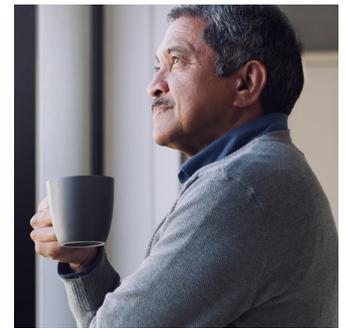


Longevity and the New journey of retirement

Edward Jones and Age Wave joined forces in 2019 to explore people's hopes, dreams, and concerns in retirement, publishing the award-winning study *The Four Pillars of the New Retirement*. Our latest collaboration, *Longevity and the New Journey of Retirement*, is a groundbreaking study of more than 11,000 North Americans, largely pre-retirees and retirees, that explores how the journey unfolds, the patterns of people's experience in retirement, and keys to helping thrive to and through retirement.

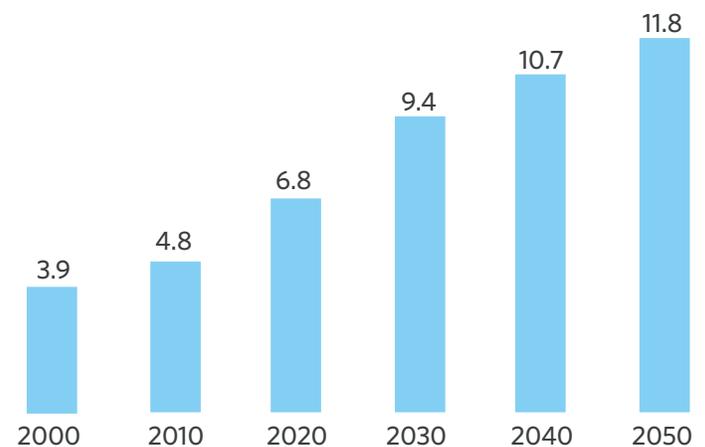


Five forces are shaping the new journey of retirement

- 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).
- 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.

Figure 1

Canadian population age 65+ (millions)



Base: Statistics Canada

- 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

For the parents of today's retirees, the focus of retirement was mostly on "rest and relaxation." Now the majority of retirees view retirement as "a new chapter in life" (Fig 2). Half of today's retirees say they are "reinventing themselves" in retirement and 85% are "looking forward to the years ahead."

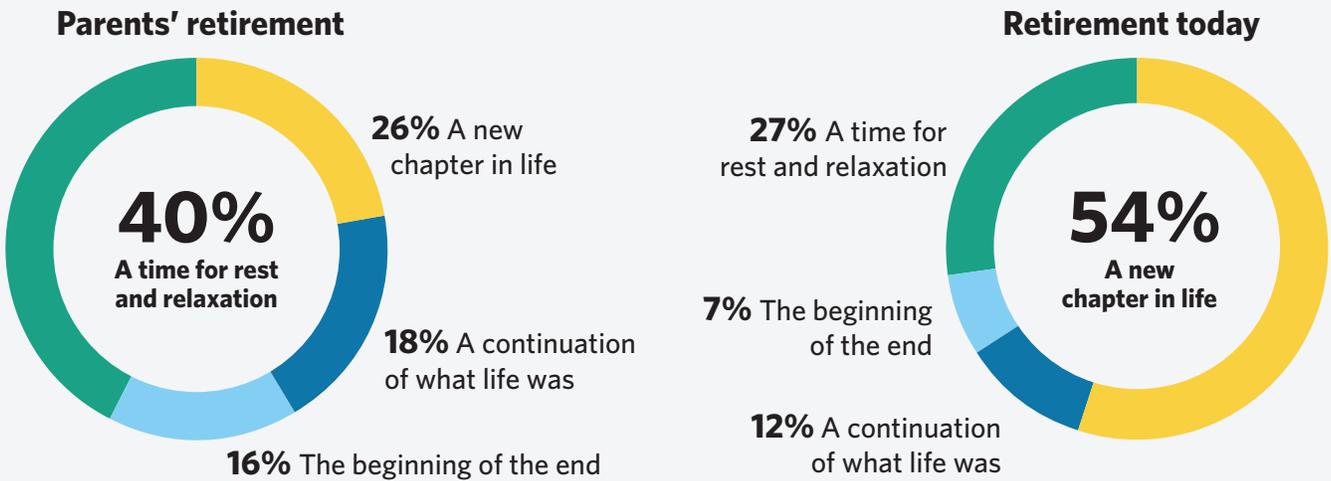
Today, there is no agreed-to milestone that marks the start of retirement. About half of today's retirees and pre-retirees say retirement begins when someone stops working full time

or steps away from a primary job or career. For 18%, it's when they start receiving benefits from pensions or Old Age Security. Interestingly, 21% say it's when they achieve financial independence and only 9% say it's reaching a certain age.

85%
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looking forward
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ahead

Figure 2

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



Base: Canadian retirees and pre-retirees age 45+

Four stages defining the retirement journey



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

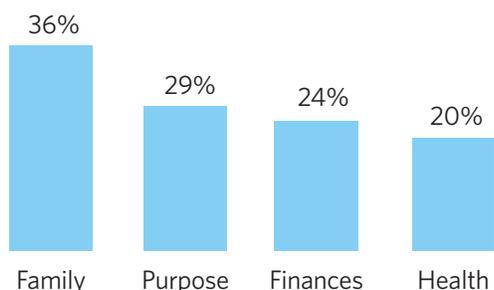
(< 10 years before retirement)

The pre-retirement period is when people are still primarily focused on their careers and perhaps caring for family members. There's optimism and excitement mixed with anxiety, particularly regarding finances.

- The majority (53%) view their upcoming retirement as “a new chapter of life.”
- To prepare financially, a majority (58%) are contributing to retirement accounts, but only 30% have developed a thorough financial plan for retirement.
- 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 (Fig 3).

Figure 3

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



Base: Canadian pre-retirees age 45+

Stage 2: Liberation/Disorientation

(0-2 years retired)

The first years of retirement are a transition period. 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. Many new retirees also feel disoriented and uncertain about what the future holds.

- While 68% of Stage 2 retirees claim they feel financially prepared for retirement, only 21% say they are very prepared.
- The pandemic has made the transition even more disorienting; 72% feel the COVID-19 pandemic has made life in retirement more difficult.
- One-third say it's been a challenge to organize their time and half say it took them awhile to find their new purpose.



Half of Stage 2 retirees say they worry about outliving their money



Stage 3: Reinvention

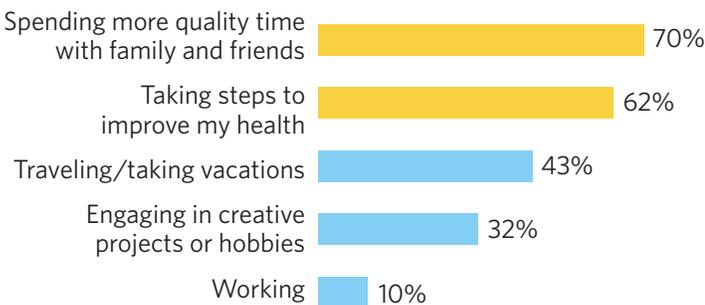
(3-14 years retired)

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.

- 84% 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.
- Only 33% feel their finances are "in great shape."
- Their favorite activities are spending quality time with family and friends (70%) and taking steps to improve their health (62%) (Fig 5).

Figure 5

Favorite activities in retirement



Base: Canadian retirees 3-14 years in retirement

Stage 4: Reflection/Resolution

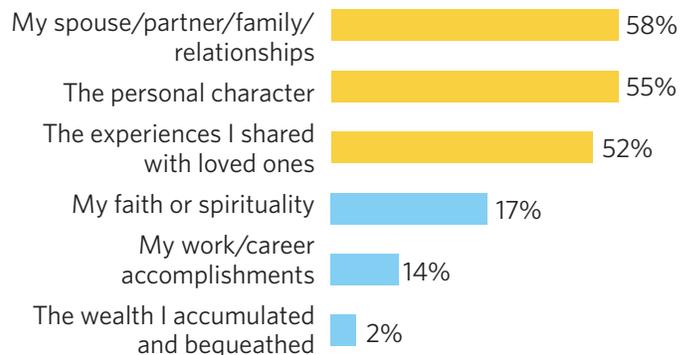
(15+ years retired)

The last chapter of retirement is when retirees are focused on enjoying life and creating their legacy. Most have learned to live within their means; health concerns now tend to outweigh financial concerns.

- 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.
- More than three-quarters have a will, 51% have a power of attorney, 30% have healthcare directives, but only 22% have all three of these most recommended legacy documents.
- In this stage, retirees reflect on what has mattered—and still matters—most in their life (Fig 6).

Figure 6

How retirees in Stage 4 would like to be remembered



Base: Canadian retirees 15+ years in retirement

Preparing for the journey

Those who have taken more steps to prepare for their retirement journey across all four pillars tend to enjoy their retirement the most. Among retirees who report having a high quality of life, they began saving earlier on average and were less likely to make early withdrawals from retirement 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 explore new pastimes, hobbies, and interests to help boost their sense of purpose in retirement.

A holistic approach and financial foresight can have big payoffs in retirement. Retirees enjoying the highest quality of life say that their top three smartest financial actions to prepare for retirement were: starting to save early (and consistently), maximizing contributions, and working with a financial advisor.



Lessons for every generation

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 being far from fully prepared. But early, holistic planning can have big playoffs.
- 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 necessary adjustments if health problems or caregiving responsibilities arise. Everyone should have 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.

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."

Methodology

Nationally representative surveys of more than 11,000 people were conducted online in January and February 2022 with The Harris Poll. 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 4,114 U.S. adults age 18+. Results were weighted where necessary to bring them into line with their actual proportions in the population.

1 World Health Organization, Global Health Observatory data repository, data for 2019 (latest available).

2 Public Health Agency of Canada. Prevalence of Chronic Diseases and Risk Factors among Canadians aged 65 years and older, 2020. Public Health Agency of Canada. Aging and chronic diseases: A profile of Canadian seniors, 2020.