

5 New Realities of Retirement

Baby boomers are finding creative ways to work past age 65.



Some employers are beginning to offer flexible retirement options.

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Our parents were able to retire and collect full Social Security at age 65. Most baby boomers have to wait until 66. People born after 1959 have to wait even longer – until age 67 – before reaching what Social Security defines as "full retirement age." And while the younger generations can still start collecting Social Security as early as 62, they will suffer a bigger penalty – a 30 percent cut to their full benefit, rather than 20 percent for those eligible under the old 65-year-old rule.

While this makes Social Security less generous for younger people, not all the retirement news is terrible. Here's how the concept of retirement is changing.

1. People are living longer. The main reason people work longer is because they are living longer. Back in the 1930s, the average life expectancy was about 60 for a man and 64 for a woman. Today, life expectancy is pushing 80. If you make it to 65, you can then expect to live another 20 years or so. One out of four of us will survive to age 90. So today, instead of going to work in your teens and working until you die, people go to school longer and start working in their 20s, then ease into retirement some 20 years before they're expected to draw their last breath.

2. They enjoy healthier lives and better health care. People today not only live longer than their parents, but on average the portion of a person's life spent in good health is increasing. Americans are more aware than ever of what it takes to live a healthy lifestyle, and many have made significant changes to their habits, such as giving up smoking, eating healthy foods and getting some exercise. In addition, for

all the complaints about our health care system, modern medicine has given us drugs and medical procedures that allow many people who may have been incapacitated in the past to live normal, relatively healthy lives.

3. Retirement is now an active stage of life. Most Americans no longer dream of sitting around on the front porch in a rocking chair, or moving to Florida and playing shuffleboard. Instead, partly because we face many more post-career years, we are re-imagining retirement as an active, constructive stage of life – whether it involves volunteering for a favorite cause, developing a new skill, becoming active in community affairs or helping to raise grandchildren. So now, one of the options more people are choosing as a rewarding activity in their 60s and 70s is continuing to work. Many people over age 55 say they want to keep working past 65, according to a survey by the Aegon Center for Longevity and Retirement, often in order to stay active and maintain their mental acuity. Besides, some people actually enjoy their work or identify with their profession, and they don't want to give that up.

4. People are able to work longer. As part of an active retirement lifestyle, more people are looking for the opportunity to combine work and leisure in new and interesting ways. Some people are able to shift from full-time to part-time work, perhaps taking on a new role that is less demanding or more satisfying. Others opt for an encore career, retrain for a new job, start a business or turn a longtime hobby into a money-making endeavor. These are ways for retirees, especially younger retirees, to stay engaged with like-minded people and remain connected to a productive enterprise.

5. Employers are beginning to come around. Americans may want to remain in the workforce, but their ability to do so hinges on employers recognizing the value of older workers and developing practices that enable them to transition into retirement on a more flexible schedule. According to the Aegon survey, employers are beginning to welcome flexible retirement options, in part because they need skilled workers as the number of people retiring starts to exceed those entering the workforce. Some employers offer opportunities for older workers to move from full-time work to part-time hours. Others have opportunities to switch to less stressful or less physically demanding jobs. However, these options are not always promoted by employers, so if you want to keep working – on your terms rather than someone else's – consult with your employer or research other employers to search out the new possibilities available in our modern day workplace.

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