Insight on the Issues

An Aging Labor Force and the Challenges of 65+ Jobseekers

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- As America’s labor force ages, labor force participation rates are growing fastest for the 65-and-older age group.
- Though less likely to be unemployed than workers under age 50, older jobseekers have longer durations of unemployment.
- Reasons for unemployment vary by age. Workers ages 50–64 are most likely to indicate that they are unemployed due to losing their job for reasons other than layoffs. Jobseekers ages 65 and older are more likely than other age groups to be unemployed due to either layoffs or labor market reentrance.

Although the labor force participation rate of older workers is growing, jobseekers ages 65 and older can still face many challenges in their search for employment. Compared with their younger counterparts, they are more likely to be reentering the labor market after time spent away, or to be rebuilding their career after a layoff. They also experience longer durations of unemployment, and many encounter age discrimination.

MORE OLDER WORKERS ARE IN THE LABOR FORCE
After rising for decades, the percentage of the population ages 25–54 in the labor force (i.e., either working or actively seeking work) peaked in early 2000 and then began to trend down. Although the overall labor force participation rate in this age group has stabilized since the Great Recession (December 2007–June 2009), it is slightly below its prerecession levels.

In contrast to the declines in labor force participation among workers in younger age groups, labor force participation among the 65 and older population has been increasing since the 1990s, reversing decades of postwar decline (exhibit 1). Even throughout many months of the Great Recession, the labor force participation rate of the 65+ group continued to increase, before leveling off in the past few years.

People are staying in the workforce longer as a result of several factors, such as fewer defined benefit retirement offerings by employers, increases in longevity that require greater savings to finance more years in retirement, and rising costs of living like housing costs and medical expenses. The Great Recession affected the retirement savings of many workers, compelling some to delay retirement. On a more positive note, rising levels of education are also driving longer working lifespans. Although many people continue to work past traditional retirement age because they enjoy their jobs, AARP research found that nearly half of people ages 65+ who were currently working or looking for work did so for financial reasons.
OTHER DEMOGRAPHIC FACTORS INFLUENCE LABOR FORCE PARTICIPATION

Along with age, labor force participation rates differ along other demographics such as sex, race/ethnicity, and educational attainment.

**Sex**

Across all age categories, men have higher labor force participation rates than do women. In 2017, 89.4 percent of men and 75.3 percent of women ages 25–49 were in the labor force. Among the 50+, the labor force participation rate was 75.4 percent for men, and 63.7 percent for women ages 50–64, and 23.9 percent for men and 15.7 percent for women ages 65 and older. As shown in exhibit 2, after World War II, rates fell sharply for men ages 65 and older. In the 21st century, that trend reversed as labor force participation rates rose for both men and women ages 65 and older.

**Race/Ethnicity**

Since 2007 labor force participation rates for the 65 and older age group rose across all races and ethnicities (exhibit 3). At the same time, labor force participation rates declined in the 25–49 age group for all race/ethnicities. More variation existed in the 50–64 age group, with participation rates rising among the Hispanic/Latino and Asian populations and declining slightly in the White, Black/African American, and other non-Hispanic populations.

**Educational Attainment**

As shown in exhibit 4, between 2007 and 2017 labor force participation rates of people ages 65 and older increased across all levels of education. However, notable differences emerge when comparing those with the lowest levels of educational attainment with those with the highest levels. Individuals ages 65 and older are least likely to be in the labor force if they have less than a high school education (10.4 percent in 2017) and are most likely to be in the labor force if they have a master’s degree or higher (30.7 percent in 2017).7

Individuals with higher levels of education may be more likely to work in occupations with good working conditions and higher levels of compensation that act as an incentive to work...
EXHIBIT 2
Labor Force Participation Rates of Men and Women Ages 65+, 1948–2017


EXHIBIT 3
65+ Labor Force Participation Rates Rise Across All Races/Ethnicities, 2007 and 2017


Note: The other non-Hispanic category includes non-Hispanic American Indians, Alaska Natives, and Hawaiian and other Pacific Islanders.
They are also more likely to maintain good health later in life. International comparisons show that while the average age when people exit the labor market is higher in the United States compared with many other developed economies with rapidly aging populations, this is not evenly distributed across the 65+ population. Instead, labor force participation of older US workers is much more common among the most highly educated. As a result, many workers, especially those with lower levels of education, may leave the labor market too early to secure the levels of retirement income they will need to maintain their living standards.

UNEMPLOYMENT RATES AND DURATIONS OF UNEMPLOYMENT VARY BY AGE
Economic conditions appear to influence the differences in the unemployment rates between the 25–49, 50–64, 65–74, and 75+ age groups. As shown in exhibit 5, differences between these age groups widened in 2009 and 2010—two years of high unemployment. By 2017, labor market conditions had significantly improved, and the differences in unemployment rates between these age groups once again narrowed.

Duration of Unemployment
The duration of unemployment—that is, the length of time in weeks that individuals who are classified as unemployed have been looking for work—tends to be longest for older jobseekers, putting them at greater risk of long-term unemployment. Both average and median durations of unemployment generally rise with age, with jobseekers ages 55 to 64 experiencing the longest median duration each year between 2009 and 2017. Differences by age group are most prominent during periods of high unemployment. For example, in 2011, when the unemployment rate was high, duration of unemployment ranged from a median of 21 weeks for jobseekers ages 25 to 34 to 35 weeks for jobseekers ages 55 to 64. In 2017, when the unemployment rate was low, the median duration of unemployment ranged from only 10 to 15 weeks for all age groups (exhibit 6).

Jobseekers ages 55 and older are more likely than younger jobseekers to be long-term unemployed, which is defined as looking for work for 27 weeks or more. In August 2018, 29.5 percent of jobseekers ages 55 and older were considered long-term unemployed, compared with only 19.1 percent of jobseekers ages 16 to 54. Long-term unemployment presents additional challenges for jobseekers—such as an erosion of employment networks and skills atrophy—and increases their risk of dropping out of the labor market altogether. When the long-term unemployed do find work, many accept jobs that pay lower wages than those of their previous positions.

REASONS FOR UNEMPLOYMENT DIFFER BY AGE
The circumstances that lead to unemployment differ by age and may factor into differences in the duration of unemployment. For example, older jobseekers are more likely than their younger counterparts to
EXHIBIT 5
Unemployment Rates, by Age, 2007–2017

![Graph showing unemployment rates by age from 2007 to 2017.](image)


EXHIBIT 6
Median Duration of Unemployment, in Weeks, by Age, 2007–2017

![Graph showing median duration of unemployment by age from 2007 to 2017.](image)

Source: US Census Bureau, Current Population Survey, 2007, 2017. The median duration of unemployment refers to the midpoint of the duration of unemployment, below and above which there is an equal number of observations.
cite layoffs or labor market reentry as their reasons for unemployment. Jobseekers who have been laid off or who are reentering the labor market may have more difficulty finding employment than do jobseekers who voluntarily quit their previous job.

As shown in exhibit 7, unemployed individuals ages 65 and older are more likely than any other age group to say that they are unemployed because they are reentering the labor market. Those who are ages 65+ and unemployed are also more likely to say they are out of work due to layoffs, compared with other age groups. Jobseekers ages 50 to 64 are more likely than other age groups to say that they lost their previous job due to reasons other than layoffs. Compared with their older counterparts, jobseekers ages 25 to 49 are more likely to say they are unemployed due to leaving their previous job.

**Discouraged Workers**

The broadest measure of unemployment used by the Bureau of Labor Statistics includes people not counted in the standard unemployment rate, a subset of which includes a category considered “discouraged workers.” As defined by the BLS, discouraged workers are individuals who would like to work but report that they are not currently looking for work because of at least one of the following reasons:

- Believe no job is available in their line of work or area,
- Could not find any work,
- Lack the necessary schooling, training, skills, or experience,
- Believe employers think they are too young or too old, or
- Have encountered other types of discrimination.

Depending on economic conditions, the number of marginally attached workers, including discouraged workers, can be significant; it reached over 2 million during the Great Recession. As shown in exhibit 8, compared with people in other age groups, discouraged workers ages 65 and older are more likely to say that the reason they are not looking for work is that employers think they are too old. An AARP survey of individuals ages 45 and older found age discrimination to be common, with about three in five respondents (61 percent) having either seen or experienced age discrimination in the workplace. Unemployed respondents were more likely than employed respondents to say they had seen or experienced age discrimination, and 38 percent of unemployed respondents believed they had not been hired for a job due to their age.

Discouraged workers ages 50 and older are less likely than workers under age 50 to say they could not find work but are more likely to say they did not...
think work was available in their area of expertise. This suggests that changing skills requirements or structural job changes may affect workers ages 50 and older more than their younger counterparts.

There are gender differences among discouraged workers ages 65 and older. Men in this age group are more likely to say they do not believe work is available in their area of expertise and that they could not find any work (exhibit 9). Some studies have indicated that older female jobseekers face greater degrees of age discrimination than do older male jobseekers. AARP research found that women are more likely than men (64 percent versus 59 percent) to say they have seen or experienced age discrimination—this research also showed that African Americans/Blacks are more likely than Hispanics/Latinos and Whites to say they have experienced age discrimination. However, when it comes to discouraged workers ages 65 and older, the BLS data showed no major differences by sex in the percentage who indicated that “employers think I am [too young or] too old” was the main reason for giving up their job search (exhibit 9).

**Other Reasons for Not Seeking Work Vary by Age**

Government data also capture other reasons that prevent individuals who are interested in working from actively seeking a job. As exhibit 10 shows, these include ill health or a physical disability, family responsibilities, and transportation problems. Though they are less likely than those ages 25–49 to cite family responsibilities as a reason for not seeking a job, many individuals ages 50 and older do indicate this as their main reason. It is particularly true for the 50–64 category, where 21 percent indicate family responsibilities as their main reason for not seeking work. As the population ages, many individuals in the workforce have caregiving responsibilities for an adult relative with a serious illness or disability. Although the majority of family caregivers caring for adult relatives or friends work at a paying job at some point during their caregiving experience, rising caregiving needs could also increase the number...
of individuals who report that they are not seeking work due to family responsibilities.

EMPLOYERS AND POLICY MAKERS NEED TO SUPPORT LONGER WORKING LIFE SPANS

In previous decades, the large baby boomer generation drove labor force growth; however, as the BLS notes in its 2016–2026 Labor Force Projections, in 2026 baby boomers will all be between 62 and 80 years old. This will result in many workers from this generation exiting the labor force. At the same time, however, the BLS also projects that the 55+ age group will substantially increase as a proportion of the workforce. This is because comparatively younger age cohorts as a share of the population will decline.26

EXHIBIT 9
Discouraged Workers Ages 65+: Main Reason Not Looking for Work, by Sex, 2017

EXHIBIT 10
Other Reasons for Not Seeking Work, Ages 25–49, 50–64, 65–74, 75+, 2017

Note: Due to rounding, some categories of equal numerical value may appear slightly different.

Note: Survey respondents were asked for the main reason they were not currently looking for work. The “Other” category option denotes reasons not specified. The base of analysis for this question was survey respondents ages 25 and older who are not in the labor force for a reason other than disability. Due to rounding, some categories of equal numerical value may appear slightly different.
As populations age in countries around the world, governments are focusing on ways to support longer working life spans to improve savings and income in retirement, reduce pressure on national pension systems, and offset declines in labor force participation rates among younger age cohorts. However, for a variety of reasons, not everyone will be able to continue to extend their working lives, especially those in physically demanding jobs. They too must be able to retire with economic security. In addition, given some of the challenges jobseekers over 50 face, improving participation rates of older workers will depend on policy makers and employers working together to do the following:

- Develop policies that support widespread access to lifelong learning and education;\(^\text{27}\)
- Address the narrowing of job options for older workers, which limits how long workers are able to delay retirement; this will be especially important for workers with lower education rates and those in lower paying jobs, as these workers are less likely to have adequate retirement savings;\(^\text{25}\)
- Create strategies that will support the reintegration of workers at and beyond traditional retirement age back into the labor market after time out of the workforce;\(^\text{19}\) and
- Pursue efforts to reduce age discrimination against older jobseekers by strengthening applicable laws and further explore the impact of race and gender on age discrimination.

6 AARP, The Value of Experience.
11 The US Bureau of Labor Statistics calculates the official unemployment rate by dividing the number of unemployed people by the labor force.
12 Congressional Budget Office modeling developed to project future labor force participation rates has found that participation rates for prime-age groups (25–54) show clear cyclical movements, especially for those with less education. See Joshua Montes, “CBO's


14 Women are more likely than men to report labor market reentrance as a reason for unemployment.

15 The BLS compiles six different monthly measures of labor underutilization, known as U-1 through U-6. The official unemployment rate, also called U-3, is the number of unemployed people divided by the labor force. The broadest measure, U-6, includes unemployed people plus those “marginally attached” to the labor force as well as people who work part time for economic reasons. Marginally attached individuals are without jobs, but because they are not currently actively looking for work, they are not considered unemployed. However, they have indicated that they want a job, are available for work, and have looked for work in the last 12 months (or since they last worked if they worked within the previous 12 months). Discouraged workers are a subset of those marginally attached to the labor force.


18 The Current Population Survey combines “too young” and “too old” into one survey response option; therefore, it is not possible to distinguish between these two factors as the main reason given by respondents. Nevertheless, it is likely that for workers ages 65 and older, they are choosing the option because they believe employers think they are too old.

19 AARP, The Value of Experience.


21 AARP, The Value of Experience.

22 The base of analysis is persons 25+ who are not in the labor force for a reason other than disability, for whom there is a valid answer to this question. Nevertheless, ill health and disability is also a response option for this question.

23 The survey response is based on the question “What is the main reason you were not looking for work during the last 4 weeks?” The base is persons 25+ not in the labor force for a reason other than disability, for whom there is a valid answer to this question (2007–2017 Basic Monthly Current Population Survey, data dictionary available at https://thedataweb.rm.census.gov/ftp/cps_ftp.html).

24 National Alliance for Caregiving (NAC) and AARP Public Policy Institute, Caregiving in the U.S. 2015 (Bethesda, MD, and Washington, DC: NAC and AARP, June 2015).


