



## Enjoying the Golden Work Years

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While the likelihood of working declines with age, those who remain on the job enjoy it more and worry about it less. Many Americans ages 65 and older have found ways to work for themselves, with part-time hours and limited physical demands. Whether earning a lot or a little, a positive work attitude is pervasive among those who could retire but choose, for different reasons, to continue in the labor force.

Recent studies highlight the benefits of work at older ages. Some document the financial benefits for older adults who earn additional income and accumulate more wealth (Butrica et al. 2004). Others highlight the benefits to society if older adults delay their receipt of social insurance benefits (Butrica, Smith, and Steuerle 2006). Other studies find that longer working lives help most people maintain their well-being (Calvo 2006).

Some data suggest that older adults would like to continue working. A 2003 AARP survey of employed adults age 50 to 70 reports that 63 percent of preretirees plan to work at least part time during retirement. Watson Wyatt, a global consulting firm focused on human capital and financial management, reported in 2004 that 1 in 3 workers age 55 and older would continue working longer than otherwise planned if they were offered a phased retirement option.

Recent labor market trends also suggest a desire to work longer. Labor force participation rates among adults age 55 and older began

increasing slowly in 1986, following a fairly steady decline between 1950 and 1985 (Bureau of Labor Statistics 2005). This increase in work effort could reflect a personal desire to work longer, economic necessity, an increase in the number of jobs available for older adults—or a combination of all three.

This *Perspective* offers additional insight into work at older ages. Data from the 2002 Health and Retirement Study (HRS)<sup>1</sup> are used to examine job characteristics and attitudes about work among adults age 60 and older and to explore whether richer and poorer workers differ. Findings include substantial increases in the number of working adults who report being self-employed as age increases. Also, adults working past their normal retirement age of 65 say they enjoy work even more than workers age 60 to 64. Also, remarkably few differences in attitudes about work exist across the income scale. The results suggest that the vast majority of adults

working at older ages feel satisfied with their work. More knowledge about these workers, their job characteristics, and their outlook on work could provide guidance for policymakers seeking to extend work lives.

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*Workers 65 and older—many self-employed and working part time—are not anxious to leave the labor market. This suggests that similar work situations should be emulated by employers, with public policies to encourage such opportunities.*

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### Who Works at Older Ages?

Not surprising, the working portion of older Americans declines dramatically with age (table 1). About half of adults age 60 to 64 work; that drops to one-third for the group age 65 to 69. About 1 in 10 adults works past age 69. Older workers, particularly those age 70 and older, are most likely to be male and college educated. For example, 18 percent of men 70 and older are still working, compared with only 8 percent of their female counterparts.<sup>2</sup> And those with at least some college are nearly twice as likely to work as those without a high school degree.



TABLE 1. *Adults Working by Age and Personal Characteristics, 2002*

	Age		
	60–64	65–69	70+
All (%)	52	32	12
Gender (%)			
Male	58	39	18
Female	46*	26*	8*
Race (%)			
White	53	33	13
Black	48	32	11
Hispanic	48	24*	5*
Other	50	27	13
Education (%)			
Less than high school	39	24	9
High school	49*	30*	11
More than high school	60*	38*	17*
Health (%)			
Excellent/Very good	61	38	18
Good	54*	34	13*
Poor/Fair	30*	18*	6*
Mental Health (%)			
Not depressed	54	33	14
Depressed	33*	19*	6*
Household assets <sup>a</sup> (%)			
Low wealth	45	29	10
Medium wealth	56*	34*	12*
High wealth	55*	33*	15*
N (weighted, millions)	11	9	24

Source: 2002 Health and Retirement Study.

<sup>a</sup> Levels of wealth are calculated within each individual age group.

\* Significantly different from top row of characteristic at 90 percent level or greater.

Additionally, adults reporting poor health or depression are much less likely to be working across the age spectrum. There are few differences in work rates by race, except that Hispanics age 65 and older are significantly less likely to be working than white adults in the two older age group. Also, adults in the lowest wealth group are less likely to be working than those with medium or high wealth.<sup>3</sup> Of course, these factors are interdependent; those able to work longer generally will accumulate more wealth.

## Job Characteristics Change with Age

Some job characteristics change significantly with age (table 2). For example, self-employment rates

increase dramatically. About 4 in 10 workers age 70 and older report being self-employed, compared with 2 in 10 workers age 60 to 64. This increase may reflect the use of self-employment as a transition between a career job and full retirement (Karoely and Zissimopoulos 2004; Owen and Flynn 2004; Quinn 1996). Self-employment allows workers to be their own bosses, and often

TABLE 2. *Workers' Main Job Characteristics by Age, 2002*

	Age		
	60–64	65–69	70+
Self-employed (%)	22	30*	42*
Job benefits (%)			
Pension	45	25*	14*
Health insurance offer	56	27*	15*
Required all or almost all of the time (%)			
Physical effort	18	16	14*
Lifting heavy loads	8	5*	5*
Stooping/Kneeling/Crouching	14	11*	11*
Good eyesight	67	69	67
Intense concentration	52	55	52
People skills	72	72	68*
Computer usage	35	23*	15*
Industry (%)			
Manufacturing	12	8*	8*
Wholesale trade/Retail trade	16	15	18
Finance/Insurance/Real estate	7	9	10*
Services	46	49	45
Other	18	19	19
Current work status (%)			
Full-year worker <sup>a</sup>	84	72*	69*
Usual hours worked per week (%)			
Less than half time <sup>b</sup>	11	23*	38*
Half time or more <sup>b</sup>	20	31*	35*
Full time <sup>c</sup>	69	46*	27*
N (weighted, millions)	6	3	3

Source: 2002 Health and Retirement Study.

<sup>a</sup> Full-year worker = 48 weeks or more per year.

<sup>b</sup> Half time = 20 hours or more per week.

<sup>c</sup> Full time = 35 hours or more per week.

\* Significantly different from age 60–64 for relevant characteristic at 90 percent level or greater.

provides the flexible schedule that many older workers desire as they near retirement.

Older workers often do not get traditional benefits on their jobs. Only 14 percent of workers age 70 and older report having pension coverage, and 15 percent report being offered health insurance coverage. In contrast, around half of workers age 60 to 64 report having these benefits on their jobs. This age pattern probably reflects differences in retirement status between the youngest and oldest workers. Workers age 60 to 64 may still be in their career or pension jobs, while workers age 70 or older more often are self-employed or in bridge jobs less likely to offer these benefits.

Physical and cognitive job demands decline somewhat with the age of workers. For example, 18 percent of workers age 60 to 64 report that their jobs require physical effort all or almost all the time, compared with 14 percent at ages 70 and older. Use of computer skills declines more substantially across the age groups. Thirty-five percent of the youngest workers report using computers most of the time, compared with only 15 percent of those working at age 70 and older. Surprisingly, there are virtually no age differences in the shares of workers reporting that their jobs required good eyesight or intense concentration.

As in the general population, the services industry employs the majority of older workers in every age group. The oldest adults are significantly less likely to work in the manufacturing industry (8 percent) than their youngest counterparts (12 percent). Instead, they are more likely than the youngest workers to be employed in the finance, insurance, and real estate industries.

Finally, as one would expect, the share of workers reporting full-year (48 weeks or more) work declines with age, and the share usually working full time drops dramatically. For example, nearly 70 percent of workers age 60 to 64 work full time (35 hours a week or more), compared with 27 percent of workers age 70 and older. Most workers age 70 and older, in fact, put in part-time hours, and nearly 4 in 10 work less than half time (20 hours a week).

## Older Workers' Attitudes about Their Jobs

Enjoyment of work increases with age (table 3). Ninety percent of workers age 60 to 64 strongly

TABLE 3. *Workers' Attitudes about Their Jobs by Age, 2002*

	Age		
	60–64	65–69	70+
Enjoy going to work (%)			
Strongly agree/Agree	90	95*	97*
Have jobs involving a lot of stress (%)			
Strongly agree/Agree	57	41*	32*
Have plans for retirement (%)			
Stop work altogether	21	15*	9*
Reduce hours/Change work	26	15*	6*
Never stop work/Work until health fails	9	14*	24*
Not much thought/No current plans	40	51*	57*
Other	4	5	3
Consider self retired (%)			
Completely retired	2	6*	11*
Partially retired	19	42*	56*
Not retired	78	52*	33*
N (weighted millions)	6	3	3

Source: 2002 Health and Retirement Study.

\*Significantly different from age 60–64 for relevant characteristic at 90 percent level.

agree or agree that they enjoy going to work, and the share increases to 97 percent of workers age 70 and older.

Stress levels, meanwhile, decline with age. About 1 in 3 workers age 70 and older strongly agreed or agreed that their job involves a lot of stress, compared with over half of workers age 60 to 64.

Workers' plans for retirement also vary across age groups. Close to 50 percent of workers age 60 to 64 either want to stop working or change their current work, compared with 30 percent of workers age 65 to 69 and only 15 percent of workers age 70 and older. Additionally, the oldest workers are more than twice as likely as the youngest workers to want to continue working until their health fails (24 percent, compared with 9 percent). Perhaps most surprising is the high share of workers at all ages who have given little thought to retirement, including 4 out of 10 workers age 60 to 64, and over half of workers age 65 and older.

Of course, these attitudes about retirement reflect the workers' retirement status. Most workers (78 percent) age 60 to 64 report that they are not retired. In contrast, over half of adults working at age 70 and older report that they are partially retired, and only one-third report that they are not retired. This is consistent with earlier results showing that adults working at age 70 and older are more likely to be working part time and to be self-employed.

### Do Jobs and Attitudes about Work Differ by Wealth Status?

One thought about work at older ages is that wealthier adults work only because they enjoy it, while others work out of necessity. Exploration of differences in job characteristics, health status, and work attitudes between those with relatively low and high wealth status offers some insights into this assumption. We focus on workers age 70 and older because differences between working for enjoyment and working out of necessity may be most extreme for this age group. The job characteristics of workers in this age group differ across wealth groups, but attitudes about work are quite similar (table 4). Workers with relatively low levels of wealth are much less likely to be self-employed than those with high levels of wealth (29 percent, compared with 54 percent), and they are more likely to have jobs requiring physical effort (17 percent, compared with 11 percent). Lower wealth older workers are more likely to be working throughout the year, although those at all wealth levels usually work part-time hours. Low-wealth workers also are less likely than their wealthier counterparts to report their health status as excellent or good, suggesting that some are working despite having poor health.

Differences in job characteristics and health status do indeed suggest greater disadvantage or more economic need to work among low-wealth workers. Yet, richer or poorer, workers age 70 and older share similar attitudes about work. Nearly all (95 percent or more) strongly enjoy their work. About one-third of both groups say that their jobs are stressful. Plans for retirement are also similar across wealth status groups. Relatively few plan to stop work altogether or even to change the hours or type of work that they do. Regardless of wealth, over 2 in 10 workers age 70 and older want to keep working unless

TABLE 4. *Differences in Jobs, Health, and Attitudes between High- and Low-Wealth Workers Age 70 and Older*

	Wealth	
	High	Low
Job characteristics (%)		
Self-employed	54	29*
Job requirement		
Physical effort	11	17*
Intense concentration	51	51
People skills	67	68
Computer skills	13	15
Current work status		
Full-year worker <sup>a</sup>	67	76*
Usual hours worked per week <sup>b</sup>		
Less than half time <sup>c</sup>	41	34
Half time or more <sup>c</sup>	32	37
Full time <sup>d</sup>	27	30
Physical health		
Excellent/Very good	55	40*
Good	31	41*
Fair/Poor	15	19
Attitudes about work		
Strongly enjoy	97	95
Find stressful	34	34
Plans for retirement		
Stop altogether	8	13
Reduce hours/Change work	11	3*
Never stop/Work until health fails	24	22
No plans	52	60
N (weighted, millions)	1	1

Source: 2002 Health and Retirement Study.

Notes: Wealth is calculated within each age group: "low" indicates the bottom third and "high" indicates the top third.

<sup>a</sup> Full-year worker = 48 weeks or more per year.

<sup>b</sup> Full-time status and usual hours of work apply to primary job (5% report second jobs).

<sup>c</sup> Half time = 20 hours or more per week.

<sup>d</sup> Full time = 35 hours or more per week.

\*Significantly different from high wealth at 90 percent or higher.

their health fails, and over half have given no thought to retirement.

### Discussion

The job characteristics and attitudes of adult workers age 65 and older—especially compared to those age 60 to 64—reveal a group enjoying



work and not anxious to leave the labor market. The fact that many of these workers are self-employed and working part time at jobs with relatively limited physical demands may help to explain their satisfaction with work. Older workers in all wealth groups share these positive attitudes about work, even though those with less wealth work more hours per year, often at jobs requiring physical effort.

The results suggest that work situations pleasing to older adults should be emulated by other employers, with public policies to encourage such opportunities. The results also bear out surveys reporting that workers would like phased retirement opportunities with reduced and flexible hours. That is, the majority of adults working past the normal retirement age today may be the lucky ones who have found part-time jobs with limited physical requirements.

Policies need to be changed to support more phased retirement opportunities.<sup>4</sup> Current pension rules prohibit companies with defined benefit plans from allowing workers to draw down a partial pension to supplement reduced, part-time earnings. Congress is currently considering a change in this pension rule (Johnson, Mermin, and Steuerle 2006). Other changes may also be required. Employers offering health insurance must be the first payer for all workers, including those with Medicare coverage. This increases plan costs, since older workers represent a greater health risk. Clearly, it is time to rethink some of these rules to maximize employment opportunities for older adults who want to work.

## Notes

1. The HRS is a longitudinal survey of older Americans conducted by the Survey Research Center at the University of Michigan for the National Institute on Aging. (For more information, see <http://hrsonline.isr.umich.edu>.) Population totals in tables 1–4 are reweighted to reflect 2002 Census estimates.
2. Since women comprise a much larger share of the population age 70 and older (15 million women, compared with 10 million men) (Bureau of the Census 2000), about as many women as men are working in this age group, in absolute terms.
3. Wealth is computed as the present discounted value of total assets, including Social Security, pensions, financial assets, and housing.
4. A number of studies document the work disincentives in today's pension and tax systems. Johnson, Mermin, and Steuerle (2006) review the impediments to work; Butrica

et al. (2004) estimate the high implicit tax rates on work; and Lahey (2005) documents discrimination faced by older workers.

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