Lengthening Labor Supply of Older Workers—Individuals’ Challenges

A presentation for
The New England Public Policy Center Conference

December 3, 2008

Barbara D. Bovbjerg
Director
Education, Workforce, and Income Security
U.S. Government Accountability Office

Aged Population Continues to Grow

Percent of total population aged 65 and over

Source: Office of the Chief Actuary, Social Security Administration.
Note: Projections based on the intermediate assumptions of the 2008 Trustees’ Reports.
U.S. Labor Force Growth Will Continue to Decline

Percentage change (5-yr moving average)

Source: GAO analysis of data from the Office of the Chief Actuary, Social Security Administration.
Note: Percentage change is calculated as a centered 5-yr moving average of projections based on the intermediate assumptions of the 2008 Trustees Reports.

Percentage of Workforce Aged 55 and Older, 1970-2000 and Projected 2010-2050

All Areas of the Labor Market Are Likely to be Affected

Working Longer May Help Address the Challenges of an Aging Population

- Impact on the Economy
  - Larger labor force
  - Additional economic growth
- Impact on the Federal Budget
  - Additional tax revenue
  - Reduced expenditures: Social Security & Medicare
- Impact on Individuals
  - Enhanced retirement security and quality of life
Average Effective Retirement Age Has Been Decreasing, But Now Stabilized

Why Older Americans Don’t Work Longer

- Health concerns and family needs
- Older Americans perceive few employment opportunities
- Most employers do not attempt to hire and retain older workers
- Cultural expectation to retire in mid-60s
- Mixed signals from law and public policy
Federal Retirement Age-Related Rules

Focus Groups with Workers and with Employers Show Little Positive Action

- Workers felt they had few opportunities for partial retirement, and poor potential for new jobs, as well
- Workers claim employers push them out
- Employers say they are willing to recruit and retain older workers, but few do so
GAO Forum Findings: Strategies That Work

- Flexibility in schedules
- Flexibility in the workplace
- Flexibility in benefits

GAO Forum Findings: Government Must Take Action

- National campaign to promote work at older ages among workers and employers
- Identify legal barriers and potential changes to promote
- Becoming a model employer itself
Contact Us

Barbara D. Bovbjerg
Director, Education Workforce, and Income Security Issues
bovbjergb@gao.gov

www.gao.gov