

A call to Baby Boomers

We must not be retiring about our debt to society

Feather your nest, and leave some worms for the young

By Greg Burns

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People feel awful when they hear about seniors losing ground in today's harsh economy. When they hear about the grandkids, they should feel even worse.

More to the point: As good citizens, we should all look to do something about it.

Soaring prices are hurting folks like Wilma Williams, a retiree in downstate Carbondale who spends days and nights tethered to oxygen tanks. The 76-year-old widow is sharing her life story to help an advocacy group, Wider Opportunities for Women, raise awareness about lagging senior incomes.

Yet if Williams is worried about her financial well-being, she's downright terrified for her three grown grandchildren.

"It's going to be hard for them," she says. "I think we have it made compared to what young people have. I've got a pension and a place to live. They have it harder."

Most Americans have no clue how much they will need in retirement, or how to make it last. That's a big problem for folks in their 50s and 60s, but it could be an even bigger problem for those who eventually will have to support them.

Given their numbers and accompanying voting power, Baby Boomers are well positioned to push for more benefits to prop up their living standards once they stop working. They might demand more generous property-tax exemptions. They might call for higher payroll taxes to support senior social programs.

The potential goodies abound, as do pandering politicians willing to provide them. Just look at the recent free-ride program on Illinois public transit.

"I don't think Boomers are going to be content, so we're going to see efforts to boost elder benefits," said Michael Males, a youth sociologist who at age 57 knows firsthand the issues

facing Baby Boomers. "This is going to come at the expense of younger generations."

This is where sound public policy and personal responsibility come in.

Amid a presidential campaign that pits a youthful candidate against a much older one, it's important to head off generational conflicts where we can. And the simplest step may well be replacing the usual wishful thinking about retirement with something shockingly scarce: realistic planning.

"They have the income to plan, but they don't plan," Males said.

So here is a plea for some opening of eyes.

If you are a Baby Boomer about to hang it up in the workplace, or if you just know a Baby Boomer about to hang it up, please think about your fellow Americans. Better planning can help not only you, it could be saving the country and its youths a heavy burden.

In fact, basic retirement planning should be viewed as a civic duty and a fundamental part of good citizenship. Our economic future depends on it.

To a degree, the growing economic threat stems from the success of Social Security and Medicare. Once that safety net came together in the 1960s, the poverty rate of the nation's elderly fell from 35 percent to roughly 10 percent. Although those programs face a reckoning, plenty of Baby Boomers still view them as a lifeline.

Bad idea.

As Wider Opportunities for Women, known as WOW, shows convincingly in its latest research, government programs on balance provide far less than the actual cost of living. It might be enough to lift a person over the poverty line, which the federal Health and Human Services Department pegs at \$10,400 in annual income for a single person and \$14,000 for a couple. But it's nothing near the amount needed to ensure financial stability.

Anna Rappaport, a Chicago-area actuary, has studied retirement trends with the precise approach to risk management that her profession excels at, and she has concluded that most Americans reside in la-la land when it comes to their personal finances.

They think they're going to keep working much longer than they do. Instead, plans change on the fly as layoffs, buyout offers and health problems intervene.

The majority claim Social Security at age 62, as soon as they can, which reduces their monthly benefit drastically for the rest of their lives. They also overestimate the investment returns from their mostly meager nest eggs. More Americans than ever retire while still loaded with debt.

Even retirees who start out well often run into trouble after the frailties of old age take effect. This is particularly true for widows, who generally live longer and have earned less over their

lifetimes.

WOW has big ideas for reforming the workplace, housing and government benefits. But a few simpler steps with the long view in mind would make a difference for retirees and, not incidentally, their children and children's children.

Claim Social Security later, Rappaport advises, and reserve a survivor benefit if the breadwinner is lucky enough to collect a traditional pension. Consider buying an annuity that pays a set amount for a lifetime, and life insurance so a surviving spouse won't be bereft.

Williams followed some of that advice: She worked as a sales clerk at Sears until 70, and her late husband had a \$35,000 life insurance policy. Though money's tight now, she says, "It's a good thing I did what I did."

She's hoping her grandchildren will do as well.

"I watch how my grandkids work and struggle," she says. "Social Security is not going to be enough. They're just going to have to put it away. I hope they make it."

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