

# **Implementing Pro-Work Policies for Older Americans in the Twenty-First Century**

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## **Introduction**

Economic growth in the private sector is ultimately responsible for the creation of jobs in the United States for workers of all ages, but government policies can encourage or discourage the hiring or retention of older workers by private employers. Over much of the last half of the 20th century, government policies have too often discouraged older Americans from working and have allowed employers to use age as a criterion for hiring or firing. It is only in the last 15 years that many of these policies have changed—changes which are not only economically sound but also consistent with the philosophy that economic opportunity should not depend on such nonability related factors as skin color, gender, or year of birth.

## **A History of Anti-work Policies**

Mandatory retirement was the most visible anti-work aspect of the United States labor market prior to 1986, when the federal Age Discrimination in Employment Act (ADEA) prohibited such rules for nearly all American workers. But at least half of what looked like the impact of mandatory retirement was really due to the strong financial incentives to retire built into Social Security and many defined-benefit employer pension plans (Burkhauser and Quinn 1983). For Social Security, strong work disincentives occurred at age 65, when the delayed retirement credit—the adjustment for postponing receipt of retirement benefits—dropped from 7 percent per year of delay (as it is for those aged 62 to 64) to only 1 percent (prior to 1977) and later 3 percent (from 1977 to 1990). For the average worker, these rewards for delay were less than actuarially fair, creating large Social Security pension wealth losses (i.e., lower expected lifetime benefits) and therefore strong financial incentives against delaying Social Security benefit receipt past age 65.

Considerable research has shown that many defined-benefit pension plans work in exactly the same way. After some age, often the earliest age of eligibility, the present value of expected future benefits falls with each additional year on the job. As a result, those who stay with the firm suffer a surreptitious pay cut, since their true compensation equals their pay check plus the net change (the decline) in their pension wealth.<sup>1</sup>

This is not to suggest that the dramatic increases in Social Security and employer pension benefits provided to succeeding generations of older workers since World War II constitute a “social problem.” On the contrary, the ability to enjoy a period of retirement after a lifetime of work is an appropriate social goal. As our country became wealthier over the last half century, it is not surprising that we used part of that wealth to fund additional leisure at the end of the worklife. What is less certain, from a public policy view, is whether our retirement systems should penalize those who wish to work past “normal” retirement age and whether the “normal” retirement age established in the first half of the 20th century is appropriate for the 21st century.

Table 1 shows the labor force participation rates of United States men from 1940 to 1996 by selected individual ages. If the “normal” retirement age of men in a society is defined as the age at which only one-half of them remain in the labor force, then normal retirement occurred at about age 70 in 1940 and remained so over the next decade. It was not until the 1950s, as an increasing share of workers became eligible for Social Security and employer pension retirement benefits, that the normal retirement age began to drop. By 1960, half of the men were out of the labor force by age 66, and by 1970 the normal retirement age was 65. Over the next 15 years, labor force participation continued to fall, and by 1985 “normal” retirement was approximately age 62.

Between 1960 (just prior to the establishment of early Social Security benefits for men at age 62) and 1985, the labor force participation of men aged 62 fell by over one-third, from 80 to 51 percent, while the labor force participation rates of men aged 62 fell from 79.8 to 50.9 percent.

The labor force participation rates of men between ages 55 and 62 have also fallen substantially since 1960, particularly between 1970 and 1985. However, these declines were not as precipitous as the fall for men aged 62 through 64. Table 1 suggests that the downward trend in labor force participation rates for men aged 62 and over ended in the mid-1980s. While the labor force participation rates of men aged 55 through 61 continued to fall between 1985 and 1995, the labor force participation rates of men at most ages above age 62 rebounded from their mid-1980s troughs.

Figures 1 through 4 use more aggregated data from the Current Population Survey to show how profoundly the trends in labor force participation rates have changed over the last decade. Figure 1 uses actual data on the labor force participation rates of men aged 60 to 64 from 1964 to 1985 and a linear time trend to extrapolate projected labor force participation rates from 1986 through 1996. These projections are then contrasted with the actual participation rates from 1986 through 1996. As can be seen in Figure 1, actual labor force participation rates since 1985 are substantially above the projected rates. In 1996, the labor force participation rate of men aged 60 to 64 was 54 percent, only slightly below their 1985 level, while the extrapolated rate was only 40 percent. Figure 2 shows the same pattern for men aged 65 to 69. Actual labor force participation rates increased from 24 to over 27 percent between 1985 and 1996, more than twice the projected rate of 12 percent.

The labor force participation rates of older women show a similar pattern over the last decade. Figure 3 shows the projected labor force participation rate of women aged 55 to 59 increased modestly from about 49 to 51 percent between 1985 and 1996, while the actual labor force participation rate rose dramatically from 50 to about 60 percent. For women aged 60 to 64, the projected participation rate fell slightly from 33 to 32 percent between 1985 and 1996, while the actual rate increased from 33 to 38 percent.

This unexpected growth in the labor force participation of older persons was favorably influenced by the business cycle. In the strong economic growth years from 1985 through 1989, the demand for all workers, including older workers, increased, thus encouraging more older workers to remain in the labor force. The recession years of 1990 and 1991 negatively affected labor demand and labor force participation. However, during the recovery years from 1993 through 1996, overall demand for labor once again increased, as did the labor force participation rates of older men and women.

Changes in the business cycle cannot fully explain the substantial differences between projected and actual labor force participation rates of older men and women over the last decade. In our view, a large part of the unexpected growth in labor force participation seen in Figures 1 through 4 is due to the willingness of older workers to work and the willingness of firms to retain or hire them caused by the new policy signals being sent from Washington.

## **From Anti-Work to Neutral Policy**

After years of encouraging workers to leave the labor force, government policy began to recognize the lost productivity associated with such policies. The mandatory retirement age was increased from 65 to 70 in 1978 and then outlawed for most Americans in 1986.

More importantly, the Social Security Amendments of 1983 significantly altered the relative attractiveness of work and retirement (see U.S. House 1992). The amount of earnings permitted before Social Security benefits are reduced was indexed to wage growth, and the exempt amounts permitted were made higher for those aged 65 to 69 than for those aged 62 to 64. In addition, the earnings test was eliminated altogether for those aged 70 and above. Beginning in 1990, those aged 65 to 69 had their benefits reduced by only one-third in excess of the exempted amount, rather than by the one-half that still applies to those aged 62 to 64. In 1996, Congress dramatically

increased the exempt amount for those aged 65 to 69 to \$13,500 in 1997 and to \$30,000 by 2002, after which it will once again be indexed to wage growth. Furthermore, beginning in 1990, the Social Security delayed retirement credit began increasing from 3 percent and will reach 8 percent by 2010. For high-income recipients, 85 percent of Social Security benefits were made taxable. Finally, the age of “normal” retirement was scheduled to increase from 65 to 66 between 2003 and 2008 and from age 66 to 67 between 2021 and 2026. While the full impact of all the changes in Social Security rules legislated in 1983 will not occur until well into the 21st century, the changes that have already occurred have contributed to ending the long decline in work past age 62 described above.

Other factors have also contributed to this change. Recent evidence suggests that employee pension coverage may be declining (see Reno 1993) and, more importantly, that the type of pension coverage offered by firms is changing from defined benefit to defined contribution. Only defined benefit plans contain the strong age-specific work disincentives discussed above. Defined contribution plans are really just saving accounts with tax advantages and are by their very nature age-neutral. The proportion of pension participants whose primary coverage is in a defined contribution plan increased from 13 to 32 percent between 1975 and 1987 (Turner and Beller 1992). Overall, the proportion of active participants in defined contribution plans rose from 29 to 65 percent during the decade ending in 1987 (Turner and Beller 1992). It is these workers who have increasingly been reaching retirement age in the 1990s.

Nonetheless, defined benefits plans still provide the bulk of pension coverage for those currently retiring and they continue to encourage early retirement (Wiatrowski 1990). In 1986 Congress tried to reduce the ability of firms to encourage early retirement by requiring them to continue pension contributions and accruals for workers who work beyond normal retirement age. While this legislation was of some value, firms are still able to use temporary “pension windows”

to entice older workers to leave their jobs as part of firm downsizing strategies, and did so, especially during the recession years 1990 and 1991.

## **Direct Job Creation, Training Programs, and Anti-Discrimination Programs**

In addition to the changes in Social Security and employer pension policies discussed above, Congress also established, through the *Older Americans Act of 1965*, a set of programs with the potential to become part of a larger effort to increase opportunities for older workers. Title II of the Older Americans Act established the Administration on Aging to advocate for aging programs throughout the federal government. Title III focused on services provided at the local level to assist the elderly. Title IV provided funds for training, research, and demonstration projects to enhance the skill level and service delivery of professionals working in the field of aging. Title V was specifically targeted at community-service employment of low-income unemployed individuals aged 65 and older.

In addition to OAA programs, there are three other major federal employment-related programs for which older persons are eligible: Green Thumb, the Conservation Employment Program and the Job Training Partnership Act. There are also four major federal volunteer programs targeted on older persons: the Retirement Senior Volunteer Program, the Foster Grandparent Program, the Senior Comparison Program, and the Service Corps of Retired Executives. In addition, educational programs at the college and university level specifically designed for older learners became more common in the 1980s. These educational programs, which support career-related training, represent a cost-effective way to expand training opportunities for older persons. (See Bass, Quinn, and Burkhauser 1995 for a fuller discussion of these programs.)

Reducing discrimination against people because of age or disability is an increasingly important government function. *The Americans with Disabilities Act of 1990* has since 1994 extended protection from employment discrimination to people with disabilities in firms with 15 or more employees. It also requires employers to make “reasonable accommodation” to workers with disabilities unless this would result in “undue hardships” on the operation of business. Burkhauser, Butler, and Kim (1995, 1997) find that accommodation significantly extends workers’ tenure with a firm following the onset of a disability and delays their application for Social Security Disability Insurance benefits.

*The Age Discrimination in Employment Act of 1967* follows the language of Title VII of the Civil Rights Act in prohibiting employers from refusing to hire, discharging, or otherwise discriminating against individuals because of age.

Over the last decade, the trend toward early retirement has ended and there has been an increase in the work of both older men and women. While these phenomena have undoubtedly been part of an overall growth in employment generated by economic expansion, they are also the result of a movement away from anti-work policies aimed at older persons to policies that are more work-oriented. Mandatory retirement has virtually been eliminated and Social Security is becoming more age-neutral, in that it will no longer penalize those who work beyond a particular age. The earnings test has been dramatically liberalized for those aged 65 to 69, and will in essence be eliminated as the delayed retirement credit becomes actuarially fair.

## **From Neutral Policies to Pro-Work Policies**

What remains unknown is how the private sector will react to these changes in the Social Security environment. As the normal retirement age increases, will employers increase the age of



normal retirement in their pension plans or will they even further subsidize early retirement to offset the shift in Social Security retirement incentives?

The most significant demographic force in the early part of the next century will be the greying of the baby boom generation. The oldest members of that generation born between 1946 and 1964 will reach age 62 in 2008, only about a decade from now. If baby boomers leave the labor force at the same rate as current Social Security beneficiaries, the loss in overall United States productive capacity will be great. Policies that encourage their retention in the labor force a few years longer will both maintain overall productivity and reduce the burden their retirement will put on the economy. Below are some policies that could achieve both ends. While each would be controversial, they would increase work at older ages, and are deserving of legislative consideration.

1. The first and most controversial would be to return the early Social Security retirement age to its 1961 level of age 65, as the normal retirement age is increased to 67 or higher over the next two decades. Using the new Health and Retirement Study, Burkhauser, Couch, and Phillips (1996) and Phillips (1997) show that men who took Social Security benefits at age 62 in the early 1990s were about as healthy and wealthy as those who postponed taking such benefits. The typical male early recipient (66 percent of the white males and 61 percent of the black males) was also eligible to claim an employee pension. The typical male early recipient (71 percent of the white males and 72 percent of the black males) had no health condition that affected his ability to work. Few males who took early benefits were both in poor health and dependent on Social Security as their only source of pension income (only 7 percent of the white males and 11 percent of the black males). (For more details on these comparisons, see Tables 2 and 3, which are derived from Burkhauser, Couch, and Phillips 1996.)

These results suggest that while raising the earliest retirement age would not be painless and a small percentage of workers could suffer major losses in economic well-being, the typical male worker taking Social Security benefits at age 62 is physically able to continue to work or is eligible to receive an employee pension benefit and is thus unlikely to be devastated financially by legislation raising the earliest age of eligibility for Social Security benefits. Hence, we should consider whether old-age retirement benefits are the best sources of support for the small minority who are unable to work beyond age 62.

2. Permit workers aged 65 and over to opt out of additional Social Security contributions and average monthly earnings recalculations. Currently, older workers and their employers continue to contribute into the Social Security system. Each pays 7.65 percent of the first \$65,400 (1997) and 1.45 percent (the Medicare component) on all earnings above that. If a complete exit from the system is not possible, one could exempt a certain amount of earnings (perhaps the first \$10,000) from Social Security contributions by both employers and employees for those over age 65 to encourage part-time work.

3. Amend the Employee Retirement Income Security Act (ERISA) to allow prorated fringe benefits (for example, a prorated subsidy on medical insurance) for part-time employees, depending on how many hours they work. Current ERISA legislation requires employers to offer part-timers who work 1,000 or more hours per year the same full pension coverage and other fringe benefits that full-time workers enjoy. This increases the cost of hiring part-time workers, since the cost of fringe benefits like medical insurance is fixed regardless of the hours worked past 1,000. This also encourages firms to restrict the hours of part-timers to less than the statutory minimum. A change here would allow employers and employees to negotiate more flexible work contracts that benefit both.

4. Reverse Medicare policy to make Medicare, rather than employment-based health insurance, the primary source of health care coverage for workers aged 65 and over. This would encourage the employment of older workers by, in essence, subsidizing their compensation. Health costs are a significant concern to employers, especially for older workers. In the 1980s, Medicare eligibility rules were changed to make Medicare secondary to benefits provided by the employer's insurance, which must meet its obligations before Medicare steps in. This applies to workers aged 65 to 69 (since 1982), spouses of workers aged 65 to 70 (1984), and individuals with disabilities covered by firms with at least 100 workers (1986) (U.S. Social Security Administration 1991, pp. 56-57). These changes reduced Medicare expenses but raised a major barrier to the employment of older workers.<sup>2</sup> Reversing the original policy would remove this barrier.

5. Expand the Earned Income Tax Credit to include workers aged 65 and older without qualifying children. This would make some low-income older workers eligible for this credit, and hence more willing to work at lower wages. The Earned Income Tax Credit subsidizes the labor earnings of workers with children in low-income households. In 1996, the wage supplement was 34 percent of the first \$6,160 in earnings—a maximum of \$2,094 for a household with one child. It phases out slowly as adjusted gross income increases from \$11,290 to \$24,395 (U.S. House 1994, pp. 700-702). Many older workers have earnings and incomes that would make them eligible, but do not have the dependent child needed to qualify.

6. Use direct tax credits to encourage employers to hire and train older workers; for example, a tax reduction equal to a certain percentage of the wages paid to workers aged 65 and over, perhaps with a maximum dollar limit per worker. In Europe, similar mechanisms are used to encourage the employment of workers with handicaps. The same tool could be used in the United States, but applied to workers over a certain age.

7. Increase federal employment training assistance for older workers, expand income eligibility criteria, and encourage employers to offer part-time work options. Real (inflation-adjusted) outlays for the Job Training Partnership Act declined from over \$5 billion in 1980 to \$1.6 billion by 1992 (U.S. House 1992, p. 1692). The law requires that 3 percent of these funds be set aside for people aged 55 and over; 5 percent of those who passed through the program in 1991 were this age (U.S. House 1992, p. 1691). In 1985, less than 1 percent of those aged 55 to 64 and eligible for this training assistance (and less than 10 percent of the unemployed of this age) participated in this program, despite evidence that programs such as these are moderately successful with older displaced workers (Rupp et al. 1987; Sandell and Baldwin 1990). At the state level, JTPA could be linked with other federal employment programs.

8. For workers over a certain age whose employers do not offer training opportunities, offer a partial personal tax credit for work-related educational expenses, up to a dollar limit.

9. The most important potential policy change would be a federal mandate that employer pensions must be age-neutral—that is, must not have financial penalties for those who work beyond a particular age. Given the importance of defined-benefit pension incentives on those who are covered, this might have a significant impact on work in later life—much larger, for those covered, than the Social Security changes in progress.

Such a proposal, however, should be treated with caution, with the benefits compared carefully to the costs, as advantages in the present system may be lost. Lazear (1979, 1990), for example, has argued that an agreed-upon retirement date permits lifetime compensation schemes (underpayment early in one's career and overpayment later) that reduce turnover costs, and thereby raise workers' lifetime compensation.

Others have argued that mandates in one part of the compensation package are offset by changes in another, leaving workers no better off, or worse off, if they preferred the previous

allocation (Andrews 1993; Mitchell 1990).<sup>3</sup> If mandates raise costs to the firm, one possible outcome is a reduction in employment.<sup>4</sup>

Another possibility is that legislation mandating age-neutrality would lower the attractiveness to employers of providing pensions and result in a further decline in coverage. Finally, what might be appropriate in some industries or regions may be inappropriate in others, and one should be wary of excessive government intervention into voluntary private contracts and should proceed with caution in overriding them.

## **Conclusions**

Public policy in the United States changed course over the last two decades, in anticipation of the retirement of the baby boom cohorts early next century. As a consequence, a post-war trend toward earlier retirement among older men has been halted and perhaps even reversed. Older Americans are clearly working more now than the trends prior to the mid-1980s predicted. Although the individual contributions of specific policy initiatives, favorable macroeconomic performance, and other factors have not been determined, the recent observed changes in labor force participation patterns are entirely consistent with the changes in mandatory retirement policy, types of pension coverage, and Social Security incentives discussed above.

Removing disincentives to work or constructing incentives to work would have no impact on the labor force participation of older persons if they had no desire to work longer. But this is not the case. Survey evidence suggests that many older Americans would like to work more than they do. McNaught, Barth, and Henderson (1989) analyzed the responses of the retirees in a 1989 Harris poll of 3,500 older Americans. Between 14 and 25 percent of the retirees, representing 1 to 2 million people, reported that they preferred to be working and that they would be able to work if a suitable job were available. Quinn and Burkhauser (1994) analyzed the subsample of the same

survey who were still employed and found that a substantial minority—another million people—expected to stop work before they really would like to. Many more older workers preferred part-time work than had it.

Older Americans are a tremendously productive resource in the labor market and elsewhere. Their decisions to work or not will reflect the financial incentives they face—the relative attractiveness of work versus retirement, which depends, among other things, on public and private sector pension policies. Labor demand for older workers depends on the overall strength of the economy, but also on government policies that influence the net cost of hiring older workers.

As life expectancies increase and as the nation ages, policies that may have been appropriate when first initiated are becoming increasingly outdated. This is the case with some retirement policies, many of which have been changed to encourage (or at least not to discourage) continued attachment to the labor market at older ages. More changes in this direction are warranted. We have outlined several specific proposals that would encourage additional work and that we believe deserve serious attention.

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## Endnotes

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- <sup>1</sup>. See Kotlikoff and Wise (1989) or Quinn and Burkhauser (1993) for a discussion of these incentives and their effects on retirement behavior.
- <sup>2</sup>. The U.S. House Ways and Means Committee (1992, p. 184) estimates that these secondary-payer provisions on the working aged saved \$1.35 billion in fiscal year 1991.
- <sup>3</sup>. Gruber (1992) presents evidence that the costs of mandated maternity health benefits were financed entirely by reductions in the wages of those covered.
- <sup>4</sup>. Andrews (1993) reviews the evidence on a proposal, last seriously presented in 1981, to mandate pension benefits for all workers. Simulations based on the literature at the time assumed that the costs would be borne entirely by the worker. Some minimum-wage workers, whose wages could not decline, would be laid off or fired.

**Table 1. Male Labor Force Participation Rates by Age in the United States, 1940 to 1996**

Year	Age												
	55	60	61	62	63	64	65	66	67	68	69	70	72
1940 <sup>a</sup>	93.8	85.5	83.6	80	80.4	77	70	68.1	60.3	58.5	56.3	48.6	---
1950 <sup>a</sup>	90.6	84.7	82.3	81.2	79.8	76.8	71.7	67.1	59.4	57.7	54.5	49.8	39.3
1960 <sup>a</sup>	92.8	85.9	81.6	79.8	77.8	71.5	56.8	49	42.7	42	39	37.2	28
1970	91.8	83.9	80.1	73.8	69.4	64.4	49.9	44.7	39.4	37.7	34	30.1	24.8
1975	87.6	76.9	73.5	64.4	58.3	54.2	39.4	34.2	30.5	23.7	25.8	23.7	22.6
1980	84.9	74	69.6	56.8	52.3	48.8	35.2	30.4	27.9	24.1	23	21.3	17
1985	83.7	71	66.5	50.9	44.7	42.2	30.5	26.5	23.7	20.5	19.5	15.9	14.9
1990	85.3	70.5	67	52.5	45.5	40.9	31.9	27.2	27	23.4	19	17.1	16.4
1995	81.1	68.9	62	51.3	43.2	40.3	33.5	30.2	25.8	22.4	21.9	20.6	16
1996	81.9	67.5	64.8	51.5	45.3	40.6	33.4	31.7	26.5	22.7	22.2	21.3	16.3

<sup>a</sup>Based on adjusted U.S. Bureau of the Census labor force participation data. The adjustment is based on the ratio of CPS figures and census figures in 1970.

Source: Labor force participation figures from 1970 to 1996 are based on unpublished data from the *Current Population Survey* (CPS).

**Table 2. Summary of the Characteristics of All Men and Women First Eligible to Receive Social Security Retirement or Spousal Benefits at Age 62 in 1993 or 1994 by Benefit Status and Race<sup>a</sup>**

Race	Takers						Postponers					
	Share Taking Benefits at Age 62	Pension Eligible 1992 <sup>b</sup>	Median Household Net Assets <sup>c</sup>		Poor Health 1994 <sup>d</sup>	Household Pension 1994 <sup>e</sup>	Share Postponing Benefits at Age 62	Pension Eligible 1992 <sup>b</sup>	Median Household Net Assets <sup>c</sup>		Poor Health 1994 <sup>d</sup>	Household Pension 1994 <sup>e</sup>
			1992	1994					1992	1994		
<b>Black</b>												
Men	0.29	0.61 (0.50)	\$79,750	\$83,500	0.39 (0.50)	0.58 (0.50)	0.71	0.57 (0.50)	\$54,800	\$55,000	0.26 (0.44)	0.20 (0.40)
Women	0.28	0.40 (0.50)	\$56,850	\$60,000	0.27 (0.45)	0.36 (0.49)	0.72	0.25 (0.44)	\$35,900	\$45,000	0.38 (0.49)	0.29 (0.45)
<b>White</b>												
Men	0.27	0.66 (0.48)	\$185,100	\$181,000	0.22 (0.42)	0.72 (0.45)	0.73	0.63 (0.48)	\$182,500	\$208,550	0.20 (0.40)	0.32 (0.47)
Women	0.32	0.25 (0.44)	\$182,000	\$187,000	0.30 (0.46)	0.61 (0.49)	0.68	0.46 (0.50)	\$162,750	\$186,500	0.24 (0.43)	0.41 (0.49)
<b>All</b>												
Men	0.27	0.65 (0.48)	\$155,500	\$160,200	0.22 (0.41)	0.71 (0.45)	0.78	0.60 (0.49)	\$143,000	\$150,000	0.21 (0.41)	0.30 (0.46)
Women	0.3	0.26 (0.44)	\$147,300	\$151,000	0.31 (0.46)	0.57 (0.50)	0.7	0.39 (0.49)	\$109,000	\$114,500	0.26 (0.44)	0.39 (0.49)

<sup>a</sup>Standard deviations for mean values are in parentheses.

<sup>b</sup>Respondent reports either receiving private pension income in 1992 or that he or she expects to receive private pension income in the future.

<sup>c</sup>Includes all household assets minus debts. Does not include pension wealth.

<sup>d</sup>Respondent reports being in fair or poor health in 1994.

<sup>e</sup>Respondent or spouse reports receiving income from employer pension in 1994.

Source: Health and Retirement Study, Gamma version of Wave 1 (1992) and Beta version of Wave 2 (1994). For more details see Phillips (1997).

**Table 3. Employer Pension Eligibility, Health, and Household Net Assets of Men and Women Who Take or Postpone Taking Social Security Benefits at Age 62 in 1993 or 1994**

Race	Gender	Employer Pension Eligibility a	Poor Health 1994 <sup>b</sup>	Takers				Postponers	
				Sample Share [obs]	Median Household Net Assets		Sample Share [obs]	Median Household Net Assets	
					1992	1994		1992	1,994
Black	Men	yes	yes	0.18*	---	---	0.07*	---	---
		yes	no	0.43	\$90,000	\$102,500	0.41	\$83,250	\$78,000
		no	yes	0.11*	---	---	0.21	\$2,500	\$105
		no	no	0.29*	---	---	0.31	\$32,900	\$48,000
White	Men	yes	yes	0.15	\$193,000	\$103,750	0.11	\$123,000	\$105,000
		yes	no	0.51	\$180,550	\$202,700	0.5	\$180,250	\$218,465
		no	yes	0.07*	---	---	0.09	\$144,350	\$161,000
		no	no	0.28	\$207,480	\$218,500	0.29	\$203,000	\$194,500
Black	Women	yes	yes	0.03*	---	---	0.07*	---	---
		yes	no	0.35	\$82,750	\$126,750	0.19	\$85,500	\$126,000
		no	yes	0.27	\$7,200	\$33,000	0.29	\$3,100	\$5,750
		no	no	0.35	\$56,000	\$46,900	0.45	\$36,750	\$44,750
White	Women	yes	yes	0.03*	---	---	0.07	\$140,100	\$216,300
		yes	no	0.2	\$153,000	\$198,000	0.36	\$190,000	\$225,000
		no	yes	0.26	\$199,250	\$154,500	0.16	\$92,468	\$77,500
		no	no	0.51	\$187,000	\$191,500	0.4	\$166,150	\$192,750

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<sup>a</sup>Respondent reports either receiving private pension income in 1992 or that he or she expect to receive private pension income in the future.

<sup>b</sup>Respondent reports being in fair or poor health in 1994.

\*Less than ten observations. Medians are not reported in these cases.

Source: Health and Retirement Study, Gamma version of Wave 1 (1992) and Beta version of Wave 2 (1994). For more details see Phillips (1997).

**Figure 1. Labor Force Participation Rate for Males Aged 60 to 64**

**Figure 2. Labor Force Participation Rate for Males Aged 65 to 69**



**Figure 3. Labor Force Participation Rate for Females Aged 55 to 59**

**Figure 4. Labor Force Participation Rate for Females Aged 60 to 64**