



When Do Americans Plan to Retire?

How workers envision their futures



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Overview

For many Americans, a secure retirement may seem out of reach. About 1 person in 3 does not have access to retirement plans through their employer—the primary method that Americans use to accumulate savings—and even fewer participate. However, access and participation are only part of the equation. Americans face additional challenges and competing financial priorities that can make it difficult for them to save the substantial sums they will need in retirement. The result is that many don't feel they will have enough to maintain their quality of life. Still others said they cannot retire at all and plan to work as long as they can.

The Pew Charitable Trusts conducted focus groups and a national survey of private sector employees in 2016 to examine how Americans envision their retirement years. Among the findings:

- Most employees expressed uncertainty about what their retirement would look like.
- While some respondents wanted to work past age 65, the majority felt they would be forced to do so out of financial necessity.
- Nearly two-thirds of workers surveyed said they were likely to work past 65. This was most prevalent among male, low-income, and full-time workers. Whites, women, and low- and middle-income respondents were more likely to say this was because they felt they needed to.
- Many said they would work as long as possible and were not sure when—or if—they would retire.

While workers in the Pew survey said they would need to work longer and later in life to support themselves in retirement, other research shows that many leave the labor force earlier than expected. Older workers are balancing health issues, family dynamics, and a labor market that may cause them to retire sooner than planned. Leaving work earlier than expected could make it even more difficult for workers already worried about maintaining their lifestyle in retirement to live comfortably and retire with financial security; it also emphasizes the policy importance of expanding access to and increasing participation in retirement savings plans.

Working past age 65

Roughly a third of workers do not have access to an employer-sponsored retirement plan, and less than half of all workers participate in an employer-sponsored plan.¹ While these plans aren't the only way Americans can build retirement wealth, they serve as an important and primary tool to do so. Probably as a result, only half of working adults surveyed said they would have enough money to live comfortably in retirement, no matter the source of income.² In fact, more than a third reported that they did not plan to retire or they intended to work as long as possible.³

Americans are already working longer than ever. From 2000 to 2009, labor force participation increased for those 55 and older, leveling off at roughly 40 percent.⁴ According to the Federal Reserve Board, only 22 percent of American workers say they will stop working altogether during retirement, a finding supported by Pew's focus groups and surveys.⁵ Many focus group participants reported expecting to work after age 65. This qualitative finding is supported by Pew's national survey, in which 65 percent said they "probably" or "definitely" would work past 65. Additionally, 17 percent of workers reported that their expected retirement age had changed in the past year, with 77 percent of these employees saying they planned to retire later than they had anticipated the year before.

These expectations vary, however, by age, gender, and employment status, though not always in predictable patterns. The age at which a retiree can claim Social Security benefits without incurring a deduction for enrolling early was originally 65. Congress passed legislation in 1983 raising the full retirement age for those born after 1937, gradually increasing it to 67 for those born after 1959.⁶ Despite this delay in full benefits, those 18-35 were almost half as likely as older respondents to say that they "definitely" would work past 65. However, when taking the responses "probably" and "definitely will" work past 65 as a whole, all age groups had similar estimations of the likelihood they would continue working.

Part-time workers were much less likely than their full-time counterparts to believe that they probably or definitely would stay in the labor force past 65—which is surprising, given the reduced earning potential and lower likelihood of retirement plan access. This response might be explained by some part-time employees having a limited ability to work, due to poor health, for instance. In addition, part-time work might not be the main source of household income. Women were also less likely than men to say that they probably or definitely would work past 65, which may reflect the fact that more women work part time or not at all.

Table 1

Who Thinks They Will Work Past 65

Younger, female, and part-time employees less likely to plan that

	Likelihood of working past 65			
	Definitely will not	Probably will not	Probably will	Definitely will
Age*				
18-35	8%	28%	50%	14%
36-51	9%	24%	45%	22%
52-64	16%	21%	39%	23%
Gender†				
Female	11%	28%	42%	18%
Male	11%	21%	47%	21%
Employment status*				
Full time	9%	23%	47%	22%
Part time	23%	34%	34%	9%

Note: Chi-square tests were performed.

* Statistical significance of $p < 0.001$.

† Statistical significance of $p < 0.05$.

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Why keep working?

Are those who say they will work past age 65 doing so out of financial necessity or a desire to remain engaged? Pew's survey results paint a mixed picture. Regardless of household income, workers were likely to say they would continue to work out of necessity. However, those in households earning \$100,000 or more were the least likely to say so, illustrating not only the impact of earnings on the perceived need to continue working but the fact that high-paying jobs are potentially less physically demanding or allow for a more flexible schedule.

Still, the lowest earners were less likely to say they would need to keep working after 65 than those earning \$30,000 to \$49,999 and \$50,000 to \$74,999. Similarly, those in these middle-income groups were the least likely to say they would want to keep working after age 65. Women were more likely than men to say they would be forced to work longer, which may reflect women's greater longevity or lower lifetime earnings.⁷ Whites were more likely than nonwhites to say they would need to continue working—somewhat surprising given that whites tend to have higher household incomes and greater access to employer-based retirement plans.⁸

There are many reasons workers would want or need to work after 65. For some, work provides meaning or social relationships, while others may think they can't afford to stop working. In Pew's focus groups, financial security was at the forefront of why Americans said they would work past 65. These participants saw working—part time or full time—as necessary to supplement Social Security and their own savings. While several participants estimated they would retire around 65, a choice anchored by Social Security eligibility, very few said they planned to retire early.

One man in San Jose, California, without a retirement plan said his retirement age would depend on his health: "Maybe from 67 to 70, like when I feel like I can't work anymore." A few participants could not even estimate an age of retirement, which was often accompanied by a sentiment that they had no choice about continuing to work past 65. Moreover, some were worried about the volatility of financial markets—often citing the 2008 recession, which had reduced their savings. Finally, workers felt Social Security would not be there for them when they retired or would not be enough to fully support them.

Table 2

Most Say They Will 'Need to' Work Past 65

Non-Hispanics, women, those with lower household incomes more likely to be in this group

	Why work past 65?	
	Want to	Need to
Race/ethnicity*		
White	33%	67%
Hispanic	50%	50%
Other	38%	62%
Gender†		
Female	31%	69%
Male	40%	60%
Household income*		
Less than \$30,000	38%	62%
\$30,000-\$49,999	28%	72%
\$50,000-\$74,999	29%	71%
\$75,000-\$99,999	38%	62%
\$100,000 or more	46%	54%

Note: Chi-square tests were performed.

* Statistical significance of $p < 0.001$.

† Statistical significance of $p < 0.01$.

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Focus Group Responses

When participants were asked if they'd thought about retirement:

- “Yeah, I have over 30 years left [until retirement]. I don't even know how Social Security will pan out for me.” —36-year-old from a medium-size business in San Jose, California without an employer-sponsored plan.
- “I like to keep busy, and right now I don't think I'd be able to afford to retire. So a lot of people I know work part time. They're retired, but they work part time.” —50-year-old from a medium-size employer in Chicago offering a plan.

When asked if they worry about having enough to live on in retirement:

- “I worry about it, [am] I going to maintain the lifestyle that I have. And sometimes I have visions of oh, my gosh, what if I can't because I didn't save enough?” —53-year-old from a Philadelphia small business not offering a plan.
- “I worry about it, but what can you do? I try to do as much as I can. It's not something that I try to keep on the front of my mind because there's always something else that comes along.” —29-year-old from a Philadelphia small business not offering a plan.

When asked how confident they were that they would have enough to live on in retirement:

- “It kind of ebbs and flows. ... I have a trust, so I'll have that. But sometimes I'm just worried. With the fluctuation in the market, will I have enough? Even though I live alone, will I still have enough to [maintain] this lifestyle that I'm accustomed to?” —49-year-old from an Atlanta small business offering a plan.
- “I can't say I'm completely confident, because you never know what the market is going to do or what your return will be. But I'm confident I'm doing everything I possibly can at this point to get to the retirement, put myself in the best position.” —47-year-old from a medium-size business in Philadelphia offering a plan.

These findings bolster other research that shows many workers are skeptical they will be able to live comfortably in retirement. According to the Employee Benefit Retirement Institute (EBRI), a nonprofit research organization, just 17 percent of workers in 2018 felt very confident they would be able to do so. However, another 47 percent said they were somewhat confident. Retirees were more likely to be confident, with 3 out of 4 saying they were at least somewhat confident they would have enough money to live comfortably throughout retirement.⁹

Focus Group Responses

When three participants from medium-size Atlanta businesses not offering plans were asked whether they planned to continue working, they said:

- “Definitely do something, even if it’s volunteer work. I’m a busy person. I like to be busy.” —48-year-old worker.
- “I’d like to not have to.” —51-year-old worker.
- “I don’t have a vision of what am I going to do with all my money. I have no money. I have to continue to work to have money. Social Security is not going to do me any good because it won’t be enough.” —59-year-old worker.

A 41-year-old participant from a San Jose, California small business not offering a plan said:

- “I think you would have to just work past your retirement age. I’m the only income in my family. My husband has been sick, so for me it’s necessary.”

Although Americans are working longer, previous research has shown that employees often don’t work as long as they expected. While labor force participation by older Americans has been increasing over the past 20 years, EBRI found that nearly half of workers leave the workforce earlier than they planned.¹⁰ Although the median expected retirement age is 65, the median age at which people actually retire is 62. Those who had poor health, were laid off, and had changing family circumstances, such as a spouse retiring or parents moving in, were more likely to retire earlier than planned. Those who experienced a financial shock were no more or less likely to retire early than those who did not.¹¹

Conclusion

Many working Americans face an uncertain retirement future. Focus group participants worried that they were not saving enough, that volatile markets meant their savings might not be enough, or that they would outlive their savings. Several participants felt that they had to work as long as possible because they could not afford to retire. Pew’s nationally representative surveys back up these qualitative findings.

While workers may feel that they will need to work longer and later in life to be able to support themselves in retirement, many current retirees left the labor force earlier than expected. This suggests that while many workers worry about their financial security in retirement, they are also balancing health issues, family dynamics, and a changing labor force that may cause them to retire earlier. Doing so could make it even more difficult for workers already worried about maintaining their lifestyles in retirement to live comfortably and retire with financial security.

Workers who retire earlier than planned may have less savings available over a longer-than-expected retirement, which in turn may require federal and state governments to provide more assistance to low-income retirees. Policymakers should consider how to increase access to retirement savings plans and boost participation and savings rates when workers do have access to a plan.

Methodology

Pew surveyed 2,918 Americans ages 18-64 who were employed outside of government using GfK's probability-based internet panel, KnowledgePanel. The survey was released to a random sample of 15,872 panel members. GfK fielded the survey Aug. 2-23, 2016, in English and Spanish. Data were weighted to be nationally representative using several benchmarks (gender, race/ethnicity, education, census region, household income, language proficiency, and employment status).

Pew also arranged eight focus groups in four major U.S. cities moderated by Alan Newman Research. In total, 61 employees from small businesses (5 to 49 employees) and medium-size businesses (50 to 249 employees) participated. The eight focus groups were divided by employer size and whether employees had access to an employer-sponsored retirement plan, as outlined in Table 3. Audio recordings were transcribed verbatim. Data were coded in NVivo by two Pew employees. Quotations presented in this brief were edited to remove fillers (e.g., "like," "um") and extraneous information, and for clarity.

Table 3
Focus Group Configuration

Segment	Small-company employees (5-49 workers)	Medium-size company employees (50-249 workers)	Total participants
No retirement plan offered to employees	1 Philadelphia group (8) 1 Chicago group (8)	1 Atlanta group (8)* 1 San Jose group (6)*	30
Retirement plan offered to employees	1 Atlanta group (8) 1 San Jose group (7)	1 Philadelphia group (8) 1 Chicago group (8)	31
Total participants	31	30	61

* In these groups, employer size was relaxed due to difficulty finding medium-size companies that did not offer retirement benefits. Approximately half of these participants worked at medium-size businesses, and the rest were from smaller companies, ranging from seven to 32 employees.

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Endnotes

- 1 The Pew Charitable Trusts, “Employer-Sponsored Retirement Plan Access, Uptake, and Savings” (2016), <http://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2016/09/employer-sponsored-retirement-plan-access-uptake-and-savings>.
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- 3 Federal Reserve Board, “Report on the Economic Well-Being of U.S. Households in 2014” (2015), <https://www.federalreserve.gov/econresdata/2014-report-economic-well-being-us-households-201505.pdf>.
- 4 Bureau of Labor Statistics, “Labor Force Participation: What Has Happened Since the Peak?” Monthly Labor Review (September 2016), <https://www.bls.gov/opub/mlr/2016/article/pdf/labor-force-participation-what-has-happened-since-the-peak.pdf>; Bureau of Labor Statistics, “Employment-Population Ratio and Labor Force Participation Rate by Age” TED: The Economics Daily, Aug. 9, 2017, <https://www.bls.gov/opub/ted/2017/employment-population-ratio-and-labor-force-participation-rate-by-age.htm>.
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- 10 Employee Benefit Research Institute, “2018 Retirement Confidence Survey” (2018).
- 11 Bureau of Labor Statistics, “Civilian Labor Force Participation Rate, by Age, Sex, Race, and Ethnicity” (2017), table 3.3, <https://www.bls.gov/emp/tables/civilian-labor-force-participation-rate.htm>. Employee Benefit Research Institute, “2016 Retirement Confidence Survey.”
- 12 Alicia H. Munnell, Geoffrey T. Sanzenbacher, and Matthew S. Rutledge, “What Causes Workers to Retire Before They Plan?” Center for Retirement Research (2015), http://crr.bc.edu/wp-content/uploads/2015/09/wp_2015-22.pdf.

For further information, please visit:

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