



Photo by: Scott Alan Mount Charlotte Corrente, 79, enjoys staying busy at her Merle Norman franchise in Ventura.

# Retirement options: Limited to none

## Baby boomers face some harsh realities

By [Carla Iacovetti](#) 04/10/2014



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It was not that long ago that retirement was considered to be the magical, golden age where retirees looked forward to living a more a relaxed, comfortable life. In today’s world, however, baby boomers are not planning extended trips to the Bahamas, or sailing off into the wild blue yonder anytime soon. It appears that 70 is the new 60, and for some, retirement is not even an option.

Since 2011, baby boomers have been turning 65 at an approximate rate of 8,000 per day, and according to a recent poll on USNews.com, these numbers are expected to expand over the next 10 years. Even so, reaching the 65-year-old milestone does not necessarily mean that retirement is on the horizon. Many economists believe the idea of retirement is being postponed and even reinvented.

Bottom line: It is really bad timing, and in most cases, it will cost more to retire than continue to work. Those approaching 65 have a lot to consider.

According to Federal Reserve data, approximately 7.2 million Americans 65 or older were employed last year, a 65 percent increase over the last 10 years. Even more concerning, the data revealed that 59 percent of these retirement-age households have no retirement assets in place. According to a recent report in US News & World Report, 401k plans can put retirement at a risk, if you do not understand how to manage

your plan.

Local resident Dana has been in the real estate business for more than 40 years and, at 72 years of age, she just recently took the test to keep her license current. (Dana asked to go by first name only.) “I’ve resigned myself to the fact that I can’t retire — I simply can’t afford it. I’ll be working till I drop,” Dana said.

Like many others, Dana lives paycheck to paycheck, and even though it appears that she is living comfortably, her and her husband both work full time.

Living paycheck to paycheck is not an uncommon phenomenon, and certainly the distressed economy over the last many years is at the helm of this reality. It has been a long time coming, and it does not seem to be going away.

“People who built successful careers, put their kids through college and saved what they could are still facing downward mobility,” according to Teresa Ghilarducci, an economist at The New School, a university in New York City.

No doubt, when the national economy took a dive in 2008 and 2009 with the fall of the stock market and the real estate market, many people who were doing the right thing saw a big chunk of their retirement dollars disappear in a puff of smoke.

“During the downturn, numerous baby boomers not only lost their stocks, but lost value in their homes. Some lost their homes completely, and many were using their home equity to elevate their piggy banks, but that has obviously shifted,” said Bill Burratto, president and CEO of Ventura County Economic Development Association (VCEDA).

It has been difficult to watch so many who believed that they were doing the *right* thing for such a long time lose sight of their retirement and any kind of real stability. “This economic scenario has given many future retirees pause. Many boomers are not prepared and they’re reevaluating the possibility of retirement and looking at working longer,” said Burratto.

For many, it will cost more to retire than to continue working, and there are certainly more risks facing retirees today than there were for past generations.

For example: Baby boomers are not going to be able to count on defined plans or pension plans as former generations could. Many employers today have transferred the risks of such investments to employees. Recent analysis by Research Affiliates reveals that the normal stock-and-bond investments typically seen 30 years ago will not support the retiring baby boomers of today.

The Melbourne Mercer Global Pension Index 2013 is a government and academic research company that classifies pension systems and retirement-income plans from 20 different countries. It examines adequacy, sustainability and integrity. According to the study, the U.S. was given a grade of “C” with the following

summary: “A system that has some good features, but also has major risks and/or shortcomings that should be addressed. Without these improvements, its efficacy and/or long-term sustainability can be questioned.” The Netherlands received an “A.”

Mary has worked as an independent contractor all of her life. (Mary asked that only her first name be used.) Now in her mid-50s, she has suffered at the hands of the downward economy. Along with working in a compromised industry that was hard-hit by the recession, the death of her husband and physical disability from an injury have added a lot of conflict to her life, even leading to a year of homelessness (sleeping on friends' couches). “It’s overwhelming. We made no plans for the future; we just lived our lives and raised our kids. Now, I’m almost 56 and I really struggle. I live in Oxnard and look for every available opportunity to work, which often times includes driving from Carpinteria to Los Angeles on the same day to work a double shift, all under the table, of course. I just can’t do the homeless thing again, and retirement? That’s a laugh. I have no retirement,” she said.

Burratto claims that the retirement community is very important, and he has concerns. “If people are going to be able to retire here in Ventura County, the rest of the economy needs to become stable. If that doesn’t happen, it’s going to be harder for retirees to hang on. A retired person may not be adding to the economy as a producer of money, but they are consumers. Essentially, retired folks are nothing more than tourists that stay for a very long time. This is good for a city. You’ll need plenty of golf courses, restaurants and service industry businesses to accommodate this age group,” Burratto said.

Bill Watkins, the executive director of the Center for Economic Research and Forecasting (CERF) at Cal Lutheran University has been studying the economy in California for more than 15 years. He said he believes that real estate was one of the catalysts that sent many baby boomers into a financial tailspin. “Even though real estate prices are on the rise, we have not caught up. In addition, baby boomers have been notorious big consumers, which drove markets until the recession hit. People refinanced everything (homes, autos, boats, etc.), and once the economy spiraled downward, they found themselves deep in debt with no real way to get out. This is a group of people has been accustomed to spending and consuming, not saving,” Watkins said.

Along with real estate, there are some other factors: People are healthier and living longer (our life expectancy has nearly doubled over the last century), involuntary unemployment, which has caused many to take an early retirement, skills that were once needed for *the job* are no longer needed, and administrative/secretarial jobs are being replaced by automated services. With these added factors, Watkins said he believes nationwide job growth is going to be relatively slow. “We’re still a couple of million down from pre-recession, and I don’t expect to see much change in the next few years,” Watkins said.

Here in Ventura County, there are also concerns about the middle class being pushed out, especially since this is not the best place for young people to start careers. “A lot of our baby boomers that leave to go visit grandkids often move away to be closer to family. If Ventura County doesn’t pay attention, it will become another Santa Barbara and Montecito,” Watkins said. The middle class will be pushed out, and the only people who will be able to afford living here will be the upper class and/or those who are catering to the wealthy.

“If the middle class is pushed out, we may see an exodus of retirees, which ultimately could drive down real

estate prices. The county would definitely be affected on various levels. Statistically, the vast majority of baby boomers are not as prepared as their parents were. Baby boomers are concerned with their quality of living, and many are deciding to continue to work because they don't want to be uncomfortable or compromised," Burratto said.

Charlotte Corrente was in her 50s when she purchased a Merle Norman franchise in Ventura. She is now approaching 80, works full time and couldn't be happier; she has no intention of retiring. "My husband, who was a Realtor, and I were in the apartment management business at the time I stumbled upon Merle Norman. I was looking for good face products following a surgery that I had. I fell in love with the products and also discovered the business was for sale. I decided to buy it, and it was the best decision of my life," Corrente said.

While owning your own business is a lot of work, Corrente claims it has added so much to her life. "My children were all grown when I purchased Merle Norman. I was always looking for something to do with my time. I can't imagine ever retiring, though I know one of these years, I'll have to retire. The downside of working this hard is not being able to go see my children when I want to, and the workload is extreme. But I really love my work. So many of my clients have become like family to me, and frequently come in, sit with me and share a glass of tea. I don't want to think about giving it up," Corrente said.

Corrente believes that elderly people should stay active as they get older. "Working has kept my mind active, and I don't think like an 'older' person. Some older people want to sit around and talk about their ailments and who's dying. I don't want to talk about that. If your mind gets old, you get old," she claims.

Even though Corrente is not a baby boomer, she has observed a lot of things about those approaching retirement ages. "Baby boomers have a different mindset and hold to a different standard of life than my generation. Sadly, they were encouraged to buy everything on credit. If you want it, just go charge it. It was just easy to run down to the market and put the purchase on 'daddy's account.' I think society made way for this kind of spending, and it's a problem," Corrente said.

Corrente also mentioned the increased cost of living, the faltering economy, the real estate crash and bad planning. While baby boomers might have a propensity to overspend or buy things on credit, Corrente said that believes the greatest issue is the downshift in our economy. "It is hard to make a dollar out of 10 cents. There are a lot of people who really can't afford to retire. I don't know what the outcome of all this will be. I won't be around to see it, but it's concerning," said Corrente.

A faltering economy and job loss has forced many baby boomers to take their retirements early. In fact, this is becoming a common story.

Andy Landis, a retirement consultant and author of the book, *Social Security: The Inside Story*, has been studying retirement for more than 20 years. "Taking retirement early is a huge hit; they don't get near the retirement [retirement]," Landis said.

Becoming aware of your options is crucial. "There are a number of options and tools available for those having a hard time," Landis said. For example, you can suspend your payments from Social Security from

age 66 to 70, and every month that you suspend it, the payment increases. Payments increase 8 percent yearly over the inflation rate.

“Usually, people are better off than they think. I would advise pre-retirees to do an assessment of where they are and where they need to be. For some, retirement might be a better deal; for some, they may want to work part time. The 70-year-old woman who thinks she might not have enough money to retire might discover that she’s better off than she thinks,” Landis said. Landis also added that, statistically, however, older divorced women are the first to become impoverished.

What can we learn from the baby boomers?

“Baby boomers started life in what appeared to be a relatively low-risk period in terms of employment. People thought they could have careers in one company, and some did. That’s clearly not the case today. Companies, industries, and jobs come and go as technology advances. Since the environment is riskier, the individuals can reduce the risk they face by limiting debt and increasing savings. They also need to prepare themselves for career changes. This could involve retraining at a more mature age than we are used to thinking about,” said Watkins.

Burratto said that he believes many baby boomers should consider reinventing themselves. Find resourceful ways to earn money without relying on traditional jobs. “It’s possible in today’s technologically driven world, but you’ll have to think outside the box. Many retirement-age people are working part time and shifting the balance of their leisure time and work,” said Burratto.

Landis encourages the younger generation to “Save anything you can. You think you need the money right now, but you’ll need it more later. Also, talk with a financial professional, even if you have to spend a few hundred dollars hiring a financial planner. Look into tax-deferred savings like a 401K. Some have bad-mouthed them, but I still think they’re the best plan on the planet. The younger generation needs to learn from our mistakes. Many boomers have been terrible savers.”

Those who are a long way from retirement have time to plan, and those who are approaching entering the world of *possible* retirement have a lot to consider. The question is, will this stage of life redefine who they are, or will they turn around and redefine the word retirement? For those upcoming boomers who are concerned about the economy as related to retirement, “Some formal planning, including a written budget, would almost surely help. Goals should include reducing debt or increasing savings, depending on your circumstances, and this will probably require cutting back consumption,” Watkins said.

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The key is to start saving/investing early in life, be consistent, take advantage of any employer matching plan, max out contributions when possible, eliminate debt, avoid risks with your nest egg and plan for multiple streams of income once retired (social security, pensions, dividends, part time work, etc.). There is a great deal of information about retirement available on the web. I use several sites including the site Retirement And Good Living which provides information on finances, health, retirement locations, part time work and also has a great blog of guest posts about a variety of retirement topics.

posted by **carlyt** on 4/10/14 @ 03:27 a.m.

Thanks for your post and suggestions Carlyt. The web absolutely has a wide array of things to be researched. Gained knowledge is always empowering, no matter what your age.

posted by **WriterAtTheSea** on 4/14/14 @ 09:42 a.m.

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