

The Coming Retirement Boom

On January 1, 2008, a new era will dawn that economists and policymakers have been anticipating for years with a mixture of curiosity and trepidation: The first baby boomers will turn 62, become eligible for Social Security benefits, and usher in an unprecedented long-term shift in the balance between working and retired Americans.

Opinions about what to expect from this new era differ in various quarters. Boomers who are financially prepared are likely anticipating some of the best years of their lives. But some economists are expecting this period to usher in an economic slowdown.¹ And U.S. policymakers are wondering how the government will meet its obligations to the roughly 78 million baby boomers who will be retiring over the next two decades and beyond.²

Fewer Workers, More Retirees

The Census Bureau projects that growth in the working-age population, which grew at a 2.25% annual rate from 1970 to 2006, will slow to an annual rate below 1% between 2007 and 2017.³ The expected drop in the number of available workers, combined with the possibility that many boomers will consume less in retirement because they will have less money than in their working years, could result in a significant economic slowdown.

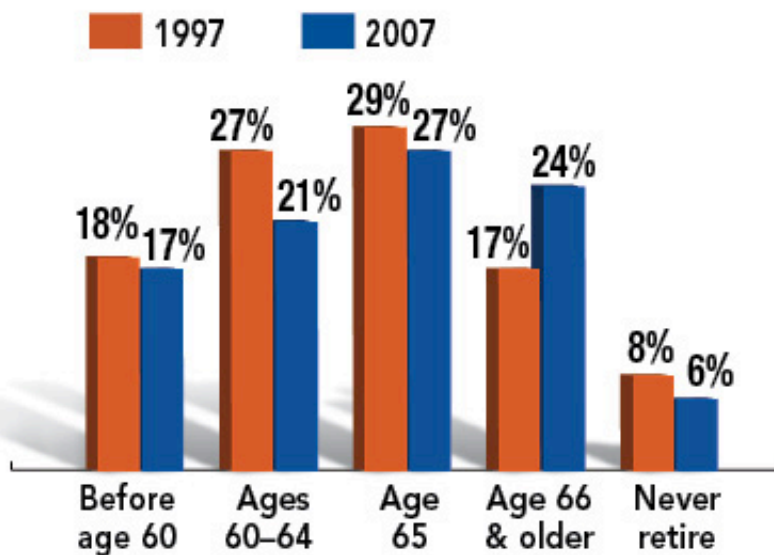
At the same time, the growth in the number of people aged 65 and older is expected to accelerate to an average of 2.8% per year.⁴ By 2017, it is projected that tax revenues flowing into Social Security will fall short of the program's obligations.⁵ Because Social Security pays benefits from current tax revenues, benefit cuts and higher taxes are possible.

The American X Factor



THE AGING OF RETIREMENT AGE

The percentage of workers planning to retire at age 65 or younger has declined over the past decade, while the share of people planning to wait until age 66 and older is increasing.



Source: 2007 Retirement Confidence Survey, Employee Benefit Research Institute

One issue that doesn't receive much attention is how the U.S. population will react to the challenges we face. The U.S. economy has proven to be the most adaptive and flexible the world has ever seen. Boomers may be healthy and willing to stay in the workforce well past age 65. Our rapidly increasing worker productivity could help a smaller workforce offset the lost manpower.

It may actually be quite interesting to see how our country will surmount its demographic woes. Meanwhile, it is more important than ever to remain focused on working toward your own financial goals.

1, 3-4) Federal Reserve Bank of St. Louis, 2007

2) Investopedia, 2007

5) Social Security Administration, 2007

Physicians Planning Group, LLC

[print this page](#)

7000 Central Parkway NE, Suite 1340 • Atlanta, GA • 30328

Phone: 678-579-0490 • Fax: 678-579-0491

www.mdplanning.net • rlundy@mdplanning.net

Registered Representative of and securities offered through QA3 Financial, Member FINRA (www.finra.org) /SIPC (www.sipc.org). Investment Advisor Representative of and Advisory services offered through QA3 Financial LLC, an SEC registered Investment Advisor. Physicians Planning Group, LLC is independent of QA3.