RESEARCH REPORT

Is It Time to Raise the Social Security Retirement Age?

Richard W. Johnson
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# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acknowledgments</td>
<td>iv</td>
</tr>
<tr>
<td><strong>Executive Summary</strong></td>
<td></td>
</tr>
<tr>
<td>Pros and Cons of Raising the Retirement Age</td>
<td>v</td>
</tr>
<tr>
<td>Possible Options to Protect Vulnerable Older Adults</td>
<td>vi</td>
</tr>
<tr>
<td><strong>Is It Time to Raise the Social Security Retirement Age?</strong></td>
<td>1</td>
</tr>
<tr>
<td>Social Security's Retirement Ages</td>
<td>3</td>
</tr>
<tr>
<td>Pros and Cons of Raising the Retirement Age</td>
<td>5</td>
</tr>
<tr>
<td>Mortality</td>
<td>6</td>
</tr>
<tr>
<td>Health Status</td>
<td>12</td>
</tr>
<tr>
<td>Job Demands</td>
<td>16</td>
</tr>
<tr>
<td>Labor Market Conditions for Older Workers</td>
<td>18</td>
</tr>
<tr>
<td>Social Security Benefit Claiming</td>
<td>26</td>
</tr>
<tr>
<td>Disability Safety Net</td>
<td>28</td>
</tr>
<tr>
<td>Growing Income Inequality at Older Ages</td>
<td>31</td>
</tr>
<tr>
<td>Potential Impact on Workers of Raising the EEA</td>
<td>33</td>
</tr>
<tr>
<td>Possible Approaches to Protecting Vulnerable Older Adults If the EEA Rises</td>
<td>38</td>
</tr>
<tr>
<td>Exempt Certain Groups from the EEA Increase</td>
<td>38</td>
</tr>
<tr>
<td>Make Other Aspects of Social Security More Progressive</td>
<td>41</td>
</tr>
<tr>
<td>Expand Employment Services and Training</td>
<td>41</td>
</tr>
<tr>
<td>Strengthen the Safety Net at Older Ages</td>
<td>43</td>
</tr>
<tr>
<td>Conclusions</td>
<td>46</td>
</tr>
<tr>
<td><strong>Notes</strong></td>
<td>49</td>
</tr>
<tr>
<td><strong>References</strong></td>
<td>52</td>
</tr>
<tr>
<td><strong>About the Author</strong></td>
<td>60</td>
</tr>
<tr>
<td><strong>Statement of Independence</strong></td>
<td>61</td>
</tr>
</tbody>
</table>
Acknowledgments

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Executive Summary

Social Security faces a long-term financing problem. The program now spends more than it collects each year, and Social Security’s trustees project the program will be unable to pay full benefits beginning in 2034. Reducing the payment period by raising the age at which beneficiaries can begin collecting benefits would improve Social Security’s finances. The program could pay the same monthly benefits as it does now but restrict them to older beneficiaries, maintaining annual retirement benefits for truly old people while cutting costs. Raising the retirement age would also encourage many older people to work longer, increasing income tax revenue for federal and state governments. However, some older people, especially those with limited education and incomes, could suffer financially if they had to wait longer to collect retirement benefits.

This report examines how raising Social Security’s early entitlement age (EEA), currently 62, might affect beneficiaries and discusses different ways of protecting adults who might not be able to work until qualifying for Social Security benefits. Possible options include exempting certain groups from the increase (such as those in physically demanding occupations) or making other aspects of Social Security more progressive to offset the EEA increase. Alternatively, programs outside of the Social Security retirement system could be reformed to provide additional protection, such as by bolstering disability benefits, extending unemployment benefits for older adults, or expanding cash assistance to low-income seniors. Our discussion draws from a careful synthesis of the literature and the results of new analyses of several household surveys. The study evaluates trends and disparities in life expectancy, health status, job demands, labor market conditions for older workers, and Social Security benefits claiming behavior. It also examines the effectiveness of the disability safety net and growing economic inequality at older ages.

Pros and Cons of Raising the Retirement Age

Long-term improvements in longevity, health status, and educational attainment might justify raising the EEA.

- Between 1960 and 2015, remaining life expectancy at age 62 increased 5.4 years for men (to 20.0 years) and 4.8 years for women (to 22.8 years). Social Security’s trustees, using their intermediate assumptions, project that by 2050, life expectancy will grow another 2.8 years for
men and 2.4 years for women. Thus, if the EEA were to increase from 62 to 65 in 2050, people who retired at the EEA in 2050 would spend about as many years in retirement as those who retire at the EEA today; they would spend between four and five more years in retirement (depending on their sex) than those who retired at age 62 in 1960.

- Health status predicts work ability and the capacity to delay retirement. Between 1972 and 2017, the share of adults reporting fair or poor health fell from 25.5 to 18.3 percent at ages 55 to 61 and from 28.6 to 19.1 percent at ages 62 to 65. Most of these improvements, however, occurred before 2000.

- Educational attainment among adults in their early sixties increased sharply over the past four decades, improving employment prospects at older ages. Between 1980 and 2017, the share of adults ages 62 to 65 with a four-year college degree grew 21 percentage points for men and 22 percentage points for women.

However, health problems limit work capacity for many older adults, and there is little evidence that work ability for people in their early and mid-sixties has improved much over the past two decades.

- Following a sample of adults ages 51 to 55 who were employed and did not report any work limitations at that time, our analysis found that 35 percent developed an impairment or health problem by age 65 that limited the type or amount of work they could do.

- Between 2000 and 2017, the share of adults reporting fair or poor health fell only 0.9 percentage points at ages 62 to 65 and increased 1.1 percentage points at ages 55 to 61. Rising obesity rates appear to account for much of the recent slowdown in health improvements.

- Physically demanding jobs remain commonplace, even at older ages. In 2014, 34 percent of workers ages 55 to 65 reported that their job required substantial physical effort, the same share as in 1998.

Many older workers face a hostile labor market.

- Workers who lose their jobs at older ages face long odds of finding new work. Among workers laid off between 2008 and 2012, 47 percent of those ages 50 to 61 and 65 percent of those age 62 and older remained out of work for at least 12 months, compared with only 35 percent of those ages 25 to 34 and 39 percent of those ages 35 to 49.

- Employers are less likely to call back older job applicants than younger ones.
In 2014, 24 percent of workers ages 58 to 63 reported that their employers favor younger workers over older workers in promotion decisions, up from 16 percent in 2002.

Delaying retirement is especially uncertain for older people with limited education. Although the share of adults remaining in the labor force in their early and mid-sixties has increased over the past two decades and the share of retirees collecting Social Security benefits at age 62 has fallen, people working longer and retiring later are disproportionately college graduates. Relatively few people with limited education, who are more likely than their better-educated counterparts to suffer from health problems and work in physically demanding jobs, have extended their careers.

Among nondisabled workers in their early fifties, 46 percent of those who did not complete high school and 40 percent of those with no more than a high school diploma developed a work disability by age 65, compared with 24 percent of those with a four-year college degree.

In 2014, 49 percent of workers ages 55 to 65 who did not attend college reported that their job requires substantial physical effort, compared with 26 percent of those who attended college.

Because people with health problems often fall through the disability safety net, early Social Security retirement benefits pull many older people with health problems out of poverty, especially those with limited education. Our analysis followed people who were ages 50 to 54 and did not report any health-related work limitations at that age but developed a work limitation before age 62. The likelihood that members of this sample have incomes below 100 percent of the federal poverty level rises as they approach age 62, and then falls once they turn 62 and qualify for Social Security retirement benefits. For adults who did not complete high school, poverty rates increase from 18 percent at ages 50 to 53 to 35 percent at ages 58 to 61; they then decline to 23 percent at ages 62 to 65 and 20 percent at ages 66 to 68. Patterns are similar, but much less dramatic, for adults with more education.

Possible Options to Protect Vulnerable Older Adults

Raising the EEA without making other policy changes to protect people who are unable to work until they qualify for retirement benefits could create significant economic hardship. Additional policy reforms could mitigate the financial impact of raising the EEA for some retirees, but it seems unlikely they could fully protect all vulnerable older adults. More thoroughly evaluating the health status of older adults with potential disabilities and providing cash benefits in a timely manner to everyone who cannot work—and only to those who cannot work—is a laudable goal, but it is difficult and expensive to implement. A more realistic approach is to grant special benefits to certain groups, such as those in
hazardous or arduous occupations. However, these groups would likely include many people who can work and exclude many who cannot work, so targeting benefits to them would not be an efficient use of scarce public resources.

Some more modest reforms that could ease the transition to a higher EEA may be warranted. The Supplemental Security Income program provides cash benefits to people with low incomes and very few resources, but it is available to people without disabilities only after they turn 65. Reducing the Supplemental Security Income eligibility age to 62 for people without disabilities would provide a safety net for those who lose access to Social Security retirement benefits at age 62. Modernizing Supplemental Security Income by instituting a more realistic resource test and improving benefits levels could provide meaningful protection. Expanding government employment and training services could improve employment prospects for older adults. Policymakers should also consider reforming the Social Security Disability Insurance program to encourage employers to better accommodate workers with disabilities and promote their rehabilitation. Further, it may be time to consider providing partial disability benefits to workers who are not completely disabled.

Policymakers could also reform other aspects of Social Security to make the retirement program more progressive and offset some of the financial losses that increasing the EEA would impose on low-income retirees. The recent life expectancy gains that have benefited the overall population have largely eluded people in the bottom portions of the economic distribution. Consequently, raising the EEA would make retirements for lower-income people shorter for those who retire over the coming decades than for those who retired a few decades ago. Changes such as creating a meaningful minimum benefit or raising the share of lifetime earnings that Social Security benefits replace for lower-income beneficiaries could maintain the lifetime value of their retirement benefits.
Is It Time to Raise the Social Security Retirement Age?

Social Security faces a long-term financing problem. Under the existing tax and benefit structure, the system’s trustees project that annual revenues will fall short of annual costs this year and never recover, as millions of baby boomers collect benefits and people live longer (Board of Trustees 2018). Although the system has built up a substantial trust fund that can cover revenue shortfalls for more than a decade, the trustees project, based on their intermediate assumptions, that the trust fund will be depleted in 2034, after which revenues will be able to cover only about three-quarters of scheduled benefits.

There are three ways to fix Social Security’s financing problems (Favreault, Johnson, and Smith forthcoming). Policymakers could raise revenues, such as by increasing the payroll tax rate that funds the system or boosting the share of earnings subject to the payroll tax. In 2018, Social Security’s payroll tax is levied only on the first $128,400 of earnings, less than 85 percent of all wage and salary income received in the United States. Expanding the tax base to cover 90 percent of all earnings (as it did in 1983) would raise the taxable maximum to about $260,000 today and, if benefits were not paid on these additional taxes, would eliminate about one-third of the long-term funding gap.

A second option is to cut monthly benefits paid to retirees. Examples of this approach featured in prominent reform proposals include reducing cost-of-living adjustments after retirees begin collecting, adjusting the benefit formula (but perhaps protecting low-income retirees), and tying future benefit growth to the change in prices instead of average wages (which generally increase more rapidly).

The third option for bolstering Social Security’s finances, and the subject of this report, is to reduce the period over which benefits are paid by raising the age at which people can begin collecting payments. Retired workers may now begin collecting Social Security retirement benefits at age 62, the program’s early eligibility age (EEA). As average life spans have lengthened and work ability has improved, some policymakers and analysts have recommended making people wait to claim retirement benefits. By raising both the EEA and Social Security’s full retirement age (FRA), which is now 67 for people born in 1960 and later, the program could pay the same monthly benefits as it does now but restrict them to older beneficiaries. This policy could maintain annual retirement benefits for truly old people while cutting Social Security costs. Raising the retirement age would also encourage many older people to work longer, increasing income tax revenue for federal and state governments. The Social
Security actuaries estimate that slowly increasing the EEA and FRA by three years, beginning in 2022, would eliminate about one-quarter of the program’s long-term funding shortfall.\(^2\)

But raising the retirement age could create hardship for some retirees. Many Americans in their early sixties have health problems that limit their work ability. Disability insurance provides income support to many people with the most serious health problems, but many others with limited work capacity are unable to pass the program’s strict medical and functional screens. This problem may be especially serious for older workers with little education in physically demanding jobs. Employer reluctance to hire older workers also limits employment opportunities at older ages, forcing many older workers laid off from their jobs to collect Social Security as early as possible. In addition, less-educated, lower-income older adults have not experienced many recent gains in life expectancy, which went mostly to people with more education and income.

This report examines how increasing Social Security’s EEA might affect beneficiaries and discusses different ways of protecting those adults who might not be able to work until qualifying for Social Security benefits. Possible options include exempting certain groups from the increase (such as those in physically demanding occupations) or making other aspects of Social Security more progressive to offset the EEA increase. Alternatively, programs outside the Social Security retirement system could be reformed to provide additional protection, such as by bolstering disability benefits, extending unemployment benefits for older adults, or expanding cash assistance to low-income seniors. Our discussion draws from a careful synthesis of the literature and the results of new analyses of several household surveys: the American Community Survey, 1980 Decennial Census, Annual Social and Economic Supplement of the Current Population Survey, Health and Retirement Study (HRS), National Health Interview Survey (NHIS), and Survey of Income and Program Participation.\(^3\) We evaluate trends and disparities in life expectancy, health status, job demands, labor market conditions for older workers, and Social Security benefits claiming behavior. We also examine the effectiveness of the disability safety net and growing economic inequality at older ages.

Despite significant growth in overall life expectancy over the past half century, there is little evidence that work ability for people in their early and mid-sixties has improved much over the past two decades. Declines in disability rates have stalled and may have reversed, and obesity rates have increased. Physically demanding jobs remain commonplace, even for older workers, and the labor market is often hostile to older adults because employers are often reluctant to hire older workers. Delaying retirement is especially challenging for older people with limited education, who disproportionately experience health problems and work in physically demanding jobs. Raising the EEA
without making other policy changes to protect people who are unable to work until they qualify for retirement benefits could create significant economic hardship.

Social Security’s Retirement Ages

Although Social Security originally had a single retirement age, it now allows retirees to choose a retirement age between 62 and 70 (down to the month) and ties monthly payments to the chosen retirement age. When Social Security was enacted in 1935, benefits began at age 65. Starting in 1956 for women and 1961 for men, retirees could begin collecting as early as age 62, but the program permanently reduced their monthly benefits by 0.56 percent for each month they took up benefits before age 65. Before 2000, retirees who began collecting benefits on their 62nd birthday (36 months early) received only 80 percent of the full monthly benefits that they would have received if they had waited until age 65 to take up benefits. The reduction in monthly benefits for early retirees offsets the additional payments they receive by collecting early and was designed to be actuarially fair, so that expected lifetime payments would not change if they collected early or at the FRA.

In the 1970s, Congress increased monthly benefits for those who delayed claiming beyond the FRA, although the increases were small and did not fully offset the fewer payments received by late claimers. The 1972 Social Security amendments increased benefits only 0.083 percent for each month (up to age 72) they waited past their 65th birthday to begin collecting, or 1 percent a year. The 1977 amendments increased the bonus for delayed claiming to 0.25 percent per month of delay (or 3 percent a year).

The 1983 Social Security amendments raised the FRA for the first time in the system’s history but did not change the EEA. The legislation increased the FRA to 65 and a few months for those born between 1938 and 1942 (who turned 62 between 2000 and 2004), 66 for those born between 1943 and 1954, 66 and a few months for those born between 1955 and 1959, and 67 for those born in 1960 and later. (The FRA remained 65 for those born before 1938.) Retirees can still claim as early as age 62, but early claimers now face a stiffer actuarial reduction than those who retired when the FRA was 65. Monthly benefits are now reduced 0.56 percent for each month retirees claim before the FRA (or 6.67 percent a year) for the first 36 months, and 0.4167 percent a month (or 5 percent a year) for the next 24 months. Consequently, retirees born in 1960 (who face an FRA of 67) receive 70 percent of their full benefits if they claim at age 62 instead of the 80 percent share they would have received had the FRA not increased. The FRA increase, then, is equivalent to a benefit cut.
The 1983 amendments also boosted the rewards for delayed claiming beyond the FRA. The delayed retirement credit, as it is known, gradually increased from 0.25 percent a month (or 3 percent a year) for those born before 1925 to 0.67 percent a month (or 8 percent a year) for those born in 1943 or later. These adjustments were designed to improve actuarial fairness, so that lifetime benefit payments do not fall when retirees decide to claim benefits later. Consequently, the 1983 amendments increased retirement benefits for those who wait two or more years after the FRA to claim Social Security benefits. For example, retirees who postpone benefit take-up until age 69 would receive 112 percent of their full benefits if they claimed under the rules in force before the 1983 amendments, compared with 124 percent for those who face an FRA of 66 and 116 percent for those who face an FRA of 67. However, the 1983 amendments capped the delayed retirement credit at age 70, whereas the old rules continued the credit until age 72.

**FIGURE 1**

Monthly Social Security Benefits as a Percentage of Full Benefits

*By claiming age and birth year*

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**Source:** Author’s calculations from SSA (2017b).
Consequently, Social Security now has 97 different monthly retirement ages, running from age 62 and zero months to age 70 and zero months, each of which pays a different monthly benefit. Figure 1 shows how monthly retirement benefits, as a percentage of the full benefit, vary by claiming age for selected birth cohorts. (Table A.1 reports monthly benefits by claiming age for all birth cohorts from 1922 to 1960.) Benefits paid at age 62 fall from 80 percent of full benefits for those born in 1937 or earlier to 70 percent for those born in 1960 or later. For those who wait until age 67 to collect, benefits increase from 102 percent for those born in 1922 to 113 percent for those born in 1937 and then decline to 100 percent for those born in 1960 or later. Beneficiaries who wait until age 70 to claim receive 105 percent of full monthly benefits if they are born in 1922, 132.67 percent if they are born in 1939 (when age 70 benefits peak), and 124 percent if they are born in 1960 or later.

Pros and Cons of Raising the Retirement Age

The principal rationale for raising Social Security's retirement ages is to reduce the duration of benefit payments and thus cut program costs. Social Security's current structure, however, requires policymakers to raise both the EEA and FRA to reduce costs by shortening the benefit period. Increasing the EEA but not the FRA shortens the benefit period but does not lower costs much because the program actuarially adjusts benefits received by those who claim early. Raising the EEA to 64, for example, would reduce the number of monthly payments to retirees who would otherwise claim at ages 62 or 63, but these beneficiaries would receive larger payments each month, leaving their expected lifetime benefits unchanged. Increasing the FRA but not the EEA would reduce costs by cutting benefits, but it would not necessarily shorten the benefit period because many people would likely collect benefits at the same age as they would under the lower FRA and simply accept lower monthly payments. Raising only the FRA would also increase the financial penalty on early retirement, leaving people who collect benefits when they first qualify even further behind in old age. Raising the EEA and FRA together, as recommended by the National Commission on Fiscal Responsibility and Reform (2010) and others, would both shorten the benefit period and reduce program costs. If the EEA and FRA were each increased by two years, for example, beneficiaries who choose to retire as early as possible would begin collecting benefits two years later but would receive the same monthly benefits as under the former retirement ages, reducing their lifetime benefits.

Advocates of increasing the EEA note that Americans are living longer and are better able to work at older ages than ever before. As life spans lengthen, starting an old-age income support program at age 62 no longer makes sense, they argue, because 62-year-olds who can expect, on average, to live for
another two decades are too young to collect retirement benefits. Forcing people to work longer by raising the EEA would concentrate retirement benefits among people who are more likely to be too old to work. Moreover, health improvements and changes in the workplace allow more adults in their early and mid-sixties to work today than in the past. Raising the EEA would also encourage many people to work longer, increasing income tax revenue for federal and state governments (Butrica, Smith, and Steuerle 2006). And raising retirement ages would not affect those people collecting disability benefits who are among the least able to work.

Critics of raising the EEA note that gains in life expectancy, health status, and employability have not been equally distributed across the population. They contend that many Americans in their early and mid-sixties continue to suffer from health problems that limit their work ability. Working longer is particularly difficult for those with limited education in physically demanding jobs. Although the disability safety net is designed to support adults with health problems who cannot work, many people near retirement age who report work limitations do not receive assistance. Moreover, many older adults who are willing and able to work are unable to find jobs. Limited employment prospects are particularly problematic for less-educated older workers whose skills have become outdated over time. Raising the Social Security retirement ages would exacerbate the challenges they face.

Both sides can find support for their views in the available evidence. On average, older Americans live several years longer than they did when the existing EEA was introduced, and life expectancy is projected to continue to increase. Fewer older adults report health problems today than 25 years ago, and fewer workers hold physically demanding jobs. However, recent mortality gains have been concentrated among well-educated, high-earning groups. Health status for adults in their fifties and sixties has not improved much over the past two decades (and may have worsened), and the imperfect public disability safety net allows many people with health problems to fall into poverty. Moreover, many employers seem reluctant to hire older workers, limiting employment prospects at older ages.

The following sections examine in more detail trends and disparities in life expectancy, health status, job demands, and Social Security claiming behavior. It also examines the effectiveness of the disability safety net and growing economic inequality at older ages.

**Mortality**

Since Congress first allowed retirees to begin collecting early retirement benefits at age 62, life expectancy has increased substantially. Between 1960 and 2015, remaining life expectancy at age 62 increased 5.4 years for men (to 20.0 years) and 4.8 years for women (to 22.8 years; figure 2). Social
Security’s trustees, using their intermediate assumptions, project that by 2050, life expectancy will grow another 2.8 years for men (to 22.8 years) and 2.4 years for women (to 25.2 years). Thus, if the EEA increased from 62 to 65 in 2050, people who retired at the EEA in 2050 would spend about as many years in retirement as those who retire at the EEA today and between four and five more years in retirement (depending on their sex) than those who retired at age 62 in 1960.

**FIGURE 2**
Remaining Life Expectancy at Age 62 by Sex, 1960–2050

These projections indicate that men who stop working at age 62 in 2050 can expect to spend 56 percent more time in retirement than their counterparts who stopped working at that age in 1960; women who retire early in 2050 can expect to spend 40 percent more time in retirement than their 1960 counterparts. In 2050, retirement that begins at age 62 will consume, on average, 34 percent of men’s adult lifetime and 36 percent of women’s adult lifetime (defined as after age 18). Retirements in 2050 that were delayed three years, to age 65, would consume 30 percent of an adult life for men and 32 percent for women. In 1960, by contrast, retirement that began at 62 consumed only 25 percent of an adult life for men and 29 percent for women.
Projecting life expectancy is difficult, and the Social Security trustees have consistently assumed slower rates of improvement than many experts recommend (2015 Technical Panel on Assumptions and Methods 2015). Although the Social Security trustees’ intermediate assumptions imply smaller gains in life expectancy over the next 35 years than have occurred over the past 35 years, the projections show significant mortality declines over coming decades. However, life expectancy dropped in 2015 (Xu et al. 2016), its first decline since 1993 during the height of the AIDS epidemic (Arias, Heron, and Xu 2016). Life expectancy fell again in 2016 (Kochanek et al. 2017), the first time in more than 50 years it declined in consecutive years. These declines were driven by an increase in mortality at younger ages and may be temporary setbacks driven by spikes in opioid drug overdoses and suicides (Ahmad et al. 2018; Hedegaard, Curtin, and Warner 2018). Mortality rates in the United States for non-Hispanic whites ages 45 to 54 increased between 1998 and 2015, although they continued to fall for other racial and ethnic groups (Case and Deaton 2015, 2017). Life expectancy at age 65, however, remained constant in 2015 and increased in 2016 (Kochanek et al. 2017; Xu et al. 2016).

People with more education and earnings tend to live longer than those with less. At age 25, US adults who did not complete high school can expect to die nine years sooner than college graduates (National Center for Health Statistics 2012). Comparing life expectancy at birth in the United States in 2008 by race and education, Olshansky and colleagues (2012) found that white men with 16 or more years of schooling could expect to live 14.2 years more than black men with fewer than 12 years of schooling, and white women with 16 or more years of schooling could expect to live 10.3 years more than black women with fewer than 12 years of schooling. In an innovative study, Buckles and colleagues (2016) took advantage of the variation in college attendance that arose from draft avoidance during the Vietnam War to control for self-selection into college. They concluded that graduating from college reduced mortality rates more than 50 percent.

Longevity disparities by socioeconomic status appear to be growing. Mortality rates increased between 1999 and 2015 for non-Hispanic whites who never attended college but not for those who attended college (Case and Deaton 2017). Between the 1980s and 2000, life expectancy gains occurred nearly exclusively among people who completed at least 13 years of education, partly because better-educated people were more likely to give up smoking (Meara, Richards, and Cutler 2008). Chetty and colleagues (2016) found that the negative relationship between income and mortality rates, estimated from tax records and Social Security Administration (SSA) death records, strengthened between 2001 and 2014. Singh and Siahpush (2006) found that life expectancy at birth was 4.5 years higher in the most privileged counties, based on educational opportunities, labor force skills, economic status, and housing conditions, than in the most deprived counties in 2000. Twenty years earlier, that gap was only
2.8 years. Some counties even experienced a drop in life expectancy between 2000 and 2007 (Kulkarni et al. 2011).

My discussion so far has focused on life expectancy at birth or at age 25 or mortality throughout the life span. However, socioeconomic differences in longevity persist into old age. Using Social Security records, Waldron (2007) examined how life expectancy at older ages varies with average lifetime monthly earnings. She estimated that among people born in 1941, those in the top half of the lifetime earnings distribution could expect to live another 21.5 years after age 65, whereas those in the bottom half of the lifetime earnings distribution could expect to live only another 16.1 years (figure 3). Her estimated longevity gap between high and low earners has grown substantially over time. For members of the 1912 birth cohort, who turned 65 in 1977, the difference in remaining life expectancy between the top and bottom halves of the earnings distribution was only 0.7 years, compared with 5.3 years for members of the 1941 birth cohort, who turned age 65 in 2006. Nearly all the gains in remaining life expectancy over the 29-year period went to people in the top half of the lifetime earnings distribution, who experienced a six-year increase; life expectancy rose barely one year for those in the bottom half.

**FIGURE 3**
Remaining Life Expectancy at Age 65 by Average Lifetime Monthly Earnings and Birth Cohort

<table>
<thead>
<tr>
<th>Birth cohort</th>
<th>Top half</th>
<th>Bottom half</th>
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<tbody>
<tr>
<td>1912</td>
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<td>1922</td>
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<td>1932</td>
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<td></td>
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<tr>
<td>1941</td>
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Note: The analysis ranks people based on their average indexed monthly earnings in their 35 top-earning years.
Another mortality study using Social Security records confirms the connection between socioeconomic status and mortality at older ages but finds less evidence that the connection has strengthened over the past two decades. Bosley, Morris, and Glen (2018) divided Social Security beneficiaries born in 1930 and later into lifetime earnings quintiles by sex and birth cohort. They found that mortality rates at age 62 and older declined steadily as lifetime earnings increased. In 1995, mortality rates were 65 percent higher for men in the bottom fifth of lifetime earnings than for men overall; mortality rates were 41 percent lower for men in the top fifth of lifetime earnings than for men overall (figure 4). Excess mortality for low-earning men increased between 1995 and 2005 and declined between 2005 and 2015. Similarly, high-earning men’s longevity advantage increased between 1995 and 2005 and fell over the next decade. Nonetheless, the mortality rate at ages 62 to 64 for men in the bottom fifth of the lifetime earnings distribution, relative to the overall rate for men in that age group, was higher in 2015 than 1995, and the relative mortality rate for men in the top fifth of the lifetime earnings distribution was lower in 2015 than 1995. Over the 20-year period, the mortality rate gap between men in the bottom and top fifths of the lifetime earnings distribution increased 22 percent.

**FIGURE 4**
Relative Mortality Ratios at Ages 62 to 64 for Men, 1995–2015
*By average lifetime monthly earnings*

<table>
<thead>
<tr>
<th>Year</th>
<th>Bottom fifth of earners</th>
<th>Top fifth of earners</th>
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<tbody>
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<td>1.8</td>
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<tr>
<td>2015</td>
<td>1.4</td>
<td>0.4</td>
</tr>
</tbody>
</table>

**Source:** Bosley, Morris, and Glenn (2018).

**Notes:** The relative mortality ratio is the mortality rate in a given lifetime earnings quintile, divided by the mortality rate for all men combined. The analysis categorizes men based on their average indexed monthly earnings in their 35 top-earning years.
Bosley, Morris, and Glenn (2018) also found that women’s lifetime earnings and mortality were negatively related, but the relationship was weaker for women than men. In 1995, women in the bottom fifth of the gender-specific lifetime earnings distribution were 41 percent more likely to die at ages 62 to 64 than woman overall; those in the top fifth of the lifetime earnings distribution were 19 percent less likely to die than women overall (figure 5). Mortality may be less correlated with lifetime earnings for women than for men because well-educated, high-wage women sometimes withdraw from the labor force to care for children or frail parents, reducing their lifetime earnings (Goldin and Mitchell 2017). However, the lifetime-earnings gap in mortality increased steadily for women between 1995 and 2015, growing 21 percent over the period. For both men and women, the relationship between lifetime earnings and mortality weakens as older adults age.8

FIGURE 5
Relative Mortality Ratios at Ages 62 to 64 for Women, 1995–2015
By average lifetime monthly earnings

Notes: The relative mortality ratio is the mortality rate in a given lifetime earnings quintile, divided by the mortality rate for all women combined. The analysis categorizes men based on their average indexed monthly earnings in their 35 top-earning years.
Health Status

Health status is an important predictor of work ability and the capacity to delay retirement. Improving health could cushion the impact of an increase in Social Security’s retirement ages on older adults. Health status correlates with life expectancy, but higher life expectancy does not guarantee better health in one’s late fifties or early sixties. As people live longer, they may spend more time with health problems.

Health problems become more frequent as adults age, but older Americans are generally healthier today than they were four decades ago. Between 1972 and 2017, the share of adults reporting fair or poor health fell from 25.5 to 18.3 percent at ages 55 to 61 and from 28.6 to 19.1 percent at ages 62 to 65 (figure 6). Most of these improvements occurred before 2000, however. Between 2000 and 2017, the share of adults reporting fair or poor health fell only 0.9 percentage points at ages 62 to 65 and increased 1.1 percentage points at ages 55 to 61. Thus, it is not clear how health status will change in coming decades.

FIGURE 6
Percentage of Adults Reporting Fair or Poor Health, 1972–2017
By age

Source: Author’s calculations from the National Health Interview Survey.

Source: Author’s calculations from the National Health Interview Survey.
Several household surveys ask respondents about the presence of health problems that limit employment options. As with the prevalence of fair or poor overall health, there is not much evidence that the prevalence of work limitations has declined much over the past two decades. Between 1997 and 2017, the share of adults who reported a health-related work limitation fluctuated between 16.1 and 18.6 percent at ages 55 to 61 and between 18.4 and 22.2 percent at ages 62 to 65 (figure 7).

**FIGURE 7**

*Percentage of Adults Reporting Health-Related Work Limitations, 1997–2017*

*By age*

Several studies confirm that health status is no longer improving in midlife and may be worsening. Using data from the NHIS, Crimmins, Reynolds, and Saito (1999) report that the share of both men and women ages 62 to 69 with work limitations declined significantly between 1982 and 1993, but Reynolds and Crimmins (2010) find much smaller declines in work limitation rates for that age group between 1997 and 2007. Martin and colleagues (2009), also using NHIS data, find that the share of adults ages 40 to 59 reporting fair or poor health fell from 1983 to 1998 but did not change significantly between 1998 and 2006. Other studies find little change in disability rates for working-age adults between 1984 and 2010 (Kaye 2013) or in the average number of functional impairments reported by men and women at ages 51 to 56 between 1992 and 2004 (Weir 2007). Some evidence points to recent...
increases in disability at midlife. The share of people in their forties and fifties who need assistance with personal care or other routine activities inched up between 1984 and 1996 (Lakdawalla, Bhattacharya, and Goldman 2004) and between 1997 and 2007 (Martin et al. 2010), and functional impairments among men and women ages 51 to 56 were much more common in 2004 than 1992 (Soldo et al. 2007). In addition, Chen and Sloan (2015) find significant increases between 1996 and 2010 in the percentage of adults ages 59 to 64 reporting (1) limitations in activities of daily living (such as bathing, eating, and dressing) and instrumental activities of daily living (such as shopping and preparing meals), (2) mobility limitations, and (3) difficulty with activities involving large muscle groups (such as pulling or pushing large objects).

Obesity accounts for much of the growth (or lack of reduction) in disability for older working-age adults (Bhattacharya, Choudhry, and Lakdawalla 2008; Chen and Sloan 2015; Sturm, Ringel, and Andreyeva 2004). Chronic medical conditions have also become more prevalent at midlife (Martin et al. 2009), and they tend to correlate with disability, although that relationship may be weakening (Chen and Sloan 2015). Bhattacharya, Choudhry, and Lakdawalla (2008) find that disability rates have declined among working-age adults without chronic conditions. Other trends among middle-aged adults, such as reduced smoking (Jamal et al. 2015), improved educational attainment (Crimmins, Reynolds, and Saito 1999), and increased physical activity (National Center for Health Statistics 2017), have improved health status at midlife, but not enough to offset the debilitating effects of obesity (Chen and Sloan 2015).

Given the strong connection between obesity and disability, future trends in obesity rates will affect the work ability of adults in their early and mid-sixties in coming decades. Between 2000 and 2016, the share of adults who were obese rose from 30.5 to 39.8 percent (Hales et al. 2017). In 2016, the obesity rate reached 42.8 percent for adults ages 40 to 59. Rates were even higher among African Americans and Hispanics. Much of the growth in obesity arises from changes in the global food system, which is producing more processed, affordable, and marketed food than ever before (Swinburn et al. 2011), creating social environments that promote obesity. Obesity also often leads to diabetes, which has increased in prevalence sharply since 1990 (Cheng et al. 2013; Geiss et al. 2014, 2017). Some evidence suggests that obesity growth rates are slowing, which could improve work ability. Controlling for age, race, Hispanic origin, smoking status, and education, Flegal and colleagues (2016) find that obesity prevalence did not change significantly for men between 2005 and 2014, although it did increase for adult women.

Among older people, health problems are concentrated among people of color and people with limited education, not evenly distributed throughout the population (Centers for Disease Control and
Prevention 2013; Fuller-Thomson et al. 2009; Goldman and Smith 2011; Woolf et al. 2015; Zimmerman, Woolf, and Haley 2015). At ages 62 to 65, 27 percent of non-Hispanic black people and 26 percent of Hispanic people reported health-related work limitations, compared with 19 percent of non-Hispanic white people (figure 8). Relative to their counterparts who completed four years of college, people in their early to mid-sixties who completed only high school are more than twice as likely to have a health-related work limitation, and those who did not complete high school are nearly four times as likely. Recent research suggests that chronic conditions are more likely to be disabling for people of color than for non-Hispanic whites (Lennox, Taylor, and Rogers 2018). Socioeconomic status, which appears to drive much of the racial disparities in health outcomes (Fuller-Thomson et al. 2009), affects health status because it shapes access to health care, knowledge of healthy behaviors, and social environments that can promote or impair health (Phelan and Link 2005).

**FIGURE 8**
**Percentage of Adults Ages 62 to 65 Reporting Health-Related Work Limitations, 2017**
*By race and ethnicity and education*

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Hispanic white</td>
<td>19</td>
</tr>
<tr>
<td>Non-Hispanic black</td>
<td>27</td>
</tr>
<tr>
<td>Hispanic</td>
<td>26</td>
</tr>
<tr>
<td>Not high school graduate</td>
<td>37</td>
</tr>
<tr>
<td>High school graduate</td>
<td>25</td>
</tr>
<tr>
<td>Some college, less than four</td>
<td>21</td>
</tr>
<tr>
<td>Four or more years of college</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Author’s calculations from the National Health Interview Survey.

Many people develop work disabilities as they age through their fifties and into their mid-sixties. Following a sample of adults ages 51 to 55 in the HRS who were employed and did not report any work limitations at that time, we found that 35 percent developed an impairment or health problem by age 65...
that limited the type or amount of work they could do (figure 9). Incidence rates were higher among non-Hispanic blacks and workers with limited education. Forty-six percent of workers who did not complete high school and 40 percent of workers with a high school diploma who did not attend college developed a work limitation, compared with only 24 percent of workers with a four-year college degree.

**FIGURE 9**
Probability That Workers Ages 51 to 55 Develop a Health-Related Work Limitation by Age 65 (%)
By age

Source: Author’s calculations from the 1992 to 2018 waves of the Health and Retirement Study.
Notes: Reported probabilities are hazard estimates, computed using the nonparametric Kaplan-Meier estimator for a sample of 6,589 workers ages 51 to 55 in 1992, 1998, or 2004 who were followed until age 65. The analysis defines a limitation as a health problem that limits the amount or type of work that can be performed, includes only those respondents who were employed at baseline, and excludes those who reported a limitation at baseline.

**Job Demands**

The physical demands that a job imposes on workers also help determine whether they can remain employed at older ages. Older workers may not be able to continue in physically demanding jobs, especially if they develop health problems. Over the past four decades, the workplace has generally become less physically demanding. Matching occupational requirements from the US Department of Labor to census data, Johnson, Mermin, and Resseger (2011) find that between 1971 and 2006, the
share of jobs requiring workers to engage in moderate or strenuous physical activities fell from 57 to 46 percent. Over the same period, the share of jobs requiring physical flexibility or dexterity fell from 36 to 26 percent.

More recent trends in job demands are less encouraging and reveal that many older workers, especially those with limited education, still face physically demanding workplaces. In 2014, 34 percent of workers ages 55 to 65 reported that their jobs require "lots of physical effort" all or most of the time (figure 10). That statistic has barely changed since 1998. Forty-nine percent of workers ages 55 to 65 who did not attend college reported physically demanding jobs in 2014, compared with 26 percent of workers who attended college. The share of older workers with at least some college education reporting a physically demanding job increased 5 percentage points between 1998 and 2014.

**FIGURE 10**

**Percentage of Workers Ages 55 to 65 Reporting That Their Job Requires Substantial Physical Effort**

*By year and education*

<table>
<thead>
<tr>
<th>Year</th>
<th>All</th>
<th>Did not attend college</th>
<th>Attended college</th>
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<tr>
<td>1998</td>
<td>34</td>
<td>47</td>
<td>21</td>
</tr>
<tr>
<td>2006</td>
<td>33</td>
<td>47</td>
<td>24</td>
</tr>
<tr>
<td>2014</td>
<td>34</td>
<td>49</td>
<td>26</td>
</tr>
</tbody>
</table>

**Source:** Author’s calculations from the 1998, 2006, and 2014 waves of the Health and Retirement Study.

**Notes:** The figure shows the percentage of workers who report that their job requires "lots of physical effort" all or most of the time. The sample includes 4,463 respondents in 1998, 3,058 in 2006, and 4,134 in 2014.
The share of older workers reporting having to lift heavy loads or stoop, kneel, or crouch on the job also did not change much between 1998 and 2014 (table 1). Fourteen percent of workers ages 55 to 65 in the HRS said their job requires them to lift heavy loads all or most of the time in 2014, compared with 13 percent in 1998. In 2014, 23 percent of older workers who did not attend college and 10 percent of those who attended college were employed in jobs that require heavy lifting. The share of older workers in jobs requiring heavy lifting grew for workers with no more than a high school diploma and for those who attended college between 1998 and 2014, but it did not increase much overall because educational attainment rose over the period for older workers. In 2014, 26 percent of workers ages 55 to 65 reported that their job requires stooping, kneeling, or crouching all or most of the time, including 38 percent of those who did not attend college and 21 percent of those who attended college. The high prevalence of physical job demands among less-educated workers, many of whom have health problems, could limit their ability to extend their working lives.

**TABLE 1**
Percentage of Workers Ages 55 to 65 in Jobs That Require Heavy Lifting or Stooping, Kneeling, or Crouching
*By year and education*

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>Did not attend college</th>
<th>Attended college</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Heaving lifting</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>13</td>
<td>19</td>
<td>7</td>
</tr>
<tr>
<td>2006</td>
<td>15</td>
<td>23</td>
<td>10</td>
</tr>
<tr>
<td>2014</td>
<td>14</td>
<td>23</td>
<td>10</td>
</tr>
<tr>
<td><strong>Stooping, crouching, kneeling</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>25</td>
<td>34</td>
<td>16</td>
</tr>
<tr>
<td>2006</td>
<td>27</td>
<td>38</td>
<td>20</td>
</tr>
<tr>
<td>2014</td>
<td>26</td>
<td>38</td>
<td>21</td>
</tr>
</tbody>
</table>


*Notes:* The table shows the percentage of workers who report that their job requires lifting heavy loads all or most of the time and the percentage who report that their job requires stooping, kneeling, or crouching all or most of the time. The sample includes 4,464 respondents in 1998, 3,059 in 2006, and 4,077 in 2014.

**Labor Market Conditions for Older Workers**

Whether older workers can extend their careers depends on labor market conditions and their ability to find a job or keep the one they have. A few decades ago, employers may have preferred younger workers because they were typically better educated than their older counterparts. In 1980, only 12 percent of men ages 62 to 65 had a four-year college degree, compared with 26 percent of men ages 25 to 34 and 24 percent of men ages 35 to 49 (figure 11). Today, however, older men are as well educated as younger men, boosting their employment prospects. In 2016, 33 percent of men ages 62 to 65 had a
four-year college degree, a slightly higher percentage than for younger men. Older women’s educational disadvantage relative to younger women has not disappeared, but it has narrowed considerably. In 2016, 30 percent of women ages 62 to 65 had completed four or more years of college, compared with 38 percent of women ages 35 to 49.

**FIGURE 11**
Percentage of Adults with a Four-Year College Degree, by Sex, Age, and Year

Nonetheless, many older adults face workplace challenges. Although older workers are less likely than younger workers to lose their jobs (Johnson and Butrica 2012), job layoffs are common for workers in their fifties. Using HRS data from 1992 to 2016, we find that employed adults ages 51 to 55 face a 30 percent chance of becoming unemployed by age 65 (figure 12). The risk rises to 36 percent for workers who did not complete high school and falls for college graduates. Nonetheless, slightly more than one in four employed workers in their early fifties with a four-year college degree can expect to become unemployed by age 65.

**Source:** Author’s calculations from the 1980 Decennial Census and the 2016 American Community Survey.
Older workers generally face especially long unemployment spells when they lose their jobs. Data from the Bureau of Labor Statistics show that in 2017, unemployed workers ages 55 to 64 were 36 percent more likely to have been out of work for more than six months than those ages 25 to 44. Johnson and Smith (forthcoming) find that among workers laid off between 2008 and 2012, 47 percent of those ages 50 to 61 and 65 percent of those ages 62 and older remained out of work 12 months after layoff, compared with 35 percent of workers ages 25 to 34 (figure 13). Laid-off workers ages 50 to 61 were 34 percent more likely to be out of work for a full year than their counterparts ages 25 to 34, and laid-off workers age 62 and older were 86 percent more likely. Why employers are reluctant to hire older workers is unclear; they may be concerned about the cost of employing older adults (because of perceived high salary demands or heavy use of expensive health benefits), the cost of training older adults who may retire before employers can recoup those investments, or the possibility that older adults may be unfamiliar with the latest technology and lack up-to-date skills (Johnson 2009).
AGE DISCRIMINATION

Regardless of the cause, a majority of older workers believe employers generally treat older workers unfairly, although relatively few have experienced unfair treatment firsthand. In a 2017 AARP survey of 3,900 adults age 45 and older who were working or looking for work, 61 percent of respondents said they had seen or experienced age discrimination in the workplace, and 30 percent said they had experienced it (Perron 2018).13 Perceptions of unfair treatment are similar in the HRS. In 2014, 24 percent of workers ages 58 to 63 reported that their employer favors younger workers in promotion decisions, up 8 percentage points from 2008 (table 2). The share of older workers who believe that employers favor younger workers increased across all educational levels and racial and ethnic groups. Fully 38 percent of older workers who did not complete high school reported in 2014 that their employers favor younger workers.
TABLE 2

Percentage of Workers Ages 58 to 63 Reporting That Their Employers Favor Younger Workers

By year, sex, education, and race and ethnicity

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>16</td>
<td>16</td>
<td>24</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did not complete high school</td>
<td>21</td>
<td>25</td>
<td>38</td>
</tr>
<tr>
<td>High school graduate</td>
<td>18</td>
<td>15</td>
<td>23</td>
</tr>
<tr>
<td>Some college, less than four years</td>
<td>16</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Four or more years of college</td>
<td>12</td>
<td>17</td>
<td>22</td>
</tr>
<tr>
<td>Race and ethnicity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Hispanic white</td>
<td>15</td>
<td>14</td>
<td>23</td>
</tr>
<tr>
<td>African American</td>
<td>20</td>
<td>17</td>
<td>28</td>
</tr>
<tr>
<td>Hispanic</td>
<td>19</td>
<td>29</td>
<td>30</td>
</tr>
<tr>
<td>Number of observations</td>
<td>1,482</td>
<td>1,179</td>
<td>1,759</td>
</tr>
</tbody>
</table>


Notes: The table shows the percentage of employed respondents who agree or strongly agree with the statement that their employer “gives younger people preference over older people” in promotion decisions.

Empirical studies have also uncovered evidence of age discrimination in hiring. Correspondence studies, in which researchers submit fake résumés in response to help-wanted ads, found that older women, especially those close to retirement age, are less likely than younger women to receive callbacks from prospective employers (Lahey 2008; Neumark, Burn, and Button, forthcoming). However, Neumark, Burn, and Button (forthcoming) found much less evidence of age discrimination against older men. The Age Discrimination in Employment Act protects adults ages 40 and older from discrimination on the basis of age in hiring, promotion, discharge, compensation, or terms of employment, but a recent Supreme Court decision makes age discrimination cases harder to prove (Lipnic 2018). Outdated stereotypes and unconscious bias, rather than blatant discriminatory practices, appear to account for most employment discrimination against older workers today (Reskin 2000).

LABOR FORCE PARTICIPATION TRENDS

Despite the workplace challenges that sometimes arise at older ages, older adults are working longer and retiring later. Between 1992 and 2017, the share of men participating in the labor force (working or actively looking for work) grew from 43 to 56 percent at ages 62 to 65 and from 26 to 37 percent at ages 66 to 69 (figure 14). In 2017, men ages 62 to 65 were 30 percent more likely to participate in the labor force than their counterparts 25 years earlier, and men ages 66 to 69 were 42 percent more likely
to participate. Participation rates also increased at age 70 and older. The recent surge in participation appears to reflect higher educational levels among older workers, changes in Social Security rules that increased work incentives, and erosion of defined-benefit pension and retiree health insurance coverage from private-sector employers (Friedberg and Webb 2005; Gustman and Steinmeier 2015; Johnson, Davidoff, and Perese 2003; Mermin, Johnson, and Murphy 2007; Song and Manchester 2007).

This growth is especially noteworthy because it followed decades of declining labor force participation by older men. Between 1962 and 1992, male participation rates fell from 71 to 43 percent at ages 62 to 65 and from 41 to 26 percent at ages 66 to 69. Increases in Social Security and employer-sponsored benefits, which made early retirement more affordable, precipitated the drop in older men's participation rates before the mid-1980s (Costa 1998; Samwick 1998).

FIGURE 14
Labor Force Participation Rates for Older Men, 1962–2017 (%)
By age

![Diagram showing labor force participation rates for older men by age from 1962 to 2017.](source)

Notes: The labor force participation rate is the percentage of noninstitutionalized adults working or looking for work.

Unlike labor force participation rates for men age 62 and older, the participation rate for men ages 55 to 61 did not increase over the past two decades: it fell 14 percentage points between 1962 and 1987 and then stabilized. Moreover, labor force participation rates have fallen over the past two
decades for men ages 25 to 54, possibly because employer demand for workers—especially those with limited education—fell as foreign trade grew, technological advancements accelerated, and the share of workers possessing the skills employers need shrank, while increased receipt of disability insurance benefits reduced people’s willingness to work (Aaronson et al. 2014; Abraham and Kearney 2018; Council of Economic Advisers 2016).

Labor force participation rates have increased more rapidly for older women than older men, partly reflecting the aging of baby boomer women who have worked more throughout their lives than previous generations of women. Between 1992 and 2017, the likelihood that a woman participated in the labor force increased 64 percent at ages 62 to 65 as the participation rate rose from 27 to 45 percent (figure 15). Over the same period, the likelihood that a woman participated in the labor force grew 70 percent at ages 66 to 69 and 99 percent at ages 70 and older. At ages 55 to 61, women’s participation rate increased 21 percent.

**FIGURE 15**

*By age*

Notes: The labor force participation rate is the percentage of noninstitutionalized adults working or looking for work.
Although labor force participation rates at age 62 and older have increased over the past 25 years for all educational groups, they generally grew faster for those with more education than for those with less education. Between 1992 and 2017, participation rates at ages 62 to 65 for people who completed at least four years of college increased 14 percentage points for men and 15 percentage points for women (figure 16). In contrast, participation rates at those ages for people who did not complete high school increased only 5 percentage points for men and 6 percentage points for women. However, participation rates declined over the period for men ages 55 to 61 without a four-year college degree, falling 10 percentage points for those who did not complete high school and 4 percentage points for those with a high school diploma who did not earn a four-year college degree.

**FIGURE 16**
Percentage-Point Change in Labor Force Participation Rates at Ages 55 to 65, 1992–2017
*By education, sex, and age*


Notes: The labor force participation rate is the percentage of noninstitutionalized adults working or looking for work.
College graduates are substantially more likely to participate in the labor force at older ages than those with less education. At ages 62 to 65, 2017 labor force participation rates for adults with a four-year college degree reached 69 percent for men and 55 percent for women (figure 17). Among adults ages 62 to 65 without a high school diploma, only 40 percent of men and 25 percent of women participated in the labor force in 2017.

**FIGURE 17**
Labor Force Participation Rates for Adults Ages 62 to 65, 2017 (%)
By education and sex

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not high school graduate</td>
<td>40</td>
<td>25</td>
</tr>
<tr>
<td>High school graduate, not four-year degree</td>
<td>52</td>
<td>43</td>
</tr>
<tr>
<td>Four-year college degree</td>
<td>69</td>
<td>55</td>
</tr>
</tbody>
</table>

Notes: The labor force participation rate is the percentage of noninstitutionalized adults working or looking for work.

**Social Security Benefit Claiming**

As more older adults work longer, the share of people collecting Social Security retirement benefits at the EEA has been falling. Among adults born between 1930 and 1934, who reached age 62 between 1992 and 1996, 57 percent of men and 62 percent of women began collecting Social Security retirement benefits at age 62 (figure 18). Among adults born between 1943 and 1944, who reached age 62 in 2005 or 2006, only 45 percent of men and 50 percent of women began collecting benefits at age 62. Early take-up of retirement benefits is more common among people with limited education than
among those with more education. People with no more than a high school diploma are nearly 20 percentage points more likely to collect Social Security retirement benefits at age 62 than those with a four-year college degree (Haaga and Johnson 2012). Additionally, those who claim at age 62 tend to have worse health than those who delay. Li, Hurd, and Loughran (2008) report that 19 percent of those who claim Social Security retirement benefits at age 62 report health problems that limit their work ability, compared with only 10 percent of those who claim after age 62.

**FIGURE 18**
Percentage of Men and Women Collecting Social Security Retirement Benefits at Age 62

*By birth cohort*

For retirees who do not collect Social Security at age 62, the likelihood that they claim Social Security benefits surges when they reach the FRA. Among men born in 1937, who face an FRA of 65, 88 percent of those who are eligible for Social Security retirement benefits and are not already collecting claimed benefits at age 65 years and zero months (Johnson, Smith, and Haaga 2014). Only 5 percent of
the remaining nonclaimants began collecting the next two months, and claiming probabilities remained low in later months. The claiming spike occurred two months later for each of the next five birth cohorts as the FRA increased two months for each successive cohort. Among men born in 1938, whose FRA is two months later than those born in 1937, 81 percent of those not already collecting claimed benefits at age 65 years and two months. Nineteen percent of all nondisabled men born in 1943 and 1944, who face an FRA of 66, began collecting Social Security retirement benefits at that age, compared with only 1 percent of men born between 1920 and 1942 (Johnson, Smith, and Haaga 2014).

Claiming may surge at the FRA because Social Security beneficiaries are no longer subject to the retirement earnings test, which forces employed beneficiaries earning more than the exempt amount to temporarily forfeit some of their retirement benefits, once they reach the FRA. The FRA might also influence retirement decisions by signaling an “appropriate” time to begin collecting retirement benefits. Many workers may interpret the government-designated FRA as an implicit endorsement of retirement at that age. The federal government might be able to encourage some workers to delay retirement even further with different signals, such as by designating age 70 the FRA, without changing how benefits are computed.

**Disability Safety Net**

Some people with health problems who are unable to work until qualifying for Social Security retirement benefits may be eligible for disability benefits. The disability safety net is designed to provide income supports for working-age adults who are unable to work because of physical, emotional, or cognitive impairments. Social Security, in addition to providing retirement benefits, is the primary payer of disability benefits. Other important public disability programs include workers’ compensation, which provides benefits to those injured on the job; Supplemental Security Income (SSI), which provides benefits to very low-income adults with disabilities and, unlike Social Security, does not impose a work history requirement on beneficiaries; and US Department of Veterans Affairs benefits, which support veterans with service-related disabilities.

Social Security has offered disability insurance (DI) benefits since 1956, and they are not directly affected by changes to the FRA or the delayed retirement credit. Adults may receive DI benefits regardless of age if they are insured and pass the program’s rigorous medical screen.14 Their insurance status depends on their employment history. Workers must have earned at least one Social Security credit for each year from age 22 forward, up to age 62. In 2018, they receive one credit for each $1,320 of earnings in covered employment, up to a maximum of four credits per year. Workers must also satisfy
a recency-of-work test, which usually requires that workers have earned at least 20 credits during the 40-quarter period that ends with the quarter in which the disability begins (that is, they must have worked at least five years over the past decade). About 7 in 10 workers were insured by DI in 2016 (Social Security Advisory Board 2017).

Insured workers may file for DI benefits if they have a medically determinable physical or mental impairment that prevents them from engaging in any substantial gainful activity and that is expected to result in death or last at least a year. Applicants must demonstrate they are unable to engage in any substantial paid work, not merely the type of work they did before their disability began. (However, SSA may consider education when evaluating the disability application; we discuss this in more detail later in this section.) The first stage in the application process is to determine whether the applicant is currently earning the substantial gainful activity amount or more, which is set at $1,180 a month in 2018 and increases each year by the percentage change in Social Security’s national average wage index. If so, the application is denied. About one-third of applications filed in 2015 were denied for technical reasons, primarily because the applicant earned too much or was not fully insured (SSA 2017a).

The final hurdle in obtaining DI benefits is to pass the disability screen. SSA first determines whether an impairment is severe enough to significantly limit the claimant’s physical or mental ability to do basic work activities. If so, the administration determines whether the impairment meets criteria in Social Security’s listing of impairments, in which case the claimant is deemed disabled and may soon receive benefits. If not, SSA then determines whether the applicant has the “residual functional capacity” to perform past relevant work or any other work that exists in the national economy, given his or her education and work experience. If SSA determines the claimant cannot perform work, even if the medical condition does not satisfy the listing of impairments, the claimant is deemed disabled.

Musculoskeletal disorders are the most common impairment among DI beneficiaries, accounting for about one-third of awards in 2013 (Zayatz 2015).

Applicants whose claims are denied may appeal SSA’s decision. The first appeal level is known as reconsideration. It is a complete review of the claim by a Social Security staffer who was not involved in the original decision. If unsuccessful at this level, the applicant may request a hearing before an administrative law judge and then a review by Social Security’s Appeals Council. The final option is to contest the claim denial in federal district court. For applications submitted in 2008, nearly half of those denied on medical grounds were appealed (Social Security Advisory Board 2017). Only 10 percent of appealed denials were overturned at reconsideration, but 63 percent were overturned at the hearing level or above (Social Security Advisory Board 2017). Overall, 30 percent of all awards were initially denied on medical grounds and successfully appealed.
Cash benefits may not begin until five months after disability onset, and earnings must not exceed the substantial gainful activity amount during that period. DI enrollees also begin receiving Medicare after they have been on DI for 24 months. However, because the backlog of disability applications is long and the appeals process can be lengthy, many applicants wait years to obtain benefits (Social Security Advisory Board 2017). Others die before a decision on their application has been reached (Goss, Walsh, and Kestenbaum 2018).

An important feature of DI is that changes to Social Security’s retirement ages do not affect benefits paid. When beneficiaries reach the FRA, their disability benefits convert to retirement benefits, but beneficiaries continue to receive the same monthly benefit (plus any relevant cost-of-living adjustments).

Social Security DI benefits are comparable to retirement benefits. In December 2016, monthly DI benefits averaged $1,171 (SSA 2017b). By comparison, monthly worker retirement benefits averaged $1,360 overall and $1,094 for beneficiaries ages 62 to 64, whose payments were reduced because they claimed benefits before the FRA. For about three-quarters of beneficiaries, annual DI payments replace less than one-half of the peak annual earnings received in the seven years before benefit receipt, yet they represent at least 50 percent of family income for nearly half of all beneficiaries and about 7 in 10 unmarried beneficiaries (Favreault, Johnson, and Smith 2013). DI beneficiaries are older and less educated than the general working-age population. About 6 in 10 DI beneficiaries are ages 55 to 66 (SSA 2017b), and more than one in five adults ages 60 to 64 who did not graduate from high school received DI benefits in 2010 (Favreault, Johnson, and Smith 2013).

Although DI benefits are a crucial lifeline for those who qualify, many Americans with health problems appear to fall through the disability safety net. Slightly fewer than half of adults ages 50 to 64 in the bottom fifth of the functional ability distribution ever receive any public disability benefits (Johnson, Favreault, and Mommaerts 2010). In 2010, 35 percent of adults ages 60 to 64 with disabilities who did not collect DI benefits were living in poverty (Favreault, Johnson, and Smith 2013).

Given the limitations of DI and the broader disability system, the availability of Social Security retirement benefits at age 62 provides an important safety net to older working-age people with health problems. We followed a sample of HRS respondents who were ages 50 to 54 in 1992, 1998, or 2004 and who did not report any health-related work limitations at that age but developed a work limitation before age 62. The likelihood that members of this sample have incomes below 100 percent of the federal poverty level rises as they approach age 62, especially for those with limited education, then falls once they turn 62 and qualify for Social Security retirement benefits (figure 19). For adults who did
not complete high school, poverty rates increase from 18 percent at ages 50 to 53 to 35 percent at ages 58 to 61, then decline to 23 percent at ages 62 to 65 and 20 percent at ages 66 to 68. Patterns are similar, but much less dramatic, for adults with more education.

**FIGURE 19**

Percentage of Adults with Income below the Federal Poverty Level, by Age and Education

*Adults who develop health-related work limitations before age 62*

Source: Author’s calculations from the 1992 to 2014 waves of the Health and Retirement Study.

Notes: The sample consists of respondents ages 50 to 53 in 1992, 1998, or 2004 who are followed until 2014. The analysis is restricted to adults who do not report any health-related work limitations at baseline but who develop a work limitation before age 62.

**Growing Income Inequality at Older Ages**

Employment gains at older ages have raised old-age income inequality as people in good health work, earn, and save more, leaving those with health problems behind. Between 1996 and 2014, the share of adults ages 63 to 65 without any health-related work limitations who received meaningful earnings in
the previous year grew 10 percentage points (to 47 percent) among men and 13 percentage points (to 39 percent) among women (figure 20). Among those with some health-related work limitations, however, the share with meaningful earnings in the previous year fell 3 percentage points (to 9 percent) for men and increased only 1 percentage point (to 8 percent) for women. People with health problems are less likely to earn meaningful income in their early sixties than people in better health, even when education, sex, race and ethnicity, and relationship status are held constant (Johnson 2018).

**FIGURE 20**
Percentage of Adults Ages 63 to 65 with Significant Earnings in the Previous Year, 1996 and 2014
*By sex and presence of health-related work limitations*

<table>
<thead>
<tr>
<th></th>
<th>1996</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>No work limitations</td>
<td>37</td>
<td>47</td>
</tr>
<tr>
<td>Some work limitations</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Men</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No work limitations</td>
<td>26</td>
<td>39</td>
</tr>
<tr>
<td>Some work limitations</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Women</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Johnson (2018).*

*Notes: The analysis, based on data from the HRS, defines significant earnings as $20,000 in 2013 and $11,008 in 1995, the equivalent amount in wage-indexed dollars, and work limitations as an impairment or health problem that limited the type or amount of work.*

Increased employment among people without health problems in their early and mid-sixties significantly raised their income over the past two decades. Between 1996 and 2014, median household income, adjusted for household size and inflation, increased 34 percent (from $46,200 to $62,000) for adults ages 63 to 65 without any health-related work limitations and 0.3 percent (from $26,600 to $27,600) for those with some work limitations (figure 21). The income shortfalls experienced by people with health problems in their early sixties are not temporary gaps simply reflecting early
retirement and the replacement of labor market earnings with relatively low benefits from Social Security and employer retirement plans. Instead, they persist throughout later life, as people who withdraw from the labor force at relatively young ages accumulate less retirement wealth than healthy people and receive permanently reduced monthly Social Security benefits.

**FIGURE 21**
Median Household Income in the Previous Year, Adults Ages 63 to 65
*By presence of health-related work limitations*

<table>
<thead>
<tr>
<th>No work limitations</th>
<th>Some work limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996: $46,100</td>
<td>2014: $62,000</td>
</tr>
<tr>
<td>2014: $26,600</td>
<td>2014: $26,700</td>
</tr>
</tbody>
</table>


*Notes:* Estimates are reported in inflation-adjusted 2017 dollars. The analysis, based on data from the HRS, defines work limitations as an impairment or health problem that limited the type or amount of work. The analysis divides married adults’ household income by the square root of two to adjust for the additional resources that married people need relative to single people while recognizing the efficiency gains of shared living arrangements.

**Potential Impact on Workers of Raising the EEA**

Several Social Security reform packages proposed over the past 25 years have advocated raising Social Security’s retirement ages, as summarized in table 3. Some, such as one proposed by the Bipartisan Policy Center (2016) and the Social Security Retirement Act of 2016 developed by Representative Sam Johnson (R–TX), would raise only the FRA. Others, such as those proposed by Liebman, MacGuineas, and Samwick (2005) and the National Commission on Fiscal Responsibility and Reform (2010), better
known as the Bowles-Simpson Commission, would raise both the FRA and EEA. A disadvantage of raising the FRA but not the EEA is that doing so could leave the earliest retirees with less than 60 percent of their full benefits, creating significant financial hardship for them, especially because many early retirees have had relatively low earnings over their careers (Aaron and Reischauer 1998).

### TABLE 3
Options to Raise Social Security Retirement Ages in Selected Reform Plans

<table>
<thead>
<tr>
<th>Proposal</th>
<th>FRA</th>
<th>EEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aaron and Reischauer (1998)</td>
<td>Raise the FRA to maintain the 2011 average share of adult life in retirement.</td>
<td>Raise EEA to 64</td>
</tr>
<tr>
<td>Advisory Council on Social Security, 1994–1996 (1997), Option 2</td>
<td>Raise the FRA to 67 by 2011, and then begin raising the FRA by an additional 1 month every 2 years to maintain the 2011 average share of adult life in retirement. The FRA would reach age 70 in 2083.</td>
<td>No</td>
</tr>
<tr>
<td>Advisory Council on Social Security, 1994–1996 (1997), Option 3</td>
<td>Raise the FRA to 67 by 2011, and then begin raising the FRA by an additional 1 month every 2 years to maintain the 2011 average share of adult life in retirement. The FRA would reach age 70 in 2083.</td>
<td>Raise EEA 1 month every 2 years, starting in 2011. It would reach 65 in 2083.</td>
</tr>
<tr>
<td>Bipartisan Policy Center (2016)</td>
<td>Raise the FRA 1 month every 2 years, beginning in 2022, until it reaches 69 in 2070, to maintain a constant share of adult life in retirement.</td>
<td>No</td>
</tr>
<tr>
<td>National Commission on Fiscal Responsibility and Reform (2010)</td>
<td>Raise the FRA 1 month every 2 years, starting in 2022, until it reaches 69 in 2070, to maintain a constant share of adult life in retirement.</td>
<td>Raise the EEA at the same rate. It would reach 64 in 2070. The proposal would exempt some vulnerable groups.</td>
</tr>
<tr>
<td>National Commission on Retirement Policy (1999)</td>
<td>Raise FRA 2 months per year, starting in 2000, until it reaches 70 in 2029. Starting in 2029, raise FRA to maintain a constant number of years in retirement.</td>
<td>Raise EEA until it reaches 65 in 2018. Starting in 2029, raise EEA at the same rate as the FRA.</td>
</tr>
<tr>
<td>Rep. Sam Johnson (R-TX), Social Security Retirement Act of 2016</td>
<td>Raise FRA 3 months per year starting in 2023 until it reaches 69 in 2070, to maintain constant share of life in retirement.</td>
<td>No</td>
</tr>
</tbody>
</table>


**Notes:** ERA = early retirement age; FRA = full retirement age. Proposed FRA and EEA increases would apply to people who reach age 62 in the specified year.
Most proposals to raise Social Security’s retirement ages would gradually increase the EEA to 64 or 65 and the FRA to 69 or 70. Many would also tie future FRA and EEA increases to future changes in life expectancy to hold steady the share of adult life that workers spend in retirement. If life expectancy increases one year, for example, these proposals would raise retirement ages by about nine months (three-quarters of a year) so that people would continue to spend about 25 percent of their adults lives in retirement. The National Commission on Retirement Policy (1999) proposed the most aggressive increase in retirement ages, raising the EEA to 65 in 2018 and the FRA to 70 in 2029 and then indexing both ages to longevity to keep the number of years in retirement constant. Under this proposal, a one-year increase in life expectancy would raise the FRA and EEA by one year.21

The Social Security actuaries conclude that raising the EEA in tandem with the FRA could significantly improve the system’s long-term financing. For example, they estimated that increasing both the EEA and FRA by 36/47 of a month each year, beginning in 2022, until the EEA reaches 65 and the EEA reaches 70, would eliminate 27 percent of the system’s long-term financial shortfall.22 In 2090, these increases would reduce annual program costs about 11 percent, with annual spending as a share of taxable payroll falling from 18 to 16 percent.

The likely impact on beneficiaries from raising the EEA and FRA depends on how workers respond to the increase. Consider the possible effects of raising the EEA to 65 and the FRA to 70 for adults born in 1960 and later, three years higher than under current law. Monthly benefit payments would remain the same as under current law for people who simply wait three years to claim benefits under the new rules without working, and their lifetime benefits would fall because their payments would last for three fewer years. Monthly benefits would increase for many people who choose to work in Social Security–covered jobs for part of the three years they await benefits because the additional employment would increase their average indexed monthly earnings that determine their Social Security benefits.23 However, some people who would claim benefits after age 62 under current law may not wait three years to claim benefits. Monthly benefits for this group would fall.

Increases in the retirement age will likely encourage some workers with health problems to apply for DI. Those who develop disabilities before the EEA and can no longer work face strong incentives to apply for DI and collect cash payments to offset lost wages before retirement benefits begin. However, people with health problems can gain financially by collecting DI even after they qualify for early retirement benefits because DI benefits are not subject to actuarial reductions. In 2018, 62-year-olds, who face an EEA of 62 and an FRA of 66 years and four months under current law, would collect 36 percent more from Social Security each month, for the rest their lives, by claiming DI benefits instead of early retirement benefits. The incentive to claim disability increases as the EEA rises (especially with
disability rates growing with age) and as the gap between the EEA and the FRA rises. When the FRA reaches 67 (as the EEA remains constant), DI benefits will be 43 percent higher than retirement benefits received by the earliest claimants. However, applicants must pass a strict disability screen to receive benefits, and the long DI applications backlog forces some beneficiaries to wait months or years for payments to begin.24

Evidence suggests that the increase in the FRA from 65 to 66 in the first half of the 2000s increased DI claiming, although the impact has not been dramatic (Bound, Stinebrickner, and Waidmann 2010; Duggan, Singleton, and Song 2007; Li and Maestas 2008). Li and Maestas, for example, conclude that a four-month increase in the FRA boosted two-year DI application rates at older ages between just 0.04 and 0.30 percentage points, depending on how they specify their model. Increases in the EEA, however, could have larger effects because there are few alternatives to DI benefits before the EEA. In a 2002 study for SSA, for example, RAND researchers assume that one-fifth of early claimers would move to DI if the EEA were raised to 63 (Panis et al. 2002). With about 12 percent of 62-year-olds currently receiving DI and nearly half of the rest of the Social Security–eligible population currently claiming at age 62, their assumption implies that the age-62 population receiving DI would grow about 75 percent if the EEA increased to 62.25

Increasing the EEA could financially harm older adults who cannot work because of physical or mental impairments but who do not receive DI. Figure 22 uses HRS data to offer some indication of how many people might be at risk. These calculations assume that people do not become more likely to claim DI in response to the higher retirement age. In 2014, 51 percent of adults ages 62 to 64 were not working, about one-half of whom reported a health problem that limited the type or amount of work they could perform. About one-third of this subgroup received DI, and about one-quarter of those not on DI were not collecting Social Security retirement benefits. Neither would be affected by an increase in the EEA. That leaves 11 percent of the population ages 62 to 64 who were not working, had health problems, and were not collecting DI but were collecting Social Security retirement benefits. Some of these adults, however, have some wealth they could draw upon to support themselves if they could not collect Social Security. Further restricting the subsample to those with less than $46,000 in nonhousing wealth if single or less than $60,000 in nonhousing wealth if married reduces the share at risk to 8 percent. If we consider only those whose most recent jobs were physically demanding or who have not worked since their early fifties, the share at risk falls to 5 percent.
FIGURE 22
Percentage of Adults Ages 62 to 64 Who Could Face Serious Financial Problems If the EEA Were Raised to 65
By criteria used to identify at-risk adults

Not employed | And have health-related work limitation | And collect Social Security retirement benefits | And have limited wealth | And last job was physically demanding
---|---|---|---|---
51 | 25 | 11 | 8 | 5

Source: Author’s calculations from the 2014 Health and Retirement Study.
Notes: The analysis classifies respondents as having limited wealth if they hold less than $46,000 in nonhousing wealth if single or less than $60,000 in nonhousing wealth if married.

Additionally, some people who are willing and able to work but cannot find employment might struggle financially if the EEA were raised. As noted, older displaced workers generally experience much longer unemployment spells than their younger counterparts, although they are less likely to lose their jobs. Between 2000 and 2017, the unemployment rate averaged 4.1 percent for adults ages 62 to 64 compared with 5.2 percent for those ages 25 to 54.26 Given the size of the age-62-to-64 labor force, this average unemployment rate implies that an additional 68,000 adults might be at risk each year the EEA is raised. Combining the unemployed with those with health limitations expands the group that could potentially struggle financially if the EEA were increased. The share increases to about 16 percent of the age-62-to-64 population if we include all nonworkers with health problems collecting Social Security retirement but not DI, 10 percent if we eliminate those with at least $50,000 of nonhousing wealth, and 7 percent if we exclude those whose most recent job was not physically demanding.

Some older unemployed workers might turn increasingly to unemployment insurance benefits if the EEA were raised. Between 2008 and 2011, only 46 percent of displaced workers age 62 and older...
received unemployment benefits six months after layoff, compared with 59 percent of those ages 50 to 61 (Johnson and Feng 2013). Eighty-three percent of laid-off workers age 62 and older received Social Security benefits. Because unemployment benefits typically last no longer than 26 weeks, they do not generally provide a financially secure bridge to Social Security if the EEA were increased.

Possible Approaches to Protecting Vulnerable Older Adults If the EEA Rises

Although boosting the EEA without any other policy changes increases the risk of financial hardship for some older Americans, additional changes might provide some protection. For example, certain potentially vulnerable groups could be exempt from the increase, or other aspects of Social Security could be made more progressive to cushion the impact of an EEA increase. Alternatively, modifications to programs outside the Social Security retirement system could provide additional protection to vulnerable groups.

Exempt Certain Groups from the EEA Increase

The existing public disability programs exempt some adults who cannot work from the EEA by providing them with cash benefits before they reach the Social Security retirement age. However, they must first pass a strict medical screen. The application process is expensive to administer, leads to long delays in benefit receipt, and is imperfect. Some people with serious work limitations are denied benefits; others with less serious health problems receive payments. Many rejected applications are subsequently approved on appeal (Autor and Duggan 2006).

An alternative approach to protecting vulnerable people would be to provide benefits to an easy-to-identify group of adults composed primarily of those with significant work limitations. One advantage of this approach is that it can be administered relatively easily because beneficiaries would not have to be evaluated individually. It would also provide benefits to people who cannot work but do not have a well-defined medical problem. The disadvantage, of course, is that, some members of the protected groups may not have serious work limitations. The success of this approach hinges on whether the group can be defined such that it excludes most people without work limitations.
ALLOW EARLY RETIREMENT FOR WORKERS IN DEMANDING OCCUPATIONS

Social Security treats all covered occupations identically, but many other industrialized countries grant special retirement privileges to workers in certain demanding occupations. About half of the 36 nations in the Organisation for Economic Co-operation and Development allow workers engaged in "hazardous or arduous" employment to collect public retirement benefits at relatively young ages (Zaidi and Whitehouse 2009). Some countries, like Greece, Spain, and Russia, specify certain occupations that qualify for early retirement (Turner 2011). In other countries, such as Austria, eligibility for penalty-free early retirement depends on how much energy workers need to expend in the workplace (Zaidi and Whitehouse 2009). Most nations that grant special retirement privileges to workers in certain occupations specify a minimum service requirement, such as 10 years of employment within the past 20 years. Other nations impose additional restrictions. In Austria, for example, benefits are available only to workers in qualifying jobs with low lifetime earnings.

Granting special retirement privileges to workers in certain occupations raises several issues. First, which jobs should be covered? Some countries cover only a few narrowly defined occupations that seem clearly to involve arduous working conditions, such as mining, railroad work, and the merchant marine. Other nations allow workers in many occupations to retire early, perhaps reflecting workers' political influence as much as workplace conditions. Russia, for example, identifies 13 occupations that merit special treatment for early retirement (Turner 2011). Greece classifies waiters, hairdressers, pharmaceutical manufacturing workers, and certain cashiers as arduous occupations.

Because population aging has increased pension costs, however, Greece and other European countries have begun reducing the number of occupations exempted from the standard retirement age. France allows partially disabled workers to collect retirement benefits if they can demonstrate that their disability stems from extended exposure to physically demanding, repetitive, and high-pressure workplace activities. Eligibility for unreduced early benefits will depend on documentation submitted by employers on exposure to unhealthy working conditions, not on employment in predetermined occupations. Requiring this type of documentation, however, increases the cost of administering these protections.

A drawback of exempting certain occupations from the standard retirement age is that doing so would subsidize hazardous and arduous work. Standard economic theory maintains that employers set compensation, or wages and benefits, just high enough to attract enough workers to fill available positions. Employers must offer higher compensation to entice workers to hazardous, arduous workplaces from safer, more pleasant work environments. Offering special public retirement benefits to workers in these occupations could lead employers to reduce the compensation they provide in
wages and retirement and other benefits. Subsidizing certain occupations may not be an efficient use of scarce public resources.

Another drawback of an occupation-based retirement age is that many workers change occupations as they approach retirement. More than one-quarter of workers moved into new occupations after age 50 (Johnson, Kawachi, and Lewis 2009). Many such moves are transitions into less physically demanding work, which could lengthen working lives. Thus, many workers who spent much of their careers in physically demanding jobs may be able to work at less demanding jobs as they grow older.

TIE RETIREMENT ELIGIBILITY TO YEARS OF WORK

Another approach to protecting workers who might suffer financially if the EEA were increased would be to allow workers with many years of covered employment to begin collecting benefits before they reach the standard EEA. The rationale is that few workers in physically demanding jobs attended college and thus started their careers right out of high school, before college graduates entered the workforce. Nearly one-third of Organisation for Economic Co-operation and Development countries allow workers with 40 years of covered employment to retire earlier than those with 30 years (Turner 2007). The Social Security reform proposal put forth by the National Commission on Fiscal Responsibility and Reform (2010), or the Bowles-Simpson Commission, also followed this approach. Under its plan, workers with 25 years of employment and low lifetime earnings would be exempt from an increase in the EEA. They could continue to collect retirement benefits at age 62 and face the existing actuarial benefit reduction.

The drawback of targeting protection to those with long employment histories is that workers with shorter employment histories often experience more financial hardship. Nearly three-quarters of retired workers with Social Security benefits below 100 percent of the federal poverty level had been employed for fewer than 25 years with earnings equivalent to at least half-time work at the federal minimum wage (Favreault 2010, 2018). Less-educated workers have the shortest careers (Favreault and Steuerle 2008). Many Social Security beneficiaries with the lowest retired worker benefits had intermittent employment histories, often because of health problems or child care responsibilities. Thus, the hardship exemption proposed by the National Commission on Fiscal Responsibility and Reform (2010), provided to long-term workers with low lifetime earnings, would offer some protection to low-income workers, but it would not boost retirement benefits for the most vulnerable retirees (Favreault and Karamcheva 2011).
Make Other Aspects of Social Security More Progressive

Because health problems are more prevalent among those with limited education and earnings and low-skilled workers have more limited employment opportunities, many older adults unable to work beyond the existing EEA earn relatively little over their lifetimes. Also, those with limited education and income tend to die at younger ages than those with more education and income. Consequently, raising the EEA would likely disproportionately harm low-income retirees.

Policymakers could partly offset the financial consequences for low-income retirees of increasing the EEA by simultaneously implementing other Social Security changes to reinforce the system’s progressivity. Social Security already replaces a higher percentage of lifetime earnings for workers with low lifetime earnings than for those with higher earnings. The benefit formula could be revised to favor low-earning workers even more. Policymakers could also increase Social Security’s minimum benefit, boosting payments to workers with limited incomes or low lifetime earnings (Favreault 2009; Herd et al. 2018). What matters, of course, is how the entire Social Security system (rather than a single provision, such as the EEA) affects the level and distribution of lifetime benefits.

Although this approach might help preserve lifetime benefits for low-income retirees, it would not help those who cannot work beyond age 62 make ends meet until reaching the increased EEA. Early retirees with limited savings could face serious financial hardship. Another drawback is that the enhanced protection afforded by this approach is not targeted to those who cannot work. Lifetime earnings is correlated with work ability at older ages, but some older adults with high lifetime earnings cannot work beyond age 62, and some with low lifetime earnings can extend their careers.

Expand Employment Services and Training

Expanding access to employment services and training opportunities could promote work for older adults and cushion the impact of raising the EEA. To remain productive, workers must continuously maintain and update their skills, especially when technology is changing rapidly. Training can provide employees with access to the best work assignments, improve promotion chances, and promote job satisfaction and earnings growth. However, training activities are costly. Expenses include both the opportunity cost of training—employees who are being trained have less time to produce goods and services than those who are not in training—and the direct costs of trainers’ time and related equipment.
Employers provide most of the occupational training received by workers. Government, mostly at the federal level, funds less than one-tenth of all formal training (Mikelson and Nightingale 2004). However, employers are training fewer workers than in the past (Waddoups 2016), and they appear reluctant to train older workers. According to a 1995 survey, 51 percent of workers age 55 and older in large and medium-sized establishments received formal employer-sponsored training during the previous 12 months, compared with 79 percent of workers ages 25 to 34, 75 percent of workers ages 35 to 44, and 65 percent of workers ages 45 to 55 (Frazis et al. 1998). Older workers also receive less intensive training. The same survey reveals that workers age 55 and older averaged 17 hours of informal on-the-job training over six months, compared with 30 hours for those ages 35 to 44 and 39 hours for those ages 44 to 54.

Public funds for workforce development are scarce. Government spending for the Workforce Investment Act (WIA), which provided federal funding to help train and employ workers, declined nearly 70 percent between the late 1970s and the mid-2000s (Holzer and Martinson 2008). The Workforce Innovation and Opportunity Act of 2014 replaced WIA, providing federal funding to “one-stop career centers” that provide employment and training services. However, funding levels continue to fall.30

Moreover, the Workforce Innovation and Opportunity Act, like WIA, does not earmark funds for older workers, leading to fewer services for them (Government Accountability Office 2003). Fewer than 10 percent of adults who received training under WIA were age 55 and older (Social Policy Research Associates 2017). Some states are taking additional steps to serve older workers, such as tailoring employment centers for seniors (Eyster, Johnson, and Toder 2008). The federal government has experimented with targeting employment services to older adults. In 2009, the US Department of Labor launched its Taskforce on the Aging of the American Workforce to create pilot programs to help older workers develop their skills and build capacity within the public workforce investment system to serve older adults. The initiative funded 10 pilot grants that developed partnerships with employers and focused on high-growth industries. Although the services provided by each grantee varied, most programs offered introductory computer skills training, job clubs, case management, and specialized workshops to build confidence, develop job search skills, and provide peer support. Experience from these pilot efforts underscored that working closely with employers and offering income supports and other supportive services to trainees are crucial elements of successful employment programs for older adults (Kogan et al. 2013).

The Senior Community Service Employment Program is now the only federally funded program targeted to older adults (Mikelson 2017). Operated by the US Department of Labor’s Employment and
Training Administration, it provides job training in subsidized, part-time community service jobs, and about one-half of participants transition to unsubsidized employment (Kogan et al. 2012). Only unemployed adults age 55 and older with incomes below 125 percent of the federal poverty level are eligible. The program, however, is quite small. With a 2018 budget of $400 million, the Senior Community Service Employment Program can serve only about 40,000 older adults, a tiny fraction of the eligible population (Kogan et al. 2012). The Trump administration proposed eliminating the Senior Community Service Employment Program in its fiscal year 2018 and 2019 budgets.

Older adults can also improve job skills and employment practices by enrolling in educational institutions. Some community colleges have designed offerings especially for older students (Eyster, Johnson, and Toder 2008; Learning for Action 2015). But older adults who wish to only update their skills, rather than pursue a formal degree, may have trouble paying for school. Students enrolled in noncredit programs and those who do not intend to earn a degree, certificate, or other credential are not generally eligible for Pell grants. Reforms to financial aid programs could help older workers go back to college. Congress could modify the Pell grant program to make funding available for shorter-term training, helping older workers update their skills. Expanding tax credits and deductions for education-related expenses such as transportation, child care, and elder care could also make it easier for older people to go back to school (Van Horn, Krepcio, and Heidkamp 2015).

To significantly improve employment opportunities for low-skilled older workers, however, employment and training programs in the US need much more funding (Hanks and Madland 2018). Some other industrialized nations invest much more heavily in their workforce than the United States. Norway, for example, emphasizes lifelong learning, and the government offers free courses lasting no more than 10 months to unemployed workers available to work (Turner, Toft, and Witte 2008).

Strengthen the Safety Net at Older Ages

In addition to reforming the Social Security retirement system to protect vulnerable workers facing an increase in the EEA, policymakers could strengthen the safety net for older workers outside the retirement program. Options include extending unemployment insurance, improving means-tested income supports for older adults, and expanding DI.

EXTENDING UNEMPLOYMENT INSURANCE FOR OLDER WORKERS

As noted, many older displaced workers have trouble becoming reemployed, leading to long unemployment spells at older ages. When they do find work, older displaced workers generally earn
much less in their new position than in their previous position (Johnson and Mommaerts 2011). Social Security benefits currently help displaced workers age 62 and older maintain more of their pre-layoff income than younger displaced workers. Among workers laid off from their jobs between 2008 and 2011, for example, monthly income six months after job loss fell no more than 24 percent below the pre-layoff level for half of those age 62 and older (Johnson and Feng 2013). By contrast, half of displaced workers in their fifties experienced income losses of more than 42 percent.

Extending unemployment benefits for older displaced workers—to 52 weeks, for example, instead of the standard 26 weeks—could mitigate the financial hardship of job loss until Social Security retirement benefits begin. Several European nations provide special preretirement benefits to older unemployed workers (Turner 2011). In Spain, unemployed workers may begin receiving public pensions at age 61. French workers may receive cash benefits if they are reduced to part-time work after age 55.

Although extended unemployment benefits may be justifiable for older adults because they seem to have special trouble finding work, displaced workers too young to qualify may object to these special benefits. Another drawback is that generous unemployment benefits discourage the unemployed from searching for jobs (Johnson and Mommaerts 2011).

**IMPROVE SUPPLEMENTAL SECURITY INCOME**

The SSI program provides cash benefits to some economically vulnerable disabled and blind Americans and to those age 65 and older. To qualify for benefits, applicants must pass both an income and resource test. SSI beneficiaries may hold no more than $2,000 in assets if single or $3,000 if married. Federal SSI benefits are calculated as the difference between the federal benefit rate and countable income. SSA excludes $20 of income from any source and $65 of earnings when determining the monthly SSI benefit level. Each dollar in additional earnings increases countable income by 50 cents (although some earnings are excluded under certain circumstances). Federal benefits cease once countable income equals the federal benefit rate. The 2018 monthly federal benefit rate is $750 for a single adult and $1,125 for a couple, well below the federal poverty level. Some states also supplement the federal SSI payment with a state payment.

In December 2016, 1.2 million adults received federal SSI benefits because of their age, accounting for 14 percent of all federal SSI recipients (SSA 2017b). Between 1990 and 2016, the number of older adults awarded federally administered SSI benefits fell 45 percent as the population age 65 and older grew about 60 percent and the number of blind and disabled awardees grew 25 percent. The program’s strict asset test, which has not changed since 1989 despite inflation and increases in real wealth,
appears to account for much of the shrinking program participation of the older population (Davies, Rupp, and Strand 2004).

Expanding SSI could help protect vulnerable retirees from an increase in the EEA. Relaxing the resource test would allow more seniors to qualify for benefits, and raising the monthly benefit—currently too low on its own to pull recipients out of poverty—would reduce financial hardship for beneficiaries. David Stapleton of Mathematica Policy Research has proposed lowering the SSI eligibility age for aged beneficiaries to 62 if the EEA were raised (Stapleton 2009). This extension would provide a minimum cash benefit to retirees who would lose their retirement benefits if policymakers were to increase the EEA.

IMPROVE DI
Perhaps the most direct way to protect older adults who cannot remain in the labor force because of health problems would be to improve DI. This approach targets people who would be among those most potentially harmed by an EEA increase. But achieving that difficult-to-reach goal would be expensive. Each applicant’s health status and work ability would have to be carefully evaluated to ensure that benefits go to nearly everyone who cannot work and do not go to those who can work. Yet disability evaluations are time consuming and cannot always be objective. Hiring additional medical and administrative staff to clear the existing application backlog and provide rapid turnaround on future applications would raise the cost of running the program, which is already under mounting financial strain (Autor and Duggan 2006).

Other reforms could better protect those with work limitations at older ages. Providing partial benefits to those partially disabled, as the Veterans Administration and many European countries do, would help those with more limited disabilities, who receive no protection under the current system because it pays full benefits only to those unable to work at all. This reform could be expensive, greatly expanding the number of older adults receiving DI. However, it could be easier to administer than the current system, whose “all or nothing” award decisions frequently lead to lengthy appeals.

Policymakers could also give more preference in disability award decisions to workers in their late fifties and early sixties, as some European nations do. The problem, though, is that a lenient DI program could easily morph into a de facto early retirement program. For example, when the Swedish disability program began to account for the availability of jobs for older adults, benefit receipt soared. In the late 1990s, about one-third of Swedes ages 60 to 64 received a disability pension (Ebbinghaus 2005). Policymakers might be able to mitigate this problem by shifting more responsibility for disabled workers to employers. The Netherlands was able to reduce its disability caseload by requiring
employers to cover the first two years of disability benefits. They must also develop a plan to rehabilitate and accommodate workers with disabilities (Burkhauser, Daly, and de Jong 2008). In France, employers must submit to the government a plan to accommodate workers with disabilities and reduce future exposure to hazardous work (Turner 2011).

Conclusions

Social Security’s EEA has not changed since it was introduced in 1956 for women and 1961 for men. Since then, life expectancy at age 62 has increased about five years, and the Social Security trustees project that it will rise nearly another three years by 2050. If policymakers raised the EEA three years, to 65, Social Security beneficiaries who collected at that age in 2050 would spend about as many years in retirement as those who retire today at the current EEA; they would spend between four and five more years in retirement (depending on their sex) than those who retired at age 62 in 1960. Raising Social Security’s EEA in tandem with the FRA could significantly reduce program costs, an important consideration as the program now spends more than it collects each year and the program’s trustees project that Social Security will be unable to pay full benefits beginning in 2034 (Board of Trustees 2018). And it could encourage many older people to work longer, increasing income tax revenue for federal and state governments (Butrica, Smith, and Steuerle 2006).

Despite the growth in life expectancy, there is little evidence that work ability for people in their early and mid-sixties has improved much over the past two decades. Declines in disability rates have stalled and may have reversed, as obesity rates have increased. Slightly more than one-third of nondisabled workers in their early fifties develop a health-related work limitation by age 65. Physically demanding jobs remain commonplace, even for older workers. And many older workers face a hostile labor market: workers who lose their jobs at older ages face long odds of finding new work, employers are less likely to call back older job applicants than younger ones, and the share of older workers reporting that their employers favor younger workers has been rising.

Delaying retirement is especially uncertain for older people with limited education. Although the share of adults remaining in the labor force in their early and mid-sixties has increased over the past two decades and the share of retirees collecting Social Security benefits at age 62 has fallen, people working longer and retiring later are disproportionately college graduates. Relatively few people with limited education, who are more likely than their better-educated counterparts to suffer from health problems and work in physically demanding jobs, have extended their careers. Among nondisabled workers in their early fifties, those with no more than a high school diploma are more than 50 percent
more likely to develop a disability by age 65 than those with a four-year college degree. Workers ages 55 to 65 who did not attend college are nearly twice as likely to hold a physically demanding job as those who attended college. Because people with health problems often fall through the disability safety net, early Social Security retirement benefits pull many older people with health problems out of poverty, especially those with limited education.

Consequently, raising the EEA without making other policy changes to protect people who are unable to work until they qualify for retirement benefits could create significant economic hardship. Additional policy reforms could mitigate the financial impact of raising the EEA for some retirees, but it seems unlikely they could fully protect all vulnerable older adults. More thoroughly evaluating the health status of older adults with potential disabilities and providing cash benefits in a timely manner to everyone who cannot work—and only to those who cannot work—is a laudable goal, but it is difficult and expensive to implement. A more realistic approach is to grant special benefits to certain groups, such as those in hazardous or arduous occupations. However, these groups would likely include many people who can work and exclude many who cannot work, so targeting benefits to them would not be an efficient use of scarce public resources.

Some more modest reforms that could ease the transition to a higher EEA may be warranted. For example, reducing the SSI eligibility age from 65 to 62 for nondisabled low-income adults with very few resources would provide a safety net for those who lose access to Social Security retirement benefits at age 62. Modernizing SSI by instituting a more realistic resource test and improving benefit levels could provide meaningful protection. Expanding government employment and training services could improve employment prospects for older adults. Policymakers should also consider reforming DI to encourage employers to better accommodate workers with disabilities and promote their rehabilitation. Now may also be a good time to consider providing partial disability benefits to workers who are not completely disabled.

Policymakers could also reform other aspects of Social Security to make the retirement program more progressive and offset some of the financial losses that increasing the EEA would impose on low-income retirees. The recent life expectancy gains that have benefited the overall population have largely eluded people in the bottom portions of the economic distribution. Consequently, raising the EEA would make retirements for lower-income people shorter for those who retire over the coming decades than for those who retired a few decades ago. Changes such as creating a meaningful minimum benefit or raising the share of lifetime earnings that Social Security benefits replace for lower-income beneficiaries could maintain the lifetime value of their retirement benefits.
| Birth year | Year | Month | Full Retirement Age | Annual delayed retirement credit (%) | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 |
|------------|------|-------|---------------------|-------------------------------------|----|----|----|----|----|----|----|----|----|----|----|----|
| 1922       | 65   | 0     | 1.0                 | 80.00 86.67 93.33                  | 100.0 101.00 102.00                     | 103.00 104.00                      | 105.00 106.00                      | 107.00 |
| 1923–24    | 65   | 0     | 3.0                 | 80.00 86.67 93.33                  | 100.0 101.00 102.00                     | 103.00 104.00                      | 105.00 106.00                      | 107.00 |
| 1925–26    | 65   | 0     | 3.5                 | 80.00 86.67 93.33                  | 100.0 101.00 102.00                     | 103.50 104.00                      | 107.00 110.50                      | 114.00 117.50                     |
| 1927–28    | 65   | 0     | 4.0                 | 80.00 86.67 93.33                  | 100.0 101.00 102.00                     | 104.00 108.00                      | 112.00 116.00                      | 120.00 120.00                     |
| 1929–30    | 65   | 0     | 4.5                 | 80.00 86.67 93.33                  | 100.0 101.00 102.00                     | 104.50 109.00                      | 113.50 118.00                      | 122.50 122.50                     |
| 1931–32    | 65   | 0     | 5.0                 | 80.00 86.67 93.33                  | 100.0 101.00 102.00                     | 105.00 110.00                      | 115.00 120.00                      | 125.00 125.00                     |
| 1933–34    | 65   | 0     | 5.5                 | 80.00 86.67 93.33                  | 100.0 101.00 102.00                     | 105.50 111.00                      | 116.50 122.00                      | 127.50 127.50                     |
| 1935–36    | 65   | 0     | 6.0                 | 80.00 86.67 93.33                  | 100.0 101.00 102.00                     | 106.00 112.00                      | 118.00 124.00                      | 130.00 130.00                     |
| 1936       | 65   | 0     | 6.0                 | 80.00 86.67 93.33                  | 100.0 101.00 102.00                     | 106.00 112.00                      | 118.00 124.00                      | 130.00 130.00                     |
| 1937       | 65   | 0     | 6.5                 | 80.00 86.67 93.33                  | 100.0 101.00 102.00                     | 106.50 113.00                      | 119.50 126.00                      | 132.50 132.50                     |
| 1938       | 65   | 2     | 6.5                 | 79.17 85.56 92.22                  | 98.89 105.42 111.92                     | 118.42 124.92                      | 131.42 131.42                      | 131.42 131.42                     |
| 1939       | 65   | 4     | 7.0                 | 78.33 84.44 91.11                  | 97.78 104.67 111.67                     | 118.67 125.67                      | 132.67 132.67                      | 132.67 132.67                     |
| 1940       | 65   | 6     | 7.0                 | 77.50 83.33 90.00                  | 96.67 103.50 110.50                     | 117.50 124.50                      | 131.50 131.50                      | 131.50 131.50                     |
| 1941       | 65   | 8     | 7.5                 | 76.67 82.22 88.89                  | 95.56 102.50 110.00                     | 117.50 125.00                      | 132.50 132.50                      | 132.50 132.50                     |
| 1942       | 65   | 10    | 7.5                 | 75.83 81.11 87.78                  | 94.44 101.25 108.75                     | 116.25 123.75                      | 131.25 131.25                      | 131.25 131.25                     |
| 1943–54    | 66   | 0     | 8.0                 | 75.00 80.00 86.67                  | 93.33 100.00 108.00                     | 116.00 124.00                      | 132.00 132.00                      | 132.00 132.00                     |
| 1955       | 66   | 2     | 8.0                 | 74.17 79.17 85.56                  | 92.22 98.89 106.67                     | 114.67 122.67                      | 130.67 130.67                      | 130.67 130.67                     |
| 1956       | 66   | 4     | 8.0                 | 73.33 78.33 84.44                  | 91.11 97.78 105.33                     | 113.33 121.33                      | 129.33 129.33                      | 129.33 129.33                     |
| 1957       | 66   | 6     | 8.0                 | 72.50 77.50 83.33                  | 90.00 96.67 104.00                     | 112.00 120.00                      | 128.00 128.00                      | 128.00 128.00                     |
| 1958       | 66   | 8     | 8.0                 | 71.67 76.67 82.22                  | 88.89 95.56 102.67                     | 110.67 118.67                      | 126.67 126.67                      | 126.67 126.67                     |
| 1959       | 66   | 10    | 8.0                 | 70.83 75.83 81.11                  | 87.78 94.44 101.33                     | 109.33 117.33                      | 125.33 125.33                      | 125.33 125.33                     |
| 1960       | 67   | 0     | 8.0                 | 70.00 75.00 80.00                  | 86.67 93.33 100.00                     | 108.00 116.00                      | 124.00 124.00                      | 124.00 124.00                     |

Source: Author’s calculations from the SSA (2017b).
Notes


2 “After the Normal Retirement Age (NRA) Reaches 67 for Those Age 62 in 2022, Increase Both the NRA and the Earliest Eligibility Age (EEA) by 36/47 of a Month per Year Until the NRA and EEA Reach 70 and 65 Respectively.” Social Security Administration, 2018. https://www.ssa.gov/oact/solvency/provisions/charts/chart_run166.html.

3 The American Community Survey is a nationwide household and institutional survey that collects information on demographic, housing, social, and economic characteristics. Begun in 2005, it interviews about 2 million households every year. The 1980 Decennial Census collected similar information from a 1-in-20 national random sample of the population. We use these data to measure trends in educational attainment and accessed them through IPUMS (Ruggles et al. 2018).

   The Annual Social and Economic Supplement of the Current Population Survey is a national household survey conducted by the Census Bureau that collects demographic, income, and labor force data on about 75,000 respondents every March. We use these data to examine trends in labor force participation rates from 1962 to 2017 and show how they vary by education. We access the data through IPUMS (Flood et al. 2018).

   The NHIS collects a wide range of health information on the civilian noninstitutionalized population. Fielded by the US Census Bureau for the National Center for Health Statistics, it surveys about 87,500 respondents in 35,000 households. We use data from the 1972 to 2017 surveys to measure trends in health status and disability and show how they vary by age, education, and race and ethnicity. We access the data through IPUMS (Blewett et al. 2018).

   The HRS is a national, longitudinal survey of older Americans. Conducted by the University of Michigan with primary funding from the National Institute on Aging, it began in 1992 by interviewing about 12,600 adults ages 51 to 61 and their spouses. These respondents have been reinterviewed every other year, and additional cohorts ages 51 to 56 are added every six years. The most recent available data were collected in 2016. For more information about the HRS, visit http://hrsonline.isr.umich.edu/. We use the survey to measure the prevalence of physically demanding jobs and age discrimination, the probability that workers in their early fifties develop health-related work limitations or become unemployed by age 65, and the likelihood that workers fall into poverty before and after the EEA.

   Our estimates of reemployment probabilities for older laid-off workers are based on data from the 2008 Survey of Income and Program Participation panel, a longitudinal survey of American households conducted by the Census Bureau. The Survey of Income and Program Participation interviews households every four months, collecting information from about 100,000 respondents on employment, earnings, and other topics for the current month and each of the three previous months. Our data cover August 2008 to April 2012.

4 Social Security also provides benefits to survivors of deceased workers, which may now begin as early as age 60. However, less than 3 percent of all Social Security benefits awarded to retired workers, their spouses, and their survivors went to widows or widowers ages 60 or 61 in 2016 (SSA 2017b).

5 In addition, widows and widowers may begin collecting benefits at age 60 based on their deceased spouse’s earnings.
Raising the EEA would reduce Social Security spending somewhat because some covered workers and dependents would die before qualifying for benefits under the higher EEA. Additional savings might be generated if people with shorter life expectancies tend to collect benefits earlier than those with longer life expectancies. Some high-mortality early beneficiaries would not live long enough to collect enough benefits to offset the delay in benefit receipt.

Nonetheless, average claiming ages increased after the FRA was raised from 65 to 66 (Song and Manchester 2007).

Waldron (2007) also found that the lifetime-earnings gap in longevity declined at older ages. Other studies that document socioeconomics differences in mortality at older ages include Bosworth, Burtless, and Zhang (2016) and National Academies of Sciences, Engineering, and Medicine (2015).

Self-reported health status is necessarily subjective, and health problems that one person might consider serious may be dismissed by someone else. Nonetheless, these self-reports appear to contain valid health information. For example, respondents who report poor health exhibit higher mortality rates than those who report better health (Idler and Benyamini 1997).

The National Health Interview Survey asks respondents if they are “limited in the kind or amount of work” they can do because of a physical, mental, or emotional problem. The Health and Retirement Study asks respondents whether they “have any impairment or health problem that limits the kind or amount of paid work” they can do.

Obesity is based on body mass index, defined as weight in kilograms divided by the square of height in meters. People with a body mass index of 30 or more are classified as obese.


The analysis classified respondents as having been subject to age discrimination if they experienced any of the following: not getting hired because of age, hearing a negative age-related remark from a colleague or supervisor, being denied access to training or professional development because of age, being passed up for promotion because of age, or being laid off or fired because of age.

Before 1960, however, only insured adults ages 50 and older could claim disability benefits.

However, workers younger than 31—many of whom are too young to have spent 40 quarters in the workforce—may satisfy the recency-of-work test by earning credits in at least half of the quarters that have elapsed since age 21, as long as they have earned a total of six credits.

The substantial gainful activities amount for individuals who are blind is $1,970.

Medicare benefits, then, may not begin until at least 29 months after disability onset.

The analysis defined meaningful earnings as $20,000 in 2013 and $11,008 in 1995, the equivalent amount in wage-indexed dollars.

The analysis divided married adults’ household income by the square root of two to adjust for the additional resources that married people need relative to single people while recognizing the efficiency gains of shared living arrangements. Income was expressed in 2017 inflation-adjusted dollars.

Social Security reform proposals from the Bipartisan Policy Center (2010) and Diamond and Orszag (2004) would cut monthly retirement benefits as average life expectancy increased, instead of raising retirement ages. This approach is similar to raising the FRA while holding the EEA constant, except that changing the benefit formula could reduce payments to DI beneficiaries, depending on how the reforms were implemented. Raising the FRA and EEA directly does not affect payments to DI beneficiaries.

"After the Normal Retirement Age (NRA) Reaches 67 for Those Age 62 in 2022, Increase Both the NRA and the Earliest Eligibility Age (EEA) by 36/47 of a Month per Year Until the NRA and EEA Reach 70 and 65 Respectively." Social Security Administration, 2018. https://www.ssa.gov/oact/solvency/provisions/charts/chart_run166.html.

Average indexed monthly earnings are the monthly average of the top 35 years of indexed earnings received from jobs covered by Social Security. The index is based on the change in economy-wide average earnings. Working longer can boost future benefits only if indexed earnings in the additional year of employment exceed the lowest year of earnings that had previously entered the calculation. Also, most older married and widowed adults, as well as older divorced adults who had been married for at least 10 years, can receive spousal or survivor benefits. Spousal benefits equal 50 percent of the retired worker benefit, and survivor benefits equal 100 percent of the retired worker benefit. Additional employment by married adults with spouses with much higher lifetime earnings or by widowed adults whose spouses had higher lifetime earnings would not raise Social Security benefits, because their benefits would be based on their (deceased) spouse’s earnings.

As of June 2016, 393,000 DI applications filed in 2015, 343,000 applications filed in 2014, and 164,800 applications filed in earlier years were still pending (SSA 2017a).

In December 2016, 2.6 million adults ages 60 to 64 received disabled worker benefits from DI (SSA 2017a), accounting for 13.5 percent of the 19.3 million Americans in that age group (US Census Bureau 2016).


In Austria, qualifying jobs must require workers to expend at least 2,000 calories a day for men and 1,400 calories a day for women.

Employer compensation would not fall for workers in covered occupations without fringe benefits earning the minimum wage, however, because their employers would not be able to reduce their wages.

The proposal limits the hardship exemption to workers who earned at least $4,800 a year (in 2017 dollars) for at least 25 years and whose average indexed monthly earnings were less than 250 percent of the aged federal poverty level.


The value of a home, a car, burial funds, and household goods are excluded from these limits.

Autor and Duggan (2010) have proposed changes to the US disability system that emphasize rehabilitating disabled workers and shifting some responsibility to employers.
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About the Author

Richard W. Johnson is a senior fellow in the Income and Benefits Policy Center at the Urban Institute, where he directs the Program on Retirement Policy. His current research focuses on older Americans' employment and retirement decisions, long-term services and supports for older adults with disabilities, and state and local pensions. Recent studies have examined job loss at older ages, occupational change after age 50, employment prospects for African Americans and Hispanics age 50 and older, and the impact of the 2007–09 recession and its aftermath on older workers and future retirement incomes. He has also written extensively about retirement preparedness, including the financial and health risks people face as they approach retirement, economic hardship in the years before Social Security's early eligibility age, and the adequacy of the disability safety net. Johnson earned his AB from Princeton University and his PhD from the University of Pennsylvania, both in economics.
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