

The Age Wave Americas Retiring Workforce

With a huge loss of experienced workers and broad labor shortages ahead, employers will need to lure retirees workers back to work in non-traditional ways

By Aida AKL, Voice of America

Washington, D.C. - August 4, 2005 - It's being called the "age wave", and it's causing concern in both federal and corporate circles. And Rudolph Penner of Washington's Urban Center warns that the tidal wave has actually begun, saying, "There are some 'baby boomers' retiring already, and the first group will apply for social security in 2008. And what we're going to see is a huge loss of very experienced people without many younger people to take their place because the birth rate has been very low since the mid-1960s."

Analysts note that baby boomers, people born between 1946 and 1964 are aging. What this means, according to federal statistics, is that workers 55 years of age and older will likely constitute 17 percent of the workforce by the end of the decade. And with projections for mass retirements and low birth rates, more retirees will be called upon to fill the gaps in the workplace.

Victor Marshall, Director of the University of North Carolina's Institute on Aging says when the baby boomer generation begins to retire, a much smaller workforce will take its place. He says, "Three percent of the workforce in the U-S is over the age of 65 right now. You've got 20 percent age 60-to-64; 61 percent is age 25-to-49, and then 15.8 percent is age 15-to-24. So for the group that's going to be exiting, you've got 23 percent who are age 50 years or older. You've got an average retirement age of 62. So half of these people then are going to be leaving in the next decade."

Despite a 4.5 percent increase in the number of employed senior citizens last year, experts point out that the long-term trend actually reflects a decrease in the number of working older Americans. Polls conducted by the American Association of Retired Persons, or AARP, indicate that 70-to-80 percent of Americans plan to work in some capacity after retirement. Analysts say that nearly half of the one-point-six million employees in the federal sector will be eligible to retire by 2008. This will entail a loss of expertise that many analysts warn will impact fields such as teaching, geosciences and manufacturing.

David DeLong, author of the book *Lost Knowledge: Confronting the Threat of an Aging Workforce*, warns that this exodus could lead to an unprecedented erosion of expertise in the labor force. He adds, "What isn't well known or recognized is that we're now retiring the first generation of professionals and managers who have deep knowledge of complicated technologies like computer systems, advanced scientific fields like pharmaceutical drug development, and integrated and global management processes, such as managing global research and development efforts around the world. And that means that people leaving organizations today have new types of knowledge that didn't exist a generation ago. That knowledge is very hard to transfer and retain."

The problem is not limited to the United States, but is actually worse in other countries, such as Germany, China, and Japan. Many analysts note that some European countries that have implemented early retirement programs, have now raised the age of eligibility for government pensions to encourage people to work longer. In the United States, companies like chemical giant Monsanto in Missouri, and research and development group, Draper Labs, have begun to connect with their retired employees by creating databases of experts to bring their skills back into their businesses.

Most analysts say that because many seniors want to continue working after retirement, companies need to come up with creative arrangements that take into account what their older employees want.

Deborah Russell, Director of the Economic Security and Work Section at AARP, says companies should plan to deal with returning retired workers in non-traditional ways. She adds, "When we talk to boomers, they say they're looking for flexibility. That's a big issue. It's being able to offer flexible work opportunities because I don't think you're going to get people who are willing to work your traditional nine-to-five. They're looking for things like job-sharing, telecommuting, part-time opportunities and phased retirement. Those are the kinds of things that are going to keep them in the workplace." Ms. Russell adds that as medical breakthroughs allow people to live longer, more companies are offering incentives, health screenings and wellness programs to encourage their employees to lead healthier lifestyles, and reduce health care premiums.

Many analysts see this trend as an indication that businesses are recognizing the value of older employees in today's technology-driven world. Dorcas Hardy, Policy Committee Chairman for the White House Conference on Aging, says that while many younger workers are highly motivated and reliable, older employees bring a different perspective to the workplace. She says, "I think older persons have had the discipline of a job. They know if they're going to be paid, they have a particular time that they need to be at work. They've been in the workforce longer and they know what their employers' expectations are."

Nonetheless, Ms. Hardy stresses that employers and employees alike need to understand the dynamics of dealing with an older workforce, taking into account training, flexible schedules and possible age- discrimination. In preparing for the White House Conference on Aging in December, which is expected to make policy recommendations to President Bush on the employment of seniors, Dorcas Hardy points out that disincentives to working beyond retirement age must be addressed. She goes on to say, "There are impacts on persons' pension benefits if they continue to work. There are those who would like to work a little bit and then have some leisure, then go back to work. All of these have an impact on the way in which employers address their business and the kind of perhaps regulatory or legal changes that may have to be done to accommodate our future workforce."

Some analysts suggest a phased-retirement approach that would allow retirees to continue working part-time, rather than a full 40-hour week. This, in turn, would entail changes to pension laws, and many private pension plans. But regardless of the approach, most analysts agree that many employers, who have yet to realize the full implications of the age wave, need to begin tackling this problem now.