

# Work after Retirement: Worklife Transitions of Career Public Employees

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# Work After Retirement

- There is long literature examining the transition from career jobs to bridge jobs to complete retirement. Most of the recent studies have examined the HRS while earlier research was based on the RHS.
- Virtually all of these studies do not distinguish between public and private sector workers.
- We compare incidence of work after retirement between public and private sector retirees, focusing on retired state and local employees in NC.

# Return to Work Patterns by Sector

- Why study public retirees separately from individuals leaving private sector jobs?
- Do we expect public employees to be more or less likely to work after retirement?
  - Public employees retire from career jobs earlier so might be more likely to return to work
  - Public employees have more generous retirement benefits (pensions and health benefits) so they might have less of an economic incentive to move to bridge jobs
  - Returning to work for same public employer might be limited by government rules so retirees may need to seek employment in unrelated jobs

# Return to Work Patterns by Sector

- Quinn et al. (2019) report “that about half of workers who have left a career job moved to bridge jobs and that the incidence of bridge jobs was slightly lower for career public sector workers.”
- Their analysis focuses on those who moved to a bridge job within 4 years (2 waves) of retirement from career jobs.
- Do NC workers follow the same pattern? Our analysis examines labor force behavior within 2 years following retirement.

# NC Retirees

- Administrative data included all full-time employees aged 50 and over in 2014
- Surveys sent to a sample of these workers in 2014, 2016, and 2018
- This analysis focuses on two groups of individuals: sample requirement is that individuals respondent to two surveys
  - Persons retiring between 2014 and 2016
  - Persons retiring between 2016 and 2018
- Objectives:
  - (a) determine what percent of retirees (benefit claimants) moved to a new job between the two surveys
  - (b) what factors are associated with work after retirement

# Retiring from Public Employment and Claiming Pension Benefits

## Sample 1.

There were 1,208 individuals who were working in 2014 and who responded to both 2014 and 2016 surveys

Of these, 261 had claimed benefits by 2016 – a rate of 21.6%. We examine whether respondents who claimed benefits between 2014 and 2016 worked between claiming of benefits and the 2016 survey.

## Sample 2.

There were 1,931 individuals who were working in 2016 and who responded to both 2016 and 2018 surveys

Of these, 329 had claimed benefits by 2018 – a rate of 17.0%. We examine whether respondents who claimed benefits between 2016 and 2018 worked between claiming of benefits and the 2018 survey.

# Sample Means of Retiring NC Workers

	<u>All Retirees</u>	<u>2014-2016</u>	<u>2016-2018</u>
Age in 2016	60.7	61.1	60.4
Years since claiming	1.4	1.8	1.1
K-12 Teacher/Admin	31.5%	35.6%	28.3%
Female	67.5%	70.9%	60.6%
White	80.5%	72.8%	86.6%
African-American	11.5%	15.3%	8.5%
Salary in 2013	\$60,549	\$61,014	\$60,179
N	590	261	329

# Retirement Work Plans

## **Key Finding 1. Public employees tend to be planners.**

- 69% reported that they a developed a retirement plan

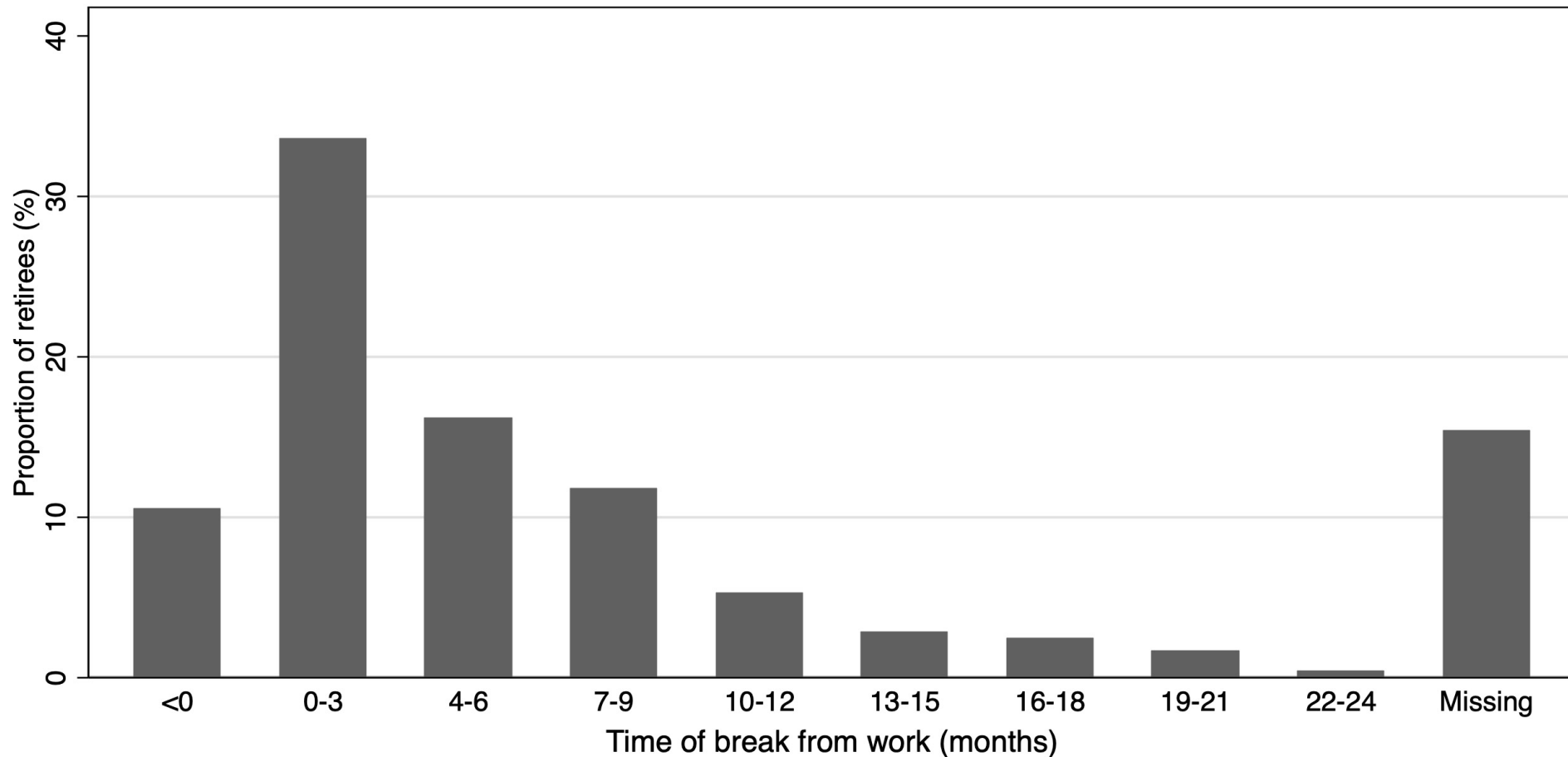
## **Key Finding 2. Work plans are predictive of actual post-claiming work.**

- 55% of those who planned to work have engaged in post-claiming work
- Only 21% of those who did not plan to work



# Time between Retirement and New Job

**Key Finding 3. About half of the sample of retirees were working within three months of retiring from career public employment.**



# Characteristics of New Job

**Key Finding 4. Despite employment rules governing return to work at public jobs, one third of retirees were back working in the public sector by the follow-up survey.**

- 28% of retirees were working in the public sector part-time and only 4% were working full-time in the public sector

# Regression Model: Plan to Work in Retirement

Male	0.201**
Married	-0.090*
Age	-0.017***
BA degree or above	0.105**
1-2 kids	0.129**
More than 2 kids	0.127**
High financial knowledge	-0.086**

Notes:

Regression model also includes: African American, other race, 2013 salary, own health, expected mortality at age 85 plus, time impatience, risk aversion, agency type and year of claiming fixed effects.

Data is comprised of two cohorts who started claiming benefits in 2014-2016 and in 2016-2018.

Coefficients are average marginal effects from a probit model with standard errors in parentheses.

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

# Public Employees and Planning for Retirement

## **Key Finding 5. Planning to work after retirement varies in predictable ways.**

- Men and married respondents are more likely to have developed a plan to work after retirement
- Older workers are less likely to include work in their retirement plans
- Workers with a college degree are more likely to plan to work after retirement, while those greater financial knowledge are less likely to plan on working after retirement

# Regression Model: Work After Retirement

Plan to work	0.280***
Age	-0.014***
African American	-0.127*
Own health is good	0.117*
Cared for children	0.205***

## Notes:

Regression model also includes: male, married, other race, education, number of kids, expected mortality, high financial knowledge, time impatient, risk averse, cared for grandchildren, cared for others, agency type, and year of claiming fixed effects.

Data is comprised of two cohorts who started claiming benefits in 2014-2016 and in 2016-2018.

Coefficients are average marginal effects from a probit model with standard errors in parentheses.

\*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

# Individuals planning to work after retirement are more likely to do so

**Key Finding 6. Individuals who had included work after retirement are more than twice as likely to work after retirement than those that did not include work in their plans.**

- 21% of those who did not plan to work after actually worked in retirement
- Those who did plan to work after retirement did so at a rate that is 28% higher

# Regression Model: Subjective Wellbeing

	<u>Saved enough for retirement</u>	<u>Confident will not outlive savings</u>	<u>Satisfied with standards of living</u>
Planned to work	-0.128**	-0.152***	-0.124**
Worked after retirement	0.039	0.076	0.077
Planned to work and realized plans	-0.069	-0.126	-0.058

## Notes:

Dependent variables are binary and equals to 1 if the respondents “Agree” or “Strongly Agree” with the statements. Regression model also includes: don’t know plans to work, male, married, African American, other race, education, number of kids, expected mortality, high financial knowledge, time impatient, risk averse, cared for grandchildren, cared for others, agency type, and year of claiming fixed effects.

Data is comprised of two cohorts who started claiming benefits in 2014-2016 and in 2016-2018.

Coefficients are average marginal effects from a probit model with standard errors in parentheses.

\*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

# Individuals planning to work after retirement have lower subjective wellbeing

## **Key Finding 7. Plans to work and realization of plans to work may be indications of low retirement preparedness**

- Retirees who planned to work are less likely to report having sufficient retirement savings.
- Plans to work after retirement may reflect individuals' awareness of low levels of retirement preparedness and their need to supplement retirement income with salaries from work.



# Takeaways

- We have found large proportion of public employees planning to work after retirement.
- Work plans are predictive of actual post-claiming work.
- Plans to work and realization of plans to work may be indications of low retirement preparedness.