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# America's new retirement age is 62 — or younger. The 'Great Resignation' is giving boomers their golden years back.

Ben Winck Sep 8, 2021, 3:29 PM



Residents in the square of The Villages, Florida, retirement community in 2016. Rhona Whise/AFP via Getty Images

Nearly half of Americans in a New York Fed survey said they expected to retire before turning 62.

Retiring earlier lets Americans use their "golden decade" for

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**better financial planning.**

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**But the economy depends on older workers, and a move to retiring early could upend the labor market.**

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Americans plan to retire earlier than ever.

In a July survey of about 1,300 American household heads conducted by the [Federal Reserve](#) Bank of New York, the average chance adults expect to work beyond 62 is 50.1%. That's down from 51.4% in March and marks the smallest share since the Fed's survey began in 2014.

Conversely, the average likelihood Americans retired before 62 closed in on 50%. The chance Americans work beyond 67 also fell in July to a record-low 32.4% from 32.9%.

This could be good news for workers but presents challenges for the

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## 3 reasons Americans are retiring early

More than 1 million older workers have exited the workforce since COVID-19 struck the US in February 2020, according to Bureau of Labor Statistics data. Factors driving the mass exodus — deemed the "[Great Resignation](#)" by the psychologist Anthony Klotz — vary.

For some, the risk of catching the coronavirus countered the desire to keep working. Roughly 1.5 million Americans cited COVID-19 as [the main reason they stayed out of the labor force](#) in August, according to the jobs report. That count held flat from July levels.

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Others likely stayed unemployed because of a lack of attractive employment options. The biggest labor shortages are in the service industries that took the biggest hits during the pandemic. It's possible older workers balked and decided to retire early, Julia Pollak, a labor economist at the job site ZipRecruiter, [told Insider's Juliana Kaplan in July](#).

Soaring stocks also made more people rich enough to retire. The

soaring stocks also made more people rich enough to retire. The number of 401(k) and individual retirement accounts holding at least \$1 million [soared to a record 754,000](#) in the second quarter of 2021, Fidelity said in an August report, up 75% from the year-ago level.

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For all workers, the average 401(k) balance rose 24% to \$129,300 from the year-ago period, Fidelity said. The average IRA balance climbed 21% to \$134,900.

The latest Fed data suggests early exits are the new normal, not a pandemic-era oddity.

## Unlocking the 'golden decade'

The wave of pandemic retirements stands to overhaul the US economy.

For one, it freed up younger baby boomers to better enjoy their 60s (the oldest boomers turned 75 this year). The decade already covers the most common retirement ages, but it also serves as the "golden decade" for tax planning, according to tax experts at [Aspire Planning Associates](#), because it's old enough to retire and young enough to plan ahead to reduce tax costs.

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Early retirements could also relieve some pressure on the labor market and force employers to shift their focus toward younger workers, as employers have grown increasingly reliant on older workers over the past two decades. While employment has been almost flat for workers younger than 55 since 2000, it's grown by nearly 20 million employees for Americans 55 and older, according to the Bureau of Labor Statistics. Simply put, the US economy was increasingly reliant on workers less than a decade from the average retirement age.

### Change in employment by age

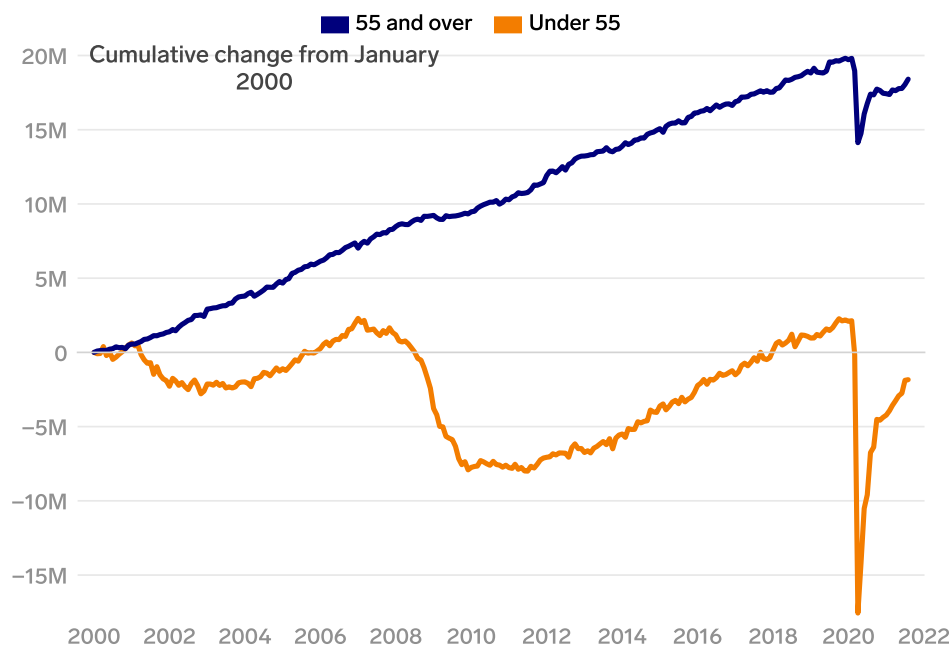


Chart: Andy Kiersz/Insider • Source: Insider calculations with data from Bureau of Labor Statistics via FRED

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The aging of the workforce is another piece in the puzzle of an America shown by the 2020 census [to be having fewer babies](#), with fewer workers around to power the economy. With Americans less

fewer workers around to power the economy. With Americans less likely to work into their 60s and instead take advantage of the golden decade, employers will have to look elsewhere for workers.

The search is already taking place. Job openings [rose to 10.9 million in July](#), marking a fifth consecutive record high. That came despite the US adding 1.1 million payrolls that month, which suggests businesses are still struggling to rebuild their workforces. Employers

will just have to find ways to get younger workers to do the jobs of older ones — or [robots will have to pick up the slack](#).

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