



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 that provide statistical answers to some important questions about work–family and work–life issues. This Fact Sheet includes statistics about Phased Retirement. (Last updated: August 2009)



Who has access to phased retirement?

- ✔ **Fact 1** Only 14% of respondents thought that if a secure full-time white-collar employee who is age 55 or over requested to shift to part-time employment it could not be worked out in a way that would be acceptable to your establishment? (Hutchens, 2007, p. 533).
- ✔ **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** “Older people appear to have more flexible work arrangements than do younger people as suggested by the increasing proportion with age of those who are self-employed (85% of 90 year olds versus 18% of 55 year olds) and the significant percentage of older workers saying they could reduce their work hours if they wanted” (National Institute on Aging, 2009, p. 46).
- ✔ **Fact 5** “The research suggests that less than 10% of white collar employees have an opportunity for phased retirement that does not necessitate a loss of, or change in, health insurance; does not require taking on a different job; and does not entail retiring and subsequent rehiring” (Chen & Hutchens, 2006, p. 3).



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** “The likelihood of having worked for pay in retirement [among the aerospace and defense industry] is higher for those who retired before age 60 than for those who retired later (33 percent vs. 22 percent)” (Gobeski & Beehr, 2008, p. 10).
- ✔ **Fact 4** Of those who have access to phased retirement, “fully 42% said that a white-collar worker age 55 or over had actually shifted from a full-time to a part-time in the past three years” (Hutchens, 2007, p. 534).
- ✔ **Fact 5** “Phased retirees are likely to be younger at a ratio of .64” (Chen & Scott, 2006, p. 38).
- ✔ **Fact 6** 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).
- ✔ **Fact 7** “(Thirty-two) 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 8** 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).
- ✔ **Fact 9** A 2005 survey of 1,552 workers aged 50+ found that 38% of respondents were “very or somewhat interested” in phased retirement (Brown, 2005, p. 10).



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** “Of the establishments that permitted phased retirement, only 46% had a defined contribution pension” (Hutchens, 2007, p. 535).

✔ **Fact 5** “When retirees are asked which of the opportunities presented would be most effective at encouraging them to delay retirement, they most often say feeling truly needed for an assignment (29 percent say it is one of the top three most effective, 12 percent say it is the most effective)” (Gobeski & Beehr, 2008, p. 15).

✔ **Fact 6** “Nearly two-thirds of retirees (63 percent) report that these offers would have been a lot more effective if they had known about the possibility in the two years before they communicated their intention of retiring” (Gobeski & Beehr, 2008, p.17).



Do employers understand the impact that potential retirements could have on their organizations?

✔ **Fact 1** “Hewitt’s survey of more than 140 mid-size and large employers revealed that more than half (55 percent) have already evaluated the impact that potential retirements could have on their organization, and 61 percent have developed or will develop special programs to retain targeted, near-retirement employees” (Hewitt Associates, 2008).

✔ **Fact 2** “While just one-in-five (21 percent) believe that phased retirement is critical to their company’s human resources strategy today, that number nearly triples (61 percent) when employers look ahead 5 years” (Hewitt Associates, 2008).



How do employers make the decision to offer phased retirement programs?

✔ **Fact 1** “Of those companies that have begun gathering information, almost two-thirds (63 percent) use general industry research and discussions with key business leaders and managers as a way to gather information on phased retirement programs” (Hewitt Associates, 2008).

✔ **Fact 2** “Of those companies that have begun gathering information... slightly less than one-quarter (22 percent) currently gather formal input from near-retirement employees, but that number is expected to more than double to 54 percent in the next few years” (Hewitt Associates, 2008).



Does phased retirement lead to full retirement?

✔ **Fact 1** The study “indicates that 7.5 percent of the respondents were phased retirees in 1994 and of those 1994 phased retirees, one-fifth (.015/.075) continued to be phased retirees in 1996.” (Chen & Scott, 2006, p. 20)

✔ **Fact 2** “The hazard ratio for phased retirement is 0.745, which means that the estimated risk of full retirement for a phased retiree is 75 percent of those not in phased retirement. (Chen & Scott, 2006, p. 30).



- ✔ **Fact 3** The chance (the hazard or likelihood) of full retirement for those who are married is about 4 percent higher than for those who are not married (Chen & Scott, 2006, p. 31)
- ✔ **Fact 4** The hazard ratio for being in good health is 0.720. This means that the chance of full retirement when one's health is good or better is only 72 percent that of those whose health is not good or better. (Chen & Scott, 2006, p. 31)
- ✔ **Fact 5** For each \$1,000 increase in income, the chance (the hazard or likelihood) of full retirement goes down by less than 1 percent. (Chen & Scott, 2006, p. 31)



Which employers offer phased retirement?

- ✔ **Fact 1** “For establishments with 500 or more employees, the percentage [of employees who shifted to a part-time schedule] is 77%; for those with under 500 employees, 39%” (Hutchens, 2007, p. 534).
- ✔ **Fact 2** “According to the 2008 National Study of Employers, 14% of employers allow phased retirement and offer defined-benefit pension plans. Among those, 78% allow employees to phase into retirement without reducing their pension payouts” (Galinsky, 2008, p. 30).
- ✔ **Fact 3** “...approximately half of all colleges and universities now offer phased retirement options to their faculty...” (Leslie & Janson, 2004, p. 2).
- ✔ **Fact 4** “According to Hewitt, 47 percent of companies said they have some type of phased retirement arrangement available to their employees, but very few (5 percent) have actually formalized those programs” (Hewitt Associates, 2008).
- ✔ **Fact 5** According to Hewitt, “almost 40 percent (of employers surveyed) expressed an interest in establishing a phased retirement program in the future” (Hewitt Associates, 2008).



What are the challenges of offering phased retirement programs?

- ✔ **Fact 1** “Hewitt's survey found employers also face potential challenges as they contemplate adopting or expanding these (phased retirement) arrangements. More than half (52 percent) believe there are significant legal and regulatory barriers. (As well as...) company culture (42 percent), lack of support from senior leadership (25 percent) and manager resistance (20 percent). In addition, concerns about costs (34 percent) and that phased retirement programs might accelerate the loss of talent (30 percent) were also cited.” (Hewitt Associates, 2008).



✔ **Fact 2** “While almost half of employers (45 percent) indicated they currently have policies in place that limit the ability to rehire retirees, a significant portion (46 percent) said they were likely to review their rehiring policies in the future” (Hewitt Associates, 2008).



Which factors are critical to the success of a phased retirement program?

✔ **Fact 1** “Nearly all companies (92 percent) reported that retention of skills, knowledge and/or experience—cited by employers as the most important reasons for offering phased retirement programs—were also among the most important factors in determining the success of those programs” (Hewitt Associates, 2008).

✔ **Fact 2** “Three-fourths (75 percent) also cited employees' desire to gradually transition into retirement as important, and nearly half (49 percent) said that employees' ability to qualify for health care benefits was critical to the success of their phased retirement arrangements” (Hewitt Associates, 2008).

✔ **Fact 3** “Almost two-thirds (65 percent) said that offering part-time employment (on a year-round basis) represented one of the most effective ways of retaining near-retirement workers” (Hewitt Associates, 2008).

✔ **Fact 4** “In addition to part-time employment, 37 percent of employers noted that giving near-retirement employees access to retirement benefits would be effective in retaining talent” (Hewitt Associates, 2008).



Are employers pleased with their phased retirement programs?

✔ **Fact 1** “Of the companies that already have phased retirement arrangements in place, about one third (32 percent) said they were satisfied with their programs. Ironically, just 14 percent of companies said they actually measure the success of their programs” (Hewitt Associates, 2008).

The Network has additional resources related to this topic.

1. Visit a topic page on Phased Retirement at: <http://wfnetwork.bc.edu/topic.php?id=13>
Topic pages provide resources/information including statistics, definitions, overviews & briefs, bills & statutes, interviews, teaching resources, audio/video, suggested readings and links.
2. Visit our database of academic literature with 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. (2005, March). *Attitudes of individuals 50 and older toward phased retirement*. Washington, DC: AARP Knowledge Management. Retrieved July 29, 2005, from http://assets.aarp.org/rqcenter/post-import/phased_ret.pdf

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, J., & Hutchens, R.M. (2006). *Phased retirement: Opportunities for some but not for all* (Impact Brief #3). Ithaca, NY: School of Industrial and Labor Relations, Cornell University. Retrieved from <http://digitalcommons.ilr.cornell.edu/impactbrief/3/>.

"The researchers surveyed 950 establishments, generating a response rate of 61% and completing surveys with 89% of the establishments that satisfied the screening qualifications (e.g., at least two white-collar employees aged 55 and older). Using multivariate analysis, the survey results were combined with data drawn from the University of Michigan's biannual Health and Retirement Study" (p. 3).

Chen, Y.P., & Scott, J. (2006). *Phased retirement: Who opts for it and towards what end?* Retrieved October 18, 2006, from: http://assets.aarp.org/rqcenter/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).

Galinsky, E., Bond, J. T., & Sakai, K. (2008). 2008 national study of employers. New York, NY: Families and Work Institute. Retrieved from <http://familiesandwork.org/site/research/reports/2008nse.pdf>

Families and Work Institute's *2008 National Study of Employers* (NSE) is the most comprehensive and far-reaching study of the practices, policies, programs and benefits provided by U.S. employers to address the changing needs of today's workforce and workplace. Because this study was designed to build on the Institute's landmark *1998 Business Work-Life Study* (BWLS), it is, therefore, able to provide trend data on changes that have occurred over the past ten years.

The 2008 NSE sample includes 1,100 employers with 50 or more employees—77 percent are for profit employers and 23 percent are nonprofit organizations; 40 percent operate at only one location, while 60 percent have operations at more than one location. Interviews were conducted on behalf of Families and Work Institute by Harris Interactive, Inc. The 1998 BWLS and both the 2005 and the 2008 NSE were developed to complement Families and Work Institute's ongoing *National Study of the Changing Workforce* (NSCW) which surveys large representative samples of employees in the U.S. labor force. The 2008 NSE enables us to assess the extent to which businesses are addressing a number of the factors we have identified as predictive of workers' productivity and well-being.

Gobeski, K.T., & Beehr, T.A. (2008). How retirees work: predictors of different types of bridge employment. *Journal of Organizational Behavior*, 37, 401-425.



This study examines work-related attitudes, job characteristics, and work-related accomplishments of 171 retirees in order to predict whether they would enter full retirement or bridge employment.

Hewitt Associates. (2008, July 30). *Retiring boomers prompt increased employer interest in phased retirement programs, according to Hewitt survey*. [Press release]. Retrieved from <http://www.hewittassociates.com/Intl/NA/en-US/AboutHewitt/Newsroom/PressReleaseDetail.aspx?cid=5451>

"Hewitt's survey of more than 140 mid-size and large employers" (p. 5-6).

Hutchens, R (2007). *Phased retirement: Problems and prospects*. Retrieved August 25, 2009, from http://crr.bc.edu/images/stories/Briefs/wob_8.pdf?phpMyAdmin=43ac483c4de9t51d9eb41

This Issue in Brief by Robert Hutchens of Cornell University is from the Center for Retirement Research at Boston College. It discusses the potential benefits of phased retirement, the extent of phased retirement in modern workplaces, and potential problems employers might face when arranging phased retirements.

Leslie, D.W., & Janson, N. (2004, September). *To phase or not to phase: The dynamics of choosing phased retirement in academe*. Retrieved August 25, 2009, from http://www.tiaa-crefinstitute.org/pdf/privacy_policy/pol090204.pdf

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.

National Institute on Aging , National Institutes of Health & U.S. Department of Health and Human Services. (2009). *Growing older in America: The Health and Retirement Study*. Retrieved August 25, 2009 from <http://hrsonline.isr.umich.edu/index.php?p=dbook>

"This publication is about one major resource — the Health and Retirement Study (HRS) — designed to inform the national retirement discussion as the population so dramatically ages. Since its launch in 1992, the HRS has painted a detailed portrait of America's older adults, helping us learn about this growing population's physical and mental health, insurance coverage, financial situations, family support systems, work status, and retirement planning. Through its unique and in-depth interviews with a nationally representative sample of adults over the age of 50, the HRS provides an invaluable, growing body of multidisciplinary data to help address the challenges and opportunities of aging.)"

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).
