



PENSION FRENZY, THE AGED AND FINAL JUDGMENT

By Wilfred Hahn



What is one of the worst disasters that could happen to you in our materialistic society today? Answer: To grow older than you expected.

That conclusion will surely seem perverse. Isn’t it true that lifespans are much longer today than ever before, and isn’t that a blessed thing? Yes, indeed. More grandparents have been enjoying their grandchildren for longer (though there may be less of grandkids than in previous generations). Many people have profited from an extension in their productive lives.

We still live in a culture that identifies with such phrases as, “Long live the king,” or, “May you live to a ripe old age.” Also, the Bible repeatedly refers to old age favorably ... i.e., “And thou shalt go to thy fathers in peace; thou shalt be buried in a good old age” (Genesis 15:15). The expression “good old age” is found several times (Genesis 25:8; Judges 8:32; 1 Chronicles 29:28). Abraham was

said to be “Well stricken in age”—not “bad stricken of age” (Genesis 24:1).

All of the above may be true; however, today in our highly financialized and materialistic world, becoming too old has become a major risk. Savers striving to build-up retirement assets to see them through their aged years, are waging a losing battle. Several new impediments have emerged in recent decades. A change in beliefs and values has occurred—therefore, also changing economic challenges.

Accelerating Global Income Crisis

Most recently, interest rate levels have fallen around the world. Spectacularly, interest rates have even become “negative” in some countries. Whoever thought that that could be possible? In a

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sense, the cost of retirement has inflated sharply in recent years. Why? With interest rates so low, it requires more assets today to generate the income that is needed to support a given retirement lifestyle.

Therefore, even while consumer price inflation may be low, the type of inflation that applies to the purchase price of retirement income has raged at a high pace. Few economists recognize this kind of “pension” inflation to be such an obstacle.

The fact is that any type of inflation has a distorting effect upon income and wealth distribution. There are winners and losers; and most often, the losers are the elderly or the poor.

Two other dynamics add to retirement challenges for aging societies today. Firstly, there is a surge in demand for retirement earnings because the leading edge of the ‘Baby Boom’ generation has begun to enter the retirement years. In a sense, that creates a competition for a finite amount of financial income in the world. Secondly (as already alluded to), people are living longer. In other words, their longevity is increasing.

As mentioned, this should be seen as a good thing—a blessing for humans; but, not so from the perspective of an actuary. To explain, an actuary is someone who works with the probabilities of mortality, to ensure that insurance companies or pensions are laying enough money aside to cover their liabilities



(i.e. the chance that people will die early or perhaps live longer than expected).

Upside Down Blessings

The big challenge for pension systems (including private retirement savings) is seen as “longevity risk.” For a number of decades now, actuaries have underestimated the increase in human longevity. People (on average) continue to live longer than these experts had predicted.

That cuts two ways. For one, the average length of retirement is increasing (assuming that the retirement age does not increase as quickly as mortality); and, the risk that one actually lives longer than expected also increases. Add to this the fact that interest income around the world has collapsed, and a global income crisis is therefore underway.

So, we see here a clash between the constraints of income economics and the general “social good” of living



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Not only do pension systems today creak and groan under the strains of retiree income requirements, economists sometimes lament what they call "demand deficiency syndrome," this largely being attributable to aging populations. Given that every individual today in our hyper-charged commercial existence is valued on their future consumption potential, "demand deficiency syndrome" is the new death. It is the ultimate uncooperative act in a materialistic world that demands continuously rising stock and bond markets—to die and stop consuming.

On a serious note, as people become older, they naturally do tend to spend and consume less. Economists attribute this to be the main ailment behind slow economic growth. None of this should be surprising, really. It all comes full circle and is evidence to the fact that financial and economic systems are indeed extensions of the human life cycle and mankind's values, whether idolatrous or otherwise.

Practical Remedies, But Not for Everyone

So, what can we do to minimize the "financial bad" of what should be seen as a "social good" ... that being to live longer lives? There are a number of options. Most obviously, people must simply save more and build up larger income generating assets, in order to generate the types of returns that are needed.

Not everyone will be able to do so, unfortunately. In any case, the math here will not work if everyone were to respond in this way. Yet, as individual decision-makers, we are not discharged from making good stewardship decisions. Above all, of course, we must first remain obedient to God's call upon our life and conduct with material blessings.

As mentioned, there are additional options. People can choose to stay in the work force past the usual retirement age. Even income from a part-time job can adequately supplement income requirements and reduce a savings run-down. Some portfolio managers are biasing retirement investments toward countries with higher birth rates. There is a wide difference in population growth by country. For example, today, the majority of core European nations actually have negative population growth, as does Japan. On the other hand, other nations have much higher population growth. For example, India is adding 1.2% to their population every year; the

Philippines 1.9% (as a comparison, the U.S. population is growing at 0.75% per annum).

Higher population growth (everything else being equal) leads to higher workforce growth, ergo higher economic growth, interest rates ... etc. Ultimately, in theory, this should translate into higher income. That doesn't always happen over shorter periods of time, but should manifest itself over the long term. Pursuing this theme, people living in lower-growth populations can attempt to glean some of the benefits of faster-growing populations.

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The Elderly: To Be Respected, or a Hindrance?

How the elderly are treated differs around the world by society and culture. For example, western societies tend to send their aged to nursing homes; Asian societies are more likely to care for the aged in their own homes. High-income nations have gradually fallen victim to the expectation that pension systems can overcome declining birth rates. Lower-income nations still depend upon extended family members to look after their elderly, although this has begun to change as birth rates have plunged.

The Bible advocates respect for the elderly. We see this principle in this verse, "Stand up in the presence of the aged, show respect for the elderly and revere your God. I am the LORD" (Leviticus 19:32). In fact, it is one of the 10 Commandments.

In the New Testament, Apostle Paul clearly advocates the same perspective,

saying: "Children, obey your parents in the Lord: for this is right. Honor thy father and mother; (which is the first commandment with promise;) That it may be well with thee, and thou mayest live long on the earth" (Ephesians 6:1-3). Here again we see that "living long" is seen as good, not bad.

Generally, this Judeo-Christian perspective of honoring the elderly is broadly practiced around the world.

The Chinese even go so far as to mandate the respect of the elderly by law. Not too long ago, the Elderly Rights Law was passed, warning children to "never neglect or snub elderly people." It even requires them to visit their elderly parents often, and threatens enforcement of fines (including jail time) for offspring who fail to make trips to see their parent, no matter how far away they might live. France also has such laws in place.

Says Jared Diamond, UCLA professor of geography and physiology and well-known author, that from a scientific perspective—i.e. natural selection—"It may under some circumstances be better for children to abandon or kill their parents and for the parents to abandon or kill their children."

Diamond cites an extreme example of this with Paraguay's nomadic Aché Indians. They assign young men the task of killing old people with an ax or spear, or burying them alive. While a rare example, the perspective that the elderly are burdensome to society can only arise out of a godless evolutionary perspective and extreme materialistic humanism.

It is a fact, however, that societies are becoming ever more atheistic, pro-evolution, narcissistic and materialistic. And, this is occurring in lock step with (in fact, it could be argued, because of) declining birth rates and aging popula-



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tions. Only in recent years have some economists come to recognize that prosperity cannot be built up on the back of aging populations.

As such, much disappointment lies ahead for future and present retirees. Financial market trends are inextricably tied to these underlying developments. Massive financial bubbles and immoral monetary policies today, in effect are attempts to overcome these new limitations. These efforts will only lead to great destruction and ultimately a complete collapse of financial systems.

Thoughts to Ponder

Gone are the days where “Children’s children are a crown to the aged, and parents are the pride of their children” (Proverbs 17:6).

As today’s financial perversions are attributable to worldwide godlessness, denial of Truth and transgressions against God, a final and inevitable financial collapse should be seen as part of God’s wrath and judgment upon mankind, which unfolds as the Tribulation period.

There is a small group of financial analysts that have predicated collapse for years ... indeed many decades. Their analysis is not so much incorrect as it is mistimed. Indeed, economic, financial and monetary trends are on a destructive path. Any thinking person can recognize this. However, what has been thoroughly underestimated is mankind’s capacity and penchant for delusion, perversion and sin.

Those nations that have adopted or promoted funded pensions systems face challenges. In effect, plummeting inter-

est rates (to the point of becoming negative) is a form of disrespecting the elderly in a broader sense.

How so? Retirees tend to be reliant upon personal financial income and pension fund payments. When interest rates fall, this generally and eventually generates less income for the elderly. This is an aspect that seems to be ignored by central banks, which have manipulated down interest rates around the globe. Their intended objective is to boost the pace of economic growth.

But, in actuality, by reducing interest rates they are actually retarding economic growth. Why? Because populations are aging. There are more households or retirees relative to non-retired ones than previously.

All the above are the problems of a greedy, self-obsessed and materialistic world. Political economists try to devise solutions. But none of these sufficiently deal with the human heart. As a result, even the faithful face these same struggles and concerns.

The Bible says: “As fish are caught in a cruel net, or birds are taken in a snare, so people are trapped by evil times that fall unexpectedly upon them” (Ecclesiastes 9:12). Trials and adversities fall upon all, just as the Lord allows it to rain on both the righteous and unrighteous. “In this world you will have trouble” (John 16:33).

Pension systems overall are sure to fail ... eventually. “Provide purses for yourselves that will not wear out, a treasure in heaven that will never fail, where no thief comes near and no moth destroys” (Luke 12:33). (MC)