

A Research Study

# Hopes, fears, and reality

What workers expect in retirement and what steps help them achieve the retirement they want



Retirement Strategies



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# Background and methodology

## Overview

This report presents the results of research conducted by Greenwald & Associates, on behalf of MassMutual, examining pre-retirees' expectations and preparations for retirement, and how those plans and visions compare to the actual experiences people have after they retire.

The research was conducted in two parts: a survey of 1,817 pre-retirees and retirees, and four focus groups (two of retirees only and two of pre-retirees only).

In order to understand changes in expectations and planning as people get closer to retirement, as well as the changes in activities and feelings of financial security as retirees progress further into retirement, both the survey and focus group portions of the research are designed to include pre-retirees and retirees that are at varying distances from retirement.

Additional details about the methodology follow this overview. The key findings and detailed results are presented next, organized around key themes.

Note that percentages in the tables and charts may not total to 100 due to rounding and/or missing categories. Labels for percentages under 5% are not included.

# Background and methodology (continued)

## Survey methodology

1,817 survey respondents include (equal portions)

| Pre-retirees planning to retire in | Retirees who retired  |
|------------------------------------|-----------------------|
| less than 5 years                  | less than 5 years ago |
| 5 to 10 years                      | 5 to 10 years ago     |
| 11 to 15 years                     | 11 to 15 years ago    |

- Respondents were also required to be at least 40 years old, to have at least \$50,000 in savings and investments, and to at least share a role in the household's financial decision making.
- The 15-minute survey was conducted online using ResearchNow's online consumer research panel. Fielding took place from September 10 to September 23, 2014.
- A similarly-sized random sample of 1,817 respondents would have a margin of error at the 95% confidence level of plus or minus 2 percentage points. Subgroups would have larger margins of error, depending on their size – the smaller the group, the larger the margin of error.

## Focus group methodology

Focus group consisting of four groups

| Pre-retirees planning to retire in | Retirees who retired |
|------------------------------------|----------------------|
| 7 years or less                    | in the last 7 years  |
| 8 or more years                    | 8 or more years ago  |

- Each group had 9 to 10 participants, split evenly by gender. The pre-retiree groups had household assets between \$100,000 and \$600,000 and income between \$50,000 and \$150,000. Retirees had household assets between \$250,000 and \$600,000.
- The focus groups were convened in Chicago and Boston, on October 14th and 15th, 2014.

# Key findings

## Retiree experience is very positive

In general, retirees indicate having high levels of financial security, emotional well-being, and enjoyment in retirement.

- Six in 10 are very satisfied with their retirement lifestyle. Satisfaction with retirement is greatest among those who are in their 70s, in good health, married/living with partner, have at least \$500K in assets, and have a pension.
- Retirees report enjoying themselves (82%), having more free time (80%), and having new experiences (69%). In fact, the degree to which retirees stay busy in retirement is one of the top positive surprises about retirement, according to retirees. Retirees over 70 are especially likely to think this.
- Positive emotions increase and negative emotions decrease in retirement.
  - Retirees are happier and more relaxed than pre-retirees. Around 7 in 10 retirees report being extremely happy and extremely relaxed (72% and 67%, respectively). In comparison, only 6 in 10 pre-retirees feel extremely happy and only a third feel extremely relaxed (61% and 34%, respectively).
  - Retirees are also, predictably, less stressed. Forty-three percent of pre-retirees report being at least moderately stressed. Amongst retirees, only 17% report a similar stress level.
- Most retirees feel financially secure and able to engage in the activities they enjoy at least as much as they had hoped, though 10-19% say they do not.
  - Volunteering, however, is the exception, with 28% saying they have done less than they had hoped.
  - For activities that cost money, almost all retirees report being able to afford to engage in these activities as much as they would like.
- Retirees describe retirement as an opportunity to reconnect with a spouse or partner, and even become closer.
- Positive surprises about retirement include having few time constraints (23%), and keeping busy and active (18%).

# Key findings (continued)

## Unexpected paths to retirement

Many enter retirement earlier than planned and the transition is less gradual than expected.

- Nearly half (45%) retired earlier than planned.
  - The most frequently cited reasons for retiring early are changes at your company or place of work (44%) and being able to afford to retire (39%).  
Despite pre-retirees typically wanting to work as long as possible, retirees discover that often, and suddenly, “work can retire you.”
  - The majority (79%) who retired early have no regrets about the decision to retire when they did.
- Pre-retirees’ expectations about transitioning into retirement gradually are unlikely to be realized, given that the majority (71%) of retirees stopped working all at once.
  - As pre-retirees approach their expected retirement date, the more likely they are to say they will stop working all at once (retiring in less than 5 years [52%], 5 to 10 years [35%], and 11 to 15 years [29%]).
  - While many retirees expect to get back into the working world at some point, there can be unexpected barriers to doing so, including the pace of technology and age discrimination.

## Adaptation to retirement

Retirees are able to adapt to the financial challenges of retirement.

- Satisfaction with retirement lifestyle increases between the first 5 years of retirement versus 5+ years since retiring (retired less than 5 years ago [56%], 5 to 10 years ago [63%], and 11 to 15 years ago [62%]).
- Concerns about retirement decrease as pre-retirees approach retirement.
  - Thirty-one percent of pre-retirees who are 11-15 years away from retirement say they are looking forward to retirement with very few or no concerns, but this percentage grows to 43% for those less than 5 years away. In addition, 46% of retirees say that they had very few or no concerns in the year prior to retirement.
- Projected sources of income in retirement shift as pre-retirees approach retirement, and current sources of income change as needed throughout retirement.
  - As pre-retirees approach retirement, the less likely they are to report employment as a projected source of income (retiring in less than 5 years [47%], 5 to 10 years [59%], and 11 to 15 years [61%]). Those who retired recently are more likely to report employment as source of income than those who have been retired 5 or more years (retired less than 5 years ago [36%], 5 to 10 years ago [28%], and 11 to 15 years ago [21%]).
  - Many retirees are able to defer collecting their Social Security benefits. The longer individuals have been retired, the more likely they are to indicate Social Security benefits as a current source of income (retired less than 5 years ago [65%], 5 to 10 years ago [80%], and 11 to 15 years ago [91%]).

- Financial security increases as pre-retirees get closer to retirement and as retirees progress in retirement.
  - Only 63% of those retiring in 11-15 years feel they are on track toward being financially secure, but this percentage grows to a full 82% by the time individuals are less than 5 years away from their expected retirement date. This also matches retirees' recollections about where they were prior to retiring.
- Retirees also adapt to a fixed income by finding creative ways to cut expenses but not forgo activities they enjoy.

## Lessons learned

The experiences of current retirees provide a roadmap for how to get in a better position for a positive retirement experience.

- Given that nearly half retire earlier than expected, don't delay taking steps to prepare for retirement.
  - Early preparation contributes to feelings of financial security in retirement. The most important steps to take early include calculating a target for how much money is needed in order to afford to retire, making efforts to increase savings, and calculating the best time to collect Social Security benefits.
  - When asked what is one thing they wish they had done differently to prepare for retirement, many retirees say they would have saved more (20%) and prepared better financially (17%).
- Work with a financial advisor.
  - Nearly everyone who has had a financial advisor found that person to be helpful for retirement planning (pre-retirees [96%]; retirees [93%]).
- Learn about effective ways to use home equity to increase financial security in retirement.
- Don't neglect to prepare for the social aspects of retirement such as strengthening the relationship with one's spouse/significant other, cultivating new friendships, and fostering old friendships.
  - The earlier people can make it a priority to focus on the relationship with their spouse or significant other, the better. Those who do so 5 or more years before retiring tend to enjoy retirement more.
  - Once retired, it can be especially difficult to make new friends, which is why it is important to have a strong social network prior to retiring.

# Retiree experience is very positive

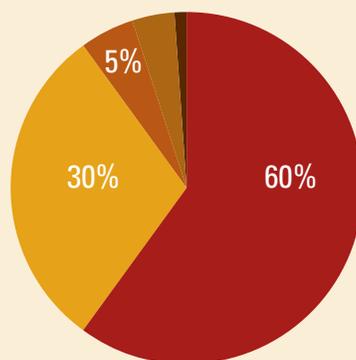
- Lifestyle
  - Satisfaction with retirement is very high and increases after the first 5 years
  - 82% enjoy themselves, 80% have more free time, and 69% have encountered new experiences in retirement
  - Retirees indicate being able to afford the lifestyle they want
  - Many report that being retired allows them to engage in the activities they enjoy
- Emotional well-being
  - Compared to pre-retirees, retirees are happier, more relaxed, less stressed, and less frustrated
  - Although both men and women see improved emotional well-being in retirement, women report more stress than men both before and during retirement
- Financial security
  - Retirees feel financially secure
  - Most retirees also feel able to engage in the activities they enjoy at least as much as they had hoped

## Satisfaction with retirement

### Retirees: How satisfied are you with your lifestyle in retirement?

Six in 10 retirees report being very satisfied, and 3 in 10 report being at least somewhat satisfied.

- Very satisfied
- Somewhat satisfied
- Neither satisfied nor dissatisfied
- Somewhat dissatisfied
- Very dissatisfied



### Subgroup analysis

Retirees more likely to be very satisfied

- Retirees in their 70s (66% vs. 57%)
- Married/Living with a partner (63% vs. 53%)
- In better health (68% vs. 44%)
- At least \$500K in assets (65% vs. 57%)
- Has pension (64% vs. 53%)

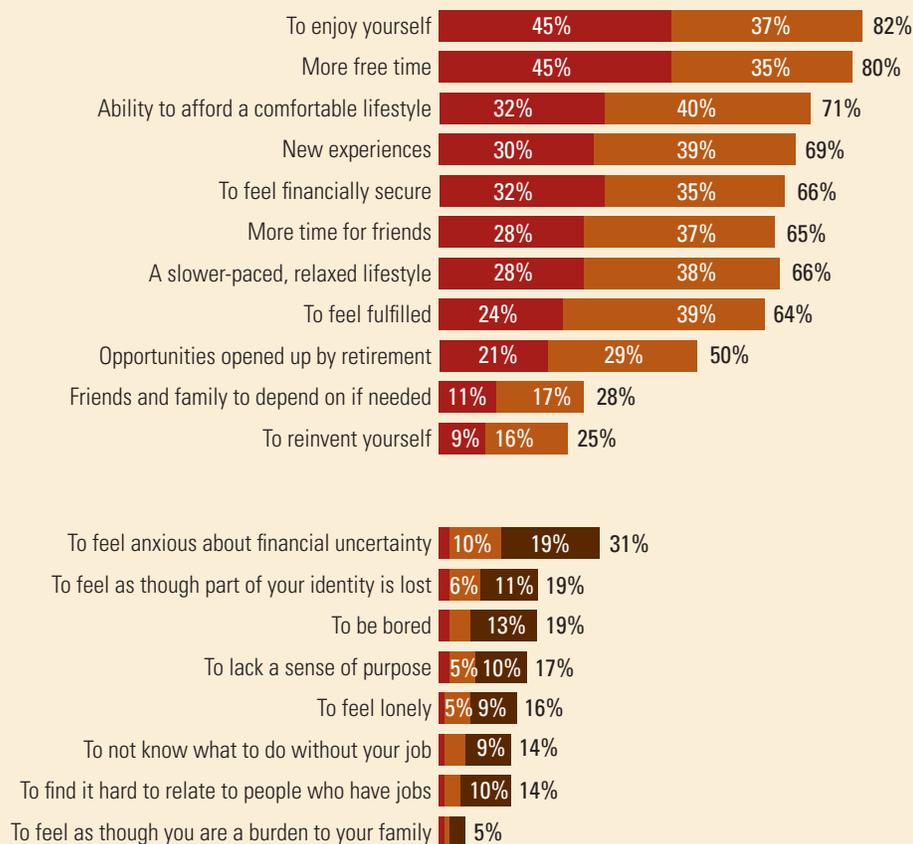
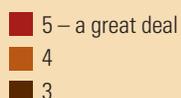
Retirees (n=905)

## Positive retiree experience

### Retirees: To what extent have you actually experienced the following in retirement?

#### 5-pt. scale:

- 5 = a great deal
- 1 = not at all

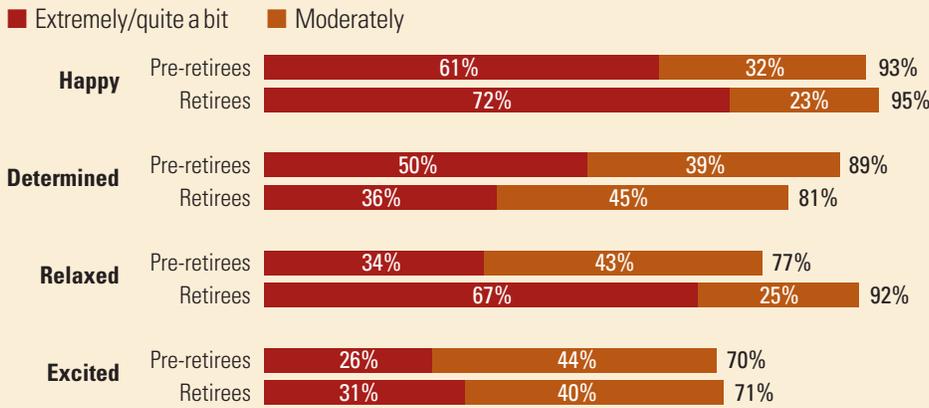


Retirees (n=905)

- Eight in 10 retirees indicate enjoying themselves and having more free time.
- Around 7 in 10 retirees say they have been able to afford a comfortable lifestyle, and that they have had opportunities for new experiences in retirement.
- Only one-third of retirees have experienced financial uncertainty to some extent since retiring.
- Only one-fifth of retirees indicate feeling bored to some extent.

## Positive emotions increase in retirement

### In general lately, I tend to feel...



- Around 7 in 10 retirees report being extremely happy, compared with 6 in 10 pre-retirees.
- Retirees are particularly relaxed compared with pre-retirees, with the majority indicating feeling relaxed.

### Subgroup analysis

Pre-retirees more likely to feel determined

- In better health
- Higher assets
- Higher income
- Has DC plan

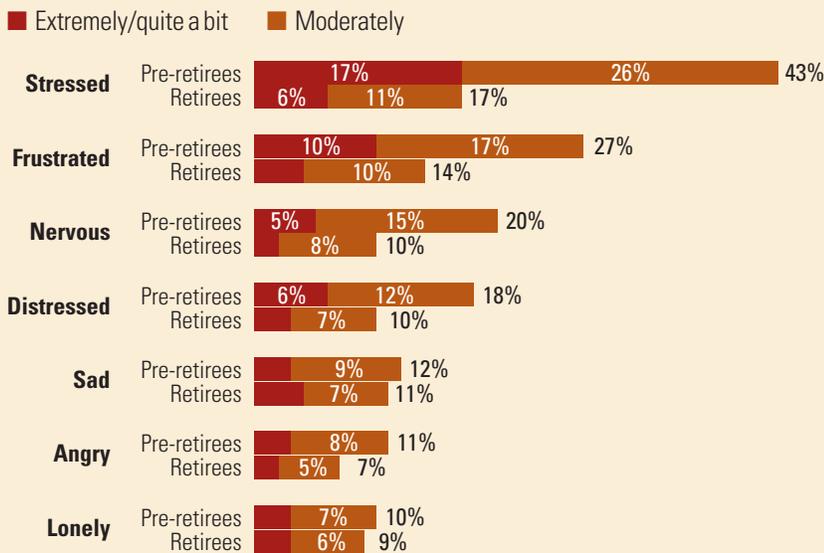
Retirees more likely to feel relaxed

- Men
- In better health
- Has pension
- Has DC plan

Pre-retirees (n=912); Retirees (n=905)

## Negative emotions decrease in retirement

### In general lately, I tend to feel...



- Compared with pre-retirees, retirees report feeling less stressed, frustrated, nervous, and distressed.
- More than 4 in 10 pre-retirees indicate feeling moderately to extremely stressed, compared with less than 1 in 5 retirees.

### Subgroup analysis

Percentage at least moderately stressed

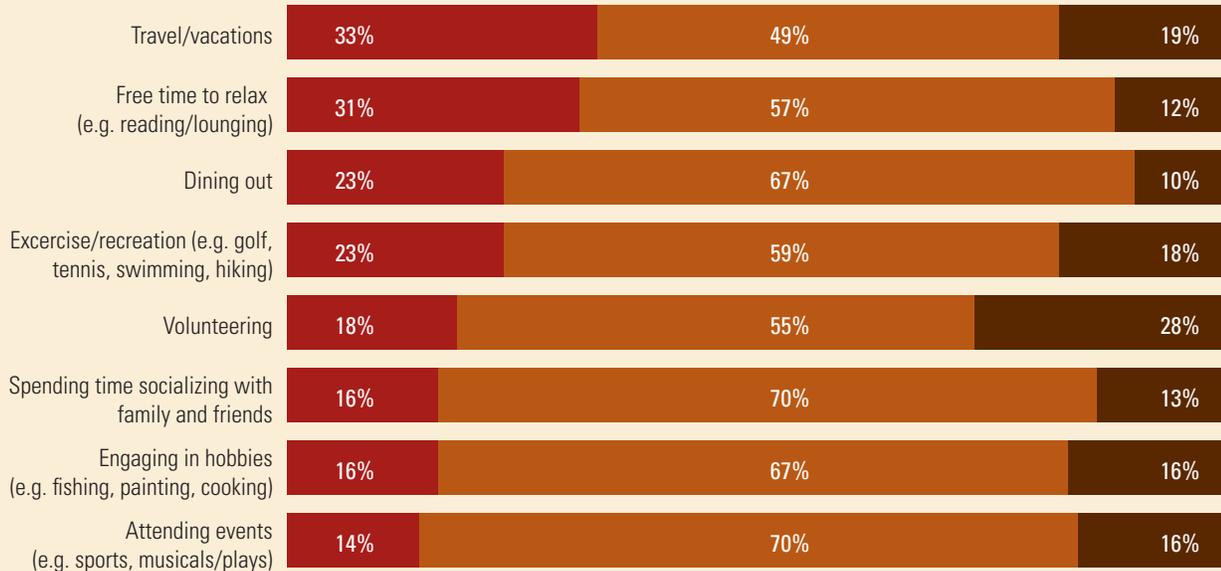
|              | Men | Women |
|--------------|-----|-------|
| Pre-retirees | 38% | 49%   |
| Retirees     | 13% | 20%   |

Pre-retirees (n=912); Retirees (n=905)

## Lifestyle in retirement

### Retirees: To what extent have you been able to engage in each of these activities in retirement?

■ More than you had hoped you would
 ■ About as much as you had hoped you would
 ■ Less than you had hoped you would



- A third of retirees have been able to travel/take vacations even more than they had hoped.
- Around the same number of retirees have experienced even more free time to relax than they had hoped.

Retirees (n=905)

## Affordability of activities in retirement

### Retirees: Since retiring, have you been able to afford to engage in these activities as much as you expected?

■ Yes
 ■ No
 ■ Does not apply



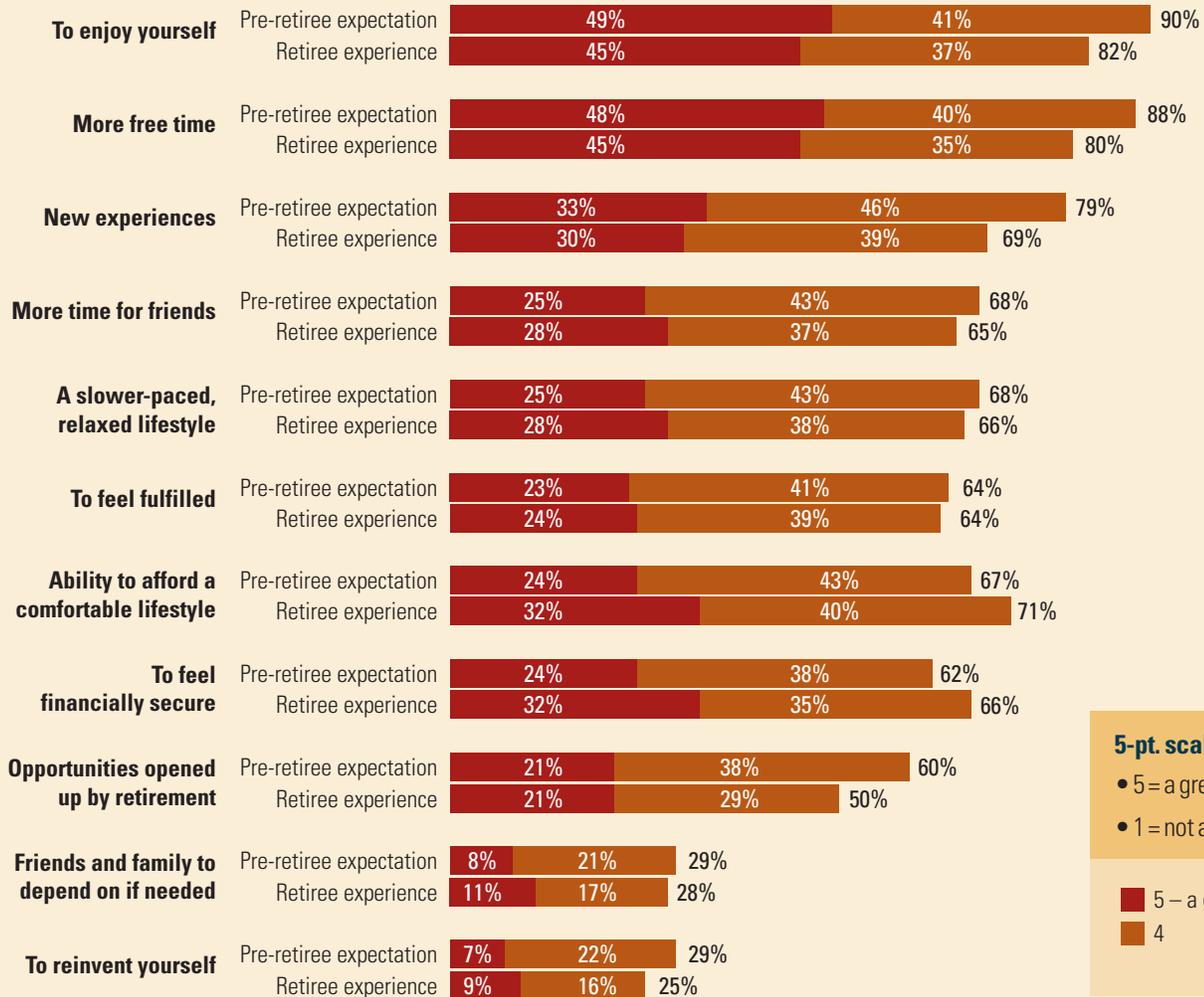
- Retirees have been able to afford travel/vacations and hobbies as much as they had expected.

Retirees (n=905)

## Hopes, fears, and reality

**Pre-retirees: To what extent do you expect the following in retirement?**

**Retirees: To what extent have you actually experienced the following in retirement?**



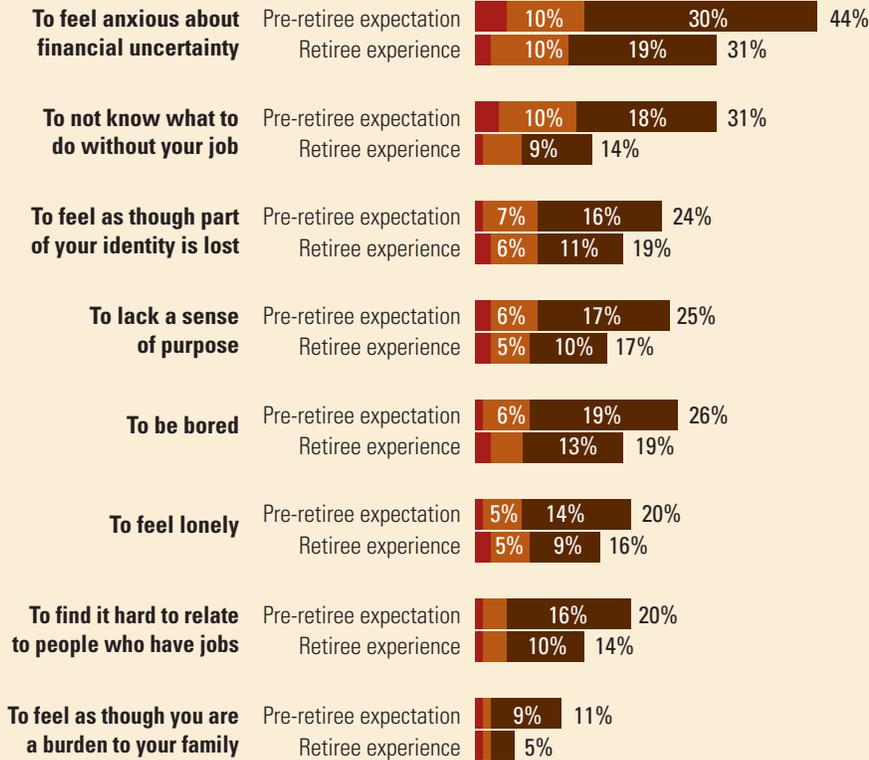
- Retirees' experiences have not quite lived up to pre-retirees hopes and expectations for retirement with regard to enjoying themselves, more free time, and having new experiences.
- Around 7 in 10 retirees have been able to afford a comfortable lifestyle in retirement. Almost as many pre-retirees have the same expectation.
- Only a quarter of retirees have experienced retirement as an opportunity to reinvent themselves.

Pre-retirees (n=912); Retirees (n=905)

## Hopes, fears, and reality (continued)

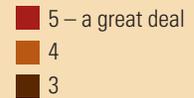
**Pre-retirees: To what extent do you expect the following in retirement?**

**Retirees: To what extent have you actually experienced the following in retirement?**



### 5-pt. scale:

- 5 = a great deal
- 1 = not at all

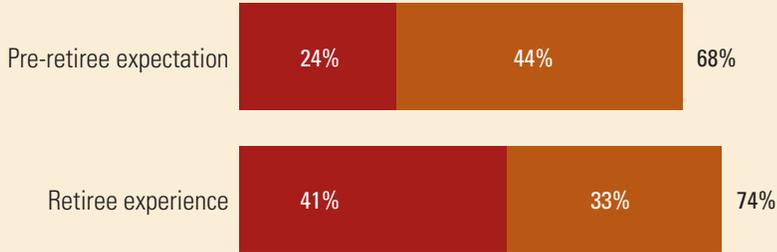


- More than 4 in 10 pre-retirees fear financial uncertainty in retirement. Only one-third of retirees have experienced financial uncertainty to some extent since retiring.
- Nearly one-third of pre-retirees fear that they will not know what to do without their job, but few retirees (15%) have actually found this to be the case.
- One-quarter of pre-retirees indicate that they fear they will be bored in retirement. However, only one-fifth of retirees indicate feeling bored to some extent in retirement.

Pre-retirees (n=912); Retirees (n=905)

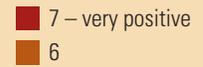
## Retirement is better than expected

**Pre-retirees: Overall, what type of experience do you expect to have in retirement?**  
**Retirees: Now that you are retired, overall, what type of experience have you had?**



### 7-pt. scale:

- 7 = very positive
- 1 = very negative



### Subgroup analysis

Percentage rated 6-7

|                     | DB Plan |       | DC Plan |       |
|---------------------|---------|-------|---------|-------|
|                     | Has DB  | No DB | Has DC  | No DC |
| <b>Pre-retirees</b> | 69%     | 66%   | 69%     | 60%   |
| <b>Retirees</b>     | 77%     | 65%   | 75%     | 70%   |

- Four in 10 retirees report that their overall experience in retirement has been very positive, compared with only one-quarter of pre-retirees indicating that they expect to have a very positive experience in retirement.

Pre-retirees (n=912); Retirees (n=905)

## Positive and negative retirement surprises

### What is one **positive** surprise about retirement?

*"The joy of not being chained to a work calendar – being able to do what I want, when I want!"*

*"The variety of things to do, and not enough time to always do them."*

*"I'm so happily busy that I wonder how I ever had time to work!"*



### Subgroup analysis

Retirees more likely to mention "keeping busy/active"

- Retirees in their 70s (22% vs. 15% of younger retirees)
- In better health
- Higher income
- Higher assets
- Has pension

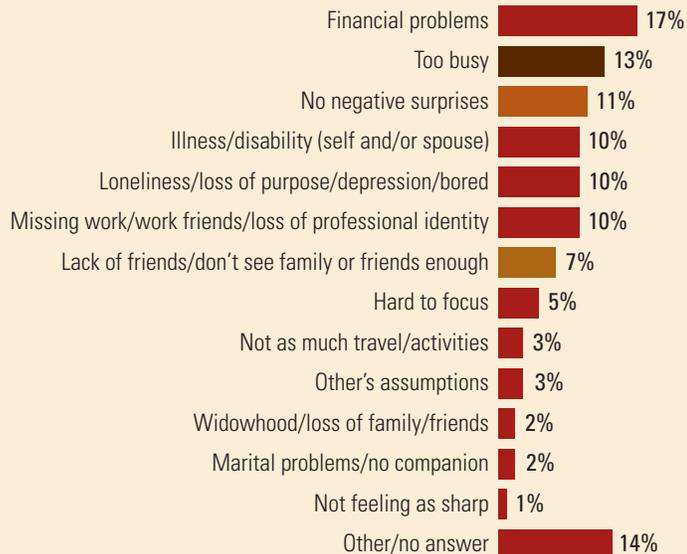
- Nearly one-quarter of retirees indicate that freedom/no time constraints has been a positive surprise about retirement.
- Another 1 in 5 say that keeping busy and active has been a positive surprise about retirement.

### What is one **negative** surprise about retirement?

*"Time disappears so rapidly, hard to keep up with the pace of life today."*

*"You must create a new life and interests... but I don't find that a real negative."*

*"Few friends to golf with on with on Tuesday, Wednesday, Thursday mornings, though some are now retired as well after seeing my example..."*



- Financial problems (17%) and being too busy (13%) were the top mentioned negative surprises indicated by retirees.
- However, slightly more than 1 in 10 said they have not experienced any negative surprises in retirement.

# Unexpected paths to retirement

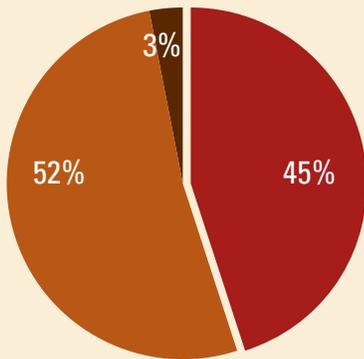
Many do not end up retiring how and when they want. It appears that hopes about work and method of retiring for the current generation of pre-retirees will very often not be realized.

- Almost half retired earlier than planned
  - Changes in technology and changes within the company were frequently cited as reasons why people decided to retire earlier than planned.
- Also likely that expectations to transition out slowly, or to work and earn money through work after retiring from primary occupation will not be realized
  - Pre-retirees indicate that they want to work as long as possible, which means delaying retirement and transitioning to retirement gradually.
  - This highlights the need to have a financial foundation well before the target age to retire.

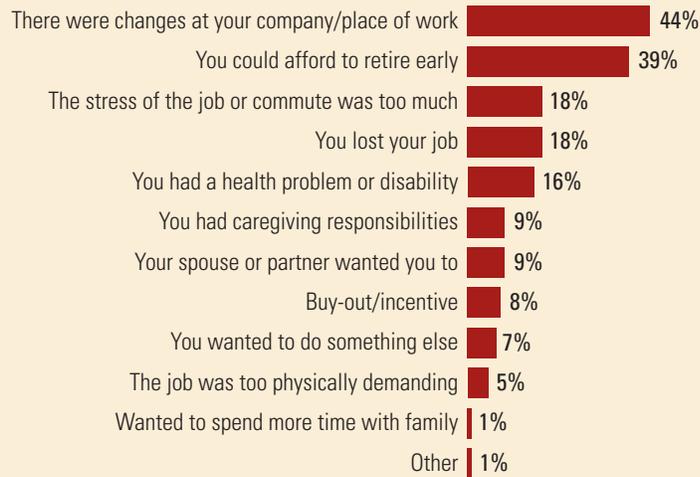
## Retiring earlier than planned

### Did you retire... ?

- Earlier than planned
- About when planned
- Later then planned



### Which of the following are reasons why you retired **earlier** than planned?



### Subgroup analysis

Retirees with under \$100K in assets are actually the most likely to retire early: 53% report retiring early vs. just 43% of those with more assets.

- Of retirees, 45% retired earlier than planned.
- The top reasons for retiring early include changes at their company/place of work (44%), and being able to afford to retire early (39%).

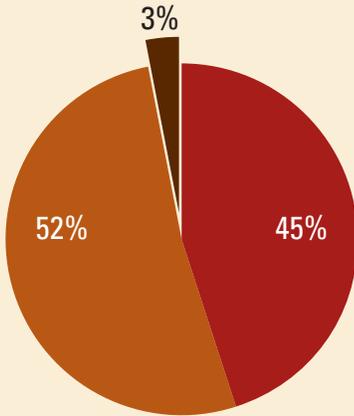
Retirees (n=905)

Retirees who retired later (n=405)

## Retiring later than planned

### Did you retire... ?

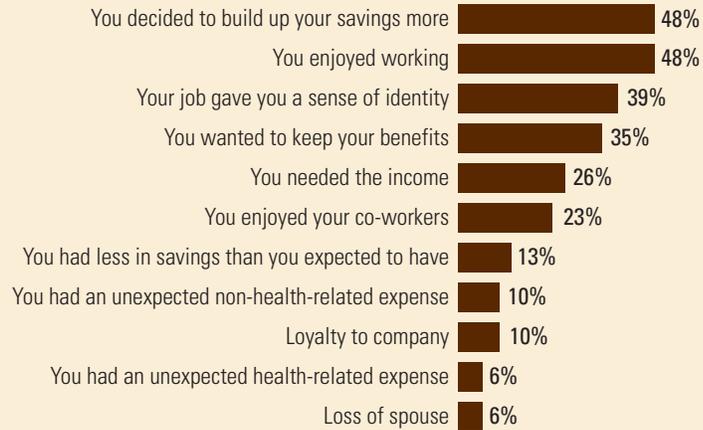
- Earlier than planned
- About when planned
- Later then planned



• Of retirees, only 3% retired later than planned.

• The top reasons for retiring later than planned include; deciding to build up savings (48%), enjoying working (48%), job giving you a sense of identity (39%), and wanting to keep benefits (35%).

### Which of the following are reasons why you retired **later** than planned?



Retirees (n=905)

Retirees who retired later (n=31) [small sample size]

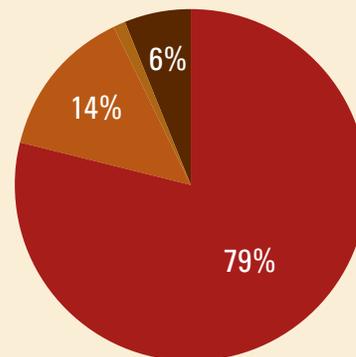
## Looking back at retirement timing

### Retirees: Looking back, do you think... ?

- Made the right decision about retiring when you did
- Should have worked longer than you did
- Should have retired earlier than you did
- Not applicable/did not have a choice about timing of retirement

#### Subgroup analysis

21% of those in poorer health feel that they should have worked longer, compared to just 11% of those in better health.



• Of those who retired earlier than planned, nearly 4 in 5 believe they made the right decision about retiring when they did.

• Fourteen percent, however, wish they had worked longer than they did.

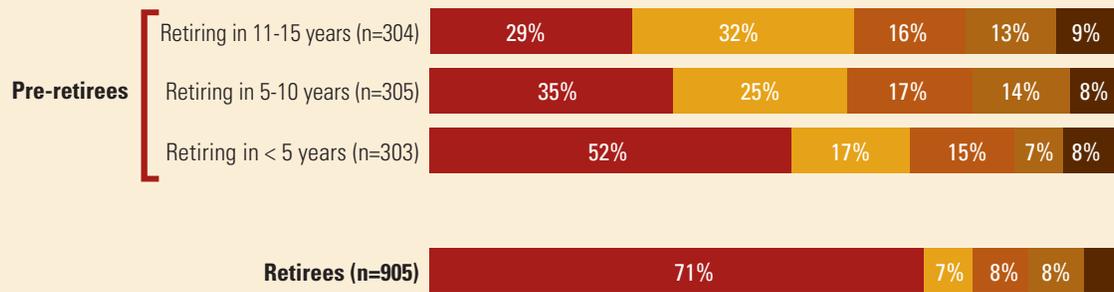
Retirees (n=270)

## Transition into retirement

**Pre-retirees: How will you likely transition into retirement?**

**Retirees: How did you transition into retirement?**

- Stop working all at once
- Gradually reduce hours until no longer working
- Continue to work part time but in a job outside of your primary occupation
- Continue to work part time in the same primary occupation
- Cycle between periods of working and not working until you are/were ready to permanently retire
- Continue to work full time but in a job outside of your primary occupation



- Of retirees, more than 7 in 10 made the transition into retirement by stopping working all at once.
- Of those who are less than 5 years away from retirement, half say that they will stop working all at once, compared with around one-third of pre-retirees who have 5 or more years until retirement.

# Adaptation to retirement

- Retirees become better at managing spending the longer they are retired
- Although many delayed planning for retirement, most felt financially secure by the time they retired
- Sources of income shift the longer retirees are in retirement
  - Employment becomes less of a viable option the further one is in retirement
  - Many are able to defer collecting Social Security benefits until they are 5 to 10 years into retirement
- Although unexpected life events can occur, retirees adapt to a fixed income by finding creative ways to cut expenses while still participating in the activities they enjoy

## Satisfaction increases throughout retirement

### Retirees: How satisfied are you with your lifestyle in retirement?

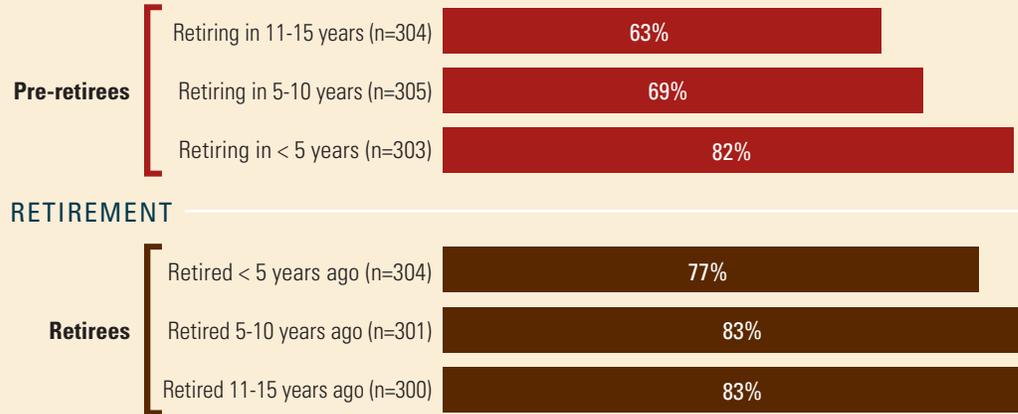


- Satisfaction is higher for those who have been retired more than 5 years, which suggests increased adaptability throughout retirement.

## Financial security in retirement

**Pre-retirees: To what extent do you feel you are on track toward being financially secure in retirement?  
Retirees: At the time you retired, to what extent did you feel financially secure?**

(% 4-5)  
Net Completely



- Among pre-retirees, more than 8 in 10 of those who expect to retire in the next 5 years feel they are on track toward financial security in retirement, compared with less than 7 in 10 of those who have 5 or more years until they expect to retire.
- Irrespective of how many years ago they retired, around 8 in 10 retirees felt financially secure when they retired.

## Preparations increase as people approach retirement

**Pre-retirees: How good a job do you feel you are doing in terms of the following?**

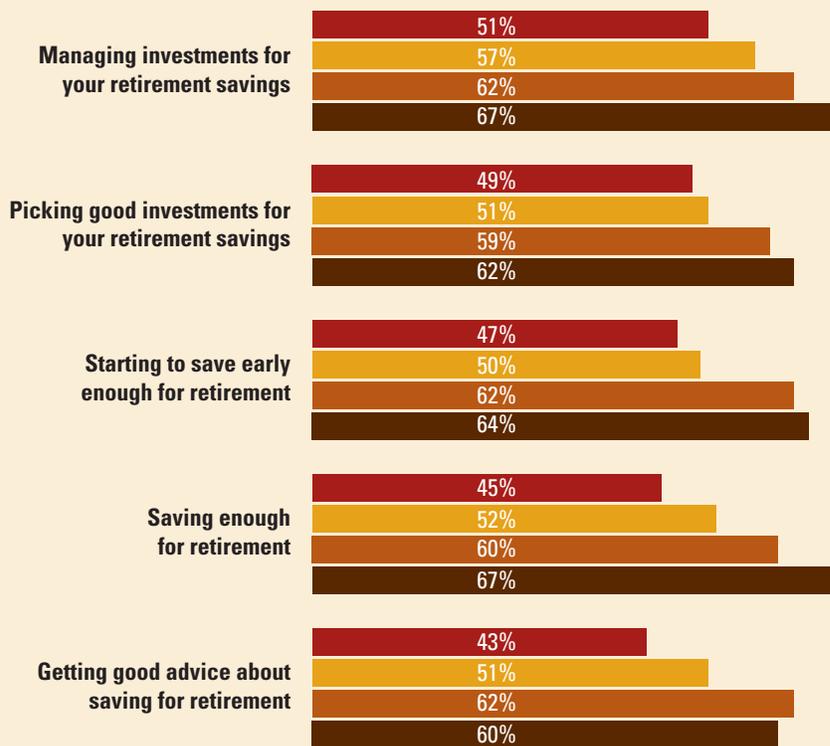
**Retirees: How good a job do you feel you did leading up to retirement in terms of the following?**

(% Excellent/very good)

Pre-retirees

- Retiring in 11-15 years (n=304)
- Retiring in 5-10 years (n=305)
- Retiring in < 5 years (n=303)

■ Retirees (n=905)

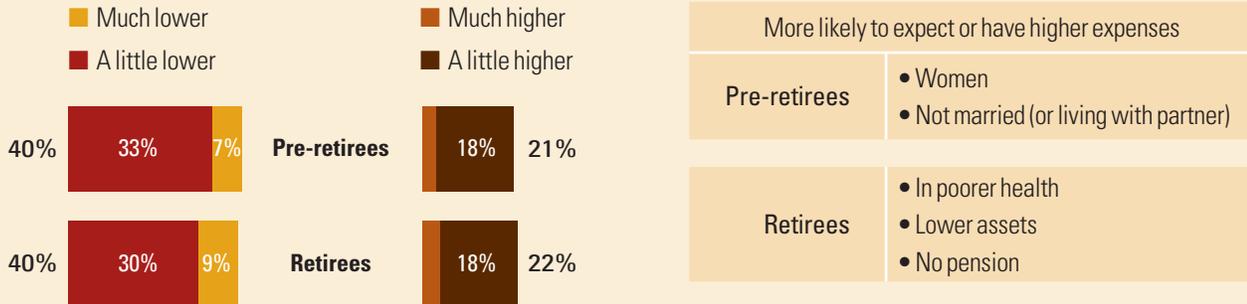


- The closer pre-retirees get to their expected retirement date, the better they feel about their preparedness in terms of picking good investments, managing investments, saving enough, starting to save early enough, and getting good retirement advice.

## Expenses in retirement

**Pre-retirees: Do you expect your expenses for the first 5 years of retirement to be...**

**Retirees: So far in retirement have your expenses been...**

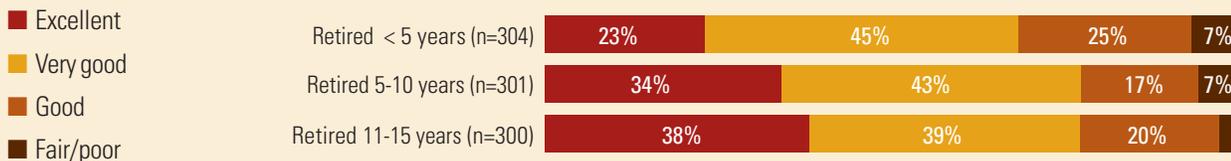


- Four in 10 pre-retirees expect their expenses to be about the same in the first 5 years of retirement, whereas 3 in 10 expect their expenses to be a little lower.
- Retirees' actual expenses in the first 5 years of retirement are similar to pre-retirees' estimates, which suggests that pre-retirees are being realistic about their expenses in retirement.

Pre-retirees (n=912); Retirees (n=905)

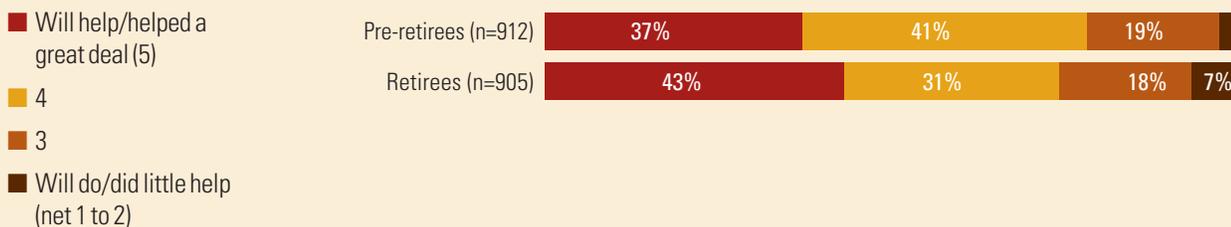
## Ability to manage spending increases in retirement

**Retirees: How good a job do you feel you are doing now in terms of managing your spending?**



**Pre-retirees: How much will the planning you have done help you achieve your retirement goals?**

**Retirees: How much did the planning you did before retiring help you achieve your retirement goals?**



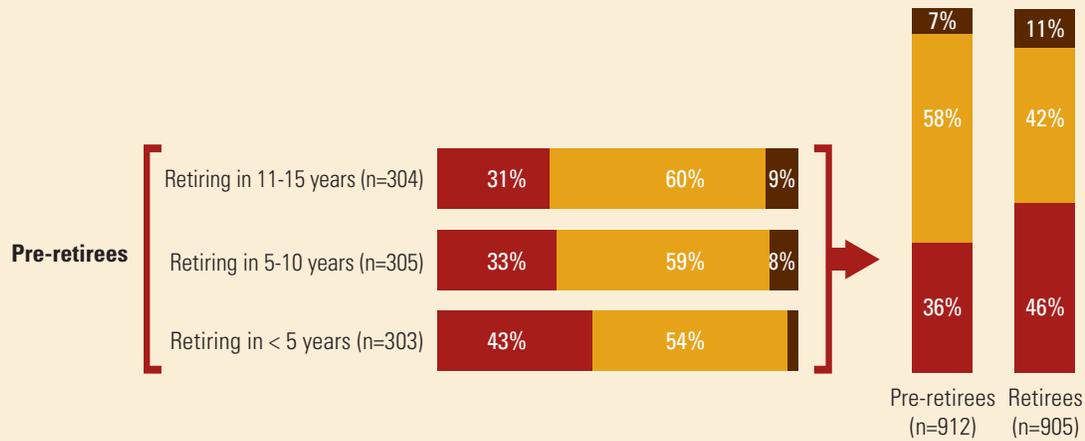
- Nearly 4 in 10 of those who retired 11 to 15 years ago say they are doing an excellent job managing their spending, compared with only about a quarter of those who retired within the last 5 years.
- Retirees are slightly more likely than pre-retirees to say that their planning helped a great deal in helping them achieve their retirement goals.

## Perceived feelings about retirement

**Pre-retirees: Are you...**

**Retirees: In the year before you retired, were you...**

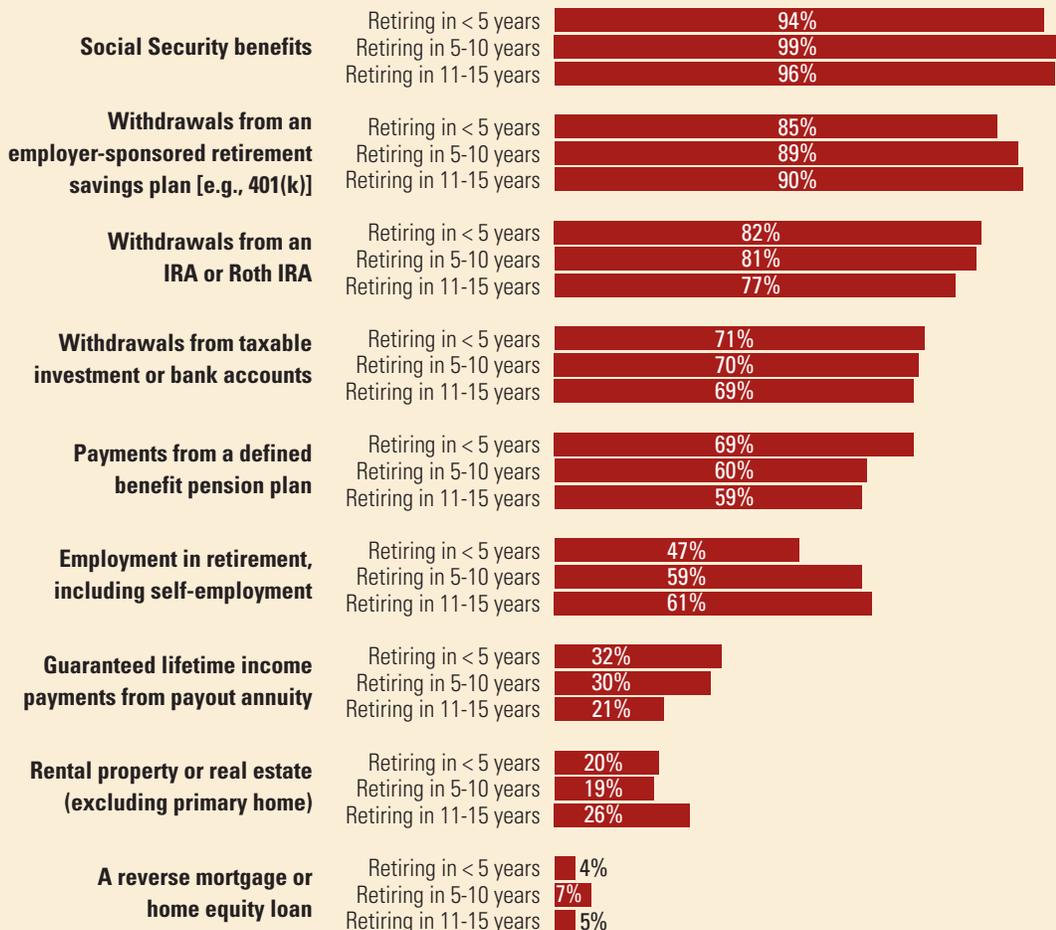
- More concerned than looking forward to retirement/not looking forward to retirement at all
- Looking forward to retirement but have some concern
- Looking forward to retirement with very few or no concerns



- Nearly 6 in 10 pre-retirees are looking forward to retirement but have some concerns, whereas in the year before retirement, around 4 in 10 retirees estimate they were looking forward to retirement but had some concerns.
- Those who expect to retire within the next 5 years are more likely to report looking forward to retirement with very few or no concerns than those who expect to retire in 5 to 15 years.

## Projected sources of income

### Pre-Retirees: What are your projected sources of income in retirement?

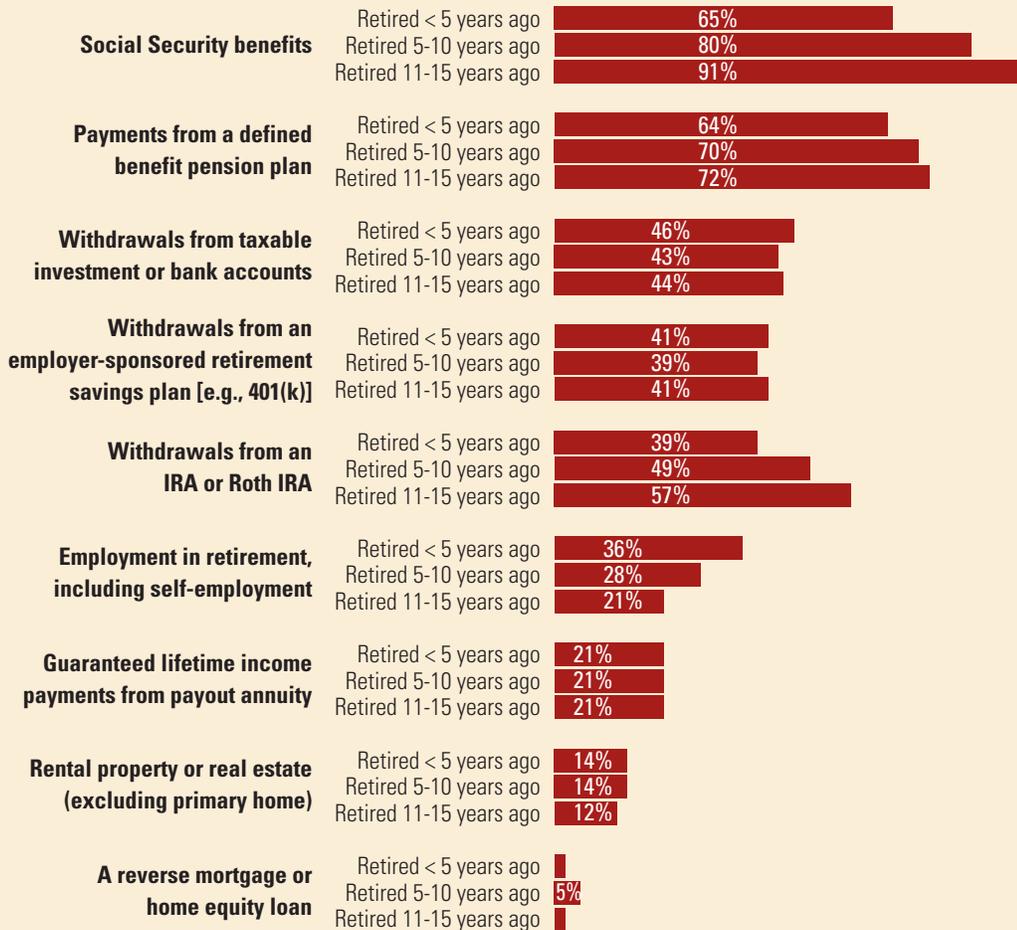


- Among pre-retirees, Social Security benefits and withdrawals from an employer-sponsored retirement savings plan are the most common projected sources of income in retirement.
- Those who are closer to their expected retirement date are slightly more likely to expect that payments from a defined benefit pension plan will be a source of income in retirement.
- Compared with pre-retirees who are 5 or more years away from retirement, those who are less than 5 years away from their expected retirement date are less likely to indicate employment in retirement as a projected source of income.
- Among pre-retirees, some of the less common projected sources of income in retirement are payouts from an annuity, rental property or real estate income, or a reverse mortgage.

Retiring in < 5 years (n=303); Retiring in 5-10 years (n=305); Retiring in 11-15 years (n=304)

## Current sources of income

### Retirees: What are your current sources of income?



- Social Security benefits and payouts from a defined benefit pension plan are among the most common sources of income among retirees.
- Those who are 5 or more years into retirement are more likely to be collecting Social Security benefits than more recent retirees.
- More than one-third of recent retirees indicate employment in retirement as a current source of income, which is more than those who have been retired 5 to 10 years (28%) and 11 to 15 years (21%).
- Rental property income and reverse mortgages are among the least cited current sources of income.

Retired < 5 years (n=304); Retired 5-10 years (n=301); Retired 11-15 years (n=300)

# Lessons learned

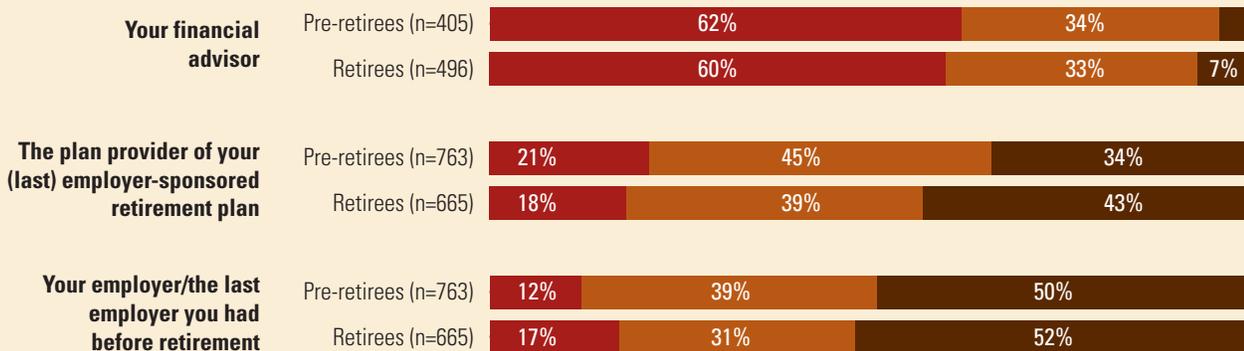
## How to get in a better position

- Don't delay preparations for retirement
  - Earlier preparation contributes to feelings of financial security, particularly in terms of calculating a target for how much money is needed in order to afford to retire, making efforts to increase savings, and calculating the best time to collect Social Security benefits
- Work with a financial advisor
- Adjust expectations for the transition into retirement, as many do not end up retiring when or how they wanted
- Given the likelihood of retiring earlier than expected, it is critical to begin financial preparations as early as possible

## Retirement planning assistance

Pre-retirees: How helpful have the following been in terms of helping you to plan/ prepare for your retirement?  
 Retirees: Prior to retiring, how helpful were the following in terms of helping you to plan/ prepare for your retirement?

■ Very helpful   ■ Somewhat helpful   ■ Net not helpful

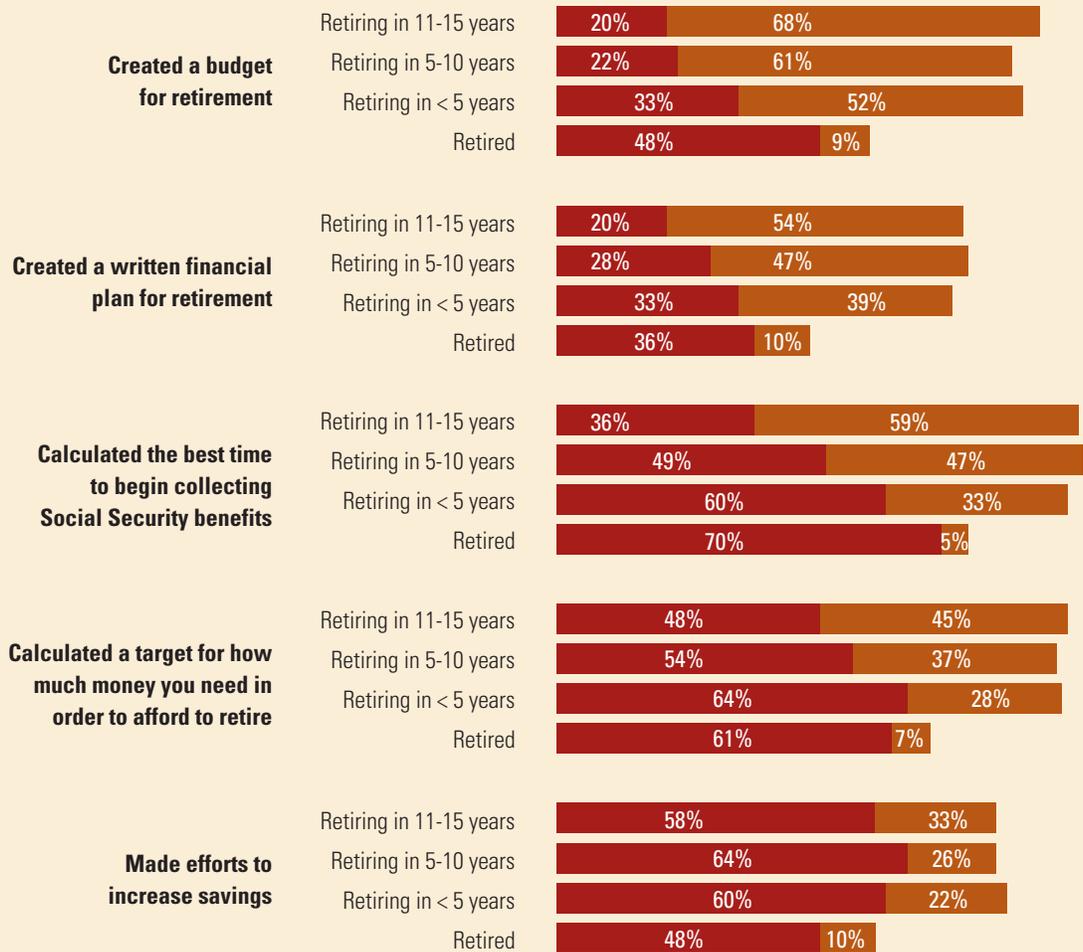


- Among retirees and pre-retirees who had a financial advisor, almost everyone saw their financial advisor as helpful for retirement planning.
- Employers were considered less helpful than financial advisors and plan providers. Still, about half of pre-retirees and retirees thought their (last) employer was helpful in planning/preparing for their retirement.

# Steps to prepare for retirement

Pre-retirees: Have you taken any of these steps?  
 Retirees: Did you take any of these steps before retiring?

- Yes, did it
- Planning to do/wish I had done



- Perhaps surprisingly, around half of retirees did not create a budget or a written financial plan for retirement prior to retiring.
- The percentage of pre-retirees who indicate taking steps to prepare for retirement – such as creating a budget or written financial plan or calculating retirement fund targets or determining the best time to begin collecting Social Security benefits – increases as the expected retirement date gets closer.
- Around 6 in 10 pre-retirees have made efforts to increase savings for retirement, compared with around half of retirees taking this step prior to retiring.

Retiring in 11-15 years (n=304); Retiring in 5-10 years (n=305); Retiring in < 5 years (n=303); Retired (n=905)

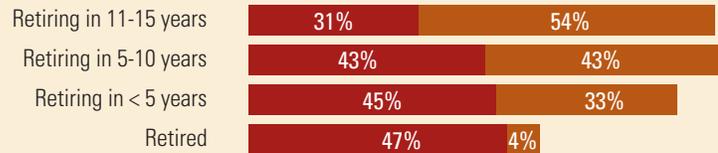
**Pre-retirees: Have you taken any of these steps?**  
**Retirees: Did you take any of these steps before retiring?**

- Yes, did it
- Planning to do/wish I had done

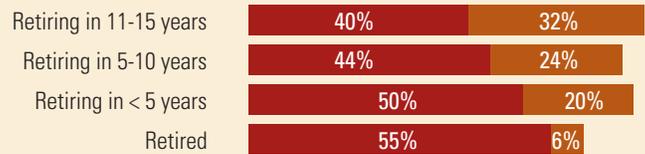
**Used financial/investment guidance provided by your employers' retirement plan provider\***



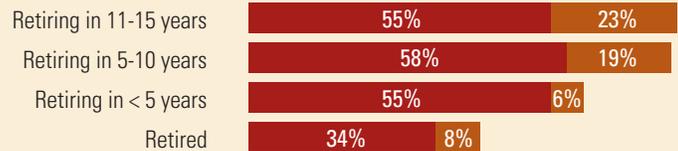
**Rebalanced stocks and bonds**



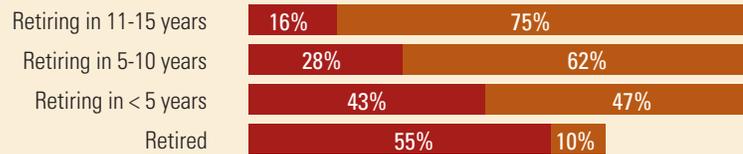
**Worked with a financial advisor**



**Increased contributions to an employer-sponsored retirement savings plan [e.g., 401(k)]**



**Estimated your medical and dental expenses in retirement (including the cost of Medicare)**



- The trend among pre-retirees is that the percentage who indicate taking steps to prepare for retirement, such as rebalancing stocks and bonds or working with a financial advisor, gradually increases as they get closer to their expected retirement date.
- Nearly 6 in 10 pre-retirees have increased contributions to an employer-sponsored retirement savings plan to prepare for retirement, compared with only a third of retirees indicating that they took this step prior to retiring.
- Prior to retiring, more than half of retirees estimated medical and dental expenses in retirement.
  - Although the majority of pre-retirees see this as a necessary step, those who are less than 5 years from retiring are more likely to have already taken this step.

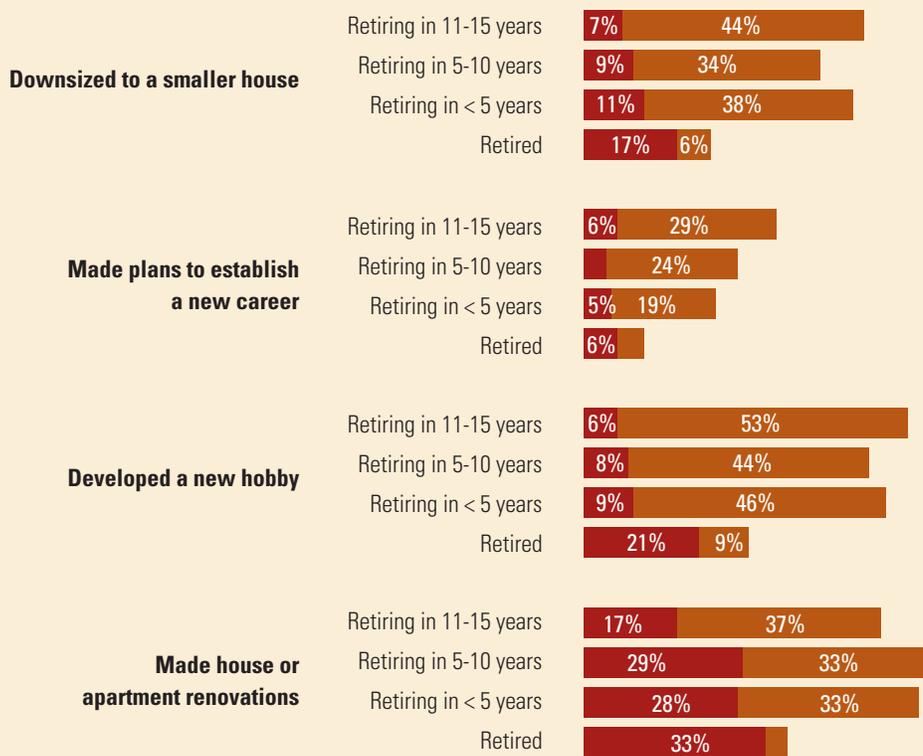
Retiring in 11-15 years (n=304); Retiring in 5-10 years (n=305); Retiring in < 5 years (n=303); Retired (n=905)

\*Only asked of those who had an employer-sponsored retirement plan

# Steps to prepare for retirement (continued)

Pre-retirees: Have you taken any of these steps?  
 Retirees: Did you take any of these steps before retiring?

- Yes, did it
- Planning to do/wish I had done



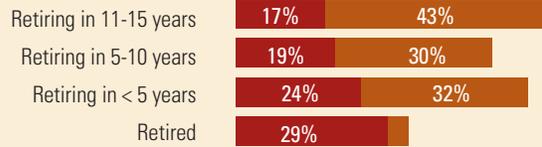
- Nearly half of pre-retirees plan to downsize to a smaller house before retiring, compared with 8 in 10 retirees indicating that they did not need to take this step.
- The majority of retirees report that they did not need to make plans to establish a new career (88%).
  - In contrast, one-third of those who are 5+ years away from retiring indicate that they plan to take this step prior to retiring.
- One-third of retirees made house or apartment renovations and one-fifth developed a new hobby prior to retiring.
  - However, more than half of pre-retirees indicate that they have taken or plan to take these steps in the future.

Retiring in 11-15 years (n=304); Retiring in 5-10 years (n=305); Retiring in < 5 years (n=303); Retired (n=905)

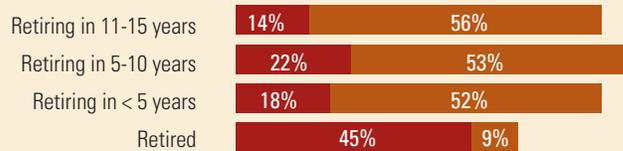
**Pre-retirees: Have you taken any of these steps?**  
**Retirees: Did you take any of these steps before retiring?**

- Yes, did it
- Planning to do/wish I had done

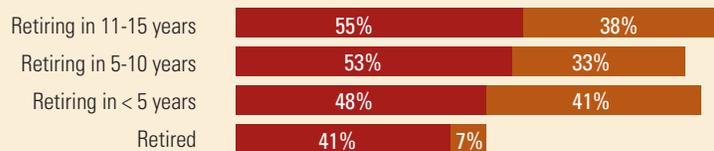
**Researched a new place to live**



**Made new friends/reconnected with old friends**



**Focused on relationship with spouse or partner\***



- About one-third of retirees researched a new place to live.
  - Around 50% to 60% of pre-retirees have taken or intend to take this step.
- Nearly half of retirees indicate that they made new friends or reconnected with old friends to prepare for retirement, compared with less than a quarter of pre-retirees.
- Focusing on the relationship with one’s spouse or partner is a step that 4 in 10 retirees took prior to retirement, whereas 48% to 55% of pre-retirees have already taken this step.

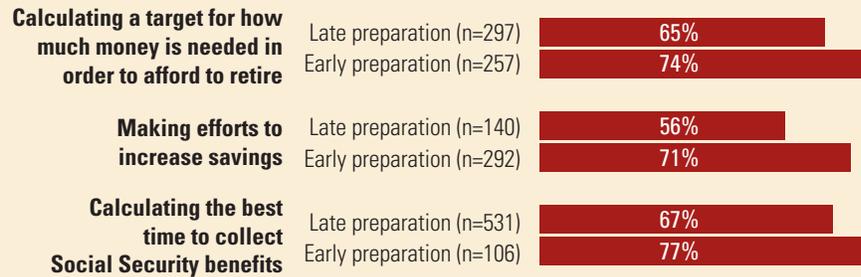
Retiring in 11-15 years (n=304); Retiring in 5-10 years (n=305); Retiring in <5 years (n=303); Retired (n=905)

\*Has spouse or partner

# Early preparation is key

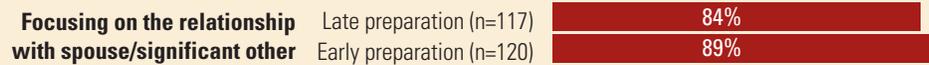
## Key to financial security

### Percentage of retirees who feel financially secure by how early they prepare



## Key to greater enjoyment

### Percentage of retirees who are enjoying retirement by how early they prepare

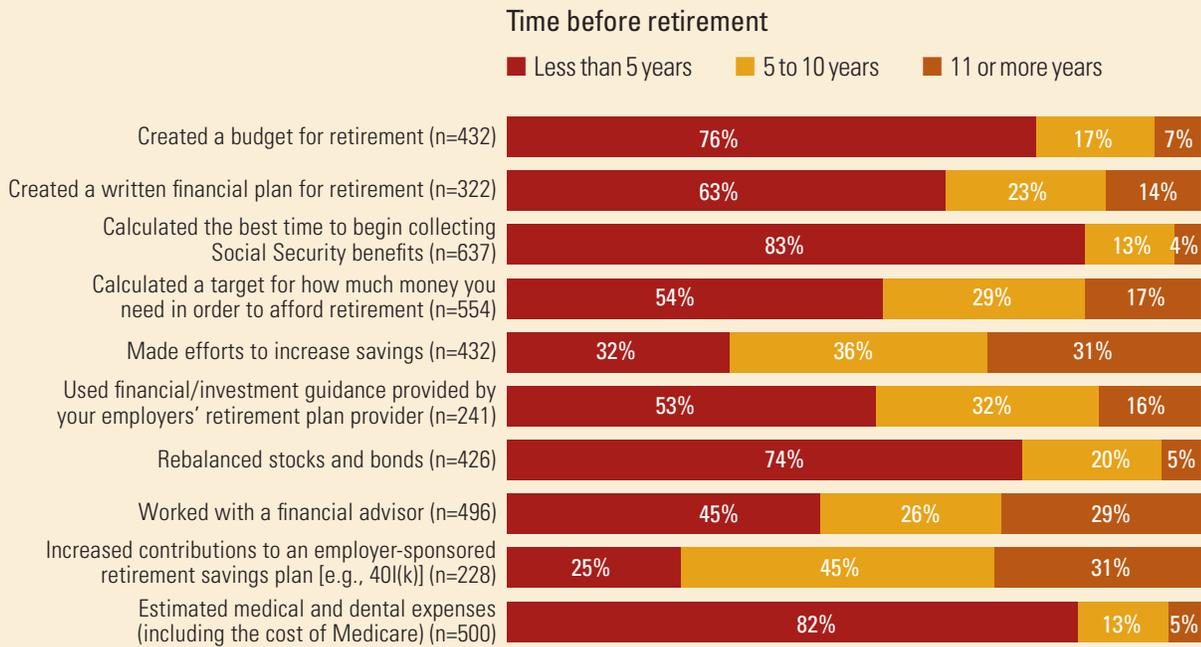


Late preparation = < 5 years before retiring; Early preparation = 5+ years before retiring

- Those who prepare earlier for retirement tend to feel more financially secure in retirement.
- The key steps that contribute to financial security if taken 5 or more years before retirement are:
  - Calculating a target for how much money is needed in order to afford to retire
  - Making efforts to increase savings
  - Calculating the best time to collect Social Security benefits
- Prior to retiring, strengthening the relationship with one’s spouse or significant other leads to greater enjoyment in retirement.
  - Taking this step earlier is better. Those who began focusing on their relationship with their spouse or significant other 5 or more years prior to retirement are more likely to enjoy retirement than those who took this step less than 5 years before retirement.

# Timing of steps to prepare for retirement

## Retirees: Approximately when did you start taking each of these steps?

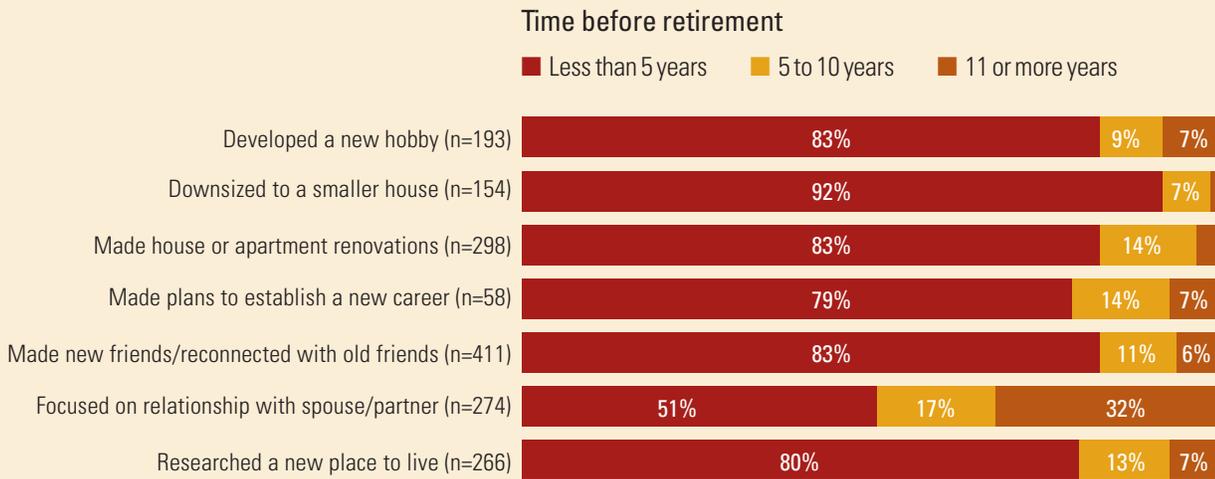


Retiring in 5-10 years (n=305); Retiring in < 5 years (n=303); Retired (n=905)

- Retirees who took these steps prior to retiring often did so in the 5 years leading up to their retirement date.
- Approximately half of retirees who took steps, such as used financial guidance provided by employers' retirement plan provider and worked with a financial advisor, started 6+ years before retiring.
- Nearly one-third of retirees who increased contributions to an employer-sponsored retirement savings plan [e.g., 401(k)] did so 11 or more years before retiring.

# Timing of steps to prepare for retirement (continued)

## Retirees: Approximately when did you start taking each of these steps?



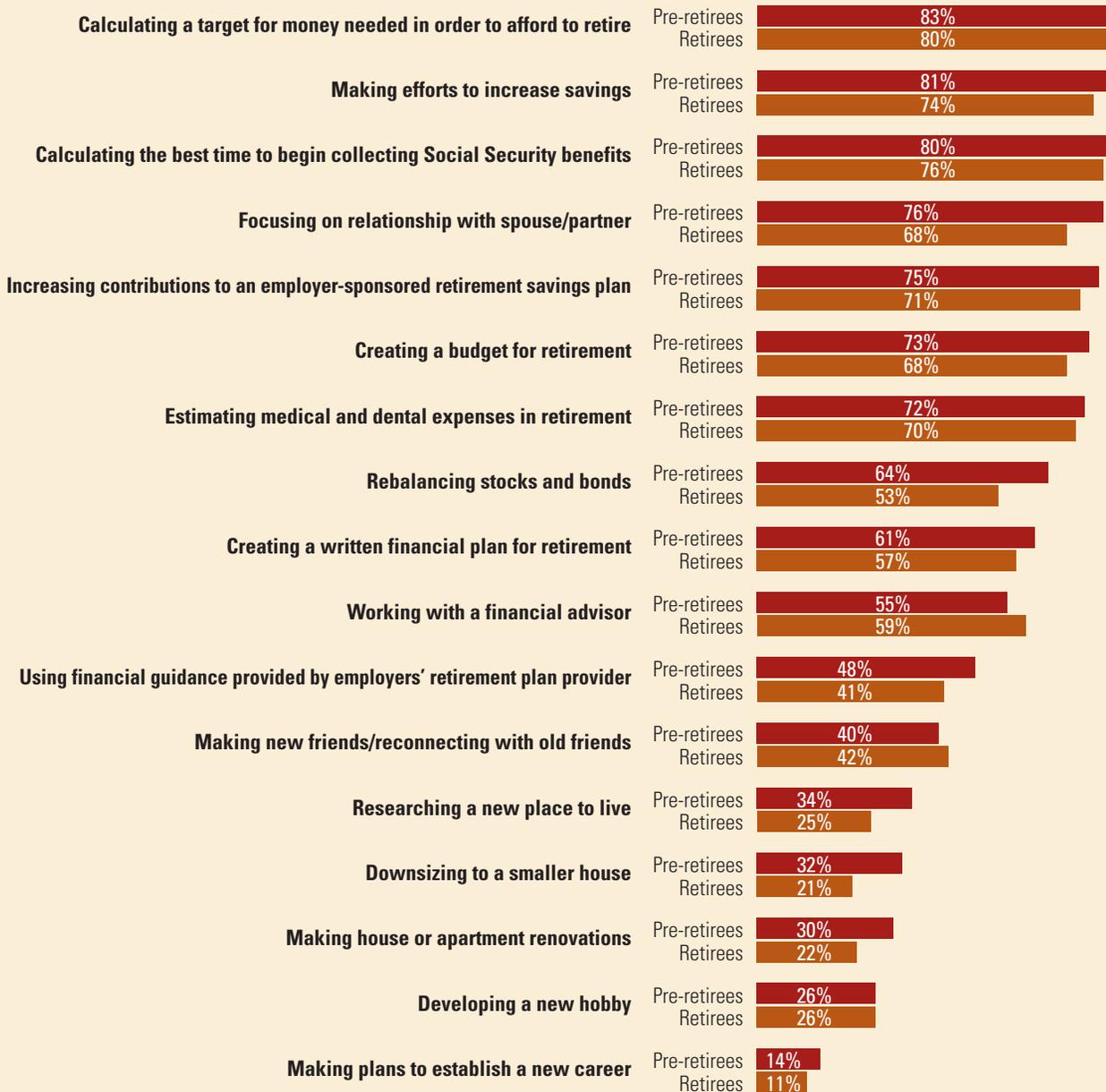
Retiring in 5-10 years (n=305); Retiring in < 5 years (n=303); Retired (n=905)

- Of retirees who took steps such as developed a new hobby, downsized to a smaller house, made house/apartment renovations, or made plans to establish a new career, the majority took these steps when their retirement date was within the next 5 years.
- The majority of retirees, who made it a point to make new friends/reconnect with old friends and those who researched a new place to live, did so within 5 years of retirement.
- Of retirees that focused on the relationship with their spouse/partner to prepare for retirement, the majority took this step within 5 years of retirement.

# Value of each retirement step

Among the steps one can take to prepare for retirement, how valuable do you believe each one is?

(% valuable)

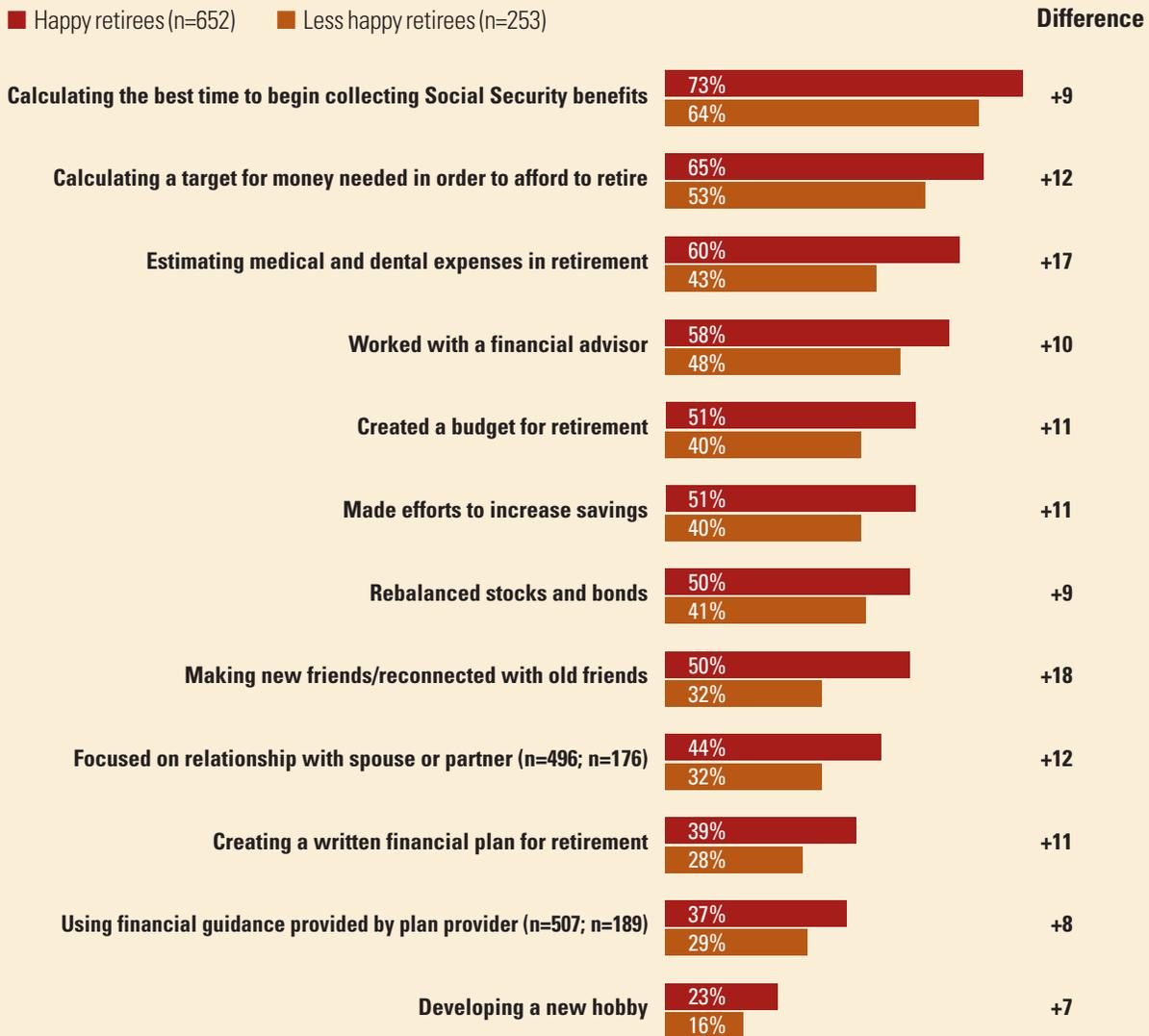


- In general, retirees and pre-retirees have similar beliefs about the value of each of these steps in preparing for retirement.
- Eight in 10 pre-retirees and retirees believe it is valuable to calculate a target for how much money is needed in order to afford to retire.

Pre-Retirees (n=912); Retirees (n=905)

# How the happiest retirees prepare

## Percentage who did preparation



- The happiest retirees make many social and financial preparations prior to retiring. The happiest retirees take key steps such as making new friends/reconnecting with old friends, focusing on the relationship with spouse/partner, calculating a target for the money needed to retire, and estimating medical and dental expenses in retirement.

# Profile of respondents: personal & household characteristics

## Retirement groups

|  | Pre-retirees<br>(n=912) | Retirees<br>(n=905) |
|--|-------------------------|---------------------|
| Plan to retire in less than 5 years    | 33%                     | –                   |
| Plan to retire in 5 to 10 years        | 33                      | –                   |
| Plan to retire in 11 to 15 years       | 33                      | –                   |
| Retired less than 5 years ago          | –                       | 34%                 |
| Retired within the past 5 to 10 years  | –                       | 33                  |
| Retired within the past 11 to 15 years | –                       | 33                  |

## Offered a 401(k)

|     | Pre-retirees<br>(n=912) | Retirees<br>(n=905) |
|-----|-------------------------|---------------------|
| Yes | 86%                     | 77%                 |
| No  | 14                      | 23                  |

## Contributed to employer-sponsored retirement plan

|     | Pre-retirees<br>(n=787) | Retirees<br>(n=696) |
|-----|-------------------------|---------------------|
| Yes | 97%                     | 96%                 |
| No  | 3                       | 4                   |

## Employer sponsored retirement plan value

|                        | Pre-retirees<br>(n=763) | Retirees<br>(n=665) |
|------------------------|-------------------------|---------------------|
| Less than \$10,000     | 7%                      | 3%                  |
| \$10,000 to \$49,999   | 13                      | 10                  |
| \$50,000 to \$99,999   | 12                      | 15                  |
| \$100,000 to \$249,999 | 28                      | 31                  |
| \$250,000 or more      | 38                      | 37                  |
| Don't know             | 2                       | 4                   |

## Profile of respondents: personal & household characteristics (continued)

|                                  | Pre-retirees<br>(n=912) | Retirees<br>(n=905) |
|----------------------------------|-------------------------|---------------------|
| <b>Gender</b>                    |                         |                     |
| Male                             | 50%                     | 50%                 |
| Female                           | 50                      | 50                  |
| <b>Marital status</b>            |                         |                     |
| Married                          | 70%                     | 71%                 |
| Single, never married            | 11                      | 6                   |
| Unmarried, live with partner     | 3                       | 4                   |
| Divorced                         | 11                      | 10                  |
| Widowed                          | 4                       | 9                   |
| Separated                        | 1                       | 1                   |
| <b>Financial decision-making</b> |                         |                     |
| Primarily you                    | 60%                     | 55%                 |
| Both you and another person      | 40                      | 45                  |
| <b>Region</b>                    |                         |                     |
| Northeast                        | 28%                     | 22%                 |
| South                            | 23                      | 33                  |
| Midwest                          | 28                      | 24                  |
| West                             | 21                      | 21                  |

|   | Pre-retirees<br>(n=912) | Retirees<br>(n=905) |
|---|-------------------------|---------------------|
| <b>Age</b>                              |                         |                     |
| Less than 55                            | 32%                     | 3%                  |
| 55 to 59                                | 37                      | 9                   |
| 60 to 64                                | 21                      | 21                  |
| 65 to 69                                | 9                       | 34                  |
| 70 to 74                                | 1                       | 23                  |
| 75 or older                             | *                       | 10                  |
| <b>Education</b>                        |                         |                     |
| Some high school or less                | *                       | *                   |
| High School Graduate                    | 7%                      | 9%                  |
| Some college/trade or vocational school | 23                      | 28                  |
| Bachelor's degree                       | 36                      | 31                  |
| Graduate or professional degree         | 33                      | 31                  |

|                                    | Pre-retirees<br>(n=912) | Retirees<br>(n=905) |
|------------------------------------|-------------------------|---------------------|
| <b>Number of children</b>          |                         |                     |
| None                               | 29%                     | 20%                 |
| One                                | 15%                     | 14%                 |
| Two                                | 33                      | 35                  |
| Three                              | 14                      | 18                  |
| Four or more                       | 9                       | 14                  |
| <b>Home ownership</b>              |                         |                     |
| Own                                | 93%                     | 95%                 |
| Rent                               | 6                       | 4                   |
| Live with children or other family | *                       | 1                   |
| Have another arrangement           | 1                       | 1                   |
| <b>Self-reported health</b>        |                         |                     |
| Excellent                          | 25%                     | 18%                 |
| Very good                          | 54                      | 51                  |
| Good                               | 18                      | 27                  |
| Fair                               | 3                       | 4                   |
| Poor                               | *                       | 1                   |

|                                      | Pre-retirees<br>(n=912) | Retirees<br>(n=905) |
|--------------------------------------|-------------------------|---------------------|
| <b>Expected age at death</b>         |                         |                     |
| Under 80                             | 10%                     | 9%                  |
| 80 to 84                             | 17                      | 17                  |
| 85 to 89                             | 32                      | 28                  |
| 90 to 94                             | 25                      | 28                  |
| 95 to 99                             | 10                      | 11                  |
| 100 or older                         | 6                       | 7                   |
| <b>Spouse's self-reported health</b> |                         |                     |
| Excellent                            | 20%                     | 16%                 |
| Very good                            | 51                      | 45                  |
| Good                                 | 23                      | 28                  |
| Fair                                 | 5                       | 8                   |
| Poor                                 | 1                       | 2                   |

## Profile of respondents: personal & household characteristics (continued)

|  | Pre-retirees<br>(n=912) | Retirees<br>(n=905) |
|--|-------------------------|---------------------|
| <b>Industry</b>                                  |                         |                     |
| Agriculture, Forestry, or Mining                 | 1%                      | 1%                  |
| Arts, Entertainment, or Recreation               | 3                       | 2                   |
| Construction                                     | 2                       | 2                   |
| Education  | 13                      | 17                  |
| Finance, Insurance, or Real Estate               | 10                      | 10                  |
| Healthcare or Social Assistance                  | 14                      | 9                   |
| Information and Technology                       | 7                       | 10                  |
| Manufacturing                                    | 11                      | 8                   |
| Military   | 2                       | 4                   |
| Professional, Scientific, and Technical Services | 15                      | 11                  |
| Public Administration                            | 9                       | 11                  |
| Retail Trade                                     | 4                       | 4                   |
| Service and Accommodation                        | 5                       | 3                   |
| Transportation/ Warehousing/ Utilities           | 4                       | 6                   |
| Wholesale Trade                                  | 2                       | 1                   |
| Other  | *                       | *                   |
| Never been employed                              | *                       | *                   |

|   | Pre-retirees<br>(n=912) | Retirees<br>(n=905) |
|---|-------------------------|---------------------|
| <b>Occupation</b>   |                         |                     |
| Business owner  | 7%                      | 4%                  |
| Officer of a company, such as vice president                      | 6                       | 7                   |
| Professional, such as a doctor, lawyer, or teacher                | 40                      | 42                  |
| Sales position  | 5                       | 5                   |
| Supervisory position, such as a factory foreman or office manager | 19                      | 23                  |
| Support staff position, such as a secretary                       | 14                      | 11                  |
| Blue collar job   | 6                       | 6                   |
| Service worker, such as a cashier or part of a cleaning crew      | 2                       | 1                   |
| Farmer, miner, logger (or other industry)                         | *                       | *                   |
| Other   | *                       | *                   |
| <b>Self-employed</b>  |                         |                     |
| Yes   | 12%                     | 11%                 |
| No  | 88                      | 89                  |
| <b>Financial support to others</b>                                |                         |                     |
| Yes   | 24%                     | 12%                 |
| No  | 76                      | 88                  |

|                         | Pre-retirees<br>(n=912) | Retirees<br>(n=905) |
|-------------------------|-------------------------|---------------------|
| <b>Household income</b> |                         |                     |
| Less than \$25,000      | 2%                      | 3%                  |
| \$25,000 to \$34,999    | 2                       | 4                   |
| \$35,000 to \$49,999    | 5                       | 12                  |
| \$50,000 to \$74,999    | 17                      | 23                  |
| \$75,000 to \$99,999    | 19                      | 23                  |
| \$100,000 to \$149,999  | 28                      | 22                  |
| \$150,000 or more       | 26                      | 12                  |
| Prefer not to say       | 1                       | *                   |

|   |    |    |
|---|----|----|
| <b>Value of savings and investments</b> |    |    |
| \$50,000 to \$59,999                    | 2% | 3% |
| \$60,000 to \$74,999                    | 4  | 4  |
| \$75,000 to \$99,999                    | 8  | 7  |
| \$100,000 to \$149,999                  | 11 | 9  |
| \$150,000 to \$249,999                  | 14 | 14 |
| \$250,000 to \$499,999                  | 22 | 18 |
| \$500,000 to less than \$1 million      | 21 | 22 |
| \$1 million to less than \$1.5 million  | 9  | 10 |
| \$1.5 million or more                   | 8  | 13 |

|                        | Pre-retirees<br>(n=848) | Retirees<br>(n=857) |
|------------------------|-------------------------|---------------------|
| <b>Home equity</b>     |                         |                     |
| Less than \$25,000     | 4%                      | 2%                  |
| \$25,000 to \$49,999   | 6                       | 3                   |
| \$50,000 to \$99,999   | 14                      | 9                   |
| \$100,000 to \$249,999 | 35                      | 41                  |
| \$250,000 to \$499,999 | 28                      | 32                  |
| \$500,000 to \$999,999 | 10                      | 10                  |
| \$1 million or more    | 2                       | 2                   |
| Prefer not to say      | 1                       | 1                   |

## Profile of respondents: personal & household characteristics (continued)

|                                 | Pre-retirees<br>(n=912) | Retirees<br>(n=905) |
|---------------------------------|-------------------------|---------------------|
| <b>Employment status</b>        |                         |                     |
| Employed full time              | 85%                     | 3%                  |
| Employed part time              | 9                       | 10                  |
| Unemployed and not seeking work | 1                       | 21                  |
| A homemaker                     | 2                       | 5                   |
| Unemployed and seeking work     | 2                       | 2                   |
| Disabled and unable to work     | *                       | 1                   |
| Retired                         | —                       | 58                  |
| Self-employed                   | 1                       | 1                   |

|                                   | Pre-retirees<br>(n=669) | Retirees<br>(n=672) |
|-----------------------------------|-------------------------|---------------------|
| <b>Spouse's employment status</b> |                         |                     |
| Employed full time                | 59%                     | 17%                 |
| Employed part time                | 12                      | 8                   |
| Unemployed and not seeking work   | 6                       | 19                  |
| A homemaker                       | 11                      | 8                   |
| Disabled and unable to work       | 3                       | 1                   |
| Unemployed and seeking work       | 2                       | 1                   |
| Other                             | *                       | *                   |
| Retired                           | 7                       | 44                  |
| Self-employed                     | *                       | 1                   |

| <b>Spouse retired</b> |     |     |
|-----------------------|-----|-----|
| Yes                   | 22% | 74% |
| No                    | 78  | 26  |





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