

Making Older People Work Is A False Start For Solving the Pension Problem

- 8:45 AM Keynote |
- Work, Retire, Repeat: The Uncertainty of Retirement in the New Economy
- Teresa Ghilarducci, PhD, Professor of Economics, The New School for Social Research, and Director, Schwartz Center for Economic Policy Analysis
- February 27, 2024
National Institute for Retirement Security

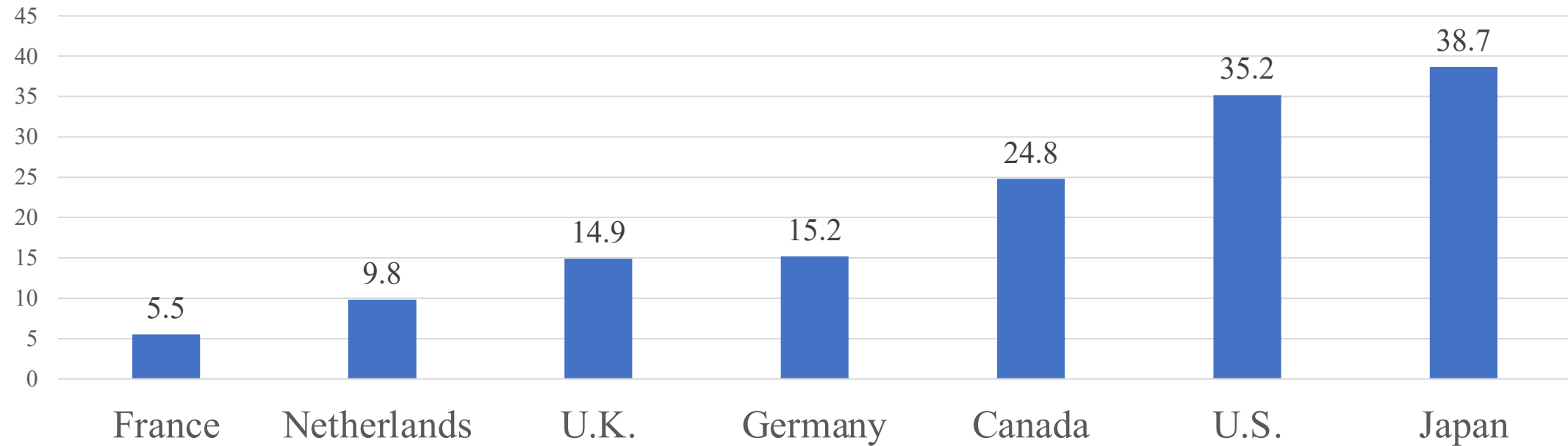
Walmart cashier, 82, retires after TikTok raises \$100,000



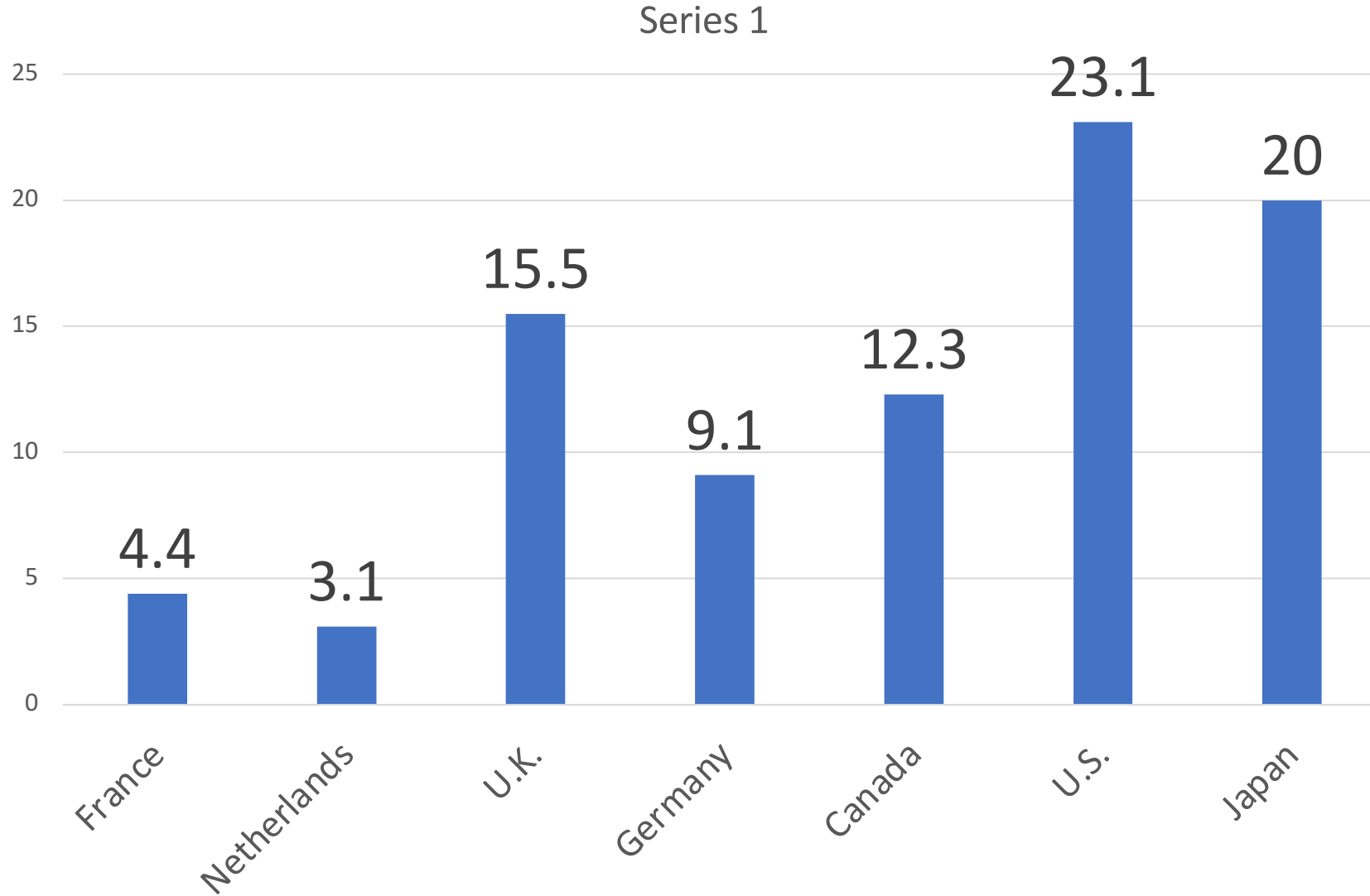
9 January 2023, [BBC World News](#)

Welcome to retirement American – style where retirement is work

Earnings as a share of income to people aged 65+

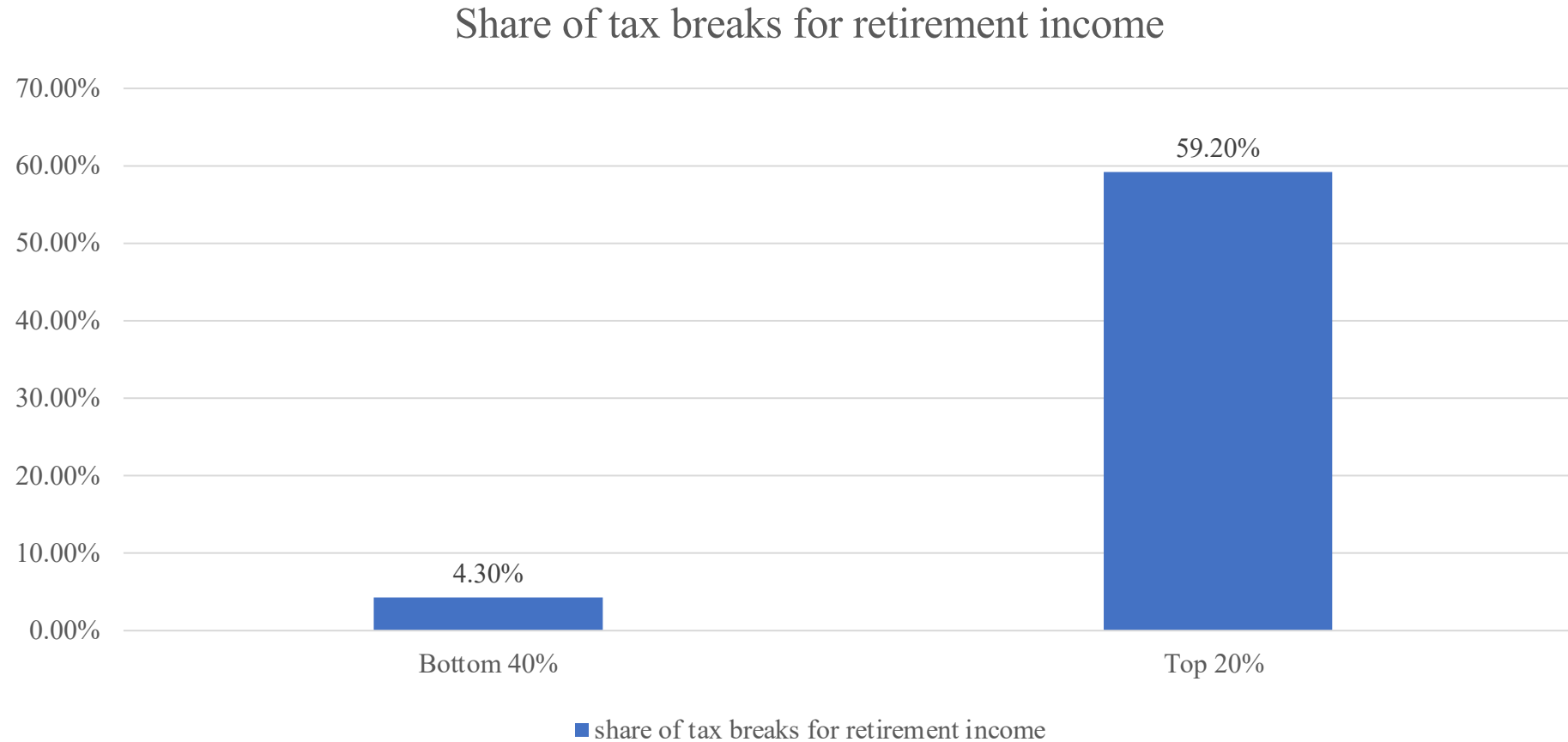


Welcome to retirement American – style where old age is poverty risk



Pension tax breaks go mostly to the highest income

Source: Biggs and Munnell (2024)



The system has mostly failed

(Median Retirement Account Balance of Families Ages 55-64,
Including Those with Zero Account Balances, by Family Income)

	HAVE	NEED
Bottom 50%	\$0	\$400,000
Middle 40%	\$60,000	\$600,000
Top 10%	\$200,000	\$2-3M

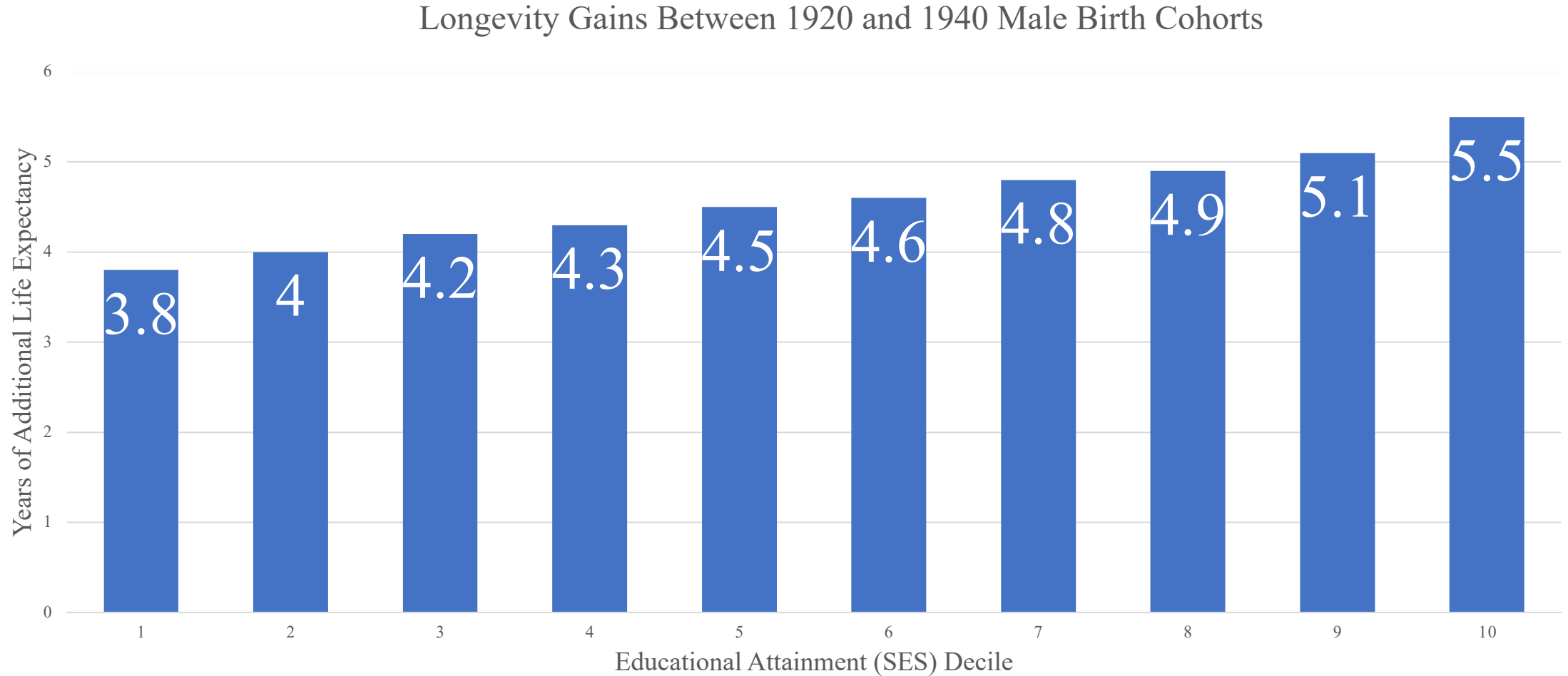
Ghilarducci, T., Papadopoulos, M., and Webb, T. (2017) "Inadequate Retirement Account Balances for Workers Nearing Retirement."
Schwartz Center for Economic Policy Analysis and Department of Economics, The New School for Social Research, Policy Note Series.

Most Americans at age 66 are not financially-prepared for retirement

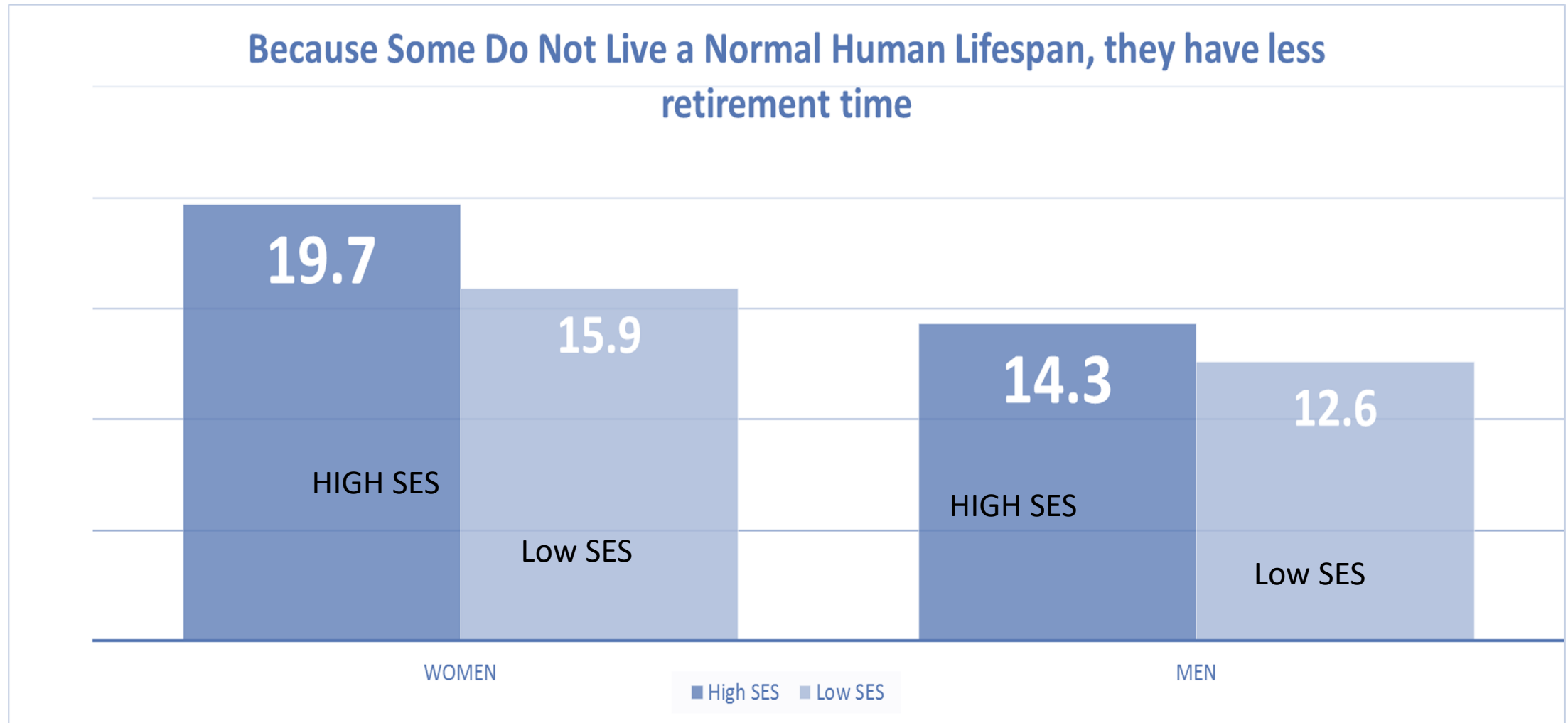
All 66 year olds	WORKERS (35% of those age 66)	RETIREES
Financially Prepared	32%	33%
Not Financially Prepared	68%	67%

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

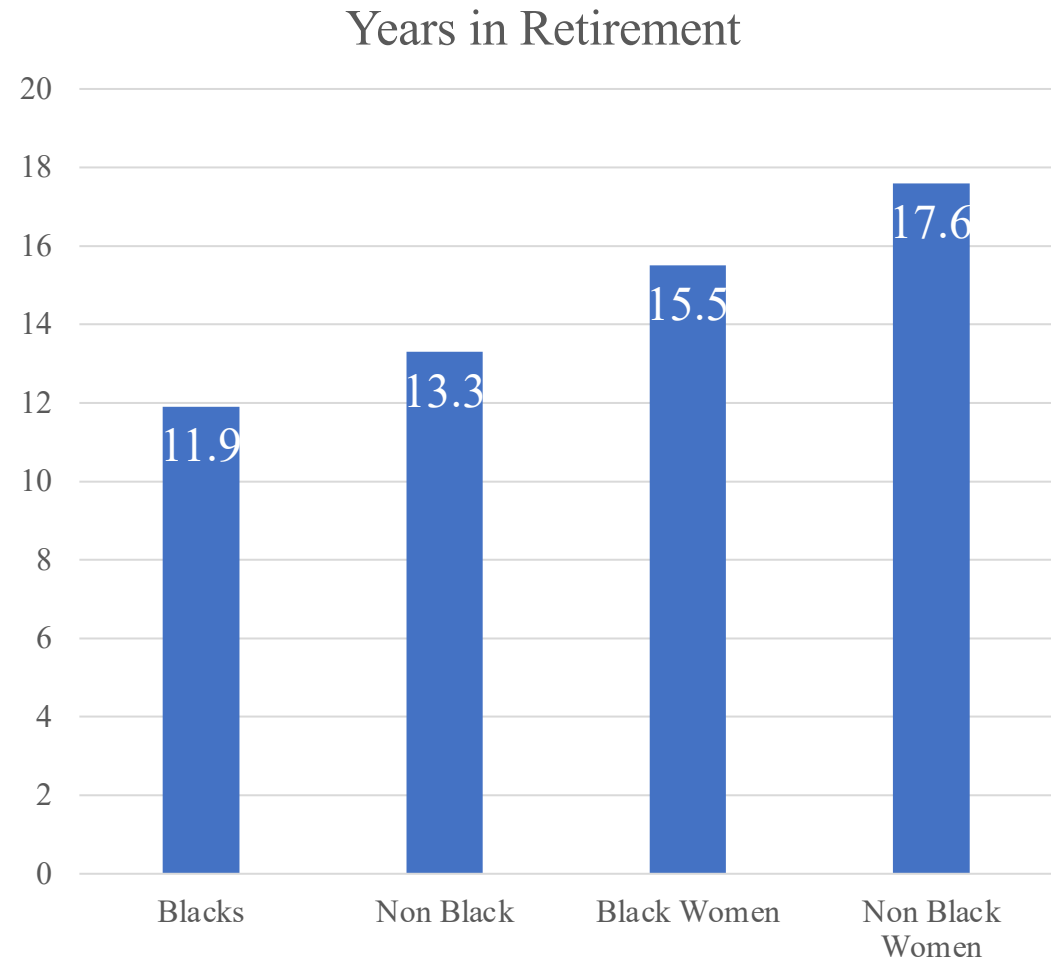
Not only wealth but also longevity gains went mostly to those in the top socio-economic class



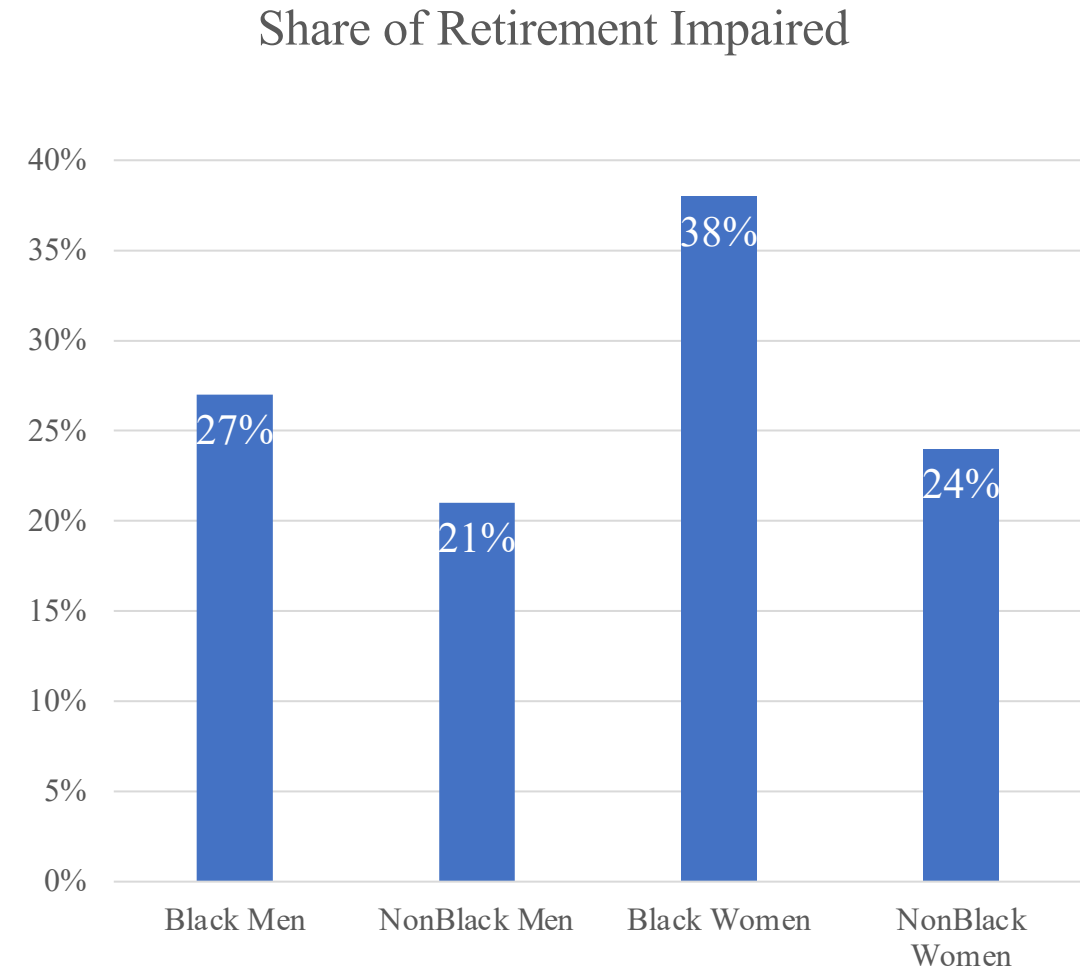
So that retirement time gains have gone mainly to the top



Non-Blacks Have More Years of Retirement than Blacks

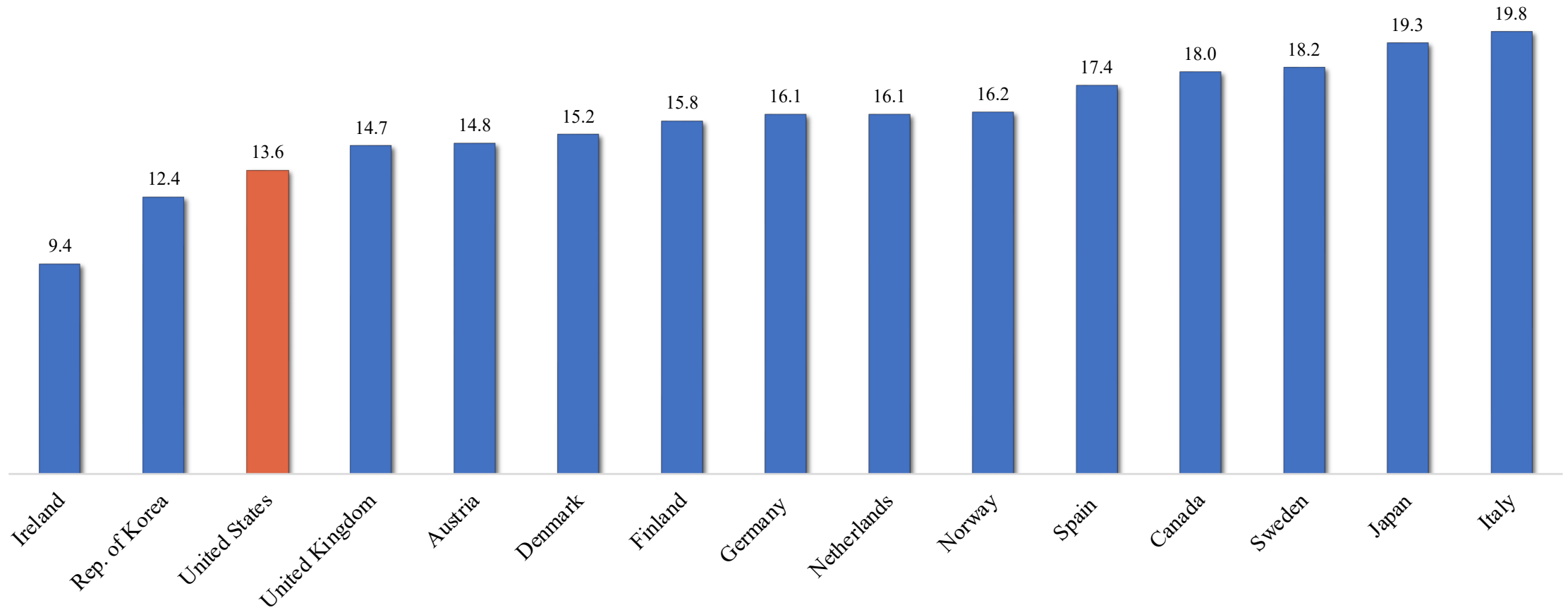


And Blacks Spend More Time Sick in Retirement than Non-Blacks

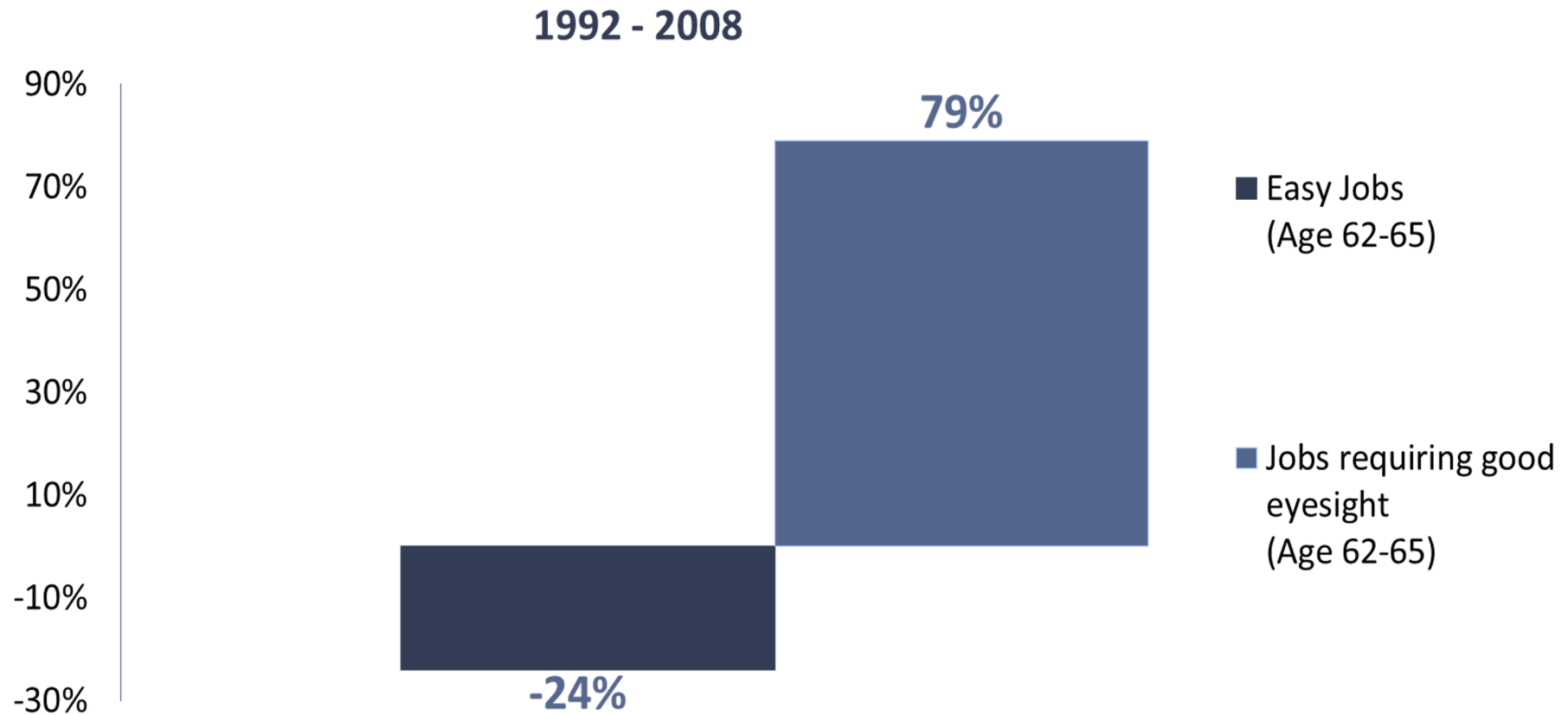


No wonder, Americans already has less time in retirement

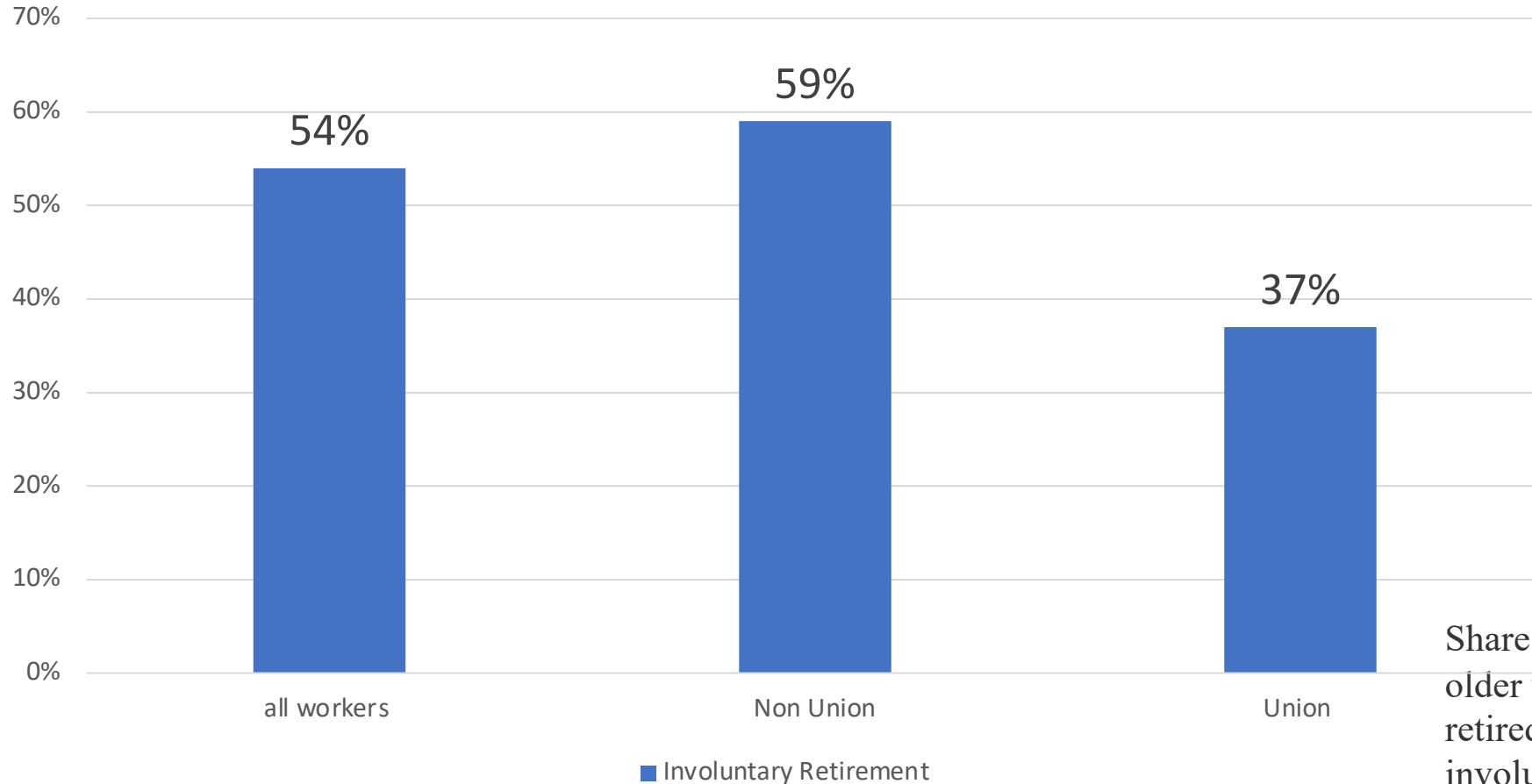
Average Number of Years Spent in Retirement



Jobs Aren't Getting Easier For Older Workers



Most people are forced to retire, unions protect older workers.



Share of retired older workers who retired involuntarily, by union representation and age (2014–2018 pooled data)

Source: Economic Policy Institute (EPI) and Schwartz Center for Economic Policy Analysis (SCEPA) analysis of Health and Retirement Study data (RAND 2022; University of Michigan 2022).

Case for retirement

- Older workers with low-reward-to-effort jobs get sicker faster.
- Retirement boosts health significantly because retirees are more likely to stop smoking and exercise more.
- Retirement — compared to working — improves physical health, mental health, and life satisfaction, and eventually, retirement reduces functional limitations for many people.
- Life satisfaction improves within the first four years of retirement, while health improvements show up four or more years later.
- A 2013 [study](#) and a [follow up](#) in 2018 found retiring from jobs with heavy physical and psychologically demanding responsibilities improves health and reduces depressive symptoms.
- Retirement is especially helpful for people who have the worst jobs, are in worse health, and have the lowest status in society and the labor market.
- Retirement for people with lower socioeconomic status [reduces pain](#)

Case for retirement -- Cont.

- A study published in the aptly named [Journal of Happiness Studies](#) found people who retired had more years feeling good than their counterparts who were working.
- “Escaping” work by retiring is the healthiest thing a person could do.
- 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.
- Older women workers are more likely to have [jobs with low reward for effort ratios](#). Working longer for women, especially, erodes health. [Women in service jobs would become healthier if they retired](#).
- Resilient elderly people have good-quality relationships and are integrated into the community; *but* work in and of itself is not connected to those good social and psychological outcomes in old age.
- Men, especially, who have unstable working careers and involuntary job loss are at greater risk of depression in old age [if they keep working](#).

Why you should never retire

Pleasure cruises, golf and tracing the family tree are not that fulfilling



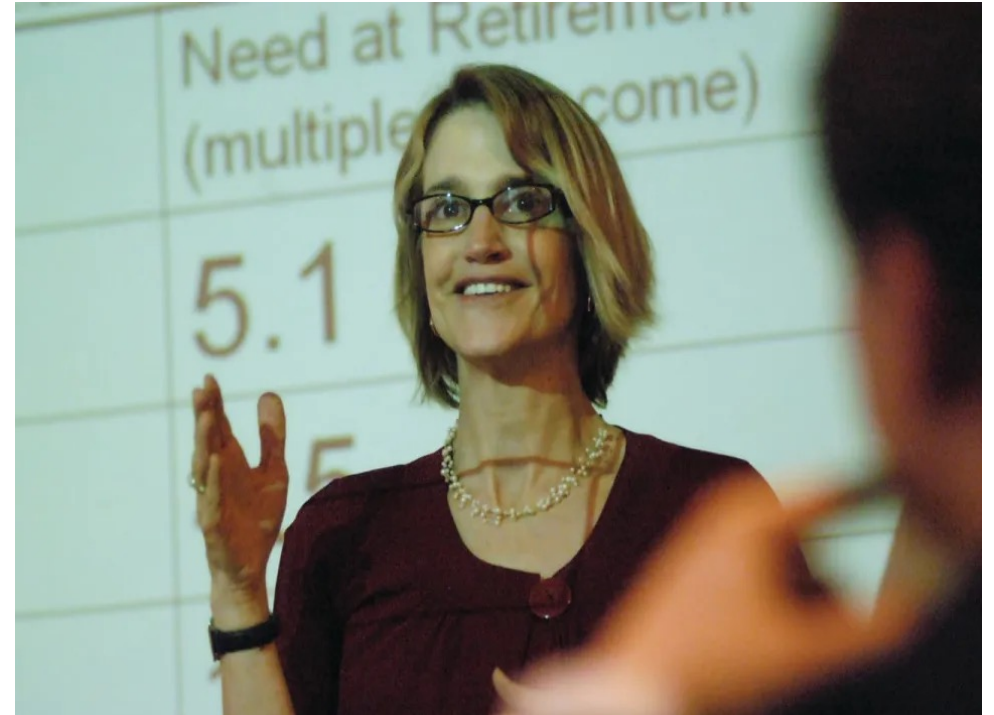
[Business](#) | Bartleby The Economist, Image by Paul Blow, Jan 25th 2024

Working longer won't solve the retirement crisis — seniors need a 'Gray New Deal' to retire with dignity, this economist says.”

When elites say we can afford retirement if everyone works longer is like saying, “Hey, we can afford lunch by not having lunch.”

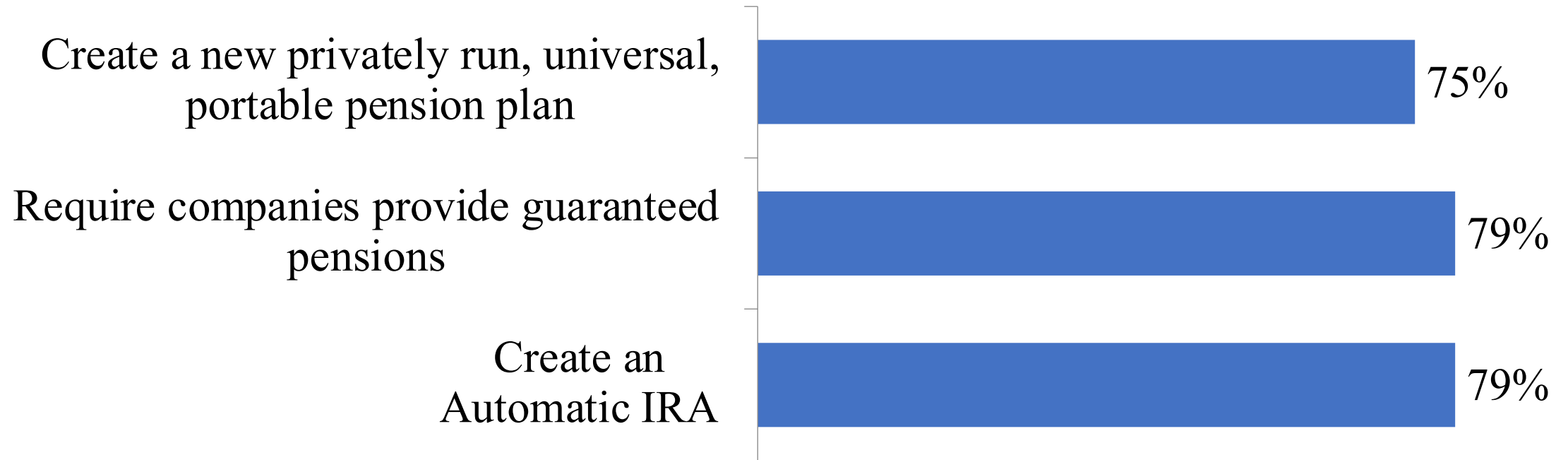
GRAY NEW DEAL

- Make retirement a NON luxury (stop apologizing for retiring)
- Boost Social Security revenue
- Universalize pensions (RSAA and pension-philic institutions like unions)
- Activist job training and policies for older workers
- Fair retirement tax subsidies



Jessica Hall, January 30, 2024, Yahoo Finance

Broad public support for mandated, asset-based retirement plans.



Source: David Madland (2008) and (2013),

T Ghilarducci | Financial Wellness for Longer Lives: New Approaches to Working and Saving | January 18, 2018

Thank you!

Resources: False Promises of Working Longer

- Working Erodes Health for Many Seniors [FORBES BLOG](#) 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.