



# Facts on Aging Work & Retirement

Florida State University

Pepper Institute  
on Aging &  
Public Policy

***Our aging population creates challenges for workers, employers, and policymakers. As lifespans increase, many workers find themselves working beyond the traditional retirement age – whether to build their financial stability, for the benefit of their own well-being, or to try a new career and stay involved in the community. To stop working may simply not be an option for some, while for others the availability of flexible work arrangements will be a key factor in deciding whether to remain in the workforce or not.***

## ***Workforce statistics: who works at old age?—***

- About half of adults age 60 to 64 work, while one-third for the group aged 65 to 69 still work. Only about 1 in 10 adults works past age 69. Older workers, particularly those ages 70 and older, are most likely to be male and college educated. For example, 18% of men 70 and older are still working, compared with only 8% of their female counterparts.

*Source: Health and Retirement Study, 2000*

- Older men are less likely to work today than in previous generations, when jobs were more physical, health problems more prevalent, and life expectancy shorter. Only 53% of men 62 to 64 were in the labor force in 2005, down from 76% in 1963. Participation rates have been climbing for women of all ages. For women ages 62 to 64, for instance, participation increased from 29% in 1963 to 40% in 2005.

*Source: The Urban Institute, 2006*

- Falling retirement ages and rising life expectancy mean that Americans are now spending more time in retirement than ever before. Between 1950 and 2002, the average age that people started collecting Social Security fell from 68.5 to 63.6 years. As a result, men now average about 17.1 years in retirement, up from 11.7 years in 1950. Women, on average, spend about 21.4 years in retirement, compared with only 13.5 years in 1950.

*Source: The Urban Institute, 2006*

## ***Baby Boomers' outlook on work & retirement—***

- While 76% of boomers intend to keep working and earning in retirement, on average they expect to "retire" from their current job/career at around 64 and then launch into an entirely new job or career.
- While 37% of the boomer generation indicate that continued earnings is a very important part of the

reason they intend to keep working, 67% assert that continued mental stimulation and challenge is what will motivate them to stay in the game.

- Accumulating the resources boomers believe they need for retirement freedom (81%), rather than age (56%) or any other variable, was cited as the most decisive factor for when they choose to retire.

*Source: New Retirement Survey by Merrill Lynch, 2005*

- Today's older workers not only worry about the possibilities of an insufficient amount of financial resources, but they also have concerns about rising costs of living, particularly the costs of health care. 43% of workers who plan to work in retirement say they will do that in order to keep health insurance or other benefits.

*Source: Retirement Confidence Survey, Employee Benefit Research Institute (2004)*

## ***Working longer: benefits and barriers—***

- If everyone delayed their retirement by just one year, the average net retirement wealth would increase by \$31,897 and the average annuity at age 50 would increase by \$1,317 per year (5%). If retirees saved their additional wealth from working another year and annuitized it at retirement (e.g., 401[k] balances were left untouched until retirement), their annual annuity would increase by \$2,402 per year (9%) compared to the baseline.

*Source: Working for a Good Retirement, by Butrica, Smith & Steurerle, 2006*

- Traditional defined benefit plans penalize workers who remain on the job after qualifying for a pension. Benefit formulas typically pay more for more years of service, but workers forgo a year of benefits for every year they remain on the job past the plan's retirement age.

- Social Security offers benefits at age 62, a powerful retirement incentive. In 2002, 56% of workers began collecting Social Security at 62. Only 17% waited until 66 or later.

Source: *The Urban Institute, 2006*

- A survey of older workers found that more than 60% of older workers wanted to work fewer hours during the later stages of their careers – however, less than half of these respondents expected this option to be available to them.

- Phased retirement is a process that allows an older worker to gradually reduce the number of work hours worked each week or the number of work weeks over a period of time. In one survey of workers age 50-70 one-third of the respondents said they would postpone retirement if they were offered phased retirement.

Source: *Watson Wyatt Worldwide, 2004 Survey Report*

## Business & an aging workforce

- Employing older workers may help businesses address talent shortages, recruitment challenges, and

unwanted turnover. In addition, the presence of older workers may help employers to improve workforce performance.

Source: *Center on Aging & Work/Workplace Flexibility, Boston College, 2005*

- Surveys have found that approximately half of larger corporations have rehired some of their employees as consultants. Companies with temporary pools for

retirees typically report that there are many advantages of this practice, such as temporary workers who are familiar with business practices and who may already have relationships with some of the company's employees.

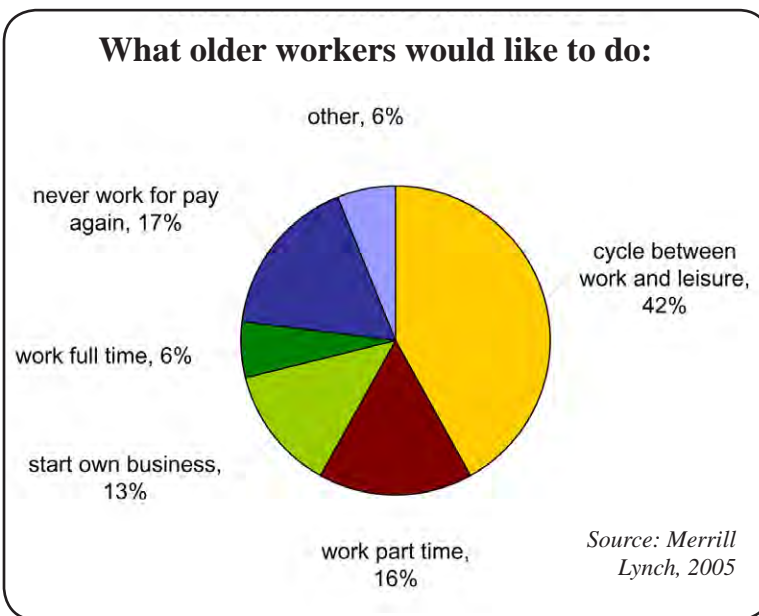
Source: *Public Policy & Aging Report, 2004*

- Other advantages for businesses in hiring older workers, according to a survey, include: “more reliable” (68%),

“stronger work ethic” (69%), “serving as mentors” (72%), “invaluable experience” (72%), “more willing to work different schedules” (72%).

Source: *Society for Human Resource Management, Older Workers Survey, 2003*

### What older workers would like to do:



Source: *Merrill Lynch, 2005*



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