

Stanford Center on Longevity
A TOOLKIT SERIES BRIEF

LIFE PLANNING IN THE AGE OF LONGEVITY

Insights for Millennials

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TAKE-HOME POINTS

- Millennials could live for another 50, 60 or even 70 years.¹
- Living long and well is more realistic for people who take steps in three domains: healthy behaviors, social engagement and financial security.
- Most action steps can improve life today and lay the foundation for long, healthy lives.

INTRODUCTION

What can 20- and 30-somethings do today to prepare themselves for long lives?¹ It has been well documented that many Millennials are struggling to get their adult lives started, held back by meager job opportunities and burdensome student debt. For example, according to the Stanford Center on Longevity's Sightlines Project, roughly one in three households headed by individuals age 25 to 34 have incomes below 200% of the federal poverty level, which has potential negative consequences for their long-term well-being.²

Consider the following: A 30-year-old woman who doesn't smoke and reports excellent health has a 61 percent chance of living to age 90 and a 22 percent chance of living to age 100, according to the Actuaries Longevity Illustrator.³ A 30-year-old man with similar characteristics has a 50 percent

chance of living to age 90 and a 14 percent chance of living to age 100.

Compelling scientific evidence indicates that living long and well is most realistic for individuals who take certain actions throughout their lives in three domains: healthy living, social engagement and financial security. The goal is to take action now that not only enhances life today but also helps Millennials build resources that can nourish their lives for decades to come.

Because they're young, Millennials have more time than older generations to take steps now that will improve the odds of living a long, healthy life. By contrast, many of those from earlier generations are already arriving at older age with inadequate retirement savings, health challenges, such as obesity, and a thin social support network, and it may be more

difficult to overcome these types of obstacles later in life. Millennials, however, have time on their side to lay the groundwork today for a long, prosperous tomorrow.

The Sightlines Project provides a helpful checklist of action steps people can take now to improve their futures. For a complete checklist, see the "Action Plan" brief.⁴ Discussed below are issues specific to Millennials for each of the three domains listed above.

Scientific research indicates that living long and living well is most realistic for individuals who are doing well in three domains: healthy living, social engagement and financial security.

MILLENNIALS COULD LIVE FOR DECADES

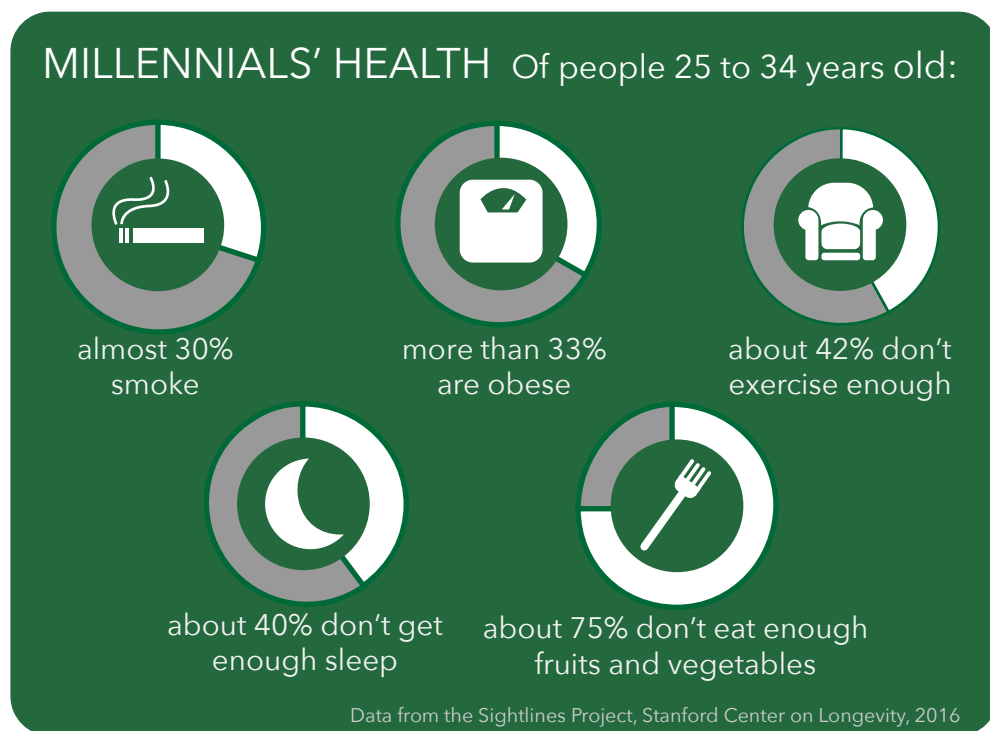
A 30-year-old woman in excellent health has a...



HEALTHY LIVING

The Sightlines Project identifies eight “Healthy Living” action steps that fall into two categories: healthy daily activities and avoidance of risky behaviors. With many of these action steps, there has been substantial improvement among people age 25 to 34 compared to their counterparts a few decades ago. For example, rates of smoking have decreased while the amount of exercise done by this group has increased.

There are a few warning spots, however: For instance, both obesity and sedentary behavior among this age group have increased. Currently, Millennials have the lowest obesity rate compared to many older age groups; however, obesity among this young cohort rose from 28 percent in 1999 to 33 percent in 2011. Long hours of sitting is another factor contributing to Millennial health problems (including obesity). About 52 percent of Millennials sat more than five hours a day in 2011, up from 38 percent in 2007. Many people tend to put on several pounds per decade of life and end up arriving to their 50s and 60s



at obese levels. Millennials may be able to avoid that path by maintaining a healthy diet and staying active.

Apart from individual behavior changes, institutions and organizations can also play a role in this “Healthy Living” category. For instance, many employers offer health and wellness programs at work or through their health

care provider that employees could take advantage of. These programs provide resources and incentives to help people adopt healthy behaviors, and they address the significant behavioral barriers that often hold people back. Wellness programs may be a good place to start on a path to healthy living.



SOCIAL ENGAGEMENT

The social engagement of Millennials has been well-documented, and this attribute may serve them well in the decades to come. Research links social engagement to improved health and longevity, reduced rates of illness and an increased enjoyment of life.

According to the Sightlines Project, more people age 25 to 34 now have postponed marriage compared to their counterparts a few decades ago, although if partnerships are

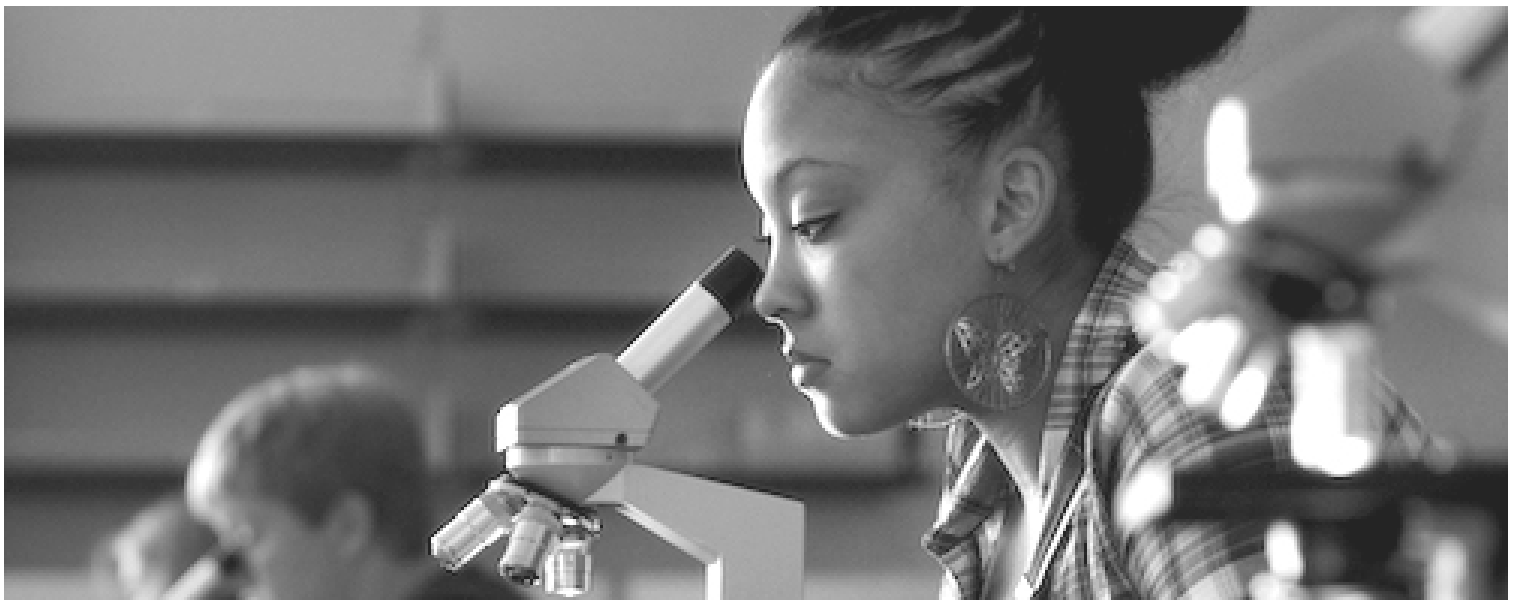
It's too early to tell whether delayed marriage is beneficial for social connectedness later in life.

included, overall rates of cohabitation have remained roughly the same. While there are some benefits to delaying marriage (for example, educated women waiting to get married tend to earn more), it's too early to tell whether delayed marriage is beneficial for social connectedness later in life. On the one hand, it could help reduce the divorce rate and increase financial security; on the other hand, it may hinder the possibility of having a long-term, meaningful partnership that provides constant social interaction and emotional support.

Millennials have shown a decreased amount of interpersonal interactions in the real world (as opposed to

online). For example, only 28 percent of them report contact with their neighbors in 2012, down from 40 percent in 1995. During the same time period, the fraction of Millennials participating in religious and community activities dropped from two-thirds to only one-half. Therefore, it's recommended that Millennials build a social portfolio with the same intent and purpose as when building an investment portfolio.⁵ Such a social portfolio would include meaningful interactions with and support from family, friends and neighbors, and community activities such as work, volunteering, religious institutions and neighborhood groups.





FINANCIAL SECURITY

The Sightlines Project identifies many financial challenges for Millennials in addition to the lower income levels mentioned at the beginning of this brief. These challenges include an increased vulnerability to financial emergencies, delayed home purchases, a lower participation in investments and retirement plans, and skyrocketing levels of credit card and student debt.

In spite of these serious deficits, there are many opportunities for Millennials to optimize their chances of a financially secure future. At this stage in their lives, there are many simple steps they can take to get started, as described in the box, right.

Like “Healthy Living,” these financial action steps can be facilitated by employer-sponsored retirement and benefits programs. Many employers are now offering financial wellness programs to help with budgeting and saving. Millennials can take advantage of any possible help from their employer, and they’ll also want to engage with their employer to discuss possible solutions to their challenges.

Financial steps that Millennials can take now:

- Look for career and mentoring opportunities to gain valuable skills and experience, and participate in traditional retirement and benefits programs. As the Boomers retire in the years to come, more job opportunities will likely open up to Millennials.
- Rethink the stereotypical career path that ends with full retirement in their early 60s. With increased lifespans, it’s increasingly expensive to fund longer retirements on a fixed income. It may be more realistic to fully retire in their 70s but redesign their work throughout their lives to be more flexible and meaningful. It may also be more feasible to focus on attaining life satisfaction and fulfillment, both for today and for the next 50 years or more.
- Consider purchasing a home. A 35-year-old still has the time to buy a home with a 30-year mortgage and pay off the mortgage by age 65, which would help reduce their living expenses substantially in their later years.
- Develop a realistic and achievable plan for retirement savings. For example, the Boston College Center for Retirement Research (CRR) recently published a brief showing that if a worker started saving at age 35, they would realistically need to save 15 percent of their pay each year to build up enough retirement savings to retire at age 65.⁶ But that same worker would only need to save 6 percent of their pay each year if they retired at age 70 instead. A worker who started saving at age 45 and retired at age 70 would only need to save 10 percent of pay, according to the CRR analysis. These are all achievable goals, particularly considering that employer-matching contributions count toward these goals.

THE LONG-TERM PERSPECTIVE

Millennials have the highest educational attainment of any generation in history, and they'll need to continue to learn and grow. Consider how much change has happened during the past 50 years. Some industries have withered and jobs have disappeared, and new industries and jobs have taken their place. Humans have walked on the moon, invented the Internet and become globally connected. The world economy has become more integrated through international trade and regional cooperation. It's realistic for Millennials

to expect as much change or even more over the next five decades.

The steps outlined in this brief can be a tall order that may require a lot of work and significant life changes. Merely providing facts and strategies might motivate only a small part of the population to make these desirable changes. For many people, it may be critical to start the process by exploring strategies that influence and strengthen core motivations for change, which can give individuals the energy and willpower to implement these plans.⁷

Like their predecessors, Millennials will likely experience significant personal shocks, such as job loss, serious illness for themselves or a family member, death of older family members, stock market crashes, wars and so on. In the decades to come, Millennials will be in a better position to survive and bounce back from these shocks if they're physically fit, have social support networks close by and are protected against common financial risks.



ACTION STEPS

1. Select one or two steps identified in the Action Steps Brief and work towards improvement in these areas in the coming weeks and months.⁴ There's no need to try to do everything at once, and Millennials have more time to work towards these goals than older generations.
2. Read the comparable briefs for Gen X and Baby Boomers to understand the challenges facing Millennials' parents, grandparents, and older friends and relatives.
3. Explore core motivations and personalized strategies that are most effective and mobilizing people to implement their goals.⁷

CITATIONS

1. While there's no official definition of the beginning and ending ages for the Millennial generation, one commonly accepted definition is those people born in the early 1980s through 2000. <https://en.wikipedia.org/wiki/Millennials>
2. The Sightlines Project, *Stanford Center on Longevity* (February 2016). <http://sightlinesproject.stanford.edu>
3. Based on the 2010 Social Security Administration mortality table, with future mortality improvement projected using the Society of Actuaries' MP-2015 scale. See the Actuaries Longevity Illustrator at <http://www.longevityillustrator.org>
4. Vernon, Steve. Life Planning in the Age of Longevity: An Action Plan. *Stanford Center on Longevity* (2017), Toolkit Series Brief.
5. Yotopoulos, Amy and Jonathan Streeter. Social Portfolios Are Just As Important As Financial Portfolios, *Stanford Center on Longevity* (forthcoming 2017), Toolkit Series Brief.
6. How Much Should People Save? *The Boston College Center for Retirement Research* (July 2014). http://crr.bc.edu/wp-content/uploads/2014/07/IB_14-111.pdf
7. Vernon, Steve and Elizabeth Borges, The MORE Design: Integrating Psychological Science and Behavioral Economics to Engineer Better Outcomes with Human Resources, Benefits, and Retirement Programs, *Stanford Center on Longevity* (forthcoming 2017).

The mission of the Stanford Center on Longevity is to redesign long life. The Center studies the nature and development of the human life span, looking for innovative ways to use science and technology to solve the problems of people over 50 in order to improve the well-being of people of all ages.

