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.

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
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

- 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


