

KEN DYCHTWARD, PH.D.  
ROBERT MORISON

**WHAT**  
**RETIREES**  
**WANT**

A HOLISTIC VIEW OF  
LIFE'S THIRD AGE

WILEY



## Praise for *What Retirees Want*

“If you want to understand anything and everything about the longevity revolution, from the ground level to 30,000 feet, read this timely and eloquent book. This book is much more than a source of knowledge. It constitutes a compelling call to purpose and to action. The authors conclude that the Boomers are poised to accomplish their most enduring work as they’re realizing that it’s more important to be ‘useful,’ than ‘youthful.’”

**Marc Freedman,**  
CEO, *Encore.org*, and author, *How to Live Forever:  
The Enduring Power of Connecting the Generations*

“In *What Retirees Want* Dychtwald and Morison make a vital contribution to the public understanding about retirement and being a retiree. From knowing the demographic and financial facts about longevity, to resisting ageism, to reframing the misconceptions about growing old in this century, to seeking a purpose in the Third Age of life, *What Retirees Want* will fire up your imagination about the realities and the opportunities of a new retirement model. This book should be on every Baby Boomer’s to do list.”

**Fernando M. Torres-Gil, MSW, PhD,**  
Former US Assistant Secretary on Aging, and  
Professor of Social Welfare and Public Policy, UCLA

“I loved every moment reading this terrific new book by Ken Dychtwald and Robert Morison. We live in an era in which the modern elder can offer the world both curiosity and wisdom. This holistic treatise reminded me that, if we’re getting aging right, we’re not just growing older, but we’re growing more whole and more fully integrated as well.”

**Chip Conley,**  
Head of Global Hospitality and Strategy, Airbnb (ret),  
and author, *Wisdom@Work: The Making of a Modern Elder*

“Retirement conjures oscillating sensations of excitement, relief, despondency, and terror. Dychtwald and Morison address the new age of retirement, a time of unprecedented opportunity to fulfill dreams deferred and meet new challenges with confidence and joy. The pages echo with the call of Ulysses: ‘Come my friends, ’tis not too late to seek a newer world.’”

**Kerry Kennedy, JD,**  
President, Robert F. Kennedy Human Rights

“Dychtwald and Morison have changed the way I view the future. In this prescient book, their analysis of rising longevity and aging demographics is critical for any business, not-for-profit, or government leader who wants to understand the massive changes and new opportunities that will affect every aspect of our lives and every industry on Earth.”

**Peter H. Diamandis, MD,  
Founder, XPRIZE, and author, *Abundance:  
The Future Is Better Than You Think***

“As our population ages, individuals, families, businesses and governments are seeking guidance in our journey of aging. Ken Dychtwald and Robert Morison have gifted us with an amazingly insightful map of our future lives and the Azimuth forward. This excellent book is just what we need.”

**Richard Carmona, MD, MPH, FACS,  
17th Surgeon General of The United States**

“This is a great book! It provides a comprehensive blueprint for how we might change our view on aging in societal norms, marketing, and activism. It also previews how older adults can and will change their own status in what should become a society appreciative of all ages and their contributions to their communities.”

**Karyne Jones,  
President and CEO, National Caucus and Center on Black Aging**

“Dychtwald and Morison offer a brilliant and convincing perspective: an essential re-think of what ‘aging’ and ‘retirement’ mean today, an antidote to outdated assumptions, and an invitation to help mobilize the best in the tidal wave of Boomer Third Agers.”

**Daniel Goleman, PhD,  
author, *Emotional Intelligence: Why It Can Matter More Than IQ***

“As a Boomer with no immediate plans to retire, I have found all aspects of Dychtwald and Morison’s book incredibly inspiring about the potential for the next exciting chapter of life, the Third Age, and the opportunities it presents for increasingly fulfilling adventures in life’s later years.”

**Jim Gianopulos,  
Chairman and CEO, Paramount Pictures**

“Ken Dychtwald has been chronicling the massive impact of the Baby Boom generation on business, culture and society for over 30 years. In *What Retirees Want*, Ken and Robert Morison have given us a compelling and powerful vision of how Baby Boomers are retiring our conceptions of ‘retirement.’ This book delivers the gift of insight into a hopeful and optimistic future of purpose and opportunity.”

**George Vradenburg, JD,  
EVP, AOL/Time Warner (ret), and Founder, UsAgainstAlzheimer’s**

“In the global investment community, we look for trends that will shape how people and nations will live, work, and seek to satisfy their needs. There may be no trend more seismic and unprecedented than the age wave. Ken Dychtwald and Robert Morison present a thoughtful, hopeful, and action-packed view of how rising longevity and aging demographics will alter nearly every aspect of our lives.”

**Jay S. Wintrob,  
CEO, Oaktree Capital Management**

“In this wonderful book, Dychtwald and Morison offer us a hopeful and powerful vision of the future in which increasing longevity brings about an entire new stage of life – the Third Age. Packed with far-reaching insights about nearly every related field, from co-housing to voluntourism to AI-supported medicine, *What Retirees Want* is overflowing with potent research, compelling examples, and actionable ideas. A must read!”

**Anousheh Ansari,  
CEO of XPRIZE, first private female astronaut,  
and author, *My Dream of Stars***

“For more than 20 years, Ken Dychtwald’s groundbreaking thinking has greatly influenced my own, especially with regard to developing new ways of providing retirement plans and investment strategies to tens of millions of investors. As someone just starting this phase of life, I found this breakthrough book to be both insightful and incredibly inspirational!”

**William McNabb,  
CEO, Vanguard Group (ret)**

“The authors challenge the age-related myths and prejudices that are pervasive in modern marketing. It’s time to reframe how we think about, portray, and treat the growing cohort of retirees, and this thoughtful and important book shows us both why and how.”

**Stephanie Fischer,  
President and CEO, Global Retail Marketing Association**

“This book is a must read for those thinking about retiring – or wanting to avoid it – and for all who want to reap the best life can provide. Here you will find a real, compelling, multidimensional, and most important, practical picture and guide of what you want and need to know about the Third Age.”

**Michael Krasny, PhD,  
Professor of Literature at Stanford and host of FORUM on KQED  
and National Public Radio**

“Bestselling author Ken Dychtwald has written 16 books, and *What Retirees Want*, written with Robert Morison, is his best yet. Instead of viewing ‘life after work’ as a declining period of one’s life, Ken and Bob show us why your future will be exciting and invigorating – and just plain fun!”

**Ric Edelman,  
Founder, Edelman Financial Engines, and author,  
*The Truth About Your Future***

“*What Retirees Want* explains how longer and healthier lives and shifting age demography will change everything we’ve come to expect from retirement. This compelling, well-researched, and hopeful read arrives at exactly the right time.”

**Paul Irving, JD,  
Chairman, Milken Institute Center for the Future of Aging,  
and Chairman, Encore.org**

“*Age Wave* helped inspire me to start Home Instead in 1994, which has grown to more than 1,200 offices and 100,000 caregivers in 14 countries around the world. With its depth of information and breadth of ideas, I’m sure *What Retirees Want* will inspire new entrepreneurs and innovators of all ages.”

**Paul Hogan,  
Co-Founder and Chairman, Home Instead Senior Care**

“Ken Dychtwald and Robert Morison provide timely and sage advice for embracing a fruitful and fulfilling retirement. They make a compelling case to not let social and corporate ageism deprive us of the benefits of decades of experience and wisdom from those in their Third Age.”

**Dr. Rudolph Tanzi, PhD,  
Professor of Neurology, Harvard Medical School,  
and author, *The Healing Self***

“Ken Dychtwald’s ground-breaking research and insights into the longevity and health of older adults have already reshaped the travel business for years. *What Retirees Want* offers a comprehensive and mind-stretching preview of how the travel, leisure, recreation, and hospitality industries are about to be transformed by the 50 trillion hours of time affluence that Boomers worldwide will be experiencing during the next two decades. This book is essential reading for anyone looking to better serve today’s and tomorrow’s older adults.”

**Matthew Upchurch,  
Chairman and CEO, Virtuoso Travel Network**

“*What Retirees Want* is a dazzling must read! Every aspect of our lives will adjust to make room for what Dychtwald and Morison call the Third Age. They provide an incomparable guide to help us all understand the challenges and opportunities of a new generation of retirees and how they can live longer, more productive and purposeful lives. And with women outliving men, this book offers a fresh and needed perspective on a wide range of hopeful action steps to improve both women’s and men’s life journeys.”

**Maria Shriver,  
Journalist, Author, and Activist, Former First Lady of California, and  
Founder, The Women’s Alzheimer’s Movement**

“*What Retirees Want* provides fascinating insights into what a world with a billion people over age 60 will look like – its impact on society, business, politics, health care, and the marketplace. Anyone who reads this book will better understand how to capitalize on the new opportunities and challenges brought by the revolutionary age wave.”

**Thomas Donohue,  
CEO, United States Chamber of Commerce**

“While there are many books available about preparing for retirement, Dychtwald and Morison have taken this subject to an entirely new level. They have masterfully written a book that provides a fresh, complete, and holistic look at health and home, learning and legacy, work and leisure, family and finances – all the ingredients of a purposeful and fulfilling Third Age of life.”

**Nido Qubein,  
President, High Point University, Founder and Chairman Emeritus of the  
National Speakers Association Foundation, and author, *Stairway to Success***

“Dr. Ken Dychtwald, the renowned global thought leader on aging and longevity, and Robert Morison smartly unpack the complex trends, massive social forces and emerging innovations that are redefining medicine, culture and business in profound ways. Read this book now to better understand how to prepare for what’s coming tomorrow!”

**James Canton, PhD,  
CEO and Chairman, Institute for Global Futures, and author, *Future Smart***

“This important new book is a ‘must read’ for entrepreneurs, businesses, and non-profit organizations that want to respond better to the needs and wants of a huge and growing market segment. *What Retirees Want* is sweeping and forward-thinking in its approach and chock full of valuable data, key insights, and creative solutions.”

**James Firman, EdD,  
President and CEO, National Council on Aging**

“Ken Dychtwald and Robert Morison have crafted a masterpiece that offers insights into the trends driving a new way of life, and provides the guidance needed to embrace it. This book is not optional if you want to live better longer.”

**Colin Milner,  
Founder and CEO, International Council on Active Aging**

“Entrepreneurs, investors, corporate strategists and non-profit leaders will find an encyclopedia of market insights and opportunities in this book. More than anyone alive, Ken Dychtwald knows the global market trends impacted by the age wave. He and Robert Morison have gathered the essential facts and best ideas in housing, finance, health care, grandparenting, caregiving, passion, play, and volunteering. You will definitely enjoy this must-read.”

**Mary Furlong, EdD,  
Founder and CEO, SeniorNet, ThirdAge Media,  
and Mary Furlong Associates**



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LIFE'S THIRD AGE

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*From Ken:  
To Alan Dychtwald, my brother and best buddy*

*From Robert:  
To my father, Robert Morison, a most experienced retiree*



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# Introduction

THE AGING OF THE MASSIVE Baby Boom generation is creating an unprecedented wave of retirees worldwide, and increasing longevity means that they will spend more years in retirement than we've ever seen. These older men and women are a rapidly increasing portion of the global population, and in terms of wealth and spending, they already have disproportionate economic clout. Yet many businesses and other organizations that can and should be meeting the needs of retirees continue to ignore, misread, even alienate them. These organizations mistakenly view retirement as a time of loss and decline when, for most, it's really about new freedom and purpose. It's the emerging Third Age of Life.

Let us introduce ourselves. Ken has been involved in the study of aging, health, and longevity since 1974, when he co-founded the country's first preventative health research project, the SAGE Project, and then set up similar initiatives around the world. In the early 1980s, while advising the Office of Technology Assessment – the think tank of the U.S. Congress – he became captivated by the extraordinary ways that increasing longevity, declining fertility, and the aging of the Boomer generation were creating an “age wave.” He founded his company of the same name in 1986 and has advised more than half of the Fortune 500 while giving presentations to more than two million people worldwide. He is the author

of 16 previous books, including his seminal book, *Age Wave*, which was published in 1989. Ken has been a leading expert, innovator, entrepreneur, and activist in the aging field for four decades. Some of his work alongside other pioneers in the field is recounted in this book.

Robert is a business researcher, writer, speaker, consultant, and authority on the intersections of business, technology, and people management. He has spent much of his career as a leader of research and executive programs in influential management consulting firms, working with hundreds of major organizations across industries. His breakthrough work has ranged from business reengineering to technology and workforce management to business analytics.

We began working together in 2000 with the project “Demography Is De\$tiny” that provided the sparks for our *Harvard Business Review* article “It’s Time to Retire Retirement,” which earned a McKinsey Award, and then our book *Workforce Crisis*. Our collaboration has continued in a series of studies about life in retirement, and we have worked with every industry covered in this book. We are both Boomers, born in 1950, so we have lived as well as studied the topics and trends we describe – and sometimes led the way.

*Age Wave*’s quarter-century-long research into the changing lifescape of retirement in the United States and around the world has formed a comprehensive and holistic portrait of the experiences, values, priorities, worries, opportunities, and aspirations of retirees, with special emphasis on the Baby Boomers who are swelling the ranks and market potential of retirees worldwide. We have reviewed thousands of papers, reports, and data sets, conducted hundreds of expert interviews and dozens of focus groups, and administered cutting-edge surveys of more than 100,000 nationally and internationally representative respondents. We have endeavored at every step to understand retirement in its personal, social, economic, and cultural contexts.

This book is addressed to everyone seeking a more complete and holistic understanding of today’s and tomorrow’s retirees in order to anticipate their needs and provide them with informed, innovative, empathetic, and valuable products and services. That includes executives, managers, marketers, and frontline employees in businesses,

nonprofits, and government and community agencies. In addition, because so many retirees and pre-retirees are curious about their own options for this new chapter in their lives, we hope they find this book to be a helpful and thought-provoking resource.

In Chapter 1 we explore how retirement is transforming at the hands of the Boomers and the myriad opportunities that creates. In Chapter 2 we discuss how ingrained ageism prevents organizations from realizing the opportunity to serve new generations of retirees. Chapter 3 describes the antidote – the imperative to reframe attitudes and practices around aging.

In Chapters 4 to 10, we detail what retirees want in the key facets of their lives: work, leisure, health, family, home, finances, and purpose. In the final chapter, we'll look ahead to how the Third Age we currently call "retirement" will continue to become a larger, more important, and more rewarding segment of people's lives. And a growing opportunity for organizations that master the retiree market.

Throughout this book, we'll share data and analysis on what retirees want, along with commentary from experts and examples of organizations that are finding innovative ways to meet retirees' needs and aspirations. Many chapters end with checklists of actions and opportunities for organizations and entrepreneurs in relevant industry sectors. Much of our survey research is U.S.-based, and some major retirement issues, like pension and health care programs, are specific to the United States. But we also share international data where comparisons are enlightening, and many of our examples are multinational or global enterprises. The challenges and opportunities of serving growing waves of retirees are common in countries around the world.

While the chapters on each facet of life in retirement are of special importance to specific industries, we invite you to read them all for two reasons. First, because they are interconnected. For example, health and location shape opportunities for work and leisure. Work improves financial footing. Family and financial concerns are everywhere. Second, because we've learned time and again that the examples of situations, opportunities, and innovations in one industry often trigger insights and actions in another.

We hear from all the organizations we work with – business, nonprofit, and government alike – urgent demand for more information and better insight into what retirees want and how to serve them respectfully, engagingly, and holistically. We hope this book meets those needs and helps both organizations and retirees to thrive in the new Third Age.

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We completed this book and submitted it to our publisher in mid-January 2020, before the devastating effects of the COVID-19 virus were widely known. We hope that by our publication date of July 2020, the pandemic will have subsided somewhat, and the ways forward will be clearer. When we talk about this book, we expect one of the first questions will be how the virus changes what we have to say. For now, we anticipate a three-part answer.

First, everything about our lives is disrupted in the short-term and perhaps the long-term as well. We've seen volatility in financial markets before. Now we're getting a lesson in the importance and fragility of our health system and supportive social networks.

Second, many of the fundamental challenges and opportunities we discuss are unchanged, while others are amplified. We more clearly see the value and power of purpose, resiliency, and (with a technological assist) connectedness across families, communities, and enterprises. And there's heightened awareness of the need for financial planning on one hand, and societal safety nets on the other.

Third, generational differences are coming to the fore. Older people are at greater health risk from the virus. But if healthy and not alone, they have stronger foundations for coping. Most are retired from work, and many own their homes. They have the safety nets of Social Security and Medicare, and many are using their experience and perspective to help them cope better than younger, less experienced cohorts.

We hope that you and all those you care about remain safe and sound and that this book provides some helpful guidance going forward.

April 24, 2020

# 1

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## **The Age Wave Is Rising**

### **How the Boomers Are Transforming Retirement**

WHAT DOES “RETIREMENT” mean anymore? Literally, the word “retire” means to “leave” or “withdraw” or even “disappear.” In popular connotation, retirement has become the time to end your career, kick back, and relax in a life of leisure. Today, however, retirement is in the midst of an incredible transformation, and tomorrow’s retirement will have a whole new timing, meaning, and purpose.

The new retirement is not a time of gradual decline, nor is it about growing old quietly. Our studies find that increasing numbers of older men and women are not interested in “acting their age” and retreating to the sidelines. They’d rather rebel against ageist stereotypes and be productive and involved – even late-blooming – in their maturity. They see retirement as an opportunity for new dreams, contributions, and personal reinventions with new interests, relationships, and ways of living. Passive leisure is being replaced by adventure travel, “edutainment,” and “voluntourism” as a vital, turned-on generation of retirees seeks new experiences and new ways to learn.

Richard Eisenberg, Managing Editor of *Next Avenue*, talks about those ambitions: “People have different dreams. For some it’s about

starting a business that they've thought about for years. For some it's about learning a new language, or taking up an instrument, or going back to a hobby they had when they were children, or having the time to spend with family or traveling, or volunteering." Mary Furlong, EdD, author of *Turning Silver into Gold: How to Profit in the New Boomer Marketplace* and a leading pioneer on the longevity marketplace, points out how today's retirees are on the move: "They're traveling to visit their grandchildren or their parents or they're having an adventure for themselves. Between their volunteering, part-time work, enjoying their grandchildren and, yes, their doctor's appointments, they're very busy. They want to stay in the game, even as peak performers." During the past decades, there has been a great deal of focus on helping people add years to their lives. Now, it seems, they want to also add life to those years.

## **A Brief History of Retirement**

Up until the twentieth century, most people did not retire. The economy was largely agrarian and family-based, and all generations pitched in. You worked all your life and work served a variety of functions, as a livelihood, a way of feeling worthwhile, and a social activity, where you encountered people of all ages. If somebody was no longer able to perform a physically demanding job, responsibilities changed. Grandpa would stop plowing the fields and instead fix the fences – and pass on his knowledge of field plowing. People had no real concept or expectation of retiring. We call that the first age of retirement, and it had lasted for centuries.

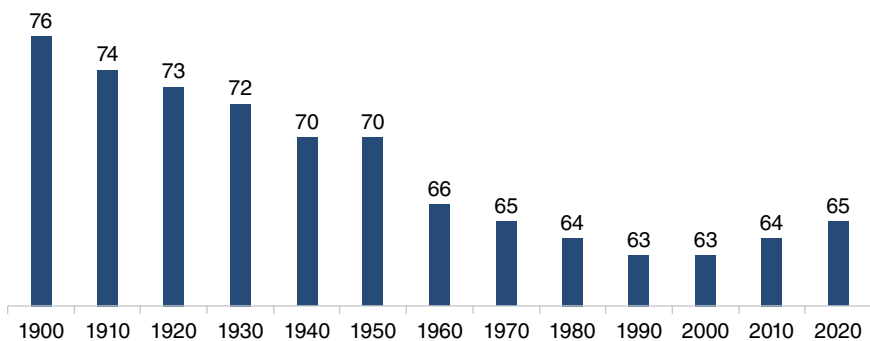
By the early twentieth century, the industrial revolution had migrated much of the labor force from the family farm to the factory assembly lines, and the second era of retirement began. Older workers were let go when they weren't needed or could no longer perform at the pace or intensity of their younger counterparts. Then, in the midst of the Great Depression, Social Security was created, officially institutionalizing retirement for older workers. The program had two main purposes: first, to create a modest safety net for older adults in a period of economic uncertainty, and second, with unemployment levels skyrocketing to 25%, to provide a process whereby older people would leave the workforce to make room

for the young. However, life expectancy in the 1930s was only 62, so most people didn't live long enough to retire. If they did retire, it was for an average of less than five years.<sup>1</sup> Early in the Social Security program, there were 40 workers supporting each retiree, and the average annual payout was \$220, so it was not much of a strain on the economy.

Through subsequent decades, people began retiring earlier and earlier (Figure 1.1). Social Security benefits were increased 77% in 1950, and by the 1960s, company pensions covered half of all workers, up from virtually none in 1900.<sup>2</sup> The average age at which people retired plummeted from 70 in 1950 to 66 in 1960 to 63 in 1990. In this third era of retirement, people were living longer and, for increasing numbers, retirement was lasting for decades. Retirement communities and cruise lines began to promote retirement as the “golden years” of life. Many people came to think of a financially secure retirement as an entitlement, a reward for a life of hard work. But it also came to be viewed as a badge of success, and the younger you retired, the more successful you were perceived to be.

We are entering what we'll call the fourth era of retirement, driven both by rising longevity and by an unprecedented influx of Boomer retirees. With their numbers also comes unprecedented economic clout. But they have less financial security from pensions and thus more responsibility for funding their own retirements. As a result, more of them will need to – or wish to – work a bit longer

**Figure 1.1** U.S. Average Retirement Age 1900–2020



Source: Age Wave / Merrill Lynch, *Work in Retirement: Myths and Motivations*; Center for Retirement Research at Boston College, 2020

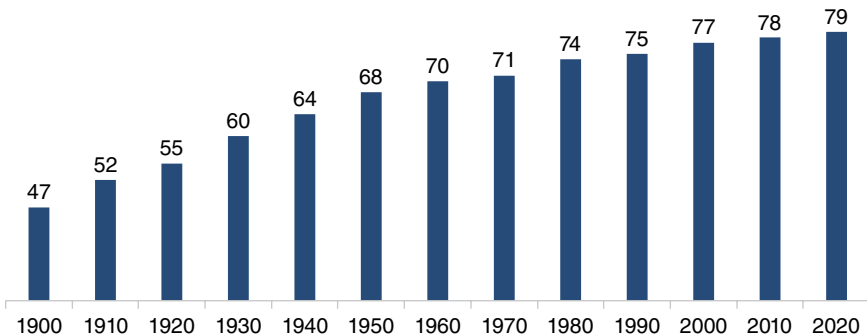
before they retire, and the average retirement age is 65 and rising. They will also have more “time affluence” in retirement and more options on how to spend it. And to further complicate the picture, they are looking at retirement differently. They don’t want to be called “seniors” and they don’t want their parents’ retirement. They want a kind of “ageless aging” and their dream is to stay active, engaged, and purposeful. How this new, fourth era is playing out is the core story of this book.

## How Demographics Are Redefining Retirement

The longevity revolution is the most disruptive trend in human history. Humans have walked the earth for 100,000 years, but our life expectancy has vaulted only in the last 100. As a result, the pace and processes of aging are being entirely redefined. A century ago, life expectancy in the United States was about 55 (Figure 1.2). Today, it is 79, and that’s only good for 33rd place globally, almost 6 years behind Japan (Figure 1.3). With the possibility, and some would say inevitability, of medical breakthroughs in the near future, life expectancy could make another leap. How many decades might retirement last then?

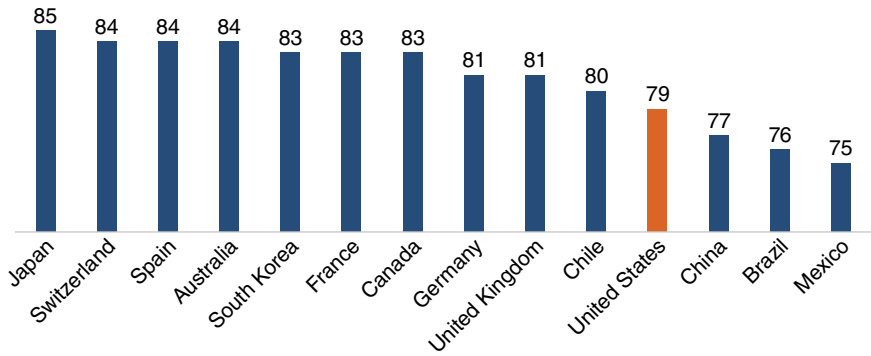
Increasing longevity, however, is just half the story. There was a record-breaking baby boom in many countries after World War II. In the United States, we had 76 million births between 1946 and 1964. That baby boom became a teenager boom in the ’60s and

**Figure 1.2** U.S. Life Expectancy at Birth, 1900–2020



Source: Social Security Administration, 2020



**Figure 1.3** Life Expectancy at Birth, Selected Countries

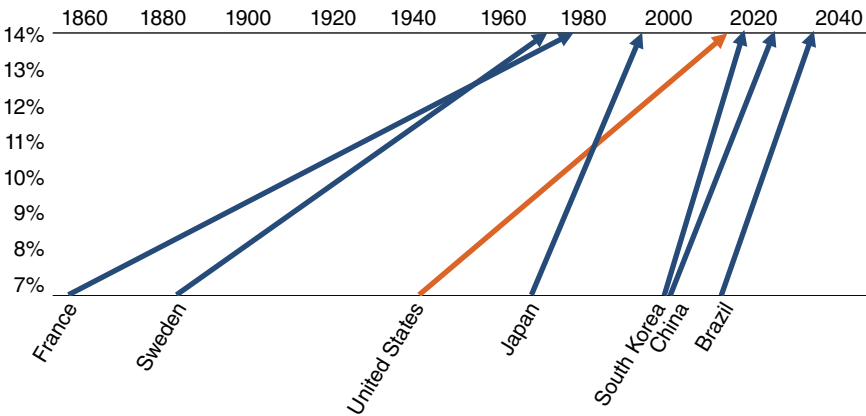
Source: United Nations, 2019 *Revision of World Population Prospects*

'70s, then a labor force boom, and today a retirement boom. Every day, another 10,000 American Boomers retire. In China, 440 million people were born during the period. And while the average life expectancy in China was a mere 35 in 1950, it has vaulted to over 75 today (and rising). China's age wave may be its biggest social, medical, and economic challenge/opportunity in the years ahead.

Longevity plus the aging of the Baby Boom generation drive the dramatic growth in the number of older men and women. There are now more than a billion people age 60+ in the world, and it's estimated that we will cross the 2 billion threshold in 2048. This growth is most dramatic among the older old. In 1900, there were only 122,000 people aged 85+ in the United States. As of 2020, there are nearly 6.7 million (more than the total American population in 1800), representing an increase of 5,500%. That number will more than double to 14.5 million by 2040.

Moreover, the rate of population aging, which varies dramatically across different countries, is accelerating. It took 115 years (from 1865 to 1980) for the age 65+ cohort in France to rise from 7% of the total population to 14% (Figure 1.4). It took 85 years in Sweden and 69 in the United States. But it took only 25 years in Japan and will take 23 in China and 21 in Brazil. The next proportional increase, from 14% to 21%, is happening much faster: 42 years in France, 40 in Sweden, 20 in the United States, 12 in Japan, 11 in China. Japan and Sweden are already over 21%, and South

**Figure 1.4 The Speed of Aging: Time for 65+ Population to Rise From 7% to 14%**



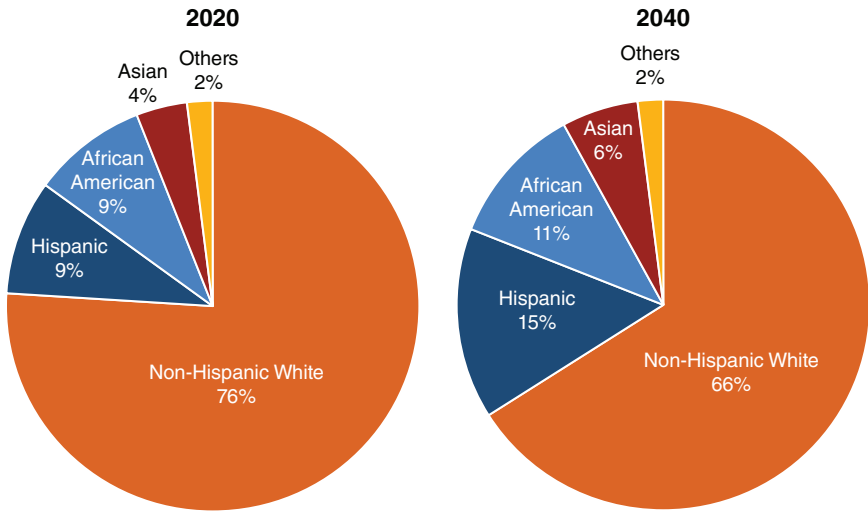
Source: U.S. Census Bureau

Korea is going from 7% all the way to 21% in only 27 years. This population acceleration has major countries and cities scrambling to adjust their facilities and services.

There are already approximately 68 million retirees in the United States, or 21% of the population. The number of retirees is projected to grow to 82 million by 2040. We say “approximately” because the definition of “retiree” is blurry with so many returning to the workforce, or considering themselves partially retired, or retired prematurely by health issues.

With longer life expectancy, women retirees outnumber men, especially at advanced ages. Women comprise 57% of the population over 65 and 67% of those over 85. Meanwhile, the ethnic distribution of older Americans continues to change. Non-Hispanic whites make up 76% of the age 65+ population today, and that will decline to 66% in 2040. The proportion of African Americans (9% to 11%), Hispanics (9% to 16%), and Asians (4% to 7%) will rise significantly (Figure 1.5). Of course, younger cohorts are more diverse yet – 56% of Millennials are white, 44% other ethnicities.

These trends create today’s age and retirement waves. Rising life expectancy changes the age mix, and the aging of the Baby Boom amplifies the effect. All around the world, populations are

**Figure 1.5** Changing Diversity of Age 65+ Americans

Source: U.S. Department of Health and Human Services Administration for Community Living, 2018 Profile of Older Americans and Minority Aging Profiles

rapidly aging. Nothing like this has ever happened before. We have a massive wave of retirees looking at retirements of unprecedented length.

### How the Age Wave Is Transforming the Economy and the Marketplace

This story is about far more than headcount. Behind these population numbers is growing economic power. The 113 million Americans over age 50 turn out to be the most powerful and affluent consumer group in history. Representing 35% of the population, and 46% of adults, Americans over 50 control 76% of the total net worth of U.S. households. They have a combined annual personal income of over \$5.7 trillion and nearly \$80 trillion of wealth.<sup>3</sup> Median net household worth is approximately three times that of those under age 50. Ninety percent of all billionaires are over age 50.<sup>4</sup>

These mature households now account for \$7.6 trillion in direct consumer spending, or 56% of the total. For categories including

health care, they account for two-thirds of spending. They are responsible for purchasing or consuming:<sup>5</sup>

- 82% of home health care
- 78% of owned vacation homes
- 75% of contributions to charities
- 75% of prescription drug consumption
- 75% of landscaping services
- 74% of accounting fees
- 71% of over-the-counter drugs
- 70% of dental services
- 66% of ship fares
- 66% of magazine subscriptions
- 65% of out-of-pocket health care expenditures
- 57% of lodging
- 55% of major appliances
- 54% of airline fares
- 53% of jewelry
- 53% of groceries
- 52% of women's apparel
- 52% of personal care products and services
- 51% of new cars and trucks
- 50% of health club memberships

They also aid society and the economy in other ways. As a recent AARP study reports, the societal benefits of the 50+ population's unpaid activities – including caregiving, volunteering, donating to charities, and raising grandchildren – were worth \$745 billion in 2018. And they pay 59% of all federal income taxes.<sup>6</sup>

Americans 65 and older, the majority already retired, account for 17% of the total population and 38% of net wealth.<sup>7</sup> In countries with comparable statistics available, the proportions are similar. In Canada, 18% are age 65+ and they have 31% of the wealth. In the U.K. it's 19% with 35% of the wealth, in Australia, 16% with 33%. In Japan, which is aging "earlier" than other developed economies, 28% of the population is over 65 and people in their 60s have the highest savings, double that of people in their 40s.<sup>8</sup>

Looking at assets and spending power generationally, Boomers are the wealthiest cohort ever. They have median household net worth of \$206,700 and an average of \$1,210,100.<sup>9</sup> They control 54% of total wealth, and they make up more than 56% of the 12 million households with over \$1 million in assets (not counting primary residences).<sup>10</sup> However, the wide difference between median and average net worth reveals the uneven distribution of wealth among the Boomers. Half have worth of around \$200,000 or less. As we'll detail in Chapter 9, that leaves many financially unprepared for retirement. Others have significant wealth, often with an owned home the major asset. And there are some with extraordinary wealth, which brings the average way up – and can distort the picture of the generation's wealth. Nonetheless, as we'll see throughout this book, financial resources enable, but do not determine, enjoyment of life in retirement.

## **How the Boomers Are Redefining Retirement**

The Boomers have famously – or infamously – reshaped every stage of life they've inhabited. Their early years caused a market boom in baby products. Their teenage years gave rise to the hippie movement. They activated sexual and gender revolutions. They reshaped the workforce with unprecedented numbers of women. As parents, they embraced a more involved approach to childrearing. When they were young, there were three television channels; now there are hundreds. For ice cream, they had to choose between vanilla, chocolate, strawberry, or Neapolitan. Baskin-Robbins' 31 flavors was a breakthrough. Today there are hundreds of flavors and ice cream shops customize their own. As teenagers, they were drawn to the idea of "fast food" and so Ray Kroc licensed the McDonald brothers' brand, and now there are nearly 38,000 McDonald's restaurants worldwide. Now this demographically potent generation has begun to reimagine and reinvent retirement.

Interested from the start in discovering themselves and finding purpose, they grew up with major causes – civil rights, women's rights, gay rights, opposition to war – and defining events – the assassinations of two Kennedys and Dr. Martin Luther King, the rebellious freedom of Woodstock, and the wonder of the moon landing.

At the same time, the Boomers were glamorized and indulged. The story of youth's excitement was baked into them. And now they really don't want to become "old" people, certainly not by conventional definition.

In many ways, the Boomers are also the first generation to have had the benefit of retirement review and observation, watching their grandparents and then their parents be the first cohorts to have somewhat lengthy retirements, spent in a relatively quiet fashion. In contrast, they want their retirement to be more interesting, active, passion-filled, and exciting. They imagine, and indeed have, more choices in lifestyle, location, leisure, and other realms.

Because the Boomers are so different from older retirees, there's a gradual replacement going on, from one style of older person to another. The generation just in front of the Boomers grew up in the shadow of the Depression and lived through a world war. They were – and remain – far more conservative, frugal, and straight arrow-ish than subsequent generations. The Boomers came along at another time in history and had the privilege of benefiting from the postwar period of peace, prosperity, and the ensuing expansion of the middle class. Compared to previous generations of older adults, they are better educated, more high-spirited, more willing to experiment, more willing to change things. They are also more spoiled, pampered, and unaccustomed to delayed gratification. Throughout their lives, Boomers have had an ambitious appetite for breaking rules of all sorts and experimenting with a diverse range of lifestyles. We are convinced that these proclivities will be central to their retirements.

It's also critical to note that Boomer women are more educated, skilled, ambitious, and confident than any previous generation of women. They were the first generation to step out of the homemaker pattern, where the husband worked and eventually retired, and the wife managed the home and family. Instead, they pursued higher education and careers and were also willing to leave unsatisfying marriages. In retirement, they are not just tagging along with their spouses. As Dr. Rita Smith writes in *Empty Nest, Empty Desk, What's Next?*, "We Boomer professional women are the first and largest generation of women to define themselves by our work. A retirement model is needed that provides continuity and outlets