

The Return to Work and Women's Employment Decisions

Nicole Maestas

Harvard Medical School and NBER

Women Working Longer Pre-Conference

NBER, Cambridge, MA

September 19, 2015

Motivation

- Couples tend to reduce labor supply around the same time
- But women tend to marry older men, and often have experience gaps from childrearing
- While men may be on the flat part of the age-earnings profile when the couple chooses to retire, women may be on steeper part
- If so, joint retirement may entail larger foregone returns to work for women than men

This Paper

- Do women (still) reduce labor supply at younger ages than men?
- How much do women forego in potential earnings and Social Security benefit accruals compared to men?
- How has this picture evolved over time?

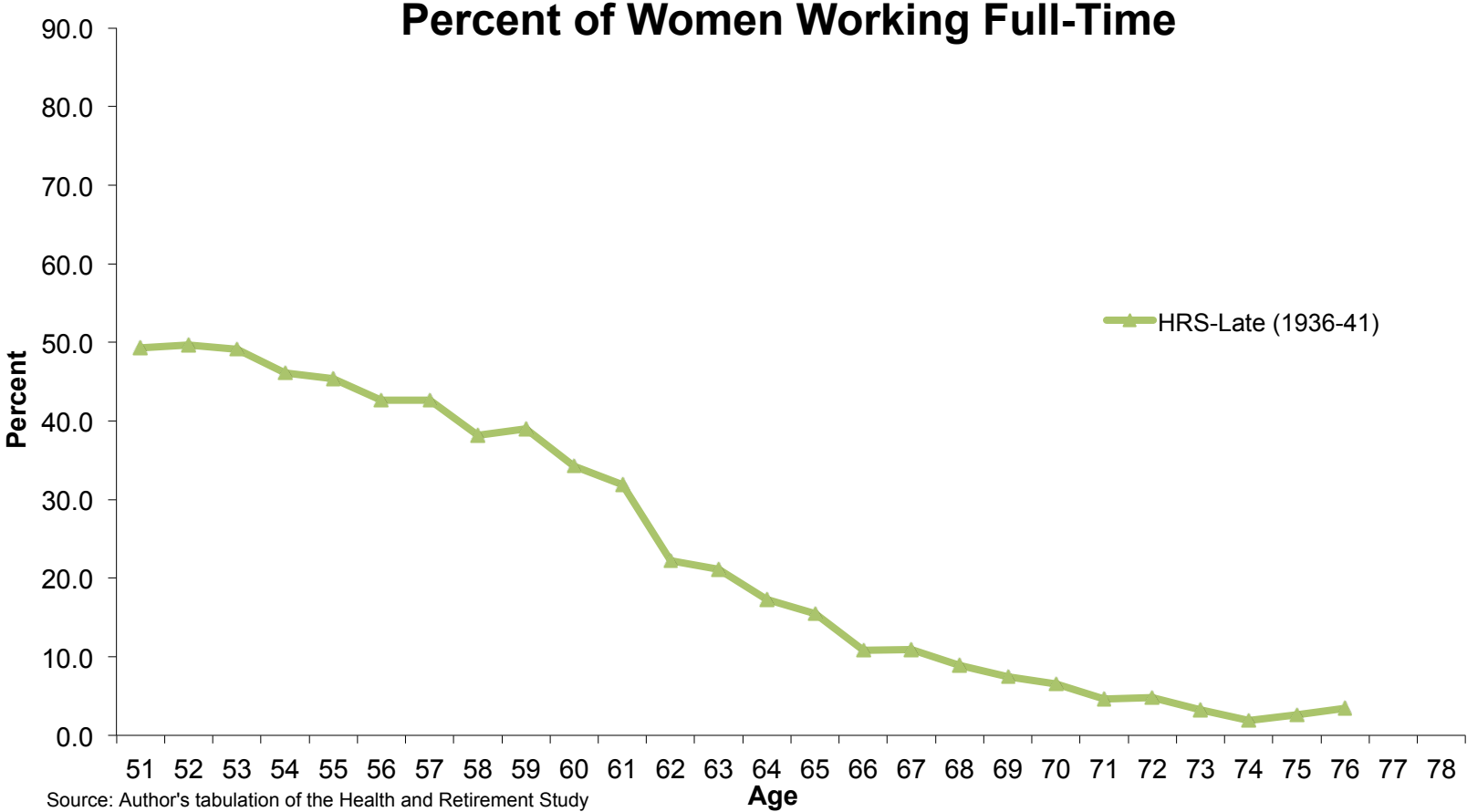
Approach

- Update prior analyses of employment patterns for older men and women
 - Cross-cohort comparisons using the Health and Retirement Study (HRS)
- Construct estimates of the return to additional work for women relative to men
 - Use restricted SSA earnings records (access pending)

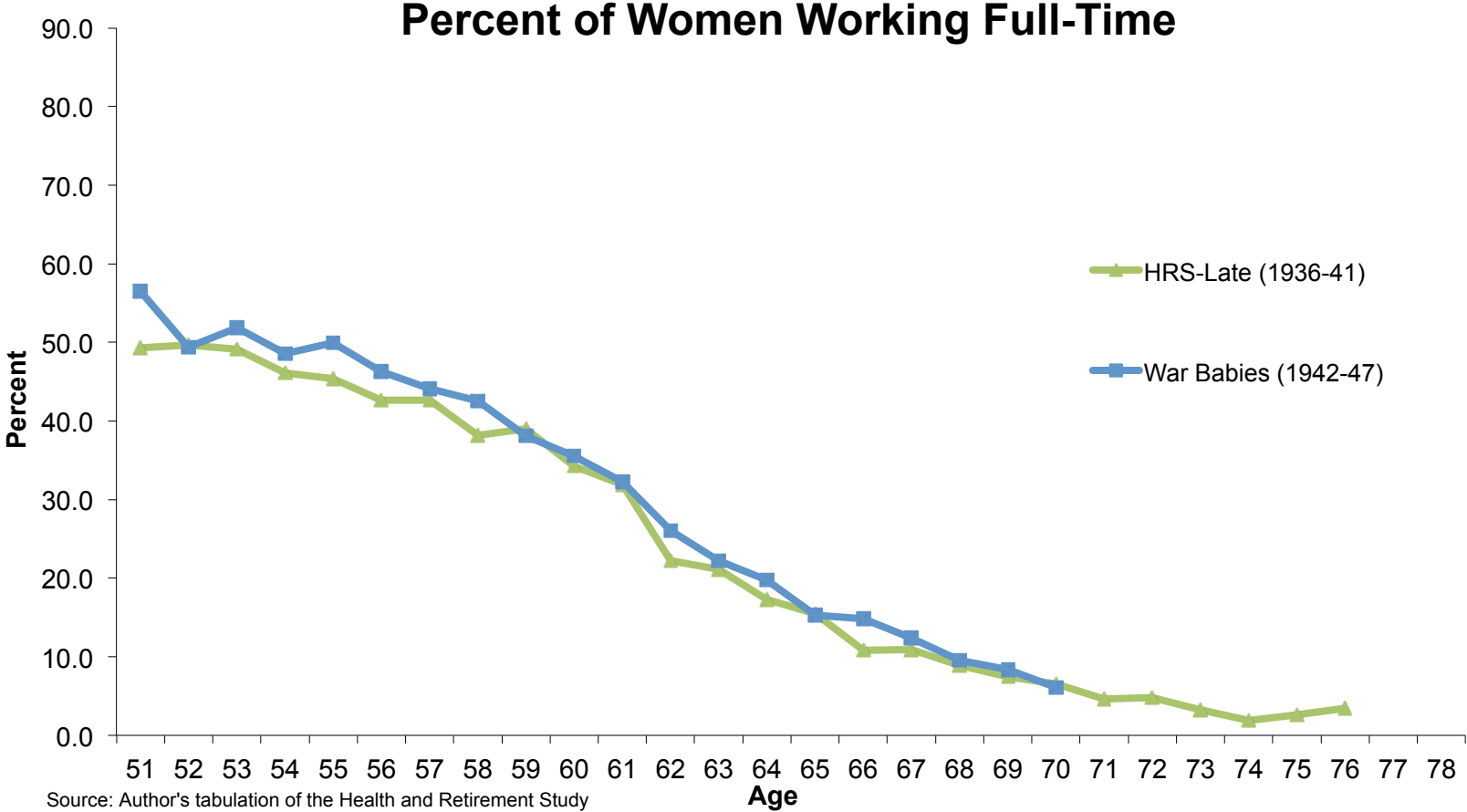
Cohort Comparisons in HRS

Cohort Name	Birth Years	Age at Baseline	Baseline Year	No. Years in Panel
HRS-Late	1936-41	51-56	1992	20
War Babies	1942-47	51-56	1998	14
Early Baby Boom	1948-53	51-56	2004	8
Mid Baby Boom	1954-57	51-56	2010	2

Female Employment at Older Ages Has Been Rising

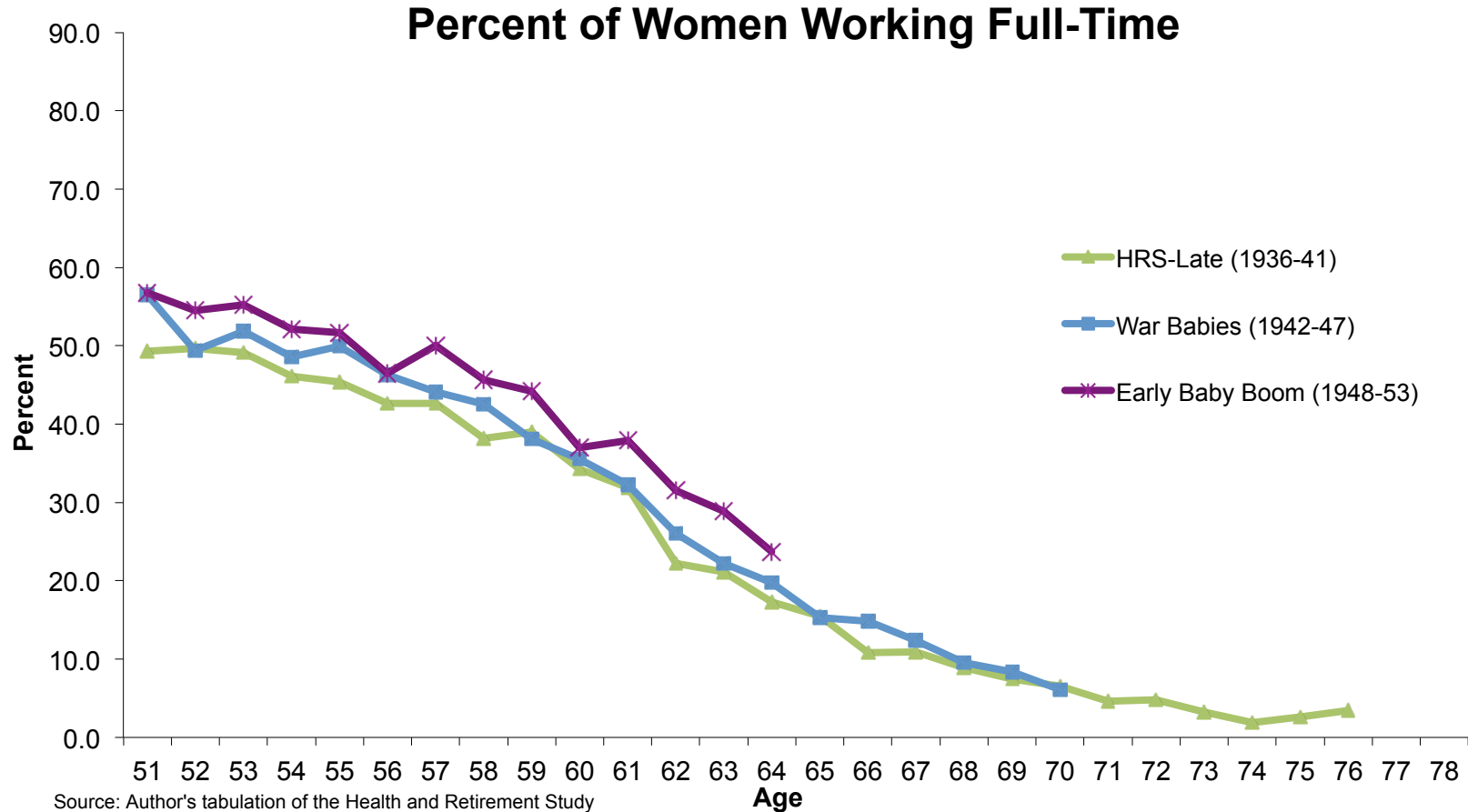


Female Employment at Older Ages Has Been Rising

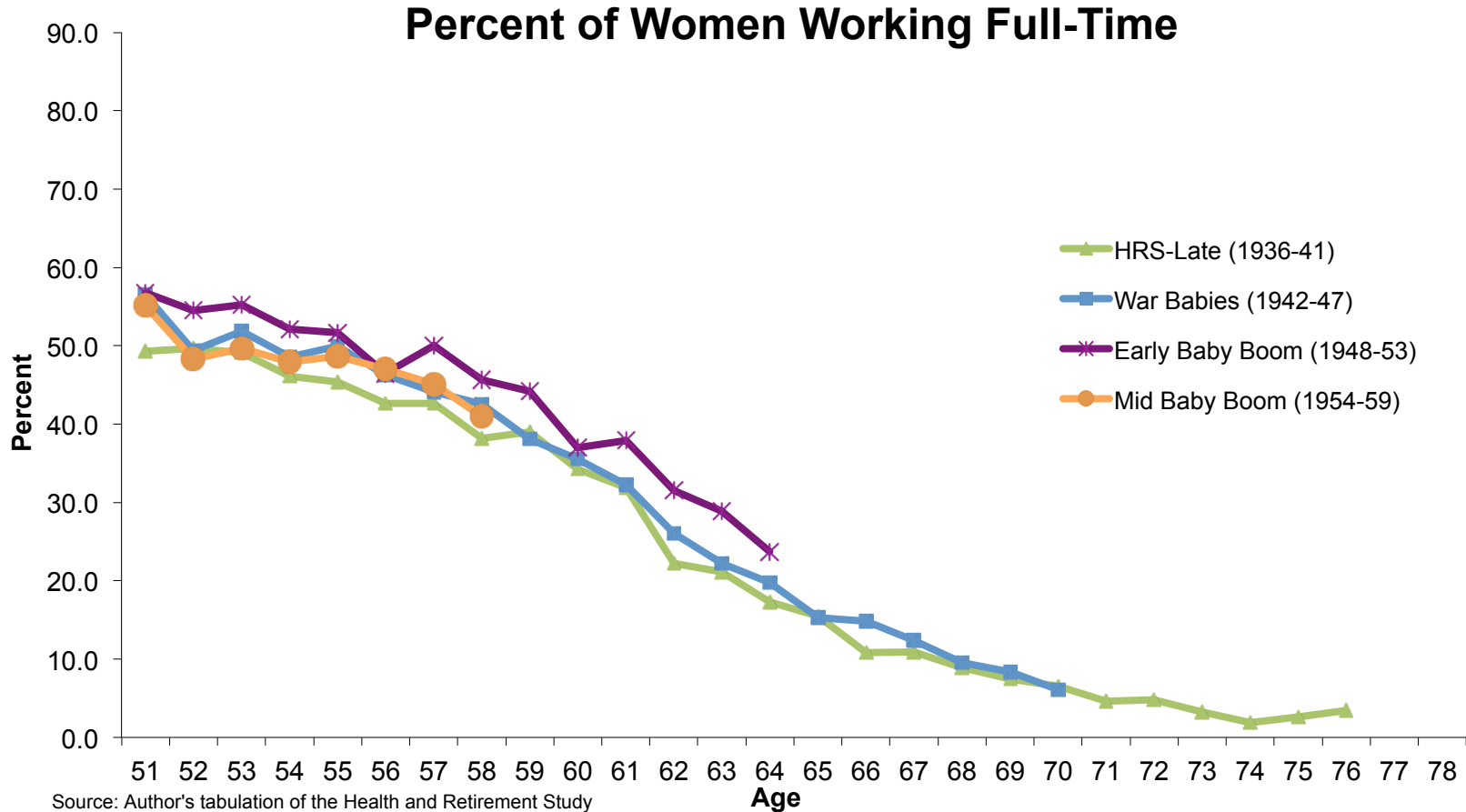


Source: Author's tabulation of the Health and Retirement Study

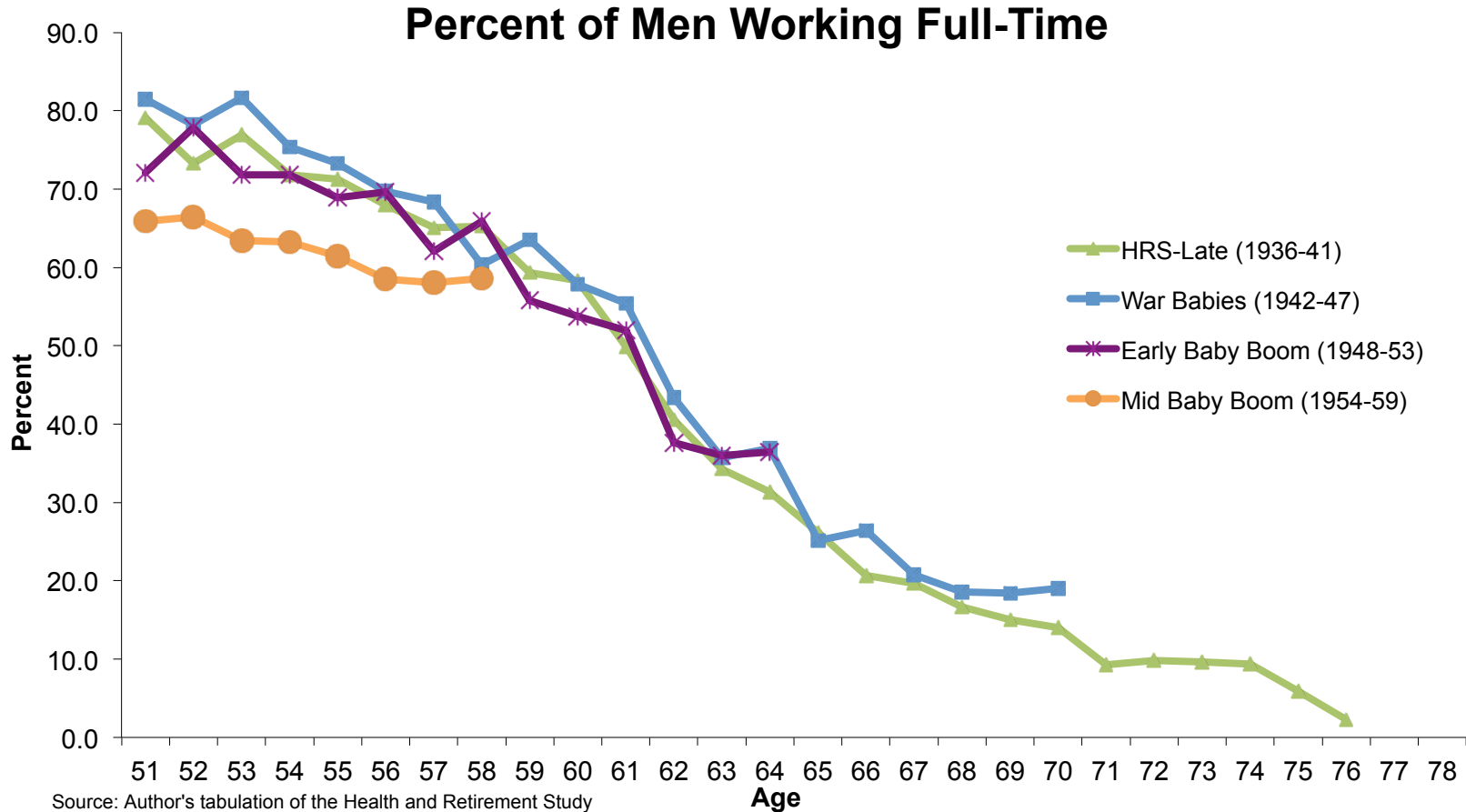
Female Employment at Older Ages Has Been Rising



Until Lately (The Great Recession?)

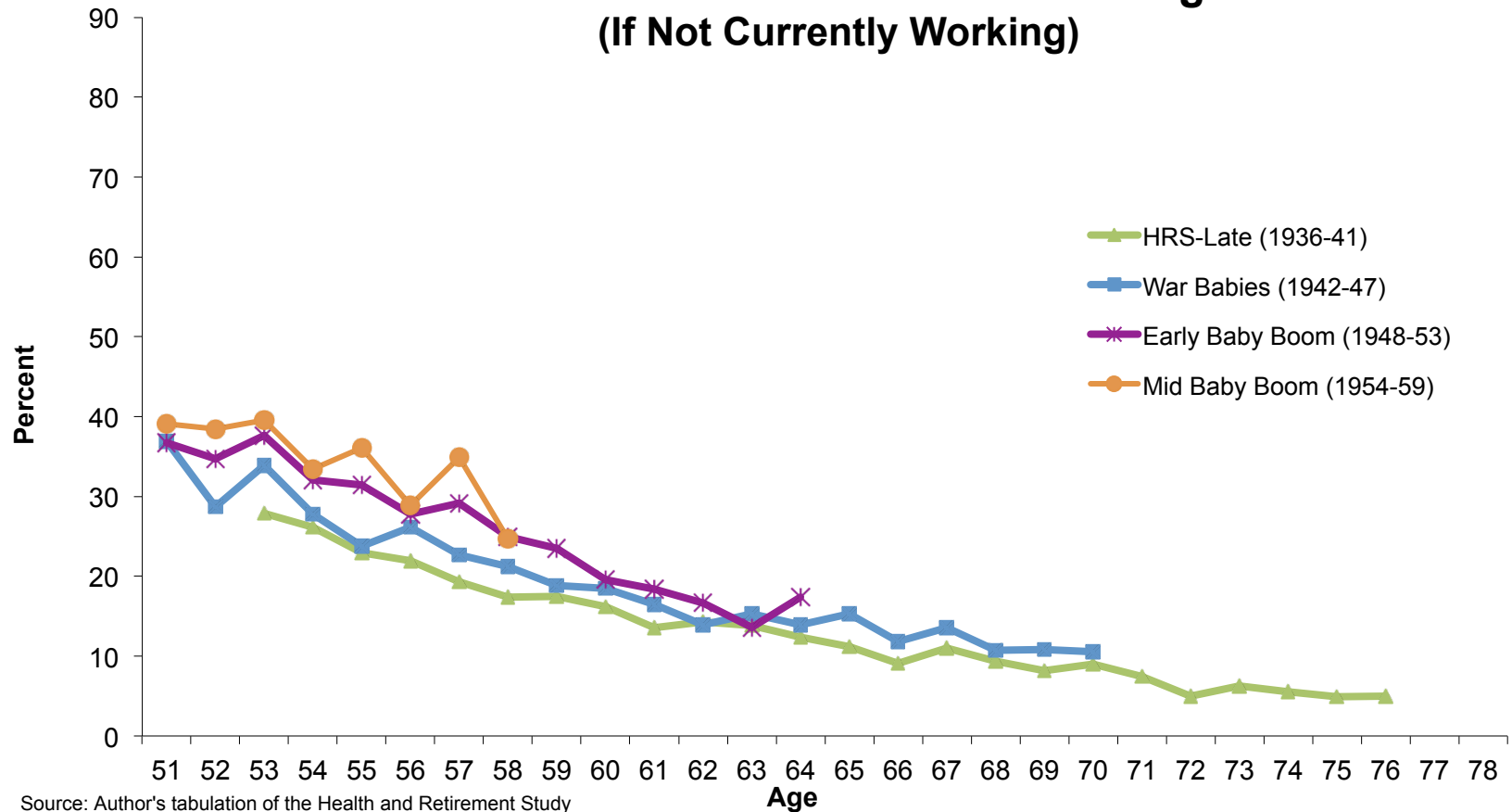


Same Story for Men



But Mid Baby Boom Women Plan to Work in Future

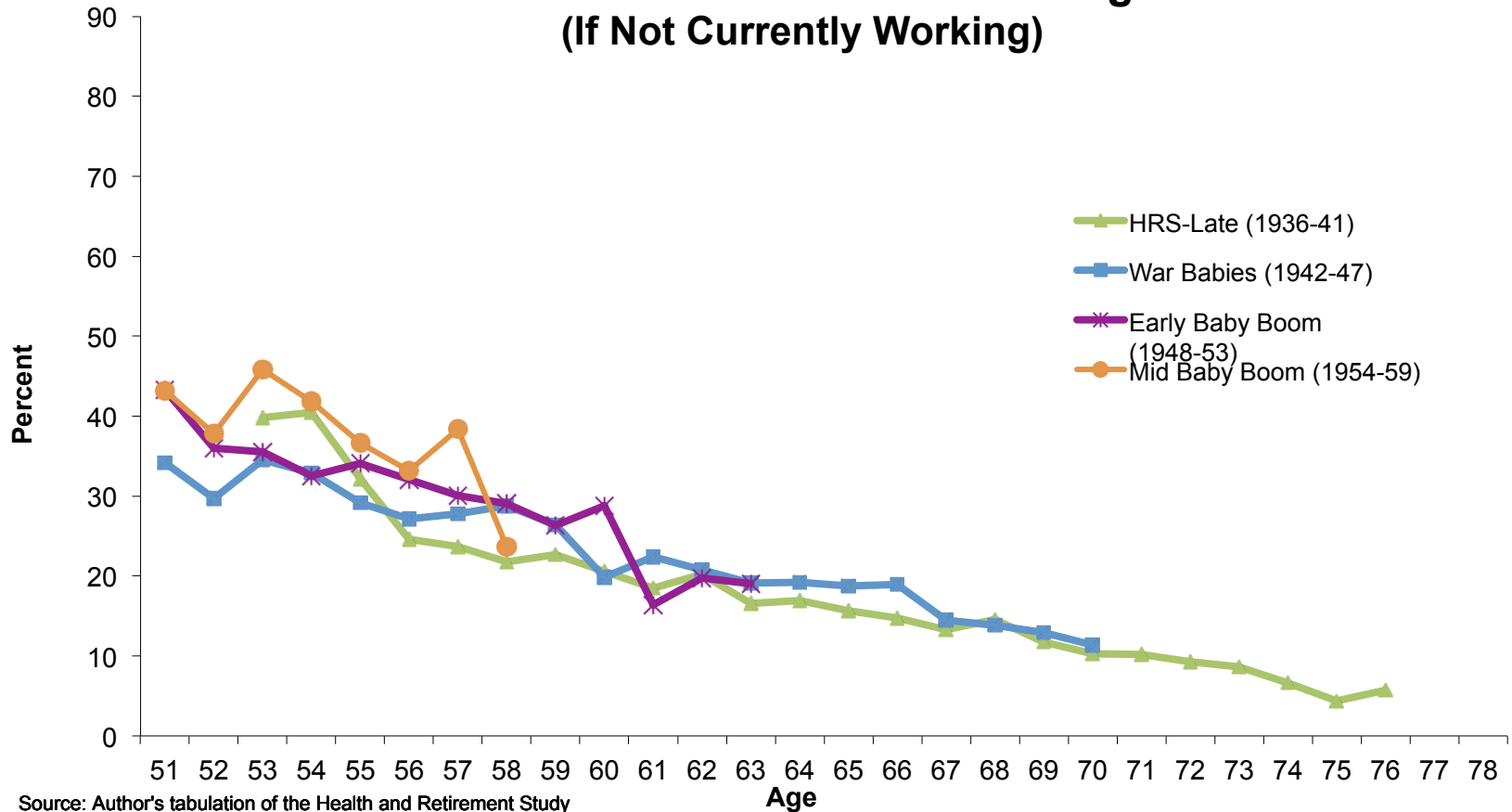
Women's Stated Percent Chance of Working in Future (If Not Currently Working)



Source: Author's tabulation of the Health and Retirement Study

So Do Mid Baby Boom Men

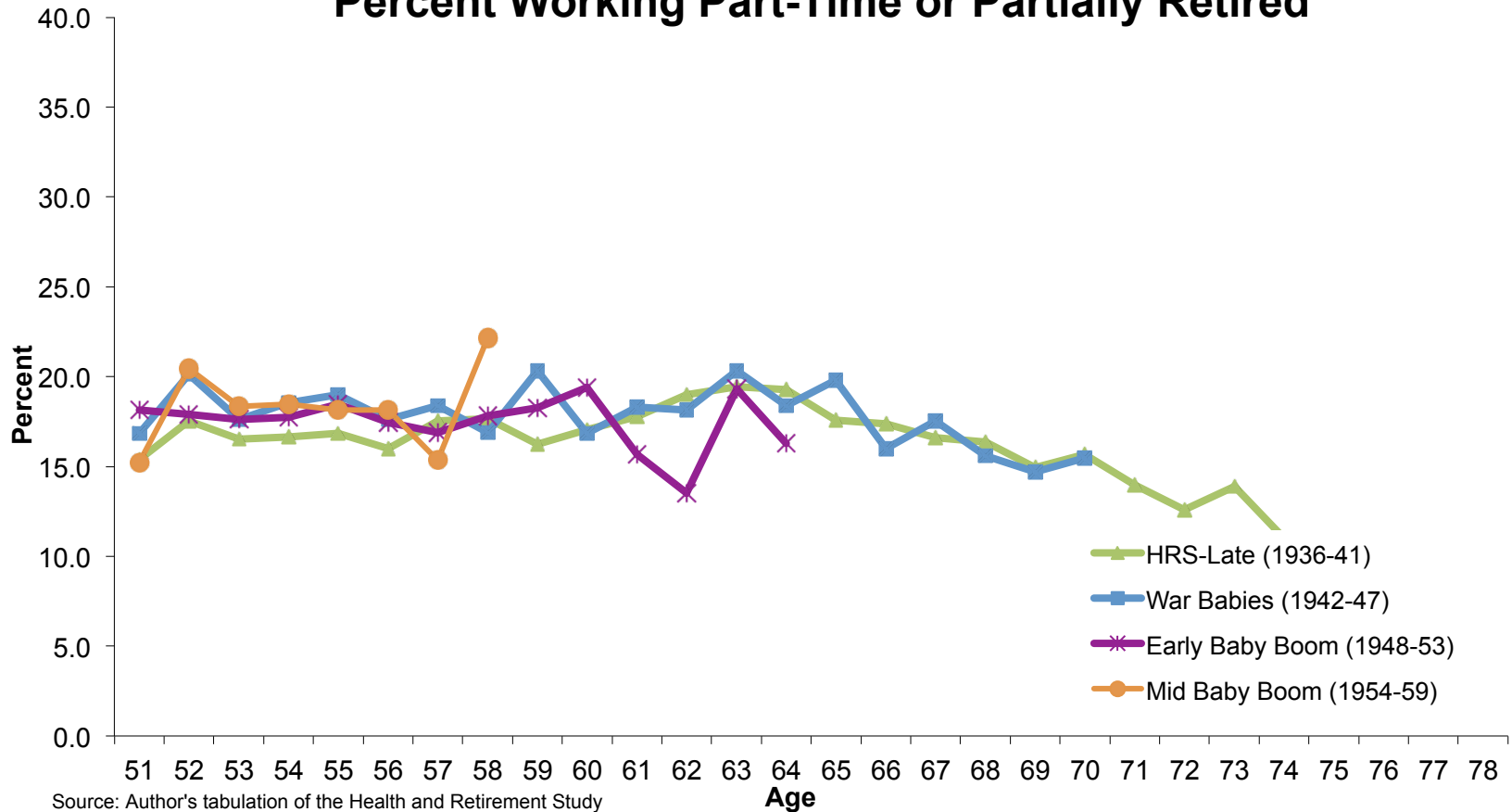
Men's Stated Percent Chance of Working in Future (If Not Currently Working)



Source: Author's tabulation of the Health and Retirement Study

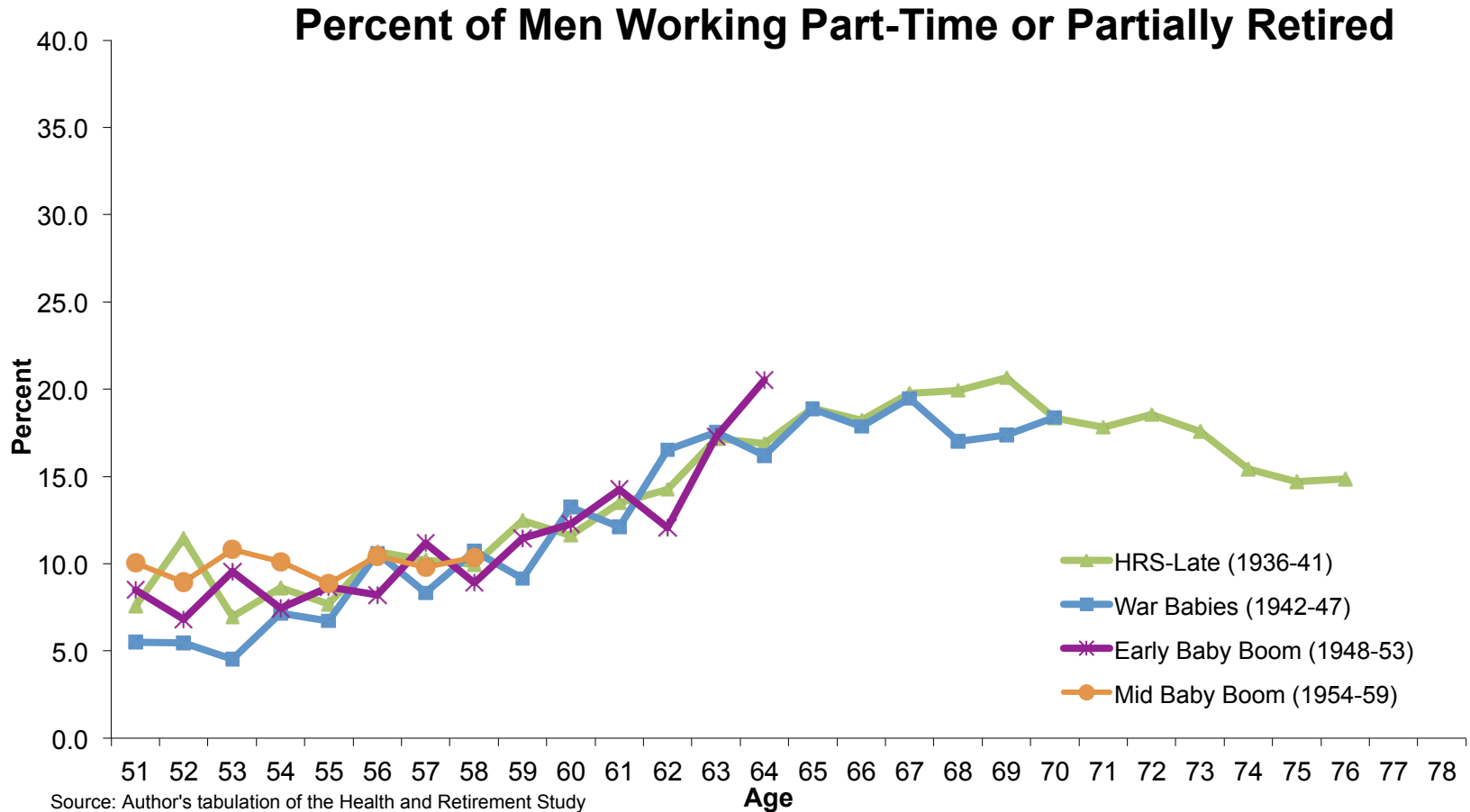
Little Change in PT Work among Women

Percent Working Part-Time or Partially Retired



Source: Author's tabulation of the Health and Retirement Study

Male Age Profile in PT Work Different



Women Expect to Reduce Work Before Men, Especially if Married

Women's Stated Percent Chance of Working after Age 62			
	Single Women	Married Women	Married Men
HRS-Late (1992)	52%	38%	52%
War Babies (1998)	42%	32%	49%
Early Baby Boom (2004)	48%	36%	52%
Mid Baby Boom (2010)	44%	41%	55%

And They Actually Reduce Work Earlier Than Men

Reduction in Work Effort w/in 8 Years of Baseline at Ages 51-56			
	Single Women	Married Women	Married Men
HRS-Late (1992)	48%	48%	43%
War Babies (1998)	49%	52%	43%
Early Baby Boom (2004)	50%	47%	42%
Mid Baby Boom (2010)	-	-	-

But Women Just as Likely as Men to Subsequently Increase Effort

Increase in Work Effort w/in 2 Years of Reduction			
	Single Women	Married Women	Married Men
HRS-Late (1992)	29%	25%	25%
War Babies (1998)	23%	26%	29%
Early Baby Boom (2004)	28%	24%	21%
Mid Baby Boom (2010)			

Next Steps

- Construct estimates of potential earnings
 - Need to deal with selection on observed earnings
- Compute expected social security benefits