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Occupational Transitions at Older Ages: What Moves Are People Making?

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Given the clear benefit for both public and private finances of extending work lives, many policymakers are interested in finding and promoting ways to accomplish this objective while balancing concerns for work ability at older ages. At the same time, retirement itself is transforming from a simple transition from full-time work to full and permanent retirement to more of a process, potentially occurring in several stages over a number of years. As policymakers continue working to develop salutary retirement policy in this dynamic environment, it is important to continue to update our understanding of how older workers are responding to policy and are themselves trying to create work situations that reflect their changing needs and desires as they eventually move to full and permanent retirement. Thus researchers are increasingly trying to understand more about who takes what paths to retirement and what constraints older workers may face as they attempt these paths.

Another way to gain insight on later-life work transitions is to simply observe the occupations in which these transitions may be occurring. To that end, this paper uses data from the Health and Retirement Study (HRS) to examine occupational transitions at the detailed level toward the end of working life. In the present work, we examine occupational and labor force transitions at the detailed level and characterize moves in terms of earnings across several types of occupational transitions over varying amounts of time.

We use HRS data on job history and the detailed occupation of jobs held by HRS respondents across 10 biennial waves of data collection between 1992 and 2010. In the first stage of our work, we describe the most common detailed occupations in the HRS and common occupational transitions between waves across the period 1992 to 2010, for workers age 55 and older. Next, we examine transitions from the occupation in the longest held job as of age 55 to occupational status at ages 62, 66, 68, and 70. The occupational status outcomes we consider in the second period are: not in the labor force, in the same occupation, and in a different occupation: If in a different occupation, we examine which occupation this is. For those whose occupation in the current job at age 62, 66, 68, or 70 is a different occupation from the longest-held job, we examine the change in hourly earnings to shed some light on whether the job is likely a better-paid promotion, a lateral move, or a lower-paid bridge or part-

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time job. Next, we use a sample of the longest-held occupations as of age 55 that are particularly physically-demanding or high-stress, and characterize the occupation and earnings status at later ages, to learn about the retirement paths of workers in these types of jobs.

We find that the occupations workers are most likely to move into from other occupations tend to be seasonal, such as carpenters, or have low barriers to entry, such as customer service representatives. Occupations into which individuals enter from out of the labor force tend to be lower skill, typically part-time occupations or occupations offering flexibility, as is expected in unretirement; some of these occupations are, surprisingly, quite physically demanding. Occupations most likely to be entered into by previously unemployed workers are similarly low-skill, have low barriers to entry, and are also likely not well paid. These findings point up concerns, especially in the wake of the Great Recession, for older displaced workers.

Exploration of specific occupation-to-occupation transitions revealed no large pipelines from one detailed occupation to another, and especially not between occupations that are not very closely related to one another. Instead, individuals are most likely to move between closely-related occupations if they change occupations at all, and are more likely to move “down” than “up” after age 55.

In analyses examining changes from longest held occupation to several target ages that span Social Security eligibility ages and modal retirement ages, occupations that are not workers’ career occupations become about as common as workers age as continued employment in their career occupation. That is, likely bridge jobs, unretirement, and encore jobs are about as common as continued career work after age 66. As in the analysis of wave-to-wave occupation changes, in the analysis of transitions from career jobs at later ages, there are no large pipelines between specific occupations, nor are there any “surprising” occupational transitions that are common.

Among individuals who change occupations at older ages from the career occupation to another occupation, hourly earnings decreases are more likely than increases. These findings support Kawachi and Johnson’s (2007) finding that occupational changes at older ages may be associated with earnings declines. This may reflect strategic decisions on the part of workers who may be willing to trade earnings for work hours flexibility or part-time work.

Occupations rated by respondents as more physically demanding and stressful were examined to characterize later life transitions. Not surprisingly, career occupations rated as very physically demanding had very high rates of labor force exit by age 66. Interestingly, several common stressful jobs had fairly high career retention (approximately 16-17 percent) at age 66, and there was very little occupational change even within these more stressful occupations.

In summary, this descriptive work provides clues about useful areas to investigate and adds to our understanding of the trend toward working longer and the alternate routes now being taken to retirement. Ultimately, this program of research may inform policy aimed at retaining workers in the labor force to older ages.

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