Introduction
Many economists anticipate that workplaces across the U.S. will experience labor force and talent shortages over the next 15 years. Given this forecast, it is interesting to note that approximately four of every five Baby Boomers think they will work past the “normal retirement age,” either because they want to or because they need the additional income. This expected increase in the labor force participation of older Americans, suggested by the chart below, could alleviate tight labor markets.

1. Working for increased financial security.
For nearly half a century, older Americans have been exiting the labor force in their early- to mid-sixties, and many have been able to support themselves with Social Security plus income from pensions, savings and investments, and earnings from employment (see Burtless & Quinn, 2002).

Older workers’ assessments of their own financial resources (and those that they anticipate having in the future) affect their decisions about how long they plan to participate in the labor force. Two-thirds (68%) of the older workers responding to a recent Conference Board Survey who said that they plan to continue to work for at least 5 more years reported that their financial needs strongly affect their decisions about continuing to work (Parkinson, 2002: 4 & 24).

Currently, the vast majority of older workers are in the labor force because they want to or because they must. Some have enough resources for retirement, whereas others want the income. The slope of these two lines suggests that the percentage of people who have resources for retirement will decline and the percentage who want continued employment will rise over the next 15 years. This is the case for various age groups: those 55-64, increasingly so; those 65-74, a bit less so; and those 75 years and older, much less so.

During the past decade, researchers and social commentators have warned that several aspects of the changing economics of retirement may well alter the employment decisions made by older Americans (Munnell et al., 2004).

- First, current Social Security debates cause older workers to question whether the age of eligibility for benefits will rise and what the level of their benefits will be (Potter, 2003: 3).
- Secondly, there have been significant changes in the structure of pensions. It is important to note that nearly half of all U.S. employees do not have any type of workplace-based pension plan, either those created and funded by employers or those funded primarily by investments made by the employee (Maher, 2005). Among those who do have access to workplace-base...
Exactly who are older workers? The definition of who is (and who is not) an older worker remains elusive. Unfortunately, inconsistencies in the definitions used to designate older workers make it difficult to compare and contrast demographic predictions, the findings of research, and the analyses of policies.

Older Workers as a Protected Group: The 1967 Age Discrimination in Employment Act (ADEA) protects workers who are 40 years of age or older. This age is also a threshold when employees might perceive that opportunities for training and development at the workplace seem less available to them.

Access to Retirement Benefits: The "normal" (or normative) retirement age when older workers can begin to receive Social Security benefits is currently 65 (for those who turned 62 in 2000). This age will gradually increase to 67 in 2022. Pension plans are typically linked to the normal retirement age. However, it is important to recognize that the 62-65 age bracket is a marker of the beginning of retirement but not the beginning of a phase of life and career as an older worker.

Public Perception: Respondents to the 2000 American Perceptions of Aging in the 21st Century Survey felt that men are considered to be "old" at a median age of 70 years compared to 75 years for women. Only 14% of the respondents felt that chronological age was the primary indicator of old age; rather 41% felt declining physical activity and 32% that declining mental functioning were the single most important markers of old age.

pensions, a smaller percentage of employees have access to employer-sponsored "defined benefits" pension plans (that is, pension plans created and resourced by the employer) in comparison to 20 years ago. As indicated by the following chart, most employers have changed their pension plans to "defined contributions," which depend on employees' ability to put aside sufficient savings for retirement.

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<th>Private Sector Employee Access to Workplace-Based Pension Plans</th>
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<tr>
<td>Traditional Defined Benefits Only</td>
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<td>30%</td>
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Source: Powell, 2005

- Third, a number of economists have commented that Americans, in general, and older Americans in particular, may not have the savings they will need to support themselves for the duration of their retirement (Helman, & Paladino, 2004).
- Finally, it is important to remember that financial security is a balance between financial assets and expenses. Today's older workers not only worry about the possibilities of an insufficient amount of financial resources, but they also have concerns about rising costs of living, particularly the costs of health care. The Employee Benefits Research Institute has reported that 43% of workers who plan to work in retirement say they will do that in order to keep health insurance or other benefits (Helman & Paladino, 2004:8).

2. Working to keep healthy and active.

In years past, when most jobs were physically demanding, older workers often left the labor force because they no longer had the physical stamina required. Even today, poor health can "push" some older workers into retirement earlier than expected (Flippen & Tienda, 2000). However, the percentage of jobs that are physically demanding has decreased over the past several decades.

In addition, larger proportions of those in their late-midlife and senior years will be healthier and more active when compared to those in earlier generations. Indeed, a majority of older Americans 65 and over report that they are in "excellent" health (Federal Interagency Forum on Aging-Related Statistics, 2004), and it is widely expected that tomorrow's older Americans will be even healthier. Thus, more older Americans may be able to pursue a wider range of life activities, including remaining in the labor force for extended periods of time.

"Quality" jobs may offer ameliorative physical health and mental benefits to older workers. Moen and her colleagues (2000) asked "retired" individuals who worked for pay why they did so. They found that while the need for income was the primary reason, nearly half of the study respondents commented that they also wanted to keep active. Research has also consistently found direct relationships between employment and life satisfaction of individuals aged 65 years and older. It is significant to note that this relationship is found even when important variables such as income, age, and health are controlled (Aquino, Russell, Cutriona, & Altamaier, 1996). A recent AARP survey found that 91% of workers 45 years and older say that working helps keep people healthy and active (AARP, 2002).

Studies have also made one thing clear: involuntary job loss (often framed as involuntary retirement) has a negative impact on the physical and mental health of older workers (Gallo, Bradley, Siegel, and Kasl, 2000).

3. Working because it is enjoyable.

The rewards of working can encourage older workers into extended labor force participation. And, the reverse is also true; that is, negative work experiences tend to "push" older workers into retirement.

A 2005 survey conducted by Harris Interactive found that 59% of older workers (55 years +) agreed or strongly agreed that "A good deal of my pride comes from my work and career" in comparison to just 37% of those 18-34 years and 48% of those between the ages of 35-54.
A desire to keep working is expressed even among some of the most highly paid executives. 51% of executives earning $100,000 or more a year state that they plan to work after retirement, with just 18% anticipating going to full-time retirement (Fisher, 2005). As suggested by the following graph, which highlights some of the non-monetary reasons that older workers plan to continue to work, AARP found that a majority of older workers (45 years and older) see their jobs intrinsically enjoyable.

Phased retirement is a special type of part-time work arrangement designed specifically for older workers. Phased retirement is a process which allows an older worker to gradually reduce the number of work hours worked each week or the number of work weeks over a period of time. Usually, older workers negotiate a phased retirement with the organizations where they worked before moving into phased retirement. (If the older worker has to change jobs in order to find employment for fewer hours, the new job is sometimes called a “bridge job.”) One survey of older workers (50 – 70 years old) found that one-third of the respondents said they postpone retirement if they were offered phased retirement (Watson Wyatt, 2004: 1).

Some older workers express interest in the availability of flexible employment contracts that offer choices of either long-term or project based work, perhaps as consultants or temporary employees. Flexible employment contracts make it possible for older workers to enter and exit and re-enter the labor force in a fluid manner. The Conference Board found that among exempt (salaried) employees who indicated an interest in reducing their hours and working part-time, more wanted to work either as contractors or consultants (even if that resulted in a loss of benefits) rather than as a part-time employee of the company (Parkinson, 2002: 35). Male older workers (37%) were three times as likely as the women (12%) to indicate an interest in working as a consultant (Parkinson, 2002: 39).

How much does flexibility matter to older workers? The Conference Board reports nearly half of the respondents to its recent survey stated that more flexibility “…would prevent them from retiring” (Parkinson, 2002: 22).

**Conclusions**

There is a significant likelihood that Baby Boomers will work past the current normative retirement age. Indeed, changes in public policy may make it necessary for many older Americans to extend their participation in the labor force. As the public and private sectors consider options for recruiting and retaining older workers, it is important to remember that the population of older workers is a very diverse group with different employment histories and preferences.

The successful labor force participation of older Americans will require that there is a good “fit” between the priorities and preferences of older workers and the employment options that are actually available at the workplace.
The Sloan Center for Flexible Work Options and Older Workers at Boston College is a unique academic center established in 2005. The Center works in partnership with decision-makers at the workplace to design and implement research investigations that will help the American business community to prepare for the opportunities and challenges associated with the aging workforce. The Center focuses on flexible work options because these are a particularly important element of innovative employer responses to the aging workforce. The studies conducted by the Center will examine employers’ adoption of a range of flexible work options, the implementation of these arrangements at the workplace, and their utilization by older workers.

The Center’s multi-disciplinary core research team is comprised of 14 social scientists from disciplines including Economics, Social Work, Finance, Psychology, and Sociology. The investigators have strong expertise in the field of aging – which is increasingly interesting in business issues – and the field of workplace research, which has recently started to focus on issues of the aging workforce. The Center’s researchers include: Kevin Cahill, Ph.D., Michael Giandrea, Ph.D., John Havens, Ph.D., Jacquelyn B. James, Ph.D., Joanne N. Lahey, Ph.D., Tay McNamara, Ph.D., Marcie Pitt-Catsouphes, Ph.D., Joseph F. Quinn, Ph.D., Natalia Sarkisian, Ph.D., Paul Schervish, Ce Shen, Ph.D., Ph.D. Michael A. Snyer, Ph.D., Jennifer Swanberg, Ph.D., and John Williamson, Ph.D.

The SENIOR Advisors is a group of HR decision makers, representatives of employee groups, and members of trade and business associations that provides guidance to the Center about all of its core activities, including the identification of key research questions, assessment of the feasibility of data collection, the interpretation of findings, and the preparation of reports for practitioners.

The Center is directed by Marcie Pitt-Catsouphes and Michael Smyer.

Michael A. Smyer, Ph.D. is a professor in the Department of Psychology and is the Dean of the Graduate School of Arts and Sciences at Boston College. A licensed clinical psychologist, he received his Ph.D. in personality and clinical psychology from Duke University and B.A. in psychology from Yale University. Dr. Smyer was recently awarded the M. Powell Lawton award for distinguished contributions to clinical geropsychology, sponsored by the American Psychological Association and the Retirement Research Foundation.

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References

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