



## Barbie, Baby Boomers, Careers & Retirement

*Baby boomers are living in denial when it comes to retirement readiness*

Barbie was born on March 9, 1959 and in her 60 years, she has accomplished quite a lot. Barbie has had over 200 inspirational careers, including as a doctor, a news anchor, the Duchess of Cambridge, a Nascar driver, a pilot, a WNBA player, a firefighter, a ballerina, an architect, several characters in "Mad Men" and every member of Destiny's Child.

And according to Barbiemedia.com:

- In 1965, Barbie traveled into space, four years before man walked on the moon.
- In 1973, Barbie saved lives as a surgeon, at a time when very few women were in the operating room.
- In 1992, Barbie ran for president for the first time and has run in every election year since. In 2016, she ran with the first all-female ticket.
- To encourage more girls to explore the STEM field, Barbie has been a computer engineer, video game developer, Mars explorer, and robotics engineer.

### But Barbie is a Baby Boomer Too

But Barbie has another distinction that is rarely talked about: she's a Baby Boomer. And despite 100 Barbies being sold every minute, with close to 58 million Barbies sold each year, she needs to think

about her retirement. Because if she's like most Baby Boomers, she's living in denial.

### Baby Boomers are in Denial

While no one wants to admit it, the reality is that many baby boomers are living in denial when it comes to their retirement readiness. They so severely underfunded their nest eggs that many have no possibility of retiring.

Younger boomers, like Barbie, get a small chance of turning things around because they have more time. But they too might have to take significant measures to turn their hopes for retirement into a plan. Consider this:

- A study by the Center for Retirement Research at Boston College concludes that the retirement years for boomers will be much leaner than for their parents as an estimated 51% of them will be unable to maintain their current lifestyles in retirement.

Ironically, one major contributor to this bleak picture is the boomer generation's own optimism and positive thinking. Raised in a society of abundance with expectations of prosperity, boomers have over-spent and under-saved for decades.

Worse, many of them assume they will receive ample inheritances. They see increased life expectancy as a wonderful thing, forgetting to factor in the higher

medical costs that will come with it. They expect to work well into their 70s, disregarding statistics that show many of them will be forced to retire sooner due to health problems or job layoffs.

Let's look at some decidedly pessimistic numbers from the Center For Retirement Research study:

- The median 401(k) and individual retirement account balance for boomers nearing retirement is \$78,000.
- Only around half can expect to inherit from their parents, with the median inheritance amount \$40,000.

That adds up to a total nest egg of \$118,000, which at a 4% withdrawal rate provides less than \$400 a month for life. Combining that with the average Social Security check of about \$1,000 means retiring on an income pretty close to the poverty level.

### **What's the Solution?**

Many boomers say they plan to never quit working. Heck, it's working for Barbie, maybe it can work for them too. Unfortunately, this is delusional.

According to a survey by the Society of Actuaries, over one-third of boomers think they will never retire and only 10% say they will retire by 60. Statistics show, however, that 50% have actually retired before age 60.

The main reasons are health and downsizing, which boomers unhealthily discount. Well over 90% of them maintain they have a healthy lifestyle and won't get sick. Boomers are so out of touch with reality it makes one wonder how many, if asked, "Will you ever die?" would answer, No, or Maybe.

Sadly, only one-third of boomers have a plan for financing their retirement, other than expecting to work until the day they die. What's the solution for the remaining two-thirds who are unprepared?

Unfortunately, for many older boomers it is already too late. Their lack of planning for their retirement years may mean forcing their children and grandchildren to decide whether taxpayers can afford to pick up the tab.

### **Spend Less, Invest More, Repeat**

Younger boomers, on the other hand, can take control of their retirement by radically downsizing their lifestyles and increasing their income. This means selling expensive homes, cars and toys and living as frugally as possible.

If Barbie is behind on her retirement plan, maybe she should consider selling her Corvettes, her boats, her RVs and her other toys. Maybe even selling her lion-cub and zebra too. And it's unlikely that she really needs all those Dreamhouses.

The resulting savings should first go to pay off high-interest debt, then to fund maximally every available retirement plan.

Another possibility for younger boomers is to consider various employment options, including government jobs, which offer pension plans unavailable in most private sector jobs. Wise boomers will also encourage their own children to emulate the frugality and money skills of their grandparents (there was a pregnant Barbie in 1982).

The kids will need those skills for their own futures – especially if they have to help their boomer parents pay the bills.