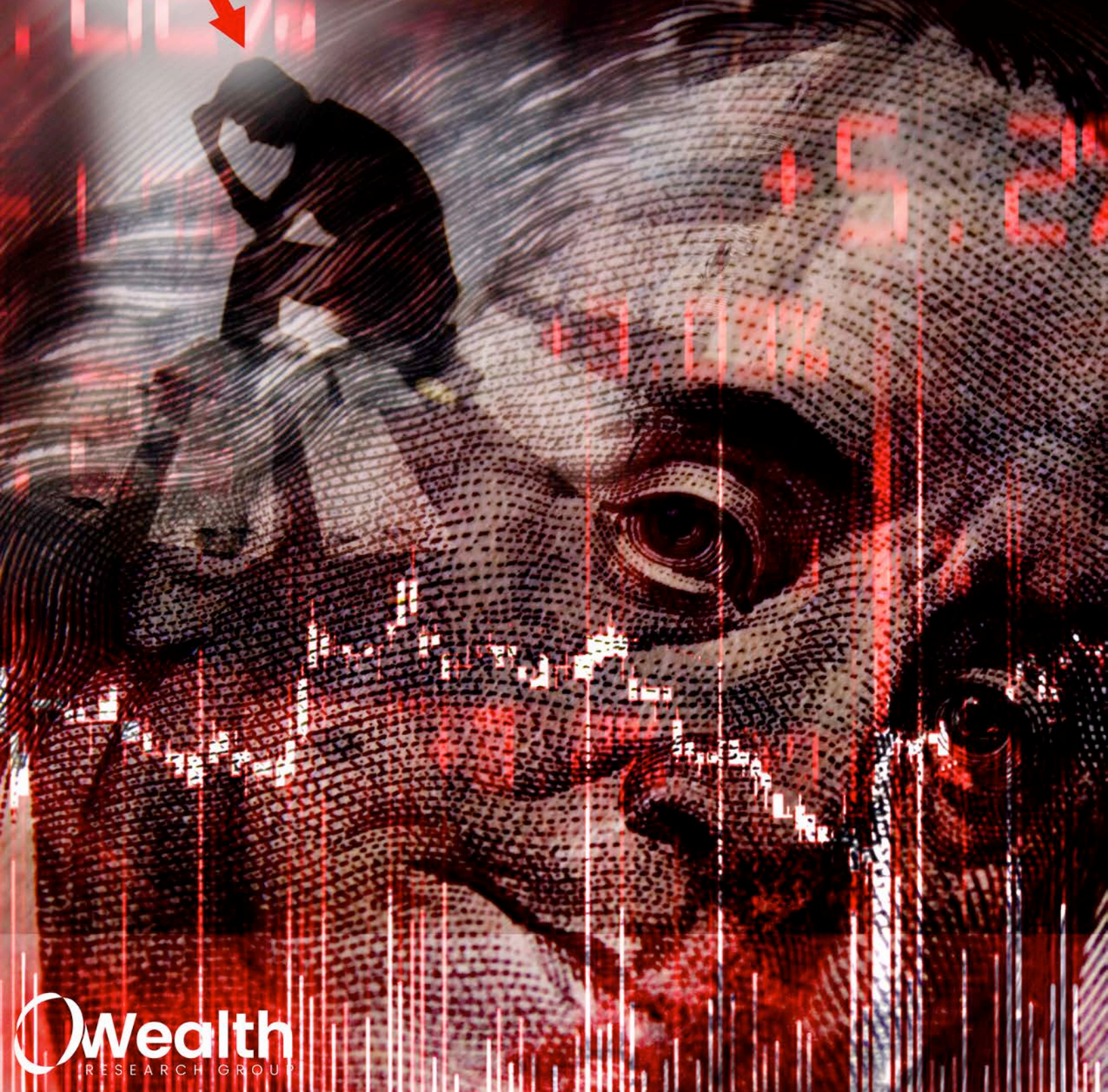


RETIREMENT DOOM & SAVINGS GLOOM

AMERICANS ARE UNPREPARED AND UNAWARE!

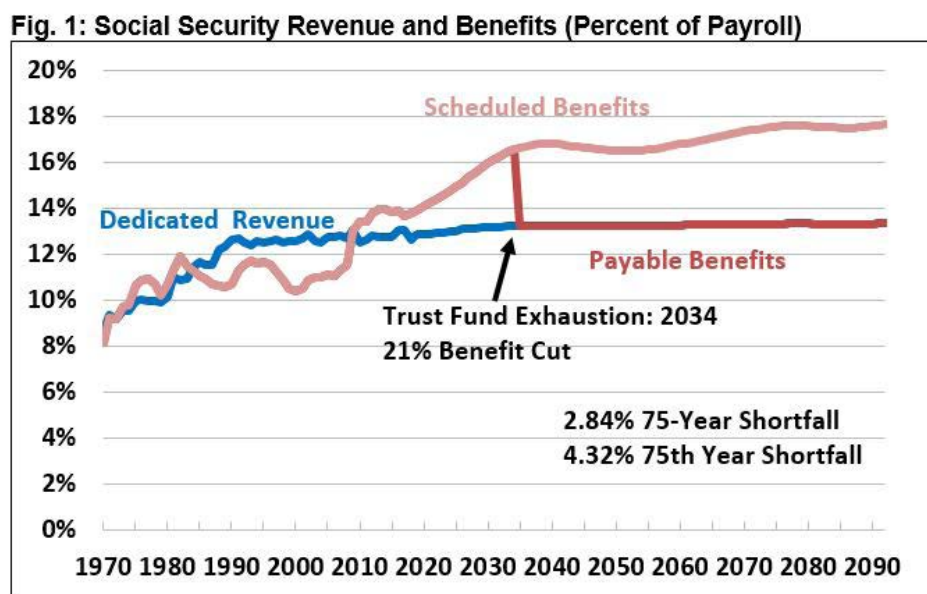


RETIREMENT DOOM & SAVINGS GLOOM: AMERICANS ARE UNPREPARED AND UNAWARE!

A secure and comfortable quality of life after 40 or 50 years of hard work was once practically a guarantee in America, but the American Dream of retirement is now dead and gone. You can't count on the government to provide a safety net anymore, so we have to fend for ourselves, which is a setup for certain disaster and widespread financial panic.

Social Security won't save you; that much is assured. The average monthly Social Security payout barely increased from \$1,422 in 2018 to \$1,461 in 2019, a meager cost-of-living increase, and at \$17,532 per year, it's not nearly enough to survive on nowadays. And, by the way, the government requires some beneficiaries to pay taxes on their Social Security payments, so you might not even get to keep all of the scant amount they pay out.

This is all assuming that Social Security will be solvent in the coming years – but don't count on that happening. The Social Security Trustees [project](#) a complete depletion of the Disability Insurance trust fund by 2032 and the Old-Age & Survivors Insurance trust fund by 2034. On a theoretical combined basis, the trust funds will run out by 2034, and at the time of insolvency, all beneficiaries will face a massive 21% across-the-board benefit cut.



Source: Social Security Administration.

Courtesy: Social Security Administration, [crfb.org](https://www.crfb.org)

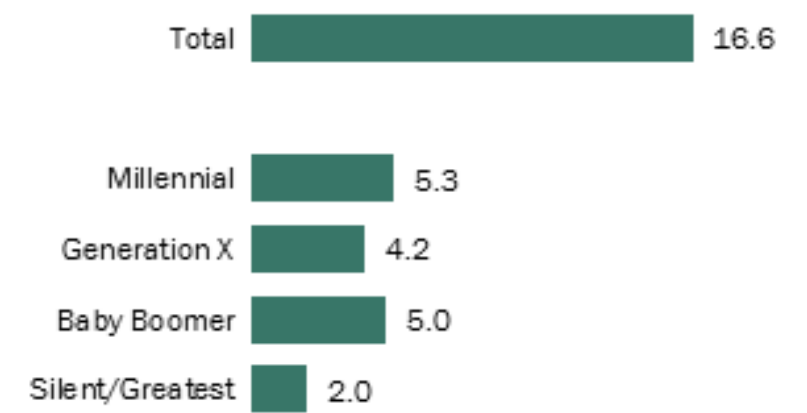
The same program the government forced you to pay into for your entire working life, and the one past generations could count on to provide them with at least a small income supplement in their golden years, is vanishing right before our very eyes. It's a criminally irresponsible act on the part of our elected officials, but it's a reality that we'll all have to deal with as we approach retirement age.

Our parents instruct us to save our money, and their parents told them to save, but hardly anybody actually takes that sound advice. With 10,000 baby boomers [reaching](#) age 65 every single day, the need to save and invest wisely is more important than ever. Government entitlement programs are already stretched beyond capacity, while state pension funds [only have](#) \$2.6 trillion in assets to cover \$4 trillion of liabilities, so there's really no one left to save us but ourselves – and the research shows that most of us are doing a terrible job at that.

The baby boomers might be able to enjoy at least a few years of benefits before Social Security, Medicare, Medicaid, and pension funds completely run out of money. Millennials, who recently overtook baby boomers as America’s largest population segment, won’t even get to dine on the scraps of these failing safety net programs.

In terms of providing for their own financial future, millennials are already in rough financial shape across the board. [Data](#) from the Pew Research Center showed that more millennial households are in poverty than households headed by any other generation:

More households headed by a Millennial are in poverty than other generations
U.S. households in poverty, in millions (2016)



Note: Households are categorized on the basis of the characteristics of the head of household. There are a relatively small number of households headed by a person younger than 18 that are not shown but are included in the total.
Source: Pew Research Center analysis of 2016 Current Population Survey Annual Social and Economic Supplement (IPUMS).

PEW RESEARCH CENTER

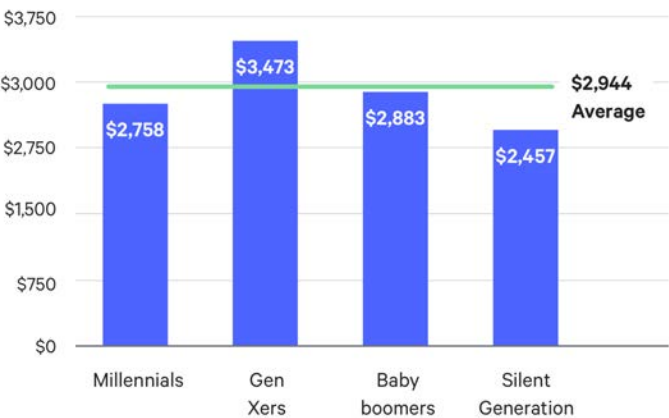
Courtesy: [Pew Research Center](#)

The Pew Research Center also found that millennials [have surpassed](#) all other generations in heads of households who are single mothers. Moreover, millennials [are renting](#) instead of owning their own homes (mostly because they can’t afford it), with millennials heading 18.4 million of the estimated 45.9 million households that rent their home, and homeownership is significantly lower for millennials than past generations when they were the same age.

It’s an unmanageable and unsustainable situation of apocalyptic proportions, but most Americans aren’t aware of the bleak future that awaits them if they don’t take action today. Discouragingly, the majority of Americans [waste](#) the little bit of money they have on financial vices:

Americans struggling with financial vices

Here's how much each generation spends on takeout food, restaurant meals, prepared drinks and lottery tickets each year, on average.



Source: Bankrate's financial vices survey

Bankrate

Courtesy: Bankrate

Instead of putting our funds into things that could grow in value over time, Americans make poor financial and wasteful choices with their money daily. We're frittering away our savings on things that won't benefit us in the long run: expensive restaurant and takeout meals, overpriced prepared drinks (like smoothies and brewed coffee), and lottery tickets, which are a complete waste of money in most cases:

Snapshot of Americans' financial vices

The percentage of adults who regularly splurge on takeout food, drinks and lottery tickets.



38%

Dine out at least 3 times a week



25%

Buy prepared drinks at least 3 times a week



10%

Purchase lottery tickets at least 3 times a week

Source: Bankrate's financial vices survey

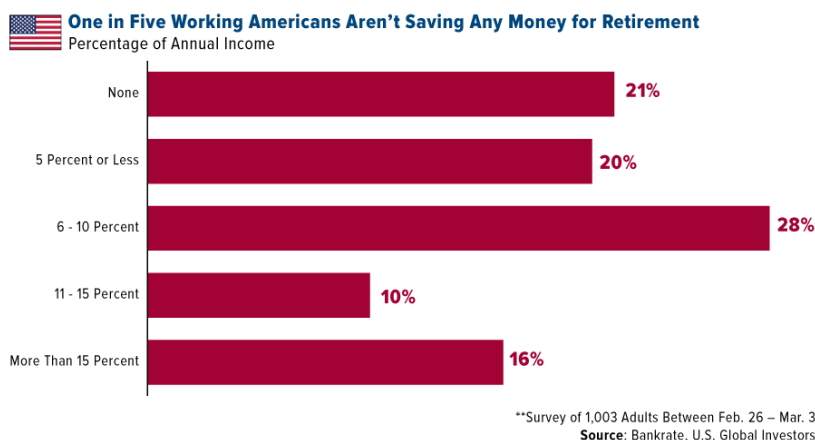
Bankrate

Courtesy: Bankrate

RETIREMENT DOOM & SAVINGS GLOOM: AMERICANS ARE UNPREPARED AND UNAWARE!

It's fine to splurge on occasion, but Americans, as a culture, tend to take it to the extreme. Each week, the typical American buys restaurant or takeout food 2.4 times, buys 2.5 prepared beverages, and spends \$17 on lottery tickets. These are terrible habits that are ruining our chances of achieving even a marginally financially secure retirement.

These wasteful over spending habits are major contributing factors to Americans' failure to save and invest properly. In his classic book *The Richest Man in Babylon*, George S. Clason recommends saving at least 10% of everything you earn, and I personally advise saving more than that if possible. In fact, I would say that saving 30% of your income is ideal. But most Americans don't even save the recommended minimum of 10%, and a shocking number of people don't save anything at all:



Courtesy: Bankrate, [U.S. Global Investors](#)

The statistics are stunning: 21% of American adults **have** nothing at all saved for retirement or emergencies, and another 20% have saved only 5% or less of their annual income. Altogether, less than one-third of American adults have saved at least 11%.

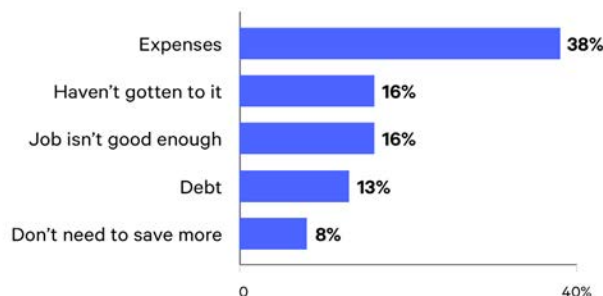
The situation is even worse for Americans who struggle financially, as more than 4 in 10 households (45%) earning less than \$30,000 per year aren't saving any money. It's the complete opposite for America's highest-

earning households, where only 6% **aren't saving** any money.

Instead of taking responsibility for their lack of savings, many Americans are only playing the blame game. We all have unforeseen expenses in our lives, but instead of admitting that they waste their money on things that don't increase in value (if they're even aware that they're doing this), people are making excuses for not saving, like "I haven't gotten to it" or "My job isn't good enough":

We asked: What's the biggest reason you aren't saving more money?

Among Americans who are currently working ...



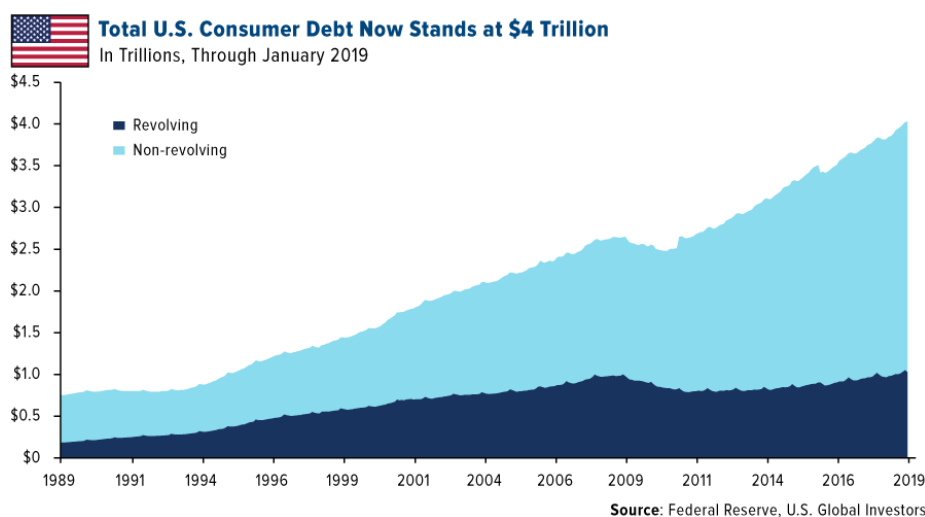
Note: Percentages may not total 100 due to rounding.
Other responses: Don't know/refused to answer: 6 percent, other: 2 percent.
Source: Bankrate's Financial Security Index, Feb. 26-March 3

Bankrate

Courtesy: [Bankrate](#)

RETIREMENT DOOM & SAVINGS GLOOM: AMERICANS ARE UNPREPARED AND UNAWARE!

This is bad not only for American individuals and families, but the nation at large. Our personal debts and poor saving habits are contributing to a nationwide crisis and will, sooner or later, take a significant toll on the economy. Credit card debt, student loan debt, auto loans, and other types of debt have amassed to the tune of \$4 trillion and are growing at an accelerating rate:



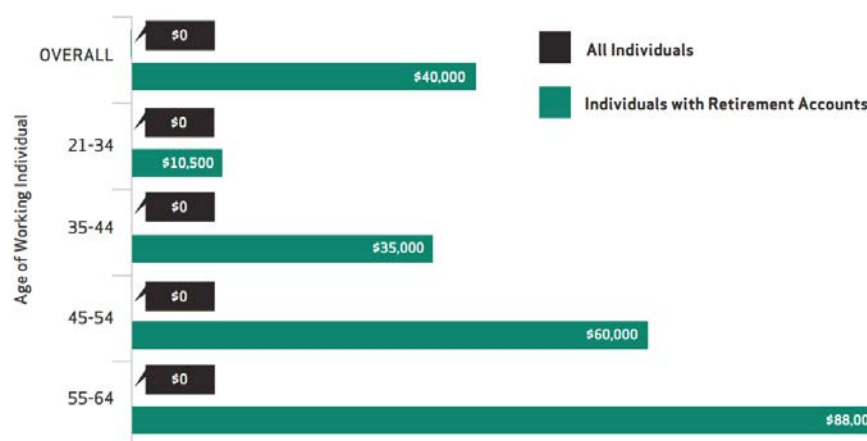
Source: Federal Reserve, *U.S. Global Investors*

Multiple generations of Americans are struggling with rising college costs, as student loan debt alone [comprises](#) \$1.5 trillion of the total \$4 trillion of consumer debt. And it's not only millennials and Generation X: it's been [estimated](#) that as many as 2.8 million Americans above age 60 are now saddled with student loan debt.

Studies show that the typical working-age American adult has no money invested at all in any retirement account. Among those who do have money invested in a retirement account, it's only an average of \$40,000, which is not nearly enough to provide for a secure retirement:

Figure 7: Typical Working Age Individual Has \$0 in Retirement Account Assets; Among Individuals with Positive Retirement Accounts, the Median Balance is \$40,000

Median retirement account balance of working age individuals with positive retirement account balances versus median account balances for all working age individuals



Source: Authors' analysis of SIPP 2014, Wave 1 data. Universe is individuals age 21-64. Retirement account ownership status reported for December 2013. Numbers are weighted using final person weight. DB plan ownership is not accounted for.

Courtesy: nirsonline.org

For many Americans who are close to retirement age – a time when they can’t count on decades of future working years to save money for themselves – they’re in a desperate financial situation. Startlingly, the [research](#) indicates that, on average, near-retirement Americans only have 8% or less of their annual income in a retirement account:

Table 2: **Typical Near-Retirement Individual Has Less than Eight Percent of their Annual Income Saved in a Retirement Account**

Median ratio of retirement wealth among working age individuals, by age group, 2013

MEDIAN RATIO	AGE OF HEAD OF HOUSEHOLD			
	21-34	35-44	45-54	55-64
Retirement Account Balance to Income	0.00	0.00	0.04	0.08
Net Worth to Income	0.93	0.70	1.56	2.96

Source: Authors’ analysis of the SIPP 2014, Wave 1 data. Universe is working individuals age 21-64.

Courtesy: [nirsonline.org](#)

It’s a gloomy picture and I hate to be the bearer of bad news, but your retirement hangs in the balance, and it’s only going to get worse for you if you don’t take immediate action. America is facing a saving emergency, and if you’re not part of the solution, you’re only contributing to the problem.

The only way out of this mess is to change your habits and educate yourself. The government and bankers certainly don’t want you learning how to be smart with money, as it cuts into their bottom line and control model. Learn how to curb waste, reduce personal debt, and maximize the money you have coming in. Help America by helping yourself and taking the necessary steps to escape from your own personal debt prison.

America’s in deep trouble, but you don’t have to go down with the ship. Be prepared and be aware: it’s your only hope of reviving the long-lost and ever-elusive American Dream.

