

## **Baby Boomers Who've Cut Apron Strings for Adult Kids Twice as Likely to Be Retired Than Ones Who Haven't** *Ability to Retire Influenced by Parental and Financial Support Status*

(Rye, NY) – A new Baby Boomer study reveals parents with financially independent children who don't support anyone else are more than twice as likely to be retired as parents who can't cut the apron strings for adult kids – according to **Hearts & Wallets**, the preeminent financial research resource for understanding consumer savings and investing needs and behaviors.

Hearts & Wallets latest topic brief, ***Dissecting the Baby Boomers: How a Parental and Financial Support Status Segmentation Reveals Key Differences in Finances, Attitudes and Behaviors*** reveals the importance of segmentation to uncover the diverse financial goals and needs of this market for financial services products and advice. Parental support is a major factor in the ability to retire. Overall, 35 percent of Boomers are retired from full-time work. Only 21 percent of Boomers who support adult children are fully retired. More than 50 percent of Boomer households (52 percent) who have children, but don't support them (or others, such as extended family) are retired.

Only 17 percent of Boomers who support minor children or adult children are fully retired. In contrast, Boomers with financially independent adult children who don't support anyone else are three times more likely to be retired. Parental support trends have been consistent over the past five years and continue to have a major impact for many Baby Boomers. Gen X may experience similar effects as more children from that generation reach age 18.

Boomers who support adult children juggle more than just a full house. They are 25 percent more likely to have heightened financial anxiety than their peers. This segment is also the most concerned about saving enough for retirement of all Boomer segments in the study.

“Boomers who support someone financially have very different concerns than those who don't,” Chris J. Brown, Hearts & Wallets partner and co-founder said. “Likewise, goals differ for parents who support adult kids versus those with minor children. Parents supporting adult children wonder when – or if – their kids will ever become independent. They worry about saving enough to have freedom to enjoy life as they age. Boomers with minor kids are more upbeat about managing money. This segment is the most receptive to working with financial professionals and the most technologically savvy.”

### **Diverse Segments**

Over two-thirds (65 percent) of all Boomers have children. Nearly one-third of Boomers still support children (adults, minors). Boomers supporting adult children total nearly 8 million households with almost \$4 trillion in assets, representing a sixth of the \$23.4 trillion in total assets of the 47.4 million households in the Boomer generation. Boomers who provide financial support to someone control about one-third of all the Boomer assets.

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The Hearts & Wallets brief examines five mutually exclusive Boomer segments –

- Boomers who still support adult children, but not minor children (17%)
- Boomers who support minor children (13%)
- Boomers who support extended family or others, but not children (4%)
- Boomers who don't support anyone else with financially independent adult children (32%)
- Boomers who don't support anyone else (35%)

### Forget about Retirement!

Boomers who support adult children worry about different concerns than the other Boomer segments. Four of the five segments studied say “outliving my money” is one of their top five concerns. That concern doesn't crack the top five for Boomers who support adult children. Their financial concerns are more immediate. “Saving enough for retirement” is their top financial concern, with 51 percent ranking it extremely concerning. This segment is 25 percent more likely to report high-to-moderate financial anxiety (at 38 percent) than other Boomer segments. They are among the Boomer segments least likely to use a financial professional for advice (24 percent). Perhaps because they don't want to be told to cut the apron strings?

“Being a parent and supporting others affect what people worry about and their savings and investment goals,” Laura Varas, Hearts & Wallets partner and co-founder said. “For those supporting others, it's important to focus on their own needs as well as everyone else. As revealed by this Boomer segmentation, many people seek the freedom to live the last chapter of their lives as they want and work selectively rather than being forced to work because of financial concerns. Financial advice and products can help to achieve those goals.”

Boomers who don't provide financial support to others – both those without children and those with financially independent adult children – are more likely to plan to spend their money while alive. More than three quarters (78 percent) of Boomers without children and 64 percent of Boomers who do not support adult children or anyone else agree or strongly agree with the statement, “I expect to spend most of my money on myself rather than passing it on to heirs or charities.”<sup>1</sup> In contrast, only 51 percent of Boomers who support adult children agreed with this statement.

### Managing Money – Higher Anxiety, Lower Risk Tolerance

Since the financial spigot didn't shut off at 18 years of age, it's understandable Boomers supporting adult kids have higher levels of anxiety over finances than other Boomer segments and lower investment risk tolerances. 53 percent are somewhat or very uncomfortable “taking risks with investments by accepting volatility in the hope of getting a higher return.”

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<sup>1</sup> This question was asked only of pre-retirees, retirees and fully employed seniors.

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Boomers with minor children, in contrast, enjoy thinking about finances and are 45 percent more likely to agree “my financial adviser is a partner to me.” Their anxiety levels are much lower with only 32 percent saying they have moderate to high anxiety. Their risk tolerance is higher with only 44 percent reporting they were very or somewhat uncomfortable.

### Spector of Age Discrimination

Many Boomers – at least a quarter of each segment – express concern about age discrimination. The highest levels are among those supporting family members or others, where 55 percent agree or strongly agree with the statement, “age discrimination prevents me (or my partner) from working as much as I/we would like.”

"Segmenting on attributes such as financial support are crucial to understanding the diverse needs of American households, particularly with a group as large as the Baby Boomers," says Brown. "Providing financial support to anyone, but especially to an adult child, can have tremendous consequences for retirement and estate planning. Financial services firms would be wise to examine their client bases for this trait and adjust product and service offerings to meet the needs of the nearly 8 million Boomer households."

### About the Hearts & Wallets Study

#### Methodology

*Dissecting the Baby Boomers: How a Parental and Financial Support Status Segmentation Reveals Key Differences in Finances, Attitudes and Behaviors* provides a roadmap for five key Baby Boomer investor segments through the Mid-Career, Late-Career, pre-retiree, retiree and fully employed senior lifestages and is drawn from the **Hearts & Wallets Investor Quant (IQ) Database**. The IQ database platform serves as the engine for Hearts & Wallets annual reports as well as emerging trend analysis and consists annually of more than 2 million data points from 85 families of savings and investment questions asked during 40-minute interviews of 5,500 U.S. households. The integrated database engine now consists of more than 30,000 U.S. households over five years.

### About the Hearts & Wallets®

Hearts & Wallets LLC is the preeminent financial research resource for understanding savings and investing needs and behaviors of American households. More than half of the top 10 retail financial services firms, in terms of assets under management and investors served, subscribe to the Hearts & Wallets Investor Quant (IQ) database engine platform with data on 30,000 U.S. households over five years. The firm's integrated research platform combines consumer marketing and strategy frameworks with a deep, practical understanding of how the investment, retirement and banking industries function. Hearts & Wallets grows financial services client businesses by illuminating new, smart ways to truly help American savers and investors. Clients better understand the unmet needs of distinct population segments, improve their products and services, gain a powerful competitive edge, and ultimately, enhance consumer lives. The company is headed by two of the leading research experts in retirement market trends for the financial services industry, **Chris J. Brown** and **Laura Varas**. Their studies and conferences are must-have resources for retirement industry strategists, product managers and marketing and sales executives. For more information, visit [www.heartsandwallets.com](http://www.heartsandwallets.com).

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