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Fact Sheet: What Influences Plans to Work after Ages 62 and 65?

GERONTOLOGY INSTITUTE

McCORMACK GRADUATE SCHOOL OF POLICY & GLOBAL STUDIES

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BACKGROUND

Timing of retirement and, implicitly, plans to work in later life have great policy relevance. They affect Social Security expenditures, employers' pension expenditures, as well as labor force supply and demand. In light of the recent recession, it is particularly important to explore whether economic downturns and workers' financial status influence their later-life work plans. To answer this question, we analyzed data from the nationally representative Health and Retirement Study (HRS), which included questions about expectations to work full-time after age 62 and age 65.

DATA

Our analyses rely on secondary data from the HRS using wave 2008 and wave 2006 to assess change. The analyses were restricted to individuals employed in 2008 aged 50-61 for the work expectations after age 62 (N=2,360) and aged 50-64 for work expectations after age 65 (N=2,732). We excluded self-defined part retirees. The variables included in our models were: changes in the Dow Jones since 2006, industry-specific changes in unemployment rates, perceived probability of cuts in Social Security, probability of living to age 80, whether younger workers were favored in promotions, self-employed, job stress, firm size and unionization, type of pension, health insurance, health (self-reported and ADL limitations), debts, total investments, earnings, work hours, job tenure, presence of household members under age 18, race/ethnicity, age, and education. The analyses rely on interval regressions and imputed missing data. They also adjusted for complex survey design and were not weighted.

MAIN FINDINGS

- Expectations to work past age 62 are influenced by unemployment rates among workers aged 60-61 but not by fluctuations in the stock market. Older workers who experienced high industry-specific changes in unemployment between 2006 and 2008 were more inclined to work past age 62 than those in industries with less change in unemployment.
- Workers who expect a decline in Social Security benefits in the future are more prone to expect working after age 62 but not after age 65.
- Individuals with high investments are less likely to expect working after ages 62 and 65.
- Workers with debts (but not with negative assets) are more likely to expect working in later life.
- Workers who perceive that their firm favors younger workers in promotions are less prone to expect working after age 62.
- Workers in unionized firms are less likely to expect working after ages 62 and 65 than workers in non-unionized firms.
- Those who expect to live longer also expect to work longer.
- Non-Hispanic Blacks (compared to non-Hispanic Whites), less educated, and younger workers are less

likely to expect to work after ages 62 and 65.

- Workers with employed spouses are more inclined to expect working after age 62.

CONCLUSIONS

These findings suggest that increases in economic vulnerabilities – both social, such as the recession or potential Social Security cuts, as well as personal, such as low investments or debts – may lead workers to postpone retirement. In contrast, firm environments that discourage later-life work and lacking work opportunities (for minorities or the less educated) can encourage earlier retirement. However, personal factors also play a role – apparently workers favor some post-retirement leisure and thus plan to retire earlier if their expected longevity is low. Policymakers thus need to be aware that economic climates and changes in social programs such as Social Security will alter retirement behaviors to some extent. However, such behaviors will also be subject to employer policies and firm climates concerning older workers as well as to the personal situation of aspirations of the workers themselves.

** A full version of this paper is currently available under open access from *The Gerontologist* at:
<http://gerontologist.oxfordjournals.org/content/early/2013/02/26/geront.gnt010.full.pdf+html>

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