

HEALTH & RETIREMENT STUDY



Welcome back to the Health & Retirement Study!

As participants in the Health and Retirement Study (HRS), you have provided valuable information that has been used by hundreds of researchers and policy makers. In this update we would like to share some of the study's findings about transitions into and through retirement, as well as announce a change in HRS research administration.

One of the HRS's major areas of focus is to look at how people make decisions about retiring, what influences these decisions, and whether their experiences into and after retirement end up playing out as they had planned.

The HRS has found that many American workers go through transitions before they retire, like reducing their hours, becoming self-employed, or moving from a full-time to a part-time job. One-half to two-thirds of the HRS respondents with full-time career jobs take on "bridge jobs" before they completely stop working. They leave their career job and work on something that may be less taxing, of more interest, or with more flexible work hours or conditions. The trend towards early retirement also seems to be reversing. HRS finds that Baby Boomers are expecting to work longer than those who are retiring today.

Findings from the Health & Retirement Study clearly show that gradual retirement—rather than working full tilt one day and not at all the next—is the way most Americans would do it if they had the choice. Three out of every four HRS participants replied that they would prefer to reduce their hours gradually rather than retire abruptly.

Our HRS study directors are experiencing these trends first-hand. Since 1995 Dr. Robert Willis, 66, (left) a University of Michigan economist, has directed the Health and Retirement Study. Last spring Dr. Willis stepped down as director and has begun heading the HRS Steering Committee. The study co-director, economist David Weir, 55, (right) has stepped up to replace Dr. Willis as the study director.

For the last several years, Dr. Weir and Dr. Willis have worked on a new set of ideas that are moving the HRS firmly into the 21st century.

- Researchers have started collecting additional health assessment measures to check for common disease markers.
- The pension section of the study is continually being revised to reflect the changes in pension plans.
- The HRS is actively following the impact of the new Medicare Part D prescription drug benefit on medication use and ultimately on the older population's health.
- The HRS lent its expertise to several countries which have begun studies modeled after HRS.

Recent HRS findings are highlighted in the following pages. As you'll see, your legacy as participants in this important research continues to influence informed decision-making in the U.S. and across the globe.

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Retirement Financing

According to the Health and Retirement Study, more than half of the retired participants don't remember cutting back on spending as they retired. The numbers back this up. Most people have only slightly reduced their spending.

Not all households, however, will be able to maintain their pre-retirement levels of spending as easily. Some people, especially those in single households with lower paying jobs and fewer benefits, will likely need to cut back on spending to conserve their retirement funds. The study indicates that most people have considered plans to cope with any shortfall, including working longer before retiring.

The picture is changing, though, for younger participants. Until recently, most Americans did not have to decide how they wanted to manage or to receive their retirement funds. In general, management decisions were made by the employer and monthly benefits were paid by Social Security and traditional pension plans. Today, however, there are more pension accounts (like Individual Retirement Accounts [IRAs]) and fewer traditional pension plans. Financial know-how is becoming more important as more workers need to decide how the funds will be invested, and whether they want benefits paid to them as monthly payments or as a lump sum upon retirement. The HRS also shows that one third to one half of Baby Boomers have most of their wealth invested in their homes, rather than in retirement accounts.

Important Reasons to Retire

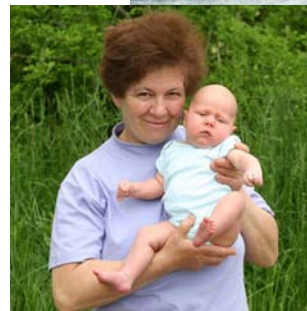
People decide to retire for a number of reasons. Reasons vary depending on one's age at retirement, while some reasons are common for all ages.

Some reasons are very important regardless of the age at which one retires:

- Wanting to spend more time with family was a very important reason for 1 out of 3 people of all ages
- Wanting to do other things is a very important reason 1 out of 4 people and only declines slightly with age.

Some reasons do not seem to be very important at any age:

- Fewer than 1 in 10 people say that "not liking their work" motivates them to retire.

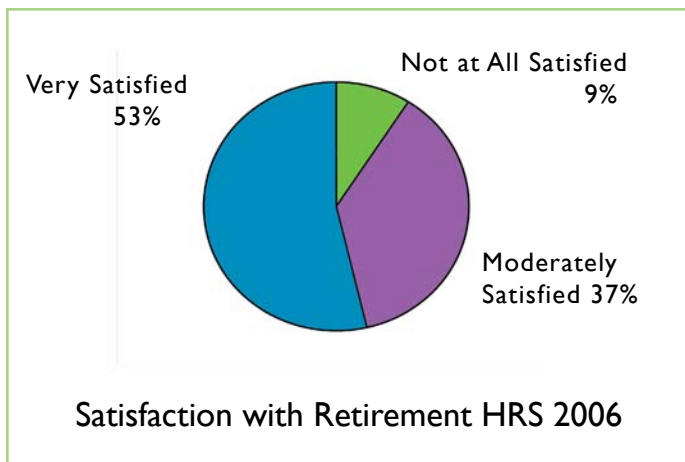


Other reasons do change in importance by age:

- Poor health is a very important reason to retire for 1 out of 3 people ages 55-59, but becomes much less important when people retire at an older age.

Retirement Satisfaction

How satisfying is retirement? The majority of HRS respondents said “very satisfying”.



How do older Americans spend their time?

Eighty out of a hundred of those 55 or older said that they either continue to work or that they volunteer – even among our oldest participants. The HRS shows that for those 70 years and older, volunteer activity has a positive effect on people’s physical and mental health. These activities often lead to a larger social network, and increased power and prestige. Even though those that volunteer were just as likely to have a health condition, they were less debilitated by it and even appear to live longer.



Retirement Well-Being

What leads to greater well-being? Findings from the HRS have shown that a number of factors can be important to stability and satisfaction:

- Financial resources such as pension and health benefits,
- Physical resources like muscle strength and balance,
- Cognitive resources like memory and processing speed,
- Social resources like friends, family and volunteer work.

Summary based on Wang, Journal Of Applied Psychology 92 (2): 455-474 MAR 2007

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Transitions Through Retirement Health and Retirement Study Participant Update - Winter 2008

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Thank You for Your Additional Support!

Many HRS participants have recently been contacted and asked to complete additional questionnaires by mail, phone, or the internet. These additional questions help researchers and policy makers learn more about people's lifestyle, work, and health behaviors. We would like to express our sincere thanks for your prompt attention to these important additions to the HRS study.

More than 1000 articles have been published from HRS study findings. Only through your on-going participation can the HRS continue to provide this valuable information to researchers and policy-makers. We look forward to your continued interest and participation in this important study.

A Special Thanks from the National Institute on Aging!

In a recent publication, the National Institute on Aging, the HRS's main funding source, recognized the study participants with this note of thanks: "We thank the HRS's most valuable asset—the thousands of HRS participants who, for more than a decade, have graciously given their time and have sustained their interest in this study. We salute their contributions, which are, indeed, without measure."