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Many Workers Put Off Retirement, Take 'Encore' Jobs

By: Walter Hamilton | July 7, 2014

Many Americans are taking encore jobs instead of retiring, but many of those jobs are relatively low-paying

The share of older Americans in the workforce has risen sharply since the mid-1990s

After Fred Wallace was laid off from a high-paying job in 2011, the 56-year-old knew the odds of landing a comparable position were slim.

He polished his LinkedIn profile and networked like crazy. But his yearlong job search yielded only a handful of interviews and no offers.

So he shifted gears, embarking on an "encore" career by working part time at a child and family services organization in San Bernardino.

Wallace is among millions of older Americans launching professional second acts revolving around some form of public service. In the aftermath of the Great Recession, encore careers have caught on among baby boomers, some of whom recoil at the notion of conventional retirement — or aren't financially prepared.

In the near future it will become increasingly unusual for retirees not to work.- A survey by Merrill Lynch and research firm Age Wave

Wallace uses the marketing skills he honed during 28 years at HBO to raise funds for a program helping young people smooth the transition out of foster care. It's high-level work that brings personal fulfillment and a paycheck — albeit a significantly smaller one.

"It's terrific to know you can help an organization be better at what they do, you can give back, and you can earn a modest stipend," Wallace said.

Roughly 9 million Americans ages 44 to 70, or 9% of the 100 million people in that age range, work in encore jobs, according to a 2011 survey by Encore.org, a nonprofit organization, and the MetLife foundation. An additional 31 million would like to.

"People are going to live longer, and people of modest means are going to work much longer," said Marc Freedman, the group's founder. "How do we make that something people genuinely look forward to, and that could be important to society?"

The share of older Americans in the workforce has risen sharply since the mid-1990s, and polls show millions of people plan to work in years that once were classified as retirement.

Among those 55 and older, 40% have a job or are looking for one, according to the Labor Department. That's hovering around the highest level since the early 1960s.

A survey last month by Merrill Lynch and research firm Age Wave found that 72% of people 50 and older plan to work in their "retirement" years.

"In the near future it will become increasingly unusual for retirees not to work," the report said.

The encore dynamic is far from a cure-all for the professional and financial challenges facing older workers in the aftermath of the recession.

Many jobs in encore fields such as education and social services are relatively low-paying. That limits their viability for people with pressing financial needs, such as insufficient retirement savings or children's college bills.

Wallace was accepted into an Encore.org fellowship program that places experienced professionals, often moving from the corporate world, into one-year, part-time internships with social-service organizations. Most of the 270 fellows earn \$20,000 a year. Those in the higher-cost Los Angeles area get \$25,000.

Wallace had a big 401(k), a pension from HBO and a generous severance package. Without those, he said, he wouldn't have taken the lower-paying job.

"The fact that I've been able to save up money allows me the flexibility to work in the nonprofit world at a fraction of what I used to," he said. "It's something I can afford to do."

Leslye Louie, the national director of the fellowship program, said many people who want to can land higher-paying, full-time jobs at the end of their internships.

Advocates say the encore dynamic is an initial step toward solving a critical social problem — how to change perceptions about a steadily aging population.

"We have not created natural pathways for people to transition into new jobs that enable them to do something meaningful that takes advantage of their skills and enables them to earn a living," said Paul Irving, president of the Milken Institute and a board member of Encore.org. "That's clearly something we have to focus on as a society, and it is a challenge for many, many people."

Despite the moderate pay, encore workers say they get a lot from their jobs.

Wallace, who lives in Playa del Rey, wanted no part of mundane or perfunctory volunteer work.

"You go to the food bank and put cereals into crates and you think, 'OK, this is not really using your mind,'" Wallace said.

He was brought in by Aspiranet, a South San Francisco nonprofit, to develop a fundraising effort for a program that helps children who have grown up in foster homes transition to adulthood. He created a donor database and software before moving to a bigger role helping the organization develop broader strategy.

"To have meaningful work part time and flexibility in terms of your work hours, when you're in your late 50s or early 60s, those opportunities are hard to find," Wallace said.

The situation was similar for Diana Meinhold.

The Costa Mesa resident had a secure job as an executive with the Automobile Club of Southern California but wanted something more.

"I found less and less personal satisfaction in what I was doing," Meinhold said. "I wasn't unhappy. It just didn't speak to my heart anymore."

So in early 2008, she quit.

Meinhold, now 64, didn't have another job lined up, but she had savings.

After serving as the conservator for a friend who eventually died of Alzheimer's disease, she became a legal fiduciary. She fashioned a new career advising elderly people and their families on financial and healthcare issues.

Her one-person business, Encore Fiduciary Solutions, has done well. Still, making the transition was scary.

"It's like the duck on the water," she said. "It looks very calm on top, but underneath you're paddling like hell."

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