

Working After Retirement: The Gap Between Expectations and Reality

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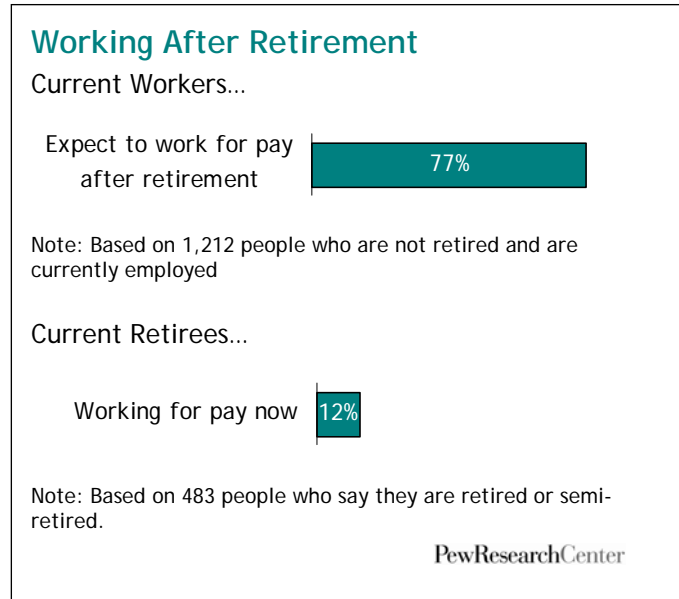
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A Social Trends Report

Working After Retirement: The Gap Between Expectations and Reality

More than three quarters of today's workers (77%) expect to work for pay even after they retire, according to a new Pew Research Center survey. Of those who feel this way, most say it's because they'll want to, not because they'll have to.

But whatever the motivation, these expectations are dramatically out of step with the experiences of people who are already retired – just 12% of whom are currently working for pay (either part or full time), according to the Pew survey, and just 27% of whom have ever worked for pay while in retirement, according to a survey this year by another research organization.¹



Along these same lines, there is also a disparity between the age at which today's workers say they plan to retire and the age at which today's retirees actually did retire.

The average worker expects to retire at age 61, according to the Pew survey, while the average retiree actually retired at 57.8. These numbers have both crept upward since the mid-1990's; in the decades before that, the age at which people expected to retire had been falling, as had the labor force participation rates of older men.²

The latest Pew findings suggest that retirement is a phase of life about which public attitudes, expectations and experiences are in a period of transition. And given the demographic changes afoot (the share of adults ages 65 and older is expected to grow from 12% of the U.S. population in 2000 to 21% in 2050³) as well as the changes underway in the basic financial framework of retirement (fewer people now than in the past work for employers who provide defined benefit pension plans) this evolution in attitudes is likely to continue for years to come.

The Pew telephone survey was taken from June 20 through July 16 among a nationally representative sample of 2,003 adults. It has a margin of error of plus or minus 2.5 percentage points.

¹ 2006 Retirement Confidence Survey. Employee Benefit Research Institute and Matthew Greenwald & Associates.

² For labor force participation rates among older adults (ages 55 and older) see indicator 11 in "Older Americans Update 2006: Key Indicators of Well-Being," Federal Interagency Forum on Aging-Related Statistics. <http://www.agingstats.gov/update2006/default.htm>. For age of expected retirement see Gallup surveys from 1989 to 2005. Gallup asked all non-retirees "When do you plan to retire?" from 1989 to 1993 and "When do you expect to retire?" from 1995 to 2005.

³ U.S. Census Bureau Population Projections, U.S. Interim Projections by Age, Sex, Race and Hispanic Origin. Table 2a "Projected Population of the United States by Age and Sex: 2000 to 2050" (released March 2004). <http://www.census.gov/ipc/www/usinterimproj/natprojtab02a.pdf>

Working After Retirement: Expectations and Reality Are Out of Sync

Among the 77% of the currently employed (and not retired) public who say they expect to do some kind of work for pay after they retire, there are no significant differences by age, income, gender, race, ethnicity, education or region. In short, this has now become a widely-held expectation among virtually all kinds of people.

It doesn't matter if a person is self-employed or not; if a person works for a big organization or a small one; if a person derives a strong sense of identity from work or not; all are equally likely to say they expect to work for pay after they retire.

There is a small difference on this question by the type of work people do. Some 79% of white collar workers say they expect to do some kind of work for pay after they retire, while just 73% of blue collar workers say this. Also, people who work in a school setting are a bit more inclined (85%) than others to say they expect to do some sort of work for pay after they retire.

The expectations that today's workers have about working after retirement are sharply different from the actual experiences of today's retirees.

The Pew survey finds that just 12% percent of people who are currently retired report that they are currently working, either full-time (5%) or part-time (7%). Also, a survey taken earlier this year by the Employee Benefit Research Institute found that just 27% of today's retirees report that they have ever worked for pay after retirement.

Retired men are more likely than retired women to report working; 16% of men are doing so compared with 7% of women. Retirees who have graduated from college are also more likely to be working for pay (20%) than are those who have less education (9%).

Working After Retirement: Have to or Want to?

By a two-to-one margin, those who expect to work after retirement say they will do so mostly because they'll want to rather than because they'll have to.

Not surprisingly, there are some significant differences in expectations on this question according to how much money people earn and the kind of work they do.

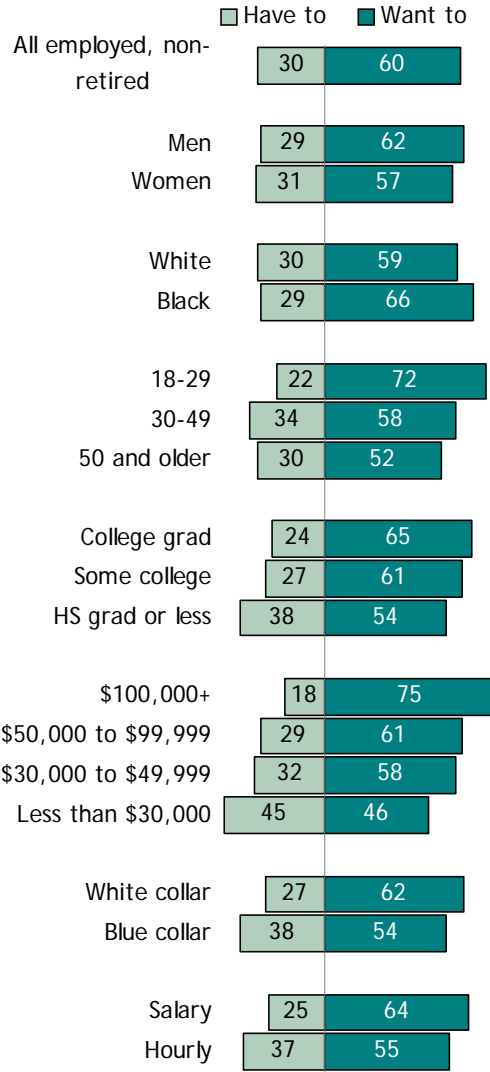
Those with more education and more income are the most likely to say they'll work after retirement because they want to, not because they have to. Also, younger workers (ages 18 to 29) and the self-employed are more likely than others to say they'll work after retirement out of desire rather than necessity.

On the other side of the coin, parents of minor age children are more likely than others to say they expect to work after retirement because they'll need to, not because they'll want to. Blue collar workers are also more likely to say this, as are hourly workers of all kinds.

But other than that, there are no significant differences on this question by gender, race, marital status or region of the country.

Working Beyond Retirement: Desire or Necessity?

Think you'll work for pay after retirement because you'll...



Note: Based on people who are not retired, are currently employed, and say they are likely to work for pay after they retire.

Working After Retirement: Who’s Thought About It?

Older adults are more likely to report having given either some or a lot of thought to the question of whether they’ll work after retirement. Fully 66% of non-retirees ages 50 and older report giving this question a lot or some thought; 53% of those ages 30 to 49 and 39% of those ages 18 to 29 have done the same.

Regardless of their current age, those who have thought about whether or not they will work after retirement are much more likely than those who haven’t thought about it as much to say they will work after retirement. Among those who have thought about this issue at least some, nine-in-ten say they are likely to work for pay after retirement. Among those who have given less thought to this issue, 62% think they are likely to work for pay after retirement.

People Who Have Thought About It Expect to Work after Retirement		
	----Thought about?---	
	A lot/ some	Not too much/ not at all
	%	%
Likely to work for pay after retirement?		
Yes	90	62
No	8	31
Don’t know	<u>2</u>	<u>7</u>
	100	100
Number of respondents	672	520
Note: Based on people who are not retired and are currently employed.		
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Age of Retirement: Expectations and Reality

Workers plan to retire, on average, at age 61. Not surprisingly, older workers say their retirement will be later in life than do younger workers. For example, the anticipated retirement age among those ages 50 and older is an average of 63.7 compared with 58.8 among those currently ages 18 to 29.

Working men are a bit more likely than working women, on average, to plan an early retirement; 39% of working men plan to retire at or before reaching age 61 compared with 32% among working women. Working women are less likely to name a specific age for retirement, however; among all those who name a planned retirement age, the average anticipated age of retirement is about the same for men and women.

Not surprisingly, workers with higher family incomes are more likely to say they will

retire on the early side; 44% of those with incomes of \$100,000 or more say they will retire at or before reaching age 61. The comparable figure for those with incomes under \$30,000 is 29%. Less affluent workers are less likely than those with more affluence to name a specific age for planned retirement; among those who name a planned retirement age, the mean differences across income groups are modest.

There are modest differences in anticipated retirement age among education groups. Those with less education anticipate an earlier retirement age, on average, than do those with more education. Whites foresee a longer working life than do blacks. Half of all black workers plan to retire on or before reaching age 61; a third of white workers say the same. The mean age for anticipated retirement is 56.8 among blacks and 61.7 among white

When We Plan to Retire						
Among employed adults (not currently retired)						
Plan to retire at...	Age 61 & under	Ages 62+	Never (vol.)	Don't know	Mean	N
	%	%	%	%		
All non-retired workers	36	42	7	15=100	61.0	1,212
Gender						
Men	39	40	9	12=100	60.6	613
Women	32	44	6	18=100	61.4	599
Race and Ethnicity						
White	33	45	8	14=100	61.7	995
Black	50	27	5	18=100	56.8	138
Age						
18-29	40	35	5	20=100	58.8	212
30-49	41	41	6	12=100	60.8	611
50 and older	20	54	13	13=100	63.7	358
50-54	30	47	12	11=100	62.3	161
55 and older	9	61	15	15=100	65.2	197
Education						
College grad	37	43	10	10=100	62.0	494
Some college	29	50	6	15=100	61.4	322
High school grad or less	38	37	6	19=100	59.7	393
Family Income						
\$100,000 or more	44	40	8	8=100	60.4	230
\$50,000 to \$99,999	41	43	5	11=100	61.0	410
\$30,000 to \$49,999	28	49	7	16=100	62.1	232
Under \$30,000	29	39	11	21=100	60.4	206
Notes: All figures based on non-retired, employed adults. Don't know category includes those who volunteered that they are disabled.						
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workers. The pattern among Hispanics is similar to that of blacks but there are too few Hispanic workers in the sample for reliable analysis.

About the Pew Social Trends Reports

The Pew social trends reports explore the behaviors and attitudes of Americans in key realms of their lives – family, community, health, finance, work and leisure. Reports analyze changes over time in social behaviors and probe for differences and similarities between key sub-groups in the population.

The surveys are conducted by the Pew Research Center, a nonpartisan “fact tank” that provides information on the issues, attitudes and trends shaping America and the world.

Survey reports are the result of the collaborative effort of the social trends staff, which consists of:

Paul Taylor, Executive Vice President
Cary Funk, Senior Project Director
Peyton Craighill, Project Director

About the Survey

Results for this survey are based on telephone interviews conducted with a nationally representative sample of adults, ages 18 years and older, living in continental U.S. telephone households. The sample design included a representative sample of 1,182 respondents and an oversample of 821 respondents ages 18 to 64. The data are weighted to produce a final sample that is representative of the general population of adults in the continental United States.

- Interviews conducted June 20-July 16, 2006
- 2,003 interviews
- Margin of sampling error is plus or minus 2.5 percentage points for results based on the total sample at the 95% confidence level. The margin of sampling error is higher for results based on subgroups of respondents.

Survey interviews conducted under the direction of Princeton Survey Research Associates International. Interviews were conducted in English and Spanish.

Bear in mind that question wording and practical difficulties in conducting surveys can introduce error or bias in the findings of opinion polls.

Related Reports from the Pew Research Center

American Work Life Is Worsening, But Most Workers Still Content. August 30, 2006. Pew Research Center.

<http://pewresearch.org/social>

TOPLINE
 FINAL TOPLINE
 June 20 - July 16, 2006
 N=2,003

SCREENING QUESTIONS

ASK ALL:

E3	Are you now employed full-time, part-time or not employed?	Feb ⁴	Oct
		<u>2006</u>	<u>2005</u>
48	Full-time	49	52
12	Part-time	15	12
39	Not employed	35	36
<u>1</u>	Don't know/Refused (VOL.--DO NOT READ)	<u>1</u>	<u>*</u>
100		100	100

ASK ALL:

E1	Are you currently retired?	Feb 2006	Oct 2005
22	Yes	23	22
3	Yes, semi-retired or "still do some type of work" (VOL.)	2	2
75	No	75	76
<u>*</u>	Don't know/Refused (VOL.)	<u>*</u>	<u>*</u>
100		100	100

QUESTIONS 1 THROUGH 65 IN PREVIOUS RELEASE OR HELD FOR FUTURE RELEASE

ASK IF RETIRED (E1=1,2):

Q.66 At what age did you retire?

BASED ON THOSE WHO ARE RETIRED [N=483]:

55	Age 61 and younger
18	Age 62-64
16	Age 65-69
6	Age 70 or older
*	Other
<u>5</u>	Don't know/Refused (VOL.)
100	
57.8	Mean

⁴ The employment question in February 2006 and October 2005 were preceded by questions on retirement and school enrollment. If respondent was retired, the question was asked: "Some people who have retired do some type of work for pay..." If respondent was a student the question was asked: "Some students also do some type of work for pay..."

ASK IF NOT RETIRED (E1=3):

Q.67 At what age do you plan to retire?

All Not Retired	Not Retired & Employed	
33	36	Age 61 or younger
7	8	Age 62-64
23	25	Age 65-69
8	9	Age 70 or older
7	7	Never plan to retire (VOL.)
1	*	Disabled (VOL.)
<u>21</u>	<u>15</u>	Don't know/Refused (VOL.)
100	100	
60.9	61.0	Mean
N=1,515	N=1,212	

ASK IF NOT RETIRED (E1=3):

Q.68 How much thought have you given to whether you'll ever work for pay (IF GAVE AGE (Q67=30-95): after you retire/IF NEVER PLAN TO RETIRE OR DISABLED OR DK (Q67=97-99): when you are of retirement age)? (READ)

All Not Retired	Not Retired & Employed	
20	22	A lot
29	31	Some
18	19	Not too much
30	27	No thought at all
<u>3</u>	<u>1</u>	Don't know/Refused (VOL.)
100	100	
N=1,515	N=1,212	

ASK IF NOT RETIRED (E1=3):

Q.69 Is it likely that you will do SOME kind of work for pay (IF GAVE AGE (Q67=30-95): after you retire, or not?/IF NEVER PLAN TO RETIRE OR DISABLED OR DK (Q67=97-99): when you are of retirement age, or not?)

ASK IF NOT RETIRED AND LIKELY TO WORK (E1=3 & Q69=1)

Q.70 Do you say that mostly because you think you'll HAVE to work or mostly because you think you'll WANT to?

BASED ON THOSE WHO ARE NOT RETIRED [N=1515]:

All Not Retired	Not Retired & Employed	
74	77	Yes, likely to work
44	46	Want to
23	23	Have to
6	7	Both/Neither (VOL.)
1	1	Don't know/Refused (VOL.)
20	19	No, not likely
<u>6</u>	<u>4</u>	Don't know/Refused (VOL.)
100	100	
N=1,515	N=1,212	