

You Could Spend More Years Being Retired Than Working



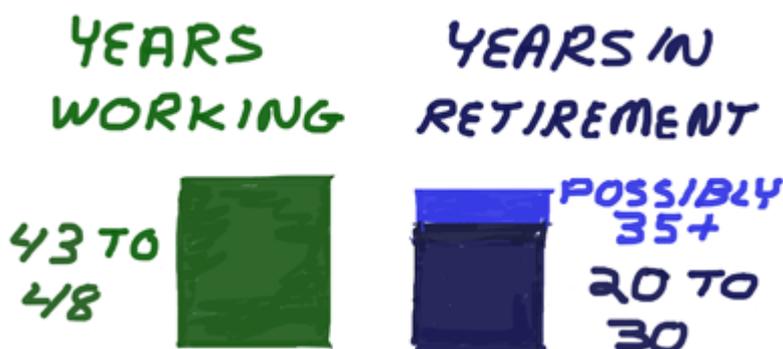
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There might be a limit on how long humans can live. Jan Vijg, a geneticist at Albert Einstein College of Medicine, published research in the journal *Nature* putting the upper limit for longevity at 115 years. More precisely, *The New York Times* quoted him as stating, “Humans will never get older than 115.”

Vijg’s conclusion has sparked controversy within the scientific community about whether such a limit to actually exists. [An article on Nature.com](#) discusses the study and the challenges to it. For purposes of my commentary, I want to discuss the implications from an investment standpoint. Specifically, a person with a long enough lifespan could spend more years in retirement than working.

First the bad news: Most people will not make it to 115 without a big advance in health care. The Social Security Administration (SSA) lists the average lifespan for a man reaching 65 today as 84.3 years. It’s a bit longer for women, at 86.6 years. These numbers include those who are expected to have a shorter lifespan as well as those who are expected to

have a longer life-span. In acknowledgment of this, the SSA says, “About one out of every four 65-year-olds today will live past age 90, and one out of 10 will live past age 95.”



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- **How Big Is Longevity Risk?** - The risk of outliving one’s savings changes from being negligible at younger ages to being substantial at older ages.
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AII Sentiment Survey

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The Week Ahead

Earnings season will pick up as 11 members of the Dow Jones industrial average are scheduled to report: International Business Machines (**IBM**) on Monday; Goldman Sachs Group (**GS**), Intel Corp. (**INTC**), Johnson & Johnson (**JNJ**) and UnitedHealth Group (**UNH**) on Tuesday; American Express Co. (**AXP**) on Wednesday; Microsoft Corp. (**MSFT**), Travelers Companies (**TRV**) and Verizon Communications (**VZ**) on Thursday; and General Electric Co. (**GE**) and McDonald's Corp. (**MCD**) on Friday. Joining them will be nearly 60 other members of the S&P 500.

The week's first economic reports of note will be the October Empire State manufacturing survey and September industrial production, both released on Monday. Tuesday will feature the September Consumer Price Index (CPI) and the October housing market index. September housing starts and building permits, along with the periodic Beige Book, will be released on Wednesday. Thursday will

feature the Philadelphia Federal Reserve's October business outlook survey and September existing home sales.

Three Federal Reserve officials will make public appearances: vice chair Stanley Fischer on Monday, San Francisco president John Williams on Wednesday and New York president William Dudley on Thursday.

The Treasury Department will auction \$12 billion of 30-year inflation protected securities (TIPS) on Thursday.

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