

# Timing of retirement and the current economic crisis

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## TIMING OF RETIREMENT AND THE CURRENT ECONOMIC CRISIS

The results of several recent surveys have indicated that older adults are postponing their plans to retire due to the current economic crisis. Statistics show that older adults have been delaying retirement by continuing to work full-time or part-time or by “unretiring.” When older workers do retire, it is often for reasons unrelated to the economic crisis, such as health problems, caregiving demands, or job dissatisfaction.

### How has the current economic situation affected plans for retirement?

According to a 2009 AARP survey of adults ages 45 and older, “seventeen percent of those surveyed said they had postponed plans to retire. Twenty seven percent of those in the age group approaching retirement age (i.e. those between 55-64) reported postponing plans to retire and about one-fifth (19%) of this age group reported already being retired.”<sup>1</sup>

According to a 2009 survey of employees and retirees, “one-third of workers (34%) have increased their planned retirement age in the last 12 months. Older workers are most likely to increase the length of their working careers, with 44% of workers aged 50 and over planning to work longer compared with 38% of those in their 40s and only 25% of workers under 40.”<sup>2</sup>

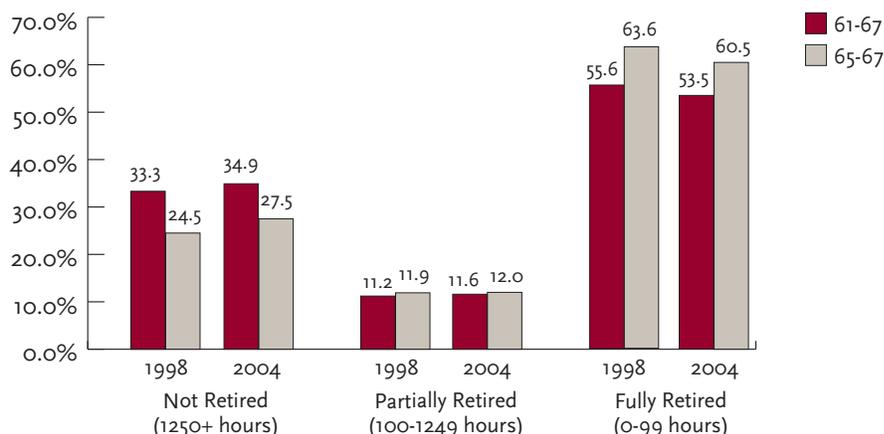
According to a 2009 Pew survey, three-quarters (75%) of adults ages 50-64 say that the nation’s current economic problems will make it more difficult for them to afford retirement (harder to meet retirement needs). Two-thirds (67%) of younger adults aged 18-49 and 56% of older 65 and older adults share the same concern.<sup>3</sup>

### Do older adults still envision a traditional retirement?

According to a 2009 analysis of BLS data, “older adults are already working longer than they used to. Between 1998 and 2008, the share of men age 65 to 69 in the labor force jumped from 28% to 36%. The share of women age 65 to 69 in the workforce went up from 18% to 26% over the same period.”<sup>4</sup>

According to a 2008 analysis of HRS data, in 2004, 53.5% of men aged 61-67 were “retired”—that is, they worked 99 hours per year or less, while 34.9% of males aged 61-67 were not retired (worked 1250+ hours per year). Approximately 12% of males aged 61-67 were partially retired (worked 100-1249 hours per year). See Figure 1.<sup>5</sup>

Figure 1. Retirement Status of Males in HRS Cohorts by Age and Year Using Hours per Year to Define Retirement



Source: Gustman, A. L., & Steinmeier, T. (2008).

Analysis of data from the Health and Retirement Survey [HRS] showed that nearly 50% of retirees follow a nontraditional retirement path that involves partial retirement or unretirement, and that 26% of retirees later unretire, most commonly about two years after retirement. The unretirement rate is even higher among younger retirees (as high as 35% among those retiring at ages 53-54).<sup>6</sup>

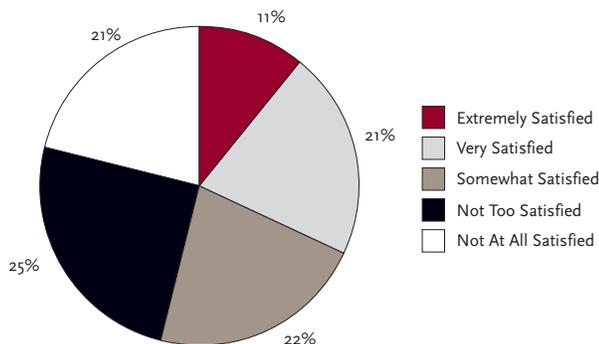
### What factors influence the timing of retirement?

According to the 2007 EBRI Retirement Confidence Survey “approximately 4 in 10 retirees leave the work force earlier than planned (37% in 2007). Reasons for leaving the workforce earlier than expected include health problems or disability (28%), changes at their company, such as downsizing or closure (28%), having to care for a spouse or other family member (25%), work-related reasons (18%) or obsolete skills (13%).”<sup>7</sup>

According to a 2008 survey of recent retirees, “while a majority (54%) was either extremely, very, or somewhat satisfied with their job at the time they made their decision to retire, a sizable minority (46%) indicate they were not too or not at all satisfied.” See Figure 2.<sup>8</sup>

According to a 2007 analysis of HRS data, “the self-employed report a higher likelihood that they will be working at age 62 or 65, compared with their wage and salary counterparts (58% versus 47% at age 62 and 42% versus 24% at age 65).”<sup>9</sup>

Figure 2. Job Satisfaction at Time of Making Decision to Retire



Source: Helman et al (2008) based on EBRI 2008 Recent Retirement Survey

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