

## Reentering the labor force after retirement

*Data from the longitudinal Health and Retirement Study indicate that approximately 15 percent of older Americans with career jobs returned to the labor force after having retired; respondents were more likely to reenter the workforce if they were younger, were in better health, or had a defined-contribution pension plan*

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For most older Americans with full-time career jobs, retirement is not a one-time, permanent event. Instead, their exits from the labor force are more gradual, with many career workers moving to another job before leaving the labor force completely.<sup>1</sup> Jobs that follow full-time career employment and precede complete withdrawal from the labor force are commonly known as *bridge jobs*. The prevalence and determinants of bridge jobs have been studied extensively in the literature on retirement. In a summary of such literature from the 1970s and 1980s, Joseph Quinn, Richard Burkhauser, and Daniel Meyers concluded that, for many older Americans, retirement is a *process*.<sup>2</sup> Data from the Retirement History Survey (RHS), a longitudinal dataset of older American men and unmarried women conducted from 1969 to 1979, show that the majority of older career workers had changed jobs or exited and reentered the labor force following career employment, where “career” was defined as the longest spell of employment with a single firm.<sup>3</sup>

More recent data from the Health and Retirement Study (HRS) confirm these earlier findings and reveal that one-time permanent retirements are the exception rather than the rule. Examining data from

the first three waves of the HRS, spanning 1992 to 1996, Quinn estimated that, at a minimum, between one-third and one-half of older career workers would experience a transition to bridge-job employment prior to complete withdrawal from the labor force.<sup>4</sup> Extending Quinn’s study with more recent data, Cahill, Giandrea, and Quinn found that, between 1992 and 2002, approximately 60 percent of older workers who had left a career job moved to a bridge job prior to exiting the labor force.<sup>5</sup> In a followup study, these authors found a similar prevalence of bridge jobs among a slightly younger cohort of HRS respondents known as the “War Babies.”<sup>6</sup>

People take bridge jobs for many reasons. For some, bridge jobs are a way to remain active through work or to try something new. For others, bridge jobs are a financial necessity, a result of a changing landscape in which workers are faced with a “do-it-yourself” approach to retirement income security.<sup>7</sup> The movement away from traditional defined-benefit pensions over the past 30 years has been a pivotal part of this change.<sup>8</sup> Between 1983 and 2004, the percentage of workers with a pension who had only a defined-benefit plan decreased from 62 percent to 20 percent.<sup>9</sup> The percentage with both a defined-benefit and a defined-contribution plan also declined over the same period, from 26 percent to 17 percent, although these percentages are somewhat sensitive to the underlying

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data source.<sup>10</sup> More recent data from 2007 indicate that, among family heads who participated in an employer-based pension, 18 percent had only a defined-benefit pension and another 18 percent had both a defined-benefit and a defined-contribution plan.<sup>11</sup> Further, many of the remaining defined-benefit plans have been converted to cash balance plans.<sup>12</sup>

In defined-contribution plans, workers decide how much to contribute and how to invest their funds.<sup>13</sup> One implication of this shift is that more employees—those with defined-contribution plans—are assuming the investment risk associated with their pension plans. The result is that the pension wealth of many older workers and retirees is now more susceptible to financial market fluctuations than in the past. Further, any changes to Social Security are likely to reduce or delay benefits in order to maintain the solvency of the program.<sup>14</sup>

One way that individuals can insure against uncertainty in retirement is to reenter the labor force after “retiring.” Reentry can come about in two ways. First, it can be planned, as a way to move out of career employment gradually by taking a break from paid work for a certain length of time before moving to another job. Planned reentry is one way to extend the worklife of those who would have otherwise remained out of the labor force. Indeed, older workers are already extending their worklives, as a century-old trend toward earlier and earlier retirement among American men halted in the mid-1980s and then reversed.<sup>15</sup> Labor force participation rates among older men and especially women have increased in recent years.<sup>16</sup>

When reentry is not planned, the option to rejoin the workforce provides a form of insurance against unforeseen contingencies. Workers initially may leave the labor force and adjust their consumption to match their retirement income. Although this approach has the disadvantage of potentially reducing one’s living standard, the retiree may still be better off if the reduction in consumption is offset by the additional leisure. Reentry can then serve as a backup plan in the event that an individual’s standard of living in retirement falls short of expectations.

Viewed this way, the possibility of reentry blurs what it means to retire. Moreover, if contingent reentry is common, an examination of work decisions later in life might not provide a complete picture of the transitional nature of retirement. A fraction of those who leave the labor force directly from their full-time career jobs may actually be expecting to return to work if retirement is not fulfilling or if retirement income proves inadequate. In fact, some of these workers will return to work and

some will not. One study suggests that a substantial change in retirement income may be needed to induce this type of contingent reentry: Courtney Coile and Phillip Levine used HRS data to examine reentry in the context of the booming stock market valuations of the late 1990s and the subsequent bust from 2000 to 2002.<sup>17</sup> They found no statistically significant impact of the stock market decline on the rate of reentry.

The literature to date indicates that a sizable minority of older workers reenters the labor force following an initial exit. Quinn, Burkhauser, and Meyers reported that about 10 percent of career workers interviewed for the RHS reentered the labor force after being out for at least 2 years. The authors noted that this estimate was likely to be a lower bound because reentry could have occurred beyond the RHS observation period, which ended in 1979.<sup>18</sup> A subsequent study by David Blau investigated transitions among older workers and found a higher rate of reentry: approximately 26 percent of older men who were not employed moved to either part-time or full-time employment later, while 23 percent of part-time employed older men returned to full-time employment.<sup>19</sup> Blau also found that the quarterly hazard rate for moving from being out of the labor force to full-time employment was 5 percent for 56-year-olds.<sup>20</sup> This rate remained high until age 62 and then fell below 1 percent by age 64. The hazard rate of reentry into part-time employment among older workers was below 1.2 percent for the ages examined.

In a particularly relevant recent study, Nicole Maestas examined the extent to which workers anticipated, prior to retirement, that they might reenter the labor force after retirement.<sup>21</sup> Using the first six waves of HRS data, Maestas analyzed retirement transitions partly on the basis of self-identified retirement status. She found that about one-half of workers retired in the “traditional” fashion, directly from either full-time or part-time employment to full retirement, defined as complete withdrawal from the labor force. She then focused on the transitions that workers made from retirement: from complete retirement to partial retirement (the latter being a self-report of “retirement” combined with non-full-time employment), from complete retirement to full-time employment, and from partial retirement to full-time employment. Maestas found that at least 25 percent of retirees had returned to the labor force by 2002 (the last wave of the HRS survey examined in her study). As expected, reentry into the labor force was substantially higher among those who first retired in their early to mid-50s than among those who first retired later in life. Maestas established that returning to the labor force is common among retirees and that more than 80 percent of those who reentered anticipated doing so prior to retirement. Labor market reentry is another method by which workers can smooth the transition from employment to full retirement.

A drawback of some reentry studies is their reliance on self-

reported retirement, which is not consistently defined across respondents. This article addresses that issue by using the respondent's actual work status at the time of each survey to identify retirement transitions. Using nine waves of HRS data, the article focuses on the prevalence and determinants of reentering the workforce after retirement. This period covered by the nine waves, from 1992 to 2008, makes it possible to observe many different work histories and reveals a variety of interesting paths to retirement.

The next section describes the dataset and methods used in the analysis that follows, with a detailed description of a key subsample: workers who have had a full-time career job in their work history. The final two sections present and summarize the findings obtained from the analysis.

### Data and methods

The HRS is an ongoing nationally representative longitudinal survey of older Americans that began in 1992.<sup>22</sup> The survey, which includes detailed information on the demographic and economic characteristics of the sample, has been conducted every other year since 1992, with data currently available through 2008. The initial group of about 12,600 respondents (from approximately 7,600 households) varied in age from 51 to 61 years at the time of their first interview in 1992. Attrition from one wave to the next ranged from 4 percent to 9 percent, and about 62 percent of the original sample remained after 16 years.<sup>23</sup> For the purposes of this article, a key feature of the survey is a set of questions related to the respondents' work status in each wave. The longitudinal nature of the dataset permits an analysis of each individual's job decisions over time, including the way in which the person exits the labor force. Because the focus of the article is labor force exit and retirement patterns, the sample is restricted to respondents who worked at some point after age 49. As the following tabulation of HRS "core" respondents—those who were ages 51 to 61 in 1992—shows, 91 percent of the men and 78 percent of the women had work experience after age 49:

<i>Survey participation or work status</i>	<i>Total</i>	<i>Men</i>	<i>Women</i>
Participated in wave 1:			
Sample size.....	12,652	5,869	6,783
Worked after age 49:			
Sample size.....	10,639	5,353	5,286
Percent of HRS core.....	84	91	78
Had a full-time career job after age 49:			
Sample size.....	7,432	4,288	3,144
Percent of HRS core.....	59	73	46
In a full-time career job in 1992:			
Sample size.....	5,617	3,061	2,556
Percent of HRS core.....	44	52	38

Also noted in this tabulation are those who worked in a full-time career job after age 49, including those who had a job in 1992 that ultimately became a full-time career job. A full-time career job is defined as a job in which an individual works at least 1,600 hours per year for at least 10 years. The initial questionnaire asked about a respondent's current (in 1992) job and all previous jobs that lasted 5 or more years. This information makes it possible to determine whether a respondent ever held a full-time career job. Further, respondents who were not working at the time of the initial interview were asked about the most recent job held, regardless of tenure. In all, as shown in the tabulation, 73 percent of men and 46 percent of women had a full-time career job after age 49.

The bulk of the analysis that follows utilizes just those with full-time career jobs at the time of the first (1992) interview, because the first HRS survey contains key questions about demographics and job characteristics. In the HRS, 52 percent of men ( $n = 3,061$ ) and 38 percent of women ( $n = 2,556$ ) had a full-time career job in 1992.

### Results

The analysis begins with the group of HRS respondents who held a full-time career job after age 49. As shown in the following tabulation, in 2008 slightly more than 40 percent of these men and women either were still in a full-time career job or were working in a bridge job:<sup>24</sup>

<i>Work status in 2008</i>	<i>Men</i>	<i>Women</i>
Still in a full-time career job.....	22.6	23.3
Moved to a bridge job:		
Still in a bridge job.....	20.9	18.7
Moved out of the labor force.....	23.1	23.0
Still out of the labor force.....	21.2	21.1
Reentered the labor force.....	1.9	1.9
Exited directly from a full-time career job.	33.4	35.1
Still out of the labor force.....	27.0	29.2
Reentered the labor force.....	6.4	5.9

The respondents of interest in this study are the remainder: those who had left the labor force by 2008, as did 56 percent of the men and 58 percent of the women.<sup>25</sup> As shown in the tabulation, some left the labor force directly from full-time career employment (about 33 percent of the men and 35 percent of the women) while others left from a postcareer bridge job (another 23 percent of the men and 23 percent of the women).<sup>26</sup> Of those who did exit the labor force, about 15 percent  $((1.9 + 6.4)/56.5)$  of the men and about 13 percent  $((1.9 + 5.9)/58.1)$  of the women later returned.

*Demographic and economic characteristics of labor force reentrants.* What factors are associated with reentry? To answer this question, rates of reentry are examined across various demographic and economic categories, measured at the time the respondents left their full-time career jobs. However, because much of this information is not available if the respondent's full-time career job ended before the first interview, respondents here were restricted to those who had a full-time career job in 1992. This restriction reduced the sample size from 7,432 to 5,617. Of these remaining respondents, 1,559 men and 1,311 women (see sample sizes at the bottom of table 1) subsequently left the labor force for two or more consecutive survey waves and 15 percent of them (16 percent of the men and 14 percent of the women) later returned. These reentry percentages are close to those derived from the slightly larger sample mentioned earlier, which included all those with a full-time career job after age 49.

Reentry was more common among those who were younger and in better health at the time of their transition from their full-time career job. (See table 1 for reentry rates by various demographic characteristics.) Rates of reentry declined with age for both men and women. For men, the rate of reentry dropped from 22 percent for those less than 56 years of age, to 16 percent for those ages 56 to 61, 13 percent for those 62 to 64, and only 8 percent among those 65 years and older. The rate of reentry associated with each age category was slightly lower for women than for men, but the pattern by age was the same. For women, the rate of reentry was 20 percent for those less than age 56 at the time of transition and to just 3 percent for those 65 years and older.

Health status also appears to be an important factor in the decision to reenter; reentry was highest for those who rated their health as excellent or very

**Table 1. Reentry status of HRS core respondents with a full-time career job in 1992 who exited the workforce for at least two survey waves, by selected demographic characteristics**

[In percent]

Characteristic	Men		Women	
	Still out of the labor force	Reentered	Still out of the labor force	Reentered
Age prior to transition: <sup>1</sup>				
Less than 56 years	78	22	80	20
56– 61 years	84	16	87	13
62– 64 years	87	13	91	9
65 years and older	92	8	97	3
Subjective health status: <sup>2</sup>				
Excellent or very good	82	18	84	16
Good	88	12	88	12
Fair or poor	90	10	93	7
Education:				
College degree	83	17	85	15
Less than college degree	85	15	86	14
Marital status: <sup>3</sup>				
Married	84	16	86	14
Not married	87	13	86	14
Dependent children status: <sup>4</sup>				
Has dependent children	82	18	82	18
Has no dependent children	85	15	88	12
Spouse's health status:				
Excellent or very good	85	15	87	13
Good	86	14	85	15
Fair or poor	86	14	88	12
Spouse's employment status:				
Employed	83	17	85	15
Not employed	86	14	87	13
Sample size	1,315	244	1,129	182

<sup>1</sup> Differences in the rate of reentry by age among men, among women, and across gender are statistically significant at the 1-percent level.

<sup>2</sup> Differences in the rate of reentry by subjective health status among men and among women are statistically significant at the 1-percent level.

<sup>3</sup> Differences in the rate of reentry by marital status across gender are statistically significant at the 1-percent level.

<sup>4</sup> Differences in the rate of reentry by child dependency status among women and across gender are statistically significant at the 1-percent level.

NOTE: HRS core respondents are those who were 51 to 61 years old in 1992. Demographic characteristics are defined as of the survey wave prior to work force exit. In some cases, a value could not be determined in the survey wave prior to transition.

SOURCE: Authors' calculations based on the Health and Retirement Study (HRS).

good prior to leaving their career jobs and lowest for those who rated their health as fair or poor. In particular, 18 percent of the men and 16 percent of the women with excellent or very good health reentered, compared with just 10 percent of the men and 7 percent of the women with fair or poor health and intermediate percentages (12 percent) for men and women with self-described good health. This finding may indicate that healthy men and women have more opportunity to rejoin the labor market, or they may face broader choices of occupations and industries.

One other notable finding from the examination of demographic characteristics is that women with dependent children at the time they left full-time career employment were significantly more likely to reenter the workforce than those without dependent children (18 percent and 12 percent, respectively); this was not true for men.

In addition to these differences by demographic characteristics, rates of reentry differed across various economic categories, including those associated with an individual's full-time career job. (See table 2.) The rate of reentry was lower among those with only defined-benefit pensions compared with those with only defined-contribution pensions or no pension, but the difference, which was more pronounced among women than men, was not statistically significant at the 10-percent level. These results are consistent with the literature on bridge jobs, which finds that those with defined-benefit plans are less likely to experience gradual retirement.<sup>27</sup> The results are also consistent with the idea that those with defined-benefit plans have a more financially stable retirement than those with no pensions or with defined-contribution pensions and therefore may be less likely to reenter the labor force to supplement their retirement income.

Labor market reentry also appeared

**Table 2. Reentry status of HRS core respondents with a full-time career job in 1992 who exited the workforce for at least two survey waves, by selected economic characteristics**

[In percent]

Characteristic	Men		Women	
	Still out of the labor force	Reentered	Still out of the labor force	Reentered
Health insurance status:				
Not covered on career job	88	12	88	12
Covered and would maintain coverage	85	15	86	14
Covered and would lose coverage	85	15	90	10
Pension status:				
No pension	85	15	85	15
Defined benefit only	87	13	89	11
Defined contribution only	84	16	83	17
Defined benefit and defined contribution	77	23	89	11
Category of employment <sup>1</sup>				
Self-employed	82	18	77	23
Wage-and-salary worker	85	15	87	13
Occupation status: <sup>2</sup>				
White collar, highly skilled	84	16	86	14
White collar, other	85	15	87	13
Blue collar, highly skilled	83	17	86	14
Blue collar, other	87	13	86	14
Wage rate: <sup>2</sup>				
\$0–\$10/hour	82	18	85	15
\$10–\$20/hour	86	14	87	13
\$20–\$50/hour	85	15	87	13
More than \$50/hour	83	17	85	15
Wealth (nonpension, nonhousing assets):				
\$0–\$25,000	83	17	87	13
\$25,000–\$100,000	85	15	83	17
\$100,000–\$500,000	86	14	87	13
More than \$500,000	82	18	90	10
Home ownership status: <sup>3</sup>				
Do not own home	80	20	86	14
Own home	85	15	86	14
Sample size	1,315	244	1,129	182

<sup>1</sup> Differences in the rate of reentry by category of employment among women are statistically significant at the 1-percent level.

<sup>2</sup> Differences in the rate of reentry by occupational status and wage rate across gender are statistically significant at the 1-percent level.

<sup>3</sup> Differences in the rate of reentry by home ownership status among men are statistically significant at the 5-percent level.

NOTE: HRS core respondents are those who were 51 to 61 years old in 1992. Economic characteristics are defined as of the survey wave prior to work force exit. In some cases, a value could not be determined in the survey wave prior to transition.

SOURCE: Authors' calculations based on Health and Retirement Study (HRS).

to be slightly more common among those with the lowest wage rates (less than \$10/hour) and the highest wage rates (more than \$50/hour) than those in the middle at the time of transition. The differences by wage rate, however, were not statistically significant. This u-shaped pattern also has been observed in the literature on bridge jobs, with workers at both ends of the socioeconomic scale being more likely to utilize bridge jobs on the way out than those in the middle—those at the lower end because they have to and those at the upper end because they want to.<sup>28</sup>

Among men, the rate of reentry was higher for those who did not own a home than for those who did. For many older Americans, their home is their largest nonpension asset. Overall, more than 55 percent of all those who exited had less than \$100,000 in nonpension, nonhousing assets prior to leaving their full-time career jobs (data not shown in table 2).

Given the flexibility associated with self-employment, it seems, a priori, that the rate of reentry would be higher for respondents who were self-employed in their full-time career jobs than for analogous wage-and-salary workers. This turned out to be true, but only among the women in the sample. Self-employed men were not significantly more likely to reenter the workforce than wage-and-salary men. One possible explanation for this finding among men is that the self-employed can ease out of their career jobs by reducing their hours (an option less likely on wage-and-salary jobs), thereby decreasing the need to change jobs later in life in order to retire gradually. Another possibility in this bivariate analysis (here and throughout tables 1 and 2) is that other factors, which are not held constant, may be blurring the impact of self-employment.

*Determinants of reentry.* Logistic regression was used to examine simultaneously the determinants of labor force reentry later in life. Individuals were included in the regression if they were in a full-time career job in 1992 and were subsequently out of the labor force for at least two consecutive survey waves. The dependent variable equals 1 if an individual later reentered the labor force and equals 0 otherwise. The explanatory variables consist of the demographic and economic characteristics previously described, as well as some other variables.<sup>29</sup> All time-varying variables, such as age, health status, and spouse's employment status, were measured as of the time of the transition from full-time career employment. Regressions were run for men and women separately. Selected marginal effects from the regressions, evaluated at sample means, are reported in table 3.

Consistent with the results of Maestas, one of the strongest predictors of reentry was age.<sup>30</sup> The older respondents were at the time they left their full-time career jobs, the less

likely they were to reenter the labor force. Men and women who were ages 56 to 61 at the time of their transition, for example, were about 5 percentage points less likely to reenter than those younger than age 56 (the control group for age); men and women who were ages 62 to 64 were, respectively, 8 percentage points and 11 percentage points less likely to reenter than those younger than 56; and men and women ages 65 and older were, respectively, 14 percentage points and 23 percentage points less likely to reenter than those younger than 56. All the age coefficients were statistically significant.

With age controlled for, respondents who rated their health as either fair or poor at the time of the transition were less likely to reenter the labor force than those who rated their health as good (the control group for health) and those who rated their health as either very good or excellent were more likely than the control group to reenter. Only one of the four health coefficients ("excellent or very good" and "fair or poor," for men and for women) was statistically significant, but the other three were close to significant at the 10-percent level.

Pension status, home ownership, and spousal work status also were significant determinants of reentry among men. Men with only a defined-contribution pension plan, and therefore with some of their retirement wealth subject to market risk, were about 5 percentage points more likely to reenter the labor force than those without a pension; in contrast, those with only a defined-benefit plan were no more likely to reenter than those without a pension. The same defined-contribution effect appears for women, although the coefficient is not quite significant at the 10-percent level. These results are consistent with the descriptive results presented in table 2.

One difference between the descriptive and multivariate analyses is the impact of having an employed spouse. In the descriptive analysis, both men and women with a working spouse were more likely to reenter the labor force than those without a working spouse. (See table 1.) In the multivariate analysis, however, although the point estimates are similar (about +.04), this result is statistically significant for the men only. Men (but not women) who owned a home were 5 percentage points less likely to reenter, suggesting that home ownership is a sign of financial stability in retirement. Finally, self-employed women (but not men) were significantly more likely (about 7 percentage points) to reenter than wage-and-salary women, a finding that is also consistent with the descriptive results.

THE EVIDENCE PRESENTED IN THIS ARTICLE suggests that returning to the labor force plays an important role in the retirement process. According to 1992–2008 data

**Table 3. Selected marginal effects from logistic regression, HRS core respondents with a full-time career job in 1992 who were not working for at least two consecutive interviews following full-time career employment**

Variable	Men		Women	
	Marginal effect	p-value	Marginal effect	p-value
Age:				
55 years or younger	...	...	...	...
56–61 years	<sup>1</sup> –0.053	0.019	<sup>1</sup> –0.055	0.004
62–64 years	<sup>1</sup> –.078	.005	<sup>1</sup> –.105	.001
65 years or older	<sup>1</sup> –.142	.000	<sup>1</sup> –.230	.000
Respondent's health status:				
Excellent or very good	.033	.107	.030	.124
Good	...	...	...	...
Fair or poor	–0.042	.196	<sup>1</sup> –.077	.018
Spouse's health status:				
Excellent or very good	–0.017	.476	–0.015	.535
Good	...	...	...	...
Fair or poor	.004	.911	–0.026	.456
Education:				
Less than high school	.017	.487	.039	.100
High school graduate	...	...	...	...
College graduate	.022	.406	.013	.647
Married	–0.031	.322	–0.046	.151
Has dependent child	<sup>2</sup> .040	.091	.027	.154
Health insurance status:				
Portable	–0.011	.606	.004	.833
Nonportable	...	...	...	...
None	–0.063	.176	–0.056	.184
Pension status:				
Defined benefit only	.011	.629	–0.010	.642
Defined contribution only	<sup>1</sup> .048	.034	.035	.119
Defined benefit and defined contribution	.021	.630	–0.038	.533
None	...	...	...	...
Occupational status:				
White collar, highly skilled	–0.017	.579	–0.010	.739
White collar, other	–0.019	.578	–0.035	.176
Blue collar, high skilled	.016	.541	–0.002	.952
Blue collar, other	...	...	...	...
Self-employed	.040	.227	<sup>1</sup> .071	.024
Spouse works	<sup>1</sup> .046	.036	.039	.149
Own home	<sup>2</sup> –.045	.068	.018	.471

<sup>1</sup> Statistically significant at the 5-percent level.

<sup>2</sup> Statistically significant at the 10-percent level.

NOTE: HRS core respondents are those who were 51 to 61 years in 1992. Dependent variable: reentered labor force (reentered = 1).

Besides controlling for the variables shown, the regression controlled for ethnicity, wage, wage squared, wealth, wealth squared, and region.

SOURCE: Authors' calculations based on Health and Retirement Study (HRS).



from the Health and Retirement Study, about 15 percent of older career workers who left the labor force subsequently returned to work. This rate of reentry is higher than the 10-percent rate estimated by Quinn, Burkhauser, and Meyers with data from the 1970s<sup>31</sup> and lower than the recent “unretirement” rate identified by Maestas, which exceeded 20 percent.<sup>32</sup> The difference is due in part to the more restrictive requirement used in this article of being observed to be out of the labor force during at least two survey waves, compared with Maestas’s definition, which combined a measure of hours worked with self-reported retirement status. The two-wave requirement means that reentries after labor market departures that did not overlap two HRS surveys will not be counted and therefore that the 15 percent estimated here should be viewed as a lower bound.

The determinants of reentry among older Americans are similar to those of other job transitions late in life, such as transitions from career employment to bridge jobs, as described by Quinn, Cahill, Giandrea, and Quinn, and by Ruhm.<sup>33</sup> Respondents were more likely to reenter after leaving the labor force if they were younger and in good health; also, female HRS respondents were more likely to do so if they had dependent children at the time of the transition. Individuals with employer-provided defined-contribution pensions in their full-time career job were more likely to reenter than those without pensions, whereas those with defined-benefit plans were not. Finally, men who did not own a home and those whose wives were still working were more likely to reenter.

The findings presented here provide additional evidence beyond that in the existing literature that retirement transitions are diverse and that many workers’ exits from the labor force are not permanent. This ability to reverse retirement decisions may become increasingly important to older Americans in the years ahead as the effects of the shift in employer-provided pensions from defined-benefit to defined-contribution plans set in. Older Americans who once would have relied on a steady source of retirement income from defined-benefit plans now face the risk of outliving their assets. In light of this reality, these workers may recon-

sider some aspects of their retirement plans. One response to the risk of outliving one’s assets is to reduce consumption to allow existing assets to last longer. Working longer—delaying the age at which one permanently leaves the labor force—is another option, one with advantages for both individuals and society as a whole, because living standards can be maintained and national output is increased. With the possibility of reentry, older Americans can exit the labor force and retain the option of working again if necessary.

For reentry to be a viable option, however, a retiree must have confidence that a job will be available if needed. This issue of labor demand was not a large concern during much of the past 20 years, with unemployment mostly in the 4- to 6-percent range. More recently, however, in light of persistently higher unemployment rates, older Americans might well be less confident about finding a job after exiting the labor force, perhaps limiting the extent to which reentry is viewed as a viable option in retirement.

Because of uncertainty about finding a new job if needed, older workers may be reluctant to leave a career job later in life. Instead, they may choose to remain in career employment in order to accumulate additional wealth for retirement. Further, older retirees hoping to work again may experience a reduction in living standards if their job search drags on. In that case, some will turn to social programs they would otherwise not have needed. Indeed, labor demand might be a key consideration in older workers’ assessments of labor force reentry as a way to supplement inadequate retirement income.

Recent research on when and how Americans retire, as well as this and other studies on labor force reentry, has established that the work patterns of older Americans are many and varied. Retirement is not a one-time, permanent event for most older Americans, even for those who initially leave the labor force directly from career employment. A sizable minority of the latter subsequently return to the labor force. When reentry is considered together with the prevalence of bridge jobs, it becomes clear that retirement from a career job is indeed a process that takes place over time for the majority of older Americans. □

## Notes

<sup>1</sup> See Joseph F. Quinn, “Retirement Patterns and Bridge Jobs in the 1990s,” EBRI Issue Brief No. 206 (Washington, DC, Employee Benefit Research Institute, February 1999), [http://www.ebri.org/publications/ib/index.cfm?fa=ibDisp&content\\_id=119](http://www.ebri.org/publications/ib/index.cfm?fa=ibDisp&content_id=119) (visited June 24, 2008), and “New Paths to Retirement,” in Brett Hammond, Olivia Mitchell, and Anna Rappaport, eds., *Forecasting Retirement Needs and Retirement Wealth* (Philadelphia, University of Pennsylvania Press, 2000), pp. 13–32; Kevin E. Cahill, Michael D. Giandrea, and Joseph F. Quinn, “Retirement

Patterns from Career Employment,” *The Gerontologist*, August 2006, pp. 514–23; Michael D. Giandrea, Kevin E. Cahill, and Joseph F. Quinn, “Bridge Jobs: A Comparison Across Cohorts,” *Research on Aging*, September 2009, pp. 549–76; and Jan E. Mutchler, Jeffrey A. Burr, Amy M. Pienta, and Michael P. Massagli, “Pathways to Labor Force Exit: Work Transitions and Work Instability,” *Journal of Gerontology*, January 1997, pp. S4–S12.

<sup>2</sup> Joseph F. Quinn, Richard V. Burkhauser, and Daniel A. Myers,



*Passing the Torch: The Influence of Economic Incentives on Work and Retirement* (Kalamazoo, MI, W. E. Upjohn Institute for Employment Research, 1990).

<sup>3</sup> Christopher J. Ruhm, “Bridge Jobs and Partial Retirement,” *Journal of Labor Economics*, October 1990, pp. 482–501.

<sup>4</sup> Quinn, “Retirement Patterns and Bridge Jobs.”

<sup>5</sup> Cahill, Giandrea, and Quinn, “Retirement Patterns.”

<sup>6</sup> Giandrea, Cahill, and Quinn, “Bridge Jobs.”

<sup>7</sup> See Alicia H. Munnell, Kevin E. Cahill, Andrew D. Eschtruth, Kevin Meme, Amy Chasse, Natalia Jivan, Greg Wiles, Mauricio Soto, Steven A. Sass, and Tatiana Mihailovschi-Muntean, “The Graying of Massachusetts: Aging, the New Rules of Retirement, and the Changing Workforce” (Boston, MassINC, June 1, 2004), <http://www.massinc.org/Research/The-Graying-of-Massachusetts.aspx> (visited Dec. 12, 2010); and Alicia H. Munnell, “Working Longer: A Potential Win-win Proposition,” in Teresa Ghilarducci and John Turner, eds., *Work Options for Older Americans* (Notre Dame, Indiana: University of Notre Dame Press, 2007), pp. 11–43.

<sup>8</sup> See Alicia H. Munnell and Annika Sundén, *Coming Up Short: The Challenge of 401(k) Plans* (Washington, DC, The Brookings Institution Press, 2004); and Alicia H. Munnell and Pamela Perun, “An Update on Private Pensions,” Issue in Brief No. 50 (Chestnut Hill, MA, Center for Retirement Research at Boston College, August 2006), [http://crr.bc.edu/briefs/an\\_update\\_on\\_private\\_pensions.html](http://crr.bc.edu/briefs/an_update_on_private_pensions.html) (visited Dec. 12, 2010).

<sup>9</sup> Munnell and Perun, “An Update on Private Pensions.”

<sup>10</sup> *Ibid.*

<sup>11</sup> Craig Copeland, “Retirement Plan Participation and Asset Allocation, 2007,” EBRI vol. 30, no. 11 (Washington, DC, Employee Benefit Research Institute, November 2009), [http://www.ebri.org/pdf/notespdf/EBRI\\_Notes\\_11-Nov09.Ret-Part.pdf](http://www.ebri.org/pdf/notespdf/EBRI_Notes_11-Nov09.Ret-Part.pdf) (visited June 20, 2011).

<sup>12</sup> See Kevin E. Cahill and Mauricio Soto, “How Do Cash Balance Plans Affect the Pension Landscape?” Issue in Brief No. 14 (Chestnut Hill, MA, Center for Retirement Research at Boston College, December 2003), [http://crr.bc.edu/briefs/how\\_do\\_cash\\_balance\\_plans\\_affect\\_the\\_pension\\_landscape.html](http://crr.bc.edu/briefs/how_do_cash_balance_plans_affect_the_pension_landscape.html) (visited Jan. 6, 2011). Cahill and Soto provide more information on cash balance plans, which are often referred to as “hybrid” pension plans, because they contain characteristics of both defined-benefit and defined-contribution plans.

<sup>13</sup> Munnell and Sundén, *Coming Up Short*.

<sup>14</sup> For data on the financial solvency of Social Security, see *The 2011 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2011), <http://www.ssa.gov/oact/TR/2011/tr2011.pdf> (visited June 21, 2011); and “CBO’s Long-Term Projections for Social Security: 2009 Update” (Congressional Budget Office, August 2009), [http://www.cbo.gov/ftpdocs/104xx/doc10457/08-07-SocialSecurity\\_Update.pdf](http://www.cbo.gov/ftpdocs/104xx/doc10457/08-07-SocialSecurity_Update.pdf) (visited Dec. 12, 2010).

<sup>15</sup> See Quinn, “Retirement Patterns,” and “Work, Retirement, and the Encore Career: Elders and the Future of the American Workforce,” *Generations: Journal of the American Society on Aging*, fall 2010, pp. 45–55.

<sup>16</sup> See Patrick Purcell, “Older Workers: Employment and Retirement Trends,” CRS Report for Congress (Congressional Research Service,

Sept. 16, 2009), <http://aging.senate.gov/crs/pension34.pdf> (visited Dec. 12, 2010).

<sup>17</sup> See Courtney C. Coile and Phillip B. Levine, “Bulls, Bears, and Retirement Behavior,” *Industrial and Labor Relations Review*, April 2006, pp. 408–29.

<sup>18</sup> Quinn, Burkhauser, and Myers, *Passing the Torch*.

<sup>19</sup> See David M. Blau, “Labor Force Dynamics of Older Men,” *Econometrica*, January 1994, pp. 117–56.

<sup>20</sup> *Hazard rate*, in this context, refers to the conditional probability of entering full employment in a particular quarter given that one is still out of the labor force at the beginning of that quarter.

<sup>21</sup> See Nicole Maestas, “Back to Work: Expectations and Realizations of Work after Retirement,” *Journal of Human Resources*, summer 2010, pp. 719–48.

<sup>22</sup> See F. Thomas Juster and Richard Suzman, “An Overview of the Health and Retirement Study,” *Journal of Human Resources*, Special Issue on the Health and Retirement Study: Data Quality and Early Results, vol. 30, 1995, pp. S7–S56; and *Growing Older in America: The Health & Retirement Study* (U.S. Department of Health and Human Services, 2007), <http://www.nia.nih.gov/ResearchInformation/ExtramuralPrograms/BehavioralAndSocialResearch/HRS.htm> (visited Dec. 12, 2010).

<sup>23</sup> Attrition is due to many factors, including the death of the respondent, an inability to locate the respondent, or refusal to participate in the survey.

<sup>24</sup> Respondents classified as “still in a full-time career job” are those who were in a full-time career job in 2008 and those who were last observed as being in a full-time career job.

<sup>25</sup> Respondents who were judged to have left the labor force were required to be out of the labor force for at least two surveys in order to avoid misclassifying those who had only a temporary lull in employment—for example, someone who left a career job just before the 2004 survey and moved to a bridge job several weeks later, but just after the 2004 survey. Therefore, a respondent had to exit the labor force before the 2004 interview in order to qualify for reentry status. For example, a respondent who worked in 2002, was out of the labor force in 2004 and 2006, and was back in the workforce in 2008 would qualify.

<sup>26</sup> The survey was unable to identify retirement transitions for about 8 percent of the sample. These individuals are not reflected in this tabulation.

<sup>27</sup> See, for example, Cahill, Giandrea, and Quinn, “Retirement Patterns.”

<sup>28</sup> *Ibid.*

<sup>29</sup> Other variables included in the regression, but not shown in table 3, are ethnicity, wage rate, financial wealth, and region. The coefficients of these variables were not statistically significant at the 5-percent level.

<sup>30</sup> Maestas, “Back to Work.”

<sup>31</sup> Quinn, Burkhauser, and Myers, *Passing the Torch*.

<sup>32</sup> Maestas, “Back to Work.”

<sup>33</sup> See Quinn, “Retirement Patterns”; Cahill, Giandrea, and Quinn, “Retirement Patterns”; and Ruhm, “Bridge Jobs.”