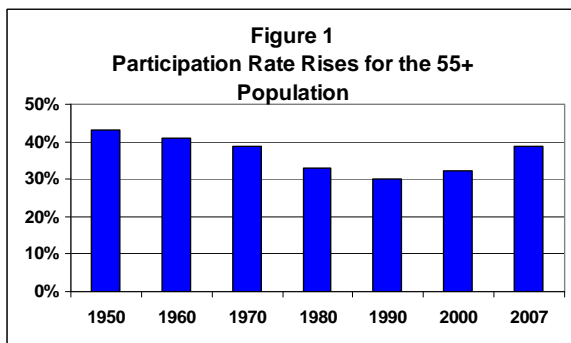


Update on the Aged 55+ Worker: 2007

Growing numbers of older Americans are remaining in or returning to the labor force. Employment in 2007 was up for the aged 55 and older population, and more older workers were employed full time.

Highlights

As of March 2008, unemployment was on the rise. Between 2005 and 2007, however, the overall employment picture brightened as the number of working Americans grew and the unemployment rate fell. Employment gains were especially strong for workers aged 55 and older—whose labor force participation rate in 2007 reached a level not seen for decades (Figure 1)—with particularly large gains in the participation rate of older women.¹ These trends bear watching as workers aged 55 and over will account for more than 90 percent of projected labor force growth over the next decade.



Source: U.S. Bureau of Labor Statistics at <http://data.bls.gov/PDQ/outside.jsp?survey=ln>, 4/14/2008.

The employed population increased by nearly 4.3 million between 2005 and 2007. The number of employed men and women aged 55 and older grew by nearly 2.3 million, or 9.7 percent, between 2005 and 2007. Employment rose for those under the age of 55 by almost as many people. However, the additional 2 million younger workers represented an increase of only 1.7 percent since 2005.

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 62.9 percent to 63.8 percent between 2005 and 2007 (Table 1). The rate for the under-55 population was little changed at 77.6 percent (Table 2).

Table 1
Labor Force Participation Rates by Sex and Age, 2005 and 2007
(in percentages)

Sex and Age	2005	2007
Both sexes		
55-64	62.9	63.8
65-69	28.3	29.7
70-74	16.3	17.2
75+	6.4	6.8
Men		
55-64	69.3	69.6
65-69	33.6	34.3
70-74	20.7	21.2
75+	9.4	10.0
Women		
55-64	57.0	58.3
65-69	23.7	25.7
70-74	12.8	14.0
75+	4.5	4.8

Source: U.S. Bureau of Labor Statistics, *Employment and Earnings*, January 2006 and January 2008.

Men and women in the so-called retirement years were also slightly more likely to be in the labor force in 2007 than in 2005 (Table 1). Among persons aged 65-69, for example, 29.7 percent were working or looking for work in 2007 versus 28.3 percent two years earlier. More individuals in their 70s and older were also in the labor force in 2007.

Table 2
Key Labor Force Indicators for Workers
under Age 55 and Aged 55+, 2005 and 2007

	2005	2007
Participation rate		
Under 55	77.8%	77.6%
55 and over	37.2%	38.6%
Number employed (in thousands)		
Under 55	118,287	120,325
55 and over	23,443	25,722
Unemployment rate		
Under 55	5.4%	4.9%
55 and over	3.4%	3.1%
Employed part time for economic reasons*		
Under 55	3.3%	3.3%
55 and over	2.4%	2.4%
Multiple jobholders		
Under 55	5.5%	5.3%
55 and over	4.6%	4.8%

*In nonagricultural industries.

Source: U.S. Bureau of Labor Statistics, *Employment and Earnings*, January 2006 and January 2008.

Participation rates from 2005 to 2007 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 women aged 55-64. The participation rate also rose somewhat for men aged 55-64, a group whose participation rate had fallen dramatically for several decades after World War II.

Participation rates for the aged 55 and over population vary by sex and race/ethnic group (Table 3). Women are less likely than men to be in the labor force, although the gender gap has narrowed dramatically over the past six decades (not shown). In 1948, men aged 55-64 were more than three times as likely as women in that age group to be in the labor force. As a result of rising participation on the part of women and declining participation on the part of men, by 2007, men in this age group were only about 20

percent more likely to be working or looking for work.

The majority of older workers—more than 7 out of 10 in nonagricultural industries—worked full time in 2007. Despite a professed interest in part-time employment on the part of older men and women, Table 4 shows that full-time employment among older workers, especially those aged 65 or above, has actually increased in recent years, in some cases substantially.² Those who worked part-time in 2007 did so overwhelmingly by choice. Fewer than 3 percent of all older nonagricultural workers (or 8.5 percent of all older part-time workers) were employed part time in 2007 because they could not find full-time work.³ Multiple jobholders remained rare (Table 2).

Table 3
Labor Force Participation Rates by Age, Sex,
and Race/Ethnicity, 2007
(in percentages)

	Both Sexes	Men	Women
Age 55-64			
White	64.9	71.2	58.9
Black	55.1	54.4	55.7
Asian	65.6	76.0	56.6
Hispanic*	58.5	70.3	47.6
Age 65+			
White	16.2	20.8	12.7
Black	14.0	17.3	12.0
Asian	17.0	22.0	13.3
Hispanic*	16.0	22.0	11.4

*Hispanics may be of any race.

Source: U.S. Bureau of Labor Statistics, *Employment and Earnings*, January 2008.

Older workers are about twice as likely as their younger counterparts to be self-employed, but the self-employed are still a minority in the older workforce—12.1 percent in 2007. This figure represents a slight drop from the 13.2 percent for 2005.⁴

Unemployment and Job-Seeking Discouragement

Both younger and older persons were less likely to be unemployed in 2007 than in 2005 (Table 2). In 2007, it took jobseekers in both age groups less time to find work than it had two years before. As has been the case in past

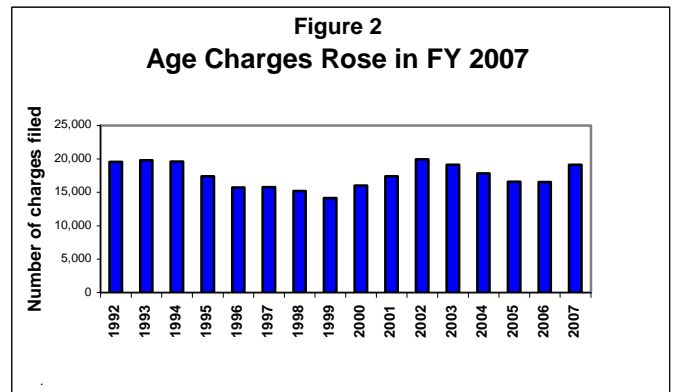
years, however, the job search was considerably longer for unemployed older persons than for younger ones. The average duration of unemployment in 2007 was 21.1 weeks for jobseekers aged 55 or older and 16.3 weeks for jobseekers under age 55. This compares to 24.1 weeks and 17.8 weeks, respectively, in 2005.

Few older Americans who are not currently working say they wish they were. Only about 2 percent of the 42.2 million persons aged 55 and older who were not in the labor force in 2007 reported that they wanted a job, but only 28 percent of those who wanted a job had looked for work during the previous year, about the same percentage that reported looking in 2005.

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 61,000 persons aged 55 or over were discouraged in 2007, down from 78,000 in 2005. Discouraged workers were only 6.5 percent of the total population of persons aged 55 and older who were not in the labor force but who expressed interest in employment in 2007. This is a slight decline from 2005.

Age Discrimination in Employment

Relatively few older workers report having personally experienced age discrimination in the workforce, although a majority believes that workers do face such discrimination today.⁵ Employers, however, are not likely to admit if or when they do discriminate against older workers, so reliable statistics of the incidence of age discrimination are unavailable. After falling for several years, age discrimination complaints, or charges, filed with the Equal Employment Opportunity Commission (EEOC), the federal agency with jurisdiction over the Age Discrimination in Employment Act (ADEA) increased sharply in fiscal year (FY) 2007—from 16,585 in FY 2005 to 19,103, or by 15 percent (Figure 2).



*Charges filed with the EEOC; fiscal year data. Source: Equal Opportunity Commission at <http://www.eeoc.gov/stats/adea.htm>, 4/10/2008.

Filed charges are only that—they are not proof that discrimination has occurred, although they are an indication of perceived discrimination. The decline in the number of charges filed in the mid-1990s and the mid-2000s occurred at a time of falling unemployment rates. If employers were having trouble finding suitable workers, they may have been less likely to discriminate against older workers, and jobseekers may have been less inclined to respond to discriminatory behavior if they felt their chances of finding other work were more favorable. The annual average unemployment rate was the same in 2007 as it was in 2006 (4.6 percent for the aged 16-plus labor force) and lower than the rate for 2005 (5.1 percent). However, the rate began to rise later in the year.

Table 4
Workers Employed Full-time by Sex and Age, 1994, 2000, 2007
(in percentages)

	1994	2000	2007
Men			
55-61	91.4	92.3	92.0
62-64	77.0	80.0	82.2
65	62.3	69.6	76.1
66-69	52.4	57.2	67.6
70+	47.5	48.5	55.1
Women			
55-61	73.7	77.9	79.2
62-64	59.3	61.4	68.4
65	48.4	50.8	63.7
66-69	36.0	42.5	49.2
70+	34.7	35.7	40.9

Source: Murray Gendell, "Older Workers: Increasing Their Labor Force Participation and Hours of Work," *Monthly Labor Review* (January 2008), Table 6.

Projected Changes

The Bureau of Labor Statistics released labor force and employment projections covering the period 2006-2016 in November 2007.⁶ The total labor force is projected to increase by 12.8 million people (8.5 percent) from 2006 to 2016, with persons aged 55 and over accounting for more than 90 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 47 percent between 2006 and 2016.

Far less growth is projected for the under-55 labor force). In fact, the number of labor force participants ages 16-24 and 35-44 will decline between 2006 and 2016. As a result of these developments, by 2016 men and women aged 55 and over may account for more than 1 in 5 labor force participants (22.7 percent), compared to 1 in 6 (16.8 percent) in 2006.

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 2016. For example, the rate for men aged 55 and over is projected to rise from 44.9 percent in 2006 to 48.3 percent in 2016, a 7.6 percent increase, while that for women is projected to rise from 32.3 percent to 38.1 percent, or by 18 percent. By 2016, women will be 48 percent of the aged 55+ workforce, up from only 23 percent in 1950.

Conclusion

America's oldest boomer, Kathleen Casey-Kirschling, applied for Social Security retirement benefits in October 2007, shortly before she turned 62, opting to collect retired worker benefits at the earliest possible age.⁷ She is likely to be joined by millions of others. Although a large percentage of workers say that they will continue working in retirement,⁸ the majority of them will also begin collecting Social Security well before the full retirement age, if recent history is any guide.⁹

Labor force participation rates for the aged 65-plus population may be on the rise, but rates of postponed Social Security benefit awards have not shown a comparable increase. If workers remain in the labor force and put off collecting their Social Security until age 70, the benefits they ultimately receive will be nearly double what they would be at 62, according to the

Congressional Budget Office.¹⁰ Most people might balk at working another eight years beyond the early retirement age, but any increase in work years will enhance retirement-income security. Getting this message out to workers might encourage more of them to push back their retirement age, at least somewhat. If this were to happen, labor force rates for the aged 55-plus population could be substantially higher than those currently projected by the Bureau of Labor Statistics for 2016.

¹ Trend data in this paragraph are from U.S. Bureau of Labor Statistics (BLS), Labor Force Statistics from the Current Population Survey, <http://data.bls.gov/PDQ/outside.jsp?survey=ln>. Unless noted, other statistics are from BLS, *Employment and Earnings* (Washington, DC: U.S. Government Printing Office, January 2006 and January 2008).

² M. Gendell, "Older Workers: Increasing Their Labor Force Participation and Hours of Work," *Monthly Labor Review* (January 2008), Table 6.

³ At 3.3 percent, the percentage of younger workers who worked part time for economic reasons was not much higher. However, involuntary part-timers were a substantially higher percentage (14.9 percent) of younger part-time workers.

⁴ These are the unincorporated self-employed only. BLS categorizes the incorporated self-employed as wage and salary workers because they are considered paid employees of their corporations.

⁵ AARP, *Staying Ahead of the Curve: The AARP Work and Career Study* (Washington, DC: AARP, 2002).

⁶ M. Toossi, "Labor Force Projections to 2016: More Workers in Their Golden Years," *Monthly Labor Review* (November 2007).

⁷ Casey-Kirschling was born one second after midnight on 1/1/1946 and is credited with being the first born boomer (Social Security Administration, *Nation's First Baby Boomer Files for Social Security Benefits—Online!* News Release [Baltimore, MD: SSA Press Office, October 15, 2007]).

⁸ See, e.g., AARP, *Baby Boomers Envision Retirement II* (Washington, DC: AARP, 2004).

⁹ Social Security Administration, *Annual Statistical Supplement to the Social Security Bulletin, 2006* (Washington, DC: Social Security Administration, 2007), Table 6.B5.

¹⁰ U.S. Congress, Congressional Budget Office, *Retirement Age and the Need for Saving* (Washington, DC: Congressional Budget Office, 2004).

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