



Session:

Demographics and the Future of Work

Speaker:

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Federal Reserve Bank of Kansas City, Kansas City, Mo.

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Future of Workforce Development Conference
Federal Reserve Banks of Kansas City and Atlanta
September 19-20, 2012

Too Old To Hire, Not Ready To Retire

Kerry Hannon, AARP Jobs Expert and Author
of *Great Jobs for Everyone 50+: Finding
Work That Keeps You Happy and Healthy
... and Pays the Bills*



Kerry Hannon

- Career Transition and Retirement Expert
 - AARP Jobs Expert
 - Award-Winning Author

Work at an older age is becoming increasingly common.

- As life expectancy continues to increase, older adults are healthier and more active than in the past.
- In 2012, 70 percent of workers (up from 61 percent in 2001) said they expected to work for pay in retirement.

Source: EBRI Retirement Confidence Survey.

- More than a third of adults near retirement age said last year that they simply don't expect to retire.
- More than four in 10 of these “pre-retirees” who don't expect to retire say it is because they are financially unable to do so.
- They cite the need for extra income and the maintenance of employer benefits as the main reasons for continuing to work.

Source: “2011 Risks and Process of Retirement Survey Report” from the Society of Actuaries; EBRI.

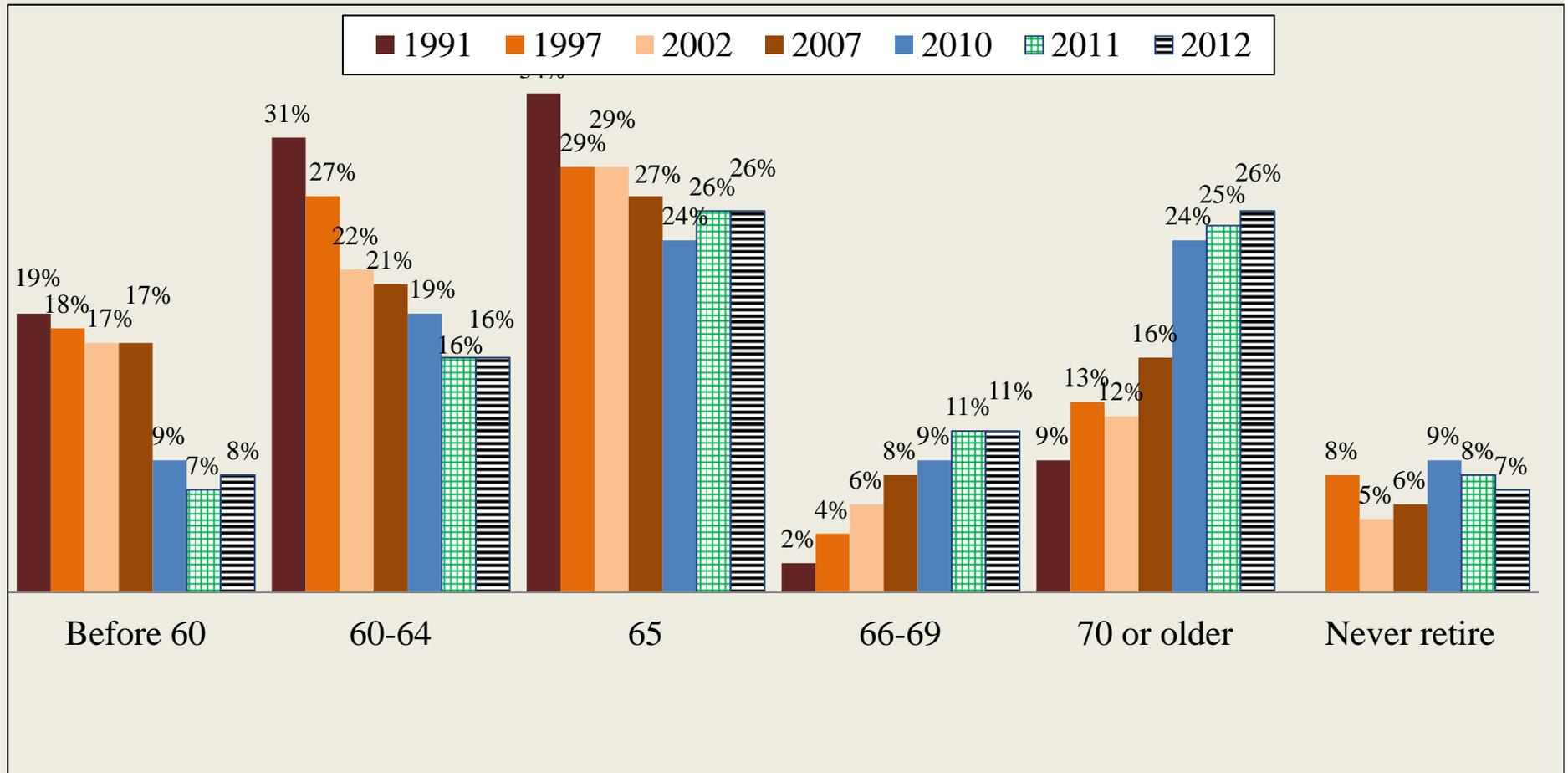
The Upward Trend

- Between 2010 and 2020, people 55 and older are projected to be the fastest-growing segment of the U.S. labor force.
- The percentage of workers who expect to delay retirement until after age 65 has increased from 11 percent in 1991 to 37 percent in its 2012 survey.
- Today's 60-year-old might reasonably plan to work at least part-time for another 15 years.

Source: Occupational Outlook
Handbook,
U.S. Bureau of Labor Statistics: EBRI

Figure 30

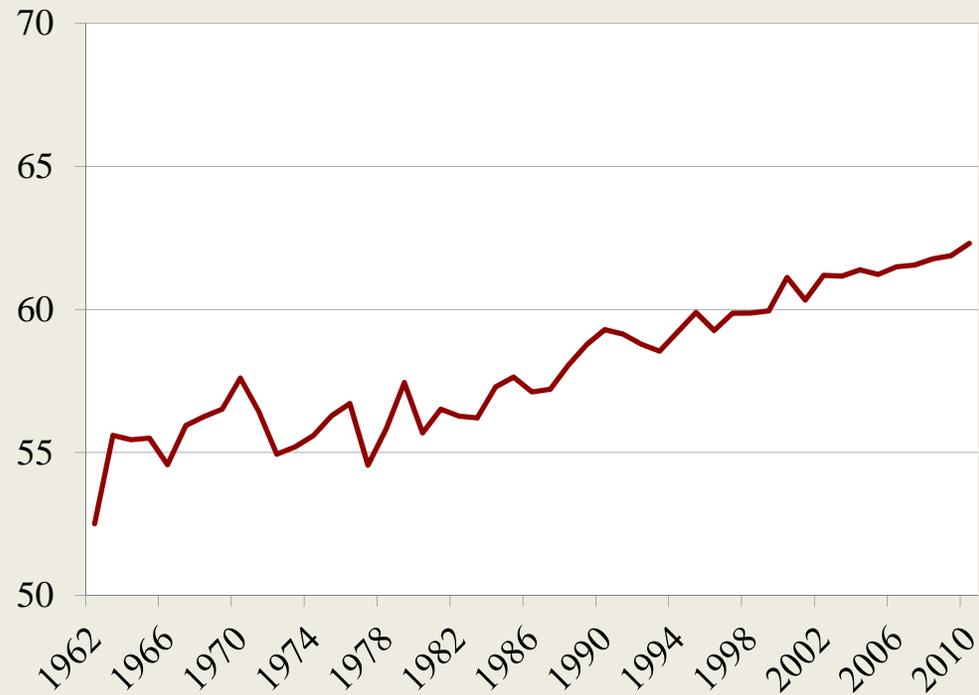
Trend in Workers' Expected Retirement Age



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1991–2012 Retirement Confidence Survey

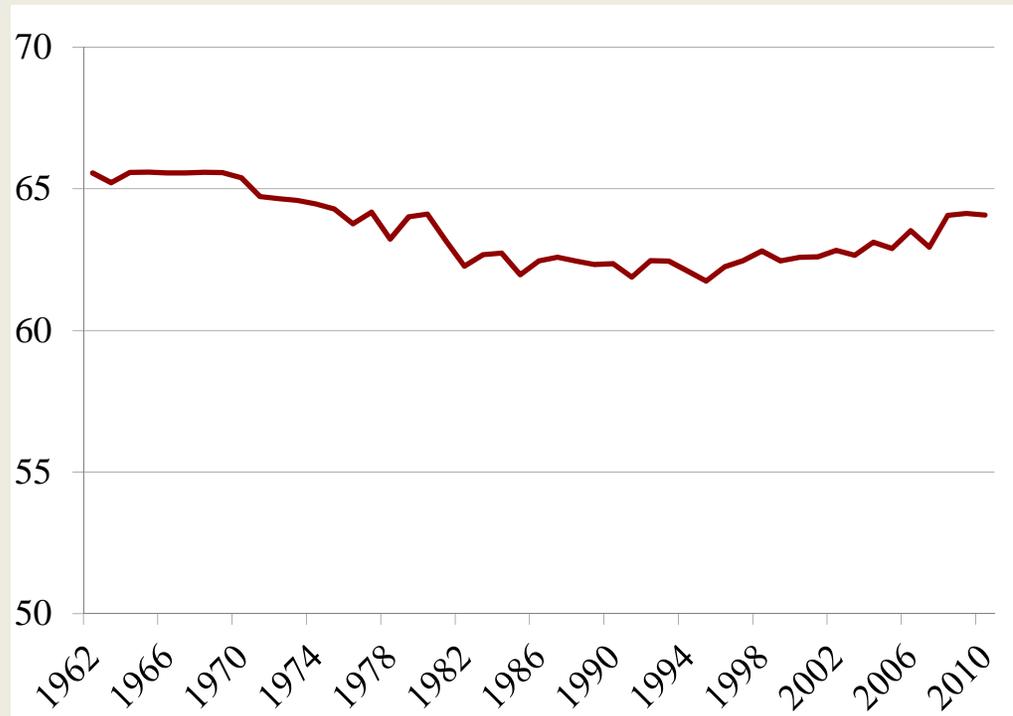
Women's Retirement Age is Climbing

Average Retirement Age of Women, 1962-2010



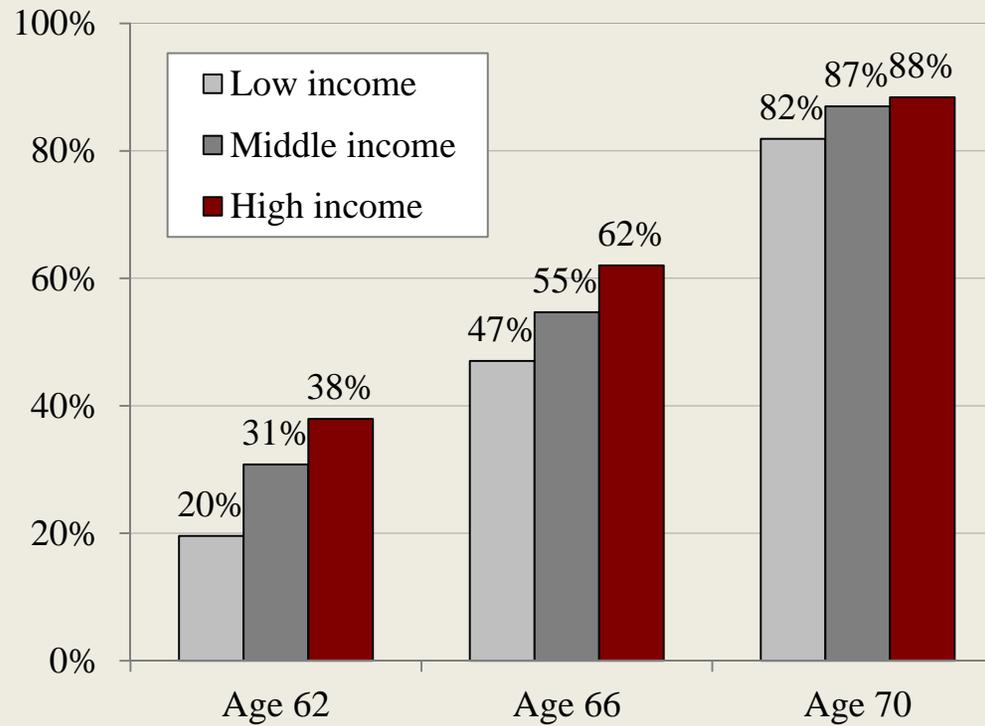
Source: Munnell, Alicia H. 2012. "What Is the Average Retirement Age?" *Issue in Brief* 11-11. Chestnut Hill, MA: Center for Retirement Research at Boston College.

Average Retirement Age of Men, 1962-2010



Source: Munnell, Alicia H. 2012. "What Is the Average Retirement Age?" *Issue in Brief* 11-11. Chestnut Hill, MA: Center for Retirement Research at Boston College.

Percentage of Households Ready for Retirement at Selected Ages, by Income



Source: Munnell, Alicia H., Anthony Webb, Luke Delorme, and Francesca Golub-Sass. 2012. "National Retirement Risk Index: How Much Longer Do We Need to Work?" *Issue in Brief* 12-12. Chestnut Hill, MA: Center for Retirement Research at Boston College.

Rationale for Working Longer

- Even people with retirement savings see earning a half-time income as a safety net.
- Baby boomers are approaching work not as an afterthought but as a pillar of their “retirement” plans, as oxymoronic as that sounds.

- More earning years = building savings in a defined contribution plan like a 401(k) or an Individual Retirement Account (IRA).
- Monthly Social Security payment grows the longer you work (until age 70).
- Delays tapping retirement funds, which can continue to grow.

Non-Financial Reasons To Keep Working

- Work gives us a sense of purpose, feeling connected and needed.
- Many aging experts say that to stay healthy older adults, who are used to the demands of full-time work, have to learn new things, stay active socially, and exercise

- Provides income to pay for health insurance until a worker is eligible for Medicare at 65.

- Fear of not having enough money to pay for medical expenses and long-term care expenses in retirement.

The Problems

1. Older workers laid off during the Great Recession and in its aftermath have had less luck than younger ones in finding new jobs, according to new Labor Department data.
2. Of the 2.5 million workers aged between 55 and 64 who lost their jobs from 2009 through 2011, slightly less than half were working again in January 2012.

Source: Bureau of Labor Statistics' latest biennial survey of "displaced workers" -- people laid off because their plant or company closed, had too little work for them to do, or abolished their position or shift.

3. Less than a quarter of those aged 65 and up who lost their jobs found jobs by January, while 60.7 percent of layoff victims aged 25 to 54 had found new jobs in that time.

4. Many households are not prepared to stop working for income.

5. People who say they plan to work in retirement often don't.

6. The percentage of workers planning to work for pay in retirement in the 2012 is 70 percent, compared with just 27 percent of retirees who report they worked for pay in retirement

7. Half of current retirees say they left the workforce unexpectedly due to health problems, disability, changes at employer such as closure or downsizing, or changes of skills needed for the job.

Source:EBRI

The Hiring Challenge Older Workers Face

- Employers figure experienced workers' salary demands are out of their ballpark, and that if they hire someone for less, they'll resent it and probably jump ship if they get a better offer.
- Employers perceive, true or not, that older workers are set in your ways and lack the cutting-edge skills, or even the energy to do the job.

- Hiring managers surmise that older workers have age-related health problems, or are likely to, and that will be a problem if they take too much time off for periodic sick leave.
- There's the nagging issue that they've got an "expiration date," and they're not in it for the long haul.
- Reverse ageism—the employer thinks an older worker won't want to take orders from a younger boss who is probably making more than them.

Ways to Fight Ageism

- Physically fit, energetic, and positive in attitude
- Stay up to speed with technology
- Lifelong learning through programs such as the [Plus 50](#) Community College Initiative

Job Opportunities for Older Workers

Bridge Jobs

Seven in 10 U.S. employers are worried about the loss of talented older workers and are beginning to offer...

- flexible work arrangements
- hiring retired workers as consultants and contractors
- designing part-time jobs to attract experienced workers.

Source: Society for Human Resources (SHRM) and AARP

Jobs That Value Experienced Workers

- A significant percentage of U.S. employers find these jobs hard to fill– skilled trades, engineers, IT staff, sales reps, account and finance staff, drivers, mechanics, nurses, and teachers.
- Three fields that are hiring: Education, Health care, nonprofits

Sources: ManPower Group; BLS

Be Your Own Boss

- A survey of 50 + employed workers revealed that one in twenty plan to start their own business; nearly one in five unemployed workers would prefer to do the same.
- 25 million seniors want to start their own businesses.
- Americans between the ages of 55 and 64 had the highest rate of entrepreneurial activity of any age group (as they have for 11 out of the past 15 years).



Sources: AARP/Society for Human Resource Management (SHRM), Metlife Foundation, Kauffman Index

Entrepreneurs On The Rise

- 25 million people—one in four Americans ages 44—70—are interested in starting businesses or nonprofit ventures in the next five to 10 years.
- Two out of three potential encore entrepreneurs would consider their businesses or nonprofit ventures worthwhile if they earned less than \$60,000 a year.
- Two out of three report that they need \$50,000 or less to get started, and only one in five say they need more than \$100,000.

Source: Encore.org

50+ Entrepreneurs: The Big Picture

- Boomer Entrepreneurs stimulate savings, asset growth and wealth creation. Legacy businesses are increasingly popular, a multi-generation approach.
- Fewer Senior business start-ups fail.

Source: SeniorEntrepreneurshipworks.org

- Boomer Entrepreneurs live healthier (physically, mentally, emotionally), vital, relevant, productive, and more meaningful lives longer than their retired counterparts.
- Healthy Seniors create less demand on social service/ entitlement programs - in fact they contribute to Social Security and Medicare through their taxes.

Help for 50-Plus Start-Ups

- AARP and the [U.S. Small Business Administration](#) have recently formed a multi-pronged collaboration to promote entrepreneurship as a career option for older Americans. The aim of the joint effort is to link 100,000 Americans over age 50 with small business development resources, including workshops, conferences and mentoring programs.
- Senior EntrepreneurshipWorks is a program designed to help Seniors Aged 50+.
- There are dozens of local efforts in cities across the country underway to fill this need, such as a program developed by SHiFT (www.shiftonline.org) in Minnesota. In Detroit, [BOOM! The New Economy](#), a TechTown-affiliated venture, offers training, one-on-one mentoring, and internships to people over 50 exploring entrepreneurship and new careers.

Conclusions

- Find Ways to Keep Older Workers on The Job
- Foster Mentoring Programs Between Older and Younger Workers
- Imperative to Provide Contract Workers Access to Workplace Benefits
- Investment in Public/Private Sector Programs to Foster Entrepreneurship
- Greater Availability of Capital for Small Business Development
- Investment in Affordable Continuing Education and Retraining for 50 + Workers

Thank You!

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