Occupational Changes Following Disability Onset in the Late Working Years

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Impact of disability onset in the late working years

- Onset of disability in the years approaching retirement:
  - Reduces earnings and income
  - Increases likelihood of poverty

- Earnings declines could reflect:
  - Reduced hours in one’s current job
  - Transitions to (lower-paying) jobs better matched to limitations
  - Exit from the labor force
Occupational changes in the late working years

- Occupational transitions at older ages are not uncommon
- Many who transition to new occupations work in less taxing jobs, often “bridge” jobs to retirement
- Certain occupations are more commonly associated with early labor force exit
Research questions

- Do occupational transitions in the late working years differ based on disability onset?
- Are certain job requirements or skills more likely to lead to certain occupational outcomes?
  - If so, how do those effects vary by disability onset status?
Data

- Health and Retirement Study (HRS) linked to the Department of Labor’s O*NET database
- 3,105 workers who did not report a work-limiting health condition when interviewed at age 55
  - 1,136 (37 percent) reported a work-limiting health condition in at least one wave by the interview in which they reached full retirement age (FRA)
    - 2/3 reported work limitation in 2+ waves
Occupational outcomes (1)

- Measured occupation at (approximately) ages 55, 59, 63, and 67
- At each age, determined whether respondent was:
  - Working in a different occupation
  - Working in a similar occupation
  - Working in same occupation
  - Not working
Occupational outcomes (2)

- Summary measure of occupational changes across those time points
  - Ever changed to a different occupation
  - If not, ever changed to a similar occupation
  - If not, remained in the same occupation through age 67
  - If not, no occupational change, but exited labor force at/before age 63

- Used regression analysis to account for individual and job characteristics at age 55
Occupational transitions between ages 55 and FRA

Source: Authors’ calculations using the HRS.
## Occupational transitions, by impairments status

<table>
<thead>
<tr>
<th>Occupational transition</th>
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<th>Reported work limitation just once</th>
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<td>16%</td>
</tr>
<tr>
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Source: Authors’ calculations using the HRS.
Role of job attributes in predicting the likelihood of occupational change

- Stratified workers based on attributes of job held at age 55
  - HRS job demands: high physical; high stress
  - O*NET job demands: high physical; high cognitive
  - O*NET skills: basic skills; complex problem solving or resource management skills; technical or systems skills

- Considered differential trajectories among those in jobs with/without the requirement
  - Assessed the role of disability onset
**Differential paths for workers with disability onset based on age 55 job**

<table>
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<tr>
<th>Job attribute</th>
<th>Significant occupational changes</th>
<th>Minor occupational changes</th>
<th>Stay in same job and worked until FRA</th>
<th>Stop working</th>
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<tr>
<td>High physical demands</td>
<td></td>
<td>-</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>High cognitive demands</td>
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<td></td>
<td>-</td>
</tr>
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- **Similar patterns by job attributes for all workers**
Disability onset and job requirements affect occupational changes

- Lasting work-limiting impairments associated with higher probability of exit
- Conditional on remaining employed, workers with disabilities are:
  - Less likely to stay in the same occupation until FRA
  - Slightly more likely to switch to another occupation
- Certain skills and job requirements may be more protective against early labor force exit
Policy significance

- Policy interest in keeping older workers and workers with disabilities in the labor force

- Our findings suggest that:
  - Occupational changes are not uncommon, even among workers experiencing new disability onset.
  - Retraining opportunities for workers in physically demanding jobs might lead to additional working years, especially for those with disabling conditions.
Contact information

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