Challenges employers face in hiring and retaining older workers

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Employing the Region’s Assets:
Baby Boomers Meeting New England’s Skilled Workforce Needs
Federal Reserve Bank of Boston, Boston MA
December 3, 2008

Employers in the past:
Not keen on “hiring and retaining” older workers.

• Productivity – flat or falling

• Compensation – flat or rising
Productivity flat or declining + wages ratchet higher

Average Pay by Tenure, Fortune 1000, 2003

Thousands of 2003 dollars


Created mandatory retirement + defined benefit pensions to sever older workers.

Percent of U.S. Private-Sector Workers Covered by Employer Plans, 1880-2000

Then DB pension costs also ratchet higher.

Private Defined Benefit Plan Accruals as Percentage of Earnings


The new situation:
The decline of career employment

Employment Status of Working Men, Age 58-62

The new situation: Older men are healthier

Men Aged 50-64 Reporting Health as Good, Very Good, or Excellent, 1974-76, 2004-06.

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<tr>
<td>All Men age 50-64</td>
<td>75%</td>
<td>84%</td>
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<tr>
<td>Top Third</td>
<td>86</td>
<td>93</td>
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<tr>
<td>Middle Third</td>
<td>75</td>
<td>85</td>
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<tr>
<td>Bottom Third</td>
<td>65</td>
<td>75</td>
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The new situation: Jobs less physically demanding.

Strenuous Jobs as a Percent of Total Employment, 1960-2006


The new situation: Older workers better educated.


The rise in the labor-market value of older workers

Relative Earnings, Full-Time Male Workers, Ages 50-54 and 55-59 to Ages 25-49.

![Graph showing the rise in labor-market value of older workers]


Older workers are more productive

Employer Evaluations of the Relative Productivity of Older Workers

![Bar chart showing employer evaluations]

Due to job knowledge and people skills

Employer Evaluations of Factors Affecting the Productivity of Older Workers

- Job knowledge
- Ability to interact with customers
- Ability to learn new tasks quickly
- Physical health and stamina
- Expectations of how much longer workers will work


Older workers cost more

Employer Evaluations of the Relative Cost of Older Workers

Health insurance a major reason.

Annual Aggregate Medical Claim Costs for Employees and Dependents, by Age of Employee

On balance, as attractive as the young

Employer Evaluations of Relative Attractiveness of Older Workers

Nevertheless, employers lukewarm about extending the careers of current employees.

Likelihood of Creating Opportunities for Half Who Want to Stay 2-4 Years Past the Traditional Retirement Age
(Scale from 1 to 10)


Employers prefer to hire younger workers.

Percent with Favorable Employer Responses, by Age, to Paired Resumes

Expectation of an early exit is critical

Employer Evaluations of Factors Affecting the Productivity of Older Workers

- Job knowledge
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Older workers: The abundant resource

The Aging of the U.S. Labor Force

Innovations for an older work force

- Innovations in Production System
- Innovations in Personnel Management System

Older workers have different skill sets

The Illusion of Phased Retirement
Workers 55-70 Employed Part-Time, 1980-2004


Retirement rates by age, DB Plans, 1994–2002
