



8-2010

Income and Life Satisfaction Among Voluntary vs. Involuntary Retirees

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To the Graduate Council:

I am submitting herewith a thesis written by Lauren Elizabeth Baxter entitled "Income and Life Satisfaction Among Voluntary vs. Involuntary Retirees." I have examined the final electronic copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Arts, with a major in Psychology.

Eric Sundstrom, Major Professor

We have read this thesis and recommend its acceptance:

John Lounsbury, Richard Saudargas

Accepted for the Council:

Carolyn R. Hodges

Vice Provost and Dean of the Graduate School

(Original signatures are on file with official student records.)

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Income and Life Satisfaction Among Voluntary vs. Involuntary Retirees

A Thesis

Presented for the

Master of Arts Degree

The University of Tennessee, Knoxville

Lauren Elizabeth Baxter

August 2010

Abstract

This field study examined relationships of income and life satisfaction among retirees, their perceptions of whether their decisions to retire were voluntary or involuntary, and their stated reasons for retiring: “push” (to exit unsustainable work situations) or “pull” (to pursue more attractive options). Based on prior research, hypotheses predicted that voluntary / involuntary choice would moderate the relationship of income and life satisfaction, and that the relationship would vary as a function of "push" vs. "pull" reasons for retiring. A screened, national sample of 1,043 U.S. retirees completed an online survey that assessed satisfaction with multiple life domains, reason for retiring, demographic characteristics, family income, and perceived financial control. Results showed that voluntary retirees had, on average, higher income, life satisfaction, and perceived financial control than those who saw their retirements as involuntary. Type of reason for retirement did moderate the relationship between income and life satisfaction, but in an unexpected way. Based on decades of research on the relationship of control and stress, the hypothesis predicted the correlation between income and life satisfaction would be weakest in voluntary "pull" retirees, and strongest in the involuntary group. Instead, the relationship was strongest among voluntary "push" retirees ($r=+.35$). These surprising results highlight the importance of further research on perceived control over retirement on common predictors of life satisfaction in retirement.

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Income and Life Satisfaction Among Voluntary vs. Involuntary Retirees

As the first of the Baby Boom generation approaches age 65, the topic of retirement has gained increasing attention (Jason, 2009; Larimore, Lindauer, Ferre, & Dogu, 2009; Adams & Beehr, 2003). Retirement research has focused on health (Herzog, House & Morgan, 1991), finance (Hershey & Mowen, 2000), marital relationships (van Solinge & Henkens, 2008), psychological distress (Bossé, Aldwin, Levenson & Ekerdt, 1987), voluntary versus involuntary retirement (Shultz, Morton, & Weckerle, 1998), well-being (Pinquart & Schindler, 2007), and other topics.

Research on satisfaction with life in retirement has found it correlated with income (North, Holahan, Moos & Cronkite, 2008; Easterlin, 2003; Sener, Terzioglu & Karabulut, 2007) and financial resources (Fouquereau & Fernandez, 2001; van Solinge & Henkens, 2008). These correlations echo findings of a consistent, modest, positive correlation of income and happiness (e.g., Diener & Seligman, 2004), but leave unanswered the question for the present study: *Does the relationship between income and life satisfaction after retirement depend on whether the choice to retire is perceived as involuntary, voluntary for push reasons (leaving an undesirable or unsustainable work situation), or voluntary for pull reasons (leaving work for a more desirable alternative)?* I review the relevant lines of research on income and happiness, money as a buffer against adversities of aging, stress and control, and perceived personal control in retirement, to develop the specific hypotheses for this study.

Income and Life Satisfaction

Research in the U.S. and other nations has consistently found personal income positively correlated with measures of life satisfaction, self-reported happiness, and subjective well-being.

Correlations have ranged from +.10 to +.30 (Diener & Seligman, 2004; Lyubomirsky, 2007; Diener & Biswas-Diener, 2002; Easterlin, 2001; Myers, 2000). Some research has found life satisfaction more strongly related to *perceived* financial situation than to actual income and, to the associated, perceived control (Johnson & Krueger, 2006).

Reasons for a positive relationship of income and life satisfaction include money as a buffer against the adversity of aging, voluntary versus involuntary retirement, push and pull factors for retirement, and the relationship between control and stress

Money as a buffer against adversity in aging.

Some of the best supported predictors of life satisfaction in retirement include income, health, and marital status (Fouquereau, Fernandez, Fonseca, Paul, & Uotinen, 2005; van Solinge & Henkens, 2008; Beck, 1982; Elder & Rudolph, 1999; Seccombe & Lee, 1986). Income may be important by itself, and may also link to other predictors of life satisfaction in retirement. For example, retirees with high income may have access to better healthcare. Also, retirees who need living assistance may be more capable of staying in their own homes if they have the income to support in-house help, rather than having to move to an assisted living community.

Some studies have sought to make these connections: In a national study of identical twins' income and life satisfaction "financial resources appeared to protect life satisfaction from environmental shocks" (Johnson & Krueger, 2006, p.680). Similarly, a study of Californians aged 55 and older found depressive symptoms inversely correlated with income, before controlling for health and social support, but not afterward (West, Reed & Gildengorin, 1998). A longitudinal study of retirees before and after onset of disability concluded that wealth buffered adverse impacts on subjective well-being (Smith, Langa, Kabeto & Ubel, 2005).

Hypothesis 1: *Income correlates positively with life satisfaction among retirees.*

Voluntary vs. Involuntary Retirement and Life Satisfaction

By one estimate, nearly one third of retirees may see their retirement as forced (Szinovacz, 2005). That number can be expected to rise due to the state of the economy in recent years (Jason, 2009). Some studies have looked at how voluntary versus involuntary retirement, control over the decision to retire, and planning of retirement can relate to life satisfaction, health, and well being. Kimmel, Price, & Walker (1978) found voluntary retirees not only had higher life satisfaction than involuntary retirees, but also had higher income, health status, and occupation. However, health and pre-retirement expectations proved more significant predictors of life satisfaction after retirement than voluntary or involuntary retirement (Kimmel et al., 1978). Another study found retirees more likely to report lower life satisfaction if their retirement was involuntary rather than voluntary (Shultz et al., 1998).

Planning has also been shown to be a positive predictor of retirement life satisfaction (Dorfman, 1989; Elder & Rudolph, 1999). A less structured activity than planning, simply thinking about retirement, also correlated significantly with satisfaction after retiring (Elder & Rudolph, 1999). Voluntary retirees may have more time to plan and think about retirement than involuntary retirees, which would give them an opportunity to plan in advance for both the transition to retirement and their activities afterwards. This could help them find satisfaction in retirement. In contrast, those who retire involuntarily may be forced to retire on short notice, giving them little or no time to plan for retirement. Little time for preparations, financial and

otherwise, could not only lead to feelings of uncertainty but also actual inability to have what one would consider a successful retirement.

Being suddenly and unexpectedly forced into retirement could easily lead an individual to feel a loss of personal control, a significant stressor (Averill, 1973). Control over the decision to retire has long been considered a significant component of life satisfaction in retirement (Moen, 1996). An Australian study, mainly focused on gradual versus abrupt retirement, found that control over the retirement decision was a more significant predictor of retirement well-being than the speed of transition (de Vaus, Wells, Kendig, & Quine, 2007). Problems in adjustment to retirement can also stem from lack of control over the decision (van Solinge & Henkens, 2008). While there is a clear difference between adjustment in retirement and satisfaction in retirement it would be difficult to argue the two are not related.

Some research associates low income with relatively low life satisfaction among involuntary retirees. Kimmel et al. (1978) found that involuntary retirees, on average, had a lower income than voluntary retirees. A lower income for involuntary retirees could reflect many factors, such as losing expected income, or having been ill and working fewer hours prior to actual retirement, resulting in a loss of pay. However, control over the decision to retire, or in other words, whether retirement was voluntary or involuntary, might initially outweigh the importance of financial status in retirement (Beehr, 1986).

Reasons for retirement: Push and pull factors. The many possible answers to the question, "What led you to retire?" can be classified as reflecting push factors, pull factors or both. Push factors refer to features of the current situation that make it undesirable or unsustainable and motivate the individual to exit. In the decision to retire, examples include being laid off or fired, increased workload, undesirable work assignment, poor health, declining

capacities, requirements for learning difficult new skills, dislike of one's job, or burnout (Shultz et al., 1998; Hardy, 2005; Davis, 2003). Any combination of these might induce older workers to choose retirement. Pull factors refer to more desirable alternatives than continuing to work in one's current job, such as hobbies, leisure interests, travel, a new career, going back to school, spending time with family, or other pursuits that appear more desirable (Shultz et al., 1998; Hardy, 2005; Davis, 2003). Of course, making the voluntary choice to stop working implies financial capacity to maintain what the individual regards as a reasonable standard of living.

Push and pull factors have also been studied in relation to life satisfaction in retirement (Hanisch, 1994; Shultz et al., 1998; Taylor & Shore, 1995). Push and pull factors have been found equally important in the decision to retire, but after retirement push factors may become more salient than pull factors (Shultz et al., 1998). This could be due to a major difference between the two in the reasoning behind making the choice to retire. Individuals who retire based on pull factors are leaving work because they believe doing so will lead them to a better situation. Individuals leaving because of push factors are making the decision to leave what has been a good arrangement and in the past had been satisfying. However, they have found themselves being pushed out of this situation for one reason or another. Deciding to leave a satisfactory arrangement, with perhaps lower expectations and fewer prospects for future satisfaction, is inherently conflicting. The psychological conflict related to push factors in the decision to retire could become even more salient during retirement, as retirees compare their former situations with less clearly defined future plans (Shultz et al., 1998). Push and pull factors could also affect the level of perceived control for voluntary retirees. Push factors might weaken the perceived level of control, as the individual might see no workable option besides

leaving. In contrast, pull factors might strengthen perceived control, especially if the individual can determine the timing.

Stress and Control

Early research sometimes started with the premise that retirement is a stressful event for the majority of retirees (Minkler, 1981). This common belief reflected the idea that any major life change evokes stress, based on research by Holmes & Rahe, 1967. Since then, research has generally found retirement stressful for about one third of retirees, comparable to the fraction of individuals who view retirement as involuntary (Bossé, Aldwin, Levenson & Workman-Daniels, 1991; Szinovacz, 2005).

A major theme in the stress literature concerns the individual's control over potential stressors (Ganster & Murphy, 2000), usually reflecting the hypothesis that personal control tends to reduce stress. Retirement may prove stressful for some retirees because they see themselves as lacking control over their lives. *Perceived* control over an event has been found to be more closely related to an individual's reaction to a situation than actual control (Landy & Conte, 2007). The relationship between perceived control and stress is complicated, and depends on the individual's perception of the event in question (Averill, 1973; Thompson, 1981). In general, the greater perceived control a person has over a situation the less stressful the event is. Perceived lack of control tends to correlate with stress (Bandura, 1982; Moen, 1996; Reis & Gold, 1993; Thompson, 1981; Averill, 1973). Predictability consistently relates to psychological stress as well: less predictability tends to be associated with more stress (Weiss, 1972). Based on this line of research, those who have control over their retirement (timing and

age when retired) would view the event as less stressful than those who see themselves as having little or no control over the event (Moen, 1996; Reis & Gold, 1993).

While support for the theory that more control leads to less stress is strong, the opposite can also be true. Averill (1973) points out that in some instances control can be stress-inducing instead of stress-reducing, especially in the short term. There are many examples of this in workplace stressors, one being responsibility for others. In instances where an individual has control over a situation and, because of this control, is responsible for others, a positive relationship with stress has been shown (Landy & Conte, 2007). Houston (1972) also found that participants who were led to believe they had no control over an event (external locus-of-control) manifested less psychological arousal than internal locus-of-control participants. Therefore, it can not always be assumed increased control will lead to decreased stress and decreased control will lead to increased stress.

In most cases, having control over a situation, including retirement, has been shown to reduce stress. Control over the time of retirement could also lead to increased income, and through that, increased perceived financial control. Voluntary retirees, by definition, see themselves as having more control over the timing of retirement than involuntary retirees. This leads to the second hypothesis:

Hypothesis 2: *Voluntary retirees have, on average, higher: a) life satisfaction; b) income; and c) perceived control over their financial lives than involuntary retirees.*

Planning for retirement and expectations for post-retirement life have also been linked with life satisfaction after retirement. Simply having more positive expectations of life after retirement may lead to higher life satisfaction (Kimmel et al., 1978). Planning for retirement can have the same effect, as well as increased income and financial control. Voluntary-pull retirees would most likely have high expectations for life during retirement since they are leaving work to pursue activities they find enjoyable. Voluntary-push retirees may have lower expectations, or no expectations at all, since their reason for leaving work is not to pursue leisure activities in retirement, but simply to leave a currently unsatisfying work situation. Voluntary-pull retirees may also take more time to plan for their retirement than voluntary-push retirees. This logic suggests:

Hypothesis 3: *Voluntary retirees who give "pull" reasons have, on average, higher: a) life satisfaction; b) income; and c) perceived control over financial lives than voluntary "push" retirees.*

Income is one of the best supported predictors of life satisfaction in retirement. Choice over retirement has also been studied as a predictor of retirement life satisfaction, but few would say it is as strong of a predictor as income. One reason income is such a strong predictor is because it gives a sense of security in what can be a very insecure situation. For some retirees their future can be very unpredictable and ambiguous, and in these situations income would be very important to insure security. However, control can also give one a sense of security. When a person has control over their retirement their future becomes less ambiguous. Voluntary-pull retirees, who may take the most time to plan and have high expectations for their retirement,

have a very predictable future, where income would be less important. On the other hand, involuntary retirees, who are seemingly shoved into retirement, have an unpredictable future, and income would be very important. Using this logic, I have made the following hypothesis:

Hypothesis 4: *Perceived level of choice (voluntary "pull" vs. "push" or involuntary reasons for retiring) moderates the relationship between income and life satisfaction, such that the relationship between income and life satisfaction will be weakest in the voluntary-pull group and strongest in the involuntary group.*

Previous studies have demonstrated that a national survey of a representative sample of retirees offers a good test for hypotheses regarding Americans' life satisfaction in retirement (Elder & Rudolph, 1999; Szinovacz, 2005). Therefore, the best test for the hypotheses presented in this study would also be through a nationally representative sample of U.S. retirees. Precedent has also been set on how to define push and pull factors, as well as categorize them into voluntary and involuntary retirement groups (Shultz et al., 1998; Hardy, 2005; Davis, 2003). Research has shown retirees can be correctly placed into involuntary and voluntary retirement categories based on the push or pull factors given as the reason for retirement by the respondents (Shultz et al., 1998).

Methods

Research Design

This field study represented part of a larger, online survey of national samples of U. S. employees and retirees, concerning financial satisfaction, plans, and practice, conducted through a private firm. The survey questionnaire included closed-ended items on satisfaction with life overall; satisfaction with 11 specific life domains, control over financial situation; annual household income; selected demographic characteristics; an open-ended item on reason for retirement; and other items, a total of 112 in the employees' version of the questionnaire and 120 in the retirees' version.

Survey Procedures

In February, 2007, a private marketing research firm administered a survey that included items intended to address the research questions to a screened, U.S. national samples of about 1,000 retirees and 1,000 employees. Sampling drew from two sources: a national, private panel of volunteers offered economic incentives to participate, and a national advertisement offering prospective respondents the opportunity to join a national survey panel in exchange for agreeing to complete the survey and one more in the future. Prospective respondents were contacted via internet. Respondents who completed the questionnaire represented 23.3% of invitees (view-to-completion rate) from both sources combined, which were stripped of personal identifiers and pooled.

Screening criteria specified respondents at least 18 years of age with 401(k) retirement plans. For employees, a third and critical criterion was working full-time. For retirees, the critical screening criterion was answering, "yes" to "Are you currently retired?"

The private panel of individuals offered economic incentives for completing the survey included about 3.3 million volunteers, representing all counties in the 50 United States, with 90% membership stability since 1999, closely matching the county populations in the U. S. 2000 census. Potential participants in the panel were selected at random via computer algorithm, contacted via internet from Feb. 26 to March 12, 2007, and if they met screening criteria, invited to participate. A total of 964 individuals accepted, completed the questionnaire online, and received points redeemable for merchandise and/or services from merchants sponsoring the panel.

The national advertisement consisted of a web-cast display ad distributed through three overlapping, online networks, each with roughly 70% coverage of U. S. internet users, selected via a computer algorithm to maximize coverage of U. S. postal zip-codes. Prospective participants received the display ad online from Feb. 26 to March 12, 2007. Those who responded and met the screening criteria were invited to join a research panel, and if they agreed to complete this and one future survey, were given the questionnaire. A total of 1,083 individuals from this source completed the survey on-line.

Participants

The retiree sample consisted of N=1,043 individuals "currently retired", with 401(k) retirement plans and at least high school education, with 76% aged 56 to 75 years; 61% female; 62% college graduates. For this study only the data from retiree respondents were used.

Measures & Variables

Life satisfaction. Twelve items prefaced, "Please indicate the level of satisfaction that you have with each of the following aspects of your life" each offered six alternatives: "Very

Satisfied; Satisfied; Somewhat Satisfied; Not Very Satisfied; Not At All Satisfied; Not Relevant." Items included "your life in general," and specific life-domains: "your current financial situation; the amount of money you have; the amount of debt you have; your relationship with your spouse (significant other); your relationship with your children; your relationship with other family members; your relationship with personal friends; your health; your self development (ability / opportunity to learn new things); where you live; connection with spirituality; your involvement in your community." *Coefficient alpha* for average life-domain satisfaction for those responding to all items was .92 for retirees (N=992).

- *Overall life satisfaction score* came from the item on "life in general," 1="Not At All Satisfied" to 5="Very Satisfied."

- *Average life-domain score* came from the average of items answered (5="Very Satisfied").

Income. The survey included a single item on income: "What range best defines your current total household income?" with 13 alternative responses ranging from "Less than \$5,000" to "\$200,000 or more." The first five categories used \$5,000 increments; the others used \$25,000 increments. The variable Income was assigned values for the categories from 1 (lowest) to 13 (highest).

Perceived Financial Control. The survey included a single item on control over financial situation; "I feel that I am in control over my financial life.", six alternatives were offered: "Strongly Agree"; "Agree"; "Somewhat Agree"; "Somewhat Disagree"; "Do Not Agree At All"; "Not relevant," The variable was scored 1 ("Do Not Agree") to 5 ("Strongly Agree") for analysis so higher scores indicate greater control.

Reason for retiring. The survey included a single open-ended item on reason for retirement: “Please use the space provided to briefly describe how you knew it was time to retire. In other words, what happened or made you decide that it was time to retire?” Responses were categorized into one of 11 categories shown in Table 1.

Content analysis procedures. Responses to the “reason for retiring” item were coded by two independent raters. Each rater coded all 1,043 responses. Raters were instructed to assign each response to one of the nine categories (health, job loss, forced retirement, burnout, incentive package, unhappy, financial ability, time/age, and enjoy life) or to either "mixed" or "other." Before raters began coding they were given operational definitions, examples, and key words/phrases regarding each specific category, see Table 1. If responses were a mixture of two of the categories they were to be coded as such. If responses could not be placed into any of the categories they were coded as “other”. Discrepancies were discussed by the raters until a consensus was met and the response was placed in the appropriate category. Interrater agreement was extremely high, kappa = .98. Counts for each rater per category before resolving discrepancies are shown in Table 1.

Retirement Status: Involuntary, Voluntary-Push, or Voluntary-Pull. Using the precedent of past research (Shultz et al., 1998; Hardy, 2005; Davis, 2003) responses in the nine categories were classified as involuntary, voluntary-push, or voluntary-pull. The involuntary group consisted of categories 1, 2, and 3, where retirement was involuntary due to reasons such as failing health, a disability, mandatory retirement, being laid off, etc. The voluntary-push group consisted of categories 4, 5, and 6, in which retirement was voluntary and due to push factors such as being “stressed out”, burnout, employer incentive package, dissatisfied with job, etc. The voluntary-pull group consisted of categories 7, 8, and 9, in which retirement was

voluntary and reflected pull factors, such as financial ability, wanting to relax, enjoy life, travel, etc. The three groups represented three levels of perceived control of the decision to retire. Voluntary-pull had the maximum amount of control, due to the voluntary decision alone leading to perceived control and the pull factors possibly strengthening that perception. Voluntary-push had some control but was more driven by circumstance, with the push factors possibly weakening sense of control. The involuntary group had no perceived control.

Results

Out of the original sample of $N = 1,043$ a total of 968 cases had reasons for retirement that could be reliably coded as reflecting one of the nine categories. The other 75 in the “mixed” or “other” categories were not part of the analysis for this study. The involuntary, voluntary-push, and voluntary-pull groups consisted of $N = 366$, $N = 187$, and $N = 415$, respectively.

Figure 1 shows the overall distribution of income. Among the all participants, 25% had annual incomes below \$25,000, 49% had incomes between \$25,000 and \$74,999, and only 5% had incomes over \$150,000.

Figure 2 shows the distribution of life satisfaction for both satisfaction with life in general and average life-domain satisfaction by retirement status. Thirty nine percent of participants rated themselves as “very happy” with life in general and 16.6% with average life-domain satisfaction.

Hypothesis #1: Correlation of Income and Life Satisfaction Among Retirees:

Both measures of life satisfaction showed positive, significant correlations with income, supporting hypothesis #1.

Satisfaction with life in general (1 item): Retirees' income categories correlated as expected with their scores on the single item on life satisfaction ($r = +.37$, $N = 968$, $p < .001$), see Table 2.

Life-domain satisfaction: As shown in Table 2, satisfaction with most of the specific life domains correlated significantly with satisfaction with practically all of the others. The inter-correlations gave average life-domain satisfaction scores relatively high internal consistency (*Coefficient alpha* = .92). As for the first research question, retirees' annual household incomes correlated positively and significantly with their average life-domain satisfaction ($r = +.43$, $N = 992$, $p < .001$), as shown in Table 2.

Also shown in Table 2, the correlations between annual household income and satisfaction with specific life-domains differed across some domains. The highest correlations between satisfaction with specific life-domains and income were found in the financial life-domains: satisfaction with financial situation, amount of money, and amount of debt, $r = +.50$, $+.51$, and $+.36$. Income also showed higher correlations with satisfaction with three other life domains where satisfaction might benefit from having money: health, self-development, and community involvement, $r = +.35$, $+.24$, and $+.16$. Not surprisingly, correlations with income were lowest in the life-domains where money might not make very much of a difference: relationships with spouse, children, other family, and friends; and spirituality.

Hypothesis #2: Average income, life satisfaction, and perceived financial control among voluntary and involuntary retirees

Hypothesis #2 was fully supported through the significant results of a one-way between subjects MANOVA, $F(8,1920) = 36.05$, $p < .001$, testing the differences among involuntary versus voluntary retirement on income, life satisfaction and perceived financial control. As

predicted in hypothesis #2, the voluntary groups had a higher average income, life satisfaction, and perceived financial control than the involuntary retirees.

Income: Among the involuntary group 44% of participants had an income below \$25,000, while 11% of the voluntary retirees had incomes below \$25,000. Only 8% of the involuntary group had an income above \$100,000, 19% of voluntary retirees had incomes above \$100,000. A one-way between subjects MANOVA showed there was a significant difference between voluntary-involuntary retirees on income, $F(2) = 73.95$, $p < .001$. Post hoc comparisons using the Tukey HSD test indicated that the voluntary retirees had a significantly higher income ($M = 7.16$, $SD = 1.98$) than involuntary retirees ($M = 5.41$, $SD = 2.31$).

Life Satisfaction: Again the one-way between subjects MANOVA showed there was a significant difference between involuntary-voluntary retirees on degree of life satisfaction, $F(2) = 73.80$, $p < .001$. Post hoc comparisons using the Tukey HSD test indicated that the voluntary retirees had a significantly higher average general life satisfaction ($M = 4.29$, $SD = .85$) than the involuntary retirees ($M = 3.51$, $SD = 1.22$). The same pattern was followed for life-domain satisfaction scores ($F(2) = 49.75$, $p < .001$). Voluntarily retired participants had a higher life-domain satisfaction ($M = 4.07$, $SD = .57$) than the involuntary retired participants ($M = 3.48$, $SD = .73$).

Perceived Financial Control: The MANOVA again showed a significant difference between involuntary-voluntary retirees on level of perceived financial control ($F(2) = 121.84$, $p < .001$). As expected, post hoc comparisons using the Tukey HSD test indicated the voluntary retirees had significantly higher levels of perceived financial control ($M = 3.85$, $SD = .90$) than the involuntary retirees ($M = 2.76$, $SD = 1.30$).

Hypothesis #3: Average income, life satisfaction, and perceived financial control among voluntary-push and voluntary-pull retirees

Hypothesis #3 found partial support through the results of a one-way between subjects MANOVA, $F(4,575) = 2.00$, $p = .093$, testing the differences among voluntary-pull and voluntary-push retirees. As predicted, the voluntary-pull group had, on average, higher life satisfaction and perceived financial control. However, the voluntary-push group had a slightly higher average income. The only difference that proved to be statistically significant was in levels of life satisfaction, lending only partial support to my third hypothesis.

Income. Only 11% of the voluntary-push group had an annual household income below \$25,000. This number was slightly higher, 13%, among the voluntary-pull retirees. Nineteen percent of voluntary-push retirees and 20% of voluntary-pull retirees had income over \$100,000. A one-way between subjects MANOVA showed no significant difference between voluntary-push and voluntary-pull retirees on income, $F(1) = .002$, $p = .966$. Post hoc comparisons using the Tukey HSD test indicated that the voluntary-push group had the highest income ($M = 7.16$, $SD = 1.77$), but was not significantly higher than the voluntary-pull group ($M = 7.15$, $SD = 2.18$).

Life Satisfaction: The one-way between subjects MANOVA showed a significant difference between voluntary-push and voluntary-pull retirees among level of life satisfaction, $F(1) = 5.03$, $p = .03$. Post hoc comparisons using the Tukey HSD test indicated that the voluntary-pull retirees had a significantly higher average general life satisfaction ($M = 4.35$, $SD = .89$) than voluntary-push retirees ($M = 4.23$, $SD = .80$). Average life domain satisfaction followed the same significant pattern ($F(1) = 6.03$, $p = .01$), with voluntary-pull ($M = 4.13$, $SD = .56$) being higher than voluntary-push ($M = 4.01$, $SD = .57$).

Perceived Financial Control: The MANOVA showed no significant difference between voluntary-push and voluntary-pull retirees on perceived financial control, $F(1) = 2.56$, $p = .11$. As expected, post hoc comparisons using the Tukey HSD test showed voluntary-pull retirees had a slightly higher average level of perceived financial control ($M = 3.91$, $SD = .94$) than voluntary-push retirees ($M = 3.79$, $SD = .86$).

Hypothesis #4: Moderating income and life satisfaction

Partial support was found for Hypothesis #4. Hypothesis #4 predicted the weakest relationship between income and life satisfaction among the voluntary-pull group, and the strongest relationship among the involuntary group. Correlations between income and general life satisfaction for the involuntary, voluntary-push, and voluntary-pull groups were $r = +.26$, $+.35$, and $+.21$, respectively. As predicted, the voluntary-pull group had the weakest correlation. Surprisingly, the strongest correlation was not among the involuntary group, but instead among the voluntary-push group. The involuntary group did not significantly differ from either of the voluntary groups. However, the voluntary-pull group had a significantly weaker correlation than the voluntary-push group ($Z = 1.78$, $p = .04$). A comparison of the income and life domain satisfaction correlations found no significant differences between groups but followed a similar pattern, $r = +.34$, $+.44$, and $+.33$.

Discussion

Out of the four hypotheses, two found full support while the other two found partial support. Results strongly supported the first hypothesis – that income would have a positive and strong correlation with life satisfaction. The magnitude of these correlations, both the single-item measure of life satisfaction ($r = +.37$) and the multi-item life-domain measure ($r = +.43$),

were surprisingly high. Their strength placed them among the highest reported for individual income and life satisfaction in studies in industrialized countries (Easterlin, 2001, 2005), and well above the median correlation reported in a meta-analysis of studies in developing countries (Howell & Howell, 2008).

The second hypothesis – that average income, life satisfaction, and perceived financial control would be highest in the voluntary groups and lowest in the involuntary group – was fully supported. Voluntary retirees had significantly higher average income, life satisfaction, and perceived control over their financial lives than involuntary retirees. This finding is congruent with past research findings in the area of voluntary vs. involuntary retirement and their differential relationships with income and life satisfaction (Kimmel et. al, 1978; Shultz et. al, 1998; de Vaus et. al, 2007). It is also well in line with centuries of research regarding stress and control, where in greater control and predictability is associated with less stress (Bandura, 1982; Moen, 1996; Reis & Gold, 1993; Thompson, 1981; Averill, 1973; Weiss, 1972; Landy & Conte, 2007).

The third hypothesis – voluntary-pull retirees would have, on average, higher income, life satisfaction, and perceived financial control than voluntary-push retirees was partially supported. Unexpectedly, the voluntary-push group had the highest income, closely followed by the voluntary-pull group. The prediction regarding life satisfaction and perceived financial control was supported by the data. The voluntary-pull group had the highest life satisfaction and perceived financial control, followed by the voluntary-push group. However, the only significant difference found between the two groups was in the life satisfaction category. This finding is unique because it looks at the differential relationship between push and pull factors on life satisfaction, income, and perceived control purely within voluntary retirees, completely

excluding involuntary retirees. While push and pull factors have been studied considerably regarding their impact on life satisfaction and decision to retire (Hanisch, 1994; Shultz et al., 1998; Taylor & Shore, 1995), they have not often been looked at in exclusively voluntary retiree populations. Findings were mostly as expected, based on past research of mixed involuntary and voluntary retirees, but add a new understanding of the influence of push and pull factors as reasons for the decision to retire voluntarily.

The results of the data analysis for fourth hypothesis – that perceived level of choice (voluntary due to “push” or “pull” factors, and involuntary retirement) would moderate the relationship between income and life satisfaction, with the weakest correlation being in the voluntary-pull group and the strongest in the involuntary group – proved most surprising, only partially supporting the hypothesis. The data supported the hypothesis in that “push” and “pull” factors did moderate the relationship between income and life satisfaction and the voluntary-pull group did have the weakest correlation ($r = +.21$). However, the involuntary group did not have the strongest correlation ($r = +.26$), and in fact did not significantly differ from the voluntary-pull group. Instead, it was the voluntary-push group that showed the strongest correlation between income and life satisfaction ($r = +.35$), which was significantly higher than the voluntary-pull group. This finding adds to the literature. First, looking at level of perceived choice of retirement and its underlying reasons (push and pull factors) as a moderator of the well established relationship between income and life satisfaction has not been done. Secondly, this finding tells us that the relationships between perceived control over retirement and life satisfaction and income and life satisfaction may not be as black and white as they seem. This finding raises more questions than it answers, and because of these some post hoc analyses were

conducted in order to attempt to gain understanding of the unexpected direction of the moderation.

It has been proposed that feelings of financial confidence may play a role in life satisfaction during retirement (Sundstrom, Burnham & Burnham, 2007). The survey included an item on expectations about financial well-being in retirement, prefaced, "How confident are you that you will be able to maintain a financially comfortable retirement for the rest of your life?" "Response alternatives (and weights used for analysis) were: *Very Confident* (5); *Confident* (4); *Somewhat Confident* (3); *Not Very Confident* (2); *Not At All Confident* (1).

A one-way between subjects ANOVA was conducted to determine if there were significant differences between the three retirement groups in level of financial confidence. Results showed there were significant differences and post hoc comparisons using the Tukey HSD test indicated the mean confidence of the involuntary group ($M = 2.76$, $SD = 1.30$) was significantly lower than the mean confidence on the voluntary push and pull groups ($M = 3.79$, $SD = .86$; $M = 3.91$, $SD = .94$, respectively). If level of financial confidence had played a role in moderating the income and life satisfaction relationship we would have expected the voluntary-push group to have a significantly lower confidence level than the other two groups. Since this was not the case it seems mean level of financial confidence does not account for the variance between the voluntary groups' correlations of income and life satisfaction.

Level of financial confidence was explored more thoroughly by looking at the relationship between it and income, as well as life satisfaction, and whether perceived control over retirement moderated these relationships. Perceived control over retirement was not a

moderator for the relationship between financial confidence and income. There was however moderation by perceived control over retirement on the correlation between financial confidence and life satisfaction. The correlations for the involuntary group and the voluntary-push group ($r = +.55$ and $+.51$) were significantly higher ($z = 2.91, p < .001$; $z = 1.69, p < .05$; respectively) than the correlation for the voluntary-pull group ($r = +.39$). Again, these results do not support financial confidence as being the reason for the unexpected moderation of the relationship between income and life satisfaction by perceived choice in retirement.

There are two other possible explanations for the unexpected direction of the moderation by perceived choice, both of which come from the stress and control literature. First, while the large majority of research supports the concept of control as a stress reducer, there are some instances where control has been associated with stress (Landy & Conte, 2007; Averill, 1973; Houston, 1972). In the particular case of voluntary-push retirees it is understandable that control could increase their level of stress instead of decreasing stress. While these retirees chose to retire, their level of predictability for the future may still be rather low, due to being somewhat forced out of the workplace and possibly making the decision to leave before they were fully ready. Since the decision to leave was essentially theirs, voluntary-push retirees would feel more responsibility for themselves, and perhaps their family, than involuntary retirees. Increased levels of responsibility and stress could cause income, a source of security, to have greater importance, explaining the unanticipated direction of the moderation of perceived choice over retirement.

The other possible cause, which is more in line with the majority of the stress and control literature, involves voluntary-push retirees externalizing their perceived locus of control as a

kind of rationalization. Because these individuals chose to retire when work became unsustainable, they may have preferred to see themselves as subject to external forces, rather than personally responsible for leaving a satisfactory arrangement. If so, they might also externalize their sources of satisfaction, placing greater importance on money. That the differential correlation was stronger for overall satisfaction than for domain satisfaction is consistent with this kind of general externalization. The significant, unexpected moderator relationship, and our externalization hypothesis, raises questions for further research.

Limitations

Like all survey research, the present study is limited by reliance on self-report. I had no independent, objective measures of participants' household incomes or employment or retirement status. Our results remain susceptible to the usual biases associated with self-report, especially social desirability.

A second limitation concerns the reliance on volunteer participants, and the associated volunteer bias (e.g., Bordens & Abbott, 2007), as well likely non-response bias. For example, my sample over-represents the college-educated, and most likely under-represents unhappy, and / or depressed people disinclined to respond to a survey.

Another limitation comes from using an online survey. All participants had computers with internet access – a limited subset of the U.S. population, and source of questions about the generalizability of the results which will be discussed more later. While the sample drew proportionately from all zip-codes and counties in United States it clearly under-represented

some lower-income, less educated segments of the population. Even so, by some estimates online sampling may reach 75% of the U.S. adult population (Nielsen, 2004).

In relation to the previous limitation, this study may also lack generalizability to the U.S. population. The screened, national sample differed from the U.S. population in three important ways. First, all participants had a high school diploma, therefore being more educated than the general U.S. population. In 2007 only an estimated 84% of the population achieved high school graduation (Crissley, 2009). Second, participants had a higher average income than the U.S. population of retirees. Participants in the study had a median income in the \$50,000 category, much higher than the 2007 median income for U.S. householders over age 65, which was \$28,305 (DeNavas-Walt, Proctor & Smith, 2008). Lastly, all participants had a 401(k) retirement plan, unlike the U.S. population. A restriction of range in education and income resulted from these three important differences. These restrictions makes this study a conservative test of the relationships involving income.

Questions for future research

An estimated 70 million Baby Boomers have longer life-expectancy, better health, more money and options than their predecessors, and offer an opportunity to study life satisfaction in retirees (Sundstrom, Burnham, Curry, Rathee, Baxter, & Trent, 2008; Sundstrom, Burnham, & Burnham, 2007). My results raise questions for research:

1. Does perceived control over retirement have a role in the relationship between income and life satisfaction. The results suggest this could be a possibility.

2. In what way does perceived control over retirement play a role in the relationship between income and life satisfaction. It appears simply having control or not does not explain the possible moderating relationship of perceived choice.

3. Does confidence in retirement decision impact the relationship between income and life satisfaction. This appears to be one of the strongest theories to explain the results of this study; however, we did not ask the participants about their confidence in their decision to retire.

Conclusions

Voluntary versus involuntary retirement can be related to many important factors in retirement, such as income and life satisfaction. This study of a screened, national sample of retirees found that those who voluntarily retired due to pull factors had a higher average life satisfaction and perceived financial control than participants who voluntarily retired due to push factors, who in turn had higher satisfaction and perceived control than those who retired involuntarily. For average household income voluntary-push retirees had a slightly higher income than voluntary-pull retirees, with involuntary retirees having the lowest income. Perceived level of choice over retirement did moderate the relationship between income and life satisfaction in that the relationship was significantly stronger in participants who retired voluntary based on push factors than in participants who involuntarily retired or retired due to pull factors.

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Appendix

Table 1. Reason for Retirement Categories

Category	Rater 1 Count	Rater 2 Count	Definition	Examples	Key Word(s)	Coding
1. Health	295	294	Failing health or having a disability which would not allow the participant to work	"My health started to fail and left me no choice"; "Health reasons"; "I have a crippling disease"	Health; Disability; Sick; Illness / Ill; Injury; Accident	Involuntary
2. Job Loss	40	38	Job loss for any reason	"Lost my job due to downsizing"; "I was let go by the company I worked for"; "The company closed its doors"	Fired; Let go; Downsizing; Laid off / Layoff	Involuntary
3. Forced retirement	24	24	Forced retirement by the employer or a mandatory retirement age for a job or profession	"Worked for the government, mandatory retirement at 55"; "I was forced out"; "The government asked me to"	Mandatory; Forced; Required	Involuntary
4. Burnout	81	78	Being stressed out, burnt out, or tired	"My job started becoming stressful"; "I was getting burned out in the workplace"	Burnt out; Tired; Stressed; Exhausted	Voluntary-Push
5. Incentive package	70	70	Took an employer incentive package	"My employer offered an early retirement package with a payment I couldn't turn down"; "I was offered a voluntary retirement with bonuses"	Early retirement package, Incentive package	Voluntary-Push
6. Unhappy	36	42	Dissatisfaction with the job, working conditions, or being unhappy with work in general	"Work was not fun anymore"; "I was beginning to dislike my job"; "New management initiating changes I could not support"	Unhappy; Not fun; Dissatisfied	Voluntary-Push
7. Financial ability	233	233	Could afford to retire	"Reached a comfortable and financially successful time"; "I had saved enough to support my chosen lifestyle"	Enough money; Financially able; Enough savings	Voluntary-Pull
8. Time/age	60	60	"being time" or "the right age" to retire	"I just felt it was time"; "I had been working for 35 years"; "I planned to retire at 62, so I did"	Age; Time; Plan	Voluntary-Pull
9. Enjoy life	122	122	wanting to spend time with family, relax, enjoy life, and pursue hobbies	"It was time to be near our children and grandchildren"; "My husband was retiring"; "Turned 62, time for fun"	Family; Relax; Enjoy; Husband; Wife	Voluntary-Pull
10. Mixed (\geq 2 categories)	12	13	a participant's response could fit into more than one of the other nine categories	"I could afford it and no longer enjoyed my job"; "I could receive my full pension and just wasn't have fun anymore"	N/A	Missing
11. Other	63	62	A participant's response could not fit into any of the other 10 categories	"I don't know"; "The traffic"; unanswered	N/A	Missing

Table 2. Correlations of Satisfaction and Household Income among Retirees

Variables:	1	2	2a	2b	2c	2d	2e	2f	2g	2h	2i	2j	2k	2m
1. Life Satisfaction, 1 item	-													
2. Life Satisfaction, All Domains	.71	.92 ^a												
Satisfaction with...														
2a. Financial situation	.54	.70	-											
2b. Amount of Money	.48	.68	.87	-										
2c. Amount of Debt	.30	.59	.65	.62	-									
2d. Relationship... Spouse	.53	.66	.36	.34	.30	-								
2e. Relationship... Children	.40	.56	.15	.15	.07	.42	-							
2f. Relationship... Other Family	.38	.63	.16	.16	.11	.40	.57	-						
2g. Relationship... Friends	.38	.64	.15	.14	.07	.41	.51	.57	-					
2h. Health	.50	.64	.37	.33	.27	.32	.28	.36	.39	-				
2i. Self-Development	.48	.67	.28	.26	.14	.39	.40	.35	.45	.47	-			
2j. Where You Live	.44	.67	.37	.35	.22	.29	.27	.30	.32	.37	.41	-		
2k. Spirituality	.43	.69	.24	.24	.17	.36	.37	.36	.45	.40	.45	.47	-	
2m. Community Involvement	.41	.68	.31	.28	.19	.29	.29	.32	.42	.37	.44	.42	.63	-
3. Household Income	.37	.43	.50	.51	.36	.17	.14	.13	.17	.35	.24	.24	.02	.16

Note: N=582 to 1029. Correlations with absolute values $r > .06$ are significant at $p < .05$, and $r > .11$ at $p < .01$.

a. Coefficient alpha = .92.

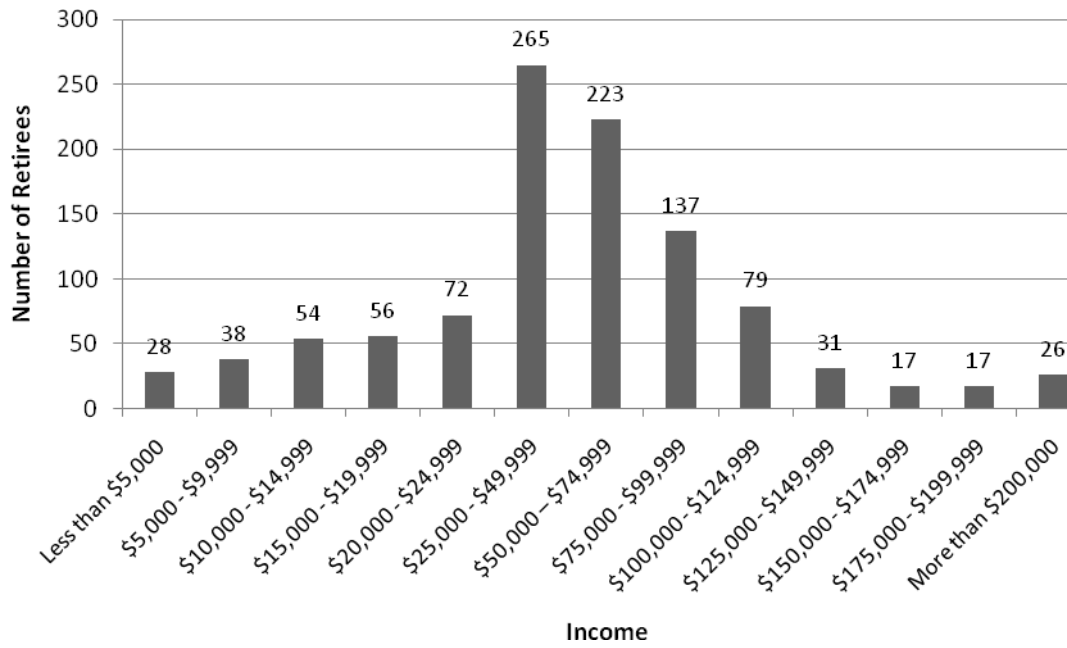


Figure 1: Distribution of income among all retirees. N = 1, 043.

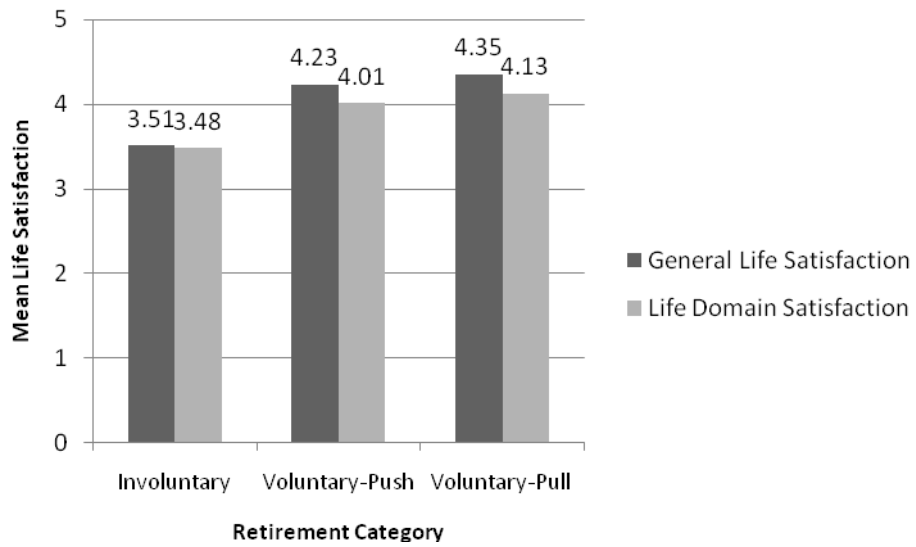


Figure 2: Mean life satisfaction by retirement category.

Vita

Lauren Elizabeth Baxter was born in Detroit, MI on June 10, 1985. At the age of four her family moved to Johnson City, TN. Lauren graduated from Science Hill High School in 2003, where she was student body Vice President. In 2007 Lauren graduated magna cum laude from the University of Tennessee, Knoxville with a Bachelor of Arts degree. Three months later she returned to the University of Tennessee, Knoxville to pursue a Master of Arts degree in Experimental psychology with a concentration in Industrial/Applied psychology. While in graduate school she worked as a research assistant as well as a graduate teaching assistant, teaching General Psychology at the university. Her research interests include work motivation, workplace collaboration, and retirement satisfaction. In May 2010, Lauren completed requirements for a Master of Arts degree in Experimental psychology. Lauren plans on pursuing a doctoral degree in psychology with a concentration in Industrial/Applied psychology.