



# RESEARCH AND STATISTICS NOTE

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## Employment at Older Ages and Social Security Benefit Claiming, 1980–2018

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### Introduction

A retired worker's Social Security benefit depends in part on the age at which he or she claims benefits. Working longer and claiming benefits later increase the monthly benefit. Information about trends in employment at older ages and the age at which individuals claim Social Security benefits can help policymakers assess the effectiveness of current policies in influencing the timing of retirement and benefit claims. Both the labor force participation rate (LFPR) among older Americans and the age at which they claim Social Security retirement benefits have risen in recent years. For example, from 2000 through 2018, the LFPR among individuals aged 65–69 rose from 30 percent to 38 percent for men and from 19 percent to 29 percent for women. Since 2000, the proportion of fully insured men and women who claim retirement benefits at the earliest eligibility age of 62 has declined substantially.

### The Aging U.S. Population

Over the next 20 years, the proportion of Americans who are aged 65 or older will rise substantially. The Census Bureau projects that while the total U.S. population will increase from 333 million in 2020 to 374 million in 2040—an increase of 41 million—the number of people aged 65 or older will increase from 56 million to 81 million—an increase of 25 million. As a result, the proportion of the population that is aged 65 or older is projected to rise from 16.8 percent in 2020 to 21.7 percent in 2040 (Census Bureau 2017, Table 2). The rise in the number of older Americans will result in higher expenditures for Social Security, Medicare, and Medicaid, and will affect the amounts and sources of income for tens of millions of individuals and families.

The projected growth in the proportion of the population that is aged 65 or older over the next 20 years will reflect long-term demographic trends, especially the rise and subsequent fall in birth rates in the second half of the 20<sup>th</sup> century. Changes in birth rates and death rates typically occur over long periods, and they can take decades

#### Selected Abbreviations

BLS	Bureau of Labor Statistics
DI	Disability Insurance
DRC	delayed retirement credit
FRA	full retirement age
LFPR	labor force participation rate
OACT	Office of the Chief Actuary
P.L.	Public Law
RET	retirement earnings test
SSA	Social Security Administration

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to affect the age profile of a nation's population. By contrast, trends in retirement age—and in the age at which individuals claim Social Security benefits—can change substantially in a short time. Choices about retirement and Social Security benefit claiming can affect individuals' retirement income many years into the future. By delaying retirement, for example, workers can continue to accumulate savings instead of beginning to draw those savings down to pay their living expenses. Additionally, workers who delay claiming their Social Security benefits until after the earliest age of eligibility receive larger monthly benefits for life.

This research and statistics note updates Purcell (2016). It presents new data on trends in the LFPR of older Americans, in the age at which people claim Social Security retired-worker benefits, and in the proportion of men and women aged 62 or older who receive disabled-worker or retired-worker benefits. The data are summarized in six charts. The first chart shows LFPRs based on data collected in the Current Population Survey (CPS), a monthly survey of households conducted by the Census Bureau. The CPS collects data on employment, unemployment, persons not in the labor force, hours of work, and earnings, along with other demographic and labor force characteristics (Census Bureau, n.d.). It is the primary source of data for estimates of the national unemployment rate published monthly by the Bureau of Labor Statistics (BLS). The chart presents annual averages of those CPS data as compiled by BLS. The next five charts illustrate trends in Social Security benefit claiming behavior and in beneficiaries as a percentage of the population fully insured for Social Security benefits. Those charts are based on administrative records and estimates prepared by the Office of the Chief Actuary (OCACT) of the Social Security Administration (SSA) for the *2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (or simply the *Trustees Report*).

This note also includes appendices that provide information on Social Security rules and definitions that are relevant to deciding when to claim retired-worker benefits. The appendices also address rules changes enacted in 1983, 2000, and 2015 that affect workers in earlier and later birth cohorts differently.

### ***Trends in Labor Force Participation at Age 55 or Older***

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The civilian labor force comprises noninstitutionalized individuals aged 16 or older who are working (full time or part time) or are unemployed and looking for work (BLS, n.d.). People aged 16 or older who are neither working nor looking for work are considered not to be in the labor force; those individuals are mainly full-time students, parents caring for children, persons with disabilities, and retirees.<sup>1</sup> The LFPR is the percentage of civilian noninstitutionalized individuals aged 16 or older who are working or are unemployed and looking for work.

The LFPR is highest at ages 25–54 for both men and women, and it is higher at all ages for men than for women. Over the last 60 years, however, the LFPR among ages 25–54 has fallen for men, while it has risen for women.<sup>2</sup> The LFPR declines as workers age. At ages 55 or older, many workers begin to leave the labor force because of age-related disability or because they choose to retire. Over the last 30 years, the LFPRs of women aged 55 or older and men aged 60 or older have risen. A number of factors may have contributed to the rising LFPR among older Americans. A partial list includes the long-term shift in employment toward industries and occupations that require relatively less physical strength, the trend

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<sup>1</sup> Some people who report that they are neither employed nor looking for work may be employed in the “underground” or “shadow” economy.

<sup>2</sup> A number of studies have examined the demographic, social, and economic factors that have contributed to the increase in the LFPR among women aged 25–54 and the decline in the LFPR among men in that age group over the last several decades. See, for example, Juhn and Potter (2006), Aaronson and others (2014), Council of Economic Advisors (2014), and Social Security Advisory Board (2015).

away from defined benefit pensions to defined contribution retirement savings plans, the decline in the availability of employer-sponsored retiree health insurance, and the 1983, 2000, and 2015 Social Security rules changes (discussed later).

The increase in the LFPR at ages 55 or older has occurred while the number of single-person households has risen, as more people are either divorced or never married when they reach traditional retirement ages. Higher employment rates at older ages could be either a cause or an effect of the increase in single-person households. On one hand, working at older ages may enable greater numbers of older Americans to live alone. On the other hand, the absence of a spouse—and possibly a second source of income—may make it necessary for people who live alone to work longer.

Chart 1 illustrates the LFPRs for 1980, 1985, and 1990–2018 among men and women in four age groups: 55–59, 60–64, 65–69, and 70 or older. Men aged 55–59 are the only group represented for whom the LFPR did not rise after 1985. The LFPR among men aged 55–59 fell from 82 percent in 1980 to 77 percent in 2000. Thereafter, it fluctuated within a narrow range of 77–79 percent through 2018. The LFPR among men aged 60–64 also fell in the period 1980–2000, from 61 percent to 55 percent. Thereafter, it increased slowly but steadily, reaching 60 percent in 2010 and 63 percent in 2018. Although the LFPR among men (and women) aged 65 or older has been increasing for the last 25 years, it remains much lower than the rate among men (and women) aged 55–64. For example, 79 percent of men aged 55–59 and 63 percent of men aged 60–64 were in the labor force in 2018, compared with 38 percent of men aged 65–69 and 17 percent of men aged 70 or older. In other words, in 2018, the LFPR of men aged 65–69 was less than half that of men aged 55–59.

Historically, the LFPR among women aged 55 or older has been lower than the LFPR among men of that age. Although the gap narrowed substantially after 1980, the LFPR among women aged 55 or older remained lower than that of men 55 or older in 2018. For the 55–59 age group, 66 percent of women were in the labor force in 2018, 13 percentage points lower than the rate among men of the same age. For ages 60–64, the LFPR among women was 52 percent in 2018, compared with 63 percent among men. Likewise, women’s LFPRs of 29 percent for ages 65–69 and 10 percent for ages 70 or older were lower than the corresponding rates of 38 percent and 17 percent among men in the respective age groups.

After steadily rising from 49 percent in 1980 to 61 percent in 2000 and 68 percent in 2010, the LFPR among women aged 55–59 then declined slightly to 66 percent in 2018. Among women aged 60–64, the LFPR rose from 33 percent in 1980 to 40 percent in 2000 and 51 percent in 2010. At that point, it leveled off before rising slightly to 52 percent in 2018. Among women aged 65–69, the LFPR rose from 15 percent in 1980 to 19 percent in 2000 and 27 percent in 2010. By 2018, it had risen to 29 percent. Among women aged 70 or older, the LFPR was relatively flat from 1980 through 2000, averaging 5 percent per year. From 2000 through 2018, the LFPR of women aged 70 or older increased from 6 percent to 10 percent.

### ***Growth in the Population That Is Fully Insured for Retired-Worker Benefits***

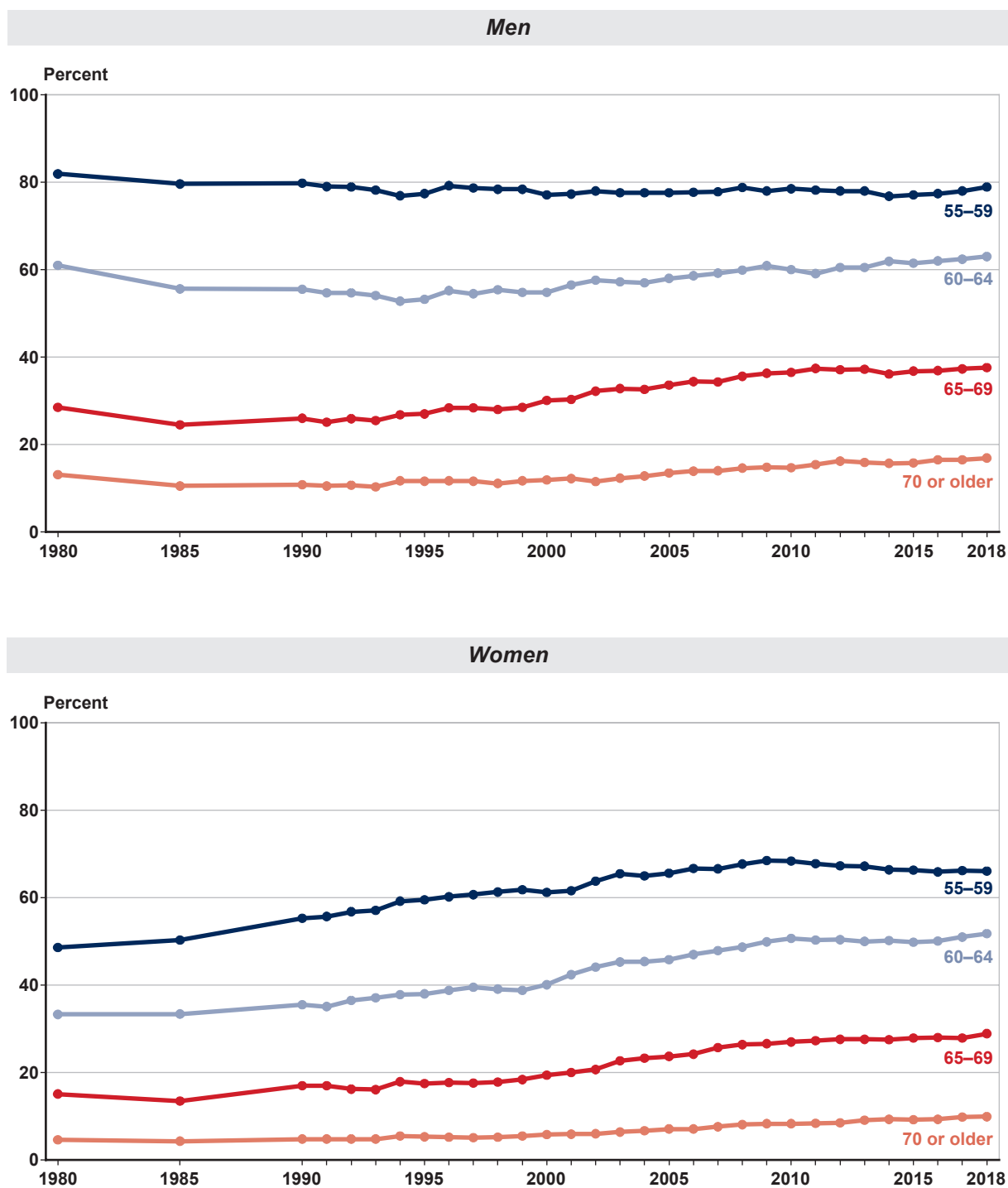
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A worker becomes insured for retirement benefits through employment that is subject to Social Security payroll taxes, called “covered employment.” To be fully insured for retired-worker benefits, a worker must accumulate 40 credits (requiring at least 10 years) of Social Security–covered employment. The amount of earnings needed to earn one credit can change slightly each year depending on the change in national average earnings. A worker can earn up to four credits in a year, and because earnings determine credits, four credits can be earned in fewer than four calendar quarters of covered employment.<sup>3</sup>

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<sup>3</sup> Retired-worker beneficiaries include those entitled solely to a retired-worker benefit and those who are dually entitled to a retired-worker benefit and a spouse’s or widow(er)’s benefit.

**Chart 1.**  
**LFPR for men and women aged 55 or older by age group, selected years 1980–2018**

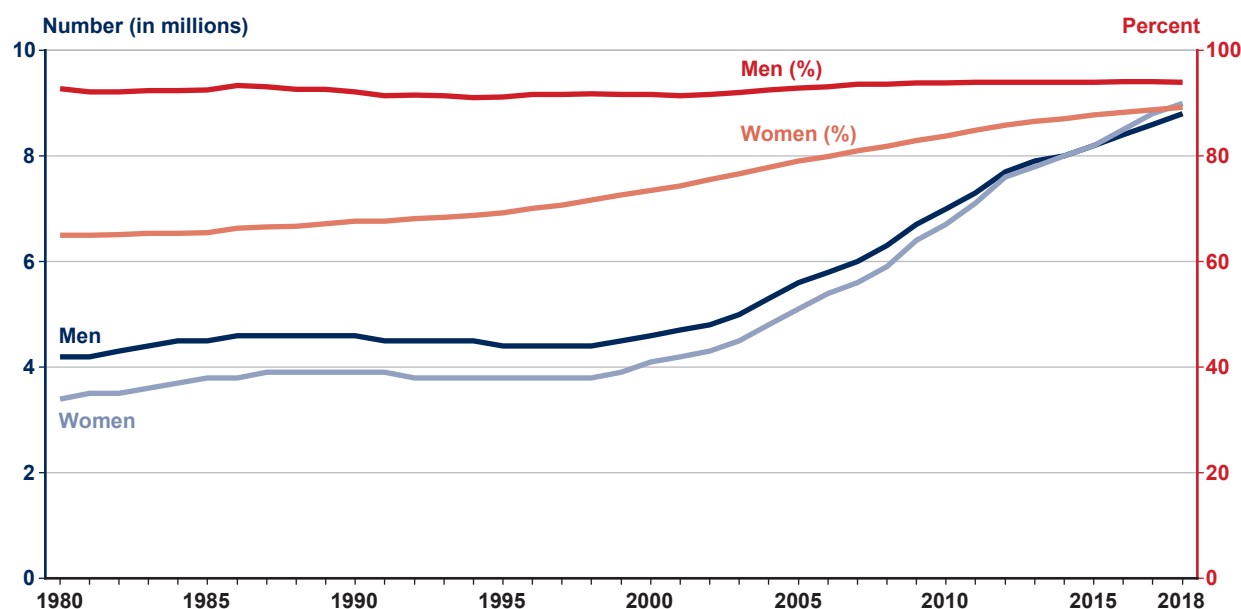


SOURCE: BLS data based on the CPS.

Chart 2 shows that from 1980 through 2018, the number of men aged 62–66 who were fully insured for retired-worker benefits more than doubled, rising from 4.2 million to 8.8 million. However, the percentage of men aged 62–66 who were fully insured increased by only 1 percentage point, from 93 percent to 94 percent. The percentage of men who are fully insured for retired-worker benefits is unlikely to rise much above 94 percent because about one-fourth of state and local government workers are not covered by Social Security, some individuals are disabled throughout their adult lives, and some older immigrants never accumulate 40 credits of Social Security–covered employment. Going forward, these circumstances are unlikely to change substantially.

Because of a long-term rise in the LFPR among women of all ages, both the number and the proportion of women who are fully insured for Social Security retired-worker benefits have increased. From 1980 through 2018, the number of women aged 62–66 who were fully insured rose from 3.4 million to 9.0 million and the proportion of women aged 62–66 who were fully insured increased from 65 percent to 89 percent. In 2018, the number of women aged 62–66 who were fully insured for retirement benefits (9.0 million) exceeded the number of men the same age who were fully insured (8.8 million). Nevertheless, the percentage of women in this age group who were fully insured (89 percent) remained lower than the percentage of men who were fully insured (94 percent).

**Chart 2.**  
**Number and percentage of men and women aged 62–66 who are fully insured for Social Security retired-worker benefits, 1980–2018**



SOURCES: SSA OCACT and Office of Research, Evaluation, and Statistics.

NOTES: “Percentage” represents the fully insured share of the population aged 62–66 residing at year-end in the “Social Security area.” This includes residents of the 50 states and the District of Columbia (adjusted for Census undercount), Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands; federal civilian employees and persons in the U.S. armed forces abroad and their dependents; crew members of merchant vessels; all other U.S. citizens living abroad; and noncitizens living abroad who are insured for Social Security benefits.

Age is as of year-end.

## Social Security Retired-Worker Benefit Claims by Age

Workers who have earned at least 40 credits of Social Security—covered employment are fully insured for retired-worker benefits. The earliest eligibility age for claiming a retired-worker benefit is 62; however, a worker who claims benefits before attaining full retirement age (FRA) receives permanently reduced monthly benefits. FRAs differ depending on year of birth (Table 1). For people who attained age 62 before 2000 (born in 1937 or earlier), the FRA is 65. For individuals who turn 62 in 2020 (born in 1958), the FRA is 66 and 8 months. The FRA for individuals who will attain age 62 in 2022 or later is 67. Appendix A provides further detail on the FRA.

Delayed retirement credits (DRCs) permanently increase the monthly Social Security benefit for workers who claim after reaching FRA (see Appendix B). DRCs accumulate with each month that a worker defers claiming until age 70. DRCs do not accumulate after age 70.

In the *Annual Statistical Supplement to the Social Security Bulletin* (or simply the *Annual Statistical Supplement*), SSA publishes data on the number of claims for retired-worker benefits filed by men and women aged 62 or older. From these statistics, one can calculate the percentage of all claims in a given year that were filed by individuals of a given age. The numerator of this fraction is the number of men (or women) of a particular age who claimed retired-worker benefits in the year and the denominator is the total number of claims for retired-worker benefits by all fully insured men (or women) aged 62 or

**Table 1.**  
**Social Security FRA, by year of birth**

Year of birth	FRA	Year in which individual attains—	
		Age 62	FRA
1937 or earlier	65	1999 or earlier	2002 or earlier
1938	65 and 2 months	2000	2003 or 2004
1939	65 and 4 months	2001	2004 or 2005
1940	65 and 6 months	2002	2005 or 2006
1941	65 and 8 months	2003	2006 or 2007
1942	65 and 10 months	2004	2007 or 2008
1943	66	2005	2009
1944	66	2006	2010
1945	66	2007	2011
1946	66	2008	2012
1947	66	2009	2013
1948	66	2010	2014
1949	66	2011	2015
1950	66	2012	2016
1951	66	2013	2017
1952	66	2014	2018
1953	66	2015	2019
1954	66	2016	2020
1955	66 and 2 months	2017	2021 or 2022
1956	66 and 4 months	2018	2022 or 2023
1957	66 and 6 months	2019	2023 or 2024
1958	66 and 8 months	2020	2024 or 2025
1959	66 and 10 months	2021	2025 or 2026
1960 or later	67	2022 or later	2027 or later

SOURCE: SSA.



older in that year.<sup>4</sup> Another way to look at the distribution of claims by age is to calculate the percentage of fully insured individuals of a given age who claimed benefits in a given year. The numerator for that calculation is the number of men (or women) of a particular age who claimed retired-worker benefits in a year and the denominator is the total number of fully insured men (or women) *of that age* in that year. The first method calculates the probability that a man or woman who claimed benefits in a given year was, for example, 62 years old, and the second method calculates the probability that a fully insured man or woman aged 62 in a given year claimed benefits in that year.

The two methods will yield similar results if the number of people in each age group is roughly similar from year to year. However, if the number of people of a particular age changes substantially over time, results will differ between the two methods (Munnell and Chen 2015). For example, if the population of fully insured 62-year-old men fell from one year to the next but the percentage of 62-year-old men who claimed retired-worker benefits did not change, the first method would show a year-to-year decline in *claims filed by 62-year-old men as a percentage of all claims filed by men*. The second method, on the other hand, would show no change in the *percentage of 62-year-old men who claimed benefits*.

Congress can affect the percentage of eligible individuals of a given age who claim benefits by changing the laws that govern the benefit levels available at the earliest eligibility age and at FRA (or later). For example, by replacing the formerly universal FRA of 65 with phased increases in FRAs affecting people born after 1937, Congress increased the financial incentive to delay claiming until after age 62. By contrast, one age group's share of all claims filed in a given year depends on past demographic trends—such as the relative sizes of adjacent birth cohorts—as well as on the financial incentives that influence individual choices. Consequently, the share of fully insured individuals of a given age who file benefit claims in a given year presents a clearer picture of claiming trends than does the share of insured individuals of all ages who file at that given age in that year.

Charts 3–5 show, for selected intervals during the period 1985–2018, the number of fully insured men and women eligible to claim retired-worker benefits, the number who claimed benefits, and the percentage of eligible individuals who claimed (the “claiming rate”) at ages 62, 65, and 66. Those ages represent, respectively, the earliest eligibility age for retired-worker benefits, the FRA for individuals born before 1938, and the FRA for those born during the period 1943–1954. (The FRAs for individuals born during 1938–1942 or 1955–1959 vary in 2-month increments; see Table 1.) Because the charts reflect end-of-year ages, they depict the claiming experience of discrete annual birth cohorts.<sup>5</sup>

The data in Charts 3–5 are the annual averages for each interval. Using multi-year averages reduces the effects of random year-to-year variations in claims. The ratio of claims to eligible persons (the claiming rate) represents the proportion of those “at risk” of claiming retired-worker benefits at each age who claimed benefits at that age. To be at risk of claiming a retired-worker benefit, an individual must (1) have reached age 62; (2) be fully insured for retired-worker benefits; and (3) not already be receiving retired-worker benefits, spouse benefits, survivor benefits, or disabled-worker benefits.<sup>6</sup>

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<sup>4</sup> For example, in 2018, retired-worker benefits were awarded to 1,581,391 men aged 62 or older. Of this number, 264,844 were conversions from disabled-worker benefits to retired-worker benefits at FRA. Of the 1,316,547 net new retired-worker benefit awards, 432,821 (32.9 percent) were awarded to men who were 62 years old at that time (SSA 2019, Table 6.A4).

<sup>5</sup> Data on claims by age in the *Annual Statistical Supplement* are based on age in the month of the claim. Charts 3–5 in this note follow the convention used by OCACT in preparing the annual *Trustees Reports* by using age at the end of the calendar year.

<sup>6</sup> Disability Insurance benefits automatically convert to retired-worker benefits when the beneficiary reaches his or her FRA. This does not change the amount of the benefit. It affects only the classification of benefit type.

Among individuals in a given birth cohort, the number at risk of becoming new retired-worker beneficiaries is largest in the year when they attain age 62. At age 62, individuals who are fully insured and who are not receiving disabled-worker benefits can choose to claim retired-worker benefits. When members of the same birth cohort attain age 63, those who remain at risk of becoming retired-worker beneficiaries consist of all who (1) are fully insured; (2) are not receiving disabled-worker, spouse, or survivor benefits; and (3) did not claim retired-worker benefits at age 62. The remainder of this note refers to individuals who meet the applicable conditions, and are therefore at risk of claiming retired-worker benefits, as *eligible* individuals.

Charts 3–5 show that the pattern of claims by age changed after 2000. Revisions to the Social Security Act, as well as other factors, likely contributed to the change.<sup>7</sup> The Social Security Amendments of 1983 (Public Law [P.L.] 98-21) raised the FRA incrementally from 65 to 66 for individuals born during the period 1938–1943, thereby affecting people who would be reaching age 62 over a 6-year period beginning in 2000. As the FRA increased across birth cohorts, the reduction in benefits payable for those who claimed before reaching FRA increased. For example, the monthly benefit payable at age 62 decreased from 80 percent of the amount payable at FRA for a person born in 1937 to 75 percent for a person born in 1943, creating a financial incentive for workers in later cohorts to delay claiming until after age 62. The 1983 amendments raised the FRA incrementally from 66 to 67 for individuals born during the period 1955–1960, affecting people who reach age 62 in 2017 or later. The Senior Citizens’ Freedom to Work Act of 2000 (P.L. 106-182) repealed the retirement earnings test (RET) for beneficiaries who have reached FRA.<sup>8</sup> Since January 1, 2000, the benefits of workers who have attained FRA have not been reduced by any portion of their earnings, regardless of the amount they earn. Thus, in 2000, workers who had attained FRA but had deferred claiming retired-worker benefits because of the RET now had an incentive to apply for benefits immediately. Lastly, the Bipartisan Budget Act of 2015 (P.L. 114-74) eliminated the “file-and-suspend” option (see Appendix C), which had allowed married individuals who had attained the FRA to claim aged-spouse benefits while earning DRCs toward their own retired-worker benefits.

Chart 3 shows the number of 62-year-old men and women eligible to claim retired-worker benefits, the number who claimed retired-worker benefits, and the percentage of eligible men and women who claimed retired-worker benefits over seven intervals from 1985 through 2018. As noted earlier, the data represent annual averages over 5-year intervals. Chart 3 illustrates two post-2000 trends: the increase in the number of men and women eligible for retired-worker benefits and the decline in the age-62 claiming rate among eligible men and women. The increase in the number of 62-year-old men who were eligible for retired-worker benefits resulted mainly from the gradual increase in the size of birth cohorts starting with the late 1930s and continuing with the baby boom beginning in 1946. The increase in the number of fully insured women reflects both population growth and rising employment rates among women. The decline in the claiming rate among 62-year-old men and women coincided with the older FRAs for workers who were born after 1937 and thus attained age 62 after 1999.

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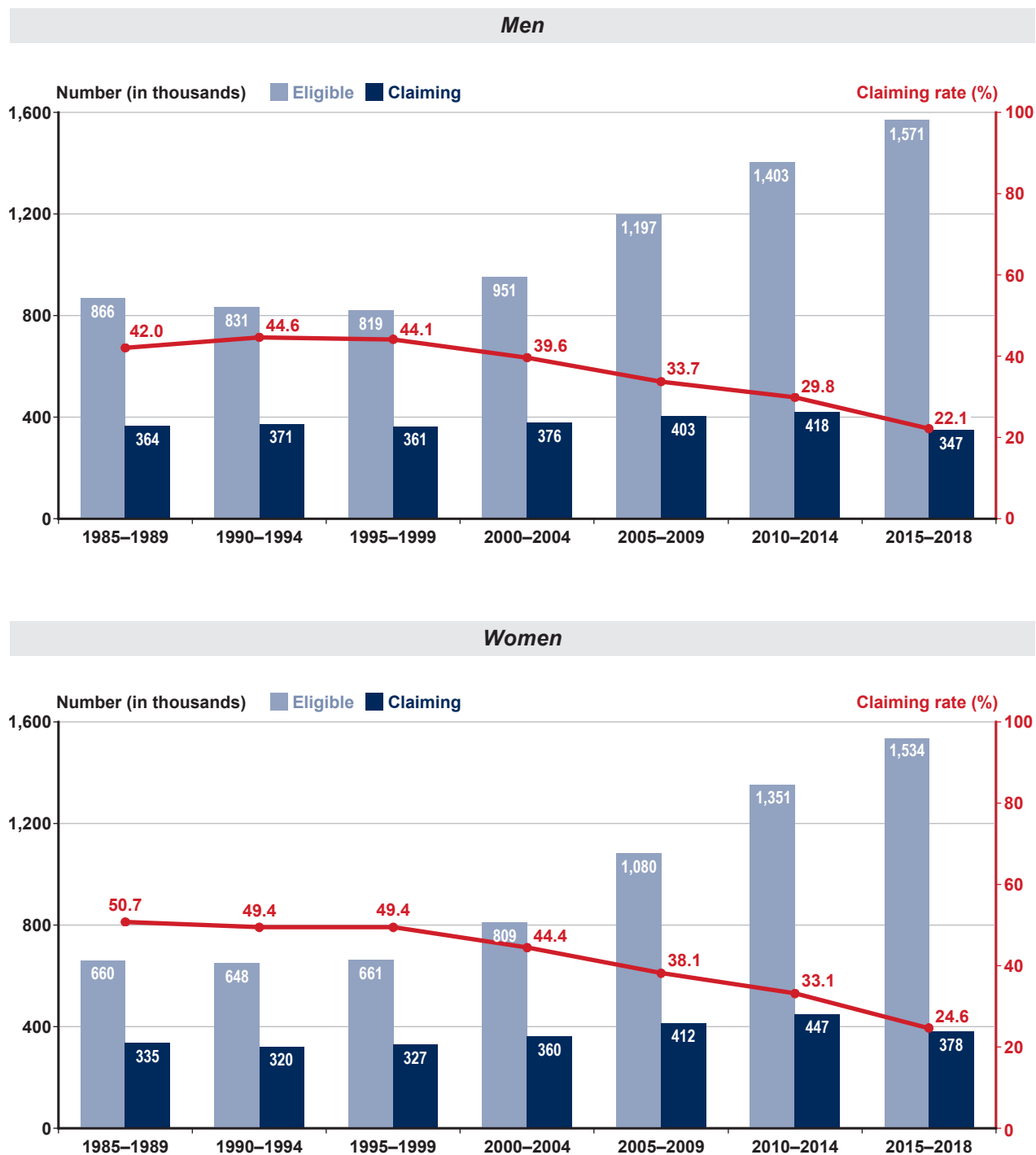
<sup>7</sup> As noted earlier, the long-term shift in employment to jobs that require relatively less physical strength, changes in the design of pension plans, and the decline in the availability of employer-sponsored retiree health insurance are some of the other factors that may have contributed to the trend toward later claiming of Social Security benefits.

<sup>8</sup> Until 2000, the earnings test applied to all beneficiaries younger than 70. In 2020, benefits for individuals younger than FRA are reduced by \$1 for every \$2 earned above \$18,240. A less restrictive earnings test applies in the year the worker attains FRA. The amount reduced is restored in the form of an increased monthly benefit when the individual reaches FRA. Appendix B provides further detail on the RET.



**Chart 3.**

**Annual average number of 62-year-old men and women eligible for and claiming retired-worker benefits, various periods 1985–2018**



SOURCES: SSA OCACT and Office of Research, Evaluation, and Statistics.

NOTES: Data are for men and women aged 62 at year-end.

“Eligible” population is the number fully insured at the beginning of the given year minus the number who are already receiving retired-worker, widow(er), or spouse benefits.

“Claiming” population is the number of new awards in force, including those withheld or otherwise suspended.

Claiming rates are calculated using unrounded numbers.

During 1985–1989, an annual average of 866,000 men were eligible to claim retired-worker benefits at age 62 and an average of 364,000 eligible 62-year-old men (42.0 percent) claimed benefits. In the next two intervals (1990–1994 and 1995–1999), the number of eligible 62-year-old men declined slightly and the proportion of eligible 62-year-old men who applied for benefits rose to about 44 percent. After 2000, the number of eligible 62-year-old men rose sharply, increasing from 951,000 per year during 2000–2004 to 1,571,000 per year during 2015–2018. The number of claims filed by men at age 62 increased by much less (in both absolute and relative terms) than the number of men who were eligible, so the proportion of eligible 62-year-old men who claimed benefits trended steadily downward. The proportion of eligible 62-year-old men who claimed benefits fell from 39.6 percent in 2000–2004 to 33.7 percent in 2005–2009, 29.8 percent in 2010–2014, and 22.1 percent in 2015–2018.

The decline in claiming rates after 2000 among eligible 62-year-old women was steeper than the decline among men. During 1985–1989, an annual average of 660,000 women were eligible to claim retired-worker benefits at age 62 and an average of 335,000 eligible 62-year-old women (50.7 percent) did so. In the next two intervals, the number of eligible 62-year-old women changed relatively little, and the claiming rate among those women fell slightly, to about 49 percent. After 2000, the number of eligible 62-year-old women rose in even greater proportions than did the number of eligible 62-year-old men, from an average of 809,000 per year during 2000–2004 to an annual average of 1,534,000 during 2015–2018. As with men, the number of women who filed claims at age 62 increased by much less, in both absolute and relative terms, than the number who were eligible, which caused the claiming rate to decline. The proportion of eligible 62-year-old women who claimed benefits fell from 44.4 percent in 2000–2004 to 38.1 percent in 2005–2009, 33.1 percent in 2010–2014, and 24.6 percent in 2015–2018.

As the number of members of a birth cohort who have claimed retired-worker benefits increases with each additional year, the number of those who remain eligible to file a new retired-worker claim falls. In Chart 4, the number of men and women who are still eligible to claim retired-worker benefits at age 65 excludes those who claimed benefits at ages 62–64, and the number of men and women who are eligible to claim at age 66 (Chart 5) excludes all who claimed at ages 62–65.

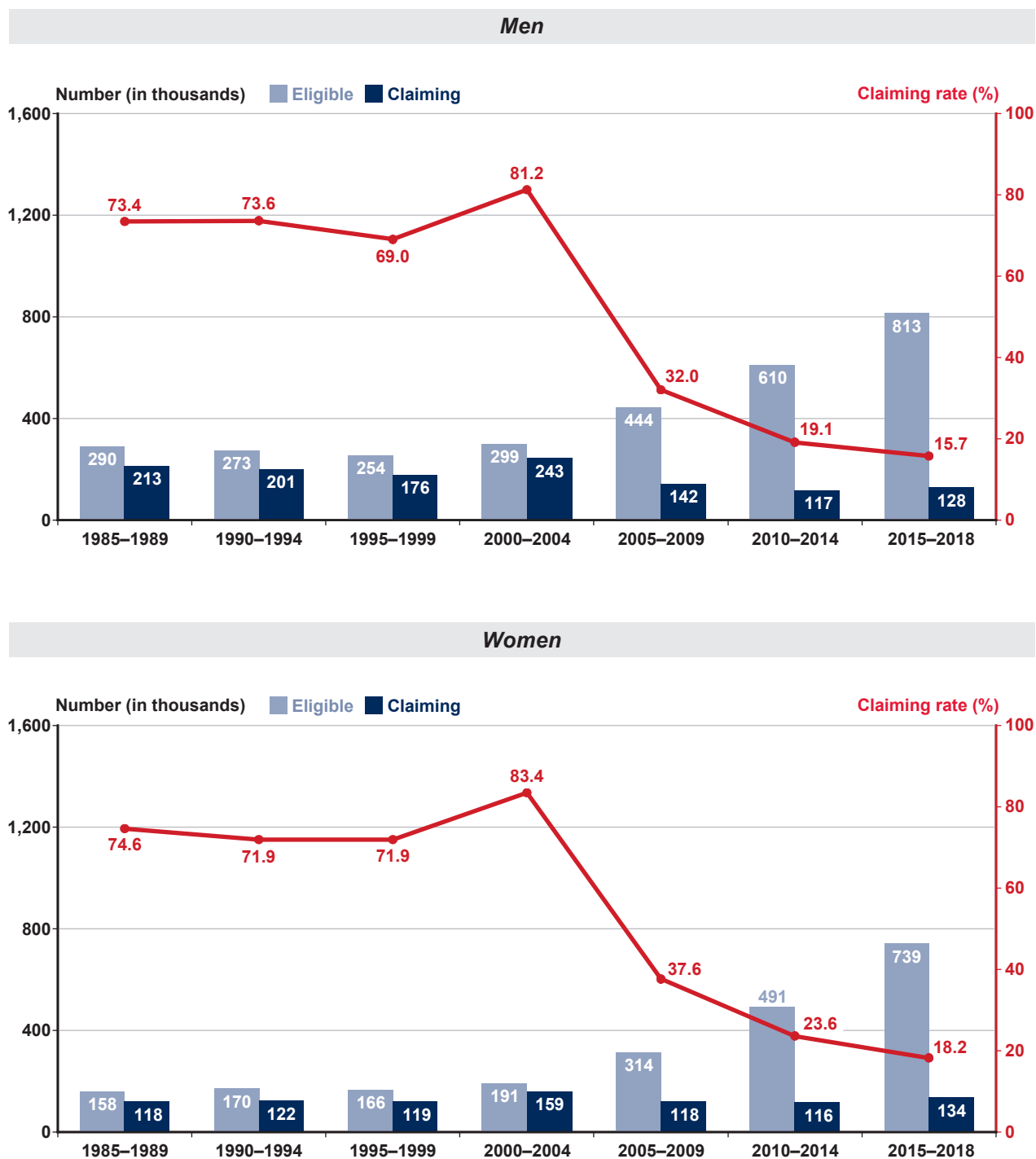
The outstanding characteristics of Chart 4 are the increase in the average annual number of 65-year-old men who were eligible for retired-worker benefits after 2000 and the concurrent decline in the percentage of eligible men who claimed benefits at age 65. From 1985–1989 through 1995–1999, both the number of men who were still eligible to claim retired-worker benefits at age 65 and the number who claimed benefits in the year they turned 65 steadily declined. Across those intervals, the average annual number of eligible 65-year-old men fell from 290,000 to 254,000 and the average annual number of new claims fell from 213,000 to 176,000. The percentage of eligible 65-year-old men who claimed benefits declined from 73.4 percent to 69.0 percent.

The proportion of eligible 65-year-old men who claimed benefits rose briefly, from 69.0 percent in 1995–1999 to 81.2 percent in 2000–2004. This increase is attributable in part to the repeal of the RET in 2000 for beneficiaries who had reached FRA. Until 2000, the earnings test applied to all beneficiaries younger than 70. As noted earlier, the Senior Citizens' Freedom to Work Act (P.L. 106-182) eliminated the RET for people who have reached FRA, effective January 1, 2000. Workers who had attained their FRA as of that date but had deferred claiming Social Security benefits (because their earnings would have resulted in a benefit reduction) now had an incentive to apply for benefits immediately. Thus, the repeal of the RET for workers who had reached FRA was followed by a temporary increase in benefit claims among persons aged 65–69 who were working and had deferred claiming retired-worker benefits.

After 2000, the number of men who remained eligible to claim retired-worker benefits at age 65 rose sharply, increasing from 299,000 in 2000–2004 to 813,000 in 2015–2018. At the same time, the average

**Chart 4.**

**Annual average number of 65-year-old men and women eligible for and claiming retired-worker benefits, various periods 1985–2018**



SOURCES: SSA OCACT and Office of Research, Evaluation, and Statistics.

NOTES: Data are for men and women aged 65 at year-end.

“Eligible” population is the number fully insured at the beginning of the given year minus the number who are already receiving retired-worker benefits (including those converted from disabled-worker benefits at FRA), widow(er) benefits, or spouse benefits.

“Claiming” population is the number of new awards in force, including those withheld or otherwise suspended.

Claiming rates are calculated using unrounded numbers.

annual number of claims at age 65 declined from 243,000 in 2000–2004 to 128,000 in 2015–2018. Consequently, the percentage of eligible men who claimed retired-worker benefits at age 65 fell sharply. The proportion of eligible 65-year-old men who claimed benefits at 65 fell from an annual average of 81.2 percent in 2000–2004 to 15.7 percent in 2015–2018.

The average annual number of eligible 65-year-old women and the number who claimed benefits at age 65 remained relatively stable from 1985–1989 through 1995–1999. The proportion of eligible 65-year-old women who claimed benefits rose in 2000–2004, largely because of the repeal of the RET in 2000 for beneficiaries who had reached FRA. After 2000, the number of 65-year-old women eligible to claim retired-worker benefits rose in greater proportions than the number of eligible 65-year-old men, increasing from an average of 191,000 per year in 2000–2004 to 739,000 in 2015–2018. Over the same span, the annual average number of claims filed by women at age 65 fell from 159,000 to 134,000. Consequently, the proportion of eligible 65-year-old women who claimed retired-worker benefits at age 65 fell from an annual average of 83.4 percent in 2000–2004 to 18.2 percent in 2015–2018. The decline in the proportions of eligible 65-year-old men and women who claimed benefits coincided with the increase in the FRA from 65 to 66 for birth cohorts that reached age 62 in 2000 and later.

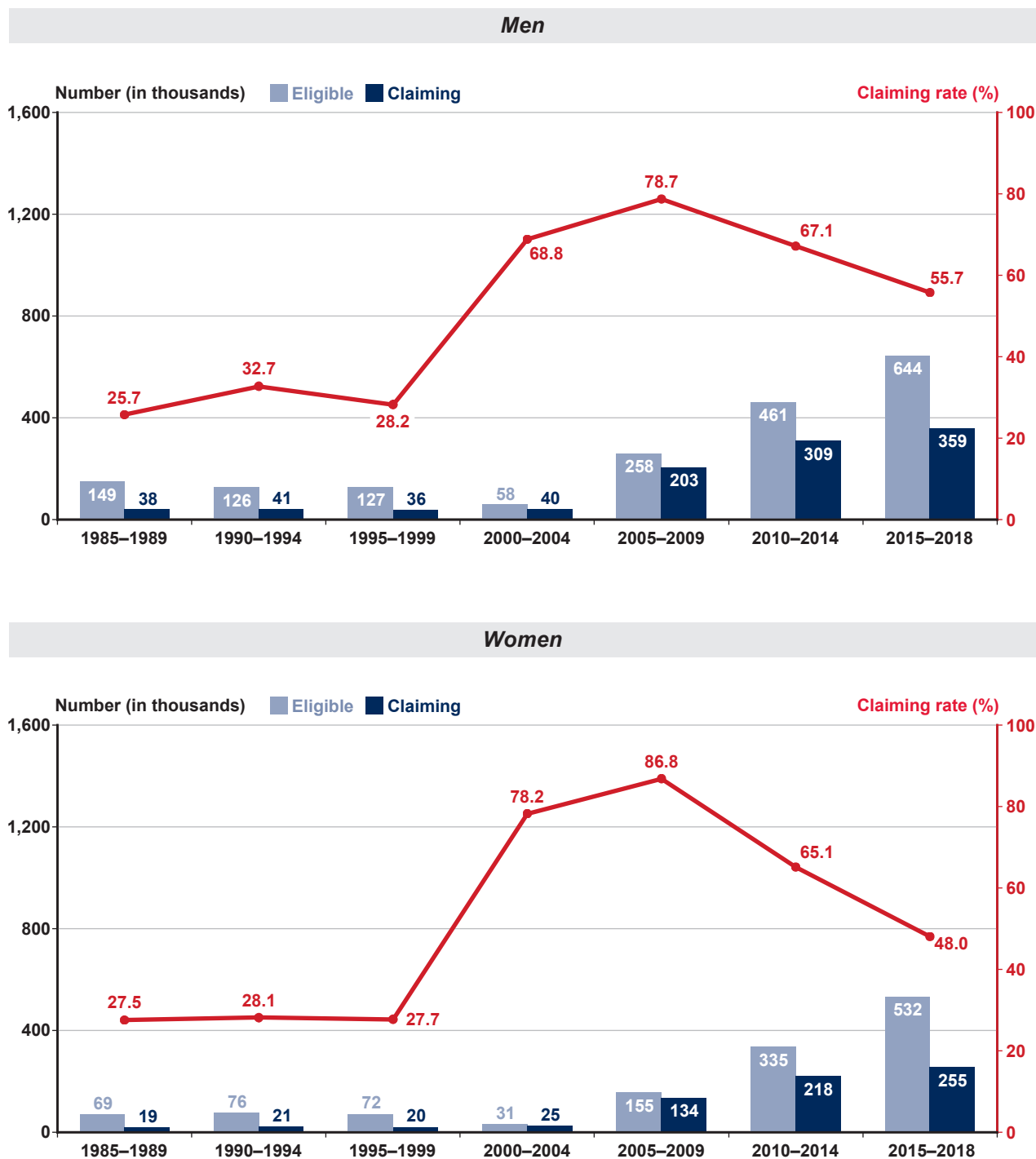
Most men and women who are fully insured for retirement benefits have already claimed those benefits by the time they reach age 66. Nevertheless, the number of men and women who remain eligible to claim benefits at 66 has risen substantially in recent years. From 1985 through 1989, an annual average of 149,000 66-year-old men were eligible to claim retired-worker benefits (Chart 5). On average, 38,000 66-year-old men—25.7 percent of those who were eligible—claimed benefits in the year they attained age 66. By the 2000–2004 interval, the number of 66-year-old men who were eligible to claim retired-worker benefits had fallen to an annual average of 58,000, mainly because the repeal in 2000 of the RET for beneficiaries at FRA or older resulted in a spike in claims by men who were still working at age 65.

In 2005–2009, the average annual number of 66-year-old men who were eligible to claim retired-worker benefits rose to 258,000—an increase of 200,000 from the previous interval—and the average annual number of claims by 66-year-old men rose to 203,000, or 78.7 percent of those who were eligible. The number of 66-year-old men eligible to claim retired-worker benefits rose to an annual average of 461,000 in 2010–2014 and to 644,000 in 2015–2018. At the same time, the average annual number of claims filed by men who were 66 years old rose more modestly, to 309,000 in 2010–2014 and to 359,000 in 2015–2018. Consequently, the proportion of eligible 66-year-old men who claimed retired-worker benefits declined to 67.1 percent in 2010–2014 and to 55.7 percent in 2015–2018.

The trend in claims for retired-worker benefits filed by women at age 66 was similar to the trend among men. From 1985 through 1989, annual averages of 69,000 women were eligible to claim retired-worker benefits at age 66 and 19,000 (27.5 percent) did so. As with men, the average annual number of eligible 66-year-old women declined in the 2000–2004 interval. In 2005–2009, the annual average number of 66-year-old women who were eligible to claim retired-worker benefits rose to 155,000, an increase of 124,000 from the previous interval, and the average annual number of claims filed by 66-year-old women rose to 134,000, or 86.8 percent of those eligible to claim retired-worker benefits. The number of 66-year-old women eligible to claim retired-worker benefits rose to an annual average of 335,000 in 2010–2014 and to 532,000 in 2015–2018. At the same time, the average annual number of claims filed by women who were 66 years old rose by smaller proportions, to 218,000 in 2010–2014 and to 255,000 in 2015–2018. Consequently, the proportion of eligible women who claimed retired-worker benefits declined to 65.1 percent in 2010–2014 and to 48.0 percent in 2015–2018.

Chart 5.

Annual average number of 66-year-old men and women eligible for and claiming retired-worker benefits, various periods 1985–2018



SOURCES: SSA OCACT and Office of Research, Evaluation, and Statistics.

NOTES: Data are for men and women aged 66 at year-end.

“Eligible” population is the number fully insured at the beginning of the given year minus the number who are already receiving retired-worker benefits (including those converted from disabled-worker benefits at FRA), widow(er) benefits, or spouse benefits.

“Claiming” population is the number of new awards in force, including those withheld or otherwise suspended.

Claiming rates are calculated using unrounded numbers.

Charts 3–5 categorize individuals by their age at the end of the year. This is equivalent to grouping individuals by year of birth. For example, everyone whose 62<sup>nd</sup> birthday occurs during 2020 was born in 1958, and everyone who was born in 1958 will be 62 years old on December 31, 2020. People who were born in 1943 comprise the first birth cohort with the FRA of 66, the age they attained in 2009. The annual claims data from which the annual averages in Charts 3–5 were calculated show that the proportion of age-66 individuals who claimed retired-worker benefits began to rise in 2004, 5 years before the 1943 birth cohort reached age 66. This is due to the phased increase of the FRA from 65 to 66 in 2-month increments affecting successive birth cohorts from 1938 through 1943, which meant that the claimant’s month of birth affected the year in which he or she attained FRA (see Table 1). Among people who were born in 1938, for example, individuals with birthdays in November and December did not attain their FRA of 65 years and 2 months until 2004—the year in which they also attained age 66. Consequently, the percentage of individuals who were not already beneficiaries and who claimed retired-worker benefits at age 66 began rising several years before the members of the 1943 birth cohort attained their FRA of 66.

### ***Disabled-Worker and Retired-Worker Beneficiaries as Percentages of the Population***

Chart 6 illustrates trends over the period 1985–2018 in retired-worker beneficiaries as percentages of the fully insured populations aged 62–64, 65, and 66. Because a decline in claiming retired-worker benefits before reaching FRA could have been offset in part by higher claiming rates for Social Security Disability Insurance (DI) benefits, Chart 6 also shows disabled-worker beneficiaries as percentages of the insured populations aged 62–64 and 65.<sup>9</sup> The numerator of each percentage in Chart 6 is the number of men or women in each age group who received retired-worker benefits or disabled-worker benefits in a particular year. The denominator is the number of beneficiaries plus the number of fully insured men and women in each age group who were not beneficiaries.<sup>10</sup> As in Charts 3–5, the pre-2000 trends illustrated in Chart 6 differ from those for the years after 2000.

From 1985 through 1994, the proportion of fully insured men aged 62–64 who received retired-worker benefits rose from 45 percent to 50 percent (Chart 6), after which it began to decline. In 2000, 46 percent of men aged 62–64 were receiving retired-worker benefits. The proportion fell to 37 percent in 2010 and 24 percent in 2018. From 1985 through 2000, the proportion of men aged 62–64 who received DI benefits rose by just 1 percentage point, from 13 percent to 14 percent. By 2018, the proportion of men aged 62–64 who received DI benefits had risen 2 percentage points further, to 16 percent. Because the proportion of men aged 62–64 who received retired-worker benefits fell by more than the proportion who received DI benefits rose, the proportion of men aged 62–64 who received either retired-worker or DI benefits declined from 60 percent in 2000 to 40 percent in 2018.

DI benefits automatically convert to retired-worker benefits when the beneficiary reaches FRA. As the FRA increased incrementally to 66 for persons born after 1937, some DI beneficiaries continued to receive disabled-worker benefits at age 65. Between 2002 and 2008, the proportion of 65-year-old men who received DI benefits increased from 0 percent to 15 percent. The rate of increase then slowed. In 2018, 16 percent of fully insured 65-year-old men received DI benefits.

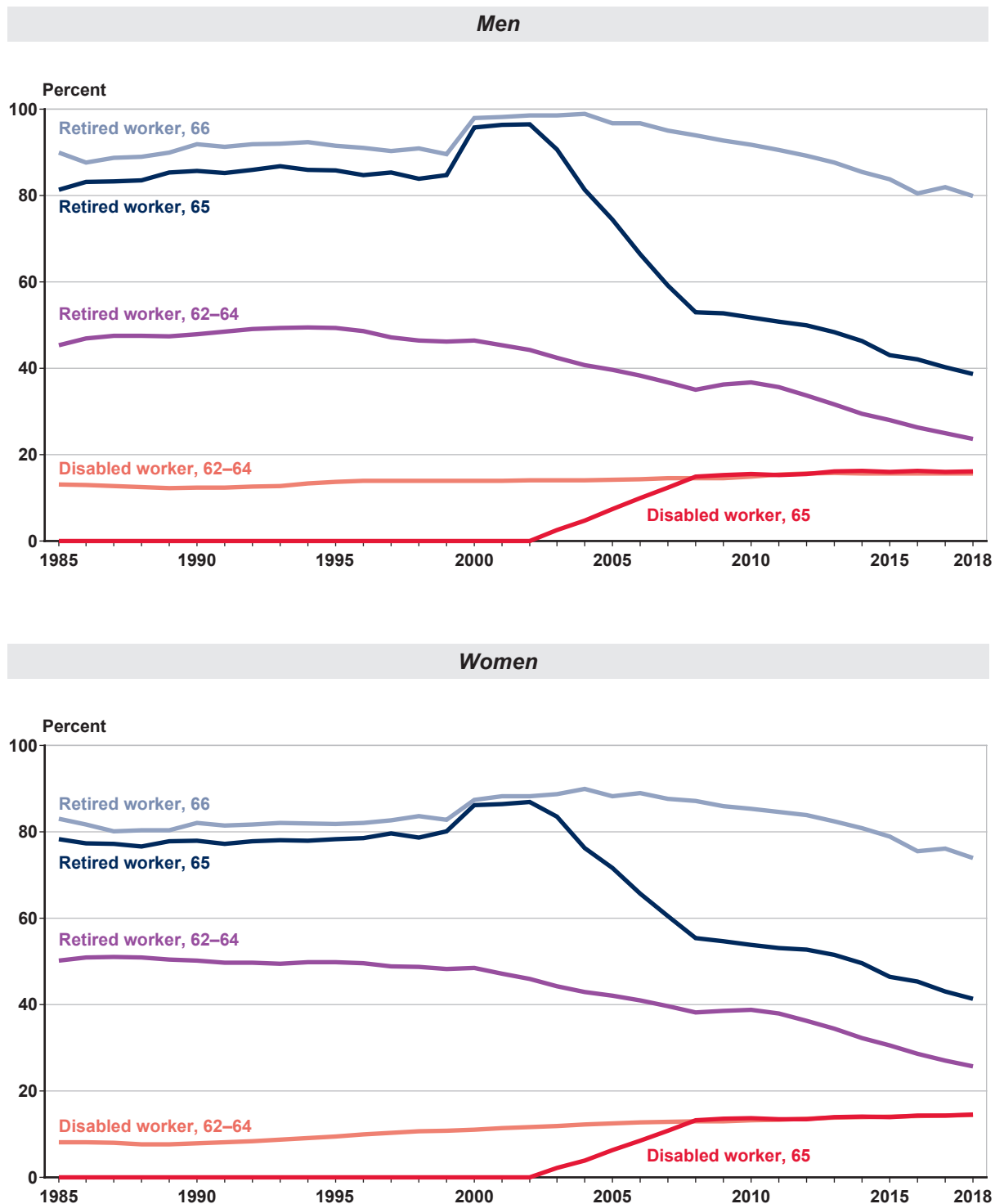
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<sup>9</sup> Although DI benefits may be paid to dependents or survivors, this analysis is restricted to benefits paid to the disabled workers themselves.

<sup>10</sup> To be eligible for DI benefits, an individual must have earned one credit for each calendar year after age 21 and have earned at least 20 credits during the last 10 years. Fewer credits are required for workers younger than 31.



**Chart 6.**  
**Disabled-worker and retired-worker beneficiaries at selected ages as percentages of the insured population at those ages: By sex, 1985–2018**



SOURCES: SSA OCACT and Office of Research, Evaluation, and Statistics.

NOTE: Age is as of year-end.

From 1985 through 1999, the proportion of 65-year-old men who received retired-worker benefits increased from 81 percent to 85 percent. The proportion rose sharply to 96 percent in 2000 in response to the repeal of the RET in that year for beneficiaries who had reached FRA. The proportion of 65-year-old men receiving retired-worker benefits began to fall as the older FRAs for people born after 1937 affected greater shares of each successive birth cohort. By 2010, the proportion of 65-year-old men who received retired-worker benefits had fallen to 52 percent. By 2018, it had declined further, to 39 percent. Because the proportion of 65-year-old men who received retired-worker benefits fell by more than the proportion who received DI benefits rose, the proportion of 65-year-old men who received either retired-worker or DI benefits declined from 67 percent in 2010 to 55 percent in 2018.

From 1985 through 1999, an annual average of 91 percent of 66-year-old men received retired-worker benefits. In 2000, the proportion jumped to 98 percent in response to the repeal of the RET for beneficiaries who had reached FRA. From 2001 through 2004, the proportion of 66-year-old men who received retired-worker benefits remained stable. It then began to decline, falling to 80 percent by 2018. Chart 5 shows that the average annual number of men still eligible to claim retired-worker benefits at age 66 rose by 200,000 between the 2000–2004 and 2005–2009 intervals and by another 386,000 between the 2005–2009 and 2015–2018 intervals. Although majorities of those men claimed their benefits at age 66, enough of them delayed their claims until age 67 or later to cause the proportion of 66-year-old men who were receiving retired-worker benefits to decline.

Trends in the proportion of women aged 62–66 who received DI benefits or retired-worker benefits were similar to the trends among men (Chart 6). The decline in the proportion of women aged 62–66 receiving retired-worker benefits after 2000 exceeded the increase in the percentage who received DI benefits. From 2000 through 2018, the proportion of women aged 62–64 who received retired-worker benefits fell from 48 percent to 26 percent. That decline occurred even as the proportion of women aged 62–64 who were fully insured for retirement benefits was rising (Chart 2). From 2000 through 2018, the proportion of fully insured women aged 62–64 who received DI benefits rose from 11 percent to 14 percent.

As noted earlier, DI benefits convert to retired-worker benefits when the beneficiary reaches FRA. Before 2003, DI benefits converted to retired-worker benefits at age 65. Because of the increase in FRA, the proportion of 65-year-old women who received DI benefits increased from 0 percent in 2002 to 13 percent in 2008 and 15 percent in 2018. After 2002, the proportion of 65-year-old women receiving retired-worker benefits began to fall as the FRA increased incrementally from 65 to 66 for people born after 1937. In 2018, only 41 percent of 65-year-old women received retired-worker benefits. Because the proportion of 65-year-old women who received retired-worker benefits fell by more than the proportion who received DI benefits rose, the proportion of 65-year-old women who received either retired-worker or DI benefits declined from 68 percent in 2010 to 56 percent in 2018.

From 1985 through 1999, an average of 82 percent of 66-year-old women received retired-worker benefits. In 2000, the proportion rose to 87 percent in response to the repeal of the RET for beneficiaries who had reached FRA. Over the next 6 years, it fluctuated between 87 percent and 90 percent. It then began to decline, falling to 74 percent in 2018. Chart 5 shows that the average annual number of women still eligible to claim retired-worker benefits at age 66 rose by 124,000 between the 2000–2004 and 2005–2009 intervals and by another 377,000 between the 2005–2009 and 2015–2018 intervals. Although majorities of those women claimed their benefits at age 66, enough of them delayed their claims until age 67 or later to cause the proportion of 66-year-old women who were receiving retired-worker benefits to decline.

## **Conclusion**

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This research and statistics note highlights several important trends in labor force participation among older Americans and in the age at which people claim Social Security retirement benefits, including the following:

- Older Americans are working longer. From 1980 through 2018, the LFPR among individuals aged 65–69 rose from 29 percent to 38 percent for men and from 15 percent to 29 percent for women.
- Between 1980 and 2018, the percentage of men aged 62–66 who were fully insured for Social Security retirement benefits rose by just 1 percentage point, from 93 percent to 94 percent. Because not all jobs are covered by Social Security, this percentage is unlikely to rise much in the future. Over the same period, the proportion of women aged 62–66 who were fully insured for Social Security retirement benefits increased from 65 percent to 89 percent, reflecting the long-term increase in women’s employment rates.
- After 2000, the proportion of fully insured men and women who claimed retirement benefits at age 62 declined substantially. From 2000 through 2004, 40 percent of fully insured men claimed retirement benefits at 62. From 2015 through 2018, 22 percent of fully insured men claimed retirement benefits at 62. From 2000 through 2004, 44 percent of fully insured women claimed retirement benefits at 62. From 2015 through 2018, 25 percent of fully insured women claimed retirement benefits at 62.
- From 1985 through 2004, an annual average of 39,000 men and 21,000 women claimed retired-worker benefits at age 66. From 2010 through 2018, after the FRA had increased to 66 for all persons who attained age 66 in 2009 or later, an annual average of 334,000 men and 236,000 women claimed retired-worker benefits at age 66.
- From 2000 through 2018, the proportion of fully insured men aged 62–64 who received retired-worker benefits declined from 46 percent to 24 percent. Over the same period, the proportion of men aged 62–64 who received DI benefits rose by 2 percentage points, from 14 percent to 16 percent. The proportion of fully insured women aged 62–64 who received retired-worker benefits declined from 48 percent in 2000 to 26 percent in 2018. Over the same period, the proportion of women aged 62–64 who received DI benefits rose by 3 percentage points, from 11 percent to 14 percent.

## **Appendix A: Early Eligibility Age and FRA**

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The Social Security Act of 1935 set the age of eligibility for retired-worker benefits at 65. Social Security–insured workers have been able to claim retired-worker benefits as early as age 62 since 1956 (for women) and 1961 (for men), but the monthly benefit amount is permanently reduced for individuals who claim before reaching the FRA. Individuals who claim benefits before attaining FRA receive benefits over a longer period, on average, than do those who claim at FRA or later. The monthly benefit reduction for those who claim before reaching FRA was designed to make the present value of lifetime benefits approximately equal for the average beneficiary, regardless of the age at which he or she claims. The Social Security Amendments of 1983 (P.L. 98-21) set the FRA for people born after 1937 at incrementally increasing steps from 65 to 67 (see Table 1).

For individuals born before 1938, the FRA is 65. The 1983 amendments set the FRA for individuals born in 1938 at 65 and 2 months. For members of each successive cohort from 1939 to 1943, the FRA increases by 2 months. The FRA for people born from 1943 through 1954 is 66. Further incremental FRA increases affect individuals born during 1955–1960, and the FRA is 67 for people born in 1960 or later. There is a financial incentive for workers born after 1937 to delay claiming until after age 62.

Relative to a benefit claimed at FRA, the amount of a retired-worker monthly benefit claimed at age 62 is reduced by 20 percent for individuals whose FRA is 65, by 25 percent for those whose FRA is 66, and by 30 percent for those whose FRA is 67.

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### **Appendix B: The RET and DRCs**

The Social Security RET reduces the monthly benefits of retired-worker beneficiaries who are younger than FRA and have earnings that exceed certain thresholds. Benefits withheld under the RET are eventually restored by means of an upward adjustment in the monthly benefit amount beginning when the beneficiary attains FRA. Until 2000, the earnings test applied to all beneficiaries younger than 70. The Senior Citizens' Freedom to Work Act (P.L. 106-182) eliminated the RET for people who have reached FRA, effective January 1, 2000. Workers who had attained their FRA as of that date but had deferred claiming Social Security benefits (because their earnings would have resulted in a benefit reduction) now had an incentive to apply for benefits immediately. Thus, the repeal of the RET for workers who had reached FRA was followed by a temporary increase in benefit claims among persons aged 65–69 who were working and had deferred claiming retired-worker benefits.

Workers who delay claiming benefits until after they reach FRA earn DRCs that permanently increase their monthly Social Security retired-worker benefit amount. DRCs thereby provide a financial incentive for workers to remain employed and defer claiming. In 1977, Congress set the DRC at 3 percent per year. This meant that benefits were permanently increased by 3 percent for each full year that a worker delayed claiming beyond age 65. However, 3 percent was less than actuarially fair as a permanent benefit increase, and thus did not provide a strong financial incentive to delay claiming beyond the FRA. The 1983 Social Security Amendments mandated a gradual increase in DRCs beginning in 1990. For persons born in 1943 or later, the DRC is 8 percent per year up to age 70, which when enacted was actuarially fair for the average worker.

The LFPR among both men and women aged 65–69 has risen in recent years, and the proportion of men aged 65–69 who receive Social Security retired-worker benefits has fallen. These trends may result in part from the additional incentive to defer claiming benefits that was created by the increase in DRCs.

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### **Appendix C: The File-and-Suspend Strategy**

Until 2016, some two-earner couples engaged in a claiming strategy in which one earner would file for and then suspend his or her retired-worker benefit so that the other earner could claim a spousal benefit. This strategy allowed both members of the couple to delay receiving retired-worker benefits based on their own earning records, thus allowing them to earn DRCs while receiving an aged-spouse benefit. Section 831 of the Bipartisan Budget Act of 2015 (P.L. 114-74) eliminated the file-and-suspend strategy in 2016. Insured spouses are no longer able to delay their retired-worker benefits while receiving aged-spouse benefits. This amendment may have affected retired-worker claiming trends after 2015.

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