6 Reasons You'll Never Retire

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Once upon a time, people stopped working at age 65 and enjoyed years of golf and grandchildren funded by a reliable monthly income from corporate pension and health care benefits supplemented by government health care and Social Security. In 2012, that fairy tale has become a joke. Here are six reasons you'll never retire.

1. Corporate pension slashed

There are two types of corporate pension funds: defined benefit (DB) and defined contribution (DC) – such as 401(k)s. DB is the formerly prominent corporate practice of companies paying you a fixed amount every month after you retire; DC means that a company contributes a specific amount to your retirement fund.

[More from Forbes: 25 Best Places for a Working Retirement]

A 2010 survey by consulting firm, Towers Watson, found that between 1998 and 2010, the proportion of Fortune 100 companies offering DB plans fell from 67 percent to 17 percent while DC plans rose from 10 percent to 58 percent.

Companies did this to cut their costs and unless you have amazing luck investing, the DCs will deliver less income after you retire.

2. Dropping income

Meanwhile, incomes that might go into savings to make up for that pension drop are way down on an inflation adjusted basis. A September 2011 Census Bureau report revealed that a typical U.S. family got poorer during the decade between 2000 and 2010 — the first decade-long income decline in at least a half-century. Specifically, median household income fell 2.3 percent to $49,445 in 2010 and has dropped 7 percent since 2000 after adjusting for inflation – and income was the lowest since 1996.

3. Higher childcare expenses due to rise in dual working couples

And families are only treading water thanks to the rise of dual-working couples. According to the Census Bureau, between 1950 and 2008, the proportion of families with a man as the sole earner plummeted from 63.4 percent to 16.9 percent while the share of American families with dual-earning couples soared from 20.4 percent to 42.4 percent.

While this arrangement offers tremendous psychic benefits to women, it also adds to parental stress and boosts childcare expenses for most families. For example, in 2007, fees in licensed centers ranged from $10,920 a year for 4-year-old children to $14,647 a year for infants.

4. Collapsing investment returns

And as the number of people with DC plans has increased, the opportunities to invest them at a meaningful rate of return, at least 8 percent a year, have evaporated. For example, stocks have earned slightly more than 2 percent a year in the last decade – the average annual return of the S&P 500 between 2002 and 2012 has been 1.8 percent.

[More from Forbes: 20 Ways To Lose Your Nest Egg]

And fixed income investments are even less attractive – for example the 10-year Treasury note pays 1.72 percent. And to earn a mere 2.8 percent, you need to park your money for 30 years in a U.S. Treasury Bond.

In short, along with lower corporate contributions and a shift in investment responsibility from the company to the employee is a range of investment options with annual returns that are at best about 6 percent a year too low.

5. Insufficient savings

Although estimates vary, a typical rule of thumb is that you need 60 percent of your pre-retirement income to live comfortably after you retire. If you make $100,000 a year before retiring, you'll need $60,000 a year by that rule.

If you have $10 million saved up and it yields the typical money market rate of about 0.5 percent that means $50,000 a year in income. If you supplement that with Social Security — the average monthly Social Security benefit for retired workers in December 2010 was $1,175.50 – you could be fine. Naturally, the higher your savings can yield, the less you need to save to reach that target.

But how many of you will really have that much saved up? Very few. According to the Employee Benefits Research Institute, 17 percent had more than $250,000 saved up in 2011. The report does not even say what percent have more than $1 million. 60 percent of those surveyed reported having saved up less than $50,000. In short, most Americans will not have enough money for retirement.

[More from Forbes: How to Get Your Retirement Back On Track]

6. Inheritance too small

If you don't have enough money saved up on which to retire – you have three options: keep working until you die, inherit enough to retire on, or retire with insufficient money to pay your bills.

For example, 78 million Baby Boomers – born between 1945 and 1965 – are expected to inherit $8.4 trillion, according to Boston College's Center for Retirement. The average boomer household will take in $300,000, with the wealthiest cohort receiving an average of $1.5 million.

Even if you have saved up enough money, unexpected expenses could ruin your well-prepared plans:

- What if you get sick and need expensive medical treatment that's not completely covered by insurance?
- What if you have unpaid debts?
- What if there's a financial crisis that slashes the value of your retirement savings?

Sure there's a chance that you'll enjoy an idyllic retirement, but for most people, retirement is dead.

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