

Retirement? Good luck with that

The stock market's crash has revealed the US retirement system's holes with painful clarity -- and middle-class Americans may be forced to make some big adjustments.

By *MarketWatch*

The destructive effects of the financial crisis may be waning, but your retirement account won't soon forget. Savers lost 40% or more in the downturn -- a collective \$2.1 trillion disappeared from 401k and IRA assets in 2008 alone -- and while the recent stock market recovery may feel good, it's done little to stem a mounting crisis in the retirement system in the United States.

It's not just investments that are the problem: Social Security needs financial resuscitation, and the bursting of the housing bubble that helped spark the financial crisis vaporized the home equity many people were counting on to fund their golden years. Corporations are curtailing traditional pensions, and older Americans are being forced to work longer to make up the difference.

Where does this leave our retirement plans? Ask a middle-class American when he plans to retire, and more often than not you'll get a wry chuckle and "I'll be working until I die." The attempt at humor masks what may be close to reality for some people.

The retirement-savings system in the U.S. is "a failed experiment," said [Teresa Ghilarducci](#), the Bernard Schwartz professor of economic policy at the New School for Social Research in New York.

The U.S. system is "headed for a serious train wreck," said [John Bogle](#), the founder and former chief executive of the Vanguard Group, in testimony to a House committee hearing on retirement security in February.

Separately, Ghilarducci and Bogle have called for substantial changes to the current system, but even those who like what we've got now say it needs improving -- and certainly demands better financial education be offered to savers.

"Many people are very overwhelmed with the notion of retirement," said Gregg S. Fisher, the president and chief investment officer of Gerstein Fisher, a financial advisory firm. "How much do we need to put away? Where should it go? How should I invest?"

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