

A close-up photograph of an older African American couple smiling and embracing each other. The woman is on the left, wearing a white top and a patterned cardigan with red trim. The man is on the right, wearing a blue sweater over a collared shirt and tie. The background is dark and out of focus.

# Modern Retirement Survey

October 2020

charles  
SCHWAB

*Own your tomorrow.*

# Background

Charles Schwab conducted the Modern Retirement Survey to better understand the future of retirement and how retirement will differ between current retirees and future retirees. The study also uncovered some ways COVID-19 has changed, or will change, the way people approach and live in retirement.

We compared three different groups defined in this report:



**Aspiring retirees:**

Age 55 to 75, \$100k+ in investable assets and not currently retired



**Apprentice retirees:**

Age 55 to 75, \$100k+ in investable assets and retired for 5 years or less



**Accomplished retirees:**

Age 55 to 75, \$100k+ in investable assets and retired for more than 5 years

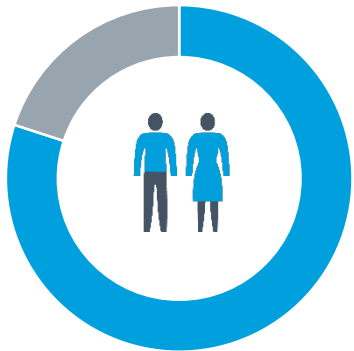
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# 1 The future of retirement

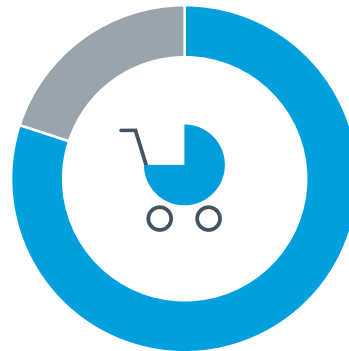
# The future of retirement:

Boomers invested for retirement expect their quality of life in retirement to be better than their parents' and children's.



84%

Anticipate their quality of life in retirement will be better than their parents



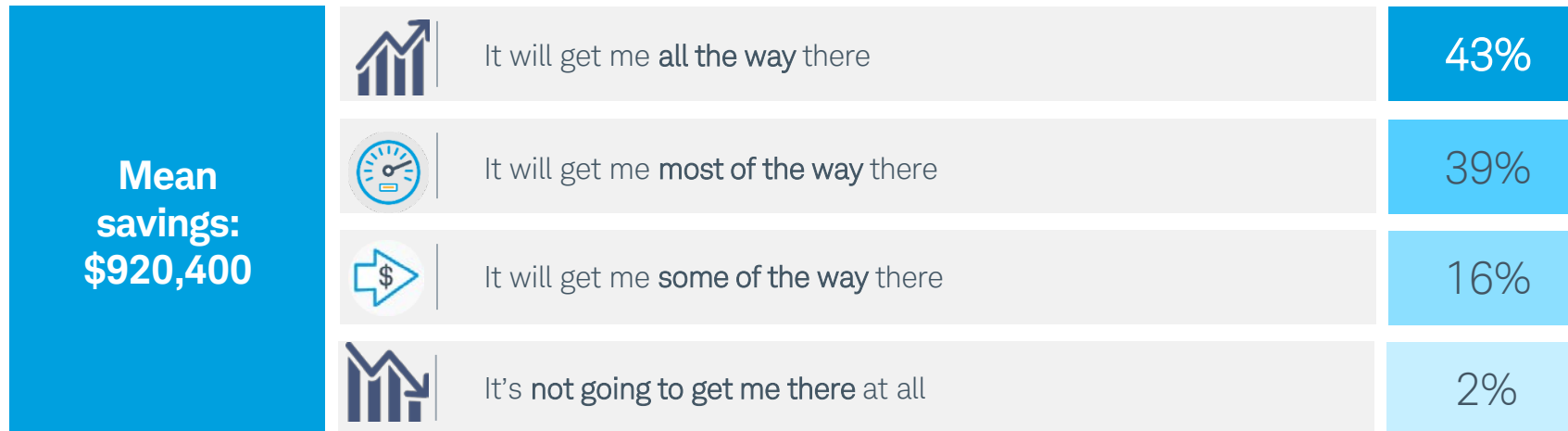
80%

Believe their quality of life in retirement will be better than that of the next generation

Q14. Please select which statement describes you best. (Base: Total = 2,000)

# The future of retirement:

Survey respondents have saved almost \$1M for retirement and believe their savings will get them all or most of the way to living their dreams in retirement.



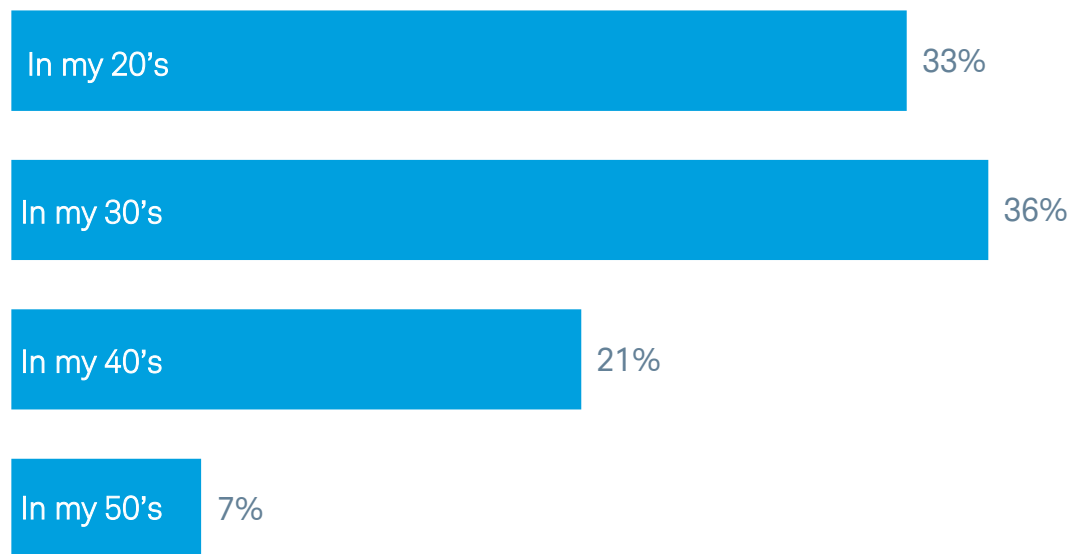
Q19. What is the approximate total value of your household's current retirement savings including all 401(k) plans, other workplace retirement plans, and/or IRAs that you and your spouse/partner have? (Base: Total = 2,000)

Q21. How will/do your current retirement savings help you achieve your best life in retirement? (Base: Total = 2,000)

# The future of retirement:

Boomers surveyed laid the groundwork for financial preparedness early.

## Started savings for retirement...



*"Contribute as much as you can as early as you can."*

*Age 55, working full-time, started saving in his/her 20s*

*"Saving early pays off well in the retirement years!"*

*Age 65, retired, started saving in his/her 20s*

*"It's never too early to start saving for retirement!"*

*Age 70, retired, started saving in his/her 30s*

Q18. When did you start saving for retirement...? (Base: Total = 2,000)

# The future of retirement:

However, respondents may not have enough savings to achieve their desired retirement lifestyle without additional sources of income.



Q19. What is the approximate total value of your household's current retirement savings including all 401(k) plans, other workplace retirement plans, and/or IRAs that you and your spouse/partner have? (Base: Total = 2,000)

Q20. What is the amount of money you would need each year to live your best life in retirement? (Base: Total = 2,000)



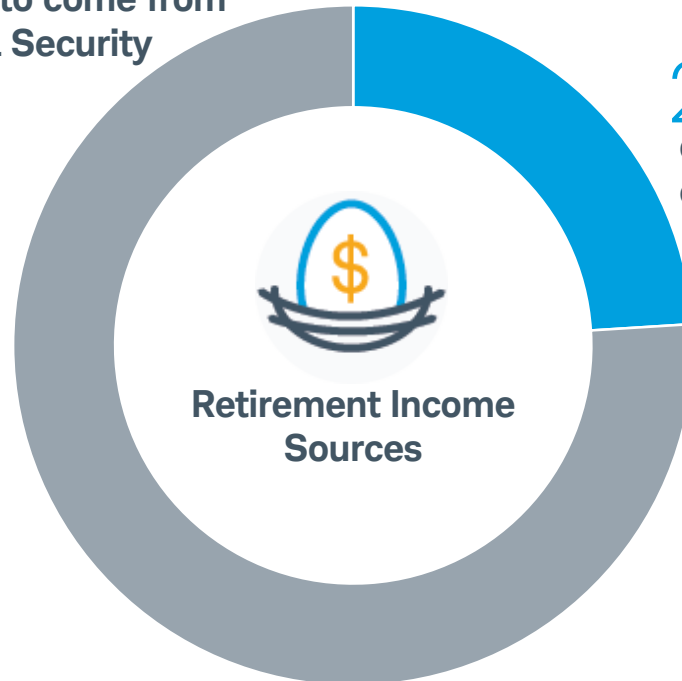
# The future of retirement:

Social security is expected to be the largest source of income for Boomers invested for retirement, followed by their savings, pension and 401(k).

76%

of retirement income expected to come from multiple sources besides Social Security

Savings and investments	23%
Pension/defined benefit plan	23%
401(K)	18%
Annuities/insurance	4%
Inheritance	3%
Part-time work	2%
Real estate income	2%
Other	1%



24%

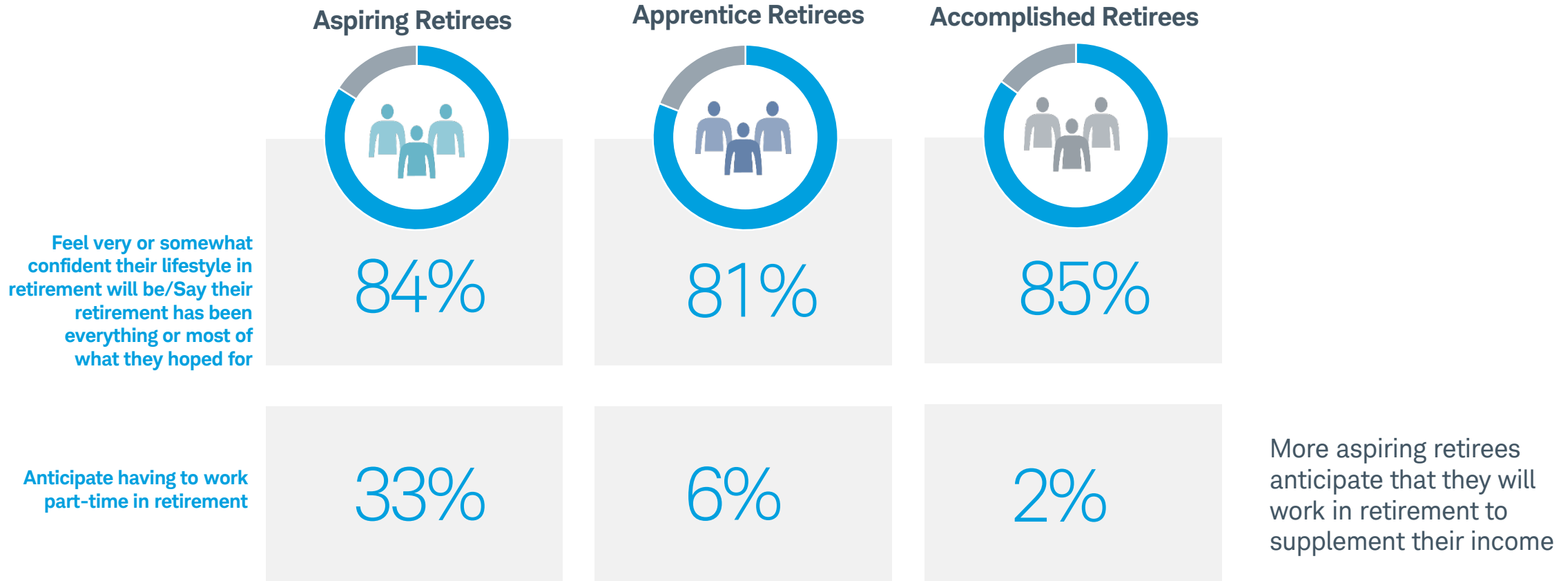
of retirement income expected to come from Social Security benefits

Q27. Thinking about the different sources of income for your retirement, what percentage you expect to come/is coming from each source listed below? (Base: Total = 2,000)

## 2 The different stages of retirement

# The different stages of retirement:

Boomers invested for retirement are confident they will experience or are currently experiencing the lifestyle in retirement they envisioned.



Q9. How confident are you that your lifestyle in retirement will be everything that you hope for? (Base: Aspiring retirees = 1,029)

Q11. What has your lifestyle in retirement been like? (Base: Retirees = 971)

Q31. Do you anticipate that you will work to supplement your income once you retire/going forward? (Base: Not retired or working PT = 1,867)

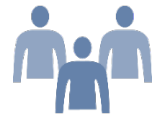
# The different stages of retirement:

Aspiring retirees plan on retiring at a later age compared to apprentice or accomplished retirees.



66 years

Age aspiring retirees  
plan to retire



62 years

Age apprentice  
retirees retired



59 years

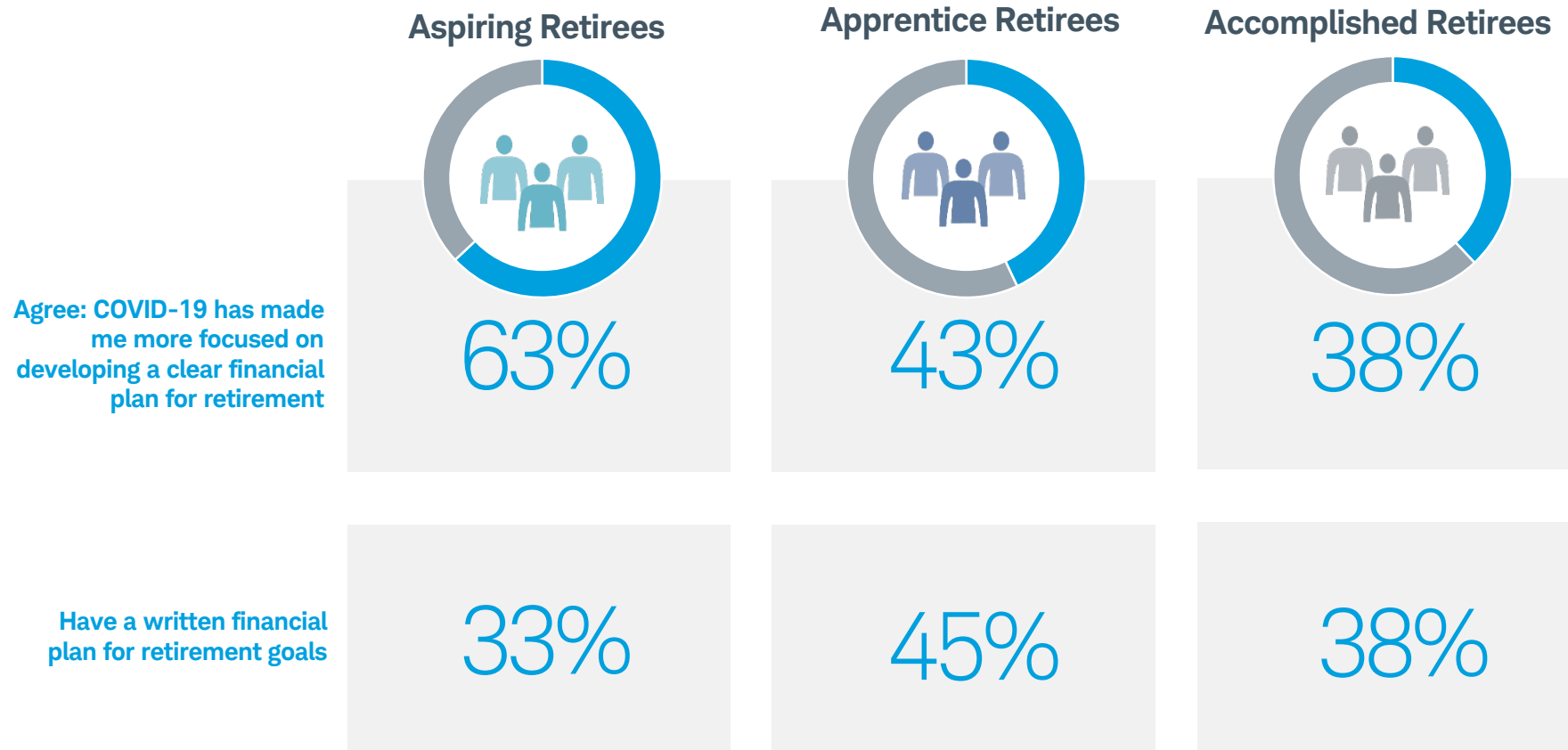
Age accomplished  
retirees retired

Q28. At what age did you retire? (Base: Retirees = 971)

Q29. At what age do you expect to retire? (Base: Aspiring retirees = 1,029)

# The different stages of retirement:

Only a third of aspiring retirees have a written financial plan, but that could increase as COVID-19 makes them more focused on retirement planning.



Q22. Which of the following best describes your approach to financial planning for your retirement? (Base: Total = 2,000)  
Q36. How much do you agree or disagree with each of the following statements? (Base: Total = 2,000)

# 3 The impact of COVID-19

# The impact of COVID-19:

Only one-fifth of Boomers surveyed have been financially impacted by COVID-19. Aspiring retirees have been the most impacted.



S9. Due to COVID-19, which of the following impacts on your income have you experienced, if any? (Base: Total = 2,000)

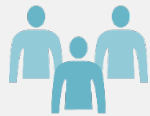
S10. Due to COVID-19, which of the following impact on your spouse's/partner's income have you experienced, if any? (Base: Partnered = 1,511)

# The impact of COVID-19:

More apprentice retirees and accomplished retirees feel their ability to achieve their lifestyle in retirement has decreased due to COVID-19 compared to aspiring retirees.



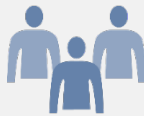
## Aspiring Retirees



25%

Due to COVID-19 confidence in achieving hopes for lifestyle in retirement decreased

## Apprentice Retirees



45%

Due to COVID-19 ability in achieving desired lifestyle in retirement decreased

## Accomplished Retirees



38%

Due to COVID-19 ability in achieving desired lifestyle in retirement decreased

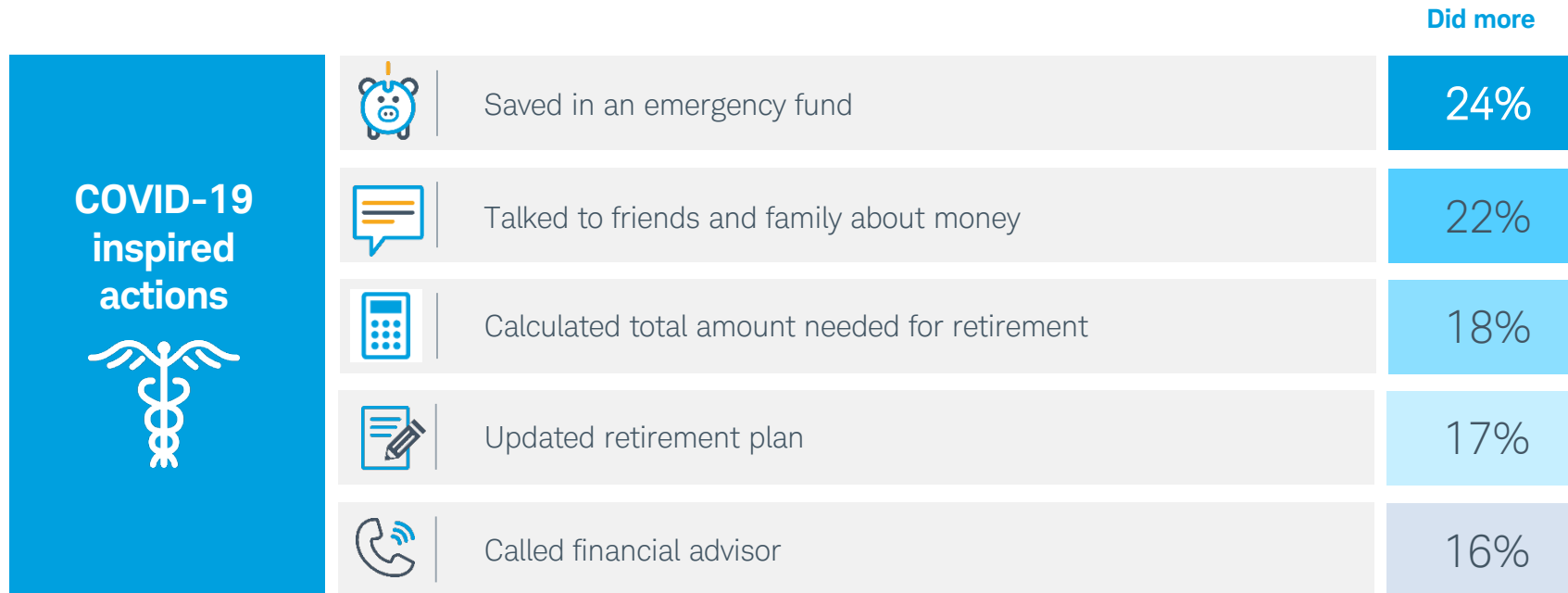
Q10. Due to COVID-19, has your confidence in achieving your hopes for your lifestyle in retirement...? (Base: Aspiring retirees = 1,029)

Q12. Due to COVID-19, has your ability to achieve your desired lifestyle in retirement...? (Base: Retirees = 971)



# The impact of COVID-19:

Boomers surveyed who have been impacted by COVID-19 have increased emergency fund savings, talked more to family and friends about money, and spent additional time calculating the amount needed for retirement.

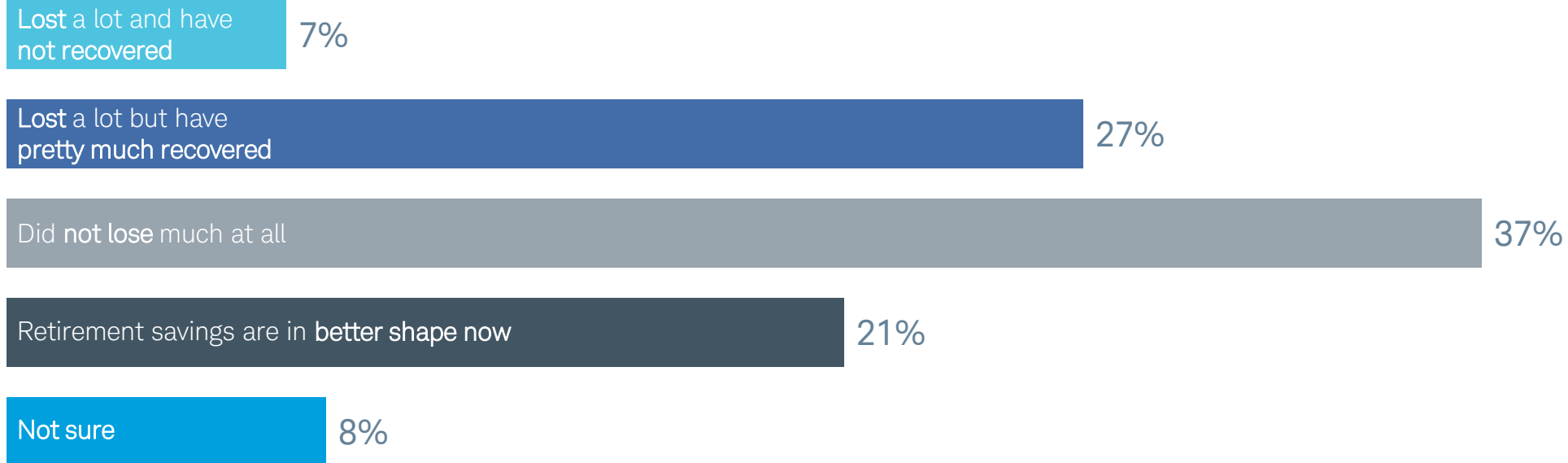


Q38. Due to COVID-19, have you...? (Base: Those impacted by COVID-19 = 388)

# The impact of COVID-19:

Boomers invested for retirement did not lose much of their retirement savings due to COVID-19.

## Impact of recent market volatility on retirement savings



Q41. What has been the impact of the recent stock market volatility on your retirement savings? (Base: Total = 2,000)

# The impact of COVID-19:

Market volatility is what worries survey respondents most regarding their retirement plans.

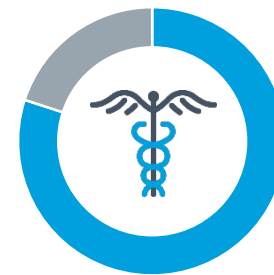
## Top factors impacting retirement planning



56%  
Market volatility



26%  
U.S. 2020 presidential  
election

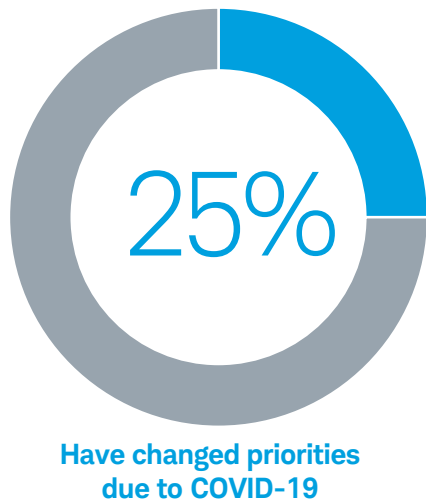


18%  
COVID-19





Q42. Which of the following factors is impacting your retirement planning the most? (Base: Total = 2,000)

# The impact of COVID-19:





Despite COVID-19, priorities for Boomers invested for retirement have remained mostly unchanged.



## Priorities before COVID-19 (Very/somewhat important)

	Stay fit and healthy	97%
	Spend time with family	95%
	Spend time at home	93%
	Traveling	91%

## Have prioritized more due to COVID-19

	Stay fit and healthy	61%
	Spend time at home	54%
	Spend time with family	45%
	Have a life partner to spend retirement with	44%

Q7. Due to COVID-19, have your lifestyle priorities for retirement shifted? (Base: Total = 2,000)

Q6. Before COVID-19, how important were each of the following priorities to the lifestyle you want to live in retirement? (Base: Total = 2,000)

Q8. Which three lifestyle areas below have you prioritized more for your retirement due to COVID-19? (Base: Had priorities change = 497)

# The impact of COVID-19:

The majority of Boomers surveyed will live their retirement the same way as they planned to before COVID-19.



62%

Live the same life as planned before COVID-19

25%

Live quieter life than planned before COVID-19

13%

Will make up for lost time: doing/experiencing more than before COVID-19

Q13. How would you describe how COVID-19 has impacted your attitude toward retirement? (Base: Total = 2,000)

# The impact of COVID-19:

Boomers invested for retirement seem to be fairly well prepared for the unexpected.

## Very/somewhat prepared for...



An economic recession

93%



20% drop in stock market

90%



Another pandemic (second wave or new)

90%



Major health problem for you or partner

86%



Job loss for you or partner

85%



A natural disaster

83%



Need to care for adult family member

81%



Loss of partner

71%

Q1. Life has many big events that can have a financial impact. Please tell us how financially prepared you are if any of the following unexpected events happened. (Base: Total = 2,000)

# Impact of COVID-19:

Over a third of Boomers surveyed were “very prepared” financially for COVID-19.



37%

Very financially prepared for COVID-19



32%

Very financially prepared for the recession of 2008



31%

Very financially prepared for the “dot com” recession of early 2000s

Q2. Please tell us how financially prepared you were for the following events. (Base: Total = 2,000)

# 4 Appendix



# Demographic Snapshot

## Gender



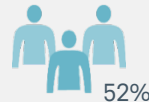
<b>Male</b>	<b>Female</b>
49%	51%

## Average age



<b>Mean</b>	<b>Median</b>
64 years	64 years

## Groups



52%

**Aspiring Retirees**



18%

**Apprentice Retirees**



30%

**Accomplished Retirees**

## Marital status



**Married**  
71%



**Living with Partner**  
4%



**Single**  
9%



**Divorced/  
Widowed**  
16%

## Have children



<b>&lt; 18 yrs.</b>	<b>18+ yrs.</b>	<b>Both</b>	<b>No</b>
3%	62%	3%	32%

## HH income



<b>Mean</b>	<b>Median</b>
\$119K	\$125K

## Investable assets



<b>Mean</b>	<b>Median</b>
\$995K	\$750K

## Retirement savings

<b>Mean</b>	<b>Median</b>
\$920K	\$750K

## Employment

<b>Working full-time</b>	<b>Working part-time</b>	<b>Retired</b>	<b>Other</b>
36%	9%	49%	6%

# Methodology

- The Modern Retirement study is an online study conducted for Charles Schwab by Logica Research.
  - Logica Research is neither affiliated with, nor employed by, Charles Schwab & Co., Inc.
- 
- The study was conducted from August 20th through to September 4th, 2020.
- 
- The typical survey length was 10 minutes.
  - 2,000 affluent older adults completed the survey:
    - Adults 55-75 with a mix of working and retired respondents
    - Minimum of \$100k in investable assets (including 401(k)s and all individual retirement accounts)

# Important information

The information provided here is for general informational purposes only and should not be considered an individualized recommendation or personalized investment advice. The investment strategies mentioned here may not be suitable for everyone. Each investor needs to review an investment strategy for his or her own particular situation before making any investment decision.

This information is not intended to be a substitute for specific individualized tax, legal or investment planning advice.

Examples provided are for illustrative purposes only and not intended to be reflective of results you can expect to achieve.

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