

# Older Americans in the Workforce

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## Introduction

According to recently-released data from the Census Bureau and Bureau of Labor Statistics (BLS), the percentage of retirement-age Americans in the labor force has doubled since 1985, from its all-time low of 10 percent in January of that year to 20 percent in February 2019.<sup>1</sup> To understand who is continuing to work and why, we gathered data on retirement-age Americans' incomes, health, and activities from the Census Bureau, Bureau of Labor Statistics, and Centers for Disease Control (CDC), finding:

**The share of retirement-age Americans in the labor force has doubled since its all-time low in 1985.** As of February 2019, over 20 percent of Americans aged 65 or older are working or looking for work, double the all-time low of 10 percent who were in the labor force in 1985.

**College-educated adults are the fastest growing workforce segment among retirement-age adults, pushing up incomes for older workers.** The share of adults that are 65 years or older and working that have at least a college degree increased from 25 percent in 1985 to 53 percent in 2019. This pushed up the average real income of retirement-age workers by 63 percent during this time period, from \$48,000 to \$78,000.

**Improved health has been a key driver of this increase in labor force participation.** Of Americans aged 65 or older and working or looking for work, 78 percent report being in good health or better, up from 73 percent in 1997 and 69 percent in 1985. As a result, more retirement-age people can work: 77 percent feel no limitations in the kind of work they can do, compared with 71 percent in 1997.

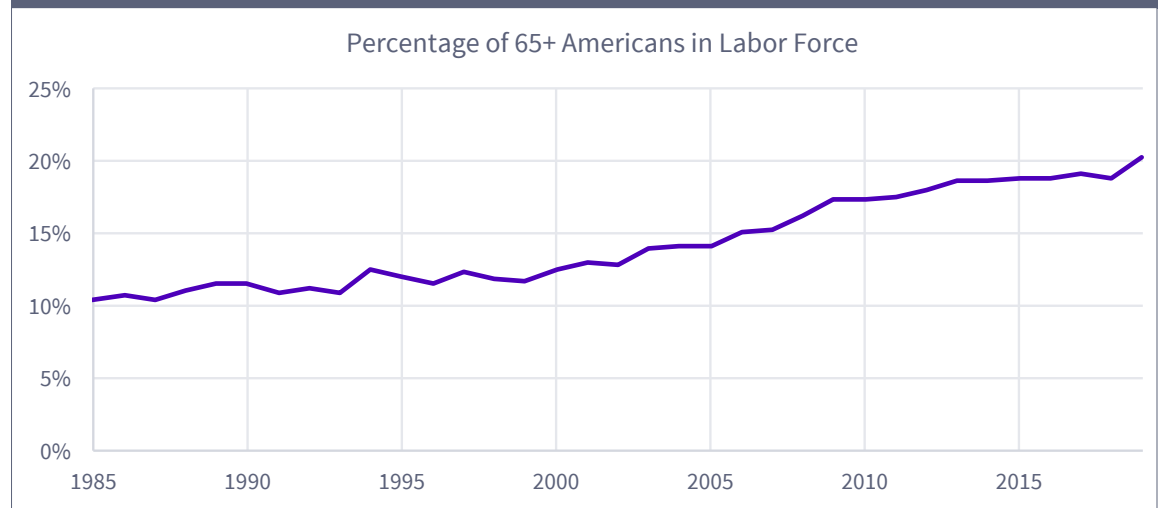
# Findings

**The share of retirement-age Americans in the labor force has doubled since its all-time low in 1985. As of February 2019, over 20 percent of Americans aged 65 or older are working or looking for work, double the 10 percent who were in the labor force in 1985.**

To understand trends on work, we analyzed data from the Current Population Survey (CPS), a monthly survey jointly sponsored by the Census Bureau and BLS.<sup>2</sup> The survey records, among other data, information about Americans' work, incomes, and educations.

As of February 2019, over 20 percent of Americans aged 65 or older are working or looking for work. This level represents a 57-year high and a doubling from its lowest recorded value of 10 percent in 1985. The BLS expects this upward trend to continue in the near term, estimating that 13 million Americans aged 65 or older will be in the labor force by 2024.<sup>3</sup>

**FIGURE 1. Labor Force Participation (65+ Americans)**



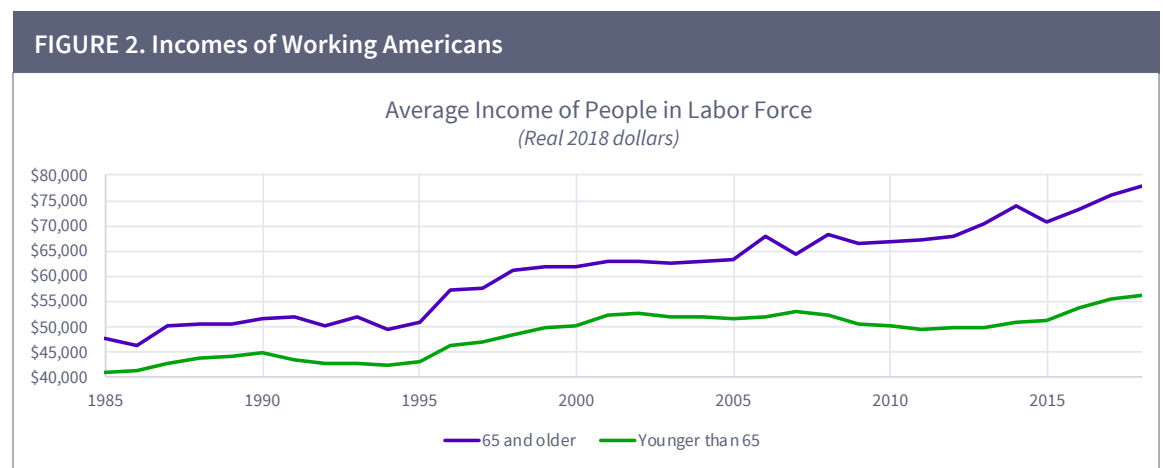
Source: Current Population Survey

Crucially, this increase in retirement-age Americans who are working has been driven by an increase in paid work, not unpaid volunteer work. To analyze trends in paid versus unpaid work, we assessed data from the CDC's National Health Interview Survey (NHIS), an annual cross-sectional survey of the health and health behaviors of 87,500 adults in the United States.<sup>4</sup> We found that, whereas the portion of retirement-age Americans working for pay has climbed steadily, the portion doing unpaid work has hovered around 1 percent since 2001, the first year the NHIS began distinguishing between paid and unpaid work.

Nevertheless, the profile of work done by retirement-age Americans can vary as they enter transition periods between their careers and retirement: Researchers have documented arrangements such as part-time work, bridge jobs, and phased retirement that make the path to full retirement less abrupt.<sup>5</sup> In addition, the jobs in which Americans are concentrated change: Older Americans are more likely to work in white-collar professions and retail, whereas younger Americans are more likely to work in physically demanding fields like manufacturing.<sup>6</sup>

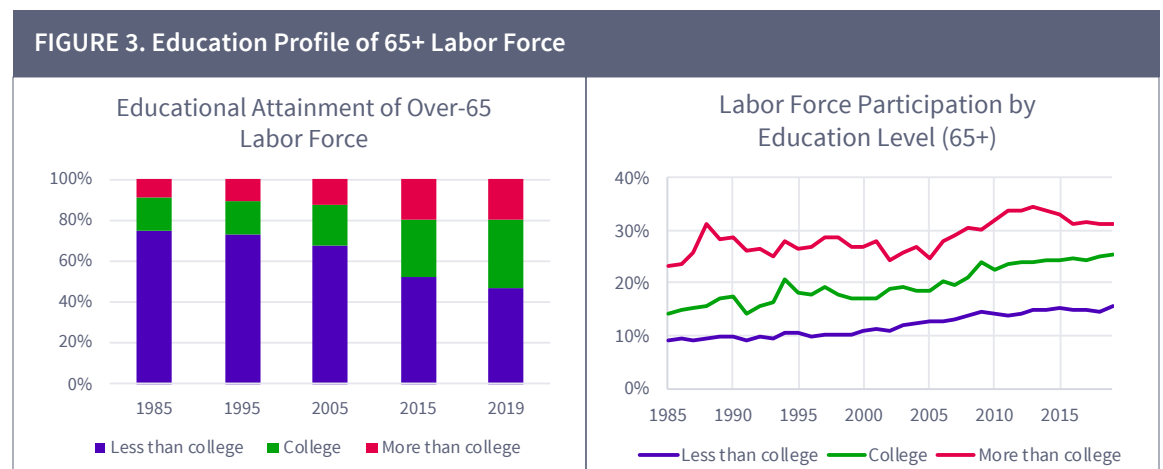
**College-educated adults are the fastest growing workforce segment among retirement-age adults, pushing up incomes for older workers.** The share of adults that are 65 years or older and working that have at least a college degree increased from 25 percent in 1985 to 53 percent in 2019. This pushed up the average real income of retirement-age workers by 63 percent during this time period, from \$48,000 to \$78,000.

Older Americans in the labor force earn more than their younger counterparts, and this gap has widened over time. On average, retirement-age Americans who are still working earn \$78,000 in personal income, around 63 percent above where they stood in 1985, after adjusting for inflation. In comparison, working Americans below 65 earn on average \$55,000 in personal income, 38 percent more than in 1985. As a result, the proportion of older Americans' family income attributable to older Americans' wages—as opposed to income from assets or younger family members' wages—has increased over time.<sup>7</sup>



Source: Current Population Survey

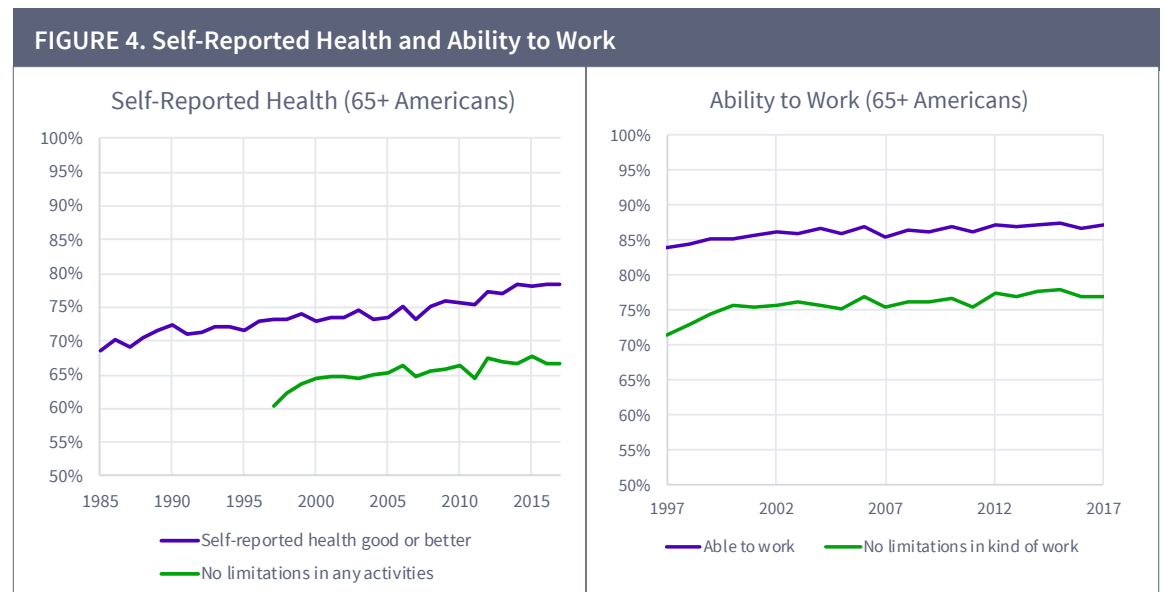
Over time, Americans aged 65 and over who are working have become more educated as a group. Over half now have some sort of college degree—defined as associate’s, bachelor’s, or advanced degree—versus just one quarter in 1985. More educated subsets of the 65-and-over population have higher labor force participation rates in general and have also seen higher growth in labor force participation.



Source: Current Population Survey

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Retirement-age Americans are feeling healthier than ever. More than three out of four Americans aged 65 or older report being in good, very good, or excellent health, and this proportion has grown steadily over the past 35 years. This improved health means that retirement-age Americans experience fewer limitations in what they can do: 67 percent experience no limitations in any sort of activity—up from 60 percent in 1997.



Source: National Health Interview Survey

Notably, improved health has resulted in a greater ability to work into old age: While the percentage of Americans aged 65 or older who report being able to work at all has only increased modestly, retirement-age Americans increasingly feel they can do any work they want. A full 77 percent report no limitations in the kind of work they can do, compared with 71 percent in 1997.

## Conclusion

In summary, the percentage of retirement-age Americans who are working has doubled since 1985. This trend has been especially pronounced among highly-educated segments of the population, which has pushed up the average income of this group at a rate disproportionately higher than their younger peers. Improved health has been a key driver of this increased labor force participation, as retirement-age Americans are experiencing fewer work-related activity limitations.

# Notes

- 1 In this case, “all-time” refers to the all-time low reported by the Current Population Survey (CPS), which publishes this stat for the years 1948-2019.
- 2 The CPS is a monthly cross-sectional survey of 60,000 U.S. households, focused on the employment status of the civilian, non-institutionalized population. It also covers a broad range of other topics, including demographics, health, and migration. The survey has been conducted annually since 1940.
- 3 Mitra Toossi and Elka Torpey, “Older Workers: Labor Force Trends and Career Options,” Bureau of Labor Statistics Career Outlook (2017).
- 4 The NHIS is administered by the National Center for Health Statistics and sponsored by the Centers for Disease Control and Prevention (CDC). It focuses on the general health of American citizens, but also collects substantial demographic and socio-economic data to allow for health-related comparisons across social groups. The survey has been conducted continuously since 1957, with significant updates every 10 to 15 years. Its last major update came in 1997, when substantial changes were made to the wording of some questions.
- 5 For example, see Michael D. Giandrea, Kevin E. Cahill, and Joseph F. Quinn, “Bridge Jobs: A Comparison Across Cohorts,” *Research on Aging* 31(5) (2009), 549- 576.
- 6 Senate Special Committee on Aging, *America’s Aging Workforce: Opportunities and Challenges* (2017).
- 7 Barry P. Bosworth and Kathleen Burke, “Changing Sources of Income Among the Aged Population,” Center for Retirement Research at Boston College, Working Paper 2012-27 (2012).