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# Is Retirement Being Remade? Developments in Labor Market Patterns at Older Ages

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# Paths to retirement

The “traditional” path:

Work,work,work,work,work,work Retire

Gradual retirement:

Work,work,work,work,work,work,work,work Retire

**Retirement Reversals:**

Work,work,work Retire (for a bit) Work Retire ?

# The alternate pathways are important

- Economic models have focused on the “traditional” path.
- Savings and investment allocation decisions are affected by the availability of other paths.

# Gradual retirement: Bridge jobs

- A “bridge job” is usually defined as any employment following a long-term career job.
- About a third to a half of workers surveyed in the Health and Retirement Study (HRS) have bridge jobs before retirement.

# Gradual retirement: Partial retirement

- Partial retirement usually implies less taxing work than before.
- Measures of “partial retirement” vary: based on self-report, or on hours of work, wages, or earnings.
- In the HRS, about a quarter of retirees say they are partly retired.

# Labor market activity, by HRS self-reported retirement status

	Not retired	Partly retired	Fully retired
Median hours of work /week	40	16	0
Median weeks of work /year	52	40	0

# Retirement reversals

- A “retirement reversal” is an increase in work activity following full or partial retirement.
- Measures are dependent on the definitions of full and partial retirement.
- In the HRS, about **1 in 8** retirees **reverse** their retirement between each biannual survey (based on self-report).
- And, almost **1/3 of individuals** who are ever retired from 1992 to 2004, **reverse** their retirement.



# Incidence of retirement reversals, 1992-2004

Of individuals who were ever **fully** retired:

- 7% reverse to not retired.
- 19% reverse to partly retired.

Of individuals who were ever **partly** retired:

- 30% reverse to not retired.

Of individuals who were ever **fully or partly** retired:

- 31% reverse to less retired.

# Average changes in labor market activity by retirement reversal

<b>From:</b>	Fully	Fully	Partly	All reversals
	↓	↓	↓	
<b>To:</b>	Not	Partly	Not	
hours of work /week	+18	+10	+8	+10
weeks of work /year	+23	+17	+7	+14

# Characteristics associated with retirement reversers

- Married to a non-retired spouse
- Younger
- Non-white
- Good health
- Low financial wealth
- Does not prefer retirement years to working years
- Reports a large number of past jobs

# Our ongoing research

1. Explore the determinants of retirement reversals. In particular, the roles of:
  - negative shocks to household income and assets (eg. layoff or divorce)
  - positive shocks to expenditures (eg. health care).
  - over-estimating retirement resources *before* retirement.
2. Examine the characteristics of retirement reversal jobs.

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