



Evolving Retirement Model Study

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EXECUTIVE SUMMARY

Over the last decade, many developments have challenged the traditional assumption that 65 is the standard retirement age

The youngest Baby Boomers, the generation born between 1944 and 1964, reached age 55 last year. This is typically a time when older workers start to think about when they will retire. A time to consider spending more time with family and friends, make plans to check items off their retirement bucket lists, and get ready to do all the things they were too busy to do while they were working. Historically, for generations of working Americans, the years approaching retirement had been a time of hopefulness — looking forward to the future and finally having time to enjoy life to the fullest.

Over the last decade, however, many developments have challenged the traditional assumption that 65 is the standard retirement age. Today, many older workers are staying in the workforce longer. Over 20% of Americans aged 65 or older are now working or looking for work, double the all-time low of 10% who were in the labor force in 1985.¹ In fact, older Americans are anticipated to be the fastest-growing part of the workforce over the next five years, according to the U.S. Bureau of Labor Statistics.²

What's keeping people at work, sometimes well past the traditional retirement age? A lot of things. Chief among them is the decline in company-financed pensions. Many companies have shifted from defined benefit (DB) plans, which promise retirees a monthly income benefit for life, to defined contribution (DC) plans. For most workers, DC plans — the bulk of which they are responsible for funding — have become the main source of workers' retirement security.

Additionally, today's older workers need to contend with the increase in Social Security's full retirement age — the age at which they will become entitled to full (unreduced) benefits. The full retirement age for Social Security has risen incrementally from 65 for those born in 1937 or earlier, to 67 for those born in 1960 or later.³

It has been just over 10 years since MetLife released its Emerging Retirement Model Study, which examined employers' attitudes and behaviors toward the aging workforce during the economic crisis.

¹ United Income, a financial planning and investment management company targeted to those ages 50 to 70, based on U.S. Census and Bureau of Labor Statistics (BLS) data.

² BLS, "Older workers: Labor force trends and career options," Toossi and Torpey, May 2017.

³ U.S. Social Security Administration.

The research assessed which was a greater concern to employers: the potential knowledge drain from 76 million Baby Boomers approaching retirement age, or the impact of older workers delaying retirement because they were not financially prepared.

The study was released at the end of 2009, as the economy was showing early signs of recovery. At that time, employers were more concerned about the impending knowledge drain than the impact of delayed retirement on their workforce. When the original study was conducted, perhaps employers hadn't yet fully realized how many workers would need to delay their retirement due, in large part, to the financial crisis, which eroded the retirement savings of millions of would-be retirees.

A decade later, MetLife has re-examined employer perceptions and strategies for managing an aging workforce to see if, and how, they have evolved. In this study, we also surveyed workers and retirees.

We wanted to hear from retirees about the programs and practices their employers offered, or could have offered, to enable a smooth transition to retirement. We also wanted to hear how older workers are feeling about their ability — or in some cases inability — to retire, and how the lines between work and retirement have blurred. And, we wanted to see what effect these shifts are having on younger workers.

Over the last 10 years, the traditional model of retirement — which assumed a fixed career end-date, employer-paid benefits, and clear boundaries between work and retirement — has been replaced by a new and evolving model. This model has three components: (1) retirees are shouldering more of the burden for their retirement security; (2) retirement has evolved to be more fluid — with an ebb and flow between work and retirement; and (3) for some workers, retirement is now unattainable.

METHODOLOGY

MetLife commissioned research among employers, workers and retirees

The employer survey was conducted online by The Harris Poll, in partnership with ISS Media, now a unit of Institutional Shareholder Services, on behalf of MetLife between April 29, 2019, and May 21, 2019, among 212 U.S. adults ages 18+ who are employed full time, work for a company with 1,000 employees or more, have a job level of manager or above, have at least moderate influence in selection of benefits at their company, and whose company offers a defined contribution plan. Data were not weighted and are only representative of those who completed the survey.

The employee and retiree survey was conducted online by The Harris Poll on behalf of MetLife between August 19, 2019, and September 6, 2019, among 1,518 U.S. adults ages 33-75 who are either employed full time (n=939) or retired (n=579), and have access to a defined benefit or defined contribution plan through their current employer or the employer from which they retired. Figures for age by gender, education, income, race/ethnicity, region, size of household, marital status, and employment status were weighted, where necessary, to bring them in line with actual population proportions, separately by generation, which were then post-weighted together in total, proportionally.

MAJOR FINDINGS

Employers predict an uptick in retirement ages;
some workers never expect to retire

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Employers predict an uptick in retirement ages; some workers never expect to retire

Historically, the question of when to retire was the most important career decision for an older worker. Today, however, the bigger question is not *when* they will retire but *if* they can.

Many retirees retired on their own terms. Half of them (53%) said they retired at earlier ages than they had anticipated. Their average retirement age was 59.7, more than five years before the “traditional” retirement age of 65. Only 7% of retirees said they retired later than they had anticipated.

The majority of retirees (60%) said they retired voluntarily, and 10% were offered incentives to retire (e.g., given early retirement packages). Another 8% said their positions were eliminated, and 6% said they felt forced to retire due to other factors, such as an organizational restructuring, health issues or company shutdowns.

For today’s workers, however, early retirement may prove more elusive, and both employers and workers expect the trend of early retirement to reverse. More than half of employers surveyed (57%) believe that their employees will retire at

an older age compared with today. They expect the average retirement age of their workers to increase by 1.6 years over the next five years — from 64.5 to 66.1.

Nearly one in five workers (19%) don’t know when they will retire, and 9% of workers say they never expect to retire. Among those who do plan to retire, the average expected retirement age is 63.8 — but 43% expect they will retire at age 65 or older.

About one in five workers aged 55 and older who do expect to eventually retire (21%) say they have already delayed their retirements by an average of 4.4 years.⁴

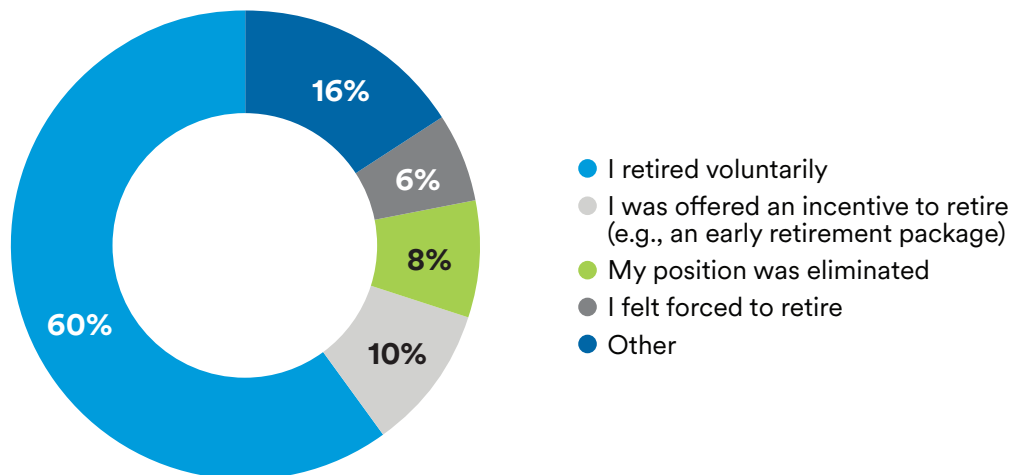
Among those who never expect to retire, 60% believe they won’t be able to afford to do so.⁵ The remaining 40% actually prefer not to retire because they want to maintain social contact with coworkers, enjoy the mental stimulation of work, etc. Those who say they cannot afford to retire cite a range of feelings, including sadness about being unable to enjoy their twilight years (47%), and regret that they didn’t save more for retirement (30%).⁶

^{4, 5, 6} Small base (n<100). Results should be interpreted as directional only.

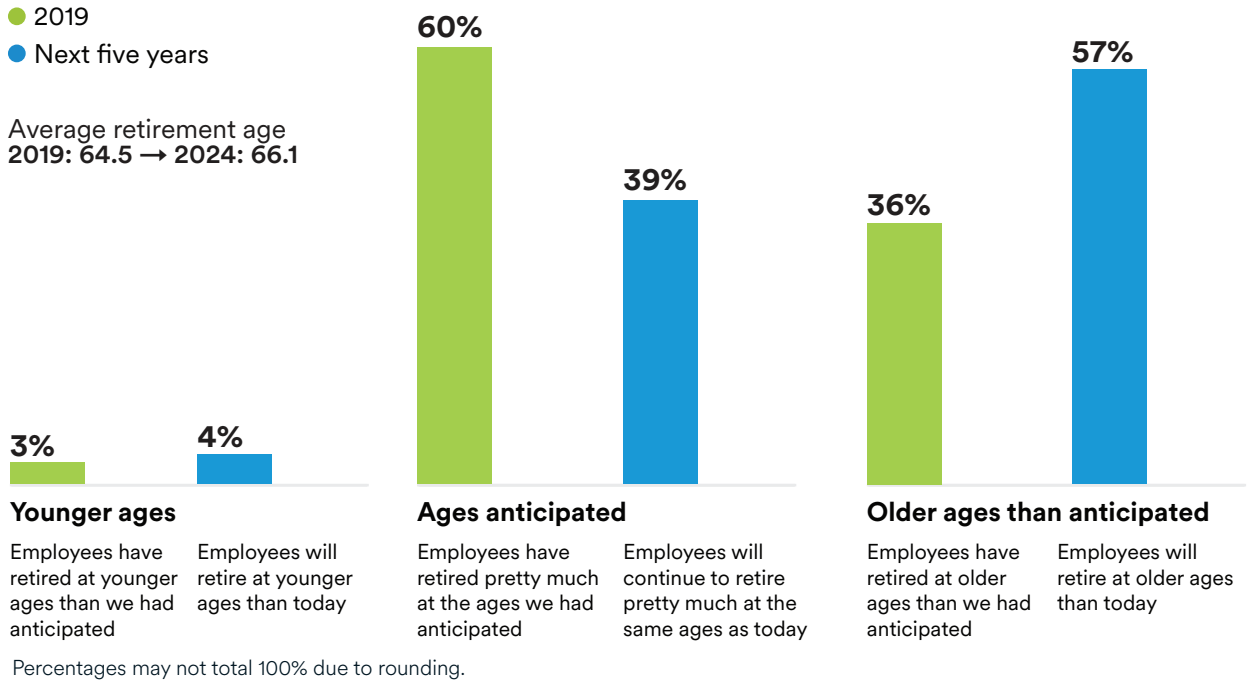


The bigger question is not *when* employees will retire but *if* they can

Majority of retirees retired voluntarily

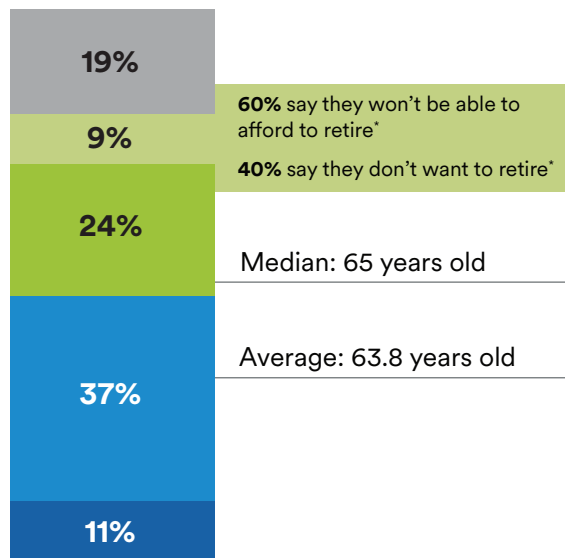


Employers' views on current vs. anticipated retirement ages

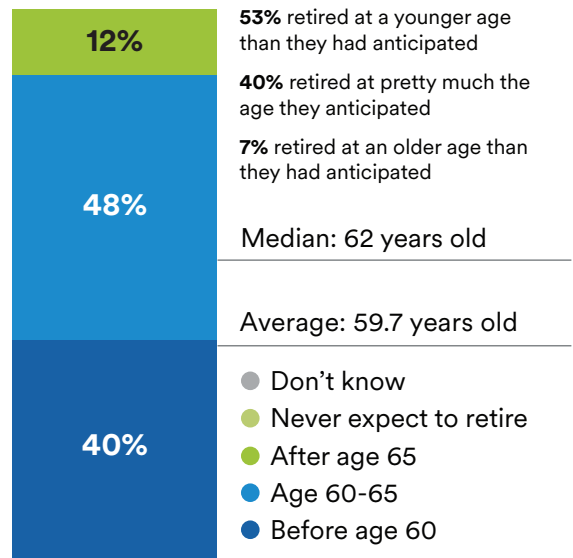


Workers expect to retire later than today's retirees

Age workers expect to retire



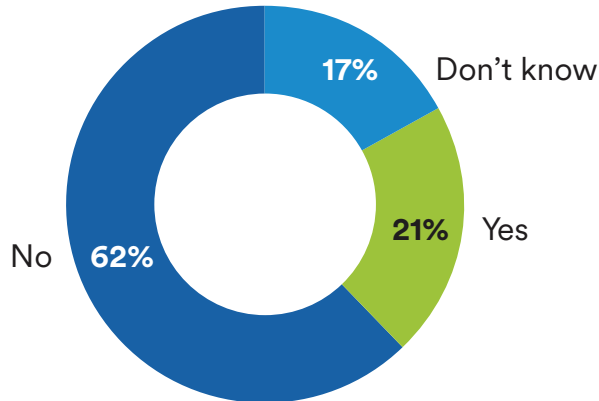
Age retired among retired



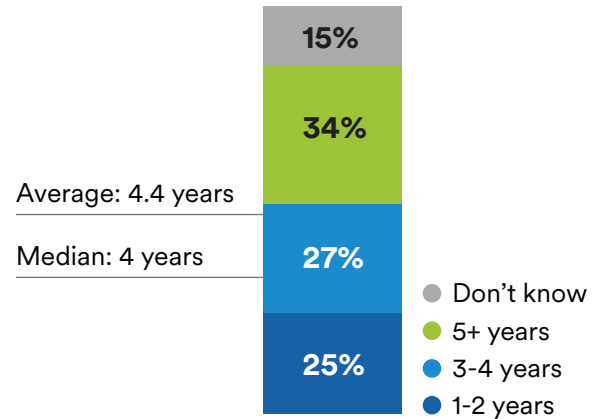
*Small base (n<100). Results should be interpreted as directional only.

Delayed retirement experiences and expectations

Have delayed/expect to delay retirement among those employed and over age 55 who expect to retire

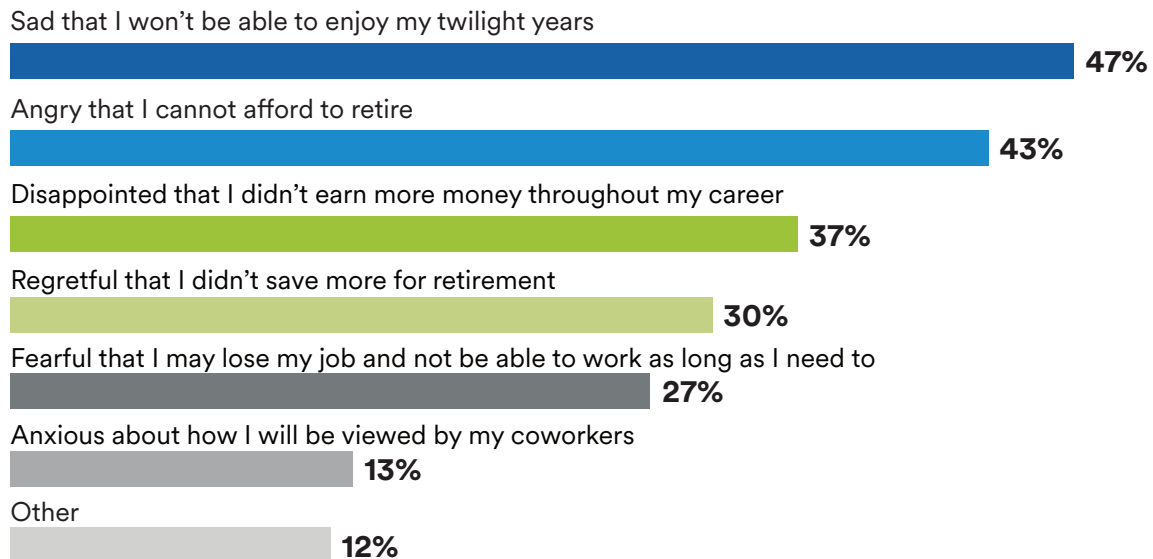


Number of years retirement delayed/expected to delay among those employed and over age 55 who have delayed retirement*



*Small base (n<100). Results should be interpreted as directional only. Percentages may not total 100% due to rounding.

Feelings about not being able to afford to retire*



*Small base (n<100). Results should be interpreted as directional only.

If they came into money, half of workers would quit their jobs immediately, primarily to travel

Many of the workers and retirees have had long tenures in their careers and with their respective employers. On average, workers have worked in their primary careers for 19.5 years, and with their current employers for 11.3 years. Retirees had worked in their primary careers 28.6 years, on average.

However, tenure with an employer doesn't necessarily equal loyalty. Despite their tenures with their employers, half of workers (50%) say that if money were not a consideration — for example, if they were to receive an inheritance, win the lottery, etc. — they would quit their jobs immediately. Slightly fewer retirees (45%) would have done the same. This sentiment holds fairly steady across household income levels: <\$50K (46%), between \$50K to <\$100K (45%) and \$100K or more (52%).

If money were not a consideration, the thing that workers and retirees would want to do most in retirement is travel (49%) — with many of them wishing to travel around the world. They appear ready to focus on their own enjoyment in retirement. They overwhelmingly prioritized travel over spending related to financial stability (16%), including paying off debt and leaving an inheritance to their children.

Unfortunately, for nearly all workers, the prospect of coming into money and immediately being able to quit their jobs is dim. And, for the more than four in 10 workers (43%) who have a retirement bucket list (i.e., a list of experiences or achievements that they hope to have or accomplish during retirement), checking items off that list may be wishful thinking.

If money were not a consideration in retirement

49% would travel

19% would spend time with family and friends

16% would pay off debt and support their family financially

Keep working or quit if money were not a consideration

Employed



Retired



● Continue working ● Quit immediately ● Don't know

Have a retirement bucket list

Employed



Retired



● Yes ● No ● Don't know

Percentages may not total 100% due to rounding.

Employers recognize that workers are financially trapped but don't fully understand the reasons for delayed retirement

Employers believe that among the top reasons that older workers are delaying retirement is the fact that they cannot afford to retire and need income for expenses and bills. Further, 81% say that they have workers delaying retirement because they feel “financially trapped.”

However, employers seem to have some misconceptions about how this situation is affecting their employees' behavior. Three in four employers believe that their workers are delaying retirement because they want to maintain medical insurance coverage until they qualify for Medicare (75%), and that they cannot afford to retire and need the income for expenses and bills (74%). Additionally, 60% of employers believe workers delaying retirement want to continue to build their retirement savings, and 55% say these workers want to be employed long enough to qualify for full Social Security benefits.

Only one in four workers who are delaying retirement (25%) say they are doing so because they want to maintain medical insurance coverage until they qualify for Medicare, which is nearly equal to the workers who are delaying because they enjoy the mental stimulation of work (24%).⁷

The most common reason that older workers who have delayed retirement cite for the delay is that they want to continue building their retirement savings or maximize their pension benefits (45%).⁸ More than four in 10 (42%) say they can't afford to retire and need income for expenses and bills.⁹ Others cite wanting to work long enough to qualify for full Social Security benefits (29%).¹⁰

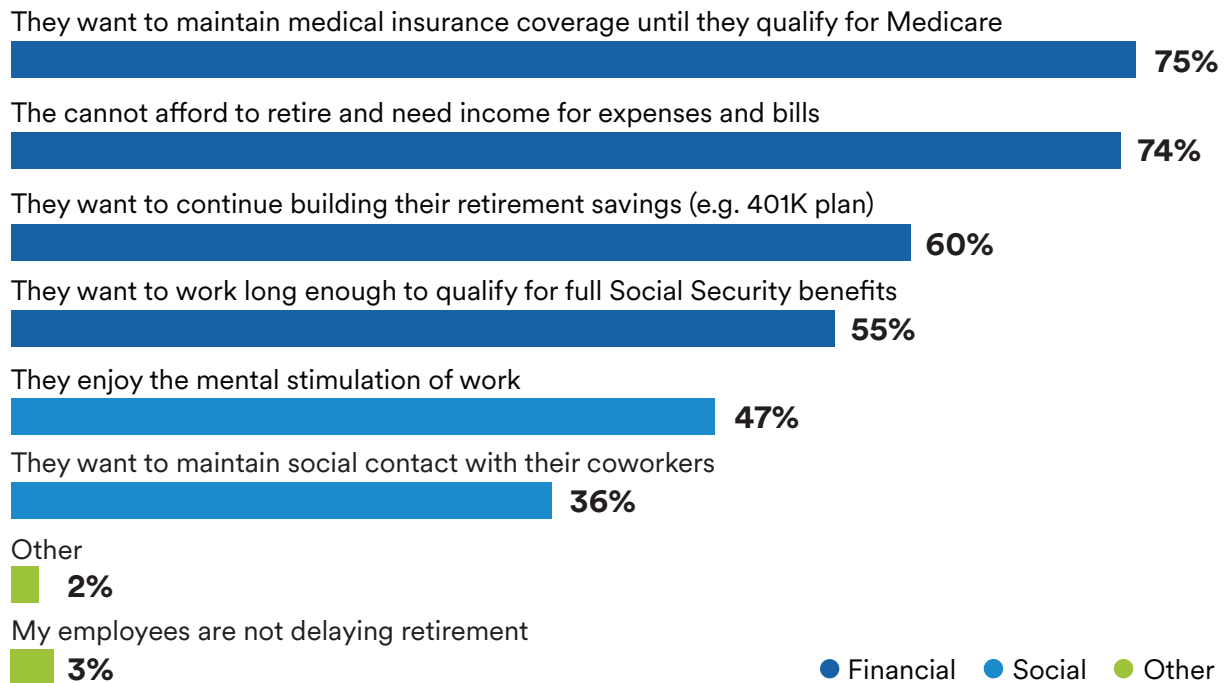
^{7, 8, 9, 10} Small base (n<100). Results should be interpreted as directional only.

Similar to these older workers who have delayed retirement, among retirees who report having retired later than they had expected, the most common reason was because they wanted to continue building their retirement savings and/or maximize their pension benefits (46%).¹¹ They also have similar responses regarding working long enough to qualify for full Social Security benefits

(36%) and wanting to maintain medical insurance coverage until they qualified for Medicare (22%).¹² However, there are stark contrasts between older workers and retirees when it comes to other reasons for delayed retirement. Among retirees, 43% say they retired later than they had expected because they enjoyed the mental stimulation of work, and 15% say they couldn't afford to retire.¹³

^{11, 12, 13} Very small base (n<50). Results should be interpreted as directional only.

Reasons employers believe workers are delaying retirement



Delayed retirement and knowledge drain causing concerns and opportunities for employers and employees alike

Employers in the 2009 MetLife Emerging Retirement Model Study had been more concerned about the impact of a knowledge or “brain” drain as older workers approached retirement age. Fast forward 10 years — with many older workers staying in the workforce out of financial necessity — and the impact of delayed retirement is becoming a growing concern for employers. The percentage of employers concerned about the workforce impact of delayed retirement has risen to 43% in 2019, up from 26% in 2009. At the same time, the percentage of employers concerned about the knowledge drain has declined to 57% in 2019, down from 74% in 2009.

Employers acknowledge that there are some advantages to older workers delaying retirement, such as the ability to retain specialized workers (71%) and transfer knowledge to younger workers (69%).

Seven in 10 employers (70%) report that they offer some kind of knowledge transfer program, which allows employers to better plan for a near future when more experienced workers will be leaving the workforce. However, this is only a small increase from the 68% of employers who reported having this type of program in 2009.

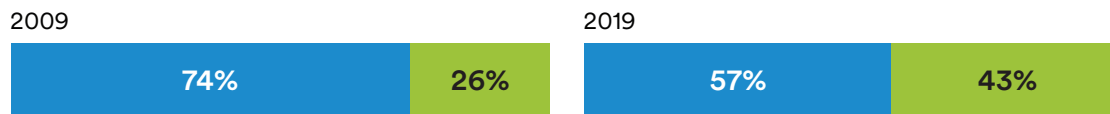
Workers are feeling the effects of the knowledge drain, too. Nine in 10 workers and retirees (90%) say it is important for employers to offer programs that facilitate the transfer of knowledge between older and younger workers. More than two-thirds of younger workers (69% of those under age 55) say that they can expand their knowledge and expertise because their older colleagues who are remaining in the workforce past age 65 are sharing knowledge with them before they retire.

While advantages like knowledge transfer exist when older workers delay retirement, there may also be workforce management issues, especially when employees are delaying retirement out of financial necessity. For example, employers believe that older workers who continue to work past traditional retirement age out of financial necessity rather than personal choice incur higher healthcare claims (50%), are less productive (30%) and have higher incidence of disability (20%). In fact, nearly two-thirds of employers (65%) believe that older workers who stay in the workforce out of financial necessity have an impact on one or more of these areas.

Many younger workers (63%) also wish more older workers would transition into retirement to allow for advancement opportunities. A third of younger workers say that older workers remaining in the workforce past traditional retirement age are hindering their ability to get promoted (35%) and negatively impacting their ability to receive salary increases (34%). Some have even left previous jobs out of frustration with not being promoted (35%). Others plan to leave their current jobs out of frustration with not being able to advance (29%).

Additionally, more than half of employers (55%) say they wish more of their older workers would transition into retirement to allow for promotional/advancement opportunities for younger workers.

Employer concerns relating to employee retirement (2009 vs. 2019)



- We are primarily concerned about experiencing a knowledge drain as older employees retire
- We are primarily concerned about the workforce impact as older employees delay retirement

Employer beliefs about the advantages of delayed retirement

Retention of specialized workers



More time for transfer of knowledge to younger workers



Allowing workers more time to prepare financially for a full retirement



Retention of highly educated workers



Other



None



Knowledge transfer programs/practices offered

Facilitate the transfer of knowledge from older to younger employees



Help bridge the gap between experienced and inexperienced workers



Education and training on working in a multi-generational workplace



Encourage reverse mentoring



Other



None



Employers' desire regarding retirement transitions

45%

Wish older workers would delay retirement to allow more time for the **transfer of knowledge to younger workers**

55%

Wish more older workers would transition into retirement to allow for **advancement opportunities for younger workers**

Employer perceptions about older workers who stay in the workforce out of financial necessity

They incur higher healthcare claims



They are less productive



They have a higher incidence of disability



They have a negative impact on workforce morale



They have higher rates of absenteeism/presenteeism



None



Employee benefits wanted by — but not widely offered to — retiring workers and retirees

Employers started offering retiree health and other benefits in the 1970s as a strategic lever. At the time, it was an inexpensive way to recruit and retain employees, according to the Employee Benefit Research Institute (EBRI).

Twenty years later, in the 1990s, when healthcare costs started to soar, and new accounting rules required companies to account for retirement benefit liabilities on their financial statements, many companies began to rethink whether they should offer retiree benefits.

Today, a majority of workers say they would be concerned if their employer did not provide access to benefits in retirement, such as medical (88%), prescription drug coverage (85%), dental (79%) and life insurance (66%). Unfortunately, less than three in 10 employers do so for retirees (27% medical, 19% life, 19% prescription drugs, 13% dental). The lack of continuing benefits can contribute to older workers' feelings of being "financially trapped."

While 99% of employers surveyed offer medical insurance to current workers, the percentage drops precipitously to 27% when looking at those who offer this coverage to retirees. This is a significant downturn compared to the 91% of employers who said they offered retiree medical insurance in 2009. Less than half of today's retirees (47%) say they have access to medical insurance from their former employer.

Employers are also much more likely to offer life insurance coverage to workers than to retirees (98% vs. 19%). This is a sizable drop from what was offered to retirees in 2009, when 44% of employers offered retiree life insurance. Nearly one in three retirees (29%) say they have life insurance coverage through their former employers.

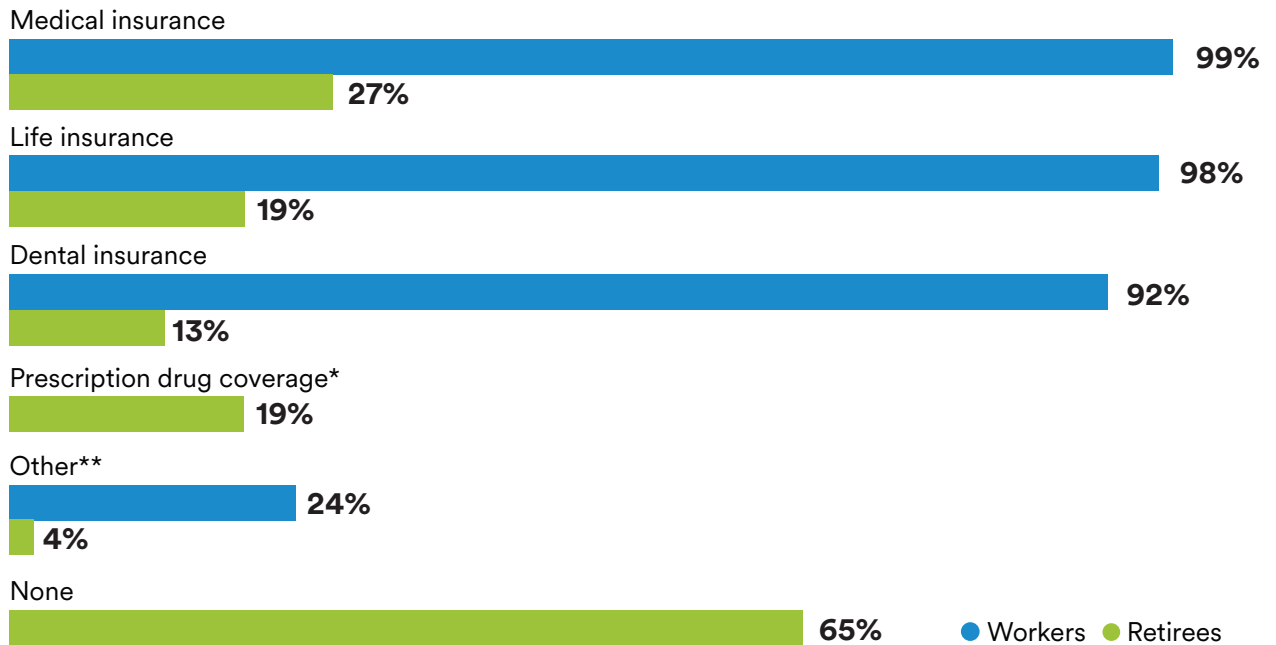
Dental insurance is also more likely to be offered to workers than to retirees (92% vs. 13%), down from 23% in 2009. About a third of retirees (32%) say they have access.

About one in five employers (19%) say they offer prescription drug coverage to retirees, and 37% of retirees say they have access through their former employers.

Retirees appear to be shouldering more of the financial burden for post-retirement benefits today than they did 10 years ago. More than a quarter of employers who offer medical insurance (26%) say retirees pay the entire cost, compared to 13% in 2009.¹⁴ Eight in 10 employers who offer retiree life insurance (80%) pay at least some of the cost, as do 78% of employers who offer prescription drug coverage and 72% who offer retiree medical insurance.¹⁵

^{14, 15} Small base (n<100). Results should be interpreted as directional only.

Benefits offered to workers versus retirees



*Prescription drug coverage was only asked about with regard to retirees.

**Other benefits mentioned included: vision, accidental death & dismemberment, critical illness, and voluntary benefits.

Workers and retirees want to live as long as the oldest person they know

Workers and retirees were asked to think about the age of the oldest person they know. On average, that person is almost 85 years old. More than two in five workers and retirees (45%) believe they will live that long, and (67%) say they want to live that long. The question is, if they do live that long, will they be able to enjoy a comfortable and secure retirement?

Believe will live as long as oldest person they know



Want to live as long as oldest person they know



● Yes ● No ● Don't know

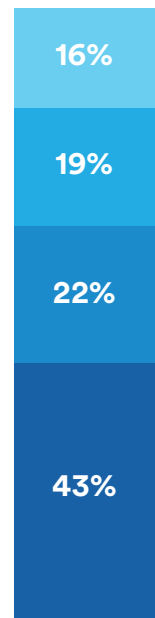
Percentages may not total 100% due to rounding.

How old is the oldest person they know?

- 95+
- 90-94
- 85-89
- Under 85

Median: 86 years old

Average age: 84.9 years old



If workers live to age 85 or later, will they be able to enjoy a comfortable and secure retirement?



Employers viewed as somewhat responsible for preparing employees for a financially secure retirement

Many workers and retirees (79%) believe employers are at least somewhat responsible for preparing employees for a financially secure retirement, with more than one in five (22%) saying employers are mostly or completely responsible. Workers are more likely than retirees to say employers bear at least some responsibility (81% vs. 74%).

Defined contribution (DC) plans are the primary type of retirement savings vehicle in the U.S., covering more than 100 million individuals.¹⁶ And while most employers (83%) say they offer education and/or tools about adequately saving for retirement, fewer than half of employers

(48%) offer education and/or tools that focus on converting those retirement savings into retirement income. Without concrete strategies for managing their savings, retirees can encounter pitfalls such as overspending.

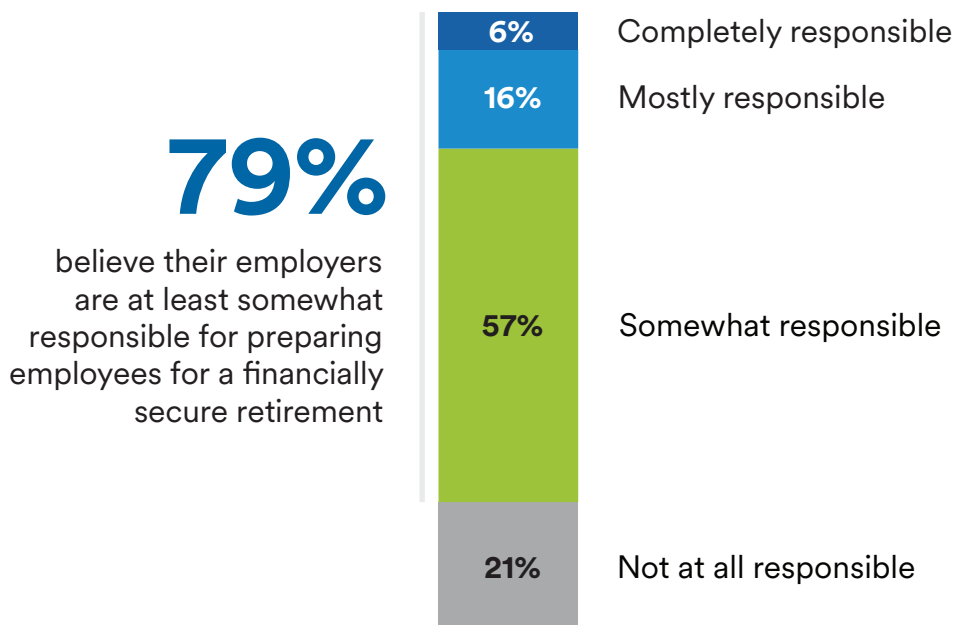
Fewer than half of older workers and retirees (47%) say their employer provides/provided them with appropriate education and resources to help with the transition into retirement.

¹⁶ DOL Employee Benefits Security Administration, Private Pension Plan Bulletin: Abstract of 2016 Form 5500 Annual Reports, December 2018.

Employers certainly don't bear all the responsibility, but the resources and education they provide can create a meaningful foundation to prepare workers for retirement. Saving for retirement is imperative. However, saving is not a guarantee that workers won't run out of money in retirement. To ensure that they don't run out of money, it's crucial that workers have enough saved to create a sustainable income to get them through retirement. They also need access to retirement income solutions to make their savings last. This is especially

important as more workers and retirees look at the older individuals they know personally, and face the prospect that they themselves may very well live to age 85 or beyond.

Employer responsibility for preparing employees for a financially secure retirement



Too few retirement income solutions are being provided to meet worker demand

Nearly all employers (96%) recognize that the decline of traditional DB plans has generally resulted in greater reliance on DC plans to provide retirement income. Most employers also believe that retirees need a source of guaranteed income¹⁷ they cannot outlive (88%); that increasing life expectancy is negatively impacting workers' retirement security (87%); and, as discussed earlier in this report, that workers are delaying retirement because they feel "financially trapped" (81%).

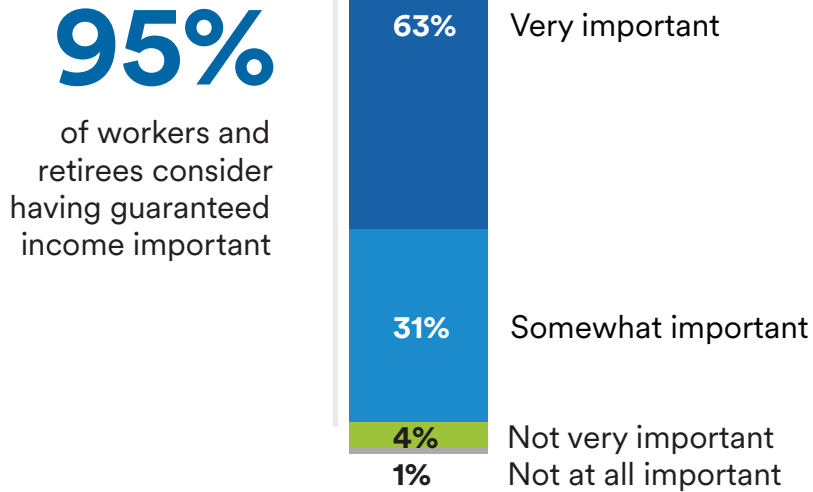
Nearly all workers and retirees (95%) say it's important for retirees to have a source of guaranteed income they cannot outlive, including 63% who say it is very important. Nearly eight in 10 workers (78%) say they would be concerned if their employer did not enable them to convert some or all their retirement savings to guaranteed retirement income that will not run out, no matter how long they live. Additionally, 74% of workers believe that older workers would be more likely to comfortably retire if they had a source of guaranteed retirement income from their workplace retirement savings, with retirees even more likely to feel this way (84%). About six in 10 employers who don't currently offer guaranteed income (62%) agree. Workers and retirees say that having access to a source of guaranteed

retirement income in addition to Social Security, and never worrying about running out of money in retirement, would bring them feelings of relief (65%), excitement (45%), hope (40%), joy (38%) and energy (26%).

Unfortunately, however, despite employers' recognition of the need for guaranteed retirement income, and the clear value that both employees and retirees place on this type of benefit, very few workers currently have access to guaranteed retirement income today. Only 17% of employers who offer a DC plan say they have an option that enables plan participants to convert some or all of their savings into guaranteed income in retirement. However, with the passage of the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 at the end of last year, the number of employers offering these options may grow. Many employers (66%) said they were awaiting the passage of legislation clarifying the safe harbor for annuity carrier selection to consider offering guaranteed lifetime options in their DC plans. In fact, 82% of those employers who were awaiting this safe harbor indicated they were likely to offer a guaranteed income option within five years of the clarification being issued.

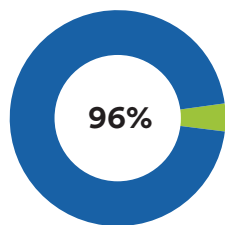
¹⁷ All guarantees are subject to the financial strength and claims-paying ability of the insurance company issuing the annuity policy.

How important workers and retirees consider having guaranteed income

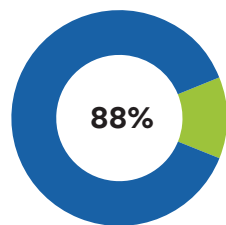


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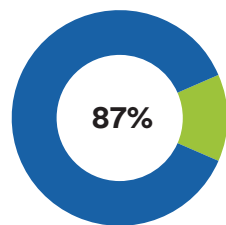
Employers beliefs about retirement income security



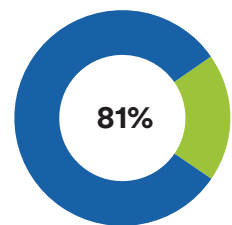
Decline of traditional DB pension plans results in greater reliance on DC plans for retirement income



Retirees need a source of guaranteed income they cannot outlive



Increasing life expectancy is negatively impacting workers' retirement security

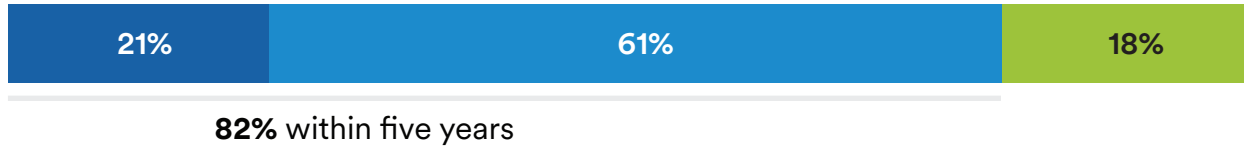


We have workers delaying retirement because they feel financially trapped

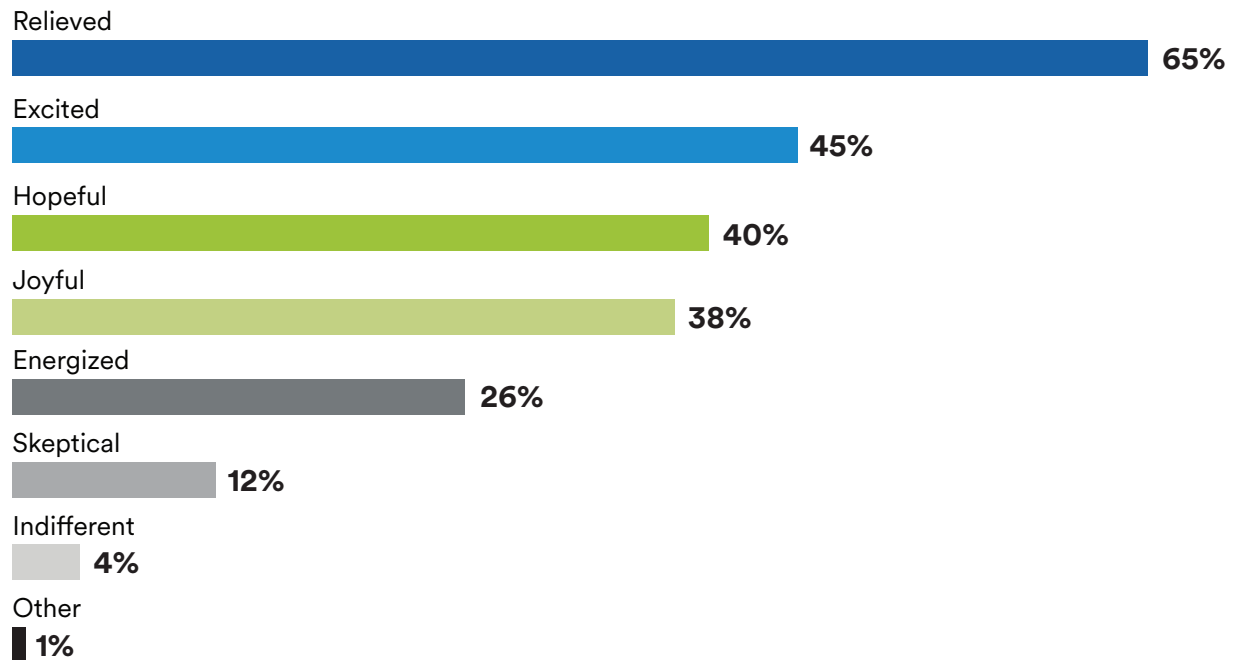
● Strongly/somewhat agree ● Strongly/somewhat disagree

When employers anticipate adopting guaranteed income after issuance of annuity carrier selection safe harbor (among those who had been awaiting legislation)

● Under two years ● Within two to five years ● More than five years



How workers and retirees think they would feel with a source of guaranteed retirement income





95% of workers and retirees say it's important for retirees to have a source of guaranteed income they cannot outlive.

Workers and retirees confused about TDF basics; employers interested in bringing more stability to TDFs

The overwhelming majority of employers (91%) offer a target date fund (TDF) in their defined contribution plans, and 83% say that a TDF is the default investment option in their plans. Despite the prevalence of TDF offerings, many workers and retirees do not understand some TDF basics.

For example:

- Only about half know that TDFs are made up of stocks, bonds and other types of investments (51%), and that the funds typically become more conservative the closer one gets to retirement (50%).
- Fewer than half (46%) know that the “target date” in a TDF refers to the approximate year in which the individual investing in the fund would expect to retire.
- Only about four in 10 know that investing in a TDF does not guarantee enough money to meet income needs in retirement (41%); that money in a TDF can lose value (40%); and, that not all TDFs with the same “target date” follow identical strategies (39%).
- Only about a third (35%) know that investing in a TDF does not ensure one’s ability to retire at the target date.

However, despite a lack of full understanding of how TDFs work, a majority of those invested in TDFs (91%, including 92% of employed and 83%¹⁸ of retired individuals) believe that their TDFs are helping, or helped, them prepare for a secure retirement.

Nearly six in 10 employers (59%) believe TDFs should include an allocation to a capital preservation option such as stable value to protect a portion of participants’ savings. The addition of a capital preservation option such as stable value to TDFs could prove prudent, considering that more than two in five workers are either cautious (35%) or completely avoid taking any risk with their investments (9%). Additionally, employees are interested in options to preserve their savings. Eight in 10 employees (80%) say they would be interested in a TDF in which, at or near retirement, at least some portion of their money would be guaranteed not to lose value, regardless of how financial markets perform.

¹⁸ Small base (n<100). Results should be interpreted as directional only.

Knowledge of what the “target date” in a TDF refers to

Correct

The approximate year in which I expect to retire



Incorrect

The year until which I need my money to last throughout my retirement



The year in which I should withdraw money from the fund



Not sure



Employers’ view that TDFs should include allocations to stable value

TDF allocations to stable value



● Yes ● No ● Don't know

Employers, workers and retirees believe retirement should be reframed, as lines blur between work and retirement

More than half of employers (54%), 43% of workers and 29% of retirees think the commonly used definition of retirement — the process of ceasing to work for pay — should be expanded to account for changes in the work model for older workers including, but not limited to, phased retirement, bridge jobs, gig work and encore careers (i.e., when companies recruit individuals over age 55, including those already retired, or talent that may have spent a period of time away from the workforce). Flexible or part-time work was the most common theme identified for how to redefine/expand the definition of retirement among employers and employees.

More than three in five workers and retirees (63%) believe the lines between work and retirement have blurred compared to a generation ago. No longer is retirement a “hard stop.” Today, retirement is more likely to be transitional than traditional, based in large part on individuals feeling as though they need to continue earning a salary and not live solely off their savings.



Definition of retirement needs to be expanded

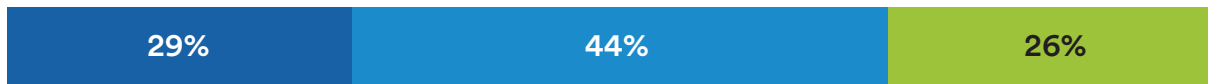
Employers



Workers



Retirees



● Yes ● No ● Don't know

Lines between work and retirement have blurred compared to a generation ago



● Yes ● No ● Don't know

Percentages may not total 100% due to rounding.

Phased retirement programs wanted by many workers, but few employers realize and offer them

Nearly eight in 10 workers (79%) say, if given the opportunity by their employers, they would be interested in a phased retirement program as they get close to retirement.

Additionally, 74% of workers say that when they reach retirement age, they would like their employers to enable them to transition gradually into retirement, and 51% of retirees say they would have liked their employers to have done so. This highlights a disconnect between employers and employees in this area, as 67% of employers say their employees have not expressed interest in phased retirement programs.

In fact, only 7% of workers and retirees say their employer offers/offered phased retirement, and 10% of employers said they currently offer a phased retirement program (not meaningfully different than the 9% who offered a program in 2009).

Nearly eight in 10 employers (79%) say they have not decided or don't know if they will implement a phased retirement program, with regulatory barriers among the obstacles standing in the way for three-quarters (77%) of employers.

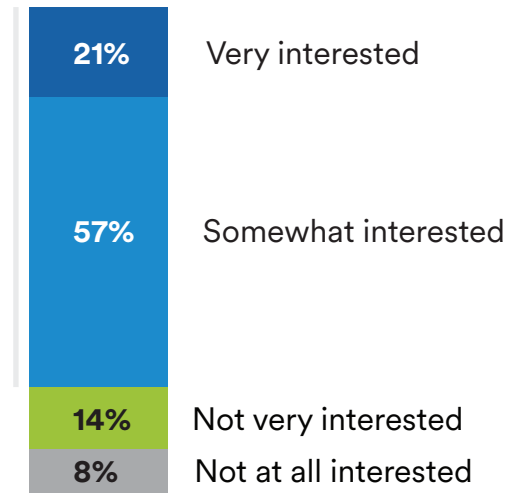
Nearly six in 10 employers (58%) agree that one of the obstacles affecting their organization's ability to offer an effective phased retirement program is the rule that generally prohibits plan distribution options and other features from being eliminated or modified once they are included in the plan (i.e., anti-cutback rules). Many also agree that regulatory complexities and ambiguities involving federal tax and age discrimination laws impact their organization's ability to offer a phased retirement program (56%). Further, half (50%) agree that phased retirement programs target older employees who tend to be higher paid, and they are concerned about how retirement plan nondiscrimination rules might apply.

While there is no question that workers are interested in phased retirement, 60% of older workers (i.e., those over age 55 who remain employed) are concerned that they would need to get the same amount of work done in fewer work hours if they were to participate in a phased retirement program.

Worker interest in phased retirement program

79%

Very/somewhat interested



Worker/retiree view of whether phased retirement program offered



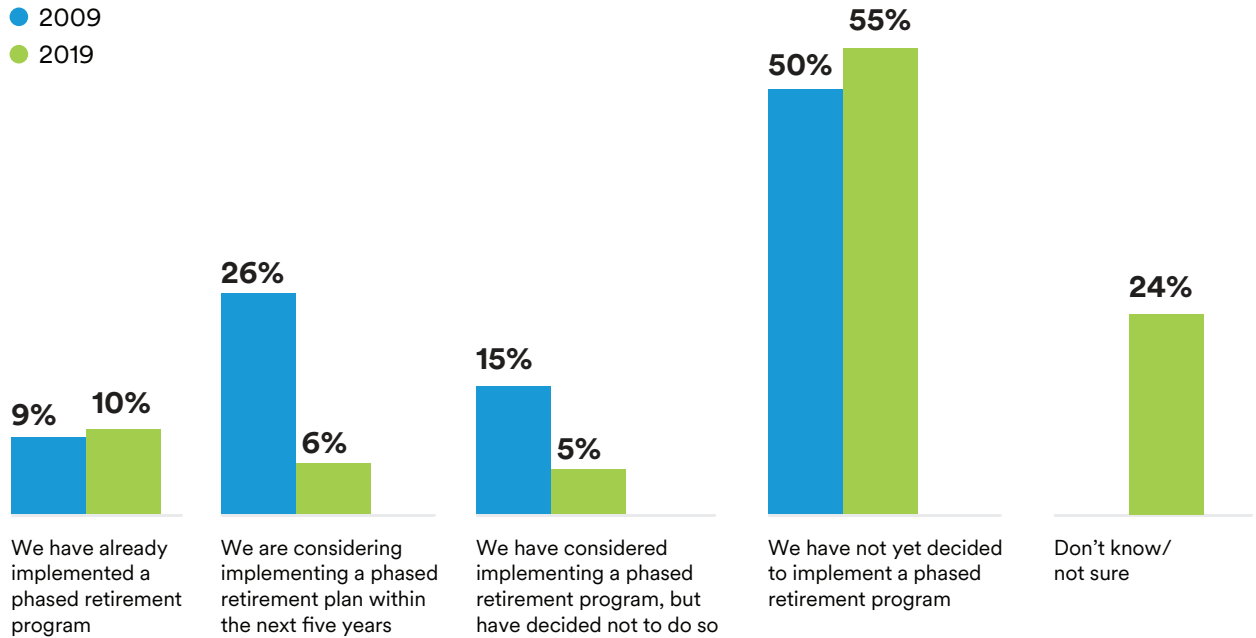
<1 out of 10

say a phased retirement program is/was offered

Percentages may not equal totals due to rounding.

Employer consideration on phased retirement (2009 vs. 2019)

● 2009
● 2019



2019 Not decided/don't know/not sure (net) 79%

Offering a variety of work programs can provide flexibility for employers, workers and retirees

Employers, employees and retirees believe that post-retirement work is beneficial to both employers and workers because it provides flexibility to both. It supports a gradual transition to retirement, enables employers to access untapped knowledge and experience, helps extend older workers' careers, and gives older workers access to nontraditional paths to retirement.

Ten percent of retirees report currently being involved in post-retirement work, and a third of today's retirees (33%) say they think of returning to work in some capacity. Once they retire from their primary careers, 45% of workers say they too would be interested in returning to work.

Among retirees who are involved in post-retirement work,¹⁹ 38% are involved in gig work, 17% are self-employed, 6% were rehired by their employers after retirement, and 5% are participating in encore opportunities.²⁰ Whereas, among retirees who say they think about returning to

work in some capacity, 54% have an interest in gig work, 32% are interested in encore opportunities, 31% are interested in being rehired by their employers as a consultant or advisor, and 27% are interested in self-employment.

Gig work and self-employment are the "late-career" pathways that would be of greatest interest to current workers at 44% and 38%, respectively.

Most employers say they don't have initiatives in place to recruit older talent, with only 10% offering encore career programs. Despite the low instance of encore programs being offered, 54% of employers say they do rehire previously retired workers for part-time, temporary, contract, and/or gig work.

¹⁹ Very small base (n<50). Results should be interpreted as directional only.

²⁰ Small base (n<100). Results should be interpreted as directional only.

Percentage who believe the statement is true of part-time, temporary, gig, and encore roles

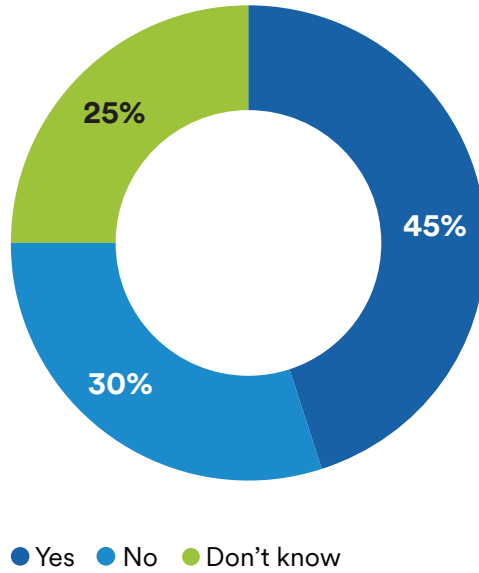
	Employers	Employees	Retirees
They provide employers with workforce flexibility and/or fluidity that does not exist with traditional full-time roles	64%	49%	53%
They provide workers of all ages with flexibility that does not exist with traditional full-time roles	62%	50%	59%
They help support a gradual transition to retirement	58%	44%	47%
They give older workers access to non-traditional paths to retirement	57%	39%	43%
They help extend older workers' careers	54%	40%	51%
They enable employers' access to untapped knowledge and experience	43%	39%	56%
None of the above	12%	11%	11%

Worker and retiree interest in post-retirement work

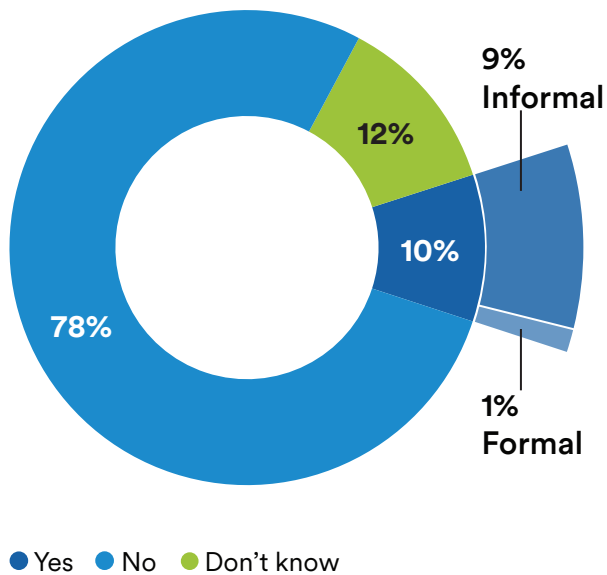
Among those interested in returning to work after retirement and those retirees who are currently engaged in post-retirement work	Employees	Retired and not currently engaged in post-retirement work	Retired and currently engaged in post-retirement work*
Gig work (i.e., short-term, temporary and/or independent work)	44%	54%	38%
Self-employment (i.e., own your own business or work for yourself)	38%	27%	17%
Reduction in hours with a corresponding reduction in pay	27%	N/A	N/A
Being rehired by their employer in some capacity (e.g., as a consultant/ advisor) after you retire	25%	31%	6%
Bridge job (i.e., a bridge between full-time work and retirement, or a short-term job following a full-time career)	21%	N/A	11%
Encore opportunities (i.e., when companies recruit individuals over age 55, including those already retired, or talent that may have spent a period of time away from the workforce)	20%	32%	5%
Full-time labor force re-entry/ un-retirement	11%	11%	6%
Job sharing as a transition from full-time work	10%	N/A	1%
Other	5%	9%	33%

*Small base (n<100). Results should be interpreted as directional only.

Worker interest in returning to work post-retirement



Employers who offer encore programs





CONCLUSION

Today's workplace landscape has evolved from the traditional notions of retirement

With this new retirement model come several workplace considerations to meet the needs of an aging workforce, as well as the generations of workers who follow behind them.

Employers can act **today...**



...to enable workers to protect their retirement savings for as long as they live

Employers and workers agree that it is important for retirees to have a source of guaranteed income they cannot outlive. However, not all retirement income solutions are created equal. So, in light of the SECURE Act, as more employers consider how they will enable their DC plan participants to convert their retirement savings into retirement income, they should be aware that certain decumulation strategies — such as systematic withdrawal plans (SWiPs), installment payments, ad hoc withdrawals, and other non-insurance strategies — will not guarantee that their retired plan participants have enough income to last the rest of their lives. Only an income annuity offered from an insurance company can provide guaranteed retirement income for as long as the retiree lives.²¹

Of course, workers will certainly need support, education and tools guiding them to save sufficiently for retirement, so that they are able to create a sustainable retirement income that lasts as long as they live.

²¹ All guarantees are subject to the financial strength and claims-paying ability of the insurance company issuing the annuity policy.



...to develop a new paradigm that enables a seamless transition from work to retirement — and, for some, back again

Today's reality is that many workers either can't or don't want to retire. And, if they do retire, there is a good chance that they may return to the workforce in some capacity at some point during their retirement. Enabling the "unretired" to return to the workforce may prove to be the antidote to the talent gap that many companies — particularly those with a highly skilled workforce — will experience in the coming decade.

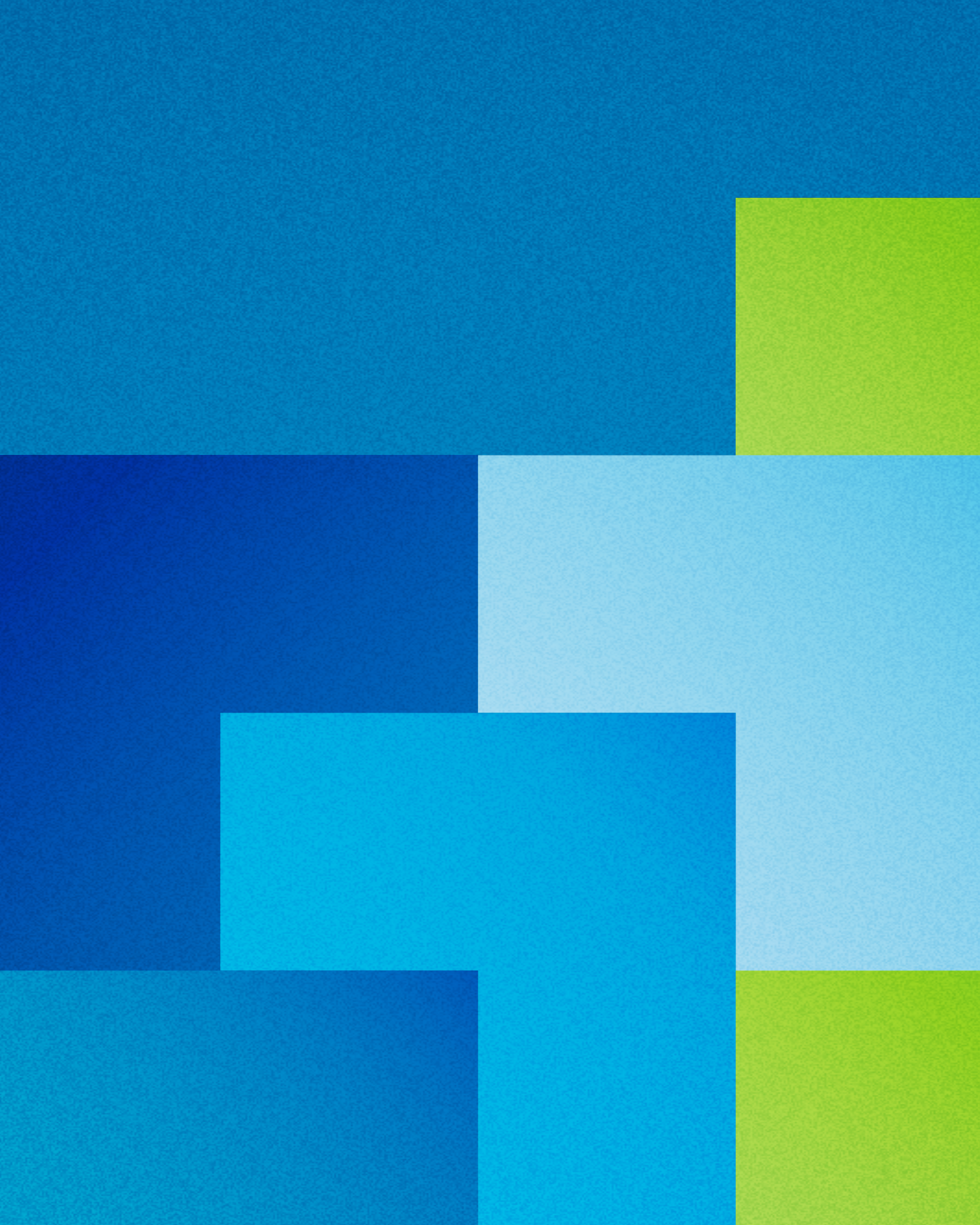
To attract and retain workers who want to remain employed well past traditional retirement age, employers should consider flexible pathways to and from retirement, including phased retirement and encore programs. They should also focus on programs such as:

- Up-skilling (encouraging older workers to enhance their value to the organization by improving their current skill set);
- Re-skilling (enabling older workers to learn new skills to do a different job); and,

- Re-careering (accepting that some older workers may want to make a complete career change later in their life).

It is also necessary to ensure that benefits, programs and practices meet the needs of the full workforce — providing both various paths to retirement for older workers wishing to transition out of the workforce and advancement opportunities for younger workers.

As older workers make up a larger portion of the workforce, employers need to understand, and take steps to address, how the effects of aging will impact benefits — including interest, usage, and the cost of health insurance and other employee/retirement benefits — and workforce management practices.





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