

“It won’t be there for me” and other myths about retirement

Experts say there is a retirement crisis. Too many people are getting to retirement age without enough to retire, or to live comfortably in retirement. Some people say we can’t afford “entitlements” like pensions and Social Security. Others claim we just need to empower individuals. We can manage our own money better and the power of the “markets” will solve the problem. Being able to retire was once part of the American Dream. But the dream of a secure retirement is slipping out of reach for many Americans. Why is this happening?

There are many political, financial, economic, and social reasons for the decline in retirement security. But our expectations can also be a problem. You believe what you want to believe and you often get what you expect. False beliefs contribute to declining retirement security and inhibit us acting to protect our best long term interests.

Myth: It won’t be there for me. This is a self fulfilling prophesy. If we fail to support successful programs like WRS and Social Security they may wither. If we allow the political forces who plan to profit from the changes to win, then we will not have secure retirements in the future. But there is no actuarial reason that well managed, politically isolated, programs can not be sustainable across generations. WRS will be there for you unless it is changed. If politicians toy with your retirement it will be less secure.

Myth: We can manage our own money better. Surveys indicate that many younger people are suspicious of traditional pensions. They like the idea of being in control of their retirement savings. The portability, flexibility, and simplicity of 401(k) plans can be appealing. But research has shown that voluntary individual accounts such as 401(k) plans don’t provide adequate retirement incomes or stability. We believe we can manage our money better, but for most of us this is a false belief.

Myth: If you live longer you must work longer. You are somehow a free loader if you retire early or choose not to work until you drop. Professor Teresa Ghilarducci refutes this myth in her book [When I'm Sixty-Four: The Plot Against Pensions and the Plan to Save Them](#). There is no financial or economic reason for this belief. In fact, older workers staying the workplace reduces opportunity for younger people and can put a drag on economic growth.

Myth: We can not afford traditional defined benefit pensions. Professor Ghilarducci not only refutes this myth but advocates creating a national defined benefit retirement program for all workers. With over 100 years of successfully providing good retirement benefits, Wisconsin’s public retirement programs prove it can be done.

Myth: Entitlements are bankrupting governments. Current political arguments for cutting Social Security and Medicare benefits make this claim. As pointed out by many economists, these claims are simply false. Social Security has never contributed a dime to the Federal deficit. It is also claimed that guaranteed pensions, like the Wisconsin Retirement System (WRS), are “unsustainable” and tax payers can’t afford to support “push” benefits for public employees. But Wisconsin state and local government spending for pension contributions only amounted to 1.26% of total government spending in 2009.

Myth: I don’t want to retire! Out to pasture at 65. Boring! Having the choice to continue working is good. But many people have to “retire” due to illness, old age, or job loss when they are not ready. Thinking you will live, or work, forever is not a realistic plan.

Don’t be misled. Don’t buy into the self defeating false beliefs. Retirement security results from a long term vision, good management, and working together for the benefit of everyone with proven programs like WRS and Social Security.