

## RECESSION PUTS OLDER WORKERS BETWEEN A ROCK AND A HARD PLACE

**While record numbers are forced to put off retirement,  
vulnerability to unemployment rises**



As the recession deepens, everyone who can is holding onto their jobs and income for dear life. Nowhere is this more apparent than among workers over 55, a rising number of whom are putting off retirement. According to [a report released today](#) by the Economic Policy Institute, older Americans' labor force participation has reached a 40-year high.

“The obstacles older workers face on the way to retirement are mounting, and unfortunately not going to be solved anytime soon,” said the report’s author, EPI researcher Emily Garr. “That’s why it is imperative that we keep close tabs on how older workers are faring during the recession, as their hope of a secure retirement grows farther out of reach.” The surge in labor force participation by older workers in this recession, which now affects about 1.36 million additional people, suggests more than simple demographic changes.

The higher share of older workers in the labor force is at least partly a response to rising health care costs, plummeting home values, and losses in 401(k)s and individual retirement accounts, which are combining to make retirement unaffordable. Workers 55 and over are now 18.8% of the total population employed in the United States, up from 17.9% in December 2007. But the retirement age isn’t the only thing that’s on the rise for America’s older workers, as Garr reports. As more employers shut down operations or trim their workforce, increasing numbers of over-55 workers who are forced to remain in the labor market find themselves on its downside – among the nation’s unemployed and underemployed workers. The number of unemployed workers 55 and over has increased a staggering 56.8% in less than a year.

Displacement rates – which measure job losses due to plant closures, the elimination of positions, or other shifts in labor demand – are at the highest level on record for older workers. “Older workers were already more susceptible to displacement in 2007 than their predecessors were 10 or even 20 years ago, and this trend is exacerbated by the recession,” said Garr. “More and more older workers are truly between a rock and a hard place. Retirement is not an option, but jobs that they can live on are getting scarcer.”

Though some evidence suggests that older workers may be better able than younger counterparts to find or maintain jobs in this recession, data show that employment activity reflects poor financial circumstances or delayed retirement rather than increased job opportunities.

The high number of older workers forced to delay retirement has a ripple effect on other age groups, as well. For younger workers, labor force participation continues a long-term trend of decline. This suggests that, faced with a shrinking job opportunities, growing numbers are giving up on finding work and dropping out of the labor force entirely.

With unemployment rates projected to rise throughout this year, Garr notes, the pressures on especially vulnerable older workers will only get worse.

*The Economic Policy Institute (EPI) is an independent, nonprofit, nonpartisan think tank that researches the impact of economic trends and policies on working people in the United States and around the world. EPI's mission is to inform people and empower them to seek solutions that will ensure broadly shared prosperity and opportunity.*