

# New study reveals link between arrival of grandchildren and early retirement of women

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According to financial planners, women face unique challenges when preparing to retire. A recent study co-authored by Robin Lumsdaine, Crown Prince of Bahrain Professor of International Finance at American University's Kogod School of Business, reveals retirement-age women who have new grandchildren are 9 percent more likely to retire early than those who do not. The increased probability of early retirement due to the arrival of grandchildren is comparable to the number of women that retire due to worsening health. The decision to retire early has a significant impact on income adequacy later in life as it can result in lower IRA, Social Security and pension benefit amounts.

As reported in a recent Bloomberg article, "the large Baby Boom generation puts a big strain on the budgets of Social Security, Medicare and other retirement programs. One way to lower costs is to require Americans work longer before getting those benefits." However, Lumsdaine's research, published April 1, 2015 in the journal *Demography*, examined the retirement choices made by more than 47,400 retirement-age women and found that many retire early to care for their [grandchildren](#). Early retirement poses a particular threat for women who often have had both lower earnings and fewer years in the labor force than men and consequently receive lower income during their retirement years.

Overall, this research provides an important angle for policymakers to consider as they begin to tackle the challenges of the aging baby-boomer population. Specifically, policies aimed at extending the years spent

working may have limited effect if retirement decisions are primarily driven by family considerations such as the arrival of a new grandchild.

According to the study, policies that address childcare needs of younger generations could help to reduce care demands on those of [retirement](#) age and hence keep the older generation in the workforce longer.

Additionally, the research notes that those women who have access to flexible work arrangements (such as reducing the number of hours they work) are less likely to retire, indicating a desire to continue working. It remains unclear as to whether [women](#) leave work to care for grandchildren out of necessity or out of choice, Lumsdaine notes.

Lumsdaine's [work](#) also supports previous research findings that financial considerations such as access to pension benefits and health insurance are strong influencers in the decision to retire.

Provided by American University

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