

**TESTIMONY BEFORE THE
SENATE SPECIAL COMMITTEE ON AGING**

ON

**BREAKING THE SILVER CEILING: A NEW GENERATION OF
OLDER AMERICANS REDEFINING THE NEW RULES OF THE
WORKPLACE**

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**WITNESS: DOUGLAS C. HOLBROOK
VICE PRESIDENT/SECRETARY-TREASURER
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Mr. Chairman and members of the Committee, I am Douglas Holbrook, and I am a member of AARP's Board of Directors. Thank you for convening this hearing to promote an under-used resource—the older worker.

With more than 35 million members, AARP is the largest organization representing the interests of Americans age 50 and older and their families. About half of AARP members are working either full-time or part-time. All of our working members have a vital interest in being able to remain on the job, earning a living, and contributing to society without facing age discrimination by their employers.

Protecting and expanding older workers' rights was a founding principle of AARP. Today, AARP is the leading organization advocating for older workers at the federal and state court levels, before Congress and state legislatures, and before enforcement agencies. AARP works closely with other organizations seeking fair treatment for those in the workforce, as well as with employers to develop policies that enhance opportunities for, and eliminate discrimination against, the ever-increasing number of workers who stay on the job past age 55.

AARP has embarked on a multifaceted effort to identify employers and programs that provide employment opportunities and acts as an information clearinghouse for employers and workers.

I. Older Workers: Today and Tomorrow

As of July 2004, more than 23 million persons aged 55 and older were in the labor force, an increase of nearly one million over the previous 12 months alone. The labor force participation rate for men in this age group also rose, continuing a trend that began in the mid-1980s after decades of decline. In recent years, labor force participation rates have been rising even among persons in their late 60s and 70s—beyond the age of traditional retirement.

Despite the increase in the number of older workers in the United States, the labor force participation rates of older Americans are well below what they were in 1950, when 43 percent were in the workforce. Today, just over one in three persons aged 55 and older remain in the labor force. The Bureau of Labor Statistics (BLS) projects continued increases in the participation of older persons. By 2012, BLS projects a participation rate of 65.1 percent for persons aged 55-64, up from 61.3 percent in July 2004. For persons aged 65 and older, BLS projects an increase in participation from 14.3 percent to 15.9 percent between July 2004 and 2012.

By 2012, the oldest boomers will reach age 65, often considered the conventional retirement age. Many will have already retired, taking advantage of reduced Social Security benefits at age 62 or employer-provided pensions at even younger ages. The large majority of boomers say, however, they expect to work in retirement. AARP's recent research on 1,200 boomers' expectations for retirement found that about 80 percent of boomers plan to work in some capacity during their retirement years. Over half of these boomers, aged 38-57 at the time of the study, expect to work part time, and 15 percent say they plan to start their own businesses.

Whether 80 percent of boomers stay in the labor force into their late 60s or even later remains to be seen. Retirement may look more appealing to boomers as they approach that age. In fact, over the past five years, the proportion of older boomers (ages 48-57 in 2003) planning not to work in retirement has increased by seven percentage points to 23 percent. The Employee Benefit Research Institute's Retirement Confidence Survey for 2004 found that workers typically expect to leave the workforce later than actual experience demonstrates.

Numerous economic factors will impact whether workers remain in the labor force later in life:

- Inadequate retirement savings.
- Stagnating pension coverage leaving many workers with little or no pension protection. Only about half of private industry employees participate in an employer-provided pension plan.
- The shift from defined benefit to defined contribution plans transferring the risk of investing to employees. About one in five older workers who had lost money in the market said that they had postponed retirement as a result.
- Cuts in retiree health benefits, making early retirement financially unfeasible.
- The increase in the age of eligibility for full Social Security benefits and reduction in the size of the age 62 benefit.

Other factors may **encourage** workers to postpone retirement:

- Higher education levels. Better educated workers are more likely to be in the labor force than less educated peers.
- Increased life expectancy.
- Improved health status.
- Changes in the physical demands of many jobs.
- Labor shortages that may prompt employers to implement programs and policies to attract and retain older workers.

Several AARP studies provide insights into the work and retirement expectations of boomers and older workers. AARP's *Staying Ahead of the Curve 2003* surveyed 2,001 employed men and women between the ages of 50 and 70. Like the workers in the boomer survey, the majority of these workers also plan to continue working in retirement. The respondents cited a variety of reasons for their decision, including the desire to stay active, to be productive, and to help or be around people. Finances play a very significant role as well. The need for

money was most frequently cited, followed by the need for health benefits. Fifteen percent of retired workers continued to work for many of the same reasons. Financial need was even more important to working retirees than to nonretirees.

The 23-plus million men and women aged 55 and over in the labor force are not that different from their younger counterparts. They can be found in virtually every industry, although few are in the more physically demanding. When it comes to industry, however, gender differences are more apparent than age differences. More than half of employed women aged 55 or older work in the service sector, as opposed to less than one-third of men. Older men are more likely to be in manufacturing, construction, transportation, communication, and public utilities.

Although older workers can be found in every occupation, fully one-third are in professional jobs where experience and institutional knowledge are valuable attributes. Gender differences in occupational distribution are once again more striking. Women, including older women, are about four to five times as likely as older men to have administrative support jobs.

Older workers express considerable interest in flexible schedules, part-time work, and non-traditional arrangements. Over 80 percent of the older workers in *Staying Ahead of the Curve 2003* who plan to work in retirement expect it will be part-time or part-year. Almost 80 percent of workers aged 55 and over are employed full time, in part, because of a dearth of attractive part-time options. A very high percentage of older workers in the Health and Retirement Study said they would like to continue to work in retirement, but few felt their employers would let them move to less demanding jobs.

II. “Employers of Choice”

Some employers are “ahead of the curve” when it comes to addressing the challenges and opportunities as the workforce ages. By implementing programs and policies to attract and retain older workers, some companies not only better meet the needs of today’s older workers, they also position themselves to respond to future demands.

AARP has established an award program to recognize these companies. *AARP Best Employers for Workers Over 50*, now in its fourth year, annually honors companies and organizations whose practices and policies address the needs of an aging workforce. AARP and a panel of judges take into consideration an employer’s recruiting practices; opportunities for training, education, and career development; workplace accommodations; alternative work options, such as flexible scheduling; health and pension benefits; and the age of the workforce.

On September 23, the 35 awardees for 2004 will be honored at a ceremony in New York. A detailed examination of their programs (prepared for AARP by Mercer Human Resource Consultant) reports that:

- Attraction and retention of the right workforce is important to the winning companies.
- Some employers offer programs to support the maturing workforce.
- New programs are emerging to show appreciation for longer service, recognize mature worker issues, and support family care needs. One company administers an elder care flexible spending program, for example.
- Some companies have formal or informal arrangements allowing long-tenured and older employees to reduce work hours without jeopardizing their benefits.
- Many Best Employers emphasize career-long training.

These are some examples of exemplary programs that the Best Employers for Workers Over 50 have implemented. The AARP Best Employers for Workers Over 50 program demonstrates that hiring and retaining older workers is part of the management of a successful business model.

III. Expanding Opportunities for Older Workers

AARP is involved in a national effort to expand employment opportunities for older workers. In early 2004, the AARP Foundation Senior Community Service Employment Program (SCSEP) formed a National Hiring Partnership with Home Depot, the second largest retailer in the United States. The purpose is to encourage the hiring of qualified, mature workers for Home Depot's stores throughout the country. SCSEP primarily provides community service employment opportunities for eligible people aged 55 and over to obtain new job knowledge and enhance their skills. It serves those who are near or below the poverty line and who need skills and training to re-enter the labor force. With 1,500 stores nationwide, Home Depot will look to the National Hiring Partnership to increase its pool of trained applicants.

The Best Employers for Workers Over 50 program and the AARP/Home Depot Partnership reflect just one aspect of AARP's commitment to increasing employment opportunities. AARP believes that public and private employers should be encouraged to provide more flexible work options. Employers that provide benefits should do so for all employees regardless of their full- or part-time status.

Our surveys tell us that older workers would value retirement jobs that provide them flexibility, meaningful work, health benefits, the ability to learn new skills, and that also enable them to keep mentally and physically active and to interact with others. Like many younger workers, they seek work/life balance. No one type of program or policy will do the job. Employers who listen to what older

workers are saying and who then assess their own workplace and offerings will find themselves at a competitive advantage, especially in the future.

Over the next decade, population growth will be most pronounced in the age 55 and older segments of the population. Many men and women say they want to work in retirement, and many have no financial choice but to do so. The challenge is to make work attractive. Employers who begin now to identify and implement programs and policies to attract and retain older workers will find themselves well-poised to convert a potential resource into an actual one, and reap the benefits of their foresight.