

Occupational Changes Following Disability Onset in the Late Working Years

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Impact of disability onset in the late working years

- **Onset of disability in the years approaching retirement:**
 - Reduces earnings and income
 - Increases likelihood of poverty
- **Earnings declines could reflect:**
 - Reduced hours in one's current job
 - Transitions to (lower-paying) jobs better matched to limitations
 - Exit from the labor force

Occupational changes in the late working years

- Occupational transitions at older ages are not uncommon
- Many who transition to new occupations work in less taxing jobs, often “bridge” jobs to retirement
- Certain occupations are more commonly associated with early labor force exit

Research questions

- **Do occupational transitions in the late working years differ based on disability onset?**
- **Are certain job requirements or skills more likely to lead to certain occupational outcomes?**
 - **If so, how do those effects vary by disability onset status?**

Data

- **Health and Retirement Study (HRS) linked to the Department of Labor's O*NET database**
- **3,105 workers who did not report a work-limiting health condition when interviewed at age 55**
 - **1,136 (37 percent) reported a work-limiting health condition in at least one wave by the interview in which they reached full retirement age (FRA)**
 - **2/3 reported work limitation in 2+ waves**

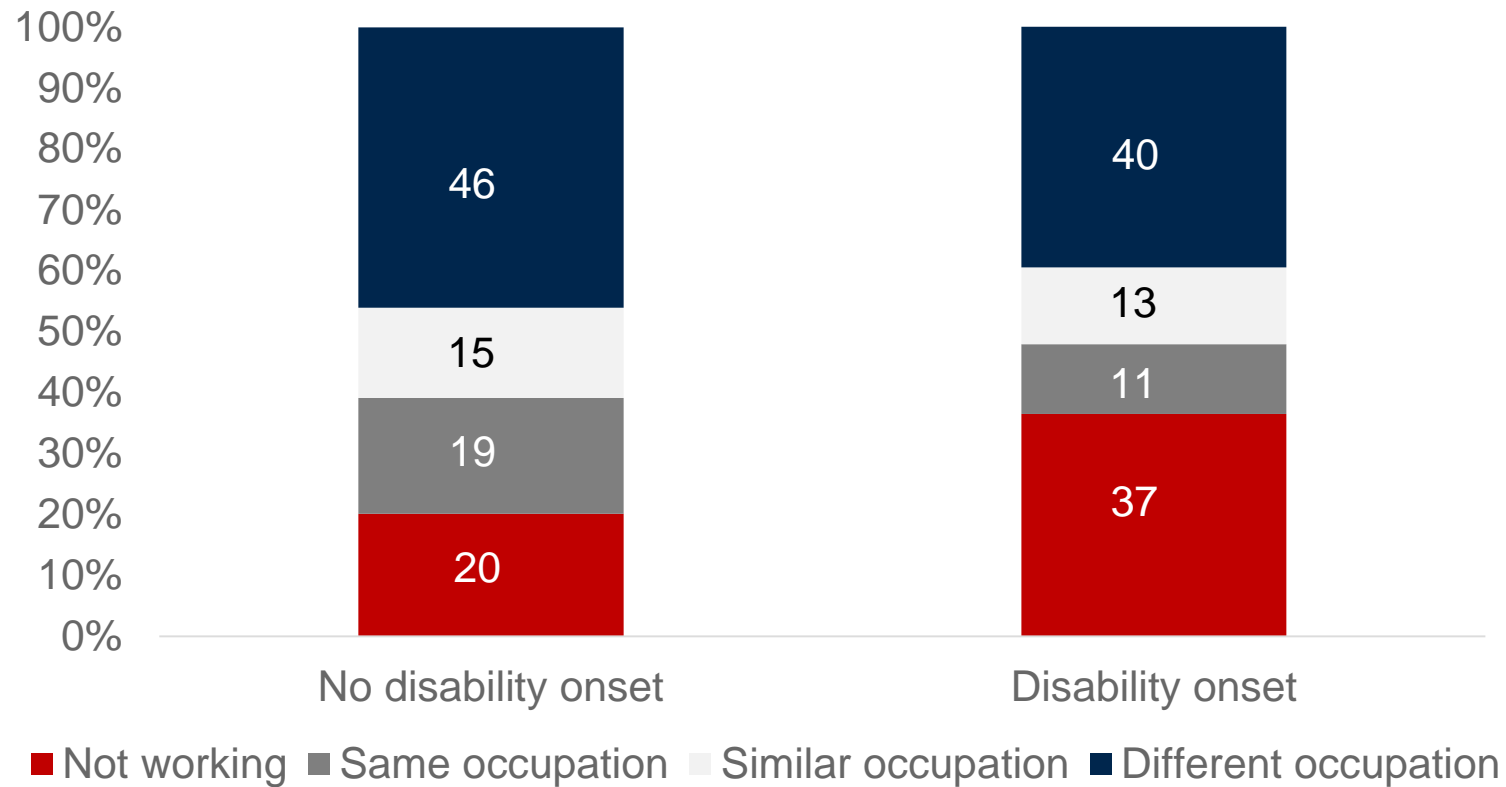
Occupational outcomes (1)

- **Measured occupation at (approximately) ages 55, 59, 63, and 67**
- **At each age, determined whether respondent was:**
 - **Working in a different occupation**
 - **Working in a similar occupation**
 - **Working in same occupation**
 - **Not working**

Occupational outcomes (2)

- **Summary measure of occupational changes across those time points**
 - Ever changed to a different occupation
 - If not, ever changed to a similar occupation
 - If not, remained in the same occupation through age 67
 - If not, no occupational change, but exited labor force at/before age 63
- **Used regression analysis to account for individual and job characteristics at age 55**

Occupational transitions between ages 55 and FRA



Occupational transitions, by impairments status

Occupational transition	No work- limitation onset	Reported work limitation just once
Made a significant occupational change before FRA	46%	45%
Made a smaller occupational change before FRA	15%	16%
Stayed in same occupation until FRA	19%	18%
Did not change occupations, and exited labor force at/before age 63	20%	21%

Source: Authors' calculations using the HRS.

Occupational transitions, by impairments status

Occupational transition	No work-limitation onset	Reported work limitation just once	Reported work limitation in 2+ HRS interviews
Made a significant occupational change before FRA	46%	45%	37%
Made a smaller occupational change before FRA	15%	16%	10%
Stayed in same occupation until FRA	19%	18%	7%
Did not change occupations, and exited labor force at/before age 63	20%	21%	45%

Source: Authors' calculations using the HRS.

Role of job attributes in predicting the likelihood of occupational change

- **Stratified workers based on attributes of job held at age 55**
 - HRS job demands: high physical; high stress
 - O*NET job demands: high physical; high cognitive
 - O*NET skills: basic skills; complex problem solving or resource management skills; technical or systems skills
- **Considered differential trajectories among those in jobs with/without the requirement**
 - Assessed the role of disability onset

Differential paths for workers with disability onset based on age 55 job

Job attribute	Significant occupational changes	Minor occupational changes	Stay in same job and worked until FRA	Stop working
High physical demands		-		+
High cognitive demands	+	+		-
Basic skills		+	+	-
Complex problem solving or resource management skills	+	+	+	-
Technical or systems skills	+	+	-	-

Source: Authors' calculations using the HRS.

- **Similar patterns by job attributes for all workers**

Disability onset and job requirements affect occupational changes

- **Lasting work-limiting impairments associated with higher probability of exit**
- **Conditional on remaining employed, workers with disabilities are:**
 - **Less likely to stay in the same occupation until FRA**
 - **Slightly more likely to switch to another occupation**
- **Certain skills and job requirements may be more protective against early labor force exit**

Policy significance

- **Policy interest in keeping older workers and workers with disabilities in the labor force**
- **Our findings suggest that:**
 - **Occupational changes are not uncommon, even among workers experiencing new disability onset.**
 - **Retraining opportunities for workers in physically demanding jobs might lead to additional working years, especially for those with disabling conditions.**

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