

Career Length

The four most important factors for the Commission to consider when it sets a career length target are life expectancy, healthy life expectancy, retirement requirements of competing employer-provided defined benefit pension plans, and amount of time spent out of the labor force during an individual's working years. This career length target should refer to an individual's total career and not just the individual's career with state/local government.

Life expectancy and healthy life expectancy

Life expectancy refers to the average length of time an individual can expect to live. Healthy life expectancy refers to the average length of time an individual can expect to live without chronic illness or disability. Life expectancy is the primary tool for projecting the length of an individual's retirement, while healthy life expectancy is the primary tool for projecting the length of an individual's working years. Table 1 provides US Census Bureau data on life expectancy and healthy life expectancy from 2000-2005.

Table 1. Life Expectancy and Healthy Life Expectancy

Gender	Life Expectancy at Birth	Life Expectancy at Age 65	Healthy Life Expectancy at Age 30
Male	74.1	81.3	69.0 (average for both sexes)
Female	79.5	84.2	

Research indicates that most people are able to work well into their mid-to-late 60s, but it should be noted that healthy life expectancy varies significantly by occupation-type and income. For example, using education as a proxy for income, males in the lowest third of educational attainment have a healthy life expectancy of 65, while males in the highest third of educational attainment have a healthy life expectancy of 72.5.

As we will discuss later under the topic of longevity risk, an individual should not plan only for the average life expectancy because one could easily live longer. The following table shows the probability of an individual and at least one member of a couple (both age 65) living to certain ages, based on mortality observed for NC state and local government employees:

Age	Male Individual	Female Individual	Married Couple
90	19%	31%	45%
95	6%	13%	18%
100	1%	3%	4%

Retirement Ages Elsewhere

American workers retire on average at age 63. This average has declined over the past century. The most common retirement age defined in the plan for private sector employer-provided defined benefit pension plans is 65, while the most common early retirement age for private sector plans is 55. Research indicates that most employees covered by defined contribution retirement plans choose to retire approximately one year later than employees covered by traditional defined benefit pension plans.

Time Spent Outside the Labor Force

There are many reasons why individuals leave the labor force during their working years; however, the two most common reasons are family obligations (child-rearing and caring for sick/elderly relatives) and obtaining additional education and training. The Bureau of Labor Statistics estimates that between age 18

and age 42, the average individual will spend 4.2 years out of the labor force—women spend 6 years, while men spend 2.4 years out of the labor force. Women remain significantly more likely to take time off from working to raise children. There are varying estimates on how much time the average woman spends out of the labor force raising children, but most research estimates the time as being between 1.5 and 3 years.
