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ON THE FLY

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Why Retirement At 65 Is A Fairy Tale

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Once upon a time, long long ago, there lived a generation of people who as a birthday present to themselves, wrapped up their careers when they turned 65 and, sporting a new gold watch on their wrists, headed south to Florida, never to step foot in an office again. They swung golf clubs, played endless hours of Mah Jongg and let their grandkids crash on the sofa bed every spring break. They took cruises and came to visit their old stomping grounds once or twice a year, but never when there was snow on the ground. They called this time in their lives "the Golden Years."

Today, retirement is something that fairy tales are indeed made of. A new study commissioned by the [Bankers Life Center for a Secure Retirement](#) proved what is said in pretty much every conversation that involves people age 50 to 68: When it comes to retiring from work, we ain't going nowhere.

The Middle-Income Boomer Retirement Gap: Savings, Education and Advice study surveyed 1,000 Americans aged 50 to 68 with an annual household income between \$25,000 and \$100,000. Of the respondents, 45 percent were already retired, noted the press release. You say "retired," I say "lost their job and couldn't find another one." Tomato, tomahto, whatever.

Of those still working, the study found, more expect to retire later than age 65 (43 percent) than before age 65 (16 percent). And just two in 10 (19 percent) expected to retire at age 65.

The reasons are simple: We don't have enough money. We know we are likely to need more money because we are going to live a longer life than those previous generations did. (According to the [National Center for Health Statistics](#), the life expectancy of a 65-year-old has grown by 37 percent since 1950.) And for many of us, we don't really want it to be a life of just golf and Mah Jongg. We like the work we do, want to stay viable, and believe we still have contributions to make. Whether the jobs market sees us as valuable is another story for another day.

But the truth is, whenever middle-income boomers gather, the most popular topic of conversation is "How much do I need saved in order to retire?" It's a number that bounces around a lot and at one point was around \$1 million, but current wisdom puts it at \$500,000 in investable assets.

And the bad news is that most middle-income boomers have not even come close to this level of asset attainment, found the study. Only one in 10 boomers surveyed had investable assets of \$500,000 or more. Even more concerning, more than half (54 percent) have less than \$100,000 and one-third (34 percent) reported investable assets of less than \$25,000.

One reason is that most of our retirement money is tied up in our homes. While the median investable assets are \$25,000 to \$100,000, the median home equity value reported was \$100,000 to \$250,000. And we have to live somewhere, right? Some folks consider selling their homes and buying something with income potential like a duplex. Others consider renting out an unused bedroom to bring in some extra income each month. The bottom line is that if you need monthly income to live, it can't be sitting untapped in your house.

The study also underscored a big disconnect between boomer perception and reality when it comes to nursing home care. Boomers estimated the cost of one year of nursing home care at \$46,890. The true cost is nearly double: \$90,520 on average. With median investable assets of \$25,000 to \$100,000, one year in a nursing home could effectively eat up a good chunk of savings for many middle-income boomers. Want more bad news? [Less than 8 percent of Americans have long-term care insurance.](#)

So what's the happiest ending to the modern day retirement tale? That we all invest in our health and stay on the job as long as we can.

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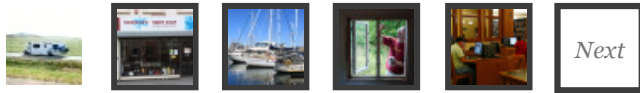
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1 of 6 < >



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