

The Rise of Unretirement

By Chris Farrell | October 15, 2014

We are living longer, something to celebrate. The average life expectancy was about 62 years in 1935 when President Franklin Roosevelt signed the Social Security Act, and it's now nearly 79 years. And, as in many things, the baby boomers are at the center of another revolution: unretirement.

Many boomers have the ability and the desire to work well into the traditional retirement years. For example, 72 percent of pre-retirees age 50 and over in a survey published in June by Merrill Lynch and the Age Wave consulting firm said they wanted to work in their retirement.

Yet the specter of an aging population haunts America. The leading edge of the boomer generation is filing for Social Security and Medicare, with some 10,000 boomers turning 65 every day. The dire demographics of aging seem to inform our discussions, from Senate hearings on retirement to Wall Street research on the economy. Our public discourse about an aging society is along the lines of fear and loathing, paraphrasing the late gonzo writer and baby boom legend Hunter S. Thompson.

The demographics of despair start with the observation that many aging boomers haven't saved enough to enjoy a comfortable retirement. The emphasis quickly shifts to the fear that the swelling ranks of aging boomers will drain the economy of its dynamism, dragged down by too few workers supporting too many elders. The forecast grows bleaker with the expectation that a less than robust economy will make it that much harder to pay the tab for Social Security and other old-age programs.

But hold on. That same aging boomer population offers the promise and the opportunity of rejuvenating both the economy and our communities.

The household economics of unretirement are compelling. Earning even a slim part-time income allows older workers to keep saving or to push off the day they have to tap into their retirement savings. A paycheck makes it practical to delay filing for Social Security benefits too, a savvy financial move. For the average worker, earning a paycheck for an additional eight years — shifting the age of retirement from 62 (the earliest) to 70 years (the latest) — boosts their Social Security benefit by two-thirds or more.

A series of broad, mutually reinforcing changes in the U.S. economy and society are turning an aging population into more of an economic asset than ever before. Boomers are well-educated and they're healthier than previous generations. An information-and-services-dominated economy is easing the transition to longer work lives. Toiling away on a computer in a medical clinic in the 2000s is far less demanding than the typical factory job in the 1950s. The workplace also offers a gathering place for gossip, sharing stories and other interaction that can enhance health and well-being.

For some, their encore job may be full-time, but for the majority their next act is likely to embrace the flexibility that comes from part-time jobs, contract work and temp employment. Older workers are carrying their existing skills into new settings. A registered nurse might move from a large hospital complex to a community clinic. A certified financial planner might shift into teaching financial literacy to immigrants.

There is reassurance in tapping into the knowledge developed over the years and the creative spark that comes from moving into a different sector of the economy, confronting new challenges and meeting new colleagues. Starting a business is another option. About a quarter of new entrepreneurs last year were in the 55-to-64 age group, up from 15 percent in 1996.

Unretirement is a rapidly growing grass-roots movement. An industry is emerging to help boomers figure out what to do next, from nonprofit organizations to career consultants. An aging Me Generation is becoming the connected Us Generation.

That said, not all senior citizens will be physically and mentally healthy in the unretirement years. Age discrimination is real, and, sadly, far too many older workers joined the ranks of the long-term unemployed in the weak job market of recent years. Especially vulnerable are less-educated, low-income workers who labored at jobs that never offered an employer-sponsored retirement plan and health benefits. Nevertheless, if society taps into the abilities and knowledge of those boomers eager to embrace their unretirement, employers will benefit, society will be richer and the funding shortfalls of old-age entitlements much easier to solve.

“Older workers are to the first half of the 21st century what women were to the last half of the 20th century,” says Eugene Steuerle, an economist at the Urban Institute.

How will this play out? There is much experimentation going on over redefining the last third of life. What will evolve isn't exactly clear. The rise of unretirement calls for a whole cluster of changes, including overhauling corporate benefit policies, the design of the social safety net and debunking stereotypes that wrongly assume older workers aren't creative. Taken altogether, aging boomers are constructing a new vision of the good life. Now that's exciting.

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