

The Pension Trust

Carl Nelson, Executive Director
San Luis Obispo County Pension Trust (SLOCPT)
805/781-5465 www.SLOPensionTrust.org

When Should I Retire?

Why is 65 the traditional retirement age?

The NY Times in an April 3rd article on the retirement age commented -

“In 1881, the conservative German Chancellor Otto von Bismarck, proposed a national retirement benefit to appease the leftist masses. He set the retirement age at 70. Average life expectancy at the time? About 40 years.

Germany’s retirement benefit (which was lowered to age 65 in 1916) became the model for many other nations. When President Roosevelt established the Social Security Act of 1935, 65 was similarly chosen as the national retirement age, despite the fact that less than 60 percent of American adults lived that long.

Which is all to say, the national retirement age in the U.S. and elsewhere has origins in a bit of political smoke and mirrors; it began as a symbolic offering, accessible only to the lucky citizens who managed to survive well into old age.”

What is a good retirement age for you?

Assuming that you don’t have to retire earlier than expected due to health, family care, or eldercare issues or a loss of a job, a key determinant will be your expected retirement income. With a Defined Benefit pension that is usually a question of how long to work. You should also have other savings and your Social Security benefit.

You can get retirement estimates for your SLOCPT pension by calling us or using the Member Direct online portal for your pension account.

How long could I work?

In the US the current life expectancy at birth is about age 76. But – once you make it all the way to age 50 or 65 your life expectancy is much longer. As of 2018 the life expectancy of a 50-year-old was –

Men	79.8 years old
Women	83.6 years old

But what about your “**working life expectancy**” – that is how long could you expect to be healthy enough to work? Of course, this varies greatly by individual depending on their health, etc. But population-wide averages are useful data to consider in forming your own expectations. A 2021

study by the Center for Retirement Research at Boston College data estimated average remaining years for a 50-year-old –

Remaining years at age 50	Men	Women
Life expectancy total	29.8	33.6
Free of disability	21.8	23.9
With disability	7.5	9.3
Institutionalized	0.5	0.5

For example, a 50-year-old male, on average, might expect -

- To age 72 free of disability,
- Age 72-79 with some degree of disability (could be mild or severe),
- In a care facility for the last 6 months,
- Total life expectancy just short of age 80.

These are statistical estimates based on population-wide averages. Also, public sector employees tend to have longer lives than the population average. Your individual expectations for working longevity should consider your health, family history, and lifestyle factors.

The moral of the story is - put down that donut, stop smoking, wear your seatbelt, save more money, go for a walk, and retire when you think you are in a financial position to do so. And you can probably work longer than you think you can depending on how strenuous your job is.