



Wake Up, Sleeping Beauty . . . and You Too, Prince Charming: Issues for Baby Boom Retirement

by Nancy Dailey and Kelly O'Brien

Abstract

Retirement security is a false illusion for millions of Baby Boom women. Less than 20%, only one out of five, Baby Boom women will experience a secure retirement despite tremendous strides into the workforce. The biggest risk to a comfortable retirement is not in making bad investment decisions. The real risk is ignorance of the new rules of retirement for women (and most likely for men, as well).

The key to a successful retirement for millions of Baby Boomers will be their ability to read the clues—some obvious, some not so obvious—that are piecing together their retirement puzzle. A wave of social, economic, and financial forces are shaping the Baby Boom's retirement destiny. The current macro-level debate about retirement confuses and masks the real issues for Baby Boom women. Although the nature of retirement for the Baby Boom generation has been evolving over the past 20 years, little or no attention has been given to the implications for women's retirement. This paper will highlight the social structures that are determining retirement for female Baby Boomers. More importantly this paper will focus on what can be done to prepare them for old age to reflect the shift from shared responsibility (government-employer-individual) to individual responsibility for retirement security.

Baby Boomers will be the first generation to join their parents in retirement, a historic first. What is at issue is whether or not they will ride the wave of retirement security enjoyed by their parents by taking action and individual responsibility for planning and savings, or whether they will get swallowed into poverty in old age.

Introduction

The current undifferentiated, male-dominated model of retirement is based on a linear design that assumes a simple cause-and-effect relationship between work and retirement (Dailey 1998). There is no reliable blueprint for retirement for Baby Boomers: Their retirement is a "work in progress" negotiating the social, economic, and financial changes—divorce, married working women, dual incomes, defined contribution plans—that have occurred in the latter half of the twentieth century. What is needed to understand the future of retirement is a heuristic device that addresses the complexity of the processes that are now forming the retirement experience for Baby Boom women and men. This paper attempts to expose the variables that are driving Baby Boom women's retirement. It will also offer solutions for policy makers and corporations in their journey to prepare for the retirement of the largest, best-educated generation ever.

Life in retirement for Baby Boom women (and most likely men) will not be like that for today's retirees. The new retirement rules for women (and most likely men also) are shaped by their demographic profiles, with savings equally ranked along with work, marital, educational, and family status as predictors of retirement security. For Baby Boom women, "demography is destiny" (Easterlin 1987). Demographic makeup is the best predictor for determining retirement security for Baby Boom women.

Women's struggles to shed the dependency roles of the past through workforce participation and reduced or delayed childbearing have not lead to independence. Increased divorce rates and single parenthood have

cemented women's role as caregivers. Permanent, life-long employment has in no way diminished this role. At the same time this cohort of women has created new financial and social conditions that set the stage for Baby Boom retirement. Like the need for dual incomes today, there will be a need for dual retirement incomes in the future. Financial *interdependence* will be the reality of retirement for Baby Boomers. Baby Boom women's husbands will need their spouses' retirement income just as much as women will need men's retirement income.

The policy implications regarding Baby Boomers' retirement are becoming clearer at both the societal and corporate levels. Old age, aging, and retirement *are* women's issues. Policy makers and social scientists alike need to use the filter of Baby Boom women's life course to frame future research and policy development regarding retirement in the twenty-first century. The compelling question for policy and corporate leaders should not only be "How will baby boom retirement be funded?" Rather, an equally critical question is how will Baby Boom women and men wake up to the reality that they are now individually responsible for planning and saving for their retirement? The sturdy "three-legged stool" of retirement (Social Security, pension income, and personal assets) that has come to represent their parents' experience has been transformed into the precarious "Baby Boom tripod" with each leg angled at different heights, creating a very insecure, unfocused view of the future. It is imperative that future retirees, especially women, wake up to this new reality.

Whatever methodology is adopted to "wake up," Baby Boomers, it must be rooted in sound adult learning principles. To wake up a generation, to raise consciousness, to move people to action, they must want to learn about their retirement. Glass and Kilpatrick (1998) stress that the clock is ticking for working women. However, scare tactics alone will not be effective. The gap of knowledge among women in understanding the economic and psychological factors that impact their investment decisions must be addressed if women want to avoid poverty in old age. Adult learning theory can have a profound impact on the success of any effort to sound the warning bells and stimulate action for the Baby Boom generation.

Methodology

The focus of this paper is "Baby Boom" women, women born between 1946 and 1964. Although retirement studies dedicated to women are fraught with methodological and data problems (Dailey 1998), a look

at existing empirical data about these women reveals the variables that are shaping their retirement. Secondary data sources such as census data, unpublished tabulations, and statistics from the Bureau of Labor Statistics taken from the 1990 Current Population Survey and literature on working women are the research foundation. The year 1990 was selected as the benchmark year to compare and contrast Baby Boom women with current retirees and with Baby Boom men. Because of how census statistics are compiled and reported, 1990 is the first interval when all Baby Boom women fit into two discreet age groups: 25–34 years of age and 35–44 years of age (Dailey 1998).

To address the policy implications and solutions, qualitative research on "andragogy" or adult learning theory will be discussed. A look at the applications of adult learning will also be given.

The Baby Boom's Right to Retirement

Baby Boom women have been the vanguard for change in every facet of social life over the past 30 years. They have changed the landscape of the labor force and will change the institution of retirement, as we know it today. What do we know about this cohort of women?

- Most all (85%) are or will be mothers; Baby Boom women have opted to have children, even when knowing they may be the sole provider of those children
- Most all (83%) are or have been married
- About one-third are single or divorced, while the balance of female boomers have stayed married or remarried
- Almost all (80%) work outside the home
- Nine out of ten are high school graduates, and nearly one-fourth are college-educated
- Two-thirds have worked part-time at some point in their career.

In spite of spending nearly 30 years in the paid labor force (Table 1), the majority of Baby Boom women will not have earned the "right to retire." Retirement is earned based on the number of years spent in the paid workforce. Any interruptions to the time spent earning income impacts the resources saved for retirement. For Baby Boom women the biggest interruption has been motherhood—even for a generation that has chosen to work throughout adulthood. The current structure of the Social Security system and private pensions penalize temporary gaps in employment (due to either part-time employment or a complete withdrawal from the workforce). It

TABLE 1
WORK LIFE EXPECTANCY
FOR MEN AND WOMEN
(IN YEARS)

Year	Men	Women
1960	41.1	20.1
1970	37.8	22.3
1980	38.8	29.4

Source: 1990 Statistical Abstract. Washington, D.C.: U.S Department of Commerce.

is this dynamic that basically seals a woman's retirement fate.

Work outside the home is the norm for Baby Boom women. However, Baby Boom women's work patterns, while moving closer to the male model, remain substantially different from Baby Boom men. Table 2 illustrates this difference. The lesson women have learned is that children negatively impact their employment. What may come back to haunt women is that while part-time,

part-year work may solve family-work pressures in their early and adult years, it will most likely create or exacerbate problems for them in old age.

Not only will Baby Boom women work fewer years than their male counterparts, they will work in occupations that pay less and have less access to pension coverage. Baby Boom men are well represented in jobs that offer occupational and financial advancement. These jobs are found in the managerial and professional specialties, in precision production, and as operators and fabricators. Only 41% of Baby Boom women can be found in these occupations, while 68% of Baby Boom men are represented (Table 3). A relatively small portion of Baby Boom women are found in high-skill, high-paying jobs.

Reflecting on the social meaning of retirement helps to clarify why Baby Boom women may be in financial jeopardy as they approach old age. Retirement is an "earned" benefit; it is an entitlement based on the concept that hard work during early and middle adult years will produce a comfortable life and freedom from paid work. This notion of "earned" is critical to understanding why Baby Boom women will not be as entitled as

TABLE 2
WORK EXPERIENCE OF BABY BOOM MEN AND WOMEN BY
EMPLOYMENT AND AGE, 1990

Work Experience ^a	Baby Boom Women		Baby Boom Men	
	"Late" (Age 25-34)	"Early" (Age 35-44)	"Late" (Age 25-34)	"Early" (Age 35-44)
Percent of total who worked	73.6	76.5	94.2	94.4
Percent of Total who worked:				
Full-time	77.6	75.6	93.0	95.0
Part-time	22.4	24.4	7.0	5.0
Percent of Total who:				
Worked full year in 1990 ^b	66.2	70.7	76.6	82.4
Full-time	56.9	59.2	73.7	80.3
Part-time	9.3	11.5	2.9	2.1
Worked part year in 1990 ^c				
Full-time	20.7	16.4	19.3	14.7
40-49 weeks	7.8	7.3	9.3	6.6
27-39 weeks	4.8	3.7	4.5	3.8
1-26 weeks	8.1	5.4	5.5	4.3
Part-time	13.0	12.9	4.0	2.8
40-49 weeks	3.1	3.7	1.4	0.7
27-39 weeks	2.8	3.1	0.8	0.7
1-26 weeks	7.1	6.1	1.8	1.4

^aFull-time is defined as 35 hours a week or more. Part-time is less than 35 hours.

^bFifty to 52 weeks.

^cOne to 49 hours.

Source: U.S. Department of Labor, Bureau of Labor Statistics, unpublished tabulations from the *Current Population Survey, 1990*; Howard V. Hayghe and Suzanne M. Bianchi, "Married Mothers' Work Patterns: The Job-Family Compromise," *Monthly Labor Review* (June 1994) 24-30.

TABLE 3
EMPLOYMENT OF BABY BOOM MEN AND WOMEN BY MAJOR OCCUPATIONAL GROUP, 1990

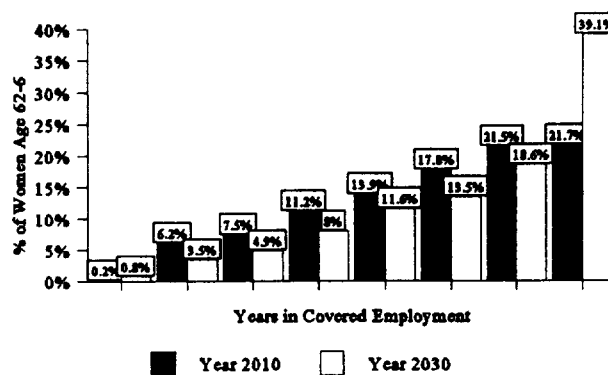
Occupation	Total No. Baby Boomers Employed (1,000)	Total Baby Boomers Employed			
		Female		Male Boomers	
		Total No.	Percentage of Total	Total No.	Percentage of Total
Managerial and professional specialty	18,429	8,794	13.7	9,635	15.0
Executive, administrative, and managerial	8,685	3,675	5.7	5,010	7.9
Professional specialty	9,743	5,119	8.0	4,624	7.1
Technical, sales, and administrative support	19,487	12,473	19.4	7,014	10.9
Technicians and related support	2,549	1,278	2.0	1,271	2.0
Sales	6,887	3,097	4.8	3,790	5.9
Administrative support, including clerical	10,051	8,097	12.6	1,954	3.0
Service	7,298	4,407	6.8	2,891	4.4
Private household	246	237	0.4	9	.01
Protective service	1,164	170	0.2	994	1.5
Service, except private household or protective	5,887	4,000	6.2	1,887	2.9
Precision production, craft, and repair	8,119	679	1.1	7,440	11.6
Operators, fabricators, and laborers	9,524	2,456	3.8	7,068	11.0
Machine operators, assemblers, inspectors	4,539	1,756	2.7	2,783	4.3
Transportation and material moving	2,754	256	0.4	2,498	3.9
Handlers, equipment cleaners, helpers, laborers	2,231	445	0.7	1,786	2.8
Farming, forestry, and fishing	1,517	258	0.4	1,259	1.9
Total	64,373	29,066	45.2	35,307	54.8

Source: U.S. Department of Labor, Bureau of Labor Statistics, unpublished tabulations from the *Current Population Survey*, annual averages, 1990. U.S. Department of Labor, Women's Bureau, 1993. *Handbook on Women Workers: Trends & Issues*, 1994.

their male counterparts. The primary reason for this is the social-contextual differences in Baby Boom women's work-life experiences and their labor force participation patterns. Baby Boom women's labor force participation patterns make them vulnerable to economic losses associated with retirement (Hatch and Thompson 1992). This is further compounded by the fact that Baby Boom women's attachment to their spouses' earnings has eroded, primarily because of divorce. Unless the notion of "earned" is changed, Baby Boom women will not be as entitled to retirement benefits as Baby Boom men.

The bottom line for Baby Boom women is that only 4 out of 10 women will earn Social Security benefits based on their own work record (Figure 1). This means that for most Baby Boom women, their spousal benefit will be higher than their retired worker benefits. Why, when Baby Boom women will work most of their adult lives, will the majority of them earn more claiming spousal benefits? It is a function of total years of employment, occupational differences, and variations in hours of work intersecting with the provisions of Social Security. Current Social Security Administration projections validate the continued rise in dually entitled benefits for working women (Social Security Administration 1997).

FIGURE 1
WOMEN WILL SPEND MORE YEARS IN THE LABOR FORCE, BUT MANY WILL STILL BE "ZEROED" OUT



Source: Urban Institute, *Earnings Sharing in Social Security: A Model for Reform*. Washington, D.C.: Center for Women Policy Studies, 1988, p. 21.

Baby Boom women will be quite surprised to learn that they will not be "as entitled" to retirement as Baby Boom men. However, the current model of retirement may not serve Baby Boom men well either. The lack of research and study of women's retirement is generally

acknowledged among policy makers and social scientists, but study of Baby Boom men's retirement is equally ignored. The economic and social changes (including increased longevity for men) over the past half century may prove too great a burden for the current male model of retirement. As with dual incomes today, Baby Boom men most likely will find that they are just as reliant on their spouses' retirement income as women are—all the more reason why *both* Baby Boom women and men should heed the wake-up call about their retirement future.

Key Predictors of Baby Boom Women's Retirement

Despite the strides Baby Boom women have made, they still earn less than men, have less access to pension coverage, have more difficulty saving, carry the care-giving burden for children and the elderly, and can expect to outlive their spouses by 10 to 15 years. All of these factors add up to the fact that Baby Boom women are at a

financial disadvantage as they approach retirement. The traditional sources of retirement for Baby Boom women—Social Security, employer pensions, and personal savings—for most will be insufficient. As Table 4 indicates, Baby Boomers who are married and college educated with high incomes will be the group most likely to have access to all three retirement sources; those least likely will be single females with a high school education or less who are poor or near poor (Dailey 1998).

Just about all Baby Boomers (98%) will receive Social Security benefits (AARP 1994). Since Baby Boom women will work about ten years less than men, it is surmised that they will earn far less in Social Security benefits in retirement. Baby Boom women will also earn pension income at their retirement. Unfortunately pension coverage rates reveal very little about pension receipt for female Baby Boomers primarily because many women may be covered but are not participating in their employer's retirement savings plans. According to the U.S. Department of Labor, in 1993, 33% of all full-time women workers were eligible to contribute to a 401(k) plan, but only 20% did.

TABLE 4
CHARACTERISTICS OF BABY BOOMERS BY
NUMBER OF SOURCES OF INCOME FROM SOCIAL
SECURITY, PENSIONS, AND ASSETS IN 2030

Characteristics	Boomers with Three Sources	Boomers with Two Sources	Boomers with One Source
Total Baby Boom	73.7%	22.9%	3.4%
Gender			
Male	77.7	20.0	2.3
Female	70.3	25.3	4.2
Marital status			
Married	82.8	16.2	1.0
Single	61.4	31.8	6.5
Widowed	69.4	26.1	4.6
Education level			
Less than high school	69.8	25.3	4.6
High school graduate	70.9	24.5	4.6
Some college	74.9	22.1	2.7
College graduate	78.1	20.2	1.6
Economic status			
Poor or near poor	29.5	50.7	19.4
Moderate income	58.3	36.2	5.6
Moderate to high income	78.7	20.1	0.7
High income	86.7	12.5	0.7

Note: Totals may not always add to 100% because some Baby Boomers in different groups will have no income from any of these three sources in 2030.

Source: American Association of Retired Persons. Adapted from *Aging Baby Boomers: How Secure Is Their Economic Future?* Washington, D.C., 1994.

Numerous barriers for pension receipt exist for Baby Boom women: low wages, vesting schedules (vis-à-vis women's work patterns), part-time work, size of employer, and educational attainment. Most women work for small- and medium-sized firms who often do not offer retirement benefits. This is evidenced by the fact that in the early 1990s nearly half of all employed women worked for employers who did not provide pension plans (Rix 1993). Women most attached to the labor market are those most likely to locate a job with a pension (Even and Macpherson 1994). Baby Boom women who can expect to receive a pension will have five or more years of college, work for large-sized companies (more than 500 employees), and make \$40,000 or more per year (Dailey 1998). In 1990 only 13.7% of Baby Boom women were employed in high-paying occupations (managerial and professional jobs; see Table 3).

Finally, personal or asset income, the third leg of the retirement stool intended to be the "safety net," is not in any better shape for Baby Boom women. Asset income, or personal savings, is the biggest unknown in the retirement income equation, especially for women. Baby Boom women's ability to save has been compromised by their commitment to motherhood, the rise in divorce, and their occupational lives.

A Baby Boom woman's role choices, decisions, and relationships accumulated over a lifetime will determine her retirement security. Less than 20% of Baby Boom women have the four key predictors for a secure retirement (Dailey 1998). Who are those fortunate few?

- Women with a full-time job who also participate in their employer's retirement plan
- Women who have a college degree
- Women who own or are buying their own home
- Women who are married and plan to stay married.

Yet even these women may face economic jeopardy, since risk factors such as divorce or loss of a job could reduce their future prospects. *Marriage, education, occupation, and home ownership* are the variables that best predict the future for Baby Boom women. Possession of all four variables indicates high retirement security; absence of any one of these variables increases risk of poverty in old age.

The New Rules of Retirement for Women (and Men, Too!)

It is now time for Baby Boom women to think about their old age and learn the new rules for retirement.

Baby Boom women cannot afford to be passive participants in the creation of their retirement destiny. If they do not take charge of their future now, many risk poverty in old age. Baby Boom women need to be informed about what they can realistically expect in their old age, and they need to act on their own behalf to secure their retirement.

Presently savings alone should not be women's sole concern for retirement. Women's primary focus needs to be on avoiding and/or managing the 4D's and the Big C: divorce, downsizing, disability, death, and caregiving—derailers for work and savings accumulation. The tension Baby Boom women have experienced their entire adult lives between labor, leisure, and caregiving will prove only more stressful as this generation approaches retirement age. Even for those women who say they will "just keep working" well into their older years, the reality is that women are still very much the caregivers in our society. Caregiving responsibilities (time spent providing or facilitating care) or expenses for older or less able family members could derail the plans of even the most well-intentioned career woman.

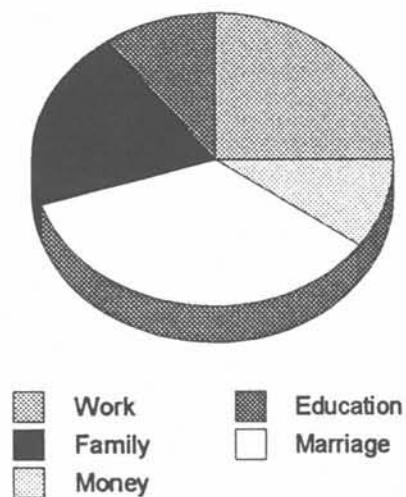
The rules for retirement savings are clearly different for women. The new retirement rules for women are shaped not by the traditional, male-dominated linear model currently framing assumptions about their retirement future. The new rules have been evolving for the past 20 years and can be viewed only through a more heuristic device that factors in the complexity of the processes impacting women's work and life choices. A shift away from the simple cause-and-effect model of retirement to one that incorporates women's life events will more clearly explain this generation's retirement destiny. Baby Boom women, as they move toward retirement, face a host of retirement risk factors: divorce, downsizing (of self or spouse), disability (of self, spouse, or family member), or death (of spouse or family member). Effects of these risk factors are diminished long-term savings (divorce) or loss of income due to loss of job (downsizing) or increased caregiving responsibilities (due to disability or death). How Baby Boom women plan for and manage these life events will determine retirement security, even for the fortunate few, the 20% who possess all the predictors of secure retirement. Baby Boom women's retirement picture needs to be framed within the context of their MoneyLife™. A woman's MoneyLife is the intersection of her work, family, education, marriage, and money status. It is her MoneyLife that creates her retirement destiny, not just her savings.

Rule No. 1: Take a MoneyLife Approach to Retirement Planning, Don't Just Focus on Savings

Baby Boom women's retirement will be the culmination of their life choices. Their demographic profile or demographicDNA™ best diagnoses women's MoneyLife. A woman's demographicDNA can be likened to her vital signs (blood pressure, pulse, weight, etc.), which help detect physical well-being. A woman's vital personal statistics, her demographicDNA, is a snapshot of her financial and retirement health. Figure 2 is an example of a woman's demographicDNA. From this perspective, savings and money rank proportionately to work, marital, educational, and family status as predictors of retirement security. This model allows a woman to more accurately predict what she must do to ensure her retirement security.

Baby Boom women, as a cohort group, will face the same retirement rules. However, the diversity of these women, just like with their genetic DNA makeup, makes it imperative that every Baby Boom woman take personal responsibility for her retirement. By examining her demographicDNA a woman can then evaluate her financial health from a MoneyLife lens, not strictly a financial filter, which can skew her view of the future and give a false sense of security.

FIGURE 2
BABY BOOM WOMEN'S MONEYLIFE™



Source: N. Dailey *When Baby Boom Women Retire*. Westport, Conn.: Praeger, 1998.

Rule No. 2: Continue to Invest in Education and Build Job Skills

Women with college degrees will work longer, retire later, and have a more secure retirement (Dailey 1998). This is a function of occupation and job tenure. These women will have more options to continue working as they age. Baby Boom women need to invest in their human capital, not just their portfolios.

Rule No. 3: Seek Jobs That Offer Pension Plans and Work Full-Time

As discussed earlier, the majority of Baby Boom women are not participating in employer pension plans because of either lack of access, money, or knowledge. Women need to search out employers that offer pension plans. This also means women must commit to working full-time. In addition, women need to obtain disability insurance and ensure that their spouses carry similar coverage.

Rule No. 4: Negotiate Caregiving Responsibilities

Baby Boom women's massive entry into the labor market has in no way diminished their role as America's caregivers. This implicit social contract will continue for women, shifting from child care to elder care. By 2030, when all Baby Boomers will be 65+, they will represent 20% of the population—70 million strong (and frail!). Unless a Baby Boom woman can pay someone else, she will be asked to leave or reduce her labor force participation to be a caregiver or care provider, just when she needs to be working to save for her own retirement. Nearly 95% of elder care is provided by the American "family," in other words, by wives, daughters, nieces, sisters, and daughters-in-law. A 1997 survey by the National Alliance for Caregiving and the American Association of Retirement Persons (NAC/AARP) reported that 49% of all caregivers were forced to adjust their daily work, including going to work late, leaving early, or taking time off during the day (Braus 1998). Although both men and women are involved in elder care, the division of labor is clear. Men tend to provide financial help, while women provide hands-on care. The result is men's employment continues, uninterrupted, while women often leave paid labor to care for an elderly relative. This social norm will continue.

The only realistic option for Baby Boom women is to negotiate caregiving within the entire family, for children, parents, grandparents, aunts, uncles, siblings, and themselves. Otherwise, social norms will dictate that they accommodate their paid work schedules to assume the role of caregiver.

Rule No. 5: Learn to Manage Money and Investments

The best-educated generation ever is functionally illiterate when it comes to personal finance (Cutler and Devlin 1996; Krysty 1995). Women, in general, tend not to think about retirement (Feuerbach and Erdwins 1994). Some experts offer a psychosocial explanation for women's reluctance to plan for their old age. They argue that a lingering attachment to the "Prince Charming" fable (that they will be "cared for" in old age), coupled with a fear of growing old, causes women not to aggressively plan for their retirement. Others argue that the lack of financial resources (due to a lifetime of inferior earnings) necessary for meaningful planning is the culprit. Despite the obstacles, financial or psychosocial, if Baby Boom women want some control over their financial future, they will need to be actively engaged in the planning and preparation of their retirement years. The shift from institutional to personal responsibility for retirement makes financial literacy critical for both Baby Boom women and men.

Rule No. 6: Stay or Get Married. If Single, Take Steps to Ensure You Have Adequate "Safety Nets" in Place to Replace the Financial, Insurance, Caregiving, and Retirement Support Otherwise Accessible through Marriage

Married Baby Boom women and men are the *least likely* to be in or near poverty in retirement. As difficult as it may be for many women to believe, the best insurance policy for Baby Boom women is to stay married (Dailey 1998). Marriage is an economic institution embedded in our social structure. Presently, Baby Boom women, even the most committed women workers, will need to rely on the resources of their spouses during retirement. One author (Logue 1991) succinctly summarized the precariousness of many women's economic situation:

"They may be one husband away from poverty." Female boomers have improved their social status, but one generation will not radically change the social structure, the nature of work or the nature of retirement for women.

Baby Boom women have been the vanguard for change in every facet of social life over the past 30 years. Life in retirement for this cohort will not be like that for today's retirees. The blueprint for retirement for Baby Boom women has been and is being crafted as this cohort makes life choices and decisions; to marry, divorce, have children, work full- or part-time, invest in their human capital, be caregivers. The mantra for Baby Boom women should be "Think beyond savings and act now!" The rules for retirement savings are clearly different for women. The new retirement rules for women (and most likely for men, as well) are shaped by their MoneyLife situation. *All* variables need to be factored into the retirement equation so that women (and men) can take control of their retirement destiny.

Implications for Social Policy, Corporate Policy, and Future Research

Discourse is slowly unfolding a new dimension to the polarized debate (between the doomsayers and the gradual adjustment advocates) about the future of Baby Boomers' retirement. Over the last few years researchers, policy makers, and the media have focused on the question. "Will Baby Boomers be financially prepared for retirement?" As the future remains hazy, this discussion is now expanding to address whether they possess the financial literacy required to ensure adequate retirement savings. The answer, to date, appears to be no (Farkas and Johnson 1994; Merrill Lynch 1993). The new economic reality has made individual responsibility for retirement savings a social fact for Baby Boomers. The wild card, therefore, is whether or not they can be educated to develop investment, insurance, savings and spending strategies that will help them achieve financial well-being in retirement (Cutler and Devlin 1996), in other words, financial literacy.

Various studies show that there is a growing collective consciousness among Baby Boomers of the individual's responsibility for retirement security (Glass and Kilpatrick 1998). The challenge will be to quickly move this generation from awareness to action, especially for Baby Boom women. A national study done by Public Agenda identified six barriers to saving for retirement (Farkas and Johnson 1994):

1. Retirement not being a priority for most Americans
2. Earnings not adequate for saving
3. Lack of awareness of amount of money needed for retirement
4. Resistance to doing without luxuries and nonessentials to save for retirement
5. Personality factors
6. Fear of risky investments.

Baby Boomers cannot be frightened into becoming financially literate. Doomsayers have been trying to scare them into waking up, but to no avail. The job of researchers, policy makers, and employers is becoming quite clear. The current and near future challenge will be to educate Baby Boomers in financial literacy. Whether it is policy makers promoting retirement savings, financial services selling investment products and services, or CEOs encouraging 401(k) participation, the methodology must shift from thinking of the Baby Boomer as a passive recipient of information and knowledge, to the use of learning strategies that stimulate discovery and ownership on behalf of the learner. This is particularly critical for Baby Boom women, who have a track record of very conservative investing, reaping them lower long-term returns (Hayes and Kelly 1998).

The Profit Sharing/401 (k) Council of America's 1998 Annual Survey of Profit Sharing and 401 (k) Plans reports that investment education is alive and well in corporate America. Companies continue to provide individuals with numerous tools for investment education. The most frequent are print materials (93%), computer modeling software (29%), and internet/intranet tools (24.9%). In group meetings companies use print materials (82.5%), slides and transparencies (70.7%), and videos (49.5%). While companies continue to provide access to financial education, it appears to have little impact on Baby Boom women's investment and retirement savings behavior. The root cause for this may be a function of the traditional pedagogical methods and tools that are used that do not engage or move women to increase their financial knowledge or take action on what they learn. The reasons why may become clearer after a brief examination of adult learning principles and current theory on women as learners.

The body of knowledge known as "andragogy" or adult learning developed during the last third of this century (Knowles 1990). In contrast to pedagogy, the teaching of children, andragogy offers principles that address the psychology of adult learning. The following are the basic adult learning principles that should shape financial literacy programs for the baby boom generation:

Principle: Adults tend to be goal-oriented.

Explanation: Adults look for relevance; they are usually more interested in practical application than theoretical discourse. Adults want to apply what they have learned.

Principle: Adults have past learning experiences—positive and negative.

Explanation: As a person matures, he or she gains a great deal of experience, which makes him or her an important resource. While children identify themselves mostly in terms of external definers—relationships to parents or siblings, where they live, what school they attend—adults increasingly define themselves by their experience. Adults need to have prior experience acknowledged, since their self-esteem is on the line in a new situation. They also use past experiences, including "baggage" from previously negative learning experiences, as a platform for new learning. New information must therefore fit into their pre-existing framework of understanding.

Principle: Adults learn by being actively involved and learn in different ways.

Explanation: Adults learn through active engagement on a subject, not passive receipt of information. They learn best by participating in activities, discussion, reading, experimentation, reflection, and discovery, not by being talked at or lectured. In addition, adults have different learning preferences, including visual, auditory, kinesthetic-tactile, cognitive, emotional, and intuitive styles.

Principle: Adults are self-directed.

Explanation: As people mature, their self-concept moves from one of dependency to increasing self-direction. Adults have a deep need to feel control over their lives and be responsible for the decisions they make. They need to be quickly shown that "learner" and "dependent" are not synonymous.

Principle: Adults have a task-centered or problem-centered approach to learning.

Explanation: For children learning is more centered around subject matter, such as reading or mathematics. With adults learning should be organized around real-life tasks such as "How to determine your net worth" or "How to select an investment advisor."

Principle: Adults have a need to know "What's in it for me?" (the WIIFM factor).

Explanation: Ultimately, adults can decide whether or not they are going to learn. Adults are more likely to make a voluntary commitment to learn when they experience a real need to know. Saying "Just do it" to an adult, without explaining "what's in it for him or her," will not move adults to learn. A consultative sales approach, revealing the benefits and features of the message, is much more effective with adults.

Successful financial literacy programs will integrate these principles with knowledge sharing about financial planning. Even more challenging than waking up an entire generation to the dangers of smoking and seat belt safety, mobilizing Baby Boomers to plan for retirement is a daunting task. Baby Boomers grew up with parents whose financial status improved steadily each year. As children they were better housed, fed, clothed, and educated than any previous generation. As adults they watched as their parents and grandparents moved into retirement at earlier and earlier ages with a sense of entitlement or the "right" to retirement (Dailey 1998). As older adults the WIIFM factor is the discovery that they will need to secure the right to retirement through their *own* efforts at retirement planning and savings. Policy makers, researchers, and employers need to create opportunities for Baby Boomers to discover their MoneyLife situation and to build financial literacy in a manner that employs adult learning methodologies. Furthermore, accommodation for women as learners needs to be made.

Politics and biology aside, there are distinctions in how women approach learning and in what motivates (or demotivates) them do so. The traditional educational model based on competition, debate, and disbelief is not appropriate for women learners. Women's learning tends to be more internally oriented, involving reflective learning (O'Brien 1997). Women learn best when involved within the context of life experience. This approach fosters trust in their intuition, which enhances their ability to engage in critical reflection (Loughlin and Mott 1992). Women's learning is best accomplished by applying adult learning principles. This is an especially important point when teaching women how to manage and invest money. Trust in themselves and their financial knowledge will allow them to take more risk in investments.

In some ways women as learners of financial literacy may be at a slight advantage. The paradox of learning is that it is simultaneously an empowering, yet fragile process. The highest levels of cognitive development

require an understanding that truth *is* relative and comprised of multiple "right answers." However, to reach that level of functioning, one must first consciously acknowledge "incompetence." This places the learner in a vulnerable position, especially when viewing the world through a competitive lens. In that regard women may be more open to learning about financial planning than their male counterparts (O'Brien 1997).

The future of retirement for the Baby Boom generation holds both challenges and opportunities. Baby Boom women will be the first generation of women to have the option of defining their own retirement. However, the rules of retirement for Baby Boom women are shaping their financial destiny right now. More than 32 million women may be at jeopardy in their old age if they don't wake up and take personal responsibility for retirement planning. Personal ownership for retirement savings and a willingness to learn are the keys to ensuring this generation's retirement security. Therefore, it behooves social and corporate policy makers to reconstruct (utilizing learner-friendly methodologies) and invest in pre-retirement education for the Baby Boom generation. John Glenn's recent space shuttle mission taught America that an old dog can most certainly learn new tricks. Out of necessity, Baby Boomers will wake up and embark on their own mission toward retirement. The question is, will they do it in time?

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