REPORT

Early Boomers

THE METLIFE REPORT ON

early boomers

HOW AMERICA'S LEADING EDGE BABY BOOMERS WILL TRANSFORM AGING, WORK & RETIREMENT

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In collaboration with
Peter Francese
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Executive Summary

It's been said many times: Baby Boomers are unique. Those born from 1946 to 1964 were not only larger than any previous age cohort, but almost from birth they have acted differently and in many ways re-defined every life stage they have passed through.

Today, in 2010, the leading edge of this generation, known as Early Boomers or as Leading Edge Boomers — those born 1946 thru 1955 — are in their late fifties and early sixties (ages 55 to 64). During the next decade they will not just become the age cohort 65 to 74 years old, they will transform it.

Early Boomers are very different from their predecessors in the 55 to 64 age group in several important ways. Many more of them are college graduates, for example, and a higher percentage of Early Boomer men and women are in the workforce full-time, thus earning significantly higher wages than in the past.

These and other differences will have a profound effect on what Early Boomers will do in the near future regarding retirement. There is not much doubt that Early Boomers will redefine the transition from work to retirement. And they are already reinventing what it means to be a grandparent.

This report previews the 2010 Census by using federal survey data to document the unique demography of Early Boomers. Based on the survey data studied so far, we can say with some certainty that Early Boomers are quite likely to change both our perception and the reality of becoming "elderly."

In the past, for example, we could expect that about three-quarters of men and women would be fully retired within four to five years from their 65th birthday. But by the time the first Early Boomers approach age 70, we may see less than half of those ages 65 to 69 have retired.

Among the reasons: many of the institutional and personal issues that discouraged people from working after age 65 are falling away. On a personal level, many more older people are healthier than in the past so they are able to work. Many Early Boomers will keep working beyond age 65 in part because there are white-collar jobs for them, in part because many of them have financial obligations, and in part because many are concerned about outliving their retirement assets.

The three major sections of this report document the demographic differences between Early Boomer men and women and their predecessors in the 55 to 64 age cohort. By examining their larger numbers, higher educational attainment, unique household relationships, and their attachment to the workforce we will examine how their different demographic characteristics might affect their work life as well as their propensity to retire either fully or part-time over the next decade.

Key Findings

Part 1: Size and Educational Attainment

- Early Boomers, now numbering 36 million, have swelled the 55 to 64 age cohort more in the past decade than in the previous 30 years and made that cohort the largest it has ever been.

- Over the next 10 years aging Early Boomers will result in a 50% rise in the number of people 65 to 74 years old, a growth rate for that cohort not seen in 50 years.

- Early Boomer men, ages 60 to 64, have the highest level of educational attainment (37% college graduates) of any age group of men, which means they are more likely to work after age 65.

Part 2: Family Relationships

- There are 1.3 million more Early Boomer women than men. We project that by 2020 there will be 2 million more Early Boomer women than men. By then at least one-third of households age 65 to 74 will be headed by women.

- The Census Bureau reported that in 2009 one in four Early Boomer families had one or more of their children living with them, and that most of those children were adults.

- We estimate that at least two-thirds of Early Boomers are grandparents and the Census Bureau reports a rising number are responsible for their grandchildren.

Part 3: Workforce Participation

- The labor force participation rate of Early Boomer men and women is at a 15-year high and trends suggest that it will rise even higher in the future.

- Among working Early Boomers three-quarters of women and three-fifths of men had white-collar jobs that paid more than other jobs and were less physically demanding. That will certainly facilitate more of them staying in the workforce over the next decade.

- Many surveys of Baby Boomers have found a general acceptance of the advisability to stay in the workforce beyond age 65. What is almost certain to change, however, is the gender composition of the age 65+ workforce.

To quantify both the size and unique demographics of the Early Boomers and compare them to other segments, two sources were used: The Census Bureau and the Bureau of Labor Statistics. These sources were chosen because they conduct very large nationwide surveys annually and thus have extensive time series data.

Introduction

With regard to work patterns and lifestyles after age 65, Early Boomers are quite likely to become the trendsetters for the age groups that come after them. So we have found a great deal of interest in how these Boomers manage the next phase of their lives.

The unique characteristics of Early Boomers virtually guarantees that they will transform the life-stage transition from work to retirement in many ways that can only be imagined today. The history of Baby Boomers moving from one age group to the next suggests that they will have a huge impact on our concept of old age.

There is no doubt, however, that Early Boomer retirement plans will also be affected by the economic downturn that began in 2008 and in several ways is still with us. The loss of so many jobs, along with the decline in investment values and returns, combined with sharp losses of home equity hit virtually every retirement plan. This recession's multiple financial impacts have not been seen in any Baby Boomer's lifetime.

The depth and breadth of this recession means that in addition to the negative financial consequences, there will surely be a psychological legacy as well. That suggests that Early Boomers, and probably many others, will become more risk averse. If fear of future adversity becomes more widespread perhaps even fewer Early Boomers will be willing to give up the income stream that comes from work.

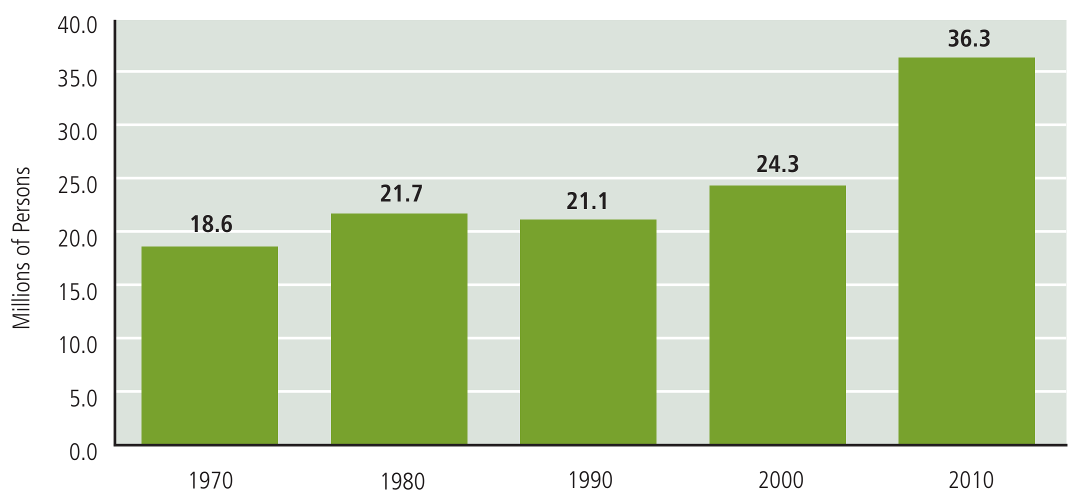
As important as economic cycles are, it is the more enduring demographic characteristics such as education, family relationships, and workforce participation that will play the largest role in determining how Early Boomers will transform the post-65 age cohorts.

Part 1: How Early Boomers Stand Apart

Larger Age Cohort

The 2010 Census will probably count over 36 million people ages 55 to 64, almost 50% more than were counted in the 2000 Census. No other age group will have risen so rapidly during the past 10 years and the remarkably high rate is in sharp contrast to that cohort's modest growth over the previous four decades.

Figure 1-A: Ages 55–64 Growth Trend 1970–2010

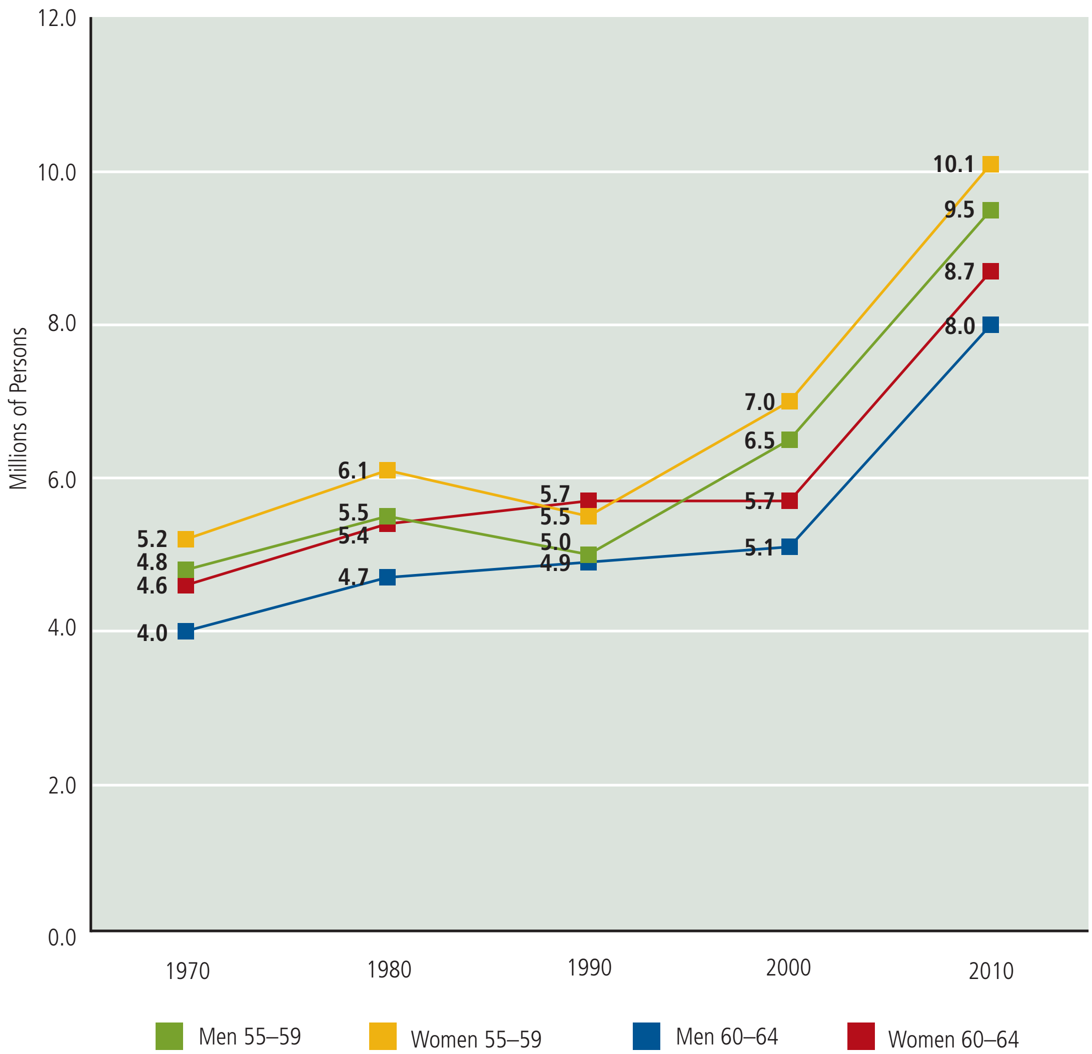


Source: Census Bureau Decennial Census Data and 2010 Projection

Figure 1-A illustrates that twice as many people came into this age range over the past 10 years than in the previous three decades combined. Never before has our nation had so many people on the edge of the important life-stage transition from work to retirement.

Figure 1-B shows that while the recent high growth has occurred among both men and women and in both the 55 to 59 and 60 to 64 segments, the long-term trend of at least a million more women than men in this age cohort continues.

Figure 1-B: Americans Ages 55–64 by Gender 1970–2010



Source: Census Bureau Decennial Census Data and 2010 Projection

What this rapid growth since 2000 among 55- to 64-year-olds presages, of course, is almost equally rapid growth in the 65 to 74 age cohort over the next 10 years. The Census Bureau projects that from 2010 to 2020 the number of people that age will increase at least 50% — 10 times the Bureau's projected 5% increase in the adult population ages 18 to 64 in the same period.

But size is by no means the only difference between people who are now age 55 to 64 and previous occupants of that age cohort. On almost every societal measure, including, most significantly, educational attainment, Early Boomers stand apart.

Higher Educational Attainment

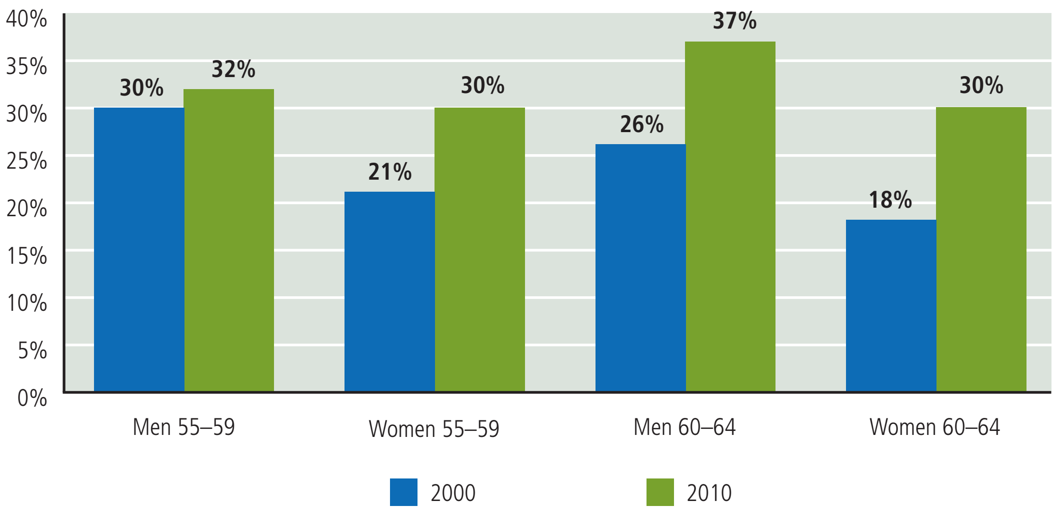
In just 10 years (2000 to 2010) the percent of men and women who by age 60 to 64 had attained a bachelor's or graduate degree jumped over 10 points to 37% for men and 30% for women. Figure 2 shows the change over that decade for men and women.

For women, this marked the continuation of a long-term trend of rising numbers of them going to college. A 2010 Census Bureau survey found, for example, a record high 38% of women ages 30 to 34 with a bachelor's or graduate degree.

But for men that 37% college graduation rate was a singular achievement. No age cohort of men younger than age 55 is even one-third college graduates, and only 30% of men ages 30 to 34 have a bachelor's or graduate degree.

One possible explanation for this unusually high college graduation rate among men ages 60 to 64 is that 40 years ago going to college and staying there was one way to avoid being drafted into the Armed Forces and potentially sent to Vietnam. Since the end of the military draft the college graduation rate of men under age 55 has fallen into a narrow range of 29% to 32%.

Figure 2: College Graduates 2000 & 2010 (bachelor's or graduate degree)



Source: Census Bureau March Current Population Survey for 2000 & 2010

Whatever the reason so many Early Boomer men obtained college degrees, the result was an increased ability to get a white-collar job and earn higher wages. If those who acquired a two-year associate's degree are included then 43% of men and 40% of women ages 55 to 64 have attained some type of a college degree.

This will likely make a big difference in how many Early Boomers decide to stay in the workforce after age 65, because having a college degree significantly increases workforce participation after age 65 when compared to those without such a degree.

The March 2010 Census Bureau survey found that almost half (48%) of men and one-third of women (33%) college graduates age 65 to 74 were in the paid labor force compared to only 30% of men and 22% of women without at least a four-year college degree. College graduate men and women were also more likely to work full-time.

Men age 65 to 74 who worked in 2009 earned an average of $65,300 with a bachelor's degree. That's 1.8 times the $35,400 for men with a high school diploma. That's close to the 1.9 to 1 ratio for women now 65 to 74 years old who worked full- or part-time: $41,700 for college graduates compared to $21,500 for women with a high school diploma.

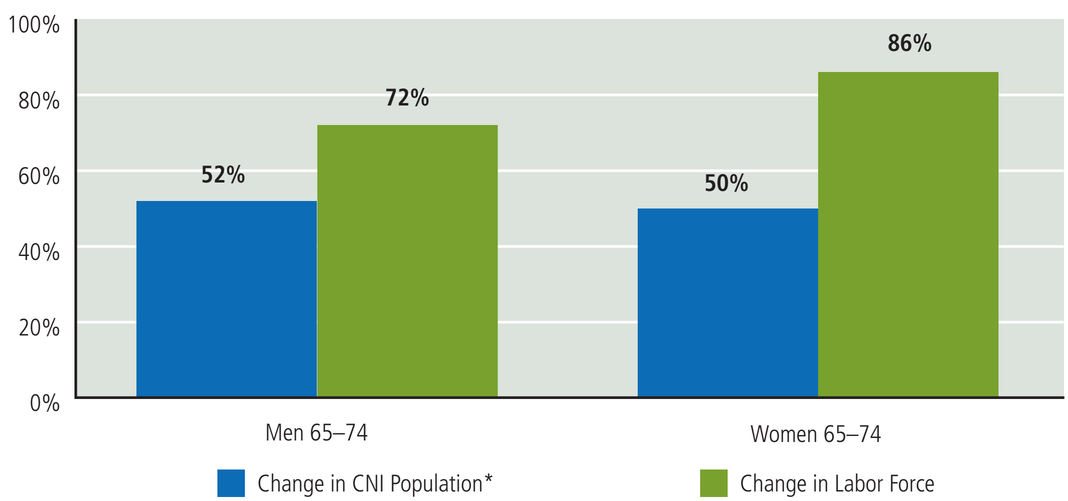
Other factors besides higher education are fostering more men and women to stay in the workforce beyond age 65. But it makes economic sense that individuals with such higher earnings potential would have much to gain by choosing work over retirement, even if only for an extra year or two. Many Early Boomers will continue to work out of financial necessity, no matter what their educational attainment level.

The most recent annual workforce data from the Bureau of Labor Statistics (BLS) shows that in 2009 about 70% of men and 60% of women ages 55 to 64 were in the workforce, compared to only 30% of men and 22% of women 65 to 74 years old.

As Early Boomers with more college experience age, we expect that over the next decade the number of college graduates 65 to 74 years old will rise more rapidly than the number without a college degree, thus increasing the possibility that more men and women in that age cohort will work full- or part-time rather than retire.

The Bureau of Labor Statistics labor force projections of those age 65 to 74 reflect this increased propensity for work. Figure 3 shows their projected work-force growth rates over the next decade to be considerably higher than even the historically very high population growth rates would suggest.

Figure 3: Population & Labor Force Change 2010–2020



Source: Bureau of Labor Statistics (BLS) Labor Force Projections

* CNI = Civilian Non-Institutionalized

The rates shown in Figure 3 are truly remarkable when compared to the BLS projected growth of only 5% in the age 18 to 64 civilian, non-institutionalized population and a mere 4% in the age 18 to 64 labor force from 2010 to 2020.

While increased education attainment, and the higher earnings that result, is a strong motivator for men and women to work beyond age 65, other factors are present which may also mean more Early Boomers working instead of retiring. Among those factors is increased longevity combined with the changing nature of work and family relationships.

But in addition to their unique demographic characteristics, one salient administrative factor is that the age of eligibility for Early Boomers for full Social Security benefits is 66 (66 years and two months for those born in 1955). Considering the potential lifetime penalty for retiring before that date, many, if not most, Early Boomers will probably decide to work at least until they celebrate their 66th birthday.

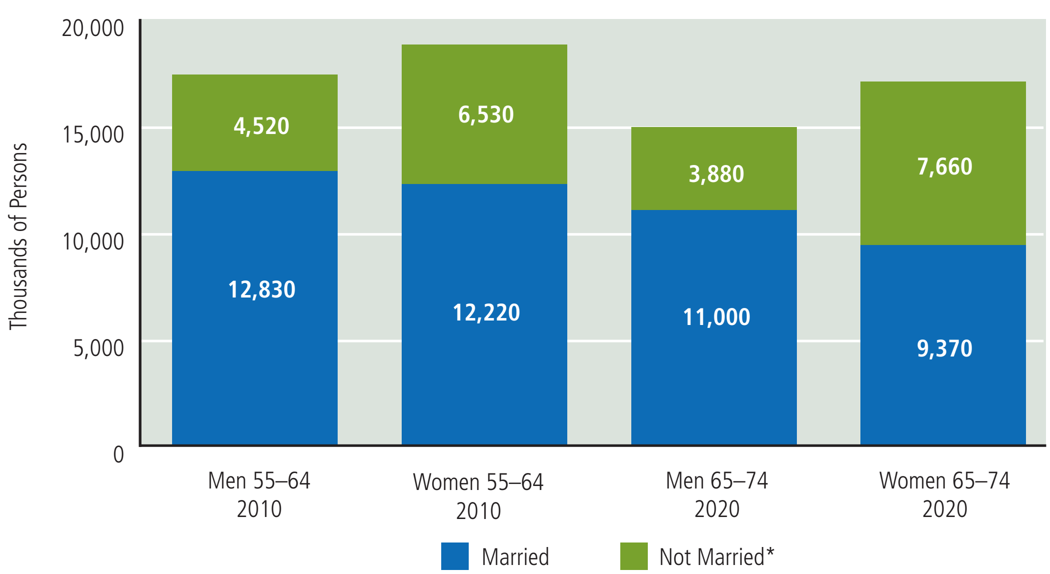
Part 2: New Family Relationships

Among U.S. adults under age 45, there are a few more men than women. But among Late Baby Boomers age 45 to 54 there are about 700,000 more women than men (about 3% more). However, according to the Census Bureau estimates, there are about 1.3 million more Early Boomer women than men (about 8% more).

As Early Boomers age, by 2020 there are projected to be over 2 million more Early Boomer women age 65 to 74 (about 14% more) than men. This rising gender imbalance is due, of course, to the fact that women have a longer life expectancy. According to the National Center for Health Statistics 2007 U.S. Life Tables, U.S. women ages 55 to 64 can expect to live an average of three to three-and-a-half years longer than men the same age.

This means that, as they age, more Early Boomer women can expect to be widowed, divorced, or separated. Figure 4 shows that while nearly two-thirds of Early Boomer women are now married, their numbers are expected to fall over the next decade. So, by 2020 we project that only 55% of Early Boomer women will be married.

Figure 4: Early Boomer Marital Status 2010 & 2020



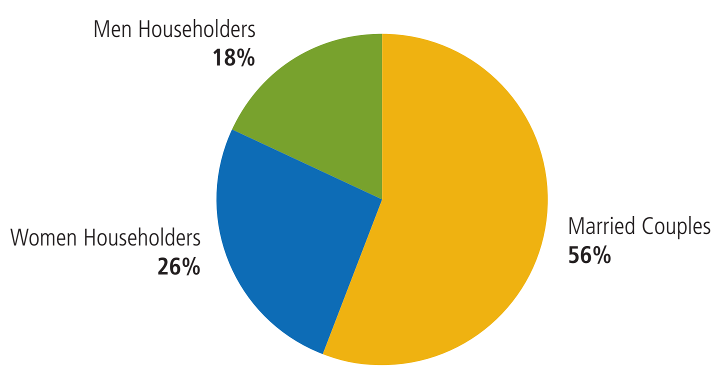
Source: Census Bureau & Author's Projections
*Not married = Widowed, Divorced, Separated & Never Married

The consequence of this difference in life expectancy and the resulting gender imbalance is that many more Early Boomer women will become householders* as they age. Most Early Boomer households are now married couples, as shown in Figure 5-A, but about one in four are headed by women, most of whom live alone.

As Early Boomers aged into the 55 to 64 cohort over the past 10 years, the percent of households that were married couples in that age group slipped 4 points from 60% to 56%, while the percent of households that were unmarried men rose from 14% to 18%. The percent that were unmarried women remained about the same at 26%.

Over the next decade we expect the percent of Early Boomer households that are headed by women to rise from 26%, currently, to one in three (33%). During that same decade we expect the percent of Early Boomer households that will be headed by men to drop from 18% to 15% (see Figure 5-B).

Figure 5-A: Householders Age 55–64 by Gender, 2010

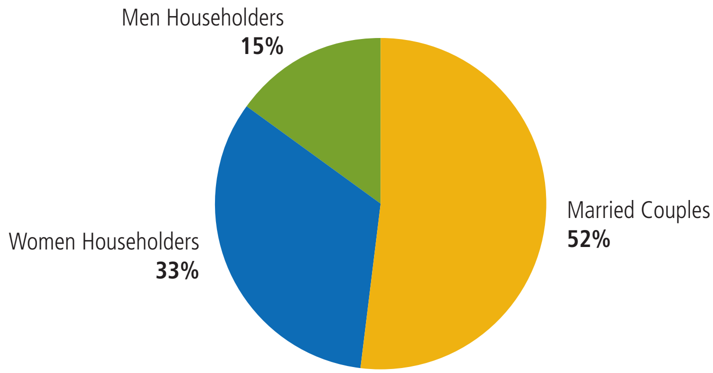


Source: Census Bureau March Population Survey 2010

Figure 5-B also shows that as they age more Early Boomer women are likely to become householders, but that a smaller percentage of households will be headed by men. Among age 65 to 74 householders one in four householders (24%) are women who live alone, while just 12% are men who live alone.

* Note: A household "head" or "householder" is generally defined as the adult in whose name their dwelling is owned or rented.

Figure 5-B: Householders Age 65–74 by Gender, 2010



Source: Census Bureau March Population Survey 2010

Behind these shifting household numbers are millions of Baby Boomer women who may be going through two major changes in their lives: loss of a spouse and possibly loss of a job due to retirement. Either change can have significant financial implications, sometimes positive and sometimes quite negative.

One relatively new aspect of Early Boomer life is that many more of them have an adult child or grandchild living with them. They may also have other children or grandchildren depending on them for financial assistance. In 2009 the Census Bureau reported that one in four Early Boomer families ages 55 to 64 had a child living with them, and that most of those children were adults.

It's probably not a coincidence that just as millions of Baby Boomers were becoming grandparents, the Census Bureau began estimating how many there were. In their 2001 and 2004 Survey of Income and Program Participation, the Bureau asked respondents if any of their biological children had children, which was the Bureau's way of finding out if any of the respondents were grandparents.

From those two Census Bureau surveys we can estimate that at least two in every three Early Boomers are grandparents. But among people who are now ages 65 to 74 nearly 80% are grandparents. So, over the next decade we expect the vast majority of Early Boomers will be grandparents, if they are not already.

The Census Bureau's periodic Survey of Income and Program Participation also reveals that Boomer grandparents, as well as other grandparents, have been providing substantial assistance to their grandchildren, particularly for ongoing educational expenses. The high rate of unemployment and under-employment among young families has meant increased reliance on assistance from grandparents for child-related expenses such as school tuition.

Providing something of such great value as education to one's grandchildren is a powerful motivator to continue working beyond age 65. It may not be the only reason, but when added to other reasons (such as shoring up a shaky retirement nest egg) it helps explain why so many Early Boomers may stay in the workforce.

One of the interesting aspects of the large number of Early Boomers having graduated from college is that they have first-hand knowledge of the financial benefits of a college degree. So it's easy to understand why they would work longer to provide the same benefits for their grandchildren.

One sign of the recognition that many grandparents are paying for their grandchildren's educational expenses is the increasing number of secondary schools that annually have a special day just to greet and thank the grandparents. In the past those same schools would have had only a parent's day.

Part 3: Rising Workforce Participation

It is possible, however unlikely, that Early Boomers might act like their predecessors. If so, then over the next 10 years about three in every four (74%) would fully retire, according to Bureau of Labor Statistics' estimates. And that alone would take about 8 million people out of the labor force between 2010 and 2020.

But almost no one, including forecasters at the Bureau of Labor Statistics, expects Early Boomers to retire at the same rate as their predecessors. This was described in some detail in a prescient article in their October 2006 *Monthly Labor Review* titled: "Trends in Labor Force Participation in the United States."

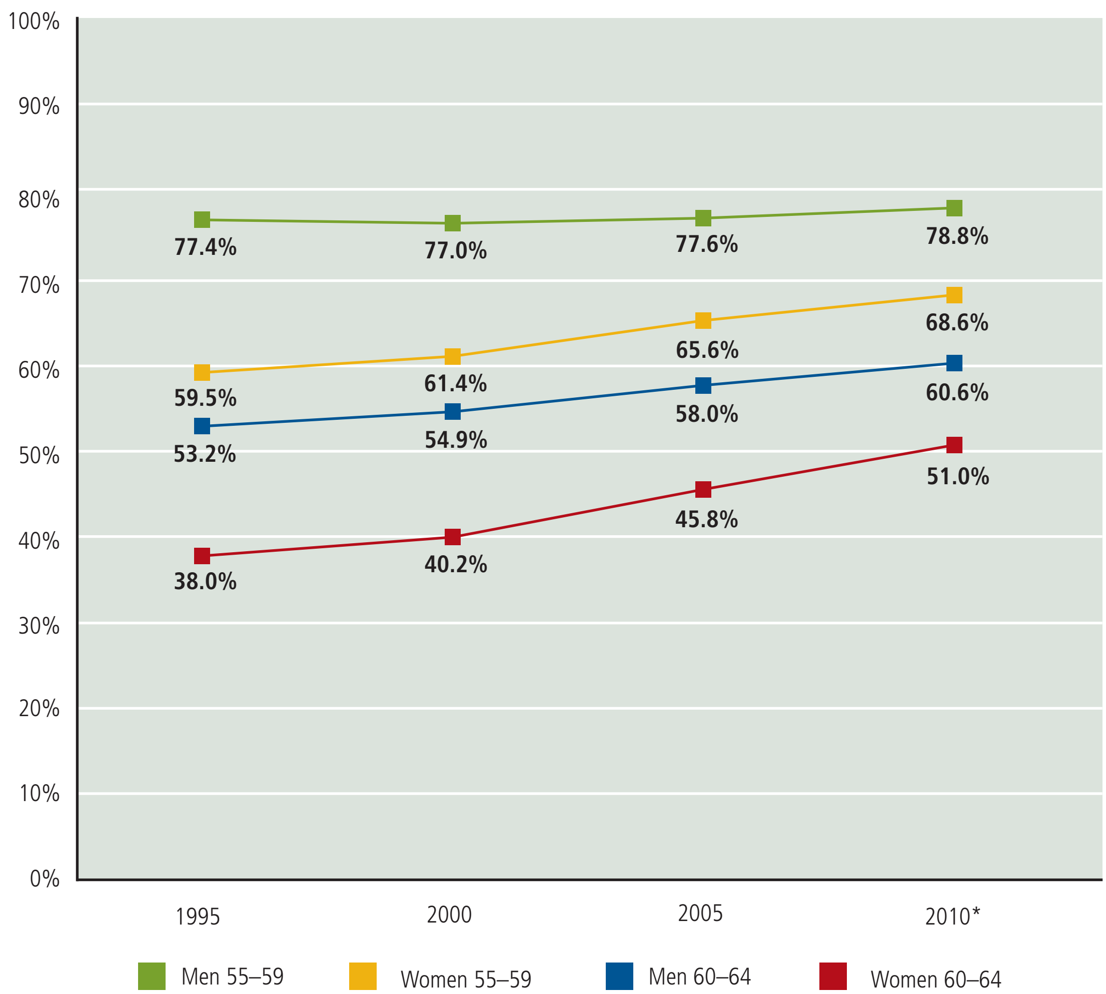
The increasing propensity of Early Boomers to stay in the workforce over the next decade has substantial economic, public policy, and financial services implications. This is the context in which any discussion of the future work life of Americans ages 55 to 64 becomes much more than just another story about aging Baby Boomers.

The earliest of the Early Boomers had their 50th birthday in late 1995, which coincidentally was the year that the labor force participation of older workers ages 55 or older began to rise, after falling for the previous 50 years. Since Early Boomers began aging into the 55 to 64 age cohort in 2000, the Bureau of Labor Statistics reports "the pace of the increase has accelerated."

Figure 6 shows the steady increase in labor force participation rates among men and women ages 55 to 64 since 1995 when those rates had reached their historic lows. One noteworthy and important aspect of this trend is how much faster the participation rate increased for women as compared to men.

Women ages 55 to 59 added 9 percentage points to their participation rate from 1995 to 2010, while men the same age added only 1.4 points. The rate for women in their early sixties jumped 13 points, almost twice the 7.4 point increase for men in the same age bracket.

Figure 6: Early Boomer Labor Force Participation Rates 1995–2010



Source: Bureau of Labor Statistics

* Note: The data for 2010 is the average for the first six months of that year.

A rising percentage of Early Boomer women are in the workforce in part because there are now more office-based white-collar jobs in service industries than blue-collar jobs in goods-producing industries that in the past had been taken by men.

The Census Bureau's March 2010 survey found that the percent of working men ages 55 to 59 who were blue-collar workers rose from 28% in 1995 to 35% in 2010, but were unchanged for men ages 60 to 64 (see Table 1). That survey also found that among men ages 65 to 74, only one in four workers were employed in blue-collar occupations.

The percentage of women ages 55 to 64 working in both blue-collar and service occupations has declined since 1995. Three in four working women age 55 to 64 now work in white-collar jobs compared to less than 60% of men.

Table 1: Working Men & Women 55–64 by Major Occupational Category

2010

	MEN 55–59	MEN 60–64	WOMEN 55–59	WOMEN 60–64
White-collar worker	54%	60%	76%	75%
Service worker	11%	11%	17%	19%
Blue-collar worker	35%	30%	7%	6%

1995

	MEN 55–59	MEN 60–64	WOMEN 55–59	WOMEN 60–64
White-collar worker	63%	60%	69%	72%
Service worker	9%	11%	21%	18%
Blue-collar worker	28%	29%	10%	10%

Source: Census Bureau March Current Population Survey for 2010 & 1995

That same March 2010 Census Bureau survey also revealed that 73% of all aggregate income received by Early Boomer men and women was from wages and salaries. That's down from 80% in 1995, primarily because a higher percentage of age 55 to 64 wage and salary workers are women and they earn on average only 61% of what men earn.

Women now represent half of all Early Boomer wage and salary workers, up from 46% in 1995. But their median earnings were just $31,100 in 2009, which is 64% of the $48,500 median earnings for men ages 55 to 64 years old. Women worker's wages are catching up, however. Back in 1995, the median earnings of women workers ages 55 to 64 were just 53% of men's earnings.

Many surveys of Baby Boomers have found a general acceptance of the advisability to stay in the workforce beyond age 65. What is almost certain to change, however, is the gender of the age 65+ workforce. The March 2010 Census Bureau survey found that women age 65 to 74 made up nearly half (47%) of the wage and salary workers in that age cohort.

Although women were a majority (54%) of people ages 65 to 74 in early 2010, they were only 45% of workers that age. In that age cohort only 35% of men and 25% of women reported that they worked in 2009. But as Early Boomers age into that cohort those percentages are sure to rise, possibly to 50% or higher.

There are several reasons why Early Boomer women are more likely to work longer after age 65 than men. One reason is that more of them are in office-based white-collar jobs, which are not as physically demanding as non-office jobs. But another reason is that, in addition to living longer than men their age, at least 40% of women ages 65 to 74 will become head of a household and thus responsible for all the expenses that entails.

Early Boomer women are also likely to work longer than men because in most cases their lifetime earnings were one-third lower than Early Boomer men, which will reduce the size of her Social Security checks. On average, after deductions for Medicare, her check will most likely be less than $1,000 a month, hardly enough to support a household, particularly if it includes grandchildren.

Early Boomer men, despite being the minority gender, are still likely to end up in 2020 being about 45% of the age cohort 65 to 74 years old. The median income in 2009 of male workers that age was about $51,000 a year, more than one in four earned over $75,000 a year and one in five earned over $100,000 a year. That could mean a monthly Social Security check of $2,000 a month or more at full benefits.

But men with such higher earning capacity are now mostly working in professional or managerial occupations, and those jobs frequently provide considerable non-monetary compensation in addition to a large paycheck. As they age beyond 65, many Early Boomer men may decide to keep working, not because they need the money, but because they want to remain productive and engaged, and like the identity that comes with a job.

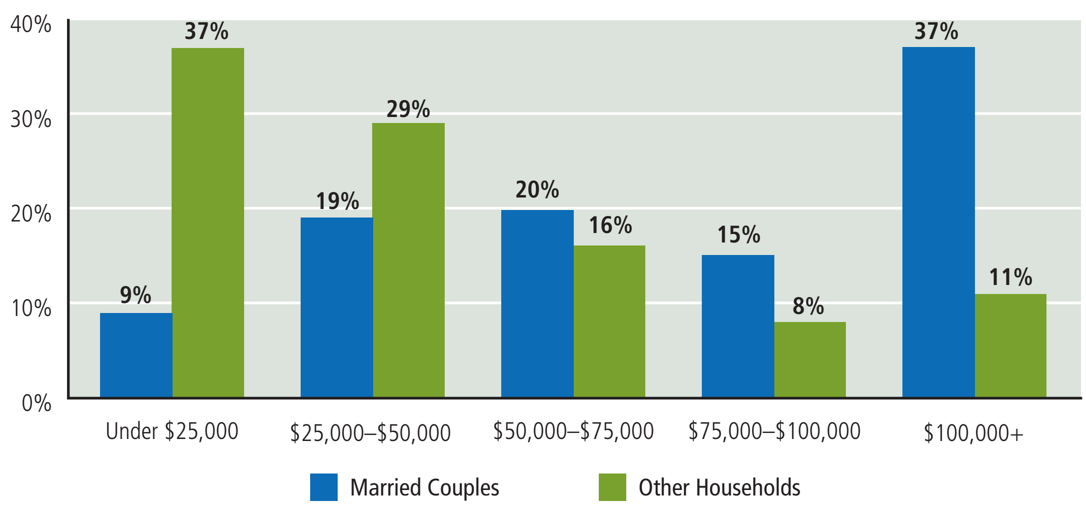
That may explain why in response to a question about retirement plans in a 2006 survey by the National Association of Realtors (*Baby Boomers and Real Estate: Today and Tomorrow*, 2006), one in five male respondents said they planned to either work full-time or start a new business enterprise. No one should be surprised when large numbers of college-educated Early Boomer men decide that they prefer working at their chosen profession over retirement.

Early Boomer Households

Most of the 20 million Early Boomer households (56%) are married couples. Their median income is about $79,000, but their average income is $100,000 a year, according to March 2010 Census Bureau survey data. The other 44% of Early Boomer households are people who live alone (29%) plus other types of families and non-families (15%).

The Early Boomer households that are not married couples are smaller and have fewer earners. As a result their average household income is only about $49,000 a year. Three-fifths of such households (60%) are headed by women, most of whom live alone.

Figure 7: Early Boomer Household Income: Married Couples & Other Households



Source: Census Bureau March Population Survey 2010

Figure 7 shows the very different income distribution between married couple households and other types of households. As households age, however, the fraction that are married couples declines, almost entirely due to death of a spouse. Married couple households edge down from 56% at age 55 to 64 to 52% at age 65 to 74, but then drop to 33% at age 75 or older. Figure 7 may therefore be seen as a graphical reminder of the importance of long-term financial planning, especially considering the needs of a female householder.

Convergence: A Summary

Major social change often occurs when multiple demographic, economic, and other trends converge. This is certainly the case with regard to Early Baby Boomers now on the edge of a major life stage transition.

The demographic trends are threefold. First, the Baby Boom will be responsible for high age 65 to 74 growth rates not seen in half a century. Second, a record high percentage of Early Boomer men are college graduates, which significantly increases their earning potential and propensity to work. Third, is rapidly rising labor force participation among Early Boomer women combined with more of them becoming a head of household, some with dependent grandchildren.

The economic and other trends include the rapid decline of defined benefit pensions, the increase in the age at which one may receive full Social Security benefits, combined with extremely low interest rates. Those low rates have contributed to the diminished returns the average American can expect from their personal savings.

The severe recession over the past several years created extraordinarily high unemployment, mostly among younger workers, combined with record numbers of home foreclosures. This had the unforeseen consequence of increasing financial pressure on Early Baby Boomers, many of whom were asked to support (and often house) their adult children and grandchildren.

The rapid decline in home values that occurred during this recession has also eliminated or at least severely reduced the home equity that some Early Boomers were depending on to augment the reduction in their retirement assets. But even if some equity remains, the expected returns will likely be much lower than in the past.

Perhaps one consequence of this multifaceted situation is that more Americans will come to appreciate the importance of financial planning along with personal risk management. Maintaining a prudent debt to equity ratio is vital to any business operation. Maybe that will now become an equally important part of personal finance.

Implications

The late 20th Century pattern of working until about age 65 and then spending one's remaining years in the leisure pursuits is very likely over. It's been forecasted for many years that if the huge Baby Boom generation retired like their predecessor generations there would not be enough workers to support that large a number of retirees. In light of new data about Early Boomers' plans, perhaps that dire forecast needs to be revised.

Early Boomers are going to be the first cohort of older Americans to find that most of them can't retire at 65 or even 66 when full Social Security benefits apply. Many will keep working for compelling personal financial reasons and some for more altruistic reasons such as supporting their adult children or grandchildren. Others will want to continue in the workforce simply for the intrinsic value and satisfaction of their work. Similarly, the satisfaction of working for a worthy goal, such as educating their grandchildren, may bring a new sense of purpose to many Early Boomers. That may have the secondary effect of keeping them healthier and adding years to their lives. But the net effect of those additional workers and their consequent additional spending will surely be a benefit to society in terms of boosting future economic growth.

On a personal level, however, there may be some unanticipated consequences. Some individuals who have been forced by their personal financial situation to continue working past age 65 or 66 may become resentful and wish to blame "government" for the disappearance of their home equity and drop in their investments value. The addition of so many older Americans to the workforce may also have the unintended consequence of resentment among younger people who are unemployed. At a time when jobs are hard to come by one can imagine a 40- or 50-year-old worker who has been unemployed for some time complaining bitterly that instead of retiring those older people are taking a job that could be theirs.

Employers may see some benefit in employing experienced workers who are eligible for Medicare, thus less likely to need employer-sponsered health insurance than younger workers. But on the other hand those same employers may find it necessary to make some perhaps costly workplace accommodations for workers that may be less mobile or not so tech savvy.

We cannot predict the future with any great degree of certainty. But the nation is slowly recovering from an extremely deep recession while at the same time it is in the midst of long-term industrial transformation. Millions of jobs in previously robust industries such as manufacturing, construction, and real estate have been eliminated and are not likely to return anytime soon.

The new jobs that are being created often require new skill sets and frequently do not pay as well and offer much less in the way of job security. The Internal Revenue Service is forecasting a 12% decline from 2009 to 2012 in the number of W-2 forms filed.*

Over the next decades we can expect that millions more Americans will be working as independent contractors or working for cash, in either case without any of the benefits such as health or unemployment insurance. Such workers must also create their own system of regular contributions to a retirement plan, something a former employer may have done for them.

As a result, some firms in the financial services industry will have both an opportunity and a major task over the next 5 to 10 years. This combination of opportunity and challenge is to help Early Boomers in some meaningful way to better manage their money to ensure an adequate lifetime income stream and rebuild their retirement nest egg in a timely fashion.

Traveling into this uncertain future will be 36 million Early Boomers. But one thing is certain: their unique characteristics described in this report virtually guarantee that they will transform the life-stage transition from work to retirement, and also make a significant contribution to dealing with whatever issues our nation faces.

With regard to work patterns and lifestyles after age 65, Early Boomers are quite likely to change our perception of old age and become the trendsetters for the age groups that come after them. We should expect a great deal of interest in how Early Boomers manage the next phase of their lives.

* IRS Office of Research, Analysis, and Statistics, Document 6961: Calendar Year Projections of Information and Withholding Documents for the United States and IRS Campuses 2010–2018.

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