7 Life Priorities in Retirement

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Bank of America Merrill Lynch

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The 7 Life Priorities

- Family
- Giving
- Health
- Finances
- Leisure
- Work
- Home
Health #1 Ingredient to a Happy Retirement

Percent of retirees who say the most important ingredients for a happy retirement are...

- Having good health: 81%
- Being financially secure: 58%
- Having loving family and friends: 36%
- Having purpose: 20%
- Continually trying new things: 5%

Base: Retirees, age 50+

Alzheimer’s: The Most Worrisome Disease of Later Life


Percent with chronic conditions, by age

- 18-44: 27%
- 45-64: 63%
- 65+: 86%

Percent who say the scariest disabling condition of later life is...

- Alzheimer's disease/dementia: 53%
- Cancer: 26%
- Stroke: 10%
- Heart disease: 6%
- Diabetes: 3%
- Arthritis: 2%

Base: Total population
Retirees on the Move

Percent of retirees who have moved or anticipate moving in retirement

- Do not anticipate moving in retirement: 36%
- Have moved in retirement: 37%
- Have not yet moved, but anticipate moving: 27%

Reasons for moving in retirement

- Wanting to be closer to family: 29%
- Wanting to reduce home expenses: 26%
- Change in health status: 17%
- Change in marital status: 12%
- Empty nesting/Children moving out: 7%
- Wanting the cash from the sale of prior home: 7%

Base: Age 50+ retirees

My Own Home: The #1 Choice for Long-Term Care

Retirees’ top preference for receiving long-term care

- Own Home: 85%
- Assisted Living Facility: 10%
- Family Member’s Home: 4%
- Nursing Home: 1%

Base: Age 50+ retirees

Care Giving & Receiving

Percent who *believe* they will need long-term care

Vs.

Percent who *will* need long-term care

**Home: The #1 choice for long-term care**

85% of older adults say they would prefer to receive care in their own home, if needed.

Just 4% say their first choice would be to receive care in a family member’s home—a choice as unpopular as moving to a nursing home.

Planning for long-term care

Only 9% of adults age 50+ would be prepared if a loved one needed extended long-term care, and the same number have budged or prepared for an aging parent or relative, according to our study.

**Percent who believe they will need long-term care**

37%

**Percent who will need long-term care**

70%

Base: age 50+

*Source: U.S. Department of Health and Human Services, 2013*
A New Era of Family Interdependencies

Percent who provided financial support to family members during the last 5 years

- Adult children (age 21+): 68%
- Grandchildren: 26%
- Parents/in-laws: 16%
- Siblings: 13%
- Other relatives: 14%

Financial support provided to family members during the last 5 years, by investable assets

- Average: $14,900
- <$250k: $9,200
- $250k-$500k: $19,100
- $500k-$5m: $34,100

Base: age 50+, with adult children/grandchildren/parents/in-laws/siblings/other relatives; bases vary

Are You the Family Bank?

Three out of five people (60%) age 50+ believe a member of their family is the “Family Bank,” meaning someone who their extended family is most likely to turn to for financial help.

Sacrificing for Family

Types of “retirement sacrifices” pre-retirees would make to financially support family members

- Retire later/work longer: 60%
- Return to work after retirement: 40%
- Have a less comfortable lifestyle in retirement: 36%
- Feel less financially secure: 20%

Base: age 50+ pre-retirees willing to alter retirement plans to support family. 50% of these pre-retirees make “retirement sacrifices” to financially help family members.

Sacrificing Retirement for Family

Half of pre-retirees age 50+ say they would make major sacrifices that could impact their retirement to help family members.

Most retirees want to vs. need to work

*Percent of retirees who agree...*

- **I work in retirement because I want to**: 80%
- **I work in retirement because I need to**: 20%

“Not working, that was for my parents’ generation. I can’t imagine not doing anything for 30 years. Nor could I afford to.”

– Focus Group Participant

Base: Working retirees age 50+
Source: U.S. Department of Health and Human Services, 2013

Source: Work in Retirement: Myths and Motivations, 2015
Career change drivers

Reasons working retirees pursued a different line of work

- To have a more flexible schedule: 51%
- To have more fun/less stress: 43%
- To experience and learn new things: 39%
- To pursue a passion or interest: 33%
- To better use my skills: 16%
- To make more money: 14%

The Retirement Giving Potential

Median net worth, by age of household

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Median Net Worth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 35</td>
<td>$10,400</td>
</tr>
<tr>
<td>35-44</td>
<td>$46,700</td>
</tr>
<tr>
<td>45-54</td>
<td>$105,300</td>
</tr>
<tr>
<td>55-64</td>
<td>$165,900</td>
</tr>
<tr>
<td>65+</td>
<td>$216,100</td>
</tr>
</tbody>
</table>

Source: Federal Reserve, Changes in U.S. Family Finances from 2010 to 2013: Evidence from the Survey of Consumer Finances, 2014

Discretionary time, by age group

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Hours Per Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 25</td>
<td>51</td>
</tr>
<tr>
<td>25-34</td>
<td>44</td>
</tr>
<tr>
<td>35-44</td>
<td>46</td>
</tr>
<tr>
<td>45-54</td>
<td>52</td>
</tr>
<tr>
<td>55-64</td>
<td>58</td>
</tr>
<tr>
<td>65+</td>
<td>73</td>
</tr>
</tbody>
</table>

Source: BLS Time Use Survey; discretionary time defined as time not spent for work, educational activities, sleeping, personal care, and caring for others
How Boomers Give Differently

According to boomers, which generation is more likely to...

<table>
<thead>
<tr>
<th>Activity</th>
<th>Boomer Generation</th>
<th>Boomer Parents Generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seeking to understand how a charity uses its money before donating</td>
<td>49%</td>
<td>9%</td>
</tr>
<tr>
<td>Prefer to challenge themselves to use skills and experience when volunteering</td>
<td>41%</td>
<td>16%</td>
</tr>
<tr>
<td>Want to understand impact of donations</td>
<td>40%</td>
<td>11%</td>
</tr>
<tr>
<td>Prefer to give to larger charities</td>
<td>39%</td>
<td>23%</td>
</tr>
<tr>
<td>Believe charities spend donations in the best way</td>
<td>44%</td>
<td>19%</td>
</tr>
<tr>
<td>Feels it is their duty to give</td>
<td>35%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Source: Giving in Retirement: America’s Longevity Bonus, 2015
Giving Connections

85% of retiree volunteers say they have developed important new friendships through their giving and volunteering activities.

Percent of pre-retirees who say what they will miss most in retirement vs. percent of retirees who say what they do miss most in retirement:

- Reliable income: Pre-Retirees - 29%, Retirees - 38%
- Social connections: Pre-Retirees - 17%, Retirees - 34%
- Having purpose and work goals: Pre-Retirees - 16%, Retirees - 19%
- Employer health insurance: Pre-Retirees - 12%, Retirees - 16%
- Mental stimulation: Pre-Retirees - 12%, Retirees - 12%

Source: Merrill Lynch/Age Wave "Americans’ Perspectives on New Retirement Realities and the Longevity Bonus” Survey 2013, among retirees and pre-retirees
### Critical Conversations, Not Happening

<table>
<thead>
<tr>
<th>Topic</th>
<th>Have discussed</th>
<th>Have not discussed</th>
</tr>
</thead>
<tbody>
<tr>
<td>How to identify and select the best doctors and health care providers</td>
<td>32%</td>
<td>68%</td>
</tr>
<tr>
<td>How much should be saved to pay for health care throughout retirement</td>
<td>29%</td>
<td>71%</td>
</tr>
<tr>
<td>Preferences about how to receive long-term care, if needed</td>
<td>29%</td>
<td>71%</td>
</tr>
<tr>
<td>How to pay for any long-term care that may be needed</td>
<td>28%</td>
<td>72%</td>
</tr>
<tr>
<td>Choices regarding Medicare and supplemental plans</td>
<td>25%</td>
<td>75%</td>
</tr>
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Base: Married pre-retirees, age 50+

www.ml.com/retirementstudy