

# **Joint Retirement Decisions of Married Women and Men**

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## **Introduction**

Using data from the 2002 Canadian General Social Survey, this paper examines the correlates of joint retirement intentions among non-retired individuals aged 45 to 59, and the correlates of joint retirement transitions among recently retired individuals aged 50 and over. In addition to confirming the correlation between the likelihood of joint retirement and the relative age of spouses, the Canadian evidence indicates that joint retirement is also correlated with financial characteristics, including pension coverage and relative contribution to household income, as well as self-employment status prior to retirement. Furthermore, the evidence indicates that the factors associated with joint retirement are different for women and men.

## **Context and Theoretical Consideration**

The employment and income characteristics of women have changed significantly over the past two decades, altering the household contexts in which individuals and couples make retirement decisions. Women now approaching retirement have far greater attachment to the paid labor force over the course of their lives than did earlier cohorts. Furthermore, the earnings gap between men and women in Canada narrowed through the 1990s, and women have also made gains in pension coverage. These trends have altered the characteristics of couples approaching retirement. Of married and common-law couples in which the older partner is aged 45 to 54, the share of couples in which both partners worked full-time/full-year almost doubled in Canada between 1980 and 2000. Likewise, the proportion of couples (older partner aged 45 to 54) in which the female partner contributed 40% or more of the combined income of both partners more than doubled.

Overall, the employment and income characteristics of couples have changed considerably and increasingly couples must make two retirement decisions rather than just one. While the retirement decisions of women thirty years ago were often shaped by their husband's health and retirement status, their retirement decision is now more likely to be shaped by their own financial and labor market circumstances (Honig 1998). In this context, the prevalence of joint retirement and the factors associated with it have garnered increasing attention from researchers. There is evidence that couples prefer to retire jointly and try to adjust their exit from the labour force as closely in time to each other as possible (Drobni 2002; Henretta and O'Rand

and Chan, 1993; O’Rand and Farkas, 2002; Szinovacz, 2002). Furthermore, if joint retirement is not realized, evidence suggests that the later-retiring spouse tends to leave the labour force as quickly as possible (Ruhm, 1996), with later-retiring wives doing so at a faster rate than later-retiring husbands (Henretta, O’Rand and Chan 1993). However, in most countries only a small proportion—usually one-third—of working couples retire together, while most retire several years apart, usually wives retiring first (Gower, 1998; Szinovacz, 2002; O’Rand and Farkas, 2002).

Research has documented a number of factors associated with the likelihood of joint retirement. The relative age of the spouses is an important factor, with smaller age differences associated with increased likelihood of spouse’s retiring at the same time (Gower 1998; Szinovacz 2002; O’Rand and Farkas 2002). Financial savings for retirement are also an important consideration, with the likelihood of joint retirement positively associated with eligibility for retirement benefits through private and public pension plans (O’Rand and Farkas 2002; Henretta, O’Rand and Chan 1993). Furthermore, Henretta, O’Rand and Chan (1993) link retirement decisions of couples with work and family roles earlier in life. More specifically, they find that wives who worked when their children were young were more likely than other women to synchronize their retirement with their husband’s, underscoring the linkage between events at different points in the life course. (Henretta, O’Rand and Chan 1993). Health of individuals and their spouse operates in a complex way. The poor health of one spouse may be associated with the joint retirement of the other if care giving responsibilities are required, or with delayed retirement if displacement from the labour force by health problems results in financial need and high out-of-pocket health care costs (Johnson and Favreault 2001). Marital quality and traditional gender roles have also been associated with the likelihood of joint retirement (Henkens 1999; Honig 1998; Szinovacz 2002).

In spite of a growing literature on joint retirement, several issues warrant closer investigation. Although women’s growing financial independence has been well-documented, the role that spouses’ relative contribution to household income has on the likelihood of joint retirement decisions has received relatively little attention. Likewise, common-law unions have become more prevalent in Canada (and other countries) and differences in fertility and marital stability between legally married and common-law couples have been documented. However, the correlation (if any) between common-law union and the likelihood of joint retirement has not been considered to date.

## **Data and Methods**

The 2002 Canadians General Social Survey (GSS) is a nationally representative survey of Canadians aged 45 and older and contains information collected from just under 25,000 respondents. It contains two modules on retirement – one pertaining to the retirement plans and expectations of non-retired individuals and one pertaining to the retirement experiences of retired individuals. Our analysis uses information from both of these modules. In the first section of the report, we identify a sample of non-retired individuals aged 45 to 59 who are either married or in a common-law relationship and part of a dual-earner couple. Non-retired individuals were asked *Do you intend to retire at the same time as your spouse/partner?* Responses to this question were examined using logistic regression models run separately for women and men. Independent variables in the model include age, age relative to spouse, married/common-law status, education, health status, pension coverage, home ownership, class of worker, relative contribution to the household income and expected age of retirement. Among women, expectations of joint retirement are negatively correlated with relative age of spouse, pension coverage and contribution to household income and positively correlated with being self-employed. Among men, expectations of joint retirement are correlated with age of spouse and planned age of retirement, but not with the other factors found among women. These findings suggest that women with greater financial resources (i.e. pension coverage and contribution to household income) make their retirement decision more independently vis-à-vis their husband than women with fewer financial resources. This also suggests that, in addition to marked differences in the way that men and women view retirement, there may be growing differences in the retirement expectations and experiences of women as a result of their increasingly divergent experiences in the labour market. Finally, the analysis underscores the differences in the retirement expectations of self-employed and paid workers, and particularly, the extent to which self-employment activities and retirement from these activities are rooted within the household.

In the second section of the analysis, we examine the joint retirement transitions of individuals who retired since 1992 and who were either married or in a common-law relationship at that time. A multinomial logistic regression model is used to calculate the probability of retiring before, at the same time, or after one's spouse. Again, separate models were run for women and men. Preliminary analysis indicates that, for women, the likelihood of joint retirement is associated with age of spouse, education, pension coverage, self-employment status and age at retirement. For men, preliminary analysis indicates the strong correlation between self-employment status and increased likelihood of joint retirement.

## **Implications**

Given the imminent retirement of the baby boom generation and the lifelong attachment that many women in this cohort have had to the labour force, understanding the joint nature of retirement is more important than ever before. This has implications for labour supply, particularly as policy makers and employers look for ways to encourage older workers to remain on the job. Understanding their retirement preferences and decisions from a household/marital perspective rather than an individual perspective is critical in this context.

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