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Executive Summary

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WORK AND RETIREMENT PATTERNS FOR THE G.I. GENERATION, SILENT GENERATION, AND EARLY BOOMERS: THIRTY YEARS OF CHANGE

BY RICHARD W. JOHNSON, BARBARA A. BUTRICA, AND CORINA MOMMAERTS

The choices and constraints confronting older workers contemplating retirement have been changing rapidly. Today's older adults are generally better able to work than previous generations because health has improved at older ages and jobs have become less physically demanding. Traditional defined benefit pensions, which typically penalize participants who work too long, have been supplanted by defined contribution (DC) plans as the dominant type of employer-sponsored retirement plan. Employer-sponsored retiree health benefits, which generally provide health insurance to retirees before Medicare begins at age 65, are disappearing, making it more expensive for many workers to retire early. Social Security's full retirement age (FRA) has increased, the retirement earnings test was eliminated in 2000 for those who have reached the FRA, and the delayed retirement credit is now eight times as high as it was in the mid 1970s. All of these changes have boosted work incentives at older ages.

This study examines how retirement behavior changed over the past 30 years. It compares labor force exits by older workers in three different five-year cohorts—those born from 1913 to 1917 (part of the G.I. Generation), 1933 to 1937 (part of the Silent Generation), and 1943 to 1947 (the early years of the Baby Boom Generation). These cohorts reached age 65 around 1980, 2000, and 2010. Using 16-year longitudinal panels from the Health and Retirement Study and decades-long administrative earnings records linked to respondents in the Survey of Income and Program Participation (SIPP), the analysis shows changes over time in retirement ages, retirement dynamics, and the factors influencing retirement decisions.

The results show that the likelihood of retirement has changed sharply over time.

- Men born 1933 to 1937 retired much earlier, on average, than those born 20 years earlier. The trend reversed 10 years later. The median retirement age for men was about one-half year higher in the 1943–47 birth cohort than in the 1933–37 cohort (62 vs. 61.5), but differences were more pronounced at older ages. By age 65, for example, 40 percent of early boomer men had not yet retired, compared with only 20 percent of Silent Generation men.

- Women born 1933 to 1937 were much more likely to participate in the labor force than those born 1913 to 1917. Among women working at age 49, however, retirement rates were quite similar in the two cohorts. Like men, early Boomer women generally retired later than women in the Silent Generation born 10 years earlier.
- Age-65 retirements have become much less common over the past 30 years, especially for men. The probability of retiring at age 65 among men working at age 64 fell from 56 percent for the 1913–17 birth cohort, to 26 percent for the 1933–37 cohort, to 7 percent for the 1943–47 cohort.

The impact of demographic and economic factors on retirement is also shifting, especially for women.

- Employee benefits appear to have stronger effects on women’s retirement rates now than in the recent past. Access to retiree health insurance significantly increased retirement rates for women born 1943 to 1947 but not for women born 10 years earlier. Participation in DC retirement plans significantly reduced retirement rates for working women in the 1943–47 birth cohort, but generally did not significantly affect retirement decisions for those in the 1933–37 cohort.
- African American and Hispanic working women born 1943 to 1947 were significantly more likely to retire than their non-Hispanic white counterparts, but racial and ethnic differences were generally insignificant among women born 10 years earlier. Married working women were significantly more likely to retire than their unmarried counterparts among those born 1933 to 1937, but not among those born 1943 to 1947.
- These changes likely stem from the rapid growth in married women’s labor force participation rates over the past 40 years. As women’s earnings and retirement wealth have increased, they appear more likely now than in the past to make retirement decisions appropriate to their own careers and financial security, instead of following their husbands out of the labor force.

Retirement patterns are more complex now than in the past.

- Among workers born 1913 to 1917 and not yet retired (fully or partially) at age 49, about one-half of men (51.1 percent) and two-fifths of women (60.1 percent) followed the “traditional” route into retirement, moving from full-time or nearly full-time work directly out of the labor force and never returning to work.
- This share fell to about one-third (34.3 percent of men and 37.4 percent of women) for workers born 20 years later (between 1933 and 1937).
- Workers have become much more likely to partially retire before retiring completely. For example, 45.4 percent of working men and 41.3 percent of working women born between 1933 and 1937 partially retired after age 50, compared with only 32.8 percent of men and 25.3 percent of women born 20 years earlier.
- Workers are also more likely to “unretire” today than in the past. About 26 percent of men and 29 percent of women born 1933 to 1937 returned to full-time or nearly full-time employment after fully or partially retiring.
- Complex pathways to retirement remain much less common among workers with limited education than among those who completed high school or attended college.

Sixty-two is now the most common retirement age by far. More than one-fifth of men born 1943 to 47 working at age 61 retired at age 62. While average retirement ages have been creeping up recently and labor force participation rates have surged after age 62, the share of adults retired by age 62 had not fallen much, especially among men. In light of the financial benefits of working longer and overall improvements in employment prospects at older ages, it is surprising that participation rates have not increased more among men in their late fifties and early sixties. As policymakers debate the wisdom of increasing Social Security's early entitlement age, understanding why so many workers continue to retire by age 62 is a crucial research challenge.

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CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

Hovey House, 140 Commonwealth Avenue, Chestnut Hill, MA 02467-3808
phone 617.552.1762 fax 617.552.0191 crr@bc.edu www.bc.edu/crr