

Older Americans Stall in Returning to Work

The COVID-19 pandemic resulted in workers from all demographic groups experiencing declines in the number employed and the number in the labor force. However, some workers felt the impact more than others. In particular, the workers in the latter part of their careers (ages 45–64) appear to be those slowest in coming back to the labor force.

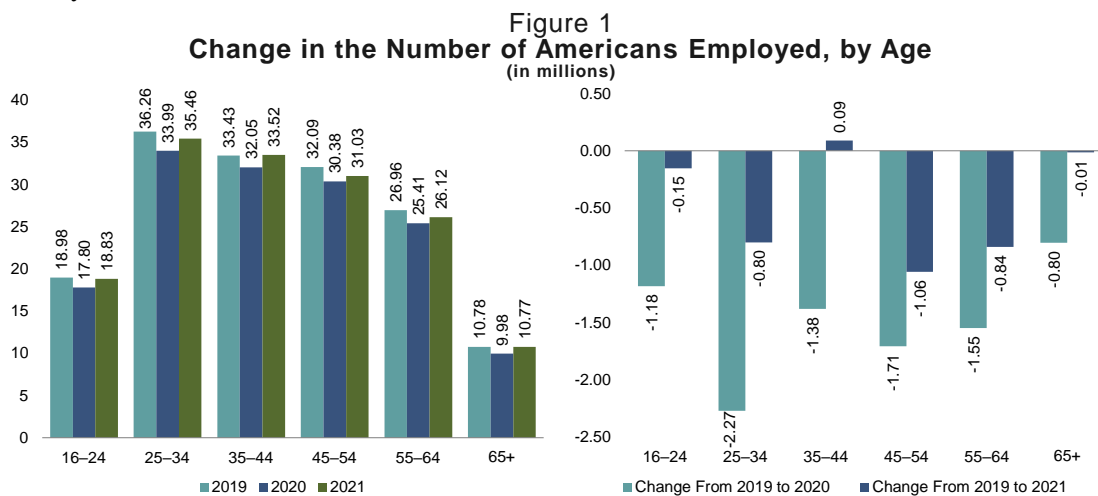
About the Data

The focus of this *Fast Fact* is the number of civilian noninstitutionalized Americans ages 16 or older who are employed and the percentage in the labor force. The labor force is defined as those working or actively seeking employment, whereas the number employed only accounts for those with a job. The data on the number of employed and the percentage in labor force are for December of each year (not seasonally adjusted) and are from the U.S. Census Bureau’s Current Population Survey (CPS), available from the Bureau of Labor Statistics.

This *Fast Fact* builds on previous research in the *EBRI Issue Brief* “Labor Force Participation and the Pandemic: Making Sense of the Changes” to explore the number of employed Americans and the percentage in the labor force by age and gender since the onset of the COVID-19 pandemic.

Employment Recovery Varies Dramatically by Age

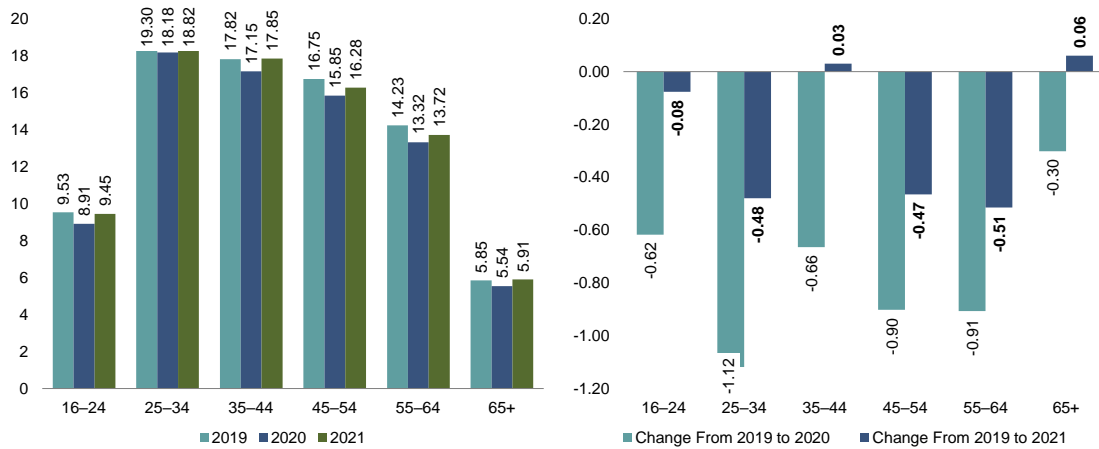
The number of civilian noninstitutionalized Americans ages 16 or older employed as of December 2020 was 8.89 million less than it was in December 2019. By December 2021, the number employed had rebounded to be 2.77 million less than at the end of 2019 (Figure 1). However, the recovery varied dramatically by age. Employment by the younger and the oldest Americans — those under the ages of 45 or ages 65 and older — had rebounded to approximately their 2019 levels by the end of 2021, with some slowness in the 25–34 age group. In contrast, there was still an employment gap of more than a million Americans ages 45–54 and more than 800,000 Americans ages 55–64 of by end of 2021.



Note: The numbers are from December of each year and not seasonally adjusted.
Source: U.S. Department of Labor, Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey," <http://www.bls.gov/data/>

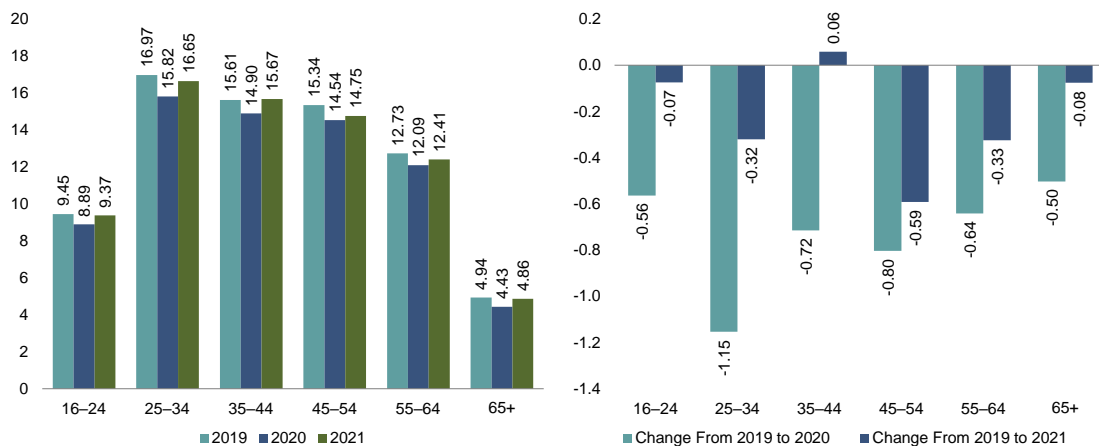
Similar patterns for male and female Americans resulted as well, with those ages 35–44 or 65 or older reaching or surpassing their 2019 employment levels by 2021, with those ages 45–64 having the slowest employment recoveries (Figures 2 and 3). For females, those ages 45–54 made the least improvement by 2021, whereas males in the ages 45–54 and 55–64 groups had similar levels of recovery by 2021.

Figure 2
Change in the Number of American Males Employed, by Age
(in millions)



Note: The numbers are from December of each year and not seasonally adjusted.
Source: U.S Department of Labor, Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey," <http://www.bls.gov/data/>

Figure 3
Change in the Number of American Females Employed, by Age
(in millions)



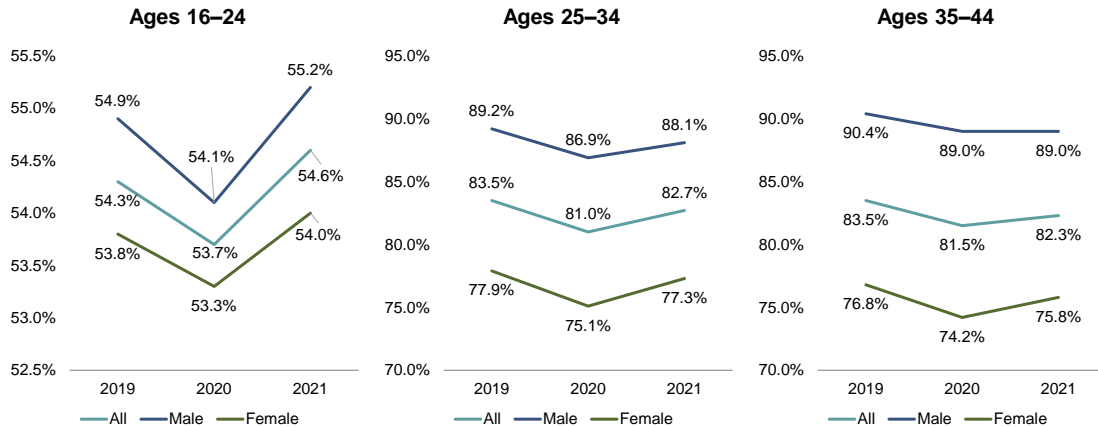
Note: The numbers are from December of each year and not seasonally adjusted.
Source: U.S Department of Labor, Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey," <http://www.bls.gov/data/>

Labor Force Participation for Older Workers Stuck at 2020 Levels

The percentage of Americans actively seeking employment or being employed (the labor force) decreased across all age groups from the end of 2019 to end of the 2020. However, what happened with the labor force participation rates during 2021 was not consistent across the age groups (Figures 4 and 5). The youngest Americans (ages 16–24) had higher labor force participation rates among both males and females in 2021 compared with 2019. Among those ages 25–34, the labor force rates in 2021 were comparable to 2019 levels. Yet,

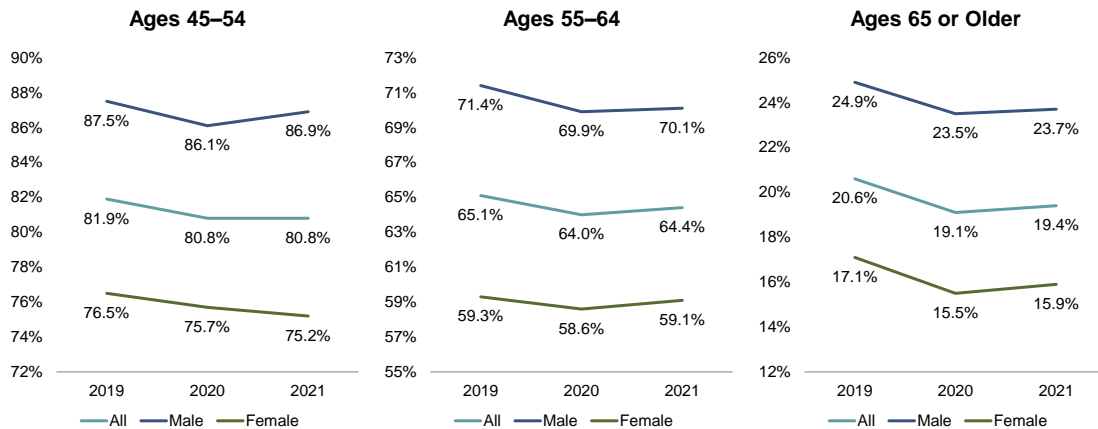
at older ages, labor force participation rates stuck to lower 2020 levels in 2021. In fact, for females ages 45–54, the labor force participation rate in 2021 was below the level in 2020. Many of the other age/gender groups of those ages 35 or older had levels very close to their 2020 levels in 2021. In other words, they did not recover to their 2019 levels.

Figure 4
Labor Force Participation Rates, by Age
(Civilians Ages 16-44)



Note: The numbers are from December of each year and not seasonally adjusted.
Source: U.S Department of Labor, Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey," <http://www.bls.gov/data/>

Figure 5
Labor Force Participation Rates, by Age
(Civilians Ages 45 or Older)



Note: The numbers are from December of each year and not seasonally adjusted.
Source: U.S Department of Labor, Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey," <http://www.bls.gov/data/>

Retirement Implications

This analysis shows that it is Americans closest to retirement — ages 45–64 — who are least likely to be coming back into the labor force, regardless of gender. These are not parents with young children, as very few of those ages 45 or older would have preschoolers. Instead, these are individuals likely with older children either living at home or out of the house. Thus, rather than child care, the factor that appears to be keeping such individuals out of the labor force is that they have the financial means to do so. As the COVID impact wanes, the expectation is that workers of these ages will be coming back into the labor force. But such individuals have little time to rebuild any assets used from their retirement plans. They also face the challenge of regaining a job at a similar level to

what they had before they left the labor force. Consequently, many Americans may be facing a longer working career to make up for the time out of the labor force, or a reduced financial capacity in retirement.

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