

Benchmark

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How Much Longer Will Boomers Need to Work

Strategies can make delaying retirement bearable, perhaps even pleasurable

By [Emily Brandon](#)

The typical American retires at age 63. Those fortunate few who have traditional pensions, retiree health insurance, and a fully loaded 401(k) will probably be fine. But if you haven't saved enough to fund 30 years of retirement—and most baby boomers aren't even close—the obvious solution is working longer. (The other possible solution is to reduce your standard of living). But how much longer will boomers need to work to finance a secure retirement?

For those workers who can work, the way to a secure retirement is to keep working until 66. Social Security currently replaces 39 percent of preretirement income for the average earner retiring at age 65 after the Medicare Part B premium is automatically deducted. But those who retire at the same age in 2030 can expect Social Security to replace only 30 percent of earnings. Retirees in 2030 will have to work two to four years longer to maintain today's level of replacement income.

Boomers should try to work until at least age 70. The share of households prepared for retirement would nearly double from 31 to 60 percent if early boomers currently between the ages of 54 and 63 delayed retirement from age 65 to 70,

Here are some ways you can make working a few extra years bearable, perhaps even pleasurable.

Tell your boss you want to stay. You don't want your employer to pass you over for a promotion or pay raise because they assume you might be retiring soon. At age 50, You've got 16 more years of work. I think it's very important to tell your employer that you plan to work for a long time.

Avoid retiring on a whim. Having a flight canceled on a business trip, followed nine hours later with a rebooking into a dreaded middle seat in economy next to a screaming toddler, can make you want to retire—right now—today. So can getting a new younger boss who makes your life miserable or coworkers who are unpleasant to be around. One should wait at least a week if not a month before making the decision to retire after a bad event. If you're really healthy and work is kind of OK, then it really makes sense for you to choose a target retirement age and put blinders on to events that might buffet you.

Each additional year in the workforce gives your 401(k) and IRA balances more time to accrue, increases Social Security benefits by 7 to 8 percent for each year you delay claiming up until age 70, shortens the span of retirement you will need to finance, and perhaps allows you to tuck away some more cash. The Congressional Budget Office estimates that in 2004, a middle-income, married couple would need to have saved \$550,000 to retire at age 62 without a reduced standard of living. That amount drops to \$325,000 if they retire at age 66, and to \$130,000 if they can hold out until 70.

Retool for a new job (or to keep your old one). Keeping your skills up to date will cause your current company to value you more highly and make you more employable if you should have to re-enter the job market. I think people should begin to think about the period between 55 and 70 as not only a new stage of life but as a new stage of work. It's a long enough period of time so that people who want to make a shift can go back to school. Some colleges even offer free or discount classes for seniors.

Networking, even while happily employed, can help you forge valuable connections in case you ever need them. Baby boomers can also transfer skills they already have to a new job like selling online if you already work in sales. Workers who will need the income should align themselves with industries that will face shortages like nursing and engineering.

Don't cut back to part time too soon. A recent survey of more than 140 midsize and large employers found that 47 percent of the companies offered some form of phased or gradual retirement, typically negotiated on an ad hoc basis between individual employees and managers. By far the most popular form of phased retirement among employees is part-time work. But cutting back to part time at age 50 just because your company allows it probably won't do your finances any favors. If you're in your middle 60s and you want to phase down, that's great. But too often I hear this proposition put forth for people in their 50s, and in this new world you cannot move to part time in your 50s.

Prepare for the possibility of an unexpected retirement. Some 85 percent of baby boomers plan to work in retirement, primarily for financial reasons. But it's not always as simple as buckling down and working an extra few years. Many older workers find themselves laid off or accept a buyout because they're afraid they may be laid off without the perks later. Health problems and care-giving responsibilities also cause a large number of unexpected retirements. After age 50, in terms of money, it is much better to stay with the current job. People who change jobs generally change jobs to lower wages, less in the way of fringe benefits, but they are kind of more comfortable with the new job.

Find a job you enjoy. Almost everyone wishes they had a job they looked forward to going to every morning, but few people have one. Middle age can be a second chance to trade in long hours or a stressful position for a job you always wanted to have. Workers are encouraged to explore ultimate fantasy jobs like working in Yellowstone National Park or a winery. Thirty years is plenty of time to go to medical, nursing, or law school and build a second successful career or start a new business. You need to think big!