



Unretirement: Impacts and Trends

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Unretirement: An overview

- Approximately 20% of retired workers currently work full-time or part-time, with around 7% looking for employment
- 1 in 8 retirees are considering returning to work in 2024
- According to the Pew Research Center, Americans over 75 are the fastest growing age group in the workforce
 - People are living longer and are more likely to be healthy into old age
 - Remote work, part-time work and more flexible schedules = more options for retirees



Unretirement: An overview

- Retirees may return to work for a variety of reasons, including financial necessity and social and emotional fulfillment
- Unretirement trends vary by gender and marital lines
 - Single retirees and women are more likely to cite income as their primary motivator for returning to work, while men are more likely to cite social connections
- Recent wave of unretirement largely attributed to inflation, lessened COVID pandemic concerns, and a tight labor market
- Policy changes have discouraged early retirement

Why are retirees returning to work?

Financial reasons

- Simply need the money
 - Inflation and cost of living
- Insufficient retirement savings
- Want to strengthen retirement savings
- Impact on social security benefits
- Need health care (can't afford otherwise)

Social and emotional benefits

- Mental stimulation
- Meaning and fulfillment
- Social engagement
- Keeping busy
- Remote, part-time or flexible work schedules



Fiscal Impacts of Unretirement

- Fiscal impacts are very difficult to determine and are specific to state/plan postretirement policies and regulations
 - No single agency tracks post-retirement earnings of public retirees
 - Earnings cap calculations are complicated and vary by individual
 - Consideration: cost of hiring and training new workers vs. rehiring retirees with established skills and experience
- Double Dipping?
 - Employers may not have to make pension withholdings for retiree workers
 - Most retirement plans have limitations to prevent double dipping, with penalties for exceeding those limits
 - Limited oversight and reactive enforcement



Individual and Workforce Impacts of Unretirement

- In some plans, reentering the workforce may result in pension benefits being frozen
 - Exceptions exist (employer, sector and plan coverage)
 - Varies by retirement plan and profession
- Social security: may be able to work after FRA without social security benefits being penalized
 - Extra earnings could push retiree into higher tax bracket
 - May have to pay back received benefits depending on timeframe
- Mental stimulation and emotional fulfillment can result in better health outcomes later in life, but physically demanding jobs may have negative impact on health
- Retiree workers can help address critical workforce shortages and skill shortages
- Research from OECD has shown that age-diverse employers are lower in turnover and higher in productivity



Reemployment after Retirement Legislation

- More than 175 bills related to reemployment after retirement or postretirement introduced in 2023; around 60 of these bills were enacted
- To date, 81 bills introduced in 2024; ~ 20 enacted
 - Bills making changes to existing provisions, including caps on annual hours, earning limitations, time required between retirement and reemployment, eligibility;
 - Permitting reemployment of certain workers (e.g. teachers, law enforcement officers, firefighters) without suspension of pension benefits; and
 - Legislation related to penalties for exceeding reemployment after retirement restrictions



Thank you for joining today!

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