

# It Takes a Village to Help People Working in Retirement

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It may take a village to raise a child, but it may also take a village to help older people figure out whether and how to work in retirement. This essay posits that the insurance and financial industry can address that issue as a “business village.” It can do so by targeting the working-while-retired population as a subset of the industry’s well-established “Older Americans Market.”

As will be seen, the working-while-retired demographic has continued to grow over recent decades to the point that some insurance and financial firms in the village may now consider working retirees a potential niche market. Some may even consider it a viable market and one worth developing.

The industry already offers many products and services that are designed to help older people retire successfully regardless of retirement lifestyle. However, the industry generally does not focus on nor promote working-while-retired products, services and expertise as distinct from the broad group. This leaves working retirees without the “business village” that can help them with their unique insurance and financial needs, issues, wants and goals.

For purposes here, this village includes advisors, providers, online information sources, consultants and other experts in insurance and financial services. These are experts who are well positioned to develop and promote the proposed specialty in the working-while-retired market.

## Some Demographic Highlights

Some older people are indeed working for pay after officially retiring from their regular job, usually in their early-to-mid 60s. The work varies from part-time to fee-based, fulltime (year-round or as needed) and other structures. The jobs range from commercial driving, regular babysitting, and lawn work to expert consultations, freelance and gig work, and occasional corporate work, even employment.

Reasons for working while retired include changes to Social Security benefits and employee retirement plans and a need to save more for retirement.<sup>1</sup> Chart 1 shows some other reasons, as told to me during various interviews in recent years.

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<sup>1</sup> Toossi, Mitra and Elka Torpey, “Older workers: Labor force trends and career options,” *Career Outlook*, U.S. Bureau of Labor Statistics, May 2017. <https://www.bls.gov/careeroutlook/2017/article/older-workers.htm>

## CHART 1

Reasons given for working in retirement
<ul style="list-style-type: none"><li>• Serious financial need</li><li>• Enjoy working</li><li>• Gives me a sense of purpose</li><li>• Good way to socialize</li><li>• Could live 20 more years</li><li>• Saving for future health care costs</li><li>• Pay off the mortgage and/or new digs</li><li>• Have money for fine dining--often</li><li>• Will help me ease into full retirement</li><li>• Retirement is boring; I'm going crazy</li></ul>

Source: Retiree comments in interviews with author

The kind of help these individuals seek often varies by current life situation and former work experience. The hot topics I often hear include: handling taxes as a self-employed retiree, health insurance options (especially if not yet in Medicare), business insurance needs, financing and loan possibilities, advertising strategies, availability of solo retirement plans, work-at-home issues, legal issues, safe investing strategies, and finding an advisor or company for a needed insurance/financial product or service. That is just the short list.

Working at the older ages is not the rarity it once was. U.S. Bureau of Labor Statistics (BLS) data shows that in March 2019, about 40% of people ages 55+ were working or actively looking for work.<sup>2</sup> By comparison, back in 1990, the age 55+ share of the labor force was only 11.9%.<sup>3</sup> (The data set does not show the percentage who had self-identified as working-while-retired, but it is likely that many of these individuals would have fit that category.)

The *Society of Actuaries (SOA) 2019 Risks and Process of Retirement Survey* found that 36% of 1,000+ surveyed retirees age 65+ were working in 2018.<sup>4</sup> The sample data was weighted in categories to match targets from the March 2018 *Current Population Survey (CPS)*, including people having different asset and income levels, the researchers point out.

## A Market with Presence and Growth

“Over the last 25 years,” observes Anna Rappaport, chair of the SOA’s Committee on Post-Retirement Needs and Risks, “labor force participation has increased for older Americans, with much larger increases for older women.”<sup>5</sup>

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<sup>2</sup> Torpey, Elka, “Projected job growth in occupations with large shares of older workers,” *Career Outlook*. Bureau of Labor Statistics, May 2019 [https://www.bls.gov/careeroutlook/2019/data-on-display/older-workers-and-occupational-employment-growth.htm?view\\_full](https://www.bls.gov/careeroutlook/2019/data-on-display/older-workers-and-occupational-employment-growth.htm?view_full)

<sup>3</sup> Toossi, Mitra and Elka Torpey, May 2017.

<sup>4</sup> Greenwald & Associates, “2019 Risks and Process of Retirement Survey,” Society of Actuaries, May 2020, <https://www.soa.org/globalassets/assets/files/resources/research-report/2020/2019-risks-process-retirement-survey.pdf>

<sup>5</sup> Rappaport, Anna, “Reboot, Rewire or Retire: Next Steps after Full-Time Work – Part 1: The Big Picture,” *Retirement Section News*, Society of Actuaries, April 2020, [https://sections.soa.org/publication/?m=59670&i=656643&view=articleBrowser&article\\_id=3647773](https://sections.soa.org/publication/?m=59670&i=656643&view=articleBrowser&article_id=3647773)

True enough, some older people who want to work after departing fulltime jobs don't always end up doing so, SOA researchers have found.<sup>6</sup> But the overall numbers still point to growth. For instance, BLS projects that by 2024, the labor force will grow to about 164 million people, including about 41 million people ages 55+—of whom about 13 million are expected to be ages 65 and older.<sup>7</sup>

In addition, the U.S. Administration for Community Living found that by 2017, there were 9.6 million (19.3%) of age 65+ Americans in the labor force (working or actively seeking work). This population constituted 6% of the country's total labor force that year, with about 3% being unemployed.<sup>8</sup> But by 2060, Community Living projects the 65+ population could almost double to 98 million.<sup>9</sup> Assuming the actual number will be close to that assessment, the working-while-retired market will not only still exist; it will also have increased substantially.

For purposes of niche market development, the important trend to note is that older workers do appear to be on their way to becoming an ever-larger market segment that should be hard for the “business village” to ignore. This has important implications for firms looking to serve niche markets.

## The Impact of COVID-19

The COVID-19 pandemic will likely have a negative impact on working-while-retired prospects. The overall vulnerability of older people to the coronavirus which causes COVID is one reason. The COVID-related furloughs, layoffs and business closures will play a role too as will COVID-related illnesses and deaths among older individuals.

It would be a mistake to assume, however, that the working-while-retired demographic will vanish. A more likely scenario is that this workforce segment will find ways to reinvent itself in light of COVID—just as younger population segments will do. Much depends on what happens in the overall economy, a picture that remains cloudy at this writing.

Surprising to me is that a good number of older individuals of my acquaintance locally and across the country are continuing to work-while-retired, despite COVID. Many are highly-skilled, whether in the professions, businesses or trades, and they are in good general health. Most self-describe as “semi-retired.” A few have developed their former hobbies into freelance occupations. Some take on two or more part-time jobs or a handful of clients. Virtually all have leveraged their skill sets and connections to meet marketplace demand during the COVID era. They clearly want to keep working.

That said, as indicated earlier, many retirees do need guidance and products from the insurance and financial community—their “business village”—in order to succeed at working-while-retired plans.

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<sup>6</sup> Greenwald, “2019 Risks and Process of Retirement Survey.”

<sup>7</sup> Toossi, Miltra and Elka Torpey, May 2017.

<sup>8</sup> “2017 Profile of Older Americans,” The Administration for Community Living, which includes the Administration on Aging, and which is an operating division of the U.S. Department of Health and Human Services, April 2018,

<https://acl.gov/sites/default/files/Aging%20and%20Disability%20in%20America/2017OlderAmericansProfile.pdf>

<sup>9</sup> Ibid.

## Need a Roadmap

The pre-retirement work experience of age 55+ individuals does not necessarily provide today's older workers with a suitable roadmap for working-while-retired. This is especially so for those who lack experience in computers, social media, voice mail, webinars, and related technologies.

Many organizations, social service groups and business groups do offer support services that provide assistance in these and other work-related areas. Think SCORE, AARP, U.S. Commerce Department, Small Business Administration, Chambers of Commerce, community colleges and community centers, job finder websites, and more. State and local business organizations, trade groups, and special interest groups do this too. In addition, the insurance and financial sector has its own roster of organizations that provide timely information about retirement needs and issues.

Unfortunately, many of the above groups do not focus much on working-while-retired concerns. This creates an opening for the "business village" of insurance and financial services. If firms in this sector start addressing these issues and needs with tailored products and services, the target demographic will gain an advantage they did not have before. That is, they will gain access to the specialized business help they need in the insurance/financial arena. For its part, the industry players will uncover a new niche opportunity.

The business case for adopting the village approach to older workers is this: 1) the older population is growing and has identifiable insurance and financial needs; 2) many such individuals can afford and will buy the industry's niche products and services, especially if tailored to their needs; and 3) certain segments of this population have, or will develop, a net worth that makes them suitable candidates for more advanced products and services. In sum, the possible gains include: consumer needs met, village business grows, and a viable niche market expands.

## Ideas to Consider

Following are some ideas for insurance and financial advisors, service reps, actuaries, product developers, marketers, corporate executives, and business partners to consider if wanting to develop this niche.

**Make relevant suggestions:** Older people don't always know how to secure work opportunities in retirement or how to manage the financial aspects of part-time, fee-based or similar arrangements. Many find self-employment daunting, especially if their work entails billing, bookkeeping, accounting software, and more. The village can make valuable contributions here by positioning their firms as work transition experts and providing the business acumen and right-sized products these workers need. This assumes the firms have offerings designed for this niche.

**Taxes, taxes, taxes:** Retirees who gain work as an independent contractor of some sort may face tax issues they never before encountered. Quarterly tax estimates, work-from-home deductions, impact of fluctuating income on their tax bracket and business need are a few examples. If the village becomes a source of tips along with suitable products, the retirees will start to pay attention.

**Estate and income planning:** Do either of these planning areas change because a person now works in retirement? If so, which ones and how? The industry should ace this one by supplying information, referrals to experts and recommended strategies, products and services.

**Cost/benefit decision:** How to measure the cost/benefit of working-in-retirement versus just retiring. What are the implications for one's insurance coverages and investment allocations? Offer advice services to help older people think this through.

**Pick a working-while-retired niche.** This market has sub-niches, either by industry, income, location, or other characteristics. Village firms that identify sub-niches that best fit their firm's expertise will find it relatively easy to build outreach from there. Older workers are likely to value firms that speak their own language.

**Address security:** Older people, whether still working, fully retired, or working-in-retirement, are often targets for scams, phishing and other attempts at fraud. Including tips or services aimed at protecting privacy, identity, etc., could have strong appeal to this demographic.

**Health care choices:** Health insurers, brokers, and agents already provide a lot of education about senior health insurance issues and products. But when people are looking to work while retired, they want to know what happens to their insurance if they get a part-time job or start a business. Who will help?

**Define retirement:** This is no longer a well understood term. If someone retires from a 9-to-5 job and then starts selling home-crafted birdhouses from the garage, is that person really retired? What if an older person works regularly as a volunteer? What if a retiree works sporadically, on and off every few weeks or months? A lot of older workers avoid the R-word because they are not sure what they do fits common understandings. This is not likely to be resolved any time soon, so why not define the term as the firm sees it and be consistent with it in all materials. In office consults, clarify the term with clients.

## Closing Suggestion

**Address the actual situation.** Pay close attention to the working retiree's actual needs, concerns and focus. Surveys and research studies help provide insight but also listen to the worker's unique story. This will help avert misunderstandings that impede connection, as happened in the vignette below:

*A young wife and mother complained about all the financial stressors her family was facing. She then turned to an older man sitting nearby at the same gathering and said: "You're lucky. You're retired. You don't deal with all this anymore!" The man, who was working-while-retired, responded: "Yes, I do feel fortunate. But when you get to be my age, you'll see that financial pressures don't go away just because you've retired. I still have to eat. And I still need to pay for housing, car, clothing, insurance, medical care, home repair, family assistance, and more." The woman flushed and then apologized for having made the wrong assumption.*

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