



Questions and Answers about Phased Retirement: A Sloan Work and Family Research Network Fact Sheet

Introduction

The Sloan Work and Family Research Network has prepared Fact Sheets which provide statistical answers to some important questions about work-family and work/life issues. This Fact Sheet includes statistics about Phased Retirement. [Last Updated: January 2007.]



Who has access to phased retirement?

- ✔ **Fact 1** According to the Cornell Study of Employer Phased Retirement Policies, “opportunities [for phased retirement] are most limited for managers, and least limited for clericals and professionals” (Hutchens, 2003, p. 17).
- ✔ **Fact 2** “More than 80 percent of white-collar workers are employed in an establishment that permits some form of phased retirement” (Hutchens & Chen, 2004, p. 20).
- ✔ **Fact 3** When employers were asked if their respective organizations would allow an older white-collar employee to reduce hours, most (73%) said “Yes, something could be worked out” while 13% said no and 14% said that they would allow it “in some cases” (Hutchens & Chen, 2004, p. 22).
- ✔ **Fact 4** According to the Cornell Study of Employer Phased Retirement Policies, “88% of the employers in establishments that had only defined benefit plans said they could work out phased retirement” and 89% of employers with only defined contribution plans said they could work out phased retirement (Hutchens, 2003, p. 13).



Who uses phased retirement?

- ✔ **Fact 1** According to the Watson Wyatt Worldwide Retirement Survey, “(m)ore than half of all phasers are younger than 60 years old...17 percent of phasers [are] age 65 or older” (Watson Wyatt Worldwide, 2004, p. 5).

- ✔ **Fact 2** According to the Watson Wyatt Worldwide Retirement Survey, "(t)he healthcare/social assistance, education and manufacturing industries have the largest number of phasers" (Watson Wyatt Worldwide, 2004, p. 5).
- ✔ **Fact 3** According to the Watson Wyatt Retirement Survey, "two-thirds of workers over age 50 hope to phase into retirement at some point" (Watson Wyatt Worldwide, 2004, p. 2).
- ✔ **Fact 4** "32 percent of phasers retired completely from their career jobs but later re-entered the workforce after becoming disillusioned with retirement" (Watson Wyatt Worldwide, 2004, p. 4).
- ✔ **Fact 5** In 1994-2000, "the odds of phased retirement versus partial retirement for those who would keep working even if money were not needed are more than double (2.24) the odds for those who do not express this belief" (Chen & Scott, 2006, p. 20).



What influences an employee's decision to choose phased retirement?

- ✔ **Fact 1** According to an AARP study, the top three major reasons for working in retirement were the following: Need the money (61%), Desire to stay mentally active (54%), and Need the health benefits (53%)... (Brown, 2005, p. 8).
- ✔ **Fact 2** According to an AARP study, 87% of respondents thought it was important to have, "the ability to continue to accrue pension benefits while participating in phased retirement" (Brown, 2005, p. 4).
- ✔ **Fact 3** According to an AARP study, out "of workers who specifically expressed *interest* in phased retirement, 78% expect that the availability of such a plan would encourage them to work past their expected retirement age" (Brown, 2005, p. 3).
- ✔ **Fact 4** "[T]he majority of older workers who don't plan to work in retirement say that they would consider retirement work if their employer were to provide flexible scheduling options such as allowing them to *set their own hours or phase into retirement*" (Brown, 2003, p. 12).
- ✔ **Fact 5** In the 2002 Employee Benefit Research Institute (EBRI) Retirement Confidence Survey, "[N]early three-fourths of workers indicate they expect full- or part-time employment to be a major (23 percent) or minor (50 percent) source of income in their retirement" (Employee Benefit Research Institute, 2002, p. 5).



Does phased retirement lead to full retirement?

- ✔ **Fact 1** In 1994-2002 among wage-and-salary workers, "the risk of attaining full retirement status for those in phased retirement is 37 percent that of those not in phased retirement" (Chen & Scott, 2006, p. 31).



Which employers offer phased retirement?

✓ **Fact 1** According to the Cornell Study of Employer Phased Retirement Policies, “the proportion of establishments that permit some form of phased retirement...is 87% for establishments with 20-49 employees, 83% for those with 100-249 employees and 94% for those with more than 1000 employees” (Hutchens, 2003, p. 10).

✓ **Fact 2** According to the Cornell Study of Employer Phased Retirement Policies, nationwide, 83% of establishments in the “South” region, 86% of establishments in the “East,” 87% in the “West,” and 91% in the “Central” region permit some form of phased retirement (Hutchens, 2003, p. 12).

✓ **Fact 3** “...approximately half of all colleges and universities now offer phased retirement options to their faculty...” (Leslie & Janson, 2004, p. 2).

The Network has additional resources related to this topic.

1. You can find a topic page for **Research/Teaching** dedicated to Phased Retirement at:
<http://wfnetwork.bc.edu/academics.php> (choose ‘Phased Retirement’ from the Topics List).

If you are interested in this topic from the **State Policy** or **Workplace Practice** perspective,

- a) go back to our home page www.bc.edu/wfnetwork/
 - b) click on the appropriate user group
 - c) and choose ‘Phased Retirement’ from the Topics List
2. Our database of academic literature contains the citations and annotations of literature related to the issue of Phased Retirement. You can connect to this database at:
http://library.bc.edu/F?func=find-b-0&local_base=BCL_WF



References

Brown, S.K. (2003). *Staying ahead of the curve 2003: The AARP working in retirement study, Executive summary*. Washington, DC: AARP, Knowledge Management. Retrieved June 1, 2005, from http://assets.aarp.org/rgcenter/econ/multiwork_2003_1.pdf

“AARP recently conducted a nationwide telephone survey of 2,001 individuals between the ages of 50 and 70 years old who are employed on a full-time or part-time basis to explore their vision of retirement and to better understand the types of jobs that workers who plan to work in retirement imagine holding and the types of jobs currently held by today’s ‘working retirees’. For purposes of this survey, a working retiree is an individual who reports that he or she has retired from a job and is now employed on either a full-time or part-time basis. Of the individuals interviewed, more than eight in ten (85 %) have never retired from a job; and fifteen percent report that they have retired from a job but either remained in the workforce after retiring or have since returned to the workforce. The phone interviews, which were conducted by RoperASW using random digit dialing, took place from April 9 through June 5, 2003” (p. 2).

Brown, S.K. (2005, March). *Attitudes of individuals 50 and older toward phased retirement*. Washington, DC: AARP Knowledge Management. Retrieved July 29, 2005, from [AARP](http://www.aarp.org).

Knowledge Networks, a research firm based in California, conducted a survey of 2,167 individuals ages 50 and older. One third of the workers were between the ages of 50 and 65 and planned to retire by age 65. The sample included older workers who are employed and those who have already retired.

Chen, Y.P., & Scott, J. (2006). *Phased retirement: Who opts for it and towards what end?* Retrieved October 18, 2006, from the AARP web site: http://assets.aarp.org/rgcenter/econ/2006_01_retire.pdf

"This study is based on six waves of the Health and Retirement Study (HRS) from 1992 through 2002. The HRS is a nationally representative sample of persons aged 51 to 61 in 1992 and their spouses or partners. The survey is longitudinal in nature, with baseline interviews of 12,654 respondents conducted in 1992 and subsequent waves occurring every two years. The HRS collects extensive information regarding demographic, employment, pension, health, family structure, and financial characteristics of age-eligible respondents and their spouses or partners. The report examines the retirement patterns of those respondents aged 51 to 61 who were working full time in 1992, with full time defined as working 35 or more hours per week. The dataset consists of 5,571 respondents in 1992, 4,721 of whom were wage-and-salary workers and 850 of whom were self-employed persons" (Chen & Scott, 2006, p. iv).

Employee Benefit Research Institute. (2002, February 27). *The 2002 retirement confidence survey summary of findings*. Retrieved May 26, 2005 from <http://www.ebri.org/surveys/rcs/>

"These findings are part of the 12th annual Retirement Confidence Survey (RCS), a survey that gauges the views and attitudes of working-age and retired Americans regarding retirement, their preparations for retirement, their confidence with regard to various aspects of retirement, and related issues. The survey was conducted in January 2002 through 20-minute telephone interviews with 1,000 individuals (771 workers and 229 retirees) age 25 and older in the United States. In addition, an oversample of 116 individuals ages 20-24 was collected in order to provide supplemental data for the 20-39 age group analysis. Random digit dialing was used to obtain a representative cross section of the U.S. population. Starting with the 2001 wave of the RCS, all data are weighted by age, sex, and education to reflect the actual proportions in the adult population. In this year's report, data for the previous waves of the RCS have also been weighted to allow for consistent comparisons; consequently, some data in the 2002 RCS may differ slightly from data published in previous waves of the RCS.

In theory, each sample of 1,000 yields a statistical precision of plus or minus three percentage points (with 95 percent certainty) of what the results would be if all Americans age 25 and older were surveyed with complete accuracy" (p. 14).

Hutchens, R. (2003). *The Cornell study of employer phased retirement policies: A report on key findings*. Ithaca, NY: School of Industrial and Labor Relations, Cornell University.

"The survey is based on a stratified random sample of 950 establishments selected from *Dun's Strategic Marketing Record* as of December 2000. This sample is restricted to establishments with twenty or more employees, with at least two white-collar employees who were at least 55 years old... An establishment is a physical location where business is conducted or services or industrial operations performed. An establishment is different from an organization; an organization may include several establishments...Rather than target the survey on executives at a corporate headquarters, we preferred to ask questions at the establishment level where policies are implemented...In order to insure that the sample included a sufficient number of large establishments, we sampled a higher percentage of establishments with more than 100 employees. This report represents statistics that have been adjusted for the percentage of establishments sampled in each size category...The sample includes establishments from every sector of the economy except mining, fisheries, forestry and agriculture" (p. 5-6).

Hutchens, R., & Chen, J. (2004, March). *The role of employers in phased retirement: Opportunities for phased retirement among white collar workers* (Working Paper). Ithaca, NY: School of Industrial and Labor Relations, Cornell University.

This article examines the opportunities afforded to older white-collar workers for phased retirement. A survey, funded by the Alfred P. Sloan Foundation, revealed that most employers are willing to offer some type of phased retirement but most are interested in informal arrangements. Telephone surveys were conducted of a random sample of 950 establishments between June 2001 and November 2002. Respondents were asked to discuss pensions, establishment characteristics, various human resource policies, and phased retirement policy, among others.

Leslie, D.W., & Janson, N. (2004, September). *To phase or not to phase: The dynamics of choosing phased retirement in academe*. TIAA-CREF Institute Policy Brief.

Data from the National Sample of Postsecondary Faculty (NSOPF) administered by the National Center for Education Statistics was used to analyze faculty retirement. This 1998 survey sampled 18,000 faculty. Extensive interviews were also conducted at twelve institutions and two states. Faculty members, deans, department chairs, and institutional administrators were interviewed for a total of 150 individuals interviewed.

Watson Wyatt Worldwide (2004). *Phased retirement: Aligning employer programs with worker preferences*. Washington, DC: Author.

*Watson Wyatt Worldwide commissioned a telephone survey in 2003 of 1,000 workers between the ages of 50 and 70...About one-third of all respondents were phasers, one-third were full-time workers and one-third were retirees" (p. 2).
