

# BOSTON COLLEGE

## CENTER FOR WORK & FAMILY

### EXECUTIVE BRIEFING SERIES

#### In this Issue:

- Business impact of the aging workforce including issues related to knowledge retention, multi-generational teams, retirement practices and caregiving.
- Solutions from leading companies who have developed strategies and implemented initiatives to meet the needs of their businesses and aging workforces.
- List of best practice business strategies to retain older workers.
- PowerPoint presentation for senior leaders with highlights from this executive briefing including business strategies to support, retain and engage older workers. (Contact [cwf@bc.edu](mailto:cwf@bc.edu) to receive a copy.)

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## The Aging Workforce: *Exploring the Impact on Business Strategy*

### Why focus on the aging workforce?

More than fifty years ago, the employment of older workers was on the national agenda. Today, the discussion continues with more fervor as the groundswell of baby boomers (those born between 1946 and 1964) approaches retirement, with the youngest now protected by federal age discrimination laws and the oldest turning 65 in 2011. This is compounded by the fact that boomers occupy 46 percent of the workforce; the generation that follows (Gen Xers, born 1965 to 1983) accounts for only 29 percent and simply isn't large enough to completely fill the pipeline.

The impact on business strategy of this aging workforce will be significant. Companies will grapple with many issues including:

- Retaining knowledge, skills and experience.
- Meeting multi-generational needs related to performance, flexibility and training.
- Rethinking retirement and related human resource policies.
- Supporting employees who care for children, grandchildren and elders – sometimes simultaneously.

Demographers have long predicted the overall age shift of the workforce due to the sheer number of baby boomers, lower birthrates and increased life expectancy. Population predictions for the next twenty years can be considered fairly certain because nearly everyone who will be in the workforce is already born. What isn't as clear – primarily due to retirement trends – is the prediction of a boomer mass exodus from the workforce and resulting gaps due to the smaller group of younger workers behind them.

*"There are no insuperable obstacles to the expansion of employment opportunities for the older worker...we may hope...we shall not have to wait a generation, and yet another, before we succeed in utilizing the skills of our older persons."*

## WHO IS THE OLDER WORKER?

*“Older employees defy stereotypes. Their mix of talent, knowledge, experience, interpersonal skills and business networks developed over many years brings tremendous value to organizations.”*

– MARIAN STOLTZ-LOIKE, PHD  
SENIOR THINKING LLC

The older worker has been broadly defined from those as young as 40 to those aged 65 and older.

- **Defined by federal law.** The Age Discrimination in Employment Act (ADEA) protects workers aged 40 and older.
- **Defined by AARP.** Eligibility for AARP membership starts at the age of 50. Nearly half of AARP members are in the workforce.
- **Defined by retirement.** Although laws regarding eligibility may shift, the age of 65 has long been recognized as the official start of the retirement years.

## A CLOSER LOOK AT DEMOGRAPHICS

The U.S. population and labor force are getting older.

*By 2012, the annual labor force growth rate of the 55-years-and-older group is projected to be nearly four times that of the overall labor force.*

– U.S. DEPARTMENT OF LABOR,  
BUREAU OF LABOR STATISTICS

- **Aging population.** 76 million people were born in the U.S. between 1946 and 1964. Immigration has increased the number of boomers to nearly 84 million. Today, a baby boomer turns 50 every 7.5 seconds. The percentage of the population aged 50 and older was 13 percent in 1900, 27 percent in 2000, and is expected to surpass 35 percent in 2020 (U.S. Census Bureau).
- **Aging workforce.** From 2002 to 2012, the highest growth rate in the labor force will be among those aged 55 and older, increasing from 14.3 to 19.1 percent of the labor force. The lowest growth rate will be among those aged 35 to 44, decreasing from 25.5 to 21.2 percent (U.S. Department of Labor, Bureau of Labor Statistics, 2004).
- **Retirement and filling jobs.** By 2008, 24 million employees may exit the workforce, potentially leaving 4.6 million jobs unfilled. The highest turnover will be in executive, administrative and managerial occupations resulting in nearly 3 million job openings. In 2010, it is predicted there will be 168 million jobs in the U.S., but only 158 million people in the labor force (U.S. Department of Labor, Bureau of Labor Statistics, 2002).
- **Median age.** By 2012, the median age of the labor force is projected to be 41.4 years, exceeding the highest level ever recorded (U.S. Department of Labor, Bureau of Labor Statistics, 2004).
- **Life expectancy.** In 1900, life expectancy at birth was only 47 years and 3 million Americans were aged 65 or older. Today, life expectancy at birth has increased to 77 years and 35 million Americans are aged 65 or older (U.S. Social Security Administration, 2001; U.S. Department of Health and Human Services, National Center for Health Statistics, 2003).

## THE OLDER WORKER ON THE JOB

Although most executives acknowledge the aging workforce statistics, few have focused on strategies to recruit and retain older workers. Research indicates that older workers bring significant value to the workplace in experience, knowledge, skills and commitment.

*“When the labor shortage hits at the end of this decade or early next, the imperative to attract, retain and motivate older workers will be upon us. This will be about ensuring the continuity of your enterprise by getting and keeping the best older knowledge workers and other skilled labor.”*

– ANNE C. RUDDY, CPCU,  
EXECUTIVE DIRECTOR, WORLDDATWORK

- A study of nearly 400 human resource professionals found that more than half of their organizations do not actively recruit or retain mature workers (SHRM/AARP, 1998).
- According to 71 percent of human resource professionals surveyed, an aging workforce is an important business issue due to the impending shortage of talent and rising health care costs (The Conference Board, 2003).
- Human resource managers rate older workers as having the top qualities considered most desirable in any employee including:
  - Loyalty and dedication to the company.
  - Commitment to doing quality work.
  - Solid performance records.
  - Ability to get along well with others (AARP, 1998).
- The advantages for both employers and employees of retaining older workers include:
  - Retaining institutional knowledge and specialized skill.
  - Boosting productivity by keeping highly experienced workers rather than hiring those less skilled.
  - Minimizing hiring and training costs.
  - Attracting the best employees over time (Rappaport, Maciasz, Bancroft, 2001).
- More than 80 percent of human resource professionals surveyed reported that their firms rehire retirees as consultants or contractors. The most common reasons for engaging retirees are to:
  - Facilitate knowledge transfer.
  - Fulfill special projects.
  - Meet seasonal employment needs.
  - Maintain customer relationships (The Conference Board, 2003).

## SOLUTIONS IN PRACTICE

**Deutsche Bank**, realizing that managing age diversity, globalization and demographic changes will bring about important changes to business strategy, has prepared itself to deal with the challenges of managing a multi-generational (and multi-cultural) workforce. They initiated age-related initiatives that focus on:

- The employability of older employees.
- Training programs that address the needs of older employees.
- On-the-job learning and knowledge transfer between older and younger colleagues.
- Diversity and age awareness training for managers to create an inclusive work environment and lead multi-generational teams.

See SOLUTIONS, *next page*

## Older Workers on the Job

*A Special Report from the  
2002 National Study of the Changing Workforce by  
Families and Work Institute ([www.familiesandwork.org](http://www.familiesandwork.org))*

- Work hours** — Employees aged 60 and older work fewer paid and unpaid hours per week at all jobs (39 hours) than employees aged 59 and younger (45 hours).
- Job satisfaction** — Employees aged 60 and older are much more satisfied with their jobs with 66% expressing high levels of satisfaction versus 44% of younger employees.
- Pressure on the job** — On a 1 to 4 point scale, employees aged 60 and older perceive significantly less pressure on the job (2.5) than younger employees (2.9).
- Absenteeism** — Although employees aged 60 and older are just as likely to have missed unscheduled whole days of work in the preceding 3 months (an average of 1.3 days), they are less likely than younger workers to have been absent for partial days (1 versus 1.4 days).
- Work-life management** — Managing work, personal and family demands is "easy" or "very easy" for 69% of workers aged 60 and older versus 41% of younger workers.
- Spillover from work to home** — Older workers aged 60 and older experience less negative spillover from their jobs to their home lives, affecting energy, emotional well-being, and time for family and friends. Only 7% of older employees report high levels of negative spillover versus 26% of younger employees.
- Spillover from home to work** — Employees aged 60 and older are much less likely (11%) than younger workers (26%) to report that their home lives have negative effects on their job performance.

## SOLUTIONS IN PRACTICE

*Continued from previous page*

**GlaxoSmithKline** surveyed employees and found that 12 percent are currently caring for an elder and an additional 27 percent expect to provide care in the next three to four years. GSK supports these employees with a variety of initiatives such as a comprehensive Elder Care Assessment and Monitoring Program. This program provides up to six hours of professional services including a personal assessment of the elder's situation by a geriatric nurse, scheduled check-in services by phone or in-person, professional assistance to coordinate services, on-site facility reviews to help in the selection of senior care housing, and in-person counseling to help with related family issues.

**Bristol-Myers Squibb Company** offers employees a comprehensive package of older worker and elder care initiatives. Building on their resource and referral services for midlife, retirement and elder care, Bristol-Myers Squibb implemented enhanced elder care services. These services include in-home assessments, on-site facility reviews, respite care, seminars, elder care fairs, and subsidies that reimburse 80 percent of back-up care costs up to \$300 per year. Responding to an increased utilization of elder care initiatives and an employee survey that found 30 percent expect to have elder care responsibilities in three to four years, the company implemented the next level of assistance and brought a geriatric specialist on-site to provide face-to-face, in-depth counseling.

## REDEFINING RETIREMENT

Traditionally, retirement was a one-time event marked by a gold watch and a company celebration – the rite of passage for those who worked so hard for many years. Recent studies indicate that times are changing.

Alicia Munnell, Director of the Center for Retirement Research at Boston College, reports that, “At the same time that the population is aging, traditional retirement income sources are eroding. Social Security is expected to replace a smaller share of income. Employer pensions have moved decisively to a 401(k) model in which benefits are uncertain. And private saving has declined to very low levels. These trends strongly suggest that many older workers may need to stay in the labor force longer.”

*There are no discernible differences between the intrinsic abilities (physical and mental ability and capacity to learn) of most older workers and those of their younger counterparts for most jobs today.*

*However, productivity also depends on skill levels, and older workers often fail to maintain and upgrade their skills.*

– NEW OPPORTUNITIES FOR OLDER WORKERS,  
THE COMMITTEE FOR ECONOMIC  
DEVELOPMENT, 1999

Baby boomers could redefine retirement for a variety of financial and non-financial reasons.

- 80 percent of *baby boomers* (born 1946 to 1964) plan to continue to work in some capacity during their "retirement" years:
  - 35 percent will work part-time mainly for interest and enjoyment.
  - 23 percent will work part-time mainly for the income it provides.
  - 17 percent envision starting their own business.
  - 5 percent plan to work full-time at a new job or career.
  - Only 16 percent say they will not work at all (AARP, 1998).
- A more recent survey of workers aged 50 to 70 found that 68 percent plan to work during retirement or never retire; 29 percent plan to not work at all for pay. The "need for money" is the primary motivator of those deciding to work (AARP, 2003).
- One-third of full-time employees surveyed said they would continue working if their employer offered phased retirement (Watson Wyatt, 2004).
- Nearly half of employees aged 50 and older indicate that more flexibility in working hours would keep them on the job, delaying their retirement (The Conference Board, 2002).

**Baptist Health South Florida**, a nonprofit health care organization that runs five facilities, has held the number one position on AARP's "Best Employers for Workers Over 50" annual list for the past three years. "What blew me away about Baptist Health was how they're looking into new technologies, such as hydraulics to help lift patients off beds, so that older workers who lose strength can keep doing their jobs," says Deborah Russell, manager of economic security and work for AARP. Baptist Health's human resource policies require a review committee to pre-approve any disciplinary action taken against an employee with more than 15 years of service. And employees with 10 years of service can start receiving retirement income at age 55.

**First Horizon National Corporation** (formerly First Tennessee National Corporation) established a designated employee services relationship manager to work exclusively with retired employees and those approaching retirement to answer questions and provide one-on-one counseling. This financial institution also provides online resources for health related information and financial tools.

## RETIREE REHIRE PROGRAMS

**Monsanto's** Retiree Resource Corps started out in 1991 with 60 retirees; they now have more than 800 participating retirees across 24 locations. Retirees can work up to 999 hours per year. Monsanto estimates saving 12 to 15 percent using retirees instead of traditional temps.

**Travelers'** Retiree Job Bank has offered jobs to retirees since the 1980s for those who want to return part-time without negatively affecting their pensions. The program saves Travelers an estimated \$1.5 million a year in temp agency fees.

**Polaroid's** Rehearsal Retirement program allows prospective retirees to take a leave of absence of up to 6 months. Afterward, they may return to the same job, or choose a tapering off option that allows them to reduce the number of work hours per day, days per week, or weeks per month for up to 5 years.

**MITRE Corporation's** Reserve at the Ready program, allows retirees to submit an online resume for part-time, short-term support to critical company projects. As assignments come available, the company searches the database for retirees with skills that meet the project requirements.

## THE OLDER WORKER AND CAREGIVING

*“At Deutsche Bank, our business and people strategy is focused on all age groups as an important component of diversity. We focus on individual needs for personal development, career advancement and job structure. An environment where employees are valued for their contribution to success and performance, regardless of their age, is necessary and an important prerequisite for the success of teams.”*

– DR. UTE DREWNIAK  
VICE PRESIDENT, GLOBAL DIVERSITY  
DEUTSCHE BANK AG

Simply by virtue of their age, older workers have more responsibilities to care for elders including parents, a spouse or partner, or other family member. The impact of caregiving on businesses is significant.

- U.S. businesses lose between \$11.4 and \$29 billion annually in productivity due to elder caregiving (Metropolitan Life Insurance Company, June 1997).
- In one study, 84 percent of employee caregivers made at least one formal adjustment to their work schedule: 64 percent took time off, 33 percent decreased their hours, 29 percent passed up promotions, 13 percent retired early and 16 percent quit work (MetLife Mature Market Institute, National Alliance for Caregiving, and National Center on Women and Aging, November 1999).

**IBM** has developed a five-year, three-prong Elder Care Strategy to address issues faced by (1) employees as elder caregivers, (2) employees' elders and (3) employees as mature workers. One of many programs offered is a popular Webinar – *Midlife and Beyond: Creative Work and Life After 40.* This online seminar helps participants understand typical midlife issues, identify opportunities and challenges of midlife, set goals, develop action plans and increase their optimism about the future.

**Astra Zeneca** offered its employees a series of seminars on elder care and participants decided they wanted to continue the dialog and provide support to one another as caregivers. So, they developed a charter and rolled out an Eldercare Employee Network Group, joining other affinity groups as part of the company's diversity initiatives. Caregivers at this company also have access to a nationwide network of geriatric nurses offering a comprehensive suite of services including telephonic and in-home assessments, and care planning.

## BEST PRACTICE BUSINESS STRATEGIES TO RETAIN OLDER WORKERS

RETENTION STRATEGIES	ACTION ITEMS
<b>Analyze employee demographics</b>	Determine the age of your workforce by generation and analyze retirement trends. Project the results over the next 5 years. Are there particular divisions or locations that may be significantly impacted? Do you have succession plans in place for key talent who may retire? Have you considered options to encourage employees to continue working?
<b>Assess older workers' needs</b>	Conduct needs assessment surveys and/or focus groups. Ask older workers about their plans for retirement. What types of support do they need to continue working? What benefits are most important to them? What challenges do they face or foresee? How many have elder care responsibilities?
<b>Develop short- and long-term retention strategies</b>	Use the data from your analyses of demographics and older workers' needs to develop formal retention strategies. Align these strategies with overall corporate and division goals. Continually seek ways to retain older workers and their skills, knowledge and experience. What core competencies do employees need to support business success?
<b>Offer ongoing training</b>	Help older workers remain mentally agile, sharpen their technology skills and advance their careers as desired. Design training to include more hands-on opportunities as opposed to classroom settings to facilitate learning. Encourage older workers to learn new skills and adapt to new work environments.
<b>Address older worker stereotypes</b>	Learn about generational issues and consider how older workers are perceived in your corporate culture. Examine your own perceptions. Include information on the multi-generational workforce in diversity and supervisor training. Encourage leaders to mix generations on project teams to promote learning and knowledge-transfer.
<b>Provide career options and skills building opportunities</b>	Create a continuous learning environment. Provide alternative career paths that include job rotations and short-term special projects. Facilitate expertise sharing through formal and informal mentoring programs.
<b>Create a flexible workplace</b>	Encourage flexibility, including leaves of absence, flexible work options (e.g., earlier hours, 4-day workweeks, telecommuting) and work redesign.
<b>Consider phased retirement and rehiring programs</b>	Benchmark with companies who have successful phased retirement or rehiring programs. Find ways for workers to reduce hours while maintaining benefits. Pension and compensation systems issues can be challenging and will require careful consideration.
<b>Offer support for caregiving</b>	Provide long-term care insurance, elder care management services, on-site geriatric counselors, elder care seminars, resource and referral services, and reimbursement for back-up and respite care.
<b>Offer retirement and financial planning assistance</b>	Assist employees as they make decisions about retirement. Provide financial information through resource and referral services, seminars, one-on-one counseling, support groups, employee newsletters, intranet content with helpful links, or other targeted communications.
<b>Encourage company-sponsored support groups</b>	Create an older worker affinity group within your diversity program. Allow employees to organize older worker or elder care support groups and hold meetings at company locations.
<b>Promote health and wellness</b>	Offer seminars about health issues important to older workers. Conduct health fairs and on-site medical screenings. Provide health assistance within the scope of your work-life resource and referral services; educate employees about preventive health care; provide coverage under the company medical plan for preventive screenings; and include health information on your intranet and in employee newsletters.

## IN SUMMARY

The workplace is aging. If baby boomers follow the pattern of their predecessors, by 2008, 24 million employees may exit the workplace leaving 4.6 million jobs unfilled (U.S. Department of Labor, Bureau of Labor Statistics, 2002). A majority of these jobs will require secondary education and the turnover in management ranks will be the highest.

Although the business impact will vary depending on the economy, industry, geography and boomer retirement decisions, it is imperative that companies assess the age of their workforces and project the impact over the next few years. Short- and long-term goals must include ways to replenish the pipeline with quality and quantity of talent – one way to do this is to keep older workers engaged, motivated and on the job.

*“As younger workers become scarcer, many employers will need older workers. But older workers are expensive and tend to want unique schedules, and many employers have organizational structures that make it difficult to support older workers. Both sides will need to be flexible. Workers will need to be more accommodating in terms of job requirements, and employers will have to make their environment more hospitable to older workers.”*

– ALICIA H. MUNNELL

DIRECTOR OF THE CENTER FOR RETIREMENT RESEARCH  
AT BOSTON COLLEGE

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### About this Series

Written for an executive level audience, the Boston College Center for Work & Family Executive Briefing Series addresses topical and strategic issues of particular relevance to the current business climate. The series highlights research findings, data trends and best practices in a concise format, aiming to foster action-oriented dialogue within organizations. Each issue features an accompanying PowerPoint presentation that captures key points and includes a section for practitioners to customize and add organization-specific data.

### About the Center

Since its founding in 1990, The Boston College Center for Work & Family has been a national leader in helping organizations create effective workplaces that support and develop healthy and productive employees. The Center provides a bridge linking the academic community to the applied world of the work/life practitioner and has three main focus areas: research, membership, and education. The Center is committed to enhancing the quality of life of today's workforce by providing leadership for the integration of work and life, an essential for business and community success.

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