



Promoting research on retirement and Social Security policy

**Research Brief 380** | FEBRUARY 2018

# Shocks and Transitions from Career Jobs to Bridge Jobs and Retirement: A New Approach

John Ameriks, Joseph Briggs, Andrew Caplin, Minjoon Lee, Matthew D. Shapiro, and Christopher Tonetti \*

Encouraging households to work longer can counter the increase in the dependency ratio caused by the aging population in the United States and around the world. Specifically, working longer can also alleviate the financial strain on Social Security and Medicare caused by the aging population.

In order to design policies effective in encouraging working longer, an improved understanding of transition patterns into post-career employment is important.

- When and why do Americans leave their career job, defined as the most important job they had in their working career?
- What job characteristics encourage them to stay longer in the career job?
- After leaving the career job, how many of them directly transition into retirement and how many have a post-career bridge job?
- What job characteristics do they look for when they search for a post-career employment opportunity?

Having answers to these questions can provide guidance to policymakers in designing effective policies for promoting late-in-life labor market activities. This research provides a rich set of empirical evidence on these questions that comes from a new survey implemented under the Vanguard Research Initiative. The survey focuses on measuring late-life labor market activities of American households.

---

\* **John Ameriks** is Quantitative Equity Group head at The Vanguard Group, Inc. **Joseph Briggs** is an economist at the Federal Reserve Board of Governors. **Andrew Caplin** is the Silver Professor of economics at New York University. **Minjoon Lee** is an assistant economics professor at Carleton University. **Matthew D. Shapiro** is a research professor of economics at the University of Michigan. **Christopher Tonetti** is an associate economics professor at Stanford University. This research brief is based on MRRC Working Paper 2018-380.

The questionnaire features following innovations:

- It measures detailed job characteristics not only of a career job, but also of post-career bridge jobs.
- It examines respondents' reasons for leaving a career job and whether households would have changed their decisions under counterfactual situations.
- It examines post-career job search behavior of households.

The research finds that, even though a direct transition from a career job to full retirement is still the most common pattern, a significant fraction of older Americans reveal interest in working beyond the career job.

- Within this sample of older Americans with positive financial assets, 38 percent of had a post-career bridge job and another 7 percent of them looked for a post-career employment opportunity.
- Low health and bad business conditions were the not the main reasons for leaving the career job.
- For the minority of those who did leave career jobs owing to low health or bad economic conditions, had they counterfactually had better health or economic conditions, they likely would have decided to work longer.
- Those who work longer on their career job or have a post-career bridge job tend to work fewer hours, have a flexible schedule, and receive lower hourly wages.

This last finding suggests that older Americans value having less work burden and more flexibility in their work, which is also supported by post-career job search behavior. Therefore, innovations in the workplace that allow more flexible working arrangements could promote working longer.

---

University of Michigan Retirement Research Center  
Institute for Social Research 426 Thompson Street Room 3026  
Ann Arbor, MI 48104-2321 Phone: (734) 615-0422 Fax: (734) 615-2180  
mrrcumich@umich.edu www.mrrc.isr.umich.edu

---

**Sponsor information:** The research reported herein was performed pursuant to grant RRC08098401-09 from the U.S. Social Security Administration (SSA) through the Michigan Retirement Research Center (MRRC). The findings and conclusions expressed are solely those of the author(s) and do not represent the views of SSA, any agency of the federal government, or the MRRC.

**Regents of the University of Michigan:** Michael J. Behm, Grand Blanc; Mark J. Bernstein, Ann Arbor; Shauna Ryder Diggs, Grosse Pointe; Denise Ilitch, Bingham Farms; Andrea Fischer Newman, Ann Arbor; Andrew C. Richner, Grosse Pointe Park; Ron Weiser, Ann Arbor; Katherine E. White, Ann Arbor; Mark S. Schlissel, *ex officio*