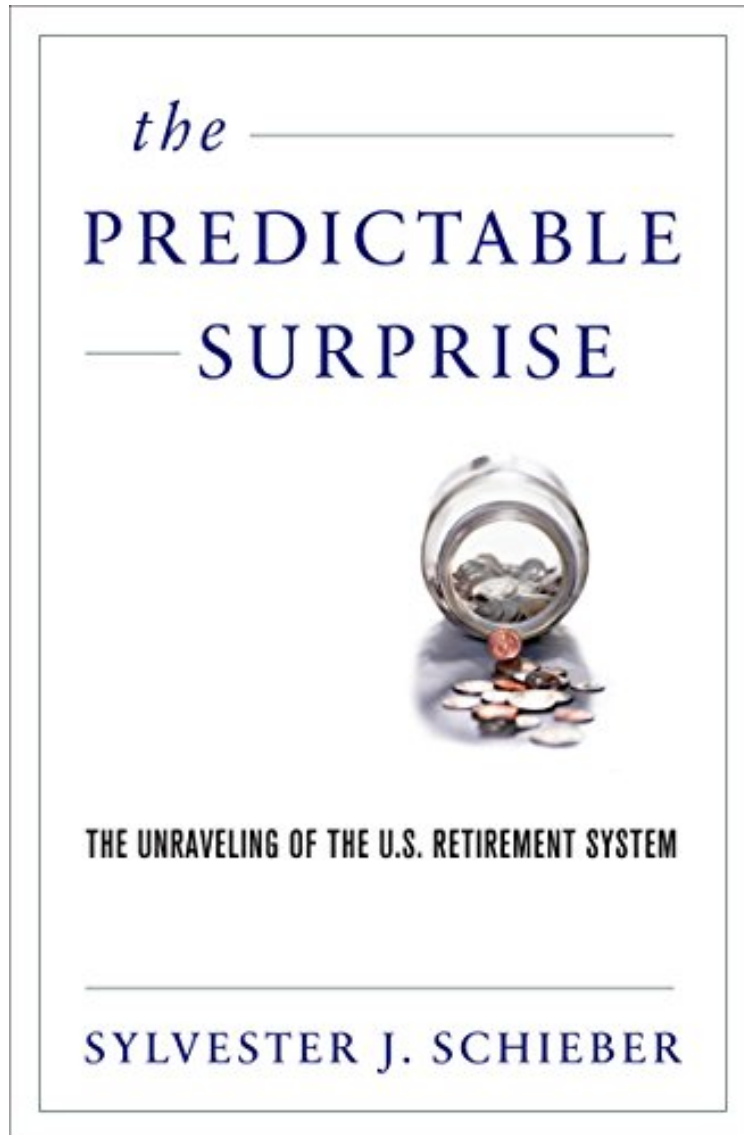


[Free download] The Predictable Surprise: The Unraveling of the U.S. Retirement System

# The Predictable Surprise: The Unraveling of the U.S. Retirement System

*Sylvester J. Schieber*

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**Sylvester J. Schieber : The Predictable Surprise: The Unraveling of the U.S. Retirement System** before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Predictable Surprise: The Unraveling of the U.S. Retirement System:

4 of 4 people found the following review helpful. Authoritative source on Social Security By Ed Gibson Dr. Schieber has made a valuable contribution to our discussion of Social Security. His virtuosity as an authority on retirement

issues, based on a career spent at the top echelon of pension analysis as well as significant roles in Social Security policymaking, makes his economic analysis unimpeachable. His policy perspectives are his own, though they represent a mainstream conservative view. But these are explicitly identified and sprinkled rather than ladled on, so that any reader, to the right or left, or at the center, of the political spectrum, can gain tremendous insight into the issues to be overcome by potential solutions to the challenges of paying for retirement in the U.S. By interspersing a concise history of how the public and private retirement programs developed with multifaceted analysis of where these programs stand, a panoramic picture results, which leaves the reader feeling much better informed and with facts at his or her disposal to appreciate the ensuing debate more fully. The hot-button issues--not only solvency, but also equity (horizontal, vertical, and inter-generational), adequacy, and economic sustainability--are covered with cogent data and crisp analysis. Drawing on extensive reading about Social Security, I can recommend this book highly, along with three others: Policymaking for Social Security, by Martha Derthick; Artful Work, by Paul Light; and Robert Ball and the Politics of Social Security, by Ed Berkowitz. But I'd read *The Predictable Surprise* first.

3 of 3 people found the following review helpful. Essential, but Not Comforting Reading  
By crack reviewer  
This is an excellent book that discusses social security, public retirement plans, private retirement plans, and 401K plans. Schieber details from a historical perspective how all these retirement mechanisms came into place. Social security was never intended from its inception to work the way that it does and that accounts for many of its funding problems. Schieber suggests reforms such as extending the age we must reach before benefits become available. He also suggests a new formula that would result in smaller cost of living benefit increases in social security payments to help prevent insolvency of the social security trust fund. Private retirement plans, or defined benefit plans have gradually faded out of existence and Schieber explains that its a combination of events that has brought this about. Sadly, retirement funding is falling more and more upon 401K or defined contribution plans. Defined contribution plans are a highly risky vehicle to base retirement on. It depends on the investment skills of the worker, his years with a single company, the amount the company matches his own contribution by, and the performance of the securities markets during a specific time frame. Schieber suggests some reforms to make this process more reliable and I found this to be very engaging reading. Its a book that anyone contemplating retirement in the next twenty years ought to read

3 of 3 people found the following review helpful. The paradox of your retirement money and the scary surprise  
By LD  
The book was written to confirm the suspicions of those who see the evaporation of the "golden years" due to empty promises and events beyond their control. The gullible and blissfully ignorant won't become believers until it happens to them personally. According to surveys, most workers want and need to work to full retirement age or longer. Reality is that companies are getting rid of workers over 50. Those people are having to supplement their income with savings and then begin Social Security at 62. Not only is their benefit lower, but because they did not keep paying much in those last years their benefit is further lowered. Company pension? Even if you were lucky enough to have one, corporate bankruptcy eliminates that because those funds are legally company assets. Government bailout for a few of these? Pennies on the dollar. Government workers are having their pensions significantly reduced because tax revenues are in decline and cities, counties, and states are trying to avoid bankruptcy. 401K? If not lost in the stock market, is earning far less bond interest than inflation so you can't fund it fast enough. The investment houses told you "more risk, more reward." All you will get is the "more risk" part. Social Security- Those retiring since 2000 will get back what they paid in or less. P.64 The earliest deficit was projected to be 2016. It already happened last year. Schieber details how every assumption, every projection, and every "fix" has failed. Those who believe the government statistics on inflation are ignorant of the many changes made over the last decades on how they are calculated. And you will always be receiving less purchasing power than those who retired before you. WARNING: OUTRAGE IMMINENT (this is the surprise) The task force on retirement proposed in 2010 that money in your retirement accounts would at the time of your retirement be spent on purchasing an annuity with a fixed monthly payment. Schieber's response, "If the insurance company defaults a few years down the road, the legal system will most certainly scrutinize every dotted i and crossed t to find culpability for making a wrong choice. Furthermore, it is doubtful that workers will accept defaults that allocate all or a major portion of their retirement savings to an annuity given the widespread apathy toward insurance companies and the purveyors of these products." P.356 In addition annuities have high fees. What should have been in the book: Currently age 78 is the break even point for Social Security. At that time you will have collected all the money you and your employer paid in plus inflation. It does not matter whether you start at 62 or 66 you will still collect the same amount by age 78. Beyond that, the later retiree benefits. But at that age, what are you going to do with the money?

Social Security is in jeopardy, private pension systems have fallen apart, and workers are trying to save on their own for retirement with the stock market in the worst shape since the Great Depression. In *The Predictable Surprise*, Sylvester J. Schieber shows that forewarnings of the coming retirement crisis have been apparent for decades, but we have never mustered the political will to address the problem. This book explains how we have gotten into the retirement predicament and where we can go from here. Schieber, a renowned authority on this topic, provides a compact, insightful history of Social Security, pension plans, and other retirement options, highlighting both their

original justifications and the point when things began to go wrong. He brings his discussion right up to the present morass and concludes with suggestions as to how we can reform our retirement system. Our situation is not hopeless, Schieber concludes, if we take on some of these issues and resolve them. If we do not, we will severely jeopardize the prosperity of younger generations.

"Schieber probably knows more about American retirement programs than anyone. He has advised the Social Security system, consulted with private firms and written widely on the subject. His book shows how today's 'entitlement' psychology dates to Social Security's muddled beginnings."--Robert Samuelson, Washington Post

"The topic is very timely as the entire retirement system in the US is under pressure with firms and governments facing financial problems...The author is a well known expert in the field of retirement income and has written widely on these topics. He reaches out to the reader by presenting real stories that illustrate important points. Schieber relies on his background as an executive of a benefit consulting firm, his work with the government on Social Security, and his expertise as an economist. Blending these career experiences, he is able to consider the American retirement system from a variety of perspectives..."--Robert Clark, Professor of Economics and Business Management, North Carolina State University

"Schieber cuts through the thicket of rhetoric and specialized knowledge to reveal the interplay of demographics, economic conditions, politics, and government regulations that have led to this current crisis. It's hard not to share Schieber's respect for the architects of Social Security and what they accomplished during difficult times, and his regret that the current political climate doesn't encourage thoughtful discussion of needed reforms. This book is an invaluable resource for anyone who wishes to engage in that discussion." --Publishers Weekly

"The discussion necessarily gets deep into the weeds--analysts and policymakers will welcome the thoroughness--but general readers will appreciate Schieber's efforts to warm the material with quotations from Sophocles, Confucius, Dickens, Churchill, Lewis Carroll and even Mae West, and to demystify the arcana with a plethora of tables, charts and graphs, and a useful glossary . . . Precisely the sort of levelheaded, serious discussion our political leaders appear so unwilling to conduct."--Kirkus

"The American people will only take the painful steps necessary to restore fiscal order, particularly with respect to Social Security and Medicare, when they understand the roots of the problem. Syl Schieber's *The Predictable Surprise* explains the demise of the retirement system with great clarity, emphasizes the importance of demographics in forcing the need for change, and provides the background knowledge necessary to sensibly consider the way forward. I not only suggest reading this book, but hope you will encourage members of Congress to do the same."--George P. Shultz, former Secretary of Labor, Director of the Office of Management and Budget, Secretary of the Treasury, and Secretary of State

"Syl Schieber's *The Predictable Surprise* is must-reading for scholars and students, policymakers and concerned citizens interested in retirement and retirement income issues. Schieber, an impressive researcher with sterling private-sector and policy experience, blends history, theory and data into a compelling, comprehensive analysis that confronts the difficult impending reality and points the way forward. So avoid an unpleasant surprise; read *The Predictable Surprise*."--Michael J. Boskin, Tully M. Friedman Professor of Economics and Hoover Institution Senior Fellow, Stanford University, former Chairman of the President's Council of Economic Advisers

"There are at least three reasons why Syl Schieber's work may be unique in the retirement security field. First, he is equally an expert about Social Security and about private-sector pensions. Second, he has a rare command of how the history of each system has led to its present condition. And third, he is an exceptionally creative analyst, going wherever the evidence leads and unconstrained by ideology. *The Predictable Surprise* may be the best book yet written for those who want to understand each of Social Security, private pensions, state pensions and the interrelationship between them. One hopes that it will be widely read by key decisionmakers at both ends of Pennsylvania Avenue."--Charles Blahous, Senior Research Fellow, Mercatus Center, George Mason University, former Deputy Director of the National Economic Council

"*The Predictable Surprise* is the most comprehensive review of our retirement system that I have ever read. Syl Schieber artfully blends detailed analyses of individual policy decisions with commentary on the macro retirement environment. If you want to truly understand the roots of our current retirement challenges, you must read *The Predictable Surprise*."--John J. Haley, CEO, Towers Watson

"Those who hope to tackle one of the biggest public policy issues of the next decade should imbibe Sylvester Schieber's *The Predictable Surprise: The Unraveling of the U.S. Retirement System*." --WorldAbout the Author

Sylvester J. Schieber is Former Chairman of the Social Security Advisory Board, and the author or editor of numerous books on various aspects of population aging and retirement.