

The new retirement: No retirement?

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For growing numbers of Americans, the new retirement may really mean no retirement. That's the conclusion of an article in the current issue of the ISR Sampler, the annual magazine of the University of Michigan Institute for Social Research.

"For most of the 20th century we saw retirement ages fall while [life expectancy](#) rose," said David Weir, an ISR research professor and director of the ISR Health and Retirement Study. "About 20 years ago, the trend in retirement age reversed and it has been inching up slowly ever since."

People are retiring later for a lot of reasons, but a key one is economic. Employer [health insurance](#) benefits for retirees are eroding, spurring many employees to hold out until they qualify for Medicare at age 65. Changes to Social Security, such as the increase in the age at which people can receive full benefits from 65 to 67, also may be playing a role. And people are living longer, requiring additional savings to support those extra years.

Some 40 percent of older Americans delayed retirement in the years after the Great Recession, according to an analysis of data from ISR's Health and Retirement Study and its Cognitive Economics Study.

"The typical household lost about 5 percent of its total wealth between the summers of 2008 and 2009," said ISR economist Brooke Helppie McFall.

People don't intend to work long enough to recoup all the money they lost, but on average, those who postponed retirement expect to work about 1.6 years longer than planned, she said. And even as the economy has begun to turn around, many [households](#) still find themselves facing a more precarious future.

"While the [stock market](#) has recovered most of its pre-[recession](#) value, housing prices have not, and for most people their house is their biggest asset," Weir said.

Economics are just part of the reason why many Americans are working longer, he said. Many [married men](#) are likely to stay on the job longer now because their wives are working. Couples typically want to coordinate their retirements, and if a wife is working until age 62 or 65, that's an incentive for her often slightly older husband to keep working, too.

And some people aren't retiring for a simpler reason: they love their jobs. Not surprisingly, working beyond normal retirement age by choice is particularly common among the wealthier and more highly educated, those who are likely to have better health and jobs they can still do effectively at an advanced age, Weir said.

Overall, many more jobs than before rely on cognitive skills, rather than physical abilities, studies show, and the number of [retirement-age](#) employees who are physically able to do work into later years has increased, as well.

Although people are working longer, most still decide to retire at some point. But even that process has changed. According to an analysis of Health and Retirement Study participants born between 1942 and 1947, nearly two-thirds of those who retired from full-time work passed through some sort of bridge job—either part time or of short

duration—before leaving the work force entirely.

Going part time may seem an obvious bridge step. More surprising is the move to different full-time work after retirement, according to Nicole Maestas, a RAND economist and researcher with ISR's Michigan Retirement Research Council.

She said the number of people who retire, take a break for a couple of years and then return to work has been increasing since the early 1990s. Some 40 percent of workers between the ages of 51 and 61 who stop [work](#) will return in some full-time capacity, according to her analysis of data from the Health and Retirement Study. Maestas coined the term "unretirement" for this phenomenon.

"The New Retirement: No Retirement?" by Susan Rosegrant, appears in the Spring 2013 issue of the *ISR Sampler*. Read the full article, including stories of those who've chosen different retirement, or unretirement, paths, at [retirement](http://home.isr.umich.edu/sampler/the-new-retirement)" target="_blank">home.isr.umich.edu/sampler/the-new-[retirement](#)

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