

# **Retirement Process among Individuals Who Never Held a Career Job in Canada: A Story of Two Tales?**

## **Long abstract**

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Since the mid-20<sup>th</sup>-century globalisation of the economy has led to a surge in precarious employment (part-time and short-term jobs) leaving many with no stable career. In Canada, about a third of individuals born between 1945 and 1950 never had a spell of employment longer than 11 years (Bonikowska and Schellenberg 2013) This generation of workers, who had what we could define as « atypical » careers, is now arriving at the age associated with retirement. While many studies on retirement have focused on individuals who have had career jobs, that is a spell of employment of ten years or more (Bonikowska and Schellenberg 2014; Cahill, Giandrea, and Quinn 2006; Hébert and Luong 2008; Ruhm 1990), little is known about how people with a history of short terms jobs retire. This may lead to a bias interpretation in what's happening in the labor force of older adults, therefore leading to policies that are not well adapted to individuals with atypical careers. This study aims at comparing the process of labor force withdrawals between Canadians with a history of short career with those with career jobs.

## **Previous research**

Literature interested in the effect of career pathways often considers that retirement timing is influenced by life course trajectory and by past transitions (Elder 1995; Mutchler et al. 1997; Han and Moen 1999; Hardy 2011; Marshall 2001). But research using this point of view has not been very conclusive. Using data from the Cornell Retirement and Well-Being Study (CRWB) Han and Moen (1999) finds that individuals who had a stable career are more likely to retire early, but this finding is not based on a representative sample. Mutchler et al. (1997) finds with data from the 1984 panel of the Survey of Income and Program Participation (SIPP) that individuals with low attachment to the labor market (measured by the numbers of years passed on the labor market), are more likely to have a “blurred exit” from the labor force (going in and out of employment) after age 55, while individuals with more work experience have more chances to go directly in retirement (“crisp exit”). However, experience in the labor force shows to be not statistically significant between a blurred and crisp exit. More recently Cahill, Giandrea, and Quinn (2010) look into the retirement of individuals with a history of short-duration jobs based on a sample from the Health and Retirement Survey

(HRS). They found that these individuals were less likely to remain in the job they had on wave one but that they show similar patterns of labor force withdrawals the those who had a career job. Other researchers have investigated the link between career and health at old age. Iwatsubo, Derriennic, and Cassou (1991) found a significant relation between the number of health impairments and job mobility from a sample of beneficiaries of a French inter-professional supplementary pension fund. In the United-States, Pavalko, Elder, and Clipp (1993) found from the Stanford-Terman study that men who had a series of unrelated jobs had a higher mortality risk. These finding suggest that the type of career could have an indirect effect on retirement, individuals short career could be more at risk to leave the labor force because of their health.

## **Data and Methods**

We use a sample of respondents from the General Social Survey (GSS) 2007 that was at least age 50 at the time of the survey. The survey collected information on the respondents work history and their retirement. This allows us to stratify the sample according to the type of careers<sup>1</sup> the respondent had before age 50 and to construct work and retirement histories for each individual. This allows us to focus, not only on retirement, but also on bridge employment before and after retirement. We use socio-demographic information on year of birth, gender, education, province of residence, health status before retirement and information on the longest job held such as industry, profession and financial readiness. Respondents that have not declared have worked, that was under 50 years old or that had declared to have retired before that age were excluded from our sample. Most of these exclusions are women that had not worked or withdraw from the labor force at a young age. The GSS is an annual survey that collects information retrospectively, this mean that only persons that are still alive and present in Canada at the time of the survey can be interrogated and that the quality of the information could be affected by respondent memory.

Two methods are used to assess the effect of type of career on retirement process. In a first time, we use sequence analysis to describe the retirement process in Canada. Secondly, we use transition models to estimate the effect of the type of career on retirement process. Three models are estimated, the first one estimates the transition from age 50 to bridge employment before retirement and to retirement without prior transition. The second model estimates the transition to retirement by causes (voluntary, for an economic, health or other reason). The last model estimates the return to the labor force after a first retirement. The first two models are estimated with a multinomial logistic regression (Allison 2014) and the last model is a simple logistic regression.

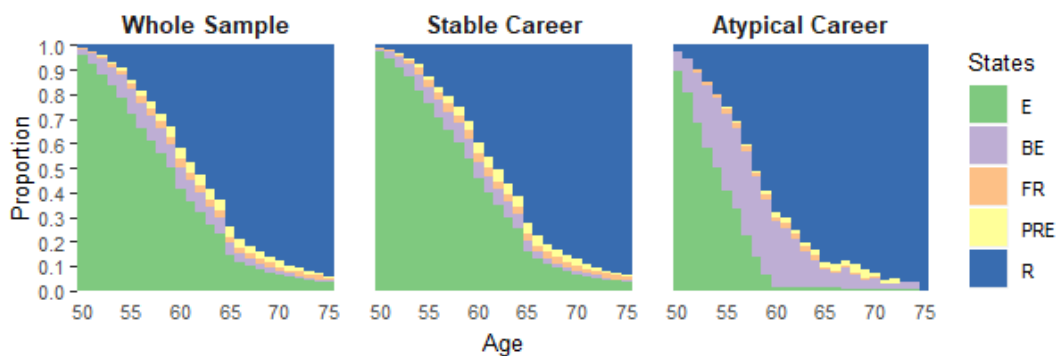
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<sup>1</sup> To be consistent with other Canadian studies, individuals must have had a spell of employment of at least 12 years before age 50 to be consider having a stable career, otherwise the career is atypical.

## Main findings

As expected, we find that the process of retirement differs in respect of the type of career (figure 1). Respondents that had an atypical career leave the job they had at 50 years old at a much faster rate. At age 54, around 50% had left their job, in contrast, only 18% of the respondents with a stable career had done so at the same age. Atypical career respondents also take up new job past age 50 more often than their stable counterpart. Between age 55 and 60 about a third of all atypical career respondents were working in a new job, but no more than 10% of stable career respondents were doing so.

*Figure 1 Sequences in retirement process<sup>2</sup> by type of career, Canada*



Source: Statistic Canada, General Social Survey, 2007

This finding is confirmed in our regression model, respondents who had an atypical career were 4.3 more likely to hold a bridge job before retiring while respondents that had a stable career have about 20% more chance to leave the labor force without any prior transition. Respondents with atypical career were 60% less likely to retire voluntarily and had 20% more chance to retire because of their health, but this finding is significant only at the 0,1 level. Retirement for an economic or another reason were not statically significant. We find no statistical evidence that the type of careers has an influence on post-retirement employment.

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<sup>2</sup> E : Employment, BE : Bridge Employment, FR : First Retirement, PRE : Post-Retirement Employment, R : Retirement

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