

# issues in Labor Statistics



Summary 10-04 / March 2010 • U.S. Department of Labor • U.S. Bureau of Labor Statistics

## Record unemployment among older workers does not keep them out of the job market

The unemployment rate for persons aged 55 years and older has increased sharply since the beginning of the recession in December 2007.<sup>1</sup> The jobless rate among older workers was 7.1 percent (seasonally adjusted) in February 2010, just shy of the record-high level of 7.2 percent in December 2009. (See chart 1.) At the same time, the labor force participation rate—the proportion of the population that is either employed or looking for work—for this group rose during much of the recession, before leveling off in recent months. (See chart 2.)

Although the rate of unemployment among older workers is lower than that for their younger counterparts, older persons who do become unemployed spend more time searching for work. In February 2010, workers aged 55 years and older had an average duration of joblessness of 35.5 weeks (not seasonally adjusted), compared with 23.3 weeks for those aged 16 to 24 years and 30.3 weeks for those aged 25 to 54 years.<sup>2</sup> The longer duration of unemployment among older workers also is reflected in a higher proportion of the unemployed who have been jobless for extended periods. For example,

nearly half (49.1 percent) of older jobseekers had been unemployed for 27 weeks or longer in February 2010, compared with 28.5 percent of workers aged 16 to 24 years and 41.3 percent of workers aged 25 to 54 years. (See table 1.)

Still, rising unemployment rates have not kept older workers from participating in the job market. In fact, the labor force participation rate for persons aged 55 years and older rose during much of the recession, before flattening out recently. This pattern of rising labor force participation for older workers has occurred for both men and women. In contrast, labor force participation rates for other age groups—especially youths—have declined since the recession began.

Rising labor force participation among older persons is likely part of a long-term pattern that began in the mid-1990s, a change that reversed decades of declining labor force participation among in-

dividuals in that age group, particularly men.<sup>3</sup> For persons aged 55 years and older, the labor force participation rate increased from a low of 29.2 percent in 1993 to a peak of 40.4 percent in May 2009, the highest rate since March 1962. Since the recent peak in May 2009, the rate has shown little change; it was 40.0 percent in February 2010.

Recently, some reports have suggested that the increased labor force participation of older workers reflects both the need of many near retirees to work after large losses in their retirement accounts and the need of older workers in general to ensure adequate postretirement incomes to address increased life spans.<sup>4</sup> The fact that the rise in labor force participation for this group began well before the recent financial crisis, plus the absence of an accelerated rise in participation rates during the recession, suggests that the collapse in the finan-

cial markets and the declines in asset values were not the only factors associated with the recent rise in participation rates among older workers.

Indeed, one underlying reason behind the long-term rise in participation rates among the 55-years-and-older population is the move by employers to replace defined-benefit retirement plans with defined-contribution retirement plans, allowing employers to shift more responsibility for retirement income to the employee. This was a change that gained momentum in the 1990s, coincident with the rise in older workers' participation rates. Although there are undoubtedly other factors that may have contributed to the rise in older workers' labor force participation rates, many research papers have found a connection between these changes in retirement funding and those workers' increased participation rates.<sup>5</sup>

Table 1. Selected labor force measures, by age, February 2010, not seasonally adjusted

Characteristic	Total, 16 years and older	16 to 24 years	25 to 54 years	55 years and older
Total unemployed (in thousands).....	15,991	3,888	9,843	2,260
Percentage unemployed 27 weeks or longer.....	39.3	28.5	41.3	49.1
Median number of weeks unemployed.....	19.6	14.4	20.6	26.7
Average number of weeks unemployed.....	29.3	23.3	30.3	35.5

In sum, the recession that began in December 2007 has affected all demographic groups, including older workers. Their unemployment rate, although lower than that for younger workers, recently reached record-high levels. Once unemployed, older workers tend to remain jobless for longer periods than younger workers.

Despite the recession—or perhaps because of it—older workers continued to increase their participation in the job market, at least through mid-2009. Whether the long-term pattern of growing labor force participation rates among older workers will continue beyond the recession remains to be seen.

All of these data come from

the Current Population Survey (CPS), a monthly survey of some 60,000 households that is the source of the national unemployment rate and many other labor market indicators. This *Issues* paper was prepared by Emy Sok, an economist in the Division of Labor Force Statistics, Office of Employment and Unemployment Statistics. E-mail: CPSInfo@bls.

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## Notes

<sup>1</sup>The National Bureau of Economic Research (NBER), generally recognized as the official arbiter of business cycle turning points, has not yet determined an end point for the recession that began in December 2007.

<sup>2</sup>The duration of joblessness represents the length of time (through

the current reference week) that individuals classified as unemployed have been looking for work and refers to the current spell of unemployment rather than the duration of a completed spell.

<sup>3</sup>See Abraham Mosisa and Steven Hipple, “Trends in labor force participation in the United States,” *Monthly*

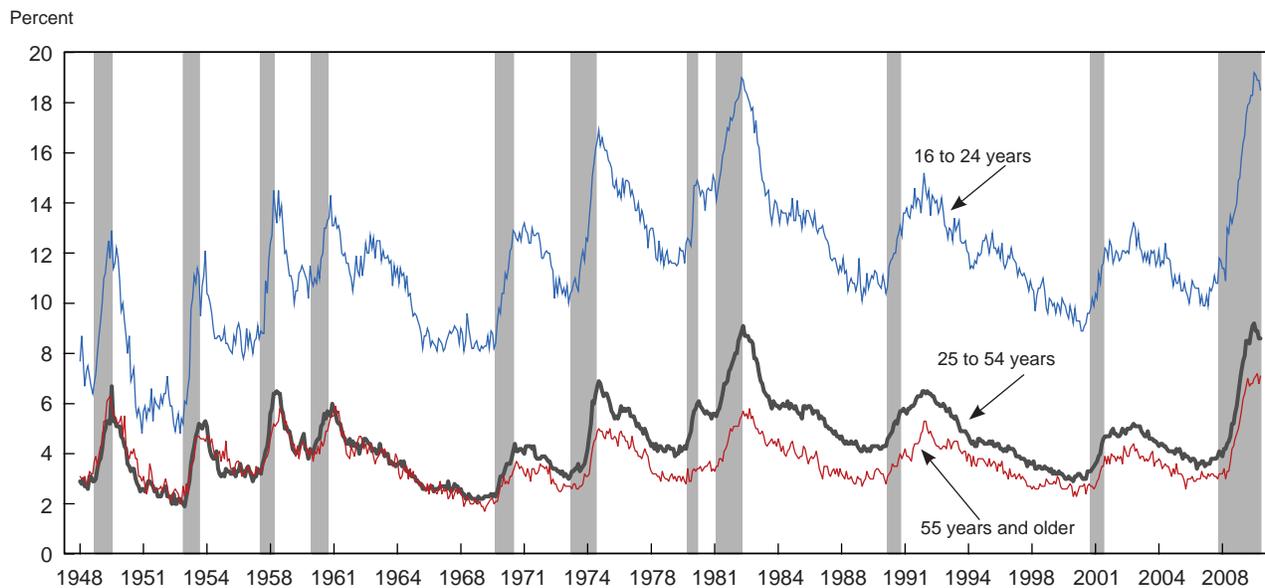
*Labor Review*, October 2006, pp. 35-57, on the Internet at <http://www.bls.gov/opub/mlr/2006/10/art3abs.htm>.

<sup>4</sup>See, for example, Kristie Engemann and Howard Wall, “The Effect of Recessions among Demographic Groups,” *Review* (St. Louis, Federal Reserve Bank of St. Louis), January/February

2010, pp. 1-26, on the Internet at <http://research.stlouisfed.org/publications/review/10/01/Engemann.pdf>.

<sup>5</sup>See, for example, Patrick Purcell, “Older Workers: Employment and Retirement Trends” (Congressional Research Service, Sept. 14, 2005), on the Internet at <http://aging.senate.gov/crs/pension34.pdf>.

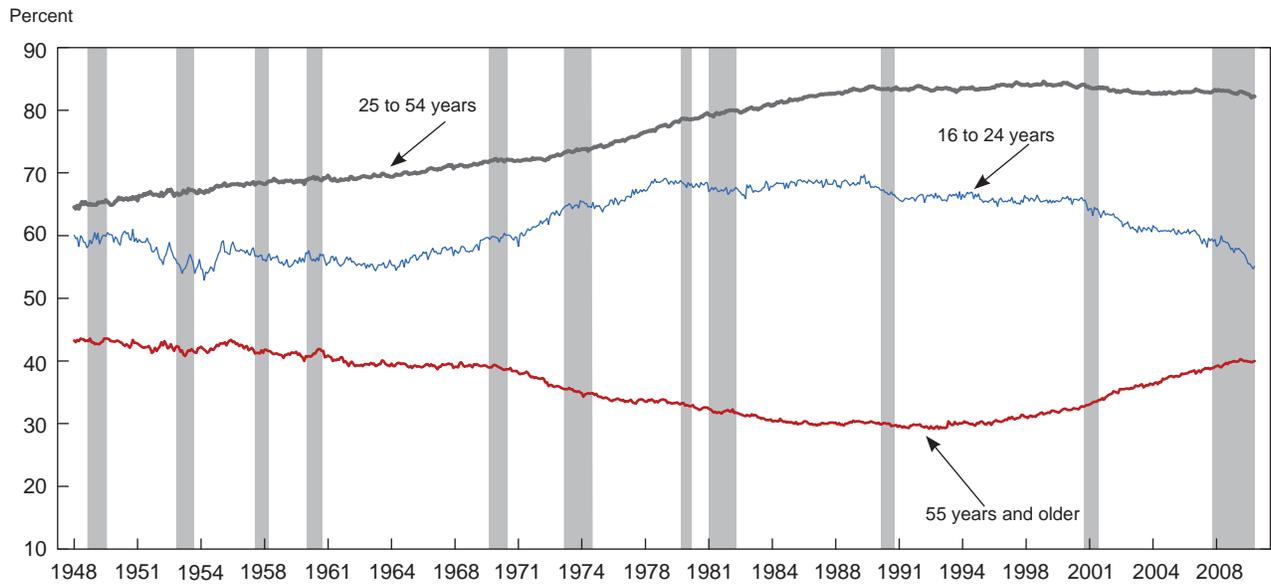
Chart 1. Unemployment rates for all civilian workers, by age, seasonally adjusted, 1948–2010



NOTE: Shaded areas represent recessions, as determined by the National Bureau of Economic Research (NBER). NBER has not yet determined an end point for the recession that began in December 2007. Beginning in 1994, data reflect the introduction of a major redesign of the Current Population Survey.

SOURCE: Bureau of Labor Statistics, Current Population Survey.

Chart 2. Labor force participation rates for all civilian workers, by age, seasonally adjusted, 1948–2010



NOTE: Shaded areas represent recessions, as determined by the National Bureau of Economic Research (NBER). NBER has not yet determined an end point for the recession that began in December 2007. Beginning in 1994, data reflect the introduction of a major redesign of the Current Population Survey.

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