Supplementary Material

Transition Probabilities

Supplementary Material (SM) Figures SM1-SM8 show transition probabilities estimated from *SIPP* data for ages 16-74 and smooth cubic functions of age fit to those transition probabilities. Figures SM9-SM16 show the same smooth transition probabilities for ages 16-74 but also extended transition probabilities for ages 75-110. Extended transition probabilities in Figures SM9, SM10, SM13, and SM14 for *aa* to *a* and *ia* to *a* show probabilities declining more rapidly between ages 75-90 (than simply extending smooth cubic functions) and then gradually approaching zero to age 110. This rapid decline in transition probabilities from ages 75-90 has the effect of reducing future years of activity (*YA*), years to final separation (*YFS*) and age at retirement for those in states *aa* or *ia* lead to much greater expectations of future *YA*, *YFS*, and age at retirement than in state *ii*.

Figure SM1 – Transition probabilities for state aa to a for men estimated from *SIPP* data and smooth transitions computed as a cubic function of age before adjustment for mortality. Transitions probabilities from aa to i are one minus transition probabilities from aa to a.

Figure SM2 – Transition probabilities for state *ia* to *a* for men estimated from *SIPP* data and smooth transitions computed as a cubic function of age before adjustment for mortality. Transitions probabilities from *ia* to *i* are one minus transition probabilities from *ia* to *a*.

Figure SM3 – Transition probabilities for state ai to a for men estimated from *SIPP* data and smooth transitions computed as a cubic function of age before adjustment for mortality. Transitions probabilities from ai to i are one minus transition probabilities from ai to a.

Figure SM4 – Transition probabilities for state ii to a for men estimated from *SIPP* data and smooth transitions computed as a cubic function of age before adjustment for mortality. Transitions probabilities from ii to i are one minus transition probabilities from ii to a.

Figure SM5 – Transition probabilities for state aa to a for women estimated from *SIPP* data and smooth transitions computed as a cubic function of age before adjustment for mortality. Transitions probabilities from aa to i are one minus transition probabilities from aa to a.

Figure SM6 – Transition probabilities for state *ia* to *a* for women estimated from *SIPP* data and smooth transitions computed as a cubic function of age before adjustment for mortality. Transitions probabilities from *ia* to *i* are one minus transition probabilities from *ia* to *a*.

Figure SM7 – Transition probabilities for state ai to a for women estimated from *SIPP* data and smooth transitions computed as a cubic function of age before adjustment for mortality. Transitions probabilities from ai to i are one minus transition probabilities from ai to a.

Figure SM8 – Transition probabilities for state *ii* to *a* for women estimated from *SIPP* data and smooth transitions computed as a cubic function of age before adjustment for mortality. Transitions probabilities from *ii* to *i* are one minus transition probabilities from *ii* to *a*.



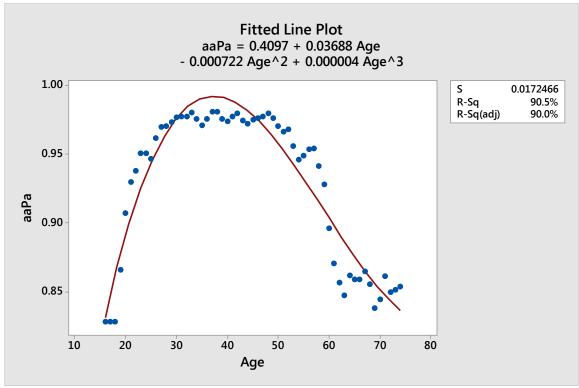


Figure SM2 for Men

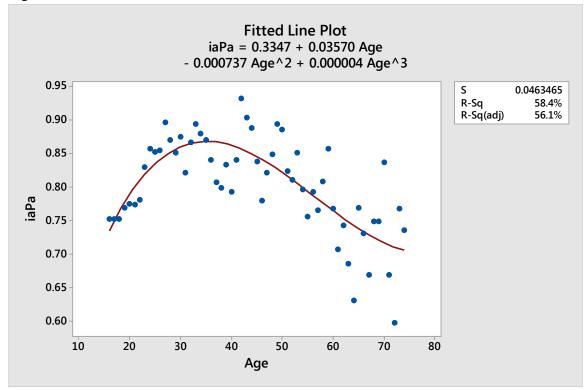


Figure SM3 for Men

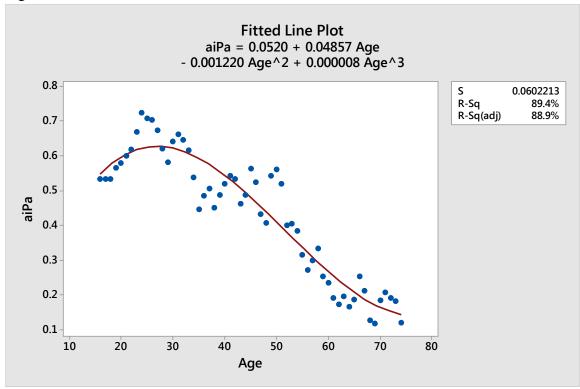
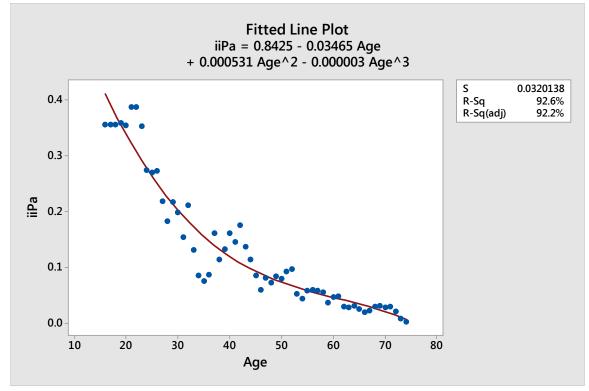


Figure SM4 for Men





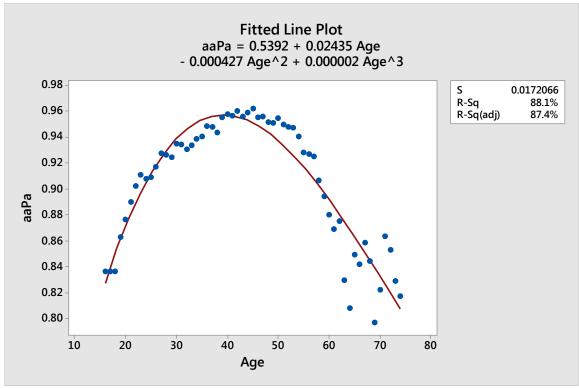
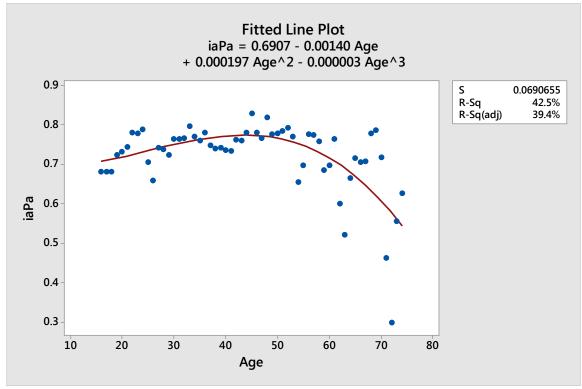
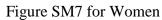


Figure SM6 for Women





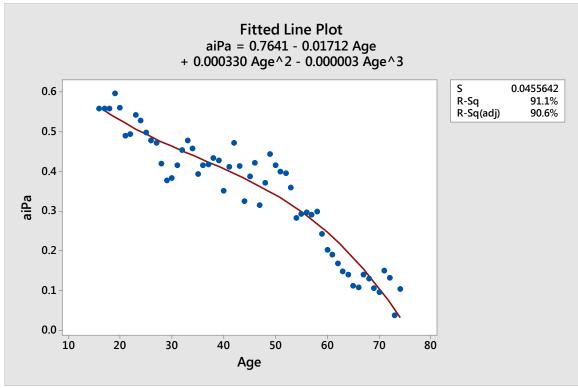
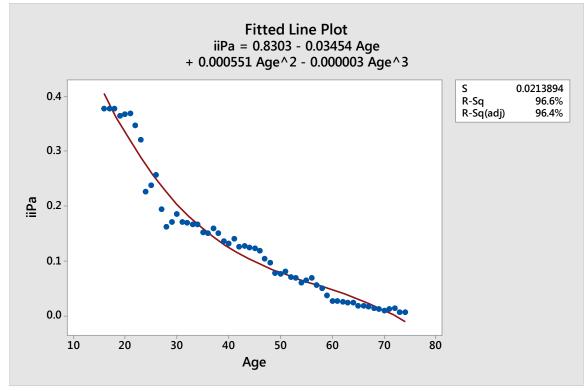
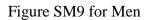
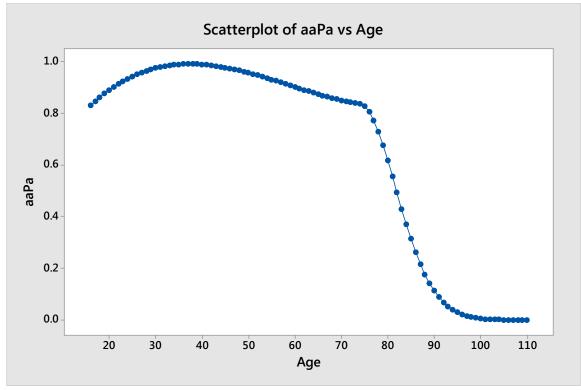


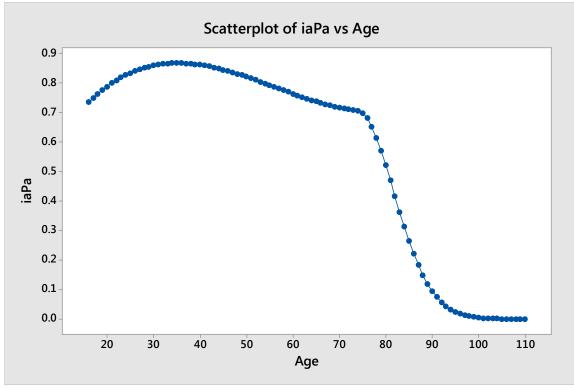
Figure SM8 for Women













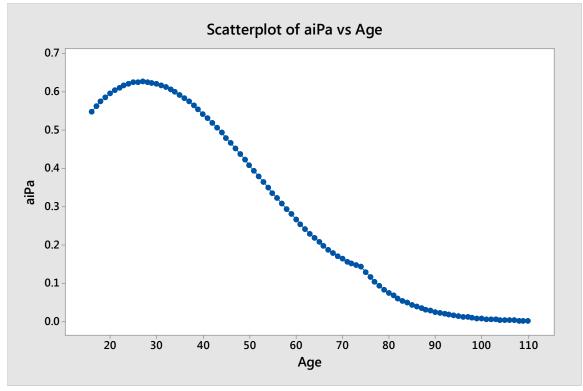
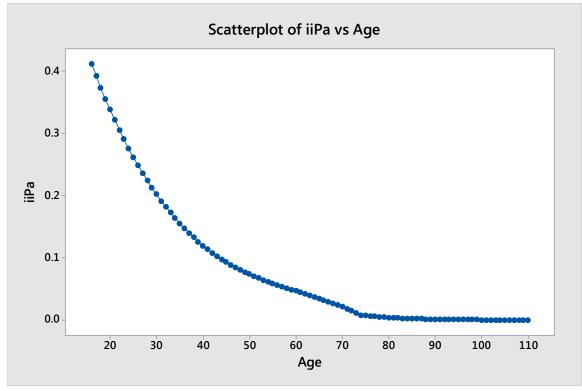
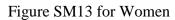
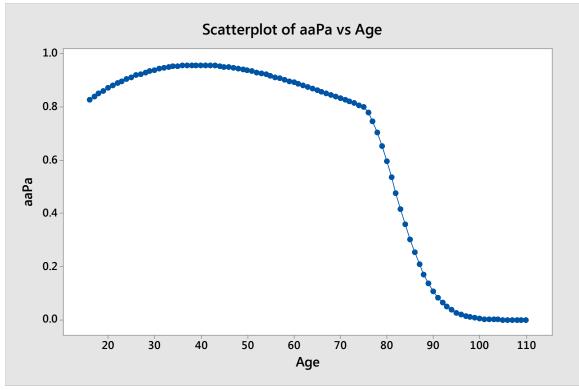


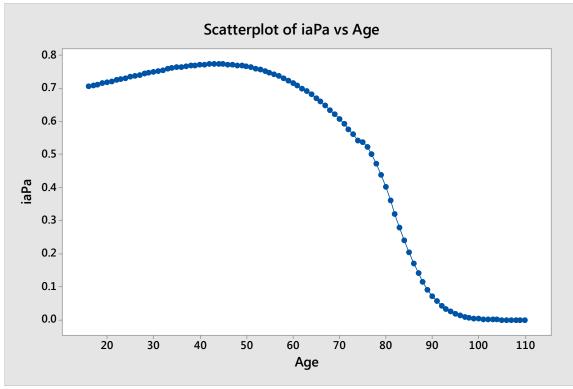
Figure SM12 for Men

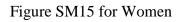












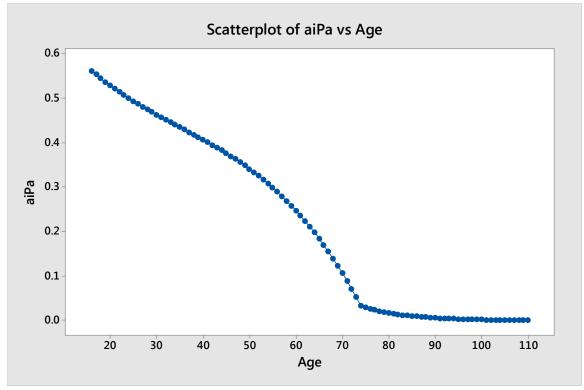
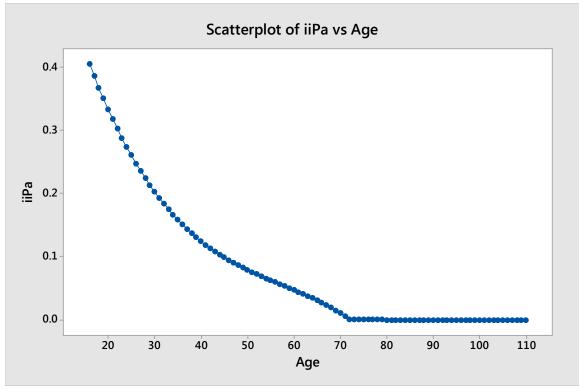


Figure SM16 for Women



SIPP Related Comments

For the 2001 and 2004 panels, data were extracted from the *SIPP* Utilities application developed by Unicon Research Corporation (2013). For the 2008 panel, the data were extracted using the Data Ferret application provided by the U.S. Census Bureau (2008). As the *SIPP* sampling procedure is designed around households, individuals are identified by two fields, the household identifier and the person number. To remain consistent with the survey design, a string valuable was created based on the Sample Unit Identifier (in this context, sample unit refers to household), Census name: SSUID; and person number, Census name: EPPPNUM, to be used as an individual's unique identifier. This unique ID was used to follow an individual through waves to identify transition states.

To obtain the largest sample size in the context of *SIPP*'s unique design, we used responses based on wave and reference months rather than calendar months. An individual's labor force participation status during the first reference month of the first wave of questioning was used as the initial state of activity or inactivity. This differs from using calendar months in that the calendar date of the first reference month will differ for members of different rotation groups. Measurements of second states were taken one calendar year (or three waves) after the date of the initial state measurement for a given individual, and third states were observed two calendar years (six waves) later. This approach generated data from three waves for each panel – Wave 1, Wave 4, and Wave 7 for all four rotation groups in each wave. For all panels, this represented the sample that minimized the loss due to nonresponses and sample size attrition.

The *SIPP* survey also includes a number of weighting mechanisms that may be utilized in analysis. These weights are calculated to provide an estimate of the number of units in the target population that a responding unit represents, so they differ for the distinct responding units (*i.e.*, household or person). In our case, as individuals are the unit of interest, we used WPFINGWT, the monthly person weight for the first month. This weight begins with the probability of the person's address being selected and layers on three calibrations to adjust for the subsampling of clusters of interest, to make nonresponse adjustments, and an adjustment that accounts for sample size fluctuations and ensures sample estimates agree with population totals. We limited our analysis to individuals who were present and responsive for two calendar years.