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Old and New: PLUS turns 30 as U.S. "Baby Boom" turns 65+ - The Impact on Professional Liability

By Louie Castoria

The challenges: The vast majority of retired Boomers stay above the poverty line by a combination of Social Security benefits, Medicare, and in increasingly rare cases, defined benefit pension plans. Those resources are unlikely to be adequate:

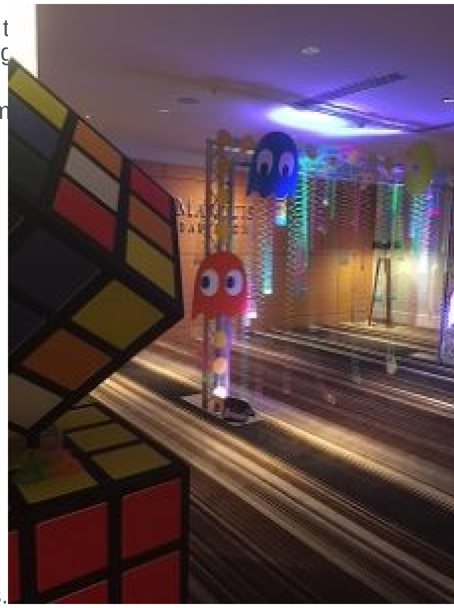
- A 65 year-old today has, on average, an additional 20 years of life expectancy, a long time to stretch a limited money supply to cover daily needs.
- 35 million Boomers have no retirement savings at all: zero, zip, nada. The other 41 million have savings averaging only $104,000, which when annuitized and combined with their average Social Security payments (assuming no changes to the system) yields an average income of just under $20,000 per year. But the same group estimates their annual expenses during retirement at $35,000 to $75,000.
- 30 percent of Boomers have stopped contributing to their retirement accounts. Without more money being saved, retirement distributions can't stretch into the years when work becomes physically impractical.
- The trustees of the Social Security system predict that, unless payroll taxes are raised, benefits must decrease by 16.4% for current and future recipients. Medicare is stressed by 10,000 new enrollees each day, with an average annual payout per covered person of $10,000.
- The most efficient form of long term health care for most retirees is home care, which 70% of Boomers will need to remain in their homes. By 2030 the number of family caregivers is expected to rise by 1%, while the number of Americas at or above 80 years of age will rise by 79%.

The numbers paint a grim picture of financial and health resources for many approaching their not-so-golden years.

- Social insecurity: When people's security is threatened they sometimes react by making claims and filing suits against professionals. We've seen it in the wake of natural and financial disasters: the Savings & Loan crisis, the tech sector meltdown, the Great Recession, hurricanes, earthquakes, and firestorms.
- As more Boomers face uncertain futures it is reasonable to anticipate that some will sue for damages, targeting financial advisors, fiduciaries of pension funds, insurance brokers (fixed annuities are insurance products, placed by brokers,and are in many

retirement accounts), lawyers, and health care providers.

- What can we do, as insurers, employers, soon-to-be retirees, and families to ease the consequences of the Baby Boom going bust, and resulting claims?
- Insurers can train their claim staffs in elder abuse laws in the states where they handle claims, to better understand the risks of such suits, which may include treble damages, attorney's fee awards, and punitive damages. They may also consider forming interdisciplinary working groups to roundtable elders' claims.
- Defense counsel can become familiar with experts in elder care and financial planning, and can help insurers provide the training described above.
- Employers can abide by t and can take affirmative steps to make part-time options available to those nearing urces, and make it easier for them to continue building their retirement accounts.
- Speaking of which, Boom nt accounts,and can stay involved in their careers as consultants and mentors.



- Multigenerational households used to be common in America. Even when it's impractical for three generations of family members to share a residence there may be options for Boomers, Gen-Xers/Millennials, and whatever we're calling the current crop ("Young-uns?") to mutually benefit. Already 30% of preschoolers receive day care from a grandparent while both parents work. An elder au paire, or an au paire for an elder, might be worth considering.

The Greatest Generation got a late start on baby-making, but later applied the same vigor to the task as they had to preserving freedom. My generation is the result of their efforts, and while we are associated with bell-bottoms, lava lamps, and love beads (don't ask), we have made some more lasting contributions to society, too, notably including Gen-X. Sorry for the name, by the way.

We're in this together.