

baby boomers retire

Retire of Baby Boomers, How Does It Threaten America's Budget

The coming retirement stage of baby boomers has become a public major concern. It is partly due to the financial pressures that will arise when they collect Medicare and Social Security benefits. Moreover, there are claims saying that adequate private savings are never accumulated by boomers to support their retirement. However, standards was not created and accepted by boomers constituting 'enough savings' because preparations for retirement are a personal choice. Recent studies have applied different standards and provided a more precise picture on the finances of the boomers.

The income of baby boomers is typically higher compared to their parents. For this matter, higher percentage of private wealth is kept by boomers in preparation for their retirement. Boomers will never live in poverty since they will obtain a higher income as they approaches retirement age.

With the said survey, only one-fourth of the boomer's populations have failed in accumulating significant savings. These boomers will entirely depend on the benefits provided by the government in retirement. One half of the household population is predicted to maintain working-age living standards upon retirement. But the government laws on federal benefit plans must remain unchanged. The remaining one fourth of household boomers shows mixed results. They will suffer moderate decline on their standard of living. Slowly increasing their savings as well as working for a couple of years more could compensate it. Many boomers fear the future alteration of government retirement benefits.

It is a fact that the baby boomer generation (people born form 1946 to 1964) is marked as the most prosperous and largest generation in the history of the United States. During the working years of baby boomers, they are greatly enjoying the benefits of their higher incomes. Substantial savings were accumulated wherein some portions are allocated for retirement. Over the succeeding 25 years, they will be entitled of the government benefit programs. Boomers will also then start collecting private pensions and savings.

The retirement impending wave becomes a major concern because the retirees' populations will rapidly increase than the taxpaying workforce. The average benefits for each retiree will also increase. This will create mounting and severe pressure on the budget of the federal government. Another is that the government is not sure if all boomers have accumulated enough wealth to utilize for retirement. It could compound the budgetary problems of the government

limiting investment growth, wages, and productivity.

The CBO (Congressional Budget Office) lately reviewed the research conducted decades ago regarding retirement predictions of aging boomers. It reveals the boomers' mixed scenario of their future. The absence of the standard promotes inadequacy of preparation upon the boomer's retirement thus the development of different measures on the application produces various conclusions.

The current law states that government and Social Security benefits will be given to the retirees. Due to budgetary pressures, the levels of benefits might be reduced to meet the needs of baby boomers that belong to the lowest income distribution. Their expectation of receiving all the benefits induces them on less saving and underestimates the alarming difficulties of uncertainties in the future. The boomers leading edge are 58, wherein in just 4 years they will collect their Social Security. Nobody knows what would be its impact for employees and employers. The boomers retirement could either go disastrously or smoothly or whatever in between.

Most studies show that retirement preparations utilize a standard derived from an economic theory. It suggests that people should try maintaining a good level of living standards through out the years of their lives. This is a relative standard since it highly depends on the amount of income accumulated during their lifetime. If the standard matches exactly on the behavior of the boomers, then it will enable them to measure if their preparations are sufficient enough to satisfy their retirement needs.

Those households experiencing retirement savings shortfalls will relatively bring a few changes in their behaviors, however the effects are surprisingly large. Because people retiring at 62 is expected to live for another twenty years, so their retirement is postponed each year reducing the needs of retirement savings at about 5%. The extra years that they spend on work also increases their benefits from Social Security. The effects of these actions reduce the boomers population who needs savings. In addition, they continuously increase their assets. The boomers retirement will surely bring great changes in the economy of America.