SUBMITTED VERSION

Retirement

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Word count: 1969

Abstract

Retirement broadly refers to older workers' withdrawal from paid working life. Given the demographic development of population aging and its associated societal challenges, the transition from work into retirement is receiving much attention nowadays, both in policy debates and in the scientific literature. This entry provides a brief description of the scientific literature about retirement and discusses topics that are central in sociological retirement research, such as the role of (1) life histories, (2) social stratification, (3) spousal context, and (4) organizational and country context for understanding retirement transitions. Directions for future research are described as well.

Main text

Retirement refers to older workers' withdrawal from paid working life. The transition from work into retirement is receiving much attention nowadays. In many developed countries populations are aging. This demographic trend has important implications for organizations, labor markets, pension systems and government finances. A key policy response to population aging is to aim for the extension of working lives. In many countries significant changes have taken place in terms of retirement policies to realize this aim. Early exit routes have been closed, the statutory retirement age is rising in many countries, and in some countries age-based mandatory retirement has been abolished (see for the history of retirement as an institution, Phillipson et al. 2019; Szinovacz 2012). Although since the 1970s the effective retirement age has been decreasing in virtually all OECD countries, during the past two decades this trend has been discontinued. On average the effective retirement age across OECD countries was 63.1 years for men in 2000 and increased to 65.4 years in 2018 (OECD 2020). This average effective retirement age across countries hides, however, a lot of heterogeneity. Retirement researchers examine these between-individual differences in retirement transitions and experiences.

Retirement as a process

Even though many people will have a general idea about the meaning of the word retirement, in the scientific literature there is no general agreement on the definition and operationalization of retirement. It can refer to older workers fully exiting paid work, a substantial reduction of work hours during late careers, the receipt of retirement income, self-assessment by respondents, or combinations of such indicators (Denton & Spencer 2009). In the literature it is increasingly acknowledged that retirement does not need to be a discrete one-time event but can be a complex process reflecting transitions into and out of work. Whereas most retirement studies focus on statuses or transitions during late working life (see review by Fisher et al. 2016), recent studies have tried to capture the complexity of retirement processes, for instance, by using sequence analysis techniques. These studies highlight the large diversity in retirement sequences. A recent study by Calvo et al. (2018) has shown that conventional retirement – i.e., transitioning from full-time employment to complete retirement around age 65 – is just one out of six types of general retirement sequences in the United States.

Interdisciplinary research on retirement

Research on retirement is highly interdisciplinary in nature. Not only sociologists, but also economists, demographers, psychologists, and gerontologists are interested in retirement-related questions. Researchers from different disciplines generally focus, however, on different aspects of the retirement process and different types of antecedents in their studies. Research about retirement-related behaviors (e.g., actual retirement timing, postretirement employment) can often been found in the work of economists, demographers, and sociologists. Research about more subjective aspects of retirement processes (e.g., retirement intentions, adjustment to retirement) is often conducted by psychologists or social-gerontologists.

When looking at the antecedents of retirement processes, four different groups of factors have been distinguished (Fisher et al. 2016): individual factors (e.g., demographic characteristics, psychological factors), work-related factors (e.g., HR policies, work attitudes), family factors (e.g., relationship quality, caregiving responsibilities), and macro-economic factors (e.g., labor market opportunities, housing market). Within these broad groups of antecedents, disciplines also differ in the types of factors studied. For instance, whereas sociologists often focus on structural antecedents (e.g., work characteristics), psychologists more frequency focus on attitudinal precursors of retirement processes (e.g., work attitudes).

Different theoretical frameworks can be found in the retirement literature. The choice for a specific theoretical framework is often guided by the aspect of the retirement process studied. For instance, whereas studies about retirement timing are often based on rational choice theory, studies about adjustment to retirement are frequently based on the theoretical notions from continuity theory and role theory. A framework that has been guiding research about different aspects of retirement processes is the life course perspective. This broad framework proposes that for understanding life events and transitions such as retirement it is important to take the context of the individual into account. Not only the historical context is proposed to be relevant to consider, but for instance also normative expectations, linkages with the lives of significant others, and earlier life experiences (cf. Fisher et al. 2016).

The increasing availability of large data sources, containing information about life histories, linked actors, individuals from multiple countries, and changes over time, has enriched the empirical insights about these antecedents of retirement processes in recent years. Examples of such large data sources (see for an overview: https://g2aging.org/) are the Health and Retirement Study (HRS) in the United States, and its international 'sister studies,' such as the Survey of Health, Ageing and Retirement in Europe (SHARE).

Sociological research on retirement
Retirement is a topic that is frequently studied by sociologists. In this overview four central strands of sociological retirement research will be briefly described, that is, research focusing on the role of (1) life histories, (2) social stratification, (3) spousal context, and (4) organizational and country context. In all these types of literatures, substantial attention is paid to gender differences in retirement processes.

Life histories
In the life course perspective, it is proposed that the prior life course will set the stage for later outcomes. In line with this proposition, sociological studies have moved beyond the study of proximal retirement precursors (e.g., late career health and wealth) and have started to examine how retirement patterns are related to individual life histories. Attention has been paid to how retirement is related to specific earlier life experiences (e.g., Damman et al. 2011) and earlier life trajectories (e.g., Visser et al. 2016). Mostly studies have been focused on work histories, but also histories in the family sphere have received attention. The research findings clearly highlight the importance of life histories for understanding variation in

retirement processes. Inequalities that build up during the life course continue to play a role during late careers and affect the transition into retirement.

Social stratification

Another important strand of research addresses retirement processes from a social stratification perspective, that is, focusing on differences in retirement processes between social groups. Often indicators like educational level or social class are central in these studies (Calvo et al. 2018; Radl 2013; Visser et al. 2016). Both appear to be clearly associated with retirement processes. Radl (2013) showed based on the SHARE data that social class was strongly associated with retirement processes. Both among the upper and the lower end of the occupational spectrum, relatively late transitions into retirement were observed. The underlying drivers of these relatively late retirement transitions (e.g., having limited pension savings, or having good labor market opportunities) are likely to differ substantially between social classes.

Spousal context

Many individuals approach their retirement years being a member of a couple. The increasing labor force participation of women has raised interest in studying retirement processes from a couple perspective. The research questions being addressed in this literature generally either focus on coordination of retirement timing within couples (i.e., joint retirement), or focus on the impact of spousal characteristics, support, and preferences on retirement timing of an older individual. Research findings broadly suggest that the spousal context is important for understanding retirement processes. Eismann et al. (2019), for instance, have studied the role of the partner in a direct way based on quantitative multi-actor data. Their study shows that spousal preferences for the worker's retirement are rooted in mechanisms of self-interest and altruism. Spouses appear to affect the early retirement decisions of older workers both by persuasion (i.e., by shaping de worker's own preference) and pressure.

Organizational and country context

The opportunities that older workers face regarding prolonged employment and retirement are dependent upon the context in which they live and work. Studies have increasingly paid attention to the embeddedness of retirement processes in the organizational and country context. Studies focusing on the organizational context have examined, for example, how organizational policies and supervisor support affect the transition from work into retirement.

Another strand of research focuses specifically on the attitudes and behaviors of employers regarding workforce aging (Henkens & Van Dalen 2013). Research on the country context has focused on the question how social policy arrangements (e.g., statutory retirement ages, employment protection legislation) and socio-economic conditions (e.g., unemployment rate) affect the retirement transitions of older individuals (e.g., Ebbinghaus & Radl 2015). This latter study shows – among other things – that higher statutory retirement ages increase the likelihood of forced retirement transitions.

Future directions

The timing and content of retirement have changed considerably during the past decades. Given the increasing life expectancy, changes in retirement policies (e.g., raising statutory retirement ages, shifting financial risks toward individuals), and developments on the labor market (e.g., rise in self-employment, more demographically diverse generations of older workers) it is likely that its nature will change again in the near future (Henkens et al. 2018). Based on these macro-level developments it can be expected that working lives will be extended in the future, and that individuals need to deal much more with risks and uncertainty regarding retirement (Henkens et al. 2018). As such, relevant topics to be addressed in future research are, for instance, how older workers and organizations adjust to the altering retirement policies, how individuals are dealing with the increased individual options to make pension-related choices, and how the meaning of retirement is changing over time.

SEE ALSO: Theories of Aging and the Life Course; Dual-Earner Couples; Labor markets; Life Course Perspective; Occupations; Social Stratification; Sociology of Work

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