DIE EARLY
ONE WAY TO BEAT THE RETIREMENT CRISIS

An Analysis of the Investment Challenges
Facing Americans and Their Financial Advisors in 2011

BY JOHN LOHR

INTRODUCTION:
A STATEMENT OF THE PROBLEM

"The question isn't at what age I want to retire, it's at what income."
George Foreman

The other way to beat the retirement crisis (and my personal choice) is to work longer.

Continuing in the spirit of my previous books, please believe that:

1. Retiring Americans are in trouble.
2. "Helpers" like Financial Advisors must retool their business to actually help their clients instead of pushing products.

Still, The retirement assets of Americans grew approximately 7% to $17.6 trillion last year, with the strongest growth coming from worker contributions to 401(k) accounts and other company-sponsored plans and to individual retirement accounts. However, in recent years we've had one of the lowest growth due to market situations.

But, the endemic retirement problem is that financial catastrophes are germinating in the good news that Americans have a high likelihood of living longer. The "bad news" is that we will not have enough money to sustain ourselves.

The expected lifespan of an average 30 year old TODAY is 120. The average age of the second to die of a couple aged 62 is 92! 65% of today's 65 year olds will reach 85 years of age or more. "Retirement used to mean 10-20 years, but no more. Americans have simply not been taught to think in terms of a 20 or 30-year retirement. At a meager 3% inflation, in 30 years, we'll need $2.45 for every $1.00 we need in 2010. You can't think in archaic terms of being able to live on 75% of what you make now. The risk of dying too young has been replaced by the risk of living too long.

The soon to retire have no idea of the magnitude of their financial shortfall. They can't imagine being 92 or how they get there. It's expensive to golf every day for 27 years. In 2011, 10,000 people a day (A DAY!) will turn 65. And it will continue at that rate for the next 19 years! According to the AARP, only 4 in 10 believe thay have saved enough to retire. Today's worker can forget about leaving a legacy to their kids or favorite charity. They may need to go back to work and stay there until they die.

Fit the Boomer into the longevity data and you'll see that their investing plan, if they have one, must at least equal trendline inflation or they'll run out of money before they run out of sustainable brainwave activity. Boomers need their liquefying money, even though they may not be aware of it now. Most of the Boomers want income continuation, principal growth and a legacy plan. Unfortunately for these Boomers, there is no such investment solution. Financial supermarkets like UBS run advertisements featuring retiring Americans buying sailboats, beach houses and businesses. Boomers smile and nod. But, the underlying true message of these ads is a grave one. Without a PLAN that was started years ago, forget it. If you're 50 now, it's not too late to start saving for retirement, but your upside is limited. If you're 60, your chances of raising significant retirement assets by starting now are twofold—slim and none.