

ROOMMATES IN RETIREMENT: A NEW PARADIGM IN RETIREMENT LIVING

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ABSTRACT

As Baby Boomers reach retirement age, living decisions come to the forefront. Historically, couples retired and relied on a nest egg to live conformably. Today, more people are retiring alone due to increases in divorce and separation, creating a foundation for new ideas in retirement living. At a time when economic solvency is uncertain, research was conducted exploring alternative, cooperative living environments that satisfy both financial necessities and personal needs for interaction as well as socialization, in the later years of life. The choice to share a home in the retirement years provided exciting new perspectives on traditional theories associated with aging.

Key words: Retirement Living, Cooperative Living, Baby Boomers, Retirement Options

1. INTRODUCTION

It has been over a year since the first wave of Baby boomers became eligible for social security benefits (Munnell, 2007). In 2008, the housing market plummeted due to questionable mortgage practices and economic exigencies. For many retirees, their accumulated equity in a house has been one of the key components of wealth in retirement. The stock market plunge from 14,000 in 2007 to 6,500 in 2009 disrupted another economic base retirees have historically relied on for a comfortable retirement. With a new leader in the White House, and a country seeking solutions to long-term multi-minded systemic problems (Gharajedaghi, 2006), economic woes abound. What a year for that first group of eligible baby boomers to think about retirement.

Modern retirees look to retirement as a way to enjoy life after years of hard work and raising families (Duay & Bryan, 2006). Many have invested in retirement plans, the stock market, and home equity to ensure that they can retire comfortably. Approximately 25 percent of people eligible for retirement will rely entirely on social security benefits for their retirement income (Munnell, Golub-Sass, Perun, & Webb, 2007). Based upon the number of quarters paid into social security, for some, this source of income equates to living at or below poverty level in the United States. While the majority of this group is female, women are not alone in this quagmire. A large number of men who worked at low paying jobs without retirement benefits find themselves in the same situation. In addition, death of a spouse or divorce frequently reduces retirement benefits up to fifty percent, leaving these retirees wondering how they are going to survive retirement.

The process of planning for retirement includes career decisions and financial planning, as well as relationships. Although men have planned for retirement since the early part of the 20th century (Munnell, 2007), women are still working to catch up on retirement planning efforts. Marketable skills and jobs have a direct effect on the type of retirement planning. Lower income jobs have created limited retirement options for both men and women. According to data provided by the Center for Disease Control (CDC) divorce rates are on the rise in the USA showing approximately 39-49 percent of marriages ending in divorce (p. 15). Choices to stay home and care for a family also restricted options in retirement, especially if divorce or death severed a marital relationship and the associated financial or emotional stability of the relationship. These situations and others have resulted in potential retirees reaching retirement age, without the necessary retirement incomes and assets to stop working.

Aging, itself, is a broad term suggesting both positive and negative connotations depending on the use of the word. The biological assumption that human aging is simply the process of getting older lacks depth and understanding. Human aging includes biological (Gems, 2003), psychological (Dailey, 1998), social (Martina &

Stevens, 2006), and economic factors (Munnell, 2007) that when combined, create the temporal elements that influence decisions and life choices in retirement (Ebersole & Hess, 1998).

2. NEW LIVING ARRANGEMENTS

Creative ideas for retirement living are growing at a time when people are contemplating whether they will be able to retire at all. One alternative entails retirees living in cooperative arrangements (Anastasia, 2008; Mahoney, 2007). As young adults in college, the concept of two or more people sharing an apartment or house was an acceptable practice. Yet, as people age, the same scenario appears strange, although, more retirees are doing just that. Cooperative living in retirement not only reduces the cost of retirement, it also appears to have some unexpected side benefits. The social interaction created by this type of living situation may have a positive impact on the mental factors associated with aging, resulting from an active lifestyle in retirement.

A research project conducted in 2008 examined the lives of 18 individuals currently retired, or preparing for retirement, living in cooperative situations (Anastasia, 2008). Utilizing narrative inquiry (Chase, 1995), the study explored the factors that encouraged individuals to live cooperatively as well as the advantages and disadvantages of the living conditions. Participants in the study ranged in age from 52-88 and consisted of both men and women. While reasons for entering into a cooperative living scenario focused initially on financial need, mainly due to divorce or death of a spouse, the social interaction created by the arrangements eventually replaced the financial concerns, presenting an entirely new reason for living cooperatively.

3. COOPERATIVE LIVING

Cooperative living arrangements are home-sharing situations in which two or more individuals (male or female) cohabitate under the same roof, allocate expenses and divide responsibilities, without sharing a romantic or marital relationship (Calasanti & Kiecolt, 2007). The nature of the living arrangement is independent: individuals are able to care for themselves without the assistance of a caregiver; can pay for their expenses entirely by private funds; and, no state or federal regulations or licensing applies to the arrangement. The living arrangements include dwellings such as houses, duplexes, apartments, and condominiums. In some situations, the cooperative living arrangements may exist within a retirement community that would fall under the category of independent living.

This research explored the factors that influence individuals to seek non-traditional cooperative living arrangements in retirement. Four factors of aging were explored: (a) biological factors, which examined physical abilities in retirement (Gems, 2003); (b) psychological factors, which investigated behaviors, moods, and feelings in retirement (Daily, 1998; Munson, 1999); (c) social factors, which examined relationships prior to and during retirement (Martina & Stevens, 2006; Monsour, 2002); and (d) economic factors, which are influenced by financial conditions in retirement (Munnell, 2007).

The four factors examined the temporal elements of retirement planning and decisions made in retirement, including economic situations that may have lead to cooperative retirement living arrangements. This inquiry focused on individual retirement decisions of unmarried persons who elected to live in cooperative living arrangements in their retirement. Three theories associated with aging were explored: activity theory (Havighurst & Albrecht, 1953), which suggests that active lifestyles are linked to successful aging in retirement; disengagement theory (Cumming & Henry, 1961), which proposes that as people age they separate themselves from the environment; and needs theory (Maslow, 1971; Orr, 1979), which advises that as needs change, adjustments to life situations are necessary to meet new needs.

Data from the U.S. Census Bureau (2005) shows a 100 to 70 ratio for women to men, meaning that for every 100 women living past the age of 65, there are only 70 men. At the age of 85, the ratio drops drastically, showing that for every 100 women living; only 40 men are still alive. Historically, women tend to outlive men (Munnell, 2007), suggesting that lifetime experiences could lead to retirement options based on separation due to death or divorce. A surviving spouse may have limited options due to inadequate retirement planning. Cooperative living arrangements could offer one solution to this type of dilemma (Calasanti & Kiecolt, 2007); however, because the concept is relatively new, the implications of cohabitation are open for exploration.

4. WHY COOPERATIVE LIVING?

Why do individuals choose cooperative living arrangements? This question intended to provide a foundation for understanding why individuals opt for cooperative living. The answers provided by the participants offer a greater understanding of cooperative living in retirement, itself. Each of the four factors examined provide a means for understanding the implications of the factors on retirement decision-making.

The first factor, biological, had limited applicability to this question. Biological factors explore the health and behavioral factors associated with the aging process (Gems, 2003). This entailed health-related issues that may have prompted participants to enter into a cooperative living arrangement. A small number of the participants indicated a need for assistance due to medical conditions. One participant had Parkinson's disease, another had recovered from a brain aneurism and in another case, and knee surgery prompted one of the participants to explore the feasibility of living with someone else. Although the number of people seeking a cooperative living scenario because of health issues was small (16.7%), based on this sample, sharing a home with someone may help those that are suffering from medical conditions.

The second factor, psychological, explores the mental, cognitive, and interpersonal factors of aging (Munson, 1999). Psychological factors in this case examined mental issues that may have prompted a cooperative living arrangement. The limitations of psychological factors and their lack of applicability to this research were due in part, to the definitions associated with psychological aging (Munson, 1999). Factors such as depression and psychological testing were not included in the research protocol.

The third factor, social, showed a high applicability. Social factors explore social interaction between individuals (Monsour, 2002) and refer to the interaction in relationships, values, beliefs, and self-image because of aging (Martina & Stevens, 2006). Although some of the participants did not have a previously established relationship with their living companions, social factors were highly evident. Both men and women studied relied on friendships and relationships with non-family to create the cooperative living scenario. As a result, their social interactions increased as friendships developed. A large portion of the participants had existing relations through employment that prompted them to live cooperatively. One group had worked together in the medical field and found themselves each divorced and made the decision to live together initially for financial reasons, but developed a strong bond because they lived cooperatively. Another cluster had worked together in the academic field and after years of sharing a vacation rental, made the decision to live together full time, allowing them to travel together throughout the world.

The fourth factor, economic, also showed a high relevancy. Economic factors explore the financial considerations in both retirement planning and current living conditions (Munnell, 2007). Economic factors focused on financial needs that prompted the decision to live cooperatively. Divorce and death leading to reduction in financial independence prompted several of the participants to seek out cooperative living arrangements.

5. ADVANTAGES AND DISADVANTAGES

What are the advantages and disadvantages of cooperative living arrangements? The biological factors noted were limited, although they did apply to some of the participants. As friendships grew, the need for support during times of illness was evident. Individuals found that they could rely on their living companions for support during illnesses and recovery. Because of the relationships, participants found that they could rely on their cooperative living companions as a support system. Although, support systems may change if physical problems place the person in a position where they can no longer make independent decisions about health care. If the health of a cooperative living participant declines, family members may need to assume the responsibility for life decisions. Participants in this study who had no family all had pre-arranged for care in the event they became incapacitated.

Psychological factors focused on how satisfied the participants felt in their current living arrangements. Psychological factors had the highest impact on addressing the benefits of cooperative living. All of the participants were satisfied with their living arrangements. Throughout the study, participants offered positive reactions to the cooperative living scenarios. This recurring theme focused on the advantages of sharing their homes. The participants noted no negative feedback related to cooperative living.

Social factors appeared to have a large influence. Social interaction resulting from moving into a cooperative living environment created activities from volunteering to travel. The participants exuded a lust for life and excitement about the future. Unfortunately, six months after the completion of the research one of the participants died. His cooperative living companion explained that he remained highly active and excited about life until his passing. At 88 years of age, his satisfaction with this relationships and living scenario persisted to bring him meaning and satisfaction.

A majority of participants expressed the economic advantages of cooperative living. The reduced financial burden due to sharing resources was apparent in each of the cases. While none of the participants claimed to be wealthy, the reduction in costs due to the shared living arrangements allowed each participant to focus on other activities. The nature of cooperative living allowed some of the participants to travel throughout the world, where others were able to focus full time on volunteer activities. Others opted to continue working, but expressed a satisfaction with their career choices because the cooperative living allowed them to save more money towards complete retirement.

6. IMPLICATIONS

Social factors had the greatest impact on cooperative living in this study. Price (1996) suggested that retirement decisions are influenced by the loss of professional identity and social contacts. The findings did not support this notion. The desire to create or develop social interactions was indicated by each of the participants and was applicable both in cases where the individuals already had relationships prior to their living scenario, as well as where they established relationships after entering into the cooperative living arrangement. Activity theory (Havighurst & Albrecht, 1953) also supported the social factors of aging, suggesting that the more active the senior, the more apt they are to continue planning during retirement. Each participant indicated a desire to remain active socially citing travel, volunteering, and daily exercise as important social activities. This research supported the idea that social interactions through friendship and companionship later in life support the premise that activity encourages continued goal setting and attainment (Duay & Bryan, 2006; Miller et al., 1998). Disengagement theory, on the contrary, was not evident and no indication about preparation for death or withdrawal from relationships (Chen, 2003) was noted in any of the participant responses.

7. ACTIVITY, NEEDS, AND DISENGAGEMENT THEORIES

Both activity and needs theories appeared to apply to the participants. Activity theory (Havighurst & Albrecht, 1953) suggests that increased engagement in activities in retirement years links directly to satisfaction and self-perception. Activity in this realm focuses on mental exercise and social interaction. From memberships at the local gym, to engagement in activities such as travel, volunteering, attending church, and gardening, most participants indicated that activity played an important part in their daily lives. Participants also indicated that while social factors make up an important part of their lives, personal time was also necessary to creating successful cooperative living arrangements. Each participant explained that they had their own space where they had the privacy they needed time spent alone. The majority of the participants had established relationships with their living companions prior to making the decision to live cooperatively. These relationships formed a foundation to pursue alternative living environments. The social factors applicable to activity theory include existing friendships and work relationships. The few participants who pursued cooperative living arrangements with strangers established friendships through the living environment.

Needs theory (Maslow, 1971; Orr, 1979) also appeared to play a dominant role in cooperative living arrangements. Separations due to divorce or death left several of the participants in situations where they needed help satisfying the lower level physiological needs of subsistence requirements. Based on the findings, self-esteem and ego needs may have been satisfied through social interactions and relationships within the cooperative living arrangements. Whether the relationships were established prior to or during the cooperative living arrangements, the social factors associated with cooperative living were positive, suggesting that environment may play a part in satisfying social and activity needs. Needs theory may also have been applicable to both social and economic factors, depending on the circumstances leading to the cooperative living arrangement. For example, financial needs based on divorce, death, or layoffs often are satisfied by entering a cooperative living arrangement and creating a life of dignity (Fenton & Mitchell, 2002). Other needs, which may initially focus on physiological needs, once satisfied, set the foundation for a new set of needs

based on esteem and social interaction (Majercisk, 2005). The results of this study indicate significant changes in lives of the participants' because of new cooperative living arrangements.

Disengagement theory suggests that as people age, they become less active in the world surrounding them, leading to withdrawal in preparation for death (Cumming & Henry, 1961). Disengagement did not appear to play a part in the decisions to enter into cooperative living arrangements. While some of the participants experienced biological problems, the overall tone was not one of disengagement, but rather hope and excitement about life (Synder and Lopez, 2007).

8. FINDINGS AND CONCLUSIONS:

The interaction and social relationships of sharing a home with friends in retirement appears to negate some of the fears associated with aging (Monsour, 2002). The oldest participants, aged 86 and 88, both of whom had lost their spouses of 50 years, spent the majority of their time together, went to the gym daily, shared their meals, and traveled. The excitement about life they shared attributed directly to their choice to share a home.

This new wave of retirement living is also peaking the interest of Nonprofit and for-profit companies that match individuals desiring to share homes. Organizations like the Interfaith Housing, in Chicago, now offer home-sharing programs for individuals unable to afford the cost of living and in need of companionship due to illness or other necessity (www.interfaithhousingcenter.org). Based upon present economic conditions, this trend is likely to expand to other arenas. The current state of the economy and housing problems are another reason that retirees may seek alternative living arrangements. Speculations that baby boomers have not planned adequately for their retirement needs suggest that many people reaching retirement age will continue to work (Korczyk, 2001; McGinn & Ehrenfeld, 2008). For some individuals, cooperative living arrangements may provide the independence and security to retire comfortably.

In whichever manner a cooperative living arrangement emerges, the advantages of sharing a home in retirement are numerous in the areas of economic and social factors (Munnell, 2007; Monsour, 2002). Through the course of this research, social and economic advantage was a recurring theme. Economic advantage enables individuals to improve their financial independence through the sharing of resources. Financial independence reduces stress related to fear and uncertainty associated with retirement, especially for individuals who were unable to contribute to a retirement fund or who have limited retirement resources. Financial benefits allow individuals to live more comfortably while reducing economic stress. Social advantages expand through increased interaction, which reduces the effects of loneliness in the retirement years and increases both physical and mental activity. Social benefits allow individuals to interact with others in similar situations, and in some cases, establish relationships and friendships. These friendships provide a common ground for retirees to become active mentally, physically, and socially, leading to greater satisfaction with life.

While cooperative living may be a new concept for the elderly, it may offer a way for future retirees to live comfortably in their retirement years. Not only does the arrangement offer financial relief, it also brings increased satisfaction and emotional well-being. At a time when the economy is uncertain and the number of retirees eligible for social security is at an all-time high, cooperative living is a very viable option for retirees and those considering retirement.

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