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Mature Market
INSTITUTE

Feeling the Economic Pinch

*A MetLife **Quick**POLL of Americans 60+*

September, 2008

Overview

In late July, the MetLife Mature Market Institute interviewed a nationwide sample of age 60+ adults to gauge their feelings about the current U.S. economy and the specific actions they were taking or considering as a result.

The new Quick Poll reveals about Americans 60 years old and over:

- A large portion (85%) of respondents believe the current economy is already in a downturn, with half (50%) of respondents believing the downturn will last over twelve months. In fact, a strong number of respondents (53%) believe the current economic conditions are worse than they have ever experienced.
- Most (87%) are feeling a "pinch" and are cutting back on their spending with 70% cutting back on essentials like food and transportation, while 17% also report having to increase their financial assistance to family and/or friends as a result of the current economy.
- Of those who are currently working, the majority (73%) do not plan to delay their retirement date while at the same time, 21% of those who are retired are now working or seeking employment because of the economy.
- Only 16% of respondents are withdrawing or plan to withdraw more from their retirement funds than they originally planned and 23% say that in the last 12 months they have taken more positive actions on their finances.

Views on the Economy

How long will this last?

While almost all respondents (92%) believe the current economy is headed for or already in a downturn, there are striking differences of opinion about how long it will last. Almost a third (35%) of those polled feel it will rebound in less than a year while nearly 50% expect it will last longer than one year. Those identifying themselves as Republicans were more optimistic with only 34% believing that the economic downturn will last more than a year. On the other hand, 62% of those identifying themselves as Democrats believe the economic downturn will last more than a year. Income was also a factor, as 54% of those earning less than $35K a year versus 38% of those earning over $75K a year believe that the economy is in a downturn that will last more than 12 months.

How does this downturn compare?

In spite of some historical measures that might generally indicate otherwise, 53% of all respondents believe the current economic conditions are worse than they have ever experienced. A similar 52% of retired respondents agreed with this point of view. It may well be that the fixed income reality often faced in retirement is driving their perception of this downturn as being worse. This viewpoint also followed gender lines, with 56% of women reporting that they thought the current conditions are worse than they have previously faced.

What is the worst part?

While rising gas prices was most often identified (51%) as the issue most negatively affecting respondents in the current economy, those still working show an even greater response to pump prices with 67% identifying it as the worst part as compared to only 48% of those who are retired. Counter to that, more of those retired (26%) identified rising food prices as being the greater issue compared to only 13% of those still working.

Held responsible?

With 50% of respondents reporting that money related issues keep them up at night, it is no small matter that 63% of respondents hold Washington responsible for the current state of the economy. More men (71%) hold Washington responsible for the current state of the economy versus 58% of women.

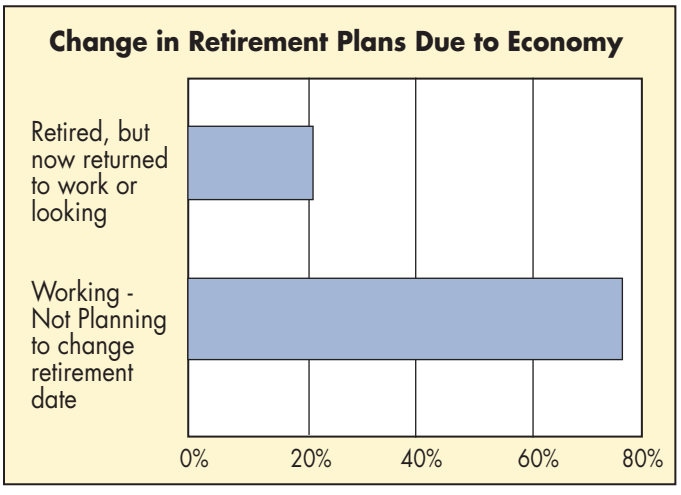
Behavior Changes

Where have you cut back?

Most (87%) respondents report making cutbacks to their spending as a result of the current economy, with 60% of those polled cutting back on auto transportation. Ninety-four percent of those who earn less than $35K a year have cut back on spending, compared to 72% of those who earn $75K or more a year. More females are tightening down than their male counterparts, with 75% reporting making cutbacks on essentials versus 63% of males. Cutbacks in non-essentials were reported by 82% of respondents, with dining out and vacations most often identified.

Work plans?

Most of those currently working (73%) reported that the current economic situation will not affect their planned retirement date. However, it is different for those currently retired. Twenty-one percent of those who are retired are now working or seeking employment because of the economy. Also, 29% of those retirees who are divorced/separated/widowed reported working or seeking work, versus only 17% of those who are married.



Silver lining?

Forty percent of respondents report that the most positive aspect of the current economy has been that they are more conscious of their expenses, with 23% reporting that they have taken a positive action on their finances during the last year. Also, 19% of respondents report a greater appreciation of Social Security, likely due to the guaranteed fixed income it provides during the current uncertainty. Fortunately, a limited number of respondents (16%) are choosing to withdraw or are planning to withdraw additional funds from their retirement savings.

Implications

Americans 60+ are needing to adjust

While some serious economic times have been faced by these respondents in their lifetimes, they are now feeling a great deal of vulnerability as they either approach retirement or are in retirement with a largely fixed level of income. Most are responding by cutting back on their expenses, with only a few choosing to draw down on their retirement assets. However, despite the current economy, the majority of those still working have not adjusted their retirement plans, even though nearly a quarter of those retired are either now working or looking to go back to work because of the economy.

Since people can now live 30 or more years after retirement, the need for the 60+ population to adjust spending and to review their longer term retirement plans is critically important. On a favorable note, 23% of respondents are reporting that they are now taking positive action on their financial plans. However, the current economy identifies the limited options faced by many retired people who must either cut back on expenses or pursue employment.

*Quick*POLL *Chart - September 2008*

Question	Answer Options							
Do you believe the current economy is...?	Strong **2%**	Headed for short down turn **7%**	In downturn, rebound <12 months **35%**	In downturn, last >12 months **50%**	Other **0%**	Not sure **6%**		
Which of the following, if any, have you cut back spending on as a result of the current state of the economy?	Essentials **70%**	Non-essentials **82%**	Other **4%**	None **13%**				
Which of the following, if any, are true for you?	Postponed planned retirement date **5%**	Retired, currently working/ seeking work **21%**	Recently laid off **1%**	Looking for work, difficulty finding work **5%**	None of these **73%**			
Which of the following aspects of the current economic situation has affected you most negatively?	Rising food prices **25%**	Rising gas prices **51%**	Rising health care costs **12%**	Rising housing costs **1%**	Decline in home values **7%**	Other **2%**	None **2%**	
Which of the following aspects of the current economic situation has affected you most positively?	More quality time at home **4%**	More conscious of expenses **40%**	Less driving **15%**	Greater appreciation of Social Security **19%**	Greater appreciation of employee benefits **6%**	Other **2%**	None **14%**	
Which of the following, if any, are true for you within the past 12 months?	Withdraw/ plan to more from retirement funds **16%**	Rely more on others for financial help **8%**	Provide more financial assistance **17%**	Taking more positive action about finances **23%**	None of these **49%**			
Which of the following aspects of the future keep you up at night (i.e., are you worried about)?	Having enough $ to retire **16%**	Running out of $ **47%**	Having to make too many lifestyle changes **25%**	Global warming **24%**	Terrorism **27%**	America's loss of prestige on world stage **35%**	None of these **24%**	Decline to answer **3%**
How would you compare the current economic conditions to comparable or similar economic conditions you have experienced in the past?	Not as bad **22%**	Worse **53%**	About the same **21%**	Don't know/ not sure **4%**				
Which of the following, if any, do you think is most responsible for the current state of the economy?	Washington **63%**	Business/ Industry **23%**	Global economy **11%**	Other **3%**				

Methodology

Harris Interactive® fielded a study from July 24-28, 2008 online via its QuickQuery℠ online omnibus service, interviewing a nationwide sample of 538 U.S. adults ages 60+. Data were weighted to be representative of the total U.S. 60+ adult population on the basis of region, age within gender, education, household income, race/ethnicity, and propensity to be online. No estimates of theoretical sampling error can be calculated; a full methodology is available.

MetLife Mature Market Institute®

Established in 1997, the Mature Market Institute (MMI) is MetLife's center on aging and the 50+ market. MMI's groundbreaking research, gerontology expertise, national partnerships, and educational materials work to expand the knowledge and choices for those in, approaching, or caring for those in the mature market. For more information about the MetLife Mature Market Institute, please visit their website at www.MatureMarketInstitute.com, or write to:

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Demographic Profile

Education:	High School/Less 53% Some College 22% College Grad/Higher 25%
Income:	Less than $35K 39% Over $35K 44% Other 17%
Employment:	Currently Working 19% Retired 74% Other 7%
U.S. Region:	Northeast 23% Midwest 22% South 34% West 21%
Gender:	Female 56% Male 44%
Marital Status:	Married 61% Single/ Widowed/ Divorced 36% Other 3%
Political Party:	Democrat 38% Republican 23% Independent 34% Other 5%

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