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Insights from HRS**

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Labor Force Behavior of Hispanic Elderly: Insights from HRS

Abstract: This paper seeks to augment the relatively scarce information available about the labor market and economic characteristics of Hispanic elderly. Specifically, we examine the factors associated with the late-aged labor force participation decisions of elderly Hispanic men and women, and how they are related to aggregate economic well-being. Our results indicate a high degree of labor force instability and involuntary joblessness among older Hispanics. For many Hispanic elders, retirement is not the voluntary termination of a career job, but instead results from prolonged or frequent periods of joblessness that eventuate in retirement. This process of labor force withdrawal was markedly different for men and women, and was influenced by age, education, job characteristics (e.g., firm size and industrial sector), and employment experience (e.g., experience of being laid off and pension coverage). Low rates of pension coverage and low savings for retirement among the Hispanic elderly imply a high degree of economic vulnerability, especially for the unmarried elderly and for those who do not receive assistance from other family members.

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

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I. Introduction

Empirical research about the effects of racial and ethnic inequalities on the health, social support, and economic resources of the elderly has largely focused on African Americans to the relative neglect of Hispanics and other minority groups. However, several features unique to Hispanics make them an interesting population to study from the standpoint of aging. First, although currently a relatively young population, the rapid growth of the Hispanic population during the last three decades implies a large elderly population in the not so distant future. Hence, it is important to anticipate and understand whether and in what ways Hispanic aging differs from black and other minority populations. Second, a large share of Hispanic elderly have extremely low levels of education, and many also lack fluency in English. These characteristics may have limited their access to well-paid jobs, and especially to those providing pension and retirement incomes. Therefore it is conceivable that Hispanic elderly may be poorer than other groups. Third, Hispanic family structure differs on average from other groups in ways that could influence living arrangements and economic well-being at later ages. For example, extended living arrangements are more prevalent among Hispanics, and these could ease the burdens of providing support for the elderly *if* other family members take in the aged and assist with their economic and health needs.

In this paper, we examine the late-age labor force experiences of elderly Hispanic men and women to identify precursors to retirement. We address gaps in the minority aging literature in three ways. First, we use the Health and Retirement Survey to describe the demographic characteristics, labor force status, and economic well-being of older Hispanics disaggregated by gender and, where possible, by national origin. Second, we examine the mechanisms through which labor force behavior influences the economic well-being of elderly Hispanics. Numerous studies have shown the "pull" effects of pension and social security benefits in retirement decisions. "Push" factors, such as diminishing job opportunities and increased joblessness in later years, have been less well documented. For low-skill workers, among whom Hispanics are disproportionately represented, the distinction between push and pull factors is potentially quite important, yet it remains under-studied. Finally, we provide an initial glimpse of the process of retirement and labor force withdrawal among elderly Hispanic men and women, and explore the economic implications of variations in living arrangements and labor force behavior for the economic well-being of Hispanic seniors.

We begin with an overview of trends in labor market and income inequality to frame our investigation of elderly Hispanic labor force status. Following a brief description of the Hispanic sample in the HRS, we examine various correlates of employment status suggested by our literature review. Subsequently we describe labor force transitions between Wave I and Wave II. And finally we consider how the economic well-being of Hispanic men and women varies according to family structure. The conclusion identifies limitations of the HRS for studying Hispanic elderly and provides suggestions for improvement.

II. Background

The 1980s witnessed a rapid rise in earnings inequality and a stagnation in mean earnings that was unprecedented in the post-war era (Danziger and Gottschalk, 1993). As production shifted from goods to service-based industries, many unskilled and semi-skilled blue collar jobs were eliminated. In addition to this macro-level change in industrial structure, intra-industry occupational changes further eliminated many unskilled and semi-skilled jobs. New jobs created during the 1980s were characterized by increasing polarization along skill, education, and income (Murphy and Welch, 1993). All of these trends have ominous implications for minority

groups, who are disproportionately concentrated in industries and occupations most adversely affected by industrial restructuring.

The minority elderly are potentially even more vulnerable to these macro-economic changes, as older workers are more vulnerable to employment instability than their prime-aged counterparts. Older workers are more likely than younger workers to suffer job displacement (Sum and Fogg 1990a). Of those experiencing displacement, the elderly are less likely to become re-employed, and they remain jobless twice as long (Ruhm 1990a; Sum and Fogg, 1990b). Moreover, displaced older workers who ultimately become re-employed receive substantially lower wages than their younger counterparts (Love and Torrence 1989). Thus the macro-economic changes that transformed the US economy during the 1980s could seriously undermine the post-retirement economic position of low-skill elderly through growing job instability and income losses in the years prior to retirement.

Further, research on elderly populations shows that groups who were disadvantaged as working-aged adults tend to be even more disadvantaged when they reach old age. Crystal and Shea (1990) argue that the poor elderly (disproportionately unmarried women, minorities, and the handicapped) face a "cumulative disadvantage" in which the equalizing effects of Social Security are more than outweighed by the tremendous inequality in private pensions, asset income, and other income sources. Thus race and class disparities in economic well-being widen among elderly populations. Numerous other studies have also shown that low-skill workers on average have poorer health and far lower retirement income and wealth than higher-skilled workers, and that minority groups of all skill levels tend to have poorer health and lower retirement income and wealth than whites (Smith, 1993; Nickens, 1995; Crystal, Shea, and Krishnaswami, 1992; Myers and Chung, 1995).

Given that the minority elderly are more likely than whites to be in an economically precarious situation as they approach retirement age, it is important from a policy perspective to elaborate on predictors of economic well-being among these groups. For example, employment experiences in the years immediately prior to retirement are directly related to post-retirement well-being. The years proximate to retirement are often precarious ones for mature unskilled and elderly workers. Studies of work patterns at later ages (e.g., 55 and older) find that higher skilled workers are more likely than lower skilled workers to work full-time into and beyond the retirement years, in spite of the greater economic need of the latter group. For example, Morrow-Howell and Leon (1988) used PSID data and found that low income and minority workers were more likely to retire fully than were their more affluent or white counterparts. "Those who formally retire and have no substantial work effort in the three-year period after retirement are more likely to be unemployed before retirement and more likely to have lower incomes after retirement. They are also more likely to be non-white, urban dwellers, and in poor health" (p. 137). Respondents who continued working, on the other hand, had more continuous and higher paying work histories in the years prior to retirement.

These findings underscore the importance of considering recent work experiences, and especially employment instability and episodes of joblessness, to understand the retirement processes of minority workers. However, the majority of research on the process of labor force withdrawal is based on black-white comparisons and their generalizability to Hispanic workers may differ for several reasons. First, Hispanic women have lower rates of labor force participation than their black counterparts, hence patterns of late-age labor force activity and retirement processes will differ between these groups. Second, although black and Hispanic prime-age workers experience more employment instability than their white counterparts, blacks are more likely than Hispanics to withdraw from the labor force (Hsueh and Tienda, 1995). Third, elderly black and Hispanic workers may have unequal access to pension benefits because

of different industry distributions during their prime-age years. In particular, the historical role of Mexicans in U.S. agriculture may produce widespread poverty among Mexican elderly because farm work rarely provided health or pension benefits

Although most studies of retirement focus on men, there is growing interest in the economic status of elderly women. Older women are far more likely than men to experience poverty in their golden years due to their less continuous work histories, lower wages, and lower rates of private pension coverage. The social security system also contributes to elderly female poverty as benefits received through the husband are tied to family status and are dramatically reduced when women are widowed, and can be eliminated entirely when women become divorced or separated (Meyer, 1990). Unfortunately, there exist few studies of retirement decisions of minority women and to our knowledge, none about Hispanic women. Elderly Hispanic women are likely to be especially disadvantaged because their extremely low rates of labor force participation make them almost completely dependent on spouses' wages for economic support.

Our reading of the literature about minority labor force activity in later years suggests two offsetting effects on the retirement decisions and late-age labor force participation of Hispanics, stemming from their relatively low educational levels, and for women, low rates of labor force participation (see Figure 1). First, labor force activity in low wage markets is associated with unstable employment that undermines pension coverage, if it is available at all. Consequently, poorly educated Hispanic workers may desire to prolong their work activity later into old age in order to maintain their economic status and income flows. At the same time, participation in low wage markets may preclude prolonged labor force activity, especially if low wage jobs are associated with higher levels of involuntary job separation in the years prior to retirement. If so, frequent and/or prolonged periods of joblessness that eventually drift into retirement may accelerate the timing and rate of withdrawal from the labor force, particularly among workers with poor health.

Large sex differences in Hispanic labor force activity warrant consideration of whether and how the forces that influence late-age work activity differ for men and women. That is, do low-skill Hispanic women also experience employment instability in the years prior to retirement, and are spells of late-aged unemployment as long for women as they are for men. Unemployment may be less pervasive for women, who are disproportionately concentrated in rapid-growing service industries. However, as Boaz argued (1988), employers may be disinclined to retain elderly workers (including women) because wages tend to increase with tenure even into the advanced years, while job productivity seldom does.

III. Data and Methods

This study is based on the first two waves of the Health and Retirement Survey (HRS), a nationally representative sample of the pre-retirement aged population (born between 1931 and 1941) and their spouses or partners. The survey is longitudinal and collects extensive data on the job characteristics, pension coverage, health status, family structure, economic status, and employment history of age-eligible respondents and their spouses/partners. Blacks and Hispanics were over-sampled in the HRS; of the 12,654 total respondent's, 16.3% were black and 9.3% were Hispanic (Juster, 1993). Our analysis is restricted to the 1,173 individuals who defined themselves as Hispanic or Latino in the first wave of the HRS, and their 129 non-Hispanic spouses and partners. Sample attrition of Hispanics due to death or non-response between Wave I and the early release version of Wave II was nearly 25 percent, therefore we conduct a preliminary sensitivity analysis of potential biases stemming from attrition.

Labor force status, our key dependent variable, consists of 5 mutually exclusive categories: employed, unemployed (which includes those temporarily laid off or on sick leave), disabled, retired, and out of the labor force (homemaker and other). Because these questions were not mutually exclusive in the survey, certain recodes were necessary. Respondents who said they were currently employed and checked another employment status were coded as employed. Likewise, unemployed/laid off took precedence over disabled and retired categories. Respondents who indicated that they were both disabled and retired were coded as retired, and those who indicated "other" in addition to another employment category were coded as the non-other category. Respondents who said they were homemakers and something else were coded as homemakers if they had never worked for pay (v3401) or had not worked for pay since 1972 (v3404). If they had worked since 1972, they were coded as the other employment status that they marked.

The first part of the analysis examines the demographic and occupational characteristics of the Hispanic sample in Wave I by national origin and by sex. After profiling Mexican and non-Mexican men and women by age, education, and marital status, we describe variation in the industry, occupation, and recent employment experiences of older Hispanics in 1992¹. Subsequently, we present a multivariate analysis predicting 1992 labor force status of older Hispanics as a function of their demographic and job characteristics. The second part of the paper focuses on changes in employment status between Wave I and Wave II. After comparing labor force status distributions in both waves to determine whether cases lost to attrition are systematically biased, we detail labor force transitions between waves. Finally, we explore the economic implications of late-age labor force activity and retirement by describing household income packaging strategies for Hispanic elderly residing with and without partners.

IV. Demographic and Employment Characteristics of Hispanics in HRS

Of the 1,173 self-defined Hispanics in the sample, 44.6 percent were men and 55.4 percent were women. The mean age for all Hispanics was 55.4, with women slightly younger than men (see Table 1). Approximately 60.5 percent of the Hispanics were Mexican, 9.9 percent Cuban, 8.4 percent Puerto Rican, and 21.1 percent of other Hispanic origins. Just over half (54.4 percent) of the Hispanic sample was foreign-born, although this proportion varied appreciably by national origin group. While virtually all Cubans were foreign born, less than half of the Mexican respondents were born abroad. Education levels of Hispanic elderly are very low, especially for Mexicans, who averaged 7.4 years of graded schooling. Over three-quarters of Mexican men and women failed to complete high school, and a substantial proportion, especially among the foreign-born, have less than a primary education. Auxiliary tabulations revealed that Cubans and other Hispanics have stronger educational credentials, with Puerto Ricans falling in between Cubans and Mexicans in terms of educational attainment. As in other samples, Hispanic men were more likely to be married and less likely to be currently divorced or widowed than Hispanic women. Specifically, 84 to 87 percent of Hispanic men were married at the time of the survey, compared to 68 to 75 percent of Hispanic women.

Industry and occupation distributions (see Table 2) reveal interesting differences by national origin and gender. Just under 60 percent of Mexican men in the sample were concentrated in two industries - agriculture/mining and manufacturing/ transportation. Although

¹ Unfortunately, sample sizes preclude further disaggregation according to national origin. Although we realize the "non-Mexican" sample is very heterogeneous, the small sample size precludes reliable inferences for specific national origin groups, especially on highly filtered variables.

nearly 30 percent of all Hispanic men were employed in manufacturing, non-Mexican men were twice as likely as Mexican men to work in financial and professional service industries. Relatedly, non-Mexican men are only half as likely as Mexican men to work in extractive industries (i.e., agriculture and mining), which has direct implications for their pension coverage. Nearly one-third of elderly Mexican and one-fifth of elderly non-Mexican women were out of the labor force when initially interviewed. Like their male counterparts, Mexican-origin women were more likely than women of other Hispanic origins to work in agriculture, although less than 6 percent of all Hispanic women were employed in farming industries.

Occupational distributions follow a similar pattern, with Mexican men over-represented in farming occupations and in blue-collar work, and under-represented in clerical, service, and professional work. Because of their lower participation rates, Mexican women are less represented in all of the occupational categories than non-Mexican women, with the notable exception of farming. Compared to men, women are over-represented in clerical and service industries, and under-represented in farming, blue-collar, and professional occupations. Women are also less likely than men to be self-employed, and this is especially so for Mexican women.

Table 3 provides summary statistics for several attributes our literature survey showed to influence late-age labor force activity and retirement decisions, namely employment instability (e.g., episodes of unemployment and joblessness; duration of joblessness), duration of last or current job, and pension coverage. HRS tabulations reveal, not surprisingly, that compared to women, elderly men averaged higher current and past labor force participation rates and longer periods of employment with their current or most recent employer (for those not currently working). Men also reported shorter episodes of joblessness than women. Over one-quarter of Hispanic men and women who were employed in 1992 experienced at least one lay-off during their work careers, while over one-third of those not working at the time of survey experienced at least one lay-off. In addition to being more likely to experience at least one lay-off, respondents who were jobless at first interview also averaged a greater average number of lay-offs than their employed counterparts (4.2 and 3.2 for jobless men and women respectively). In addition, men averaged a greater number of lay-offs than women, 3.0 versus 2.6 for men and women employed at the time of survey, and 4.2 and 3.2 for those not working at the time of survey. Women retired at younger ages than men, 54 versus 58 years respectively. However, there were no sex differences in mean age of disability. Women were younger than men at their last episode of unemployment, which probably reflects their younger age distribution in the sample, rather than a true gender effect.

Pension rates among those working at the time of survey were comparable for men and women, with just under 40 percent having some type of pension coverage. This is far below the rate for the entire HRS sample, where over 60% of those working at the time of survey reported pension coverage. Respondents not working at the time of survey (but who had ever-worked) were even less likely to be covered by a pension, and this was especially so for women (28% and 13% for Hispanic men and women respectively). This dramatically more limited access to pension income among pre-retirement aged Hispanics could increase their chances of poverty when they become seniors. However, this outcome depends on their late-age labor force activity in response to the availability of pension income and the incentives to remain economically active beyond retirement age. We address these issues in the following section.

V. Labor Force Transitions: Waves I and II

The background discussion identified several worker and job characteristics that influence late-age labor force participation decisions. In addition to age and educational status, which are well-established correlates of labor force activity throughout the life cycle, access to

pension benefits is crucial for employment and retirement decisions at later ages. For minority workers, we hypothesize that job characteristics which render prime-age workers vulnerable to joblessness also influence late-age participation decisions. For example, employees of small firms are more vulnerable to joblessness due to plant shut-downs than employees of large firms (Tienda and Stier, 1995). Employment in seasonal industries, such as agriculture and construction is also associated with higher unemployment at a point-in-time. Finally, Hsueh and Tienda (1995) demonstrated that minority workers experience higher levels of instability than comparably skilled whites, and that instability frequently leads to permanent withdrawal. Accordingly, we estimate a multi-nomial logit model to ascertain whether access to pension benefits, frequency of joblessness, and job characteristics (i.e., firm size and industrial sector) influence late-age participation decisions.

Table 4 reports the odds of being unemployed/laid off, retired, or out of the labor force relative to being employed in Wave I. Compared to elderly women, elderly men were 2.7 times $[1/\exp^{-.9852}]$ as likely to be employed as unemployed/laid off and 4 times as likely to be employed as out of the labor force. However, there were no sex differences in the odds of being retired relative to being employed, once individual variation in education, birthplace, national origin, age, and job characteristics were taken into account. National origin did not differentiate the late-age participation decisions of Hispanics, but U.S.-born men and women were 3.2 times as likely as their immigrant counterparts to be retired relative to employed in Wave I. The passing of each year raised the odds of retirement relative to employment by 38 percent, and raised the odds of unemployment, layoff, or non-participation relative to employment by approximately 7 percent.

As predicted, elderly Hispanics who lacked high school education were less likely to retire than their counterparts who completed high school. However, there were no differences in the odds of being unemployed or laid-off, or out of the labor force relative to employment. The former result suggests that for Hispanics, late-age labor force activity may be a strategy to maintain income flows for workers who, because of low skill, have been confined to jobs that offer few benefits. The latter result emphasizes the importance of distinguishing between retirement and labor force withdrawal when characterizing the cessation of labor force activity among elderly Hispanics.

Job characteristics, lay-off experiences, and access to pension benefits also influenced the odds of Hispanic late-age employment. Among the industry categories, only manufacturing/transportation influenced the participation status of elderly Hispanics by raising the odds of unemployment and lay-off relative to employment. However, employment in small- (less than 100 employees in all locations) or medium-sized (100 to 499 employees) firms increased the odds of unemployment, layoff, retirement, and non-participation relative to employment. To illustrate, Hispanic seniors last employed in small or medium-sized firms were almost 10 times as likely to be out of the labor force versus employed relative to their statistical counterparts last employed in large firms. Elderly Hispanics who last worked in small to medium firms were 5.5 to 6.5 times as likely to be retired relative to employed compared to their counterparts who worked in large firms. These substantial odds ratios partly reflect variation in job security that has been emphasized in contract negotiations of large enterprises.

Of great substantive interest are the pension and lay-off history effects on late-age labor force participation decisions of Hispanics. As hypothesized, multiple episodes of lay-offs prior to the survey year increased the odds of unemployment or lay-off at the time of the survey, but there was little evidence that employment instability accelerated the odds of retirement or labor force withdrawal. Possibly this difference in our results and those of Hsueh and Tienda (1995)

reflects the greater measurement precision of the SIPP relative to HRS, and in future work we plan to model inter-wave employment dynamics with greater precision. Finally, access to pension income lowered the odds of labor force withdrawal relative to employment, but this income guarantee did not raise the odds of retirement relative to employment among elderly Hispanics. Thus, these results suggest that Hispanic workers prolong labor force activity when they lack pension income (the top right arrow of Figure 1). However, support for the operation of the lower arrow was weak. This result is tentative until we examine whether intra-wave instability increased the odds of labor force withdrawal in 1994.

The static view of the correlates of late-age participation can be extended by considering labor force transitions between Wave I and Wave II of the HRS, as presented in Table 5. We present the full baseline (Wave I) sample and the sub-sample reduced by attrition to gain purchase on how changes in labor force outcomes may be due to non-random sample attrition. A comparison of the 1992 base and surviving sample reveals that survivors are, for the most part, similar to the base population as a whole. There is one noteworthy departure from this generalization, however. Among non-Mexican men, Wave II survivors were more likely to be employed than attriters. This sample selection bias away from jobless and retired workers results in under-estimates of changes in employment, and overestimates of changes in retirement for non-Mexican men. For all women and Mexican men, sample selection bias between waves appears to be trivial, despite the relatively high attrition rates.

The 1992 and 1994 labor force status distributions reveal an unmistakable drop in the shares of employed elderly Hispanics, accompanied by a large increase in the share of retired men and more modest increases in the share of retired women. There was little change in the proportion unemployed (except for Mexican women who experienced a drop in unemployment); a lower share of disabled men, but a higher share of disabled women; and a higher rate of non-participation for men, but lower rate of non-participation for women. These average changes in labor force statuses provide a glimpse of the retirement process for Hispanic workers, but the aggregate distributions conceal appreciable variation in the *pathways* to retirement.

Figure 2 depicts pathways to and from retirement and labor force withdrawal between Wave I and Wave II. Roughly one-quarter of the sample was lost between waves, with somewhat larger losses from respondents who were not working in Wave I (out of the labor force and retired), and somewhat fewer from respondents who were in the labor force (employed or unemployed). Of the employed respondents in Wave I who survived to Wave II, fully 80 percent were employed in wave II.² Of the remaining 20 percent, roughly 7 percent became unemployed or laid off, 6 percent retired, and 7 percent moved out of the labor force. Approximately one-quarter (27 percent) of respondents who were unemployed in Wave I and survived to Wave II were re-employed at the time of the second survey. The other 73 percent, however, either remained unemployed (33 percent) or left the labor force, either retiring (8 percent) or discontinuing search for employment (33 percent). Of the retired respondents from Wave I who survived to Wave II, 7 percent re-entered the labor force, half becoming re-employed and half engaged in active job search. The vast majority of the Wave I retired men and women (70 percent) remained retired in Wave II. An additional 23 percent of the retired reported themselves out of the labor market but not retired in Wave II.³ Less than 10 percent of

² It is conceivable that respondents were not continuously employed, but our current focus ignores intermittent transitions. We will pursue this issue in further extensions of our work.

³ This labor force transition appears implausible and is largely driven by women who define themselves as retired in Wave I and then as homemakers in Wave II.

respondents who were out of the labor force in Wave I and who survived to Wave II re-entered the labor force (7% became employed and 2% unemployed), while 82% remained out of the labor force and 9 percent retired.

Figures 3a and 3b depict these pathways to retirement and labor force withdrawal separately for men and women. These figures show that in addition to having a different distribution of labor force status in both waves, men and women also exhibit different patterns of labor market exit. First, patterns of attrition differ between the sexes. Nearly one-third of men who were out of the labor force and 28 percent of those who were retired in Wave I were not re-interviewed in Wave II. Among women, one-quarter of those who were not in the labor force in 1992 left the sample and only 12.5 percent of the retired did so (this represents less than half of the male retirees who attrited).

Of those who were employed in Wave I, greater shares of men than women were also employed in Wave II (83.7 percent and 77.3 percent respectively). Furthermore, men who left employment between waves were more likely to be retired in Wave II, while women who left employment between waves were more likely to define themselves as out of the labor force (primarily homemakers). Men who were unemployed or laid off in Wave I were more likely than women who were unemployed in Wave I to become re-employed (29.3 percent and 23.7 percent respectively). Men who were unemployed in Wave I were also more likely to be unemployed again in Wave II, and more likely to have retired by Wave II than their female counterparts. Respondents who were retired or out of the labor force in Wave I exhibit similar patterns. All respondents who re-entered the labor force from retirement were men, but men were also more likely to remain retired than women (76 percent versus 50 percent, respectively). While only 15.2 percent of men who were retired in Wave I classified themselves as out of the labor force in Wave II, 50 percent of women retired in Wave I did so. Among respondents who were out of the labor force in Wave I, women were less likely than men to define themselves as retired in Wave II.

These sex differences in late-age labor force activity are quite revealing about the process of retirement and withdrawal from the labor market, and they raise questions about the distinctions among retirement, unemployment, and non-participation in the minds of elderly workers. These distinctions may be particularly blurry for low-wage workers, such as farm workers, whose life-long labor force experience involved alternating episodes of joblessness and intensive (i.e., long hours) work episodes. Unfortunately, we are unable to disaggregate the labor force transition analysis further owing to sample size constraints, but a comparison of Mexican and non-Mexican workers should prove instructive.

Changes in the labor force behavior of Hispanic elderly are interesting in their own right, but they have direct implications for the economic well-being of seniors. To the extent that Hispanic elderly rely on wages and salary as their main income source in later years, the process of retirement from jobs that offer no pension benefits will increase poverty rates among elderly Hispanics. The availability of savings and income from other family members may serve as substitutes for meager pension and social security incomes. We provide preliminary evidence on this issue in the final section.

VI. Income Packaging and Economic well-being

Table 6 decomposes the mean family income of couple households, single male households, and single female households into eight sources: labor income, unemployment and workers compensation, pension and annuity income, SSI and welfare, capital income, disability payments, other income, and the income of other household members. The three types of headship structure reveal quite diverse income portfolios. Single men, who report the lowest

household income, rely most heavily on wage and salary income, which averages 54 percent of their total household income. Single men receive less, on average, from other household members (largely co-resident kin) than both single woman and couple households. On average, single male heads receive more income from pension/annuity sources and from disability, and less from SSI/welfare and capital than do single women. At the same time, they receive more SSI/welfare and disability income and less pension/annuity and capital income than couple families.

Single women have significantly lower mean job earnings than single men, and they also average lower earnings than women in couple households. Single female household heads rely more on SSI/welfare income than single male heads or couple households, and a relatively large share of their income portfolio comes from other household members. Whereas only 28.8 percent of single men and 42.8 percent of couple households in the sample received income from other household members, a full 52.1 percent of single women did so. Of the 20 respondents who reported regularly receiving income from someone outside of their household, none were from single male households, 9 were from couple households, and 11 were from single female households (these numbers represent 1.7% and 6.5% of all couple and single female households respectively). Auxiliary tabulations reveal that single women who did not receive assistance from other household members (roughly 12% of all women in the Hispanic sample) were the least well off, with average household incomes of only \$12,354, as compared to \$15,700 for single men who received no such assistance. These women relied to a greater extent on SSI and welfare, and had far lower employment and pension income than their male counterparts who did not receive income from other household members.

Among couple households, male earnings represent a far greater share of household earnings than do female earnings. As expected, men and women in couple households were the most economically secure, relying least on SSI/welfare and disability payments and enjoying relatively large wage earnings. The income packaging of single men and women suggests a very high degree of reliance on relatives for single elderly women, but this is an empirical question requiring further scrutiny. Assistance from kin appears to cushion their relatively low levels of wage and pension income, and serves to raise their average household income above that of single men, who on average receive little of such assistance. However, it is unclear whether income earned by other household members is actually pooled, and thus available to the elderly generation, nor is it clear that contributions *per* co-resident kin member are large enough to improve the standard of living of the Hispanic elders. These are important issues for further research.

VII. Lessons for HRS Design

In this preliminary foray, we are hesitant to draw any firm conclusions about Hispanic late-age labor force participation beyond the tentative inferences presented in the text. However, it is appropriate to indicate some shortcomings of the HRS that can limit our understanding of Hispanic aging and retirement processes in the future, when the value of the longitudinal design is at its peak.

The main limitation of using the HRS data to analyze the retirement decisions of the Hispanic population is sample size, which is inadequate for several reasons. First, sample counts preclude breakdowns by national origin. A substantial body of research has shown consistent differences between Hispanic national origin groups in education, occupation, industry, earnings, geographic concentration, employment status (including self-employment rates), welfare dependence, poverty rates, and so forth (Bean and Tienda, 1987). All of these differences could potentially affect old-age outcomes in very important ways. The small numbers of Cubans and

Puerto Ricans in the HRS sample make sub-group analyses impossible. Mexican-nonMexican comparisons, such as those we undertook, obscure many group-specific differences by combining high-education and high-income Cubans and others with low-education and low-income Puerto Ricans. Further, even the Mexican-nonMexican distinction is impossible to sustain for further sub-group comparisons, such as those between the employed and unemployed, men and women, or the old and oldest old.

Second, when trying to tease out the labor market transitions during the late years of employment, even male-female comparisons were not always sustainable with this sample size. Retirement decisions, unemployment, and labor force withdrawal are likely to differ significantly by gender. However, restricting the Hispanic sample to respondents who were employed in Wave I yielded too few observations for independent statistical models for men and women. Consequently, we were forced to rely on pooled models which introduced sex as a right-hand side variable.

Finally, although the public release data will undoubtedly have more cases than the early release version, nearly one-quarter of the Hispanic sample was lost between waves. Given the present rate of attrition, the already small sample size will be impossible to use within one or two more waves. This figure is conspicuously higher than the rate of attrition for other groups. The fact that Hispanics tend to have higher rates of attrition in other surveys as well makes these figures all the more troubling, as experience shows that it is likely to increase with subsequent waves. Thus given the difficulties of making analyses across national origin groups and the relatively high rate of attrition, there is a strong case to be made for augmenting the Hispanic sample now, to ensure the usefulness of the data in the future.

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Figure 1. Conceptual Framework

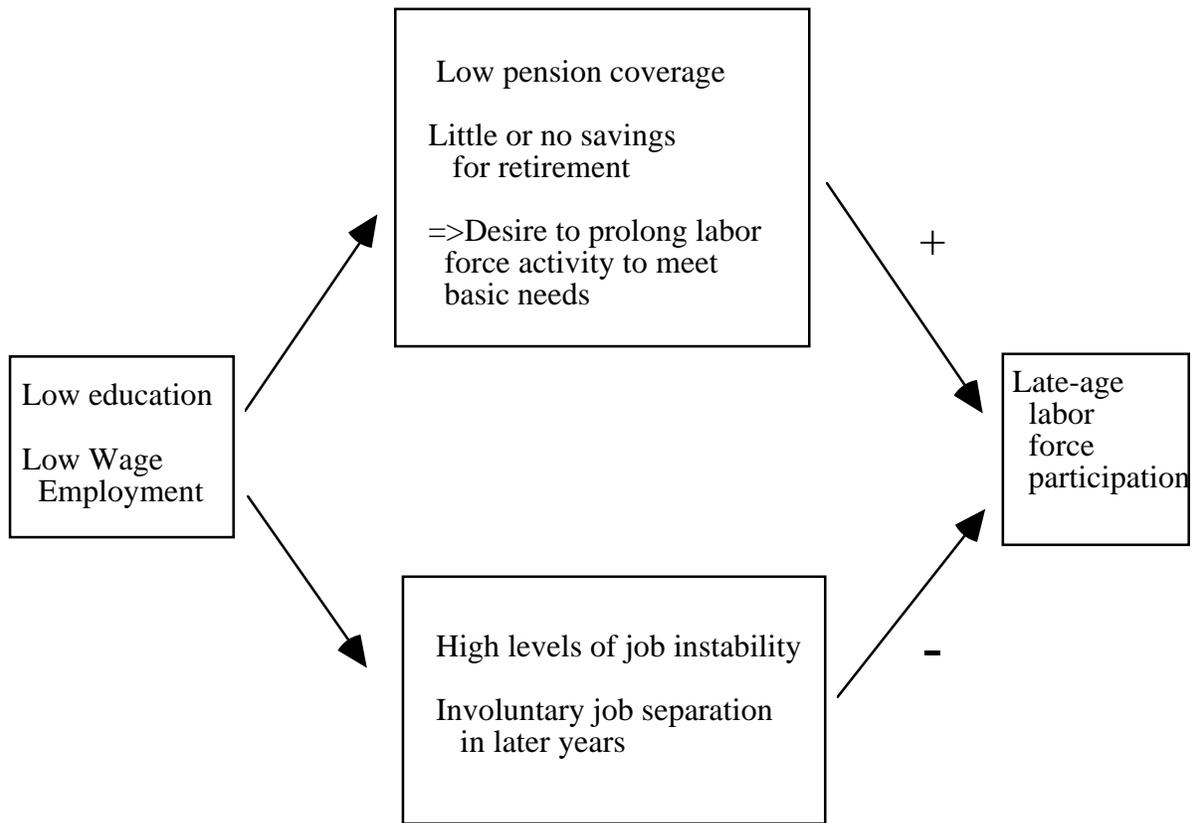


Table 1.
Selected Demographic Characteristics of Older Hispanics by Sex and National Origin: HRS Wave I

	Total Sample	Men		Women	
		Mexican	Non-Mexican	Mexican	Non-Mexican
Age					
Mean	55.4	57.2	57.6	53.5	54.5
SD	(6.0)	(5.9)	(5.7)	(5.7)	(5.6)
% < 55	45.6	39.9	35.9	56.5	44.6
% > 65	4.6	8.8	10.4	0.8	0.7
Education					
Mean	8.4	7.4	10.4	7.3	9.9
SD	(4.5)	(4.5)	(4.3)	(4.3)	(4.1)
% < HS	67.9	75.5	50.5	78.1	56.8
% HS	14.5	11.8	20.8	11.9	17.0
% > HS	17.2	12.4	28.6	9.5	25.8
Marital Status					
% Married	79.1	86.7	83.9	74.7	68.3
% Divorced/ Separated	12.9	7.3	11.5	12.9	20.3
% Widowed	4.9	1.2	1.0	8.7	6.6
% Never Married	3.1	2.4	3.1	2.4	4.4
Total	1173	331	192	379	271

**Table 2:
Industry and Occupation Distributions of Older Hispanics: Wave I***

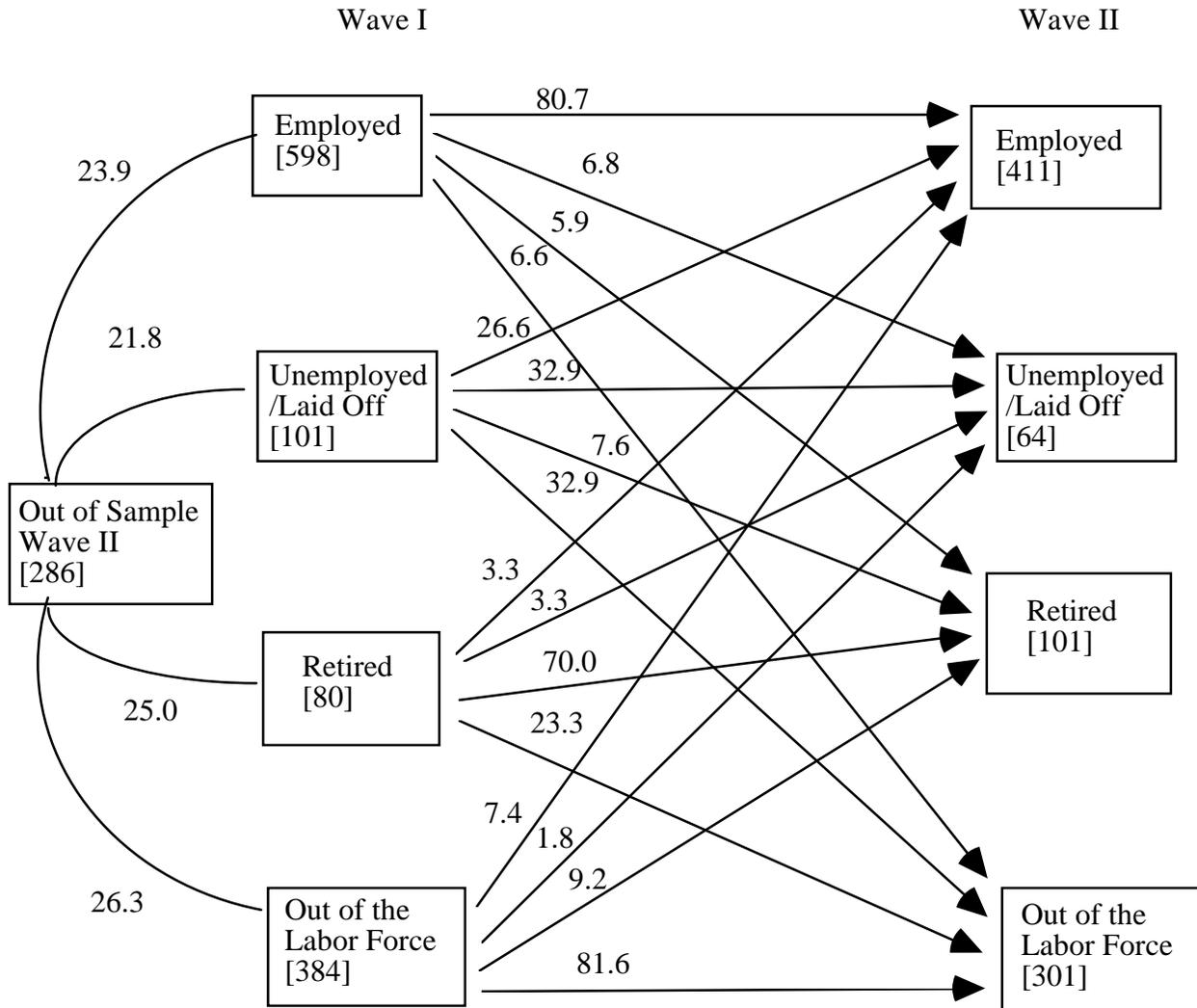
	Men		Women	
	Mexican	Non-Mexican	Mexican	Non-Mexican
<u>Industry</u>				
Agriculture/Mining	29.9	15.1	5.8	0.0
Manufacturing, Transportation	29.0	29.7	14.8	20.3
Wholesale and Retail Sales Business, Repair, Personal Services	17.8	24.5	13.5	14.0
Professional Services, Finance, Public Administration	6.0	5.2	12.4	18.1
N/A	10.9	21.9	21.4	26.6
Missing	4.8	2.6	30.6	20.3
	1.5	1.0	1.6	0.7
<u>Occupation</u>				
Professional	10.3	17.2	6.1	8.5
Clerical	8.2	13.5	17.9	22.5
Service	8.2	14.6	22.7	27.7
Farm	13.3	4.7	5.3	0.0
Blue-Collar	54.1	46.9	15.8	20.7
N/A	4.8	2.6	30.6	20.3
Missing	1.2	0.5	1.6	0.4
<u>Class of Worker</u>				
Self-Employed	11.5	13.0	7.7	11.1
Employed by Other	83.4	84.4	61.7	68.6
NA / Missing	5.1	2.6	30.6	20.3
Total	331	192	379	271

* Refers to current job for those employed at the time of interview or last job held for those who were not working but had ever worked.

Table 3:
Selected Indicators of Employment Experiences of Older Hispanics: Wave I

	Men	Women
Number of years on current/last job:		
- Currently working	12.5	9.5
(S.D.)	(10.3)	(7.7)
[N]	[341]	[295]
- Not currently working	13.0	7.7
(S.D.)	(10.7)	(7.5)
[N]	[126]	143
- Number years since last worked for pay	5.7	6.2
(S.D.)	(4.9)	(4.9)
[N]	[176]	[155]
Ever laid off:		
- Currently working	29.1	26.8
Mean number of times	3.0	2.6
(S.D.)	(2.9)	(2.7)
[N]	[344]	[302]
- Not currently working	30.4	31.6
Mean number of times	4.2	3.2
(S.D.)	(3.5)	(3.0)
[N]	[158]	[177]
Mean age at last episode of:		
- Retirement	57.9	53.9
(S.D.)	(7.7)	(8.3)
- Disability	49.7	49.0
(S.D.)	(8.9)	(8.7)
-Unemployment	57.2	50.7
(S.D.)	(6.5)	(6.9)
Pension coverage on current/last job:		
- Currently working	39.5	39.4
[N]	[344]	[302]
- Not currently working	27.8	13.0
[N]	[158]	[177]

Figure 2. Change in Employment Status of Older Hispanics Between Wave I and Wave II



Note: Numbers to the left of the Wave I employment status categories refer to the proportion of each employment status category who were no longer in sample by Wave II. Numbers to the right refer to the proportion of the surviving sample who passed to the corresponding Wave II employment status.

Figure 3a. Change in Employment Status of Older Hispanic Men Between Wave I and Wave II

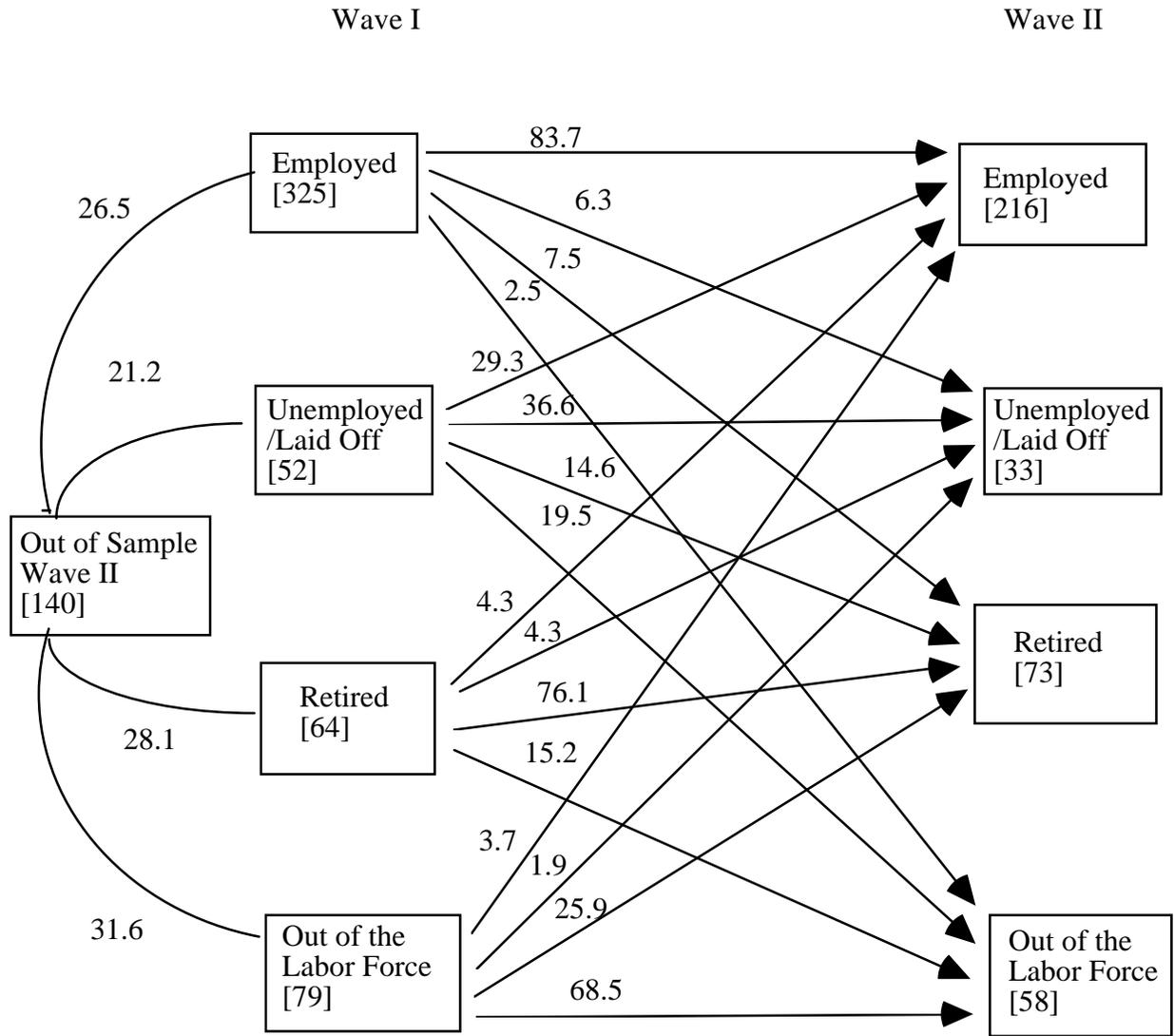


Figure 3b. Change in Employment Status of Older Hispanic Women Between Wave I and Wave II

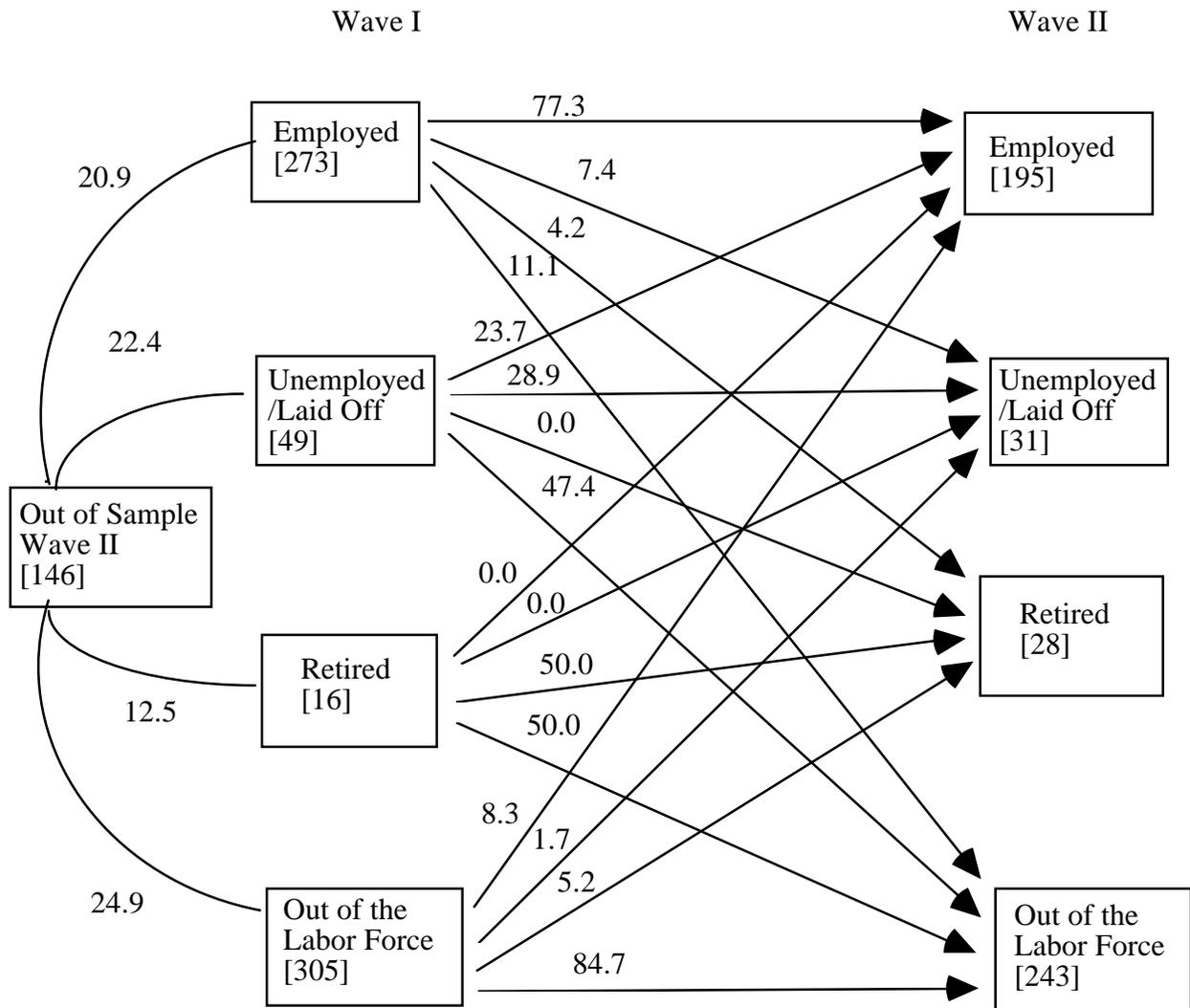


Table 6a.
Income Packaging of Older Hispanics: Unmarried Respondents

Source	Male Head			Female Head		
	Mean Dollars	Percent	Mean Percent	Mean Dollars	Percent	Mean Percent
Wages and Salary	\$11,598	65.4	53.8	\$7,664	36.1	35.5
Unemployment and Workers Comp	150	0.8	1.0	247	1.2	1.9
Pension and Annuity	697	3.9	2.7	238	1.1	2.4
SSI and Welfare	888	5.0	16.7	1,060	5.0	17.8
Capital	132	0.7	0.4	755	3.6	2.8
Disability	845	4.8	9.0	331	1.6	2.8
Other	27	0.2	0.3	345	1.6	3.5
Income of other Household Members	3,395	19.1	16.1	10,613	49.9	33.2
Total Household Income	17,732	100.0		21,253	100.0	
N	66			169		

Table 6b.
Income Packaging of Older Hispanics: Coupled Households

Source	Mean Dollars	Percent	Mean Percent
Wages and Salary			
Male	\$19,002	49.1	46.1
Female	7,728	20.0	18.0
Unemployment and Workers Comp	716	1.9	2.9
Pension and Annuity	2,136	5.5	6.3
SSI and Welfare	323	0.8	2.7
Capital	3,100	8.0	5.4
Disability	502	1.3	3.5
Other	187	0.5	1.1
Income of other Household Members	4,970	12.9	13.9
Total Household Income	38,664	100.0	
N	540		