

Trends in Labor Force Participation of Older Workers in the United States

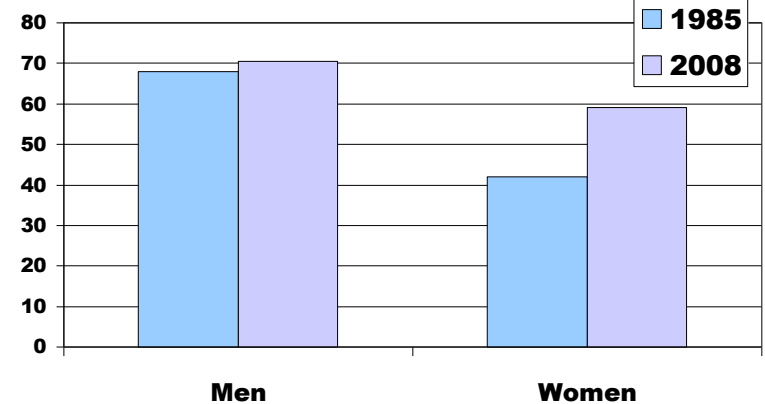
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April 28, 2009

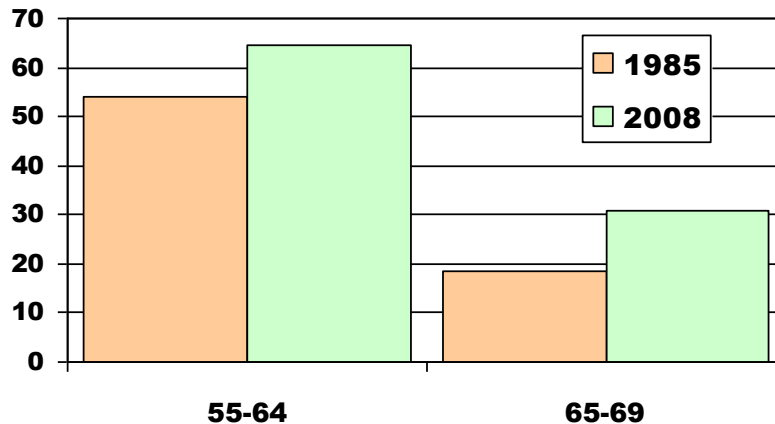
Trends in Labor Force Participation

- > Older Americans are far more likely to keep working than in the past – their labor force participation rates have increased over time.
- > Labor force participation also has increased for persons aged 65-69.

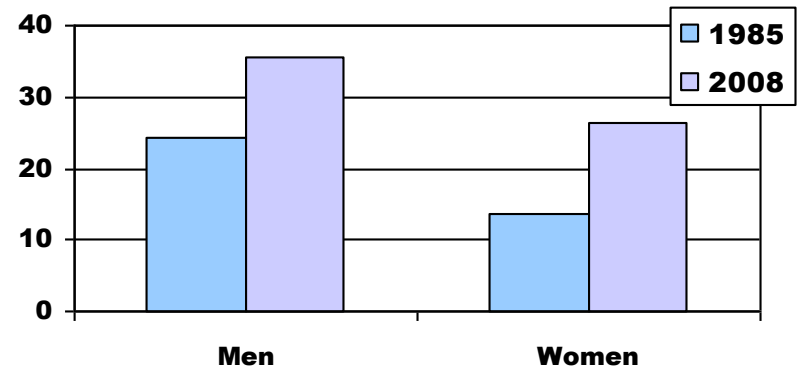
U.S. Labor Force Participation Rates of Persons 55-64



U.S. Labor Force Participation Rates of Persons 55-64 and 65-69



U.S. Labor Force Participation Rates of Persons 65-69



Why Older Workers Need to Work

- > Benefit to employers: older workers have high engagement levels, institutional knowledge, and related know-how.
- > Longer working lives means more time to save and more earnings.
- > Increased Social Security benefits: those who wait to collect until age 70 receive almost double what they would receive if they collected at age 62.
- > Increased labor force participation of older workers provides numerous benefits to society:
 - > Decreased dependency ratio and increased tax revenues
 - > Critical in some industry sectors, such as health care.

Impact of Economic Downturn on Older Workers

- > Once unemployed, older workers are generally unemployed longer than younger workers.
- > 65% of workers 45 years or older expect to delay retirement and work longer if economy does not improve (AARP survey, October 2008).
- > Workers appear to be pushing back the date of retirement: 44% of all 63 year-old men were in the workforce in 2000, this percentage increased to 52.2% in 2008.

Factors Contributing to Labor Force Increase of Older Americans

- > Includes public policies that reduced fiscal disincentives to keep working contributed to increase in labor force participation:
 - > Increase in educational attainment and health status
 - > Stagnation of pension coverage and shift from DB plans to DC pension plans
 - > Age Discrimination in Employment Act, 1967
 - > Increase in Normal Retirement Age
 - > Social Security Amendments of 1983
 - > Senior Citizens Freedom to Work Act of 2000
 - > Americans with Disabilities Act of 1990.

Age Discrimination in Employment

- > 60% of workers ages 45-74 think workers face age discrimination in the workplace today (AARP's *Staying Ahead of the Curve* survey, 2007).
- > Age discrimination charges seem to track the economy: in FY 2008, age discrimination charges were up 29% over the previous year.
- > 2009 Lilly Ledbetter Act: resulting change in statute of limitations may apply to age discrimination lawsuits.

Workplace Flexibility

- > Growing need for flexibility:
 - > 60% of married couples are dual-earner households
 - > 60% of caregivers are employed outside home
 - > Over half of wage and salary workers lose pay or vacation time to care for sick children.
- > Less than 30% of workers use flexible work schedules.
- > Fewer than 5% of workers telecommute at least three out of five days per week.
- > Phased retirement, if more widely available, might encourage older workers to retire later.

AARP's Position on Flexible Work Options

- > Public and private employers should be encouraged to provide more flexible work options.
- > Flexible work options should be used instead of layoffs whenever possible.
- > Employers should adopt phased retirement programs that:
 - > Encourage employees to work beyond the time they would normally retire
 - > Protect the adequacy of employees' pension and retirement benefits.

Summary: Public Policy Recommendations

- > Reduce barriers to phased retirement.
- > Improve financial education.
- > Strengthen the Age Discrimination in Employment Act to provide more protection against age discrimination in hiring.