



SOCIETY OF ACTUARIES
INTERNATIONAL SYMPOSIUM

2020 Symposium
Jan. 13–15
Lake Buena Vista, FL

General Session III – Featured Presentation - Retirement Security: It's Not Just About Money

[SOA Antitrust Disclaimer](#)

[SOA Presentation Disclaimer](#)

Retirement Security: It's Not Just About the Money

Jacquelyn Boone James and Christina Matz-Costa
Boston College

Michael A. Smyer
Bucknell University

Boston College Center on Aging & Work



- Founded in 2005: Alfred P. Sloan Foundation Grant
- Quality of Employment Framework
- Research
- Evidence for Action
- US/National – State – Global
- International Network of Scholars

The Road Ahead for Today

- Current context of aging, work, retirement
 - Retirement security
 - Financial
 - Psychological
 - Barriers to retirement security
 - Longevity planning—new norms and expectations
 - Discussion
-



New Context of Aging

- The U.S. is aging - people are living longer than ever before.
- Older adults are healthier than ever before.
- The economy has affected plans of the “retirement-eligible.”
- There is concern about both financial and psychological security

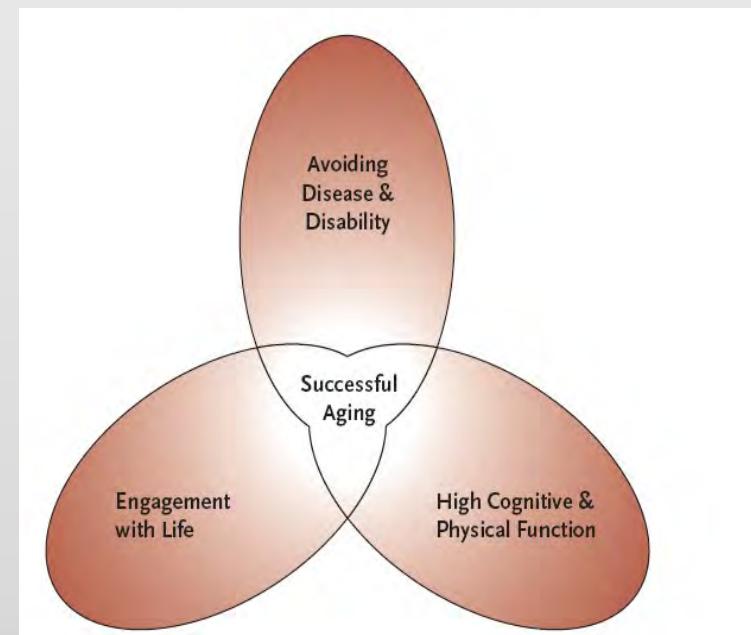


New Context of Aging

1) Lifestyle matters more than genes

- “...steps taken to avoid disease and disability, maintain mental and physical function, and continue engagement with life”

(Rowe & Kahn, 1998, p. 51.)



New Context of Aging

2) Continue to be productive

“...activities that produce goods and services, whether paid or not,” that focus attention on the “contributions that older adults make at work, in volunteer activities, and with caregiving”

(*Morrow-Howell, Hinterlong, Sherraden, 2001, p. 286*).



New Context of Aging

A Fresh Map of Life (Laslett, 1989)

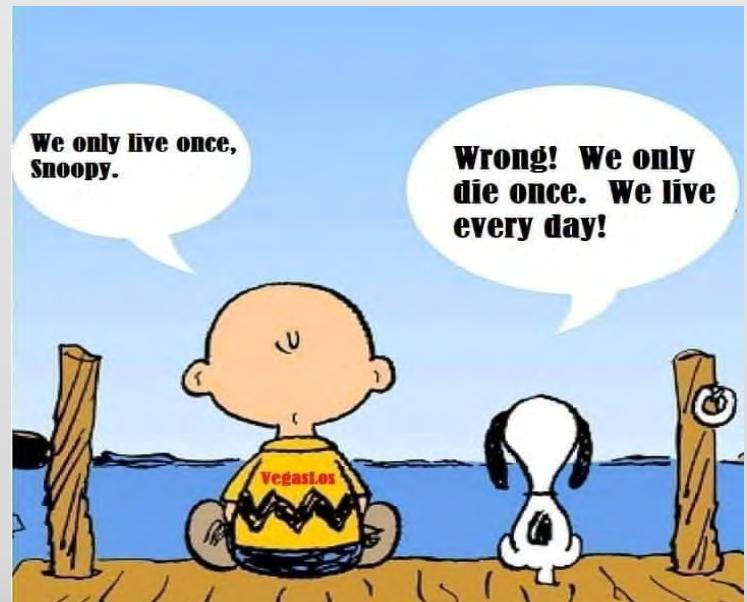
3) Relish the “Third Age”

- “...apogee of life”
 - “...era of personal fulfillment”
 - “...the crown of life...”
- ❖ Fourth Age = frail and dependent (can arrive slowly or quickly)



New Context of Aging—Summary

All these perspectives in one way or another grapple with the added years of life and how to make the most of them



New Context Run Amok?



The New Context of Work--

- What are current older adults planning to do?
 - 51% expect to work past age 65
 - 54% plan to work after retirement
 - 15% do not plan to retire (Transamerica Survey, 2017)
- Why?
 1. **Financial reasons:**
 - To make ends meet (42%),
 - To make up for decrease in the value of their savings or investments (23%),
 - To maintain health insurance or other benefits (13%)
 2. **To stay active and involved** (90%)
 3. **They enjoy working** (82%) (EBRI Retirement Confidence Survey, 2017)
 4. **And to maintain—**
 - the **structure** for the “live-long day”
 - the continued **identification with work**
 - the **social connections** at work
 - the **self-esteem** that is conveyed by a job well done (Pitt-Catsouphes and Smyer (2007)).



Yes, but.....

- Only 27% of 65+ individuals report they have actually been able to continue working as planned (EBRI, 2017)
- Chronic illnesses (self or family) often force one to work into retirement due to health-care costs (Rad, Rashidian, Arab, & Souri, 2017).
- Jobs disappear
- By age 75, most people are no longer working (LIMRA SRI (2015).

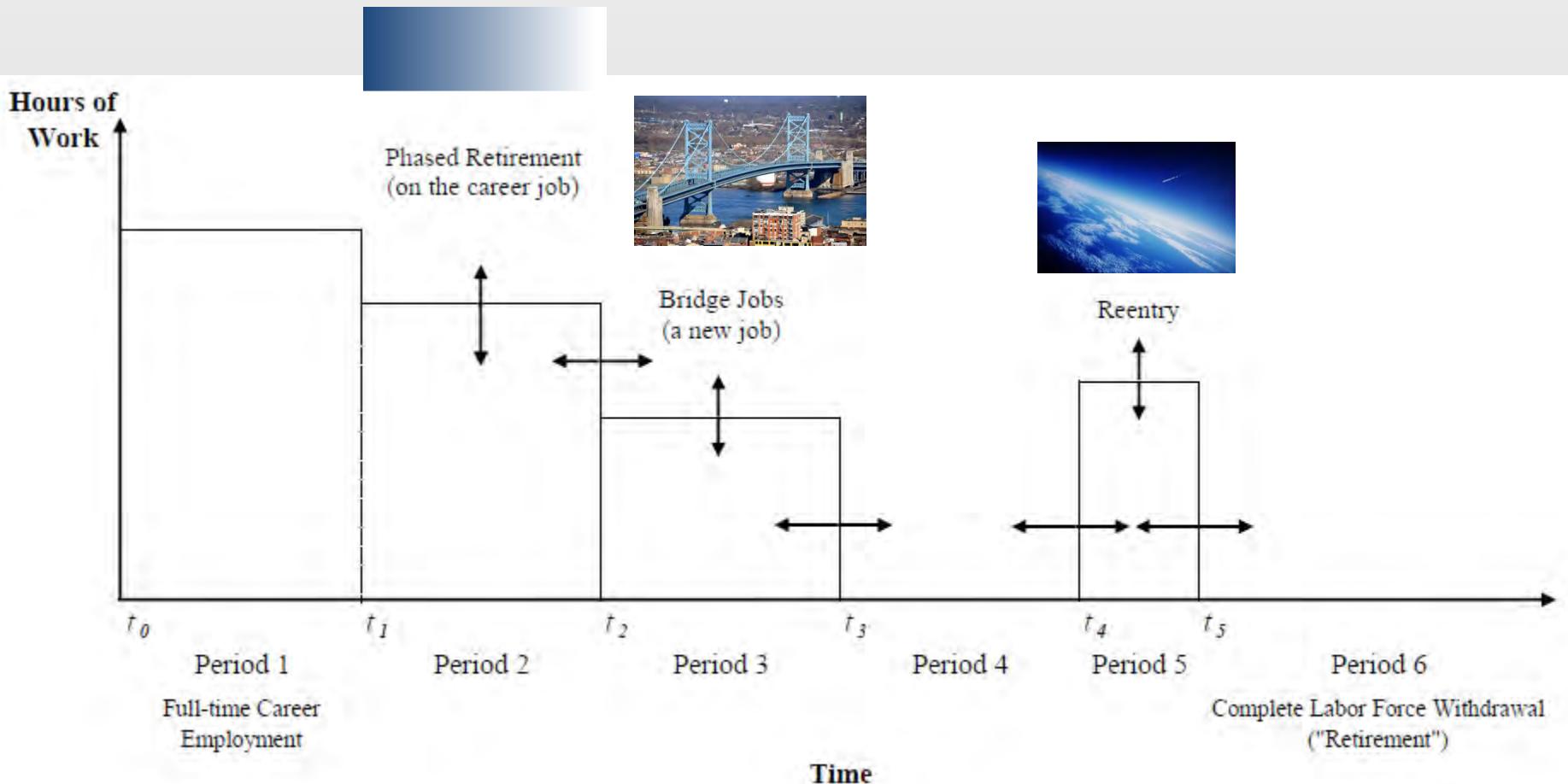


Does Work Benefit Older Adults?

- Added financial security (and perhaps health insurance)
(Employee Benefits Research Institute, 2004)
- Increased Social Security income from the Delayed Retirement Credit
(Munnell, 2013)
- Increased assets because each additional year of work replaces a year in which assets would have been depleted (Cahill, Giandrea & Quinn, 2012)
- Added health and well-being outcomes (James & Wink, 2007)

New Context of Work

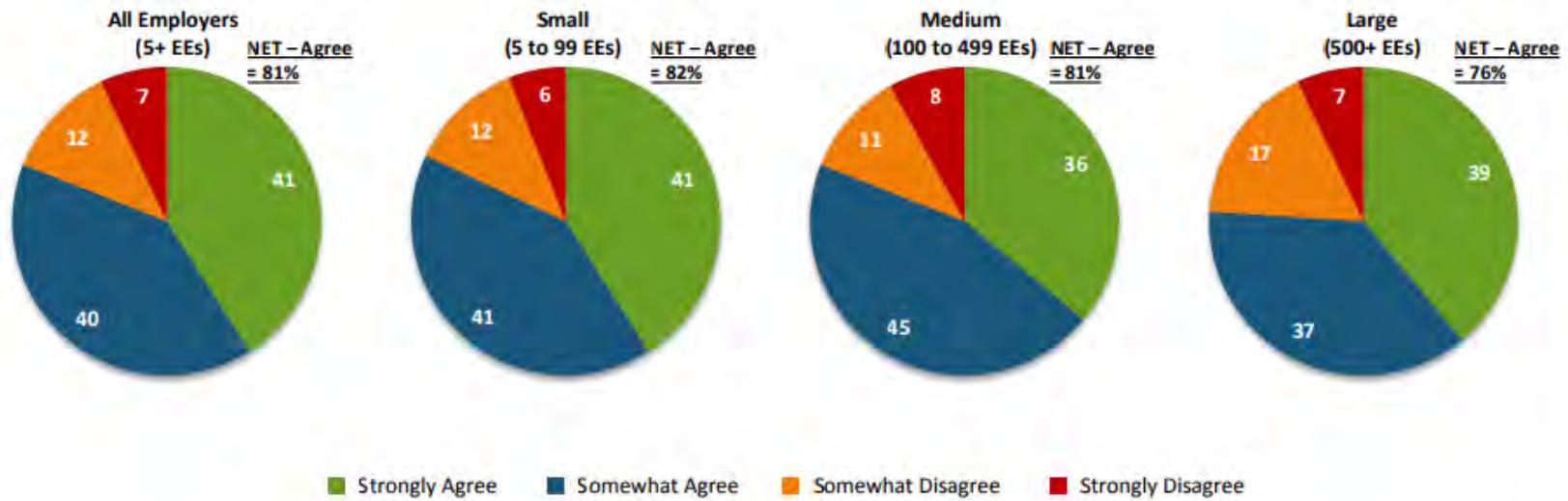
An illustration of the retirement process



Source: Cahill, K. E., Giandrea, M. D., & Quinn, J. F. (2013). "Retirement Patterns and the Macroeconomy, 1992 – 2010: The Prevalence and Determinants of Bridge Jobs, Phased Retirement, and Re-entry among Three Recent Cohorts of Older Americans." *The Gerontologist*; doi: 10.1093/geront/gnt146.

Employers are Beginning to Recognize the New Context

"My company is supportive of its employees working past 65." (%)



EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

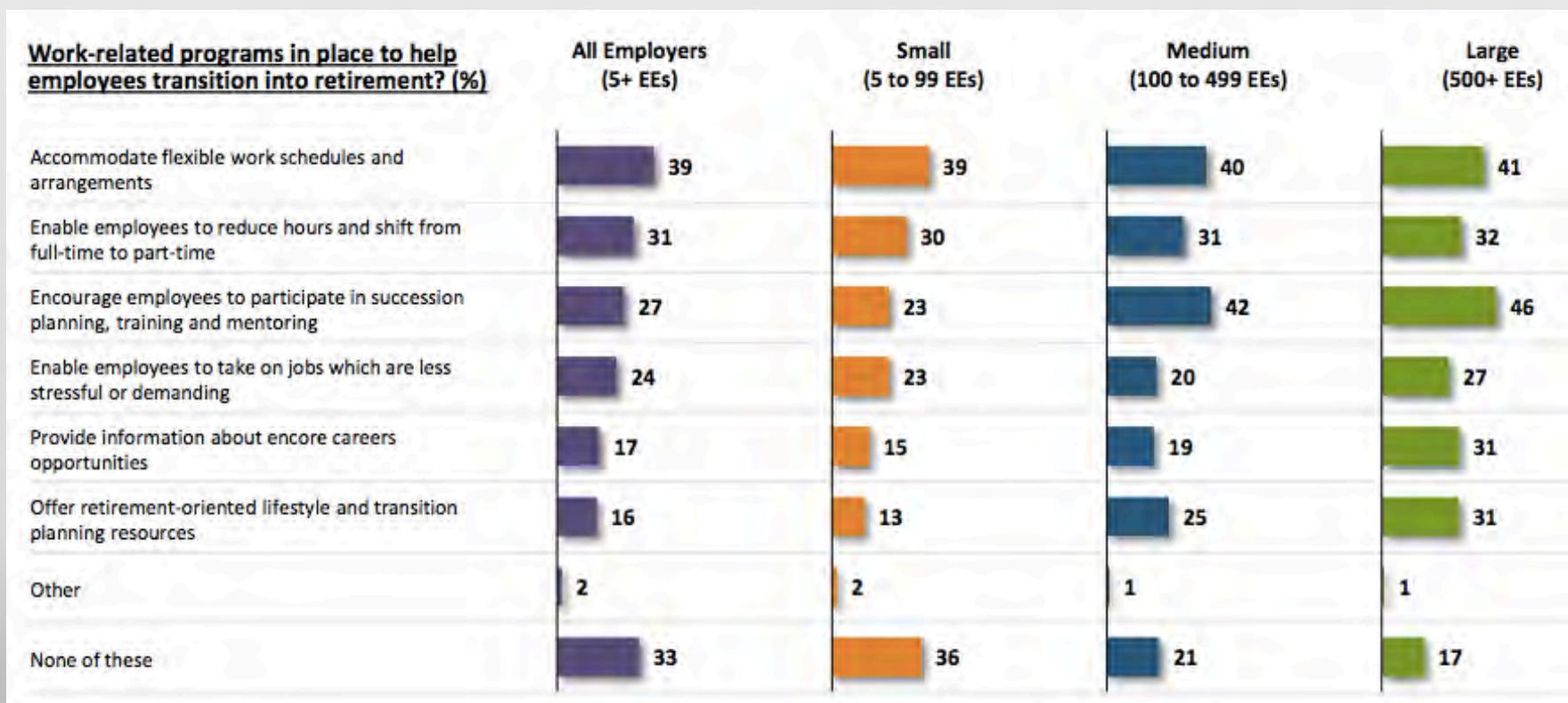
Q3620. How much do you agree or disagree with each of the following statements regarding retirement? "My company is supportive of its employees working past 65"

TRANSAMERICA CENTER
FOR RETIREMENT STUDIES®

26

Is their Response Adequate?

“Which of the following work-related programs, if any, does your company have in place to help its employees transition into retirement? Select all that apply.”



Summary: New Context of Work

- The trend toward early retirement began in the early 80s and shows no signs of reversing.
- When people can work longer, they usually do.
- Opportunities are limited, however, and the exigencies of later life intervene.
- Until both older adults and their employers adapt to the changing context, it is problematic for government policy to raise the age of “normal retirement.”

New Context of Retirement

- With new added health and longevity, a new life stage has been added before the onset of frailty
 - Laslett (1989) deemed this “the third age” – a time, postchildhood and after active work and parenting
 - This age presents new opportunities for self-realization and fulfillment, operating as the “crown of life” or life at its best (see for example James & Wink, 2007)
- Yet, many older adults are left feeling anxious and insecure about how to both finance and live out these remaining years

New Context of Retirement: Are Retirees Happy?

- Cross sectional studies suggest that life satisfaction and other indicators of well-being increase do with age (e.g., Carstensen, Issacowitz, & Charles, 1999; Fingerman, 2002).
- Positive affect increases and negative affect decreases (Charles, Reynolds & Gatz, 2001).
- Yet, some longitudinal data show that life satisfaction is low in early adulthood and into midlife when it increases up to about ages 75-80, and then starts to decline (Mroczek & Spiro, 2005; Baird, Luca, & Donnellan, 2010)

New Context of Retirement: Does Increased Leisure Increase Satisfaction?

- Retirees report more happiness and higher subjective well-being if they are engaged in more leisure activities, especially when the activities are social in nature (Heo, Lee, Kim, and Chun (2012)).
- Knowing how to “play” is important and gives retirees an opportunity to “maintain self-esteem while giving up self-importance” (Vaillant and DiRago, 2007, p. 241)
- A very recent study reveals that expanded leisure is correlated with:
 - happiness,
 - a sense of freedom,
 - positive relationships,
 - a focus on fun and satisfaction with daily routines (Colby, Bundick, Hirsh, Morton, Remington and their colleagues, 2017)

On the Other Hand...

- Expanded leisure has also been found to be associated with:
 - Negative relationships
 - Feelings of isolation, boredom, stress, and being directionless (Colby et al., 2017).
- Perceived losses that accompany retirement (self-esteem & social skills) have a greater impact on subjective well-being than perceived gains (Topa, Jimenez, Valero, & Ovejero (2017)

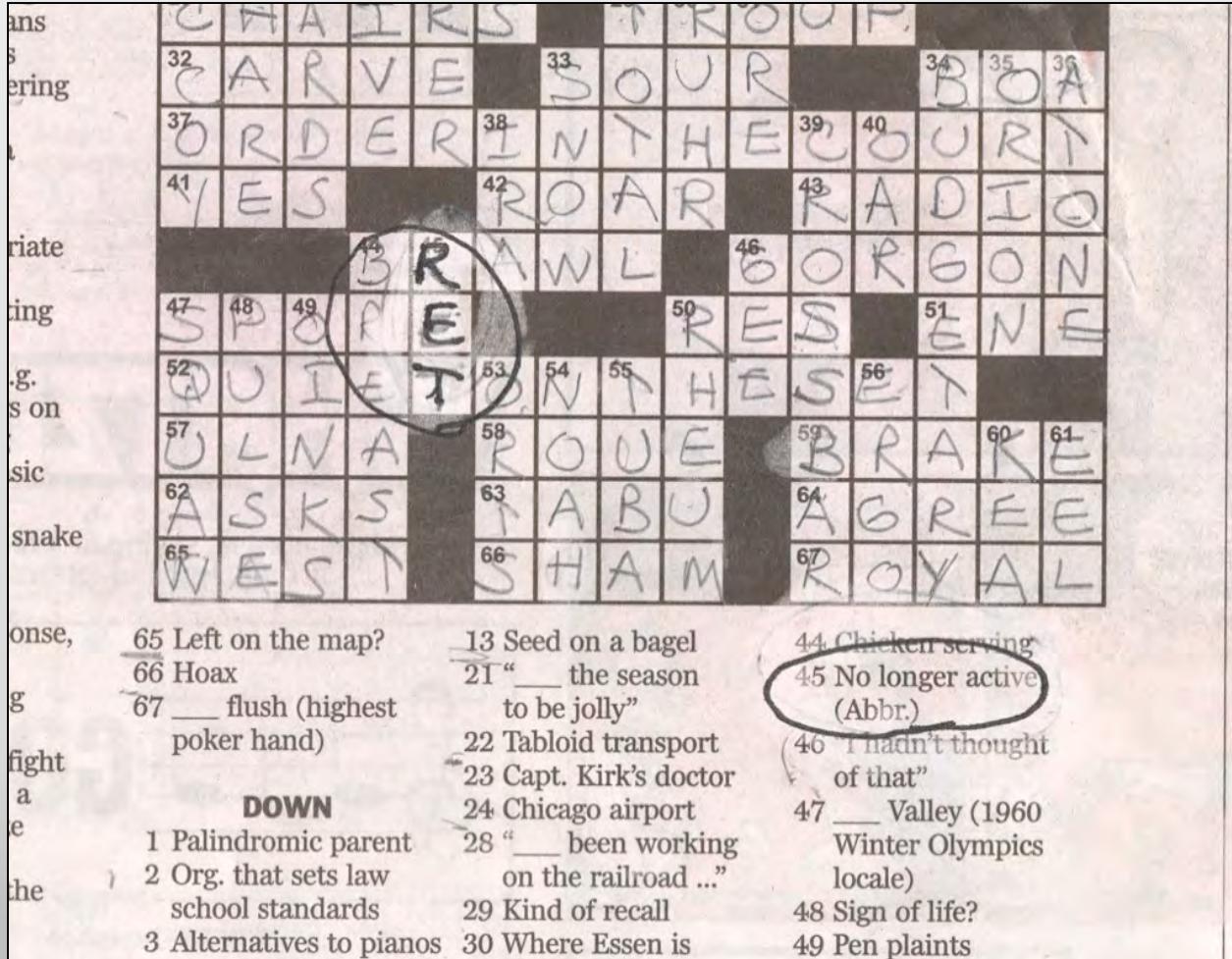
Summary: New Context of Retirement

- While expanded leisure is still very much a sought-after and pleasant bonus during the added years of life, a reliance on leisure and social relationships alone might be likened to over-relying on Social Security for one's income, necessary but not sufficient for many aspects of well-being in later life (James et al., 2016).

Hold on a Second: Is the Old Context Still with Us?

- • Aging as synonymous with decline, frailty
- • Old as “dependent,” burden of society
- • Paradigm of Disengagement

Old Ideas about Retirement—"No longer active"?



Old Ideas: "Preparing to Retire"?

CROSSWORD PUZZLE

PEACE ON EARTH? BY HENRY QUARTERS

ACROSS

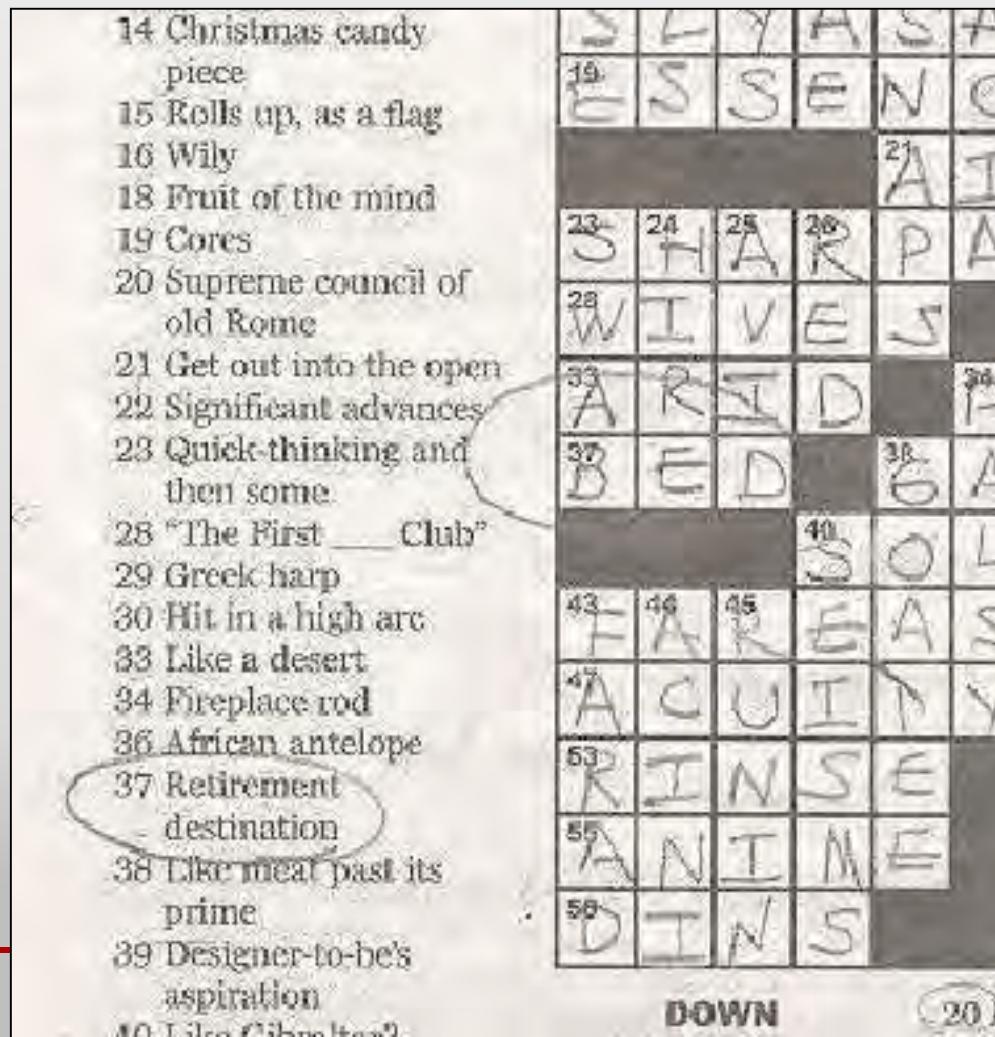
- Gridlock consequence
- Shape carved on a tree, often
- Word with "aside," "down," "out" or "on"
- Where some sports events are held
- Long answer on a test
- Santa ___ winds
- Business tie?
- Tai ___
- Place with a keeper
- Cotton gin inventor Whitney
- Family reunion attendees
- Make louder
- Proof of purchase
- Sigma-Upsilon connection
- Breakfast dining area
- Sunrise time
- In many cases, to a poet
- Adhesives
- Word with "pad" or "tender"
- It's one thing after another?
- Vision of sugarplums dancing in one's head, e.g.
- Equine patriarch
- Slate backers
- Parsley serving
- Garment
- Paperless exam
- Record half
- Prefix with "cyclist"
- Lloyd's of London, for one
- Certain excavation hole
- Zero, in rugby
- Ottoman Empire officer
- Figure-skater Midori
- Wrangler competitor
- Preparing for a kiss, say



DOWN

- Select for committee work
- Rainy-day acct.
- Convention lengthener?
- "___ the twelfth of never ..."
- Going for the gold?
- Yonder lady
- Cousin of -ette
- One of the 12 tribes of Israel
- Complained bitterly
- Hardly surprising
- Preparing to retire, in slang
- Not at all cool
- Furnish, as a reputation
- Wrap around
- Ring-shaped island
- "The Godfather" group
- Rocks while singing a lullaby
- "What's mine is ___"
- Some ladies of the field
- Remains in good condition
- Hindu dresses
- "Rice-___, the San Francisco treat"
- On the up-and-up
- Drive-window link
- Happening in the sky
- Shawls worn in Westerns (var.)
- Non-Jewish
- Lentil or bean
- Marquetry feature
- Salome, to King Herod
- Soapbox-derby entrant
- Big-time giver, say
- Beer blast centerpiece
- Prior, to poets
- Paintballer's need
- Increases, as the ante
- Favorite

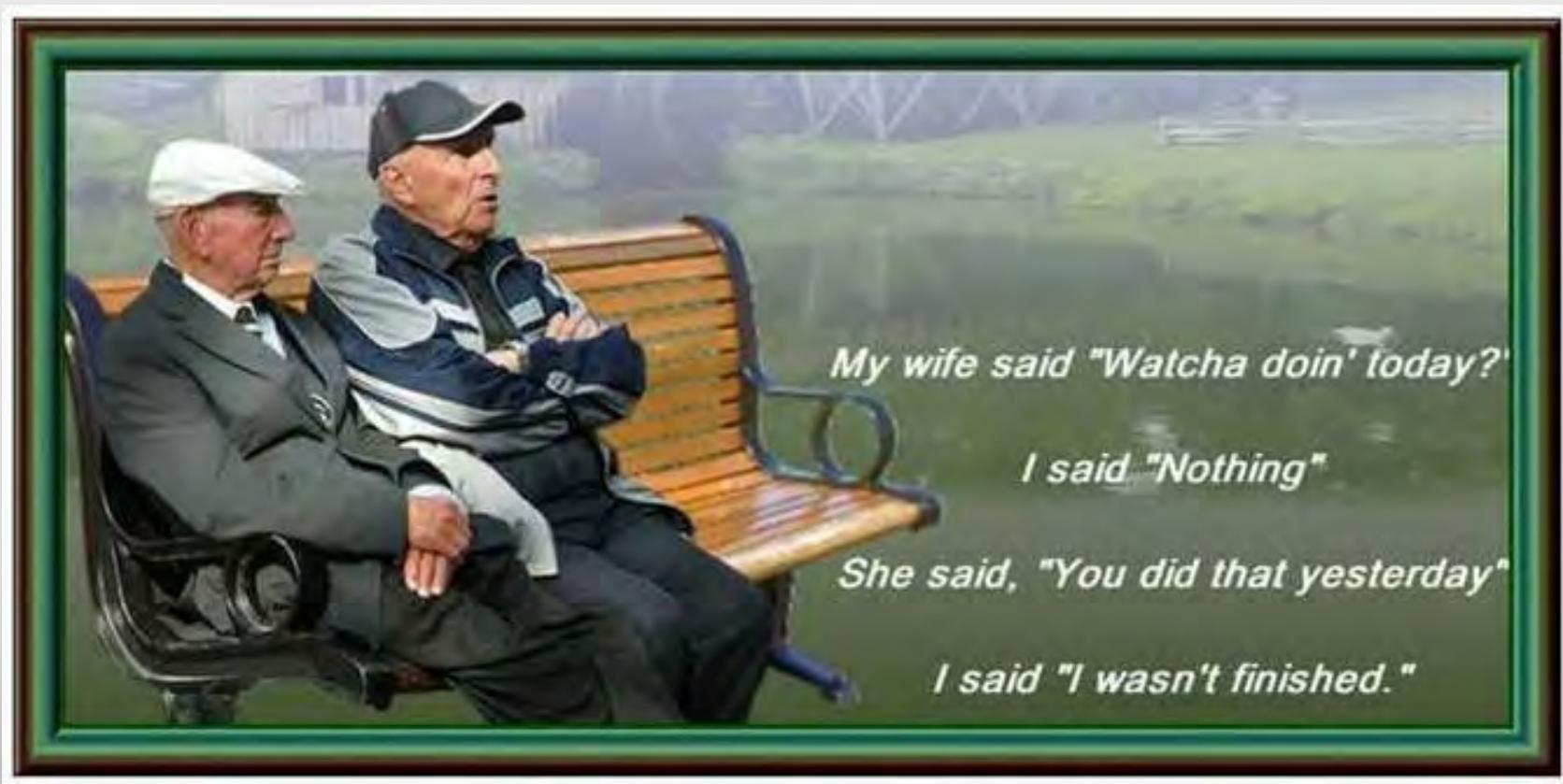
Old Ideas: “What is Your Retirement Destination?”



Age-old problem of Ageism

- Deeply ingrained, and socially sanctioned prejudice against the old—i.e. ageism as the worst “ism” *Levy & Banaji, 2004*
- <https://implicit.harvard.edu/implicit/demo/>
- Age
- Gender
- Sexual orientation
- Race

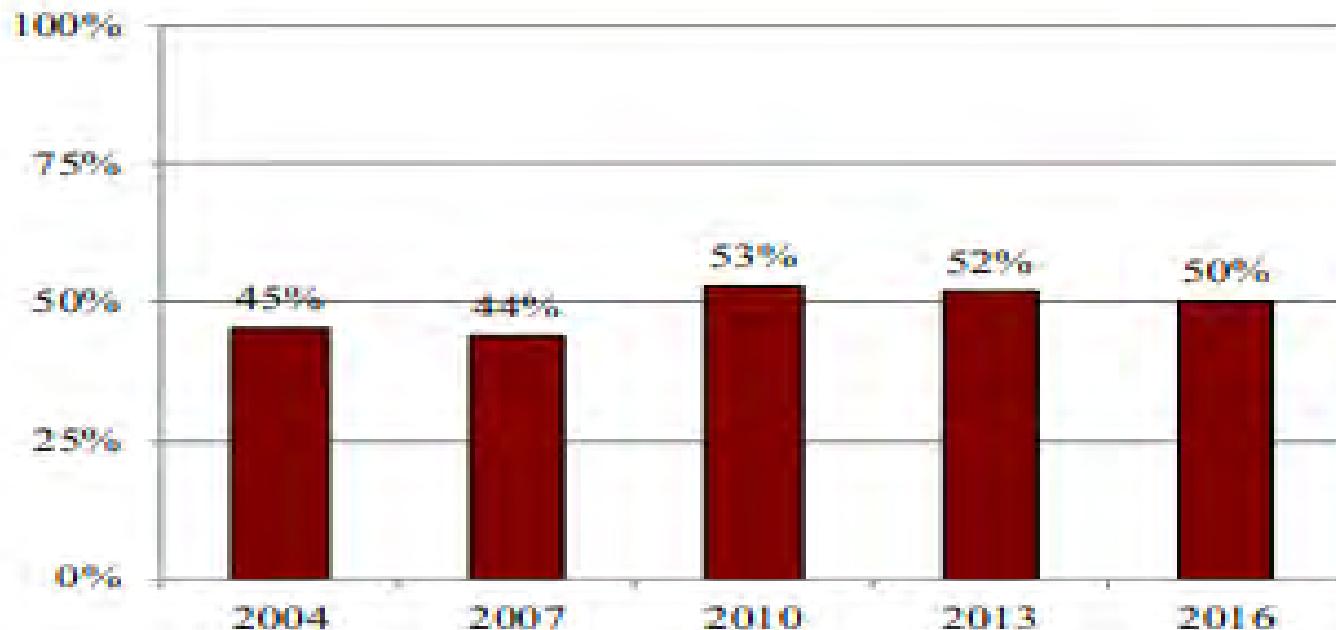
Old Context of Retirement



Current Context of Retirement Security: About the money--National Retirement Risk Index

(Munnell, Hou, & Sanzenbacher, 2019)

FIGURE 2. THE NATIONAL RETIREMENT RISK INDEX,
2004-2016

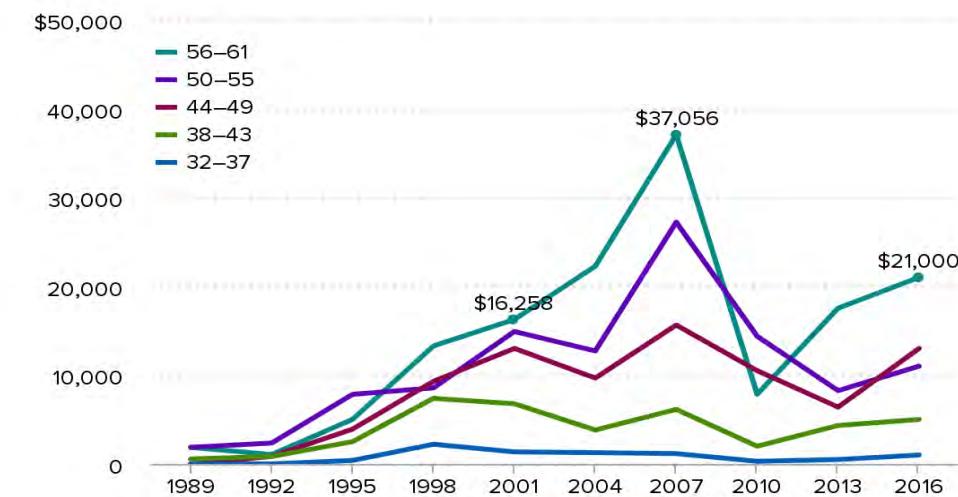


Source: Authors' calculations.

The Economist: “The system is “flawed” . . .”(2019)

Most families—even those approaching retirement—have little or no retirement savings

Median retirement account savings of families by age, 1989–2016 (2016 dollars)



Note: Scale changed for visibility. Retirement account savings include funds in 401(k)-style defined contribution plans and in IRAs.

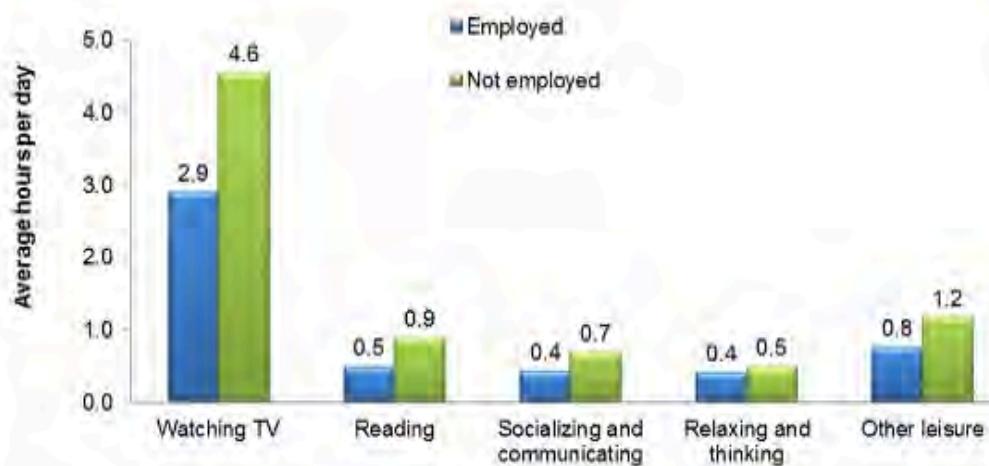
Source: EPI analysis of Survey of Consumer Finance data, 2016.

Beyond Financial Security

- In the new era of longevity and health, retirement security is recognized as one of the four primary issues facing older adults today (White House Conference on Aging, 2015)
- While there are many guidelines for increasing financial security, there are very few guidelines about feeling secure in the knowledge that our lives continue to “matter” as we age (Dixon, 2007; James & Wink, 2007; Wink & James, 2013)
- The desire to stay engaged, contribute to society, and feel a sense of belonging in later life is defined as the need for **psychological security** (James, Matz-Costa, Smyer, 2014)

Is Staying Busy a Factor in Retirement Security?

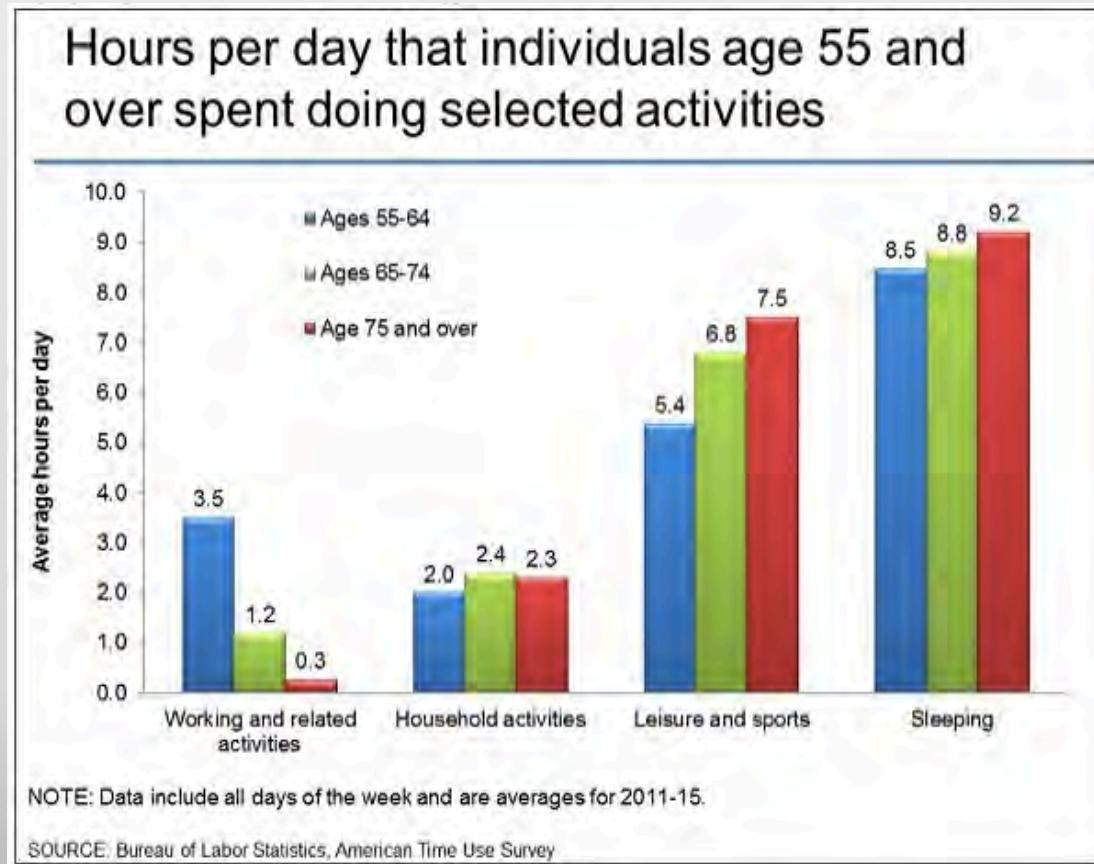
Leisure time of individuals age 65 and over:
employed vs. not employed



NOTE: Data include all days of the week and are annual averages for 2015. Other leisure includes travel related to leisure.

SOURCE: Bureau of Labor Statistics, American Time Use Survey

What are Older Adults Doing with their Time Today?



Engagement vs. Involvement



- A positive, fulfilling work-related state of mind characterized by:
 - Vigor
 - Dedication
 - Absorption

Life & Times in an Aging Society Study

(James, Besen, Matz-Costa)

Study Descriptives

➤ Sample (N=770)

- 76% Female
- 64% Married or Cohabitating
- 18% Retired
- 69% BC Grads

➤ Age Groups

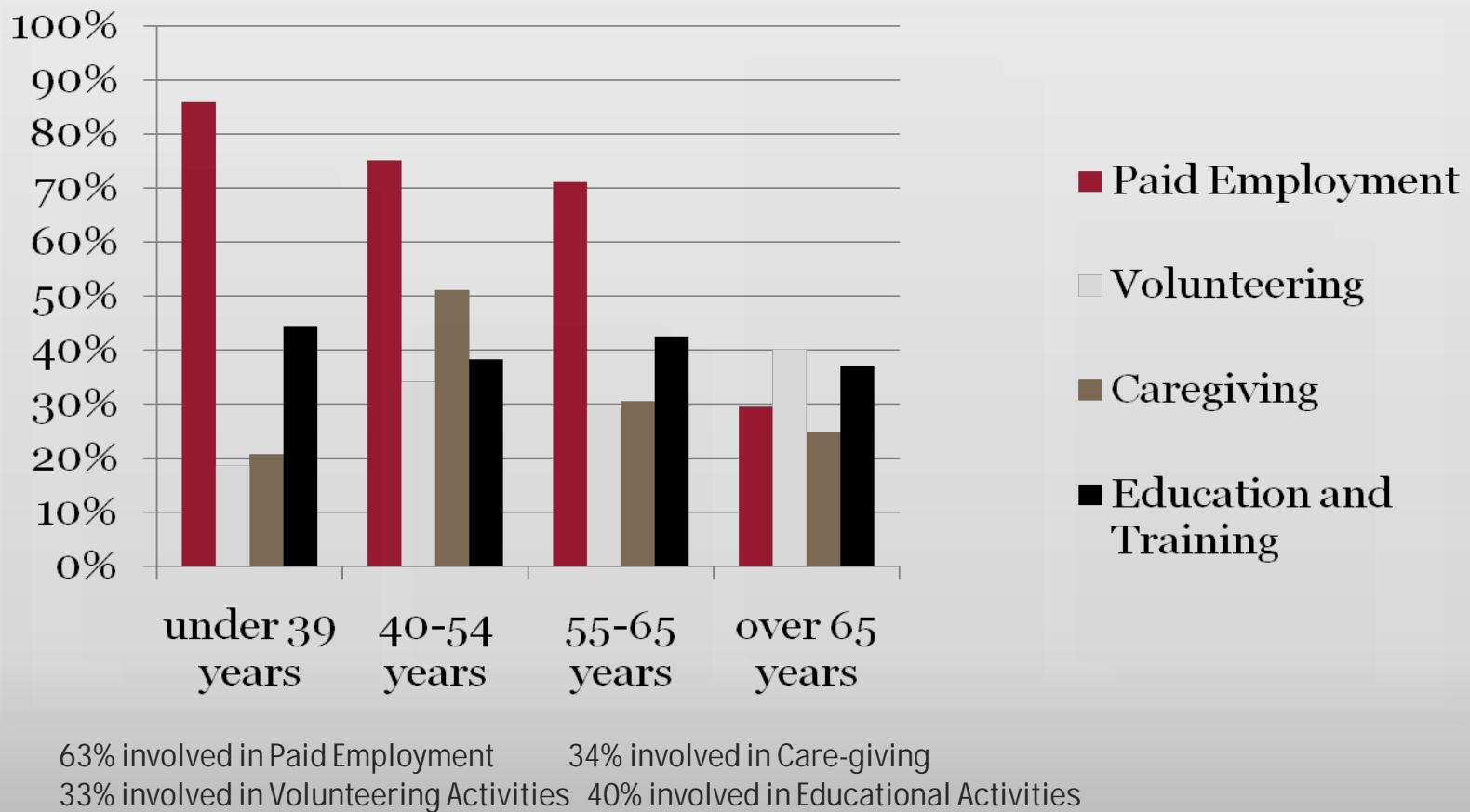
- 12% < 39
- 29% 40-54
- 34% 55-65
- 25% 66+

Engagement with 4 Roles in Later Life

- Assesses engagement
 - Employee
 - Volunteer
 - Caregiver
 - Student
- Expand options for engaged living in later life

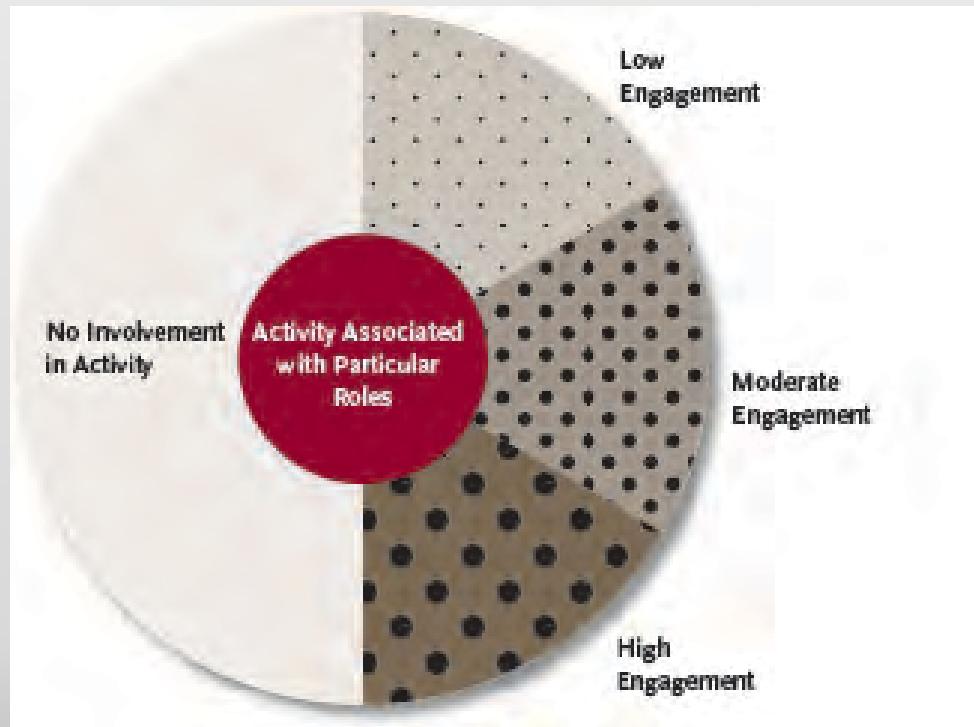


Involvement by Age Group



Source: Sloan Center on Aging & Work, 2010. Life and Times in an Aging Society.

Involvement + Engagement



Rewards of for Greater Engagement

- High engagement predicts *greater* outcomes of well-being compared to no involvement.
- Low engagement predicts *lower* outcomes of well-being
- As we age, it is better for our wellness to be *uninvolved* than it is to be involved and unengaged.



Psychological Security in Retirement



- “... the need to belong, to continue to be a contributing member of society...to stay engaged, contribute to society, and feel a sense of belonging in later life” (James, et al., 2016 p. 334).
- A meaningful life is one that has purpose or some level of significance (Baumeister (1991)).
- “Meaning provides us with the sense that our lives matter, that they make sense, and that they are more than the sum of our seconds, days, and years” (Heintzelman and King, 2014, p. 562).

How Many Older Adults are Finding Meaning and Purpose?

- Most Americans report extremely **high levels of meaningfulness** in their lives
- In one set of analyses that included only older adult samples, all means were above the midpoint
- These findings held true even for those who were facing difficult challenges such as physical illness or disabilities
(Heintzelman and King (2014))

What about Purpose that Transcends the Self?

- Purpose beyond the self= “significant, ongoing commitment to and regular, active work toward goals that are meaningful to the self and also aim to contribute beyond the self” (Colby et al., 2017)
 - **31% manifested this type of purpose**
 - Neither income nor educational attainment nor health status were related to this purpose
 - On the other hand, **women in general and African Americans in particular** were more likely to have this sense of purpose
- Purpose was associated with life satisfaction, wisdom, gratitude, and empathy

Importantly, It's not Either/Or

- Those with purpose said that retirement is a time to:
 - “have an impact on an issue in the world that I care about”
 - “reflect, be mindful, and nurture compassion for broader humanity”
 - “use my skills and experience to help others”
 - “to spend more time with my family”
- But also, time for:
 - themselves
 - to do fun things
 - to keep working



Present Day Context of Retirement Security

- Most retirees are not re-inventing themselves but are using well-honed skills of the past to adapt to retirement and to structure their days
- Life satisfaction is high among retirees who report great meaning and purpose in their lives
- Rising retirement ages and longer working lives is definitely a change from the recent past, but that trend that began before the Baby Boom reached retirement eligibility.
- There may be still too much “passing the time away” watching TV and other less productive activities, but there continue to be barriers to doing otherwise.

Whether the 30% that are engaged in purpose beyond the self is a lot or a few, surely there is opportunity for more to have such experiences.

Supporting Psychological Security in Retirement

“A renewed vision of an aging population’s retirement security and quality of life must support older adults’ continued engagement in a wide range of personally meaningful activities, with a particular emphasis on socially productive roles, as older adults have historically been directed away from these activities and pushed ‘*into roles for which there are no market equivalents, no compensation, little recognition, and few institutional supports*’” (Hinterlong, Morrow-Howell, & Sherraden, 2001, p.4).

Strategies—Longevity Planning

- Encourage and incentivize employers, including the federal government, to provide flexible work options, such as high-quality part time work, phased retirement, and special project work
- Support legislation that helps to reduce tension between caring for a family member and paid work
- Leverage work-place as setting for health promotion
- Direct resources toward building the capacity of community-based organizations and other nonprofits to recruit and engage older adults for paid and unpaid positions

Think Singapore!

Investing \$3 billion to support lifelong learning, employability, wellness, financial literacy and multigenerational housing

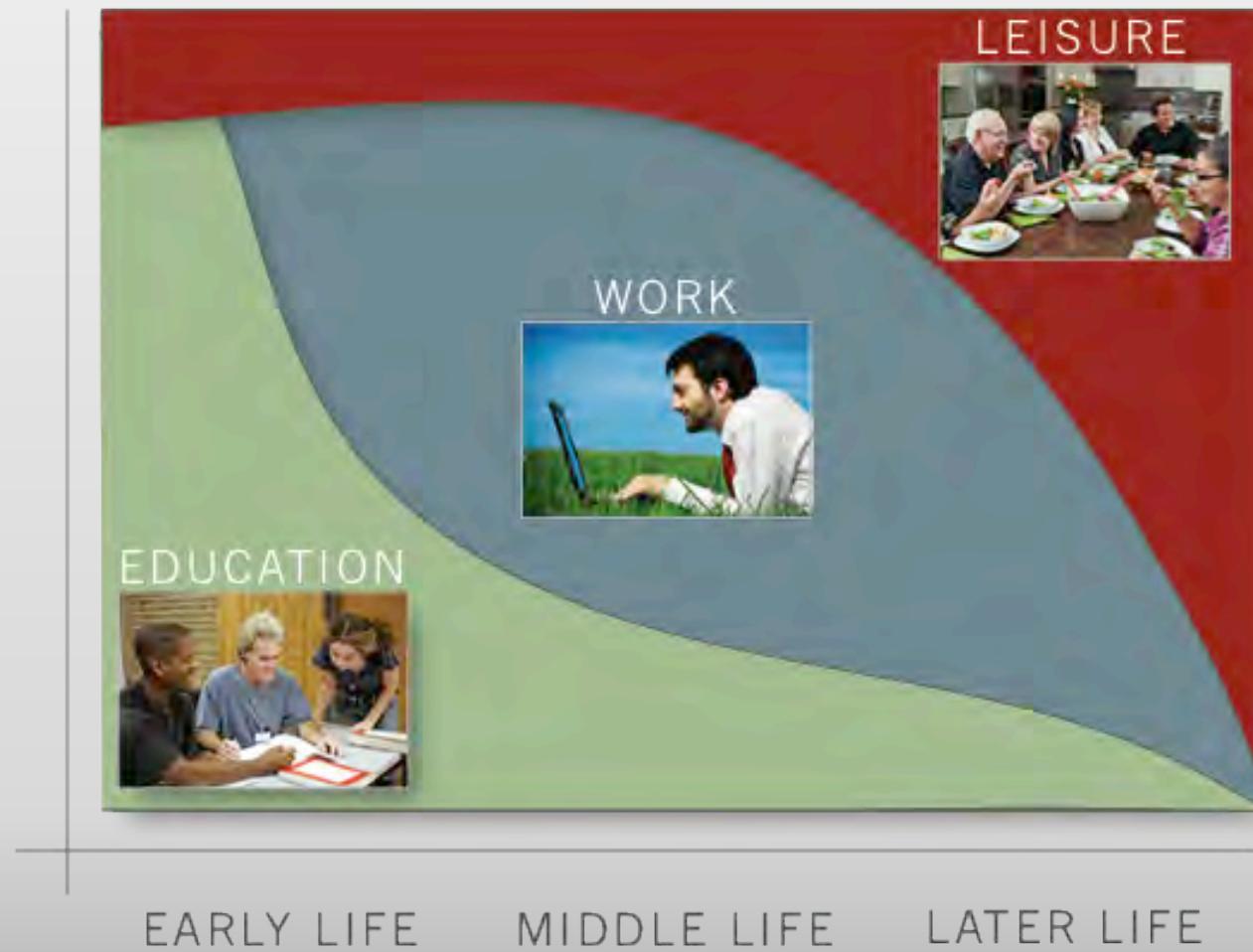
1. Requiring employers to reemploy people who want to work until age 70...
2. Giving businesses a 3% credit to offset wages of employees over 50 and making grants to companies so they can modify jobs for older workers...
3. Providing wellness programs in all communities that include screenings for chronic diseases, and activities such as Tai Chi and dance lessons...
4. Offering post-secondary education to older people who can take courses in technology, business, literature and other subjects, who often share classrooms with young people in the National Silver Academy, a network of colleagues and community-based organizations...
5. Developing a SkillsFuture program that teaches all ages necessary skills for future jobs...
6. Implementing a MoneySense program that teaches young and old how to manage money and invest...

Old Norms and Expectations



Carstensen, L. (2011). *A Long Bright Future: Happiness, Health and Financial Security in an Age of Increased Longevity*. New York: Public Affairs.

New Norms and Expectations for Living to 100

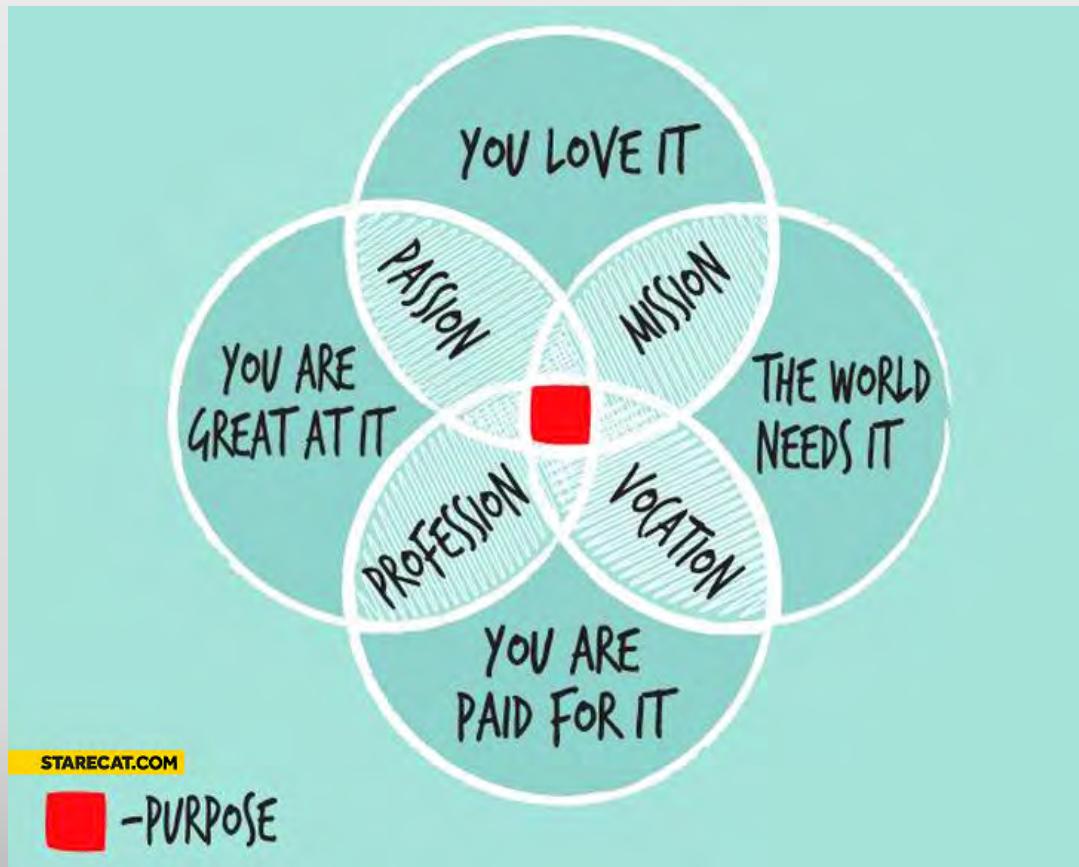


Carstensen, L. (2011). *A Long Bright Future: Happiness, Health and Financial Security in an Age of Increased Longevity*. New York: Public Affairs.

The Challenge of Retirement Security for Individuals—It's not just about the money

- Although it is still important to increase financial security, **individuals** must also--
 - Attend to exigencies of aging, physical health
 - Learn something new every day
 - Try new things
 - Take a course
 - Take on a challenge
 - Continue to be relevant by making contributions to society;

When People Find the Sweet Spot...



The Impact can be Profound...



Longer Lives are not the Problem

(We Need a Major Redesign of Life, Carstensen, 2019, in the *Washington Post*.

- The problem is living in cultures designed for lives half as long as ours.
- Retirements that span 4 decades are unattainable for most individuals and governments
- Education that ends in the early 20s is ill-suited for longer working lives
- Social norms that dictate intergenerational responsibilities between parents and young children fail to address families that include four or five living generations.
- “A long life is a gift. But will we really be grateful for it?”

(Krystal, 2019, *The New Yorker*)

Retirement Security?

The Young at Heart Chorus



Retirement Security?

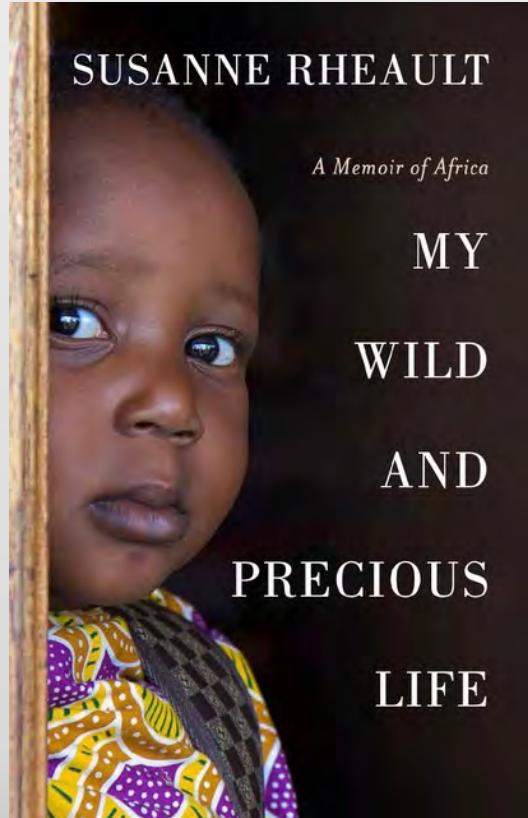
The story behind an unusual after-school program in Framingham's poorest neighborhood

By [Kay Lazar](#) Globe Staff, December 15, 2019, 8:28 p.m.

     30



Retirement Security?



Questions/Comments?



Contact Information

Thank you!

Jacquelyn B. James

Boston College

jamesjc@bc.edu

