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Recent data on labor force demographics

The following are resources on demographic trends in the U.S. labor force. Workers today have greater incentives to stay in the work force, such as the ability (and in some cases the need) to continue to accumulate assets in defined contribution plans and to have access to employment-based health insurance coverage, instead of having to tap into their savings to pay for their expenses.

On December 31, 2009, the Bureau of Labor Statistics released data on the [baby-boom generation to remain in the labor force longer than previous generations](#).

In January 2010, EBRI released data from the Current Population Survey on [Employee Tenure, 2008](#).

Data on employee tenure—the amount of time an individual has been with his or her current employer—show that career jobs never existed for most workers, and still do not. The median tenure of workers—the midpoint of wage and salary workers' length of employment in their current job—was virtually unchanged over the past 25 years: 5.1 years at the same job in 2008, compared with 5.0 years in 1983.

The persistence of job changing has important implications for a worker's potential income in retirement due in part to lump-sum distributions. A worker who changes employers must decide what to do with any retirement plan assets he or she has accumulated (either in a defined benefit or a defined contribution 401(k)-type plan), a situation that has become more prevalent with the growth in DB pension plans that allow a lump-sum distribution (LSD). Thus, benefit preservation becomes an important concern for these employees as well as for their plan sponsors. If employees do not retain these assets in some type of savings vehicle for retirement, they may forgo an important source of supplemental income to their Social Security benefits or be forced to remain in the work force. Without this source of income, many workers may face financial difficulties in retirement as health care costs continue to rise and both Medicare and Social Security are experiencing long-term financing issues.

See [EBRI Notes July 2009](#) for a discussion on workers' decision to take a lump-sum distribution from an employment-based plan when changing jobs while remaining in the labor force.

In February 2010, EBRI released data, "[Labor Force Participation: The Population Age 55 and Over: 2008](#)".

The Near-Elderly and Elderly Are Staying in the Work Force Longer: The labor-force participation rate is increasing for those age 55 and older. The percentage of civilian non-institutionalized Americans age 55 or older who were in the labor force declined from 34.6 percent 1975 to 29.4 percent in 1993. However, since 1993, the labor-force participation rate has steadily increased, reaching 39.4 percent in 2008—the highest level over the 1975–2008 period.

Women Are the Driving Force for Longer Participation in the Work Force: For those ages 55–64 (the near elderly), this is being driven almost exclusively by the increase of women in the work force; the male participation rate is flat to declining. However, among those age 65 and older (the elderly), labor-force participation is increasing for both males and females.

Education a Major Factor: Education is a strong factor in an individual's participation in the labor force at older ages: Individuals with higher levels of education are significantly more likely to be in the labor force than those with lower levels of education.

Trend Will Continue Upward: This upward trend among the working near elderly and elderly is not surprising and is likely to continue because of workers' need for access to employment-based health insurance and for more earning years to accumulate assets in defined contribution (401(k)-type) plans—especially after the 2008 downturn in the stock market and economy. Many Americans also want to work longer, especially among those with more education.