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Recession forces more older workers to put off retiring

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The recession is keeping some older workers on the job beyond the time they intended to retire.

In some industries, such as nursing, that’s a good thing it’s helping ease worker shortages. In other workplaces, the lack of turnover is keeping younger workers from landing jobs.

Whatever the cause or ripple effect, two-thirds of Americans age 55 to 64 are in the work force the highest participation rate among that age group since the U.S. Bureau of Labor Statistics began keeping track in 1948.

Had the economy been stable, I wouldn’t have given it a second thought, said Rick Wright, 60, an information technology worker for the city of Kansas City, who was eligible to retire but decided to stay.

I m no economic genius, but I m afraid of inflation when they pump all this recovery money into the economy. I’ll have a good retirement wage, but even then, I have to be careful.

Examples of similar deferred retirements show up across the U.S.

In Johnson County’s Blue Valley School District, where 30 to 40 teachers typically retire each year, this year’s retirees numbered only in the 20s, said Jim Payne, executive director of human resources.

In Sacramento, Calif., Anette Smith-Dohring, work force development manager for the Sutter Health system, said some of its nurse-shortage problems had eased this year because many of its 60-and-older nurses were not retiring as expected.

United Airlines spokeswoman Megan McCarthy said last month that the airline needed to furlough more flight attendants than expected because of markedly lower-than-expected retirements and resignations.

The American Institute of Certified Public Accountants said 35 percent of its financial-planning professionals clients said they were postponing leaving the work force because of the economy. The institute said two-thirds of the clients who said they would delay retirement expect to work an additional five years.

What this suggests is that 70 is the new 65, said institute Vice President James Metzler.

David Baxter, senior vice president at the market analysis company Age Wave, oversaw execution this year of a report, Retirement at the Tipping Point: The Year That Changed Everything.

The report, based on interviews in March with 2,082 workers, reinforced the work-force trend charted by the Labor Department.

In the current recession, Baxter concurred, the labor force participation rates have significantly accelerated, meaning more people in this age group are staying in the labor force rather than retiring.

Ten years ago, 59 percent of the 55-to-64 age group was in the civilian work force. In May this year, the percentage had jumped to 65.6, with 1.6 percentage points of that growth occurring just since May 2008.

Among workers 65 and older, the labor force participation rate has grown even more precipitously. In May 1999, their participation rate was 12.5 percent; in May 2008, 16.6 percent; and in May 2009, 17.2 percent.

The dramatic statistical changes in the last 12 months help point fingers at the recession as a cause.

Melinda Dixon, a financial adviser with Edward Jones in Lenexa, said she frequently has heard clients say, I guess I m just going to keep working.

The primary concern is about when they'll be able to retire because their portfolios, their whole net worth is down, Dixon said. People are afraid.

It should be noted that choosing to stay on the job has not been an option for thousands of older workers who have been let go in staff cuts.

Those jettisoned from the work force have fueled an estimated 25 percent increase in new claims for Social Security early retirement benefits, according to the agency's chief actuary, Stephen Goss.

Mercer, a national benefits administration company, offered a reason why many older workers were staying put. It analyzed its defined contribution retirement account data and found that since the end of 2007 until May, participants 55 and older had an average account balance loss of 16 percent.

Near-retirees face a huge challenge in accumulating adequate savings for retirement in the midst of recent economic volatility, said the Mercer report.

Fewer retirements can be good for some employers. They keep experienced workers and have less costly turnover than expected. But delayed retirements are thwarting younger workers trying to break into their chosen fields.

The National Association of Colleges and Employers said job offers for 2009 college graduates ran 22 percent behind 2008 s.

While the recession is the main cause, some new graduates in fairly robust employment fields such as health care and education are not landing jobs because anticipated vacancies haven t materialized.

The desire among nurses and other workers to hang on to their paychecks is understandable. Most workers are better informed about the true costs of maintaining their lifestyles in retirement, so there is more motivation to keep earning while they can.

But labor market surveys also have long noted that many older workers stay on the job because they enjoy working. Some try retirement and go back to work because they are bored, not because they need the money.

Other workers, who might once have contemplated early retirement, have decided to work until they are eligible for full Social Security benefits rather than draw less by retiring earlier and that decision could have been made without the recession.

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