



## YES, WAPO: THERE IS A RETIREMENT CRISIS

By Michael Maiello 11/20/2013 - 2:45 pm

Back in 2005, when I was still a financial journalist, I attended the Investment Company Institute's annual gathering in Washington, D.C. The end of retirement was a theme of the event. Ken Dychtwald of Age Wave argued that the idea of retirement, wherein you stop working in your sixties and get to live a few decades in pursuit of your own ambitions before dying, was a post-World War II prosperity phenomenon and that it played such a brief role in our history that you could count on it enduring no more than you could count on always being able to make money by investing in Internet stocks.

It is more natural, argued Dychtwald, to work until the very end (at least in a Western economy). The future, he told us, would involve softer forms of retirement. You leave work but consult part time for your old employer or maybe a competitor, he suggests. Or, you greet people at Wal-Mart. Dychtwald tried to make his message cheery. People don't want to retire, he said. Work is how people stay engaged. They want to work forever. I can imagine many ways to stay engaged that do not involve what we typically think of as work. I'm sure you can, too. But Dychtwald's real point is that people might not have much choice. Pensions are dying. Social Security is constantly being targeted for cuts and even the promised benefits are not enough to retire well on. Working people do not excess income that will allow them to adequately save for their own retirements. The miracle of compounding investment returns does not work well on small sums.

On Monday the Washington Post editorial board argued that there is no retirement crisis because the [poverty rate among the elderly is only 9.1%](#).

First, that number doesn't sound too great. It is lower than the 15% poverty rate for the country but on an absolute basis, having nearly 1 in 10 seniors in poverty cannot possibly be victory.

Second, it is a snapshot in time. People like Elizabeth Warren, who believe that Social Security benefits are not generous enough, believe that there will be many more poor seniors in the future, when people try to retire using their underfunded 401(k) accounts. To say, "no crisis because it hasn't happened yet," would also be to say that Social Security has no actuarial problems because it is totally solvent right now. If you believe there's a Social Security crisis based on far off projections, then you should believe that there is also a retirement crisis.

Here's another wrinkle, though. Notice that the Post cites the "elderly" poverty rate. They are measuring by age, not working status. To see if there is a retirement crisis we'd have to figure out if people over the retirement age are working when they would rather be retired.

See, it is possible to keep seniors or elderly people out of poverty by giving them jobs. But that doesn't mean there isn't a retirement crisis. It means that there is a retirement crisis that is so terrible that, as Dychtwald predicts, it has destroyed the very notion of retirement which is that in exchange for all of the years of labor you do in the service of other people that you deserve some comfortable, self-directed time on Earth before you die.

Retirement is part of compensation for the work you have already done. Don't believe me? Then show me a C-level employment contract that doesn't offer retirement compensation. Eliminating retirement for most people is another way for the rich to cut everybody else's wages. Comfortable years to yourself after decades of work is no longer the deal, they say. Work until you either absolutely cannot or until none of us will hire you.

That is a crisis.

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