

Living and working in retirement, a new paradigm in the US exploring retirees attitudes and beliefs toward working

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ABSTRACT

This paper investigates the problem that an increasing number of people in the United States are financially unprepared for retirement, leading to a rise in post-retirement employment. The purpose of the study was to explore attitudes and beliefs toward continued or actual employment behaviors among a set of retirees who have chosen to continue working after reaching retirement age. The grounded theory study design was applied in the efforts to explain, at a broad conceptual level, the reasons older workers have chosen to continue working after reaching retirement age. Data gathered from 25 workers age 65 and older were analyzed. The analysis revealed five work motivators, five inhibitors of saving, six methods of saving, four lifestyle accommodations, and four work attitudes. Implications of the research were presented. The results suggest the new retirement funding structures have not been favorable to saving. Suggestions for a more positive retirement outlook are offered.

JEL Codes: D14, D19, Z00

KEYWORDS

Retirement, Retirement Living, Post-Retirement Employment, Retirement Funding, Defined Benefit Pension Plans, Defined Contribution Pension Plans, Social Security Benefits

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Introduction

The post-1960s era was the era of increasing prosperity and conservative retirement programs in American society, which allowed older workers to retire on time. Recently, the major sources supporting these programs, Social Security, defined-benefit plans, and savings, have changed significantly. Specifically, Social Security faces a financial shortage by the middle of 2032 (Cahill, Giandrea and Quinn 2006). This financial shortage condition will result in reduced benefits, lower rates of replacement, later traditional or early retirement age, including eligibility for benefits and increases in social security taxes and other government revenues. Defined-contribution (DC) plans like the 401ks that carry substantial investment risks are fast replacing the traditional pension plans; and the U.S. National Income and Product Accounts recently reported savings have decreased to the lowest levels since the Great Depression of the 1930s (Cahill et al.). As these income sources continue to face reductions and create under funding of retirement, many older workers in America will be faced with two choices: working for more years or enduring a lower standard of living during retirement (Cahill et al.). While a portion of retirees have always chosen to remain in the labor market for a variety of reasons, the changing economics of retirement funding threaten to change both the proportion of working retirees, and the mix of factors that motivate them to work.

The existence of retirement underfunding, resulting primarily from the changing structures of the retirement funding vehicles and extravagant lifestyle during the accumulation years by many, and the extent to which the underfunding affects retirees is fast becoming a problem (Cahill et al. 2006; Robertson 2006). In general, the U.S. retirement accounts savings are expected to experience a shortage of about \$400 billion between the years 2020 and 2030 (Marquez 2006). Robertson (2006) reported American spending habits and lack of financial planning the primary reasons for this shortage; suggesting baby boomers who are yet to retire will have to make a dramatic change in their savings, spending, and investing habits if they wish to enjoy their retirement. According to U.S. Department of Labor, over 70% of all workers must now rely on their 401(k) rather than a pension plan (Wasik 2004). "As 401(k)s have grown from covering 7.5 million workers in 1984 to more than 42 million today, its counterpart—the guaranteed defined benefit pension—has gone from covering more than half the workforce to only 35 percent" (Wasik 2004, p 6). The continued shift away from guaranteed defined benefit pension toward 401(k) plans has precluded some Americans who could afford to retire from doing so (Baker 2007). Persistent erosion of employer-sponsored health benefits is also likely to

continue (Mermin, Johnson and Murphy 2006); adding to this problem; and creating a condition for lifestyle adjustment by retirees.

Continuing to work has been one method used by people to address this condition (Utkus 2006); but the erosion of Social Security and health benefits have resulted in a complexity of factors that cause retirees to work. These factors undermine how retirees feel about working; further complicating the problem this study researched: that an increasing number of people in the United States are financially unprepared for retirement; resulting primarily from the changing structures of the retirement funding vehicles and extravagant lifestyle during the accumulation or working years. As a result, this study's purpose was to explore attitudes and beliefs toward continued and actual employment behavior among a set of retirees in Hartford County, Connecticut, who have chosen to continue working after reaching retirement age. For purpose of the study, age 65 was designated the retirement age.

Literature Review

Retirement has been redefined, particularly as the first phase of the baby boom generation (those born in 1946) has reached traditional retirement age (Cahill et al. 2006). Fundamental changes in retirement funding sources, improved health among older people, and increased longevity have rendered many Americans unable to finance over 25 years of leisure in later years without reducing their living standards by more than 40%. Permanent or one-time retirement in America may have come to an end, as indicated by the trend toward early retirement among older men (Cahill et al. 2006).

Historical overview

Working to earn money is widely recognized as an important aspect of living in many societies (Herzberg, 1966). As people approach retirement, they may be motivated by other factors to remain employed. Maslow (1954) noted these factors to include belongingness, fulfillment and meaning, happiness, and leisure. According to Maslow, the reason is that satisfying any one need is consequential to that need

becoming submerged and a new need emerging as the higher need. Recently, the changing structure of the retirement funding vehicles has resulted in seniors continuing to work, and a different trend toward retirement (Utkus 2006).

During the 20th century, the average retirement age declined dramatically among men: from 74 years in 1910 to 70 years in 1950, 65 years in 1970, and 62 years in 1985 (Cahill et al. 2006). In 1880, over 75% of 64-year-old men worked; 65% worked in 1900; 47% had jobs in 1950; and in 1998, less than 20% of 64-year-old were working (Gustman and Steinmeier 2009). According to Smith (2001), the shift in average retirement age was immediately preceded by the Great Depression and the advent of Social Security; in 1930, 58% of 64-year-old men were employed.

The decline predominantly resulted from increased prosperity during the preceding century along with growth in public and private retirement programs. Increased productivity and real wages resulted in workers spending a portion of their wealth on leisure and early retirement. Since the mid-1980s, the average retirement age for American men has stabilized because of changes in the retirement landscape. These changes included the end of mandatory retirement, the displacement of traditional defined-benefit (DB) pension plans by defined-contribution (DC) plans, increased longevity, improvements in general health, and the reduction of rigorous physical requirements in many jobs (Cahill et al. 2006). All these changes have increased incentives for older Americans to remain in the labor force.

Prior to President Franklin Roosevelt's establishment of Social Security in 1935, many Americans participated in the workforce until they could no longer work (Gallagher 2004). The reason was that private employer-funded pension plans were rare before the 1930s. Although employer-sponsored retirement plans date back to the late 19th century (Libecap 2004), during the preindustrial era, few people relied on employers or the government in saving for their retirement. The elderly continued to work as long as they could. As people's strength or acuity declined, they took on less taxing jobs; and they stopped working only when they were physically unable to continue to work (Munnell and Drucker 2006). Before the 19th century, three of four elderly Americans still worked and often owned property that provided an income (Munnell and Drucker 2006). Some workers accumulated wealth through two natural resources, farms and handicraft businesses, which could be sold or leased to fund retirement needs. Fortunate elderly relied on their children or the local community for economic support (Munnell and Drucker 2006).

Most government employees did not need to worry about funding their retirement,

because as with military pensions, public-sector pension plans date back much further in history (Libecap 2004). Between the era of the Roman Empire and the beginning of the early modern states, rulers and legislatures often provided pensions for public administrators. Prior to the 19th century, and with the exception of the military, plan offerings were specific to individual cases, because few retirement systems existed with well-defined rules for qualification and contribution (Libecap 2004). In particular, military pensions were useful for attracting, retaining, and motivating military personnel. Pensions for retired and disabled military personnel existed before the signing of the U.S. Constitution (Libecap 2004).

By 1930, public-sector pension coverage became relatively widespread in the United States; and all federal workers were covered by pension plans. State and local government employees also received pension coverage. In contrast, pension coverage for private employees remained relatively low in the first three decades of the 20th century: Only 10% to 12% of the labor force had pension coverage (Libecap 2004). By the late 1930s, the American labor movement adopted the use of President Roosevelt's Social Security program as a strategy for winning contracts, including private, employer-funded pensions for unionized workers. Those pension contracts, like Social Security, specified retirees' benefits at the onset and became generalized for Americans after World War II (Gallagher 2004).

Impact of the New Retirement Landscape

Up until the 1890s, the labor force participation rate (LFPR) in the United States, which is calculated as the percentage of the male population age 65 and older who are employed or unemployed and looking for work, remained relatively high (Lee 1998). The LFPR aligned with the incentives that had been recently created to motivate workers to remain in the labor force. In 1948, the LFPR for older American males was 70%. By 1993, the LFPR had dropped to 38%, indicating rising wealth allowed older males to retire earlier.

Consequently, the average retirement age in America fell to 64 in 1993, from 71 in 1960 ("Older Americans" 2005). Since the postwar period, the U.S. LFPR for people 65 and older has risen modestly but steadily, indicating people continued to work after they have reached retirement age particularly as the baby boom generation began to enter prime working age ("Labor Force" 2007). In contrast, the

youngest group's LFPR dropped about 5%; in particular, the LFPR for ages 24 to 54 has fallen since the recession in 2000 ("Older Americans" 2005).

The rise in the older group's LFPR resulted primarily due to few Americans having the advantage that the necessity of saving for retirement has been burned into their subconscious by society and circumstance; so that even in unfavorable economic times, or with negative returns in the financial markets, majority of the few continue to make established contributions into their retirement accounts. Such attitude toward saving results when retirement contributions are made with forgotten money, which is money that is not relied upon for daily needs. American seniors who failed to follow the same planning have experienced financial shortages in retirement as they have been forced to rely on Social Security benefits to pay for living expenses (Katz 2003). In December 2001, the Social Security Administration reported the average Social Security retirement benefits payment was \$874 per month; and 45.9 million people were paid benefits. Alternate sources, like working, are necessary for the elderly to pay for life's necessities, particularly as costs of living and inflation rise faster than their Social Security benefits (Katz 2003).

Methodology

Qualitative, grounded theory research methods were used to explore the attitudes and beliefs toward continued and actual employment behavior among a set of retirees in Hartford County, Connecticut. The process involved development of comprehensive theoretical understanding from the perspectives of the social actors engaged in the phenomenon. Such development and understanding require application of qualitative, grounded theory research methods because they aim to develop a theory, as opposed to test one already in existence (Neuman 2005). Secondly, applying an emergent-grounded theory research design aided the discovery of themes shared by the study participants, as addressed in the research questions.

The rationale for choosing qualitative grounded theory method for this study stems from the need to identify and explain the events or occurrences in a social setting, and focus on the true reality of the situation or interaction under investigation (Corbin and Strauss 1998). Grounded theory method served to generate a theory in this study because existing theories did not appropriately address the study's research problem (Glaser and Strauss 1967). Furthermore, grounding a theory in the

research data provided better explanation than a borrowed theory because it was fitted for the situation, practical and sensitive to participants in the setting, and accounted for complexities that existed in the process (Creswell 2004). These qualities of the grounded theory method contrast other research methodologies where the purpose is either to test a hypothesis or answer a question at the beginning of the research process.

Research Questions

The research questions presented in this section are qualitative in nature, and were typically used to narrow the purpose statement into specific questions sought to be answered in the study. Unlike purpose statements, which are characterized by a single statement, researchers often apply multiple research questions to fully explore a topic (Creswell 2004). One justification in case studies is the use of exploratory-type questions. Exploratory questions of how, what, and why are usually concerned with examining a contemporary phenomenon the researcher cannot influence (Yin 2008). The following qualitative research questions were used to complete this study:

1. What factors lead retirees to choose to work or not work after retirement?
2. What factors prevented retirees from accumulating what they believe to be sufficient resources for retirement, and what are the relative frequencies and perceived importance of those factors?
3. What accommodations in lifestyle have retirees had to make as a result of perceived inadequacies in their retirement funding sources?
4. How do retirees feel about the nature and amount of post-retirement employment in which they engage?

In the context of this study, “sufficient resources” are those that enable maintenance of pre-retirement or pre-planned lifestyle during retirement.

Population and Sampling Frame

The general population of interest for the study comprised all individuals who continue to remain in the labor market after reaching retirement age. The study focused specifically on an accessible set of such individuals who happen to reside in Hartford County, Connecticut. A purposive sample of individuals who have reached retirement age but continue to work was drawn from four Senior Centers in Hartford County, Connecticut. Purposive sampling is a qualitative procedure that involves intentional selection of individuals and sites for the purpose of learning and understanding the central phenomenon (Creswell 2004).

The sampling procedure for the study continued until saturation was reached, but was expected to range between 20 and 30. Based on Creswell (2007), Wicks (2004), and other researchers, sample size for qualitative grounded theory studies is typically less than 35. In order to determine if saturation had been reached, the interview data were analyzed as they were collected rather than at the end of the collection process; saturation was reached with a sample of 25.¹ The sampling strategy for the study conducted was theoretical. In grounded theory approach, theoretical sampling means that the researcher draws sample from a list of members of the population of study—the sampling frame (Creswell 2004). The sampling frame for the study conducted was generated from a list of workers age 65 and older at four Senior Centers in Bloomfield Connecticut, Enfield Connecticut, and Hartford Connecticut.

Data and Analysis

The study participants consisted of a pilot group of five, and 25 workers age 65 and older. The two groups are described below. The pilot study participants provided feedback about the interview questions for effectiveness; no comparisons were made between the pilot group and the research participants. The pilot participants comprised 3 females and two males. Of the five pilot participants, four (80%) returned to work after entering retirement, and one (20%) had never retired. Table 1 provides the demographics of the pilot study participants.

Table 1. Pilot Study Participant Demographics 2010

1	2	3	4
Gender	Age	Retired	Status
Female	66	Retired prior to current employment	Currently employed
Female	66	Retired prior to current employment	Currently employed
Female	70	Did not retire prior to current employment	Currently employed
Male	65	Retired prior to current employment	Currently employed
Male	67	Retired prior to current employment	Currently employed

Source: Author's analysis of the pilot study population.

Summary of Pilot Study Feedback

All five pilot study participants affirmed their understanding of the interview questions, and agreed that the information contained in the survey questionnaire provided opportunities to explore attitudes and beliefs about post-retirement employment. Participants also expressed they were comfortable with organization and flow of the interview questions.

Summary of Study Demographics

The final study demographics collected and tracked included participant gender, age, whether the participant officially retired or not, job title before retirement, year returned to work, current job title, and length of time between retirement and current employment. The only requirement for participation was that participants be 65 or older, and employed. Table 2 presents the demographic information of the study participants. Of the 25 participants interviewed, five (20%) had never retired, three (12%) immediately went back to work after they retired, eight (32%) returned to work in less than one year after their retirement, six (24%) went back to work in under three years, and three (12%) returned to work between five and 13 years following their retirement.

Table 2. Study Participant Demographics 2010

1	2	3	4	5	6
Gender	Age	Officially Retired/Job Title	Year Returned To Work	Job Title	Years Between Jobs
Female	69	No	NA	Cashier Clerk	0.5
Female	74	Administrative Assistant	2005	Senior Center Volunteer	5.0
Female	69	Cook for State Prison	2004	After School Program Teacher	.05
Female	81	Nutrition Manager	1980	Senior Center Volunteer	0.5
Female	70	Handicapped Kids Caring	1992	Senior Center Volunteer	0.5
Female	73	Payroll Supervisor	1991	Senior Center Volunteer	0.5
Female	77	High School Teacher	2001	Senior Center Volunteer	2.0
Female	75	Administrative Assistant	1996	Administrative Clerk	13.0
Female	70	Check Clearing Supervisor	2002	Senior Center Volunteer	3.0
Male	65	Grade School Teacher	2001	Senior Citizens Supervisor	8.0
Male	74	Truck Mechanist	1990	Bowling Alley Manager	0.0
Male	74	Vice President Imaging/Graphics	1998	Co-owner Graphics Business	0.0
Male	68	Construction Equipment Operator	NA	Construction Equipment Operator	0.0
Male	70	Loan Officer	NA	Loan Officer	0.0
Male	66	Jewelry Store Owner	NA	Real Estate Agent	0.0
Female	73	Toys Manager	NA	Grocery Clerk	0.0
Male	69	President, Auto Repair Shop	NA	Administrator Auto Repair Shop	0.0
Female	80	Machine Operator	1992	Grocery Cashier	0.0
Female	70	Retail Manager	2002	Retail Cashier	0.5
Female	66	Day Care Provider	NA	Day Care Provider	0.0
Female	77	Elevator Operator	1998	Telephone Operator	1.0
Male	71	Investment Consultant	1989	Investment Software Developer	0.5
Male	70	MBTA Instructor	1996	School Bus Driver	1.0
Male	71	Train Supervisor	2002	Supervisor Trolley Museum	1.0
Male	67	Psychology Professor	2009	Psychology Professor	0.5

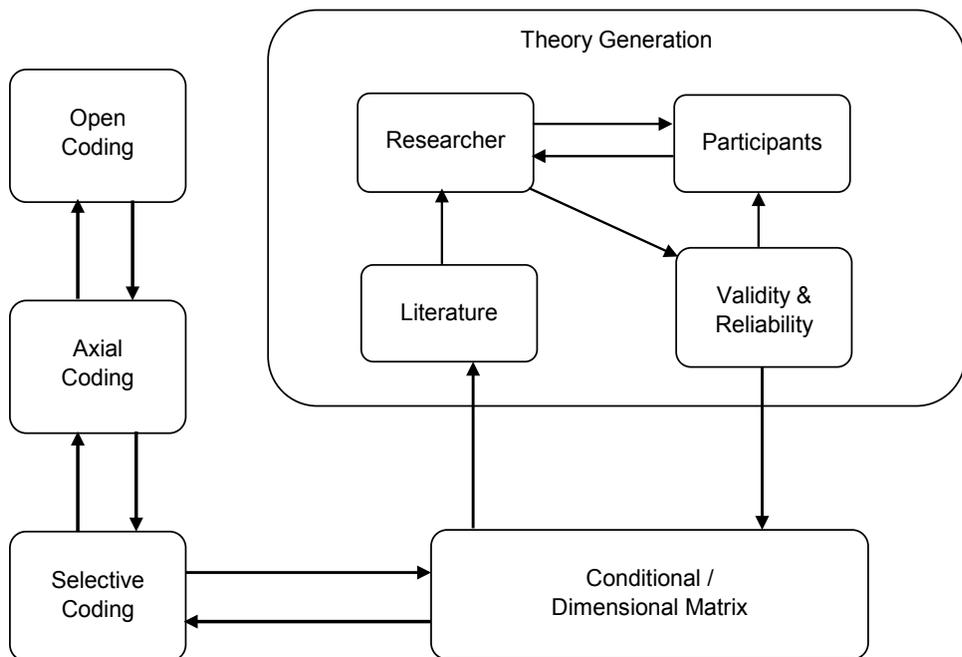
Source: Author's analysis of the study population

Themes

As suggested by Neuman (2005), and other research methodology authors, the analysis was done to identify emerging themes that aligned with the experiences lived by the study participants, and focused in five areas: (a) work motivators; (b) inhibitors of saving; (c) method of saving; (d) lifestyle accommodation; and (e) work attitude. The first pass through of the coding process (open coding) produced 625 distinct

codes for the 25 interviews. Selective coding was used to sort the codes into five categories: work motivators, inhibitors of saving, method of saving, lifestyle accommodation, and work attitudes in development of the theory. Figure 1 presents the procedural analysis for generating the theory.

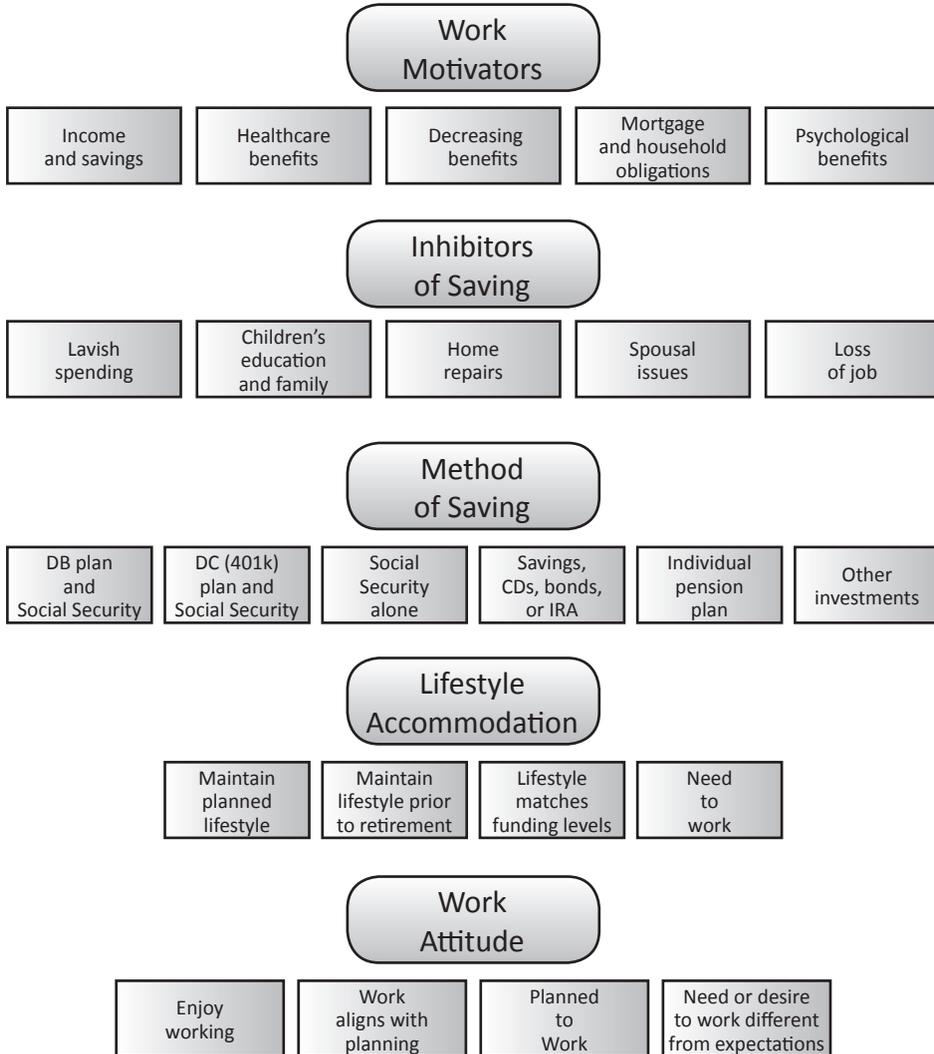
Figure 1. Procedural Analysis for Generating the Theory



Source: Author's analysis of the theory generation.

Figure 2 depicts the 24 themes that emerged in each of the five categories. The themes under each category emerged through analysis of interviews conducted in small groups. The data were transcribed and coded after interviewing each group to discover what new themes were emerging. No new theme emerged after 22 interviews, but the process was extended to 25 interviews to ensure non-emergence of new themes.

Figure 2. Predominant Codes Arranged by Major Areas of Focus



Source: Author's presentation of the study themes.

The category work motivators produced five themes: income and savings with 19 responses, healthcare benefits with 13 responses, decreasing benefits with 14 responses, mortgage and household obligations with three responses, and psychological benefits, such as happiness, healthy lifestyles, leisure and fulfillment, and meaning with 18 responses. Five themes emerged within the inhibitors of saving category: lavish spending generated five responses, children's education/family produced 16

responses, home repairs had 14 responses, spousal issues—divorced/separated generated two responses, while loss of job had no response.

The method of saving category produced six themes: DB plan and social security with eight responses, DC (401k) plan and social security with 10 responses, social security alone with seven responses, savings/CDs/bonds/IRAs with nine responses, individual pension plan with six responses, and other investments with six responses. The lifestyle accommodation category generated four themes: maintain planned lifestyle had nine responses, maintain lifestyle prior to retirement had 11 responses, lifestyle matches funding level produced 16 responses, and need to work had 18 responses. Lastly, four themes emerged within the work attitude category, namely, enjoy working with 16 responses, work aligns with needs with 14 responses, planned to work with 14 responses, and desire or need to work not to expectations with eight responses. Table 3 provides participants' responses by themes under each category.

Table 3. Participants' Responses by Themes under Each Category

1	2	3	4	5	6
Themes referenced under each category by number of responses	Category 1 Work Motivators / number of responses	Category 2 Inhibitors of Saving / number of responses	Category 3 Method of Saving / number of responses	Category 4 Lifestyle Accommodation/ number of responses	Category 5 Work Attitude / number of responses
Income and saving	19				
Healthcare benefits	13				
Decreasing benefits	14				
Mortgage and household obligations	3				
Psychological benefits	18				
Lavish spending		5			
Children's education and family		16			
Home repairs		14			
Spousal issues		2			
Loss of job		0			
DB Plan and Social Security			8		
DC (401k) plan and Social Security			10		

1	2	3	4	5	6
Themes referenced under each category by number of responses	Category 1 Work Motivators / number of responses	Category 2 Inhibitors of Saving / number of responses	Category 3 Method of Saving / number of responses	Category 4 Lifestyle Accommodation/ number of responses	Category 5 Work Attitude / number of responses
Social Security alone			7		
Savings, CDs, bonds, or IRA			9		
Individual pension plan			6		
Other investments			6		
Maintain planned lifestyle				9	
Maintain lifestyle prior to retirement				11	
Lifestyle matches funding levels				16	
Need to work				18	
Enjoy working					16
Work aligns with planning					14
Planned to work					14
Need or desire to work different from expectations					8

Source: Author's analysis of participants' responses.

Findings and Interpretations

The content analysis involved identification of important structures of the properties of textual and audio-recorded information communicated, that were later organized according to the themes identified in the categories, in alignment with the research questions. The following sub-sections have been organized based on the research questions (RQs), and the sequence of the areas of focus (categories).

RQ1—What Factors Lead Retirees to Choose to Work or Not Work After Retirement?

In the category work motivators, the major themes of income and saving, health-care benefits, decreasing benefits, mortgage and household obligations, and psychological benefits were reviewed with the view of evolving a theory of post-retirement employment. The data clearly revealed that income and savings, theme one, rank highly among the reasons seniors commit to various employment engagements after the age of 65. A major emphasis was the changing economics of the retirement funding structures, such as from the defined benefits (DB) to the defined contribution (DC) model. Some participants blamed the underfunding of their retirement accounts and their financial shortfalls to the introduction of, or switch to, the DC structure by their employers. Participants commented on how the devaluing of their retirement accounts, resulting from the relationship of the DC model to the stock markets, has contributed to their decisions to work.

The economic crisis that began in 2008 and spending habits during the accumulation years were also emphasized by participants. The data for themes two and three, health care benefits and decreasing benefits, are consistent with study finding that health insurance is among the major reasons Americans continue to work after reaching retirement age (Block 2008). Between 52% (13) and 56% (14) of the participants interviewed reported they are working for health care benefits or to supplement health care costs, in addition to other reasons. Other studies also reported that many older Americans extend their working years in order to continue receiving employer-offered benefits, such as dental, health, disability, and life insurance (Leyes 2008; Mermin et al. 2006).

A new theme emerged in the data: in addition to receiving healthcare and life insurance benefits, rising Medicare costs and deductibles, and decreasing benefits are forcing even more retirees back to work. Theme four, mortgage and household obligations, was also affirmed as a work motivator. Participants commented on real-

izing later in their lives they could have saved more for retirement if they had less mortgage obligations and household expenses. Stein (2007) found that exorbitant mortgage payments and other household obligations distort the wealth accumulation process during the working years. The data coding process also produced a new theme: obtaining a mortgage to purchase a home later in life is causing some Americans to retire with substantial amounts of debt, constraining their cash flow and lifestyle options during retirement. Participants referred to the inability to obtain a mortgage to purchase a house until late in life, rendering certain obligations, like mortgage payments, which would be part of life during the accumulations years, a necessity in retirement. This new theme is centered on the American dream of owning one's home. Consistent with Hass (2007), a majority of the participants (18) referred to psychological needs, such as happiness, healthy lifestyle, leisure and fulfillment, or meaning as work motivators, in addition to referencing other work motivators.

RQ2—What Factors Prevented Retirees from Accumulating What They Believe to Be Sufficient Resources for Retirement and What Are The Relative Frequencies and Perceived Importance of Those Factors?

Five themes constituted the category inhibitors of saving: lavish spending, children's education and family, home repairs, spousal issues, and loss of job. Discussions about the method of saving category with five themes are also presented. Participants were clear about the impact of extravagant lifestyle as unfavorable to savings, while emphasizing indiscriminate spending, theme one, a hindrance to wealth accumulation during the working years. Paying for children's education and caring for one's family members, theme two, and theme three—spending to renovate and upgrade homes during working years were also noted by participants to negatively impact savings. Additionally, spousal issues, such as loss of spouse, through death, divorce, or separation, theme four, were reported to inhibit savings, but no reference was made about theme five—job loss in this study under the category inhibitors of saving.

Six predominant methods of saving for retirement (themes) exist for people during their working years: DB plan and Social Security; DC plan and Social Security; Social Security alone; Savings, CDs, bonds, or IRA; Pension fund; and other investments. Of the six methods, DC plan, DB plan, and Social Security were mostly relied upon by participants to fund their retirement. The other methods of saving were used as supplements. On the surface, the DB plan appears to be preferred to the DC plan. Participants criticized the voluntary nature of the DC plan and its

relationship with the stock markets, while commending the DB plan for its guaranteed payments. Nevertheless, more of the participants relied on the DC model to fund their retirement; reflecting statement by Wasik (2008) that the guaranteed defined benefit plan has gone from covering more than half the workforce to only 35 percent. Participants, who saved with the DB plan and social security, theme one, were very appreciative of its guaranteed payment nature.

A larger proportion of the participants, 40%, as opposed to 32% with the DB plan model, relied upon the DC or 401k plans and social security, theme two, to fund their retirement. The finding is consistent with report by the U.S. Department of Labor that the DC plans have grown from covering 7.5 million workers in 1984 to more than 42 million in 2004, while the guaranteed defined benefit, or the DB, plan has gone from covering more than half the workforce to less than 35% (Wasik 2004). Participants who had to depend on Social Security, theme three, as the primary source of saving for their retirement, blamed the condition on their employers for not offering retirement plans of any sort. Mermin, Johnson, and Murphy (2006) found that some employers did not have DC plans, such as 401ks and 403bs, because they are not required by law to offer them. Participants commented that reliance on social security alone has led to the employment of alternate sources, such as working, to pay for life's necessities because social security benefits are not enough, especially when considering out-of-pocket health care expenses. In addition to employer-sponsored retirement savings plans and social security described above, participants noted they used saving accounts, certificate of deposits (CDs), bonds, and contributions to individual retirement accounts (IRAs)—theme four to save for retirement.

In many cases, participants used these retirement funding vehicles to supplement their DB plans, DC plans, and Social Security. Some remarked they often fell short keeping up with monetary contribution into these retirement funding vehicles, particularly during difficult financial times. Others commented that trying to save with CDs or savings account required high levels of discipline which they often lacked when their families needed additional funds to pay for non-daily needs, such as a new refrigerator, stove, car, and so on. Individual pension plans—IPPs, theme five, were also used to save for retirement, but mainly as an alternative to employer-sponsored plans, and to supplement social security. Even after transferring to new jobs that offered 401k plans, few participants left funds to grow in pension accounts established at their prior employments, but the financial crisis that began in 2008 raised concerns about deficits in those accounts. There were complaints about

reduced savings in the pension plan structures as a result of limits placed on the amount of earnings contribution so that participants can earn tax breaks at the Internal Revenue Service (IRS). Participants also used other investment vehicles, such as purchasing stocks, real estate, life insurance, gold, and private business ventures—theme six to save for their retirement. These investment vehicles were reported to have lost values rapidly following the economic and financial events which began in 2008. Working was emphasized as the alternative for alleviating perceived reduction and cuts in the pension accounts.

RQ3— What Accommodations in Lifestyle Have Retirees Had to Make as a Result of Perceived Inadequacies in Their Retirement Funding Sources?

Four themes were presented for the category lifestyle accommodation: maintain planned lifestyle, maintain lifestyles prior to retirement, lifestyle matches funding levels, and need to work. These themes were extracted from responses to questions about lifestyle adjustments, in relation to funding levels, in retirement.

Nine of the participants reported they were able to maintain the lifestyle they planned in retirement—theme one, but five of the nine participants noted they could only partially maintain the lifestyle they planned in retirement. The five participants remarked that unexpected decreases in their income levels created a condition in which they have to work to sustain their income; preventing them to fully achieve the lifestyle they planned in retirement. A majority of the participants could not maintain the lifestyle they planned in retirement due to lack of proper guidance in structuring their retirement planning. Eleven of the 25 participants made references to being able to maintain the same lifestyles as they enjoyed prior to retirement—theme two. Among the 11 are seven who depended on social security, supplemented by working, to fund their retirement. The seven participants reported they had not planned any lifestyle adjustments, but noted that working allowed them to do the type of things they enjoy doing. Grewal, Nazroo, Bajekal, Blane, and Lewis (2004) found that an increasing number of retirees need paid work to improve their pension packages, and, or maintain their pre-retirement living standards. A majority of the participants, including those who have achieved their planned lifestyles, reported living lifestyles that matched their funding levels, theme three. In general, there were remarks about adjusting living standards to suit funding levels, or lifestyle in retirement being a function of funding level. Participants highly praised paid work for enabling them improve their retirement incomes, achieve planned lifestyles, or maintain pre-retirement lifestyles. Achievement and maintenance of lifestyle as mo-

tivating factors for post-retirement employment were also emphasized. There were many references to working as a necessity. On the surface, participants noted working as a way to mitigate shortages resulting from hard economic and financial times, extend retirement savings, and improve quality of life in retirement. Researchers identified having wealth and income as one of the influences of quality of life in retirement (Grewal, Nazroo, Bajekal, Blane and Lewis 2004).²

RQ4—How Do Retirees Feel About the Nature and Amount of Post-Retirement Employment in which They Engage?

Four themes constituted the category of work attitude. The themes were the outcome of responses to the questions used to explore how retirees feel about the nature and amount of post-retirement employment in which they engage. A summary of the outcomes provide further clarity. A majority of the participants expressed liking working in retirement, theme one; some emphasizing the various work motivators described above. Several comments indicated working for income and savings, leisure or meaning and fulfillment, or some other combination creates a source for enjoyment and mental engagement, and adds to retirement asset base. Participants depending on social security, supplemented by working, to fund their retirement reported they did not like working in retirement. Fourteen participants reported their work aligned with their retirement plan—theme two. A majority noted that working for additional funding, leisure, meaning, and fulfillment were part of their retirement planning; some remarked engaging in their type of work was pre-planned as well. Participants reported being aware prior to retiring that they needed to supplement their incomes doing things they like to do, such as, having an engagement that produced happiness, or making meaningful contributions to the society. Haas (2007) reported that even those in our society who are considered to be better positioned financially perceive continuing to work in retirement as paying substantial dividend.

In general, participants noted that their plan to work, theme three, was inspired by the possibility of shortages in their retirement benefits due to general economic conditions, the extent of social security benefits, the availability of health insurance, and the quality and design of employer-sponsored retirement plans. Working for fulfillment and meaning was also reported as part of planning. Working in retirement was perceived as a way to broadened one's horizon and enrich life through mingling and interacting with people. Eight of those interviewed referenced their need or desire to work has been different from their expectations—theme four, based on work schedules, work structures, need for additional funding, and nature of work.

Analysis of Early Recollections

Six participants were able to recall specific memories about the stage in their lives they began to realize their desire and need to work when they retire. Table 4 presents the themes of early recollections—individual beliefs of each participant. Participant 1’s individual beliefs seem to be centered on loss of spouse, the relationship between money and the importance of working. The themes seem to reflect beliefs that losing one’s spouse during the accumulation years lead to distortion in the resource accumulation process, the need for employment in later years, and working as part of retirement planning. Participant 10’s individual beliefs seem that being in a field of work that a person likes can encourage extension of one’s working years, and that can be realized earlier, than later, in that person’s career. Participant 12’s individual beliefs seem about planning retirement engagement, the level of funding, and the relationships of funding level to retirement engagement. Participant 14’s individual beliefs seem that family obligations determine the desire or need to work in retirement.

Table 4. Themes of Early Memory Reflection

1 Participant	2 Themes of Early Memory Reflection
1	Right after I lost my husband 10 years ago I went into the surviving mode. I knew I will be working through my retirement. Money became the first priority.
10	I realized my desire, not necessarily need, to work early. I liked to maintain contact with the children and their parents. Halfway through my career I knew I will teach much later in life. Working for money came late—when I realized the loss in my investment and retirement accounts.
12	I always planned to do something I enjoy doing in retirement. I love doing this very much; it provides us with extra money. It aligns with my planning.
14	I have always known that I would need to supplement my retirement income, as a result of family obligations. I also knew I can continue to do my type of work as long as I wanted.
15	I knew I would work until my later years because I love what I do; and because I spent lavishly. As long as I have good health, I will always be employed in real estate.
23	I started saving later in my career; so I knew I had to work later.

Source: Author’s presentation of early recollections.

While overlap of themes, such as being in a field of work that a person likes can encourage extension of one's working years, seem apparent among participants, no predominant theme emerged. Based on the literature on early recollection, at least five early memories are required for effective evaluation of patterns and themes within an individual (Mosak and Di Pietro 2006; Clark 2002). Even though participants' memories in the study conducted suggested tentative themes, enough data were not collected to fully highlight the cognitive beliefs of each participant individually or to evaluate all of the memories so that associated patterns and themes could be determined.

The design of the study allowed participants free expression of their specific examples and any distinct moments. However, asking participants for subsequent explanation about the most vivid part of the examples would have distracted the natural flow of the discussion and inhibited assessment of their cognitive beliefs, hence proved invaluable. Rather, coding the specific examples provided a richer understanding of the need and desire to work in retirement. Questions about the most vivid moments, associated feelings and reasons for the feelings were not answered, but analysis of early recollections proved valuable.

Discussion of Results

Although questioning participants about content-specific examples and early memories inhibited assessment of their cognitive beliefs, there was value in the information obtained. Fifty-six percent of the participants presented recollections that had substantial impact on their decision to, or not to, work in retirement. Included in the 56% are the 40% whose retirement accounts were based on the DC model and 16% that had their accounts switched from the DB to the DC structure. The recollections included recent past awareness of needs or desire to work, or not work, in retirement based on perceptions about the extent of support from individual retirement accounts; and alignment of those needs, or desire, to participants' expectations in terms of levels of finances in retirement.

The fact that 56% of the participants noted late recollections that had substantial impact on their decisions to remain in the workforce, based on payout expectations of their retirement accounts, suggests there may be implications about the relationship of the DC plan with the financial markets and the changing economics of the retirement funding structures. Purcell (2007) found that participation in the labor force among people age 55 and older has been affected by both the trends toward

the DC plan and away from the DB plan structures. The U.S. Department of Labor reported that the DC plan have grown to cover more workers between 1984 and 2004, while coverage by the DB plan continues to decline (Wasik 2004).

Data about the lifestyle accommodation category suggest that a majority of those interviewed could not maintain the lifestyle they planned in retirement, but participants remarked the security offered by the DB model could have facilitated ability to estimate their funding levels at retirement. In general, nine participants noted they were able to maintain their planned lifestyle in retirement. Five of the nine participants reported they could partially maintain the lifestyle they planned in retirement, due to unexpected decreases in their income levels, which led to a condition in which they have to work to sustain their incomes. The finding suggests existence of difficulty in estimating income levels at retirement. Cahill et al. (2006) noted that income levels at retirement could often be estimated prior to replacement of the DB pension plan with the DC structure in 1986.

Comments about working to mitigate shortages resulting from hard economic times were mostly associated with participants whose retirement plan structures were based on the DC model, such as the 401k plan. Some participants remarked that the continued shift away from guaranteed defined benefit pension toward 401k plans precluded them from retiring. There were also comments about how the devaluing of participants' retirement accounts, as a result of the relationship between the DC model and the financial markets, has contributed to their decisions to continue working.

The results suggest that the changing economics of the retirement funding structures may have forced retirees back to work to mitigate resulting financial shortages in their retirement accounts; contributing to the increase in the number of employed retirees. The results also suggest that the three attitudinal responses to bridge employment: occupational self-efficacy, retirement attitudes, and job satisfaction may affect (a) how retirees feel about working (Dendinger et al. 2005), and (b) the work-related attitudes of non-retired workers and bridge employees. The changing economics of the retirement funding structures may also be a contributory factor in extending working years by older employees. Daugherty (2007) noted that non-retired older workers who sense the possibility of shortage in their retirement income choose to work longer as a way to boost the average income for calculating their retirement benefits, and ensure entitlement of larger Social Security benefits. Implications of the research findings, significance of the study, and suggestions that may assist interested parties in establishing a more positive outlook of the retirement landscape follow.

Implications of the Research Findings

The current study presented and documented how a set of retirees deal with their mix of saving, spending, income, and working since replacement of the traditional DB pension plan with the DC model in 1986 (Cahill et al. 2006).³ The results showed that retirees are addressing the problem of underfunding, created by the continued reductions in their retirement accounts, by working longer. Based on the structure of the study, retirees cited five motives for engaging in post-retirement employment, in their efforts to cope with the financial shortfall created by the shift to the DC model from the DB plan structure: income and savings, healthcare benefits, decreasing benefits, mortgage and household obligations, and psychological benefits. The new theme of obtaining a mortgage in retirement, which emerged in the data coding process, creates an awareness that can help finance professionals in tailoring retirement income strategy based on a two-step process: (1) understanding the client's needs and objectives, and (2) obtaining an appropriate strategic fit through matching of those needs and objectives with the most appropriate retirement income streams combinations. Understanding a client's needs can lead to effective determination of spending needs at retirement, what the size of that client's portfolio must be at the beginning of his or her retirement in order to fulfill those needs, and how much the client must save and invest between current period and the age he or she plans to retire, in order to achieve those financial goals (Lee 2007).

The results indicate that (a) participants who saved under the DB plan structure could support their retirement living better than those whose retirement plan structure was based on the DC model; (b) the voluntary nature of the DC plan model has resulted in severe shortages in retirement savings for many older Americans, as a result of its relationship with the financial markets; (c) the relationship of the DC plans with the financial markets could warrant that prospective retirees seek the services of finance professionals to gain the benefits of money management strategies designed to provide needed cash for retirement living; (d) working was more necessary to retirees who had the DC plans than those with the DB plans; and (e) working in retirement would be more enjoyable if it extends beyond provision of economic means to gaining psychological benefits.

Significance

The results are significant for providing employers, financial services providers, educators, and the government with information needed to determine if relationships exist between the changing economics of the retirement funding structures and the mix of factors that motivate retirees to work. Information about the relationships between post-retirement employment and the changing economics of the retirement funding structures be can useful to finance professionals, and others seeking to educate or advise individuals about retirement planning. Such information can also help employers, financial planners, financial services providers, and the government to address the problem of financial shortfall experienced by many retirees in America. Knowledge about the characteristics of factors that cause retirees to work, and their relationships to the changing economics of the retirement funding structures, will also affect future individual retirement planning endeavors and can provide a basis for evaluating the effectiveness of the current retirement funding structures. Additionally, prospective retirees can benefit through realizing that services of finance and investment professionals may be necessary to effectively manage their retirement accounts, based on the relationship with the new (DC) structure and the financial or stock markets.

Suggestions for a More Positive Retirement Outlook

Suggestions are offered in the areas of minimizing income shortage during retirement, handling healthcare costs, managing mortgage expenses, and to encourage post-retirement employment for psychological and other benefits.⁴ To minimize income shortages during retirement, financial planning for retirement should start as early as possible. One initiative may be educative programs that teach about retirement investment management in the schools system. Thus, the necessity of saving for retirement can be taught to the younger generation's subconscious through early education and society. Based on the study's confirmation that retirement planning is complex and difficult for many, individuals should be encouraged to seek professional advice at the beginning phase of the planning process. Shad (2006) suggested that planning for retirement early with the help of a professional can lead to increased savings, revenue, and disposable income, and help people maintain desired lifestyle in retirement. Employers may offer an option of such services, at subsidized fees, in their retirement packages to employees.

In an effort to curb rising medical costs and decreasing Medicare benefits for seniors, employers should consider extending medical benefits for retirees and offer that option in the retirement packages they offer to their employees. Additionally, finance professionals should offer advice to their clients about incorporating supplemental medical insurance in their retirement planning. If Medicare could not provide 100% coverage or offer the same services for every retired person, as indicated by the study participants, then a well structured supplemental medical insurance may serve to fill in any resulting gaps in Medicare coverage. The government may also consider regulating physicians' care and prescription drugs costs for Medicare recipients.

The trend of entering retirement with a mortgage, which is expected to continue (Groat, 2005), requires educative initiatives that can help retirees make careful selection of mortgages based on income levels and inclination. Prospective retirees aspiring to own a mortgage should be advised to consider spending ability based on disposable income in retirement. For example, a good budget that incorporates housing costs likely to be forgotten, such as property taxes and homeowner's insurance, may be helpful. Further, because a retiree's income is often fixed, use of a fixed-interest mortgage to secure fixed payments for easier cash flow estimates should be sought by retirement advisers for their clients. Individuals can also benefit from directives about reviewing their financial situation to ensure availability of savings needed to pay for any emergencies, such as needed home repairs, accidents, or death in the family.

The finding that working in retirement provides for healthier and happier lifestyles, including mental fitness (Hass, 2007; Updegrave and Light 2007) leads to recommendation that post-retirement employment is to be encouraged. Working in retirement should also be encouraged due to certain embedded advantages: First, the economy can be enriched through production of additional goods and services; especially as the labor force participation rate (LFPR) for people aged 24 to 54 has fallen since the recession in 2000 ("Older Americans" 2005). Second, working in retirement can lead to growth in a person's asset base, and increase in his or her annual social security benefit through withdrawal of funds over a shorter period of time. Increases in individual retirement asset base can help alleviate longevity risk—the possibility of people outliving their retirement savings. Third, working in retirement can help lower social security deficits through delay of benefits payouts. Fourth, working in retirement can create additional employment tax payments which could be used to support other government programs.

Conclusions

With respect to minimizing income shortage during retirement, financial planning for retirement should start as early as possible. The necessity of saving should also be taught in schools through educative programs so that the younger generation can subconsciously become accustomed to saving with little regard to financial conditions. Based on the complex and difficult nature of retirement planning, individuals should seek professional advice at the beginning phase of the planning process. With respect to rising medical costs and decreasing Medicare benefits, employers could offer an option for extending medical coverage for retired employees under the retirement packages they offer their employees. Additionally, finance professionals should advise their clients to incorporate supplemental medical insurance in their retirement planning, and government may consider regulating physicians' care and prescription drugs costs for Medicare recipients. To ease financial burden, retirees who aspire to purchase a home could be advised to do so with due consideration of their spending ability based on disposable income. Post-retirement employment could be encouraged as a strategy for allowing seniors to inherit embedded psychological benefits. Post-retirement employment could also be encouraged for other advantages: production of additional goods and services by retirees while upholding the labor force participation rate (LFPR), growing personal asset base to ease longevity risk, prevention of social security deficit through delay of benefits payouts, and creation of additional government revenue through employment taxes.

The Ensuing Grounded Theory

Charmaz (2006) noted: "Grounded theory involves taking comparisons from data and reaching up to construct abstractions and simultaneously reaching down to tie these abstractions to data" (p. 181). In the study conducted, the central themes emerged through data coding focused on the category of work motivators. The consistency of the responses to these themes provided a way to examine the processes that made the themes central to the study. The creation of abstract interpretation through the evident themes provided responses to the research questions. Transformation of the data collected into interpretations evidenced as the central themes formed the foundation of the grounded theory (Charmaz 2006). Constructing a grounded theory required the integration of process, action, and abstractions into comprehensive analysis of the data.

The grounded theory that would have developed from this research study would suggest the importance of influence of the changing economics of the retirement funding structures on post-retirement employment. The post-retirement employment theory would clearly present evidence of the effects of the relationship of the new retirement funding structures, like the DC (401k) plans, with the stock markets on retirement savings, the proportion of working retirees, and the mix of factors that motivate retirees to work. However, the sample of 25 concentrated in the Hartford County Connecticut area may be too small and not a true representative of retirees. Nevertheless, the results of the study proved very useful for further research in order to develop a more generalized theory that can assist leaders, finance professionals, and others seeking to educate or advise individuals about retirement planning in consideration and evaluation of the new retirement landscape.

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NOTES

1. In qualitative research data analysis, saturation is reached when the researcher subjectively determines that new data no longer provides new insights (Creswell 2004).
2. Leyes (2008) found that even those thought to be able to afford engaging in traditional retirement (retirement without working) in the American society, are often seen using paid work to alleviate post-retirement risks, such as longevity risk—outliving one's assets or investments, inflation, and rising health care costs.
3. Previous literature comprised documentation about the effect of the underfunding created by the continued reductions in the retirement income sources, but the current study was the first to explore the characteristics of factors that cause retirees to work. The current study was also the first to explore what retirees are doing to cope with the financial shortages experienced in their retirement accounts.
4. The suggestions are offered as recommendations for leadership and individual practices in the areas of minimizing income shortage during retirement, handling healthcare costs, managing mortgage expenses, and encouraging post-retirement employment for embedded benefits.