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Contact: Stephen Blakely, EBRI: 202/775-6341, blakely@ebri.org
Sudipto Banerjee, EBRI (author), 202/775-6306, banerjee@ebri.org

New Research from EBRI:

Changes in Later-Than-Expected Retirement After the Great Recession

WASHINGTON—Among the victims of the “Great Recession” of 2008–2009 was the retirement expectations of many Americans. New research from the nonpartisan Employee Benefit Research Institute (EBRI) has quantified just how much those hopes suffered.

A new report from EBRI finds a nearly 23-percentage-point drop in workers retiring early or close to their expected retirement after the markets crashed. Specifically, EBRI found that before September 2008 (the start of the recession), 72.4 percent of workers retired either before or shortly after (no more than one year) their expected retirement. However, that dropped to 49.6 percent after September 2008.

“Various studies have shown that there is a trend which precedes the Great Recession that people are staying longer in the labor force ,” said Sudipto Banerjee, EBRI research associate and author of the report. “But this shows that there has been a big increase in later-than-expected retirements following the recession.”

The EBRI analysis is among the first to look at longitudinal survey data that compares the expected and actual retirement for the same group of workers. It finds a majority (55.2 percent) of these workers retired within three years (before or after) of their expected retirement.

Specifically, the longitudinal findings show that 38.0 percent retired before they expected, 48.0 percent retired after they expected, and 14.0 percent retired the year they expected to retire. It also shows that more people (35.9 percent) actually retired *after* 65 than expected (18.9 percent), and among those who expected to retire *after* 65, 56.6 percent did so.

The study also shows that these longitudinal findings (comparing one cohort at different times) differ from cross-sectional findings (comparing different cohorts at the same time), which are reported more frequently. It shows that in 2012, the expected probability of working full-time after age 65 was 48.7 percent and 46.0 percent, respectively, among men and women working full-time. But only 12.7 percent of men and 6.0 percent of women worked full-time after age 65 in 2012.

EBRI also found that people who have a retirement plan tend to retire closer to when they expected, compared with those without a plan. It also found that the gap between expected and actual retirement among those with defined benefit plans and defined contribution plans is generally very small.

The EBRI study uses data from the University of Michigan’s Health and Retirement Study (HRS), which is sponsored by the National Institute on Aging, and is the most comprehensive national survey of older Americans.

The full report, “The Gap Between Expected and Actual Retirement: Differences in Cross-Sectional and Longitudinal Evidence,” is published in the November *EBRI Notes* and is available online at www.ebri.org

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