RESEARCH REPORT

How Secure Is Employment at Older Ages?

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How Secure Is Employment at Older Ages?

Economic research on people's retirement decisions has generally focused on how aging workers navigate trade-offs between income and leisure and how different factors shape those trade-offs. Studies have explored, for example, how workers respond to potential work disincentives built into Social Security, the federal income tax code, and other public programs (Auerbach et al. 2017; Coile and Gruber 2001; Gustman and Steinmeier 2015; Rust and Phelan 1997; Samwick 1998; Song and Manchester 2007). Other research has examined the impact of employer-provided pensions and health insurance on retirement timing (Friedberg and Webb 2005; Johnson, Davidoff, and Perese 2003; Stock and Wise 1990). And a large body of work investigates how health status and family responsibilities affect work decisions at older ages (Bound, Stinebrickner, and Waidmann 2010; Butrica and Karamcheva 2015; Johnson and Lo Sasso 2006; van Houtven, Coe, and Skira 2013). These studies, however, assume that workers choose the retirement age that best suits them.

But recognition is growing of the critical role employers play in older adults' work and retirement decisions. Mounting evidence suggests that many employers are reluctant to hire and retain older workers, potentially limiting people's ability to remain employed at older ages and to retire on their own terms. Although older workers are less likely than their younger counterparts to lose their jobs, many older workers who are laid off have trouble finding a new job, leading to long unemployment spells (Farber 2004; Johnson and Mommaerts 2011; Johnson and Smith, forthcoming). In a 2017 AARP survey, a majority of workers age 45 and older reported they had seen or experienced age discrimination in the workforce (Perron 2018). In another nationally representative survey, 24 percent of workers ages 58 to 63 reported in 2014 that their employer favors younger workers in promotion decisions, up 8 percentage points from 2008 (Johnson 2018). Correspondence studies, in which researchers submit fake résumés in response to help-wanted ads, found that older women, especially those close to retirement age, are less likely than younger women to receive callbacks from prospective employers (Lahey 2008; Neumark, Burn, and Button, forthcoming). The Age Discrimination in Employment Act protects adults age 40 and older from age-related discrimination in hiring, promotion, discharge, compensation, or terms of employment, but a recent Supreme Court decision makes age discrimination cases harder to prove (Lipnic 2018).

Why employers often seem wary of older workers is unclear; they may be concerned about the cost of employing older adults (because of perceived high salary demands or heavy use of expensive health benefits), the cost of training older adults who may retire before employers can recoup those investments, or the possibility that older adults may be unfamiliar with the latest technology and lack up-to-date skills (Burtless and Koepcke 2018; Johnson 2009). Regardless of motivation, employers' aversion to hire or retain older workers can disrupt employment at older ages, creating financial hardship and upending retirement plans. These disruptions can have long-lasting economic consequences. Working longer generally improves future retirement security; it allows people to earn more and save more, raises future Social Security retirement benefits, and reduces the time that retirement savings must last (Butrica, Smith, and Steuerle 2006; Munnell and Sass 2008). By contrast, older adults who lose their jobs in the run-up to retirement must often tap their retirement savings earlier than expected and collect early Social Security retirement benefits that permanently reduce their monthly payments.

This report assesses the precariousness of older adults' employment. Using a nationally representative longitudinal survey, we follow workers from their early 50s to age 65 and beyond and measure the incidence of involuntary job separations. Our analysis focuses on employer-related separations as opposed to quits driven by poor health, family caregiving responsibilities, or other personal reasons. We tabulate separations caused by layoffs and business closings as well as quits motivated by job dissatisfaction and unexpected retirements. We consider only those separations that have serious financial consequences, leading to long spells of nonwork or substantially reduced earnings. Our results show that slightly more than one-half of adults in their early 50s who are working full time, full year with a long-term employer subsequently experienced an employer-related involuntary job separation. Only 1 in 10 of these involuntarily separated workers ever earned as much after their separation as before. Median household income fell 42 percent following an employer-related involuntary job separation, and median household income at age 65 for workers who experienced an involuntary separation was 14 percent lower than for those who did not.

Data and Methods

Our data come from the Health and Retirement Study (HRS), a large, longitudinal survey of older Americans. Designed and fielded by the Institute for Social Research at the University of Michigan with primary funding from the National Institutes of Health, it is recognized as the premier source of information on the older population and has been used in thousands of research studies.

The survey began in 1992 with a nationally representative sample of about 9,600 adults ages 51 to 61, who the HRS reinterviews every other year. Older respondents were subsequently added to the survey so that the HRS sample represents the US population age 51 and older. Every six years, the Institute for Social Research refreshes the survey by adding a new group of adults ages 51 to 56 to the sample; like the original respondents, these new respondents are interviewed every two years. The most recent available data were collected in 2016, providing up to 24 years of data on the original respondents. The survey interviewed 20,918 respondents in 2016.[1]

The HRS collects detailed information on demographics, employment, earnings, annual income, health status, and other topics. At each interview, respondents report whether they are working for pay and the number of months they were not working over the past two years. Employed respondents report their earnings, the number of hours they usually work each week, and the number of weeks they work each year. Respondents also report annual household income for the previous calendar year.

At each interview, the HRS asks respondents whether they are still working for the employer that they reported in the previous wave. Those who separated are asked why they left; possible responses include business closings, layoffs, retirements, quits (for reasons such as problems with supervisors, lack of pay, burnout), better jobs, poor health, and family care responsibilities. The survey also asks separated employees whether their employment situation changed in any way that led to their departure, such as supervisors or coworkers encouraging them to leave or employers reducing their wages or hours.

The HRS also includes questions on retirement. At each interview, respondents report if they expect to retire and, if so, when they plan to stop working. The survey asks respondents who describe themselves as retired to rate at each wave their satisfaction with retirement (very satisfied, moderately satisfied, or not at all satisfied). Retired respondents also indicate whether they retired because they wanted to retire, were forced to retire, or were partly forced to retire.

Defining Financially Consequential Employer-Related Involuntary Job Separations

Our analysis of involuntary job separations at older ages includes only those that are financially consequential, meaning they lead to at least six consecutive months of nonemployment or, for those who find work more quickly, reduce weekly earnings 50 percent or more for at least two years (relative to what workers earned before they separated).[2] We focus on employer-related separations, those not tied to poor health, caregiving responsibilities, or other personal concerns in which the surrounding circumstances may have little to do with employers. Employer-related involuntary separations include layoffs and business closings (such as those caused by lack of work, ownership changes, and labor strikes); quits driven by job dissatisfaction (such as problems with a supervisor or coworkers; poor or dangerous working conditions; lack of pay, benefits, work hours, or promotion opportunities; and pension rule changes); and unexpected retirements. We classify a job separation as an unexpected retirement if a worker reports leaving a job to retire but in the previous wave reported not expecting to stop work until at least two years after the observed retirement.[3] We also include in our tabulations job separations for other unspecified reasons. We classify employer-related involuntary job separations that are financially consequential according to the following hierarchy:

1. layoffs or business closings
2. quits related to job dissatisfaction
3. unexpected retirements
4. departures for other unspecified reasons

For a complete accounting of financially consequential involuntary separations, we also identify workers who never experienced an employer-related involuntary job separation and left an employer because of health problems or caregiving responsibilities or other family-related reasons. We do not include workers who left their employer for a better job or for an expected retirement in the count of involuntary job separations, because these departures likely reflect voluntary choices by workers.

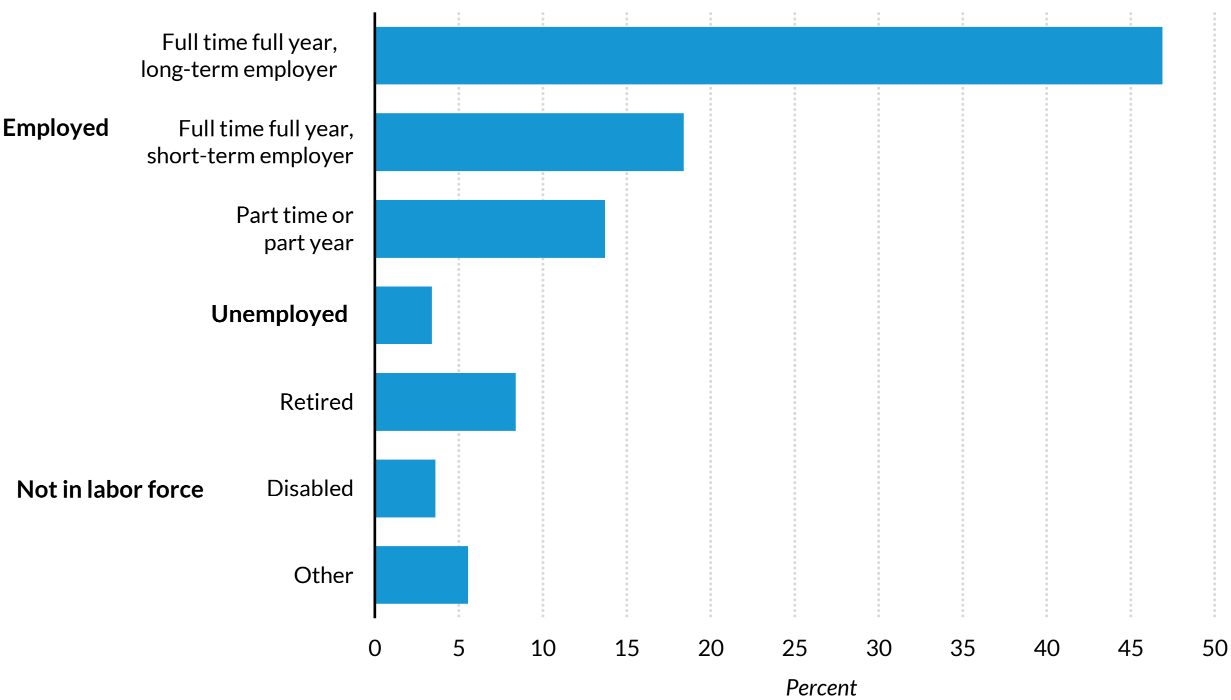
We also assess the financial consequences of involuntary job separations. For workers who experienced an employer-related involuntary job separation, we measure the share who ever reported that their post-separation weekly earnings were at least as high as their pre-separation earnings, and we compare median household income before and after a job separation. Because the HRS collects income data at each interview for the previous calendar year, we compare income reported at the interview following the separation report with income reported in the wave before the separation report. As an example, when a respondent reports a job separation in the 2002 wave, we compare income reported in 2004 with income reported in 2000, so the tabulations compare 1999 income with 2003 income. These household income comparisons show how well separated workers can replace lost earnings with new income sources, such as spousal income, earnings from a new job, and unemployment insurance benefits. To evaluate the long-term consequences of involuntary job separations, we compare median household income at baseline, reported at ages 51 to 54, and median household income at age 65, for workers with and without employer-related involuntary job separations. We report earnings and income in 2018 inflation-adjusted dollars.

Analytical Sample

Our primary sample consists of adults who were employed full time (at least 35 hours a week) and full year (at least 36 weeks a year) at ages 51 to 54 and who were in a long-term employment arrangement (defined as five or more years with their current employer or as being self-employed for at least five years). This sample allows us to focus on middle-aged workers who were strongly attached to the labor force as opposed to more intermittent workers. We also restrict the sample to respondents who were tracked in the HRS until at least age 65; this allows us observe most of their transition to retirement. Our sample, which runs from 1992 to 2016, consists of 2,086 respondents.

Respondents in our primary sample make up about one-half of all adults in their early 50s. Among all HRS respondents observed between 1992 and 2016 at ages 51 to 54, 79 percent were employed at some point (figure 1). Forty-seven percent were working full time, full year for a long-term employer; 18 percent were working full time, full year but have held their current job for less than five years; and 14 percent were working part time or part year. Another 3 percent were unemployed, and 18 percent did not participate in the labor force, including 8 percent who described themselves as retired, 4 percent who described themselves as disabled, and 6 percent who did not participate for other reasons.

FIGURE 1
Labor Force Status of Adults Ages 51 to 54 (%)



Source: Authors' computations from the Health and Retirement Study.
Notes: Estimates are based on 13,879 observations between 1992 and 2016. Long-term employment is defined as at least five years with the same employer.

Adults in their early 50s who work full time, full year with a long-term employer have higher incomes and are better educated than their counterparts with fewer years of experience with their current employer or who work fewer hours or not at all (table 1). Median household income was $101,470 for full-time, full-year workers with a long-term employer, compared with $78,930 for full-time, full-year workers with a short-term employer; $30,470 for retirees; and $18,960 for people with disabilities. Thirty-four percent of full-time, full-year workers with a long-term employer completed four or more years of college, compared with 25 percent of part-time workers and 13 percent of retirees. Thus, respondents in our primary sample were somewhat better-off financially than the overall population of adults in their early 50s. In sensitivity analyses described below, we relax our sample restrictions, dropping the requirement that workers must have been spent at least five years with their current employer and adding workers employed only part time or part year.

TABLE 1

Income and Demographic Characteristics at Ages 51 to 54

By labor force status

	Employed				Not in the Labor Force		
	FT FY w/ long-term employer	**FT FY w/ short-term employer**	**Less than FT FY**	**Unemployed**	**Retired**	**Disabled**	**Other**
Female (%)	41	46	69	49	54	55	89
Education (%)							
Did not complete high school	7	11	13	22	233	31	25
High school graduate	59	60	62	61	64	60	57
Four or more years of college	34	29	25	17	13	9	18
Race and ethnicity (%)							
Non-Hispanic white	81	77	76	58	70	62	73
African American	9	10	9	19	19	22	7
Hispanic	6	8	11	15	8	10	16
Median household income ($)	101,470	78,930	74,730	44,280	30,470	18,960	64,360
Number of observations	5,974	2,563	2,064	526	1,309	516	927

Source: Authors' computations from the Health and Retirement Study.

Notes: FT FY = full time, full year; w/ = with. Estimates are based on 13,879 observations. Long-term employment is defined as at least five years with the same employer. High school graduates include respondents who attended fewer than four years of college. Income is reported in 2018 inflation-adjusted dollars and rounded to the nearest $10. Categories do not always sum to 100 percent because of rounding.

Supplemental Tabulations

We also examine trends in retirement satisfaction and the share of workers who reported they were forced or partly forced into retirement. We restrict these tabulations to retirees, regardless of age or employment at ages 51 to 54, but we include only the first retirement observation for each respondent so that we can compare outcomes each year for recent retirees. We examine retirement satisfaction and forced retirement from 1998 to 2014.[4] The total sample size for these analyses is 13,988, with observations in individual years ranging from 2,794 in 1998 to 1,058 in 2008.

Incidence of Involuntary Job Separations

Among adults who were employed full time, full year in a long-term job at ages 51 to 54, 56 percent subsequently experienced an employer-related involuntary job separation that had serious financial consequences (table 2). Twenty-eight percent separated because of a layoff or business closing, 13 percent separated because they were dissatisfied with their job, 13 percent retired unexpectedly, and 2 percent left for other unspecified reasons. Another 9 percent left their employer involuntarily for personal reasons, with 8 percent separating because of poor health and 1 percent separating because of family concerns. Overall, then, 66 percent of people working full time, full year in their early 50s on a long-term job subsequently left their employer involuntarily. Another 16 percent were still working when last observed at age 65 or later, and thus they might still experience an involuntary job separation. Nineteen percent stopped working before they experienced an involuntary job separation and were presumably able to retire on their own terms.[5]

The incidence of involuntary job separations did not vary much by sex. Fifty-six percent of men and 57 percent of women experienced an employer-related involuntary job separation after age 50. Women were somewhat more likely than men to leave a job involuntarily for personal reasons, primarily because women were somewhat more likely to experience health problems.

TABLE 2

Incidence of Involuntary Job Separations after Age 50 (%)

By sex

	All	Male	Female
Employer-related involuntary job separation			
Layoff or business closing	28	29	27
Quit because of job dissatisfaction	13	11	14
Unexpected retirement	13	13	12
Other	2	2	3
Total	56	56	57
Involuntary job separation for personal reasons			
Poor health	8	7	10
Family concerns	1	1	2
Total	9	8	12
Any involuntary job separation	66	64	68
No involuntary separation			
Working at last observation	16	18	13
Not working at last observation	19	19	19
Grand total	100	100	100
Number of respondents	2,086	910	1,176

Source: Authors' computations from the Health and Retirement Study.

Notes: Estimates are based on a sample of 2,086 respondents employed full time, full year at ages 51 to 54 who are observed at least until age 65. The analysis considers only job separations that were followed by at least six consecutive months of nonemployment or that led to at least a 50 percent decline in weekly earnings for at least two years. Some respondents experienced more than one type of involuntary job separation after age 50, but the separation categories are arranged hierarchically so that no more than one type of separation is counted for any worker. Categories do not always sum to 100 percent because of rounding.

Education did not protect workers much from employer-related involuntary job separations. Fifty percent of full-time, full-year workers in their early 50s employed in a long-term job who did not complete high school subsequently experienced an employer-related involuntary job separation, compared with 58 percent of their counterparts with a high school diploma and 55 percent of those who completed four or more years of college (table 3). However, college-educated workers were much less likely than those who did not complete college to leave a job at older ages because of health problems. Employer-related involuntary job separations were commonplace at older ages across all racial and ethnic groups. The most noteworthy racial difference in involuntary job separations was that African Americans were more likely than non-Hispanic whites to leave a job because of poor health.

TABLE 3

Incidence of Involuntary Job Separations after Age 50 (%)

By education and race and ethnicity

	Education			Race and Ethnicity		
	Did not complete high school	High school graduate	4+ years of college	Non-Hispanic white	African American	Hispanic
Employer-related involuntary job separation						
Layoff or business closing	29	28	27	27	28	29
Quit because of job dissatisfaction	8	14	12	13	11	9
Unexpected retirement	11	14	12	13	13	10
Other	1	2	4	2	3	4
Total	50	58	55	56	56	51
Involuntary job separation for personal reasons						
Poor health	18	9	3	7	14	11
Family concerns	2	1	1	1	1	3
Total	21	11	4	8	15	14
Any involuntary job separation	71	68	59	64	71	65
No involuntary separation						
Working at last observation	13	12	24	17	13	12
Not working at last observation	17	20	17	19	16	23
Grand total	100	100	100	100	100	100
Number of respondents	289	1,221	576	1,533	335	159

Source: Authors' computations from the Health and Retirement Study.

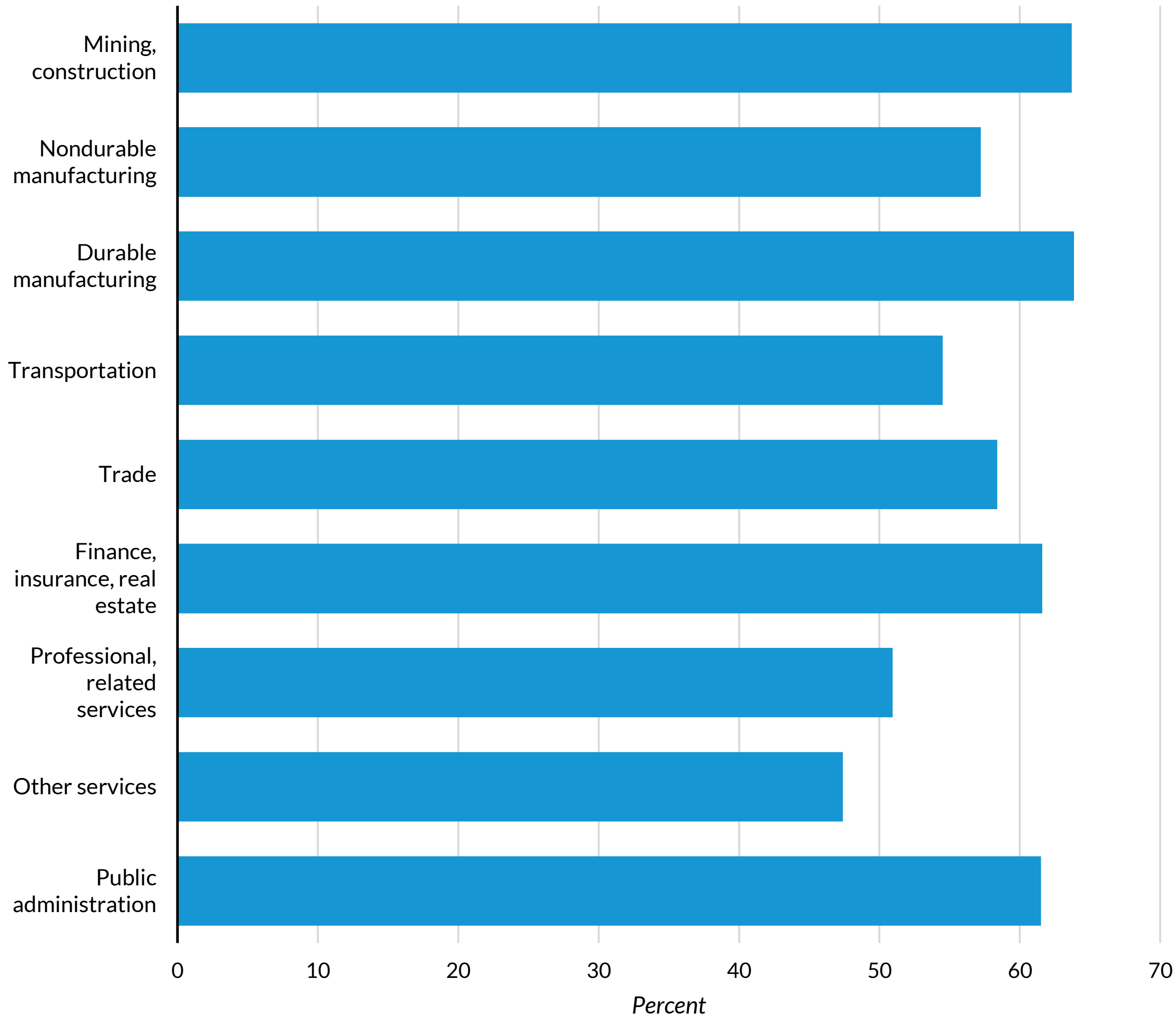
Notes: Estimates are based on a sample of 2,086 respondents employed full time, full year at ages 51 to 54 who are observed at least until age 65. The analysis considers only job separations that were followed by at least six consecutive months of nonemployment or that led to at least a 50 percent decline in weekly earnings for at least two years. Some respondents experienced more than one type of involuntary job separation after age 50, but the separation categories are arranged hierarchically so that no more than one type of separation is counted for any worker. Categories do not always sum to 100 percent because of rounding.

Employer-related involuntary job separations after age 50 were widespread across industries and throughout the country. Full-time, full-year workers were most likely to experience such separations in the industries of durable goods manufacturing, mining and construction, finance, insurance, and real estate, and public administration, where incidence rates exceeded 60 percent; they were least likely to experience these separations in nonprofessional services, where the incidence rate was 47 percent (figure 2). The incidence rate ranged from 64 percent in the East South Central region, which consists of Alabama, Kentucky, Mississippi, and Tennessee, to 52 percent in the Mountain region (figure 3).

FIGURE 2

Incidence of Employer-Related Involuntary Job Separations after Age 50 (%)

By industry



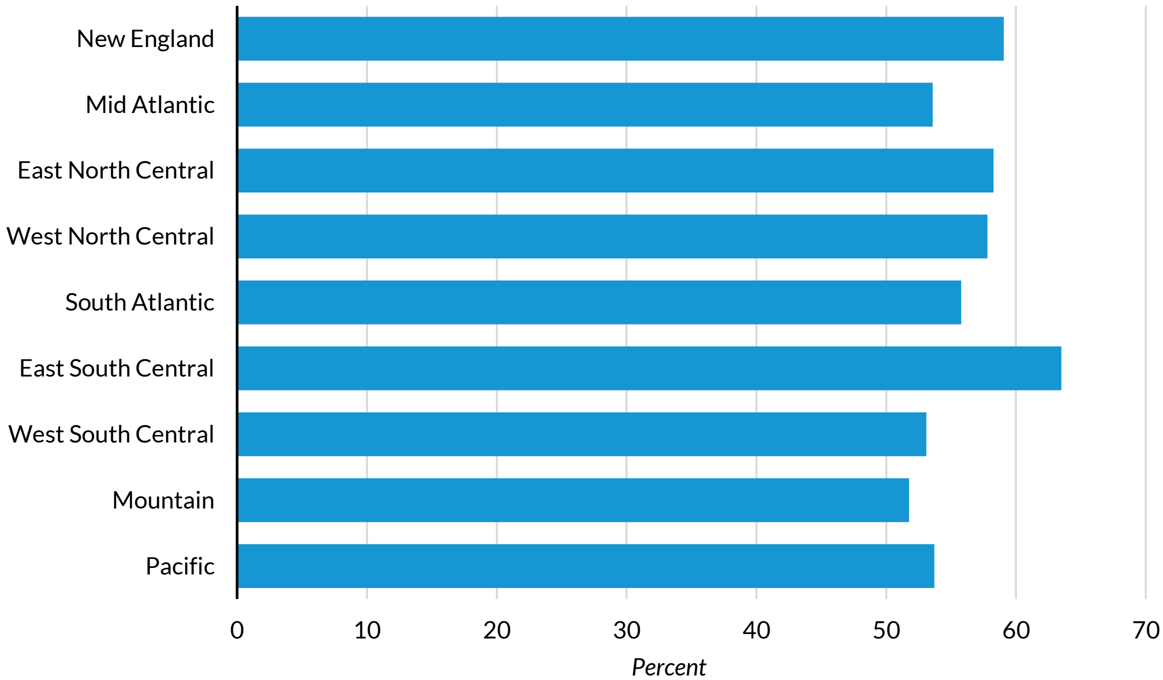
Source: Authors' computations from the Health and Retirement Study.

Notes: Estimates are based on a sample of 2,086 respondents employed full time, full year at ages 51 to 54 who are observed at least until age 65. The analysis considers only job separations that were followed by at least six consecutive months of nonemployment or that resulted in at least a 50 percent decline in weekly earnings for at least two years. Estimates for the agriculture, forestry, and fishing industry are not reported because the sample is too small for meaningful interpretation.

FIGURE 3

Incidence of Employer-Related Involuntary Job Separations after Age 50 (%)

By census region



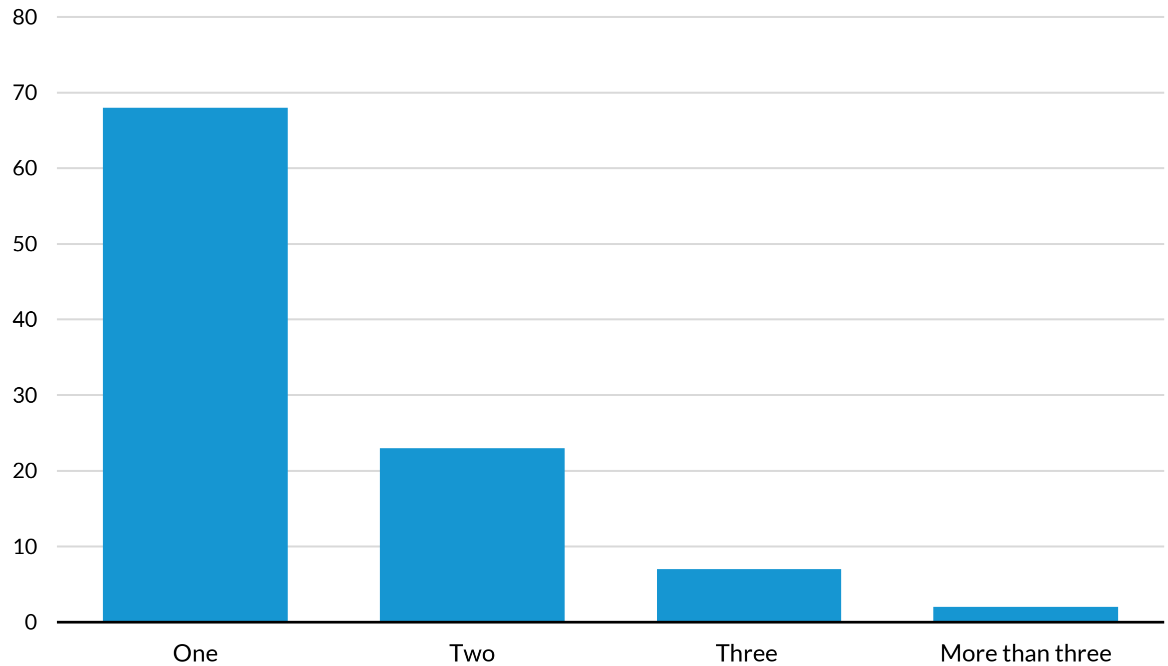
Source: Authors' computations from the Health and Retirement Study.
Notes: Estimates are based on a sample of 2,086 respondents employed full time, full year at ages 51 to 54 who are observed at least until age 65. The analysis considers only job separations that were followed by at least six consecutive months of nonemployment or that resulted in at least a 50 percent decline in weekly earnings for at least two years.

About one-third of the workers in our sample who experienced an employer-related involuntary job separation after age 50 that was financially consequential had more than one such separation (figure 4). Twenty-three percent experienced employer-related involuntary job separations, and 9 percent experienced more than two.

FIGURE 4

Distribution of Number of Employer-Related Involuntary Job Separations (%)

Workers who experienced at least one involuntary separation after age 50



Source: Authors' computations from the Health and Retirement Study.

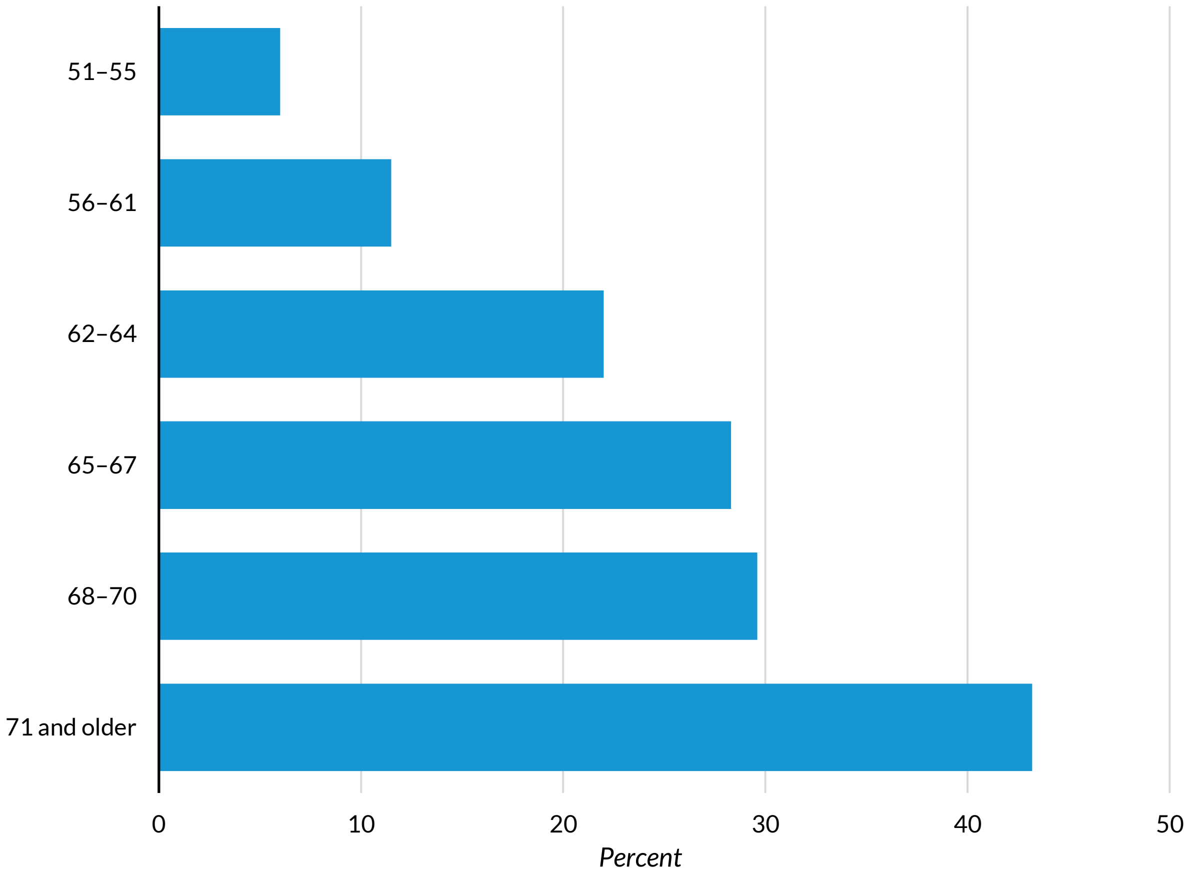
Notes: Estimates are based on a sample of 1,189 respondents employed full time, full year at ages 51 to 54 who are observed at least until age 65 and who experienced an employer-related involuntary job separation. The analysis considers only job separations that were followed by at least six consecutive months of nonemployment or that resulted in at least a 50 percent decline in weekly earnings for at least two years.

Results reported so far measure the share of workers who ever experienced an employer-related involuntary job separation after age 50. To investigate how the likelihood of such separations change as workers age, we computed two-year incidence rates, measuring the share of workers employed at the previous wave who involuntarily separated between that wave and the current wave, and examined how they varied with age. We found that employer-related involuntary job separations increased sharply as workers grew older (figure 5). Two-year incidence rates increased from 6 percent at ages 51 to 55 to 22 percent at ages 62 to 64 and 43 percent at ages 71 and older.

FIGURE 5

Two-Year Incidence of Employer-Related Involuntary Job Separations (%)

By age



Source: Authors' computations from the Health and Retirement Study.
Notes: Estimates are based on a sample of 15,358 observations on 2,086 workers who were employed full time, full year at the previous wave, who were employed full time, full year at ages 51 to 54, and who are observed at least until age 65. The analysis considers only job separations that were followed by at least six consecutive months of nonemployment or that resulted in at least a 50 percent decline in weekly earnings for at least two years.

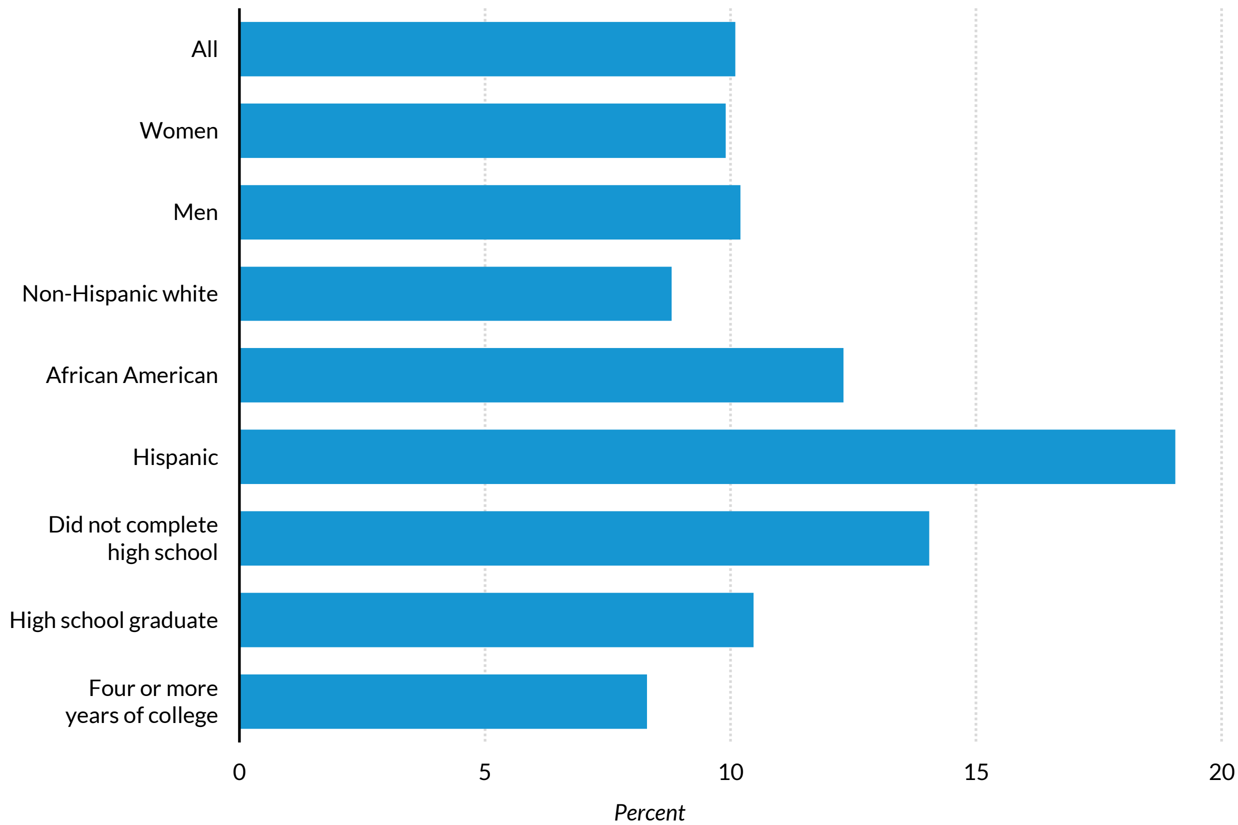
Financial Consequences of Involuntary Job Separations

Few workers bounced back financially after experiencing an involuntary job separation that reduced weekly earnings more than 50 percent for at least two years. Only 10 percent of adults who were working full time, full year at ages 51 to 54 for a long-term employer and experienced such an involuntary separation ever earned as much per week after their separation as before (figure 6).[6] Older African Americans, Hispanics, and adults with limited education, who generally earned less than other workers, were more likely to bounce back after an involuntary separation than college graduates and non-Hispanic whites. Fourteen percent of involuntarily separated workers who did not complete high school eventually earned as much per week as they had before their separation, compared with 8 percent of their counterparts who completed four years of college.

FIGURE 6

Percentage of Workers with an Employer-Related Involuntary Job Separation whose Earnings Fully Recover

By demographics



Source: Authors' computations from the Health and Retirement Study.
Notes: Estimates are based on a sample 1,118 respondents employed full time, full year at ages 51 to 54 who are observed at least until age 65 and who experienced an employer-related involuntary job separation that resulted in at least a 50 percent decline in weekly earnings for at least two years. High school graduates include respondents who attended fewer than four years of college.

Although workers who lose their jobs can often replace part of their earnings with other income, such as spousal earnings and unemployment benefits (Johnson and Smith, forthcoming), employer-related involuntary job separations significantly reduced household income. Median household income fell 42 percent, from $93,710 to $54,810, following an employer-related involuntary job separation (table 4). Median income fell slightly more for people of color and for less-educated adults because they generally received less income outside of earnings; on average, they had less savings than others and were less likely to be married, and those who were married generally had relatively low-earning spouses. Older women who experienced an employer-related involuntary separation generally lost a smaller share of household income than men. Because wives generally earn less than their husbands, household income typically falls less when wives lose their jobs than when husbands lose their jobs.[7]

TABLE 4

Median Household Income before and after an Employer-Related Involuntary Job Separation

By demographic characteristics

	Before	After	Percent decrease
All	93,710	54,810	42
Sex			
Men	100,480	58,120	42
Women	79,960	49,810	38
Education			
Did not complete high school	52,990	28,700	46
High school graduate	84,870	48,550	43
Four or more years of college	140,440	80,850	42
Race and ethnicity			
Non-Hispanic white	96,430	55,540	42
African American	74,780	41,750	44
Hispanic	58,720	30,380	48

Source: Authors' computations from the Health and Retirement Study.

Notes: Estimates are based on a sample of 1,189 respondents employed full time, full year at ages 51 to 54 who are observed at least until age 65 who experienced an employer-related involuntary job separation. The analysis considers only job separations that were followed by at least six consecutive months of nonemployment or that led to at least a 50 percent decline in weekly earnings for at least two years. High school graduates include respondents who attended fewer than four years of college. Income is reported in 2018 inflation-adjusted dollars.

Financial losses associated with employer-related involuntary job separations after age 50 generally lasted into later life. Median household income at age 65 was 14 percent lower for those who experienced an employer-related involuntary job separation than for those who did not ($61,910 versus $72,200), even though median household income at baseline, ages 51 to 54, differed by only 1 percent between the two groups ($98,340 versus $99,200; table 5). The median ratio of baseline income to age-65 income was 65 percent for older adults who experienced an employer-related involuntary job separation, indicating that age-65 income fell short of 65 percent of baseline income for one-half of those who experienced a job separation. By contrast, the median ratio of baseline income to age-65 income was 73 percent for older adults who did not experience an employer-related involuntary job separation. The gap between household income at age 65 and baseline for those who experienced an involuntary job separation was especially large for Hispanics and African Americans.

TABLE 5

Household Income at Ages 51 to 54 and Age 65

By employer-related involuntary job separations after age 50 and demographic characteristics

	Median Household Income at Baseline (Ages 51 to 54, $)		Median Household Income at Age 65 ($)		Median Ratio of Baseline Income to Age-65 Income (%)	
	Separation	**Never**	**Separation**	**Never**	**Separation**	**Never**
All	98,340	99,200	61,910	72,000	65	73
Sex						
Men	104,610	105,750	68,780	81,120	68	77
Women	90,550	90,400	52,680	58,200	63	68
Education						
Did not complete high school	58,400	56,090	36,250	32,490	64	66
High school graduate	91,150	90,300	52,810	61,950	63	72
Four or more years of college	143,290	155,940	96,340	128,870	69	76
Race and ethnicity						
Non-Hispanic white	103,080	107,860	64,660	78,130	67	73
African American	79,260	60,880	53,760	39,020	61	65
Hispanic	67,370	67,030	35,350	51,280	55	75

Source: Authors' computations from the Health and Retirement Study.

Notes: Estimates are based on a sample of 2,086 respondents employed full time, full year at ages 51 to 54 who are observed at least until age 65. The analysis considers only job separations that were followed by at least six consecutive months of nonemployment or that led to at least a 50 percent decline in weekly earnings for at least two years. High school graduates include respondents who attended fewer than four years of college. Income is reported in 2018 inflation-adjusted dollars and rounded to the nearest $10.

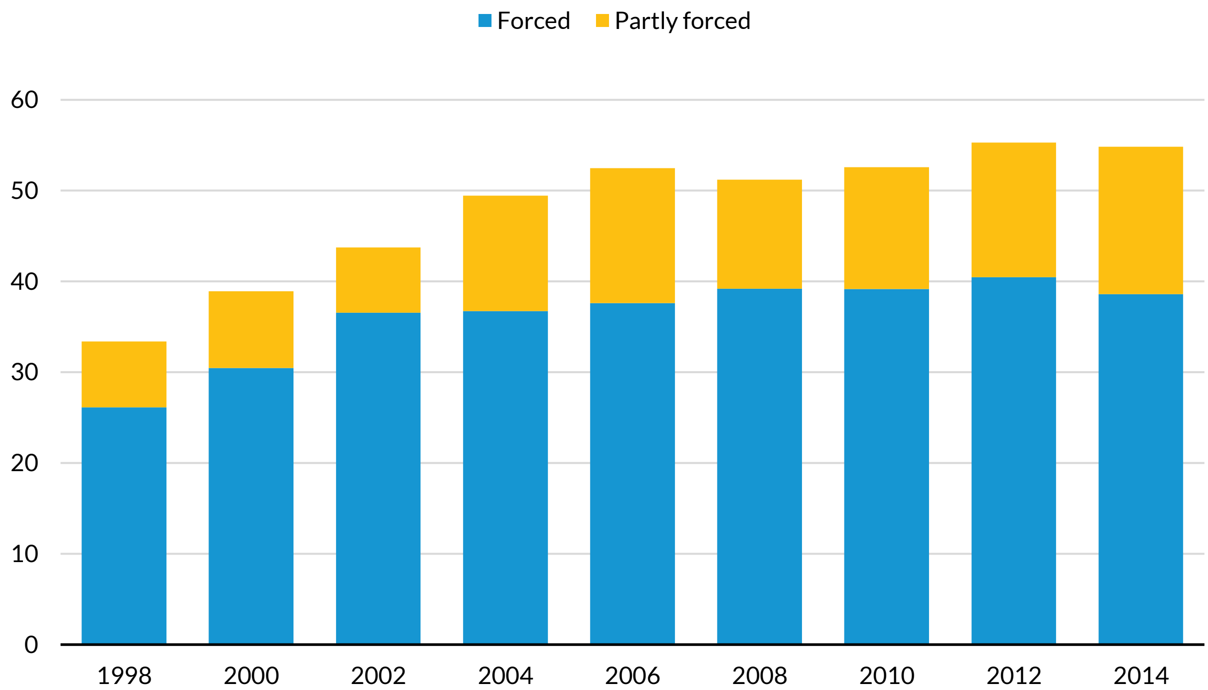
Forced Retirements and Retirement Satisfaction

Other data from the HRS suggest that the road to retirement has deteriorated and become more uncertain over the past two decades. Between 1998 and 2014, the share of new retirees reporting that that they were forced to retire increased from 26 to 39 percent; the share reporting that they were partly forced increased from 7 to 16 percent (figure 7). In 2014, 55 percent of new retirees reported they were forced or partly forced to retire, up from 33 percent in 1998. Perceived forced retirements increased fairly steadily from 1998 to 2006 and have not changed much since, except for a slight increase in 2012 that continued into 2014. Health problems and other personal issues may have forced some workers to retire, but our earlier findings on the incidence of employer-related involuntary job separations suggest that many workers may have felt that their employers pushed them to retire.

FIGURE 7

Percentage of Retirees Who Report Being Forced or Partly Forced to Retire

By year



Source: Authors' computations from the Health and Retirement Study.

Notes: Estimates are based on a sample 13,988 respondents who reported being retired. Respondents are categorized by the year in which they first reported being retired.

Forced retirements increased over time for both men and women and for all educational and racial and ethnic groups (table 6). Between 1998 and 2014, the share of new retirees who reported being forced or partly forced to retire increased most for men, for African Americans, and for people who did not attend four or more years of college. In 2014, retirees who did not complete high school were 36 percentage points more likely than college graduates to report they were forced or partly forced to retire, and African Americans were 20 percentage points more likely than non-Hispanic whites to report the same.

TABLE 6

Percentage of Retirees Who Report Being Forced or Partly Forced to Retire

By year and demographic characteristics

	1998	2002	2006	2010	2014
All	33	44	52	53	55
Sex					
Men	32	48	54	51	60
Women	34	41	52	54	50
Education					
Did not complete high school	41	58	67	69	73
High school graduate	31	42	53	54	57
Four or more years of college	23	33	36	40	38
Race and ethnicity					
Non-Hispanic white	32	42	49	49	51
African American	40	50	58	67	71
Hispanic	53	59	74	58	63
Number of observations	2,794	1,564	1,298	1,131	1,110

Source: Authors' computations from the Health and Retirement Study.

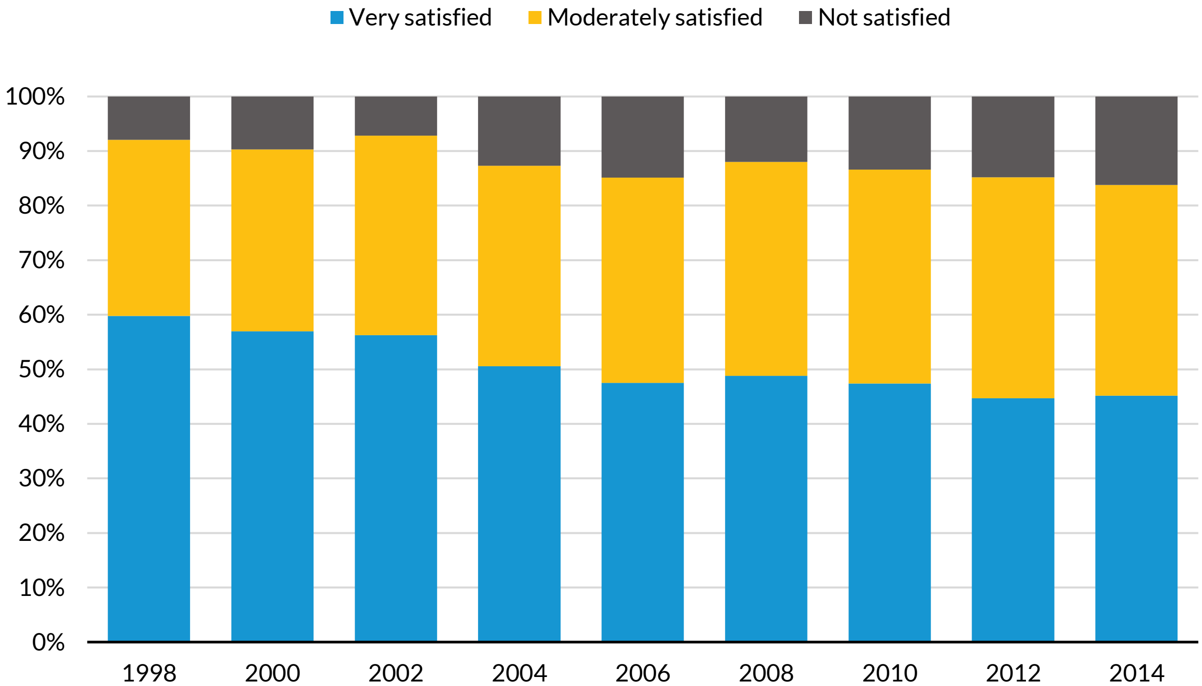
Notes: Estimates are based on a sample of 13,988 retired respondents. Respondents are categorized by the year in which they first reported being retired. High school graduates include respondents who attended fewer than four years of college.

Over the same period, retirement satisfaction has fallen steadily. Between 1998 and 2014, the share of new retirees reporting being very satisfied with retirement fell 15 percentage points, from 60 to 45 percent, while the share reporting being not satisfied with retirement increased 8 percentage points, from 8 to 16 percent (figure 8).

Retirement satisfaction declined for both men and women and for all educational and racial and ethnic groups (table 7). Between 1998 and 2014, the share of recent retirees who reported being very satisfied with retirement fell most for men, for retirees who did not complete four years of college, and for African Americans. In 2014, the share of retirees reporting being very satisfied was 10 percentage points lower for men than for women, 20 percentage points lower for African Americans than for non-Hispanic whites, and 36 percentage points lower for those who did not complete high school than for college graduates. Those gaps increased since 1998.

FIGURE 8

Retirement Satisfaction among Newly Retired Adults (%)



Source: Authors' computations from the Health and Retirement Study.

Notes: Estimates are based on a sample 13,988 retired respondents. Respondents are categorized by the year in which they first reported being retired.

TABLE 7

Percentage of Retirees Who Report Being Very Satisfied with Retirement

By year and demographic characteristics

	1998	2002	2006	2010	2014
All	60	56	48	47	45
Sex					
Men	59	52	46	49	40
Women	60	59	48	46	50
Education					
Did not complete high school	52	42	33	31	27
High school graduate	61	58	47	46	43
Four or more years of college	72	67	64	60	62
Race and ethnicity					
Non-Hispanic white	62	58	51	51	49
African American	51	50	42	33	29
Hispanic	38	41	26	42	37
Number of observations	2,794	1,564	1,298	1,131	1,110

Source: Authors' computations from the Health and Retirement Study.

Notes: Estimates are based on a sample of 13,988 retired respondents. Respondents are categorized by the year in which they first reported being retired. High school graduates include respondents who attended fewer than four years of college.

Conclusions

Employment becomes increasingly precarious as workers age. Slightly more than one-half of full-time, full-year workers ages 51 to 54 with a long-term employer experienced an employer-related involuntary job separation after age 50 that led to a long-term unemployment spell or that reduced weekly earnings at least 50 percent for two or more years. Many older workers experienced more than one such job separation. Factoring in workers who separated because of poor health, family caregiving responsibilities, or other personal reasons, we find that about two thirds of workers involuntarily separated from their jobs at some point after age 50. Involuntary separations were common throughout the country and affected older workers in all industries and demographic groups.

Employer-related involuntary job separations have substantial financial consequences. Only 1 in 10 involuntarily separated workers who experienced a significant drop in earnings ever earned as much after their separation as before. Although workers who lose their jobs can often replace part of their lost earnings with other income, such as spousal earnings and unemployment benefits, median household income fell 42 percent after a post-50 employer-related involuntary job separation. These financial consequences often reverberate into old age. Median household income at age 65 for workers who experienced an involuntary job separation was 14 percent lower than for those who did not.

These findings are consistent with other research suggesting that many employers are reluctant to hire or retain older workers, as evidenced by the long unemployment spells that displaced older workers typically experience and the limited interest that most older job applicants attract from prospective employers (Johnson and Mommaerts 2011; Lahey 2008; Neumark, Burn, and Button, forthcoming). Together, this evidence questions the notion that most seasoned workers who are strongly attached to the labor force can remain at work and earn a stable income until they choose to retire. The steady earnings that many people count on in their 50s and 60s to build their retirement savings and ensure some financial security in later life can vanish, upending retirement expectations and creating economic hardship. The problem will likely intensify in coming years as more older people conclude they must work longer to maintain their preretirement living standards into old age (Munnell and Sass 2008). The share of retirees reporting they were forced to retire has been growing over the past two decades, as has the share expressing some dissatisfaction with retirement. More research is needed to understand why many employers seem reluctant to employ older workers and to devise ways to help older workers overcome these barriers.

Notes

[1] For more information about the HRS, see http://hrsonline.isr.umich.edu/.

[2] This criterion requires that any reported weekly earnings at the wave at which a respondent reported a separation and at the following wave be less than 50 percent (in inflation-adjusted dollars) of the weekly earnings reported in the wave before the separation.

[3] Some workers retire unexpectedly because of unexpected health declines, but these outcomes are not very common. Our estimate of the incidence of employer-related involuntary job separations falls only about 1 percentage point when we exclude unexpected retirements for workers who reported that their health worsened since the previous interview.

[4] We do not include 2016 data in these tabulations because the HRS had not yet released sample weights for that year when we completed the study. The longitudinal analysis that follows workers over time uses baseline HRS sample weights data and thus can incorporate data through 2016.

[5] Results are similar when we relax our sample restrictions. The incidence of employer-related involuntary job separations was 58 percent among adults who were employed full time, full year at ages 51 to 54 regardless of the amount of time they spent with their employer and 59 percent among all adults employed at ages 51 to 54 regardless of full-time, full-year status.

[6] Thirteen percent of adults who experienced an employer-related involuntary job separation ever earned at least 90 percent of their pre-separation weekly earnings after their separation.

[7] However, the earnings gap between husbands and wives is shrinking (Juhn and McCue 2017).

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