

Retirement expectations: whether to retire now or later

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As the mortality rates continue to decrease, the older population continues to increase. Discussions have emerged about the benefits of the older population for working past what has been the normal retirement age. Some of the benefits would be the ability to maintain their current standard of living by increasing lifetime income. In addition, continuing to work past the typical retirement age would reduce the need for federally funded programs, such as Medicaid, Medicare, and Social Security.

Some occupations have physical and cognitive requirements that could prevent the older population from delaying retirement. Older workers' job preferences and characteristics may differ from younger workers, and the types of jobs available to older workers may affect their decision to continue working and delay retirement.

In "[The effects of job characteristics on retirement](#)" (National Bureau of Economic Research, Working Paper 26332, October 2019), Péter Hudomiet, Michael D. Hurd, Andrew Parker, and Susann Rohwedder examine results from a survey, managed by RAND American Life Panel, regarding older workers' desired job characteristics and the effect that specific job characteristics would have on their retirement decisions.

Survey results showed that older workers' path to retirement could differ, depending on how they approach retirement. Some worked full time until retirement age and then stopped work completely, while others gradually went from full- to part-time employment before retirement. For a better understanding of their role in the retirement process, individuals who were age 50 to 79 were asked their preference for job characteristics and desired route. The authors found that the traditional route of completely retiring from a full-time job was by far the more preferred route to retirement.

Hudomiet and colleagues also discovered that many favored retiring more gradually, with 25 percent choosing to take a part-time job before retirement; a little over 10 percent don't plan to retire. In comparison, 8 percent chose self-employment before retirement. Female respondents preferred the more gradual route into retirement of part-time work and self-employment. Those who worked part-time jobs preferred the gradual route to retirement more so than full-time employees.

In conclusion, survey results showed that the respondents considered characteristics such as the ability to have flexible working hours may have the largest impact on delaying retirement. Job demands, stress, and especially the cognitive requirements in future employment were also major factors in retirement decisions. These findings suggest that the option to work part-time jobs, which could be more suitable for older workers, does not seem to have large effects on individuals' retirement decisions.