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## Rural Nebraskans Working in Retirement

Rebecca J. Vogt

*Center for Applied Rural Innovation, University of Nebraska-Lincoln, rvogt2@unl.edu*

Randolph L. Cantrell

*Nebraska Rural Initiative, University of Nebraska-Lincoln, rcantrell1@unl.edu*

Miguel A. Carranza

*University of Nebraska-Lincoln, mcarranza1@unl.edu*

Bruce B. Johnson

*University of Nebraska-Lincoln, bjohnson2@unl.edu*

David J. Peters

*University of Nebraska-Lincoln, dpeters2@unl.edu*

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# Nebraska Rural Poll Research Brief

[cari.unl.edu/ruralpoll/](http://cari.unl.edu/ruralpoll/)

RB 07-005

September 2007

## *Rural Nebraskans Working in Retirement*

### *Key Findings*

- Employment is an important part of retirement and retirement planning for rural Nebraskans.
- Many rural Nebraskans who are not yet retired expect to work past the traditional retirement age of 65, especially those age 40 to 64 and farmers and ranchers.
- Motivations for working past the traditional retirement age include to meet basic income needs and to keep both physically and mentally active.
- Retirees are more likely to work for enjoyment while persons who are not yet retired expect to work for basic income needs.
- Most rural Nebraskans are anticipating some form of employment to help fund their retirement years.

### *Introduction*

The standard notion of retirement has evolved over time. Recent surveys suggest that many people plan to continue working beyond what has traditionally been seen as retirement age: 65 years. The Bureau of Labor Statistics has projected that the labor force participation rates of persons age 65 and older will increase from 15.1 percent in 2005 to 21.5 percent in 2020. Labor force participation after the traditional retirement age of 65 can be caused by many factors: inadequate retirement savings, cuts in retiree health benefits, increased life expectancy and improved health status.

If people continue to work longer, it can present both challenges and opportunities. Continued workforce participation could be a solution to the projected labor shortage in rural areas. Given that, how many rural Nebraskans are planning to work in retirement? What are their motivations for continuing to work? The 2007 Nebraska Rural Poll included questions related to working in retirement, providing a picture of the plans of 2,680 randomly selected non-metropolitan Nebraskans.

### *The Nebraska Rural Poll*

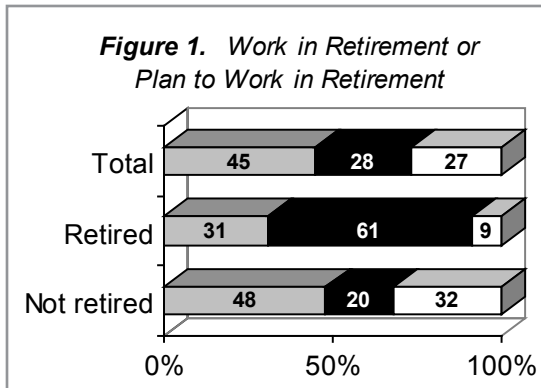
The Nebraska Rural Poll is an annual survey of rural Nebraskans that was started in 1996. The goal of the Nebraska Rural Poll is to give local and state leaders a better understanding of the issues, challenges and concerns of Nebraska's rural citizens. The Rural Poll focuses on such issues as community, government policy, well-being and work. Core questions are included every year; over time these core questions will provide insight about trends and changes occurring in rural Nebraska. In addition, each year rural citizens and government officials form an advisory committee that identifies key issues or topics to include in the survey.

For more information contact Rebecca Vogt, (402) 329-6251 or [rvogt2@unl.edu](mailto:rvogt2@unl.edu)

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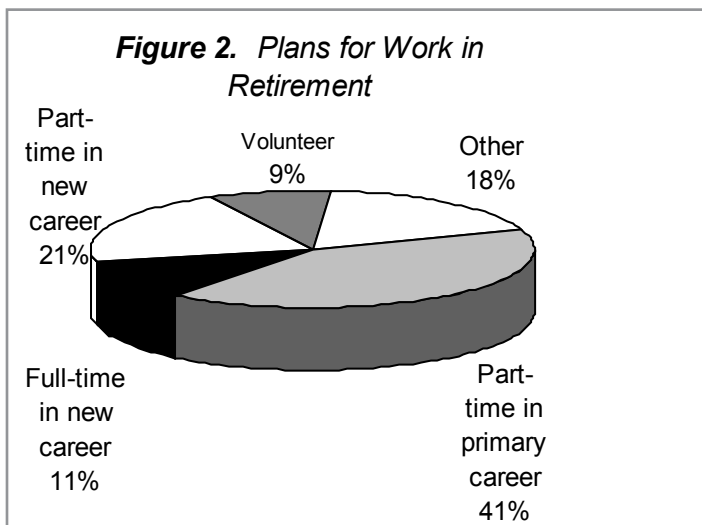
## Work in Retirement

For purposes of this report, current retirees are self identified. Based upon those responses, thirty-one percent of rural Nebraskans who are currently “retired” are in fact still working (Figure 1).



However, just under one-half (48%) of persons who are not currently retired plan to work beyond traditional retirement age. Almost one-third (32%) of those not yet retired aren't sure if they will work in retirement. Thus, the majority of rural Nebraskans in the pre-retirement stage are either planning on or contemplating working in retirement.

Of those who currently work in retirement or plan to work during retirement, most plan to or currently work in a part-time capacity. Many (41%) plan to continue working part-time in their primary career (Figure 2). Twenty-one percent plan to work part-time in a new career. Very few (11%) plan to work full-time during retirement.



Motivations for working in retirement include both

economic necessity (working for basic income needs) and wanting to work (to keep both physically or mentally active). The majority (61%) of rural Nebraskans who work during retirement or plan to work past traditional retirement age feel that such employment is necessary to meet basic income needs (Table 1). Sixty percent work or plan to work to keep physically active and 59 percent see working as a way to remain mentally active. Respondents were allowed to select more than one answer to this question.

**Table 1. Reasons for Working Past Traditional Retirement Age**

Reasons	Percentage
For basic income needs	61%
To keep physically active	60%
To keep mentally active	59%
Enjoy working	47%
Income to enjoy extras	44%
To secure health insurance	34%
Started or would like to start a new venture	10%
Other	5%

Motivations for working during retirement are different for those already retired and those not yet retired. Persons who are already retired are more likely than persons not yet retired to work to keep physically active (84% compared to 58%), to keep

### Methodology

A self-administered questionnaire was mailed in February and March to approximately 6,400 randomly selected households. Responses were received from 2,680 Nebraskans living in the 84 non-metropolitan counties in the state - a response rate of 40 percent. Metropolitan counties not included in the sample were Cass, Dakota, Dixon, Douglas, Lancaster, Sarpy, Saunders, Seward and Washington. The margin of sampling error for this study is plus or minus two percent based on the total sample at the 95% confidence level. The margin of sampling error is higher for results based on subgroups of respondents. The 14-page questionnaire included questions pertaining to well-being, community, retirement issues, work, and immigration. For more detailed information about the survey methodology and the respondent profile, see Research Report 07-1 available online at <http://cari.unl.edu/ruralpoll/report07.shtml>.

mentally active (77% compared to 58%), and because they enjoy working (64% compared to 46%). Persons who have not yet retired are more likely than persons already retired to plan to work for basic income needs (66% compared to 37%) and to secure health insurance (38% compared to 15%). Thus, rural Nebraskans already in retirement are continuing to work out of personal preference while persons not yet retired are planning to work to provide sufficient income during their retirement years. These plans for employment could change, though, if sufficient savings are accumulated during their prime working years.

Age was a factor in how people plan for working during retirement. Persons age 19 to 39 are less sure about their plans to work during retirement. Forty percent of persons in this age group aren't sure if they plan to work during retirement while 37 percent plan to work past traditional retirement age. Over one-half (52%) of persons age 40 to 64 are planning to work past traditional retirement age and 27 percent are not sure. Among respondents over the age of 65, 43 percent indicate an intention to continue working. As one might expect, this percentage declines with age, but not precipitously, ranging from a high of 50 percent among those age 65 to 70 and a low of 23 percent for those age 86 years and over.

Motivations for planning to work in retirement also differ by age. Persons closer to the traditional retirement age of 65 are planning to work because they think they will need additional income and health insurance. Persons age 40 to 64 are more likely than younger persons to plan to work for basic income needs (70% compared to 57%) and to secure health insurance (43% compared to 34%). This reflects an uncertainty in rural Nebraskans nearing traditional retirement age that they will have sufficient savings or investments to fund their retirement years.

Latinos are more likely than non-Latinos to be unsure of their plans to work during retirement. Forty-two percent of Latinos are not sure if they plan to work beyond traditional retirement age, compared to 26 percent of non-Latinos. The proportions planning to work past traditional retirement age were similar for both Latinos and non-Latinos (41 percent and 45 percent, respectively).

Specific work plans during retirement differ between Latinos and non-Latinos. Latinos are more likely than non-Latinos to plan to work full-time in a new career past traditional retirement age (22% compared to 10%). Non-Latinos are more likely than Latinos to plan to work part-time in their primary career (43% compared to 29%).

Motivations for working past traditional retirement age also differ by ethnicity. Non-Latinos are more likely than Latinos to plan to work to keep mentally active (63% compared to 36%), for basic income needs (65% compared to 41%), for income to enjoy extras (46% compared to 33%), and because they enjoy working (50% compared to 33%).

Males are more likely than females to work or plan to work beyond traditional retirement age (50% compared to 41%), while females are more likely than males to be not sure of their plans (31% compared to 21%). Motivations for working in retirement also differ by gender. Males are more likely to work or plan to work to keep physically active (66% compared to 57%). Females are more likely than males to plan to work for basic income needs (68% compared to 56%) and to secure health insurance (39% compared to 30%).

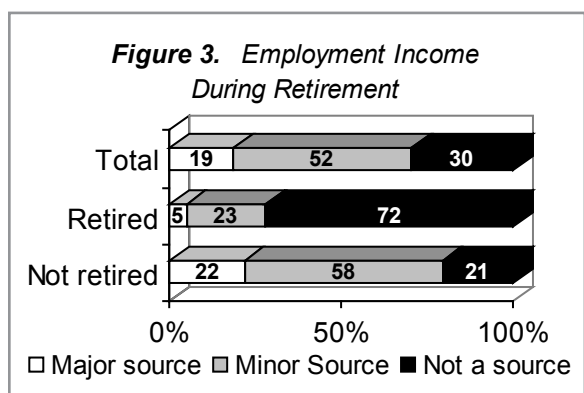
Farmers and ranchers are the occupational group most likely to plan to continue to work past traditional retirement age. Seventy percent of farmers and ranchers not yet retired plan to continue to work past traditional retirement age. Of that group, nearly two-thirds (66%) plan to continue farming or ranching part-time. This is a continuation of the present trend. Eighty-two percent of currently retired farmers and ranchers continue to work. Three-quarters (75%) of that group are continuing to farm or ranch part-time. In comparison, only 48 percent of non-retired laborers plan to work past the traditional retirement age. Just over one-half (53%) of retired laborers currently continue to work.

Farmers and ranchers plan to continue to work past traditional retirement age in order to keep physically active (72%), to keep mentally active (69%), because they enjoy working (62%), and for basic income needs (60%). Laborers plan to work in retirement for basic income needs (67%). Persons working in

professional occupations are the occupation group most likely to work or plan to work past traditional retirement age to secure health insurance (46%).

### ***Employment Income During Retirement***

The importance of employment during retirement is also demonstrated when rural Nebraskans were asked their current or expected sources of income during retirement. Only 30 percent of rural Nebraskans do not currently receive or plan to receive income from full or part-time employment during retirement, while 19 percent say it is or will be a major source of income and 52 percent say it is or will be a minor source of income (Figure 3).



The reliance on employment for retirement income, however, is expected to grow in the future. The majority (72%) of persons already retired do not receive any income from full or part-time employment. Only five percent say a majority of their retirement income comes from full or part-time employment and 23 percent say employment is a minor source of their retirement income.

In contrast, 80 percent of persons who are not currently retired expect full or part-time employment to be a source of their income during retirement. Twenty-two percent of persons not yet retired expect employment to be a major source of their income while an additional 58 percent believe it will be a minor source of their retirement income.

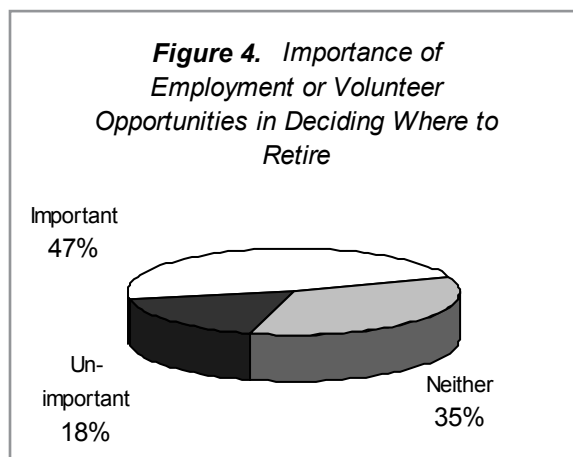
Latinos are more likely than non-Latinos to receive or expect to receive income from employment during retirement. Twenty-nine percent of Latinos say full or part-time employment is or will be a major source of their retirement income, compared to 18 percent of non-Latinos. Almost one-third (31%) of non-

Latinos do not currently receive or do not anticipate receiving income from employment during their retirement. In comparison, only 19 percent of Latinos do not receive or do not anticipate receiving income from employment during retirement.

Thus, most rural Nebraskans (especially those who have not yet retired) are anticipating some form of employment to help fund their retirement years.

### ***Importance of Employment/Volunteer Opportunities in Deciding Where to Retire***

Employment opportunities will also influence rural Nebraskans' desired retirement locations. Almost one-half (47%) of rural Nebraskans say that employment/volunteer opportunities are either very important or important in making a decision as to where to retire (Figure 4).



Employment or volunteer opportunities are more important to persons not yet retired as compared to persons already retired. Fifty-one percent of persons not yet retired rate employment or volunteer opportunities as important to their decision as to where to retire. In comparison, this is an important factor for only 29 percent of retired persons. Providing these types of opportunities is something that most communities overlook when trying to attract retirees to their location.

When comparing responses by occupation, employment or volunteer opportunities are least important to farmers and ranchers. Thirty-nine percent of farmers and ranchers rate employment/volunteer opportunities as important in deciding where to retire. However, this factor is important to approximately one-half (50%) of persons with different occupations.

Employment and volunteer opportunities are also more important to Latinos as compared to non-Latinos. Seventy-two percent of Latinos rate this factor as being important in deciding where to retire, compared to only 44 percent of non-Latinos. Females are more likely than males to rate this factor as being important (51 percent compared to 42 percent).

Rebecca Vogt, Center for Applied Rural Innovation  
Randolph Cantrell, University of Nebraska Rural Initiative  
Miguel Carranza, Department of Sociology  
Bruce Johnson, Department of Agricultural Economics  
David Peters, Department of Agricultural Economics

### ***Summary***

Employment is an important part of retirement and retirement planning for rural Nebraskans. Almost one-third of Nebraska's current retirees are working in retirement. If rural Nebraskans follow their plans, employment will play an even larger role in retirement in the future.

Many rural Nebraskans who are not yet retired expect to work past the traditional retirement age of 65, especially those age 40 to 64. In addition, most rural Nebraskans who are not yet retired expect full or part-time employment to be a source of their retirement income. Many also rate employment and volunteer opportunities as important in their decision as to where to retire.

The motivations for working past traditional retirement age include both economic necessity (for basic income needs) and wanting to work (to keep both physically and mentally active). However, the reasons for working differ between retirees and persons who are not yet retired. Retirees are more likely to work for enjoyment while persons who are not yet retired expect to work for basic income needs.

These data indicate how important it will be for communities and businesses to consider employment opportunities for retirees, including part-time work or jobs with flexible scheduling. Providing these employment opportunities can be expected to help attract retirees to communities across rural Nebraska.

Perhaps more importantly, an extended period of labor force participation may prove to be a critical factor in meeting projected labor force shortages in rural areas.

**Appendix Table 1. Work or Plan to Work Beyond Traditional Retirement Age by Various Individual Attributes**

		<i>Did you or do you plan to keep working beyond traditional retirement age?</i>			
		<u>Yes</u>	<u>No</u>	<u>Not Sure</u>	<u>Significance</u>
<b><u>Retirement Status</u></b>		<i>Percentages</i> (n = 2516)			
	Retired	31	61	9	$\chi^2 = 343.05^*$ (.000)
	Not retired	48	20	32	
<b><u>Age</u></b>		(n = 2545)			
	19 - 39	37	23	40	$\chi^2 = 260.32^*$ (.000)
	40 - 64	52	22	27	
	65 and older	43	49	9	
<b><u>Gender</u></b>		(n = 2513)			
	Male	50	28	21	$\chi^2 = 34.64^*$ (.000)
	Female	41	28	31	
<b><u>Occupation</u></b>		(n = 1791)			
	Professional/tech/admin	49	25	26	$\chi^2 = 54.84^*$ (.000)
	Farming/ranching	71	9	20	
	Laborer	48	18	34	
	Other	46	18	35	
<b><u>Race/ethnicity</u></b>		(n = 2516)			
	Non-Latinos	45	29	26	$\chi^2 = 35.58^*$ (.000)
	Latinos	41	17	42	

\* Chi-square values are statistically significant at the .05 level.

*Appendix Table 2. Plans for Working in Retirement by Various Individual Attributes*

<i>If yes, how are your working or how do you plan on working?#</i>							<i>Chi-square (sig.)</i>
	<i>Part-time in primary career</i>	<i>Full-time in new career</i>	<i>Part-time in new career</i>	<i>Volunteering</i>	<i>Other</i>		
<i>Percentages (n = 1085)</i>							
<b><u>Retirement Status</u></b>							
Retired	34	5	19	23	19	$\chi^2 = 47.70^*$ (.000)	
Not retired	42	12	22	7	18		
<i>(n = 1099)</i>							
<b><u>Age</u></b>							
19 - 39	36	17	22	9	15	$\chi^2 = 45.38^*$ (.000)	
40 - 64	44	10	23	6	17		
65 and older	41	7	14	16	22		
<i>(n = 1086)</i>							
<b><u>Gender</u></b>							
Male	41	10	24	8	17	$\chi^2 = 5.85$ (.211)	
Female	42	12	18	9	18		
<i>(n = 875)</i>							
<b><u>Occupation</u></b>							
Prof/tech/admin	40	9	28	6	17	$\chi^2 = 62.26^*$ (.000)	
Farming/ranching	65	5	3	6	21		
Laborer	30	12	31	10	18		
Other	45	14	23	3	17		
<i>(n = 1086)</i>							
<b><u>Race/ethnicity</u></b>							
Non-Latinos	43	10	21	8	18	$\chi^2 = 22.93^*$ (.000)	
Latinos	29	22	23	14	12		

#Question asked only of those who currently work or plan to work past traditional retirement age



**Appendix Table 3. Reasons for Working or Planning on Working in Retirement by Various Individual Attributes<sup>#</sup>**

	<i>To keep physically active</i>	<i>To keep mentally active</i>	<i>For basic income needs</i>	<i>Income to enjoy extras</i>	<i>To secure health insurance</i>	<i>Enjoy working</i>	<i>Started or would like to start a new venture</i>
<i>Percent circling each item</i>							
<b>Retirement Status</b>	(n = 1084)	(n = 1094)	(n = 1080)	(n = 1082)	(n = 1068)	(n = 1079)	(n = 1054)
Retired	84	77	37	43	15	64	8
Not retired	58	58	66	45	38	46	12
<i>Chi-square (significance)</i>	$\chi^2 = 36.9 (.000)$	$\chi^2 = 20.9 (.000)$	$\chi^2 = 44.1 (.000)$	$\chi^2 = 0.07 (.433)$	$\chi^2 = 29.3 (.000)$	$\chi^2 = 17.5 (.000)$	$\chi^2 = 2.01 (.098)$
<b>Age</b>	(n = 1099)	(n = 1110)	(n = 1096)	(n = 1098)	(n = 1084)	(n = 1093)	(n = 1067)
19 - 39	55	51	57	47	34	42	15
40 - 64	58	60	70	45	43	45	11
65 and older	78	73	49	40	16	66	5
<i>Chi-square (significance)</i>	$\chi^2 = 33.7 (.000)$	$\chi^2 = 25.9 (.000)$	$\chi^2 = 33.7 (.000)$	$\chi^2 = 2.72 (.257)$	$\chi^2 = 52.3 (.000)$	$\chi^2 = 35.0 (.000)$	$\chi^2 = 12.4 (.002)$
<b>Gender</b>	(n = 1085)	(n = 1095)	(n = 1080)	(n = 1083)	(n = 1069)	(n = 1080)	(n = 1056)
Male	66	62	56	46	30	52	12
Female	57	59	68	43	39	46	10
<i>Chi-square (significance)</i>	$\chi^2 = 8.3 (.002)$	$\chi^2 = 1.5 (.124)$	$\chi^2 = 16.5 (.000)$	$\chi^2 = 0.9 (.191)$	$\chi^2 = 8.7 (.002)$	$\chi^2 = 3.8 (.029)$	$\chi^2 = 1.5 (.127)$
<b>Occupation</b>	(n = 874)	(n = 880)	(n = 868)	(n = 872)	(n = 859)	(n = 870)	(n = 846)
Prof/tech/admin	64	71	65	52	46	53	13
Farming/ranching	72	69	60	42	20	62	9
Laborer	52	40	67	34	37	27	12
Other	54	56	67	49	36	43	10
<i>Chi-square (significance)</i>	$\chi^2 = 18.7 (.000)$	$\chi^2 = 49.3 (.000)$	$\chi^2 = 1.98 (.577)$	$\chi^2 = 16.6 (.001)$	$\chi^2 = 25.1 (.000)$	$\chi^2 = 45.1 (.000)$	$\chi^2 = 2.8 (.428)$
<b>Race/ethnicity</b>	(n = 1085)	(n = 1094)	(n = 1082)	(n = 1084)	(n = 1069)	(n = 1081)	(n = 1056)
Non-Latinos	62	63	65	46	36	50	11
Latinos	55	36	41	33	30	33	14
<i>Chi-square (significance)</i>	$\chi^2 = 2.2 (.084)$	$\chi^2 = 30.2 (.000)$	$\chi^2 = 21.5 (.000)$	$\chi^2 = 6.8 (.006)$	$\chi^2 = 1.2 (.157)$	$\chi^2 = 10.9 (.001)$	$\chi^2 = 1.3 (.163)$

<sup>#</sup>Question asked only of those who currently work or plan to work past traditional retirement age

**Appendix Table 4. Income from Employment During Retirement by Various Individual Attributes**

		<i>Full or part-time employment</i>			
		<i>Major Source</i>	<i>Minor Source</i>	<i>Not a Source</i>	<i>Chi-square (sig.)</i>
		<i>Percentages</i>			
<b><u>Age</u></b>		(n = 2278)			
	19 - 39	21	59	21	$\chi^2 = 270.58^*$ (.000)
	40 - 64	21	56	23	
	65 and older	10	28	62	
<b><u>Retirement Status</u></b>		(n = 2241)			
	Retired	5	23	72	$\chi^2 = 415.91^*$ (.000)
	Not retired	22	58	21	
<b><u>Occupation</u></b>		(n = 1665)			
	Professional/tech/admi	17	63	21	$\chi^2 = 16.16^*$ (.013)
	Farming/ranching	27	53	20	
	Laborer	24	55	21	
	Other	23	59	18	
<b><u>Gender</u></b>		(n = 2257)			
	Male	17	53	30	$\chi^2 = 3.65$ (.161)
	Female	20	51	29	
<b><u>Race/ethnicity</u></b>		(n = 2262)			
	Non-Latinos	18	52	31	$\chi^2 = 23.60^*$ (.000)
	Latinos	29	52	19	

**Appendix Table 5.** Importance of Employment/Volunteer Opportunities in Making a Decision on Where to Retire by Various Individual Attributes

		<b>Employment/Volunteer Opportunities</b>			<u>Significance</u>
		<i>Important</i>	<i>Neither</i>	<i>Unimportant</i>	
		<i>Percentages</i>			
<b><u>Retirement Status</u></b>		(n = 2374)			
	Retired	29	42	29	$\chi^2 = 78.85^*$ (.000)
	Not retired	51	33	16	
<b><u>Age</u></b>		(n = 2415)			
	19 - 39	53	32	15	$\chi^2 = 68.12^*$ (.000)
	40 - 64	50	35	16	
	65 and older	33	39	29	
<b><u>Gender</u></b>		(n = 2389)			
	Male	42	38	20	$\chi^2 = 22.77^*$ (.000)
	Female	51	32	16	
<b><u>Occupation</u></b>		(n = 1737)			
	Professional/tech/admin	51	33	16	$\chi^2 = 13.61^*$ (.034)
	Farming/ranching	39	37	24	
	Laborer	50	36	14	
	Other	53	31	16	
<b><u>Race/ethnicity</u></b>		(n = 2395)			
	Non-Latinos	44	36	19	$\chi^2 = 73.86^*$ (.000)
	Latinos	72	21	7	