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 AgeWave

# The Four Pillars of the New Retirement: **What a Difference a Year Makes**

An Edward Jones and Age Wave Study: June 2021



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# A Note from Edward Jones and Age Wave

For more than a year, we have struggled as a country through an unimaginable pandemic and the tragic loss of lives, jobs and our “normal” way of life. It has been the most socially, emotionally, financially and personally disruptive year that most of us can remember. While every American has been challenged, we have also seen extraordinary amounts of resilience, generosity and a sense of optimism, especially from retirees, as reflected in our new report, *The Four Pillars of the New Retirement: What a Difference a Year Makes*.

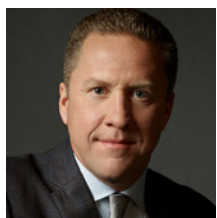
In 2019, Edward Jones proudly partnered with Age Wave to more deeply understand what it means to live well in the new retirement. We were fortunate to have the terrific team at The Harris Poll join us in this process. Together we created a comprehensive framework we call *the four pillars*—health, family, purpose and finances—to help people prepare for the aspects of life that are most important to optimizing well-being in retirement. This work is helping us at Edward Jones to carry out our mission to partner for positive impact in order to improve the lives of our clients and colleagues, and, together, better serve our communities.

To learn more about the lives of Americans across the four pillars, last year we conducted a nationally representative, five-generation study. One of the distinguishing elements of that study was that it was

fielded in May 2020, four months into the pandemic. The subsequent report, the *Four Pillars of the New Retirement*, generated an unprecedented interest among the public, the media and the financial services industry.

Over the past year, we have continued our journey of discovery, tracking shifting attitudes and behaviors to gain unique and crucial insights about the new retirement and what’s next. This new report reveals key findings from our latest tracking surveys, conducted in March 2021 as well as in December 2020. Our objective was to take “the pulse” on how Americans have been faring throughout the pandemic across each of the four pillars, uncover how retirement is being reshaped, shine a spotlight on the importance of purpose in retirement, and explore the most vital aspects of comprehensive retirement planning.

We hope you enjoy reading this report and find its insights valuable. As the country re-opens for business and social gatherings, and we transition to a new normal, we will continue this important conversation about the new retirement and how it is evolving—between our financial advisors and our retiree clients and, we hope, with future generations as well. We wish you all the best on your own retirement journey, whenever—and however—you define it.



A handwritten signature in black ink that reads "Ken Cella".

Ken Cella  
Head of Client Strategies Group  
Edward Jones



A handwritten signature in black ink that reads "Ken Dychtwald".

Ken Dychtwald, PhD  
Co-Founder and CEO  
Age Wave



# Living Well in the New Retirement

## The Times They Are A-Changin'

While the world is changing faster than ever before, we see retirement transforming as well. These powerful forces are converging to reshape retirement:

- **A longevity revolution** (albeit with a slight reversal in 2020). Average life expectancy is projected to skyrocket from 47 years at the start of the 20th century to 85 by 2050.<sup>1</sup>
- **The aging of the massive Boomer generation.** We are about to see an unprecedented number of Americans 65+, up from 35M in 2000 to 86M in 2050.<sup>2</sup>
- **Growing inequities.** Health and wealth inequality between racial groups and by gender have been around for a long time, but many of these gaps are now becoming crises.<sup>3</sup>
- **An absence of retirement financial preparation.** Among households ages 45-54, 42% do not have any retirement savings, and the median retirement balance is only \$100K.<sup>4</sup>
- **The COVID effect.** While retirement was already transforming before COVID-19, the pandemic has accelerated key retirement trends, disrupting retirement as we know it. We'll explore exactly how throughout this report.



adult U.S. population and are responsible for 51% of consumer expenditures, but they only represent 25% of TV characters, less than 20% of movie characters, and 15% of online media images.<sup>5</sup> And when they are depicted, older adults are seven times more likely to be portrayed negatively as younger ones, often stereotyped as dependent and disconnected from the world.<sup>6</sup>

This lack of authentic, aspirational retiree role models makes it more challenging for people to imagine who they might become in their own retirement.

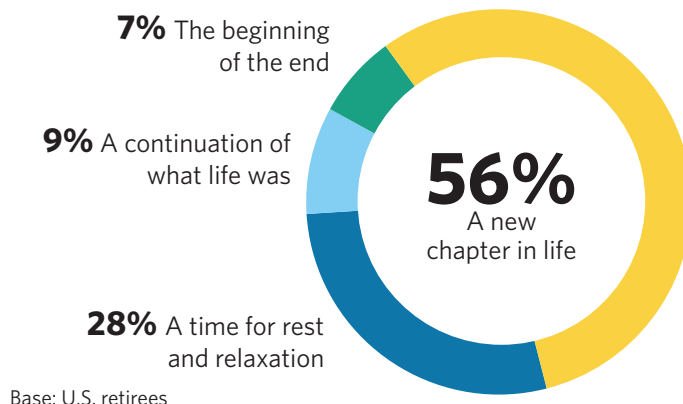
## New Retirement Dreams and the Challenges of Ageism

One thing that has remained steady this past year is how today's retirees define retirement (Fig 1). Just as they did last year, the majority of retirees describe this life stage as a completely "new chapter in life".

Despite this positive view of retirement by retirees, only 36% of retirees and 44% of Americans overall believe that "retirees are highly valued in today's society." This is at least partially due to the pervasive nature of ageism in our culture—especially in the media. For example, Americans ages 50+ make up 45% of the

Figure 1

### Definition of the new retirement



Base: U.S. retirees

## Freedom *From* and Freedom *To*

Contrary to popular stereotypes, retirees are reporting much higher levels of contentment and happiness, and lower levels of stress, than non-retired Americans.<sup>7</sup> This is partly due to their vast life experience, which help older adults weather the ups and downs of life and develop the muscle of resiliency. But it's also thanks to their newfound freedoms in retirement.

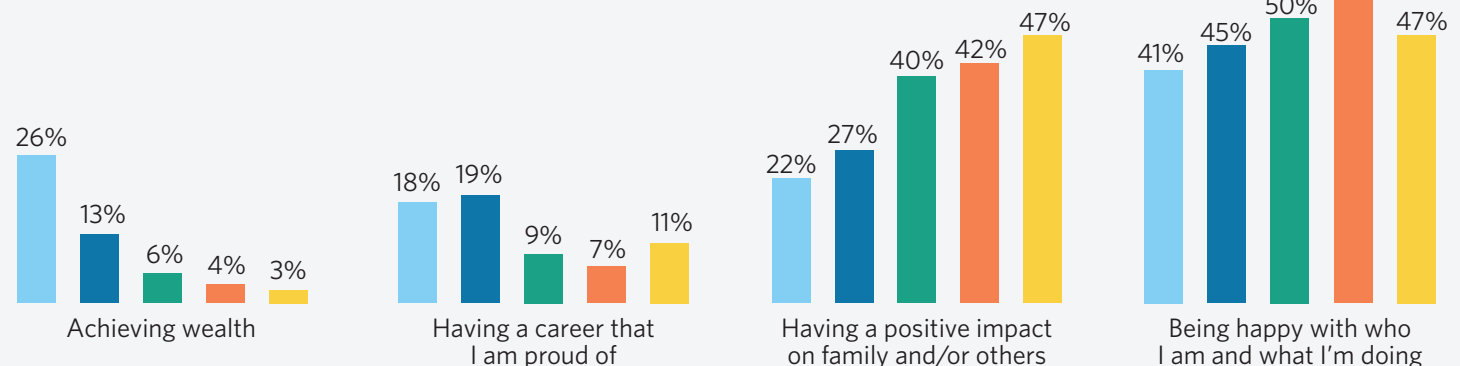
Retirees tell us they are *free from* the responsibilities and stresses often associated with work, such as commuting, deadlines and office politics. The joys and challenges of raising a family have also been largely fulfilled. Now they are *free to* do the things that they always dreamed of doing, such as spending more time with loved ones, engaging in projects and activities that provide them with a sense of purpose and traveling on their own time.

As Americans age, we also see that the definition of “success” shifts away from career and wealth-related objectives towards a more inner-directed definition of happiness and self-acceptance (Fig 2). While all generations are likely to say they define success as “being happy with who I am and what I’m doing,” aging Boomers are the most likely to say so. And members of the Silent Gen, who are further into their retirements, are most likely to say success is about “having a positive impact on family and others.”

**Figure 2**

### Definition of success

■ Gen Z ■ Millennial ■ Gen X ■ Boomer ■ Silent Gen



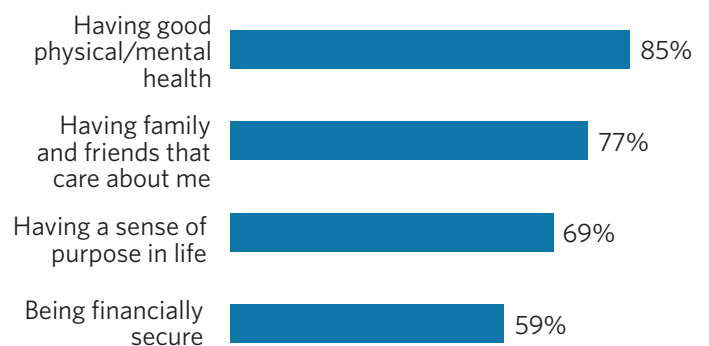
Base: U.S. adults by generation: Gen Z (18-23), Millennial (24-39), Gen X (40-55), Boomer (56-74), Silent Gen (75+)

## All Four Pillars Are Essential to Optimal Well-Being in Retirement

One of the biggest insights from this study is that the majority of retirees say that all four inter-dependent pillars—health, family, purpose and finances—are essential to optimal well-being in retirement (Fig 3). And retirees, when compared to younger Americans, are far more likely to say that “having a sense of purpose” in life is necessary to achieve optimal well-being (69% vs. 55%).

**Figure 3**

### Important elements to achieving optimal well-being according to retirees



Base: U.S. retirees

# The Pandemic Has Reshaped Retirement...and Our Lives

## A Retirement Reboot

The pandemic has impacted nearly every facet of our lives—only time will tell how much and for how long. One thing that’s already clear: it has reshaped retirement.

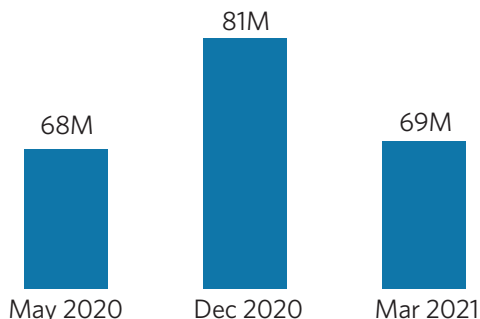
For instance, retirement timing has been affected, with 69 million Americans saying the pandemic has altered their retirement timing as of March 2021. This number has shifted dramatically during the pandemic, reaching a peak of 81 million people in December 2020 (Fig 4). One out of every three Americans planning to retire think they will now retire later due to the pandemic (Fig 5).



At the end of 2020, **22 million** Americans stopped making monthly retirement contributions. By March 2021, that number dropped to **14 million**.

Figure 4

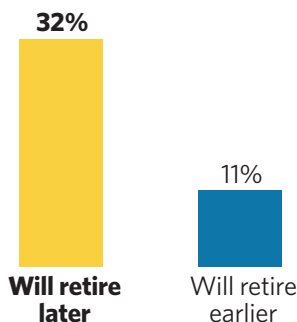
### Americans who say the pandemic has altered their retirement timing



Base: U.S. adults

Figure 5

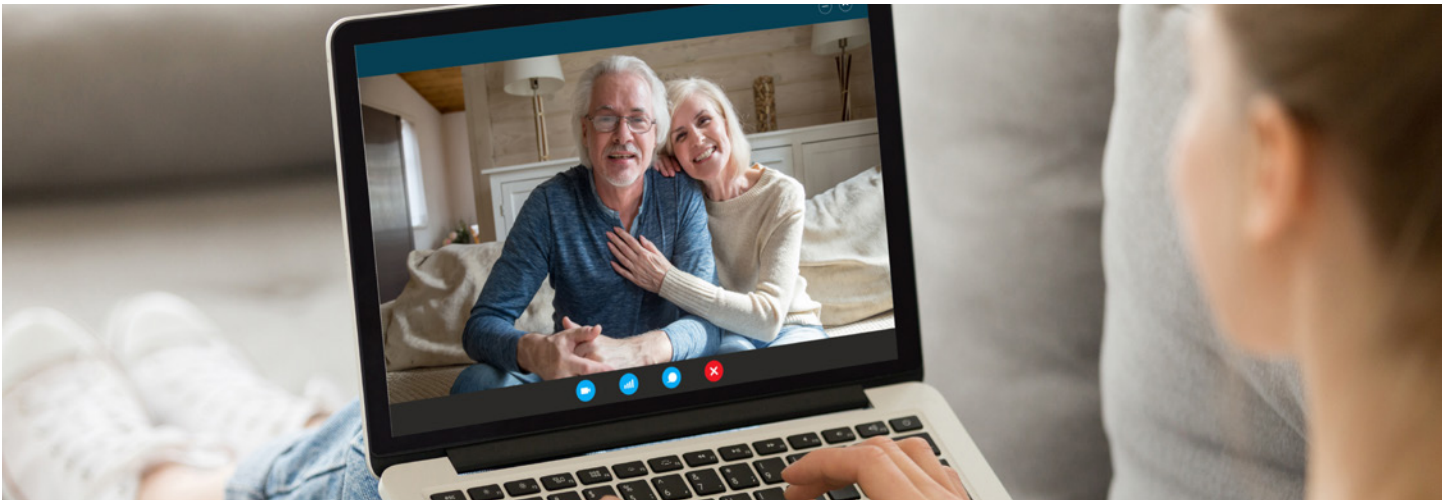
### COVID-19 impact on retirement timing



Base: U.S. adults planning to retire

Retirement savings have also been disrupted during the pandemic. In December 2020, 22 million people had stopped contributing to their retirement accounts. As contributions have begun to resume since then, that number has dropped to just 14 million, a cautiously optimistic sign that Americans may be feeling more committed to securing their future finances.

Most Americans (70%) have seen the pandemic as a financial wake-up call, saying it has “caused them to pay more attention to their long-term finances.” This sentiment rang true especially for Millennials and Gen Z. In fact, a third of those planning to retire (33%) are contributing more to their retirement savings because of the pandemic. Hispanics (46%) and Millennials (42%) were even more likely to say they are saving more for retirement than before the pandemic.



## Silver Linings and Hope in 2021

While the pandemic has taken a toll on the physical, mental and financial well-being of Americans, there is a glimmer of hope for the future. In March 2021, we saw negative impacts decline across each of the four pillars, while positive impacts increased in just the three months from December 2020 to March 2021 (Fig 6-7).

Another encouraging sign is that the majority of Americans now say there is a silver lining to the pandemic: 76% credit it with causing them to “refocus on what’s most important in life.” This sentiment held true across age, gender, race/ethnicity, income and region of the country.

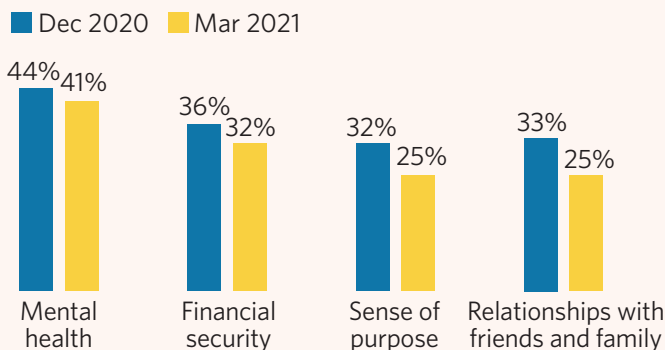
While retirees have been disproportionately threatened by the COVID-19 virus itself, overall they actually feel more optimistic than other Americans. For example,

they say the pandemic has given them “more appreciation for what makes life meaningful” (61%). And, contrary to the stereotype that older adults are set in their attitudes and behaviors, they say that they now have greater “empathy and compassion for people who are struggling in ways that they are not” (53%).

Looking towards the future, when asked what respondents will prioritize to achieve greater overall well-being, the answers had a generational spin. Older generations—Gen X, Boomers and Silent Gen—most commonly say they will prioritize “spending more time with family and friends.” Gen Z and Millennials were much more likely to put “mental health” and “better financial decision-making” at the top of their list. There are a myriad of ways that the pandemic has impacted each of the four pillars—which we cover in the pages ahead.

**Figure 6**

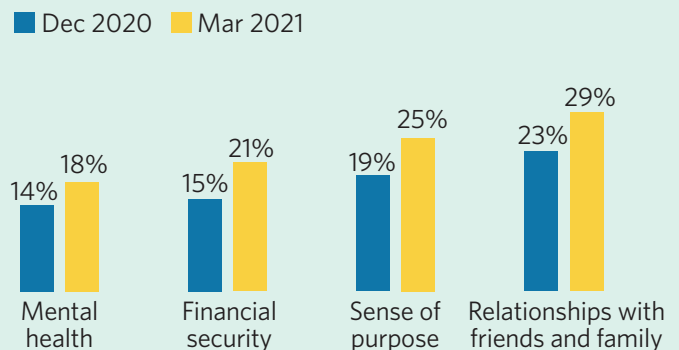
**Due to the pandemic, Americans who experienced a **negative** impact to their...**



Base: U.S. adults

**Figure 7**

**Due to the pandemic, Americans who experienced a **positive** impact to their...**



Base: U.S. adults





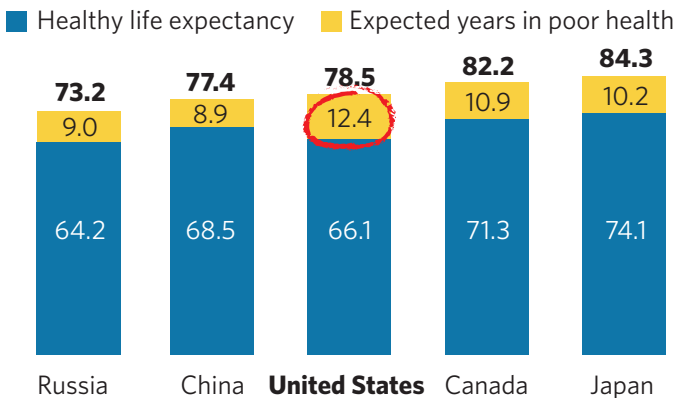
# Health

## Healthspan vs. Lifespan and the COVID Effect

The vast majority of Americans agree that having good physical and mental health is essential to achieving optimal well-being. Yet in the U.S., we have some big health challenges. Eighty percent of Americans age 65+ have a chronic condition (68% have 2+ conditions), and 42% live with a disability.<sup>8</sup> For those who live to age 85, there is a one in three chance they will be living with Alzheimer's or another form of dementia.<sup>9</sup>

Figure 8

### Life expectancy by country



Base: World Health Organization, Global Health Observatory data repository, Life expectancy and healthy life expectancy data for 2019

Despite the disproportionate number of deaths among older adults from COVID-19, retirees have displayed the greatest psychological resilience.

Our healthspans clearly don't match our lifespans. The gap between our healthy life expectancy, defined as the years lived in full health and free of disability, and our total life expectancy is 12.4 years. That's 1.5 more years of poor health than our next-door neighbors in Canada and two more years than in Japan (Fig 8). Additionally, healthspan and lifespan vary widely from state to state, with Minnesota being the healthiest state in terms of healthy life expectancy and Hawaii having the greatest total life expectancy.<sup>10</sup>

Increasing our healthspans to better match our lifespans could in part be achieved through lifestyle improvements such as regular exercise and healthier diets. However, there is a significant intention/action gap. Although retirees say they know what steps to take to live a healthy life, only half say they exercise and eat healthfully.<sup>11</sup>





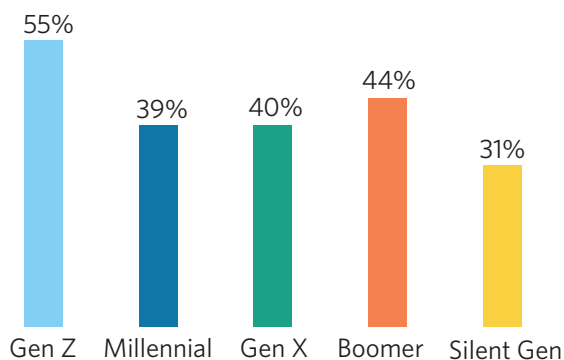
## The Mental Health Epidemic

Throughout our multiple surveys this past year, we've seen that mental health among Americans has continued to suffer during the pandemic. In March 2021, 41% of Americans said their mental health had been negatively impacted by the pandemic, with the percentage being even higher among women (45%).

Younger generations, particularly Gen Z, have struggled the most with mental health during the pandemic (Fig 10). This is cause for alarm as tens of millions of young Americans have been grappling with uncertain job futures, unpredictable relationship and family dynamics, and an absence of safety nets.

Figure 10

### Have experienced negative impacts on mental health due to the pandemic



Base: U.S. adults by generation: Gen Z (18-23), Millennial (24-39), Gen X (40-55), Boomer (56-74), Silent Gen (75+)

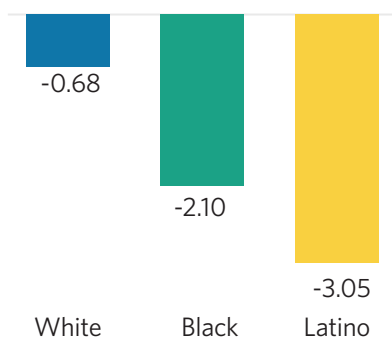
Interestingly, Silent Gen, one of the most high-risk groups for COVID-19, has displayed the greatest levels of emotional fortitude and resiliency, reporting the least negative mental health impacts.

**41%** of Americans said their mental health had been negatively impacted by the pandemic.

While we don't yet know the long-lasting effect COVID-19 will have on our healthspans and lifespans, we do know that in 2020, it shaved off one year of average life expectancy in the U.S.<sup>12</sup> This loss was unevenly distributed and much more severe among Black and Latino Americans (Fig 9). The vaccine is a promising sign that life expectancy could rise back to pre-pandemic levels, but it has exposed inequities among Americans that cannot be ignored.

Figure 9

### The COVID effect on life expectancy 2019-2020



Note: we use the term Latino here and Hispanic elsewhere in the report to stay consistent with the original source of the information.  
 Source: Andrasfay, Theresa & Goldman, Noreen. Reductions in 2020 US life expectancy due to COVID-19 and the disproportionate impact on the Black and Latino populations PNAS. February 2021

## The Top Financial Worry: Health and LTC Costs

Back in May 2020, when Americans were experiencing extreme economic uncertainty due to the pandemic, we asked retirees to name their greatest financial worries pertaining to retirement. We were surprised to learn that it was not a recession or even outliving their savings: it was healthcare and long-term care costs. Nearly a year later, worries about healthcare and long-term care costs have risen even higher (along with many other worries), and remained the number-one concern (Fig 11).

Pre-retirees (ages 50+, planning to retire) are even more concerned about healthcare and long-term care expenses than retirees, with 66% citing it as one of their greatest financial worries, the same percent as in May 2020 (Fig 12). Meanwhile, since last year, pre-retirees have become more worried about unexpected expenses, outliving their savings, inflation and tax increases.

Concerns about healthcare and long-term care expenses are warranted. While Medicare pays for a great deal of healthcare expenses in retirement, it does not cover all of



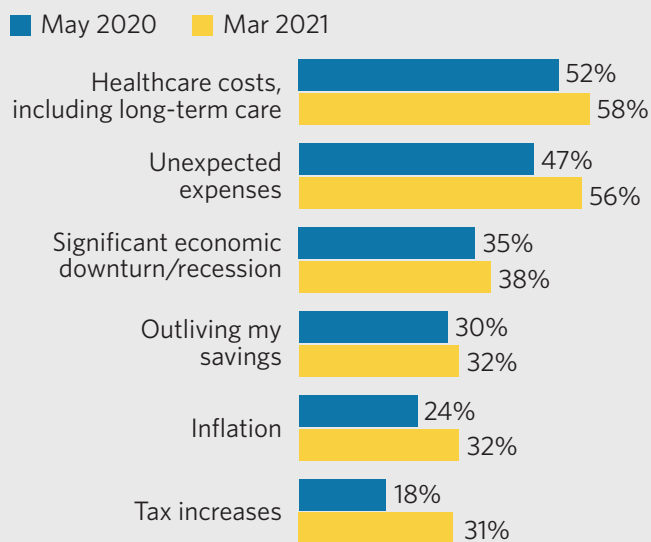
them. Further, Medicare typically does not cover most long-term care services, while Medicaid only covers long-term care expenses for those with little to no financial resources.

To cover out-of-pocket healthcare expenses through retirement, the average couple now needs to save \$300,000 by age 65.<sup>13</sup> For long-term care, they should have saved an additional \$156,000 by the same age, bringing the total savings per couple to \$456,000 for healthcare and long-term care expenses in their retirement.<sup>14</sup> Unfortunately, most Americans are not aware of how much they will need in order to be financially prepared to cover these costs.

## Greatest financial worries regarding retirement

Figure 11

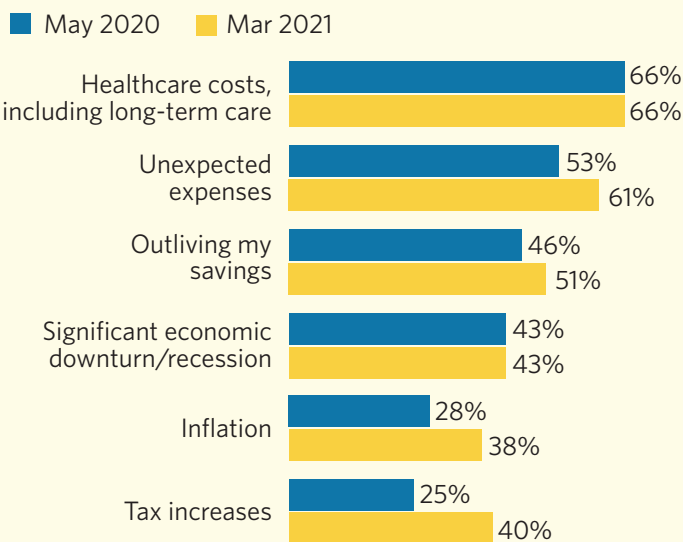
### Retirees



Base: U.S. retirees

Figure 12

### Pre-retirees



Base: U.S. pre-retirees, age 50+ and planning to retire



## Alzheimer's: Retirees' Most Frightening Health Challenge

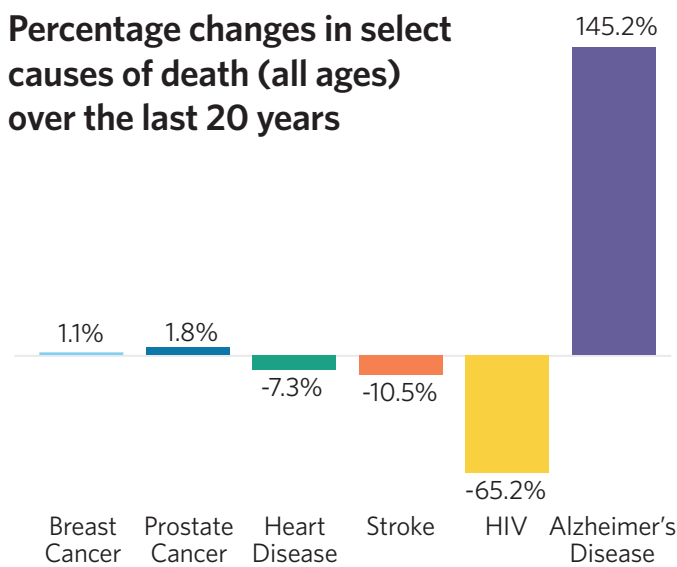
Fears about getting COVID-19 were high throughout the pandemic, yet retirees said it was Alzheimer's, not COVID-19, that they feared most in May 2020. By December 2020, that difference increased even more.

**1 in 3**  
Americans 85+ will live with dementia.

Consistently, retirees said they feared Alzheimer's more than COVID-19, cancer, strokes and heart attacks (Fig 13). While many of the most well-known causes of death are decreasing, deaths from Alzheimer's have more than doubled (Fig 14).

Figure 14

### Percentage changes in select causes of death (all ages) over the last 20 years

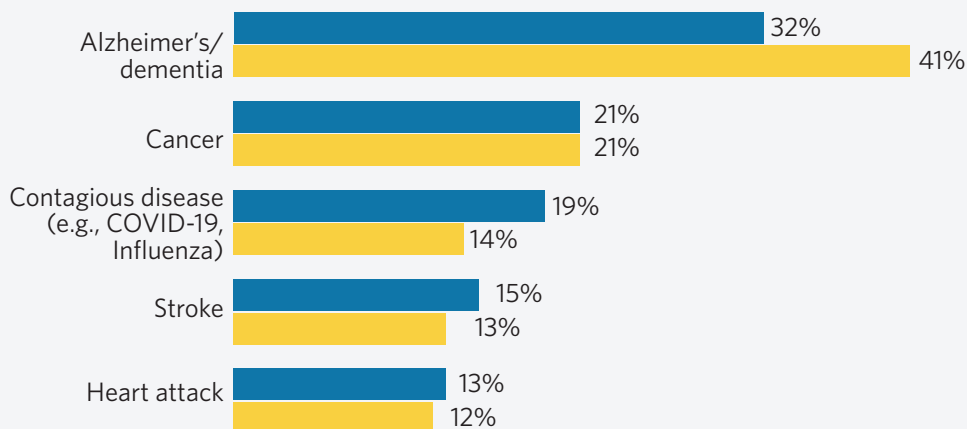


Source: Alzheimer's Alliance, Alzheimer's Facts and Figures, 2021: Percentage change in select causes of death (all ages) from 2000-2019

Figure 13

### Retirees' most feared condition of later life

■ May 2020 ■ Dec 2020



Base: U.S. retirees





# Family

## Strengthened Family Ties

Family has been one of the greatest sources of comfort and purpose for many Americans throughout the pandemic. When asked to grade themselves across the four pillars, family has remained the highest graded pillar, with connections growing even stronger during the pandemic, from 70% in May 2020 to 76% in March 2021 (Fig 15).

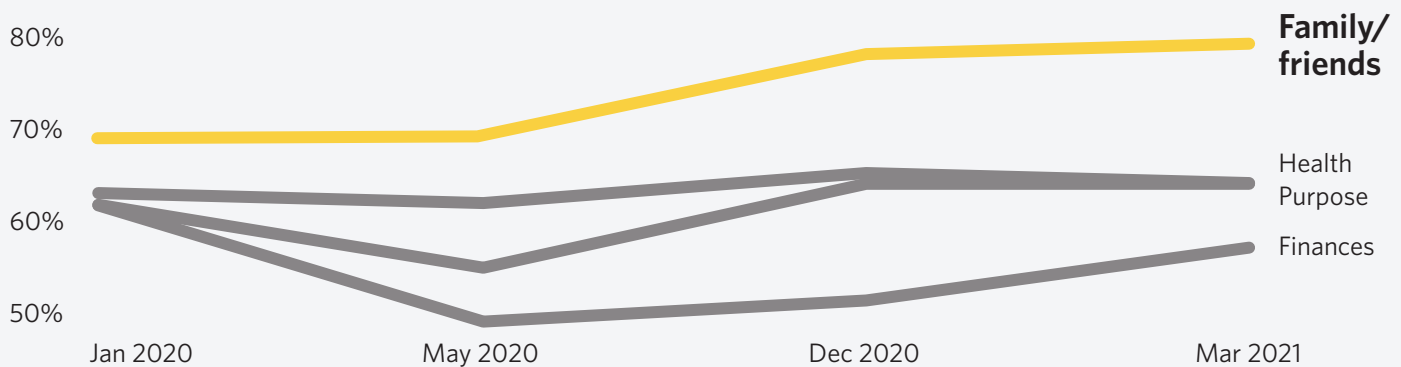
Despite the threat of COVID-19, retirees remained steadfast in their commitment to family. Throughout the entire pandemic to date, retirees

consistently have given themselves higher grades than all other Americans on the family pillar with women retirees giving themselves the highest marks.

Friendship has also taken on an important role during the pandemic. Twenty percent of all Americans, and 25% of retirees, say their friends provided them with the greatest source of meaning, purpose and fulfillment during the pandemic. Women, in particular, have relied more on friends during this difficult time. Whether it be through pandemic social pods or Zoom gatherings, many Americans found ways to stay connected with close friends.

**Figure 15**

### Four pillars report card (% of Americans who give themselves an A or B)

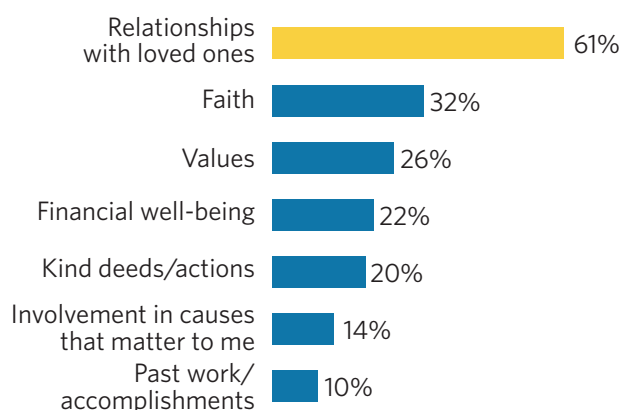


Base: U.S. adults

Retirees are enjoying stronger relationships with family and loved ones, partly because it's such a core part of their identity in retirement. According to retirees, the most important contributor to their identity in retirement is not their past work/career accomplishments or finances; it's their "relationships with loved ones" (Fig 16). Faith and values also play important roles in defining retirees' identities.

Figure 16

### Most important contributor to identity in retirement



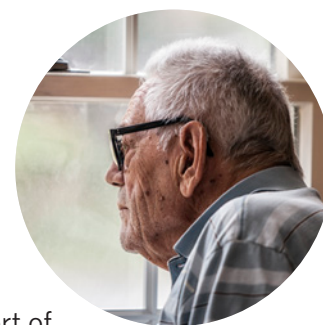
Base: U.S. retirees; select two



**61%** of retirees say the most important contributor to identity in retirement is relationships with loved ones.

## The Heartbreak of Social Isolation

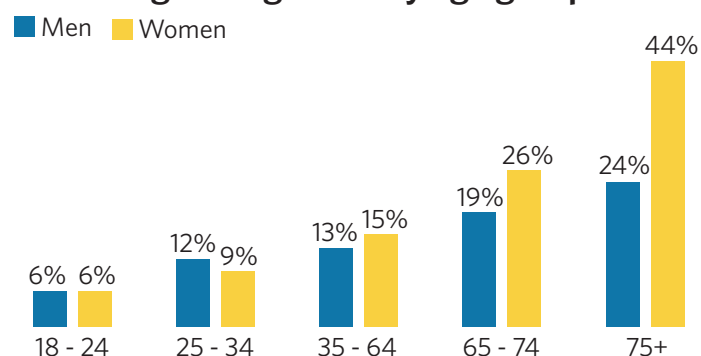
Not all Americans have felt the silver linings of strengthening family and friendship ties during the pandemic. Some experienced family conflicts, while others endured the pandemic without the support of or connection to loving family or friends.



Older adults faced some even greater challenges in the era of social distancing, as they are much more likely to live alone and far less likely to be digitally connected than younger adults (Fig 17). Over one-third of Silent Gen (38%) do not use the internet, compared to 15% of Boomers, 9% of Gen X and close to 0% of Millennials and Gen Z.<sup>15</sup>

Figure 17

### Percentage living alone by age group



Source: Census Bureau, 2018

Social isolation is linked to an increased risk of heart disease, dementia and death; it can be as deadly to one's health as smoking 15 cigarettes per day.<sup>16</sup> Having close family or friends is clearly an essential ingredient for a successful and healthy retirement. Prior to the pandemic, one in four adults 65+ were socially isolated (meaning they had little to no meaningful social contact), and COVID-19 further increased that number.<sup>17</sup>

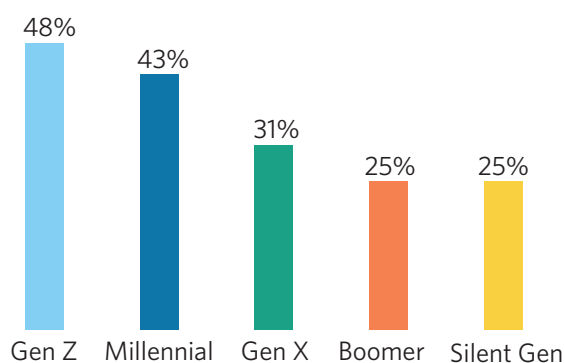


## Generational Generosity

One of the most heartening findings in this study is that the pandemic has led to a notable spark in generational generosity. One in three (34%) adult Americans, 85 million people, “loaned or gave money to a family member or friend who was impacted by the pandemic.” Surprisingly, our survey uncovered that Gen Z, often portrayed as self-involved, stood out as having been the most generous of the generations during COVID-19 (Fig 18). They have seen firsthand the suffering of friends and family, which opened their hearts and wallets.

**Figure 18**

**More Gen Zs have loaned or given money to a family member or friends who was impacted by the pandemic than other generations.**



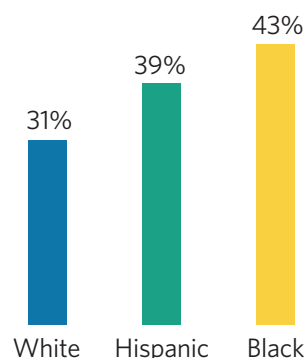
Base: U.S. adults by generation: Gen Z (18-23), Millennial (24-39), Gen X (40-55), Boomer (56-74), Silent Gen (75+)

Despite the disproportionate toll of the pandemic on Black and Hispanic Americans, they displayed greater financial generosity than white Americans. Forty-three percent of Black Americans and 39% of Hispanic Americans say they “loaned or gave money to a family member or friend impacted by the pandemic” vs. 31% of white Americans (Fig 19).

**85 million** Americans gave or loaned money to a family member or friend.

**Figure 19**

**More Black and Hispanic Americans have loaned or gave money to family or friends impacted by the pandemic than white Americans.**



Base: U.S. adults by race/ethnicity





# Purpose

**1/3**  
of Americans say they now have “more clarity for how they want to live their life.”

## The Power of Purpose During the Pandemic

As people were locked down in their homes at the start of the pandemic, and schools and businesses closed across the country, Americans’ sense of purpose took a severe hit. However, we’ve witnessed the purpose pillar rebound since then, with 63% of Americans now giving themselves an A or B on “spending their time in purposeful ways,” up from a low of 55% in May 2020.

In addition, one-third (32%) of Americans say they now have “more clarity for how they want to live their life.”

Interestingly, retirees feel they are doing a better job today on the purpose pillar compared to before the start of the pandemic. Many retirees have taken on new roles and responsibilities, such as providing childcare to grandchildren, shopping for higher risk neighbors, and providing emotional comfort to family and friends. In return, these stepped-up roles have given retirees a greater sense of purpose and connection.

**Figure 20**

### Health benefits of having purpose

**Having a strong sense of purpose reduces risk of:**

- Alzheimer’s
- Cardiovascular problems
- Depression
- Stroke
- Disability

**Those with a higher sense of purpose have:**

- Better overall health
- Greater cognitive functioning
- Higher life satisfaction
- Increased mobility/functioning
- Longer lifespans

Source: Irving, J., Davis, S., & Collier, A. (2017). Aging with purpose: systematic search and review of literature pertaining to older adults and purpose. *The International Journal of Aging and Human Development* 85(4), 403-437.



## The Secret to a Long, Healthy and Successful Retirement

One pivotal theme that has surfaced from our studies is the question of whether tomorrow’s retirees will be seeking to be useful or youthful. Nearly all (93%) retirees say, “It’s important to feel useful in retirement.” However, 87% also say that “being useful helps them to feel youthful.”

**87%** of retirees say “being useful helps them to feel youthful.”

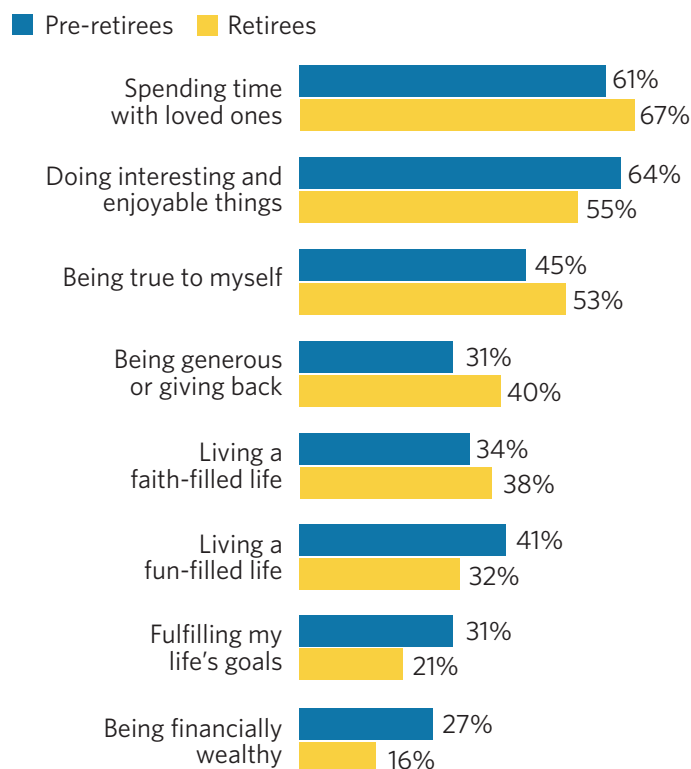
Retirement is a time of enormous freedom, but that same freedom from work and family responsibilities can also create a missing link when it comes to how to live a life filled with purpose. More than a quarter (27%) of retirees say they’ve “struggled with the transition from work to retirement.”



Why does purpose matter in retirement? Nearly all (92%) retirees say that “having purpose is key to a successful retirement.” Research has also shown that having a sense of purpose can actually reduce the risk of cognitive decline, cardiovascular disease and depression, and is essential to a long, healthy and potentially cost-saving retirement (Fig 20).

Figure 21

### Greatest sources of purpose, meaning and fulfillment in retirement



Base: U.S. retirees and pre-retirees, age 50+ and planning to retire

What are the secrets to unlocking a sense of purpose post-work? Retirees say that at the top of the list is “spending time with loved ones,” followed by “doing interesting/enjoyable things” and “being true to oneself” (Fig 21). Pre-retirees are more likely to speculate that purpose in their retirement will stem from “doing interesting and enjoyable things,” “living a fun-filled life,” “fulfilling their life’s goals” and “being financially wealthy.”





## A Massive Untapped Force for Social Good

The sobering reality is that with all their newfound freedoms and time affluence, the average retiree today spends 47 hours per week watching TV<sup>18</sup> while only one-quarter of retirees volunteer each year.<sup>19</sup>

Through this study, we have uncovered a powerful untapped force for social good—the wellspring of potential retiree contribution. A whopping 86% of adults and 89% of retirees say, “There should be more ways for retirees to put their talents and knowledge to use for the benefit of their communities and society.”

Looking beyond the pandemic, retirees say they would ideally like to volunteer or work pro bono, on average, 3.3 hours per week—nearly four times the current retiree volunteer rate.<sup>20</sup> But retirees also say they need a lot more guidance and resources to help them connect with enjoyable volunteer opportunities that leverage their experience, talents and interests.

Over the next 20 years, retirees could contribute a total of 238 billion hours to their communities if they each volunteered an average of only 3.3 hours/week. With the value of volunteering equal to just over \$28/hour, this would translate to an incredible \$6.8 trillion contribution to society (Fig 22).

Figure 22

$$\begin{array}{r}
 69+ \text{ million retirees} \\
 \times \\
 20 \text{ years} \\
 \times \\
 3.3 \text{ hours} \\
 \text{per week volunteering} \\
 = \\
 238 \text{ billion} \\
 \text{volunteer hours} \\
 = \\
 \$6.8 \text{ trillion to society}
 \end{array}$$

Methodology: Based on all retirees volunteering an average of 3.3 hours per week from 2020-2040. The estimated number of retirees comes from U.S. Census Bureau population projections coupled with survey data on the percent retired by age group among ages 50+. The value of volunteering comes from Independent Sector, Value of Volunteering, 2021.

Think of all the potential good that could come from those billions of volunteer and pro bono hours. We could have thousands of thriving schools and non-profits, millions of disadvantaged students on the path to higher education, billions of trees planted...the possibilities are endless.





# Finances

## Hopeful Signs of a Financial Recovery

We all know the critical role that finances play in our lives to provide the security and freedom to take care of ourselves and our families. But in our tracking studies, we have seen that Americans consistently give themselves lower grades on finances compared to the other three pillars of retirement. In the early months of the pandemic, we saw financial grades take the greatest hit.

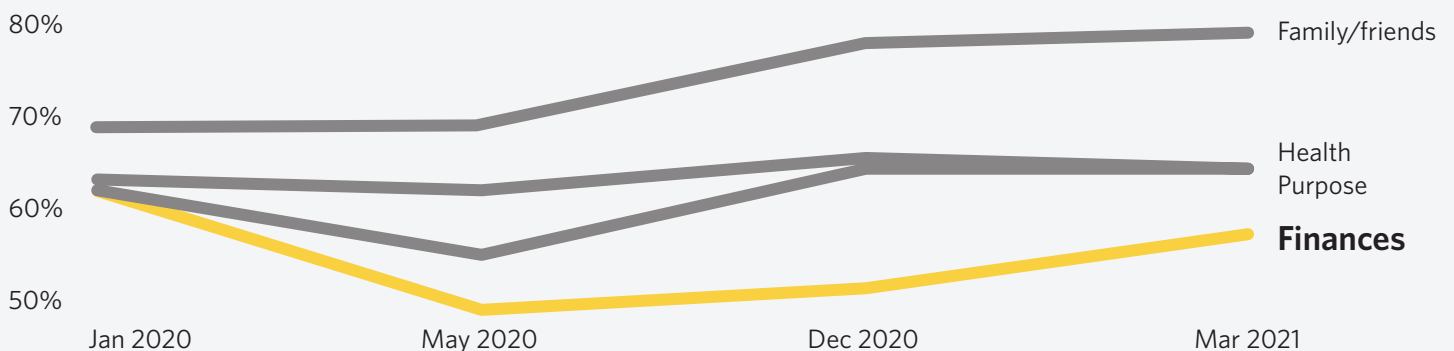
However, there's some good news: a slight financial rebound may be underway. Prior to the pandemic,

only 61% of Americans gave themselves an A or B on their finances. That plummeted to 50% in May 2020. It has since rebounded to 57% in March 2021, a hopeful sign of recovery (Fig 23).

**Financial grades plummeted in May, but a slight rebound is underway.**

**Figure 23**

### Four pillars report card (% of Americans who give themselves an A or B)



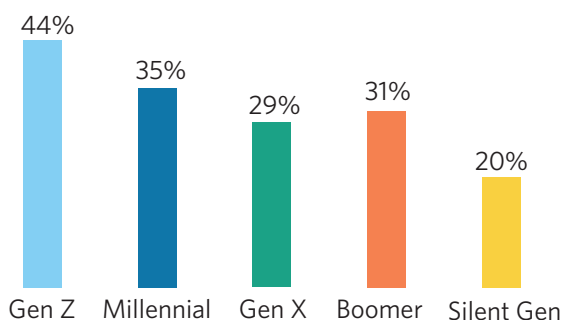
Base: U.S. adults

## The Complex COVID Effect on Finances

The pandemic's effect on finances has not been equally distributed by age, wealth, gender or retirement status. The greatest negative impact has been felt by Gen Z and Millennials and the least by Silent Gen (Fig 24) which has the safety nets of Social Security, Medicare and other means to provide financial security. Additionally, more than three-quarters of retirees (78%) own their homes, and among those homeowners, 60% are mortgage free, providing another valuable safety net.<sup>21</sup>

Figure 24

### Experienced a negative impact on financial security due to COVID-19



Base: U.S. adults by generation: Gen Z (18-23), Millennial (24-39), Gen X (40-55), Boomer (56-74), Silent Gen (75+)



The pandemic's negative financial impact has been felt far more by pre-retirees than retirees (44% vs. 22%). In addition, it has been especially devastating for the 80 million people who lost their jobs and eight million who fell into poverty.<sup>22</sup> Low wage workers have been hit the hardest.

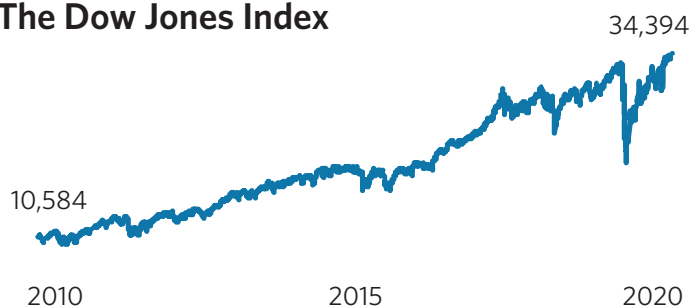
Women's financial security has been hit even harder than men's (35% vs. 28%). In addition, 31% of women active in the labor force said the pandemic hurt their job security, compared to only 23% of men. Among pre-retirees, the difference is even more glaring (39% women vs. 20% men).

**Older adults** have been more financially stable during the pandemic as they have experienced less financial disruption and have benefitted from financial safety nets.

On the flip side of this story, 21% of Americans, 53 million people, a fortunate minority, say their financial security has been positively impacted by the pandemic. This could be due to the fact that more Americans got serious about their personal finances during the pandemic, and also thanks to a record-performing stock market (Fig 25).

Figure 25

### The Dow Jones Index



Source: Wall Street Journal, DJIA closing prices 1/4/2010-5/24/2021. Past performance is not a guarantee of how the market will perform in the future. The Dow Jones Industrial Average is unmanaged and is not available for direct investment.



## The Looming Women's Retirement Funding Gap

Dubbed a “she-cession,” the pandemic has deepened the economic gender gap. Women were more likely to lose their job or exit the workforce this past year.<sup>23</sup> They have also been far more likely to take on the lion’s share of time spent caring for family members, including home-schooling children and providing eldercare to parents. One of the outcomes of this is that only 41% of women planning to retire said they were saving each month for retirement, compared to 58% of men.

In the early stages of the pandemic, confidence in retirement savings fell for both women and men. However, men’s retirement savings confidence has somewhat risen, with more than half of men saying they are confident about their retirement savings as of March 2021. In stark contrast, women’s retirement savings confidence dropped and has not rebounded, remaining alarmingly low (Fig 26). Among pre-retirees, the confidence gender gap is even wider (35% for women vs. 56% for men).

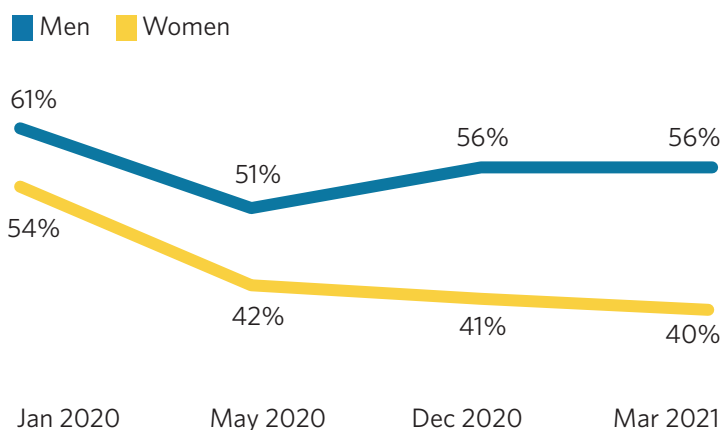
Women face systemic headwinds saving for retirement. Due to inequity in pay and sacrifices made as family caregivers, women’s retirement account balances are, on average, only two-thirds (67%) of men’s retirement accounts.<sup>24</sup> However, women, on average, live five

years longer than men, retire earlier than men and therefore need more money to fund their retirement.

The gender pay gap is well known and has been stuck around 80% for the last decade.<sup>25</sup> But what happens to the pay gap over a lifetime? If a man and a woman both work full time from age 23 to age 65, the woman will, on average, make \$469,000 less than the man (Fig 27). Add in the additional racial earnings gap, and a Black woman will make \$705,000 less than the average man, while a Hispanic woman will make \$849,000 less (Fig 28).

**Figure 26**

### Confidence about retirement savings



Base: U.S. adults planning to retire

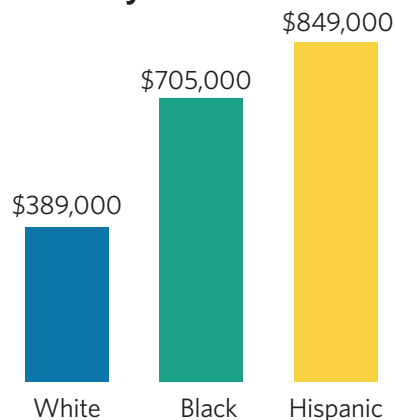


When it comes to saving for retirement, women face another huge challenge. Women are far more likely to take time out of the workforce to care for family members.<sup>26</sup> For example, Boomer women have spent an average of eight years out of the workforce from ages 18-52.<sup>27</sup> Women also retire an average of two years earlier than men, often to care for a family member.<sup>28</sup>

Let's imagine that a woman stops working from ages 28-35 to care for her two children until they reach kindergarten. She continues working full time until her mid-fifties when she becomes a full-time caregiver to her mother from ages 55-58 and then works again until retirement. Due to lost income, promotions, Social Security and pensions, this woman will, on average, make \$1.1 million less in her lifetime than a man who works full time until he retires (Fig 29).

Figure 28

Lifetime earnings gender gap for women by race/ethnicity



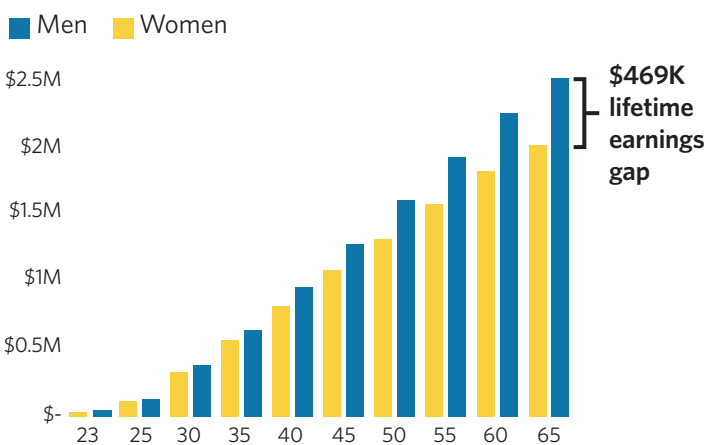
Assumptions: Man and woman both start working full-time at age 23 and remain employed full-time until age 65.

Source: Age Wave calculation based on Bureau of Labor Statistics, median usual weekly earnings of full-time wage and salary workers, annual averages, 2019

**Working women have been hit hardest from the economic impact of the COVID-19 pandemic which is further widening the retirement savings gender gap.**

Figure 27

Lifetime earnings gender gap for women

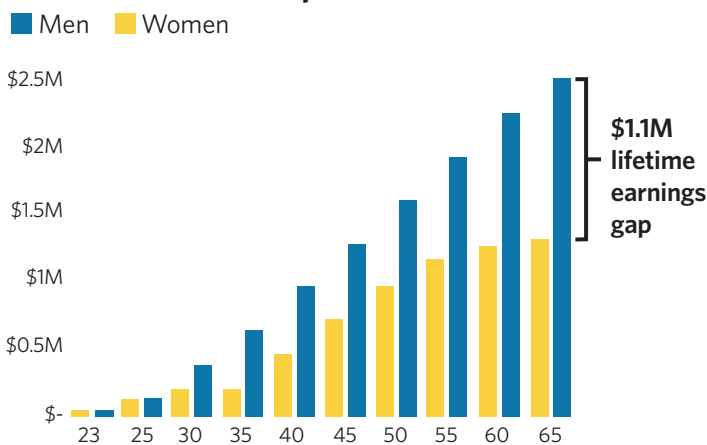


Assumptions: Man and woman both start working full-time at age 23 and remain employed full-time until age 65.

Source: Age Wave calculation based on Bureau of Labor Statistics, median usual weekly earnings of full-time wage and salary workers, annual averages, 2019

Figure 29

Lifetime earnings gender gap for women with career interruptions



Assumptions: Man and woman both start working full-time at age 23. The woman exits the workforce from ages 28-35 and 55-58 for caregiving responsibilities. The woman retires at age 62 and the man retires at age 65.

Source: Age Wave calculation based on Bureau of Labor Statistics, median usual weekly earnings of full-time wage and salary workers, annual averages, 2019

# Planning for All Four Pillars of the New Retirement

## Preparing for Retirement Is More Than Just Saving Money

Money is an absolutely essential ingredient in retirement planning, but it's not the only one. The vast majority of retirees say that in addition to saving for retirement and managing finances in retirement, it is important to think about what they will do to stay healthy, where they should live, how they will maintain or improve family relationships and the activities that will give them a sense of purpose.

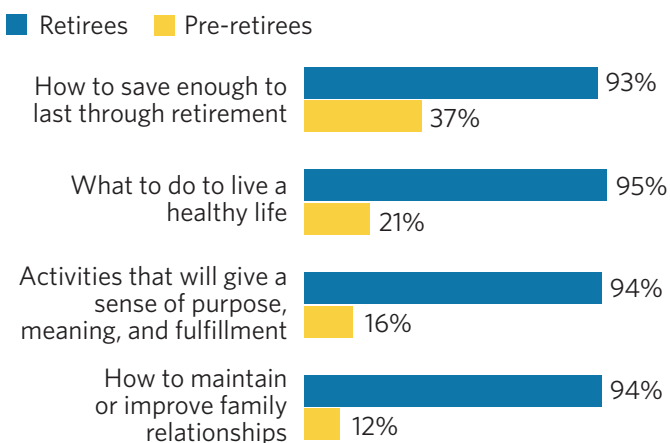
But most pre-retirees are not thinking comprehensively about these non-financial dimensions of retirement. When it comes to what pre-retirees have thought a great deal about with respect to their retirement planning, most common is "how to save enough to last through retirement" (Fig 30). However, even in regards to finances, only 37% have given this a great

deal of thought. At the same time, over three-quarters of those planning to retire (77%) wish "there were more resources available to help them plan for an ideal retirement beyond just their finances." There is definitely vast room for improvement with regard to every aspect of preparation for this new chapter in life.



**Figure 30**

### The retirement planning disconnect: what retirees say is important vs. what pre-retirees have thought a great deal about



Base: U.S. retirees and pre-retirees, age 50+ and planning to retire

**61% of retirees** wish they had done a better job planning for the financial aspects of retirement.

**54%** wish they had done better planning for the non-financial aspects of retirement.

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# Conclusion

This new study probed broadly and deeply into the four pillars of the new retirement and how Americans have been faring during the pandemic across each of the pillars—health, family, purpose and finances. Some of the key insights include the following:

- Powerful forces have converged to reshape retirement, including the COVID-19 pandemic, altering retirement timing and savings for tens of millions of Americans.
  - The four pillars are inter-dependent and the overwhelming majority of retirees say that all four pillars are essential to optimal well-being in retirement.
  - While many Americans have suffered financially and emotionally over the past year, we saw some silver linings as families have become closer, people have focused more on what they say really matters most in life, and empathy and compassion toward others has grown.
  - The majority of Americans, particularly Gen Z and Millennials, say the pandemic has “caused them to pay more attention to their long-term financial well-being” —which could serve them well in the years ahead.
  - However, the gender economic gap has widened during the pandemic and is even worse for women of color. Women’s confidence in their retirement savings continues to drop while men’s is rebounding.
- The financial fallout from the pandemic has been unequally distributed. Many Americans have benefited from a financial boom, while millions of those earning the least have suffered financially and emotionally from job and income loss.
  - There is a potential wellspring of retirees interested in being a force for social good. Collectively, they are willing to contribute more than 200 billion hours of volunteer time over the next two decades. This would equate to a potential value of \$6.8 trillion of social contribution from retirees.
  - The majority of retirees wish they had done a better job planning for both the financial and the non-financial aspects of retirement. Many Americans are vastly unprepared for a retirement that is both purposeful and financially secure. They told us, however, that they know they need help and they’re now seeking more comprehensive retirement planning.

**77%** of those planning to retire wish “there were more resources available to help them plan for an ideal retirement beyond just their finances.”



“Over the past year, we have surveyed over 11,000 Americans to understand their hopes and fears and their dreams for a secure retirement. These are real people. They’re our friends and neighbors, our clients and investors. Their purpose is what motivates the 49,000 associates at Edward Jones every day — and what strengthens ours to improve the lives of our clients and colleagues, and, together, better our communities and society.”

- Penny Pennington, Managing Partner, Edward Jones



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# About the Study

## Study Contributors

**Edward Jones**, a FORTUNE 500 firm headquartered in St. Louis, provides financial services in the U.S. and, through its affiliate, in Canada. Every aspect of the firm's business, from the investments its financial advisors offer to the location of its branch offices, caters to individual investors. The firm's nearly 19,000 financial advisors serve more than 7 million clients with a total of \$1.6 trillion in client assets under care. The Edward Jones website is at [www.edwardjones.com](http://www.edwardjones.com), and its recruiting web site is [www.careers.edwardjones.com](http://www.careers.edwardjones.com). Member SIPC.

**Age Wave** is the nation's foremost thought leader on population aging and its profound business, social, financial, healthcare, workforce and cultural implications. Under the leadership of co-founders Ken Dychtwald, PhD, and Maddy Dychtwald, Age Wave has developed a unique understanding of new generations of maturing consumers and their expectations, attitudes, hopes and fears regarding their longer lives. Since its inception in 1986, the firm has provided breakthrough research, compelling presentations, award-winning communications, education and training systems, and results-driven marketing and consulting initiatives to over half the Fortune 500. For more information, please visit [www.agewave.com](http://www.agewave.com). (Age Wave is not affiliated with Edward Jones.)

**The Harris Poll** is one of the longest running surveys in the U.S. tracking public opinion, motivations and social sentiment since 1963 that is now part of Harris Insights & Analytics, a global consulting and market research firm that delivers social intelligence for transformational times. The firm works with clients in three primary areas: building twenty-first-century corporate reputation, crafting brand strategy and performance tracking, and earning organic media through public relations research. Their mission is to provide insights and advisory to help leaders make the best decisions possible. To learn more, please visit [www.theharrispoll.com](http://www.theharrispoll.com). (The Harris Poll is not affiliated with Edward Jones.)

## Methodology

This report is based on a large-scale investigation of what it means to live well in retirement that began in November 2019. The study was conducted by Edward Jones in partnership with Age Wave and The Harris Poll. As part of the investigation, three online tracking surveys were fielded in the U.S. from May 2020 to March 2021.

The latest nationally representative survey was conducted from March 22-24, 2021, among 2,042 U.S. adults ages 18 and older, including 616 retirees and 335 pre-retirees (age 50+ and planning to retire). Results were weighted where necessary to bring them into line with their actual proportions in the population.

The December survey wave was fielded from December 1-3, 2020, among 2,054 U.S. adults ages 18+, and the original research was fielded from May 21-June 4, 2020, among 3,000 U.S. adults ages 18+ with an additional over-sample in nine key metropolitans of at least 500 adults each.

**For more  
information,  
please visit  
[www.edwardjones.com/newretirement](http://www.edwardjones.com/newretirement)**

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All estimated projections in the report not otherwise notated are calculated based on our survey data coupled with the 2019 Census Current Population Survey estimates.

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