

FOR IMMEDIATE RELEASE: April 16, 2014

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New Research from EBRI:

Work-Force Participation Remains Strong Among Older Workers, Driven by Women

WASHINGTON—Older workers—those 55 and older—are a growing presence in the American work force, a trend driven mainly by women, according to a new report by the nonpartisan Employee Benefit Research Institute (EBRI).

Using the most recent data from the U.S. Census Bureau's Current Population Survey, EBRI found that the percentage of civilian, noninstitutionalized Americans near or at retirement age (ages 55 or older) in the labor force declined from 34.7 percent in 1975 to 29.4 percent in 1993. However, since then, the overall labor-force participation rate of this group has steadily increased, reaching 40.5 percent in 2012—the highest level over the 1975–2013 period—before slipping to 40.3 percent in 2013.

“The upward trend in labor-force participation by older workers is likely related to workers' current need for continued access to employment-based health insurance and for more years of earnings to accumulate savings in defined contribution (401(k)-type) plans and/or to pay down debt,” said Craig Copeland, senior research associate at EBRI and author of the report. “Many Americans also want to work longer, especially those with more education for whom more meaningful jobs are available that can be performed into older ages.”

Copeland also noted that younger workers' labor-force participation rates increased when that of older workers declined or remained low during the late 1970s to the early 1990s. However, as younger workers' rates began to decline in the late 1990s, those for older workers continuously increased.

“It appears either that older workers filled the void left by younger workers' lower participation, or that higher older-worker participation limited the opportunities for younger workers or discouraged them from participating in the labor force,” he added.

Gender: The increase in labor-force participation for the age groups below age 65 was primarily driven by the increases in female labor-force participation rates, as the male labor-force participation rates of those ages 55–59 and 60–64 were lower in 2013 than they were in 1975. In contrast, female labor-force participation rates for those ages 55–59 and 60–64 increased sharply from 1975–2013, despite some leveling off in 2010–2013. The 1975 rate for females ages 55–59 was 47.9 percent, compared with 67.2 percent in 2013. The older female age sub-groups also trended upward, though not as sharply as the 55–64 age groups.

Age: As the EBRI report notes, the percentage of older workers increased steadily from 1997 to 2012, while the percentage of younger workers declined during this period. In 1997, workers ages 25–54 accounted for 83.9 percent of all workers ages 25 or older, while those ages 55–64 accounted for 12.0 percent, and those ages 65 or older, 4.1 percent. By 2012, those ages 55–64 represented 19.2 percent, and those 65 or older 7.0 percent, while the percentage of workers 25 or older represented by those ages 25–54 had fallen to 73.8 percent.

“The data raise a basic question: Are older workers filling the void or displacing opportunities for younger workers?” Copeland said. “The fact is, older workers are more plentiful in the labor force today, whether a result of

financial circumstances related to the lack of sufficient or adequate accumulation of resources for retirement or because of the desire to continue to remain actively engaged and productive.”

Other EBRI research has shown many workers expect to work later in life in order to keep saving for retirement, even though many current retirees report they were forced to leave the work force earlier than planned for reasons beyond their control. EBRI’s report notes that “Continued employment in old age is an aspiration for some and perhaps a financial reality for others. It is, however, not something on which workers should depend for the financing of their retirement expenses.”

The full report, “Labor-force Participation Rates of the Population Ages 55 and Older, 2013,” is published in the April *EBRI Notes* and is available online at www.ebri.org

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