

The Four Pillars of the New Retirement: Tracking Update with a Spotlight on Family

In 2019 Edward Jones first partnered with Age Wave on a landmark study, *The Four Pillars of the New Retirement*. We introduced a new, comprehensive framework to help people live well to and through retirement by considering both the challenges and opportunities within four massively important, interconnected pillars: health, family, purpose and finances.

To further track the pulse of American sentiments during the pandemic, we have conducted a series of three surveys over the past year. This executive summary reports on the findings from our third tracking survey to provide an update on how Americans are faring across all four pillars. However, what began as a tracking study became so much more, with our findings also shining a spotlight on the growing importance and complexities of family in retirement.



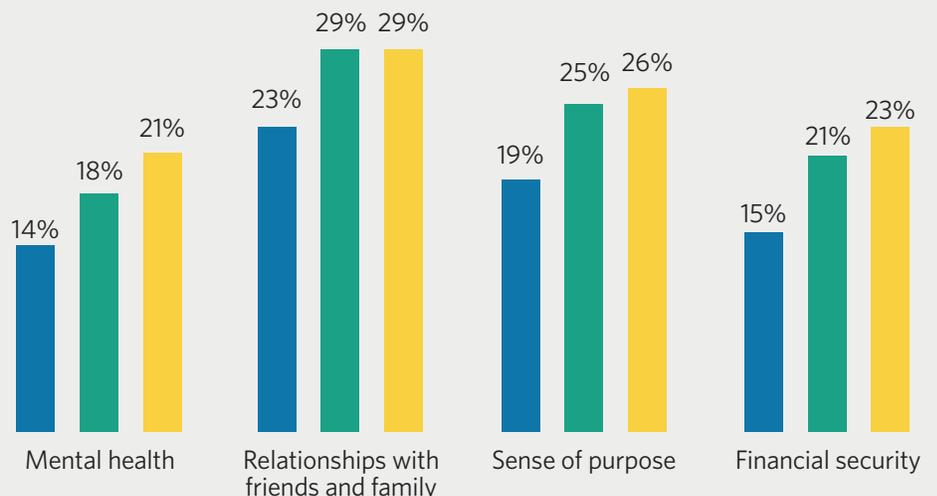
Tracking Update: Taking the Pulse on the Four Pillars

Despite the tremendous toll of the pandemic, we're beginning to see rebounds and signs of recovery and resilience across each of the four pillars (Fig 1).

Figure 1

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

■ Dec 2020 ■ Mar 2021 ■ Aug 2021



Base: U.S. adults

Health

- Gen Z has struggled the most with mental health during the pandemic, while the Silent Gen has suffered the least.
- However, Gen Z is beginning to experience some recovery with 49% reporting negative impacts on their mental health, down from 61% in December 2020.

Family

- Despite social distancing and travel barriers, family has remained the highest rated pillar throughout the pandemic (Fig 2).
- Seven in ten Americans say the pandemic has brought their family even closer together.

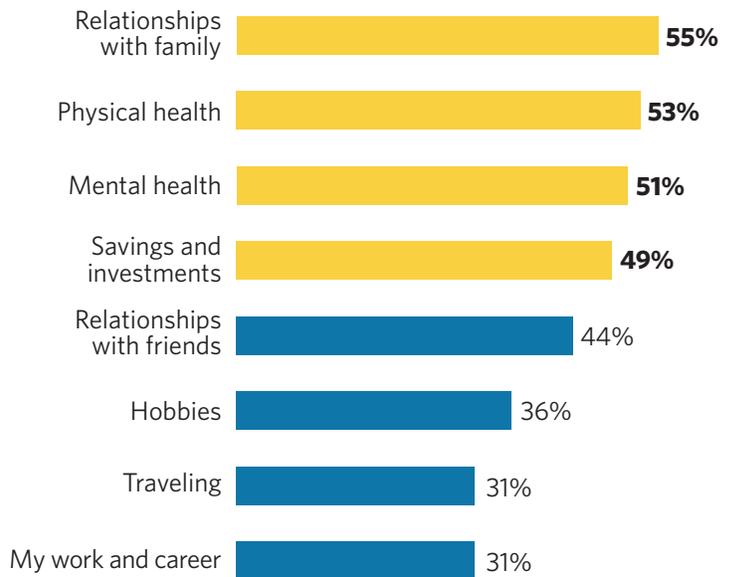


Purpose

- A profound silver lining from this past year: 77% of Americans say the pandemic has caused them to refocus on what's really important in life.
- Americans say that family relationships as well as physical, mental and financial health have grown even more important (Fig 3).

Figure 3

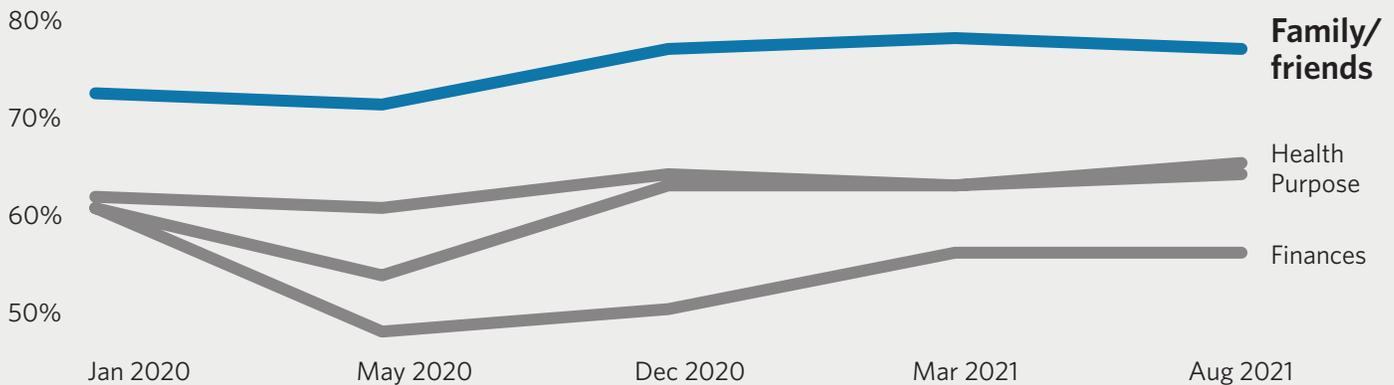
Purposeful Silver Linings: What has become more important due to the pandemic



Base: U.S. adults

Figure 2

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



Base: U.S. adults

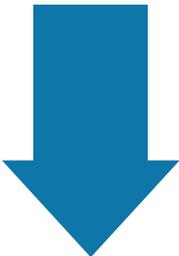


Financial wake-up call: The pandemic catalyzed **22 million** Americans to begin working with a financial advisor for the first time.

Finances

- The pandemic derailed the retirement savings of millions of Americans; conversely, it boosted retirement savings for millions of others (Fig 4).
- The pandemic has prompted a financial wake-up call; 69% of Americans planning to retire say it motivated them to think more about the *financial aspects* of their retirement planning.
- 63% of Americans say the pandemic also motivated them to think more about the *non-financial aspects* of their retirement planning.
- 65 million Americans say the pandemic has altered their retirement timing, with most planning to retire later (Fig 5).

Figure 4



The pandemic derailed retirement savings for many

Nearly 50 million Americans stopped or reduced contributions.
38 million withdrew money from retirement savings.

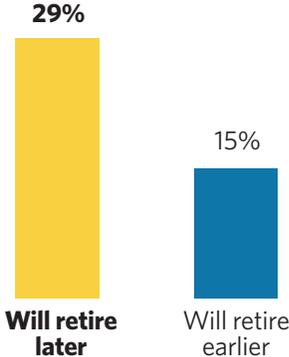
But it boosted retirement savings for others:

59 million Americans began contributing more to their retirement savings during the pandemic.



Figure 5

The COVID effect on retirement timing



Base: U.S. adults who plan to retire

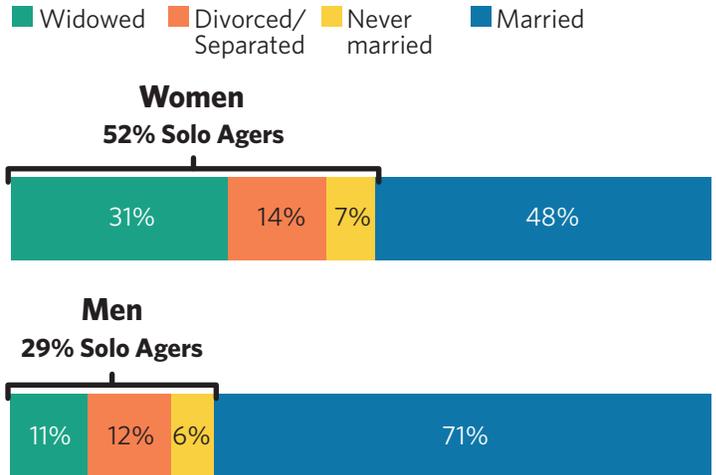
Families Matter and Family Matters

The Changing Family

- The definition and dynamics of family are shifting to become more diverse, multi-generational and blended, and the number of Solo Agers is rising.
- Today the majority of Americans (66%) say they consider their family to be “anyone they love and care for” and not just those related by blood or marriage.
- More than 70 million Americans are grandparents,¹ and one in five Americans live in a multi-generational household.²
- There are more LGBT families today than just eight years ago with nearly 6% of Americans, roughly 18 million, identifying as LGBT.³
- The divorce rate among couples age 50+ doubled from 1990-2017,⁴ and more than one in four (28%) adults 50+ have been re-married, creating new, blended families.⁵
- There are now 54 million age 50+ Solo Agers (defined here as those who are unmarried). More than half of women and over a quarter of men age 65+ are Solo Agers (Fig 6).

Figure 6

Marital status ages 65+



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2019

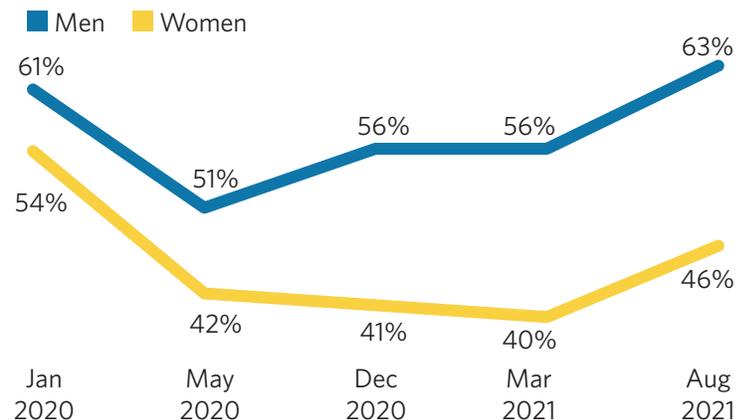
\$30 trillion in motion: An unprecedented amount of financial assets will shift hands over the next decade as most wives will outlive their spouses.⁶

Women's Retirement Complexities

- Women have amassed rising economic power and are 3X more likely to be their family's breadwinner today vs. 1960.⁷
- Unfortunately, women, on average, still have lower retirement savings than men, and the pandemic has widened the retirement savings confidence gap (Fig 7).
- Seventy percent of widows switch financial advisors within a year of their husband's death.⁸

Figure 7

Confident about retirement savings



Base: U.S. adults who plan to retire

Planning for Health Uncertainties in Later Life

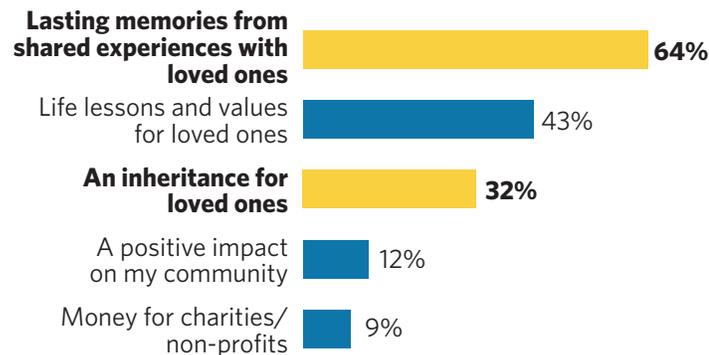
- The greatest financial worry in retirement is now healthcare and especially long-term care costs. Yet half of adults 50+ have no plans in place for how they would fund it (Fig 8). Among those with a financial advisor, the percent without any LTC plans in place drops to 34%.
- Dependency paradox: 72% of retirees say one of their biggest fears is becoming a burden on their families, yet 83% of retirees say they would likely rely on family members if they needed long-term care.⁹
- The majority of pre-retirees (77%) and retirees (59%) would like guidance on healthcare and long-term care planning in retirement.¹⁰

Leaving a Legacy

- Two-thirds of Americans (66%) say the pandemic has made them think more about the kind of legacy they want to leave behind.
- A third of Americans say the pandemic triggered conversations with family members about their end-of-life plans and preferences.
- Older Americans say that memories are twice as meaningful as money with respect to leaving a legacy (Fig 9).
- Yet most older Americans still want to leave a financial legacy. Almost half now prefer giving while living (Fig 10).
- Older adults are expected to pass down \$70 trillion to their families, charities and other beneficiaries over the next 25 years.¹¹

Figure 9

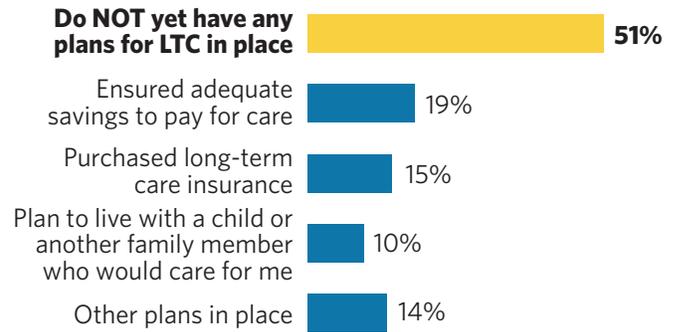
Most important legacy to leave at the end of life



Base: U.S. adults age 50+

Figure 8

Half of adults 50+ have NO plans in place for how they would fund long-term care



Base: U.S. adults age 50+

44.5 million Americans discussed end-of-life plans and preferences with family members for the **first time** during the pandemic.

Figure 10

Preferences for passing along money



Base: U.S. adults age 50+

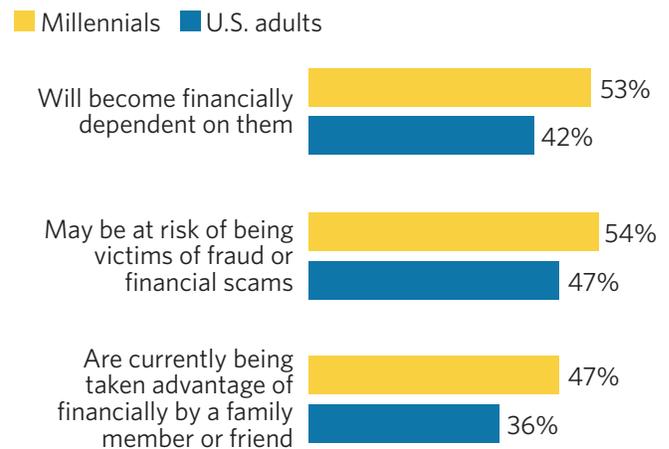


Navigating Family-Oriented Finances

- 63% of Americans agree there are many benefits of involving different generations in important financial decisions, yet say they avoid family financial discussions to reduce conflict and discomfort and avoid burdening their families.
- Many Americans, especially Millennials, are concerned about the solvency of their parents' finances (Fig 11), and 53 million Americans wish their parents/in-laws did a better job of managing their money.
- There is an intention/action gap: Older Americans say having a will is the most important financial action to take for their families in advance of their death. Yet only half (49%) of Americans age 50+ have a will.
- In fact, the majority (81%) of 50+ adults do not have the three most essential end-of-life planning documents: a will, a healthcare directive and a designated power of attorney (Fig 12).

Figure 11

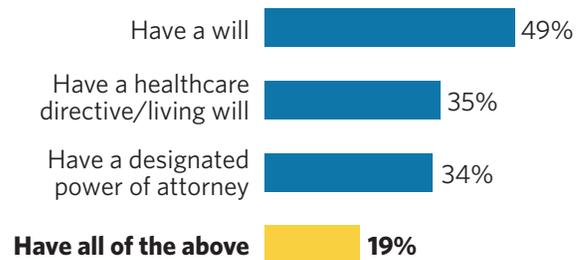
Percent worried that their parent(s)/in-law(s)...



Base: U.S. adults with living parents/in-laws, Millennials (25-40) with living parents/in-laws

Figure 12

Essential end-of-life planning actions taken



Base: U.S. adults age 50+

Survey Methodology

This nationally representative survey was conducted online within the United States by The Harris Poll on behalf of Edward Jones and Age Wave from August 12-16, 2021, among 2,020 U.S. adults ages 18+. Results were weighted where necessary to bring them into line with their actual proportions in the population. The March survey was fielded from March 22-24, 2021; the December survey was fielded from December 1-3, 2020; and the May survey was fielded May 21-June 4, 2020.

¹ AARP, Grandparents National Survey, 2018

² Pew Research Center, 2018. A record 64 million Americans live in multigenerational households

³ Gallup, 2021. LGBT Identification Rises to 5.6% in Latest U.S. Estimate

⁴ National Center for Family & Marriage Research, 2019. Gray Divorce Rate in the U.S.

⁵ U.S. Census Bureau, 2021. Number, Timing, and Duration of Marriages and Divorces: 2016

⁶ McKinsey & Company, Women as the next wave of growth in US wealth management, 2020

⁷ Age Wave calculation based off U.S. Census Bureau, Historical Households and Families Tables 1960-2020; Pew Research Center, Breadwinner Moms, 2013

⁸ Blair Duquesnay, Financial Advisor Magazine, 2019. Women Shall Inherit the Power of the Purse

⁹ Edward Jones and Age Wave Thought Leadership Study, The Four Pillars of the New Retirement, 2020

¹⁰ Edward Jones and Age Wave Thought Leadership Study, The Four Pillars of the New Retirement, 2020

¹¹ Cerulli Associates, The \$70 Trillion Dollar Opportunity, 2018 (wealth transfer from 2018-2042)