

News

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What Is “Retirement”? Today’s Workers Say That It Is Freedom

New study explores the retirement prospects of Millennials, Generation X, and Baby Boomers

LOS ANGELES – April 3, 2019 – In this era in which people have the potential to live longer than in any other time in history, a time when workers are grappling with how to financially prepare for older age, nonprofit [Transamerica Center for Retirement Studies® \(TCRS\)](#) set out to answer the question, “What does ‘retirement’ mean to you?” According to the new study released today, TCRS finds workers most often associate retirement with the words “freedom” (55 percent), “enjoyment” (53 percent), and “stress-free” (43 percent), despite the magnitude of preparations and challenges involved.

[What Is “Retirement”? Three Generations Prepare for Older Age](#) explores the perspectives and preparations of American workers and what “retirement” personally means to them. Based on the [19th Annual Transamerica Retirement Survey](#), one of the largest and longest running surveys of its kind, this report examines the finances and health of three generations in the workforce: Baby Boomers, Generation X, and Millennials.

“Retirement is no longer associated with a gold watch and metaphoric sunsets. Today’s workers expect to extend their working lives beyond age 65. Their vision of retirement balances continued work with freedom and more time to pursue personal interests,” said [Catherine Collinson](#), CEO and president of [Transamerica Institute®](#) and TCRS. The survey finds:

- **Eighty-six percent of workers cite positive word associations with “retirement,”** compared with only 37 percent who cite negative words.
- **Fifty-five percent of workers plan to work after they retire,** including 41 percent who plan to work part time and 14 percent full time. Among workers planning to work in retirement and/or past age 65, most plan to do so for financial reasons (80 percent) and almost as many for healthy-aging reasons (72 percent).
- **Forty-four percent of workers envision a phased transition into retirement** during which they will reduce work hours with more leisure time to enjoy life (27 percent), or work in a different capacity that is less demanding and/or brings greater personal satisfaction (17 percent). Another 22 percent plan to continue working as long as possible until they cannot work anymore.
- **The most often cited retirement dreams are traveling (67 percent), spending more time with family and friends (57 percent), and pursuing hobbies (48 percent).** Thirty percent of workers dream of doing some form of paid work such as pursuing an encore career (13 percent), starting a business (13 percent), and/or continuing to work in the same field (11 percent). Twenty-six percent dream of doing volunteer work.

“Workers must take greater action in saving, investing, financially planning – and protecting their health – to successfully transform their visions of retirement into reality,” said Collinson.

Inadequate Financial Preparations Undermine Future Freedom

“In addition to preparing for longer lives and more time spent in retirement, workers are increasingly expected to self-fund a greater portion of their retirement income as a result of the evolving retirement landscape,” said Collinson.

While three in four workers are saving for retirement (75 percent) through employer-sponsored plans, such as a 401(k) or similar plan, and/or outside the workplace, the survey findings also outline the financial challenges faced by workers:

- **Many are not saving enough for retirement.** Workers have saved \$50,000 (estimated median) in all household retirement accounts. Baby Boomers have saved \$152,000, Generation X has saved \$66,000 and Millennials have saved \$23,000 (estimated medians). Eleven percent of workers do not have any household retirement savings.
- **Twenty-nine percent of workers have dipped into retirement accounts** by taking a loan, early withdrawal, and/or hardship withdrawal from a 401(k) or similar plan or IRA. Baby Boomers (22 percent) are less likely to have done so compared with Generation X (32 percent) and Millennials (30 percent).
- **Household debt is pervasive across generations.** The majority (83 percent) of workers carry some form of debt. The most commonly cited forms include credit card debt (47 percent), mortgage (43 percent) and car loan (38 percent). Millennial workers are more likely to have student loans (25 percent), compared with Generation X (13 percent) and Baby Boomers (seven percent).
- **Emergency savings are alarmingly low.** Workers have saved only \$5,000 (median) for emergencies and unexpected major financial setbacks. Baby Boomers have saved \$10,000, Generation X has saved \$5,000, and Millennials have saved \$2,000 (medians).
- **Workers are concerned about Social Security.** Seventy-seven percent agree with the statement, “I am concerned that when I am ready to retire, Social Security will not be there for me,” including Generation X (84 percent), Millennials (80 percent), and Baby Boomers (65 percent).

“Despite the all-too-real challenge of saving, many workers are overlooking opportunities that could help improve their long-term financial situation,” said Collinson. “Small steps such as using a retirement calculator to estimate savings needs, engaging in financial planning, creating a budget, formulating a retirement strategy, and learning about retirement investing can make a big difference in the long run.”

Health and Work-Life Balance

Workers are looking to retirement for more freedom, according to the survey, but are they achieving the right work-life balance today? The survey finds that most workers feel they are healthy and manage work-life balance well, but may not be doing enough to safeguard their long-term health:

- **Seventy-nine percent of workers describe themselves as being healthy,** including 21 percent who say their health is “excellent” and 58 percent who say it is “good.” Millennials (26 percent) are more likely say their health is “excellent,” compared with Generation X (19 percent) and Baby Boomers (16 percent).
- **Most are successful in managing work-life balance.** Seventy-nine percent of workers feel that they are successful in managing their work-life balance. Baby Boomers (83 percent) are more likely than Millennials and Generation X (both 78 percent) to feel they balance work-life priorities.
- **Caregiving can be disruptive.** Twenty-eight percent of workers have been caregivers during their working careers, a finding which is similar across generations: Baby Boomers (29 percent), Generation X (28 percent), and Millennials (27 percent). Among them, 86 percent have made some sort of adjustment to their work situation as a result of becoming a caregiver.
- **Workers can do more to safeguard their long-term health given what is at stake.** About half of workers consistently engage in activities such as exercising regularly (55 percent), eating healthfully (54 percent), and getting plenty of rest (50 percent). Only one in five workers (22 percent) consider their long-term health when making lifestyle decisions, a finding that is relatively consistent across generations.

“In the hearts and minds of today’s workers, retirement means ‘freedom,’ amid concerns about whether it is financially attainable,” said Collinson. “From a societal perspective, how can we ensure flexibility for people to live their lives and retire on their own terms? How can we improve financial security among all? These are questions begging to be answered by our society – and by each of us on a personal level. Ultimately, retirement is what we make of it.”

Please visit TCRS at www.transamericacenter.org to view this [survey report](#) along with other research reports and materials from the [19th Annual Retirement Survey](#). Follow TCRS on Twitter [@TCRStudies](#).

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About the Survey

The analysis contained in [What Is “Retirement”? Three Generations Prepare for Older Age](#) was prepared internally by the research team at TCRS. The 25-minute online survey was conducted within the U.S. by The Harris Poll on behalf of TCRS between October 26 and December 11, 2018 among a nationally representative sample of 5,923 full- and part-time workers, including self-employed. This report is based on 5,168 full- and part-time workers who are not self-employed and who work in a for-profit company with one (1) or more employees, including 2,156 Millennials (born 1979-2000), 1,476 Generation X (born 1965-1978), 1,477 Baby Boomers (born 1946-1964) and 59 workers who were born prior to 1946. Results were weighted where necessary to bring them into line with the population of U.S. residents age 18+, employed full- or part-time in a for-profit company with one (1) or more employees, and to adjust for attitudinal and behavioral differences between those who are online versus those who are not, those who join online panels versus those who do not, and those who respond to surveys versus those who do not. No estimates of theoretical sampling error can be calculated.

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