

The Employment Situation, December 2014: Unemployment Rate for Older Workers Lowest Since 2008¹

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- ✓ **The unemployment rate for the workforce aged 55 and older fell to 3.9 percent in December from 4.5 percent in November. This was the lowest rate in more than 6 years.**
- ✓ **The proportion of older people with jobs in December (38.3 percent) was unchanged since November but higher than in December 2013 (37.9 percent).**
- ✓ **The average duration of unemployment for older jobseekers rose to 54.3 weeks from 51.1 weeks between November and December and was more than 8 weeks longer than 1 year earlier (45.8 weeks).**

Overview

The year 2014 was a good year for employment growth. Nonfarm payroll employment increased by nearly 3 million between December 2013 and December 2014 (and by 252,000 in December alone).² For almost every month in 2014, job growth exceeded 200,000 and in at least 2 months by more than 300,000. The economy has seen employment growth each year since 2010 after huge losses in 2008 and 2009 (figure 1). As of December 2014, nonfarm payroll employment was almost 2 million higher than at the onset of the Great Recession in December 2007.

A number of employment indicators have shown improvement over the past year, as well as between November and December 2014. One of the most closely watched indicators is the unemployment rate, which has fallen since December 2013 for the total workforce and for older and younger age groups (table 1 and figure 2). In December, the rate for the older workforce was 3.9 percent,

down from 5.1 percent a year earlier and from 4.5 percent in November. With one exception,³ that rate has not dipped below 4 percent since July 2008, when it was 3.7 percent. It has not, however, returned to its prerecession rate (3.2 percent in December 2007).

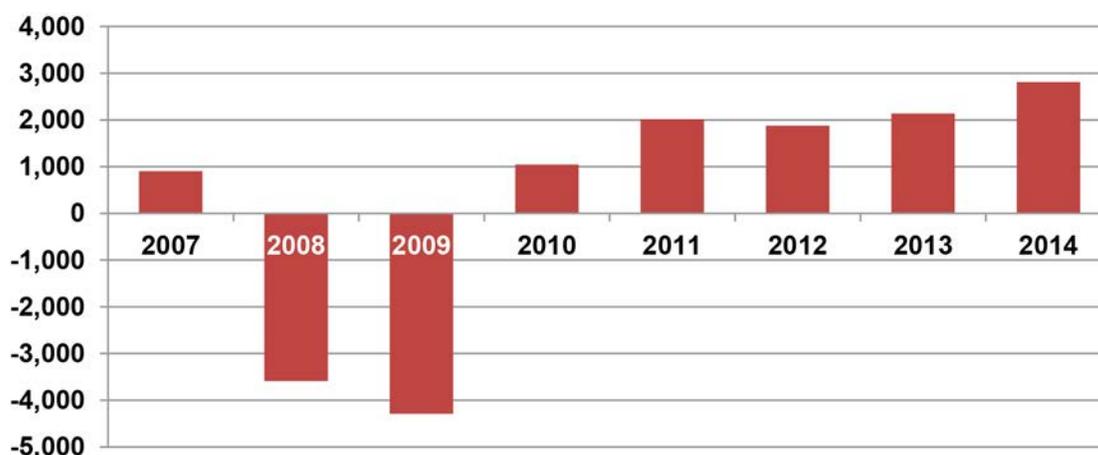
Labor Force Participation, Employment, and Unemployment in the Older Population⁴

Although somewhat higher than at the start of the recession, the labor force participation rate for older Americans in December was unchanged from what it was a year earlier and slightly lower than in November (table 2). The proportion employed, however, was somewhat higher than a year earlier and, in contrast to younger age groups, higher in December than at the start of the recession, albeit unchanged from November.

Duration of Unemployment

At 54.3 weeks, average duration of unemployment for older jobseekers was higher in December than November

Figure 1
Change in Nonfarm Employment, 2007–2014*
(numbers in thousands)



Source: U.S. Department of Labor, Bureau of Labor Statistics, Total nonfarm employment from the Current Employment Statistics Survey (national) at <http://data.bls.gov/pdq/querytool.jsp?survey=ce>. Accessed on January 9, 2015. These numbers are from BLS's establishment survey and will not be identical to data from the household survey.

*Numbers for November 2014 and December 2014 are preliminary and may be revised; thus, the final figure for 2014 may change somewhat.

(51.1 weeks) or December 2013 (45.8 weeks) (table 3 and figure 3).⁵ Over the same period, however, the average duration of unemployment fell for younger jobseekers.

On the other hand, the percentage of older jobseekers who could be classified as “long-term unemployed,” that is, out of work and looking for a job for 27 weeks or more, showed little change between December 2013 and December 2014 (table 3). At the outset of the recession, some 23 percent of older jobseekers were long-term unemployed.

More than half of older jobseekers have experienced long-term unemployment in numerous months since the Great Recession.

Labor Force Withdrawal

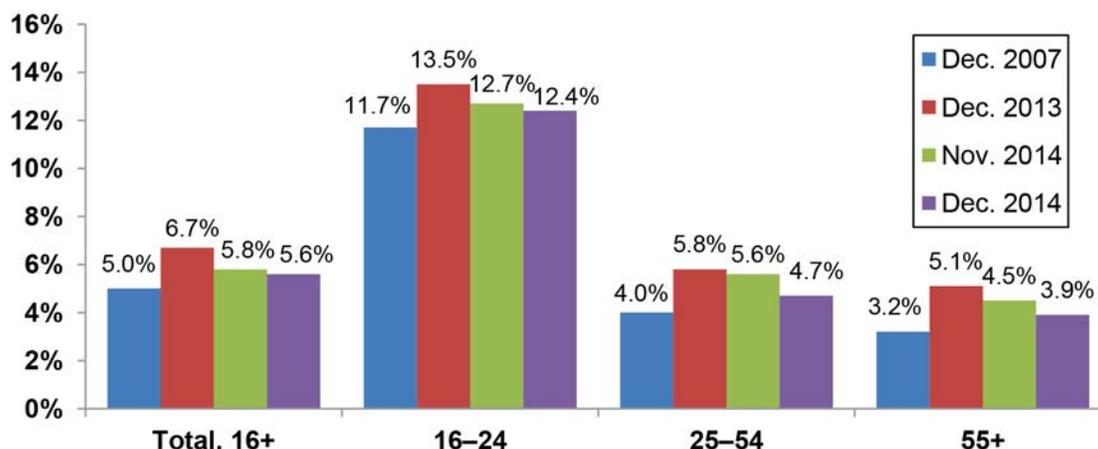
While workers of all ages have endured lengthy periods of unemployment over the past 7 years, job loss propels some of them out of the labor force, especially if they are older (table 4). Perhaps not surprisingly, given their greater access to Social Security and other retirement benefits, displaced workers aged 65 and older are most likely to leave the

Table 1
Unemployment Rate for the Labor Force Aged 16+ and 55+,
December 2013, November 2014, and December 2014

Sex	Age	Unemployment Rate		
		December 2013	November 2014	December 2014
Total, Men and Women	16+	6.7%	5.8%	5.6%
	55+	5.1%	4.5%	3.9%
Men	55+	5.3%	4.7%	4.2%
Women	55+	4.9%	4.2%	3.7%

Source: U.S. Department of Labor, Bureau of Labor Statistics (BLS), *The Employment Situation—December 2014*, USDL-15-0001 (Washington, DC: BLS, January 9, 2015). Available at <http://www.bls.gov/news.release/pdf/empst.pdf>.

Figure 2
Unemployment Rates by Age,
December 2007, December 2013, November 2014, and December 2014



Source: U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey (household survey data) at <http://data.bls.gov/pdq/querytool.jsp?survey=ln>. Accessed on January 9, 2015.

Table 2
Selected Employment Indicators for People Aged 55+,
December 2007, December 2013, November 2014, and December 2014
(seasonally adjusted unless otherwise noted)

Age	Indicator	December 2007	December 2013	November 2014	December 2014
Aged 55+	Population (in 000s)*	69,628	83,517	85,604	85,824
	Labor force (in 000s)	27,102	33,332	34,349	34,237
	Labor force participation rate (%)	38.9	39.9	40.1	39.9
	Employment (in 000s)	26,243	31,632	32,817	32,885
	Share of population employed (%)**	37.7	37.9	38.3	38.3
	Unemployed (in 000s)	859	1,700	1,532	1,352
	Unemployment rate (%)	3.2	5.1	4.5	3.9
	Not in labor force (in 000s)*	42,469	50,253	51,219	51,652
Aged 55-64*	Labor force participation rate (%)	64.1	63.8	64.7	64.0
	Share of population employed (%)**	62.2	60.6	62.0	61.6
	Unemployment rate (%)	3.0	5.0	4.2	3.8
	Not in labor force (in 000s)	11,849	14,253	14,142	14,445
Aged 65+*	Labor force participation rate (%)	16.3	18.5	18.6	18.6
	Share of population employed (%)**	15.8	17.5	17.7	17.8
	Unemployment rate (%)	3.3	5.0	4.7	4.0
	Not in labor force (in 000s)	30,620	36,000	37,077	37,207

Source: U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey (household survey data) at <http://data.bls.gov/pdq/querytool.jsp?survey=ln>. Accessed on January 9, 2015.

*Not seasonally adjusted.

**Employment-to-population ratio.

Table 3
Duration of Unemployment among Younger and Older Jobseekers,
December 2013, November 2014, and December 2014

Duration of Employment	Age	December 2013	November 2014	December 2014
Average Duration of Unemployment*	Under age 55	34.2 weeks	30.6 weeks	28.2 weeks
	55+	45.8 weeks	51.1 weeks	54.3 weeks
% Long-term Unemployed*	Under age 55	35.9%	29.8%	29.9%
	55+	46.0%	43.4%	45.6%

Source: Calculated from Bureau of Labor Statistics, Labor Force Statistics, Table A-36 in *Employment and Earnings Online* at <http://www.bls.gov/web/empsit/cpseea36.pdf> and *Employment and Earnings Online* at <http://webcache.googleusercontent.com/search?q=cache:http://www.bls.gov/opub/ee/archive.htm>. Accessed on January 9, 2015.

*Not seasonally adjusted.

labor force. Roughly half have left after displacement over most of the periods examined since 2006. An exception was 2008, when two-thirds left the labor force at some point during the 3-year period following displacement. Whether this was a data fluke or the result of a particularly discouraging job search prior to deciding to retire, or something else entirely, is not known. A similar uptick is not evident in other age groups.

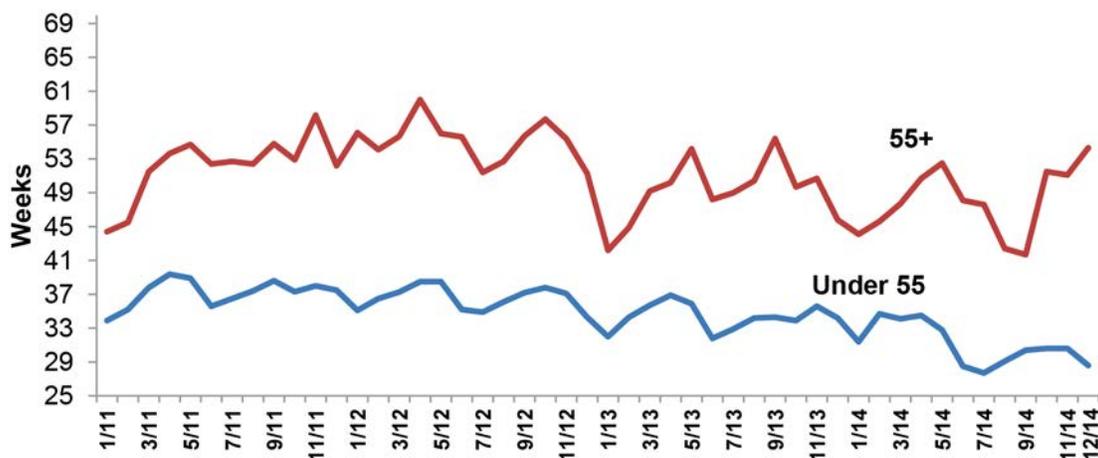
Labor force withdrawal is far less common among displaced workers between the ages of 55 and 64; however,

they are nonetheless considerably more likely than prime-age workers (ages 25 to 54) to exit—approximately one-fifth have done so since 2008.

Other Employment Indicators

- Some 4.1 percent of all older nonagricultural workers were working part time for economic reasons (e.g., slack working conditions) in December, an increase from 3.2 percent in November and only a somewhat lower figure than in December 2013 (4.3 percent). These

Figure 3
Average Duration of Unemployment in Weeks by Age,
January 2011–December 2014*



Source: Calculated from U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics, in *Employment and Earnings Online* at <http://webcache.googleusercontent.com/search?q=cache:http://www.bls.gov/opub/ee/archive.htm> and <http://www.bls.gov/web/empsit/cpseea36.pdf>. Accessed January 9, 2015.

*Annual averages.

Table 4
Displaced Workers No Longer in the Labor Force by Age,
January 2006, 2008, 2010, 2012, and 2014*

Age	2006	2008	2010	2012	2014
Total, 20+	15.8%	14.2%	14.8%	15.7%	15.7%
20–24	16.5%	13.3%	17.6%	18.4%	11.1%
25–54	12.2%	11.0%	11.7%	11.9%	12.2%
55–64	26.1%	18.6%	20.5%	22.5%	22.7%
65+	55.8%	66.7%	46.7%	50.5%	54.7%

Source: Table 8 in U.S. Department of Labor, Bureau of Labor Statistics, “Worker Displacement,” 2003–2005, 2005–2007, 2007–2009, 2009–2011, and 2011–2013, *News USDL 06-1454* (August 17, 2006); *News USDL 08-1183* (August 20, 2008); *News USDL-10-1174* (August 26, 2010); *News USDL-12-1719* (August 24, 2012); and *News USDL-14-1605* (August 26, 2014).

*Percentages refer to the January labor force status of workers who had been displaced from their jobs in the previous 3 years (e.g., January 2011 through December 2013).

workers are often referred to as involuntary part-time workers. At the start of the recession, 2.4 percent fell into this category. Older women were again more likely than older men to be working part time for economic reasons (4.7 percent vs. 3.6 percent, respectively, in December).⁶

- The number of older, unincorporated self-employed workers in nonagricultural industries was about 3 million in December, down from November’s 3.2 million.⁷ These self-employed workers comprised 9.4 percent of the older nonagricultural workforce, compared with November’s 9.8 percent. This figure has fluctuated relatively little over the past several years.
- Most older people who are out of the labor force say that they do not want a job (97 percent in December, a figure that has remained remarkably stable at least since the start of the last recession). The number of older people who were out of the labor force but interested in work was approximately 1.7 million in December, about 75,000 more than in November but almost 300,000 more than in December 2013.⁸ At 230,000, the number of older “discouraged” workers in December was higher than it was in November

(174,000) but not much different from December 2013 (225,000).⁹ This figure remains well above what it was when the recession began in 2007, at which time only 53,000 older people were classified as discouraged workers.

- About 4.5 percent of older workers held more than one job in December, compared with 4.6 percent in November and 4.1 percent in December 2013. Older women were more likely than older men to be multiple jobholders (4.8 percent and 4.2 percent, respectively).

Table 5 highlights the indicators discussed in this section.

A Closer Look at the Older Workforce¹⁰

Workers and jobseekers aged 55 to 64 account for three-fourths of the older labor force. The labor force participation rate for this age group is about 3.5 times higher than that for people aged 65 and older (64 percent vs. 18.6 percent in December).

As would be expected, the share with jobs varies dramatically by age as well, with those aged 55 to 64 far more likely to be employed. As of December, nearly 62 percent of those aged 55 to 64 and

Table 5
Selected Employment Indicators for People Aged 55+,
December 2007, December 2013, November 2014, and December 2014*

Indicator	December 2007	December 2013	November 2014	December 2014
Working Part Time for Economic Reasons	2.4%	4.3%	3.2%	4.1%
Unincorporated Self-employed	10.0%	9.5%	9.8%	9.4%
Want a Job but Out of Labor Force (in thousands)	826	1,450	1,664	1,739
Discouraged Workers (in thousands)	53	225	174	230
Multiple Jobholders	4.9%	4.1%	4.6%	4.5%

Source: Calculated from Bureau of Labor Statistics, Labor Force Statistics, Tables A-22, A-27, A-38, and A-39 in *Employment and Earnings Online* at <http://www.bls.gov/web/empsit/cpseea36.pdf> and *Employment and Earnings Online* at <http://webcache.googleusercontent.com/search?q=cache:http://www.bls.gov/opub/ee/archive.htm>. Accessed on January 9, 2015.

*Not seasonally adjusted.

almost 18 percent of those aged 65 and older were employed.

In December, both age groups were still more likely to be unemployed than they were at the start of the recession, but the unemployment rates were moving toward their December 2007 levels—3.8 percent vs. 3 percent for the 55–64 age group and 4 percent vs. 3.3 percent for those aged 65 and older.

Conclusion

In several respects, 2014 was a good year from an employment perspective. More jobs were created than had been the case for years. Unemployment rates fell to their lowest levels since early in the Great Recession. Nonetheless, the overall labor force participation rate and the proportion with jobs were still lower than they had been in December 2007.

On some levels, older workers fared better than their younger counterparts during the recession and have continued to do so. This has been the case with respect to the labor force participation rate and the percentage with jobs, both of which fell sharply for younger age groups and are still below prerecession

levels. The unemployment rate for older workers, although it rose during the recession, has remained lower than that for younger workers.

Once out of work, however, older workers, on average, remain jobless for a protracted period, a situation that has shown very little improvement as the economy has strengthened. In addition, older dislocated workers are more likely than their younger counterparts to drop out of the labor force.

NOTE: Caution is urged in interpreting month-to-month changes in some of the employment figures. Not all figures are seasonally adjusted, and the numbers can and do fluctuate substantially over the short term because of sampling error or the small number of individuals in a particular category who may have been interviewed. Numbers over a longer period (e.g., beginning to end of the recession) or annually adjusted figures generally provide a more reliable picture.

The next update of this Fact Sheet will report on the employment situation as of March 2015.

Endnotes

¹ Unless otherwise specified, “older” in this Fact Sheet refers to people aged 55 and older. Employment and unemployment figures are seasonally adjusted unless otherwise noted.

² These figures are preliminary and may be revised.

³ The unemployment rate for people aged 55 and older also fell to 3.9 percent in September 2014 before rising in the following 2 months.

⁴ Statistics in this Fact Sheet are from U.S. Department of Labor, Bureau of Labor Statistics (BLS), *The Employment Situation—December 2014*, USDL-15-0001 (Washington, DC: BLS, January 9, 2015) at <http://www.bls.gov/news.release/empsit.nr0.htm>; tables in BLS’s *Employment and Earnings Online* at <http://www.bls.gov/opub/ee/archive.htm>, various years; BLS tables at <http://www.bls.gov/web/empsit.supp.toc.htm> and <http://data.bls.gov/pdq/querytool.jsp?survey=ce>; and BLS’s labor force statistics from the Current Population Survey at <http://data.bls.gov/pdq/querytool.jsp?survey=ln>. Some numbers in this Fact Sheet may differ from those reported in earlier Fact Sheets because of adjustments by BLS.

⁵ Figure 3 data go back only to January 2011 when BLS changed its top coding of duration of unemployment from 2 years to 5 years. Before this change, any duration of unemployment greater than 2 years was coded as 2 years. See U.S. Department of Labor, Bureau of Labor Statistics, *Changes to Data Collected on Unemployment Duration*, at <http://www.bls.gov/cps/duration.htm>.

⁶ Data are not seasonally adjusted.

⁷ BLS publishes monthly self-employment figures only for unincorporated workers employed in their own business, profession, trade, or farm. (BLS regards incorporated self-employed workers as employees of a corporation and thus classifies them as wage and salary workers.) Self-employment figures are not seasonally adjusted.

⁸ Data in this section are not seasonally adjusted.

⁹ Discouraged workers are not looking for work because they believe that no work is available or that there are no jobs for which they would qualify (e.g., employers would find them too old, they lack the necessary schooling/training). They are a subset of the marginally employed (i.e., people who are not in the labor force who want a job and are available for work and who have searched for work during the prior 12 months but not in the prior 4 weeks). See BLS at <http://www.bls.gov/cps/lfcharacteristics.htm#discouraged>. The numbers on discouraged workers are not seasonally adjusted.

¹⁰ Data in this section are not seasonally adjusted.

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