

THE END OF RETIREMENT

The conventional wisdom—save enough to retire at age 65—won't work for the generation starting their careers today, writes columnist John D. Stoll.



ILLUSTRATION: RUTH GWILY

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It took about six years of annual asset reviews with my financial planner, Joe Mackey, to confront a big question. After I spent my entire adult life trying to save enough to quit working by 65, Mr. Mackey wanted to know what my rush was.

“Do you even think you’ll want to retire?” I’m a 42-year-old writer with a job offering travel, intellectual grist and social connection. With few hobbies and an allergy for sitting still, it’s fair to assume my view of a comfortable retirement includes more work than quit. Maybe I’ll deliver the mail, write books or teach.

People spend a lot of time wondering if they’ll have the means to retire, often ignoring the equally important calculation: Do they have the will to retire? A job, historically seen as simply a way to make money, is increasingly the source of the types of friendship and stimulation that are hard to find in bingo halls, on beaches or riding a golf cart.



“When my friends and I talk about our futures none of us says, ‘When I’m 65 I’m going to retire and live on a farm and do nothing,’ ” says Kevin Frazier, a former legal assistant at Google who is now pursuing joint law and public-policy degrees at Harvard and the University of California, Berkeley. Mr. Frazier, age 26, watched his dad work a 30-year career at AT&T, but the one-employer tenure is no longer status quo.

Mr. Frazier is representative of the way many entering the workforce today think. Routinely told they won’t have the cash to retire and can expect to live longer and healthier lives than their parents, Gen-Z workers have plenty of motivation to pursue employment even after they become eligible for Social Security.

“When people leave school it’s not going to be for 25- or 30-year careers, it’s going to be for a 50-year career,” says economist Olivia Mitchell, a professor at the University of Pennsylvania’s Wharton School of Business. Dr. Mitchell says actuaries (the people trying to figure out how long beneficiaries will live), are now projecting people entering the workforce could live 125 years. And that’s just a starting point.

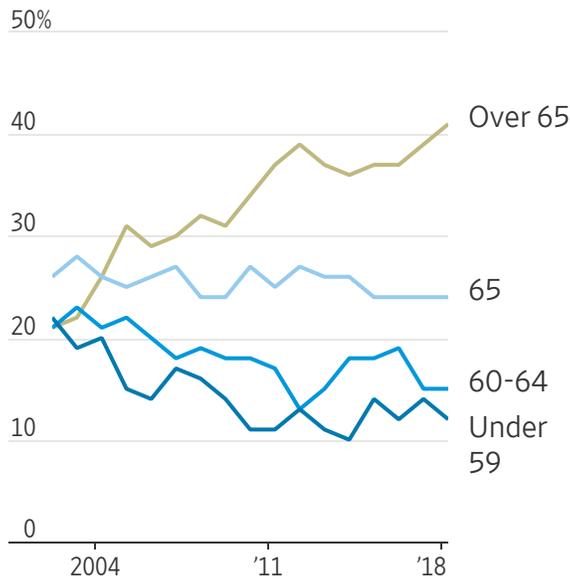
“Some demographers say the baby who will live to 200 years old is already born,” Dr. Mitchell says. Average life expectancy in the U.S. is 78, according to the World Bank. “People in their 60s today look very much like people in their 40s not long ago,” she says.



This view of aging is shaping our career aspirations. Mr. Frazier, for instance, expects to dice up his working years into 20-year increments devoted to potentially different areas of interest. He reckons he'll take a sabbatical. Others I talk to say they will work part time or even go back to school later in life.

Retirement Age

Asked when they expect to retire, more people say it will be after age 65



Source: Gallup

A 2018 Transamerica Center for Retirement Studies survey found half of 6,372 workers polled don't expect to retire at 65, and 13% plan never to retire. The number of people who plan to retire after 65 has increased threefold since 1995, according to Gallup. America's average retirement age has increased in the past 25 years to 66 or older.

Much of this sentiment is due to the barrage of headlines about rising health-care costs and Social Security shortfalls. Boston College professor and economist Alicia Munnell says it's smart to encourage today's workers to stay employed until at least 70 years old in order to accumulate more savings.

But there are other reasons to stay employed. In her book, "Working Longer," Dr. Munnell says the physical demands of work have declined and it has become "much more personally and socially rewarding."

What's next for work life.



ILLUSTRATION: JAVIER JAÉN

With U.S. birthrates falling and membership in religious institutions at all-time lows, work is addressing a void once filled by children, churches or community organizations.

Overall, people are working more—a half-hour longer every weekday versus 12 years ago—and spending less time socializing, attending community events or participating in sports and exercise, according to the Bureau of Labor Statistics.

Careers are already getting longer. Today, the only age group with a growing labor participation rate is those 55 and older.

If the modern concept of retirement seems outdated, Dr. Mitchell says, it's because it was forged around the Great Depression when Social Security was established as an insurance plan for the elderly finding themselves unemployed. Back then, the majority of Americans who made it to adulthood could expect to live only to 65, according to the Social Security Administration. That's when potential benefits kicked in.

Richard Johnson, a senior fellow with the Urban Institute, a nonpartisan policy research group, says it's deteriorating health and poor job satisfaction—not money—that most often inspires someone to leave the workforce. People who can and want to stay in the workforce also live longer lives and face a lower risk of dementia, depression and obesity, according to research by Matthew Rutledge, an economics professor at Boston College.

For those wanting to keep working it is easier than in the past to remain sharp and productive, says Pam Jeffords, an employment expert advising on future workforce issues for PricewaterhouseCoopers. Now largely confined to speakers and smartphones, voice assistants could one day be ubiquitous, making digital work easier. Developments in semiautonomous vehicle technology will make commuting safer; automated processes can reduce physical or mental demands; and an abundance of retraining efforts give more opportunities to revive or learn new skills.

Dr. Mitchell, the Wharton professor, says the rise of the so-called gig economy (think Uber drivers and Airbnb owners) offers a view into what future opportunities could await some people who step out of a full-time job and seek fewer hours or more flexible arrangements. Some experts call these bridge jobs or “unretirement jobs,” John Laitner, a University of Michigan retirement expert, says.



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ILLUSTRATION: RUTH GWILY

Patagonia, the outdoor clothing maker, is among an army of companies analyzing how it will deal with a rising tide of older employees. Dean Carter, the California company's human-resources chief, says the company is intent on providing a "glide path" for people nearing retirement who don't want to simply fall off a "cliff."

Mr. Carter and others at Patagonia started to tackle this more intently about 18 months ago when longtime employees signaled they were thinking of hanging it up. The company realized it would be a mistake to see its "elders" walk out the door because there wasn't a way for them to work less formal schedules, and began to implement changes.

“ “I feel zero pressure to retire on time—whatever that even means.” ”

The company's longtime editor, for instance, has left her day-to-day role editing company materials, but she is teaching younger charges how to write in the "Patagonia voice," Mr. Carter says. Other elders are spending time in the lunchroom at the Ventura, Calif., headquarters passing down stories; traveling the world lecturing on the company's culture; or conducting sessions on the environment.



Meanwhile, my financial planner and I revisited the question of retirement. I've agreed to fund my 401(k) at a pace where I can quit in about 25 years—not so I can stop working but so that I have options.

This fits the future, according to law student Mr. Frazier, even in the early days of what he expects to be a long career. “I feel zero pressure to retire on time—whatever that even means.”

Readers Weigh In

What would be your retirement advice for the next generation?

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“My advice is to pursue Plan A, Plan B and Plan C of palatable options and amass sufficient funds for each of the possible choices. Know that your income stream in retirement may have to cope with market declines, the death of a partner or economic depressions. If you are fortunate to inherit wealth, invest it wisely and hope that you, too, can pay it forward to your heirs.” — Elizabeth Gill

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