Family Structure, Employment and Retirement in Later Midlife

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Introduction

Family characteristics influence the labor force behavior of individuals in diverse and complex ways, depending on their stage in the life course. For families with children, the presence of young children reduces the labor force participation of wives, although many fewer married mothers are homemakers and many more are paid workers than a generation ago (Morrison, 1990; Waite & Nielsen, 2000). Children under age 21 in a household may also reduce joint retirement behavior (Henretta and O'Rand 1983). Most parents experience the transition to an empty nest in midlife; 45% of parents aged 45-54 had co-resident adult children, compared to 28% of those 55-64 years old and 14% of those 65 and over (Aquilino, 1990). When children leave home they may precipitate changes in the work lives of parents.

Yet, some evidence suggests that children are leaving home more slowly and that more return home as young adults than in the past (Goldscheider & Goldscheider, 1993). Since returns to the parental home are often driven by unemployment or divorce (Goldscheider & DaVanzo, 1985) older adult children who return home may have fewer resources and place greater financial demands on their parents than those who remain residentially independent. Using data from the NSFH, Szinovacz et al. (2001) found that economic obligations to family were associated with continued labor force participation. Raymo and Sweeney (2006) found that perceived work-family conflict was associated with increased preferences for retirement. These potentially contradictory findings suggest that more research on the impact of family obligations on labor force behavior in midlife is needed.

This paper seeks to address this gap by examining the ways in which family structure is associated with labor force transitions, particularly retirement, for adults in later midlife. Data from Waves 1-8 of the Health and Retirement Survey (HRS) will be used to examine the impact of detailed measures of family structure, financial problems and expectations on labor force decisions. This paper will extend our knowledge of the relationship between labor force status and familial obligations by demonstrating the extent to which family structure and expected financial obligations affect work and retirement in later midlife.

Research Design and Methods

Data

This research uses data from 1992-2006 waves of the Health and Retirement Study (HRS). The HRS is an ongoing longitudinal survey that interviews a national sample of persons born between the years 1931 and 1941 and, if married, their spouses (regardless of the spouse's age) at 2-year intervals. The design of the HRS included oversampling (2:1) of Blacks, Mexican-Americans, and Florida residents. To facilitate use of the HRS data, the RAND HRS Data file contains variables that have been recoded in a comparable manner across waves to (see http://rand.org/labor/aging/dataprod/#randhrs). Our analyses will use the RAND HRS Data File supplemented with additional data from the individual waves, including detailed family and social support measures as well as measures of financial problems and expectations.

The HRS is an ideal data set for examining the relationship between family and labor force status among families in later midlife. While the main objectives of the HRS are to examine the process of retirement and the relationship between later life health and socioeconomic status over time, these data also provide a wealth of information on the family patterns and histories of multiple cohorts of older adults. In addition, the HRS respondents are the parents of the youngest Baby Boomers, averaging 3.7 children per couple. This presents an excellent opportunity to examine the relationship between family structure and economic circumstances.

The dependent variables include measures of labor force status. For each respondent, we create two measures of work status: a dichotomous measure of labor force participation and a categorical measure of labor force status (works full-time, works part-time, not in labor force, retired). For married couples, the spouse's work status at each wave will also be considered. This research focuses on the relationship between labor force status and the following groups of independent variables:

Financial Problems & Expectations: The HRS includes a series of questions about respondent’s financial problems and status. Having financial problems and expectations of needing to provide financial assistance are anticipated to be associated with an increased likelihood of labor force activity. Wave 1 (1992) provides a baseline measure of financial distress: “Thinking back over the last 20 years, have you had any really large unexpected expenses or events that have made it very difficult for you to meet your financial goals?” If the response was yes, the interviewer probed further: “What happened?”

Wave 1 also includes a question about the expectation of financial need: “Next I would like to ask you about the chances that various events will happen in the future. Using any number from zero to ten, where 0 equals absolutely no chance and 10 equals absolutely certain, what do you think are the chances that you [or your (husband/wife/partner)] will have to give major financial help to family members during the next 10 years?”

In Waves 2-8 the question wording was includes a specific dollar amount ($5,000): “(Using a number from 0-100) What are the chances that you [or your (husband/wife/partner)] will GIVE financial help totaling $5,000 or more to grown children, relatives or friends over the next ten years?" Waves 2-8 also include a follow-up question about expectations of receiving financial help. We examine both the respondent's stated probabilities of giving (or receiving) financial help to (from) family members as well as their actual reports of giving (or receiving) assistance in relation to their current labor force status. We also examine the bivariate relationships between these measures and marital status and family structure.

Family Characteristics: Key family variables of interest will include current marital status, presence and age(s) of child(ren) or other family members in the household, number of marriages, number of living children, number of living siblings, and friends/family living within 10 miles.

Demographic, Health and Job Characteristics: We include a series of controls variables that have been previously found to account for variation in labor force participation, these measures include: age, race and ethnicity, education, self-rated health, household income, and financial and housing wealth. Job Characteristics measured will include time in present job, number of previous jobs, occupation, pension benefits, and health insurance at each wave. For each respondent (and, if applicable, their spouse), these measures will be assessed at each wave.

Methods

We begin by documenting and describing the relationships between labor force characteristics in later midlife, financial problems and expectation measures and the family structure variables. Cross-tabulations will be presented to summarize the relationship between selected measures of financial problems, family structure and labor force status. These relationships will be examined separately by race, gender, and marital status. On the basis of the preliminary findings, we will refine our measures of family, financial problems and expectations, and labor force status and begin to develop a series of multivariate models of labor force status and participation.

A series of multinomial logistic and discrete time event history models of labor force participation will be developed. The design of the HRS includes oversamples of African American and Hispanic respondents as well as a clustered and stratified sample, features that need to be taken into account with any analysis using the HRS (Leacock, 2006). One way to account for weight, cluster and strata variables is by using the STATA command 'svy.' Respondents may also contribute more than one observation to this study, making the usual assumption that the error terms are independent inappropriate (Bye and Riley, 1989). The analytic strategy for such data is typically to calculate robust standard errors to account for potential clustering at the individual level. The multivariate analyses will be conducted using STATA, first using the estimation and svy commands and then using the estimation commands with weights and the robust cluster option. For married couples, separate analyses will be conducted that include measures of spousal characteristics.

These analyses are designed to provide some basic indications about the relationship between family structure, financial expectations and the labor force participation and employment decisions of the HRS cohort in the years preceding retirement. The empirical findings will be discussed in the context their relevance for family and retirement policy.

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