Historically, retirement has been defined as no longer being part of the workforce. But the traditional view of getting a gold watch, setting off into the sunset, and disconnecting from society is long gone. Many people continue working, either by choice or by necessity, after they “retire.”

Many factors affect retirement decisions. For starters, increased longevity often makes plans of retiring in one’s 60s less necessary or desirable. Some choose to work because they have financial obligations they need to cover, while others work for employer-provided health care coverage and/or to be able to afford medical expenses. For populations disproportionately affected by layoffs, low wages, and low home ownership rates, such as African American and Latino populations, retirement may feel unattainable. These populations are also more likely to be raising grandchildren and/or caregiving for aging relatives. Aside from working out of necessity, some people opt to work because they want to contribute to society as well as to keep socially, physically, and emotionally engaged with others.

Regardless of age and other demographics, retirement represents freedom

Retirement can be a reward for years of hard work. Regardless of age, gender, or income level, freedom is the overriding factor when thinking about retirement. Freedom is often described as getting to do what you want, when you want, and however you want to do it. It is often expressed in terms of financial freedom, but it can also refer to having opportunities, choices, and the time to engage in life activities one chooses.


What retirement means . . .

“I like to frame it as financial independence which does not come with the ageism bias and is more accurate of how I approach things.” (Male, 20s)

“Retirement is when I’m free from the shackles of having to work a full-time job for income to survive.” (Male, 30s)

“When I think of retirement, I actually think of leaving a job where you have worked for many years to provide for your family and save up to be able to finally have the freedom to do things you enjoy without getting up and going to work every day.” (Female, 40s)

“I have more freedom and am more selecting of what I do, who I meet, who I spend time with, and for self-care.” (Male, 50s)

“I am free from work I had done for over 30 years to a new job doing something that I have always wanted to do.” (Female, 60s)

59% of retired adults feel free

The perception of retirement as freedom is echoed among adults who are retired: Nearly six in ten of them (59%) feel “free.” In addition, 72% feel relaxed and 64% feel happy.

Rather than viewing retirement as a hard stop, many see it as a phased transition. While some dream of not working, others want to continue working — perhaps doing something that brings them greater satisfaction or is less demanding. The decision to work may not always be for financial reasons but for fulfillment and engagement, making the road to retirement a highly personalized journey. Many adults continue to stay engaged in retirement by volunteering (22%), working for an employer (16%), or starting a business (6%).

Percentage working and/or volunteering in retirement

<table>
<thead>
<tr>
<th>Percentage working and/or volunteering in retirement</th>
<th>Full time</th>
<th>Part time</th>
<th>Significant</th>
<th>Some</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start own business</td>
<td>6%</td>
<td>3%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Work</td>
<td>16%</td>
<td>13%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Volunteer</td>
<td>22%</td>
<td>18%</td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>

What do you do now that you are retired? Base: Retired adults ages 40–70, n = 877 Volunteering fewer than 8 hours per week is labeled “Some” and volunteering at least 8 hours per week is labelled “Significant.”
Yet, for adults who live paycheck to paycheck, not working in retirement is an elusive dream. Unfortunately, for some, systemic inequities have blocked economic opportunity. These long-standing inequities include discrimination based on race and ethnicity, among other factors, which hits multicultural communities particularly hard.

Although less common, retirement can bring feelings of boredom, aimlessness, uselessness, and isolation. Without the structure that work provides, some retirees feel a loss of identity and/or purpose, and they have concerns about how to fill their time. Some also feel lonely as their social network shrinks. In addition, financial worries and thoughts about the impact that being at home will have on family relationships takes a toll on some retirees’ emotional well-being.

**Negative emotions among retirees**

*Adults ages 40–74*

- Bored: 14%
- Isolated: 13%
- Lacking purpose: 13%
- Lonely: 11%

*How do you feel in retirement? Base: Retired adults ages 40–70, n = 877*

Regardless of age or when retirement planning starts, the process of beginning to plan for retirement often comes with feelings of uncertainty, overwhelm, and dread.

While the idea of freedom and enjoyment is appealing, the idea of retirement can also trigger stress, anxiety, and depression. Regardless of age, feeling emotionally overwhelmed can be paralyzing — preventing people from planning for retirement. Perhaps as a defense mechanism, almost one in three nonretired adults (29%) feel retirement is “too far away to think about.” And while this feeling decreases with age, just over a quarter (27%) of nonretired 40-somethings and just over a fifth (21%) of nonretired 50-somethings still feel this way.

Young adults who are just starting careers and building families are more inclined to think they simply cannot afford to put money aside for retirement. While student debt is often cited as a barrier to retirement savings, a large portion of their income often goes toward housing. For others, financially supporting family members drains funds as well. Beyond financial obligations, simply wanting to live for the moment leaves some young adults feeling there is not much room for savings.
“It is difficult to put substantial money in a 401/IRA while also paying off debt at the same time.” (Male, 20s)

“It’s hard enough for me to prepare for a rainy day, let alone, the storm. I feel the need to experience things in the present. Therefore, I’m totally turned off by something that I imagine is not even in the near future, like retirement.” (Male, 30s)

Similarly, middle-age adults who are managing multiple financial priorities (e.g., children, college, aging parents, and debt) may have trouble seeing how to save considering these priorities. For those who are closer to retirement age, they may feel that it is too late for them to do anything that would have a meaningful impact on their situation. Or they may feel that they have waited too long and now experience guilt and shame about finding themselves in this situation of their own doing.

“The pressing daily expenses and concerns deter one from focus on retirement…one of the kids breaks an arm you have to go to the hospital…someone needs a tooth replaced.” (Male, 40s)

“I’m worried if I do retire, I won’t have enough money to support myself.” (Female, 40s)

“Retirement and aging are not things I look forward to, mainly because of the lack of preparation and fear of the unknown (especially in not knowing what health issues might impact me as I age).” (Female, 50s)

“I’m still in what one might call retirement denial…I’m not totally sure what I should be doing and when. Almost everything I’ve done has been self-directed which may or may not be a good thing.” (Female 60s)
No matter how prepared, how diligent, and how prosperous people may be, for some there is always the nagging feeling that it just isn’t enough or that it can all too easily disappear. Far too many people are waiting for some milestone or life event before they begin to address financial and health-related issues. They procrastinate and wind up behaving reactively not proactively.

“It didn’t seem like a necessity before because I don’t have any money, and all of this can be very intimidating. But what has happened is, I keep getting older and kicking the can down the road and it is not getting me any further.” (Female, 30s)

“I just feel like that I won’t ever have enough money to retire.” (Female, 40s)

“I was doing quite well until I became disabled . . . it [took] over a year for Social Security Disability payments to start. I was forced to cash out my account, and even lost the house that I was buying 50% of. I was able to go back to work eventually, but I was never able to make back the ground that I lost. So my ‘roadmap’ turned out to be full of potholes and detours.” (Female, 60s)

Only 35% of non-retirees are optimistic about retirement

There is a gap between recognizing the importance of planning for retirement and actually doing it

Overall, most nonretired adults ages 40–64 (86%) recognize it is important to prepare for retirement. This ranges from a low of 77% of nonretired 20-somethings to a high of 93% of nonretired 60-somethings. Yet, it seems this belief is not sufficient to motivate people to prepare, as evidenced by the numbers who feel they are not where they should be when it comes to preparation. The gap between importance and actual preparedness is wide: It is at least 30 percentage points for each decade. The gap is particularly pronounced for nonretired people in their 40s, 50s, and 60s, where roughly twice as many people say retirement planning is important than say they are prepared.
At this point in your life, how important is retirement planning to you? Scale: 5 (Extremely important) to 1 (Not important at all). Base: Nonretired adults ages 20–74 (n=2,148).

Overall, how prepared do you think you are for retirement compared to where you should be (financially, physically, and emotionally)? Scale: 1 (Not prepared at all) to 10 (Extremely well prepared) Base: Nonretired adults ages 20–74 (n=2,148).

While finances are often considered during retirement planning, many neglect to consider emotional health and fulfillment in their planning

Many people don’t give any thought to planning for their physical health, emotional health, finances, or fulfillment in retirement. Emotional health receives the least planning: Over half (57%) of retired adults never gave any thought to planning for their emotional health in retirement and four in ten nonretired adults (41%) don’t know when they will start focusing on it. Similarly, planning for fulfillment in life (i.e., things that make one happy) in retirement isn’t high, either: Almost half (46%) of retired adults never gave any thought to planning for their fulfillment in life and four in ten nonretired adults (41%) don’t know when they will start focusing on it. More people plan for their physical health than their emotional health in retirement, but still a third (33%) of retired adults never gave any thought to planning for their physical health in retirement and a similar proportion (35%) of nonretired adults don’t know when they will start focusing on it. And when it comes to finances, one in five retired adults (21%) never gave any thought to planning for their finances in retirement, and a third of nonretired adults (33%) don’t know when they will start focusing on it.

For those who have given thought to planning for these aspects of retirement, they may start planning later than they anticipate. On average, retired adults started planning at age 43, while nonretired adults say that they will begin planning (or already started planning) at age 36.
Mean age planning for aspect of retirement began or is anticipated to begin

- Nonretired adults (mean age anticipated to begin)
- Retired adults (mean age began)

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Nonretired Adults (Mean Age Anticipated to Begin)</th>
<th>Retired Adults (Mean Age Began)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical health</td>
<td>36</td>
<td>45</td>
</tr>
<tr>
<td>Emotional health</td>
<td>36</td>
<td>44</td>
</tr>
<tr>
<td>Finances</td>
<td>35</td>
<td>40</td>
</tr>
<tr>
<td>Personal fulfillment</td>
<td>36</td>
<td>44</td>
</tr>
</tbody>
</table>

At what age did you start to focus on each of the following, specifically in regards to preparing for retirement? Base: Retired adults ages 20–74 who have planned for aspects of retirement (n=693) and Nonretired adults ages 20–74 who intend to plan for aspects of retirement (n=1406). NOTE: 926 respondents had never given thought to planning for aspects of retirement or don’t know when they’ll start doing so.

A fifth of 20-somethings never expect to retire

The age at which people expect to retire increases from an average of 56 for 20-somethings to 75 for 70-somethings. In addition, there are a number of people who say they never expect to retire. The proportion is greatest among people in their 20s at 20%.

While younger generations understand the importance of retirement savings, most of their focus is on earning income to pay off debt and saving for immediate needs and wants. In addition, it may not be surprising that young adults are skeptical about retirement given the combination of their financial challenges and their concerns about the future, including concerns about the economy, another global pandemic, and the future of Social Security.

Furthermore, feeling unsure they are doing the "right thing" to plan for retirement because they lack information or don’t have resources that feel relevant, coupled with the notion that retirement is far off in the distant future, makes retirement preparation a low priority in comparison to other financial responsibilities. All these feelings contribute to the belief that they will never be in a financial position to retire comfortably, and thus they continue to question not only its viability but also its personal relevance.
Across all ages, four behaviors are linked to reported retirement preparedness

Across all decades, four behaviors made a difference for those who say they arrived, or are on track to arrive, at retirement successfully:

- Saving enough for retirement
- Living in a manner now that lets them save enough for a secure retirement
- Engaging in behaviors such as healthy eating and physical activity/exercise
- Having a road map to ensure they are doing the “right thing” to prepare financially for retirement.

In addition, people in their 30s and 40s who find a good balance of work, family, and self-care are more likely to feel prepared for retirement than those who don’t. People in their 40s who use employer-sponsored retirement savings plans and who are working to get out of debt are more likely to feel prepared for retirement than those who don’t. And adults in their 40s and 50s who manage the cost of healthcare, balance growth and risk in investments, and understand when and how to access Social Security and other retirement accounts are more likely to feel prepared for retirement than those who don’t.

Implications

There are opportunities for individuals, employers, financial institutions, and educational organizations to help people of all ages achieve a successful retirement.

Individuals would benefit from understanding and addressing their emotions. Although people recognize the importance of planning for retirement, for many the idea of retirement is overwhelming and/or terrifying. These feelings may lead them to avoid planning altogether or to give up easily when they don’t know where to start, don’t know whether they’re on the right track, and/or don’t know how to stay the course. Developing awareness of emotions and the coping skills to manage them can help put individuals at ease and help them to arrive at retirement adequately equipped to enjoy it.

Individuals would also benefit from planning for their emotional needs in retirement, in addition to their physical and financial needs. While people associate retirement with having the freedom to do what they want, fewer
devote attention to planning for their personal fulfillment and emotional needs in retirement than their physical and financial needs. Tending to the former is important for one’s overall well-being. For example, having low stress levels, social connections, and a sense of purpose are all known to have positive effects on health.

Individuals need to believe they can retire some day and start planning for it as early as possible. Developing habits early will normalize behaviors and reduce the need to catch-up.

Employers can offer education about retirement planning as well as create easy and convenient retirement saving options, such as offering defined contribution and defined benefit plans for their workers with automatic enrollment (and a match incentive). They can also provide a flexible transition into retirement through part-time work. Employers are often seen as a trustworthy source of information, providing sound advice and best practices.

Educational organizations have the opportunity to encourage a core set of behaviors, starting with consumers in their 20s, that includes saving for retirement, living within their means, engaging in behaviors such as healthy eating and physical activity/exercise, and having a road map to ensure they are doing the right thing to prepare financially for retirement. To ensure information is understandable, these organizations can get feedback from consumers. They can also encourage small, consistent steps throughout each decade of life.

Financial institutions have the opportunity to engage consumers who do not feel messages resonate with them and do not see themselves reflected in education and marketing materials. They can engage them by conducting outreach in a culturally and linguistically appropriate way. Considering diversity and inclusion can help financial institutions grow their market share while helping to prepare all consumers for retirement. They can also tailor messages to consumers’ life-stage by acknowledging prominent barriers consumers face.

**Methodology**

This report is based on Hacking Retirement, a research study conducted from August 2020 to May 2021 that combined AI-assisted ethnographic analysis, qualitative interviews (n=20), an online quantitative survey (n=3,025, ages 20–74 -(~500 per “decade”), a qualitative online platform (n=68, ages 22-67), and secondary data appends. All interviewing was conducted in English. Samples were weighted to appropriately reflect U.S. Census figures. The study was funded by Collaborata and led by RTi Research with The Business of Aging, and Aha!.

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