

Working Retired: An Idea Whose Time May Never Come

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Some ten years ago, those of us trying to determine the effects of the coming retirement of the huge baby boom generation saw a future in which a majority of people would continue to work in some capacity after retirement. We believed that jobs would be available for these older workers because corporate America would recognize the need to hold on to them both for their specific skills and because of the lack of younger people to replace them when they retired. But what we thought would happen just has not—and recent reports indicate it may never come about.

Human resource managers were the first to explore the possibility that the coming demographic changes could create problems for corporate America, but their concerns were largely ignored by senior managers consumed by the troubled financial environment of the late 1990s. And so, while there was a great deal of discussion about the need to develop policies that seemed sensible for the time when the 76 million boomers began to reach retirement age, there was little action.

Those of us addressing the issue thought that if companies would offer such options as flexible work plans, phased retirement, retraining in new skills, and telecommuting, people would choose to work longer instead of leaving the workforce completely as they grew older. Moreover, surveys showed that many people were planning either to work retired at their current jobs, start businesses of their own, or go back to school and train for a new careers. If these things happened, we assumed that the pendulum that had moved the average retirement age down toward 62 would swing back; indeed, it would move past 65, especially since legislation mandating a higher age for collecting full Social Security benefits was taking effect.

We were right about one thing: the average age at which people retire has begun to rise, from 60 in 1996 to 62 in 2006 (in large part, it turns out, because of the prohibitive costs of buying health care insurance on one's own), but the growth in the number of those working retired has not met expectations. Surveys find that nearly 4 in 10 retirees leave the workforce earlier than planned (38 percent in 2006). And **it turns out** that workers are more than twice as likely to expect to work for pay in retirement (67 percent) as they actually are to work (27 percent).

The magic bullet of working retired that would allow those workers who have not saved enough for retirement or whose pensions have disappeared in the collapse of the Enrons and bankruptcies of airlines seems to be a dud. Buy-outs of older workers still abound, the costs of health care for older workers **make employers resistant** to finding ways to hold on to them when so many of those jobs can be sent overseas, many jobs have changed so much that the skills of most older workers are irrelevant, and training is seldom offered to older workers. In addition, **companies are opting** to invest more in machinery and automation to reduce the need for older workers (the major exception seems to workers in defense and aerospace because of a dearth of trained engineers).

What does this mean for boomers nearing retirement who discover that they have not saved enough money for their looming long retirements? (After all, **life expectancy has changed dramatically**: in 1950, life expectancy was 68.2 years, today it is 77.6 years.) And what can those who realize that they are not ready to face the thought of no longer being “Joe, foreman of the construction crew” or “Sue, the marketing manager for shoes” do?

Well, many are just hanging on to their current jobs as long as they can; some are planning to take advantage of the housing boom to sell their current residences and move to less expensive areas, freeing up the equity in their

homes to make life in retirement comfortable. Those who just do not feel ready not to give up work are volunteering their time to various organizations; still others are taking classes at the numerous colleges now offering nondegree courses for seniors. Most of the older baby boomers from the general workforce, not professionals or senior managers, are simply accepting the idea that their lives in retirement will be far less pleasant than they had hoped, even though they are aware that with a few additional years of work, **they could do much better in retirement**, possibly doubling their retirement income by working five years longer at their current salaries. For that to happen, however, their current positions would have to be available to them, but since all too often they are not, they just cross their fingers, retire, and hope for the best.

Of course, some who discover that they simply cannot make ends meet and have no one to fall back on for help do find employment; they can be found greeting people at a big box store or behind the counter at a fast food restaurant. These are the working retired for whom Social Security is a life saver, a system that must not be changed to one that relies on investments that turn out to be as uncertain as the investments made by the pension plans that have failed so many.

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