Promoting research on retirement and Social Security policy

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Occupations and Work Characteristics: Effects on Retirement Expectations and Timing

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As the population ages and Social Security finances are increasingly strained with fewer workers per recipient, it is becoming important to learn about how people might be able to extend their working lives past traditional retirement ages of 62 and 65. It is equally important to understand what factors lead workers to exit the workforce at earlier ages. Ideally, those who are near or at retirement age, but want to keep working and are able to do so, will have those opportunities. And those in poor health or with stressful or physically demanding jobs would be able to retire or have the option to transition gradually to retirement through part-time or bridge work.

In this work, we expand beyond variables traditionally used to predict retirement behavior, and examine the relationships between detailed occupation data, job characteristics, and retirement expectations and timing. The findings of this study represent preliminary steps in beginning to exploit the rich data resource of the detailed occupational categories in the HRS as an avenue to understand more about retirement timing in the United States. It is important to recall that these analyses exclude respondents who were retired or were working part-time at the time of their initial HRS interview. Thus these results should not be construed as representative of older adults as a whole. However, as the goal of this project is to shed some light on trends in occupational composition over time and how occupation and occupational characteristics may be related to retirement expectations and timing, we believe these analyses provide interesting descriptive information that points the way to areas for future work.

Our goal with this initial work is to look at compositional changes in employment of older workers over time, highlighting some occupations that may be retiring earlier (or may be less common in younger cohorts) or that may be retiring later (or may be more common in younger cohorts). Our results tend to show that more blue-collar jobs have the largest decreases in percentage of older workers in occupation, relative to older workers in all occupations. The range of occupations found in the largest increases reflects mostly white-collar jobs, but also includes occupations such as taxi drivers and farm operators. When we specifically model early and late retirement, we find interesting differences in which occupations are likely to be associated with longer work lives and earlier workforce departures. Many results are as expected. For example, we find white-collar, especially creative or labor-of-love-type, jobs such as clergy or writers/authors and/or those that are not physically demanding common in longer

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working occupations. However, we also find occupations such as taxi drivers and chauffeurs, guards and watchmen, and messengers as jobs where people are working past age 66. These are jobs that many people may have the qualifications to do. In some cases, they provide flexible hours, which many older workers find appealing, as well as opportunities for social engagement, which appears to be especially important for well-being at older ages.

We also sought to share some basic and interesting information about relationships between occupations and retirement expectations and to shed some light on which occupations and associated characteristics might encourage or discourage longer working lives. As expected, we find considerably more variation in the P62 and P65 outcomes by detailed occupations compared to the public occupations, suggesting that further exploring the detailed occupations is likely to be a fruitful direction. We found an interesting pattern of results in the regressions using the detailed occupations: If the occupation was statistically significantly associated with the expectations of working longer, the relationship was negative. These patterns also held in the analyses of actual retirement. This suggests increased attention be paid to identifying characteristics of occupations that encourage earlier retirement rather than just longer working. In the end, this may be a comparatively easier route to improving system finances than efforts to move workers to occupations in which later retirement is normative. Indeed, our analyses suggest that occupations where respondents report an older "usual age" or "no usual age" of retirement do have higher expectations of working past age 65. These norms, however, may be associated with less mutable aspects of the occupations.

Interestingly, job characteristics, both objectively (O*NET) and subjectively (HRS) measured, were found to be important predictors of retirement outcomes (both early and late retirement), but were not consistently associated with expectations of working past 62 and 65. In the early and late retirement analyses, we found that after accounting for occupational category, jobs that HRS respondents say entail less physical effort, less stress, and jobs that have not increased in difficulty in recent decades, and those in which people can reduce hours if desired, are associated with longer work. These analyses, however, did not include the baseline covariates, largely because they are mostly time-varying, and it is not clear what wave to select for their inclusion. Our next steps will include potentially using a Cox proportional hazards approach to enable us to use time-varying covariates, such as self-rated health and wealth, to predict retirement. It is possible that their inclusion will diminish the effects of job characteristics, but is not likely to eliminate it. It seems that individuals' experiences in their particular jobs are neither fully summarized by their job titles nor by the job characteristics tested in this paper.

This has two important implications: 1) both HRS and O*NET variables are useful and probably complementary levers for understanding retirement outcomes, and 2) case studies would be an important step to delve into the black box of what it means to work in a particular job and how that affects retirement outcomes. For example, identifying characteristics of occupations associated with earlier retirement could point to potential targets for policy intervention. It will also be useful to attempt to determine exactly which occupations reflect bridge jobs (rather than just longer held career jobs), as workers increasingly pursue this path to retirement. It would be especially interesting to learn about which occupations are easier to enter at older ages, even without very specific education or training. This might point to occupations that may be potentially open to people who have retired from their career jobs. In sum, the descriptive findings presented in this paper just begin to explore these rich data resources of the detailed occupation data in the HRS and the possibilities for learning about the relationships between occupational characteristics and retirement timing.