

PHASED RETIREMENT, FINANCIAL WEALTH, AND DEPRESSIVE SYMPTOMS
AMONG OLDER ADULTS

by

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ABSTRACT

This study explored retirement transitions and further examined whether phased retirement was financially and psychologically beneficial for older adults in the United States. With data drawn from the 2010 and 2014 waves of the Health and Retirement Study data set at two time points, four years apart, this study analyzed 4,345 adults aged 55 to 80 using chi-square tests, one-way analysis of variance tests, and ordinary least squares regression analyses. Results showed that 65% of respondents continued to work full-time, whereas 13% chose to engage in phased retirement, and 17% of respondents immediately retired from the workforce. Overall, those who participated in phased retirement reported higher mean total household wealth and fewer depressive symptoms than those who immediately retired. However, this study found no strong evidence that retirement transition was significantly associated with total household wealth and depressive symptoms in the sample after controlling for total household wealth, depressive symptoms, and other individual difference variables at baseline. These findings highlight the importance of understanding the implications of decision-making on retirement transitions among older Americans.

Keywords: retirement transition, phased retirement, immediate retirement, financial wealth, depressive symptoms, Health and Retirement Study

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INTRODUCTION

Some older workers engage in “phased retirement” in which they transition from full-time working to part-time working status, then eventually retiring at a later age (Purcell, 2009; Sheaks, 2007). Providing an alternative pathway to retirement may be beneficial in combating financial and psychological issues that typically come with traditional immediate retirement (Burtless & Quinn, 2002). Previous literature suggests that phased retirement may offer the opportunity for older adults to accumulate more income and additional benefits, as well as an opportunity for older adults to engage in the psychological benefits of the workplace (Burtless & Quinn, 2002). However, phased retirement is not well-known. Indeed Brown (2005) demonstrated that only one in five adults surveyed ever hearing of phased retirement. Nevertheless, two in five adults surveyed were interested in phased retirement and stated that the transition would encourage them to continue working past their anticipated retirement age (Brown, 2005).

The United States has seen an explosive growth in the population of older adults, with an increase from 37.1 million individuals over the age of 65 in 2006, to 49.2 million in 2016 (U.S. Department of Health and Human Services (HHS), 2018). This number is expected to continue to increase to 72 million by 2030 as the large Baby Boomer generation exceeds the age of 65 (HHS, 2018). Although the population of older adults is rising, it does not mean that they are going to retire at a certain age. Higher educational attainment, a decline of retiree health insurance from employers, lower rates of defined benefit pension coverage, and an improvement

in overall health have contributed to older Americans working longer than previous generations (Munnell, 2011; Mermin, Johnson, & Murphy, 2007).

Over half of older adults surveyed in Brown's (2005) study were working solely out of financial need or for health benefits. Poor retirement planning is accredited to the shortage of employer retirement plans as well as inadequate savings to support retirement living standards (Ghilarducci, Saad-Lessler, & Bahn, 2015). A little over half of households 55 to 64 years old will rely solely on Social Security in retirement (Ghilarducci et al., 2015), which poses a problem as previous research has indicated that Social Security is no longer enough for one to live on (Burtless & Quinn, 2002).

Furthermore, previous literature documented that the growing older population might suffer psychologically. Recently, the number of older adults with depressive symptoms has increased (Hung et al., 2015). Past studies indicated that older adults may have a higher risk of depression due to economic factors, worsening physical health, and the loss of long-standing and meaningful relationships (Blazer, 2003; Mirowsky & Ross, 1992). Retirement might worsen these symptoms as workers jump from the fast-paced, social environment of the workplace to a slower and less social realm of retirement (Burtless & Quinn, 2002).

This research sought to explore retirement transitions and to investigate whether phased retirement is financially and psychologically beneficial for older adults in the United States. This study used nationally representative longitudinal data drawn from the Health and Retirement Study (HRS). This study explored the retirement transition of older adults to determine if they engaged in phased retirement, immediate retirement, or continued working full-time. Specifically, this study examined the association of phased retirement with financial wealth and depressive symptoms among older adults in the United State

LITERATURE REVIEW

Retirement Trends in the United States

As Baby Boomer generation enters into retirement, the population of older adults in the United States is increasing substantially (HHS, 2018). The Baby Boomer generation is one of the largest generations and consists of individuals born in the United States between 1946 and 1964 (U.S. Census, 2019). All of the Baby Boomer generation will be past the age of retirement, which is 64 for men and 62 for women (Munnell, 2011), by 2030. However, nowadays older Americans are working longer than previous generations. The probability of working full-time past the age of retirement increased from 27% to 33% among workers age 51 to 56 between 1992 and 2004 (Mermin et al., 2007). The number of working older adults will likely continue to rise due to various factors, such as higher levels of educational attainment and an improvement in health (Munnell, 2011; Mermin et al., 2007).

Growing concerns over traditional sources of retirement income such as Social Security and employer pensions are increasing with many Americans already anticipating their reliance on earnings (Cahill, Giandrea, & Quinn, 2006). For this reason, the popularity of bridge jobs has risen. Bridge jobs might include part-time, full-time, seasonal and temporary work as a transition from late career jobs towards complete withdrawal from the labor force (Wang, Adams, Beehr, & Shultz, 2009). Baby Boomer women especially are more likely than previous generations to participate in a bridge job before fully exiting the work force (Cahill et al., 2006). Cahill and colleagues (2006) found that bridge jobs are also more popular among those who are younger,

those without defined-benefit pension plans, and those at both the lower and upper ends of the wage distribution (Cahill et al., 2006).

A particular bridge job transition, “phased retirement” is a transition from full-time to part-time working, then eventually retiring (Purcell, 2009). This transition in working status could be a possible way to provide older households with income and additional benefits. Additionally, phased retirement might keep older adults engaged in the psychological benefits of the workplace that retirees miss, such as social interaction and communication (Burtless & Quinn, 2002). It is important to evaluate the financial and psychological impact of phased retirement, especially as the number of older adults continues to grow (HHS, 2018).

While phased retirement is not a well-known term, some older adults have expressed interest in the transition and believe that the gradual transition to retirement would provide support for working past their anticipated retirement age (Brown, 2005). An enticing aspect of phased retirement is the participant’s control over their time and schedules as they cut back hours. Older Americans desire control over their work flexibility including their time, schedules, and the type of work they do (Kojola & Moen, 2016). The option of phased retirement could be enticing for older adults who desire flexibility, as the transition from full-time working to part-time could provide them with additional time and control over working hours.

Cutting back on working hours may be beneficial for the mental health of older adults, as Christ and colleagues (2007) found that older Americans who are employed have fewer depressive symptoms than those who do not work. Similar studies have been conducted around the world. Chang and Yen (2011) found that older Taiwanese adults who were employed part-time reported a higher life satisfaction than full-time workers. In Singapore, a similar result was found when examining the psychological well-being of older adults. Those who continued to

work or volunteered in retirement had fewer depressive symptoms and better life satisfaction than non-volunteering retirees regardless of their physical health (Schwingel, Niti, Tang, & Ng, 2009).

Financial and Working Status in Older Adults

Previous literature suggests that many older adults are not financially prepared for retirement (Ghilarducci et al., 2015; Brown, 2005). Over half of older working adults continue working due to financial needs and for health benefits (Brown, 2005). Ghilarducci and colleagues (2017) estimated that about one third of older workers had no retirement savings. Retirement planning and financial literacy play a role in the financial status of older adults, as those who plan arrive at retirement with greater wealth than those who do not plan (Lusardi & Mitchell, 2007). It is estimated that 55% of households 55 to 64 years old approaching retirement would solely rely on Social Security or would not be financially able to retire (Ghilarducci et al., 2015). Burtless and Quinn (2002) explain that Social Security is no longer growing and company pension coverage is no longer increasing. Economic conditions, such as the Great Recession, and policy changes have impacted financial security of older adults (Kojola & Moen, 2016). The impact of Great Recession on employer pension plans and unemployment may have put older adults at a disadvantage when it comes to preparing for retirement. The lack of employer retirement plans is one of the primary problems with poor retirement preparedness (Ghilarducci et al., 2015). Insufficient savings to keep up with individual's living standard (Kojola & Moen, 2016), decreasing employer retiree benefits and decreasing pensions exacerbate the problem and cause older adults to work longer (Mermin et al., 2007; Ghilarducci et al., 2015). The financial status of older adults is a crucial topic, especially as the Baby Boomer generation enters into retirement.

On the other hand, many continue to work longer due to the improved health status of the older generation and the decline in physically-demanding and labor-intensive jobs (Mermin et al., 2007). The decline in physically-demanding and labor-intensive jobs is attributed to America's service economy, advancements in technology, and the emergence in more desk jobs (Johnson, Mermin, & Resseger, 2011). These trends might create more opportunities for adults to be employed later in life and increase their household wealth before deciding to retire. Bender (2012) shows that retirees value having an above average income in regard to Social Security and relative pension income. Having an above average income could reassure retirees that they might be financially well-off and could give them more freedom and opportunities post-retirement.

Depressive Symptoms in Older Adults

Previous research has shown that depression increases in older age (Hung et al., 2015; Mirowsky & Reynolds, 2000). Older adults are susceptible to a higher risk of depression due to various economic factors, worsening physical health, and the loss of long-lasting and meaningful relationships (Blazer, 2003; Mirowsky & Ross, 1992). Chronic diseases, such as high blood pressure, also play a critical role in depression as older adults with one or more chronic diseases have a higher risk of depression (Moussavi, 2007). Burtless and Quinn (2002) found that the transition from a fast-paced, social environment of the workplace to the slower, less social realm of retirement might impact depressive symptoms.

Previous literature suggests that phased retirement as a way to maintain the happiness of older adults as they transition into retirement, specifically providing them with a social environment (Bender, 2012; Kojola & Moen, 2016; Calvo et al., 2009). Older adults also value the type of work they undertake and may continue to work because it has purpose. For example,

Kojola and Moen (2016) found that Baby Boomers continue to work longer because they feel like they are conducting meaningful work that has an impact and is benefiting society.

Working longer also provides older adults with opportunities for social interaction and engagement which, in turn, results in fewer depressive symptoms and better psychological well-being (Schwingel et al., 2009). Working longer also presents a chance for older adults to remain active mentally and physically and to stay productive and useful (Brown, 2005). Some retirees addressed that they specifically miss the social environment of the workplace and the feeling of being needed and useful (Burtless & Quinn, 2002). Schwingel and colleagues (2009) affirm that staying engaged in later life, including through work, provides different opportunities resulting in increased psychological well-being. Phased retirement provides an opportunity for older adult workers to remain engaged through flexible work hours and a social environment.

Financial Wealth and Depression

Research has investigated whether financial wealth is related to depressive symptoms. Ettman and colleagues (2020) sought to evaluate the relationship between family wealth and depression in the United States. The results showed that a majority of the total population had low family savings (less than \$20,000), and these individuals with low family savings were 1.49 times more likely to have depressive symptoms compared to those with higher family savings (Ettman, Cohen & Galea, 2020). However, financial hardship is a primary influence in the relationship between finances and mental health. Butterworth et al. (2012) found that financial hardship had the strongest relationship with depression compared to other socioeconomic variables (Butterworth, Olesen, & Leach, 2012). The most recent example of major financial hardship is the Great Recession, a period of economic downfall that persisted from 2007 to 2009. Using the HRS data from 2006 to 2010, Wilkinson (2016) found that the financial strain of the

Great Recession was a strong predictor of declining mental health. McInerney and colleagues (2013) also found that the sudden wealth loss of the Great Recession led to a decline in mental health (McInerney, Mellor, & Nicholas, 2013).

The Present Study

The purposes of this study were to explore retirement transitions and to investigate the associations of retirement transitions with financial wealth and depressive symptoms among older adults using a nationally representative dataset in the United States. More specifically, this study investigated whether phased retirement is beneficial financially and psychologically for older adults as compared to immediate retirement in the United States.

Conceptual Framework and Hypotheses

Guided by Atchley's (1989) theory of continuity, this research focused on the employment transitions of older adults and the resulting financial and psychological effects stemming from this decision. The theory of continuity suggests that older adults try to maintain their current lifestyle by making adaptive choices (Atchley, 1989). By engaging in phased retirement, the individual may be attempting to maintain their current lifestyle. The choice to engage in phased retirement may present older adults with extra financial resources and lower depressive symptoms. Thus, this study hypothesized that participation in phased retirement would be associated with higher household wealth as well as fewer depressive symptoms. Phased retirement would provide additional financial benefit to older adults and would result in a higher total household wealth. Additionally, phased retirement would be beneficial for older adults psychologically and would lower the number of depressive symptoms. Based on the theoretical considerations and previous literature, two hypotheses for this study are as follows:

Hypothesis 1: Older Americans who engage in phased retirement will have higher levels of financial wealth compared with their immediate retirement counterparts.

Hypothesis 2: Older Americans who engage in phased retirement will have fewer depressive symptoms compared with their immediate retirement counterparts.

METHODS

Data and Sample

This study utilized data from the HRS (Health and Retirement Study) at two time points, four years apart. The HRS is a longitudinal panel study that surveys a representative sample of approximately 20,000 people, consisting of residents older than 50 years within the United States. The HRS is supported by the National Institute on Aging (NIA U01AG009740) and the Social Security Administration, and it is conducted by the Institute for Social Research at the University of Michigan. The HRS started in 1992 and is sampled every 2 years. For this study, the HRS data provides insights into the employment transitions, as well as, the depressive symptoms and financial status of older adults.

The present study is a repeated measures analysis utilizing data from the 2010 and 2014 waves of the HRS dataset. Focusing on a four-year period allows older adults the time to begin to transition into retirement. In order to investigate the retirement transitions among full-time older workers, this study restricted the sample to adults who are working full-time at the time of the interviews at baseline. Also, the analytic sample was restricted to adults ages 55–80 at the time of the interviews. Since the average retirement age for men is 64 and is 62 for women (Munnell, 2011), the age of 55 would provide sufficient time for the respondent to begin the transition of phased retirement from full-time working to part-time or partially retired. These exclusions resulted in a final sample of 4,345 participants

Measurements

Dependent Variables

Depressive symptoms. In this study, depressive symptoms were measured using the short-form of the Center for Epidemiologic Studies Depression (CES-D) Scale (Radloff, 1977). Respondents were asked eight different items about their experiences during the past week of: felt depressed, felt everything was an effort, sleep was restless, was happy, felt lonely, enjoyed life, felt sad, and could not get going. The responses were denoted with either a 1 or 0, with 1 indicating a negative experience. The scale ranged from 0 to 8, with higher scores indicating more depressive symptoms.

Total household wealth. Total household wealth was calculated as the sum of all wealth components less all debt. That is, sum of (a) value of the respondent's primary residence, (b) net value of real estate, (c) net value of vehicles, (d) net value of businesses, (e) net value of IRA/Keogh, (f) net value of stocks and mutual funds, (g) value of checking, savings, and money market accounts, (h) value of CDs, government savings bonds, and treasury bills, (i) net value of bonds or bond funds, and (j) net value of all other savings less sum of (k) value of all mortgages, (l) value of all other home loans other than the first or second mortgages plus the balance on an equity line of credit, and (m) value of debt.

Independent Variable

Retirement transitions: phased retirement and immediate retirement. Previous literature has defined *phased retirement* as a gradual transition from full-time working to complete retirement (e.g., Sheaks, 2007). The U.S. General Accounting Office (GAO, 2003) adds that phased retirement can be achieved through the use of flexible hours or scheduling to gradually retire from a long-term job. In this study, that definition is modified in that an individual is

considered to be participating in phased retirement if they reported a change in employment status from full-time working (35+ hours per week) to part-time employment or partially retired between 2010 and 2014. This transition from full-time working to part-time working or partially retired indicates that an individual is starting to phase into retirement. If the respondent's labor force participation transitioned in this way, then phased retirement was indicated with a 1 (otherwise = 0). *Immediate retirement* is defined as the exiting of the labor force to retirement without participation in the transition to part-time employment nor partially retired. Individuals who transitioned directly from full-time working to retirement between waves were counted as engaging in immediate retirement. The variable was dichotomously-coded (1 = yes; 0 = no).

Covariates

Previous literature suggests that demographic and socioeconomic characteristics are associated with financial status and depressive symptoms of older adults. Thus, this study included sex, race/ethnicity, educational attainment, and marital status as covariates in the analyses. Specifically, sex (1 = female; 0 = male) was chosen as a covariate because women tend to have a greater number of depressive symptoms compared to males (Kessler et al., 1993). Previous literature has also shown that racial/ethnic minorities have increased depressive symptoms compared to Whites (Dunlop et al., 2003). Race/ethnicity was measured with dichotomies indicating non-Hispanic White (reference), non-Hispanic Black, Hispanic of any race, and non-Hispanic other race. With regard to educational attainment, previous studies have shown that those with lower levels of educational attainment have increased depression (Mirowsky & Ross, 1992; Mirowsky & Reynolds, 2000). Educational attainment was measured by asking, "What is the highest grade of school or year of college you completed?" Years of educational attainment range from 0 to 17, with 12 years indicating a high school education.

Marital status is measured with dichotomies indicating never married, widowed, and separated or divorced with the reference category being married or partnered.

Statistical Analysis

Descriptive statistics were analyzed for the independent, dependent, and control variables. Linear interpolation was used to fill in missing data in the following variables: CES-D scores, years of education, race and ethnicity, and marital status variables. Chi-square tests for categorical variables and one-way analysis of variance (ANOVA) tests for continuous variables were conducted to indicate the associations between retirement transitions and all other variables including financial wealth, depressive symptoms variables, and covariates. Furthermore, hierarchical ordinary least squares (OLS) regression analyses were employed to investigate whether phased retirement was associated with depressive symptoms (i.e., CES-D score) and financial status, as indicated by total household wealth. The regression analyses were only conducted among the phased retirement and immediate retirement samples. In Model 1, type of retirement transitions, immediate retirement (reference) and phased retirement, was included as a predictor. In Model 2, log of total household wealth and depressive symptoms at baseline were added into the baseline model, respectively. In Model 3, sociodemographic variables were entered as covariates to control for age, educational attainment, sex, race and ethnicity, and marital status. Statistical analyses were performed using IBM SPSS Version 26 (IBM Corp., Armonk, NY).

RESULTS

Descriptive Statistics

Table 1 presents retirement transitions among older adults in the sample ($N = 4,345$). Respondents had participated in one of the following: continued full-time working, phased retirement, immediate retirement, or other employment transition between 2010 and 2014. Results showed that 65.1% of respondents remained working full-time, whereas 13.2% of respondents participated in phased retirement ($n = 574$) and nearly 17% of respondents immediately retired from the workforce ($n = 735$).

Table 1. Retirement Transitions in the Sample

Retirement Transitions	<i>n</i> (%)
Continued full-time working: Full-time working at baseline → Full-time working	2,829 (65.1%)
Phased retirement: Full-time working at baseline → Part-time working or partially retired	574 (13.2%)
Immediate retirement: Full-time working at baseline → Retired	735 (16.9%)
Other: Full-time working at baseline → Other *	207 (4.8%)
Total Sample	4,345 (100.0%)

Note. * Other category included unemployed, disabled, or not in labor force.

Table 2 presents descriptive statistics for the sample characteristics by retirement transitions. The average age of the total sample was about 62 years ($SD = 5.5$). The average of ages of the phased retirement sample and the immediate retirement sample were 63.75 ($SD = 6.23$) and 65.02 ($SD = 5.53$), respectively. In terms of educational attainment, the means years of education were 13.53 years ($SD = 2.92$) for the total sample, 13.45 years ($SD = 3.2$) for the phased retirement sample, and 13.39 years ($SD = 2.61$) for the immediate retirement sample. The total sample and immediate retirement sample were well distributed in regard to sex, whereas phased retirement sample included more females (57.49%) than males (42.51%). Regarding marital status, nearly 70% were married or partnered (total sample, 69.57%; phased retirement sample, 67.02%; immediate retirement sample, 68.71%). The sample included more non-Hispanic White individuals (total sample, 60.36%; phased retirement sample, 59.16%; immediate retirement sample, 62.45%).

Table 2 also presents the results of the chi-square tests and one-way ANOVA analyses to indicate the associations of retirement transitions with financial wealth and depressive symptoms. As stated earlier, this study focused on comparing two types of retirement transitions, phased retirement vs. immediate retirement. As shown in Table 2, chi-square tests and one-way ANOVA analyses results revealed statistically significant relationships of retirement transitions with total household wealth, $F = 5.37$ (3, 4341), $p < .001$, and depressive symptoms, $F = 23.67$ (3, 4341), $p < .001$, respectively. Those who participated in phased retirement reported higher levels of total household wealth ($M = \$527,934$, $SD = \$1,594,576$) and fewer depressive symptoms ($M = 1.18$, $SD = 1.75$) than those who immediately retired ($M = \$433,136$, $SD = \$929,832$; $M = 1.33$, $SD = 1.99$, respectively). Interestingly, results showed that those who

immediately retired had a higher median total household wealth (*Median* = \$163,500) than those who engaged in phased retirement (*Median* = \$136,500).

Moreover, this study found that those who participated in phased retirement were younger, $F = 184.51$ (3, 4341), $p < .001$, and had a higher educational attainment, $F = 8.52$ (3, 4341), $p < .001$, compared with those who immediately retired. Females were more likely to participate in phased retirement, whereas males tend to immediately retire ($\chi^2 = 22.36$, $df = 3$, $p < .001$). Regarding race and ethnicity, those identifying as non-Hispanic other were more likely to participate in phased retirement, whereas non-Hispanic Whites, non-Hispanic Blacks, and Hispanics were more likely to retire immediately ($\chi^2 = 17.37$, $df = 6$, $p < .01$). The relationship between marital status and retirement transitions was also statistically significant with those who were separated or divorced more likely to participate in phased retirement, whereas married/partnered, widowed, and never married respondents were more likely to retire immediately ($\chi^2 = 11.64$, $df = 6$, $p = .07$).

Table 2. Descriptive Statistics of the Sample by Retirement Transitions

Variables	Total Sample (<i>N</i> = 4,345) M ± <i>SD</i> (Median)/%	Phased Retirement (<i>n</i> = 574, 13.2%) M ± <i>SD</i> (Median)/%	Immediate Retirement (<i>n</i> = 735, 16.9%) M ± <i>SD</i> (Median)/%	χ^2 (<i>df</i>) or <i>F</i> (<i>df_b</i> , <i>df_w</i>)
Age (years)	61.7 ± 5.5 (61)	63.75 ± 6.23 (63)	65.02 ± 5.53 (64)	184.51 (3, 4341)***
Educational attainment (years)	13.53 ± 2.92 (14)	13.45 ± 3.2 (14)	13.39 ± 2.61 (13)	8.52 (3, 4341)***
Sex				22.36 (3)***
Female	49.25	57.49	49.39	
Male	50.75	42.51	50.61	
Marital status				89.75 (9) ***
Married or partnered	69.57	67.02	68.71	
Separated or divorced	17.36	16.58	14.15	
Widowed	7.23	10.81	12.93	
Never married	5.85	5.58	4.22	
Race ethnicity				49.27 (9) ***
non-Hispanic White	60.36	59.16	62.45	
non-Hispanic Black	21.49	20.77	23.13	
Hispanic of any race	4.05	2.96	2.99	
non-Hispanic other race	13.99	17.10	11.43	
Total household wealth (\$)	418,633.38 ± 1,060,045.73 (142,000)	527,933.87 ± 1,594,576.05 (136,500)	433,136.00 ± 929,832.35 (163,500)	5.37 (3, 4341)***
Depressive symptoms (CES-D score)	1.12 ± 1.73 (0)	1.18 ± 1.75 (0)	1.33 ± 1.99 (0)	23.67 (3, 4341)***

Note. **p* < .05, ***p* < .01, ****p* < .001.

Hierarchical OLS Regression Analyses Results

Table 3 presents the results of hierarchical OLS regression analyses with log of total household wealth and depressive symptoms as outcome variables. In order to compare the two retirement transitions, particularly phased retirement and immediate retirement, this study analyzed the phased retirement and immediate retirement samples only ($N = 1,309$) in the hierarchical OLS regression analyses. To test the associations of phased retirement with financial wealth and depressive symptoms, in the first model, type of retirement transitions (i.e., immediate retirement (reference) and phased retirement), was included as a predictor in Model 1. Total household wealth at baseline and depressive symptoms at baseline were entered in Model 2 to control for the status at baseline. Lastly, sociodemographic variables were entered as covariates to control for age, educational attainment, sex, race and ethnicity, and marital status in Model 3.

Association between phased retirement and total household wealth

At the first step, the results demonstrated that phased retirement was negatively associated with total household wealth in Model 1 ($\beta = -0.375, p = .012$). However, the significant association changed to nonsignificant after controlling for log of total household wealth at baseline in Model 2 ($\beta = -0.222, p = .073$) and sociodemographic characteristics of respondents (i.e., age, years of education, sex, race and ethnicity, and marital status) in Model 3 ($\beta = -0.204, p = .090$).

Association between phased retirement and depressive symptoms

Results showed that those who participated in phased retirement had fewer depressive symptoms than those who immediately retired. However, this study found no evidence that retirement transitions are significantly associated with depressive symptoms in the sample ($\beta = -$

0.15, $p = .156$). After controlling for depressive symptoms at baseline in Model 2 ($\beta = -0.129$, $p = .166$) and sociodemographic characteristics (i.e., age, years of education, sex, race and ethnicity, and marital status) in Model 3 ($\beta = -0.163$, $p = .083$), the inverse association between phased retirement and depressive symptoms remained nonsignificant.

Association between sociodemographic characteristics and total household wealth and depressive symptoms

Regression analyses also revealed sociodemographic factors associated with total household wealth and depressive symptoms. For example, age ($\beta = 0.037$, $p = .001$) and years of education ($\beta = 0.104$, $p < .001$) were both positively associated with the total household wealth. Compared with non-Hispanic Whites, non-Hispanic Blacks had a lower level of total household wealth ($\beta = -0.439$, $p = .005$). Compared to married or partnered older adults, those who were separated/divorced, widowed, or never married reported a lower level of total household wealth.

In terms of depressive symptoms, age was inversely associated with depressive symptoms. Individuals who were separated or divorced were more likely to have more depressive symptoms than those who were married or partnered. The associations of educational attainment, sex, and race/ethnicity with depressive symptoms were not statistically significant in the sample.

Table 3. Hierarchical OLS Regression Analyses Results ($N = 1,309$)

Models/Variables	Log of total household wealth			Depressive symptoms		
	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
<i>Retirement transitions</i>						
Immediate retirement (reference)						
Phased retirement	-0.375*	-0.222	-0.204	-0.15	-0.129	-0.163
<i>Control at baseline</i>						
Log of total household wealth at baseline		0.526***	0.457***			
Depressive symptoms at baseline					0.523***	0.499***
<i>Covariates</i>						
Age			0.037**			-0.021*
Years of education			0.104***			-0.025
Sex						
Male (reference)						
Female			0.049			-0.022
Race and ethnicity						
non-Hispanic White (reference)						
non-Hispanic Black			-0.439**			0.097
Hispanic of any race			0.118			0.154
non-Hispanic other race			0.507*			-0.067
Marital status						
Married or partnered (reference)						
Separated or divorced			-0.861***			0.307*
Widowed			-0.391*			0.017
Never married			-0.927**			-0.262
<i>Intercept</i>	4.51	2.24	-1.041	1.329	0.744	2.44
R^2	0.005	0.315	0.363	0.002	0.215	0.228
<i>Adjusted R²</i>	0.004	0.314	0.358	0.001	0.214	0.221
F	6.336*	300.73***	67.25***	2.02	178.58***	34.75***

Note. * $p < .05$, ** $p < .01$, *** $p < .001$.

DISCUSSION

This study explores the retirement transitions among older Americans using a nationally representative dataset and finds that 65% of respondents continued to work full-time, whereas 13% engaged in phased retirement and 17% of respondents immediately retired from the workforce in the sample. Furthermore, this study investigates whether phased retirement is financially and psychologically beneficial for older adults. The results showed that older adults who participated in phased retirement have higher levels of mean total household wealth than those who immediately retired. These results support Hutchens' (2007) study. Hutchens (2007) found that phased retirees had more household wealth than those who did not engage in phased retirement. In that study, Hutchens (2007) defined phased retirement as "reduced hours without a change of employers" (p. 2). While Hutchens (2007) looked broadly at phased retirement compared to non-phased retirement, the present study expands on this idea and particularly focuses on two retirement transitions, phased retirement and immediate retirement. The present study specifically compared the total household wealth of phased retirees to that of immediate retirees.

Meanwhile this study indicates that the median total household wealth of immediate retirees is greater than that of phased retirees. This is particularly interesting since phased retirees reported a higher mean total household wealth compared to immediate retirees. A possible explanation to this finding is that those who immediately retired may have been better prepared for retirement with previous financial planning. While the mean total household wealth shows that some of the immediate retirees may not have been financially prepared for retirement, the

median shows that most of the sample may have anticipated their retirement from the workforce and been planning for that occasion. Lusardi and Mitchell's (2007) study supports this finding, as their research found that those who participated in retirement planning had a greater wealth in retirement than those who did not plan. While both the mean and median show central tendency, the mean shows the average of the whole sample and is used when the data is symmetrical. In this instance, the median may be the more appropriate statistic to use.

The results from this study indicate that older adults who participated in phased retirement have fewer depressive symptoms than those who immediately retired. The results of this study are in line with Christ and colleagues (2007) as well as Schwingel and colleagues' (2009) study that examined how the social interaction and engagement of the full-time or part-time working are related to depressive symptoms and well-being of older workers. Christ and colleagues (2007) found that older adults who are employed have fewer depressive symptoms than those who are not working. Schwingel and colleagues (2009) also found that older adults who work or volunteer have fewer depressive symptoms and better life satisfaction than those who are not engaged in activity, such as work or volunteering. The present study extends these findings by narrowing the focus on two specific work transitions with all of the respondents in the sample starting the study as full-time working at baseline, then either transitioning to part-time working/partly retired or fully exiting the workforce. This study then investigates whether these retirement transitions are associated with depressive symptoms of older adults compared to immediate retirement.

Guided by Atchley's (1989) theory of continuity that suggests that older adults try to maintain their current lifestyle by making adaptive choices, this study expects that engagement in phased retirement would present older adults with higher household wealth and less depressive

symptoms. While the descriptive statistics show phased retirees have a higher mean total household wealth and a lower CES-D score than immediate retirees, regression results show that the association of engagement in phased retirement with financial wealth and depressive symptoms were no longer significant after controlling for the baseline year status of financial wealth, depressive symptoms, and sociodemographic characteristics. Although these data do not explain the motivation behind the decision to participate in phased retirement, it would be interesting to see what motivated the respondents to make their decision. Based on previous research (Burtless & Quinn, 2002) and the theory of continuity (Atchley, 1989) the decision to engage in phased retirement may have been influenced by the desire to maintain certain aspects of respondents' current lifestyle, including the engaging social environment of work. The attempt to maintain their current lifestyle by engaging in phased retirement resulted in increased mean total household wealth and fewer depressive symptoms. These results may influence future work aimed towards exploring phased retirement as a choice to avoid the abrupt change of lifestyle that accompanies immediate retirement.

Implications

While the popularity of phased retirement is rising among older adults, the decision to employ this retirement transition is often influenced by employers. Hutchens (2010) points out that some employers do allow their employees to engage in phased retirement; however, they are extremely selective when it comes to offering those opportunities. For example, employees who are high performers, meaning that they require little supervision and make an extra effort to complete a job, are more likely to be permitted phased retirement than those who are not high performers (Hutchens, 2010). In addition, experienced older adults who are cutting back on hours due to phased retirement may assist in training their replacement; thus, transferring their

knowledge and skills to the new employee. Purcell (2009) suggests that employers may choose to alter their employment practices as their skilled and experienced Baby Boomer employees begin to retire. Keeping these qualified employees part-time or on a part-year basis, depending on the industry, could provide the older adult with additional income and give the business an advantage of not having to train a new employee.

Researchers can use this research to expand the investigation into the benefits and drawbacks of phased retirement compared to other retirement transitions. Future research should also focus on the reality that the relationship between phased retirement, total household wealth, and depression can work in the opposite way than described in this paper. Those who continue to work may do so because they possess lower levels of wealth and need to build income to maintain their lifestyle in retirement (Kojola & Moen, 2016). These older adults may also need to continue working in an attempt to get enough credits to qualify for Social Security retirement. As a result, these older adults may have more depressive symptoms, especially if that individual is a lower wage worker, employed in a psychically-demanding job, or works in an undesirable work environment. Further research should investigate the possibility of phased retirement in different industries. Perhaps, a smaller study focusing on one industry would be a good starting ground to investigate the possibility of implementing a structured phased retirement program.

Policy makers can refer to this study as a basis to create a plan to help businesses establish a phased retirement program. In addition, policy makers can use this research to determine which population of older adult needs the most assistance with retirement planning.

Limitations

This study has several limitations. First, many similar studies focus on phased retirement that occurs with the same employer; however, the HRS does not provide information as to whether one changed employer or not. Therefore, this study only had the ability to evaluate individuals' employment status.

Secondly, this study did not take into account the industry of the individual participating in the transition. Focusing on the industry that the individual is employed in could provide insight into which industries offer phased retirement as an option. Phased retirement may not be possible in different industries because of the type of work. For example, blue-collar workers may be excluded from phased retirement due to the physical nature of the job, such as manufacturers or construction workers. Whereas, white-collar workers would most likely have more opportunities to participate in phased retirement since their work is mostly desk work and may be able to be done remotely due to advancements in technology. Industry status could also expose industries that do not offer phased retirement or a part-time option between full-time working and retirement.

The third limitation of this study was the inability to determine if the respondent's retirement decision was voluntary or involuntary. One of the major factors that affects the psychological well-being of older adults, is the reason behind their retirement. Calvo and colleagues (2009) concluded that the type of retirement transition was not as influential as whether the transition was chosen or forced. Previous research has investigated this issue and has consistently found that older adults who voluntarily retired were happier than those who were forced out of the workforce (Calvo et al., 2009; Bender, 2012). These older adults who were forced to retire may not have an adequate amount of financial resources to support themselves

through retirement. However, this important factor of voluntary versus involuntary retirement is not documented in the HRS dataset. In addition to possibly impacting the depressive symptoms of older adults, this factor could have directly impacted the financial resources of this sample's older adults. Voluntary or involuntary retirement could also provide an explanation as to the motivation behind one's change in employment status. Future research should investigate the retirement decision of older individuals, specifically focusing on comparing the wealth and depressive symptoms of those who voluntarily retire compared to those who involuntarily retire.

Lastly, this study analyzed the HRS dataset at two time points, four years apart. While this study was strengthened by using a nationally representative sample, evaluating retirement transitions over a longer period of time would have provide more accurate data and would have allowed for those participating to fully transition from full-time working to retired. In addition, utilizing more waves of the data may have been able to paint a better picture of the situation of older adults in these retirement transitions. For example, Damman and colleagues (2015) found that individuals are less likely to miss work-related social contact the longer they are retired. Therefore, in a study with more waves of data, the depressive symptoms of those who are retired may be lower due to the longer time they spent in retirement. Future research should continue to investigate this topic to see if phased retirement has an impact on the depression status of older adults over a longer period of time, specifically by using more waves of data. Having multiple waves of data may also impact the total household wealth of older adults, as they have more time to work longer or retire.

Conclusions

Guided by the theory of continuity (Atchley, 1989), this research explores retirement transitions and further investigates whether phased retirement is financially and psychologically beneficial for older Americans using a nationally representative dataset at two time points, four years apart. Results show that 65% of respondents continued to work full-time, whereas 13% engaged in phased retirement and 17% of respondents immediately retired from the workforce. Overall, those who participated in phased retirement report a higher mean total household wealth and fewer depressive symptoms than those who immediately retired. Considering the median total household wealth of immediate retirees is greater than that of phased retirees in the sample, this study explores further these associations using the hierarchical OLS regression analyses. After controlling for the baseline year status including total household wealth, depressive symptoms, and sociodemographic variables, this study finds no strong evidence that engagement in phased retirement is significantly associated with a higher total household wealth and fewer depressive symptoms in the sample. This study as a whole suggests some interesting points that future research and investigation can build upon. These findings highlight the importance of understanding the implications of decision-making on retirement transitions among older Americans.

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