Protecting Older Americans: Leveling the Playing Field for Older Workers

Testimony Before

Special Committee on Aging

United States Senate

September 3, 2025

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My name is Rachel Greszler. I am a senior research fellow in workforce and public finance at The Heritage Foundation and a visiting fellow in workforce at the Economic Policy Innovation Center. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation or of the Economic Policy Innovation Center.

In my testimony today, I would like to cover three points:

First, older Americans are increasingly vital contributors to the American economy and fabric of society.

Second, continued engagement in productive activities—whether through the formal labor market, caregiving, or volunteering—confers tremendous economic and societal benefits across generations.

Third, policymakers can make it easier for older Americans to remain engaged by reducing government-imposed barriers to productive activities.

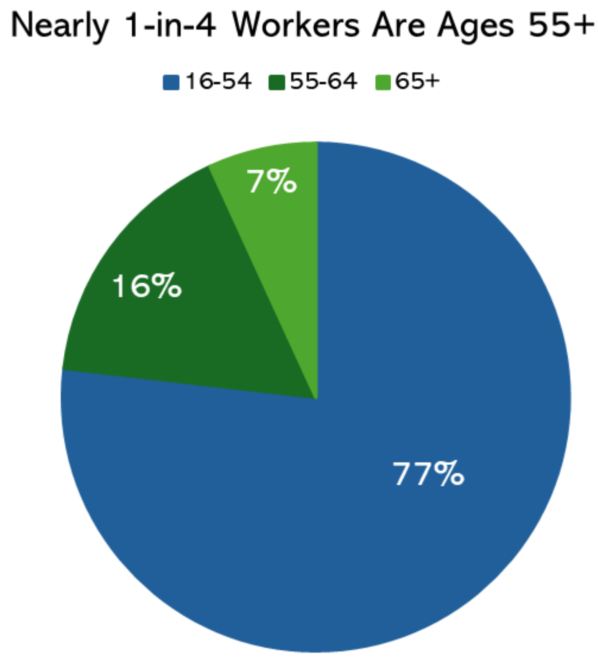
Older Americans Are Vital Contributors to the American Economy and Fabric of Society

Older Americans have been fundamental to the fabric of American life, and their contributions to society are increasingly important as they make up a growing share of the population. Regardless of whether it be through formal work, volunteering, or caring for family members, it is important that older Americans have equal and ample opportunities—without unnecessary barriers or restrictions—to continue engaging in meaningful activities.

One in Four Americans Are Ages 55+ and Almost One in Four Workers Are 55+. The combination of the aging of the baby boomer generation, increased life expectancies, and a decline in fertility rates has resulted in older Americans representing the largest-ever share of the population. In 2025, about 25 percent of the U.S. population is ages 55 and older. This compares to 16 percent in

1950. The share of the population that is 55 and older is expected to reach 30 percent in 2030 and continue to grow to 35 percent by 2060.

Older Americans ages 55+ also make up 23 percent of total employment in the U.S. today, and this percentage will continue to rise with the aging of the baby boomer population. Because older Americans have higher incomes than younger Americans (due to their experience), they contribute an even greater share towards gross domestic output.



SOURCE: Bureau of Labor Statistics, "Current Population Survey," https://www.bls.gov/cps/ (accessed July 9, 2025).

According to a 2020 report by the U.S. Census Bureau, a new milestone will be reached in 2034 as there will be more seniors (ages 65+) than children (under 18). That report notes that "[b]etween 2016 and 2060, the population under age 18 is projected to grow by only 6.5 million people, compared with a growth of 45.4 million for the population 65 years and over." This shift emphasizes the increasing value and importance of older Americans remaining engaged in productive activities.

Older Americans' Labor Force Participation Has Increased. After declining between the 1960s and 1980s due to policy and cultural shifts, older Americans' labor force participation increased significantly over the past 40 years.[1] The participation rate of individuals ages 55–64 increased by 12.8 percentage points and the participation rate of individuals ages 65 and older increased by 8.3 percentage points.[2]

[1]Note that the decline in participation rates of individuals age 65+ that began in 2020 has been attributed to the steep rise in home prices. By significantly boosted the nest eggs of older home owners, this increase in home values caused some home owners to retire earlier than they had planned. See: Jack Favilukis and Gen Li, "The Great Resignation Was Caused by the COVID-19 Housing Boom," Sauder School of Business, University of British Columbia, January 24, 2023, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4335860 (accessed March 1, 2023).
[2]Bureau of Labor Statistics, Current Population Survey. For individuals ages 55-64, labor force participation rose from 53.8 percent in 1985 to 66.6 percent in 2025. For ages 65+, participation rates rose from 10.6 percent in 1985 to 18.9 percent in 2025.

CHART 6

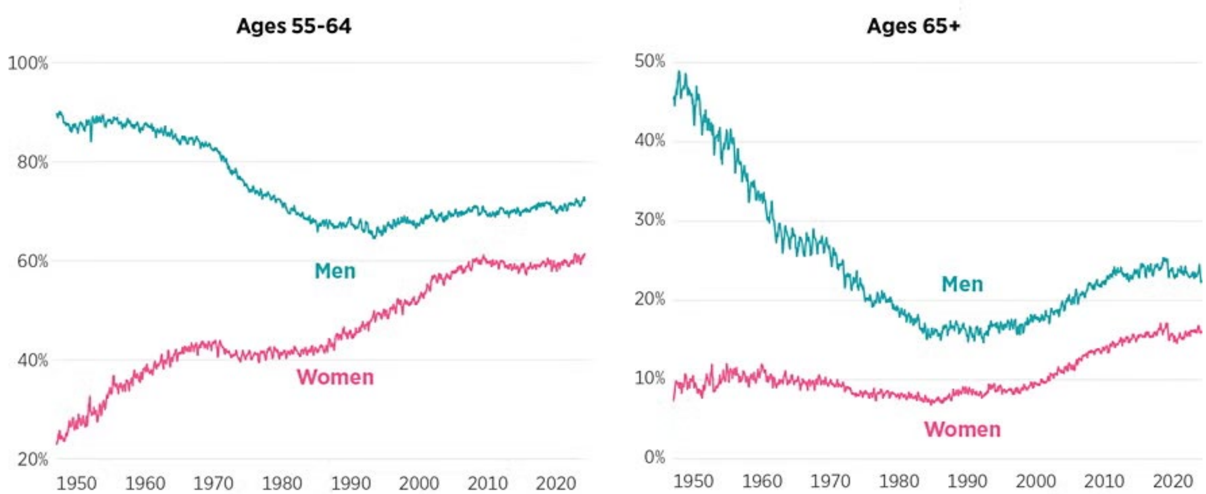
Labor Force Participation by Age Group

SOURCE: Bureau of Labor Statistics, "Current Population Survey," https://www.bls.gov/cps/ (accessed March 12, 2025). BG3911 heritage.org

While women's increased labor force participation explains part of this rise—and older women's labor force participation did rise by more than older men's over the past four decades—both have nonetheless increased significantly.[3]

CHART 7

Labor Force Participation by Sex and Age Group



SOURCE: Bureau of Labor Statistics, "Current Population Survey," https://www.bls.gov/cps/ (accessed March 12, 2025). BG3911 heritage.org

[3]Between 1985 and 2025, the labor force participation rate among women ages 55–64 rose by 19.7 percentage points (from 41.7 percent to 61.4 percent) and among women ages 65 and older, it increased by 8.8 percentage points (from 7.2 percent to 16.0 percent). Meanwhile, the labor force participation rate among men ages 55–64 rose by 4.6 percentage points (from 67.5 percent to 72.1 percent) and among men ages 65 and older, it increased by 7.0 percentage points (from 15.4 to 22.4 percent). Source: Bureau of Labor Statistics, Current Population Survey.

Contributors to Recent Increases in Labor Force Participation. Several factors help explain the recent increase in older Americans labor force participation. For starters, policy changes like the 1980s legislation that gradually increased Social Security's normal retirement age contributed to a rise in older Americans' labor force participation (though individuals still can—and most do—choose to begin collecting Social Security benefits early, before their normal retirement age). Another significant factor has been improvements in health—including medical advancements—and less physically demanding jobs.[4]

Given those positive changes, economists find that older Americans have additional compacity to further increase their labor force participation. In particular, an economic analysis that compared health and mortality data for Americans ages 55–69 in 1977 and 2010 estimated that older Americans in 2010 could have been working an additional 2.7–4.2 years if they were to work at the same rates as their similarly situated counterparts from 1977.[5] It is important to note that while there have been significant positive improvements in health, they are not universal across all older workers, and some Americans continue to need to retire from work at before normal retirement ages.

TABLE 2

Health Method: Workers Have Capacity for 2.5–2.8 Additional Years of Work

The health method looks at the work capacity of working adults and uses it as a rubric to calculate how long older individuals in a similar state of health could work. This method found that on average, employment rates among workers aged 55 to 69 could be between 4 and 33 percentage points higher, translating into an additional 2.5 to 2.8 years of work.

	Age Groups	Actual Employment	Health Method Predicted Employment	Additional Gain (Percentage Points)
MEN	55–59	74.6%	78.4%	+3.8%
	60–64	58.7%	76.2%	+17.5%
	65–69	38.9%	71.8%	+32.9%
	70–74	26.9%	67.4%	+40.5%
WOMEN	55–59	62.6%	67.4%	+4.8%
	60–64	46.4%	64.1%	+17.7%
	65–69	27.7%	58.7%	+31.0%
	70–74	16.9%	55.9%	+39.0%

NOTE: These figures represent the midpoint of the two estimates using all health variables and an index of health measures.
SOURCE: Author's calculations using data from Courtney Coile, Kevin S. Milligan, and David A. Wise, "Health Capacity to Work at Older Ages: Evidence from the U.S.," National Bureau of Economic Research, Working Paper No. 21940, http://www.nber.org/papers/w21940.pdf (accessed February 29, 2016).

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Another positive change contributing to the rise in older Americans' labor force participation has been the expansion of independent or freelance work. Rather than a full-stop retirement, many older workers have instead been gradually transitioning into retirement. Often times, that includes retiring

[4]Rachel Greszler, "Rescuing Entitlements and Pensions: Study Shows Americans Can Work Longer," Heritage Foundation Issue Brief No. 4539, April 6, 2016, https://www.heritage.org/jobs-and-labor/report/rescuing-entitlements-and-pensions-study-shows-americans-can-work-longer
[5]Courtney Coile, Kevin S. Milligan, and David A. Wise, "Health Capacity to Work at Older Ages: Evidence from the U.S.," National Bureau of Economic Research, working paper, January 2016, http://www.nber.org/papers/w21940.pdf (accessed January 16, 2025)

from 9–5 jobs and shifting to contract-based work that affords older workers significant flexibility over when, where, and how many hours they work. According to the Freelance Forward 2023 report, "26% of Boomer professionals, and 38% of Silent Generation professionals" performed freelance work in 2023.[6]

Older Americans Are in Unique Positions to Contribute to Society and Economic Output. Whereas younger workers are typically looking to climb the career ladder, older Americans more often want to descend it. Thus, older Americans often want and are well suited for part-time and flexible jobs. Older workers also have significantly lower turnover rates than younger workers, which makes them more desirable to employers because it is costly to hire and train new workers when others quit. Moreover, as there have been more job openings than unemployed workers over the past seven years, older Americans can help fill workforce shortages.[7]

Older Americans' Continued Engagement in Productive Activities Confers Multigenerational Benefits

Continued engagement in purposeful activities significantly improve older Americans' physical and mental health, happiness, and financial well-being. Moreover, younger Americans benefit from the wisdom and mentorship provided by older Americans' knowledge and experience. And society as a whole benefits not only from older Americans' economic contributions, but also from their role as stewards of families, communities, and cultural memories—offering perspective, insight, and intergenerational connection that strengthens the fabric of our society.

Within my family, I have witnessed the benefits of continued engagement. My paternal grandparents cared for my sister and me while my mother attended graduate school. My maternal grandfather retired from the U.S. Marines and opened a small accounting practice in his home and later filled multiple volunteer positions. After my father retired from his medical practice, he spent another decade working part-time performing independent medical exams. And after retiring from her full-time job, my mother continues working today as a law guardian for children and volunteers pro bono legal services. All of these continued activities have been mutually beneficial to my family members and the people they have served.

Continued Purposeful Engagement Benefits Older Americans. In addition to the additional income that older Americans can gain by continuing to engage in the workforce, economic studies show that continued engagement in work and volunteer activities—including part-time—can have positive impacts on individuals' mental and physical health, including delaying cognitive decline, increasing social interactions, and maintaining a sense of purpose.[8] Work done by researchers at the National Institutes of Health and elsewhere find that engagement with others in activities that

[6]Upwork, "Freelance Forward 2023," December 12, 2023, https://www.upwork.com/research/freelance-forward-2023-research-report (accessed March 24, 2025).
[7]Bureau of Labor Statistics, "Job Openings and Labor Turnover Survey," https://www.bls.gov/jlt/home.htm (accessed July 9, 2025).
[8]Young-Mee Kim, Soong-nang Jang, and Sung-il Cho, "Working Hours, Social Engagement, and Depressive Symptoms: An Extended Work-Life Balance for Older Adults," BMC Public Health, Vol. 23, Article No. 2442, December 6, 2023, https://doi.org/10.1186/s12889-023-17072-x (accessed January 10, 2025), and Anna Krzeczkowska et al., "A Systematic Review of the Impacts of Intergenerational Engagement on Older Adults' Cognitive, Social, and Health Outcomes," Ageing Research Reviews, Vol. 71 (November 2021), https://pubmed.ncbi.nlm.nih.gov/34237435/ (accessed January 10, 2025).

provide a sense of mission and purpose—most often found through work, caregiving, and volunteering—can change individuals' physical biology by reducing plaque buildup in arteries, deterring cancer cell growth, and reducing the risk of Alzheimer's disease.[9]

Families, Workplaces, and Society Also Benefit from Older Americans' Continued Engagement. On top of the goods produced and services provided through older Americans' continued engagement, the personal health benefits gained by older Americans spill over to society through increased life spans and reduced utilization of health care services, especially expensive acute care services.[10]

In the workplace, older Americans play an important role by sharing decades' worth of wisdom and experience, passing on institutional knowledge and practices, and mentoring younger workers. Of particular importance today is older Americans' ability to impart a strong work ethic, show how to work amicably and collaboratively with others, and demonstrate soft skills like punctuality, clear communication, and respect.

Outside of the formal workplace, older Americans' volunteer work provides meaningful services that strengthen civil society. Whether it be volunteering in a church childcare, serving on a non-profit board, cooking and delivering meals, tutoring at-risk youth, or serving as hospice companions, older Americans' volunteer work improves the lives of others. Moreover, their engagement in volunteer work helps pass down civic values, history, and ethical norms.

Older Americans are also the matriarchs and patriarchs of families. In addition to the wisdom, guidance, and sometime financial support that they provide, older Americans also spend significant time and energy caring for grandchildren. According to the National Poll on Healthy Aging, 20 percent of people with grandchildren under age 18 provide care for them at least once a week, and 8 percent provide daily or near-daily care.[11] That same poll found that the benefits of grandparent care are mutually beneficial—enhancing both grandchildren's and grandparents' lives. Moreover, grandparents' care can save families significant money, and the overwhelming majority of parents feel most comfortable with their children being cared for by family members.[12]

How Can Policymakers Make It Easier for Older Americans to Stay Engaged?

While it should always be the choice of individuals how they want to spend their time and resources, particularly in older age and after decades of work, the federal government should not impose

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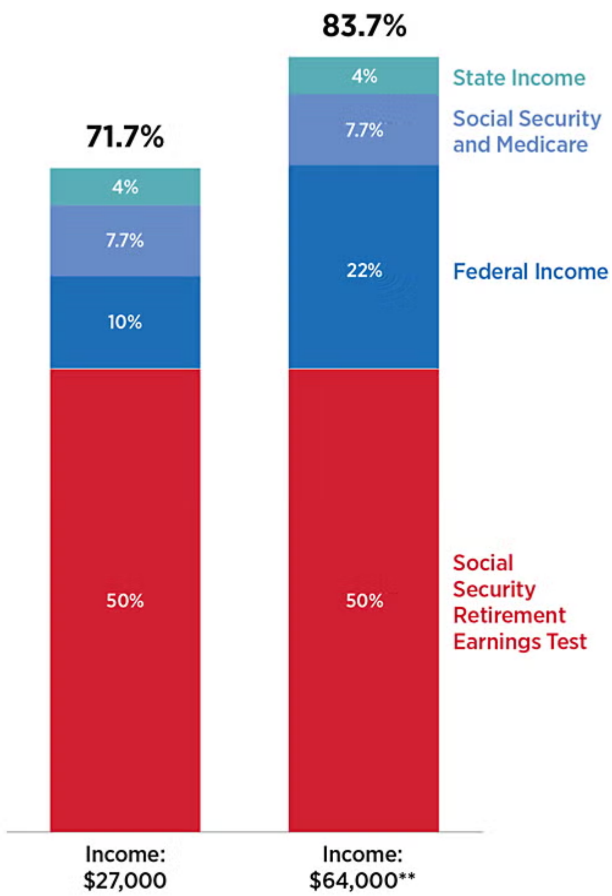
[9]National Institutes of Health, "Social Isolation, Loneliness in Older People Pose Health Risks," National Institute on Aging, April 23, 2019, https://www.nia.nih.gov/news/social-isolation-loneliness-older-people-pose-health-risks#:~:text=Research%20has%20linked%20social%20isolation,Alzheimer%27s%20disease%2C%20and%20even%20death (accessed July 9, 2025).
[10]Dhaval Dave, Inas Rashad, and Jasmine Spasojevic, "The Effects of Retirement on Physical and Mental Health Outcomes," National Bureau of Economic Research, working paper, revised January 2008, https://www.nber.org/papers/w12123 (accessed January 10, 2025).
[11]Katie Bauer, "Grandparents Help Kids In Many Ways—But the Reverse May Be True Too, Poll Suggests," National Poll on Healthy Aging, University of Michigan, November 12, 2024, https://www.healthyagingpoll.org/reports-more/poll-extras/grandparents-help-grandkids-many-ways-reverse-may-be-true-too-poll?utm (accessed July 9, 2025).
[12]Wendy Wang and Jenet Erickson, "Homeward Bound: The Work–Family Reset in Post-COVID America," Institute for Family Studies Research Brief, August 2021, https://ifstudies.org/ifs-admin/resources/final-ifsparentsreport.pdf (accessed July 10, 2025).

barriers that make it harder for older Americans to pursue purpose—whether in formal work, volunteering, or caring for family members—as they age. Policymakers could help older Americans pursue their desired purposes through the following actions:

Eliminate Social Security's Retirement Earnings Test. This test takes away $1 in Social Security benefits for every $2 in earnings among anyone who claims Social Security benefits between the ages of 62 and 66 and who earns more than $23,400 per year. Although retirees can later recoup some or all of the money taken out of their Social Security benefits by the retirement earnings test, most people do not realize this and the test is perceived as an additional 50 percent tax.[13] This results in marginal tax rates as high as 84 percent, which, not surprisingly, suppresses the work and earnings of older Americans.

CHART 8

Social Security Retirement Earnings Test Imposes Extraordinarily High Perceived Marginal Tax Rates



* This includes only the 7.65% employee portion of Social Security and Medicare taxes. Employers also pay 7.65% on behalf of their employees
** Average earner
SOURCE: Author's estimates based on 2025 federal tax rates and an estimated average 4% state income tax rate.

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[13]The retirement earnings test applies to anyone who collects Social Security benefits before reaching normal retirement age, which generally includes individuals ages 62–66, as the normal retirement age is 67 for anyone born in 1960 or later. For every $2 an individual earns above the retirement earnings test level, $1 in Social Security benefits is subtracted from his or her Social Security check. The earnings test level is updated annually. The amount for 2025 is $23,400. Although the earning test functions like a 50 percent tax, the amount subtracted from workers' Social Security checks is later added back in by way of a new, actuarially fair benefit calculation once (or if) the individual reaches normal retirement age

Many studies, including multiple ones from the Social Security Administration, find that the Retirement Earnings Test significantly reduces older Americans' work below what they would otherwise choose.[14] While that was the intent of the original, Depression-era earnings test—to push older people out of the labor force to free up jobs for younger workers—the modern economy would benefit from the continued labor force participation of older Americans.

TABLE 1

Impact on Earnings and Tax Revenues from Eliminating the Retirement Earnings Test

RANGE OF ESTIMATES

Percentage Point Increase in Labor Force	Additional Workers (ages 62-66)	Earnings	Social Security	Medicare	Federal	State	Total Annual
0.008	165,595	$10,541,264,605	$1,307,116,811	$305,696,674	$843,301,168	$421,650,584	**$2,877,765,237**
0.035	724,479	$46,118,032,646	$5,718,636,048	$1,337,422,947	$3,689,442,612	$1,844,721,306	**$12,590,222,912**
0.05	1,034,970	$65,882,903,781	$8,169,480,069	$1,910,604,210	$5,270,632,302	$2,635,316,151	**$17,986,032,732**

SOURCE: Author's calculations based on federal income tax rates for 2025, an assumed average state income tax rate of 4 percent, and average weekly earnings as of December 2024 (which translate to $63,657 per year), as reported by the Federal Reserve Bank of St. Louis, "Average Weekly Earnings of All Employees, Total Private," https://fred.stlouisfed.org/series/CES0500000011 (accessed January 24, 2025).

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Based on evidence from past studies, I estimate that removing Social Security's retirement earnings test could increase the U.S. labor force by up to 1 million workers.[15] The additional full-time and part-time work of older Americans would increase older Americans' incomes, modestly reduce elderly poverty, potentially improve physical and mental health, help to fill labor shortages, contribute to economic output, increase government revenues by up to $18 billion per year, and

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[14]Anya Olsen and Kathleen Romig, "Modeling Behavioral Responses to Eliminating the Retirement Earnings Test," Social Security Administration, Social Security Bulletin, Vol. 73, No. 1, 2013, https://www.ssa.gov/policy/docs/ssb/v73n1/v73n1p39.pdf (accessed January 2, 2025); Steven J. Haider and David S. Loughran, "The Effect of the Social Security Earnings Test on Male Labor Supply: New Evidence from Survey and Administrative Data," Journal of Human Resources, Vol. 43, No. 1 (February 2008), pp. 57–87, https://www.researchgate.net/publication/24142180_The_Effect_of_the_Social_Security_Earnings_Test_on_Male_Labor_Supply_New_Evidence_from_Survey_and_Administrative_Data (accessed February 3, 2025); Leora Friedberg, "The Social Security Earnings Test and Labor Supply of Older Men," in James M. Poterba, ed., Tax Policy and the Economy, Vol. 12 (Cambridge, MA: MIT Press, 1998), pp. 121–150, http://www.nber.org/chapters/c10915 (accessed February 3, 2025); Cordelia Reimers and Marjorie Honig, "Responses to Social Security by Men and Women: Myopic and Far-Sighted Behavior," Journal of Human Resources, Vol. 31, No. 2 (1996), pp. 359–382; Michael V. Leonesio, "The Effects of the Social Security Earnings Test on the Labor-Market Activity of Older Americans: A Review of the Evidence," Social Security Bulletin, Vol. 53, No. 5 (1990), pp. 2–21, http://www.socialsecurity.gov/policy/docs/ssb/v53n5/v53n5p2.pdf (accessed January 3, 2025); and Gary Burtless and Robert A. Moffitt, "The Joint Choice of Retirement Age and Postretirement Hours of Work," Journal of Labor Economics, Vol. 3, No. 2 (1985), pp. 209–236
[15]Rachel Greszler, "Ending the Retirement Earnings Test: A Pro-Growth Proposal to Cut Social Security Taxes and Improve Program Solvency," Heritage Foundation Backgrounder No. 3877, March 3, 2025, https://www.heritage.org/budget-and-spending/report/ending-the-retirement-earnings-test-pro-growth-proposal-cut-social.

modestly improve the solvency of the Social Security and Medicare programs. All of these positive results would stem from more Americans achieving their ideal levels of work in the absence of a government policy that actively discourages work.

Reduce and Eliminate Regulations That Make It Harder to Work or Start a Business. Regulations are a hidden tax on work and entrepreneurship, which can make it harder for older Americans to continue working in the ways that they desire and to start small businesses. For example, excessive Occupational Safety and Health Act (OSHA) regulations can cause employers to avoid hiring older workers due to a higher perceived risk of liability and fines associated with older workers' reduced physical capacities.

Regulations that restrict flexible and independent work options make it harder for older Americans to transition out of full-time work and into part-time work in which they can be their own bosses. Restricting independent work options particularly harms parents and older Americans as half of the 64 million individuals who perform independent work say that they are unable to work in traditional jobs because of their caregiving duties or their personal health conditions.

Limiting work options limits work. Economists who analyzed the impact of a similar restriction on independent work in California found that it reduced self-employment by 10.5 percent, including a 27.9 percent decline in the most common self-employment professions.[16] Moreover, despite the law's intent to push more people into traditional employment, the restrictions instead led to a 4.4 percent drop in overall employment. The Trump Administration announced that, with lawsuits against the Biden-era regulation still pending, it will not apply that regulation's analysis.[17]

As regulatory flip-flopping between administrations creates harmful uncertainty for workers and businesses, Congress should codify an employment definition based primarily on the level of control an individual exerts over their work. The 21st Century Worker Act[18] and Modern Worker Empowerment Act would accomplish this by establishing a single bright-line test, consistent across all federal laws, to determine who is an "employee" and who is an "independent contractor."

A recently introduced package of bills aims to help independent workers by preventing excessive restrictions on independent work and making it easier for independent workers to access similar benefits as provided by traditional employment. That package of bills includes:

- **The Modern Worker Empowerment Act.**[19] This act would create a single, simple test of employee or independent contractor status, consistent across all federal law, and based on the level of control an individual has over their work.

[16] Liya Palagashvili, Paola Suarez, Christopher M. Kaiser, and Vitor Melo, "Assesing the Impact of Worker Reclassification: Employment Outcomes Post-California AB5," Mercatus Center, George Mason University, January 31, 2024, https://www.mercatus.org/research/working-papers/assessing-impact-worker-reclassification-employment-outcomes-post (accessed July 10, 2025).
[17] U.S. Department of Labor Wage and Hour Division, "Field Assistance Bulletin No. 2025-1," May 1, 2025, https://www.dol.gov/sites/dolgov/files/WHD/fab/fab2025-1.pdf?i40edr92m6q (accessed July 10, 2025).
[18] S. 2159, 118th Congress, "21st Century Worker Act," Introduced June 22, 2023, https://www.govinfo.gov/content/pkg/BILLS-118s2159is/pdf/BILLS-118s2159is.pdf (accessed July 11, 2025).
[19] 119th Congress, "Modern Worker Empowerment Act," Introduced on July 7, 2025, https://www.help.senate.gov/imo/media/doc/modern_worker_empowerment_actpdf.pdf (accessed July 11, 2025).

- **The Unlocking Benefits for Independent Workers Act.**[20] This act would create a safe harbor for companies that do business with independent contractors to offer them benefits without triggering employee status.

- **The Independent Retirement Fairness Act.**[21] This act would expand retirement savings options for independent workers and make it easier for them to save as they move across different jobs.[22]

- **The Association Health Plans Act.**[23] This act would allow independent workers and small businesses to pool together to negotiate collectively so that they can benefit from the lower costs of pooled health insurance.

Regulations that make it harder to start and maintain a business also harm older Americans who are seeking to pursue a long-held dream of owning their own business. One such regulation is the Biden Administration's redefining of the Joint Employer standard in a way that could eliminate or severely restrict the franchise business model. Franchises provide a way for individuals to own and operate their own businesses while benefitting from a proven successful operation and alongside the assistance of the franchise.

Clement Troutman had a long and successful career serving in the Navy and then as a defense contractor. Instead of working just a few more years and then retiring, Clement decided to pursue his dream of owning his own business and he opened a Tropical Smoothie Café.[24] Today, he owns one of the chain's most successful stores—which he operates alongside his daughter—and he's opening two more stores by the end of 2025. If the Biden Administration's rule, which remains unsettled after a judge in the Eastern District of Texas vacated it, were to be enforced, Clement and more than 790,000 other franchise business owners would face significant limits in their abilities to operate their businesses, and the franchise business model as we know it could cease to exist for future, would-be business owners.[25] The Save Local Business Act[26] would help protect small business entrepreneurship by defining joint employer status based on whether or not an entity exercises direct and immediate control over essential terms and conditions of employment.

[20] 119th Congress, "Unlocking Benefits for Independent Workers Act," Introduced on July 7, 2025, https://www.help.senate.gov/imo/media/doc/unlocking_benefits_for_independent_workers_act_text_1pdf.pdf (accessed July 11, 2025).
[21] 119th Congress, "Independent Retirement Fairness Act," https://www.help.senate.gov/imo/media/doc/independent_retirement_fairness_act.pdf (accessed July 11, 2025).
[22] For example, the Act includes a "suspension account," which is a flexible savings account that allows independent workers to set aside funds to reserve for retirement and to later deposit into a pooled employer retirement plan or a simplified employee pension.
[23] 119th Congress, "Association Health Plans Act," Introduced on May 22, 2025, https://www.paul.senate.gov/wp-content/uploads/2025/05/KEN2533825-1.pdf (accessed July 11, 2025).
[24] Joanna Fantozzi, "Nation's Restaurant News: How A Veteran With Top Secret Security Clearance Became A Tropical Smoothie Café Franchisee," International Franchise Association, February 20, 2025, https://www.franchise.org/2025/02/how-a-veteran-with-top-secret-security-clearance-became-a-tropical-smoothie-cafe-franchisee/ (accessed July 10, 2025).
[25] Rachel Greszler, "In Win for Franchises, Judge Voids Biden Admin NLRB Rule (accessed July 10, 2025).
[26] S. 1261, 118th Congress, "Save Local Business Act," introduced April 25, 2023, https://www.congress.gov/bill/118th-congress/senate-bill/1261/text?utm (accessed July 10, 2025).

Reduce or Eliminate Unnecessary Licensing Requirements. In the 1950s, about 5 percent of all workers' jobs required them to have a license. Today, about 25 percent of workers require a license to work in their occupation. In theory, licensure laws protect the public from unqualified or unscrupulous practitioners; in practice, many state licensure schemes act as cartels that protect incumbents from competition.[27]

Requiring people to pay hefty fees and attend dozens or hundreds of hours of training before they can legally serve as tour guides, florists, interior designers, dance instructors, or substitute teachers—or requiring already licensed individuals to obtain new licenses when they move to another state—limit work opportunities and drive up costs for consumers. Since older Americans have fewer years of work left in their careers, licensing requirements can be an especially large deterrent to work. State policymakers should review existing licensure laws and maintain only those that are truly necessary to protect consumers. That should include adopting reciprocity or universal licensing recognition laws so that older Americans can move to a new state without having to choose between giving up work or undergoing a new licensure process.

Summary

Older Americans are vital contributors to our economy and society, and their continued engagement benefits everyone. Whether through paid work, volunteering, or caregiving, older Americans have deep wisdom and experience to share with others. Continued engagement also prevents isolation, loneliness, and reduces the risks of multiple physical and mental ailments. As our population ages and older adults make up a growing share of both the workforce and the broader public, it is more important than ever to remove unnecessary barriers that limit their ability to stay engaged.

We have seen significant increases in labor force participation among older Americans in recent decades, thanks to improved health, longer life spans, and more flexible work options. But outdated policies—like the Social Security Retirement Earnings Test, overly burdensome licensing requirements, and restrictive definitions of employment—continue to discourage work, limit flexibility, and make it harder to start a business or pursue part-time or second careers.

Policymakers have an opportunity to help more Americans age with purpose by making it easier for older Americans to pursue the activities they desire. At the federal level, that should include repealing the earnings test, protecting flexible work opportunities, and preserving successful business models like franchising. At the state level, policymakers should reduce or eliminate unnecessary occupational licensure requirements. These changes would empower older Americans to stay involved in the ways that are right for them—supporting their own well-being while also strengthening families, workplaces, and the broader economy.

[27]Paul J. Larkin, Jr., "Public Choice Theory and Occupational Licensing," Harvard Journal of Law & Public Policy, Vol. 39, No. 209 (2016).

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