

# **Early Retirement Windows**

Charles Brown  
University of Michigan  
and  
National Bureau of Economic Research  
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Comments -- including references to other studies -- welcome. Email to [charlieb@umich.edu](mailto:charlieb@umich.edu).

Early retirement windows are special incentives, beyond those in a firm's pension plan, to retire at a particular time. Typically, the decision "window" is one to three months; incentives can include cash bonuses, improvement in or accelerated eligibility for pension benefits, and health insurance continuation. While evidence on the number of workers receiving such offers is fragmentary, there seems to be general agreement that they became more common early in the 1990s. Increased use of such windows and well-publicized use by the largest and most visible employers increased interest by business-oriented publications, academic researchers, and regulators.

Most of what we know about early retirement windows comes from case studies of individual employers and reports by compensation consultants of surveys of their clients. While the case studies are very valuable, their focus on specific employers (e.g., an unnamed Fortune 500 company [Lumsdaine, Stock, and Wise, 1990], state government employees in New York [Hogarth, 1988], the U.S. military [Mehay and Hogan, 1998], University of California Faculty [Kim and Feldman, 1998 and Pencavel, 2001]) and differences in focus across studies makes it difficult to judge the representativeness of the findings. Surveys by compensation consultants tend to focus on large employers, which also raises concerns about representativeness (though this is, in the end, moderated by the fact that window offers are rarely made by small employers), and their results often take the firm rather than the worker as the unit of analysis (and so, e.g., report the proportion of firms who offer a particular incentive, rather than the proportion of workers receiving offers that include a particular incentive). Neither type of study generates consistently-defined measures over long periods of time (there are no time series to study). And, because they are employer-based, neither type of study allows one to follow workers after accepting window offers to learn whether they go to work elsewhere or retire altogether.

Beginning in 1992, the Health and Retirement Study has interviewed a cohort of workers every two years, and asked about early-retirement windows as a regular feature of each interview. It allows one to study window offers over the 1990s. For example, we will examine the proportion of workers receiving such offers, the proportion accepting

them, respondent's characterizations of what incentives were offered, and the post-window employment status of those who accepted the offer. HRS thus provides a potentially useful complement to the employer-based studies that dominate the literature. Two limitations should, however, be clear from the outset: HRS provides information on particular cohorts of workers, and so excludes young workers altogether (this turns out to be unimportant) and the age range of workers who can be studied varies over time; and because the incentives offered are reported by workers, they are subject to reporting error and nontrivial missing data. After providing a brief introduction to HRS, I turn to several "frequently asked questions" about early retirement windows.

### **The Health and Retirement Study**

The Health and Retirement Study began in 1992 by interviewing a sample of those born in 1931-41 and their spouses (regardless of age). Since then, members of the initial sample (plus new spouses of age-eligible sample members) were interviewed every other year. In 1998, a new sample of those born in 1942-1947 was added. For simplicity, I refer to the 1931-1941 birth cohort as the "original HRS cohort", and the 1941-1947 cohort as the "War Baby (WB) cohort". When weighted to account for initial over-sampling of some population groups and for subsequent attrition (I use weighted proportions and means throughout), HRS provides a representative sample of those in these birth cohorts. In this paper, therefore, I focus on those born in 1931-1947, who reached age 53-69 in 2000, when the fifth (most recent) wave was conducted. Information from the "final releases" of waves I-IV, and the early release of wave V, are used in this study.

Because information on early-retirement windows is not generally available in household surveys, I begin with a description of that component of HRS. At the 1992 interview for members of the original HRS sample and at later waves as individuals are added into the sample, each respondent (except those who have never worked for pay "for more than a few months") is asked about such windows. The sequence begins with a definition:

Employers sometimes encourage older workers to leave a firm at a particular time by offering a special financial incentive, like a cash bonus or improved pension benefits. These are often called "early retirement windows".

They are then asked:

Have you ever been offered such an early retirement window on any job?

Continuing respondents are asked a similar question, with the reference period limited to the time since the last interview.

In principle, combining baseline and follow-up interviews gives a history of all window offers received through wave 5 (2000). There is some concern that the longer recall period in the baseline interview would lead to some mis-reporting (typically, under-reporting) of offers received several years before the baseline interview. In order to maintain comparability, I focus on the period 1990-2000 (i.e., starting roughly two years before the 1992 baseline interview) for the original HRS cohort and, similarly, on the period 1996-2000 for the WB cohort.<sup>1</sup>

For both new and continuing respondents, those who report having received an early-retirement window are asked how many they received; for those receiving more than two offers, subsequent details are obtained for the first and last such offer. (For a few respondents who reported receiving more than six offers, the number was topcoded at 6). These details include when the offer was made, which employer made it, what exactly was offered (cash bonus [amount], improved pension benefits [amount per month or year], medical insurance [duration, if temporary], temporary cash payments [amount and duration], additional service credit [how many years of credit], and any other incentive [amount]). The respondent is then asked whether the offer was accepted. If it was, the respondent is asked whether the incentive was important (the alternative being that s/he probably would have left at about that time anyway). If the offer is rejected, the

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<sup>1</sup> This addresses but does not completely solve the comparability problem. The longer recall period in the baseline is likely to lead to mis-dating, as well as under-reporting. If "forward-telescoping" of later events into our two year window and "backward telescoping" of recent events to an earlier year do not cancel out, the longer recall period can have effects on the number of events reported as occurring in the previous two years.

respondent is asked whether s/he would have accepted an offer if it had been twice as large.

Before analyzing these reported offers, three "data cleaning" activities were undertaken. First, of the 2334 reported offers, 83 for which respondent did not give the year of the offer were deleted. Second, continuing respondents sometimes reported offers from before the previous interview, despite instructions to report those received "at any time since [last interview month and year]." For these respondents, data from all five waves were checked, and reports these "out of range" offers were deleted if they appeared to duplicate offers reported at an earlier interview. 83 "out of range" offers were deleted for this reason. Finally, some respondents reported accepting more than one special early-retirement incentive. In many cases, the first of these two "accepted" offers was dated shortly before the interview, and the second was reported at the next wave and dated shortly after the previous interview. Typically, these were reported as having been offered by the same employer. The most plausible interpretation of this pattern is that the offer was accepted prior to the first interview, but the respondent left shortly after that interview, so that the second "acceptance" is in fact just the date at which the worker left in response to having accepted the (first) offer. In 69 cases, one of these offers was deleted on grounds that it very likely duplicated another offer that had been reported.<sup>2</sup>

Altogether, 182 offers (8 percent of the total) were eliminated. The deleted offers are spread fairly evenly across waves, and so (presumably) across years, and about evenly distributed between accepted and rejected.

### **How Common are Window Offers? Have they Become More Common?**

Questions about early-retirement window offers are not included in the Current Population Survey, the Panel Study of Income Dynamics, the Survey of Income and

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<sup>2</sup> As a rule, the second report was deleted, on grounds that the earlier report would have been closer to the event and so the reported details of the offer are likely to be more accurate. In a few cases, where the report of the details of the "second" offer was more complete, the first offer was deleted.

Program Participation, or other surveys from which most descriptive statistics of major labor market phenomena are derived. It is therefore useful to begin by establishing that such offers and acceptance of such offers are frequent enough to be worth studying.

Table 1 summarizes the incidence of special early retirement offers to HRS respondents. The table shows the number of offers received per 100 population, by year and birth cohort. Thus, for example, those born in 1931 received 1.16 special early-retirement offers per 100 cohort members in 1990, compared to only .28 per hundred those born in 1941. Over time, these offers cumulate, so that over the 11-year period between 1990 and 2000, the total number of offers received by the 1931-1934 birth cohorts was 15 per hundred; for the cohorts born in 1935-41 this total was somewhat higher (typically, over 20). The 1942-1947 birth cohorts brought into HRS in 1998 averaged about 7 offers per hundred cohort members between 1996 and 2000.<sup>3</sup>

A more conventional way to present the results is by five-year age group (=five-year birth cohort). The panel structure of HRS gives data only for certain five-year age groups in certain years, but for the age group x year combinations for which this calculation is feasible, results are presented in Table 2. For those age 55-59, the frequency of window offers peaks in mid decade. We can follow 60-64 year olds for the second half of the decade; consistent with the pattern for those 55-59, offers become less frequent in the second half of the decade. Offers to those age 50-54 are less common than for the older age groups, and there is little pattern over time.

While Tables 1 and 2 refer to the fraction of population receiving an offer, a alternative statistic is the fraction of those currently working who receive an offer. To convert rates per 100 population to rates per 100 employed, the former are divided by the employment/population rate (taken from CPS). This alternative approach (Table 3), which approximates the "hazard" rate for receiving offers among those who are

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<sup>3</sup> The count of offers received in 2000 by the time of the Wave 5 interview was annualized to make it comparable to data for earlier years. Each offer received was weighted by 2.58 (=1/.387), where .387 is the average fraction of the year that had elapsed at the time of the HRS interview.

employed, suggests that those age 55-59 received nearly five offers per 100 workers in the mid-1990s, and that rates were almost as high (for those still working) among 60-64 year olds. Among those age 50-54, offers rates fluctuate between 1 and 2.5 per 100 workers, with little evident trend.

Given the cohort structure of HRS, in which those born in 1942-47 become "age eligible" in 1998, it is natural to compare this cohort to the 1936-41 birth cohorts in the original HRS. Both cohorts reached age 51-56 in the year they became age-eligible. Consistent with earlier evidence that the frequency of window offers peaked in the mid-1990s, such offers were more common for the War Baby cohort in 1996-97 than they had been for the comparable-age HRS respondents in 1990-91, but less common for the War Baby cohort in 1998-2000 than for comparable HRS respondents in 1992-94.

Tables 4-6 have the same structure as Tables 1-3, but refer to accepted offers rather than to all offers received. Since very few workers accept more than one early-retirement window, we can treat the number accepted per hundred population and the fraction of the population who have accepted offers interchangeably. Overall, about 7 percent of the HRS cohort accepted such offers between 1990 and 2000. Like offers, acceptances by those age 55-59 peaked in the mid-1990s (at about 1 per 100 population per year), and declined from about the same level in the second half of the decade for those 60-64. Those age 50-54 accept offers much less often (roughly .5 per 100 population), with little pattern over time. The proportion of workers accepting offers reaches 1.7 percent in the mid 1990s for those age 55-59, and is slightly higher for those 60-64.

Overall, 37 percent of offers received by the original HRS birth cohorts between 1990 and 2000 were accepted. For the 1942-47 cohort added in 1998, 33 percent of the offers received between 1996 and 2000 were accepted. These acceptance rates are in line with those reported by compensation consultants, based on surveys of their clients (e.g., Shalowitz, 1993 and Charles D. Spencer and Associates, 1992; but see Watson

Wyatt, 2001 who report a 55 percent acceptance rate), but here they are based on a representative sample of workers in particular birth cohorts.

The effect of such early-retirement window offers depends, of course, what those who accept such offers would have done in the absence of the offer, and what they choose to do after leaving the employer who makes the offer. If those who accept such offers would have retired anyway, or if those who accept such offers immediately accept employment elsewhere, window offers may have little effect on measured participation. On the other hand, if workers who would otherwise have had no intention of retiring accept the offers, and then retire completely rather than working elsewhere after accepting the offers, the effects on employment or labor force participation rates may be large relative to the changes we observed in the 1990s. I return to this issue below. For now, I note that roughly three quarters of those who accept window offers report that the window was important for their decision to retire, and that they would not have retired at about that time without the special inducement.

### **Who Receives Window Offers?**

Given that window offers are received by a potentially significant number of workers, but nevertheless a minority of all workers approaching retirement, it is natural to ask what characteristics differentiate those who receive such offers from those who do not. In order to answer this question, I focus on offers received after the original baseline survey by members of the original HRS cohort. It makes little sense to include those who are not working or those who are self-employed in such analysis, so I further limit the sample to those who were working for someone else at the time of the baseline (1992) interview.

Table 7 compares the demographic and health-related characteristics of those who received one or more window offers between Wave 1 and Wave 5, and Table 8 summarizes job-related characteristics.



Those receiving window offers are much more likely to be male than workers who do not (66 percent vs. 49 percent), and they are more educated (40 percent college graduates vs. 19 percent for workers who do not receive window offers). They are in somewhat better health, measured by the proportion reporting their health is good or excellent (67 vs 59 percent) or by the smaller proportion reporting having a health condition that limits their work (10 percent vs 5 percent).

Many workers in their 50's are in "career" jobs -- they have worked with the same employer for a long time, often in "good" jobs offered by large firms that provide above-average wages and fringe benefits. Window offers go disproportionately to such workers. Those who received a window offer over the next eight years had, by 1992, worked for their current employer for over 20 years, vs. 12 years for those who did not receive window offers. They are twice as likely to be covered by a union contract (47 percent vs. 24 percent), more likely to work for an employer with at least 500 workers (85% vs 70%), and are much more likely to have a defined benefit pension plan (with or without a supplemental defined-contribution plan) (82 percent vs 40%). Median annual and hourly earnings are nearly twice as high for those who received window offers than for those who did not.

Overall, there are few surprises in Tables 7 and 8, and results are consistent with a similar analysis based on retrospective reports of window offers received prior to Wave 1 (Brown, 2000).

### **Who Accepts and Who Rejects Window Offers?**

While dividing the sample into those who did and did not receive window offers is fairly straightforward, classifying those who receive offers into "accept" and "reject" groups is more complicated, because some workers receive more than one offer. In Tables 9-11, I divide those who received one or more offers since the Wave 1 interview into those who accepted the (any) offer and those who rejected the (all) offer(s).

Unlike the earlier results on receipt of window offers, those who accept and those who reject window offers are very similar. The two most surprising results in Table 9 is that black workers account for almost twice as large a fraction of rejectors as acceptors (12 percent vs. 7 percent), and that those who accept the offer are as likely to be in good or excellent health as those who do not. Job-related characteristics are also very similar for the two groups. Those who accepted their offer had (as of the 1992 interview) about two more years of employer tenure; the remaining differences in Table 10 are small, particularly in light of the small samples on which they are based.

### **How Generous Are Window Offers?**

The generosity of window offers is of interest for several reasons. First, the earlier claim that such offers represent an empirically interesting phenomenon rests implicitly on the premise that the amount on offer is substantial. Second, having found few differences in characteristics of workers who accept and reject such offers, it is natural to wonder whether the generosity of the offer is decisive. In this section, I report the details of the offered incentive for accepted and rejected offers. Consistent with the earlier treatment of worker characteristics, each worker who received one or more window offers since Wave 1 is classified as having accepted an offer or having rejecting the (all) offer(s). For those accepting an offer, I focus on the details of that offer. For those who rejected one or more offers, I focus on the details of the first such offer.

The diversity of window offers, the difficulty (for respondents) of remembering and reporting exactly what was offered, and the complexity of valuing some benefits (primarily improved pension benefits or accelerated eligibility) make summarizing the generosity of window offers a challenge. In Table 11, I present the fraction of offers that included each of a number of incentives, and (for the more important ones) the amount being offered. Thus, for example, 52.2 percent of the accepted offers included a cash bonus as an incentive; for rejected offers the comparable figure was 53.7 percent. Of those accepted offers that included a cash bonus, the median offer (in \$1992) was \$23,800 vs. \$22,999 for rejected offers. Because of differences in annual earnings between those receiving offers of cash bonuses in the two groups, the bonus represented

just over 8 months pay (the median bonus/earnings ratio was .68) for the accepted offers vs. just under 6 months pay (median ratio=.48) for those that were rejected. It is worth emphasizing that these are conditional medians, computed from distributions that include only positive bonus offers. In addition to those who do not report being offered that particular incentive, they also exclude those who don't know or decline to report the amount. This is important for pensions (where only about half of those reporting they were offered improved benefits provided a dollar figure).

Improved pension benefits were included in 36 percent of the accepted offers, but only 26 percent of the rejected offers. The increased benefit per year was a bit higher in the rejected plans, but expressed in relation to annual earnings the generosity of the offered pension improvement was quite similar for accepted and rejected offers. An indirect way of improving pension benefits is to provide "service credit", which can move forward the date of benefit eligibility and increase the benefit received in most defined-benefit plans. This incentive was available in about eighth of offers, but was typically more generous for the accepted offers.

A number of other, less common incentives are also included in Table 11. While it is not true that accepted offers dominate rejected offers in every possible dimension, the general pattern of Table 11 is that where there are sizeable differences they are in the direction of accepted offers being more generous.

While the complexity of these incentives makes it difficult to get an overall view of their generosity, focusing on a few of the main benefits is instructive. For plans that offer cash, the six to eight months of salary that we find in Table 11. This seems consistent with previous studies based on less representative samples (e.g., Lumsdaine, Stock, and Wise, 1990; Utz, 1998). The incentives in Table 11 make more use of cash and less use of pension benefits or service credit than seems to be the norm in surveys of large employers (e.g., Watson Wyatt, 2001).

From the employer's perspective, it is useful to compare the increased UI taxes that firm would find itself paying if used a permanent layoff rather than an early

retirement window to reduce its workforce. Since those receiving window offers are stably attached to the labor force, the workers in question would surely be eligible for UI benefits, typically for up to six months (unless they found new jobs more quickly). But UI typically replaces only half of previous earnings, up to a ceiling that would be binding for the typical window recipient. Even if the employer is fully experience rated, the UI taxes saved by an accepted window offer are less than three months' salary. And, of course, some offers are "accepted" by workers who would have left soon anyway, and so contribute little to workforce reduction. Thus, it is clear that window offers should be thought of as a moderately costly way of backing out of an implicit commitment of career employment, and not as the lowest-direct-cost way of shedding workers. What is less clear is whether the additional expense is justified by maintaining the employer's reputation for fairness or avoiding age-related discrimination suits that layoffs of pre-retirement workers might trigger.

### **How Much Do Window Offers Reduce Employment?**

As noted earlier, knowing how many workers accepted early retirement windows gives us only an upper bound on the extent to which these offers reduced employment among the original HRS cohort. Some of those who accept such offers go to work elsewhere; while they have retired in the sense of having left their career employer, they have not retired in the sense of leaving the labor force altogether. Moreover, a quarter of those who accepted window offers say they would have left soon anyway, and presumably those planning to leave in a few years would be more likely to accept than those planning remain until normal retirement age.

Table 12 provides some further perspective on this issue. The first two lines compare the employment status, as of the most recent wave of HRS, of those who accepted a window offer (or offers) and those who rejected it (them). Nearly a third of those who accepted a window offer are working for some other employer. Those who accepted their offer are about twice as likely to be completely retired (i.e., not working) as those who rejected their offer(s). Taken by themselves, these two lines might suggest

that, while 30 percent of those who accept window offers go to work elsewhere, such offers are a powerful force toward inducing earlier departures from the labor market. However, the next two lines suggest a more complicated picture. Those who rejected window offers are more likely to continue working for their Wave 1 employer, and less likely to not be working at all, than those who did not receive an offer. This reminds us that the earlier difference between those accepting offers and those rejecting them reflect self-selection as well as causal effects of the window offer. Indeed, if we think of the "treatment" as having received a window offer, the last column suggests that those who receive an offer are only six percentage points less likely to be working than those who did not. Since 15 percent of the sample received an offer, this "estimate" would imply that the employment/population rate in this sample was reduced by one percentage point (or nearly two percent) by these offers.

### **Directions for Future Research**

While the preceding discussion has, I hope, suggested a range of different topics for future research, I want to focus here on two. First, simple tabulations suggest that early retirement windows may have reduced the employment/population ratio of the HRS cohort, by amounts that are not trivial when compared with underlying trends in this ratio. However, we know that such offers are more likely to go to workers already covered by defined benefit plans, which give strong incentives to retire at certain ages (Gustman, Mitchell, and Steinmeier, 1994), and who are in better than average health. While the independent effect of pensions and health on retirement behavior is not doubted, sorting out their effects (in order to "correct" simple differences between those who did and those who did not receive window offers) remains challenging, in large part due to measurement issues. Second, if early retirement windows do have genuine effects, their future is of interest to those trying to project future labor force trends. One might read the recent decline in the use of early retirement windows as part of a broader trend away from early retirement, and so predict that window offers will become a less important part of the environment. On the other hand, the movement from defined benefit to defined contribution pensions leaves employers who wish to induce retirement

by older workers looking for new tools, and I would not be surprised to find early retirement windows more heavily used in the next round of downsizing.

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**Table 1**  
**Early-Retirement Window Offers per 100 Population**  
**by Birth Cohort and Year**

<b>Birth Cohort</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>1990-2000</b>	<b>1996-2000</b>
1931	1.16	2.67	3.23	1.92	1.99	0.97	0.98	0.40	0.37	0.20	0.00	13.72	1.92
1932	0.94	0.97	2.39	1.90	2.94	1.64	1.61	1.01	1.13	0.39	0.00	14.70	4.09
1933	0.88	2.03	3.59	2.29	1.92	2.71	0.60	0.42	0.66	0.13	0.00	14.96	1.81
1934	0.50	2.08	2.40	3.04	2.05	2.07	1.41	1.98	0.13	0.32	0.99	16.64	4.72
1935	1.37	1.89	3.13	2.03	4.05	2.38	1.63	1.58	1.05	0.54	0.33	19.82	5.07
1936	1.55	1.50	3.56	3.52	4.22	2.22	2.23	1.94	1.63	1.08	0.00	23.20	6.81
1937	0.52	0.97	2.93	2.06	2.06	3.14	2.57	1.99	0.84	0.59	0.62	18.09	6.46
1938	1.30	1.74	2.91	2.67	2.58	3.55	2.45	2.53	1.74	0.95	0.25	22.47	7.73
1939	0.59	0.33	1.81	1.79	3.34	3.50	3.89	2.06	2.12	1.26	2.12	22.57	11.31
1940	0.33	1.37	2.20	2.38	5.23	3.79	3.61	2.89	3.16	1.90	3.09	29.85	14.60
1941	0.28	1.77	2.60	1.72	3.70	2.31	3.72	2.21	1.22	1.11	1.12	21.71	9.36
1942							1.02	1.31	1.66	2.10	0.79		6.73
1943							1.67	1.59	2.41	1.97	1.26		8.79
1944							1.07	0.88	1.42	1.06	0.00		4.36
1945							1.28	1.11	1.41	2.34	3.42		9.51
1946							0.97	2.56	0.90	1.34	2.39		8.16
1947							0.22	0.83	2.81	1.86	0.58		6.28
<b>HRS</b>	<b>0.84</b>	<b>1.55</b>	<b>2.77</b>	<b>2.29</b>	<b>3.13</b>	<b>2.62</b>	<b>2.34</b>	<b>1.79</b>	<b>1.32</b>	<b>0.81</b>	<b>0.85</b>		
<b>HRS+WB</b>	<b>0.62</b>	<b>1.05</b>	<b>1.73</b>	<b>1.53</b>	<b>2.03</b>	<b>1.78</b>	<b>1.76</b>	<b>1.62</b>	<b>1.53</b>	<b>1.23</b>	<b>1.10</b>		



**Table 2**  
**Early-Retirement Window Offers per 100 Population**  
**by Age and Year**

<b>Age</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
<b>50-54</b>	<b>0.84</b>	<b>1.23</b>	<b>1.86</b>	<b>1.52</b>	<b>1.86</b>	<b>0.99</b>	<b>1.20</b>	<b>1.43</b>			
<b>55-59</b>	<b>0.96</b>	<b>1.69</b>	<b>3.10</b>	<b>2.66</b>	<b>3.21</b>	<b>3.27</b>	<b>3.26</b>	<b>2.14</b>	<b>2.10</b>	<b>1.65</b>	<b>1.31</b>
<b>60-64</b>						<b>1.94</b>	<b>1.52</b>	<b>1.62</b>	<b>1.08</b>	<b>0.89</b>	<b>1.28</b>

**Table 3**  
**Early-Retirement Window Offers per 100 Workers**  
**by Age and Year**

<b>Age</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
<b>50-54</b>	<b>1.12</b>	<b>1.66</b>	<b>2.51</b>	<b>2.03</b>	<b>2.47</b>	<b>1.31</b>	<b>1.57</b>	<b>1.83</b>			
<b>55-59</b>	<b>1.49</b>	<b>2.64</b>	<b>4.84</b>	<b>4.15</b>	<b>4.95</b>	<b>4.98</b>	<b>4.92</b>	<b>3.18</b>	<b>3.10</b>	<b>2.42</b>	<b>1.95</b>
<b>60-64</b>						<b>4.47</b>	<b>3.44</b>	<b>3.57</b>	<b>2.37</b>	<b>1.96</b>	<b>2.79</b>

**Table 4**  
**Early-Retirement Window Offers *Accepted* per 100 Population**  
**by Birth Cohort and Year**

<b>Birth Cohort</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>1990-2000</b>	<b>1996-2000</b>
1931	0.44	1.52	2.35	0.44	0.75	0.59	0.80	0.16	0.37	0.00	0.00	7.37	1.32
1932	0.29	0.28	1.79	0.79	0.85	0.72	0.90	0.00	0.72	0.00	0.00	6.27	1.62
1933	0.47	0.45	1.50	1.35	1.92	2.10	0.41	0.00	0.48	0.00	0.00	8.50	0.89
1934	0.00	0.78	0.96	0.72	0.64	1.06	0.75	1.16	0.04	0.32	0.54	6.86	2.75
1935	0.65	1.19	0.88	1.03	1.03	1.35	0.98	0.16	0.61	0.31	0.00	8.13	2.05
1936	0.91	0.46	0.78	0.78	0.96	1.25	1.18	0.81	0.53	0.15	0.00	7.74	2.64
1937	0.16	0.47	1.46	0.70	0.51	1.22	0.41	0.38	0.46	0.00	0.62	6.35	1.85
1938	0.21	0.38	0.64	0.83	0.74	0.90	0.97	0.31	0.75	0.09	0.25	6.04	2.34
1939	0.37	0.23	0.52	0.82	1.93	1.56	1.58	0.59	0.79	0.48	1.13	9.92	4.53
1940	0.00	0.20	0.36	0.57	0.78	0.86	0.73	0.58	1.23	0.37	0.98	6.63	3.87
1941	0.10	0.53	0.50	0.15	0.96	0.67	1.86	0.88	0.51	0.45	0.57	7.18	4.27
1942							0.30	0.52	0.35	0.44	0.00		1.57
1943							0.28	0.23	0.75	0.00	0.60		1.87
1944							0.49	0.43	0.82	0.14	0.00		1.87
1945							0.00	0.62	0.00	0.18	1.96		2.76
1946							0.31	1.30	0.49	0.00	1.51		3.61
1947							0.00	0.00	0.00	0.29	0.00		0.28
HRS	0.32	0.58	1.04	0.73	1.00	1.09	0.98	0.48	0.60	0.21	0.40		
HRS+WB	0.21	0.43	0.63	0.50	0.67	0.71	0.65	0.50	0.51	0.19	0.53		

**Table 5**  
**Early-Retirement Window Offers *Accepted* per 100 Population**  
**by Age and Year**

<b>Age</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
<b>50-54</b>	<b>0.32</b>	<b>0.36</b>	<b>0.44</b>	<b>0.42</b>	<b>0.38</b>	<b>0.40</b>	<b>0.28</b>	<b>0.52</b>			
<b>55-59</b>	<b>0.36</b>	<b>0.63</b>	<b>1.11</b>	<b>0.77</b>	<b>1.04</b>	<b>1.16</b>	<b>1.11</b>	<b>0.56</b>	<b>0.70</b>	<b>0.27</b>	<b>0.62</b>
<b>60-64</b>						<b>1.12</b>	<b>0.85</b>	<b>0.49</b>	<b>0.48</b>	<b>0.21</b>	<b>0.61</b>

**Table 6**  
**Early-Retirement Window Offers *Accepted* per 100 Workers**  
**by Age and Year**

<b>Age</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
<b>50-54</b>	<b>0.42</b>	<b>0.49</b>	<b>0.59</b>	<b>0.57</b>	<b>0.51</b>	<b>0.53</b>	<b>0.37</b>	<b>0.67</b>			
<b>55-59</b>	<b>0.56</b>	<b>0.99</b>	<b>1.74</b>	<b>1.26</b>	<b>1.61</b>	<b>1.76</b>	<b>1.68</b>	<b>0.86</b>	<b>1.03</b>	<b>0.40</b>	<b>0.92</b>
<b>60-64</b>						<b>2.63</b>	<b>1.93</b>	<b>1.14</b>	<b>1.05</b>	<b>0.45</b>	<b>1.34</b>

**Table 7**  
**Demographic Characteristics of Workers**  
**by Receipt of Window Offer, 1992-2000**  
**Original HRS cohort, working for someone else at Wave 1**

<b>Worker Characteristic (at Wave 1)</b>	<b>Received Offer since Wave 1</b>	
	<b>Yes</b>	<b>No</b>
<b>Male</b>	<b>.661</b>	<b>.490</b>
<b>Black</b>	<b>.089</b>	<b>.103</b>
<b>Hispanic</b>	<b>.030</b>	<b>.061</b>
<b>College graduate</b>	<b>.403</b>	<b>.191</b>
<b>Birth year</b>	<b>1936.5</b>	<b>1936.5</b>
<b>Married, spouse present</b>	<b>.760</b>	<b>.735</b>
<b>Physical health good or excellent</b>	<b>.669</b>	<b>.589</b>
<b>Health limits work</b>	<b>.052</b>	<b>.096</b>
<b>Unweighted N</b>	<b>700</b>	<b>4765</b>

**Table 8**  
**Labor Market Characteristics of Workers**  
**by Receipt of Window Offer, 1992-2000**  
**Original HRS cohort, working for someone else at Wave 1**

<b>Worker Characteristic (at Wave 1)</b>	<b>Received Offer since Wave 1</b>	
	<b>Yes</b>	<b>No</b>
<b>Weeks worked per year</b>	<b>49.9</b>	<b>49.9</b>
<b>Hours worked per week</b>	<b>42.3</b>	<b>39.9</b>
<b>Year began current job</b>	<b>1971</b>	<b>1980</b>
<b>Covered by union contract</b>	<b>.472</b>	<b>.237</b>
<b>Employer (company) size <math>\geq</math> 500</b>	<b>.852</b>	<b>.699</b>
<b>Pension is defined benefit</b>	<b>.411</b>	<b>.258</b>
<b>Pension is defined contribution</b>	<b>.137</b>	<b>.212</b>
<b>Pension is combination of DB and DC</b>	<b>.412</b>	<b>.139</b>
<b>Annual earnings (\$000, median)</b>	<b>39.0</b>	<b>21.8</b>
<b>Average hourly earnings (median)</b>	<b>17.79</b>	<b>10.62</b>
<b>Unweighted N</b>	<b>700</b>	<b>4765</b>

**Table 9**  
**Demographic Characteristics of Workers**  
**by Outcome of Window Offer, 1992-2000**  
**Original HRS cohort, working for someone else at Wave 1,**  
**who received window offer since Wave 1**

<b>Worker Characteristic (at Wave 1)</b>	<b>Accepted Offer since Wave 1</b>	
	<b>Yes</b>	<b>No</b>
<b>Male</b>	<b>.651</b>	<b>.674</b>
<b>Black</b>	<b>.066</b>	<b>.117</b>
<b>Hispanic</b>	<b>.026</b>	<b>.035</b>
<b>College graduate</b>	<b>.383</b>	<b>.426</b>
<b>Birth year</b>	<b>1936.2</b>	<b>1936.9</b>
<b>Married, spouse present</b>	<b>.757</b>	<b>.762</b>
<b>Physical health good or excellent</b>	<b>.664</b>	<b>.675</b>
<b>Health limits work</b>	<b>.053</b>	<b>.052</b>
<b>Unweighted N</b>	<b>376</b>	<b>324</b>

**Table 10**  
**Labor Market Characteristics of Workers**  
**by Outcome of Window Offer, 1992-2000**  
**Original HRS cohort, working for someone else at Wave 1,**  
**who received window offer since Wave 1**

<b>Worker Characteristic (at Wave 1)</b>	<b>Accepted Offer since Wave 1</b>	
	<b>Yes</b>	<b>No</b>
<b>Weeks worked per year</b>	<b>49.9</b>	<b>49.8</b>
<b>Hours worked per week</b>	<b>42.6</b>	<b>41.9</b>
<b>Year began current job</b>	<b>1970</b>	<b>1972</b>
<b>Covered by union contract</b>	<b>.430</b>	<b>.522</b>
<b>Employer (company) size <math>\geq</math> 500</b>	<b>.872</b>	<b>.827</b>
<b>Pension is defined benefit</b>	<b>.403</b>	<b>.419</b>
<b>Pension is defined contribution</b>	<b>.119</b>	<b>.158</b>
<b>Pension is combination of DB and DC</b>	<b>.439</b>	<b>.379</b>
<b>Annual earnings (\$000, median)</b>	<b>38.4</b>	<b>40.0</b>
<b>Average hourly earnings (median)</b>	<b>17.53</b>	<b>17.89</b>
<b>Unweighted N</b>	<b>376</b>	<b>324</b>

**Table 11**  
**Characteristics of Window Offers**  
**by Outcome of Window Offer, 1992-2000**  
**Original HRS cohort, working for someone else at Wave 1,**  
**who received window offer since Wave 1**

<b>Benefit included in window offer</b>	<b>Accepted Offer?</b>	
	<b>Yes</b>	<b>No</b>
<b>Cash bonus (Yes/No)</b>	<b>.522</b>	<b>.537</b>
<b>Cash bonus - amount (\$000 median)</b>	<b>23.8</b>	<b>22.9</b>
<b>Cash bonus/annual earnings (median)</b>	<b>.680</b>	<b>.479</b>
<b>Additional pension benefit (Yes/No)</b>	<b>.359</b>	<b>.260</b>
<b>Additional pension benefit - (\$000 per year median)</b>	<b>3.30</b>	<b>4.20</b>
<b>Additional pension benefit/annual earnings (median)</b>	<b>.088</b>	<b>.089</b>
<b>Lump-sum pension contribution (Yes/No)</b>	<b>.032</b>	<b>.012</b>
<b>Permanent medical insurance (Yes/No)</b>	<b>.094</b>	<b>.026</b>
<b>Temporary medical insurance (Yes/No)</b>	<b>.040</b>	<b>.052</b>
<b>Temporary cash payments (Yes/No)</b>	<b>.057</b>	<b>.051</b>
<b>Temporary cash - total amount (median)</b>	<b>35.3</b>	<b>45.2</b>
<b>Temporary cash/annual earnings (median)</b>	<b>1.62</b>	<b>1.27</b>
<b>Service credit (Yes/No)</b>	<b>.115</b>	<b>.132</b>
<b>Service credit - years (median)</b>	<b>5.0</b>	<b>2.0</b>
<b>Other (Yes/No)</b>	<b>.084</b>	<b>.052</b>
<b>Other - amount (median)</b>	<b>11.7</b>	<b>24.9</b>
<b>Other/annual earnings (median)</b>	<b>.271</b>	<b>.498</b>
<b>Unweighted N</b>	<b>324</b>	<b>376</b>

Notes:

Medians are conditional on the amount being positive, and are in \$1992 dollars.

Ratios of amounts to annual earnings based on 1992 annual earnings



**Table 12**  
**Wave 5 (2000) Employment Status**  
**By Receipt and Acceptance of Window Offer**

<b>Window Offer Status</b>	<b>Employment Status at Wave 5</b>		
	<b>Wave 1 Employer</b>	<b>New Employer</b>	<b>Not Working</b>
<b>Accepted between Wave 1 and Wave 5 (N=268)</b>	<b>.025</b>	<b>.303</b>	<b>.671</b>
<b>Received &amp; rejected between Wave 1 and Wave 5 (N=337)</b>	<b>.395</b>	<b>.255</b>	<b>.349</b>
<b>Received offer between Wave 1 and Wave 5 (N=3702)</b>	<b>.229</b>	<b>.275</b>	<b>.496</b>
<b>No offer received between Wave 1 and Wave 5 (N=610)</b>	<b>.275</b>	<b>.291</b>	<b>.435</b>