# THE CHANGING CAUSES AND CONSEQUENCES OF
# NOT WORKING BEFORE AGE 62

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**Abstract**

This study uses the *Health and Retirement Study* to deepen our understanding of the characteristics of nonworking adults ages 51 to 61 and how they support themselves before qualifying for Social Security benefits.

The results show that nonworking adults ages 51 to 61 are a heterogeneous group. A large share is poor, with low incomes and limited wealth. But a sizeable share has low incomes and abundant wealth. These individuals are income poor but asset rich. More than for singles, this phenomenon characterizes nonworking married adults. In general, we find that nonworking married adults are significantly better off than their unmarried counterparts. Many nonworking married adults have working spouses. On average, married adults without earnings have twice the per person income and more than ten times the per person assets of single adults without earnings. Additionally, married adults without earnings are 20-30 percentage points less likely to be poor than single adults without earnings.

It is important for policymakers to understand who stops working early and how they support themselves. Nonworkers may be more likely to apply and qualify for Social Security disability and SSI benefits. Also, more than any other group, nonworkers will be adversely impacted by any increases to the early entitlement age. Finally, nonworkers are especially vulnerable in retirement because they are likely to have lower savings, Social Security benefits, and pensions than workers.

**Introduction**

According to data from the Bureau of Labor Statistics, nearly one in three men between ages 55 and 61 did not work in January 2011. This statistic includes men who were unemployed and looking for work, as well as those who were no longer in the labor force or never worked. Although the share of nonworking older men increased dramatically because of job losses created by the Great Recession, it has been steadily on the rise since 1990 when only around one in four older men was not working.

This trend is particularly alarming, considering that most adults ages 55 to 61 are not yet eligible for Social Security or pension benefits, and most do not qualify for disability benefits. So who is in this growing group of older nonworkers, and how are they supporting themselves? Prior research has concentrated on issues related to labor force retirement, both voluntary and involuntary, as well as Social Security benefit claiming at both the early entitlement and full retirement ages. Only one previous study we identified focused exclusively on nonworking older adults.

Our paper updates and extends this previous analysis using data from the Health and Retirement Study (HRS) to deepen our understanding of nonworking older adults and how they support themselves before qualifying for Social Security benefits. We examine their characteristics, including demographics, health status, and lifetime labor force attachment. We analyze the effects of various factors on the likelihood of not working and how those have changed over time. Finally, we address the consequences of not working between ages 55 and 61 by examining poverty rates, Social Security claiming age, and overall retirement satisfaction later in life.

It is important for policymakers to understand who stops working early and how they support themselves. Nonworkers may be more likely to apply and qualify for Social Security disability and Supplemental Security Income (SSI) benefits. Also, more than any other group, nonworkers will be adversely impacted by any increases to the early entitlement age. Finally, nonworkers are especially vulnerable in retirement because they are likely to have lower savings, Social Security benefits, and pensions than workers.

**Background**

For years, researchers and policymakers have promoted delaying retirement as the best way to improve older adults' prospects for an economically secure and healthy retirement (Butrica, Smith, and Steuerle 2006; Munnell and Sass 2008). Yet since the early 1990s, the share of nonworking older men has been rising steadily, driven primarily by the rise in those not participating in the labor force. Between 1990 and 2006 (i.e., before the recession), the percentage of men ages 55 and 61 who was unemployed fell 23 percent, while the percentage of those not in the labor force increased 7 percent (Bureau of Labor Statistics 2011). Indeed, Lachance and Seligman (2008) find that more than 70 percent of retirements among adults ages 50 to 67 are voluntary.

These statistics are concerning, because the majority of older adults cannot afford to stop working, whether or not job exits are voluntary. Because of their tenure and work experience, older workers tend to experience larger earnings losses than younger workers when they leave their jobs. Couch, Jolly, and Placzek (2009), using administrative earnings data from Connecticut unemployment insurance records, find that earnings losses following displacement increase with age—averaging 20 percent at age 40, 26 percent at age 50, and 59 percent at age 62. Some of those who lose their jobs will qualify for unemployment benefits, but these are paid for a maximum of 26 weeks in most states. Furthermore, most adults ages 55 to 61 are not yet eligible for Social Security or pension benefits, and most do not qualify for disability benefits. Social Security pays benefits at the full retirement age (FRA), which was 65 but is gradually increasing to 67. Retirees can also choose to receive permanently reduced benefits as early as 62, the early entitlement age (EEA). While waiting to reach Social Security's EEA, many older adults may be forced to dip into their savings and 401(k) plans to meet current consumption needs, leaving fewer funds available in retirement. However, there are those who do not have any and certainly not substantial savings to help support themselves until they can secure new jobs. Moreover, studies show that older adults have more difficulty than younger adults finding jobs (Maestas and Li 2006).

*Previous Research*

Numerous studies have analyzed workers' transitions from employment into retirement (Coile and Gruber 2007; French 2005; Gustman and Steinmeier 2005; Zissimopoulos, Maestas, and

Karoly 2007). Some analyses focused on understanding the differences between voluntary and involuntary retirement and found that poor health, job loss, and care obligations are associated with involuntary retirement, while age, pensions, Social Security, and savings are more related to voluntary retirement (Johnson and Mermin 2009; Lachance and Seligman 2008; Smith 2006; Szinovacz and Davey 2005). Other studies estimated the impact that early retirement has on future retirement benefits. Johnson, Mermin, and Murphy (2007) found that older workers who leave the labor force early have significantly reduced lifetime Social Security and pension wealth.

Distinct from workforce retirement, a number of studies have focused on Social Security retirement. Topics on early Social Security claiming include comparing adults who take early benefits with those who do not (Burkhauser, Couch, and Phillips 1996; Li, Hurd, and Loughran 2008; Mitchell and Phillips 2000; Panis et al. 2002), identifying the optimal age to claim benefits (Coile et al. 1999), and measuring the extent to which people use early Social Security benefits as a safety net when their ability to work is limited because of health conditions (Bound and Waidmann 2010) or they experience financial hardship (Johnson and Mermin 2009).

The research question our paper addresses comes closest to that of an earlier study by the Congressional Budget Office (CBO), which used the 2001 Survey of Income and Program Participation (Smith 2004). That paper compares the demographic characteristics, income, assets, and health insurance coverage of adults ages 50 to 61 who described themselves as retired from the labor force with those who described themselves as not in the labor force because of a disability, and those who described themselves as working. The findings indicate that the majority of nonworkers cited a chronic health condition or disability as the reason for not working. Among nonworkers, the disabled had lower income, higher poverty, and fewer assets than the retired. Although the retired also had lower income than workers, they had significantly more assets than workers.

Like the CBO study, our paper analyzes the characteristics and financial resources of nonworking older adults—including those who are unemployed, who have retired, or who never worked—before Social Security eligibility. To do this, we use data from the 1992 through 2010 waves of the HRS. We define nonworkers on the basis of their reported earnings, rather than their self-reported work status. We then analyze the demographic and economic characteristics of nonworkers and workers separately by sex and marital status, since most spouses share their

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household resources and benefit from economies of scale. Finally, we use multivariate analyses to investigate the likelihood of being a nonworker and whether it has changed over time.

**Data and Methods**

Our analysis is based on the HRS and the RAND HRS Data File (a cleaned and easy-to-use file with imputations for missing values). The HRS is a nationally representative longitudinal survey of older Americans that collects detailed information on earnings, marital status, private income sources, government transfers, assets, work experience, health status, and living arrangements. Conducted by the University of Michigan with primary funding from the National Institute on Aging, it first interviewed respondents born 1931 to 1941 in 1992, when they were ages 51 to 61. Older cohorts were introduced to the survey in 1993 and 1998, and younger cohorts were introduced in 1998 and 2004. Respondents were resurveyed every other year, and the most recent information when this study was completed was collected in 2010.

For our analysis, we restrict our sample to respondents who are ages 55 to 61 (and their spouses who are below age 61) in each wave between 1992 and 2008, as well as respondents who are ages 57 to 61 (and their spouses who are below age 61) in 2008 and 2010.[1] We exclude self-employed respondents and spouses. Using self-reported earnings data, we separate respondents into nonearners and earners. We classify nonearners as those whose annual earnings are below the amount needed to earn one quarter of Social Security coverage, which was $1,120 in 2011.

We analyze total income, which includes earnings (wages and salaries, professional practice or trade income, and tips and bonuses), capital income (business income, rental income, and income from assets including stocks, bonds, checking accounts, certificates of deposit, and Individual Retirement Account withdrawals), income from pensions and annuities, SSI benefits, Social Security/Disability Insurance (DI) benefits, unemployment and worker's compensation, government transfers (veterans' benefits, welfare benefits, and food stamps), and other income (lump sum income from pensions, inheritances, and insurance).

We also analyze total assets, which include financial assets, housing equity, and other assets. Financial assets include Individual Retirement Account (IRA) balances; stock and mutual

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[1] At the time this paper was written, the Middle Baby Boomer (MBB) cohort in the 2010 HRS data had not been released. Therefore, we could only observe respondents ages 57 and older in 2010.

fund values; bond funds; checking, savings, money market, and certificates of deposit account balances; and trusts, less unsecured debt. Housing equity is the value of a home, less mortgages and home loans. Other assets include the net value of other real estate, vehicles, and businesses.

We present results separately for single men, single women, married men, and married women. We express income and assets in constant 2010 dollars and divide by two for married respondents to generate per capita measures.[2]

**Results**

In 1992, 2.8 million or 29.1 percent of adults ages 55 to 61 were not working. By 2008, nonearners grew to represent 5.6 million or 30 percent of adults in this age group (figure 1). In this section, we begin by comparing the characteristics and economic resources of nonearners and earners ages 55 to 61. Then we focus our analyses exclusively on nonearners, comparing single men, single women, married men, and married women. First, we analyze their level and sources of income and assets. Then we estimate the likelihood of not working between ages 55 to 61 to better understand the factors associated with being a nonearner. Next we consider the consequences of not working at older ages. For each of these analyses, we also consider changes between 1992 and 2008. Finally, we consider how the prevalence of nonearners, their characteristics and economic resources, and the likelihood of being a nonearner changed between 2008 and 2010—before and after the Great Recession.

*Differences between Nonearners and Earners*

Adults ages 55 to 61 with no earnings have lower socioeconomic characteristics, income, and assets than their counterparts with earnings. In 1992, nonearners in this age group were more likely than their working counterparts to be single men, single women, married women, non-Hispanic blacks, Hispanics, high school dropouts, in fair or poor health, and to have health problems that limited the amount or kind of work they could do (table 1). They were less likely than earners to be married men, non-Hispanic whites, high school and college graduates, and in excellent health. Nonearners were also less likely than earners to have working spouses. Additionally, those without earnings had significantly less lifetime work experience than those with earnings—working an average of only 20.1 years compared with 33.4 years for earners.

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[2] Throughout our analysis we refer to all individuals who are partnered as "married."

Nonworkers also had more job changes over their lifetimes, with 29.4 percent working fewer than five years on any job and 59.7 percent working 5 or more years on at least one job. In contrast, only 6.7 percent of earners worked fewer than five years on any job and 93 percent worked five or more years on at least one job. On average, nonearners had been out of work for 13 years in 1992, and one in eleven had never worked at all—making them ineligible for Social Security benefits (unless they had been married to a working spouse or would marry one in the future).

Nonworkers averaged only $24,000 of per capita total income in 2010 price-adjusted dollars compared with $46,900 for workers. Not surprisingly, nonearners were much more likely than earners to be poor—compare 31.3 percent of nonearners with 3.1 percent of earners. Ignoring assets will understate economic well-being, since people can borrow against or liquidate their assets to maintain their standard of living. In fact, a number of studies have shown that broader measures of resources enhance the well-being of adults age 65 and older relative to the official poverty measure (Butrica, Murphy, and Zedlewski 2010; Citro and Michael 1995; Hurd and Rohwedder 2006; Johnson and Smeeding 2000; NAS 2005; Wolff, Zacharias, and Kum 2007). We find that 83.6 percent of nonearners ages 55 to 61 reported positive assets (including housing) in 1992—a relatively high proportion, considering that 94.2 percent of earners also had positive assets. However, the typical nonworker had $82,600 in per capita total wealth compared with $103,300 for the typical worker.

Sixteen years later, nonearners and earners continued to differ along many of these same dimensions, but often to a larger degree. Even more in 2008 than in 1992, nonearners were more likely than earners to be single men, minorities, not to have completed high school, and to have work-limiting health conditions. And even more in 2008 than in 1992, nonearners were less likely than earners to have a working spouse. One notable difference between nonearners and earners that changed over time concerned married women. In 1992, nonearners were considerably more likely than earners to be married women (compare 35.5 percent of nonearners with only 21.2 percent of earners). By 2008, the share of nonearners who were married women declined to only 27.9 percent—virtually the same share (25.6 percent) as earners.

Figure 2 depicts the same story. Between 1992 and 2008, the share of nonworkers increased 25 percent among married men, 9 percent among single men, and 4 percent among single women, but declined 22 percent among married women. In 2008, 39.3 percent of single

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men, 34.4 percent of single women, 23.2 percent of married men, and 31.9 percent of women ages 55 to 61 were not working. To account for the differences between these nonearners, we separate single men, single women, married men, and married women for most of the remaining analyses.

*Income Sources of Nonearners*

Table 2 considers the various sources of income that nonearners receive. In 1992, the most common income sources among single nonworkers were government transfers and Social Security/DI benefits. Social Security pays widow(er) benefits beginning at age 50 if disabled, age 60 if not disabled, or any age if caring for the young or disabled children of a deceased worker.

Around 32 percent of single male nonearners and 40.8 percent of single female nonearners received government transfers. In addition, 28.1 percent of single male nonworkers and 28.6 percent of single female nonworkers received Social Security or DI benefits. Also common were capital income, SSI benefits, and pension benefits for both single men and single women.

In 1992, the most common income sources among married nonworkers were spouses' earnings and capital income. Almost half (47.9 percent) of married male nonearners and almost three-quarters (72.6 percent) of married female nonearners had spouses who worked. In addition, 42.5 percent of married male nonworkers and 53.8 percent of married female nonworkers had capital income. Also common were own pensions and Social Security/DI benefits for married men and spouses' pensions for married women.

Between 1992 and 2008, the most common income sources of older nonworking adults changed for single nonearners, but not for married nonearners. In 2008, Social Security/DI benefits and capital income were the most common income sources among single nonworkers. Between 1992 and 2008, the share of single nonearners receiving Social Security/DI benefits increased 37 percent for men and 60 percent for women, and the share of single nonearners with capital income increased 115 percent for men and 49 percent for women. Compared with single nonworkers in 1992, those in 2008 were less likely to support themselves with government transfers, SSI benefits, and pensions. Among single male nonearners, pension receipt declined 48 percent, SSI receipt declined 36 percent, and government transfers declined 9 percent. Among

single female nonearners, SSI receipt declined 25 percent, government transfers declined 24 percent, and pension receipt declined 22 percent.

Spouse earnings and capital income were the still the most common income source among married nonearners in 2008. Between 1992 and 2008, the share of men with working wives increased 27 percent and the share of women with working husbands declined 6 percent. Also, the share of married nonworkers with capital income increased 43 percent for men and 17 percent for women. Finally, Social Security/DI benefits were much more common among 55- to 61-year-old adults in 2008 than in 1992. Between 1992 and 2008, Social Security/DI benefit receipt increased 26 percent (from 32 to 40.2 percent) for married men and 531 percent (from 3.6 to 22.6 percent) for married women.

*Average Income and Contribution of Income Sources to Total Income for Nonearners*
Table 3 shows average per person total income among nonearners ages 55 to 61. The first row reports mean income in thousands of 2010 dollars, and the rest of the rows report the share of total income from a particular income source.

Single nonearners had significantly less income than did married nonearners. In 1992, average per capita income among nonearners ranged from $14,800 for single women to $15,100 for single men, $22,800 for married men, and $34,600 for married women. Pensions comprised 35.8 percent of total income for single male nonearners, representing their primary income source. Social Security/DI benefits made up another 21.2 percent of their income, and the rest was split fairly evenly between government transfers, capital income, and SSI benefits. Other income comprised 28.4 percent of total income for single women, representing their primary income source. In addition, pensions, capital income, and Social Security/DI benefits each accounted for 15 to 17 percent of their total income, while government transfers and SSI each accounted for 11 to 12 percent of their total income. Spouse earnings were the primary source of income for married nonearners in 1992, accounting for 34.6 percent of total income for men and 63 percent of total income for women. For married male nonearners, own pensions comprised another 18 percent and capital income comprised another 14 percent of total income. For married female nonearners, other income comprised another 13.6 percent and capital income and spouse pensions each comprised 7.5 percent of total income.

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Although average per capita income increased between 1992 and 2008 for all nonearners, it increased most dramatically for married men and women—31 percent for married men and 26 percent for married women, compared with 19 percent for single men and only 3 percent for single women. By 2008, Social Security/DI benefits were the primary source of income for both single male nonearners and single female nonearners—increasing their contribution to total income 40 percent for single men (from 21.2 to 29.6 percent) and 122 percent for single women (from 15 to 33.4 percent). Pensions decreased their contribution to total income for single men (from 35.8 to 12.3 percent), but increased their contribution to total income for single women (from 17 to 24 percent). In contrast, other income increased its contribution to total income for single men (from 0.7 to 27.9 percent), but decreased its contribution to total income for single women (from 28.4 to 6.2 percent). SSI benefits contributed much less to total income for single nonearners in 2008 than in 1992. Capital income and government transfers remained important sources of income in 2008 for single nonearners.

Spouse earnings continued to be the primary source of income for married nonearners in 2008, and increased dramatically in their importance for married men (from 34.6 to 43.1 percent). Capital income also remained an important source of income for married nonworkers, and increased its importance for married men (from 14 to 15.4 percent) and for married women (from 7.5 to 16.1 percent).

*Median Assets of Nonearners*

Figure 3 shows the share of nonearners ages 55 to 61 with assets and the value of those assets for the typical nonearner. Compared with married nonearners, single nonearners were significantly less likely to own assets, and those with assets had considerably less. In 1992, only 60.8 percent of single female nonearners and 72.8 percent of single male nonearners had assets, compared with 92.5 percent of married male nonearners and 96.6 percent of married female nonearners. Median per capita assets in 1992 ranged from $44,700 for single male nonearners to $71,800 for single female nonearners, $80,600 for married male nonearners, and $105,300 for married female nonearners.

Single female nonearners were more likely to own assets in 2008 than in 1992. Over the same period, married nonearners, particularly women, became less likely to own assets. Between 1992 and 2008, median assets among nonworkers increased 52 percent for single men and 44

percent for married men, but only 19 percent for married women. For single female nonearners, median assets declined 44 percent. Still, in 2008, both single male nonearners and single female nonearners had considerably fewer assets than married nonearners.

*Multivariate Analyses of the Likelihood of Not Working between Ages 55 and 61*

Next, we examined how older adults' attributes were correlated with their likelihood of not working between ages 55 and 61 and how that likelihood changed over time. Table 4 presents results from a probit model of the probability of not working between ages 55 and 61 in 1992 and 2008 using pooled data from the HRS RAND Data File. The first column shows the coefficient estimates, while the third column presents the marginal effects. In general, the findings are consistent with the descriptive results in the previous tables and figures.

Married women were more likely than single men, single women, and married men not to work, but this difference narrowed between 1992 and 2008. High school graduates were less likely than high school dropouts not to work, and the correlation grew even stronger in 2008. Blacks, Hispanics, and Asians were more likely than whites to be nonearners, but the relationship stayed constant between 1992 and 2008. Having a work-limiting health condition increased the probability of not working; however, the impact did not change between 1992 and 2008. Nonearned income, assets, and pension receipt were all positively correlated with not working. However, the impact of pension benefits on the likelihood of not working declined significantly over time. Also, income from capital was negatively correlated with being a nonearner. Finally, the coefficient on the year 2008 dummy was positive and statistically significant, indicating that even after controlling for other factors, the probability of being a nonearner in 2008 was higher and significantly different from 1992 for the sample as a whole.

The coefficients from the model suggest that in 1992, all else equal, married men had the lowest predicted probability of not working (20.1 percent), followed by single men (29.1 percent), single women (29.3 percent), and married women (46.3 percent).[3] Between 1992 and 2008, the probability of not working increased for all gender-marital groups except married women—even after controlling for other factors. In 2008, all else equal, married men were still the least likely to not work (30.3 percent), followed by single women (33.7 percent), single men (38.4 percent), and married women (42.9 percent). Although married women were still the most

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[3] These numbers are not shown.

likely not to work, their likelihood of not working declined significantly over time. By 2008, married women were almost as likely not to work (or work) as single men, all else equal.


*Consequences of Not Working between Ages 55 and 61*

Nonworkers ages 55 to 61 experienced short- and long-term negative financial and emotional consequences of not working. Among nonearners, poverty rates in 1992 were highest for single women and lowest for married women (table 5). Almost two-thirds (64.5 percent) of single women were poor, compared with almost half (49.3 percent) of single men, one-fifth (18.7 percent) of married men, and one-ninth (11.7 percent) of married women. Between 1992 and 2008, poverty rates declined for single women and increased slightly for married women. Still, only 13.2 percent of married female nonearners were poor in 2008, compared with 15.9 percent of married men, 56.9 percent of single men, and 60.1 percent of single women.

Not only were a large share of nonearners poor, but most nonearners had few assets to fall back on. In 1992, over half of single nonearners had the lowest assets. Married nonworkers were much better off—only 22 percent of married men and 14 percent of married women had the lowest assets. Between 1992 and 2008, the share of nonearners in the bottom asset quintile declined for single nonearners, remained virtually unchanged for married male nonearners, and increased for married female nonearners.

Given their financial circumstances, it is not surprising that older adults without earnings in 1992 were more concerned than their counterparts with earnings about not having enough retirement income—39 percent of nonearners said that they were concerned "a lot" compared with 28 percent of earners (figure 4). Once in retirement, nonearners claimed Social Security benefits sooner than earners. The average claiming age among adults ages 55 to 61 in 1992 was 62.9 for nonearners and 63.5 for earners (figure 5).[4] Nonworkers were also less likely than workers to report being very satisfied when they retired. Only 36.2 percent of nonearners between the ages of 55 and 61 in 1992 found eventual retirement very satisfying, compared with 60.7 percent of earners. In contrast, 22.8 percent of nonworkers reported that their retirement was not at all satisfying, compared with only 9 percent of workers (figure 6). However, retirement satisfaction could be correlated with factors other than work experience, such as income, wealth, and health status. To test this, we estimated an ordered probit model of retirement satisfaction

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[4] Among only individuals who reported a Social Security claiming age of at least 62.

where 1 equaled very satisfied, 2 equaled moderately satisfied, and 3 equaled not at all satisfied (table 6). The results are not surprising in the sense that older adults ages 55 to 61 in 1992 were more likely to report being very satisfied when they retired if they were wealthy, educated, married, and in good health in their late 50s. Key to our study is that even after controlling for all these factors, whether or not adults worked between the ages 55 and 61 was a significant determinant of future retirement satisfaction. Compared with earners, nonearners were 10.2 percentage points less likely to be "very" satisfied, 5.3 percentage points more likely to be "moderately" satisfied, and 4.9 percentage points more likely to be "not at all" satisfied when they retired.

Although the consequences of not working between ages 55 and 61 are alarming, we find that a sizeable share of nonearners are income poor and asset rich. Furthermore, except for single women, the share of relatively well-off nonearners increased considerably between 1992 and 2008. Among nonearners whose incomes were less than twice the poverty threshold in 2008, 20.2 percent of married women, 18.7 percent of married men, 15.2 percent of single men, and 5.3 percent of single women had the highest assets (figure 7). Still, 61.1 percent of single women, 48.4 percent of single men, 38.4 percent of married men, and 33.8 percent of married women in 2008 did not work, were near poor, and had few or no assets to rely on.


*The Great Recession*

In this section, we briefly examine the impact of the Great Recession on nonearners. Since the 2010 HRS data does not yet include the Middle Baby Boomer (MBB) cohort, we could only observe nonearners ages 57 to 61 in 2008 and 2010. For this reason, the 2008 information we report in this section does not match with what we reported in the previous sections.

The results show that between 2008 and 2010, the share of 57- to 61-year-old adults without earnings did not change much for single women, married men, and married women but increased 5 percentage points or 12 percent for single men (figure 8). In 2010, nearly half of single men in this age group was not working.

Not surprisingly, the share of nonearners ages 57 to 61 receiving unemployment benefits increased after the Great Recession (table 7). In 2008, for example, there were no single nonearners in this age group who reported unemployment compensation. In 2010, 8.4 percent of single male nonearners and 7.0 percent of single female nonearners reported receiving

unemployment benefits. Unemployment benefit receipt also increased among married nonearners—for respondents *and* their spouses. Despite an increase in unemployment compensation over this two-year period, a relatively small share of nonworkers received unemployment benefits in 2010. This finding suggests that the majority of nonworkers were not in the labor force looking for jobs or that their unemployment benefits had run out.

Over the same period, the share of nonearners ages 57 to 61 with capital income and pensions declined. For example, the share of single female earners with pension income declined from 19.4 percent in 2008 to only 8.3 percent in 2010. Even the share of married female nonearners receiving their own pensions declined from 13.7 to 11.0 percent, and the share with spouses receiving pensions also declined from 18.3 to 13.8 percent. Additionally, the share of married nonearners with working spouses declined from 58.7 to 53.6 percent for married men and from 62.6 to 60.2 percent for married women.

Among nonworkers ages 57 to 61, average per capita income declined 24 percent for single women, 14 percent for single men, and 8 percent for married men (table 8). It remained relatively unchanged for married women. The declines were driven by a decline in other private income for single men, a decline in pension benefits for single women, and declines in spouse earnings, spouse pension benefits, and government transfers for married men.

Social Security/DI benefits and other income were the primary income sources for single male nonearners in 2008, accounting for 29.2 and 28.6 percent of their total income respectively. By 2010, Social Security/DI benefits comprised 32.8 percent of total income for single male nonearners and other income accounted for only 9.4 percent of their total income. Pension benefits and government transfers each made up another 17 percent of their total income in 2010. Social Security/DI benefits and pension benefits were the primary income sources for single female nonearners in 2008, accounting for 35.5 and 32.4 percent of their total income respectively. By 2010, Social Security/DI benefits comprised 49 percent of total income for single female nonearners and pension benefits accounted for only 8.4 percent of their total income. SSI and government transfers each made up another 12 percent of their total income in 2010.

Among married nonearners, spouse earnings and capital income were still the most important income sources in 2010; however, married nonearners relied less on spouse earnings in 2010 than they did in 2008—as spouses lost or quit their jobs. Married men depended on capital

income significantly more in 2010 than they did in 2008, while married women relied less on this income source.

Figure 9 shows the share of nonearners ages 57 to 61 with assets and the value of those assets for the typical nonearner. Compared with 2008, a smaller proportion of most nonearners owned assets in 2010. Between 2008 and 2010, median assets declined 36 percent for married male nonearners, 5 percent for single male nonearners, and 3 percent for single female nonearners, but increased 21 percent for married female nonearners.

Next, we examined how older adults' characteristics contributed to their likelihood of not working before and after the recession (table 9). We used the same econometric specification from table 4, but with pooled data from the 2008 and 2010 HRS files for 57- to 61-year-old adults. The first column shows the coefficient estimates, while the third column presents the marginal effects. For the most part, the factors correlated with not working in 2008 and 2010 are no different than the factors correlated with not working in 1992 (table 4). In particular, married women were still more likely than single men, single women, and married men not to work. However, the results do not support a significant change between 2008 and 2010 in the impact that different factors have on the likelihood of not working. Also, the dummy variable for year 2010 is not statistically significant—another indication that the likelihood of being a nonearner did not increase post-recession for this age group (all else equal).

The coefficients from the model confirm that between 2008 and 2010, the probability of not working increased primarily for single men—even after controlling for other factors. For single men, the predicted probability of not working increased from 37.2 percent in 2008 to 43.3 percent in 2010.

Between 2008 and 2010, poverty rates remained virtually the same for single nonearners, but increased dramatically for married nonearners (table 10). The share of nonearners in poverty increased 42 percent for married men and 32 percent for married women, so that one in four married male nonearners and one in five married female nonearners was poor in 2010. Still, married nonworkers were much less likely than single nonworkers to be poor. During this same period, and despite a recession, the share of nonearners with the lowest assets declined 19 percent for single men and 8 percent for single women. In contrast, the share of married nonworkers with assets in the bottom quintile increased slightly. More importantly, how did the proportion of nonearners who are income poor and asset rich change between 2008 and 2010?

This group of nonearners dramatically increased in size between 1992 and 2008 for single men, married men, and married women (see figure 7). Between 2008 and 2010, however, it dramatically decreased in size for married men and married women. Among nonearners ages 57 to 61 whose incomes were below 200 percent of the poverty threshold, the share with the highest assets declined from 15.4 to 8.7 percent for married men and from 25 to 6.2 percent for married women. In contrast, the share with the highest assets increased from 14.1 to 14.7 percent for single men and from 6.8 to 10.1 percent for single women.

To this point, our analyses have relied on cross-sections of nonearners in 1992, 2008, and 2010. Thus, nonearners are likely to be different people in each of these years. While these analyses are useful for understanding how the characteristics, income sources, and assets of nonearners in each year have changed, they do not tell us how a particular group of nonearners has changed over time. One important question is how the recession has affected nonearners. To answer this, we followed a group of 55-year-old adults in 2008 to see what happened to them in 2010.[5] Most older adults were earners in 2008 and 2010 or nonearners in both years, although some older adults moved between earnings groups (figure 11). Overall, 12 percent of older workers in 2008 were no longer working in 2010. These individuals experienced a dramatic increase in their poverty rates from 12.9 percent in 2008 to 43.7 percent in 2010 (figure 12). Over the same time, their median per capita assets declined significantly from $99,300 to $82,100 (figure 13).

**Conclusions**

Our analysis of 18 years of HRS data shows that between 1992 and 2008 the share of adults ages 55 to 61 without earnings increased 25 percent among married men, 9 percent among single men, and 4 percent among single women. In contrast, the share of nonearners declined 22 percent among married women. By 2008, 39 percent of single men, 23 percent of married men, and about a third of women ages 55 to 61 were not working. In large part because of the recession, the share of single men ages 57 to 61 who did not work increased further from 42 percent in 2008 to 48 percent in 2010.

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[5] For this analysis, we restrict our sample to respondents ages 55 to 59 in 2008 who were interviewed in both 2008 and 2010.

The probability of not working was positively correlated with not having a high school diploma, belonging to a minority group, having a work-limiting health condition, having high nonearned income and assets, and receiving pension income. The impact of most socioeconomic characteristics on the likelihood of not working did not change significantly between 1992 and 2008 or between 2008 and 2010. However, married women's likelihood of not working declined significantly over time. By 2010, married women were almost as likely not to work (or work) as single men, all else equal.

There are many consequences of not working before age 62. An obvious outcome is the increased likelihood of being poor. Not surprisingly, close to one-half of single male nonearners and two-thirds of single female nonearners were poor in 1992 and 2008. Because their current economic circumstances are so dire, nonearners were more likely than earners to report being very concerned about having enough retirement income. Finally, when they did retire years later, nonearners were much less likely than earners to report being very satisfied in retirement and were much more likely to report being not at all satisfied.

After the Great Recession, the share of nonearners receiving unemployment benefits increased. Still, a relatively small share of nonworkers reported unemployment benefits, suggesting that the majority of nonworkers were not in the labor force looking for jobs or that their unemployment benefits had run out. Average per capita income, the proportion of asset owners, and median per capita assets declined significantly between 2008 and 2010 for most older nonearners. Overall, 12 percent of older workers in 2008 were no longer working in 2010. As a result, their poverty rates increased from 13 to 44 percent and their median assets declined significantly.

These statistics are undoubtedly alarming. However, our analysis shows that nonworkers are a heterogeneous group. In general, we find that married nonearners are significantly better off than single nonearners, in large part because of their working spouses. We also find that among all nonearners, married women fare the best and single women fare the worst. Finally, we find that a sizeable share of poor nonearners has abundant wealth—even after the Great Recession. Among nonearners who were near poor in 2010, 20 percent of single men, 15 percent of single women, 22 percent of married men, and 34 percent of married women had assets that were higher than 60 percent of all nonearners *and* earners in this age group. Although policymakers do not need to worry about these older adults, they do need to be concerned about the 47 percent of

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single men, 50 percent of single women, 37 percent of married men, and 31 percent of married women who did not work, were near poor, and had few or no assets to rely on.

These findings underscore the importance of considering new policies to boost the incomes of older nonearners. More federal funding for training and workforce development programs could help those who want to and are able to work find jobs that pay decent wages. Better educational opportunities could lead to higher wages for future generations of workers. Working benefits individuals financially by enabling them to meet their current consumption needs and possibly even accumulate wealth. Studies have shown that working also benefits individuals emotionally because they are happier and feel more useful and fulfilled (Calvo 2006). Finally, working benefits society because more payroll and income taxes can be collected and less money needs to be spent on government programs that support low-income adults and nonearners.

Policymakers who do not take action now may have more difficulty later when nonearners reach retirement age. Nonworkers may be more likely to apply and qualify for Social Security disability and SSI benefits. Also, more than any other group, nonearners will be adversely affected by any increases to the early entitlement age. Finally, nonworkers are especially vulnerable in retirement because they are likely to have lower savings, Social Security benefits, and pensions than workers.

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**Figure 1. Share of Nonearners Ages 55 to 61 Between 1992 and 2008**
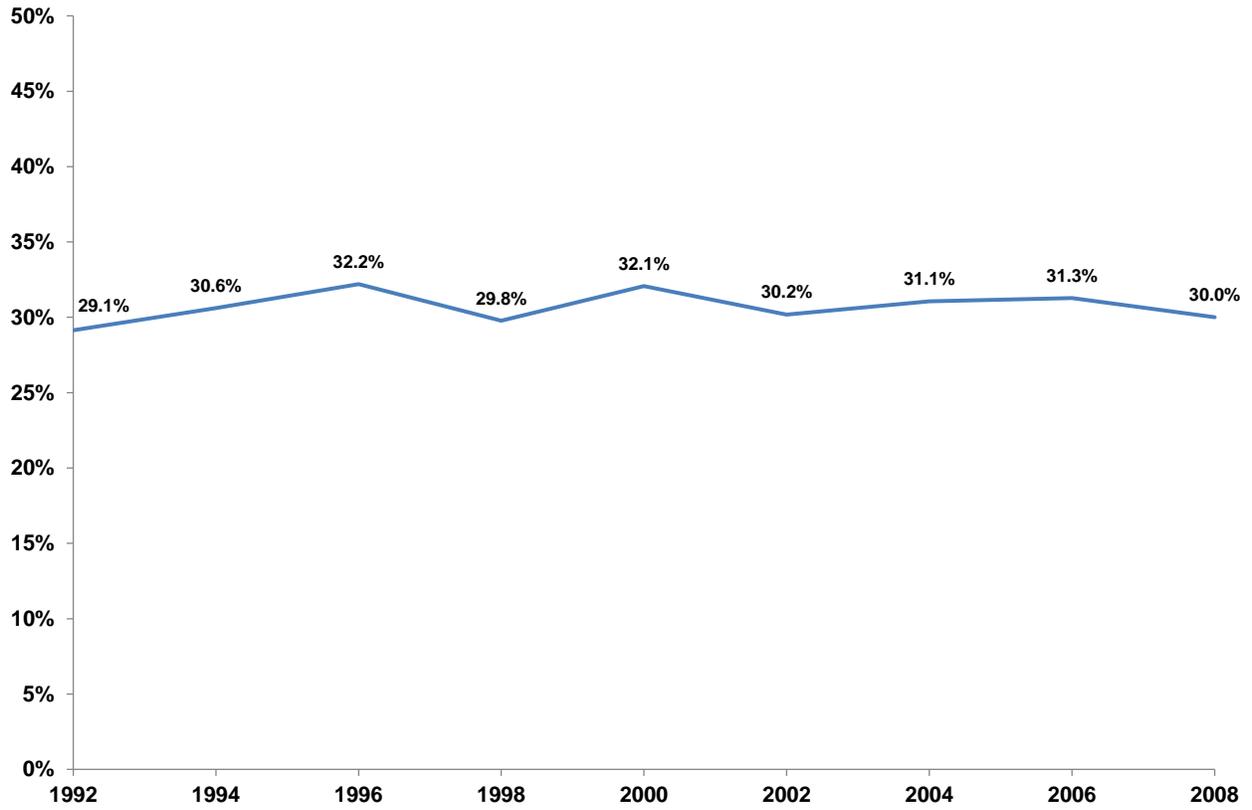


Source: Authors' computations of the RAND HRS Data File and the core HRS data files.
Notes: Nonearners include those with annual earnings below the amount needed to earn one-quarter of Social Security coverage, which was $1,120 in 2011.

**Figure 2. Share of Nonearners Ages 55 to 61 Between 1992 and 2008,
by Marital Status and Sex**
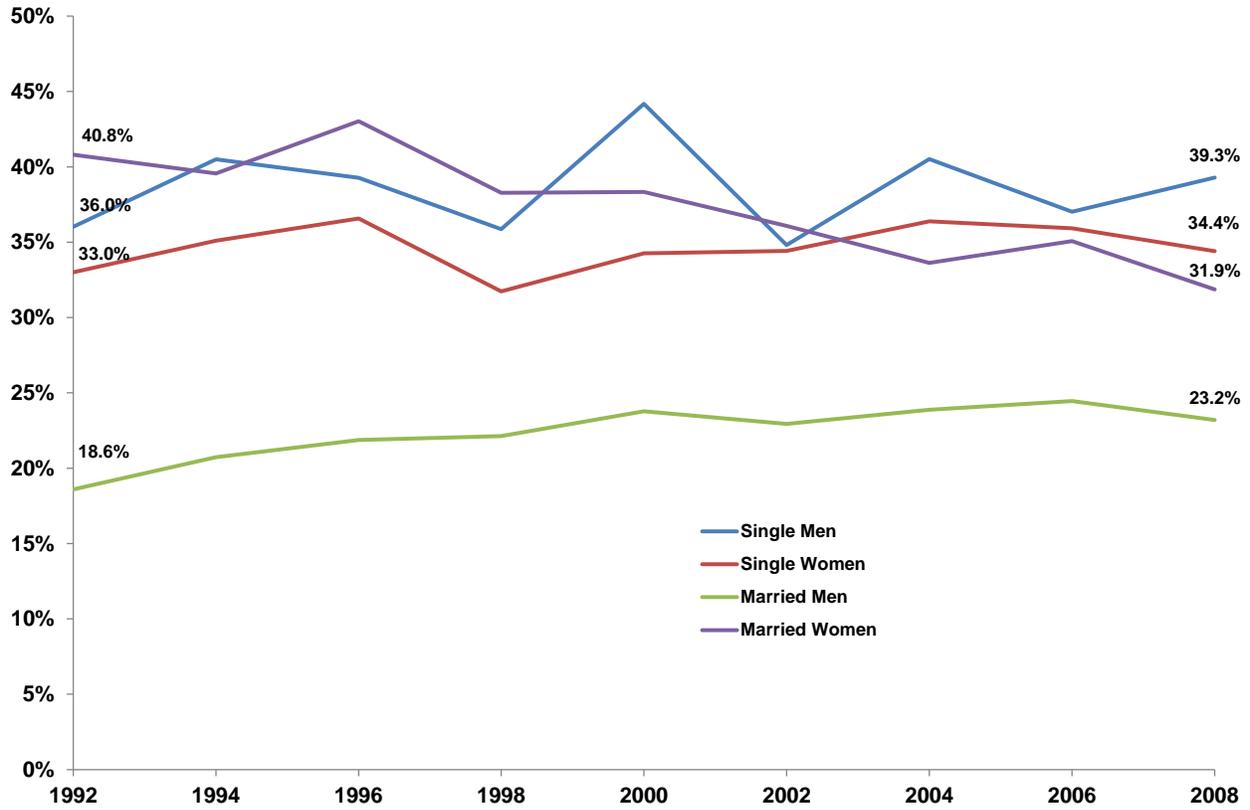


*Source*: Authors' computations of the RAND HRS Data File and the core HRS data files.
*Notes:* Nonearners include those with annual earnings below the amount needed to earn one-quarter of Social Security coverage, which was $1,120 in 2011.

**Figure 3. Median Per Capita Total Assets and the Share with Assets in 1992 and 2008 Among Nonearners Ages 55 to 61, by Marital Status and Sex**
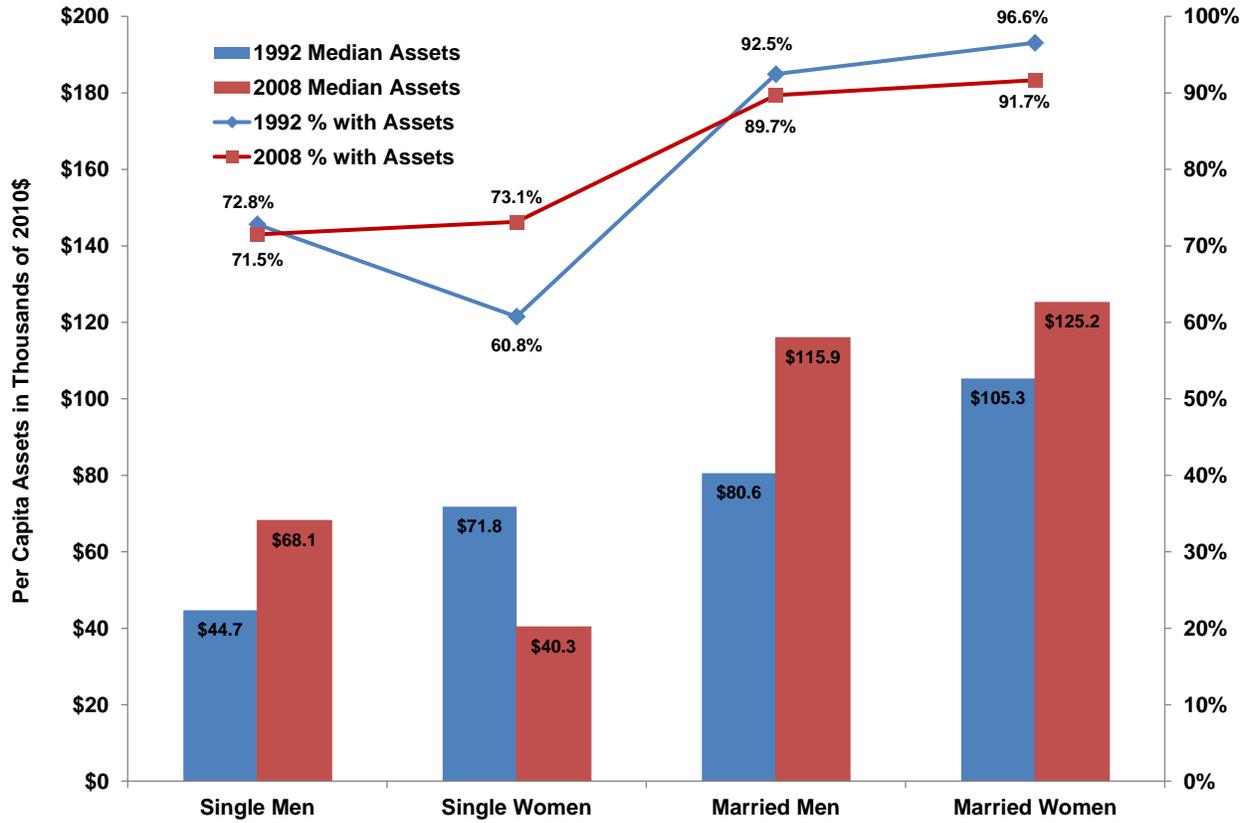
**Figure 4. Share of Adults Ages 55 to 61 in 1992 Who Are Concerned About Having Enough Retirement Income, by Earnings**
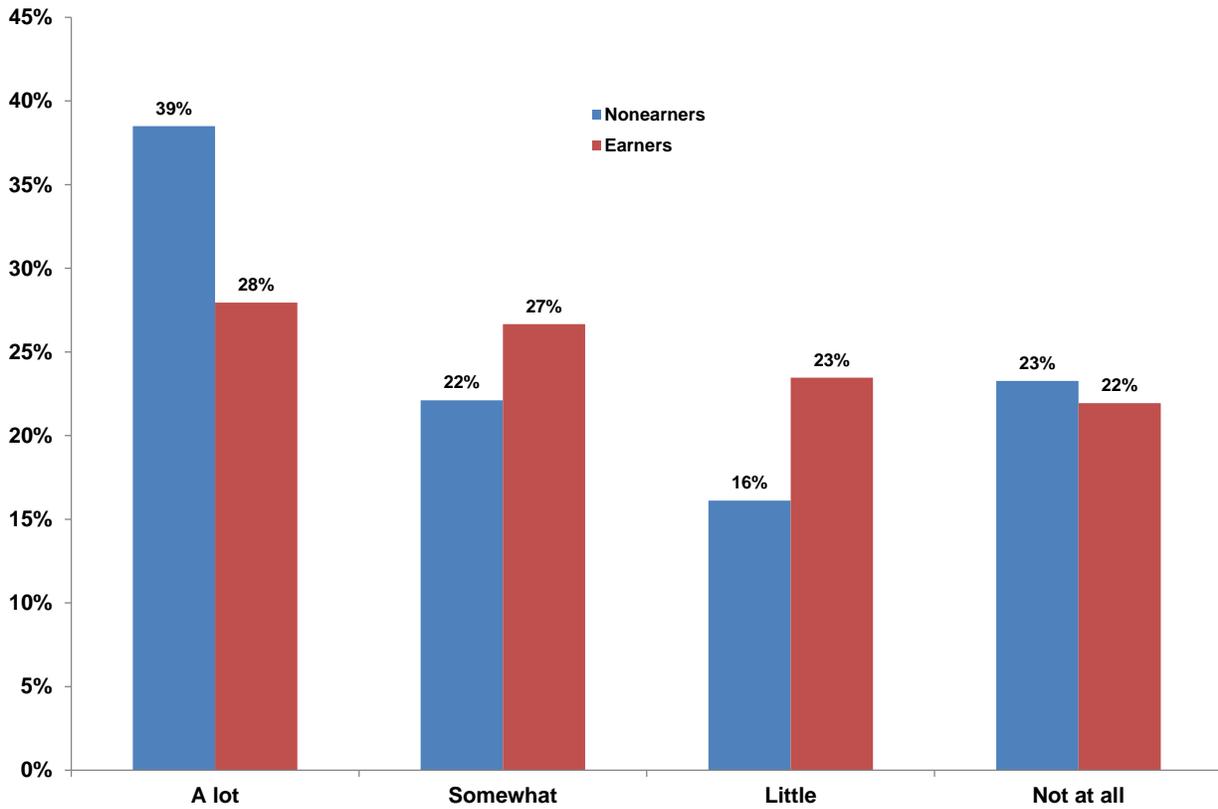


*Source:* Authors' computations of the RAND HRS Data File.
*Notes:* Nonearners include those with annual earnings below the amount needed to earn one-quarter of Social Security coverage, which was $1,120 in 2011.

**Figure 5. Average Age of First Claiming Social Security Benefits Among Adults Ages 55 to 61 in 1992, by Earnings**
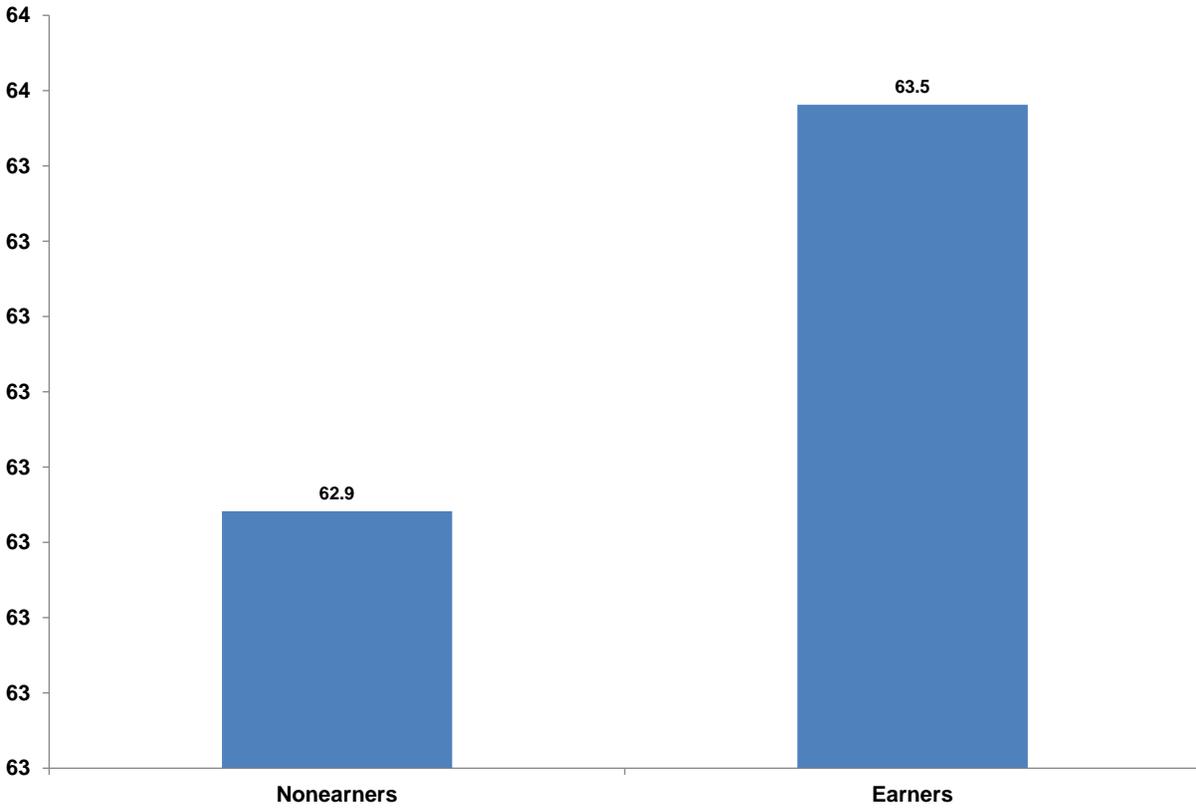


*Source:* Authors' computations of the RAND HRS Data File.
*Notes:* Nonearners include those with annual earnings below the amount needed to earn one-quarter of Social Security coverage, which was $1,120 in 2011.

**Figure 6. Retirement Satisfaction Among Adults Ages 55 to 61 in 1992, by Earnings**
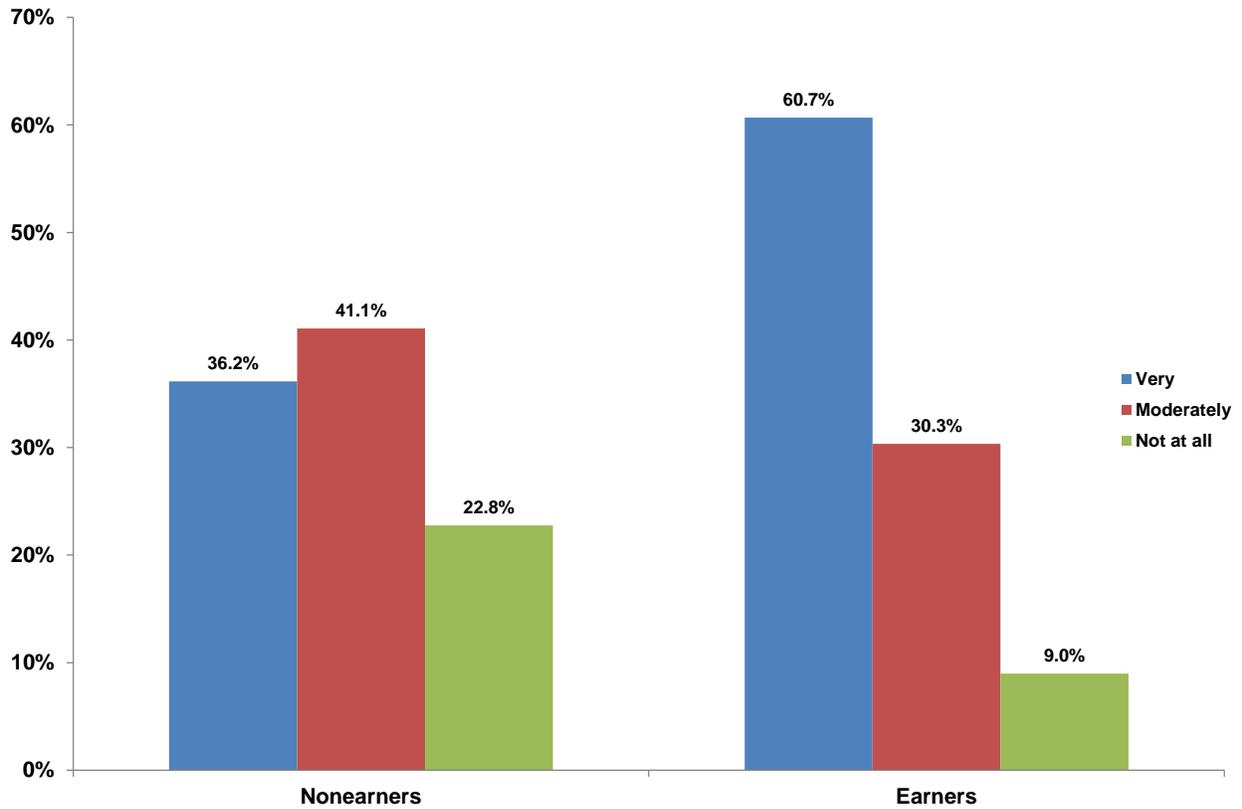


Legend:
- Very
- Moderately
- Not at all

Nonearners:
- Very: 36.2%
- Moderately: 41.1%
- Not at all: 22.8%

Earners:
- Very: 60.7%
- Moderately: 30.3%
- Not at all: 9.0%

*Source:* Authors' computations of the RAND HRS Data File.
*Notes:* Nonearners include those with annual earnings below the amount needed to earn one-quarter of Social Security coverage, which was $1,120 in 2011.

**Figure 7. Distribution of Total Assets Among Nonearners Ages 55 to 61 Below Twice the Poverty Line in 1992 and 2008, by Marital Status and Sex**
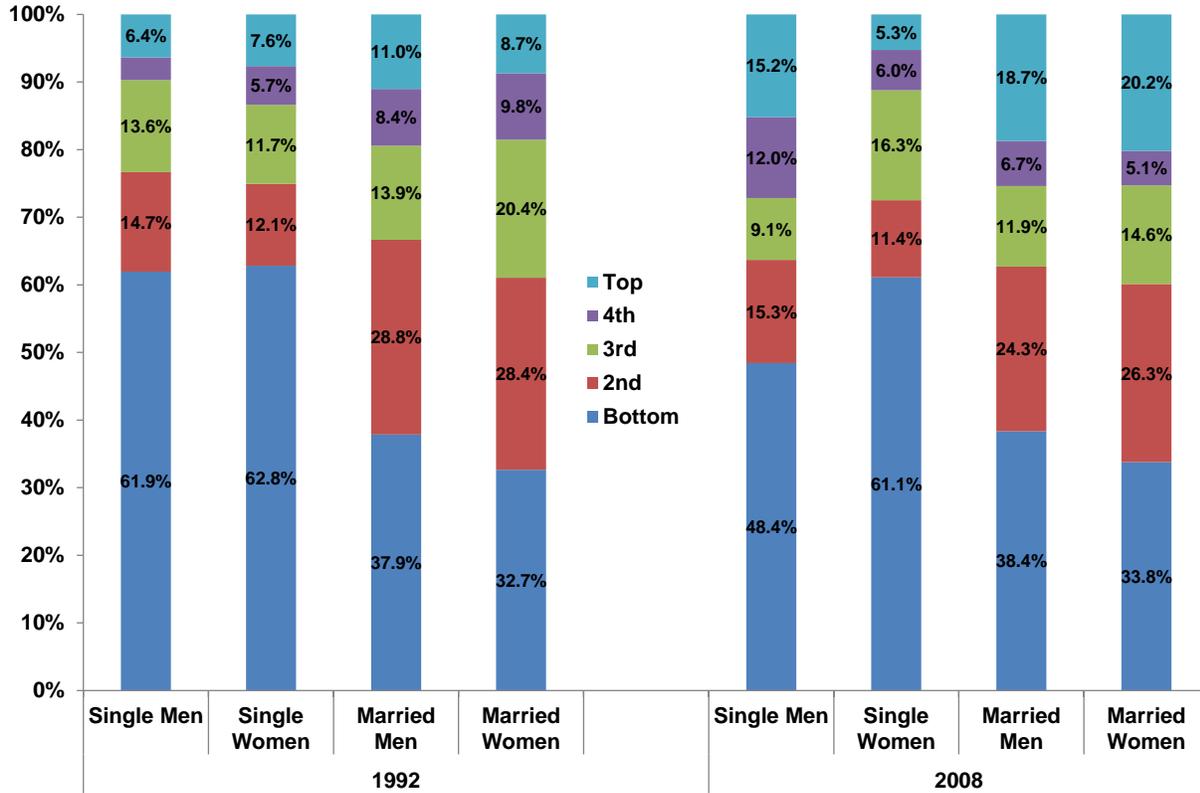


*Source:* Authors' computations of the RAND HRS Data File.

*Notes:* Nonearners include those with annual earnings below the amount needed to earn one-quarter of Social Security coverage, which was $1,120 in 2011.

**Figure 8. Share of Nonearners Ages 57 to 61 in 2008 and 2010,
by Marital Status and Sex**
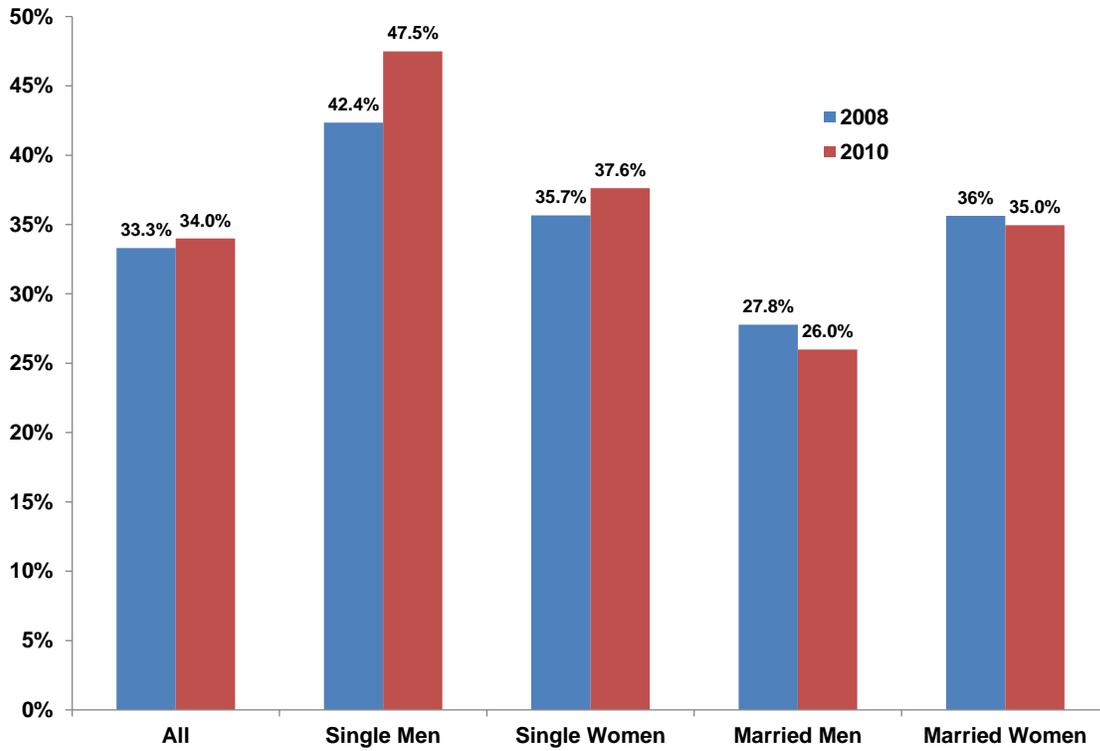


*Source:* Authors' computations of the RAND HRS Data File.
*Notes:* Nonearners include those with annual earnings below the amount needed to earn one-quarter of Social Security coverage, which was $1,120 in 2011.

**Figure 9. Median Per Capita Total Assets and the Share with Assets in 2008 and 2010 Among Nonearners Ages 57 to 61, by Marital Status and Sex**
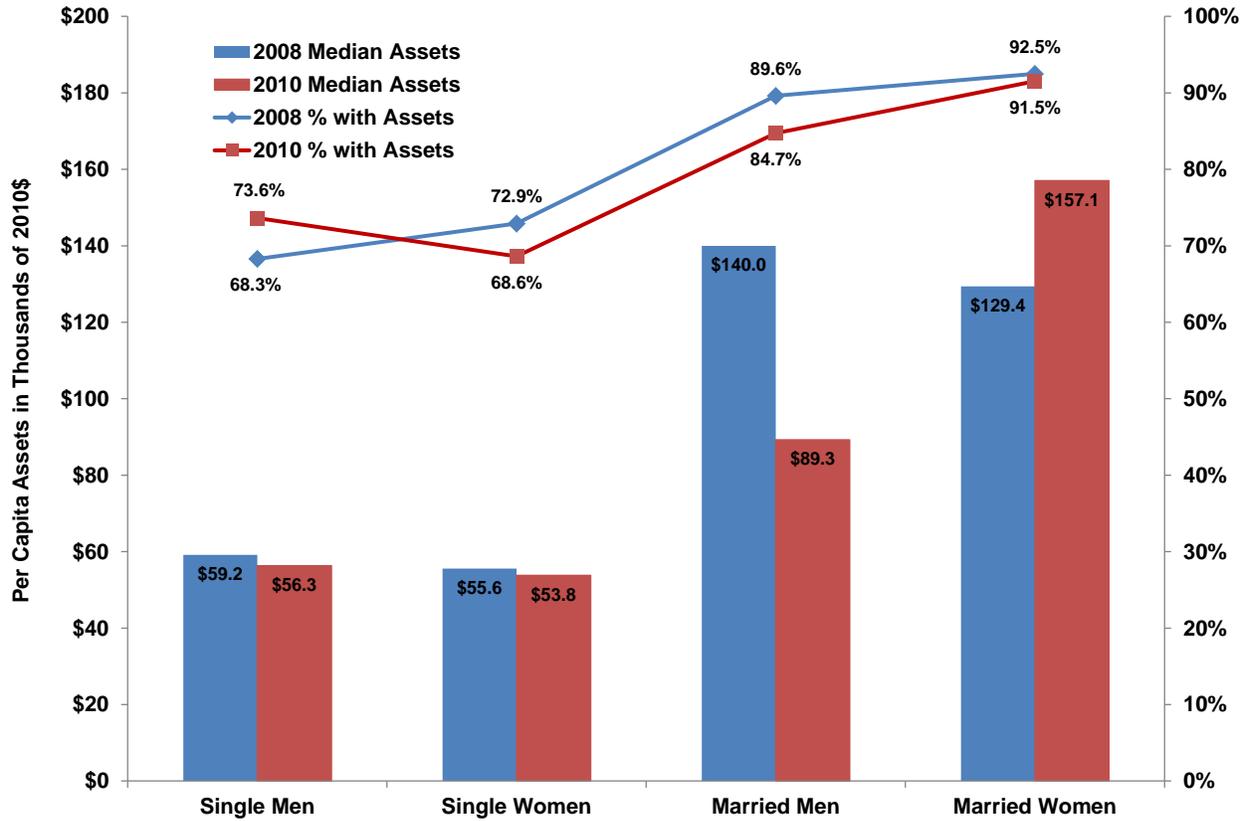


*Source:* Authors' computations of the core HRS data files.

*Notes:* Nonearners include those with annual earnings below the amount needed to earn one-quarter of Social Security coverage, which was $1,120 in 2011.

**Figure 10. Distribution of Total Assets Among Nonearners Ages 57 to 61 Below Twice the Poverty Line in 2008 and 2010, by Marital Status and Sex**
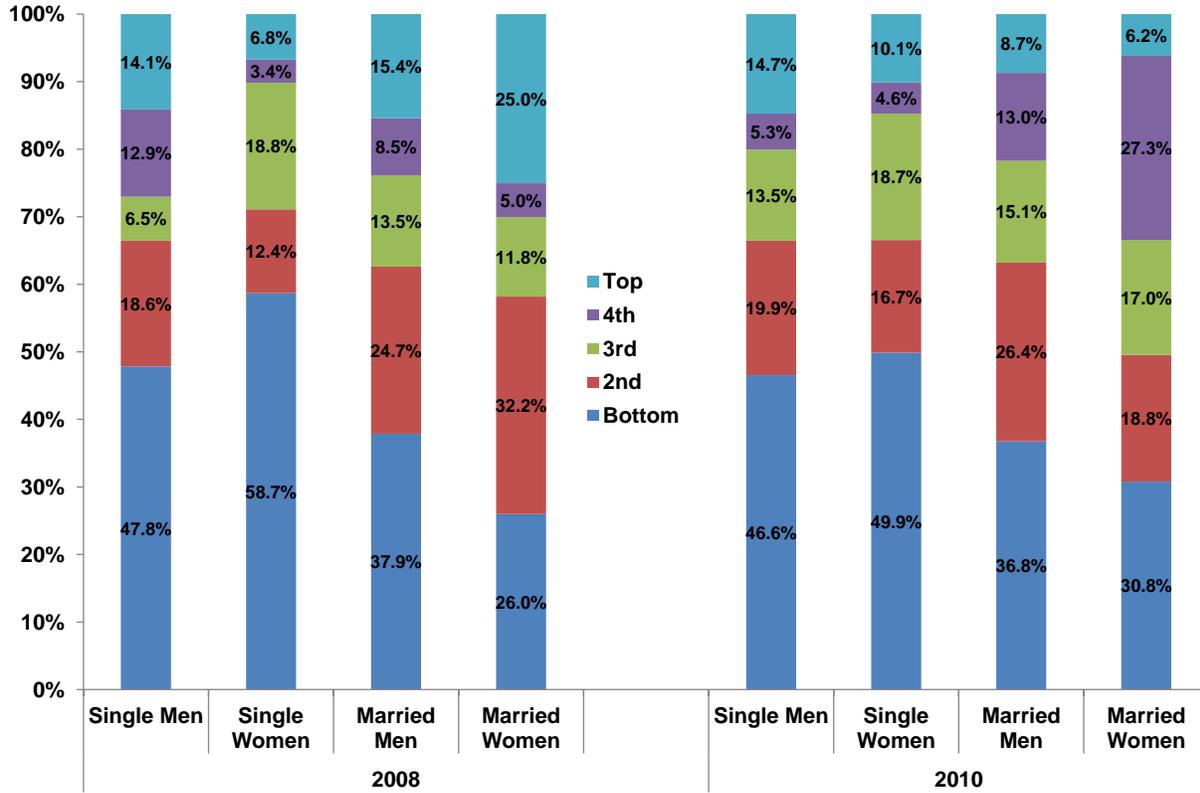


*Source*: Authors' computations of the core HRS data files.
*Notes:* Nonearners include those with annual earnings below the amount needed to earn one-quarter of Social Security coverage, which was $1,120 in 2011.

**Figure 11. Share Nonearners and Earners in 2010 Among Adults Ages 55 to 59 in 2008, by Earnings in 2008**
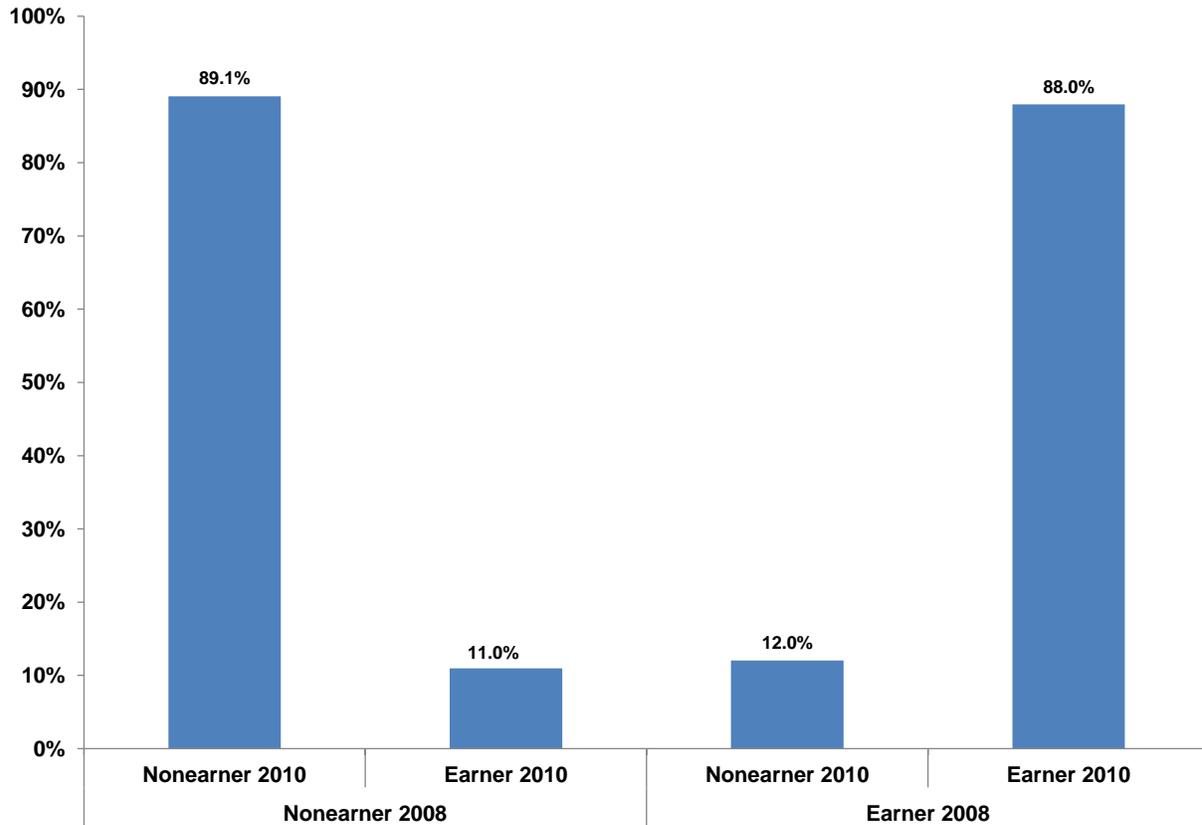


*Source*: Authors' computations of the core HRS data files.

*Notes:* Nonearners include those with annual earnings below the amount needed to earn one-quarter of Social Security coverage, which was $1,120 in 2011.

**Figure 12. Percent Poor in 2008 and 2010 Among Adults Ages 55 to 59 in 2008, by Earnings in 2008 and 2010**
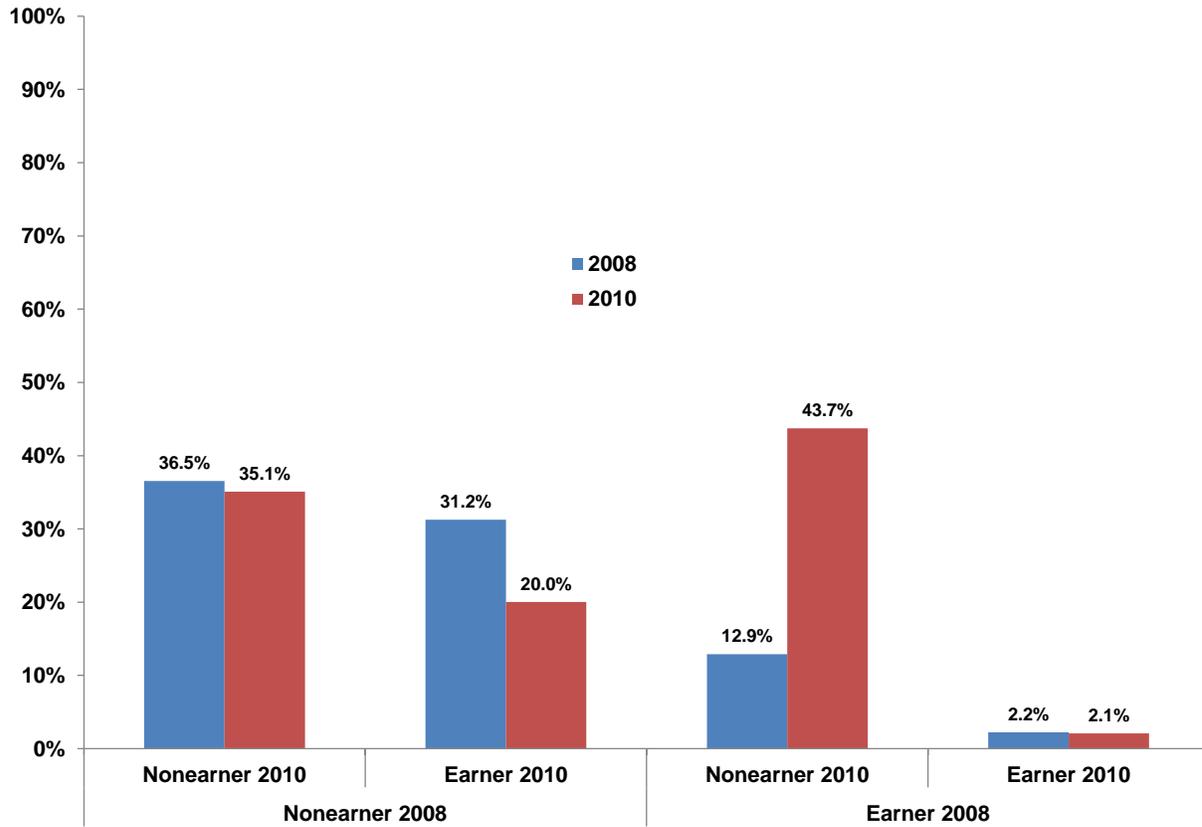


*Source*: Authors' computations of the core HRS data files.

*Notes:* Nonearners include those with annual earnings below the amount needed to earn one-quarter of Social Security coverage, which was $1,120 in 2011.

**Figure 13. Median Per Capita Total Assets in 2008 and 2010 Among Adults Ages 55 to 59 in 2008, by Earnings in 2008 and 2010**
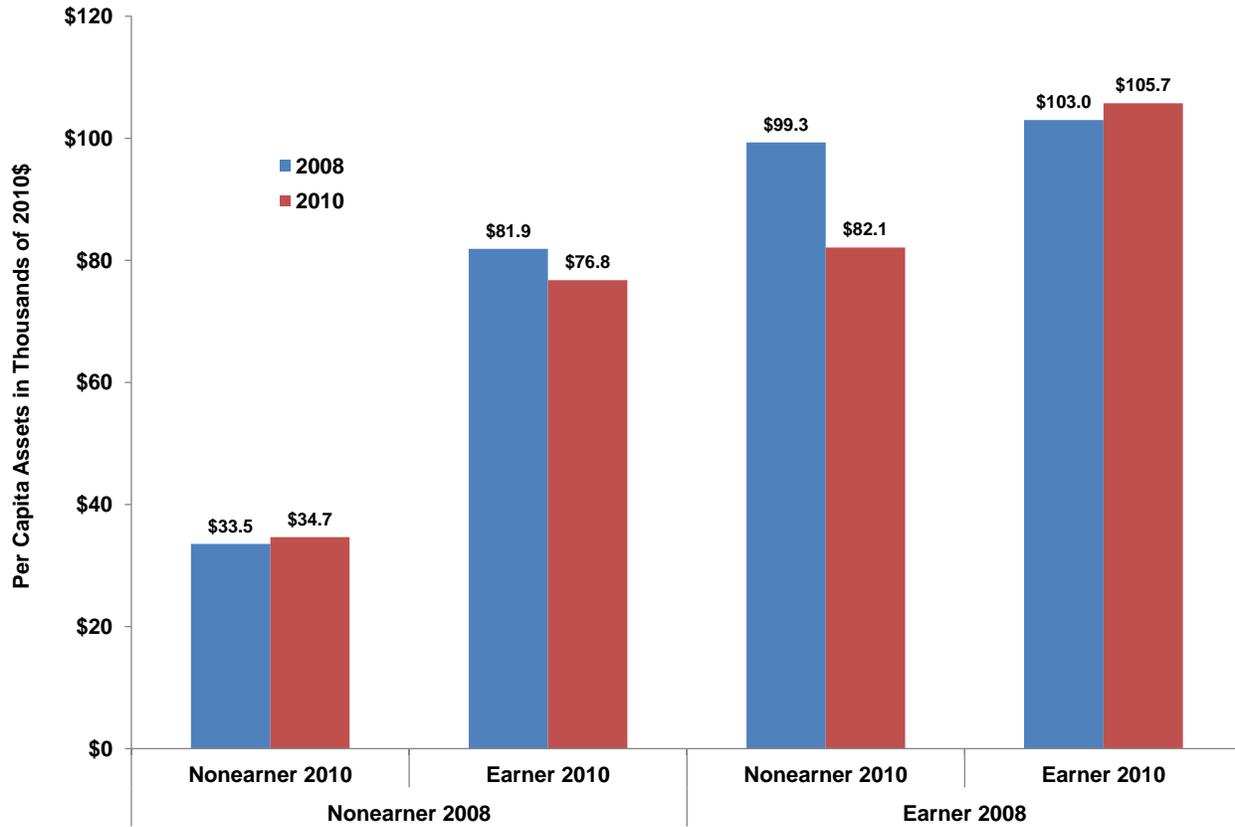


*Source*: Authors' computations of the core HRS data files.

*Notes:* Nonearners include those with annual earnings below the amount needed to earn one-quarter of Social Security coverage, which was $1,120 in 2011.

**Table 1. Characteristics of Adults Ages 55 to 61 in 1992 and 2008, by Earnings**

| | 1992 | | | | 2008 | | | |
| | Nonearners | Earners | Absolute Difference | Percent Difference | Nonearners | Earners | Absolute Difference | Percent Difference |
|---|---|---|---|---|---|---|---|---|
| **Years of Age** | 57.9 | 57.6 | 0.3 | 1% | 58.0 | 57.6 | 0.4 | 1% |
| **Sex and Marital Status** | | | | | | | | |
|   **Male** | 40.0 | 58.4 | -18.4 | -46 | 46.2 | 53.3 | -7.0 | -15 |
|   **Married** | 62.8 | 70.3 | -7.5 | -12 | 57.8 | 68.0 | -10.2 | -18 |
|   **Single men** | 12.7 | 9.3 | 3.4 | 27 | 16.3 | 10.8 | 5.5 | 34 |
|   **Single women** | 24.5 | 20.4 | 4.1 | 17 | 25.9 | 21.1 | 4.7 | 18 |
|   **Married men** | 27.3 | 49.1 | -21.8 | -80 | 29.9 | 42.4 | -12.5 | -42 |
|   **Married women** | 35.5 | 21.2 | 14.3 | 40 | 27.9 | 25.6 | 2.3 | 8 |
| **Race** | | | | | | | | |
|   **Non-Hispanic white** | 71.1 | 80.9 | -9.8 | -14 | 67.3 | 80.3 | -13.1 | -19 |
|   **Non-Hispanic black** | 16.2 | 11.3 | 5.0 | 31 | 16.3 | 9.9 | 6.3 | 39 |
|   **Hispanic** | 9.5 | 5.7 | 3.7 | 39 | 12.9 | 6.9 | 5.9 | 46 |
|   **Asian** | 2.8 | 2.0 | 0.7 | 27 | 3.6 | 2.9 | 0.8 | 22 |
| **Education** | | | | | | | | |
|   **Less than HS education** | 44.1 | 26.1 | 18.1 | 41 | 26.9 | 10.1 | 16.9 | 63 |
|   **HS degree** | 45.8 | 53.5 | -7.7 | -17 | 56.7 | 56.7 | 0.0 | 0 |
|   **College degree** | 10.1 | 20.5 | -10.4 | -103 | 16.4 | 33.3 | -16.9 | -103 |
| **Health Status** | | | | | | | | |
|   **Health fair/poor** | 47.6 | 15.1 | 32.5 | 68 | 47.1 | 17.3 | 29.8 | 63 |
|   **Health good** | 21.9 | 28.8 | -6.9 | -32 | 24.2 | 32.0 | -7.8 | -32 |
|   **Health excellent** | 30.5 | 56.0 | -25.6 | -84 | 28.7 | 50.7 | -22.0 | -77 |
|   **Health limits work** | 53.2 | 12.3 | 40.9 | 77 | 57.3 | 10.4 | 46.9 | 82 |

**Table 1. Characteristics of Adults Ages 55 to 61 in 1992 and 2008, by Earnings (continued)**

| | 1992 | | | | 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Nonearners | Earners | Absolute Difference | Percent Difference | Nonearners | Earners | Absolute Difference | Percent Difference |
| **Household Composition** | | | | | | | | |
| **Number of household members** | 2.4 | 2.4 | -0.1 | -2 | 2.4 | 2.4 | -0.1 | -2 |
| **Spouse works** | 38.4 | 50.5 | -12.1 | -31 | 36.8 | 52.0 | -15.2 | -41 |
| **Work Experience** | | | | | | | | |
| **Years worked** | 20.1 | 33.4 | -13.3 | -66 | 23.9 | 34.8 | -10.9 | -46 |
| **Years worked on longest job** | 15.1 | 18.7 | -3.5 | -23 | 14.5 | 18.3 | -3.7 | -26 |
| **Never worked** | 10.6 | 0.0 | 10.6 | 100 | 8.2 | 0.0 | 8.2 | 100 |
| **Worked < 5 years on any job** | 29.4 | 6.7 | 22.7 | 77 | 19.9 | 3.9 | 16.0 | 80 |
| **Worked 5+ years on at least one job** | 59.7 | 93.0 | -33.3 | -56 | 71.5 | 95.9 | -24.3 | -34 |
| **Years since last worked** | 13.0 | 0.0 | 13.0 | 100 | 10.1 | 0.0 | 10.1 | 100 |
| **Income and Assets** | | | | | | | | |
| **Mean Total Income (000's)** | 24.0 | 46.9 | -22.9 | -95 | 28.0 | 58.0 | -30.0 | -107 |
| **Poor** | 31.3 | 3.1 | 28.3 | 90 | 33.3 | 2.5 | 30.8 | 92 |
| **Assets > 0** | 83.6 | 94.2 | -10.6 | -13 | 83.0 | 91.7 | -8.7 | -10 |
| **Median Total Assets > 0 (000's)** | 82.6 | 103.3 | -20.7 | -25 | 98.1 | 122.9 | -24.8 | -25 |

*Source*: Authors' computations of the RAND Health and Retirement Study (HRS) Data File.
*Notes:* Nonearners include those with annual earnings below the amount needed to earn one quarter of Social Security coverage, which was $1,120 in 2011. The 1992 sample includes 1,215 nonearners and 2,758 earners. The 2008 sample includes 728 nonearners and 1,595 earners. Income and assets are divided by 2 for married adults and reported in thousands of 2010 dollars.

**Table 2. Share of Nonearners Ages 55 to 61 in 1992 and 2008 with Income Sources, by Marital Status and Sex**

| | Single Men | | | | Single Women | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | 1992 | 2008 | Absolute Change | Percent Change | 1992 | 2008 | Absolute Change | Percent Change |
| **Total Income** | 91.6% | 87.5% | -4.0% | -4% | 92.0% | 90.3% | -1.6% | -2% |
| **Earnings** | 1.6 | 3.5 | 1.9 | 119 | 3.5 | 2.5 | -1.1 | -30 |
| **Capital** | 17.9 | 38.4 | 20.5 | 115 | 21.9 | 32.7 | 10.8 | 49 |
| **Pensions** | 25.1 | 13.0 | -12.0 | -48 | 19.0 | 14.8 | -4.2 | -22 |
| **SSI** | 24.7 | 15.7 | -8.9 | -36 | 27.1 | 20.3 | -6.8 | -25 |
| **Social Security/DI** | 28.1 | 38.6 | 10.5 | 37 | 28.6 | 45.8 | 17.2 | 60 |
| **Unemp/Work Comp** | 2.5 | 0.0 | -2.5 | -100 | 3.1 | 0.4 | -2.7 | -87 |
| **Govt Transfers** | 32.1 | 29.1 | -3.0 | -9 | 40.8 | 31.1 | -9.8 | -24 |
| **Other** | 3.6 | 11.2 | 7.5 | 206 | 11.6 | 6.6 | -5.0 | -43 |

| | Married Men | | | | Married Women | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | 1992 | 2008 | Absolute Change | Percent Change | 1992 | 2008 | Absolute Change | Percent Change |
| **Total Income** | 94.7% | 98.3% | 3.6% | 4% | 95.9% | 99.5% | 3.6% | 4% |
| **Earnings** | 1.2 | 0.0 | -1.2 | -100 | 1.1 | 1.3 | 0.1 | 11 |
| **Spouse Earnings** | 47.9 | 60.7 | 12.7 | 27 | 72.6 | 68.0 | -4.6 | -6 |
| **Capital** | 42.5 | 60.7 | 18.2 | 43 | 53.8 | 62.7 | 8.9 | 17 |
| **Pensions** | 39.7 | 18.8 | -20.9 | -53 | 5.4 | 11.5 | 6.1 | 112 |
| **Spouse Pensions** | 4.8 | 9.0 | 4.2 | 88 | 21.2 | 17.6 | -3.6 | -17 |
| **SSI** | 9.1 | 7.1 | -2.1 | -23 | 2.4 | 4.6 | 2.2 | 90 |
| **Spouse SSI** | 2.9 | 4.8 | 1.9 | 66 | 2.3 | 2.7 | 0.4 | 17 |
| **Social Security/DI** | 32.0 | 40.2 | 8.2 | 26 | 3.6 | 22.6 | 19.0 | 531 |
| **Spouse Social Security/DI** | 6.5 | 12.2 | 5.8 | 90 | 6.4 | 11.9 | 5.5 | 85 |
| **Unemp/Work Comp** | 9.9 | 4.5 | -5.4 | -55 | 1.5 | 1.0 | -0.5 | -33 |
| **Spouse Unemp/Work Comp** | 4.6 | 3.9 | -0.7 | -15 | 9.7 | 4.0 | -5.6 | -58 |
| **Govt Transfers** | 21.1 | 26.1 | 4.9 | 23 | 5.4 | 8.1 | 2.7 | 50 |
| **Spouse Govt Transfers** | 12.3 | 10.5 | -1.8 | -15 | 16.1 | 12.7 | -3.4 | -21 |
| **Other** | 15.0 | 11.4 | -3.6 | -24 | 10.8 | 9.9 | -0.9 | -9 |

*Source*: Authors' computations of the RAND Health and Retirement Study (HRS) Data File.
*Notes:* Nonearners include those with annual earnings below the amount needed to earn one quarter of Social Security coverage, which was $1,120 in 2011. The 1992 sample includes 136 single men, 341 single women, 343 married men, and 395 married women. The 2008 sample includes 106single men, 230 single women, 197 married men, and 195 married women.

**Table 3. Mean Per Capita Total Income and Share of Total Income from Income Sources Among Nonearners Ages 55 to 61 in 1992 and 2008, by Marital Status and Sex**

| | Single Men | | | | Single Women | | | |
|---|---|---|---|---|---|---|---|---|
| | 1992 | 2008 | Absolute Change | Percent Change | 1992 | 2008 | Absolute Change | Percent Change |
| Total Income | $15.1 | $17.9 | $2.8 | 19% | $14.8 | $15.3 | $0.5 | 3% |
| Earnings | 0.1% | 0.1% | 0.0% | 0% | 0.1% | 0.1% | 0.0% | 0% |
| Capital | 13.9 | 12.3 | -1.6 | -12 | 15.0 | 19.0 | 4.0 | 27 |
| Pensions | 35.8 | 12.3 | -23.5 | -66 | 17.0 | 24.0 | 7.0 | 42 |
| SSI | 13.2 | 5.6 | -7.7 | -58 | 11.1 | 8.2 | -2.9 | -26 |
| Social Security/DI | 21.2 | 29.6 | 8.4 | 40 | 15.0 | 33.4 | 18.3 | 122 |
| Unemp/Work Comp | 0.7 | 0.0 | -0.7 | -100 | 1.4 | 0.3 | -1.2 | -82 |
| Govt Transfers | 14.6 | 12.3 | -2.3 | -16 | 12.0 | 8.8 | -3.1 | -26 |
| Other | 0.7 | 27.9 | 27.3 | 4118 | 28.4 | 6.2 | -22.2 | -78 |

| | Married Men | | | | Married Women | | | |
|---|---|---|---|---|---|---|---|---|
| | 1992 | 2008 | Absolute Change | Percent Change | 1992 | 2008 | Absolute Change | Percent Change |
| Total Income | $22.8 | $29.9 | $7.1 | 31% | $34.6 | $43.5 | $8.9 | 26% |
| Earnings | 0.0% | 0.0% | 0.0% | 0% | 0.0% | 0.0% | 0.0% | 0% |
| Spouse Earnings | 34.6 | 43.1 | 8.5 | 25 | 63.0 | 63.0 | 0.0 | 0 |
| Capital | 14.0 | 15.4 | 1.3 | 10 | 7.5 | 16.1 | 8.6 | 114 |
| Pensions | 18.0 | 10.4 | -7.6 | -42 | 1.2 | 2.8 | 1.6 | 139 |
| Spouse Pensions | 1.8 | 3.7 | 1.9 | 110 | 7.5 | 6.7 | -0.8 | -11 |
| SSI | 1.8 | 0.7 | -1.1 | -62 | 0.3 | 0.5 | 0.2 | 59 |
| Spouse SSI | 0.4 | 0.3 | -0.1 | -24 | 0.3 | 0.2 | -0.1 | -20 |
| Social Security/DI | 9.6 | 9.4 | -0.3 | -3 | 0.3 | 3.2 | 2.9 | 1014 |
| Spouse Social Security/DI | 0.9 | 2.0 | 1.1 | 129 | 1.2 | 1.8 | 0.7 | 59 |
| Unemp/Work Comp | 2.6 | 0.7 | -2.0 | -75 | 0.0 | 0.0 | 0.0 | 0 |
| Spouse Unemp/Work Comp | 0.4 | 0.3 | -0.1 | -24 | 0.9 | 0.2 | -0.6 | -73 |
| Govt Transfers | 5.3 | 7.4 | 2.1 | 40 | 0.0 | 0.2 | 0.2 | n/a |
| Spouse Govt Transfers | 0.9 | 0.7 | -0.2 | -24 | 3.8 | 0.7 | -3.1 | -82 |
| Other | 9.6 | 6.4 | -3.3 | -34 | 13.6 | 4.6 | -9.0 | -66 |

*Source*: Authors' computations of the RAND Health and Retirement Study (HRS) Data File.
*Notes:* Nonearners include those with annual earnings below the amount needed to earn one quarter of Social Security coverage, which was $1,120 in 2011. The 1992 sample includes 136 single men, 341 single women, 343 married men, and 395 married women. The 2008 sample includes 106single men, 230 single women, 197 married men, and 195 married women. Income is divided by 2 for married adults and reported in thousands of 2010 dollars.

**Table 4. Probit Model of the Probability of Not Working between Ages 55 and 61 in 1992 and 2004**

| | Coeff. | Std. Err. | Marginal Effect | Std. Err. |
|---|---|---|---|---|
| **Age** | 0.374 | 0.648 | 0.121 | 0.210 |
| **Age squared** | -0.003 | 0.006 | -0.001 | 0.002 |
| **Female** | 0.009 | 0.092 | 0.003 | 0.030 |
| **Female*Year2008** | -0.179 | 0.145 | -0.056 | 0.044 |
| **Married** | -0.392*** | 0.089 | -0.131*** | 0.031 |
| **Married*Year2008** | 0.093 | 0.142 | 0.031 | 0.048 |
| **Female*Married** | 0.984*** | 0.111 | 0.351*** | 0.040 |
| **Female*Married*Year2008** | -0.359** | 0.177 | -0.105** | 0.046 |
| **HS degree** | -0.288*** | 0.056 | -0.094*** | 0.018 |
| **HS degree*Year2008** | -0.311*** | 0.109 | -0.095*** | 0.031 |
| **College degree** | -0.624*** | 0.086 | -0.176*** | 0.020 |
| **College degree*Year2008** | -0.195 | 0.141 | -0.060 | 0.041 |
| **Non-Hispanic black** | 0.171*** | 0.063 | 0.057*** | 0.022 |
| **Non-Hispanic black*Year2008** | 0.071 | 0.107 | 0.024 | 0.036 |
| **Hispanic** | 0.204** | 0.085 | 0.070** | 0.030 |
| **Hispanic*Year2008** | 0.058 | 0.132 | 0.019 | 0.044 |
| **Asian** | 0.504*** | 0.169 | 0.184*** | 0.066 |
| **Asian*Year2008** | -0.357 | 0.244 | -0.102* | 0.060 |
| **Health limits work** | 1.346*** | 0.053 | 0.479*** | 0.018 |
| **Health limits work*Year2008** | 0.136 | 0.089 | 0.046 | 0.031 |
| **Per capita non-earned income (000s)** | 0.00492*** | 0.001 | 0.00160*** | 0.000 |
| **Per capita non-earned income (000s)*Year2008** | 0.00378** | 0.002 | 0.00123** | 0.001 |
| **Per capita assets (000s)** | 0.000253** | 0.000 | 0.0000823** | 0.000 |
| **Per capita assets (000s)*Year2008** | 0.000 | 0.000 | 0.000 | 0.000 |
| **Receives capital income** | -0.120** | 0.056 | -0.039** | 0.018 |
| **Receives capital income*Year2008** | 0.084 | 0.092 | 0.028 | 0.031 |
| **Receives pension income** | 0.752*** | 0.071 | 0.276*** | 0.027 |
| **Receives pension income*Year2008** | -0.366*** | 0.122 | -0.105*** | 0.030 |
| **Year 2008** | 0.402** | 0.164 | 0.134** | 0.056 |
| | | | | |
| **Observations** | | 6,264 | | |

*Source*: Authors' computations of the RAND Health and Retirement Study (HRS) Data File.
*Notes:* Nonearners include those with annual earnings below the amount needed to earn one quarter of Social Security coverage, which was $1,120 in 2011.

**Table 5. Share of Nonearners Ages 55 to 61 in 1992 and 2008 by Poverty Status and Quintile of Income or Assets, by Marital Status and Sex**

| | Single Men | | | | Single Women | | | |
|---|---|---|---|---|---|---|---|---|
| | 1992 | 2008 | Absolute Change | Percent Change | 1992 | 2008 | Absolute Change | Percent Change |
| ***Poor*** | 49.3% | 56.9% | 7.6% | 15% | 64.5% | 60.1% | -4.4% | -7% |
| ***Total Income*** | | | | | | | | |
| **Bottom quintile** | 61.1 | 72.9 | 11.8 | 19% | 75.9 | 74.0 | -1.9 | -2% |
| **Second quintile** | 23.8 | 12.4 | -11.5 | -48% | 13.2 | 15.0 | 1.9 | 14% |
| **Third quintile** | 6.6 | 7.1 | 0.5 | 8% | 4.8 | 5.9 | 1.1 | 23% |
| **Fourth quintile** | 4.2 | 3.0 | -1.2 | -28% | 2.8 | 3.3 | 0.5 | 18% |
| **Top quintile** | 4.3 | 4.6 | 0.3 | 6% | 3.3 | 1.7 | -1.6 | -48% |
| ***Total Assets*** | | | | | | | | |
| **Bottom quintile** | 52.9 | 47.2 | -5.6 | -11% | 56.5 | 53.8 | -2.7 | -5% |
| **Second quintile** | 14.5 | 16.3 | 1.8 | 13% | 10.5 | 13.5 | 3.0 | 28% |
| **Third quintile** | 12.7 | 10.0 | -2.7 | -21% | 13.3 | 14.0 | 0.7 | 5% |
| **Fourth quintile** | 4.6 | 11.2 | 6.7 | 146% | 8.0 | 6.8 | -1.2 | -15% |
| **Top quintile** | 15.4 | 15.2 | -0.2 | -1% | 11.7 | 12.0 | 0.2 | 2% |

| | Married Men | | | | Married Women | | | |
|---|---|---|---|---|---|---|---|---|
| | 1992 | 2008 | Absolute Change | Percent Change | 1992 | 2008 | Absolute Change | Percent Change |
| ***Poor*** | 18.7% | 15.9% | -2.7% | -15% | 11.7% | 13.2% | 1.5% | 13% |
| ***Total Income*** | | | | | | | | |
| **Bottom quintile** | 41.5 | 38.7 | -2.8 | -7% | 27.4 | 28.9 | 1.5 | 5% |
| **Second quintile** | 29.5 | 25.2 | -4.4 | -15% | 26.2 | 26.1 | -0.1 | 0% |
| **Third quintile** | 14.6 | 16.8 | 2.1 | 14% | 19.7 | 17.6 | -2.1 | -11% |
| **Fourth quintile** | 6.7 | 13.0 | 6.3 | 93% | 14.6 | 15.0 | 0.4 | 3% |
| **Top quintile** | 7.6 | 6.4 | -1.2 | -16% | 12.0 | 12.4 | 0.4 | 3% |
| ***Total Assets*** | | | | | | | | |
| **Bottom quintile** | 22.0 | 21.0 | -1.1 | -5% | 14.0 | 16.4 | 2.4 | 17% |
| **Second quintile** | 22.7 | 17.7 | -5.0 | -22% | 20.6 | 20.3 | -0.3 | -2% |
| **Third quintile** | 16.5 | 18.3 | 1.9 | 12% | 21.4 | 23.0 | 1.6 | 8% |
| **Fourth quintile** | 17.4 | 19.2 | 1.9 | 11% | 23.3 | 20.5 | -2.8 | -12% |
| **Top quintile** | 21.4 | 23.7 | 2.3 | 11% | 20.7 | 19.8 | -0.9 | -4% |

*Source*: Authors' computations of the RAND Health and Retirement Study (HRS) Data File.
*Notes:* Nonearners include those with annual earnings below the amount needed to earn one quarter of Social Security coverage, which was $1,120 in 2011. The 1992 sample includes 136 single men, 341 single women, 343 married men, and 395 married women. The 2008 sample includes 106single men, 230 single women, 197 married men, and 195 married women.

**Table 7. Share of Nonearners Ages 57 to 61 in 2008 and 2010 with Income Sources, by Marital Status and Sex**

| | Single Men | | | | Single Women | | | |
|---|---|---|---|---|---|---|---|---|
| | 2008 | 2010 | Absolute Change | Percent Change | 2008 | 2010 | Absolute Change | Percent Change |
| Total Income | 88.8% | 94.2% | 5.4% | 6% | 88.9% | 90.2% | 1.3% | 1% |
| Earnings | 5.2 | 3.6 | -1.5 | -29 | 2.3 | 4.7 | 2.3 | 99 |
| Capital | 40.4 | 39.0 | -1.4 | -4 | 33.8 | 29.1 | -4.7 | -14 |
| Pensions | 16.6 | 9.7 | -7.0 | -42 | 19.4 | 8.3 | -11.2 | -57 |
| SSI | 13.5 | 14.0 | 0.4 | 3 | 19.3 | 23.5 | 4.2 | 22 |
| Social Security/DI | 41.6 | 43.6 | 2.0 | 5 | 44.5 | 50.9 | 6.4 | 14 |
| Unemp/Work Comp | 0.0 | 8.4 | 8.4 | n/a | 0.0 | 7.0 | 7.0 | n/a |
| Govt Transfers | 33.9 | 30.2 | -3.6 | -11 | 28.3 | 33.8 | 5.5 | 19 |
| Other | 10.5 | 8.7 | -1.7 | -17 | 8.2 | 4.1 | -4.1 | -50 |

| | Married Men | | | | Married Women | | | |
|---|---|---|---|---|---|---|---|---|
| | 2008 | 2010 | Absolute Change | Percent Change | 2008 | 2010 | Absolute Change | Percent Change |
| Total Income | 98.4% | 95.0% | -3.4% | -3% | 100.0% | 97.3% | -2.7% | -3% |
| Earnings | 0.0 | 2.6 | 2.6 | n/a | 1.8 | 2.7 | 0.9 | 52 |
| Spouse Earnings | 58.7 | 53.6 | -5.1 | -9 | 62.6 | 60.2 | -2.5 | -4 |
| Capital | 60.1 | 52.5 | -7.6 | -13 | 64.2 | 64.3 | 0.1 | 0 |
| Pensions | 21.5 | 20.5 | -1.1 | -5 | 13.7 | 11.0 | -2.8 | -20 |
| Spouse Pensions | 9.9 | 5.2 | -4.7 | -48 | 18.3 | 13.8 | -4.5 | -25 |
| SSI | 5.9 | 6.1 | 0.3 | 5 | 3.3 | 1.8 | -1.5 | -45 |
| Spouse SSI | 4.0 | 4.9 | 0.9 | 21 | 3.2 | 2.2 | -1.0 | -33 |
| Social Security/DI | 40.4 | 40.3 | -0.1 | 0 | 26.7 | 20.7 | -6.0 | -23 |
| Spouse Social Security/DI | 13.0 | 11.6 | -1.4 | -11 | 14.1 | 16.1 | 1.9 | 14 |
| Unemp/Work Comp | 5.0 | 7.8 | 2.8 | 56 | 1.1 | 8.2 | 7.1 | 645 |
| Spouse Unemp/Work Comp | 4.7 | 7.5 | 2.8 | 60 | 4.3 | 9.0 | 4.7 | 108 |
| Govt Transfers | 27.5 | 23.9 | -3.6 | -13 | 8.0 | 11.3 | 3.3 | 41 |
| Spouse Govt Transfers | 9.9 | 16.5 | 6.6 | 67 | 13.8 | 15.9 | 2.1 | 15 |
| Other | 13.1 | 12.6 | -0.5 | -4 | 8.0 | 11.5 | 3.5 | 44 |

*Source*: Authors' computations of the core Health and Retirement Study (HRS) data files.
*Notes:* Nonearners include those with annual earnings below the amount needed to earn one quarter of Social Security coverage, which was $1,120 in 2011. The 2008 sample includes 75 single men, 172 single women, 159 married men, and 134 married women. The 2010 sample includes 102 single men, 182 single women, 150 married men, and 122 married women.

**Table 8. Mean Per Capita Total Income and Share of Total Income from Income Sources Among Nonearners Ages 57 to 61 in 2008 and 2010, by Marital Status and Sex**

| | Single Men | | | | Single Women | | | |
|---|---|---|---|---|---|---|---|---|
| | 2008 | 2010 | Absolute Change | Percent Change | 2008 | 2010 | Absolute Change | Percent Change |
| Total Income | $20.4 | $17.5 | -$2.9 | -14% | $15.0 | $11.4 | -$3.5 | -24% |
| Earnings | 0.2% | 0.1% | -0.1% | -47% | 0.1% | 0.3% | 0.3% | 433% |
| Capital | 12.5 | 13.3 | 0.8 | 6 | 8.9 | 6.6 | -2.4 | -26 |
| Pensions | 12.1 | 17.2 | 5.1 | 42 | 32.4 | 8.4 | -23.9 | -74 |
| SSI | 3.8 | 5.6 | 1.7 | 45 | 8.6 | 12.1 | 3.5 | 40 |
| Social Security/DI | 29.2 | 32.8 | 3.6 | 12 | 35.5 | 49.0 | 13.6 | 38 |
| Unemp/Work Comp | 0.0 | 4.3 | 4.3 | n/a | 0.0 | 3.9 | 3.9 | n/a |
| Govt Transfers | 13.7 | 17.4 | 3.7 | 27 | 6.9 | 12.0 | 5.1 | 74 |
| Other | 28.6 | 9.4 | -19.1 | -67 | 7.7 | 6.4 | -1.3 | -17 |

| | Married Men | | | | Married Women | | | |
|---|---|---|---|---|---|---|---|---|
| | 2008 | 2010 | Absolute Change | Percent Change | 2008 | 2010 | Absolute Change | Percent Change |
| Total Income | $31.0 | $28.4 | -$2.6 | -8% | $45.3 | $46.0 | $0.7 | 2% |
| Earnings | 0.0% | 0.0% | 0.0% | 0% | 0.0% | 0.0% | 0.0% | 0% |
| Spouse Earnings | 41.3 | 37.3 | -4.0 | -10 | 60.7 | 62.6 | 1.9 | 3 |
| Capital | 14.2 | 22.2 | 8.0 | 56 | 18.8 | 18.0 | -0.7 | -4 |
| Pensions | 11.3 | 9.9 | -1.4 | -13 | 3.1 | 2.2 | -0.9 | -30 |
| Spouse Pensions | 4.2 | 2.1 | -2.1 | -50 | 6.6 | 4.3 | -2.3 | -34 |
| SSI | 0.6 | 1.1 | 0.4 | 64 | 0.2 | 0.2 | 0.0 | -2 |
| Spouse SSI | 0.3 | 0.7 | 0.4 | 118 | 0.2 | 0.2 | 0.0 | -2 |
| Social Security/DI | 9.4 | 9.2 | -0.2 | -2 | 3.5 | 2.6 | -0.9 | -26 |
| Spouse Social Security/DI | 1.9 | 1.8 | -0.2 | -9 | 2.2 | 2.0 | -0.3 | -11 |
| Unemp/Work Comp | 0.6 | 1.4 | 0.8 | 118 | 0.0 | 0.9 | 0.9 | n/a |
| Spouse Unemp/Work Comp | 0.3 | 1.1 | 0.7 | 227 | 0.2 | 0.7 | 0.4 | 195 |
| Govt Transfers | 7.7 | 4.6 | -3.2 | -41 | 0.2 | 0.2 | 0.0 | -2 |
| Spouse Govt Transfers | 0.6 | 0.7 | 0.1 | 9 | 1.1 | 0.9 | -0.2 | -21 |
| Other | 7.1 | 8.5 | 1.4 | 19 | 2.9 | 5.0 | 2.1 | 74 |

*Source*: Authors' computations of the core Health and Retirement Study (HRS) data files.

*Notes:* Nonearners include those with annual earnings below the amount needed to earn one quarter of Social Security coverage, which was $1,120 in 2011. The 2008 sample includes 75 single men, 172 single women, 159 married men, and 134 married women. The 2010 sample includes 102 single men, 182 single women, 150 married men, and 122 married women. Income is divided by 2 for married adults and reported in thousands of 2010 dollars.

**Table 9. Probit Model of the Probability of Not Working between Ages 57 and 61 in 2008 and 2010**

| | Coeff. | Std. Err. | Marginal Effect | Std. Err. |
|---|---|---|---|---|
| **Age** | 1.782 | 1.910 | 0.637 | 0.683 |
| **Age squared** | -0.015 | 0.016 | -0.005 | 0.006 |
| **Female** | -0.209 | 0.137 | -0.075 | 0.049 |
| **Female*Year2010** | -0.233 | 0.186 | -0.081 | 0.062 |
| **Married** | -0.279[**] | 0.134 | -0.101[**] | 0.049 |
| **Married*Year2010** | -0.135 | 0.183 | -0.048 | 0.063 |
| **Female*Married** | 0.663[***] | 0.170 | 0.249[***] | 0.065 |
| **Female*Married*Year2010** | 0.157 | 0.235 | 0.058 | 0.088 |
| **HS degree** | -0.563[***] | 0.112 | -0.202[***] | 0.040 |
| **HS degree*Year2010** | -0.010 | 0.156 | -0.004 | 0.056 |
| **College degree** | -0.720[***] | 0.132 | -0.232[***] | 0.037 |
| **College degree*Year2010** | 0.008 | 0.186 | 0.003 | 0.067 |
| **Non-Hispanic black** | 0.299[***] | 0.102 | 0.111[***] | 0.039 |
| **Non-Hispanic black*Year2010** | -0.048 | 0.148 | -0.017 | 0.052 |
| **Hispanic** | 0.201 | 0.125 | 0.074 | 0.047 |
| **Hispanic*Year2010** | 0.286 | 0.175 | 0.107 | 0.068 |
| **Asian** | 0.340 | 0.215 | 0.129 | 0.085 |
| **Asian*Year2010** | -0.166 | 0.295 | -0.057 | 0.097 |
| **Health limits work** | 1.470[***] | 0.084 | 0.533[***] | 0.027 |
| **Health limits work*Year2010** | 0.084 | 0.121 | 0.030 | 0.045 |
| **Per capita non-earned income (000s)** | 0.00750[***] | 0.002 | 0.00268[***] | 0.001 |
| **Per capita non-earned income (000s)*Year2010** | 0.000 | 0.002 | 0.000 | 0.001 |
| **Per capita assets (000s)** | 0.000 | 0.000 | 0.000 | 0.000 |
| **Per capita assets (000s)*Year2010** | 0.000 | 0.000 | 0.000 | 0.000 |
| **Receives capital income** | -0.037 | 0.087 | -0.013 | 0.031 |
| **Receives capital income*Year2010** | -0.156 | 0.122 | -0.055 | 0.042 |
| **Receives pension income** | 0.471[***] | 0.108 | 0.179[***] | 0.042 |
| **Receives pension income*Year2010** | 0.093 | 0.169 | 0.034 | 0.063 |
| **Year 2010** | 0.213 | 0.220 | 0.076 | 0.078 |
| | | | | |
| **Observations** | | 3,081 | | |

*Source*: Authors' computations of the core Health and Retirement Study (HRS) data files.
*Notes:* Nonearners include those with annual earnings below the amount needed to earn one quarter of Social Security coverage, which was $1,120 in 2011.

**Table 10. Share of Nonearners Ages 57 to 61 in 2008 and 2010 by Poverty Status and Quintile of Income or Assets, by Marital Status and Sex**

| | Single Men | | | | Single Women | | | |
|---|---|---|---|---|---|---|---|---|
| | **2008** | **2010** | **Absolute Change** | **Percent Change** | **2008** | **2010** | **Absolute Change** | **Percent Change** |
| ***Poor*** | 50.1% | 47.4% | -2.6% | -5% | 58.6% | 60.7% | 2.1% | 4% |
| ***Total Income*** | | | | | | | | |
| **Bottom quintile** | 64.1 | 57.1 | -6.9 | -11 | 70.8 | 70.4 | -0.5 | -1 |
| **Second quintile** | 19.5 | 28.0 | 8.5 | 44 | 16.2 | 23.4 | 7.2 | 44 |
| **Third quintile** | 8.9 | 8.6 | -0.3 | -3 | 4.2 | 4.7 | 0.5 | 11 |
| **Fourth quintile** | 1.8 | 3.8 | 2.1 | 116 | 7.4 | 0.8 | -6.6 | -89 |
| **Top quintile** | 5.7 | 2.4 | -3.4 | -59 | 1.2 | 0.7 | -0.5 | -45 |
| ***Total Assets*** | | | | | | | | |
| **Bottom quintile** | 48.7 | 39.3 | -9.4 | -19 | 50.7 | 46.5 | -4.2 | -8 |
| **Second quintile** | 17.6 | 21.3 | 3.6 | 21 | 14.1 | 16.0 | 1.9 | 14 |
| **Third quintile** | 7.3 | 12.9 | 5.6 | 77 | 15.8 | 18.8 | 3.0 | 19 |
| **Fourth quintile** | 12.3 | 10.1 | -2.1 | -17 | 4.9 | 4.7 | -0.2 | -4 |
| **Top quintile** | 14.1 | 16.4 | 2.2 | 16 | 14.6 | 14.0 | -0.5 | -4 |

| | Married Men | | | | Married Women | | | |
|---|---|---|---|---|---|---|---|---|
| | **2008** | **2010** | **Absolute Change** | **Percent Change** | **2008** | **2010** | **Absolute Change** | **Percent Change** |
| ***Poor*** | 16.0% | 22.8% | 6.7% | 42% | 14.4% | 19.0% | 4.6% | 32% |
| ***Total Income*** | | | | | | | | |
| **Bottom quintile** | 37.8 | 39.7 | 1.9 | 5 | 28.0 | 29.0 | 1.0 | 4 |
| **Second quintile** | 22.0 | 27.8 | 5.8 | 26 | 28.9 | 26.3 | -2.7 | -9 |
| **Third quintile** | 17.8 | 15.3 | -2.5 | -14 | 14.9 | 16.9 | 2.1 | 14 |
| **Fourth quintile** | 14.7 | 9.4 | -5.4 | -36 | 15.7 | 9.1 | -6.6 | -42 |
| **Top quintile** | 7.7 | 7.8 | 0.1 | 1 | 12.4 | 18.7 | 6.3 | 50 |
| ***Total Assets*** | | | | | | | | |
| **Bottom quintile** | 20.6 | 22.9 | 2.3 | 11 | 13.8 | 15.8 | 2.0 | 14 |
| **Second quintile** | 16.3 | 23.0 | 6.7 | 41 | 21.9 | 14.1 | -7.8 | -36 |
| **Third quintile** | 18.6 | 19.2 | 0.6 | 3 | 23.6 | 18.7 | -5.0 | -21 |
| **Fourth quintile** | 22.4 | 16.7 | -5.6 | -25 | 18.5 | 23.3 | 4.8 | 26 |
| **Top quintile** | 22.2 | 18.2 | -4.0 | -18 | 22.2 | 28.2 | 6.0 | 27 |

*Source*: Authors' computations of the core Health and Retirement Study (HRS) data files.
*Notes:* Nonearners include those with annual earnings below the amount needed to earn one quarter of Social Security coverage, which was $1,120 in 2011. The 2008 sample includes 75 single men, 172 single women, 159 married men, and 134 married women. The 2010 sample includes 102 single men, 182 single women, 150 married men, and 122 married women.

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