

# *New Retirement Mindscape II® study*

How preparation affects retirement  
views and experiences

A groundbreaking, comprehensive study  
of the retirement journey — **five years later.**

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## Abstract

In 2005, Ameriprise Financial polled American pre-retirees and retirees to gain some groundbreaking insights into the retirement journey. Published in January 2006, the *New Retirement Mindscape*® study documented how retirement is not a single event but a series of stages, each with its own emotions and needs. The study further examined if and how Americans were planning for retirement, and to what extent these preparations altered the retirement journey.

Five years later — and in the midst of a radically changed economy — Ameriprise Financial revisited the stages of retirement to understand how consumer experiences have been altered. Responses to the same questions posed five years earlier, published in 2010 as the *New Retirement Mindscape II*® study, demonstrated significant shifts in peoples' journeys to and through retirement.

This subsequent report from the *New Retirement Mindscape II* study examines whether Americans are adequately preparing for retirement and how a relationship with a financial advisor and planning affects their views and experiences.

## Introduction

Since 2005, U.S. consumers have witnessed a dramatic shift in the economy and this has greatly altered their attitudes and behaviors regarding retirement. Ameriprise Financial revisited the *New Retirement Mindscape* study in 2010, conducting a second wave of interviews with pre-retirees and retirees. This report demonstrates that while Americans are taking more proactive steps to plan for retirement, they remain unprepared. However, there are two factors that can positively influence both confidence and preparation: a relationship with a financial advisor and a financial plan.

# Planning sooner and more, but still unprepared for retirement

In response to the economic anxiety brought on by the recession, consumers are starting to plan sooner and save more for retirement. Pre-retirees are more likely to be saving, either in an employer-sponsored plan or in their own savings or investments than they were in 2005 (87% vs. 82%). They are also saving sooner — 17.7 years prior to their expected retirement date vs. 15.7 years prior in 2005. Retirees are also more likely to be saving in 2010 (84% vs. 74%) and report that they started saving 25.9 years prior to retirement vs. 22.6 years prior in 2005.

While these trends are encouraging, Americans remain unprepared for retirement. For example, respondents expect they will spend approximately 20 years in retirement, an underestimate given how long Americans are now living. While the average retirement age is 62,<sup>1</sup> there is a 50% chance that at least one spouse of a married couple at age 65 will live to age 92<sup>2</sup> — which is why most financial advisors recommend that consumers plan for a retirement that will last 30 years.

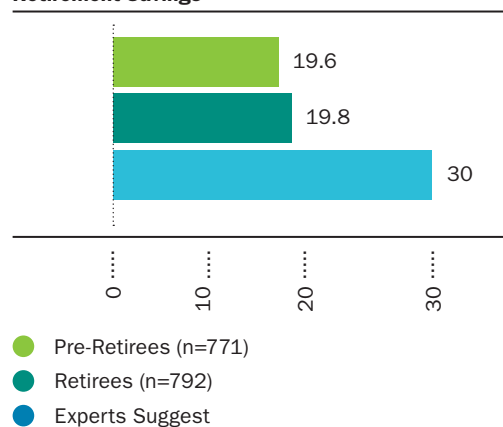
In addition, only half of pre-retirees have determined the amount of money they need to save for retirement (54%) or have determined the income they'll need in retirement (54%). Even fewer have a written financial plan (37%).

The emotional and financial upheaval of the recession, compounded by lack of preparation may explain why:

- Fewer retirees surveyed in 2010 feel they are living their dream in retirement as compared to those surveyed in 2005 (43% vs. 50%), or that retirement has worked out the way they planned it (57% vs. 62%).
- Roughly half (54%) of retirees wish they had started saving for retirement earlier.
- Only 25% of pre-retirees feel very prepared financially for retirement.

In 2010, retirement was also less often viewed as a one-time event, with 64% of respondents agreeing that one can retire many times (vs. 60% in 2005). Considering the effects of the recession, it is plausible that these changes in attitudes are a result of consumers being unprepared for retirement and/or having to return to work.

**Number of Years Consumers Expect to Live on Retirement Savings**



**Question:** How many years do you estimate you'll live on your retirement savings?

<sup>1</sup> U.S. Bureau of Labor Statistics, Monthly Labor Review, January 2008.

<sup>2</sup> Society of Actuaries, Annuity 2000 Mortality Table. Figures assume a person is in good health.

## The impact of having a financial advisor

Given the economic climate, it may not be a surprise that more people are turning to financial advisors for help and guidance. In 2010, 42% of pre-retirees report that they have a financial advisor, a significant increase from 33% in 2005. Retirees are also more likely to be working with a financial advisor in 2010 (43% vs. 37%).

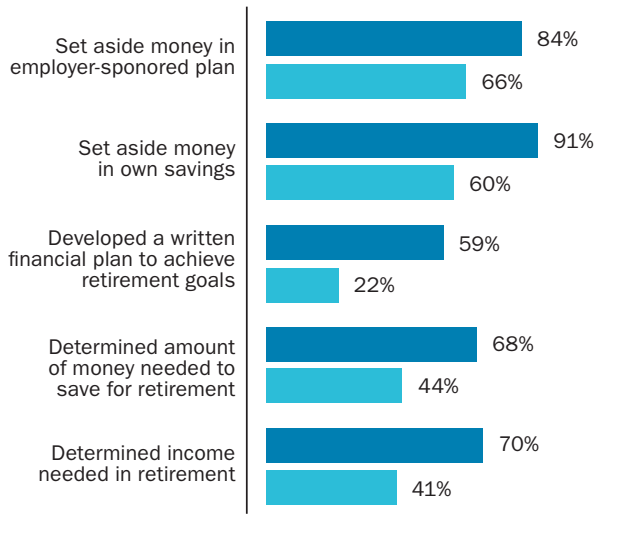
In contrast to respondents without a financial advisor, those who seek professional advice feel better about their retirement. For example, pre-retirees with an advisor feel more “empowered” (64% vs. 48%) and less “anxious” (26% vs. 36%) about retirement than those without an advisor. They also are more likely than those without an advisor to feel “liberated” because they are planning ahead for retirement (79% vs. 54%) and more “confident” in reaching their retirement goals (68% vs. 39%).

Retirees with an advisor feel more “empowered” (52% vs. 39%), “enthusiastic” (68% vs. 54%), “adventurous” (52% vs. 39%) and “hopeful” (79% vs. 67%) in their retirement than those without a financial advisor. Compared to retirees without an advisor, those who have sought professional advice are more likely to feel they are “living their dream” in retirement (53% vs. 36%) and that their retirement “worked out the way they planned” (68% vs. 49%).

Additionally, nearly half (46%) of pre-retired respondents without an advisor believe they will not be able to afford to retire when they want. This sentiment drops to 25% among pre-retirees who have an advisor. This may be because consumers who work with an advisor are taking steps to prepare for retirement and are more likely to:

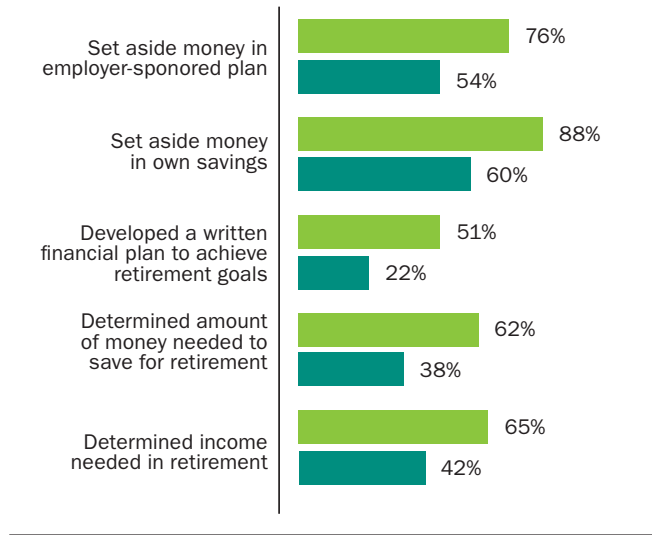
- Have set aside money in an employer-sponsored plan (84% vs. 66% for pre-retirees, 76% vs. 54% for retirees).
- Have set aside money for retirement in their own savings and investments (91% vs. 60% for pre-retirees, 88% vs. 60% for retirees).
- Have developed a written financial plan to achieve retirement goals (59% vs. 22% for pre-retirees, 51% vs. 22% for retirees).
- Have determined the amount of money needed to save for retirement (68% vs. 44% for pre-retirees, 62% vs. 38% for retirees).
- Have determined income needed in retirement (70% vs. 41% for pre-retirees, 65% vs. 42% for retirees).

**Preparation for Retirement**  
Pre-Retirees



- Have financial advisor (n=353)
- Don't have financial advisor (n=356)

Retirees



- Have financial advisor (n=411)
- Don't have financial advisor (n=379)

**Question:** Thinking about how you are preparing financially for retirement, which of the following have you done/did you do?

## Consumers with a financial plan: more prepared and confident

Aside from working with an advisor, the key differentiator is having a written financial plan. Those with a plan are significantly more optimistic — reporting that they feel more “on track” for retirement (75% vs. 40%) and “confident in their personal financial future” (69% vs. 38%) than those who do not have a plan for retirement. In addition, pre-retirees with a plan are more likely than those without to feel “happy” (90% vs. 76%) and “enthusiastic” (83% vs. 62%) about retirement than those without a plan. They also feel more “confident in reaching their retirement goals” (72% vs. 38%) and “liberated because they planned ahead for retirement” (83% vs. 54%), compared to those without a plan.

The psychological benefits of planning ahead are also demonstrated in retirees’ responses. Those with a financial plan are more likely than those without to report that they feel “happy” (86% vs. 74%) and “enthusiastic” (74% vs. 53%). Perhaps most important, they are also more likely to say that their “retirement has worked out the way they planned” (72% vs. 49%).

These feelings of confidence and optimism may be attributable to the fact that consumers who engage in financial planning are more likely to:

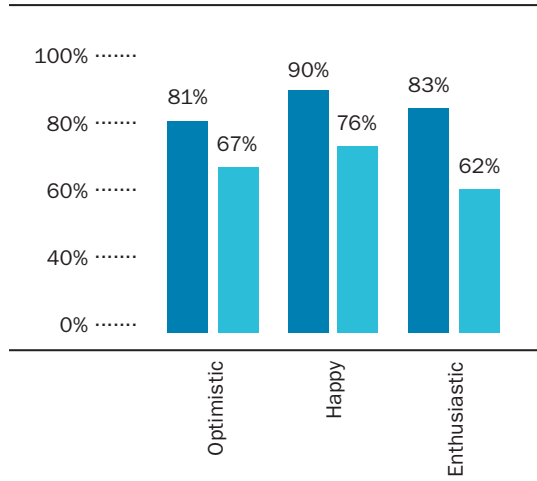
- Have set aside money in an employer-sponsored plan (85% vs. 66% for pre-retirees; 84% vs. 53% for retirees).
- Have set aside money for retirement in their own savings and investments (93% vs. 61% for pre-retirees, 91% vs. 62% for retirees).
- Have determined the amount of money needed to save for retirement (86% vs. 35% for pre-retirees, 81% vs. 31% for retirees).
- Have determined income needed in retirement (85% vs. 35% for pre-retirees, 82% vs. 35% for retirees).

Not surprisingly, people who have a written financial plan have also spent more time thinking about how they’d like to spend their time in retirement. For example, more of those with a plan than those without have made plans for volunteering (23% vs. 15% for pre-retirees, 27% vs. 13% for retirees), determining their hobbies (28% vs. 19% for pre-retirees, 32% vs. 23% for retirees), deciding where they will live (34% vs. 21% for pre-retirees, 38% vs. 30% for retirees) and traveling (27% vs. 22% for pre-retirees, 38% vs. 19% for retirees). This combination of both financial and lifestyle preparation will likely contribute to a more enjoyable retirement.

Further, if they had to do it all over again, those retirees with a written financial plan are less likely to say they would have started planning and saving for retirement earlier (40%), compared to those who do not have a written plan (61%).

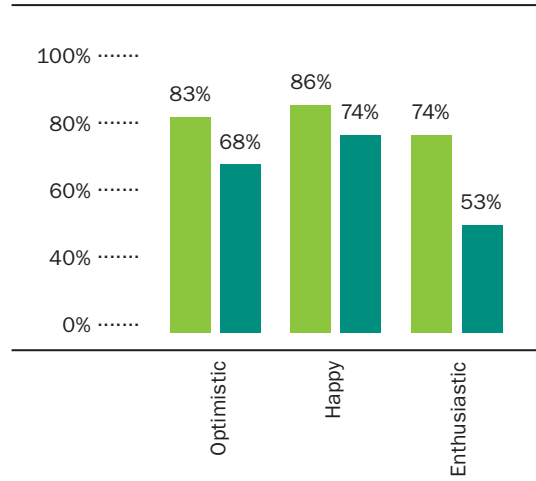
**Positive Feelings Increase with Planning**

Pre-Retirees



- Have financial plan (n=314)
- Don't have financial plan (n=397)

Retirees



- Have financial plan (n=328)
- Don't have financial plan (n=464)

**Question:** Do you think that in retirement you will feel...? Reflecting on your current retirement lifestyle, do you feel...?

## Conclusion

While the economic environment has made Americans more aware of the need to plan for retirement, there is still work to be done. The *New Retirement Mindscape II* study clearly demonstrates the importance of starting early, seeking professional advice and developing a written financial plan. Taking these steps may help consumers reach this important milestone with more optimism and enjoy a more fulfilling and confident retirement.

## Methodology

The *New Retirement Mindscape II* and *New Retirement Mindscape* studies were commissioned by Ameriprise Financial, Inc., and conducted by telephone by Harris Interactive in May 2010 and August 2005, respectively.

- The *New Retirement Mindscape II* study followed a methodology similar to that of the *New Retirement Mindscape* study, published in January 2006.
- The surveys sampled 2,007 (2010) and 2,000 (2005) U.S. adults between the ages of 40 and 75. Results were weighted to reflect general population patterns.
- Both studies included an oversample of people who were within a year or two of their anticipated or actual retirement day in order to better understand the attitudes and behaviors of those in the midst of this major life change.
- The sampling error is +/- 2.5%.

The 2005 study was conducted in conjunction with Age Wave and Ken Dychtwald, Ph.D.

**About Ameriprise Financial**

Ameriprise Financial, Inc., is a diversified financial services company serving the comprehensive financial planning needs of the mass affluent and affluent. For more information, visit [ameriprise.com](http://ameriprise.com).

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