

New Retirement Mindscape IISM study

**How men and women differ in their planning
and attitudes toward retirement**

A groundbreaking, comprehensive
study of the retirement journey —
five years later

Abstract

In 2005, Ameriprise Financial polled American pre-retirees and retirees and gained some groundbreaking insights into the retirement journey. Published in January 2006, the *New Retirement Mindscape*[®] study documented how retirement is not a single event but a series of stages, each with its own emotions and needs.

Five years later — and in the midst of a radically changed economy — Ameriprise Financial revisited the stages of retirement to understand how consumers' experience has been altered. Responses to the same questions posed five years earlier, published recently as

the *New Retirement Mindscape II*SM study, demonstrated significant shifts in peoples' journey to and through retirement.

This subsequent report from the *New Retirement Mindscape II* study examines how men and women differ in their planning and attitudes toward retirement.

Introduction

Since 2005, U.S. consumers have witnessed a dramatic shift in the economy, and this has greatly altered their attitudes and behaviors regarding retirement. Ameriprise Financial revisited the *New Retirement Mindscape* study in 2010, conducting a second wave of interviews with pre-retirees and retirees.

While retirement transcends gender lines, the *New Retirement Mindscape II* study uncovered some significant differences in how men and women feel about and prepare for retirement. In general, men tend to be more confident about their finances and approach the retirement process more independently. In contrast, women express more concern and are also more likely to seek out advice from a professional. When comparing the current study to results from 2005, the shift in the economy appears to have amplified some of these differences.

Emotions

The recession has significantly impacted consumers' attitudes and enjoyment of retirement, regardless of gender. Consumers are generally not as happy, hopeful or optimistic as they were in 2005. Despite this similarity, the difficult economy does appear to have impacted men and women somewhat differently.

Overall, men are more likely than women to say they feel "on track" for retirement (56% vs. 49%) and "highly confident" in their financial future (23% vs. 17%). In fact, even more men report feeling "on track" for retirement in 2010 (56%) than did so in 2005 (50%). The differences among pre-retirees are the most dramatic – while 25% of men say they are "highly confident" in their ability to achieve their retirement goals, only 16% of women report the same feelings.

Although men generally tend to feel more on track and confident about retirement, women express more excitement about reaching this important milestone. In 2010, more pre-retired women than men feel "enthusiastic" about retirement (74% vs. 65%) and expect to feel "excited with anticipation" the day they retire (53% vs. 38%). In fact, 24% of men expect their retirement day to feel "the same as any other day" compared to only 15% of women.

Among retirees, the economy appears to have had a more substantial emotional impact on men. Compared to 2005, significantly fewer men express that they "enjoy retirement a great deal" (56% vs. 67%), while the proportion of women has held steady (57% vs. 56%). This may be because men tend to overestimate their financial preparedness and therefore face a more difficult financial adjustment when they retire. It could also be due to the fact that more men than women faced career setbacks and layoffs during the recent economic downturn. According to the Bureau of Labor Statistics, unemployment for both men and women was around 4% at the end of 2007. However, by December 2009, the number of unemployed men had jumped to 10.4%, while the number of unemployed women increased to 8.7%. Men account for nearly two-thirds of the jobs lost during this period.¹

Preparation

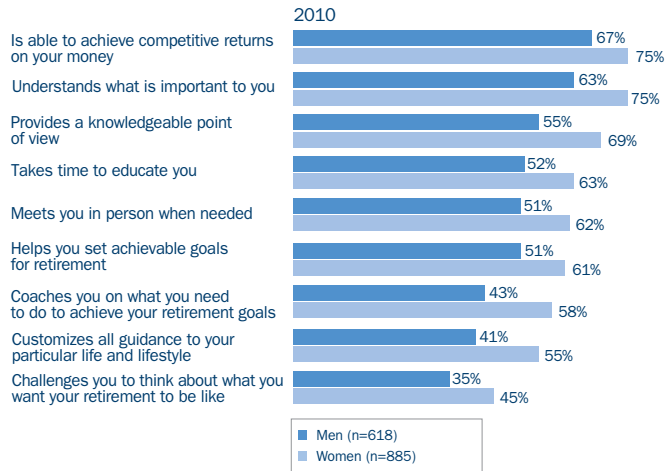
Whether it is due to a lack of confidence about their financial situation or greater excitement about retirement overall, women are more likely than men to seek advice from a financial professional (46% vs. 38%). However, both genders are more likely to work with a financial advisor in 2010 than they were in 2005, likely due to increased anxiety and lagging confidence caused by the recent economic upheaval. The proportion of men seeking professional financial advice has increased from 28% in 2005 to 38% in 2010, while women have experienced similar increases from 38% to 46%. These increases were driven primarily by pre-retired women who demonstrated the least confidence in their retirement prospects and by retired men who showed the greatest decrease in how much they are enjoying retirement. This could indicate that their concerns are motivating them to seek counsel from a financial advisor.

When women seek advice, they also place greater importance in the specific attributes of the professional with whom they work. Compared to their male counterparts, women place high importance on working with someone who takes the time to educate them (63% vs. 52%), provides a knowledgeable point of view (69% vs. 55%) and coaches them on what they need to do to achieve their

¹ Bureau of Labor Statistics, Household Data Seasonally Adjusted Averages, Q2 2010.

retirement goals (58% vs. 43%). This may suggest they are looking for a partner and coach.

More Women Than Men Rate Adviser Attributes Important (% Extremely or Very Important)



Question: I'm going to read you a list of statements that might describe an ideal relationship with a financial advisor when planning or managing your retirement. Please tell me how important each of these are to you right now.

While women are more open to an advisory relationship overall, pre-retired males are more likely to have developed a written financial plan to achieve their retirement goals than pre-retired females (41% vs. 34%). This is in contrast to those already in retirement, as retired males are less likely to have developed a written financial plan than retired females (31% vs. 39%).

Despite the differences the study revealed, nearly the same number of men and women are setting aside money in an employer-sponsored plan or in their own savings and investments. Consumers of both genders could benefit from being more proactive about determining the amount of money and income they'll need in retirement. Approximately half of both men and women have not taken this fundamental and relatively simple step to prepare.

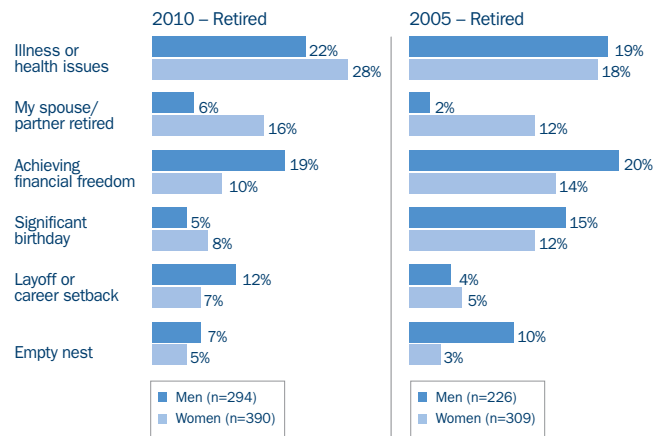
Retirement Triggers

The catalysts that cause people to seriously think about retirement also differ between men and women. A significant birthday was more often cited by pre-retired males (20%) than females (12%), while women more often cited a spouse or partner retiring (9%) than men (3%).

Achieving financial freedom also caused more pre-retired men than women to think about retirement (19% vs. 13%).

Some significant differences were also identified between the 2005 and 2010 studies, likely driven by the recession and increased public attention on health care. In 2010, illness or a health issue was more commonly cited as a trigger event among retired females (28%) than in 2005 (18%); this factor did not change substantially for retired men (22% vs. 19%). And while a similar number of men and women named a layoff or career setback as their primary retirement trigger in 2010, retired males reported a dramatic increase from 2005 (12% vs. 4%).

Retirement Triggers by Gender



Question: What ONE event, if any, had the greatest impact in causing you to seriously think about when, how and where you will retire?

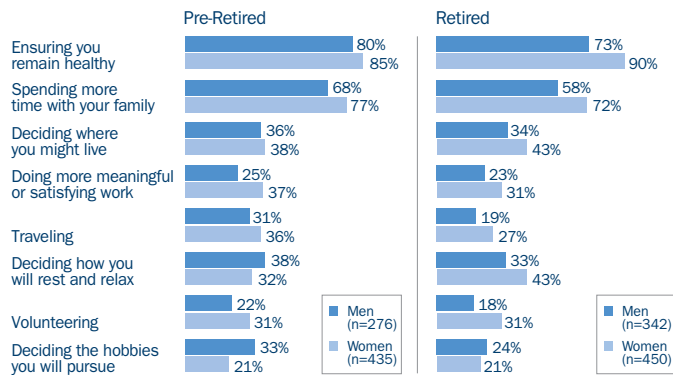
Work Status and Activities in Retirement

Men and women differ in their expectations regarding work status and activities during retirement. More pre-retired men expect to work (either full time or part time) in retirement than pre-retired women (38% vs. 27%). Likewise, more retired men than women are currently working full time (17% vs. 6%), and more retired women than men are not working at all (71% vs. 60%).

Women also appear to place greater importance on living an active retirement. During the pre-retirement years, more women than men put a high importance on being able to volunteer (31% vs. 22%) and spend time with family (77% vs. 68%) during retirement. These differing priorities continue during retirement, with more

retired women than men putting a high importance on volunteering (31% vs. 18%), spending time with family (72% vs. 58%) and traveling (27% vs. 19%).

Women Place More Value on an Active Retirement Than Men (% Very Important)



Question: People have different expectations about how they'll spend their retirement. How important is each of the following to you as you think of your retirement?
 People have different expectations at different times in retirement. How important is each of the following to you this year?

Conclusion

There are clear differences in how men and women approach the journey to and through retirement. While women tend to express more concerns, they are also more likely to address their uncertainty by consulting with a financial advisor and to have made more plans for an active lifestyle. Men usually feel more confident and on track during the pre-retirement years but have reported a significant decrease in how much they're actually enjoying retirement, likely due to the recession.

People vary greatly in their attitudes and preparation for retirement, and gender can't tell us everything about how someone will approach this important milestone. However, being aware of the differences this study reveals can help consumers, and the financial professionals who advise them, better understand their own perspectives on retirement. This may help both men and women identify opportunities to be better prepared — emotionally and financially — and ultimately achieve a more fulfilling and confident retirement.

Methodology

The *New Retirement Mindscape II*SM and *New Retirement Mindscape*[®] studies were commissioned by Ameriprise Financial, Inc. and conducted by telephone by Harris Interactive in May 2010 and August 2005, respectively.

The *New Retirement Mindscape II*SM study followed a methodology similar to that for *The New Retirement Mindscape*[®] study, published in January 2006.

- > The surveys sampled 2,007 (2010) and 2,000 (2005) U.S. adults between the ages of 40 and 75. Results were weighted to reflect general population patterns.
- > Both studies included an oversample of people who were within a year or two of their anticipated or actual retirement day in order to better understand the attitudes and behaviors of those in the midst of this major life change.
- > The sampling error is +/- 2.5%.

The 2005 study was conducted in conjunction with Age Wave and Ken Dychtwald, Ph.D.

About Ameriprise Financial

Ameriprise Financial, Inc. is a diversified financial services company serving the comprehensive financial planning needs of the mass affluent and affluent. For more information, visit ameriprise.com.

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