

UPDATE ON THE AGED 55+ WORKER: 2005

Highlights

The overall employment picture continued to brighten in 2005 as growing numbers of people remained at or found work.¹ The number of employed persons aged 16 and over increased by nearly 2.5 million, compared to about 1.5 million in 2004, while the unemployment rate fell from 5.5% to 5.1%.

Continuing the slow and fairly steady increase first observed in the mid- to late-1980s, the labor force participation rate for those aged 55-64 rose from 62.3% to 62.9% between 2004 and 2005 (Table 1). The rate for the under-55 population remained unchanged at 77.8% (Table 2).

The number of employed men and women aged 55 and older rose by more than 1.3 million, or by 5.6%, in 2005. Employment also increased in the under-age 55 population by about the same number. However, the additional 1.2 million younger workers represent an increase of only about 1%.

Men and women in what might be considered the retirement-age population (i.e., 65-69) were more likely to be in the labor force in 2005 than in 2004; 28.3% were working or looking for work versus 27.7% a year earlier.

Participation rates from 2004 to 2005 increased for men and women in all age groups in the 55-plus population shown in Table 1. The increase was greatest (1.3 percentage points) for men aged 70-74. The participation rate also rose somewhat for men aged 55-64, a group whose participation rate had remained flat over the past decade or so.

The majority of older workers—more than 7 out of 10 nonagricultural workers—continued to work full time in 2005. Full-time employment among older workers, especially those aged 65 or above, has actually increased in recent years (Bureau of Labor Statistics, unpublished data). Those who worked part-

time in 2005 did so overwhelmingly by choice. Fewer than 3% of older nonagricultural workers were employed part time in 2005 because they could not find full-time work. Multiple jobholders remained rare (Table 2).

Table 1
Labor Force Participation Rates by Sex and Selected Age Group, 2004 and 2005
(in percentages)

Sex and Age	2004	2005
Both sexes		
55-64	62.3	62.9
65-69	27.7	28.3
70-74	15.3	16.3
75+	6.1	6.4
Men		
55-64	68.7	69.3
65-69	32.6	33.6
70-74	19.4	20.7
75+	9.0	9.4
Women		
55-64	56.3	57.0
65-69	23.3	23.7
70-74	12.0	12.8
75+	4.3	4.5

Source: U.S. Bureau of Labor Statistics, *Employment and Earnings*, January 2005 and January 2006.

Older workers are more likely than their younger counterparts to be self-employed, but the self-employed are still a minority of older workers—13.2% in 2005, a slight drop from the 13.5% in 2004.

Contingent and Nontraditional Work Arrangements

Employment analysts have frequently expressed concern about the growth and implications of contingent work, defined by

Table 2
Labor Force Under Age 55
and Aged 55 and Over, 2004 and 2005

	2004	2005
Participation rate		
Under 55	77.8%	77.8%
55 and over	36.2%	37.2%
Number employed (in thousands)		
Under 55	117,102	118,287
55 and over	22,150	23,443
Unemployment rate		
Under 55	5.9%	5.4%
55 and over	3.7%	3.4%
Employed part time for economic reasons*		
Under 55	3.6%	3.3%
55 and over	2.5%	2.4%
Multiple jobholders		
Under 55	5.5%	5.5%
55 and over	4.7%	4.6%

*In nonagricultural industries.

Source: U.S. Bureau of Labor Statistics, *Employment and Earnings*, January 2005 and January 2006.

the Bureau of Labor Statistics (BLS) as employment that is not expected to last because the worker lacks an implicit or explicit contract for ongoing employment.² However, there is no evidence that this type of employment has increased much, at least since the mid-1990s when BLS began tracking it.³ In fact, both the number and proportion of contingent workers have fallen somewhat in the last decade. Regardless of age, the vast majority of workers in the United States expect their jobs to be ongoing.⁴ Even under BLS's broadest definition of contingent employment, only 3.4% of all workers aged 55 or older could be classified as contingent in February 2005.

Considerably more older workers (16%) can be found in what BLS refers to as "alternative work arrangements," a category that includes independent contractors as well as on-call, temporary help agency, and contract firm

workers. Presumably, most workers so employed expect these arrangements to last. Thus, they do not officially qualify as contingent, despite the fact that their specific job placements may be short term. The exception involves temporary help agency workers, more than 60% of whom also qualify as contingent workers under BLS's most encompassing definition of contingent work.

Alternative work arrangements, often referred to as nontraditional arrangements, are somewhat more common among older men than among older women (18% vs. 13%). Gender differences are especially pronounced in the 65-plus workforce: 27% of employed men and 19% of employed women aged 65 or older can be found in nontraditional or alternative work arrangements. The large majority of older workers with alternative work arrangements (about 84% of men and 69% of women) are independent contractors.

Looking for Work and Wanting a Job

Both younger and older persons were less likely to be unemployed in 2005 than in 2004, with unemployment rates for the two groups falling by roughly the same amount (Table 2). In 2005, it took jobseekers in both age groups somewhat less time to find work than it had the year before. As has been the case in past years, however, the job search was considerably longer for unemployed older persons than for younger ones. The average duration of unemployment in 2005 was 24.1 weeks for jobseekers aged 55 or older and 17.8 weeks for jobseekers under age 55. This compares to 25.8 weeks and 18.9 weeks, respectively, in 2004.

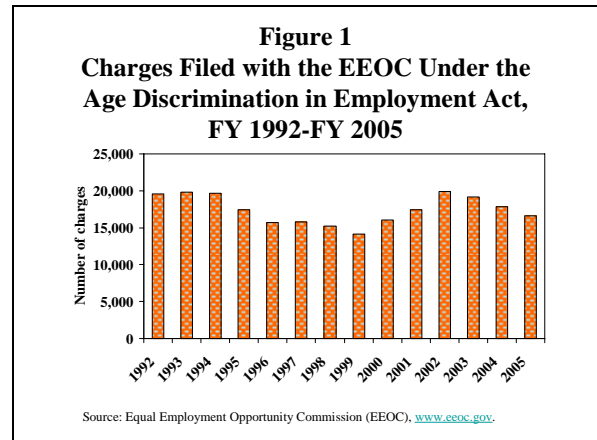
Few older Americans who are not currently working say they wish they were. Just over 2% of the 41 million persons aged 55 and older who were not in the labor force in 2005 reported that they wanted a job, but only 30% of those who wanted a job had looked for work during the previous year, about the same percentage that reported looking in 2004.

Discouraged workers are men and women who say that they are available for work but are not seeking employment because they do not believe that work is available, think they lack the necessary schooling or training, fear that employers will think of them as being too old, or anticipate some other type of discrimination. As officially defined, about 78,000 persons aged 55 or over were discouraged in 2005, down from 84,000 in 2004. Discouraged workers were only 7.6% of the total older population reporting that they wanted a job, a decline over the previous year. The number and proportion of younger discouraged workers also fell slightly in 2005.

Age Discrimination in Employment

Age continues to work against many older jobseekers, as evidenced by the average length of time it takes them to find work, the wage loss many experience upon reemployment, and the size of court awards to victims of discrimination. Nonetheless, precise estimates of the incidence of age discrimination are not available, as employers are unlikely to admit if or when they do discriminate against older workers. When she sent out resumes for similarly qualified younger and older job applicants, Lahey (2005) found that younger job seekers were 40 percent more likely than older seekers to get called in for an interview.⁵

After increasing for many years, age charges filed with the Equal Employment Opportunity Commission (EEOC), the federal agency with jurisdiction over the Age Discrimination in Employment Act (ADEA), fell during the mid- to late-1990s (Figure 1). In fiscal year (FY) 1999, slightly more than 14,100 age charges were filed with the EEOC, 28% fewer than in FY 1992. As the economy soured, age charges rose, reaching 19,921 in FY 2002. Since then, however, the number of charges has fallen. In FY 2005, 16,585 charges were filed with the EEOC, down 7% from FY 2004, which perhaps was a reflection of the somewhat rosier employment outlook for older persons.

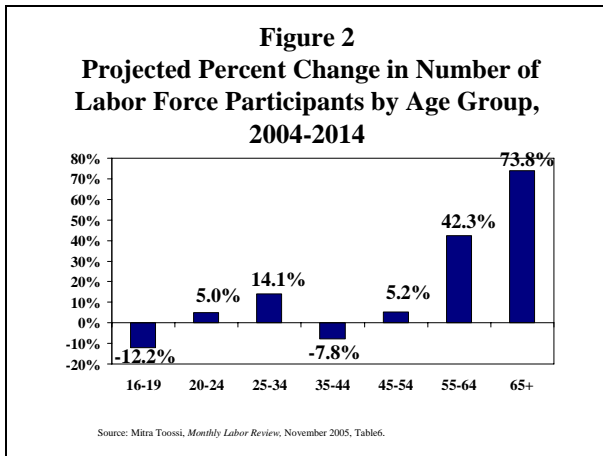


Projected Changes

The Bureau of Labor Statistics released its most recent labor force and employment projections, covering the period 2004-2014 in November 2005.⁶ The total labor force is projected to increase by 14.7 million (10%) from 2004 to 2014, with persons aged 55 and over accounting for nearly 77% of the increase. As this figure suggests, the growth of the 55-plus labor force is expected to be large and rapid—an increase of nearly 50 percent through 2014.

Far less growth is projected for the under-55 labor force (Figure 2). In fact, the number of labor force participants age 16-19 and 35-44 will decline between 2004 and 2014. As a result of these developments, by 2014 men and women aged 55 and over may account for one in five labor force participants (21%), compared to one in seven (16%) in 2005.

In recent years, increases in labor force participation rates at older ages have been greater for women than men. This is expected to continue through 2014. For example, the rate for men aged 55 and over is projected to increase from 43.2% in 2004 to 46.3% in 2014, a 7.2% increase, while that for women is projected to rise from 30.5% to 36.8%, or by nearly 21%. By 2014, women will be 48% of the aged 55+ workforce, up from 46% 10 years earlier and only 23% in 1950.⁷



Conclusion

Even though the large majority of workers repeatedly profess interest in work in retirement, about half of them will begin collecting Social Security retired worker benefits at age 62 if they behave like recent 62-year-olds. The percentage of men and women awarded retired worker benefits at the earliest age possible actually rose slightly from 2003 to 2004, the latest year for which data are available (Table 3). Labor force participation rates for the aged 65-plus population may be on the rise, but few workers delay benefit receipt beyond the normal retirement age.

The first of the boomers are less than two years away from the earliest age of eligibility for retired worker benefits under Social Security. However, their approach to late-life work may be very different from that of their parents and grandparents. After all, this generation has set its own course for its entire existence. How it behaves in the next few years has enormous implications for its members and society at large.

Table 3
Social Security Retired Workers: Average Age of Benefit Award and Percent Awarded Benefits at Age 62, 1980-2004

	Average Age of Award		Percent Awarded at 62	
	Men	Women	Men	Women
1980	63.9	63.7	30.1%	41.6%
1985	63.7	63.4	45.5%	57.9%
1990	63.7	63.5	47.2%	55.9%
1995	63.7	63.5	49.3%	55.4%
2000*	64.1	63.8	41.6%	52.2%
2001*	63.7	63.7	46.8%	51.3%
2002*	63.7	63.6	46.4%	52.9%
2003*	63.6	63.6	48.3%	53.5%
2004	63.7	63.6	49.0%	54.1%

* Includes conversions from nondisabled widow(er)'s benefits to retired worker benefits.
Source: Social Security Administration, *Annual Statistical Supplement to the Social Security Bulletin 2005*, Table 6.B5.

¹ Unless otherwise noted, statistics are from U.S. Bureau of Labor Statistics (BLS), *Employment and Earnings* (Washington, DC: U.S. Government Printing Office, January 2005 and January 2006). Also unless otherwise specified, "older" refers to persons aged 55 and above.

² BLS, *Contingent and Alternative Employment Arrangements*, February 2005, USDL 05-1433 (July 27, 2005).

³ BLS, *New Data on Contingent and Alternative Employment Examined by BLS*, USDL 95-318 (August 17, 1995); BLS, (July 27, 2005), op cit.

⁴ As of February 2005, 96% of all workers could be classified as "noncontingent," according to the most comprehensive estimate produced by BLS.

⁵ J. N. Lahey, *Do Older Workers Face Discrimination?* Issue Brief No. 33 (Chestnut Hill, MA: Boston College Center for Retirement Research, 2005).

⁶ M. Toossi, "Labor Force Projections to 2014: Retiring Boomers," *Monthly Labor Review* (November 2005).

⁷ 1950 data are from E. E. Jacobs, *Handbook of U.S. Labor Statistics*, 8th Edition (Lanham, MD: Bernam Press, 2005).

Written by Sara E. Rix
AARP Public Policy Institute, 601 E St., NW
Washington, DC 20049
202-434-3870; E-Mail: ppi@aarp.org
April, 2006
© 2006, AARP <http://www.aarp.org/ppi>
Reprinting with permission only.