

# New age for old age, survey finds

**Goal line keeps getting moved back; 'how much you can do'**

By Emily Yang

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Age 71 is the new 60.



According to a survey of over 7,000 adults in 19 countries by Euro RSCG Worldwide, respondents have new thoughts about growing old. In fact, many said middle age doesn't start until 48, while old age doesn't start until 71.

It takes people even longer to feel old. About 60% of respondents say they feel younger than their age, and more than half are confident that they look younger. Almost 7% of the world's population is 65 or older and has an average life expectancy of 67 — or 27 years older than the life expectancy a century ago. As a result, people are adjusting their lifestyles by staying in school longer, as well as marrying and having children later.

Marianne Hurstel, global chief strategy officer of Euro RSCG, said the idea of lifelong independence and mobility are affecting the way people want to age. “Now we must age in such a way that we retain our ability to do things, to contribute and be productive, and to remain a vital part of what's happening around us,” she said.

In fact, respondents are mostly concerned about their loss of independence, mobility and financial security. Two-thirds are worried about diminished physical capacity as they grow older, while almost as many worry about losing their cognitive skills. Additionally, more than 60% are worried about running out of money before they die, feeling like they are left to fend for themselves. And in a world where anti-aging products are common, respondents are surprisingly not worried about looking physically unattractive. More than 5,000 people surveyed thought society is too youth-obsessed, while less than 1,500 are reasonably worried about losing their looks. Moreover, only one-fifth of respondents would consider surgical enhancements to look younger.

The surveyed adults, however, do not want to live for a long term if their health is poor. About four in 10 people said they would prefer not to live in their late 90s and would rather die younger if it meant they were less frail and more independent. In a hypothetical scenario, 40% of those surveyed would go as far as to

consider physician-assisted suicide if their physical health has sufficiently deteriorated. The same amount of respondents believe that medical advances that may extend people's lifespan eventually will damage society and the planet.

Tom Morton, chief strategy officer of Euro RSCG New York and co-chief strategy officer of Euro RSCG North America, said the survey shows a new acceptance of the aging process with the new generation of elderly planning to be active members of society as they age.

"It's no longer so much about how you look but how you feel and how much you can do," Mr. Morton said. "They fully intend to remain vital and active, and when that's no longer possible, they'd prefer a quick exit to a prolonged, unsatisfying existence."

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## **Clients short on understanding of longevity risk**

### **Average life expectancy merely an average, not a timetable**

By Mary Beth Franklin

July 31, 2012 12:33 pm ET

Despite increasing life expectancy in the U.S., more than half of retirees and pre-retirees underestimate how long they may live, according to a new survey from the Society of Actuaries (SOA). A separate report released by the Insured Retirement Institute (IRI) on Tuesday noted that women are particularly at risk for outliving their savings. The implications for adequate retirement planning — and financial advisers — are enormous.

"There is a general misunderstanding of what 'average life expectancy' means," said Cindy Levering, an actuary and retirement expert. "When people are told they will live to an age such as 80 or 85, they don't realize that this means there is a 50 percent chance that they could live past that age." Commenting on the results of the SOA's telephone survey of 1,600 adults between the ages of 45 and 80, Levering noted that "underestimation of life expectancy, combined with having too short of a planning horizon, can result in inadequate funds for retirement needs."

In the past 50 years, life expectancy for newborn American men improved by an average of almost two years each decade, from 66.6 years in 1960 to 75.7 years by 2010. For women, the average increase was about 1.5 years per decade, from 73.1 years in 1960 to 80.8 years by 2010. Men have a 40 percent chance--and women have more than a 50 percent chance--of living to age 85, assuming they reach age 65 and are in average health.

"Underestimation of life expectancy increases the chances that retirees and pre-retirees will exhaust all resources other than Social Security," Levering said. "While purchasing life annuities is not an absolute guarantee, it is one strategy to reduce the risk of outliving financial resources."

## **Women at greater risk**

A separate study released by the IRI on Tuesday showed that women face unique retirement income challenges due to their longer life expectancies, lower lifetime incomes and higher health care costs in retirement, including long-term care expenses.

Many women also leave the workforce, at least temporarily, to care for children or elderly family members, reducing their opportunity to save for retirement. In 2011, the average defined contribution account balance for a woman was just \$59,104 compared with \$94,063 for a man, according to Vanguard's annual report *How America Saves 2012*

Outliving their assets is one of the top three concerns for women in retirement, along with market volatility and health care costs, according to recent IRI research. When asked what is the one most important trait of a retirement investment product, 18% of women in the telephone survey of recent retirees conducted in March 2012 said monthly guaranteed income and 17% said one recommended by their financial adviser.

Yet more than half of the women in the IRI survey said they have not consulted a financial adviser. It seems like an enormous opportunity for advisers to educate current and prospective female clients on retirement income strategies and solution.