



SOCIETY OF  
ACTUARIES®

2019 **ANNUAL  
MEETING**  
& EXHIBIT

October 27-30  
Toronto, Canada

## Session 193: Reboot, Rewire, or Retire: Important Decisions about Next Steps After Full Time Work

[SOA Antitrust Compliance Guidelines](#)

[SOA Presentation Disclaimer](#)

# Session 193: Reboot, Rewire or Retire - Important Decisions About Next Steps After Full Time Work

**MODERATOR: CAROL A. BOGOSIAN, ASA**

**SPEAKERS:**

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October 30, 2019

# SOCIETY OF ACTUARIES

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# Agenda:

- Introduction
- What Do The Data Show?
- What's Happening in the Market Today
- View of a Retirement and Life Planning Educator
- An Individual Perspective
- Panel Discussion
- Questions

# Introduction

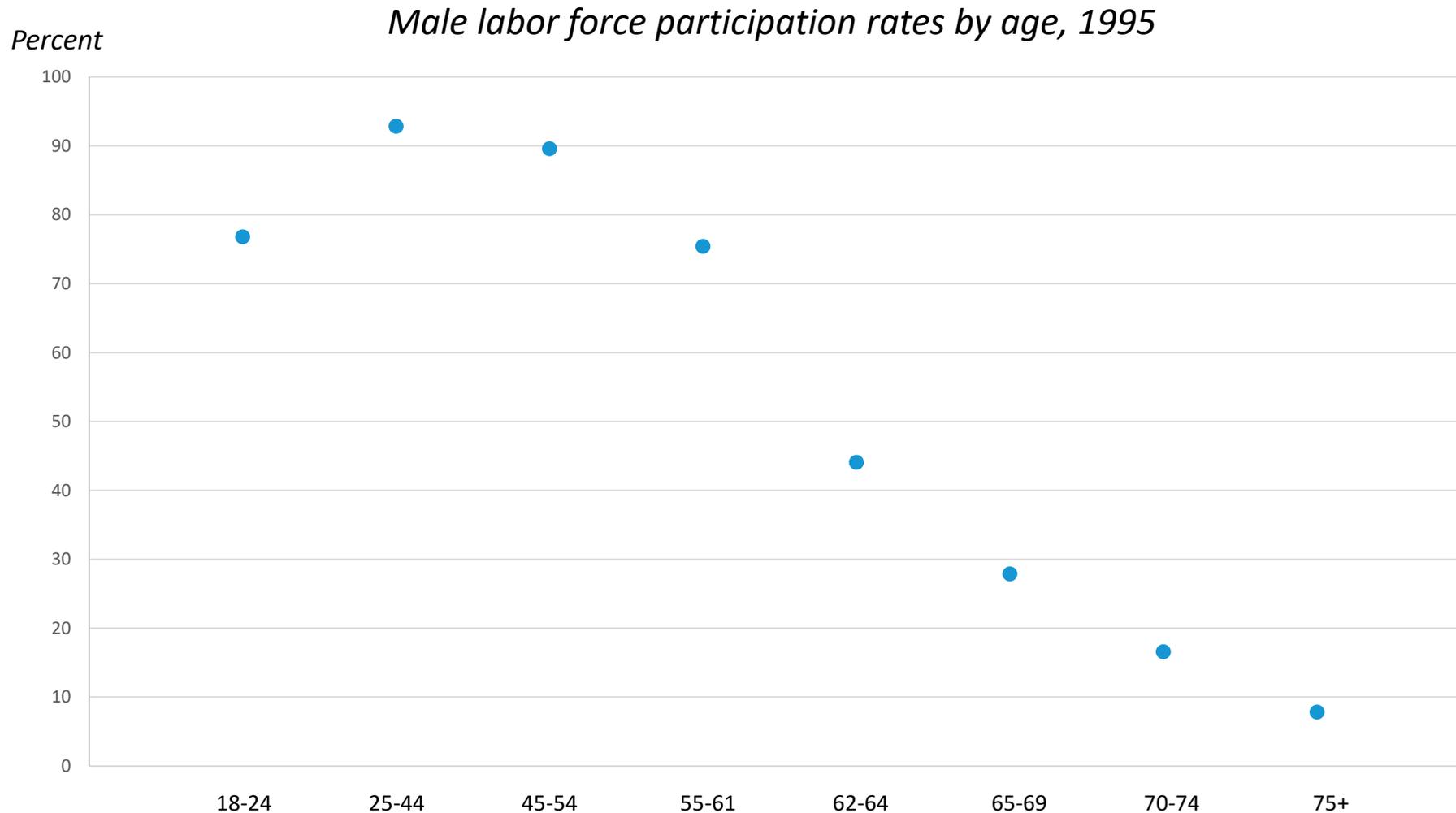
- Phased Retirement – what do you mean?
  - Range of employment arrangements for people nearing retirement
    - Can be mix of paid employment and unpaid volunteer roles
    - Can be with current employer or new employer
    - Can be in same work or in new area of interest
  - Allows employee to continue working or maintain involvement with reduced workload or hours
  - Allows employee flexibility to work or volunteer from various locations
  - Allows employee to gradually move from full-time paid employment to full-time retirement

# What Do the Data Show?

by Richard W. Johnson, PhD

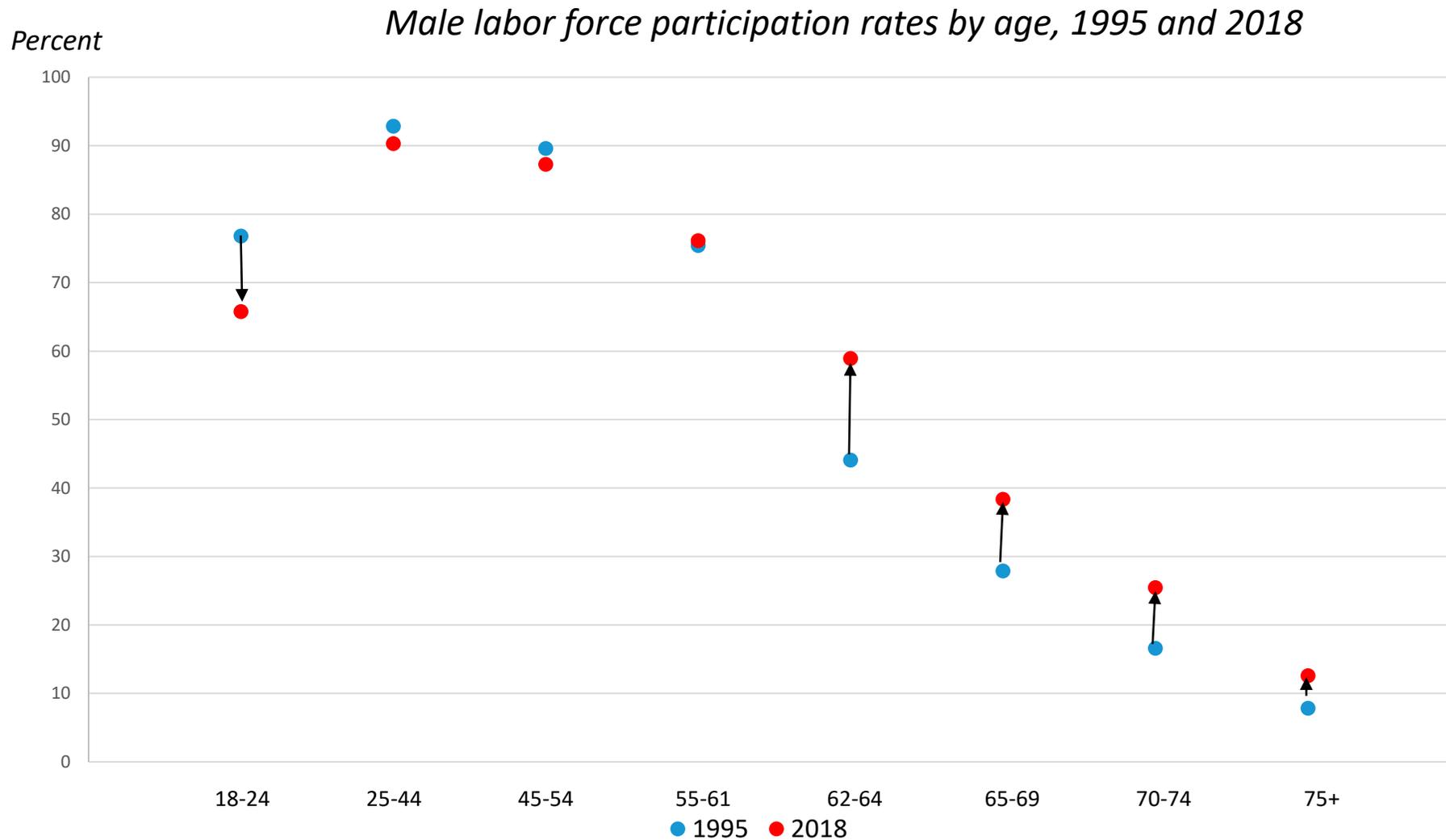


# Over the past quarter century, older men have been working more



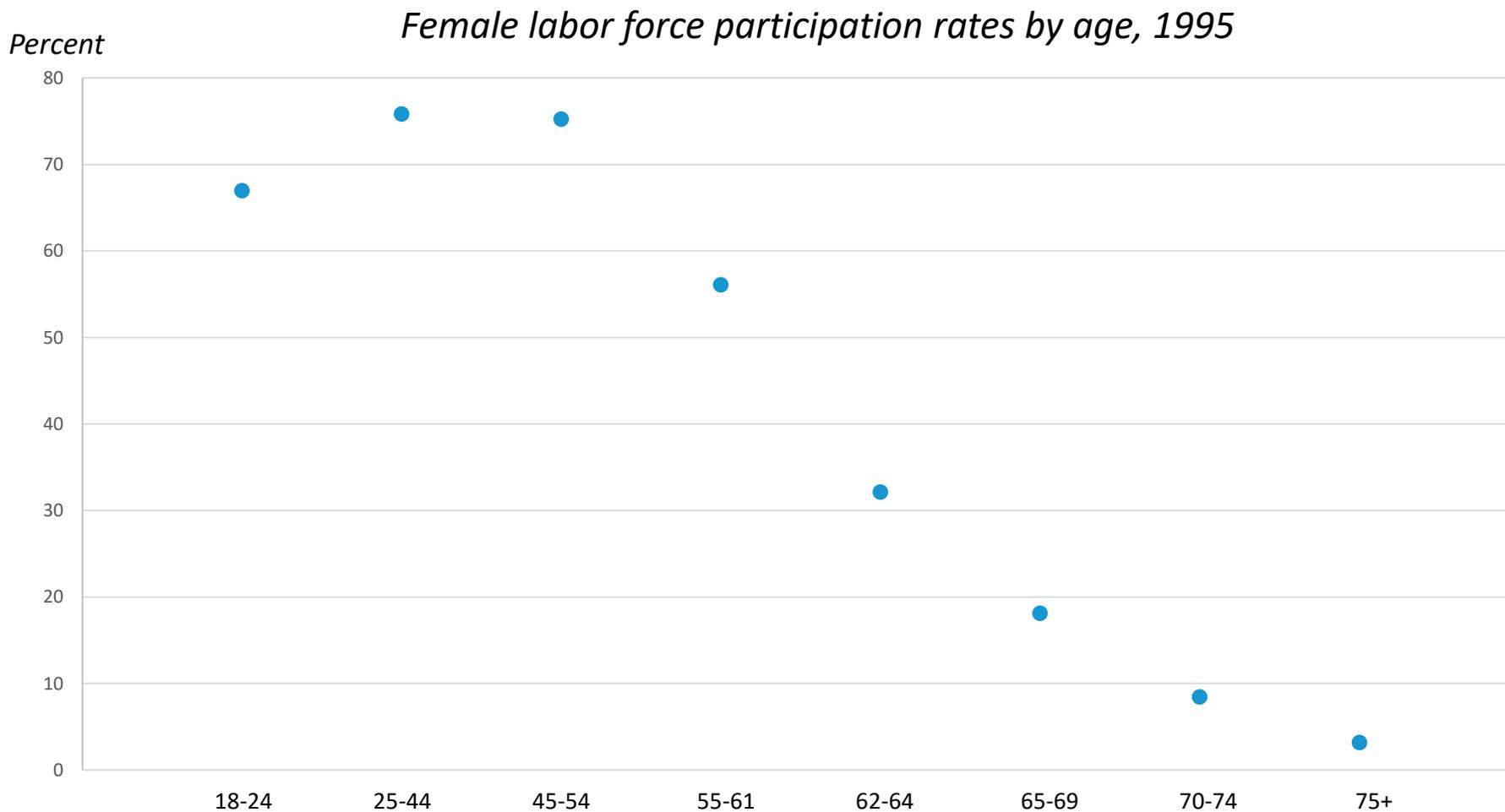
Source: Author's calculations from the Annual Social and Economic Supplement of the Current Population Survey.

# Over the past quarter century, older men have been working more



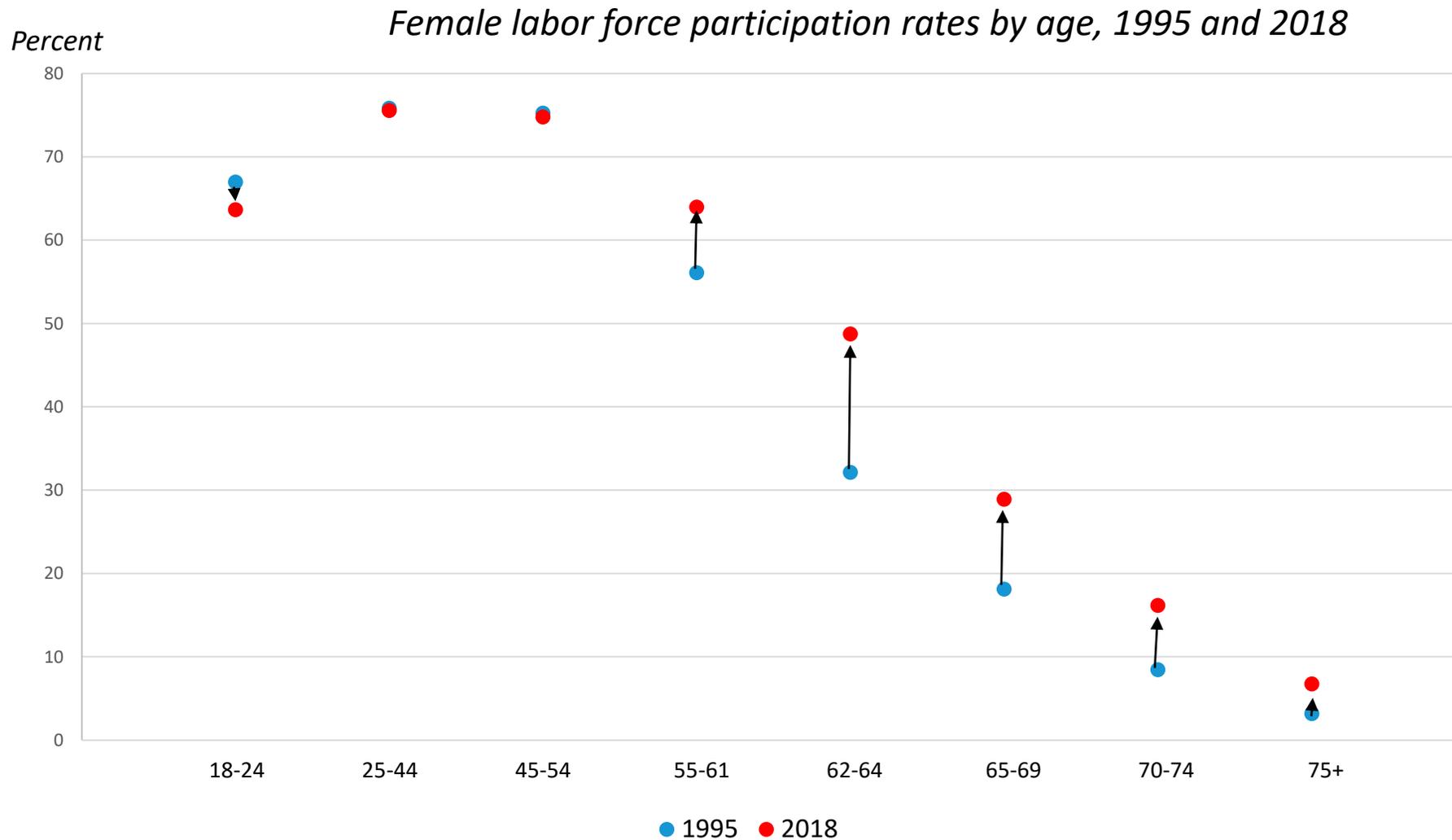
Source: Author's calculations from the Annual Social and Economic Supplement of the Current Population Survey.

# Participation Rates Also Soared for Older Women over the Past Two Decades



Source: Author's calculations from the Annual Social and Economic Supplement of the Current Population Survey.

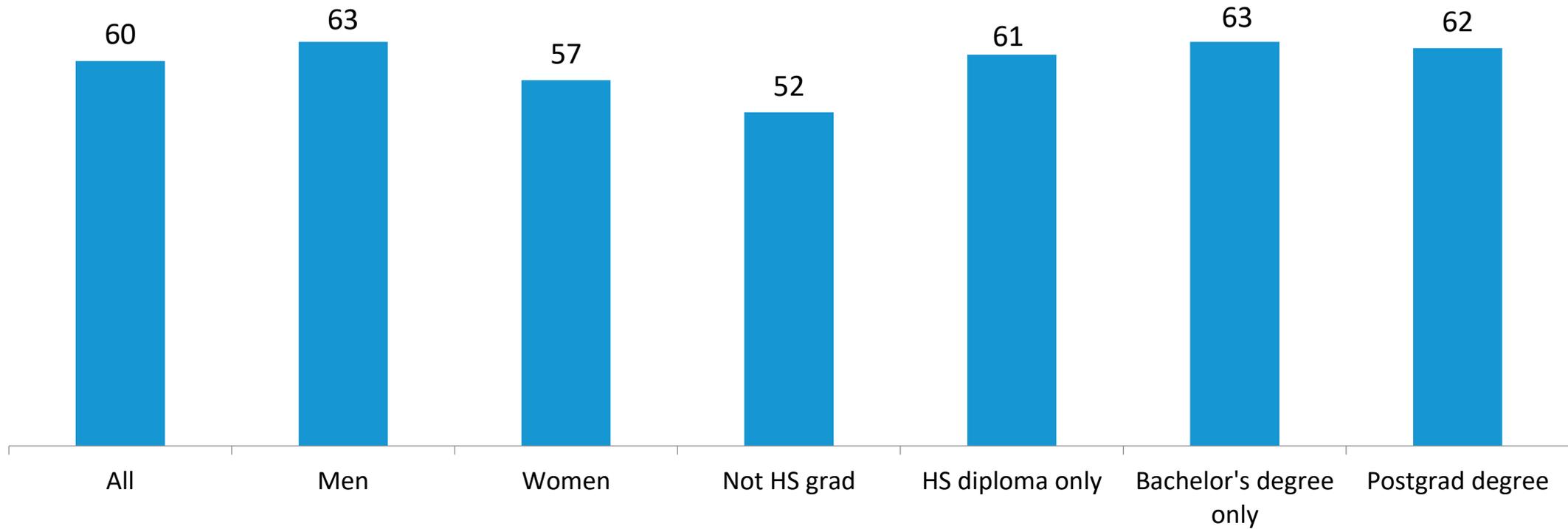
# Participation Rates Also Soared for Older Women over the Past Two Decades



Source: Author's calculations from the Annual Social and Economic Supplement of the Current Population Survey.

# Six in 10 workers change occupations after age 50

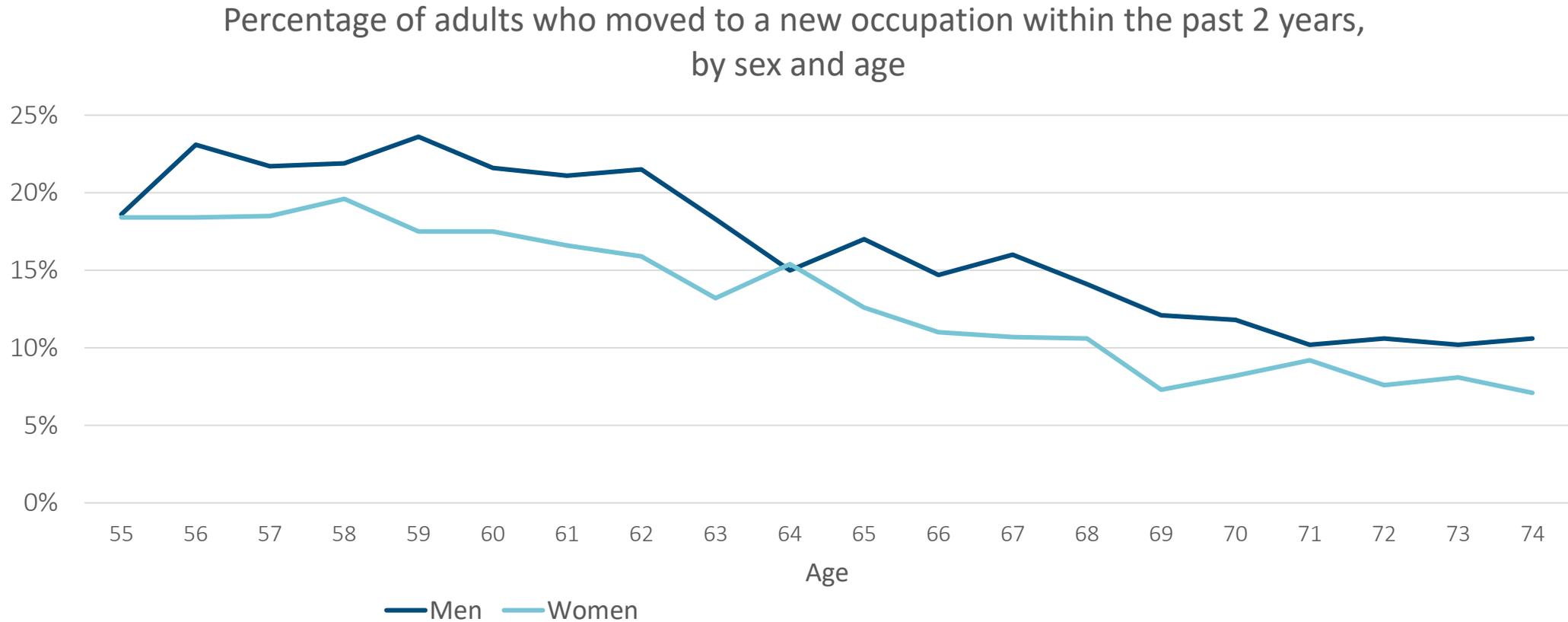
Percentage of workers who change occupations after age 50\*



\*Among workers employed at age 50

Source: Johnson (2015), based on Health and Retirement Study data.

# The likelihood that workers change occupations declines as they age

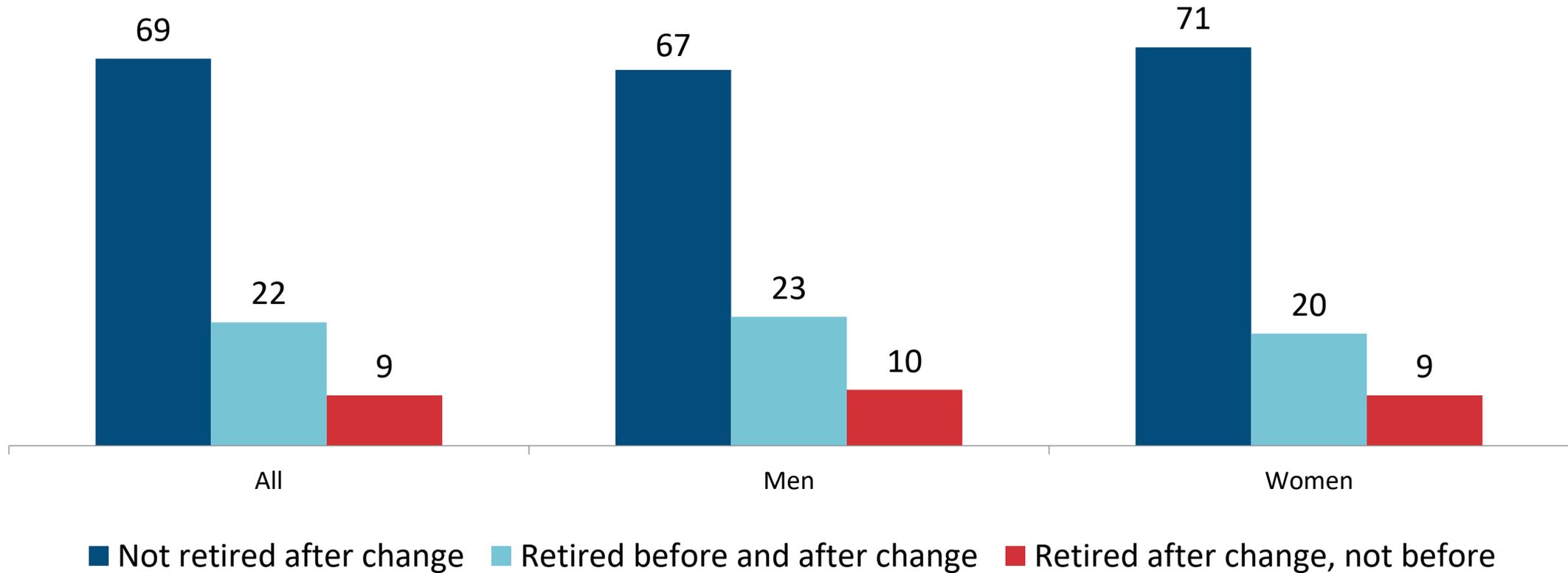


Source: Johnson (2015), based on Health and Retirement Study data.

\*Among workers employed at ages 51-54

# Most occupational transitions occur before workers describe themselves as retired

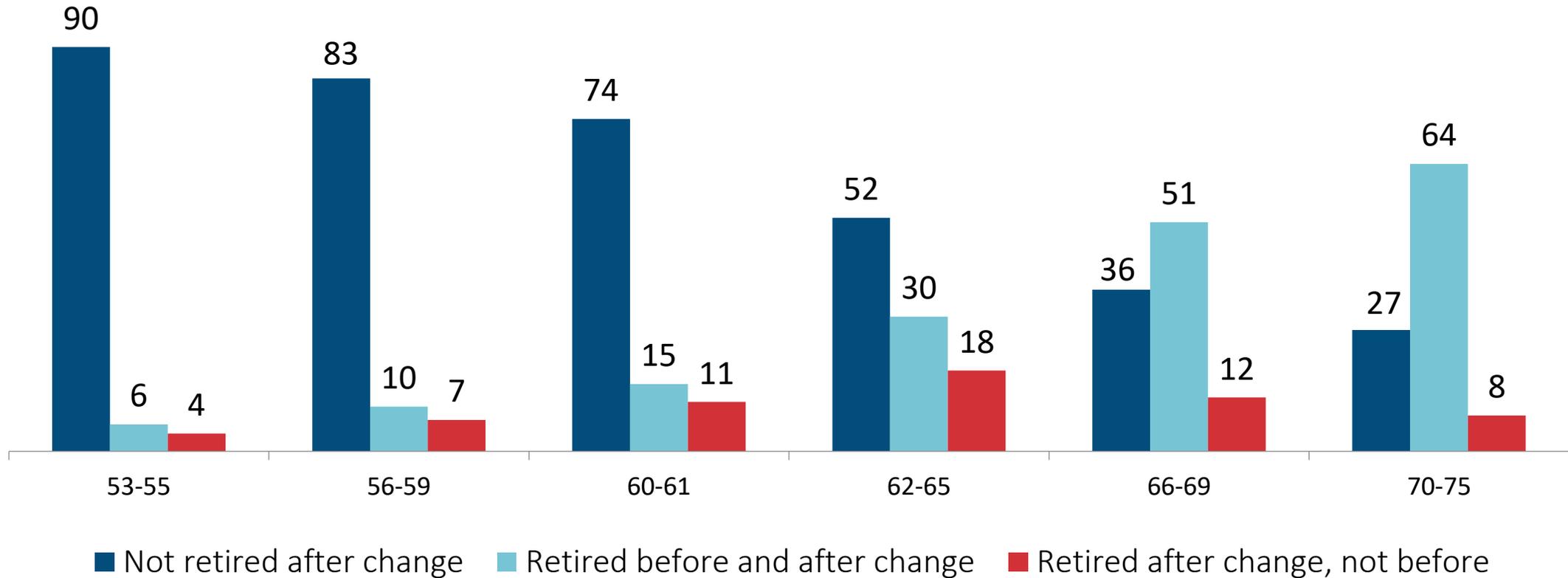
Distribution of Job Transitions between Ages 51 and 75 by retirement status and sex (%)



Source: Johnson (2015), based on Health and Retirement Study data.

# Many occupational transitions after age 62 involve retirees

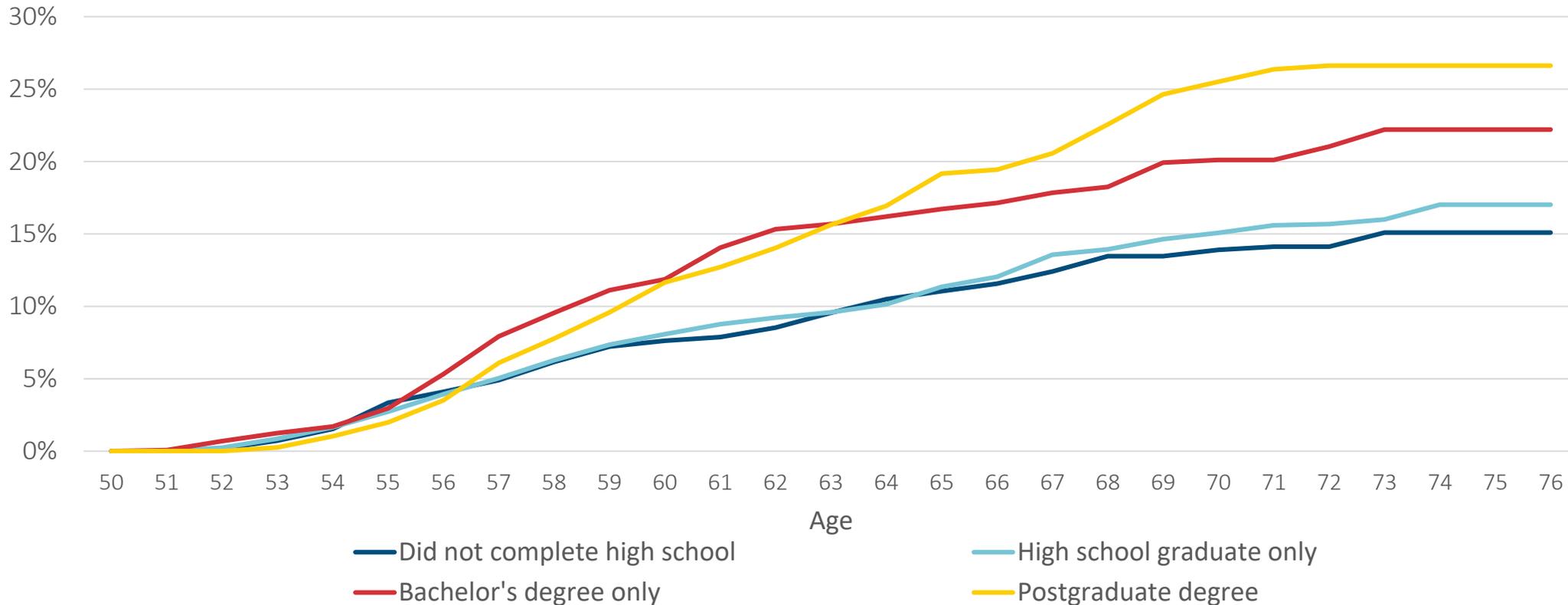
Distribution of job transitions between ages 51 and 75 by retirement status and age (%)



Source: Johnson (2015), based on Health and Retirement Study data.

# Many workers, especially college graduates, move into self-employment at older ages

Percentage of adults who move into self-employment, by education and age

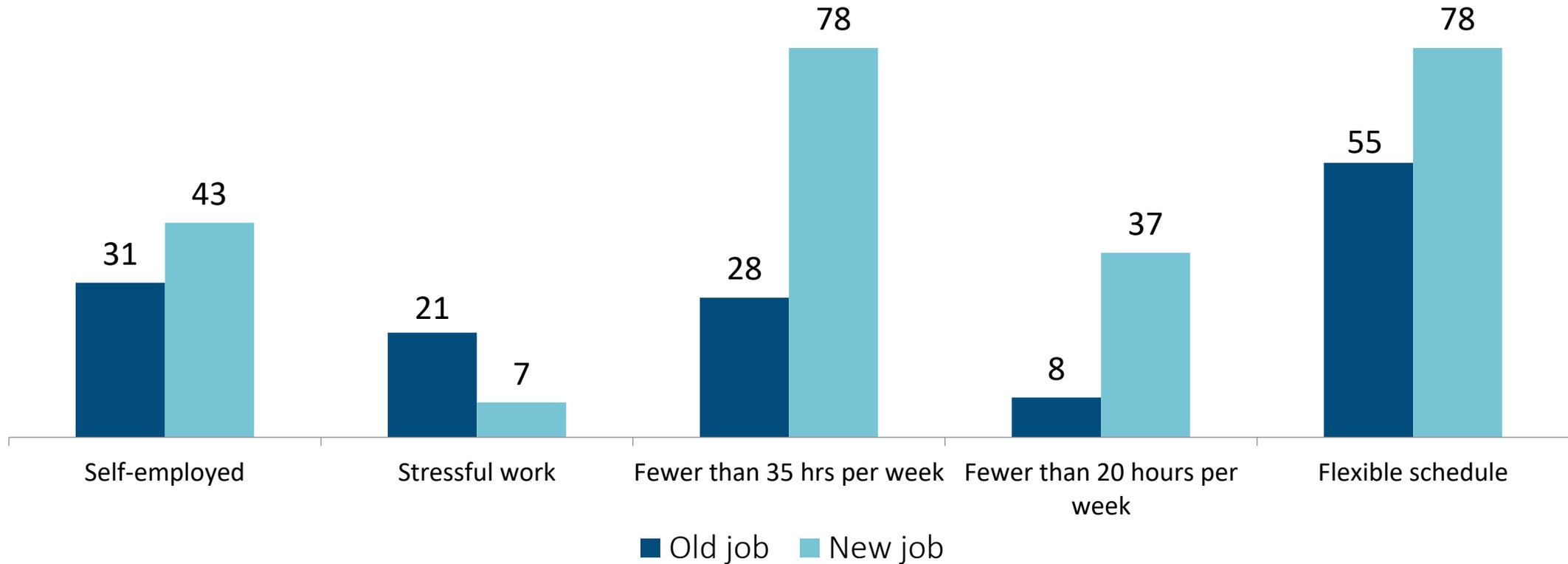


Source: Johnson (2015), based on Health and Retirement Study data.

\*Among adults employed as wage & salary workers ages 51-54

# Occupation changers often move to part-time work that is less stressful and more flexible

Characteristics of the old and new job for workers who change occupations after age 50 among newly retired workers (%)

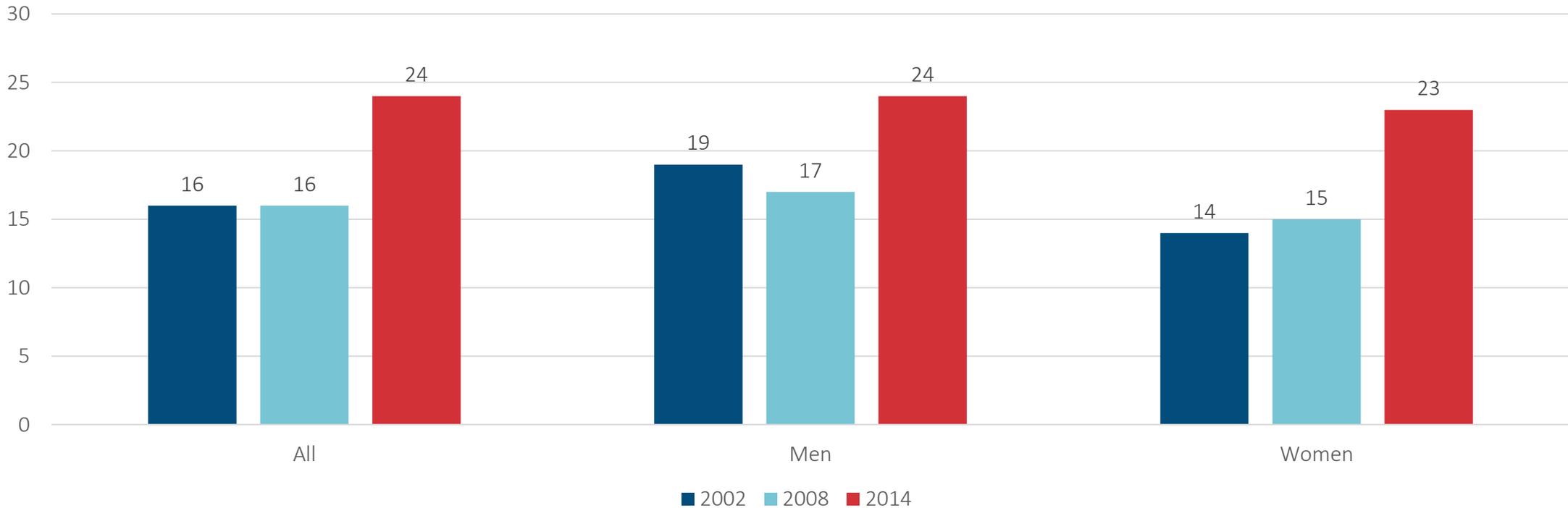


Source: Johnson (2015), based on Health and Retirement Study data.

# Many Older Workers Face Significant Challenges in the Workplace

# Growing shares of older workers report age discrimination

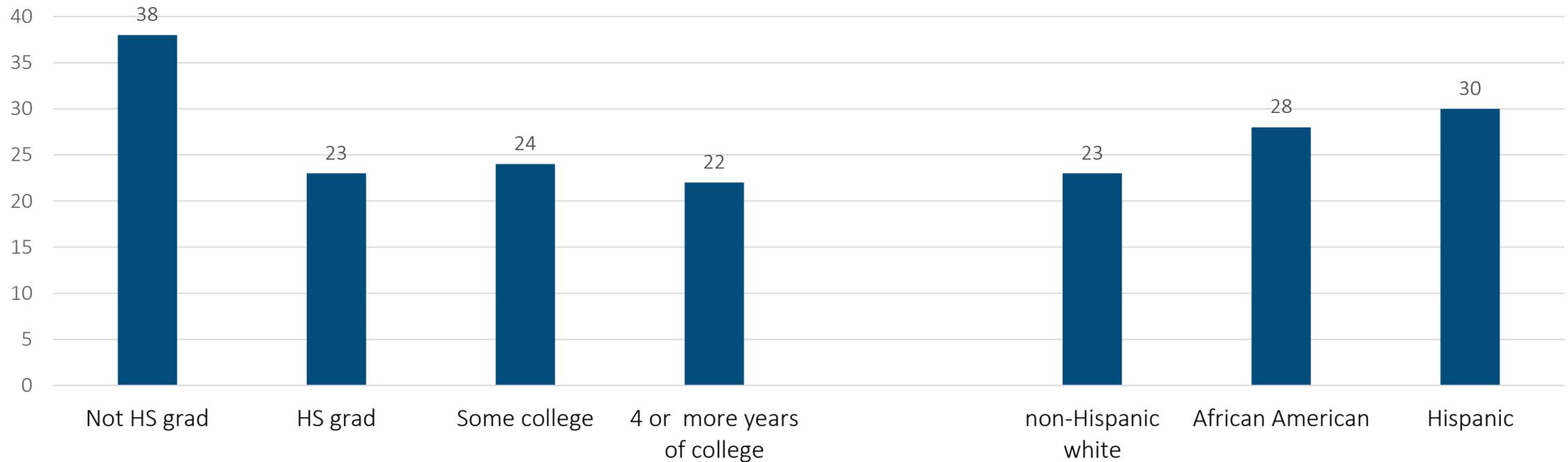
Workers Ages 58 to 63 Reporting That Their Employers Favor Younger Workers, by Sex, 2002-2014 (%)



Source: Johnson (2018)

# Less-educated older adults and people of color are especially likely to report that their employers favor younger workers

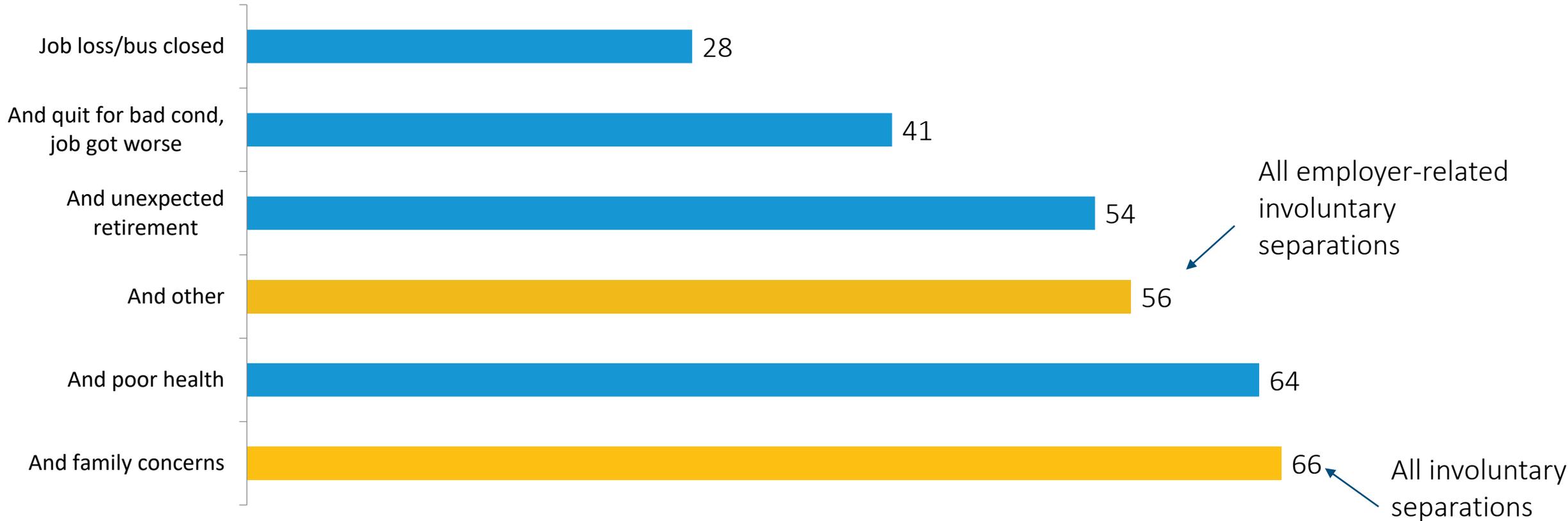
Percentage of workers ages 58-63 reporting that their employers favor younger workers, 2014



Source: Johnson (2018b), from HRS data.

# More than half of adults working full-time, full-year at ages 51 to 54 who have spent 5 or more years with their employer eventually experience an involuntary employer-related job separation

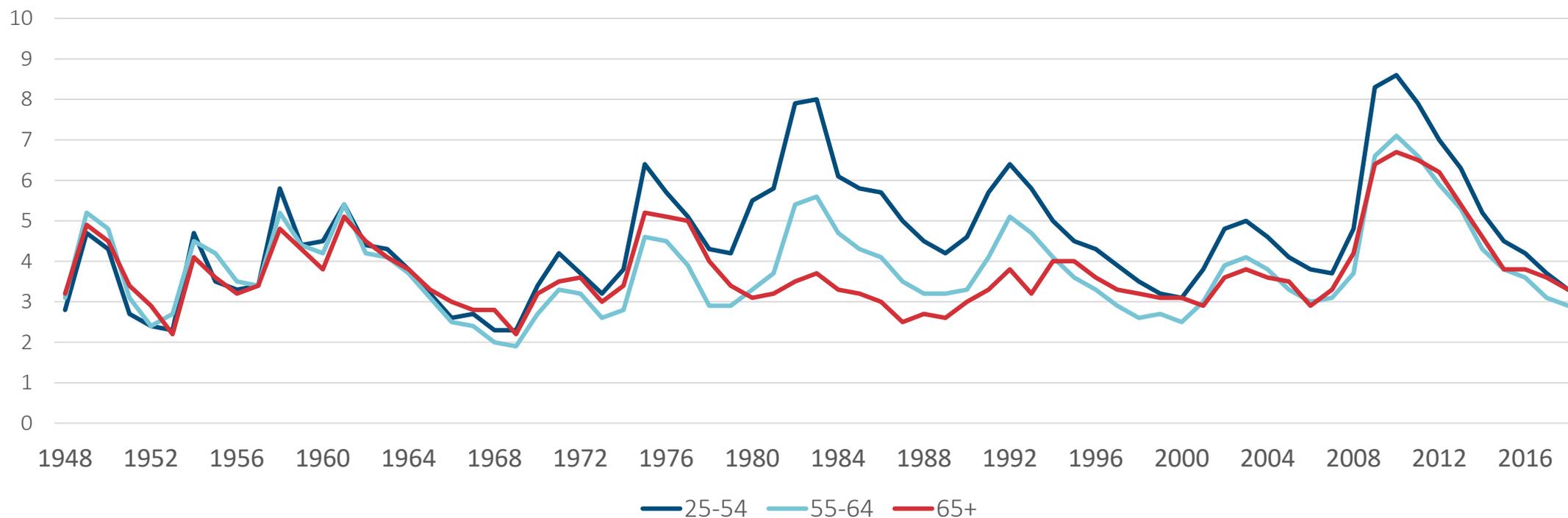
Cumulative percentage of workers who ever experience involuntary job separation (%)



Source: Johnson and Gosselin (2018)

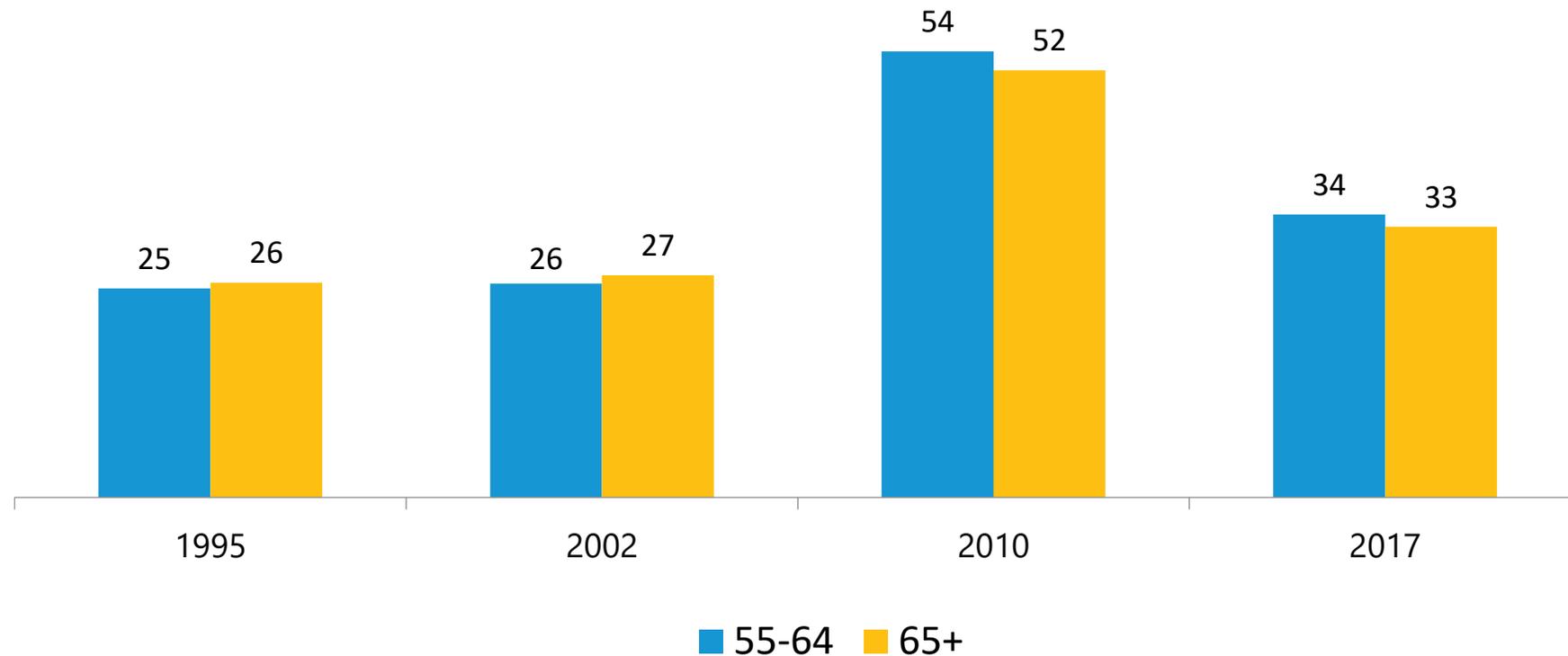
# The unemployment rate gap between workers ages 65+ and younger workers has narrowed

Unemployment Rate by Age, 1948-2018 (%)



# Many older unemployed workers have been out of work for a long time

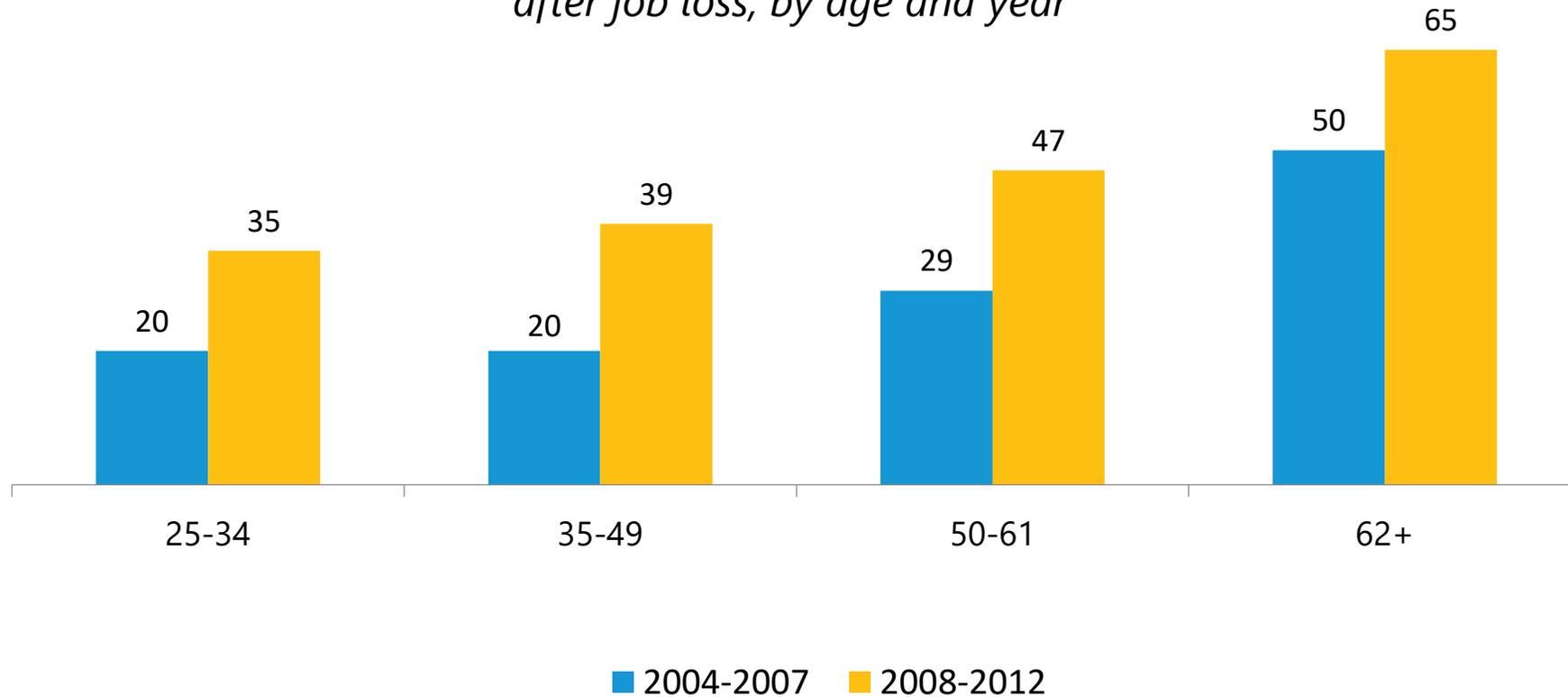
*Percentage of unemployed workers out of work for six months or more, by age*



*Source: Authors' computations from BLS data.*

# Unemployment spell durations increase with age

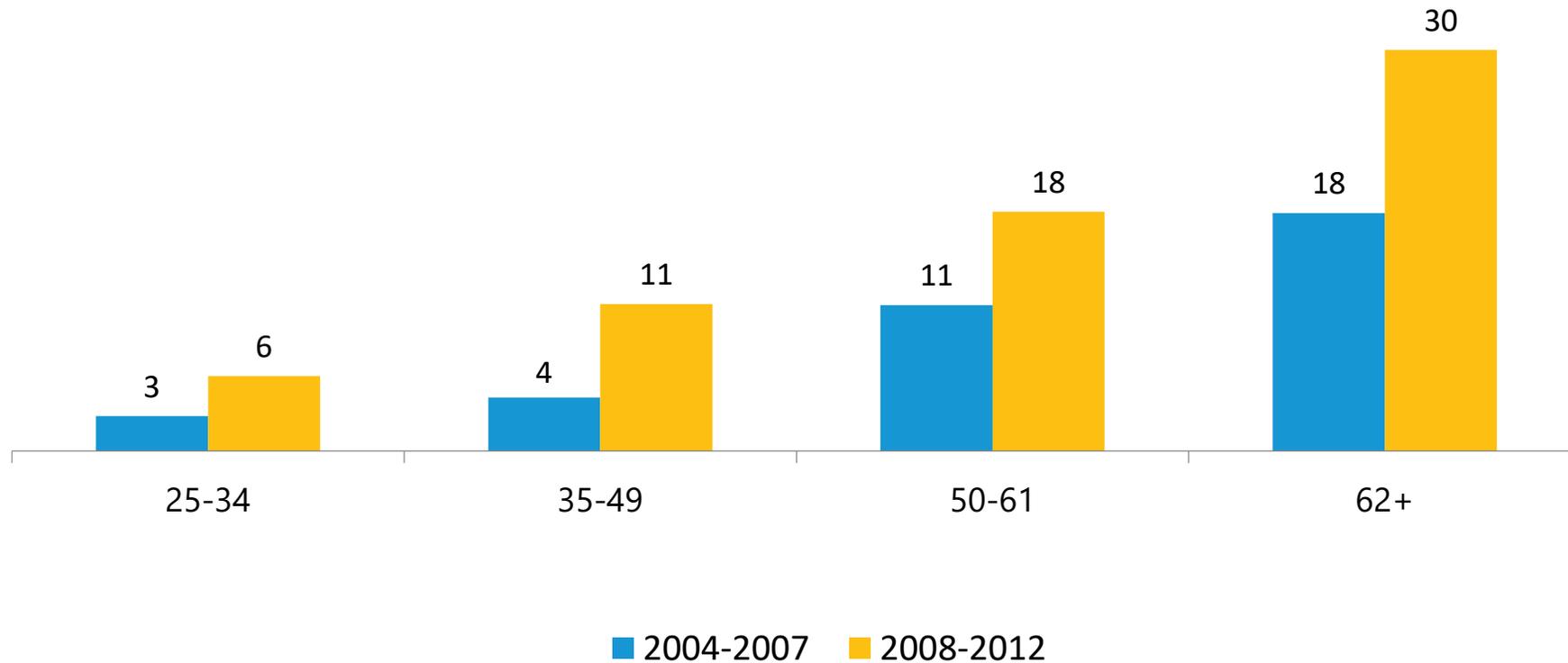
*Percentage of unemployed adults still out of work 12 months after job loss, by age and year*



Source: Johnson and Smith (2019).

# When displaced workers become reemployed, older workers tend to experience larger earnings losses than their younger counterparts

*Percentage decline in monthly earnings for reemployed displaced workers, by age and year*



Source: Johnson and Smith (2019).

# What's Happening in the Market Today by Tim Driver, CEO RetirementJobs.com (Age Friendly Ventures)



## Working Longer Solves (Almost) Everything...

- **Employers:** Need talent and good results. Most employers think of phased retirement as a win/win for employers and employees.
- **Individuals Age 50+:** More engaged, healthier, happier. More economically secure.
- **Policymakers:** Need well functioning economy. Most policymakers think of phased retirement as a program that primarily should help the worker or address concerns about the shortage of workers.

## ...But It's Hard

- **Employers:**

Most still do not offer formal arrangements. Or if they do, there is little communication and adoption.

- **Individuals Age 50+:**

They can get in their own way

- **Policymakers:**

Leaving it to the private sector

# Bias Still Feels Real to Older Adults

|  | 2009 | 2019 |
|--|------|------|
| I believe age bias is a fact of life in the workplace        | 96%  | 83%  |
| I believe age bias in the workplace is:                      |      |      |
| ○ Declining  | 5%   | 11%  |
| ○ Staying the same   | 33%  | 41%  |
| ○ Increasing   | 62%  | 48%  |
| I have personally experienced or observed workplace age bias | 79%  | 77%  |

Source: RetirementJobs.com Members (Age 50+ Survey Respondents: 12,127)

# Many Older Workers Do Well, Many Don't

| Workers Who Do Well               | Workers Who Do Not Do Well                   |
|-----------------------------------|--|
| Hopeful and optimistic            | Stubborn and set in their ways               |
| Interested in learning new skills | Living in the 1970s                          |
| Ready for a new experience        | Unable to take direction from younger people |
| Excited to be socially engaged    | Not up-to-date on technologies               |
| Accepting of a younger manager    | Grumpy and entitled                          |
| Behaving as a team player         | Overpaid                                     |
| Living in the new millennium      |  |
| Embracing the future              |  |

Source: RetirementJobs.com

# Employers Do See More Value Than In the Past

- Labor cycle
- Lower turnover rate/Longer tenure can tie to higher profitability
- Age is a new dimension of diversity
- Job types: service vs. manufacturing

# Top 20 Jobs & Industries

|                           |                             |
|---------------------------|-----------------------------|
| Nursing                   | Customer Service Rep.       |
| Healthcare Technician     | Non-Profit Services         |
| Healthcare Administration | Financial Services Clerical |
| Teaching Aide & Assistant | Home & Personal Aides       |
| Temporary Employment      | Hotel Staff Positions       |
| Retail & Grocery Clerks   | Administrative & Clerical   |
| Specialty Retail Sales    | Self-Employment             |
| Accountants/ Tax Preparer | Franchise Owner/Operator    |
| Bank Tellers & Cust. Svc. | Any Small Employer          |
| Car/Van/Bus/Truck Driver  | Government Staff            |

Source: RetirementJobs.com

# Picking Up the Pace of Change

- Public-Private Partnerships
  - Recognizing age friendly employers
- Academia
  - Developing the older worker business case
- Online and In-Person Training
  - Skills (e.g., coding)
  - Expectations and attitude
  - Job searching

# Summary

- “Retirement Jobs” are becoming the norm
- Challenges to longer work exist
  - Difficulty of older workers finding high-level work
  - Involuntary retirement
  - Impact on younger workforce
- Working longer solves (almost) everything, but society must make it easier– and then rethink retirement ages

# View of a Retirement and Life Planning Educator by Sally C. Hass, M.Ed



# Actions to Address Retirement Longevity Risk

- Additions to retirement preparation educational program
  - Actions the individual can take to mitigate a GAP
  - Formulating a plan to generate longer income
  - Exercise on the benefits of being a worker
  - Impact of loved ones living longer

# Workforce Trends

- The workplace is becoming **older**
  - Available young educated workers are diminishing
  - Immigration is not predictable
  - Workforce over age 55 will **double** by 2015, growing four times faster than the rest of the workforce
  - Growing number of older working women
    - 70% of boomer women work
    - 10% more entering the workforce in the last ten years
  - Sandwich generation
    - Grandchildren
    - Eldercare

# Role of Human Resources

- Human capital management:
  - The competitiveness of a company depends on its ability to both **attract** and **retain the best talent**
  - Trying to grow the most talented workforce for today and tomorrow
  - Trying to create staffing flexibility

# Strategic Insights 2007

..... Analysts say such staffing issues are less a concern than are business competition and economic factors and **“until personal shortages hit the bottom line, there is little impetus for action.”**

The problem is that **this leaves precious little time for planning. Employers that want to avoid potential talent shortages will need to look into their bag of tricks for ways to appeal to an aging workforce.**

# Employers Perspective

- Concern about creating an entitlement mentality
- Sensitivity to age discrimination
- Myths vs. data re “older workers”

BUT....

**Without a strategy focused on retention of mature talent, employers are likely to be caught short and in a mode of reacting**

# Actions for Employers

- Deep & rigorous demographic study of their workforce
- Audit of current culture for mature workers
  - Qualitative and quantitative
- Understand pipeline shortages
- Understand potential high risk early retirements
- Audit of culture and retirement secrecy
- Collect data on volume of special deals to retain talent
- Develop a talent retention strategy

# Actions for Employers (continued)

- Investigate current best practices and implement those of highest value
  - Culture
  - HR and manager training
  - Policy and business practice changes
  - Benefit redesign
  - Retiree rehire process

# The Results of a Mature Worker Strategy

- Improved workforce planning process
- Greater awareness of critical skills and talent
- Standardized retention options both pre- and post-retirement
- Able to elongate careers of selected talent
- Gained a better understanding of employees' retirement plans
- Created more staffing flexibility to add or contract as business needs dictated
- Strengthened knowledge management in an effort to reduce risk of lost knowledge

# Summary

- Employee
  - Working longer may be the key to improved quality of life for the rest of life
- Employer
  - Attracting and retaining mature workers may be the key to competitiveness
- Nation
  - Lessen the burden on “Social Systems”
  - Contribute to our economic well-being

# An Individual Perspective by Anna M. Rappaport, FSA, MAAA



# Mission Today: Tell My Story/Share Life Portfolio Ideas

## Receiving SOA Presidential Award 2014

My retirement story:  
Documented in article for  
financial planners  
– very positive response  
and invitation to do  
Webinar

Moving beyond  
traditional retirement  
planning



Ten years after traditional employment

# Components of the Life Portfolio



# My Perspective: My Own Life Portfolio

- Phased retiree: Age 78, left conventional employment in 2004
- Balancing focus on improving the retirement system, urban sketching, and family
- Very active volunteer
  - For the Society of Actuaries (was President 21 years ago), chair Aging and Retirement and Committee on Post-retirement risks
  - Board member – Women’s Institute for a Secure Retirement
  - Advisory board member – Pension Research Council
- Current projects – research, writing, speaking – do not advise plan sponsors or individuals about their plans
- Do not do projects that interfere with family needs
- My big issues: women’s issues and work later in life (shifted from employer to individual perspective)
- Believe that most phased retirement is based on individuals figuring it out for themselves
- Have talked to many people, primarily professionals, about these issues
- My life includes networking and mentoring

# Defining Your Interests and Life Portfolio

- What are you passionate about?
- Volunteering
  - Professional work, many opportunities for actuaries
  - Community and civic, church groups, art groups
  - Helping people who need help
  - Assisting social causes (e.g., animals, housing, meals)
- Travel
- Hobbies and the arts
- Social engagement is important
  - Can combine with work, volunteering, exercise, hobbies, mentoring, etc.
- What and how much involvement with family?

# Implementing the Life Portfolio

- Building a brand and communicating it
  - Big question: Me, today vs. me, yesterday (i.e. former actuary at ABC)?
  - Special considerations if you want to be on Boards
  - Need a communication strategy
- Use of technology/website/social media
- Securing opportunities and saying no
- If consulting, dealing with contracting issues
  - Intellectual property ownership, liability limits, noncompete issues
- Time management
- Peer review and appropriate support
- Finances: How much overhead or should you avoid overhead?
- Measuring portfolio success

# Building the Life Portfolio: Growth Opportunities

- Special educational programs: examples for Chicago
  - Osher Lifelong Learning Institutes (OLLI) at Northwestern (on 120 campuses in US)
  - Center for Lifelong Learning at local church
  - Graham School at the University of Chicago
- Participation in organizations like the Villages or in online courses
- For me: participation in Urban Sketchers Chicago
- Volunteering in areas that will support growth
- Work to maintain health
- Make new friends and find new contacts
- Learn new skills or take up new hobbies

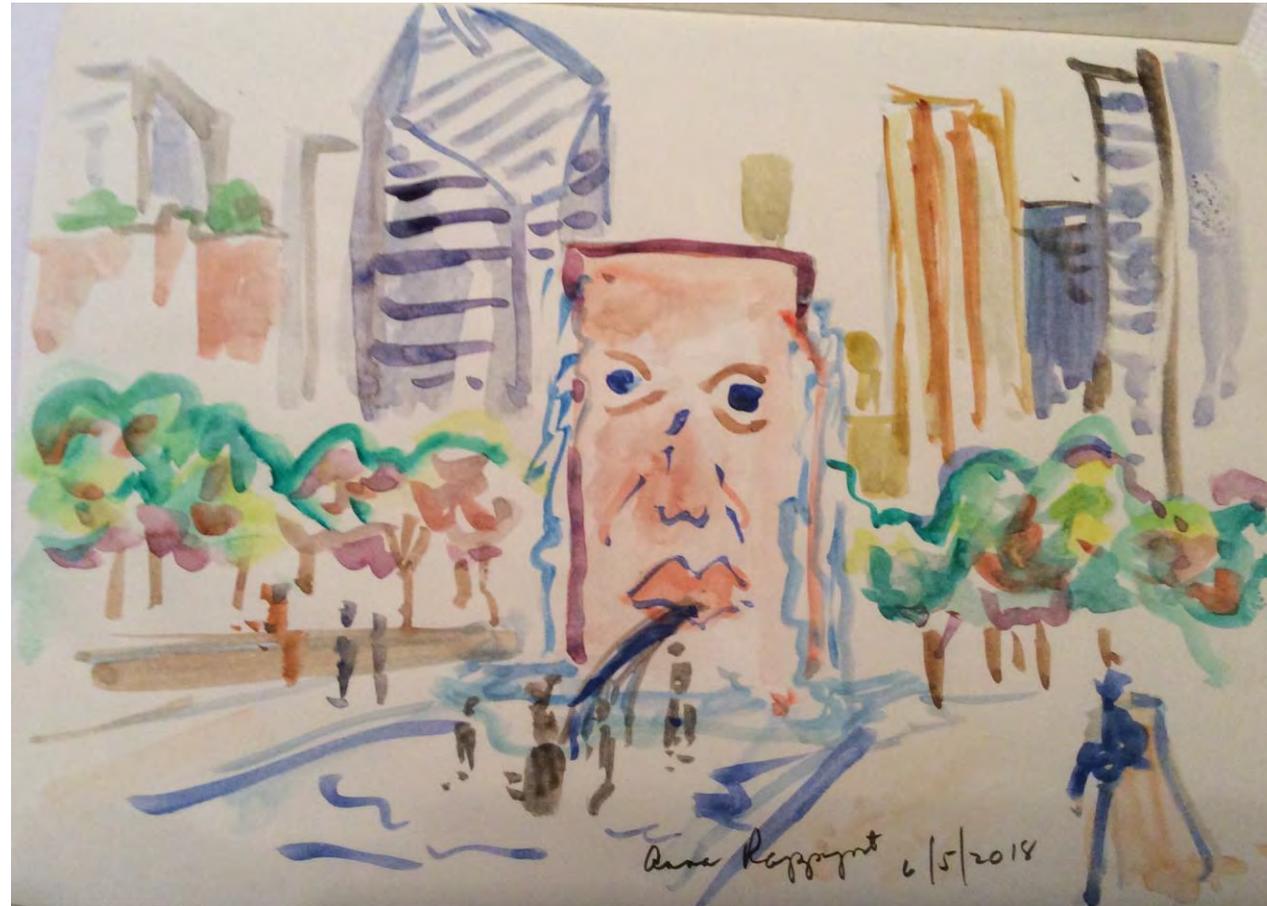
# Finding Options for Continued Work

- Your prior employer
  - Some offer part-time options, contract work or have a retiree pool
- Board opportunities
- Using your contacts
- Watching for Requests for Proposals (if interested in research)
- Organizations specializing in work for seniors
  - RetirementJobs.com
  - Your Encore
  - Encore.org
- Finding work options in your community
  - Examples: gig economy, handymen, caregiving and helping, seasonal employees in theme parks, gated community – work in office, at the gate, restaurant

# Diversifying Your Life Portfolio

- Include a variety of different things
- Include some that can be continued if you have limitations
  - Limitations may be financial, physical, mental, need to be available to family
- What can be continued if your spouse is limited and you are a caregiver
- If you have a variety, some will continue to be of interest as preferences change
- Some should be suitable to continue as you age
- Update as things change – example, drawing project
- Don't be afraid to ask for help, hire limited help

# My Urban Sketching: One of My Drawings



# Panel Discussion



# Questions?



## REFERENCE LIST – PHASED RETIREMENT AND WORKING IN RETIREMENT

Updated September 19, 2019

### Research, Current Experience and data

- U.S. GAO, [Phased Retirement Programs, Although Uncommon, Provide Flexibility for Workers and Employers](#) GAO-17-536, 2017 – provides insight into recent employer practices and data on employees. A series of employer case studies are discussed.
- [The Sightlines Project](#): Stanford Center on Longevity (the Society of Actuaries was a sponsor of this project). Project focuses on successful aging broadly. There are various phases to project.
- Aegon Center for Longevity and Retirement, *The New Social Contract: a blueprint for retirement in the 21<sup>st</sup> century*, The Aegon Retirement Readiness Survey, 2018
- U.S.: Purcell, Patrick. 2009. “Older Workers: Employment and Retirement Trends.” Congressional Research Service Report for Congress 7-5700, CRS, Washington, DC.
- [Older Workers: Labor Force Trends and Career Options](#), U.S. Department of Labor, 2017
- US: [Educational Differences in Employment at Older Ages](#), Richard W. Johnson and Claire Wang, Urban Institute, 2017.
- US: [What Are the Top Jobs for Older Workers?](#) Richard W. Johnson and Claire Wang, Urban Institute, 2017.
- U.S.: [How Secure Is Employment at Older Ages?](#), Richard W. Johnson and Peter Gosselin, Urban Institute, 2018.
- [Age Disparities in Unemployment and Reemployment during the Great Recession and Recovery](#), Richard W. Johnson and Barbara A. Butrica, Urban Institute, 2012

### Employer and Business Community Focused

- Staying Ahead of the Curve 2004, Best Practices for a Mature Workforce [https://assets.aarp.org/rgcenter/econ/multiwork\\_2004.pdf](https://assets.aarp.org/rgcenter/econ/multiwork_2004.pdf) -- published by AARP. Report analyzes the practices of companies that were awarded prizes for their work with older workers and provides a structure for thinking about which practices can have bigger impact and make more difference. Report has been cited as very helpful to organizations who did work in this field.
- The Conference Board, *Phased Retirement After the Pension Protection Act*, 2007 – employer focused discussion of business alternatives and issues relative to phased retirement.
- Society of Actuaries: *Securing Future Retirements Essay Collection*, 2018
  - [Working Longer to Improve Retirement Security: Addressing Workplace Issues](#)  
*Anna M. Rappaport and Tim Driver*
- U.S. Department of Labor: ERISA Advisory Council, [Report on Phased Retirement, 2008](#)

### Individually Focused

- Rappaport, Anna: "[Reboot, Rewire or Retire? Personal Experiences With Phased Retirement and Managing A Life Portfolio](#)". Article for financial planners published in The Nerd's Eye View. Article discusses the life portfolio and implementing the life portfolio. It includes implementation issues.
- U.S. perspective: 2011 Risks and Process of Retirement Survey: Key Findings and Issues: Working in Retirement, Society of Actuaries
- The Key to Wealth, Health, and Happiness by Sally C. Hass M.Ed., Journal Of Financial Service Professionals, January 2007
- 70: The New 50 by William C. Byham, Ph.D

### Policy Focused

- Society of Actuaries: Securing Future Retirements Essay Collection, 2018
  - [Working Longer to Improve Retirement Security: Improving Public Policy](#)  
*Anna M. Rappaport and Tim Driver*
- [Letting Older Workers Work](#) by Rudolph Penner, Pamela Perun and Eugene Steurele, Urban Institute, The Retirement Project, 2003
- [Legal and Institutional Impediments to Partial Retirement and Part-Time Work by Older Workers](#), by Rudolph Penner, Pamela Perun and Eugene Steurele, Urban Institute
- [Working Longer Policies: Framing the Issues](#), Brookings, 2019
- [Current Strategies to Employ and Retain Older Workers](#), Lauren Eyster, Richard W. Johnson, and Eric Toder, Urban Institute, 2008.
- [Is It Time to Raise the Social Security Retirement Age?](#) Richard W. Johnson, Urban Institute, 2018.

### International

- U.S. GAO, [Other Countries Experiences with Phased Retirement](#), 2019
- International perspective: International Actuarial Association, Determination of Retirement and Eligibility Ages: Actuarial, Social and Economic Impacts, 2016
- For U.K. perspective: *Avoiding the demographic crunch: Labour supply and the ageing workforce*, Chartered Institute of Personnel and Development and International Longevity Center, UK, 2015
- For U.S. and International employer and workforce issues: Billings, Mary Nell and Anna Rappaport, *Living to 100: Challenges and Opportunities for Employers*, Society of Actuaries, Living to 100 2011 Monograph
- For U.S. and International retirement age issues: Rappaport Anna, *How Well Have Retirement Systems Adapted to Longer Lives?*, Society of Actuaries, Living to 100 2014 Monograph
- International: Melbourne Mercer Global Pension Index, [2018](#) and prior years – annual studies of retirement practices and evaluation of retirement systems in more than 30 countries



Article from

**Securing Future Retirements Essay  
Collection**

2018 Call for Essays

# Working Longer to Improve Retirement Security: Addressing Workplace Issues<sup>1</sup>

Anna M. Rappaport and Tim Driver

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People are living much longer than when the Social Security system was established in the 1930s, and periods of retirement are also expanding. Many people are reaching common retirement ages without adequate retirement savings. Working longer improves retirement security because retirement assets are needed for fewer years, assets have a longer time to grow and the individual has a longer period to be covered by applicable employee benefits. In addition, monthly income from Social Security is increased if claiming is delayed beyond age 62 up until 70. Phased retirement, which allows people to gradually move from full-time work to labor force exit, make a great deal of sense to us.

While many professionals, including gerontologists, actuaries, economists and retirement planners, talk about the societal importance of longer work, neither the business nor the policy community is doing much to address barriers to protracted employment or to enable or encourage phased retirement. Many individuals are building their own phased retirement solutions; a few private organizations are capitalizing on opportunities to support longer work. This essay discusses issues for employers. A separate essay, “Working Longer to Improve Retirement Security: Improving Public Policy,” discusses policy issues.

## Approaches to Phased Retirement

From the viewpoint of the retiree, any arrangement that permits gradual exit from the labor force is a form of phased retirement. Such arrangements include when employees scale down hours with the same employer, retire from one employer and find work elsewhere, or retire and get rehired, often on a limited basis, from the same employer.

Rehire of retirees may be for specific projects, in a job similar to the position left, as a temporary through the use of a temporary pool, working through a third party such as a temporary agency or as a contractor. For employers who offer defined benefit pensions, the employer has to decide whether to continue pension benefits during rehire. This is normally handled by limiting the person rehired to working less than 1,000 hours and by requiring a period of separation prior to rehire.

Moving to new employment includes traditional employment, working as a temporary employee and working as an independent contractor. Employers who utilize part-time employees where people can change their schedule are offering phased retirement whether they recognize it or not.

## The Situation in 2017

A 2017 Government Accountability Office study<sup>2</sup> found little formal phased retirement. Both employers and experts were interviewed. They present evidence that many people are working as part of retirement, creating their own phased retirement. These findings are similar to our research and observations.

The GAO describes eight case studies. All eight protect health care coverage, usually with a minimum work requirement, usually increasing the employer provided health benefit. Most require supervisor approval for the individual to participate, as does the federal phased retirement program, and most focus on a work arrangement with specific duties and possibly an explicit agreement. Only two organizations had defined benefit plans; most had defined contribution plans. The defined contribution plans were not affected by the arrangement. Some had age requirements and/or limits on the period of phased retirement.

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1 This essay reflects a variety of personal experiences, business experience and research including extensive interest in later work as an important response to an aging society. The combined experience of the authors includes more than 20 years in different phases of retirement, more than 10 years in facilitating jobs for older workers and many years of pension consulting.

2 U.S. Government Accountability Office, “Older Workers: Phased Retirement Programs, Although Uncommon, Provide Flexibility for Workers and Employers,” report to the Special Committee on Aging, U.S. Senate, GOA 17-536 (June 2017), <https://www.gao.gov/assets/690/685324.pdf>.

Uncertainty about legal issues creates confusion for employers. It is our view that some of the legal requirements designed to protect older workers can have unintended consequences. We believe that hiring of older workers and innovative work options are often discouraged because of fears of age discrimination complaints.

As we have seen in much of our research, about five in 10 people work after retirement or phase out in some way. More than seven in 10 people say they want to work after retirement.

In the 2017 Society of Actuaries Post-Retirement Risk Survey,<sup>3</sup> pre-retirees said they expect to work to a mean age of 65, but retirees had actually retired from their main occupation at a mean age of 58.

The 2013 Society of Actuaries focus group research<sup>4</sup> indicated that many people who retired voluntarily were pushed out because of work-related pressures, family needs or health problems.

Time spent in retirement has increased markedly as life spans have increased, without corresponding increases in retirement ages. In one example, expected work life went from 46 to 38 years over 39 years, while expected periods of retirement went from 13 to 23 years.<sup>5</sup>

The Affordable Care Act enabled new options when it made it possible for people who leave jobs before age 65 to get health insurance at a fair price in the marketplace. But today, the future of the ACA is unclear, creating a new round of uncertainty about health insurance coverage and what will happen to those with health challenges if they need individual coverage. Fear of loss of health benefits is again a problem.

### Practical Examples

RetirementJobs.com<sup>6</sup> is an organization that assists more than 1 million registered job seekers over age 50 to find jobs. It also helps employers find employees. It provides opportunities for regular jobs, but with many different schedules, and provides information to individuals about more than 100 age-friendly employers. Since 2006, the company has used a process to certify age-friendly employers.

Since 2016, the organization has conducted research to find the top 10 industries for employing people over age 50 by percentage of workers. Those fields have consistently been airlines, utilities, insurance, retail, chemicals, aerospace and defense, packaging and containers, forest and paper products, food production and beverages.<sup>7</sup> Some frequently posted jobs are bank tellers, bank managers, personal bankers, caregivers, retail positions, customer service representatives, drivers, field and inside sales personnel, financial executives, nurses, health care professionals, nonprofit staff, security personnel and tax preparers. Experience indicates that employers use RetirementJobs.com because it helps them fill hard-to-fill jobs quickly and attracts good workers. In our experience, more mature workers improve customer satisfaction, relate well to mature customers and have lower turnover than younger groups. The company found a very big unmet need for caregivers and established Mature Caregivers<sup>8</sup> in 2012.

YourEncore<sup>9</sup> provides expert assistance in life sciences and consumer goods, and works with higher level professional and technical people. Eighty large companies work with YourEncore and 11,000 experts are registered on its site. Two-thirds of the experts have advanced degrees, and they work on projects or specific assignments.

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3 Society of Actuaries, *2017 Risks and Process Retirement Survey: Report of Findings*, January 2018, <https://www.soa.org/research-reports/2018/retirement-risk-survey/>.

4 Society of Actuaries, "The Decision to Retire and Post-Retirement Financial Strategies: A Report on Eight Focus Groups," research project, 2013, <https://www.soa.org/research-reports/2013/The-Decision-to-Retire-and-Post-Retirement-Financial-Strategies--A-Report-on-Eight-Focus-Groups/>.

5 Expert Committee on the Future of the Quebec Retirement System, "Innovating for a Sustainable Retirement System: A Social Contract to Strengthen the Financial Security of all Quebec Workers," report to the Quebec government, 2013, [https://www.rrq.gouv.qc.ca/SiteCollectionDocuments/www.rrq.gouv.qc.ca/Anglais/publications/rapport\\_comite/rapport.pdf](https://www.rrq.gouv.qc.ca/SiteCollectionDocuments/www.rrq.gouv.qc.ca/Anglais/publications/rapport_comite/rapport.pdf).

6 <https://www.retirementjobs.com/>.

7 RetirementJobs.com, "Fortune 500 Companies: Rankings by Prevalence of Workers age 50+," report, 2018.

8 <http://maturecaregivers.com/>.

9 <https://www.yourencore.com/>.

YourEncore provides solutions to the clients, functioning as a consulting company, and secures projects and temporary assignments for the experts.

Temp agencies also place many phased retirees, and some manage temporary pools, such as substitute teacher pools.

### Expectations

Within the business community, there seems to be a general expectation that older workers cost more and are less productive. The experience at RetirementJobs.com indicates some older workers do very well but others do not. Table 1 shows the characteristics of workers who it is believed often do well and those who do not.

There are very different expectations about retirement for different types of employment. Table 2 is a summary of societal practices and expectations for some very different types of workers. According to our analysis, both the age at labor-force exit and the process of phasing down varies greatly by group.

### The Contracting Problem

Experience with contracting has surfaced problems in some cases. Quite a lot of phased retirement or continued work at later ages is as an independent contractor. It is very important for the individual and employer to have a clear written agreement defining the scope of work and compensation, as well as intellectual property and other rights, but the process of contracting is often not fitted well to the individual phased retiree. Our experience is that there is usually no trouble when the contract is limited to what is needed for the situation,

but that it can get very troublesome when there is a generalized contract. Where contracting departments are active, the contracts often seem to be designed to work with larger contractors and with contractors who will be involved with technology. They may include important provisions that make contracting difficult or impossible for a phased retiree. These comments are based on personal observation and not research.

### Supporting Innovation

Innovation is generally viewed very positively in technology and other products. Most Americans use products that did not exist (and were not imagined by most people) 50 years ago. Personal computers, cell phones, tablets, self-driving cars and GPS devices as just a few examples. While innovation is viewed very positively by the marketer, it is important to know the market and get the timing right. The situation is very different when it comes to the management of human resources and creation of job options. Innovation may be good in some cases, but in others it creates risks of violating nondiscrimination rules and the potential for personnel problems. For example, offering a new job option to older workers with a particular skill but not to those with other skills might invite claims of discrimination. This is particularly risky if these are higher paid workers.

Employers would benefit from white papers on how to deal with some of these issues and potentially policy changes, including safe harbors. Safe harbors could set some limits on options that could be offered without fears of discrimination or other legal challenges. An easy example would be a safe harbor for people working under 500 hours per year.

**Table 1** Characteristics of Older Workers Who Do Well and Those Who Do Not

| Workers Who Do Well               | Workers Who Do Not Do Well                   |
|-----------------------------------|--|
| Hopeful and optimistic            | Stubborn and set in their ways               |
| Interested in learning new skills | Living in the 1970s                          |
| Ready for a new experience        | Unable to take direction from younger people |
| Excited to be socially engaged    | Not up-to-date on technologies               |
| Accepting of a younger manager    | Grumpy and entitled                          |
| Behaving as a team player         | Overpaid                                     |
| Living in the new millennium      |  |
| Embracing the future              |  |

Source: RetirementJobs.com

**Table 2** Retirement Expectations for Selected Occupations, United States in 2017

| Occupational Group                             | Retirement Expectations  | Comments  |
|--|--|---|
| Corporate employees                            | Common to retire at ages 60–65; retirement plans vary, but most larger corporations include retirement plans in their benefit programs. Benefits may cover only salaried employees, or both salaried and hourly employees. | Buyouts may be used to encourage retirement; there are few formal phased retirement programs. Some companies rehire a few retirees. Some employees will move to part-time before leaving job. Some have bridge jobs before leaving labor force. Practices and part-time opportunities vary greatly by industry. |
| Tenured university professors                  | Common to work past age 70; many have generous benefit plans.  | Universities offer formal phased retirement programs more often than businesses; professors may also do consulting.   |
| Nurses employed by hospitals                   | Most hospitals include retirement plans in their benefit packages, so longer-term employees are likely to be eligible for retirement benefits. Ages 60–65 probably common retirement ages.                                 | There are a variety of schedule options available to nurses throughout their careers. It is possible to move from more strenuous to less strenuous jobs. Nurses have many options in designing personal career paths and labor force exit paths.  |
| Police, firefighters and military              | Generally have good benefits and very early retirement ages.   | Common to have an additional career after first retirement.   |
| Teachers                                       | Tend to have good benefits and may be able to retire in mid-50s with longer service.   | Many will have additional work after retiring.  |
| Family business participants (including farms) | No set practice, some work to very high ages.  | Business may gradually be turned over to children or other family members; in some cases, it is sold.   |
| Judges and members of Congress                 | May work to very high ages; no particular expected retirement age; generally have generous benefit plans.  | Supreme Court justices generally work as long as they can; judges would be unlikely to have any additional jobs, but members of Congress often move to other jobs.  |

### Building Solutions

A 2007 Conference Board report<sup>10</sup> lays out many of the issues in structuring work arrangements and offers illustrations how they may apply to different jobs. Some of the key issues and questions for the employer include:

- Will hiring retirees create business advantages and opportunities for us?
- Will a program be offered to all employees, to all in specific groups or only on individual approval? It seems the latter is more common.
- How can the business define a range of acceptable work arrangements and make the information available to the employee and supervisor so they can structure something that works? Hospital systems are examples of organizations that offer a range of work options.
- Will phased retirement be in an employees’ same job, something that uses the same skills and organizational knowledge, or something different? Retiree pools are an example of an arrangement that has no set schedule and where the employee could move into a variety of different roles.
- Will pay be based on the old or the new role, and how will it be defined?
- How will retirement, health, life insurance and disability benefits be managed? What is the minimum amount of work commitment needed for benefit eligibility?
- Will phasing include a reduction in schedule before retirement and/or some work after retirement? If there is a pension plan, how will the plan be adjusted?
- What, if any, time limit is there on phasing?
- If we want to work with independent contractors, how can we streamline the contracting process for both parties?

10 Anna M. Rappaport and Mary B. Young, “Phased Retirement after the Pension Protection Act,” Conference Board report, 2007.

## Moving Forward

There are several suggestions for employer options and support for employers to facilitate and encourage longer work:

- It can be difficult for older workers to find work. Financial wellness programs can include information or coaching to help employees prepare to be employable longer, either by their current employer or in a new job. Keeping skills and contacts up-to-date are important.
- Consider a phased retirement health benefit programs, where employees who meet the eligibility requirements, both service and amount to be worked, can continue to be covered by the employers' health insurance program, possibility with an additional subsidy.
- Consider expanding part-time work options and consider whether seasonal job options will work for the business.
- Consider establishing a retiree pool, so that retirees can be used for temporary assignments, for special projects and to fill in when people are ill or on vacation. Some organizations have done this for many years.
- Make sure job-training opportunities are extended to older employees.
- Evaluate whether contract work is feasible for the organization and whether contracting with

retirees would work for special assignments. If so, establish model contracts and an effective procedure to implement.

There are also several ideas for support services and white papers to make it easier for employers who want to do some sort of phased retirement:

- Produce a guide on phased retirement and related issues.
- Produce model contracts for use with phased retirees, with variations depending on whether there are issues such as intellectual property and noncompete provisions.
- Produce a white paper on what would be needed to encourage innovative work options, while at the same time retaining enough employee protection.

These materials could be produced by a nonprofit organization or a government agency.

## For More Information on Employer Practices

U.S. Department of Labor, 2008 Advisory Council on Employee Welfare and Pension Benefit Plans, "Advisory Council Report on Phased Retirement," 2008, <https://www.dol.gov/agencies/ebsa/about-ebsa/about-us/erisa-advisory-council/2008-phased-retirement-2>.

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# **Employer and Occupational Changes After Age 50: Patterns, Trends, and Consequences**

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The opinions expressed are those of the author and do not necessarily reflect the views of the Urban Institute, its board, or its sponsors.

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## **Executive Summary**

Many older Americans are delaying retirement and working longer, but they are not always continuing in the same job they held at younger ages. Instead, many leave their former employers and occupations behind once they reach their 50s and 60s and enter new lines of work. These transitions may involve pursuing employment that is more personally fulfilling but less financially rewarding than previous jobs. They may involve moves from wage and salary jobs to self-employment. Or they may represent a gradual shift into retirement, with workers moving from demanding, full-time work into less stressful part-time work.

This study examines job changes after age 50. It estimates rates of employer and occupational change, shows how they vary by demographic and job characteristics, and how they have shifted over time. The analysis compares job characters before after late-career job transitions and explores the role of retirement and self-employment. It also examines whether changing jobs after age 50 might increase work lives. Data come from the Health and Retirement Study, a nationally representative longitudinal survey that has been tracking adults age 50 or older since 1992 . The most recent data were collected in 2012, when the survey included 20,554 respondents.

### ***Key findings***

Job changes are common at older ages. Fifty percent of workers employed at age 50 subsequently move to a different employer by age 70, and 60 percent move into a new occupation. Men are more likely to change jobs than women, and non-Hispanic whites are more likely than African Americans and Hispanics. Workers with health problems and those who did not complete high school are less likely to change jobs than their healthier and better-educated counterparts. However, employer and occupational transition rates do not vary much by demographic characteristics. Instead, many older workers from all walks of life change jobs after age 50.

The economic booms and busts of the past two decades do not appear to have changed job change patterns much at older ages. A somewhat smaller share of men age 53 to 75 have continued to work since 2006—in the aftermath of the 2007-2009 recession when unemployment rates soared—than in the 1990s, although women’s employment rates do not appear to have changed over time. Older workers are more likely to change occupations since 2000 than in the 1990s. In general, though, the recent recession did not fundamentally change employment patterns at older ages.

Transition rates to new employers and into new occupations decline as workers grow older. For example, employed workers ages 66 to 69 are 35 percent less likely to move to a new employer than their counterparts ages 56 to 58. Nonetheless, job changes continue well past traditional retirement ages. Among employed workers in their mid-60s, about 10 percent of men and 9 percent of women move to different employers over two years, and 20 percent of men and 17 percent of women move into new occupations.

Although job changes at older ages are often viewed through the prism of the retirement process, the majority of job changes after age 50 do not involve workers who consider themselves retired. Only about a third (31 percent) of job transitions that occur between ages 51 and 75 involve workers who classify themselves as fully or partially retired immediately after the transition, including only about a quarter of transitions that occur between ages 58 and 61. Although most post-65 job changes involve retirees, transitions that occur in one's 50s and early 60s generally appear to be typical job churning that occurs throughout the working life.

How employer or occupational shifts affect job characteristics depend on whether transitioning workers consider themselves retired. For adults moving into post-retirement work after age 50, employer and occupational changes typically involve shifts into less stressful, more flexible, lower paying, and more satisfying work. They work substantially fewer hours on their new, post-retirement job than their pre-retirement job, and they have more control over their schedule. Unless they start their own businesses when they partially retire, they are less likely to report management responsibilities on their new job. However, they are also much less likely to receive fringe benefits such as health insurance and retirement plans on their new jobs, and their median hourly earnings are barely half as much as what they earned on their previous job.

Job characteristics do not change as much for workers who move to different employers or into new occupations after age 50 and do not consider themselves retired. They work about the same number of hours per weeks and weeks per year on their new job as their old job, and they are not significantly more likely to have more control over their work schedule. They earn only a little bit less on their new job than their old job, but they are much likely to receive health or pension benefits. And like retirees, nonretirees who change jobs after age 50 typically shift into less stressful work that they enjoy more than their previous job.

Many job changes at older ages involve shifts from wage and salary employment to self-employment, especially among partially retired workers. Overall, 21 percent of men and 14 percent of women working as wage and salary workers in their early 50s spend time working for themselves by age 70. About 7 out of 10 of these transitions involves shifts into new occupations,

including nearly 8 out of 10 of transitions that involve retirees. Shifts into self-employment are associated with heightened job satisfaction, less stress, fewer work hours, lower pay, and fewer fringe benefits. However, self-employment remains less common among African Americans and workers with no more than a high school education.

Since workers who move to a different employer after age 50 generally report strong satisfaction with their new positions and reduced stress, it is not surprising that they work significantly longer—and say they are more likely to work full-time past age 65—than their counterparts who do not change employers in their 50s. Additionally, workers' expectations of working full-time past age 65 rise after they move to a new employer.

Moving to a different employer or into a new occupation at older ages can allow workers to reimagine their jobs, engaging in more meaningful work that is personally fulfilling or creating better work-life balance. At the same time, it provides an income stream and potentially boosts retirement wealth by extending work lives. Policies that make it easier for workers to change jobs at older ages—such as expanding training opportunities or facilitating access to credit to help older workers prepare for new occupations or start their own business—could improve the lives of older adults.

## **Introduction**

Paid employment is becoming increasingly important at older ages. As traditional employer-sponsored pensions fade away, lifespans increase, and health care costs rise, many workers in their 50s and early 60s are concluding that they cannot afford to retire as early as previous generations. The housing and stock markets crashes in the last half of the previous decade reinforced these concerns.

Working longer is one of the surest ways of boosting future retirement income because it raises future Social Security benefits and enables people to earn more and save more for retirement. It also shrinks the retirement period, so that savings do not have to last as long (Butrica, Smith, and Steuerle 2006). In fact, between 1993 and 2014 the labor force participation rate at ages 65 to 69 increased from 25 to 36 percent for men and from 16 to 28 percent for women (U.S. Bureau of Labor Statistics 2015a).

For many older workers, delaying retirement does not mean continuing in the same job they held when they were younger. Instead, many leave their former employers and occupations behind once they reach their 50s and 60s and enter new lines of work. These transitions may involve pursuing employment that is more personally fulfilling but less financially rewarding than previous jobs. They may involve moves from wage and salary jobs to self-employment. Or they may represent a gradual shift into retirement, with workers moving from demanding, full-time work into less stressful part-time work.

There are several important unanswered questions about these later-life employment transitions. Who changes employers or occupations after age 50? When do older adults change employers or occupations after age 50, and what factors affect transition rates? How do late-career employment transitions relate to retirement? How do late-career employment transitions affect job characteristics? What is the role of self-employment in late-career transitions? Do older workers who change employers or occupations work longer than other older workers?

This study uses nationally representative longitudinal data to address these questions. It reports rates of employer and occupational change for adults older than age 50, describes how they vary by personal and job characteristics, and shows how they have changed over time. We also compare the characteristics of old and new jobs held by older job changers and examine the role of self-employment in late-career employment transitions. Additionally, we explore whether workers who change jobs in their 50s work longer than employed adults who hold the same jobs throughout their 50s. The study generally distinguishes workers who describe themselves as

partially retired, because late-career job changes may differ for workers who experience these transitions as part of a shift into retirement.

Our results indicate that one-half of workers move to a different employer after age 50 and 60 percent move into new occupations. Job change becomes less common as workers age, but nonetheless persists well past normal retirement. Employment transitions at older ages often involve shifts into jobs that are less stressful and more enjoyable than previous ones, but these new jobs generally pay less and are less likely to offer fringe benefits. We find that workers who change jobs in their 50s and early 60s withdraw from the labor force later than those who remain with the same employer at those ages. This result suggests that efforts to promote such transitions could enable older adults to work longer.

## **Background**

Many younger workers change jobs frequently. The U.S. Bureau of Labor Statistics periodically reports the number of lifetime jobs held by respondents in the National Longitudinal Survey of Youth, which collects data on a representative sample of men and women who were ages 14 to 22 when first interviewed in 1979. Defining a job change as moving from one employer to another, the agency estimates that people born between 1957 and 1964—the later years of the baby boom generation—held, on average, 11.7 jobs from ages 18 to 48 (U.S. Bureau of Labor Statistics 2015b). Many of these job changes occurred at younger ages, and jobs became more stable as workers aged. For example, they held an average of 5.5 jobs during the 7 years from ages 18 to 24, 2.4 jobs during the 5 years from ages 30 and 34, and 2.4 jobs during the 9 years from ages 40 to 48. Nonetheless, many middle-aged boomers held short-term jobs. Among jobs started by workers ages 40 to 48, 32 percent ended in less than a year, and 69 percent ended in fewer than five years.

Occupational change is also a common feature of the labor market. Many workers change occupations when they switch employers, but some move into new occupations with the same employer. For example, an administrative assistant may be promoted to office manager by his or her current employer. Other workers remain in the same occupation when they change employers.

Estimating the share of workers who change occupations over time is more challenging than estimating the share who move to a different employer. One complication is that occupations are difficult to classify, with the lines between them often blurry. Because the U.S. Census Bureau defines many different occupational codes—about 500 in its three-digit classification scheme—

coding errors also appear to be widespread in many household surveys (Kambourov and Manovskii 2013; Moscarini and Thomsson 2007). Data from the Census Bureau's Current Population Survey (CPS) show that 7 percent of workers age 16 or older moved from one three-digit occupation to another between January 2003 and January 2004 (Shniper 2005). More recently, the American Institute for Economic Research (2015) estimates that, on average, 5 percent of workers changed occupations each year between 2006 and 2011. Occupational transitional rates were lower, however, among workers ages 45 to 54 (3 percent) and ages 55 to 65 (2 percent). Moscarini and Thomsson (2007) estimate higher occupational mobility in monthly CPS data, reporting that 3.5 percent of male workers employed in two consecutive months report different three-digit occupations. Their estimates imply that annual mobility rates for employed men could be as high as 42 percent. Using longitudinal data from the Panel Study of Income Dynamics (PSID), an annual survey of about 5,000 households conducted by the University of Michigan, Kambourov and Manovskii (2008) report that, on average, about 18 percent of male workers in the PSID changed occupations each year between 1968 and 1997, based on narrowly defined three-digit occupational codes.<sup>1</sup>

Most workers who change occupations appear to perform quite different job activities in their new positions. Kambourov and Manovskii find that their estimated occupational mobility rate declines only modestly, to about 13 percent—nearly three-quarters of the original rate—when they aggregate the three-digit codes into only nine different categories.

Although job and occupational changes are concentrated among younger workers, employment transitions at older ages are attracting increasing attention. Many older workers say they want to phase into retirement gradually, reducing their hours and responsibilities and enjoying more flexible work options, but remaining at work (AARP 2005). In a 2014 national survey, 72 percent of workers age 50 or older who were not yet retired said they plan to work in retirement (Merrill Lynch 2014). However, only 5 percent want to work full time. The vast majority prefer to work part time each year or only part of the year, engaging in employment on their own terms instead of following a traditional, full-time schedule. Barely half of pre-retirees planning to work in retirement cited “money” as a top reason for remaining in the labor force. Respondents reported staying mentally and physically active, developing and maintaining social connections, undertaking new challenges, and cultivating a sense of identity, as key factors in their desire to keep working in retirement.

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<sup>1</sup> Kambourov and Manovskii exclude government workers from their sample, who are less likely than private-sector workers to change occupations (Shniper 2005).

For many workers, this type of downshifting means changing positions. Some occupations are not well-suited to part-time, flexible work. For example, managers would likely have to step down to a nonsupervisory position to reduce their work responsibilities. And some employers with predominantly full-time work forces may be unwilling to employ part-time workers, forcing older workers who wish to downshift to find a new employer.

Many older workers are also searching for jobs that they find more personally fulfilling than their long-term career jobs. In a 2013 AARP survey of workers ages 45 to 74, about 9 in 10 respondents cited the chance to do something worthwhile as an important characteristic of their “ideal job” (AARP 2014), even if it pays less. Marc Freedman (2007) describes these shifts as transitions into encore careers, work that allows older people to pursue nonmonetary goals, promote the broader social good, and give their working lives meaning. Typical encore careers involve work in education, health care, and social services. According to one estimate, nearly 10 percent of Americans ages 44 to 70 may be currently employed in encore careers, and about half of those who are not say they are interested in transferring to such fields as education, health care, government, and nonprofits (Civic Ventures 2008). Nonpecuniary factors of the job appear to be especially important for older workers, who seem particularly willing to enter occupations that pay less if they find the work enjoyable or if it offers flexible employment arrangements (Haider and Loughran 2001).

Some older adults shift to new employers or into new occupations when they return to work after a relatively brief retirement spell. For example, Maestas (2010) finds that about one-quarter of workers who retired during the 1990s eventually return to work. She concludes that these labor force returns are not generally precipitated by some unexpected event, such as unanticipated expenses; rather, they appear to be part of a gradual shift into retirement that includes time in and out of the workforce until older workers permanently stop working.

Other older workers are forced to find a new employer because they were laid off from their job or the business where they worked closed. Although layoffs are less common at older ages than younger ages (Johnson and Mommaerts 2011), many workers older than 50 lose their jobs. In a sample of adults ages 51 to 55 in 1992 who were employed full-time that year, nearly a quarter (24 percent) of those who separated from their employer by 2006 left because they were laid off or their business closed (Johnson, Kawachi, and Lewis 2009). That estimate precedes the 2007-2009 recession, when the unemployment rate surged.

Much of the existing research on job change at older ages focuses on shifts from long-term career jobs to short-term jobs that serve as bridges to retirement before workers exit the labor

force completely (Cahill, Giandrea, and Quinn 2006, 2014; Ruhm 1990; Quinn 1999). Following workers over time in the Health and Retirement Study (HRS), Cahill, Giandrea, and Quinn (2014) estimate that 57 percent of men and 54 percent of women ages 51 to 56 employed in a career job—defined as one in which an employee has spent at least 10 years and works 1,600 or more hours per year—move to a different job within six years, which the researchers classify as a bridge job. They find that these transitions are even more common among more recent generations of workers. Among career workers age 51 to 56 in 2004, for example, 65 percent of men and 74 percent of women move to bridge employment within six years.

Other research that has examined employment transitions at older ages regardless of career job status also finds much employment churning. Johnson, Kawachi, and Lewis (2009), who also examined HRS data, found that 43 percent of full-time workers ages 51 to 56 in 1992 moved to a different employer by 2006, when they were ages 65 to 69. About two-thirds (63 percent) of these job changers shifted into a new occupation with their new employer. Another recent survey found that 82 percent of adults age 47 or older who attempted to change careers were successful (American Institute for Economic Research 2015). A quarter of these successful transitions followed a layoff.

Many workers who change occupations at older ages move into positions that are less demanding and more satisfying than their old jobs. In the American Institute for Economic Research (2015) study, 65 percent of workers who changed occupations after age 45 reported reduced stress on their new job, and 90 percent reported being happy with their job change. How job characteristics change when workers move into new occupations, however, often depends on why they left their old occupation. Johnson, Kawachi, and Lewis (2009), examining a sample of workers in the HRS who left a full-time job after age 51 and moved into a new occupation, found that the share reporting stressful work conditions fell from 65 percent on the old job to 36 percent on the new job. Only 24 percent of those who left their previous employer to retire described their new jobs as stressful, compared with 46 percent who quit their previous job and 44 percent who were laid off from their previous job. Workers who retired were also much more likely to work part-time in their new positions and have flexible work schedules than workers who quit their old jobs or were laid off.

Many workers shift from wage and salary employment to self-employment at older ages. In 2009, 16 percent of workers ages 55 to 64 and 26 percent of workers age 65 or older were self-employed, compared with only 7 percent of workers ages 35 to 44 (Hipple 2010). About one-third of self-employed workers ages 51 to 69 transitioned to self-employment after age 50

(Karoly and Zissimopoulos 2004). Self-employed workers are more likely be male, white, married, and college educated than their counterparts employed in wage and salary employment, and they tend to be wealthier (Karoly and Zissimopoulos 2004).

Labor market conditions affect older workers' ability to change jobs or find new occupations. Labor demand has fluctuated substantially over the past two decades. Recessions in 1990 to 1991, 2001, and 2007 to 2009 reduced demand and raised unemployment rates in those years and their immediate aftermath. The 2007-2009 recession, often called the Great Recession, was especially severe and adversely affected older workers more than previous recessions. The 2010 unemployment rate for workers age 55 or older reached 8 percent for men and 7 percent for women (Rix 2012). Older workers faced special difficulty finding work after they lost a job. Among workers laid off between 2008 and 2011, those ages 50 to 61 waited 50 percent longer to become reemployed than those ages 25 to 34 (Johnson and Smith 2015). In a 2014 AARP survey, 57 percent of workers ages 45 to 70 who had been unemployed identified as a barrier to finding work that employers think they are too old, and 51 percent said that age discrimination limited their employment options (Koenig, Trawinski, and Rix 2015). Self-employment transitions remained common for older workers in 2010 (Giandrea, Cahill, and Quinn 2013), but in past recessions many unemployed workers were forced to work for themselves because they could not find wage and salary employment (Rissman 2003). Given the recent labor market upheaval, it is important to reexamine employment transitions to see how older workers have been affected.

## **Data and Measures**

Our analysis examines rates of employer and occupational change at age 50 and older, shows how they vary by personal and job characteristics and over time, and explores the impact of these employment changes on job characteristics and retirement decisions. To identify those factors that predict workplace transitions, we estimate multivariate models of employer and occupational change. We also compare the characteristics of old and new jobs for workers who experience job transitions later in life, devoting special attention to transitions into self-employment. Finally, we compare retirement timing and expectations about future retirement timing for older workers who change jobs between their early 50s and early 60s and those who remain with the same employer at those ages, to explore whether job transitions at older ages might prolong working lives. Most tabulations differentiate outcomes by self-reported retirement status, because workers who consider themselves retired may have different employment goals and opportunities than other older workers.

Our study uses data from the 1992 to 2012 waves of the HRS, a nationally representative household survey of older Americans conducted by the Survey Research Center at the University of Michigan with primary funding from the National Institute on Aging. It began collecting data in 1992 from a sample of adults age 51 to 61 and their spouses (regardless of age). Follow-up interviews were conducted every other year. The sample is refreshed every six years by a new cohort of respondents age 51 to 56 (and their spouses). Older cohorts were also introduced in 1993—an off-year survey—and 1998 so that the HRS now continuously follows a sample of adults age 50 or older. The survey completed interviews with 12,652 respondents in 1992, 18,156 respondents in 2002, and 20,554 respondents in 2012, the latest year with available data as of early 2015. The number of respondents age 50 or older was 11,315 in 1992, 17,758 in 2002, and 19,863 in 2012.

The survey collects data on a wide range of topics, including employment status, job characteristics, household income and wealth, demographics, and health status. We measure household wealth as the sum of the value of a home, other real estate, businesses, vehicles, and financial assets, minus any outstanding debt (including mortgages), divided by two for married respondents to generate a per capita measure.<sup>2</sup> We report all financial amounts in inflation-adjusted 2012 dollars.

At each wave, respondents are asked whether they are employed and, if so, whether they work for the same employer as in the previous wave. The survey also asks them to describe their occupation, which we group into the 23 broad categories reported in table 1. We classify workers as having changed their occupation if their occupational category in the current wave differs from the category reported at the previous wave in which they worked.<sup>3</sup>

The HRS asks respondents a series of questions about retirement and retirement expectations. Each wave they report—regardless of employment status—whether they consider themselves fully or partially retired. Respondents also estimate the likelihood that they will work full time past age 62 or age 65 on a scale from 0 to 100, with 0 indicating absolutely no chance of working full time past that age and 100 indicating absolute certainty of working full time that long. These reported expectations appear to reflect actual retirement intentions. Previous research has found, for example, that differences across demographic groups in work intentions

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<sup>2</sup> Household wealth excludes the value of a second home because that information is not available in every wave.

<sup>3</sup> Errors in reporting or coding occupation in the HRS may lead us to overstate the rate of occupational change at older ages (Kambourov and Manovskii 2013. Moscarini and Thomsson 2007).

mirror subgroup differences in actual retirement behavior (Honig 1996; Hurd 2009; Mermin, Johnson, and Murphy 2007).

Other job information collected by the HRS includes self-employment status, usual weekly hours and annual weeks of work, hourly wage, employer-sponsored retirement plan and health insurance coverage, and coverage by a union contract. Additionally, the survey provides data on management responsibilities, physical job demands, stressful work conditions, job satisfaction, and the availability of flexible work schedules by asking respondents to agree or disagree with several statements about their job. We define job satisfaction based on whether workers strongly agree that they “really enjoy going to work.” Workers are classified as engaging in physically demanding work if they report that their job “requires lots of physical effort” all or almost all of the time and as engaging in stressful work if they strongly agree that their job “involves a lot of stress.” We categorize workers as having a flexible work schedule if they report that they could reduce the number of paid hours in their regular work schedule and as having management responsibilities if they report making pay and promotion decisions about others. The HRS asks these questions about flexible schedules and management responsibilities only of those respondents engaged in wage and salary employment; we assume that all self-employed workers have management responsibilities and at least somewhat flexible work schedules.

## **Key Findings**

We organize our results around the following key research questions:

1. Who changes employers or occupations after age 50?
2. When do older adults change employers or occupations after age 50, and what factors affect transition rates?
3. How do late-career employment transitions relate to retirement?
4. How do late-career employment transitions affect job characteristics?
5. What is the role of self-employment in late-career transitions?
6. Do older workers who change employers or occupations work longer than other older workers?

Each subsection below describes the sample and methods used to address the research question and reports the major findings.

## ***Who Changes Employers or Occupations after Age 50?***

We begin by computing the likelihood that workers ever change employers or occupations between ages 51 and 70. The sample consists of 10,251 adults whom we observe employed at some point between ages 51 and 55 and follow over time. The observation period varies. We follow some workers for 20 years (from the beginning of the panel in 1992 until the final interview to date in 2012). However, we observe other workers for much less time, because they die or drop out of the survey or because they joined the panel after 1992, with the new cohorts added in 1998, 2004, or 2010. If we simply compute the share of workers in our sample whom we observe making employment transitions, we would understate the lifetime prevalence, because we observe some workers for only a short time. However, our estimates might be biased if we restrict the sample only to adults who remain in the survey for 20 years, because the employment experiences of those adults might differ systematically from the experiences of adults who drop out of the survey.

To generate unbiased measures of the fraction of older workers who ever change jobs, we estimate a series of functions that simulate the share of workers employed at age 50 who move to a different employer by age 70, move to a new occupation, move to a new occupation with a different employer, move to a new occupation with the same employer, or move to a new employer in the same occupation. These estimates account for the possibility that some workers are not observed for the entire 20-year period. Instead, workers contribute to the estimates during the years they are observed, and they are statistically removed from the estimates before and after their observation period.<sup>4</sup>

Our estimated survival curves indicate that 50 percent of workers employed at age 50 change employers by age 70 and 60 percent change occupations (table 2). Moreover, 53 percent change occupations with their existing employer at some point between ages 50 and 70, 36 percent change occupations and move to a new employer, and 18 percent move to a new employer but stay in the same occupation. Rates of employment transitions do not differ much

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<sup>4</sup> The functions we estimate are Kaplan-Meier survival curves that start at age 50 and show the share of workers who have not yet experienced the outcome of interest by each age. We estimate separate curves for each of the following outcomes (or “failures” in statistical parlance): moving to a new employer, moving to a new occupation, moving to a new occupation with a different employer, moving to a new occupation with the same employer, and moving to a new employer in the same occupation. To compute the share of workers employed at age 50 who experience each outcome by age 70, we subtract the value of the survival curve at age 70 from 1. To assess how outcomes vary across the workforce, we also estimate separate curves for men and women and for various groups defined by race and ethnicity, educational attainment, baseline hourly earnings, and baseline per capita household wealth. For more information on survival curves, see Kiefer (1988).

by sex, race and ethnicity, education, earnings, or wealth (although many of the differences are statistically significant, as indicated in the table). Older men are somewhat more likely than older women to move to a new employer (52 percent vs. 48 percent) or change occupations (63 percent vs. 57 percent). Older workers who did not complete high school are less likely to change occupations—particularly with a new employer—than their better educated counterparts. Workers who earn no more than \$10 per hour or hold no more than \$50,000 in per capita household wealth (both in 2012 constant dollars) are more likely to move to a new employer than higher-earning or wealthier workers. Generally, however, these differences are relatively small, and employer and occupational transitions after age 50 are common among both men and women and across all racial and ethnic, educational, earnings, and wealth groups.

The subgroup differences reported in table 2 do not control for other factors. To measure how personal characteristics are associated with the likelihood of ever changing employers or occupations after age 50 when other factors are held constant, we estimate regression models of employer and occupational change that control for sex, education, race and ethnicity, baseline hourly wage, and baseline per capita household wealth.<sup>5</sup>

The results show that employed women are significantly less likely than employed men to change employers or occupations after age 50 when other factors are held constant and that non-Hispanic whites are more likely than other racial and ethnic groups to make these transitions (table 3). Women are 5 percentage points less likely to move to a different employer after age 50 than men and 6 percentage points less likely to change occupations. In relative terms, women are about 15 percent less likely than men to change employers or occupations at older ages.<sup>6</sup> Transition rates do not generally differ significantly by education, except that older workers with a postgraduate degree are more likely to move to a new employer or into a new occupation with the same employer than older workers with no more than a high school diploma. The likelihood of changing employers or occupations falls significantly as hourly earnings rise, perhaps because high-earning workers do not want to forgo their existing lucrative positions. However, rates of occupational change increase with household wealth. Wealthier

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<sup>5</sup> We estimate probit models, a type of regression in which the dependent variable can take only one of two values. In our models, the dependent variable equals 1 if the worker ever experiences the indicated outcome, 0 otherwise. Table entries show the percentage point increase in the probability of the outcome associated with the given predictor, when other predictors are held constant. For more information on probit models, see Maddala (1983).

<sup>6</sup> These estimates are computed by dividing the estimated marginal effect by the sample mean of the dependent variable.

adults may be better able to afford to change occupations, particularly because, as we will see later, many older workers experience a pay cut when they make these transitions.

## **What factors affect when older adults change employers or occupations?**

This section examines how late-career employer and occupation transitions change as workers grow older and how they have shifted over time, especially during the Great Recession and its immediate aftermath when employer demand for workers was unusually low. We explore how employer and occupation shifts interact with decisions about working after retirement. The analysis also identifies various personal and job characteristics associated with late-career employment transitions.

We begin by constructing a sample of HRS respondents whom we observe working at some point between age 51 and 54 and then estimating the share at each age who move to a new employer or into a new occupation. The sample consists of 3,260 men and 4,071 women.

Among men working at ages 51 to 54, the share employed declines sharply with age (figure 1), falling from 88 percent at age 55 to 74 percent at age 61. Employment rates drop to 63 percent at age 62, when Social Security retirement benefits become available, and 46 percent at age 65. Only 32 percent of men are still working at age 72.

The likelihood that men who were employed at ages 51 to 54 move to a new employer or into a new occupation also falls with age, although not quite as dramatically. The share moving to a new employer over two years—either by shifting from one employer to another or by reentering the labor force—peaks at 17 percent at age 58 and then declines to 12 percent by age 61 and 8 percent at age 64, largely reflecting the drop in employment following Social Security retirement eligibility. Only 5 percent of men moved to a new employer between ages 70 and 72. Occupational shifts are more common than employer shifts for men age 55 or older, but generally follow the same age pattern. Between 21 and 23 percent of men ages 56 to 59 move into a new occupation over two years. Again, rates decline sharply after age 62, falling to 15 percent at age 64 and 10 percent at ages 71 to 74. Despite the age-related decline in occupational change, however, many men continue to transition into new occupations long after they qualify for Social Security.

Women are less likely than men to continue working after age 55 or to change occupations, but their employment and employment transition rates follow a similar age pattern (figure 2). Among women employed at ages 51 to 54, the share working falls from 88 percent at age 55 to

56 percent at age 62, 38 percent at age 66, and 22 percent at age 72. Twenty percent of 58-year-old women and 16 percent of 62-year-old women move into new occupations over the previous two years, about 5 percentage points below the occupational transition rates for men at the same age. After age 62, however, male and female occupational transition rates are similar. And women age 55 or older are only slightly less likely than their male counterparts to change employers. At age 62, for example, 10 percent of women change employers over the previous two years.

Employer and occupational transition rates after age 53 shift even less as workers grow older when we consider only employed workers. We construct a sample of 8,262 men and 8,707 women ages 53 to 75 in the HRS who were employed two years earlier (at the previous interview wave). At each age and at each wave, we estimate the share who continue working—including part-time work—move to a different employer, and move to a different occupation.

Not surprisingly, we again find that male employment rates decline with age (figure 3). The share of older men employed two years earlier who continue working falls gradually in the 50s and early 60s, from 93 percent at age 53 to 86 percent at age 61. Employment continuation rates drop sharply at ages 62 and 63 when Social Security retirement benefits become available, to about 75 percent. They rebound to 80 percent at age 64, because workers who defer Social Security at age 62 tend to continue working for at least a few years, and then generally decline slowly, falling to about 70 percent in the early 70s. These rates—computed for men employed two years earlier—are much higher than those reported in figure 1, which were computed for men employed at ages 51 to 54.

About 23 percent of employed men in their 50s change occupations over a two-year period and about 14 percent move to a new employer. These rates do not fall much for employed men through age 75. For example, about 20 percent of employed men in their mid-60s, late 60s, and early 70s change occupations over two years. The likelihood that men move to a new employer falls more, from about 10 percent over two years in one's mid-60s to 7 percent in one's late 60s and 6 percent in one's early 70s, but does not vanish. The share of all men who change employers and occupations declines with age because employment rate decline with age. Conditional on employment, however, the likelihood that men change employers or (especially) occupations is remarkably stable at older ages.

Most employed older women continue working two years later (figure 4), but they are less likely to do so than men. The share of women employed two years earlier who continue working falls from 90 percent at age 53, to 82 percent at age 61, to 73 percent at age 62, and to 63 percent

at age 73. Age patterns for occupational and employer transition rates are similar for men and women, although employed women are somewhat less likely to change occupations than men. As we saw for men, the rates of occupational and employer rates are remarkably stable for employed women, declining only slightly as they age from their early 50s to their mid-70s. About 17 percent of employed women in their mid-60s change occupations over two years and 9 percent change employers.

Employment transitions among older employed adults have not changed much between 1994 and 2012, despite the economic booms and busts that occurred over the 18-year period. Among men ages 53 to 75, the share of employed workers continuing to work was somewhat lower after 2004 than before 1998 (about 80 percent vs. 90 percent), while occupational transitions surged between 2008 and 2010, when unemployment rates were unusually high (figure 5). Layoffs may have forced some older workers to change occupations in order to find employment. There has been little change over time in the share of employed older men changing employers.

Unlike for men, the share of older employed women who continue working has not been eroding over time. Instead, it has remained fairly steady at around 80 percent (figure 6). Occupational transition rates have fluctuated over time for older women, more than doubling from 2002 to 2008, and then falling a bit as labor demand collapsed during the Great Recession and its immediate aftermath. The share of older women changing employers did not change as much between 1994 and 2012. The basic conclusion that emerges from examining these trends is that the Great Recession did not fundamentally alter late-career employment transitions for either men or women.

To examine how late-career employment transitions are related to personal and job characteristics, we estimate regression models of the likelihood that adults age 50 or older who were employed two-years earlier move into new occupations and move to new employers. The first model estimates the likelihood that older workers move to new employers or stop working, relative to the likelihood that they remain at work with their existing employer. The second model estimates the likelihood that older workers move into new occupations or stop working, relative to the likelihood that they remain employed in their existing occupation. In both models predictors include age, sex, education, race and ethnicity, self-reported overall health status, per-capita household wealth, year, hourly wage at the job held in the previous wave, , and other job characteristics. Those characteristics include year of tenure with the current employer, self-employment status, job satisfaction, management responsibilities, the availability of a flexible

work schedule, whether the job involves physical demands or much stress, coverage by a union contract, pension coverage, and health insurance coverage.<sup>7</sup>

The first two columns of table 4 report estimates from the multinomial logit model of employer change. Holding other factors constant, we find that, as workers age, they are less likely to change employers than remain with their existing employer and much more likely to stop working. For example, workers in their mid- to late 60s are 4 percentage points less likely to change employers over the past two years than workers ages 56 to 58. This 4 percentage point difference means that workers ages 66 to 69 are 35 percent less likely to move to a new employer than workers ages 56 to 58.

Employment transitions also vary significantly by sex, education, race and ethnicity, health status, and household wealth. Women and workers in worse health are less likely to change employers than men and workers in better health, and they are more likely stop working. Workers who did not complete high school, African Americans, and Hispanics are also less likely to change employers than other workers. Conversely, workers holding a bachelor's degree are significantly more likely to change employers and less likely to stop working than those with only a high school diploma. (However, the likelihood of changing employers does not vary significantly between workers with a post-graduate degree and high school graduates, when other characteristics are held constant.) Higher levels of household wealth are associated with lower rates of both employer change and labor force exit. There is also some evidence that workers older than 50 are less likely to change employers than in the late 1990s and early 2000s.

Several characteristics of the existing job are associated with the probability of moving to a new employer or stopping work, when other characteristics are held constant. For example, workers who really enjoy their job are significantly less likely to change employers or withdraw from the labor force than other workers, and workers in stressful jobs are significantly more likely to move to a different employer. Union contracts, pension coverage, health insurance coverage, and additional years of job tenure are all associated with lower chances of leaving the

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<sup>7</sup> We estimate multinomial logit models, a type of regression in which the dependent variable can take on more than two discrete values. The models are estimated on a sample of 49,100 observations that compare employment at each HRS interview wave to employment at the previous wave two years earlier. In our model of employer (occupational) change, the dependent variable equals 0 if a respondent remains with the existing employer (occupation), 1 if he or she moves to a different employer (occupation), and 2 if he or she stops working. Table entries show the marginal effect of a given characteristic on the likelihood that a worker changes employers (occupations) or stops working, relative to remaining with the existing employer (occupation), when other characteristics are held constant. For more information on multinomial logit models, see Maddala (1983).

current employer for a different employer. Workers who can adjust their employment schedules if they wish are significantly less likely to stop working than those with more rigid schedules, a finding that suggests that employment flexibility promotes longer employment. Contrary to our expectations, however, flexible work schedules are associated with a higher probability of moving to a different employer, perhaps because many workers with such flexibility have already shifted into a less stable post-retirement job or because they strongly prefer flexibility and are searching for even more flexible positions. Workers with management responsibilities are less likely to stop working than workers without such responsibilities. Finally, self-employed workers are significantly less likely to change employers—which means shifting into wage and salary employment—than wage and salary workers.

The last two columns in table 4 report estimates from the multinomial logit model of occupational change. The results are similar to those for transitions to different employers, so we restrict our discussion only to those findings that differ. Fewer job characteristics are associated with occupational change than employer change, probably because some older workers change occupations with their existing employer, leaving some job characteristics unchanged. Health insurance coverage, job satisfaction, and flexible work schedules are not associated with occupational change, although they are associated with employer change. However, workers in physically demanding jobs are significantly less likely to change occupations than workers in less physical jobs, perhaps because their skills are less transferable to other lines of work. Self-employed workers are much more likely to change occupations than wage and salary workers, presumably because of the freedom that comes with being one's own boss. Older workers with professional and graduate degrees are less likely to change occupations than workers with only a high school diploma, perhaps because the specialized skills acquired from advanced education are not always easily transferrable to different occupations. Finally, occupational transitions appear to have become more common over the past decade.

So far, our analysis has focused on late-career employer and occupation changes that arise when *working* older adults make employment transitions, but employer and occupational change also occurs when *nonworking* older adults return to work. To examine how the likelihood of returning to work shifts with age and over time, we construct a sample of 7,230 men and 10,235 women ages 53 to 75 in the HRS who were not employed two years earlier—but report some employment during their lifetime and do not describe themselves as disabled—and estimate the share who become employed.

The likelihood that nonworking older adults become employed generally declines as men and women grow older (figure 7). For men, the share returning to work falls from 32 percent at age 55 to 17 percent at 59 and 9 percent at age 62 (with a spike at age 60 in our sample). Two-year return-to-work rates stabilize at about 10 percent of nonworking men from ages 62 to 68 and then decline again, dropping to 4 percent at age 72. Older women are consistently less likely to return to work than their male counterparts, and their reemployment rates decline more smoothly as they grow older. The share of older women returning to work falls from 25 percent at age 55 to 10 percent at age 62, 7 percent at age 67, and 3 percent at age 70. Although relatively few men and women return to work in their 70s, returns to work are relatively common for men and women in their 50s and are not unusual for men in their 60s.

Figure 8 shows how the likelihood that nonworking men and women ages 53 to 75 return to work has shifted between 1994 and 2012. Two-year reemployment rates did not change much between 1994 and 2008, varying from 9 to 11 percent for men and from 8 to 10 percent for women. However, reemployment rates dropped sharply in 2008-2010—by about 4 percentage points for men and by 2 percentage points for women—as overall unemployment rates soared. But they rebounded again in 2010-2012—by 7 percentage points for men and 3 percentage points for women—as the economy recovered.

## **How do late-career employment transitions relate to retirement?**

A substantial minority of employment transitions after age 50 involve workers who describe themselves as fully or partially retired. Of the 18,011 employer and occupational changes that occurred between ages 51 and 75 in our sample, 22 percent were completed by workers who described themselves as retired both before and after the transition, and 9 percent were completed by newly retired workers—those who described themselves as retired after the transition but not before (figure 9). Job transitions by men were slightly more likely to involve retirees than those by women (33 percent v. 29 percent). A slightly higher share of employer transitions than occupational transitions involved retirees—39 vs. 30 percent (figure 10).

The vast majority of shifts to different employers and into new occupations that occur between ages 51 and 61 involve workers who do not consider themselves retired (figure 11). Only 10 percent of job transitions occurring between ages 51 and 55, 17 percent of those occurring between ages 54 and 59, and 26 percent of those occurring between ages 58 and 61 involve retirees. Most employment transitions at these ages, then, are probably not part of the retirement process. Most employment transitions occurring in one's mid-60s and later, however, involve retirees, including 63 percent of those between ages 64 and 69. Employment

transitions involving shifts into retirement are most common at ages 60 to 65, when newly retired workers account for 18 percent of all shifts to different employers or into new occupations.

## **How do late-career employment transitions affect job characteristics?**

This section examines the job characteristics of workers who change jobs after age 50, comparing self-employment, job demands, job satisfaction, work schedules, wages, and benefits before and after employer or occupational shifts. We make separate comparisons for job changers who describe themselves as retired both before and after the transition, after the transition but not before—whom we call newly retired workers—and neither before or after. Comparing jobs by retirement status is important because workers may wish to reimagine their jobs as they transition into retirement. The analysis is based on a sample of 16,879 job transitions that occur after age 50.<sup>8</sup>

Late-career employer and occupational changes typically involve shifts into less demanding, more flexible, lower paying, and more satisfying work. Job characteristics generally change more markedly when workers shift into retirement as they change jobs than when workers do not consider themselves retired. Older workers moving to different employers generally experience more pronounced changes in job characteristics than those moving into new occupations.

Older workers who change jobs are significantly less likely to report stressful work conditions on their new job than their old job (table 5). Among all workers who move to a different employer after age 50, for example, 12 percent report that their new job involves a lot of stress, whereas 19 percent report stressful conditions on their old job. The differences are more pronounced for newly retired employer changers (7 vs. 24 percent), and less pronounced, but still statistically significant, for older employer changers who are not retired (16 vs. 20 percent). Physical job demands generally fall when older workers change jobs, but not nearly as much as do stressful working conditions.

Older workers who change employers after they have retired appear to be continuing a transition into ever-less stressful work. For example, 13 percent report that their former jobs involve a lot stress—less than the share reported for their old job by workers who did not

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<sup>8</sup> Appendix tables show how job comparisons before and after employment transitions vary with the age at which workers change employers or occupations.

describe themselves as retired on that job, but higher than the share reported on the new job for newly retired employer changers. Only 5 percent of employer changers who were retired both before and after the transition report stressful conditions on their new job, less than the prevalence of stressful work conditions on new jobs reported by newly retired job changers. This pattern—that retired job changers appear to be continuing a transition into less demanding, more flexible, more part-time work—is evident for other job characteristics as well.

Late-career job changes often involve shifts from wage and salary employment into self-employment, especially for workers transitioning into retirement. Among all workers moving to a different employer after age 50, for example, the share working for themselves rises from 17 percent on the old job to 23 percent on the new job. Among newly retired older employer changers, self-employment rises from 13 to 30 percent. Among nonretired older employer changers, by contrast, self-employment rates are only 2 percentage points higher on the new job than old job, a small—albeit statistically significant—increase. Because many older job changers are self-employed and thus must manage their business, management responsibilities do not decline much when older workers change jobs. (As we will see later, however, management responsibilities do decline for older job changers who remain in wage and salary employment.)

Older job changers, especially those who are newly retired, report being more satisfied with their new job than their old job. For example, 88 percent of newly retired workers who move to new employers report that they really enjoy their new jobs, up from 83 percent who really enjoy their old jobs. However, job satisfaction falls when retired workers change jobs, suggesting that post-retirement job transitions may be more challenging than the initial shift to post-retirement work.

Many late-career job changes involve reduced and more flexible work schedules, but generally only for workers who consider themselves retired (table 6). For newly retired workers who move to a different employer after age 50, 79 percent work fewer than 35 hours per week on the new job, compared with only 22 percent on the old job. Additionally, 41 percent of newly retired employer changers work fewer than 20 hours per week on the new job (compared with 6 percent on the old job), and 27 percent work fewer than 40 weeks per year (compared with 7 percent on the old job). Nonretired workers who change employers after age 50 are a bit more likely to work less than 35 hours per week on the new job than the old job (26 vs. 23 percent), but they are not significantly more likely to work fewer than 20 hours per week or fewer than 40 weeks per year on their new job. Seventy-two percent of newly retired workers who move to a new employer have flexible schedules on their new job that allow them to reduce their work

hours if they wish, up from 40 percent on their old job. Workers who change employers after age 50 but do not consider themselves retired are not significantly more likely to have flexible work schedules on the new job than the old job.

Workers who change jobs at older ages generally move into positions that pay lower hourly wages and offer fewer fringe benefits than their previous job (table 7). This pattern is especially apparent for older workers shifting into retirement, but it also holds for workers who do not consider themselves retired. Comparing old and new jobs for workers who move to new employers after age 50, we find that the overall median hourly wage on new jobs is 19 percent lower than the median hourly wage on old jobs (\$13 vs. \$16). The wage losses associated with changing employers varies with retirement status. The median hourly wage is 43 percent lower on new jobs than old jobs for newly retired workers, 27 percent lower for workers retired both before and after they changed employers, and only 6 percent lower for workers who do not describe themselves as retired.

Older job changers are also much less likely to be covered by employer-sponsored retirement plans or health benefits, even among those who do not describe themselves as retired. Some older workers who are already collecting a pension or receiving health benefits from Medicare or retiree health insurance plans may value these fringe benefits less than younger workers. However, as reported in appendix table 6, even nonretired older workers who move to new employers in their 50s are less likely to report health insurance coverage or retirement plan coverage on their new job than their previous job.

## **What is the role of self-employment in late-career transitions?**

This section examines more closely the role of self-employment in job changes at older ages. We begin by computing the probability that adults employed as wage and salary workers at age 50 become self-employed by age 70. As with the job-change estimates reported in table 2, we estimate survivor functions of shifts into self-employment that account for the fact that relatively few HRS respondents are observed continuously until age 70. The models are estimated on a sample of 12,641 HRS respondents employed as wage and salary workers (and not self-employed) when first observed between ages 50 and 54.

Seven percent of workers employed as wage and salary workers at age 50 move into self-employment by age 58, 11 percent by age 62, 14 percent by age 66, and 17 percent by age 70. Overall, 17 percent of workers employed as wage and salary workers at age 50 move into self-employment by age 70 (figure 12). Seven percent become self-employed by age 58, 11 percent by

age 62, and 14 percent by age 66. Men are significantly more likely to move into self-employment than women, and the gap grows with age. By age 60, 10 percent of men who were not self-employed at age 50 have spent some time in self-employment, compared with 8 percent of women. By age 65, 16 percent of men and 11 percent of women have experience running their own businesses. By age 70, 21 percent of men and 14 percent of women have spent time self-employed.

Self-employment at older ages is less common among African Americans than non-Hispanic whites and Hispanics and more common among college graduates than those with less education. By age 70, 14 percent of African Americans have been self-employed after age 50, compared with 16 percent of Hispanics and 17 percent of non-Hispanic whites (figure 13). Twenty percent of 70-year-olds with a four-year college degree and 26 percent of those with a postgraduate degree have moved to self-employment after age 50, compared with 15 percent of those with only a high school diploma (figure 14). Nonetheless, significant shares of women, African Americans, and those who never attended college start their own businesses after age 50.

Table 8 compares occupational change, job demands, job satisfaction, and flexible work schedules for wage and salary workers who move into self-employment after age 50 and those who change employers but continue to work for others. It also compares job characteristics for transitioning workers who do not describe themselves as fully or partially retired, , and those who describe themselves as fully or partially retired for the first time. Estimates are based on a sample of 7,871 job transitions by wage and salary workers age 50 or older.

Sixty-nine percent of workers who move from wage and salary employment to self-employment after age 50 change occupations, including 78 percent of those who describe that transition as retirement. Among wage and salary workers who change employers but do not work for themselves, 60 percent change occupations, including 71 percent of new retirees. Because all self-employed workers must manage their businesses, the transition to self-employment often entails substantial increases in management responsibilities. Only 23 percent of wage and salary workers who become self-employed after age 50 have management responsibilities on their previous wage-and-salary job. For job changers who remain wage and salary workers, however, later-life job changes generally reduce management responsibilities. Older workers who become self-employed report somewhat less stress in their new positions and appear to derive somewhat more enjoyment from them than those who remain wage and salary workers. We assume that all self-employed workers have flexible schedules, so flexibility

increases when workers become self-employed. Among job changers age 50 or older who remain in wage and salary employment, however, the likelihood that they can reduce their work hours if they wish is higher on the new job than the old job, especially if their job change coincides with retirement.

Older workers who become self-employed tend to reduce their schedules more than those who do not work for themselves, and they tend to earn lower hourly wages and receive fewer benefits (table 9). For example, 61 percent of workers who become self-employed after age 50 work fewer than 35 hours per week, compared with 40 percent of wage and salary workers, and only 30 percent of self-employed workers receive health insurance on the job, compared with 47 percent of wage and salary workers. Median hourly wages fall 50 percent (from \$28 to \$14) when retired wage and salary workers move into self-employment, but 39 percent (from \$18 to \$11) when they take new jobs for someone else.

## **Do older workers who change employers or occupations work longer?**

Because workers who change jobs at older ages often move into positions that are less stressful, more flexible, and more enjoyable than their previous jobs, occupational and employer transitions at older ages might extend working lives. We explore this possibility by testing whether workers who change jobs in their 50s or early 50 retire later or expect to retire later than workers who do not change jobs.

We begin by examining actual retirement timing after age 61 in a sample of 1,203 HRS respondents ages 51 to 54 in 1992 who were employed in 1992 and at age 61 or 62 (depending on their age at the biennial survey) and did not describe themselves as fully or partially retired at either time. We compare retirement timing after age 61 (or 62) for workers who change employers or occupations between ages 51 to 54 and 61 or 62 and those who do not change jobs. For these analyses, we define workers as retired if they stop working and describe themselves as fully or partially retired.

Figure 15 shows the probability that workers in our sample have not yet retired at various ages after 61 for those who changed employers in their 50s and early 60s and those who did not. Workers who change employers in their 50s or early 60s retire significantly later than those who remain with the same employer. The median retirement age for those who changed employers is 68 years and 9 months, compared with 67 years and 7 months for those who remained with the

same employer in the early 50s and early 60s. (The median retirement ages are high because the sample is restricted to adults who were employed in their early 60s as well as their early 50s).

Figure 16 repeats the comparison for older workers who do and do not change occupations in their 50s or early 60s. Again, occupation changers work significantly longer than those who do not change occupations. The median retirement age for those who change occupations is 68 years and 9 months, compared with 67 years and 4 months for those who do not change occupations.

To test whether these findings persist when we control for other factors that may be associated with decisions to change jobs, we estimate multivariate models of the decision to retire after age 60 or 61. The models include indicators for occupational and employer transitions between the worker's early 50s and early 60s, and they control for age, sex, education, race and ethnicity, health status, hourly wage, household wealth, employer-sponsored health insurance coverage and retirement plan, and other job characteristics (physically demanding and stressful work conditions, job satisfaction, flexible work arrangements, self-employment, and coverage by a union contract).<sup>9</sup>

We find that older workers who change employers in their 50s or early 60s are 14 percent less likely to retire than those who remain with the same employer at those ages, after we control for personal and job characteristics (table 10).<sup>10</sup> Moving to a new occupation is not associated with a lower retirement probability. This result does not necessarily imply that moving to a new employer at older ages prolongs working lives. Instead, workers who plan to remain employed late in life may seek out promising job opportunities while in their 50s, whereas those who plan to retire early may opt against such searches. Nonetheless, the result suggests that older adults who move into new, less demanding and more flexible jobs work longer than their counterparts

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<sup>9</sup> We estimate a probit model of retirement on a sample of 1,203 HRS respondents employed at the last time they are interviewed before age 62 (at age 60 or 61) who do not yet describe themselves as fully or partially retired. The sample includes a distinct observation for each wave that a respondent is observed employed and not yet retired after age 60 or 61. The total number of observations is 3,105. A probit model is a type of regression in which the dependent variable can take only one of two distinct values. In our model, the dependent variable equals 1 if a respondent stops working and describes himself or herself as retired, and 0 otherwise. Because the data are arranged in person-wave format and respondents remain in the sample only until they are retired, the results can be interpreted as discrete-time hazard models of retirement. The entries in table 10 show the marginal impact of each characteristic on the probability of retiring over a two-year period. For more information on discrete-time hazard models, see Allison (2014).

<sup>10</sup> Employer changes are associated with a 3.4 percentage point reduction in the probability of retirement, equivalent to a relative reduction in the retirement probability of 14 percent, because the mean retirement probability each year is 22 percent.

who remain in their old, longer-term jobs, and efforts to promote such transitions could encourage more older adults to retire later.

Other factors are also significantly related to retirement decisions. As has been well established in previous research, retirement probabilities increase significantly with age and health problems. Some job characteristics also matter. Older adults who describe their work as enjoyable retire significantly later than those who do not enjoy their work. Flexible work arrangements are also associated with later retirements. However, we do not find a significant relationship between retirement and self-employment, stressful work, or physical job demands.

Another approach to examining how late-career employment transitions might affect retirement decisions is to compare workers' retirement expectations before and after they change employers or occupations. At each wave, the HRS asks respondents to estimate the likelihood that they will work full time past age 62 or age 65 on a scale from 0 to 100, with 0 indicating absolutely no chance and 100 indicating absolute certainty. We create a sample of 4,024 employed HRS respondents ages 51 to 54 who were also employed six years later (when they were ages 56 to 60), and compare their expectations at these two ages of working past age 62 and age 65. We regress the difference in work expectations on indicators for having changed occupations between ages 51 and 61 and having changed employers between ages 51 and 61, as well as personal and job characteristics.

The results show that the six-year increase in the expected probability of working past age 65 is significantly larger for workers who changed employers than for workers who did not change employers (table 11). When other factors are held constant, the expected probability of working past age 65 increases 2.6 percentage points more for workers who changed employers between ages 51 and 61 than for those who did not change employers. Given that the probability of full-time work past age 65 increased by 3.5 percentage points over the period, changing employers is associated with a 75-percent boost in work expectations.

Because this model controls for baseline expectations about working at older ages, it provides stronger evidence than the model reported in table 10 that changing employers at older ages is associated with longer working lives. However, these results do not firmly establish that changing employers increase working lives. Various factors, such as a realization that retirement savings will not last as long as once expected, can increase work expectations, which in turn might lead workers to change employers so they can work longer.

There was no significant difference between workers who did and did not change occupations in the increased probability of working past age 65. Neither changing employers nor

changing occupations is significantly associated with a change in the expected probability of working past age 62, perhaps because the respondents in the sample are all working at some point between age 56 to 60.

## **Conclusions**

Job changes are common at older ages. Fifty percent of workers employed at age 50 subsequently move to a different employer by age 70, and 60 percent move into a new occupation. Men are more likely to change jobs than women, and non-Hispanic whites are more likely than African Americans and Hispanics. Workers with health problems and those who did not complete high school are less likely to change jobs than their healthier and better-educated counterparts. However, employer and occupational transition rates do not vary much by demographic characteristics. Instead, many older workers from all walks of life change jobs after age 50.

The economic booms and busts of the past two decades do not appear to have changed job change patterns much at older ages. A somewhat smaller share of men age 53 to 75 have continued to work since 2006 than in the 1990s, although women's employment rates do not appear to have changed over time. Older workers are more likely to change occupations since 2000 than in the 1990s. In general, though, the Great Recession did not fundamentally change employment patterns at older ages.

Transition rates to new employers and into new occupations decline as workers grow older. For example, employed workers ages 66 to 69 are 35 percent less likely to move to a new employer than their counterparts ages 56 to 58. This finding is not surprising, since employment transitions usually entail short-term costs in time spent finding new employment, reduced productivity as employees learn to perform effectively in their new jobs, and the psychic toll in adjusting to new surroundings. Over time, these start-up costs can be offset by workers' higher productivity in their new positions and enhanced job satisfaction. However, workers who change jobs very late in their careers may not work long enough in their new jobs to fully recoup their transition costs. And, of course, employers may be less likely to hire workers in their 60s and 70s than younger workers, out of concern that these older hires won't work long enough to cover the employers' hiring and training costs (Johnson and Butrica 2012). Nonetheless, job changes continue well past traditional retirement ages. Among employed workers in their mid-60s, about 10 percent of men and 9 percent of women move to different employers over two years, and 20 percent of men and 17 percent of women move into new occupations.

Although job changes at older ages are often viewed through the prism of the retirement process (Cahill, Gaindrea, and Quinn 2006; Ruhm 1990), the majority of job changes after age 50 do not involve workers who consider themselves retired. Only about a third (31 percent) of job transitions that occur between ages 51 and 75 involve workers who classify themselves as fully or partially retired immediately after the transition, including only about a quarter of transitions that occur between ages 58 and 61. Although most post-65 job changes involve retirees, transitions that occur in one's 50s and early 60s generally appear to be typical job churning that occurs throughout the working life.

How employer or occupational shifts affect job characteristics depend on whether transitioning workers consider themselves retired. For adults moving into post-retirement work after age 50, employer and occupational changes typically involve shifts into less stressful, more flexible, lower paying, and more satisfying work. They work substantially fewer hours on their new, post-retirement job than their pre-retirement job, and they have more control over their schedule. Unless they start their own businesses when they partially retire, they are less likely to report management responsibilities on their new job. However, they are also much less likely to receive fringe benefits such as health insurance and retirement plans on their new jobs, and their median hourly earnings are barely half as much as what they earned on their previous job.

Job characteristics do not change as much for workers who move to different employers or into new occupations after age 50 and do not consider themselves retired. They work about the same number of hours per weeks and weeks per year on their new job as their old job, and they are not significantly more likely to have more control over their work schedule. They earn only a little bit less on their new job than their old job, but they are much likely to receive health or pension benefits. And like retirees, nonretirees who change jobs after age 50 typically shift into less stressful work that they enjoy more than their previous job.

Many job changes at older ages involve shifts from wage and salary employment to self-employment, especially among partially retired workers. Overall, 21 percent of men and 14 percent of women working as wage and salary workers in their early 50s spend time working for themselves by age 70. About 7 out of 10 of these transitions involves shifts into new occupations, including nearly 8 out of 10 of transitions that involve retirees. Shifts into self-employment are associated with heightened job satisfaction, less stress, fewer work hours, lower pay, and fewer fringe benefits. However, self-employment remains less common among African Americans and workers with no more than a high school education.

Since workers who move to a different employer after age 50 generally report strong satisfaction with their new positions and reduced stress, it is not surprising that they work significantly longer—and say they are more likely to work full-time past age 65—than their counterparts who do not change employers in their 50s. Additionally, workers’ expectation of working full-time past age 65 rises after they move to a new employer.

Moving to a different employer or into a new occupation at older ages can allow workers to reimagine their jobs, engaging in more meaningful work that is personally fulfilling or creating better work-life balance. At the same time, it provides an income stream and potentially boosts retirement wealth by extending work lives. Policies that make it easier for workers to change jobs at older ages—such as expanding training opportunities or facilitating access to credit to help older workers prepare for new occupations or start their own business—could improve the lives of older adults.

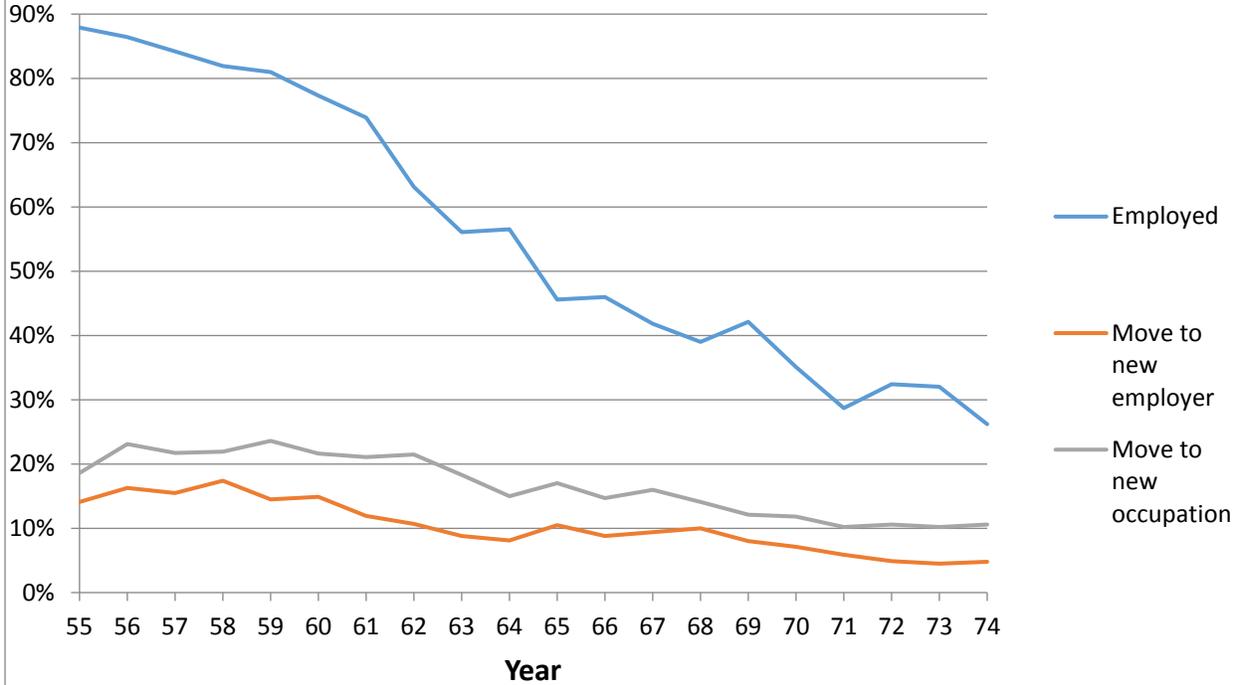
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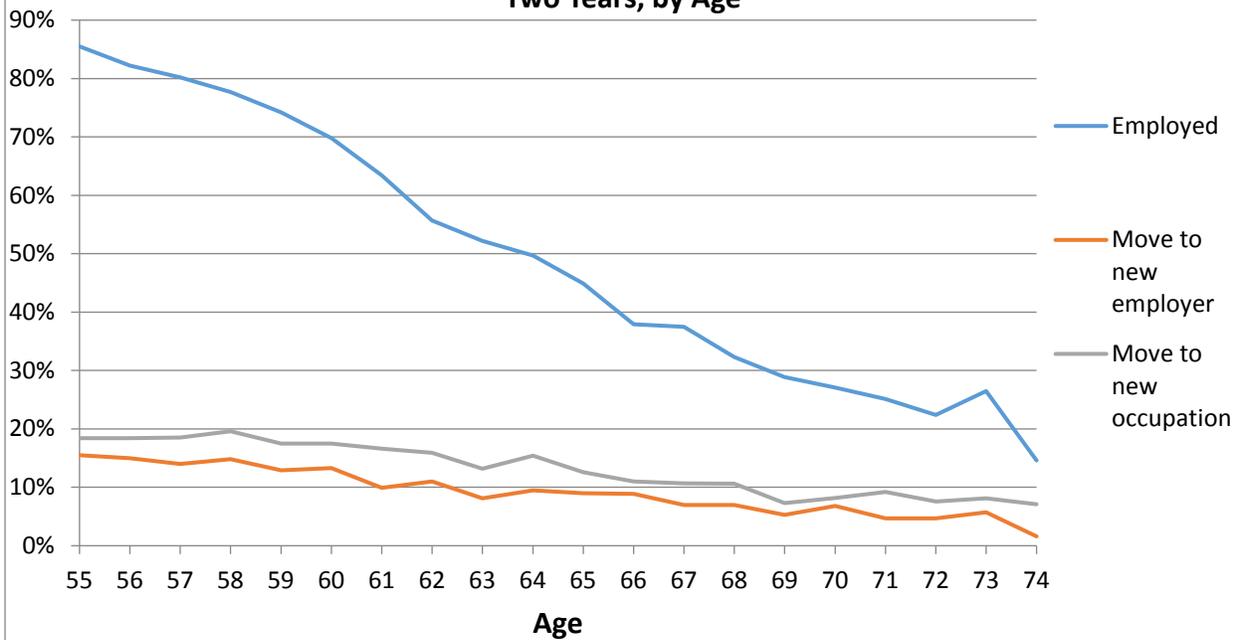
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**Figure 1. Share of Men Employed at Ages 51 to 54 Who Continue Working or Move to a New Employer or Occupation over the Previous Two Years, by Age**



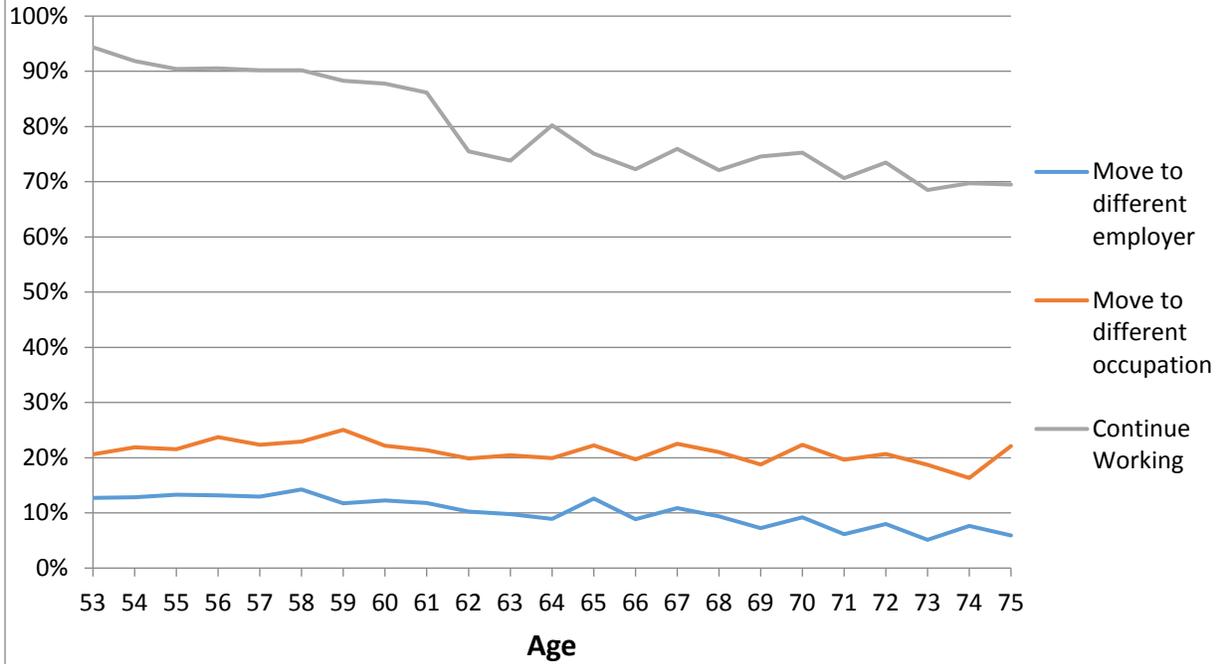
Source: Author's calculations from the 1992-2012 waves of the Health and Retirement Study (HRS).  
 Note: Estimates are based on a sample of 3,260 men observed working at some point between age 51 and 54.

**Figure 2. Share of Women Employed at Ages 51 to 54 Who Continue Working or Move to a New Employer or Occupation Over the Previous Two Years, by Age**



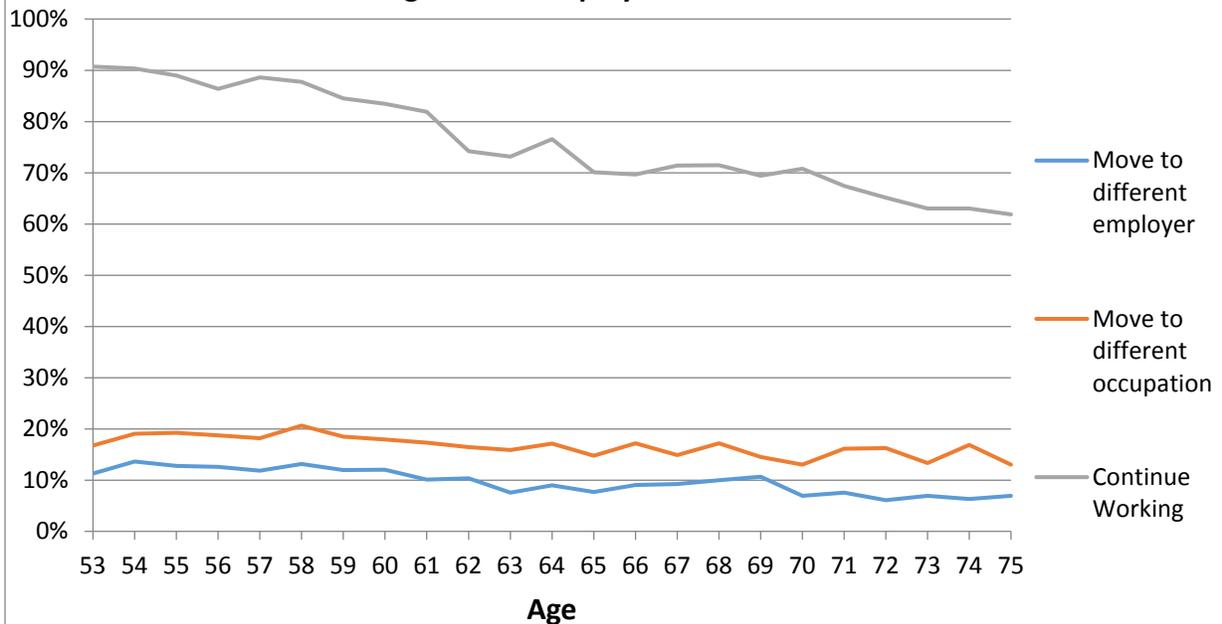
Source: Author's calculations from the 1992-2012 waves of the Health and Retirement Study (HRS).  
 Note: Estimates are based on a sample of 4,071 women observed working at some point between age 51 and 54.

**Figure 3. Occupational and Employer Transitions by Age Among Men Employed Two Years Earlier**



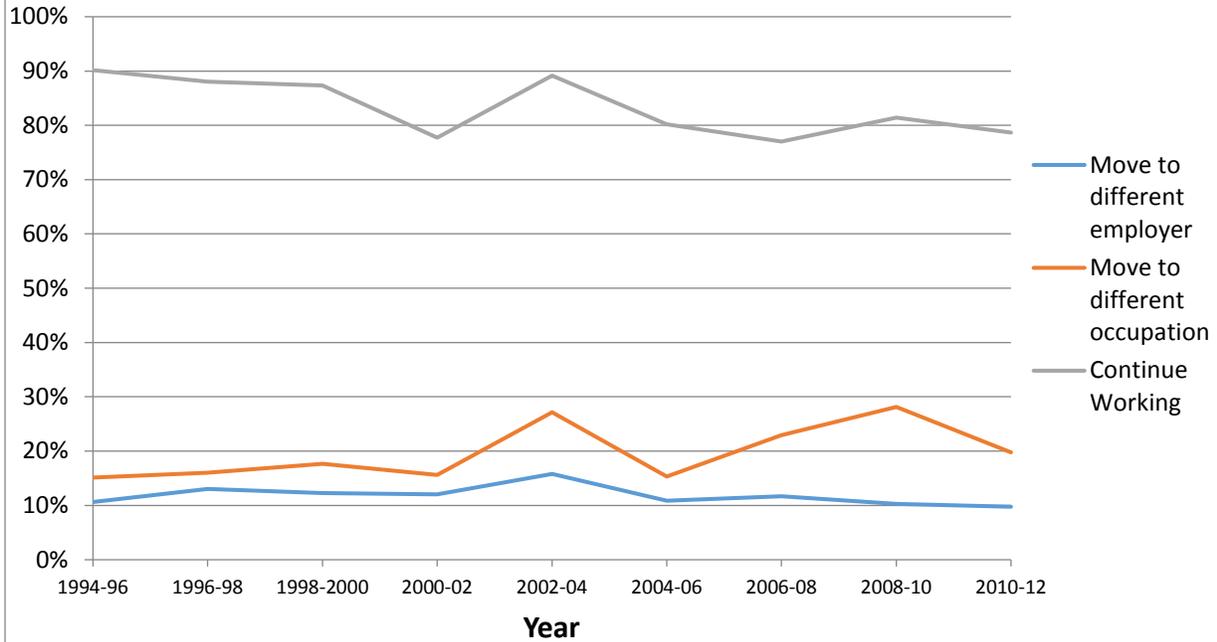
*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study (HRS).  
*Note:* The figure shows the percentage of men employed two years earlier who remain employed in the same occupation, move to a new occupation, or stop working. Estimates are based on a sample of 8,262 men ages 53 to 75.

**Figure 4. Occupational and Employer Transitions by Age Among Women Employed Two Years Earlier**



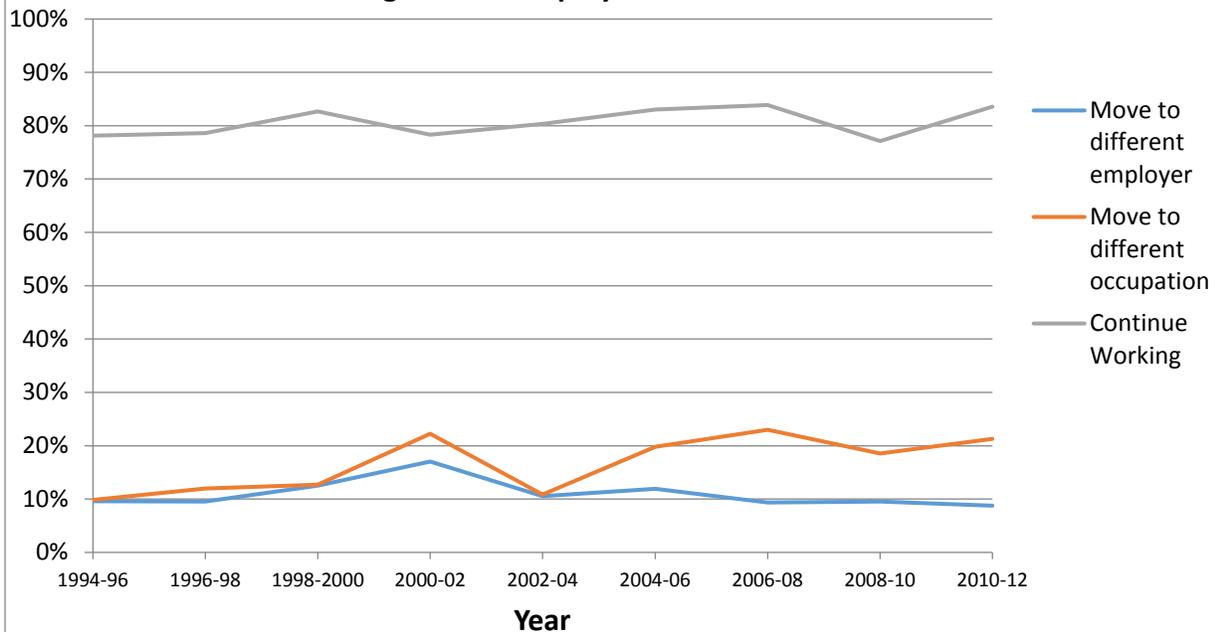
*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study (HRS).  
*Note:* The figure shows the percentage of women employed two years earlier who remain employed in the same occupation, move to a new occupation, or stop working. Estimates are based on a sample of 8,707 women ages 53 to 75.

**Figure 5. Occupational and Employer Transitions by Year  
Among Men Employed in Previous Wave**



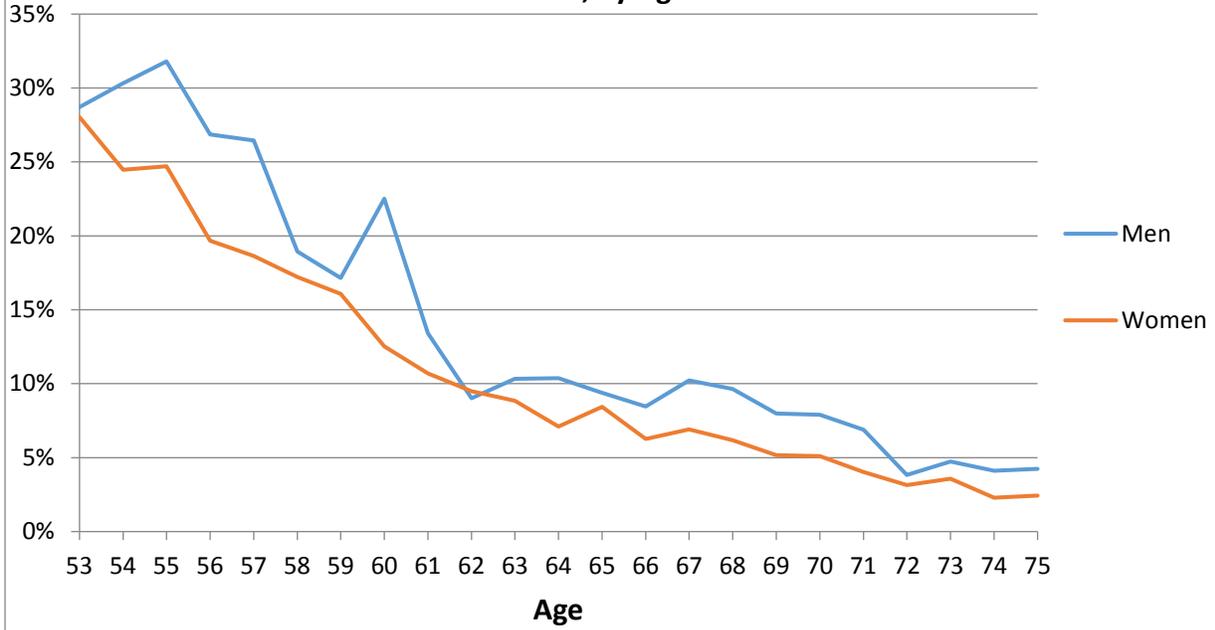
*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study (HRS).  
*Note:* The figure shows the percentage of men employed two years earlier who remain employed in the same occupation, move to a new occupation, or stop working. Estimates are based on a sample of 8,262 men ages 53 to 75.

**Figure 6. Occupational and Employer Transitions by Year  
Among Women Employed in Previous Wave**



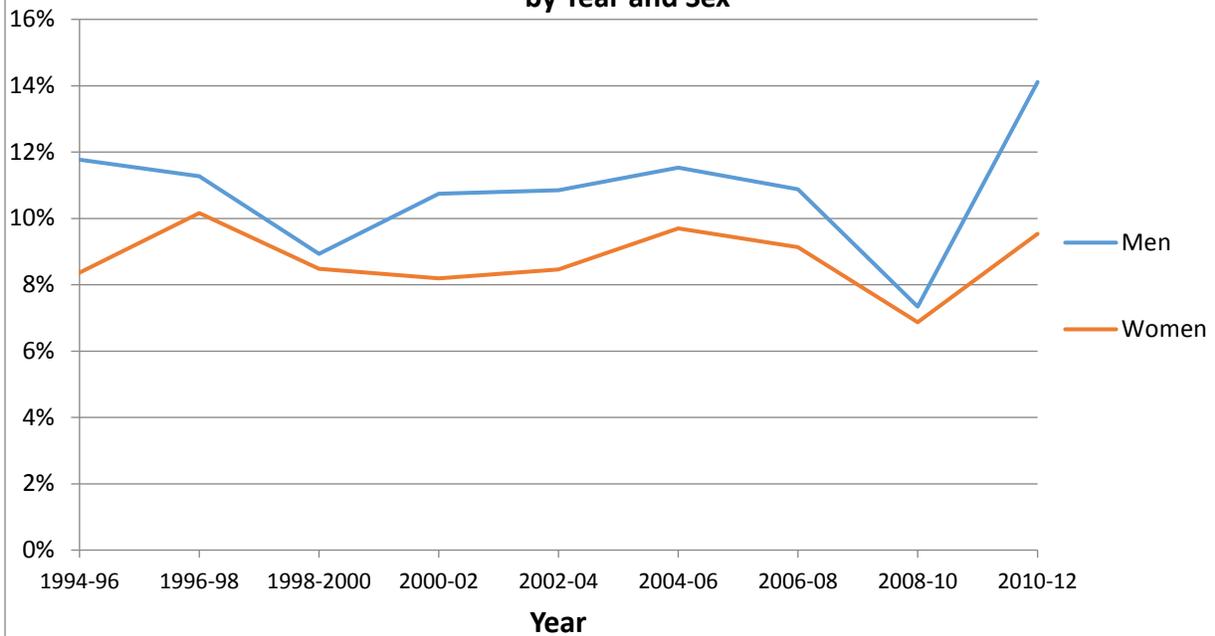
*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study (HRS).  
*Note:* The figure shows the percentage of men employed two years earlier who remain employed in the same occupation, move to a new occupation, or stop working. Estimates are based on a sample of 8,707 women ages 53 to 75.

**Figure 7. Share of Adults Not Working Two Years Earlier Who Return to Work, by Age and Sex**



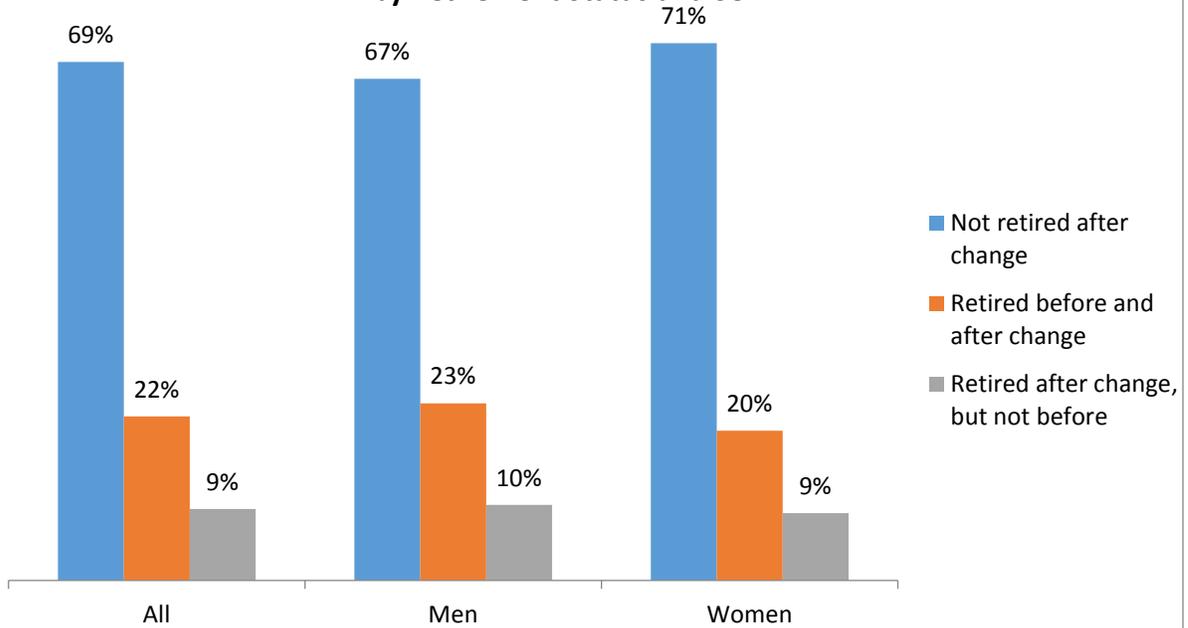
*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study (HRS).  
*Note:* The figure shows the percentage of men and women not employed two years earlier who become employed. Estimates are based on a sample of 7,230 men and 10,235 women ages 53 to 75 with same past employment history who do not describe themselves as disabled.

**Figure 8. Share of Nonworking Adults Who Begin Working, by Year and Sex**



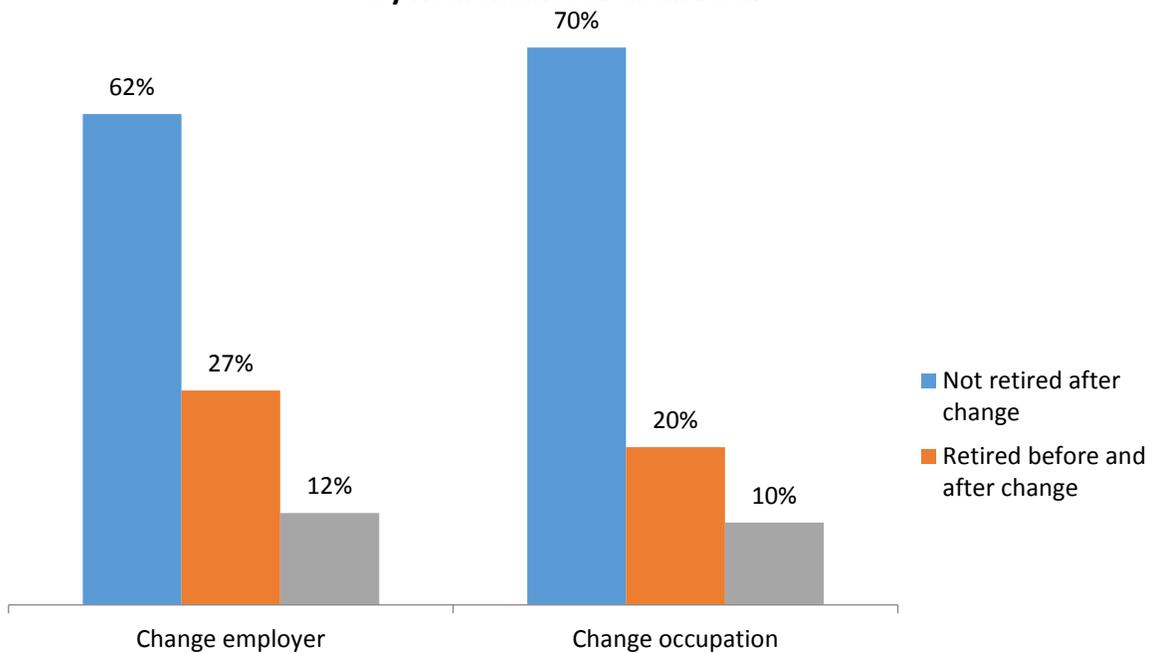
*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study (HRS).  
*Note:* The figure shows the percentage of men and women not employed two years earlier who become employed. Estimates are based on a sample of 7,230 men and 10,235 women ages 53 to 75 with some past employment history who do not describe themselves as disabled.

**Figure 9. Distribution of Job Transitions between Ages 51 and 75 by Retirement Status and Sex**



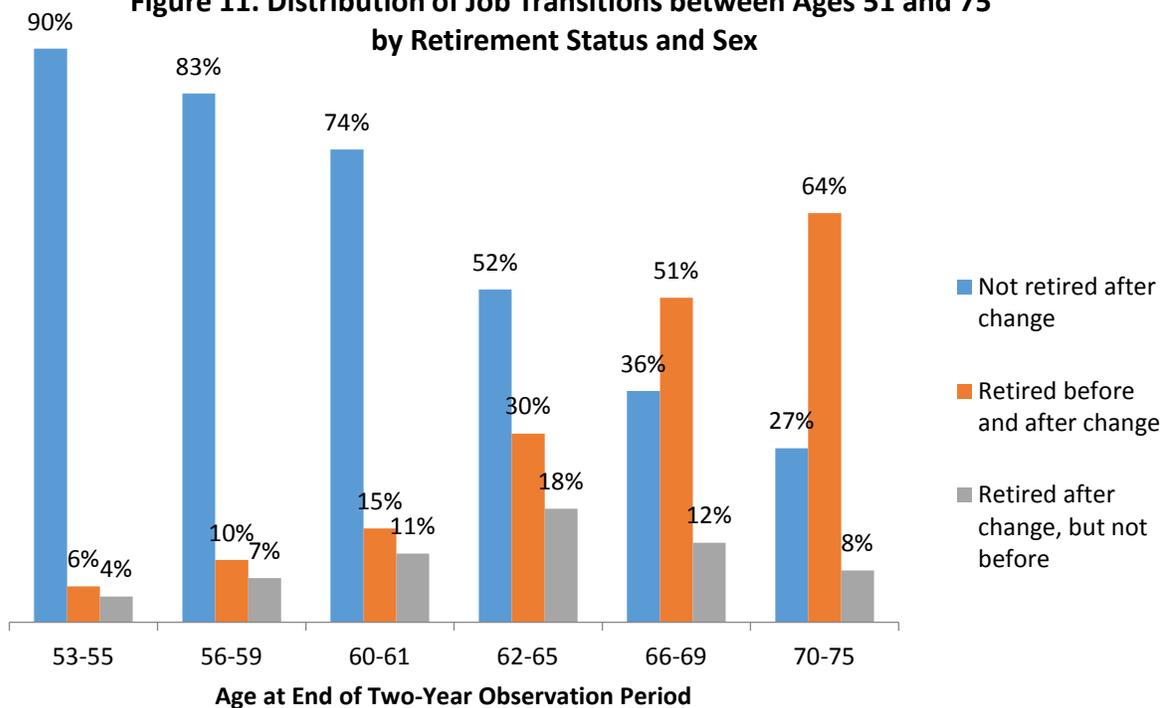
*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study (HRS).  
*Note:* The sample includes 18,011 employer and occupational changes that occurred between ages 51 and 75. Workers are classified as retired if they describe themselves as fully or partially retired.

**Figure 10. Distribution of Job Transitions between Ages 51 and 75 by Retirement Status and Sex**



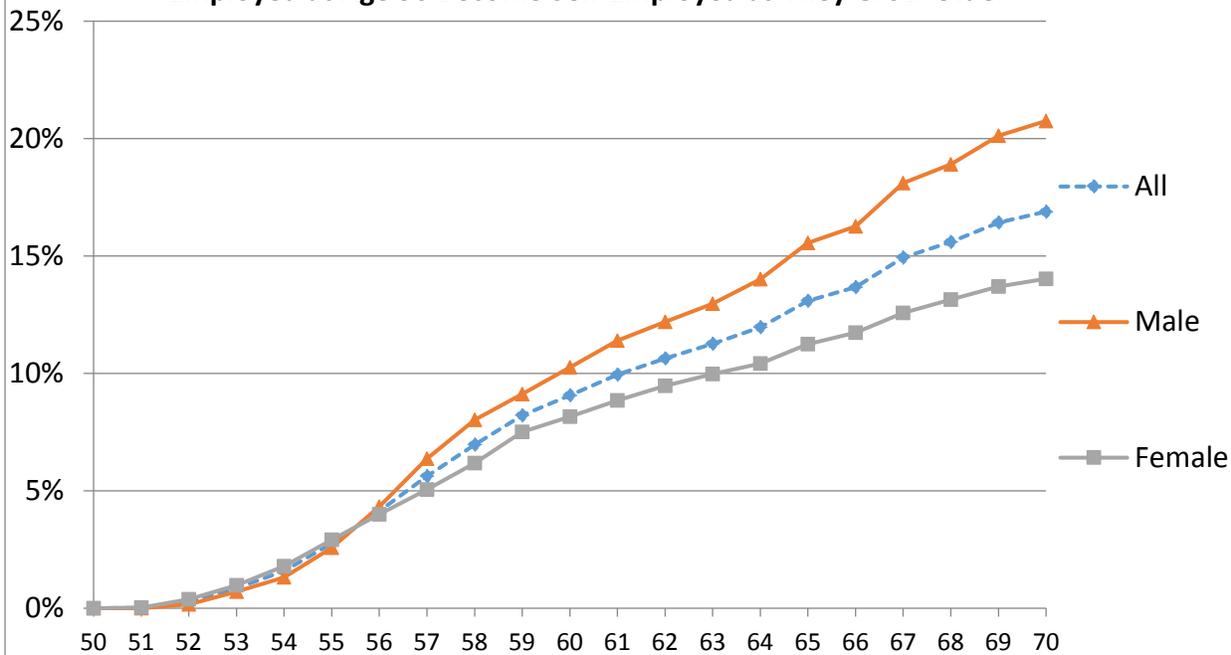
*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study (HRS).  
*Note:* The sample includes 18,011 employer and occupational changes that occurred between ages 51 and 75. Workers are classified as retired if they describe themselves as fully or partially retired.

**Figure 11. Distribution of Job Transitions between Ages 51 and 75 by Retirement Status and Sex**

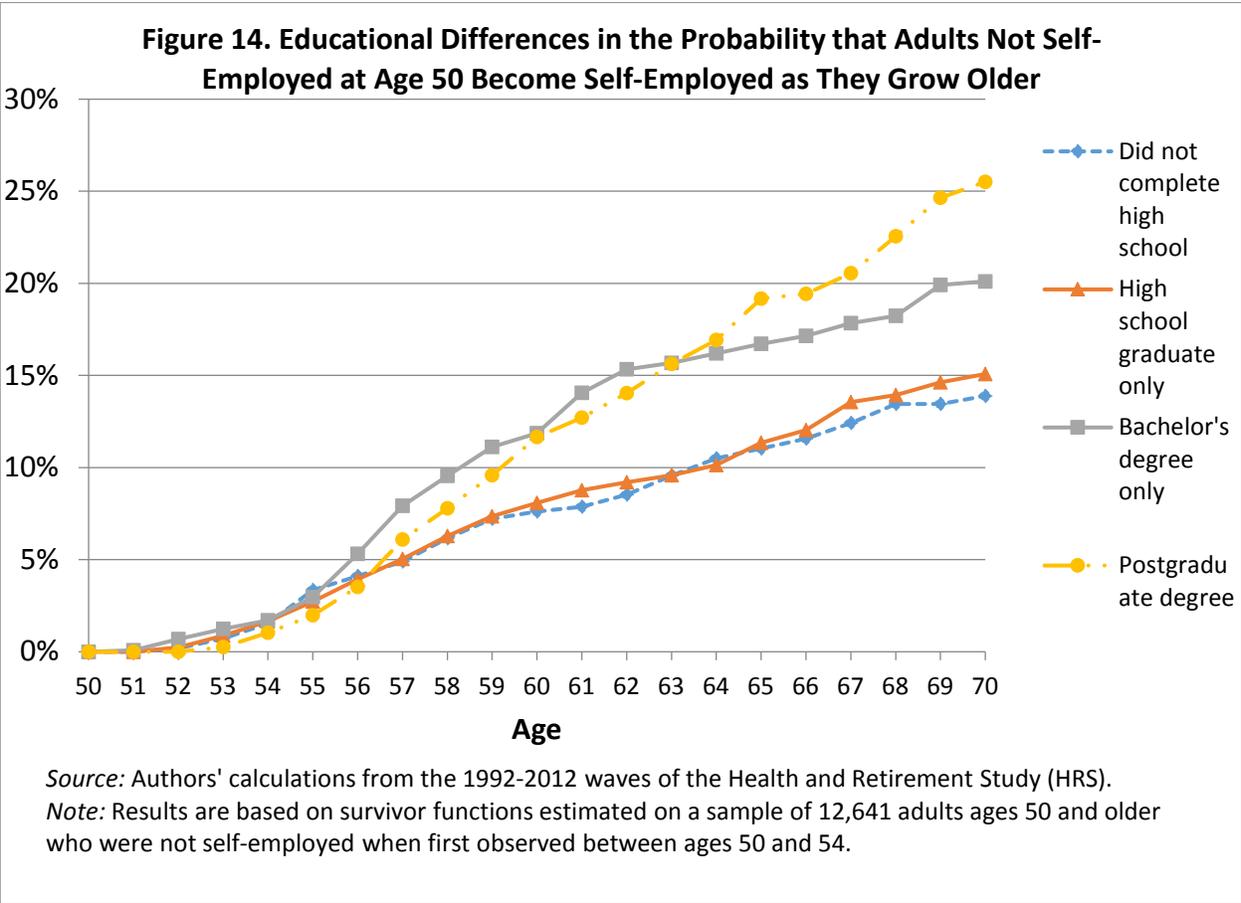
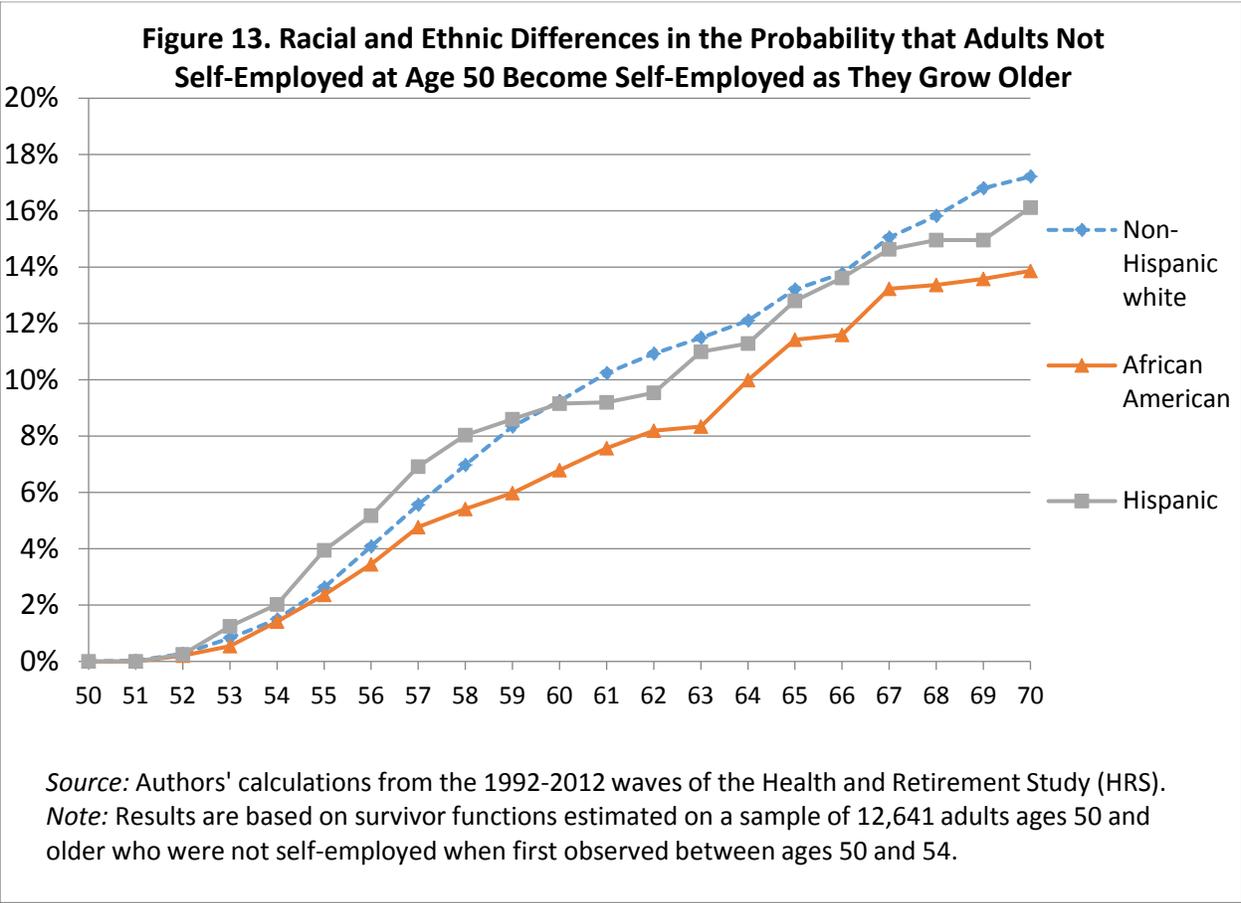


*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study (HRS).  
*Note:* The sample includes 18,011 employer and occupational changes that occurred between ages 51 and 75. Workers are classified as retired if they describe themselves as fully or partially retired.

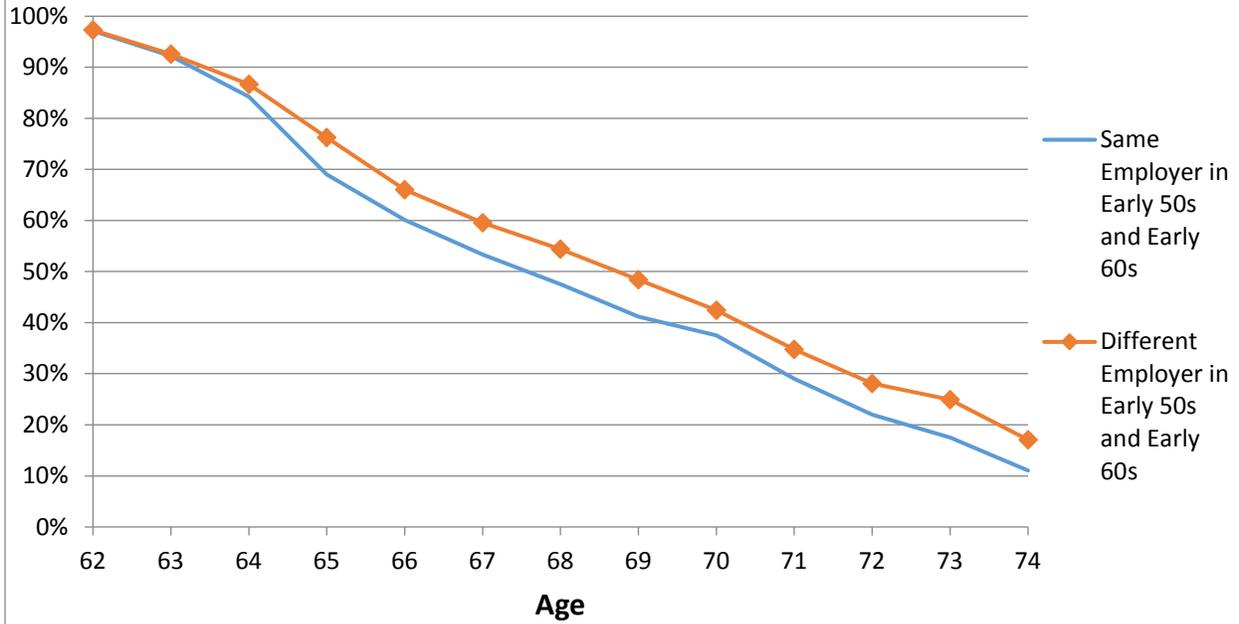
**Figure 12. Sex Differences in the Probability that Adults Not Self-Employed at Age 50 Become Self-Employed as They Grow Older**



*Source:* Authors' calculations from the 1992-2012 waves of the Health and Retirement Study (HRS).  
*Note:* Results are based on survivor functions estimated on a sample of 12,641 adults ages 50 and older who were not self-employed when first observed between ages 50 and 54.

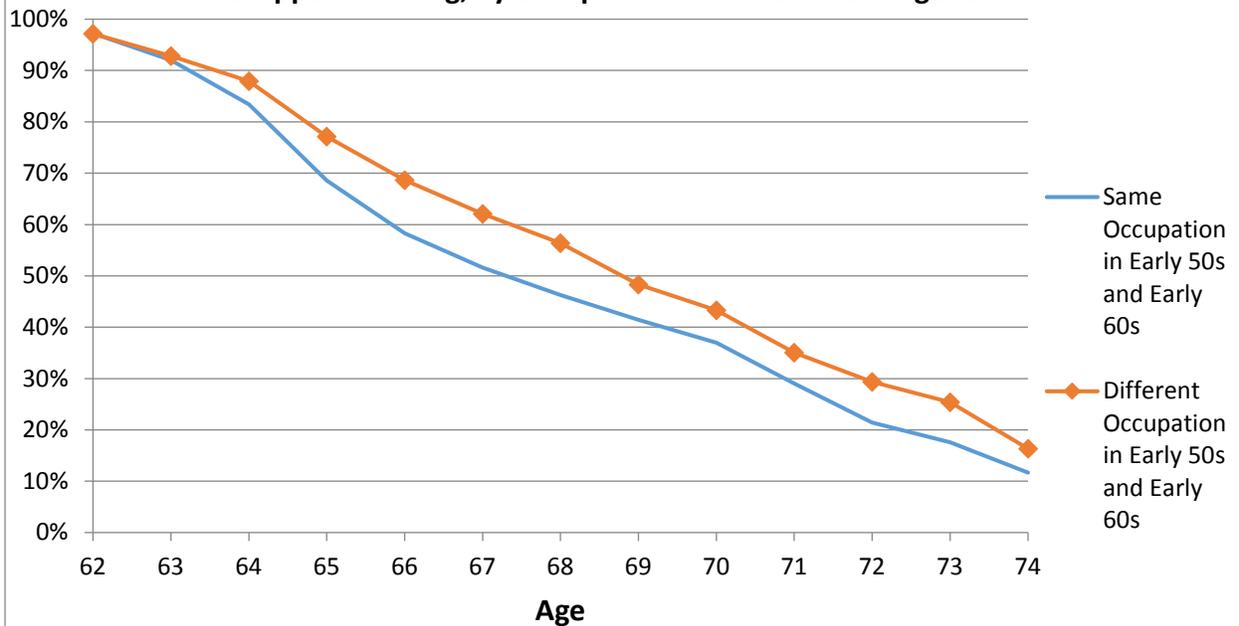


**Figure 15. Probability that Workers Employed at Age 61 Have Not Retired and Stopped Working, by Employer Transitions from Ages 51 to 61**



*Source:* Author's calculations from the 1992 to 2012 waves of the Health and Retirement Study (HRS).  
*Note:* Results are based on a survival function estimated on a sample of adults ages 51 to 54 in 1992 who were employed in 1992 and at age 61 or 62. Workers are classified as retired when they first describe themselves as fully or partially retired and are not employed. The sample consists of 533 workers who changed employers and 670 workers who did not change.

**Figure 16. Probability that Workers Employed at Age 61 Have Not Retired and Stopped Working, by Occupation Transitions from Ages 51 to 61**



*Source:* Author's calculations from the 1992 to 2012 waves of the Health and Retirement Study (HRS).  
*Note:* Results are based on a survival function estimated on a sample of adults ages 51 to 54 in 1992 who were employed in 1992 and at age 61 or 62. Workers are classified as retired when they first describe themselves as fully or partially retired and are not employed. The sample consists of 505 workers who changed employers and 698 workers who did not change.

**Table 1. Occupational Distribution of Employed Older Workers by Age, 2006 (%)**

| <b>Occupation</b>                                       | <b>50-54</b> | <b>55-64</b> | <b>65 and older</b> |
|---|--------------|--------------|---------------------|
| Management  | 12.5         | 11.6         | 10.3                |
| Business and financial operations specialists           | 5.0          | 4.0          | 3.4                 |
| Computer and mathematical                               | 1.5          | 1.6          | 0.4                 |
| Architecture and engineering                            | 1.5          | 1.2          | 1.6                 |
| Life, physical, and social science                      | 2.1          | 1.3          | 0.8                 |
| Community and social services                           | 2.4          | 2.4          | 2.8                 |
| Legal   | 1.3          | 1.1          | 1.6                 |
| Education, training, and library                        | 7.2          | 6.7          | 6.0                 |
| Arts, design, entertainment, sports, and media          | 1.1          | 1.4          | 2.8                 |
| Health care practitioners and related technical workers | 6.0          | 4.6          | 3.3                 |
| Health care support                                     | 2.8          | 2.5          | 1.9                 |
| Protective service                                      | 1.7          | 1.5          | 2.6                 |
| Food preparation and serving                            | 3.4          | 3.0          | 4.1                 |
| Building and grounds cleaning and maintenance           | 5.0          | 4.9          | 6.9                 |
| Personal care and service                               | 3.1          | 4.6          | 4.6                 |
| Sales   | 8.7          | 10.6         | 12.8                |
| Office and administrative support                       | 16.3         | 17.1         | 14.0                |
| Farming, fishing, and forestry                          | 0.3          | 0.3          | 1.0                 |
| Construction and extraction trades                      | 4.3          | 4.4          | 4.7                 |
| Installation, maintenance, and repair workers           | 2.5          | 2.6          | 2.5                 |
| Production  | 6.6          | 6.9          | 4.4                 |
| Transportation and material moving                      | 4.8          | 5.7          | 7.9                 |
| Military-specific                                       | 0.0          | 0.1          | 0.0                 |

*Source:* Author's estimates from the 2006 Health and Retirement Study.

*Note:* Estimates are based on a sample of 6,244 workers ages 50 and older.

**Table 2. Percentage of Workers Employed at Age 50 Who Ever Change Employers or Occupations by Age 70, 1992-2012**

|                                    | Move to<br>Different<br>Employer | Move to<br>Different<br>Occupation | Move to<br>Different<br>Occupation,<br>Different<br>Employer | Move to<br>Different<br>Occupation,<br>Same<br>Employer | Move to<br>Different<br>Employer,<br>Same<br>Occupation |
|------------------------------------|----------------------------------|------------------------------------|--|---|---|
| <b>All</b>                         | 50                               | 60                                 | 36   | 53  | 18  |
| <b>Sex</b>                         |                                  |                                    |  |   |   |
| Men                                | 52                               | 63 *                               | 38 *   | 55 *  | 18  |
| Women                              | 48                               | 57                                 | 34   | 50  | 19  |
| <b>Race and Ethnicity</b>          |                                  |                                    |  |   |   |
| Non-Hispanic white                 | 50                               | 61                                 | 36   | 53  | 19  |
| African American                   | 50                               | 57                                 | 35   | 50  | 18  |
| Hispanic                           | 54                               | 57                                 | 37   | 49  | 15  |
| <b>Education</b>                   |                                  |                                    |  |   |   |
| Did not complete high school       | 52                               | 52 *                               | 35   | 44 *  | 20  |
| High school diploma, no            |                                  |                                    |  |   |   |
| Bachelor's degree                  | 50                               | 61                                 | 37   | 52  | 18  |
| Bachelor's degree only             | 50                               | 63                                 | 36   | 55  | 18  |
| Postgraduate degree                | 51                               | 62                                 | 35   | 57  | 19  |
| <b>Hourly Earnings</b>             |                                  |                                    |  |   |   |
| Less than or equal to \$10         | 58 *                             | 62                                 | 43 *   | 52  | 21 *  |
| \$10.01 to \$20                    | 52                               | 61                                 | 37   | 51  | 20  |
| \$20.01 to \$30                    | 46                               | 56                                 | 33   | 51  | 18  |
| More than \$30                     | 49                               | 63                                 | 37   | 56  | 16  |
| <b>Per Capita Household Wealth</b> |                                  |                                    |  |   |   |
| Less than or equal to \$50,000     | 54 *                             | 60                                 | 40 *   | 49 *  | 20 *  |
| \$50,001 to \$200,000              | 52                               | 61                                 | 39   | 53  | 20  |
| \$200,001 to \$450,000             | 49                               | 59                                 | 34   | 52  | 20  |
| More than \$450,000                | 46                               | 61                                 | 31   | 55  | 14  |

*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

*Notes:* Results are based on survivor functions estimated on a sample of 10,251 adults older than age 50 whom we observe working at some point between age 50 and 55. Earnings and wealth, which are expressed in constant 2012 dollars, are measured when workers are first observed employed. An asterisk indicates that the survival curves within the identified group differ significantly ( $p < .05$ ) from each other.

**Table 3. Marginal Impact of Personal Characteristics on the Likelihood of Ever Changing Employers or Occupations after Age 50**

|  | Move to<br>Different<br>Employer | Move to<br>Different<br>Occupation | Move to<br>Different<br>Occupation,<br>Different<br>Employer | Move to<br>Different<br>Occupation,<br>Same<br>Employer | Move to<br>Different<br>Employer,<br>Same<br>Occupation |
|--|----------------------------------|------------------------------------|--|---|---|
| <b>Sex</b>   |                                  |                                    |  |   |   |
| [Ref: Male]  | --                               | --                                 | --   | --  | --  |
| Female   | -0.050 **                        | -0.060 **                          | -0.047 **  | -0.039 **   | -0.006  |
| <b>Race and ethnicity</b>                                      |                                  |                                    |  |   |   |
| [Ref: Non-Hispanic<br>white]                                   | --                               | --                                 | --   | --  | --  |
| African American   | -0.076 **                        | -0.079 **                          | -0.054 **  | -0.062 **   | -0.047 **   |
| Hispanic   | -0.093 **                        | -0.101 **                          | -0.065 **  | -0.078 **   | -0.066 **   |
| Other  | -0.089 **                        | -0.097 **                          | -0.061 *   | -0.091 **   | -0.024  |
| <b>Education</b>   |                                  |                                    |  |   |   |
| Did not complete high<br>school                                | 0.026                            | -0.018                             | -0.004   | -0.015  | 0.021   |
| [Ref: High school<br>diploma, no<br>Bachelor's degree<br>only] | --                               | --                                 | --   | --  | --  |
| Graduate education   | 0.040 *                          | 0.035                              | 0.008  | 0.049 **  | 0.026 *   |
| <b>Hourly Earnings (\$)</b>                                    | -0.059 **                        | -0.032 **                          | -0.043 **  | -0.017 *  | -0.023 **   |
| <b>Per Capita Household<br/>Wealth (\$)</b>                    | 0.001                            | 0.006 **                           | 0.0001   | 0.011 **  | -0.001  |
| <i>Mean of dependent<br/>Log likelihood</i>                    | 0.342                            | 0.398                              | 0.233  | 0.3180  | 0.132   |
| <i>Pseudo R-squared</i>  | -5728                            | -5994                              | -4844  | -5550   | -3485   |
|  | 0.011                            | 0.012                              | 0.009  | 0.0160  | 0.010   |

Source: Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

Notes: Results are based on probit models estimated on a sample of 10,251 adults ages 50 and older observed working at some point between ages 50 and 55. Earnings and wealth, which are expressed in constant 2012 dollars, are measured when workers are first observed employed.

\*\*  $p < .01$ ; \*  $.01 < p < .05$

**Table 4. Marginal Impact of Personal Characteristics on the Likelihood of Changing Employers and Changing Occupations**

|   | Relative to Remaining in the<br>Same Employer |                 | Relative to Remaining in the<br>Same Occupation |                 |
|---|---|-----------------|---|-----------------|
|   | Change<br>Employer                            | Stop<br>Working | Change<br>Occupation                            | Stop<br>Working |
| <b>Age</b>  |   |                 |   |                 |
| [Ref: 56 to 58]                                     | --  | --              | --  | --              |
| 59 to 61  | -0.009 **                                     | 0.058 **        | -0.017 **                                       | 0.059 **        |
| 62 to 65  | -0.026 **                                     | 0.169 **        | -0.037 **                                       | 0.169 **        |
| 66 to 69  | -0.037 **                                     | 0.189 **        | -0.064 **                                       | 0.189 **        |
| 70 and older  | -0.075 **                                     | 0.226 **        | -0.081 **                                       | 0.225 **        |
| <b>Sex</b>  |   |                 |   |                 |
| [Ref: Male]   | --  | --              | --  | --              |
| Female  | -0.028 **                                     | 0.030 **        | -0.038 **                                       | 0.030 **        |
| <b>Education</b>                                    |   |                 |   |                 |
| Did not complete high school                        | -0.013 **                                     | 0.006           | -0.016 **                                       | 0.006           |
| [Ref: High school diploma, no<br>Bachelor's degree] | --  | --              | --  | --              |
| Bachelor's degree only                              | 0.012 **                                      | -0.028 **       | 0.010 *   | -0.028 **       |
| Graduate education                                  | 0.007   | -0.015 *        | -0.020 **                                       | -0.015 **       |
| <b>Race and ethnicity</b>                           |   |                 |   |                 |
| [Ref: Non-Hispanic white]                           | --  | --              | --  | --              |
| African American                                    | -0.009 **                                     | -0.005          | -0.020 **                                       | -0.003          |
| Hispanic  | -0.019 **                                     | -0.005          | -0.004  | -0.005          |
| Other   | 0.007   | -0.027 *        | -0.015  | -0.027 **       |
| <b>Overall health status</b>                        |   |                 |   |                 |
| Excellent or very good                              | 0.011 **                                      | -0.027 **       | 0.018 **  | -0.027 **       |
| [Ref: good]   | --  | --              | --  | --              |
| Fair or poor  | -0.019 **                                     | 0.101 **        | -0.024 **                                       | 0.100 **        |
| <b>Hourly wage</b>                                  |   |                 |   |                 |
|   | 0.001   | -0.002          | -0.0004   | -0.003          |
| <b>Household wealth</b>                             |   |                 |   |                 |
|   | -0.002 **                                     | -0.002 **       | -0.0005   | -0.002 **       |

(continued)

**Table 4. (continued)**

|  | Relative to Remaining in the<br>Same Employer |                 | Relative to Remaining in the<br>Same Occupation |                 |
|--|---|-----------------|---|-----------------|
|  | Change<br>Employer                            | Stop<br>Working | Change<br>Occupation                            | Stop<br>Working |
| <b>Characteristics of previous job</b> |   |                 |   |                 |
| Tenure (in years)                      | -0.002 **                                     | 0.000           | -0.001 **                                       | 0.000           |
| Self-Employed                          | -0.105 **                                     | -0.013          | 0.097 **  | -0.006          |
| Job satisfaction                       | -0.008 *                                      | -0.033 **       | 0.000   | -0.033 **       |
| Management responsibilities            | 0.006   | -0.026 **       | 0.008   | -0.026 **       |
| Flexible schedule                      | 0.006 *                                       | -0.017 **       | 0.004   | -0.017 **       |
| Physically demanding work              | -0.001  | 0.003           | -0.014 **                                       | 0.003           |
| Stressful work                         | 0.008 *                                       | 0.009           | 0.003   | 0.009           |
| Union contract coverage                | -0.038 **                                     | 0.012           | -0.032 **                                       | 0.014           |
| Pension coverage                       | -0.051 **                                     | -0.009          | -0.025 **                                       | -0.007          |
| Health insurance coverage              | -0.014 **                                     | -0.024 **       | 0.007   | -0.023 **       |
| <b>Year</b>                            |   |                 |   |                 |
| [Ref: 1994]                            | --  | --              | --  | --              |
| 1996                                   | 0.036 **                                      | 0.035 **        | 0.000   | 0.032 **        |
| 1998                                   | 0.042 **                                      | 0.009           | 0.032 **  | 0.006           |
| 2000                                   | 0.038 **                                      | -0.003          | 0.015   | -0.006          |
| 2002                                   | 0.087 **                                      | 0.018           | 0.100 **  | 0.015           |
| 2004                                   | 0.015   | -0.024          | 0.036 **  | -0.025 *        |
| 2006                                   | 0.042 **                                      | -0.005          | 0.110 **  | -0.009          |
| 2008                                   | 0.009   | -0.037 **       | 0.117 **  | -0.040 **       |
| 2010                                   | 0.002   | 0.008           | 0.068 **  | 0.005           |
| 2012                                   | 0.010   | -0.018          | 0.127 **  | -0.022          |
| <i>Mean of dependent variable</i>      | 0.106   | 0.200           | 0.195   | 0.200           |
| <i>Log likelihood</i>                  | -37785  |                 | -430008   |                 |
| <i>Pseudo R-squared</i>                | 0.075   |                 | 0.071   |                 |
| <i>Number of observations</i>          | 49,106  |                 | 49,106  |                 |

Source: Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

Notes: Cell entries show the impact of each variable on the likelihood of changing employers or changing occupations, based multinomial logit models estimated on a sample of employed adults ages 50 and older first observed working at some point between ages 50 and 55. In addition to the variables reported, they also control for occupation on the previous job. All financial amounts are measured in constant 2012 dollars.

\*\*  $p < .01$ ; \*  $.01 < p < .05$

**Table 5. Self Employment, Job Demands, and Job Satisfaction for Workers Who Change Employers or Occupations After Age 50, by Age and Retirement Status, 1992-2012 (%)**

|                                    | Change Employers |               |                          |              | Change Occupations |               |                          |              |
|------------------------------------|------------------|---------------|--------------------------|--------------|--------------------|---------------|--------------------------|--------------|
|                                    | All              | Newly Retired | Retired Before and After | Not Retired  | All                | Newly Retired | Retired Before and After | Not Retired  |
| <b>Self-employed</b>               |                  |               |                          |              |                    |               |                          |              |
| Old job                            | 17 *             | 13 *          | 25 *                     | 14 *         | 34 *               | 31 *          | 43 *                     | 31           |
| New Job                            | 23               | 30            | 33                       | 16           | 36                 | 43            | 47                       | 31           |
| <b>Management responsibilities</b> |                  |               |                          |              |                    |               |                          |              |
| Old job                            | 31               | 29 *          | 34                       | 30 *         | 47                 | 45            | 49                       | 45 *         |
| New Job                            | 30               | 33            | 34                       | 27           | 45                 | 46            | 50                       | 44           |
| <b>Physically demanding work</b>   |                  |               |                          |              |                    |               |                          |              |
| Old job                            | 34 *             | 31            | 31 *                     | 35           | 33 *               | 31            | 30 *                     | 33           |
| New Job                            | 31               | 30            | 24                       | 34           | 31                 | 30            | 24                       | 33           |
| <b>Stressful work</b>              |                  |               |                          |              |                    |               |                          |              |
| Old job                            | 19 *             | 24 *          | 13 *                     | 20 *         | 19 *               | 21 *          | 11 *                     | 21 *         |
| New Job                            | 12               | 7             | 5                        | 16           | 15                 | 7             | 5                        | 19           |
| <b>Enjoyable work</b>              |                  |               |                          |              |                    |               |                          |              |
| Old job                            | 87               | 83 *          | 90 *                     | 86 *         | 89 *               | 86 *          | 94 *                     | 89 *         |
| New Job                            | 86               | 88            | 85                       | 89           | 88                 | 90            | 92                       | 90           |
| <i>Number of observations</i>      | <i>9,849</i>     | <i>1,199</i>  | <i>2,576</i>             | <i>5,311</i> | <i>12,729</i>      | <i>1,340</i>  | <i>2,793</i>             | <i>7,816</i> |

Source: Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

Note: Estimates are based on sample of 16,879 job transitions that occur after age 50. An asterisk indicates that the job characteristic differs significantly ( $p < .05$ ) between the old and new job.

**Table 6. Work Schedules for Workers Who Change Employers or Occupations After Age 50, by Age and Retirement Status, 1992-2012 (%)**

|  | Change Employers |               |                          |              | Change Occupations |               |                          |              |
|--|------------------|---------------|--------------------------|--------------|--------------------|---------------|--------------------------|--------------|
|  | All              | Newly Retired | Retired Before and After | Not Retired  | All                | Newly Retired | Retired Before and After | Not Retired  |
| <b>Work fewer than 35 hours per week</b> |                  |               |                          |              |                    |               |                          |              |
| Old job                                  | 31 *             | 22 *          | 54 *                     | 23 *         | 29 *               | 28 *          | 64 *                     | 20           |
| New Job                                  | 48               | 79            | 85                       | 26           | 38                 | 78            | 83                       | 20           |
| <b>Work fewer than 20 hours per week</b> |                  |               |                          |              |                    |               |                          |              |
| Old job                                  | 13 *             | 6 *           | 28 *                     | 7            | 11 *               | 8 *           | 33 *                     | 5            |
| New Job                                  | 23               | 41            | 49                       | 8            | 16                 | 37            | 47                       | 5            |
| <b>Work fewer than 40 weeks per year</b> |                  |               |                          |              |                    |               |                          |              |
| Old job                                  | 11 *             | 7 *           | 21 *                     | 7            | 9 *                | 7 *           | 22 *                     | 6            |
| New Job                                  | 18               | 27            | 36                       | 8            | 13                 | 24            | 32                       | 6            |
| <b>Flexible work schedule</b>            |                  |               |                          |              |                    |               |                          |              |
| Old job                                  | 49 *             | 40 *          | 61 *                     | 46           | 58 *               | 55 *          | 74 *                     | 54           |
| New Job                                  | 58               | 72            | 75                       | 48           | 62                 | 78            | 82                       | 54           |
| <i>Number of observations</i>            | <i>9,849</i>     | <i>1,199</i>  | <i>2,576</i>             | <i>5,311</i> | <i>12,729</i>      | <i>1,340</i>  | <i>2,793</i>             | <i>7,816</i> |

Source: Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

Note: Estimates are based on sample of 16,879 job transitions that occur after age 50. An asterisk indicates that the job characteristic differs significantly ( $p < .05$ ) between the old and new job.

**Table 7. Wages and Benefits for Workers Who Change Employers or Occupations After Age 50, by Age and Retirement Status, 1992-2012 (%)**

|   | Change Employers |               |                          |              | Change Occupations |               |                          |              |
|---|------------------|---------------|--------------------------|--------------|--------------------|---------------|--------------------------|--------------|
|   | All              | Newly Retired | Retired Before and After | Not Retired  | All                | Newly Retired | Retired Before and After | Not Retired  |
| <b>Median Hourly Wage (\$)</b>                            |                  |               |                          |              |                    |               |                          |              |
| Old job   | 16 *             | 21 *          | 15 *                     | 16 *         | 19 *               | 20 *          | 15 *                     | 19 *         |
| New job   | 13               | 12            | 11                       | 15           | 16                 | 12            | 11                       | 18           |
| <b>Covered by employer-sponsored health insurance (%)</b> |                  |               |                          |              |                    |               |                          |              |
| Old job   | 53 *             | 64 *          | 50 *                     | 52 *         | 54 *               | 57 *          | 47 *                     | 56 *         |
| New job   | 39               | 38            | 28                       | 46           | 47                 | 37            | 28                       | 54           |
| <b>Covered by employer-sponsored retirement plan (%)</b>  |                  |               |                          |              |                    |               |                          |              |
| Old job   | 41 *             | 58 *          | 33 *                     | 42 *         | 42 *               | 48 *          | 25 *                     | 47 *         |
| New job   | 22               | 10            | 7                        | 32           | 33                 | 11            | 9                        | 44           |
| <i>Number of observations</i>                             | <i>9,849</i>     | <i>1,199</i>  | <i>2,576</i>             | <i>5,311</i> | <i>12,729</i>      | <i>1,340</i>  | <i>2,793</i>             | <i>7,816</i> |

*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

*Note:* Estimates are based on sample of 16,879 job transitions that occur after age 50. An asterisk indicates that the job characteristic differs significantly ( $p < .05$ ) between the old and new job.

**Table 8. Occupational Change, Job Demands and Job Satisfaction for Wage and Salary Employees who Change Employers at Age 50 and Later, by Self-Employment on New Job and Retirement Status, 1992-2012 (%)**

|                                    | Move to Self-Employment |               |             | Remain in Wage and Salary Employment |               |              |
|------------------------------------|-------------------------|---------------|-------------|--------------------------------------|---------------|--------------|
|                                    | All                     | Newly retired | Not retired | All                                  | Newly retired | Not retired  |
| <b>Change occupation</b>           | 69                      | 78            | 62          | 60                                   | 71            | 57           |
| <b>Managerial responsibilities</b> |                         |               |             |                                      |               |              |
| Old job                            | 23 *                    | 27 *          | 23 *        | 16 *                                 | 16 *          | 17 *         |
| New job                            | 100                     | 100           | 100         | 11                                   | 5             | 14           |
| <b>Physically demanding work</b>   |                         |               |             |                                      |               |              |
| Old job                            | 32                      | 26            | 34          | 34 *                                 | 33            | 35           |
| New job                            | 31                      | 32            | 33          | 31                                   | 29            | 34           |
| <b>Stressful work</b>              |                         |               |             |                                      |               |              |
| Old job                            | 20 *                    | 29 *          | 18 *        | 20 *                                 | 24 *          | 22 *         |
| New job                            | 10                      | 7             | 14          | 13                                   | 6             | 16           |
| <b>Enjoyable work</b>              |                         |               |             |                                      |               |              |
| Old job                            | 88                      | 84 *          | 90          | 84 *                                 | 80 *          | 84 *         |
| New job                            | 90                      | 92            | 92          | 88                                   | 90            | 88           |
| <b>Flexible work schedule</b>      |                         |               |             |                                      |               |              |
| Old job                            | 45 *                    | 31 *          | 47 *        | 37 *                                 | 32 *          | 35 *         |
| New job                            | 100                     | 100           | 100         | 44                                   | 58            | 37           |
| <b>Number of obs.</b>              | <i>1,550</i>            | <i>330</i>    | <i>696</i>  | <i>6,321</i>                         | <i>729</i>    | <i>4,093</i> |

*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

*Note:* Estimates are based on a sample of 7,871 job transitions by wage and salary workers age 50 or older. An asterisk indicates that the job characteristic differs significantly ( $p < .05$ ) between the old and new job.

**Table9. Wages and Benefits for Wage and Salary Employees who Change Employers at Age 50 and Later, by Self-Employment on New Job and Retirement Status, 1992-2012**

|   | Move to Self-Employment |               |             | Remain in Wage and Salary Employment |               |              |
|---|-------------------------|---------------|-------------|--------------------------------------|---------------|--------------|
|   | All                     | Newly retired | Not retired | All                                  | Newly retired | Not retired  |
| <b>Work fewer than 35 hours per week (%)</b>              |                         |               |             |                                      |               |              |
| Old job   | 31 *                    | 16 *          | 29 *        | 25 *                                 | 19 *          | 19           |
| New job   | 61                      | 83            | 39          | 40                                   | 77            | 20           |
| <b>Work fewer than 20 hours per week (%)</b>              |                         |               |             |                                      |               |              |
| Old job   | 13 *                    | 4 *           | 10          | 9 *                                  | 5 *           | 5            |
| New job   | 31                      | 48            | 13          | 17                                   | 38            | 5            |
| <b>Work fewer than 40 weeks per year (%)</b>              |                         |               |             |                                      |               |              |
| Old job   | 10 *                    | 4 *           | 7 *         | 9 *                                  | 7 *           | 6            |
| New job   | 25                      | 34            | 11          | 14                                   | 22            | 6            |
| <b>Median Hourly Wage (\$)</b>                            |                         |               |             |                                      |               |              |
| Old job   | 19 *                    | 28 *          | 17          | 16 *                                 | 18 *          | 16 *         |
| New job   | 14                      | 14            | 17          | 13                                   | 11            | 15           |
| <b>Covered by employer-sponsored health insurance (%)</b> |                         |               |             |                                      |               |              |
| Old job   | 54 *                    | 71 *          | 47 *        | 58 *                                 | 67 *          | 58 *         |
| New job   | 30                      | 35            | 31          | 47                                   | 43            | 53           |
| <b>Covered by employer-sponsored retirement plan (%)</b>  |                         |               |             |                                      |               |              |
| Old job   | 45 *                    | 68 *          | 38 *        | 49 *                                 | 65 *          | 49 *         |
| New job   | 5                       | 3             | 8           | 29                                   | 12            | 39           |
| <b>Number of obs.</b>                                     | <i>1,550</i>            | <i>330</i>    | <i>696</i>  | <i>6,321</i>                         | <i>729</i>    | <i>4,093</i> |

*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

*Note:* Estimates are based on a sample of 7,871 job transitions by wage and salary workers age 50 or older. An asterisk indicates that the job characteristic differs significantly ( $p < .05$ ) between the old and new job.

**Table 10. Marginal Impact of Job Changing, Demographic Characteristics, and Job Characteristics on the Probability of Retiring**

|   | <b>Marginal Impact</b> | <b>Standard Error</b> |
|---|------------------------|-----------------------|
| <b>Changed occupations between ages 51 and 61</b> | -0.018                 | 0.016                 |
| <b>Changed employers between ages 51 and 61</b>   | -0.034 *               | 0.016                 |
| <b>Age</b>  |                        |                       |
| Less than 62                                      | -0.051 *               | 0.022                 |
| 62 to 64  | -0.038 *               | 0.018                 |
| [Ref: 65 to 68]                                   | --                     | --                    |
| 69 and older                                      | 0.124 **               | 0.027                 |
| <b>Sex</b>  |                        |                       |
| [Ref: Male]                                       | --                     | --                    |
| Female  | 0.021                  | 0.016                 |
| <b>Education</b>                                  |                        |                       |
| Did not complete high school                      | -0.044                 | 0.022                 |
| [Ref: High school grad only]                      |                        |                       |
| Some college only                                 | 0.010                  | 0.037                 |
| Bachelor's degree only                            | -0.008                 | 0.022                 |
| Graduate education                                | -0.008                 | 0.024                 |
| <b>Race and ethnicity</b>                         |                        |                       |
| [Ref: Non-Hispanic white]                         | --                     | --                    |
| African American                                  | 0.018                  | 0.024                 |
| Hispanic  | -0.049                 | 0.027                 |
| Other   | -0.020                 | 0.044                 |
| <b>Health Status</b>                              |                        |                       |
| [Ref: Excellent or very good]                     |                        |                       |
| Good  | 0.090 **               | 0.018                 |
| Fair or poor                                      | 0.104 **               | 0.027                 |
| <b>Hourly wage (\$100)</b>                        | 0.012                  | 0.008                 |
| <b>Household wealth (\$100,000)</b>               | -0.0014 *              | 0.0007                |
| <b>Self-employed</b>                              | 0.015                  | 0.033                 |

(continued)

**Table 10. (continued)**

|   | <b>Marginal<br/>Impact</b> | <b>Standard<br/>Error</b> |
|---|----------------------------|---------------------------|
| <b>Physically demanding work</b>                    | -0.023                     | 0.020                     |
| <b>Employer-sponsored health insurance coverage</b> | 0.015                      | 0.018                     |
| <b>Employer-sponsored retirement plan</b>           | -0.021                     | 0.019                     |
| <b>Stressful work</b>                               | 0.021                      | 0.023                     |
| <b>Flexible work arrangement</b>                    | -0.042 *                   | 0.019                     |
| <b>Enjoyable work</b>                               | -0.056 **                  | 0.016                     |
| <b>Union member</b>                                 | 0.034                      | 0.028                     |
| <i>Mean of dependent variable</i>                   | <i>0.221</i>               |                           |
| <i>Log likelihood</i>                               | <i>-1,565</i>              |                           |
| <i>Chi-square value</i>                             | <i>147.6</i>               |                           |
| <i>Pseudo R-squared</i>                             | <i>0.045</i>               |                           |
| <i>Number of observations</i>                       | <i>3,105</i>               |                           |

\*\* p < .01; \* p < .05

*Source:* Author's estimates from 1992 and 2012 waves of the Health and Retirement Study.  
*Notes:* Cell entries show the impact of each variable on the likelihood of retiring, based on discrete-time hazard models. Models are estimated as probit equations on a sample of employed workers ages 62 and older. Workers are considered to retire when they first describe themselves as fully or partially retired and are not employed. All financial amounts are measured in constant 2012 dollars.

**Table 11. Marginal Impact of Job Changing and Demographic and Job Characteristics on the Increase in the Expected Probability of Working at Older Ages**

|   | Expected Probability of Working Full Time Past Age 62 |                | Expected Probability of Working Full Time Past Age 65 |                |
|---|---|----------------|---|----------------|
|   | Marginal Impact                                       | Standard Error | Marginal Impact                                       | Standard Error |
| <b>Changed occupations between ages 51 and 61</b> | 0.912   | 1.365          | 1.552   | 1.201          |
| <b>Changed employers between ages 51 and 61</b>   | 0.954   | 1.395          | 2.642 *   | 1.228          |
| <b>Sex</b>  |   |                |   |                |
| [Ref: Male]                                       | --  | --             | --  | --             |
| Female  | 1.534   | 1.269          | 1.871   | 1.116          |
| <b>Education</b>                                  |   |                |   |                |
| Did not complete high school                      | 2.222   | 2.167          | 2.150   | 1.925          |
| [Ref: High school grad only]                      | --  | --             | --  | --             |
| Some college only                                 | 1.573   | 2.626          | 3.145   | 2.307          |
| Bachelor's degree only                            | 3.647 *   | 1.791          | 1.412   | 1.570          |
| Graduate education                                | -4.775 *  | 1.947          | -1.767  | 1.710          |
| <b>Race and ethnicity</b>                         |   |                |   |                |
| [Ref: Non-Hispanic white]                         | --  | --             |   |                |
| African American                                  | 4.266 *   | 1.921          | 2.606   | 1.689          |
| Hispanic  | -2.012  | 2.536          | -1.271  | 2.242          |
| Other   | 7.446   | 4.199          | 2.077   | 3.662          |
| <b>Health Status</b>                              |   |                |   |                |
| Excellent or very good                            | 1.563   | 1.396          | -0.438  | 1.227          |
| [Ref: Good]                                       | --  | --             | --  | --             |
| Fair or poor                                      | -4.805 *  | 1.982          | -6.847 **   | 1.749          |
| <b>Hourly wage (\$100)</b>                        | 0.981   | 0.813          | 0.257   | 0.713          |
| <b>Household wealth (\$100,000)</b>               | 0.0070 *  | 0.0243         | 0.0221  | 0.0213         |
| <b>Self-employed</b>                              | 5.485 *   | 2.563          | 4.661 *   | 2.255          |

(continued)

**Table 11. (continued)**

|                                    | Expected Probability of Working Full Time Past Age 62 |                | Expected Probability of Working Full Time Past Age 65 |                |
|------------------------------------|---|----------------|---|----------------|
|                                    | Marginal Impact                                       | Standard Error | Marginal Impact                                       | Standard Error |
| <b>Physically demanding work</b>   | -2.519  | 1.676          | -1.972  | 1.478          |
| <b>Stressful work</b>              | -3.146  | 1.599          | -0.693  | 1.406          |
| <b>Management responsibilities</b> | 1.743   | 2.823          | -0.145  | 2.480          |
| <b>Flexible work arrangement</b>   | -2.625  | 1.456          | -1.933  | 1.282          |
| <b>Enjoyable work</b>              | 4.984 **  | 1.435          | 5.934 **  | 1.262          |
| <b>Union member</b>                | -1.431  | 1.840          | -1.375  | 1.616          |
| <i>Adjusted R-squared</i>          | <i>0.0135</i>   |                | <i>0.0174</i>   |                |
| <i>Number of observations</i>      | <i>4,024</i>  |                | <i>4,024</i>  |                |

\*\* p < .01; \* p < .05

*Source:* Author's estimates from 1992 and 2012 waves of the Health and Retirement Study.

*Notes:* Cell entries show coefficients and standard errors from an ordinary least squares regression estimated on a sample of employed adults ages 51 to 54 who were also employed six years later, when they were ages 56 to 60. The dependent variable is respondents' self-reported expected probability of working past age 62 or age 65 when asked at ages 57 to 60, minus the reported probability when asked at ages 51 to 54. All financial amounts are measured in constant 2012 dollars.

**Appendix Table 1. Self Employment, Job Demands, and Job Satisfaction for Workers Who Change Employers or Occupations After Age 50, by Age, 1992-2012 (%)**

|                                    | Change Employers |       |       |     | Change Occupations |       |       |     |
|------------------------------------|------------------|-------|-------|-----|--------------------|-------|-------|-----|
|                                    | 50-54            | 55-59 | 60-64 | 65+ | 50-54              | 55-59 | 60-64 | 65+ |
| <b>Self-employed</b>               |                  |       |       |     |                    |       |       |     |
| Old job                            | 13               | 13    | 17    | 26  | 31                 | 28    | 34    | 44  |
| New job                            | 17               | 20    | 21    | 33  | 32                 | 31    | 35    | 47  |
| <b>Managerial responsibilities</b> |                  |       |       |     |                    |       |       |     |
| Old job                            | 29               | 29    | 31    | 35  | 48                 | 43    | 46    | 52  |
| New job                            | 28               | 29    | 28    | 34  | 48                 | 43    | 43    | 51  |
| <b>Physically demanding work</b>   |                  |       |       |     |                    |       |       |     |
| Old job                            | 37               | 35    | 33    | 33  | 35                 | 34    | 33    | 30  |
| New job                            | 34               | 33    | 30    | 26  | 31                 | 33    | 32    | 26  |
| <b>Stressful work</b>              |                  |       |       |     |                    |       |       |     |
| Old job                            | 24               | 22    | 18    | 11  | 26                 | 22    | 17    | 12  |
| New job                            | 18               | 14    | 11    | 6   | 21                 | 18    | 14    | 8   |
| <b>Enjoyable work</b>              |                  |       |       |     |                    |       |       |     |
| Old job                            | 83               | 84    | 88    | 92  | 87                 | 87    | 89    | 93  |
| New job                            | 86               | 87    | 87    | 85  | 87                 | 88    | 88    | 88  |
| <i>Number of Observations</i>      |                  |       |       |     |                    |       |       |     |

*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

*Note:* Estimates are based on sample of 16,879 job transitions that occur after age 50.

**Appendix Table 2. Work Schedules for Workers Who Change Employers or Occupations After Age 50, by Age, 1992-2012 (%)**

|  | Change Employers |       |       |     | Change Occupations |       |       |     |
|--|------------------|-------|-------|-----|--------------------|-------|-------|-----|
|  | 50-54            | 55-59 | 60-64 | 65+ | 50-54              | 55-59 | 60-64 | 65+ |
| <b>Work fewer than 35 hours per week</b> |                  |       |       |     |                    |       |       |     |
| Old job                                  | 22               | 23    | 28    | 51  | 20                 | 22    | 26    | 49  |
| New job                                  | 29               | 34    | 51    | 75  | 22                 | 26    | 40    | 63  |
| <b>Work fewer than 20 hours per week</b> |                  |       |       |     |                    |       |       |     |
| Old job                                  | 5                | 8     | 11    | 25  | 4                  | 6     | 9     | 23  |
| New job                                  | 11               | 13    | 24    | 43  | 8                  | 9     | 17    | 33  |
| <b>Work fewer than 40 weeks per year</b> |                  |       |       |     |                    |       |       |     |
| Old job                                  | 8                | 7     | 10    | 18  | 6                  | 7     | 8     | 15  |
| New job                                  | 10               | 11    | 19    | 30  | 7                  | 8     | 13    | 21  |
| <b>Flexible work schedule</b>            |                  |       |       |     |                    |       |       |     |
| Old job                                  | 45               | 42    | 48    | 62  | 53                 | 51    | 56    | 72  |
| New job                                  | 46               | 51    | 59    | 72  | 54                 | 55    | 63    | 78  |
| <i>Number of Observations</i>            |                  |       |       |     |                    |       |       |     |

*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

*Note:* Estimates are based on sample of 16,879 job transitions that occur after age 50.

**Appendix Table 3. Wages and Benefits for Workers Who Change Employers or Occupations After Age 50 by Age, 1992-2012 (%)**

|   | Change Employers |       |       |     | Change Occupations |       |       |     |
|---|------------------|-------|-------|-----|--------------------|-------|-------|-----|
|   | 50-54            | 55-59 | 60-64 | 65+ | 50-54              | 55-59 | 60-64 | 65+ |
| <b>Median Hourly Wage (\$)</b>                            |                  |       |       |     |                    |       |       |     |
| Old job   | 16               | 17    | 17    | 15  | 19                 | 20    | 19    | 16  |
| New job   | 14               | 14    | 13    | 11  | 18                 | 18    | 16    | 12  |
| <b>Covered by employer-sponsored health insurance (%)</b> |                  |       |       |     |                    |       |       |     |
| Old job   | 50               | 56    | 58    | 43  | 53                 | 59    | 58    | 42  |
| New job   | 42               | 48    | 45    | 20  | 49                 | 57    | 51    | 24  |
| <b>Covered by employer-sponsored retirement plan (%)</b>  |                  |       |       |     |                    |       |       |     |
| Old job   | 41               | 46    | 44    | 31  | 45                 | 49    | 44    | 27  |
| New job   | 31               | 30    | 20    | 8   | 38                 | 43    | 33    | 15  |

*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

*Note:* Estimates are based on sample of 16,879 job transitions that occur after age 50.

**Appendix Table 4. Self Employment, Job Demands, and Job Satisfaction for Workers Who Change Employers After Age 50, by Age and Retirement Status, 1992-2012 (%)**

|                                    | Newly Retired |       |       |     | Not Retired |       |       |     |
|------------------------------------|---------------|-------|-------|-----|-------------|-------|-------|-----|
|                                    | 50-54         | 55-59 | 60-64 | 65+ | 50-54       | 55-59 | 60-64 | 65+ |
| <b>Self-employed</b>               |               |       |       |     |             |       |       |     |
| Old employer                       | 8             | 9     | 11    | 20  | 13          | 12    | 16    | 24  |
| New employer                       | 26            | 35    | 26    | 33  | 14          | 15    | 16    | 25  |
| <b>Managerial responsibilities</b> |               |       |       |     |             |       |       |     |
| Old employer                       | 23            | 28    | 26    | 36  | 30          | 29    | 30    | 36  |
| New employer                       | 26            | 37    | 29    | 35  | 26          | 27    | 26    | 30  |
| <b>Physically demanding work</b>   |               |       |       |     |             |       |       |     |
| Old employer                       | 32            | 31    | 32    | 30  | 37          | 36    | 34    | 35  |
| New employer                       | 27            | 28    | 31    | 29  | 34          | 34    | 32    | 34  |
| <b>Stressful work</b>              |               |       |       |     |             |       |       |     |
| Old employer                       | 30            | 30    | 22    | 20  | 24          | 22    | 19    | 12  |
| New employer                       | 14            | 11    | 5     | 5   | 18          | 16    | 16    | 10  |
| <b>Enjoyable work</b>              |               |       |       |     |             |       |       |     |
| Old employer                       | 62            | 80    | 83    | 91  | 84          | 85    | 89    | 91  |
| New employer                       | 88            | 87    | 89    | 90  | 89          | 89    | 89    | 92  |

*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

*Note:* Estimates are based on sample of 9,849 post-50 employer transitions. The tabulations classify workers as retired if they describe themselves as partially or fully retired.

**Appendix Table 5. Work Schedules for Workers Who Change Employers After Age 50, by Age and Retirement Status, 1992-2012 (%)**

|  | Newly Retired |       |       |     | Not Retired |       |       |     |
|--|---------------|-------|-------|-----|-------------|-------|-------|-----|
|  | 50-54         | 55-59 | 60-64 | 65+ | 50-54       | 55-59 | 60-64 | 65+ |
| <b>Work fewer than 35 hours per week</b> |               |       |       |     |             |       |       |     |
| Old employer                             | 10            | 16    | 21    | 34  | 20          | 21    | 23    | 38  |
| New employer                             | 70            | 75    | 80    | 85  | 23          | 24    | 29    | 44  |
| <b>Work fewer than 20 hours per week</b> |               |       |       |     |             |       |       |     |
| Old employer                             | 6             | 5     | 5     | 11  | 3           | 7     | 8     | 14  |
| New employer                             | 30            | 38    | 43    | 45  | 8           | 6     | 8     | 13  |
| <b>Work fewer than 40 weeks per year</b> |               |       |       |     |             |       |       |     |
| Old employer                             | 5             | 7     | 6     | 10  | 7           | 6     | 8     | 12  |
| New employer                             | 26            | 26    | 26    | 28  | 8           | 7     | 8     | 13  |
| <b>Flexible work schedule</b>            |               |       |       |     |             |       |       |     |
| Old employer                             | 40            | 32    | 40    | 49  | 45          | 43    | 47    | 60  |
| New employer                             | 70            | 77    | 69    | 72  | 44          | 45    | 49    | 61  |

*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

*Note:* Estimates are based on sample of 9,849 post-50 employer transitions. The tabulations classify workers as retired if they describe themselves as partially or fully retired.

**Appendix Table 6. Wages and Benefits for Workers Who Change Employers After Age 50, by Age and Retirement Status, 1992-2012 (%)**

|   | Newly Retired |       |       |     | Not Retired |       |       |     |
|---|---------------|-------|-------|-----|-------------|-------|-------|-----|
|   | 50-54         | 55-59 | 60-64 | 65+ | 50-54       | 55-59 | 60-64 | 65+ |
| <b>Median Hourly Wage (\$)</b>                            |               |       |       |     |             |       |       |     |
| Old employer  | 28            | 26    | 19    | 16  | 16          | 17    | 17    | 15  |
| New employer  | 13            | 13    | 11    | 11  | 15          | 15    | 15    | 12  |
| <b>Covered by employer-sponsored health insurance (%)</b> |               |       |       |     |             |       |       |     |
| Old employer  | 66            | 74    | 65    | 52  | 52          | 54    | 56    | 40  |
| New employer  | 39            | 52    | 39    | 20  | 44          | 49    | 50    | 23  |
| <b>Covered by employer-sponsored retirement plan (%)</b>  |               |       |       |     |             |       |       |     |
| Old employer  | 66            | 68    | 58    | 46  | 43          | 44    | 42    | 27  |
| New employer  | 17            | 12    | 8     | 7   | 35          | 36    | 29    | 16  |

*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

*Note:* Estimates are based on sample of 9,849 post-50 employer transitions. The tabulations classify workers as retired if they describe themselves as partially or fully retired.

**Appendix Table 7. Self Employment, Job Demands, and Job Satisfaction for Workers Who Change Occupations After Age 50, by Age and Retirement Status, 1992-2012 (%)**

|                                    | Newly Retired |       |       |     | Not Retired |       |       |     |
|------------------------------------|---------------|-------|-------|-----|-------------|-------|-------|-----|
|                                    | 50-54         | 55-59 | 60-64 | 65+ | 50-54       | 55-59 | 60-64 | 65+ |
| <b>Self-employed</b>               |               |       |       |     |             |       |       |     |
| Old occupation                     | 21            | 23    | 27    | 45  | 31          | 27    | 32    | 46  |
| New occupation                     | 31            | 43    | 38    | 52  | 30          | 27    | 32    | 45  |
| <b>Managerial responsibilities</b> |               |       |       |     |             |       |       |     |
| Old occupation                     | 39            | 41    | 41    | 56  | 47          | 42    | 46    | 55  |
| New occupation                     | 37            | 45    | 40    | 54  | 46          | 41    | 43    | 52  |
| <b>Physically demanding work</b>   |               |       |       |     |             |       |       |     |
| Old occupation                     | 34            | 31    | 33    | 30  | 35          | 34    | 33    | 29  |
| New occupation                     | 34            | 31    | 30    | 28  | 31          | 34    | 33    | 31  |
| <b>Stressful work</b>              |               |       |       |     |             |       |       |     |
| Old occupation                     | 24            | 30    | 20    | 15  | 26          | 22    | 18    | 15  |
| New occupation                     | 8             | 10    | 6     | 7   | 22          | 20    | 18    | 12  |
| <b>Enjoyable work</b>              |               |       |       |     |             |       |       |     |
| Old occupation                     | 74            | 81    | 84    | 92  | 87          | 87    | 90    | 94  |
| New occupation                     | 89            | 90    | 89    | 91  | 89          | 89    | 90    | 94  |

*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

*Note:* Estimates are based on sample of 12,729 post-50 occupation transitions. The tabulations classify workers as retired if they describe themselves as partially or fully retired.

**Appendix Table 8. Work Schedule for Workers Who Change Occupations After Age 50, by Age and Retirement Status, 1992-2012 (%)**

|  | Newly Retired |       |       |     | Not Retired |       |       |     |
|--|---------------|-------|-------|-----|-------------|-------|-------|-----|
|  | 50-54         | 55-59 | 60-64 | 65+ | 50-54       | 55-59 | 60-64 | 65+ |
| <b>Work fewer than 35 hours per week</b> |               |       |       |     |             |       |       |     |
| Old occupation                           | 23            | 20    | 26    | 39  | 19          | 19    | 18    | 28  |
| New occupation                           | 69            | 77    | 78    | 79  | 18          | 18    | 20    | 30  |
| <b>Work fewer than 20 hours per week</b> |               |       |       |     |             |       |       |     |
| Old occupation                           | 11            | 5     | 6     | 13  | 3           | 5     | 5     | 7   |
| New occupation                           | 25            | 38    | 38    | 38  | 6           | 4     | 5     | 7   |
| <b>Work fewer than 40 weeks per year</b> |               |       |       |     |             |       |       |     |
| Old occupation                           | 7             | 8     | 6     | 8   | 6           | 6     | 5     | 7   |
| New occupation                           | 19            | 25    | 24    | 23  | 6           | 5     | 6     | 7   |
| <b>Flexible work schedule</b>            |               |       |       |     |             |       |       |     |
| Old occupation                           | 51            | 46    | 49    | 70  | 52          | 50    | 54    | 70  |
| New occupation                           | 80            | 81    | 74    | 81  | 51          | 50    | 56    | 70  |

*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

*Note:* Estimates are based on sample of 12,729 post-50 occupation transitions. The tabulations classify workers as retired if they describe themselves as partially or fully retired.

**Appendix Table 9. Wages and Benefits for Workers Who Change Occupations After Age 50, by Age and Retirement Status, 1992-2012 (%)**

|   | Newly Retired |       |       |     | Not Retired |       |       |     |
|---|---------------|-------|-------|-----|-------------|-------|-------|-----|
|   | 50-54         | 55-59 | 60-64 | 65+ | 50-54       | 55-59 | 60-64 | 65+ |
| <b>Median Hourly Wage (\$)</b>                            |               |       |       |     |             |       |       |     |
| Old occupation  | 30            | 27    | 18    | 17  | 19          | 20    | 20    | 17  |
| New occupation  | 18            | 14    | 11    | 12  | 19          | 19    | 19    | 16  |
| <b>Covered by employer-sponsored health insurance (%)</b> |               |       |       |     |             |       |       |     |
| Old occupation  | 67            | 65    | 59    | 45  | 55          | 59    | 59    | 43  |
| New occupation  | 55            | 50    | 40    | 19  | 51          | 60    | 57    | 33  |
| <b>Covered by employer-sponsored retirement plan (%)</b>  |               |       |       |     |             |       |       |     |
| Old occupation  | 65            | 60    | 50    | 35  | 46          | 51    | 47    | 32  |
| New occupation  | 28            | 11    | 10    | 11  | 41          | 50    | 43    | 27  |

*Source:* Author's calculations from the 1992-2012 waves of the Health and Retirement Study.

*Note:* Estimates are based on sample of 12,729 post-50 occupation transitions. The tabulations classify workers as retired if they describe themselves as partially or fully retired.

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## Work: The Key to Wealth, Health, and Happiness

Sally C. Hass, M.Ed.

### A Life Reinvented

Let's pretend it's sometime in the future. Although you thought you would retire from your job as a financial adviser when you hit age 62, you are now staring down the big 7-0 and you can't believe that you are still working. Some of your colleagues hung it up in their late 50s and seem to be enjoying "the good life." However, when you run into them at the annual holiday dinner you are surprised at how fast they seem to be aging. You are surprised that the good life looks like it could be hazardous to one's life.

Now at age 69 you can't imagine giving up your work; not only is it adding to your nest egg, but it's a source of enjoyment and mental engagement. Granted, you have been fortunate to "restructure" your business and have retained only a select group of your clients. You have structured your work with them to be available one month per quarter for annual meetings and appointments.

This new schedule gives you the opportunity to volunteer your knowledge by conducting a one-week class on personal finance for the Economics Department at a local university. Somehow being on a college campus once a quarter gives you some unique insights into the minds of our younger generation.

*This issue of the Journal went to press in December 2006. Copyright © 2007, Society of Financial Service Professionals.*

Your client work is the driver behind your ongoing involvement in several professional associations and is a way for you to continue your certifications as well as to connect with your favorite colleagues.

Because you have worked with many of your clients for a span of 30 years or more you look forward to these yearly visits. Some have even become customers of your fly fishing business, which provides lessons and guided trips, near your summer residence in western Montana.

As you think about it, the fly fishing business was not something you planned to do either...it simply grew out of a lifelong passion for the sport and from the enthusiasm of many associates who wanted to find out what this was all about. Starting the business gave you an opportunity to write off a portion of the expenses of guest cottages as well as the drift boat. Furthermore, the fly fishing business has offered you the opportunities to attend yearly conferences for river guides and to expand your knowledge. Just last year you were invited by the U.S. Department of Wildlife to join a project team of biologists studying the spawning rates of the Westslope Cutthroat Trout. Your spouse is supportive of the fly fishing activity as it gives her a chance to spend time with nearby family and friends.

Every once in a while you are asked, "When are you going to stop working?" You smile, because you know this is not work, this is pleasure...this is life enriching. Your answer to the question is, "I hope never."

Because you are reading this Journal odds are high that you are a

financial service professional—perhaps an adviser, an academic, or a CPA. You may not be able to relate to the previous example, but with some creative career planning you too maybe able to redefine and restructure your work such that it provides both income and meaningful engagement in a way that optimizes life balance, satisfaction, and happiness.

### Gender Considerations

Interestingly there maybe some gender differences in the value and benefits of work for pay in retirement. Retirement affects men and women differently. In a study of how postretirement affects quality of life, Cornell University researchers Jungee E. Kim and Phyllis Moen found that men typically return to work by choice—for the feeling of staying involved and for self-satisfaction.<sup>1</sup> Men who work part time or consult with former employers are more satisfied with their lives and marriages than men who retire permanently. Returning to work, however, did not make a significant impact on women's feelings of well-being. Retired women are happiest if their marriages are running smoothly after retirement.

In our culture women continue to have fewer hours of leisure both pre- and postretirement. In retirement, household management activities simply consume more of a woman's time, and increasingly, elder care is seen as a woman's responsibility. Currently, the majority of women that continue to work in retirement do so for economic reasons. This will likely change as the next generation of retiring women faces the challenge of finding meaning in retirement.

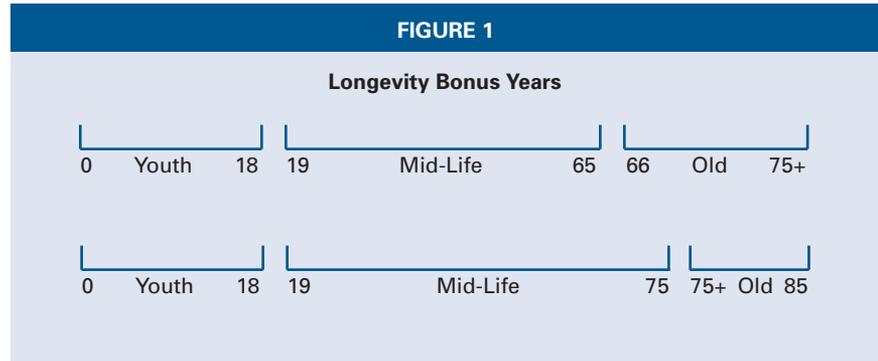
For some Americans work is going to be an economic necessity. Increasingly there have been alarming statistics about the significant percentage of Americans who will need to work in retirement to live above the poverty level.

**Work...The Retirement Salvo**

Even for Americans who are positioned for a modest retirement, continuing to work can pay huge dividends (Table 1).

Funding our increased longevity can be a real challenge. Part-time work could be the salvo that saves many Americans' retirements. Most Americans are simply unaware of their increased longevity. For some Americans retirement will be a longer period of time than their actual careers. Figure 1 illustrates this longevity.

Youth is still occupying the same amount of years, and old age is as well. What has elongated is mid-life, that is, we have been blessed with a gift of 10+ years of "productive" time. How we use



this gift of time is the real challenge in planning for retirement and is sorely neglected in *total* portfolio planning.

It's interesting to scan the book covers in the retirement planning section of any major bookstore; these book covers often have images of a white sandy beach, a beach chair, palm trees, etc. This is not retirement, this is a vacation. Vacations still have a purpose even in retirement as they serve as a contrast and a "treat" from the rest of our lives.

To reinforce this notion of retirement success being synonymous with leisure, many of the financial services-

related TV commercials depict the leisure life. Americans are being sold a bill of goods and being led down a path that is likely not to result in that full rich life that we all want.

**Work: The Path to Both Health and Happiness**

Recently there has been an increase in the attention paid by the scientific community to the matter of human happiness. The term for this field of research is "positive psychology." This research is really hitting the mainstream. The January 2005 issue of *Time* magazine was devoted to this topic. To boil down the research, there are three major pathways to happiness—leisure, meaning, and fulfillment. Of the three, leisure is the least consequential. Meaning and fulfillment contribute far more on the happiness scales. The challenge for boomers will be to discover and build productive engagement into their retirement, i.e., activities that provide for meaningful engagement and contribution.

Certainly this meaningful engagement could be volunteer work rather than work for pay or perhaps even a combination of the two. An example of this is that the Peace Corps is now actively recruiting the 50+ crowd. They are getting a lot of takers. Some of their

| <b>\$ Source</b>                                 | <b>Retire at 65<br/>Monthly Income</b> | <b>Work 65 to 80<br/>Monthly Income</b> |
|--|--|---|
| Social Security                                  | \$1,000                                | \$1,000                                 |
| Pension  | 2,000                                  | 2,000                                   |
| \$100,000 savings life annuity                   | 561                                    | 0<br>(save-compound interest 5%)        |
| Work (part time)                                 | 0                                      | 2,000                                   |
| <b>Total – monthly</b>                           | <b>3,561</b>                           | <b>5,000</b>                            |
| <b>Annual income</b>                             | <b>42,732</b>                          | <b>60,000</b>                           |
| Savings yield (monthly)<br>Income at age 80      | 561                                    | 1,745                                   |
| Monthly income (no work)<br>At age 80 – for life | 3,561                                  | 4,745                                   |
| <b>Annual income</b>                             | <b>\$42,732</b>                        | <b>\$56,940</b>                         |

older volunteers cite some strong selling points such as the opportunity for full health care, overseas travel, learning, and delay in tapping the nest egg.

There is another emerging area of research in the science of aging that is pointing to meaningful engagement as being a significant factor in both longevity and mental activity.

Dr. Pierce J. Howard, author of *The Owner's Manual for the Brain: Everyday Applications for Mind-Brain Research* (Bard Press, 2006) cites 13 factors that contribute to deterioration of brain functioning:

- Medication
- Chronic disease
- Extended grief
- Alcohol
- Unfavorable environment
- Sedentary lifestyle
- High blood pressure
- Lack of stimulation
- Malnutrition
- Depression
- Lack of a stimulating partner
- Inflexible personality
- No desire to learn

Amazingly, age is not one of the factors. Clearly, work can be a significant factor that contributes to good health. In our culture early retirement is perceived as a sign of success. We need to rethink the role of work and what the value is in continuing to be a worker. It can be the cornerstone of the new retirement.

Given the fact that 70% of Americans are living paycheck to paycheck, that home foreclosures are at an all time high, as are bankruptcy filings, your skills, knowledge, and talent are desperately needed throughout our society, and especially needed to head off the vast numbers of boomers facing a retirement at or near the poverty level.

For you, the financial services professional, this profession may be the very thing that contributes the most to your own health, happiness, and wealth. On the happiness meter research shows that life is as good as it is going to get when you are using your unique knowledge, talents, and strengths in conjunction with your values. Being thoughtful and proactive about your own total portfolio planning could be a win for you, your

profession, and your clients.

It seems that we need a new vocabulary that casts a new light on work, an effort that is not based on toil, labor, or trade for life's energies, but rather an activity that in fact adds a dimension of quality and meaning to life. With some new thinking and planning, that is exactly what work can be. That's exactly what your work could be. ■

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(1) P. Moen, J.E. Kim, and H. Hofmeister, "Couples' Work/Retirement Transitions, Gender and Marital Quality," *Social Psychology Quarterly* 64: 55-71.



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**Securing Future Retirements Essay  
Collection**

2018 Call for Essays

# Working Longer to Improve Retirement Security: Improving Public Policy<sup>1</sup>

Anna M. Rappaport and Tim Driver

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Industrialized countries provide basic retirement benefits through social insurance and other programs to support seniors, as their populations live much longer and their retirement periods grow as well. This often results in a strain on public resources. Working longer improves retirement security and can reduce the cost of public and private retirement programs, but policymakers have often not focused on how to facilitate and support older retirement ages.

Those in the policy community are lagging behind other professionals such as gerontologists, actuaries, economists and retirement planners in talking about the societal importance of longer work. They are not doing much to address barriers to longer work or ways to enable phased retirement.

This essay discusses policy issues. We strongly encourage policymakers to focus on increasing retirement security by encouraging and making it easier for people to work longer. A separate essay, “Working Longer to Improve Retirement Security: Addressing Workplace Issues,” discusses issues for employers.

## The Situation in 2017

Longer work is not a focus of the current public policy agenda. The main issue related to later work that gets attention is raising the Social Security retirement age, but there are many additional issues. This essay focuses on a broad range of benefit and legal issues that create barriers to phased retirement and longer work.

The Government Accountability Office conducted a study in 2017<sup>2</sup> during which they interviewed both employers and experts; they found little formal phased retirement. They present evidence that many people work as part of retirement, in effect creating their own phased retirement. They identified both advantages of phased retirement and obstacles; legal issues were found to be particularly important.

There have been years of discussion about phased retirement, and the rules were partly clarified and liberalized by the Pension Protection Act of 2006. Under this legislation, defined benefit (DB) plans are allowed to pay benefits to participants who are phasing out starting at age 62. But there has been little use of these provisions, possibly because they are still complex to implement and there remain unanswered questions, and possibly because most of the DB focus has been on freezing or terminating the plans.

Issues related to later retirement and longer work are concerns in many countries. The Melbourne Mercer Global Pension Index<sup>3</sup> is a study of pension systems in 27 countries. The 2016 report<sup>4</sup> identified several challenges, including “the need to:

- “Increase the state pension age and/or retirement age to reflecting increasing life expectancy, both now and into the future, and thereby reduce the level of costs of the publicly financed pension benefits [and]
- “Promote higher labour force participation at older ages, which will increase the savings available for

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1 This essay reflects research discussions with a number of experts on legal issues related to longer work and phased retirement and an extensive interest in later work as an important response to an aging society. The combined experience of the authors includes more than 20 years in different phases of retirement, more than 10 years in facilitating jobs for older workers and many years of pension consulting.

2 U.S. Government Accountability Office, “Older Workers: Phased Retirement Programs, Although Uncommon, Provide Flexibility for Workers and Employers,” report to the Special Committee on Aging, U.S. Senate, GOA 17-536 (June 2017), <https://www.gao.gov/assets/690/685324.pdf>.

3 Mercer, *Melbourne Mercer Global Pension Index*, reports are issued annually, <https://www.globalpensionindex.com/>.

4 Mercer, *2016 Melbourne Mercer Global Pension Index*, October 2016, <https://www.globalpensionindex.com/wp-content/uploads/MMGPI2016-Report.pdf>.

retirement and limit the continuing increase in the length of retirement.”

In the United States, expectations about work in retirement and actual retirement age do not match. According to our observations, about half of retirees work after retirement or phase out in some way and about three-quarters say they want to work after retirement. The 2017 SOA Post-Retirement Risk and Process of Retirement survey found that pre-retirees expected to retire at a mean age of 65, but retirees had actually retired from their main occupation at a mean age of 58.<sup>5</sup>

### Focus on Rehire of Retirees

Much of the phased retirement today is in the form of hire or rehire of retirees, either by their prior employer or by a new employer. But it is not easy. Some modest policy changes would ease barriers to rehiring retirees and probably not be costly to anyone.

There are complexities involved in the rehire of retirees because of provisions in pension and employment laws and employee benefit plans. Also, these retirees may often want to have creative work arrangements. Rehire by the same employer where there are pensions being paid requires a bona fide termination of employment or the pension plan will be in legal trouble. However, there is no definition of bona fide termination in the law or regulations.

Current employer options with regard to rehire of retirees include:

- Avoid rehire entirely
- Make people wait a period to be rehired
- Limit work of rehires to less than 1,000 hours annually, usually done in connection with a waiting period
- Use a retiree pool
- Engage retirees as consultants
- Use independent contractor arrangements
- Work through third parties, like a temp agency or specialized consulting firm

Pools and third-party arrangements can be limited to a firm’s own retirees or they can offer access to a broader pool of individuals. The different methods of handling

rehires can be used in combination. For example, a rehired retiree might be an independent contractor, not allowed to work more than a certain number of hours, and not be able to be hired as a contractor until six months have elapsed from termination of employment.

Employers seeking to rehire retirees are faced with a tangle of legal complexities and ill-defined rules. It would be a great help to clarify and define what a bona fide termination of employment is and offer safe harbors so that employers could know what approaches are safe and choose the best ones for them. Ideally, safe harbors should deal with the combination of issues related to termination of employment and age discrimination and serve to keep independent contractor status issues from raising added roadblocks.

For example, an arrangement that does not include a regular ongoing job and involves less than 750 hours of work per year could meet a safe harbor test. Participation in a pool with a limit on total hours worked could also qualify.

### Issues When DB Pensions are Provided

When DB plans are offered, phased retirement can mean partial pension payments or payment of pensions while someone is still working, leading to a number of questions. For example, will reduced benefits be paid to phased retirees, and how will they be calculated? Will pension credit continue for the additional work? When will benefits be recalculated? How will early retirement adjustments be applied if phasing occurs during the early retirement period?

When phasing occurs through rehire of retirees, there are also DB pension issues. Under what circumstances can retirees work and collect benefits? If benefits are suspended or partly suspended, how are benefits recalculated for the added service? These are a few of the technical issues. While the plan sponsor chooses exactly what they wish to do, the statute and regulations define what requirements and limitations apply.

When benefits are provided only through defined contribution (DC) plans, there is no issue of partial

<sup>5</sup> Society of Actuaries, *2017 Risks and Process Retirement Survey: Report of Findings*, January 2018, <https://www.soa.org/research-reports/2018/retirement-risk-survey/>.

pension payments. However, there may be issues of when the employee is allowed to receive plan benefits—at phased retirement or only at full retirement. DC issues are much simpler.

## Phased Retirement for Federal Employees

Federal employee benefits provide an example to the private sector and also may offer ideas for legislation that can encourage or enable private sector practice. Legislation<sup>6</sup> enabled phased retirement for federal employees, a program that allows full-time federal employees to work part-time schedules while starting to draw retirement benefits. The program was first implemented in 2014. Agencies were required to sign up for the program. Employees who are eligible for phased retirement and want to continue working on a part-time basis may do so with the agreement of their agencies. During phased retirement, the employee receives a partial pension and will keep accruing additional service credit for their final pension. Employees participating in this program are required to spend 20 percent of their time mentoring other employees.

Take-up of the program has been disappointing. As of June 27, 2017, 252 people had applied and an additional 79 were retired under the program.<sup>7</sup> But many agencies had not offered the program to employees or had started only recently. The lower-than-expected take-up has also been attributed to lack of flexibility in the program and the need for individual approvals.

When Congress enacted the legislation, it was hoped it would encourage more private sector organizations to offer phased retirement. However, with the experience to date, it is unlikely to do this, and it could have the opposite effect.

## Policy Updates to Facilitate Longer Work

We have suggestions about a number of policy areas<sup>8</sup> that can be used to facilitate and encourage longer work.

- **Revisit Social Security retirement ages.** This is the issue most commonly cited in discussions of later retirement and phased retirement. Social Security retirement ages strongly influence when people retire and also public expectations about reasonable retirement ages. It is important to integrate discussion of disability benefits into the conversation. While many people are able to work longer, many others are not. The situation also varies by education. Appropriate social benefit eligibility ages are an issue in many countries.
- **Develop safe harbors for creative work arrangements and rehire of retirees with focus on bona fide termination of employment.** Under current pension law, bona fide termination of employment is important but there is no specific definition of what that means. That has long been a barrier to rehire of retirees, even on a limited basis. Defining it better or offering safe harbors would enable more of the people seeking work in retirement to return to prior employers and make it easier for employers to know what is acceptable. Safe harbors that work well may cross several legal areas.
- **Consider a new classification of worker tailored to encore careers.** Some employers work extensively with independent contractors. That can be a way to avoid offering individuals benefits and the legal protections extended to employees. The regulations can serve as an inadvertent barrier to using phased retirees as independent contractors. Whether the best way to provide for a range of options for encore careers and rehire of retirees is to provide a special worker category should be explored. Such an effort would be a major step to advancing access to more creative job options.
- **Expand public job training to help people move to encore careers.** Some government agencies currently are involved with identifying training needs, offering and encouraging job training. There

6 Federal phased retirement for federal employees is authorized under Moving Ahead for Progress in the 21st Century Act of 2012, or MAP-21, Pub. L. No. 112-141, 126 Stat. 405, § 100121.

7 Nicole Ogrysko, “Is Phased Retirement Starting to Take Off?” Federal News Radio, June 28, 2017, <https://federalnewsradio.com/retirement/2017/06/is-phased-retirement-starting-to-take-off/>.

8 The policy issues discussed are based on the U.S. environment, except where noted otherwise. The general issues related to phased retirement apply in many countries.

are some situations where training would be very helpful in connection with encore careers.

- **Provide education for employers and model documentation around encore careers and retiree contracts.** Model documents could help both the worker and the organization engaging them to handle the transaction efficiently and smoothly. Contracts can be a major barrier to retiree rehire. A government agency could provide such documents or encourage them in the private sector.
- **Revisit Medicare primary/secondary rules.** These rules require Medicare be secondary to employer-sponsored coverage when an individual has coverage under an employer plan as an active employee or a dependent of an active employee. Medicare is primary for most Americans when they reach 65, and health care costs tend to rise with age. This rule is a barrier to hiring and retaining people over age 65.
- **Revisit age discrimination requirements.** The GAO study lists the age and disability discrimination regulations as a barrier to phased retirement. Age discrimination is a problem, but this type of regulation can have unintended consequences. It appears quite likely that these requirements are a barrier to innovation and hiring older workers. Barriers can be created by the actual provisions of the law, by actual or feared outcomes in court, and by perceptions. It is a time for a thorough study to understand how effective this legislation is, what, if any, unintended consequences it produces and whether fine tuning is needed.
- **Revisit employee benefit plan laws and regulations, including the phased retirement provisions of the Pension Protection Act.** Employee benefits law includes provisions that regulate normal retirement ages, discrimination in the provision of benefits, suspension of benefits on return to work, permit payments of benefits to employee working after age 62, and so on. The age

requirement set forth in the Pension Protection Act is a problem. A big question is whether these rules can be simplified and which are a barrier to phased retirement. The GAO report discusses barriers related to nondiscrimination requirements and also challenges related to the calculation of benefits.

Note that phased retirement and improvement in the policy environment surrounding it was a topic studied by the 2008 Department of Labor's Advisory Council on the Employee Retirement Income Security Act of 1974.<sup>9</sup> Barriers to phased retirement and perceptions about barriers were topics of the more recent GAO report.

Multiple federal and probably some state agencies have roles in some of these matters or other employment regulation. It is important they work together to resolve these issues and encourage later employment.

In closing, phased retirement, which allows people to gradually move from full-time work to labor force exit, makes a great deal of sense to us. Longer work lives are important to many stakeholders in our society.

## For more information

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