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## [Review of the book *Forecasting Retirement Needs and Retirement Wealth*]

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## [Review of the book *Forecasting Retirement Needs and Retirement Wealth*]

### **Abstract**

[Excerpt] This volume enables researchers to learn about some of the latest research findings on specific issues. It is not the place to seek an introduction to current thinking on retirement, pensions, and Social Security—the papers are too narrowly focused for that. But for current or would-be pension specialists, this volume and the larger series of which it is a part are indispensable resources.

### **Keywords**

retirement, pension, Social Security, gender, health

### **Disciplines**

Labor Relations | Social and Behavioral Sciences

### **Comments**

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*Forecasting Retirement Needs and Retirement Wealth.* Edited by Olivia S. Mitchell, P. Brett Hammond, and Anna M. Rappaport. Philadelphia: University of Pennsylvania Press, 2000. 408 pp. ISBN 0-8122-3529-0, \$49.95 (cloth).

This volume contains a collection of papers from the 1998 symposium of the Wharton School's Pension Research Council, an annual event. The papers represent a range of approaches and findings on retirement behavior, incentives for retirement, and methodological and data issues.

In the first group, Joseph Quinn shows that labor force participation rates among older Americans are no longer falling, in part because of the use of bridge jobs between full-time career employment and complete labor force withdrawal. The papers by Mark Warshawsky and John Ameriks and by James Moore and Olivia Mitchell present data showing that Americans are woefully under-prepared financially for retirement. Olivia Mitchell, James Moore, and John Phillips explore these shortfalls and find that socioeconomic variables are the most important explanatory factors. Robert Clark, Gordon Goodfellow, Sylvester Schieber, and Drew Warwick demonstrate that women are more conservative than men in their decisions to participate in 401(k) plans, but these gender differences disappear once suitable controls are introduced.

The papers in the second group confront the challenges of retirement. Phillip Levine, Olivia Mitchell, and James Moore find that older women on the verge of retirement have poorer health than men, have had weaker labor force attachment, and spend more time caring for other family members. David Weir and Robert Willis estimate that of the couples who are within 150% of the poverty line, 60% of the women would fall into poverty if they became widowed. Marjorie Honig studies the wealth that households anticipate holding at retirement and finds wide disparities among demographic groups in probable Social Security and private pension benefits. Charles Brown looks into retirement windows—the short periods of time during which workers are offered additional retirement incentives—and finds that only one-third of the offers are accepted and that the people who accept them frequently move into new but still demanding jobs. Debra Dwyer and Jianting Hu find that health plays as important a role in the decision to retire as do economic variables.

Anna Rappaport documents that health care and long-term care must be better supported than they now are, because retirement income does not provide adequate coverage.

The third group of papers contribute to the methodological and data basis for empirical retirement research by explaining the usefulness of the Health and Retirement Survey (HRS) for research in this field. Alan Gustman, Olivia Mitchell, Andrew Samwick, and Thomas Steinmeier evaluate pension entitlements—pension income that a retiree will receive not only from the current job but also from past employers; the HRS's data on pension entitlements are one of its unique features. Finally, Olivia Mitchell, Jan Olson, and Thomas Steinmeier detail for prospective users how employment, earnings, benefits, and wealth estimates are constructed in the HRS.

This volume enables researchers to learn about some of the latest research findings on specific issues. It is not the place to seek an introduction to current thinking on retirement, pensions, and Social Security—the papers are too narrowly focused for that. But for current or would-be pension specialists, this volume and the larger series of which it is a part are indispensable resources.

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### Labor Economics

*Why Wages Don't Fall during a Recession.* By Truman F. Bewley. Cambridge, Mass.: Harvard University Press, 1999. 527 pp. ISBN 0-674-95241-3, \$55.00 (cloth).

Wage rigidity is something to be documented and something to be explained. By using the unusual method of listening to business people, Truman Bewley seeks to do both. The result, *Why Wages Don't Fall during a Recession*, spans most areas of labor economics and the fluctuations side of macroeconomics.

The setting is the recession of the early 1990s. Bewley interviewed more than 300 business people in and around Connecticut. Rather than administer a formal survey instrument, Bewley simply introduced business people to his areas of interest and let them talk. He listened. The book contains an extensive set of

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