

July 7, 2002

## The New Retirement Comes in Four Financial Flavors By FRED BROCK

Want a look at your retirement future? Warning: What you see may change your behavior.

A recent study of current retirees by Harris Interactive and Dr. Ken Dychtwald, an author and gerontologist, has identified four main types of retirees — the "four faces of retirement," as it calls them. The study was sponsored by AIG SunAmerica, a financial services company that is a subsidiary of the American International Group.

The research found that traditional notions of what retirement means are pretty much out the window. "Even the language of retirement is changing," said Dr. Dychtwald, who is also the author of "Age Power: How the 21st Century Will Be Ruled by the New Old" (Putnam Publishing Group, \$24.95). "People no longer talk about not working or taking it easy; they talk about 'reinventing' themselves and 'new beginnings,' of continuing to be productive but on their own terms."

Here are the four categories of retirees found in the study, which was based on a telephone survey last fall of 1,003 people 55 and older:

**THE AGELESS EXPLORERS** These retirees represent 27 percent of those surveyed and are the leaders in creating a new definition of retirement. They see themselves in an exciting new phase of life and would rather be too busy than risk being bored. They have the highest level of education and have saved for 24 years, on average, for retirement. They have an average household income of \$64,800 and an average net worth of \$469,800.

**THE COMFORTABLY CONTENTS** This group (19 percent) aims to live the traditional retirement life of leisure; its members aren't as interested in work or contributing to society. They have saved, on average, for 23 years and spend their time on travel or other recreational activities. Their average income is \$61,200; their average net worth is \$367,500.

**THE LIVE FOR TODAY'S** These people (22 percent) aspire to be Ageless Explorers and may be even more interested in personal growth and reinvention. But they have always focused on the present and didn't devote much time to retirement planning — having saved for only 18 years, on average. They have a great deal of anxiety about their finances and are likely to continue working during retirement. Average income is \$46,300, and average net worth is \$222,600.

**THE SICK AND TIRED** The largest of the four groups — 32 percent — its members are in the worst circumstances. They are less educated, have fewer financial resources and have low expectations for the future. They are more likely to have been forced into retirement by poor health and are less likely to travel, participate in community events or tap into their potential. They have saved for, on average, just 16 years; average income is \$31,900 and average net worth is \$161,200.

The survey was based on life style and attitude questions. The questions about incomes and net worth were added only after the categories were established. "This was not a money-driven study," Dr. Dychtwald said. "We weren't looking for who's rich and who's poor. We wanted to know how people are living this segment of their lives. And these four categories rose out of the study like volcanic islands in the Pacific."

The study is a powerful indicator of the importance of planning for retirement, no matter how much money you make.

Michelle O'Neill, vice president for strategic consulting at Harris Interactive, the parent of the Harris Poll, said: "The happiness of people in these categories was not necessarily linked to how much money they had made or had. Rather, happiness was linked with feeling financially prepared for whatever retirement life style they wanted."

Dr. Dychtwald said the Live for Todays had often made a lot of money and had a lot of good times, but that they had lived beyond their means and hadn't planned enough for retirement. "They are financially vulnerable, and that's no fun," he said.

"The Sick and Tireds are the most unsettling of the groups," he added. "Many were dealt a bad hand in that they or someone in their family is ill. They are pessimistic; for many of them, life is a wasteland that holds no promise of security, optimism, hope or adventure. But some of their problems could have been helped by planning, which they did the least of. Long-term care insurance and more savings would have helped, for instance.

"It's hard to know which came first. Were they sick and poor, and that put them into an unhappy situation? Or were they people who had no vision or dream for the retirement stage of their lives and didn't prepare financially or psychologically?"

He added that the Live for Todays and the Sick and Tireds — which together make up 54 percent of retirees — ought to be a clarion call for the baby boomers, who are known for spending more than for saving.

AY S. WINTROB, the chief executive of AIG SunAmerica, agreed. He called the study a blueprint for future retirees and a "look at what's in store for the boomers." He says his company will use it as a tool to help sell its retirement services.

Dr. Dychtwald says the opinions of the various groups show how attitudes toward retirement have changed. Twenty years ago, he said, most people would have wanted to be among the Comfortably Contents. "That was yesterday's model: on vacation 12 months of the year," he said. "Now I'll bet most would identify with the Ageless Explorers."

But it takes planning to get there.

"It's one thing if you're an Ageless Explorer and want to work because you find it stimulating and fun," Dr. Dychtwald said. "It's another if you're bagging groceries because you have to pay the bills."