Why This Generation May Not Be Ready For Retirement - Transcript

Tom Mullooly: Hey. In Episode 102, we're going to take a look at some numbers. Welcome to the Mullooly Asset show. I'm your host, Tom Mullooly, and this is Episode number 102.

Hey, question for you. Suppose you worked at a company for years, and years, and years, and years. You go home from work one day, and in the mail is a pension statement, and it says, "Hey, after all of these years of working, you've accumulated a monthly pension benefit of $600.00."

Wouldn't you think something's wrong with that number? It sounds wrong, but let me share something with you. Households in the United States with 401(k) accounts, where there's at least someone at or close to retirement, aged 55 to 64, get this. The median account balance in these peoples' 401(k)? 135 grand. You know what that works out to? About 600 bucks a month.

Can you imagine if you worked for 20, 30, 40 years, and the retirement benefit you're going to get is 600 bucks a month? I'd be pretty mad. You should too. In the 1980's, nearly half of private sector jobs, 46%, were covered by a pension. Today, that number is getting close to zero.

On top of that, more than 40% of households headed by someone in the retirement zone, that's ages 55 to 70, so I'll say this again. 40%, a little more than 40%, of those households, where there's someone in or approaching retirement. We're talking about 15 million households. They lack sufficient resources to maintain their standard of living in retirement. This is really a crisis.

The percentage of families with any kind of debt, it doesn't matter if it's mortgage, student loan, medical debts, the percentage of families with debt, where there's a household member of age 55 or more, is two out of three. 68% of families in the United States where there's someone in the retirement zone still carrying debt.

If you're living on a fixed income, it's really hard to ever make any progress paying down debt, if you're paying interest, and making these payments for the rest of your life. You've really got to think these things through. That number, by the way, 25 years ago, was 54%. Still not a good number. That means half of the retirees in the United States 25 years ago still were carrying debt.

Here's another one that really just kind of make me shake my head. People in the United States ages 60 to 69, so people in their 60's, have ... You ready for this? $168 billion in outstanding car loans. What are you doing? All right? That number's actually up 25% in just the last 10 or 12 years, since 2004. I don't even want to tell you the number of people in their 60's who are paying student loans. Maybe it's for them. Maybe it's for their kids. Maybe it's for their grandkids, but here's the point of all of this.

You are never going to be able to retire if you have numbers that look like this. Talk to a financial planner. Sit down with someone. There's no shame in keeping all these numbers to yourself. It's going to reduce some of your stress too, if you can get this out on the table, and come up with a plan. It's not very expensive. It's probably costing you more keeping this all to yourself. Get with a financial planner as soon as you can.

That's it for Episode 102. Thanks for watching.