

# Baby Boomers Look toward Retirement

Over the next two decades, the most chronicled generation in America will gradually enter retirement. At that point, each wave of baby boomers will quickly discover if their retirement plans, Social Security, and personal savings will be sufficient to maintain their existing lifestyles and needs.

Baby boomers—a name given to those born from 1946 to 1965—have been noted for their creation of the “computer age,” quest for physical fitness, and expectations for living long and full lives. Now, as the boomers pass into middle age, many are beginning to focus their attention on retirement.

Unlike the previous Great Depression-to-World War II generation, many baby boomers believe they cannot depend on receiving Social Security benefits during their retirement years. In fact, many economists question the future “security” of the Social Security trust funds.

To further compound concern, many employed boomers may not have **employer-funded retirement plans**. Since, in today’s work world, employees, rather than employers, generally assume full responsibility for funding their retirement plans, it is no surprise that uncertainty and worry occupy the minds of many of those without guaranteed pensions.

## Broadening Perspectives

What can boomers do to determine if their savings and assets will sufficiently fund their retirement years? Definitive answers are often elusive. After all, life is often filled with many variables, and no one really knows for sure what the future holds. However, even with these constraints, boomers can gain much insight by estimating and analyzing the following:

- o potential income sources (e.g., income-producing real estate, inheritances, etc.);
- o projected balances of retirement and savings plans;
- o costs of future health care needs;
- o annualized rate of inflation over retirement years;
- o amount of Social Security income to be received;
- o percentage of present income required during retirement years;
- o length of years retirement may last or life expectancy.

### Survey Says. . .

A 2002 survey conducted for the AARP\* found that only 20% of boomers are very satisfied with their personal finances. In contrast, 31% feel their financial situation is *worse* than they expected at this stage in their lives. Only about one-half of boomers, 51%, feel confident that they will achieve their financial goals.

As is true of every generation facing the retirement planning process, baby boomers should have a *disciplined* savings program in place. If you're a baby boomer, keep in mind that periodic or haphazard deposits may be counterproductive. With a commitment to success and a scheduled plan, you can work toward building the necessary retirement funds to secure your own financial future.

- Source: *Boomers at Midlife: The AARP Life Stage Study*, by Princeton Survey Research Associates, 2002.

Source: Liberty Publishing