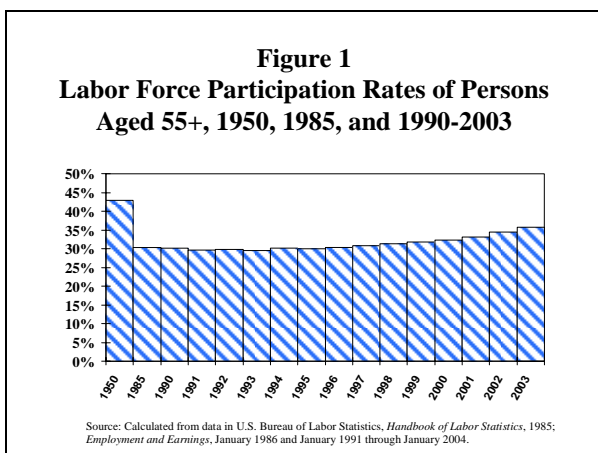


UPDATE ON THE OLDER WORKER: 2003

Highlights

The employment picture brightened in 2003 as growing numbers of people remained at or found work.¹ The number of employed persons aged 16 and over increased in 2003, a contrast to the year before, when the number of persons with jobs declined. At the same time, however, the number of unemployed and the unemployment rate continued to rise.²

The experiences of older and younger workers in 2003 differed in some unexpected ways. The labor force participation rate for the older population, defined in this data digest as persons aged 55 and over, continued the slow and fairly steady increase first observed in the mid-1980s (Figure 1), while the rate for the under-55 population fell slightly.



In 2003, 35.7 percent of older persons were in the labor force, an increase from 34.5 percent in 2002 (Table 1). The number of employed older men and women rose by 1.7 million, or by 8.9 percent. Although the number of employed persons under age 55 also increased by 1.7 million, this represented an increase of only 1.5 percent for the age group.

Older labor force participants also experienced rising unemployment in 2003,

Table 1

Labor Force Under Age 55 and Aged 55 and Over: 2002 and 2003		
	2002	2003
Participation rate		
Under 55	78.7%	78.2%
55 and over	34.5%	35.7%
Number employed (in thousands)		
Under 55	114,802	116,530
55 and over	19,467	21,206
Unemployment rate		
Under 55	6.1%	6.3%
55 and over	3.8%	4.0%
Employed part time for economic reasons*		
Under 55	3.3%	3.7%
55 and over	2.4%	2.7%
Multiple jobholders		
Under 55	5.5%	5.4%
55 and over	4.5%	4.7%

*In nonagricultural industries.

Source: U.S. Bureau of Labor Statistics, *Employment and Earnings*, January 2003 and January 2004.

although the increase was not as steep as it had been the year before. The unemployment rate for the 55 and older workforce averaged 4 percent in 2003. This compares to 3.8 percent in 2002. The number of unemployed older workers rose by 15 percent between 2002 and 2003, well above the 5.2 percent increase for the younger workforce but substantially below the 35 percent rise for the older workforce between 2001 and 2002.

Men and women in what might be considered the retirement-age population (i.e., 65-plus) were more likely to be in the labor force in 2003 than in 2002: 14 percent were working or looking for work versus 13.3 percent a year earlier. The 2003 participation rate for persons between the ages of 65 and 69 was 1.3 percentage points higher than in 2002;

women in this age group increased their participation more than men did (Table 2).

In 2003, rising participation extended to even older ages. The 2003 labor force participation rate for men aged 70-74, for example, was 1.3 percentage points higher than it had been the year before (rising from 17.5 percent to 18.8 percent). There was no change for women in this age group, however. Among those aged 75 and over, on the other hand, both men and women saw increases in participation.

The majority of older workers—7 out of 10—continued to work full time in 2003, and those who worked part time did so overwhelmingly by choice. Fewer than 3 percent of older nonagricultural workers were employed part time in 2003 because they could not find full-time work, a figure that was not much higher than it was in 2002. Multiple jobholders remained rare (Table 1).

An increase in self-employment in the older population might have been expected if jobseekers who could not find employment turned to consulting or other types of independent contract work instead. A modest increase was seen in 2003 in the percentage of older nonagricultural workers who were self-employed, 11.5 percent, up from 10.9 percent the year before.³

Looking for Work and Wanting a Job

When older persons look for a job, it typically takes them longer to find one than it does younger workers. That continued to be the case in 2003. Average duration of unemployment in 2003 was 25.5 weeks for older jobseekers and 18.4 weeks for younger jobseekers. The duration of unemployment was higher in 2003 than in 2002 for both the young and the old. Jobseekers aged 55 or over were out of work for an average of 21.8 weeks in 2002; younger jobseekers averaged 16 weeks of unemployment.

Few older Americans who are not currently working say they wish they were.

Barely more than 2 percent of the 39.9 million persons aged 55 and older who were not in the labor force in 2003 reported that they wanted a job. Nearly 30 percent of them had actually looked for work during the previous year, a slightly higher percentage than noted for the same age group in 2002 (29.7 percent vs. 26.4 percent).

Table 2
Labor Force Participation Rates by Sex and Selected Age Group, 2002 and 2003
(in percentages)

Sex/Age	2002	2003
Both sexes		
55-64	61.8	62.4
65-69	26.1	27.4
70-74	14.0	14.6
75 and over	5.1	5.8
Men		
55-64	69.2	68.7
65-69	32.2	32.8
70-74	17.5	18.8
75 and over	7.6	8.3
Women		
55-64	55.1	56.6
65-69	20.8	22.7
70-74	11.2	11.2
75 and over	3.5	4.1

Source: U.S. Bureau of Labor Statistics, *Employment and Earnings*, January 2003 and January 2004.

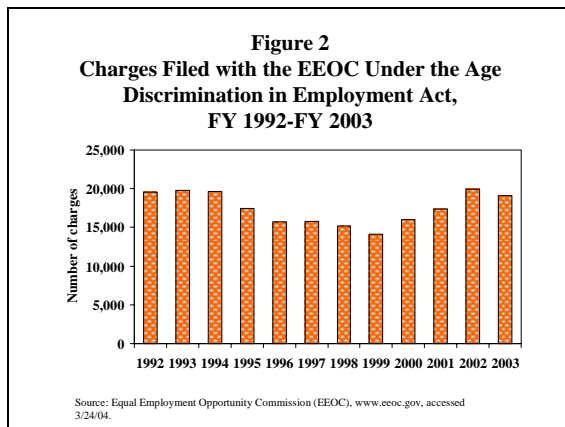
Discouraged workers are men and women who say they are available for work but are not seeking a job because they do not believe work is available, think they lack the necessary schooling or training, fear employers will think them too old, or anticipate some other type of discrimination. As officially defined, about 75,000 persons aged 55 or over could be classified as discouraged in 2003. Although a small proportion (8.5 percent) of those out of the labor force who report wanting a job, they represent an increase of nearly 50 percent in the number of older discouraged workers between 2002 and 2003. The number of

younger discouraged workers increased by only 20 percent.

Age Discrimination in Employment

Precise estimates of the incidence of age discrimination are not available. Nonetheless, age continues to work against many older men and women in the labor force, as evidenced by the length of time it takes so many who have become unemployed to find work, the wage loss many experience upon reemployment, and the size of court awards to victims of discrimination.

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 2). In fiscal year (FY) 1999, slightly more than 14,100 age charges were filed with the EEOC, 28 percent fewer than in FY 1992. As the economy soured, age charges rose, reaching 19,921 in FY 2002. Between FY 2002 and FY 2003, however, the number of charges declined by 4 percent, a reflection, perhaps, of the somewhat rosier employment outlook for older persons.



What Workers Say They Want

If recent public opinion polls are any guide, a great many boomers expect to continue working in retirement.⁴ While the number who end up working might not reach the 70-80 percent suggested in some of those

polls, financial need and interest in remaining active and engaged will likely foster further increases in the labor force participation rate of the 55-plus population beyond what it is today.

Financial concerns already seem to be having an impact on the work and retirement decisions of older Americans. In 2002, for example, AARP reported that more than three-fourths of stockholders aged 50-70 had lost money in the market since 2000; 20 percent of those who were still working reported that they had postponed retirement as a result.

Things appeared to be looking up for stockholders by November 2003, when, according to AARP, “only” 30 percent of persons aged 50 and over with stocks or interest-bearing accounts saw the value of those investments decline in the past 12 months.⁵ Still, the percentage saying that their expected retirement age had increased over the past 12 months was almost identical to what it had been the year before—21 percent.⁶

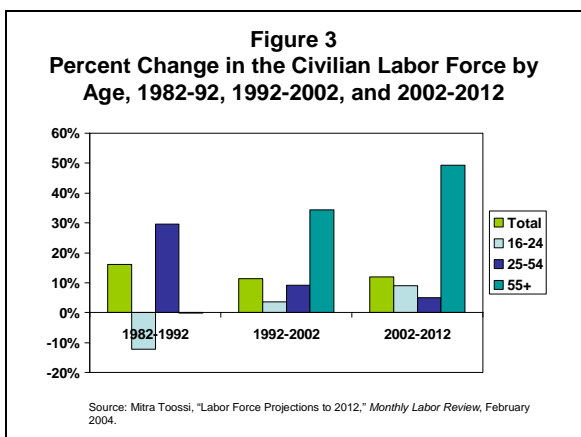
Unfortunately, one cannot be certain that investment losses accounted for the reported retirement postponement, as the question did not probe that directly. Although the query came after questions about the performance of stocks and interest-bearing accounts, it asked simply “In the past 12 months, has the age at which you expect to retire changed?”

A question for retirees aged 55 and over was more specific: “Has the recent performance of your stock and interest-earning investments led you to consider returning to work?” Twenty percent of retirees aged 55-64 said “yes.” In view of the barriers older persons face in reentering the labor force, their increasing health problems, and the fact that people adjust to and become satisfied with retirement, it is not surprising that the percentage for the 65-plus population was far lower—only 5 percent.

What Does BLS Project That Older Workers Will Do?⁷

The Bureau of Labor Statistics (BLS) released its most recent labor force and employment projections, covering the period 2002-2012, in February 2004. The overall labor force is projected to increase by 17 million (12 percent) from 2002 to 2012, with persons aged 55 and over accounting for nearly 60 percent 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 2012, well above the 34 percent increase over the previous 10 years.

Far less growth is projected for the under-55 labor force (Figure 3). Consequently, by 2012, men and women aged 55 and over may account for nearly one in five labor force participants (19 percent), compared to one in seven (14 percent) in 2002.



Conclusion

The increase in the size of the older labor force will be driven in large part by the growth in the older population itself. If, for example, the labor force participation rate for the 55-plus population remained stable at its 2002 rate, the older labor force would still be 30 percent larger in 2012 than it was in 2002. However, BLS projects that the participation rate for the 55-plus population will increase, reaching 39.7 percent in 2012. Although this figure would be above the current rate—and

continue the trend that began in the mid-1980s—it would still fall short of what it was in 1950. If, however, employers experience the labor shortages that many analysts are predicting, and if as a result they offer incentives for older workers to remain in or return to the labor force, many of the boomers who say they expect to work in retirement may be encouraged to do so. Participation rates in the older population could therefore exceed those projected by BLS.

¹ Unless otherwise noted, statistics are from U.S. Bureau of Labor Statistics, *Employment and Earnings* (Washington, DC: U.S. Government Printing Office, January 2003 and January 2004).

² If the size of the labor force were fixed, an increase in the employment rate would cause the unemployment rate to fall. In a growing labor force, employment and unemployment can both increase. Workers can lose or leave their jobs, of course. In addition, rising employment might tempt some people to enter or reenter the labor force, thus adding to the number of unemployed.

³ The Bureau of Labor Statistics classifies as self-employed only the unincorporated self-employed.

⁴ See, e.g., AARP, *Staying Ahead of the Curve: The AARP Work and Career Study* (Washington, DC: AARP, 2002) and AARP, *Staying Ahead of the Curve 2003: The AARP Working in Retirement Study* (Washington, DC: AARP, 2003).

⁵ The questions and age groups differed somewhat in the two surveys so are not strictly comparable. In 2003, 27 percent of stockholders aged 55-64 and 34 percent of those 65+ said their stocks had declined in value over the past 12 months.

⁶ Data on stock losses are from AARP, *Impact of Stock Market Decline on 50-70 Year Old Investors* (Washington, DC: AARP, 2002) and *The State of 50+ America* (Washington, DC: AARP, 2004), and unpublished data from *The State of 50+ America*.

⁷ Mitra Toossi, "Labor Force Projections to 2012: The Graying of the U.S. Workforce," *Monthly Labor Review* (February 2004).

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