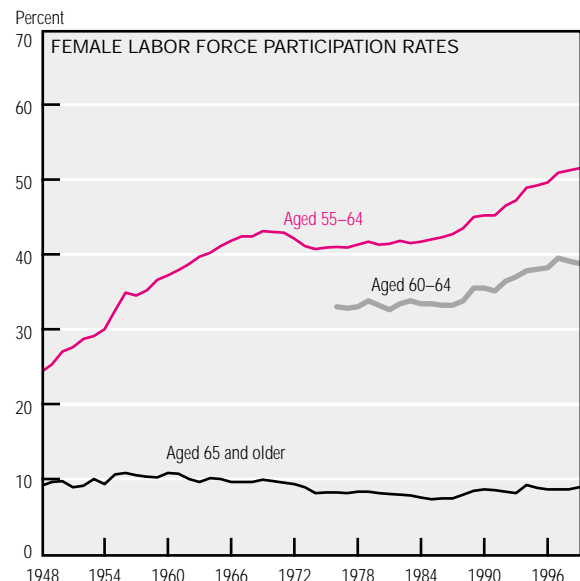
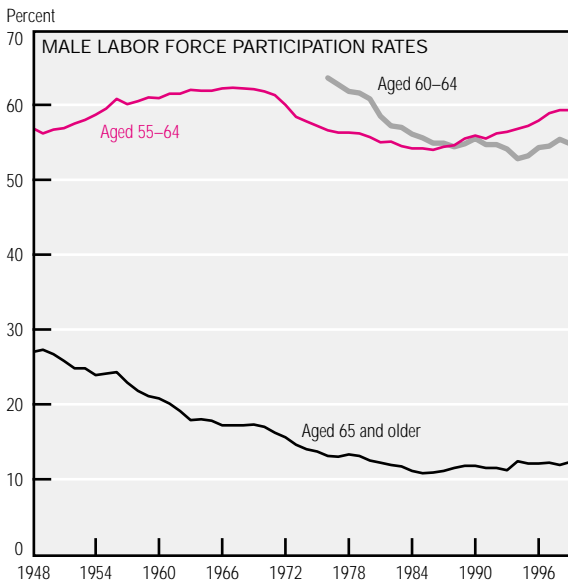
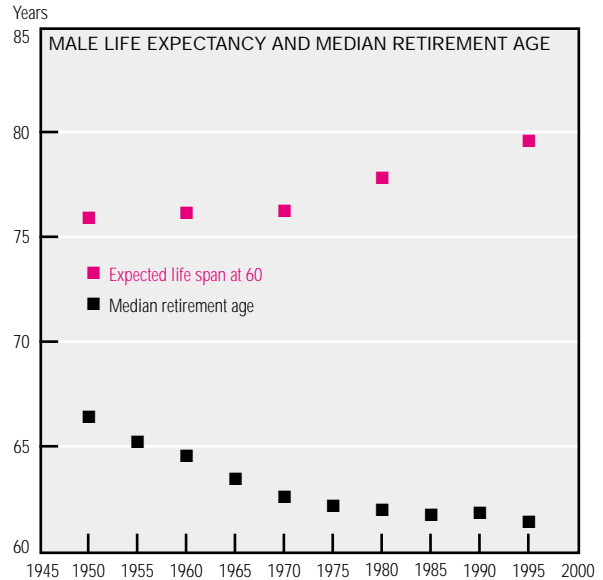
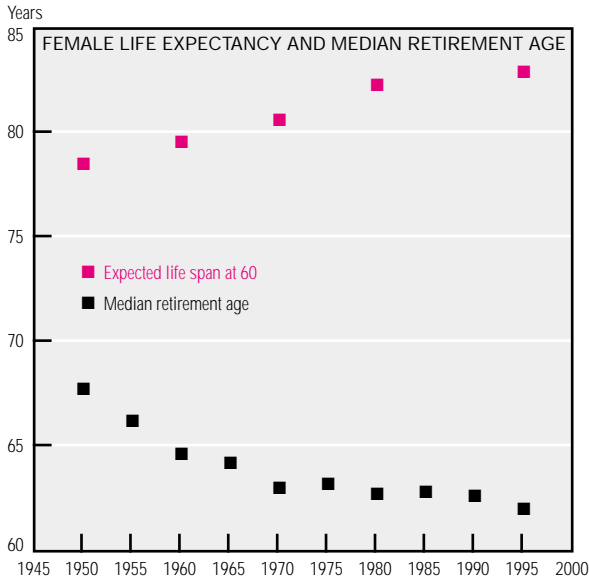


# Life Expectancy and Retirement



SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics, *Vital Statistics of the United States*, 1995; and Murray Gendell and Jacob S. Siegel, "Trends in Retirement Age by Sex, 1950-2005," *Monthly Labor Review*, vol. 115, no. 7 (July 1992), pp. 22-29.

Life expectancy in a given year is the average age a group of newborns would reach if subject to the age-specific death rates prevailing that year. Except for a brief drop caused by the influenza epidemic of 1918, this average trended upward throughout the twentieth century. When Social Security was created in 1935, the average life span was 61.7 years. Sixty years later, it stood at 75.8 years—a gain of 14 years. The number of additional years of life expected at age 60 has also increased. People whose sixtieth birthday fell in 1939-41 lived

another 15.9 years, on average. But those who turned 60 in 1995 could look forward to another 21.1 years—a gain of 6.2 years.

"Retirement" is a twentieth-century phenomenon, resulting from Social Security's retirement earnings test (RET). Until recently, RET heavily taxed the Social Security benefits of people over 65 who earned more than a small amount; it still applies to those aged 62 to 64. In addition to the effects of RET, many defined-benefit private pension plans reduce the pensions of those who work past the plans' early-retirement age. Such

disincentives may have lowered older workers' labor force participation rates in the 1960s, 70s, and 80s.

However, growth in defined-contribution pension plans—which do not incorporate penalties for later retirement—along with the introduction of retirement saving incentives during the 1980s—may have reversed this trend. The new upward direction of labor force participation rates may be strengthened by the recent elimination of RET for those 65 and older. The *median* retirement age, however, continued to trend downward during the 1990s as well.