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# Women's Retirement Expectations:

# A Longitudinal Study of a Transitional Cohort in the US

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## ABSTRACT

Using the National Longitudinal Survey of Mature Women, we report between- and within-person differences in expected retirement age among women in a transitional cohort. Retirement includes a period of planning and anticipation and can be adjusted in the wake of salient events that occur at the individual, couple, or macro-level. Longitudinal expectations data from a seven-year span are analyzed to assess how expectations changed over time and are structured by demographic and status characteristics. Expectation trajectories were classified jointly on the basis of their specificity and consistency. Linear mixed models were used to examine the effects of demographic and status characteristics on age-specific retirement expectations. Eligibility for defined benefit pensions was associated with more specific retirement expectations. Higher income married women with more work seniority were more likely than their counterparts to expect an earlier retirement age. Implications of demographic and status based characteristics for retirement planning behavior are discussed.

# Women's Retirement Expectations: A Longitudinal Study of a Transitional Cohort in the United States

Planning for financial security in old age has relied on three sources of support: social security, employer-sponsored pensions, and personal savings and investments. Entitlement to Social Security and defined benefit employer-sponsored pensions requires a period of steady employment (for the former) and loyalty to a specific employer (for the latter). Accumulating personal savings requires discipline and some knowledge of investments for it to grow. Concerns over unfunded pension liabilities, a shift from defined-benefit (DB) to defined-contribution (DC) plans, and questions about the future replacement rates of Social Security benefits suggest that workers must assume more individual responsibility and rely less on structured programs to finance their retirement. The erosion of structural markers for retirement such as mandatory retirement ages and entitlement ages for defined-benefit pensions makes it more difficult for workers to know when they should retire. Not only does the anticipatory process of retirement become less predictable for workers, but employers also face greater uncertainties regarding when workers will transition into retirement and which workers they will lose first.

Establishing retirement security is especially important for women. Compared to men, women are more likely to earn lower wages, work part-time, and have discontinuous employment histories (Ekerdt & Hackney, 2002; Gratton & Haug, 1983; Hardy & Shuey, 2000; O'Rand, Henretta, & Krecker, 1992; Pienta, Burr, & Mutchler, 1994), which in turn affects eligibility for employer-sponsored retirement benefits (Hayes & Parker, 1993). A lifetime of lower wages and fewer employment benefits translate into greater financial insecurity in old age. Also, married women typically base their retirement plans not simply on their own economic conditions but also on their spouses' (Blau, 1998; Henretta, O'Rand, & Chan, 1993; Honig,

1998; Johnson, 2004; Pienta & Hayward, 2002). With the increasing divorce rate and women's longer life expectancy (Federal Interagency Forum on Aging-Related Statistics (FIFARS), 2004; Orel, Ford, & Brock, 2004), women will be less able to depend on their spouses for financial security. The combination of increased heterogeneity in retirement ages and retirement processes, high rates of marital dissolution, and a greater emphasis on career suggest growing friction between women's retirement expectations and their actual retirement transition. The goal of this study is to examine factors that shape women's retirement expectations during a period (late 1970s through mid 1980s) when some of these structural markers and cues were beginning to erode and variability in retirement behavior was growing. To better understand differences in retirement expectations, this study first examines between and within person heterogeneity in women's retirement expectations: how expectations differ, how they change over time, and how over time expectations produce different planning trajectories.

Although there is a plethora of research on retirement expectations, questions on how to appropriately measure retirement expectations linger. In empirical studies on subjective pre-retirement expectations, workers typically are asked to indicate the probability of continuing work beyond 62 and/or 65 years of age (e.g., Honig, 1998; Hurd & McGarry, 1993; Pienta & Hayward, 2002) or state the age they expect to stop working at their regular jobs (e.g., Hall & Johnson, 1980). Although these two approaches have been useful in describing retirement expectations, each has its drawbacks. A major limitation of asking workers to state the probability of continuing work beyond 62 and/or 65 years of age is that the workers' exact planned age of retirement remains unknown. Rather, only information relative to ages 62 and 65 is obtained and remaining heterogeneity in workers' expectation formation is ignored. Whereas studies that ask workers to report a specific age of retirement indeed do assess age heterogeneity

in workers' retirement expectations, both methodological approaches ignore the planning *processes* of workers who simply do not know or never thought about when they expect to retire.

Researchers including Disney and Tanner (1999), Ekerdt, Kosloski, and DeViney (2000), and Nestel (1985) have considered responses, such as 'do not know,' 'have not thought about it,' or plan to 'never retire,' in addition to specific age of retirement when examining retirement expectations. Ekerdt and colleagues (2000) reported approximately 25.6% (n=1,260) of the 3,661 workers in their study either responded 'do not know' or 'have not thought about it' when asked to provide an age or year of expected retirement. The researchers concluded that respondents who reported these "unsolicited" responses were more likely to be younger and self-employed than workers who gave an actual retirement age or year. Disney and Tanner's (1999) examination of older British workers' retirement expectations found 'do not know' responses were more likely to be reported by workers with a more variable employment history. Additionally, Disney and Tanner (1999) observed the probability of reporting 'do not know' decreased for men if they held an occupational pension. Findings from these studies suggest that workers who indicate responses other than a specific age or year may be characteristically different from individuals who provide a specific age of retirement. It is necessary to account for responses such as 'do not know' or 'do not plan to stop working' when examining retirement expectations, since these responses are valid information and reflect different levels of workers' uncertainties and planfulness.

A second limitation of this literature is the failure to assess respondents at multiple time points. Burtless (2004, p.2), for example, argued that unlike other "economic choices, which are repeated many times over the course of adulthood, the decision of when to retire is made only once;" however, retirement expectations, such as planned age of retirement, are more likely

modified in response to changes in individual, employment, and family circumstances, or they may be modified by changes at work, preference shifts, or changes in the broader economy or the labor market. Or they may differ because the actual timing of retirement is less the result of long-term planning and more a relatively short term response to proximate conditions, frustrations, or opportunities.

When the collapse of Enron occurred, thousands of workers lost not only their jobs but also their retirement savings (Healy & Palepu, 2003; Stabile, 2005). Enron employees who heavily relied on their 401(k) savings to fund their retirement no longer were able to afford to retire, and they found themselves having to work longer than anticipated. Changes in health status or health events that increase care-giving responsibilities also can require adjustments to a retirement timetable. Finally, even deciding on an age at which one plans to retire does not preclude the possibility of reconsideration and modification. One can specify an age, but find as time passes, that age seems either too soon or too long to wait. Perceptions of whether the planned age remains the best plan also can change as a function of time. Even if these external factors remain stable, all of these other possibilities reinforce the importance of measuring pre-retirement expectations at multiple time points. If the goal is to understand the processes underlying workers' retirement expectations and decisions, then assessment of retirement expectations across time is required.

Understanding pre-retirement expectation also is important because so much hinges on the plans that workers make. Discordance between workers' retirement plans and reality may in turn affect workers' retirement experiences and satisfaction. Quick and Moen (1998) reported that workers experienced higher levels of retirement dissatisfaction with labor force withdrawals were involuntary. Retirement planning enables workers to anticipate unexpected events such as

disability, loss of pension plans, or health coverage so that workers can achieve their retirement goals. Individuals who do not plan for retirement may jeopardize their financial future as well as emotional, social, and physical well-being.

When compared to men, women do not allocate sufficient time or effort to retirement planning (Jacobs-Lawson, Hershey, & Neukam, 2004; Quick & Moen, 1998). Only 37% of the women in Quick and Moen (1998)'s sample, as compared to 53% of the men, allocated a significant amount of time to retirement planning. For women, insufficient retirement planning has great implications for well-being in old age given women's longer life expectancy (FIFARS, 2004; Orel et. al., 2004). In spite of the doubling of labor participation of women, aged 25 to 54 between 1950 and 2000 (Johnson, 2004), women continue to be disadvantaged in the areas of wage and job-related benefits in comparison to men (Kim & Moen, 2000). Based on a 2005 United States Bureau of Labor Statistics (BLS) report, full-time, year round women workers earned approximately 80% of men's earnings in 2004. Pienta and Hayward (2002), using data from the Health and Retirement Study (HRS), showed married women's accumulated pension wealth to be approximately one-third the value of their husband's pension wealth. These findings demonstrate the continuing gender inequalities in the labor force as well as the need for women to take an active role in securing their financial welfare in old age.

Previous studies have demonstrated structural imperatives, such as pension access and work characteristics, to be important determinants of retirement behaviors (e.g., Hardy & Shuey, 2000; Pienta & Hayward, 2002; Shuey, 2004). Pension plans were developed to reward employees as well as the employers (Dulebohn, Murray, & Sun, 2000). Pension plans help companies to attract and retain skillful employees, regulate retirement outflow, and promote companies' objectives (Dulebohn et al., 2000; Hardy & Shuey, 2000). Employees favored

employer-sponsored pension plans because pension plans prepare them for retirement and improve 'old-age economic security' (Dulebohn, et al., 2000, p.406). Private pension represents an important source of retirement income (Filer & Honig, 2005). Because pensions provide predictable and stable income for employees after exiting the workforce, workers may alter the timing of their retirement in order to avoid financial penalties associated with their pensions (Clark & Quinn, 1999).

The type of pension a worker expects to receive also has been linked to retirement expectations (Hardy, Hazelrigg, & Quadagno, 1996; Hurd & McGarry, 1993). In the past twenty-five years, more employers are moving from DB pension plans to DC pension plans. DC pension plans are generally age-neutral and do not typically contain the financial penalties associated with DB plans (Clark & Quinn, 1999). Unlike DC plans, DB plans were developed to reward seniority and loyalty to companies (Hardy & Shuey, 2000). Due to women's greater probability of having discontinuous employment histories (Kim & Moen, 2000; Moen, 1985; Pienta, 1999), participation in DC plans may help compensate the financial penalties that women would face with DB plans. For women who have continuous employment histories, DB plans may provide these workers with better benefits and a more detailed roadmap to retirement simply because of the rules and regulations association with DB plans. Additionally, DB plans are more advantageous to individuals who are risk averse and who do not save on a regular basis. It is expected continuously employed women with access to a DB plan will be more specific and consistent in their retirement expectations over time compared to those without an employer-sponsored pension or a DC plan.

Access to Social Security benefits is another important predictor of retirement expectations and decisions. In the 21st century, Social Security has become the principal source

of retirement income support for most Americans 65 years and older (Coile & Gruber, 2000; Employee Benefit Research Institute, 2002). Findings from Employee Benefit Research Institute (2002) revealed Social Security accounts for approximately 40% of the total cash income of households headed by individuals 65 and older. Income from Social Security is especially important for individuals in the lower lifetime earnings brackets (Baxter, 2001). Individuals who do not anticipate retirement packages from their employers are more likely to frame their retirements around ages of eligibility for Social Security benefits. Retirement analyses of age-specific patterns report higher frequencies of retirements at ages 62 and 65 (Burtless, 2004; Coile & Gruber, 2000). These two spikes correspond to the early and normal retirement ages of entitlement to Social Security benefits and at age 65 reduced benefits for entitlement to Medicare. Within the 62 and 64 age range, earnings of entitled beneficiaries are subject to an 'earning test,' which effectively limits the amount of wage and salary income one can earn at the same time one receives benefits without having benefits reduced (Morgan & Kunkel, 2001).

In addition to access to retirement pensions, work characteristics also have been linked to retirement expectations and decisions. As stated by McLaughlin and Jensen (2000, p 469), "occupations that demand more complex thinking, decision making, and intellectual challenges may not only pay better, they may better prepare people for making decisions and planning for retirement." Work characteristics typically influence retirement plans and behaviors in several ways. Individuals whose work exposes them to dangerous conditions may find themselves revising their retirement expectations as a result of unanticipated health conditions, such as decline in health status or disabilities (Williamson & McNamara, 2002). Workers who find work intrinsically rewarding and challenging are more likely to postpone retirement than workers who do not (Burr, Massagli, Mutchler, & Pienta, 1996; Williamson & McNamara, 2002). Workers

with a stronger attachment to the labor force, as reflected by the number of years on job, changes in employers, and job attitudes, may have greater stability in their expectations toward retirement.

Women's retirement expectations and decisions also have been linked to marital status (Johnson, 2004; Smith & Moen, 1998; Smith & Moen, 2004; Szinovacz & Davey, 2005). Unlike unmarried individuals, the study of retirement expectations for married women is more complex. Differences in married couples' personal and employment characteristics contribute to the complexities in understanding women's subjective pre-retirement expectations. Unlike single, divorced, or widowed women, retirement for married women typically occurs within the context of their spouses' work and retirement behavior (Johnson, 2004; Smith & Moen, 1998; Szinovacz & Davey, 2005; Talaga & Beehr, 1995). In general, studies report that husbands influence wives' retirement decisions more than wives affect their husbands' decisions. In addition, spousal and household characteristics shape retirement expectations (e.g., Pienta & Hayward, 2002; Smith & Moen, 1998). For example, wives' and husbands' plans to retire early increased as household wealth increased.

Although marriage as an institution can safeguard and buffer women from financial insecurity across the life span, the role of marriage can vary by race (Wilson & Hardy, 2002). Because women typically accumulate a lifetime of lower wages and employer benefits than men, marriage offers women another avenue of access to financial resources (e.g., husband's pension), as well as social and human capital (Pienta, Hayward, & Jenkins, 2000). Considering women are less likely to participate in pension plans than men (Springstead & Wilson, 2000; Yakoboski & Silverman, 1993), access to husbands' pensions reduces the probability of older widowed women

entering poverty. If marriage represents a financial safety net that helps to shape women's retirement plans, what about women who are 'not married' (e.g., single, divorced, or widowed)?

Rising rates of divorce combined with women's longer life expectancy suggest women will have a greater probability of being single in old age. Hardy and Hazelrigg (1993) found being single and female in old age was associated with a greater risk of poverty. Unlike married women, divorced or separated women have experienced disruptive changes in financial and social circumstances due in part to the marital separation. Divorced or separated women who anticipated an exit from the workforce at a particular age may find themselves no longer having the financial resources to do so. In addition to marital status, later life marital transitions, such as divorce and widowhood, are expected to affect women's retirement expectations and planning.

Health and race are additional determinants of retirement expectations. However, the relationship between health and labor force participation is complex. Examining the retirement patterns of workers less than 62 years of age, McGarry (2002) found poor health to be strongly associated with continued work. For workers in poor health, the decision to continue to work is attributed to access to employer-sponsored health care coverage or the inability to manage on less income. Additionally, access to disability insurance may propel workers with declined health to enter retirement early. When Quinn (1999) examined trends in the labor market, disability, and retirement, he observed that U.S. retirement patterns have been influenced by the presence of disability program. For some workers, disability insurance provides them a reasonable financial opportunity to exit the labor force.

Race also is expected to influence subjective pre-retirement expectations due in part to the role that race and ethnicity play in "patterning American's life fortunes" (Hayward, Crimmins, Miles, & Yang, 2000, p. 913). In addition to lower wages and less prestigious

occupations, African Americans have a lower probability of participating in offered pension plans or supplemental plans than Whites (Shuey, 2004; Springstead & Wilson; Yakoboski & Silverman, 1993). Given the inequalities experienced by African Americans in the U. S., African Americans have a greater probability of being poor in old age as compared to other racial or ethnic groups. Furthermore, African American women have a higher probability of remaining single than White women due to the high incarceration rates of African American men, shorter life expectancy of African American men, and the lack of marriageable African American men (Cherlin, 1998; Lichter, McLaughlin, LeClere, Kephart, & Landry, 1992; Wilson, 2003). Higher probability of being unmarried combined with lower wages, less prestigious occupations, lower pension participation rate, and lower quality of health, are expected to impact the ways in which African American women navigate their life course and retirement plans. If race differences in retirement planning operate indirectly through status factors, we expect the net association with race to drop to (or near) zero once these factors are controlled.

The first goal of this study is to conceptualize retirement expectations as a process that can evolve over time, that can be unresolved, or that can be framed as a contingency on some other event; however, it is also possible that the term 'expectations' is not appropriate for all or even most women. Whereas some women may formulate concrete expectations on which planning behavior is based, other women may respond to the question with 'hopes' or with 'socially acceptable' retirement ages. In these latter sorts of cases, we may find no systematic variation among stated 'expectations' because the responses are not systematically generated by actual 'planned' behavior. Our interest here is in the heterogeneity of response patterns as an indicator of the many ways women approach this issue. We will use data from multiple time points while accounting for a variety of responses such as a specific retirement age, do not know,

same time as husband, and do not plan to stop working. Finally, this study will examine how these response patterns are structured by demographic and status characteristics.

## Method

Data for the present analyses were based on the National Longitudinal Survey (NLS) of Mature Women. Data collection started in 1967 and continued through 2003. A sample of 5,083 women aged 30 to 44 provided information on labor force attitudes, work, family, and demographic background by telephone, in-home interviews, or mailed/computer surveys. This study specifically focused on the four survey years of 1979, 1982, 1984, and 1986, which spans a seven-year period. The four survey years were selected because the response variable of expected retirement age was assessed at these time points. To provide reliable statistics for African American respondents, the NLS over-sampled African Americans. To adjust for unequal selection probability, the analyses weighted the sample using the sampling weight from 1986.[1]

*Sample Selection Criteria.* To examine the retirement processes of women with similar work characteristics across the seven-year span, a set of characteristics was imposed in selecting the respondents for the study. Individuals who missed two consecutive survey years were excluded. Because our focus is on retirement, respondents were selected on employment characteristics. This study included wage earners who worked either in the private or government sector and excluded self-employed workers. The unique circumstances of self-employed workers are reflected in the greater flexibility of their work schedule, greater risk for job insecurity, and their self-reliance for health insurance and retirement security (Perry & Rosen, 2001). Individuals who reported working without pay also were excluded from this study.

[1] Sampling weight was calculated by dividing the original 1986 sampling weight by the mean of the 1986 sampling weight for the 5083 respondents.

Respondents were selected into the study if they worked 35 hours or more, which is operationalized as full time work, during at least one of the four survey years of interest. Because women are more likely than men to have a discontinuous employment history, it was important to represent this discontinuity by including women who worked both full time and part time over the seven-year period. Several respondents who indicated working more than 100 hours per week were excluded from the study. This study also included respondents who reported having a job but was not at work or on vacation during the survey. Furthermore, only White and African American respondents were selected into the study.

Lastly, respondents were excluded from the study based on the response variable of *expected retirement age*. In 1979, 1982, 1984, and 1986, employed respondents reported their expected retirement age. Respondents who did not report an age could have provided responses such as 'do not know' and 'do not plan to stop.' In 1979, respondents were given the response option of 'at the same time as husband;' however, in subsequent survey years, this response option was eliminated. Respondents with at least two or more missing responses, as well as respondents who stopped working during the four survey years of interest, were excluded. A small group of respondents reported that they do not plan to stop working at all four time points. Due to the small sample size, this group of respondents was excluded from the study. Sampling weight was implemented after selection criteria. Adjusting for unequal selection probability, 1626 of the 5083 respondents met this study's selection criteria.

Descriptive analyses of selected and excluded respondents showed that, selected respondents, on average, were more likely to be younger and in excellent health, completed more education, reported more variation in marital status, had more seniority on job, reported higher

income, indicated always having money left over, and had access to employer-sponsored pension.

*Measuring Retirement Expectations Across Time*

Descriptive analyses of retirement expectations at each of the four time points revealed many respondents' inability to report a specific age when asked "at what age do you expect to stop working at a regular job?" (see Table 1). In survey year 1979, only 56.6% of the 1626 respondents reported a specific age while 29.7% indicated 'do not know'. In addition to 'age' and 'do not know' responses, approximately 12.2% of the sample in 1979 did not plan to stop working. An estimated .8% of the respondents expected to retire at the same time as their husband while .7% of the sample did not report a response. The proportion of respondents giving an age in response increases from the first to the second assessment to 71.2%, but remains below 70% in the 1984 assessment and then increases to 75.0% in the final expectation assessment. The do not know category declines across the four waves as does the proportion who plan to continue working. This increase could reflect a learning effect on the part of the respondents. These women had been interviewed continuously for more than a decade, but the 1979 survey was the first survey to include this question. In the wake of the 1979 survey, respondents may have reflected on this question so that, by the time they were asked again, they could provide a more carefully considered response. When responses across the four time points were examined for each worker, only 37.3% of the sample reported a specific age of retirement at all time points, suggesting that one-third of those who reported an age in 1979 defected from that category at some point during the next seven years, contributing to the presence of significant within-person variation in retirement expectations across time.

In order to capture both between- and within-person variations in retirement expectations across time, respondents were classified into four groups based on the patterns of response. Responses were categorized along the dimensions of specificity and consistency. The dimension of specificity characterized the degree of specificity in each response (e.g., 'age' ranked higher on specificity than 'do not know'). Consistency referred to the congruity of the responses across the four time points. High on specificity and consistency, the first expectation pattern (1) was comprised of respondents who reported ages across the four time points. Low on specificity and consistency, the second pattern (2) included respondents who revealed considerable uncertainty in their patterns of response. This group primarily reported 'do not know' at all time points or a mixture of responses, such as aged 57, 57, do not know, do not plan to stop. The third pattern (3) included respondents who moved toward higher specificity and consistency from the first time point in 1979 to the last time point in 1986 (e.g., do not know, aged 53, 52, 55). Unlike the third pattern (3), respondents in the fourth pattern (4) moved away from high specificity and consistency across time (e.g., aged 65, 65, do not plan to stop, do not know). Of the 1626 respondents, 37.3% (n=607) ranked high on specificity and consistency (pattern 1) while 34.9% (n=567) rated low on specificity and consistency (see Table 2). As expected, more respondents moved toward high specificity and consistency from the first to the last time point (19.1%, n=311) than away from high specificity and consistency (8.7%, n=141), suggesting that workers' retirement plans are becoming clearer across time.

*Determining the Probability of Assignment into Retirement Patterns*

Prior to examining the retirement expectations of women who provided specific retirement ages across the seven-year span, we first examined the factors that determine the probability of assignment into the four patterns of retirement expectation, including specific ages

across time. Multinomial logistic regression with maximum likelihood estimation was used to assess compositional differences across the patterns of retirement expectation. The most specific and consistent pattern was normalized to zero; therefore, the model yields three sets of coefficients that compare those reporting do not know/mixed responses, increasingly specific and consistent responses, and those responses that depart from specificity and consistency to those who reported a specific age at all time points. Negative coefficients indicate an increased likelihood of reporting specific ages whereas positive responses suggest an increased likelihood of being in one of the remaining three response groups. Table 3 reports results from logistic regression and includes the estimated coefficients with standard errors, followed by the p-values. The -2 log likelihood was used to assess the overall model fit. Individual coefficients were tested using the Wald statistic. The model explains about one-tenth of the variance in the response variable. The asterisks in Table 3 denote the significance level for the likelihood ratio tests for the overall model. The multinomial logistic regression model in Table 3 assessed the effects of demographic and status on the probability of assignment to each of the expectation patterns.

Consider first the results reported in column one, which compares sustained uncertainty with specific target ages. Respondents who are married, experienced a health decline, had higher income, and DB pension eligibility were more likely to report specific ages than 'do not know' or 'mixed' responses; however, those who changed employers and those reported eligible for Social Security or Railroad pension were more prevalent in the do not know or mixed category.

The middle column contrasts those whose responses became more specific and consistent over time with those reporting specific ages. Older women workers in excellent health with more education, more job seniority, and higher income were more likely to have offered specific ages in all surveys, as were those whose health declined and those who reported the highest levels of

job satisfaction. In contrast, those who indicated always having extra income more likely shifted toward more specific and consistent reports. Those in the last group-those who became less specific and consistent were the most difficult to predict. Changes in marital status decreased the likelihood of being in this group, as did pension coverage in other than a DB plan.

Overall, the factors positively linked to retirement income, such as job tenure, family income, pension coverage in general, and DB coverage, in particular, were predictive of specific and consistent retirement expectations and negatively were related to those who were least certain of when they expected to retire. In contrast, experiencing a decline in health seemed to focus expectations, increasing the likelihood that respondents offered specific ages. However, changing employers during this period was predictive of uncertainty, increasing the likelihood of a response of 'do not know.'

*Assessing Respondents' Expected Retirement Age Across Time*

In the previous analysis, those who consistently reported specific ages were the basis of comparisons with respondents expressing greater uncertainty and less consistency. However, even these respondents were heterogeneous in two respects. They differ in whether they offer the same age at each time point, or whether their expected retirement age varies over time. Second, they differ in when they expect retirement; some anticipate early retirement, others expect to retire at older ages. In this section of analyses, we analyze this additional dimension of variability in the sub-sample of 607 respondents in category one from the multinomial logistic regression analyses. We use linear mixed models to examine the effects of demographic, family, work, and health characteristics on the retirement expectations of women who reported specific

ages of retirement across time. [2]

*Level 1 Variables*

*Marital status*. Past research has indicated that women's retirement expectations and behaviors are influenced by marital status (e.g., Johnson, 2004; Smith & Moen, 1998; Szinovacz & Davey, 2005). At each survey year, respondents reported their marital status as married-spouse present, married-spouse absent, widowed, divorced, separated, or never married. Because retirement expectations might differ between working wives, who may well be trying to coordinate their retirement transition with those of their husbands, and non-married women whose expectations should be responsive to their own circumstances, women were divided into two groups-married versus non-married. Among those who reported a specific age across the time points, approximately 64.9% (n=394) of the sample was married in 1979 and 35.1% (n=213) was in the other category, which comprised of divorced, separated, or never married.

*Years on job.* Job tenure is associated with levels of financial compensation as well as job-related benefits (Ekerdt & Hackney, 2002; O'Rand et. al., 1992; Pienta et al., 1994). Number of years on the job was created from the variable "year respondent started working at current or last job". The average year on job for this sample was 9.7 (*SD* = 7.9) in 1979.

[2] Given that this subset of women were different in observable way from women who did not report specific ages, we were concerned about the potential bias that could be introduced through sample selectivity. We tested this hypothesis in two ways: we estimated coefficients while controlling for selection bias in unobservables (using Heckman's procedure), and we used a differential weighting scheme to assess the sensitivity of results. Coefficient estimates were robust under both tests; therefore, the final model simply uses routine sampling weights.

*Job attitudes.* Respondents, in 1979, 1982, 1984, and 1986, reported how they feel about the job they have now using the following scale: a) like it very much, b) like it fairly well, c) dislike it somewhat, and d) dislike it very much. The four response categories were reduced into two due in part to the small number of respondents in the 'dislike it somewhat' and 'dislike it very much' categories. The final dichotomy utilized in analyses was: 'like it very much' and 'all others'. Approximately 65.7% (n=399) of the sample in 1979 reported liking their current job very much, while 34.3% (n=208) indicated liking their job fairly well, dislike it somewhat, or dislike it very much.

*Income.* At each time point, respondents reported dollar income they received from wages, salary, commission, or tips from all jobs, before deduction for taxes or anything else in the past 12 months. Income questions generally elicit relatively high levels of non-responses. Rather than imputed income values, respondents who provided no income information were referenced through a binary value indicating value versus missing data. Several respondents did not provide their income; therefore, a dichotomous variable of whether respondents reported an income was created, with yes as the reference category. Respondents' reported income was log transformed to adjust for distributional skew. The sample mean of respondents' income in 1979 prior to log transformation was $10,835 (*SD*=6,392), whereas the average of respondents' logged income is 8.67 (*SD* = 2.06).

*Income adequacy.* Objective income is an important measure of financial resource, however, perceived income adequacy captures the fit between actual income and the standard of living the respondent prefers. Using the following response, respondents indicted the extent to which family income was sufficient for expenditures: 1) always have money left over, 2) have enough with a little extra sometimes, 3) have just enough, no more, and 4) cannot make ends

meet. Because individuals who always have income left over are expected to be more financially stable and secure than their counterparts, this contrast was accomplished by collapsing respondents into two categories: 'always have money left over (reference group)' and 'other'. Approximately 16.6% (n=101) of the sample in 1979 reported always having money left over, while 83.4% (n=506) reported cannot make ends meet, just enough, or with little extra money left over.

*Level 2 Variables*

*Race.* About one-in-ten respondents in the analyses were African Americans. The sample comprised of 9.3% (n=57) African Americans and 90.7 (n=550) Whites. The number is too small to assess reliably race differences in all coefficients; however, racial differences are expected to be mediated through status variables. Analyses utilized race as a control variable.

*Retirement benefits.* As an indicator of relative consistency or employment history, respondents reported in 1979 'whether they will be eligible for Social Security or Railroad retirement benefits based on their *own work history'* using the following options: 1) yes, 2) no, and 3) do not know. Due to the limited number of people who reported 'do not know', the 'do not know' and 'no' responses were combined. The response category of 'yes' was appointed as the reference category. In 1979, approximately 83.9% (n=509) of the respondents indicated eligibility for Social Security or Railroad retirement benefits based on their own work while 16.1% (n=98) of the sample was not eligible or do not know their eligibility.

A dichotomous variable representing whether a respondent is receiving or will receive a pension based on her own work was created from two 1989 variables, 'are you now eligible or will you be eligible to receive a pension' and 'are you now eligible or will you be eligible to receive a pension *other* than Social Security or Railroad retirement benefits from any job you

have held in the past?' Due to the small number of 'do not know' responses, the 'do not know' and 'no' responses were combined into one category. The 'yes' response represented the reference category. Approximately 60.2% (n=980) of the 1626 respondents reported eligibility for pension from past or current employer, while 30.0% (n=488) reported 'no' or 'do not know'. Missing responses for the variable constituted about 9.8% (n=159) of the sample. Among the respondents who reported eligibility for pension from past or current employer, the type of pension also was assessed in the analyses. A dichotomous variable, with yes as the reference category, was constructed to represent whether respondents were eligible for a defined benefit (DB) pension. Of the sample, 72.9% (n=442) reported eligibility for pension from past or current employer, while 21.3% (n=129) indicated do not know or no. Missing responses for the variable constituted about 5.8% (n=35). The type of pension also was assessed among the respondents who indicated eligibility for pension from past or current employer. Approximately 37.0% (n=225) reported eligibility for a defined benefit pension while 35.8% (n=217) reported defined contribution, combination of both defined benefit and contribution, or do not know.

The analyses accounted for age at entry by including a level 2 covariate of age at 1979, which is the first time point of interest, into the analyses.

## Results

To assess the pattern of and individual differences in workers' expected retirement age across time, linear mixed models were estimated using the PROC Mixed procedure in the Statistical Analysis System (SAS). Restricted maximum likelihood (REML) was used to examine the significance of the model's random effects. Time was modeled using a time-in-study approach. Because the participants in the study ranged between 42 to 56 years of age at the first time point (1979) of these analyses, the age at which respondents entered the study in 1979

was included in the model as a level 2 covariate to control for any potential age and time confounds.

To estimate the best unconditional model for describing respondents' expected age of retirement, a linear model with a fixed slope and a random intercept of time was specified. Results showed the average respondent's expected age of retirement was 61.44 years of age ($p<.001$) and expected retirement age changed linearly across time by approximately one-fifth of a year (0.21, $p<.0008$) each year. Next, we fit a linear model examining the effect of time on women's expected age of retirement; we specified random effects for the intercept and slope for time. For this model, the expected age of retirement for the average woman at the first time point of the study is 61.43 years of age ($p<.001$); the expected age of retirement changes linearly over time by approximately one-fifth of a year (0.21, $p<.0085$) each year. Comparison of AIC and BIC between the two models showed the model with random time intercept and slope resulted in a better fit (7840.7 vs. 7750.2) and BIC (7848.5 vs. 7765.9) than the model with a random intercept only. Cross level effects were not modeled in this set of analysis.

Presented in Table 4 are the results from modeling the change in expected retirement age. Results from the model, which included a main effect of time, marital status, years on job, income, income adequacy, social security pension access, defined benefit access, and job attitude are discussed below. Race, whether respondents reported an income, whether respondents reported having access to an employer-sponsored pension plan, as well as, the age at time of entry were entered into the model as control variables.

Analysis revealed the expected age of retirement for the average respondent in this sample is 49.51 years, and for every increase in survey year, expected retirement age increases by .34 year. Examination of the fixed effects showed respondents who are married, had higher

income, more seniority at work, and always had money left over were more likely than their counterparts to report a lower expected retirement age. Access to Social Security and/or Railroad pension increased respondents' expected age of retirement as did the age at which respondents entered the study in 1979. Although race was entered into the model as a control variable, race significantly predicted expected age of retirement with Whites expecting to remain in the labor force longer than African Americans. However, one must take caution when interpreting this finding given the small percentage of African Americans in the sample. Contrary to expectation, access to a DB pension did not predict respondents' expected age of retirement, suggesting that demographic and work characteristics other than DB pension access matter more in determining retirement expectations among women with the most specific and consistent retirement expectations.

## Discussion

The first goal was to conceptualize women's retirement expectations across multiple time points while accounting for both specific ages and non-age responses. Past studies examining retirement expectations generally have excluded respondents who cite a response other than a specific retirement age from their in-depth analyses. Our findings show substantial heterogeneity in reporting of expected retirement age between as well as within individuals over the seven-year span. At the first time point of interest in 1979, only 56.6% of the respondents reported a specific age while nearly 29.7% stated 'do not know.' An additional 12.2% of the sample in 1979 did not plan to stop working. We also found only 37.3% of the respondents remained consistent in providing a specific expected retirement age across the four time points, while the remaining sample varied along the dimensions of specificity and consistency. The four expectation patterns (all ages; do not know/mixed responses; moving toward specificity and consistency; moving

away from specificity and consistency) observed in our sample further highlight the amount of between- and within-person variations in retirement expectations. By classifying respondents based on the dimensions of specificity and consistency, we are able to capture both between- and within-person processes that are driving retirement expectations across time. Our method of classification is well-suited to our questions, in that we are modeling varying degrees of planfulness in women's retirement expectations that are otherwise ignored when respondents are asked only to specify a specific age or to indicate the probability of working after a certain age. The heterogeneity observed in our respondents' reports strongly suggests that studying retirement expectations at multiple time points allows us a window on the interplay of events and planning, as women become more or less sure of when their retirement transitions will occur.

The second goal builds on the first part of the study by assessing factors that determine the probability of assignment in women's retirement expectation pattern across time. Several findings are worth highlighting. As expected, marriage may function as an institution with its specific norms, rules, and expectations in framing women's retirement plans. Our findings also show married women in their late working lives were more likely than unmarried women to give specific ages consistently across the seven-year span. The increased specificity and consistency of married women's retirement expectations point to the spillover effects spouses have on each other when planning their future security.

Contrary to expectations, changes in marital status over the seven-year span did not predict the probability of assignment into the retirement patterns. We suspect that the lack of finding for the effect of marital status change on retirement expectation pattern is due to the small group of individuals (13.4%) who reported a marital status change from 1979 through 1986. Another plausible explanation is the heterogeneity present in the group of respondents who

reported a martial status change. Due to the sample size, the different possible type or number of marital transitions experienced could not be differentiated. By grouping individuals with different type or number of marital transitions together into one category, the heterogeneity in composition may muddy the effect of particular martial changes on retirement expectations. As the rates of divorce and cohabitation increase in the U.S., it is more important than ever to study how different marital transitions influence women's retirement expectations across time.

In addition to marital status, respondents' work characteristics significantly predicted respondents' retirement expectation patterns. The probability of being in the most specific and consistent retirement pattern as compared to the other retirement patterns increased significantly if respondents reported greater years on job, no change in current employer, higher income, and access to a DB plan. Although marital status functions as an important determinant of retirement expectations across time, the cues that working women take from their own work circumstances also impact their future plans and security in old age. Contrary to expectations, respondents with access to a Social Security or railroad pension based on their own earnings record were more likely to report do not know or mixed responses than specific ages. It is possible that the effect of Social Security or railroad pension could be overshadowed by work characteristics, such as access to DB pension, years on job, and income, which are more salient to the worker. Another plausible explanation could be attributed to the types of employment covered by the Social Security program. Since its inception in 1935, the Social Security program regulated the type of employment it covered, such that it was not until the 1960s when a greater number of upper white-collar occupations became eligible for Social Security coverage. It could be that the respondents who reported eligibility to receive Social Security were more likely to report 'do not know' or 'mixed responses' than specific age because earlier in their careers their occupations

were not covered by the Social Security program and, therefore, they still have not met the Social Security program's required 10 working years or 40 credits. We expect to examine in-depth this finding with subsequent analyses. Nonetheless, these findings demonstrate the differential effects that different types of work characteristics have on workers' retirement expectations.

Another important finding from the multinomial logistic regression analyses is the role of health in determining the patterns of retirement expectation. Our study show respondents whose health declined across time were more consistent in reporting a specific age of retirement, as compared to being in the other retirement patterns. Individuals whose health declined across time may be more likely than individuals whose health remained stable or improved across time to have thought about retirement. Unfortunately, this study was unable to assess the severity of the health decline experienced by the respondents. Nor was this study able to measure the type of health conditions that the respondents experienced. It is expected the magnitude as well as type of health conditions will impede or facilitate labor force exit.

The final goal examined respondents' expected age of retirement for a sub-sample of women in the study. These women are considered to be the most specific and consistency in their retirement plans. Similar to findings from the multinomial logistic regression analyses, marital status significantly determined respondents' expected age of retirement. A reoccurring theme throughout this study is the protective role that marriage represents in shaping women's retirement expectations. Among working women who are the most specific and consistent in their retirement expectations, being married translates into an earlier expectation to withdraw from the labor force. Unlike unmarried women, married women have fewer financial disruptions (Burkhauser, Butler, & Holden, 1991; Choi, 1992). Greater resources enable married women to exit the labor force earlier than unmarried women without increasing their risks for poverty.

Given the stabilizing influence of marriage on women's retirement expectations, it is imperative for unmarried women to take a more active, as well as an earlier, initiative in building their financial security for old age.

Pension access, contrary to expectations, did not contribute to the framing of retirement plans for women in the most specific and consistent expectation category. However, access to Social Security or railroad pension based on own earnings record increased expected age of retirement—perhaps because it indicated the relative importance of the respondent's earnings to household income. In addition, workers with access to Social Security or railroad pension may delay their retirement in order to receive full benefit, which has a higher age eligibility requirement, or it could be that respondents have not fulfilled the required 10 working years or 40 credits because earlier in their careers their occupations were not eligible for coverage by the Social Security's program.

As with any study, limitations must be acknowledge. Comparisons between men and women's retirement expectations cannot be made because men were not included. This study consisted of a small percentage of African Americans and, therefore, does not allow us to generalize the findings to African Americans. The small sample size for several of the categorical predictors, including marital status, does not permit us to model the type or number of the transitions that respondents experienced over the seven-year span. The inability to model the different type or number of trajectories may have masked additional heterogeneity in the sample. Although the NLS surveys have spousal information, as reported by the respondent, examination of the spousal variables revealed key information, such as age, was not assessed at every survey year. The absence of key variables makes it difficult to obtain accurate information about the current spouse. The final limitation of this study is the absence of information on

health insurance access. Access to employer-sponsored health insurance provides additional information on whether retirement is delayed due in response to health care access even when workers report poor or declined health. While the NLS collected information on health insurance access, the variable was measured sporadically across the survey years and was not utilized.

In spite of the limitations, this study contributes to the area of aging by providing a multi-method approach to studying subjective retirement expectations. The methodological approach devised in this study incorporates both between- and within-person differences in reporting of expected retirement age across multiple time points. This methodological approach allows for the examination of a varying degree of planfulness. Unlike most studies on subjective retirement expectations, this study did not simply examine workers who were the most specific and consistent in their retirement expectations. Rather, individuals with different degrees of planfulness were considered. The substantial heterogeneity in retirement expectations indicates retirement policies and programs should reflect individual differences in workers' planfulness.

We like to conclude this paper by proposing several future studies. First and foremost, we would like to build upon our analysis of the sub-sample of respondents by examining the extent to which retirement expectations match respondents' actual behavior. If individuals' behaviors are shaped by their expectations, then there should be congruence between retirement expectations and behaviors. If not, then it would be imperative to examine the factors that disrupt the link between expectation and behavior.

We also are interested in examining whether expected retirement age assessment at 1979 is an accurate measure of respondents' retirement behavior. For women who never thought about their retirement, the 1979 expected retirement age variable could function as a cue for women to start thinking about retirement. If the 1979 variable helped to spark conversations or thought

processes about retirement, then the 1982 expected age of retirement variable may represent a more accurate variable. Because respondents were not cued for the expected age of retirement question, it could be argued that the 1979 expected age of retirement variable is the respondents' true expectation assessment. Thus, these opposing hypotheses are worth testing. Thus, these opposing hypotheses are worth testing. As mentioned above, this study did not account for the timing or number of transitions that respondents experienced across the seven-year span. Timing of an event, as professed by life course researchers (Elder, Johnson, & Crosnoe, 2004), has influential effects on development. We would like to extend these analyses by conducting event history analyses to model the timing of events on retirement expectations. By studying retirement expectations from a multi-method approach, a more in-depth understanding of individual retirement processes will be achieved.

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Table 1. Descriptive of Retirement Expectations At Each Survey Year

| | | Years | | | |
|---|---|---|---|---|---|
| Retirement responses | | 1979 | 1982 | 1984 | 1986 |
| Provide specific age | n | 920 | 1158 | 1104 | 1220 |
| | % | 56.6 | 71.2 | 67.9 | 75.0 |
| Do not know | n | 483 | 352 | 367 | 266 |
| | % | 29.7 | 21.6 | 22.5 | 16.4 |
| Do not plan to stop | n | 198 | 99 | 113 | 97 |
| | % | 12.2 | 6.1 | 6.9 | 6.0 |
| Same time as husband | n | 12 | * | * | * |
| | % | 0.8 | | | |
| Missing | n | 12 | 18 | 42 | 43 |
| | % | 0.7 | 1.1 | 2.6 | 2.6 |
| | total n | 1626 | 1626 | 1626 | 1626 |

*Response option not administered.

Weighted by 1986 sampling weight.

Table 2. Descriptive of Patterns of Retirement Expectations Across Time

| Retirement expectation patterns | | |
|---|---|---|
| Specific age at all time points | n | 607 |
| | % | 37.3 |
| Do not know or mixed expectations | n | 567 |
| | % | 34.9 |
| Moved toward specificity and consistency | n | 311 |
| | % | 19.1 |
| Moved away from specificity and consistency | n | 141 |
| | % | 8.7 |
| | total n | 1626 |

Weighted by 1986 sampling weight.

Table 3. Multinominal Logisitic Regression Model Predicting Retirement Expectation Patterns with Specific Ages as Reference

| | Mixed expectations[1] | | | Toward specificity and consistency[1] | | | Away from specificity and consistency[1] | | |
|---|---|---|---|---|---|---|---|---|---|
| | B | S.E. | *p* | B | S.E. | *p* | B | S.E. | *p* |
| Intercept | 0.56 | 1.03 | 0.58 | 4.52 | 1.18 | 0.00 | -0.22 | 1.55 | 0.89 |
| Age 1979** | -0.02 | 0.02 | 0.19 | -0.06 | 0.02 | 0.00 | 0.03 | 0.03 | 0.23 |
| Education 1967* | 0.04 | 0.03 | 0.26 | -0.08 | 0.04 | 0.03 | -0.04 | 0.05 | 0.38 |
| Whites (NS) | -0.51 | 0.22 | 0.02 | -0.17 | 0.26 | 0.52 | -0.29 | 0.33 | 0.37 |
| Married 1979*** | -0.39 | 0.14 | 0.00 | 0.34 | 0.18 | 0.06 | 0.11 | 0.23 | 0.62 |
| Marital status changed 1979 to 1986 (NS) | 0.15 | 0.19 | 0.43 | -0.11 | 0.23 | 0.64 | -0.68 | 0.36 | 0.06 |
| Years on job 1979* | -0.03 | 0.01 | 0.01 | -0.03 | 0.01 | 0.01 | -0.01 | 0.02 | 0.59 |
| Reported income 1979*** | 2.22 | 0.79 | 0.00 | 1.36 | 0.83 | 0.10 | -2.62 | 1.67 | 0.12 |
| Log Income 1979** | -0.21 | 0.08 | 0.01 | -0.23 | 0.09 | 0.01 | 0.19 | 0.18 | 0.29 |
| Always have money left over*** | -0.27 | 0.19 | 0.16 | 0.55 | 0.20 | 0.01 | -0.90 | 0.38 | 0.02 |
| Changed employer 1979 to 1986** | 0.32 | 0.14 | 0.03 | -0.24 | 0.17 | 0.16 | 0.38 | 0.23 | 0.09 |
| Access to Social Security/RR 1979*** | 0.81 | 0.22 | 0.00 | 0.22 | 0.23 | 0.35 | -0.24 | 0.29 | 0.42 |
| Access to pension 1989*** | -0.39 | 0.17 | 0.02 | -0.61 | 0.20 | 0.00 | -1.08 | 0.27 | 0.00 |
| Access to DB pension 1989* | -0.45 | 0.16 | 0.01 | -0.13 | 0.19 | 0.50 | 0.07 | 0.28 | 0.80 |
| Health status 1967: excellent (NS) | -0.12 | 0.16 | 0.45 | -0.37 | 0.18 | 0.04 | -0.39 | 0.24 | 0.11 |
| Health declined 1967 to 1986* | -0.53 | 0.21 | 0.01 | -0.70 | 0.24 | 0.00 | -0.40 | 0.31 | 0.20 |
| Like job very much 1979** | 0.26 | 0.14 | 0.06 | -0.34 | 0.16 | 0.04 | -0.16 | 0.22 | 0.46 |
| *Pseudo $R^2$* | *Cox and Snell = 0.16* | | | *Nagelkerke = 0.18* | | | *McFadden = 0.07* | | |

Table note: Significance based on likelihood ratio tests with ***p<.001**p<.01, *p<=.05, ns=non-significant.

[1]Reference category-ages at all time points. Weighted by 1986 sampling weight.

Table 4. Univariate Conditional Model Parameters for Expected Retirement Age

| | Estimates | Standard Error | *p* |
|---|---|---|---|
| Intercept | 49.51 | 1.94 | 0.00 |
| Linear time | 0.34 | 0.09 | 0.00 |
| Age at entry 1979 | 0.23 | 0.04 | 0.00 |
| African American versus White | 0.86 | 0.39 | 0.03 |
| Non-married versus married | -1.24 | 0.26 | 0.00 |
| Job tenure centered at 10 years | -0.03 | 0.01 | 0.02 |
| Income reported | 2.77 | 1.19 | 0.02 |
| Respondents' logged income | -0.38 | 0.12 | 0.00 |
| Income adequacy | -0.58 | 0.22 | 0.01 |
| Social Security or Railroad pension access | 1.80 | 0.39 | 0.00 |
| Employer-sponsored pension access | 0.27 | 0.39 | 0.49 |
| Other pension versus defined benefit pension | -0.41 | 0.32 | 0.20 |
| | | | |
| Residual variance | 9.04 | 0.46 | 0.00 |
| Intercept variance | 9.19 | 1.03 | 0.00 |
| Intercept-slope covariance | -2.16 | 0.36 | 0.00 |
| Linear slope variance | 1.10 | 0.17 | 0.00 |
| | | | |
| *Model fit* | | | |
| REML deviance | 7097.06 | | |
| AIC | 7105.06 | | |
| BIC | 7120.43 | | |

Weighted by 1986 sampling weight.