

DATA AND RESEARCH

Will Longer-Working Boomers Change the Workplace?

By Jill Cornfield

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U.S. employers could see a shift in staffing pressures as so-called retired Boomers look to change careers or stay in the workforce, at least part-time, a report says.

Though they may face headwinds from health and other reasons, middle-income Boomers want to work in retirement and report high levels of satisfaction when they do, according to “New Expectations, New Rewards: Work in Retirement for Middle-Income Boomers,” a study by Bankers Life Center for a Secure Retirement (CSR).

Nearly half of non-working, retired American Baby Boomers (48%) would like to work, but can’t. The reasons vary—their own health, or the health of a loved one, or they can’t find a job—but it adds up to a large number of retirees who would like to be in the workforce.

Most retired Baby Boomers (72%) aren’t currently working for pay in retirement, the report finds. Baby Boomers are clearly grappling with how they want to spend their retirement years, which they see as different from the way their parents lived. In a Merrill Lynch Bank of America study, a majority of pre-retirees said the ideal retirement would include work. For many, the old-fashioned concept of retirement as a time when work completely ends is simply unattainable.

The changes in social expectations for retirement could have an impact on workplace retirement plan sponsors, the study says. Employers will need to ask themselves what role a highly experienced, part-time workforce can play in an organization as the lines blur between retirement and working for pay.

Citing a revolution in the workforce when American women began working in unprecedented numbers in the 1960s and ’70s, Ken Dychtwald, founder and chief executive of Age Wave, says the big question is whether employers will be willing to accommodate these older job-seekers. Industry expressed anxiety about the numbers of women who might be competing with men for a scarcity of jobs, Dychtwald observes. “Instead, the economy exploded, with more people working and consuming,” he tells PLANSPONSOR. “If you have tens of millions highly talented people in their 60s who want to work, are we going to see that as the next revolution of work? I think it will be.”

Baby Boomers are more likely to look for flexibility in work arrangements and in scheduling. Many try new career paths in different industries. In exchange for the work arrangements they want, many retired Baby Boomers are willing to work for less money than they were before retiring.

For employers, retirees represent a large category of potential workers with different values and skills than non-retired workers, and the study seems to reveal a disconnect between the expectations of middle-income Boomers who are still working and the reality of working retired Boomers.

Only two in 10 non-retired Boomers (21%) say they would be willing to take a pay cut for their work in retirement, while more than half (53%) of currently employed retirees report making much less per hour in retirement. Nearly all non-retirees who plan to work in retirement (94%) would like some kind of special work arrangement, such as flex-time or telecommuting, but only about one-third (37%) of currently employed retirees have such an arrangement.

More than one-quarter (26%) of employed retirees are looking for an employer that accommodates flexible work hours or schedules. In contrast, a small percentage of non-retired workers (9%) say they seek flexibility as a primary quality in a post-retirement job. More than one-third (34%) of non-retired workers say the primary quality they look for in an employer is one that pays well; just over one-tenth (13%) of employed retirees cite compensation as a top goal.

A majority of those retired Boomers (69%) say they would have liked to have worked longer but find that they retired earlier than expected. Among those, nearly eight in 10 (79%) retired early for reasons they could not control, such as a personal health situation (39%), being laid off (19%) or lagging performance (6%). The results are in contrast to those of a New York Life survey that found many retirees expressing regret that they had stayed in the workforce as long as they had, but that group had liquid assets of at least \$100,000.

Work in retirement brings more than just monetary compensation, according to the survey's findings: many retired Boomers who are able to say they work for reasons beyond pay. One-third of retired Boomers (28%) are either currently employed or have been employed for pay during retirement, according to the study. Of those currently working, more than six in 10 (61%) say they work because they want to, not because they have to. In contrast, more than seven in 10 (71%) non-retired Boomers say they are working because they have to work.

Although money is the top single reason for continuing to work, other reasons for working in retirement are not exclusively financial and are cited by about six in 10 employed retirees. These reasons include staying mentally alert (18%), remaining physically active (15%) and keeping a sense of purpose (14%). About half of working retirees (49%) say they expect to work as long as their health allows, or beyond age 70.

Lower compensation is not always a bar for Boomers who want to work in retirement. Nearly three-quarters (72%) of employed retirees report that their per-hour compensation in retirement is less than it was before retirement, with more than half (53%) reporting an hourly compensation that is much less than before retirement.

However, working Boomer retirees trade reduced compensation for the increased employment flexibility that semi-retirement offers. A majority of employed Boomer retirees (88%) have work arrangements other than full time, including part time (59%), freelance (18%) or seasonal (7%).

Despite lower compensation, working Boomer retirees say they are happier and more satisfied with their job than non-retirees. A solid majority (78%) are just as satisfied or more satisfied with their job now than they were with their job before retiring, and one-third (32%) report being much more satisfied. Compared with non-working retirees, employed retirees report lower stress levels, better relationships and other positive impacts.

The “New Expectations, New Rewards: Work in Retirement for Middle-Income Boomers,” available for download on the firm’s website, is part of a series of studies commissioned by the Bankers Life Center for a Secure Retirement. The study surveyed 1,005 middle-income Baby Boomers and 2,293 retired Baby Boomers, ages 51 to 69, with annual household incomes between \$25,000 and \$100,000. Research was led in February and March by the Blackstone Group, an independent research firm.

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