

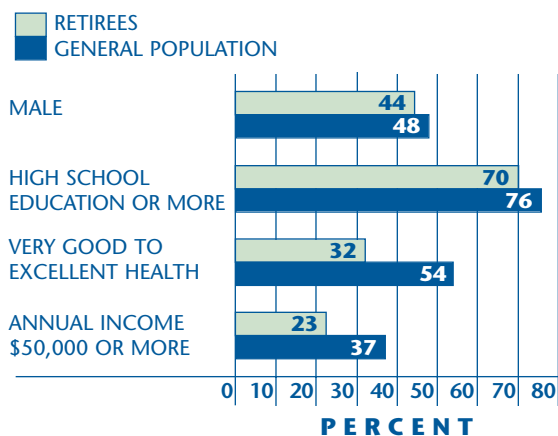
Who Are Young Retirees and Older Workers?

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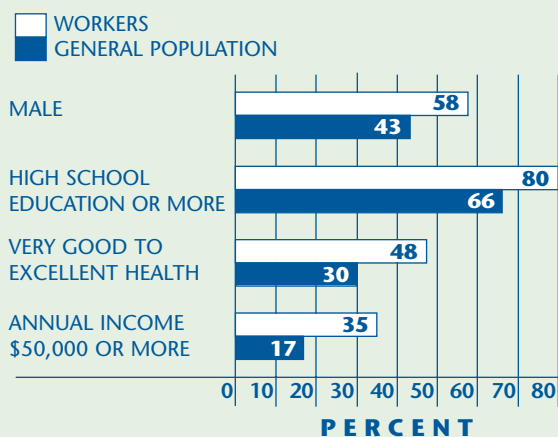
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FIGURE 1
Characteristics of Retirees and the General Population, Age 51 to 59



SOURCE: National Academy on an Aging Society analysis of data from the 1992 *Health and Retirement Study*.

FIGURE 2
Characteristics of Workers and the General Population, Age 60 and Older



SOURCE: National Academy on an Aging Society analysis of data from the 1993 panel of the *Survey of Income and Program Participation*.

Concepts of retirement are changing. Attitudes and expectations about retirement and labor force participation are different today than in the past. Throughout most of the 1970s, the average age of retirement for men was 65, but fell to 63 by 1999. More women are working at all ages, but they too are retiring earlier.

Understanding the characteristics of people who leave the labor force at relatively young ages and who work into their later years may help make predictions about the retirement of baby boomers. The characteristics of retirees age 51 to 59 and workers age 60 and older are described in Figures 1 and 2.

Retirees age 51 to 59 are more likely to be:

- Women
- Less educated
- White
- Married
- In poorer health
- Less well-off financially

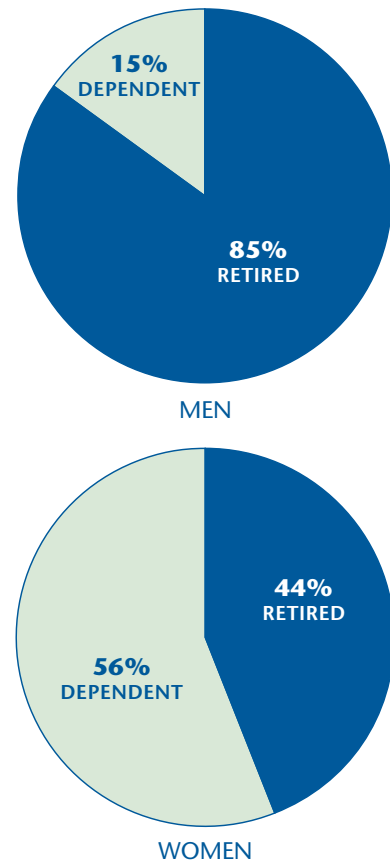
Workers age 60 and older are more likely to be:

- Men
- More educated
- White
- Married
- In better health
- Well-off financially

Almost one quarter of 51 to 59 year olds do not work

By 2004, all baby boomers will have reached age 40, an age recognized by the Age Discrimination in Employment Act of 1967. While the majority of people age 40 to 59 work, 20 percent of people that age do not. At older ages the proportion of the population that is not working increases. Almost one quarter—24 percent—of 51 to 59 year olds do not work. Among these nonworkers, about half—54 percent—are retired. That is, they are no longer in the labor force but did work some time in the past five years. The remainder—46 percent—are dependents who have never worked more than a few months or have not worked in the past 20 years. Most nonworking men—85 percent—are retirees compared to just 44 percent of nonworking women (see Figure 3).

FIGURE 3
Proportion of Nonworking Men and Women Age 51 to 59 Who Are Retired or Dependent



SOURCE: National Academy on an Aging Society analysis of data from the 1992 Health and Retirement Study.

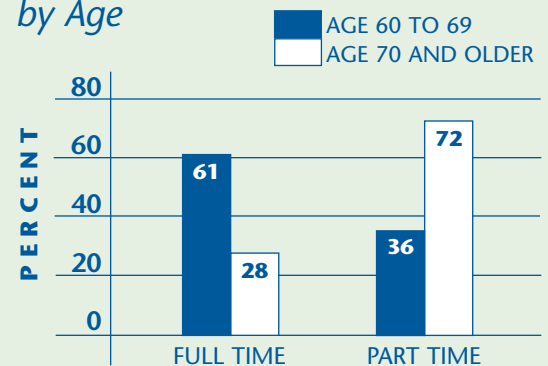
OLDER WORKERS

One quarter of people age 60 and older is in the labor force

Labor force participation rates for men and women drop substantially at age 60, but not everyone is retired at that age.¹ Legislative changes such as the elimination of mandatory retirement ages and the recent elimination of part of the Social Security retirement earnings test make it easier for people to work later in life. The availability of part-time jobs and more flexible work schedules have also made employment more attractive to older workers.

The youngest older workers are most likely to have full-time jobs. The proportion of workers age 60 to 69 working full time is two times larger than that of people age 70 and older. Nearly three quarters—72 percent—of workers age 70 and older work on a part-time basis (see Figure 4).

FIGURE 4
Work Status of Older Workers, by Age



SOURCE: National Academy on an Aging Society analysis of data from the 1993 panel of the Survey of Income and Program Participation and the 1993 study of Assets and Health Dynamics Among the Oldest Old.

YOUNG RETIREES

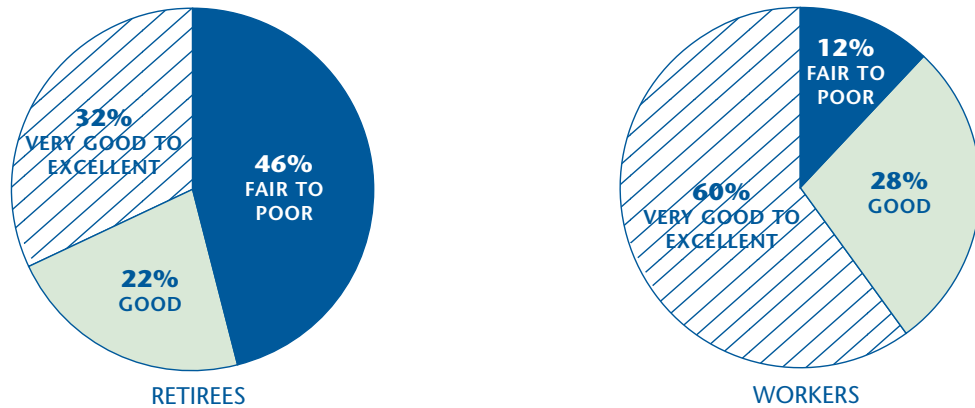
Young retirees are much less healthy than workers

For some people retirement may not be a choice as much as it is a necessity due to health problems. In fact, 55 percent of retirees age 51 to 59 say that a health con-

dition or impairment limits the amount or type of paid work they can do. Retirees are three times more likely to be in fair to poor health than their working counterparts. They are half as likely to report themselves in very good to excellent health as workers the same age (see Figure 5).

FIGURE 5

Self-Reported Health Status of People Age 51 to 59, by Work Status



SOURCE: National Academy on an Aging Society analysis of data from the 1992 Health and Retirement Study.

OLDER WORKERS

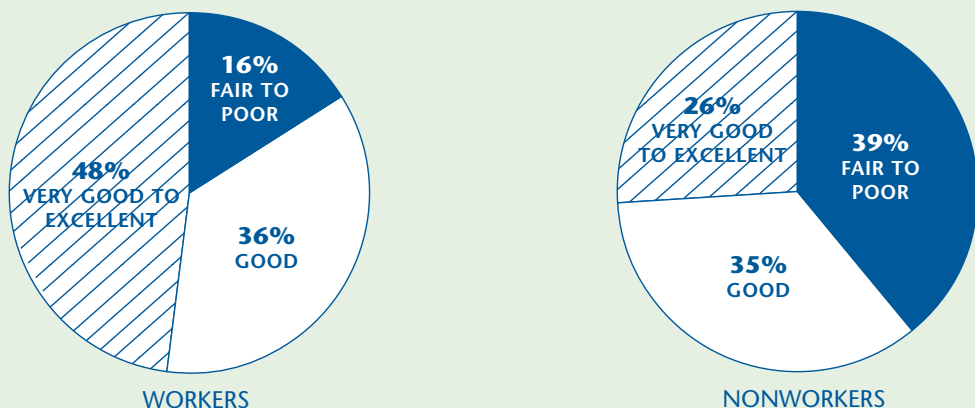
Older workers are healthier than nonworkers

In general, people are in better health and are living longer than in the past. As a result, some are able to work later in life.

Workers age 60 and older are half as likely as their nonworking counterparts to report that they are in fair to poor health. They are also almost two times more likely to report that they are in very good to excellent health (see Figure 6).

FIGURE 6

Self-Reported Health Status of People Age 60 and Older, by Work Status



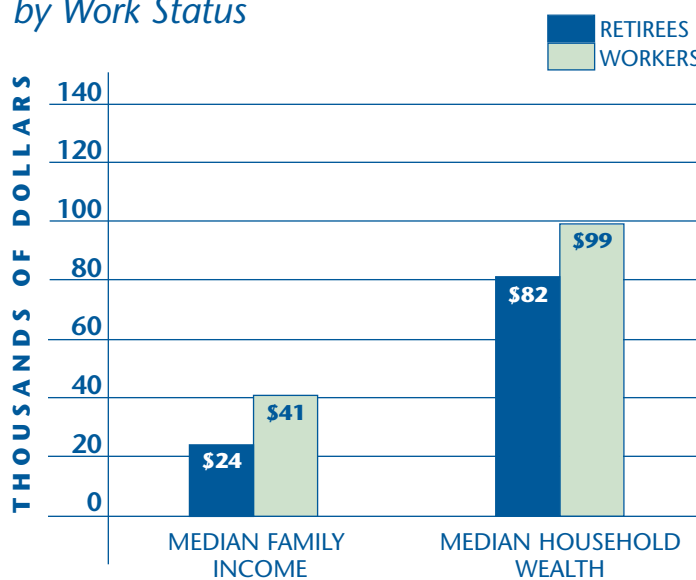
SOURCE: National Academy on an Aging Society analysis of data from the 1993 panel of the Survey of Income and Program Participation.

Young retirees are not well-off financially

A common perception is that people are retiring earlier because they have the financial means to do so. This is not necessarily true among retirees age 51 to 59. Retirees have a family income that is nearly half that of their working counterparts. These retirees also possess less wealth than workers the same age (see Figure 7).

Retirees age 51 to 59 are less satisfied with their financial status than workers the same age. This is not surprising given the difference in family income and household wealth between the two groups. Retirees are less secure about their financial position in the future. In fact, the proportion of retirees age 51 to 59 who report that they expect to be less well-off financially in two years is twice as high as the proportion of workers that age, 17 and 8 respectively.

FIGURE 7
Financial Status of People Age 51 to 59, by Work Status



SOURCE: National Academy on an Aging Society analysis of data from the 1992 Health and Retirement Study.

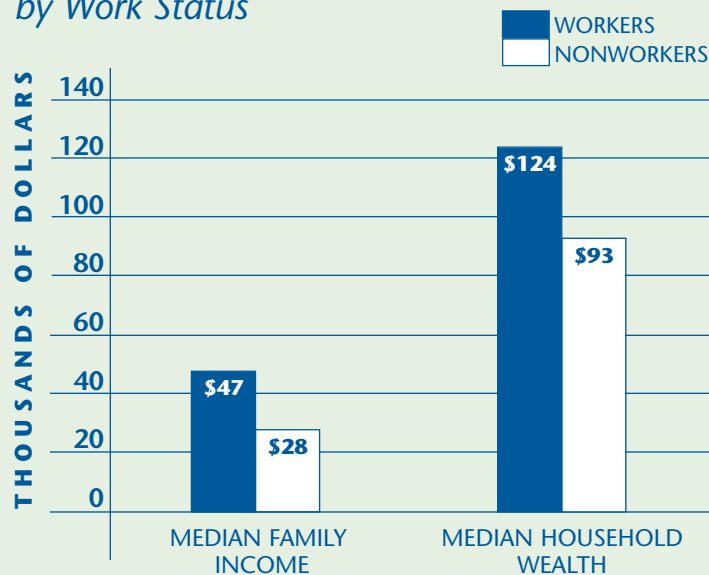
OLDER WORKERS

Older workers are better-off financially

In general, workers age 60 and older are wealthier than their nonworking counterparts. Workers have a family income that is one-and-a-half times greater than that of nonworkers the same age. Workers age 60 and older also possess greater financial wealth than nonworkers (see Figure 8).

Older workers are twice as likely as nonworkers to believe that they will be better-off financially in two years. This expectation likely reflects current financial status. Also, workers may feel more secure because they are still in the labor force and expect that they have the capacity to continue to generate income.

FIGURE 8
Financial Status of People Age 60 and Older, by Work Status



SOURCE: National Academy on an Aging Society analysis of data from the 1993 panel of the Survey of Income and Program Participation.

YOUNG RETIREES

Retirees and workers spend their time in similar ways

Work status does not appear to have a major impact on the extent to which 51 to 59 year olds participate in activities. Nearly half of retirees and workers in this age group report spending at least 100 hours in the past year caring for grandchildren or parents. The proportions of retirees and workers who attend religious services or volunteer in their communities are quite similar. Over half—60 percent—of retirees age 51 to 59 interact with neighbors several times a month, compared to 50 percent of workers. Both report having good friends in the neighborhood and knowing most neighbors by name (see Figure 9).

FIGURE 9

Proportion of People Age 51 to 59 Participating in Different Activities

ACTIVITY	RETIREES (PERCENT)	WORKERS (PERCENT)
Attend religious services	13	13
Care for a grandchild	41	42
Care for a parent	8	5
Volunteer	16	17
Visit neighbors	60	50
Have relatives in the neighborhood	33	32
Have good friends in the neighborhood	73	68
Know neighbors by name	50	47

SOURCE: National Academy on an Aging Society analysis of data from the 1992 *Health and Retirement Study*.

OLDER WORKERS

Older workers have less physically demanding jobs

Workers age 70 and older are most likely to be in service-oriented jobs. About one-third—32 percent—hold professional- and managerial-level jobs that may utilize the skills developed over the course of their career. Much smaller proportions of older workers are involved in occupations that are physically demanding, such as farming or labor (see Figure 10).

A higher proportion of older than younger workers is self-employed. Approximately one third—34 percent—of workers age 70 and older are self-employed, compared to just 14 percent of workers age 40 to 59.

FIGURE 10

Proportion of Workers Age 70 and Older Participating in Different Occupations

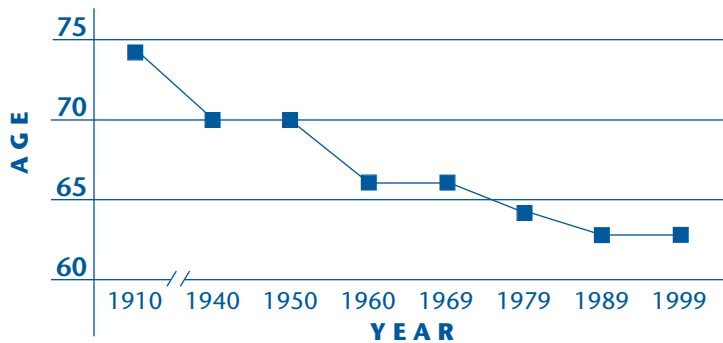
TYPE OF OCCUPATION	PERCENT
Service Work	21
Professional	17
Manager	15
Sales	14
Clerical	13
Craftsmen	9
Operatives	5
Farming	5
Labor	3

SOURCE: National Academy on an Aging Society analysis of data from the 1993 study of *Assets and Health Dynamics Among the Oldest Old*.

Future work and retirement patterns are not certain

Men and women today are retiring earlier than they did at the turn of the last century. In 1910 the average retirement age of men was 74 years old, compared to 63 years old today (see Figure 11). For women, the average retirement age 30 years ago was age 65, but is now just under 63.²

FIGURE 11
Average Retirement Age of Men, 1910 to 1999



SOURCE: Burtless, Gary and J.F. Quinn. (2000). "Retirement Trends and Policies to Encourage Work Among Older Americans." Prepared for the 12th Annual Conference of the National Academy of Social Insurance, January 26–27, Washington, D.C.

The past does not provide a clear prologue for future work and retirement trends. Many factors influence whether people retire early or whether they work later in life, including health status, the availability of income after retirement, health insurance coverage, and employment opportunities. Attitudes about work later in life have changed. The scheduled increase in the age at which full Social Security benefits are available and the partial elimination of the Social Security earnings test are likely to encourage people to remain in the labor force longer. How each of these forces plays out individually, as well as collectively, will depend on attitudes, expectations, and opportunities later in life.

1. Gendell, Murray, and J.S. Siegel. (1992). "Trends in Retirement Age by Sex, 1950–2005." *Monthly Labor Review*: 22–29.

2. Committee for Economic Development. (1999). *New Opportunities for Older Workers*, New York, New York, 6.

ABOUT THE DATA

Unless otherwise noted, the data presented in this *Profile* are from three national surveys of the community-dwelling population living within the United States. The 1993 panel of the Survey of Income and Program Participation (SIPP) was conducted by the U.S. Census Bureau, and provides data for the population age 18 to 84. Wave 1 of the Health and Retirement Study (HRS) provides information for a population age 51 to 61 in 1992. Wave 1 of the study of Assets and Health Dynamics Among the Oldest Old (AHEAD) provides information about respondents age 70 and older in 1993 and 1994. Both the HRS and the AHEAD data sets were sponsored by the National Institute on Aging and the Institute for Social Research at the University of Michigan.

ABOUT THE PROFILES

This series, *Data Profiles: Young Retirees and Older Workers*, is supported by a grant from the AARP Andrus Foundation. This *Profile* was written by Kristen Kilker and Laura Summer with assistance from Greg O'Neill and Lee Shirey. It is the first in the series.

The National Academy on an Aging Society is a Washington-based nonpartisan policy institute of The Gerontological Society of America. The Academy studies the impact of demographic changes on public and private institutions and on the economic and health security of families and people of all ages.



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