

Korean Baby Boomers in Transition

한국의 베이비 부머 연구

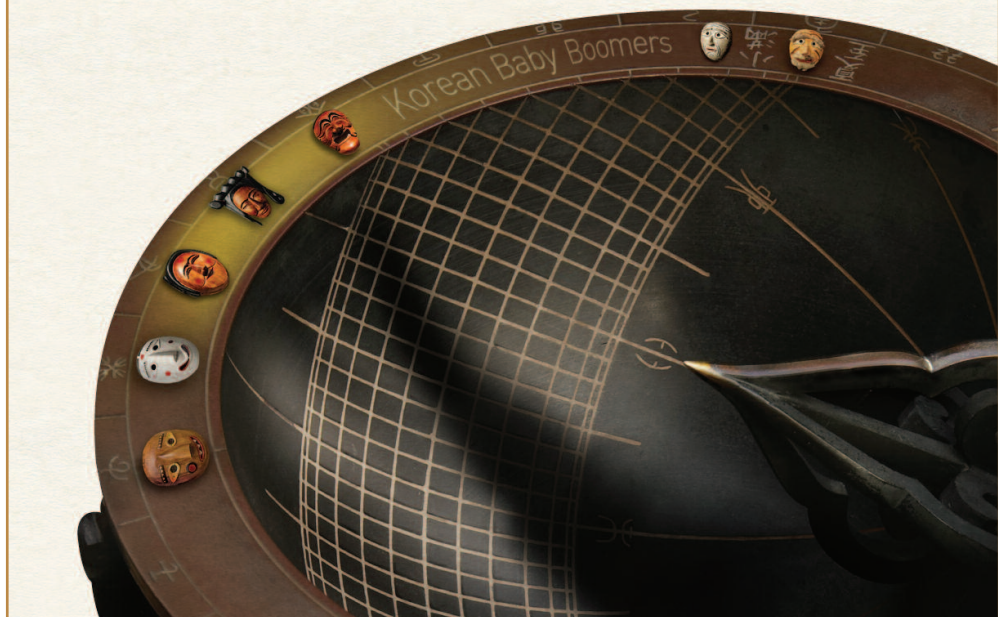


서울대학교 노화·고령 사회연구소
SNU Institute on Aging

MetLife
Mature Market
INSTITUTE

Sponsored by

MetLife Korea Foundation



Major Findings from the MetLife Study on the Boomer Population in Korea

Produced with Seoul National University Institute on Aging

March 2011



서울대학교 노화·고령 사회연구소
SNU Institute on Aging

MetLife
Korea
Foundation

MetLife
Mature Market
INSTITUTE

Study Partners

Institute on Aging, Seoul National University

The multidisciplinary Institute has been established in Seoul National University at 2006 in order to develop the programs and the strategies for the coming aged societies by participation of experts from colleges of Natural Sciences, Social Sciences, Human Ecology, Agricultural Sciences, Engineering Sciences, Medicine, Dental Science, and Public Health.

The Institute has been evolved from the Aging and Physical Culture Institute of Medical School, which has been designated as the WHO Collaborating Center of Physical Culture and Aging Research for Health Promotion by WHO. And also the Institute has been designated as the Aging and Apoptosis Research Center by the Ministry of Education, Science and Engineering. It mainly does basic aging research, human longitudinal and longevity study, geronto-engineering study, geriatric research, and socio-ecological study.

Phone: +82-2-740-8505~6

Fax: +82-2-742-0620

www.ioa.snu.ac.kr

Seoul National University Research Team

Gyounghae Han, Ph.D., Principal Investigator, Professor, Seoul National University

Hyuncha Choe, Ph.D., Professor, Seoul National University

Ki-Soo Eun, Ph.D., Associate Professor, Seoul National University

Jeongwha Lee, Ph.D., Assistant Professor, Chonnam National University

So-Hyun Joo, Ph.D., Associate Professor, Ewha Womans University

Joohyun Kim, Ph.D., Post-doctoral Fellow, Seoul National University

The MetLife Mature Market Institute

The MetLife Mature Market Institute is MetLife's center of expertise in aging, longevity and the generations and is a recognized thought leader by business, the media, opinion leaders and the public. The Institute's groundbreaking research, insights, strategic partnerships, and consumer education expand the knowledge and choices for those in, approaching or working with the mature market.

200 Park Avenue

40th Floor

New York, NY 10166

MatureMarketInstitute@MetLife.com

www.MatureMarketInstitute.com

MetLife Korea Foundation

The MetLife Korea Foundation was established in 2005 to support domestic programs aimed at providing underprivileged and handicapped children with the opportunity to become productive members of society. More recently, the Foundation has expanded its activities to include aging and retirement issues in Korea.

The MetLife Korea Foundation is fully funded by MetLife, Korea as part of its commitment to be a responsible corporate citizen in the market we serve. www.metlifewelfare.org

Table of Contents

2	Executive Summary
3	Key Findings
6	Major Findings and Implications
8	Family
13	Work and Retirement
14	Retirement Prospects
18	Household Finances
24	Generational Identity, Lifestyle, and Social Networks
28	Health
30	Conclusion
31	Methodology



Front Cover Image

Angbuilgu, which literally translates from Chinese to mean an “upward looking iron kettle that catches the shadow of the sun” is a sundial created by Yi Cheon and Jang Yeong-sil in 1434 (the 16th year in the reign of King Sejong).

The Angbuilgu sundial was constructed in the shape of a hemisphere in order to express the shape of the Earth. Even the smallest of such sundials can effectively exhibit both time and seasons. Twelve mythic symbols were drawn on the dial, one for each hour, in order to facilitate usage for those people who could not read. Because of this and the location of several Angbuilgu’s in Seoul, it can be regarded as the first public clock system in Korea.

The distinctive shape, contrast of colors and scientific principles behind it explains why Angbuilgu is highly regarded both as a work of art and a scientific instrument.

The one on display at the National Palace Museum of Korea is designated as National Treasure #845.

Executive Summary

Korean Baby Boomers in Transition, conducted by the Institute on Aging of Seoul National University in collaboration with the MetLife Mature Market Institute, with support from the MetLife Korea Foundation, examines the quality of life and related factors of Korean Baby Boomers who were born between 1955 and 1963. Korean Baby Boomers are categorized as two groups: Early Boomers (born 1955–1959) and Late Boomers (born 1960–1963).

This study covers seven areas of interest: family, work, retirement, finance, lifestyle/social world, attitudes/beliefs, and health. This report presents the major findings based on a descriptive analysis of the first wave of panel data of Korean Baby Boomers.

In 2010, Korean Baby Boomers — over 7 million people born between 1955 and 1963 — comprise about 15% of the total population. Boomers grew up while Korea was undergoing a rapid process of industrialization, modernization, and urbanization. More than half of Korean Baby Boomers who are currently living in cities have relocated from rural areas.

In general, the educational level of Korean Baby Boomers has markedly improved in comparison to their parents' generation, due in large part to parental investment in their education, reflecting parental aspiration for upward mobility of their children and family. At the same time, there has been a growing gap among Boomers in regard to education level, which may have created some inequality and the heterogeneity observed in this research in various aspects of life within the Boomer cohort. Nevertheless, the majority of Korean Baby Boomers identify themselves as middle class, and are of the opinion that they have risen above their parents' class status. The majority of Koreans still believe that family is the most important and fundamental institution for personal happiness.

The study identifies changing patterns in the transition to adulthood of Korea's Boomers. The transition to adulthood typically starts when education is completed and ends with the birth of a first child. Female Baby Boomers began this transition on average two to three years before their male counterparts. Compared to the Early Boomers, Late Boomers experienced each of the major life events at an older age. The adult transition process is compressed among Late Boomers as they took less time to complete these life transitions than Early Boomers. A larger increase in the average age for each transition was observed in women, while a reduction in the time taken to complete the transitions was observed for men.

These findings are excerpted from the full study which is available in the Korean language from MetLife Korea Foundation and the Institute on Aging at Seoul National University.

Key Findings

Family Status

- The majority of Korean Baby Boomers are currently married or have a partner (91%). About 5% are divorced or separated, 2% are currently widowed, and the remaining 2% of Boomers are identified as never married.
- The average number of children for the Baby Boomers is 2.0, which is a significant decrease from 5.2, the average number of children for their parents' generation.
- About 18% of the Baby Boomers still have both parents alive, while 43% have one living parent. As a total, 61% of Boomers have at least one parent alive.
- Only 8% of the Boomers surveyed are identified as having grandchildren. This is probably due to the fact that Korean Baby Boomers are still relatively young. For the Early Boomers, the proportion having grandchildren is 13%. This is considerably higher than the Late Boomers (3%).

Caregiving

- Boomers can be characterized as a "Sandwich Generation," defined as "a group of people who care for their elderly parents (at least one) as well as having a duty to support dependent children (mostly age 18 and younger)." About 12% of Early Boomers and 41% of Late Boomers can be grouped within the Sandwich Generation category.
- About 19% of Early Boomers, and 27% of Late Boomers are identified as experiencing a double burden of supporting unmarried children and providing regular support (financial, instrumental support, and caregiving) for their elderly parents or parents-in-law.
- In terms of instrumental support, such as "helping with household chores or shopping," less than 20% of Korean Baby Boomers are providing instrumental support regularly to their parents or their parents-in-law. The average time spent for such support was about 28 hours per month.

Employment Status

- Ninety-three percent of male Baby Boomers and 61% of female Baby Boomers are currently employed. About 4% of male Baby Boomers and 20% of female Baby Boomers have fully retired, while those who are unemployed are 3% for men and 8% for women. About 12% of female Baby Boomers have never participated in the labor force.

Are Baby Boomers Happy?

- About 42% of the Korean Baby Boomers report that they are happy, while only 6% report that they are unhappy.

Baby Boomer Group Identity and Age Identities

- Close to half of the Korean Baby Boomers (49%) are not aware that they belong to the “Baby Boomer” generation. Just over half report that being 50 bothered them, while 11% report that turning age 50 is (or was) ‘no big deal’ to them.

Household Wealth

- The average Korean Baby Boomer household owns about 315,660,000 KRW (\$281,839)¹ in total assets, owes about 29,800,000 KRW (\$26,607) in debt, and has a net worth of approximately 285,860,000 KRW (\$255,232). If we extrapolate this to all Korean Baby Boomer households (approximately 4.5 million), they own 1,420 trillion KRW (\$1.3 trillion) in total assets, own about 134 trillion KRW (\$119.6 billion) in debt, and have a net worth of approximately 1,286 trillion KRW (\$1.1 trillion).
- Baby Boomer household assets consist mainly of real estate. The percentage of real estate assets is 82% while financial assets are only 15% of the total.
- The financial asset portfolios of Baby Boomer households consist mainly of safe depository products (more than 40%). About 30% of financial assets are made up of insurance and annuity products. Considering the fact the Baby Boomers are approaching retirement, the possession of annuity products is desirable.

Financial Expectations and Satisfaction

- The financial management competency score of Baby Boomers is 67.9 out of 100. The financial management competency score was measured with 12 questions that cover various aspects of financial management such as goal setting, following the budget, recordkeeping, risk management, credit and debt management, and cash management. A score of 67.9 out of 100 is a D grade (meaning not good). When we compare Baby Boomers’ competency score with other groups, Baby Boomers showed relatively lower financial management competency. According to the 2007 Investor Survey² the average financial management score of the 2007 Investor Survey respondents was 74.2.
- As a group, Baby Boomers are risk avoiders. More than three-quarters of Baby Boomers report that they will take only minimum risks even though the return would be less desirable. Only about one-fifth said that they will take average risks to gain average returns.

¹ For this report, the currency exchange rate is 1,120 KRW = \$1.

² The Investor Survey is an annual survey conducted by Korea Investors Protection Foundation. Its main purpose is to identify the characteristics of investors. The 2007 Survey included 3,500 investors and non-investors aged 20 to 65 from metropolitan cities in Korea.

- Baby Boomers lack progress toward setting medium- to long-term financial goals, seeking savings and investment information, reviewing their financial situation regularly, and recordkeeping for cash flow activities.
- As a group, Baby Boomers have an optimistic outlook when it comes to their future financial situation. However, their satisfaction with their current financial situation is not great (a score of 57.6 out of 100). Baby Boomers expect a better future than what they are experiencing today.
- Only about half of Baby Boomers are currently saving for retirement. The average amount of savings for retirement is 172,000 KRW (\$154) per month. A large majority of Baby Boomers possess insurance products for retirement (8 out of 10) and 85% participated in the national pension and other public pensions systems, while 69% possess bank depository products to prepare for their retirement.
- Baby Boomers' anticipated sources of income in retirement consist of 29% government pension, 5% employer-sponsored pensions, and 66% personal saving. The significance of personal savings in retirement planning stands out among Korean Baby Boomers.
- Only 27% of the Baby Boomers have calculated their retirement income needs. Considering the fact that the oldest Korean Baby Boomer reached age 55 in 2010 and retirement can begin as early as age 55, this low retirement income needs calculation rate could indicate a serious national problem.
- For the next 10 to 15 years, retirement planning will be one of the most serious issues for Korean Baby Boomers. In fact, Korean Baby Boomers identified their retirement planning issues as the third most serious financial stressor following their children's education and marriage.

Lifestyle and Social Networks

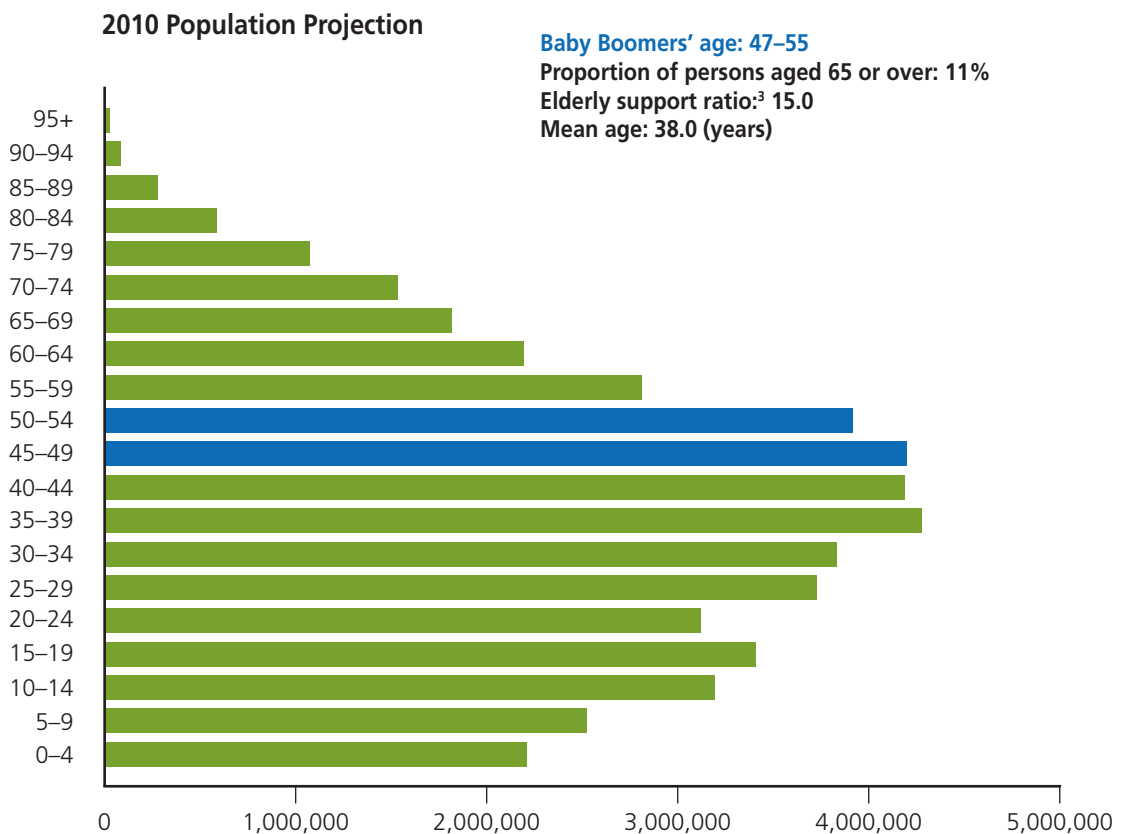
- The everyday life of Korean Baby Boomers is ruled by the rhythms of work and family life. Work hours and work schedules are crucial components of the time pressure many Baby Boomers experience. Since Baby Boomers have almost 9 to 10 hours of work per day, and approximately seven hours of sleep, there is very little time left for free time activities in their everyday schedules.
- The limited amount of time that is available for leisure activities seems to be filled with social gatherings, mostly with friends. Their social world, in comparison to their work/family sphere, is constructed on a network of friends which is both extensive and diverse. In contrast, little time or attention is given to volunteer activities in the community.

Major Findings and Implications

The Korean Baby Boom, ultimately comprising over 7 million people and about 15% of Korea's current population, started right after the end of the Korean War. Boomers grew up while Korea was undergoing a rapid process of industrialization, modernization, and urbanization. More than half of the Korean Baby Boomers who are currently living in cities have relocated from rural areas. As a result, Boomers have greater educational levels and resulting socioeconomic differences within the cohort than other generations.

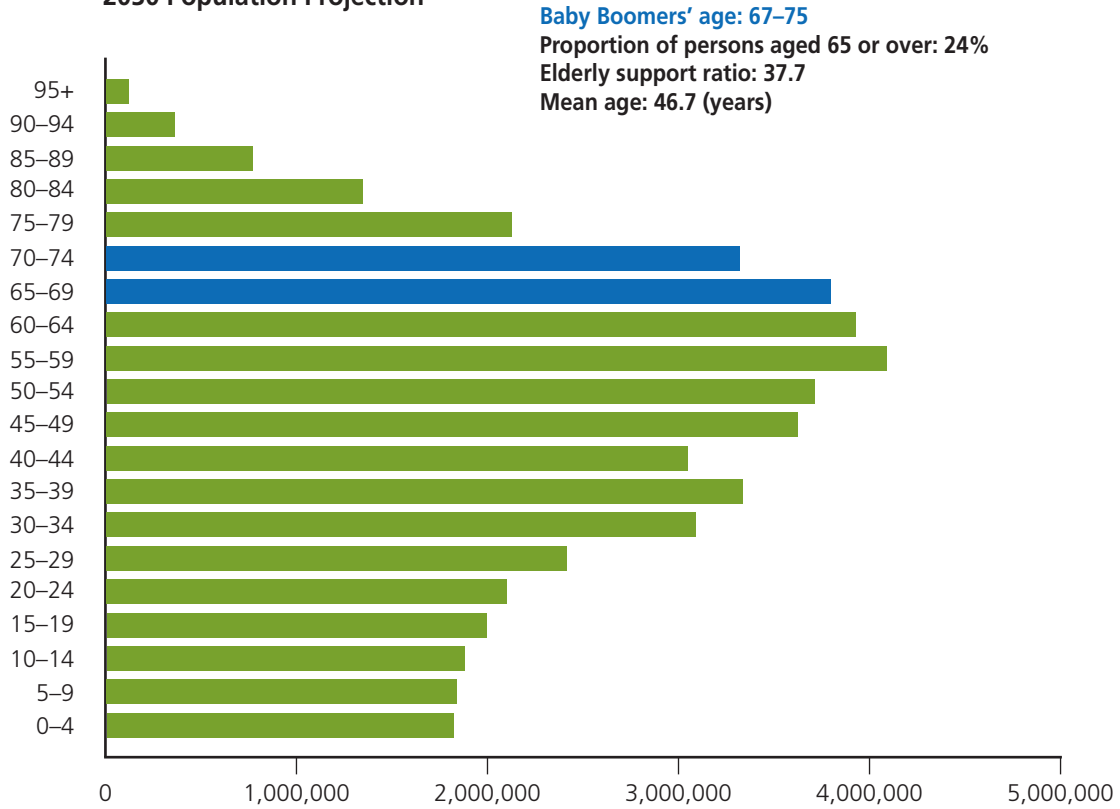
Because of the unique position afforded Baby Boomers in their current life stage, they might be in a position where they could seek a modification in their role within work and society. In the context of life transitions, more general social change also means that Baby Boomers are serving as a transitional generation between the historic traditions of Korean society and the global and societal changes of a new social era in Korea.

Figure 1: Korean Population Projections

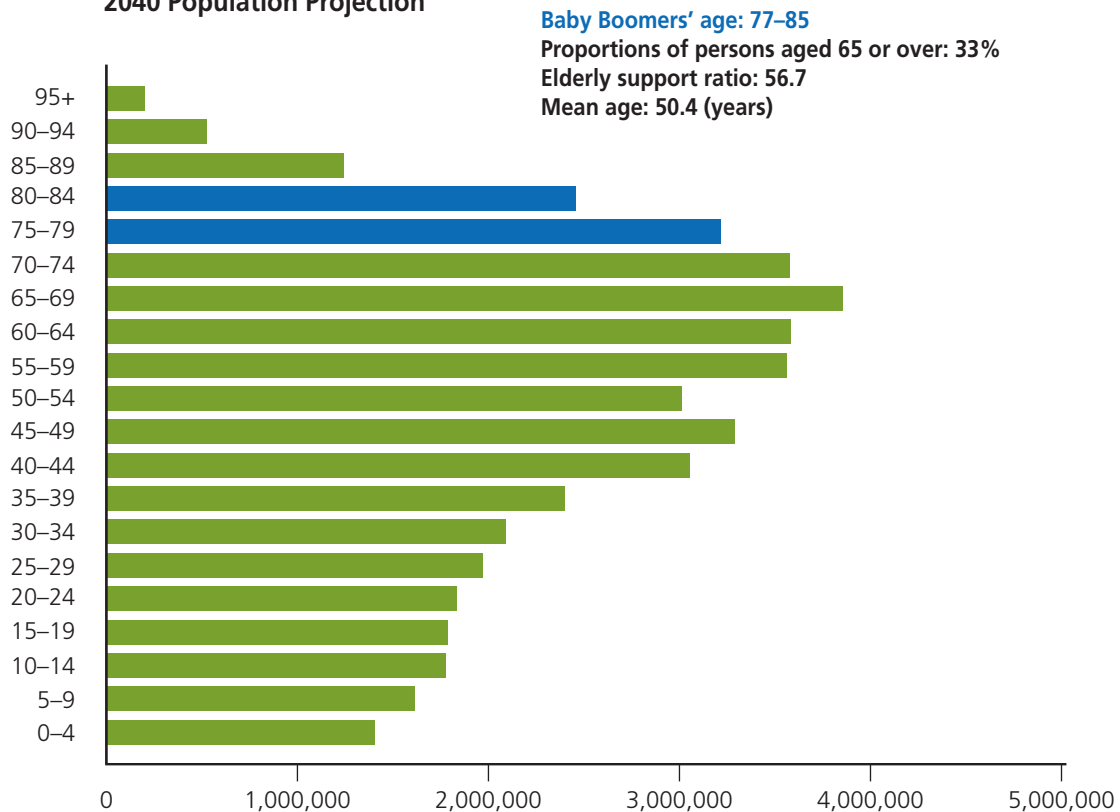


³ Elderly support ratio is the number of people aged 65 and over per 100 people aged 15-64.

2030 Population Projection



2040 Population Projection



Implications

Baby Boomers are made up of many sub-groups who have different backgrounds, tastes, lifestyles, and desires in life. As such, marketers and policymakers need to note that Baby Boomers are not a homogeneous group and make efforts to understand the internal diversity within the cohort. In particular, in making policies, it would be valuable to note that the different levels of education in this group may lead to inequalities in many aspects of life. The extent of and mechanisms for how educational gaps may lead to inequalities will be revealed through additional waves of this study.

Family

Rapid social changes in Korea have resulted in changes in various aspects of family life, such as an increased age of marriage, lowered fertility rates, and the rise of two-paycheck families. Baby Boomers have been characterized as the forerunners of those changes. However, the majority of Koreans still believe that family is the most important and fundamental institution for personal happiness.

Marital Status

The majority (91%) of Korean Baby Boomers are currently married or have a partner (first marriage: 88%, remarriage: 2%, domestic partnership: 1%). About 5% of Baby Boomers are divorced or separated, 2% are widowed, and only 2% have never been married.

Marriage

The mean age of first marriage of Boomers is 26.2 years old (males: 27.9, females: 24.9). Early Boomers got married at a younger age than Late Boomers. There has been a continuous shift toward homogeneous marriage in terms of age and the level of education: The differences in age and educational level between husband and wife are smaller among Late Boomers than Early Boomers. The type of marriage has also changed from “arranged marriages” to “love marriages.”

Marital Relationships

Forty-five percent of Baby Boomers are satisfied with their marriage while 8% are not satisfied with their marital relationships. In general, Boomers seem to have positive relationships with their spouses. About half (52%) of married couples go out together more than two to three times a month. Thirty-six percent report that they have open, positive communication with their spouse almost every day. In terms of sexual relationship satisfaction with their spouse, about one-third of the Baby Boomers report positively. In general, men are more satisfied than women.

However, not surprisingly, Boomers' marital relationships also reflect certain levels of conflict and discord. The main areas of marital conflict among Baby Boomers are financial issues and issues related to child rearing. About 40% of Baby Boomers have seriously considered getting a divorce during the past five years. Female Boomers are more likely to have given serious thought about divorce than male Boomers.

Children and Grandchildren

The average number of children for the Baby Boomers is 2.0, which is a significant decrease from 5.2, the average number of children for their parents' generation.

Only 8% of the Boomers surveyed are identified as having grandchildren. This is probably due to the fact that Korean Baby Boomers are still relatively young. For the Early Boomers, the proportion having grandchildren is 13%. This is considerably higher than the Late Boomers (3%).

More than two-thirds of the Baby Boomers (68%) report that they are satisfied with the relationships with their children. Female Boomers and Boomers with a higher level of education are more likely to have positive feelings toward their children than their less-educated counterparts. Baby Boomers' major concerns about their children are, 'getting a job after the education' and 'educational achievement.'

When asked if they would financially support their children if children want to delay getting a job to pursue further education, the majority of Baby Boomers report that they would. Korean Baby Boomers invest a great deal of their resources for the benefit of their children.

Intergenerational Support/Exchange

About 18% of Baby Boomers still have both parents alive, while 43% have one living parent. As a total, 61% of Boomers have at least one parent alive.

About 8% of Baby Boomers are residing with their elderly parents. Among this residing group, 76% live with the husband's parents reflecting the strong patrilineal tradition of Korea. In general, support exchange from elderly parents to Baby Boomers is not common in Korea, where the standard is that support of elderly parents is the expected responsibility of adult children.

Financial support is the most frequently given form of support: 30% of Baby Boomers whose parent(s) are alive provide regular financial support to the husband's parents. A smaller proportion (17%) of Boomers provides support to the wife's parents, again reflecting patriarchal family norm in Korea.

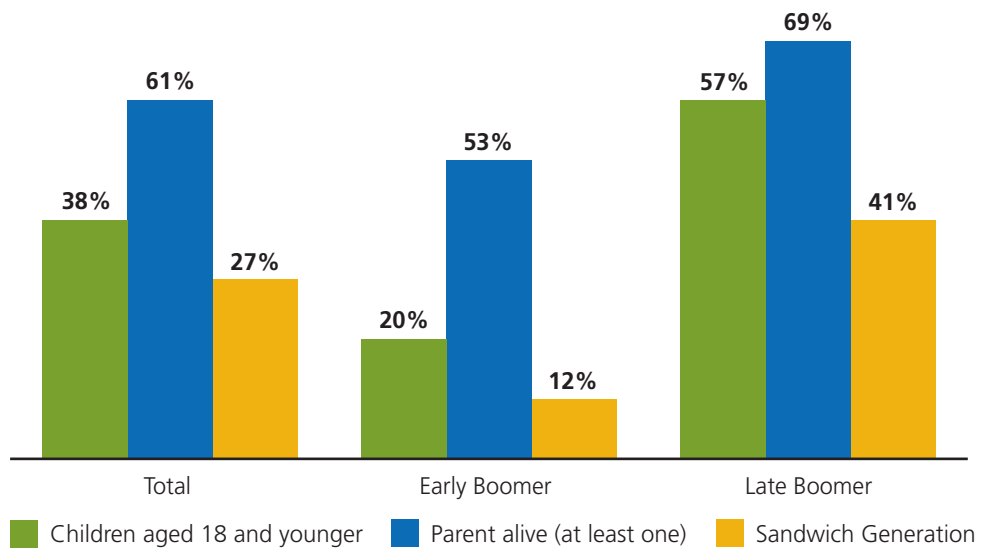
Approximately 5% of Baby Boomers receive economic support from their parents.

Caregiving

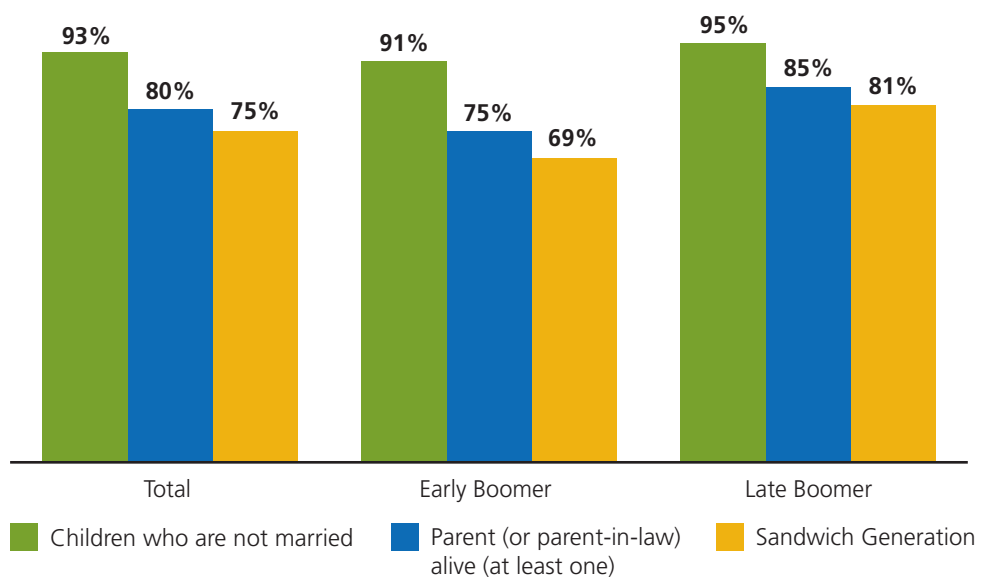
Boomers can be characterized as a “Sandwich Generation,” defined as “a group of people who care for their elderly parents (at least one) and have a duty to support dependent children (mostly age 18 and younger).” About 12% of Early Boomers and 41% of Late Boomers can be grouped within the Sandwich Generation category.

Figure 2: Demographic Potentials for Sandwich Generation

General Model of Sandwich Generation



Expanded Model of Sandwich Generation

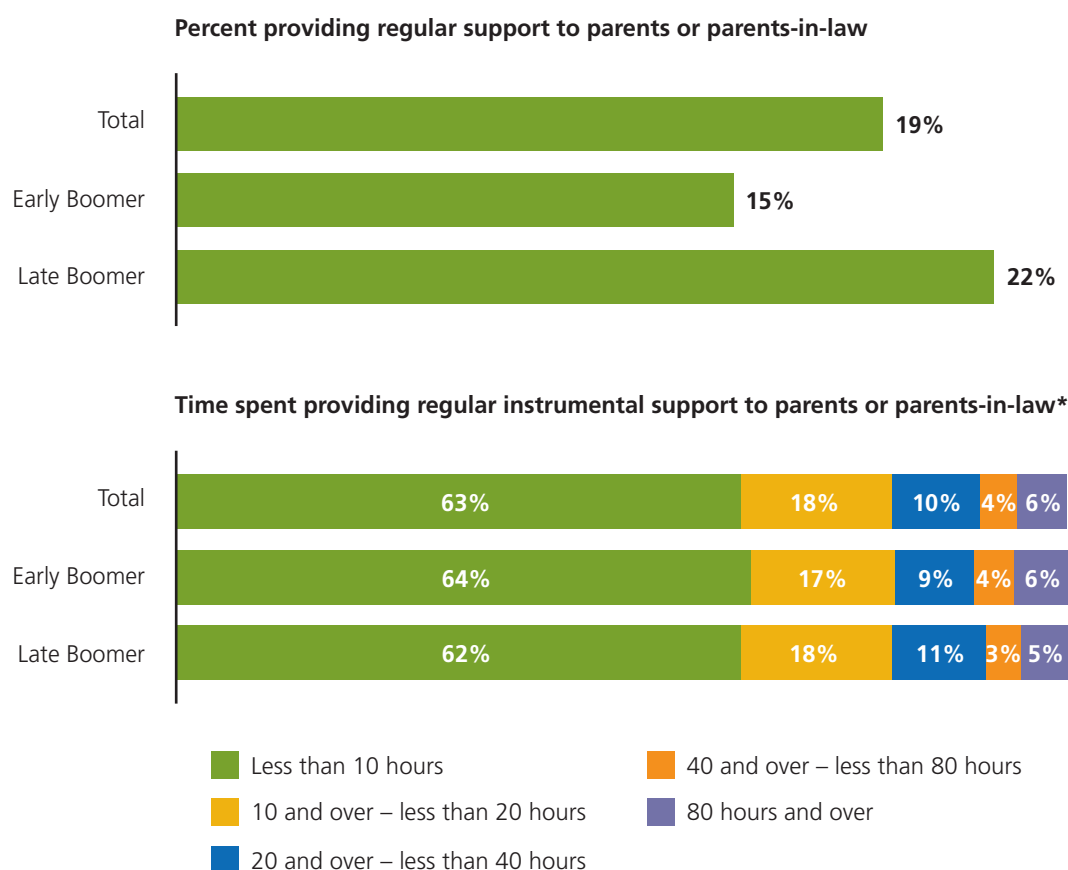


When we expand the definition of dependent family members to include the presence of adult children who are not married and the Korean family norm of caregiving for in-laws, the proportion of Boomers who belong to the Sandwich Generation category climbs to a total of 75%, with 69% of Early Boomers and 81% of Late Boomers.

About 19% of Early Boomers and 27% of Late Boomers are identified as experiencing a double burden of supporting unmarried children and providing regular support (financial, instrumental support, and caregiving) for their elderly parents or parents-in-law.

In terms of instrumental support, such as “helping with household chores or shopping,” 19% of Korean Baby Boomers are providing instrumental support regularly to their parents or their parents-in-law. The average time spent for such support was about 28 hours per month. Twenty-two percent of Late Boomers are providing regular support to their parent(s) or parent(s)-in-law(s) on average 23 hours per month. For Early Boomers, the proportion of providing regular support drops to about 15%, while the hours spent for such service increases to 34 hours per month on average.

Figure 3: Providing Regular Care to a Parent or Parent-in-Law



Note: Figure with asterisk was not weighted. Respondents currently providing instrumental support for parents or parents-in-law.

Implications

- It is expected that Baby Boomers' burden of providing for their children will continue for the next 10 years. As parents of the Baby Boomers are expected to enter "very old" age (80 or over) as early as 2 to 3 years from now, Baby Boomers' burden of caring for their elderly parents will increase. As a result, there is a need to develop alternatives and policy measures to assist in this burden for Baby Boomers. One alternative is to find a variety of methods that can replace traditional, social expectations for care by the family. Policies and related services are needed where the caregiving function is potentially shared by the family, governmental programs, and employers, and exist in many countries in the West. Another aspect is the need to build and provide educational programs which provide Baby Boomers with realistic information and advice on how to prepare for life in retirement. In this regard, we expect that the market demand for paid caregiving services will expand sharply as we have witnessed in the West and Japan.
- The high rate of Baby Boomers in Korea in long-term, stable marriage relationships is laudable. However, their marital satisfaction is thought to be rather unstable due to conflicts related, to a certain degree, to gender equality trends and dual-income families. Since the presence of dependent children is the most powerful factor averting a higher divorce rate in the Korean society, Baby Boomer couples who are still in the childrearing phase demonstrate a high rate of marriage. However, divorces may increase as they age and their children get married and become independent. In this regard, we note that the divorce rate is increasing significantly among middle age and older couples in Korea in recent years.
- In order to enhance the stability of Baby Boomers' marital life, developing a variety of programs aimed at improving couple relationships such as education and family consultations on appropriate ways to resolve conflicts would be beneficial to the family as well as on a societal level.
- According to the findings from previous studies, excessive devotion to and parental investment in children often entail negative effects on parental quality of life and successfully adapting to later life. As a result, expectations and resources must be adjusted to appropriate levels throughout life. Baby Boomers need information, advice, and education on the appropriate roles of parents. Resources should be engaged to develop and provide a variety of programs including parent education and education for improving parent-child relationships. Baby Boomers who are focusing too heavily on their children would benefit from programs to assist them in achieving some balance in the socioeconomic status of their children and their own personal needs for a secure retirement.

- In the case of the West, grandparents function as social capital for their grandchildren's successful development and growth. Korean Baby Boomers, with their considerable market power, make both economic investments and consumer expenditures on behalf of their grandchildren. In this regard, we need to shed light on Baby Boomers' propensity for consumption and other economic impact regarding their grandchildren.
- Given the finding of this study that Baby Boomers have high desires for and concerns about meaningful life after retirement, developing and participating in social programs that can integrate different generations will be the best opportunity for successful aging of Baby Boomers.

Work and Retirement

Employment Status and Work Conditions

About 75% of Korean Boomers (93% of the men, 61% of the women) are currently employed. About 3% of male Baby Boomers and 20% of female Baby Boomers have fully retired, while those who are unemployed are 3% for men and 8% for women. About 12% of female Baby Boomers have never participated in the labor force.

Among the Boomers who are currently working, wage earners (55%) are the largest group, followed by self-employed/own a small business (29%) and business owners/entrepreneurs (8%). Eight percent of Boomers are working at family businesses as an unpaid worker.

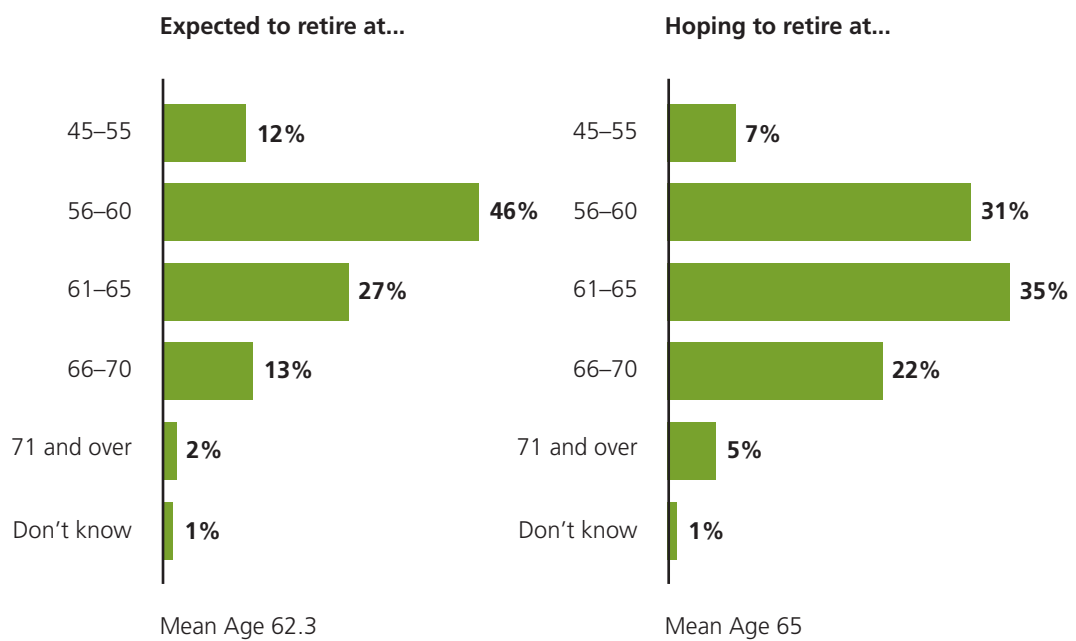
The majority of Korean Baby Boomers (50%) have maintained stable work careers. However, the less-educated are more likely to experience job changes and obstacles in maintaining a similar status job and re-entering the work force. Baby Boomers work approximately 9.0 hours per day, 5.5 days per week. Men had longer work hours (9.7 hours) than women (8.9 hours). Compared to wage earners, the self-employed or business owners worked longer hours.

Overall job satisfaction is above the median level. For many, their job means more than just a source of income. Boomers mention that their job is a realization of their dreams from their younger days and for some Boomers, it amounted to a source of lifelong accomplishment and joy. Nonetheless, many Boomers also report that they are experiencing quite high levels of stress, fatigue, and time pressure. Concerns for disrupted careers, or anxiety over the prospect of layoffs or business closures seemed to be relatively low.

Retirement Prospects

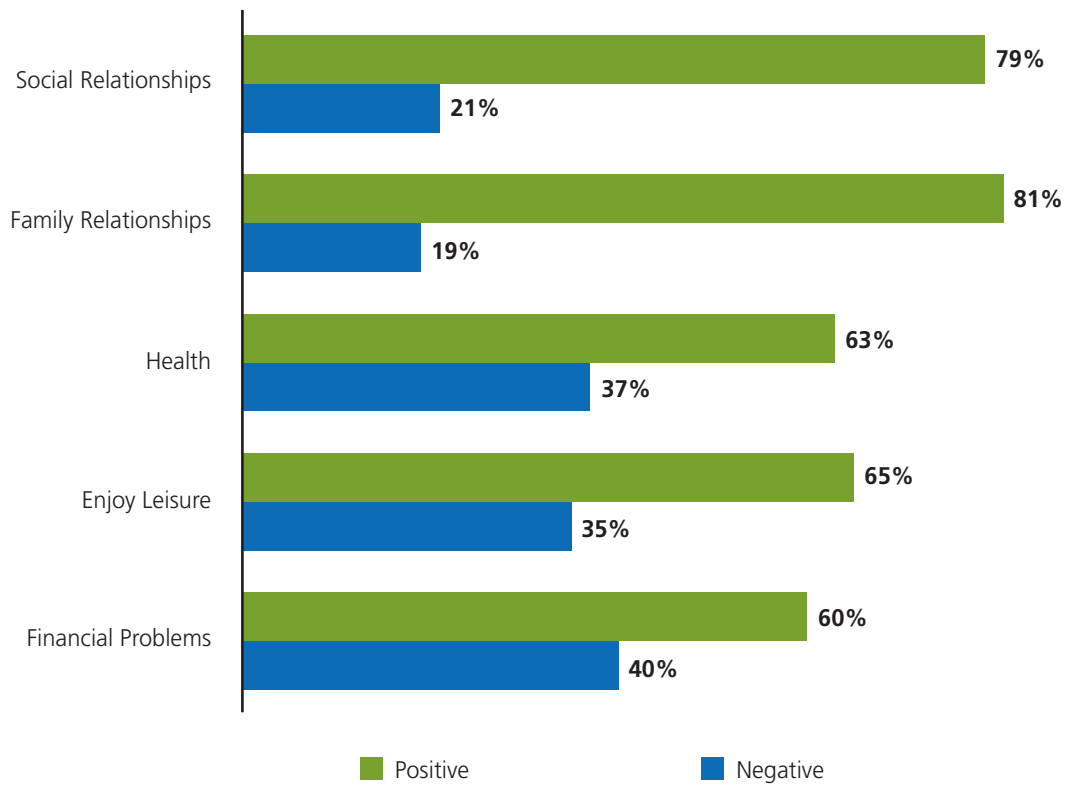
On average, Boomers expect to retire at the age of 62, while they hope to retire around the age of 65. The three-year gap between expectation and hope exists, which indicates that Korean Baby Boomers would prefer to extend their careers.

Figure 4: Timing for Full-Retirement



Boomers believe that their retirement years will serve as a stage of life for spending more time with their families and close friends. Still, issues like financial problems after retirement, health/disability problems, and the structuring of free time after retirement with meaningful and enjoyable leisure activities are frequently mentioned worries and concerns for Boomers.

Figure 5: Retirement Prospect by Specific Issues

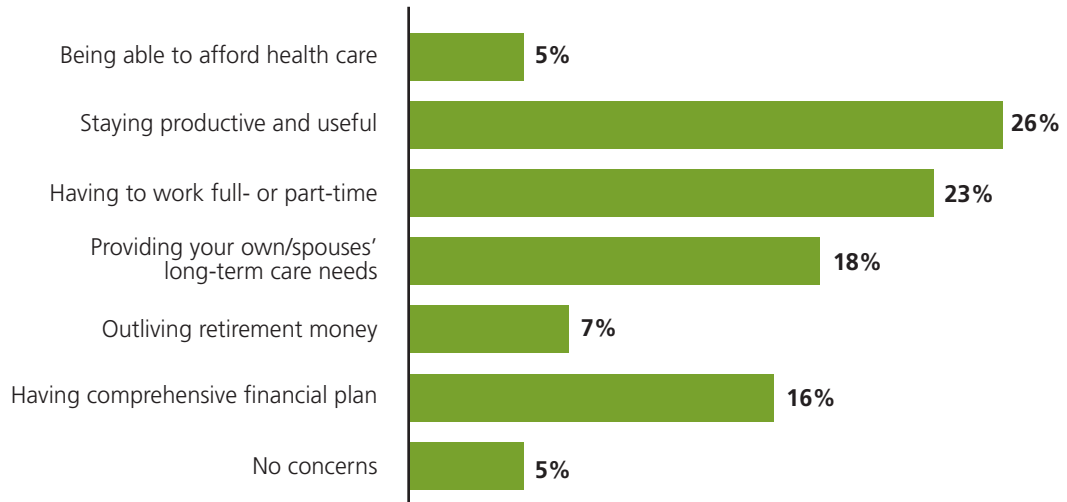


Nearly 40% of the Boomers have negative prospects for financial security, health, and leisure, while only 20% show a negative outlook in social and family relationships.

Concerns About Retirement

The largest concern about retirement for Korean Baby Boomers is “staying productive and useful” (26%), followed by “having to work full- or part-time because of everyday expenses” (23%). These top two concerns outnumbered other concerns such as financial worries, long-term care costs, lack of financial planning, and concern about medical (health) costs. Women had relatively more worries in terms of financial issues and preparation for retirement, while men showed higher concerns about “not being useful in later life.”

Figure 6: Biggest Concerns About Retirement



Already Retired Boomers

Among the Boomers surveyed, 11% are self-identified as fully retired from the labor market. Women outnumber men in the retired group, as women who are fully retired made up over 70% of the group. For these women, retirement took place in the earlier stages of life due to marriage and childrearing.

Retired Boomers can be categorized into three groups according to the timing of retirement as well as reasons for exiting the labor force. The first category of retired Boomers are those who retired earlier in life due to marriage and the rearing of children, and women are the majority of this group. The second group are those who have become unemployed during the economic crisis in Korea, the so-called International Monetary Fund (IMF) economic crisis between 1998–2000, were unable to find a new job, and eventually identified themselves as retired from the labor market. The third category of respondents stated that their full-retirement is very recent (2008–2010), and the major reason for this early retirement is health issues.

Implications

- We found that “working” was the key word that describes the life of Baby Boomers. Working and the workplace capture an important place in the lives of both male and female Baby Boomers, and it is not too much to say that their lives center on their working life and workplace. As such, retirement or leaving employment may be a very significant life event that brings about life changes well beyond the loss of income. How Baby Boomers will plan for and reorganize their post-employment life stage is expected to emerge as the most serious policy issue associated with this societal evolution. Currently, discussions about these challenges are limited to economic preparations for retirement.
- In order to support Baby Boomers’ life-long planning, tripartite cooperation is needed where Baby Boomers make personal preparations, corporations provide programs helping them adapt successfully to life after retirement, and government develops appropriate policies to facilitate both.
- Despite the overall job security observed, Baby Boomers are the first generation where the concept of stable lifetime employment begins to unravel and many are expected to experience additional occupational changes before their retirement. Though career changes are very closely related to the ability to adapt to retirement, understanding about this process is very limited in Korea, unlike in the West. Close scrutiny and analyses will be required about how Baby Boomers transition into retirement and the implications of their circumstances and response to the stability of income, work, family, and retirement lifestyle. Information and insight will be needed in order to develop policies related to employment opportunities for older Baby Boomers and challenges related to their economic activity.
- Changes in the labor market such as “bridge jobs” and the expansion of part-time work that have been witnessed in the West for the past 20 years are expected to become realities in Korea at the time of Baby Boomers’ mass retirement. It is highly likely that Baby Boomers’ complete exit from the labor market will happen later than currently expected. As such, policy preparations are needed for the older worker labor market after Baby Boomers’ retirement from regular work at the typical age of around 50. Personal preparation is also needed to open opportunities for second careers for older workers as highly educated, trained workers. To this end, universities and other institutions are already providing education and other employment-related programs for older workers and corporations should be encouraged to make active use of these programs. Currently, some corporations and universities have undertaken joint efforts in this regard.

Household Finances

Baby Boomers' Household Income and Expenses

Followed by the Life Cycle income Hypothesis,⁴ most of the Korean Baby Boomers are in their peak income period. As such, the Korean Baby Boomers' household incomes are higher than the national average. Baby Boomer households include more dual-income households than the national average and the current survey participants contain more self-employed persons than the national average at about 36%, which is higher than that of other generations.

Korean Baby Boomer households earn an average monthly income of 3,860,000 KRW (\$3,446⁵). They spend about 2,760,000 KRW (\$2,464) on living expenses; and save about 538,000 KRW (\$480) per month. Baby Boomers spend about 21% of their household expenses on childrearing and education per month. One out of three Baby Boomer households has college students in their family and a college student's annual tuition is about one-fifth of a Baby Boomer's household income on average. Some Baby Boomer households have children studying overseas and these households spend even more — about one-third — of their household income on children's education.

Baby Boomers experience financial burdens due to their children's educational costs, their children's wedding and marriage expenses, as well as their own retirement preparation. However, not many Boomers feel financial burdens due to parental care. As a Sandwich Generation, Korean Baby Boomers' financial burdens are greater when it comes to child support and care than parental support and care.

Baby Boomers earn more and also spend more than the national average, again reflecting the effect of more dual-income and business-income households. The high proportion of business income in the household income could also reflect the fact that Baby Boomers are in transition to full retirement. Many Baby Boomers who were once employed as salaried workers could be self-employed now, and this could mean that the transition to full retirement is in progress among Korean Baby Boomers. The entire picture of the process to full retirement of Korean Baby Boomers will be revealed from additional data anticipated from future waves of the panel study.

The fact that more Baby Boomers are dual earners could reflect the fact that Korean Baby Boomer women belong to the first generation who obtained equal opportunity in education and who benefited economically from this higher educational attainment. The high percentage of dual-income households could also reflect the fact that Baby Boomers are in the peak expense years of their life cycle, and additional income is necessary to support their levels of spending.

4 Ando, Albert; Modigliani, Franco (1963). "The "Life Cycle" Hypothesis of Saving: Aggregate Implications and Tests." *American Economic Review* 53 (1): 55–84.

5 For this report, the currency exchange rate is 1,120 KRW = \$1.

Korean Baby Boomers spend considerable income on their children's education and marriage, and these two are their first significant financial stressors. Subsequent financial stress may follow from their parents' care and their own personal retirement needs.

Baby Boomers Household Wealth

The average Korean Baby Boomer household owns about 315,660,000 KRW (\$281,839) in total assets, owes about 29,800,000 KRW (\$26,607) in debt, and has a net worth of approximately 285,860,000 KRW (\$255,232). If we extrapolate this to all Korean Baby Boomer Households (approximately 4.5 million), they own 1,420 trillion KRW (\$1.3 trillion) in total assets, own about 134 trillion KRW (\$119.6 billion) in debt, and have a net worth of approximately 1,286 trillion KRW (\$1.1 trillion).

Baby Boomer household assets consist mainly of real estate. The percentage of real estate assets is 82% while financial assets are only 15% of the total. The remaining 3% consists of other tangible assets. Household asset portfolios are similar across all income classes with a high concentration of real estate assets. A high concentration on real estate is more noticeable in the high net worth group.

The financial asset portfolios of Baby Boomer households consist mainly of low-risk depository products (more than 40%). About 30% of financial assets are made up of insurance and annuity products. Considering the fact the Baby Boomers are approaching retirement, the possession of annuity products is desirable. However, Baby Boomers in general invest in financial assets very conservatively. Recent experience with a booming stock market and the popularity of mutual funds were generally not shared by the Baby Boomer generation.

Generally, Korean households' assets consist largely of real estate assets, and typically their primary residence is the primary real estate asset. This phenomenon is especially true with the Baby Boomer generation. They have more wealth compared to the national average, however the majority of this wealth comes from the value of their primary residence. This could produce liquidity issues in their retirement years. As such, many Baby Boomers plan to utilize their primary residence as a retirement income source by downsizing it or obtaining a reverse mortgage. Therefore, the Korean Baby Boomers' retirement housing will be a key topic of interest in the future.

The fact that Baby Boomer households do not possess many investment products, such as stocks and mutual funds, should be studied in more depth with various perspectives. The Korean Baby Boomers wealth accumulation process and their preferences could be very different from other generations and Baby Boomers of other countries, such as the U.S.

Baby Boomers' Financial Expectations and Satisfaction

As a group, Baby Boomers are risk avoiders. More than three-quarters of Baby Boomers report that they will take only minimum risks even though the return would be less desirable. Only about one-fifth said that they will take average risks to gain average returns. The average rate of return that Baby Boomers anticipate when they invest is 13% while the average loss that Baby Boomers are willing to take is 14% of the principal.

About one-fifth of Baby Boomers do not take a long-term perspective when they make investment or savings decisions. Among those Baby Boomers who make investment or savings plans, the investment horizon is less than 10 years with a high proportion of them having a very short-term (1 to 3 years) horizon.

The financial management competency score of Baby Boomers is 67.9 out of 100. The financial management competency score was measured with 12 questions that cover various aspects of financial management such as goal setting, following the budget, recordkeeping, risk management, credit and debt management, and cash management. A score of 67.9 out of 100 is a D grade (meaning not good). When we compare Baby Boomers' competency score with other groups, Baby Boomers showed relatively lower financial management competency. According to the 2007 Investor Survey, the average financial management score of the 2007 Investor Survey respondents was 74.2 (the 2007 Investor Survey surveyed 3,500 individual aged 20 to 65 in 2007).

This indicates that Baby Boomers are deficient in terms of setting medium- to long-term financial goals, seeking savings and investment information, reviewing their financial situation regularly, and recordkeeping for cash flow activities. The financial management competency scores are higher as income and assets increase. Female Baby Boomers have higher levels of financial management competency than males.

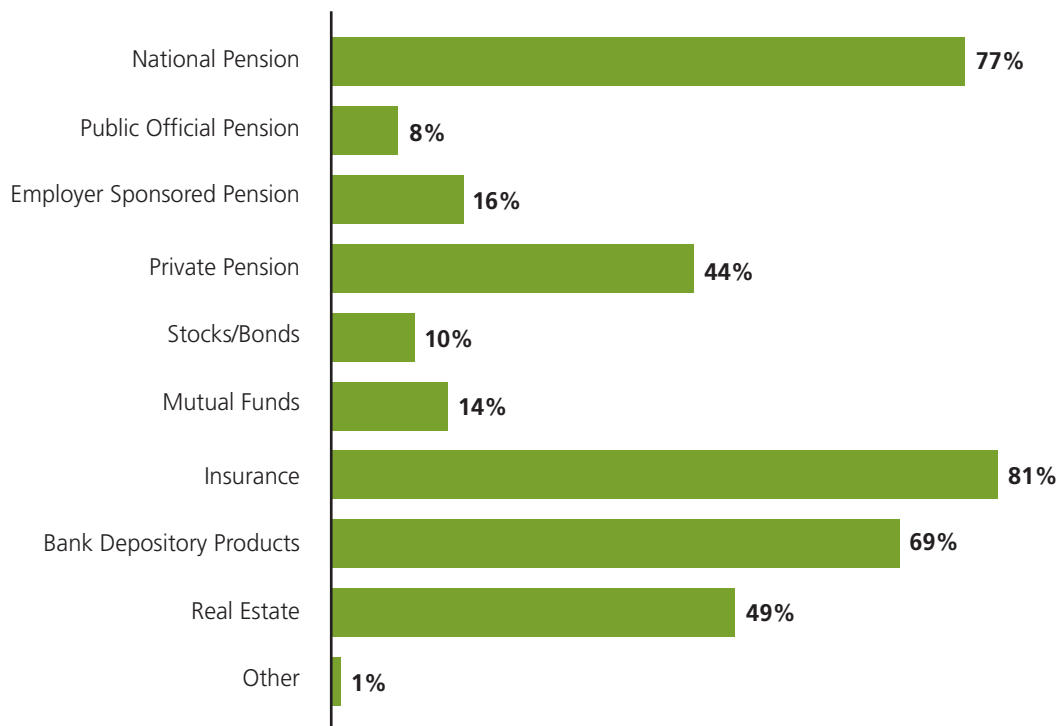
As a group, Baby Boomers have an optimistic outlook when it comes to their future financial situation. However, their satisfaction with their current financial situation is not great (a score of 57.6 out of 100). Baby Boomers expect a better future than what they are experiencing today. They are rather myopic with financial planning and this may contribute to the optimistic financial outlook. As a group, Baby Boomers are weak in the area of financial planning. Financial planning could be a foreign term to most of the Baby Boomers.

Baby Boomers' Financial Planning for Retirement

Baby Boomers expect their post-retirement level of living to be in the low to medium levels. Almost 46% of Baby Boomers anticipate that they will have a tight budget in their retirement years. The average monthly living expenses that Baby Boomers anticipate having to meet in their retirement years is approximately 2,110,000 KRW (\$1,884) in current value.

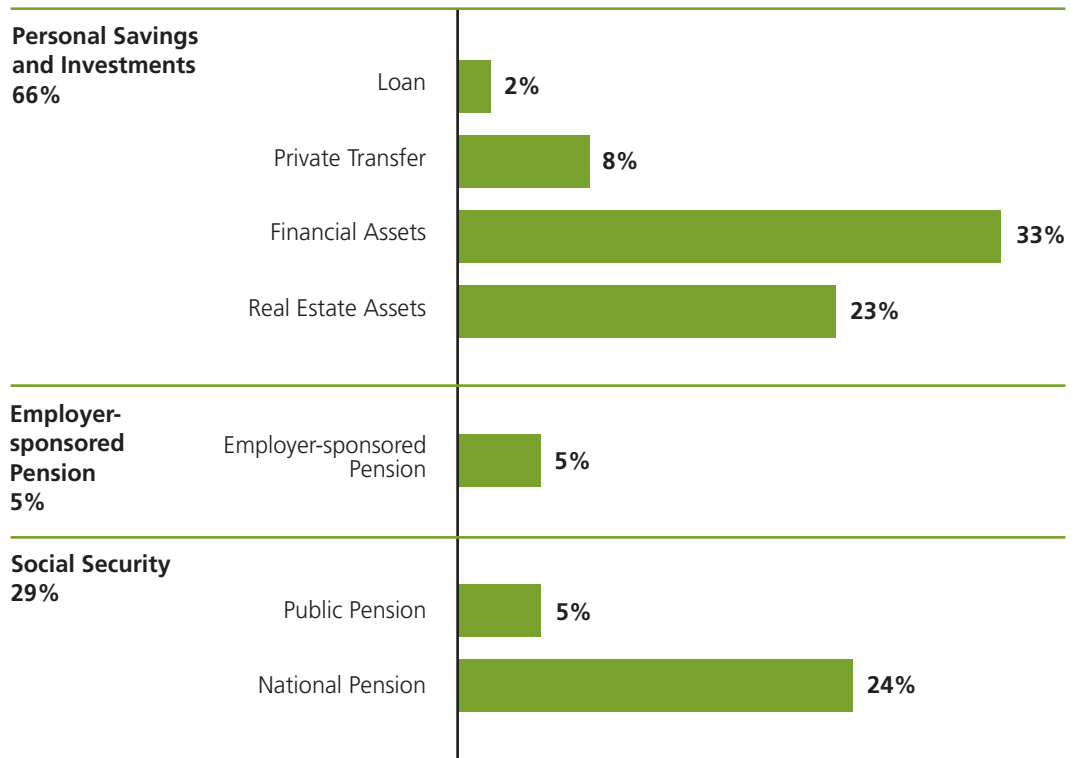
Only about half of Baby Boomers are currently saving for retirement. The average amount of savings for retirement is 172,000 KRW (\$154) per month. A large majority of Baby Boomers possess insurance products for retirement (8 in 10) and 85% participated in the national pension and other public pensions systems, while 69% possess bank depository products to prepare for their retirement.

Figure 7: Retirement Preparation of Korean Baby Boomers



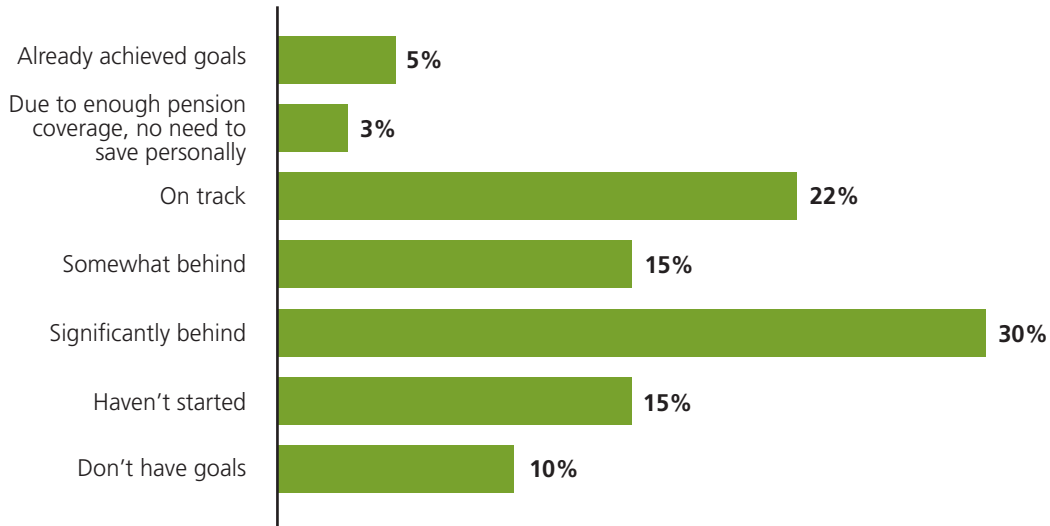
Baby Boomers’ anticipated sources of income in retirement consist of 29% government pension, 5% employer-sponsored pensions, and 66% personal savings. The significance of personal savings in retirement planning stands out among Korean Baby Boomers.

Figure 8: Projected Sources of Retirement Income of Korean Baby Boomers



When examining the retirement planning progress among Korean Baby Boomers, a serious lack of planning is noticeable. About one-third of Baby Boomers report that they are significantly behind on their retirement savings progress. Many (15%) Baby Boomers have not started their retirement savings yet, and 10% do not even have a retirement savings plan. The contributing factors for this lack of retirement savings include the financial funding of their children’s education and marriage as well as current daily living expenses.

Figure 9: Retirement Readiness of Korean Baby Boomers



To fill in the retirement income deficit, 4 in 10 Baby Boomers anticipate utilizing their primary residential housing in various ways. Of those who plan to utilize their residential housing, about 24% anticipate using reverse mortgage plans as part of their retirement income strategy.

Only 27% of the Baby Boomers have calculated their retirement income needs. Considering the fact that the oldest Korean Baby Boomer reached age 55 in 2010 and retirement can begin as early as age 55, this low retirement income needs calculation rate could indicate a serious national problem. The nature of this problem could be even more serious given that Korean Baby Boomers expect to supply more than 66% of their retirement income through personal savings. They are not relying heavily on government pension, and employer-sponsored pensions are often minimal due to their recent adoption by Korean companies.

For the next 10 to 15 years, retirement planning will be one of the most serious issues for Korean Baby Boomers. In fact, Korean Baby Boomers identified their retirement planning issues as the third most serious financial stressor following their children's education and marriage. Korean financial markets are rapidly changing, and the retirement planning needs of the large Korean Baby Boomer population could influence this financial market change dramatically during that time.

Implications

- We need to take into account that Baby Boomers are currently in the life stage where they spend the most on their children. Here, a very significant difference exists within the Baby Boomer group — some are in a life stage with young children and others are in another with married adult children. Baby Boomers need to give more attention to planning and preparing for their own retirement and start reducing the currently excessive parental responsibilities toward their children.
- In order to achieve the average rate of return expected by Baby Boomers and cover the retirement expenses, Baby Boomers need to increase their comfort level with risk-taking and rebuild their asset portfolio toward a higher rate of return.
- Noting that the second tier of corporate pension income is not adequately provided for Baby Boomers in Korea, a variety of policy support is needed to solidify the corporate pension system and expand corporate roles in supporting future generations' retirement.
- Given that Baby Boomers' asset portfolio is heavily concentrated on real estate, a wide variety of policy measures and support are needed to help generate income flow from housing and other assets held by Baby Boomers. As the scope of beneficiaries (households and individuals) is rather limited, new financial products (i.e., real estate-linked securities) need to be developed which would enable a wider variety of individuals to securitize their real estate assets to generate retirement income.

Generational Identity, Lifestyle, and Social Networks

Are Baby Boomers Happy?

About 42% of the Korean Baby Boomers report that they are happy, while only 6% report that they are unhappy. The remaining Boomers fall into a middle category. There seems to be a gender difference in happiness: male Boomers are happier than female Boomers, on average.

Baby Boomer Group Identity and Age Identities

Close to half of the Korean Baby Boomers (49%) are not aware that they belong to the Baby Boomer generation. Just over half report that being 50 bothered them, while 11% report that turning age 50 is (or was) 'no big deal' to them. About 28% of the Boomers think they are "already too old," while slightly fewer (25%) Boomers consider themselves "still young and have a lot to achieve" in their lives.

Figure 10: Do You Know You Are a Baby Boomer?

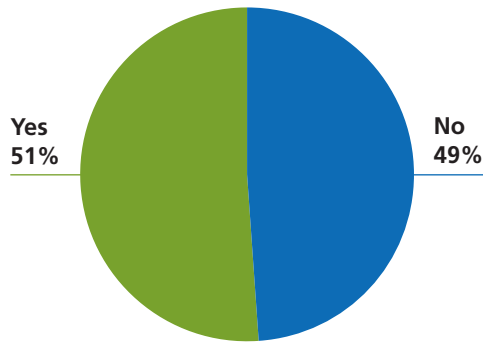
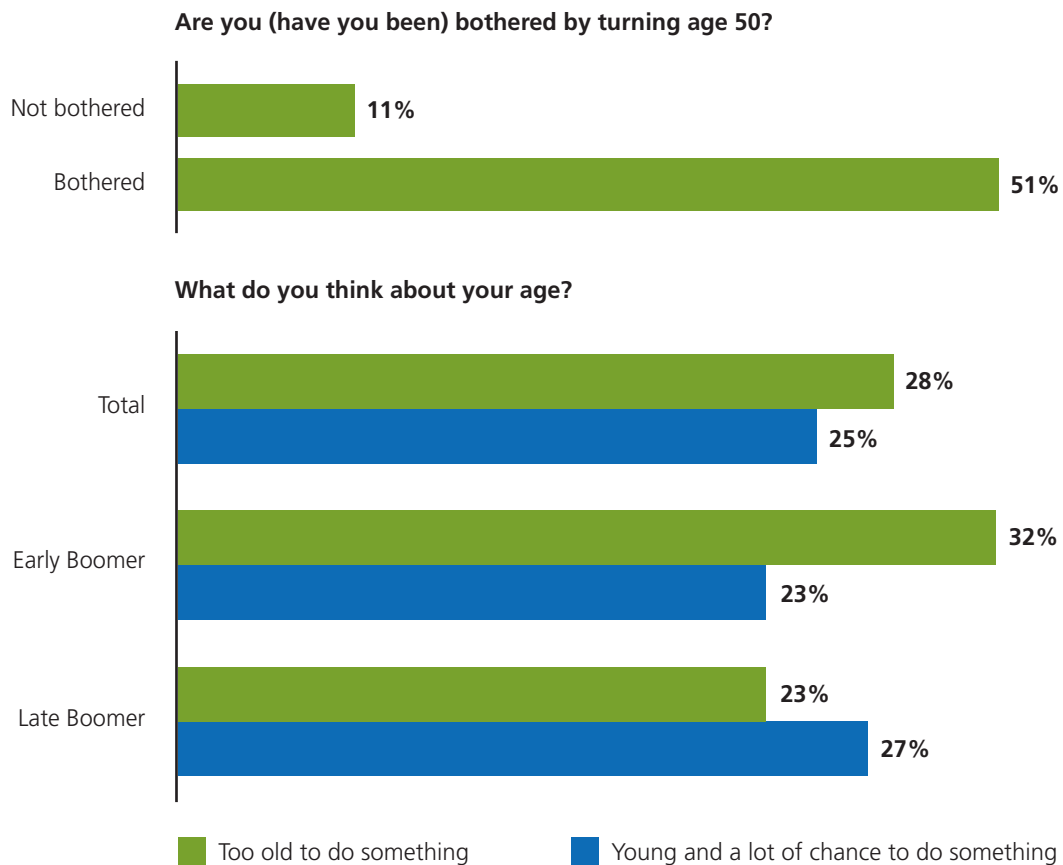


Figure 11: Getting Older



Work and Leisure Time

The everyday life of Korean Baby Boomers is ruled by the rhythms of work and family life. Work hours and work schedules are crucial components of the time pressure many Baby Boomers experience. Since Baby Boomers have almost 9 to 10 hours of work per day, and approximately seven hours of sleep, there is very little time left for free time activities in their everyday schedules.

The limited amount of time that is available for leisure activities seems to be filled with social gatherings, mostly with friends. Their social world, in comparison to their work/family sphere, is constructed on a network of friends which is both extensive and diverse.

Social Network Characteristics

The most frequently mentioned social network activity was alumni-based meetings (56%), followed by other close friends in other social gatherings such as religious organizations. For some high socioeconomic groups of Boomers, meetings with those who share their leisure activities (e.g., sports or hobbies) are another important part of their everyday lives. Since the Boomers in this study were city dwellers, civic engagement is also observed among their numerous social activities with a significant number of Boomers (about 20%) engaged in community-level social activities, volunteer work, and participation in political movements.

While Boomers keep quite frequent contact with friends, contacts with relatives is less frequent. Studies on social networks and social integration have shown that social networks tend to shrink with increasing age. Since friends fill an important part of relationships in Boomers' lives, special attention is needed to figure out how such networks may change throughout the retirement process.

Important Life Events

According to our findings, the majority of Boomers had a rather peaceful year without many stressful life events. Nonetheless, health-related issues (e.g., diagnosis of chronic health conditions, sudden health problems, or death of a family member) emerged as major life events among some of the Boomers of this study. In addition, Boomers' parents, in addition to Boomers themselves, were subjected to these health issues. Among the Boomers who had parents still living, about 47% of Boomer parents have faced a health crisis or death. Medical costs, home health care, and other related hardships may have undermined the lives of some Baby Boomers.

Values and Attitudes

Korean Baby Boomers have more of a collective inclination than an individualistic orientation. About 42% of the Boomers believe that individual rights can be suspended or restricted for the purpose of public good. However, approximately one-third of Boomers report that they can ignore the corruption or wrongdoing of others as long as it does not affect them personally.

About 28% of Boomers think that sacrificing family/private life to achieve a promotion in a job is inevitable. Thirty-eight percent of Boomers agree with the statement that it is a duty to attend company gatherings after regular work hours, regardless of their personal circumstances.

Boomers demonstrate a low level of trust of strangers. About 70% of Boomers believe that one should not trust strangers. Even though the majority of Boomers agree that Koreans and Korean society need to open more to global companies and foreigners, only 24% of Boomers would approve if their child were to decide to get married to a foreigner.

Implications

- It seems that the “meaningful life” desired by Baby Boomers is not merely financial, but a life where they engage in productive activities, contribute to society, and experience the extended satisfactions of life. This is reinforced by recent efforts to develop and provide information and programs in the West about encouraging Baby Boomers’ involvement in civic engagement and related activities. Findings of this study imply that these efforts are also needed in Korea, involving individuals, communities, government agencies, and corporations.
- We need to provide an institutional foundation in order to make use of Baby Boomers’ positive attitudes and potential for development as a social resource even when they are in their old age.
- If we look at relationships with friends as social capital, we need to pay attention to the developments around Baby Boomers’ point of exit from the labor market. The retirement process would invariably cause shrinkage in the extent of social relationship networks due to a decrease in income and resources, while, on the other hand, retirement might make friendships closer thanks to an increase in leisure time. Additional study and analysis is required to clarify how Baby Boomers’ relationships with friends change going forward.
- It is noted that prior experience is an important factor that may lead to social participation activities such as volunteer services. Opportunities to participate in social activities should be provided, expanded, and encouraged.
- Volunteer service participation rates of 10% is low, especially compared with social networking activities. Korean society in general needs to consider opportunities and ways to spend leisure time in a meaningful manner. While individual strategies and education are important, it is more important to develop policy measures to stimulate middle age and old age participation in volunteer services and other activities beneficial at the community level.

Health

How Healthy Are Baby Boomers?

About 39% of Early Boomers and 29% of Late Boomers have chronic diseases, such as hypertension (high blood pressure), diabetes, arthritis, and gastrointestinal disorders. Examining Body Mass Index for Boomers shows that about 22% of Baby Boomers are categorized as overweight or obese. About 13% of the Boomers have experienced at least two weeks of depression during the preceding year. About 8% of the Baby Boomers have thought about committing suicide during the preceding year.

When we categorized the Boomers into four groups according to their physical and mental health status, 60% of respondents belong to the “Healthy Group,” those having neither chronic disease nor depression. About 33% of the Baby Boomers had either chronic disease or depressive symptoms and the remaining 7% of the respondents were categorized in the ‘Double-risk Group,’ suffering from both physical and mental problems.

In addition to chronic disease and depression, more than 14% of women and about 8% of men are suffering several midlife symptoms such as sleep disorders, aches or stiffness in joints, irritability, wrist pain, etc.

Baby Boomers Health Behaviors and Health Literacy

Forty-six percent of male Baby Boomers are smokers, of which 23% are also problematic drinkers. Of the females, 3% were smokers, and 2% could be defined as problematic drinkers.

More than 60% of Baby Boomers are engaged in health-promoting behaviors such as exercise, regular checkups, and monitoring of blood pressure. Baby Boomers show a high level of health literacy. The majority of the Baby Boomers have no problems in comprehending medical information, orders, and using medical services.

Health Inequalities Among Boomers

Health inequalities among Boomers by gender and level of education are observed. Men and women have different health-related needs. More men than women have hypertension or diabetes, while more women than men suffered from arthritis. More women than men are having difficulties with midlife symptoms such as sleep disorders, headaches, aches or stiffness in joints, irritability, etc. Men had higher BMI values than their female counterparts. And, a higher rate of mental disorders was observed for women than men, such as experiencing depression and an intention to commit suicide.

In the case of college graduates, 61% of the men and 65% of the women belong to the “Healthy Group.” For Boomers with below high school education, only 54% of the men and 47% of the women are classified into the “Healthy Group.” Considering the fact that those with a lower level of education are less engaged in health promoting behaviors and showed lower health literacy, discrepancies in health status among Boomers are likely to widen over time as they age.

Implications

- As elderly parents of Baby Boomers are expected to enter the “very old” age of 80 or over within two to three years from now, it is expected that many health events will occur. Baby Boomers themselves are approaching old age and should experience a variety of health problems more frequently in a repeated manner. Within 5 to 10 years from now, Baby Boomers will start entering the “empty nest” phase rapidly as their children become adults.
- As significant conflicts and stress are expected in determining priorities in distributing Baby Boomers’ resources and energy, we need to start building social strategies, policies, and measures in this regard.
- The market and public health policies need to respond to the different health problems and demands of males and females. In addition, political intervention is needed to mitigate health problems of people of low socioeconomic status. The finding that people with lower education level had lower rates of health promotion behaviors and lower health literacy than those with higher education strongly implies that, without policy intervention, the health inequalities could expand further, which in turn implies a sharp rise in related expenditures by individuals and government.

Conclusion

Korea's Baby Boomers emerged during a period of rapid and dramatic change in Korea's history, and in their own current and future personal and generational transitions they parallel the continuing change in Korea as a nation emerging into a new century. Perhaps most significant is their position as a touchstone generation between revered traditions and new values and perspectives. They may be the last generation where dedication to parental caregiving is almost universal, and lifetime employment considered a guarantee.

Given the Boomers heavy concentration on family, children, and parents, their caregiving responsibility is extensive and lengthy, often involving personal sacrifice. Yet it cannot be their sole focus, especially when it potentially jeopardizes their own financial security and personal health as they rapidly approach their own retirement. They may have to forego their characteristic resistance to change and risk in order to cope successfully with new challenges that will inevitably evolve.

In the West, the concept of the "Third Age" has been emerging for many years. It is a viewpoint which acknowledges the First Age of childhood dependence, followed by transition to the Second Age of adulthood and childrearing, and finally the Third Age, a period of reflection, rebirth, and renewal. Korea's Baby Boomers clearly have an opportunity to harness their energy, wisdom, experience, and dedication to the common good for the benefit of the wider community. If their focus in life has been their children, family, and work, what will they face and how will they cope when these centers of attention recede over time? Not only will they have to be more capable at making the transitions they will encounter, the nation through its policies, public education, and continued efforts to understand and respond to the needs of its citizens will also have to contribute to the meaningful life they seek. In this way, both the Boomers and Korea itself can continue to grow and thrive.

Methodology

The study was conducted by Seoul National University, in collaboration with the MetLife Mature Market Institute, with support from the MetLife Korea Foundation.

The data for this study were collected by Gallup Korea. A total of 4,668 respondents residing in urban centers in Korea were surveyed in face-to-face interviews using structured questionnaires. The surveys were conducted between May 2010 and August 2010.

Data were weighted to be representative of the total Baby Boomer population residing in urban areas of Korea. Boomers are categorized as two groups: Early Boomers (born 1955–1959), and Late Boomers (born 1960–1963).

MetLife Mature Market Institute research on U.S. Baby Boomers, survey content, and expertise were used by the Seoul National University research team to inform the Korean research and to enable future comparisons between U.S. and Korean Baby Boomers. A comparative study of the U.S. population in this same 1955–1963 birth cohort produced by the MetLife Mature Market Institute will follow.

• Not A Deposit • Not FDIC-Insured • Not Insured By Any Federal Government Agency
• Not Guaranteed By Any Bank Or Credit Union • May Go Down In Value

MetLife[®]
Mature Market
I N S T I T U T E

www.MatureMarketInstitute.com

200 Park Avenue, New York, NY