

VIDEO

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ICI Webinar: When I'm 64 (or Thereabouts): Changes in Income from Middle Age to Old Age Archive Recording

Critics of the current retirement system often claim that Americans have insufficient income in retirement and that the system's voluntary component—employer-sponsored retirement plans and IRAs—is failing, leaving retirees too reliant on Social Security.

The results of [new ICI research](#) challenge those claims. Looking at Americans' income from age 55 through 72, the study found that the typical retiree maintains more than 90 percent of their average age 55–59 inflation-adjusted spendable income. Further, those with lower pre-retirement income typically have higher replacement rates. The study also found that, contrary to the conventional wisdom that few workers benefit from employer plans and IRAs, three out of four Americans receive retirement plan distributions—either directly or through a spouse—at age 72.

The study has important implications for the current policy debate. The results show that the combination of mandatory Social Security and voluntary retirement plans has helped millions of retirees maintain their standard of living. While further reforms to employer plans and IRAs ought to be considered, the evidence warrants caution when proposing fundamental changes to a system that works well for most retirees.