Playing the long game
Longevity and financial outcomes

PRESENTATION BY
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APRIL 10, 2024
Backdrop

- Americans are living longer & face financial insecurity in retirement
- One in five adults are caregivers
- Caregivers face financial consequences
- Financial & longevity literacy is key to retirement preparedness
A steady march towards increased longevity

Life expectancy from birth, 1900 to 2021

Life expectancy in the United States has increased 17 years since the Social Security Act was signed in 1935.

Source: Center for Disease Control and Prevention and National Vital Statistics System Annual Reports, 2019-2021
Living longer creates significant complications

Financial caregiving and increased longevity increase retirement security risk and the need to plan for related costs across various life stages.

• As younger generations increasingly take on caregiving roles, they face different financial pressures and trade-offs.
• Financial choices made at younger ages have ripples for years to come as families weigh trade-offs between present spending, saving for large expenses and saving for retirement.
Longevity literacy among U.S. adults

Longevity literacy is an understanding of how long people tend to live in retirement.

Test your knowledge:

On average in the U.S., how long will a 65-year-old woman live?  
[If female]
- About 17 more years (age 82)
- About 22 more years (age 87)
- About 27 more years (age 92)
- Don’t know

On average in the U.S., how long will a 65-year-old man live?  
[If male]
- About 14 more years (age 79)
- About 19 more years (age 84)
- About 24 more years (age 89)
- Don’t know
Weak financial literacy is more common among men. It is also more common among Blacks and Hispanics, as well as Gen Z and Gen Y.

Longevity literacy among U.S. adults is very low

Aggregating across the three questions provides a composite indicator of longevity literacy.

Only 12% have strong longevity literacy
They correctly answered all three questions.

While 31% have weak longevity literacy
They responded either “don’t know” or with an underestimate of life span for each question.
Longevity literacy among U.S. adults is very low

Women have greater longevity literacy than men.

Knowledge of life expectancy for 65-year old men/women in the United States

<table>
<thead>
<tr>
<th></th>
<th>Strong knowledge (Answered correctly)</th>
<th>Poor knowledge (Don’t know)</th>
<th>Overestimate</th>
<th>Underestimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. adults</td>
<td>37%</td>
<td>28%</td>
<td>10%</td>
<td>25%</td>
</tr>
<tr>
<td>Men</td>
<td>32%</td>
<td>27%</td>
<td>11%</td>
<td>31%</td>
</tr>
<tr>
<td>Women</td>
<td>43%</td>
<td>28%</td>
<td>10%</td>
<td>19%</td>
</tr>
<tr>
<td>Gen Z</td>
<td>30%</td>
<td>36%</td>
<td>7%</td>
<td>27%</td>
</tr>
<tr>
<td>Gen Y</td>
<td>32%</td>
<td>32%</td>
<td>9%</td>
<td>28%</td>
</tr>
<tr>
<td>Gen X</td>
<td>37%</td>
<td>26%</td>
<td>8%</td>
<td>29%</td>
</tr>
<tr>
<td>Boomers</td>
<td>44%</td>
<td>23%</td>
<td>13%</td>
<td>20%</td>
</tr>
<tr>
<td>Silent Gen</td>
<td>45%</td>
<td>21%</td>
<td>17%</td>
<td>17%</td>
</tr>
</tbody>
</table>


53% U.S. adults are working with inaccurate information about life expectancy.
Longevity literacy among U.S. adults

Longevity literacy is an understanding of how long people tend to live in retirement.

On average in the U.S., how long will a 65-year-old woman live? [If female]
- About 17 more years (age 82)
- About 22 more years (age 87)
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- Don’t know

On average in the U.S., how long will a 65-year-old man live? [If male]
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- About 19 more years (age 84)
- About 24 more years (age 89)
- Don’t know

Source: TIAA Institute-GFLEC Personal Finance Index (2023).
Longevity literacy: strongly linked to retirement planning and preparedness

Understanding the concept of longevity provides a more complete picture of factors involved in financial well-being.
Longevity literacy and retirement readiness

Workers with strong longevity literacy tend to be better prepared for retirement.

<table>
<thead>
<tr>
<th>Strong Longevity Literacy</th>
<th>Weak Longevity Literacy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Determined how much they need to save for retirement</strong></td>
<td>50%</td>
</tr>
<tr>
<td><strong>Saving for retirement on a regular basis</strong></td>
<td>72%</td>
</tr>
<tr>
<td><strong>Confident they will have enough money to live comfortably throughout retirement</strong></td>
<td>69%</td>
</tr>
</tbody>
</table>

Source: TIAA Institute-GFLEC Personal Finance Index (2023).
Longevity literacy and retirement readiness

Retirees with strong longevity literacy tend to experience better retirement outcomes.

<table>
<thead>
<tr>
<th>Category</th>
<th>Strong Longevity Literacy</th>
<th>Weak Longevity Literacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saved for Retirement on a regular basis</td>
<td>69%</td>
<td>57%</td>
</tr>
<tr>
<td>Lifestyle meets or exceeds pre-retirement expectations</td>
<td>77%</td>
<td>62%</td>
</tr>
<tr>
<td>Confident they will have enough money to live comfortably throughout retirement</td>
<td>82%</td>
<td>69%</td>
</tr>
</tbody>
</table>

Source: TIAA Institute-GFLEC Personal Finance Index (2023).
Longevity gains challenge individuals and society to rethink twentieth century approaches to work, family and retirement preparedness.

Individuals and families cannot and should not face these challenges alone.

Key takeaways

- Raise awareness of the link between longevity and caregiving
- Plan for longevity in the early stages of adult life
- Financial advisors, employers and policymakers all have a role to play

Together, we can work toward a financial future in which we not only live longer, but better.