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**THE METLIFE
FAMILY MATTERS STUDY:**
*Examining the Effect of
Varying Family Structures
on Retirement Planning*

February, 2008

MetLife Mature Market Institute®

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THE METLIFE FAMILY MATTERS STUDY:

Examining the Effect of Varying Family Structures on Retirement Planning

Introduction

At a time when much attention is being paid to the role that gender and income play in retirement planning, family structure is an overlooked but critical component. The many facets of retirement planning—from savings, income and investments to healthcare costs and personal goals—are influenced by each individual’s unique family situation.

While there has been some exploration into the practices and attitudes of certain family structures, a deeper-dive into three common family structures—“Traditional Families,” “Blended Families” and “Single Women”—shows us that when it comes to planning for retirement, family does matter.

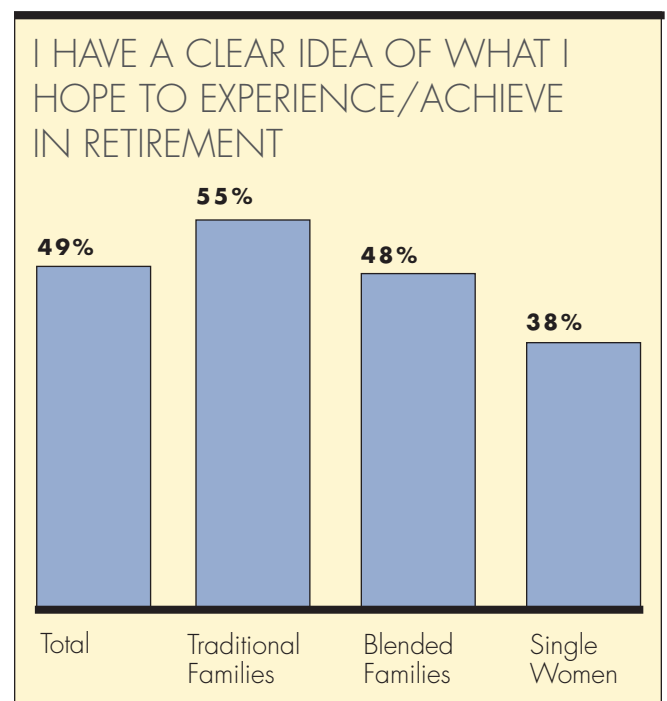
The purpose of this executive summary is to provide a comprehensive overview of how different family structures influence individuals as they prepare for retirement, as gleaned from MetLife’s *Family Matters Study*. The study, released by the MetLife Mature Market Institute and conducted by RTi Research to determine the degree to which the particular family structure of those age 40-65 shapes how they think about and plan for retirement, examines the perspectives of the three specific mid-life demographic segments—Traditional Families (families with two parents and children only from their current relationship), Blended Families (families with two parents and at least one child from a previous relationship) and Single Women (widowed, divorced or never-married women with or without children). •

Major Findings

Traditional Families have a Clearer Vision of Retirement

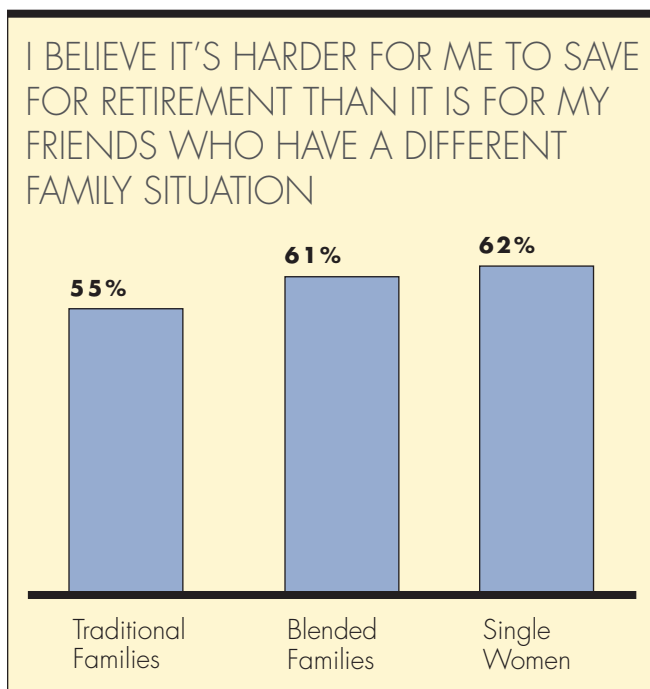
Overall, the study found that fewer of those who are married with children from a previous relationship and single females have a clear vision of what they hope to experience in—and what they must do to prepare for—retirement. They are also less likely to have basic retirement savings vehicles such as 401(k) plans when compared to their Traditional Family counterparts.

The majority of Traditional Families (55%) have a clear idea of what they hope to experience and achieve in retirement, compared with only 38% of Single Women and 48% of Blended Families.



Blended Families and Single Women Face Retirement Challenges

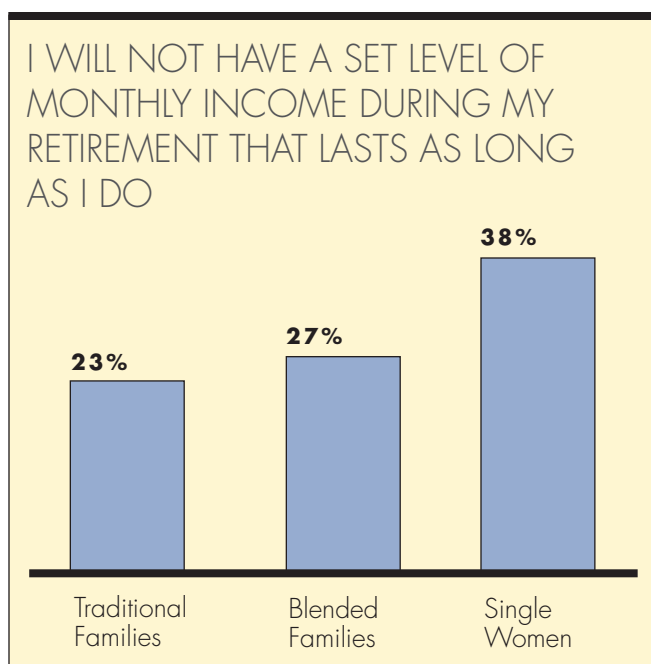
Blended Families and Single Women also believe that their families face additional challenges when it comes to retirement planning, specifically because of their family situation. Nearly two-thirds (62%) of Single Women and Blended Families (61%) think that it's significantly more difficult for them to save for retirement than it is for their friends who have a different family situation.



The complexity of dynamics within Blended Families, with multiple children from both previous and current relationships, ex-spouses, multiple pensions, differing levels of benefits coverage, and varying retirement resources make for a sometimes overwhelming array of issues and choices for these families. Over two-thirds (68%) of Blended Families have children from more than one relationship. Of those, 43% have children from both the respondent's and spouse's/partner's prior relationship, and one in four either have children from both the current marriage/rela-

tionship and respondent's prior relationship or spouse's prior relationship. One in eight (12%) have children from all three types of relationships. Blended Families also have an additional generation to deal with—grandchildren. While 69% of Blended Families have grandchildren, only 31% of Traditional Families, and 27% of Single Women have them.

Women on their own are more worried than their peers (38% vs. 27% of Blended Families and 23% of Traditional Families) that they will not have a set level of monthly income that will last their lifetime.

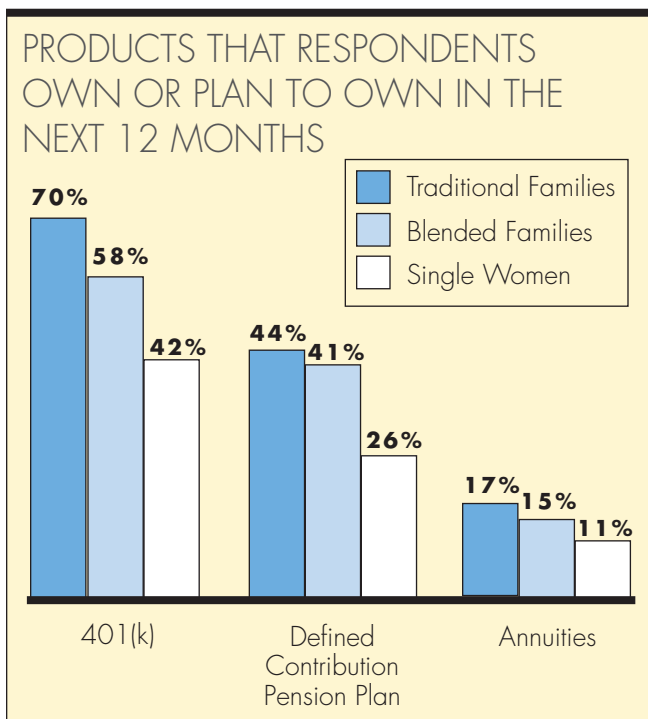


"The fact that I am already 50 and I have a 2-year-old child means I have to work longer and save more to take care of retirement as well as college for my two children."

Single Women Lack Essential Safety Nets as They Enter Retirement

“Because I am a widow, I do not have the buffer of a second income; it all falls on me.”

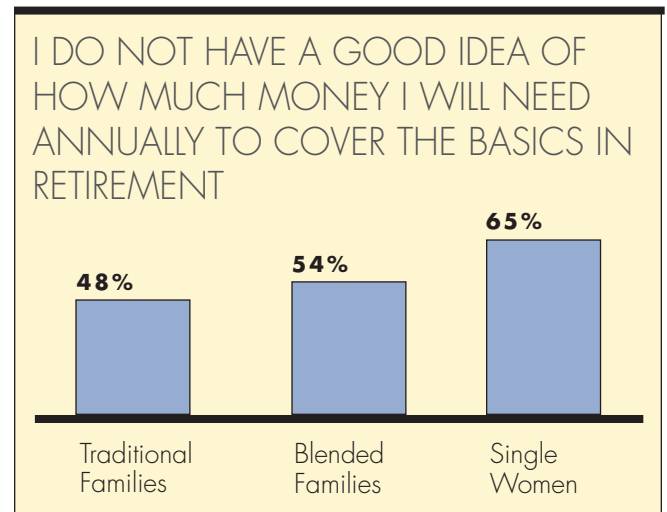
Many Single Women respondents believe that the retirement savings imperative is higher for them than for Marrieds because they must rely on a single income. Despite this, Single Women are actually much less likely to own many common savings/income products. For example, fewer than half (42%) of Single Women own 401(k)s compared with 58% of Blended Families and 70% of Traditional Families. Traditional Families (44% and 17%, respectively), and Blended Families (41% and 15%, respectively) are also more likely to have pension plans and annuities when compared to their Single Women peers (26% and 11%, respectively).



In fact, one-quarter (25%) of Single Women do not own any retirement savings/investment vehicles, a rate twice as high as Blended Families (13%) and three times greater than Traditional Families (8%).

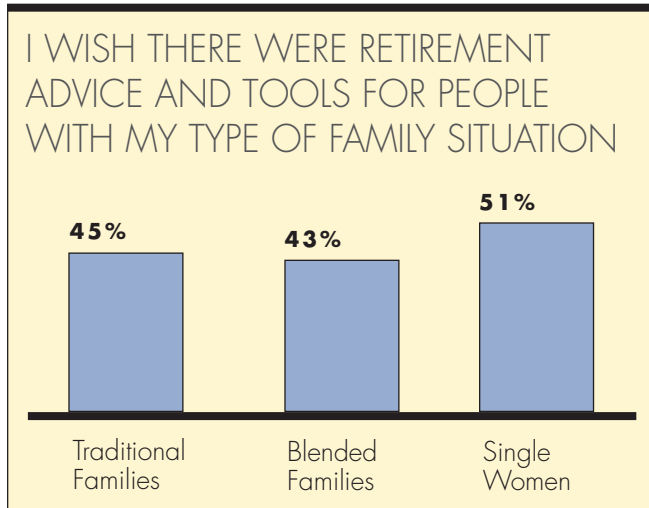
Single Women Less Well-Versed in Retirement Arithmetic

Two-thirds (65%) of Single Women say they do not have a good idea of how much money they will need annually to fund the basics of their retirement, compared with roughly half of their Traditional and Blended Family counterparts (48% and 54%, respectively).



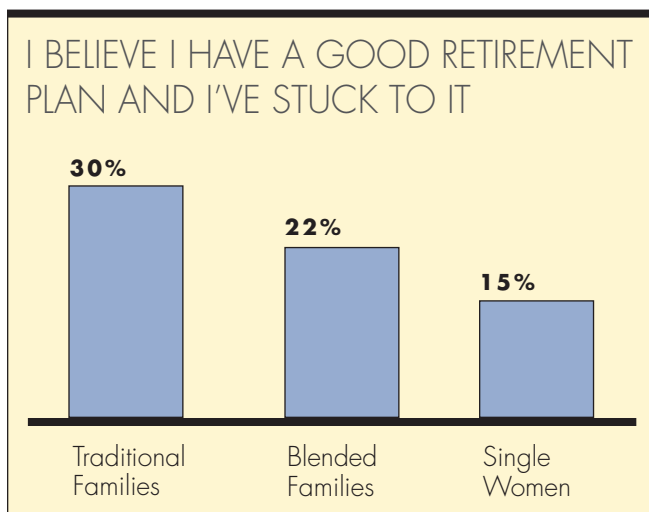
Help Wanted for 'Families Like Mine'

The majority of Single Women (51%) wish there were retirement advice and tools geared towards people with their type of family structure. Forty-five percent of Traditional Families and 43% of Blended Families concur.



Some Concerns Transcend Family Structure

The study also shows that some retirement issues transcend family structure. Few respondents, for example, feel that they have a good retirement plan in place—only 15% of Single Women, 22% of Blended Families and 30% of Traditional Families.



There is also common concern among all the groups, with similar percentages among the three groups, regarding creating a larger pool of savings/assets (47%); getting a clearer picture of their routine and predictable expenses in the future (29%); and creating a detailed financial and income plan (22%).

Retirement health costs is another area where all three family types foresee similar concerns, with Traditional Families projecting that they will need funding for almost \$99,000 in health expenses during retirement, followed closely by projections of Single Women (\$93,000) and Blended Families (\$90,000).

Although fewer Single Women own their home (57%) in comparison to Blended Families (77%) and Traditional Families (88%), all those who are homeowners were consistent in what they are willing to do to increase their income or lower expenses in retirement if necessary. Their first strategies would be to use their home equity either by selling their home and relocating to a less expensive property (53%), or taking out a reverse mortgage (23%). Much less attractive as options are selling the home and moving in with loved ones (7%), or taking out a second mortgage (7%).

What are People Saying about Family Structure and Retirement Planning?

We received a number of telling responses when we asked people to describe the impact of family structure on their retirement planning. For example:

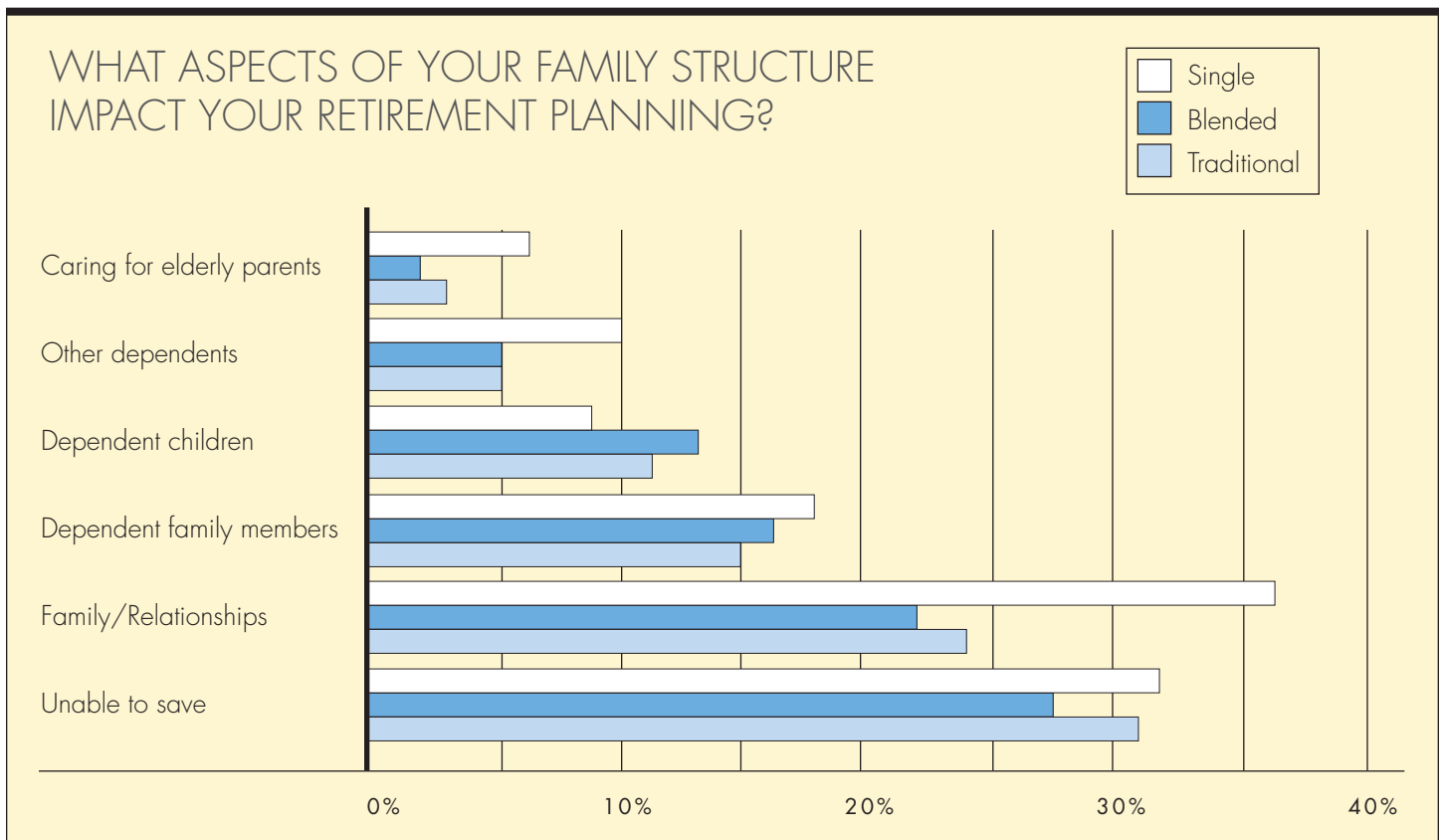
Single Woman

- “There will be no one to take care of me when I get older and especially if I am in any way incapacitated, so I will need to have enough for home care and have my home paid off.”
- “When it is a single income household, it’s harder to save because you have to pay for everything yourself.”
- “I am single so I need to make plans to take care of my own retirement.”
- “Because I am a widow, I do not have the buffer of a second income; it all falls on me.”

Blended Family

- “I pay out a large portion of my income to spousal support and child support and my wife’s ex doesn’t pay his child support.”

- “I cannot plan or save very much for retirement right now because I’m paying for one child to go to college, and after this one is done I have two more children to pay for.”
- “The fact that I am already 50 and I have a 2-year-old child means I have to work longer and save more to take care of retirement as well as college for my two children.”
- “Just having two generations of offspring from several marriages means I have to consider their individual wants and needs in determining what I can afford to spend during my retirement years.”
- “His, hers, ours... What if I die? Where does the money go? Who oversees it?”
- “Children, stepchildren, divorced-stepchildren, significant others to my children, parents who are aging... It is difficult to plan when you have to try to help two other families.” •



Implications

As individuals reach middle age and move closer to traditional retirement age, planning for their savings, income, and security in later life becomes increasingly important. While there are some common concerns that are shared by most middle aged Americans, this study found that the structure of their family—whether they are Single Women, part of a Blended Family or in a Traditional Family—influences how they plan for and envision their retirement. With this in mind, there are a number of practical implications, not only for those in mid-life, but also for their employers and for professionals and organizations working with them. The following points highlight a few of these implications:

- Single Women and women who live alone are potentially more vulnerable in retirement. They live longer than men, have generally earned less money than men over a lifetime, and are less likely to have retirement savings such as 401(k) plans to draw from. According to the study, they are less well-versed in understanding the basics of retirement compared to those from Traditional or Blended Families. They will need to save more for healthcare and long-term care, and once they transition to retirement, will need to make sure that their money will last a longer lifetime.
- Blended Families are more likely than Traditional Families to have more complicated family situations and some unique planning needs. For example, there may be children from an earlier marriage as well as children from a current marriage. They may have obligations to their ex-spouse, or their ex-spouse may be remarried, either of which can change the financial equation. With potentially complex family obligations, the findings indicate that a large number of individuals in Blended Families are sacrificing their own retirement savings by not

contributing as regularly to their retirement accounts as those in Traditional Families. They will need to think through their present obligations and weigh them against more long-range retirement goals.

- The findings indicate that retirement income and healthcare costs are common concerns for Traditional and Blended Families and Single Women alike. As middle aged Americans prepare for retirement, it will be important for them to consider how much healthcare and long-term care will cost them should they live well into their 80s or 90s, how much lifetime income they will need, and how income and health costs interrelate.
- Many individuals in mid-life, regardless of family structure, feel that they are not prepared for retirement and can use more help with financial and income planning. Advisors can play an important role in helping them understand what they can do to save more before they retire and to help them do income planning once they transition out of full-time work. Also, as the findings indicate, those in different family configurations have different goals and financial situations. Advisors can provide an important service to their clients if they understand the special needs of those who are single, in Traditional Families or in Blended Families and help them plan accordingly.
- Employers, when developing policies and programs to help their employees save for and transition to retirement, need to be sensitive to different family structures and how they might impact their employees' desire to work longer, to utilize employee benefits, and to seek advice in the workplace.

Methodology

The MetLife *Family Matters Study* was conducted for the MetLife Mature Market Institute during the fourth quarter of 2007, and was fielded by RTi Research. The online study polled 1,584 Americans, age 40 to 65, including a mix of men and women drawn from a diverse pool of ethnic backgrounds. The respondents were segmented to include a representative group from three unique family structures—621 men and women from ‘Traditional Families’ (families with two parents and children only from their current relationship), 653 men and women from ‘Blended Families’ (families with two parents and at least one child from previous a relationship) and 310 ‘Single Women’ (widowed, divorced or never-married women with or without children). •

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