



## 2016 Fidelity® Investments Family & Finance Study Executive Summary

### A Few Words about the Study

Fidelity Investments' biennial Family & Finance study (previously known as the Fidelity Investment's Intra-Family Generational Finance Study) is unique because it surveys parents and their adult children separately on a range of financial and retirement planning topics to identify their level of agreement. This study was conducted online from February 26 – March 22, 2016 among U.S. parents and their adult children by GfK Public Affairs and Corporate Communication using GfK's KnowledgePanel®. To qualify, parents had to be at least 55 years of age, have an adult child older than 25 and have investable assets of at least \$100,000. Children qualified if they were at least 25 years of age, had at least \$10,000 saved in an IRA, 401(k) or other investment account (savings specifications are excluded for ages 25-29). This is the third time the study has been fielded. The first was conducted in August of 2012 and the second in March of 2014.

*The results within this executive summary compare 221 parents to one of their adult children. The total sample recruited for this study included parents and 221 adult children.* The experience of the parents and adult children who responded to the survey may not be representative of the experiences of all families.

#### **The Study's Key Finding: While children are willing to help their parents as they age, 4 in 10 families disagree on the roles and responsibilities children should assume.**

- 93% of parents surveyed believe it is unacceptable to become financially dependent on their children; while only 30% of their adult children feel the same way.
- When it comes to health, while many children surveyed said they or a sibling would care for their parent if they become ill, 45 percent of parents and kids aren't in agreement on this issue.
- 4 in 10 families disagree on the roles children will play as parents age, in terms of who will be their caregiver, who will be the executor of the estate and who will manage the finances.
- 67% of families disagree about the appropriate time to initiate a conversation about their parent's finances—many hold off until their parents approach or are in retirement.
- Many families are not having detailed conversations about important topics such as their parents' long-term care, living expenses in retirement, will and estate planning and where important documents are located.
- Among families who have had detailed conversations about their parents' will and estate planning comes greater peace of mind for both the parents and their children.

## Adult Children expect to help out their aging parents – more so than parents’ realize

- While a majority of parents (93%) feel it would be unacceptable to become financially dependent on their children, only 30% of children feel the same way. In fact, nearly one-quarter 23% expect to financially support their parents.

**93%** of parents overall think they will not need any financial support from their adult children during retirement



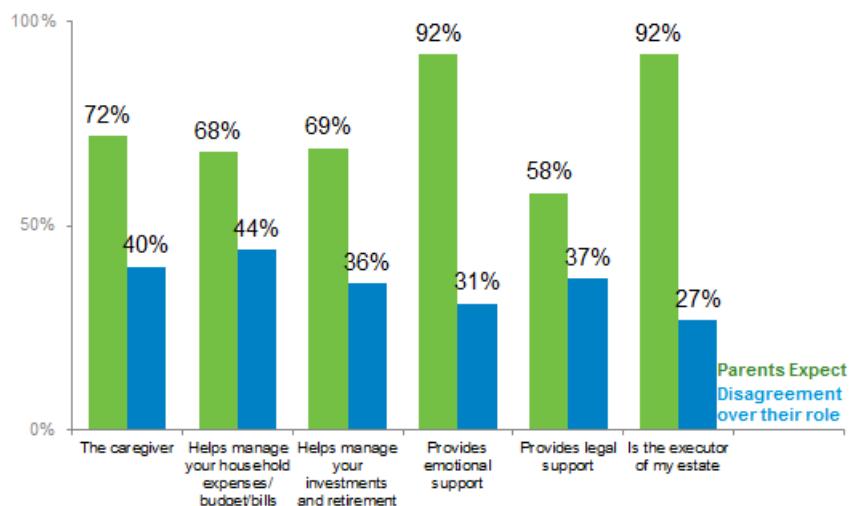
**23%** of adult children expect to provide their parents with at least some minimal financial support during retirement



- When it comes to health, while many children surveyed said they or a sibling would care for their parent if they become ill, 45 percent of parents and kids aren't in agreement on this issue.

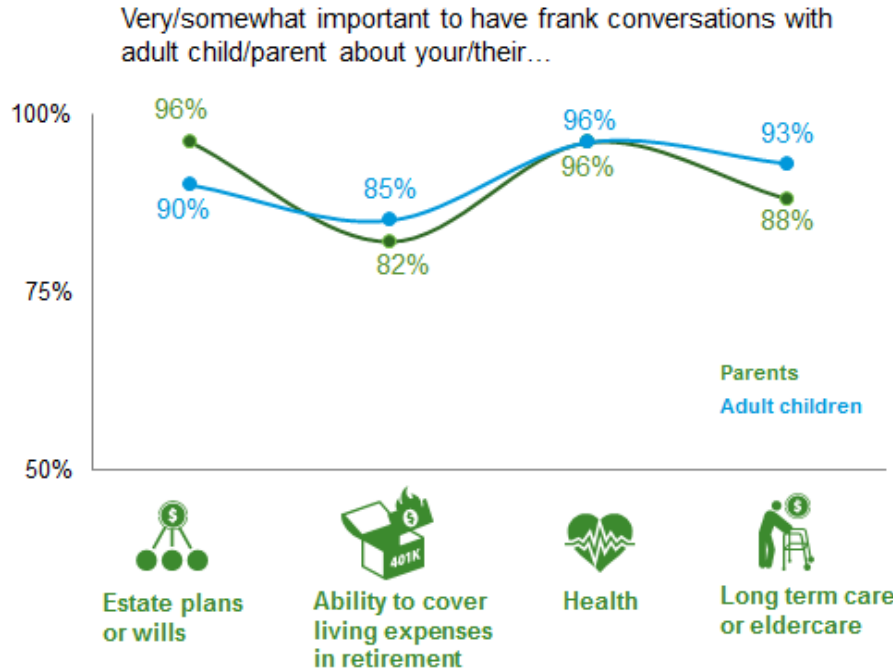
## 4 in 10 Families Disagree on the Roles Children will Play as Parents Age

- Estate Execution:** Although 92% of parents expect one of their children will assume the role of executor of the estate, when asked, more than one in four (27%) of the kids identified as filling this role didn't know this. Of note, 55% of parents expect the oldest child to be executor.
- Caregiving:** While 72% of parents expect one of their children will assume long-term caregiver responsibilities if need be, 40% of the kids identified as filling this role didn't know this. Of those that do, 58% are women.
- Managing Finances:** While 69% of parents expect one of their children will help manage their investments and retirement finances, more than one-third (36%) of the kids identified as filling this role didn't know this.



**While vast majorities of families believe financial topics are important to discuss with each other...**

- Approximately 9 in 10 parents and their children see the importance of having frank conversations about a number of issues affecting parents when they retire.



**...many families have disagreements about these conversations: both when they occur and how detailed they have been.**

- Only 33% of parents and children **agree** when it's appropriate to initiate conversations about their parent's finances—whether to have them well before retirement, upon entering retirement or closer to when health and finances become an issue. That means that:

**67%** Two thirds of adult children and their parents **disagree about when it is an appropriate time to initiate a conversation about their parent's finances**



- Part of it may be that families don't realize the importance of talking these topics through. A significant portion of those surveyed who have yet to discuss retirement plans (38% of

parents, 43% of adult children) say it's because the subject never comes up! An additional 31% of parents don't want their children to count too much on their inheritance.

- Families often procrastinate and think these conversations should occur closer to their parents' retirement, at which point they run the risk of it being **too late**. In fact, one-third of parents and their children say frank conversations should occur after retirement and when health and finances have become an issue.

	Adult children	Paired parents
Well before you retire or have any health issues	37%	32%
As you near retirement	11%	18%
Once you actually are retiring	11%	11%
After you retire, but not until your health or finances become an issue	38%	35%
Never	3%	5%

- Even if conversations are taking place, the depth of these conversations is often inadequate. The results of this study show significant gaps in three important areas:



- **Long-term care:** 43% of parents indicate they have not had detailed conversations with family members about long-term care and eldercare—and an additional 23% have not had any conversations at all. Furthermore, while 72% of children think their parents should be tackling the issue of long-term care/eldercare, only 41% of their parents say they actually are.



- **Will and estate planning:** While parents are more likely to believe they've had detailed conversations with their children on this subject (69%), 52% of children say they haven't.



- **Living expenses in retirement:** More than a third (34%) of parents indicate they have not had detailed conversations with family members about covering their living expenses in retirement—and an additional 16% have not had any conversations on the topic at all.



- **Location of important documents:** 3 out of 10 families surveyed disagreed as to whether or not the children knew where to find important family documents such as wills, power of attorney and health care proxies.

### Families Who Have Had Conversations Enjoy Greater Peace of Mind

- How important are these conversations? 93% of children who have had “any” detailed conversation with their parents are significantly more likely to possess greater peace of mind around these issues. Likewise, 95% of parents reported feeling greater peace of mind as a result of these conversations.
- When detailed discussions do occur, parents and their adult children both experience a host of benefits.

	Had “any” detailed conversations		Did not have “any” detailed conversations	
	Adult children %	Paired parents %	Adult children %	Paired parents %
Adult children’s emotional state when the time come	74%	74%	56%	33%
Adult children’s financial future	71%	66%	63%	59%
Grandchildren’s/children’s financial future	65%	44%	63%	43%
Parents’ peace of mind	93%	95%	78%	63%
Adult children’s peace of mind	86%	88%	66%	52%

### Key Demographics of Sample:

	Parents	Adult Children
<b>Male</b>	50%	41%
<b>Female</b>	50%	59%
<b>Mean Age</b>	68.1	39.1
<b>Mean HH Income</b>	\$129,300	\$117,300
<b>Mean Assets</b>	\$649,500	\$71,500
<b>Works with an advisor</b>	47%	30%
<b>Oldest Child</b>	NA	46%
<b>Middle Child</b>	NA	18%
<b>Youngest</b>	NA	37%
<b>Employed</b>	32%	81%
<b>Not Employed</b>	68%	19%
<b>Fully or Partially Retired</b>	78%	3%

## About Fidelity Investments

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