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Early Retirement Windows

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"Early Retirement Windows"

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Abstract

An early retirement window is an offer, by an employer, of a special incentive to retire at a particular time, beyond that provided by the firm's pension plan. While such windows have attracted increasing attention in the academic literature and the business press, most of our current knowledge about them is based on case studies or compensation consultants' surveys of their clients. The Health and Retirement Study provides an opportunity to analyze the incidence and consequences of such offers among a representative sample of workers who are in the age range (51-61 in 1992) where such windows may be important.

HRS data suggest that window offers increased in the early 1990s. At their peak in the mid-1990s, employers were making about 5 offers per 100 workers age 55-59. One third of the offers were accepted. The economic impact of window offers depends on the extent to which those who accept such offers would have left the employer soon anyway, and those who are induced to leave one employer go to work elsewhere. But multiplying the frequency of such offers by the acceptance rate suggests a substantial potential impact on the employment of workers in the HRS age range.

Window offers are generally made to workers in "career" jobs. Such workers have above-average education, tenure with employer, and earnings. The attachment between the employer and such workers is often strengthened by defined-benefit pension plans, which discourage leaving before the early-retirement age of the pension plan but often also provide sharp incentives to leave "on time". Workers who received window offers were closer to early retirement age (as defined by their pension plan), and were expecting to retire sooner than other workers. Thus, one might expect that those who receive window offers would have retired earlier than other workers, even without the special window incentive. On the other hand, those receiving window offers are better paid and in better health than the average worker, and these differences would encourage them to retire later. Workers who received window offers worked in jobs that had cognitive rather than physical demands, and there is some evidence that those most affected by technological change were more likely to receive an offer.

Window offers with "up front" cash incentives offer, on average, six to eight months pay; those featuring increased pension benefits are more generous. Accepted offers tended to be those with more generous cash incentives and were more likely to include increased pension benefits, increased "service credit" (which indirectly raises pension benefits), and health insurance.

Those who received window offers are less likely to be working at subsequent waves of the HRS; this effect is larger at the interview following the window offer (where those receiving an offer are 15 percentage points less likely to be employed), but declines fairly rapidly thereafter. Controlling for a wide variety of variables that are related to receiving a window offer and to the probability of being employed does not change the short-run impact significantly, but increases the rate at which the impact declines in later waves.

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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 make 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 that 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 examine the frequency with which employers made window offers during the 1990s. I find that such offers peaked in mid-decade, despite falling unemployment rates for those in the relevant ages. At the peak, employers made offers to those 55-59 at a rate of about 5 offers per hundred workers per year, and at almost that rate for those who were still employed at age 60-64. Roughly one third of offers were accepted. The policy importance of this finding depends on whether those accepting offers would have retired at about that time anyway, and whether those who accept offers return to work elsewhere. On balance, the evidence suggests that window offers had a significant short-term effect on the employment of the HRS cohort.

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 first five waves is 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 though 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.[1]

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

[1] 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.

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.[2]

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 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.

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[2] 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.

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.[3]

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, an 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 ratio (taken from CPS). This alternative approach (Table 3), which approximates the "hazard" rate for receiving offers among those who are 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.

That windows offers increased over the first half of the decade and then declined is interesting, given that the economy began recovering by 1993. So some factor other than general business conditions seems to have been responsible for much of the increase.

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.

[3] 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

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

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average fraction of the year that had elapsed at the time of the HRS interview.

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 characteristics, health, and wealth of those who received one or more window offers between Wave 1 and Wave 5 and those who did not, 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). They are more likely to be white, less likely to be Hispanic, and marginally less likely to be black. They are more educated (40 percent college graduates vs. 19 percent for workers who do not receive window offers). They are in 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). While one might imagine that employers would like to offer special retirement inducements to workers in poor health, early-out windows are made to broad categories of workers rather than individually targeted, so the fact that offers are not disproportionately received by workers in poor health is unsurprising. That those receiving window offers are healthier than those who do not is consistent with the general tendency in Table 7 for window offers to be made to relatively advantaged workers. Those receiving window offers are, on average, about 50 percent wealthier than those who do not, at least based on the HRS "net worth" measure that does not include pension or Social Security wealth.

Many workers in their 50's are in "career" jobs -- they have worked full time with the same employer for many years, often in "good" jobs offered by large firms that provide above-

average wages and fringe benefits. Window offers go disproportionately to such workers (Table 8). Those who received a window offer over the next eight years had, by 1992, worked for their current employer for over 21 years, vs. 12 years for those who did not receive window offers. Median annual and hourly earnings are substantially larger for those who received 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%). Pension wealth is, on average, about three times as large for those who received window offers (median pension wealth for those who did not receive offers is zero!). For those with pensions on their current jobs, those who received window offers were two years closer to early retirement (consistent with their having more seniority). These differences are also evident if one limits the sample to respondents for whom summary plan descriptions (SPDs) could be obtained from their employers (not shown in Table 8); the SPD data also reveal that, for those receiving window offers, the ratio of annual pension-value accrual to earnings is higher by about eight percentage points. Finally, those who receive window offers are more likely to have employer-provided health insurance, and are more likely to keep it if they leave their current job. Overall, while focusing on window offers since the baseline interview allows us to include more variables than was possible in my earlier study of retrospective reports of window offers received prior to Wave 1 (Brown, 2000), the results in Tables 7 and 8 are consistent with those earlier results.

In Table 9, the working conditions at Wave 1 of those who did and did not subsequently receive a window offer are compared. Working condition variables are reported on varying scales (e.g., strongly agree, agree, disagree, strongly disagree with a statement that the job involves a particular characteristic; or a particular attribute occurs never, some of the time, all of the time); for ease of interpretation these have been converted to a scale running from zero (strongly disagree or never) to one (strongly agree or all of the time). There are several interesting patterns. First, those who receive window offers are less likely to work in jobs with heavy physical demands, and more likely to work in jobs with more cognitive demands. Second, workers who receive window offers are more likely than other workers to have jobs that have been more affected by technical change (e.g., involve dealing with computers, analyzing data or information, require skill updates, and do not involve repeating the same tasks). Third, those receiving window offers seem to work in jobs where earlier retirement is "the norm"--older workers are passed over for promotion, coworkers encourage early retirement, and the average

retirement age is lower (by more than a year and a half). Thus, window offers are more common in jobs in which technology might encourage employers to substitute younger, recently trained workers for older workers, but also in jobs where there are already other forces encouraging early retirement.

While a worker's current situation is an important determinant of retirement decisions in general and reaction to a window offer in particular, so too are expectations and retirement plans. Table 10 focuses on this set of variables. Consistent with the view that window offers are made to workers who are in "career" jobs, those receiving such offers report lower likelihood of job loss, and marginally greater difficulty in finding a comparable job if they were to lose their current one. While window offers are made by firms that are looking to downsize, HRS respondents who received such offers either did not foresee that that their firm would be downsizing or did not see themselves as particularly vulnerable to such cutbacks. Consistent with earlier tables, those receiving window offers see themselves as less likely to be working at 62 or 65, have thought more about retirement, and in fact plan to retire about a year before those who do not receive such offers. They believe they are less likely to have heath problems limit their ability to work, so impending health problems are not the reason for the expected earlier retirement. Their earnings expectations are very similar to those of other workers (in particular, they do not appear to foresee hard times in their future). Consistent with their greater financial wealth, they see themselves as more likely to be giving financial help to others. While one might have expected, given their greater education and higher wealth and earnings, that they would have more favorable expectations of living to 75 or 85, they do not. Those receiving offers tend to report longer planning horizons (the scale of this variable runs from 0=a few months to 1=10+ years) and be slightly more risk averse (judged by willingness to accept a riskier but higher-mean level of income).

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, and the differences that do emerge are sometimes unexpected (Table 11). Those who accept offers tend to have somewhat more education, are about half a year older, and have greater wealth. But black workers account for almost twice as large a fraction of rejecters as acceptors (12 percent vs. 7 percent), and those who accept the offer are as likely to be in good or excellent health as those who do not.

Labor market characteristics are also very similar for the two groups (Table 12). Those who accepted their offer had (as of the 1992 interview) about two more years of employer tenure and were one year closer to early retirement in 1992 and have more pension wealth. Those accepting window offers were less likely to be covered by a union contract. The remaining differences in Table 10 are small, particularly in light of the small samples on which they are based.

Differences in working conditions of those who accepted and rejected window offer are presented in Table 13. There is a modest tendency for offers to those in jobs with physical demands to be rejected, and for those with cognitive demands (especially dealing with computers) to be accepted. Perhaps surprisingly, mean values of the variables that capture a "norm" of early retirement differ negligibly between accepted and rejected offers.

Differences in expectations and retirement planning are summarized in Table 14. One strong but unsurprising theme is that those who accepted window offers were more likely to have said at Wave 1 that they did not plan to work to age 62 or age 65, and planned to stop working altogether at younger ages. They also had less optimistic expectations for earnings growth on their Wave 1 job. Finally, they thought the chances of losing their jobs were higher, and chances of finding an equally good job lower, than those who rejected their window offers, though these last differences are not statistically significant.

Overall, differences between those who accepted and rejected window offers are smaller than those between those who did and did not receive offers. This is not just a matter of differences being less likely to be judged to be "significant" in the smaller samples in this section; indeed, given the small samples the regularity of the finding of relatively small differences between those who accept and those who reject offers is itself somewhat surprising.

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 15, I present the fraction of offers that included each of a number of incentives, and (for the more important ones) the amount being offered.

The first line Table 15 shows that a cash bonus was a component of about half of both accepted and rejected offers (52.6 percent and 53.7 percent, respectively). Across the various benefit categories, a few benefits are more common in accepted offers (additional pension benefits, permanent medical insurance), and there are negligible differences for the others.

Three of the benefits are valued in dollars and available either immediately or over a relatively short period (cash bonus, temporary cash, and "other"). Combining these three benefits, we see that median amounts are similar for accepted and rejected offers, but replace a larger fraction of earnings for the accepted offers.[4] Note that the tabulated medians refer to those with positive values of the benefit in question. For pension benefits, amounts offered are somewhat larger in rejected offers, but the ratio of additional benefits to current earnings is very similar for the two groups. Finally, additional service credit is larger for accepted offers (five years vs. two).

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, benefits amount to six months salary for rejected offers and eight months for accepted offers. . This seems consistent with previous studies based on less representative samples (e.g., Lumsdaine, Stock, and Wise, 1990; Utz, 1998). For window offers that promise increased pension benefits, the incentive amounts to about 9 percent of earnings, which (in present value terms) is more generous than the cash offers. The incentives in Table 15 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 we have seen that those planning to retire early are more

[4] Because average earnings of those who accept and reject offers are very similar (Table 12), one might wonder how similar benefit amounts can translate into different replacement rates. This pattern suggests

likely to accept than those planning remain until normal retirement age. In this section, I try to estimate the extent to which window offers actually reduced employment of HRS respondents who received them.

Table 16 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.

While relating receipt of a window offer to end-of-period employment provides a simple indicator of the effect of such offers, there are two important complications. First, only those who remain employed can receive a window offer; thus, while offers may reduce employment, being employed increases one's chances of getting an offer. Second, we have seen that those who receive window offers differ in important ways from those who do not. While some of these differences suggest that those receiving window offers would be less likely to remain employed (they participate in defined benefit pension plans, which often have sharp retirement incentives (Gustman, Mitchell, and Steinmeier, 1994), and they say they plan to retire earlier), others (being better paid and in better health) point in the opposite direction.

Table 17 provides a simple response to the problem of reverse causation. Here, those receiving window offers are divided according to when the offer was received, and for each "offer cohort" their subsequent employment probabilities are compared to those HRS respondents who did not receive a window offer. Among those working for someone else at Wave 1, those

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that earnings are lower in accepted offers among those that receive cash as part of their offer.

who received a window offer between Wave 1 and Wave 2 are 16 percentage points less likely to be employed at Wave 2. This difference declines to 6 points by Wave 5 (reflecting window recipients returning to work but, more importantly, a tendency of workers in general to reduce participation as they age). While we observe later "cohorts" of window recipients for fewer subsequent waves (and, given the pattern of window offers in Tables 1-3, we have fewer recipients), the same pattern is evident throughout Table 17.

Of course, the differences between those receiving offers and those who did not gives an unbiased estimate of the effect of such offers only if the two groups would have had the same propensity to continue working in the absence of the offer. A central message of Tables 7-10 is that the two groups differ in many potentially important ways. Whether the simple difference is an over- or under-estimate of the effect of window offers is unclear, as noted above. In order to gauge the effect of other differences between groups, we ran two sets of (unweighted) probit equations for each of the ten lines in Table 17. The first was a simple probit with the only explanatory variable being the dummy variable for receiving a window offer. The second was a probit model with the variables included in Tables 7-10, as well as industry and occupation dummies, as controls.[5] Adding so many variables, often with several variables measuring slightly different aspects of the same general factor, was done not to produce "interesting" and easily interpretable employment equations but to control as far as possible for differences between the two groups. The proportionate reduction due to these controls in our estimate of the effect of a window offer is presented in the last column of Table 17. It is defined as

1-[(probit coefficient with controls)/(probit coefficient without controls)]

The effect of the controls is virtually zero when estimating the short-run effect of a window offer (i.e., the effect of an offer received between waves t-1 and t on wage t employment). But the effect of the controls grows over time, and after two or three waves (i.e., 4-6 years) the controls eliminate any effect.

[5] In a few cases, we modified the form of these variables for the probit model. For example, we used the logarithms of weeks worked, hours worked per week, and the hourly wage (and therefore omitted the log of annual earnings); we used splines (with nodes at the quartile points of the distribution) for wealth, the hourly wage, and pension wealth); and we created dummy variables for missing values where either non-response or the skip logic of the survey left a significant number of observations for a variable missing.

The overall pattern in Table 17 can therefore be summarized rather succinctly. About a year after receiving a window offer, those who received the offer are about 15 percentage points less likely to be employed than are other workers in the HRS cohort, and very little of this difference can be explained by differences in observable demographic variables, health measures, wages, pension plans, working conditions, or plans and expectations. But this effect declines, essentially to zero when one holds constant these control variables, after another five years or so.

When all is said and done, did window offers have an important effect on the employment of the HRS cohort in the 1990s? A rough calculation suggests that the effect was substantial. Roughly 3 percent of the HRS cohort reported receiving a window offer between waves 1-2, and another 3 percent between waves 2 and 3. If the immediate effect was to reduce the proportion of those receiving offers by .15, the effect on the employment/population ratio at wave 2 or wave 3 would be .0045, or nearly half of a percentage point. To be sure, one might imagine that an "ideal" set of control variables would reduce the estimated effect of such window offers. On the other hand, our simple calculation ignores the (diminishing) effect of earlier offers. Thus, if window offers reduced the proportion of those receiving them by anything like our .15 estimate, the effect of such offers in the mid-1990s was substantial.

Conclusions and Directions for Future Research

At the end of a study with many tables and perhaps too many variables, the data appear to tell a relatively simple story. Early-out windows became more common in the first part of the 1990s, and then began to decline around mid-decade. This pattern cannot be explained by cyclical patterns in the economy, because unemployment rates and fell and employment to population rates rose throughout the decade, for older workers as well as workers in general. Window offers are made to workers who ordinarily would expect employment stability -- workers with high earnings, long tenure, and defined benefit pensions that provide incentives to remain employed until "retirement age" and then retire on time. This picture is quite consistent with the textbook model of "buyouts" when an exogenous shock reduces the value of specific human capital (Lazear, 1998, Chapter 7). By the time such workers reach the age range included in HRS, which roughly corresponds to the age range when such offers become common, they are nearing that "retirement age". There is some evidence that older workers most affected by technology are more likely to receive such offers.

Given the timing of window offers, they plausibly accelerate the worker's departure from the firm (and, perhaps, from the labor force) by years, not decades. Offers that emphasize cash provide on average 6-8 months' salary; those that emphasize pension benefits are on average somewhat more generous. About a third of these offers are accepted. Employment of those receiving offers is reduced by 15 percentage points in the short run; the difference between one third and .15 reflects acceptance by some workers who would have retired anyway and re-employment by some who were ready to accept a window offer but not to retire altogether.

While the preceding discussion has, I hope, suggested a range of different topics for future research, I want to focus here on two. First, our estimates 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 receipt of a window offer is not a random event. Recipients differ from non-recipients in many ways. While a serious attempt to control for such differences using the rich set of variables available in HRS suggests that the net effect of observable differences on the short-run impact of such offers is small, the results presented in this study are surely not the last word on the subject. 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

Birth Cohort	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	1990-2000	1996-2000
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
HRS	0.84	1.55	2.77	2.29	3.13	2.62	2.34	1.79	1.32	0.81	0.85		
HRS+WB	0.62	1.05	1.73	1.53	2.03	1.78	1.76	1.62	1.53	1.23	1.10		

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

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

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

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

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

Birth Cohort	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	1990-2000	1996-2000
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

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

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

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

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

Worker Characteristic (at Wave 1)	Received Offer Since Wave 1?			
	Yes	No	Diff.	Std. Err.
Male	.661	.490	.171	.019
Black	.089	.103	-.014	.012
Hispanic	.030	.061	-.031	.007
High school graduate	.511	.582	-.071	.020
College graduate	.403	.191	.212	.020
Birth year	1936.5	1936.5	.061	.125
Married, spouse present	.760	.735	.025	.017
Physical health good or excellent	.669	.589	.080	.019
Vision good or excellent	.737	.538	.099	.018
Hearing good or excellent	.595	.592	.003	.020
Health limits work	.052	.096	-.044	.009
Net worth ($000, median)	151	102	49.0	19.6
Unweighted N	700	4765		

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

Labor Market Variable (at Wave 1)	Received Offer Since Wave 1?			
	Yes	No	Diff.	Std. Err.
Weeks worked per year	49.9	49.9	-0.0	2.0
Hours worked per week	42.3	39.9	2.4	.33
Years tenure on current job	21.5	12.2	9.3	.39
Annual earnings ($000, median)	38.8	21.8	16.9	
Average hourly earnings (median)	17.79	10.53	7.26	
Covered by union contract	.472	.237	.235	.020
Employer (company) size $\geq$ 500	.852	.699	.153	.016
Pension is defined benefit	.411	.258	.153	.020
Pension is defined contribution	.137	.212	-.075	.014
Pension is combination of DB and DC	.412	.139	.273	.020
Years to early retirement	1.432	3.447	-2.015	.221
Pension wealth, all jobs ($000)	173	59	134	8.3
Health insurance: lose if leave job	.044	.075	.081	.019
Health insurance: keep if leave job	.940	.791	-.031	.009
Unweighted N	700	4765		

Table 9
Working Conditions of Workers
by Receipt of Window Offer, 1992-2000
Original HRS cohort, working for someone else at Wave 1

	Received Offer Since Wave 1?			
Working Conditions (at Wave 1)	Yes	No	Diff.	Std. Err.
Job requires physical effort	0.322	0.431	-0.109	0.014
Job requires heavy lifting	0.157	0.237	-0.080	0.011
Job requires stooping, kneeling, crouching	0.277	0.350	-0.073	0.013
Job requires good eyesight	0.811	0.800	0.011	0.010
Job requires intense concentration/attention	0.792	0.764	0.028	0.010
Job requires skill dealing with people	0.836	0.813	0.023	0.011
Job requires dealing with computers	0.483	0.330	0.153	0.016
Job requires analyzing data/info	0.603	0.405	0.198	0.015
Job requires keeping to pace of others	0.570	0.526	0.044	0.015
Job requires repeating same tasks	0.578	0.644	-0.066	0.014
Job requires learning new things	0.617	0.528	0.089	0.012
Has freedom to decide how to do work	0.675	0.621	0.054	0.013
Co-workers are helpful/friendly	0.749	0.777	-0.028	0.009
Could do better job if skills updated	0.516	0.478	0.038	0.012
Job has become more difficult	0.598	0.515	0.083	0.011
Job requires good memory	0.758	0.729	0.029	0.008
Job involves a lot of stress	0.636	0.589	0.047	0.011
Pay fair for this line of work	0.658	0.606	0.052	0.009
Pay depends on job performance	0.411	0.449	-0.038	0.011
Younger workers preferred for promotion	0.370	0.339	0.031	0.009
Coworkers encourage retirement <65	0.365	0.325	0.040	0.009
Can switch to easier job w lower pay	0.373	0.423	-0.050	0.009
Average retirement age for this job	61.565	63.156	-1.591	0.164
Unweighted N	700	4765		

Table 10
Expectations and Planning of Workers
by Receipt of Window Offer, 1992-2000
Original HRS cohort, working for someone else at Wave 1

Expectations/Planning Variable (at Wave 1)	Accepted Offer Since Wave 1?			
	Yes	No	Diff.	Std. Err
Job loss in next year (0-10 scale)	1.446	1.816	-0.370	0.100
Could find equal job in a few months (0-10 scale)	3.349	4.560	-1.211	0.144
Will work full time at 62 (0-10 scale)	3.930	4.728	-0.798	0.155
Will work full time at 65 (0-10 scale)	1.873	2.370	-0.497	0.120
Planning to stop work altogether	0.284	0.231	0.053	0.018
Haven't given retirement much thought	0.282	0.390	-0.108	0.018
Year when stop work altogether	1999	2000	-1.023	0.187
Health limit work in next ten years? (0-10 scale)	3.560	3.939	-0.379	0.106
Real earnings up(1) / constant(0) / down(-1)	0.480	0.467	0.013	0.028
Give financial help in next ten years (0-10 scale)	4.436	4.014	0.422	0.128
Will live to age 75 (0-10 scale)	6.635	6.623	0.012	0.110
Will live to age 85 (0-10 scale)	4.420	4.389	0.031	0.124
Planning horizon (0-1 scale)	3.227	3.095	0.132	0.044
Risk tolerance (0-1 scale)	0.236	0.248	-0.012	0.005

Table 11
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

Worker Characteristic (at Wave 1)	Accepted Offer Since Wave 1?			
	Yes	No	Diff.	Std. Err.
Male	.651	.674	-.023	.036
Black	.066	.117	-.051	.022
Hispanic	.026	.035	-.009	.013
High school graduate	.544	.471	.073	.038
College graduate	.383	.426	-.043	.038
Birth year	1936.2	1936.9	-.670	.233
Married, spouse present	.757	.762	-.005	.033
Physical health good or excellent	.664	.675	-.011	.035
Vision good or excellent	.750	.721	.029	.033
Hearing good or excellent	.611	.576	.035	.037
Health limits work	.053	.052	.001	.017
Net worth ($000, median)	163.5	133.5	30.0	
Unweighted N	376	324		

Table 12
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

Labor Market Variable (at Wave 1)	Accepted Offer Since Wave 1?			
	Yes	No	Diff.	Std. Err.
Weeks worked per year	49.9	49.8	.144	.407
Hours worked per week	42.6	41.9	.693	.580
Years tenure on current job	22.3	20.4	1.92	.722
Annual earnings ($000, median)	38.4	39.1	-1.6	
Average hourly earnings (median)	17.53	17.89	-.36	
Covered by union contract	.430	.522	-.092	.038
Employer (company) size $\geq$ 500	.872	.827	.045	.028
Pension is defined benefit	.404	.419	-.015	.038
Pension is defined contribution	.119	.158	-.039	.026
Pension is combination of DB and DC	.440	.378	.062	.037
Years to early retirement	1.066	1.880	-.814	.399
Pension wealth, all jobs ($000)	185	159	26.7	12.9
Health insurance: lose if leave job	.037	.053	-.016	.016
Health insurance: keep if leave job	.946	.932	.014	.018
Unweighted N	376	324		

Table 13
Working Conditions of Workers
by Outcome of Window Offer, 1992-2000
Original HRS cohort, working for someone else at Wave 1

Working Conditions (at Wave 1)	Accepted Offer Since Wave 1			
	Yes	No	Diff.	Std. Err.
Job requires physical effort	0.297	0.352	-0.055	0.026
Job requires heavy lifting	0.149	0.168	-0.019	0.020
Job requires stooping, kneeling, crouching	0.258	0.299	-0.041	0.023
Job requires good eyesight	0.820	0.800	0.020	0.018
Job requires intense concentration/attention	0.788	0.797	-0.009	0.018
Job requires skill dealing with people	0.839	0.832	0.007	0.019
Job requires dealing with computers	0.513	0.448	0.065	0.030
Job requires analyzing data/info	0.620	0.584	0.036	0.028
Job requires keeping to pace of others	0.581	0.556	0.025	0.028
Job requires repeating same tasks	0.569	0.589	-0.020	0.025
Job requires learning new things	0.619	0.615	0.004	0.023
Has freedom to decide how to do work	0.654	0.701	-0.047	0.024
Co-workers are helpful/friendly	0.746	0.753	-0.007	0.018
Could do better job if skills updated	0.532	0.497	0.035	0.022
Job has become more difficult	0.605	0.591	0.014	0.019
Job requires good memory	0.768	0.747	0.021	0.014
Job involves a lot of stress	0.647	0.624	0.023	0.021
Pay fair for this line of work	0.669	0.644	0.025	0.018
Pay depends on job performance	0.433	0.383	0.050	0.019
Younger workers preferred for promotion	0.373	0.367	0.006	0.018
Coworkers encourage retirement <65	0.368	0.360	0.008	0.018
Can switch to easier job w lower pay	0.399	0.342	0.057	0.017
Average retirement age for this job	61.551	61.581	-0.030	0.312

Table 14
Expectations and Planning of Workers
by Outcome of Window Offer, 1992-2000
Original HRS cohort, working for someone else at Wave 1

Expectations/Planning Variable at Wave 1	Accepted Offer Since Wave 1?			
	Yes	No	Diff.	Std. Err.
Job loss in next year (0-10 scale)	1.550	1.322	0.228	0.186
Could find equal job in a few months (0-10 scale)	3.131	3.609	-0.478	0.268
Will work full time at 62 (0-10 scale)	3.311	4.672	-1.361	0.286
Will work full time at 65 (0-10 scale)	1.567	2.243	-0.676	0.222
Planning to stop work altogether	0.298	0.266	0.032	0.035
Haven't given retirement much thought	0.253	0.317	-0.064	0.034
Year when stop work altogether	1998	2000	-1.723	0.337
Health limit work in next ten years? (0-10 scale)	3.623	3.486	0.137	0.196
Real earnings up(1) / constant(0) / down(-1)	0.413	0.560	-0.147	0.050
Give financial help in next ten years (0-10 scale)	4.267	4.640	-0.373	0.239
Will live to age 75 (0-10 scale)	6.511	6.783	-0.272	0.203
Will live to age 85 (0-10 scale)	4.385	4.461	-0.076	0.231
Planning horizon (0-1 scale)	3.242	3.210	0.032	0.083
Risk tolerance (0-1 scale)	0.236	0.235	0.001	0.010

Table 15
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

Benefit Included in Window Offer	Accepted Offer Since Wave 1?			
	Yes	No	Diff.	Std. Err.
Cash bonus (Yes/No)	.526	.537	-.011	.038
Additional pension benefit (Yes/No)	.346	.260	.086	.035
Lump-sum pension contribution (Yes/No)	.041	.012	.029	.012
Permanent medical insurance (Yes/No)	.088	.026	.062	.017
Temporary medical insurance (Yes/No)	.038	.052	-.014	.016
Temporary cash payments (Yes/No)	.066	.051	.015	.018
Service credit (Yes/No)	.112	.132	-.020	.025
Life Insurance (Yes/No)	.004	.000	.004	.003
Other (Yes/No)	.077	.052	.025	.018
Cash+Temp Cash+Other ($ median)	23.5	23.5	0.0	
(Cash+Temp Cash+Other)/annual earnings (median)	.676	.498	.178	
Additional pension benefit - ($000 per year median)	3.14	4.20	1.05	
Additional pension benefit/annual earnings (median)	.085	.089	-.004	
Service credit - years (median)	5.0	2.0	3.0	
Unweighted N	324	376		

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 16
Wave 5 (2000) Employment Status
By Receipt and Acceptance of Window Offer

Window Offer Status	Employment Status at Wave 5		
	Wave 1 Employer	New Employer	Not Working
Accepted between Wave 1 and Wave 5 (N=338)	.036	.294	.671
Received & rejected between Wave 1 and Wave 5 (N=268)	.474	.258	.268
Received offer between Wave 1 and Wave 5 (N=610)	.229	.277	.495
No offer received between Wave 1 and Wave 5 (N=3703)	.274	.294	.432

Table 17
Effect of Window Offer on Subsequent Employment

Dependent Variable: Employed at	Window Offer Received Between	Received Offer		No Offer		Diff.	Std. Err.	Proportional Reduction due to Controls
		N	Fraction Working	N	Fraction Working			
Wave 2	Waves 1&2	4706	0.702	284	0.863	-0.161	0.021	.138
Wave 3	Waves 1&2	4487	0.608	266	0.752	-0.144	0.027	.597
Wave 4	Waves 1&2	4292	0.543	246	0.660	-0.117	0.031	1.041
Wave 5	Waves 1&2	4076	0.499	237	0.562	-0.064	0.033	1.853
Wave 3	Waves 2&3	3760	0.676	176	0.837	-0.161	0.029	-.102
Wave 4	Waves 2&3	3589	0.613	161	0.720	-0.107	0.036	.380
Wave 5	Waves 2&3	3425	0.538	154	0.609	-0.071	0.040	.708
Wave 4	Waves 3&4	3189	0.606	78	0.823	-0.217	0.044	.041
Wave 5	Waves 3&4	3038	0.559	73	0.696	-0.137	0.055	.367
Wave 5	waves 4&5	2716	0.695	43	0.789	-0.094	0.063	-.265