

# Exploration of Retirement Planning Attitudes and Behavior

Presented by Plan-it Marketing

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# Objective and Methodology

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- ▶ **Objective:** To explore consumers' attitudes and behavior toward retirement planning, including knowledge gaps, sources of information, and unmet needs.
  
- ▶ **Methodology:** Seventy (70) individual, in-depth interviews across 3 markets (Hartford, Cincinnati, Phoenix) broken out as follows:
  - Approximately 2/3 among Pre-Retirees
    - Ages 50-59
    - Not yet retired, expect to retire 3+ years from now
  - Approximately 1/3 among Retirees
    - Ages 60-65, approximately
    - Retired in the last 3 years, approximately
  - Participants were screened to:
    - Be the primary decision-maker or share equally in financial decisions, including retirement planning decisions for their household
    - Own their home
    - Have \$25,000-\$250,000 in assets, excluding value of home
    - Pre-retirees did not have a pension

# Implications

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- 1 Retirement is a life stage that is bigger than “financial planning;” expand definition to reflect and acknowledge both financial and non-financial goals.

  - ▶ Key goals: travel, leisure vs. “financial” goals
  - ▶ Must maintain standard of living to get there
- 2 The road to retirement is not linear.

  - ▶ Consumers not seeking/receiving appropriate information but absolutely need it, particularly in preparing for curve balls.
- 3 Deep emotions and attitudes need to be addressed to be relevant.
- 4 Fear of believing in Social Security drives disregard for its importance.
- 5 Given passiveness in seeking help, an active “push” strategy for delivering information to consumers would be most effective.



## Retirement Is a Life Stage that Is Bigger Than “Financial Planning;” Expand Definition to Reflect and Acknowledge Both Financial and Non-Financial Goals

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- ▶ Key goals: travel, leisure vs. “financial” goals
- ▶ Must maintain standard of living to get there

# “Financial Planning” Is a Disconnect with the Retirement Reality

- ▶ People view retirement broadly, making it overwhelming to plan for and leaving many in denial.
  - Denial drives lack of preparation and “American Optimism” kicks in (“we’ll get by”).
  - Stated retirement goals are more personal and simple, not financial milestones; although the end result = maintaining standard of living.
  - In consumers’ minds, “financial planning” is already owned by banks/investment providers.

## How They View Retirement



## The Reality



RETIREMENT GOALS  
 PLANNING AND GUIDANCE  
 COST/STANDARD OF LIVING

Retirement means freedom to do everything I never had time to do when I was working.

- ▶ Retirement goals are fairly simple – more time with family (grandchildren), relaxing/no early mornings, pursuing hobbies.
- ▶ Most extravagant dream was of travelling

Feel “unworthy” of financial planning.

- ▶ I don’t have an income/asset level that merits planning or consulting a Financial Advisor.
- ▶ Financial Advisors are just trying to sell me products; I’m better off on my own.

Denial over the cost of living in retirement.

- ▶ Assumption that cost of living only decreases. I will buy or do less, as needed.
- ▶ My parents could live well/easily in retirement; so can I.

- ▶ Even relatively simple dreams, (e.g., international travel, cruises, cross-country in an RV, and pursuing some hobbies) can be expensive on fixed income, and retirees are ill-prepared to achieve these dreams.

Pre-retirees have no idea how much they need or what steps to take to work toward that amount.

- ▶ As retirees, no formal plans or milestones in place lead to insufficient funds and limited advance knowledge of true retirement expenses.

Retirement costs uncertain – may decrease (if home/expenses paid off) or increase (increased healthcare, taxes, energy, travel).

- ▶ Some already cutting back on standard of living pre-retirement, or plan to downsize.
- ▶ Healthcare a big unknown; many surprised by/unprepared for cost (unexpected illness, costs rise dramatically once retired).



## 2 The Road to Retirement Is Not Linear

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Consumers not seeking/receiving appropriate information but absolutely need it, particularly in preparing for curve balls.

# Retirement Saving Is Not a Linear Process

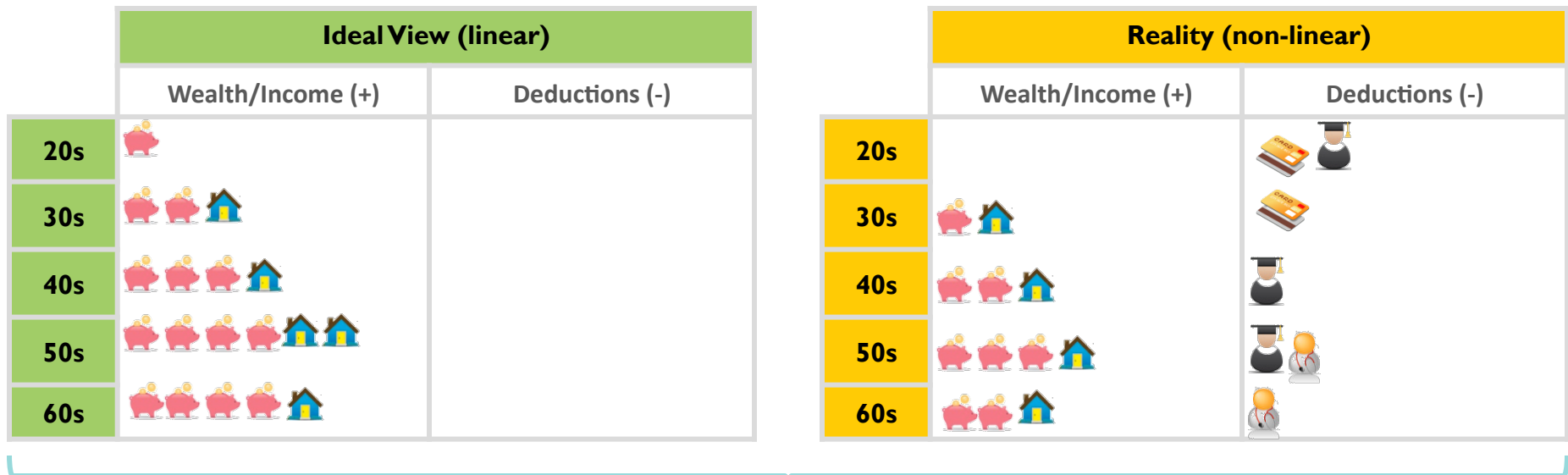
Consumers are under-prepared for retirement, so there is an absolute need for better communication of how to prepare. However, retirement planning discussions must match the way consumers experience the process.

## How Retirement Planning is Discussed by “Experts”/ Financial Services Industry:

- ▶ Typical view (including in materials) frames retirement savings as “linear,” and assumes an “ideal world,” with:
  - Continued regular saving (as a percentage of a regularly increasing income), including responsible saving in early career.
  - Absence of curveballs that wipe out/tap into funds.
  - Retirement planning as main savings priority (without acknowledging other significant expenses, e.g. college).

## How Retirement Planning is Actually Experienced by Most Consumers:

- ▶ Reality is very different from “ideal;” marked by:
  - Long periods of saving nothing/not enough and shorter periods of focused saving.
  - Life expenses (mortgages, college) cost more than anticipated.
  - Life events force them to “start all over again” (e.g., divorce, illness, parents’ needs, etc.).



Materials with ideal viewpoint lack relevance and fail to address unique personal needs or correct path, post curve ball. They treat curve balls as the exception, when, in reality, for most they are the rule.



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Deep Emotions and Attitudes Need  
to Be Addressed to Be Relevant

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# Procrastination and Planning Paralysis

- ▶ Consumers immobilized in retirement planning efforts by a combination of practical and emotional factors.
- ▶ Universal regret: Looking back...consumers wish they started saving for retirement earlier.

## PRACTICAL CONSIDERATIONS

- ▶ **Retirement Savings Are the Final Frontier**

Retirement is chronologically the last major expense of life; all other financial needs come before it.

- People tap into retirement savings (or don't add funds to retirement accounts) early to pay for homes, college tuitions, care for parents, cover health costs, and other major purchases/events.

- ▶ **No Required Retirement Age**

Since people are not *required* to retire at a particular age, they count on "working longer" as their sole fallback plan.

- ▶ **Seemingly Unanswerable Questions/Insurmountable Goals**

- Everyone has the same questions about retirement planning: How much do I need? Do I have enough?
- Uncertain of answer or how to figure out "the number," or the amount feels unachievable, so they become paralyzed and instead save "what they can."



## EMOTIONAL CONSIDERATIONS

- ▶ **Not Emotionally Prepared to Retire**

Not everyone wants/looks forward to retirement.

- Worries about boredom, feeling useless, or not being self-sufficient.
- Many would rather "keep working until they drop," and not think about or plan for retirement.

- ▶ **Difficulty Grappling with Mortality/Aging**

Many surprised how quickly years, even decades, went by. Time gets away from them.



# Anger/Hopelessness Also Promote Paralysis

- ▶ Consumers express more anger than worry. Sources of frustration and anger relate to the current government, the economy, and life events.

## Broken Promises/The Government

There's a strong sense among some people that they "did the right thing," and yet they observe those who did not do the right thing, benefitting more (e.g., entitlements), which infuriates them.



- ▶ They are angry, feel lied to by their government who they don't trust to make choices in their best interest.
  - "I don't trust the government, with all the waste in government. It's just ridiculous." (Phoenix, Pre-Retiree)
- ▶ They also lack trust in financial institutions they trusted (e.g., "the bank told me if I put \$2,000 a year into this account, I'd get \$1,000,000," or "I pay my mortgage every month, but my neighbor stops paying and gets all kinds of help").

## Derailed By Life Events

Some people felt they were "on track" to retire with enough money/on time, but then disaster (e.g., sick parent, health issue) or a major life event (e.g., divorce/starting over) derailed their plans.



## Real Estate

With the poor economy/job losses/lower salaries, many forced to refinance their home (so they're not on target to pay off their mortgage before retirement), or they've watched their home's value nosedive, decreasing potential payoff if they choose to downsize.



## Tax Increases

Concern over tax increases adds "insult to injury" for many who feel financially spread too thin by all the other factors.



## Healthcare

Many are grappling with increased healthcare costs and decreased coverage. This, added to increased medical problems with aging, makes healthcare a major component of their budget and a significant source of frustration/anger.



## Layoffs/Early Forced Retirement

With the economic downturn, some chose an earlier-than-planned retirement or were laid off. These people feel especially angry about being forced out of the workforce early, reducing their potential savings.



## Instability of Social Security

Despite plans to rely on Social Security in retirement, many don't expect the funds to be there for them when they need it, or in the amount they need. People feel strong resentment for "50 years of work thrown away," and as if the government stole money that was owed to them.



**Hopelessness:** While some of these feelings may diminish somewhat over time (e.g., as the economy improves), the impact of Social Security uncertainty, market losses, and high health costs are expected to potentially be the new future and to impact consumers' retirement planning long term. Given the sum of these factors, private sector consumers feel as if there's no safe and secure place to preserve their retirement money, let alone, make it grow.



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## Fear of Believing in Social Security Drives Disregard for Its Importance

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# Contradictions of Social Security

- ▶ Consumers' perception of Social Security is rife with contradictions; they doubt its existence, yet they depend on it for a large part of their income; they depend on it, yet it's an afterthought about which they have not educated themselves properly.

## The Importance of Social Security



## Doubt in/Downplaying Social Security



CRITICAL ≠  
AFTERTHOUGHT

Most planned on Social Security making up a large (30-50% on average) part of their retirement income.

- ▶ For most in private sector, 401(k)s, IRAs, small pensions (some), small savings accounts (and inheritances and/or rental incomes) make up the remainder.

Many people do not mention SS without prompting when asked what will make up their retirement income.

- ▶ Social security seems to be an afterthought, or it's something they don't want to admit to relying on.

IMPORTANT ≠  
NO DETAILS

People are interested in the "mechanics" of claiming (e.g., the best time to start collecting, spousal benefits).

For such an important component of their income, they do not have a high-level of knowledge about the ins and outs of the system

DOUBT ≠  
DEPENDENCE

Many express frustration and anger over the possibility of Social Security funds not being there, thinking of it as money that is "owed" to them or "their money."

- ▶ Feelings mostly directed at the government generally, rather than at the Social Security Administration, specifically.
- ▶ The second year without a cost of living increase in Social Security just added to skepticism for some.

- ▶ Most claim the funds will not be there but don't have a real back-up plan in place.
- ▶ Despite their doubt, they are still concerned about claiming mechanics, demonstrating that they *are* counting on it.
- ▶ They read statements like "SS will be there if 55 now" and it provided some peace of mind, but they still don't believe funds will be there for them.



Clear need/dependency on Social Security with lack of knowledge on what's best (e.g., when to start claiming, etc.)



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Given Passiveness in Seeking Help, an Active “Push” Strategy for Delivering Information to Consumers Would Be Most Effective

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# Distribution of Materials

- ▶ Consumption of retirement planning information is passive, so much so that consumers don't even know where to look.
- ▶ The Social Security Statement and, secondarily, employers (e.g., paychecks) are most likely sources to give materials a "required reading" feel.

## How to distribute the materials

BEST



- + **Social Security Statement:** Everyone reads it.
  - ▶ Some concern over financially troubled SSA paying for production/mailing of large booklets.
  - ▶ Smaller brochure may be disregarded as its size and feel suggest lack of relevance ("stuffer").



- + **With a Paycheck**  
Distributing retirement planning information with paychecks via employers makes sense, especially to tap younger employees earlier (who pay less attention to Social Security statements).



- ± **TV, Radio, Magazines**  
+ Some thought TV and radio ads would send them online to take action.

- **Online**  
While a majority feel Internet-savvy, the Internet alone is not an ideal primary distribution method. Their pursuit of this kind of information is so passive that they might not stumble across it with simple Google searches.

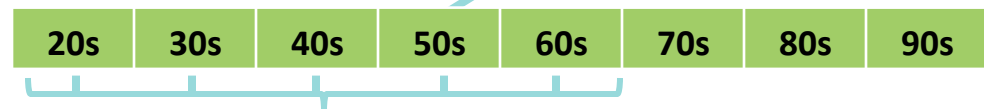


WORST

## WHEN TO RECEIVE MATERIALS

**"As soon as possible:"** Attitude of wishing they had saved/planned earlier drives desire to begin communicating much earlier (many think of young adult children falling into same trap)

**50(ish):** Most agree that this is an ideal mid-point between "too early" and "too late".



**Repeatedly,** people respond positively to the idea of regular exposure to the materials. To ensure materials are noticed, it would be important to customize the content, at least in title, to the stage of life.



# Recommendations

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Strategy and Tactics, Materials

# Recommendations

## STRATEGY

## TACTICS

- |   |  |
|---|--|
| <p><b>1</b></p> <ul style="list-style-type: none"><li>▶ Broad strategic focus to include both financial and non-financial goals of retirement living.</li><li>▶ Acknowledge and refer to larger retirement goals in communication (beyond financial goals to emotional-family time, travel, freedom).</li></ul>   | <p>Tools and materials that support <u>broad</u> strategy: e.g., figuring out fixed expense needs, how to save for a trip/ensure you can travel in retirement, planning for healthcare costs, opportunities for part-time work.</p>  |
| <p><b>2</b></p> <ul style="list-style-type: none"><li>▶ Strategically, materials should feel customized to address curve balls, with the aim of minimizing feelings of hopelessness around “starting over” or it being “too late” to correct one’s path.<ul style="list-style-type: none"><li>○ Acknowledging curve balls/challenges will convey an understanding of consumers’ needs, increase relevance of the materials.</li></ul></li></ul> | <ul style="list-style-type: none"><li>▶ Remove “in an ideal world” recommendations/statements from materials.</li><li>▶ Provide tools/solutions to manage curveballs: e.g., getting back on track post-divorce, saving for retirement <i>and</i> managing parents’ unexpected healthcare costs.<ul style="list-style-type: none"><li>○ In addition to more basic demographics (age, gender, income), include materials or tools that allow users to customize as needed (e.g., rental income, part-time jobs, inheritance, etc.)</li></ul></li></ul> |
| <p><b>3</b></p> <ul style="list-style-type: none"><li>▶ Realism must be the foundation of a strategic focus.</li><li>▶ Accept that people do procrastinate, are paralyzed, and that <u>baby steps</u> are the only solution to paralysis.</li></ul>   | <ul style="list-style-type: none"><li>▶ Empower consumers with baby steps they can take to secure their financial future: e.g., how to take one trip a year within a fixed income.</li></ul>   |
| <p><b>4</b></p> <p>Provide honest explanations of what’s happening with Social Security, and what the proposed changes are to help consumers better plan for a more realistic Social Security benefit.</p>  | <p>Clearly explain <u>all</u> the proposed changes to the system in laymen’s terms, and provide tools for consumers to predict their Social Security benefit in a variety of scenarios.</p>  |
| <p><b>5</b></p> <ul style="list-style-type: none"><li>▶ SSA should be a primary source of materials.<ul style="list-style-type: none"><li>○ Ensure consistent branding across all materials.</li></ul></li></ul>  | <ul style="list-style-type: none"><li>▶ Clearly brand SSA as the sponsor.<ul style="list-style-type: none"><li>○ Brand materials under one program name tied to concept of security: e.g., Secure Retirement Program.</li></ul></li></ul>  |



# Recommendations (cont'd)

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## STRATEGY

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Given consumer passiveness, utilize a push strategy, with the best distribution option being the Social Security statement.

- ▶ Secondly, consider distribution with a paycheck (through an employer) for the pre-retirees.

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- ▶ Develop a strategy of building a website and materials to attract all ages/life stages.
- ▶ Consider targeting consumers via messaging based on life-events/challenges.

## TACTICS

- ▶ Include printed materials in 5 year increments with statement for everyone, starting at 50+.
- ▶ Consider developing a piece that retains a high-quality feel, is small for easy mailing, but more substantial than a brochure which is a throwaway for some.
- ▶ Consider more customization of SSA statement to further draw readers into the statement and accompanying materials.
- ▶ Develop awareness and engagement programs:
  - As an augment to the SSA statement, consider development of an awareness advertising program to build knowledge of this retirement planning resource and provide an alternative avenue for driving consumers to take action (e.g., visit the website, call the 1-800 number).
  - This effort should utilize highly credible content as a means of educating and motivating consumers to take action and visit the site. Based on the target's media usage, these efforts should utilize traditional media (TV, radio) versus digital (online) media.
- ▶ Develop printed materials to send to younger audiences at regular intervals to encourage earlier savings; this content should be customized to be relevant to each age group, with a focus on life events vs. strictly demographic segmentation.
- ▶ Before launching key tools/materials, tap into marketplace/conduct research with key segments and ensure the focus, verbiage, tone, and perspective is appropriate. Explore unique ways to drive audiences to the web site.



# Appendix

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Verbatims

# Verbatims:

## “Financial Planning” Strategy Is a Disconnect with the Retirement Reality

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### RETIREMENT GOALS

- ▶ Being Healthy/Active
  - *“Enjoy it and not be sick and bed-ridden and confined to my home, so I try to stay healthy so I can enjoy it.” (Cincinnati, Pre-Retiree)*
  - *“I don’t really have any goals. Stay in the same lifestyle I am, be able to spend more leisure time. I mean, the biggest thing is to retire and still be able to enjoy it, not be sick, or too old to be able to enjoy it.” (Cincinnati, Retiree)*
- ▶ Part-time work/“staying “busy”/active
  - *“I will work, volunteer, or do less hours doing something I didn’t have time to do when I was earning an income. I have a very youthful outlook on life. If I just retired and sat at home, I’d be absolutely bored. I’m not one of those people who can’t wait to retire. I have to find something to do that’s personally satisfying. Doing something you find personally rewarding is important.” (Boston, Pre-Retiree)*
  - *“I am into crafts and things. I could work part time at Joanne Fabrics.” (Cincinnati, Pre-Retiree)*
  - *“[We’re] talking about opening up a bed and breakfast at some point, and that’s what we would do at our retirement age. That’s something you could do even if you’re 70, somewhere warm. This would be better than not working at all, and wouldn’t be that hard work.” (Hartford, Pre-Retiree)*
  - *“I need to keep working to occupy myself and keep my mind working. Money comes in handy, too.” (Cincinnati, Pre-Retiree)*
- ▶ Freedom
  - *“Ability to do what I want instead of living on the world’s schedule.” (Hartford, Pre-Retiree)*
  - *“You know what retirement is? It’s freedom. No alarms.” (Phoenix, Retiree)*
  - *“I want to go on a long cruise at least 10 weeks...relaxing, sitting and having coffee, and not even worrying about the clock. Things you weren’t able to do as a single parent, my retirement is gonna be my time.”(Phoenix, Pre-Retiree)*
- ▶ Travel and time with family
  - *“Son is at Georgia Tech, and my daughter is in DC, so we’re looking down south. We might like to live in a few different cities for a year at a time. Maybe DC, Boston, Paris, live there for some part of the year.” (Hartford, Pre-Retiree)*
  - *“What I really want to do is get an RV and travel.” (Phoenix, Pre-Retiree)*
  - *“I see it as time to spend with my grandkids. Plus, I’d love to travel a bit more.” (Cincinnati, Pre-Retiree)*

# Verbatims:

## “Financial Planning” Strategy Is a Disconnect with the Retirement Reality (cont’d)

I

### PLANNING AND GUIDANCE

- ▶ Reasons not to use Financial Advisors/Planners
  - *“If I was making gazillions, I’d call one of them and say, ‘what do I do?’ But the money I was making, I’m lucky if I can make ends meet. Didn’t seem worth it to get a planner.” (Hartford, Retiree)*
  - *“I’ve never had money to really invest. If I was making \$30K a year, my expenses were \$30K a year.” (Hartford, Retiree)*
  - *“I might go to an Advisor if I had more money.” (Phoenix, Pre-Retiree)*
  - *“I looked into Advisors, and everybody is into sales; they want to sell you products. They don’t have my interest in mind.” (Cincinnati, Pre-Retiree)*
  - *“Negative from the point of view that they have such a keen interest in selling you different options.” (Hartford, Pre-Retiree)*
  - *“There’s just something about them that I just didn’t like. Maybe it’s just that they’re taking 4-5% off the top. That was partly it. One of the things they were gonna do is completely dissolve the portfolio and start over, and the reason they do that is so they can buy this and that, and they make a lot of money when they do that. I wasn’t willing to give up that money.” (Hartford, Retiree)*
  - *“They throw those numbers at you when you’re making no money, and they tell you that you need \$1.92 million, and you think ‘this just isn’t happening.’” (Hartford, Pre-Retiree)*
- ▶ Informality of plans
  - *“I would consider it [the plan] at best, a sketchy outline. I wouldn’t consider it a true plan.” (Phoenix, Pre-Retiree)*
  - *“It’s like one of these haphazard kinds of things. I don’t have a real focused plan.” (Boston, Pre-Retiree)*
  - *“I haven’t really sat down and structured out a plan. It’s in my mind, not an actual plan. I kind of have in my mind, an eyeball of what I’m going to need to have.” (Cincinnati, Pre-Retiree)*
  - *“My plan is to just save as much as possible.” (Phoenix, Retiree)*
  - *“Just trying to put away whatever we can, and, uh...pray.” (Phoenix, Pre-Retiree)*
  - *“It will work itself out.” (Boston, Pre-Retiree)*
- ▶ Don’t know/have a specific financial goal
  - *“I don’t even know what enough is.” (Boston, Pre-Retiree)*
  - *“I haven’t really quantified it [financial goal/number] as far as a hard value.” (Boston, Pre-Retiree)*
  - *“It is hard because I don’t know what’s gonna happen in 10-15 years. I don’t have a crystal ball to know that.” (Hartford, Pre-Retiree)*

# Verbatims:

## “Financial Planning” Strategy Is a Disconnect with the Retirement Reality (cont’d)

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### COST OF LIVING/STANDARD OF LIVING/LIFESTYLE

- ▶ Maintain lifestyle/expenses
  - *“To be healthy, and be able to live the same lifestyle that I have now, which is not glamorous, but it’s comfortable.” (Hartford, Pre-Retiree)*
  - *“Since I have no bills other than my mortgage, I really don’t have any real needs. With what I think I’ll have, I’ll be good for the basics, without making any major cuts.” (Cincinnati, Pre-Retiree)*
  - *“My goals for retirement would be to not have to worry about money. We don’t need to be wealthy. We just need to put a roof over our head and be able to pay our bills. What I want is for my standard of living to not change.” (Phoenix, Pre-Retiree)*
- ▶ Downsize/reduce lifestyle
  - *“I think I’m gonna need less money because right now, I have my daughter, and I’m paying her mother [child support]. If it was just me, I could live on a very minimal amount. I don’t need to be extravagant as far as my living expenses go.” (Phoenix, Pre-Retiree)*
  - *“I can always sell my house and move into something smaller.” (Boston, Pre-Retiree)*
  - *“In 10-15 years, I’ll be ready to retire. I will cut expenses 45-50% and have home paid off.” (Cincinnati, Pre-Retiree)*
  - *“There’s a feeling that we can live for less than we’re living now, then it seems like we’re OK. Even if we can live on the same as what we’re living on now, then it would make selling the house, plus what we get from Social Security, OK.” (Phoenix, Pre-Retiree)*
- ▶ Reality of retirement costs/standard of living
  - *“Ran through tons of money the first year of retirement. I realized I couldn’t keep it up.” (Phoenix, Retiree)*
  - *“One of the women my wife works with a lot, who is retired, is still thinking she is gonna be able to travel and go on cruises and things like that, and she hasn’t worked in ten years. She can’t walk. It’s totally unreasonable.” (Phoenix, Retiree)*
  - *“I had no idea that the dollar amount I thought would be adequate would be so little. After about a year of blazing through it, I’m pre-paying everything a year in advance now.” (Phoenix, Retiree)*
  - *“When I do the little calculations, I’m always like, ‘oh my god, I’m gonna be poor.’” (Boston, Pre-Retiree)*
  - *“Just because I retire, my bills aren’t going to go away.” (Boston, Pre-Retiree)*
- ▶ Preparing for lifestyle change
  - *“I think I’ll need less money. I started a process about 6 years ago of simplifying my life, and I’ve found that I don’t need all the things I thought I needed before. I’m very capable of living a streamlined life.” (Phoenix, Pre-Retiree)*
  - *“I’ve been holding onto my money a lot tighter.” (Boston, Retiree)*
  - *“I live in a condo., and I love condo. life. I stepped down from a home into that, and I’m happy with where I’m at right now.” (Cincinnati, Pre-Retiree)*

# Verbatims:

## Retirement Saving Is Not a Linear Process

2

### NOT ENOUGH SAVING/NOT EARLY ENOUGH SAVING

- ▶ *"We don't like to think about it [retirement] until you get close, maybe 5 years in, and then you really think long and hard about it, and then it's too late, and it's harder to save, and then they find out that saving is important." (Hartford, Pre-Retiree)*
- ▶ *"I wish I had made a yearly plan, so by the end of the year, I'd plan to have this much in savings, something I couldn't touch, something closed." (Phoenix, Pre-Retiree)*
- ▶ *"When I first started out working, there wasn't a lot of emphasis within companies about worrying about retirement, so I don't feel like I was ever very well-informed. I didn't know what kind of options were out there." (Cincinnati, Pre-Retiree)*
- ▶ *"I was always told to regularly put something aside, and we didn't always do that. Looking back on it, I wish we had. Even if we had done \$10 a payday, it would be a phenomenal number right now. Times gets away from you." (Cincinnati, Pre-Retiree)*

### OTHER EXPENSES

- ▶ *"I planned to retire when I knew when my house would be paid off, and after a certain date I wouldn't make any other major purchases." (Cincinnati, Retiree)*
- ▶ *"My friends don't have their mortgage paid off; they've re-mortgaged and remortgaged. They didn't think, when they got a mortgage at 50, that they should pay it off in 15 years. They're really living day to day." (Hartford, Pre-Retiree)*
- ▶ *"The first thing we're doing is coming to grips with the fact that we're near that age. We've been busy raising kids and taking care of elderly parents." (Phoenix, Pre-Retiree)*

### "START OVER" SAVINGS INCIDENTS/TAPPING SAVING EARLY

- ▶ *"My wife has some health issues that will force me to work until she can get on healthcare." (Cincinnati, Pre-Retiree)*
- ▶ *"With the economic downturn, I saw my retirement savings plummet and it was less than half of what it was. I feel like I've been burned. Can I retire? I don't know." (Phoenix, Pre-Retiree)*
- ▶ *"I'm definitely not on the right road." (Hartford, Pre-Retiree)*
- ▶ *"When I got divorced 20 years ago, I had a lot saved up, but all that went away with the divorce, so I've had to start over." (Cincinnati, Pre-Retiree)*

# Verbatims:

## Procrastination and Planning Paralysis

3

### UNIVERSAL REGRET: START EARLIER/SAVE MORE

- ▶ *“Save more and buy less crap. Be more prudent.” (Phoenix, Pre-Retiree)*
- ▶ *“I should have started earlier, like in my 20s. I tell my kids that now.” (Phoenix, Pre-Retiree)*
- ▶ *“I would have started a lot younger, trying to put more money away into retirement.” (Hartford, Pre-Retiree)*
- ▶ *“I wish I had paid more attention to the compounding effect of money.” (Phoenix, Pre-Retiree)*

### PRACTICAL CONSIDERATIONS

- ▶ Retirement savings are the final frontier
  - *“My son’s 17, and about to go through college, so 4 years for him in college, plus a couple of years, give or take [until he retires].” (Hartford, Pre-Retiree)*
  - *“I have two kids who are going to college soon, and have to maintain a mortgage on a house, so it’s a lot to maintain, which means there’s not a defined plan.” (Phoenix, Pre-Retiree)*
  - *“My kids’ schooling is what’s really on the screen right now.” (Hartford, Pre-Retiree)*
  - *“I want our house to be paid for. The biggest chunk of our expenses is our mortgage. In 5-6 years, the mortgage will be paid off.” (Cincinnati, Pre-Retiree)*
  - *“In the last 4 years, everything went south, my health tapped into the savings, and didn’t really have time to save. It was like a double whammy.” (Cincinnati, Pre-Retiree)*
  - *“Times being what they are, I haven’t had the money to put away that I’d like to put away. We had to use the money to put my daughter in private school, and those sort of things take away from money you would be putting into retirement.” (Hartford, Pre-Retiree)*
  - *“Will I have enough? I’m not underprepared, but I’m not really prepared. I don’t think about it on a daily basis. I’m too busy with life now.” (Cincinnati, Pre-Retiree)*
  - *“My savings became an emergency fund, even though I had an emergency fund, it just wasn’t making it. I wish I had more money, so I would have saved more.” (Cincinnati, Retiree)*
  - *“I’d like to retire as early as possible, [there’s] no target age yet, as soon as the kids are done with college.” (Hartford, Pre-Retiree)*
- ▶ Retirement age
  - *“I don’t have a date in mind, just ten years or more. Seems a little ways off to me.” (Phoenix, Pre-Retiree)*
  - *“[Economy is] Making me wonder if I’ll be able to do it 3-5 years. Maybe I’ll have to hold on for 5-7 years.” (Phoenix, Pre-Retiree)*

# Verbatims:

## Procrastination and Planning Paralysis (cont'd)

3

### PRACTICAL CONSIDERATIONS (CONT'D)

- ▶ Seemingly unanswerable questions/insurmountable goals
  - *"I wish there was some kind of formula to figure out what you need."* (Cincinnati, Pre-Retiree)
  - *"How much do you need to have now to where you can hold off on collecting your Social Security? If I've got money now and I really plan it out, then, by 70 years old, will I have enough to live off savings?"* (Phoenix, Pre-Retiree)
  - *"How much money is enough money?"* (Hartford, Pre-Retiree)
  - *"A lot of people have a sense that they're just not going to be able save enough, so it's hurting their quality of life now, because they don't have anything to look forward to."* (Hartford, Pre-Retiree)
  - *"You don't know how long you're going to live, or how well you're gonna be able to manage that money."* (Hartford, Retiree)

### EMOTIONAL CONSIDERATIONS

- ▶ Not Emotionally Prepared to Retire
  - *"What happens when I retire? I'm gone."* (Boston, Pre-Retiree)
  - *"The general uncertainty of it, possibly what I'm gonna do to fill the day up, and am I gonna have enough money. I've seen my father and other people retire and it's a big adjustment to not be working."* (Hartford, Pre-Retiree)
  - *"[Afraid of] Being a burden on somebody, not on society, but being a burden on family."* (Hartford, Pre-Retiree)
  - *"I hate the term, 'senior,' nobody's gonna be opening doors for me, and I don't expect them to. Heaven forbid that my daughters would have to take care of me. That would be the worst thing."* (Cincinnati, Retiree)
  - *"Sitting around and doing nothing, that's so not me."* (Phoenix, Pre-Retiree)
  - *"My fear is ending up homeless where I have to go live with a kid. That's the first time I've said that out loud."* (Hartford, Pre-Retiree)
  - *"I didn't want to be retired because I don't have that much to do. I'm turning into a couch potato."* (Phoenix, Retiree)
- ▶ "Difficulty Grappling with Mortality/Aging
  - *"We're so busy with everything else that we don't have time to think about ourselves. I woke up and I was 57."*(Phoenix, Pre-Retiree)
  - *"Part of my problem is that I woke up one day and I was 56. I'm not sure where the last 20 years went. I've gotta face what I'm trying not to face. People say, 'embrace it,' but I'm not."* (Boston, Pre-Retiree)
  - *"Having my son have to take care of me, which I don't want. I don't think he would any way. Being alone, and not really, not being healthy, and losing your mind. It's scary."* (Hartford, Retiree)
  - *"I see people in their 40s and 50s and they don't even think that 65 is gonna come like that.."*(Hartford, Pre-Retiree)



# Verbatims:

## Anger/Hopelessness Also Promote Paralysis

3

### BROKEN PROMISES/THE GOVERNMENT

- ▶ Government
  - *"I love my country, but I hate my government."*(Phoenix, Pre-Retiree)
  - *"I don't trust the government, so I've gotta depend on other options. I've gotta work my butt off."* (Phoenix, Pre-Retiree)
  - *"I don't trust the government, with all the waste in government. It's just ridiculous."* (Phoenix, Pre-Retiree)
  - *"Who knows what will happen 10-12 years from now? I don't trust the government. I don't really believe in government funding because today they have money, and then a few years down the road, the money disappears. They went on a spending spree."* (Cincinnati, Pre-Retiree)
  - *"I wish that things weren't gonna change. I was told I'd get a certain amount, and I thought you were locked into rates."* (Boston, Retiree)
- ▶ Financial Institutions
  - *"The problem is, we're not like some of these yahoos that are in foreclosure for not making their payments, and the banks seem to wanna help them...They seem to want to help you if you've been bad with your finances. But someone who has had a job and made payments, no one wants to help you. We have fallen through the cracks. We are being punished because we are good payers."* (Phoenix, Pre-Retiree)
  - *"Affected us probably more mentally because now it's not a given that things will increase x amount. We're not seeing the returns that we thought we would see."* (Hartford, Pre-Retiree)
  - *"You don't know what's gonna happen with the market. Seen so many people go back to work because what they thought they were getting for retirement, they're not getting, or their dividends are less."* (Hartford, Pre-Retiree)
  - *"I thought I knew how much I needed to live on because I was working with these annuity people who kind of explained it to me, but now everything has changed and the stock market has dropped way down."* (Cincinnati, Retiree)

### TAX INCREASES

- ▶ *"I'm earning good money, and I don't want to sacrifice it all to Uncle Sam."* (Phoenix, Pre-Retiree)

# Verbatims:

## Anger/Hopelessness Also Promote Paralysis (cont'd)

3

### REAL ESTATE

- ▶ *"I see all around me that everyone's losing." (Boston, Retiree)*
- ▶ *"When we moved here three years ago, we bought a house for \$150 K, then the house next door sold for \$300K ,but we weren't ready to move. Now, if we sold it, we would only get \$150K. We had been planning to downsize. That's what they tell you to do, but they forget to tell you the economy won't cooperate." (Phoenix, Retiree)*
- ▶ *"The value in everything that we have has decreased, the value of the house. It wasn't necessarily our plan for retirement, but it was a vehicle for us to borrow against for college, and, uh, so now that that's gone; we need cash to pay for college." (Phoenix, Pre-Retiree)*

### LAYOFFS/FORCED EARLY RETIREMENT

- ▶ *"I'm kind of a victim of the economic downturn. I was full-time previously, and I was laid off from my previous job, but my boss's practice suffered a great deal, so they cut me loose, which really irked me." (Phoenix, Pre-Retiree)*
- ▶ *"I was forced to retire, but I wanted to keep teaching. The school system came up with a package, and said, 'take it, or you'll never get anything.'" (Cincinnati, Retiree)*
- ▶ *"Had actually targeted 63, my company had other ideas. Um, they wanted to replace me with somebody younger." (Cincinnati, Retiree)*
- ▶ *"My husband wasn't ready to retire. We were making great money, and he got laid off, so our whole lifestyle changed. It changed everything; it was hard for my husband, especially a man. It was heartbreaking." (Cincinnati, Pre-Retiree)*

### DERAILED BY LIFE EVENTS

- ▶ *"My mom was sick for 3.5 years. She had Alzheimer's, and it was a tough time. We thought we had money, and we went through over \$100K, so that kind of wiped everything out. It got to a point that was so serious that I thought we were gonna have to sell the house." (Hartford, Retiree)*
- ▶ *"I guess my mistake was counting on things that could be variable in value and assuming they wouldn't be." (Phoenix, Retiree)*
- ▶ *"I'm not gonna say I was sitting pretty, but I was comfortable enough. I had put 5 kids through college, so I didn't have a real stash, but suddenly I ended up with a bunch of hip replacement surgeries that went wrong, so I was out of work, and I have lousy health insurance because I'm self-employed." (Hartford, Pre-Retiree)*
- ▶ *"Had almost \$500K in the bank, and lost all of it [in9/11]. I also lost a lot of my clients because a lot of them went under. I had planned on taking that money and buying a house. I was making really great money, so I thought I'd buy a house, and work a few more years, and accumulate some more money. I thought I was gonna just do fine. I wasn't worried about retirement." (Hartford, Retiree)*
- ▶ *"I am that my 401(k) is not enough. I was married for 25 years, and in 2007, I got a divorce, and my wife got the house, and I was left on my own, with a bunch of bills. I had a bunch of stuff to pay off, so I couldn't save." (Phoenix, Pre-Retiree)*

# Verbatims:

## Anger/Hopelessness Also Promote Paralysis (cont'd)

3

### HEALTHCARE

- ▶ *"Don't get sick 'cause you can't afford it." (Hartford, Retiree)*
- ▶ *"Totally dumbfounded by health costs. I didn't plan for it." (Cincinnati, Retiree)*
- ▶ *"I need to do some more research as far as medical expenses...just had an experience in the garden where I cut my finger, and I'm gonna get a hospital bill that's over \$4,000. How do you get prepared for something like that?" (Hartford, Retiree)*
- ▶ *"Even if I had \$500,000, a medical problem or some unforeseen problem could come up and wipe out what you have." (Phoenix, Retiree)*
- ▶ *"I know if this healthcare thing goes through it is going to cost me more money, which is depressing to think that the healthcare as it was OK, but now this healthcare thing may go through, that's gonna be more money out of my pocket that I'm gonna have to spend, and it's a lot more money, so that would mean less money for my retirement, and one reason I won't be able to retire sooner." (Hartford, Pre-Retiree)*
- ▶ *"My big fear is health insurance. My husband's health insurance has gone from \$38 to over \$500. Health insurance is a real concern." (Cincinnati, Retiree)*
- ▶ *"Our disposable income shrunk tremendously in the past few years, just on health insurance premiums. It would be nice to know that that safety net is down the road." (Hartford, Pre-Retiree)*
- ▶ *"I look at the checks I write for my mom to care for her Alzheimer's' disease, but by the time I'm there, there ain't gonna be enough money in the world to pay for that, and that puts the fear of god in me, because they say that Alzheimer's is genetic, so maybe I'll have a heart attack before that happens." (Cincinnati, Retiree)*
- ▶ *"I just know that to go to a doctor if you have an illness, it's pretty devastating, or can be if you don't have good insurance. Insurance costs are out of this world." (Phoenix, Pre-Retiree)*

### INSTABILITY OF SOCIAL SECURITY

- ▶ *"Who knows if it will be there/what the government will do to change it." (Boston, Pre-Retiree)*
- ▶ *"I don't think it will be there. I'm not counting on it being there. It's an extra if it's there." (Cincinnati, Pre-Retiree)*
- ▶ *"Would be nice to know that the Social Security people are looking out for your future as a retiree. It's no secret that Social Security is going down, and a lot of people will be going down with it." (Cincinnati, Retiree)*
- ▶ *"You better have other investments. Social Security is just a bonus....It just has to go bust by 2035. Might even be before then." (Hartford, Pre-Retiree)*
- ▶ *"The way the world is, the government is, there's no guarantee Social Security is gonna be there any more in 5 years. If it's not, I'm gonna have to work until the day I die." (Cincinnati, Pre-Retiree)*

# Verbatims:

## Contradictions of Social Security

4

### IMPORTANCE IN RETIREMENT INCOME

- ▶ *"75% would be from Social Security, the other part would be from savings and a 401(k), which I do have, but it's not big, nothing exciting." (Cincinnati, Pre-Retiree)*
- ▶ *"Basically just Social Security." (Hartford, Pre-Retiree)*
- ▶ *"Relying on Social Security unless I hit the lottery." (Hartford, Pre-Retiree)*

### AFTERTHOUGHT

- ▶ *"Sorry, I forgot to mention that. It's sort of automatic, assuming it's still there." (Phoenix, Pre-Retiree)*

### "THE MECHANICS"

- ▶ *"You can continue to work after you claim, and that's good to know because some people have a part time job, so you want to make less than \$14K. That's good information." (Hartford, Pre-Retiree)*
- ▶ *"It had a lot of good information: the longer you wait the more you get, or spousal information, information about what happens if you're married to someone for more than 10 years." (Hartford, Pre-Retiree)*
- ▶ *"I think it's a little tricky to know what's gonna happen with Medicare and all that talk about changes. It seems like people need some supplemental healthcare now. I don't know how much that costs. I have no idea." (Hartford, Retiree)*

### DOUBT IN/RELUCTANCE TO RELY ON SYSTEM

- ▶ *"By the time I'm ready, the government's gonna say, 'sorry, we don't have any money,' which I don't think is true because that's my money. How dare you spend my money?!?" (Phoenix, Pre-Retiree)*
- ▶ *"I always thought I'd not rely on Social Security because I don't want to need it. It's definitely not gonna be the only thing I've got. I want to know that it's there, but I've seen too many people I've known where that was their one and only [income] source." (Phoenix, Pre-Retiree)*
- ▶ *"I have always been a more self-sufficient type, so I don't think I should have to rely on the government in any way. I certainly think it would make things easier if all goes well with Social Security, so I think I can make it work out either way." (Phoenix, Pre-Retiree)*
- ▶ *"I won't plan for the government taking care of me because I'm skeptical that it will be there." (Cincinnati, Pre-Retiree)*

### BACK-UP PLANS (IF MONEY RUNS OUT/SOCIAL SECURITY IS NOT THERE)

- ▶ *"I come from a very large family, so if I needed a place to stay, I could find a place." (Boston, Retiree)*
- ▶ *"Figured at some point I may have to live with my children, which is an option because I get along with my children and they'll take care of me." (Phoenix, Retiree)*

# Verbatims:

## Distribution of Materials

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### MESSAGE TO GET ATTENTION

- ▶ *“You don’t have enough money to retire.” (Phoenix, Retiree)*
- ▶ *“Realize that ‘poop happens,’ as the bumper sticker says. You could find out that suddenly you’re sick and you’ve wasted 50 years of your life, so have a plan b, and a plan c, in case the others poop out. Cover your butt. Things happen.” (Hartford, Pre-Retiree)*
- ▶ *“Retirement is coming up. What are you gonna do? It’s already too late. Anxiety makes you do things.”(Hartford, Pre-Retiree)*
- ▶ *“Do you have enough?” (Boston, Pre-Retiree)*
- ▶ *“Yeah, you’re reaching out to the general public, but make it an individual message.” (Hartford, Pre-Retiree)*
- ▶ *“Can you afford to retire?” (Phoenix, Pre-Retiree)*
- ▶ *“Do you want to be a financial mess? Do you trust your Social Security? Are you gonna let the government tell you how to spend your money because people right now are so fed up with the government.” (Phoenix, Pre-Retiree)*
- ▶ *“You can lay out your plan, or start to lay out your plan.” (Phoenix, Pre-Retiree)*
- ▶ *“Figure out what you need for retirement.” (Hartford, Pre-Retiree)*
- ▶ *“They’ve got an easier, more concise way of looking at retirement. We’re all gonna retire some day, hopefully, so everyone should look. It’s easy to look at. It’s fun to look at, and it will give you a peace of mind.” (Hartford, Retiree)*

*This exploration of retirement planning behavior and attitudes also included responses to materials produced by the Financial Security Project at Boston College, which are not in this version of the report.*

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