

# The Market Crash and Mass Layoffs: How the Current Economic Crisis May Affect Retirement

Courtney C Coile and Phillip B Levine

From the journal [The B.E. Journal of Economic Analysis & Policy](#)

<https://doi.org/10.2202/1935-1682.2568>

 Citations 82

## Abstract

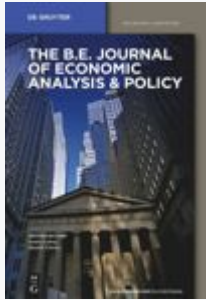
Recent dramatic declines in U.S. stock and housing markets have led to widespread speculation that shrinking retirement accounts and falling home equity will lead workers to delay retirement. Yet the weakness in the labor market and its impact on retirement are often overlooked. If older job seekers have difficulty finding work, they may retire earlier than expected. The net effect of the current economic crisis on retirement is thus far from clear. In this paper, we use 30 years of data from the March Current Population Survey to estimate models relating retirement decisions to fluctuations in equity, housing, and labor markets. We find that workers age 62 to 69 are responsive to the unemployment rate and to long-run fluctuations in stock market returns. Less-educated workers are more sensitive to labor market conditions and more-educated workers are more sensitive to stock market conditions. We find no evidence that workers age 55 to 61 respond to these fluctuations or that workers at any age respond to fluctuating housing markets. On net, we predict that the increase in retirement attributable to the rising unemployment rate will be almost 50 percent larger than the decrease in retirement brought about by the stock market crash.

**Keywords:** [retirement](#); [stock market crash](#); [housing market](#); [unemployment](#); [layoffs](#)

**Published Online:** 2011-4-12

©2011 Walter de Gruyter GmbH & Co. KG, Berlin/Boston

## From the journal



The B.E. Journal of Economic Analysis & Policy  
Volume 11 Issue 1

---

## Articles in the same Issue

### Advances Article

Does One Charitable Contribution Come at the Expense of Another?

Racial Disparities in Credit Constraints in the Great Recession: Evidence from the UK

The Progressivity of Social Security

### Contributions Article

Bertrand Competition in Markets with Network Effects and Switching Costs

Demanding Customers: Consumerist Patients and Quality of Care

The Impact of Class Size on Outcomes in Higher Education

Estimating Dynamic Income Responses to Tax Reform

Economic Decision-Making in Poverty Depletes Behavioral Control

Are Entry Threats Always Credible?

Why Don't Taxpayers Maximize their Tax-Based Student Aid? Salience and Inertia in Program Selection

Medicaid and Ethnic Networks

The Influence of Firms on Government

Do Rising Top Incomes Lift All Boats?

Income Distribution, Search and Market Efficiency

Free Trade, Autarky and the Sustainability of an International Environmental Agreement

Sourcing Premia with Incomplete Contracts: Theory and Evidence

---

Electoral Endorsements and Campaign Contributions

---

Competition and Performance in the Marketplace for Religion: A Theoretical Perspective

---

Unitization of Spatially Connected Renewable Resources

---

Market Provision of Program Quality in the Television Broadcasting Industry

---

Being The New York Times: the Political Behaviour of a Newspaper

---

**The Market Crash and Mass Layoffs: How the Current Economic Crisis May Affect Retirement**

Downloaded on 2.4.2025 from <https://www.degruyter.com/document/doi/10.2202/1935-1682.2568/html>