

Optimal Retirement Age

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Abstract

What is the optimal retirement age? This paper looks at the optimal retirement age from various perspectives. Most of the current pension laws relating to retirement age were codified decades ago, and they have become badly out of date given what we now know about longevity, about health and work in old age and about how pension policies influence retirement decisions. This paper provides some background about demography, health and retirement; summarizes how current pension laws influence the design of pension plans and the timing of retirement; and looks at the optimal retirement age from the perspective of employers, government and workers. This paper then offers some new perspectives on the relationship between demography and retirement age; discusses the implications for public policy; and offers recommendations about how to reform our pension laws so that pension plans comport with our ideas about optimal retirement age.