



Living Longer, Working Longer: The Changing Landscape of the Aging Workforce – A MetLife Study



*Findings from a National Survey of Aging Workers
Who Remain in – or Return to – the Workplace,
How They Fare, and Why*

MetLife Mature Market Institute®
David DeLong & Associates
Zogby International

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Recent studies have shown that many Baby Boomers expect to continue working at least part-time as they move into what have traditionally been thought of as the “retirement years.” But a combination of factors are influencing how Boomers *actually* experience the transition into old age. These include:

- ◆ Increased longevity with Americans living longer
- ◆ Changing economic factors such as increased health care costs
- ◆ A growing skills shortage in many industries
- ◆ Different beliefs about work among the aging Baby Boomer generation
- ◆ Financial resources available for retirement

All these forces are conspiring to create a significant change in the traditional view of “retirement.” In fact, the development of a new category that has come to be known as the “The Working Retired” – i.e., workers who took retirement benefits and then returned to work – suggests the increasing contradictions emerging in the journey to old age. Indeed, how can an individual be both “retired” and “working” at the same time?

Most studies to date have offered predictions of the aging Baby Boomers’ retirement expectations instead of directly addressing the actual experiences of older workers today. What keeps them on the job? What drives older workers to consider other options? What kind of work arrangements are they accepting in their later years? How are existing retirement assets – or the lack of them – shaping decisions today? In essence, how are older people defining what “retirement” means?

This study describes the decisions that older workers are *actually* making about work and retirement. It reports on their experiences more than their expectations of the journey into retirement, assuming that life stage is not defined by some date, but is rather an ongoing process. The findings in this study have important implications for employers, who will need to retain and recruit more older workers in the years ahead as the age distribution of the U.S. labor pool shifts and serious shortages develop in specific professions, industries and geographic regions. This report also provides important insights for policy makers trying to understand how government can best address the impact of the huge demographic changes that are about to hit the industrialized world. Finally, Baby Boomers will learn how others just a few years ahead of them are experiencing the work/retirement transition, and they will get ideas about what to expect and how to begin planning today to increase their options for the future.

From a workforce planning perspective, there are four major groups to consider when evaluating today’s aging labor pool. This study focuses on the three categories of older Americans who are nearing or have reached traditional retirement age but remain in the workforce on a full- or part-time basis.

- ◆ **Mature Workers (30% of respondents)**
Employees age 55-70 who are working full-and/or part-time, but are not yet receiving retirement benefits, except possibly Social Security, if qualified. Many of these respondents are still fully engaged in their careers, but they will have access to retirement benefits at some point.



◆ **Mature Workers, No Nest Egg (16% of respondents)**

Employees age 55-70 who are working full- or part-time, but have no access to retirement benefits (except Social Security). This group is likely to work longer because they need the income and have no other retirement assets.

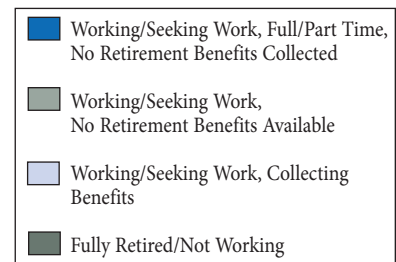
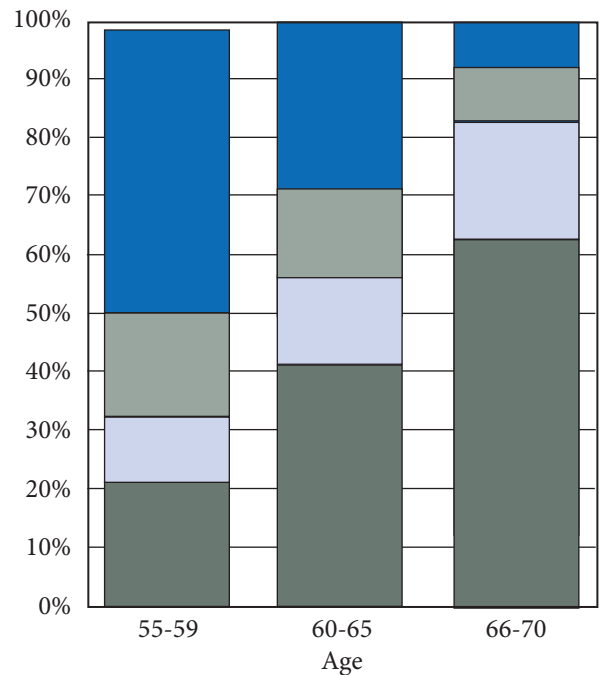
◆ **Working Retired (15% of respondents)**

Employees age 55-70 who previously retired, and then returned to the workforce and/or are actively seeking work. Individuals in this group are already receiving retirement benefits from a previous employer, but for a variety of reasons they have decided to return to the workplace either full- or part-time.

◆ **Traditional Retirees (38% of respondents)**

Older Americans who are fully retired and not working, or have not worked full-time outside of the home in 15 years. These individuals have decided to stop working for pay completely, although they may still be doing extensive volunteer work. And some are likely to be drawn back into the workforce as their retirement experience evolves.¹

Chart 1
The Aging Population
Current Working Situation



¹ Because figures have been rounded to the nearest percentage, totals do not always equal 100 percent.



As workers live longer, healthier lives – and grapple with the issue of providing enough retirement income to support them in their 70s, 80s, 90s and beyond – employers and employees face a new reality. Many Americans age 55-70 are continuing to work past the standard retirement age and/or are returning to work (either full- or part-time) after retirement. These aging workers remain in the workforce for two primary reasons: financial necessity and the desire to remain active and/or try something new.

One of the key findings in this study is the importance of differentiating the work and retirement activities of mature workers and retirees on several dimensions. Most important is age. Unlike many workers in their 60s and early 70s – perhaps the last generation fortunate enough to have broad access to corporate pensions and Social Security – Boomer employees age 55-59 face greater financial uncertainty. This study shows that people in different age groups have significantly different perceptions about the types of job opportunities that are open to them, why they work and what retirement actually means.

Limited Savings, Longer Life Expectancies

Among aging Baby Boomers (age 55-59), a significant percentage of workers have minimal savings, and 18% expect to have no access to retirement benefits (e.g., pension, 401(k), SEP) when they stop working. Among employees age 60-65, the percentage of workers having no access to retirement benefits drops somewhat to 14%.

Even among workers who do have access to retirement benefits, about half of the survey's respondents have less than \$250,000 in retirement savings, excluding home equity. Not surprisingly, 60%

of those who do not expect to have access to retirement benefits report assets under \$250,000. This includes 22% who reported assets of less than \$25,000.

Among the survey's respondents, aging Baby Boomers (age 55-59) are the least confident about having enough money in retirement, with approximately 44% worried that they will not be able to live comfortably if they live past age 85. Those age 60-65 and 66-70 are considerably more confident (69%) than the aging Baby Boomers on the issue of retirement security.

As a result, more than 62% of aging Baby Boomers (age 55-59) wish they had done better financial/retirement planning to prepare for their golden years, as do 49% of 60-65 year-olds and 47% of 66-70 year-olds. Respondents in the oldest group (age 66-70) are almost twice as likely (34%) as aging Boomers (age 55-59) to say they would do “nothing different” to prepare for retirement. About 9% of all respondents wish they had made better career choices and 3% indicate they should have taken better care of their health.

A Quest for Meaning, Fulfillment

One of the most important findings of this study is the significant shift that occurs in the motivations for work as individuals age. For those age 55-59, who are still fully engaged in the workforce, economic incentives clearly dominate. About 72% of this group cited “need income to live on” as a primary reason for working. Among 60-65 year-olds, “need income to live on” (60%) was still the most frequently mentioned reason for working, but it was followed by a desire to “stay active and engaged” (45%) and “do meaningful work” (43%). For the 66-70 year-olds, this shift in priorities is even more dramatic, with 72% choosing “want to



stay active and engaged” as a primary reason to work. Their second choice is “want the opportunity to do meaningful work” (47%) and third is “enjoying the social interaction with colleagues (42%).

The type of work employees choose to pursue also varies with age. Among workers age 60-65 who left the workplace and then returned, the number one reason for retirement was “to try something new and different” (20%). This option was chosen much less frequently by 55-59 year-olds (12%) and 66-70 year-olds (7%), suggesting that workers in their early 60s are particularly eager for new experiences and challenges.

Finally, workers are far more likely to pursue alternative work arrangements – e.g., self-employment, part-time work – as they age. While 28% of respondents age 55-59 listed themselves as “self-employed or business owner,” more than one-third (36%) of 60-65 year-olds and 42% of 66-70 year-olds work for themselves. The oldest workers surveyed (age 66-70) also demonstrate a strong preference for part-time work. Of those currently employed, roughly two-thirds (76%) of 55-59 year-olds work more than 35 hours per week, while only 39% of 66-70 year-olds work that much. Nearly four in 10 of the oldest group who are still employed works less than 20 hours a week.

Implications for Employers

These findings have important implications for executives and managers. First and foremost, organizations need specific recruiting, retention and workplace strategies to address the different needs, priorities and preferences among older workers, and how to keep them productive and satisfied. While aging Boomer employees (age 55-59), for example, express a strong desire for financial planning support and guaranteed sources of

income, employees age 60-65 care a great deal about job design and work environment, while those age 66-70 put a special premium on feeling engaged, doing meaningful work and feeling socially connected to colleagues.

As the gap between the demand for and the supply of seasoned knowledgeable workers widens, employers in all industries will need to pay close attention to recruiting and retaining older, experienced employees. This is particularly true in sectors such as healthcare, government, education, manufacturing, energy and aerospace, which are expected to be especially hard hit by the loss of veteran workers when millions of Baby Boomers begin to leave the workforce for good. It will be important for employers to identify and reduce cultural biases against hiring, training and retaining older workers. In addition, businesses must be more creative in designing flexible jobs and assignments that appeal to older employees who still have a lot to contribute.

Retirement Redefined

While older Americans struggle to balance the conflicting pressures of “income security,” “post-retirement-age employment” and “age discrimination,” they continue to define retirement as freedom from the “demands of work” and “financial concerns.” In effect, they are taking control of their post-retirement years as best they can to extract a sense of meaning and security from their experiences. They see retirement as a process, not an end in itself – a process that, for some Baby Boomers who have limited sources of guaranteed income, may mean that they will be working well into their 70s and 80s before fully achieving freedom from the demands of work.



Overall, most older employees expect to stop working for pay at the age of 70. Those workers who have not yet started collecting retirement benefits estimate that they will stop working completely at age 67. The median age cited by workers who previously retired from one job but returned to work – as well as by those who will not have access to retirement benefits – is 70. It's worth noting, however, that these are median ages, and many workers expect to remain in the workforce well past age 70.

When asked if their concept of “retirement” had changed, 47% of aging Boomers (age 55-59) said “yes.” Roughly 44% said “no,” and 8% were “not sure.” Older respondents were less likely to say their understanding of retirement had changed. For 60-65 year-olds, 40% said “yes” as did 31% of 66-70 year-olds.



The Aging Workforce

The Rise of the “Working Retired”

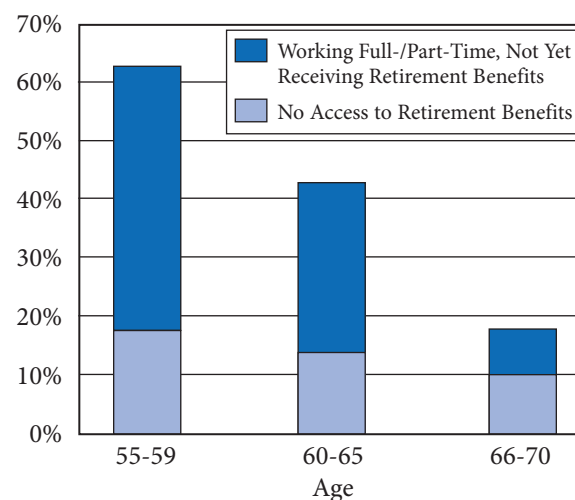
Today’s workers age 55-70 are redefining the way that employees, employers and policymakers think about the terms “work” and “retirement.” In part, that’s because many of these graying workers – which include both Baby Boomers and the Silent Generation – are continuing to work beyond the standard retirement age and/or returning to work (either full- or part-time) after retirement.

Among workers age 55-59 – the leading edge of the Baby Boom generation – 67% of the respondents are still working full- or part-time (or seeking work) and have never collected retirement benefits. About 21% of this age group is already fully retired and/or not working.² But another 11% of these Baby Boomers have accepted retirement benefits from a previous employer and have chosen to return to work (or are seeking work). This last group, the Working Retired, is two times more likely to be men than women, representing 20% versus 10% of total responses by gender.

Among older workers, the Working Retired represent 16% of 60-65 year-olds and 19% of 66-70 year-olds. When we add this segment of workers (i.e., the Working Retired) to those who never left the workforce, the percentage of Americans age 66-70 working or looking for work stands at approximately 37%, compared with nearly 60% of Americans age 60-65 and 78% age 55-59.

What older Americans in all three age segments have in common, then, is a relatively high rate of workforce participation. Still, significant differences in motivation and work experiences among the three segments remain. These differences will be discussed in sections two through five of this report.

Chart 2
Aging Population - Percent Working Full-/Part-Time Never Received Retirement Benefits (Except Social Security, If Eligible)



Changing Motivations for Work Meet Changing Opportunities

A Quest for “Something New”

Among the Working Retired age 55-59 – i.e., those who are receiving retirement benefits but have returned to work, the two most frequently cited reasons for “retiring” were “offered an early retirement package” (36%) and “business closed/downsized” (17%). But these reasons were not frequently cited among the Working Retired age 60-65 and age 66-70. Among these workers, “reaching traditional retirement age” was the number one reason for 66-70 year-olds (22%) and the number two reason for 60-65 year-olds (16%).

² This includes people who have not worked full-time for 15 years, such as homemakers or the disabled, which is 4% of this age group.



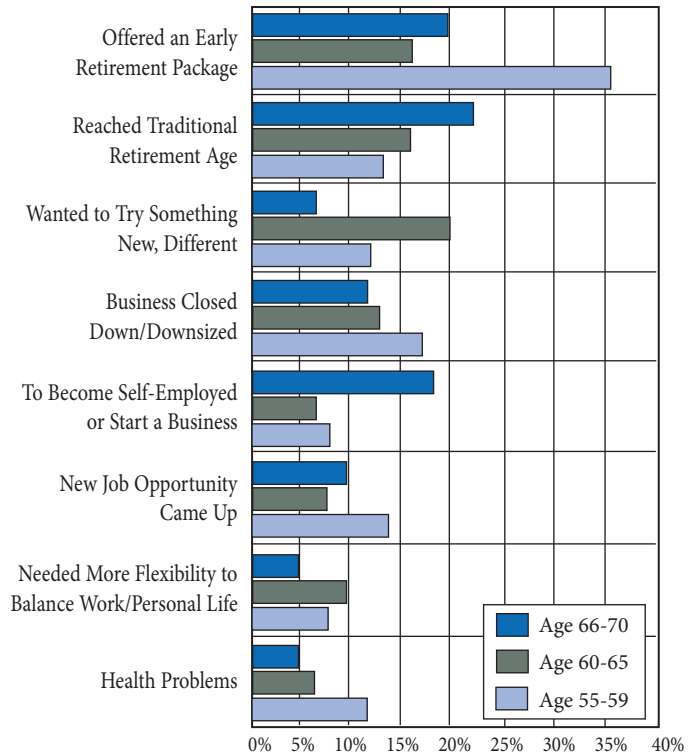
The number one reason for taking retirement benefits cited by workers age 60-65 was “wanted to try something new and different” (20%). This option was chosen much less frequently by 55-59 year-olds (12%) and by 66-70 year-olds (7%), suggesting that workers in their early 60s, who may be in a transitional period between full-time work and retirement, are particularly eager to seek out new experiences and challenges. With the oldest Baby Boomers turning 60 in 2006, this desire to “try something new” could portend a significant wave of departures in the next five years, as many older Boomers set out on different careers – yet another reason why employers need to be paying close attention to workplace culture and the retention of retirement-eligible employees.

Among 66-70 year-olds, “becoming self-employed or starting a business” (19%) was another frequently-cited reason for taking retirement benefits. This reason was considerably less important to 60-65 year-olds (7%) and 55-59 year-olds (8%). It suggests there are conditions in the job market and in older workers’ desire for autonomy and flexibility that make self-employment an attractive option for employees in their late sixties.

Across all three age groups, in fact, employees underscored the importance of flexibility and the opportunity to learn, grow and experience something new. Among the most frequent reasons chosen by respondents:

- ◆ “Wanted to try something different”
- ◆ “To become self-employed or start a business”
- ◆ “New job opportunity came up”
- ◆ “Needed more flexibility to balance work/personal life”

Chart 3
Primary Reasons The “Working Retired” Change Jobs or Leave Their Previous Employer



The implications are clear for employers who want to retain talented knowledge workers nearing retirement age: give older workers what they crave – new experiences and challenges. Instead of allowing experienced workers to “retire” – and perhaps re-enter the workforce in a new job capacity sometime in the future – employers should consider job reassignment, job redesign and part-time or special assignments as possible solutions for increasing retention of experienced employees who still want to work.



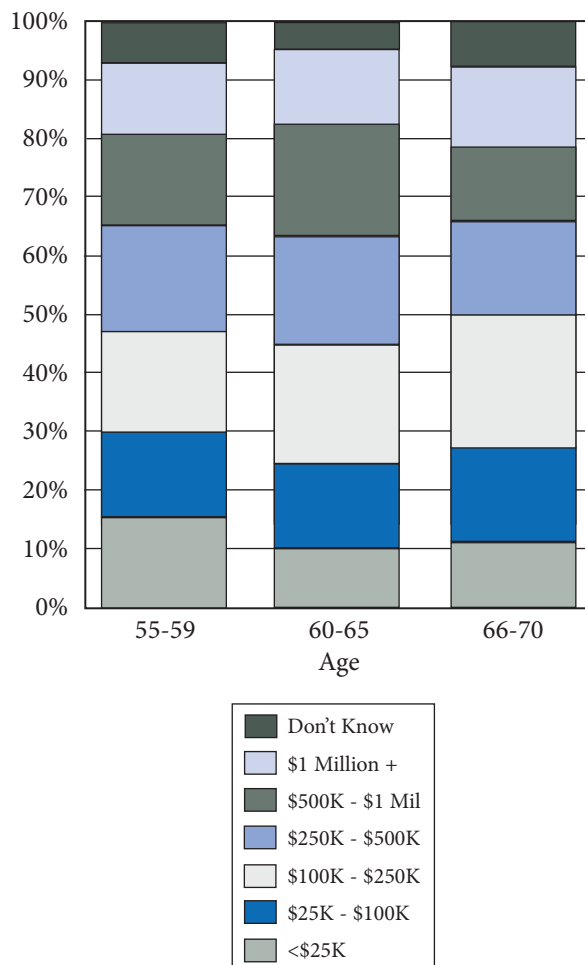
In certain under-represented sectors in this survey, the opportunities for accommodating and retaining experienced, older workers are particularly strong. One sector that was surprisingly under-represented was healthcare. Only 4% of respondents work in healthcare – a field where there are already serious skilled labor shortages and where demand is expected to intensify. Another sector that could take advantage of the growing population of older workers is non-profits, where only 7% of the survey respondents worked.

Back to Work: Financial Reality Sinks In

Financial necessity is a driving factor for many older employees to work – whether on a part-time, full-time or self-employed basis. A significant portion (18%) of Baby Boom workers age 55-59 report that they expect to have *no access* to retirement benefits (e.g., pension, 401(k), SEP) when they stop working and are likely to feel compelled to work well past traditional retirement age. These uninsured Boomers actually represent more than a quarter (26%) of working 55-59 year-olds, who are not already receiving retirement benefits. Those working but having no expectation of retirement benefits are more likely to be women (40%) than men (27%). About 14% of workers age 60-65 and 10% of those age 66-70 expect to receive nothing but Social Security when they finally stop working.³

Even among workers who *do* have access to retirement benefits, it's well known that the aging population in the U.S. has not been saving enough for retirement. That fact is evident in Chart 4, which shows that about half the respondents in all age groups have less than \$250,000 in household financial assets, excluding home equity. Not surprisingly, 60% of those still working who do not expect to have access to retirement benefits report assets under \$250,000. This includes 22% who report assets of less than \$25,000.

Chart 4
Aging Population Financial Assets (Household)



When household income is used to evaluate the aging workforce, one group stands out in terms of vulnerability. According to recent U.S. Census data, the median income for those age 55-64 is \$50,000. The median household income reported by all survey respondents was in the “\$50,000-\$75,000 range,” indicating that the sample is fairly typical of the overall population in these age brackets in terms of income. The responses of those with household incomes less than \$75,000 are of particular concern. More than 40% of those still working without receiving retirement benefits indicated that they will have no access to benefits aside from Social Security when they stop working.

³ This does not count people who are already fully retired and living only on Social Security.



Motivations for Work Change Significantly with Age

One of the most important findings in this study is the significant shift that occurs in the motivations for work as individuals age. For people age 55-59, economic reasons clearly dominate. Of those currently in the workplace, about 72% of this age group cited the need for “income to live on” as a primary reason for working. This was followed by the desire to “maintain lifestyle” (43%) and “build additional retirement savings” (41%). Among 60-65 year-olds, the need for “income to live on” (60%) was still the most frequently mentioned reason for working. But after that, a shift in priorities appears as the desire to “stay active and engaged” (54%) and “do meaningful work” (43%) follow in second and third place. For 66-70 year-olds, this shift in priorities is dramatic, with 72% choosing “want to stay active and engaged” as their primary reason for working. Their second choice is “want the opportunity to do meaningful work” (47%) and third choice is “enjoy social interaction with colleagues” (42%). “Need income to live on” trails in fourth place, cited by 37% of 66-70 year-olds.

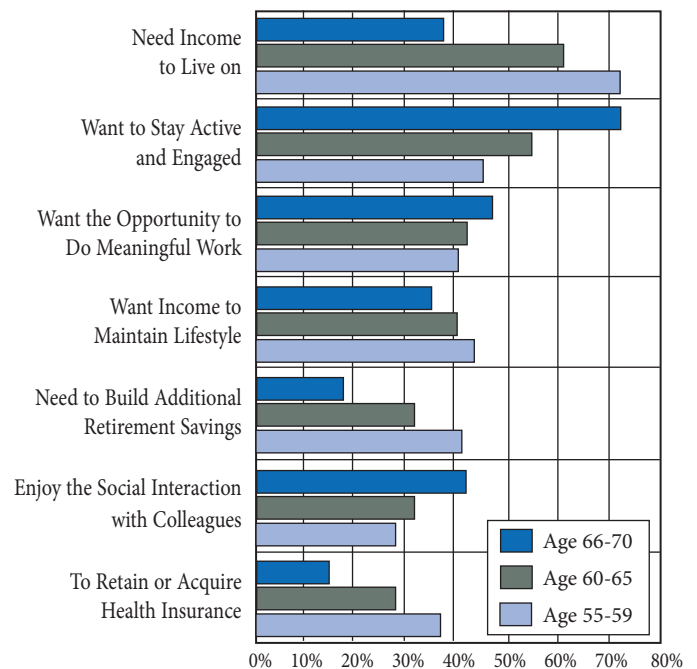
Overall, it is worth noting that women (43%) are more likely than men (30%) to work because they need the income to live on. And single (64%) and divorced (61%) employees are almost twice as likely as those who are married (36%) to continue to work because they need the income to live on.

These findings have important implications for employers because they suggest that recruiting and retaining workers in their sixties requires special attention to job design, work environment and creating new opportunities. Even though older work-

ers may need income, they place a special premium on feeling engaged and doing meaningful work and, equally important, feeling socially connected to colleagues.

For example, Meri, age 60, took an early retirement package from a telecommunications company that included lifetime health insurance. Now she works at a retail farm stand and is a licensed massage therapist. “I’ve retired stress from my life by working at a simple job,” she said. “It doesn’t keep me awake at night worrying, but it keeps me connected with the community, and it’s fun.”

**Chart 5
Primary Reasons For Working Change With Age**





When Motivations and Reality Collide

Fragile Nest Eggs

As the first group of Baby Boomers turns 60, employers can expect workers to put greater emphasis on workplace intangibles – e.g., social interaction, flexibility, meaning and balance. The problem, of course, is that many Boomers will find it difficult to afford the part-time and/or volunteer schedules that they are interested in pursuing.

For years, retirement experts have predicted serious repercussions as Baby Boomers' lack of retirement assets collides with their increased longevity to create widespread economic hardship. The rational solution – i.e., to continue working full-time beyond traditional retirement age – is at odds with many Boomers' interests, values and priorities.

Unlike many workers in their 60s and 70s who – as the last generation fortunate enough to rely on corporate pensions and Social Security – are more likely to have multiple sources of guaranteed income to support them, Boomers face a difficult dilemma. For many, the desire for flexibility and meaning is likely to come into direct conflict with the economic imperatives created by inadequate retirement resources. The outcome of this conflict will be critical. Will many aging Boomers settle for considerably lower standards of living? Or will they sacrifice their desire for flexibility and meaning to maintain their current lifestyles?

For example, Ed is a 68-year-old scientist who spends 10-15 hours a week promoting a network marketing opportunity. He said, "Our lifestyle today is very restricted because there's not enough money. I didn't stay in one place long enough to get heavily invested in a retirement program. I spent it as I made it. The largest asset is our house, and we spent \$300,000 putting our kids through school. I started collecting Social Security at age 65. That's not enough, so I'm drawing down savings until this other thing kicks in."

Help Not Always Wanted: Strong Perceptions of Age Bias

In addition to the financial pressures, many aging workers face an additional barrier to workplace fulfillment: the perception of age bias. When asked about unsuccessful job searches, older workers most frequently gave reasons suggesting or implying "age bias." Employees age 55-59 blamed "age bias" 39% of the time, while 60-65 year-olds and 66-70 year-olds identified bias as a barrier 42% and 60% of the time, respectively.

"The technology itself is a barrier now because it allows managers who don't want to hire older workers complete freedom. They can discriminate, and you can't touch them because the Internet doesn't allow you to touch them. So, if they don't call you, who are you mad at? In the old days you knew the company and had an address. Now sending resumes off – it's a complete black hole," said Jeff, age 64, who started a computer support company for home users after an unsuccessful two-year job search. He has no access to retirement benefits and has additional medical bills because of diabetes.



Respondents cited skill gaps as the second most commonly mentioned barrier in job hunting. Lack of skills were viewed as a bigger problem by workers age 55-59, who cited them as a barrier 31% of the time, than by 60-65 (15%) and 66-70 year-olds (9%). Workers age 60-65 were also twice as likely to blame a poor job market (15%) as were employees in the other two age groups.

Among the comments provided by the respondents:

- ◆ *“Age was a factor in not hiring even though it’s against the law. It was not overt but it was there.”*
- ◆ *“Although they have used subterfuge such as ‘you are overqualified’ or ‘your pay grade is too high,’ what the prospective employer means is ‘you are too old.’ Knowing it’s unlawful does not stop them.”*
- ◆ *“I feel certain it is age. Pass all the tests, go through one or two interviews and then the job just disappears! I used to hear about this, but now cannot believe how biased the workplace is. This is for clerical positions, part-time typing!”*
- ◆ *“Employers will not hire an older person unless there are simply no younger people.”*

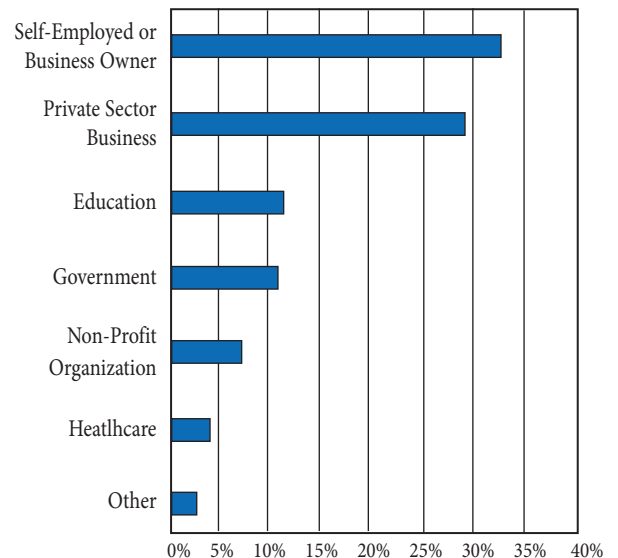
As time goes on, however, organizations that once focused on younger workers may find that they will need to adjust their policies and strategies to retain and recruit older workers.

New Models of Work: Self-Employment and ‘Portfolio’ Positions

Self-Employed – By Choice and/or Necessity

One of the most unexpected findings from this study was the clear trend toward self-employment and business ownership as workers age. Some 28% of respondents age 55-59 listed themselves as “self-employed or business owner,” exceeded only by 34% who reported that they worked in a “private sector business.” For 60-65 year-olds, those numbers were 36% and 27%, respectively, while 42% of 66-70 year-olds reported working for themselves, and 22% said they worked for private sector businesses.

Chart 6
Current Employer by Industry:
All Workers Aged 55-70





In retrospect, it shouldn't be surprising that a significant percentage of older Americans are self-employed. This group has made it clear they want more flexibility, more control over their work, and a sense of doing something meaningful. Self-employment or business ownership can readily support these objectives. But there is also a potential dark side to this trend. A significant number of older workers may feel forced into self-employment due to age discrimination. Sometimes self-employment is a code word for "I can't find meaningful work."

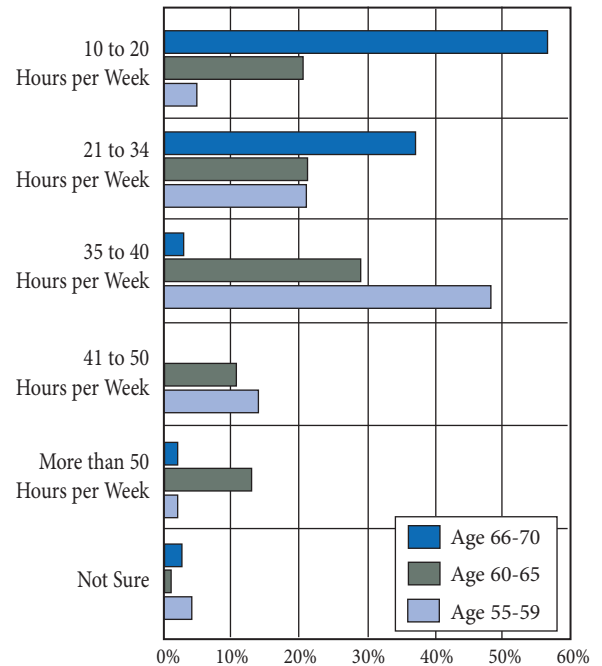
"You will find a lot of people who have been kicked out of their real jobs now going it alone," said Matt, age 56, who took a lump-sum retirement benefit from a Fortune 50 company after a layoff. "I'm working full-time building this sustainability consulting business, but it's not generating a lot of income yet. Getting the company going has been a lot more work than I anticipated."

A Preference for Part-time

While aging Boomers (age 55-59) still favor full-time positions, the oldest workers surveyed expressed a strong preference for part-time work. Of those still in the workplace, about 76% of 55-59 year-olds work more than 35 hours a week, and only 39% of 66-70 year-olds work that much. In fact, among the oldest workers surveyed (age 66-70), nearly 4 in 10 (39%) are working fewer than 20 hours a week. And among those seeking work in this age group, 56% wanted less than 20 hours per week (See Chart 7). For those currently working, the percentage of part-timers falls to 22% for 60-65 year-olds and 13% for 55-59 year-olds.

When asked the main reason they are working part-time, a strong majority of all three groups made it clear they are only interested in part-time work. For 66-70 year-olds, 84% said they wanted to work part-time. Only 2% of that group – and 15% of 60-65 year-olds – said they wanted full-time work but couldn't find it.

Chart 7
Preferred Number of Working Hours Sought By Older Job Seekers

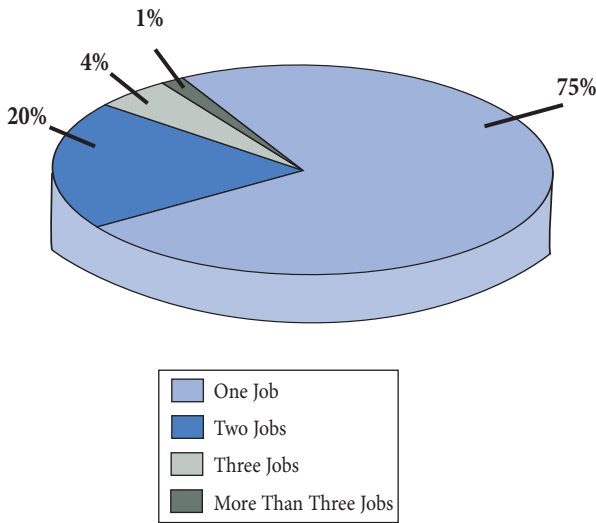




Putting Their Nest Eggs in Several Baskets

In interviews done for this study, some older workers talked of their lives as taking on a “portfolio quality.” Life becomes a mix of part-time work for pay, volunteer work and travel, along with more time for hobbies and family. Supporting this portfolio metaphor, a consistent 25% of survey respondents across all age groups currently earn income from more than one job. About 20% of those working have two jobs and another 4% have three jobs.

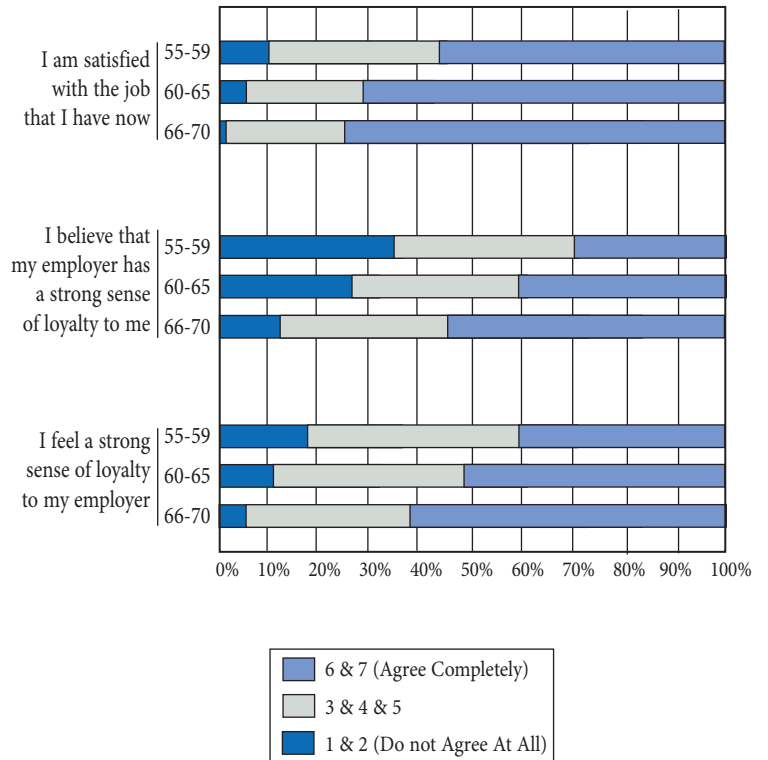
Chart 8
How many different jobs do you work for pay?
(Number of Current Jobs)



More Loyal with Age

Older employees who opt for more traditional work arrangements – i.e., full- or part-time work for an employer – are likely to report an above-average level of workplace trust and loyalty. The oldest workers surveyed (age 66-70) were significantly more likely to identify their employers as “very loyal” (53%) than their younger peers. In contrast, among aging Boomers (age 55-59), the percentage of workers characterizing their employer as “very loyal” drops to 30%. Further, 61% of the oldest workers surveyed have a strong sense of loyalty to their employer, compared with only 40% of the younger category (age 55-59). An important lesson for employers here is that older workers are much more likely to appreciate the loyalty of their employers and much less likely to view them suspiciously.

Chart 9
Relationship With Current Employer





Staying Put

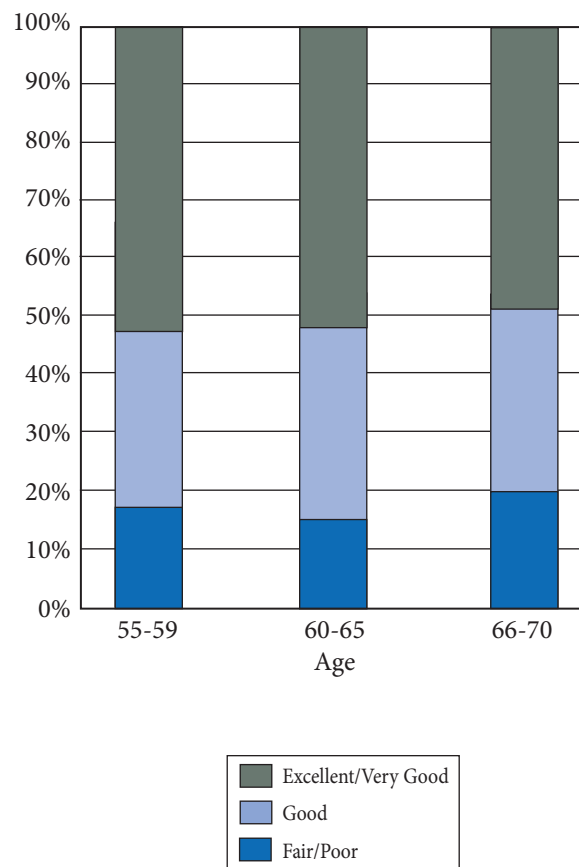
Stereotypes to the contrary, relatively few of the workers surveyed for this study moved to warmer climates once they started receiving retirement benefits – an issue of concern for government officials in northern industrial states. Only 15% of 66-70 year-olds moved, while 21% of 60-65 year-olds and 28% of 55-59 year-olds chose to relocate.⁴ Among employees who had access to retirement benefits when they were younger, relocation rates are somewhat higher.

Redefining Retirement: Healthy, Working, Worried

A Picture of Health – Expecting to Stay That Way Until 70

Among all 66-70 year-olds surveyed, 49% characterize their health as excellent or very good. Only 20% said their health was fair or poor. Among 60-65 year-olds, just over half (52%) describe their health as excellent or very good while 15% said it was fair or poor. For 55-59 year-olds, those numbers were 54% and 16%, respectively. It is worth noting that among 66-70 year-olds who retired and later returned to the workplace, 60% described their health as excellent or very good, and only 6% said it was fair or poor. Of course, this is a self-selecting group with less healthy people more likely to stop working. For the foreseeable future at least, the aging workforce appears to be healthy enough to handle the physical demands of work.

Chart 10
How Would You Rate Your Current Health?



Overall, most aging employees expect to stop working for pay at the age of 70. Those workers who have not yet started collecting retirement benefits estimate that they will stop working completely at age 67. The median age cited by workers who previously retired from one job but returned to work – as well as by those who will not have access to retirement benefits – is 70. It's worth noting, however, that these are median ages, and many workers expect to remain in the workforce well past age 70.

⁴ These findings are limited to those still working; respondents who were fully retired were not asked this question.



One retired high school principal was still juggling a number of part-time jobs after turning 70. One position with a school administrator’s association required a 60-mile commute (each way) twice a week. Asked when he expected to stop working completely, he said, “I told my wife I’ll stop working when I can’t make the drive. But my wife said, ‘I’ll drive you!’ I’ll stay as long as I feel I can do the job, and my boss wants to keep me.”

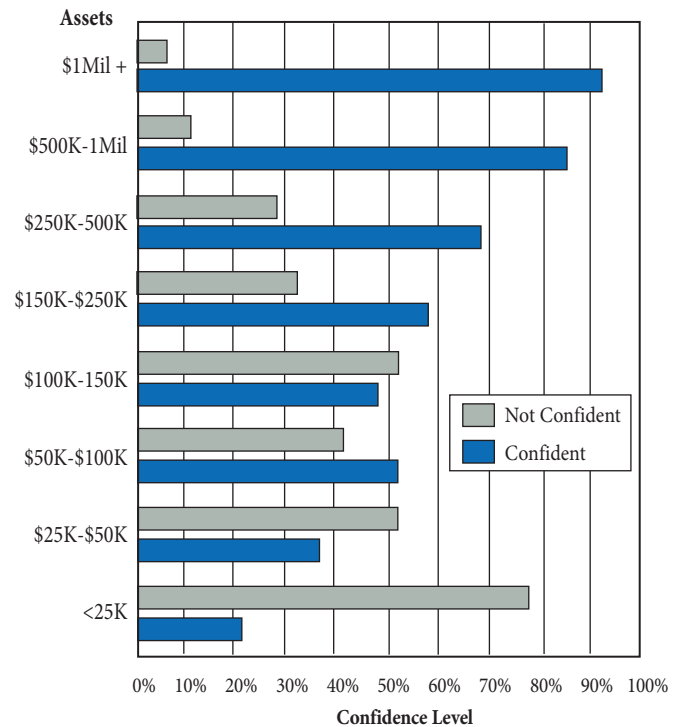
Financial Outlook: Boomers Worry About Outliving Assets

When it comes to having enough money in retirement, aging Boomers (age 55-59) are the least confident of the bunch. About 44% are not confident they will have enough money to live comfortably past age 85. Those age 60-65 and 66-70 are considerably more confident (69%) on the issue of retirement security, although their confidence may be unfounded.

Ed, age 68, who is working part-time with no access to retirement benefits, said, “I’ve decided to live to 100. Now I just need to manage that decision.”

When viewed in the context of existing retirement assets, there are overly high confidence levels about having enough money to support a long retirement (See Chart 11). As expected, those with less than \$25,000 in financial assets are least confident (22% confident/76% not confident) about having enough money to live on after age 85. But as assets climb, so do confidence levels – more quickly than would be expected. Those with \$150,000-\$250,000 in financial assets are highly confident (59%) that they will live comfortably in a long retirement.

Chart 11
Confidence You Will Have Enough Money to Live on to Age 85, Given Current Financial Assets



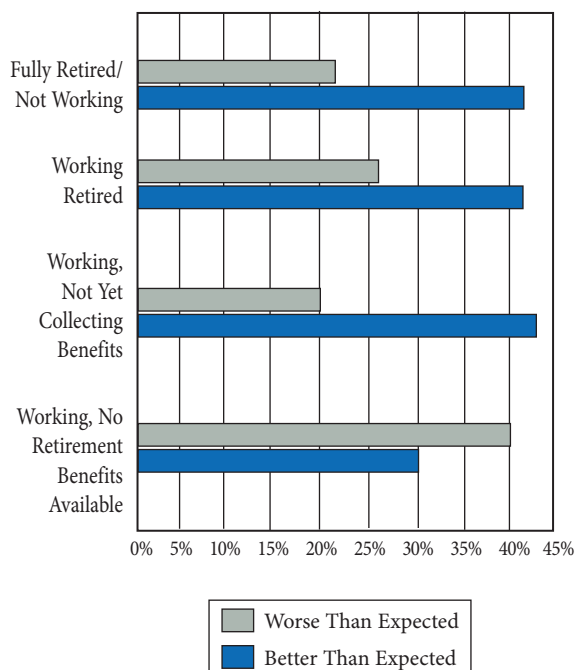
Overall, respondents expect to live to a median age of “81-85.” This estimate is in keeping with today’s average life expectancy, which for 55-70 year-olds ranges from 79-83 years for men and from 83-86 years for women. This means half the respondents can expect to live beyond the average, many surviving well into their 90s. In fact, according to the Society of Actuaries *Annuity 2000 Table for Males and Females*, for a couple consisting of a 65-year-old man and woman today, there is a 25% chance that one of them will live beyond age 97. Those with assets under \$250,000, who consistently estimated they would live into their early 80s, are much more likely to find their savings exhausted before then.



Generally Satisfied...or at Least Resilient

Despite the potential disconnect between actual longevity rates and their retirement assets, older workers are generally quite positive about how they are doing (See Chart 12). Both those working and fully retired are very consistent, with about 42% reporting they are better off than they expected to be 10 years ago. About 22%, however, said they are worse off than expected. Particularly pessimistic are older workers without access to retirement benefits. About 40% of this group said they were worse off than expected, although 30% said they were actually better off.

Chart 12
How Does Your Current Lifestyle Compare to What You Thought It Would Be 10 Years Ago?



Jeff is a divorced 64-year-old former IT manager, who runs a computer support business for home users. He has no access to retirement benefits, and diabetes has created unexpected medical expenses. He said:

“Ten years ago, I thought I’d reach this age and be comfortable. Well, I’m not comfortable. I’m not able to deal with financial emergencies right now. I’ve always been economically responsible, so I don’t run up charge cards. But I feel too close for comfort to not being able to pay a bill.”

“If I had my preferences, I’d officially retire and be comfortable. But I can’t do that economically. So I do the next best thing. I love my job, and I’m getting emotional satisfaction out of helping people. I’m making a living and not sweating it one day to the next. I’ve also added things that are very gratifying to me. I run a volunteer group within the chamber of commerce. I don’t think of it as work. It’s just another one of those experiences that helps me feel good.”

Regret: Not Saving/Planning More

When asked what they wish they had done differently in preparing for this stage of life, more than 62% of aging Baby Boomers (55-59) suggested better financial and/or retirement planning. That theme was also strong with 60-65 year-olds (49%) and 66-70 year-olds (47%). Respondents in the oldest group were almost twice as likely (34%) to say they would do “nothing different” when compared with 55-59 year-olds (18%), perhaps because they have access to a steady stream of income through a pension. Not surprisingly, those still working with no access to retirement benefits most frequently mentioned their lack of financial planning (60%) as something they would change. About 9% of total respondents wished they had made better career choices (which frequently involved getting more education), and 3% indicated they should have taken better care of their health.



Among the decisions respondents wish they had handled differently:

- ◆ *“Bought fewer new cars and saved more money.”*
- ◆ *“Changed lifestyle so I could have saved more and started much earlier.”*
- ◆ *“Have taken a retirement course the very first day of my first job.”*
- ◆ *“I could have saved more. I have a little of the anxiety of ‘living too long’ and outspending my savings, but I don’t dwell on it. I know that I will have the resources I need to get to the end OK.”*
- ◆ *“I thought that by now I would have saved much more for my retirement. The cost of living does not match the amount of saving I thought I would need.”*
- ◆ *“I wish I had saved more and spent less over my entire working life. I wish that I had been able to impress on my husband the importance of saving versus spending.”*
- ◆ *“I wish my family had taught me about investing much earlier in my life! I would be much better prepared.”*
- ◆ *“I would have taken retirement more seriously at 20, 30 and 40 than I did.”*
- ◆ *“Oh, easy to answer... wish I had not blown money on ‘things’... wish I would have just thought about reality of age and money a little more seriously!”*
- ◆ *“Started investing in the stock market 20 years sooner – when my accountant told me to – instead of waiting until the last 10 years of employment.”*

New Views on Retirement

Returning to Work – For Financial and/or Personal Reasons

For many aging Boomers, savings shortfalls – coupled with new interest in and flexibility surrounding employment beyond the age of 60 – are reshaping the very definition of “retirement.” When asked if their concept of “retirement” had changed, 47% of older Boomers (age 55-59) said “yes.” Roughly 44% said “no,” and 8% were “not sure.” Older respondents were less likely to say their understanding of retirement had changed. For 60-65 year-olds, 40% said “yes” and 54% “no,” while 31% of 66-70 year-olds answered affirmatively and 63% said their concept of retirement had not been changed by their experiences.

A significant number of respondents made comments suggesting that they no longer plan to retire. This was the most popular sentiment among respondents who had previously retired and re-entered the workforce (18%), those still working but not yet collecting benefits (20%) and those working with no potential access to benefits (21%). Reasons cited for re-thinking retirement ranged from “financial necessity” to “desire to remain engaged and do something interesting.”

Another frequently cited observation was that the cost of retirement was unexpectedly high. Retirement costs were of greatest concern to workers with no access to benefits (25%) and to those seeking work (23%). A significant percentage of aging workers also reported that retirement had turned out to be better than expected. This sentiment was most often expressed by those who were fully retired (30%), but was also mentioned by employees who had retired and subsequently returned to work (13%) and by those working but not yet receiving benefits (13%).



Among the respondent comments:

- ◆ *“My parents have been able to retire in the traditional way. They have investments and live in a very nice retirement community with no stress. I will never be able to do that.”*
- ◆ *“After I retire I will work part-time so that I can stay engaged and not become a couch potato. I used to think that retirement meant no work.”*
- ◆ *“At one time I thought it possible to retire without having to work at all, and without suffering a decline in quality of lifestyle.”*
- ◆ *“Can’t retire. Not enough to live on. Don’t really want to ‘retire’ either. I like working.”*
- ◆ *“Companies no longer provide pensions. I will not be able to retire like my father has. Being loyal to an employer no longer means anything. I must provide for myself.”*
- ◆ *“Did not think that I would work after retirement, but I really like the flexibility of doing whatever I want or feel like.”*
- ◆ *“Didn’t realize how much I would miss my work.”*
- ◆ *“Had planned to be ready to retire by age 55. Instead, as I now approach 58, I’m faced with starting over. I will probably never be able to retire.”*
- ◆ *“I don’t understand why people even want to live on the ‘same financial level’ they did when they were working and raising a family. I am content living simply and comfortably. My tastes are probably different now than I expected them to be.”*

- ◆ *“I expect to work longer; I expect my contemporaries should work longer. I have already adjusted to finding meaningful work that provides flexibility, which I think might become a new definition of retirement.”*
- ◆ *“I had originally thought of retirement as stopping work and just having fun.”*

Retirement Means Different Things to Different People

Finally, this study assumed that the concept of retirement is evolving with increased workforce participation of older Americans and more Baby Boomers expecting to work longer. We thought it was important to understand what the concept of “retirement” means to older people today. What does it mean to be “retired”?

Somewhat surprisingly, the most popular sentiment communicated in response to this question was that retirement means “freedom from the demands of work” (26%). A related idea also frequently expressed (24%) was the notion of “more control over one’s personal time.” This was the idea most commonly expressed by those who are fully retired (35%) and by employees who retired and subsequently returned to work (23%). A third notion defining retirement was “limited financial concerns,” which was mentioned by 21% of the total sample. The implication is that retirement means not being worried about money. Finally, 12% of the total sample cited “the ability to pursue other opportunities” as the definition of retirement today.

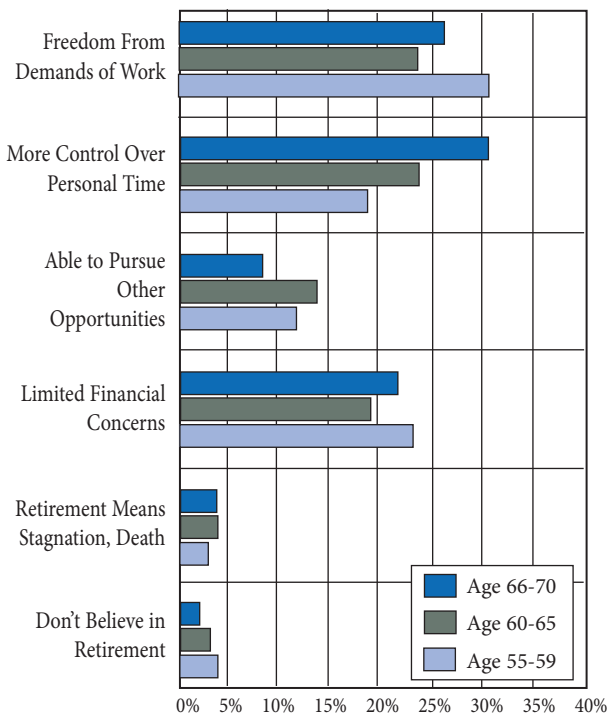


One thing that is clear from the responses to this open-ended question: older workers view retirement as a desirable state, not as a particular date. Another point gleaned from these responses: while older Americans are struggling to balance the conflicting pressures of “income security,” “post-retirement-age employment” and “age discrimination,” they continue to define retirement as freedom from the “demands of work” and “financial concerns.” In effect, they are taking control of their post-retirement years as best they can and extracting from their experiences a sense of meaning and security. They see retirement as a process, not an end in itself – a process that, for some Baby Boomers who have limited sources of guaranteed income, may mean that they will be working well into their 70s and 80s before fully achieving freedom from the demands of work.

Among the respondent comments:

- ◆ “Retirement means that it will no longer be necessary for me to earn wages from working. I may choose to work part-time but would not be required to do so to live a comfortable lifestyle.”
- ◆ “Working only when you want to, not when you need to, at a job that you want to do.”
- ◆ “Start living life the way it is supposed to be lived”
- ◆ “Retirement means complete freedom to live in the most beautiful place in the world.”
- ◆ “To work if and when you want to. To do what you want to do when you want to.”
- ◆ “To be able to be in control of your time, energy and interests. To be able to spend quality time with loved ones. To be able to live in a manner of which you are used to, with some thought to budget.”
- ◆ “That I am the one to choose what I will do each day.”
- ◆ “Working at some part-time pursuit with lots of flexibility in order to travel and enjoy life.”
- ◆ “To have sufficient retirement income so that work becomes a lifestyle choice, not a necessity, including volunteer work.”
- ◆ “To have the freedom to choose how I will spend each day.”
- ◆ “To be unencumbered by financial concerns and free to pursue the things that make me happy.”
- ◆ “Retirement: A function of money. At any age, if you have enough to buy back work time, you can do what you please. That is retirement.”

Chart 13
What Does It Mean To Be Retired?





This study has important implications for executives and managers in many areas, but particularly in workforce and human resource planning, as well as in benefits and compensation planning.

Recruitment/Retention Strategies for Aging Workforce: One Size Doesn't Fit All

HR strategies and practices should reflect the different motivations and needs among older employees. Specifically, these strategies should take into account whether an older employee has to work out of financial necessity or whether they *choose* to work as a way to keep mentally and socially engaged. As a rule of thumb, this report indicates that 55-59 year-old employees are more likely to want access to financial planning resources; those between the ages of 60-65 are more interested in flexible schedules and job design; and workers in the 66-70 age bracket place more value on social interaction and mental stimulation.

Employers may want to tailor their communications and education programs according to life stage to help employees prepare and plan for retirement. For example, as employees reach age 45-50, extra emphasis may be placed on employer-sponsored retirement and savings programs to help them maximize the full value of their benefits programs.

In addition, long-term care insurance, dental insurance, healthcare, prescription drug coverage, post-retirement benefits and other voluntary products will likely become an increasingly attractive reason for older employees to remain with an employer.

More Creative Job Designs and Work Environments

Employers will need to evaluate how jobs are designed for older workers and make accommodations for some physical limitations that come with age. This includes changing work environments to limit unnecessary physical strain, with particular attention to lighting and more ergonomic work stations. There also may be opportunities to reduce lifting requirements, or at least to offer assistive range of motion and lifting devices. Industries such as retail, for example, which often require employees to stand for long periods of time or to stock shelves, may need to alter their workplace accommodations to address aging workers who may be turning to this industry for the part-time hours.

More Emphasis on Knowledge Transfer

To effectively transfer knowledge from older, more experienced workers to the next generation, employers will need to use a wide range of practices, including enhanced training and development, mentoring programs, and better documentation systems. Management will need to consider more alternative work arrangements, such as flexible hours and telecommuting, in order to keep older workers engaged and interested in this critical knowledge transfer. Training programs that provide ongoing development of new skills and knowledge (e.g., computer/PC classes) will be important investments to help ensure older workers feel a sense of challenge and meaning in their jobs.



Assess Current HR Policies to Ensure Alignment with Long-Term Goals

Organizations may want to consider conducting a policy audit to minimize age discrimination. According to the study, older workers perceive widespread age discrimination within the employment marketplace. Companies that clearly demonstrate their desire to hire and retain older workers will set themselves apart from competitors, improve their reputation in the marketplace and create access to an important, highly-skilled labor pool as competition for experienced workers increases in the years ahead. Minimizing the perception of ageism can also help ensure compliance with regulators and reduce a company's fiduciary and litigation risk.

Employers must also ensure that retirement policies are aligned to support their longer-term human resource needs – and reflect the changing realities of the labor market. For example, many organizations are unintentionally encouraging valuable employees to leave before they are really ready to stop working because of outdated compensation and benefits plans. Policies should be redesigned to encourage older workers to remain with the employer so that workers' knowledge and experience are not lost.

Large Employers Particularly Vulnerable to Aging Worker Exodus

With less than 12% of those age 66-70 employed by organizations with over 1,000 employees, large organizations in particular need to institute strategies that will attract older workers for the long-term. Currently, older workers are gravitating towards self-employment or working for a small

business, which affords them a level of autonomy and flexibility not available at larger organizations. To retain talented knowledge workers, large employers are going to have to seek out ways to replicate the “small business experience” – such as job redesign and flexible work schedules – that allow older employees to maintain interests outside of the workplace.

Parting Thoughts

Companies need to be more proactive in anticipating the changing needs, motivations and interests as employees move into their sixties. If firms don't provide more creative, flexible opportunities for older workers, they are going to continue to lose their most loyal, highly-skilled and experienced performers at a time when the competition for talent is becoming increasingly intense.



The MetLife “Living Longer, Working Longer” Study was conducted for the MetLife Mature Market Institute by David DeLong & Associates, Inc., and Zogby International during the first quarter of 2006. It consisted of an interactive online survey conducted by Zogby with a panel of 2,719 respondents. To qualify for the study, participants had to be between the ages of 55-70. Slight weights were added to region, race and gender to more accurately reflect the population of U.S. adults.

A primary focus of the 50-question survey was to better understand the experiences and behaviors of the aging workforce, so the survey included many questions asked only of people who were still working or seeking work, either full- or part-time. The margin of error (at the 95% confidence level) is +/- 1.9 percentage points. Margins of error are higher in sub-groups. Percentages in tables and charts may not total 100% due to rounding. To supplement the survey data, a small sample of additional interviews were conducted with people who fit the survey profile, as well as with company managers responsible for workforce diversity and experts in recruiting older workers.

PROFILE OF RESPONDENTS



The people polled represent a broad cross-section of the aging population in the U.S. Respondents included a mix of men and women age 55-70 and a diverse range of household incomes.

GENDER

Male	45%
Female	55%

AGE

55-59	37%
60-65	42%
66-70	22%

MARITAL STATUS

Married	67%
Divorced/Separated	18%
Single	8%
Widowed	5%
Domestic Partner	3%

GEOGRAPHY

East	20%
Midwest	32%
South	25%
West	24%

ETHNIC BACKGROUND

Caucasian	85%
African American	7%
Hispanic	6%
Asian/Pacific	1%
Other	2%

EDUCATION

Less than high school	0%
High school graduate	6%
Some college/trade/tech school	29%
College graduate	33%
Post graduate	32%

HOUSEHOLD INCOME

Less than \$10,000	1%
\$10,000 to \$24,999	6%
\$25,000 to \$49,999	23%
\$50,000 to \$74,999	24%
\$75,000 to \$99,999	18%
\$100,000 to \$149,999	16%
More than \$150,000	11%
Not Sure	1%

HOUSEHOLD FINANCIAL ASSETS

Less than \$25,000	12%
\$25,000 to \$49,999	7%
\$50,000 to \$99,999	9%
\$100,000 to \$149,999	8%
\$150,000 to \$249,999	11%
\$250,000 to \$499,999	18%
\$500,000 to \$999,999	16%
\$1 million or more	12%
Not Sure	6%



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