Can Working Longer Solve Our Budget Problems?

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Chart 1. Average retirement age of American men, 1910-2011

Youngest age at which fewer than 50% of men are in active labor force (in years)

Chart 2. Labor force participation rates of 60- to 70-year-old men, 1910-2011

Chart 3. Labor force participation rates of 60- to 70-year-old women, 1965-2011

Percent of population in indicated age group

Chart 4. Change in labor force participation rates by age group, both sexes, 1948-2011

Chart 5. Change in labor force participation rates by age group, both sexes, 1948-1989

Chart 6. Change in labor force participation rates by age group, both sexes, 1989-2011


Hourly wage of 35-54 year-olds = 100
Chart 8. LFPR at Indicated Ages as a % of LFPR of Cohort at Age 57, Selected Birth Cohorts Attaining Age 60 between 1975 and 2005: Males

Labor force “persistence”:
What % of 57-year-old workers are still in LF at indicated ages?

Source: Author’s calculations based on Current Population Survey files (1975-2010).
Chart 9. Increase in the LFPR at Indicated Ages as % of Cohort's LFPR at Age 57, 1989 to 2010: MEN

Source: Author’s calculations based on Current Population Survey files (1975-2010).
Chart 10. Historical and predicted labor force participation rates, 1975 to 2040: MEN age 65-69

Percent of men who are in the labor force

Historical trend

Projections

Source: Social Security Trustees’ Report (2011) and author’s calculations based on CPS files (1975-2010).
Chart 11. Historical and predicted labor force participation rates, 1975 to 2040: WOMEN age 65-69

Source: Social Security Trustees’ Report (2011) and author’s calculations based on CPS files (1975-2010).
Chart 12. Predicted increase in size of the workforce 55 and older under our alternative scenario, 2010 to 2040

Percent of aged workforce as predicted by the Social Security Trustees (2011 Trustees’ Report)

Source: Social Security Trustees’ Report (2011) and author’s calculations based on CPS files (1975-2010).
Chart 13a. Which of the elderly will join the workforce?

Initial prediction

Still in workforce

Retired

Retired
Chart 13b. Which of the elderly will join the workforce?
Persons on the margin of the workforce

Still in workforce

Retired

Retired
Chart 13c. Which of the elderly will join the workforce?
Final prediction with a higher participation rate
Chart 14. Percent increase in *desired* and *actual* total employment compared with Social Security forecast, 2010-2040

*Source:* Urban Institute (DYNASIM3) and Moodys.Com calculations.
Chart 15. Impact of later retirement on federal deficit under alternative assumptions, 2011-2040

Change in deficit:
Percent of CBO’s “Current Law” baseline forecast

Source: Urban Institute (DYNASIM3) and CBO (2012).
Chart 16. Impact of later retirement on federal deficit under alternative assumptions, 2011-2040

Change in deficit:
Percent of CBO's "Alternative" (i.e., “realistic”) forecast

Source: Urban Institute (DYNASIM3) and CBO (2012).
Chart 17. Impact of later retirement on federal deficit under alternative CBO forecasts of the deficit, 2011-2040

Chart 18. Impact of later retirement on per capita income, by age group, 2020, 2030, and 2040

Source: Urban Institute (DYNASIM3) “alternative 2” labor supply forecast.
Chart 19. Impact of later retirement on per capita income, by educational attainment, 2020, 2030, and 2040

Chart 20. Impact of later retirement on per capita income, by income quintile, 2020, 2030, and 2040

Percent change in income compared with baseline by income quintile: 2020, 2030 & 2040