

UPDATE ON THE OLDER WORKER: 1999

GAINS CONTINUE; OFFICIALS PROJECT SOME INCREASE IN PARTICIPATION

More Americans at Work

On the whole, 1999 was another good year as far as employment opportunities were concerned.¹ The total labor force grew by almost 1.7 million, and the number of people with jobs rose by over 2 million. The unemployment rate fell from 4.5 percent to 4.2 percent, the lowest annual rate since 1969. Unemployed workers spent less time looking for work than they had the year before: average duration of unemployment was 13.4 weeks, down from 14.5 weeks in 1998.

Older workers benefited from the rosy employment picture as well.² The labor force participation rate for those 55 and older increased from 31.3 percent to 31.8 percent (Table 1), and the number with jobs rose by 600,000. The unemployment rate for this age group stood at 2.8 percent, little changed from the year before.

Men and women in what might be considered the “postretirement age” population, i.e., 65-plus, were more likely to be in the labor force in 1999 than they had been in 1998: 12.3 percent were working or looking for work, up from 11.9 percent a year earlier. An increase was also evident even in the 75-plus population, 5.1 percent of whom were in the labor force in 1999 compared to 4.7 percent in 1998 (Table 2). These statistics, especially when coupled with recent data revealing an increase in the proportion of workers in their 60s and older who have been in their jobs for a short period of time, lend credence to the argument that retirees are returning to work. If this is indeed what is happening (as opposed to more workers *delaying* retirement), it hardly represents a tidal wave, but it may portend greater changes in the future.

In contrast, the labor force participation rate for the “younger” segment of the older population, that is persons between the ages of

55 and 64, remained unchanged between 1998 and 1999 and actually declined among men. Women’s participation rose slightly.

Few older Americans who are not currently working wish they were. Barely more than 2 percent of the 37.9 million persons 55 and older who were not in the labor force in 1999 reported that they wanted a job, and only one-fourth of these had bothered to look for work in the previous year.

Table 1
The Labor Force Under Age 55 and Aged 55 and Over: 1998 and 1999

	1998	1999
Participation rate		
Under 55	80.0%	79.9%
55 and over	31.3%	31.8%
Number employed (in 000s)		
Under 55	114,866	116,291
55 and over	16,597	17,197
Unemployment rate		
Under 55	4.8%	4.4%
55 and over	2.7%	2.8%
Employed part time for economic reasons*		
Under 55	2.9%	2.6%
55 and over	2.2%	2.0%
Multiple jobholders		
Under 55	6.2%	6.0%
55 and over	4.8%	4.8%

*In nonagricultural industries

Source: U.S. Bureau of Labor Statistics, *Employment and Earnings*, January 1999 and January 2000

Older unemployed jobseekers typically take far longer than their younger counterparts to find work, a gap that persisted in 1999. Even here, however, the picture improved dramatically: Average duration of unemployment among older jobseekers dropped from nearly 22 weeks in 1998 to 18.3 weeks in

1999. Jobseekers under the age of 55 were out of work for an average of 12.9 weeks in 1999, down from 13.9 weeks in 1998.

Table 2
Labor Force Participation Rates by Sex and Selected Age Group, 1998 and 1999 (in percentages)

Sex/Age	1998	1999
Both sexes		
55-64	59.3	59.3
65-69	22.5	23.0
70-74	12.5	13.1
75 and over	4.7	5.1
Men		
55-64	68.1	67.9
65-69	28.0	28.5
70-74	16.5	17.4
75 and over	7.5	8.0
Women		
55-64	51.2	51.5
65-69	17.8	18.4
70-74	9.3	9.6
75 and over	2.9	3.3

Source: U.S. Bureau of Labor Statistics, *Employment and Earnings*, January 1999 and January 2000

Work Arrangements of Older Workers

The majority of older workers—7 out of 10 in 1999—are employed full time. Those who work part time do so overwhelmingly by choice. Only 2 percent of all older nonagricultural workers were employed part time in 1999 because they could not find full-time work. Multiple jobholders remained rare in 1999 (Table 1).

Employment analysts have frequently expressed concern about the growth and implications of contingent work, defined by the Bureau of Labor Statistics (BLS) as employment that is not expected by the jobholder to last.³ However, there is little evidence that this type of employment has been increasing since the mid-1990s, when BLS

began tracking it. Regardless of age, the large majority of workers in the United States apparently expect their jobs to continue, according to BLS data. Even under BLS's broadest definition of contingent employment, only 4 percent of all older workers could be classified as contingent in 1999.

Considerably more older workers, 14 percent, can be found in what BLS refers to as "alternative work arrangements," a category including independent contractors, on-call workers, temporary-help agency workers, and contract firm workers. Presumably, most people so employed expect these arrangements to last. Thus, they do not officially qualify as contingent, despite the fact that the specific *job placements* of independent and contract workers and the like may be short term. The obvious exception involves temporary agency workers, somewhat more than half of whom also qualify as contingent workers.

Interestingly, nontraditional work arrangements are more common among older men than among older women (Table 3). The differences are particularly notable among the 65-plus workforce. For example, just over one-fourth of employed men aged 65 or older, but only 14 percent of employed women, can be found in nontraditional or alternative work arrangements. Most of these men and women are independent contractors. Relatively few of either sex (or age) are temporary-help agency or contract firm workers.

What these figures mean is not clear. On the one hand, they could reflect growing opportunities to pursue new ventures. On the other hand, age discrimination remains a problem for older workers, and it may be that necessity, rather than choice, has propelled many of these individuals into working for themselves as independent contractors in their middle and later years.

Table 3
Employed Workers with Alternative and Traditional Work Arrangements by Sex and Selected Age Group, 1999 (in percentages)

Sex/ Age	Independent Contractors	On-Call Workers	Temp Help Agency	Contract Firm Workers	Traditional Workers*	Total**
Men						
16+	7.8	1.4	0.7	0.8	89.2	100.0
55-64	11.3	1.4	0.4	0.5	86.3	100.0
65+	20.1	4.0	0.8	0.6	74.2	100.0
Women						
16+	4.5	1.7	1.1	0.4	92.3	100.0
55-64	6.8	1.8	0.9	0.2	90.2	100.0
65+	8.0	5.0	0.9	0.1	86.0	100.0

*Workers with traditional arrangements

**Percentages may not add to 100 due to rounding.

Source: U.S. Bureau of Labor Statistics, *Contingent and Alternative Employment Arrangements, February 1999*, USDL 99-362

The Older Labor Force Over Time

The declining labor force participation of older persons in the postwar years has been well documented. In 1950, more than two out of five persons aged 55 and older were in the labor force; by 1999, that was the case for less than one in three. Nonetheless, the 1999 figure represents an inching up of labor force activity on the part of persons 55 and older since the mid-1980s (Figure 1). Since 1985, the participation rate for persons between the ages of 55 and 64 has risen from 30.3 percent to 1999's 31.8 percent. This translates into nearly 1.7 million more persons aged 55 to 64

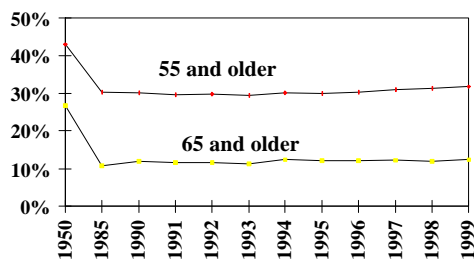
in the labor force than were there in 1985; women account for three-fourths of the increase.

Though lower to begin with, the participation rate for the 65-plus age group has shown an even greater increase, going from 10.8 percent in 1985 to 12.3 percent in 1999. This rise has added almost 1.1 million people in their mid- to late-60s and over to the labor force. Just under half of these are women.

What is most noteworthy about older persons' labor force activity since 1985 is the change among 55- to 64-year-old women, whose participation rate has risen from 42 percent to 51.5 percent. The participation rate for men in this age group was the same in 1999 as it was in 1985. As a result, older workers, like the labor force as a whole, are increasingly female.

Whether the developments of the past 14 years herald a reversal of postwar retirement trends is open to question. At the very least, though not all economists are in agreement,⁴ the trend toward ever earlier retirement may have come to an end. But what will the future show? Many prognosticators contend that

Figure 1
Labor Force Participation Rates of Persons Aged 55+ and 65+, 1950, 1985, and 1990-1999



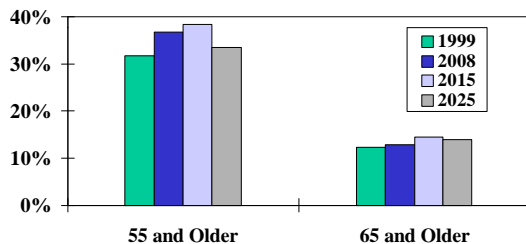
Source: U.S. Bureau of Labor Statistics, *Handbook of Labor Statistics*, 1985; *Employment and Earning*, January 1986, January 1991 through January 2000

labor and skills shortages, increased levels of education, longer life expectancy and improved health status, interest, and economic need will keep growing numbers of older workers, especially the baby boomers, in the labor force longer. Boomers themselves are indicating that a prolonged worklife is in their future. At the end of the 1990s, 80 percent of them were reporting that they expected to work in retirement.⁵

Looking to the Future

For the labor force participation rate of older persons to return any time soon to what it was shortly after the end of World War II, when it began its steady drop, a rather dramatic speeding up of the rate of change experienced over the past several years will be required. BLS projects no such development.⁶ After all, the decline was decades in the making. BLS's most recent labor force projections do point to a continued rise in participation on the part of older persons between now and 2015 (Figure 2); however, the proportion of men and women remaining in the labor force will still be below 40 percent. (It was 43 percent in 1950.)

Figure 2
Labor Force Participation Rates of Persons Aged 55+ and 65+, 1999 and Projected 2008, 2015, and 2025



Source: U.S. Bureau of Labor Statistics, *Employment and Earnings*, 2000; *Monthly Labor Review*, November 1999 and December 1999

Moreover, though projections far into the future must always be interpreted with caution, BLS projects a decline once again in the participation of the population aged 55 and older by 2025. At that time, the boomers will all be in their 60s and 70s.

¹ Unless otherwise noted, labor force statistics are from the Department of Labor's Bureau of Labor Statistics, *Employment and Earnings* (Washington, DC: U.S. Government Printing Office, January 1999 and January 2000).

² Unless otherwise specified, "older" refers to those 55 and above.

³ U.S. Bureau of Labor Statistics, *Contingent and Alternative Employment Arrangements*, February 1999, USDL 99-362, December 21, 1999.

⁴ For these divergent perspectives, see, e.g., Joseph F. Quinn, "Retirement Patterns and Bridge Jobs in the 1990s," *EBRI Issue Brief* No. 206 (February 1999) and Dora L. Costa, *The Evolution of Retirement: An American Economic History, 1880-1990* (Chicago: University of Chicago Press, 1998).

⁵ AARP, *Boomers Look Toward Retirement* (Washington, DC: AARP, June 1998).

⁶ Howard N Fullerton, "The Labor Force: Steady Growth, Changing Composition," *Monthly Labor Review* (November 1999) and "Labor Force Participation: 75 Years of Change, 1950-98 and 1998-2050," *Monthly Labor Review* (December 1999).

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