

RETIREMENT PROSPECTS FOR THE RACIALLY AND ETHNICALLY DIVERSE OLDER ADULT LABOR FORCE

The older adult labor force is racially and ethnically diverse; about one quarter of workers aged 50–64 are African Americans, Hispanics, Asians, both native- and foreign-born. These workers are more likely to be employed in physically-demanding jobs and jobs with difficult working conditions, and are more likely to have financial or caregiving responsibilities for family members. They are less likely to have pensions or retirement savings accounts, and more likely to be counting on social security for the major portion of their retirement income.

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How diverse is the older adult labor force?

About one quarter of all US workers aged 50–64 are African American, Asian, and Hispanic. Among workers age 55+, about 6 out of 10 are employed full time, full year, with rates slightly higher for African Americans and Hispanics (66–67%) compared to Whites (63%). Among the foreign-born labor force, 67% are 55–64-year-olds, compared to 64% among native-born.

Among US workers aged 50–64, 75.2% are Caucasian/White, 9.5% are African American/Black, 4.6% are Asian/Pacific Islander, 9.2% are Hispanic, according to a 2013 analysis of Current Population Survey data (CPS).¹

“The proportion of the foreign-born labor force made up of 55-64-year-olds was 66.7%, compared to 63.9% for native-born. Among those aged 65+, 17.5% were in the labor force, compared to 18.0% of the native-born 65+ population,” according to a 2012 analysis of Current Population Survey data.²

Among persons identifying as Hispanic or Latino, labor force participation of those aged 55-64 is 60.8%, compared to 64.3% of all workers. For those aged 65+, the labor force participation rate is 17.6%, compared to 17.9% overall, according to a 2012 analysis of data from the Current Population Survey.³

“The percentage of workers aged 55 or older working full time, full year increased from 1987 to 2008...Black workers had the largest percentage point increase, from 52.7% in 1987 to 66.7% in 2008. White workers this age had the lowest percentage working full time, full year” [62.8%], an increase from 55.8% in 1987. Among Hispanic workers aged 55+, 67.2% were employed full time, full year, compared to 61.6% in 1987, according to a 2010 analysis of CPS data.⁴

“At age 62 to 64, 64.3% of Asian men participated in the labor force, compared with 56.4% of non-Hispanic whites, 50.0% of Hispanics, and 40.5% of African Americans,” according to a 2011 analysis of CPS data.⁵

2

What factors may affect the timing of retirement of the diverse older workforce?

Physically demanding jobs and jobs with difficult working conditions are more likely to be held by Latino, African American, and Asian American older workers than by white older workers. Immigrant older workers also are more likely to have difficult jobs. African American older workers are more likely to be financially responsible helping children or parents with paying their bills and for care of an adult child or grandchild. African Americans and Hispanics were more strongly affected by the recession than the general population.

According to a 2010 analysis of job characteristics data,

- “among those aged 58 and older, difficult jobs [that is, either physically demanding jobs or jobs with difficult working conditions], were held by 62.4% of Latino workers, 53.2% of Black workers, 50.5% of Asian Pacific American workers, and 42.6% of White workers.”⁶
- “immigrant workers age 58 and older were more likely (47.5%) than non-immigrant workers (33%) to have physically demanding jobs. Nearly 56% of immigrant workers had difficult jobs.”⁶

According to a 2010 AARP report,⁷

- “over four in ten African Americans [aged 45+] (44%) have had to help a child pay bills or expenses in the past year and 18% have had to help a parent pay bills or expenses.” In comparison, “only 8% of the general population had to help a parent with bills or expenses in the past year.”⁷
- “African Americans 45+ were more likely than the general sample to be responsible for the care of an adult child (19% versus 14% of the general sample) and a grandchild (15% versus 7% of the general sample).”⁷
- “Job loss in the last year [2010] for Hispanics aged 45+ was double that of the general population (21% versus 10%). Further, 10% of Hispanics ages 45+ returned to work from retirement (versus 5%).”⁸

3

Is the diverse older workforce financially prepared for retirement?

Among current retirees, people of color are disproportionately likely to be low income. Employed minority workers are less likely to have access to retirement plans from their employers, and less likely to participate in plans that are offered. They are more likely to rely on Social Security to provide a significant part of their families income in retirement, and are less likely to have income from pensions or assets. Foreign-born older workers are less likely to receive income from any of the three major sources of retirement income (pensions, assets, and social security).

According to a 2012 analysis of Current Population Survey data,⁹

- “among retirees age 60 and older, people of color are disproportionately likely to be low income, 31.6% of Blacks and 46.5% of Latinos are in the bottom 25% income group. The ‘Other’ race group, which includes Asian/Pacific Islander and Native American populations, is also more likely to be low income (38%).”
- “employed Black workers lag slightly behind employed whites in terms of the share of full-time workers who work for employers that offer a retirement plan (62.4% vs. 68.5%). Employed Latino workers are most disadvantaged in terms of workplace retirement plan access (43.1%).”
- “less than half of Black workers (47.7%) and less than a third of Latino workers (31.6%) in full time jobs participate in an employer sponsored retirement plan.”

According to a 2012 analysis of US Census data,¹⁰

- “about a third of older African Americans (34%) and Hispanics (35%) in beneficiary families rely on Social Security for more than 90% of their family income.”
- “the median annual amount of family income from Social Security for older African Americans and Hispanics in beneficiary families (\$14,400) is roughly 27% lower than that of older whites (\$19,757). The gap is about 9% for Asians (\$17,957).”
- “naturalized citizens and immigrants age 65 and older are less likely than their native-born peers to live in a family that receives any of the three major sources of retirement income.” For example, 46.7% of older native-born citizens receive income from pensions and retirement savings, compared to 30.6% of naturalized citizens and 15.4% of immigrants.

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