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Older Workers Are Thriving Despite Recent Hard Times

By LOUIS UCHITELLE

Without fanfare, older workers — the ones seemingly left behind by the dot.com boom — are turning out to be the only group thriving in the jobless recovery.

Even as younger workers have lost ground, a higher percentage of those aged 55 to 64 hold jobs today than when the economy plunged into hard times in early 2001. Their success has shifted the composition of the work force: older people now make up 12 percent of the nation's workers, up from 10.2 percent in 2000. That was the year the dot-com boom, so favorable to the young, began to collapse.

As if to rub in the point, the raises given in America today go disproportionately to workers in their last decade before retirement.

These older workers, particularly women, are enjoying an unusual late-in-life success — as survivors of the disintegrating job security that began to spread through the work force early in their careers, undermining pensions and lifetime employment. Layoffs and retirement reduced their ranks in the recession in the early 1990's and its aftermath, but not this time.

"I am surprised by their resilience," said Robert M. Hutchens, an economist at Cornell University's School of Industrial and Labor Relations. So were a dozen other experts interviewed. Like the wider public, most had the impression that older workers were suffering. The data compiled by the Labor Department's Bureau of Labor Statistics now tells an unmistakably different story.

The reasons vary. Men who got new jobs after layoffs are trying to recoup lost pay in their final preretirement years. Or they never lost a job, but with pensions shrinking, they cannot afford to retire, even taking Social Security into account. Women play a big role. Many entered the work force in their 40's and still consider themselves in midcareer, or they have not saved enough to retire.

Many employers are holding onto older staff members until the economy strengthens and they hire again, among younger people.

Since March 2001, when the last recession began, the percentage of working people in the population of 55- to 64-year-olds has steadily risen, reaching a peak of 60 percent in the spring, or 16.4 million men and women, up from 58.1 percent and 14.5 million workers. While that gain appears to have tapered off this summer, the older workers were still the only age group to improve their lot in the recession and jobless recovery.

Demographics play a role in these numbers. The oldest baby boomers are 57 and as they have entered the ranks of the nation's older workers over the last three years, the job holders among them have increased both the number and the percentage of those employed in the group as a whole. But even

without counting the baby boomers — counting only the 60- to 64-year-olds, for example — the percentage at work has still held up better since March 2001 than for any other age group, the Bureau of Labor Statistics reports.

Reflecting this success, the average weekly wage of the 55- to 64-year-olds, adjusted for inflation, reached \$673 by the end of last year, up 4.5 percent from the \$644 in 2000. That is a faster pace than the wage gains of any other age group, according to the Economic Policy Institute, which analyzed the bureau's wage data. Only the 25- to 34-year-olds, earning \$590 in 2002, came close, increasing their average wage by 2.7 percent over the same period.

Union membership, more concentrated among older workers, may have played a role in lifting their wages. And good fortune helped. Wages and employment have risen in health care, for example, and this is a sector where 55- to 64-year-olds are disproportionately represented.

"The pure economist in me says that if the wage numbers are going in the same direction as the employment, then that is demand driven," said Harry Holzer, a labor economist at Georgetown University.

The demand among employers for older workers does seem to have risen, but other experts argue that supply also plays a role. More than in the past, older people seem determined to stay in the work force at least until retirement age.

And as the baby boomers age, employers have less of an alternative. That is because the youngest baby boomers are now 38 and behind them is the baby-bust generation. Those employers who are hiring have fewer choices among younger workers. And those who have stopped hiring until the economy improves "hope the older workers will hold on until the hiring resumes," said Mark Zandi, chief economist at Economy.com.

Some of the 55- to 64-year-olds postponed retirement when their nest eggs were depleted in the stock market decline. Or they simply do not have enough savings to retire. In 2001, 53.4 percent of the men and women 55 to 64 who headed families had only their 401(k) savings and similar "defined contribution" plans to finance their retirement, according to the Employee Benefit Research Institute.

That was up from 33.4 percent in 1992, when many more older workers — 43.8 percent of all heads of families — looked forward to company-financed defined-benefit pensions featuring guaranteed monthly amounts. A proliferation of early-retirement packages helped thin the ranks of workers before they entered the 55-to-64 age group. Rather than resort to layoffs, many companies sweetened their defined-benefit plans in the 1990's to get workers to retire early on full pensions.

Nynex, now part of [Verizon](#), persuaded thousands of employees to retire early, including Kingsley H. Nelson of Briarcliff Manor, N.Y. He is 60 now and back in the work force.

Like many others in his age group, Mr. Nelson, an industrial engineer, joined Nynex in the 1960's, right out of Clarkson University, expecting to remain with the company until he retired. He left instead in 1997, at 54, for a combination of reasons. The full pension was a lure. His operation at Nynex, an interactive information system, was being phased out, and he faced transfer to a job in another department.

The early-retirement package gave him an out, and in the weeks before his departure, he searched for another job. In the booming late 1990's, he soon found one. The Volt Telecom Group, a construction

and engineering company, offered to make him vice president for marketing and sales at a six-figure salary that was double his pay at Nynex.

"I am not the kind of person to sit home and do nothing," Mr. Nelson said. "I passionately love what I am doing, but make no mistake, I am doing it because I have to." The salary plus the pension allow Mr. Nelson and his wife, Lynn, to maintain their lifestyle and to whittle away at \$250,000 in debt.

While Mr. Nelson chose re-employment, some others who left with early-retirement packages were brought back on consulting contracts by the companies that had pushed them out. "Older workers are disproportionately represented in the data on independent contractors," said Sara Rix, a senior policy adviser for AARP.

In manufacturing, seniority and union membership helped older blue-collar workers escape the relentless layoffs in that sector, which have accounted for most of the nation's job losses over the last 30 months. Older workers, as a result, now represent 12.2 percent of those employed in manufacturing, up from 11 percent, on average, in 2000.

"These older survivors have managed to close the gap in technology skill with younger workers," said Phyllis Eisen, a vice president of the National Association of Manufacturers.

Laws against age discrimination have protected older workers. So has government employment, where layoffs have been far fewer than in the private sector. As in manufacturing, the percentage of older workers in public employment has risen in recent years.

But women have been the heavy lifters, taking jobs or staying in the labor force as they have grown older. Without them, the rate of job growth as a percentage of the 27.5 million people in this country who are 55 to 64 would have been roughly zero since 2001. Men of similar age lost a little ground, although not as much as younger men.

The women were in their 20's in the late 1960's, when the women's movement came to life. They started to move into the work force 20 years later, after raising children or getting a divorce or both. As they turned 55 and as older women turned 65, leaving the 55-to-64 age group, the share holding jobs rose, by a percentage point or more almost every year since 1996.

"The recession, if anything, is motivating them to recoup the time lost when they were out of the labor market earlier in their lives," said Heidi Hartmann, director of the Institute for Women's Policy Research.

Judith Bourgeois, who is 64, certainly needs the money. While her children were young, she earned a degree in American studies at Mount Holyoke College, not far from her home in Wilbraham, Mass. After completing college, she held sales jobs; got into career counseling; divorced her husband, a policeman, in 1993; and in 1998 she set up JCS Consulting, hiring herself out to run training classes and workshops for the employees of corporate clients.

The recession crimped that business and Ms. Bourgeois moved into the counseling of laid-off workers, contracting with three outplacement companies, which specialize in helping the former employees of corporate clients search for new jobs.

"I either go in and conduct workshops," Ms. Bourgeois said, "or I do one-on-one counseling."

With less than \$100,000 in savings, \$50,000 a year in income and a meager Social Security pension just ahead, she does not even think of retirement. Nor does she want to stop working.

"I have a lot of energy and a lot of ambition," she said, "and I almost think in terms of I have not done my best work yet."

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