

The MetLife Report on Early Boomers

How America's Leading Edge Baby Boomers Will Transform Aging, Work & Retirement



Overview

Early Boomers — those born between 1946 and 1955 — may well transform the American concept of retirement by forgoing the tradition of a leisure-filled life. Instead, their financial obligations among other things will encourage many of them to remain in the workforce, some indefinitely. Many will continue working out of financial necessity — startling news for the first group of Boomers who enter retirement, and likely those who will follow.

Many Boomers will be unable to retire as anticipated because they may have debt from putting their children through college, borrowing against their homes and, in many cases, second home ownership. Since they expect to live longer than their predecessors, they are concerned about outliving their savings, and their financial nest egg has been severely impacted by low interest rates and an uncooperative stock market. Their family finances have also been stretched by the fact that one in four have adult children still living with them.

The report is co-authored by noted American demographics expert Peter Francese.

Key Findings

- Over the next 10 years Early Boomers will create a 50% rise in the number of people 65 to 74 years old, a growth rate for that cohort not seen in 50 years.
- Early Boomer men ages 60 to 64 have the highest level of educational attainment (37% college graduates) of any age group of men, which means they are more likely to work after age 65.
- There are 1.3 million more Early Boomer women than men. It is projected that by 2020 there will be 2 million more Early Boomer women than men. By then at least one-third of households ages 65 to 74 will be headed by women.
- The Census Bureau reported that in 2009 one in four Early Boomer families had one or more of their children living with them and that most of those children were adults.
- It is estimated that at least two-thirds of Early Boomers are grandparents and the Census Bureau reports a rising number are responsible for their grandchildren.
- The labor force participation rate of Early Boomer men and women is at 65%, a 15-year high; trends suggest that it will rise further in the future.
- Among working Early Boomers, 75% of women and 60% of men had white-collar jobs that paid more than other jobs and were less physically demanding. That will certainly facilitate more of them staying in the workforce over the next decade.

Implications

Early Boomers are going to be the first cohort of older Americans to find that a large portion of them can't retire at 65 or even 66 when full Social Security benefits apply. Some who have been forced by their personal financial situation to continue working past age 65 or 66 may become resentful and wish to blame "government" for the disappearance of their home equity and drop in their investments value. The addition of so many older Americans to the workforce may also have the unintended consequence of resentment among younger people who are unemployed. At a time when jobs are hard to come by one can imagine a 40- or 50-year-old worker who has been unemployed for some time complaining bitterly that instead of retiring those older people are taking a job that could be theirs.

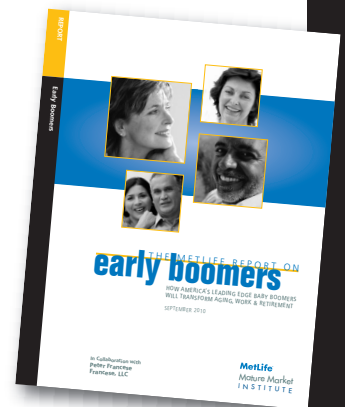
Employers may see some benefit in employing experienced workers who are eligible for Medicare, thus less likely to need employer-sponsored health insurance than younger workers. On the other hand those same employers may find it necessary to make some perhaps costly workplace accommodations for workers that may be less mobile or not so tech savvy.

Over the next decades we can expect that millions more Americans will be working as independent contractors or working for cash, in either case without any of the benefits such as health or unemployment insurance. Such workers must also create their own system of regular contributions to a retirement plan, something a former employer may have done for them.

With regard to work patterns and lifestyles after age 65, Early Boomers are quite likely to change our perception of old age and become the trendsetters for the age groups that come after them. We should expect a great deal of interest in how Early Boomers manage the next phase of their lives.

For More Information

The MetLife Report on Early Boomers: How America's Leading Edge Baby Boomers Will Transform Aging, Work & Retirement can be downloaded from www.MatureMarketInstitute.com. It can also be ordered by writing to: MetLife Mature Market Institute, 57 Greens Farms Road, Westport, CT 06880.



The MetLife Mature Market Institute®

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