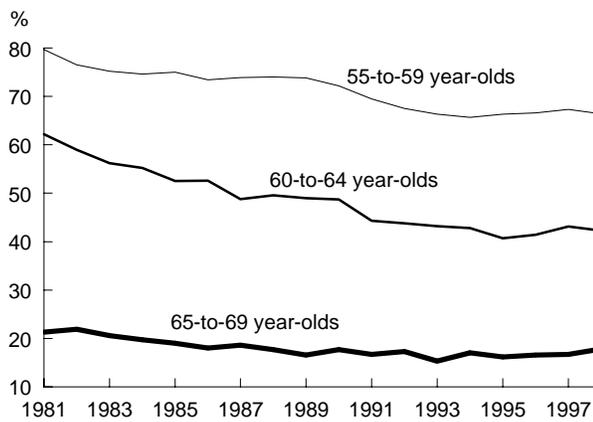


Working past age 65

Mark Walsh

The percentage of men aged 55 to 64 with jobs (the employment rate) has been declining for many years, something that has been well documented. However, as the 1990s draw to a close, the rate appears to have stabilized (Chart A).

Chart A: Employment rates for older men seem to have stabilized.



Source: Labour Force Survey

Most studies of older employed men have focused on the so-called “pre-retirement years.”¹ This article looks at workers who are past the traditional retirement age of 65. It relates the employment rate for these workers to that of workers approaching 65.

According to this study, men 65 and over are increasingly likely to continue to be employed. Having established that finding, the article examines whether any changes in the workplace have accompanied this trend. The variables examined for change include self-employment, part-time work and flexible

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Cohort versus longitudinal studies

Longitudinal studies survey the same persons repeatedly over time. Cohort studies make use of cross-sectional information at different points in time. This study compares a group of men aged 60 to 64 at a point in time and another group aged 65 to 69 five years later. Although these are not the same survey respondents (as they would be in a longitudinal survey), they are considered essentially the “same.” While not as precise as longitudinal studies, cohort studies do offer the advantage of timeliness.

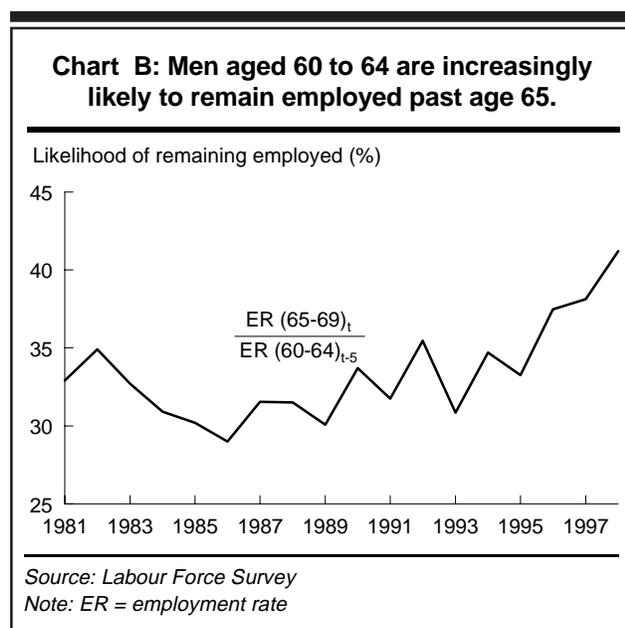
work arrangements. These may facilitate a more gradual transition into retirement, in contrast to the abrupt “65 and out” scenario that once prevailed. The study does not attribute causality to these factors nor does it attempt to study all relevant variables – many of which did not have available data (health, wages, and net asset holdings, for example).

This article uses two measures to assess whether men have been delaying retirement in the 1990s. Using Labour Force Survey (LFS) data, it examines retirement trends of men aged 65 to 69 by measuring the likelihood of 60-to-64 year-olds’ remaining employed five years later. Using the same data source, it also looks at the complementary measure of continuing attachment to jobs by 65-to-69 year-old men: job tenure. Then, using data from the LFS and the Survey of Work Arrangements (SWA), the article considers whether the delay in retirement has been accompanied or facilitated by a growth in “transition-friendly” arrangements such as self-employment, part-time work, flexitime and home-based work.

Working past 65

The percentage of men aged 65 to 69 with jobs has remained relatively stable in the 1990s (Chart A). On the surface this is surprising, since the employment rate of the 60-to-64 year-old “feeder group” has drifted downward in the 1990s. A plausible explanation may

be that the percentage of employed 60-to-64 year-olds continuing to work past their sixty-fifth birthday is rising. To measure this more formally, the study calculated the likelihood of staying employed beyond 65 in the 1980s and 1990s (see *Estimating the likelihood of remaining employed*), which showed an upward trend beginning in the mid-1980s (Chart B). Specifically, in 1986 only 29% of men who were both employed and aged 60 to 64 five years earlier were apt to be still employed. By 1998, the likelihood had increased to 41%.



Another indication that men are increasingly holding jobs past age 65 comes from job tenure information. While cross-sectional LFS data provide measures of workers' tenure with their employers or in self-employment, they cannot show to what extent these people have picked up new jobs (paid or self-employment) after 65: this is possible only with longitudinal data. Despite this, cross-sectional estimates of the time that 65-to-69 year-olds had been with their current employers in 1989 and 1998, or remained self-employed, show some increase over the years.

Indeed, the incidence of longer tenure (defined in this study as the proportion of workers with job tenure of 5 years or more) increased from 69% in 1989 to 81% in 1998. Conversely, the incidence of shorter tenure declined from 20% to 11%. Average years of continuous service also rose slightly over the period, from 19 years to a little over 20 (Table 1).

Table 1: Tenure for male workers aged 65 to 69

	1989		1998	
	%		%	
Tenure*				
0 to 2 years	15,700	20.3	10,300	10.7
5 years or more	53,700	69.3	77,100	80.5
Average tenure (years)	19.0		20.3	

Source: Labour Force Survey

* Consecutive years with current employer or as self-employed worker.

Work arrangements

The decision to retire is a complex one, influenced by a host of financial and other family circumstances, personal health, and even work arrangements. Although work arrangements cannot be seen as the major determinant in the decision to stay on the job beyond age 65, they may play an important role. To what degree are the increasing likelihood of remaining employed and longer job tenure accompanied or facilitated by related changes in the workplace? This study examines a few arrangements being used with greater frequency by men aged 65 to 69 in the 1990s. Although the examination takes two different approaches (cohort and time-series), the results are essentially the same.

Using the cohort approach, this study observes a group of men at five-year intervals, and examines how the incidence of self-employment or part-time work, for example, changes as the group ages (from 55 to 59 in 1988, to 60 to 64 in 1993, and 65 to 69 in 1998). In the time-series approach, the study compares the incidence of self-employment or part-time work for similar age groups (for example, 65-to-69 year-old men) at different points (1989 and 1998).

Self-employment

Choice, independence and flexibility are just some of the properties that make self-employment suitable for older workers and encourage many to work past the traditional retirement age.

The cohort results show an increasing incidence of self-employment: from 26% in 1988 when the group was 55 to 59, to 37% in 1993 (age 60 to 64) and 60% in 1998 (age 65 to 69) (Chart C).

Estimating the likelihood of remaining employed (LRE)

The likelihood of staying on the job is defined here as the ratio of the employment rate for a 65-to-69 year-old group at one point in time to that of a 60-to-64 year-old group five years earlier. (The employment rate is the proportion of the population in a particular age group that is employed.)

$$LRE_t = \frac{\text{Employment rate (65-69)}_t}{\text{Employment rate (60-64)}_{t-5}}$$

In most cases, the employment rate of the older group (numerator) will be less than that of the younger group (denominator) because more workers retire as they grow older. Thus, for employed men aged 60 to 64 the probability of continuing to be employed declines as they reach 65 to 69. In other words, the likelihood of remaining employed at 65 to 69 will be lower than 100%.

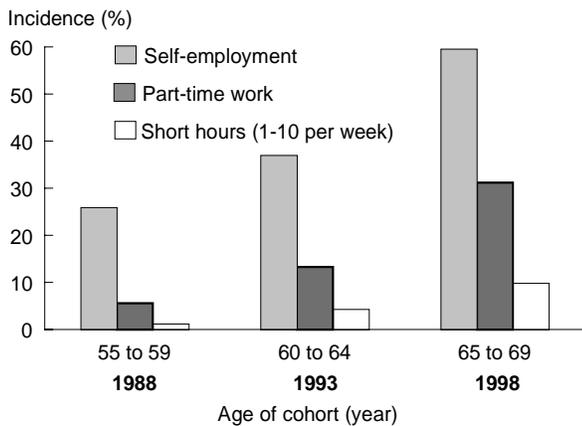
This study found that the likelihood of those aged 60 to 64 in 1981 remaining employed in 1986 was 29% (that is, $0.18 / 0.62 \times 100$). In other words, the likelihood of their having left the workforce in 1986 was 71%. Over time, a rising LRE indicates a greater probability of remaining employed at ages 65 to 69, and vice versa. The LRE is sometimes referred to as the “synthetic hazard rate” – synthetic because the database is cohort rather than longitudinal (Ruhm, 1995).

Calculating the LRE

	Employment rate		LRE
	Age 60 to 64	Age 65 to 69	
			%
1981	0.62		
1982	0.59		
1983	0.56		
1984	0.55		
1985	0.52		
1986	0.53	0.18	29
1987	0.49	0.19	32
1988	0.50	0.18	31
1989	0.49	0.17	30
1990	0.49	0.18	34
1991	0.44	0.17	32
1992	0.44	0.17	35
1993	0.43	0.15	31
1994		0.17	35
1995		0.16	33
1996		0.17	37
1997		0.17	38
1998		0.18	41

Source: Labour Force Survey

Chart C: The incidence of flexible work arrangements for men increases with age.



Source: Labour Force Survey

The time series results tell a similar story. While the incidence of self-employment has increased, its growth has been more pronounced among workers beyond the traditional age of retirement (Table 2). From 1989 to 1998, the incidence of self-employment for workers aged 65 to 69 grew from 51% to 60%, clearly exceeding the increase noted among younger workers in the same period.

Table 2: Self-employment among men

Age	1989		1998	
		%		%
15 to 54	972,200	14.9	1,274,500	18.4
55 to 59	111,100	24.8	140,800	29.9
60 to 64	83,000	30.8	95,700	38.7
65 to 69	39,100	50.5	57,000	59.5

Source: Labour Force Survey

Part-time work

As with self-employment, part-time work may ease the transition to retirement, allowing older workers to put in fewer hours a week near the end of their careers. Equally beneficial is the effect on the demand side of the labour market. Employers benefit from part-time work because it increases flexibility in work scheduling. This could lead to an increase in the demand for the part-time services of older workers, many of whom are highly skilled.

The cohort results indicate a growing tendency toward part-time work as men age. The part-time rate for the 55-to-59 cohort rose from 6% in 1988 to 13% in 1993 and 30% in 1998 (Chart C). The time-series results tell a slightly different story, however. They show the part-time rate for 65-to-69 year-old men as virtually unchanged between 1989 and 1998 (at around 31%). Even so, part-time work was twice as prevalent among this group as among their 60-to-64 year-old counterparts (Table 3).

Table 3: Part-time employment among men

Age	1989		1998	
		%		%
15 to 54	539,500	8.3	688,000	9.9
55 to 59	23,200	5.2	37,700	8.0
60 to 64	26,700	9.9	38,100	15.4
65 to 69	24,500	31.6	29,900	31.2

Source: Labour Force Survey

The incidence of routine one-to-10 hour work weeks (a subset of part-time work) was also examined. The data show a growing prevalence of this work arrangement as men age. Only 1% of employed men aged 55 to 59 in 1988 worked a short week. Five years later, approximately 4% did so, and by 1998, about 10% of the cohort (by then aged 65 to 69) were on this schedule (Chart C). The time-series results again differ slightly. In 1998, as well as in 1989, approximately 10% of 65-to-69 year-old employed men worked not more than 10 hours each week, although this rate exceeded that of their younger counterparts many times over (Table 4).

Flexible work arrangements

As with self-employment and part-time work, flexible work arrangements can encourage some older people

Table 4: Men working 1 to 10 hours a week

Age	1989		1998	
		%		%
15 to 54	175,800	2.7	200,700	2.9
55 to 59	6,500	1.4	10,300	2.2
60 to 64	8,200	3.0	10,300	4.2
65 to 69	8,000	10.3	9,400	9.8

Source: Labour Force Survey

to work longer. A comparison of data from the 1991 and 1995 Surveys of Work Arrangements (SWA) shows growth in several work arrangements compatible with delaying retirement. Two in particular are being used with greater frequency by older male workers: flexitime and working at home.

Flexitime allows varying start and end work times around a set of core hours. This permits an older worker to create a personally suitable work schedule, thus encouraging continued employment. Data from the SWA show a dramatic increase in the use of these arrangements by men aged 60 to 69 between 1991 and 1995.² Between those two years, the proportion of men aged 60 to 69 with a flexitime work arrangement increased more than twofold: from 15% to 35% (Table 5). Over the same period, the use of another helpful arrangement, working fully or partly from home, increased among older employed men; the incidence rose from 8% to 10%. Some increases were also observed in their use of a short work schedule (one to two days a week), and of on-call work.

Table 5: Work arrangements for men aged 60 to 69

Employees who...	1991		1995	
		%		%
had flexitime schedules*	27,700	15.3	61,300	34.9
worked at home	14,100	7.7	18,000	10.3
worked 1 to 2 days a week	8,800	4.7	10,800	6.2
did on-call work**	5,100	2.7	5,900	3.3

Source: Survey of Work Arrangements

* Times chosen within limits established by the employer.

** Hours vary substantially from one week to the next.

Conclusion

This article has shown that in the 1990s men are increasingly likely to work beyond the traditional retirement age of 65. This tendency has been accompanied or facilitated by an increase in such “retirement smoothing” work practices as self-employment, part-time work and other flexible work arrangements. These developments point to an interesting scenario. If the likelihood of remaining employed beyond 65 continues to increase, and if the recently observed stability in the employment rate for men aged 60 to 64 (the “feeder group”) is sustained, then the proportion of men working past traditional retirement age will certainly increase.

Perspectives

Notes

1 Gower (1997), for example, looked at how the median age of retirement drifted downward between 1976 and 1995. Variables in that study included not only sex, but class of worker, sector and job tenure. It also provided a brief international comparison. See also CLMPC (1997); Galarneau (1998); Ruhm (1995), and Statistics Canada (1997 and 1998).

2 The sample of the 65-to-69 year-old group alone was too small to be used. For similar reasons, and because the two surveys are four years apart instead of five, no cohort analysis is presented.

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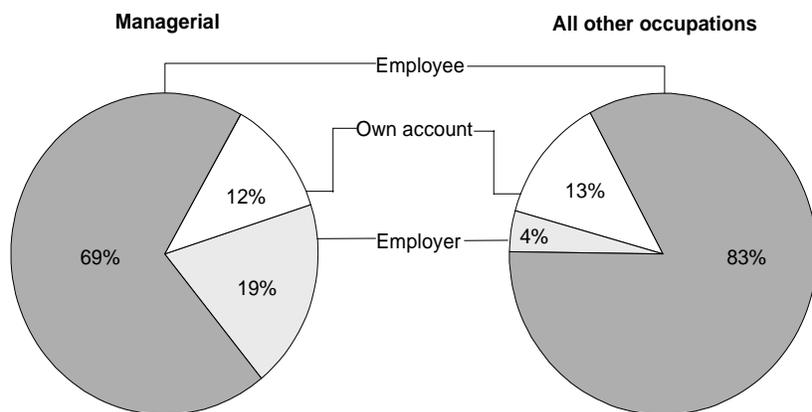
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Speaking of self-employment...

Much has been made of the growth in self-employment. One occupational group that reflects this growth is management. In 1998, almost one-third of managers were self-employed – nearly double the rate for all other occupations. Virtually all of the difference was attributable to those with employees.



Source: Labour Force Survey

Perspectives
