Chapter Ten:

Economic Well-Being: Retirement, Employment, and Poverty
Retirement

- **Retirement** is the period of life, usually starting between age 60 and 65, during which an individual stops working in the paid labor force. Social Security, passed in 1935, established the right to financial protection in old age on the basis of past economic contributions to society.

- Adults generally hold age-related expectations about the rhythm of their careers—when they should start working, when they should be at their career peak, and when to retire.

- Retirement, however, is not a single irreversible event; instead, more adults are moving in and out of the workforce either by choice or financial necessity.
Retirement: Baby Boomers and Changing Expectations of Retirement

- Most boomers had assumed that they would enter old age with adequate economic resources and that if they continued to work in their “retirement” it would be for a sense of productivity and satisfaction rather than out of necessity.

- However, the global economic downturn and the U.S. recession forced boomers to face a very different future and many remain employed for financial reasons.

- The recession adversely affected boomers’ retirement plans and employment options as well as their daily living choices.
Retirement: The Timing of Retirement

- Prior to 1986, retirement at age 65 was mandatory for most jobs, although the majority of people retired between the ages of 60 and 64. Factors other than chronological age, e.g., health, generally determined when most workers left the workforce.

- Early retirement—for generations retiring in the 1980s and 1990s—was in part due to employer incentives to move older workers out of the workforce.

- Over time, the shift to a later retirement age may have societal benefits because more workers will pay into Social Security and claim benefits for a shorter period of time.

- How much control people have over the process of retiring typically affects their post-retirement well-being.

- As is with other aspects of the life course, gender and race affect the timing of retirement.
Employment

- Since the late 1990s, the number of adults age 55 and older who are employed has increased steadily to about 20 percent in 2012.

- The proportion of part-time and full-time employment has also shifted, with older adults now more likely to be employed full-time than was true in the past.

- The unemployment rate for adults age 55 and older is at record level highs and is higher for women.

- When older adults are unemployed, they are more likely to remain unemployed for longer time periods than younger workers.

- Men of color face the highest unemployment rates and longest job searches.
Employment: Unemployment

- The unemployment rate for adults age 55 and older is at record level highs—over 7%, the highest it has been since 1948—and higher for men than for women.
Employment: Barriers to Employment

- A few reasons why unemployed older workers have a difficult time with their job search:
  - A lack of confidence in their skills
  - Businesses are focused less on accommodating older workers’ needs
  - Age-based employment discrimination persists
  - Negative stereotypes about aging and productivity persist

  - **Age Discrimination in Employment Act (ADEA)** reduced blatant forms of age discrimination in the workplace and eliminated mandatory retirement for most occupations.

  - **Senior Community Service Employment Program (SCSEP)** is a program that specifically targets low-income older adults through retraining, job placement, a stipend, and part-time subsidized employment.
Economic Status

• Major sources of income for older adults
  • Social Security
  • Assets, e.g., interest-bearing savings and checking accounts, investments, home equity, and personal property
  • Pensions other than Social Security
    » Defined benefit pension plans: a specified amount guaranteed by a company as a lifetime annuity
    » Defined contribution plans: a pension such as a 401(k) in which the amount of the benefit depends on an individual’s investment returns
  • Earnings
  • Public Assistance
    » Supplemental Security Income (SSI) is public assistance established to provide a minimum guaranteed income for elders living on the margin of poverty and for older adults and persons of all ages who are visually impaired or disabled.
• Social class largely shapes what is possible in old age, including the option to decide how to spend one’s time in work or retirement.

• Social class is related to every measure of health, illness and disability, not just in old age but across the life course.

• The net worth of older people tends to be higher for those under 35, but those assets may not necessarily translate to disposable income.
  • Older people need about 80% of their preretirement income to maintain their standard of living in retirement.
Economic Status: Social Class and Poverty in Old Age

- Are older adults poorer than other age groups?

**FIGURE 10.4** Percent of Older Adults in Poverty According to Official Poverty Statistics  
*Source: AoA, 2012*
Economically insecure refers to people living at or below 200% of the poverty level, which makes them at high risk of becoming poor.
Economic Status: Social Class and Poverty in Old Age

- Cumulative disadvantage: Inequities experienced in old age are piled onto disparities faced as early as childhood, intensifying the gap between rich and poor.

- Across all racial and ethnic groups, older women are more likely to be poor and near-poor than men.

- Many African American elders experience poverty as a result of a lifetime of lower wages, less private pension coverage, and fewer assets than older white adults.

- The poverty rate among LGBT adults tends to be above-average due to social stigma, unequal legal treatment, and greater dependence on informal networks.
Economic Status: Social Class and Poverty in Old Age

- Hunger is increasing among older Americans
  - Food insecurity is the government’s official name for hunger. Over 5 million older adults experience some form of this.
  - Of these 5 million, about 2.5 million are at risk of hunger.
  - One in six older adults in New York City received food from soup kitchens and food pantries and more than one in three had trouble affording food in 2009.
  - Hunger cuts across the income spectrum.
Changing Conceptions of Work and Retirement

- Positive directions for retirement
  - **Encore careers** refers to new “retirement jobs” with an emphasis on working by choice and for enjoyment.
  - The encore careers movement includes non-profit groups and programs that aim to help older workers find public service jobs that benefit society.
  - “Gliding out” means phased retirement.
  - In the future, there will be greater labor market diversity among the older population and greater variations in the reasons for retirement, employment, and economic well-being.