

# Retirement patterns of working couples

Dave Gower

Retirement trends have changed in the past couple of decades. The average Canadian now retires at age 62, compared with 65 in the 1970s. Behind these averages lies a more complex picture, however. For both men and women a much higher percentage of workers are retiring in their fifties, while a substantial proportion are still working well past age 65.

For working couples, one partner's decision to retire often depends on the other's situation. One person may postpone retirement until the other is ready to do so. Alternatively, one spouse may be able to leave work if the other continues to bring home a paycheque.

A few U.S. studies have examined the relationship between women's retirement patterns and their family and personal situations. Generally, women tend to delay their retirement while their husband is working, or when their own earning potential is strong. In the case of men, studies on retirement patterns pay little or no attention to the spouse's status because it is not seen as a major influence on their decision.<sup>1</sup> Rather, age, work history and pension entitlement are viewed as key factors.

## A restricted subset

Retirement is not a simple concept to identify and measure. Some people come to the end of a lengthy career with one employer and retire. Some simply leave employment temporarily, while others transfer to part-time or intermittent work.

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## Many measurements

In this article "couples" refers to legally married persons or those living common law.

Most retirement studies that have taken family status into account have focused on the behaviour of individuals, and have treated the family situation as an individual characteristic. For example, retirees are classified as married, spouse working; married, spouse not working; or not married. This approach has the advantage of simplicity, but it does not capture partners' combined profiles.

Trying to measure joint behaviour is more complex. The number of possible combinations increases consider-

ably. The following definitions describe the types of measurement used in this article.

**Age of retirement** relates to the individual, meaning that two ages are assigned to each couple.

**Age difference** refers to the number of years between the spouses' ages.

**Difference in retirement dates** is the number of months separating the retirements of the spouses.

**Retirement sequence** means the combined retirement events experienced by a couple (wife retires first, both retire together, or husband retires first).

Because the two partners in a couple may retire at different dates, this study looks at both retirement events (see *Many measurements*). The data set captures only the date last worked. Though not the ideal measure of "date of retirement," it is the best available. In the future, the Survey of Labour and Income Dynamics (SLID) may be able to produce more complete information.

In April 1997, about 2 million married people in Canada aged 55 to 74 were neither working nor looking for work, and had not worked in the past year. This study is restricted to couples in which both partners meet these criteria. An additional requirement is that both partners must have worked past the age of 50. This is intended to help eliminate cases in which one spouse had not worked late enough in life to "retire." Some 312,000 retired working couples, or over 624,000 individuals, make up this data set (see *The data set: A backward look*).

## Retirement patterns vary

In one-third of couples (103,000) surveyed in April 1997, spouses had retired "together," that is, less than a year apart. Partners in about one-third (38,000) of these had left within the same month (Table 1). One U.S. study found that older couples had a greater tendency to retire together (Henratta and O'Rand, 1983), although the Canadian data offer no evidence of this. Those who retired together did so at ages similar to those of all retiring couples: 60.7 versus 60.9 for husbands, and 58.5 versus 58.4 for wives.

Two-thirds of couples retired a year or more apart. Among these, wives were somewhat more likely to stop working first. In 37% of couples (116,000) wives retired at least one year ahead of their husbands. In 30% of couples (93,000) the husband preceded the wife. In 47,000 couples (15%) wives retired five or more years ahead of husbands. In 33,000 couples (11%) husbands left work five or more years ahead of wives.

**The data set: A backward look**

This study considers couples in which both partners were aged 55 to 74,<sup>2</sup> had not worked in the past year, and were not currently looking for work. The 1997 Survey of Consumer Finances provides income data for 1996.

Because of these age cut-offs, the sample is biased against couples whose ages are very different. (The greater the age difference, the smaller the chance of both partners' falling within the specified range.) Therefore, these data should not be taken as a full measure of the distribution of age among couples.

As well, couples are measured at the date of the survey rather than at the date of retirement. Some people may have married after they retired, and well after they made their decision to do so.

In 1995, about 2,800 marriages took place in which both the bride and groom were aged 55 to 74 (Statistics Canada, 1996). With 2 million people in this age range, however, this represents a marriage rate of well under 1%, and should not distort the analysis.

The month and year when last worked is taken as the date of retirement. This may miss possible future work episodes for a few people, but such employment tends to be short-term or part-time (Gower, 1998).

The methodology chosen for this study produces results that differ from those noted in an earlier *Perspectives* article (Gower, 1997). In that study, the average retirement age was 62.4 for men

and 61.8 for women, compared with 60.9 and 58.4 in the current analysis.

At least two possible explanations exist for this difference. First, this sample is biased against people who retire late. (The closer these people are to 75, the less likely their chance of being captured by the survey.) Second, the earlier study was able to select people who gave "retirement" as the reason for leaving their last job, which tended to limit the data set to people with longer careers, who often retire later.

For technical reasons, the data set in the earlier article, though more reliable as a source of information on retirement age, could not capture the retirement events of couples that this one provides.

Not surprisingly, wives who retired first tended to do so at a relatively young age (56.4), four years younger than women who retired after their husbands (60.7). Men who retired before their wives did so at age 59.6 on average – only two-and-a-half

years younger than those who retired later than their spouses (62.2).

**Age difference a major factor**

Among all retired working couples, wives were an average two years younger than their husbands. In spite

of this, wives tended to retire first. Their average retirement age was two-and-a-half years lower than husbands' (58.4 versus 60.9).

Among the 116,000 couples in which the wife retired first, wives were an average six years younger at retirement than husbands (56.4 versus 62.2). This was the result of two factors: wives left work an average five years earlier, and they were an average one year younger than their mates (Table 2).

Among the 93,000 couples in which the husband retired first, husbands' average retirement age was slightly lower than wives', but by a much smaller margin (59.6 versus 60.7). In such cases, husbands retired almost four-and-a-half years sooner than their wives, but were an average three years older.

**How does age difference affect retirement sequence?**

Simple averages hide many sub-groups of interest. For example, do couples in which the wife is older have distinctive retirement patterns? At the

Table 1  
**Retirement sequence and average retirement age of working couples**

	Couples		Average retirement age	
			Husband	Wife
	'000	%	years	
<b>Total</b>	<b>312</b>	<b>100</b>	<b>60.9</b>	<b>58.4</b>
<b>Wife retired first (1 year or more)</b>	<b>116</b>	<b>37</b>	<b>62.2</b>	<b>56.4</b>
60 months or more before husband	47	15	63.0	54.6
24 to 59 months before husband	47	15	61.7	57.4
12 to 23 months before husband	22	7	61.5	58.1
<b>Retired together</b>	<b>103</b>	<b>33</b>	<b>60.7</b>	<b>58.5</b>
Wife 1 to 11 months before husband	35	11	60.5	58.3
Same month	38	12	61.1	58.9
Husband 1 to 11 months before wife	31	10	60.4	58.3
<b>Husband retired first (1 year or more)</b>	<b>93</b>	<b>30</b>	<b>59.6</b>	<b>60.7</b>
12 to 23 months before wife	21	7	60.3	58.9
24 to 59 months before wife	39	12	60.2	60.6
60 months or more before wife	33	11	58.4	62.0

Source: Survey of Consumer Finances, April 1997

Table 2  
**Difference in retirement dates and ages of working couples, by retirement sequence**

	Average difference in retirement dates	Average age difference
		years
<b>Total</b>	<b>0.5</b>	<b>2.0</b>
<b>Wife retired first (1 year or more)</b>	<b>4.9</b>	<b>0.9</b>
60 months or more before husband	8.1	0.3
24 to 59 months before husband	3.3	1.0
12 to 23 months before husband	1.3	2.0
<b>Retired together</b>	<b>-</b>	<b>2.1</b>
Wife 1 to 11 months before husband	0.4	1.8
Same month	-	2.2
Husband 1 to 11 months before wife	0.4	2.5
<b>Husband retired first (1 year or more)</b>	<b>4.4</b>	<b>3.2</b>
12 to 23 months before wife	1.3	2.8
24 to 59 months before wife	3.2	2.8
60 months or more before wife	7.6	4.0

Source: Survey of Consumer Finances, April 1997

other extreme, when the husband is much older, do decisions to retire differ radically from those of other couples?

Some 65,000 wives were older than their husbands at the time of the survey, and of these, 55% had retired first. This compares with 38% of the 44,000 wives who were the same age as their husbands. Of the 204,000 retired couples in which the husband was older, only 31% of wives had retired first, a proportion that diminished as the age difference grew. It fell to only 24% when the age difference was five years or more (Table 3).

The propensity of spouses to retire within a year of each other varied only moderately with age difference. The likelihood was lowest when the wife was older (28%), or when the husband was five or more years older than his wife (30%). Retiring together was most common when the husband was one to two years older.

Table 3  
**Retirement sequence of working couples, by age difference**

	Retirement sequence			
	Total	Wife first	Together	Husband first
	'000			
<b>Total</b>	<b>312</b>	<b>116</b>	<b>103</b>	<b>93</b>
Wife older	65	36	18	11
Same age	44	16	13	14
Husband older	204	63	72	69
1 to 2 years	73	28	28	17
3 to 4 years	64	19	24	21
5 years or more	67	16	20	31
	%			
<b>Total</b>	<b>100</b>	<b>37</b>	<b>33</b>	<b>30</b>
Wife older	100	55	28	16
Same age	100	38	31	31
Husband older	100	31	35	34
1 to 2 years	100	38	38	24
3 to 4 years	100	30	37	33
5 years or more	100	24	30	46

Source: Survey of Consumer Finances, April 1997

### Wives wait longer

If the husband retires first, how soon does his wife join him? How does this compare with cases in which the wife retires first?

Table 4  
**Average difference in retirement dates**

	Retirement sequence	
	Wife first	Husband first
	years	
Wife older	5.3	4.3
Same age	5.5	3.5
Husband older	4.5	4.6
1 to 2 years	4.7	3.8
3 to 4 years	5.0	4.7
5 years or more	3.5	4.8

Source: Survey of Consumer Finances, April 1997

Among the 16,000 same-age couples in which the wife retired first, wives waited an average five-and-a-half years for their partners to join them. In contrast, among the 14,000 cases in which the husband retired first, wives retired only three-and-a-half years later (Table 4). This suggests that, as in the United States, wives are more likely than husbands to base their retirement decision on their spouses' employment situation.

**Sequence not tied to income or education**

Who is most able to take early retirement? According to a related study published last year, individuals with higher education often retire at relatively young ages (Gower, 1997). Can the same be seen in the retirement patterns of couples?

The association is not clear cut. In couples with lower educational attainment and low income, wives are somewhat more likely to leave first (Table 5). In other income or education groups, however, there seems to be less correlation. This does not mean that such measures are completely unrelated to family retirement decisions, merely that other factors may be more dominant.

**Conclusion**

Wives appear more likely than husbands to take their spouses' career and retirement into account when making their own decision to retire.

Economic status and retirement patterns of couples are not strongly linked. It is quite possible, however, that a more in-depth study could reveal significant patterns.

The population examined here varies in some important ways from the generation to follow. Women now approaching retirement age are more likely to have had long-term careers than those of a generation ago. This creates sources of post-retirement income not available to their predecessors. Recent strong growth in equity values may also allow couples retiring in the next few years a freedom of choice not enjoyed by this study group. Changes in family decision-making processes may also change the dynamics. □

**Notes**

1 See, for example, Henratta and O'Rand (1983).

2 Choosing a cutoff age of 55 offers a reasonable guarantee that the person will stay out of the workforce. Age 74 is used as the upper limit to protect against natural attrition of the sample. This age limit does miss many retired people over age 74, and biases the sample against those who work later in life. For these and other reasons the average retirement dates in this article may differ from those published in other studies (see *The data set: A backward look*).

**References**

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**Table 5  
Retirement sequence of working couples, by education and post-retirement income**

	Total	Wife first	To-gether	Hus-band first
	'000	%		
<b>Total</b>	<b>312</b>	<b>100</b>	<b>37</b>	<b>33</b>
<b>Education of wife</b>				
Less than Grade 9	77	100	45	35
Some secondary	63	100	31	33
High school graduation / some postsecondary	82	100	38	30
Postsecondary certificate or diploma / university degree	90	100	34	34
<b>Education of husband</b>				
Less than Grade 9	82	100	42	32
Some secondary	55	100	29	40
High school graduation / some postsecondary	58	100	34	31
Postsecondary certificate or diploma / university degree	118	100	39	32
<b>Combined income</b>				
Under \$25,000	107	100	42	34
\$25,000 to \$39,999	93	100	35	30
\$40,000 and over	112	100	34	35

Source: Survey of Consumer Finances, April 1997