U.S. workers pushing back retirement

By Lauren Weber, Wall Street Journal

The American workplace is about to get grayer.

Nearly two-thirds of Americans between the ages of 45 and 60 say they plan to delay retirement, according to a report to be released Friday by the Conference Board. That was a steep jump from just two years earlier, when the group found that 42 percent of respondents expected to put off retirement.

The increase was driven by the financial losses, layoffs and income stagnation sustained during the last few years of recession and recovery, said Gad Levanon, director of macroeconomic research at the organization and a co-author of the report, which is based on a 2012 survey of 15,000 individuals.

Matt Stern, 51, a former analyst at a Manhattan hedge fund, met with a financial planner in December, days before he was laid off and the fund announced its imminent liquidation. At the meeting, the planner projected that Stern could retire at age 62. But now, with his assets down 10 percent to 20 percent from their 2008 peak, he is looking for a job and retooling his expectations for retirement.

“I might have to prioritize income over whatever calls to me on other levels,” such as travel or being involved in nonprofit organizations, Stern said.

The labor force has been getting older for decades for reasons that range from longer life spans and better health to companies’ replacement of defined-benefit pensions with higher-risk 401(k) plans.

But the stark increase in workers expecting to stay on the job – now 62 percent – was a surprise, Levanon said. After all, the stock market has largely earned back its losses, home prices are rising, and the unemployment rate is creeping down, all of which suggests workers should be feeling more secure.

Many middle-aged Americans, though, drew down their savings during those lean years and now find that leaving the work force on their original timeline is no longer viable, he said.

They are also facing low interest rates, an uncertain future for Social Security, and a lower likelihood of receiving employer health insurance after retirement.

The uptick may be good news for some industries – notably utilities and power companies – that face disruptive skills shortages when older workers retire.

However, senior employees can be expensive for companies, both in salary and health-care costs.

In addition, amid anemic economic growth, these workers may block the pipeline for younger employees trying to advance their careers.

In the long run, that concern is misplaced, said Kevin Cahill, an economist at the Sloan Center on Aging and Work at Boston College.

“Keeping older Americans in the work force is a good thing,” he said. “Those workers have more financial security, employers have a larger labor pool to draw from, and we have more people to produce goods and services. There may be bumps like the recent contraction in the labor market, but we need to look beyond the short term.”

Ultimately, many workers will still retire on schedule, Levanon added. Research shows that intentions don’t necessarily align with reality, and people often end up retiring as they had expected because of health reasons, job losses or simply a miscalculation of their own desires.