

RESEARCH NOTE

Unfriendly Labor Markets for Older Workers Require Bold Moves for Retirement Savings: Analysis of Labor Force Engagement of Older People in Selected States

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Summary of Findings:

- The labor market in the United States is precarious for older workers; therefore, workers need adequate retirement savings. Working longer may not be an option for many workers.
- Participation in the labor force drops for workers between the ages of 55 and 64 as many people get pushed out of the labor force due to age discrimination, layoffs, or poor health.
- Only 13% of men and 25% of women between the ages of 45 and 54 are not in the labor force. That number rises to 29% of men and 40% of women between the ages of 55 and 64.
- Bills like the *Retirement Savings for Americans Act*, introduced by Senators John Hickenlooper (D-CO) and Tom Tillis (R-NC), and Representatives Terri Sewell (D-AL) and Lloyd Smucker (R-PA) would help vulnerable older workers have an orderly transition to retirement.

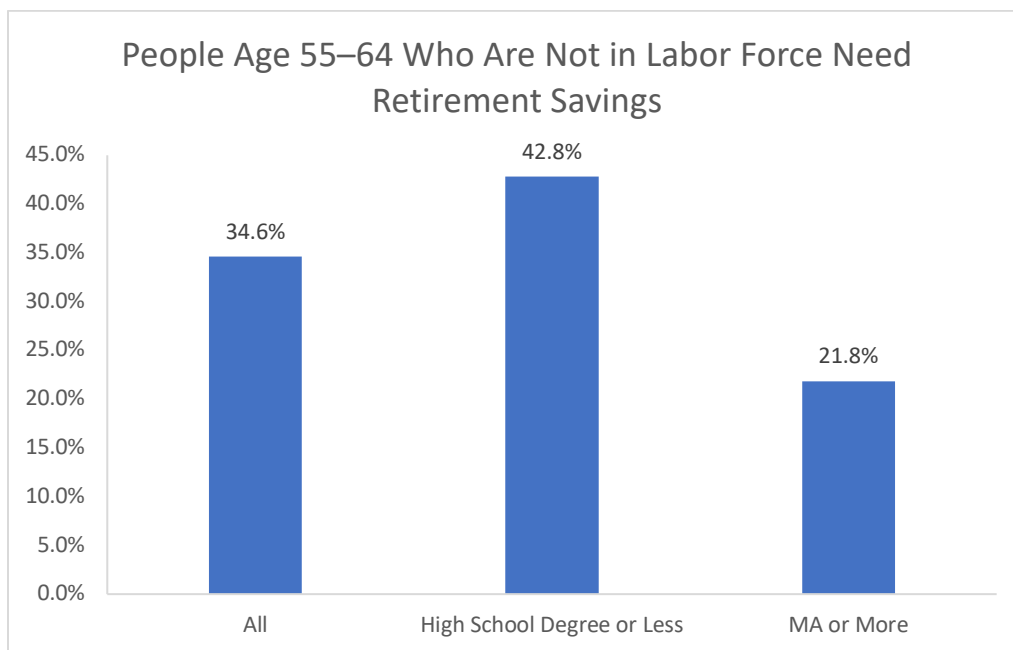
Introduction:

American workers need substantially more retirement income security because the labor market is neither safe nor strong for older people. We often hear that if you don't have enough retirement savings you could always work longer. This is a false promise. Many workers who base their retirement plans on being able to work past age 62 are likely to be disappointed. The labor market for people on the cusp of eligibility for Social Security is less secure than people might realize.¹

The rate of labor force participation drops sharply for workers between the ages of 55 and 64. Only part of this drop-off reflects voluntary early retirement. The bulk of the drop in labor force participation in these years is due to older workers being pushed out of the labor force by age discrimination, layoffs, or either their own poor health or that of their spouse.ⁱⁱ The share of retirees who feel that they were forced out of their career jobs has risen steadily over the past two decades.ⁱⁱⁱ

Examining patterns in labor force non-participation helps illuminate the challenges older workers face in staying employed up to the conventional retirement age. In the United States, only 13% of men between the ages of 45 and 54 are not in the labor force. The rate of labor force non-engagement or non-participation increases tremendously as men age; 29% of men between the ages of 55 and 64 are not working. It is unlikely that men who are not working in these earlier ages will work over age 65 even if they need more retirement income.

Women's overall rate of labor force participation is lower than that of men. Almost one-quarter of women between the ages of 45 and 54 are out of the labor force. Between the ages of 55 and 64 a full 40% are neither looking for work nor working. Across age groups, people with less educational attainment also engage less in the labor market, and these patterns persist into older ages. For Americans ages 55–64 with a master’s degree or above, 22% are out of the labor force. The rate of non-participation is nearly twice that, at 43%, for 55–64-year-olds with a high school education or less.



Source: Current Population Survey, monthly IPUMS data. Non-participation rates reflect pooled 2022 averages.

Labor Force Non-Participation Rate by Age, Sex, and Educational Status for the U.S.

Age Group	United States All	United States Men	United States Women	United States High School or Less	United States Some College	United States BA	United States MA or More
45-54	18.8	12.8	24.7	27.4	18.3	13.2	9.4
55-64	34.6	28.6	40.3	42.8	35	26.5	21.8
65-74	72.8	67.9	77.2	78.8	73.1	67.8	63.4
75+	91.6	88.6	93.8	94.5	90.8	88.6	86.5

Source: Current Population Survey, monthly IPUMS data. Non-participation rates reflect pooled 2022 averages.

Colorado

The labor force participation rate in Colorado exceeds the national average across age groups. For Coloradans in the prime age group of 45 to 54, only 11% of men and 18% of women are not in the labor force. Participation drops for people between the ages of 54 and 64. Almost one-quarter of men in this group are out of the labor force, having left or been pushed out.

Workers with less educational attainment—those with a high school degree or less—are more likely to be out of the labor force. In Colorado, 22% of prime-age adults with high school degree attainment or less are not in the labor force compared to only 8% of their counterparts with MA degrees or more. For 55–64-year-olds with a high school degree or less, 42% are neither working nor looking for work. For those with MA degrees, 20% are out of the labor force.

Women in every age group have a higher share of non-participants, but the pattern of non-participation as workers age is the same. Nonengagement in the labor force rises sharply as people age. Prime-aged women in Colorado have a labor force non-participation rate of 18%. By the time women are between the ages of 55 and 64, the non-participation rate rises to 34%.

Labor Force Non-Participation Rate by Age, Sex, and Educational Status for Selected States

Age Group	Colorado All	Colorado Men	Colorado Women	Colorado High School or Less	Colorado Some College	Colorado BA	Colorado MA or More
45-54	13.9	10.6	17.7	21.7	17.0	10.9	7.5
55-64	29.4	23.8	34.3	41.7	31.2	22.6	20.1
65-74	69.2	65.6	72.1	72.7	69.4	64.6	69.6
75+	89.7	86.6	92.7	98.0	87.2	88.0	81.4

Source: Current Population Survey, monthly IPUMS data. Non-participation rates reflect pooled 2022 averages.

South Carolina

The labor force participation rate in South Carolina lags the national average across age groups. For South Carolinians in the prime age group of 45 to 54, a full 21% of men and 28% of women are not in the labor force. Participation drops for people between the ages of 54 and 64, with 37% of men in this group out of the labor force, having left or been pushed out.

Workers with less educational attainment—those with a high school degree or less—are more likely to be out of the labor force. In South Carolina, 36% of prime-age adults with high school degree attainment or less are not in the labor force compared to only 10% of their counterparts with MA degrees or more. For 55–64-year-olds with a high school degree or less, half are neither working nor looking for work. For those with MA degrees, 22% are out of the labor force.

Women in every age group have a higher share of non-participants, but the pattern of non-participation as workers age is the same. Nonengagement in the labor force rises sharply as people age. Prime-aged women in South Carolina have a labor force non-participation rate of 28%. By the time women are between the ages of 55 and 64, the non-participation rate rises to 44%.

Labor Force Non-Participation Rate by Age, Sex, and Educational Status for Selected States

Age Group	South Carolina All	South Carolina Men	South Carolina Women	South Carolina High School or Less	South Carolina Some College	South Carolina BA	South Carolina MA or More
45-54	25.1	21.4	28.4	35.5	25.0	17.3	10.2
55-64	40.4	37.0	43.7	49.7	41.9	31.2	21.5
65-74	77.8	75.1	80.1	80.6	74.3	76.8	77.9
75+	93.7	91.1	95.6	96.9	92.2	89.6	89.4

Source: Current Population Survey, monthly IPUMS data. Non-participation rates reflect pooled 2022 averages.

Pennsylvania

The labor force participation rate in Pennsylvania is roughly in line with the national average across age groups. For Pennsylvanians in the prime age group of 45 to 54, only 16% of men and 24% of women are not in the labor force. Participation drops for people between the ages of 54 and 64, with 29% of men in this group out of the labor force, having left or been pushed out.

Workers with less educational attainment—those with a high school degree or less—are more likely to be out of the labor force. In Pennsylvania 29% of prime-age adults with high school degree attainment or less are not in the labor force compared to only 9% of their counterparts with MA degrees or more. For 55–64-year-olds with a high school degree or less, 41% are neither working nor looking for work. For those with MA degrees, 20% are out of the labor force.

Women in every age group have a higher share of non-participants, but the pattern of non-participation as workers age is the same. Nonengagement in the labor force rises sharply as

people age. Prime-aged women in Pennsylvania have a labor force non-participation rate of 24%. By the time women are between the ages of 55 and 64, the non-participation rate rises to 38%.

Labor Force Non-Participation Rate by Age, Sex, and Educational Status for Selected States

Age Group	Pennsylvania All	Pennsylvania Men	Pennsylvania Women	Pennsylvania High School or Less	Pennsylvania Some College	Pennsylvania BA	Pennsylvania MA or More
45-54	19.6	15.5	23.9	28.7	15.0	15.9	8.9
55-64	33.8	29.4	38.0	40.7	35.0	25.7	19.9
65-74	73.6	70.0	76.7	79.4	72.8	66.2	64.4
75+	91.9	87.3	95.1	94.9	92.8	86.3	83.6

Source: Current Population Survey, monthly IPUMS data. Non-participation rates reflect pooled 2022 averages.

Alabama

The labor force participation rate in Alabama lags the national average across age groups. For Alabamans in the prime age group of 45 to 54, 17% of men and 29% of women are not in the labor force. Participation drops for people between the ages of 54 and 64. One-third of men in this group are out of the labor force, having left or been pushed out.

Workers with less educational attainment—those with a high school degree or less—are more likely to be out of the labor force. In Alabama 32% of prime-age adults with high school degree attainment or less are not in the labor force compared to only 12% of their counterparts with MA degrees or more. For 55–64-year-olds with a high school degree or less, 51% are neither working nor looking for work. For those with MA degrees, 29% are out of the labor force.

Women in every age group have a higher share of non-participants, but the pattern of non-participation as workers age is the same. Nonengagement in the labor force rises sharply as people age. Prime-aged women in Alabama have a labor force non-participation rate of 29%. By the time women are between the ages of 55 and 64, the non-participation rate rises to 51%.

Labor Force Non-Participation Rate by Age, Sex, and Educational Status for Selected States

Age Group	Alabama All	Alabama Men	Alabama Women	Alabama High School or Less	Alabama Some College	Alabama BA	Alabama MA or More
45-54	23.5	17.1	29.2	32.3	20.6	16.0	11.6
55-64	42.1	33.1	50.9	50.9	37.1	36.0	29.0
65-74	78.4	74.7	81.4	83.1	75.4	73.3	74.8
75+	92.7	90.8	94.0	94.8	91.3	90.2	87.7

Source: Current Population Survey, monthly IPUMS data. Non-participation rates reflect pooled 2022 averages.

New York State

The labor force participation rate in New York is roughly in line with national average across age groups. For New Yorkers in the prime age group of 45 to 54, 14% of men and 26% of women are not in the labor force. Participation drops for people between the ages of 54 and 64, with 31% of men in this group out of the labor force, having left or been pushed out.

Workers with less educational attainment—those with a high school degree or less—are more likely to be out of the labor force. In New York 30% of prime-age adults with high school degree attainment or less are not in the labor force compared to only 10% of their counterparts with MA degrees or more. For 55–64-year-olds with a high school degree or less, 45% are neither working nor looking for work. For those with MA degrees, 28% are out of the labor force.

Women in every age group have a higher share of non-participants, but the pattern of non-participation as workers age is the same. Nonengagement in the labor force rises sharply as people age. Prime-aged women in New York have a labor force non-participation rate of 26%. By the time women are between the ages of 55 and 64, the non-participation rate rises to 42%.

Labor Force Non-Participation Rate by Age, Sex, and Educational Status for Selected States

Age Group	New York State All	New York State Men	New York State Women	New York State High School or Less	New York State Some College	New York State BA	New York State MA or More
45-54	20.2	14.1	25.9	29.9	19.8	13.9	10.4
55-64	36.6	30.8	42.2	44.7	39.0	26.1	27.6
65-74	71.3	66.2	75.9	83.0	70.2	61.1	56.0
75+	91.7	89.1	93.4	96.5	89.6	87.4	84.3

Source: Current Population Survey, monthly IPUMS data. Non-participation rates reflect pooled 2022 averages.

New York City

The labor force participation rate in New York City is roughly in line with the national average across age groups. For New Yorkers in the prime age group of 45 to 54, 11% of men and 25% of women are not in the labor force. Participation drops for people between the ages of 54 and 64, with 26% of men in this group out of the labor force, having left or been pushed out.

Workers with less educational attainment—those with a high school degree or less—are more likely to be out of the labor force. In New York City 26% of prime-age adults with high school degree attainment or less are not in the labor force compared to only 8% of their counterparts with MA degrees or more. For 55–64-year-olds with a high school degree or less, 40% are neither working nor looking for work. For those with MA degrees, 20% are out of the labor force.

Women in every age group have a higher share of non-participants, but the pattern of non-participation as workers age is the same. Nonengagement in the labor force rises sharply as people age. Prime-aged women in New York City have a labor force non-participation rate of

25%. By the time women are between the ages of 55 and 64, the non-participation rate rises to 37%.

Labor Force Non-Participation Rate by Age, Sex, and Educational Status for Selected States

Age Group	New York City All	New York City Men	New York City Women	New York City High School or Less	New York City Some College	New York City BA	New York City MA or More
45-54	18.3	11.3	25.0	25.9	19.5	15.4	8.2
55-64	31.8	26.1	37.4	40.4	36.3	24.4	20.0
65-74	68.1	61.3	74.2	80.8	62.4	61.7	53.1
75+	91.5	89.0	93.1	95.5	88.6	87.0	85.9

Source: Current Population Survey, monthly IPUMS data. Non-participation rates reflect pooled 2022 averages.

ⁱ Only about half of Americans are continuously employed between ages 51 and 61. This is an important statistic because steady employment in one’s 50s is a key factor predicting if you can work longer. It is unrealistic to think those already out of the labor force in their mid-50s will be able to find new jobs for another decade or more Truesdale, Beth C., Lisa F. Berkman, and Alexandra Mitukiewicz. 2022. “When I’m 54: Working Longer Starts Younger Than We Think.” In *Overtime: America’s Aging Workforce and the Future of Working Longer*, edited by Lisa F. Berkman and Beth C. Truesdale, 27–48. Oxford, UK: Oxford University Press. DOI: 10.1093/oso/9780197512067.003.0002).

ⁱⁱ Many older workers leave the workforce sooner than planned (Abrams, Leah R., Philippa J. Clarke, and Neil K. Mehta. 2022. “Work at Age 62: Expectations and Realisations among Recent Cohorts of Americans.” *Ageing & Society* 42 (5): 1213–33. <https://doi.org/10.1017/S0144686X20001531>).

More than half of those who retire in their late 50s or early 60s do so after experiencing poor health, job loss, deteriorating working conditions, or reduced earnings (Morrissey, Monique, Siavash Radpour, and Barbara Schuster. 2022. “The Older Workers and Retirement Chartbook.” Washington, D.C.: Economic Policy Institute. <https://www.epi.org/publication/chapter-1-older-workers/>: Chart 1F).

ⁱⁱⁱ Johnson, Richard and Gosselin, Peter. 2018. “How Secure is Employment at Older Ages?” Research Report, Urban Institute Program on Retirement Policy.