

HOUSING, MOBILITY, AND RETIREMENT PLANS OF RURAL FARM FAMILIES

Joan R. McFadden and Stacy Smith, Utah State University

Existing research literature on the housing, mobility, and financial retirement planning of the rural population who earn their living from farming is very limited. A positive retirement experience in rural and urban populations is associated with good health, financial adequacy, educational level, and occupational prestige from the job held most of the respondent's life (Barfield & Morgan, 1978; Campbell, Converse, & Rogers, 1976; Chatfield, 1977; George & Maddox, 1977; Livson, 1962; Sheldon, McEwan, & Ryser, 1975; Smith, Kendall, & Hulin, 1969; Streib & Schneider, 1971). Appropriate retirement planning for rural residents would assure financial adequacy during retirement, thus affecting a positive retirement experience with a change of housing type or location feasible. Perceived financial adequacy was a stronger predictor of retirement satisfaction for rural women than men, consistent with the observation that low income is generally a greater problem for women (Holden, 1988; Warlick, 1985).

The income difference of rural and urban elderly is striking (Earhart & Weber, 1992). The median income of an elderly male farmer was about 79% of the median income of a comparable urban resident in the 1980s (Lee & Lassey, 1980). The picture has not changed substantially in the 1990s; income of single rural elderly males was 75% of the median income received by their urban counterparts (U.S. Department of Commerce, 1990). Twenty-five percent of the elderly population lives in rural areas; although the proportion of this population who earned their living by farming is not readily available. Retirement mobility patterns suggest two-thirds of the rural population age in place.

Some research has assumed that all elderly are similar. It is not clear whether findings from studies in urban areas, where most housing and retirement research has been done among the retired, can be generalized to small-town and farm populations (Dorfman, Kohout, & Heckert, 1985).

The 1990s show a drastic change in the retirement expectations of farmers. In a 1993 study, Bonnett found that only 24% of the farmers planned to work rather than retire no matter what their age. This is a change of nearly 40% from the data of the previous decade. Consistent with this change are indications that farmers are retiring in greater numbers than in previous decades (Bonnett, 1993). However, of all occupational groups, farmers were the least likely to retire at all (Turner & Bailey, 1994). Evidence is increasing that farmers hope to retire and enjoy their later years, with moving as an option, without the need to work to support themselves and their families

financially.

The literature is not consistent regarding the amount of planning for retirement that individuals have done. Dorfman (1989) reported that only 13% of the men and 15% of the women reported a "moderate" or "great deal" of planning. With respect to specific types of planning, such as financial, where to live during retirement, activities, and work, only about one-third of either sex had made financial plans for retirement.

Investment in the farm or business and the family home was given as the first financial plan for retirement by 31 % of farmers (Keating & Marshall, 1980). The common perception of rural dwellers is that they are older and poorer. Even those in growing communities did not perceive themselves to be better off than those in declining communities. Their perceptions were related more to their specific circumstances than to the larger society around them (Keefe & Walker, 1993).

Rural retirement may be uniquely affected by the health of rural farm operators. A study in the 1980s found that 71 % of retired farm occupants retired due to health reasons (Parnes & Nestel, 1981). Rogers (1995) found that nearly one-third of nonmetro elderly in the 1990s moved because of poor health.

Health and human services available in urban areas may not be available or are less accessible in rural areas which may disadvantage the rural resident (Coward & Lee, 1985; Krout, 1986; Rose, 1967). Some rural elderly move to be closer to relatives as well as to obtain health-care services in the metro area. The ability to move from a rural area to an urban area, if necessary, may be an important consideration in rural retirement.

The primary objective of this research was to determine the housing and mobility plans at retirement of active farmers. An instrument to gather data from active farm operators/producers was developed, pilot tested, and mailed to names and addresses provided by the state Department of Agriculture. The responses returned numbered 739; 242 were actively farming. The instrument included a space on the cover to be checked if the person to whom the survey was addressed was no longer farming. The majority (97%) of the unusable surveys were ones where the addressee was no longer farming. Data from the 242 usable surveys were analyzed to determine the active farm operator's retirement, housing, mobility, and financial planning.

The majority of the 242 respondents, 69% (167) plan to remain living at the current location when they retire, while 19% (46) plan to move to another location when they retire. Eleven percent have moved to a home more suited to their retirement years, while 3% plan to do so before 1999 and 11% plan to do so after 2000; 72% have no plans to do so. Thus, nearly 70% expect to age in place, as evidenced by responses to these two questions.

Of the 242 respondents, 60.8% live on the farm and 31% live near the farm in a town. Responses indicated that 32 % of the spouses were employed. Of the 242, 52.6% (127) want their farm to remain in the family, while 27% (65) want to retain the farm and use the income for retirement, and 20% (48) plan to sell the farm and invest the money. Nineteen percent of the respondents have bought a recreation vehicle; 2% plan to do so before 1999; 9% plan to do so after 2000, while 67% have no plans to buy a recreation vehicle. Fourteen percent have compared taxes in two or more states.

Eighty percent of the respondents indicated they have a retirement savings plan; another 5% plan to set one up before the year 1999 and 6 percent plan to do so after 2000; only 9% have no plans to set up a retirement savings plan. Eight percent have or plan to explore employment opportunities; 89% do not plan to do so. Sixty-one percent responded they had started estate planning and 25% plan to do so, with 11 percent of those planning to do so before 1999. Fifty-four percent have a will and 37% plan to make one, with 24% of those planning to do so before 1999. Thirty-five percent are out of debt and 49% plan to get out of debt, with 11 % of those planning to do so before 1999. Ninety-four percent of the respondents expect to collect social security; 49% expect an additional retirement pension. Ten percent have retrained or plan to retrain, while 86% have no plans to do so.

The preference to move was related to age, health of respondent or spouse, years in home, and income. The shorter the time respondents had lived in their home, the more likely they were to want to move at retirement. The middle-income respondent was more likely to expect to move at retirement than the upper- or lower-income respondent. Also, the younger and healthier the respondents, the more likely they were to want to move at retirement.

A large majority of the older respondents (ages 68 and older) preferred to age in place as did those in the middle group, ages 54-67. Among the respondents who were under 54 years of age, 40% (25 of 40) prefer to move at retirement ($\chi^2=18.29$, $df=2$, $p=.000^*$). The Chi square value showed this group to be different from the older respondents.

The Chi-square tests of significance did not show a difference regarding preference to move by health of respondent. Although not significant, the percent of respondents in excellent health who prefer to move at retirement was larger than the percent in the good or fair/poor health groups. The data for preference to move at retirement by status of spouse's health showed even more preference to move by those in excellent health. This preference, in the same direction as the respondents, was significant ($\chi^2=8.26$, $df=2$, $p=.016^*$).

Clearly, the longer the respondents had lived in their existing home, the less likely

they were to predict they would move at retirement ($\chi^2=18.11$, $df=3$, $p=.000^*$). Thus, the respondents who had lived in their current home for 14 or fewer years were the group who predicted they would move at retirement.

The respondents with the lowest income (<\$10,000) and the middle-income groups (\$25,000-\$95,000) were the most likely to anticipate a move at retirement ($\chi^2=15.77$, $df=7$, $p=.027^*$). The least likely to move at retirement was the highest income group (>\$95,000) and the two next-to-lowest categories (\$10,000-\$15,000 and \$15,000-\$25,000).

The farm operator who is inclined to exercise his/her mobility options at retirement can be described as young, healthy, fewer "roots" in the home or community, and a middle-income operator. Although research on retirement, housing, and mobility plans at retirement for the farmer is limited, this study provides strong evidence that the farmer/farm operator expects to retire. The percent that expects to move at retirement is 21% and this is similar to the percentage in other occupations who expect to move at retirement. Thus, the farmer should be included in retirement mobility projections. More work must be done to determine the attitudes and/or behaviors of rural Americans, especially those who derive the majority of their income from farming, from a random sample of states (Scannell, 1990; Turner & Bailey, 1992).

References

- Barfield, R. E., & Morgan, J. N. (1978). Trends in satisfaction with retirement. *The Gerontologist*, 18, 19-23.
- Bonnett, T. W. (1993). Strategies for rural competitiveness: Policy options for state governments. Washington, D. C.: Council of Governors' Policy Advisors.
- Campbell, A., Converse, P., & Rogers, W. (1976). *The quality of American life*. New York: Russell Sage Foundation.
- Chatfield, W. F. (1977). Economic and sociological factors influencing life satisfaction of the aged. *Journal of Gerontology*, 32, 593-599.
- Coward, R. T., & Lee, G. R. (1985). An introduction to aging in rural environments. In R. T. Coward and G. R. Lee (Eds.), *The elderly in rural society* (pp. 3-23). New York: Springer.
- Dorfman, L. T. (1989). Retirement preparation and retirement satisfaction in the rural elderly. *Journal of Applied Gerontology*, 8, 432-450.
- Dorfman, L. T., Kohout, F. J., & Heckert, D. A. (1985). Retirement satisfaction in the rural elderly. *Research on Aging*, 7, 577-599.
- Earhart, C. C., & Weber, M. J. (1992). Mobility intentions of rural elderly. *Journal of Housing for the Elderly*, 10, 49-65.
- George, L. K., & Maddox, G. L. (1977). Subjective adaptation to loss of the work role: A longitudinal study. *Journal of Gerontology*, 32, 456-462.

- Holden, K. C. (1988). Poverty and living arrangements among older women: Are changes in economic well-being underestimated? Journal of Gerontology, 43, 522-527.
- Keating, N., & Marshall, J. (1980). The process of retirement: The rural self-employee. The Gerontologist, 20, 437-443.
- Keefe, D., & Walker, R. (1993). Perception of the economic well-being of rural families and communities. In Dr. Mary Andrews (Ed.), Research Reports, (pp. 47- 48). East Lansing: Michigan State University.
- Krout, J. A. (1986). The aged in rural America. New York: Greenwood Press.
- Lee, G., & Lassey, M. (1980). Rural-urban differences among the elderly: Economic, social, and subjective factors. Journal of Social Issues, 36, 62-74.
- Livson, F. (1962). Adjustment to retirement. In S. Reichard, F. Livson, & P. G. Peterson (Eds.), Aging and personality, (pp. 78-82). New York: Wiley.
- Parnes, H. S., & Nestel G. (1981). The retirement experience. In H. Parnes (Ed.), Work and Retirement: A longitudinal study of men. Cambridge, Mass.: MIT Press, 1981, pp. 155-197.
- Rogers, C. C. (1995). Health status transitions of the elderly, by residential location. Family Economics and Nutrition Review, 8, 18-29.
- Rose, A. M. (1967). Perspectives on the rural aged. In E. G. Youman (Ed.), Older rural Americans (pp. 6-21). Lexington: University of Kentucky Press.
- Scannell, E. (1990). Dairy farm families' financial management. Financial Counseling and Planning, 1, 133-146.
- Sheldon, A., McEwan, R. J., & Ryser, C. P. (1975). Retirement Patterns and Predications. Rockville, MD: National Institute of Mental Health.
- Smith, P., Kendall, L., & Hulin, C. (1969). The measurement of satisfaction in work and retirement. Chicago: Rand McNally.
- Streib, G., & Schneider, C. (1971). Retirement in American society. Ithaca, NY: Cornell University Press.
- Turner, M. J., & Bailey, W. C. (1992). Retirement planning behavior and attitudes among agricultural families. Proceedings of the Association for Financial Counseling and Planning Education.
- Turner, J., & Bailey, W. (1994). Significance of sources of retirement planning information for farmers. Financial Counseling and Planning, 5, 83-99.
- U.S. Department of Commerce, Bureau of the Census (1990). 1990 Census of population, general population characteristics, U.S. summary. Washington, D.C.: Economics and Statistical Administration. U.S. Government Printing Office. CP-PL.
- Warlick, J. (1985). Why is poverty after 65 a woman's problem? Journal of Gerontology, 40, 751-757.