



Retirement — Times are Changing

We all look forward to that day when the daily grind disappears and our lives are our own. The current term for that state of being is “retirement.” Gallup gathered some retirement statistics and asked a few people close to retirement some questions.

Alyssa Brown of Gallup did the study and found the average retirement age now is 61. Twenty years ago the age was 57. She thinks the age will go up in the future. A second company survey — also done by Brown — found those of us that are not retired now plan to retire at 66. In close to 20-years that has gone up. Gallup’s similar survey in 1995 said the age we hoped to retire was 60.

“Because most of the uptick came before the 2008 recession, this shift may reflect more than just a changing economy. It may also indicate changing norms about the value of work, the composition of the workforce, the decrease in jobs with mandatory retirement ages, and other factors,” she said.

Richard Johnson of the Urban Institute’s Program on Retirement Policy said the movement toward later retirement started in the 1990s. “I think this trend is one of the most important changes we’ve seen in the labor force in the last quarter of a century. I think it’s a really positive development. A lot of people are working longer because they want to work longer. The incentives to work longer have increased.”

The U.S. Bureau of Labor Statistics said:

- In the 1990s about 30% of us over the age 55 were still working.
- Since 2008 the bureau says the number has gone up to 40%.
- In the 1990s close to 11% of those over 65 were still working.
- In 2013 that number is 19%.
- For those over 75, in the 1990s the number working was 4%.
- It is now 8%.

Retirement from the perspective of children of those retiring is interesting. A study by Transamerica Center for Retirement Studies called ***The Changing Face of Retirement: The Aegon Retirement Readiness Survey 2013*** shows that just 12% of the children of retirees expect to have enough money for their own retirement.

In the same study, 32% age 18 to 24 think they'll have to support — or at least provide some support — for their aging parents. Of those 35 to 44, just 16% think they'll have to help aging parents. For those 55 to 64 the number drops to 8%.

Those retiring soon expect their benefits to drop.

Ameriprise did a study called **Retirement Derailers**. The point was to find out why and how savings for retirement are used before retirement. The study found:

- 90% of those age 50 to 70 with \$100,000 or more in retirement assets have experienced at least one “derailer” — or an event that caused them to dip into retirement funds.
- The average person 50 to 70 has experienced four of these.
- On average they suffered setbacks of \$117,000.

Many of the derailers were caused by the recession. Low interest rates on investments are also a cause.

Meanwhile, Fidelity Investments released some interesting retirement income information. The firm said a couple 65 or over retiring in 2013 will need \$220,000 to cover medical expenses during that retirement.

Health care — the company notes — is the biggest expense retirees face.