FACTORS ASSOCIATED WITH THE DECISION TO RETIRE**


The authors use data from the NLS Older Men Survey to demonstrate two ways in which technological change influences retirement decisions. First, workers in industries with high rates of technological change will have older retirement ages if there is a net positive correlation between on-the-job training and technological change. Second, an unexpected increase in the industry's rate of technological change will convince older workers to retire sooner if a great deal of retraining is required.

Choi, Namkee G. "Racial differences in timing and factors associated with retirement," *Journal of Sociology and Social Welfare* (Western Michigan University, School of Social Work, Kalamazoo, MI 49008), September, 1994, pp. 31-52. $10.00.

Using data from the 1968-1987 Panel Studies of Income Dynamics, the author shows that the retirement of black males is associated with a wider variety of factors than that of white males. The hazard rates of retirement for blacks up to ages 60-61 are higher than those for whites, but black men past age 60 have a lower retirement rate than white men, with whom they share similar work histories and family responsibilities. The timing of white male retirement appears to be influenced by the availability of Social Security early retirement benefits. Other things being equal, white men who appear to be tired of working are more likely to retire than those who have a positive attitude toward work. The early retirement of black men appears to be more involuntary in nature, influenced more by disability, unemployment, or certain occupational characteristics.


The authors try to ascertain the level, direction, and rate of change in the average age at retirement of American men and women in the recent past. To do so they use two objective criteria, receipt of a pension and withdrawal from the labor force at some advanced age, to examine two types of time series: 1) the annual mean age of persons receiving initial awards of retirement benefits, based on the

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** Items on this list should be ordered directly from the publisher. Addresses are given in connection with each reference.
administrative records of the Social Security Administration, and 2) labor force participation rates obtained from the monthly Current Population Survey. The authors find similar trends in the average age at retirement between 1950 and 1990—declines between 4 and 5 years, with marked deceleration appearing sometime during the 1970s. The magnitude and pace of decline are similar for men and women. There is less similarity between the two measures in regard to levels of average age. The Social Security averages are larger than the labor force medians from the early 1950s through the late 1980s. There is a marked deceleration in the decline during the last 15 years of their data. Medians based on the projected labor force data indicate a continued leveling until 1995, followed by a pronounced resumption of the decline.


This paper identifies factors associated with different patterns of labor force participation at an older age and examines the process of adjustment of older people to not working. Using data from three interviews with 173 British males, the authors find that decisions to participate in the working force by older men are strongly related to financial pressures but not health status. Psychologically, withdrawal from the labor market begins much earlier than the fact of retirement. Retirement is seen as a chance to regain control over their lives. For those men not yet 65 years old, the adjustment is seen in the course of the three interviews, with their status first described as unemployed but actively seeking work, then unemployed but not actively seeking work, and finally retired.


The authors use data from the 1984, 1986, and 1988 panels of the Survey of Income and Program Participation (SIPP) to analyze the effect of the availability of post-retirement health insurance on early retirement decisions of men aged 55 to 62. They cite findings from studies of retirement that health status and financial characteristics affect the decision to retire. The results of the authors' models that take health insurance into account demonstrate that both the offer of continued employer provided health insurance coverage after retirement and the presence before retirement of retirement insurance coverage from an outside source increase the likelihood of retirement before age 65. The availability of retiree health benefits increases the baseline probability of retiring by 50%. In a more recent article ("Health insurance availability and the retirement decision," American Economic Review, 2014 Broadway, Suite 305, Nashville, TN 37203, September, 1995, pp. 938-948, $15.00, prepaid) Jonathan Gruber and Brigitte C. Madrian examine the effect of state and federal "continuation of coverage" mandates on the retirement decision. Using data from the Current Population Survey, they determine that the availability of continuation coverage explains about 60% of the net rise in retirement for 55-64-year-old males during the 1980s. Also, comparing average retirement rate changes for the general population in states both with and without a pre-COBRA law (1983-1985) and then for those same states during the post-COBRA period (1988-1990), they find the "difference in difference" estimate of the effect of the federal continuation law on retirement is a 1.7% increase in the retirement rate. Other
observations: 1) For individuals covered by employer-provided health insurance, neither marital status nor education significantly affects the probability of retirement, although nonwhites have much lower retirement rates; 2) Having a pension raises the probability of retiring, and the probability of retiring increases with age, spiking at age 62; 3) Even one year of continuation coverage increases the probability of retiring by 2.2%, which is a significant increase in the "retirement hazard." The authors also speculate that adoption of a universal health insurance national plan would markedly increase the rate of early retirement.


This article summarizes the economic evidence that shows that while the Old-Age and Survivors Insurance (OASI) programs have statistically significant effects on both the timing of retirement and the amount of post-retirement work, their influence is not large compared to many other factors. The economic analyses are based on a life-cycle view of work, saving, and consumption, that sees people as well-informed, long-term planners.


Among the more surprising patterns that emerged from the authors' examination of Current Population Survey data are the following: 1) The negative trend in male participation rates appears to have flattened in the 1980s, except for men ages 62 to 64 (the Social Security early retirement ages) whose labor force participation rates have continued to fall and exit rates from full-time employment have continued to rise; 2) The exit rate increases for older men are correlated with factors associated with low wages—race, income level, and geographic residence; and 3) The trend toward reduced labor force participation is common to men of all ages pointing to more universal explanations. Compared to that of men, the participation rates of women have changed very little during the last 25 years.

Quinn, Joseph F., Richard V. Burkhauser, and Daniel A. Myers. Passing the torch: the influence of economic incentives on work and retirement. Kalamazoo, MI 49007. W. E. Upjohn Institute for Employment Research (300 S. Westnedge Ave.) 1990. 269pp. $25.00, cloth; $15.00, paper.

The authors review selective research from the voluminous literature on individual retirement decisions and aggregate retirement trends. They focus on economic determinants—optimal retirement age, specific pension plans, uncertainty, Social Security reform, and involuntary retirement—and argue that individual retirement decisions depend in large part on the financial structures built into Social Security and employer pension plans, structures that penalize workers who stay on the job too long or leave too early. In order to fit the current demographic trends, the authors recommend that changes be made in the financial incentives to retire. It remains uncertain as to whether firms facing a future labor shortage crisis will take the initiative to increase incentives for workers so that they might withdraw more gradually from the workforce or whether a more active government role will be necessary.

This article examines the employment patterns of adults in the final stages of their working lives, focusing on the "job-stopping" process, which frequently includes postcareer "bridge" jobs, partial retirement, and reverse retirement. Findings include the following: 1) Most bridge jobs are in different industries or occupations from career positions; 2) Partial retirement is more pervasive and longer lasting than previously believed and never takes place on the career job; 3) Almost one quarter of retired workers reenter the labor force, and one quarter of partially retired return to full employment; and 4) Bridge employment is more prevalent for uncovered workers than for those with pension plans. The author concludes that existing labor-supply models need to be enriched to include the possibility of involuntary mobility, decision-making under considerable uncertainty, and institutional constraints. More recently, in his article "Secular changes in the work and retirement patterns of older men," (Journal of Human Resources, Journals Division, University of Wisconsin Press, 114 North Murray St., Madison, WI 53715, Spring, 1995, pp. 362-385, $9.50), Ruhm compares the work and retirement patterns of males aged 58 to 63 in 1969 and 1989. He observes that the work attachments of older American men fell sharply during this period. Retirement occurs more abruptly and at younger ages than in the past. There is a particularly sharp decline at age 62, which the author concludes reflects the influence of the early retirement provisions of Social Security.


Originally written as a background study to the Retirement Age Study, this article reviews the specific effects of the 1983 Social Security Amendments on future retirement benefits. The amendments will gradually increase the age of initial eligibility for full social security retirement benefits from age 65 to 67. The author also presents a theoretical model of retirement timing that includes the influence of health and the effects of social security benefits and reviews empirical research on the role of health in retirement decisions, including differences based on occupation, race, and sex. The research shows that health has a significant effect on the probability of retirement; people in poor health are likely to leave the workforce one to three years earlier than workers in good health with similar economic and demographic characteristics. The author concludes that the response to the changes made by the 1983 amendments by the average worker will be small, and for older workers in poor health even smaller.


The thirteen studies reviewed in this article offer the following consistent results: people are less likely to continue working if their spouses are retired, neither the presence of dependents in the household nor the health status of husbands is a major determinant in the work and retirement decisions of older women; unearned income and/or wealth influences work and retirement decisions of unmarried women but not married women; and for all women, work is positively related to the financial reward for work.