

**Richard V. Burkhauser
Kenneth A. Couch
John W. Phillips**

**Who Takes Early Social Security Benefits:
The Economic and Health Characteristics
of Early Beneficiaries**

No. 96-030

HRS/AHEAD Working Paper Series
July 1996

The Health and Retirement Study (HRS) and the **Study of Asset and Health Dynamics Among the Oldest Old (AHEAD)** are nationally representative longitudinal data collections begun in the early 1990s that examine retirement and the aging of society. The two studies are administered at the Institute for Social Research at the University of Michigan. Both studies involve the collaborative efforts of researchers from around the country, and both are supported by funding (U01 AG09740 and U01 AG12980) from the National Institute on Aging at NIH, with supplemental funding for one or both studies from the Social Security Administration, the Department of Labor Pension and Welfare Benefits Administration, the Office of the Assistant Secretary for Planning and Evaluation at DHHS, the State of Florida Department of Elder Affairs, the NIH Office of Research on Minority Health, and the NIH Office of Research on Women's Health. For information about the studies, visit the HRS/AHEAD Web site: <http://www.umich.edu/~hrswww/>

The HRS/AHEAD Working Paper Series was created to disseminate results of studies that use the HRS and AHEAD data. The series is produced and distributed by the University of Michigan Population Studies Center. Any paper based on the HRS/AHEAD data is eligible for inclusion in the series, and all submissions undergo editorial review prior to acceptance. However, the HRS/AHEAD staff has not attempted to validate data or statistical analyses contained in the working papers. Views and conclusions expressed herein are tentative and do not necessarily represent the policies or opinions of the sponsor. Copyrights are held by the authors. Please do not quote or cite without permission of the authors.

A cooperative agreement between
the Institute for Social Research
at the University of Michigan and
the National Institute on Aging



Who Takes Early Social Security Benefits: The Economic and Health Characteristics of Early Beneficiaries

Abstract: This paper uses the first two waves of the Health and Retirement Survey to examine the economic well-being of individuals who first received social security benefits at age 62 in 1993. We analyze wealth and income measures both before and after the receipt of social security benefits. We compare the average economic well-being of those who took early benefits with those who do not and find that the averages are quite similar. However, there is great diversity within the groups. When we subdivide by health as well as by receipt of employer pension benefits we find that poor health is more closely related to economic well-being than early benefit receipt by persons age 62. Healthy postponers have the greatest economic well-being measured by either income or wealth. They are followed by healthy takers and then nonhealthy postponers. While nonhealthy takers are the worst off, they make up a very small share of the population that takes social security benefits at age 62. This suggests policies to increase the earliest social security retirement age are not likely to lead to dramatic increases in poverty at older ages.

Data used: Health and Retirement Study: U.S., 1992 (first wave) and 1994 (second wave)

Key words: social security; pensions; economic well-being

About the Authors

Richard V. Burkhauser is a Professor of Economics at the Center for Policy Research, Syracuse University. Kenneth A. Couch is an Assistant Professor of Economics at the Department of Economics, University of Connecticut. John W. Phillips is a Research Associate at the Center for Policy Research, Syracuse University.

Acknowledgments

This paper was prepared using preliminary data from an early release of wave 2 of the Health and Retirement Survey. This research was funded by the U.S. National Institute on Aging, Program Project 1-PO1-AG09743-01, "The Well-Being of the Elderly in a Comparative Context."

Introduction

While current Social Security taxes exceed program expenditures, the retirement of the baby boom generation in the next century is projected to reverse this by the year 2013 and to completely exhaust the Social Security trust funds by 2030.¹ This looming fiscal crisis has already resulted in calls for major revisions in Social Security tax and benefit rules.

Proposals to bring the Social Security system into long-term balance require either raising revenues—increases in the Social Security tax rate or in the maximum taxable Social Security covered earnings amount—or reducing expenditures—reductions in yearly Social Security benefits or increases in the Social Security retirement age.² The last crisis with respect to the solvency of the Social Security trust fund led in 1983 to a series of Social Security reforms. These reforms raised Social Security taxes and put in place a slow increase in the normal retirement age for normal Social Security benefits from age 65 to age 67 that will begin in 2003 and be fully phased in by 2026. However, no increases in the earliest age for Social Security retirement benefits were made at that time. Unlike the last round of changes, during which raising the early retirement age was never seriously considered, proposals to raise the early retirement age from age 62 to age 65 are now a major part of various alternative packages to put the Social Security System into long-term balance (see, for example, Mitchell and Quinn 1995).

There are strong arguments for raising the age of earliest eligibility for Social Security retirement benefits. The life expectancy of the average American has improved substantially since the inception of Social Security, as has health at any given age.³ Hence, it is argued that Americans could work longer to pay for their longer and healthier retirement years. Prior to 1961 (the year men first became eligible to receive Social Security benefits at age 62), the labor force participation rates of men just above and just below age 62 were similar. As can be seen in Table 1 the labor force participant rate of men age 61 was 79.4 percent in 1960. For men age 63 it was 75.7 percent in 1960. By 1986 these rates were 66.2 and 44.3 percent respectively with the greatest drop for men age 63 coming in the 1970s. Since about the mid-1980s the labor force participation rates of men these ages have been approximately constant. While many factors besides changes in the Social Security retirement age are responsible for the dramatic drop in the labor force participation rate of men aged 62 to 70 over the past three decades, these major decreases are more consistent with economic factors such as increased wealth and richer employer and Social Security pension plans than with worsening health. (See Quinn, Burkhauser, and Myers 1990 for a review of the literature on the influence of health and economic variables on retirement.)

Based on these premises, it is argued that raising the earliest age of eligibility for Social Security retirement benefits might be the least burdensome way of closing the projected Social Security deficit. But it is always good advice to “beware of the mean” in evaluating the economic well-being of older Americans.⁴ Hence, it could be argued that while average health, economic wealth, and employer pension eligibility are rising, a significant number of people who first take Social Security benefits at age 62 are in poor health, have little economic wealth, no employer pension, and have not recently worked. Furthermore, it could be argued that it is this vulnerable group of older persons who would be most adversely affected by increasing the earliest age of eligibility for Social Security benefits.

This paper uses wave 1 and the early release version of wave 2 of the Health and Retirement Survey (HRS) to focus on men and women age 62 in 1993. We take advantage of the longitudinal nature of the income and wealth data to measure economic well-being and changes in that well-being between age 60 and age 62, when people are first able to take early Social Security benefits. We compare those who take Social Security retirement or spouse benefits at age 62 with those who do not and find that the economic well-being of these two groups at age 60 is much closer than is implied by simply looking at their income at age 62. But we also find that there is great diversity within the two populations. When we look across health, employer pension acceptance, and Social Security acceptance status, we find health is a better gauge of economic well-being than early Social Security acceptance at age 62. Furthermore, we find that the great majority of men who take Social Security retirement benefits at age 62 enjoy good health. In addition, more than 2 of every 3 men who take early benefits are receiving employer pension benefits as well. Less than 10 percent of the men who take Social Security benefits at age 62 are both in poor health and dependent on Social Security as their only source of pension income. Our results are similar for female early Social Security takers.

Multi-Period Characteristics of Early Takers and Postponers of Social Security

The Health and Retirement Survey began in 1992 with a random sample of respondents aged 51 to 61 and their families. A re-interview of these respondents was fielded in 1994 and a new wave of interviews will occur every two years for the next decade. While there were 12,652 respondents and spouses in the first wave, we will only be able to make use of a small portion of the sample since we want to capture the transition onto the Social Security retirement rolls at age 62. This requires us to focus solely on the population age 61 at the time of the first wave of interviews in 1992 who were eligible to receive Social Security benefits in 1993, the income year in the 1994 (wave 2) HRS data.⁵ Hence, we were restricted to following people who were age 62 in 1993. Over time, as more respondents turn age 62, the number of individuals in the HRS who face the decision of whether or not to take Social Security benefits at age 62 will grow. As Table 2 shows, we are currently able to capture 574 men and women who were age 61 in 1992 and therefore eligible to receive Social Security benefits at age 62 in 1993.⁶ We exclude from our sample anyone who either received Social Security benefits prior to age 62 or failed to report the value of their employer pensions.⁷

Column 1 of Table 2 shows that the employment status of the 263 age-eligible men in our sample who were age 61 in 1992—72 percent—approximates the male labor force participation rate at age 61 shown in Table 1 for the year 1992.⁸ By age 63 in 1994 their labor force participation had fallen to 52 percent.

As columns 2 and 3 of Table 2 show, 27 percent of social security takers and 65 percent of social security postponers were employed in 1994. Surprisingly, the differences in employment between male takers and postponers in 1994 does not appear to be driven by differences in the prevalence of health limitations in the two populations. Using as our measure of poor health whether a person has a limitation in the type or amount of work they can perform, we show that men who took Social Security retirement benefits in 1993 at age 62 report work limitations at age 61 at a rate

similar to men who did not take benefits in 1993 (19 percent versus 15 percent). In 1994, these proportions are roughly equivalent across the two groups (21 percent versus 20 percent), although the prevalence of health limitations increased two years later for both groups of men. While this should not be taken as evidence that health is unimportant in the decision to take early Social Security benefits, it does call into question popular conceptions of early beneficiaries as having a markedly higher prevalence of health problems relative to those who postpone acceptance.

Although, on average, men who take Social Security benefits at age 62 are similar to men who do not, they differ in some important dimensions. For example, the median social security taker has a somewhat lower household income at age 60 than the median postponer. By the second wave of the HRS, this difference in median household income is much greater—\$4,890 in 1991 versus \$13,832 in 1993 (the difference between columns 2 and 3 in Table 2). Reductions in labor income in the households of those who elect to receive Social Security at age 62 is the primary cause.

Median income is not necessarily the best measure of economic well-being, especially at ages near retirement. This is because those who could have worked but chose to retire are willing to live with less labor income to get more leisure time. Hence, simple comparisons of income at age 62 are likely to overstate the gap in economic well-being between those who take early benefits and those who do not. A better measure is net worth. When we use this measure, takers have slightly greater median net worth than postponers at age 60.⁹ This order is reversed by 1993, because the median change in net worth of takers is negative (-\$1,000) while the median change in net worth of postponers is positive (\$6,300).

One source of wealth not included in our net worth measure is the asset value of an employer pension. In 1991, at age 60, 32 percent of future male takers were already receiving benefits from an employer pension and at least 37 percent of their households had some employer pension income. By 1993, when they took early Social Security benefits, 63 percent were receiving such benefits. Postponers were much less likely to have begun to receive employer pension income either at age 60—13 percent—or at age 62—17 percent.

Medians, however, can hide differences in the tails of the distribution. While the median early taker may be approximately as well off as the median postponer, greater poverty rates for early takers are still possible. We find that while the poverty rates of takers and postponers are approximately the same at age 60 in 1991, poverty rates of both groups increase in 1993 and the poverty rate of takers is higher—12 percent versus 9 percent—than postponers at age 62.

In the years prior to acceptance men who take early Social Security retirement benefits are very similar to men who do not, in terms of health, income, and wealth, even though they are more likely to be receiving an employer pension and to be out of work. This preliminary evidence suggests that on average the pull of benefits may be at least as important for men as the push of poor health in their decision to take Social Security retirement benefits at age 62.

In the last three columns of Table 2 we look at the experience of women age 62 in 1993. We have disaggregated our sample by gender because men and women age 62 in 1993 are likely to have very different earning histories. The great majority of men and women age 62 in 1993 are married, and men of this generation are much more likely to have been the primary market earner in a married household. Hence, the transition of men onto the Social Security retirement rolls is likely to have a greater impact on household economic well-being than the transition of women onto the rolls. As can be seen in columns 5 and 6, this is the case. On average, female takers are less likely to be employed than postponers at either age 61 or age 63. Like men, the median household income of female takers is less than the median household income of female postponers, especially at age 62. But unlike men, the median household net worth of female takers is substantially greater than the median household net worth of female postponers at age 60 and continues to be so at age 62. In addition, female takers are less likely to be in poverty at age 62 than female postponers. While female takers and postponers are far less likely to have their own employer pension than men, nearly one-half of the households of females age 62 who take Social Security benefits do have other employer pension income, while only about 3 in 10 female postponers have such household pension income.¹⁰ These stylized facts suggest that if there is a difference in economic well-being between female takers and postponers, female takers on average have greater economic well-being than female postponers.

Because the transition patterns of men and women are different, in our remaining tables we will continue to disaggregate by gender. But we will also subdivide our sample by two other important variables—health and employer pension benefit status. Because we are working with a relatively small sample to begin with, some of our subpopulations will have very small sample sizes and the results should be considered with caution.

The first group we define as **healthy dual pensioners**—those who take Social Security benefits at age 62, who also receive an employer pension, and who at age 63 do not report a health problem that limits the type or amount of work they can perform. The second and much smaller group is **nonhealthy dual pensioners**. The third group is **healthy single pensioners**—those healthy Social Security recipients at age 62 who do not receive an employer pension benefit. The fourth group is **nonhealthy single pensioners**. The fifth and sixth groups are drawn from those who are age-eligible but do not take Social Security retirement or spouse benefits at age 62—we refer to these individuals as postponers. **Healthy postponers** are those who do not report a health limit at age 63. **Nonhealthy postponers** are those who do report a health limit at age 63.

Table 3, which looks at the men in our sample, shows that the lowest rates of employment in 1991, the year prior to age-eligibility for Social Security, appear more related to health status than taker or postponer status. While 91 percent of healthy postponers were employed at age 61, only 49 percent of nonhealthy postponers were employed. Similarly, among social security takers, the employment rate of nonhealthy dual pensioners is less than for other takers.

Poor health also appears to be more closely associated to lower median household income and higher poverty rates at age 60 than is taker or postponer status. This can be seen most clearly

through examination of healthy and nonhealthy dual pensioners or postponers. There is a much greater difference in household income between healthy and nonhealthy groups, regardless of whether or not they took Social Security benefits at age 62, than there is between takers and postponers who are healthy or who are in poor health. Health differences also appear to be more closely associated with poverty differences than differences in taker-postponer status.

Net worth is the only exception to the general pattern of the dominance of poor health at age 63 as a correlate of poor economic well-being at age 60. While the median healthy pensioner (single or dual) and the median healthy postponer had more net worth than the median nonhealthy postponer, the median nonhealthy dual pensioner had the greatest amount of net worth of all the groups at age 60. However, between 1991 and 1993 the median loss in net worth of nonhealthy dual postponers was \$22,025 and, hence, by 1993 the median net worth of nonhealthy dual pensioners was below all three healthy groups in 1993.

By 1993 employment dropped for all groups, particularly the unhealthy, but their relative group income positions remained virtually the same as in 1991. The very small sample sizes of the nonhealthy groups make any of the values reported in Table 3 preliminary, but the general trends are consistent. The economic disparities between the healthy and nonhealthy are not related solely to the receipt or nonreceipt of Social Security at age 62. Much of the observed differences existed prior to the receipt of Social Security. The social goal of preventing poverty in retirement is an important one. Fortunately, the vast majority of new early beneficiaries are not poor. Poverty however, does exist among both takers and postponers. What is somewhat surprising about our findings is that poverty also appears to be as closely associated with health as with whether or not one takes early Social Security benefits.

In Table 4 we report our analysis for women. The findings are very similar with respect to the importance of health. Even though a woman age 60 in 1991 is not likely to be the dominant earner in a married couple, her health at age 63 is more closely associated with the household's income, wealth, and poverty status both at age 60 and at age 62 than is the fact that she takes or postpones Social Security benefits at age 62.

In Table 5 we once again compare takers and postponers and the six subgroups that make up these two populations of men age 62 in 1993. We show the relative size of each group in the population, the share of overall resources they command, and their share of overall poverty. We then use the ratio of the group's share of our measure of economic well-being to the group's share of the total population as a measure of the group's relative share of total resources. We find that 34.6 percent of men age 62 in 1993 took Social Security benefits. Regardless of our measure of economic well-being, takers control a less than proportional share of overall resources. But the differences in economic well-being between takers and postponers are sensitive to the measure of economic well-being chosen.

In cross-sectional analysis it is common to compare the income of takers and postponers as a measure of their relative economic well-being. When we look at income in 1993, takers control

only 24.3 percent of total income, clearly less than proportional to their share of the total population—.70. In contrast, postponers controlled 75.7 percent of all 1993 income or 1.16 more income than their population share. But as we have discussed above, part of this difference is caused by a voluntary reduction in work on the part of takers who could have continued to work. Since the value of added leisure is not captured in this income measure of economic well-being, its use will overestimate the difference in economic well-being between takers and postponers. The share of income that takers controlled in 1991 two years prior to acceptance of Social Security benefits is 27.9 percent. While this is still below their share of the population—.81—it is likely to be a more accurate aggregate measure of their economic well-being relative to postponers. Net worth in 1991 and 1993 are alternative measures of economic well-being. The ratio of net worth to population in both years is greater than the 1993 ratio of income to population for takers.

Because we are also interested in the bottom tail of the distribution we look at the share of poverty of takers, and once again they appear to be worse off than postponers. They suffer a greater than proportional share of poverty—1.22—in 1993. For the same reasons as discussed above, this ratio exaggerates the difference in economic well-being between takers and postponers. When we look at the poverty share of takers in 1991 it is closer to proportional—1.16.

While takers on average are worse off than postponers, we once again find great heterogeneity within these two groups, especially with respect to health status. Healthy male postponers, who make up just over one-half of the total population, have a greater than proportional share of income and net worth in both 1991 and 1993. But healthy dual pension takers are the next best off group. Healthy single pension takers and nonhealthy postponers are next best, depending on the measure used. The small sample size of nonhealthy groups, especially nonhealthy takers, makes the ordering preliminary, but in general it is health rather than taker-postponer status that appears to be most important. This pattern is also seen, in general, with respect to the tails of these populations. The prevalence of poverty is amplified for nonhealthy takers and postponers relative to healthy takers and postponers.

In Table 6 we once again look at the relative economic well-being of the women in our six groups. As was the case for men in Table 5, women age 62 who take Social Security retirement benefits live in households that control less than a proportional share of 1993 income—.82. But with respect to this measure and all other income and wealth measures, the economic well-being of female takers relative to female postponers is more favorable than was the case for men. The ratio of income and net worth in 1991 for female takers is near one, while the ratio of net worth in 1993 is actually greater than 1. That is, the households of female takers control a greater shares of net worth in 1993 relative to their share of the population than do those of female postponers.

The sample size for nonhealthy dual postponers is too small to make even meaningful first approximation, but the dominance of health as a correlate to economic well-being is also found for women. Healthy postponers and healthy takers in general have a greater than proportional share of income and wealth and less than proportional shares of poverty. Nonhealthy takers and postponers

have substantially less than proportional income and wealth and greater than proportional shares of poverty.

Conclusion

The labor force participation rate of men aged 62 through 64 declined dramatically following the introduction of early Social Security benefits for men in 1961, although since the mid-1980s labor force participation rates have leveled off. Nonetheless the great majority of men take Social Security benefits before age 65 and over one-third take these benefits at age 62. We have used preliminary data from the Health and Retirement Survey to look at men and women age 62 in 1993 to see if there are differences in the income, health, and wealth between those who take Social Security benefits at age 62 and those who postponed benefit acceptance.

We find that the overwhelming majority of male takers are in good health and more than 6 in 10 are receiving an employer pension in addition to their Social Security benefits. Less than 10 percent of male takers are both in poor health and have Social Security as their only source of pension income. A greater percentage of women age 62 took early benefits (42.1 percent) than men (35.6). The overwhelming majority of such women were healthy, and while they were much less likely to have an employer benefit (16 percent), nearly one-half lived in a household with employer pension income. Only about 2 female takers in 10 are both in poor health and have Social Security as their only personal source of pension income.

The economic well-being of takers, both men and women, is on average lower than the economic well-being of postponers, but because takers work less than postponers and the value of leisure is ignored in income measures of economic well-being, this difference is exaggerated by simple comparisons of income at age 62. When we use income in 1991 or wealth in 1991 or 1993 as a measure of economic well-being the differences between the two groups are much smaller. The same is also true with respect to the prevalence of poverty.

What we show, however, is that relatively small differences between the median person in these two groups mask large difference within the taker and postponer populations with respect to economic well-being. Healthy takers and postponers live in households whose income and wealth are greater than those of nonhealthy takers and postponers. And healthy takers and postponers are less likely to live in poverty than nonhealthy takers or postponers. Hence, while nonhealthy men (less than one in five) and women (about one in four) are a minority of the retirement age population, they are at far greater risk of lower economic well-being and poverty than the healthy majority regardless of whether or not they take early Social Security benefits.

Our results suggest that raising the Social Security retirement age is not likely to dramatically lower the economic well-being of the typical person aged 62, since the majority of men and women aged 62 in 1993 did not take benefits at age 62. But more importantly, the majority of those who do take Social Security benefits at age 62 are neither in poor health nor dependent on Social Security benefits alone for their pension income. Nonetheless a small minority of men and women aged 62

are in poor health and they, on average, live in households with substantially less income and wealth than the healthy majority. When raising the retirement age we should put other policies in place that provide some alternative source of income for this relatively small minority of vulnerable older persons.

Endnotes

1. These estimates are based on the intermediate assumption in the Social Security Trustees Annual Report (Social Security and Medical Board of Trustees 1995).
2. For a detailed discussion of the various alternatives for bringing the Social Security system into long-term balance, see Mitchell and Quinn (1995).
3. The evidence of increased life expectancy in the United States is universally accepted. See, for instance, Department of Health and Human Services (1991) for a summary of this evidence and projections of future changes in life expectancy. The evidence with respect to whether longer life is increasingly associated with better rather than worse health is less powerful but tends to support the view that health has also improved. See, for instance, Crimmins, Saito, and Ingegneri (1989); Manton, Corder, and Stallard (1993); and most recently Manton, Stallard, and Corder (1995).
4. Quinn (1987) first observed that while average economic well-being of older people has dramatically increased since the 1960s, pockets of poverty persist. See Holtz-Eakin and Smeeding (1993) for a recent analysis of the economic well-being of older persons.
5. As is true of most economic datasets—Current Population Survey, Panel Study of Income Dynamics, etc.—while most information is based on conditions at the time of the survey, information on income and wealth is based on the previous year. Hence, in the HRS, wave 1 contains employment and health characteristics for 1992 but income and wealth information for 1991, and wave 2 contains employment and health characteristics for 1994 but income and wealth information for 1993.
6. It is important to note that for this paper eligibility is gauged solely by age. As will be seen, some people with health limitations are observed to not elect Social Security benefits at age 62. One reason may be that they are in fact ineligible. For this reason and others mentioned elsewhere in the paper, all of the conclusions presented here should be seen as preliminary in nature. When matched data from Social Security records become available, we will further refine our sample to exclude those who are not in the population of potential recipients at age 62.
7. While Social Security retirement or spouse benefits cannot be received prior to age 62, it is possible to receive Social Security disability benefits or widow benefits at younger ages. Since those receiving such benefits will not be directly affected by an increase in the early retirement age for Social Security, we exclude those persons receiving such benefits from our analysis. If an individual age 62 receives a joint benefit with their spouse who is also age 62, each of them is counted as a beneficiary, and each is considered independently in the data. If a respondent reported receiving pension income and does not report the amount, we omit them from our analysis. The removal of these respondents (35 total) does not effect the

reported results. A brief discussion of our sample and how each variable was constructed can be found in Appendix Table 1. A detailed data appendix that provides a more complete discussion of the sample is available by the authors upon request.

8. One reason why our percentage employed is greater than the CPS labor force participation rate is that we exclude from the sample all men who receive Social Security disability benefits at age 61. Presumably none of these men would be employed and their inclusion would lower the employment rate of the entire sample of men age 61 in the HRS.
9. Household net worth in this paper is defined as the sum of the net value of real estate, transportation, businesses, checking and savings accounts, certificates of deposit, IRA and Keogh accounts, stocks and mutual funds, bonds, and a miscellaneous category for assets and debts not covered in the previous groups. The asset values of pensions (employer and Social Security) are not included in this measure of net worth. For a brief discussion of our calculation of net worth, see Appendix Table 1.
10. One reason for the difference in household pension income is that only 58 percent of female postponers were married in 1994 compared to 72 percent of takers.

References

- Crimmins, E. Y. Saito, and D. Ingegneri. 1989. "Changes in Life Expectancy and Disability-Free Life Expectancy in the United States," *Population and Development Review*, 15: 235-267.
- Department of Health and Human Services. 1991. *Aging America: Trends and Projections*. DHHS Publication No. (FcoA) 91-28001, U.S. Senate Special Committee on Aging, American Association of Retired Persons, Federal Council on the Aging, and U.S. Administration on Aging.
- Holtz-Eakin, Douglas and Timothy M. Smeeding. 1992. "Income, Wealth and Intergenerational Relations." Paper presented at the National Academy of Sciences, Washington, DC, December 10.
- Manton, K.G., L.S. Corder, and E. Stallard. 1993. "Estimates of Change in Chronic Disability and Institutional Incidence and Prevalence Rates in the U.S. Elderly Population from the 1982, 1984, and 1989 National Long Term Care Survey," *Journal of Gerontology: Social Science*, 48: S153-168.
- Manton, K.G., E. Stallard, and L. Corder. 1995. "Changes in Morbidity and Chronic Disability in the U.S. Elderly Population: Evidence from the 1982, 1984, and 1989 National Long Term Care Surveys," *Journal of Gerontology: Social Science*, 50B (July): S194-S204.
- Mitchell, O.S. and J.F. Quinn. 1995. *Final Report of the Technical Panel on Trends and Issues in Retirement Savings*. Washington, DC: 1994-95 Advisory Council on Social Security.
- Quinn, Joseph. 1985. "Retirement Income Rights as a Component of Wealth in the United States," *Review of Income and Wealth*, 31: 223-236.
- Quinn, Joseph. 1987. "The Economic Status of the Elderly: Beware the Mean," *Review of Income and Wealth*, 33: 63-82.
- Quinn, Joseph F., Richard V. Burkhauser, and Daniel A. Myers. 1990. *Passing the Torch: The Influence of Economic Incentives on Work and Retirement*. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.
- Smith, James P. 1994. "Wealth Inequality among Older Americans," mimeo, September. Santa Monica, CA: RAND Corporation.
- Social Security and Medical Board of Trustees. 1995. "Status of the Social Security and Medicare Programs: A Summary of the Annual Report." Washington, DC: U.S. Government Printing Office.

Technical Panel on Trends and Issues in Retirement Savings. 1995. *Report of the Technical Panel on Trends and Issues in Retirement Savings to the 1994-1995 Advisory Council on Social Security.*

**Table 1. United States Male Labor Force Participation Rates
by Age, 1940 to 1993
(percentages)**

Year	Age						
	55	60	61	63	65	68	70
1940	90.9	82.9	79.2	78.2	66.1	54.9	43.4
1950	87.8	82.1	78.4	77.6	67.7	54.2	44.5
1960	89.9	83.2	79.4	75.7	53.6	39.4	33.2
1970	91.8	83.9	80.1	69.4	49.9	39.4	30.1
1980	84.9	74.0	69.6	52.3	35.2	24.1	21.3
1982	86.4	72.1	67.1	45.2	30.6	24.8	21.1
1983	85.7	71.5	67.7	46.5	31.0	22.7	19.2
1984	84.3	70.2	66.1	48.2	30.4	21.3	18.8
1985	83.7	71.0	66.5	44.7	30.5	20.5	15.9
1986	84.1	69.2	66.2	44.3	30.7	20.7	17.1
1987	83.9	69.8	65.2	45.6	31.7	22.9	17.1
1988	82.5	68.8	65.0	45.0	31.1	22.5	18.1
1989	83.7	70.7	66.4	44.5	31.4	22.2	17.9
1990	85.3	70.5	67.0	45.5	31.9	23.4	17.1
1991	82.5	70.6	66.4	44.6	30.6	21.2	16.9
1992	83.9	68.6	65.7	45.7	32.0	20.7	16.8
1993	83.4	68.3	63.9	45.8	30.5	22.2	17.3

Source: Labor force participation rates for 1940, 1950, and 1960 are based on decennial United States census data. Thereafter, they are from unpublished Department of Labor statistics, based on annual Consumer Population Survey labor force participation questions.

Table 2. Characteristics of Men and Women First Eligible to Receive Social Security Retirement or Spousal Benefits at Age 62 in 1993 by Benefit Status^a

Characteristics	Social Security Benefit Status					
	Men			Women		
	Total	Takers	Postponers	Total	Takers	Postponers
Sample Size (n=574)	263	91	172	311	131	180
1991						
Employed (percentage) ^b	72 (45)	53 (50)	82 (39)	51 (50)	42 (50)	58 (50)
Poor Health (percentage) ^b	16 (37)	19 (39)	15 (36)	20 (40)	23 (42)	18 (39)
Median Income	\$43,679	\$40,124	\$45,014	\$31,933	\$31,000	\$33,468
Median Net Worth	\$157,000	\$167,500	\$152,200	\$105,080	\$133,000	\$87,225
Respondent Pension Income (percentage)	20 (40)	32 (47)	13 (34)	9 (28)	8 (28)	9 (29)
Household Pension Income (percentage)	23 (42)	37 (49)	15 (36)	30 (46)	37 (48)	24 (43)
In Poverty (percentage)	8 (27)	9 (28)	7 (26)	14 (34)	15 (36)	13 (33)
1993						
Employed (percentage) ^c	52 (50)	27 (45)	65 (48)	36 (48)	27 (44)	43 (50)
Poor Health (percentage) ^c	21 (40)	21 (41)	20 (40)	27 (44)	26 (44)	27 (45)
Median Income	\$40,000	\$31,750	\$45,582	\$29,396	\$24,656	\$32,000
Median Net Worth	\$164,000	\$151,000	\$183,000	\$122,300	\$134,400	\$101,000
Respondent Pension Income (percentage)	33 (47)	63 (49)	17 (38)	16 (36)	21 (41)	12 (32)
Household Pension Income (percentage)	37 (48)	64 (48)	23 (42)	37 (48)	48 (50)	28 (45)
In Poverty (percentage)	10 (30)	12 (33)	9 (28)	18 (39)	15 (35)	21 (41)
Differences (Δ93-91)						
Median Income ^d	\$600	-\$1,906	\$1,010	-\$850	-\$1,276	-\$650
Median Net Worth ^e	\$2,500	-\$1,000	\$6,300	\$550	\$500	\$900

^aStandard deviations, which are multiplied by 100, are reported in parenthesis.

^bReported in 1992.

^cReported in 1994.

^dChange in median income is defined as the median of the differences between each household's wave 1 and wave 2 income.

^eChange in median net worth is defined as the median of the differences between each household's wave 1 and wave 2 net worth.

Source: Health and Retirement Survey, wave 1 (1991) and wave 2 (1993).

Table 3. Differences in Characteristics of Men Eligible to Receive Social Security Retirement or Spousal Benefits at Age 62 in 1993 by Health and Benefit Status Groups^a

Characteristics	Takers				Postponers	
	Healthy Dual Pensioners	Nonhealthy Dual Pensioners	Healthy Single Pensioners	Nonhealthy Single Pensioners ^f	Healthy	Nonhealthy
Sample Size (n=263)	45	12	27	7	137	35
1991						
Employed (percentage) ^b	47 (50)	42 (51)	74 (45)	---	91 (29)	49 (51)
Poor Health (percentage) ^b	2 (15)	58 (51)	15 (36)	---	4 (21)	57 (50)
Median Income	\$43,300	\$28,590	\$42,750	---	\$48,325	\$30,000
Median Net Worth	\$167,500	\$205,000	\$195,000	---	\$167,000	\$90,000
Respondent Pension Income (percentage)	51 (51)	42 (51)	4 (19)	---	14 (35)	11 (32)
Household Pension Income (percentage)	53 (50)	58 (51)	11 (32)	---	16 (37)	11 (32)
In Poverty (percentage)	2 (15)	8 (29)	11 (32)	---	3 (17)	23 (43)
1993						
Employed (percentage) ^c	24 (43)	8 (29)	44 (51)	---	74 (44)	26 (44)
Poor Health (percentage) ^c	0 (0)	100 (0)	0 (0)	---	0 (0)	100 (0)
Median Income	\$34,350	\$28,191	\$32,700	---	\$51,000	\$24,500
Median Net Worth	\$151,200	\$129,500	\$220,000	---	\$204,000	\$90,000
Respondent Pension Income (percentage)	100 (0)	100 (0)	0 (0)	---	18 (39)	14 (36)
Household Pension Income (percentage)	100 (0)	100 (0)	4 (19)	---	24 (43)	17 (38)
In Poverty (percentage)	0 (0)	0 (0)	26 (45)	---	5 (22)	23 (43)
Differences (Δ93-91)						
Median Income ^d	-\$2,904	\$3,913	-\$6,316	---	\$2,000	-\$1,250
Median Net Worth ^e	-\$1,170	-\$22,025	\$2,500	---	\$9,000	-\$1,188

^aStandard deviations, which are multiplied by 100, are reported in parenthesis.

^bReported in 1992.

^cReported in 1994.

^dChange in median income is defined as the median of the differences between each household's wave 1 and wave 2 income.

^eChange in median net worth is defined as the median of the differences between each household's wave 1 and wave 2 net worth.

^fColumn values not reported due to small sample size.

Source: Health and Retirement Survey, wave 1 (1991) and wave 2 (1993).

Table 4. Differences in Characteristics of Women Eligible to Receive Social Security Retirement or Spousal Benefits at Age 62 in 1993 by Health and Benefit Status Groups

Characteristics	Takers				Postponers	
	Healthy Dual Pensioners	Nonhealthy Dual Pensioners ^f	Healthy Single Pensioners	Nonhealthy Single Pensioners	Healthy	Nonhealthy
Sample Size (n=311)	24	4	73	30	130	50
1991						
Employed (percentage) ^b	50 (51)	---	45 (50)	30 (47)	68 (47)	32 (47)
Poor Health (percentage) ^b	4 (20)	---	10 (30)	67 (48)	5 (21)	54 (50)
Median Income	\$43,000	---	\$32,100	\$24,950	\$35,790	\$28,510
Median Net Worth	\$147,750	---	\$153,000	\$71,250	\$127,750	\$51,262
Respondent Pension Income (percentage)	38 (49)	---	1 (11)	0 (0)	7 (25)	14 (35)
Household Pension Income (percentage)	58 (50)	---	38 (49)	17 (38)	22 (41)	32 (47)
In Poverty (percentage)	13 (34)	---	11 (31)	23 (43)	8 (27)	24 (43)
1993						
Employed (percentage) ^c	25 (44)	---	34 (48)	13 (35)	55 (50)	14 (35)
Poor Health (percentage) ^c	0 (0)	---	0 (0)	100 (0)	0 (0)	100 (0)
Median Income	\$30,407	---	\$25,789	\$15,228	\$33,860	\$21,982
Median Net Worth	\$155,750	---	\$134,400	\$86,500	\$131,753	\$55,750
Respondent Pension Income (percentage)	100 (0)	---	0 (0)	0 (0)	8 (28)	20 (40)
Household Pension Income (percentage)	100 (0)	---	40 (49)	20 (41)	25 (44)	36 (48)
In Poverty	4 (20)	---	11 (31)	26 (44)	17 (38)	36 (49)
Differences (Δ93-91)						
Median Income ^d	-\$5,104	---	-\$1,373	-\$14	-\$225	-\$2,854
Median Net Worth ^e	\$6,500	---	-\$2,000	0	\$3,750	\$145

^aStandard deviations, which are multiplied by 100, are reported in parenthesis.

^bReported in 1992.

^cReported in 1994.

^dChange in median income is defined as the median of the differences between each household's wave 1 and wave 2 income.

^eChange in median net worth is defined as the median of the differences between each household's wave 1 and wave 2 net worth.

^fColumn values not reported due to small sample size.

Source: Health and Retirement Survey, wave 1 (1991) and wave 2 (1993).

Table 5. The Distribution of Income and Wealth Across Men Eligible to Receive Social Security Retirement or Spousal Benefits at Age 62 in 1993

Type	Share of Total:							
	Population	Income 93	Income 91	Wealth 93	Wealth 91	Poverty 93	Poverty 91	
All Takers	34.6	24.3	27.9	26.6	26.1	42.3	40.0	
Ratio ^a		0.70	0.81	0.77	0.75	1.22	1.16	
Dual Pensioner								
Healthy	17.1	13.3	14.7	12.9	14.5	0.0	5.0	
Ratio ^a		0.78	0.86	0.75	0.85	0.0	0.29	
Non-Healthy	4.6	3.0	2.8	3.3	2.8	0.0	5.0	
Ratio ^a		0.65	0.61	0.72	0.61	0.0	1.09	
Single Pensioner								
Healthy	10.3	7.1	9.2	10.1	8.3	26.9	15.0	
Ratio ^a		0.69	0.89	0.98	0.81	2.61	1.46	
Nonhealthy	2.7	1.0	1.2	0.3	0.5	15.0	15.0	
Ratio ^a		0.37	0.44	0.11	0.19	5.7	5.56	
All Postponers								
Ratio ^a	65.4	75.7	72.1	73.4	73.9	57.7	60.0	
Postponers								
Healthy	52.1	68.3	62.5	65.1	58.7	26.9	20.0	
Ratio ^a		1.31	1.20	1.25	1.13	0.52	0.38	
Non-Healthy	13.3	7.4	9.6	8.3	15.2	30.8	40.0	
Ratio ^a		0.56	0.72	0.62	1.14	2.32	3.01	

^aRatio of share of total resources or poverty to share of total population.

Source: Health and Retirement Survey, wave 1 (1991) and wave 2 (1993).

Table 6. The Distribution of Income and Wealth Across Women Eligible to Receive Social Security Retirement or Spousal Benefits Age 62 in 1993

Type	Share of Total:							
	Population	Income 93	Income 91	Wealth 93	Wealth 91	Poverty 93	Poverty 91	
All Takers	42.1	34.6	39.0	45.4	40.1	36.5	47.6	
Ratio ^a		0.82	0.93	1.08	0.95	0.87	1.13	
Dual Pensioner								
Healthy	7.7	7.9	9.0	8.9	6.3	1.9	7.1	
Ratio ^a		1.03	1.17	1.16	0.82	0.25	0.92	
Non-Healthy	1.3	0.7	0.6	1.4	1.1	3.8	4.8	
Ratio ^a		0.54	0.46	1.08	0.85	2.92	3.69	
Single Pensioner								
Healthy	23.5	19.4	22.7	27.7	25.3	15.4	19.0	
Ratio ^a		0.83	0.97	1.18	1.08	0.66	0.81	
Non-Healthy	9.6	6.6	6.6	7.3	7.5	15.4	16.7	
Ratio ^a		0.69	0.69	0.76	0.78	1.6	1.74	
All Postponers								
Ratio ^a	57.9	65.4	61.0	54.6	59.9	63.5	52.4	
Postponers								
Health	41.8	53.5	48.6	45.1	44.9	40.4	23.8	
Ratio ^a		1.28	1.16	1.08	1.07	0.97	0.57	
Non-Healthy	16.1	11.8	12.3	9.5	15.0	23.1	28.6	
Ratio ^a		0.73	0.76	0.59	0.93	1.43	1.78	

^aShare of total resources or poverty to total population.

Source: Health and Retirement Survey, wave 1 (1991) and wave 2 (1993).