

Retirement Crisis: Americans Living Longer, Saving Less

When it comes to growing old in America, there's good news and bad news. Workers are living longer, but they are not saving much, which could mean an unpleasant retirement because the government can't take care of them all.

Al Doumar, 91, started making ice cream cones for his family-owned restaurant, Doumars, in 1946. He is still working; he said his love for the job keeps him going.

"There are a lot of people just like me too, old timers that just keep on working anyhow," Doumar said. "When they pass retirement age they just keep on."

Today, his son, Thad, runs the Norfolk, Va ., eatery. He credits his dad for teaching him to work hard and not depend on the government.

"My dad was born in 1922, before Social Security started," he told CBN News.

"He told me he is the 'once' and 'future' America because when [he] was a kid, people worked until they died," he continued. "And based on the way things are going, you younger folks are going to be working 'til you die as well or until very near the end."

No Savings, No Retirement

Unlike the senior Doumar, also known as "Big Al," more workers will stay on the job and put off retirement due to bad financial planning and not enough savings.

When it comes to retirement, most Americans work until around age 65, with some staying on the job even longer. But when it comes to saving for retirement most workers come up short.

"I don't think I'll ever retire," Susana Caparros, from Philadelphia, said. "I think it's a question of money. Social Security benefits are unreliable so we're gonna have to stay really healthy and really active."

According to research by the Center For Retirement Research at Boston College, more than half of American households risk not having saved enough to maintain their standard of living in retirement.

"I haven't saved enough for retirement," said New Jersey resident Tom Ferrans. "I'm going to work as long as I can."

Ferrans is among the 28 percent of Americans who have no confidence they will have enough money to retire comfortably, according to a report by the Employee Benefits Research Institute (EBRI) in Washington, D.C.

Jack Vanderhei is the director of research for EBRI. He said that is the worst confidence level in the study's history.

"We did a study to see what percentage of these households, baby boomers, and Gen Xers would basically run short of money," Vanderhei said.

"We find about 44 percent of the households will run short of money in retirement and it's even worse if you look at the low income cortile," he explained. "In that case it's over 60 percent that will run short of money some time in retirement."

What About Social Security?

Many expect to live on Social Security benefits and depend on Medicare to cover doctor's bills. Experts, however, predict Social Security will run out by 2033.

"Within two decades we're looking at a situation where the trust fund itself is likely to be depleted," Vanderhie said.

"That doesn't mean as some people unfortunately think that

they'll be no Social Security benefits," he told CBN News.

But he warned, "It does mean that there will be only enough money available to pay about 72 to 75 percent of what was promised."

Seniors Living Longer

When the Social Security Trust Fund was introduced in the 1930s, life expectancy didn't even reach the retirement age of 65. Life expectancy in 1930 was only 58 years for men and 62 for women.

That formula quickly became outdated and over the next 60 years the number of seniors exploded. In the 1930s only 6.7 million Americans lived to be 65 or older. By the year 2000 that number had grown to almost 35 million.

Millions of Americans receive Social Security benefits and the government is not prepared to cover the country's growing cost of retirement.

Therefore, people like Tamara Rowe, from Maryland, are preparing by maxing out retirement accounts and the thrift savings plan. Rowe said she also has a Roth IRA.

Rowe started putting away for her golden years when she was in her twenties.

"I guess because I've always hung around people who were older than I, so back when I was 25 if you read the business section of the newspaper you would hear people weren't up for retirement then, I hear now it's worse," she explained.

Start Saving Now

But it's not too late to start saving, Vanderhei said.

"It's a crisis that could be solved if people would realize their future plight today and start doing something, that is,

contributing more money," he explained.

The Doumars are well on their way.

"I think ultimately we're heading back to a point where we have to trust ourselves, rely on ourselves, as opposed to someone else coming into save us," Thad Doumar commented.

"A lot of people have been counting too much on the government to save the day, and the government is very short-term oriented and all the politicians are just concerned about the next election," he said. "They're not concerned about how things are going to be for our kids, our grandchildren or for the future of the country."

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