

Planning for Retirement: A Comparison Across Generations

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Retirement is arguably one of the largest economic concerns that face Americans. Once retirement is reached, the paychecks from employment stop coming. Consumers must then rely on accumulated savings and Social Security to live in comfort the rest of their lives. Consumers also face new expenditures such as increased health care costs that were not as much an issue previously. Expectations on how retirement years will be spent influence how people prepare beforehand for life after employment.

Does each preceding generation face an improved situation upon retiring, or will the Baby Boomers find retirement economically more difficult? How does their preparation compare to the previous generation s? While there may be fewer pensions today, there are increased numbers of 401Ks, IRA and stock market participation. But is this a product of fewer pensions? With this in mind, the question is examined as to how well prepared are Americans for retirement today.

To answer these questions, this paper examines various measures of economic well being pertaining to those closest to retiring, 55-64 year olds, in two periods, 1972-73 and 1994-95. Data from the Consumer Expenditure Survey (CE) are used to analyze incomes and spending patterns so as to measure how prepared today's near-retirees are for retirement, as compared to the generation before them.

Endnote

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