Myths and Realities about Working Longer

*Working Longer: The Solution to the Retirement Income Challenge*

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**Myth:** Given the growing retirement income challenge, people will have to work forever.

**Reality:** If individuals worked full time until at least 66, they could enjoy a long and financially secure retirement, with incomes one-third higher than if they retired at 62.

**Myth:** Older workers will choose to work longer on their own.

**Reality:** Most people retire as soon as benefits are available at age 62.

**Myth:** As baby boomers approach retirement, employers will embrace older workers.

**Reality:** Many employers are lukewarm toward retaining older workers due to concerns that they cost too much, lack current skills, and don’t plan to stick around long.

**Myth:** Employers will quickly change their tune in response to labor shortages.

**Reality:** Many employers with a high proportion of older workers are in declining industries. Others can tap global labor markets.

**Myth:** Older workers have little to offer employers.

**Reality:** Older workers often have advantages over younger workers — including higher productivity, better judgment, a stronger work ethic, and better people skills.

**Myth:** Phased retirement — shifting to part-time employment with a career employer — is the solution for keeping people in the workforce longer.

**Reality:** Many firms are reluctant to offer phased retirement due to concerns over which workers would be eligible, health insurance costs, and part-time schedules.

**Myth:** Most workers can work longer by remaining with their career employer.

**Reality:** Career employment is declining fast — only 44 percent of male workers age 58-62 are still with their age-50 employer, down from 70 percent two decades ago.

**Myth:** The working longer prescription is the answer for everyone.

**Reality:** While today’s older workers are generally healthier and better educated, up to a third could be hard pressed to work into their mid-60s due to poor health or job prospects.

**Myth:** Government cannot do much to encourage longer work lives.

**Reality:** Raising Social Security’s earliest eligibility age of 62 could push back the work/retirement divide by changing the mindset of both workers and employers.

**Myth:** Eliminating mandatory retirement removed a major barrier to working longer.

**Reality:** Mandatory retirement could actually promote longer work lives by providing both employers and workers clear expectations about when careers end.