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AGING AND WORK—
A VIEW FROM THE UNITED STATES

by
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The AARP Public Policy Institute, formed in 1985, is part of Policy and Strategy at AARP. One of the missions of the Institute is to foster research and analysis on public policy issues of importance to older Americans. This paper represents part of that effort.

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Executive Summary

Background

After decades of fairly steady labor force participation decline on the part of middle-aged and older men, the participation rate for older Americans began to level off around 1985 and has been inching upward since then. Large numbers of today's workers express the belief that they will be working in retirement and that earnings will make up an important component of their retirement income. If public opinion polls are any guide, many workers will opt to prolong their working lives, perhaps through a phasing in to retirement that involves a reduction in work hours over a number of years. For financial reasons, others may have little choice but to continue working, even though they would prefer to retire. Earnings in recent years have accounted for a growing share of aggregate income in old age; more than 20 percent of income of the 65 and older population now comes from wages. It is likely that earnings will become an even more important source of retirement income in the future.

Purpose and Methodology

This report examines Bureau of Labor Statistics (BLS) data and reviews many of the recent studies and surveys on older workers. Its purpose is to explore trends in the employment and retirement of older Americans over the past 50 years; highlight some of the factors behind those trends; describe where and under what circumstances older persons in the United States are employed; speculate on what the future may hold for older workers; and identify policies and programs that do or could encourage labor force attachment at later ages.

Results

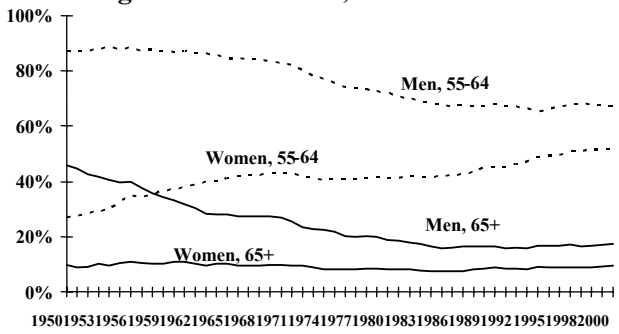
<u>Shifting Patterns of Labor Force Attachment in the Post-World War II Decades</u>

The United States has one of the highest labor force participation rates for persons aged 65 and older in the developed world. Still, the 2000 U.S. labor force participation rate of 12.8 translated into about one in eight Americans remaining in the labor force after their 65th birthdays, down from more than one in four in 1950.

One of the most pronounced labor force trends in the United States in the decades following World War II was the marked decline in participation on the part of the middle-aged and older populations. In 1950, two out of five persons aged 55 and older were in the labor force, but by 1985, that figure had fallen to less than one in three. Although health problems, obsolescence, job loss, and age discrimination propelled many workers out of the workforce before they might otherwise have left, rising wealth, enhanced Social Security benefits, and expanded private pension and retiree health coverage made retirement financially feasible, often at relatively young ages.

The labor force participation rate of men aged 65 and older plummeted in the decades following World War II. The decline for men aged 55-64 was less steep, but even so, by 2000, only about two out of three were in the labor force, down from nearly nine in 10 in 1950 (Figure ES-1).

Figure ES-1
Labor Force Participation Rates of Men and Women Aged 55-64 and 65+, 1950-2000



Middle-aged women, in contrast, have behaved quite differently. Like their younger counterparts, women between the ages of 55 and 64 have been exhibiting ever greater attachment to the labor force for decades, and by 2000, more than half were in the labor force, up from about one in four 50 years earlier. The participation rate for women aged 65 and older, in contrast, has fluctuated only slightly over the same period.

Women's rising labor force activity has not been sufficient to fully offset the decline on the part of men. Accordingly, the 2000 labor force participation rate for the population aged 55 and above was still about 10 percentage points lower than it was in 1950.

The trend toward ever younger labor force withdrawal, at least as measured by labor force participation rates, seemed to have come to a halt around 1985. Since then, participation rates for persons aged 55-64 and 65 and older have increased, most noticeably in the case of women between the ages of 55 and 64.

Why the Rise in Participation?

Among the reasons offered for what appears to be a reversal of the trend toward earlier retirement are the elimination of mandatory retirement, the liberalization of the Social Security retirement earnings test, and the increase in the normal retirement age under Social Security. Changing demographics may also have played a role in the increasing labor force participation rates of older Americans. By the mid-1980s, the last of the baby boomers (born between 1946 and 1964) had entered or would likely soon enter the labor force, encouraging or perhaps forcing employers to reconsider their older worker hiring and retirement policies in light of the far smaller cohort of workers following the

boomers. The robust economy of the latter half of the 1990s undoubtedly also contributed to the rising employment of older persons. However, more recent increases in the employment of this group, which have not been as evident in the younger population, have occurred in spite of a weaker economy. Some of these older workers may be remaining in, or in some cases returning to, the labor force in response to stock market turmoil and ensuing declines in savings and pension accumulations. The erosion of retiree health benefits coupled with the difficulty older Americans face arranging for health insurance coverage prior to Medicare may also be keeping people at work longer.

A Profile of Older Workers

In many respects, the more than 20 million men and women aged 55 and older who are in the labor force are not all that different from so-called "prime-age" workers, i.e., those between the ages of 25 and 54. Most older workers are wage and salary workers; their distribution by industry and occupation tends to be similar to that of younger workers; relatively few are in the contingent workforce; and most have traditional work arrangements.

Although part-time employment increases with age, full-time employment has been on the rise among middle-aged and older workers in recent years. Older men and women who do work part time tend to be employed part time by choice. Involuntary part-time work, referred to by BLS as "part-time work for economic reasons," is rare at the upper ages.

As would be expected, older workers tend to have been on their current job for many years, but job tenure at upper ages has been falling, a decline that has been especially steep among men aged 55-64. This cohort's median job tenure has fallen by a third over the past two decades.

Employment Barriers and Problems Confronting Older Workers

Young people in the workforce must overcome their lack of experience. As workers age, they face a whole new set of barriers to employment, including age discrimination, job displacement, and lengthy unemployment. Even though there are no solid estimates of the prevalence of age discrimination, survey research finds a large percentage of workers saying that they have witnessed or experienced age discrimination on the job. Moreover, perceptions of discriminatory actions appear to be on the rise.

Judging from the rates alone, unemployment would not appear to be one of the more serious problems facing older workers. Unemployment rates for the 55+ population have typically been lower than rates for prime-age workers. This pattern continued in 2002, which was a year of rising unemployment for workers of all ages.

A key reason that unemployment rates are lower for older workers is that older workers are far more likely to drop out of the labor force when they experience unemployment. If they do, they are no longer officially counted as unemployed.

Older workers who lose their jobs tend to be unemployed longer than younger job losers and are overrepresented among the long-term unemployed. Age differences in duration of unemployment narrowed in the boom years of the mid- to late-1990s, but they never disappeared.

Unemployed workers who stop (or never begin) looking for work because they think their age, lack of skills, or education level will prevent them from finding jobs are often referred to as discouraged workers. Official statistics today do not paint a particularly grim picture of job-seeking discouragement in the older population. In fact, fewer than 3 percent of the 38 million older men and women who were not in the labor force in 2002 even indicated that they would like to be working. However, if added to the unemployed for 2002, they would have more than doubled the unemployment rate from 3.8 percent to 7.8 percent.

A Look to the Future

The Bureau of Labor Statistics projects relatively modest increases in the participation rate of older Americans in coming years. The rates for both men and women aged 65 and older, for example, are projected to rise by roughly 3 percentage points over the next 15 to 20 years and to fall by 2050 to about what they were in 2001. There are many reasons to suspect that greater numbers of men and women will remain in the labor force at older ages. The reasons include stagnation in overall pension coverage rates; a declining proportion of workers who can count on defined benefit pension payments; the market uncertainty faced by the growing proportion of workers in defined contribution plans; inadequate savings; cuts in retiree health benefits; and rising education levels.

Promoting Older Worker Employment

Although employers for the most part seem cognizant of the aging workforce, they have not done much to prepare for it, in part because there is little pressure on them to do so. The real labor crunch will not materialize until boomers begin reaching the conventional retirement age in less than a decade. Recent economic woes and slack demand provide little incentive for employers to develop and/or implement older worker policies and programs. Many companies do offer flexible work schedules, telecommuting opportunities, and part-time work that may appeal to older workers. Also attractive may be the temporary and/or contract work in which some companies engage. Formal phased retirement programs remain rare, although opportunities to scale back work hours before full retirement are often arranged on an ad hoc basis. Surveys indicate that many older workers would take advantage of the opportunity to phase into retirement, but employers face numerous impediments—many of them legal—to formalizing phased retirement.

Public policies to foster longer worklives include the gradual increase in the normal retirement age under Social Security; liberalization of the Social Security retirement earnings test and ultimate elimination of the test for workers over the normal retirement age; and increases in and then the elimination of the mandatory retirement age for

workers in most occupations. Also included in this mix is an increase in the delayed retirement credit, which results in more actuarially fair Social Security benefits for workers who postpone benefit receipt after the normal retirement age and up through age 69.

Proposals to Expand Employment Opportunities for Older Workers

Older worker advocates, economists, policy analysts, and others have proposed a number of public and private policy changes to expand employment opportunities for older workers and/or to extend their worklives. Some of these changes would encourage work, others would discourage retirement. Some may have costs for employers, but there are societal costs to actions such as early retirement as well. Some of the more commonly proposed changes include:

- Increasing the age of eligibility for early Social Security benefits;
- Increasing the age of eligibility for full Social Security benefits from age 67 (the age to which it is increasing under current law) to some higher age;
- Eliminating the 12-year hiatus before the normal retirement age begins rising to age 67;
- Indexing the Social Security benefit eligibility age to increases in life expectancy;
- Making Medicare once again the primary payer of health benefits for workers aged 65 and older;
- Making defined benefit private pension plans work-neutral by eliminating disincentives to work beyond a plan's normal retirement age;
- Eliminating the impediments to formal phased retirement programs; and
- Encouraging employers to offer more part-time and flexible work schedules and alternative work options.

Conclusions

The twenty-first century promises continued changes with respect to the employment and retirement of older workers. Anticipated labor demand coupled with a huge supply of older men and women who say—at least at present—that they want to work in retirement would seem to point to continued increases in the labor force participation of older Americans.

As boomers age, postponing retirement may become less attractive than it appears to them now. Job loss, health problems, stress, difficult bosses or coworkers, age discrimination, and caregiving responsibilities, among other factors, may increase the appeal of retirement. Still, if workers cannot afford to retire at those early ages, and/or if they would lose access to health insurance, they will continue in their jobs, assuming they are physically capable of working. Moreover, if employers need workers, as they well may in the face of shortages of younger workers, they will make continued employment more appealing. More attractive part-time jobs, more flexible work schedules, and more phased retirement opportunities would enable workers to combine employment and leisure in ways that they cannot readily do now, and so encourage them to postpone retirement.

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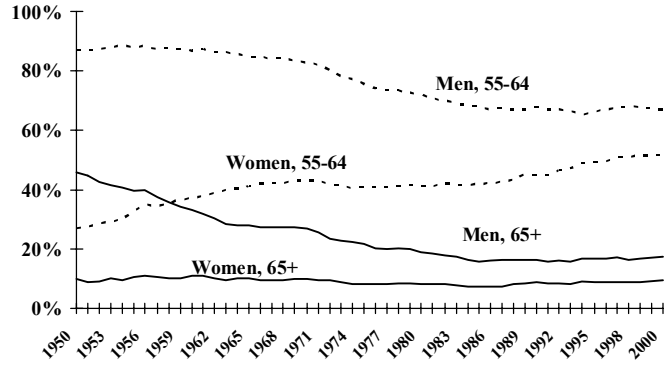
Aging and Work—
A View from the United States

Introduction

In 1983, the U.S. Congress enacted legislation increasing the age of eligibility for full Social Security benefits from 65 to 67. Designed to help restore long-term solvency to the Social Security system, this increase in the so-called "normal retirement age" (NRA) would be phased in gradually beginning with workers turning age 62 in 2000. The 17-year interval between enactment and implementation of the change was intended to give workers time to adjust and plan accordingly. As it turned out, by the time the law went into effect, only a minority of Americans (15 percent) knew when they would be eligible for full Social Security benefits (Salisbury, Turyn, and Helman, 2001).

Even so, the work activity of older persons in the United States had started to show signs of increasing before the NRA rise began to phase in. After decades of fairly steady decline on the part of middle-aged and older men (Figure 1), the labor force participation rate for older Americans began to level off around 1985 and has been inching upward since then. Furthermore, earnings in recent years have accounted for a growing share of aggregate income in old age (see, for example, Grad, 1992: Table VII.2 and U.S. Department of Health and Human Services, Social Security Administration, 2002b: Table 7.2[1]). Large numbers of today's workers have expressed the belief that they will be working in retirement and that earnings will make up an important component of retirement income (AARP, 1998, 2002b; Taylor, 2002; Yakoboski and Dickemper, 1997).

Figure 1
Labor Force Participation Rates of Men and Women Aged 55-64 and 65+, 1950-2000



Source: Jacobs, 1999; U.S. Department of Labor, Bureau of Labor Statistics, January 2000 and January 2001.

[1] These tables from the Social Security Administration show the shares of aggregate income from earnings for married couples and nonmarried men and women aged 65 and older in 1990 and 2000, respectively. Earnings accounted for a greater share of the 2000 incomes of all three groups, although some of the increase for married couples might have been due to the employment of spouses, who could be younger than age 65.

If public opinion polls are any guide, many workers will opt to prolong their working lives, perhaps through a phasing in to retirement that involves a reduction in work hours over a number of years. For financial reasons, others may have little choice but to continue working, even though they would prefer to retire. Indeed, there is evidence that in response to stock market losses, some workers are pushing back the expected date of retirement, and some retirees are returning to the workforce (AARP, 2002a). The erosion of retiree health benefits coupled with the difficulty older Americans face arranging for health insurance coverage prior to Medicare may also be keeping people at work longer.

The work and retirement experiences of America's middle-aged and older population are diverse. Some decide to retire due to a lack of attractive employment options and/or flexible work schedules. Health problems and age discrimination may push others into early retirement. Still others enjoy what they are doing and choose to remain in the labor force well into old age, although some continue to work after retirement age because they cannot afford to stop working. As America's 76 million baby boomers approach retirement age, even greater diversity will likely characterize work and retirement decisions. Millions of boomers will retire early, although perhaps not as early as their parents and grandparents, but millions are also likely to prolong their working lives and so contribute to an increase in the average age of retirement. Much will depend on the quantity and quality of available jobs. Owing to anticipated labor shortages that will likely heighten demand for older workers, employment options available to boomers may be more numerous and varied than those available to older people today. Consequently, the future for older men and women who want to work appears brighter than it has in decades.

This report explores trends in the employment and retirement of older Americans over the past 50 years; highlights some of the factors behind those trends; describes where and under what circumstances older persons in the United States are employed; speculates on what the future may hold for older workers; and identifies policies and programs that do or could encourage labor force attachment at later ages. The report focuses on paid employment; it does not examine other unquestionably important productive activities, such as the volunteer work or caregiving in which older men and women often engage.

Shifting Patterns of Labor Force Attachment in the Post-World War II Decades

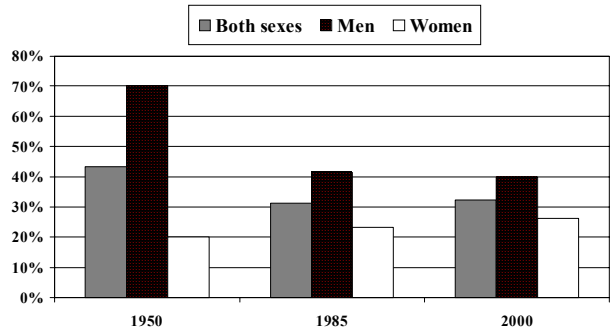
The United States has one of the highest labor force participation rates for persons aged 65 and older in the developed world, surpassed in 1999-2000 only by Japan, Iceland, and Portugal[2] (International Labor Organization, 2002). Still, the U.S. figure of 12.8 for 2000 translates into just one in eight Americans remaining in the labor force after their 65th birthdays, down from more than one in four in 1950.

One of the most pronounced labor force trends in the United States in the decades following World War II was the marked decline in participation on the part of the middle-aged and older

[2] The participation rate was highest for Japan (22.6 percent), followed by Iceland (21.6 percent), and Portugal (17.6 percent).

population.[3] In 1950, two out of five persons aged 55 and older were in the labor force, but by 1985, that figure had fallen to less than one in three (Figure 2). Although health problems, obsolescence, job loss, and age discrimination propelled many workers out of the workforce before they might otherwise have left, rising wealth, enhanced Social Security benefits, and expanded private pension and retiree health coverage made retirement financially feasible, often at relatively young ages. The threat of destitution in old age no longer kept most workers in the labor force long after they were ready to leave it.

Figure 2
Labor Force Participation Rates of Men and Women, Aged 55 and Older, 1950, 1985, and 2000



Note: 1950 and 1985 rates have been adjusted to account for the underrepresentation of older workers in data prior to 1994. See text for discussion.
Source: Calculated from rates in Jacobs, 1999 and U.S. Department of Labor, Bureau of Labor Statistics, January 2001.

In her landmark economic history of retirement in the United States, Dora Costa (1998: 133) suggests that retirement might now be viewed as a "time of personal discovery and fulfillment" rather than one of withdrawal, a situation made possible by rising incomes and the abundance and declining cost of leisure activities. "A preference for leisure," she contends, is the main motivation for the retirement of growing numbers of workers: Only 3 percent of men collecting Social Security at age 65 in 1951 reported that they had retired because they preferred leisure to work; by 1982, that figure had risen to 48 percent. For the average worker, according to Melissa Hardy (2002:16), "retirement is the light at the end of the tunnel."

And retire—or at least leave the labor force—in growing numbers is what men did. The labor force participation rate of men aged 65 and older plummeted in the decades following World War II. The decline for men aged 55-64 was less steep, but even so, by 2000 only about two out of three were in the labor force, down from nearly nine in 10 in 1950.

Middle-aged women, in contrast, have behaved quite differently. Like their younger counterparts, women between the ages of 55 and 64 have been exhibiting ever greater attachment to the labor force for decades, and by 2000 more than half were in the labor force, up from about one in four 50 years earlier.

[3] This decline actually began well before World War II but was temporarily halted as a sizable number of older workers were recruited to meet the labor needs created by the war effort.

With a participation rate fluctuating just slightly, the pattern of labor force activity for women aged 65 and older over the past 50 years has resembled that of neither middle-aged (55-64) women nor older (65+) men. By 2000, about one in 10 women aged 65 and older was working or looking for work, not much below the figure for 1950.

As a result of these divergent patterns of labor force behavior, participation discrepancies by sex have narrowed considerably, and the older labor force has become increasingly female. Women's share of the 55+ workforce just about doubled, rising from 23 percent in 1950 to 45 percent in 2000. Nonetheless, the decline in activity among men has been so great and the increase in the 65+ population so substantial,[4] that women's rising labor force activity has not been sufficient to fully offset the decline on the part of men. Accordingly, the 2000 labor force participation rate for the population aged 55 and above was still about 10 percentage points lower than it was in 1950 (Figure 2). Workers aged 55+ were only 13 percent of the workforce in 2000, down from about 17 percent in 1950.

As indicated in the introduction, the trend toward ever younger labor force withdrawal, at least as measured by labor force participation rates, seemed to have come to a halt around 1985. Since then, participation rates for persons aged 55-64 and 65 and older have increased, most noticeably in the case of women between the ages of 55 and 64.

The rise since 1985, however, may be slightly less marked than suggested by many studies of older workers. As a result of changes in key questions on labor force activity in a 1994 redesign of the monthly labor force survey, the Bureau of Labor Statistics (BLS) concluded that data collection efforts prior to 1994 had underestimated the participation of certain marginal groups, among them older workers (see Polivka and Miller, 1998). Adjustment for this underestimate yields somewhat higher labor force participation rates for some older age groups for those years, as can be seen in Table 1.[5] The adjusted figures show more gradual labor force participation increases for older persons than the unadjusted figures.

The unadjusted figures, for example, indicate that the labor force participation rate for men aged 65 and above rose by 2 percentage points (from 15.8 percent to 17.8 percent) between 1985 and 2002. The adjusted figures, however, reveal an increase of only 0.7 of a percentage point (from 17.1 percent to 17.8 percent) over the same 17-year period.

Adjustment is unnecessary for the post-1994 years, during which time participation rates for 55-64-year-olds have risen quite sharply—by 3.7 percentage points for men and by 6.2 percentage points for women between 1994 and 2002. Rates have also increased somewhat for both men and women aged 65 and older (Tables 1 and 2), a development that is discussed in more detail in a following section.[6]

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[4]The 65+ population nearly tripled between 1950 and 2000. (Over this same period, the total population doubled.)

[5] Tables appear at the end of the text beginning on page 33.

[6]For the most part, the following discussion uses data from 1994 or later, so adjustment of labor force statistics for older age groups is not an issue. However, when referring to earlier dates, the report from this point on relies on unadjusted labor force statistics. Doing so facilitates comparisons across data sources and the many available publications on older workers, most of which use unadjusted figures.

Why the Rise in Participation?

Although the post-1985 rise in labor force participation on the part of older persons has not been quite as sizable as often reported, the halting and seeming reversal of the decades-long downward slide by men are significant developments, even if the reasons for them are not well understood. Labor force participation rates might have kept falling, perhaps even approaching levels found in some other developed countries. Only 2-3 percent of persons aged 65 and older in either Germany or France, for example, remain in the labor force; participation rates for both men and women aged 55-64 in these two countries are also well below the rates for their counterparts in the United States (International Labor Organization, 2002).

It is hard to imagine participation rates in the United States falling as low as those for the older populations in much of Western Europe, given that public pensions in America have never been as generous as those found in many European countries, and that the United States lacks universally available health care. Nor in the United States has there been the same overt push to retire older workers to make room for younger workers that has occurred in some European countries with high youth unemployment. These differences, however, fail to explain why rates stopped falling and then began to increase.

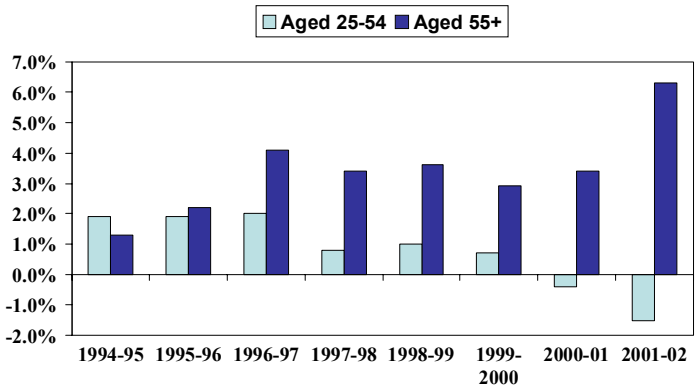
Burkhauser and Quinn (1997) single out the elimination of mandatory retirement, the liberalization of the Social Security retirement earnings test, and the increase in the normal retirement age under Social Security as possible reasons for the increasing labor force participation rates of older workers. Purcell (2000) suggests that by 1985 many of the factors likely to precipitate earlier labor force withdrawal were in place and had presumably already had their impact. By then, for instance, virtually all workers were covered by Social Security; no further decline in the age of eligibility for Social Security benefits could be expected; private pension coverage had ceased expanding; and workers were subject to minimum-age and length-of-service requirements in most traditional defined benefit pensions that "establish[ed] a minimum age below which retirement is not a viable option for most workers."[7] Purcell also observes that the large majority of workers in medium and large firms who had pension coverage in the late 1990s were in plans with minimum age requirements, typically at least 55, for retirement benefits. For most workers, retirement below these ages is not financially feasible.

Changing demographics may also have played a role in the increasing labor force participation rates of older Americans. By the mid-1980s, the last of the baby boomers (born between 1946 and 1964) had entered the labor force, encouraging or perhaps forcing employers to reconsider their older worker hiring and retirement policies in light of the far smaller cohort of workers following the boomers. That businesses experiencing labor shortages are more likely than other firms to accommodate older workers (London, 1992) was evident in some industries (e.g., in fast food) in the 1980s, when a shortage of entry-level labor prompted employers to offer incentives designed to attract and retain older workers, a group they could afford to overlook when younger labor was abundant.

[7] Yet, although a number of factors may keep workers from retiring at ever younger ages, others discourage them from retiring significantly later as well. For example, workers have little incentive to postpone retirement under defined benefit plans that do not provide actuarial increases in benefits for employment beyond a plan's normal retirement age.

The robust economy of the latter half of the 1990s undoubtedly also contributed to the rising employment of older persons. However, more recent increases in the employment of this group, which have not been as evident in the younger population (Figure 3), have occurred in spite of a weaker economy. Some of these older workers may be remaining in, or in some cases returning to, the labor force in response to stock market turmoil and ensuing declines in savings and pension accumulations. Media headlines have played up this possibility ("Stock Market Decline Threatens 401(k) Plans," *The News Herald*, December 7, 1998; "As Dow Sinks, Retirement Fades into Distance," *Christian Science Monitor*, October 17, 2001; "Yale Law Grad, 66, Seeks Job to Recoup Stock Market Losses," *Wall Street Journal,* March 4, 2003), which is supported by Eschtruth and Germus's 2002 examination of the labor force participation of older workers during the recent bear market (Eschtruth and Germus, 2002) and by a survey of the older public's response to the stock market decline since March 2000 (AARP, 2002a). In the latter study, one-fifth of 50-70-year-old investors who had experienced market losses said that they planned to postpone retirement as a result, in some cases by several years.

Figure 3
Percent Change in the Number of Employed Persons Aged 25-54 and 55+, 1994-2002



Source: U.S. Department of Labor, Bureau of Labor Statistics, January 1995-January 2003.

Until 2000, employed Social Security beneficiaries under the age of 70 were subject to an earnings test that many viewed as a work disincentive.[8] The Senior Citizens' Freedom to Work Act, signed into law in April 2000 but retroactive to the beginning of the year, eliminated the

[8] Employed Social Security beneficiaries aged 65-69 whose earnings exceeded an annually indexed limit lost $1 for every $3 in earnings above the limit ($15,500 in 1999). Not everyone agreed that eliminating the earnings test would have much of an impact on labor supply (see, e.g., Leonesio, 1990; Gruber and Orszag, 2001). Since Social Security beneficiaries could always work without penalty as long as they kept their earnings below the annual limit, it was not obvious why the earnings test would affect the decision to enter or remain in the labor force. However, participation might have been affected if employers were reluctant to take on workers who would choose to stop working once they reached the limit. It is also possible that many workers misunderstood the earnings test and were under the impression that they could not work at all while collecting Social Security. If either of these conditions existed, some increase in the labor force participation rate could result from eliminating the retirement earnings test.

retirement earnings test for beneficiaries who remain at work after the normal retirement age and up to age 70.[9]

As seen in Table 2, the labor force participation rate for persons aged 65-69, the affected age group, did increase in 2000, the year the test was eliminated. Although it had been increasing before 2000, the 1.4 percentage point increase in 2000 was larger than any one-year rise up to that year since 1994 (and, although not shown in Table 2, back to 1985 as well).

Short of asking workers whether the new law influenced their behavior, this increase can only suggest the possible impact of the elimination of the retirement earnings test. On the one hand, the booming economy with its low unemployment rates, at least through the early part of 2000, may have been more instrumental in influencing employment. On the other hand, the law might have had some impact, one that might have been larger in 2000 had it been enacted earlier in the year.

Another question is whether the elimination of the retirement earnings test prompted workers to apply for Social Security benefits when they otherwise would have waited because their earnings were high enough to cause them to forego all retirement benefits. There is some evidence that this may have happened. In recent years, the average age at which workers have been awarded retired worker benefits from Social Security has been somewhat under 64 (Table 3). Far more workers opt for benefits at the earliest possible age—62—than at any other age. Roughly half of both men and women have been awarded benefits at 62 for more than a decade with the notable exception of 2000 for men. In that year, the average age of award rose, while the proportion collecting prior to age 65 (still the normal retirement age) fell. A corresponding increase in benefits awarded at 65 or later occurred among men and a smaller increase occurred among women. Most of those awarded benefits were workers newly entitled to retired worker benefits rather than Social Security disability beneficiaries whose benefits automatically converted to retired worker status at age 65. In fact, the percentage of newly entitled awards at age 65 rose by 37 percent for men and by 11 percent for women in 2000. Benefits awarded at ages 66-69 also rose, more than doubling in the case of men.

The increase was not sustained, and by 2001, the average age of award had slipped back down and the proportion of later awardees had begun to fall. Perhaps workers who had postponed receipt of benefits because they were earning "too much" applied for them in 2000 when they no longer had to worry about losing benefits.

The Retirement Transition and the Average Retirement Age

Because the retirement transition turns out to be highly varied for millions of workers who may take any one (or more) of a number of paths to full and permanent retirement, it is not always clear when retirement begins. This makes it difficult to calculate the average retirement age. For a large number of workers, retirement is not an abrupt and permanent cessation of all paid employment but rather involves a shift to a new employer, a new line of work, and/or a reduction in work hours. Some working retirees separate from their employers upon receipt of pension

[9] Beneficiaries between the ages of 62 and 64 were not affected by this legislation. They continue to lose $1 in benefits for every $2 in earnings above the indexed limit, which in 2003 was $11,520.

benefits because they cannot, by law or employer policy, remain with the firms after beginning to collect those benefits;[10] they immediately move into other work. Others return to the labor force after a spell of retirement—perhaps out of boredom, financial need, or the desire for the social contacts the work environment provides, for example. According to Quinn (1999), as many as one-third to one-half of ultimate retirements may follow what is often referred to as "bridge" employment, which comes after departure from established long-term careers.

A substantial and growing number of workers, especially those in their late 50s and early 60s, begin collecting pension benefits and continue working, generally for new employers and often part time. About 15 percent of employed persons between the ages of 45 and 74 in 2002 had actually retired from other jobs, according to a recent national survey of middle-aged and older workers (AARP, 2002b).

Analysts at the Bureau of Labor Statistics have not provided official estimates of the number of retirees or calculated the average retirement age. Labor force participation and withdrawal rates are therefore often used as proxies for retirement and average retirement age statistics. In the case of men in their 60s and beyond, it is probably safe to conclude that most of those who are not in the labor force are retired. Such a conclusion is somewhat more problematic in the case of older women who might have had intermittent or marginal labor force attachment in their younger years. Nonetheless, if the average retirement age is the youngest age at which half of the population is out of the labor force, then men have been retiring at an average age of about 62 and women at about 60, according to Burtless and Quinn (2002).[11] Using labor force participation rates and Social Security benefit award data, Gendell (2001) calculates an average retirement age of about 62-63 for men and about 61-62.5 for women for the period 1995-2000.[12]

Does average retirement age matter? Johnson (2001) calls it a "misleading measure of labor supply," since this age can fall even as labor force participation rates at all ages are rising. Gendell (2001), on the other hand, insists that the average retirement age is important because it affects the ratio of workers to retirees, which serves as a measure of dependency in pay-as-you-go retirement systems like Social Security. It also reflects work duration, which in turn influences savings, payroll taxes, and benefit expenditures. Purcell (2000) notes similarly that changes in the age composition of the population and average retirement age have implications for national income, as well as for the size and composition of the federal budget. An increase in the number of workers who are not receiving retirement benefits means an increase in experienced (i.e., more productive) workers, more revenues from payroll taxes, and less drawing down of benefits and savings.

Calculating and interpreting the meaning of the "average retirement age" is complicated by the growing evidence in recent decades that, as Wiatrowski (2001: 10) claims, a "single standard

[10] The Employee Retirement Income Security Act (ERISA) does not permit in-service distribution of pension benefits before the normal retirement age contained in a pension plan. The early beneficiary, therefore, cannot remain at work with the employer sponsoring the pension plan. In addition, the employer typically requires pensioners to leave after receipt of benefits at a plan's normal retirement age. Pensioners who want to continue working must therefore find another employer or become self-employed.

[11] Burtless and Quinn (2002) report that the average retirement age of men in 1910 was 74.

[12] Gendell (2001) contends that his estimates actually represent a *decline* in the average age of retirement during the 1990s after "a lull" over the previous 15 years.

retirement age no longer exists." Ascertaining an average age of retirement, whatever its value, may become trickier if many of the workers who say they expect to work in retirement actually do so.

A Profile of Older Workers

In many respects, the more than 20 million men and women aged 55 and older who are in the labor force are not all that different from so-called "prime-age" workers (i.e., those between the ages of 25 and 54). Most older workers are wage and salary employees; and their distribution by industry and occupation tends to be similar to that of younger workers. Relatively few are in contingent employment and most have traditional work arrangements. This section describes some of the characteristics of workers aged 55 and older.

Class of Worker

Like their younger counterparts, the large majority of older workers (87 percent of those aged 55+) are wage and salary workers—and about one in five of these are government employees. Self-employment, however, rises with age (Table 4), in part because the self-employed typically work later in life than wage and salary workers (Quinn, 1998). In addition, many older workers move into self-employment after retiring from wage and salary jobs (Karoly and Zissimopoulos, forthcoming).

As of 2001, 11 percent of workers between the ages of 55 and 64, and nearly 20 percent of workers aged 65 and older, but only about 7 percent of the total age 16+ workforce, worked for themselves. Self-employment is far more common in the agricultural sector, especially in the case of older workers. Three-fourths of agricultural workers aged 65 or older, but fewer than 40 percent of those 35-44, for example, are self-employed. (U.S. Department of Labor, Bureau of Labor Statistics, January 2002).

Self-employment is also more common among older men than older women, in part because more men were self-employed when younger (Georgellis and Wall, 2000). Due to their higher wages, greater probability of receiving pensions, and larger pension amounts, men reach retirement age with greater financial resources, which obviously makes it easier to start a business. However, Moen et al. (2000) found that the frequency of going into business after retirement was quite similar for men and women still working at the time of their final interviews, although men who had ever worked in retirement were substantially more likely than women to have been self-employed at some point.

Industry

Middle-aged and older workers can be found in virtually every industry, although relatively few are in the more physically demanding industries such as mining and agriculture (Table 5). Agriculture is the only industry in which older workers stand out. As illustrated in Table 5, workers aged 65 and older are two to three times as likely as workers in other age groups, including those 55-64, to be in agriculture. Even so, only 7 percent are employed in agriculture.

Four out of every 10 middle-aged and older workers are employed in the services industry. Two industries—services and trade—claim about six in 10 workers in all age groups older than 20.

Compared to middle-aged and prime-aged workers, workers aged 65 and older are somewhat more likely to be in retail trade, perhaps because of the availability of part-time work. Workers under the age of 25, however, are far more likely than other age groups to be in retail trade.

When it comes to industry, gender differences are more apparent than age differences. Service industries employ more than half of middle-aged and older women, for example, but only about one-third of their male counterparts. Middle-aged and older men, in contrast, are considerably more likely to be in manufacturing, construction, and transportation, communication, and public utilities.

Occupation

Occupational differences by age are also relatively minor, at least after age 20 or 25 (Table 6). As would be expected, workers under the age of 25 are substantially less likely than other workers to be in executive/managerial positions and more likely to be in service occupations. As industry figures suggest, workers aged 65 and above are somewhat more likely than all but the youngest to be in sales or farming, forestry, and fishing. Very few older workers are in technical support occupations, but that is the case for workers of all ages.

Gender differences in occupational distribution are again more striking than age differences. Women, including those who are middle-aged and older, are about four to five times as likely as older men to have administrative support jobs. Not surprisingly, they are much less likely than men to be in blue-collar occupations (e.g., to be precision production, craft, and repair workers or operatives, fabricators, and laborers).[13]

Not revealed in these cross-sectional statistics is the shift into white-collar work on the part of older workers, as reported by the U.S. General Accounting Office (GAO) in 2001. This development, coupled with an increase in full-time employment, has over the past decade or so contributed to a sizable increase in earnings received by workers aged 55 and older compared to those aged 40-54. According to GAO, between 1989 and 1999, real earnings increased by an aggregate 11 percent for workers aged 55-74 but by only 2 percent for workers aged 40-54.

A shift at upper ages away from professional and manual occupations and into clerical work is pointed out by Haider and Loughran (2001) in their study of workers aged 65 and older. These researchers found that workers in this age group were better educated, wealthier, and healthier than nonworkers but tended to be working for low wages. More than two-thirds of the working retirees in the Cornell Retirement and Well-Being Study reported working for less than they had been earning in the jobs from which they retired (Moen et al., 2000); they also tended to be

[13] Hutchens (1988) has written that newly hired older workers, as compared to newly hired younger workers or all older workers, tend to be found in a smaller set of industries and occupations. He suggests that this clustering could be the result of a preference on the part of older workers for these jobs, or it could be evidence of discrimination limiting opportunities for older job changers and retirees returning to work in a broader range of occupations and industries.

working less than full time at the time of the final survey.[14] Although not necessarily the jobs these workers would have opted for had they more choice, flexible work schedules and other nonpecuniary characteristics of the work may be more important than wages to workers at this stage of life.[15]

Part-Time Versus Full-Time Work

Older workers express interest in working part time, especially in retirement (e.g., AARP, 1998, 2002b; Moen et al., 2000), and appear to act on their interests. As seen in Table 7, the proportion working part time rises with age. Even so, more than half of workers are employed full time until age 70. Among workers between the ages of 25 and 54, only 11 percent are what BLS defines as "usually part time," in contrast to 24 percent of workers 55 and older. At ages 55-64 and 65-69, the majority of workers are still full time, although gender differences are sharp, as they are at younger ages. Paid part-time work is more common among women than among men. Still, most women are full-time workers through age 64.

Although part-time work increases with age, full-time employment has been on the rise among middle-aged and older workers in recent years (Tables 8 and 9).[16] The percentage of 55-64-year-old workers employed full time rose from 80.5 percent in 1994 to more than 83 percent in 2001. Once again, the increase was greater among women. Perhaps more surprising over this period is the increase in full-time employment in the 65+ workforce—from 45.4 percent to 50 percent between 1994 and 2001. Among these workers, the absolute increase in the percentage working full time was about the same for men and women (4.6 percent vs. 4.5 percent), but the rate of increase was slightly greater among women (12 percent vs. 9 percent).

Most workers are employed part time by choice. Involuntary part-time work, referred to by BLS as "part-time work for economic reasons," is rare at the upper ages, as can be seen in Tables 8 and 9. In 2001, during most of which the economy was in recession, only about 2 percent of middle-aged and older workers were employed part time because they could not find full-time work. What these data do not reveal is how many full-time workers might be involuntary *full time* workers, preferring instead to work fewer work hours if they had access to more attractive part-time jobs. (The findings of the Cornell Retirement and Well-Being Study suggest that a fair number of older workers might find themselves in such a situation [Moen et al., 2000].) Also, these statistics do not indicate how many fully retired men and women would be tempted to return to work if appealing part-time positions in a variety of settings were more readily available.

Moen et al. (2000) found a high degree of interest in flexibility, with a majority of older workers reporting that they would have liked to work fewer hours. Over time, those who wanted fewer hours on their current job (and who were presumably unable to arrange them) were more likely

[14] However, the investigators found wide variation in work schedules among retirees (Moen et al., 2000).
[15] Haider and Loughran (2001) contend that the behavior they examined is consistent with reports in the press that older workers enjoy their work, an observation confirmed by a recent AARP survey that found that enjoyment is a key reason older workers give for remaining employed. However, financial reasons, including access to health care, are also very important (AARP, 2002b).
[16] As discussed elsewhere in this report, due to the change in the survey of labor force behavior, data prior to 1994 are not strictly comparable to later data. Since 1994, however, an increase in full-time work has been evident.

to retire. It was clear, according to the investigators, that "many older workers feel they have only two options open to them: either continue in their primary 'career' jobs working full time or retire" (Moen et al., 2000: 7). Six in 10 of retirees who were still working viewed partial retirement as the ideal work arrangement. Similarly, the Health and Retirement Study has reported that while about three-fourths of workers of preretirement age (ages 51-61) would like to keep working in some capacity, few thought their employers would accommodate them with less intensive jobs, even for less money (U.S. Department of Health and Human Services, National Institutes of Health, National Institute on Aging, 1993).

Contingent Work and Alternative Work Options

Although there is a tendency to label any worker who is not in a full-time permanent position a contingent worker, BLS restricts the term to workers who think that their jobs are not going to last. BLS uses three separate measures of contingent work,[17] but even under the broadest measure, fewer than 4 percent of all aged 55-and-over employed workers qualified as contingent in February 2001. The figure was only slightly higher (4.9 percent) for the 65+ segment alone. Nor, despite concern about a growing workforce with precarious attachment to employment, has the proportion of older contingent workers changed much since BLS began tracking contingent work in 1995.

The majority of workers of all ages are employed in traditional work arrangements,[18] although the percentage in such arrangements falls with age (Table 10). Alternative work arrangements, which include independent contract work, temporary agency employment, on-call employment, and contract firm work, reveal age differences mainly among independent contractors. Workers aged 55 and older in 2001 were, for example, more than 13 percent of all workers and about 13 percent of workers in traditional work arrangements but nearly one-fourth (24 percent) of independent contractors (Table 11). The other forms of alternative arrangements fail to show such disproportionate representation.

Of the alternative work arrangements identified by BLS, independent contract work is the most common for workers of all ages except those under age 25 (Table 10), few of whom are likely to possess the skills and experience to market themselves successfully as independent contractors. In fact, it is workers aged 65 and older who are most likely to be found in this work arrangement. About one in six workers in this segment of the workforce were independent contractors in 2001. Men in this age group were twice as likely as women to be independent contractors (21 vs. 11

[17] According to the Bureau of Labor Statistics definition, contingent workers lack an implicit or explicit contract for ongoing employment. BLS's three measurements of contingent work are (1) "wage and salary workers who expect their jobs will last for an additional year or less and who had worked at their jobs for 1 year or less," (2) "workers including the self-employed and independent contractors who expect their employment to last for an additional year or less and who had worked at their jobs (or been self-employed) for 1 year or less," and (3) "workers who do not expect their jobs to last [including] wage and salary workers. . .even if they already had held the job for more than 1 year and expect to hold the job for at least an additional year [and] the self-employed and independent contractors . . . .if they expect their employment to last for an additional year or less and they had been self-employed or independent contractors for 1 year or less" (U.S. Department of Labor, Bureau of Labor Statistics, May 2001).

[18] Workers who do not fall into any of the "alternative arrangements" categories are classified by the Bureau of Labor Statistics as workers with traditional work arrangements (U.S. Department of Labor, Bureau of Labor Statistics, May 2001).

percent). Independent contract work was the work arrangement of about 1 in 8 men between the ages of 55 and 64.

What these figures mean is not clear. On the one hand, they could reflect opportunities to pursue new ventures, especially on the part of workers in their 60s who may be receiving pension and Social Security benefits. Independent contract work is a way to remain active while providing the employment flexibility older workers often say they want. Rehired retirees are undoubtedly part of this mix. On the other hand, age discrimination remains a problem for older workers. It may be necessity, rather than choice, that has pushed some individuals—especially men between the ages of 55 and 64 who are not financially ready for retirement—into working for themselves as independent contractors because they could not find other work after losing their jobs.

Older workers say they would like more flexible work schedules and indicate in surveys that access to such schedules would keep them in the workforce longer. About one-half of the older workers in a recent Conference Board survey reported that flexible hours might keep them from retiring (Conference Board, Inc., 2002),[19] with contract work or consulting the preferred arrangement for nearly one-fourth.[20] Whether the percentage of nontraditional work arrangements, such as contracting, will increase as the boomers age will undoubtedly depend in large part on the accommodations employers make to retain or attract them.[21] In the Conference Board study, interest in working part time with the current employer—as opposed to a new one—was strong, once again indicating considerable interest in phased retirement. The precariousness of some of the alternative work arrangements may make such employment less appealing than the security of wage and salary work at reduced hours with a current employer.[22]

Job Tenure

As would be expected, older workers tend to have been on their current job for many years, but job tenure at upper ages has been falling. To the extent that declining job tenure is the result of expanded opportunities to switch jobs or careers in mid-life or to move voluntarily into self-employment, it could be a welcome development. However, many of these older workers are in new jobs because they have been displaced from old ones (see, e.g., Hipple, 1999) and have moved on involuntarily.

The decline in tenure has been especially steep among men aged 55-64, whose median job tenure has fallen by a third over the past two decades—from 15.3 years to 10.2 years between 1983 and 2002 (Table 12). Job tenure has, in fact, fallen slightly for the total male workforce.

[19] The sample for this survey consisted of 1,645 full-time workers aged 50 and older in only eight firms so is not generalizable to the total working population.

[20] However, reduced work hours with benefits in their current companies was by far the preferred arrangement (by 68 percent) of those who would like to work part time. Only 8 percent said that they would most prefer reduced hours with benefits at another firm.

[21] About one in six boomers say that they expect to go into business for themselves when they retire (AARP, 1998), some presumably as independent contractors.

[22] In a recent study of self-employment after age 50, Karoly and Zissimopoulos (forthcoming) reported a higher percentage of older workers transitioning to wage and salary work than the other way around.

In contrast, women overall have increased their tenure (U.S. Department of Labor, Bureau of Labor Statistics, September 2002). Yet despite or perhaps because of women's increasing labor force participation,[23] median job tenure was somewhat lower for middle-aged and older women in 2002 than it was in 1983 (falling from 9.8 years to 9.6 years for 55-64-year-old women and from 10.1 years to 9.5 years for women aged 65+). As of 2002, median job tenure for women aged 65 and older was higher than that for men in the same age group—9.5 vs. 8.1 years.

Still, about half of all middle-aged and older workers have been with their current employers for at least 10 years. Interestingly, once workers reach their mid-sixties, women are more likely than men to have been with their current employers for 10 or more years.

A substantial proportion of older workers have also been on the job for a year or less—approximately 10 percent of both men and women aged 55 and older. Another 12 percent have been on the job for only one to two years. What is not known is how many of these short-tenure workers were voluntary job or career changers, perhaps moving into self-employment (and what their experiences were); how many returned to the labor force after a spell of retirement because they wanted or needed to; and how many were the victims of downsizing or displacement.

Employment Barriers and Problems Confronting Older Workers

Young people in the workforce must overcome their lack of experience. As workers age, they face a whole new set of barriers to employment including age discrimination, job displacement, and lengthy unemployment, and job displacement. (See the section on public policies for a discussion of government programs targeting age discrimination.)

Age Discrimination

Despite federal and state laws prohibiting age discrimination in employment, older workers continue to face employment barriers because of age. Even though there are no solid estimates of the prevalence of age discrimination, two-thirds of workers aged 45-74 contend that they have "personally witnessed or experienced age discrimination on the job." Moreover, they believe that "workers begin to face age discrimination around age 49" (AARP, 2002b).

Relatively few, however, report that they themselves have experienced one of the following forms of age discrimination: not getting hired because of age (15 percent), being passed over for a promotion (9 percent), being laid off (6 percent), or being passed up for a raise (5 percent). Those who have recently looked for work are more likely than the employed to say that they have experienced problems: 41 percent, for instance, contend that they have not been hired because of their age, as opposed to 11 percent of full-time workers and 20 percent of part-timers.

Few employers are likely to admit that they discriminate against older workers,[24] but experimental studies using job applications from older and younger workers have found widespread

[23] Large numbers of women entering the labor force for the first time could lower the average tenure of the workforce.

[24] Not everyone in a position of authority over workers has good sense, however. In *Reeves v. Sanderson Plumbing Products, Inc*. (530 U.S. 133 [2000]), a 57-year-old terminated worker filed a charge of age discrimination against

discrimination against older workers (Bendick, Jackson, and Romero, 1996; Bendick, Brown, and Wall, 1999). Younger job applicants were favored over older applicants who were identical in all respects save age.

Older unemployed men and women who have been looking for work are significantly more likely than current workers to think that workers today face age discrimination (80 percent vs. 66 percent), a not surprising difference in light of the reemployment barriers older jobseekers face. Nonetheless, regardless of age, occupation, race or ethnicity, or job status, a solid majority agree that age discrimination is a problem for older Americans.[25] Most of them also believe that when employers cut jobs, older workers are the first to go.

Moreover, perceptions of discriminatory actions appear to be on the rise. Where comparable data are available from earlier research, the percentages reporting having been discriminated against because of age show increases (AARP, 2002b). As the economy soured shortly after the turn of the twenty-first century, age claims filed with the Equal Employment Opportunity Commission (EEOC) also rose (Figure 4). (The EEOC is the federal agency with jurisdiction over the country's Age Discrimination in Employment Act [ADEA].) On the one hand, these increases are not necessarily proof of a growing problem—in a strong economy, workers may be less inclined to respond to discriminatory behavior if they feel their chances of finding other work are favorable. On the other hand, the weak economy of the past few years may have prompted a growing number of employers to avoid hiring and/or to seek ways of terminating older workers.[26] Although this may be the case, it bears repeating that the employment of older workers has increased while that of younger workers has fallen (Figure 3).

It is no coincidence that charges of age discrimination filed with the EEOC more often involve terminations than any other action. Discrimination tends to be more visible in terminations, where workers can generally see if older age groups have been singled out for dismissal and/or if older workers have been replaced by younger ones. Hirings, compensation packages, and other terms of employment covered by the ADEA do not generally lend themselves to such scrutiny. Terminations also often involve a sizable number of workers, making it easier to identify patterns of discriminatory behavior. Larger numbers also lend more weight to charges of discrimination.

Despite the bleak picture painted above, older workers seem to think that their age does not matter all that much when it comes to their own work. Although about one in eight (12 percent) workers aged 45-74 years old say their employers treat them worse because of their age, a few (8 percent) actually think that they are treated better because of it. The large majority—77 percent—contend that age makes no difference (AARP, 2002b).

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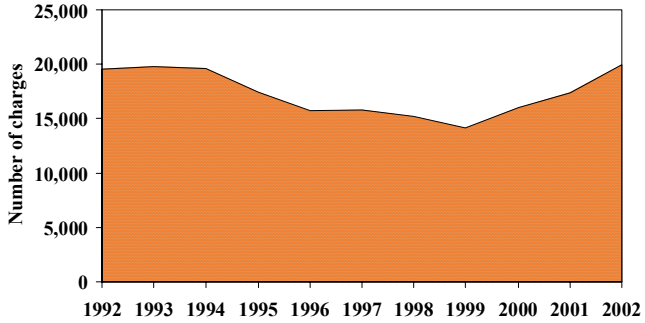
the company alleging that his supervisor told him that he "must have come over on the Mayflower" and was "too damn old to do the job."

[25] The question asked of survey respondents was "Based on what you have seen or experienced, do you think workers face age discrimination in the workplace today?"

[26] That age discrimination remains a problem is also evident in the very often substantial settlements and awards granted to workers who file charges of age discrimination in employment. In January 2003, the California Public Employees' Retirement System (CalPERS) agreed to a $250 million settlement compensating more than 1,700 retired state and local public safety officers whose disability benefits had been reduced in proportion to their age at the time of their hiring.

Figure 4
Charges Filed with the EEOC Under the Age Discrimination in Employment Act, FY 1992-FY 2002

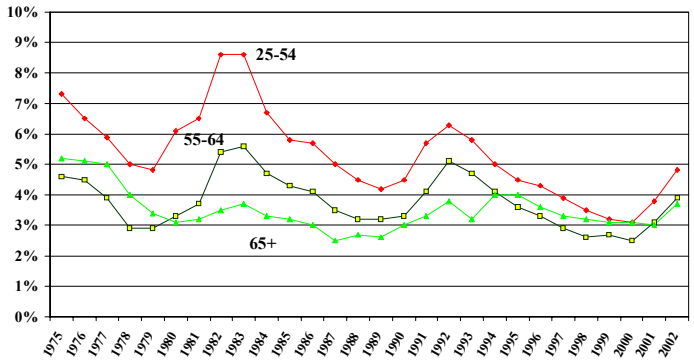


Source: Equal Employment Opportunity Commission (EEOC), www.eeoc.gov.

Unemployment

Judging from the rates alone, unemployment would not appear to be one of the more serious problems facing older workers. Those rates are typically lower than the unemployment rates for prime-age workers (Figure 5). This continued to be the case in 2002, a year of rising unemployment for workers of all ages.

Figure 5
Unemployment Rates for the Labor Force, Ages 24-54, 55-64, and 65+, 1975-2002



Source: Jacobs, 1999; U.S. Department of Labor, Bureau of Labor Statistics, January 1986-January 2003.

Seniority rules in collective bargaining agreements that protect older workers during layoffs can have an impact on unemployment rates, as do "last-hired first-fired" approaches to managing

workforce reductions. The decline in union membership,[27] along with the spread of pay-for-performance policies, however, may be undermining whatever protection age has carried during workforce reductions.

A key reason that unemployment rates are lower for older persons than younger ones is that older workers are far more likely than younger workers to drop out of the labor force when they experience job loss. When they do, they are no longer officially counted as unemployed.

Older workers who lose their jobs tend to be unemployed longer than younger job losers and are also overrepresented among the long-term unemployed. Some of this is due to the barriers they face in finding work, but it may also be the result of holding out for jobs with high wages and good benefits comparable to what they had had before becoming unemployed. Age differences in duration of unemployment narrowed in the boom years of the mid-to-late 1990s, but they never disappeared.

Older workers who find work tend to experience greater earnings losses on their new jobs than younger workers do (U.S. Congress, Congressional Budget Office, 1993; Hipple, 1999). The lower wages many experience may reflect age discrimination, but they may also be due to the loss of seniority-related benefits and because the firm-specific skills acquired on or for previous jobs are less valuable to new employers (Rodriquez and Zavodny, 2000).

Job Displacement

Job displacement, as defined by the Bureau of Labor Statistics, occurs when workers lose their jobs because companies close or move, there is insufficient work, or shifts are abolished. Between January 1999 and December 2001, nearly 10 million workers were displaced from jobs. Approximately 4 million had been on their jobs for at least three years ("long-tenure" workers, according to BLS), and another 5.9 million were displaced from jobs they had held for fewer than three years. In all, nearly 1.2 million workers aged 55 and older were displaced; these workers were 18 percent of the long-tenured displaced workers but only 8 percent of the short-tenured (U.S. Department of Labor, Bureau of Labor Statistics, August 2002).

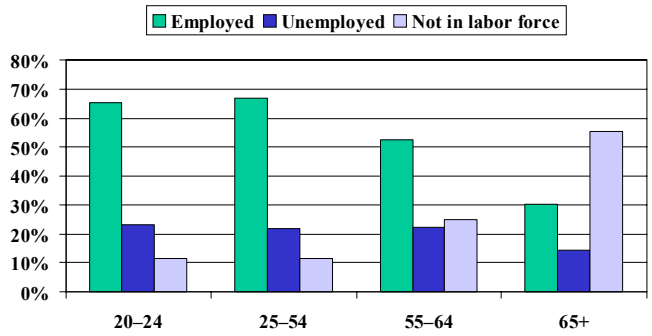
As can be seen in Figure 6, middle aged and older workers who were displaced from 1999 through 2001 were far less likely to be reemployed than prime-age workers and far more likely to have left the labor force. By January 2002, 25 percent of displaced workers aged 55-64 and 55 percent of those aged 65 and older were no longer in the labor force. This compares to only 11 percent of displaced workers aged 25-54. For the oldest displaced workers (65+), most of whom were eligible for Social Security benefits, labor force exit was nearly twice as common as reemployment. Exit, of course, is not a viable option for most prime-age workers.

A mid-life job search can be a daunting undertaking, as employment testers have demonstrated (Bendick, Brown, and Wall, 1999), and may be resisted by many older workers who lose their jobs. Rones and Herz (1989: 15) speculate that "the types of job offers available to older workers

[27] In 2002, 13.2 percent of U.S. wage and salary workers belonged to a union, down from 20.1 percent in 1983, the first year that comparable data were available (U.S. Department of Commerce, Bureau of the Census, 2002; U.S. Department of Labor, Bureau of Labor Statistics, February 2003).

are at such odds with their job market aspirations that they may not even consider employment an option."

Figure 6
Employment Status by Age of Workers Displaced from Jobs Between 1999 and 2001



Note: Percent employed as of January 2002; refers to all workers regardless of tenure on previous job.
Source: U.S. Department of Labor, Bureau of Labor Statistics, August 2002.

At all ages, women are somewhat more likely than men to give up or avoid job searches, undoubtedly doing so for some of the same reasons that younger women do—caregiving and other family responsibilities. Overall, fewer women than men are reemployed after displacement.

Reemployment rates for all displaced workers have been down sharply since February of 2000, which was a time of robust job growth (Table 13). The weakening economy has surely been a factor in pushing some workers out of the labor force, even though—as noted above—employment among older persons has been on the increase.

Figure 7 compares the reemployment rates of displaced workers by age and tenure (three or more years vs. less than three years) on the jobs from which they were displaced. Long-tenure workers ages 20 through 54 are somewhat more likely than short-tenure workers to be reemployed after displacement. At the upper ages, however, the opposite is true. There are several reasons why this might be the case: older workers displaced from long-tenure jobs may have been more financially prepared for retirement, perhaps eligible for pension or Social Security benefits. With alternative sources of income, they may have less need of finding other jobs. In contrast, short-tenure workers may have been less financially secure and thus more committed to the job search. Or the fairly recent experience of short-tenure workers in changing jobs might have made them more confident about their job-seeking prospects and so more likely to remain in the labor force and ultimately succeed in finding work.

Figure 7
Reemployment Rates of Displaced Workers by Age and Job Tenure, February 2002*

*Workers displaced between January 1999 and December 2001; Long-tenured workers were with their previous employer for three years or more; short-tenure workers were employed for less than three years.

Source: Calculated from data in U.S. Department of Labor, Bureau of Labor Statistics, August 2002.

Job-Seeking Discouragement

Unemployed workers who stop (or never begin) looking for work because they think their age, lack of skills, or education level will prevent them from finding a job are often referred to as discouraged workers. The extent to which older workers become discouraged has long been a concern to labor analysts and older worker advocates (see, e.g., Rones and Herz, 1989). In 1987, according to the Bureau of Labor Statistics data, there were about 244,000 discouraged workers aged 55 and older (Rones and Herz, 1989).

Official statistics today do not paint a particularly grim picture of job-seeking discouragement in the older population. In fact, fewer than 3 percent of the 38 million older men and women who were not in the labor force in 2002 even indicated that they would like to be working. However, if added to the unemployed for 2002, they would have more than doubled the unemployment rate from 3.8 percent to 7.8 percent. Very few—only 49,000 in 2002—officially qualified as discouraged workers (U.S. Department of Labor, Bureau of Labor Statistics, January 2003); reclassifying them as unemployed would have raised the unemployment rate only to 4.1 percent.

Contributing to the low number of discouraged workers is the rather rigid definition of discouragement introduced in the 1994 revision of the BLS monthly labor force survey. This definition requires the jobless to want a job; to have looked for work within the past year; to be available for work; and to mention their age, level of skills or education, or some other form of possible discrimination as the reasons they are not currently looking for work.[28]

[28] Polivka and Miller (1998) note that the discouraged worker definition had been criticized prior to the 1994 Current Population Survey revision. The National Commission on Employment and Unemployment Statistics, for example, had faulted its subjectivity, based as it was on an individual's expressed desire for a job rather than on evidence of a job search or other objective criteria. Polivka and Miller report that the revision resulted in a decline of 50 percent in the proportion of those not in the labor force classified as discouraged.

The definition of discouragement used at BLS was not always so stringent. At one time, no presumption of a job search was required (Rones and Herz, 1989). Eventually, BLS decided that the definition of discouragement was too loose and that more of an effort at finding a job should occur before a worker is considered discouraged. Because of the change in definition, data on discouraged workers prior to 1994 are not comparable to later data. Little seems to have changed since 1994, however, when fewer than 3 percent of persons aged 55 and older who were not in the labor force reported that they wanted a job, and only 8 percent of them (or 0.2 percent of the total older population not in the labor force) met all of the criteria for being discouraged. (U.S. Department of Labor, Bureau of Labor Statistics, January 1995).

Given the problems that older workers face when seeking employment and the very high percentages of older workers who say that they want or expect to work in retirement (discussed elsewhere in this report), the percentage of older nonparticipants who express the opinion that they would like a job seems unreasonably low. It may be that the discouraged worker criteria are too inflexible to capture workers who really would like to work but who do not feel their chances of success warrant what they might have to go through during a search. More than a decade ago, the Commonwealth Fund (1990) estimated that nearly two million out of more than eight million older nonworkers were able to work and would have liked to be working if the circumstances were right ("older" in this study referred to men aged 55-64 and women aged 50-59.) Eliminating those who, for example, were not willing to work in the available jobs or accept difficult job assignments resulted in a "best estimate" of 1.1 million older men and women ready and able to work—about 1.75 times the official government estimate.

More recently, a Harris poll found that one-third of older nonworkers in 1999 would have preferred to be working, although only 10 percent of them said they would be able to work, even if suitable jobs were available in their areas (Taylor, 1999). This left about 3.7 million nonworkers aged 55 or older, or 10 percent of the total population, "who want to work and could accept a suitable job" if one were available.

A Look to the Future

Labor Force Projections

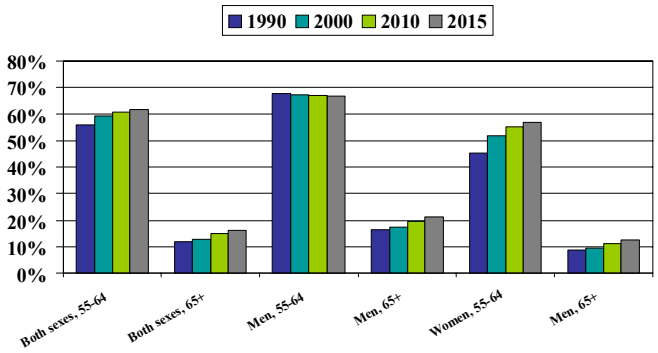
The Bureau of Labor Statistics projects relatively modest increases in the participation rate of older Americans through 2015 (Table 14 and Figure 8).[29] The rates for both men and women aged 65 and older are projected to rise by about 3 percentage points over the next 15 to 20 years and to fall by 2050 to about what they were in 2001.

The labor force participation rate for women between the ages of 55 and 64 is projected to rise by somewhat less than 4 percentage points by 2015 and then drop, while the rate for men in this age group is projected to decline slightly over the next 15 years and to remain at about the 2015 level until 2050. If these projections prove close to the mark, the participation rate for the 55+

[29] BLS has projected labor force participation rates for 136 sex, age, racial, and ethnic categories through 2015, after which participation rates are held constant. Even though these rates remain constant, the overall participation rate is projected to change after 2015 due to changes in the sizes of the various sex, age, race, and ethnic groups to which the participation rates apply (see Toossi, 2002).

population will reach 37.9 percent in 2015, just about where it was in 1972. By 2050, their participation rate would be 30.2 percent, about what it was throughout much of the 1990s and well below the 43 percent of 1950.

Figure 8
Labor Force Participation Rates of Older Persons, Actual 1990 and 2000 and Projected 2010 and 2015



Source: Fullerton and Toossi, 2002.

Forecasting labor force trends even 10 years out—to say nothing of 50 years in the future—is fraught with uncertainty, given the many social, economic, and demographic factors that can affect labor force participation. BLS projections point to rather less change than some might have been predicted, given what boomers in particular have said about their retirement expectations (discussed below).

Continuing in the Labor Force

Over the short run, an aging labor force is a certainty. Even with the relatively modest increases in participation projected by the Bureau of Labor Statistics, older workers will account for an increasing share of the workforce. In 2002, there were 20.2 million persons aged 55 and older in the labor force, or 14.2 percent of the total. As of 2015, nearly one in five (19.2 percent) workers and jobseekers, or 31 million people, will be aged 55 or older. The GAO projects that these workers will become a rising share of certain occupations, e.g., teaching and nursing (U.S. General Accounting Office, 2001).

The labor force grew at about 1.6 percent annually between 1950 and 2000, but it is projected to grow far more slowly in the future (Toossi, 2002). In producing its projections, BLS assumes that there will be no significant changes in work patterns during the projection period and that "laws and legislation will not change the conditions under which individuals decide to enter or stay out of the labor force" (Toossi, 2002: 28). However, as Toossi of BLS notes, we should not be surprised if the labor force of the future changes just as dramatically as in the past. For example, between 1970 and 1980, the labor force participation rate of women ages 25-34 increased by more than 20 percentage points, a rise unprecedented for any other labor force group in a single decade (Toossi, 2002) and one that had not been anticipated in workforce

projections. From 1980 to 1990, participation rose by more than 14 percentage points for women between the ages of 35 and 44. Might rates for older women and men exceed their official projections over the next several years? There are a variety of reasons to suspect that growing numbers of men and women will delay retirement.

- Overall pension coverage, which hovers around 50 percent of the workforce, has stagnated since the mid-1970s, leaving many workers without the financial cushion of pension benefits to supplement their Social Security.

- A declining proportion of workers can count on defined benefit pension payments to see them through lengthy retirements. In 1975, 73 percent of active participants in private pension plans had defined benefit plans as their primary pension plan; by 1998, that figure was down to 42 percent (Rajnes, 2002).

- A growing proportion of workers are covered by 401(k) and other defined contribution plans. These workers face considerable market and other risks that threaten retirement income security.

- Personal retirement savings are inadequate for many, especially low-income individuals and those with intermittent earnings.

- Workers may be concerned about outliving any savings in light of increasing life expectancy. Life expectancy at 65 is more than five years longer than it was when the Social Security system was established.

- Rising life expectancy may prompt some people to work longer to "fill the time."

- Employers are cutting back on retiree health benefits. In 1993, 40 percent of large employers (500 or more employees) offered retiree health benefits to their Medicare-eligible retirees; that figure was down to 23 percent in 2001. Over the same period, the proportion of large employers offering such benefits to early retirees fell from 46 percent to 39 percent (Employee Benefit Research Institute, September 2002).

- Educational levels are rising. More than 15 percent of persons aged 65 and older had four or more years of college in 1999, up from less than 9 percent in 1980. Higher education is associated with delayed retirement.

All of these factors will undoubtedly influence work and retirement decisions in the future to some extent. Nonetheless, a primary reason workers are likely to postpone retirement will be the demand for labor. With slowing labor force growth, employers may have little choice but to turn to older workers. Over the next two decades, it is also in the older age groups that population growth will be concentrated. As Purcell (2000: 20) notes, projections "suggest that the impact on labor markets could be substantial if [the boomer] generation chooses to retire earlier (or to remain in the workforce longer) than did previous generations."

Workers' Wishes for and Expectations about Post-Retirement Employment

Over the past decade, responses in a number of surveys to queries about retirement plans and expectations have been pointing to a shift in work and retirement patterns.[30] Sizable portions of workers report wanting or expecting to work in retirement. For example,

- 73 percent of employed respondents aged 51-61 in the first wave of the Health and Retirement Study say that they would like to continue doing *some* paid work when they retire (University of Michigan in U.S. Department of Health and Human Services, National Institutes of Health, National Institute on Aging, 1993).

- 72 percent of all workers, 67 percent of preboomers (ages 53 and older at the time of the survey), 69 percent of early boomers (ages 45-52), and 78 percent of late boomers (ages 34-44) expect to work part time in retirement (Mathew Greenwald and Associates, Inc. for the 1997 Retirement Confidence Survey in Yakoboski and Dickemper, 1997).

- 80 percent of boomers think that they will work at least part time when they retire (Roper Starch for AARP, 1998).

- 69 percent of persons aged 45-74 say they plan to work in some capacity in retirement (Roper Starch for AARP, 2002b).

- 95 percent of preretirees aged 55-64 who plan to retire expect to work in some capacity in retirement (Harris Interactive in Taylor, 2002).

- 66 percent of workers aged 20 and older say that they think they will work for pay after they retire (Mathew Greenwald and Associates, Inc. for 2002 Retirement Confidence Survey in Employee Benefit Research Institute, February 2002).

- 68 percent of workers aged 50-70 plan to work in retirement or expect never to retire (AARP, 2003).

The reasons given for delaying retirement are many and varied. Financial need and access to health insurance are very important, but so is interest in keeping active, challenged, and engaged (AARP, 2002b).[31]

In some surveys, however, post-retirement work expectations are less common. For example, just 39 percent of nonretired persons aged 50-75 said "yes" to the question, "After you retire

[30] Workers are not, however, keen on being told that they must work longer. Increases in the Social Security retirement age, for example, are not popular. See Rix (1999) for an overview of opinion poll research on proposals to raise the retirement age.

[31] Workers say they want to work in retirement; however, they also indicate that they want to stop working for pay entirely at very young ages. AARP's boomer study, for example, reported that 80 percent of boomers expect to work, at least part time, in retirement (AARP, 1998), but they would like to stop working for pay altogether at an average age of 59.7 years (AARP, 1998, unpublished data). They do not expect to be able to do so that early; rather, they expect to stop working for pay at an average age of 63.9, only slightly higher than the average age at which Social Security benefits have been awarded in recent years.

from your main job or type of work, do you plan to work for pay at another job, that is, a job other than the one that you retire from?" Fourteen percent did not know whether they would work in retirement, or refused to answer (Peter D. Hart Research for Civic Ventures, 2002). In another national survey, only about 3 in 10 boomers responded that they wanted to keep working when asked, "Do you want to retire at 65, or keep working?" (Beldon Russonello & Stewart and Research/Strategy/Management for AARP 2000c).

It is not well understood what these surveyed workers mean when they say they expect to work in retirement. Given that the majority of workers continue to retire early, it seems doubtful that 65-80 percent of them are talking about employment after the normal retirement age, although some will assuredly work into their late 60s and 70s, just as some do today. What seems more likely, especially in light of so many recent surveys that reveal such consistently high expectations of post-retirement employment, is that workers will remain in the labor force somewhat longer than they have in recent decades. Significant incentives from employers to remain at work or substantial retirement disincentives, perhaps in the form of a higher normal retirement age under Social Security, could increase the number of workers postponing retirement even further.

Performance Issues in an Aging Workforce

An aging workforce raises questions about worker performance, productivity, and health status. Concern that performance declines with age has prompted some analysts to argue in favor of giving employers more flexibility in using age as a factor in setting compensation (e.g., Rebick, 1993; Panis et al., 2002). According to available research, age is a poor predictor of performance (Sterns and McDaniel, 1994), although there is a dearth of research on the performance and productivity of workers in their 60s and 70s. If the less healthy and less productive workers who have tended to retire early decide to postpone retirement, perhaps in response to the increase in the normal retirement age, market uncertainty, or a scaling back of early retirement incentive programs, a stronger relationship between age and performance might emerge.

Improved health status is assumed to increase the ability and desire to work in later life and to have contributed to the rising labor force participation rate of older persons. Judging from chronic disability rates and self-reports of health status, both of which have been improving in the older population (Manton and Stallard, 1996; U.S. Department of Health and Human Services, National Center for Health Statistics, 2002), older people today are in better health than were their parents or grandparents at the same age. Nonetheless, although the majority of older Americans recently surveyed reported good or better health, an appreciable minority did not—more than one in six people between the ages of 55 and 64 said that their health was only fair or poor, a figure that increased to more than one in four for those aged 65 or older (U.S. Department of Health and Human Services, National Center for Health Statistics, 2002). Health limitations remain a significant though not predominant reason that workers retire (see Uccello, 1998).

An important issue is the degree to which individuals are limited in their ability to work by chronic conditions, which rise with age. More than one-third (35 percent) of persons aged 65 and older report some type of activity limitation, as do 20 percent of those 55-64 (U.S. Department of Health and Human Services, National Center for Health Statistics, 2002). In an

earlier survey, roughly 1 in 10 reported limitations in the amount or kind of major activity[32] they could undertake, while another 1 in 10 were unable to carry out their major activity (U.S. Department of Health and Human Services, National Center for Health Statistics, 1995). Presumably, these individuals would find continued employment difficult or impossible, although some form of job modification or redesign might prove helpful in keeping these workers employed.

As the workforce continues to age, employers can expect an increase in the number of workers with chronic conditions. Data on work-related accidents fail to show a comparable age-related increase, but when work injuries occur to older workers, they tend to be more disabling than those experienced by younger workers, and more costly to treat. This fact has worrisome implications for the future, according to BLS, which contends that "the cost implications of severe injuries to older workers are especially troublesome for the future," given the more rapid labor force growth rate for older workers. As a result, "older workers' share of all serious injuries. . .is likely to increase. . .even though their risk of injury is relatively low" (U.S. Department of Labor, Bureau of Labor Statistics, April 1996: 1). Workplace modifications and/or schedule adjustments might facilitate the continued employment of partially disabled workers or workers who for whatever reason are no longer capable of performing effectively in their current jobs. Although employers do not at present seem worried about the impact of a rise in the number of workers with health problems or severe injuries occurring on their job sites, employer concern about growing health care costs could, at some point, aggravate the employment problems of older workers.

It was not so long ago that men, at least, worked far later in life than they do today and in jobs that were, on average, far more physically taxing.[33] Of course, standards of what is good, bad, or taxing about jobs change with time. On the one hand, today's jobs involve more brain than brawn, which should make it possible for more older workers to continue on the job. On the other hand, those jobs may be less physically but more mentally exhausting. The need for continuous skills updating in light of rapid technological changes may wear workers out at relatively early ages. Still, it seems safe to conclude that most workers could extend their worklives if they wished and if employers encouraged them to do so.

Promoting Older Worker Employment

Private Sector Policies and Programs

Employers for the most part seem cognizant of the aging workforce but have done little about it because, according to the U. S. General Accounting Office (2001: 23), they "simply [have] not considered" doing so. The real labor crunch will not materialize until boomers begin reaching conventional retirement age in less than a decade. Recent economic woes and slack demand

[32] NCHS defines major activity as "the principal activity of a person or his or her age/sex group. . .for adults 18 years of age and older, the major activity usually refers to a job, housework, or school attendance" (U.S. Department of Health and Human Services, National Center for Health Statistics, 1995: 306 and 308).

[33] According to Steuerle (1998), the proportion of workers in physically demanding jobs, defined as "requiring frequent lifting and/or carrying of objects weighing over 25 pounds," fell from just more than 20 percent in 1950 to 7.5 percent in 1996.

provide little incentive for employers to develop and/or implement older worker policies and programs.

Hiring and Retention. Private sector programs and policies specifically designed to hire, retain, train, or retrain older workers tend to be few and far between (AARP, 2000a; Barth, McNaught, and Rizzi, 1993; U.S. General Accounting Office, 2001), although isolated "good company practices" can be found.

Many companies offer flexible work schedules, telecommuting opportunities, and part-time work that appeal to older workers, as may the temporary and/or contract work in which companies might engage. Formal phased retirement programs remain rare, although opportunities to scale back work hours before full retirement are often arranged individually. The rehiring of retirees, often on a task- or project-specific basis, is common (AARP, 2000b; Mercer, 2001; Watson Wyatt Worldwide, 1999).

Surveys indicate that many older workers would take advantage of the opportunity to phase into retirement, but employers face numerous impediments—many of them legal—to formalizing phased retirement (Chen and Scott, 2003; Penner, Perun, and Steuerle, 2002). These include pension plans that require termination upon receipt of pension benefits, and possible violations of the Employee Retirement Income Security Act (ERISA) regulations on in-service distribution of pension benefits. GAO (2001: 25) has observed that employees in flexible work arrangements tend to be "skilled workers with an expertise for which an employer has a special need." At issue is how, under formal phased retirement programs, employers can retain only the workers they want without violating the Age Discrimination in Employment Act (ADEA).

Training. Finding workers with appropriate skills emerges in surveys as one of the biggest challenges facing U.S. employers today. Employers invest billions of dollars annually in training their employees to acquire the job-specific (and often basic) skills needed to get work done and to keep current employees productive. However, employers invest less in training their older workers than their younger ones (Barth, McNaught, and Rizzi, 1993). Surveys of worker training show that older workers are less likely to engage in skill improvement or other job training than younger workers.

In a survey of training in establishments of 50 or more employees, for example, BLS found that just more than half of workers aged 55 and older had received training in the year prior to the survey (Frazis et al., 1998; U.S. Department of Labor, Bureau of Labor Statistics, December 1996). This is in contrast to 70 percent of all workers and three-fourths or more of workers between the ages of 25 and 44. In addition, older workers reported substantially fewer hours of training than any group but those under age 25.

Factors other than age may be associated with the probability of receiving job-related training. Typically, workers in larger firms receive more training than those in smaller firms. Full-time employees are trained more often than part-time employees. Better-educated workers are more likely than their less-educated peers to participate in worker training programs, further widening the potential employment gap between these groups. Contingent workers usually lack access to

employer-provided training and, of course, are generally unable to use paid worktime for training, as wage and salary workers often can.

Employers understandably give priority to training those workers they deem most valuable or promising to their organizations, most capable of learning new skills, and most cost-efficient to train. Their concerns about the learning ability of older workers, as well as the costs of and returns to training older employees who may soon retire, help explain such workers' underrepresentation in training programs.

Workers who fail to get training not only risk obsolescence, they reinforce stereotypes about older worker trainability and adaptability. These stereotypes then serve as impediments to further training opportunities. (For further discussion see Promoting Employment through Training below.)

Public Policies

To date, older workers have not been the focus of much specific policy at the federal level. The General Accounting Office has called on the U.S. Secretary of Labor to convene an interagency task force, with representatives from the Department of Labor and other agencies with regulatory jurisdiction or a clear policy interest, "to develop legislative and regulatory proposals addressing the issues raised by the aging of the labor force" (U.S. General Accounting Office, 2001: 34), but there had been no action on this recommendation as of late 2003.

Fostering Longer Worklives. A recent and significant legislative response to the aging workforce is the Senior Citizens' Right to Work Act, which, as discussed above, eliminated the Social Security retirement earnings test for workers over the normal retirement age. In another effort to make work more appealing to older Americans, the Social Security delayed retirement credit, which results in increases in Social Security benefits for workers who postpone benefit receipt after the normal retirement age and up through age 69, is becoming more actuarially fair. Also, as noted in the Introduction, Congress has increased the age of eligibility for full Social Security retirement benefits.

Targeting Age Discrimination. Over the past 35 years, the federal government has taken steps to eliminate discrimination against older workers, thereby making it easier for people who want to remain at work to do so. The 1967 Age Discrimination in Employment Act protects older workers from discrimination in all terms and conditions of employment—that is, with respect to wages and benefits, hiring, firing, promotions, and training opportunities. Initially, only workers between the ages of 40 and 65 were covered by the ADEA. The upper age was raised to 70 in 1978 and eliminated in 1986. Since 1986, mandatory retirement has been illegal in all but a very few occupations. Exceptions include public safety workers, commercial airline pilots, air traffic controllers, and certain executives and other high policymakers.[34] The ADEA also covers state and local governments, the federal government, employment agencies, and labor organizations with 25

[34] Mandatory retirement under such circumstances may be legal if an employee is at least age 65, is entitled to annual pension benefits from the current employer of at least $44,000 (excluding Social Security and the employee's contribution), and has been in an executive or high-level policymaking position for at least two years prior to retirement.

or more members. It does not cover military personnel, elected officials, or independent contractors.

What is perhaps less well known is the fact that the ADEA applies only to employers with 20 or more employees. In the United States, approximately 20 percent of workers are employed in firms with fewer than 20 employees. That does not mean that workers in small companies are unprotected, however. Every state has a law that prohibits age discrimination in employment. A number of these laws predate the ADEA, and most of them cover firms with fewer than 20 employees. A handful of state statutes, some of which go back to the 1930s (Neumark, 2001), cover firms with a single employee. In addition, the provisions of state laws may be more employee-friendly than those of the ADEA.

An older worker in the United States is legally entitled to remain at work as long as he or she performs adequately and, of course, as long as there is a job for him or her to do. An employer has every right to terminate poor performers, regardless of age. However, the criteria for terminating must not be age-based. Rather, performance must be evaluated according to the job requirements and the ability of an incumbent to perform the required work. In a very few instances, age may be a bona fide occupational qualification, but this rarely occurs.

The ADEA has not succeeded in eliminating discrimination against older workers and jobseekers, but it has resulted in changes in the treatment of older workers in the private sector—including the elimination of forced retirement and of help-wanted ads with age limits. Some argue that age discrimination has simply become more subtle and employers more sophisticated in evading the law. In a recent analysis of federal and state laws, Neumark (2001: 35) concludes, however, that although the research is limited, on balance "a relatively positive assessment of age discrimination legislation in the United States is more warranted than a negative assessment."

Promoting Employment through Training. As with employer-provided training programs in the private sector, there are few public sector programs aimed specifically at older workers. The major public vehicle for job training in the United States is the Workforce Investment Act (WIA) of 1998. A successor to the Job Training Partnership Act (JTPA), WIA provides a variety of services at one-stop employment centers to youth, adults, and dislocated workers. If funds are limited, priority is given to low-income individuals. The dislocated worker program is intended to meet the needs of laid-off workers who are unlikely to return to their previous employers.

WIA has been touted as a radical overhaul of America's job-training programs that would modernize the system and improve the employment prospects of all workers, but especially those with low incomes or those at risk of falling into poverty. Consistent with the notion that careers must be self-managed and that workers themselves are largely responsible for remaining employable, the law aimed to empower individuals by giving them greater choices in, and control over, their training and retraining.

WIA eliminated a requirement in the JTPA to reserve funds specifically for older workers, and most states no longer fund programs targeted at older age groups (U.S. General Accounting Office, 2003).

Despite the name of the act, investment in training under WIA seems largely to occur only if workers are unable to find almost any sort of job without it. Further, one-stop centers may find it difficult to meet the law's performance measures if they accept older workers. Achieving post-training earnings improvement is difficult for some older workers, especially those who cannot find jobs paying what they were earning previously. In addition, they may want only part-time work. According to officials at GAO, this could limit older workers' access to more intensive training (U.S. General Accounting Office, 2003).

About 12 percent of all older nonworkers who wanted jobs between July 2000 and June 2001 were enrolled in federally funded employment and training programs (U.S. General Accounting Office, 2003). About two-thirds, or some 156,000 participants, were Senior Community Service Employment Program (SCSEP) enrollees. These were low-income men and women who were typically placed in subsidized minimum-wage community service jobs.[35] Another 49,000 of the enrollees in federally funded training programs were in WIA (28 percent) and Trade Adjustment Assistance (TAA) (4 percent) programs,[36] where they for the most part received job search assistance. Few received specific job training or basic work skills.

SCSEP, funded under Title V of the Older Americans Act, has been suggested as a possible model for meeting the training needs of aging baby boomers (Poulos and Nightingale, 1997). Its appeal lies in its one-on-one evaluation and assistance. However, this small but very popular program, which serves about 100,000 persons a year, was designed to assist economically disadvantaged persons aged 55 and older, many of whom have very poor employment prospects. It does not seem suited to meeting the training needs of large numbers of better educated boomers.

Public investment in adult training has tended to focus on the economically disadvantaged, although resources have never been sufficient to reach more than a small proportion of potentially eligible workers. In 1995, according to a report prepared for the U.S. Department of Labor, no more than 3 percent of the 8.4 million economically disadvantaged persons between the ages of 45 and 70 participated in federally sponsored employment and training programs. (Poulos and Nightingale, 1997). SCSEP reached about 1 percent of the potentially income-eligible, and WIA less than 1 percent of the age-eligible, between July 2000 and June 2001 (U.S. Congress, General Accounting Office, 2003).[37]

Looked at from another perspective, about 10 percent of all enrollees in TAA and WIA adult and dislocated worker programs from July 2000 to June 2001 were 55 or older (U.S. General Accounting Office, 2003). The fact that older workers are more likely to work part time can serve as a disincentive to enrolling older workers in some of the more intensive programs (beyond job search assistance) that might broaden their employment prospects.

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[35] The General Accounting Office (2003) observes that the actual number of older workers served at one-stops may be greater, as some may have used the services of one-stops without being enrolled formally in WIA programs.
[36] TAA, which goes to workers who lose their jobs because of increased imports from, or shifts in production to, foreign countries, may include trade readjustment allowances, training, and funds for job searches or relocation.
[37] The population qualifying for the WIA dislocated worker and TAA programs is not known (U.S. General Accounting Office, 2003).

Proposals to Expand Employment Opportunities for Older Workers

Older worker advocates, economists, policy analysts, and others have proposed a number of public and private sector policy changes to expand employment opportunities for older workers and/or to extend their worklives. Some changes would encourage work, others would discourage retirement. Policies need to strike a balance among what is equitable for workers, satisfactory for employers, and good for society. Some programs may have costs for employers, but there are societal costs to actions such as early retirement as well. Herbertsson and Orszag (2001) estimate that the economic output lost to early retirement policies in the United States in 1998 was 4.7 percent of gross domestic product. So even if growing numbers of older workers add to the cost of hiring or retaining employees, the overall impact of increasing the number of older workers could be positive in terms of greater productivity, higher tax payments, higher Social Security contributions, and lower benefit payments.[38]

Some of the more commonly proposed changes include:[39]

- Increasing the age of eligibility for early retired worker benefits under Social Security. That age, now 62, might be increased gradually to 64 to keep the 3-year time span between the early and full retirement ages. Or it could be increased to some other age—63 and 65 have both been proposed. The arguments in favor include improved health status at upper ages, less physically demanding jobs, and increasing life expectancy. Arguments against include the financial hardship that could befall workers unable to remain at work until the higher age. As Gendell and Siegel (1996) have pointed out, a high proportion of workers, especially minorities, have left the labor force before age 62. On the assumption that they are waiting until the earliest age for benefits, any delay in eligibility for early Social Security retirement benefits could prove especially onerous.
- Increasing the age of eligibility for full retirement benefits from 67 (the age to which it is increasing under current law) to some higher age—68, 70, and even 72. The arguments in favor are similar to those for raising the early retirement age (ERA). Workers who could not reach the higher normal retirement age (NRA) would still be eligible for reduced Social Security benefits, so the hardship would not be as pronounced as raising the ERA.
- Eliminating the 11-year hiatus before the NRA, once it has reached 66, begins rising to 67.[40]
- Indexing the Social Security benefit eligibility age to increases in life expectancy.
- Making Medicare once again the primary payer of health benefits for workers aged 65 and older. Since 1983, employer-provided health plans have been the primary payer of health coverage for older workers. Critics have charged that the added cost of insuring

[38] See also Committee for Economic Development (1999) for a discussion of why promoting longer worklives matters.

[39] The policies described here are for information purposes only. They do not necessarily reflect the official policy of AARP.

[40] The NRA will remain at 66 from 2005 to 2016, after which it will gradually increase to 67. Under this proposal, the NRA would reach 67 by 2011.

older workers discourages employers from retaining or hiring them, at least in jobs covered by health insurance. Proponents of this change have argued that if Medicare were restored as the primary payer, employers would be more receptive to hiring or retaining older workers, although the cost to Medicare would increase.

- Making defined benefit private pension plans work-neutral by eliminating disincentives to work beyond a plan's normal retirement age.
- Requiring prorated benefits for employees who work less than full time. This is a double-edged sword, as it might make jobs more attractive to older workers but also increase the cost of less-than-full-time work. Most employers currently do not pay benefits to part-time workers.
- Eliminating the impediments to formal phased retirement programs. Although there are few restrictions on the rehiring of retirees, ERISA, the ADEA, and the policies of some company pension plans pose problems for employers who may wish to establish formal phased retirement programs.
- Encouraging employers to offer more part-time and flexible work schedules and alternative work options (including job sharing, home work, and telecommuting) to workers ready to scale back or change their standard workweek.
- Enhancing training opportunities offered under the Workforce Investment Act and possibly restoring the older worker set-aside.
- Providing sufficient resources to effectively monitor and enforce the Age Discrimination in Employment Act.

Some of the more controversial and contentious proposals include eliminating the payroll tax for workers receiving Social Security benefits; providing incentives (e.g., tax credits) to employers who hire and/or train older workers; and relaxing the ADEA to enable employers to take age into consideration in making compensation decisions.

Conclusions

The twenty-first century seems to promise continued changes with respect to the work and retirement patterns of older workers. Anticipated labor demand coupled with a huge supply of older men and women who say—at least at present—that they want to work in retirement would seem to point to continued increases in the labor force participation of older Americans. However, as Johnson (2002) notes, the reversal of men's labor force trends in 1985 remains a puzzle, and it thus would be unwise to base policy on the assumption that the increase is going to continue.[41]

As boomers age, postponing retirement may become less attractive than it appears to them now. Job loss, health problems, stress, difficult bosses or coworkers, age discrimination, and caregiving responsibilities, among other factors, may increase the appeal of retirement. The

[41] Johnson (2002) debunks a number of common explanations (e.g., the decline in defined benefit pension coverage, lower physical demands of work, slower labor force growth) offered to account for the later retirement of men evident in recent years. It is possible, he says, that older men are demonstrating "a greater taste for work," but why that should have occurred beginning in 1985 cannot yet be explained.

preference for leisure that Costa (1998) has written about may continue to motivate workers to exit the labor force at early ages. Even Joseph Quinn, who has written extensively on the halt in the trend to ever earlier retirement and its seeming reversal, concludes that "Americans would rather set aside more of their wages for pensions than postpone their retirement" (Burtless and Quinn, 2002: 10).

If workers cannot afford to retire at those early ages, of course, they will continue to work, assuming they are physically capable of working and have access to jobs. Moreover, if employers need workers, as they are likely to, they will make continued employment more appealing. More attractive part-time jobs, more flexible work schedules, and more phased retirement opportunities would enable workers to combine employment and leisure in ways that they cannot readily do now, and so encourage them to postpone retirement.

Table 1
Labor Force Participation Rates for Men and Women Aged 55-64 and 65 and Older, 1950-2002, Unadjusted and Adjusted Using BLS Factors to Account for 1994 Current Population Survey Methodological Change
(in percentages)

Year	Aged 55-64				Aged 65 and Older			
	Men		Women		Men		Women	
	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted
1950	86.9	86.6	27.0	28.2	45.8	49.6	9.7	10.7
1955	87.9	87.6	32.5	33.9	39.6	42.9	10.6	11.7
1960	86.8	86.5	37.2	38.8	33.1	35.9	10.8	11.9
1965	84.6	84.3	41.1	42.9	27.9	30.2	10.0	11.1
1970	83.0	82.7	43.0	44.8	26.8	29.1	9.7	10.7
1975	75.6	75.3	40.9	42.7	21.6	23.4	8.2	9.1
1980	72.1	71.8	41.3	43.1	19.0	20.6	8.1	9.0
1985	67.9	67.6	42.0	43.8	15.8	17.1	7.3	8.1
1990	67.8	67.5	45.2	47.1	16.3	17.7	8.6	9.5
1991	67.0	66.7	45.2	47.1	15.7	17.0	8.5	9.4
1992	67.0	66.7	46.5	48.5	16.1	17.5	8.3	9.2
1993	66.5	66.2	47.2	49.2	15.6	16.9	8.1	9.0
1994	65.5		48.9		16.8		9.2	
1995	66.0		49.2		16.8		8.8	
1996	67.0		49.6		16.9		8.6	
1997	67.6		50.9		17.1		8.6	
1998	68.1		51.2		16.5		8.6	
1999	67.9		51.5		16.9		8.9	
2000	67.3		51.8		17.5		9.4	
2001	68.1		53.0		17.7		9.7	
2002	69.2		55.1		17.8		9.9	

Note: Each prerevision rate has been adjusted to the postrevision rate by multiplying the appropriate factor by the labor force participation rate for a particular year. The adjustment factors are 0.9961 for men 55-64; 1.084 for men 65+; 1.043 for women 55-64; and 1.106 for women 65+. All factors but the factor for men 55-64 are significant at the 0.05 level.
Source: Unadjusted rates are from Jacobs, 1999 and U.S. Department of Labor, Bureau of Labor Statistics, 2000-2003 (January issues). Adjusted figures have been calculated using the adjustment factors in Polivka and Miller (1998).

Table 2
Labor Force Participation Rates of Men and Women Aged 65-69, 70-74, and 75 and Older, 1994-2002
(in percentages)

Sex and Year	Age		
Both sexes	**65-69**	**70-74**	**75 and Older**
1994	21.9	11.8	5.4
1995	21.8	12.5	4.7
1996	21.9	12.5	4.7
1997	22.5	12.6	4.8
1998	22.5	12.5	4.7
1999	23.0	13.1	5.1
2000	24.4	13.5	5.3
2001	24.7	14.1	5.4
2002	26.1	14.0	5.1
Men			
1994	26.8	15.8	8.6
1995	27.0	16.8	7.6
1996	27.5	17.3	7.3
1997	28.4	17.2	7.7
1998	28.0	16.5	7.5
1999	28.5	17.4	8.0
2000	30.1	17.9	8.0
2001	30.3	18.1	8.4
2002	32.2	17.5	7.6
Women			
1994	17.9	8.7	3.5
1995	17.5	9.3	2.9
1996	17.2	8.8	3.1
1997	17.6	8.9	2.9
1998	17.8	9.3	2.9
1999	18.4	9.6	3.3
2000	19.4	9.9	3.5
2001	20.0	10.8	3.4
2002	20.8	11.2	3.5

Source: U.S. Department of Labor, Bureau of Labor Statistics, 1995-2003 (January issues).

Table 3
Social Security Retired Worker Benefits Awarded by Sex and Age, 1950-2001

Year	Total Number (000s)	Average Age (Years)	Percent Distribution by Age								
			Total	62	63	64	65			66-69	70+
							Total	Newly entitled	Disability Conversion		
Men											
1950	444	68.7	100.0	--	--	--	21.9	21.9	--	47.3	30.8
1960	630	66.8	100.0	--	--	--	48.1	42.3	5.8	36.6	15.3
1970	814	64.4	100.0	19.0	12.8	8.5	48.7	39.6	9.1	9.3	1.7
1980	942	63.9	100.0	30.1	13.1	8.5	42.4	31.8	10.6	5.2	0.7
1990	964	63.7	100.0	47.2	7.6	11.3	27.6	16.4	11.1	5.1	1.2
1995	916	63.7	100.0	49.3	7.3	10.5	27.5	15.8	11.8	4.0	1.4
1996	895	63.6	100.0	49.9	7.1	9.7	27.6	14.9	12.6	4.5	1.2
1997	904	63.7	100.0	50.5	6.6	9.7	26.9	14.9	12.0	4.7	1.5
1998	909	63.8	100.0	49.6	7.1	9.9	27.3	14.7	12.6	4.6	1.5
1999	940	63.7	100.0	49.3	7.3	9.8	27.4	14.8	12.6	4.7	1.5
2000	1,115	64.1	100.0	41.6	6.1	9.4	31.7	20.3	11.4	9.9	1.3
2001	992	63.7	100.0	46.8	6.7	12.1	30.8	18.1	12.7	2.8	0.9
Women											
1950	123	68.0	100.0	--	--	--	22.3	22.3	--	53.6	24.0
1960	351	65.2	100.0	27.1	13.3	8.1	18.4	17.4	1.0	22.2	10.9
1970	524	63.9	100.0	35.8	14.3	7.2	31.3	25.7	5.5	9.2	2.3
1980	671	63.5	100.0	45.9	11.5	6.5	29.9	22.1	7.7	5.0	1.1
1990	679	63.5	100.0	55.9	7.2	9.8	21.5	12.7	8.9	4.1	1.5
1995	684	63.5	100.0	55.4	6.6	10.1	22.6	12.8	9.7	3.5	1.8
1996	684	63.4	100.0	57.4	5.9	9.4	22.7	12.5	10.2	3.4	1.3
1997	809	65.4	100.0	48.2	5.5	7.5	19.5	10.5	8.9	4.4	14.9
1998	733	64.0	100.0	53.1	7.0	8.9	22.0	12.4	9.6	4.1	4.9
1999	737	63.6	100.0	55.1	6.8	9.2	22.6	12.5	10.1	3.8	2.5
2000	854	63.8	100.0	52.2	5.9	9.3	23.6	13.9	9.7	6.5	2.6
2001	795	63.7	100.0	51.3	7.1	11.5	23.7	12.8	10.9	3.1	3.2

Source: Social Security Administration, 2002a.
Note: Percent distribution by age is calculated in year of the award for 1940-1980 and in month of the award for 1985-2001. 1997-2001 includes conversions from nondisabled widow and widower benefits to higher retired worker benefits.

Table 4
Employed Persons by Age and Class of Worker, 2001
(in percentages)

Age	Agriculture		Nonagricultural Industries			Total
			Wage and Salary			
	Wage and Salary	Self-Employed	Private Industries	Government	Self-Employed	
Total 16+	1.5	0.9	76.9	14.5	6.3	100.0
16-19	2.8	0.4	91.1	4.8	0.9	100.0
20-24	2.4	0.3	87.0	8.6	1.8	100.0
25-34	1.5	0.5	81.1	12.4	4.6	100.0
35-44	1.4	0.8	76.6	14.6	6.7	100.0
45-54	1.0	1.0	70.9	19.3	7.8	100.0
55-64	1.0	1.7	69.7	18.2	9.5	100.0
65+	1.8	5.3	66.2	12.6	14.2	100.0

Note: Table excludes unpaid family workers.
Source: U.S. Department of Labor, Bureau of Labor Statistics, January 2002.

Table 5
Industry of Employed Workers by Sex and Age, 2001
(in percentages)

Sex and Age	Agriculture	Mining	Construction	Manufacturing		Transp., Commun., Public Utilities	Trade		Finance, Insurance, Real Estate	Services	Public Admin.	Total
				Durable	Nondurable		Wholesale	Retail				
Both Sexes												
Total 16+	2.3	0.4	7.1	8.6	5.5	7.2	3.8	16.7	6.5	37.4	4.5	100.0
16-19	3.3	0.1	4.7	2.9	1.9	2.0	1.6	52.7	2.6	27.5	0.8	100.0
20-24	2.3	0.3	7.8	6.3	4.2	5.5	2.9	28.3	5.6	34.8	2.0	100.0
25-54	2.0	0.5	7.5	9.3	5.9	7.9	4.0	13.1	6.8	37.9	5.1	100.0
55-64	3.0	0.4	5.6	9.4	6.0	7.1	4.0	12.3	7.2	39.7	5.4	100.0
65+	7.1	0.4	4.7	5.0	3.8	4.8	3.7	17.6	8.0	41.0	4.0	100.0
Men												
Total 16+	3.2	0.7	12.0	11.7	6.3	9.6	4.9	15.4	5.1	26.6	4.7	100.0
16-19	5.0	0.1	8.6	4.3	2.2	2.8	2.0	50.0	1.6	22.6	0.7	100.0
20-24	3.3	0.4	14.0	9.1	5.0	6.9	4.0	27.1	3.5	24.9	1.9	100.0
25-54	2.6	0.8	12.6	12.6	6.7	10.4	5.2	12.2	5.3	26.4	5.2	100.0
55-64	3.9	0.6	9.2	12.7	6.8	10.4	5.5	10.5	6.1	29.0	5.3	100.0
65+	9.0	0.5	7.2	6.7	4.1	6.2	4.9	15.2	8.2	33.4	4.4	100.0
Women												
Total 16+	1.4	0.1	1.5	5.0	4.5	4.5	2.4	18.2	8.1	49.7	4.4	100.0
16-19	1.5	0.1	0.6	1.5	1.6	1.1	1.1	55.4	3.7	32.4	0.9	100.0
20-24	1.2	0.1	1.1	3.2	3.4	3.9	1.8	29.6	8.0	45.5	2.1	100.0
25-54	1.2	0.1	1.6	5.6	4.9	5.1	2.7	14.2	8.5	51.2	4.9	100.0
55-64	1.9	0.2	1.5	5.4	5.0	3.3	2.2	14.4	8.4	52.2	5.4	100.0
65+	4.5	0.2	1.4	2.7	3.5	2.8	2.0	20.6	7.6	51.3	3.4	100.0

Source: U.S. Department of Labor, Bureau of Labor Statistics, unpublished data.

Table 6
Occupation of Employed Workers by Sex and Age, 2001
(in percentages)

Sex and Age	Executive	Professional	Technician	Sales	Administrative Support	Service	Precision Product., Craft, Repair	Operators, Fabricators, Laborers	Farming, Forestry, Fishing	Total
Both sexes										
Total 16+	15.1	16.0	3.3	11.9	13.7	13.6	11.0	13.1	2.4	100.0
16-19	1.7	3.5	1.2	24.4	12.5	31.5	5.0	16.3	3.9	100.0
20-24	6.8	9.9	3.7	14.5	17.4	19.7	10.4	15.3	2.4	100.0
25-54	16.8	17.7	3.7	10.5	13.2	11.6	11.8	12.7	2.0	100.0
55-64	17.7	16.5	2.4	11.7	14.1	12.0	9.8	12.6	3.0	100.0
65+	14.4	14.6	1.1	15.8	13.6	15.2	6.8	11.4	7.0	100.0
Men										
Total 16+	15.2	13.8	2.9	11.3	5.5	10.1	18.8	18.8	3.6	100.0
16-19	1.5	3.1	1.2	17.0	7.1	28.1	9.0	26.8	6.3	100.0
20-24	5.6	8.0	3.3	12.1	9.0	15.1	18.6	24.2	4.0	100.0
25-54	16.7	15.0	3.2	10.5	4.9	8.5	20.2	18.0	2.9	100.0
55-64	19.8	15.4	2.0	11.9	5.3	8.0	16.3	17.1	4.2	100.0
65+	16.9	15.5	0.9	15.0	5.1	10.7	10.7	15.5	9.7	100.0
Women										
Total 16+	14.8	18.4	3.8	12.6	23.1	17.6	2.0	6.6	1.1	100.0
16-19	1.8	3.9	1.1	32.0	18.1	34.9	1.0	5.6	1.6	100.0
20-24	8.0	11.9	4.1	17.0	26.5	24.8	1.4	5.6	0.7	100.0
25-54	16.9	20.7	4.2	10.5	22.7	15.3	2.2	6.7	0.9	100.0
55-64	15.4	17.9	3.0	11.6	24.4	16.5	2.3	7.4	1.5	100.0
65+	11.0	13.5	1.5	16.8	25.2	21.3	1.5	5.8	3.4	100.0

Source: U.S. Department of Labor, Bureau of Labor Statistics, unpublished data.

Table 7
Part-Time Workers by Age and Sex, 2001
(in percentages)

Age	Both Sexes	Men	Women
25-54	11.1	4.2	19.1
55+	24.2	18.2	31.5
55-64	16.6	10.1	24.3
65+	50.0	43.9	58.2
65-69	44.8	37.4	54.6
70-74	56.4	51.0	63.6
75+	55.0	51.2	61.2

Note: Figures are annual averages and refer to workers who usually work part time.
Source: U.S. Department of Labor, Bureau of Labor Statistics, January 2002, and unpublished data.

Table 8
Employed Persons Aged 55-64 by Full- and Part-Time Status and Sex, 1976-2001
(in percentages)

Year	Both Sexes				Men				Women			
	Work Schedule			Part Time for Economic Reasons	Work Schedule			Part Time for Economic Reasons	Work Schedule			Part Time for Economic Reasons
	Total	Usually Full Time	Usually Part Time		Total	Usually Full Time	Usually Part Time		Total	Usually Full Time	Usually Part Time	
1976	100.0	86.7	13.3	3.3	100.0	94.1	5.9	2.6	100.0	74.9	25.1	4.5
1977	100.0	86.8	13.2	3.0	100.0	94.2	5.8	2.2	100.0	75.1	24.9	4.2
1978	100.0	86.3	13.7	2.7	100.0	94.0	6.0	1.9	100.0	74.2	25.8	4.0
1979	100.0	86.2	13.8	2.8	100.0	93.9	6.1	2.1	100.0	74.4	25.6	4.0
1980	100.0	86.0	14.0	3.4	100.0	93.3	6.7	2.7	100.0	74.8	25.2	4.6
1981	100.0	85.7	14.3	3.7	100.0	93.7	6.3	2.9	100.0	73.7	26.3	5.0
1982	100.0	84.8	15.2	4.9	100.0	93.0	7.0	4.1	100.0	73.0	27.0	6.2
1983	100.0	84.5	15.5	4.7	100.0	92.5	7.5	3.6	100.0	72.9	27.1	6.2
1984	100.0	84.0	16.0	4.2	100.0	92.1	7.9	3.2	100.0	72.4	27.6	5.7
1985	100.0	84.0	16.0	4.2	100.0	92.0	8.0	3.1	100.0	72.6	27.4	5.9
1986	100.0	83.9	16.1	4.0	100.0	91.8	8.2	3.0	100.0	72.8	27.2	5.3
1987	100.0	83.6	16.4	4.0	100.0	91.5	8.5	3.1	100.0	72.6	27.4	5.2
1988	100.0	82.8	17.2	3.7	100.0	90.5	9.5	2.9	100.0	72.2	27.8	4.6
1989	100.0	82.4	17.6	3.7	100.0	90.6	9.4	2.7	100.0	71.6	28.4	4.9
1990	100.0	82.5	17.5	3.9	100.0	90.4	9.6	3.3	100.0	72.0	28.0	4.6
1991	100.0	82.2	17.8	4.4	100.0	90.3	9.7	3.7	100.0	71.5	28.5	5.5
1992	100.0	82.0	18.0	4.5	100.0	90.1	9.9	3.6	100.0	71.7	28.3	5.5
1993	100.0	82.0	18.0	4.6	100.0	89.6	10.4	3.7	100.0	72.4	27.6	5.7
1994	100.0	80.5	19.5	2.9	100.0	88.5	11.5	2.7	100.0	70.8	29.2	3.1
1995	100.0	81.2	18.8	2.9	100.0	89.1	10.9	2.6	100.0	71.6	28.4	3.2
1996	100.0	81.8	18.2	4.4	100.0	89.2	10.8	2.4	100.0	72.7	27.3	3.1
1997	100.0	81.6	18.4	2.6	100.0	89.4	10.6	2.3	100.0	72.1	27.9	2.9
1998	100.0	82.5	17.5	2.2	100.0	89.7	10.3	2.0	100.0	73.8	26.2	2.5
1999	100.0	82.8	17.2	1.9	100.0	89.9	10.1	1.7	100.0	74.2	25.8	2.2
2000	100.0	83.2	16.8	2.0	100.0	90.1	9.9	1.8	100.0	75.1	24.9	2.1
2001	100.0	83.4	16.6	2.1	100.0	89.9	10.1	1.8	100.0	75.7	24.3	2.4

Note: Full time is 35 or more hours per week. Data for 1994 and later are not directly comparable with earlier data.
Source: U.S. Department of Labor, Bureau of Labor Statistics, unpublished data.

Table 9
Employed Persons Aged 65 and Older by Full- and Part-Time Status and Sex, 1976-2001
(in percentages)

Year	Both Sexes				Men				Women			
	Work Schedule			Part Time for Economic Reasons	Work Schedule			Part Time for Economic Reasons	Work Schedule			Part Time for Economic Reasons
	Total	Usually Full Time	Usually Part Time		Total	Usually Full Time	Usually Part Time		Total	Usually Full Time	Usually Part Time	
1976	100.0	51.0	49.0	3.7	100.0	56.3	43.7	3.7	100.0	42.0	58.0	3.6
1977	100.0	48.7	51.3	4.1	100.0	53.6	46.4	4.2	100.0	40.2	59.8	4.1
1978	100.0	48.1	51.9	4.2	100.0	53.1	46.9	3.9	100.0	39.7	60.3	4.7
1979	100.0	49.2	50.8	4.2	100.0	54.2	45.8	3.8	100.0	40.7	59.3	4.7
1980	100.0	49.0	51.0	4.1	100.0	53.8	46.2	3.8	100.0	41.1	58.9	4.5
1981	100.0	48.9	51.1	4.2	100.0	53.8	46.2	4.0	100.0	41.2	58.8	4.5
1982	100.0	48.4	51.6	5.0	100.0	53.2	46.8	4.6	100.0	40.9	59.1	5.5
1983	100.0	48.7	51.3	4.4	100.0	54.2	45.8	4.0	100.0	40.1	59.9	5.1
1984	100.0	49.3	50.7	4.2	100.0	55.3	44.7	3.5	100.0	40.3	59.7	5.2
1985	100.0	48.5	51.5	4.2	100.0	54.6	45.4	3.2	100.0	39.1	60.9	5.8
1986	100.0	47.7	52.3	4.3	100.0	52.9	47.1	3.8	100.0	39.8	60.2	5.1
1987	100.0	48.7	51.3	4.3	100.0	53.8	46.2	3.8	100.0	40.6	59.4	5.0
1988	100.0	49.2	50.8	4.3	100.0	54.8	45.2	4.0	100.0	40.9	59.1	4.7
1989	100.0	48.9	51.1	4.1	100.0	53.8	46.2	3.6	100.0	41.9	58.1	4.8
1990	100.0	48.5	51.5	4.3	100.0	53.5	46.5	3.8	100.0	41.9	58.1	5.1
1991	100.0	47.4	52.6	4.8	100.0	53.0	47.0	4.4	100.0	40.3	59.7	5.3
1992	100.0	47.9	52.1	5.1	100.0	53.6	46.4	4.4	100.0	40.1	59.9	6.0
1993	100.0	47.4	52.6	4.7	100.0	53.0	47.0	4.1	100.0	40.0	60.0	5.7
1994	100.0	45.4	54.6	2.2	100.0	51.5	48.5	2.1	100.0	37.3	62.7	2.4
1995	100.0	43.7	56.3	2.4	100.0	50.5	49.5	2.4	100.0	34.4	65.6	2.3
1996	100.0	45.6	54.4	2.1	100.0	52.1	47.9	2.2	100.0	36.2	63.8	2.0
1997	100.0	47.0	53.0	2.3	100.0	53.7	46.3	2.3	100.0	37.3	62.7	2.3
1998	100.0	46.0	54.0	2.1	100.0	51.9	48.1	2.2	100.0	37.8	62.2	2.0
1999	100.0	46.3	53.7	2.0	100.0	51.9	48.1	2.3	100.0	38.5	61.5	1.7
2000	100.0	48.9	51.1	1.8	100.0	54.9	45.1	1.6	100.0	40.6	59.4	2.0
2001	100.0	50.0	50.0	2.1	100.0	56.1	43.9	2.2	100.0	41.8	58.2	2.0

Note: Full time is 35 or more hours per week. Data for 1994 and later are not directly comparable with earlier data.
Source: U.S. Department of Labor, Bureau of Labor Statistics, unpublished data.

Table 10
Alternative and Traditional Work Arrangements by Sex and Age, February 2001
(in percentages)

Sex and Age	Independent Contractors	On-Call Workers	Temporary Help Agency Workers	Contract Firm Workers	Workers with Traditional Arrangements
Both Sexes					
Total 16+	6.4	1.6	0.9	0.5	90.6
16-19	1.6	3.1	0.6	0.1	94.2
20-24	1.8	2.3	1.7	0.5	93.2
25-34	4.4	1.2	1.0	0.5	92.8
35-44	6.8	1.5	0.8	0.5	90.3
45-54	8.0	1.2	0.6	0.5	89.6
55-64	9.7	1.4	0.9	0.3	87.6
65+	16.8	3.0	0.4	0.7	79.2
Men					
Total 16+	7.8	1.6	0.7	0.6	89.2
16-19	1.8	2.5	0.5	0.2	94.5
20-24	1.8	2.6	1.2	0.8	92.8
25-34	4.8	1.5	0.8	0.7	92.0
35-44	8.3	1.3	0.8	0.7	88.8
45-54	9.9	1.2	0.3	0.5	88.0
55-64	12.2	1.3	0.6	0.5	85.3
65+	20.8	3.2	0.3	0.6	75.3
Women					
Total 16+	4.8	1.6	1.1	0.3	92.1
16-19	1.3	3.7	0.8		94.0
20-24	1.8	2.0	2.1	0.2	93.6
25-34	3.9	0.8	1.3	0.2	93.7
35-44	5.0	1.7	0.8	0.3	92.2
45-54	6.0	1.3	0.8	0.5	91.2
55-64	6.9	1.4	1.3	0.1	90.3
65+	11.2	2.6	0.7	0.8	84.9

Note: The rows do not all add up to exactly 100.
According to the Bureau of Labor Statistics, the total employed includes day laborers, which is an alternative work arrangement not shown separately, as well as a small number of workers who were both "on call" and "provided by contract firms."
Source: Calculated from data in U.S. Department of Labor, Bureau of Labor Statistics, May 2001.

Table 11
Age Distribution of Workers in Alternative and Traditional Work Arrangements, February 2001
(in percentages)

Sex and Age	Independent Contractors	On-Call Workers	Temporary Help Agency Workers	Contract Firm Workers	Workers with Traditional Arrangements	Total
Both Sexes						
Total 16+	100.0	100.0	100.0	100.0	100.0	100.0
16-19	1.2	9.7	3.5	1.1	5.1	4.9
20-24	2.7	14.8	18.8	10.9	10.1	9.8
25-34	15.3	17.0	26.5	23.3	22.9	22.3
35-44	29.0	25.7	24.9	28.9	27.2	27.3
45-54	28.1	17.9	14.1	23.9	22.0	22.2
55-64	15.8	9.1	10.6	7.6	10.0	10.4
65+	7.9	5.7	1.5	4.4	2.6	3.0
Men						
Total 16+	64.5	53.1	41.1	70.6	52.2	53.1
16-19	0.7	3.9	1.3	1.1	2.6	2.5
20-24	1.4	8.5	7.0	8.9	5.2	5.0
25-34	9.0	11.7	11.1	18.2	12.2	12.1
35-44	19.0	12.0	13.2	21.8	14.3	14.6
45-54	18.0	8.6	4.4	12.0	11.2	11.6
55-64	10.6	4.7	3.6	6.1	5.2	5.5
65+	5.7	3.6	0.6	2.4	1.5	1.8
Women						
Total 16+	35.5	46.9	58.9	29.4	47.8	46.9
16-19	0.5	5.8	2.2	--	2.5	2.4
20-24	1.3	6.3	11.8	1.9	5.0	4.8
25-34	6.3	5.3	15.4	5.1	10.6	10.3
35-44	9.9	13.7	11.8	7.1	12.9	12.7
45-54	10.1	9.3	9.7	11.9	10.8	10.7
55-64	5.2	4.5	7.0	1.4	4.8	4.8
65+	2.2	2.1	0.9	2.0	1.2	1.2

Source: U.S. Department of Labor, Bureau of Labor Statistics, <www.bls.gov/news.release/conemp.t05.htm>.

Table 12
Median Years of Job Tenure with Current Employer for Wage and Salary Workers by Age and Sex, 1983, 1991, and 2002

Sex and Age	Median Number of Years		
	January 1983	January 1991	January 2002
Both sexes			
Total 16+	3.5	3.6	3.7
25-34	3.0	2.9	2.7
35-44	5.2	5.4	4.6
45-54	9.5	8.9	7.6
55-64	12.2	11.1	9.9
65+	9.6	8.1	8.7
Men			
Total 16+	4.1	4.1	3.9
25-34	3.2	3.1	2.9
35-44	7.3	6.5	5.1
45-54	12.8	11.2	9.1
55-64	15.3	13.4	10.2
65+	8.3	7.0	8.1
Women			
Total 16+	3.1	3.2	3.4
25-34	2.8	2.7	2.5
35-44	4.1	4.5	4.3
45-54	6.3	6.7	6.5
55-64	9.8	9.9	9.6
65+	10.1	9.5	9.5

Source: U.S. Department of Labor, Bureau of Labor Statistics, September 2002.

Table 13
Reemployment of Displaced Workers by Job Tenure and Age, 1994-2002
(in percentages)

Tenure and Age	Displaced Workers Reemployed as of				
	Feb. 1994	Feb. 1996	Feb. 1998	Feb. 2000	Jan. 2002
All Displaced Workers					
Total 20+	66.4	71.6	76.2	74.4	64.4
20-24	63.2	70.8	72.2	73.0	65.2
25-54	70.0	74.6	80.1	78.4	66.8
55-64	53.2	55.4	61.7	58.8	52.5
65+	20.7	30.5	37.6	33.1	30.2
Long-Tenure (3+ years) Workers					
Total 20+	67.8	73.6	75.9	73.5	63.6
20-24	63.6	71.3	61.2	87.7	68.7
25-54	72.8	78.5	81.5	79.5	67.5
55-64	53.1	52.1	59.6	56.0	50.9
65+	20.0	31.6	34.7	26.3	19.8

Note: Includes workers displaced between January 1991 and December 1993 (reemployed in 1994), between January 1993 and December 1995 (reemployed in 1996), between January 1995 and December 1997 (reemployed in 1998), between January 1997 and December 1999 (reemployed in 2000), and between January 1999 and December 2001 (reemployed in 2002).
Source: U.S. Department of Labor, Bureau of Labor Statistics, October 1996, August 1998, August 2000, October 2001, August 2002.

Table 14
Labor Force Participation Rates of Persons Aged 45 and Older by Sex, Actual 2002 and Projected 2010-2050
(in percentages)

Sex and Age	2002	2010	2015	2020	2030	2040	2050
Both sexes							
45-54	82.1	83.8	84.1	84.0	83.9	83.7	83.4
55-64	61.8	60.9	61.6	60.8	60.1	60.7	60.3
65+	13.3	14.8	16.2	16.3	15.2	13.3	13.4
Men							
45-54	88.5	87.8	87.3	87.3	87.3	87.1	87.1
55-64	69.2	67.0	66.8	66.1	65.7	66.5	66.2
65+	17.8	19.5	21.0	21.0	19.6	17.3	17.3
Women							
45-54	76.0	80.0	81.1	80.8	80.7	80.4	79.9
55-64	55.1	55.2	56.7	55.8	54.9	55.3	54.7
65+	9.9	11.1	12.5	12.6	11.7	10.1	10.1

Source: U.S. Department of Labor, Bureau of Labor Statistics, January 2003; Toossi, 2002.

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