

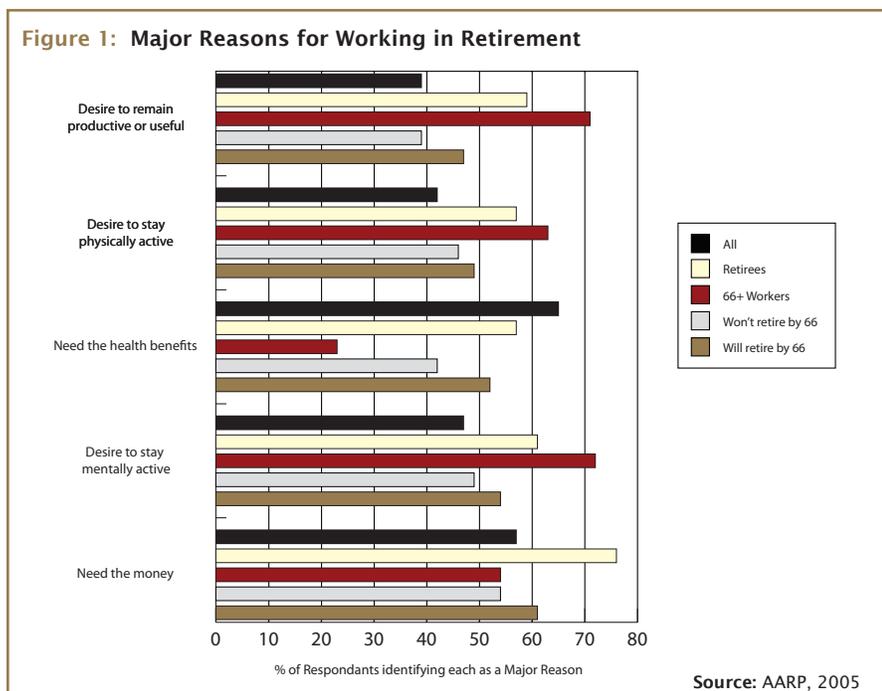
## PHASED RETIREMENT

**Project Team:** Jason Dobbs, with Patrick Healey, Katherine Kane, Daniel Mak, and Tay K. McNamara

This fact sheet focuses on phased retirement. A growing number of older workers are expressing an interest in retiring gradually. The passage of the Pension Protection Act as well as changes in employers' pension plans may make it possible for older workers to phase into full retirement through reduced work hours and job responsibilities.

### Question 1: Do older workers plan to phase into retirement?

- According to a 2006 Urban Institute report, "Close to 50 percent of workers age 60-64 either want to stop working or change their current work, compared with 30 percent of workers 65 to 69 and only 15 percent of workers age 70 and older." (Butrica, Schaner, & Zedlewski, 2006: 3).
- A 2003 AARP study found that when asked what they plan to do in retirement, nearly 70% of 50-70 years olds who have not yet retired reported that they planned to work in their retirement years or never retire, and almost half indicate they envisioned working into their 70s or beyond. (Brown, 2003: 4).
- Using the Employee Benefit Research Institute (EBRI) 2001 Retirement Confidence Survey, a Conference Board report found that "57 percent of respondents of 'older boomers' (currently age 48 to 56) and 64 percent of 'younger boomers' currently age 38 to 47) expect to work for pay in retirement." (Parkinson, 2002: 19).



### Question 2: What proportion of older workers are interested in phased retirement programs?

- According to a 2005 AARP study, "Workers between the ages of 50 and 65 who plan to retire by age 65 (43%) were more likely than those who plan to work beyond age 65 (37%) to express interest [in a phased retirement plan]." (AARP, 2005: 10).

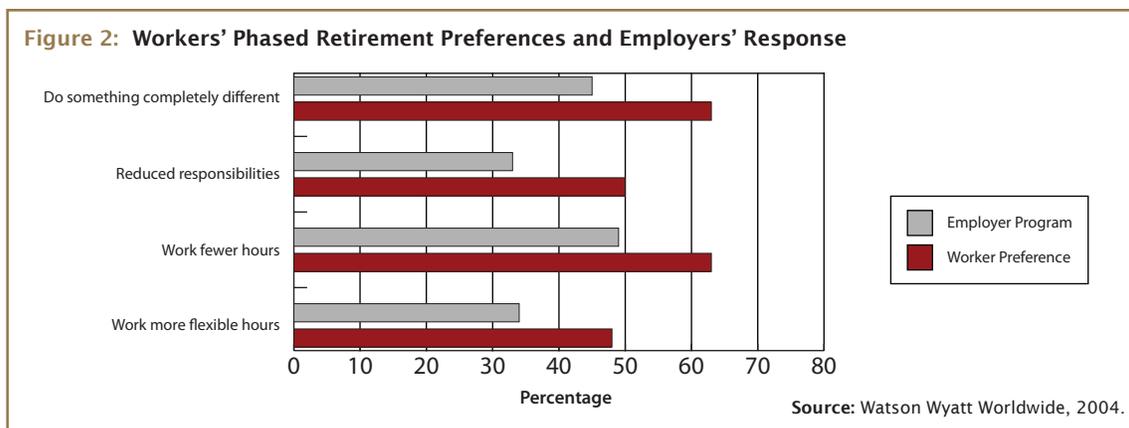
- One-third of respondents to a Watson Wyatt Worldwide survey of workers 50-70 years old said they would postpone full retirement if they were offered phased retirement. (Watson Wyatt Worldwide, 2004: 1).
- In a 2005 AARP survey of Americans age 50 and older, 38% expressed interest in the concept phased retirement. In addition, 78% of those surveyed interested in phased retirement stated the availability of such programs would encourage them to work beyond their anticipated retirement age. (AARP, 2005: 3).

### Question 3: Why are older workers interested in phased retirement?

- According to a 2005 AARP survey, “Workers ages 50-65 who plan to continue working after age 65 (76%) were significantly more likely than other respondents to identify the need for money as a major reason to work in retirement.” (AARP, 2005: 7).
- Watson Wyatt Worldwide (2004) found that 57% of those workers currently in phased retirement entered into an arrangement voluntarily to have more leisure time. (Watson Wyatt Worldwide, 2004: 4).

### Question 4: How many employers offer phased retirement programs?

- According to the 2003 SHRM Older Workers Survey, 10% of organizations are preparing for the possibility of a shortage of workers due to the retiring baby boom generation by offering phased/gradual retirement, compared to 36% for increased training, 29% for increased recruiting, and 32% who are doing nothing. (Collison, 2003: Chart 13).
- The National Study of Employers, which surveyed workplaces with 50 or more employees, found that 50% of employers allow some employees to phase into retirement in comparison to 28% of employers that allow all or most employees to phase into retirement. (Bond et al, 2005: Table 3).
- Hutchens found that approximately three-fourths (73%) of U.S. workplaces indicate they would allow an older employee to reduce the number of work hours before their official retirement. However, only 14% report having a formal phased retirement policy that applies to all employees. (Hutchens, 2003: Figures 3 & 5).



#### References:

Bond, T. J., Galinsky, E., Kim, S. S. & Brownfield, E. (2005). *2005 National study of employers*. New York, NY: Families and Work Institute. Retrieved June 6, 2007 from <http://familiesandwork.org/summary/2005nsesummary.pdf>

Brown, S.K. (2003). *Staying ahead of the curve 2003: The AARP Working in Retirement Study (Executive Summary)*. Washington, DC: AARP Knowledge Management. Retrieved June 6, 2007 from [http://assets.aarp.org/rgcenter/econ/multiwork\\_2003\\_1.pdf](http://assets.aarp.org/rgcenter/econ/multiwork_2003_1.pdf)

Brown, S.K. (2005, March). *Attitudes of individuals 50 and older toward phased retirement (Research report)*. Washington, DC: AARP Knowledge Management. Retrieved June 6, 2007 from [http://assets.aarp.org/rgcenter/post-import/phased\\_ret.pdf](http://assets.aarp.org/rgcenter/post-import/phased_ret.pdf)

Butrica, B., Schaner, S.G., & Zedlewski, S.R. (2006). *Enjoying the golden work years: Perspectives on productive Aging, Policy Brief 6*. Washington, DC: Urban Institute. Retrieved June 6, 2007 from [http://www.urban.org/UploadedPDF/311324\\_golden\\_work\\_years.pdf](http://www.urban.org/UploadedPDF/311324_golden_work_years.pdf)

Hutchens, M.R. (2003, October). *The Cornell study of employer phased retirement policies: a report on key findings*. Ithaca, NY: School of Industrial and Labor Relations at Cornell University. Retrieved June 6, 2007 from <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1000&context=lepubs>

Parkinson, D. (2002). *Voices of experience: Mature workers in the future workforce (Research report)*. New York, NY: The Conference Board.

Collison, J. (2003, December). *2003 Older Workers Survey*. Alexandria, VA: Society for Human Resource Management.

Watson Wyatt Worldwide. (2004). *Phased retirement: Aligning employer programs with worker preferences (2004 survey report)*. Washington, DC: Author.