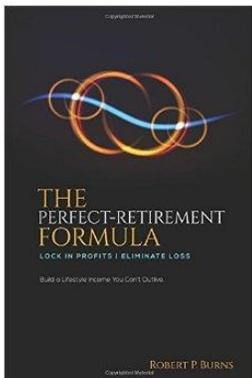




Outliving your money: It doesn't have to be



Editor's Note: The following is an edited excerpt of "The Perfect Retirement Formula," a book by Robert Burns of East Greenville and CEO of Senior Safety Net based in Center Valley. The book is available on Amazon and Kindle and through local booksellers.

I have an acquaintance who is a business writer, and when I told her the general premise of this book, she said, "You're being an alarmist."

I'm being an alarmist?



Robert Burns

It's alarmist to point out that during the past dozen years alone, retirees have seen their nest eggs cut in half not just once, but twice?

It's alarmist to point out that our economy is like a house of cards, and that our almost incomprehensible debt bill eventually will come due?

"Well," she said, a bit more softly now, "the market has recovered, you know."

It's true that the broad market has come a long way back since the utter catastrophe of 2008. As I write this, DOW hovers at an all-time high.

But there were countless retirees who were unable to stay the course; I've met dozens of them personally. They also show up in survey after survey by the likes of AARP, the National Bureau of Economic Research and other major organizations that do economic analysis.

These unfortunate Americans had no choice but to liquidate huge chunks of their decimated stock holdings in order to get by. Either that or they liquidated as a precautionary measure to protect against losing almost everything if the bleeding never stopped.

They haven't "recovered," and they never will. They were forced to sell when the market was in a deep trough. The money is gone.

What's more, anyone who thinks the U.S. economy is back in full swing and we're riding off into an infinite future of gorgeous sunsets is either very much out of touch with reality or has been smoking something that's legal only when used for medicinal purposes, and only in a few states at that.

Economists agree that we're nowhere near out of the woods. Not with a \$17 trillion deficit, Washington gridlock and a climate of constant cost-cutting.

HOME VALUES YET TO FULLY RECOVER

Meanwhile, the ongoing softness in the housing market has thrown a colossal monkey wrench into the time-honored retirement strategy of cashing out, downsizing and living off the equity.

Between 2008 and 2012, about one in every three home-owning couples saw its property values decline by at least 25 percent. With overall property values still down 17 percent since their 2007 peaks at this writing, one quarter of homeowners at or near retirement are underwater on their mortgages.

You can't cash out and retire on what isn't there.

NOT-SO-GOLDENS YEARS

If you think about it, what we're really talking about here is a broken promise. The American Dream promised you that if you worked hard and raised a

family — if you “did things right” —there would be reward waiting for you at the end of the rainbow.

We even gave that rewarding time of life a special name: the Golden Years.

Unfortunately, for too many Americans nowadays, the “scrap-metal years” are more like it. What has happened to so many of today’s retirees and pre-retirees is a national shame of a magnitude that’s hard to capture.

OUTLIVING YOUR MONEY

Despite the widely differing backgrounds of the 77 million Americans now coming up on retirement age, many are in the same sorry predicament largely because of one fatal miscalculation: They trusted the stock market to keep them safe and solvent.

Can you think of anything quite so sad as the fear of “living too long?” One of my clients expressed that very sentiment to one of our advisors recently.

“I have to hope I don’t outlive my funds,” said the women with a heavy sigh.

So heartbreaking, so unnecessary.

DREADING RETIREMENT

The baby boom generation came of age during one of the most prosperous periods in American history. Boomers had a right to expect to enjoy the fruits of their hard work. And yet study after study reveals that members of that generation are anticipating retirement with something closer to dread than delight.

Late at night they ask themselves questions such as:

- Will I be able to have any kind of lifestyle... or will I have to live like a monk?
- Will I be able to remain healthy, or afford decent care when I fall ill?
- Will I be able to travel to see the kids and grandkids?
- Will there be anything left for the kids and grandkids?

MOST ARE NOT PREPARED

The anxiety crosses all socioeconomic lines. The annual Bank of America/ Merrill Lynch Affluence Insights Quarterly survey samples attitudes among those with at least a quarter-million dollars in investable assets. In the

latest survey, about half of the respondents feared that their money might run out during retirement.

If people in that income bracket are edgy, what hope is for the Average Joe or Jane?

The statistics on household savings, no matter where you get them from, are scary. According to Employee Benefit Research Institute, more than half of all workers report they and/or their spouses have less than \$25,000 in total savings and investments (excluding their home and pension plans). This includes 31 percent who admit to having less than \$1,000 in the bank.

Shocking as that sounds, it’s corroborated in a second poll conducted by the National Foundation for Credit Counseling: 64 percent of Americans said they could not come up with \$1,000 if a sudden emergency were to arise.

MANY MAY NEVER RETIRE

Is it any wonder that in study after study, increasing numbers of Americans say they never expect to retire?

And even if they do, will they be able to stay retired?

Consider the latter-day phenomenon known as workamping: These retirees throw every dime they have into an RV (or pickup with cab cover) and they flock to campsites, bartering their services as cleanup crews in exchange for campsite time.

Some workampers have been forced to live on the outskirts on Amazon or Sam’s Club warehouse, where they put in 40-hour weeks as stock-pickers and/or packers.

You tell me: Is that what the Golden Years were supposed to look like?

Does anyone still think I’m being alarmist?

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