



BOB CARLSON'S

Retirement Watch
SPOTLIGHT SERIES

The Coming Retirement Squeeze: Why the Mid-2020s Could Be a Tough Time for Many Retirees and Pre-Retirees



Bob Carlson
Editor, *Retirement Watch*

800-552-1152

www.RetirementWatch.com



40 Years of Positive Trends

- **Low inflation, disinflation**
- **Falling interest rates**
- **Globalization, relative peace**
- **Higher productivity**
- **Low taxes**
- **Favorable government policies**



Benefits of the Last 40 Years

- **Rising profit margins**
- **High valuations**
- **Higher debt levels**
- **Pro-market Fed policies**
- **Above-average growth**
- **Stocks, bonds in 40-year bull markets**



The Turning Point

- **Avoid anchoring, confirmation bias**
- **Trends peaking or reversing**
- **New, negative trends developing**
- **Return to the 1970s?**
- **New strategies required**

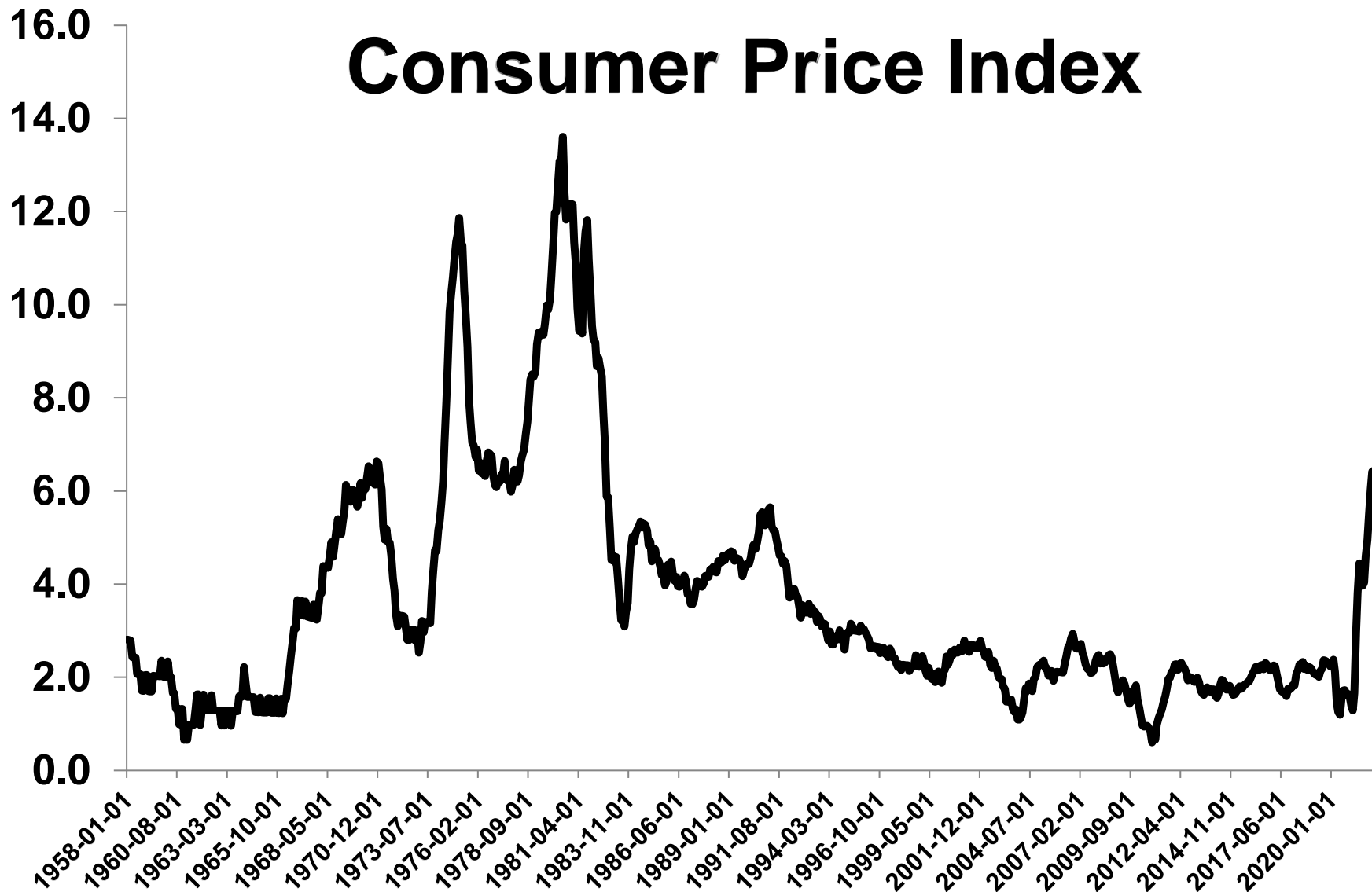


BOB CARLSON'S

Retirement Watch

SPOTLIGHT SERIES

Consumer Price Index



800-552-1152

www.RetirementWatch.com



Inflation Returns

- **Too much stimulus in pandemic**
- **Issues with supplies of goods, services**
- **Demand far exceeded supply**
- **Inflation became embedded**
- **The Fed Put expires**



Long-Term Factors Change

- **Geopolitical conflicts**
- **Globalization reduced**
- **Supply chain changes**
- **Lower productivity**
- **Aging populations, labor shortage**
- **Climate change policies, costs**
- **Permanent supply deficits?**



Interest Rates to Rise

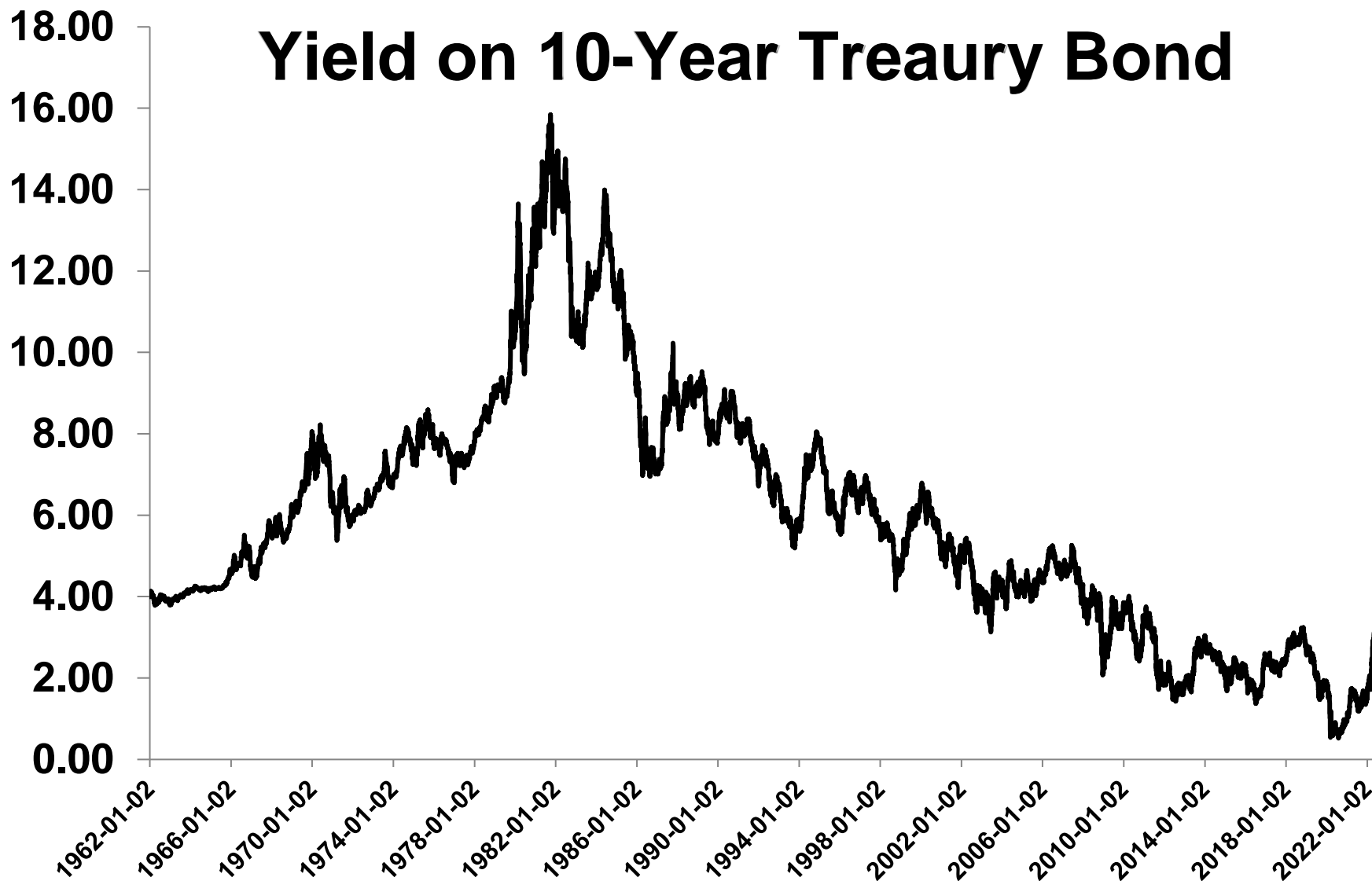
- **All-time lows in 2000-2022**
- **High inflation = higher rates**
- **Low rates unsustainable**
- **Real rates are what count**
- **Real rates were negative**
- **Higher real rates = asset repricing**



BOB CARLSON'S

Retirement Watch

SPOTLIGHT SERIES



800-552-1152

www.RetirementWatch.com

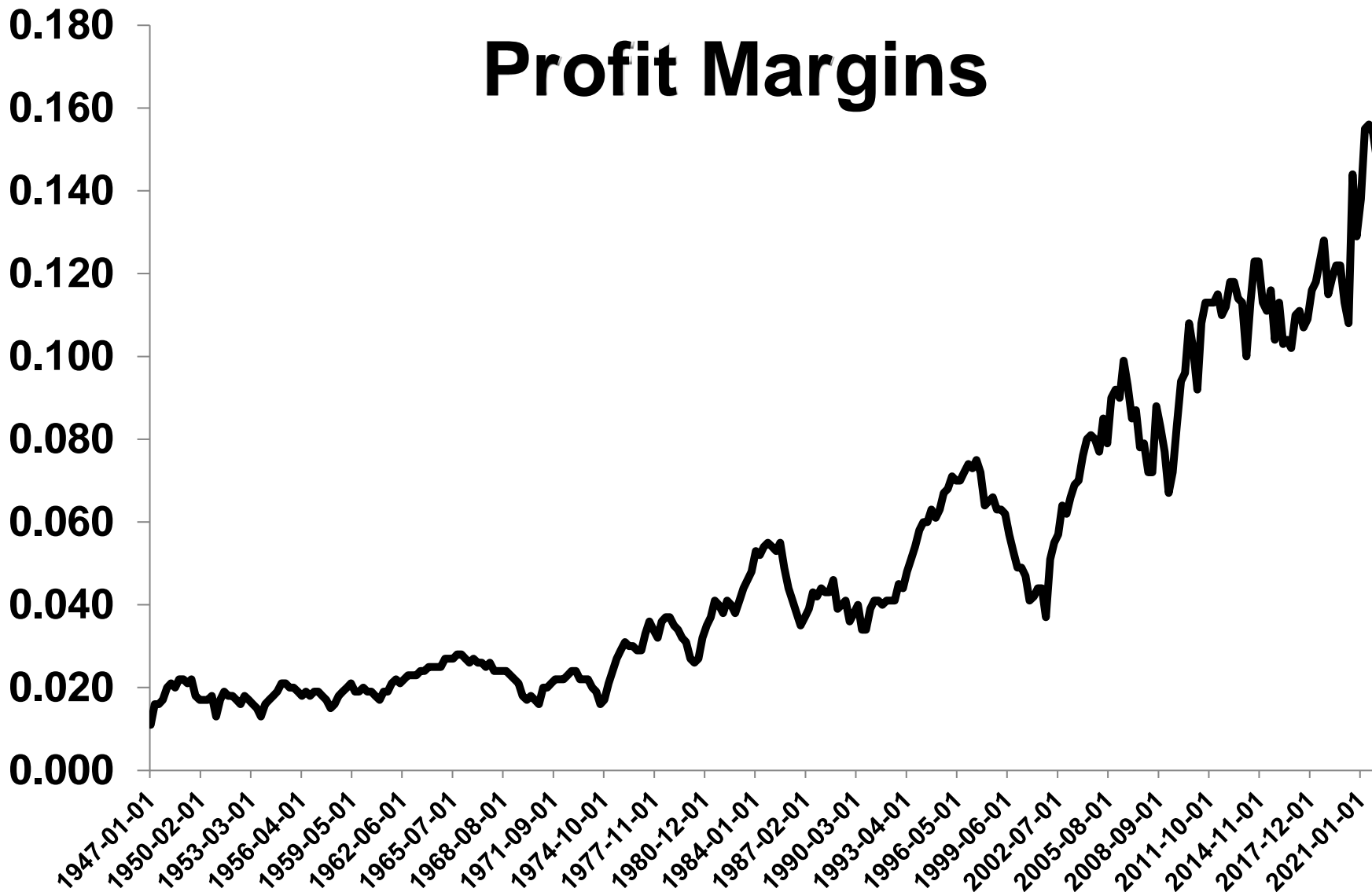


BOB CARLSON'S

Retirement Watch

SPOTLIGHT SERIES

Profit Margins



800-552-1152

www.RetirementWatch.com

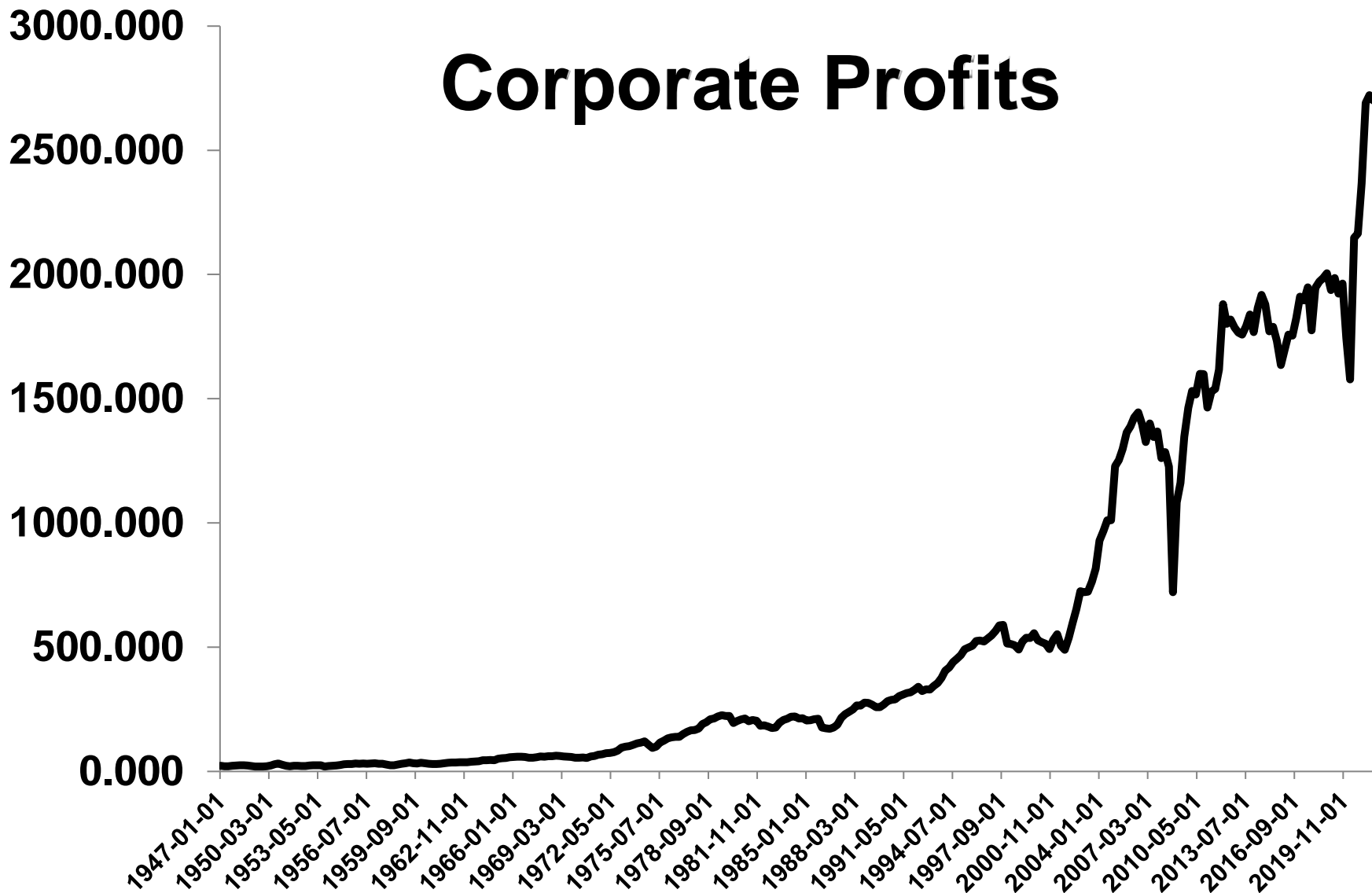


BOB CARLSON'S

Retirement Watch

SPOTLIGHT SERIES

Corporate Profits



800-552-1152

www.RetirementWatch.com



Expect Lower Stock Returns

- **Higher real interest rates**
- **Profit margins peaked**
- **Valuations likely to decline**
- **Return to the mean**
- **U.S. stocks might lag**



Financial Foundations Cracking

- **Medicare, Social Security on the ropes**
- **Medicare Part A Trust Fund failing**
- **Parts B, D claim more of budget, GDP**
- **Higher premiums, taxes**
- **Lower benefits**



Social Security Trust Fund

- **Latest expiration: 2034**
- **Pay 77% of benefits indefinitely**
- **Worst case: 23% benefit cut**
- **Higher taxes, lower benefits, or both**
- **Who will be protected?**
- **Need flexibility, cushion in plans**



Destructive Debt

- **Federal debt, budget deficits**
- **Off-the-books obligations**
- **Fed no longer purchasing debt**
- **State, local government obligations**
- **Lower economic growth**
- **Higher taxes, lower benefits/services**



Global Conflicts

- **Rise in China, Russia, Iran**
- **Globalization, free trade reverse**
- **Rise in internal tensions**
- **Lower growth, higher costs**



The Boomer Peak

- **First turned 65 in 2011, 10,000 daily**
- **2024: 12,000 daily**
- **All by 2030**
- **Higher demand on goods and services**
- **Economic effects**
- **Global issue**



Rev Up Your Retirement

- **Establish your retirement paycheck**
- **Minimize out-of-pocket medical expenses**
- **Repositon your portfolio: growth, protection, diversification, margin of safety**
- **Avoid the retirement tax traps**



Rev Up Your Retirement

- **Have a long-term care plan**
- **Be sure you and your assets are protected**
- **Make a plan for home equity**
- **Expect and prepare for change**