



# Marching to the beat of a different drummer

## How baby boomers are redefining retirement

Written by Sam Cukierman, an organizational change and marketing professional with more than 25 years of experience in management dynamics, public relations and marketing. He is currently a faculty member of the University of Toronto Graduate School of Business Administration teaching Advanced Marketing Strategy to senior MBA students.

Baby boomers grew up watching "Father Knows Best," idolized Mickey Mouse®, experienced "flower power," and sang along to The Beatles™. Today, they are heading into their sixties en masse, and as they move towards retirement it's quickly becoming apparent that this is a generation with a difference.

Traditionally, advertisers start to lose interest in consumers over the age of 50, believing that their career choices are over, that their biggest spending years are past and that they have lost the propensity to switch brands. However, with boomers' life expectancy at an all-time high of 77.4 years,<sup>1</sup> our research has found that aging baby boomers are marching to a beat all their own.<sup>2</sup>

The attitudes, beliefs and values of the post-war generation are defying marketers' expectations when it comes to how positive they feel, their wishes for themselves and their families, how they shop, how they plan and what they fear most.

Boomers are living in the "right now" generation, and they are sending

businesses back to the drawing board to rethink the rules for reaching and defining this important market. For example, this generation that has driven cultural and marketing trends for the past five decades is now living and working in a wireless world that provides instantaneous information over the Internet. They are driving both the wellness business and SUV sales to new heights. And they are listening to music of their choice downloaded onto iPods™.

### **The beat of the drum is quickening!**

Retirement is not a point in time for boomers – it's a lifestyle. What does the boomers' older age look like? A national survey conducted by Strategic Guidance Consulting Inc. in 2006 found that people aged 47 to 64 who are working full-time in a company or who are self-employed plan to:

- **Keep on working:** This generation plans to work longer than any generation in history. More than 60 per

cent of boomers intend to remain in the workforce after "retirement," either part-time or full-time. This attitude is consistent, regardless of age, income or net worth.

- **Keep on earning:** More than 50 per cent of boomers believe they will need a monthly income stream more than 15 years after retirement.
- **Keep on spending:** Almost half the boomers report that they will require at least the same or more monthly income when they retire compared to what they have today – to spend on themselves as a reward for a lifetime of hard work, to help their children financially, and to put towards travel, hobbies, wellness and other leisure activities when they are not at work.
- **Keep enough money to have a comfortable retirement:** This upbeat look at the future is tempered somewhat by the news that four in five boomers feel only somewhat prepared or not completely prepared financially for retirement.



## A three-step action plan for boomers

### 1. Seek advice from a credible source

Boomers report that they begin (and sometimes end) their search for financial information that will help them prepare for retirement by consulting books, family, friends, newspaper articles, magazines and websites. This “self-help” approach doesn't appear to be as effective as seeking the advice of “hands-on,” professional financial planners.

## Which of the following people/resources have you talked to or consulted with regarding your retirement planning?



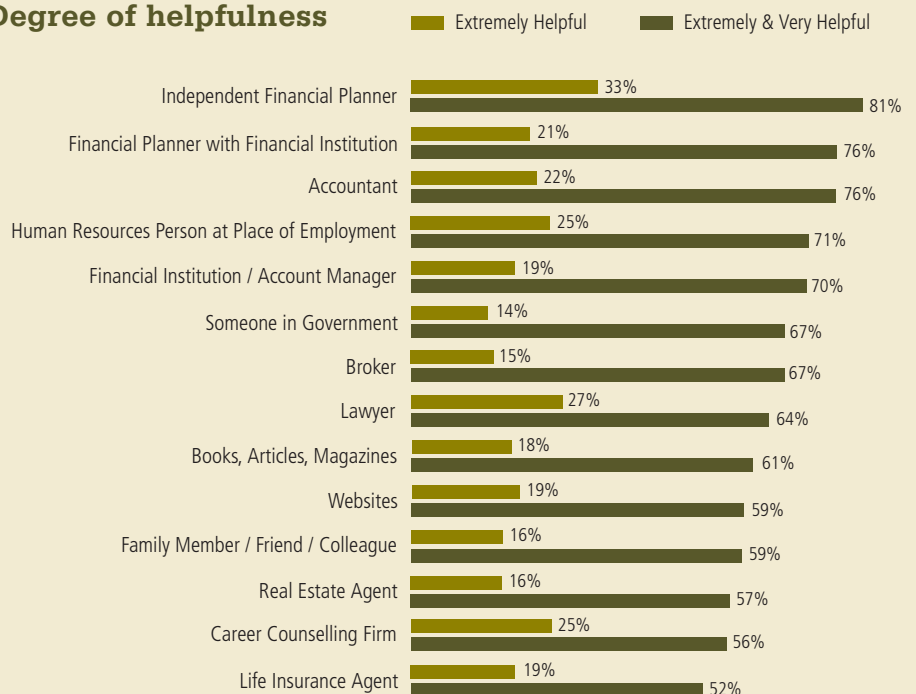
Source: Strategic Guidance Consulting Inc., The Aging Baby Boomer Canada – 2006

## Boomers are living in the “right now” generation, and they are sending businesses back to the drawing board.

Yet just 34 per cent of boomers consult financial planners employed by a financial institution, and just 27 per cent work with independent financial planners. This is true despite the fact that boomers say financial planners provide the highest degree of helpfulness among all available sources of advice.

Our research indicates that financial planners have earned the respect of their boomer clients. More than eight in 10 boomers said their financial planner was extremely or very helpful. And while there are many elements that can boost boomers' confidence as they plan for retirement, it is clear from these findings that the best served are people who are taking a disciplined approach to retirement planning by engaging professional assistance.

### Degree of helpfulness



Source: Strategic Guidance Consulting Inc., The Aging Baby Boomer Canada – 2006

## 2. Gather information because knowledge is power

Baby boomers acknowledge that they have some information gaps when it comes to retirement planning and they need to collect this data sooner rather than later. They should pay particular attention to gathering information from their employers, because this is much easier to do before retirement than after.

### Information priorities for boomers<sup>2</sup>

Benefit entitlement upon retirement	92%
Legal matters (wills, powers of attorney)	81%
Financial counselling	74%
Understanding what to expect in retirement	72%
Preparedness in the event of early retirement	64%
Suggestions on new activities to become involved in	60%
Advice on adjusting to retirement	59%
Evaluating personal strengths for new career choices	49%
Seeking new career choices after retirement	47%
Getting outside consulting / counselling support	43%

## 3. Get informed about tomorrow's needs today

Boomers have the opportunity to acquire peace of mind today and in retirement by learning more about their financial needs down the road and the resources available to support those needs.

**Benefit entitlement:** Boomers who work for a company report that human resources departments aren't always helpful in providing updated information on their eventual pension entitlement. However, it's important to press for this data, which is essential to design a sustainable retirement budget. Boomers also say they have a thirst for knowledge on a variety of benefit coverages, including health, dental and long-term care insurance, and they worry about missing pieces in their personal coverage.

After all, although boomers are generally optimistic about their future health, they are concerned about whether the Canada Pension Plan will be there for them when they retire, and what it will pay alongside their company pension benefits, as well as how well they will be prepared to deal with medical situations. A financial planner or accountant can help boomers fill in any information gaps and offer product solutions where appropriate.

**Legal matters:** It's not surprising that advice on legal matters is uppermost in boomers' minds after benefits. Slightly more than half of boomers have a will; only a quarter have a power of attorney; and fewer than one in 10 have an estate plan. Financial planners, lawyers and accountants are experienced in delivering assistance in these areas.

**Aging baby boomers are marching to a beat all their own.**





**Financial counselling:** Financial planners are well equipped to get the financial part of the boomers' retirement equation right and dispel this generation's general unease about their financial preparedness for retirement. Boomers should be proactive in seeking advice to create a plan and review or change it periodically as their life circumstances change.

**Expectations about retirement:** Role models – friends, family or associates – who are currently enjoying their retirement years, may offer the best and most realistic testimonials on what boomers can expect over the coming decades. Having a realistic vision of retirement will help boomers deal with any anxieties they have about their own future.

**Early retirement:** For boomers working full-time in a company, the offer of an early retirement package can produce either joy or fear, depending on a range of factors including net worth, age and overall financial situation. In addition, self-employed boomers considering early retirement must start calculating the potential proceeds – and tax treatment – of the sale of their business. Because each retirement plan should be tailored to a specific individual's needs, boomers should consult a lawyer, accountant and financial planner for appropriate advice and counsel.

**Involvement in activities:** Our research indicates that boomers are active

and want to stay active. They are anxious to structure their days in retirement so they remain emotionally motivated and physically fit. The top activities boomers engage in today, or hope to do more of when they retire, are walking, travelling, volunteering, gardening, renovating, creating photography/art and exercising. Golfing, participating in wine clubs and wine tasting, cooking and specialty food preparation are emerging interests as well. Boomers should start seeking out activities they enjoy today, and commit to meeting specific improvement targets over time.

**Work continuance/new career:** The fact that most Canadian boomers hope to continue working, combined with the elimination of the mandatory retirement age, will put new stresses on our economy. Human resources departments may be able to refer boomers to career management and consulting firms that specialize in helping this generation “reinvent” itself. While our study revealed that awareness and use of these firms is still low, boomers who did avail themselves of the services these companies offer reported that they were well served.

Boomers are at a point in their lives where they can write their own music for retirement. But it's important to seek out the right advice today in order to put a plan in place that beats to their own unique rhythm. **S**

<sup>1</sup> Louise Lee, “Love those Boomers,” *Business Week*, October 24, 2005, page 96.

<sup>2</sup> Strategic Guidance Consulting Inc., *The Aging Baby Boomer Canada – 2006*. All rights reserved. [www.strategicguidance.com](http://www.strategicguidance.com). Results reprinted with permission of the author.