

## Raddon Research Insights

Baby Boomers and Retirement: Ready or Not?



## **Raddon Research Insights**

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## Executive Summary

Retirement is expensive, and paying for it is part preparation, part risk management. How much will you need to live on? Can you depend on Social Security? Do you need to plan for 10 post-retirement years or 30? These questions are just a few of the concerns that are currently top of mind for our nation's 72 million Baby Boomers, particularly the 42 percent who have not yet retired.

Between rising costs and increased longevity, Boomers are justifiably worried about how to fund their retirement. Wealth, planning and expectations all play a role in both their perception of preparedness and their actual readiness to retire. Of course, there's no one-size-fits-all retirement plan, but financial institutions can provide products and services that help Boomers as plan for and enjoy their retirement.

In *Baby Boomers and Retirement: Ready or Not?*, Raddon Research Insights analyzes the results of a survey of 1,662 online respondents. The report explores what Baby Boomers envision for their retirement, how they're preparing for it and how they plan to pay for it. Topics covered in this report include:

- Baby Boomer [demographics](#), including retirement status and Consumer segments
- [Expectations, plans, and perceptions](#) of retirement preparedness
- What, me worry? [Concerns](#) about understanding programs like Medicare, Social Security, and long-term care insurance
- Wealth matters: The effect of income on [goals](#), [positivity](#) and [preparedness](#)
- Expected sources of [retirement income](#) for Boomers
- When did Boomers start saving for retirement and how much have they saved?
- The importance of [having a plan](#), with or without a financial advisor
- [The bottom line](#) for Boomers: What they think they need versus what they actually have
- How [financial institutions can help](#) Boomers plan for retirement and manage their wealth

# Baby Boomers and Retirement: Ready or Not?

The generation of Americans born in the period following World War II, affectionately known as the Baby Boomers, has been gradually entering retirement, representing the largest transition out of the workforce in American history. While study after study has called into question whether this generation is ready or whether they have saved enough, most of that research has been funded and/or conducted by investment firms that might have a specific agenda in trying to increase balances and assets.

This study seeks to provide a neutral, unbiased perspective. Are the Baby Boomers actually prepared for retirement? Do they perceive that they are prepared or not? What strategies or tactics can financial institutions use to help their customers better prepare for and adjust to retirement living?

*Publication Date: August 2019.*

## **Demographic Profile of Baby Boomers**

Perhaps the most famous and studied generation in American history, the Baby Boomers have begun to reach the end of their working careers. Born from 1946 to 1964, the Boomers number 72 million, making them now the second-largest generation, just 1 million fewer than the Millennials.<sup>1</sup>

Ranging in age from 55 to 73, Boomers are by no means monolithic.

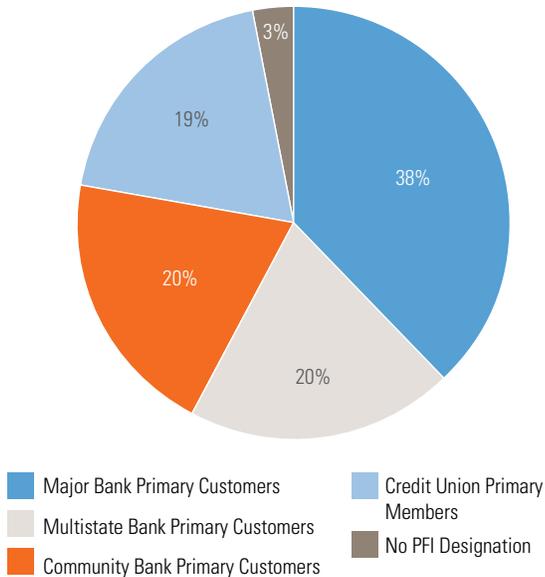
First of all, they use a variety of financial institutions. Boomers are slightly less likely than younger demographic segments to consider a major bank (Bank of America, Chase, Wells Fargo, Citibank, U.S. Bank or PNC) as their Primary Financial Institution (PFI). Among Baby Boomers, 38% consider a major bank to be their PFI, with the rest fairly evenly distributed among regional/multistate banks, community banks and credit unions.

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<sup>1</sup> Richard Fry, "Millennials Projected to Overtake Baby Boomers as America's Largest Generation," Pew Research Center, March 1, 2018, [www.pewresearch.org/fact-tank/2018/03/01/millennials-overtake-baby-boomers](http://www.pewresearch.org/fact-tank/2018/03/01/millennials-overtake-baby-boomers).

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**Figure 1: Primary Financial Institution, Baby Boomers**



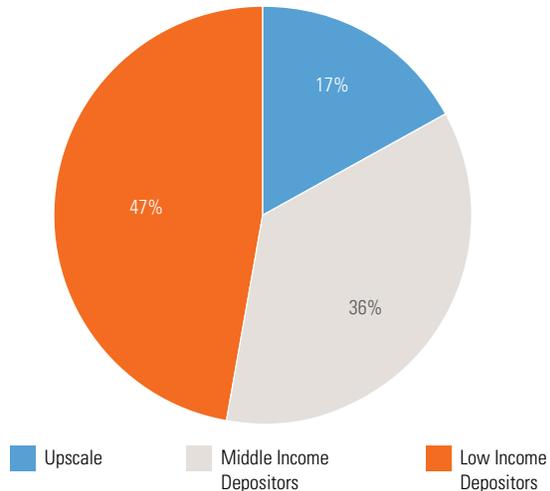
Source: Raddon Research Insights

Q: Please indicate which ONE type of financial institution you consider to be your primary or most important source of financial services. (n=1,662)

In this study, we will also analyze Boomer behavior using Raddon’s Consumer segments. Boomers fall into three segments, based on varying household income:

- Upscale, earning \$125,000 or more in annual household income
- Middle Income Depositors, earning between \$50,000 and \$124,999 in annual household income
- Low Income Depositors, earning less than \$50,000 in annual household income
- From 2018 U.S. Census estimates, we find that the majority of Baby Boomers are Low Income Depositors, typically either retirees or individuals living on a single income.

**Figure 2: Consumer Segment Distribution of Baby Boomers**

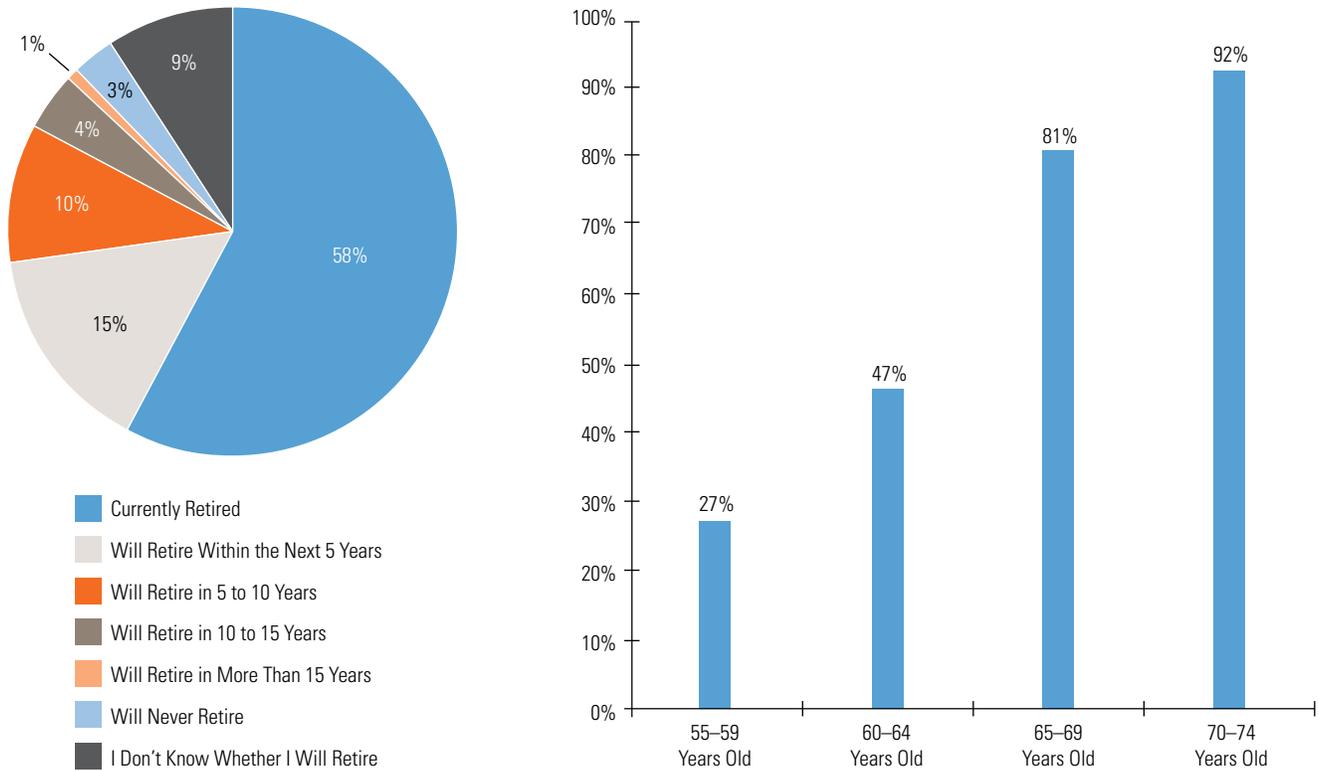


Source: Raddon Research Insights

The high number of Low Income Depositors makes sense when one considers the high percentage of Boomers who are already retired. Even though only 44% of Boomers are 65 years old or older, 58% say they are currently retired, including 47% of those 60–64 and 27% of those 55–59. Only 3% say they will never retire.

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**Figure 3: Consumer Segment Distribution of Baby Boomers and Percentage of Boomers Currently Retired, by Age Bracket**



Source: Raddon Research Insights

Q: What is your current status regarding retirement? (n=1,647)