



NEWS RELEASE

Immediate Release

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Actuaries: How Will Boomers Pay for Retirement?

Increased longevity creates need for new retirement policies

WASHINGTON – 24 April 2006 – Gradual retirement may offer just one of the solutions for the challenges ahead for baby boomers. According to a recent **American Academy of Actuaries** issue brief, *Longevity and Retirement Policy: Modernizing America's Retirement Programs to Keep Pace with Longevity*, Americans living longer and working fewer years is placing a strain on retirement resources.

Americans are entering the workforce later and are retiring earlier than before. Combined with an increased life expectancy, Americans are spending more time in retirement— on average 20 years today compared to 13 years in 1940. In the past 66 years, the ratio of retirement years to years in the workforce has increased by 79 percent.

“The changing demographics mean that people may not have adequate benefits for retirement,” said **Bruce Schobel**, the chairperson of the Academy’s **Retirement Security Principles Task Force**. “To prepare, workers need to reassess their retirement options, employers need to reconsider their employment practices and plan benefits, and policymakers need to develop new options to address the looming shortfalls.”

The actuaries suggest, among several options, to modify Internal Revenue Service regulations to allow employees to work at a reduced schedule while receiving partial benefits. This is a process commonly referred to as phased retirement. Other potential solutions in the brief include utilizing more flexible hybrid pension plan designs; increasing retirement ages for both private pension and social programs, such as Social Security; and curbing the use of early retirement subsidies.

To view the issue brief and the extensive list of policy options, visit www.actuary.org. For more information or to schedule an interview with Bruce Schobel, contact Andrew Simonelli, media relations manager for the American Academy of Actuaries, at 202.785.7872.

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