

Diversity in Late Life – Project 1
**Retirement from the labor force: Antecedents and consequences
for health, personal relationships and wellbeing**

Pensionering: Antecedenten en gevolgen voor
gezondheid, persoonlijke relaties en welbevinden

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Concise summary of research problematic

Antecedents and consequences of retirement of Dutch older adults are investigated. Research questions are: (1) What are the most important determinants of early versus late retirement and what role do early life changes in the domains of employment and the family play in the timing of the retirement transition? (2) Do the different causes and routes of retirement have differential consequences for health, wellbeing and social embeddedness? (3) Are effects of retirement on health and wellbeing moderated or conditioned by early life differences and changes in the domains of marriage and employment? (4) What is the role of the institutional context with respect to late job careers and retirement on the causes and consequences of retirement?

Scientific relevance

Prior to the 1970s workers were generally forced into (early) retirement either because of health problems or unemployment (Henkens & Siegers, 1991a). The number of voluntary labor force exit via early retirement regulations has increased tremendously since the 1980s (Henkens, 1999). Labor force participation of older men in particular has declined, and an increasing diversity in retirement patterns has emerged. Modern social science research views retirement much more as a matter of individual choice (Beehr, 1986; Talaga & Beehr, 1989; Feldman, 1994; Slevin & Wingrove, 1995). Many studies analyzed the determinants of the use of voluntary and involuntary exit routes (Henkens & Siegers, 1991a; Heyma, 1996; Lindeboom, 1996) and the factors that influence early retirement decisions (Aarts & de Jong, 1990; Henkens & Tazelaar, 1994, 1997; Henkens, 1999). These studies suggest that apart from a decision-making context that can act as 'push' and/or 'pull' factors in retirement decisions, retirement is influenced by the way individuals assess and evaluate the consequences of their early retirement. By anticipating the future consequences of early retirement, labor force exit can function as an investment strategy for improving health and the marital relationship.

Till date, no studies have been carried out on the actual consequences of leaving the labor market and how these differ according to the way people make the transition into the post retirement phase (e.g. involuntary versus voluntary, part-time versus full-time employment). The integrative approach to retirement, whereby the consequences of retirement are viewed in conjunction with its antecedents, contributes to the scientific relevance of the project. For the antecedents, the trajectories of early life changes in the domains of employment and the family are studied. Health, wellbeing and social embeddedness are studied as consequences.

Several theories guide research on work-retirement decision making process in psychology, economics and sociology (see for an overview Henkens, 1998). Common to the rational choice approaches is the view that older workers farsightedly engage themselves in

plans, choices or serial decisions related to retirement. The underlying assumption is that workers evaluate the utility of retirement in light of the restrictions they face and for its utility in reaching valued personal goals. The cumulating resources over the course of workers life are assumed to constrain the opportunities for retirement or continued employment. This holds not only for those resources that directly influence the financial restrictions in late life, but also resources with respect to health, social embeddedness and wellbeing.

Elaboration of the problematic

Due to demographic changes (Ekamper, 1997) and increasing flexibility in retirement arrangements (Van Dalen & Henkens, 2000), an increasing diversity in older workers' early retirement opportunities can be expected, and this change will certainly have consequences for variations in health and life satisfaction of older people. Furthermore, individual antecedents of whether one retires will be more important than in the past.

The role of people's social embeddedness has been insufficiently recognized in analyses of labor market behavior (Granovetter, 1988). As acknowledged by the notion of interwoven lives in life course studies (Hagestad, 1991), individuals cannot simply be considered to be unaffected by their relationships with others, the decisions and behaviors of others, and the history of these relationships. Social relationships inside and outside the workplace, spousal pressures in particular, affect retirement (Henkens, 1999; Szinovacz, Ekerdt & Vinick, 1992). Older workers who lost their partner due to widowhood or divorce retire later because of a relatively strong attachment to social network members in the workplace (Henkens & Tazelaar, 1994). Till date, little is known about the role life course trajectories play in the late career. Older workers' labor force experiences are stratified along lines of occupation, race, education, sex and sector of employment. Cumulative effects of environmentally demanding working conditions and an early age of entry into the labor market may increase the likelihood of early labor force exit (Kohli, Rein, Guillemard & van Gunsteren, 1991; Liefbroer & Henkens, 1999). However, discontinuous career patterns (e.g. due to family obligations) may decrease the ability to achieve pension vesting and result in lower wages on which retirement income is based, resulting in involuntary continuation of employment. The first research question is: *(1) What are the most important determinants of early versus late retirement and what role do early life changes in the domains of employment and the family play in the timing of the retirement transition?*

The stereotype of the older worker who becomes ill and dies shortly after retirement has contributed to the belief that retirement has negative consequences. In recent years, however, there seems to be a shift toward a strong belief in the contrary. Many retirees believe their health has improved after retirement, mainly as a result of a lack of work stress and more time for pleasure and exercise (Ekerdt, Bossé & LoCastro, 1983; Vinick & Ekerdt, 1991). Recent research suggests that for many older workers early retirement serves as a health investment strategy (Hayward, Grady, Hardy & Sommers, 1989; Henkens & Tazelaar, 1994, 1997). Anticipated health consequences of retirement have a strong impact on older workers' retirement intentions and on whether retirement is supported within the marital relationship (Henkens, 1999). In fact, there is evidence that leisure has beneficial consequences for health due to lack of stress and increased participation in health enhancing behaviors (Coleman & Iso-Ahola, 1993). Research concerning the direct effect of retirement on health and wellbeing has been contradictory (Midanik, Soghikian, Ransom & Tekawa, 1995; Reitzes, Mutran & Fernandez, 1996; Gall, Evans & Howard, 1997). Studies that have looked at somatic symptoms generally have failed to find substantial health changes in the transition to retirement. An exception to this rule is a study carried out by Durinck (1992). The results of this study indicated that the somatic symptoms (e.g. blood pressure) decreased after retirement from work. No studies are available that looked at both, self-assessed health, specific diagnoses of diseases and health behaviors (e.g. smoking, drinking). It may be important to distinguish between the individual's perception and evaluation of his or her health and the judgement made by a health professional, because for older persons the perceived quality of life may be different (and even often more relevant) than a specific diagnoses of chronic and/or untreatable diseases (Helmer, Barberger-Gateau, Letenneur & Dartigues, 1999). Mo-

reover, research on the causes of retirement shows that both, objective indicators as well as subjective evaluations play an important part in explaining the retirement decision.

Only little is known about the social consequences of (early) retirement and the factors that moderate this relationship. An open question remains for instance whether relationships with former colleagues are actually sustained after retirement. It is generally assumed that retirement is characterized by a decrease in contacts with co-workers (Bossé, Aldwin, Levenson, Workman-Daniels & Ekerdt, 1990; van Tilburg, 1992) and that this is perceived as a major loss (Braithwaite & Gibson, 1987). *(2) Do the different causes (e.g. voluntary/involuntary) and routes of retirement (part-time / full-time, early / late) have differential consequences (positive/negative, short/long term) for health, wellbeing and social embeddedness?*

Effects of retirement on health may in part be attributed to differences in employment and partner status trajectories. For example, those characterized by low status, low earnings, and few training requirements are more vulnerable to downturns in the business cycle and other macro-level changes than others, followed by involuntary retirement. Furthermore, as is outlined above, marital status affects the decision to retire. Since early life trajectories might result in different types of labor exit, the latter might have different outcomes if trajectories differ: involuntary retirement might be associated with declines in health and wellbeing, while leaving a dissatisfying job may lead to improvements. *(3) Are effects of retirement on health and wellbeing moderated or conditioned by early life differences and changes in the domains of marriage and employment?*

The employment situation changed over the 20th century, as have rules and regulations with respect to early retirement, and its institutional context. Causes and consequences of retirement will depend on the opportunities and constraints given by the institutional context of the rules and regulations with respect to personnel policies for older workers and early retirement. The last decades of the 20th century much more flexibility in regulations have been introduced in several industries and in the civil service. In addition to the questions 1, 2 and 3, the last research question focuses explicitly on the role of the institutional context: *(4) What is the role of the institutional context with respect to late job careers and retirement on the causes and consequences of retirement?*

Methods

In the project cross-sectional as well as longitudinal data will be analyzed. In answering question 1, retired respondents with different exit routes will be compared cross-sectionally. For the analysis of the antecedents of differences in the timing of retirement, survival analysis of all respondents will be applied. For question 2, the study of differences in health, wellbeing and social embeddedness for respondents with different exit routes (including not yet retired), regression analysis will be conducted. At T1, differences in the outcomes will be analyzed. For those retired after T1, health, wellbeing and social embeddedness before and after the retirement will be compared. If more than one observation after retirement is available, the long-term consequences and its determinants will be described. Since T2, several indicators of objective and subjective health are available. Question 3 focuses also on differences in T1-outcomes. It requires an extension of the first analysis proposed for question 2 by an explanation from types of early life trajectories combined with types of retirement. Question 4 requires that characteristics of the terms of employment and fringe benefits (phased retirement, shift work, unregular working hours, physical burden) will be related to the transition into retirement and its consequences for wellbeing. In the analyses objective and subjective indicators of physical health and indicators of cognitive functioning will be included. For example, we assume that job characteristics have more impact on objective indicators of physical health than on subjective indicators.

Societal relevance

The Dutch economy is characterized by a low degree of participation on the labor market by the potential working population. Based on demographic changes alone, this unfavorable ratio between the working population and the rest of the population will likely become even more unfavorable in the future. The societal importance of the proposed project is threefold. First, at the macro level insight in the consequences of the transition into retirement may

make it easier to anticipate reactions to, and the feasibility of government policy measures in the field of disability, unemployment and pensions. Second, organizations may benefit from knowledge of older workers' retirement decision-making processes when developing and introducing age-conscious personnel policies and flexible retirement regulations. Certain types of early retirement may actually have positive consequences, not only for post retirement life, but even for the way older workers function in their jobs at the end of their labor market career. Third, insight into the early retirement transition at the micro level may enhance our knowledge to explain diversity of people's adjustment to new circumstances after leaving the workforce and how does this relates to other domains of life.

Data sources relevant to the project

General information on the data sources is provided in the program proposal. Of the 407 persons employed at T1, 11% have deceased, while 41% of the other respondents (n=4087) have deceased. Between T1 and T3, 192 persons retired; they will be followed in the transition into retirement and their characteristics will be compared with 174 persons who remained employed. For those employed, questions were asked on their anticipation towards future retirement. Information regarding the labor market career includes age of entry, career breaks, the classification and the occupational skill level and other characteristics of the current and last job and the job that was carried out during most of the working life, and SES indicators (income, education and occupational status). Additionally, characteristics of the occupation of the partner are available. Data on return to the labor market after retirement are also available. Extensive information regarding several indicators of objective and subjective health is available. With respect to social relationships information is available, amongst others, on the number and frequencies of personal network contacts within and outside the household and contacts with (former) colleagues.

Relevance and position of the project within the program

Retirement from work is often considered to mark the entrance into the fourth phase of life. Though it is generally no longer seen as a crisis event, with primary negative consequences for wellbeing, it is certainly one of the first and major transitions that mark older people's lives. In addition it is a transition that has been subject to change due to changes in government policy. The project is significant for the program since it uses the central life-course concepts to identify the mechanisms in the diversity of retirement transitions, and the relation between the causes and consequences. The concept of *chronology* emphasizes the importance of earlier experiences in the life-course that shape the conditions in which the retirement transition is made or postponed. Career breaks due to family obligations or periods of unemployment/disability may force workers to postpone retirement and continue to work in an unhealthy environment prompted by a lack of financial resources enabling them to retire early. The same may be true for persons who experienced a divorce and have financial obligations toward the former partner. The concept of *historic-specificity* is acknowledged by addressing differences in the labor market careers due to increased age of entry (e.g. due to increased enrolment in education in the first half of the 20th century and WW II), and a lower age of retirement due to institutional arrangement that emerged during the last two decades of previous century. The concept of *multidimensionality* is relevant in our focus on the intertwining of economic, social and health factors in the retirement transition. *Social embeddedness* is a key concept in this project where we explicitly focus on the relation of the marriage and labor market career. Moreover the impact on the wider personal network of friends and colleagues will be studied in the transition to retirement.

Publication plan

Articles will be submitted to international and national scientific journals. The topics will be: (1) Determinants of (early) retirement, (2) Consequences of differences in retirement for health, wellbeing and social embeddedness, (3) Trajectories in early life and its effect on the consequences of retirement, and (4) Cohort differences in job careers and late-life differences in health and wellbeing. The PhD dissertation will be based on these publications. Findings most specific for the Dutch situation will be reported in a Dutch journal.