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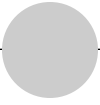
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Introduction

Claudia Goldin and Lawrence F. Katz

American women from their fifties to their seventies are working more now than ever. Their increased participation at older ages started in the late 1980s, before the turnaround in older men's labor force participation and prior to the economic downturns of the first decade of the twenty-first century. Their participation rates when fifty-five to sixty-four years old differ from men's by less than 10 percentage points, whereas around 1970 they differed by about 40 percentage points (figure I.1). The higher labor force participation of older women is a real trend that has persisted for almost thirty years. It is, moreover, consequential and consists disproportionately of women who are working at full-time, not part-time, jobs. The nine chapters in this volume address the reasons for the increase in the United States and what the future will bring for women working longer.

Many other Organisation for Economic Co-operation and Development (OECD) nations have also experienced growth in the participation of older women. But few have had as large an increase and from as high a level as has the United States for both the sixty- to sixty-four- and the sixty-five- to sixty-nine-year-old groups.

From 1990 to 2015 participation rates for women sixty to sixty-four years old in the United States increased from 36 to 50 percent. Sweden, the only OECD nation with a higher participation rate in 2015 (and considerable

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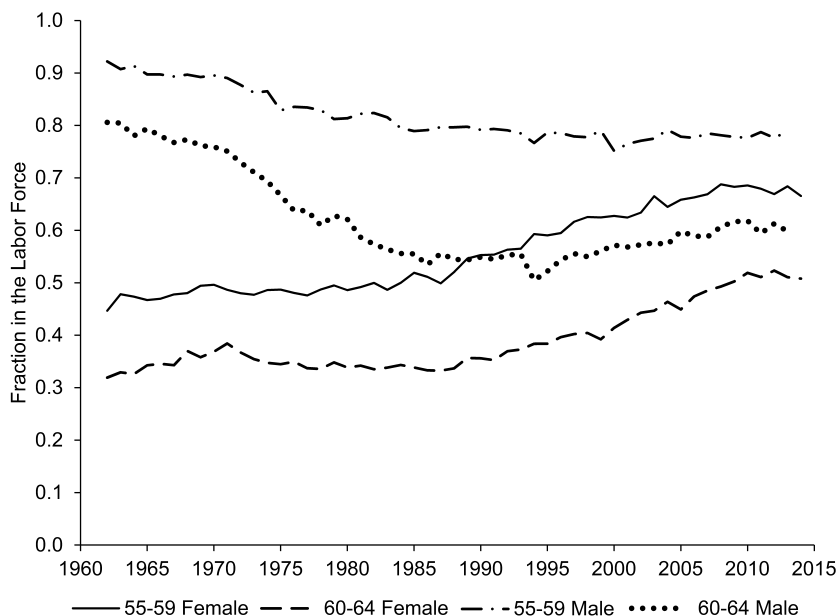


Fig. I.1 Labor force participation rates for males and females ages fifty-five to fifty-nine and sixty to sixty-four (1962 to 2014)

Source: CPS March.

full-time employment), increased from 53 to 67 percent. Older Japanese women also have significant participation, but they have experienced less change and have a far greater fraction working part time. Most important is that all seven nations in figure I.2, panel A, show significant increases in the participation rate of women sixty to sixty-four years old during the 1990 to 2015 period. For women sixty-five to sixty-nine years old levels are lower, as seen in figure I.2, panel B, but increases for the seven nations have also been large.¹

Changes in national retirement rules can have large effects on women's participation at older ages. For example, Germany passed legislation in 1992 stipulating that by 2004 both men and women would reach their normal retirement ages at sixty-five, rather than earlier for women. German women sixty to sixty-four years old greatly increased their participation around that time, eventually catching up to US participation rates by 2015, as can be

1. Social security regulations in most countries incentivize the retirement age, particularly when replacement rates are high. For country rules concerning normal and early retirement ages and differential treatment of men and women, see Gruber and Wise (1999, 2007) and the US Social Security Administration, "Social Security Programs throughout the World," <https://www.ssa.gov/policy/docs/progdsc/ssptw/>, published in collaboration with the International Social Security Association.

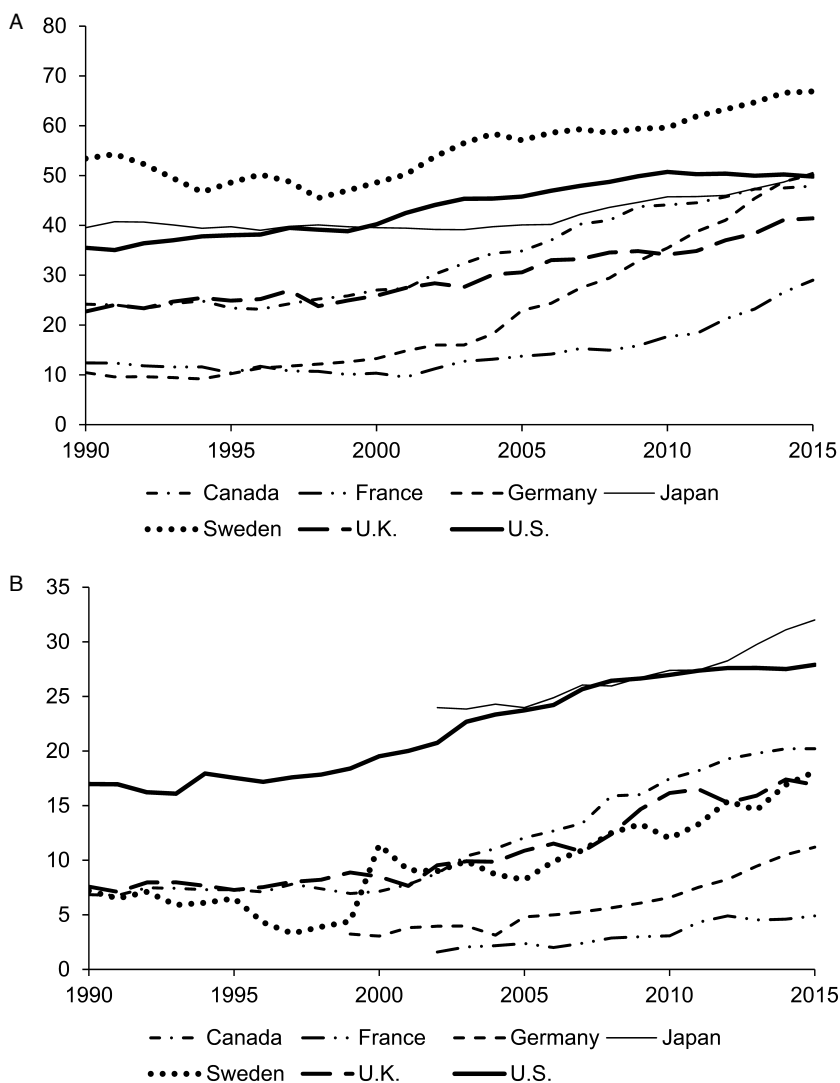


Fig. I.2 Female labor force participation rates for seven nations (1990 to 2015). (A) Women ages sixty to sixty-four. (B) Women ages sixty-five to sixty-nine.

Source: OECD Stat Extracts, table LFS, Sex and Age Indicators (http://stats.oecd.org/Index.aspx?DataSetCode=LFS_SEXAGE_I_R).

Notes: The female labor force participation rate is given. Hours of work and the fraction considered part time varies by country and by year. Using the OECD “common definition” of part-time employment, the fraction working part time among sixty- to sixty-four-year-olds in 2015 was as follows: Canada 0.31, France 0.33, Germany 0.45, Japan 0.48, Sweden 0.18, and the United Kingdom 0.52. The United States is not included in the common definition, but using national definitions it is below the lowest using the common definition, Sweden, for the fifty-five- to sixty-four-year-old group (0.226 for the United States and 0.307 for Sweden using the national definitions).

seen in figure I.2, panel A. In contrast, the labor force participation rate for German women sixty-five to sixty-nine, that is at or above normal retirement age, remains far below the US level, as seen in figure I.2, panel B. In other nations, increased women's participation at older ages is not as obviously related to a change in retirement regulations or to a decrease in the generosity of social security. What then are the factors mainly responsible for the change?

According to the analysis in the chapter by Claudia Goldin and Lawrence F. Katz, increased labor force participation of women in their older ages (they use fifty-nine to sixty-three years) is part of the general rising trend of cohort labor force participation throughout the life cycle. Women have worked a greater fraction of their years from twenty-five to fifty-four by birth cohort, at least up to the early 1950s cohorts.

Each birth cohort had a higher labor force participation rate than the previous cohorts at fifty-nine to sixty-three years old and the estimated cohort effects are due mainly to increased college graduation and greater accumulated lifetime work experience. Those who remain working at older ages have had a history of more rewarding jobs. In fact, those who continue to be employed, perhaps not surprisingly, reported six to eight years prior that they liked their jobs far more than those who did not persist in the labor force to their early sixties. But will these trends continue?

Job experience between ages twenty-five and fifty-four years rose from around fifteen to twenty-two years between cohorts born in the mid-1930s to those born in the late 1950s. But accumulated job experience has stopped rising among the most recent cohorts and that could mean that working longer at older ages will slow down. College graduation trends have continued to rise. In addition, participation at older ages for college-graduate women has recently increased beyond what would be predicted by the impact of life cycle experience. Thus, even though accumulated work experience by the most recent cohorts has reached a possibly temporary plateau, more educated women will probably be working even longer in the future. And there will be more of them.

The story told in the Goldin and Katz chapter is a useful overarching statement about the reasons why women are working longer, but it is not a complete one. Other factors can also help explain the rise of women working longer and they supplement the predictions of its future. Many are taken up in the next eight chapters.

The partners of a couple have in the past tended to retire around the same time. But because women are often married to older men, the members of the couple retire at different ages and, in consequence, many married women retire at younger ages than their spouse. That fact is at odds with their separate pecuniary interests. Because women have longer life expectancies, and often have had shorter careers, the opportunity cost of retirement in terms of the forgone potential earnings and accruals to Social Security wealth may be

larger for married women. Nicole Maestas finds that the economic returns to additional work beyond midlife are greater for married women than for married men. The potential gain in Social Security wealth alone is enough to place married women on nearly equal footing with married men in terms of Social Security wealth at age seventy. Working longer makes sense for women, particularly in cohorts where education gains have been great and the pecuniary returns to employment are high.

Although most women have been working much longer into their fifties and sixties relative to earlier cohorts, black women have not. At ages fifty to seventy-two black women, recently, have had lower employment rates than similar white women. The fact holds even though these same black women had higher employment rates when they were middle-aged and younger. Furthermore, earlier cohorts of black women did work more than their white counterparts when they were older, although they no longer do so. The chapter by Joanna N. Lahey discusses factors that have contributed to these differential changes by race. She finds that changes in occupation, industry, and health outcomes can explain some of the differences. Black women enter their older years in worse health than white women. Their occupations when younger were more physically taxing and some of these employments have suffered serious declines.

Women's current marital status and past marital history greatly influence their later-life labor force participation. Claudia Olivetti and Dana Rotz explore the role of marriage by exploiting variation in laws governing divorce across states and over time. They quasi-experimentally identify how the timing of an exogenous increase in divorce risk, caused by the introduction of unilateral divorce, has impacted employment and retirement for older women. The spread of unilateral divorce, they find, was associated with cross-cohort differences in the probability of divorce over the life cycle. For women with an ex ante low risk of divorce (using their estimate of "risk"), later exposure to unilateral divorce significantly increased the probability of older age full-time employment and significantly decreased retirement wealth. Thus, these ever-divorced women are working longer remedially. For women with an ex ante high risk of divorce, later exposure to increased divorce risk does not impact full-time employment after age fifty, but is positively associated with investment in education after marriage. Those who had previously faced a high risk of divorce acted earlier to safeguard their futures.

At older ages, women face new competing demands on their time in the form of care for elderly family members. Due to increasing life expectancy, women who are now in their fifties and early sixties are more likely than ever before to have a living parent and are thus more likely to be at risk of providing care. Sean Fahle and Kathleen McGarry analyze the prevalence of the provision of long-term care for women in their preretirement years to see how caregiving affects their employment. They find a significant

positive trend across cohorts in the need to provide care and a significant negative effect of caregiving on work. Caregiving is estimated to reduce the probability of work by more than 8 percent and the number of hours worked by 4 percent. These research findings imply that increased demands from aging parents and the lack of affordable long-term care options may have a substantial future negative impact on the employment rates of older women. Women have been working longer, but demands from their increasingly older surviving parents may provide a competing claim on their time.

Various factors such as more lifetime work experience, greater education, more unexpected marital disruption, and fewer children have been found in previous chapters to be of importance in the working longer phenomenon. But surely household finances are also of great importance. Annamaria Lusardi and Olivia S. Mitchell show how retirement wealth plays a key role.

Older women today have more debt than previous cohorts and they have lower savings and wealth. Lusardi and Mitchell show how financial fragility affects employment at older ages. A one standard deviation increase in the ratio of mortgage debt to home value is associated with a 3.4 to 5.5 percent rise in women's anticipated probability of working at age sixty-five. Women who were more financially literate were more likely to plan for retirement, were less likely to have excessive debt, and were less prone to be financially fragile. Income shocks play a key role in older women's debt status, but it is not enough to have resources. Women also need the financial literacy and capacity to manage their resources if they are to stay out of debt as they head into retirement.

The college educated are a distinctive group regarding working longer. One reason is that a large fraction of college-graduate women in the past were teachers, but that is no longer the case. About 45 percent of college-graduate women born in the 1930s were teachers at some point in their lives, but just 15 percent have been for women born in the late 1950s. Teachers, for various reasons, retired earlier than those in other employments. Therefore, the decrease in the fraction who are teachers should increase employment at older ages among college-graduate women.

Maria D. Fitzpatrick provides evidence supporting the hypothesis and she shows that older college-educated women who worked as teachers experienced lower increases in labor force participation than their counterparts who never taught. Goldin and Katz also estimate similar effects for women who were "ever a teacher." A main reason explored by Fitzpatrick is that teachers are generally covered by defined-benefit pensions, even more so in the past, and these pensions usually allow workers to retire earlier than Social Security. In addition, the collection of a defined-benefit pension generally requires the individual to leave her current employment. Although such individuals can take up employment elsewhere, particularly in a related line of work, they have generally not done so.

A key question in understanding trends in elderly women's work decisions

is the extent to which changes in Social Security generosity have played a role. Alexander Gelber, Adam Isen, and Jae Song estimate the impact of changes in Social Security benefits on women's employment rates. They can examine the large and sudden end of an inadvertent increase in Social Security benefits that occurred when Congress, in 1972, double indexed benefits to both the Consumer Price Index (CPI) and wages. Ending the double indexation in 1977 cut women's (and men's) average Old-Age and Survivors Insurance (OASI) benefits substantially in the 1917 birth cohort relative to that of 1916. A "notch" in benefits was then produced by the 1977 Social Security Act amendments and led to sharply different benefits for similar women born just one day apart. Using Social Security Administration microdata on earnings in the full US population by day of birth, Gelber, Isen, and Song find substantial effects of the policy change on older women's employment rates. The slowdown in the growth of Social Security benefits in the mid-1980s can account for more than one-quarter of the increased growth of older women's employment in the subsequent period.

Some of the reasons that have been offered in the preceding chapters for women working longer have emphasized the increase in the positive aspects of employment in one's older years: better working conditions, rising incomes, and promotions in later years. Other chapters have stressed the constraints on women's wealth, particularly during the large economic downturn that began in 2008 and the fate of women whose divorces were unanticipated. C. Adam Bee and Joshua Mitchell show that our usual measures of retirement income are understated and that many women who are working longer could retire as previous cohorts had done but choose not to do so.

Despite women's increased labor force attachment over the life cycle, household surveys such as the Current Population Survey Annual Social and Economic Supplement (CPS-ASEC) do not show increases in retirement income such as pensions, 401(k)s, and individual retirement accounts (IRAs) for women at older ages. Using linked survey-administrative data, Bee and Mitchell demonstrate that retirement incomes are considerably underreported in the CPS-ASEC and that women's potential retirement income at older ages has been substantially understated. Specifically, the CPS-ASEC shows that median household income for women sixty-five to sixty-nine years old rose 21 percent since the late 1980s, whereas the administrative records show an increase of 58 percent.

In contrast to previous work, the authors find that most women do not experience noticeable drops in income up to five years after claiming Social Security and that retirement income plays an important role in maintaining their overall standard of living. The results of this compelling chapter suggest that total income replacement rates for recent female retirees are high.

The fact that so many women have continued to work despite having resources to retire reinforces the notion that work in one's older years has

taken on a different meaning for women. Women have become about as attached to their *métier*, calling, and profession as men. Among women fifty-nine to sixty-three years old and currently married to employed husbands, 68 percent are working, up from 52 percent for cohorts born in the 1930s. Among those whose husbands are not working, 45 percent continue to work, up from 35 percent for cohorts born in the 1930s. Some of the chapters point to the possibility that these trends will not continue, but other essays suggest that they will. Only time will tell.

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