



Will You Ever Be Able to Retire?

The federal government and employers are shifting the duty of retirement funding from themselves to workers. How will this affect your future?

Back in the Day...

Twenty-somethings often refer to their parents' youthful years as "back in the day"—and little do they realize how much things have changed since then—economically, socially, and politically. These changes impact every American, but they are especially relevant to those beginning to think about target retirement dates and whether they have saved enough.

"Back in the day" people worked long enough at one job that they drew adequate pensions in retirement. The luckiest (or most visionary) ones are the "triple dippers" who collect a civil service or military pension, a pension from years of working for a private company, and social security.

While triple-dipping is an enviable way to fund retirement, at least one dip of the trio is quickly disappearing: the company pension. Only about 40% of the baby boom generation, just now beginning to retire, will have any sort of pension, and the life-long health insurance benefits that were once part of nearly every retirement package are for the most part a thing of the past.

When the government introduced IRA accounts in 1975, they seemed like a great way for people to amass tax-deferred savings, but they are strictly the responsibility of the individual. You have to have the money, and you have to hope you've found a good place to invest it.

Six years later, 401K plans came along. With participating employers contributing some matching funds, employees who participate defer taxes on part of their income and get a literal pay raise from the funds match. Once again, it sounds like a great idea: So why are economists worried that America is facing a retirement crisis?

To begin with, only a little over half of employees who are offered a 401K plan actually participate. Some cash out their plans when they leave, often because they need the money for living expenses while they look for another job, or they want to pay ahead on debts they know they can't handle if they aren't working.

While some of the non-participants have IRA accounts or other individual savings plans, an alarming 31% of workers 40 or older admit that they have not saved anything at all for retirement, according to a recent *AARP Bulletin poll*. The same poll revealed that 28% of those who had



already retired had saved nothing! Like almost 60 percent of current retirees, Social Security is their major source of income.

“But I still have my pension...right?”

Wrong. Many companies have converted pension funds into 401Ks, expecting employees who know little about the stock market to figure out how to invest for their futures. Some companies simply fund 401Ks with 100% company stock. Where does that leave the employee if the company goes bankrupt—as Enron did, leaving thousands of employees out of work and with shares of company stock once valued at \$80 worth less than a dollar?

Where Do You Stand?

If you participate in an IRA or 401K, by all means keep doing so. Don't take out any “loans” on them. And remember that according to the fed's own web site, you should expect Social Security to replace only about 40% of the income you will need in retirement. The average couple on social security receives about \$20,000 annually from the government. According to Bloomberg's retirement calculator, **this couple needs an investment portfolio of an estimated \$500,000** to make up the other 60% they need (\$30,000) to bring them up to a retirement income of \$50,000 a year.

Maybe this doesn't worry you. Perhaps you are right on target. Congratulations! You're in the fortunate minority.

But-- **more than half of all workers who are over 55 have saved less than \$50,000.** That amount is almost insignificant. It will generate only about \$3000 a year—and that's assuming a 6% return and no unexpected nose-dives in the economy.

How did people get into this fix? There are plenty of reasons. For one thing, real wages have remained stagnant since the mid-1970s, meaning that despite very hard work, many have needed every penny just to get by. Poor spending habits—the desire to have it all and have it now—have led others down the road to debilitating debt. 401Ks and IRAs are accessible (although you pay taxes and a penalty). People borrow to pay for college and medical expenses, and somehow the money never gets paid back to the retirement fund.

Is retirement security a luxury you can't afford?

With an uncertain economy, skyrocketing healthcare and energy costs, and little help from employers, retirement may seem like an impossibility to you.

It doesn't have to be that way.

We are living longer and longer. Must we spend our retirement years filled with anxiety about outliving our money? Will we just have to keep working forever?

It doesn't have to be that way.

Even if you are approaching retirement age with little in the way of savings, there is still time to make up for the shortfall, relax, and enjoy the rest of your life.



It's all in your hands. But you must be willing to take control of your finances and turn your life around.

As we said at the beginning of this article, the responsibility for retirement income is yours now. The government will help you out a little bit, but you need to find a way to earn about 60% of what you will need.

There IS a way.

Even if you must stay home to take care of an ailing spouse or aged parent, ***there IS a way.*** There is a business you can run from your home, your RV, your vacation cottage, even a lounge chair on a sunny beach. Technological advances in the past few decades have made it all possible, and it's working incredibly well for thousands of people. **To establish a viable business that will produce income now and for years to come, all you need is an Internet connection and a telephone.** Skilled professionals who took back their lives will be happy to teach you the simple secrets of their success.

Why haven't you heard about this before? If you had, you'd be ahead of the game. But the important thing is that you know about it now, and the sooner you act, **the sooner you can begin to free yourself from anxiety about how to finance your retirement. In fact, you can look forward to enjoying the rest of your life as you live out your best years in the security of ever-increasing wealth.**