

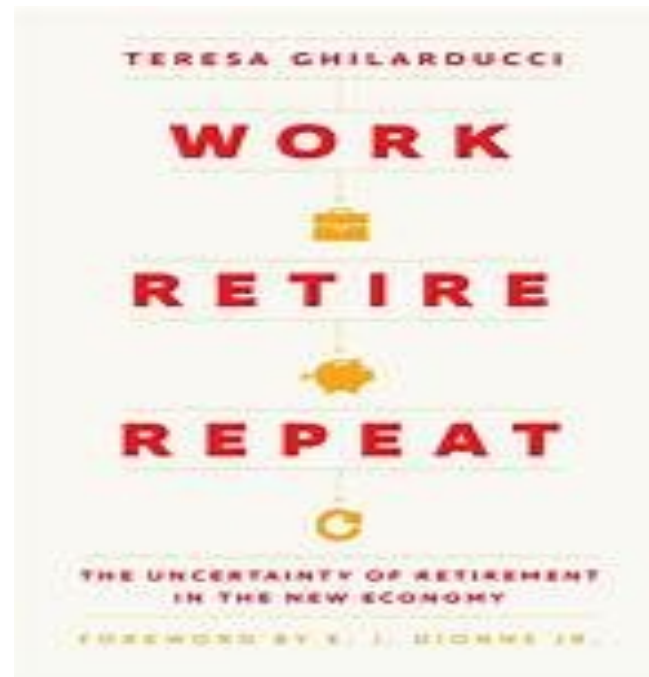
Working Longer To Solve the Retirement Crisis Won't Work

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The New School for Social Research

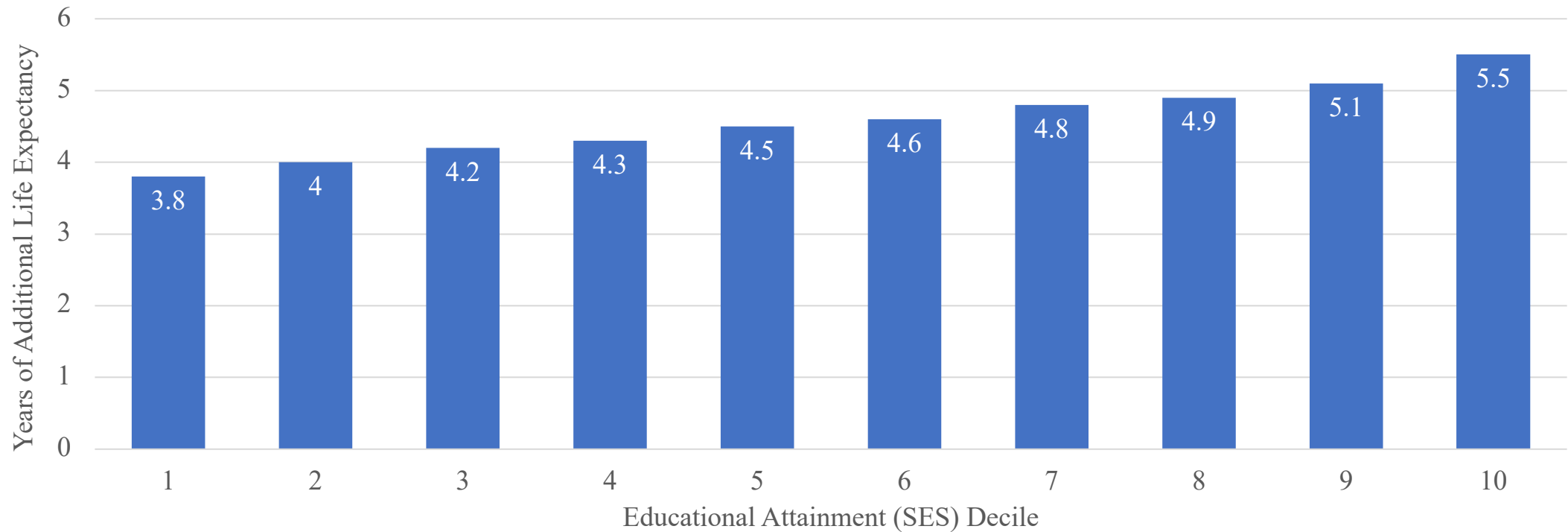
Preview of Findings

- Working longer, only under strict assumptions, can substantially improve financial preparedness for retirement.
- Working longer is mostly associated with decline in well-being.
- A Gray New Deal is better for the economy



Longer lives are for the rich.

Longevity Gains Between 1920 and 1940 Male Birth Cohorts

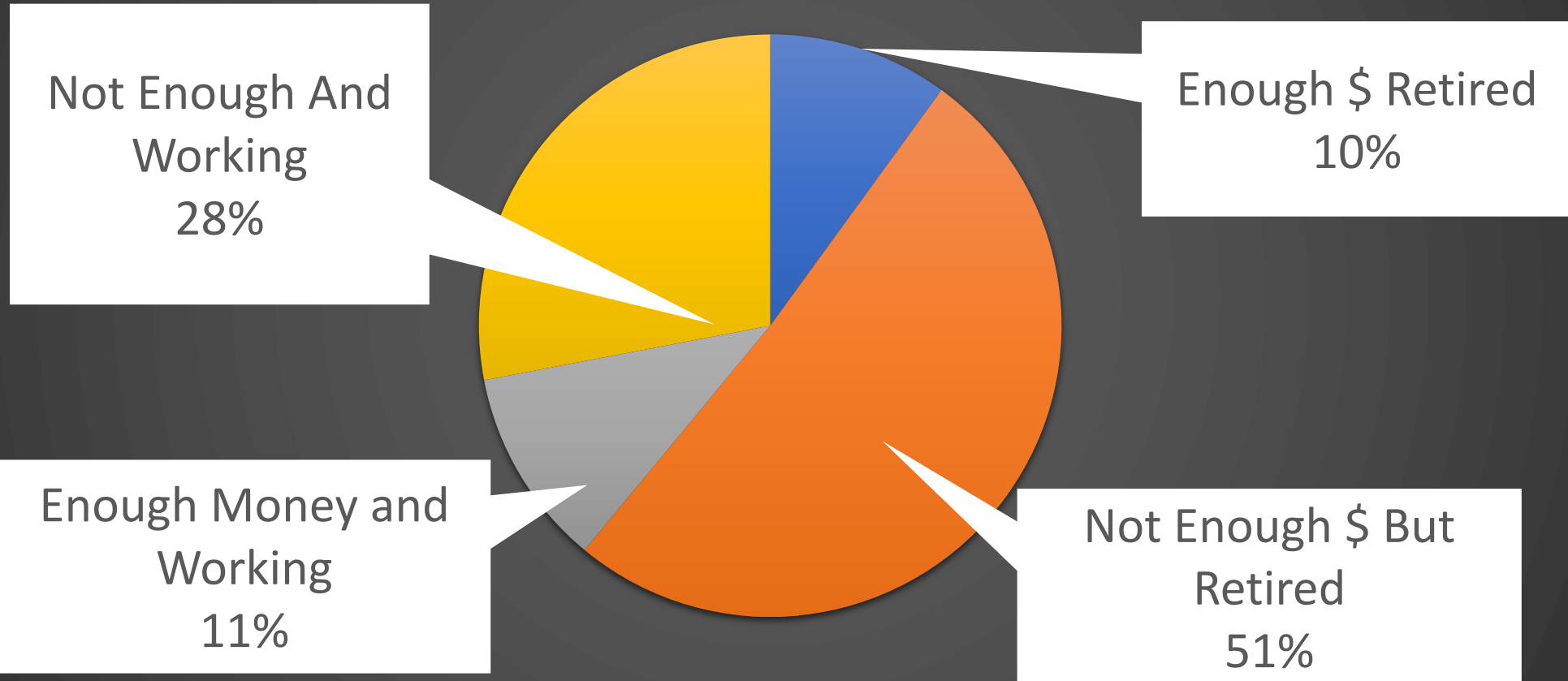


Source: Bosworth, B., Burtless, G., & Zhang, K. (2016). Later retirement, inequality in old age, and the growing gap in longevity between rich and poor. *Economic Studies at Brookings*, 87.

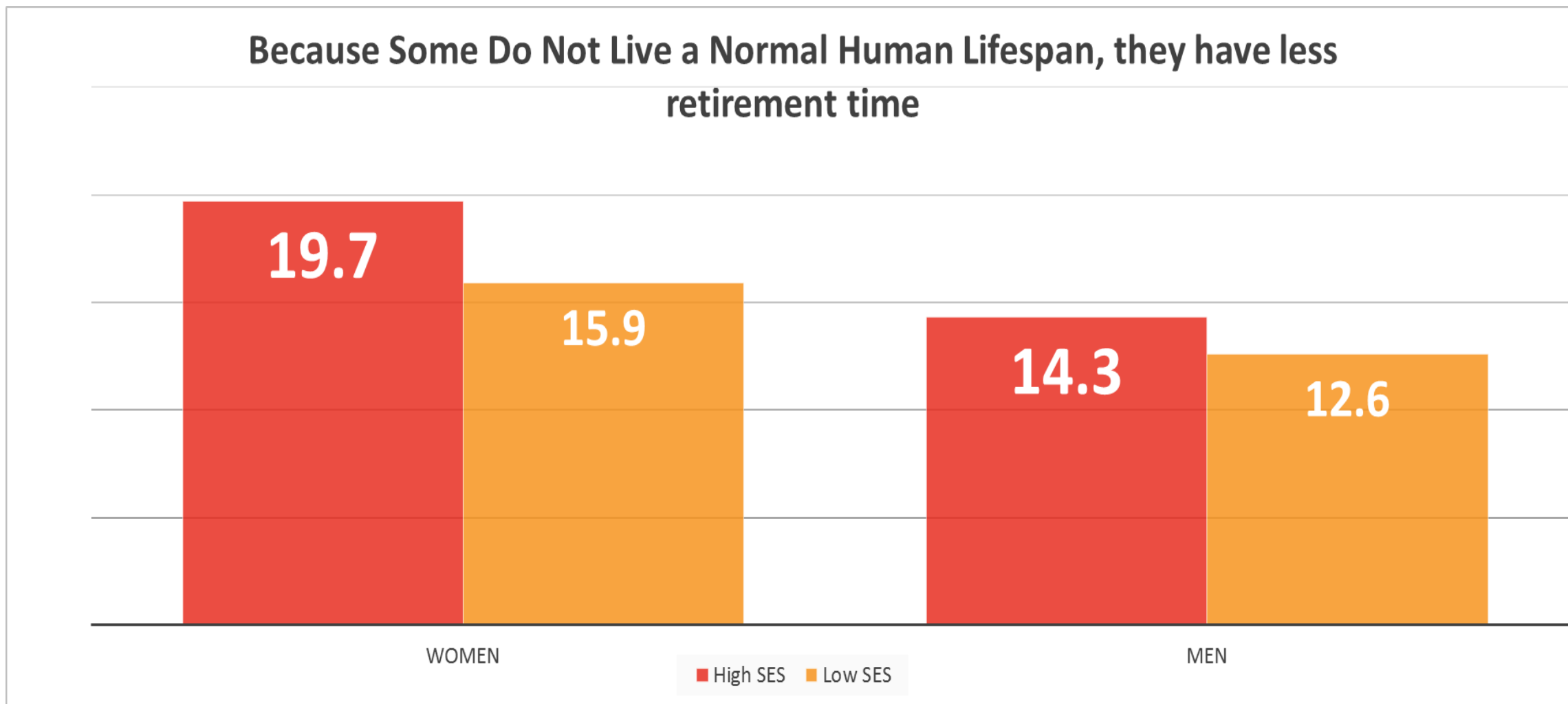
Most Elders Work for Money Not Love

- Source: Ghilarducci, T., Papadopoulos, M., & Webb, A. (2022). The Illusory Benefit of Working Longer on Retirement Financial Preparedness: Rethinking Advice that Working Longer Increases Retirement Income. *The Journal of Retirement*. Exhibit 1

All 62- 70 year olds



Twin inequality means retirement-time gains also have gone mainly to the top.



Factors explaining healthy retirement time

(Ghilarducci, T., & Webb, A. (2018). The distribution of time in retirement: Evidence from the health and retirement survey. *Work, Aging and Retirement*, 4(3), 251-261.)

MEN AND WOMEN (Only significant results are reported)	Retirement Time (OLS)	Sick Share (Tobit)	Share who died without retiring (share with zero retirement time) (Probit)
Black	-1.09	0.15	-0.02
Low Education		0.11	
Had Defined Benefit Plan	2.635	-0.03	-0.42
No Retirement Plan	-1.83	0.05	0.34
Married/Partnered	2.39	-0.08	-0.29
Observations	1246	1159	1246

Influential simulations on working longer exaggerated benefits of working longer

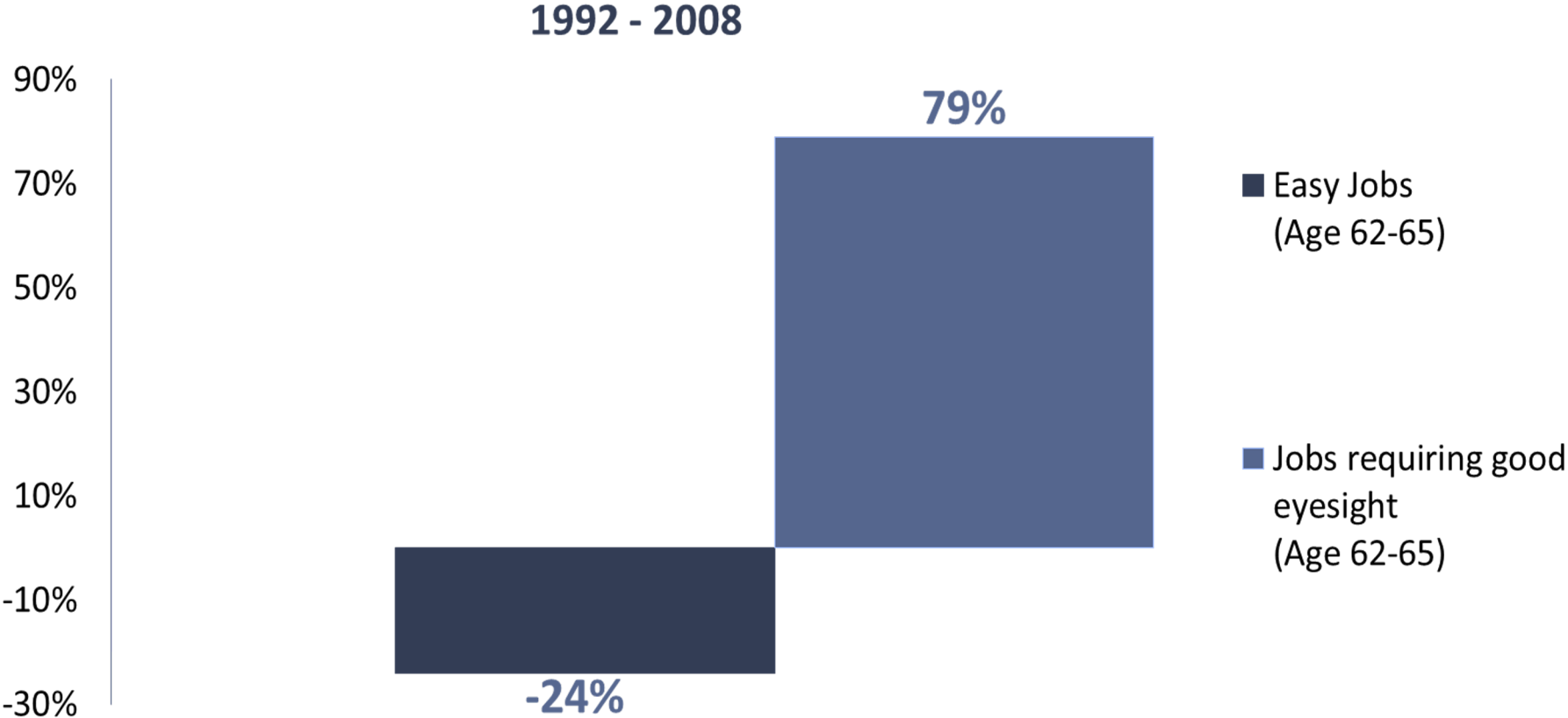
- Assumed:
 - Delayed claiming,
 - Savings accrual,
 - No withdrawals,
 - No early death because of by work

How each factor helps prepare a person for retirement. Probit

marginal effects on the probability of being financially prepared for retirement.

Age		66
Working Past Age 62	These factors do NOT help	-0.091**
Fair or Poor Health predicts low readiness		-0.096**
Any Involuntary Job Loss Before Age 62 predicts low readiness		-0.050**
Non-White predicts low readiness		-0.109**
Working Past Age 62 at higher wages helps financially		0.061**
Single male helps financially (requirements low)		0.095**
Single Female helps financially		0.148**
College educated predicts high readiness		0.189**
DC Only		0.045**
DB Only		0.153**
Both DB and DC		0.198**

Workability is different than longevity. Job quality is degrading for older Americans.



The Case Against Retiring

- **Everyone's dead uncle.**
- **Evidence showed (too much to cite) that older workers are healthier than retirees at the same age .**
 - **A 2008 study found retirees had more difficulties with mobility and daily activities, more illness, and more erosion of mental health than workers of the same age. But voluntary nature of retirement mattered.**
 - **Explosive study in 2010. Europeans dumber than Americans because Europeans retire.**
- ***BUT: Declines in health commonly compel workers to retire, so the challenge is to disentangle the simultaneous causal effects.***
- **Rohwedder, S., & Willis, R. J. (2010). Mental retirement. *Journal of Economic Perspectives*, 24(1), 119-138.**

The Case For Retiring

By 2018 compelling evidence emerged that retirement — compared to working — improves physical health, mental health, and life satisfaction, and eventually, retirement reduces functional limitations for many people. The data got better as people in the panel lived longer and techniques were better.

- Retirement boosts health significantly because retirees are more likely to stop smoking and exercise more. Habits are harder to break while working. (Insler 2014)
- Life satisfaction improves within the first four years of retirement, while health improvements show up four or more years later. (Gorry et. al 2018)
- A Hershey et. al 2014 study and a followup in 2018 found retiring from jobs with heavy physical and psychologically demanding responsibilities improves health and reduces depressive symptoms and Eibich 2015)
- An extra positive effect of retirement for people with lower socioeconomic status is that retiring reduces pain (Grøtting, 2017) which is linked to capacity.

The Case For Retiring cont.

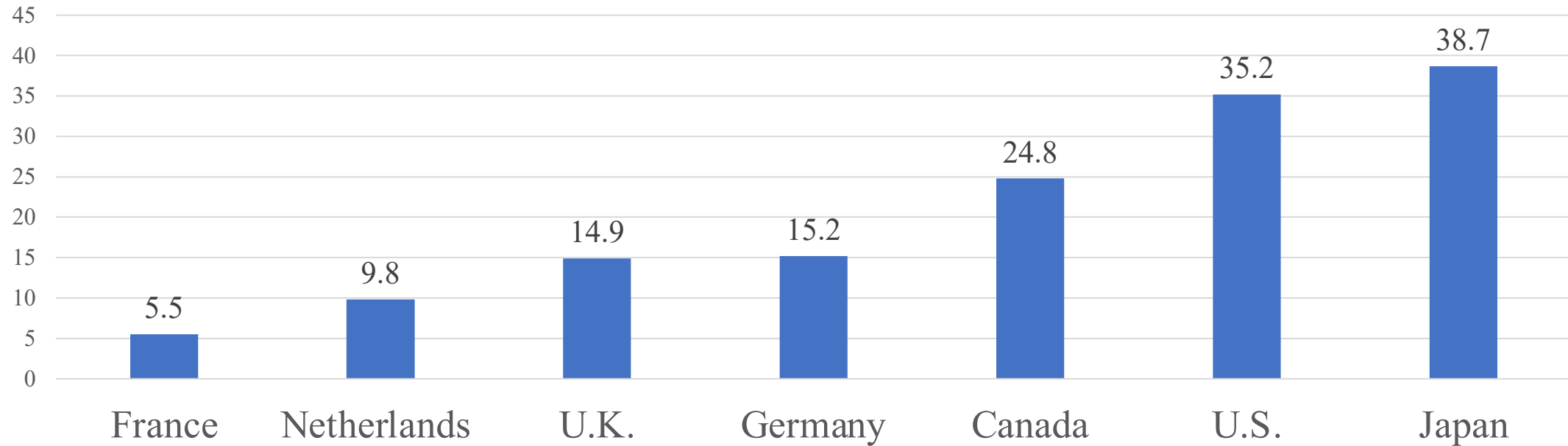
- Working longer does not independently confer non-monetary rewards like more self esteem and more cognition. (Hale et al 2021)
- Older workers with low reward-to-effort ratios worsen their health than people who work retire. (Edge et al. 2017) Especially for women.
- Workers who begin their retirement transition around age 62—Social Security's early eligibility retirement age— experience the best outcomes in terms of subjective health and mood. (Calvo, et al. 2011)
- Resilient elderly people have good-quality relationships and are integrated into the community; *but* work independently is not connected to good social and psychological outcomes in old age. (Hildon et al 2010)

The Case For Retiring: cont.

- Men, especially, who have unstable working careers and involuntary job loss are at greater risk of depression in old age if they keep working.(Wahrendorf 2013)
- A study published in the aptly named Journal of Happiness Studies found people who retired had more years feeling good than workers did.(Horner et. al 2014)
- “Escaping” work by retiring is the healthiest thing a person could do (Wang 2007).
- Older women workers are more likely to have jobs with low reward for effort ratios (Edge et al 2017)
- Working longer for women, especially, erodes health. Women in service jobs would become healthier if they retired. (Schmitz 2016)
- *Work in old age could be worse for women because they are more likely to be monitored at work, face more age discrimination, and are likely to be paid less for the same effort, responsibility, and education.*

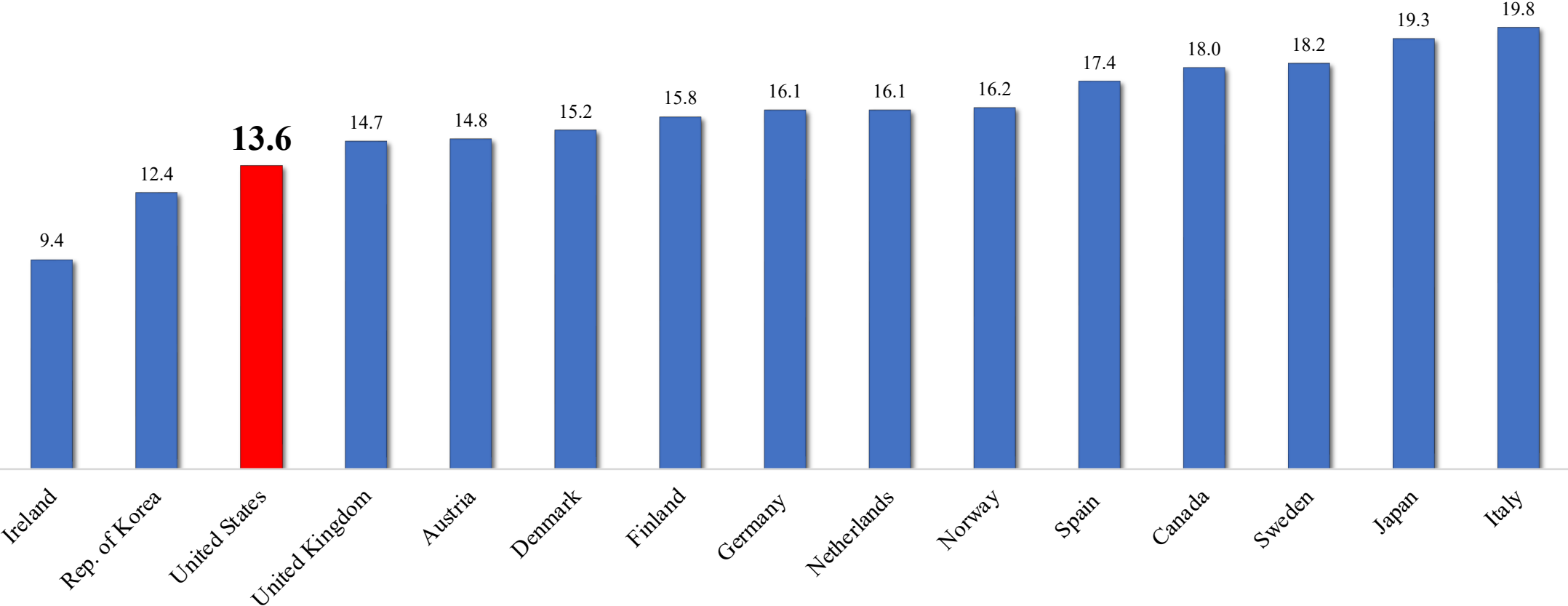
Politics ripe for better pensions; In America retirement is work

Earnings as a share of income to people aged 65+

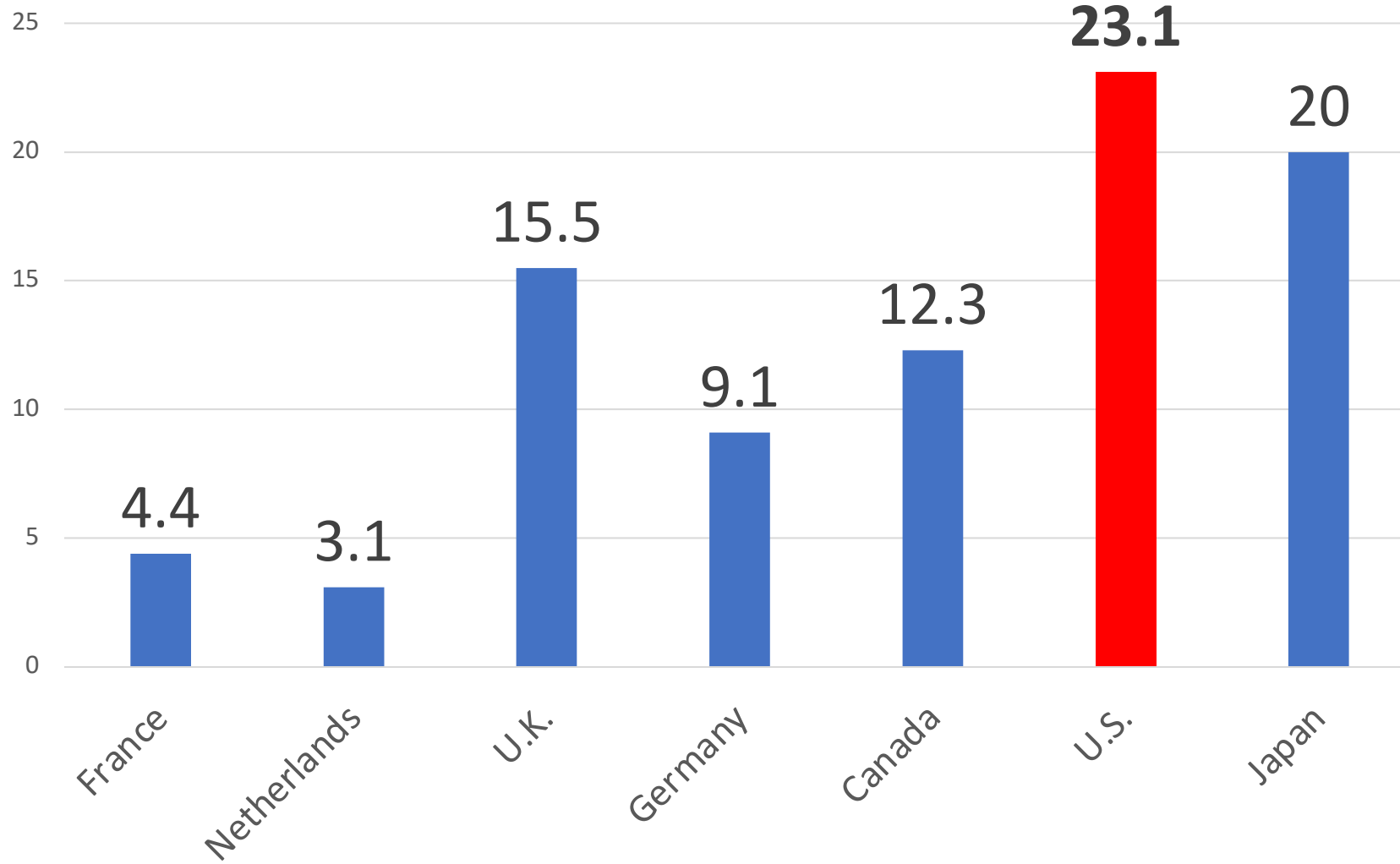


Politics ripe for better pensions — Americans already have less retirement time

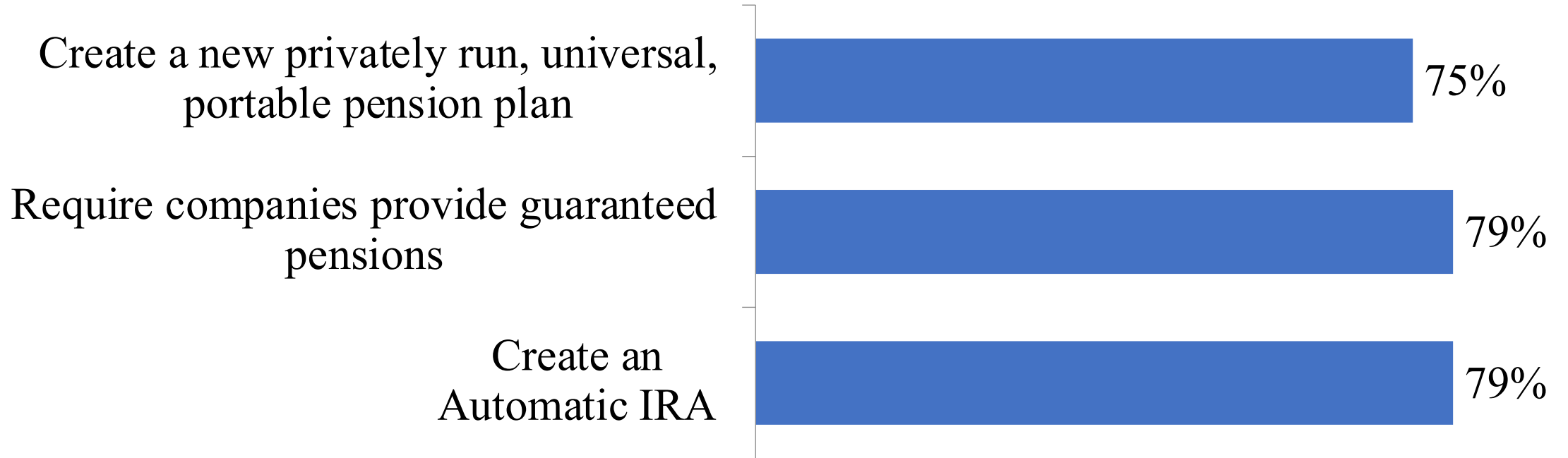
Average Number of Years Spent in Retirement



Politics ripe for better pensions. US old age is poverty risk is high



Politics ripe for better pensions. Broad public support for mandated retirement plans.



Source: David Madland (2008) and (2013),
T Ghilarducci | Financial Wellness for Longer Lives: New Approaches to Working and Saving | January 18, 2018

Politics ripe for better pensions Walmart cashier, 82, retires after TikTok raises \$100,000



9 January 2023, [BBC World News](#)

Conclusions: Researchers should not persist in making wrong assumptions.

The truth:

- Claiming Social Security and retiring are NOT the same. Social Security supplements low pay.
- Older workers:
 - don't save for retirement when they delay retirement ;
 - don't get the delayed retirement credit when they delay retirement;
 - in low-paid, subordinate, jobs accelerate death and morbidity

Thank You!

- The New School Graduate Students
- Lauren Schmitz (U of Wisconsin)
- Owen Davis (new PHD Seigal)
- Siavash Radpour (Steven College)
- Michael Papadopoulos (NY Mayors office)
- Kate Bahn (Urban)
- Aid Farmand (Berkeley)
- Karthik Manickam
- Drystan Phillips

Resources: False Promises of Working Longer

- Working Erodes Health for Many Seniors, Forbes Blog, Ghilarducci
- Ghilarducci, T., Papadopoulos, M., & Webb, A. (2022). The Illusory Benefit of Working Longer on Retirement Financial Preparedness: Rethinking Advice that Working Longer Increases Retirement Income. *The Journal of Retirement*.
- Ghilarducci, T., & Truesdale, B. C. (2023). The False Promises of Working Longer. *The Journal of Retirement*.
- Phillips, D and Ghilarducci, T. (2023). “Older Workers Claim Social Security While Working, Upending Beliefs About Raising the Retirement Age” Policy Note Series, Schwartz Center for Economic Policy Analysis at The New School for Social Research. New York, NY.
- Ghilarducci, T., Fisher, B., Moore, K., and Webb, A. (2016) “Gender and Racial Gaps in Older Workers’ Physical Job Demands.” Schwartz Center for Economic Policy Analysis and Department of Economics, The New School for Social Research, Policy Note Series.
- And many other studies.

END OF
PRESENTATION:
THANK YOU

Teresa.Ghilarducci@gmail.com

Appendix Slides

Factors explaining healthy retirement time – Men

MEN (Only significant results are reported)	Retirement Time (OLS)	Sick Share (Tobit)	Share who died without retiring (share with zero retirement time) (Probit)
Black		0.06*	-0.19**
Education Rank One (Low)			
Education Rank Three (High)			
Had Defined Benefit Plan at Work	3.26 **		-0.36**
Had No Retirement Plan at Work	-4.01**	0.08**	0.56**
Married/Partnered at Retirement	2.51. **	-0.16**	-0.31**
Observations	1262	1087	1262

Factors explaining healthy retirement time — Women

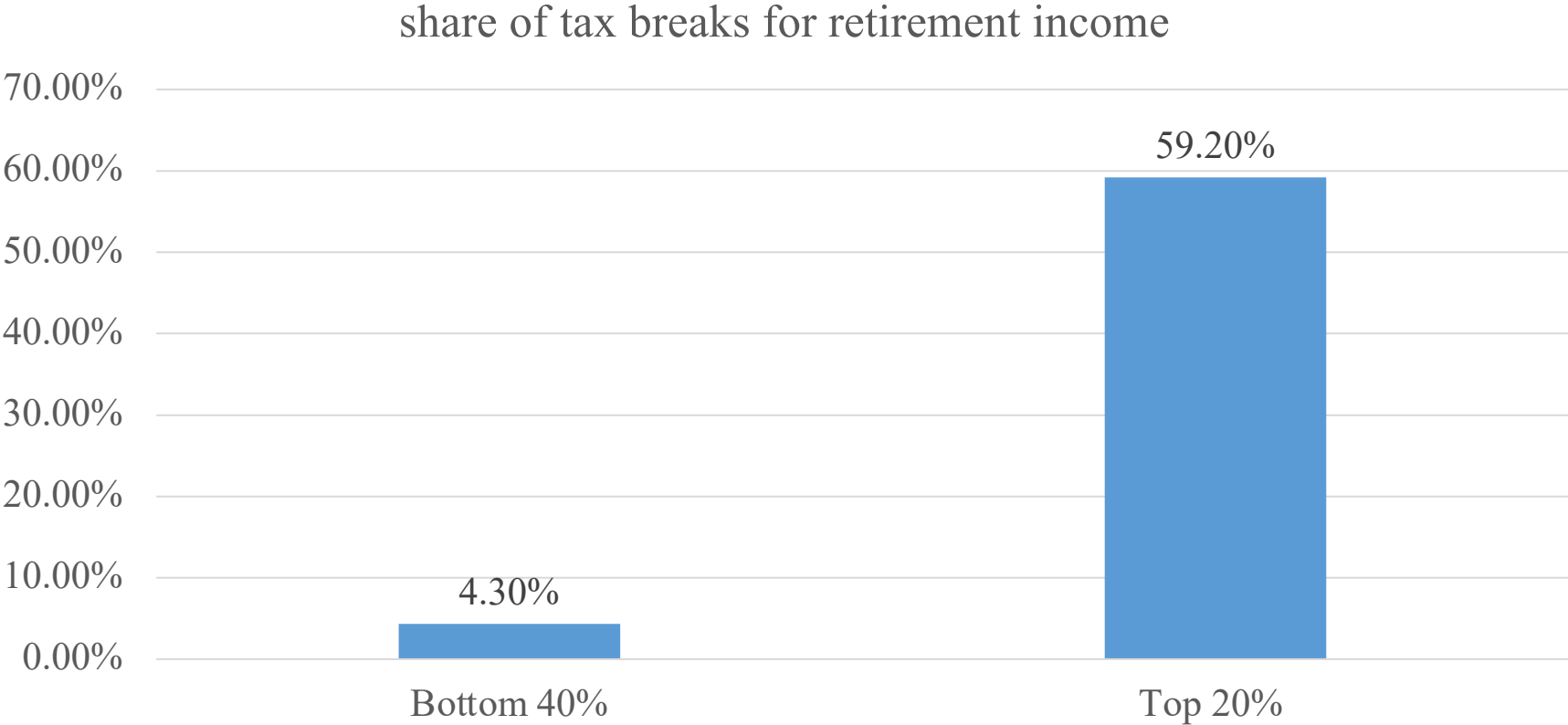
WOMEN (Only significant results are reported)	Retirement Time (OLS)	Sick Share (Tobit)	Share who died without retiring (share with zero retirement time) (Probit)
Black	-1.09 *	0.15 **	
Education Rank One (Low)		0.11 **	
Education Rank Three (High)	2.64 **	-0.03 *	-0.42 **
Had Defined Benefit Plan at Work			
Had No Retirement Plan at Work	-1.82 **	0.045 *	0.34 **
Married/Partnered at Retirement	2.39**	-0.08**	-0.29**
Observations	1246	1159	1246

Why Inadequacy? 401(k) replacing DBs and Social Security

Median Retirement Account Balance of Families Ages 55-64, Including Those with Zero Account Balances, by Family Income		NEED AT 64
Bottom 50%	\$0	\$400,000
Middle 40%	\$60,000	\$750,000
Top 10%	\$200,000	\$2-3M

Ghilarducci, T., Papadopoulos, M., and Webb, T. (2017) "Inadequate Retirement Account Balances for Workers Nearing Retirement." Schwartz Center for Economic Policy Analysis and Department of Economics, The New School for Social Research, Policy Note Series.

Why Inadequacy? Top heavy pension tax breaks



Source: Biggs and Munnell (2024)

Exaggerated benefits from working longer. Working longer doesn't matter. Only claiming later and being highly educated does.

Median regression on increase in replacement rate between age 62 and 70

Variable	Coefficients
Years Worked after 62, Self	
All	0.005
Part-Time	-0.000
\$15/hr or More	0.001
With Pension Coverage	0.001
All x College	0.012
Years Worked after 62, Spouse	
All	-0.001
Part-Time	0.001
\$15/hr or More	0.000
With Pension Coverage	0.004
All x College	-0.012**
Claim Age-62	
Self	0.031**
Spouse	0.010**
Involuntary Job Loss	
Self	-0.025
Spouse	0.001

Variable	Coefficients	Standard Errors
Demographics		
Single Male	0.014	(0.024)
Single Female	-0.029	(0.025)
Divorced or Widowed between 62 and 70	0.007	(0.059)
Non-White	-0.031	(0.016)
College, Self	-0.015	(0.022)
College, Spouse	0.021	(0.016)
Born 1937-1941	-0.029*	(0.012)
Born 1942-1947	-0.053*	(0.015)
Fair or Poor Health		
Self	0.011	(0.021)
Spouse	0.006	(0.022)
Constant	0.039	
Pseudo r-Squared	0.012	

Supplement with SE Exaggerated benefits from working longer

Median regression on increase in replacement rate between age 62 and 70

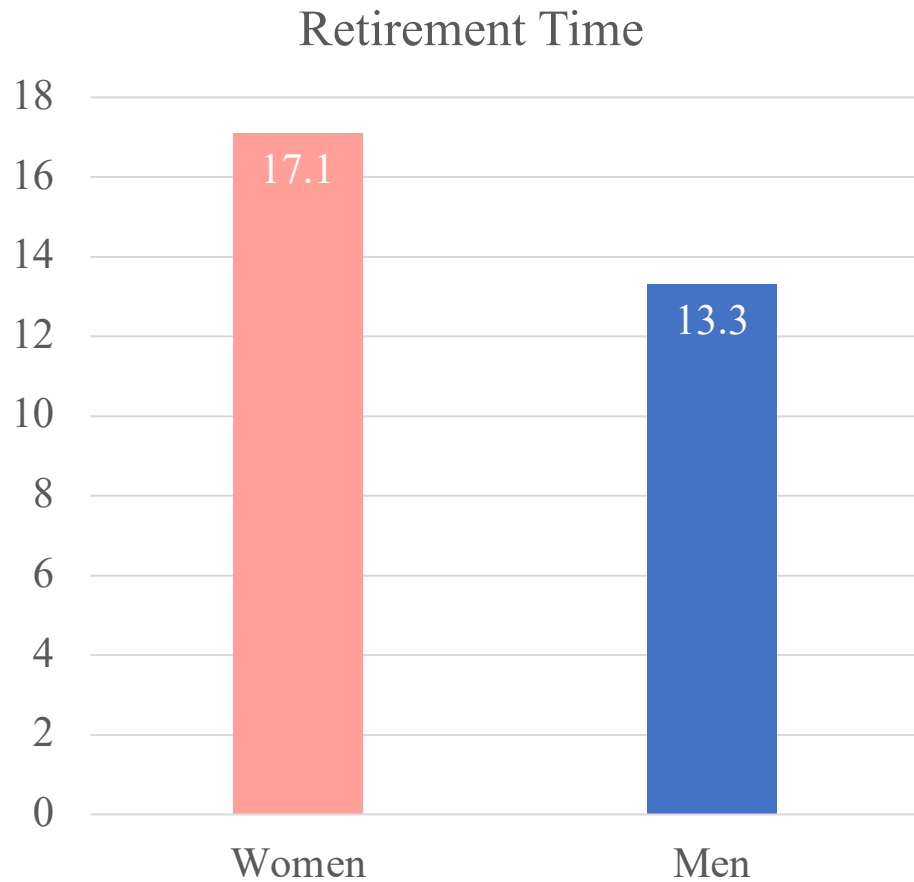
Variable	Coefficients	Standard Errors
Years Worked after 62, Self		
All	0.005	(0.003)
Part-Time	-0.000	(0.004)
\$15/hr or More	0.001	(0.004)
With Pension Coverage	0.001	(0.003)
All x College	0.012	(0.004)
Years Worked after 62, Spouse		
All	-0.001	(0.004)
Part-Time	0.001	(0.005)
\$15/hr or More	0.000	(0.005)
With Pension Coverage	0.004	(0.004)
All x College	-0.012**	(0.004)
Claim Age-62		
Self	0.031**	(0.004)
Spouse	0.010**	(0.002)
Involuntary Job Loss		
Self	-0.025	(0.029)
Spouse	0.001	(0.029)

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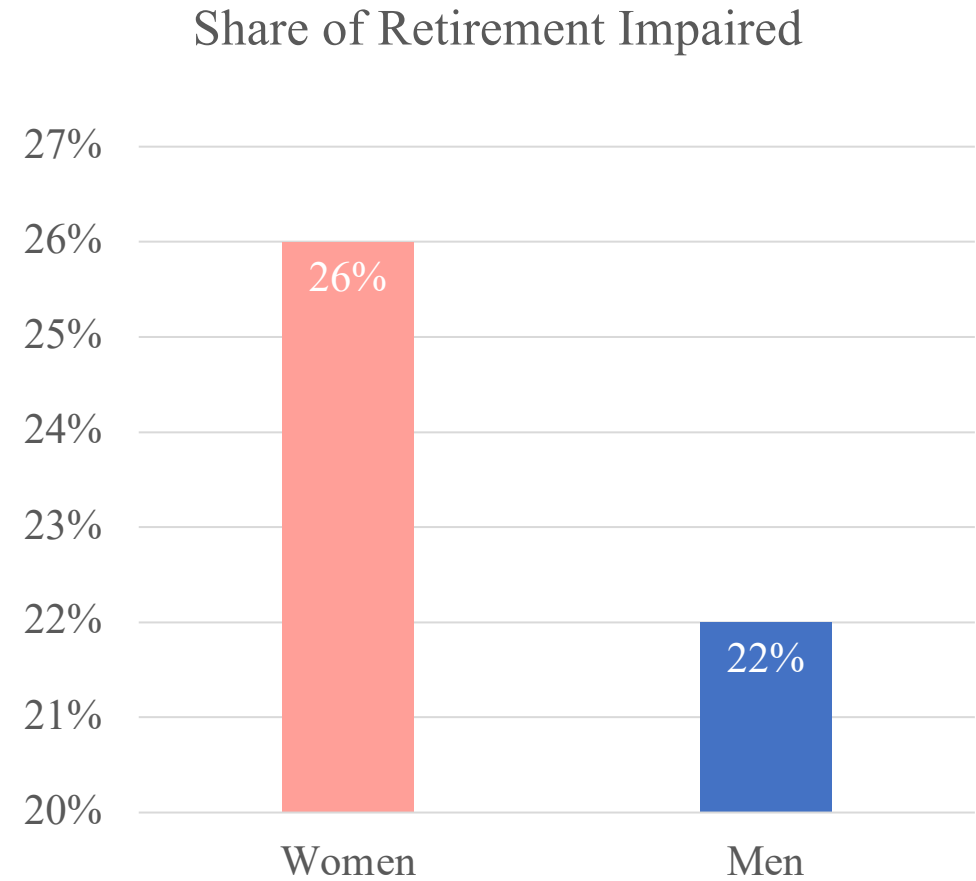
Source: Ghilarducci, T., Papadopoulos, M., & Webb, A. (2022). The Illusory Benefit of Working Longer on Retirement Financial Preparedness: Rethinking Advice that Working Longer Increases Retirement Income. *The Journal of Retirement*. Exhibit 6.

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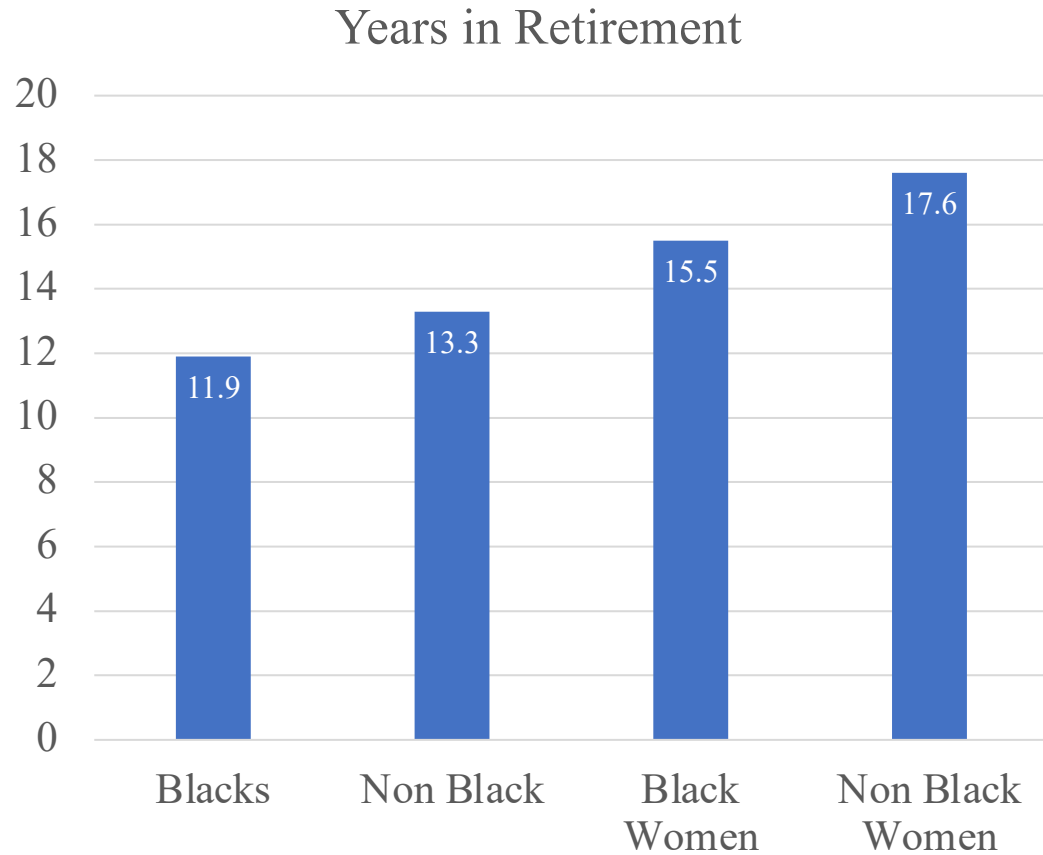
Women Have More Retirement than Men



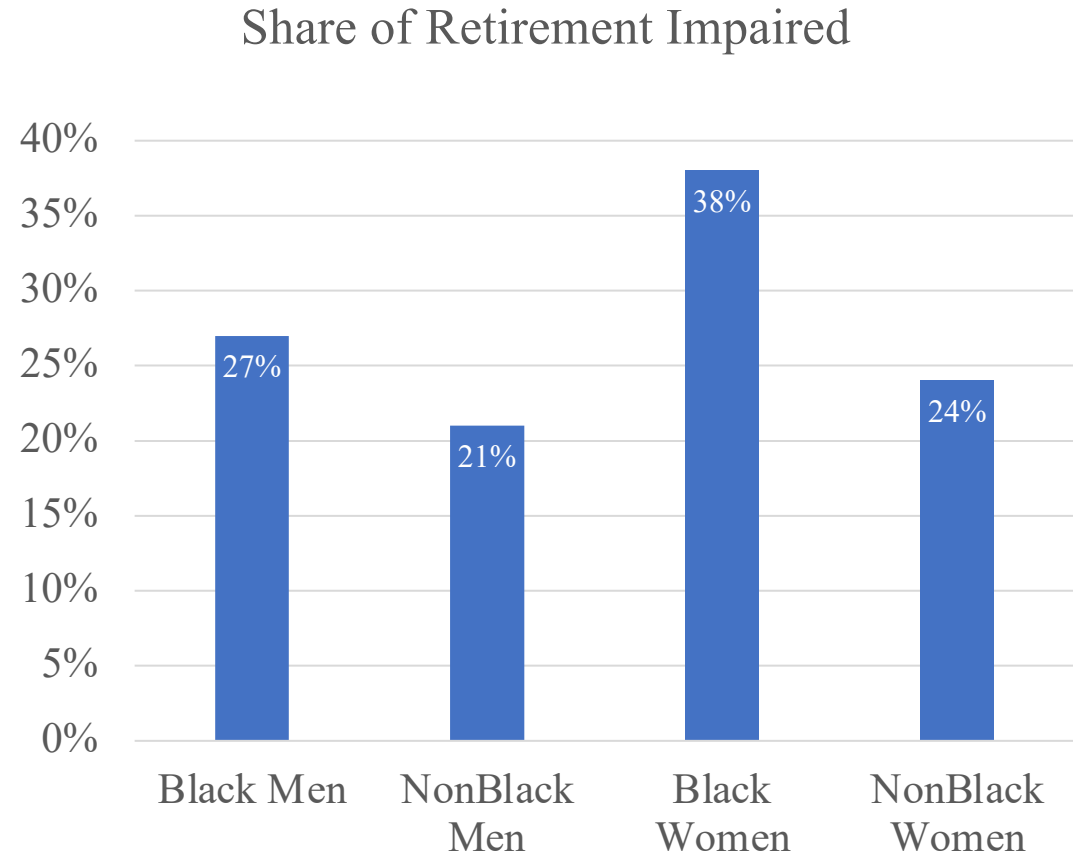
But Women Spend More Time Sick in Retirement than Men



Non-Blacks Have More Years of Retirement than Blacks



And Blacks Spend More Time Sick in Retirement than Non-Blacks



Methodology and Datasets

- Original Research Using the Health and Retirement Survey which is a nationally representative biennial longitudinal survey of older Americans over 50 and their spouses.
 - The study began in 1992 with a cohort of individuals aged 51-61 (born 1931-41) and has since added five additional cohorts representing those older than the original sample and those born later, such that it is now fully representative of the US population over age 50.
 - The HRS collects data on health status, labor force participation, retirement satisfaction, income, and wealth every wave, making it possible to track the aging U.S. population's evolving life course over time, including its mortality and morbidity.
- Extensive Literature review