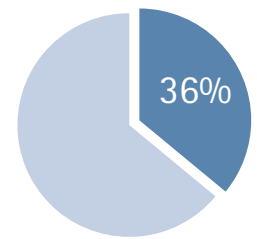


Older Workers and the Need for Workplace Flexibility

What are the trends in older work force participation?

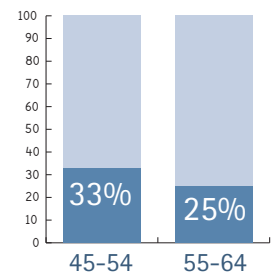
- ▶ **People over 45 are a growing cohort of the overall population**
 - By 2020, people over 45 will account for 36% of the population.¹
 - Since 1900, the percentage of Americans 65+ has tripled.²
- ▶ **People over 55 are an expanding part of the work force**
 - By 2008, 1 out of every 6 workers will be over 55; by 2015, they will constitute 20% of the total work force.³
 - The older workers' cohort is projected to have the highest growth rate in the U.S. work force for the first quarter of the 21st century.⁴
 - Among those 55–64, an 89% increase is forecast;
 - Among those 65 and above, a 117% expansion is forecast.



By 2020, people over 45 will account for 36% of the population.

What is affecting older work force participation, beyond longevity?

- ▶ **There is a pending labor force shortage that will create both interest in – and pressures on – older workers remaining in the work force**
 - The rate of civilian work force growth is projected to decline by ~ 50% in the first half of this century.⁵
 - Estimates suggest that retiring baby boomers may lead to a labor shortage of approximately 10 million workers by the end of this decade.⁶
 - Older workers comprise an increasing proportion of managers, supervisors & executives, whose experience & institutional knowledge is needed.⁷
- ▶ **Many older people desire and/or need to continue working**
 - Work has a positive impact on many older individuals' quality of life, providing a sense of continued usefulness and promoting better physical and mental well-being.⁸
 - Economic circumstances promote or require continuation of work.
 - Most people over 45 indicate that they plan to – or know they need to – work at least part time in retirement for financial reasons.⁹
 - Stagnation in overall pension coverage rates, declines in defined benefit pension participation, and market uncertainty for those with defined contribution plans reduce economic security for older workers.¹⁰
 - More than one-third of 45–54 year olds and one-quarter of 55–64 year olds report that they have not set aside money for retirement on a regular basis.¹¹
- ▶ **Not all older people will want to – or will be able to – continue to work as they age**
 - While the estimated proportion of Americans over 65 with a chronic disability has declined to 20% in recent years, the actual number of older people living with chronic disabilities has increased and there is considerable racial and ethnic variability in the experience of good health.¹²
 - Recent studies indicate that over 20% of workers aged 55–61 and over 10% of workers aged 62–63 left the labor force due to disability or poor health.¹³

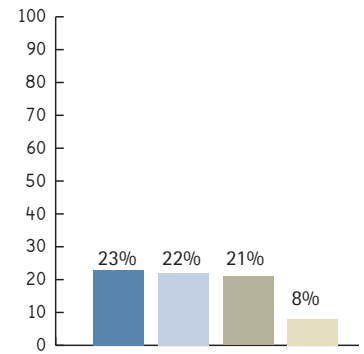


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What are some of the barriers to older work force participation?

► Older workers face multiple challenges in maintaining work force attachment

- Some older workers are involuntarily forced to leave work before they would otherwise choose to do so.
 - Nearly 14% of workers age 55–61 and 10% of workers age 62–63 who have left the labor force did so because they were laid off or their business closed.¹⁴
- Financial incentives associated with some pension structures encourage older workers to leave the work force sooner than they otherwise would.
 - 62% of men and 40% of women recently cited financial incentives as their reason for retiring.¹⁵
- Many older workers have care-giving responsibilities that can interfere with work.
 - Among workers age 50 or older, 23% report they care for a parent, 22% care for a spouse, 21% care for a school age child, and 8% care for another family member.¹⁶



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► Employers encounter real and perceived difficulties in maintaining and hiring older workers

- Employers may experience higher costs associated with older workers.
 - Seniority and other factors may cause older workers' total compensation to be above the average being paid elsewhere in the market for the same services.¹⁷
 - ~ The cost of health insurance for workers aged 55–59 can be almost double that of those aged 20–44.¹⁸
- Some employers may have negative perceptions of older workers' capabilities and may discriminate against them.
 - 2/3 of workers 45–74 contend they have "personally witnessed or experienced age discrimination on the job."¹⁹
- Employers generally have not actively considered older workers' recruitment and retention needs as part of their business planning.²⁰

How does workplace flexibility fit into this picture?

► Older workers indicate that flexibility would assist them in remaining in the work force

- Flexible work arrangements and other non-monetary characteristics of work may be more important than wages to many older workers.²¹
- Older workers indicate a desire for alternative schedules, shorter hours, and longer vacations.²²
- More than one-third of respondents in a recent survey identified reduced working hours as the most attractive feature of a phased retirement option.²³

► Employers have begun to evolve flexible alternatives for older workers, but more needs to be done

- Public employers have developed some innovative phased retirement plans; public employers also have more across-the-board flexible work options that can benefit older workers.²⁴
- Private companies have been slowly evolving alternative options for older workers
 - AARP and others have identified private business innovations focused on flexibility for older workers that include re-training, job transition support, career path re-design, part-time and job-sharing opportunities.²⁵
 - A Cornell University study found that 73% of participating establishments would permit an older worker to reduce hours, but few have a formal written policy.²⁶

For more information

- For supporting data citations, please see workplaceflexibility2010.org (news and events).
- For more information about academic and policy research in this area, please contact Dr. Jean McGuire, Director of Policy Research at j.mcguire@neu.edu.
- For more information about the law in this area, please contact Chantel Sheaks, Legislative Lawyer on Tax and Benefits, at cls53@law.georgetown.edu.

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