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So You Want to Retire Early – Not on My Dime, Thank You!

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It's election time and candidates are staking out positions on issues ranging from Iraq to education to taxes - very important topics and the more debate, the better.

But there are critical issues no one is discussing. One ticking time bomb is our aging population combined with unrealistic notions of retirement. No one disputes that we are living longer and we are rightly proud of this achievement. However, our retirement programs haven't adjusted to reflect this welcomed longevity. It's time for an attitude adjustment!

It is easy to understand why politicians are silent. From a big picture perspective, we know voters don't focus on long range problems, or reward those candidates who do. On a micro level, advocating a rise in the retirement age is a sure way to drive away baby boom voters. The only constituencies such a suggestion might attract are the ones saddled with these future debts – 20 and 30 year olds (who don't vote in large numbers), people too young to vote and the unborn.

What we have is a tyranny of the 80 million baby boomer majority. Most of them believe retiring at 65 it is a God given right – along with life, liberty and the pursuit of happiness.

Part of the problem is that people don't realize how long they are going to live. We are stuck with idea that 65 is old and that persons of this age are getting ready to die. This was never really true – in reality today's 65 year olds are only living about 5 years longer than 65 year olds did in 1935. The big difference is that it used to be much harder to reach age 65 and today a much larger percentage of the population is now living that long.

There is no doubt life expectancy is a confusing topic. Here is an example. If you were born in 1941 and are going to turn 65 this year, what is your life expectancy? Is it 64.1, 72.9 or 83.4 years? The right answer is all the above! 64.1 years is the right answer based on how people of all ages were dying in 1941. 72.9 is based on when people born in 1941 were expected to die during their life-time (the "cohort life expectancy"). Now, if you have made it to 65, on average you can expect to live another 18.4 years for a total of 83.4.

Not surprisingly, most of us are confused by all of this. A recent Wall Street Journal article pointed out that 67 percent of retirees and 61 percent of workers underestimate

their own life expectancy. For a bit of fun, check out some of the life expectancy calculators on the web such as

<http://gosset.wharton.upenn.edu/~foster/mortality/form.html>.

With people living longer and having fewer children the population distribution is shifting and getting older. In 1935 when the Social Security Act was enacted about 6% of Americans were 65 or older. Now this group has doubled to around 12% and in another 25 years it will be 20%. How do we think younger workers will support all these people? I suspect they will rightly rebel and use their forefathers' battle cry - "No Taxation without Representation!"

What are the solutions? The short answer is that people need to work longer. As a first step, retirement practices in the public and private sectors need to be reformed - mandatory retirement is a form of age discrimination.

Next we need to address social security reform. We need to go back to the original idea behind social security. This program was designed to provide subsistence support for our elderly population so they would not starve to death. It was never intended to provide retirees a "decent" standard of living for twenty or thirty years so they could relax on a beach or play golf.

We need to start indexing the age at which social security benefits become available to actual longevity. The current system is moving the age of full benefits to 67, but at this time it should be at least 72.

Where can we look for leadership? It is safe to say AARP won't help. They spend almost \$1 billion a year and will probably fight any change tooth and nail. Their somewhat selfish motto is "It's our time" and they don't seem to care about the burden current policies are placing on future generations.

What about politicians? I guess we can wish that in the next debate between Representative Shays and Diane Farrell they will tell voters how and when they think the retirement age should be increased. Hopefully the candidates for Senate, the more "deliberative" chamber, could also speak to this serious issue. If Senator Lieberman, Ned Lamont & Alan Schlesinger could control their negative campaigning for a moment, maybe we could get them to discuss this vital issue.

Note: If I ever run for office, please burn this article.

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