

Millions of Baby Boomers Now Coming of Age



"The Boomers' biggest impact will be on eliminating the term 'retirement' and inventing a new stage of life...the new career arc."

– Rosabeth Moss Kanter

I remember picking up a copy of USA Today a couple of years ago and seeing the headline: **"First of 77 Million Baby Boomers Coming of Age"** and wondering exactly what that meant. Upon reading the article, I was to learn that by "Coming of Age", the writer meant that the generation that was nicknamed "the baby boom generation", because of a spike in the birth rate following World War II, was now – can you believe it? – turning 65. Yep, the generation that invented rock and roll, grew up on black and white television and fought the Vietnam War...the generation that watched Howdy Doody and gave us Woodstock...the generation that put a man on the moon and saw both the beginning and the end of the Cold War... was now ready to retire. And, statistically anyway, they were doing it in the same manner with which they entered the world – with a boom. How would the country adjust to one-fourth of its population stopping work and lining up for Medicare and Social Security?

Officially, to be a Baby Boomer, you have to have been born between 1944 and 1964. On January 1, 2011, the very first Baby Boomer turned 65. For the next 20 years, Baby Boomers would be turning 65 at the rate of 8,000 per day. Let's face it, as this unique bunch gets older, they will likely transform the institutions of aging dramatically, perhaps even redefining what retirement means forever. After all, they have done that to just about every other aspect of American life.

Some who have been looking forward to retirement and now find themselves at its doorstep have that deer in the headlights look, as if to say, "What do I do now?"

Growing up in Laurinburg, North Carolina, I was a Boy Scout. The Boy Scout motto is, "Be Prepared." Some added the words, "and not surprised!" to the motto. That has always stuck with me. As a financial consultant now, it is my job to keep my ear to the ground, as it were, when it comes to

matters of financial preparedness. In my work as the host of a nationally syndicated talk show that deals entirely with financial matters, I take questions and have on-the-air conversations with literally thousands of people each year. What I hear sometimes frightens me. Many of the burgeoning horde of seniors in the stampede toward the green meadows of retirement are in line for a harsh dose of reality, and some are totally unprepared for the shock. Exactly how it will affect the economy is hard to say. Will the country's healthcare and Social Security systems survive the strain? That remains to be seen. One thing is for sure: these Boomers, as a societal class, are wealthier and healthier than any generation before and, statistically, as a group, they can look forward to an active old age.

Longevity

Just what is the life expectancy of the Baby Boomers? Well, life expectancy works in a strange way. Every year you live extends your life expectancy a little further. I suppose the people who analyze this say, "Well, if you've made it this far, you must be made of better stuff than we thought...so we will

tack on a few more years." I like the way one octogenarian put it when asked his age: "At the rate I'm going, I'll be 100 before long." The life expectancy of a person who makes it to 65 is 83.6 years. That's an average. It's a bit lower for men and a bit higher for women. Life expectancy gets even better at age 75. If you make it to age 75, then life expectancy becomes 86.5 for men and 87.5 for women.

Health

Baby Boomers are more health conscious than previous generations. When an old black and white movie from the 1940s came on the tube recently, I found it strange to see how much smoking the characters did. Everyone was lighting up. It was part of the screen play. Not so in twenty-first century movies Boomers have all but kicked the habit. Smoking is a thing of the past in airplanes, and it's going the way of the woolly mammoth in restaurants. But while that is going on, it appears that not all Baby Boomer have traded in their burgers and fries for salad and tofu. One poll showed that a higher percentage of Boomers are obese than any other group in the country.

Boomers came in with a 36% obesity rate, while only 25% were obese in the generations directly above and below them. There is more chronic illness, such as heart disease and hypertension, but those who have it are living longer with it. That may be because of better medicine, at both the diagnostic and the treatment end of things. All things considered, Baby Boomer can expect to live out the Vulcan greeting made popular by the pointy-eared Mr. Spock of Star Trek fame, "Live long and prosper." At least as far as their health is concerned.

Wealth

For wealth, the outlook is not as good as the health picture. It is true that Boomers are wealthier than their parents, but inflation has driven up both prices and wages dramatically on their watch. Real median household income for Boomers is 35 to 53% higher (depending on age) than in their parents' generation, and 27% of Baby Boomer have four or more years of college, making this the most highly educated generation in U.S. history. On the whole, however, Baby Boomers do not feel that they have saved enough money to cover the costs of retirement for the longevity they hope to enjoy. If retirement starts at age 65, and your nest egg must last another 18.6 years, then as *Odyssey* said to Houston in the movie *Apollo 13*, "We have a problem here."

What are Boomers looking for support during retirement? Defined benefit pensions have almost become extinct, and 401(k) plans, which could do no wrong in the heady 1990s, went backwards in the 2000s. Home values took a substantial hit when the housing bubble burst. Adding to the uncertainty are higher energy costs, higher health care costs and the effects of the recession that began in 2008 and is still going on at this writing. Baby Boomers were raised in affluent times and imbued with high expectations. The first crop of this wave of retirees, however, now faces the ironic prospect of living longer but crimped lives.

Gloom Meets Boom

According to a *USA Today*/Gallup Poll taken in early 2015, two-thirds of Baby Boomers say they are less optimistic about retirement than they were 10 years ago. The Insured Retirement Institute recently surveyed a cross-section of individuals from 50 to 66 years of age, and found that only 40% of them were confident of having enough to cover basic expenses in retirement. Sixty percent believed that their retirement security would be worse than that of their parents. Even the pollsters were surprised at how much the pendulum of public opinion

within this group had swung toward the negative in just 10 years. One ray of sunshine in the gloom — 74% said that their retirement picture would get no worse, and would probably improve.

When asked from what source their retirement income would come, most of this sampling of Boomers, 46%, said 401(k)s, 403(b)s and similar defined contribution plans. Only 37% listed traditional pension programs as their main source of income during retirement. The older the Boomers get, the more these programs drop off.

The 2008 market downturn took a toll on wealth; inheritances on average won't be as big and many shop-till-you-drop Boomers simply haven't saved enough money to last through their retirement.

Apparently, some of the Baby Boomer generation are the embodiment of the attitude espoused by that dubious spokesman of their youth, Alfred E. Newman of *Mad Magazine* — "What, me worry?" According to Annamaria Lusardi, economics professor at the George Washington University School of Business, there exists a general lack of financial literacy and planning among "a sizable group of the population that has not even thought about retirement." She points out that many people see retirement as a distant stage, even if it's only five years away.

With all that in the wind, it's not surprising that a significant number of those polled said that they expect to postpone retirement past age 65. Does that mean that the old 30-something gang will still be showing up for work at 70-something? So it appears, if they hope to enjoy a retirement that enables them to continue the lifestyle to which many of them have become accustomed. It is a fact that more and more Boomers are either working or beginning a second career after "retirement age."

One thing is sure, seniors in the music industry aren't retiring. The Rolling Stones are still together at an average age of 65. Check out this list of "mature" citizens from the top ten grossing concert tours for 2010:

- Bon Jovi (age 48), #1 music tour with \$201 million worldwide
- AC/DC (lead singer Brian Johnson, age 63), #2 (tied) music tour with \$177 million worldwide
- Roger Waters (age 67), #2 (tied) music tour with \$90 million worldwide from a mid-year start

- Dave Matthews Band (Dave Matthews, age 43), #4 music tour with \$72.9 million
- The Eagles (singer Glenn Frey, age 62), #6 with tour with \$64.5 million
- Paul McCartney (age 68), #7 music tour with \$61.8 million
- James Taylor (age 62), #8 music tour with \$50.7 million

Hey, it looks like old age is cool... and profitable!

What's in Store

This flood of seniors and their changing economic status from workers to retired, semi-retired or soon-to-be retired, will change a lot about our culture. Many think taxes will increase. In addition, someone has to pay for the heavier medical care burden. However, there are many possible benefits to having (proportionally) more seniors around. They have one commodity that cannot be overlooked and one that I hear ranks pretty high on the qualifications list of contributing members of society experience. Boomers have already introduced the concept of volunteering to our culture. Seniors have a great deal of knowledge and experience to share with younger people. Retired Boomers will have even more time to become engaged in this way. ☐



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