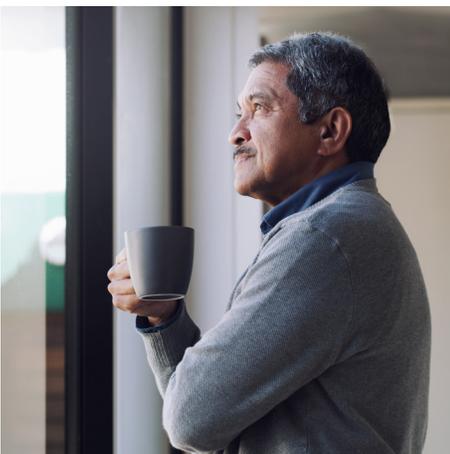


Edward Jones®



Longevity and the New Journey of Retirement



An Edward Jones and Age Wave Study



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Welcome Letter

To our clients, colleagues and communities:

Retirement today is no longer a destination; it's a new journey, a whole new chapter of life. With the gift of greater longevity, today's retirees have more opportunity than ever to make the most of their years, activities, contributions, and relationships.

Edward Jones and Age Wave initially joined forces in 2019 to explore people's hopes, dreams, and concerns in retirement. Together with The Harris Poll, we conducted a groundbreaking study of more than 9,000 people across North America to understand more deeply what it means to live well in retirement. Through a series of follow-up tracking studies conducted in 2020 and 2021, we took the pulse of how five generations, and retirees in particular, were faring amid the COVID-19 pandemic.

Through this work, we developed a new holistic framework with four interconnected pillars for living well in retirement: health, family, purpose, and finances. Our results generated unprecedented interest among the public, the media, and the financial services industry.

Our ongoing collaboration now includes this comprehensive new study, Longevity and the New Journey of Retirement, of more than 11,000 North American adults, largely pre-retirees and retirees, to explore how the journey of retirement unfolds, the patterns of people's experience in retirement, and the keys to thriving along the way. Here are just a few highlights among Canadian retirees:

- Today's retirees appreciate their longevity and they now count the ideal length of retirement at an average of 27 years.
- The majority now view retirement as "a new chapter of life," while about a quarter still think of it as the traditional "time for rest and relaxation."



David Gunn
President
Edward Jones Canada

- Work/retirement lines have blurred. There is no clear definition of when retirement starts, and 60% of retirees and pre-retirees say the ideal mix of work and leisure in retirement includes some work.
- The pandemic has made life difficult for all, but especially for today's new retirees as they make the transition, organize their time, and find new purpose in retirement.
- Retirees who are thriving today were well-prepared for entering this lifestage and made more focused preparations across all four pillars.
- Financial foresight is central to retirement preparation. Retirees on average began saving for retirement at age 37 but say they should have started nearly a decade earlier.

Edward Jones and its 19,000 financial advisors and branch teams work every day to help make a meaningful difference in the lives of our 7 million clients. This research helps us understand the needs and priorities of retirees and their families across generations. We integrate these insights into the ways our branch teams ask questions, converse with clients, and frame journeys that enable clients to reach goals many had not thought possible.

This study and report are guided by Age Wave's decades of experience investigating aging, longevity, and retirement, and we're openly sharing these findings with you.

We hope you enjoy reading the report. We'd love to hear your thoughts on these findings, so please email us at NewRetirement@edwardjones.com. *The report carries lessons for people of all ages*, and we wish you all the best as you navigate your own journey to and through the new retirement.



Ken Dychtwald, PhD
Co-Founder and CEO
Age Wave

Introduction

During their working years, most people view retirement as a destination, a milestone in life they look forward to with excitement and perhaps a bit of trepidation. Once they reach the milestone, retirees discover retirement is far more than that. It's a new journey, a potentially lengthy new chapter of life full of challenges and opportunities. Ideally, they cross the retirement threshold with a sense of accomplishment and perhaps a sigh of relief, as well as with fresh energy and ambitions, especially if they have prepared adequately.

Today's retirees enjoy a growing array of opportunities to enjoy life and stay engaged. This is definitely not their parents' or grandparents' retirement. At the same time, they face some new challenges, especially around their health, their finances, and finding their new purpose. Retirement can be a positive and rewarding journey with support from the four pillars of the new retirement—family, health, purpose, and finances.

Unfortunately, that's not the case for the many who find retirement a difficult and uncertain road.

The purpose of this study is to explore and better understand what it means to experience optimal well-being and thrive in retirement. Retirement is not a one-size-fits-all journey. There are many possible paths and countless variations in retirees' timing, experiences, priorities, dreams, and financial circumstances.

**Retirement is not a
one-size-fits-all journey**



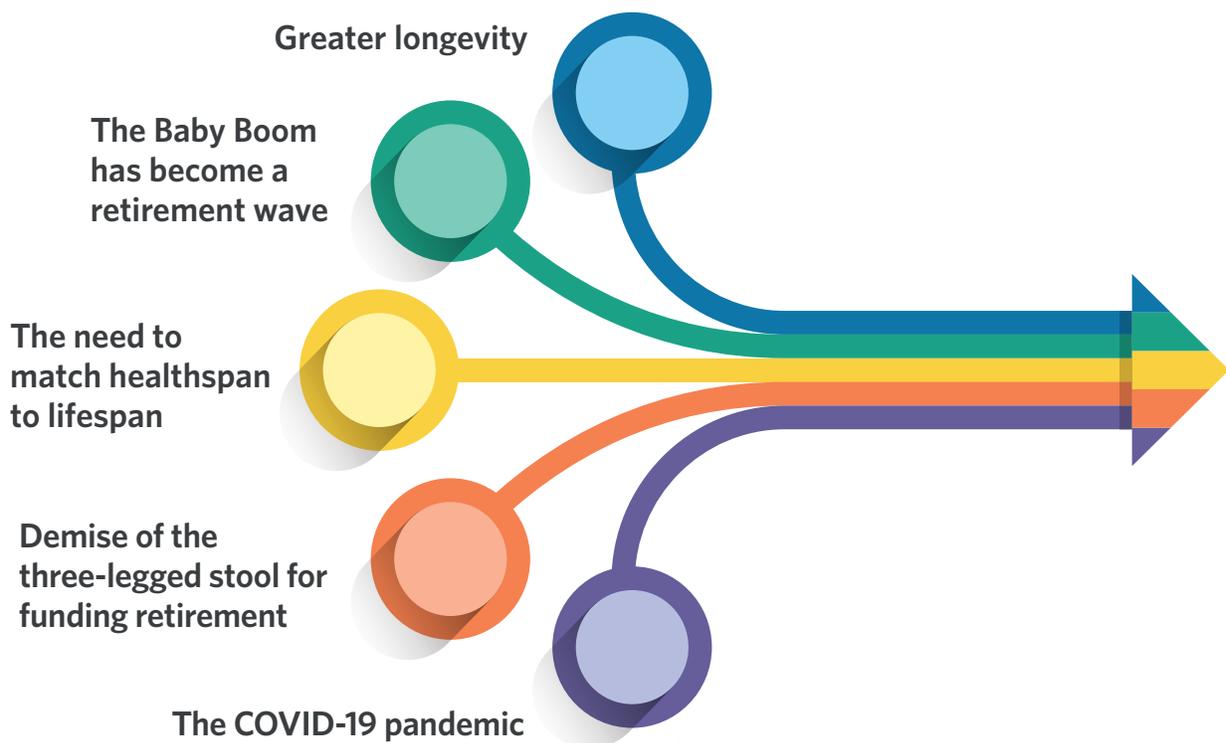
In this report, we unpack the journey as it unfolds over time to see what changes along the way and what course corrections may be needed, and we describe the common preparation actions people take and see how better preparation corresponds to a higher quality of life in retirement.

These perspectives provide unprecedented breadth, depth, and insight into today's new journey of retirement. To understand the overall landscape, let's take a closer look at what makes nearly everything about retirement so "new."



Five Forces Are Shaping the New Journey

Five major forces are currently converging to reshape the new retirement and the lives of today's and tomorrow's retirees. Two are demographic, two are structural challenges for society, and the last is a troubling disruption—the COVID-19 pandemic.





Retirees today say the ideal length of retirement is 27 years

1 Greater Longevity

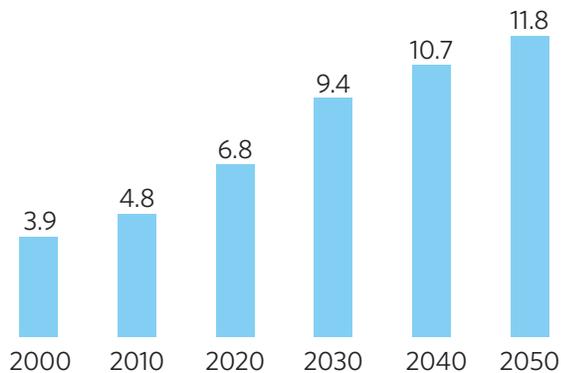
Life expectancy is on the rise (minus a small setback from COVID), and so is Canadians' interest in living a long life. Half of all Canadian retirees would like to live to 100, and they say the ideal length of retirement is nearly three decades, 27 years.

2 The Aging Boom

The outsized Baby Boom generation—and now Gen X—is swelling the ranks of retirees and transforming the personality of retirement. The number of Canadians age 65+ has quadrupled in the last 50 years and is projected to reach nearly 12 million by 2050 (Figure 1).

Figure 1

Canadian population age 65+ (millions)



Source: Statistics Canada

3 The Lifespan-Healthspan Gap

The average Canadian spends the last 11 years of life with their activities at least partially—and often seriously—curtailed by illness, injury, or cognitive decline.¹ Among those 65+, 73% are managing at least one chronic condition.² Closing the gap between lifespan and healthspan represents one of the greatest economic and social challenges we face today.

4 Demise of the Three-Legged Stool for Funding Retirement

Saving for retirement has become a self-responsibility. Employer defined-benefit pensions have become rare. Old Age Security benefits are insufficient to live on comfortably, and Canadians have the habit of under-saving. Retirees started saving at an average age of 37 but wish they had started saving nearly a decade earlier, at 28.

Age retirees started saving for retirement: **37**

Age they wished they had started saving: **28**

5 The COVID-19 Pandemic

COVID-19 has disrupted the lives of all Canadians, and 64% of retirees say “the COVID-19 pandemic has made life in retirement more difficult.” It has also altered retirement timelines and made the transition into retirement tougher on today’s new retirees. One silver lining of the pandemic is that many are rethinking what really matters and how they want to spend their time in retirement.

Retirement Is Now a New Chapter in Life

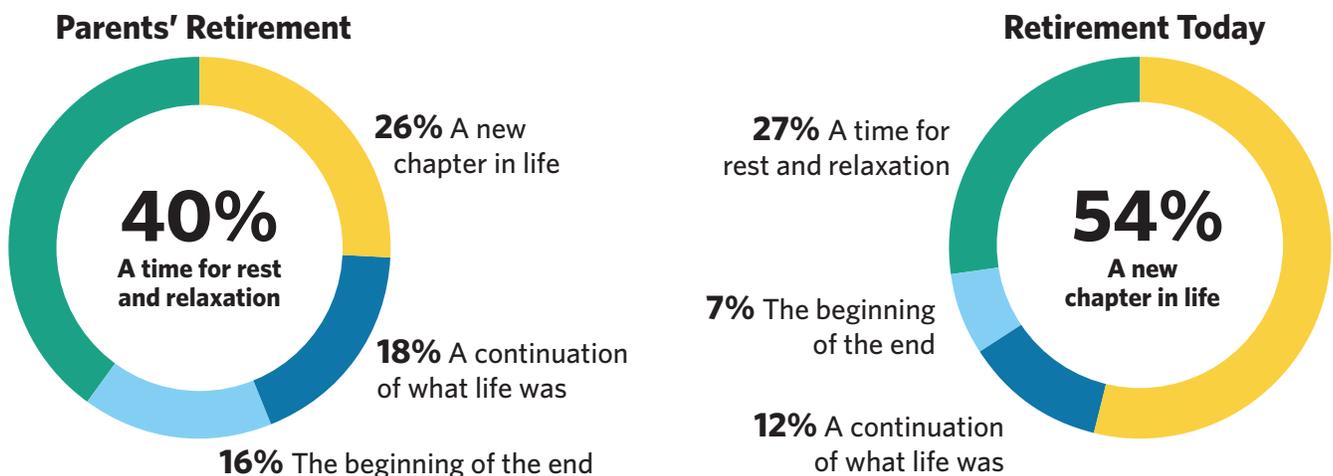


Retirement is now a longer and more important stage of life—and today’s retirees increasingly want to make the most of it.

For the parents of today’s retirees and pre-retirees, the focus of retirement was mostly on “rest and relaxation.” Now the majority of retirees view retirement more as “a new chapter in life” (Figure 2). Over half of today’s retirees (56%) say they are “reinventing themselves” in retirement and 85% are “looking forward to the years ahead.”

Figure 2

What best describes your parents’ generation’s retirement vs. retirement today?



Base: Canadian retirees and pre-retirees age 45+



When does retirement actually begin? Today, there is no agreed-upon milestone that marks the start of retirement. About half of today’s retirees and pre-retirees say retirement begins when someone stops working full time (38%) or steps away from a primary job or career (14%). For 18%, it’s when they start receiving benefits from pensions or Old Age Security. Interestingly, one in five (21%) say it’s when they achieve financial independence and only 9% say it’s reaching a certain age.

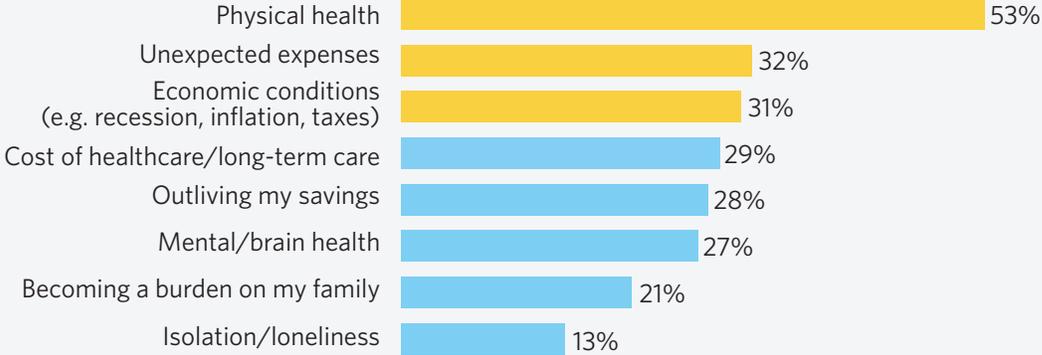
Today’s retirees are becoming more purposeful and ambitious. They are reengaging with life—not retreating—often in new and imaginative ways. In fact, 60% of Canadian retirees and pre-retirees say that their ideal retirement includes some form of work; 23% would like to cycle between work and leisure; 19% would want to work part time; and 18% are interested in working full time.

Contrary to popular ageist stereotypes, emotionally, they say they feel happy, fulfilled, and liberated. More than three-quarters of today’s retirees describe their sense of well-being as good to excellent. Looking across the four pillars, 71% grade themselves with an “A” or “B” in family and friends’ relationships, 56% in sense of purpose, 51% in finances, and 45% in health. Eighty-three percent of retirees agree that “life has been very satisfying,” and 85% say they are “looking forward to the years ahead.”

Retirement is overall a positive time in life, but not one without worries. Retirees and pre-retirees have a variety of common worries about life in retirement, particularly their physical health and financial uncertainties (Figure 3).

Figure 3

Worries in retirement



Base: Canadian retirees and pre-retirees age 45+, select top 3 responses

Four Stages of the New Journey



People enter retirement at different ages and under different circumstances with countless possible paths and paces. Our study now enables us to describe the overall journey, including how people's experiences, priorities, and attitudes tend to sequence and evolve. We've found that the new retirement journey unfolds in four distinct stages.



Anticipation
10-0 Years
Before Retirement

**Liberation/
Disorientation**
0-2 Years
After Retirement

Reinvention
3-14 Years
After Retirement

**Reflection/
Resolution**
15+ Years
After Retirement



Stage 1: Anticipation

(< 10 years before retirement)

The first stage is the pre-retirement period when people are still primarily focused on their careers, raising a family, and perhaps caregiving aging parents. Although they're not retired yet, we consider this the first stage of the retirement journey because actions taken here form the foundation and set the trajectory for retirement.

Most pre-retirees say they are really looking forward to retirement. The majority (53%) view their upcoming retirement as "a new chapter of life." They are optimistic and enthusiastic, anticipating that they'll feel happy, fulfilled, and liberated in retirement.

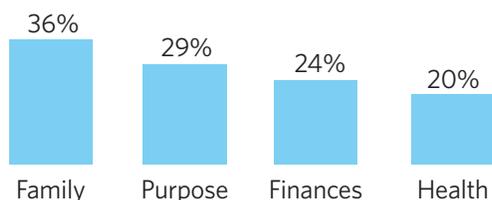
Stage 1 can start as many as 10 years before retirement, but like popcorn in the microwave, the pace of pre-retirees' preparations tends to pick up in the five years before. As the reality of retirement approaches, preparation becomes far more top of mind.

To prepare financially, a majority (58%) are contributing to retirement accounts, but only 30% have developed a thorough financial plan for retirement. Pre-retirees' most common financial worries about retirement include outliving their savings, unexpected expenses, and economic conditions.

Looking across the four pillars, the large majority do not feel very prepared at all for the journey, especially when it comes to finances and health (Figure 4).

Figure 4

Preparedness for retirement across the Four Pillars (% very prepared)



Base: Canadian pre-retirees age 45+



Stage 1: Key Questions to Consider

- How do I want to change my lifestyle in retirement? What do I want to keep doing and what do I want to stop doing? What income will be needed to support that lifestyle?
- How will I cover my healthcare costs in retirement, and should I consider buying long-term care insurance now?
- Do I need to catch up financially? If so, what expenses can I cut right now? Can I take advantage of catch-up contributions to my retirement accounts?
- What do I need to learn about life in retirement, and what activities should I be "test driving" in advance of retiring?
- Do my partner and I need to reconcile any differences in our plans, preferences, and timing for retirement?



Stage 2: Liberation/Disorientation (0-2 years after retirement)

The first years of retirement are a transition period, where retirees are figuring out what retirement really means to them. New retirees feel a sense of freedom from the anxieties and time constraints of work and family responsibilities and freedom to pursue their hopes, dreams, and passions. While there's a huge sense of liberation, many new retirees also feel disoriented and uncertain about the future.

A big part of the disorientation can be the shock of life without a paycheck for the first time in their adult lives. While 68% of Stage 2 retirees claim they feel financially prepared for retirement, only 21% say they are very prepared. Half often worry about outliving their money. Although the first year or two of retirement has always been a time of mixed emotions, in the past, liberation outweighed disorientation for most. That seems to have changed during the pandemic. Nearly three-quarters (72%) of these new retirees say the pandemic has made their life in retirement more difficult. One-third say it's been a challenge to organize their time and half say it took them a while to find their new purpose.

For a majority of Stage 2 retirees, their ideal retirement includes working in some way (Figure 5). Thirty-percent of these retirees consider themselves "semi-retired" and nearly a quarter (23%) have already returned to work during their retirement.

Stage 2: Key Questions to Consider (if you haven't considered them already)

- What am I really spending in retirement? Have my spending habits changed the way they need to?
- What expenses were not planned or accounted for, perhaps the support I'm providing to my children, or the caregiving assistance my parents or in-laws may need?
- Are there opportunities to work part time and generate additional income? How would that affect my other activities and lifestyle?
- Is retirement what I thought it was going to be? Are there new things I'd like to try doing? What kinds of volunteering or other activities will give me greater purpose?
- Is there an opportunity to downsize or relocate to be more financially comfortable? If so, are there advantages to doing it sooner rather than later?

Figure 5

Ideal approach to balancing work and leisure in retirement

55%
Working in
some way

6% Working full time

20% Cycling between
work and leisure

29% Working part time



Base: Canadian retirees
0-2 years in retirement



Stage 3: Reinvention

(3-14 years into retirement)

This is the heart of retirement, where retirees hit their stride, actively shaping their new post-work identities and lifestyles. Retirees in this stage continue to explore what retirement means for them, who they want to be, and what they'd like to be doing and with whom.

Eighty-four percent of today's Stage 3 retirees are Baby Boomers, a generation that has, through its sheer numbers and nonconformist attitudes, transformed each lifestage it has inhabited. Now Boomers are transforming the timing, purpose, attitude, activities, and dreams of retirement. Stage 3 retirees have ample opportunities—often more options than they anticipated—to discover new experiences while also enjoying old favorites. A majority are spending quality time with family and friends and taking steps to improve their health. Some travel, engage in creative projects/hobbies, and a few are regularly working (Figure 6).

While most Stage 3 retirees seem to be holding their own financially, only 33% describe their finances as fully on track and in great shape. Many (55%) have taken action since retiring to be more financially comfortable, most commonly working part time (15%), downsizing their homes (13%), or cutting back on providing financial support to family members (13%).

Stage 3: Key Questions to Consider

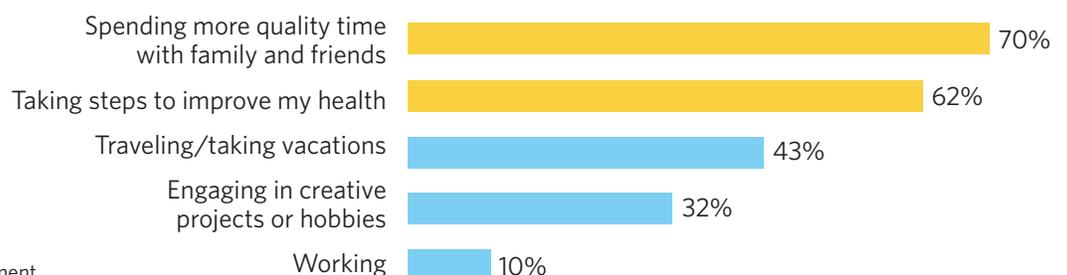
(if you haven't considered them already)

- What have I put off doing and enjoying? If I can afford them, is now the time to do them?
- Am I doing everything I can to maintain and improve my health?
- Am I spending the right amount of time with my children and/or grandchildren? Am I staying socially active?
- What could I be doing to make more of a difference for others, or simply to stay busy and engaged?
- Am I prepared to meet the potential caregiving needs and costs for myself or my partner?



Figure 6

Favorite activities in retirement



Base: Canadian retirees 3-14 years in retirement



Stage 4: Reflection/Resolution

(15+ years after retirement)

In this stage, established retirees have learned how to make the most of life in retirement. They have the wisdom, experience, and hindsight to appreciate this chapter in their life. Most have learned to live within their means, and health concerns now tend to outweigh financial concerns.

These retirees accept that they are in a later chapter of life, but they aren't just waiting to reach the end of the road. On the contrary, Stage 4 retirees continue to lead active, enjoyable, and satisfying lives. Among retirees in this stage of retirement, 92% look back on life with deep gratitude, 83% say they have grown more resilient, and 84% still say they are "looking forward to the years ahead."

Legacy preparation is of utmost importance at this stage, but many retirees surprisingly have some catching up to do. More than three-quarters of Stage 4 retirees (79%) have a will, and half (51%) have a power of attorney, but only 30% have healthcare directives. Those are the three basic, most recommended documents, and only 22% have all three.

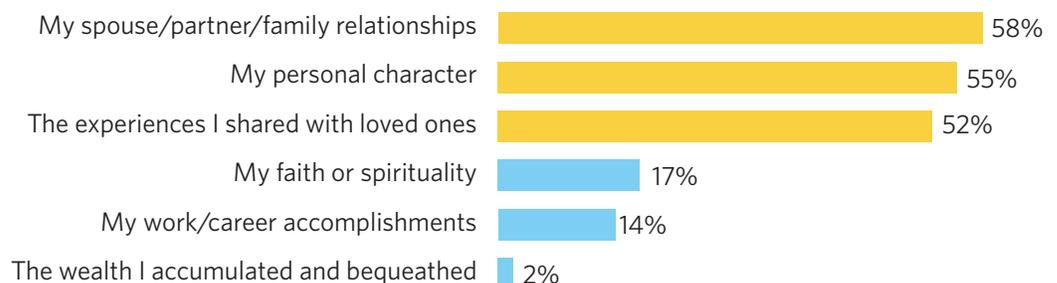
In this stage, retirees reflect on what matters most in their life (Figure 7). Seventy-three percent say they "feel a responsibility to help future generations."

Stage 4: Key Questions to Consider (if you haven't considered them already)

- Do my current living arrangements provide the right mix of independence, available care, and social connections? How will I avoid isolation and loneliness?
- Are my contingency plans and funds for long-term care adequate? Can I avoid becoming a burden on my loved ones?
- If I'll have money to bequeath, should I give some of it soon so I can see the benefits to others?
- Have I completed my basic legacy documents and kept them up to date? Have I discussed those documents and my end-of-life preferences with my family?
- What values am I modeling for my family (especially grandchildren)? How should I be documenting the values and life lessons that I want to pass down?

Figure 7

How retirees in Stage 4 would like to be remembered



Base: Canadian retirees 15+ years in retirement

A photograph of a middle-aged couple smiling and embracing each other while kayaking on a river. They are wearing colorful jackets and sunglasses. The background shows a lush forest and rocky banks.

Preparing for the Journey

Those who have taken more steps to prepare for their retirement journey across the four pillars tend to enjoy their retirement the most. Among retirees with retirement accounts, those who report having a high quality of life began saving earlier on average and were less likely to make early withdrawals from their accounts than those retirees with lower quality of life. They were also more likely to take care of their health prior to retirement, discuss retirement goals with family and friends, and to be actively involved in activities that boost their sense of purpose in retirement.

These preparation actions don't end upon retiring. Rather, they carry over to become the effective habits of successful retirees. We've seen through all of our recent research that the most successful retirees continue

to attend to their health, including through diet and exercise. They stay socially engaged with family and friends. They maintain a clear sense of purpose by trying new things and finding additional ways to give back. And they continue to mindfully manage their finances and keep them on track.

As successful retirees migrate through the retirement stages, the focus on preparation turns into a willingness to make helpful adjustments from time to time. They are ready to make course corrections—from reducing expenses, to downsizing or relocating, to working part time—in order to be more financially comfortable and improve their lives overall in their retirement. They know the journey continues, and they make the most of it.

All pre-retirees can be **developing financial strategies, improving their health, communicating with family, and entering retirement with purpose**

Summary: Lessons for Every Generation

There's a new retirement today. For most—but not all—Canadians, it's an enjoyable journey. To understand the differences, and the keys to thriving in retirement, we've explored the new retirement across the four stages of the journey.

Here are the key lessons about what it means and what it takes to make the most of longevity in the new retirement:

- As we've seen throughout our work, the four pillars of family, health, purpose, and finances are all essential to well-being in retirement. Unfortunately, most Canadians enter retirement far from fully prepared. But early, holistic planning can have big payoffs.
- Finances build the foundation for living comfortably and securely in retirement, and that requires financial foresight—starting to save early in life, maximizing savings, and staying the course by staying out of debt and avoiding early withdrawals from retirement accounts.
- One of the biggest disrupters to thriving in retirement is having to retire earlier than planned, and in retirement people must continue to anticipate what course corrections they'll need to make if health problems or caregiving responsibilities arise. Everyone should consider a contingency plan.
- The ultimate hallmarks of overall well-being in retirement are being active, engaged, connected, purposeful, and positive in life. Retirees also thrive by being generative—giving back to family, community and society, sharing their wisdom, and preparing to leave a lasting legacy.

People of all ages can anticipate and appreciate the joys and challenges, the twists and turns of the new journey of retirement. Equipped with knowledge and insight, they can prepare more comprehensively and navigate more nimbly to and through their retirement. They'll be better able to thrive and make the most of all the opportunities of the new retirement.



Retirees' Advice to Younger Generations

- "Plan for your life in retirement, including family, fun, and purpose—as well as your finances."
- "Save, save, and save. Start saving early and put away as much as you can. But if you haven't, know that it's never too late to start."
- "Find work that you enjoy and that you can even continue to do part time in retirement—if you need to, or if you'd like to."
- "Seek out mentors and advisors from all walks of life, people who have had life experiences ahead of you and can guide you."
- "Retirement is a new beginning and a big new phase of life, so plan for how you'll stay active and engaged with life."

About the Study

About Edward Jones Canada

Edward Jones Canada is a full-service investment dealer with more than 850 financial advisors in Canadian communities from coast-to-coast. A member of the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund, the firm is also a participating organization in the Toronto Stock Exchange. Edward Jones has been ranked #1 for eight consecutive years in the J.D. Power Canada Full-Service Investor Satisfaction Study (2013- 2020). For more information, visit edwardjones.ca.

About Age Wave

Age Wave is North America'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. (Age Wave is not affiliated with Edward Jones.)

About The Harris Poll

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. (The Harris Poll is not affiliated with Edward Jones.)

Methodology

This report is based on a large-scale investigation to better understand how to live well through the new journey of retirement. The study was conducted by Edward Jones in partnership with Age Wave and The Harris Poll.

The study began with qualitative research consisting of a three-day online forum conducted September 28-30, 2021 (n=40) and six 90-minute online focus group discussions conducted October 5-7, 2021 (n=36). Both the online forum and online focus groups included adults age 45+ from the U.S. and Canada who were retired or within 10 years of retirement.

Nationally representative surveys of more than 11,000 people were conducted online in January and February 2022. The main survey included 5,956 U.S. adults and 1,003 Canadian adults age 45+ who were retired or within 10 years of retirement. Additional omnibus surveys included 4,014 U.S. adults age 18+. Results were weighted where necessary to bring them into line with their actual proportions in the population.

**For more information,
please visit**

www.edwardjones.ca/newretirement

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