Retirement as an Outmoded Concept

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Retirees constitute a large percentage of our estate or financial planning clientele, yet saving for retirement becomes more difficult with increased costs of living, health care, taxes and raising a family. But is retirement outdated? Will those of us in today’s workforce enjoy a comfortable retirement? The better question is: Should we ever plan to retire?

Selfish Origins

To answer these questions, let’s first review where the concept of retirement originated. A German-Prussian statesman, Otto von Bismarck, engineered the concept of retirement in the 1870s, not as some altruistic effort to assist his aging compatriots, but rather to stave off his Socialist enemies.

Von Bismarck united Germany through wars and diplomacy, but was known as a strong-willed, outspoken, overbearing yet charming leader who sometimes displayed a violent temper. In 1871, von Bismarck was raised to the rank of Prince and was appointed as the first Imperial Chancellor of the German Empire, retaining his Prussian offices, including those of Minister-President and Foreign Minister. By then, even his closest friends realized that they helped put a demonic figure into power.

In the Industrial Age, retirement was a necessity because long, hard, manual labor required a strong, youthful body. The tasks were rote and dangerous, the days were endless and most jobs offered no chance for advancement. Factory owners literally worked their employees to death, replacing them with younger, stronger ones as needed.

The Socialist movement promised to nationalize the industries and factories that made their owners wealthy beyond measure. Otto Eduard Leopold became Otto von Bismarck as Prince of Bismarck, Duke of Lauenburg. He was of a privileged background, having been born into a wealthy, distinguished house. Clearly, von Bismarck wasn’t interested in seeing the Socialists achieve their goals. Accordingly, he built the first European welfare state to sway workers to his political philosophies and personal ambitions.

In 1883, he passed the first national health insurance legislation, the “Sickness Insurance Law.” The next year, he passed the Accident Insurance Law of 1884, and in 1889, he created the Old Age and Disability Insurance Law. Interestingly, that law provided a pension annuity.
for workers who reached age 70, a very ripe age at the time, especially for most laborers. The accident and insurance program covered all workers, and the health insurance legislation split the costs between employers and employees.

**Prolonged Life Span**

Today’s economy and most workers are much different from those of 130 years ago. The United States and most of the Western world is no longer an industrial-based economy, and increasingly, industrial labor is robotically assisted. We’ve morphed into a service and experience economy, prolonging not only our life spans but our productive years.

Yet our government’s retirement programs haven’t changed all that much since the days of von Bismarck. I believe that can be attributed to our collective mindset. We haven’t really begun the discussion how the last third of our lives can be spent happily and productively.

**A Different Mindset**

Certainly, nobody wants to work in a dead-end job for their entire life. The advent of the microchip and today’s technology enables many to pursue their interests far into old age, including imparting their wisdom to those who seek it. The *New York Times* has run several stories in its business section highlighting those who retired from full-time work and became successful consultants later in life.

While not a path for everyone, I wonder why so many of us take as “the norm” a concept originated from a German baron out of political necessity to retain wealth and power.

The word “retire” means “to take out of service.” Is that a state of being that most of us want? I propose that while many desire relief from “the daily grind,” humans have an innate craving to be needed. From the parent who still wants to help their grown children, to the Fortune 500 executive who’s forced to clean out their desk due to a mandatory retirement age, we all would like to contribute somehow.

A vast majority of my Florida resident estate-planning clients stay quite active. From donating time to nonprofit organizations, to mentoring, to becoming consultants themselves, many remain active contributors to society well into their 80s and even 90s. Scientific studies support the proposition that remaining active helps keep us mentally and physically fit. Five septuagenarians participate in my local triathlon club, competing in Half Ironman (1.2-mile open-water swim, 56-mile bike, 13.1-mile run) and full Ironman (2.4-mile open-water swim, 112-mile bike, 26.2-mile run) events.

Outmoded government programs, built on a retirement mindset, don’t support and instead discourage continued contributions to society. It’s too bad, for example, that Social Security benefits are taxed for those who work past the age of receiving benefits. There must be a better way than penalizing those who don’t want to be put out to pasture and find personally satisfying ways to produce income for themselves and value for those they help.

Entrepreneurs will eventually discover the untapped resource in those in their retirement years. Hopefully, government policies, programs and tax law preferences will encourage this path by making it easier for those who so wish to contribute, reforming 19th-century programs to 21st-century opportunities.

In the meantime, those of us whose careers center around serving retirees may want to think about what the next generation of our practices look like to accommodate longer life expectancies and increased opportunities for those in their golden years.

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