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### **Joint retirement expectations of dual-worker couples**

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#### **Abstract:**

This study addresses two research questions: Do older men and women expect to retire jointly with their spouses? If so, what are the underlying mechanisms of joint retirement expectations? Using data from the first wave of the Health and Retirement Study Analysis we address these questions at both the individual and the couple level. Results indicate strong preference for joint retirement. Correlates of joint retirement expectations are similar to those documented in previous studies of joint retirement experience: age similarity of spouses, good health, household wealth, and marital quality. In the individual level models, expectations of joint retirement are more strongly related to respondents' own characteristics than to spouse's characteristics. In the couple level models, however, husbands' characteristics are strong predictors of agreement about joint retirement expectations.

**Trend toward joint retirement:** As women's labor force participation has increased and stabilized over the life course, the number of dual-worker couples has grown and many couples now face decisions about how to coordinate two retirements. Recent research indicates that retirement of one spouse is associated with a higher probability of retirement for the other spouse (Pienta, 2003; Szinovacz and DeViney, 2000; Blau, 1998; Vistnes, 1994) and that about one quarter of dual-earner couples retire jointly (Hurd 1988; Johnson, 2004).

**Implications of joint retirement:** Joint retirement has significant implications at both the individual and societal levels. At the individual level, retirement timing arrangements shape basic settings of life such as patterns of time use and financial circumstances. These objective conditions, in turn, impact marital relationships, retirement satisfaction,

and other aspects of subjective well-being. For example, Moen and colleagues find that newly retired people whose spouse remains in the work force experience a period of increased marital conflict and reduced marital quality (Moen, Kim, and Hofmeister, 2001). In terms of public policy, the prevalence of joint retirement has potential implications for receipt of pension benefits and labor force participation at older ages. Because wives tend to be a few years younger than their husbands, some women who retire jointly with their husbands may not yet be eligible for full retirement benefits. It is also possible that husbands may continue to work beyond age of initial pension eligibility while waiting for their wives to become eligible for full retirement benefits. The increasing prevalence of joint retirement decisions complicates projection of future trends in retirement timing and labor force participation at older ages.

**Previous research:** Research on joint retirement provides insights into couple and family relationships as well as retirement in general. Previous research suggests two important correlates of joint retirement: the quality of couple relationships and family life history. Couples in satisfying marital relationship are expected to look forward to retirement and the more time to spend together. Several studies have shown that the probability of retirement is positively related to marital satisfaction (Honig, 1996; Szinovacz and Deviney, 2000) and that couples in more satisfying marriages are more likely to coordinate their retirement timing (Gustman and Steinmeier, 2002; Hurd, 1988). Coile's study of the spill-over effects of retirement between spouses suggests that husbands tend to stay in the labor force waiting for wives to retire, although they can retire earlier than wives and enjoy retirement wealth from wives' labor. Couples' work and family experiences across the life course also affect joint retirement. For example, Henretta, O'Rand and Chan (1993) find that wives who remained in the labor force during child bearing/rearing years retire sooner after husbands' retirement relative to their counterparts with less continuous work trajectories.

**The role of expectations:** In contrast to the growing literature on individual retirement expectations, attention to joint retirement intentions and planning is largely absent. We know nothing about the extent to which the synchronization of spouses' retirement is the result of long-term planning or more spontaneous decision making. To the extent that plans or expectations are "largely valid and unbiased" predictors of subsequent behavior

(Robison and Moen, 2000), an understanding of joint retirement expectations is valuable for projecting future retirement trends of couples. We also know nothing about what individual or spousal characteristics and experiences are associated with realization of intentions. Information on expectations is important because implications of a given behavior or outcome may differ depending upon the extent to which it was intended. For example, consider the scenario in which couples are unable to realize their preference for joint retirement due to health conditions or economic circumstances. In this case, incongruence between intentions and realized outcomes may be associated with lower subjective well-being and lower retirement satisfaction.

**Research questions:** This study aims to address two research questions. Do preretirees expect to retire jointly with their spouses? If so, what are the correlates of joint retirement expectations? We examine these questions at both the individual and couple level.

**Data and variables:** Data from the first wave of the Health and Retirement Study (HRS). Our analytic sample is comprised of individuals and couples in which (i) both spouses are currently working and not completely retired, (ii) who are aged between 51 and 69 years old in 1992, and (iii) both spouses give valid answers on joint retirement expectations questions. This sample consists of 1,400 individuals and 700 couples. The question about joint retirement expectations (“Do you expect your spouse to retire at about the same time that you do?”) was asked only of those respondents who provided an expected year of retirement in a previous question about expected retirement age. We operationalize individual level joint retirement expectations as a trichotomous variable: expects joint retirement, doesn’t expect joint retirement, and hasn’t thought about joint retirement. Couple level joint retirement expectations are also categorized into three groups: both spouses expect joint retirement, both spouse expect separate retirement, spouses have different expectations regarding joint retirement. Based on previous studies of joint retirement behavior, four groups of independent variables are included in the analysis: demographic characteristics (age, education attainment, subjective health, and the length of current marriage), economic conditions (individual and household income, IRA or Keogh accounts, participation in a pension plan, health insurance covering retirement period), work related variables (total years of work, self-employment, full- or

part-time), and subjective attitudes (extent to which respondent has discussed retirement with spouse, importance of time with spouse, worry about economic conditions after retirement).

**Individual level analysis:** More than half of men (57.4%) and women (53.4%) in our sample expect their spouses to retire at about same time as they do. To answer the question on who expects joint retirement, we estimate bivariate probit models. Results suggest covariates of joint retirement expectations are similar for husbands and wives. Joint retirement expectations are positively related to: small age difference between spouses, respondent's good health, spouse's pension eligibility, and the importance of spending time with one's spouse. Both husbands and wives who talk about retirement with spouses tend to anticipate joint retirement. We do find some gender differences in covariates. Marital duration is positively related to husbands expectation that their wives to retire at the same time. Among women, those who are young, have a college education, and have higher household wealth are more likely to expect joint retirement.

**Couple level analysis:** About 60% of couples agree about joint retirement expectations: In 40% of couples, both husband and wife expect to retire at the same time as their spouse and in another 20% of couples, neither expect to retire at the same time as their spouse. We estimate multinomial logistic regression models to examine the correlates of couple level expectations. Results suggest the importance of husbands' characteristics. Couples in which husband has some college level education, higher educational attainment than his wife, and is eligible for pension plans are more likely to share joint retirement expectations than to share expectations of different retirement timing. Couples in which both spouses value highly of spending time with each other are also more likely to expect joint retirement.

**Conclusions:** We can find strong preferences for joint retirement. More than half of preretirees expect their spouse to retire at the same time as they do and over half of couples agree about the relative timing of expected retirement. Correlates of joint retirement expectations are similar to those of actual behavior: small age differences, good health, household wealth, and good marital relationships. In the individual level models, expectations of joint retirement are more strongly related to respondents' own characteristics than to spouse's characteristics. In the couple level models, however,

husbands' characteristics are strong predictors of agreement about joint retirement expectations.

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