



**Promoting research on retirement and Social Security policy**

*MRRC Newsletter* | Spring 2016 | (16)2

**Director’s corner**

*John Laitner*

This Newsletter summarizes a set of papers from the 2016 MRRC Researcher Workshop. The Researcher Workshop is held annually, in April, on the campus of the University of Michigan. We had 50-55 attendees. There were more than 30 short talks, with equal time devoted to discussion. Indeed, the Workshop emphasizes group discussion of each working-paper presentation.

This Newsletter features talks on job characteristics. The summarized papers use data from the Health and Retirement Study and the American Life Panel (an Internet based survey). A topic of great current interest is how a job’s attributes affect worker retirement ages. Physical demands are, naturally, one important factor. But, so are time flexibility, perceived fair treatment, etc. In an age with longer lifespans and fewer children, career longevity is an interesting issue. Data facilitating international comparisons are coming available and may be able to add to our understanding.

The MRRC was delighted to welcome three attendees from SSA to the Workshop this year, Barbara Smith; Lynn Fisher; and, the new Associate Commissioner, Office of Research, Evaluation and Statistics, John Phillips. ❖

**Table of Contents**

Director’s corner .....1  
 2016 April Workshop ....1  
 Workshop participants...2  
 Researcher news.....4

**AWCS Survey Domains**

Wage/salary	Hours	Control over hours
Location of work	Paid time off	Pace
Autonomy	Stress	Physical demands
Social support at work	Learning on the job	Meaningful work

*As researchers Kathleen Mullen, David Powell, and Jeffrey Wenger developed the American Working Conditions Survey, they identified 12 attributes of job sustainability (above).*

**Job characteristics are recurring theme at April workshop**

As people live longer, longer careers become more desirable on personal and national bases. But what makes a job “sustainable?” Five of the 30 projects presented at MRRC’s workshop, held April 15 & 16, 2016, at the University of Michigan’s Ross School of Business, delved into how job characteristics inform older workers’ decisions to stay in the labor force. See sidebar (Page 2) for a full list of presentations.

On Friday, MRRC Assistant Director **Dmitriy Stolyarov** chaired the section “Job Characteristics and Older

*Continued on Page 3*

# Workshop topics range from retirement wealth to long-term care insurance

At MRRC's 2016 workshop, 30 researchers gave 10 minute presentations followed by 10 minutes of audience feedback. Presenters and their projects were:

- ▶ Michael Hurd, "Consumption Patterns and Health Shocks Among the Elderly"
- ▶ David Love, "Countercyclical Retirement Accounts"
- ▶ Ananth Seshadri, "A Life-cycle Model with Human Capital, Labor Supply, and Retirement"
- ▶ Maria Casanova, "Uncertain Retirement and Consumption over the Life Cycle"
- ▶ Erik Meijer, "Heterogeneous Effects of Retirement on Cognitive Decline by Occupation"
- ▶ Kathleen Mullen, "Job Demands and Job Sustainability over the Life Course"
- ▶ David Powell, "What Job Characteristics do Older Individuals Value? Evidence from a Stated Preferences Experiment"
- ▶ Jeffrey Wenger, "Work Sustainability in the U.S. and Europe"
- ▶ Kristine Brown, "Alternative Pathways to Retirement in a Household Context"
- ▶ Janice Compton, "What about the Surviving Spouse? Life-Cycle Saving, Labor Supply, and Claiming Social Security Benefits"
- ▶ Katherine Carman, "Household Retirement Savings: The Division of Assets Between Spouses"
- ▶ Helen Levy, "Health Reform and Health Insurance Coverage among Early Retirees"
- ▶ Olivia S. Mitchell, "Time Discounting and Economic Decision Making Among the Elderly"
- ▶ Chichun Fang, "Cohort Changes in Pension Wealth in the Health and Retirement Study"
- ▶ Alan Gustman, "Declining Wealth and Work among Male Veterans in the Health and Retirement Study"
- ▶ Angela Hung, "Defaulting in and Cashing out? The Impact of Retirement Plan Design on the Savings Accumulation of Separating Employees"
- ▶ Stephanie Moulton, "How Home Equity Extraction and Reverse Mortgages Affect the Financial Well-Being of Senior Households"
- ▶ Patrick Button, "Do State Age Discrimination Protections Reduce Hiring Discrimination Against Older Workers? Evidence from a Field Experiment"
- ▶ Melinda Morrill, "Working after Retiring from Career Jobs: Work-life Transitions of Public Employees in North Carolina"
- ▶ Susann Rohwedder, "Predicting the Labor-force Participation of the Older Population"
- ▶ Philip Armour, "Measuring the Importance of Social Security Information: Impacts of the Social Security Statement on Older Workers in the 1990s and the Effects of Its Reintroduction Today"
- ▶ Kenneth Couch, "The Social Security Statement and Timing of Retirement Benefit Receipt"
- ▶ David Knapp, "The Retirement and Social Security Benefit Claiming of U.S. Military Retirees"
- ▶ Mariacristina De Nardi, "The Implications of Richer Earnings Dynamics for Consumption, Wealth, and Welfare"
- ▶ Victoria Prowse, "Lifetime Income Inequality with Taxation and Public Benefits"
- ▶ John Sabelhaus, "The Impact of Income Volatility on Measured Cross-Section Inequality"
- ▶ R. Anton Braun, "Private Long-Term Care Insurance Markets: Why Is the Market so Small and Coverage Denials so Frequent?"
- ▶ Italo Lopez-Garcia, "Willingness to Pay for Nursing Home Quality"
- ▶ Peter Hudomiet, "Are the Elderly Overly Optimistic About Survival Chances?"
- ▶ Brooke Helppie McFall, "Occupational Differences in Rates of Cognitive Decline" ❖

*Continued from Page 1*

Workers,” which included four of the five presentations. **Erik Meijer**’s project with Dawoon Jung and Jinkook Lee, “Heterogeneous Effects of Retirement on Cognitive Decline by Occupation,” pointed out that most previous work has found that retirement is not good for cognition. He also cited work (e.g., Ball et al., 2002; Verghese et al., 2003; Rebok et al, 2014) on brain jogging that found that cognitively demanding activities led to slower decline. Meijer and his team are exploring the idea that since blue-collar work is less cognitively demanding than white-collar work, retiring would lead to larger cognitive declines for white-collar workers unless leisure activities compensated one-for-one for work activities. Using Health and Retirement Study (HRS) data (waves 3-11), the group will look at cognitive levels or changes measured by total word recall, retirement status/years since retirement, and whether retirement may be endogenous.

So far, the team’s early descriptive stats and simple ordinary least squares suggest support for their hypothesis, but once they add fixed effects, changes scores, and instrumental variables, those effects become small and statistically insignificant. Among other things, the researchers next want to look endogeneity of leisure activities, as well as adding other cognition variables and self-reported job characteristics from the HRS Core and leave-behind questionnaires.

**Kathleen Mullen, David Powell, and Jeffrey Wenger** presented three parts of a project that looks at the potential disconnect between jobs offered to older workers and jobs they are willing and able to do. **Mullen** discussed results from the group’s first American Working Conditions Survey (AWCS), fielded from the RAND American Life Panel. The survey honed in on attributes of job sustainability, including control of work schedule, work speed and methods, carrying heavy loads, having friends at work, and receiving training from one’s employer. The AWCS found that, except for training opportunities, older workers still in sustainable jobs have better working conditions than workers in nonsustainable jobs.

“People, generally, are happy with their jobs, feel they make an impact on their communities and have friends at work,” Mullen said.

**Powell**’s presentation, “What Job Characteristics Do Older Individuals Value? Evidence From a Stated Preferences Experiment,” delved into one of the group’s goals: estimating the value of job attributes for all individuals and understanding how older workers prioritize specific attributes. Powell discussed the value and design of stated preference experiments, with emphasis on how they set up their AWCS module. The researchers asked respondents to choose between two hypothetical jobs with differences in wages and nonwage characteristics. They then used stated job preferences to estimate the monetary value respondents put on each job characteristic, and followed by comparing the estimates by age. According to the researchers, the most important characteristics for workers ages 62 and older were moderate physical activity, 20 days of paid time off, and having performance evaluated on basis of own work rather than within a group.

**Wenger** ended the session with a discussion of “Job Sustainability: An International Perspective.” Wenger began by explaining the differing expectations of European and U.S. workers, then explained how the team worked with Eurofund to harmonize the European Working Conditions Survey with the AWCS. Wenger pointed out that, relative to European workers, American workers work more hours, but enjoy more flexibility, adjusting starting and finishing times, for example, by working evenings and weekends.

Although U.S. workers reported 85 percent job satisfaction, they fear job loss more than their EU counterparts: In the EU, 14 percent of workers age 50 and older fear job loss; in the U.S., 36 percent do.

On Saturday, **Brooke Helppie McFall** presented, “Occupational Differences in Rates of Cognitive Decline,” a joint project with Amanda Sonnega. The research brief seeks to offer descriptive evidence about the relationship between cognitive decline and early workforce departure and changes in occupation. The researchers used HRS Core (1996-2012) and RAND HRS Version O data. Word recall score, occupation, and retirement status at age 62/65 were variables. So far, the researchers find no clear movement into occupations with lower cognitive demands as people age.

All presenters emphasized the preliminary nature of their research. New insights into job sustainability will come as each team expands and evolves its projects. ❖

## MRRC researcher news

In March, MRRC Director **John Laitner** joined Jeremy Hobson, host of NPR's midday news program **Here & Now**, for a discussion of Social Security's solvency and how people can better prepare for retirement. Alicia Munnell, director of the Center for Retirement Research at Boston College, also participated. The 10-minute segment may be heard [here](#).

University College London's University for Fiscal Studies researchers **Eric French, Richard Blundell, Rowena Crawford, and Gemma Tetlow** had their 2015 MRRC project, "Comparing Retirement Wealth Trajectories on Both Sides of the Pond," published in the March 2016 [online edition of Fiscal Studies](#). The article was part of a special issue on household wealth data and public policy.

**Amanda Sonnega**, assistant research scientist at the University of Michigan's Institute for Social Research, added perspective to a March 31 **Bloomberg** article, "[Why Everybody Loves Seniors on Airbnb](#)." "Flexibility is a major factor in whether someone will continue working later in life," Sonnega told Bloomberg. The story was picked up by the Santa Fe New Mexican and the travel site, Skift, among other news outlets.

University of Michigan health economist **Thomas Buchmueller** was interviewed by **The New York Times** business reporter Reed Abelson for an [article](#) on how the Affordable Care Act has—or rather, hasn't—affected employer health coverage. "The [ACA] exchanges have been less of a disrupter than I expected," Buchmueller told the Times. Buchmueller and U-M research scientist **Helen Levy** have a 2016 MRRC project (UM16-15) investigating the ACA's effects on retirement.

University of Pennsylvania's Wharton School of Business professor **Olivia S. Mitchell** wrote an [opinion piece](#) for **MarketWatch** on lump-sum Social Security payments. "In our experimental survey, we found people would delay claiming benefits for about half a year, and they would work about a third to a half of the extra time. All of that takes place without costing Social Security a penny."

This spring, The Ohio State University's **Stephanie Moulton** has had her research on reverse mortgages featured in [Consumer Reports](#) and [MarketWatch](#). Reverse mortgages still carry risks, but recent policy changes make them safer for senior borrowers. Moulton told MarketWatch, "One of the advantages of the federally insured reverse mortgage, the HECM, is that the government assumes some of the risk for the borrower."

**David Neumark** was featured the **PBS News Hour's** January 14, 2016 piece, "Women Over 50? Help Not Wanted." Reporter Paul Soloman interviewed Neumark on his large-scale resume correspondence study (UM 16-04), which provides direct measures of discrimination in hiring. Visit the [PBS site](#) to see the piece or read the transcript. Neumark also wrote an April opinion piece based on the study for the **Los Angeles Times**, "[Do women face age discrimination in the job market? Absolutely. Here's proof.](#)" ❖



## MRRC Newsletter

Spring 2016 • 16(2)

[Read](#) the newsletter on our website.  
[Sign up](#) for the newsletter.

The Michigan Retirement Research Center is supported by a cooperative agreement with the Social Security Administration.

### Michigan Retirement Research Center

Institute for Social Research  
University of Michigan  
426 Thompson Street, Room 3026  
Ann Arbor, MI 48104-2321

Director: John P. Laitner  
Associate Director: Dmitriy Stolyarov  
External Relations: Susan Barnes  
Administrative Manager: Cheri Brooks  
Phone: (734) 615-0422  
Fax: (734) 615-2180

E-mail: [mrrcumich@umich.edu](mailto:mrrcumich@umich.edu)  
Web: [www.mrrc.isr.umich.edu](http://www.mrrc.isr.umich.edu)

### Regents of the University of Michigan

Michael J. Behm, Grand Blanc  
Mark J. Bernstein, Ann Arbor  
Laurence B. Deitch, Bloomfield Hills  
Shauna Ryder Diggs, Grosse Pointe  
Denise Ilitch, Bingham Farms  
Andrea Fischer Newman, Ann Arbor  
Andrew C. Richner, Grosse Pointe Park  
Katherine E. White, Ann Arbor  
Mark S. Schlissel, *ex officio*