



**Job Changes at Older Ages:
Effects on Wages, Benefits, and Other Job
Attributes**

Richard W. Johnson and Janette Kawachi

March 2007

The Retirement Project

Discussion Paper 07-03

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A crosscutting team of Urban Institute experts in Social Security, Medicare, Medicaid, tax and budget policy, and micro-simulation modeling ponder the aging of American society.

The aging of America raises many questions about what's in store for future and current retirees and whether society can sustain current systems that support the retired population. Who will prosper? Who won't? Many good things are happening too, like longer life and better health. Although much of the baby boom generation will be better off than those retiring today, many face uncertain prospects. Especially vulnerable are divorced women, single mothers, never-married men, high school dropouts, and Hispanics. Even Social Security—which tends to equalize the distribution of retirement income by paying low-income people more than they put in and wealthier contributors less—may not make them financially secure.

Uncertainty about whether workers today are saving enough for retirement further complicates the outlook. New trends in employment, employer-sponsored pensions, and health insurance influence retirement decisions and financial security at older ages. And, the sheer number of reform proposals, such as personal retirement accounts to augment traditional Social Security or changes in the Medicare eligibility age, makes solid analyses imperative.

Urban Institute researchers assess how current retirement policies, demographic trends, and private sector practices influence older Americans' security and decisionmaking. Numerous studies and reports provide objective, nonpartisan guidance for policymakers.

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The research reported herein was supported by the Center for Retirement Research at Boston College pursuant to a grant from the U.S. Social Security Administration funded as part of the Retirement Research Consortium. The opinions and conclusions are solely those of the authors and should not be construed as representing the opinions or policy of the Social Security Administration or any agency of the federal government; the Center for Retirement Research at Boston College; or the Urban Institute, members of its board, or its sponsors.

Publisher: The Urban Institute, 2100 M Street, N.W., Washington, D.C. 20037

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Abstract

One potential way to manage the rapidly growing costs of supporting older Americans is to increase labor supply at older ages. However, questions persist about the quality of available jobs. This study examines older Americans' employment opportunities by studying job changes at older ages. Using data from the Health and Retirement Study, it compares wages, benefits, and other job attributes on new and former jobs for adults ages 45 to 75 who changed employers between 1986 and 2004. Because older people who choose to work after retiring voluntarily from long-term jobs may face different employment prospects than displaced older workers, the analysis considers how employment changes vary by the reasons workers give for job separations.

Most people who switched employers at older ages moved to jobs that differed substantially from their previous jobs. The vast majority of older job changers moved into different occupations and industries. They were more likely to be self-employed, work part-time, and keep flexible hours at their new jobs than their old jobs. The new jobs generally involved less stress, less physical effort, and fewer managerial responsibilities. More older job changers enjoyed their new jobs than their old jobs. However, most older workers experienced sharp hourly wage reductions when they switched employers. They were also less likely to receive pension coverage or health benefits after they moved to new jobs. Although the findings do not raise concerns about the quality of postretirement jobs, they suggest the older displaced workers face special challenges in the labor market.

Executive Summary

One potential way to manage the rapidly growing costs of supporting older Americans is to increase labor supply at older ages. By delaying retirement and remaining at work, older Americans could produce more goods and services, promoting economic growth and contributing to income and payroll taxes that finance public services. However, questions persist about the quality and availability of jobs for older workers.

This study examines older Americans' employment opportunities by studying job changes at older ages. Using data from the Health and Retirement Study, it compares wages, benefits, and other job attributes on new and former jobs for adults ages 45 to 75 who changed employers between 1986 and 2004. Because older people who choose to work after retiring voluntarily from long-term jobs may face different employment prospects than displaced older workers, the analysis considers how employment changes vary by tenure on the previous job and the reasons workers give for job separations.

Key findings include the following:

- Overall mean hourly wages fell by about 13 percent when older workers changed jobs, from \$18.57 to \$16.23. Hourly wages fell more sharply for older workers who retired from their previous jobs than those who separated for other reasons. Average wages for retirees from long-term jobs (with more than 10 years of service) who continued to work declined by about 39 percent, and median wages plunged by 53 percent. Older people displaced from long-term jobs who found other employment experienced average wage losses of about 19 percent.
- About one-half of men and 40 percent of women who retired from long-term jobs and were reemployed elsewhere experienced hourly wage losses of at least 50 percent. By comparison, about 25 percent of men laid-off from long-term jobs, 16 percent of men who quit long-term jobs, and 24 percent of men who left long-term jobs for other reasons experienced such large relative wage declines.
- Only about 23 percent of older job changers who left long-term employers remained in the same detailed occupation category on their new jobs, defined by three-digit Census codes. More than half moved into different broadly defined occupations.
- Retirees were significantly more likely to change occupations than those who switched employers for other reasons. Only about 15 percent of retirees who left long-term employers remained in the same detailed occupation category, and 64 percent moved into different broadly defined occupational categories.
- Many older job changers separating from long-term employers exited the manufacturing and public administration industries and moved into the trade and service industries. Only about one in five job changers who retired from long-term jobs continued to work in the same narrowly defined industry as before they retired. By contrast, about one-third of

older job changers who quit their previous jobs continued to work in the same narrow industry. About 65 percent of employed retirees and 60 percent of displaced workers moved into different broadly defined industry groups.

- About 71 percent of older workers who left long-term jobs received health benefits on their old jobs, and 55 percent received benefits on their new jobs.
- Many older workers who changed jobs moved to part-time work, self-employment, and jobs offering flexible work arrangements. Forty-three percent of older workers who left long-term jobs worked part-time on their new jobs, 25 percent were self-employed, and 50 percent worked in flexible jobs. By comparison, only 15 percent worked part-time and 28 percent had flexible work arrangements on their pre-separation jobs.
- Part-time work, self-employment, and flexible work arrangements were especially common on postretirement jobs. About 56 percent of employed retirees who left long-term jobs moved from full-time work to part-time work, 28 percent moved from wage and salary employment to self-employment, and 45 percent moved from less flexible jobs to more flexible jobs.
- Older job changers—especially retirees—who left long-term employers generally preferred their new jobs to their old jobs. About 93 percent of employed retirees who left long-term employers said they enjoyed their new jobs, whereas only 77 percent said they enjoyed their old jobs. About one in five reported enjoying their new jobs but not their old jobs. Even reemployed displaced workers were more likely to enjoy their new jobs than their former jobs.

The findings do not raise concerns about the quality of postretirement jobs. Although these jobs did not generally pay very much, they were less stressful and more flexible than career jobs, and more than 9 in 10 people working in retirement said they enjoyed their jobs. The analysis supports the notion that older adults tend to use postretirement jobs as bridges to complete withdrawal from the labor market.

However, the results suggest that people who lose their jobs at older ages often face special challenges in the labor market. Those able to find other employment generally ended up in different industries and occupations, earning much lower wages than on their former jobs. For example, about one-quarter of older men laid-off from long-term jobs earned hourly wages that were less than half as high as on their previous jobs. About 40 percent lost pension coverage and 25 percent lost health benefits. These findings suggest that as policymakers consider ways of encouraging work at older ages, they should pay special attention to the struggles of older displaced workers.

Job Changes at Older Ages: Effects on Wages, Benefits, and Other Job Attributes

Population aging is focusing attention on the costs of supporting older Americans. As life expectancy increases, fertility rates decline, and the unusually large baby boom cohorts born after 1945 approach old age, the share of the population ages 65 and older will soon begin to soar. At the same time, older men are retiring earlier and working less than they did 30 years ago. As a result, people are spending more time in retirement than ever before. If current employment patterns continue, population aging will reduce the number of workers in the economy for every retiree, reducing economic growth, straining Social Security and Medicare finances, and limiting tax revenue available to fund other government functions.

One potential solution is to increase older adults' labor supply, but questions persist about the quality of available jobs. By delaying retirement and remaining at work, older Americans could produce more goods and services, promoting economic growth and contributing to income and payroll taxes that finance all public services. Many older Americans say they want to keep working and labor force participation rates at older ages have been rising recently, after falling for decades. However, older workers often prefer to reduce their hours and responsibilities, rather than continue working full-time at demanding jobs. Older workers' preferences for fewer hours and responsibilities force many to move to new jobs and forego the specific human capital they accumulated with their long-term career employers. Workers also lose specific human capital when they move to new employers after layoffs, and those who lose their jobs at older ages do not have time to accumulate much experience with their new employers. As a result,

older job changers often earn less on their new jobs than on their long-term career jobs, limiting the attractiveness of work at older ages.

This paper examines older Americans' employment opportunities by studying job changes at older ages. It compares wages, benefits, and other job attributes on new and former jobs for a large sample of older Americans who changed employers between 1986 and 2004. Because older people who choose to work after retiring voluntarily from long-term jobs may face different employment prospects than displaced older workers, the analysis considers how employment changes vary by tenure on previous jobs and the reasons workers give for job separations. The results show that about 85 percent of older people who worked after retirement changed occupations, and about 80 percent changed industries. The median hourly wage in postretirement jobs was less than half the median wage in preretirement long-term career jobs, but postretirement work was less stressful.

Background

With lifespans increasing and average retirement ages failing to keep pace, people are spending more time in retirement than ever before. Women who reached age 65 in 2000 could expect to live another 20 years, up from 16 years for women who turned 65 in 1950 (Social Security Trustees 2006). Between 1950 and 2000, male life expectancy at age 65 increased by nearly three years. Median retirement ages, by contrast, declined steadily for men over the period, falling from 67 to 62 (Gendell 2001). In 2005, only 69 percent of men ages 55 to 64 participated in the labor force, down from 90 percent in 1948 (Bureau of Labor Statistics 2006).

Participation rates fell even more rapidly for men ages 65 and older, plunging from 47 percent to 20 percent between 1948 and 2005.¹

The trend toward longer retirements, combined with the aging of the population, is straining the economy's capacity to support its oldest members. The U.S. Census Bureau (2004) projects that the share of the adult U.S. population ages 65 and older will reach 27 percent by 2050, up from 17 percent in 2000 and 12 percent in 1950. Based on current employment patterns, the Social Security trustees project that between 2000 and 2030 the number of workers paying into the system per beneficiary will decline from 3.4 to 2.2 (Social Security Trustees 2006). The reduction in the number of workers available to support each retiree will force cutbacks in retirement benefits or other government services, tax hikes, or increased government borrowing. Current projections indicate that Social Security will begin paying out more funds than it collects in taxes in 2017, and that the Social Security trust fund will be exhausted by 2040 (Social Security Trustees 2006).

Benefits of Working Longer

The economic pressures created by an aging population could be mitigated if people delayed retirement. If men and women continue to work at the age-specific rates that prevailed in 2000, the number of workers per nonworking adult ages 65 and older will fall from 4.5 in 2000 to 3.3 in 2020. However, if men ages 55 and older instead worked at the rate that prevailed in 1950 (when jobs were less physically demanding and health problems were more prevalent) and everyone else worked at the 2000 rates, then the ratio of workers to nonworking older adult would fall to only 4.1 by 2020 (Johnson and Steuerle 2004). Additional work at older ages would

¹ Labor force participation rates for older women have increased over the past 50 years, however, as married women of all ages moved into the labor force. Between 1948 and 2005, the share of women participating in the labor force increased from 24 percent to 57 percent (Bureau of Labor Statistics 2006).

increase the production of goods and services, spurring economic growth and raising tax revenue. If every worker delayed retirement by five years, relative to retirement plans based on current work patterns, the additional revenue generated by income and payroll taxes would more than cover the Social Security trust fund deficit for the foreseeable future (Butrica, Smith, and Steuerle 2006).

There are already encouraging signs of increased labor supply at older ages. As jobs become less physically demanding (Johnson 2004; Steuerle, Spiro, and Johnson 1999) and health status at older ages improves (National Center for Health Statistics 2006), more older people are now physically able to remain at work than in the past. About two-thirds of working adults ages 50 to 70 who did not consider themselves to have retired from a previous job reported in 2003 that they planned to work in retirement or never retire (AARP 2003). Nearly one-third of workers ages 51 to 55 reported in 2004 that they planned to work full-time past age 65, up from 27 percent in 1992 (Mermin, Johnson, and Murphy 2006). Declines in traditional defined benefit pension plans and retiree health plans and increases in educational attainment accounted for nearly all of the change in work plans. Employment rates are already rising slowly among older men. Between 1993 and 2005, the share of men ages 65 and older that were working increased from 16 to 20 percent (Bureau of Labor Statistics 2006).

Challenges Faced by Older Workers

Although many older people say they want to remain at work, questions persist about employers' demand for older workers and their suitability for available jobs. Older workers are not perfect substitutes for younger workers. Because most older people attended school many years ago, their education may be less relevant to today's workplace than the more recent schooling of younger workers, especially in fields undergoing rapid technological change (Bartel

and Sichertman 1993). Physical abilities and some cognitive skills tend to decline with age, potentially reducing older adults' productivity. For example, finger dexterity diminishes rapidly as people grow older, and numerical ability, the capacity to master new material, and general intelligence all peak by age 35 and then erode over time (Avolio and Waldman 1994; Verhaegen and Salthouse 1997). However, cognitive skills that rely on accumulated knowledge, including verbal ability, do not appear to decline with age (Horn and Cattell 1966). Acquired knowledge, enhanced communication skills, and sharper decisionmaking abilities can often offset age-related declines in mental efficiency. For example, one study found that older hotel reservation clerks were more productive than their younger colleagues, even though they handled fewer calls, because their superior communications skills generated more bookings per call (McNaught, Barth, and Henderson 1989). Overall, many studies have found no significant relationship between productivity and age, as measured by work output and supervisory ratings (McEvoy and Cascio 1989).

Many employers say they value older workers' abilities and contributions. In a recent survey 56 percent of private-sector employers reported that older white-collar workers were more productive than their younger counterparts, while only 6 percent said that older workers were less productive (Munnell, Sass, and Soto 2006). Employers particularly valued older workers' knowledge of workplace procedures and their ability to interact with customers. However, they were not as favorably disposed toward older workers in nonmanagerial positions. Nearly one in five private-sector employers reported that older rank and file workers were less productive than their younger counterparts. And about two in five employers said that older workers were more expensive than younger workers.

Despite these generally favorable reports from employers, some older people may also face discrimination in the workplace. Although age discrimination is difficult to measure, a recent experimental study found that older job applicants in Florida were about 18 percent less likely to receive call backs and about 46 percent less likely to obtain interviews than younger job applicants with identical qualifications (Lahey 2005). Additionally, about two-thirds of workers ages 45 to 74 reported in a 2002 survey that they believed age discrimination persists in the workplace (AARP 2002).

Older people's preferences for reduced workloads may also create employment barriers. Although most workers ages 50 to 70 who do not consider themselves to be retired say they plan to work in retirement, about two-thirds of those planning to work say they want part-time employment (AARP 2003). Older workers almost always switch employers when they transition from full-time work to part-time work (Ruhm 1990). Few employers have formal phased retirement programs that allow older employees to reduce their work hours while remaining on the payroll. Although many employers without formal programs say they would allow older workers to reduce their hours before they officially retire, only 40 percent of these firms would allow informal phased retirees to begin drawing their pension benefits (Hutchens 2003). Most older workers cannot afford to cutback their work effort unless they have access to retirement benefits. About one-third of workers ages 61 to 71 who had left full-time career employment—defined as a job held for 10 or more years—between 1992 and 2002 moved to part-time employment on another job (Cahill, Giandrea, and Quinn 2006.)

Because job separations involve the loss of firm-specific human capital—skills unique to a particular employer-employee relationship—productivity and hence wages often fall when older workers move to new jobs, whether or not they choose to separate so they can reduce their

workloads.² Postretirement jobs generally pay much lower hourly wages than preretirement jobs (Maestas 2005). Employers have little incentive to invest in training for older workers because they will retire fairly soon, although older workers are less likely to switch jobs than younger workers (Farber 1999).

Job prospects may be especially bleak for older people laid off from their previous jobs, who did not voluntarily leave their former employers to take advantage of better jobs. About 19 percent of people ages 51 to 61 in 1992 experienced job layoffs between 1992 and 2002 (Johnson, Mermin and Uccello 2005). Older people are less likely to lose their jobs than younger people, but their many years of service—not their age—appear to protect them from displacement (Munnell, Sass, Soto, and Zhivan 2006). Job displacements often lead to substantial earnings losses (Jacobson, LaLonde, and Sullivan 1993), and many older people laid off from their jobs never return to work (Chan and Stevens 2001).

Methods

Our study of job changes at older ages was based on data from the Health and Retirement Study (HRS), a nationally representative longitudinal survey of older Americans. Conducted by the University of Michigan with primary funding from the National Institute on Aging, the survey began in 1992 with interviews of adults born between 1931 and 1941, when they were ages 51 to 61. In 1998 the HRS also began interviewing adults born between 1924 and 1930 (who were ages 68 to 74) and those born between 1942 and 1947 (who were ages 51 to 56). Respondents born between 1948 and 1953 were added to the survey in 2004, when they were

² Job separations by older workers will also reduce compensation for those whose earnings from their former employers exceeded the value of their marginal productivity. Some evidence suggests that workers enter into implicit long-term contracts with their employers that pay them less than the value of their marginal productivity early in their careers and more later in their careers (Lazear 1979; Lazear and Moore 1984). These arrangements provide workers with incentives to work hard, because shirkers they run the risk of being fired and losing substantial payouts near the end of the career.

ages 51 to 56.³ Respondents were reinterviewed every other year. The HRS collects information on a wide range of topics, including work status, employment histories, earnings, health status, and demographics. The most recent data available when our study began were collected in 2004.

At each interview the survey asked respondents about their work status and the attributes of their current jobs. Available job information included earnings (reported on an hourly, weekly, biweekly, monthly, or annual basis), occupation, industry, number of years on the job, employer pension and health insurance coverage, coverage by a union contract, usual weekly work hours, weeks worked per year, and self employment. The survey also asked respondents about job requirements and responsibilities, how much they enjoyed their jobs, and how flexible their jobs were. Additionally, respondents indicated whether they continued to work at the same job they held at the previous interview. Those who left their old jobs were asked why they separated.

The survey collected job histories at each baseline interview. For the most recent previous job that lasted for at least five years, respondents reported their occupation and industry, the year they began working at the job and the year they left, earnings in the year they left, pension coverage, and the reason for leaving.

Sample and Measures

We used the longitudinal data to compare job characteristics on new and former jobs for older job changers. Using the retrospective information on previous jobs going back six years, we restricted the sample to job changes (a separation and subsequent reemployment) between 1986 and 2004 by adults ages 45 to 75.⁴ Our sample consisted of 8,362 job changes by 5,541

³ In 1993 the HRS began collecting data from a sample of adults born before 1924, who were ages 70 and older at baseline, but we did not include these cohorts in our study because the HRS did not collect detailed employment information from them in the early years of the survey. The HRS also interviewed the spouses of respondents even if they were born before or after the specified years.

⁴ The youngest respondents were age 51 when first interviewed, and the analysis included jobs that were left up to six years prior to the baseline survey. For respondents who entered the survey in 1992, jobs that ended in 1986 or

different respondents.⁵ Because the impact of job changes likely depends on whether workers voluntarily left their jobs, we compared pre- and post-change job attributes for four types of job separations: retirements (followed by postretirement work), job layoffs (including business closures and workers who reported being “let go”), quits (including workers who left their employers for “better jobs”), and separations for other reasons (including relocation, poor health and disability, family or child care responsibilities, marriage, spouse’s preferences, personal problems, and dissatisfaction with work hours or length of commute). The analysis also differentiated between workers who spent more than 10 years on the previous job and those with less tenure, because the consequences of leaving long-term jobs are likely to be especially pronounced.

The analysis examined how wages, industry, and occupation changed when older people switched jobs. We compared mean and median hourly wages on new and old jobs, and computed the share of job changers whose hourly wages increased by 10 percent after they changed jobs, the share whose wages fell between 10 and 25 percent, between 25 and 50 percent, and more than 50 percent, and the share whose wages changed less than 10 percent. Wages were expressed in constant 2004 dollars, adjusted by the change in the Consumer Price Index. For respondents who reported their earnings on a weekly or less frequent basis, we computed the hourly wage by dividing reported earnings by usual hours worked. We also compared occupation and industry distributions on new and old jobs and computed the share of job changers who switched occupations and industries. Restricted-release versions of the HRS, which we obtained from the

later in the job history sections were included; for those who entered in 1998, jobs ending in 1992 or later were included; and for those who entered in 2004, jobs ending in 1998 or later were included.

⁵ Our sample excluded exits from some short-term jobs. The retrospective data collected at the baseline interviews referred only to jobs held for at least five years. Additionally, the analysis excluded jobs that began and ended during the two-year periods between the HRS interviews, because respondents provided less information about these jobs than jobs held at the time of the interviews.

University of Michigan, include information on detailed occupations and industries, defined by three-digit Census codes.

The final stage of the analysis compared other attributes of old and new jobs held by older workers. These attributes included pension and health insurance coverage, coverage by a union contract, part-time status, self-employment, stressfulness, physical demands, hours flexibility, responsibility for pay and promotion decisions about other workers, and whether workers enjoyed their jobs. For each characteristic, we computed the share of workers with the characteristic on the old job, the new job, the old job but not the new job, and the new job but not the old job. We defined work as part time if it involved fewer than 35 hours in a usual week. We classified a job as stressful if respondents agreed or strongly agreed with the statement that their job “involves a lot of stress,” and as having flexible work hours if respondents said they could reduce the number of hours in their regular work schedule. Workers who reported that their jobs required physical effort all or almost all of the time or most of the time were considered to have physically demanding jobs. The analysis classified respondents as enjoying work if they agreed or strongly agreed with the statement, “I really enjoy going to work.”

Results

Overall, only about 18 percent of job changes at older ages followed retirement (table 1). About 33 percent followed layoffs, 30 percent followed quits, and 20 percent followed separations for other reasons, such as family relocations, health problems, or family responsibilities. Only about 4 in 10 job changes at older ages involved separations from long-term jobs, lasting more than 10 years. People who left long-term jobs were more likely to have

Table 1. Percent Distribution of Job Changes by Reason for Separation and Length of Previous Job

	All	Retirement	Layoff	Quit	Other
Percent of all job changes	100.0	18.0	32.8	29.6	19.6
Percent of job changes, when previous jobs lasted more than 10 years	100.0	34.9	29.5	18.9	16.8
Percent of job changes, when previous jobs lasted 10 or fewer years	100.0	7.3*	34.9*	36.4*	21.4*

Source: Authors' estimates from the Health and Retirement Study (HRS).

Note: The sample consists of 8,362 changes between 1986 and 2004 by adults ages 45 to 75. There were 3,268 job changes involving separations from jobs that lasted more than 10 years, and 5,194 involving separations from jobs that lasted 10 or fewer years.

retired from their previous jobs than those who left shorter-term jobs. Retirees accounted for about 35 percent of job changers who spent more than 10 years with their previous employers, compared with only 7 percent of job changers with 10 or fewer years of service with their previous employers. Job changers who spent 10 or fewer years on the previous job were nearly twice as likely as those with more service years to quit the previous job.

Older workers retiring from long-term jobs were generally older and better educated than those who left for other reasons (table 2). For example, about one quarter of retirees were older than age 60, compared with just about 8 percent of those laid off and 6 percent of those who quit their former jobs. College graduates accounted for more than one-third of retirees, but only about one-fifth of workers who were laid off. Retirees were also disproportionately male, with men accounting for about 67 percent of retirees but only 56 percent of those who quit their previous jobs.

The gender and educational composition of job changers did not vary as much across different types of job separations among those who spent less time on their previous jobs. For example, college graduates accounted for about 29 percent of retirees with no more than 10 years of service on the previous job, 29 percent of workers who quit their previous jobs, and 19 percent of laid-off workers. However, workers who retired from short-term jobs were relatively old; 51 percent were more than 60 years old.

Wage Differences

Overall hourly wages fell by a few dollars when older workers changed jobs. Mean wages fell by about 13 percent for all job changers, from \$18.57 to \$16.23 (table 3). The decline was a bit steeper for men than women. Nonetheless, male job changers earned about 50 percent more on new jobs than female job changers.

Table 2. Characteristics of Workers Who Change Jobs, by Reason for Job Separation and Length of Previous Job (%)

	All	Retirement	Layoff	Quit	Other
Former Job Lasted More Than 10 Years					
Gender					
Male	60.1	67.1	61.0*	55.9*	48.7*
Female	39.9	32.9	39.0*	44.1*	51.3*
Age					
45–50	6.3	2.5	7.6*	11.0*	6.9*
51–55	45.1	33.3	52.9*	52.7*	47.2*
56–60	33.9	40.0	32.0*	30.1*	29.6*
61–65	11.7	21.3	5.3*	4.9*	10.8*
66–75	3.0	3.4	2.3	1.4*	5.5
Race					
African American	9.7	10.7	11.2	6.7*	8.5
Hispanic	4.5	2.7	7.7*	2.4	5.2*
White non-Hispanic	85.8	86.7	81.1*	90.9*	86.3
Education					
Did not complete high school	16.9	11.6	24.0*	14.5	18.0*
High school graduate	48.5	47.0	50.4	47.2	49.4
Some college	5.7	6.0	5.5	5.2	6.2
Four or more years of college	29.0	35.5	20.1*	33.0	26.4*
<i>N</i>	3,268	1,167	996	576	529
Former Job Lasted 10 or Fewer Years					
Gender					
Male	51.0	57.1	53.7	52.4	41.9*
Female	49.0	42.9	46.3	47.6	58.1*
Age					
45–50	5.4	0.0	6.4*	5.6*	5.5*
51–55	44.8	17.6	46.7*	49.8*	42.2*
56–60	33.4	31.4	34.5	31.9	34.9
61–65	11.6	38.7	8.5*	9.2*	11.4*
66–75	4.8	12.3	3.9*	3.5*	6.0*
Race					
African American	6.8	7.2	6.9	6.4	7.5
Hispanic	6.8	4.8	9.0*	4.8	7.2
White non-Hispanic	86.4	88.0	84.2	88.8	85.4
Education					
Did not complete high school	19.8	16.9	23.5*	16.3	20.7
High school graduate	50.6	50.2	53.1	48.6	50.1
Some college	5.8	4.3	4.0	6.6	8.1*
Four or more years of college	23.8	28.6	19.4*	28.6	21.1*
<i>N</i>	5,194	397	1,806	1,890	1,101

Source: Authors' estimates from the Health and Retirement Study (HRS).

Note: The sample consisted of job changes between 1986 and 2004 by adults ages 45 to 75. An asterisk indicates significant differences ($p < .05$) between retirees and those who separate for other reasons. Column subgroups do not always sum to 100 percent because of rounding.

Table 3. Mean and Median Hourly Wages among Older Job Changers on Old and New Jobs, by Reason for Job Separation and Length of Former Job (\$)

	All		Retirement		Layoff		Quit		Other	
	Old	New	Old	New	Old	New	Old	New	Old	New
All Jobs										
Men and Women										
Mean Wage	18.57	16.23*	24.90	15.94*	17.48	15.38*	17.22	17.79	16.58	15.48
Median Wage	14.52	11.86*	21.92	10.86*	13.96	11.87*	13.14	13.14	12.19	10.78*
<i>N</i>	7,622	7,064	1,412	1,209	2,548	2,386	2,260	2,159	1,402	1,310
Men Only										
Mean Wage	22.23	19.27*	27.75	17.38*	20.88	17.96*	20.03	21.36	21.58	20.61
Median Wage	18.67	14.03*	23.94	11.37*	17.13	14.28*	16.63	16.45	16.47	13.83*
<i>N</i>	3,793	3,484	931	789	1,329	1,226	990	951	543	518
Women Only										
Mean Wage	14.28	12.92*	19.65	13.38*	13.18	12.32	14.13	14.16	12.78	11.84
Median Wage	11.34	10.21*	17.22	9.99*	11.21	9.92*	10.73	10.86*	9.77	9.07*
<i>N</i>	3,829	3,850	481	420	1,219	1,160	1,270	1,208	859	792
Former Job Lasted More Than 10 Years										
Men and Women										
Mean Wage	22.35	17.00*	27.11	16.50*	19.57	15.84*	20.47	18.86	19.15	17.92
Median Wage	19.43	11.98*	23.85	11.23*	16.20	11.98*	17.13	14.73*	15.69	11.86*
<i>N</i>	2,952	2,648	1,070	904	920	838	522	497	440	409
Men Only										
Mean Wage	25.69	19.64*	29.47	18.15*	23.00	18.33*	22.38	21.44	24.60	24.06
Median Wage	22.68	13.98*	25.25	11.86*	19.43	14.54*	19.95	17.45*	19.16	14.74*
<i>N</i>	1,712	1,536	732	614	520	479	260	247	200	196
Women Only										
Mean Wage	17.38	13.03*	22.10	13.04*	14.56	12.18*	18.02	15.55	14.40	11.63*
Median Wage	14.94	10.34*	19.37	10.34*	12.88	10.30*	13.84	13.18	12.45	8.80*
<i>N</i>	1,240	1,112	338	290	400	359	262	250	240	213
Former Job Lasted 10 or Fewer Years										
Men and Women										
Mean Wage	16.18	15.78	17.88	14.33*	16.35	15.14*	16.16	17.46*	15.37	14.39
Median Wage	12.14	11.54*	13.03	9.99*	12.93	11.86*	11.98	12.45*	11.06	10.54
<i>N</i>	4,670	4,416	342	305	1,628	1,548	1,738	1,662	962	901
Men Only										
Mean Wage	19.63	19.00	20.98	14.56*	19.63	17.74*	19.19	21.33*	20.00	18.52
Median Wage	15.28	14.13*	14.99	10.34*	15.69	14.09*	15.27	16.18	14.67	13.25
<i>N</i>	2,081	1,948	199	175	809	747	730	704	343	322
Women Only										
Mean Wage	12.69	12.87	14.14	14.05	12.52	12.39	12.99	13.80	12.10	11.91
Median Wage	10.21	9.96	11.00	9.59*	10.52	9.82*	10.18	10.60*	9.32	9.22
<i>N</i>	2,589	2,468	143	130	819	801	1,008	958	619	579

Source: Authors' estimates from the Health and Retirement Study (HRS).

Note: Wages were expressed in constant 2004 dollars. The sample consisted of job changes between 1986 and 2004 by adults ages 45 to 75. An asterisk indicates significant differences ($p < .05$) between wages on old and new jobs. Missing wage information led to differences in the number of observations for old and new jobs.

Wages fell much more sharply for workers who left long-term jobs lasting more than 10 years than for those who left shorter-term jobs, because older workers with many years of service earned more on their former jobs than those with less tenure. Long-tenured workers may earn more than other workers because they accumulate more firm-specific human capital or because they were always better suited for their jobs. Average wages declined by 24 percent when older workers left long-term jobs, and median wages fell by 38 percent. For workers who left short-term jobs, by contrast, differences in the average wage were insignificant. As a result, older workers who left long-term employers earned on average only \$1.22 more on their new jobs than those who left shorter-term employers.

Hourly wages fell more sharply for older workers who retired from their previous jobs than those who separated for other reasons. Average wages for retirees who continued to work declined by 36 percent, and median wages plunged by 50 percent. Displaced older workers who found other employment also experienced wage losses, averaging about 12 percent. Wages among retirees and displaced workers generally fell more steeply for men than women and for those leaving long-term jobs than those leaving shorter-term jobs. For example, median wages for men laid-off from long-term jobs who found other employment fell by about 25 percent. However, job changers who quit their jobs or left for other reasons did not experience substantial wage losses. Average hourly wages fell by less than \$2 for those who quit long-term jobs, and increased by more than \$1 for those who quit short-term jobs.

About one-half of men and 40 percent of women who retired from long-term jobs and were reemployed elsewhere experienced hourly wage losses of at least 50 percent (table 4). By comparison, such large relative wage declines befell only about 25 percent of men laid-off from

Table 4. Changes in Hourly Wage among Older Job Changers, by Reason for Job Separation and Length of Former Job (%)

	All	Retirement	Layoff	Quit	Other
Former Job Lasted More Than 10 Years					
Men and Women					
Increase of 10% or more	25.9	15.0	26.9*	38.5*	31.5*
Absolute change of less than 10%	16.1	9.7	19.4*	20.3*	18.0*
Decrease of 10% or more, but less than 25%	9.9	6.7	10.9*	10.9*	13.4*
Decrease of 25% or more, but less than 50%	19.2	21.8	20.8	15.8*	14.3*
Decrease of 50% or more	29.0	46.7	21.9*	14.6*	22.8*
<i>N</i>	2,549	893	813	463	380
Men Only					
Increase of 10% or more	25.3	16.7	24.9*	38.8*	32.7*
Absolute change of less than 10%	14.8	8.1	19.4*	20.2*	15.4*
Decrease of 10% or more, but less than 25%	8.7	6.7	8.8	9.4	13.7*
Decrease of 25% or more, but less than 50%	18.5	18.6	22.1	15.4	14.3
Decrease of 50% or more	32.7	49.9	24.8*	16.2*	24.0*
<i>N</i>	1,482	610	464	231	177
Women Only					
Increase of 10% or more	26.7	11.3	30.1*	38.1*	30.3*
Absolute change of less than 10%	18.2	13.3	19.5	20.3	20.5
Decrease of 10% or more, but less than 25%	11.6	6.8	14.1*	12.9	13.0
Decrease of 25% or more, but less than 50%	20.2	28.7	19.0*	16.3*	14.4*
Decrease of 50% or more	23.3	39.8	17.4*	12.4*	21.7*
<i>N</i>	1,067	283	349	232	203
Former Job Lasted 10 or Fewer Years					
Men and Women					
Increase of 10% or more	39.2	29.7	33.0	48.5*	35.9
Absolute change of less than 10%	25.9	18.7	26.2*	25.4*	28.6*
Decrease of 10% or more, but less than 25%	12.8	12.5	16.0	9.8	13.0
Decrease of 25% or more, but less than 50%	13.1	22.8	14.4*	10.2*	12.9*
Decrease of 50% or more	9.0	16.4	10.4*	6.1*	9.6*
<i>N</i>	4,159	283	1,455	1,574	847
Men Only					
Increase of 10% or more	39.9	31.2	33.3	48.0*	40.3
Absolute change of less than 10%	24.4	14.6	24.5*	25.6*	25.5*
Decrease of 10% or more, but less than 25%	12.8	15.0	16.4	9.1	12.1
Decrease of 25% or more, but less than 50%	12.8	21.7	14.1	10.5*	11.6*
Decrease of 50% or more	10.1	17.5	11.7	6.9*	10.6
<i>N</i>	1,824	157	712	652	303
Women Only					
Increase of 10% or more	38.5	28.1	32.7	49.0*	32.8
Absolute change of less than 10%	27.4	22.9	28.1	25.2	30.8
Decrease of 10% or more, but less than 25%	12.9	9.8	15.6	10.6	13.6
Decrease of 25% or more, but less than 50%	13.3	23.9	14.8	10.0*	13.7*
Decrease of 50% or more	8.0	15.3	8.9	5.2*	9.0
<i>N</i>	2,335	126	743	922	544

Source: Authors' estimates from the Health and Retirement Study (HRS).

Note: Wages were expressed in constant 2004 dollars. The sample consisted of job changes between 1986 and 2004 by adults ages 45 to 75. An asterisk indicates significant differences ($p < .05$) between retirees and those who separate for other reasons.

long-term jobs, 16 percent of men who quit long-term jobs, and 24 percent of men who left long-term jobs for other reasons. Substantial wage losses were much less prevalent among workers who left short-term jobs. Overall, only 9 percent of all job changers who left short-term jobs experienced hourly wage losses of at least 50 percent, including 16 percent of retirees. Nearly 4 in 10 job changers who left short-term jobs—and nearly one-half of job quitters—experienced hourly wage gains of at least 10 percent. Among older workers separating from long-term jobs, about one-quarter received a raise in hourly wages of 10 percent or more, including about 39 percent of those who quit their long-term jobs.

Wages dropped more dramatically for job changers retiring from long-term jobs than for other jobs changers because they earned more on their previous jobs. Retirees from long-term jobs earned about 32 percent more on their previous jobs than those who quit long-term jobs, and about 40 percent more than those who left long-term jobs because of layoffs or other reasons. Among job changers who left long-term jobs, retirees earned about \$1 more on their new jobs than displaced workers, but about \$2 less than those who quit their previous jobs.

Occupational and Industry Changes

Older job changers leaving long-term employment tended to move out of managerial occupations and into sales and service occupations (table 5). For example, among those who left jobs held for more than 10 years, 13 percent were employed in managerial positions in their new jobs, compared with 21 percent in managerial positions in their former long-term jobs. The movement into sales positions was especially dramatic for those who retired from long-term jobs. About 12 percent worked in sales on their new jobs, up from 5 percent on former jobs. Laid-off workers were also significantly less likely to be employed in managerial positions on

Table 5. Occupations of Older Job Changers on Old and New Jobs, by Reason for Job Separation and Length of Former Job (%)

	All		Retirement		Layoff		Quit		Other	
	Old	New	Old	New	Old	New	Old	New	Old	New
FORMER JOB LASTED MORE THAN 10 YEARS										
Occupational Distribution										
Managerial	21.3	13.4*	21.9	12.8*	23.4	12.0*	19.7	17.9	18.2	12.3*
Professional specialty	19.2	17.5	25.8	22.8	11.0	11.2	21.1	18.5	18.4	16.6
Sales	9.0	12.9*	4.6	11.9*	9.6	13.3*	14.5	10.7	10.7	16.5*
Clerical	13.7	13.8	14.7	11.7	14.5	13.9	11.6	17.7*	12.6	13.5
Services	9.4	15.9*	8.9	15.1*	7.3	16.0*	9.8	13.3	13.5	20.1*
Farming, fishing, forestry	2.2	3.5*	1.2	5.0*	2.1	2.5	2.4	2.1	4.0	3.9
Mechanical	12.4	9.9*	12.0	9.4	14.1	11.7	12.0	9.9	10.5	7.7
Operators	12.9	13.1	10.8	11.3	18.1	19.4	9.0	10.0	12.3	9.5
<i>N</i>	3,239	3,241	1,142	1,152	993	992	576	577	528	520
Change in Occupation										
Same detailed occupational group	23.2		14.9		25.0*		33.2*		25.5*	
Different detailed group same broad group	19.4		20.8		18.1		21.1		16.8	
Different broad group	57.4		64.3		57.0*		45.8*		57.7	
<i>N</i>	2,845		997		861		516		471	
FORMER JOB LASTED 10 OR FEWER YEARS										
Occupational Distribution										
Managerial	17.2	13.8*	15.0	14.0	18.6	11.2*	17.0	17.4	16.2	11.8*
Professional specialty	13.4	14.2	18.9	15.0	10.2	10.8	15.1	16.7	13.9	15.1
Sales	14.0	14.2	8.4	10.9	11.8	13.4	17.3	15.0	13.7	15.1
Clerical	15.6	16.7	15.3	12.8	17.2	18.4	13.6	14.4	16.7	18.9
Services	14.6	16.3	14.1	18.2	12.9	15.8*	13.9	13.7	18.7	20.4
Farming, fishing, forestry	1.9	1.9	3.3	4.0	2.4	2.4	1.1	1.2	2.0	1.5
Mechanical	9.4	9.1	7.7	8.1	11.5	11.1	8.2	8.7	8.7	7.0
Operators	13.9	14.0	17.4	17.1	15.4	16.9	14.0	12.9	10.1	10.2
<i>N</i>	5,167	5,135	393	394	1,795	1,786	1,886	1,877	1,093	1,078
Change in Occupation										
Same detailed occupational group	27.3		20.3		27.8*		33.7*		32.8*	
Different detailed group same broad group	13.7		14.8		12.2		14.1		13.7	
Different broad group	59.0		64.9		60.0		52.2*		53.6*	
<i>N</i>	3,882		330		1,303		1,381		868	

Source: Authors' estimates from the Health and Retirement Study (HRS).

Note: The sample consisted of job changes between 1986 and 2004 by adults ages 45 to 75. An asterisk indicates significant differences ($p < .05$) between occupations on old and new jobs. Missing occupation information led to differences in the number of observations for old and new jobs.

their new jobs than their old jobs, and were significantly more likely to be employed in sales and services positions with their new employers.

Only about 23 percent of older job changers who left long-term employers remained in the same detailed occupation category on their new jobs, defined by three-digit Census codes. More than half (about 57 percent) moved into different broadly defined occupations.⁶ Retirees were significantly more likely to change occupations than those who switched employers for other reasons. Only about 15 percent of retirees who left long-term employers remained in the same detailed occupation category, and 64 percent moved into different broadly defined occupational categories.

Job separations did not alter the occupational distribution much for older workers who left short-term jobs, except that fewer workers were employed in managerial positions on new jobs than old jobs. Nonetheless, most older job changers who left short-term jobs also changed occupations. For example, 59 percent of all job changers who left short-term jobs and 65 percent of retirees moved into different broadly defined occupations with their new employers.

Many older job changers separating from long-term employers exited the manufacturing and public administration industries and moved into the trade and service industries (table 6). About 21 percent of former jobs were in manufacturing, compared with just 11 percent of new jobs. The industry mix for old and new jobs differed sharply for retirees who left long-term jobs. For example, just about 2 percent worked in business and repair services before retirement, compared with 12 percent after retirement. Retirement increased the share in trade from about 5 percent to 14 percent and the share in entertainment and recreation services from 1 percent to 8

⁶ The broad occupational groups consisted of 17 different categories: managers; professionals and technical support; sales; clerical; private household services; protection services; food preparation services; health services; personal services; farming, forestry, and fishing; mechanics and repair; construction; precision production; machine operators; transport operators; handling operators; and members of the Armed Forces.

Table 6. Industry of Older Job Changers on Old and New Jobs, by Reason for Job Separation and Length of Former Job (%)

	All		Retirement		Layoff		Quit		Other	
	Old	New	Old	New	Old	New	Old	New	Old	New
FORMER JOB LASTED MORE THAN 10 YEARS										
Occupational Distribution										
Agriculture, forestry, Fishing	2.7	3.8*	1.6	5.2*	2.7	2.7	2.6	2.5	5.2	4.2
Mining, construction	7.7	8.2	5.1	7.7*	9.7	9.3	6.6	8.1	10.6	7.5
Manufacturing	21.4	11.4*	21.7	6.9*	30.1	18.2*	15.0	11.2	12.5	8.9
Transportation	9.3	6.1*	12.4	5.7*	8.9	6.4	5.4	6.1	8.0	6.5
Trade	13.5	16.8*	5.0	13.9*	18.2	20.5	18.9	16.0	16.8	17.4
Finance, insurance, real estate	7.0	7.8	4.7	7.2*	8.4	6.6	9.7	9.0	6.4	9.8
Business, repair services	4.5	10.2*	2.1	12.2*	6.2	9.7*	4.9	8.7	6.2	8.9
Entertainment, recreation services	4.0	7.5*	1.3	7.9*	4.0	7.2*	6.4	7.6	6.6	6.9
Professional services	21.9	24.7*	29.1	29.0	10.2	16.7*	25.8	26.7	23.0	27.4
Public administration	8.1	3.6*	17.1	4.4*	1.5	2.8	4.8	4.3	4.6	2.6
<i>N</i>	3,255	3,224	1,161	1,149	993	989	575	568	526	518
Change in Industry										
Same detailed										
occupational group	27.3		20.3		27.8*		33.7*		32.8*	
Different detailed group										
same broad group	13.7		14.8		12.2		14.1		13.7	
Different broad group	59.0		64.9		60.0		52.2*		53.6*	
<i>N</i>	2,845		997		861		516		471	
FORMER JOB LASTED 10 OR FEWER YEARS										
Occupational Distribution										
Agriculture, forestry, fishing	2.0	1.8	3.4	3.6	2.6	2.1	1.1	1.5	1.9	1.4
Mining, construction	8.1	7.3	5.0	6.8	11.6	10.1	5.8	6.3	7.3	4.9
Manufacturing	13.1	11.6	11.3	9.5	17.5	13.1*	11.5	11.1	9.4	10.7
Transportation	7.1	6.4	8.4	8.5	6.6	5.9	8.0	7.5	5.7	4.7
Trade	20.2	19.5	14.6	13.6	19.4	19.9	22.3	20.1	19.8	19.9
Finance, insurance, real estate	7.7	7.7	8.7	7.8	7.1	7.8	7.3	7.8	8.8	7.4
Business, repair services	9.7	9.2	7.6	9.3	9.4	9.0	10.7	8.8	9.1	10.2
Entertainment, recreation services	6.4	7.7*	5.6	8.9	6.6	7.8	5.0	6.2	8.7	9.8
Professional services	23.3	25.7*	30.7	28.9	16.5	21.6*	26.4	27.4	26.5	28.2
Public administration	2.6	3.0	4.8	3.0	2.7	2.7	2.0	3.4*	2.9	2.8
<i>N</i>	5,134	5,104	392	391	1,782	1,774	1,874	1,861	1,086	1,078
Change in Industry										
Same detailed										
occupational group	30.7		25.5		29.3		32.2*		32.1	
Different detailed group										
same broad group	16.5		16.3		15.3		17.4		17.1	
Different broad group	52.8		58.3		55.3		50.5*		50.8	
<i>N</i>	3,882		330		1,303		1,381		868	

Source: Authors' estimates from the Health and Retirement Study (HRS).

Note: The sample consisted of job changes between 1986 and 2004 by adults ages 45 to 75. Asterisks indicate significant differences ($p < .05$) between old and new jobs. Missing industry information led to differences in the number of observations for old and new jobs.

percent. However, the share in manufacturing fell from about 22 percent to 7 percent upon retirement, and the share in public administration fell from 17 percent to 4 percent.

Long-term employees in manufacturing were particularly vulnerable to layoffs between 1986 and 2004. The manufacturing sector accounted for about 30 percent of jobs lost to displacement but only about 21 percent of all job changes. By contrast, only 10 percent of layoffs among older workers occurred in the professional services industries, compared with about 22 percent of all job separations. Many older displaced workers who found new jobs left the manufacturing industry.

Only about one in five job changers who retired from long-term jobs continued to work in the same narrowly defined industry as before they retired. By contrast, about one-third of older job changers who quit their previous jobs continued to work in the same narrow industry. About 65 percent of employed retirees and 60 percent of displaced workers moved into different broadly defined industry groups.⁷

As with occupational changes, older workers who left short-term jobs were less likely to change industries than those who left long-term jobs. Nonetheless, movement across industries was widespread among those who left short-term jobs. Overall, fewer than one-third of older job changers who left jobs that lasted no more than 10 years remained in the same narrowly defined industries that employed them before the separation, and more than one-half moved into different broadly defined industry groups.

⁷ The broad industry groups consisted of 13 different categories: agriculture, forestry, and fishing; mining and construction; nondurable manufacturing; durable manufacturing; transportation; wholesale trade; retail trade; finance, insurance, and real estate; business and repair services; personal services; entertainment and recreation; professional and related services; and public administration.

Fringe Benefits among Job Changers

About 7 in 10 older workers who left long-term jobs had pension coverage on their old jobs, but only about one in four had coverage on their new jobs (table 7). Employed retirees were most likely to lose pension coverage when they changed employers. About 91 percent of retirees leaving long-term employers had pension coverage before they retired, but only about 15 percent had coverage on postretirement jobs. This drop is not surprising, because workers are unlikely to value pension coverage on postretirement jobs. For older displaced workers who found other employment, pension coverage rates fell from 64 percent on their old jobs to 30 percent on their new jobs. More than 6 in 10 reemployed displaced workers with pension coverage on their old jobs lacked coverage on their new jobs (40.3/64, or 63 percent). Only about 6 percent had coverage on the new job but not the old one. Older workers who quit long-term jobs were less likely to have pension coverage on their previous jobs and more likely to have coverage on their new jobs. In fact, about 12 percent of job quitters moved from jobs with no pension coverage to covered jobs. Nonetheless, slightly more than half of older workers who voluntarily left jobs with pension coverage (but did not describe themselves as retired) moved to jobs without pension coverage (30.8/58.2, or 53 percent).

Fewer older workers lost health insurance coverage than pension coverage when they separated from their employers. Overall, about 71 percent of older workers who left long-term jobs received health benefits on their old jobs, and 55 percent received benefits on their new jobs. Retirees were more likely than older job changers who separated for any other reason to have health insurance coverage on both pre- and postseparation jobs.

Table 7. Fringe Benefit Changes among Older Job Changers, by Reason for Job Separation and Length of Former Job (%)

	All	Retirement	Layoff	Quit	Other
Former Job Lasted More Than 10 Years					
Pension					
Covered on old job	70.9	90.9	64.0*	58.2*	55.4*
Covered on new job	25.9	15.2	30.0*	39.3*	25.8*
Covered on old job, not on new job	50.6	76.3	40.3*	30.8*	36.9*
Covered on new job, not on old job	5.6	0.6	6.3*	11.9*	7.3*
<i>N</i>	3,209	1,153	969	565	522
Health Benefits					
Covered on old job	70.7	82.4	66.5*	61.4*	57.1*
Covered on new job	54.5	61.0	50.0*	56.3	44.5*
Covered on old job, not on new job	23.1	26.3	24.4	14.3*	21.0
Covered on new job, not on old job	6.9	4.9	7.9	9.2	8.4
<i>N</i>	1,732	712	461	247	312
Former Job Lasted 10 or Fewer Years					
Pension					
Covered on old job	34.0	45.2	34.1*	34.1*	29.8*
Covered on new job	27.2	14.6	26.6*	32.2*	23.8*
Covered on old job, not on new job	19.3	36.9	18.5*	17.7*	17.5*
Covered on new job, not on old job	12.5	6.3	11.0*	15.8*	11.5*
<i>N</i>	5,112	391	1,772	1,864	1,085
Health Benefits					
Covered on old job	50.1	60.3	53.8	48.2*	43.7*
Covered on new job	45.6	35.9	45.2*	49.8*	42.9
Covered on old job, not on new job	16.4	30.0	17.9*	13.4*	13.7*
Covered on new job, not on old job	11.9	5.6	9.3*	15.0*	12.9*
<i>N</i>	3,787	339	1,244	1,412	792

Source: Authors' estimates from the Health and Retirement Study (HRS).

Note: The sample consisted of job changes between 1986 and 2004 by adults ages 45 to 75. An asterisk indicates significant differences ($p < .05$) between retirees and those who separate for other reasons.

Older job changers who left short-term jobs were less likely than those who left long-term jobs to receive pension or health insurance coverage from their former employers. They were also somewhat less likely than those who left long-term jobs to receive health benefits on their new jobs, but about as likely to receive pension coverage on the new jobs.

Other Job Attributes

Many older workers who changed jobs moved to part-time work, self-employment, and jobs offering flexible work arrangements (table 8). Forty-three percent of older workers who left long-term jobs worked part-time on their new jobs, 25 percent were self-employed, and 50 percent worked in flexible jobs. By comparison, only 15 percent worked part-time and 28 percent had flexible work arrangements on their pre-separation jobs. Part-time work, self-employment, and flexible work arrangements were especially common on postretirement jobs. About 56 percent of employed retirees who left long-term jobs moved from full-time work to part-time work, 28 percent moved from wage and salary employment to self-employment, and 45 percent moved from less flexible jobs to more flexible jobs.

Few older job changers moved to jobs covered by labor union contracts. About 33 percent of older workers who left long-term employers were covered by union contracts on their previous jobs, but only 11 percent were covered on their new jobs. About 36 percent of employed retirees who left long-term employers moved from union jobs to nonunion jobs.

Older job changers—especially retirees—who left long-term employers generally preferred their new jobs to their old jobs (table 9). About 93 percent of employed retirees who left long-term employers said they enjoyed their new jobs, whereas only 77 percent said they

Table 8. Changes in Part-Time Status, Self-Employment, Hours Flexibility, and Union Status among Older Job Changers, by Reason for Job Separation and Length of Former Job

	All	Retirement	Layoff	Quit	Other
Former Job Lasted More Than 10 Years					
Part-Time Status					
Old job	14.9	10.8	12.6	15.2*	27.0*
New job	43.0	64.7	27.3*	24.5*	47.5*
Old job, not new job	5.4	2.3	5.1*	7.9*	9.5*
New job, not old job	33.5	56.2	19.8*	17.2*	30.0*
<i>N</i>	3,158	1,112	978	565	503
Self-Employed					
Old job	15.3	5.3	15.4*	19.1*	31.8*
New job	24.5	30.7	19.7*	19.3*	26.2
Old job, not new job	11.2	3.0	11.2*	16.1*	22.7*
New job, not old job	20.4	28.4	15.5*	16.3*	17.1*
<i>N</i>	3,274	1,169	998	578	529
Flexible Work Hours					
Old job	27.5	22.5	28.1	41.6*	27.2
New job	50.3	60.0	38.4*	43.6*	52.2
Old job, not new job	10.7	7.5	12.3	18.2*	9.0
New job, not old job	33.5	45.0	22.6*	20.2*	34.0
<i>N</i>	1,132	488	340	162	142
Covered by Union Contract					
Old job	32.6	43.1	22.3*	19.9*	35.4
New job	10.5	8.3	13.2	10.9	11.5
Old job, not new job	24.4	36.2	12.1*	12.5*	26.4
New job, not old job	2.3	1.4	3.0	3.5	2.5
<i>N</i>	1,171	500	352	171	148
Former Job Lasted 10 or Fewer Years					
Part-Time Status					
Old job	27.1	31.4	22.8*	27.5	32.4
New job	34.9	67.4	31.6*	28.2*	41.5*
Old job, not new job	10.3	8.0	8.3	12.0*	11.4
New job, not old job	18.1	44.0	17.1*	12.7*	20.5*
<i>N</i>	5,013	372	1,750	1,847	1,044
Self-Employed					
Old job	11.1	10.8	7.8	9.0	20.3*
New job	17.4	27.1	15.7*	15.1*	20.7*
Old job, not new job	8.6	5.2	6.1	7.8	15.5*
New job, not old job	14.9	21.5	14.0*	13.9*	15.9
<i>N</i>	5,206	399	1,807	1,895	1,105
Flexible Work Hours					
Old job	38.3	40.2	35.8	38.2	42.5
New job	40.4	54.1	37.9*	37.5*	45.4
Old job, not new job	17.5	13.9	16.5	19.0	17.8
New job, not old job	19.6	27.8	18.6*	18.3*	20.7
<i>N</i>	2,866	234	997	1,127	508
Covered by Union Contract					
Old job	8.7	14.2	10.0	6.6*	8.1*
New job	8.9	5.1	10.0*	8.9	8.0
Old job, not new job	4.4	11.6	3.9*	3.5*	4.1*
New job, not old job	4.6	2.5	3.9	5.8*	4.0
<i>N</i>	2,983	245	1,032	1,165	541

Source: Authors' estimates from the Health and Retirement Study (HRS).

Note: The sample consisted of job changes between 1986 and 2004 by adults ages 45 to 75. An asterisk indicates significant differences ($p < .05$) between retirees and those who separate for other reasons.

Table 9. Changes in Job Satisfaction and Job Requirements among Older Job Changers, by Reason for Job Separation and Length of Former Job

	All	Retirement	Layoff	Quit	Other
Former Job Lasted More Than 10 Years					
Enjoy Work					
Old job	82.2	76.8	85.4*	85.2*	88.2*
New job	91.6	92.5	91.9	94.6	86.7
Old job, not new job	4.5	3.6	4.7	3.0	7.7
New job, not old job	13.9	19.3	11.2*	12.4*	6.2*
<i>N</i>	1,352	565	329	193	265
Work Is Stressful					
Old job	67.9	68.8	67.6	62.5	70.4
New job	39.0	30.9	47.5*	42.1*	42.5*
Old job, not new job	35.7	42.5	29.1*	29.9*	34.0*
New job, not old job	6.8	4.6	9.0*	9.5	6.1
<i>N</i>	1,755	719	465	258	313
Work Involves Physical Effort					
Old job	33.8	28.4	36.1*	43.2*	35.0
New job	31.2	25.8	39.8*	28.0	34.0*
Old job, not new job	14.1	15.1	9.3*	22.3*	11.7
New job, not old job	11.5	12.5	13.0	7.1*	10.7
<i>N</i>	1,755	719	465	258	313
Make Pay and Promotion Decisions					
Old job	22.9	24.8	18.6*	24.8	21.9
New job	14.2	14.1	10.7	17.2	17.6
Old job, not new job	11.6	12.5	11.7	11.8	7.8
New job, not old job	2.9	1.8	3.8	4.2	3.5
<i>N</i>	1,567	717	421	214	215
Former Job Lasted 10 or Fewer Years					
Enjoy Work					
Old job	87.4	87.7	87.1	85.5	90.9
New job	90.8	93.5	88.3*	91.5	92.2
Old job, not new job	6.1	3.3	8.8*	5.6	4.5
New job, not old job	9.5	9.1	10.0	11.6	5.8
<i>N</i>	2,932	289	899	1,065	679
Work Is Stressful					
Old job	52.4	52.7	51.6	53.7	51.4
New job	44.9	29.5	45.4*	49.5*	42.1*
Old job, not new job	22.1	30.1	21.8*	20.1*	22.9*
New job, not old job	14.6	6.9	15.6*	15.9*	13.6*
<i>N</i>	3,763	316	1,238	1,419	790
Work Involves Physical Effort					
Old job	33.9	36.7	33.5	33.1	34.8
New job	32.6	26.0	36.8*	29.7	34.0*
Old job, not new job	13.6	18.9	11.5*	14.1	13.8
New job, not old job	12.3	8.2	14.8*	10.7	13.0*
<i>N</i>	3,763	316	1,238	1,419	790
Make Pay and Promotion Decisions					
Old job	14.8	13.2	14.0	15.7	15.1
New job	11.9	6.7	8.6	16.1*	12.0*
Old job, not new job	6.6	7.7	7.5	6.1	5.5
New job, not old job	3.7	1.2	2.1	6.5*	2.4
<i>N</i>	3,681	335	1,222	1,383	741

Source: Authors' estimates from the Health and Retirement Study (HRS).

Note: The sample consisted of job changes between 1986 and 2004 by adults ages 45 to 75. An asterisk indicates significant differences ($p < .05$) between retirees and those who separate for other reasons.

enjoyed their old jobs. About one in five reported enjoying their new jobs but not their old jobs. Even reemployed displaced workers were more likely to enjoy their new jobs than their former jobs.

Smaller shares of new jobs than old jobs held by older job changers involved stress, much physical effort, or managerial responsibilities. For example, about 43 percent of employed retirees who left long-term jobs and 29 percent of workers who had been laid-off from long-term jobs said their old jobs were stressful but their new jobs were not. About 14 percent of older job changers who left long-term jobs made pay and promotion decisions on their new jobs, compared with 25 percent making such decisions on their old jobs. Although physical job demands were less prevalent on new jobs than former jobs, the differences were relatively modest.

Conclusions

Workers ages 45 to 75 who switched employers between 1986 and 2004 tended to move to jobs that differed substantially from their previous jobs. The vast majority of older job changers moved into different occupations and industries. They were more likely to be self-employed, work part-time, and keep flexible hours at their new jobs than their old jobs. The new jobs generally involved less stress, less physical effort, and fewer managerial responsibilities. More older job changers enjoyed their new jobs than their old jobs. However, most older workers experienced sharp reductions in hourly wages when they switched employers. They were also less likely to receive pension coverage or health benefits after they moved to new jobs.

The consequences of job changes at older ages depended crucially on why workers changed jobs and how long they held their former jobs. Differences between old and new jobs

were starkest among workers who said they retired from their previous long-term jobs, and often insignificant among workers who said they quit their previous jobs. For example, about one-half of men and 40 percent of women who worked after retiring from jobs that they held for more than 10 years experienced hourly wage declines of at least 50 percent. However, only about one in six older men and one in eight older women who quit long-term jobs experienced such steep wage declines on their new jobs.

The findings suggest that many people who work after retirement use their postretirement jobs to transition from full-time work to complete withdrawal from the labor force. Although postretirement jobs did not pay very much on average, they were less stressful and more flexible than career jobs, and more than 9 in 10 people working in retirement said they enjoyed their jobs. Because many people who consider themselves retired receive pension or Social Security benefits, it is not surprising or alarming that workers moving to postretirement jobs experienced larger wage declines than workers who changed jobs for other reasons. Income from retirement benefits enables people to pursue less-remunerative work that is more flexible and perhaps more personally satisfying than their career employment. Our comparisons of pre- and postretirement jobs are consistent with the notion that older adults tend to use postretirement jobs as bridges to complete withdrawal from the labor market, working at less demanding jobs that they enjoy and that supplement their retirement benefits.

However, our results also suggest that people who lose their jobs at older ages often face special challenges in the labor market. Those able to find other employment generally ended up in different industries and occupations, earning much lower wages than on their former jobs. For

example, about one-quarter of older men laid-off from long-term jobs earned hourly wages that were less than half as high as on their previous jobs. About 40 percent lost pension coverage and 25 percent lost health benefits. These findings suggest that as policymakers consider ways of encouraging work at older ages, they should pay special attention to the struggles of older displaced workers.

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