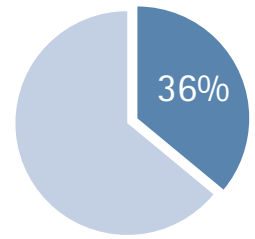


Older Workers and the Need for Workplace Flexibility

What are the trends in older work force participation?

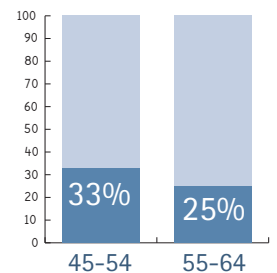
- ▶ **People over 45 are a growing cohort of the overall population**
 - By 2020, people over 45 will account for 36% of the population.¹
 - Since 1900, the percentage of Americans 65+ has tripled.²
- ▶ **People over 55 are an expanding part of the work force**
 - By 2008, 1 out of every 6 workers will 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

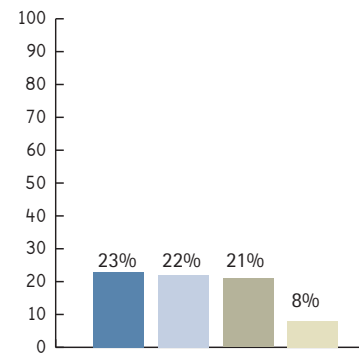


More than one-third of 45–54 year olds and one-quarter of 55–64 year olds report that they have not set aside money for retirement on a regular basis.

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



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.

► 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.

CITATIONS

1. U.S. Census Bureau. (2004). *U.S. Interim Projections by Age, Sex, Race, and Hispanic Origin*. Washington, D.C.: Author. Retrieved May 2005 from, <http://www.census.gov/ipc/www/usinterimproj/>
2. U.S. Administration on Aging. *Statistics: A Profile of Older Americans, 2002*. Washington, D.C.: Author. Retrieved May 2005 from, <http://www.aoa.gov/prof/Statistics/profile/1.asp>.
3. U.S. Census Bureau (2000). *Projections of the Total Resident Population by 5-Year Age Groups and Sex with Special Age Categories: Middle Series, 2001-2005, 2006-2010, 2016-2020, and 2025-2045*. National Population Projections, Summary Files. Washington, D.C.: Author. Retrieved June 2005 from, <http://uscis.gov/graphics/shared/aboutus/statistics/IMMO2yrbk/IMM2002list.htm>.
4. Munnell, A.H. (2003). *Working Longer: A Potential Win-Win Proposition*. Paper Presented at "Work options for Mature Americans", University of Notre Dame, December 8, 2003.
5. See for example, Toossi, M (2002, May). A Century of Change: the US Labor Force, 1950-2050. *Monthly Labor Review*, 15-28; and Fullerton, H. (1999, December). Labor Force Participation: 75 Years of Change, 1950-1998 and 1998-2025. *Monthly Labor Review*, 3-12.
6. Dychtwald, K., Erickson, T. & Morison, B. (2004, March). It's Time to Retire Retirement. *Harvard Business Review*, p. 49.
7. U.S. General Accounting Office (2001). *Report to the Ranking Minority Member, Subcommittee on Employer-Employee Relations, Committee on Education and the Workforce, House of Representatives, Older Workers: Demographic Pose Challenges for Employers and Workers* (GAO-02-85). Washington, D.C.: U.S. Government Printing Office, p. 32.
8. See for example, Muson, H. (2003). *Valuing Experience: How to Motivate and Retain Mature Workers*. New York, New York: The Conference Board; J.A., Russell, D.W., Cutrona, C.E., & Altmaier, E.M. (1996). Employment Status, Social Support, and Life Satisfaction Among the Elderly. *Journal of Counseling Psychology* 43(4), 480-489; Herzog, A.R., House, J. & Morgan, J.N. (1991). Relation of Work and Retirement to Health and Well-Being. *Psychology and Aging* 6(2), 202-211; and Mor-Barak, M.E., Scharlach, A.E., Birba, L., & Sokolov, J. (1992). Employment, Social Networks, and Health in the Retirement Years. *International Journal of Aging and Human Development* 35, 145-159; and Employment Policy Foundation (2003, April). Retirement: Its Time Has Come. *The Balancing Act*, p. 3.
9. Rix, S.E. (2004). *Aging and Work: A View from the United States*. Washington, D.C.: AARP, p. 23.
10. Rix, S.E. (2004). p. iv.
11. Employee Benefits Research Institute (1997). *Databook on Employee Benefits*. Washington, D.C: Author. p. 75 as cited in Committee for Economic Development, Research and Policy Committee (1999). *New Opportunities For Older Workers*. New York, New York: Author, p. 14.
12. Federal Interagency Forum on Aging-Related Statistics (2004, November). *Older Americans 2004: Key Indicators of Well-Being*. Washington, DC: U.S. Government Printing Office. Retrieved from June 2005 from, http://www.agingstats.gov/chartbook2004/OA_2004.pdf
13. Uccello, C.E. (1998). *Factors Influencing Retirement: Their Implications for Raising Retirement Age*. Washington, D.C.: AARP, p. 37.
14. Uccello, C.E. (1998). p. 37.
15. Moen, P., Erickson, W.A., Agarwal, M., Fields, V., Todd, L. (2000). *The Cornell Retirement and Well-Being Study, Final Report*. Ithaca, New York: Bronfenbrenner Life Course Center, Cornell University, p. 5.
16. Parkinson, D. (2002). *Research Report, Voices of Experience: Mature Workers in the Future Workforce*. New York, New York: The Conference Board.
17. U.S. General Accounting Office (2001). p. 34.
18. Penner, R.G., Perun, P., Steuerle, E. (2002). *Legal and Institutional Impediments to Partial Retirement and Part-Time Work By Older Workers*. Washington, D.C.: The Urban Institute. Retrieved April 2005 from, http://www.urban.org/Upload-edPDF/410587_SloanFinal.pdf.
19. AARP (2003). *Staying Ahead of the Curve 2003: The AARP Working in Retirement Study*. Washington, D.C.: Author, p. 66. Retrieved June 2005 from, http://assets.aarp.org/rgcenter/econ/multiwork_2003.pdf
20. U.S. General Accounting Office (2001). p. 23.
21. See Rix, S.E. (2004); Haider, S. & Loughran, D. (2001). *Elderly Labor Supply: Work or Play?* Santa Monica, CA: RAND Corporation; and Moen, P., Erickson, W.A., Agarwal, M., Fields, V. & Todd, L. (2000).
22. Penner, R.G., Perun, P., Steuerle, E. (2002).
23. AARP (2005). *Attitudes of Individuals 50 and Older Toward Phased Retirement*. Washington, D.C.: AARP, p. 15.
24. Penner, R.G., Perun, P., Steuerle, E. (2002). p. 84.
25. See: Rappaport, A., & Stevenson, M. (2004). *Staying Ahead of the Curve 2004 : Employer Best Practices for Mature Workers [Executive Summary]*. Washington, DC: AARP; and Dychtwald, K., Erickson, T. & Morison, B. (2004, March).
26. Hutchens, R.M. (2003). *The Cornell Study of Employer Phased Retirement Policies: A Report on Key Findings*. Ithaca, New York: School of Industrial and Labor Relations, Cornell University. Retrieved May 2005 from, <http://digitalcommons.ilr.cornell.edu/lepubs/1/>.