

# Ready or not, first baby boomers enter retirement age

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The first baby boomers will turn 65 in 2011, but is this generation truly ready to leave the workforce?

“Baby boomer” is the name given to the generation born in a “baby boom” following World War II, between 1946 and 1964. There are about 78 million in all, which is 26 percent of the population. Those turning 65 this year will be eligible for Medicare, and full retirement in 2012.

“It is never too late to make changes,” said Deena Katz, associate professor of Personal Financial Planning (PFP) at Texas Tech University. She points out, though, that this generation has several disadvantages over their parents, who got by without credit and had resources they could tap into.

Today, the boomers’ primary fear is outliving their retirement; though one source of income they cannot outlive is their Social Security. However, it was never designed to be the sole support of older people.

“Social Security came into play in the 1930s, when the life expectancy was about 65.2 years. So they (the government) did not expect people to use Social Security,” Katz said. “This generation may actually live longer in retirement than they did in working. Thirty years in retirement... Social Security was never meant for that.”

How much Social Security a senior receives varies greatly depending on

when they begin accepting their check.

“Many fear if they don’t start right away at age 62, they may never receive it, but the best thing to do is to maximize your Social Security benefit and wait until you are 70,” said PFP instructor Robert Barnhill. “If you do take it early, you have 12 months to change your mind. You can pay it back and wait.”

Financial planners agree that a [Social Security](#) check should only make up about a third of a retiree’s income and should be supplemented with contributions made to an Individual [Retirement](#) Account (IRA) and a 401(k).

“A generation ago, people had defined benefit pension plans, but they became expensive to maintain so corporations changed with the culture,” associate professor Russell James explained. “People do not spend their whole career with one company. So employers put some money into an account, where employees can do what they want with it. Investment performance becomes much more of an issue.”

“I don’t think we are going to be retiring at a conventional time. It is not because we can’t, but because we don’t want to,” said Katz, a young boomer herself. “Those of us who can adjust to the technological shift may remain in the workplace, while others may find themselves staying busy by doing what they enjoy.”

Provided by Texas Tech University

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