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Why Are Americans Delaying Retirement Date?

WASHINGTON—What are some of the reasons workers are delaying retirement? How has the planned retirement age changed over time? What are the trends in labor-force participation?

Reasons for Delaying: The poor economy (36 percent) and the need to make up for losses in the stock market (28 percent) are the most-often cited reasons in the 2009 EBRI Retirement Confidence Survey (RCS). The chart below compares reasons given in 2008 and this year.

Reasons Workers Say They Delayed Retirement, 2008 and 2009

	2008	2009
Poor economy	15%	36%
Make up for stock market losses	3%	28%
Make sure have enough money	17%	24%
Job loss/change employment	Not mentioned	10%
Higher than expected cost of living	15%	9%
Uncertainty about stock market	Not mentioned	7%
Need to pay bills or pay for new purchases	28%	6%

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2009 Retirement Confidence Survey.

Planned Retirement Age: The age at which workers say they plan to retire has crept upward slowly over time, from a midpoint of age 62 in 1991 to age 65 in 2004–2009, according to the 2009 EBRI Retirement Confidence Survey. While the average age at retirement is likely to continue to increase, the RCS has consistently found that a large proportion of retirees (47 percent in 2009) leave the work force earlier than planned for health reasons, changes at their company, and other reasons. —Source: April 2009 EBRI Issue Brief, No. 328, www.ebri.org/pdf/briefspdf/EBRI_IB_4-2009_RCS2.pdf

Long Range Trends: EBRI Research also shows that the U.S. labor-force participation rate among those age 55 and older has increased steadily since 1993, well before the onset of the current recession. The participation for civilians age 55 and older increased to 38.0 percent in 2006, the highest level over the 1975–2006 period. The participation rate for men age 55 and older was 44.9 percent in 2006, up from 37.7 percent in 1993. The participation rate for women age 55 and older was 32.3 percent in 2006, up from 22.8 percent in 1993.

—Source: June 2007 EBRI Notes, Vol. 28, No.6, www.ebri.org/pdf/EBRI_Notes_06-2007.pdf

Retirement Account Balances: Another EBRI study shows the impact of the recession on retirement accounts. Median asset levels in defined contribution (401(k)) and IRA/Keogh plans would have dropped 16.4 percent from year-end 2007 to mid-June 2009 if based solely on investment experience, according to an EBRI analysis using 2007 Federal Reserve data. However, when contributions are included in the analysis, the change in average account balance during a similar time period varies from a loss of 17–18 percent for 401(k) participants with the longest tenure with their current employer to gains of 19–47 percent for those in the shortest tenure category.

—Source: August 2009 EBRI Issue Brief, No. 333, www.ebri.org/pdf/briefspdf/EBRI_IB_8-2009_No333_SCF.pdf

—Source: *Change In Average Account Balances (by Age and Tenure) From January 1, 2008–June 30, 2009, Among 401(k) Participants With Account Balances as of Dec. 31, 2007*, <http://tiny.cc/401kbalances>

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