1-2017

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Recommended Citation
Timmermann, Sandra, "Values, Attitudes, and Behaviors Midway through Retirement" (2017). Faculty Publications. 704.
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Values, Attitudes, and Behaviors Midway through Retirement

by Sandra Timmermann, EdD

ABSTRACT

People who have reached age 75 are at the midpoint of their retirement and have had a wake-up call about need to confront the realities of aging and what lies ahead. We examine their changing and conflicting attitudes toward money, health and long-term care, living arrangements, work and leisure, and legacy and mortality, and provide insights as to how advisors can help them prepare both financially and psychologically.

They might be called the people in the middle. They have several years of retirement under their belt and are moving into an undeniably older age. What’s on their minds as they think about the years ahead? We know that there is a blurring of a traditional retirement age as people in their sixties, instead of hanging it up, decide to work longer, often part-time. We also know that more people are living into their nineties and reaching age 100. So despite the variation, for the purposes of this column I’ve selected age 75 as the midpoint, with 65 the traditional retirement age and 85 our life expectancy in the United States at 65.

What Do We Know about 75-Year-Olds?

Those who have written about the generations and their characteristics generally define a 75-year-old as part of the silent generation, those born in the mid-1920s to the mid-1940s. They are a relatively small generation compared with the baby boomers, due to the lower birth rates during the Great Depression and the onset of World War II. They are sometimes known as traditionalists—patriotic, conservative, and thrifty. However, a 75-year-old is too close to the boomer cohort not to take on many or most of its values, attitudes, and behaviors. After all, many of the leaders of the rock and roll, civil rights, and feminist movements are members of the silent generation, too: The Beatles, Bob Dylan, Gloria Steinem, and Martin Luther King, Jr., to name a few.
As for their financial status, Neil Howe, a well-regarded author of books that analyze and compare different generations, called them “the lucky ones” in a recent article in *Forbes* magazine. The reason they are lucky, he posits, is that there were fewer of them when they entered the labor market so there was less competition for jobs; they were recipients of defined-benefit plans at work that helped to secure their retirement; they bought houses and raised families when mortgage rates were low; and they benefited from the strong stock market performance in the 1980s and 1990s to build their portfolios. As a result, they are now part of the wealthiest generation, those aged 75-plus, whose average assets ($228,400) are greater than the average assets of other age groups, including working-age adults.

From a health perspective, when a person reaches age 75, some chronic or debilitating illnesses and some loss of function have kicked in. While people at age 75 are by and large healthier than their counterparts in previous generations, they can’t deny some of the physical and in some cases cognitive changes that are taking place. They tend to live in independent dwellings, and may be living alone due to the death of a spouse. However, they are still involved with their adult children and grandchildren, even if from a distance, and may in fact be helping them out financially. Both women and men may also be providing care for a spouse or other family member. What may be changing the most at age 75, however, are their attitudes and behaviors about the aging process and the rest of their lives.

**What Values Change at Age 75?**

It’s difficult for 75-year-olds to pretend they are still middle-aged, even if they are healthy, active, and involved. Two forces are at play that can have a schizophrenic result. At 75, people do acknowledge that they are getting old. At the same time, however, there is denial going on as they attempt to retain their youth. Many gerontologists believe that society pushes older people to self-denier rather than embrace their aging due to the obsession in this country with being young and productive.

For most financial service professionals, it might be fair to say that the 75-year-olds they work with are in fairly good health, generally happy, and financially stable. With that in mind, I’ve identified five areas where conflicting values, attitudes, and behaviors might get in the way of making planning decisions—and suggest ideas on how to overcome them.

**Five Values**

**Money**

There are, of course, 75-year-olds who don’t have enough savings for retirement, but most advisors are generally dealing with the financially lucky, those who have defined-benefit plans to rely on and who, on top of that, have saved money along the way. Thanks in part to their upbringing by parents who lived through the Great Depression and World War II, it’s likely that 75-year-olds are more risk averse and more conflicted about spending money than middle-aged adults who have different values about spending and saving. Advisors often report that members of the silent generation are apt to spend less in retirement than they need to, and they even scrimp when it’s not necessary. They want to be sure they have enough money for a rainy day—even though their assets and income are more than adequate. The cohort effect may be in play. It is also possible that they may be slightly more concerned about leaving an inheritance to their children than the baby boomer and generation X cohorts are, who report that they would rather give their children money now instead of waiting until death.

**Advisor Response:** To overcome these attitudes and behaviors, advisors might want chart a financial life course through age 100, estimating income and expenses year by year to reassure their clients that they will have enough. Annuities tend to appeal to risk-averse people; so should long-term care insurance. However, at age 75, it takes a bite financially. Making the assumption that medical and long-term
conversation about maintaining as much functionality as possible and staying in control into old age—not scare tactics—resonates the best.

**Living Arrangements**

The vast majority of retirees indicate that they want to remain in their homes as they age. Younger retirees may not have thought about it much or have moved to a new environment, and very old retirees may need to move because of failing health and to be near their children. People at age 75 are somewhere in the middle. Most have stayed in their original home or have already made the move to another location. Looming in their minds, however, is the suitability of where they are living so they can age well. For widows and widowers in particular, the larger homes they live in are more difficult to maintain as they age, and the homes are filled with years of accumulated stuff. Conversations at 75 often turn to cleaning the basement and attic, having a bedroom and bathroom on the first floor, or downsizing to a smaller, maintenance-free home or apartment. It is also at this stage that the forward-looking among the group start considering a continuing care retirement community, where, once they pass the financial, physical, and cognitive screenings, they can move into an independent apartment home or cottage and, if the need arises, are guaranteed care for life. The irony, of course, is that the typical 75-year-old is active and involved in the community. It’s easy to put off making any decisions until a crisis occurs, which results in fewer options.

**Advisor Response:** As unpleasant as the topic is to clients, it’s important for advisors to start, or pick up on earlier threads of, the conversation about care planning. At age 75, people are old enough to know better and are healthy enough to move on their decisions. As the years go on, the options may be more limited. Family members can’t be expected to provide all of the care, so the question to the client becomes how will you or your spouse (if you have one) be cared for and how will you pay for it? Is long-term care insurance or longevity insurance feasible? Can you self-fund? For people at age 75, a long-term care discussion about maintaining as much functionality as possible and staying in control into old age—not scare tactics—resonates the best.

**Health and Long-Term Care**

Health and long-term care costs are a major concern, as reported in a number of studies and surveys of retirees. Medicare supplemental insurance is usually viewed as a necessity, and by age 75, people have held such policies for 10 years. On the other hand, long-term care planning and insurance are still not top of mind and create a gap in a good financial plan. It is the elephant in the room, because most moderately healthy people in their seventies—probably in denial—feel that they can escape the ravages of a disability like a stroke or Alzheimer’s disease. Underneath the hope that “that will never happen to me” is the deep-seated need to stop avoiding the issue and face up to the facts. They are likely to be well aware what happens as a person ages. They may have cared for a parent who needed assistance in old age, and they are likely to have friends or acquaintances (or maybe even themselves) who are in the early stages of diseases like Parkinson’s, cancer, or other conditions. At 75, they have reached an age when the preferred delivery and cost of health and long-term care services need to be addressed.

**Advisor Response:** The home is more than a place a client is living. It is a psychological haven as well that contains treasure troves of memories. It can also be an albatross. Those who advise 75-year-olds should incorporate discussions of where to live into their conversations, helping clients think through the housing continuum, which in many ways parallels the aging continuum. If they want to remain in their current home for the foreseeable future, can they afford it, and what modifications might be needed? If
they consider moving, when would they go, where
would they go, what kind of housing would they look
for, and will they want to be located close to children
or friends? This can lead to a conversation about us-
ing home equity to pay for home care and supportive
living if needed. While advisors are at it, they might
want to encourage their clients to get a start decumu-
lating worldly goods, for it will be a relief to them and
a gift to their heirs.

Work and Leisure

The retiree travel industry is growing, especial-
ly as baby boomers leave the workforce; witness the
cruise and travel companies that specialize in tours
for “active older adults.” Working part-time or as a
consultant is another option embraced by more and
more retirees after they leave full-time employment.
By age 75, however, after about 10 years of retire-
ment, they are probably reevaluating their use of
time. Part of it may be a desire to move on to some-
thing else. Perhaps it is a reduced physical energy
level or the onset of a disabling condition such as
vision loss, arthritis, or hip replacement. They may
want to devote more time to physical and mental
fitness. An additional factor may be that the things
that mattered or were on the wish list—working to
stay in the game or traveling to faraway places—lose
their importance. Shopping and acquiring material
goods is less and less appealing. In sum, people at age
75 are still on the go—they may continue to have a
bucket list of trips and adventures that they want to
take—but their priorities shift toward a more inward
reflection on what is most important to them in the
years that remain.

Advisor Response: For advisors, a discussion about
what matters at this age can be helpful. At 75, they
may well be at the midpoint of the “retirement smile,”
having spent more money right after retirement on
travel and entertainment, and now finding that the
simpler things like taking walks in the country and
spending time with friends and family are more sat-
isfying. Insights into where a client is in life can pro-
vide clues about how they see the years ahead. The
conversation also can bridge to the financial implica-
tions. Perhaps the changes in use of time may result
in wishing to donate more to charity, giving more
money to children and grandchildren now rather
than waiting until death, taking the grand cruise, or
hosting a big family destination reunion.

Legacy and Mortality

While people in the eighth decade or in ill health
are more likely to have deeper thoughts about the end
of life, people at age 75 have begun to think more
about their shortened time horizon. That may mani-
ifest itself in wanting to live life to the fullest, making
the most of every living moment. It also may cause
75-year-olds to consider their legacy to a greater de-
gree than before, not only from a financial standpoint
but also from the perspective of how they want to be
remembered by children, grandchildren, and those
whose lives they have touched over the years. And
they probably have begun thinking about their final
wishes and how they want to be cared for in very
old age. Legacy and mortality may not be issues that
rise to the top in the life of a 75-year-old, but they
loom in the background as people at that age won-
der what’s next for them. Will they or their spouse
be able to have a satisfying life into the eighties and
nineties, and if so, how can they contribute to their
families and communities and make a difference?

Advisor Response: At age 75, wills, estate plans, liv-
ing wills, and powers of attorney should be up to date.
This is a good age to review these documents and fi-
nal wishes with the client, while they are healthy and
active. It is also a time to make plans if a client should
become incapacitated. A discussion of legacy may also
provide an opportunity to meet the adult children or
trusted friends who will be involved in financial and
care decisions. This will be helpful should anything
happen to a client and also will establish a relationship
between advisor and the family. Age 75 is an approp-
riate time for this type of review, as death seems a
ways off but still not too far in the future.
Conclusion

People who have reached age 75 are at the midpoint of their retirement; most of them are active and enjoying life. They have had 10 years to find out what their new retirement life stage is like, make changes along the way, and begin to plan for their older ages. Just-in-time planning and our youth culture mentality can get in the way of thinking seriously about the future, but we might look at age 75 as a benchmark for financial planners. At that age, retirees are still young enough to fully engage but old enough to understand deep down the significance of the waning years ahead. It is a perfect time for advisors to raise some of the value-based subjects, often hidden from sight, that are on the minds of their clients and, at the same time, prepare them for the journey that lies ahead.

Sandra Timmermann, EdD, is a nationally recognized gerontologist who focuses on aging, retirement, and the application to business. She is currently the visiting professor of gerontology and retirement living at The American College, a special advisor to the board of the Retirement Income Industry Association, a senior fellow at the Women’s Institute for a Secure Retirement, and a member of the Funding Longevity Task Force. She also has a consulting practice, working with financial services and other businesses interested in reaching the 50+ market.

Sandy was a vice president at MetLife and the founder and director of the MetLife Mature Market Institute until it was disbanded in 2013. She has been in the aging field for over 30 years, is a frequent speaker on retirement issues, and has been interviewed by hundreds of media outlets. She serves in leadership capacities with several aging organizations, is a representative to the UN for the International Federation on Ageing, was a delegate to the White House Conference on Aging, and holds the Cavanaugh Award. She received a BA from the University of Colorado and MA and EdD degrees from Columbia University. She can be reached at sandratimmermann1@gmail.com.

(4) Ibid.