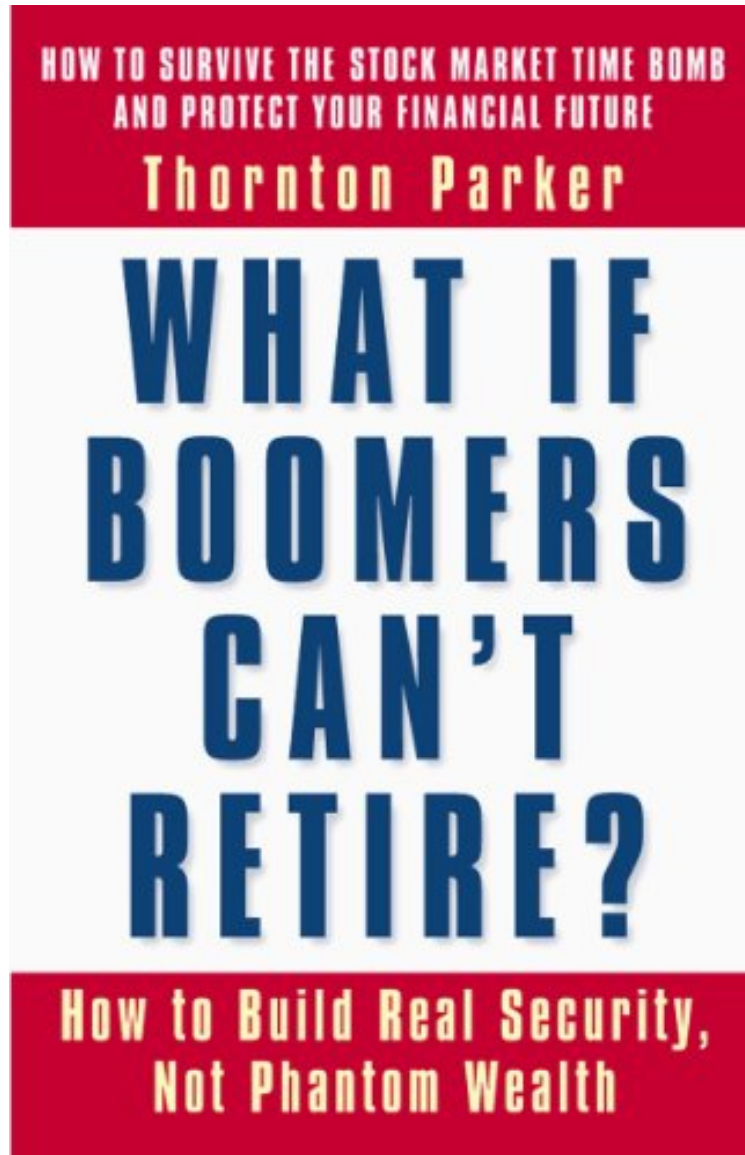


(Download free ebook) What If Boomers Can't Retire?: How to Build Real Security, Not Phantom Wealth

What If Boomers Can't Retire?: How to Build Real Security, Not Phantom Wealth

Thornton Parker

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Thornton Parker : What If Boomers Can't Retire?: How to Build Real Security, Not Phantom Wealth before purchasing it in order to gage whether or not it would be worth my time, and all praised What If Boomers Can't Retire?: How to Build Real Security, Not Phantom Wealth:

2 of 2 people found the following review helpful. The Large Retirement Ponzi SchemeBy M. J. BenderThe premise is both intriguing and terrifying for anyone in the boomer generation. When you retire, who will have the money and

want to buy the stocks you have held for retirement? The answer: There is a good possibility there will not be enough demand for stocks to keep the stock prices high. This could be caused if or when the younger generation, which will be a smaller proportion of the population, will not have the means, or be enough of them, to create a demand for purchase of boomer held stocks. The author shows how most financial planners, stock brokers, union and state pension investment boards, and mutual fund companies tout stocks as the key part of retirement funds, when in fact, with the possibility of stocks declining in value, such a retirement plan could be considered a large, countrywide Ponzi scheme. A sad, secondary topic is the push by investors demanding higher returns (for the retirement account) that cause management to make decisions that are not, in the long run, necessarily good for the company and often affects the local community and job positions negatively. The book was written in 2000 prior to the internet "bubble" in 2001 and the more recent financial crisis starting in 2007, and continuing today. We have learned that from 2000 to 2010, the stock market ended up less than the start of the decade, and that many people who wanted to retire during this time have had to rethink this decision due to lack of funds in their retirement accounts. This book is well written as the author satisfactorily documents and explains his reasoning. It is a prescient warning.

9 of 11 people found the following review helpful. Let me recommend better books on the subject. Read why. By Abacus

The author recognizes the challenge of an aging society captured by the forthcoming decline in the number of employees per retirees. But, both Laurence Kotlikoff and Robert Stowe England have analyzed this situation far better. The author's average understanding of demographics combined with ignorance of economics has resulted in a moribund book. The author constantly focuses on the wrong thing. It is not so much Social Security that has an actuarial problem. It is Medicare because it compounds the force of technology driven healthcare costs with the demographics of an aging society. Social Security has to deal with only the lesser of those two forces. 80% of the problem associated with our unfunded social entitlement costs come from Medicare not Social Security (see Kotlikoff). He thinks retirement plans are excessively concentrated in stocks. They are not. Social Security is invested in Treasuries. Pension funds have a mix of stocks and bonds of 60%/40%; meanwhile 401Ks are closer to 50%/50% mix. The retirement of Baby Boomers is more dependent on bonds than stocks. He is obsessed by all evils of stocks. But, the retiring of the Baby Boom generation will affect bonds, real estate, and other asset classes just as much. He does not recognize that any investment's market value represents the present value of its discounted future cash flows. As Baby Boomers will sell their portfolio investments, it will increase the discount rate for all investments. This is the case because every investment class competes with each other. There is nothing inherently worst about stocks vs other investments. His Phantom Wealth concept is nonsense. He does not understand that a stock market value is supported by earnings. If a company stock has a P/E ratio of 10, and its earnings increased from \$10 to \$100 with a resulting increase in market value from \$100 to \$1,000; the author calls the \$900 increase "Phantom Wealth." But, the \$900 increase is fully supported by an additional \$90 in earnings that the market capitalized. He further defends his Phantom Wealth with the stock market bubble of the late 90s. This is spurious argument. Bubbles do occur. The market is not perfectly efficient all the time. But, that is a far cry from entailing that a company is worth only what the initial investors injected directly into it decades ago. Parker has other peculiar beliefs. He views the marked-to-market mechanism as flawed. Thus, when you and I both own an IBM share; your share should have a different market price than mine! Another Parker's special is the "parasitic investor" that entails all investors who trade stocks including pension funds, mutual funds, and retail investors. Since parasitic investors were not among the initial investors who injected capital directly into the company they are parasitic. When parasitic investors such as CALPERS put pressure on management to take measures to boost stock price that is bad. Per Parker, any measure to boost stock price is bad. This is because it inflates Phantom Wealth. Parker is obsessed about corporate downsizing. But, he ignores that the U.S. has created far more jobs per capita than any other Western economy. Our unemployment rate remains very low. And, our standard of living as measured by GDP per capita has grown faster over the long term than any Western economy too. The author is missing the boat on the underpinning of economic growth. When Parker goes into recommendations, cognitive dissonance remains high. He suggests dismantling the existing equities markets as they just create Phantom Wealth. He would have them replaced by private investment pools and labor oriented funds. He believes the entire securities industry will have to make such changes or go out of business during the first quarter of this century. But, what Parker promotes are risky, concentrated, and illiquid investment vehicles. Such investments would be inappropriate to replace existing equity markets that are efficient, well diversified, and liquid. Parker also promotes the Japanese Keiretsu model where banks and corporations co-own each other. This is a flawed model due to conflict of interests that lead to bad credit decisions and cause bank crisis. He also proposes creating investment vehicles that compensate investors based on a company's payroll size. This is a quick way to render our private sector obsolete in a globalized World economy. The fiscal challenge of our aging society has been far better studied by these two authors: Laurence Kotlikoff in his seminal book "The Coming Generational Storm" and Robert Stowe England who wrote "The Fiscal Challenge of an Aging Industrial World" and "Global Aging and Financial Markets." If you are concerned about the vagaries of stocks, I recommend the far superior analysis of Robert Shiller as covered in his books "Irrational Exuberance" and "Market Volatility." Finally, for a good book on financial planning, I strongly recommend: Burton Malkiel's "The Random Walk Guide to Investing."

0 of 0 people found the following review helpful. A valuable book handicapped by

misleading jacket copy. By Tom Coates No wonder the investors who reviewed it here were confused and disappointed. Parker wrote a public policy book. It identifies a serious problem: Safe, liquid income investments are scarce, and potential retirees are forced into growth stocks that must be sold to realize a gain. What will happen to prices when all the boomers attempt to sell over the same period of a few decades? How can retirees decide when to sell and how rapidly to spend their savings—; Parker calls this “the impossible decision”; The problem is even worse now than it was when the book was published 15 years ago because now Treasury bonds are paying zip. Bond portfolios are sure to drop in value as rates increase, even if dividends continue. One alternative is rental real estate, either as actual properties or shares in carefully selected, high-yielding publicly traded equity real estate investment trusts. The investors’ guide promoted on the jacket could reasonably be expected to mention these options, but this is a public policy book. Parker’s major recommendation for specific action by readers was a letter-writing campaign asking elected officials if they could see the problem and what they would do about it. He wanted to get discussion started. If the publisher prints new jackets minus the investment guide copy and re-markets the book to the public policy audience, the book might still have some influence, and a better sale. The problem it describes is serious and isn’t going away any time soon.

When it was first published, *What If Boomers Can't Retire?* predicted what would happen when boomers switched from buying stocks to selling them for retirement income. Since then—and as predicted by author Thornton Parker—stocks have become less important, prices have declined, corporations have shifted their emphasis from inflating stocks to just surviving, and there is currently a recession in full swing. This book shows that there is a bright side, however. If enough boomers work in their later years and preserve their capital, and if the country improves the way it uses capital, the results can lead to fuller lives for millions of people, healthier communities, and more sustainable economies worldwide. Parker details specific actions that individuals and organizations can take to gradually make the shift from the dangerously risky pursuit of phantom wealth to productive investments based on real accomplishments, goods, and services.

From Publishers Weekly Thornton Parker qualifies as an expert on the big economic picture as well as the current state of the stock market and his prognosis for the millions of soon-to- retire baby boomers is grim. In *What If Boomers Can't Retire?: How to Build Real Security, Not Phantom Wealth*, Parker carefully and clearly lays out his argument for moving capital from speculative investments with inflated worth to productive, long-term investments. He also argues against the privatization of Social Security. Although timely and informative, the book may overwhelm novices with its detail. \$50,000 marketing budget. From Library Journal Parker, who has worked for the Department of Commerce and the Executive Office of the President, focuses on retirement plans and investing in stocks to solve the ongoing Social Security problem. He defines phantom wealth as “the returns from corporate stocks that are based on market prices” as opposed to real wealth that is based on “work, earnings, and solid accomplishments, instead of just hopes.” The author cautions against setting up retirement plans based on a structure of phantom wealth that depends on stock prices; inflated stock prices may help some individuals, but it can, according to the author, distort the economy and hurt society as a whole. He recommends creating real wealth as well as reconsidering and reestablishing “values, goals, and ways of thinking about living, aging, investing, and running companies.” The author recommends specific strategies designed for individuals, including baby boomers, their parents, and the younger generation. Rather than just offering a how-to list, Parker discusses extensively how organizations, individuals, and the country as a whole should “think more deeply about values and goals than they usually do.” The bibliographical references and glossary are also helpful. This thought-provoking work is recommended primarily for public libraries. Lucy Heckman, St. John's Univ. Lib., Jamaica, NY Copyright 2001 Reed Business Information, Inc. From the Publisher This book turned out to be a guide to much that happened after it was published in January 2001. Trillions of dollars of phantom wealth vanished. Companies that had been praised for their rapid growth failed as the “new economy” turned out to be a bubble. Millions of people lost their jobs and millions more watched their retirement savings dwindle or disappear. Now, as companies try to raise their stock prices by cutting costs and eliminating jobs, particularly those of older people, organizations like AARP and publications like *The New York Times* and *Consumer Reports* are reporting that aging baby boomers should plan to work longer than many of them had expected to do. The mismatch between what stocks do and what people need is becoming ever more obvious. This mismatch is the most important theme of *What if Boomers Can't Retire?*. There is still pressure to divert Social Security funds to individual accounts that could buy stocks, and the financial services industry is still telling boomers and all Americans to bet on stocks to pay for their retirements. But nobody has explained how stocks can possibly do what is claimed for them—; pay for the retirement of millions of boomers—and the devastating losses since the market peaked in 2000 show what can happen if they fail. *What if Boomers Can't Retire?* isn't fun to read and some don't like it. Most organizations and publications that cater to investors avoid mentioning it, but some people have said ruefully they wish they had read it when it came out. Against this backdrop, two things have not happened. No one has explained why the book's main messages are wrong and no one has explained how retirement plans that are based on stock

gains can work for boomers. If there is a significant flaw in the book, it should have surfaced by now, but I have not heard of one. Some people don't believe the risks are as serious as the book indicates, but so far, they have not backed up their beliefs with facts or analyses. So the book seems as correct as I tried to make it. Apart from Sept. 11, much that has happened after its publication should be seen as a preview of worse to come if Americans don't wake up to the risks of expecting stocks to do what they can't do. On the bright side, more is being said and written about people in the U.S. and other developed countries who are finding fulfillment by simplifying their lives, doing work that they can enjoy in their later years, reducing consumption, and helping in their communities. These are paths that *What if Boomers Can't Retire?* says most of us should take. Thornton Parker August 8, 2002