

Age 65 and Not Ready or Able to Go

By Martha M. Hamilton
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Here's the harsh reality for those of us who have become worker-capitalists, responsible for funding our own retirement: We can't afford to stop working at normal retirement age.

Typically workers have retired around age 62 or 63, although most anticipated staying on the job till age 65. But that will be way too soon for the many workers who haven't accumulated enough in retirement savings accounts.

One in four workers currently in their 50s will need to work an extra two years because retirement won't be affordable, according to a survey of employers published last month by the Center for Retirement Research at Boston College.

The prospect of working longer is not necessarily bad news for many of us. After all, the world of work has many satisfactions beyond the paycheck. And increased longevity and better health argue for remaining engaged in the world of work longer than in the past.

But the truth is that finding or even retaining a job after the age of 40 isn't always easy. An earlier study by the Center for Retirement Research found that one in five adults age 51 to 61 lost his or her job between 1992 and 2002.

Lloyd Welter of Rockville knows the frustration of job-hunting in your 60s firsthand. He lost his last full-time job at U.S. Pharmacopeia three years ago and has yet to find another full-time position. Can he afford to retire at his current age of 65? "Oh, no, no," he said. He worked abroad for most of his career, including 15 years with Catholic Relief Services. He has a handful of small retirement savings from various jobs but not enough.

Welter said he is doing corporate recruiting over the phone as a part-time job and is active at 40Plus of Greater Washington while he continues to look for full-time work. The hunt can be logistically frustrating because of the need to format online r?sum?s and applications differently for each employer.

And then, there's the age issue.

"It's something you can't put your finger on," said Welter. "You walk in, and you can't disguise yourself. If I'm 65, I'm going to look roughly 65. I can't be something I'm not."

Steven A. Sass, associate director for research at the Center for Retirement Research, said the normal age of retirement needs to be higher, both for personal reasons and societal ones. "It would take the burden off the retirement system."

Right now, he noted, most folks work 40 years to fund a retirement approximately 20 years long, which is a 2 to 1 ratio. If the balance changed to 45 years of work and 15 years of retirement (a 3 to 1 ratio), "then the

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arithmetic looks a lot easier."

The arithmetic doesn't look so good today: The median balance in 401(k) plans and individual retirement accounts for workers in their 50s is just \$60,000, which won't pay the bills for many years.

If employers get used to the idea that workers are going to be around into their middle and late 60s, then they may be more willing to take the chance on hiring someone in his 50s, he said. "You're not really old at 63, and that's when people leave the labor force," said Sass. And if they do, they may find themselves with inadequate incomes when they are much older.

The truth is, said Sass, retirement has become a much messier process than it used to be. Sure, it's always been a stressful transition, but at least it was more cut and dried in the past. With traditional retirement plans, there were incentives to not linger in the job beyond a certain age. If you could draw 100 percent of your benefit at age 65 and received no additional pension credits for additional years worked, why wait? Traditional plans were designed to replace a certain amount of income, and Social Security replaced a greater share of income in the past than it will going forward. It was the employer who bore the risks of bad years in the market, not the employee.

Well, that's all changed.

And it turns out that it has a downside for employers as well. The old system, with its orderly progression of workers leaving the workplace at a certain age, made it easier for companies to plan their staffing and to anticipate worker-training needs. Today, with more employees inclined to stay, some companies may use sweetened incentives to get older workers to leave. Others may try to find different means to push workers out while trying to steer clear of charges of age discrimination.

But as more workers in their 60s stay on the job, attitudes may change. Yet another study by the prolific Center for Retirement Research found that "employers with a relatively old workforce (more than 15 percent age 55 or over) had more positive views of the relative productivity of older workers."

"Employers will create opportunities for older workers if they think they're going to work longer," Sass predicted. "If you plan on staying till age 67, make sure your employer or potential employers know that." He recommended showing commitment to staying on the job by learning new skills, developing new sales territory, showing a willingness to move or taking on a project that will pay off down the road.

There used to be a country song called "Old and Tired and in the Way." Maybe we need to update it to "Working and Wired and Here to Stay."

Do you have any issues related to retirement that you would like to see explored here?

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