



# Living Longer, Working Longer



Harvey A. Friedman  
Center for Aging

INSTITUTE FOR PUBLIC HEALTH AT WASHINGTON UNIVERSITY

## Why does working matter as we age?

Since the mid-1990s, the average retirement age has risen from 62 to 64 for men and from 60 to 62 for women.<sup>1</sup> We are working longer – because we need to, and we want to. The workforce itself is aging, with more workers over the age of 65 than ever before (prior to the COVID-19 pandemic).<sup>2</sup> The workforce participation rate for workers ages 65 and older rose from 17% in 2009 to 20% in 2019 and is expected to rise to 23% by 2029, when nearly 10% of the workforce will be 65 years of age or older.<sup>3</sup> There are several reasons why we are continuing to work longer:

**Longer lives:** People are working later in life because life expectancy has increased. People who reach age 65 are likely to live into their mid-80's; and they are in better health than they were 50 years ago. Additionally, jobs have become less physically demanding.<sup>4</sup> Many Americans are continuing to work so that they do not outlive their money.<sup>5</sup>

**Changes in Social Security incentives:** The longer we can wait to claim Social Security, the higher monthly benefits we will receive. Under legislation enacted in 1983, the Social Security full retirement age (FRA) is increasing gradually from age 65 to age 67 over a 22-year period, for people reaching age 62 between the years 2000 and 2022.<sup>6</sup> The earliest age at which workers can start receiving reduced retirement benefits is still 62, but benefit reductions are larger compared to workers whose FRA is higher. For example, workers who were born in 1954 (FRA is age 66) will receive a 25% reduction in their monthly benefit amount if they claim benefits at age 62 rather than at age 66. Workers born in 1960 (FRA is 67) will receive a 30% reduction in their monthly benefit amount if they claim benefits at 62 instead of age 67.

The FRA continues to increase by two months per birth year past age 67 beginning with workers turning 62 in 2023, until it reaches age 70 for workers born in 1978 or later (turn 62 beginning in 2040).<sup>7</sup> These changes in Social Security have incentivized people to work longer to increase their monthly benefit.

**Additional financial benefits:** Health insurance provided by an employer is usually less expensive than purchasing one's own. An employer with 20 or more employees is required to provide the same health insurance to all full-time employees, even if they are eligible for Medicare. Employer benefits can also include life insurance, contribution to retirement saving plans, and disability insurance—all important to older workers.<sup>8</sup>

**Health benefits of working:** Researchers who have studied the correlation between health and working later in life found that work offers a routine and purpose—a reason for continuing to get up in the morning. The workplace is a socially engaging environment and can be a person's main source of social connection. Additionally, there is an incentive for people to invest in their health while employed.<sup>9</sup> Working enables some older people to stay mentally, socially, and physically active, which yields positive health outcomes.<sup>4</sup>

## What affects our ability to work as we age?

The Center for Retirement Research at Boston College documents reasons for workers to retire earlier than planned: poor or worsening health, being laid off, having a partner who retires, and having parents move into their house. Workers are more likely to work as long as planned if they move into new jobs that are less stressful, require fewer hours, or are higher paying.<sup>10</sup>

## Research Spotlight: Engagement and Employment Among Older Adults

This research features the work of Dr. Ernest Gonzales, a WashU alum, and Nancy Morrow-Howell, WashU faculty.

**Barriers such as ageism, age discrimination, and lack of organization supports limit the ability of people to work as long as they need to or want to.** There are program and policies solutions to reduce these barriers, including pending legislation to strengthen the Age Discrimination in Employment Act, efforts to expand job training and career counseling for older workers, organizational reforms to enable more flexible work arrangements, and resources to assist working caregivers.<sup>11</sup>

**Pathways from work to retirement are becoming increasingly diverse.** In a study of retirement typologies, it was found that 42% of workers went from full time work to full time retirement (traditional retirement path) but the remaining 58% engaged in other patterns, including full to part time work; return to full time after part time; and more gradual reduction in work hours over time. To support these more varied retirement pathways, organizations need to find ways to provide more choice and more control to workers.<sup>11, 12</sup>

**To clarify the role of employment in trajectories of cognitive health, the study assessed the associations between physical, mental, and social demands of jobs and cognitive functioning over time.** Higher mental and social demands of work were associated with better initial cognitive functioning. Physical demands of work were associated with lower initial cognitive functioning but were marginally associated with a slower rate of decline in cognitive functioning. This study suggests that work environments have a place in preventing cognitive decline in later life.<sup>13, 14</sup>

## What are options for people to work longer?

**Staying in a current job:** Some people want to work longer in the same job because they enjoy their work. Experience and a historical perspective are often valued by employers. Updating skills or learning new ones, as well as mentoring younger employees, can be very beneficial.

**Taking advantage of phased retirement:** Phased retirement programs let workers gradually start working shorter work weeks. This more gradual transition allows them to test out retirement to see if they like it and can afford it, and it allows them to maintain the social ties that they have made in their workplace. Ideally, this option keeps them in the workforce longer and prevents them from using their savings and Social Security benefits early. There is a range of formal and informal workplace policies and practices that allow employees approaching retirement age to transition, like working less hours or in a different capacity.<sup>15</sup> This could include working part time or pursuing job sharing arrangements.

**Starting a New Job:** Some older adults want to continue working but would like to work at a different job, at a different employing organization, or a different pace. In the past decade, there has been growing attention to “second careers.” The term “encore careers” is being used to describe new work in the second half of life that combines social impact, purpose, and continued income.<sup>16</sup> A 2011 MetLife Foundation/Civic Ventures study for Encore.org suggested that as many as 31 million Americans aged 44 to 70 were interested in launching their encore careers, while 9 million more were currently pursuing one at that time.<sup>17</sup>

**Starting a business:** People over the age of 50 have higher rates of self-employment and business ownership than younger people. Senior entrepreneurship or self-employment can provide financial security while allowing older adults to gain independence and flexible work options. Research has shown that start-ups

founded by older people tend to be more successful and last longer than those founded by younger people.<sup>18</sup>

**Volunteering:** Many older adults do not want to continue with traditional employment, but want to stay engaged socially, to continue doing something that gives them a sense of purpose, or to provide a service for their communities or non-profit organizations. A Harvard School of Public Health study found that participants who volunteered for 100 or more hours a year had a reduced risk of death and physical functioning limitations; increased physical activity; improved optimism and purpose in life; increased contact with friends; and reduced depression, hopelessness, and loneliness.<sup>19</sup>

## Resources

The following resources can provide information about staying engaged, either through employment or volunteering.

**AARP** is a nonprofit, membership-based organization that offers resources for the age 50+ worker to help plan for retirement, combat age discrimination, and extend their work life.

**Website(s):** [www.aarp.org/work and lifereimagined.aarp.org](http://www.aarp.org/work-and-lifereimagined.aarp.org)

**E-mail:** [member@aarp.org](mailto:member@aarp.org)

**Telephone:** 1 (888) 687 2277

**Senior Corps** provides opportunities for adults ages 55+ to engage in skill-building and government-funded volunteer experiences while helping community-based organizations throughout their work.

**Website:** [www.nationalservice.gov/programs/senior-corps](http://www.nationalservice.gov/programs/senior-corps)

**National Service Hotline:** 1 (800) 942 2677

**Encore.org** promotes encore careers through publications, fellowships, memberships, awards, and conferences to promote innovation, diversity, and talent.

**Website:** [www.encorenetwork.org](http://www.encorenetwork.org)

**National Service Hotline:** (415) 430 0141

**211** is a free, confidential referral and information service, funded by United Way Worldwide, connecting people throughout the U.S. and Canada to their local services and resources – including

employment opportunities and programs.

**Telephone:** 211

**SAGEWorks** is a national employment support program for LGBT adults ages 40+. SAGEWorks operates in multiple cities, providing workshops, trainings, coaching, and networking for active job seekers.

**Website:**

<http://sageusa.org/programs/sageworks.cfm>

**E-mail:** [sageworks@sageusa.org](mailto:sageworks@sageusa.org)

**Senior Community Service Employment Program (SCSEP)** is a community service based job training program for people aged 55 and over, who are low-income and unemployed. Authorized by the Older American's Act, the program provides training and placement in community service organizations as well as access to support through American Job Centers.

**Website:**

<https://www.dol.gov/agencies/eta/seniors>

**National Hotline:** 1 (877) 872 5627 ▪

## Sources

1. Munnell, A. H. 2015. "[The average retirement age – an update.](#)" *Center for Retirement Research at Boston College*.
2. US Department of Labor. "[Labor force statistics from the current population survey.](#)" *Bureau of Labor Statistics*.
3. Coate, P. 2021. "[Latest Trends in worker Demographics.](#)" *NCII Research Brief*.
4. Harvard Health. 2018. "[Working later in life can pay off in more than just income.](#)"
5. LaPonsie, M. 2020. "[How Living Longer Will Impact Your Retirement.](#)" *U.S. News and World Report*.
6. The Social Security Retirement Age Updated January 8, 2021. *Congressional Research Service*
7. Congressional Budget Office. 2018. "[Raise the Full Retirement Age for Social Security.](#)"
8. Block, S. 2021. [The Benefits of Working Longer.](#)
9. Elkins, K. 2019. "[Here's how much more money you'd have if you delayed retirement until 70, according to Stanford researchers.](#)" *CNBC*.
10. Munnell, A. H. et. al. 2015. "[What Causes Workers to Retire Before they Plan?](#)" *Center for Retirement Research at Boston College*.
11. Carr, D. C., Matz, C., Taylor, M. G., & Gonzales, E. 2021. "[Retirement transitions in the United States: Patterns and pathways from full-time work.](#)" *Public Policy & Aging Report* 31, no. 3: 71-77.
12. Gonzales, E. and Nowell, B. 2017. "[Social capital and unretirement: Exploring the bonding, bridging and linking aspects of social relationships.](#)" *Research on Aging* 39, no. 10: 1100-1117.
13. Marchiondo, L. A., Gonzales, E., and Ran, S. 2016. "[Development and validation of the workplace age dis-crimination scale.](#)" *Journal of Business and Psychology* 31: 493-513.
14. Gonzales, E., Marchiondo, L., Ran, S., Brown, C., and Goettge, K. 2015. "[Age discrimination in workplace and its association with health and work: Implications for social policy.](#)" *The Center for Health and Aging Innovation*.
15. Ambrose, E. Jan. 2015. [Easing into Retirement.](#) *AARP Bulletin*.
13. Carr, D. C., Matz, C., Taylor, M. G., and Gonzales, E. 2021. "[Retirement transitions in the United States: Patterns and pathways from full-time work.](#)" *Public Policy and Aging Report* 31, no. 3: 71-77.
14. Berland, P. S. 2011. "[Encore Career Choices: Purpose, Passion and a Paycheck In a Tough Economy.](#)" *Metlife Foundation*.
15. Isele E. and Rogoff E. G. 2014. "[Senior entrepreneurship: The new normal.](#)" *Public Policy & Aging Report* 24:141-147.
16. Kim, E. S., Whillans, A. V., Lee, M. T., Chen, Y., and VanderWeele, T. J. 2020. "[Volunteering and subsequent health and well-being in older adults: An outcome-wide longitudinal approach.](#)" *American Journal of Preventative Medicine* 59, no. 2: 179-186.