

Is There An Impending Retirement Crisis?

For many years there has been general consensus that baby boomers will be worse off than their parents during their retirement years. Through the years study after study has shown boomers to save less than their parents. And, during the 1980's the boomers' participation in retirement programs had reduced significantly.

Many employers didn't help the situation since most abandoned the defined benefit pension plan design. Many adopted the less costly defined contribution format such as a profit sharing or 401(k) plan. In this evolution these employers began shifting the responsibility of retirement from their own shoulders, placing the burden on their employees. To compound this predicament the American Social Security System crisis offers the boomers at best, a shaky financial future.

Fortunately, the 1990's ushered in a new trend that shows boomers have responded to this dilemma. Studies are beginning to suggest boomers have increased their participation in retirement programs and could possibly meet the necessary requirements of saving for a secure retirement future. While surveys show only one in five are saving at the rate necessary to achieve their goal, at least 70% are saving at some rate to meet their own retirement objectives.

With advances in medical technologies, many boomers expect to arrive at their golden years healthier than their parents. While trends show they have a desire to retire, one in five boomers would like to continue full-time employment as health permits. Many expect boomers to adopt a practical approach to retirement by splitting time between continuing their education and working in some post retirement employment setting.

If boomers are to make this transition comfortably they will have to increase their participation in retirement saving programs. Smaller employers may feel the squeeze or they may be pressed to adopt some form of retirement plan. Developing a sensible investment strategy will provide even greater security. Working with a financial advisor or pension specialist is one way to assure you are on the right track to a secure future for retirement. Kudos to the boomers for adapting and rising to the occasion as they apparently do time and time again.

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