

## Fact Sheet

# America's Aging Labor Force

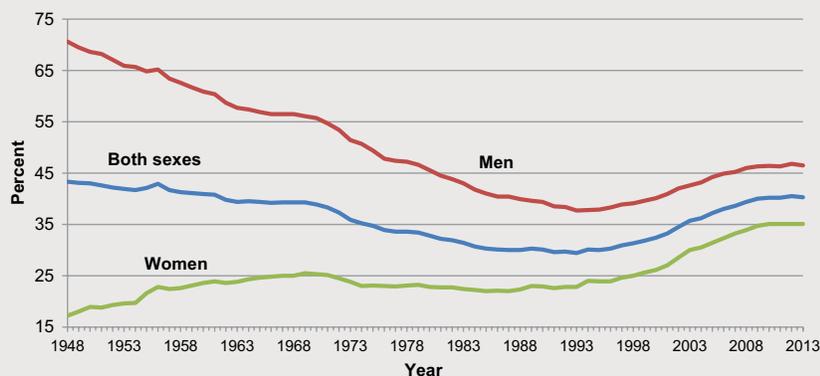
Sara E. Rix  
AARP Public Policy Institute

### More Older Americans Remain in the Labor Force<sup>1</sup>

Labor force participation rates at older ages are on the rise. For several decades after World War II, those rates fell sharply as men retired at ever-earlier ages. By the early 1990s, the decline came to an end and participation started to increase. As of 2013, about 40 percent of the population ages 55 and older was in the labor force, still below the 1948 rate (43 percent) but well above the 1985 rate (30 percent) (exhibit 1).<sup>2</sup>

#### EXHIBIT 1

### Labor Force Participation Rates of Men and Women Ages 55 and Older, 1948–2013



Source: U.S. Department of Labor, Bureau of Labor Statistics, Labor force statistics from the Current Population Survey at <http://data.bls.gov/pdq/querytool.jsp?survey=ln>, accessed 2/3/2014.

*America's labor force is aging. After decades of decline following the end of World War II, labor force participation rates at older ages leveled off and then began to increase. The increase has been greater for older women, who are a growing proportion of the ages 50-plus labor force.*

### Participation Increases among Men and Women

Both older men and older women have increased their participation. In 1948, the labor force participation rate of women ages 55 and older was far lower than that of their male counterparts, but it soon began to rise before dipping somewhat and leveling off in the 1970s (exhibit 1). Since 1985, women's participation rate has risen more than men's, even among those in their 60s and 70s. Women are a growing proportion of the ages 50-plus labor force—47 percent in 2013, up from 41 percent in 1985. Nonetheless, although the male-female gap in participation at older ages is far narrower today than in the late 1940s

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(exhibit 1), older men are more likely to be in the labor force than women (exhibits 1 and 2).

### The Labor Force Is Aging

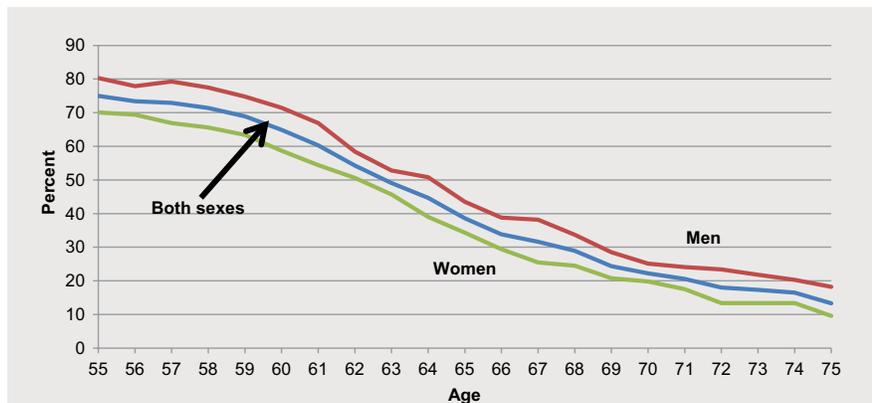
The U.S. labor force is aging, as measured by the share of older people in the total labor force and the median age of the labor force. This is a result of the population aging and participation rates at older ages rising. In 1965, 28 percent of the labor force was at least ages 50 or older. As the baby boomers (those born between 1946 and 1964) grew up, finished their schooling,<sup>3</sup> and found jobs, they swelled the ranks of the labor force; by 1985, the proportion of the workforce ages 50 and older had fallen to 20 percent,<sup>4</sup> even as the number of people in that age category was rising. As of 2013, however, almost all boomers had turned 50, and one-third of the workforce was ages 50 or older, a figure projected to continue rising over the next decade.<sup>5</sup>

In 2012, the median age of the labor force was 41.9 years, up from 34.8 years in 1982 and 40.5 years in 1960.<sup>6</sup>

### Participation Rates Still Fall Sharply with Age

Despite growing proportions of older Americans remaining longer on the job than their parents typically did, labor force participation rates fall sharply with age (exhibit 2). At age 55, for example, three-fourths of Americans were in the labor force in 2013; by age 62—the earliest age of eligibility for Social Security retired worker benefits—that figure fell to just over 54 percent and by age 66, the age of eligibility for full Social Security benefits, to almost 34 percent. By age 75, only 13 percent were still in the labor force.

EXHIBIT 2  
**Labor Force Participation Rates by Single Year of Age, Ages 55-75, 2013**



Source: U.S. Department of Labor, Bureau of Labor Statistics, *Employment status of the civilian noninstitutional population 55 years of age and over by single year of age, sex, race, and Hispanic or Latino ethnicity, Annual Average 2013* (Source: Current Population Survey), unpublished data.

Workers are very likely to say they expect to work in retirement. For example, AARP's *Staying Ahead of the Curve 2013* reported that 72 percent of workers ages 45 to 74 planned to work in some capacity in retirement.<sup>7</sup> Yet, workers have long harbored such expectations but have not acted on them, often because of poor health or job loss. Still others opt to leave the labor force once they are eligible for Social Security or pension benefits. In the end, most older workers will eventually retire, either by choice or necessity. Their departure is having a substantial impact on overall labor force participation rates.

- 1 People who are in the labor force are either working (the vast majority) or looking for work.
- 2 When the data are available, this fact sheet provides information on people ages 50 and older. In some instances, however, readily available data are for those ages 55 and older.
- 3 Calculated from U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings 12(7)* (Washington, DC: U.S. Government Printing Office, January 1966), Table A-16.
- 4 Calculated from U.S. Department of Labor, Bureau of Labor Statistics, Labor force statistics from the Current Population Survey at <http://data.bls.gov/pdq/querytool.jsp?survey=ln>, accessed 2/3/2014.
- 5 Mitra Toossi, "Labor Force Projections to 2022: The Labor Force Participation Rate Continues to Fall," *Monthly Labor Review* (December 2013). Accessed at <http://www.bls.gov/opub/mlr/2013/article/labor-force-projections-to-2022-the-labor-force-participation-rate-continues-to-fall.htm>.
- 6 Ibid. and Howard N Fullerton, Jr., and John Tschetter, "The 1995 Labor Force: A Second Look," *Monthly Labor Review* (November 1983). Accessed at <http://www.bls.gov/opub/mlr/1983/11/art1full.pdf>.
- 7 AARP, *Staying Ahead of the Curve 2013: The AARP Work and Career Study* (Washington, DC: AARP, 2014). Accessed at [http://www.aarp.org/content/dam/aarp/research/surveys\\_statistics/general/2014/Staying-Ahead-of-the-Curve-2013-The-Work-and-Career-Study-AARP-res-gen.pdf](http://www.aarp.org/content/dam/aarp/research/surveys_statistics/general/2014/Staying-Ahead-of-the-Curve-2013-The-Work-and-Career-Study-AARP-res-gen.pdf).

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