



Myths & Facts: Raising the Social Security Retirement Age

MYTH: People are living longer, so it makes sense to raise the retirement age.

FACTS:

- Numerous studies have documented that increases in life expectancy in retirement have been skewed in favor of those with higher incomes and more education, with higher income white men seeing the greatest gains, and low-income minority women seeing decreased longevity.
- Compared to new male retirees in 1982, today's higher income male retirees can expect to live an additional five years, but lower income men are living just 1.1 years more in retirement.
- For women, overall life expectancy has stagnated, with lower-income women seeing declines in life expectancy, and upper-income and more educated women seeing modest improvements.
- Increases in life expectancies are mostly due to increased survival during childhood.
- Even under current law, younger generations will work considerably longer than workers in the past. The average number of years a 20-year-old man could expect to work rose from 39.0 to 42.0 between those born in 1899 and those born in 1949. Those born in 1999 will average 45.0 years of work before retirement age.

MYTH: Older workers have more experience, so it's easy for those 55 and older to find jobs.

FACTS:

- Often older workers can't work longer, even if they want to. An analysis of the latest Bureau of Labor Statistics data revealed that during April 2010, the job market for Americans 55 and older had never been worse.
- Additionally, many mid-life individuals are "structurally unemployed" meaning that demand for their now increasingly obsolete skills will not suddenly increase in demand after the recession ends. Many of them are underwater on mortgages and faced with family caregiving responsibilities for aging parents, young children or adult children who cannot find work.
- There has been a 17% increase in age discrimination cases since 2007, according to the Equal Employment Opportunity Commission (EEOC), suggesting struggles for older Americans in securing and maintaining good jobs.

MYTH: The beneficiary to worker ratio keeps dropping, so we need people to work longer in order to pay full benefits.

FACTS:

- With a fertility rate close to the replacement rate, any positive net immigration will contribute to labor force growth, which can in turn offset increases in life expectancy and stabilize the beneficiary-to-worker ratio.
- Even though the beneficiary-to-worker ratio is expected to rise with the Baby Boomer retirement, it will level off after 2035 despite projected increases in life expectancy at retirement.

SOCIAL SECURITY **MATTERS**

MYTH: This won't affect people who are close to retirement now, and future retirees will have time to plan for a longer career.

FACTS:

- Workers currently qualify for full Social Security retirement benefits at the age of 66. If they retire early, their benefits are reduced by a fraction of a percent for each month before the full retirement age -- which currently means a 25% reduction in benefits for a worker who retires at 62. If the retirement age is raised, workers will have to struggle for additional time before taking even reduced benefits.
- The decrease in the relative value of benefits is not due to a too-low retirement age or baby boomers retiring, but was caused by other factors, including rising inequality, reduced personal savings and health care costs, none of which will be addressed by raising the retirement age, leaving near-retirees down the road even further away from needed benefits.
- Workers can plan for a longer career, but they can only achieve it if they are healthy and in non-physically demanding jobs, which we know is not the case for many workers.
- Raising the normal retirement age to 70 in 2036 (compared to age 67 in 2022 under current law) would lead to a 4.0 percent reduction in benefits for workers between the ages of 50-54 in 2007 and a 10 percent reduction in benefits for workers between the ages of 40-44. Currently, the average benefit for women is just \$11,800 per year – a 10% reduction for future retirees would push more older women into poverty.

MYTH: People are healthier now, so working a few more years is fine.

FACTS:

- Raising the retirement age will place a greater burden on older workers in physically demanding or difficult occupations, like nurses, auto workers and teachers, who may not be able to continue to work in their jobs into their mid-to-late 60s or beyond.
- Adjusting normal retirement age to life expectancy is inappropriate because it means work years would continue to increase while retirement years were fixed, and it also assumes workers are healthy enough to continue working well into old age, punishing those who are not.
- In 2009, for workers age 58 and older, 6.5 million (about 35%) had physically demanding jobs, and 5.0 million (about 27%) had jobs with difficult physical working conditions.
- Cuts to Social Security benefits will disproportionately affect older minority workers. Among those aged 58 and older, difficult jobs were held by 62.4% of Latino workers, 53.2% of black workers, 50.5% of Asian Pacific American workers, and 42.6% of white workers.