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April 21, 2013

Retirement may mean impoverishment for seniors

The Employee Benefit Research Institute (EBRI) published its annual Retirement Confidence Survey as reported by Bob Pisani in CNBC.com (www.cnbc.com/id/100568246/print). This survey portends a looming retirement crisis according to Pisani, since the results indicated that Americans are living longer and that they do not have nearly enough saved for retirement. Most baby boomers are not surprised by this (but may not know what to do about it), but older persons may have been caught unawares.

Many Americans see Social Security as a retirement program when it is merely a supplemental retirement program, one whose imminent demise is constantly in the news. Social Security should only be considered as an addition to private savings and a pension. However, pensions are fast disappearing, and private savings have seen shrinkage. Some currently retired persons have had their pensions reduced or eliminated, and many have not saved sufficient funds for retirement. The EBRI survey indicates that of all workers, 57 percent report having less than \$25,000 in household savings and investments, excluding their home and pension benefits. Reportedly, saving for retirement is down from 75 percent in 2009 to 66 percent, despite evidence that we are living longer than our parents. American households are so strapped that only half could come up with \$2,000 in cash if an unexpected need arose in the next month, which makes it difficult to save for retirement.

Boomers are already aware of the pitfalls of planning for retirement. While previous generations looked forward to retiring at 65 years or younger, many boomers are planning to work into their 70's or longer. To add to the difficulties of saving for retirement, Market Watch recently reported on the challenges facing the "sandwich" boomers (<http://blogs.marketwatch.com/encore/2013/03/18/more-sandwich-boomers-helping-adult-kids>). A study by the Urban Institute shows how younger workers' efforts to start careers and build savings have been "torpedoed" by the Great Recession. As a result, parents are continuing to support children who finished their higher education, an education that those same parents may have paid (or are continuing to pay) for. The "sandwich generation," according to a recent survey by the Pew Research Center, is defined as people who have both a child of any age that they are supporting as well as a living parent age 65 or older. Forty seven percent of adults met that description in 2012. Of the 40 to 59 year old age group, 27 percent (up from 20 percent in 2005) provided primary financial support to at least one child 18 or older. Additionally, many of these same persons are supporting a parent also, which left a large number financially strapped themselves.

Bob Pisani sees a retirement crisis looming. He states, "There will be stories written in the year 2025 about Joe Smith, 82, a retired auto worker, living in a flop house on \$2,100 a month Social Security after his pension was cut off and his personal savings ran out, while his children, in their 60's themselves, moved 2,000 miles away." This is a sobering thought, indicating to people that not only should they plan for their own retirement, but also for their parents' late-in-life medical expenses and for their children to be self-supporting. Difficult tasks all.