

# **Social Security Eligibility and the Labor Supply of Elderly Immigrants**

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## Policy Abstract

The primary difference in the labor market behavior of older immigrants, as compared with non-immigrants can be expressed in terms of a “crossover” age – which occurs in the late 50s or early 60s. Before the crossover age, natives tend to have higher employment rates than immigrants. After the crossover age, natives have lower employment rates than immigrants. Put another way, the native employment rate declines at a much faster rate as they approach their late 50’s and into their 60s; while immigrant employment rate declines more gradually. This study illustrates how the greater reluctance of immigrants to leave the labor market as they near retirement age arises partly because of the eligibility requirements for Social Security benefits. A person needs to have worked in the United States for at least 10 years to qualify for retirement benefits. Immigrants in their 50s who have not yet accumulated the required employment credits have much greater employment rates than otherwise comparable persons. Once the 10-year work rule is satisfied, the probability that an elderly immigrant receives retirement benefits rises significantly and his probability of employment drops by 7 to 11 percentage points.