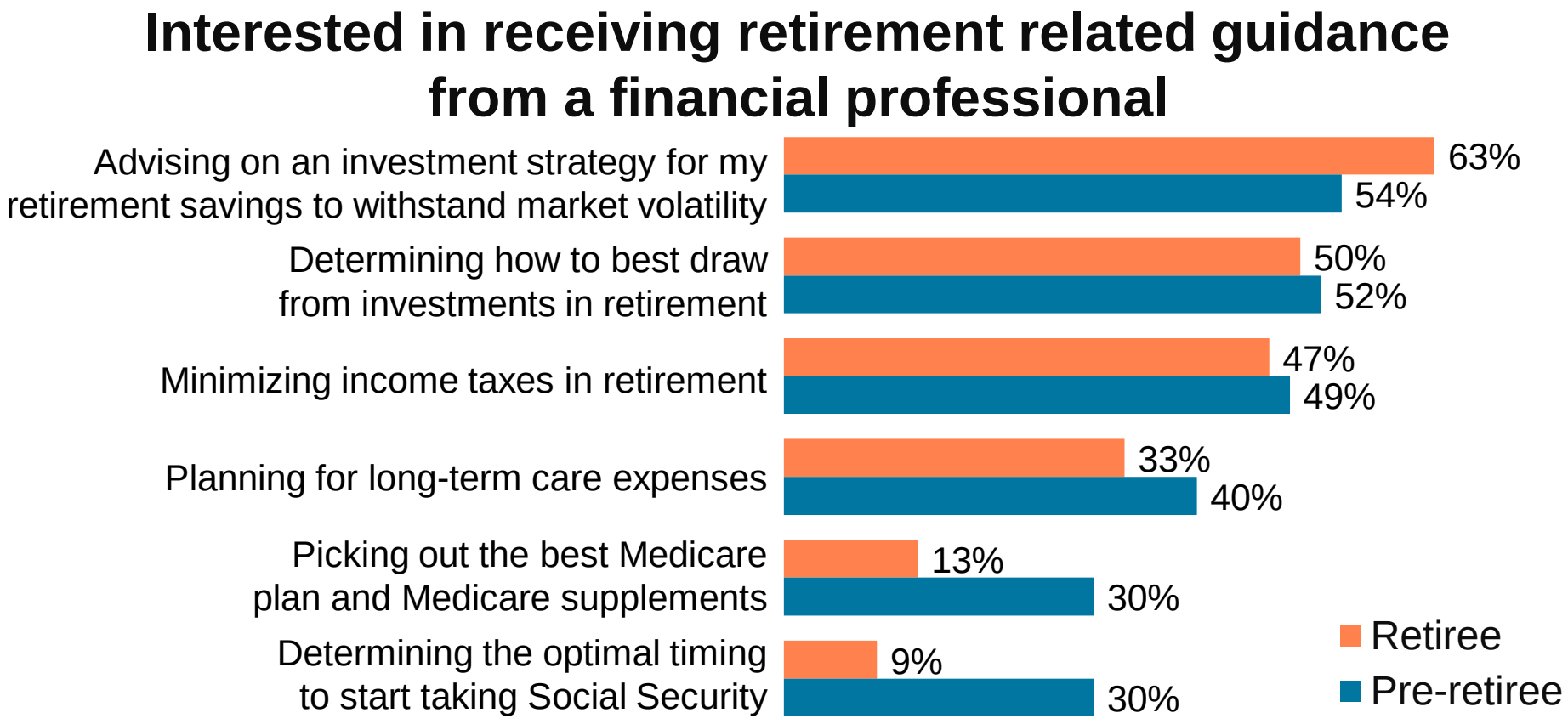
Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees)

People want a financial advisor as a **guide** who can understand them and help them achieve financial goals

Ideal role of a financial advisor

Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. adults with experience or interest in working with a financial advisor) (pick top two choices)

Retirees and pre-retirees want a variety of help navigating finances in retirement



Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. retirees and pre-retirees (planning to retire in next ten years) who are interested in working with a financial advisor)

84% of those with a financial advisor say their FA gave them a **greater sense of comfort regarding their finances during the pandemic**

Source: The Edward Jones and Age Wave Thought Leadership Study, "The Four Pillars of the New Retirement," 2020 (Base: U.S. adults with a financial advisor)

Increasing longevity offers more years in retirement – to be enjoyed and funded

Health

Family

Purpose

Finances

Retirement is being transformed into a time of new freedoms, new connections, new purpose and new financial challenges

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Health

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Family

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Edward Jones

The Four Pillars of the New Retirement

www.edwardjones.com/newretirement

AgeWave

The Harris Poll

Harris Insights & Analytics LLC, A Stagwell Company