

## Why Retire? – Living your “new” dream...

“Perhaps the only way to retire and be happy is to...not retire.”  
Edward, “Hector and the Search for Happiness”

“Retirement is bull----!”  
Harry Dent

In his candid and to-the-point style, well-known demographer Harry Dent exclaims, “**Retirement is bull-....!**”<sup>1</sup> He makes this claim on two counts:

First: “*If you love what you do, why stop, why retire...? – Or, from another angle, why not pursue a new idea, a new goal, a new dream?*”

Second, as one of the most respected and quoted American market economists told me frankly: “*The government won’t keep its promises...*”

**First**, perhaps we might protest the very word “retirement” - to retire literally means “to withdraw, fall back, retreat or recede.” As Edward in *Hector and the Search for Happiness*<sup>2</sup> adds, “Perhaps the only way to retire and be happy is to...not retire.”

Ask yourself, “*Is your endgame a gold watch and a party...or is it a next adventure, discovery, the next wave of experience?*” “Retirement” may well be a passé term, and what is so special about age 65? Medicine and improving lifestyles have extended our *creative life expectancy*. Read on as to why 65 is no longer *practical*.

**Second**, our social programs as they are presently designed (Social Security, Medicare, Medicaid) won’t be able to keep their promises in coming decades<sup>3</sup>. Today Federal debt and unfunded entitlement liabilities reach into the 10’s of *TRILLIONS* of dollars and counting. So expect “normal” retirement ages to be extended from the current Social Security-Medicare ages 65-66 to ages 70-75.<sup>4</sup>

**So what’s changed?** Dent points out that the average American expects to work from ages 21-63, and live to @85, so @2 working years for every 1 retirement year – this is simply not economically sustainable given most Americans’ savings habits and nest eggs (401k, IRAs, savings and investments, and home equity) – longer life expectancies, too little retirement reserves, and under-funded public policy programs are forcing changes to our retirement expectations.

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<sup>1</sup> Dent, Harry, *The Demographic Cliff*, Penguin, 2014, page 315.

<sup>2</sup> Lelord, Francois, *Hector and the Search for Happiness*, Penguin, 2010

<sup>3</sup> See <http://www.usdebtclock.org/>

<sup>4</sup> See our related article on our web site entitled “*The Government Can’t Keep Its Promises – America’s Egalitarian Crisis.*”

This is because, for the first time in history, retiring generations are larger than ensuing generations, creating a demographic “cliff.” America, as well as the world at large, is experiencing the greatest demographic transformation in history – in 2000 we had @35 million Americans age 65 or older, but by just 2030 Boomer’s will increase that total to @70 million. By 2030 the expected ratio of those 65 and older to the younger age 20-64 generations will increase from @20% to @35%, a 75% increase, and by 2080 this *dependency ratio* may exceed 40%.<sup>5</sup>

**What to do? First**, expect public policy turmoil – the partisan embattlement in Washington may be largely due to government leaders and programs “*too big for their britches, i.e., budgets.*” **Second**, think and act independently, “outside the box,” – make it a practical goal to *live productively* over a full lifetime – productive both in a creative sense as well as an economic sense. Find a new “dream,” pursue a new passion (perhaps a new livelihood, a family business, a family foundation or other philanthropy, an artistic endeavor). **Third**, get your kids and grandkids aware and involved in this changing demographic equation – American’s are some of the cleverest and most innovative folks on the planet so when we work together we can solve problems in amazing, unexpected ways – try to manage family financial reserves by living on the income generated and passing on as much of the principal as possible or practical to the next generation.

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<sup>5</sup> Laurence Kotlikoff, Scott Burns, *The Coming Generational Storm*, Cambridge, MIT Press, 2004, page 6.