



# Fact Sheet

## Rethinking Retirement: Implications for Investment Advisors

*Four American Generations Share Their Views on Life’s Third Act*

Schwab talked to thousands of American adults—across four generations—about their hopes and dreams for their later years and how they see themselves—and society—responding to the financial and social challenges of retirement. We heard from:

- The Silent Generation, retired people (ages 63 to 83);
- Baby Boomers, the next generation of retirees (ages 44 to 62);
- Generation X (ages 32 to 43); and
- Generation Y (ages 21 to 31).

### Implications for Independent Advisors

For independent Registered Investment Advisors, the survey reveals generational differences in attitudes about and understanding of investing that have implications for the role advisors can play in helping their clients prepare for the future. In particular, the survey findings suggest that advisors concerned with inter-generational financial planning would do well to be aware of the unique perspectives and needs of the generations, so they can play an active role in bridging generational gaps.

### Generation Y is aware of the need for self-reliance in preparing for retirement and worries about supporting family members.

- Respondents from Generation Y are more likely to say they will need to use their own financial resources for retirement (61 percent vs. just 42 percent of Baby Boomers). Thirty-one percent fear they will have to help support their siblings compared to 26 percent of all respondents, and more than half (53 percent) worry about having to support their parents.

### The wealthiest Americans are the least comfortable with teaching the next generation about savings and investing.

- Americans surveyed – and Generation Y in particular – give their parents low grades for teaching them about investing. Among those with more than \$500,000 in investable assets who say there was a barrier, 35 percent say that being “uncomfortable” is or was the main reason their parents didn’t teach them about saving and investing, compared to only 20 percent of all survey respondents. Moreover, 69 percent of those respondents with more than \$500,000 in investable assets say their parents didn’t know enough to teach them.

Biggest Barriers Your Parents Have/Had in Teaching You about Saving/Investing	\$500K+ Investable Assets				
	N=170	Gen Y N=481	Gen X N=623	Boomers N=920	Silent Gen N=543
My parents don't or didn't know enough about it to teach me	69%	71%	74%	79%	85%
I have or had no interest in learning about saving and investing from my parents	24%	29%	36%	31%	33%
It is or was too uncomfortable for my parents	35%	18%	18%	21%	24%
It is or was too uncomfortable for me	14%	12%	10%	4%	4%

- Parents give themselves low marks for teaching their children about investing and savings, with the majority of respondents admitting to a lack of knowledge. This was particularly true of respondents with more than \$500,000 in investable assets who mention a barrier. They are twice as likely to say that not being comfortable talking to their children is or was the biggest barrier to teaching them about investing and saving. And nearly three-quarters (72 percent) of parents with more than \$500,000 in investable assets admit that not knowing enough is or was the primary impediment to teaching their children about investing.

Biggest Barriers in Teaching Your Children about Saving/Investing	\$500K+ Investable Assets			
	Gen Y	Gen X	Boomers	Silent Gen
My children have or had no interest in learning about saving and investing from me	72%	34%	48%	64%
I don't know enough about it to teach them	24%	63%	66%	61%
It is or was too uncomfortable for my children	21%	19%	5%	12%
It is or was too uncomfortable for me	19%	26%	6%	9%

**Generation Y has the most trust in information from financial advisors, representing an opportunity for advisory firms.**

- While there is a general lack of trust in all traditional sources of information for financial security during retirement, financial advisors do score a little higher among respondents of all generations compared to other sources like brokerages, insurance companies, banks and even family or friends. Interestingly, respondents from Generation Y have more trust in professional financial advisors than respondents in all other generations.

Trustworthy Sources	Total	Gen Y	Gen X	Boomers			
				Total	Young	Old	Silent Gen
Fin'l advisors	C+	B	C+	C	C	C	C
Family/Friends	C	C+	C	C	C	C-	C
Non-profit orgs	C	C+	C	C-	C-	C-	D+
Employers	C	C	C-	C-	C-	C-	D+
Banks	C-	C+	C-	C-	C-	D+	D
The Internet	C-	C	C-	C-	C-	D+	D+
Brokerages	D+	C-	C-	D+	D+	D+	D
Popular media	U+	U+	U+	F	F	F	F
Political leaders	F	F	F	F	F	F	F

Explanation of Grades (Mean Scores)  
 A+ 87-100 B+ 87-89 C+ 77-79 D+ 67-69 F 0-59  
 A 83-86 B 80-82 C 73-76 D 63-66  
 A- 80-82 B- 80-82 C 70-72 D 60-62

**From a staffing and retention perspective, flexibility is becoming increasingly important in retaining and attracting a multigenerational workforce.**

- As advisory firms consider hiring employees from every generation, it is interesting to note that Americans of each generation surveyed said that the ability to work flexible hours, work from home and work part time (50 percent, 37 percent and 33 percent, respectively) are the three most important things their employers can do to make it easier for them to stay in the workforce during retirement. Fifty percent of respondents from Generation Y and 52 percent from Generation X say flexible hours would make it easier for them to stay in the workforce during retirement. Fifty-one percent of those ages 44 to 53 and 45 percent of those ages 54 to 62 say that going back and forth between periods of work and leisure represents an ideal plan of how they would like to balance work and leisure in retirement.

**About the Study**

This landmark, cross-generational study was initiated by Charles Schwab in collaboration with Age Wave. All data collection and analysis was conducted online in the United States by Harris Interactive®. All interviews were conducted online from March 28 to April 22, 2008. A total of 3,866 were conducted among 21-83 year olds. The sample is representative by age, gender, race, income, investable assets, education and region for each of the four generations studied. An oversample was conducted by generation among the major non-White ethnic groups (Hispanics, African Americans and Asians) to ensure adequate representation by ethnicity across all generations. No estimates of theoretical sampling error can be calculated; a full methodology is available.

**About Charles Schwab**

The Charles Schwab Corporation (Nasdaq:SCHW) is a leading provider of financial services, with more than 300 offices and 7.2 million client brokerage accounts, 1.3 million corporate retirement plan participants, 332,000 banking accounts and \$1.4 trillion in client assets as of April 30, 2008. Through its operating subsidiaries, the company provides a full range of securities brokerage, banking, money management and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiary, Charles Schwab & Co., Inc. (member SIPC), and affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; referrals to independent fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through its Schwab Institutional division. Charles Schwab Bank (member FDIC) provides banking and mortgage services and products. More information is available at [www.schwab.com](http://www.schwab.com).

**About Age Wave**

Age Wave is the world's leader in market analysis and innovative insights concerning the boomer and mature adult sectors. Drawing on thirty+ years experience, Age Wave has developed a unique understanding of the population's expectations, attitudes, hopes and fears regarding retirement and maturity-related lifestyle and workstyle issues. Under the leadership of Ken Dychtwald, Ph.D., Age Wave has overseen hundreds of cutting-edge research, training and consulting assignments worldwide across a variety of industry sectors including financial services, healthcare, food and beverage, retail, travel, media, communications real estate and technology. [www.agewave.com](http://www.agewave.com).

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