

Should Baby Boomers Delay Retirement and Work Longer?

Amy Sherman, Author and Therapist

Some say that baby boomers are the most downbeat and disillusioned of all the generations. According to Pew's telephone survey, they are the "gloomiest generation", rating their quality of life on a scale from 1-10 as a 6.2, compared to young adults at 6.5 and seniors at 6.7. This is partly based on the fact that 55% say their "income isn't keeping up with the cost of living." Plus, with property values on a decline and a volatile stock market, many baby boomers are questioning what will happen to their golden retirement years. No longer are they plodding along as if they don't care. They are now realizing that the benefits they counted on may not be there.

The problem faced by baby boomers is that they will outlive their nest egg. According to Alicia Munnell and Steven Sass, authors of "Working Longer: The Solution to the Retirement Income Challenge", "about 19% of men and 33% of women who survive to age 65, will live to age 90 or older and have to support themselves for almost 30 years." Jane White, President of Retirement Solutions, LLC, states that baby boomers 50 or older should have the equivalent of 10 years salary saved when they retire. If they don't, they are saving far too little for their senior years.

Therefore, the question is how can you support yourself all those years and maintain your lifestyle? Munnell reports that by delaying retirement to a least age 66, aging boomers will reap powerful benefits by increasing the future income they can accrue. In fact, about 20% of people ages 55-64 report planning to delay their retirement.

Here are some facts and ideas on how to keep yourself safe and wise.

The Longer You Work...

If you work 4 more years than originally planned, you change the ratio of "retirement to working years" from 20 years of retirement and 40 years of work to 16 years of retirement and 44 years of work, increasing your social security benefit 1/3 higher, which increases your income for living. Realize that workers who used to have pension plans have fallen from 40-31%

during 1992-2004, while 401 (K) type plans increased 33%. Think now about protecting your nest egg against major losses. If you're young enough to stay in the stock market for the long term, then do it. However, if you are soon to be retired, then suffering huge losses will impact how long your nest egg will last. Therefore, you need to take control and not draw more than 4% from your fund, at least in the first few years after retiring. According to Kevin Tacchino and Cynthia Saltzman, professors at Widener University in PA, you will probably spend much more money when you first retire than later. As you age, your expenses go down because you become more sedentary. However, your health care expenses may increase, due to more age-related illnesses.

While you are still working, you can speak to your employer about continuing to work, perhaps while taking on a new or different role. It's called phased retirement. Maybe you can do more telecommunicating, meaning you work from home, can cut back to 4 days a week or even quit your job and come back as a consultant. The smartest companies are the ones that realize the value of their senior employees and are able to strategize something that would benefit both parties. A nonprofit organization, Center for Productive Longevity, encourages employers to help older workers with flexible schedules so they can continue working and it may be a good resource for your employer.

AARP has also partnered with over a dozen companies who are advocates in helping older Americans stay in the work force. The companies are Adecco, Allied Barton Security Services, Borders Group, Express Personnel Services, Johns Hopkins Health System, Kelly Services, Manpower Inc., MetLife, Pitney Bowes, Principal Financial Group, Home Depot, Universal Health Services and Walgreens.

Passive Internet Business

Baby boomers should consider turning to the internet to supplement their retirement. Many are starting blogs with high quality information that attract people to their site. Eventually, they sell their products (books, courses) or services (coaching, consulting), because they become an authority in their field, gaining the trust of their subscribers. It may take a

year or two to get started, but it is quite rewarding and fulfilling to be connected with the world and to even make some extra money on the side. Baby boomers are learning this new technology from the younger generation and with their knowledge and expertise, they are making a nice profitable niche for themselves. (Plus, it keeps the mind active and involved, all good strategies for healthy brain fitness.)

If you want to learn more about starting an Internet business, with step-by-step instructions, click below for information:

[Learn how to create your own internet pension.](#)

Real Estate and other Investments

Realize you can't rely on real estate appreciation to help build wealth. Houses in the past were gaining 10-15%, but that is no longer a realistic appreciation during today's economic crisis. Therefore, baby boomers need to depend on other investments like corporate or tax free bonds to reduce the risks, but not the return. In fact, you will have the security of knowing what you will make and see similar returns from bonds that the stock market produces in the long run. Some financial planners recommend diversifying among many types of investments, both bonds and stocks, so that you don't miss out when the stock market makes it dramatic upswing.

Divorce Impacts Finances

William Frey, a demographer at Brookings Institution, released a report stating that divorce and separation among baby boomers has increased the likelihood of financial hardship. In 1980, 66% of Americans 55-64 were married. Today that number is less than 58%, which means that more people are divorced and in financial distress. Be sure to secure your financial stability before you divorce, by being involved in the daily workings of your financial business. Make sure your name is on all documents shared with your partner and that you have equal access to all your money. Be aware (before your divorce) of all your assets and liabilities

including any loans, properties, reward points from airlines, pensions, life insurance policies, contents of safe deposit box, etc. so that you are not excluded from sharing valuable possessions.

New Trends for Boomers

Baby boomers today are not going to be following the current model of aging – going from home to assisted living to nursing home. There is a new trend developing that embraces a cohousing lifestyle. Chuck Durrett, author of “Senior Cohousing: A Community Approach to Independent Living,” addresses the movement toward living in college towns, with senior co-housing akin to college dorms. Another trend is an interdependent elder village lifestyle, offering economic and emotional necessities, including companionship, shared living costs and other services, to retired people who live in self-sufficient units owned or rented by the individual.

Retirement Concerns

According to a survey done by Merrill Lynch in 2005, boomers are 3x more worried about getting a major illness (48%), their ability to pay for health insurance (53%) or having to go to a nursing home (48%), than they are of dying (17%). Health insurance is a major concern. Boomers realize that if they are too young to receive Medicare when they stop working, their health insurance payments will skyrocket. To help bridge the gap between employer coverage and Medicare, Aetna, Humana and Wellpoint are offering plans to the uninsured and underinsured baby boomers and accept some pre-existing conditions. This program protects the health and well-being of the entire family.

Other major concerns are:

The increased cost of prescription drugs
Availability of Social Security
Nest-egg depletion
Effect of inflation on retirement income

Market performance
Providing a legacy for children/heirs
Effect of taxes on retirement income
Paying for children's education
Caring for elderly parent

Challenges for Women Boomers

Women appear to be more concerned about retirement than men. The reality is that their purchasing power is less than a man's because of several factors. They work an average of 12 years less, which means they have lower lifetime savings. Add the fact that women live an average 3-5 years longer than men and you have some cause for concern. Women should take an active part in their retirement planning and discuss it with their spouse and an expert so that issues can be addressed before hand.

Summary

Average baby boomers feels the economic scrunch every time they buy gas, groceries, pay their health bills and mortgage payments. The quality of health care is declining and there are enormous implications that baby boomers should worry about their future. Instead of worrying, struggling and getting angry, now is the time for boomers to take action by being their best advocate. Baby boomers are healthier and living longer and have strong economic reasons to stay in the workforce. Therefore, to minimize the psychological trauma of facing a financial crisis, baby boomers need to plan a wise journey so that the outcome meets their individual needs.

"Though you can't go back and make a brand new start. You can start now and make a brand new end." Anonymous

For more inspiring information and valuable tools to secure your future success, go to <http://www.bummedoutboomer.com/ecourse>

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