

talking with a pro:

Retirement will be exciting. Be sure to save for it.

Longer-lived and healthier, baby boomers will reinvent retirement—and themselves. An expert on aging describes a new stage of life.



Ken Dychtwald
President, Age Wave

“Financially, boomers fall into three roughly equal groups,” says Dr. Ken Dychtwald, president of the San Francisco consulting firm Age Wave and author of *Age Power: How the 21st Century Will Be Ruled by the New Old*. In an interview with *MoneyWhys*, he describes the way each group is preparing—or not—for retirement.

You’ve written about a “longevity revolution.” What is it?

On the first day of the 20th century, the average life expectancy was 47. On the last day of the century, it was 77. And that’s average life expectancy at birth. For a 65-year-old woman, it’s already approaching 85 and, in all likelihood, life expectancy will rise another 5 to 10 years in our lifetime. This forces us to reconsider all of the stages of life. If you’re going to live to 90, when does old age begin? What is emerging is a new stage of life, “middlescence”—the period between 50 and 70, when people are in many ways at their peak. They’re no longer young

but not yet really contending with the illnesses of old age. It’s a time of vitality, wisdom, and many new freedoms.

How do you envision the baby boomers’ retirement?

Boomers are really quite different in their psychological, philosophical, and lifestyle preferences from other generations. As maturity shows up on the boomers’ radar screen, does anyone believe they’re going to grow old and retire in the same way their grandparents did? Absolutely not. Boomers reaching their early 60s might leave their major career. But rather than entering 20 to 30 years of full-time leisure, they’ll take a breath and reinvent themselves, then strike a new balance between leisure and work, whether that is starting a new career or business, working part-time, or as volunteers.

What does the long life span mean for financing retirement?

Most people, when they plan for retirement, envision a 75-year life expectancy. But living to 90 or 100 will become more of the norm. It’s

as if you were going on a 10-day camping trip and packed food enough for only 7½ days. You’re going to be very hungry—unless you prepare and plan differently.

Financially, boomers fall into three roughly equal groups. One group has saved regularly and is well prepared for retirement. At the other end are some 25 million boomers who have an average of less than \$1,000 in financial assets, after debt. They’re leveraged to the gills; they’re not saving, preparing, or even really considering what their futures might be. They will have to work to pay the bills. For them, retirement will be a near impossibility.

The middle third are boomers who, with a few extra years of employment (even part-time) and a few breaks, will do fine. They could sure use a wake-up call. The more of this group that begins to save, to max out on their 401(k)s and not spend frivolously, the more will find themselves thriving in their maturity. ■

To learn more, go to Ken Dychtwald’s website, www.agewave.com. A psychologist, Dr. Dychtwald has written ten books on age-related issues.