



Highlights of [GAO-06-80](#), a report to congressional committees

Why GAO Did This Study

Demographic changes pose serious challenges for employers, the economy, and older Americans. As the baby boomers near traditional retirement ages, the loss of experienced workers could have adverse effects on productivity and economic growth. Also, many older Americans face less-secure retirements due to rising health care costs, pension coverage changes, and fiscal pressures on the nation's retirement programs. Due to the growing importance of workers aged 55 or older, GAO examined: (1) areas of the labor market affected by the aging of the workforce; (2) factors that influence the timing of retirement; and (3) what employers are doing to hire and retain older workers.

What GAO Recommends

GAO recommends that the Secretary of Labor design a comprehensive and highly visible public awareness campaign as a way to help employers and employees plan better for the future and by so doing, bridge the gap between employer and employee needs. The campaign should involve other relevant agencies and target employer organizations and groups that interact with employees and, ultimately, encourage employers to find ways to retain and recruit older workers, and assist older workers in finding opportunities for continued work. The Department of Labor generally agreed with our findings and recommendation.

www.gao.gov/cgi-bin/getrpt?GAO-06-80.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Barbara D. Bovbjerg at (202) 512-7215 or bovbjergb@gao.gov.

OLDER WORKERS

Labor Can Help Employers and Employees Plan Better for the Future

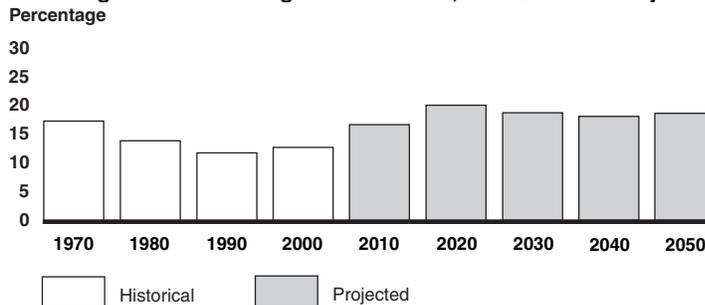
What GAO Found

All areas of the labor market are likely to be affected by the aging of the workforce. Like workers in general, a majority of older workers are employed in professional, management, service, office and administrative support, and sales occupations. However, employers in every occupation face the likelihood that a greater percentage of their workforce will be nearing retirement age. Potential skill gaps from impending retirements and a slowdown in the growth of the labor supply may make older workers a resource of growing importance.

Focus group participants without a college degree cited health, finances, and layoffs most often as factors constraining the timing of their retirement and work decisions. Participants without such constraints, most often cited lifestyle and work perceptions as the factors driving their decisions. Also, despite survey findings showing that many older workers wish to gradually reduce their hours, overall, focus group participants indicated they either were not aware of options for continued work after retirement or that their current or former employer did nothing to retain them. Many saw barriers to future employment, including their own limited skills and perceived age bias.

While some employers are making an effort to hire and retain older workers, such as offering flexible work arrangements, most have not yet made these efforts a priority. We found some examples of programs targeted toward older workers, and many employers express a willingness to initiate practices to retain older workers. However, most surveyed employers do not implement these practices widely. In addition, only about one-third of participants in a roundtable discussion of employers concerned about the aging workforce indicated that they provided a specific plan or program to recruit or retain older workers. Employers cite a number of barriers to offering more opportunities, such as federal pension regulations.

Percentage of Workforce Aged 55 and Older, 1970-2000 and Projected 2010-2050



Source: Mitra Toossi, "A Century of Change: the U.S. Labor Force, 1950-2050," Monthly Labor Review, May 2002.