

Older Workers and Retirement Security: a Review

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Abstract: This article documents risks and disparities among older workers in the labor force and in retirement preparedness and explores the links between labor market challenges facing older workers and retirement insecurity. We use survey data from the Current Population Survey (CPS), the Health and Retirement Study (HRS), and the Survey of Consumer Finances (SCF) to update and expand upon previous research on issues including retirement plan coverage and retirement account balances, as well as older workers' labor force participation and employment, job quality, and job security. We show that while many older workers have little to nothing saved for retirement and cannot afford to retire, the advances in their employment prospects and job quality have been slow and unequal. Our findings reframe improving access to decent jobs as a complement to, rather than substitute for, retirement readiness.

Key Takeaways:

- Due to systemic inequalities in access to and participation in retirement plans and the resulting inequalities in retirement preparedness, many older workers face a sharp drop in living standards at retirement.
- Physically demanding jobs, poor health, job loss, and age discrimination, make working longer unattainable for a significant proportion of older workers, including many who cannot afford to retire.
- There is a two-way connection between work and retirement insecurity: bad jobs lead to bad retirements, and retirement insecurity locks older workers into bad jobs. The ability to retire or seek better jobs allows older workers to negotiate for better pay and working conditions.

Keywords: older workers, retirement readiness, working conditions, bargaining power

JEL Codes: J14, J26, J81

1. Introduction

This review article employs survey data from the Current Population Survey (CPS), Survey of Consumer Finances (SCF), and the Health and Retirement Study (HRS) to examine the conditions of the aging population in the United States. Our investigation centers around labor market and retirement disparities among Americans in two age groups—those ages 55 to 64 and those ages 65 and over—with particular attention paid to inequality based on gender, race and ethnicity, and socioeconomic status.

The main contribution of this article is to draw a connection between retirement insecurity and older workers' often precarious and onerous jobs. Previous studies investigate the necessity of working longer (e.g., Maestas and Zissimopoulos 2010), its feasibility as an option for older workers (e.g., Munnell, Rutledge, and Sanzenbacher. 2019; Quinby and Wettstein 2021), and its theoretical and actual benefits (e.g., Ghilarducci, Papadopoulos, and Webb 2022). Studies have also explored how a lack of retirement security reduces older workers' bargaining power (e.g. Farmand and Ghilarducci 2019). We contribute to this research by providing a comprehensive literature review and updated descriptive statistics from various surveys.

The American workforce is rapidly aging, as evidenced by the fact that 4 in 10 Americans aged 55 and older participated in the labor force during the post-Great Recession economic recovery, which marked their highest participation rate in fifty years. As of 2020, older workers accounted for 23.6% of the overall labor force, the highest share on record (authors' analysis of 1948-2021 BLS 2022a; 2022b). While the COVID-19 pandemic had an especially adverse effect on older workers and caused their share of the workforce to decline slightly in 2021 (to 23.4%), this dip is likely to be a temporary interruption of an upward trend caused by slower population growth, the aging of

the baby boomer generation, later retirement, and increased life expectancies among some workers (Toossi and Torpey 2017; Huston 2019).

Meanwhile, half of American workers face a sharp drop in living standards at retirement based on a conservative measure that assumes retirees will draw down all their savings in retirement, including home equity (Munnell, Chen and Siliciano 2021; Munnell et al. 2020). The Organisation for Economic Co-operation and Development (OECD) estimates that an American worker with average earnings will replace 39.2% of her earnings with Social Security benefits if she works steadily from age 22 to 67 (67 is Social Security's normal retirement age for workers born after 1959). This compares with an average replacement rate from mandatory pensions of 51.8% in OECD countries based on an average OECD normal retirement age of 66.1 (OECD 2021a, Chapter 4). If the American worker also participates in a 401(k) plan with a 9% contribution rate from age 35 to 67, the OECD estimates that she will replace 65.7% of her earnings in retirement, but such steady participation is unrealistic for many workers who lack access to a workplace plan (OECD 2021a, Chapter 4; OECD 2021b).

While some older Americans may elect to continue working for financial or social reasons, others may have little choice but to work in low-paid and challenging jobs without a clear path to retirement (Ghilarducci et al. 2021; Gatta and Horning 2022). The labor market environment that has shaped their working lives was characterized by a decline in unionization, an erosion of the real value of the minimum wage, and a shift in responsibility from employers to workers for health care and retirement. These factors caused most workers' wages to grow more slowly than productivity and impeded efforts to improve occupational safety and health and other working conditions (Bivens et al. 2014; Cooper and Kroeger 2017; EPI 2018; Morrissey 2023 forthcoming).

The first section of the article describes the data and methodology used for estimating the indicators of retirement security and labor force status. Next, we review the current state of retirement savings and pension plan access in the United States, with a focus on disparities by age, race, and income. We then explore the challenges faced by older workers seeking to remain in the labor force, as well as the impact of physically demanding work on retirement outcomes. Finally, we consider policy solutions that could help address these challenges and improve retirement security for all Americans.

2. Data

Our analysis combines data from three distinct data sources: (1) Health and Retirement Study (HRS), (2) Current Population Survey (CPS), and (3) Survey of Consumer Finances (SCF). Throughout our analysis, if the sample size allows for it, we present our results by age, gender, race and ethnicity, and educational attainment. Older age groups are split into those who are more likely to be full-time labor force participants (55-64 age group) and those who are more likely to have started claiming Social Security and other retirement benefits (those 65 and older), whether or not they are fully retired.

The Health and Retirement Study is a nationally representative, longitudinal study of older Americans conducted since 1992. It collects data on the health, retirement, and economic circumstances of individuals over the age of 50 (RAND 2022; University of Michigan 2022). The RAND HRS is a high-quality source for data on demographics, job quality, union representation, reasons for retirement, and job prospects, among other topics. The HRS has a large sample size of approximately 20,000 respondents per survey period, or “wave,” but it is sometimes necessary to pool several waves to have a large enough sample size to analyze subgroups. We use HRS data to

estimate the share of workers in physically demanding jobs, share of involuntary retirements, and financial fragility among older households.

We use data from the Current Population Survey Outgoing Rotation Group covering the years 1982–2022 extracted from CPS-IPUMS (Flood et al. 2021) to capture trends in labor force participation, employment, unemployment rates, and unionization among older workers in the U.S.

The Survey of Consumer Finances is another nationally representative survey conducted by the Federal Reserve, collecting detailed information on the finances of U.S. households (Federal Reserve 2022). Since we are interested in individual-level access and participation rates, we disaggregated the household-level SCF data based on the individual responses. As individual responses are only provided for the respondent and their spouse or domestic partner (Radpour et al. 2021), our estimate does not cover working adults attached to the households who are not the main respondent or their spouse. These other household members might have lower retirement plan coverage and might be more likely to be low-earners or part-time workers, which potentially biases our results upwards.

Lastly, we use SCF data to examine household-level median retirement account savings by age, educational attainment, gender and marital or domestic partnership status, as well as race and ethnicity. Due to the survey structure, a household's age, educational attainment, race, and ethnicity are based on the age, education level, race, and ethnicity of the reference person, who, in households of more than one person, is defined by the SCF as the male in a mixed-sex couple or the older person in a same-sex couple. Account balance calculations for Hispanic households age 55 and older and Black households age 65 and older should be interpreted with caution because of small sample sizes of such households with retirement account savings. We additionally report the share of older worker households with retirement assets (including future defined benefit pension

wealth from current or previous jobs) and their median defined contribution plan balances by plan type and various subgroups. The median household retirement account savings includes reported savings in accounts held by both spouses or partners, in the case of married or partnered couples, and—less commonly—the retirement account savings of other people who are financially interdependent with the “economically dominant” individual or couple in the household (Bhutta et al. 2020). The retirement savings of financially independent household members are not included in the survey. To the extent that adult children living with their parents, unrelated housemates, and others omitted from the survey have retirement savings that are lower on average than the savings of married or partnered couples and individuals living alone, measures of retirement wealth will be biased upward.

3. Retirement Preparedness among Older Workers

The U.S. retirement system is sometimes described as a three-legged stool comprised of mandatory Social Security, voluntary employer pensions, and private savings. This is offered as a way of explaining Social Security's modest benefits, but the other legs are so wobbly that the value of Social Security benefits far exceeds that of other retirement savings and benefits for at least half of older Americans (Sabelhaus and Volz 2020, Figure 4). Because many workers fall through the cracks of the employer-based system, many continue working into old age to make ends meet, including some who are already collecting Social Security. Among seniors 65 and older, one fourth of whom are still working, four in ten rely on Social Security for at least half their income (Dushi and Trenkamp 2021).

Roughly half of prime-age workers (ages 25–54) and older workers approaching retirement (ages 55–64) participate in a retirement plan, such as a traditional defined benefit pension plan or 401(k)-

style defined contribution plan. This share has not changed noticeably in recent decades despite a change in the tax code in the late 1970s that set the stage for 401(k) plans (see Exhibit 1). Under a defined contribution plan such as a 401(k), employee and/or employer contributions go into an investment account. These plans shift much of the cost and all of the risk of retirement onto workers (Morrissey 2019).

[Exhibit 1 around here]

i. Access to and participation in Employer-Sponsored Retirement Plans

Only 57.2% of older workers approaching retirement (ages 55–64) participate in a retirement plan. This is only slightly more than the 53.4% of prime-age workers (ages 25–54) who participate (see Exhibit 2).

[Exhibit 2 around here]

Retirement plan access and participation are much lower among workers age 65 and older. Some workers in this age group are semiretired and continue working for noneconomic reasons. But others need to work longer and save more to make up for insufficient retirement savings, often because of a lifetime of lower-income work. Lack of access to retirement plans at work makes saving for retirement more difficult. This is true even for workers who can stay employed and postpone their retirement (see Ghilarducci, Papadopoulos, and Webb 2022).

The numbers in Exhibit 2 suggest that lack of access is the biggest factor depressing worker participation in retirement plans. In most cases, workers who do not participate lack access to a plan, either because their employer does not sponsor one or because they do not meet eligibility requirements based on hours worked or tenure.

Working women approaching retirement (ages 55–64) are as likely to have access to a retirement plan as their male counterparts and are more likely to participate (see Exhibit 2). However, working women age 65 and older are less likely to have access to a plan than working men in their age group or workers ages 55–64 (both men and women). The limited access to retirement for working women age 65 and older is partly due to their work in part-time jobs, which are less likely to provide retirement benefits. Older Black workers (age 55 and older) are slightly more likely to have access to a retirement plan than older white workers, though their participation rate is lower.

Older Hispanic workers are much less likely than either Black or white workers to have access to or participate in retirement plans. Separate analysis of Survey of Consumer Finances and Current Population Survey data reveals some factors at play behind the differing access rates. Older Black workers are more likely to work full-time, more likely to work in the public sector, and less likely to be self-employed than older white workers, all factors associated with greater access to retirement benefits. On the other hand, older Hispanic workers are much less likely than Black or white workers to have jobs in the public sector.

The lower participation rates for Black and Hispanic workers are due in part to industry characteristics. Black and Hispanic workers are much more likely to work in such sectors as the Accommodation and Food Services sector, where pay is low and benefits are meager (Rhee 2021). A 2022 survey ranked this sector last in the quality of 401(k) plans offered (Godbout 2022). Low-income workers, including many Black and Hispanic workers, also receive little or no tax benefit from participating in a plan because they owe payroll and other taxes but not income tax. Low pay, low employer matches, and low or no tax benefits discourage participation in defined contribution plans that require workers to contribute to the plan and assess a penalty if workers need to access funds before age 59½ (Morrissey 2019).

High earners are much more likely than low earners to have access to and participate in retirement plans. Among workers approaching retirement age (ages 55–64), those in the top earnings fifth are three times as likely to have access and more than four times as likely to participate as those in the bottom earnings fifth.

ii. Retirement Assets

Just over half (54.5%) of households approaching retirement age (ages 55–64) have savings in a 401(k)-type account or an IRA (see Exhibit 3). That is about the same share (55.1%) as prime-age households (ages 25–54). However, prime-age households are less likely to have traditional pensions or other defined benefit plans from current or previous jobs. Households age 65 and older are less likely to have retirement account savings. But households age 65 and older are more likely than their counterparts approaching retirement age (ages 55–64) to have defined benefit plans from a current or past job. Half (49.7%) of household age 65 and older have defined benefit plans, versus 33.0% of households ages 55–64.

[Exhibit 3 around here]

Among households with retirement account savings, account balances are higher for both groups of older households than for prime-age households, as would be expected (see Exhibit 4). However, the median retirement account balance for households ages 55–64 is \$134,000, only somewhat higher than their median income of \$97,739.¹ Workers who have both retirement savings and a defined benefit pension, which is more common among unionized employees and

¹ Authors' calculations of 2019 Survey of Consumer Finances data.

those with higher pay, tend to have higher retirement savings than those who only have defined contribution savings, irrespective of their income level.

Older Black and Hispanic households are far less likely than older white households to have savings in a 401(k)-type account or an IRA. Only 15.0% of Hispanic households and 20.8% of Black households in the age 65 and older group have retirement account savings. Even among retirement savers in this age group, the typical (i.e., median or 50th percentile) account balance is much lower for Black households (\$38,600) and Hispanic households (\$41,000) than for white households (\$150,000).

[Exhibit 4 around here]

Among households in the 55–64 age group with retirement account savings, the typical account balance for Hispanic households (\$105,000) is higher than the typical balance for Black households (\$62,000). But a lower share of Hispanic households have retirement savings in the first place. As with the 65 and older age group, white households in the 55–64 age group are much more likely to have retirement account savings (61.8%) than either Black households (35.5%) or Hispanic households (29.5%). And white households with retirement account savings also have the highest median account balances (\$156,000).

The Black-white gap in retirement participation is exacerbated by fewer years of employment, a problem linked to employment discrimination, health disparities, caregiving responsibilities, and incarceration. The unemployment rate of older Black workers ages 55–64 is typically 1.5 to 2 times that of older white workers (Wilson and Darity 2022). Black Americans are nearly five times as likely to be incarcerated as white Americans, with dire consequences for future employment and retirement outcomes (Schmitt and Kandra 2021; Chiteji 2020). In addition to higher rates of

job loss and incarceration, Black workers are more likely than white workers to leave the workforce for health reasons or to care for family members, including grandchildren (Copeland and Greenwald 2021; Johnson 2020; Lahey 2018). Among those ages 45–65, 32% of Black and 23% of white adults were not working when surveyed in 2001–2019 (Sabelhaus and Thompson 2021, Table 10).

Hispanic workers are less likely to participate in retirement plans than either white or Black workers—a finding that holds true across age and education groups. For example, Hispanic workers ages 45–65 were less likely to participate in retirement plans (35%) than their white (59%) or Black (56%) counterparts in 2001–2019. Unlike older Black workers, older Hispanic workers also had lower defined benefit pension coverage (13%) than older white (24%) workers (Sabelhaus and Thompson 2021, Table 10).

4. Working Conditions and Job Security among Older Workers

i. Labor Force Participation among Older Population

Over the past 15 years, the labor force participation (LFP) rate for individuals aged 55 to 64 has remained relatively constant. For women, this rate had increased consistently in the decades before, while for men it had slightly decreased. Meanwhile, despite the small fluctuations around the Great Recession and the Covid-19 pandemic, the LFP rate for those aged 65 and above has been consistently trending upwards for both genders over the past 30 years (see Exhibit 5).

These trends for older workers are in stark contrast to the long-term decline in LFP rates for prime-age workers (those aged 25 to 54). Studies have linked this decline to a lack of support for working women with caregiving responsibilities and decreasing job opportunities for men without college

degrees, among other factors (see, for instance, Hipple 2016; Krueger 2017; Richter, Chapman, and Mihaylov 2018).

[Exhibit 5 around here]

The increased LFP rate among Americans aged 65 and above may be a result of both positive and negative factors, such as improved health and job opportunities for highly educated seniors, as well as declining retirement security for less-educated workers. Meanwhile, the stagnant LFP rate among Americans aged 55 to 64 is due to offsetting trends. On one hand, fewer 55-year-olds are still working as a result of the decline in prime-age LFP. On the other hand, those who are still working at age 55 are retiring later, leading to a shallower decline in LFP rates for those in the 55–64 age range.

Among Americans aged 55–64, Hispanic and Asian American and Pacific Islander (AAPI) men have the highest LFP rates, followed by white men (see Exhibit 6). Hispanic men are also the most likely to continue working (or searching for work) past the age of 65, when compared to men of other races and ethnicities. Older Black men have the lowest LFP rates across both groups of older men, and research suggests that poor health is a primary reason why they exit the labor force (Quinby and Wettstein 2021). Differences in LFP rates among older women aged 55–64 based on race and ethnicity are less apparent than for older men in this age group. However, Hispanic women are less likely than other women to be working at older ages.

[Exhibit 6 around here]

ii. Older Workers in Physically Demanding Jobs

The increase in LFP among older workers, however, was not a result of jobs becoming significantly less physically demanding. Recent research indicates that progress has been slow and

uneven. While there has been a shift from moderately physical jobs to sedentary but cognitively demanding ones, the share of older workers with jobs requiring intense or sustained physical effort has only slightly declined (Johnson 2004; Johnson, Mermin, and Resseger 2007; Ghilarducci et al. 2016).

Our estimates show that about 3 in 10 (31.6%) workers ages 55–64 and 4 in 10 (41.1%) non-college-educated workers in this age group reported working in jobs that required “lots of physical effort” most or all of the time (see Exhibit 7). The share of non-college-educated workers with physically demanding jobs is lower at age 65 and older, but still surprisingly high (32.3%).

Other research corroborates these findings. According to the Center for Economic Policy Research, 34.8% of workers age 58 and older had physically demanding jobs in 2009 (Rho 2010), a percentage that remained essentially unchanged (34.5%) five years later (Bucknor and Baker 2016). A survey by RAND revealed that 37.5% of workers age 50 and older regularly moved heavy loads or people, 36.8% often worked in tiring or painful positions, and 29.3% had jobs that involved standing all or almost all of the time. Furthermore, a majority of older workers (58.0%) were exposed to at least one of these difficult working conditions (Maestas et al. 2017).

Older Black and Hispanic workers are much more likely than white workers to have physically demanding jobs. The share of Black and Hispanic workers with jobs that require “lots of physical effort” all or most of the time is above 40% for those ages 55–64 and remains high (above 30%) for those age 65 and older (see Exhibit 8).

The slight shift over time toward less physically demanding work has been concentrated among white workers (Ghilarducci et al. 2016). Between 1992 and 2014 the share of white workers ages 55–62 with jobs described as requiring “lots of physical effort” decreased 7 percentage points. But

during that period there was just a 1 percentage-point decline in the share of Black workers in that age group with such jobs.

The distribution of physically taxing jobs is mixed when it comes to gender. Men ages 55–64 are more likely to have physically demanding jobs than women ages 55–64, but among workers 65 and older, white and Hispanic men are less likely than white and Hispanic women to have physically demanding jobs. This does not contradict other research finding that older men generally have more physically demanding jobs because workers 65 and older are a relatively small share of the older workforce (Maestas et al. 2017; Rho 2010).

iii. Job Security and Involuntary Retirement

Many workers who retire in their 50s or early 60s do so after experiencing poor health, job loss, deteriorating working conditions, or reduced earnings. Among retired workers ages 55–64, slightly more than half (53.6%) retired involuntarily (see Exhibit 9). The share is lower among retirees age 65 and older (45.1%), simply because more workers in this age group are ready to retire and thus do so voluntarily. The high share of involuntary retirements before age 65 shows that the plan to work to age 65 or older—voiced by roughly half of workers (Munnell, Rutledge, and Sanzenbacher 2019)—is often unrealistic.

[Exhibit 9 around here]

Other research has confirmed high rates of involuntary retirement and suggests that involuntary retirement may be increasing (Munnell, Rutledge, and Sanzenbacher 2019; Johnson and Gosselin 2018). We find that just over half (52.7%) of 55- to 64-year-old women who retired did so after experiencing poor health, job loss, deteriorating working conditions, or reduced earnings at their last job. The share of men in this age group experiencing involuntary retirement is even higher

(54.7%). The difference could be because men are more likely to have physically demanding jobs that are challenging for workers in poor health (Maestas et al. 2017) or simply because many women voluntarily retire before age 65 to retire around the same time as older husbands (Maestas 2018).

Compared to gender differences, the gap in involuntary retirement is larger among groups with different educational attainments. Over half (58.6%) of non-college-educated retirees ages 55–64, and nearly half (47.5%) of their 65-and-older counterparts, had experienced poor health, job loss, deteriorating working conditions, or reduced earnings at their last job. These non-college-educated workers are more likely than college-educated workers to be in poor health, which is the biggest cause of involuntary retirement (Munnell, Rutledge, and Sanzenbacher 2019; Rutledge 2018).

Six out of 10 Hispanic and Black 55- to 64-year-olds who retired had experienced poor health, job loss, deteriorating working conditions, or reduced earnings at their last job. In contrast, just over half (51.6%) of white workers who retired before age 65 did so involuntarily. White workers are more likely than their Hispanic and Black peers to retire voluntarily because they have the means to forgo job earnings and have access to affordable health insurance before attaining Medicare eligibility at age 65 (Copeland and Greenwald 2021). Financial pressures hindering voluntary retirement reported by more Black and Hispanic workers include not just low income and wealth, but also the need to pay off debt, provide economic support to friends and family, and pay for a child's education. These pressures lead to wider gaps between when Black and Hispanic workers expect to retire and the actual experience of Black and Hispanic retirees (relative to white retirees' expectations and experiences of retirement).

Union members are less exposed to the risk of involuntary retirement. This is likely because unions offer better protections against arbitrary termination and union jobs offer better health and leave

benefits. Differences in the composition of the unionized and nonunionized workforce may also play a role, as public-sector workers, who are more likely to have college degrees and white-collar jobs, are also more likely to belong to unions (Gould 2020; Bivens et al. 2017).

Finally, workers represented by a union are more likely than nonunion workers to have access to a retirement plan at work and are better prepared for retirement, according to analysis of 2019 Survey of Consumer Finances data (Federal Reserve 2022). This gives union workers more control over how long to work and when to retire. Union representation, however, has generally declined as labor laws and institutions—notably the weak penalties imposed on employers engaged in unfair labor practices—increasingly serve to help private-sector employers block organizing efforts (Mishel, Rhinehart, and Windham 2020). As Exhibit 10 shows, this is true for workers ages 55–64 as well as prime-age workers ages 25–54. An exception is workers 65 and older, who are less likely to be represented by a union than younger workers but have not seen a decline in representation. These workers are more likely to work in part-time and other noncareer jobs not covered by union contracts (Authors’ analysis of RAND-HRS data; see also Johnson, Kawachi, and Lewis 2009). Their low but stable union representation may be because union workers are retiring at older ages because of a shift away from physically demanding manufacturing jobs (Bivens et al. 2017) and because many pension plans for unionized public-sector workers have raised their normal retirement ages (Brainard and Brown 2018).

[Exhibit 10 around here]

Given the prevalence of involuntary retirement, age discrimination, and other institutional barriers to reemployment of older workers, it is not surprising that a high shares of older workers are pessimistic about their work options should they lose their job. Research shows that older workers are more likely than younger workers to think they cannot find a job comparable to their current

one—a well-founded fear that exists at every earnings level and reflects the reality of an unfriendly labor market for older job seekers (RELAB 2020). Our estimates show that this belief is especially prevalent among workers age 65 and older, though a tight labor market gives these workers more confidence about their job prospects.

When the economy in 2010 was reeling from the Great Recession, nearly three-fourths (72.3%) of workers age 65 and older and nearly two-thirds (64.4%) of workers ages 55–64 said that if they lost their job they would not find a comparable one (see Exhibit 11). Those shares were far lower in 2018, when the economy had fully recovered and the unemployment rate was less than half of what it was in 2010 (BLS 2022c).

[Exhibit 11 around here]

In addition to facing age discrimination in hiring, older workers may have more job-specific skills that are less valuable to other employers. The difficulty older workers face in finding a comparable job, which is similar for college-educated and non-college-educated workers and for white, Black, and Hispanic workers, weakens their ability to bargain for better pay and working conditions (RELAB 2020).

Older women have higher rates of perceived job insecurity (see Exhibit 12), probably with good reason. Lahey (2008), for example, found that younger women job applicants were more than 40% more likely than older women applicants to be called for interviews for entry-level jobs. Another study, by Neumark, Burn, and Button (2019), found that potential employers discriminate against both middle-aged (ages 49–51) and older (ages 64–66) women applicants even for jobs that are not physically demanding. In contrast, middle-aged men do not face discrimination for physically

demanding or not physically demanding jobs. It is only older men who face job discrimination, and only when they are applying for physically demanding jobs.

[Exhibit 12 around here]

5. Discussion and Conclusion: Linking Retirement Readiness and Working Conditions at Old Ages

The monopsony model of the labor market (e.g., Manning 2003) emphasizes the role of bargaining power in setting pay rather than assuming that wages are wholly determined by competitive market forces. It suggests that retirement insecurity can decrease older workers' bargaining power (in technical terms, their "reservation wages"), leading to lower wages or unfavorable working conditions. Researchers have used such models to demonstrate the relationship between wages and quit rates (e.g., Naidu and Carr 2022). However, the relationship between retirement security and bargaining power is more complex and dynamic, which makes it difficult to analyze empirically. Bad jobs also tend to lack retirement benefits, which exacerbates retirement insecurity and further undermines workers' bargaining power (RELAB 2020). Although the dynamics between low pay and retirement insecurity cannot be accurately estimated without identifying exogenous variables that directly affect only pay or retirement but not both (a challenge in empirical research), quantitative and qualitative studies on retirement preparedness and working conditions among older workers provide compelling evidence of this two-way relationship.

While some older workers remain in the labor force because they enjoy work, the majority of them do so because of their financial situation and lack of adequate retirement assets (Ghilarducci, Papadopoulos, and Webb 2022). Many of these workers are locked in low-paying and physically demanding jobs, until they are not able to continue working (Gatta and Horning 2022). For older

workers, issues of retirement security and issues of working conditions are two sides of the same coin and one cannot be addressed without the other (Berkman and Truesdale 2022). Therefore, policies to improve the working conditions and employment prospects of older workers should be combined with policies that promote older workers' retirement security to provide older workers with the choice of working in age-friendly jobs or retiring after a lifetime of work.

Older workers can benefit from policies such as expanded unemployment insurance that empower all workers but may disproportionately help vulnerable older workers and other disadvantaged groups. Older workers can also be helped by policies that level the playing field with younger workers. A growing body of research finds that many employers discriminate against older applicants (e.g. Lahey 2008; Farber et al. 2019 ; Neumark et al. 2019a; 2019b). Policymakers could strengthen protections for older workers, who under the Supreme Court's interpretation of the Age Discrimination in Employment Act (ADEA) face a stricter burden of proof than plaintiffs in other employment discrimination cases (Harrison 2021; Olen 2019; McLaughlin 2019). The ADEA is further weakened by the growing practice of employers requiring workers to agree to arbitration to resolve disputes rather than pursuing claims in court (Colvin 2018; Harris 2020). In addition to tightening legislative language and ending forced arbitration, regulators could identify and prevent discriminatory practices, such as posting job descriptions with ageist language (Burn et al. 2022).

Stereotyping older workers prevents employers from hiring the best person for the job, to the detriment of both employers and workers. But discrimination can be rational if employers are trying to avoid higher health or other costs associated with employing older workers. Expanding Medicare eligibility to more older workers—or to everyone—and making it the primary payer is one way to remove health costs as a disincentive to employing older workers (Clark and Shoven 2019).

Access to secure retirement benefits gives older workers the freedom to walk away from bad jobs, reinforcing their bargaining power (Farmand and Ghilarducci 2019). Policies that expand access to workplace retirement plans, facilitate retirement savings especially for low-income workers, and strengthen Social Security, SSI, and other social insurance programs that improve retirement security could also help enhance older workers' bargaining power.

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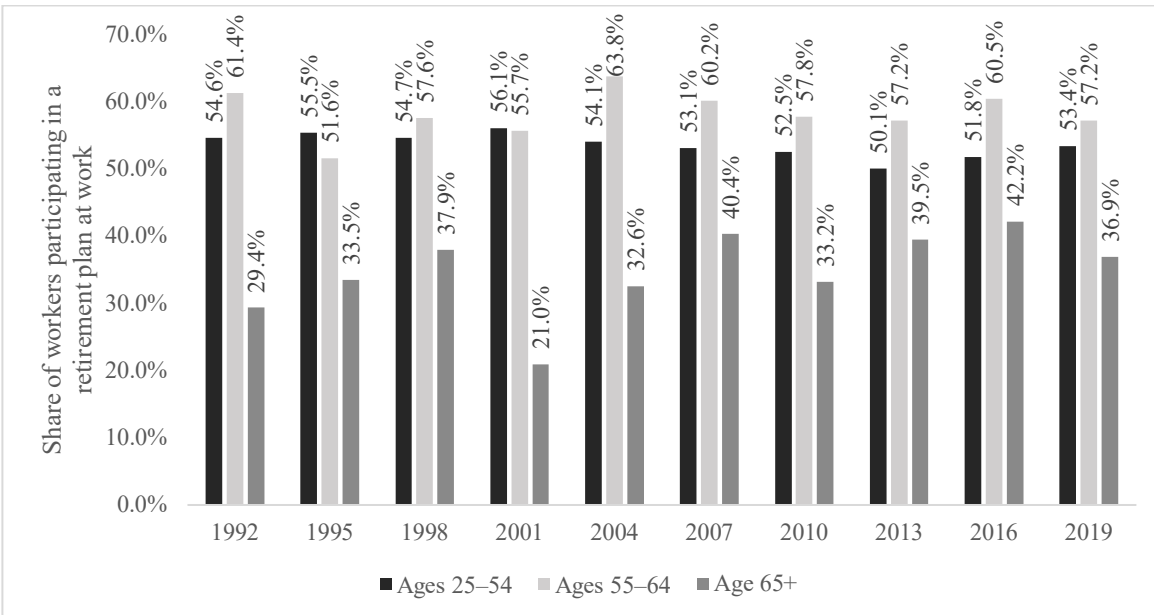
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7. Exhibits

Exhibit 1: Participation rate in workplace retirement plans among workers, by age group, 1982-2022.



Notes: The sample includes survey respondents and spouses or domestic partners who are employees or self-employed workers. Participants in a plan are workers who answered “yes” to a question about whether they were included in any “pension, retirement, or tax-deferred savings plans” connected with their job (not including IRA or Keogh plans) and workers whose spouse or partner answered “yes” for them.

Source: Authors’ analysis of 1992 to 2019 SCF data.

Exhibit 2. Access to and participation in workplace retirement plans, by worker characteristics, 2019.

| Age | | Access rate | Participation rate |
|-------------------------------|----------------------------------|--------------------|---------------------------|
| | <i>Ages 25–54</i> | 63.0% | 53.4% |
| | <i>Ages 55–64</i> | 66.5% | 57.2% |
| | <i>Age 65+</i> | 46.3% | 36.9% |
| Educational attainment | | | |
| <i>Ages 55–64</i> | <i>No college degree</i> | 61.6% | 48.6% |
| | <i>Bachelor's degree or more</i> | 73.9% | 69.9% |
| <i>Age 65+</i> | <i>No college degree</i> | 42.1% | 27.4% |
| | <i>Bachelor's degree or more</i> | 51.6% | 48.8% |
| Gender | | | |
| <i>Ages 55–64</i> | <i>Men</i> | 65.6% | 54.7% |
| | <i>Women</i> | 67.5% | 59.8% |
| <i>Age 65+</i> | <i>Men</i> | 50.6% | 41.4% |
| | <i>Women</i> | 41.1% | 31.5% |
| Race & Ethnicity | | | |
| <i>Age 55+</i> | <i>White</i> | 63.1% | 54.4% |
| | <i>Black</i> | 63.8% | 50.3% |
| | <i>Hispanic</i> | 40.1% | 30.3% |
| Earnings groups | | | |
| <i>Ages 55–64</i> | <i>Top fifth</i> | 82.3% | 79.5% |
| | <i>2nd from top</i> | 80.6% | 73.4% |
| | <i>Middle fifth</i> | 75.0% | 63.4% |
| | <i>2nd from bottom</i> | 56.7% | 41.0% |
| | <i>Bottom fifth</i> | 27.6% | 18.3% |
| <i>Age 65+</i> | <i>Top fifth</i> | 68.1% | 67.6% |
| | <i>2nd from top</i> | 62.2% | 52.3% |
| | <i>Middle fifth</i> | 56.4% | 47.8% |
| | <i>2nd from bottom</i> | 53.6% | 41.7% |
| | <i>Bottom fifth</i> | 22.6% | 11.0% |

Source: Authors' analysis of 2019 SCF data.

Note: Sample includes employees and self-employed workers. Participants in a plan are workers who answered “yes” to a question about whether they were included in any “pension, retirement, or tax-deferred savings plans” connected with their job (not including IRA or Keogh plans) and workers whose spouse or partner answered “yes” for them. Workers with access to a plan are workers who answered “yes” to questions about whether their employer offered any such plans and whether they were eligible to be included in any of those plans and workers whose spouse or partner answered “yes” for them. Self-employed workers are not asked about eligibility; therefore we classified those self-employed who indicated that they participate in a retirement plan as having access, and those who do not participate as not having access.

Exhibit 3. Share of households with retirement assets, by household head’s characteristics and retirement asset type, 2019.

| Age | | No Assets | DB Only | DC Only | DC w/ DB | Any DC Assets |
|-------------------------------|----------------------------------|------------------|----------------|----------------|-----------------|----------------------|
| | <i>Ages 25–54</i> | 38.0% | 6.9% | 41.5% | 13.6% | 55.1% |
| | <i>Ages 55–64</i> | 33.7% | 11.9% | 33.4% | 21.1% | 54.5% |
| | <i>Age 65+</i> | 30.4% | 25.9% | 19.9% | 23.8% | 43.7% |
| Educational attainment | | | | | | |
| | <i>No college degree</i> | 44.4% | 11.7% | 29.5% | 14.5% | 44.0% |
| <i>Ages 55–64</i> | <i>Bachelor’s degree or more</i> | 12.2% | 12.2% | 41.3% | 34.2% | 75.5% |
| | <i>No college degree</i> | 41.9% | 27.5% | 14.6% | 16.0% | 30.6% |
| <i>Age 65+</i> | <i>Bachelor’s degree or more</i> | 10.8% | 23.1% | 28.9% | 37.1% | 66.0% |
| Gender | | | | | | |
| | <i>Couples</i> | 23.7% | 12.0% | 37.5% | 26.8% | 64.3% |
| <i>Ages 55–64</i> | <i>Single men</i> | 51.7% | 12.2% | 24.6% | 11.5% | 36.1% |
| | <i>Single women</i> | 44.0% | 11.4% | 30.2% | 14.5% | 44.7% |
| | <i>Couples</i> | 21.1% | 23.0% | 25.1% | 30.8% | 55.9% |
| <i>Age 65+</i> | <i>Single men</i> | 38.2% | 34.4% | 13.4% | 14.1% | 27.5% |
| | <i>Single women</i> | 40.2% | 26.0% | 15.6% | 18.3% | 33.9% |
| Race & ethnicity | | | | | | |
| | <i>White</i> | 27.5% | 10.7% | 38.6% | 23.2% | 61.8% |
| <i>Ages 55–64</i> | <i>Black</i> | 50.2% | 14.4% | 19.0% | 16.4% | 35.4% |
| | <i>Hispanic</i> | 55.6% | 14.8% | 16.5% | 13.1% | 29.6% |
| | <i>White</i> | 25.8% | 26.0% | 21.4% | 26.8% | 48.2% |
| <i>Age 65+</i> | <i>Black</i> | 47.5% | 31.7% | 8.3% | 12.5% | 20.8% |
| | <i>Hispanic</i> | 65.9% | 19.1% | 12.7% | 2.2% | 14.9% |

Source: Authors’ analysis of 2019 SCF data.

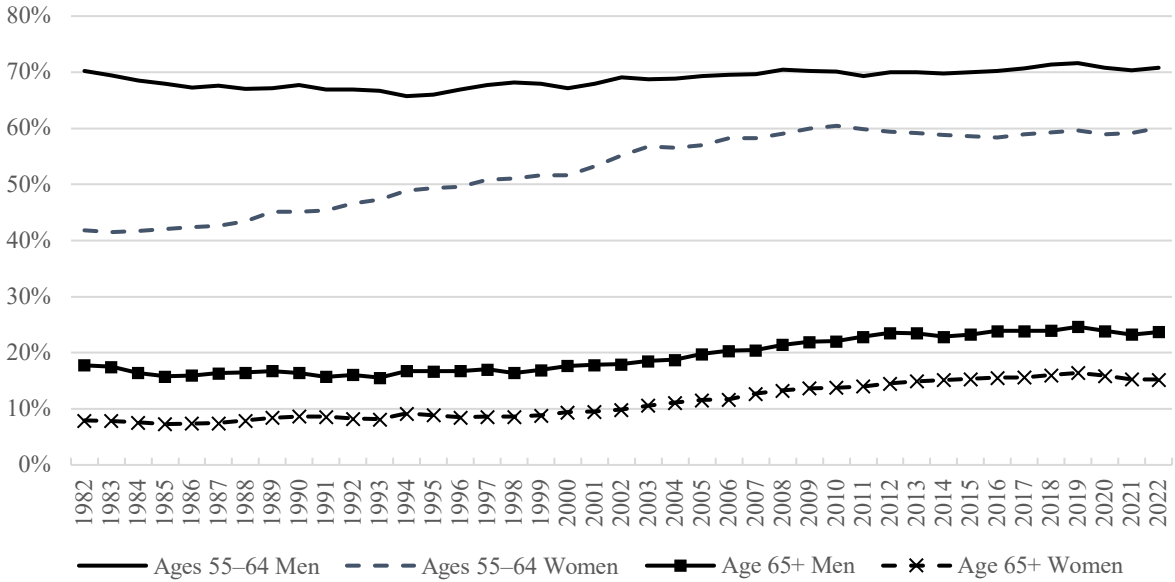
Exhibit 4: Median retirement account savings (DC plan balances and IRAs) of older households, by plan type, age, educational attainment, gender/marital or domestic partnership status, race, and ethnicity, 2019

| Age | Households with DC assets only | Households with both DC & DB assets | Households with DC Assets | All households | |
|-------------------------------|---------------------------------------|--|----------------------------------|-----------------------|-----------|
| <i>Ages 25–54</i> | \$40,000 | \$60,000 | \$44,500 | \$5,000 | |
| <i>Ages 55–64</i> | \$100,000 | \$229,000 | \$134,000 | \$30,000 | |
| <i>Age 65+</i> | \$143,000 | \$111,000 | \$125,000 | \$16,000 | |
| Educational attainment | | | | | |
| <i>Ages 55–64</i> | <i>No college degree</i> | \$51,000 | \$121,000 | \$74,000 | \$0 |
| | <i>Bachelor’s degree or more</i> | \$260,000 | \$302,100 | \$295,000 | \$210,000 |
| <i>Age 65+</i> | <i>No college degree</i> | \$97,000 | \$59,800 | \$70,000 | \$0 |
| | <i>Bachelor’s degree or more</i> | \$200,000 | \$190,000 | \$200,000 | \$130,000 |
| Gender | | | | | |
| <i>Ages 55–64</i> | <i>Couples</i> | \$156,000 | \$275,000 | \$197,000 | \$78,000 |
| | <i>Single men</i> | \$85,000 | \$330,000 | \$97,000 | \$0 |
| | <i>Single women</i> | \$58,000 | \$68,000 | \$59,000 | \$300 |
| <i>Age 65+</i> | <i>Couples</i> | \$173,000 | \$180,000 | \$174,000 | \$ 62,000 |
| | <i>Single men</i> | \$256,000 | \$134,000 | \$172,000 | \$0 |
| | <i>Single women</i> | \$40,000 | \$56,000 | \$50,000 | \$0 |
| Race & ethnicity | | | | | |
| <i>Ages 55–64</i> | <i>White</i> | \$115,000 | \$275,000 | \$156,000 | \$48,000 |
| | <i>Black</i> | \$44,000 | \$128,000 | \$62,000 | \$0 |
| | <i>Hispanic</i> | \$150,000 | \$72,000 | \$105,000 | \$0 |
| <i>Age 65+</i> | <i>White</i> | \$156,000 | \$134,000 | \$150,000 | \$30,000 |
| | <i>Black</i> | \$40,000 | \$37,600 | \$38,600 | \$0 |
| | <i>Hispanic</i> | \$40,000 | \$75,000 | \$41,000 | \$0 |

Source: Authors’ analysis of 2019 SCF data.

Note: Retirement account savings include funds in 401(k)-style defined contribution plans and in IRAs. The median household retirement account savings includes reported savings in accounts held by both spouses or partners, in the case of married or partnered couples, and—less commonly—the retirement account savings of other people who are financially interdependent with the “economically dominant” individual or couple in the household (Bhutta et al. 2020). The retirement savings of financially independent household members are not included in the survey.

Exhibit 5. Labor force participation among older Americans by age group, 1982-2022



Source: Authors' calculation using CPS Outgoing Rotation Group 1982-2022.

Exhibit 6: Labor force participation among older Americans by gender, race, and ethnicity, 2022

| | | White | Black | Hispanic | AAPI |
|-------------------|--------------|--------------|--------------|-----------------|-------------|
| Ages 55–64 | Men | 71.2% | 60.6% | 77.2% | 73.3% |
| | Women | 61.4% | 58.1% | 56.9% | 60.5% |
| Age 65+ | Men | 23.7% | 21.7% | 27.4% | 21.5% |
| | Women | 15.2% | 16.2% | 12.5% | 17.2% |

Source: Authors' calculation using CPS Outgoing Rotation Group 2022.

Exhibit 7: Share of older worker in physically demanding jobs, by educational attainment and age group,2018

| | All educations | No college degree | Bachelor's degree or more |
|-------------------|-----------------------|--------------------------|----------------------------------|
| Ages 55–64 | 31.6% | 41.1% | 15.0% |
| Age 65+ | 24.1% | 32.3% | 14.5% |

Source: Authors' calculation using 2018 HRS data.

Note: Workers are in a physically demanding job if they reported that their job requires “lots of physical effort” “all” or “most” of the time.

Exhibit 8: Share of older workers in physically demanding jobs, by gender, race and ethnicity, and age group, 2018.

| | | White | Black | Hispanic |
|-------------------|--------------|--------------|--------------|-----------------|
| Ages 55–64 | Men | 29.5% | 48.2% | 47.1% |
| | Women | 25.6% | 41.4% | 43.1% |
| Age 65+ | Men | 15.9% | 43.1% | 37.2% |
| | Women | 26.2% | 33.1% | 43.8% |

Source: Authors’ calculation using 2018 HRS data.

Note: Workers are in a physically demanding job if they reported that their job requires “lots of physical effort” “all” or “most” of the time.

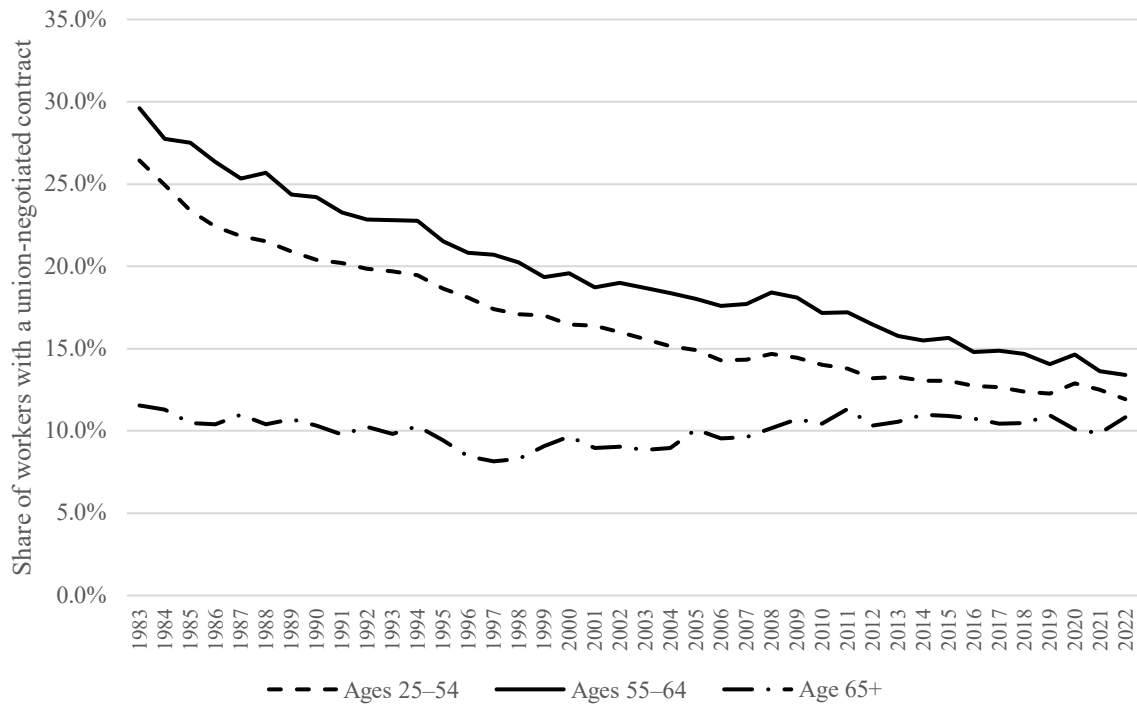
Exhibit 9. Share of older workers transitioning from employment to retirement who left their last job involuntarily, by worker characteristics, 2014–2018 pooled data.

| Union representation | | Involuntary retirement rate |
|-------------------------------|----------------------------------|------------------------------------|
| <i>Ages 55–64</i> | <i>All workers</i> | 53.6% |
| | <i>Not unionized</i> | 58.6% |
| | <i>Unionized</i> | 36.7% |
| <i>Age 65+</i> | <i>All workers</i> | 45.1% |
| | <i>Not unionized</i> | 46.2% |
| | <i>Unionized</i> | 35.2% |
| Educational attainment | | |
| <i>Ages 55–64</i> | <i>No college degree</i> | 58.6% |
| | <i>Bachelor’s degree or more</i> | 43.2% |
| <i>Age 65+</i> | <i>No college degree</i> | 47.5% |
| | <i>Bachelor’s degree or more</i> | 41.0% |
| Gender | | |
| <i>Ages 55–64</i> | <i>Men</i> | 54.7% |
| | <i>Women</i> | 52.7% |
| <i>Age 65+</i> | <i>Men</i> | 46.2% |
| | <i>Women</i> | 44.0% |
| Race & ethnicity | | |
| <i>Ages 55–64</i> | <i>White</i> | 51.6% |
| | <i>Black</i> | 60.8% |
| | <i>Hispanic</i> | 60.2% |
| <i>Age 65+</i> | <i>White</i> | 44.8% |
| | <i>Black</i> | 52.5% |
| | <i>Hispanic</i> | 39.0% |

Note: Pooled HRS waves 2014–2018 to achieve a large enough sample. The sample is restricted to individuals who reported being retired in the current survey but working as employees in the previous one. Involuntary retirement is defined as retirement preceded by poor health or disability (including poor mental health or stress); by a layoff, business closure, or ownership change; or by changes in working conditions or compensation. The share of workers who retired involuntarily would be higher if it included workers who retired for caregiving reasons, but the survey questions do not differentiate between workers who retired when faced with caregiving responsibilities and those retirees who simply wanted to spend more time with family.

Source: Authors’ analysis of the 2012–2018 HRS data.

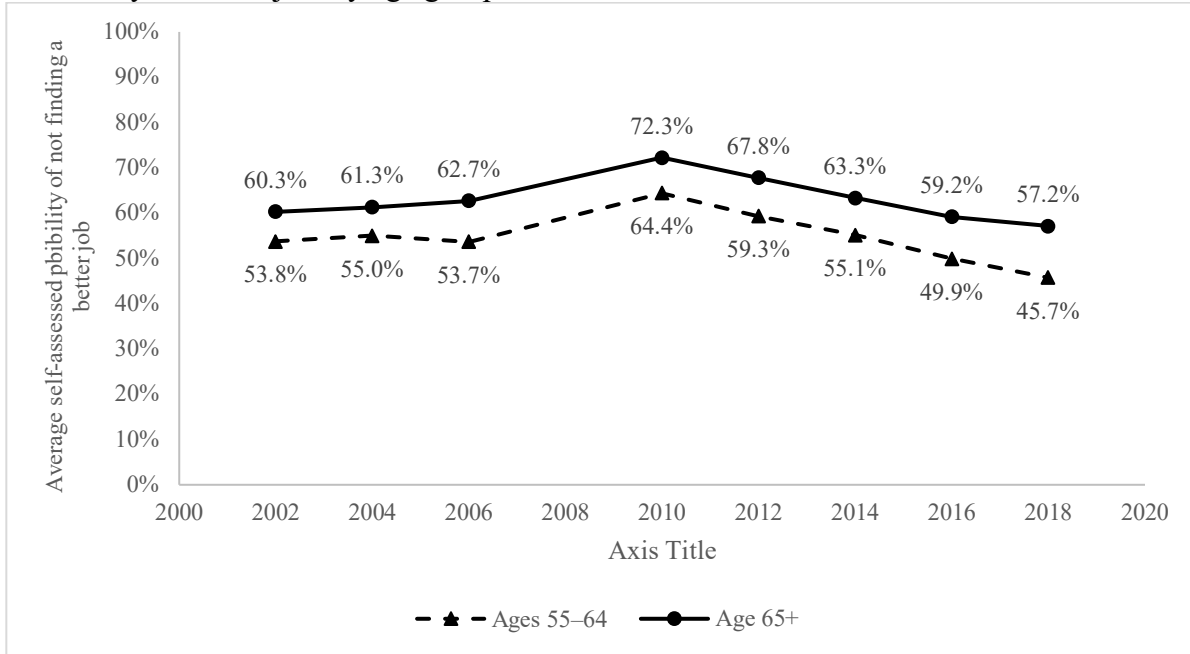
Exhibit 10. Share of workers represented by a union, by age, 1983–2021



Source: Authors’ analysis of 1983–2022 CPS Outgoing Rotation Group 1983–2022

Note: The sample includes wage and salary workers. Workers are deemed to be represented by a union if they are union members or if they are not members but report that they are covered by a union contract.

Exhibit 11. Older workers’ average self-assessed probability of not getting rehired at the same level if they lost their job, by age group, 2002–2018



Source: Author’s analysis of 2002-2018 RAND-HRS data.

Note: Probabilities are based on workers’ responses to a questionnaire that asks, “Suppose you were to lose your job this month. What do you think are the chances that you could find an equally good job in the same line of work within the next few months?” The sample includes employees who reported working full- or part-time and excludes self-employed and partially retired workers. The exhibit shows the average response subtracted from 100%, since the original answers to the question measured workers’ confidence, not their insecurity. The question was not asked in 2008.

