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Research Report No 182

Working after State Pension Age: Quantitative Analysis

Deborah Smeaton and Stephen McKay

A report of research carried out by the Policy Studies Institute and the Personal Finance Research Centre on behalf of the Department for Work and Pensions

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Any remaining deficiencies are the responsibility of the two authors.

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Summary

Introduction

The primary aim of this study is to further understanding of the factors affecting the labour market participation of older people at, and particularly after, State Pension Age (SPA)¹. The numbers of older people in paid work have generally been declining and most research attention has focused on those in the run-up to SPA, generally from age 50 upwards. However, rates of employment of men older than SPA have fallen significantly since the early 1970s, and at best have been static among women (Figures 1.1 and 1.2). Real earnings among pensioners have declined by five per cent between 1979 and 1995.

Despite these declining rates of paid work, older people in Britain are more likely to be working than in most of the rest of the European Union. In the EU, high rates of working among older men and women are associated with Southern Europe (high rates of self-employment and work within agriculture), and Scandinavia (pro-work policies). The UK has higher rates of working post 65 (men) and 60 (women) than most of Continental Europe.

This study is based on secondary analysis of the most recent data from the Labour Force Survey, Family Resources Survey and British Household Panel Study. In the analysis, three different reasons are highlighted for why individuals may be remaining in paid work beyond State Pension Age. These are joint retirement, work satisfaction, and maintenance of living standards.

The work decision

Overall, employment rates for women from the age of 60 and men from the age of 65 stand at eight per cent and nine per cent respectively (Table 2.1).

For women, the process of labour market withdrawal, highlighted in Figure 2.1, begins around the age of 51 - at which point just under three-quarters are employed or self-employed. Between 51 and 59 years of age, participation rates fall steadily by about four percentage points each year until SPA is reached, at which stage a 10 percentage point drop in employment levels occurs. By the age of 59 less than half (44 per cent) of women are working despite not yet receiving a state pension. By age 61, over one-quarter of women (28 per cent) remain employed.

¹ Currently, the State Pension Age in the UK is 60 for women and 65 for men.

For men, there is a 17 percentage point decline in participation rates at SPA. There are also raised exit rates for men between the ages of 54 and 55 (six per cent exiting), 59-60 (six per cent exiting) and 60-61 (seven per cent exiting).

Marital status appears to be an important factor for women, the participation rates of married women are exceeded by the participation rates of women who are separated or divorced. The groups of both men and women with the highest probability of labour market participation are those with outstanding mortgages on their properties. Tenants were among the least likely to work.

Forty per cent of the non-workers received an occupational pension, a figure that fell to 33 per cent among workers. The association between working and lower levels of occupational pension receipt is, however, confined to men. Among the men, 67 per cent of non-workers had an occupational pension compared with 53 per cent of the working men (Table 2.8). Having any educational qualifications was associated with working past SPA, and having none was associated with leaving work.

There were important links between the participation rates of men and women living in couples: 41 per cent of post-SPA working men had working partners compared with just eight per cent of non-working men. Among working women, 55 per cent of their partners were also working, while just 11 per cent of non-working women had partners at work.

Analysis was also undertaken of the demand-side. Participation rates after SPA were not strongly associated with regional unemployment levels. However, the highest levels of post-SPA employment were found in London, especially Inner London, and the South East.

A statistical model of working showed the strong significance of many of these factors. The results tended to support the idea that for many pensionable age people, working was associated with financial hardship such as: the absence of an occupational pension, income below £100 for men, still paying a mortgage and, for women, being separated or divorced. Yet a certain level of advantage would appear to be a prerequisite in terms of reasonable levels of education, more affluent regions of residence, good health and being of a younger age (Table A.1).

Types of jobs

Three-quarters of both men and women working after SPA were in jobs they held prior to SPA (Table 3.1). This proportion rises for full-time employees but for men working part-time drops to a little over half.

Table 3.4 indicates the importance of part-time opportunities. The largest groups of employed and self-employed men and women worked part-time, predominantly through choice. Indeed, the post-SPA workforce worked fewer hours than younger workers, whether working full-time, part-time or in temporary jobs. This gap in hours was greater for men than women (Table 3.7)

Post-SPA workers were over-represented in certain industries: distribution, hotels, restaurants and 'other services' (Table 3.8). They were under-represented in the construction industry and the declining manufacturing sector from which significant proportions of all men over the age of 50 have lost their jobs over the past couple of decades. Post-SPA men were less likely than their younger colleagues to be employed as managers, in skilled trades or as machine operatives. Instead they exhibited increased representation in the 'elementary occupations', which often require little training or qualifications. Similar occupational outcomes apply to women. Their employment in professional jobs diminishes with increasing proportions located in elementary occupations instead.

Workers over SPA were twice as likely as other age groups to be employed in companies with 1-10 staff. They were also far less likely to be employed in organisations with over 50 staff (Table 3.11).

Generally speaking, those in their 50s were the most likely to say they wanted to give up paid work. Among men, the desire to give up paid work was rather lower among those in their 60s, especially past SPA, than among those just prior to State Pension Age. For women, however, those working into their early 60s were more likely to say they wanted to leave work than women in their late 50s. Many people working beyond State Pension Age appear to value their work rather highly.

Reaching State Pension Age was not generally associated with a deterioration in hourly pay rates once occupational group, employment status, sex and educational achievement were controlled for (however, there was a gap among men working full-time).

Dynamics of retirement

Simple panel analysis looked at the antecedents of being in work post-SPA in 2000. It showed the difficulty of returning to work once people left the labour force. Whether people were working in 1991, and if as an employee or as self-employed, was particularly important in which of them were working in 2000 (Table 4.2). Among men aged 50-59 and self-employed in 1991, some 40 per cent were working ten years' later. This compared with 17 per cent among employees, and just five per cent of those not in paid work.

The best predictor of being in work post-SPA is being in work in the period just before. Most 'apparent' factors correlated with working post-SPA worked through this link. Their *independent* effect on working after 60/65 was much weaker. However, some of the characteristics of jobs and workers are associated with remaining in work after SPA. For both men and women, having a partner in work (in 1991) made a large difference to the prospect of remaining in work post-SPA. Women working full-time continued working longer than women who worked part-time (Table 4.3).

Couples seemed to be making joint labour supply decisions. In couples, the older the female partner, the less likely that men were in paid work at any given age, and vice versa for women.

More complex event-history analysis confirmed many of these findings for men, but illustrated the limited effect of different characteristics on women's rates of working. Rates of working were sustained for only a few years after State Pension Age, and this only happens for those working in the period just prior. Increasing participation in paid work post-SPA would seem to have to deal with keeping people in the labour force before SPA, as well as the decisions made by workers once they reach SPA.

Effects of working past State Pension Age

Men working past SPA reported financial situations that were superior to those of non-workers (Table 5.1). Some 59 per cent of men working past SPA said they were 'living comfortably', compared with 40 per cent of those not working (and aged 65-75). Among women, 87 per cent of workers older than SPA said they were either 'living comfortably' or 'doing all right', compared with 65 per cent of those women not working. The median incomes of workers were around two-thirds higher than among non-workers for both men and women.

Some 76 per cent of men who were working and aged 65-75 described their health over the last years as either 'excellent' or 'very good', compared with 54 per cent of non-workers (Table 5.3). Among women, 71 per cent of workers reported a similarly high level of health, compared with 49 per cent of non-workers.

Half the male workers, and approaching two-thirds of the women, were saving money. This compared with around one-third of non-working men and women (Table 5.5). This could be evidence that they were putting money away for their future retirement, particularly since the proportion of people saving, compared to five years previously, had fallen for non-workers, but increased for workers.

More detailed analysis attempts to control for past employment experience. This showed that the ability of people to sustain or even improve health was better among continuing workers than among those remaining out of the labour market.

1 Introduction

This chapter provides some background information about older workers, before explaining the scope of the research project and the methods used. There are some key themes that emerged from the project, and these are briefly summarised. This chapter ends with some remarks about future population trends, which reinforce the importance of the groups being studied.

1.1 Background

This report begins with some background about older workers in Britain.

1.1.1 Older workers in Britain

Prior to the twentieth century, people tended to continue productive work until death. The introduction of state pensions in the first part of that century was partly in recognition that people might live beyond their productive working lifetimes, and require financial support to replace lost earnings. Even so, in 1908, pensions were made available only for those of at least 70 years of age, although on a non-contributory basis.

Subsequent reforms established a system of contributory state pensions, and pensionable ages of 60 and 65. Until 1988, however, there was essentially a test of retirement before people could get their pensions. People might choose to delay receiving a state pension by continuing to work, in which case their pension would be enhanced when they did receive it.

However, in more recent years there has been interest mostly in people's employment in the five or ten years *prior* to state pension age. The numbers of older people in paid work, from age 50 upwards, have generally been declining. Campbell (1999) investigated the decline in employment among older workers. He found that around two-fifths of men aged between 55 and 65 were without paid work in 1997, compared to one-fifth in 1979. This fall in employment was matched by a rise in rates of inactivity (such as disability), with levels of unemployment for older workers barely increasing. Whilst the pace of decline was greatest during the high unemployment of the 1980s, each successive cohort of men appears less likely to remain in employment at older ages.

Among older women, the proportion without paid work had not fallen in the same way, but it is clear that older women did not share in the general rise in female employment over this period.

There were two main groups most likely to have left the labour market, in this age band below State Pension Age. First, those in the bottom quarter of the hourly wage distribution, and second those with wages in the top half who are also members of occupational pension schemes.

There has been much less attention paid to those older than State Pension Age, and research specifically about the labour market participation of this age-group has been sporadic. As a group

they are perhaps expected to be outside the labour market. Nevertheless, it is clear that the long-term trend has been to lower rates of economic activity among those above SPA. As shown in Figure 1.1, the proportion of men aged 65-69 who are economically active has declined from 30 per cent in 1971, to 13 per cent in 2001. Among those over 70, whilst more than one man in ten was economically active in 1971, fewer than one in 20 of this group were active in 2001.

Figure 1.1 Rates of economic activity after SPA (men)

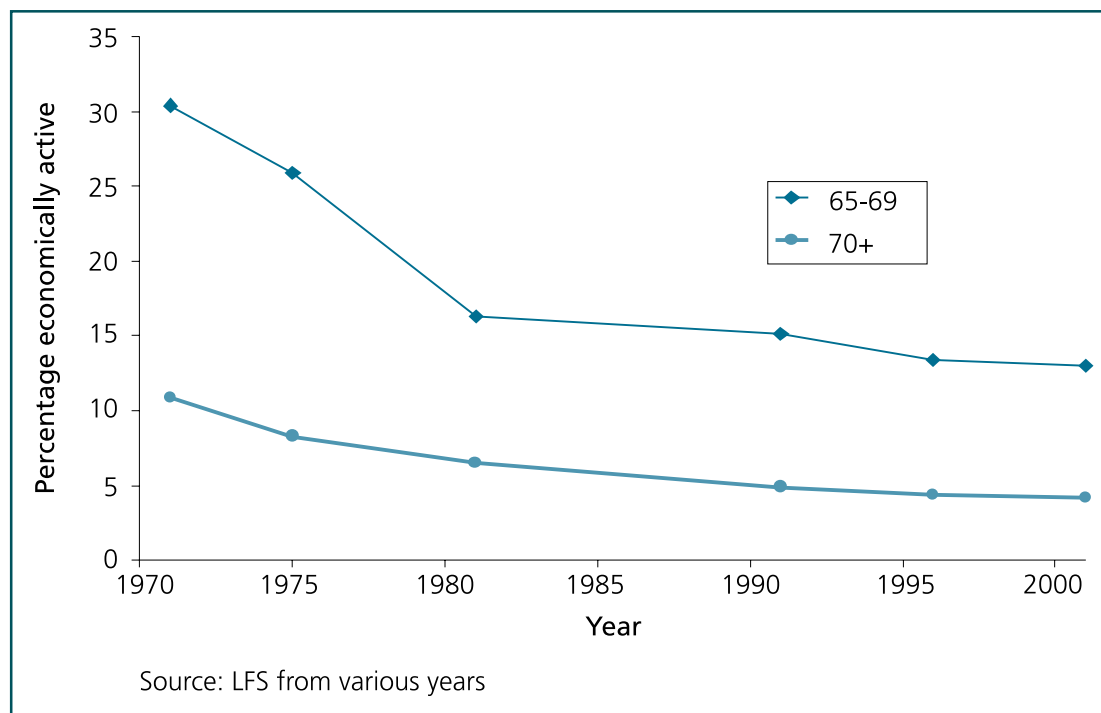
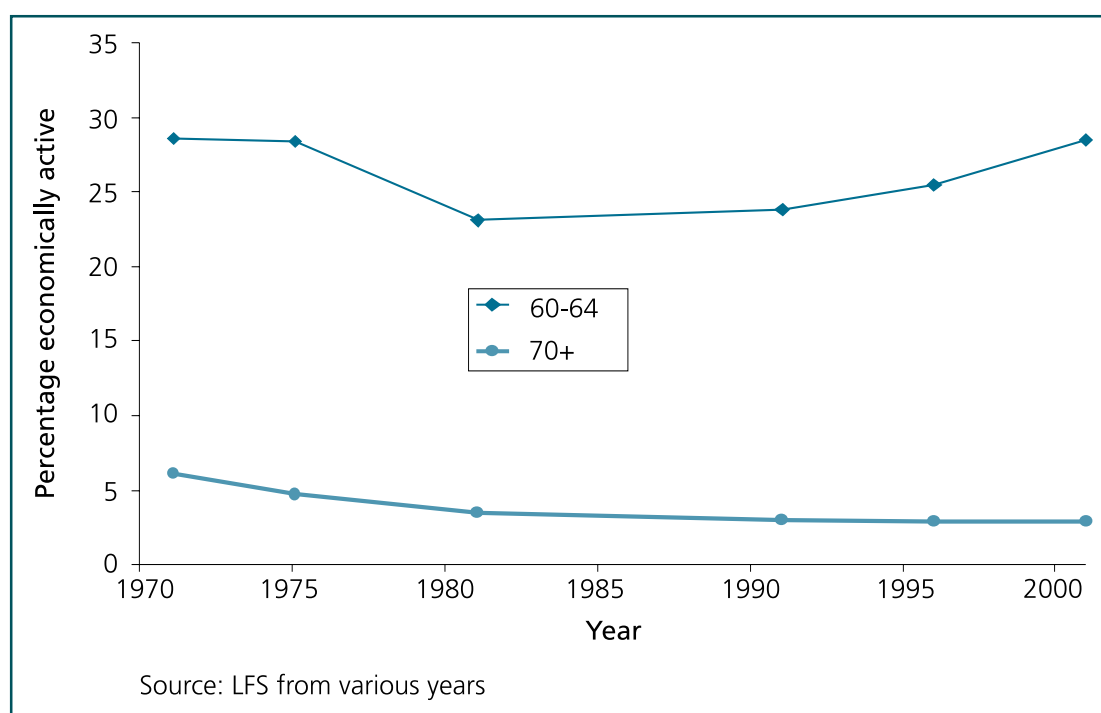


Figure 1.2 Rates of economic activity after SPA (women)



Among women above SPA, rates of economic activity have followed a slightly different path to those of men (Figure 1.2). There has been a recovery in activity rates among women aged 60-64, which in 2001 were quite similar to those of 1971, having declined in the late 1970s and increased over the 1990s. Rates of activity have declined for women aged 65 or older, from what was already in 1971 a low base. However, rates of working have increased for younger age groups of the group over this time.

For information over the last 20 years or so, there are statistics from the DWP Pensioners' Income Series. These show that income from earnings among pensioners fell by five per cent between 1979 and 1994/5 (in real terms). Over this time, total pensioner incomes rose by 62 per cent (DSS 2000), again after allowing for price inflation.

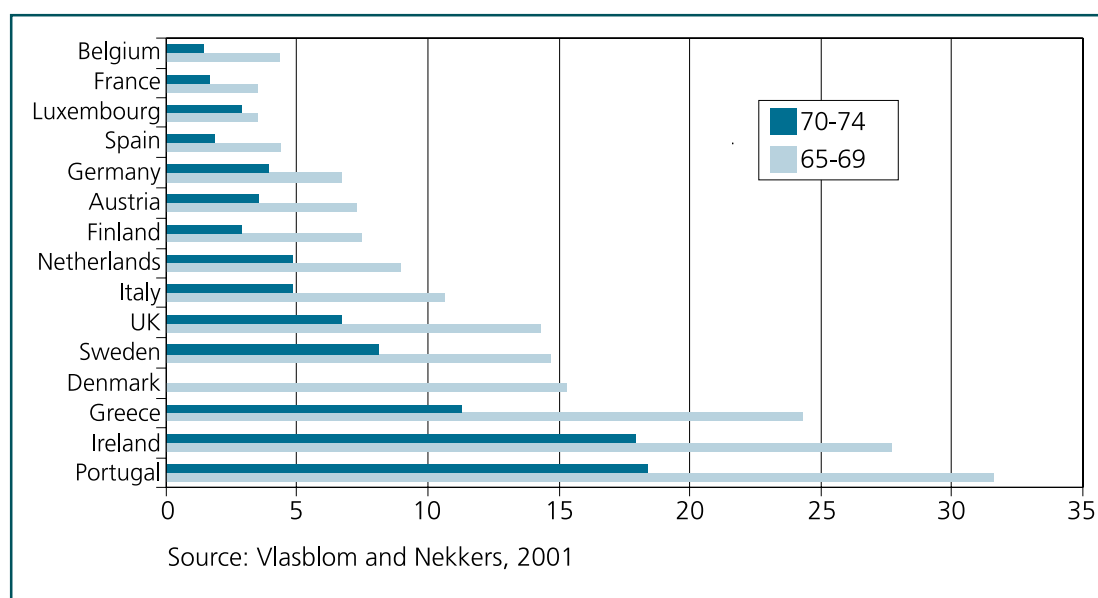
In the current setting, in the five-year group after SPA, women are more likely to be in paid work than men. That is, rates of working among women aged 60-64 exceed those of men aged 65-69. However, among men and women of the same age, men are more likely to be in paid work. Between 2010 and 2020, the State Pension Age for women will rise progressively from 60 to 65 years. This for a group with participation rates below one in every three, at present

1.1.2 European comparisons

Vlasblom and Nekkens (2001) used the various European Labour Force Surveys to investigate rates of working among older workers in the EU. Their results tend to place the UK as having above-average rates of working for those in their sixties and early seventies. Rates of men continuing in paid work were highest in Portugal, Ireland and Greece, followed by the Scandinavian countries, and then the UK (Figure 1.3). This pattern probably reflects high rates of self-employment and agricultural employment for the top group of countries. It also reflects relatively high pension ages and generally high employment rates for the next group. The central European countries have long-established relatively generous state pension provision, relatively low retirement ages, and (the Netherlands aside) limited non-state pensions. They also have the lowest rates of employment among older men (aged 65+).

By way of comparison, in the USA around 30 per cent of men aged 65-69 are in paid work (matched only by Portugal in the EU), as were 18 per cent of men aged 70-74 (ahead of all the EU countries).

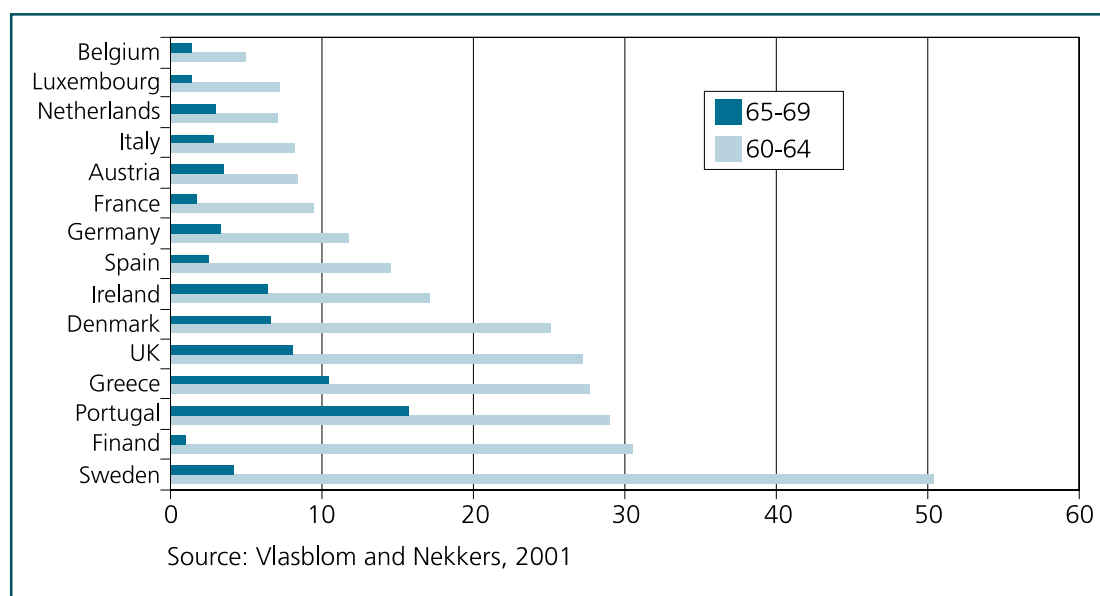
Figure 1.3 Comparative activity rates (1997, men)²



² Figure for Denmark, men aged 70-74, not available.

A similar picture for women, for ages five years younger, is shown in Figure 1.4. A number of the same points apply. It is the southern European countries that have high rates of employment, but leading the table this time are some of the Nordic countries (Sweden, Finland) – with the UK again with higher activity rates than the EU average. For women, it is probably gender equality characteristics that determine the top of the graph, though with similar effects of a relatively large agricultural labour force on higher rates of activity in Southern Europe. Countries with long histories of state earnings-related pensions have the lowest rates of participation.

Figure 1.4 Comparative activity rates (1997, women)



Figures for the United States show 40 per cent of women aged 60-64 in paid work (bettered only by Sweden from the EU), and 19 per cent of women aged 65-69 (ahead of all EU).

1.1.3 Reasons for declining rates of work among older people

In the last 20 years, the employment prospects of older people (aged 50 and above, as well as those above SPA) have undergone a number of changes. One half of all men and one third of women now retire before State Pension Age (Disney *et al.*, 1997).

There are a number of different reasons for the declining labour market participation of older groups. Particular weight has been attached by some studies to the role of the social security system, with a strong correspondence being noted between the age at which benefits are available and departure from the labour force (Blundell and Johnson, 1999). Others have argued that occupational pension provision for the better-off is important in financing early labour market departure (McKay and Middleton, 1998; Lissenburgh and Smeaton, 2001). It is likely that as people become generally better-off, they will want to spend a greater proportion of their time in leisure rather than employment. A range of other factors may link low rates of participation of older people to a more rapidly changing labour market in general.

However, at present there is little in-depth or explanatory research about the labour market participation of the post-SPA population. There are good reasons for finding out more about this group and their labour market attachment. Where movement into retirement is not freely chosen, it is frequently experienced in terms of tension, loss, reluctance, and even failure (Phillipson, 1993), particularly where individuals have developed a strong attachment to their occupational role. Older

people who have taken up 'bridge' employment in the interim between withdrawing from full-time positions and permanently ceasing to participate in paid labour, have found it to be particularly helpful in easing their transitions into retirement (Atchley, 1989). However, at present the scale of such jobs appears to be small. Flexible retirement would allow for a period of psychological and financial adjustment and may prevent the onset of ill health. Such a benefit may be attractive to a considerable proportion of the population in retirement were opportunities made available but not compulsory.

When people are less likely to work up until State Pension Age, those working still later become an even more select group. One of the main questions addressed is how far decisions to work post-SPA may be considered in a positive light, and how far they are instead a reluctant, constrained choice.

1.2 The study

1.2.1 Aims

The primary aim of this study is to further understanding of the factors affecting the labour market participation of older people at, and particularly after, State Pension Age (SPA). The main questions arising are:

- Under what circumstances do individuals work past SPA?
- What sort of jobs do they have?
- What impact does working post-SPA have upon the wealth, health and happiness of the working compared with the non-working retired population?

1.2.2 Data and methods

The project is based on secondary analysis of three existing large national datasets.

- 1 Cross-sectional analysis of the **Labour Force Survey**, to establish some of the main statistics on rates of economic activity, using the largest possible sample. Data is taken from 2000 and 2001.
- 2 Detailed cross-sectional analysis of the **Family Resources Survey**, drawing on its rich data on incomes, household arrangements and pensions. The dataset analysed is based on combing data from 1997/98, 1998/99 and 1999/2000 (the three most recently available years of data at the time of analysis).
- 3 Panel analysis of waves 1-10 from the **British Household Panel Study**. (i.e. covering data from 1991 to 2000/01³).

The analysis deploys a range of different analytical methods. Many of the information requirements may be met by providing descriptive analysis of various kinds – such as cross-tabulations and tables of averages. Much of this analysis compares workers with non-workers, across the age range from State Pension Age upwards. This forms the first stage of the analysis. Second, multivariate methods are used to investigate the main outcome of interest. Since the main outcome is whether in paid work or not, a logistic method of regression is most appropriate. This estimates the independent effects of a range of variables of working after State Pension Age, controlling for the effects of the other factors included – such as age. Third, a range of different kinds of panel analysis is possible using the data to track individuals in the BHPS over ten years from 1991 to 2000.

³ Each year, interviews start in the Autumn and end by Spring the following calendar year. However, most interviews are completed prior to Christmas each year.

1.2.3 Plan of report

This report contains four main chapters:

- Chapter 2 looks at which groups continue to work post-SPA, and how these compare to non-workers. A combination of tabular and modelling approaches is used to effectively 'predict' the likelihood that people work after SPA.
- Chapter 3 describes the kinds of jobs people have post-SPA. This includes analysis of wage levels, occupation, industry, employment contracts, and so on.
- Chapter 4 is an analysis of the longer-term antecedents of working post-SPA. It uses panel data to try to differentiate those who stop working, and continue to work, post-SPA.
- Chapter 5 analyses some of the apparent effects of remaining in work. This includes analysis of health outcomes, savings, and so on.

The report then concludes.

1.3 Central themes

There are a number of themes that run through the analysis presented in this report. The most important is an attempt to focus on the different motivations behind people working past State Pension Age.

It is all the more difficult for people to work past State Pension Age if they drop out of the labour force prior to that. Returns from inactivity and unemployment are progressively more difficult at older ages (McKay and Middleton 1998). Therefore, already the group of interest – those working after SPA - is selected from a distinct, and declining, group. Those who are 'lost' to employment prior to SPA are drawn from the lowest paid, and those with better pay and good occupational pension provision. This suggests that those working at SPA may be rather untypical. Mostly they can be expected to have below-average income, but without being the lowest paid, who have already left the labour market in large numbers. Some may be on above-average earnings – but perhaps lacking the kind of occupational pension provision often associated with being on higher earnings.

Self-employment is also expected to feature strongly. The proportion of workers who are self-employed is much higher among those working beyond State Pension Age, than below it. Some previous research (McKay and Middleton 1998) has attributed this to later retirement among the self-employed, rather than to any large-scale tendency for employees to shift to self-employment at this age.

The willingness and ability of people to keep working will depend on various factors. These include their own state of health, and perhaps the situations of those around them, their ability to find an employer who will employ them, or to continue working for their existing firm. This may be easier for the self-employed, who do not face the same kind of potential company policy towards a fixed age of retirement. There is no legislation regarding age discrimination at present, and such laws may have increased rates of work among older people in the US (Neumark 2001), and possibly more widely (Hornstein 2001) – though the evidence is not uncontroversial.

In the analysis, three different reasons are highlighted for why individuals may be remaining in paid work beyond State Pension Age. These are joint retirement, work satisfaction, and maintenance of living standards.

The first reason for working after SPA, perhaps particularly important for women, is the possibility that men and women in couples want to retire at the same time. If a husband is two years' older than his wife, the couple might decide to both retire at (say) 64 and 62. This would be beyond SPA for the woman, and below it for the man. Given such age gaps, and indeed couples with women older than their partners, then to retire at a similar point in time will require one or other to retire before or after their respective State Pension Age.

The second area is that of fulfilling employment. Some older workers appear to derive considerable satisfaction from their employment, it may be an important part of their identity, and contribute to a positive outlook. There is evidence of this factor from looking at high levels of job satisfaction among older workers, and a reluctance to leave work.

The third area considered is people working to improve their financial circumstances in retirement. This may be to avoid low income when work ends, but working for financial reasons is not necessarily to avoid poverty. Many of the poorest post-SPA are likely to be those who left the labour market, through unemployment or ill health, before SPA, sometimes labour market exit can occur well before SPA. Those working post-SPA may think they have insufficient non-state income, or existing commitments they would like to clear before making the probably irrevocable decision to end work. There is evidence of this in the high rate of saving of this group, and the lower than average receipt of occupational pensions.

1.4 Numbers of older people: future trends

It is well-known that Great Britain, in common with other developed nations, now has an ageing population. As a result of the 'baby boom' generation reaching retirement, lower fertility and increases in life expectancy, the average age is rising. An increasing proportion of the population will be found in the older age group, and numbers in these groups are now inexorably rising (Figures 1.5 and 1.6). The rates of employment among these groups will therefore be increasingly important for the numbers of people in work overall.

It has already been mentioned that the State Pension Age for women begins to rise in 2010, reaching 65 by 2020, which will then make it equal to that of men. This offsets some of the pension spending implications of population ageing.

These two charts show a strong projected increase in the number of people who will be aged 70 or older as the 21st century unfolds. The numbers aged 65-69 are also expected to rise, but by lower numbers each year.

Figure 1.5 Future growth of older age group (men)

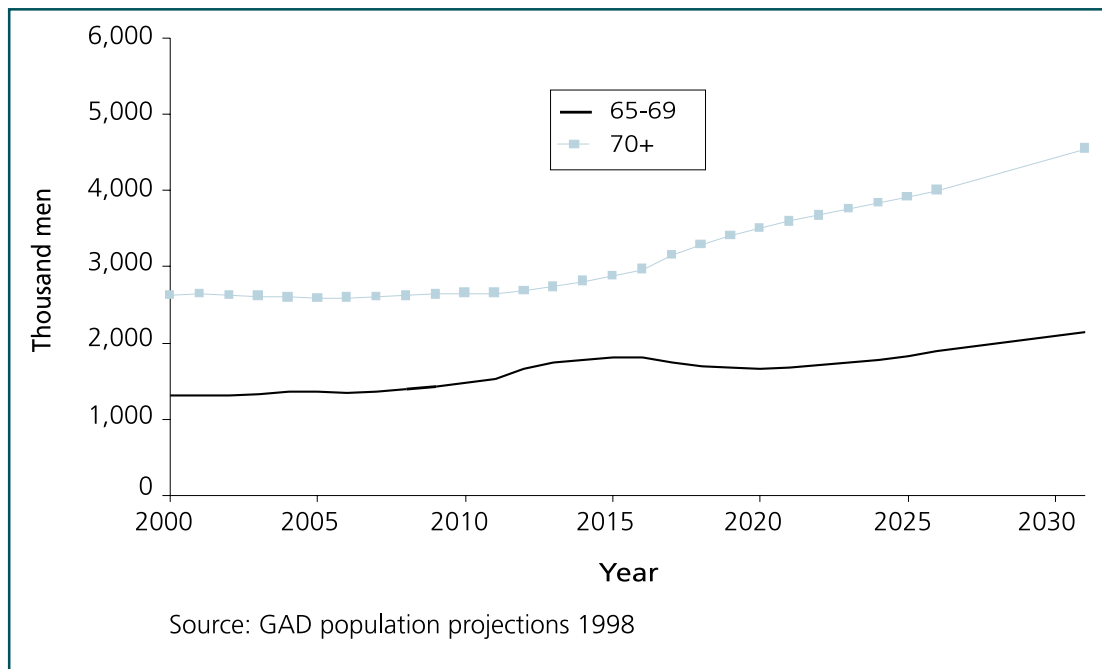
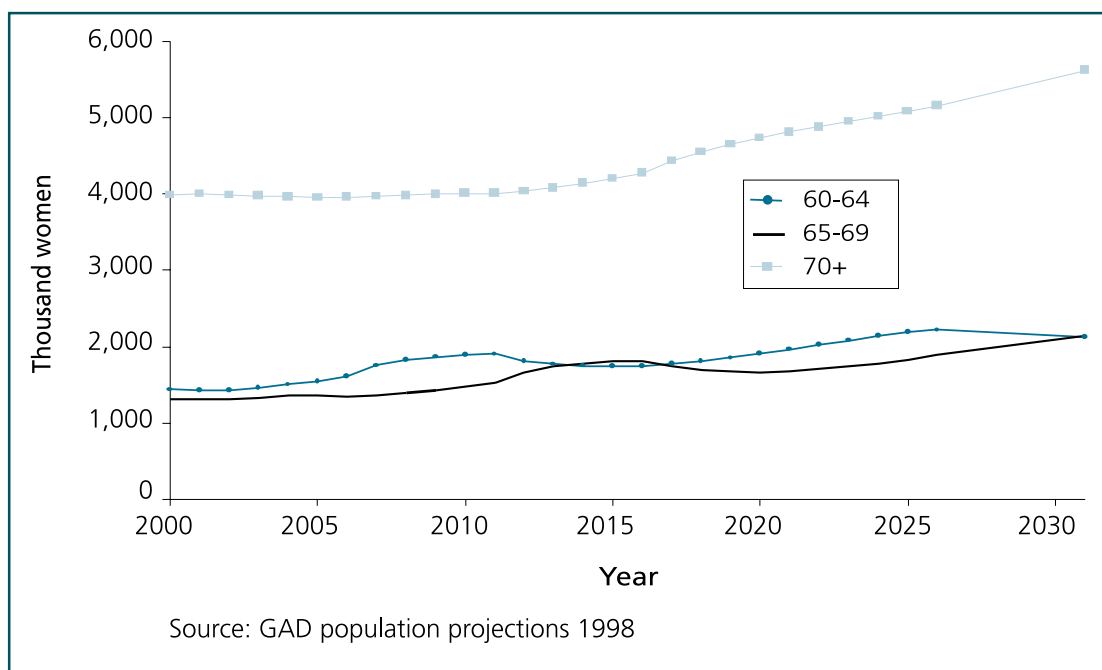


Figure 1.6 Future growth of older age group (women)



2 The work decision

2.1 Introduction

This chapter begins with an assessment of the relevance of age and gender in affecting the tendency to work post State Pension Age (SPA). As discussed in the introduction, the chapter is also designed to assess the extent to which the employment choice is motivated by 'poverty push' or 'living standard maintenance' considerations. To this end, the wealth and non-earned income of working and non-working groups will be compared. Are those continuing in work concentrated in low-income and low savings categories?

Other factors that enter the work decision include a desire for company, health problems affecting ability to work and household circumstances, including a partner's employment status and caring responsibilities. Together these elements of choice constitute the supply factors that influence labour force participation. In terms of the *demand* for older workers, regional differences in economic conditions will impact upon employment levels at all ages. The relationship between propensity to work, region of residence and regional unemployment levels is therefore also examined.

Bivariate and multivariate analytical methods are deployed throughout the chapter to build up a picture of the circumstances associated with working, or refraining from labour market participation, among the post-SPA population.

2.2 Male and female participation rates

Overall employment rates for women from the age of 60 and men from the age of 65 stand at nine per cent and eight per cent respectively (Table 2.1). Given the differences in participation rates throughout their lives it is interesting that levels of employment achieve parity post-SPA.

Table 2.1 Employment status after SPA

	<i>Column percentages</i>	
	Men	Women
Employed	4	7
Self-employed	4	2
Retired	92	91
N	11,674	19,662

Source: FRS 1997-2000.

These aggregate figures, however, conceal significant differences among different age groups, with twice as many men as women employed over the age of 65 (Table 2.2). The comparatively high levels of participation among women in the period immediately following SPA reflects their younger age and the continued participation of many of their partners (who, unless they are five or more years older, may still be below their own SPA).

Table 2.2 Working by age group and sex

	<i>Cell percentages</i>	
	Men	Women
50-54	82	69
55-59	68	53
60-64	45	25
65-69	13	8
70-74	8	3
75-79	4	2

Source: FRS 1997-2000.

2.2.1 Women

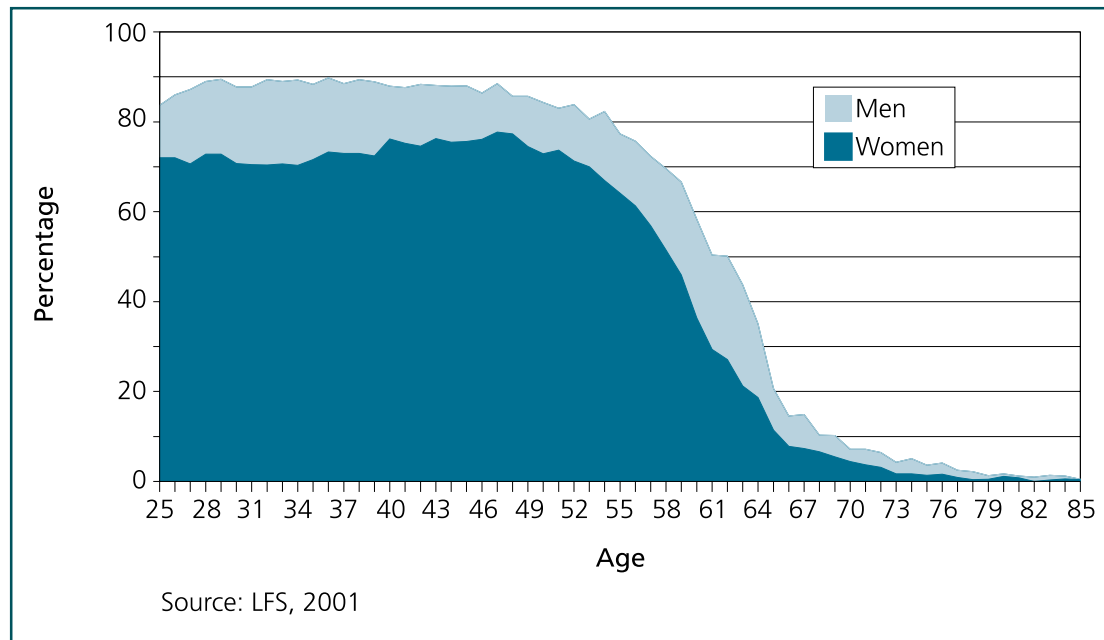
For women, the process of labour market withdrawal, highlighted in Figure 2.1, begins around the age of 51 - at which point just under three-quarters are employed or self-employed. Between 51 and 59 years of age, participation rates fall steadily by about four percentage points each year until State Pension Age is reached, at which point a 10 percentage point drop in employment levels occurs.

While 10 per cent is the largest single annual drop, the figure does not represent as sudden an exodus as might be expected as women reach SPA. Between the ages of 60 and 61 a further six per cent exit the labour market followed by a more gradual rate of withdrawal once again until another surge between the ages of 64 and 65. Reaching the age of 60 is clearly not the primary influence on choice of 'retirement' timing. By the age of 59 less than half (44 per cent) of women were working despite not yet receiving a state pension. By age 61, over one-quarter of women (28 per cent), then entitled to their state pension in most cases⁴, remained employed, indicating some flexibility in both (a) organisational retirement policies and (b) the work decision among some women. For some women later exits (between 60 and 65) arise in response to employer's retirement ages, some of which set an age above the SPA for women, typically at 65 when they do so (O'Connell 2002: p 21). Nevertheless, it is recognised that the biggest falls in employment arise between 59 and 61 with a cumulative 16 percentage point fall. In other words, the timing of State Pension Age does appear to have a strong influence on when women leave the labour force – though the effect is not overwhelming. Increasing the SPA of women to 65 might therefore be expected to affect the participation rates of women, which currently fall to just 16 per cent by the age of 64.

The 25 per cent employment rate of women aged 60-64 reported in Table 2.2 therefore conceals a lot of change during these years. The table does, however, highlight the extent to which employment levels fall among the older age groups.

⁴ This depends on a record of sufficient contributions.

Figure 2.1 Proportion of men and women employed or self-employed by age: 2001



2.2.2 Men

While, for women, reaching State Pension Age is associated with only a 10 percentage point drop in employment levels, for men there is a 17 per cent decline in participation rates. Reaching SPA would appear to be more significant for men than women, albeit five years later. Other ages which exhibit raised exit rates for men are between 54 and 55 (six per cent exiting), 59-60 (six per cent exiting) and 60-61 (seven per cent exiting). At these junctures access to occupational pensions may become available, reflecting the choice of an early retirement age. Research by Campbell (1999) indicates that early retirement is the preferred choice among many higher earning groups with occupational pensions, which might be expected to ensure a good standard of living during retirement years. Many of these early exits may also, however, reflect redundancy policies that target older workers as victims of organisational downsizing, and potential declines in health.

2.3 Poverty push or living standard maintenance?

In assessing the importance of financial considerations to the decision-making process, five factors are considered; marital status, housing tenure, the significance of earnings to weekly household budgets, educational qualifications and health. The first two have a direct impact upon disposable income while the value of earnings indicates the financial significance of a salary in comparison to other income sources such as occupational and state pensions. Qualifications and health status provide some guide to the capacity and opportunity for older people to work.

2.3.1 Marital status

Marital status is an interesting and ambiguous variable as both social and financial welfare issues apply. It is difficult to establish the relative weights of each of these influences on the work decision but clues do arise from the distinct responses of men and women to common marital states. Table 2.3 outlines the proportion of men and women who are working among those of various different marital states. Widows and single people were the least likely to work. Among women, being married

enhanced the participation rates possibly due to the practice of some working women coinciding their retirement with that of their partners.' However, the participation rates of married women are exceeded by the participation rates of women who are separated or divorced. These women are plausibly motivated by social factors (e.g. a desire to leave the house and meet people) as well as financial factors (family budgets are often affected by couples splitting up).

Being separated or divorced was also associated with the highest participation rates among men, but the difference from the norm was rather less than among women. Under these circumstances women's finances are inevitably squeezed with a widely recognised risk of poverty among women previously financially dependent upon male partners (Dunnell, 2001). It is therefore of interest that divorced men do not experience the same enhanced participation rates as women; their financial and pension circumstances are not compromised to the same extent as those of female divorcees.

Table 2.3 Proportion of post-SPA respondents working by marital status

	<i>Cell percentages</i>	
	Men	Women
Single, never married	6	7
Married, living with partner	8	11
Married, separated	12	14
Divorced	12	16
Widowed	3	4
All states	7	8

Source: LFS 2000-2001.

Housing tenure

The financial commitments associated with housing tenure provide a clear indication that pecuniary motivations are significant in the decision-making process about remaining in paid work (Table 2.4). The groups of both men and women with the highest probability of labour market participation are those with outstanding mortgages on their properties. Having an outstanding mortgage is associated with age – 16 per cent of SPA men below 70 and women below 65 are still buying their properties. This figure drops to 6 per cent of men 70+ and women 65+. Those renting are the least likely to work which may be reflecting generally lower rates of employment among tenants, or perhaps increased access to Housing Benefit among those of pension age.

Table 2.4 Proportion of post-SPA respondents working by housing tenure

	<i>Cell percentages</i>	
	Men	Women
Own outright	7	8
Buying with mortgage	12	22
Part rent part mortgage	8	4
Renting	4	4
Rent free	6	5
All states	7	8

Source: LFS 2000-2001.

2.3.2 The contribution of earnings to weekly incomes

Developing the idea that financial concerns feature highly in the decision to continue working after pensionable age, Table 2.5 provides information relating to the significance of earnings to individual budgets.

Table 2.5 What percentage of total weekly income do earnings represent?

	<i>Cell percentages</i>	
	Average	Unweighted base
Employees ¹		
All men	42	401
Full-time men	63	104
Part-time men	35	297
All women	60	1265
Full-time women	78	364
Part-time women	53	901
Self-employed ²		
All men	45	332
Full-time men	58	140
Part-time men	31	202
All women	51	205
Full-time women	60	64
Part-time women	43	146

Source: FRS 1997-2000

¹ 130 employees (2% of total) received zero earnings last week. These are excluded from analyses.

² 45 self-employed (6% of total) earned zero or made a loss, these are excluded from presented analyses. Their inclusion depresses percentages by 1% - 3%.

On average, continuing to work and earn a wage or salary makes a considerable difference to the weekly income of men and women whether employed or self-employed. Earnings typically constituted around 40 per cent of the weekly income of men, rising to around 60 per cent for full-timers and falling to a third among men working part-time.

Compared with men, women made a more substantial contribution to weekly budgets by working. Their earnings represented nearly two-thirds of total income (up to three-quarters for women working full-time and half for women working part-time). Employment earnings therefore provide an important source of income for those choosing to remain in the workforce after pensionable age.

The contribution of earnings to total weekly income among self-employed men reflect those of their employed counterparts. Income from working among self-employed women does not represent as high a proportion of total receipts compared with employed women but remains high nevertheless at 50 per cent on average.

Another way of presenting the gains from employment is simply to compare the weekly incomes of the working and non-working population (Table 2.6). The differences are stark, in keeping with the results from Table 2.5, it is apparent that incomes double for labour market participants. The differences between working men and women are largely attributable to the greater proportion of

women working part-time (56 per cent compared with 32 per cent of men). The differences between non-working men and women are explained, in part, by the smaller proportion of women in receipt of an occupational pension (25 per cent compared with 67 per cent of men).

Table 2.6 Total weekly income among the working and non-working

	<i>£ per week</i>		
	Average Income	+/-¹	N
All over SPA	£154.06	£1.85	31329
Working men	£401.66	£36.85	901
Working women	£211.69	£8.30	1667
Non-working men	£191.44	£3.07	10771
Non-working women	£113.94	£1.33	17990

¹ Confidence interval

Source: FRS 1997-2000

There are clear financial benefits associated with working for most people beyond retirement age. It should be noted however that the earnings potential of the in-work and out-of-work groups may be different. Heightened earnings power may explain, in part, the decision to continue working, with a perception that it is financially worthwhile and effort adequately rewarded. Despite the apparent financial advantages of working, a diminishing proportion of older people pursued this option. A complex web of demand and supply obstacles and disincentives would appear to be depressing participation rates.

In addition to the individual level analyses presented in Tables 2.5 and 2.6, household level data is also provided in Table 2.7.

Table 2.7 Average earnings as a percentage of average weekly household income

Employed respondents	Total household income	Earned income	Earnings as a percentage of total income	Base
All workers	£492	£177	36%	2568
Married (or cohabiting)	£554	£196	35%	1875
Single	£316	£126	40%	690

Source: FRS 1997-2000.

The total household income of married respondents is just 43 per cent higher than their non-married counterparts, reflecting in part the reduced state pension awarded to couples whose costs are presumed to be lower due to economies associated with the sharing of resources and collective purchasing or consumption. As a result of the higher total household income of couples, the contribution of earnings to this total budget is lower compared with the earnings contribution of a single person. Hence married respondents boost household income by working to the tune of 35 per cent compared with 43 per cent by single workers.

A further factor associated with working among the SPA population was occupational pension receipt. Forty per cent of the non-workers received an occupational pension, a figure that fell to 33 per cent among workers. However, the association between working and lower levels of occupational

pension receipt is confined to men. About one-quarter of women received an occupational pension regardless of whether they worked. Among the men, 67 per cent of non workers had an occupational pension compared with 53 per cent of the working men (Table 2.8).

This difference could be reflecting the link between working post-SPA and a perceived lack of private provision (or a shortfall in private provision). Many of those with good occupational pensions leave work before SPA. Some of those remaining may be attempting to secure private provision of other kinds, such as through additional saving (as discussed in Chapter 5).

Table 2.8 Receipt of occupational pension by employment status

	<i>Cell percentages</i>	
	Workers	Non-workers
Men	53	67
Women	22	25

Source: FRS 1997-2000.

There were also small differences in the proportions of working and non-working women claiming their state pension, though these did not apply to men, 97 per cent of whom received a state pension. Some 94 per cent of non-working women received a state pension compared with 85 per cent of working women. This latter group could have been deferring receipt, which increases the state entitlement by seven per cent each year. Alternatively they might not have been entitled to a state pension in their own right. For some women, inadequate National Insurance contributions throughout their working lives denies them a full state pension, including some who may have taken the 'married women's option' prior to 1978. Home Responsibilities Protection was introduced after 1978, and reduces the years of contributions needed for a pension for those with caring responsibilities, but many current pensioners still have large gaps in their contributions.

2.3.3 Educational qualifications

Campbell (1999) has indicated that those stopping work prior to SPA are disproportionately drawn from the less well-qualified, plus some from those with good occupational provision. Overall, having higher educational qualifications was associated with working past SPA, and having none was associated with leaving work.

As Table 2.9 illustrates, among men with degree-level qualifications, 28 per cent were in paid work and among those with O-levels as their highest qualification, 19 per cent worked. This is compared with just six per cent of those with no qualifications. The next column of the table looks at the profile of workers, and reflects the distribution of qualifications in the older population as a whole. Despite a low rate of working among men without qualifications, still 49 per cent of men working past SPA had no qualifications, compared with 17 per cent of whom who were graduates.

Among women, it was again true that those with no academic qualifications were the group least likely to work (six per cent). Despite this, just over half the women (52 per cent) working past SPA had no qualifications, whilst over one-quarter (28 per cent) had qualifications not beyond O-level grade C standard.

Table 2.9 Rates of working by highest academic qualification: above SPA

<i>Cell and column percentages</i>				
	Men		Women	
	Per cent working (cell %)	Per cent of all workers (col %)	Per cent working (cell %)	Per cent of all workers (col %)
Degree	28	17	14	5
HNC, HND	10	9	7	4
A-level	7	6	18	10
O-level	10	19	15	28
None	6	49	6	52
Total	1,137	100%	1,857	100%
		N=77		N=138

Source: BHPS wave 10. Var jQFACHI

2.3.4 Health status

There was a strong link between people's perceptions of their health, and the likelihood that they were in paid work after State Pension Age. Some 15 per cent of men and 14 per cent of women with 'excellent' health were in paid work, post-SPA, compared with nine per cent for both sexes with good health, and no-one working with health described as being 'very poor' (Table 2.10).

Table 2.10 Work by health status: those above SPA

<i>Cell percentages</i>						
	Excellent	Good	Fair	Poor	Very poor	Total
<i>Per cent in paid work</i>						
Men	15	9	4	5	0	8
Women	14	9	6	4	0	8
<i>Unweighted bases</i>						
Men	157	490	378	129	59	1137
Women	242	829	656	275	116	1857

Source: BHPS wave 10. Var jHLSTAT

2.4 Household circumstances

It is well documented (Gustman & Steinmeier, 2000, Shaw, 1984, Hurd, 1988) that men and women often arrange to coincide their retirement dates. Because most women are younger than their partners and among older generations male partners' jobs command higher salaries, male retirement usually dictates the timing of joint exits. The coincidence of retirement arises from mutual leisure interests and greater enjoyment of retirement status in the company of one's spouse.

Table 2.11 supports these findings. 41 per cent of post-SPA working men had working partners compared with just eight per cent of non-working men. A number of these men will have wives under pensionable age thereby explaining the fairly high participation rates of these women. Restricting the sample to both men and partners above pensionable age still yields a 33 per cent participation rate among the female partners.

Among working women, 55 per cent of their partners were also working, down to 35 per cent selecting on both partners being of SPA. Just 11 per cent of non-working women had partners at work. Clearly a large proportion of men and women chose to continue working for as long as their partners remained in the labour market. These and other issues are discussed in more detail in Section 4.2.1.

Table 2.11 The relationship between working and partner's status

<i>Cell percentages</i>	
Per cent of partners working	
Men (partners above and below¹ SPA)	
Working	41
Not working	8
Men (partners above SPA)	
Working	33
Not working	5
Women (partners above and below SPA)	
Working ²	55
Not working	11
Women (partners above SPA)	
Working ²	35
Not working	6
Men and women	
Working	49
Not working	9

¹ 19% of working men had wives below SPA.

² 50% of working women had husbands below SPA.

Source: FRS 1997-2000.

2.4.1 Equalising State Pension Ages

Actual age and SPA are just two of a wide range of factors that influence the retirement decision. Raising the SPA will have an impact – the availability of state pensions does seem to trigger significant drops in labour force participations - but access to personal and occupational pensions also has a large effect. The extent to which control over access to occupational pensions can be exercised will also have a strong bearing on retirement practices.

The average age difference between partners, coupled with the common practice of coinciding retirement dates, will militate against policies designed to achieve an equalised age of retirement for both men and women at 65 (or at any other equal age, such as the 67 years recently recommended by IPPR researchers). Focusing on the equalisation of pension ages at 65, to be achieved by the year 2020, according to current trends it is likely that women would exit a few years below their State Pension Age as their male partners reach SPA. Alternatively, men may continue to work a little longer. Currently, as discussed in Section 2.1, one-quarter of women in the five year period after SPA continued to work, largely due to (a) their younger age and presumably continuing good health, (b) the fact that many of their partners are also working and (c) for some, the higher female retirement age found in some organisations⁵. Inevitably, health considerations will become increasingly salient as

⁵ Nearly one third of women remaining in work after the age of 60 claim organisational policies toward women's retirement age are responsible (Disney *et al.*, 1997).

the SPA is pushed upwards and policies will therefore need to be sensitive to the needs of different groups to avoid penalising those with health disadvantages.

2.4.2 Caring

Childcare responsibilities are not discussed in this report as only a handful of respondents claim to perform childcare duties. However, there is some evidence that grandparents often assume caring roles for their grandchildren (Disney, 1997).

Caring for other adults is of relevance, although still performed by small proportions of the post-SPA community. Table 2.12 indicates that only 6.2 per cent of men and 5.2 per cent of women assume caring responsibilities for another adult.

Table 2.12 Proportions of men and women with adult caring roles

	<i>Column percentages</i>	
	Men	Women
Non-carers	93.8	94.8
Care 1-9 hours	2.5	2
Care 10+ hours	3.7	3.2
Total	100%	100%
<i>N</i>	11674	19662

Source: FRS 1997-2000.

There remains, however, an issue relating to causality, it is unclear whether, in the absence of work commitments, individuals chose to assume a caring role which could possibly be taken on by another person. Alternatively, it may be that caring responsibilities prevent the search for, or continuation of, employment.

Finch and Mason (1993) suggest that caring roles are frequently accompanied by a sense of duty and obligation and effectively limit the scope of carers to pursue preferred activities including paid employment. Regardless of causal direction, there remains an association between caring and working with non-carers more than twice as likely to work compared with those caring for 10 hours or more per week (Table 2.13).

Table 2.13 Participation rates by caring responsibilities

	<i>Cell percentages</i>
	Percentage working
Non carers	9
Carers 1-9 hours per week	7
Carers 10+ hours per week	4

Source: FRS 1997-2000.

2.5 The demand for older workers

Most of the preceding analysis has examined the characteristics of older workers and non-workers. This might be regarded as representing the 'supply-side' of the equation. However, rates of working will also reflect the demand-side and this is now examined.

The demand for labour in particular regions transcends simple unemployment levels and depends also upon the mix of manufacturing and services and large and small companies. Since the late 70s, various structural changes have affected the composition of the British labour force, erecting barriers and producing opportunities with implications for older workers. A well documented contraction of the manufacturing base has been accompanied by an expansion of the service sector, although the shrinking employment share of those aged over 50 and beyond SPA has taken place in both growing and declining industries (Campbell, 1999, Kohli, 1991). However, service sector employers generally exhibit a more positive orientation toward older workers, which may increase the range of employment opportunities for this group (Taylor & Walker, 1994).

In terms of company size, Chapter 3 reveals that workers over SPA are twice as likely as other age groups to be employed in smaller companies with 1-10 staff. They are also far less likely to be employed in organisations with over 50 staff. This distribution may reflect the greater informality of small companies, which are far less likely to provide occupational pension schemes and are less likely to impose specific ages for retirement. The ratio of large to small firms also bears upon opportunities for self employment which is often pursued by older workers (Smeaton 1992, Lissenburgh & Smeaton 2001). Regions with high numbers of small firms, which provide a good 'incubator' environment are positively related to self-employment (Storey, 1982, Quince, 1985) as are rural locations (Keeble & Wever 1986, Gudgin & Fothergill 1984).

Aggregate unemployment levels will reflect overall demand for labour including those over State Pension Age. Also, to the extent that older people are lower down the 'labour queue' (Reskin & Roos, 1990) - a queue in which employers rank employees in order of preference - as unemployment levels rise and markets become looser post-SPA employment will fall.

A simple bivariate analysis, presented as Table 2.13, suggests that participation rates after SPA are not strongly associated with regional unemployment levels. The highest levels of post-SPA employment for example are to be found in London, especially Inner London and the South East. Yet Inner London has unemployment levels of seven per cent, three percentage points higher than the national average. High unemployment levels elsewhere such as Tyne & Wear are associated with depressed participation rates. Both region and unemployment rates will be included within the multivariate models which follow.

Table 2.14 Proportion of post-SPA respondents working by region

	<i>Cell percentages</i>	
	Percentage working post-SPA	Percentage unemployed (all ages)
Tyne & Wear	4	7
Rest of Northern Region	5	6
South Yorkshire	6	5
West Yorkshire	7	4
Rest of Yorkshire & Humberside	6	4
East Midlands	7	4
East Anglia	8	3
Inner London	11	7
Outer London	9	4
Rest of South East	11	3
South West	9	3
West Midlands (metropolitan)	7	6
Rest of West Midlands	8	3
Greater Manchester	7	4
Merseyside	5	6
Rest of North West	7	3
Wales	7	4
Strathclyde	4	6
Rest of Scotland	7	4
Northern Ireland	7	6
All regions	8	4

Source: LFS 2000-2001.

2.6 Multivariate analyses: pulling the picture together

Bivariate ('two way') analyses, discussed earlier in the chapter, indicated the salience of increasing age, marital status, housing tenure, partner's status, caring responsibilities and, to some extent, region of residence, in the probability of working beyond pensionable age. In order to assess the significance of these variables, controlling for other explanatory factors, a number of logistic regressions were performed. The models use 'working' as the dependent variable, which assumes a value of 0 if the respondent is not working and 1 if they do have a job. Appendix A provides further technical details of the modelling conducted, and more detailed results.

Examination of the model presented in Table A.1 finds that despite women, on aggregate, being more likely to work than men (eight per cent compared with seven per cent), controlling for age their odds of working are reduced by more than one-half. Unsurprisingly ageing was also significantly associated with lower working probabilities while good health enhances the odds of participation.

Consistent with the bivariate findings reported above, devoting time to the care of other adults has a negative effect on participation rates. Caring for 1-9 hours a week reduces the likelihood of working by one-quarter while caring for 10+ hours a week halves the odds of paid employment.

The housing tenure variable produces few surprises. Compared with owning a home outright, having an outstanding mortgage multiplies the odds of working by a factor of nearly 2. Rent-free tenants are something of an anomaly though, with more than double the odds of working. This may be explained

by 'tied accommodation' whereby free housing is provided as part of a job. The FRS unfortunately does not provide adequate detail to allow confirmation of this supposition.

In terms of marital status, the divorced and separated exhibit enhanced odds of working compared with the married/cohabiting group. Disaggregation by gender however, reveals that marital status is not important for men. It is only among women that labour market engagement is increased when couples separate or divorce. Their odds of working nearly double (see Table A.2, models 1 and 2). As discussed earlier however, it is not immediately obvious whether a marriage breakdown encourages employment primarily as a means of developing one's social life or in response to financial hardship. Given that the marital status / working relationship only holds for women it is probable that financial difficulties are the prime motivator as marriage dissolution has a greater economic impact upon women than men.

The role of family savings, individual total weekly income and receipt of an occupational pension shed further light on the centrality of financial considerations in the decision to work beyond pensionable age. Compared with individuals with family savings of £8,000-£20,000, no other savings groups were significantly more or less likely to work apart from those with savings with a value of less than £1,500. 33 per cent of the total sample have savings below £1,500 and this group are roughly one-quarter less likely to work than those with higher savings levels. It would appear that those with the greatest financial need are the least likely to work despite controlling for education and health levels. Individuals with low income and savings below £8,000 are entitled to Income Support or other means-tested benefits. Returning to work and receiving a salary risks compromising these entitlements, which may therefore act as a disincentive to job search activity. However, benefit entitlement is only part of the story, individuals with savings under £1,500 are also likely to have lower earnings power and fewer opportunities to engage with the labour market.

In contrast to savings, weekly non-earned income does exert some explanatory power over the decision to work. Compared with 'middle' income groups which receive between £105-£200 per week, being in a low income group which receives between £1 and £104 per week, multiplies the odds of economic activity by 1.6. Financial need would appear to be driving their decision to work. Of interest however, is the enhanced probability of working associated with the top of the income scale. Income in excess of £200 per week increases the probability of working by the same amount as low-income groups. These individuals appear to be seeking to maintain a given standard of living for as long as possible without having to rely on savings. Alternatively, non-monetary drives are promoting a desire to continue working.

Receipt of an occupational pension can be expected to boost weekly income but widely varying values associated with pensions render speculation on the association between pension receipt and working difficult. Table A.1 indicates that, on average, receiving a pension more than halved the odds of working post-SPA compared with individuals without an occupational pension. This finding lends support to the idea that workers are, to some extent, motivated by a need to offset potentially low incomes once work ends.

Compared with men and women leaving full-time education between the ages of 15 and 18, leaving school at 14 is negatively associated with working while remaining in education until at least 19 is positively associated with working beyond SPA. The early leavers are more likely to have had careers in lower-skilled positions and have perhaps reached retirement age with fewer opportunities available to continue.

Higher unemployment levels are associated with a decreased chance of working. Compared with living in the North East the following regions of residence increase the likelihood of employment; East Midlands, East, London, South East and South West.

Finally, compared with being white, Indian and Pakistani men and women have significantly reduced probabilities of working beyond SPA.

It is apparent from models 1 and 2 in Table A.2 that the factors associated with working are broadly similar for men and women. There are a couple of exceptions however; marital status, discussed above and family savings.

For men, savings between £8,000 and £20,000 are associated with the highest odds of working. Savings extremes of less than £1,500 and more than £20,000 significantly depress participation rates. Presumably for those with high savings 'financial push' motivations are less common. Benefit entitlements among low-income and low-savings groups will also act as a disincentive to work. These findings are therefore in keeping with expectations.

For women, savings of less than £1,500 have the same lowering effect as for men but savings over £20,000 double their participation. It is possible that the value of 'benefit unit' savings is of greater relevance to the labour market activity of men than women. Using family level data relies on an assumption that the control and allocation of family resources is distributed evenly within the family unit. Pahl (1990) however, asserts the need to recognise widespread conflicts and compromises over access to resources within households. A further factor that may lead women in better off families to continuing working relates to their potentially superior working terms and conditions, which have contributed to higher savings levels. Better jobs tend to offer good occupational pensions. Women with occupational pensions may feel the need to continue working for longer in order to compensate for years spent out of the labour market while raising a family as this allows pension contributions to be extended and their ultimate value enhanced.

In models 3 and 4, which add the influence of a partner working, the caring variable fails to achieve significance and, for women, receiving a low weekly income is no longer significant. For both men and women, the effect of having a partner at work is very large with their odds of working multiplied by 6 and 5 respectively. Clearly, the employment status of partners represents the most important causal factor in explaining labour market participation after retirement age regardless of gender.

Taken as a whole, the results tend to support the idea that for many SPA people, working is associated with financial hardship such as; the absence of an occupational pension, income below £100 for men, still paying a mortgage and, for women, being separated or divorced. Yet a certain level of advantage would appear to be a prerequisite in terms of reasonable levels of education, more affluent regions of residence, good health and younger ages. Those in more extreme need with very low savings have often experienced a lifetime of disadvantage with attenuated employment opportunities leading to reliance upon state benefits, which in turn can function as an employment disincentive.

3 Types of jobs

3.1 Introduction

This chapter seeks to examine the employment circumstances of the falling numbers of post-SPA workers. Are the majority employed by the same organisations for which they worked prior to retirement age or do many find new employment opportunities? Under what contractual basis do they secure work? Are some industries and occupations more likely to absorb or retain older workers? Similarly, is employment sector and company size important for such employment opportunities? Finally, the chapter also investigates the earnings commanded by post-SPA workers in comparison with younger groups. Are older workers 'exploited' in the sense of reduced earnings power?

3.2 New jobs or old

In order to construct policies designed to promote more flexible retirement trajectories it is necessary to understand the labour market movements undertaken by older workers. The type of work pursued will depend upon motivations for working. For those wishing to sustain the challenge and responsibilities of work, many of the casual opportunities most abundant in the service sector may not be suitable. Similarly, for those motivated by financial need, lower paid elementary vacancies may be rejected as below reservation wages. For these groups of people remaining with an employing organisation offers the best prospect for longer-term labour market engagement. If forced to leave such jobs the likelihood of securing a new position with comparable terms and conditions is slim for men and women in their 60s. Changing jobs is frequently associated with, at least, a reduction in earnings. Gregg et al. (1999) identified a 25-35 per cent reduction in earnings levels among men over 50 who were displaced from jobs.

Elsewhere, analyses of the costs associated with job loss reveal a worsening situation. Between the early 80s and mid 90s, wage loss for men subsequent to unemployment has increased by 40 per cent, with high skill groups suffering the largest declines (Nickell et al 1999). Access to 'primary labour market' positions, characterised by promotion prospects, decent occupational benefits and good conditions tend to be denied to older workers searching for jobs as ports of entry are restricted to younger, initially cheaper recruits (Hirsch et al 2000). It is therefore necessary to acquire greater understanding of the extent to which participation rates are facilitated or blocked by employers' policies toward retirement ages. Individuals may be more attracted to work opportunities if their hourly earnings, status and conditions are maintained, which is mainly achieved by remaining with an employing organisation. Therefore policies which attempt to encourage people back into the labour

market, having retired from a long-term employer, may prove difficult. Efforts are plausibly more likely to succeed if directed towards the retention of pensionable age staff. Organisations as well as individuals need to be provided with incentives and relevant pension legislation to develop flexible terms and conditions that will promote delayed labour market exit.

This section aims to establish the proportions of men and women in work, both full and part-time, who maintain their employment relationships beyond SPA as opposed to acquiring new positions elsewhere. Table 3.1 indicates that three-quarters of men and women working after SPA were in jobs they held prior to SPA. This proportion rises for full-time employees but for men working part-time drops to a little over half, further research would be beneficial in explaining this result. Given that many, if not most, men and women prefer part-time working arrangements at this stage of their lives (see Tables 3.4 and 3.5) it is possible that part-time opportunities are not available to men wishing to remain with their pre-SPA employer. Instead, to continue working, it becomes necessary to seek new employment. Given the difficulties associated with securing decent employment at older ages, job search efforts for many among this group may prove futile, hence the dramatic decline in numbers employed at this stage of life.

Table 3.1 Proportion of post-SPA workers employed in same job as pre-SPA

	<i>Cell percentages</i>	
	Men	Women
All	73	77
Full-time	83	91
Part-time	56	75
Self-employed	88	82

Source: LFS 2000-2001.

Twelve per cent of men and 18 per cent of women appeared to have initiated a new business subsequent to retiring (Table 3.1). It is possible that some of this group have remained with a previous employer but having drawn their occupational pension are now employed on a new contractual basis, as consultants for example. A document published by The Cabinet Office Performance and Innovation Unit; 'Winning the Generation Game' urges the Inland Revenue and Department of Social Security (as DWP then was) to review the rules associated with pension access while remaining with the same employer. Current regulations permit such access to a pension only upon the departure from the employing organization with which the pension resides. This gives rise to the perverse situation of an individual leaving a job, collecting their pension and then becoming re-employed by the same organisation on a contractual / consultancy basis, a practice which has become fairly widespread (Preston 2000, Bone 2000).

3.3 Job characteristics

3.3.1 Employment contracts

This section examines the contractual basis of employment among older workers. As retirement approaches, are SPA workers increasingly drawn to 'non standard' contracts such as fixed term, casual, part-time and self-employed positions? Comparisons with younger workers indicate the extent to which older workers increase their representation in such contracts, which are also

described as 'bridge jobs' suggesting employment positions that ease the transition between full-time permanent work and full-time retirement. Sudden transitions between these states can cause psychological as well as financial adjustment difficulties. These can be smoothed by shifting, for a period of time, to new jobs possibly with fewer hours and/or responsibilities.

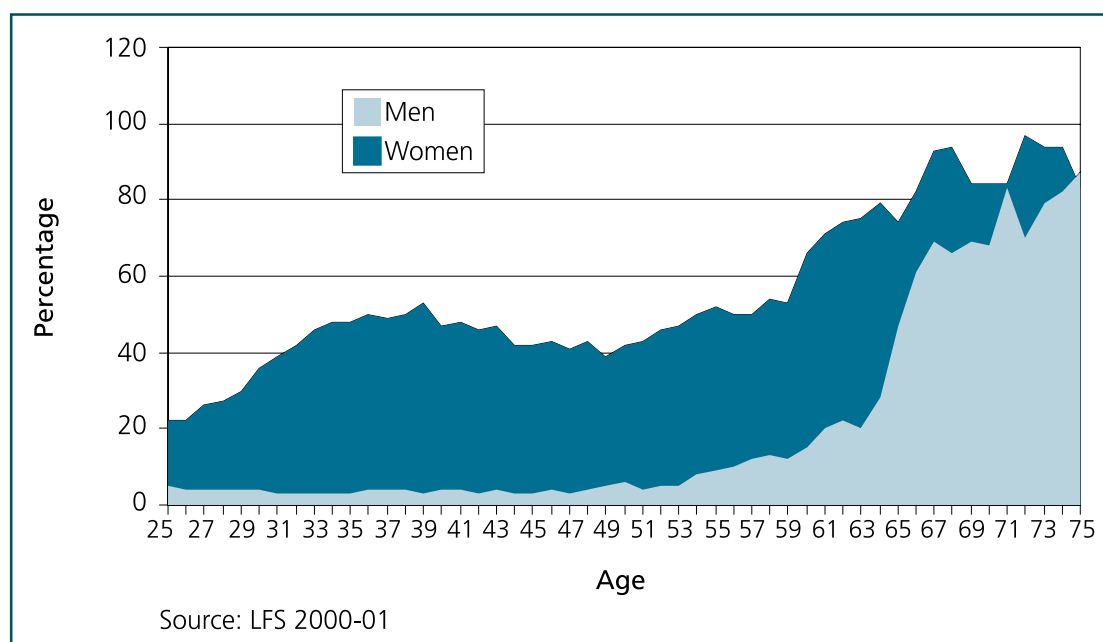
Table 3.2 presents figures that indicate the contractual basis of employment among the working population. The proportion of women working part-time increases fairly steadily but one-fifth remain working on a full-time basis, a larger proportion than the 15 per cent of men, reflecting the younger age at which women reach SPA. Figure 3.1 provides greater detail and shows a gradual upward trend in women working part-time from the age of 49 followed by a notably steeper incline from the age of 59. Returning to Table 3.2, the preponderance of temporary contracts increases for post-SPA women but remains fairly low at nine per cent, while self-employment doubles, reaching 16 per cent. Self-employment levels are also displayed in Figure 3.2, which reveals fairly flat participation rates among women, at under 10 per cent, until they reach the age of 60. At this point self-employment jumps upward.

Table 3.2 Employment contract by age group: Men and women 2001

	Column percentages					
	Men			Women		
	25-49	50-64	65+	25-49	50-59	60+
Full-time permanent	80	69	15	53	46	20
Part-time permanent	2	5	32	35	40	56
Temporary	4	4	10	6	5	9
Self-employed	15	22	44	7	9	16
Total (=100%)	31560	12921	1075	29162	9177	2120

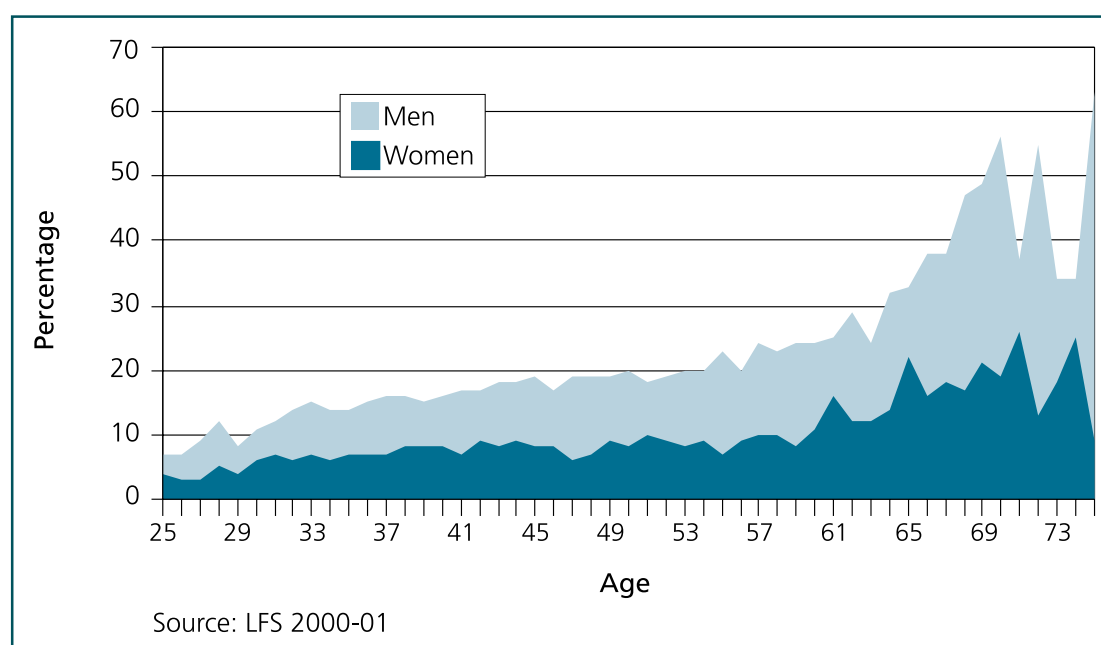
Source: LFS, 2001. Base = all working.

Figure 3.1 Proportion of men and women working part-time by age



The distribution among different types of employment for men was far more skewed than for women. The largest post-SPA group, at 44 per cent, were self-employed, double the number of 50-64 year old men (see Figure 3.2). The extent to which self-employment represents a free as opposed to constrained choice among older men, facing attenuated employment alternatives, cannot be ascertained from the LFS or FRS. Evidence from alternative data sources, however, (Smeaton, 2002) suggest that entry into self-employment is increasingly an 'unemployment push' phenomenon, associated with redundancy and enforced early retirement packages, with a widespread belief among the self-employed that they are perceived as too old for available employment opportunities. Nevertheless, despite being pushed into this status, large proportions of the self-employed become converted to the merits of independence and would not return to employment (Smeaton, 2002). They are also freer to continue working as long they wish, hence the preponderance of self-employment amongst pensionable age working men.

Figure 3.2 Proportion of men and women self-employed by age



Relatively few post-SPA men were employed under temporary contracts, although at 10 per cent they were twice as likely as their younger counterparts to be so employed (Table 3.2). One-third of men were employed on a permanent part-time basis, up from extremely small percentages among pre-SPA men. As indicated above, a little under half of the men working part-time were employed in new jobs compared with just under one-fifth of men working full-time.

The distribution of SPA men and women throughout the different temporary job types are nearly identical, they are therefore combined in Table 3.3. At this stage of life, men and women are less likely to be on a fixed-term contract, which tends to be associated with professional positions. Instead, they are more than three times more likely than younger employees to be working on a casual basis, although whether by choice or not cannot be discerned from the LFS or FRS.

Table 3.3 Type of temporary job by age: Men and women

	<i>Column percentages</i>		
	25-49	50-59/64	60/65+
Seasonal work	3	4	8
Fixed-term contract	57	57	35
Agency temping	18	15	7
Casual work	10	14	40
Other	12	11	11
<i>N</i>	<i>2789</i>	<i>969</i>	<i>299</i>

Source: LFS 2000-2001.

3.3.2 Downshifting

The prevalence of 'downshifting' of hours or responsibilities among older workers is not known, but given current economic pressures and evidence of ongoing widespread restructuring strategies throughout the UK (Worrall et al, 2000) it is unlikely to be widespread. Strategies include downsizing (shedding labour) and delayering (removing managerial strata) with the aim of reducing costs, improving communications and enhancing the responsiveness of companies to changing demands. The effects upon employees and managers within organisations are often adverse, marked by work intensification (Green, 2000) and 'increasing spans of (people and task) control' (Worrall et al, 2000) with clear health implications.

This intensification of work is now recognised in some organisations as problematic for an ageing workforce. Nissan has called it 'The Ageing Worker Problem', an issue that is still being discussed and far from resolution, 'Nissan workers in their thirties express anxiety about how long they can continue with a punishing pace of work' (Bradley et al, 2000). Evidence of this sort suggests that the scope for downshifting has been seriously undermined over the past decade or so as workers of all ages are increasingly pushed to achieve more with less. It is likely that a lack of opportunities to manipulate work tasks or hours precipitates exits from full-time employment. Within this context it may prove difficult to encourage the older workforce to remain in employment beyond SPA.

Table 3.4 indicates the importance of part-time opportunities. The largest groups of employed and self-employed men and women worked part-time, predominantly through choice. Reasons for working part-time rather than full-time are outlined in Tables 3.5 and 3.6, which show that 95 per cent did not want to work on a full-time basis. Of these, 39 per cent choose to work part-time because they were financially comfortable and wished either to sustain a particular standard of living or because they enjoyed working. A further 44 per cent worked part-time for 'other' reasons. This is a large group, which warrants further qualitative investigation to unpack the interplay of motives for working part-time, which are likely to include health, financial and opportunity dimensions.

Table 3.4 Employment type among post-SPA workers

	<i>Column percentages</i>	
	Men	Women
Employed full-time	16	25
Employed part-time	34	56
Self-employed full-time	19	6
Self-employed part-time	30	13
<i>N</i>	<i>901</i>	<i>1667</i>

Source: FRS 1997-2000.

Given the apparent preference for part-time contracts, in order to retain workers, companies need to offer opportunities or incentives such as reduction in hours, home working opportunities or flexible hours systems. Some organizations already provide this form of flexibility for women who are raising a family. Extension of such provisions to older men and women is likely to be met favourably.

Table 3.5 Reason for working part-time by sex

	<i>Column percentages</i>	
	Men	Women
Ill or Disabled	2	2
Could not find full-time work	3	3
Did not want full-time work	95	95
<i>N</i>	<i>756</i>	<i>1655</i>

Base: Pensionable age men and women.

Source: LFS 2000-2001.

Table 3.6 Reason for not wanting full-time work by age

	<i>Column percentages</i>		
	25-49	50-59/64	60/65+
Financially secure work because I want to	3	18	27
Earn enough working part-time	4	14	12
To spend more time with family	46	21	9
Domestic commitments	35	19	8
Insufficient childcare facilities	3	0	0
Another reason	10	28	44
<i>N</i>	<i>13436</i>	<i>5775</i>	<i>1940</i>

Source: LFS 2000-2001.

Table 3.7 further supports the claim that pensionable age men and women are more likely to want to work reduced hours. Within each contractual category, whether full-time, part-time or temporary, the post-SPA workforce worked fewer hours than younger workers, this gap in hours was greater for men than women. Having reached official retirement age these men and women can either afford to reduce their hours, desire a better work/life balance or, for health reasons, need to spend less time at work.

Table 3.7 Average hours worked by contractual type and age group: 2001

	<i>Average weekly hours</i>					
	Men			Women		
	25-49	50-64	65+	25-49	50-59	60+
Full-time permanent	43	43	40	39	39	38
Part-time permanent	21	21	18	20	20	16
Temporary	39	33	18	27	24	15

Source: LFS 2001.

3.3.3 Industry and occupation

Can differences between pre and post-SPA workers be discerned when comparing their distribution throughout the industrial and occupational structure? In other words, do some jobs appear to offer more opportunities for those wishing to continue working beyond SPA?

Table 3.8 Industrial sector by age category: 2001

	<i>Column percentages</i>					
	Men			Women		
	25-49	50-64	65+	25-49	50-59	60+
Agriculture & Fishing	1	1	3	1	1	1
Energy & Water	2	2	1	1	*	*
Manufacturing	26	27	19	10	10	9
Construction	9	10	5	1	2	2
Distribution, Hotels & Restaurants	14	12	20	19	19	21
Transport & Communications	11	11	8	5	3	3
Banking Finance & Insurance	17	13	16	16	12	13
Public Administration, Education & Health	17	20	20	43	50	44
Other Services	4	5	8	5	5	8
Total %	100	100	100	100	100	100
<i>N</i>	27123	10238	636	27369	8437	1811

Source: LFS 2001 employees only. * = <0.5.

Looking first at the industrial sectors of men, the post-SPA workers were over-represented in distribution, hotels, restaurants and 'other services' (Table 3.8). They were under-represented in the construction industry and declining manufacturing sector from which significant proportions of all men over the age of 50 have lost their jobs over the past couple of decades. Of the jobs that remain in these sectors, many require a degree of physical strength, which employers may regard as unsuitable for older workers. They also tend to be dominated by full-time permanent positions, which may not be favoured by men beyond SPA.

Women gravitate toward part-time positions at various points in their life-cycle and many enter industries that can accommodate their desire for flexible hours. Hence, women of all ages are concentrated in the service sector generally and in public administration, education and health more specifically.

Table 3.9 presents the occupational distribution of workers of all ages. Post-SPA men were less likely than their younger colleagues to be employed as managers, in skilled trades or as machine operatives. Instead they exhibited increased representation in elementary occupations that require little training and few, if any, qualifications. Once again, it is not clear whether it is these occupations which are most likely to offer retention opportunities beyond SPA, provide the most opportunities for re-employment among men or whether these older men prefer a less demanding position during their final years of work. The distinct occupational profiles of the different age groups of men may also reveal a cohort effect with the post-SPA workers retaining their distinct occupational and industrial profiles at earlier ages. Further research is required to investigate the occupational choices and constraints facing the older workforce.

Similar occupational outcomes apply to women. Their employment in professional jobs diminishes, with increasing proportions located in elementary occupations instead. Once again, issues relating to choice and cohort effects arise. The current generation of women aged 60+ faced very different occupational and educational opportunities when first entering the labour market with long-term implications for employment trajectories.

Table 3.9 Proportion of workers in each occupational group by age group

	<i>Column percentages</i>					
	Men			Women		
	25-49	50-64	65+	25-49	50-59	60+
Managers and senior officials	22	23	19	11	9	7
Professionals	12	11	9	11	10	6
Associate professionals	10	7	4	12	9	8
Admin and secretarial	8	7	10	27	29	24
Skilled trades	18	17	11	2	2	2
Personal service	7	6	12	15	16	21
Sales and customer service	4	3	6	10	10	10
Process plant and machine operatives	15	19	16	4	4	4
Elementary occupations	6	7	14	8	11	19
Total %	100	100	100	100	100	100
<i>N</i>	<i>20426</i>	<i>7623</i>	<i>416</i>	<i>20221</i>	<i>5620</i>	<i>1299</i>

Source: FRS 1997-2000. Base: employees only.

In order to investigate the occupational effect of leaving a pre-SPA employer and taking up new employment elsewhere, Table 3.10 presents the occupational location of 'movers' vs. 'stayers'. 'Movers' are working individuals who entered their current jobs at or beyond SPA. 'Stayers' are those who continue working with organisations with which they were employed prior to SPA. Is the over-representation of men and women in elementary occupations attributable to new appointments assumed after pensionable age? The answer to this question is yes.

Comparing male 'movers' with 'stayers', the former were three times as likely as those remaining with pre-SPA employers to be employed in elementary occupations. Similarly among women, those securing new jobs were twice as likely as the non-movers to end up in low-skilled elementary positions. Men and women remaining with longer-term employers retained their positions as managers and professionals to a far greater extent than post-SPA job changers. Whether this difference in occupational attainment matters depends upon motivations for working. Future

research should address this issue of occupational choice and the extent to which individuals are prepared to take a drop in skill, status and salary in the search for work post-SPA. Of course, it may be that job movers who end up in low-skilled positions were always employed in elementary occupations with no associated loss of status. Analysis of longitudinal data with complete job history information is needed to establish whether it is the low-skilled groups with a history of lower earnings who are most likely to exit at pensionable age and then embark on new job search activities.

Table 3.10 Proportion of workers in each occupational group by new or old job

	<i>Column percentages</i>			
	Men 65+		Women 60+	
	Old job	New job	Old job	New job
Managers and senior officials	23	6	18	3
Professionals	12	5	6	3
Associate professionals	4	2	8	6
Admin and secretarial	10	10	26	16
Skilled trades	12	8	2	2
Personal service	11	14	19	25
Sales and customer service	15	9	9	13
Process plant machine operatives	14	18	4	4
Elementary occupations	9	28	17	29
Total %	100	100	100	100
N	290	122	1033	263

Source: FRS 1997-2000.

Base: Pensionable age employees only.

3.3.4 Organisational type

Table 3.11 highlights the importance of company size for prospects among older workers.

Workers over SPA were twice as likely as other age groups to be employed in companies with 1-10 staff, they were also far less likely to be employed in organisations with over 50 staff. This distribution may reflect the greater informality of small companies, which are far less likely to provide occupational pension schemes and are less likely to impose specific ages for retirement. Therefore, despite large organizations being required to operate with formal equal opportunities policies and with human resource departments more aware of issues such as age discrimination and workforce diversity, it is very small companies that retain or absorb members of staff over SPA in greater numbers.

Table 3.11 Percentage of each age group by workplace size

	<i>Column percentages</i>		
	25-49	Age group 50-59/64	60/65+
Number of employees at work			
1-10	18	23	43
11-49	27	28	28
50+	56	49	30

Source: LFS 2000-01.

The question of whether the small companies are primarily fulfilling a recruiting, as opposed to a retention, role is explored a little further. Restricting the sample to the SPA population, 40 per cent of 'stayers' are employed in companies with 1-10 staff. A slightly higher proportion (48 per cent) of 'movers' are in the smallest organisations. Both groups, however, were significantly over-represented in small firms, which were therefore apparently more inclined to both retain and recruit older workers beyond State Pension Age.

The distribution between public and private sectors among the different age groups was not significantly different.

3.3.5 Job satisfaction

There was some tendency among those working past SPA to be more satisfied with their jobs (as employees) than among younger age groups (Table 3.12). In particular, they were the most likely to say that they were 'completely satisfied' with their job. Whilst the results for men are based on relatively few cases, they mimic the figures for women, which have a larger base. Moreover, results for the self-employed, asked an analogous question about their job satisfaction, show similar results. Indeed, the self-employed post-SPA were even more positive about their jobs than were employees.

Table 3.12 Job satisfaction by age group and sex

	<i>Column percentages</i>			
	Age group			
	16-29	30-49	50<SPA	SPA+
Men				
1 Not satisfied at all	2	1	2	[4]
2	3	3	3	[9]
3	7	9	9	[4]
4 Not satisfied/not dissatisfied	9	9	10	[4]
5	26	26	22	[16]
6	44	45	46	[38]
7 Completely satisfied	10	6	9	[27]
Women				
1 Not satisfied at all	1	1	1	1
2	3	2	2	2
3	8	7	7	0
4 Not satisfied/not dissatisfied	7	6	6	5
5	24	24	21	15
6	48	49	50	38
7 Completely satisfied	10	11	13	39

Source: BHPS wave 10. Var jBSAT. Base: employees.

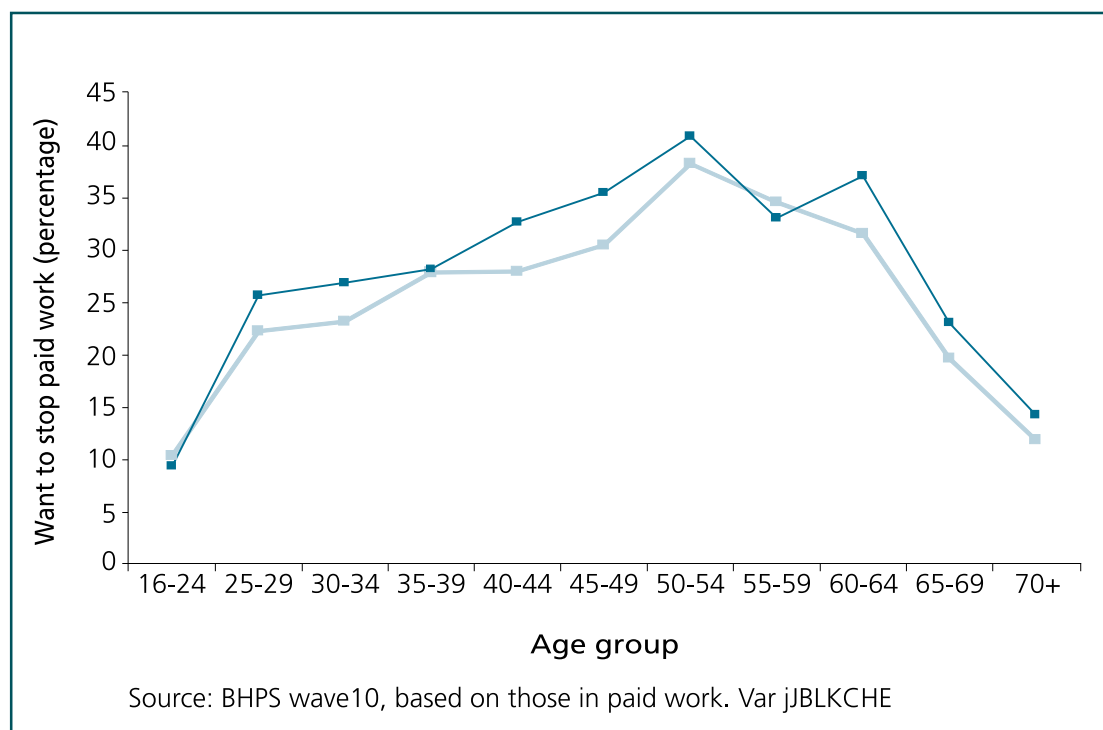
Numbers in [] are based on fewer than 50 cases and may be unreliable.

These results provide a more positive interpretation of why people remain in paid work after SPA. For some, work may be particularly rewarding.

3.3.6 Wanting to leave work

BHPS workers were asked if, in the next 12 months, they would like to give up paid work⁶ and the results from this question are shown in Figure 3.3. Generally speaking, those in their 50s were the most likely to say they wanted to give up paid work. Among men, the desire to give up paid work was rather lower among men in their 60s, especially past SPA, than among those just prior to State Pension Age. For women, however, those working into their early 60s were more likely to say they wanted to leave work than women in their late 50s. This chart again illustrates that many people working beyond State Pension Age may be valuing their work rather highly.

Figure 3.3 Percentage wanting to leave work in next year, by age and sex



3.4 Earnings

How do the earnings of post-SPA workers compare with other age groups? Do men and women at this stage of life have the same earnings power as younger colleagues? Examination of Table 3.13 suggests that the answer depends on the contractual basis of employment. Among post-SPA men only full-time permanent workers earned significantly less than younger groups⁷. For women, the post-SPA workers earned significantly less than 25-49 year-old full-time and part-time permanent workers. There were no significant differences in hourly earnings among the women working on temporary contracts.

⁶ The full question was: JE101E :I am going to read out a list of things which you may or may not want to happen to your current employment situation. for each one can you please tell me whether you would like this to happen to you in the next twelve months. Would you like to... Give up paid work?

⁷ Overlapping confidence intervals among part-time and temporary workers result in insignificant differences among the various generations of men.

Table 3.13 Average hourly pay by contractual type and age group

	<i>£ per hour</i>					
	Men			Women		
	25-49	50-64	65+	25-49	50-59	60+
(+/- confidence interval)						
FT permanent	11.49 (0.15)	11.01 (0.25)	8.27 (1.68)	9.51 (0.14)	8.70 (0.23)	7.55 (1.06)
PT permanent	7.43 (0.95)	8.64 (1.16)	7.61 (1.61)	6.94 (0.15)	6.28 (0.19)	6.20 (0.42)
Temporary	9.55 (0.63)	12.06 (1.59)	8.72 (1.94)	8.86 (0.51)	9.45 (1.07)	11.01 (3.27)

Source:LFS 2000-2001.

Of course, it cannot be concluded that lower average earnings among post-SPA full-time permanent men and women and part-time women is attributable to discrimination. The reported earnings are plausibly explained by the concentration of these older men and women in service sectors with an over-representation in elementary occupations. Multivariate analyses are required to establish whether there is, in addition to other known factors associated with earnings levels, a residual difference that may be attributed to the age of the workers. Such analyses have been performed and are presented in Appendix B, as Table B.1.

Ordinary least squares (OLS) regressions, predicting employee hourly earnings, were carried out for men and women working full-time and part-time. Focusing on the variable of interest, age group, it is clear that once occupational group, employment status, sex and educational achievement are controlled for, reaching SPA was not associated with a deterioration in hourly pay rates.

There was one exception to this finding; pensionable age men working on a full-time basis earned a significant £1.88 per hour less than 25-49 year olds with an even bigger gap compared with men aged 50-64. The source of financial disadvantage for these older men working full-time is not evident from the results derived from analysis of the LFS but warrants further investigation.

4 Dynamics of retirement

4.1 Introduction

This chapter provides further analysis of the British Household Panel Survey, to consider how far a longitudinal study may shed light on the timing of exit from the labour force, and working past State Pension Age. The main disadvantage of the BHPS is that it is much smaller than the other datasets used here. The advantage is its ability to track the same individuals over time. However, the small sample sizes available mean that the analysis reported on here should be regarded as exploratory rather than definitive. It should be possible to test some of the results when larger scale longitudinal data becomes available for this age group (e.g. the English Longitudinal Study of Ageing, ELSA).

4.2 Simple panel analysis: antecedents of working post-SPA

In this section, the longitudinal element of the BHPS is exploited in relatively simple ways. The characteristics of respondents in 1991 (the first year of the survey), are compared with their work status in 2000/01 (the most recently available dataset). The analysis is based on women aged 50-59 and men aged 55-64 in 1991. By the last interview, in 2000 (or 2001) they will all be older than SPA. This amounts to looking at the antecedents of current economic activity.

In 1991, there were 1,057 BHPS respondents who were women aged 50-59 or men aged 55-64. Of this number, a total of 560 (just over half, 53 per cent) were in paid work in 1991, whilst 47 per cent were not in paid work. Looking at the same people in 2000, 110 of those who had been working in 1991 were still working (20 per cent: 110/560); conversely, only 20 of those who had not been working in 1991 had become workers by 2000 (four per cent: 20/497). This comparison demonstrates the low probability of re-entry to the labour market among older workers who leave their jobs before SPA.

There are a range of different factors that, in 1991, appear to be linked to being in work in 2000. For instance, in 1991 respondents were asked '*How energetic do you feel compared to most people of your age? Would you say you are... [more/same/less]*'. This might seem a rather unusual, rather subjective question. However, as shown in Table 4.1, there were some strong linkages between the answers provided, and work status ten years later. One-quarter of those claiming to have above-average 'energy' levels in 1991 were working in 2000, compared with 15 per cent of those comparable to those of their age, and nine per cent saying that they had less energy than others their age.

Table 4.1 Work in 2000 by 'energy level' in 1991

<i>Cell percentages</i>			
Level of energy compared to people of same age (1991)	Men (% working in 2000)	Women (% working in 2000)	All (% working in 2000)
More energetic	23	28	25
About the same	10	20	15
Less energetic	9	10	9

Source: BHPS.

Base: Women aged 50-59, men 55-64 in 1991. Vars aHLZEST, aSEX, jJBHAS

There are some characteristics of work and workers that affected whether people remained in work, or not. Whether people were working in 1991, and whether as employee or as self-employed, was particularly important in whether they were working in 2000 (Table 4.2). Among men aged 50-59 and self-employed in 1991, some 40 per cent were working ten years later. This compared with 17 per cent among employees, and just five per cent of those not in paid work. The figures for women do not show an effect of self-employment, which was rather rare among women in any case – though they do illustrate that not being in work was strongly related to remaining out of work.

Table 4.2 Work in 2000 by work status in 1991

<i>Column percentages</i>						
Status in 2000/01	Men: status in 1991			Women: status in 1991		
	Self-employed	Employees	Not working	Self-employed	Employees	Not working
Working	40	17	5	[26]	32	4
Not working	60	83	95	[74]	68	96
<i>Unweighted base (=100%)</i>	<i>81</i>	<i>251</i>	<i>243</i>	<i>40</i>	<i>351</i>	<i>286</i>

Source: BHPS.

Base: Women aged 50-59, men 55-64 in 1991. Vars aJBSEMP, aSEX, jJBHAS

Numbers in [] are based on fewer than 50 cases and may be unreliable

Those found to be in work in 2000 were more likely to have had higher levels of qualification in 1991, and to have reported better health. In fact, it is possible to find a large number of characteristics of people that appear to 'explain' which groups were most likely to remain in work after State Pension Age - better health, good qualifications, and so on. However, the picture is not so clear after having controlled for status during the years in the run-up to SPA. The best predictor of being in work post-SPA is, perhaps unsurprisingly, being in work in the period just prior. Most 'apparent' factors correlated with work post-SPA work through this link. Their *independent* effect on working after 60/65 is much weaker. However, some of the characteristics of jobs and workers are associated with remaining in work after SPA.

Table 4.3 shows rates of working in 2000 by a range of employment-related characteristics measured in 1991.

Table 4.3 Work in 2000 by work status in 1991

	Status in 2000/01		Row percentages
	Working	Not working	Unweighted base (=100%)
Status in 1991			
Men	15	85	575
Single	10	90	100
Partner, but not working	7	93	226
Partner in work	23	77	249
<i>Among workers only</i>			
Working full-time	22	78	290
Working part-time	[23]	[77]	27
Union/staff association at workplace	13	87	156
No union/association	22	78	84
Women	21	89	678
Single	17	83	148
Partner, but not working	13	87	148
Partner in work	25	75	382
<i>Among workers only</i>			
Working full-time	37	63	198
Working part-time	26	84	173
Union/staff association at workplace	27	73	171
No union/association	34	66	163

Source: BHPS.

Base: Women aged 50-59, men 55-64 in 1991.

Numbers in [] are based on fewer than 50 cases and may be unreliable.

For both men and women, having a partner in work (in 1991) made a large difference to the prospect of remaining in work post-SPA. Those with a non-working partner (in 1991) were less likely to continue working than single people. There are a number of different potential reasons why this relationship occurs (Hurd 1988). It could be reflecting similarities between husbands and wives, in terms of skill level and employment experience. It might be reflecting that each faces a similar local labour market – although, as shown in Chapter 2, the effects of living in particular regions is not great. It may also be reflecting wider household circumstances. The importance of joint retirement is discussed later, in Section 4.2.1.

Women working full-time continued working longer than women who worked part-time – 37 per cent compared with 26 per cent. This might be reflecting having a more advantaged ‘career’ although, as elsewhere in this report, it might also be interpreted as signalling a greater need for income.

There was some tendency for men to work for longer, where they were working in workplaces without unions (or staff associations). This perhaps mirrors our finding about workers post-SPA often being found in smaller firms. There was a similar effect for women, but of lesser importance.

Among the key factors which do appear to discriminate between workers who continue to work, and those who stop, are (a) having a working partner and (b) having a good health status, especially avoiding health problems that are said (by respondents) to limit work activities.

4.2.1 Couples and joint retirement

It has been discussed, above, that men and women often act to coincide their dates of retirement. Currently, there are unequal state pension ages, and men tend to be a couple of years older than their partners, though with a large range of age differences in the ages of men and women in partnerships. This combination (different pension ages, the age differences in many couples, a desire to retire together) can imply one or other partner continuing to work past SPA, or stopping before SPA.

It is well-known that the rate of working among men and women drops at older age groups. However, it seems that the proportion of men and women in work at later ages reflects the circumstances of their partner, as well as their own characteristics.

Table 4.4 shows the proportion of men in paid work, by both their own age and that of their partner (among men in couples). So, 51 per cent of men aged 60-69 were working, where his partner was in her 50s, compared with 24 per cent where the partner was in her 60s, and 13 per cent where the partner was in her 70s. Reading down each column, the older the female partner, the less likely that men were in paid work at any given age.

Table 4.4 Proportion of men in couples working, by own and partner's age

<i>Cell percentages</i>			
	Age of man (own age)		
	50-59	60-69	70-79
Age of female partner			
50s	80	51	
60s	66	24	11
70s		13	3
All men (including single)	78	31	6

Source: BHPS wave 10. Based on couples.

The corresponding picture for women is show in Table 4.5.

Again, the younger the male partner, the more likely that the woman was in paid work at any given age range. For example, 29 per cent of women aged 60-69 with partners in their 50s were working, compared with 18 per cent for women of the same age but with partners in their 60s.

As with the results for men, these hints at joint decision-making about work are consistent with a range of different theories. Perhaps people with younger partners have a more 'youthful' attitude towards work, or maybe they just were more likely to have partners who were themselves in paid work.

Table 4.5 Proportion of women in couples working, by own and partner's age

	<i>Cell percentages</i>		
	Age of woman (own age)		
	50-59	60-69	70-79
Age of male partner			
50s	70	29	
60s	52	18	12
70s		16	5
80s			0
All women (including single)	66	16	3

Source: BHPS wave 10. Based on couples.

4.3 Event-history analysis

A more complex means of examining the data is to look at the rate of movement out of and into work at particular ages. The aim is to consider at what ages, and for what groups, the rate of transition is greatest.

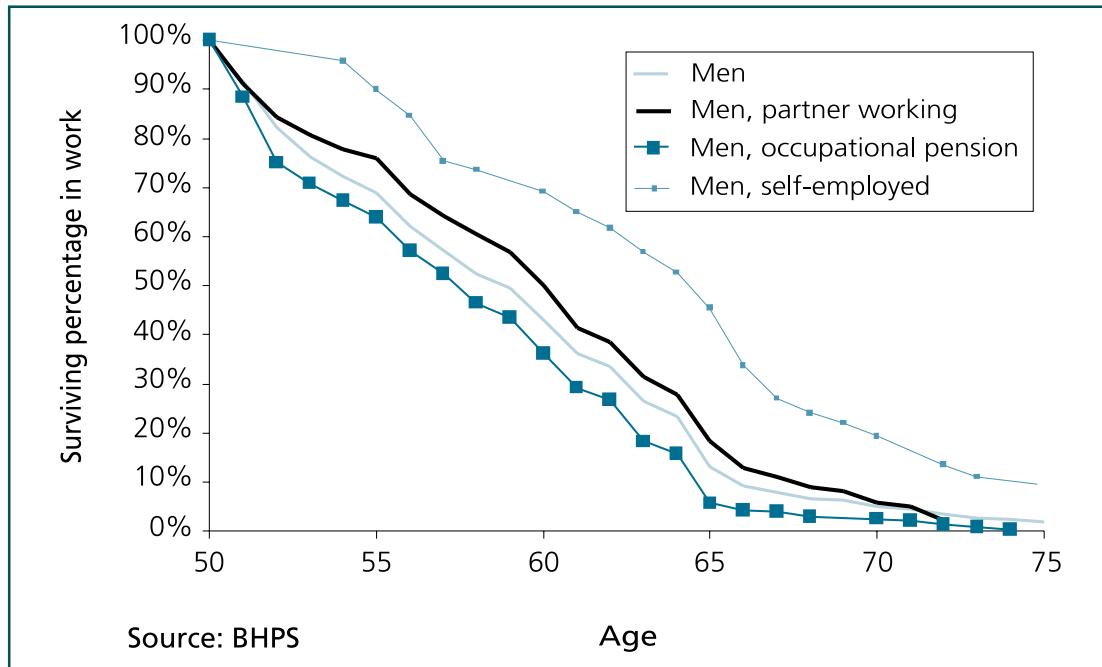
One means of looking at movement out of the labour force is to plot the percentage of men and women remaining in work at different ages. The analysis starts with those in work, then observes the rate at which they leave work. Unlike in the simpler analysis of Section 4.2, this tracks the rate at which people leave work on a year-to-year basis.

The rate at which men and women leave work is plotted in Figure 4.1. This chart (and the two that follow it) is based on respondents who were in paid work at age 50, or later, so that the charts begin at 100 per cent in work. They then 'follow' respondents until the point that they leave work.⁸

For men, being self-employed in 1991 was a key contributor to remaining in the labour force. Moreover, there was no particular age at which this group appeared to be more likely to stop working. They were particularly likely to remain working during 60-65, when the rate of labour force exit for all men was quite high. Having a working partner (in 1991) was also associated with remaining in work, but the effect on a yearly basis was not large, and seemed to be most significant in the late 50s in keeping men in work. Men with an occupational pension were less likely to remain in work at each given age. There is a drop in rates of working at 65, noticeable for all groups but reducing work rates to well under ten per cent at that age for those with occupational pensions.

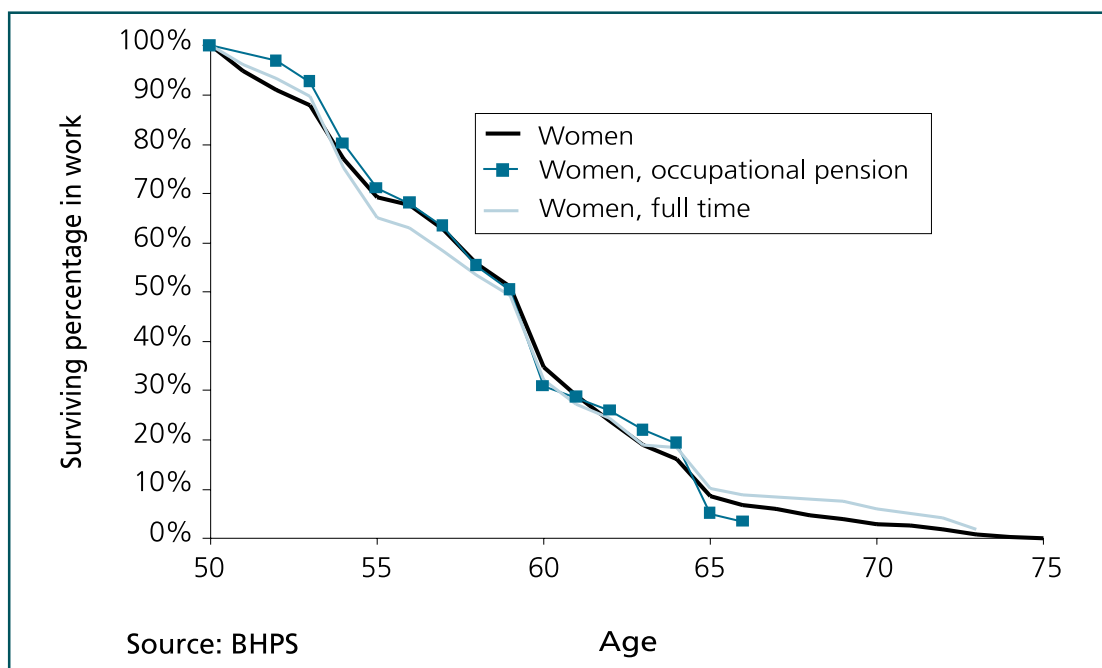
⁸ These are 'survival charts', based on those aged 50+ in BHPS wave 1.

Figure 4.1 Rate of remaining in work by age, men, by 1991 characteristics



A similar set of analyses may be run for women, and some results are shown in Figure 4.2. Overall, there were few factors that appeared to have a particular large effect on remaining in work and different effects appeared to operate at different ages. For example, being a full-time worker in 1991 was associated with higher rates of working post 65, but generally lower rates of working in women's late 50s.

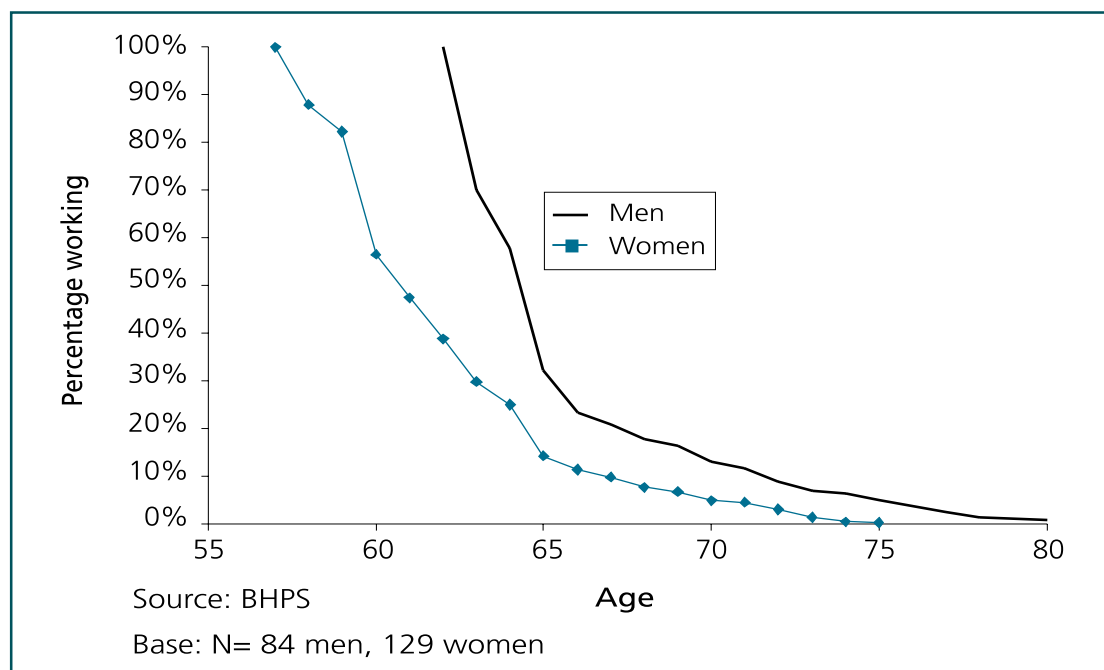
Figure 4.2 Rate of remaining in work by age, women, by 1991 characteristics



There are a number of points with large falls in rates of working. There is considerable movement out of work around 50 and there is a relatively steep drop at 60, the State Pension Age. For those with occupational pensions, there is then a significant drop at age 65 – taking this group from the highest to the lowest rates of paid work among these groups. This may be reflecting the fact that 65 is the ‘normal pension age’ for women in 31 per cent of occupational pension schemes (Smith and McKay 2002: Table 5.19)

Next, a focus on those working relatively close to State Pension Age (Figure 4.3). This is based on men who had a job at age 62 (or later), and women who were working at age 57 (or later). This effectively drops from the base some older workers who leave work well before the SPA.

Figure 4.3 Rate of remaining in work by age (based on respondents in work post-57 for women, post-62 for men)



This chart indicates that the State Pension Age remains an important threshold, even for those in paid work three years prior to that point. The effect of SPA on leaving work was somewhat more pronounced for men, and less significant among women. This is consistent with our own and other evidence about the effect of State Pensions on rates of working (Disney and Tanner 2000).

Once past SPA, the rate of decline for both men and women remained fairly steep. Numbers were too small to provide further breakdowns. What data there was suggested that working partners were again important in keeping people in the labour market. Having an occupational pension was associated with more rapid exits for men, but the pattern for women was not clear – other than indications of a rather sharp drop at 65 for women with occupational pensions, which might be reflecting gender equalisation in non-state pension ages for particular schemes.

Another important conclusion is that rates of working are only typically sustained for a few years after State Pension Age, and this only happens for those working in the period just prior. Increasing participation in paid work post-SPA would seem to have to deal with keeping people in the labour force before SPA, as well as the decisions made by workers once they reach SPA.

5 Effects of working past State Pension Age

5.1 Introduction

In this section, data is analysed to consider how working past State Pension Age affects people's behaviour, including their savings, health and general well being. Section 5.2 compares workers with non-workers. Section 5.3 attempts to control for the path taken through work and retirement.

5.2 Analysis of current workers and non-workers

The characteristics of workers and their behaviour in various arenas, may be contrasted with that of non-workers. It is natural to look at all those over State Pension Age in such an analysis, but to do so would be slightly misleading. Most of those working past SPA are rather younger than the vastly larger group of non-workers. Therefore, a comparison of workers and non-workers may be implicitly a comparison of younger with older people. So, for this section, attention is restricted to those within 10 years of SPA: men aged 65-75 and women aged 60-70. This provides some control of age difference between the working and non-working groups.

Men working past SPA reported financial situations that were superior to those of non-workers. Some 59 per cent of men working past SPA said they were 'living comfortably', compared with 40 per cent of those not working (and aged 65-75). Moreover, only nine per cent of those working described themselves as 'just getting by', compared with 32 per cent of the non-workers. Among women, the differences were less pronounced. Still, 87 per cent of the women working said they were either 'living comfortably' or 'doing all right', compared with 65 per cent of those women not working.

Table 5.1 Financial situation of workers and non-workers, among those aged from SPA to SPA+10 years

	<i>Column percentages</i>			
	Men		Women	
	Working	Not working	Working	Not working
Financial situation				
Living comfortably	59	40	40	38
Doing all right	29	24	47	27
Just about getting by	9	32	11	29
Finding it quite difficult	3	2	2	5
Finding it very difficult	0	1	0	1
<i>Unweighted base</i>	<i>73</i>	<i>733</i>	<i>126</i>	<i>871</i>

Source: BHPS wave 10. Base: men aged 65-75, women aged 60-70. Vars: jFISIT, jAGE, jSEX.

The reasons why these groups felt better off are not surprising, when put against differences in their household incomes. The median incomes of workers were around two-thirds higher than among non-workers (Table 5.2), for both men and women.

Table 5.2 Net household equivalised income of workers and non-workers, among those aged from SPA to SPA+10 years

	<i>£ per week</i>			
	Men		Women	
	Working	Not working	Working	Not working
Financial situation				
Mean income	£463	£298	£410	£273
Median income	£391	£236	£372	£231

Source: BHPS wave 9. Base: men aged 65-75, women aged 60-70.

Continuing to work was associated with better levels of self-reported health (Table 5.3). Some 76 per cent of men working and aged 65-75 described their health over the last years as either 'excellent' or 'very good', compared with 54 per cent of non-workers. Among women, 71 per cent of workers reported a similarly high level of health, compared with 49 per cent of non-workers.

It can be argued that health is more a *cause* of work status than an effect. It could be the case that continuing to work is associated with people continuing to be active, and hence better health would then be part of the effects of working. Alternatively, health conditions could affect people's decisions about whether to work, and their ability to work – such an analysis appears as Table 2.9 in Chapter 2. In that case, health status would be the cause of work status, not the effect. These issues are analysed in more detail in Section 5.3, which attempts to control for previous employment experience.

Table 5.3 Health status of workers and non-workers, among those aged from SPA to SPA+10 years

	<i>Column percentages</i>			
	Men		Women	
	Working	Not working	Working	Not working
Health status over last 12 months				
Excellent	25	15	21	14
Good	51	39	50	45
Fair	17	32	23	27
Poor	7	9	6	10
Very poor	0	4	0	4
<i>Unweighted base</i>	<i>73</i>	<i>733</i>	<i>126</i>	<i>871</i>

Source: BHPS wave 10. Base: men aged 65-75, women aged 60-70.

BHPS respondents complete a short form of the General Health Questionnaire (GHQ-12). Extracting a particular question on levels of unhappiness or depression, there was only limited evidence that workers were enjoying better mental health (as measured here) than non-workers.

Table 5.4 GHQ unhappy/depressed responses of workers and non-workers, among those aged from SPA to SPA+10 years

	<i>Column percentages</i>			
	Men		Women	
	Working	Not working	Working	Not working
GHQ: Unhappy or depressed				
Not at all	53	47	39	33
No more than usual	43	40	37	47
Rather more	2	10	20	16
Much more	1	2	2	3
<i>Unweighted base</i>	<i>73</i>	<i>733</i>	<i>126</i>	<i>871</i>

Source: BHPS wave 10. Base: men aged 65-75, women aged 60-70.

This sections ends with a relatively diverse range of information on savings and financial behaviour (Table 5.5).

Those older groups in paid work were more likely to be saving money, than non-workers. Half the male workers, and approaching two-thirds of the women, were saving money. This compared with around one-third of non-working men and women. This could be evidence that they were putting money away for their future retirement. Indeed, their responses to questions about motives for savings tended to reflect this. Of course, a range of different motivations for saving was mentioned and an alternative possibility is just that people with higher incomes tend to be more likely to save. However, the proportion of people saving in 2000, compared to five years' previously, had fallen for non-workers, but increased for workers. This divergence is consistent with people starting to save (or save more) when post SPA, to acquire sufficient assets to retire.

Rather more workers than non-workers said they had store cards or credit cards. Last, workers were much more likely to own a mobile phone than non-workers. Whether this is evidence of higher income, a means of keeping in contact with professional colleagues, or reflective of a more 'youthful' outlook, it is not possible to say. The same may be said of the results relating to having a computer, and an internet connection, within the household.

Table 5.5 Miscellaneous characteristics of workers and non-workers, among those aged from SPA to SPA+10 years

	<i>Cell percentages</i>			
	Men		Women	
	Working	Not working	Working	Not working
Saves from current income	50	34	63	31
Was saving 5 years ago	41	37	52	34
Has store cards or credit card	70	52	74	50
Has a mobile phone	49	18	44	25
Accommodation has a computer	41	19	34	22
Accommodation has a computer with an internet connection	24	12	28	11
<i>Unweighted base</i>	<i>73</i>	<i>733</i>	<i>126</i>	<i>871</i>

Source: BHPS wave 10. Base: men aged 65-75, women aged 60-70.

5.3 Controlling for past status

Some characteristics may be the effect of being in work (perhaps level of income is a good example), whilst others may really be closer to being a cause of being in work (perhaps including health status). Ideally, the analysis would be able to separate which are causes from those that are effects.

It may never be possible to do this with survey data collected for other purposes, instead, qualitative work or specially-designed surveys are probably needed. However, it is possible to use the longitudinal element of the data here – information on the same people at different points in time – to investigate how much can be learned from the sequence and timing of different events.

Table 5.6 shows health status in 2000 according to health in 1995, and work transition status between 1995 and 2000. Sadly, many of the sample sizes are rather small, making it difficult to draw firm conclusions. However, 82 per cent of those with excellent/good health in 1995 and who were working in 1995 and 2000, said they had excellent health in 2000. This rate of sustaining excellent health was certainly as good as among any other group – but these magnitudes do not suggest to any greater extent than the other groups.

Table 5.6 Health in 2000, by health status in 1995 and work transition 1995-2000

	<i>Column percentages</i>							
	Work -> work		Work -> Not work		Not work -> work		Not work->Not work	
	Health excellent	Fair, poor or v poor	Health excellent	Fair, poor or v poor	Health excellent	Fair, poor or v poor	Health excellent	Fair, poor or v poor
Health in 2000								
Excel. or good	83	[39]	80	[43]	[56]	[50]	73	27
Fair, poor or v poor	17	[61]	20	[57]	[44]	[50]	27	73
<i>Base</i>	<i>83</i>	<i>17</i>	<i>133</i>	<i>49</i>	<i>16</i>	<i>4</i>	<i>363</i>	<i>231</i>

Source: BHPS wave 10 and wave 9. Base: men aged 65-75, women aged 60-70, in wave 10.

Numbers in [] are based on fewer than 50 cases and may be unreliable.

It is possible to increase some of the sample numbers by focusing in on a shorter time period. So Table 5.7 looks at only the last two waves of interviews, taking place in 1999 and 2000. This increases the numbers remaining in work, with varying health states, though at the expense of fewer cases found leaving work in that particular year. This time, there can be greater confidence that the ability of people to sustain or even improve health was better among continuing workers than among those remaining out of the labour market. The difference was clearest among those reporting only 'fair', 'poor' or 'very poor' health in the previous year. Some 58 per cent were reporting 'excellent' or 'good' health the following year among continuing workers, compared with 37 per cent among those not working in both years.

However, sample numbers were too small to make appropriate comparisons with those leaving work, or starting work, in the course of the year.

Table 5.7 Health in 2000, by health status in 1999 and work transition 1999-2000

	<i>Column percentages</i>							
	Work -> work		Work -> Not work		Not work -> work		Not work->Not work	
	Health excellent	Fair, poor or v poor	Health excellent	Fair, poor or v poor	Health excellent	Fair, poor or v poor	Health excellent	Fair, poor or v poor
Health in 2000								
Excel. or good	92	58	[75]	[55]	[83]	[60]	86	37
Fair, poor or v poor	8	42	[25]	[45]	[17]	[40]	14	63
<i>Base</i>	<i>73</i>	<i>80</i>	<i>32</i>	<i>47</i>	<i>12</i>	<i>10</i>	<i>519</i>	<i>925</i>

Source: BHPS wave 10 and wave 5. Base: men aged 65-75, women aged 60-70, in wave 10.

Numbers in [] are based on fewer than 50 cases and may be unreliable.

In making comparisons between those working after SPA and those who are not, it should be remembered that the latter comprises two very different groups. First, those who made good non-state provision, either through pensions and other forms of savings, and who were able to retire at a time mostly of their choosing. Second, those who left the labour market some years before SPA, who might have wished to have continued working but were unable to (such as because of ill health).

Those working past State Pension Age tend not to have the kind of resources that permit a prompt retirement, but do have the capacity to continue working, sometimes accompanied by a strong willingness to do so. As a result, comparisons between these two groups can be difficult to interpret.

In this chapter, a number of ways in which working past State Pension Age may be affecting behaviour have been investigated. Clearly, the workers had a number of advantages over the non-workers, particularly regarding their financial circumstances. This was a direct result of their having earnings. Their better health may be attributable to them continuing to work, but the evidence is not strong enough to be definitive that this was not instead a cause rather than an effect of them working.

6 Concluding remarks

The aim of this study has been to enhance our understanding of which groups work beyond State Pension Age (SPA), the kind of jobs they do, and the difference that working makes to their lives. The wider context is that rates of working after SPA have long been falling for men, and have been rather static for women, despite people generally living longer and there being more women in paid work generally. However, these falls mostly occurred prior to 1990. Rates of working for men have since nearly flattened out, and for women have even increased slightly. These trends are important, at a time when increases in the sizes of these age groups may confidently be projected.

In the UK, rates of working for men aged 65-69, and for women aged 60-64, are somewhat above the average for the European Union. It is in the South of Europe, and the North, that these employment rates are highest. The social-democratic welfare regimes (Esping-Andersen 1990) of Western Europe have produced relatively low rates of labour force participation among older workers.

This report has focused on rates of working in 2000 and 2001, using secondary data with either large numbers of individuals (the Labour Force Survey, the Family Resources Survey from three years) or unique data tracking the same people over time (the British Household Panel Survey). This has shed new light on the groups working after SPA, and the kind of work they do.

One of the main themes running through the report has been the different motivations behind people continuing to work. For some, it seems to be linked to their wider household circumstances, and a desire to stop working quite close to the retirement of their partner. Among older workers, the kind of 'work rich' versus 'work poor' analysis based on younger groups (Gregg and Wadsworth 1999) has strong resonance. Moreover, having a younger partner was also associated with remaining in paid work for longer. There were other hints at a more 'youthful' aspect to those working past SPA – their higher ownership rates of computers and mobile phones, perhaps?

A second set of incentives to work for longer is to maintain living standards, or perhaps to improve them sufficiently for the period when work has ended. There was considerable evidence for this, those working past SPA had high rates of saving (Chapter 5) and were less likely than non-workers to be receiving income from an occupational pension. They were quite likely to have outstanding mortgages that, presumably, they wanted to clear whilst still in paid work (Chapter 2). There was evidence that the divorced and separated, particularly among women, worked for longer than those who were married which might also be evidence of working to protect future living standards.

A third area was that of choosing to work. Older workers had relatively high levels of job satisfaction, and relatively few of the men wanted to stop working. A high proportion were self-employed, but this appears to be reflecting later retirement among the self-employed rather than any great switching

from employee status to self-employed, though this did happen for some people. Many employees had, however, decided to reduce their hours and work part-time instead which seemed to be something they were happy to do. The clear majority of those working after SPA had remained in the same job as before. They were more likely than younger age groups to be working for small firms with less than 10 employees at their place of work.

One of the strongest conclusions is that working beyond SPA is only a strong possibility for those working in the run-up to this stage. It is difficult to re-enter the labour market having left it. Moreover, many of those leaving work may be doing so on health grounds, or because they have sufficient resources to live on in retirement. Rates of leaving work for those who do continue to work drop relatively quickly after 60/65. Even if more people can be encouraged to work after this age, on current trends they would not work for many more years.

The analysis poses a number of questions that may be taken forward with more qualitative methods. Our categorisation of reasons for working post-SPA is based on inference from secondary data, and other quantitative research. It assumes a certain degree of decision-making that would be appropriate to research further in greater depth. Some of the interactions between partners could also be usefully explored, as could perceptions of what constitutes enough of a package of resources for a comfortable retirement. The role that employers play in permitting or even promoting people working after SPA is another under-researched area.

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Appendix A

Logistic regression models of working

Explanatory variables added to the model include:

- Health - a dummy variable with a value of 1 if in poor health, 0 for those in good health.
- Sex – men form the reference category.
- Total family savings - a categorical variable with 5 values; less than £1,500, £1,500-£8,000, £8,000-£20,000 (the reference group) and £20,000+
- Education - in the absence of a qualifications variable, the age left full-time education is used instead. This is a categorical measure with the following departure ages; 14, 15, 16, 17, 18, 19+.
- Total weekly non-earned income – this includes receipts from benefits, pensions, interest from investments and savings plus any other income.
- Regional unemployment levels – the figures are ILO unemployment rates.
- Ethnic group - 5 groups are defined; White, Black Caribbean, Indian, Pakistani and Other. The 'other' collective is not reported as it is not a viable category, including a number of non-comparable groups which, individually, are too small in number to produce estimates.
- Receipt of an occupational pension - included in the model as a dummy variable with a value of 1 if a pension is received and 0 if not. The pension value is not modelled separately but contributes toward the total non-earned weekly income instead.
- Tenure – reference group is 'own home', further categories are 'buying with a mortgage', 'renting & part renting, part mortgage' and 'rent free'.
- Marital status – reference group is 'single, never married', contrasted with 'married or cohabiting', 'separated', 'divorced' and 'widowed'.
- Caring responsibilities – those with no adult caring responsibilities are contrasted separately with individuals performing caring duties for less than 10 hours a week and individuals caring for 10 or more hours a week. Only 10 pensionable age individuals had caring responsibilities for children, these were therefore not examined.

Presented in Table A.1 is a single pooled logistic regression model for men and women. In Table A.2 a further four models are applied to the following pensionable age respondents:

- All men
- All women
- Men with partners
- Women with partners

Models 3 and 4 are identical to models 1 and 2 but add the variable 'partner's employment status' which is defined as 0 if the partner is not working and 1 if working in any capacity.

In Table A.2 the 'beta coefficient' represents the log odds of working, for ease of interpretation the odds ratio is also presented with significant results indicated in the final column.

Table A.1 Factors related to working post-SPA: Men and women

	B	Odds ratio	Significance
Sex (ref: men)	-0.881	0.414	**
Age	-0.175	0.838	**
Good health	0.711	2.03	**
Caring responsibilities (ref: 0 hours)			
1-9 hours per week	-0.33	0.715	*
10 + hours per week	-0.84	0.429	**
Housing tenure (ref: own home)			
Buying with mortgage	0.632	1.88	**
Renting	-0.214	0.883	
Rent free	0.886	2.42	**
Total family savings (ref: £8,000-20,000)			
Less than £1,500	-0.327	0.721	**
£1,500-£8000	0.086	1.09	
£20,000+	0.098	1.1	
Marital status (ref: married/cohabiting)			
Single, never married	-0.077	0.925	
Widowed	0.02	1.01	
Separated	0.443	1.56	**
Divorced	0.428	1.53	**
Age finished full-time education (ref: 17)			
14	-0.393	0.674	**
15	-0.058	0.943	
16	0.055	1.05	
18	0.069	1.07	
19+	0.412	1.51	**
Income (ref: £140-£199 per week)			
£1-£69	0.474	1.61	**
£70-£104	0.472	1.61	**
£105-£139	0.044	1.04	
£200+	0.567	1.76	**

Continued

Table A.1 Continued

	B	Odds ratio	Significance
Region (ref: North East)			
North west	0.189	1.2	
Yorkshire	0.149	1.16	
East Midlands	0.277	1.32	**
West Midlands	0.179	1.19	
East	0.434	1.54	**
London	0.515	1.68	**
South East	0.436	1.54	**
South West	0.52	1.68	**
Wales	-0.071	0.93	
Scotland	0.241	1.27	
Ethnic group (ref: white)			
Black Caribbean	-0.278	0.756	
Indian	-1.16	0.311	**
Pakistani	-1.52	0.219	**
Receipt of occupational pension	-0.841	0.431	**
ILO Regional Unemployment (1)	-0.059	0.942	**
Constant	10.25		**

Notes: Logistic regression analysis. N=28,484. * significant at 5% level, ** significant at 1% level

(1) Collinearity problems prevented the combined modelling of region and regional unemployment. Unemployment coefficients are therefore derived excluding region. All remaining coefficients reported are derived from the model including region only. Using unemployment causes all other coefficients to remain virtually unchanged

Table A.2 Factors related to working post-SPA (odds ratios)

	All men	All women	M + partner	F + partner
Age	0.89**	.80**	.91**	.81**
Good health	2.09**	2.01**	2.07**	1.98**
Caring responsibilities (ref: 0 hours)				
1-9 hours per week	0.91	.61**	1.08	0.88
10 + hours per week	0.46*	.41**	0.65	0.68
Housing tenure (ref: own home)				
Buying with mortgage	2.10**	1.75**	1.82**	1.28**
Renting	0.76**	0.85	.74*	1.03
Rent free	3.40**	1.73**	3.15**	1.19
Total family savings (ref: £8,000-20,000)				
Less than £1,500	0.51**	.792*	.53**	1.04
£1,500-£8000	0.71*	1.26*	.65**	1.48**
£20,000+	0.73**	1.29**	.61*	1.55**
Marital status (ref: married/cohabiting)				
Single	0.73	0.99		
Widowed	0.60**	1.26*		
Separated	1.23	1.91**		
Divorced	0.87	1.94**		

Continued

Table A.2 Continued

	All men	All women	M + partner	F + partner
Age finished full-time education (ref: 17)				
14	0.67*	.75*	.56**	1.01
15	0.98	0.82	0.76	0.94
16	1.13	0.96	0.99	1.09
18	1.29	0.94	1.19	0.99
19+	1.81**	1.38*	1.3	1.47*
Income (ref: £140-£199 per week)				
£1-£69	3.12**	1.50**	2.26**	1.39
£70-£104	1.77**	1.39**	1.64**	1.2
£105-£139	1.31*	0.84	1.36*	0.86
£200+	1.57**	1.84**	1.54**	2.17**
Region (ref: North East)				
North west	1.49	1.07	1.21	0.93
Yorkshire	1.19	1.15	0.93	0.99
East Midlands	1.68*	1.15	1.59	0.89
West Midlands	1.2	1.21	1.15	0.94
East	1.68	1.51*	1.29	1.06
London	2.13**	1.46*	1.74*	1.15
South East	1.99**	1.39*	1.66*	1.06
South West	1.97**	1.61**	1.58	1.39
Wales	1.12	0.85	0.77	0.68
Scotland	1.62	1.15	1.23	0.91
Ethnic group (ref: white)				
Black Caribbean	0.56	0.93	0.79	0.92
Indian	0.27**	.31*	0.28	0.72
Pakistani	0.22	0.22	0.34	0.53
Receipt of occupational pension				
Partner Working	0.31**	.59**	.32**	.52**
			6.54**	5.25**
<i>N</i>	10,770	17,714	7,855	9,001

Notes: Logistic regression analysis

* significant at the 5% level, ** significant at the 1% level

Appendix B

OLS regression models of hourly earnings

Table B.1 OLS regression models of hourly earnings

	Men		Women	
	Full-time	Part-time	Full-time	Part-time
Age group (ref:25-49)				
50-60/64	.324*	.70	.17	-.24
60/64+	-1.88**	.57	-.19	.14
Occupation (ref: managers)				
Professionals	-2.11**	-3.62	.09	2.32**
Associate professionals	-3.84**	-7.61*	-2.41**	-1.45
Clerical & secretarial	-6.58**	-9.08**	-4.08**	-3.49**
Craft & related	-6.74**	-11.25**	-5.42**	-5.39**
Personal & protective	-8.14**	-10.67**	-5.58**	-4.95**
Sales	-7.87**	-11.18**	-5.19**	-5.38**
Machine operatives	-7.54**	-11.69**	-5.26**	-5.28**
Elementary	-8.43**	-11.81**	-6.14**	-5.57**
Highest qualification (ref: no qualifications)				
NVQ1	.725*	-.50	.55**	.02
NVQ2	.846*	-.85	.73**	.45**
NVQ3	1.26*	.44	1.01**	.53**
NVQ4	.99**	.76	.89**	.35**
NVQ5	.81**	4.14**	3.84*	2.93**
Constant	14.06**	16.42**	10.68**	10.24**
<i>N</i>	9800	531	6103	4830

(Source: LFS)

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