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New Definition Of Retirement = Work Until You Die

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by [Larry Diffey](#) , [September 1, 2014](#)

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The ideal vision of retirement is one of constant leisure supported by a sizable nest egg. Building a nest egg takes decades of discipline and careful planning. Unfortunately, many Americans did not adequately prepare and combined with the casino like financial system, many have been washed out of the system. Many retiring baby boomers are going to use [Social Security as their primary crutch for retirement income](#). The Social Security system was never designed to be the primary target for retirement income yet this is what we are facing. The problem of course is that Americans simply do not have much sizable wealth in stocks and bonds. While the majority of Americans own houses, most own very little to no stocks. This is why the current record in the stock market means little in the face of an imminent retirement. Also, the one vehicle to build net worth in housing is largely locking out young future buyers thanks to massive buying from Wall Street and big investors nearly guaranteeing another retirement disaster after this one. One crisis at a time. So why will so many Americans be in dire financial situations as they enter their golden years?

Very little saved = more work

Americans are doing a poor job at saving money for any purpose including retirement. A recent survey found that over one third of Americans have no savings to their name:

“(NY1) For the first time, Bankrate decided to ask Americans how much they’ve saved for retirement. The answer is alarming. Over a third of those polled—36 percent—said they haven’t saved a dime.

“They have nothing. Maybe there’s some money under a mattress somewhere, but as far as into an actual account somewhere that’s accruing interest, there is no savings for these folks,” says Bankrate.com Research and Statistics Analyst Chris Kahn.

That’s especially true for younger workers, which isn’t really surprising. The older they get, the more likely it is that they’ve started to squirrel something away, but not everyone. A full quarter of respondents between the ages of 50 and 64 have yet to start saving.”

This is not good. In fact, many younger Americans with large amounts of student debt are actually starting off in a position of a negative net worth. Other data has found that Americans with student debt are likely to trail their counterparts with no debt:

young and in debt



Since college with no debt is largely a pipedream for most, many Americans entering college today will need to take on some sort of debt. The young will have a tougher go at retirement compared to the present case of baby boomers. What is troubling about the case of baby boomers is that they had a massive bullish stock market yet somehow, most are poorly [positioned for retirement](#).

[“\(Think Advisor\)”](#) A DC system forces workers to choose how much to save and how to invest. Some save more, some don’t save enough, and a lot of workers don’t save anything. According to 2010 Fed data, about 45% of American workers aren’t currently saving for retirement.”

So nearly half of Americans have saved nothing for retirement. Not a good thing. The Employee Benefit Research Institute found that nearly half of workers had less than \$10,000 saved. This is probably enough to live 6 months by scraping by on cheap food and water. Less than 10 percent of Americans now have access to a pension:

pensions

Back in the early 1980s, this figure was above 60 percent. Rising costs and employers slashing benefits has been a big culprit for this push. But it should be clear that 401ks and self-serve retirement plans have done a horrible job at preparing most Americans for retirement:

“([Business Week](#)) No longer able to afford her four-bedroom house in West Hartford, Conn., which she purchased for \$225,000 at the height of the housing bubble, Lee rents it out for \$1,600 a month to cover her mortgage and taxes and hopes to hold it until prices rise so she can recoup her investment. She now lives in the basement of her friend Brita Tate’s house in Wellfleet, Mass., paying \$400 a month in rent. She found a job managing the spa at the Crowne Pointe Historic Inn in nearby Provincetown, where she earns \$13.50 an hour working as a combination hostess, receptionist, fixer of gym equipment, and laundress.”

The above case is going to be very common. Many baby boomers are going to realize that the notion of retirement is going to include work, even if it is part-time in nature. Thankfully, we are doing a fabulous job of creating [low wage work](#) with little benefits to fill this gap. The thought that financial worries would be far in the rearview mirror for most baby boomers is unlikely to be true. Many will be struggling but in light of the battle their offspring is facing, their fight might seem more manageable although time is not on their side. Social Security will be the main source of income for millions of [retiring baby boomers](#). I think many Americans are going to get a rude awakening as to what it means to be retired.

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