FutureMoney TRENDS

RETIREMENT IS A MYTH

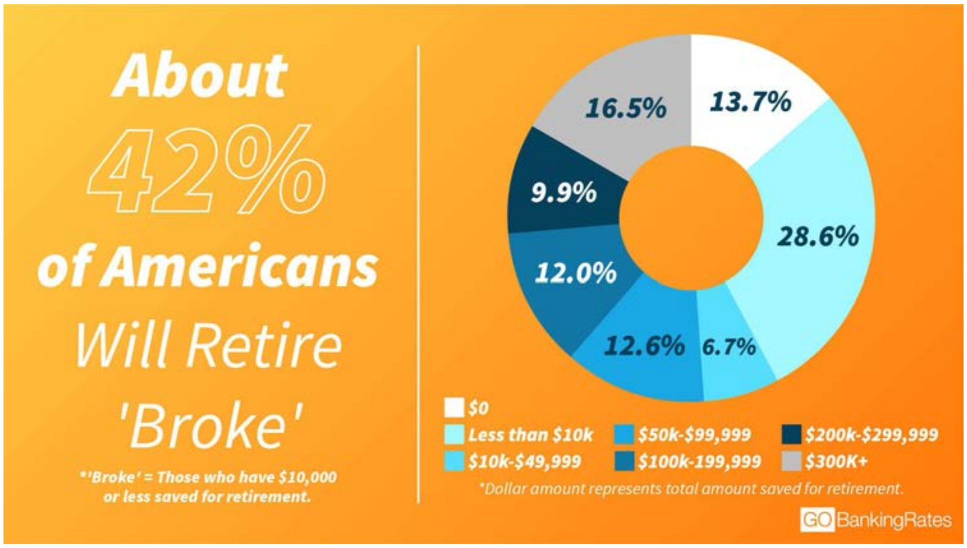
THE AMERICAN DREAM TURNS INTO A NIGHTMARE

The idea of working hard, staying loyal to your employer for 40 years, and retiring comfortably at age 65 is a nice thought – and it made sense in previous generations, when pension plans, Social Security, and other safety nets could be counted on to support us and reward us for all the years we contributed to the system.

In 2019, that safety net is in tatters and the system is broken. As someone who doesn't want to see anyone's future ruined by financial myths and misunderstandings, I don't mind telling you the cold, hard truths of how retirement and finance have changed drastically – and what you can do to protect yourself from disaster.

It's an unfortunate fact that 78% of Americans live paycheck to paycheck, and just 40% of Americans could pay an unexpected $1,000 expense with the savings they currently have. Meanwhile, with people living longer and a 30-year retirement being entirely possible, Americans should typically expect to need $1.18 million in savings to retire comfortably.

For most people, it's not realistic to expect to save that much money simply by cutting back on vacations, movies, restaurant meals, etc. The idea that we can simply "save our way to retirement" is a destructive myth that will cause 42% of Americans to retire "broke":



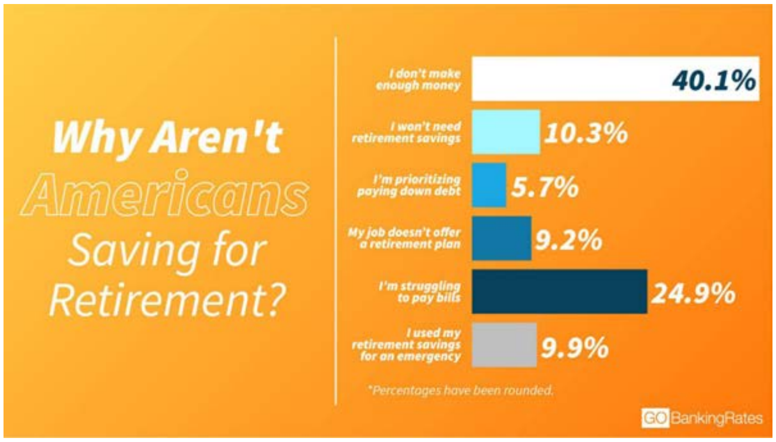
Courtesy: GOBankingRates

According to the Bureau of Labor Statistics, adults aged 65 and older spend almost $46,000 a year; and yet, a 2018 survey found that 42% of Americans have less than $10,000 saved and 14% have nothing saved at all for retirement.

For millennials, the generation of 18-to-34-year-olds who now comprise the biggest age bracket by population size, the situation is even worse. According to the latest count, 57% of millennials have less than $10,000 saved for retirement, and 18.9% have absolutely no money saved for retirement at all.

When it comes to saving for their future, millennials are really struggling. A common rule of thumb says that people should have savings of twice their annual salary by age 35, and yet the median net worth of adults 35 and younger is just $10,400 – far below the $25,000 the same age group had in 1995.

Why is this happening? If you ask people, they'll straight-up tell you that they're not making enough money; this was the most popular response (40.1%) according to a recent survey, along with the response that they're struggling to pay their bills (24.9%):

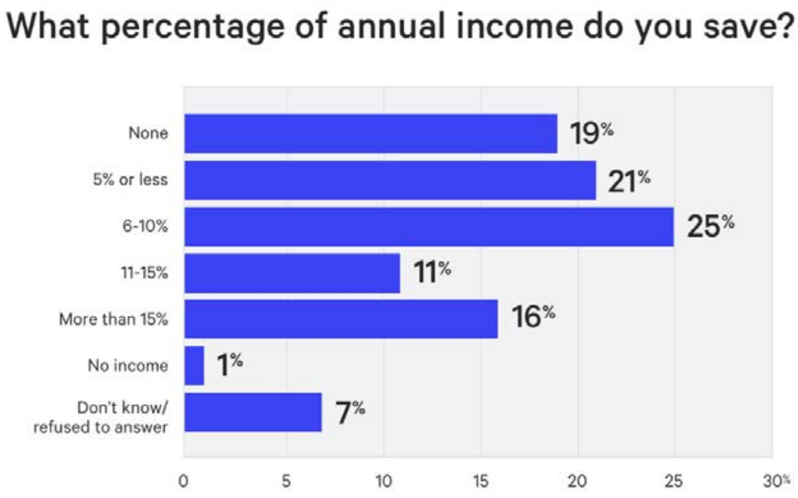


Courtesy: GOBankingRate

All of this is exacerbated by the forces that make it difficult or even impossible to grow your savings: taxes, inflation, and ultra-low interest rates on savings accounts and government bonds. And don't count on Social Security or pension funds to remain solvent by the time you're ready to retire: these have been grossly underfunded for years and are at imminent risk of insolvency.

Retirement as we know it – as our parents and grandparents defined it when things were very different – is impossible now. According to the most recent government data, Americans' savings are in the gutter: a report on personal spending from the Bureau of Economic Analysis found that the U.S. savings rate fell to 2.4% in December – the lowest level since 2005.

Experts recommend saving at least 15% of what you make, but hardly anybody's doing that. A Bankrate survey revealed that a mere 16% of respondents claimed to save as much as the experts recommend, while around one-fifth save 5% or less of their income and nearly another one-fifth don't save anything at all:

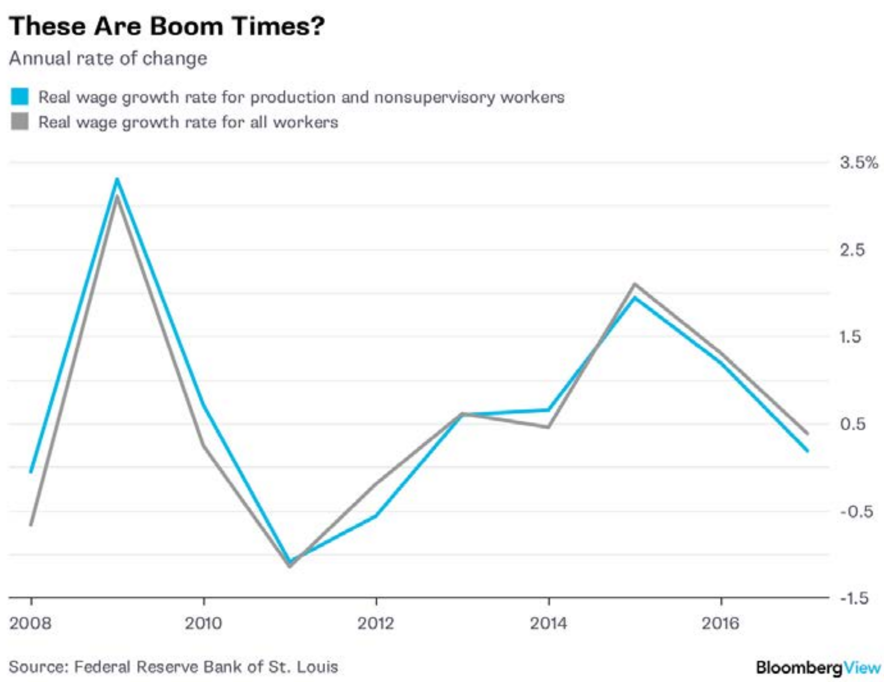


Courtesy: Bankrate, cnbc.com

Furthermore, the average American has less than $5,000 in his or her financial account; this is between a quarter and a fifth of what experts recommend having. Bankrate senior economic analyst Mark Hamrick paints a bleak picture: "With a steady, significant share of the working population saving nothing or relatively little, it's virtually guaranteed that they'll be unable to afford a modest emergency expense or finance retirement."

The situation, to be frank, isn't likely to get any better. Millennials, whom the nation is counting on to be tomorrow's leaders, have been saddled with crippling debt that makes it impossible to save any money at all. Student debt in America is now greater than $1.4 trillion; on average, millennials burdened by student debt owe more than $17,000 – far more than the $5,000 owed by the same age group in 1990.

With the save-your-way-to-retirement myth utterly destroyed, we can also debunk the myth that simply working harder at your current job will fix the problem. The longest-ever shutdown this year proved that even seemingly secure government jobs are always at risk, while private-sector employment is in a precarious state due to the outsourcing and automation of American jobs.



Courtesy: bloomberg.com

To make matters worse, inflation-adjusted wages in the U.S. have remained utterly stagnant for years and are approaching the point of zero growth; according to Niagara University economics professor Tenpao Lee, "Real wage growth peaked in 2015 around 2.5 percent and has been slowing down to zero or negative in recent months... In the near future, there will be no growth in the real wage."

Real wages – i.e., wages adjusted for cost-of-living increases – have not only flattened, but have actually decreased recently. According to figures released in January by the PayScale Index, Americans' real wages have declined by 1.3% since the end of 2017. To add insult to injury, more than 60% of Americans reported that they didn't receive a pay raise in the last year.

Counting on your job to keep you afloat in an increasingly expensive world isn't a sound policy by any measure. With average monthly rents rising 28% over the last 10 years, and employer-sponsored insurance premiums increasing from an average of $6,000 in 1999 to more than $18,000, your job won't be your savior as your retirement dreams fade.

More than just facts and figures, these are a wake-up call – and believe me when I tell you that taking control of your financial future today is an absolute must. Being proactive is your only option in a world where broken government promises are the norm, pension funds are fully insolvent, inflation has gutted our fiat purchasing power, and monetary policy has changed bonds and savings accounts from risk-free to yield-free.

Counting on governments and central banks to save us is a formula for certain failure. Ever since the 2008-2009 financial crisis, we've seen how governments will use our tax dollars to bail out the "too big to fail" Wall Street fat cats while Main Street struggles to survive – all the while racking up sovereign debt and printing fiat money into worthlessness.

We only have to look at countries like Venezuela and Zimbabwe to see the final act of this tragic play: no hope and no escape from a failed system founded on corruption and broken beyond repair by shortsighted, reckless monetary policy.

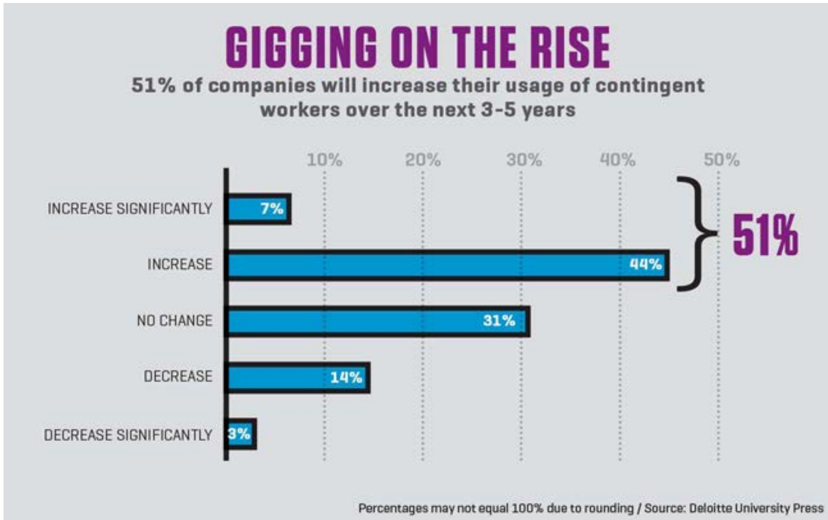
Courtesy: bbc.com

These are not bad dreams but realities in a time of drained or nonexistent retirement accounts and few options for nations and populations that chose the present over the future. The current pathway of the conventional retirement approach is nothing more than a dead end: bleak, chilling, and inevitable unless massive action is taken.

Don't think that this can't happen to you, as it's a global problem that can strike anywhere, anytime. Traditional approaches that rely on policymakers' generosity and Big Brother's promises are a recipe for disaster in retirement. With the American government now $22 trillion in debt, self-sufficiency, self-reliance, and self-education are the only true paths to disaster avoidance.

The American Dream – you know, the one where you work for a big corporation for most of your adult life and then you've given a going-away party with a nice lifetime pension – that "dream" is ancient history. Your employer's promise holds about as much weight as your government's promise, so don't entertain the notion that your job is a ticket to prosperity.

Not that you should quit your current job right now – no one's recommending that. You do, however, need to understand that no modern-day job in America is secure: you need to think like an independent contractor and prepare yourself for your next "gig," wherever and whatever that may entail.



Courtesy: chiefexecutive.net

Preparing yourself for the new "gig economy" means always learning and acquiring new skills, education, and certifications. Don't just "settle into" your current job; make yourself more valuable through knowledge and competency acquisition – your next job (or "gig") depends on it.

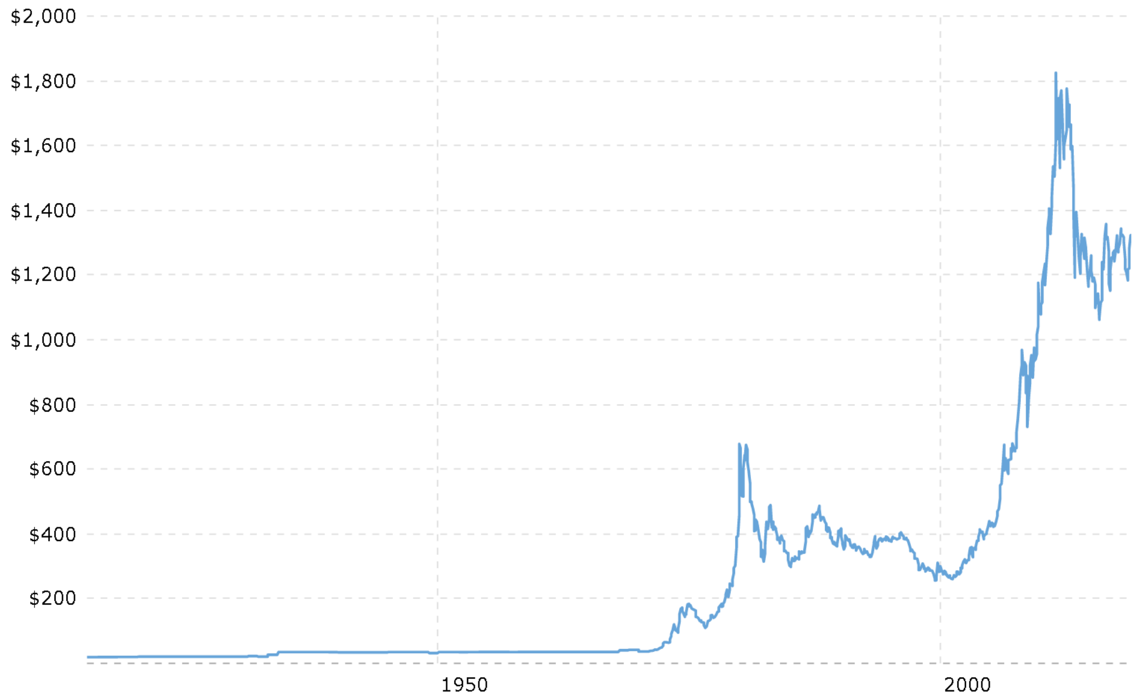
You'll want to start thinking globally, as your next job might not be in your home country. That's not a bad thing, as relocating to a different country can not only provide more job opportunities, but can also reduce your expenses considerably.

Courtesy: GOBankingRates

If you've had enough of price inflation and wage stagnation killing your retirement dreams in the U.S., living abroad – think South America, non-tourist Europe, India, or China – can help you to dramatically reduce your cost of living, making it much easier to manage your finances and stretch your savings.

Regardless of where you choose to live, you'll need to learn to invest. This is non-negotiable: getting educated on how to grow your money through investing is an absolute must if you're going to get to the retirement finish line with enough money to cover your expenses.

With the global stock markets on shaky ground, ownership of physical precious metals (such as gold and silver) is a terrific investing strategy for the long term. Gold was $20.67 per ounce in 1900 and is above $1,300 today; silver has had a similar price appreciation, and these metals have remained solid investments over the years regardless of stock market fluctuations.



Gold price in USD. Courtesy: macrotrends.net

Along with investing and living where it's affordable, you'll definitely want to look into finding some secondary income streams. These can include dividend investing, real estate rental, private money lending (including peer-to-peer lending), operating vending machines, collecting royalty payments, and selling items through Amazon, eBay, and other online platforms.

Retirement has changed, and we'll all need to adjust and adapt in order to survive and prosper in our golden years. Through education and self-improvement, and by acquiring investing skills and knowledge (which we're glad to help you with), a comfortable retirement and a better quality of life are within reach.

In the coming weeks, we're going to feature our top 3 ideas on how to beat the retirement myth. In fact, it's one of the topics of my upcoming books.

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