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On Behalf of the
Society for Human Resource Management

Before the
U.S. Senate Special Committee on Aging

Hearing on
America's Aging Workforce: Opportunities and Challenges

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Introduction

Good morning Chairwoman Collins, Ranking Member Casey and distinguished members of the Committee. My name is Fernan Cepero, and I am Chief HR and Diversity Officer at The YMCA of Greater Rochester in Rochester, New York. I have nearly 31 years of experience with all aspects of human resources and expertise in talent management and diversity. Thank you for inviting me to testify before the Committee on opportunities and challenges presented by America's aging workforce.

I am pleased to appear before you today on behalf of the Society for Human Resource Management (SHRM), of which I have been a member for 15 years. I am Past President of the Genesee Valley Chapter of the Society for Human Resource Management and Past State Director of the New York State Society of Human Resource Management.

SHRM is the world's largest human resource (HR) professional society, representing 285,000 members in more than 165 countries. For nearly seven decades, the Society has been the leading provider of resources serving the needs of HR professionals and advancing the practice of human resource management. SHRM has more than 575 affiliated chapters within the United States and subsidiary offices in China, India and the United Arab Emirates.

SHRM appreciates the Committee's examination of the opportunities and challenges facing employers and employees when it comes to the aging workforce. According to the US Department of Labor, by 2050, the number of individuals in the labor force who are age 65 or older is expected to grow by 75 percent while those who are 25-54 is expected to grow by 2 percent. In fact, population growth among those age 65+ is outpacing those 25-64 in most developed nations. Over the past century, many Americans have been given the most valuable gift imaginable—more time. People who are born today can expect to live a full 30 years longer than those born at the start of the last century, and many of these individuals will live to age 100. People over the age of 60 will soon account for one-quarter of the country's population.

To benefit from a productive age-diverse workforce, organizations are preparing for and engaging older employees. When surveyed¹, more than one-third of respondents (36%) indicated their organization was preparing for the projected increase in the proportion of older workers in the labor force by beginning to examine internal policies and management practices to address this change; one-fifth (20%) reported their organization had examined their workforce and determined that no changes in their policies and practices were necessary. Another one-fifth (19%) of respondents said their organization was just becoming aware of the potential change in the projected increase in the ratio of older workers in the labor force.

My testimony is shaped both by my experiences with this talent pool and by excellent research on this subject conducted by the SHRM Foundation in conjunction with AARP and the Sloane Foundation. In my remarks, today I will address some of the key challenges and opportunities presented by an aging American workforce as well as describe some effective practices I have implemented at the YMCA. I will also highlight promising strategies of employers who are making efforts relative to their aging workforce.

About YMCA of Greater Rochester

The goal of the YMCA ("The Y") of Greater Rochester is to give everyone in the community an opportunity to learn, grow and thrive. Every day, we work side-by-side with our neighbors to make sure that everyone, regardless of age, income or background, has access to Y programs that make people

¹ Society for Human Resource Management, "*SHRM Survey Findings: Executive Summary: Preparing for an Aging Workforce*," 2014, at <https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/Documents/14-0765%20Executive%20Briefing%20Aging%20Workforce%20v4.pdf>

healthy, confident and connected.

The Y of Greater Rochester has a workforce of 2,816 employees. Our workforce is comprised of 2,546 part-time staff and 230 full-time employees. In 2002, 5 percent of older adults made up our workforce. Today they make up 35 percent of our workforce. Opportunities for employment are in Youth Development (Before & After School Programming & Early Childhood Development), Healthy Living (Aquatics, Health & Wellness, Diabetes Prevention, and Cancer Survival), and Social Responsibility (Sustainable Agriculture, Mentoring).

Older employees are attracted to The Y of Greater Rochester because we offer meaningful work for cause-driven individuals who want to make a difference in their community. We are often told that this is the ideal encore career for this demographic with benefits, flexibility and camaraderie. Working at the YMCA of Greater Rochester brings employees, volunteers and members into contact with people of diverse backgrounds and interests. We work with one fundamental premise: that human beings have one very basic thing in common--we all deserve to be treated with respect and understanding. I believe we are successful because all employees recognize the positive impact of diversity on the workplace.

YMCA of Greater Rochester Benefit Offerings

To ensure a diverse workforce, including strategies for retaining and recruiting older employees, The Y offers a variety of benefit offerings. Benefits include traditional offerings such as health care (long-term care, dependent care, elder care, EAPs, wellness programs), life insurance, retirement, vacation and sick time off, long-term and short-term disability and pet insurance, among many others. Of the benefits offered, our Retirement Fund (401a & 403b) is the most utilized. In addition, we offer other benefits such as flexible hours, telecommuting, family leave, allowance for religious holidays, and training and professional development, including temporary work assignments, job sharing and mentorships.

Aging Workforce Makes Positive Contributions

From my experience, a diverse work environment positively impacts the workplace. In addition, learning the best ways to incorporate the experience of older employees could be considered a competitive edge and could even leave a lasting impression on employees. For example, mentoring builds strong intergenerational working relationships, strategic use of intellectual capital and increased retention, and, at its core, ensures a continuous flow of knowledge management across generations.

A couple of stories from the YMCA illustrate the advantages of the skills older employees bring to the workplace:

Brad Ralston, a member of Generation Y and buildings and grounds director at the Monroe Family Branch, was new to his position. Tom Ward, buildings and grounds director at the Westside Family Branch and a baby boomer, volunteered to mentor Brad, remembering what it was like early in his own career. Over several months, their mentoring relationship developed. As Brad attests, "Tom has coached me on all sorts of issues—from mechanics to staffing. He introduced me to the Association of Facility Engineers, where I've met some very interesting building mechanics and learned about construction projects that I am now considering for improvement to my facility." In fact, Tom has become much more than a mentor. He has helped Brad strip and wax floors, troubleshoot treadmill problems, and even filled in as pool operator when Brad was out for a week. At the same time, Tom has benefited from this relationship. As a subject matter expert, Tom has gained immense personal and professional satisfaction from seeing Brad grow and succeed in his leadership role.

Then there's Sonny Veltre, a 90-year-old former Olympic swimmer, whom we hired as head lifeguard. Veltre has been a lifeguard at the Northwest Family YMCA for 18 years. He was hired at 72. He used to teach swimming. These days, he keeps busy working 8 a.m. to noon Monday through Friday as a lifeguard and teaching a one-hour water aerobics course for seniors on Mondays and Wednesdays. At age 87 he was re-certified as a lifeguard for two years. To pass the test, he had to dive 14 feet into water and pull a person up. Sonny's contribution to The Y is immeasurable. Just ask the nine people whose lives Sonny has saved over the years. Three had heart attacks while in the water. Another passed out in a hot tub. Twelve years ago, he saved a young woman with special needs who suffered a seizure in the pool.

When asked why he still works, Sonny recalled that after his wife, Mary Ann, passed away, "The kids finally said, 'Get back to work and talk to people. Help people.' And that's what I do. I love life, and I love to help people."

Aging Workforce: Challenges and Opportunities

Despite growing research on the dynamics of a multi-generational workforce and the impact of baby boomer retirements, some employers are not placing as much urgency on this issue as they should.

For example, while 68 percent of the organizations surveyed consider boomer retirements a current or potential problem over the next 6-10 years, only 35 percent have done strategic workforce planning to analyze the impact on their business over the next one to two years. In addition, only 17 percent have done this planning over the next 6-10 years. In light of this data, and as the workforce continues to age, the percentage of organizations prompted to make changes in general management policy/practices, retention practices or recruiting practices is likely to increase. By demonstrating the benefits and opportunities of an aging workforce, HR professionals can help their organizations build a culture that supports and engages workers of all ages now and into the future.

Strategic Workforce Planning

Strategic workforce planning is the most basic tool to prepare for retirements, so SHRM has encouraged HR professionals and their organizations to give this planning process much greater attention. Strategic workforce planning lets you evaluate your current and future critical talent needs to determine which risks are greatest and what type of talent loss is most likely.

Three simple steps to assessing workforces are:

STEP 1: Conduct age and knowledge audits

- Gather information about worker ages and estimated time to retirement, breaking out the data per division, occupation and so on;
- Document essential types of expertise required to carry out the organization's core mission. HR can supplement this information by asking managers to indicate which employees possess the most valuable knowledge and skills;
- Create a turnover risk map by asking leaders at each level to judge the degree to which each of their subordinates is critical to the organization's mission and the likelihood that each will leave within the next one, two or five years.

STEP 2: Identify work requirements the organization needs. What are the physical, sensory and intellectual requirements for each job. This can help identify current skills gaps and lead to potential ways to redesign work to make it less physically or mentally demanding, as well as feasibility of offering flexible work arrangements.

STEP 3: Gather information from employees: What are their needs and wants? HR should identify what motivates mature employees to continue working by asking about plans for retirement and factors that will influence that decision.

Clearly, retirements present both challenges and opportunities for the workplace. Right now, some industries, particularly those with highly skilled employees nearing retirement age, have had to face the challenge head-on. But understanding your individual workplace by assessing your workforce can help you prepare to retain the skills of older employees and create a high-functioning multi-generational workplace.

Goals of an Aging Workforce Strategy

Successful strategies for an aging workforce generally address the goals:

- Retain and engage older employees as long as possible;
- Transfer older employee's knowledge to younger employees before they leave;
- Recruit older talent from outside; and
- Create a successful age-diverse environment.

I will highlight effective employer practices in each of these areas. Many of these practices simply require a tweaking of current practice while others may involve building a new process. Each of the effective practices, however, benefits the entire workplace.

Employer Effective Practices

Strategies to Retain & Engage Older Employees

I'd like to first highlight some of the top HR strategies to engage and retain mature employees so that the workplace continues to benefit from their knowledge and skills.

Acknowledge Worker Contributions

Simply asking mature employees to continue working can show them their value to the organization. In addition, asking them to lead special projects that take advantage of their experience and demonstrates to the employee that you recognize his or her value. This has the additional benefit of transferring knowledge to less experienced employees.

Flexible work arrangements

Workflex is valued by employees of all ages. According to SHRM 2017 Employee Benefits Survey, 62 percent of organizations offer some form of telecommuting and 57 percent offer some form of flex time to employees. Thirty-nine percent of employers cited retention of employees of any age as their main reason for providing employee and family assistance. According to the Government Accountability Office, flexible work arrangements for mature workers tend to be tailored to specific individuals who have skills that an organization needs to retain. Designing these arrangements with older workers in mind may result in continued innovations—offering shorter shifts, offering a shared leave pool or offering project-based work.

CVS Caremark, for example, offers the Snowbird Program, a flexible work option that allows older employees to transfer to different CVS pharmacy store regions on a seasonal basis. The company projects an increase in older customers as well as a future shortage of younger workers. CVS says it has significantly higher retention rates for

older employees than the industry average.

Phased Retirement

Phased retirement is an attractive strategy for keeping older employees in the workplace. SHRM's 2017 Benefits Survey found that 19 percent of organizations offered either formal or informal phased retirement programs, giving employees the possibility to work reduced hours to transition into full-time retirement.

Steelcase, for example, offers employees a phased retirement program with reduced and part-time hours so they don't have to choose between quitting and continuing full-time. Facing a large number of retiring boomers, especially in the IT and manufacturing departments, Steelcase began the phased retirement plan in 2012.

Strategies to Transfer Knowledge

Focus on Mentoring and other Knowledge Transfer Programs

Mentoring can work both ways—the most common way is ensuring that older employees pass along their institutional knowledge to younger employees. But some knowledge areas, such as technology skills are ripe for reverse mentoring where younger employees help mature employees learn about new technology.

Michelin, for example, has rehired retirees to oversee projects, foster community relations, and facilitate mentoring. Nearly 40 percent of the company's workforce is 50-plus, and they have an average tenure of nearly 24 years. Initiatives for older employees include a strong focus on wellness, training, and intergenerational mentoring.

Focus on Training and Professional Development

Eighty-seven percent of employers offer professional development with 44 percent offering cross-training to develop skills not directly related to the job. Historically, mature workers have often been excluded from skills updating and cross-training due to assumptions that they are incapable of learning new things or will soon leave the workforce. In reality, younger workers are more likely to leave an organization taking their new skills with them. The ROI for skills training may actually be higher for mature workers than younger ones.

Foster Use of Mixed-Age Workgroups

Studies show worker productivity, at the organizational level, is higher for both mature and younger employees in firms that used mixed-age workgroups. Researchers speculate these benefits accrue from transfer of knowledge and sharing of tasks according to group members' relative strengths and weaknesses.

Strategies to Recruit Older Talent

In addition to programs aimed at retaining and engaging older employees currently in the workplace, employers should devise a recruitment strategy aimed specifically at attracting older employees looking to switch jobs, as well as those who are unemployed or retired.

While recruiting follows the same process for workers of any age, older adults may hesitate to seek employment due to experience with, or fears of, age discrimination. So, how can employers effectively recruit from this population?

- Include mature workers in diversity and affirmative action recruiting plans.

- Include mature workers in messaging—specifically mention in recruiting messages, job posting and application materials, that you are seeking workers of all ages.
 - Include images and voices of mature employees and mention qualities typical of mature employees—such as reliability and experience in your recruiting messages. Avoid signals that may suggest older job seekers and not welcome, such as calls for ‘fresh and energetic new talent.’
- Identify sources of talent that will include older adults – such as community college training programs focusing on older adults.
- Seek partners that will help recruit older candidates such as local government workforce development programs.
- Post jobs in locations where mature workers and retirees are likely to look – AARP’s resources and LinkedIn groups catering to individuals who are over age 50.
- Prepare and incentivize recruiters to include candidates from this population of job seekers.

The National Institutes of Health (NIH), for example, has an older workforce, half of them over age 50. NIH actively recruits at 50-plus job fairs, and its scientists encourage older colleagues to come to the NIH. The government agency offers benefits such as flexible schedules, telecommuting, vetted back-up elder care, and low-impact exercise classes.

JP Morgan offers a 13- to 19-week re-entry program, with the possibility of a full-time position, for people returning to work after two or more years away. Participants update skills and learn new ones, network with management, and work with a mentor.

Strategies to Create a Successful Age-Diverse Workplace

Foster an Age-Positive Organizational Culture

Each of the four (and, increasingly, five) generations in the workforce has different assumption about how the world works. Unfortunately, each generation also has stereotypes of the others—consequently most organizations experience at least some level of inter-generational conflict. Employers can combat this with diversity awareness programs, mentoring and reverse mentoring and CEO communications supporting the value of an inclusive culture.

Employers should consider the following effective practices to create an “age-positive” culture:

- Train managers and supervisors on the following:
 - how to conduct respectful discussions with mature employees and learn more about their needs, challenges and future plans;
 - age-based stereotypes and how manager’s work behaviors may reflect and reinforce them;
 - the fact that age-related declines do not affect the ability to be a productive for most mature employees;
 - ways that mature employee’s motives and needs are the same as or different from those of younger employees; and
 - options available for addressing requests for flexible work; and how to demonstrate that they value the contributions made by mature employees.
- Incorporate images and voices of mature employees in organizational communications.
- Educate employees about age-related stereotypes and how their own behaviors can reinforce such stereotypes, even unintentionally.

- Position your organization as a “best employer for mature employees.”
- Focus on Health and Wellness Benefits. While offering health insurance coverage is an important benefit for all employees, older employees cite it as a top priority, especially flexible health care benefits geared toward mature employees such as group-based discounts on commonly prescribed drugs, disease management programs, and supplemental insurance to cover gaps in Medicare coverage. Wellness offerings can include benefits of interest to all employees: flu shots, smoking cessation, stress reduction and health club discounts.

Motion Picture Television Fund, for example, provides financial assistance and services to support the well-being of the entertainment community and develops services for older people and those who care for them. It focuses on enabling people to live and age well by urging healthy choices, social connection, and living with a sense of purpose.

Conclusion

HR professionals will be at the forefront of their organizations’ efforts to meet the challenges and make the most of the opportunities accompanying an aging workforce. HR should take the lead by helping their organizations prepare for a more demographically diverse workforce, including age diversity. This will influence all aspects of employment from the type of flexible work arrangements organizations offer to the employee benefits package.

When HR professionals are asked about the barriers to retaining older employees, flexibility in work location (47%), career flexibility (45%), work hour flexibility (44%) and work schedule flexibility (43%) were cited most frequently as factors that contribute to difficulties in retaining older employees. More than one-third of respondents who indicated it was “difficult” or “very difficult” for their organization to retain older employees compared with other workers cited their organization’s inability to offer flexibility in type of employment (e.g., consultant work, temporary work, etc.) (38%) and/or benefits attractive to older employees (e.g., different health care benefits, wellness plans) (34%) as top challenges.

SHRM supports many public policies that encourage employment of the aging workforce as outlined in the Committee’s report released today. Specifically, we support and encourage employer-sponsored health insurance, voluntary employer-sponsored wellness programs, employer-provided retirement plans and workplace flexibility. To that end, Representative Mimi Walters (R-CA) has introduced SHRM-developed legislation, H.R. 4219, the Workflex in the 21st Century Act, that would expand paid leave and workplace flexibility opportunities for all employees. As the Committee examines policies to address additional benefit offerings to the aging workforce, SHRM urges you to consider Representative Walter’s proposal as a viable solution.

Both SHRM and the SHRM Foundation are committed to advancing this conversation. In one practical demonstration, the Foundation has published a series of toolkits that guide employers in advancing efforts to address the aging workforce. SHRM will continue to educate our members through information, webinars and conference programming.

Thank you, Senator Collins, Senator Casey and the other Senators who are here today to support a productive dialogue about the future of our aging American workforce.

I am happy to answer any questions you may have.