



Uncommon Sense

## 4 common retirement blind spots

We kid ourselves that the Retirement Fairy will rescue us. But the truth is, we're on our own. Here's how to break free of the myths.

By [MP Dunleavy](#)

Retirement planning is something most people put off for as long as possible -- and for good reason. It's terrifying.

In reviewing my own retirement plans and those of the [Women in Red](#) (WIR) -- a grueling journey of hope and fear -- I discovered some gaping holes in our assumptions about how retirement works.

There are the great mysteries, of course, like compound interest and safe withdrawal rates. But this column is about some common blind spots to which we all fall prey at times. Although they seem small, they add up to a classic case of "what you don't know can really hurt you."

If any of this sounds familiar, it's time to wake up and recalculate exactly how you plan to finance the future:

### I can work until I'm 70 or older

The increasing longevity of the average American is a popular topic. Unfortunately, it has inspired everyone from policymakers to financial planners to imagine a world where we'll all be working until our teeth fall out.

Alas, I played along by making 70 the target retirement age for each of the WIR. (Some of us intend to work even longer -- Anna plans to work until she's 90 and live until 120).

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There are some problems with the Eternal Work Plan:

Working until you drop just isn't as much fun as it sounds.

You may have difficulty finding or keeping a job that you'd want to do at that age. The American Association of Retired Persons found in a recent survey that 80% of those responding had encountered age bias when job hunting.

You may not be able physically to work as long as you'd like. The number of disability claims rises sharply as people age. Data from the Social Security Administration indicates that 63% of disability claims were filed by those 50 and over.

According to Elise Gould, a labor economist at the [Economic Policy Institute](#), many people stop or are forced to quit working long before so-called retirement age. Some people are wealthy enough to retire early voluntarily, Gould acknowledges, "but that's not true for the vast majority," she says.



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Rather, health problems and other life events, like needing to care for an aging relative or spouse, often prevent people from working. "There's also the fact of age discrimination in the market," she adds.

**Moment of clarity:** You may indeed be hale and hearty enough to tote your own barge at 75 or 80 - but don't use the Eternal Work Plan as an excuse for not saving now, while you still can. Rather, suggests Steven Sass, associate director of research at the [Center for Retirement Research](#) (CRR) at Boston College, "keep work as a contingency plan as you approach retirement. It can make a huge difference."

If you're willing and able.

### **I can count on Social Security**

Most experts agree that Social Security will still exist when even the youngest of the Women in Red retire. The question is: How much of those benefits can you count on?

For the sake of simplicity, each of the retirement plans in the series was based on the assumption that each woman would start collecting the maximum benefits at age 70.

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