

UPDATE ON THE OLDER WORKER: 2000

Another Good Year

On the whole, the employment picture was even brighter in 2000 than in 1999, although job growth did begin to slow later in the year.¹ In 2000, the total labor force (employed and unemployed) grew by almost 1.5 million, and the number of people with jobs rose by 1.7 million. The unemployment rate fell from 4.2 percent to 4.0 percent, lower than any year since 1969. Unemployed workers spent less time looking for work than they had the year before: average duration of unemployment was 12.6 weeks, down from 13.4 weeks in 1999.

Older workers benefited from the rosy employment picture as well.² The labor force participation rate for persons 55 and older increased from 31.8 percent to 32.3 percent (Table 1), and the number with jobs rose by 500,000. The unemployment rate for this age group fell to 2.6 percent.

Men and women in what might be considered the "post-retirement age" population, i.e., 65-plus, were somewhat more likely to be in the labor force in 2000 than they had been in 1999: 12.8 percent were working or looking for work, up from 12.3 percent a year earlier. An increase was also evident even in the 75-plus population, 5.3 percent of whom were in the labor force in 2000 compared to 5.1 percent in 1999. It was only among men between the ages of 55 and 64 that the labor force participation rate fell and then only by six-tenths of a percentage point (Table 2).

The majority of older workers—7 out of 10 in 2000—continued to work full time, and those who worked part time did so overwhelmingly by choice. Just under two percent of all older nonagricultural workers were employed part time in 2000 because they could not find full-time work. Multiple jobholders remained rare (Table 1).

Few older Americans who are not currently working say they wish they were. Barely more than 2 percent of the 38.1 million persons 55 and older who were not in the labor force in 2000 reported that they wanted a job, and only slightly more than one-fifth of these had looked for work in the previous year.

Table 1
The Labor Force Under Age 55
and Aged 55 and Over: 1999 and 2000

	1999	2000
Participation rate		
Under 55	79.9%	80.0%
55 and over	31.8%	32.3%
Number employed (in 000s)		
Under 55	116,291	117,511
55 and over	17,197	17,697
Unemployment rate		
Under 55	4.4%	4.2%
55 and over	2.8%	2.6%
Employed part time for economic reasons*		
Under 55	2.6%	2.5%
55 and over	2.0%	1.9%
Multiple jobholders		
Under 55	6.0%	5.7%
55 and over	4.8%	4.8%

*In nonagricultural industries

Source: U.S. Bureau of Labor Statistics, *Employment and Earnings*, January 2000 and January 2001

When older persons do look for work, it typically takes them longer than it does younger workers to find it, and that was the case in 2000 as well as in 1999. Moreover, despite low unemployment rates in 2000, average duration of unemployment rose among older jobseekers from 18.3 weeks in the previous year to 19 weeks in 2000. Jobseekers under the age of 55 were out of work for an average of 12.1 weeks in 2000, down from 12.9 weeks in 1999.

Table 2

Labor Force Participation Rates by Sex and Selected Age Group, 1999 and 2000
(in percentages)

Sex/Age	1999	2000
Both sexes		
55-64	59.3	59.2
65-69	23.0	24.4
70-74	13.1	13.5
75 and over	5.1	5.3
Men		
55-64	67.9	67.3
65-69	28.5	30.1
70-74	17.4	17.9
75 and over	8.0	8.0
Women		
55-64	51.5	51.8
65-69	18.4	19.4
70-74	9.6	9.9
75 and over	3.3	3.5

Source: U.S. Bureau of Labor Statistics, *Employment and Earnings*, January 2000 and January 2001

Job Displacement and the Older Worker

While unemployment rates are typically lower for older workers than for younger ones, older worker job displacement rates³ in recent years have been slightly higher. For example, according to the Bureau of Labor Statistics (BLS), the 1997-98 job displacement rate for workers aged 55 and older who had been in their jobs for at least three years was 3.1 percent compared to 2.3 percent for workers between the ages of 25 and 54.⁴

The Bureau of Labor Statistics reports that almost one million workers aged 55 and older were displaced from their jobs between January 1997 and December 1999 as a result of a plant closing or move, insufficient work, or shift/position abolition. By February 2000, just over half (53 percent) of all older displaced workers had found another job. This is in contrast to over three-fourths (78 percent) of displaced workers ages 25 to 54.

The older the worker, the greater the probability of being out of the labor force

following displacement (Table 3). Surprisingly, the probability of reemployment after displacement seems to have fallen in recent years for most age groups (Figure 1), despite the low unemployment rates. Though not shown in Figure 1, the decline in post-displacement employment was especially steep among men aged 65 and older. Nearly 44 percent of all men displaced in 1995-97 were working in February 1998. Only 33 percent of those displaced in 1997-99 had found work by February 2000.

Table 3
Displaced Workers* by Age and Employment Status in February 2000
(in percentages)

Age	Employed	Unemployed	Not in Labor Force
20+	74.4	12.1	13.5
20-24	73.0	12.2	14.8
25-54	78.4	12.0	9.6
55-64	58.8	13.4	27.8
65+	33.1	8.7	58.2

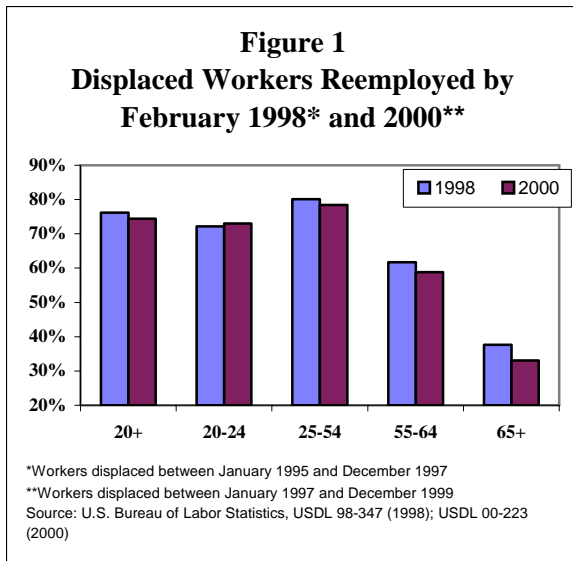
*All workers displaced between January 1997 and December 1999

Source: U.S. Bureau of Labor Statistics, *Worker Displacement During the Late 1990s*, USDL 00-223

A Look at Job Tenure⁵

Job tenure, measured as the median number of years workers have been with their current employer, stood at 3.5 years in February 2000, little changed from 3.6 years in February 1998. For the total labor force, job tenure was exactly what it was in 1983.

Job tenure figures for the entire labor force mask differences by sex and age. Overall, men's tenure has fallen somewhat, although not steadily, since 1983, while women's tenure has risen, again not steadily. Tenure for men between the ages of 55 and 64 has fallen by just over five years, while that for women in this age group has remained fairly level (Table 4).



Among both men and women 65 and older, however, the trends are somewhat more variable. Men's tenure fell quite sharply between 1983 and 1991, rose somewhat, fell once more, and has risen since 1998. Since 1996, the median tenure of women aged 65 and older, which had been falling, has been rising again.

As David Rajnes of the Employee Benefit Research Institute notes, the decline in job tenure, so apparent among 55-to-64-year-old men, is not necessarily proof of declining job security.⁶ Early retirement, perhaps fostered by the availability of retirement incentive programs over much of this period, can lower tenure rates. So can voluntary midlife career or job change.

Update on the Older Worker: 1998 reported that there was some evidence of an increase in short-tenure workers (i.e., those who had been in their current job for a year or less) in the 65 and older working population. Some of these short-tenure workers might be midlife job or career changers; others might be retiring from one job and quickly moving into what has been referred to as "bridge" employment, while still others might be retirees returning to the labor force.

Table 4
Older Workers' Median Years of Tenure* with Current Employer by Sex, 1983-2000

Month/ Year	Men		Women	
	55-64	65+	55-64	65+
1/1983	15.3	8.3	9.8	10.1
1/1987	14.5	8.3	9.7	9.9
1/1991	13.4	7.0	9.9	9.5
2/1996	10.5	8.3	10.0	8.4
2/1998	11.2	7.1	9.6	8.7
2/2000	10.2	9.1	9.9	9.7

*Wage and salary workers

Source: Bureau of Labor Statistics, "Employee Tenure in 2000," *News*, USDL 00-245, August 2000

More recent data on tenure as of 2000 indicate that the percentage of short-tenure workers in the 65-plus population has fallen since 1998 (Table 5). At the same time, there has been a rise in the percentage of workers, predominantly men, who have been in their jobs for at least 20 years.

Table 5
Percent of Workers Aged 65+ Employed for 12 Months or Less, 1987, 1998 and 2000

	1987	1998	2000
Both	10.0%	16.1%	12.9%
sexes			
Men	9.2%	16.5%	14.4%
Women	11.0%	15.7%	11.5%

Source: Bureau of Labor Statistics, *Job Tenure*, January 1987 (mimeo); *Employee Tenure in 1998*, USDL 98-387; *Employee Tenure 2000*, USDL 00-245

Older Workers and the Earnings Test

In 2000, Congress abolished the earnings test for Social Security beneficiaries ages 65 to 69. This test had resulted in a reduction of \$1 in Social Security benefits for every \$3 in earnings above the limit, which in 1999 was \$15,500. Many observers contended that its elimination would encourage more older persons to remain at work and to work more hours.

It is too early to know with certainty just what impact the elimination of the earnings test, which was made retroactive to January 1, 2000, might have on the work experiences of the affected age group. Unless beneficiaries misunderstood the earnings limit and thought all earnings counted, there is no obvious reason why average annual labor force participation rates should be affected.

Older workers in low-wage, part-time or seasonal jobs might have had little trouble keeping their earnings below the limit. However, employers might not have been as willing or able to provide the same degree of flexibility to more highly compensated workers with greater responsibilities, whose absence could prove disruptive. Some workers may have rejected the part-time options that were available, since many part-time jobs pay poorly, offer few benefits, and have other unattractive attributes. Better paying, full-time jobs might quickly have pushed beneficiaries above the earnings limit, perhaps discouraging them from working at all. Hence, the abolition of the earnings limit could affect participation rates.

An increase in labor force participation did occur in the 65-to-69-age group: men's participation rate rose by 1.6 percentage points and women's by 1 percentage point. Not only were these increases greater than for any other age group within the older population (Table 2), they were also more sizable than they had been for the same age group the previous year.

Regardless of sex, workers between the ages of 65 and 69 worked more hours, on average, in 2000 than they did in 1999—31.5 vs. 30.9. The elimination of the earnings test may have contributed to this increase. However, the increase could also be due to something else, as suggested by the fact that work hours rose somewhat more, on average, among workers between the ages of 70 and 74 (from 27.9 hours to 29 hours), an age group that had not been subject to an earnings test.

Labor shortages have undoubtedly played their part in expanding opportunities for older workers. Whatever the explanation, recent

developments in the labor force and employment experiences of older Americans indicate gradually changing patterns of work and retirement. Given slowing labor force growth and anticipated labor and skills shortages, improved health status at older ages, and an apparent growing interest in working in retirement, these changes seem likely to continue.

¹ Unless otherwise noted, labor force statistics are from the Department of Labor's Bureau of Labor Statistics (BLS), *Employment and Earnings* (Washington, DC: U.S. Government Printing Office, January 2000 and January 2001).

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

³ BLS calculates displacement rates by dividing the number of displaced workers in a specified worker group by a tenure-adjusted two-year average estimate of employment for the same worker group.

⁴ Bureau of Labor Statistics, "Job Displacement Rates for Long-tenured Workers by Age, Sex, Race, and Hispanic Origin, 1981-98" and unpublished BLS data.

⁵ Job tenure data are from Bureau of Labor Statistics, *Job Tenure* (January 1987), mimeo; *Employee Tenure in 1998*, USDL 97-387, (September 1998), <ftp://146.142.4.23/pub/news.release/tenure.txt>; "Employee Tenure in 2000," *News*, USDL 00-245 (August 2000).

⁶ David Rajnes, "A 21st Century Update on Employee Tenure," *EBRI Notes*, Vol. 22, No. 3 (March 2001).

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