# Contents

Acknowledgments vii

1 **Employers’ Perspectives on Delayed Retirement** 1
   Employee Preferences for Later Retirement 3
   Delayed Retirement: Impact on Employers 14

2 **Costs and Benefits of Delayed Retirement** 19
   Productivity and Earnings Age Profiles: Impact on the Cost of Production 20
   Cost of Employee Benefits by Age and Tenure 23
   Vintage Effects on Skills and Experience 29
   Promotion and Time in Grade 30
   Summary of Employers’ Concerns about Delayed Retirement 31
   Differences across the Economy 33

3 **Alternative Late Career Employment Arrangements** 37
   The Employer Perspective of Phased Retirement 37
   Regulatory Frictions 40
   Phased Retirement in Higher Education 41
   Age Discrimination Laws 42
   Will Phased Retirement Be an Important Retirement Path in the Future? 44
   Returning to Work after Retirement 46
   Employer Options to Accommodate Delayed Retirement 47

4 **The Role of Public Policies** 49
   Social Security and Medicare Reforms to Promote Delayed Retirement 49
   Public Policies Concerning Modification of Employment Contracts 52
   Impact of Public Policies on Employers, and Their Concerns about Delayed Retirement 53

5 **The Future of Working Longer** 55
   Modifying Employment Contracts to Accommodate Delayed Retirement 55
   Career Employer Concerns with Delayed Retirement 57
   Employer Policies for the Future 59
   Impact of Potential Changes in Public Policy 61
   Demographic Trends and Labor Market Responses 61
Figures

2.1 Decline of Defined Benefit Pension Plans 25
2.2 Coverage by Defined Benefit Plans, by Firm Size 26
2.3 Levels of Private Health Insurance Spending, by Age Group 27

Tables

1.1 Life Expectancy at Birth and Age 65, by Gender 5
1.2 Impact of Longevity Gains on Retirement Income ($) 6
1.3 Labor Force Participation Rates for Men and Women Aged 55 and Older (%) 12