

# Retirement Planning and Decision-Making Among Early Middle-Aged Adults



## SUMMARY

In 2023, the Aging and Retirement Strategic Research Program of the Society of Actuaries' Research Institute sponsored eight focus groups with people ages 35 to 45, on their planning for retirement and their basic decision-making processes for how much to save for retirement and how to plan financially for retirement.

A broad range of people with household incomes from \$50,000 a year to \$250,000 participated in these focus groups.

The results show that people in this age group are very concerned about their financial preparation for retirement and are trying very hard to save enough to be able to retire with financial security. However, they are hampered by not having a good sense of how much to save and a lack of knowledge of retirement planning steps they should be undertaking.

This research revealed a number of resources and processes that would help people in this age group do a much better job of preparing for retirement and would help relieve the anxiety many feel about their lack of retirement planning.

## HIGHLIGHTS

- Being able to retire in financial security is a major goal of most 35-45-year-olds. Almost half say retirement is their most important long-range goal.
- Income and family status have a major impact on retirement planning and outlook. Those with household incomes in the \$50,000 to \$74,999 range, especially if they are single parents, tend not to be confident about being financially able to retire at a normal retirement age. Some fear they will never be able to afford to stop working.
- Across all income groups, even among those who think they will be able to afford to retire, there is a notable interest in working after retirement. The goal of post-retirement work is to supplement income and do something interesting or important.
- Many have given a good deal of thought about saving for retirement. One of the main stimuli for thinking about retirement is parents, for two separate reasons. Some parents urge their children to start planning for retirement at a young age. Interestingly, some parents because of their lack of financial preparation for retirement motivate their children to plan to try to avoid the financial problems their parents are now facing. The other stimulus for saving for retirement is a retirement plan at work.
- Very few know if they are saving enough for retirement. Almost all believe they are behind schedule in retirement saving.
- There is almost no planning for retirement beyond saving what they think they can afford to save.
- The research identified two planning “aids” that most participants believe would be valuable: 1) a method for calculating a five year goal for accumulation for retirement and 2) a method of visualizing what the participant would do in a realistic but optimal retirement.

### Caveat and Disclaimer

The opinions expressed and conclusions reached by the authors are their own and do not represent any official position or opinion of the Society of Actuaries Research Institute, Society of Actuaries, or its members. The Society of Actuaries Research Institute makes no representation or warranty to the accuracy of the information.

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## METHODOLOGY

- Eight two-hour focus groups were conducted online:
  - Three groups were with people who had household income of \$50,000 to \$74,999, including:
    - One group with married people without children
    - One group with married people with children
    - One group with unmarried people, half who had children
  - Three groups were with people who had household income of \$75,000 to \$124,999
    - One group with married people without children
    - One group with married people with children
    - One group with unmarried people, half who had children
  - Two groups were with people who had household income of \$125,000 to \$250,000
    - One group with married people without children
    - One group with married people with children
- In all, 59 people participated in these groups; 28% were Black/African American, Hispanic/Latino or Asian American
- Dr. Mathew Greenwald, Greenwald Research was the moderator

## REPORT SPECS

- Published: October 2023
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- Access: Open access downloadable pdf
- Research sponsor: Society of Actuaries Research Institute Aging and Retirement Strategic Research Program
- Author: Greenwald Research
- Contents: Executive Summary, description of the methodology and demographics of each group, description of the findings, conclusions of the researchers and their views on implications for next steps, suggestions for future research, appendix of participant quotes
- Data source: Eight Focus Groups



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