

AARP

Staying Ahead of the Curve

The AARP Work and Career Study

EXECUTIVE SUMMARY

Staying Ahead of the Curve: The AARP Work and Career Study A National Survey Conducted for AARP by RoperASW September 2002

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Staying Ahead of the Curve: The AARP Work and Career Study Executive Summary

The confluence of two important demographic shifts promises to reshape the U.S. workforce over the next decade and beyond.

First, there will be more workers over age 55. In 2000, 13 percent of the workforce was 55 and older, according to the Bureau of Labor Statistics, and by 2015, this figure is expected to rise to 20 percent. During the same period, the highest growth rate in the U.S. workforce will be among workers aged 55 to 64. That change is fueled in large part by the leading edge of the baby boom population, which is now crossing the age 55 threshold in large—and expanding—numbers. It also reflects the fact that Americans are leading longer and healthier lives, enabling them to extend their stay in the working world.

As the boomer population moves through the workforce and retires, there will be more jobs than workers to fill them. This is due in large part to the smaller size of the generations following the boomer cohort.

Consequently, the U.S. will grow older and face critical shortages of qualified workers, especially in the dominant and growing service sectors of the economy. The labor shortages of tomorrow pose urgent questions today to public policy makers, businesses and

workers alike, principal among them: what must we do to recruit, retain, train and address needs of older workers, whose sheer numbers and experience will make them an invaluable commodity in the workplace?

To answer this and related questions, AARP, which has long examined older worker trends in its research and addressed their implications through its programming and advocacy, turned to older American workers themselves. We asked them to discuss their perspectives, desires, fears and needs regarding work and work life balance issues, and from that conversation comes this report, *Staying Ahead of the Curve: The AARP Work and Career Study*.

Staying Ahead of the Curve is based on a national survey conducted for AARP in May and June 2002 by RoperASW. We interviewed 2,518 workers ages 45-74, including a representative national sample of 1,500 workers, as well as over-samples of African American, Hispanic and Asian American 45+ workers.

The study paints a complex picture of 45+ workers' motives for working and of their attitudes and perceptions about today's workplace. From this picture, several key findings emerge:

- Forty-five-plus workers want to continue working and to have viable work options later in life; indeed, 84 percent say they would work even if they were financially set for life and 69 percent say they plan to work into their
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so-called retirement years. But they want to work on different terms than may have defined their earlier careers, with more flexibility and autonomy, and for a wide range of motivations—not only for the money and health care coverage but also peace of mind, enjoyment and a sense of purpose.

- For many 45+ workers, particularly baby boomers, work life balance—the juggle of personal and career responsibilities—is a pervasive feature of their lives, and it dominates their views and decisions about work. Seventy percent of the survey’s employed respondents say they are looking for ways to better balance their work with their personal lives, and a large proportion of 45+ workers are dealing with major life challenges on the homefront, challenges that compete for their time and energy at work.
- Forty-five-plus workers make it clear that they want, among other amenities, respect, training, benefits and flexibility in their jobs. Employers, particularly those who will feel the effects of shrinking workforce, will be increasingly challenged to address these needs.
- All 45+ workers express confidence about their own future in the workforce and ability to find and retain a job. But with that optimism large proportions (more than two-thirds) of 45+ workers have concerns that age discrimination remains a major barrier to their advancement and well being in the workplace.

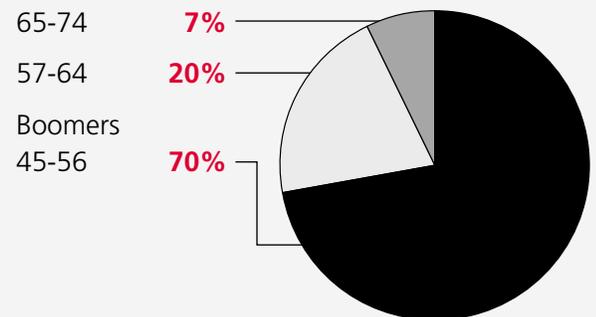
- Minority 45+ workers share a generally positive outlook about their prospects in the workplace, even though they are slightly less optimistic than the total population of 45+ workers about their own personal future. They share many of the same reasons for working, and large majorities say they would continue to work even if they were financially set for life. However, perhaps because of a higher incidence of caregiving, the issue of work life balance is of even more concern for minority workers than for 45+ workers as a whole.

Who Are 45+ Workers?

Boomers represent by far the largest segment (70 percent) of the 45+ workers, followed by the 57 to 64 age cohort (20 percent) and then the 65 to 74 segment (7 percent) (3 percent did not give exact age). It’s a proportional mix that is likely to change as the mammoth boomer demographic ages, lives longer and healthier than previous generations and follows through on its plans to work later in life.

Breakdown of 45+ Workers

Base: Total (n=1500)



And 45+ workers remain heavily engaged in the working world. Logging an average of 41.9 hours of work a week, 94 percent of those between 45 to 74 years old are currently employed (the balance, 6 percent, are seeking employment). Of those employed, 67 percent are working full time, 11 percent part time. Fifteen percent are self-employed. Nearly four out of five (78 percent) have never been retired, and 15 percent consider themselves retired but working.

White collar/clerical workers make up the largest segment of the survey pool at 35 percent, followed by those in executive professional jobs (28 percent) and blue-collar jobs (24 percent). The median household income of 45+ workers is \$53,400. The median individual income is \$39,400.

Four Key Segments

Sustainers—comprising the largest segment of the 45-plus workforce—say they work to live. Even though, on par with other types of 45-plus workers, the majority (70%) of Sustainers consider enjoyment a major reason for working, even more (91%) say money is a major factor in their decision to work. Moreover, non-economic drivers such as enjoyment, personal fulfillment, and personal connections tend to factor less into Sustainers' reasons for working compared to other groups.

Providers—are workers “in the middle.” They are more likely than other workers to be struggling to balance multiple caregiver roles while in their peak work years. They are particularly apt to be seeking balance between their work and personal life. The central role of work in their lives is to help them provide for others, and many are sandwiched between the needs of their children and those of their aging parents. Working is particularly important to the self-esteem of these workers because it allows them to fulfill their role as providers and caregivers. Men and Hispanics are somewhat more likely than others to fall into this group.

Connectors—as the name suggests, are particularly connected to their workplaces. On average they have spent more years with their current employer than other types of workers and they are most likely to plan to stay with their current employer until they are ready for full retirement. These workers are particularly likely to feel strong personal connections to their coworkers and are most apt of all segments to desire a family-like work atmosphere. But work is not all about connection, even for this group. Connectors also have a strong interest in the health and retirement benefits that many of them have likely been accruing during many years of dedicated service.

Contributors—live to work. These workers tend to be better educated and more affluent. They are also more likely than other groups to have executive and professional jobs. Of all segments, Contributors are the most likely to be engaged and satisfied with their work. Feeling useful and making a contribution to society—not money—is what most Contributors say motivates their decision to work. The highest concentration of workers who have reentered the workforce since retirement are found in this segment—and full retirement is appealing to fewer of these workers.

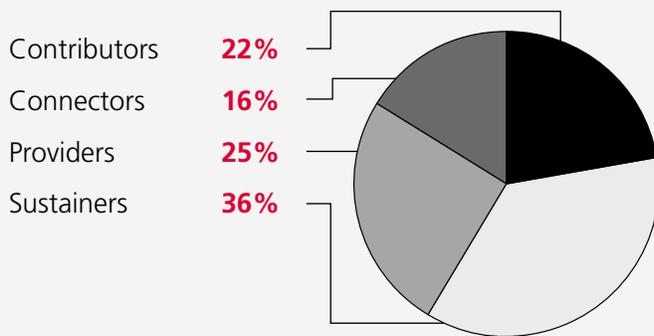
Working Into Retirement Life

Staying Ahead of the Curve leaves little doubt that 45+ workers want to remain engaged in the workforce well past traditional “retirement age”, which long signaled the end of the working life for so many people of previous generations. A large percentage (69 percent) say they want to work into their retirement years.

On different terms. But they want to finish out the latter stages of their careers in different roles and on different terms than before. More than a third (34 percent) say that during retirement they plan to work on a part-time basis “for interest and enjoyment.” Another 19 percent say they plan to work part-time for needed income, 10 percent plan to go into business for themselves and 6 percent intend to work full-time in a new career altogether. These responses reflect a relatively new, but increasingly common embrace among late-stage workers of so-called “bridge jobs” that sustain them, offer them new experiences and provide work life flexibility between careers or before they leave the working world for good.

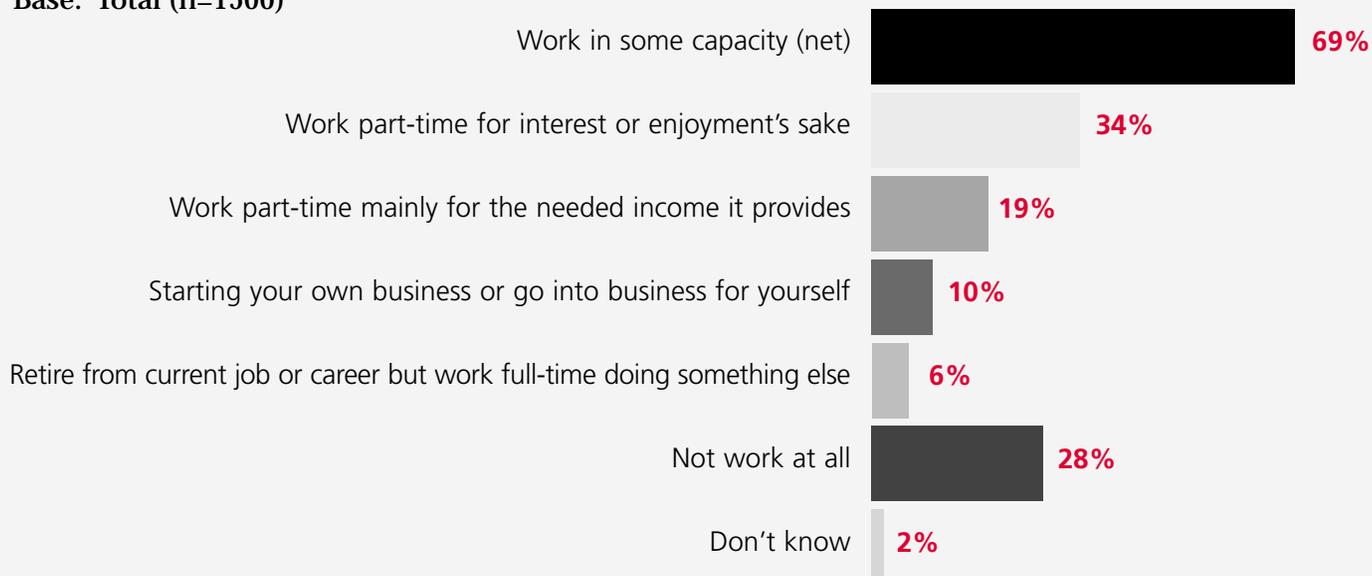
Worker Groups

Base: Total (n=1500)



Retirement Plans

Base: Total (n=1500)



In large numbers 45+ workers say their ideal job would include opportunities to learn something new (88 percent), to pursue something they've always wanted to do (75 percent), to get more paid time off (86 percent) and to have a flexible schedule (76 percent).

Working to live. To be sure, a majority cite practical needs—namely money and health care coverage—as the big reasons to continue to work. Fifty-five percent say they will continue to work only because of the money. Seventy-six percent say money is one of the major reasons, while 67 percent say “saving for retirement” was a motive. Eighty percent of 45+ workers believe that most people can't afford to retire altogether.

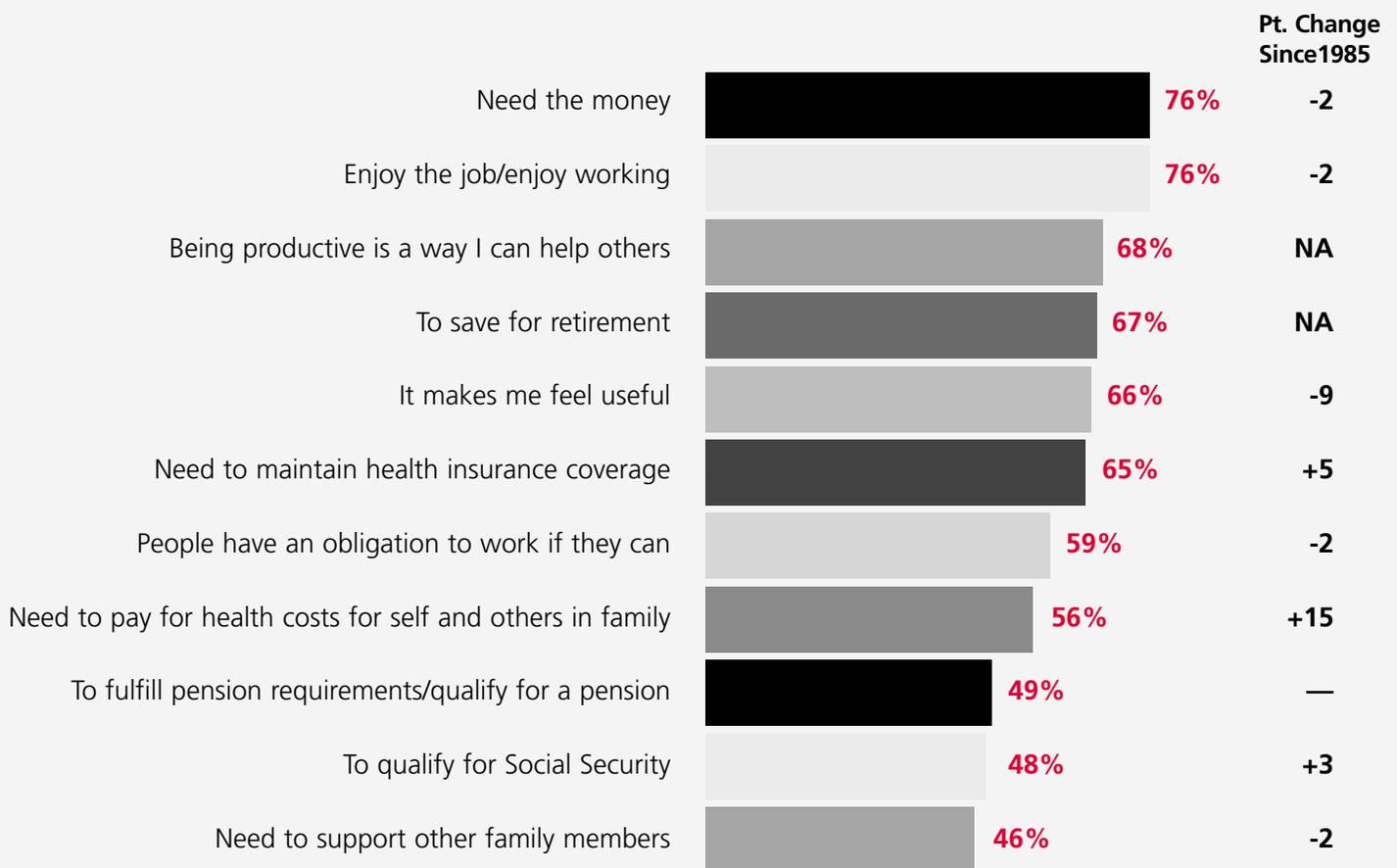
An increasing number of 45+ workers are saying they work in large part because they need health care coverage, reflecting the dramatically rising cost of health care and growing anxieties many aging Americans have about their health security. When the Staying Ahead of the Curve survey asked about major reasons 45+ workers continue to work, 65 percent said maintaining health insurance was a key reason to keep working. That's five percentage points more than offered that same response in a 1985 AARP survey. Fifty-six percent say in 2002 they'll keep working to pay for health costs for themselves or others in the family, a full 15 percentage point increase over 1985.

Working for fulfillment. But money and health security aren't all that are keeping 45+ workers on the job. For many, there are valuable intangibles they say they would miss if not employed and 84 percent say they would work even if financially set for life. A large majority (76 percent) say they enjoy working, and 55 percent report that they have remained in their jobs for at least the

last five years because they enjoy the work. Sixty-eight percent say that "being productive" motivates them to work, 89 percent feel that their job "makes a contribution to society or helps people," and nearly two-thirds (65 percent) say that work "gives them a reason to get out of bed in the morning."

Working to Live and Living to Work

Base: Total (n=1500)



For many, work is an essential ingredient of good personal well being and positive self-image. Ninety-one percent say that staying in the workforce keeps them healthy and active, 87 percent say it's important for their self-esteem and 62 percent say they wouldn't feel as good about themselves without a job.

Not surprisingly, then, few 45+ workers—only 29 percent—say they look forward to retirement a great deal. Even among those who say they'll continue working mainly for need of money or benefits, relatively few (33 percent) say they look forward to retirement a great deal.

Better than love. Indeed, working is so central to 45+ workers that many more say it plays a larger role than romance in shaping their feelings about themselves. Seventy-five percent of respondents agree that inability to find a job would damage their self-esteem, far more than those (50%) who say that inability to find a mate or personal relationship would hurt their self-esteem.

Work as home and community. And work offers 45+ workers a sense of belonging and community. Seventy percent of 45+ workers say they think of their co-workers almost as family, and “the company you work for” was cited most often (50 percent of the time) when 45+ workers were asked to cite the types of communities to which they feel a strong connection. A religious or spiritual organization came in second with 45 percent. Co-workers were a

close third with 44 percent, again showing how important work relationships are to many respondents.

The Work Life Juggle

The struggle to balance work and family responsibilities is a pervasive concern among 45+ workers. Seventy percent of the survey's employed respondents say they are looking for ways to better balance their work with their personal lives.

This challenge weighs more heavily on the minds of boomers (ages 45 to 56), 74 percent of whom say they are looking for better work life balance, as compared to 69 percent in the 57 to 64 age group and to 45 percent in the 65 to 74 age group—not surprising, perhaps, as it is boomers who most frequently find themselves sandwiched between their obligations to care for an ailing older relative and a teenage or college-age child.

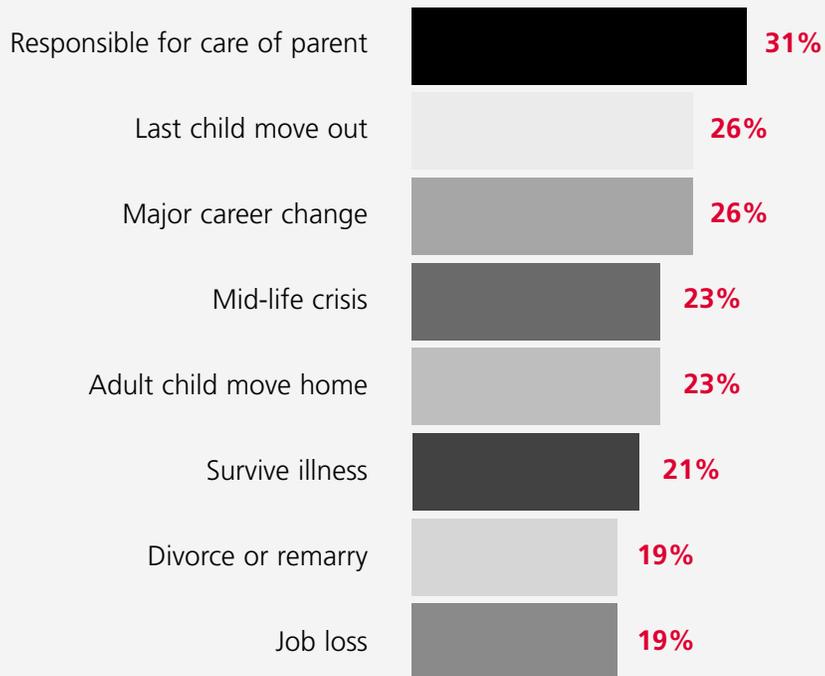
Life challenges mount. There should also be little wonder why so many 45+ workers struggle with work life balance issues. As *Staying Ahead of the Curve* shows, their homefront concerns are numerous and weighty. When asked which of several major life changes occurred in their lives over the last five years, 31 percent of survey respondents say they became responsible for the care of a parent, 26 percent each say their last child moved out of their house or they had a major career change, 23 percent each say they had experienced a mid-life crisis or had an

adult child move back home, had survived a major illness, and 19 percent had experienced either job loss or had divorced or remarried. More than a third of all 45+ workers (38 percent) say they are responsible for giving care to a spouse, parent, grandchild or others in their lives. It is the issue of work life balance that weighs more heavily on racial/ethnic minorities, consistent with the fact that many

more minority 45+ workers than the general sample report having experienced major life changes over the last five years. For example, while 29 percent of whites say they began caring for a parent in the last five years, the incidence is 36 percent among African Americans, 46 percent among Asian Americans, and 51 percent among Hispanics.

Life Changes Experienced in the Last Five Years

Base: Total (n=1500)



Workplace Loyalty

Particularly among the older segment of the survey sample, loyalty to employers is strong. On the average 45+ workers say they have worked 15.5 years with the same employer, and 78 percent say they will remain with the same employer until they retire.

Forty-five-plus workers bring a positive outlook to their jobs. Sixty-nine percent of 45+ workers say their best work years are now, 53 percent report that their best years are ahead of them and 52 percent say they work harder now than when they were younger.

What Do They Want?

Overwhelmingly, 45+ workers say their ideal job would feature: a friendly work environment (94 percent); respect from co-workers (90 percent) and their supervisors (84 percent); and opportunities to use their skills and talents (94 percent), do something worthwhile (91 percent), learn something new (88 percent), help others (86 percent) and pursue something they've always wanted to do (75 percent).

Not as high on their list of priorities, though important nevertheless, are so-called “hard benefits”. At least six in ten say that retirement savings plans and high salaries are essential parts of an ideal job, and 84 percent want good healthcare benefits.

Staying ahead of the curve. As the overall size of the labor force contracts over the next decade and the proportion of workers over 45 grows, employers will need to accommodate these needs in their workplace if they are to attract and retain a strong, reliable and able workforce. They must consider carefully how 45+ workers are treated in the workplace, especially since, if they are kept happy, a large majority (79 percent) say they are amenable to remaining with the same employer until they retire.

Optimism About Prospects, Concern About Barriers

Most 45+ workers (77 percent) say they are optimistic about their personal life situation—as compared to just 58 percent who are optimistic about the nation's economy right now.

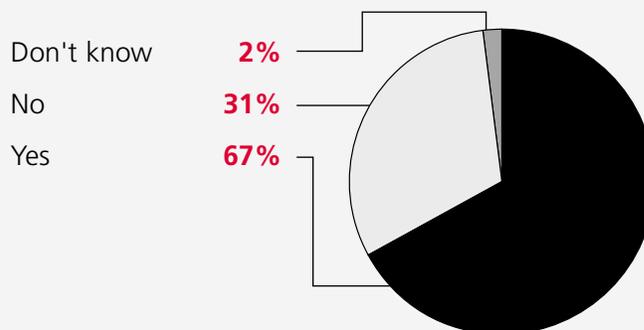
Seventy-one percent are “very confident” or “somewhat confident” they could find another job if theirs were eliminated tomorrow, up from 66 percent who felt that way in the 1985 survey. Notably workers age 57 and over are no more nor less confident than boomers about their ability to find work if they were to lose their current job. And how secure do they think those jobs are? Seventy-nine percent believe it is not at all or not very likely their job will be eliminated in the next year.

Worries of ageism. But beneath that cloud of relative good cheer about their prospects in the workplace, there are ominous worries among 45+ workers about ageism. Two-thirds (67 percent) of all respondents say they believe age discrimination exists in the working world today, revealing a concern about opportunities to re-enter the workplace and advance in their current jobs as they age. Sixty percent say they believe that older workers are the first to go when employers make cuts. Yet far fewer say they have suffered personally from ageism in the workplace.

Though the number of 45+ workers who believe they have personally been hurt by ageism in the workplace is relatively small, it is notable that their ranks have grown since AARP last surveyed this cohort in 1985. In this 2002 survey, 9 percent say they believe they have been passed up for a promotion because of their age, up from 4 percent since AARP asked the question in 1985. Six percent say they were fired or laid off because of age (up from one percent in 1985), and 5 percent (also up from one percent in 1985) say they were passed up for a raise because of age. A full 15 percent attribute their not being hired for a job to their age.

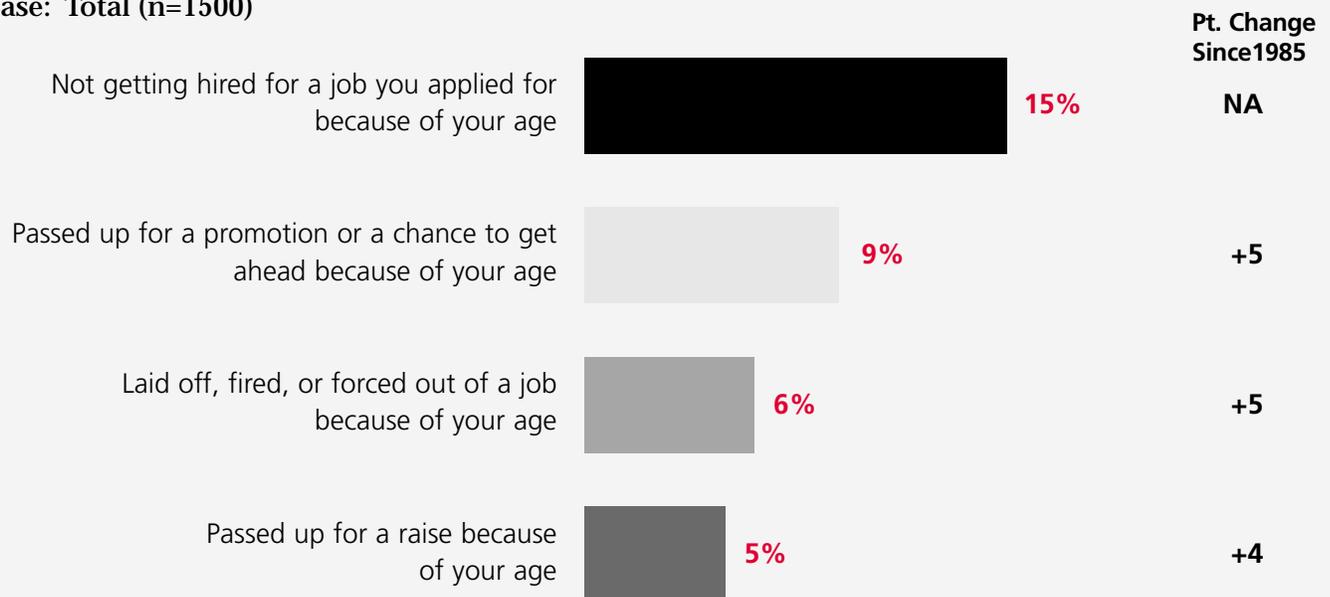
Workers Face Age Discrimination in the Workplace Today

Base: Total (n=1500)



Type of Age Discrimination Experienced

Base: Total (n=1500)



Though age 49 is for many one of the peak years of their productivity in the work place, it's ironic that survey respondents believe that this is also the average age when workers begin to face age discrimination.

Experience devalued? Moreover, many 45+ workers feel their own on-the-job experience is valued much less than it could be. More than six in ten (62 percent) believe employers are less likely to value many years of experience in a job than higher education degrees.

Perceptions match reality. Respondents' perceptions about age discrimination are disconcerting at a time when the U.S. economy is heading into a period when it will need to rely more and more heavily on the 45+ worker. And

these perceptions match closely with the reality of rising age discrimination complaints. According to the Equal Employment Opportunity Commission, which enforces federal workplace discrimination laws, the number of age-discrimination complaints filed in 2002 is nearly 25 percent higher than in 2000, making age discrimination the fastest growing EEOC category. Moreover, EEOC studies suggest a correlation between rising reports of age discrimination and increased layoffs during tough economic times. Indeed, the last significant spike in age discrimination claims occurred during the economic downturn of the early 1990s.

Implications

The study suggests potential implications that should inform public policy making and employer preparations for an aging workforce.

Staying ahead of the curve. The first is that, if employers are to reap the benefits of the work ethic and experience of older workers, they must design the workplace of the future to meet their needs. Especially as boomers move into their later years, they will expect the workplace to conform to their needs. This will mean more opportunities for part time jobs, phased retirement, flexibility and work hours and time off, and programs to help them deal with caregiving responsibilities.

Not about bear or bull. Second, the study arrives at a time of sharp decline in the stock market and of a corresponding devaluation of retirement portfolios. There is anecdotal evidence, particularly in recent press reports, that these developments have forced many to put off long-anticipated retirement plans, playing at least some role in keeping them in the working world. In addition, employers will need to continue to monitor and understand the impact of

diversity and cultural differences in the workforce population. Employers that adapt and are ready for these changes will indeed be ahead of the curve.

Staying Ahead of the Curve strongly suggests that there are other, longer-term forces that keep people in the work force in their latter years, forces that appear impervious to the vagaries of the financial markets or the overall economic climates. That seems particularly true of the intangible benefits of working such as enjoyment, love of workplace, camaraderie and connection with a “family” of co-workers, higher self-esteem, and a sense that workplace contributions have a purpose and are meaningful to others. But the study also suggests that for many the need for benefits such as health care coverage and earnings would exist regardless of the current conditions of the economy.

This study informs the public of the complex issues regarding workers (45 and older) and employers. AARP will continue to advocate on behalf of older workers and promote the wealth of knowledge and expertise mid-career and older workers bring to the workplace.

This is the executive summary of AARP's *Staying Ahead of the Curve: The AARP Work and Career Study*. To view a copy of the full report, visit <http://research.aarp.org/econ/multiwork.html>. To order a printed copy of the full report (stock# D17772), or additional copies of this executive summary (stock# D17773), send an email request to member@aarp.org or write to AARP Fulfillment, 601 E Street, NW, Washington, DC 20049.

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