



# Voices of Experience 2016

Insights on Life in Retirement





“You don’t retire from a job.  
You retire to your passion!”

— Retired TIAA participant

# Introducing Voices of Experience 2016

Over three decades ago, TIAA (then TIAA-CREF) conducted a landmark study of more than 1,500 retired participants to learn about their lives. The 1982 Voices of Experience survey examined not just retirees' finances but their health, relationships, activities, and feelings about retirement.

Based on the conversations we have with our customers every day, we know that much has changed for retirees since we completed that research. The burden of saving for retirement has increasingly shifted from employers to individuals. Healthcare costs have gone up. People are living longer. And advances in technology have provided a wealth of information—but can also make it difficult to know how to find the best way forward among so many options.

To get a broad view of how retirees are responding to these changes, we conducted the Voices of Experience study again. We found that our customers are retiring earlier, planning better and are more satisfied than ever with their retirements. But there are still areas where they have concerns and would like help.

TIAA is making this research publicly available to contribute to the national dialogue on retirees' financial and emotional health and to advance the conversation about how the industry can help to ensure the security of today's retirees and generational wealth.

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“Retirement to me is about giving back, and I’m doing that in my volunteering as a mentor.”

— Retired TIAA participant

“I am now 94 years old. I continue to play the piano nearly every day and participate in an art organization. I also play violin/ fiddle in a folk group, I still

# Executive summary

## What does life in retirement look like for our customers?

That was the sweeping question TIAA set out to answer with the 2016 Voices of Experience survey. When do nonpro t employees retire, and why? How do they spend their time in retirement? How do they pay their bills? What makes them happy in retirement, and what makes them stressed?

In addition to understanding retirement today, we wanted to understand how it has changed. By repeating some of the questions from the 1982 Voices of Experience survey, we were able to compare responses from retirees across a 30-year timespan. This set of longitudinal data over 30 years is unique in the industry. Additionally, the survey data is supplemented by interviews with TIAA retirees.

### Who should read Voices of Experience?

The Voices of Experience data offers insights for anyone with an interest in retirement.

People who are approaching the end of their careers can look to the ndings about how to nd happiness in retirement and the lessons they can apply to their own lives.

Employers will bene t from a deeper understanding of how employees plan for retirement and may be able to help them more effectively.

Policymakers will nd it helpful to understand the changes in the retirement landscape and their impact on individuals.

Together, we can all work to help ensure that people can enter retirement prepared for its challenges and ready to embrace its joys.

### Key ndings

Overall, we discovered four key ndings from the survey:



1. Survey respondents are satisfied and engaged in their retirement, with overall satisfaction holding steady since 1982 and intense satisfaction on the rise.



2. Participants are planning better and retiring earlier. More than half of respondents (54 percent) retired before age 65, compared to just 39 percent in 1982.



3. Survey respondents recognize the importance of managing their finances with income they can't outlive: 70 percent of respondents have an annuity, and 92 percent of those who purchased an annuity are satisfied with that decision.




4. The survey found that health and aging are major emotional concerns as respondents worry about becoming a burden.



## Methodology

The 2016 Voices of Experience survey was conducted by GfK Custom Research North America among a total of 1,583 TIAA retirees between May 28 and August 27, 2015. To qualify, all respondents had to indicate that they are retired. Respondents were mailed the survey questionnaire and had the option to return the survey by mail or to complete the survey online. Respondents completed 104 surveys online and 1,479 by mail. The sample was provided by TIAA, and data were weighted by gender, age, region, engagement, and industry sector.





## What advice would retirees give to others?

“Expect a period of missing the activities and interaction with people at work.”

“Start planning earlier, take advantage of all resources available and remember that you cannot control everything. Allow for unexpected events with contingency plans.”

“Know your precise monthly retirement income. Be realistic about the lifestyle that income will support, and begin to ease into it 18 months before retirement.”

“Learn a musical instrument or get involved in hobbies to be ready for a change in lifestyle from an 8 to 5 job.”

“Try to ease into retirement. I consulted half-time for one year and quarter-time for another year.”

“We must keep inventing our lives as we age. The life I imagined when I first retired is no longer possible after 20 years, so I have changed my priorities.”

This is a defining moment for the U.S. retirement system and the millions of Americans preparing for or living in retirement. In 30 years, nearly everything about retirement

w Finally, “Section 4: Retired life” looks at all of the lifestyle elements of retirement: how retirees spend their time, how retirement affects their relationships, where they live, how they maintain their health and what concerns them most about aging.  
Fact: 95 percent of respondents said their relationship with their spouse/partner improved or remained the same in retirement.

The survey data tells a lot about what life looks like in retirement today. But in many cases, interviewees expressed a desire to share what they’OfTd [(n55 -r ressr385 0 0 5.)5 -1.tellside nedbò\$šÊînpò#n-¼”c.Ñ îRZP°U]îîi-

## Longer retirements with greater responsibility

Americans can expect to spend more time in retirement. The average life expectancy of a 65-year old increased by 18 percent between 1980 and 2013—from 16.4 to 19.3 years. <sup>i</sup>

Americans should consider the possibility they may live to 90 or even past the century mark. The number of centenarians more than doubled between 1980 and 2013 (32,194 to 67,347). <sup>ii</sup>

Over the past 20 years, access to de ned bene t plans has dropped sharply for private-sector workers. The same is true for higher education employees at private institutions: In 2015, only 16 percent of employees at private junior colleges, universities and colleges had access to a de ned bene t plan. <sup>iii</sup>

Retiree healthcare costs have jumped dramatically: Medicare Part B (medical insurance) monthly premiums increased by more than 800 percent between 1982 and 2015—from \$12.20 to \$104.90. <sup>iv</sup>

The average healthy 65-year-old man today will need an estimated \$124,000 to handle future medical expenses. And because women tend to live longer than men, the average healthy 65-year-old woman will need an estimated \$140,000. <sup>v</sup>

Over the past decade, the average deductible workers must pay for medical care before their insurance kicks in has more than tripled from \$303 in 2006 to \$1,077 in 2015—seven times faster than wages have risen.<sup>vi</sup>



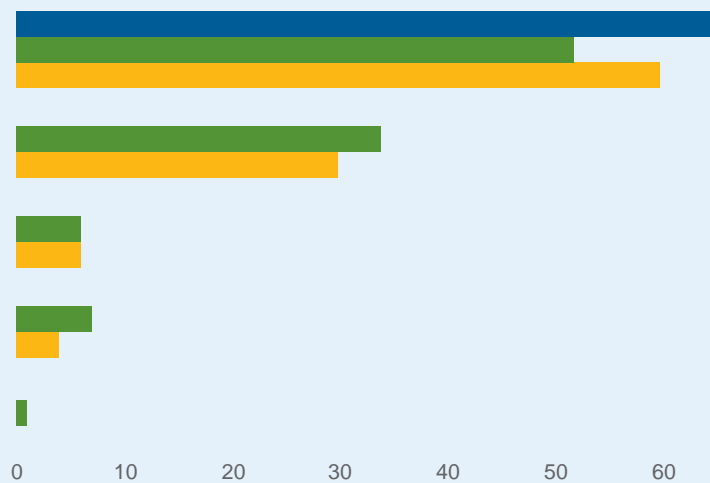
Daghild Rick | Participant since 1986

## Section 1

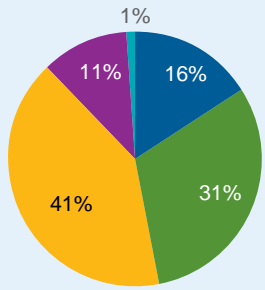
# Happy and engaged

Despite changes to the retirement landscape, survey respondents' near-universal satisfaction with retirement has held steady at over 90 percent since 1982. Furthermore, the percentage of those very satisfied with their retirement has grown from just over half (51 percent) in 1982 to nearly two-thirds (65 percent) today. Additionally, nearly half of TIAA retirees believe that their life in retirement exceeds what they had initially envisioned.

Exhibit 1: Strong satisfaction in retirement



## Exhibit 2: Retirement exceeds expectations



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Stephen Jordan | Participant since 1984





Dave Hinds | Participant since 2011

### What makes retirees happy?

Of course, everyone has their own definition of happiness. But the Voices of Experience research shows that three things are most highly correlated with intense satisfaction: early planning, a positive attitude and lots of activities.

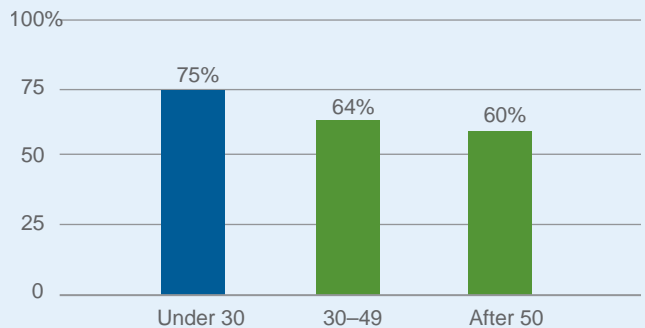
All of these findings are crucial for individuals planning their own retirement. They are also useful for employers, who can help employees prepare throughout their careers for their eventual retirement, and help those employees approaching retirement begin to envision what it will be like and plan accordingly.

**Early planning:** It's hardly surprising that of the survey respondents who started preparing financially for retirement before age 30, 75 percent indicated that they are very satisfied in retirement. What is more unexpected is that the

majority (60 percent) of those who began planning after age 50 also indicated that they are very satisfied. Although it is better to plan early, those who haven't may find it reassuring to know that it's never too late to start. (For more on financial planning, see "Section 3: Retirement finances," page 21.)

### Exhibit 5: Early planners, happy retirees

Percentage very satisfied by age starting to plan financially for retirement



Q: How satisfied are you with your retirement? Please check your level of satisfaction in each of the following three categories.

Q: At what age did you begin planning financially for your retirement?

**A positive attitude: Perception may drive reality in retirement.** Those who look forward to retirement are more likely to feel very satisfied when they get there. Of the respondents who said that they had been looking forward to retirement, 76 percent reported that they were very satisfied once they were actually in retirement. However, of the survey respondents who said that they had disliked the idea of retirement, only 29 percent reported that they were very satisfied once they retired.

**Lots of activities: A strong theme emerging from interviews with TIAA retirees was the need to discover activities in retirement to fill the void left by work.** Staying busy and engaged during retirement is key to a satisfying retirement. Seventy-six percent of today's retirees who are engaged in 10 or more activities report being very satisfied with their retirement, while only 52 percent of those who are engaged in 1–4 activities say the same. (For more on retirees' activities, see "Section 4: Retired life," page 26.)

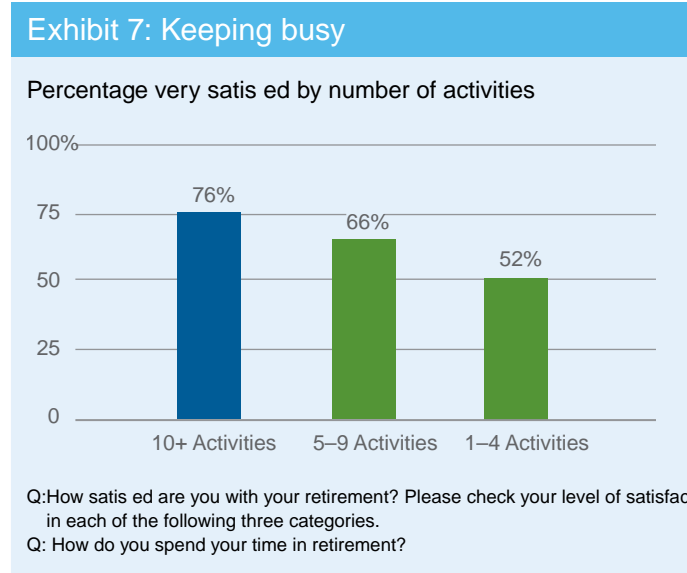
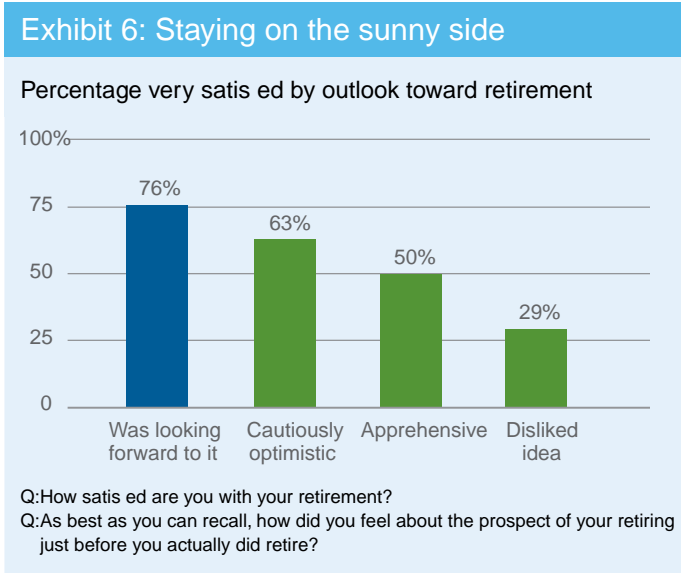
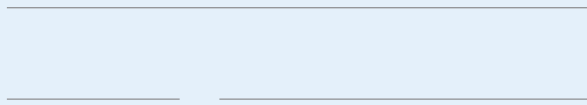


Exhibit 8: Expectations vs. reality



Phillip Bennett | Participant since 1999

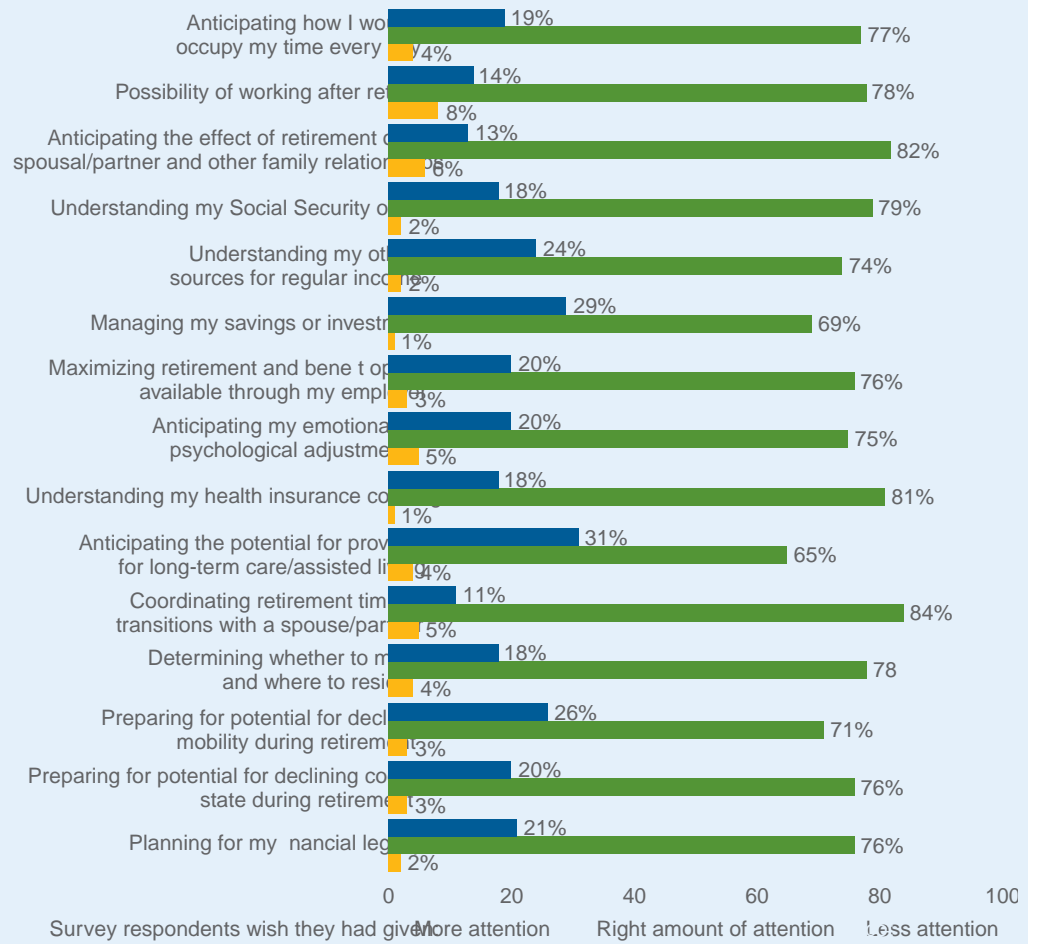


### Exhibit 10: What motivated those who chose to retire?

Simply felt it was 'time' to retire	46%
Retirement income was sufficient to do so	42%
Had planned to retire at that age	33%
Wanted more time for self and/or family	31%
Unhappy with work situation	23%
Spouse/partner was ready to retire, had already retired	22%
Took advantage of retirement incentives offered by my employer	20%
	12%
Wanted to pursue another career or personal passion	11%
	11%
Became disabled or had personal health issues	10%
	10%
	6%
	6%
	3%
	10%

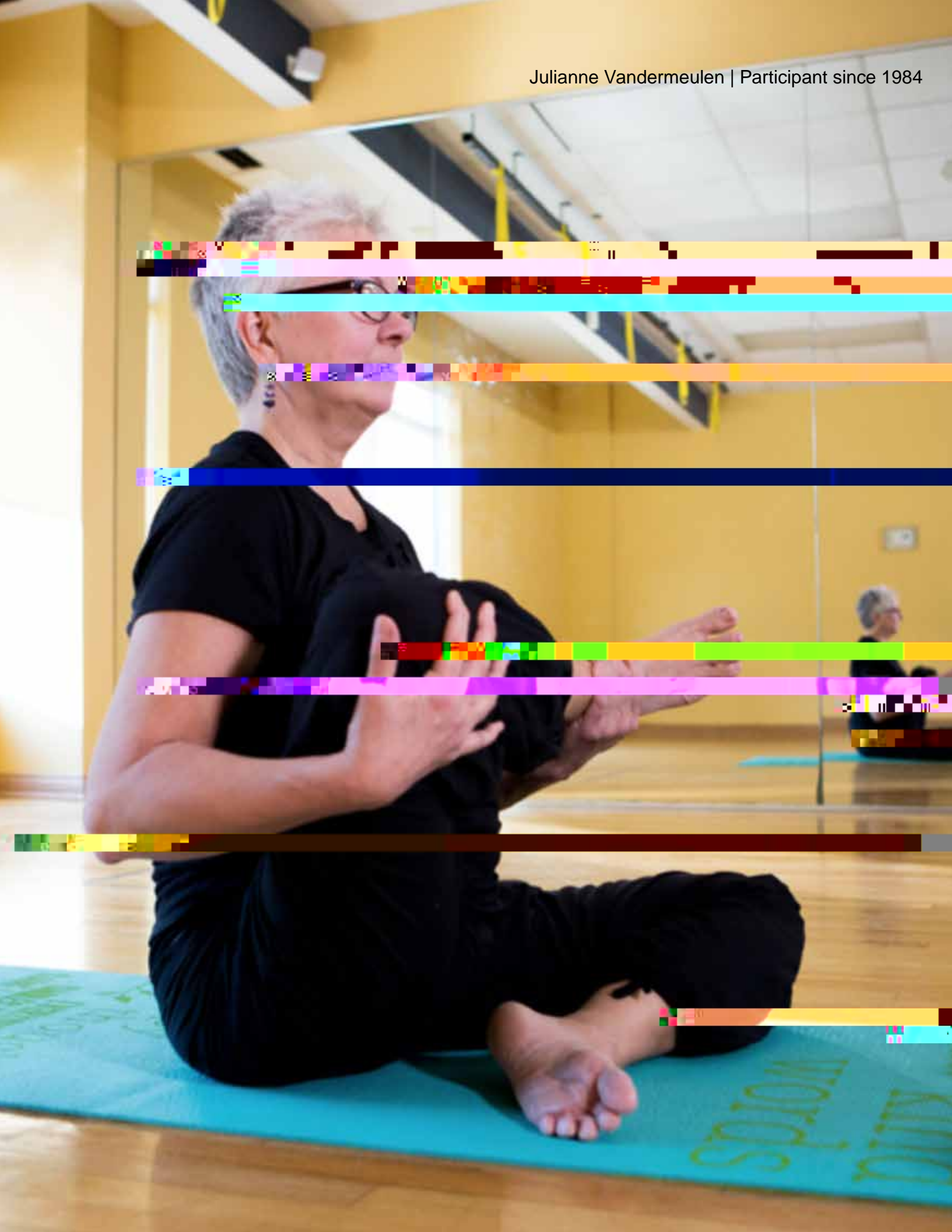


### Exhibit 13: The right amount of planning











## Section 3

# Retirement finances

The amount of planning that retirees have done has reaped rewards: The vast majority (86 percent) is satisfied with their current financial health, with more than half (52 percent) reporting that they are “very satisfied.” That number holds steady throughout retirement, with the percentage of respondents reporting themselves very satisfied actually increasing from ages 66-69 through 75-79, before dropping off slightly after age 80.

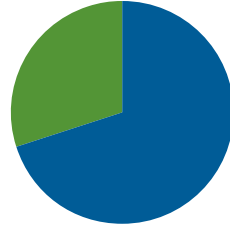
## Income options

Retirees are clearly aware of the changing demographic trend toward longer retirements: More than half (55 percent) of survey respondents said that when they retired, they expected that their savings would need to last for 20 years or more.

Most experts recommend managing this longevity risk with a steady source of income. This may be one reason that 70 percent of survey respondents have an annuity as a source of retirement income, and a powerful 92 percent say they are satisfied with their decision to annuitize.

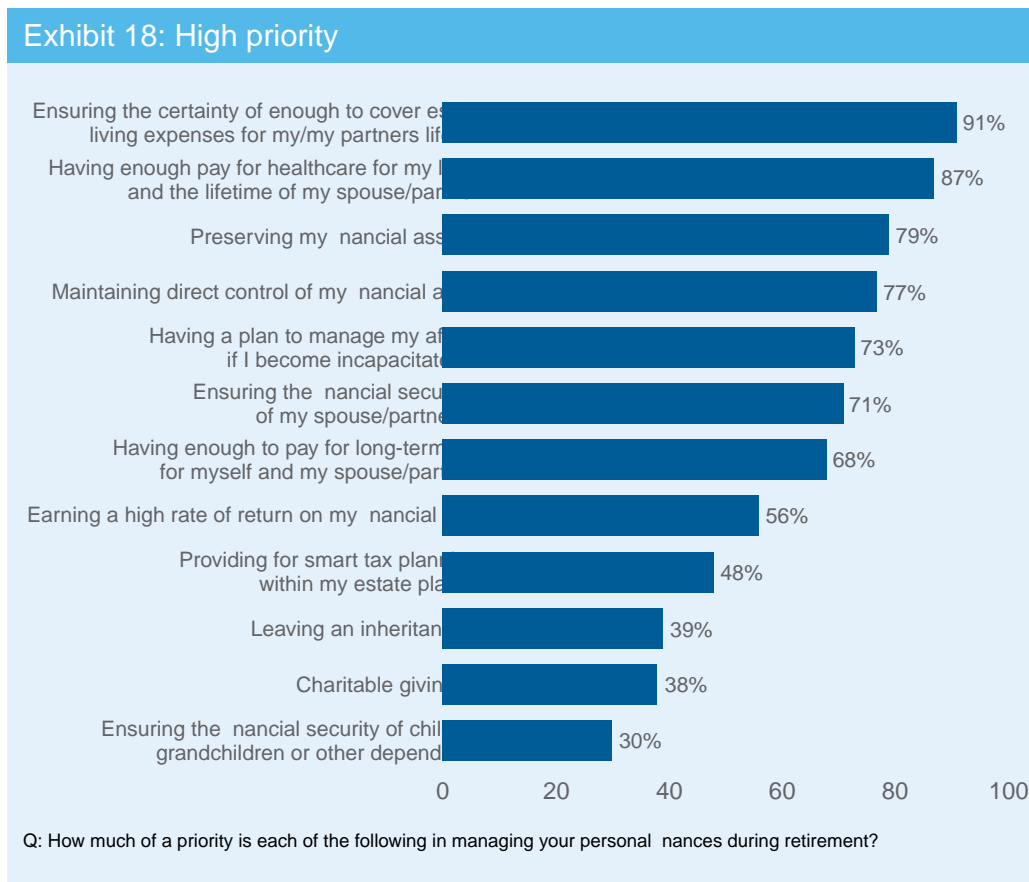
### Exhibit 16: Annuity insights

Most have an annuity and are satisfied with that decision



## Financial priorities

Retirees' satisfaction with their financial health may stem from the fact that they have their priorities in order. When asked to rank various items as a high or low priority, survey respondents were most likely to focus on covering essential living expenses for their lifetime (91 percent ranked it as a high priority) and paying for healthcare for themselves and their partner (87 percent).



“I had a list of things I would do in retirement, like take piano lessons, learn a language. But I’ve found I’m very busy every day—every day is full! I love being able to do whatever I want whenever I want with no obligations.”

— Retired TIAA participant



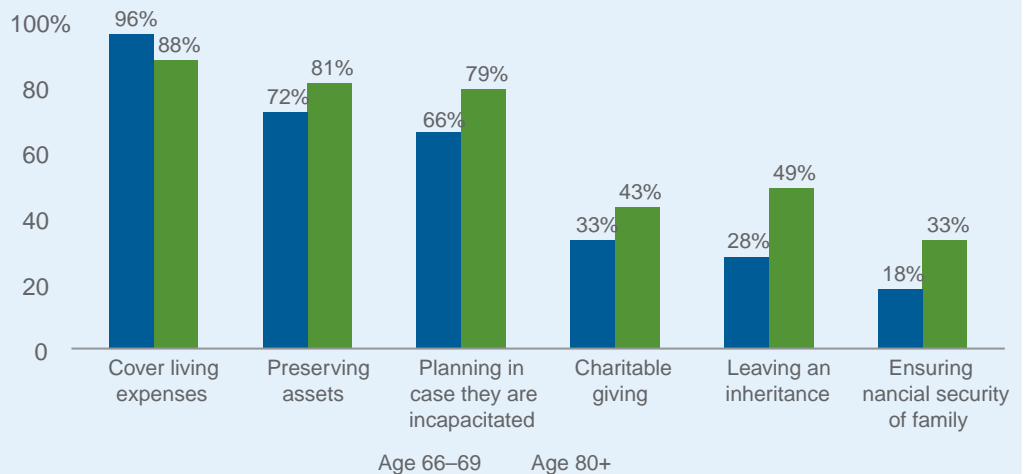
Jane Hale | Participant since 1985

“I want to have contributed to things that are lasting.”  
— Retired TIAA participant

As retirement goes on, these items remain important for retirees, but other issues come to the fore as well. In particular, retirees seem to focus more on issues that benefit others, such as charitable giving and leaving a legacy. It may be that as they better understand their own income needs, they become more comfortable thinking about what they can do for others.

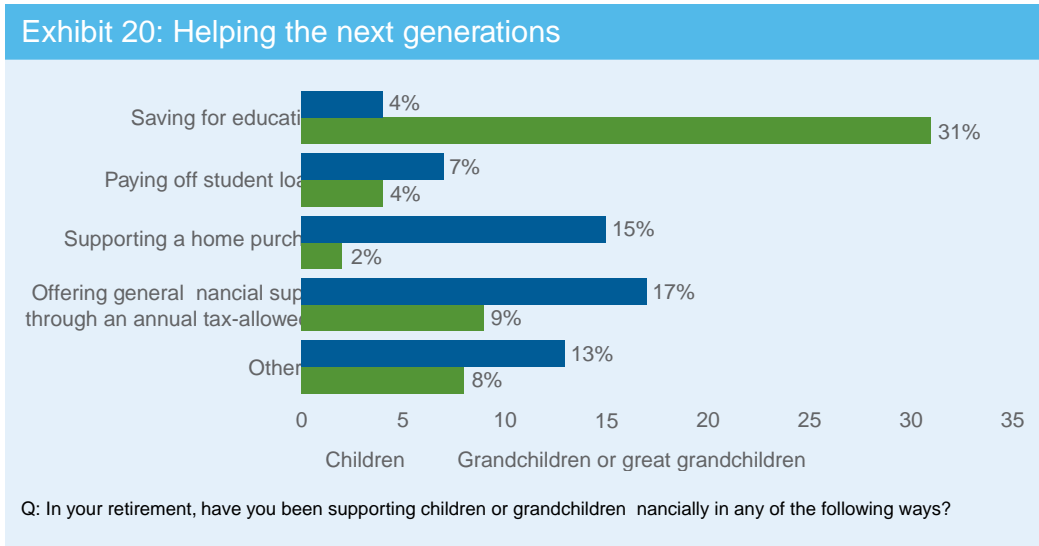
Exhibit 19: Thinking of others

Priorities in retirement



Q45: How much of a priority is each of the following in managing your personal finances during retirement?

At various ages, however, retirees are already doing quite a lot for others: 43 percent of retirees offer some form of financial support to their children, and the same number are doing so for grandchildren or great-grandchildren.



The journey through retirement is often marked by steady decreases in social support, cognitive functioning, and potentially income for those who did not plan appropriately. Those nearing retirement can be forgiven for not wanting to dwell on the details. But waiting too long to plan for what may come in retirement is also unwise. Things can happen quite suddenly, like a fall that breaks a hip or a disease that strikes a spouse. Plan sponsors can and should help employees confront this reality and plan accordingly.

On the financial front, employers should speak forthrightly about the specific, long-term financial risks that employees face during retirement. Health savings accounts, long-term care insurance and annuities to create guaranteed streams of income are all important elements of a retirement plan.

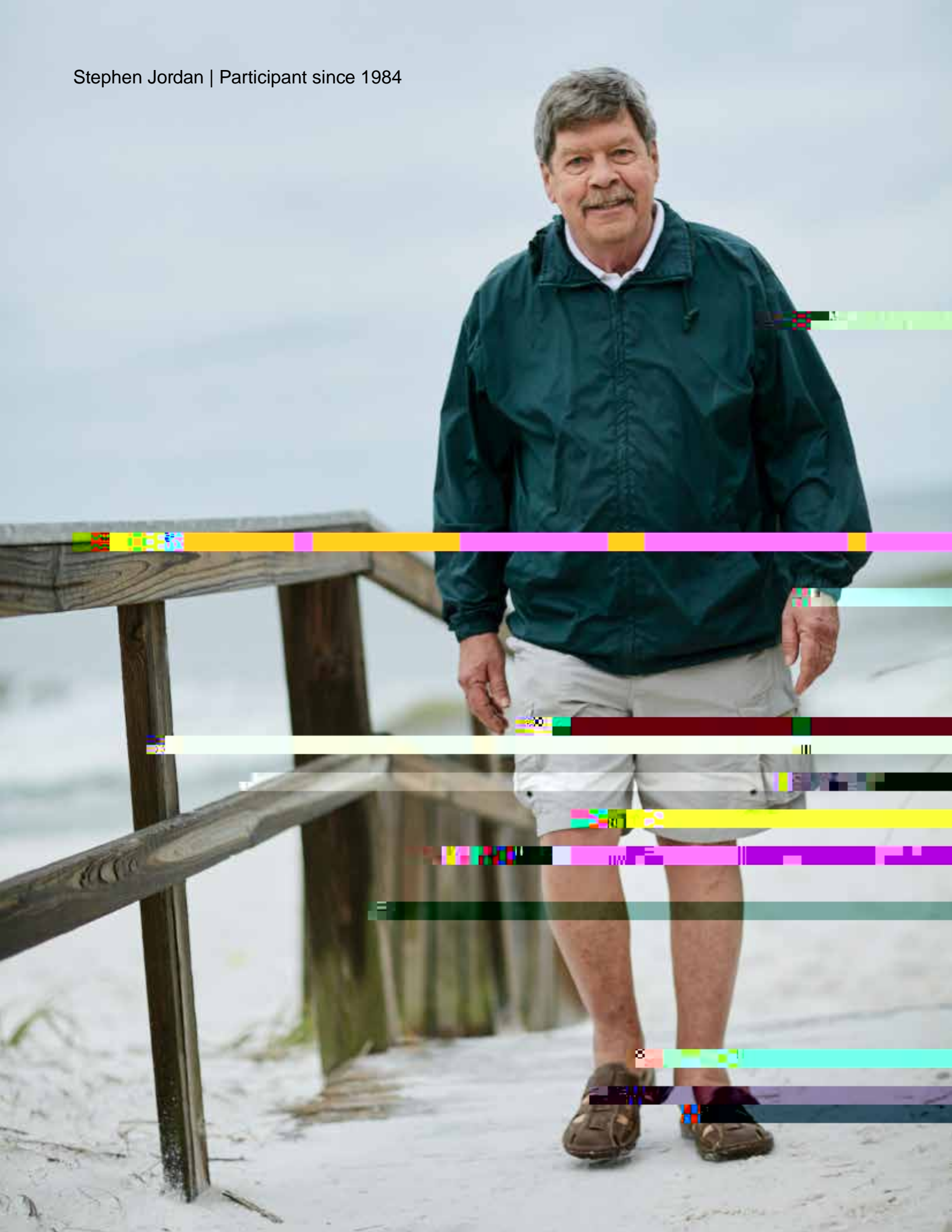


## Section 4

# Retired life

Finances are an important consideration for retirees—but they are far from the only priority. Relationships, activities, health, and aging occupy a great deal of attention.

Stephen Jordan | Participant since 1984



## Exhibit 21: So much to do

Spending time alone with  
personal interests such as reading

Connecting with and  
spending time with family

Socializing with friends  
on a regular basis

Engaging in other hobbies  
(e.g., gardening, home improvement)

Traveling, experiencing other  
cultures and worldviews

Exhibit 22: Keeping busy

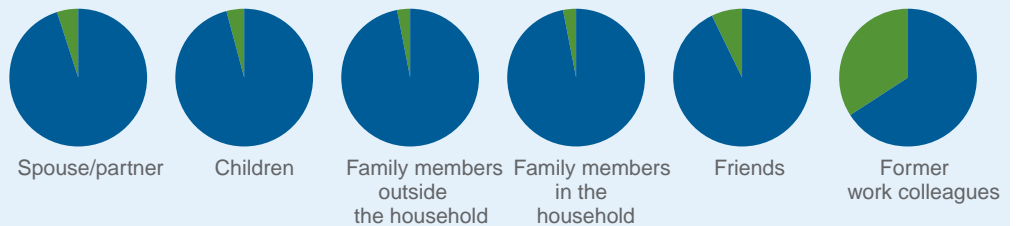
5 (Very busy)

## Getting closer

Retirement can be a time of exciting change but may also bring up feelings of anxiety. This affects not only retirees but their family, friends and former colleagues.

Contrary to the stereotype of spouses who get on each other's nerves when they are home together all day, survey respondents overwhelmingly report that their relationships with a spouse or partner stayed the same or grew stronger in retirement (95 percent). The same was true of relationships with children (96 percent), family members both inside and outside the household (97 percent), and friends (93 percent). Unsurprisingly, relationships with former work colleagues were more likely to taper off, with only 66 percent reporting that they remained the same or grew stronger after retirement.

Exhibit 24: Relationships improve or stay the same



Q: How has retirement affected your relationships, in general, with each of the following people?

In relationships as in finances, planning matters. Seventy-eight percent of retirees reported that they shared a vision of retirement with their partner, including 83 percent of men and 73 percent of women. Those who had made the effort to agree on what retirement would be like reaped the benefits later:

85%

of those who had an easy transition to retirement shared a vision with their spouse, compared to 53 percent of those who had a difficult transition.

92%

of those who shared a vision are satisfied with retirement, compared to 82 percent of those who had a different vision.

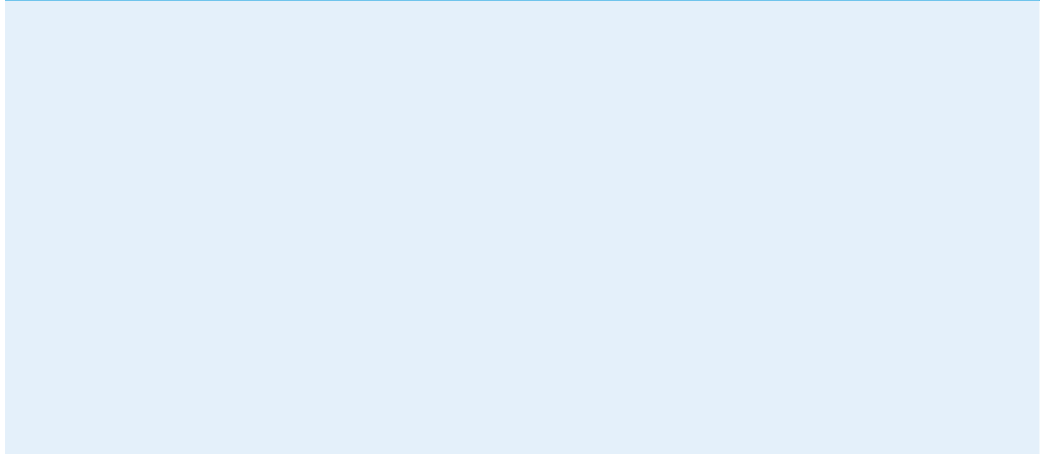
50%

of those with a shared vision of retirement say their relationship with their spouse/partner has improved, compared to only 35 percent of those with a different vision of retirement.

“I have come to realize how essential social relationships are, and how important it is to pursue and develop relationships with people.”

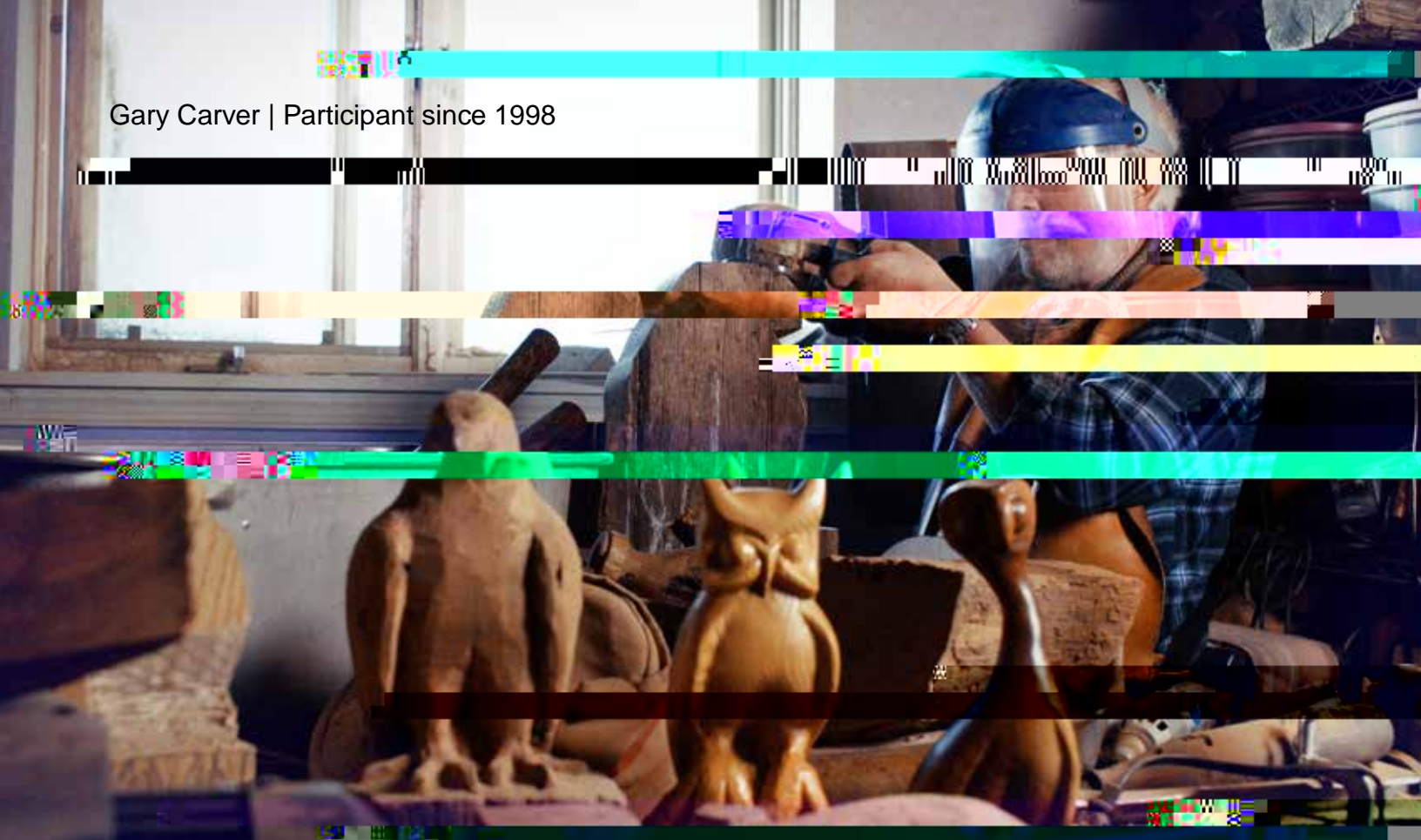
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Exhibit 25: Healthy steps





Gary Carver | Participant since 1998

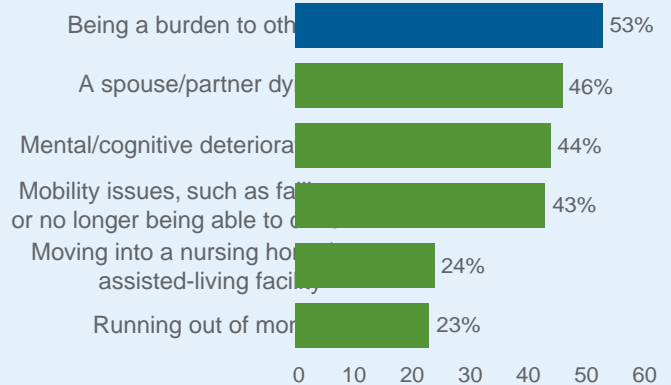


### Retirees' fears

Although the overall findings of the Voices of Experience survey paint a very positive picture of life in retirement, respondents do have some concerns around aging. These concerns seem to indicate that respondents have planned for what they can—for example, fewer than one-quarter are concerned about running out of money. But they do worry about ways that they might experience loss: of a spouse/partner, of their own cognitive ability, or of their mobility.

While women and men are equally concerned about being a burden to others, women are twice as likely to say that their biggest concern in retirement is running out of money (29 percent vs. 15 percent) and they are more concerned about being lonely (19 percent vs. 11 percent).

Exhibit 26: Causes for concern



Q: In general, how easy or difficult did you find the transition to retirement?





“I was excited for retirement.  
Twelve years later, I am  
still excited, feel healthy,  
and have big plans!”

— Retired TIAA participant



“There is nothing like  
feeling financially secure  
to enjoy retirement.”

— Retired TIAA participant

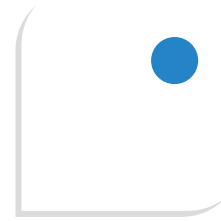
# Conclusions

The 2016 Voices of Experience study offers a compelling look at the experiences and attitudes of nonpro t retirees today and how they have evolved over the past 30 years—a period of unprecedented societal change. The research shows that many retirees continue to approach retirement with excitement and optimism—and go on to enjoy fulfilling and financially secure lives in retirement.

The survey also underscores the critical importance of financial planning for retirement. With many people retiring earlier than they had originally expected, retirees will need to plan for a comfortable life that will last 20 or 30 years—or even more—after leaving the workforce. They will need to incorporate steady income streams, such as annuities, into their retirement planning.

These lessons can help future retirees aim for a retirement as satisfying as those enjoyed by our survey respondents. To plan for a successful retirement, individuals can seek out reliable financial advice and information, and make a point to begin planning for retirement early in life, preferably before age 30.

And while it's up to individuals to take the right steps to plan for retirement, they need the help of their employers to guide them with the right advice, guidance, education and investment options. Individuals need a trusted retirement partner that has a proven track record. Overall, only a collective effort will bring people the retirement outcomes they need and deserve.



“I now live a more deliberate, thoughtful life. I can begin to relax a bit now, and my physical, mental, and emotional health are much better. I am finally me.”

— Retired TIAA participant

#### About TIAA

TIAA (TIAA.org) is a unique financial partner. With an award-winning track record for consistent investment performance, TIAA is the leading provider of financial services in the academic, research, medical, cultural and government fields. TIAA has \$854 billion in assets under management (as of 12/31/2015) and offers a wide range of financial solutions, including investing, banking, advice and guidance, and retirement services.





This document contains edited excerpts from a survey and interviews that describes the circumstances, opinions, and experiences of specific retired participants from one or more of the companies in the TIAA organization ("TIAA"). The circumstances, opinions, and experiences depicted may not be representative of the circumstances, opinions, and experiences of other TIAA customers and are not indicative of future performance or success. Individual results and experiences will vary.

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