



Testimony Given by Dr. Marcie Pitt-Catsouphes  
To the Senate Special Committee on Aging  
February 28, 2007

Good morning Senator Kohl, Senator Smith and members of the Senate Special Committee on Aging.

My name is Dr. Marcie Pitt-Catsouphes. With my colleague Dr. Michael A. Smyer, I direct the Center on Aging & Work/Workplace Flexibility at Boston College.

Thank you for the opportunity to come before you today and share my perspectives about the opportunities and challenges that face our country with regard to the aging of the workforce.

During this testimony, I will be presenting research-based information to you. However, the opinions I offer are mine and should not be interpreted as official positions either of the Center or the Alfred P. Sloan Foundation which supports our work.<sup>1</sup>

I believe that the aging of the U.S. workforce may well be one of the defining social issues of the 21<sup>st</sup> century. This new demographic could have far-reaching implications for:

- the well-being of older workers and their families,
- the development of innovative workplace policies and practices that could make good use of the talents of experienced workers, and
- the adoption of public policies that are in synchrony with the realities of older adults' plans for work and retirement.

This morning, I would like to focus on four key points.

1. The time is right for our country to develop innovative responses to the needs of older workers.
2. Access to flexible work options is a priority for older workers.
3. At present, most employers have not yet taken many steps to ensure that they are ready to engage the talents of older workers.

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<sup>1</sup> *Information in italics supports comments made during the testimony.*

4. Employers – even those that we might consider the most advanced in this arena – are searching for “promising practices.”

## 1. The time is right.

Policy makers often ask two critical questions when they consider whether “the time is right” to consider and respond to new socio-economic issues.

- Who is affected by this issue?
- Is this an “important” or “significant” issue?

The aging of the workforce is important, in part, because older adults comprise a significant proportion of our population, and this demographic will become even more pronounced over the next 15–20 years as the Baby Boomers (those born between 1946 and 1964) continue to age.

The sheer size of the Baby Boom generation has had ripple effects on our society practically since they were born. For several decades, demographers have used the metaphor of the “pig in the python” to describe how this large population group has changed the contours of our societal institutions as they have grown from childhood to adulthood. For example, communities across the country instituted “split session” school days and started to construct new school buildings when these Baby Boomers entered kindergarten and first grade. Today, of course, this group of Baby Boomers has now past the mid-section of that python, and they have become older adults who range in age from 43 – 61.

Let us consider just a couple of statistics about the aging of the population, in general:

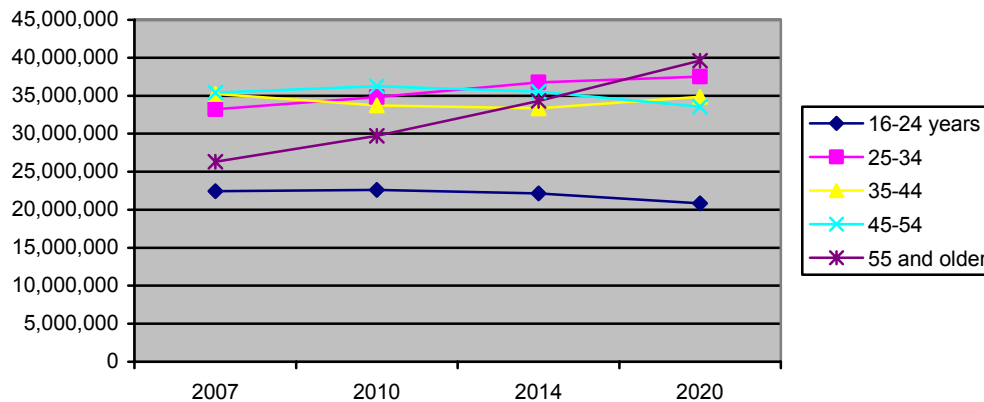
- In 1980, individuals age 50 and above represented 26% of the population. In 2003, they represented 28% of the population; but by 2050, they are projected to represent 37% of the population (U.S. Census Bureau, 2005).
- The Center on Aging & Work/Workplace Flexibility has used U.S. Census data to calculate that an average of 4.6 adults will turn 65 each minute in 2007. In 2025, an average of 8.0 adults will turn 65 each minute (McNamara, 2006).

This morning, what is of particular importance is the aging of the labor force, not just the population in general. The projections for the aging of the labor force are dramatic, and these statistics compel us to pay attention.

At present, there is no one commonly accepted line of demarcation that indicates when adult workers become older workers (Pitt-Catsouphe & Smyer, 2006). If you consider older workers

to be those who are 45 years and older, older workers comprise approximately 40% of today's workforce, increasing to 44% of the workforce by 2020 (See Figure 1).

**Figure 1: Labor Force Composition  
by age groups**



Source: Data from the Bureau of Labor Statistics, 2007

Labor economists anticipate a significant increase in the percentage of older workers over the next five years: a 48% increase in the number of workers aged 55–64 and a 40% increase in those 65 and older. In contrast, for example, we can expect only a 1% increase in the 20–24 year old group, a moderate 12% increase in the 25–34 year old group, a moderate 10% increase among the 35–44 years olds, and a 10% decrease among the 45–54 year olds. (Horrigan, 2004)

A number of surveys have found that between two-thirds and three-quarters of Baby Boomers plan to continue to work into the so-called “retirement years.” (Helman, Copeland, & Van Derhei, 2006; AARP) One AARP survey of older workers found that over half of workers between the age of 50 and 70 expect to continue to work until 70 (AARP, 2003).

We should expect the Baby Boomers to re-define retirement. In fact, focus groups conducted by the Center on Aging & Work/Workplace Flexibility found that older workers often referred to “retirement” as “the R-word” because they felt it has so many negative connotations. Interestingly, it is commonplace to hear Baby Boomers to talk about their plans for their “retirement-jobs”. This was a concept barely imagined just 5 years ago.

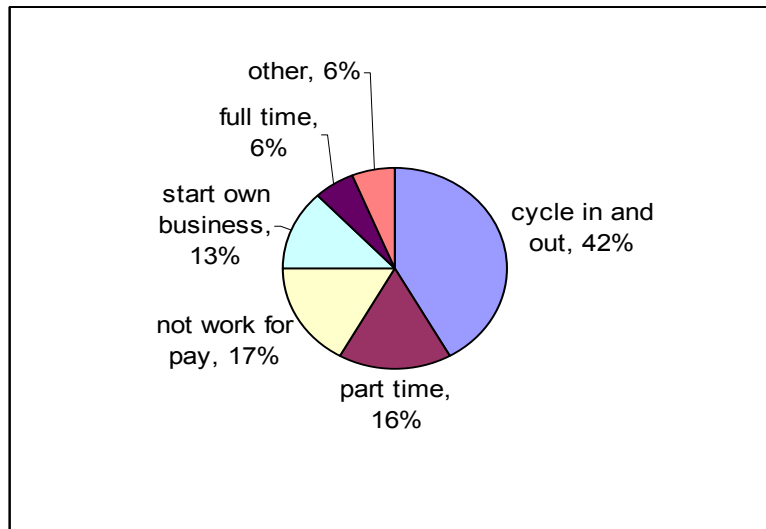
There are three sets of reasons why many older workers anticipate working into their 70s.

- First, our lifespan has been extended, and many people enjoy good health during their older adult years. According to the Federal Interagency Forum on Aging, U.S. citizens who live to age 65 can expect to live an average of nearly 18 more years and those who survive to age 85 today can expect to live for an additional 6 – 7 years. A majority of our older adults (73% of those 65 and older) report that their health is good or better (Federal Interagency Forum on Aging, 2006). Having longer and healthier lives makes it possible for people to consider working longer. Furthermore, if older adults leave the labor force as early as 62, they could have two decades or more in retirement. Some Baby Boomers feel that this is “too long” for full-time retirement.
- Secondly, many Boomers do not have sufficient savings for the 20 or more years of retirement. According to the most recent Retirement Confidence Survey conducted by the Employee Benefits Research Institute, three-fourths (74%) of workers age 55 and older report that their savings are less than \$249,999 (Helman, Copeland, & Van Derhei, 2006). Many Baby Boomers will face precarious financial situations if they retire completely; a substantial number will outlive their savings. The Center for Retirement Research at Boston College reports that, as a result of increasing longevity and inadequate retirement resources, 35% of the Early Boomers (born between 1946 and 1954) will not have sufficient retirement income; this rises to 44% of the Late Boomers and 49% of the Generation Xers (Munnell, Golub-Sass, & Webb, 2007).
- Third, a significant proportion of the Boomers indicate that they also want to work because being employed offers important quality-of-life benefits. Older workers recognize that employment provides them with intellectual stimulation, a sense of purpose and accomplishment, access to a social support system, and “something to do.” (Smyer & Pitt-Catsoupes, in press)

## **2. Flexible work options important.**

Although a majority of older workers expect to work past the traditional retirement age, few of them want to work on a full-time, full-year basis. Indeed, a recent survey of Baby Boomers found that only 6 percent want to work as full-time employees (Harris Interactive, 2005).

Figure 2: Employment Preferences of Baby Boomers



Source: Harris Interactive, 2005

The message is clear: older workers are seeking flexible employment situations.

The notion of flexibility recognizes that “one size doesn’t fit all” (Pitt-Catsoupes & Smyer, 2005). I consider the term “flexibility” to refer to workplaces that offer opportunities, choice, and control to employees and to their supervisors.

Flexible work options can take many shapes, but they include options for:

- starting and quitting times (for instance, flexible schedules),
- the number of hours worked (for instance, part-time jobs or phased retirement),
- the number of months worked each year (for instance, 9-month positions), and
- remote work (for instance, telecommuting for part or all of the work week).

Flexible work options might also include the choice to cycle in and out of the workforce, the flexibility to work at one worksite for part of the year and at another worksite of the same employer for another part of the year), job mobility, career flexibility, benefits flexibility, and options for changing the scope and intensity of some job responsibilities. For older workers with marketable skills and competencies, flexibility could also entail the opportunity to work as a consultant or contractor or even to start a small business (Center on Aging & Work/Workplace Flexibility, 2005).

There are two important points with regard to flexibility.

1. It is my opinion that workplace flexibility will become one of the hallmarks of good management practice, in part because it can produce positive outcomes for employees as well as for workplaces if implemented in a quality fashion.
2. As importantly, the access that older workers have to flexible work options may well be one of the most critical factors in their decisions about whether they can and want to remain in the labor force.

But here is the rub: only a minority of U.S. workers has the access to the flexible work options that they want and need. One of the most commonly available forms of flexibility is schedule flexibility and less than half (43%) report that can even periodically change their starting and quitting times within some range of hours (Families and Work Institute, 2002).

### **3. In general, employers are not taking many steps to get ready for the aging of the workforce.**

Forward-thinking employers are examining links between the aging of the workforce and core business strategies. Particular attention has been focused on the intersections between anticipated labor force shortages expected for some occupations in specific industries and the value of experienced workers.

**Anticipated Labor Force Shortages:** For the past three decades, there has been an almost steady supply of workers for the American labor market due to the sheer size of the Baby Boom generation coupled with the relatively continuous employment of women in this age cohort.

However, many labor economists feel that U.S. businesses – at least those in some industries and in some regions of the country – will face either workforce shortages (in general) or will not be able to find the talent they need for specific occupations. These projections reflect a number of factors but, as Dychtwald et al. (2004) state, “... of most concern is the potentially debilitating mass retirement that threatens to starve many businesses of key talent in the next ten to 15 years.” (p.1)

There is significant debate among labor force economists about the extent of the predicted labor force shortage in the United States. The Employment Policy Foundation reported that the demand for labor in the U.S. will exceed the supply by 2006, with a projected shortage of perhaps as many 6 million qualified workers by 2012. Furthermore, they expect that the shortage will continue to increase through the first three decades of the 21<sup>st</sup> century (Potter, 2003). The Department of Labor also anticipates that the labor force need/supply gap will continue to increase, estimating that there will be 168 million jobs in the U.S., but potentially only 158 million people in the labor force in 2010 (U.S. Bureau of Labor Statistics, 2002). Productivity increases could offset some of the labor force pinch, but the productivity increases would need to be significant (U.S. General Accounting Office, 2004).

There might not be enough people to fill the jobs in some professions and occupations which depend on experienced workers could confront challenges if a majority of Baby Boomers abruptly transition into full-time retirement. Specific industry sectors, such as health care, may be particularly vulnerable to the labor force replacement needs anticipated for specific occupations (U.S. Bureau of Labor Force Statistics, 2007). For example, 10 of the 20 fastest growing occupations are concentrated in health services. These positions include: medical assistants (59% growth), physician assistants (49% growth), home health aides (48% growth), and medical records and health information technicians (47% growth) (U.S. Bureau of Labor Statistics, 2002).

**The Value of Older Workers:** This year, the Center on Aging & Work/Workplace Flexibility completed a study to explore the perspectives of U.S. employers about the aging of the workforce, and their readiness to respond, including the adoption of a range of flexible work options. We obtained information from 578 workplaces in the U.S. (Pitt-Catsoupes, Smyer, Matz-Costa, & Kane, 2007)

Employers reported positive attitudes about older workers, particularly when compared to their assessments of young adult employees and workers at mid-life.<sup>2</sup> For example, older workers are perceived as being more loyal, having a strong work ethic, and more reliable (Appendix A).

It is also worth noting some of the similarities in employers' perspectives of young adult, midlife and older workers. Contrary to some of the stereotypes of older workers, similar percentages of employers (within a 10 percentage point spread) felt it is "very true" that older workers take initiative as did those who reported that this is "very true" for young adult and mid-life employees. There was also little difference in the percentages of employers who felt it was "very true" that employees in these age groups are productive.

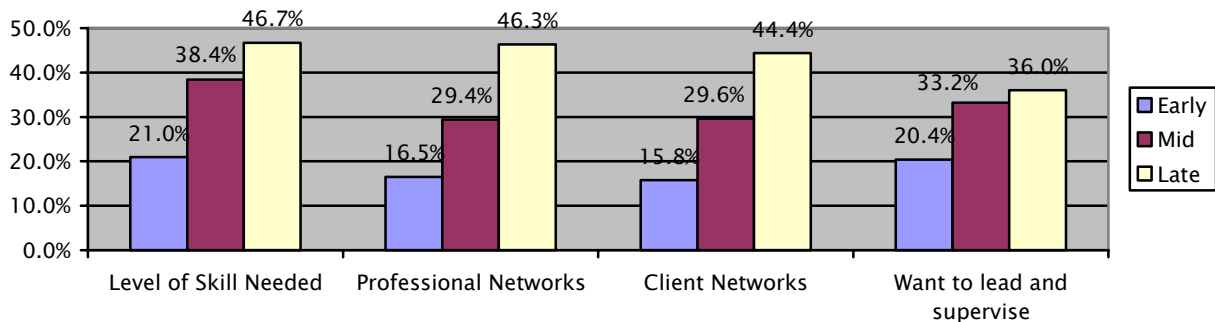
Given employers' need to focus on performance and productivity, it is particularly important that employers were likely to report that it is "very true" that their older employees tend to bring attributes that can directly contribute to the organizational success, including: their high level of skills, their professional networks, their client networks, and their desire to lead and supervise (See Figure 2.).

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<sup>2</sup> The employers who responded to this survey were asked to clarify the age ranges typically associated with "early career," "mid career," and "late career" employees. For the purposes of this testimony, I will use the terms "young adult workers," "workers at mid life," and "older workers" that reflect the age ranges associated with the three career stages.



**Figure 2: Business-Related Attributes by Career Stage**  
 % respondent organizations stating “very true”



Source: Pitt-Catsoupes, Smyer, Costa-Matz, & Kane, 2007

Let me recap the situation about the business case for recruiting and retaining older workers: many employers understand that they may be facing some workforce shortage and employers appear to have positive assessments of the contributions that older worker make to their businesses.

But, are they ready for the aging of the workforce?

Our study found that only a small percentage of employers seems to be “getting ready”. On the one hand, employers appear understand that the aging workforce is nearly at their doorsteps. On the other hand, since the oldest of the Baby Boomers will not reach the traditional retirement age (62–65 years) for a couple of years, most employers do not exhibit a sense of urgency.

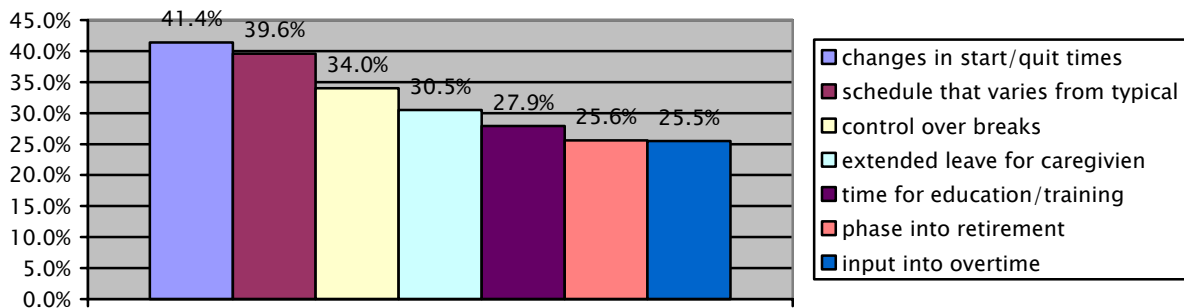
- One-fourth (25.8%) of the employers stated that their organizations had not analyzed the demographics of their workforces at all.
- Only 12.0% felt that their organizations had pursued this type of analysis “to a great extent.”
- About one-third of the employers reported that their organization had made projections about the retirement rates of their workers to either a “moderate” (24.1%) or “great” (9.7%) extent.
- Approximately one-third (30.7%) report that they have “to a great extent” adopted practices to recruit employees of diverse ages.

Let us now turn our attention to action steps. I would like to focus on the availability of flexible work options, since they are so important to older workers. This is where we face a bit of a paradox. Over half of the employers (54.9%) say that “to a moderate/great extent” they have



made a strategic link between flexible work options and business effectiveness. However, as noted in Figure 3, less than half of the employers say that they allow most or all of their full-time employees to have access to different forms of flexible options, such the ability to change starting or quitting times or to adopt a schedule that varies from the typical schedule for that organization.

**Figure 3: Flexible Work Options Most Frequently Available to “Most/All” Full-Time Employees**  
% of respondent organizations



Source: Pitt-Catsoupes, Smyer, Costa-Matz, & Kane, 2007

I believe that we are at a critical crossroads: if employers want to take full advantage of the talents that older workers can and want to contribute at the workplace, it will be important for employers to take concrete steps toward the goal of workplace flexibility.

#### 4. Employers are interested in information about promising practices.

In closing, I would like to share with you some of the lessons I have learned about the ways that employers pilot test innovative practices.

- First, they want to see a strong business case for the innovation.
- Secondly, they want solid research-based evidence about the probable outcomes of the innovative practices. Research supported by the Alfred P. Sloan Foundation and other funders is providing this data.

As important as these first two steps are, they are rarely enough to spur employers into action.

- Business practitioners often want to see examples of innovative practice – as implemented by other employers – before they are willing to try innovations at their own workplaces.

For that reason, this spring, the Center on Aging & Work/Workplace Flexibility is pilot testing a benchmarking database project for “promising practices.” We are gathering descriptive information about these innovations. Equally important, we will put that information into context by comparing organizations with promising practices with the nearly 600 organizations that participated in our National Study of Business Strategy and Workforce Development. We feel that such a database with rich information about real-life practice experiences will help employers adjust to the opportunities and demands of the 21<sup>st</sup> century world of work.

In conclusion, I urge you to think about the aging of the workforce as a common ground issue, one that is of concern to older workers and their families, employers, and elected officials. Congressional leadership will be important in encouraging innovations, supporting the documentation of promising practices, and convening forums for the discussion of how the aging of the workforce could offer some opportunities for our country.

But, the demographic imperative is upon us. As a society, we need to take action.

Thank you for focusing national attention on this important topic and for inviting me to participate this morning.

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## Appendix A

## Perceptions of Positive Workforce Characteristics by Career Stages

% respondent organizations stating “very true”

|   | Early-<br>Career | Mid-<br>Career | Late-<br>Career |
|---|------------------|----------------|-----------------|
| Our employees are loyal to the company.   | 22.4%            | 37.7%          | 53.8%           |
| Our employees have a strong work ethic.   | 24.4%            | 39.4%          | 51.9%           |
| Our employees are reliable.   | 23.5 %           | 46.1%          | 51.3%           |
| Our employees have low turnover rates.  | 19.0%            | 33.6%          | 50.3%           |
| Our employees have high levels of skills relative to what is needed for their jobs. | 21.0%            | 38.4%          | 46.7%           |
| Our employees have established networks of professional colleagues).                | 16.5%            | 29.4%          | 46.3%           |
| Our employees have established networks of clients.                                 | 15.8%            | 29.6%          | 44.4%           |
| Our employees are productive.   | 28.5%            | 42.1%          | 38.5%           |
| Our employees want to lead and supervise others.                                    | 20.4%            | 33.2%          | 36.0%           |
| Our employees take initiative.  | 30.7%            | 34.5%          | 32.1%           |
| Our employees are creative.   | 35.4%            | 34%            | 29.1%           |

Source: Pitt-Catsoupes, Smyer, Costa-Matz, &amp; Kane, 2007