

# Employment and Earnings among 50+ People of Color

Richard W. Johnson and Janice S. Park

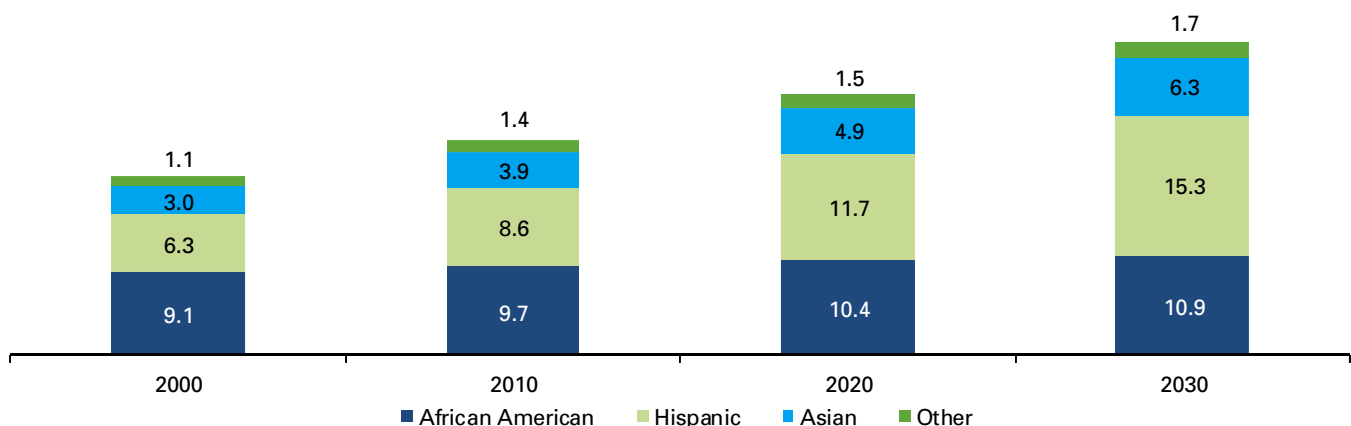
The number of people of color in the workforce will soar in coming decades as the older population expands, grows more diverse, and works longer. However, African Americans and Hispanics age 50 and older face substantial workplace challenges, including relatively low earnings, high unemployment, and limited access to self-employment. Older Asians fare better, but still lag behind their non-Hispanic white counterparts on many indicators.

## The Growing Diversity of the 50+ Population

There were 23.2 million people of color age 50 or older in the United States in 2010, including 9.6 million African Americans, 8.5 million Hispanics, 3.8 million Asian Americans, and 1.3 million other nonwhites. This population will soar over the next two decades as the number of Hispanics and Asian Americans age 50 and older more than doubles between 2010 and 2030. By contrast, the non-Hispanic white population will increase only 16 percent.

- Hispanics will account for 15.3 percent of the 50+ U.S. population in 2030, up from 8.6 percent in 2010 (figure 1).
- The share of Asian Americans will increase from 3.9 to 6.3 percent.
- This surge reflects the influx of young Hispanic and Asian immigrants to the United States since 1980.
- Non-Hispanic whites will account for only about two-thirds of the population age 50 and older in 2030, down from more than three-quarters in 2010.

**Figure 1.** People of Color as Percentage of the Population Age 50 and Older, by Race and Hispanic Origin, 2000–2030



*Source:* Authors' estimates from U. S. Census Bureau, 2009, "National Population Projections," <http://www.census.gov/population/www/projections/2009downloadablefiles.html>.

*Notes:* Estimates are based on the U.S. Census Bureau's low net international migration series. The other category includes American Indians, Alaskan Natives, and people of mixed race.

### Labor Force Participation in 2010

In 2010, 5.6 million men of color age 50 or older participated in the labor force (worked or actively looked for work). Participation rates were highest for Asian Americans and lowest for African Americans.

- At age 62 to 64, 64.3 percent of Asian men participated in the labor force, compared with 56.4 percent of non-Hispanic whites, 50.0 percent of Hispanics, and 40.5 percent of African Americans (figure 2).
- Educational differences accounted for some of this variation. Only 18 percent of African Americans and 15 percent of Hispanics age 50 and older had a bachelor's degree, compared with 32 percent of non-Hispanic whites and 43 percent of Asians. College graduates were more likely to work at older ages than those with less education. Among men age 50 and older with the same education, Hispanics were more likely to participate than non-Hispanic whites, but African Americans were still less likely.
- About half of Hispanics and two-thirds of Asians age 50 and older were born outside the United States. They were more likely to participate in the labor force than those born in the United States. At age 62 and older, for example, participation rates reached 35 percent for foreign-born Hispanics (versus 25 percent for their U.S.-born counterparts) and 34 percent for foreign-born Asians (versus 26 percent for those born in the United States).

About 5.3 million women of color age 50 or older participated in the labor force. Non-Hispanic white women were more likely to participate than others, although women's participation rates varied less by race and Hispanic origin than men's.

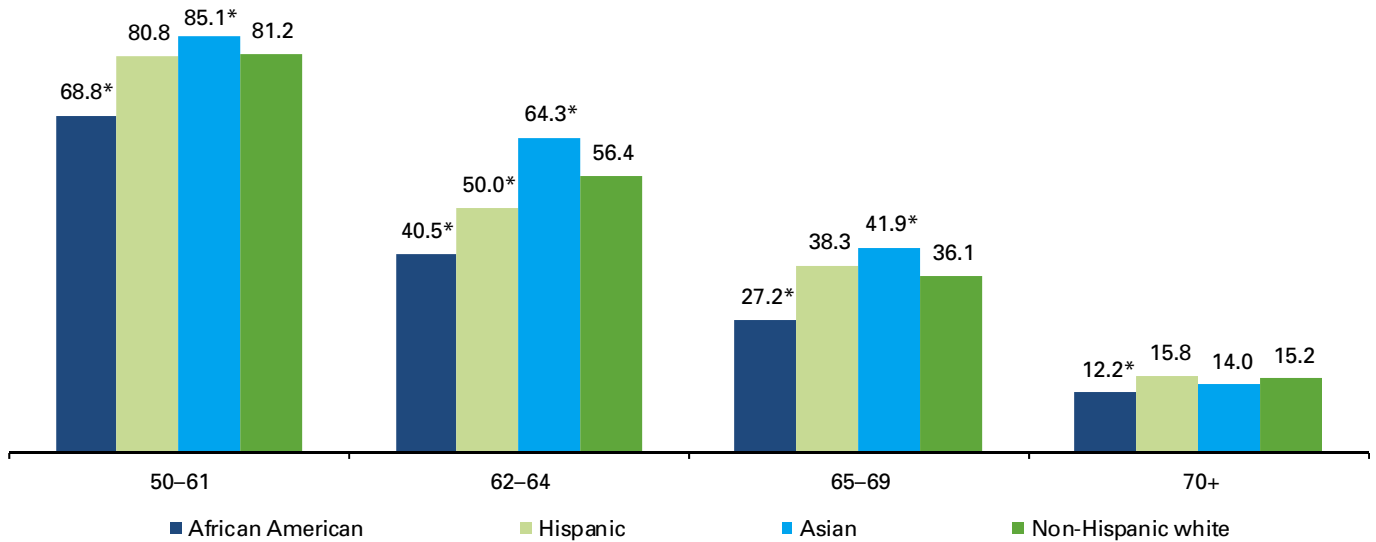
- At age 62 to 64, 46.9 percent of non-Hispanic whites participated in the labor force, compared with 45.4 percent of Asians, 40.8 percent of Hispanics, and 37.8 percent of African Americans (figure 3).
- As with men, the shortfall in Hispanic women's participation was explained fully by their educational deficits. Only 12 percent of Hispanic women age 50 and older had earned a bachelor's degree, compared with 19 percent of African Americans, 26 percent of non-Hispanic whites, and 33 percent of Asians. African American women, however, were less likely to participate than their non-Hispanic white counterparts with the same education.
- Participation rates for Hispanic and Asian women did not differ much between those born in the United States and those born elsewhere.

### Recent Trends in Labor Force Participation

Male labor force participation at age 62 and older grew sharply over the past decade and a half for all racial and ethnic groups, reversing a decades-long decline.

- Between 1995 and 2010, participation rates increased 48 percent (or 10.6 percentage points) for Asians age 62 and older and 44 percent (or 9.2 percentage points) for Hispanics (figure 4).
- Participation rates increased 24 percent (or 4.6 percentage points) for African Americans age 62 and older and 32 percent (or 7.1 percentage points) for non-Hispanic whites—slower than for Asians and Hispanics but still substantial.
- By contrast, participation fell significantly between 1980 and 1995, part of a downward trend that had persisted since 1900. Male labor force participation at age 62 and older bottomed out in 1993.
- For men age 50 to 61—too young to collect Social Security unless they have serious disabilities—labor force participation has been slowly falling over the past 30 years, especially at age 50 to 54. The decline has been concentrated among those with limited education.

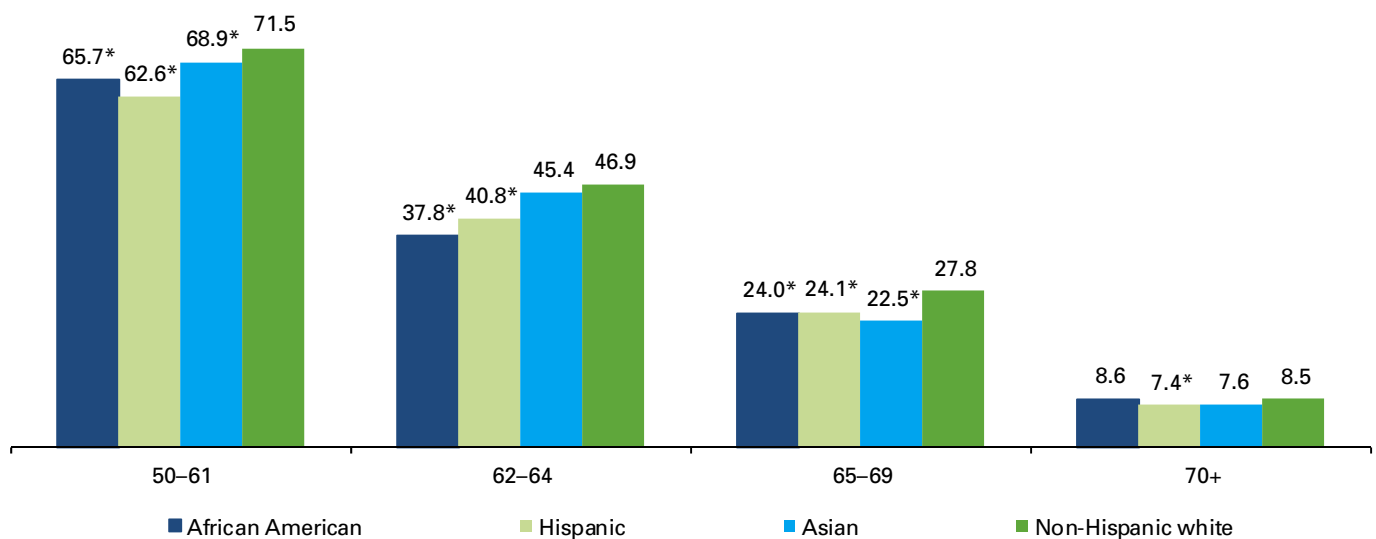
**Figure 2. Male Labor Force Participation Rates by Age, Race, and Hispanic Origin, Age 50 and Older, 2010 (%)**



*Source:* Authors' computations from the monthly files of the 2010 Current Population Survey.

*Notes:* The labor force participation rate is the share of the civilian noninstitutional population that is working or looking for work. An asterisk denotes significant difference ( $p < 0.05$ ) from the corresponding estimate for non-Hispanic whites.

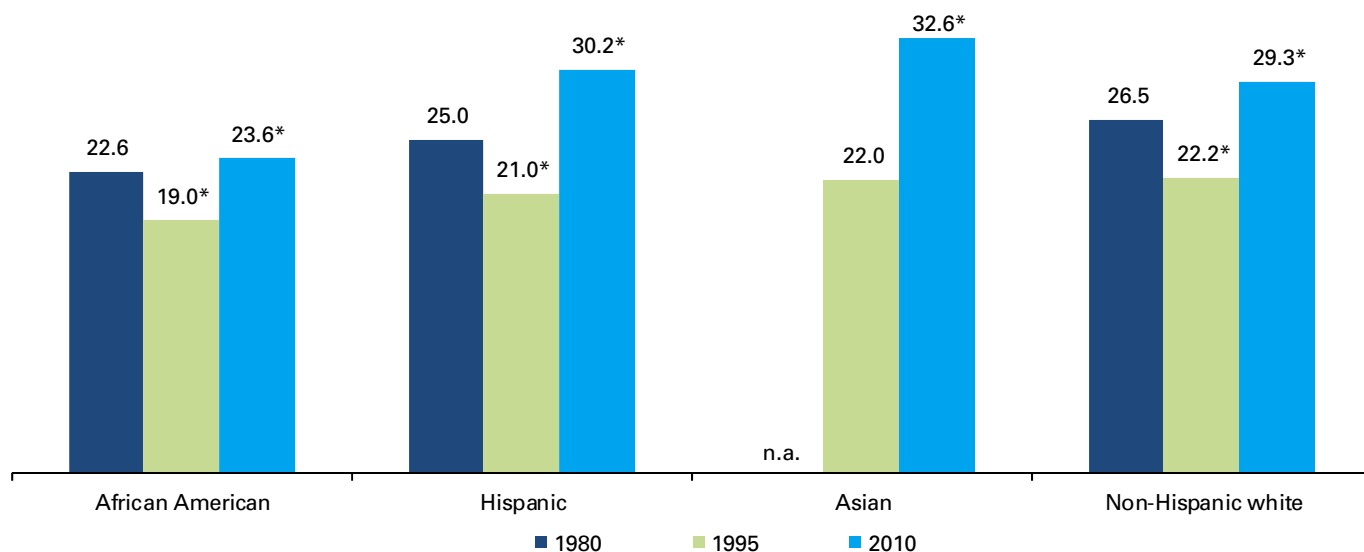
**Figure 3. Female Labor Force Participation Rates by Age, Race, and Hispanic Origin, Age 50 and Older, 2010 (%)**



*Source:* Authors' computations from the monthly files of the 2010 Current Population Survey.

*Notes:* The labor force participation rate is the share of the civilian noninstitutional population that is working or looking for work. An asterisk denotes significant difference ( $p < 0.05$ ) from the corresponding estimate for non-Hispanic whites.

**Figure 4. Male Labor Force Participation Rates, Age 62 and Older, 1980, 1995, 2010 (%)**



*Source:* Authors' computations from the monthly files of the 1980, 1995, and 2010 Current Population Survey.

*Notes:* The labor force participation rate is the share of the civilian noninstitutional population that is working or looking for work. An asterisk denotes significant difference ( $p < 0.05$ ) from the corresponding estimate for the previous period.

n.a.= not available.

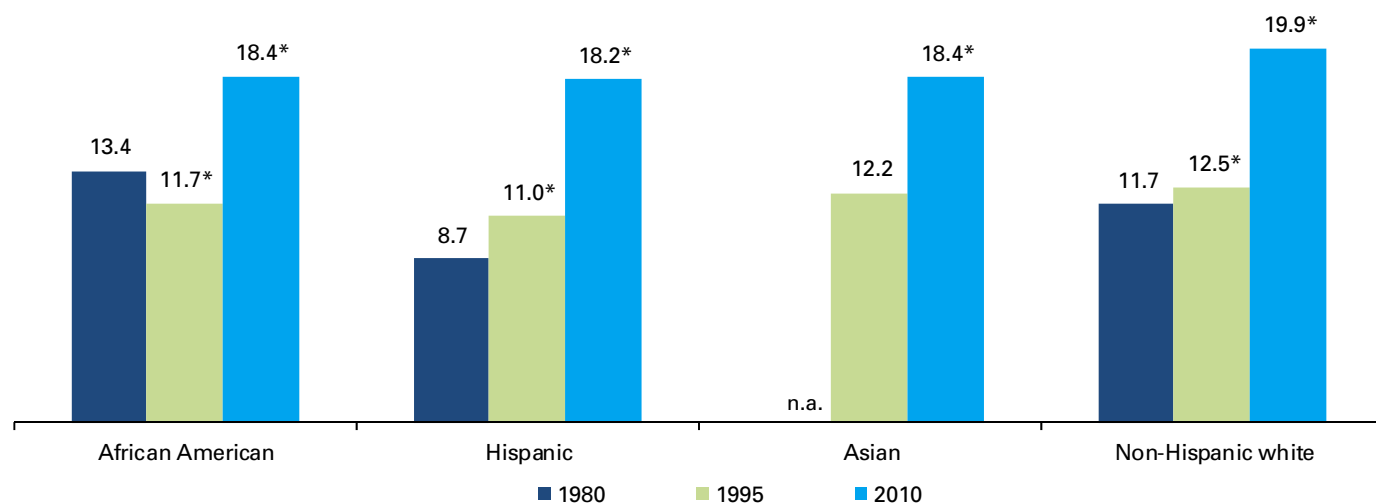
Female participation at age 62 and older grew even more rapidly since 1995 for all racial and ethnic groups (figure 5).

- Between 1995 and 2010, participation rates increased 66 percent (or 7.2 percentage points) for Hispanics, 59 percent (or 7.4 percentage points) for non-Hispanic whites, 58 percent (or 6.7 percentage points) for African Americans, and 50 percent (or 6.2 percentage points) for Asians.
- Female participation also generally increased between 1980 and 1995, although much more slowly. However, participation rates for African Americans declined over the early period.
- For women in their early fifties, participation rates have remained flat over the past decade, after increasing 22 percent between 1980 and 1995 and 5 percent between 1995 and 2000.

Increased labor force participation at older ages reflects changes in employer fringe benefits and Social Security that strengthen work incentives, educational and health improvements that make older workers more employable, and heightened concerns about the affordability of retirement that discourage early labor force withdrawals.

- Traditional employer-sponsored pension plans that usually encourage early retirement by failing to reward work at older ages were once dominant, but they have been largely replaced by age-neutral 401(k)-type plans.
- Employer-sponsored retiree health plans are also disappearing, raising the cost of retiring before Medicare eligibility begins at age 65.
- Recent Social Security reforms that increased the full retirement age, eliminated the retirement earnings test for workers past the full retirement age, and boosted credits for those who delay retirement also increased incentives to work longer.

**Figure 5. Female Labor Force Participation Rates, Age 62 and Older, 1980, 1995, 2010 (%)**



*Source:* Authors' computations from the monthly files of the 1980, 1995, and 2010 Current Population Survey.

*Notes:* The labor force participation rate is the share of the civilian noninstitutional population that is working or looking for work. An asterisk denotes significant difference ( $p < 0.05$ ) from the corresponding estimate for the previous period.

n.a.= not available.

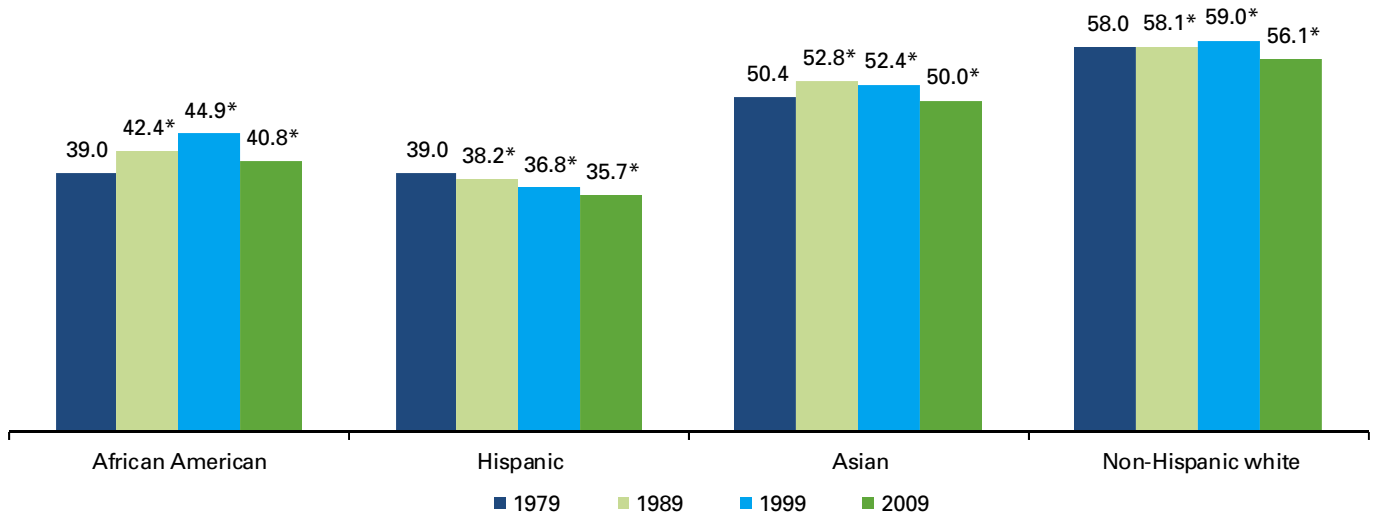
## Earnings

Male workers of color earned substantially less after age 50 than their non-Hispanic white counterparts. Shortfalls have narrowed over time for Asians age 62 and older and for African Americans, but not for Hispanics.

- Among men age 50 to 61 employed full time, 2009 median annual earnings totaled \$56,100 for non-Hispanic whites, compared with \$40,800 for African Americans, \$35,700 for Hispanics, and \$50,000 for Asians (figure 6).
- Median inflation-adjusted earnings fell between 1999 and 2009 for men age 50 to 61 in all groups. Between 1979 and 2009, real earnings increased merely 5 percent for African Americans and declined for other groups. As a result, the black-white earnings gap shrunk from about a third of white earnings to about a quarter.
- The earnings gap between men of color and non-Hispanic whites did not change much after age 62. Among men age 62 and older employed full time, 2009 median annual earnings totaled \$51,000 for non-Hispanic whites, compared with \$35,700 for African Americans, \$28,700 for Hispanics, and \$45,900 for Asians (figure 7).
- Except for Hispanics, men age 62 and older experienced strong earnings growth over the past three decades. From 1979 to 2009, median inflation-adjusted earnings grew 31 percent for Asians, 19 percent for Africans Americans, and 12 percent for non-Hispanic whites, but fell 5 percent for Hispanics.
- Educational differences explained between a half and two-thirds of the earnings shortfall for African Americans and Hispanics relative to non-Hispanic whites, but none of the shortfall for Asians.

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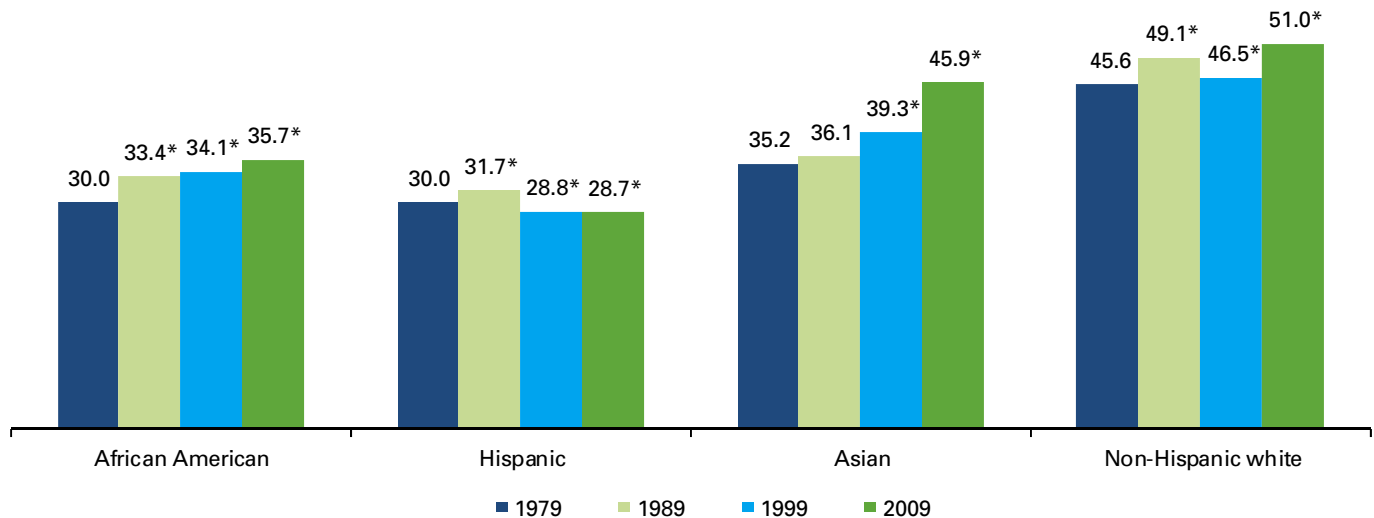
**Figure 6. Median Real Annual Earnings for Full-Time Workers, Men Age 50–61, 1979–2009 (\$000)**



*Source:* Authors' computations from the 1980, 1990, and 2000 censuses and the 2009 American Community Survey.

*Notes:* Full-time employment is defined as 35 or more hours of work per week. Amounts are expressed in constant 2009 dollars, as adjusted by the change in the consumer price index. An asterisk denotes significant difference ( $p < 0.05$ ) from the corresponding estimate for 1979.

**Figure 7. Median Real Annual Earnings for Full-Time Workers, Men Age 62 and Older, 1979–2009 (\$000)**



*Source:* Authors' computations from the 1980, 1990, and 2000 censuses and the 2009 American Community Survey.

*Notes:* Full-time employment is defined as 35 or more hours of work per week. Amounts are expressed in constant 2009 dollars, as adjusted by the change in the consumer price index. An asterisk denotes significant difference ( $p < 0.05$ ) from the corresponding estimate for 1979.

Women age 50 and older continued to earn less than their male counterparts, although the gap has narrowed over the past 30 years as women’s earnings have increased. The earnings gap between workers of color and non-Hispanic white workers was somewhat smaller for women than men but remained substantial.

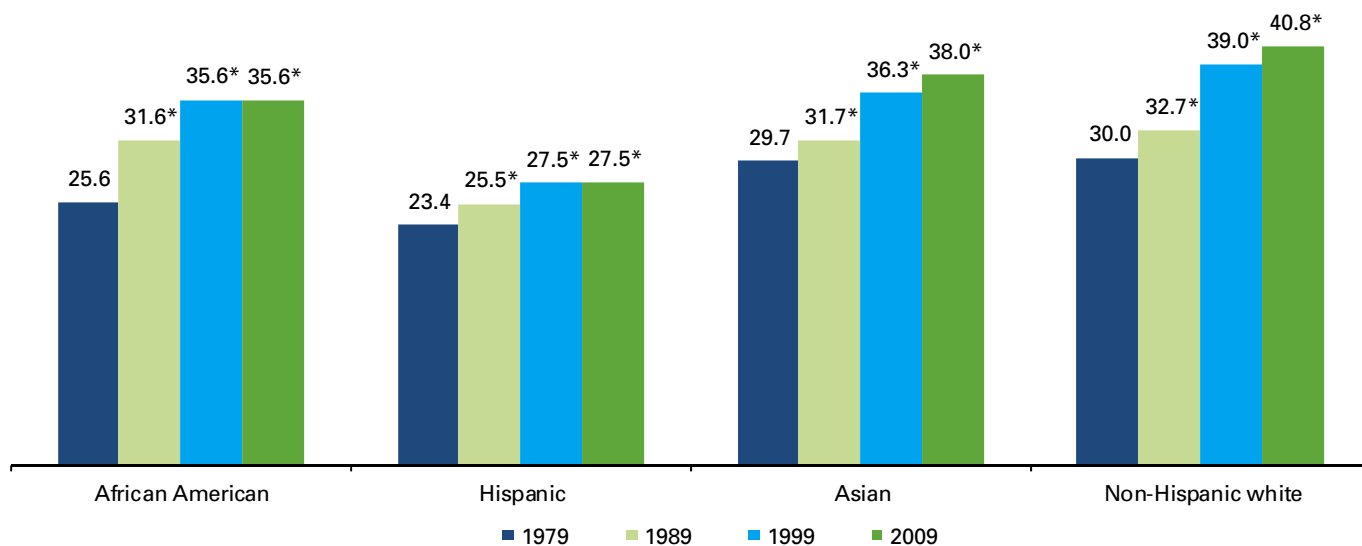
- Among women age 50 to 61 employed full time, 2009 median annual earnings totaled \$40,800 for non-Hispanic whites, compared with \$35,600 for African Americans, \$27,500 for Hispanics, and \$38,000 for Asians (figure 8).
- Median inflation-adjusted earnings increased between 1979 and 2009 for women age 50 to 61, although growth slowed after 1999.
- The earnings gap between women of color and non-Hispanic whites at age 62 and older was similar to the age-51-to-61 gap (figure 9). Real median earnings for full-time workers age 62 and older grew substantially over the past three decades, although Hispanics lagged behind the other groups.
- Educational differences explained about a half of the earnings shortfall for African Americans and Hispanics relative to non-Hispanic whites.

For both men and women age 50 and older, U.S.-born Hispanics earned about a half more than their foreign-born counterparts in 2009. The U.S.-born earnings premium was about a third for Asians. At ages 50 to 61 and ages 62 and older, U.S.-born Asians working full time earned more than non-Hispanic whites. U.S.-born Hispanic men working full time earned more than African American men (but less than non-Hispanic whites). U.S.-born Hispanic women earned about as much as African American women.

### Self-Employment

Self-employment, which often provides more flexible work arrangements than standard wage and salary employment, was much more common in 2010 at older ages than at younger ages. However, workers of color were less likely to work for themselves than non-Hispanic whites, possibly because of difficulty gaining access to the financial capital needed to start a business (figure 10).

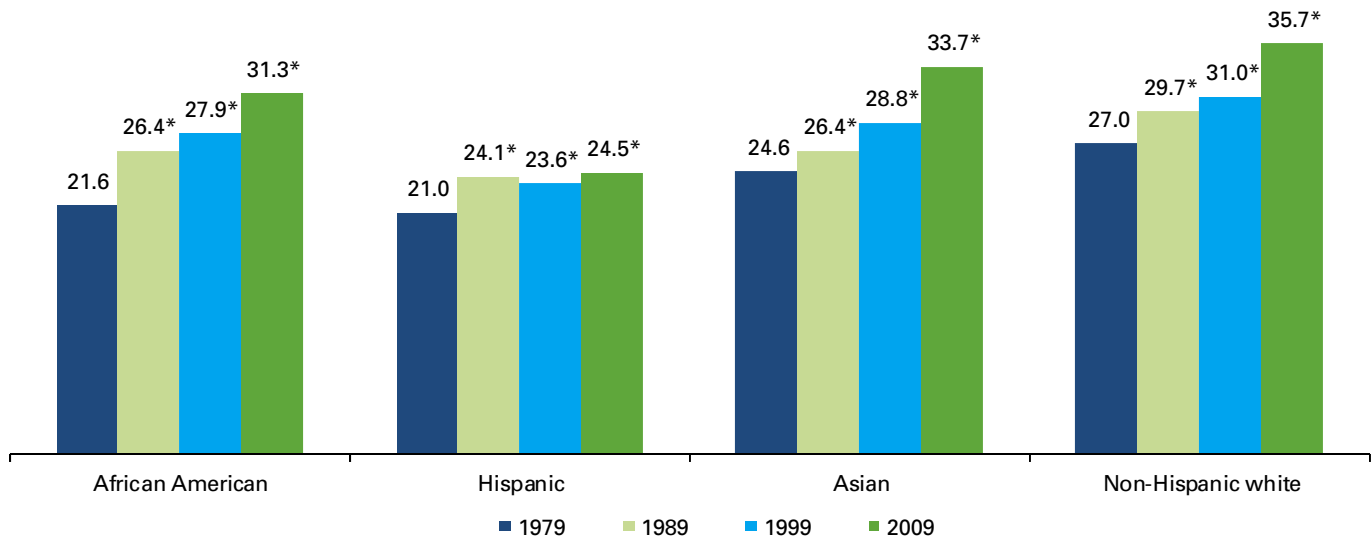
**Figure 8. Median Real Annual Earnings for Full-Time Workers, Women Age 50–61, 1979–2009 (\$000)**



Source: Authors’ computations from the 1980, 1990, and 2000 censuses and the 2009 American Community Survey.

Notes: Full-time employment is defined as 35 or more hours of work per week. Amounts are expressed in constant 2009 dollars, as adjusted by the change in the consumer price index. An asterisk denotes significant difference ( $p < 0.05$ ) from the corresponding estimate for 1979.

**Figure 9.** Median Real Annual Earnings for Full-Time Workers, Women Age 62 and Older, 1979–2009 (\$000)



*Source:* Authors' computations from the 1980, 1990, and 2000 censuses and the 2009 American Community Survey.

*Notes:* Full-time employment is defined as 35 or more hours of work per week. Amounts are expressed in constant 2009 dollars, as adjusted by the change in the consumer price index. An asterisk denotes significant difference ( $p < 0.05$ ) from the corresponding estimate for 1979.

- Among working men age 62 and older, 30.6 percent of non-Hispanic whites were self-employed in 2010, compared with only 14.7 percent of African Americans, 16.2 percent of Hispanics, and 23.5 percent of Asians.
- Women were less likely than men to start their own businesses, and self-employment rates were especially low among African American and Hispanic women.

## Unemployment

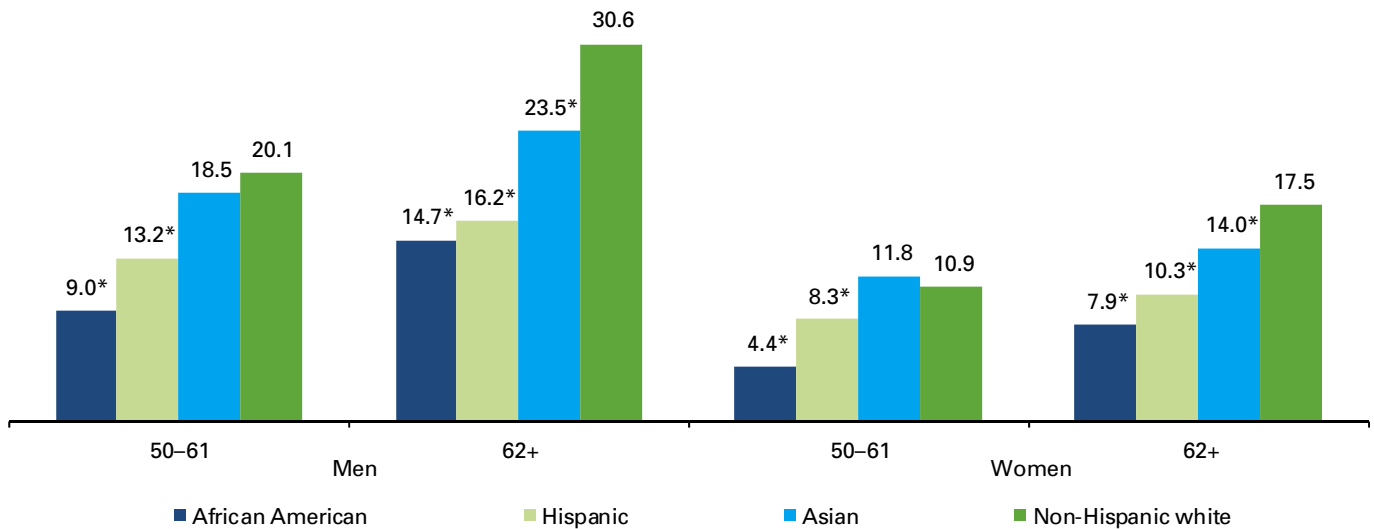
African Americans and Hispanics age 50 and older were much more likely to be out of work in 2010 than their Asian and non-Hispanic white counterparts (figure 11).

- Unemployment rates for men age 50 to 61 were highest among African Americans (13.4 percent), followed by Hispanics (10.7 percent), Asians (8.3 percent), and non-Hispanic whites (7.3 percent). For women age 50 to 61, Hispanics exhibited the highest unemployment rates (10.7), followed by African Americans (8.7 percent), Asians (6.6 percent), and non-Hispanic whites (5.6 percent).
- Unemployment rates were lower at age 62 and older for all groups except non-Hispanic white women. The race and Hispanic-origin patterns were similar, with unemployment especially high for African American men and Hispanic women.

## About the Authors

**Richard W. Johnson** is a senior fellow and director of the Program on Retirement Policy and **Janice S. Park** is a research assistant in the Urban Institute's Income and Benefits Policy Center.

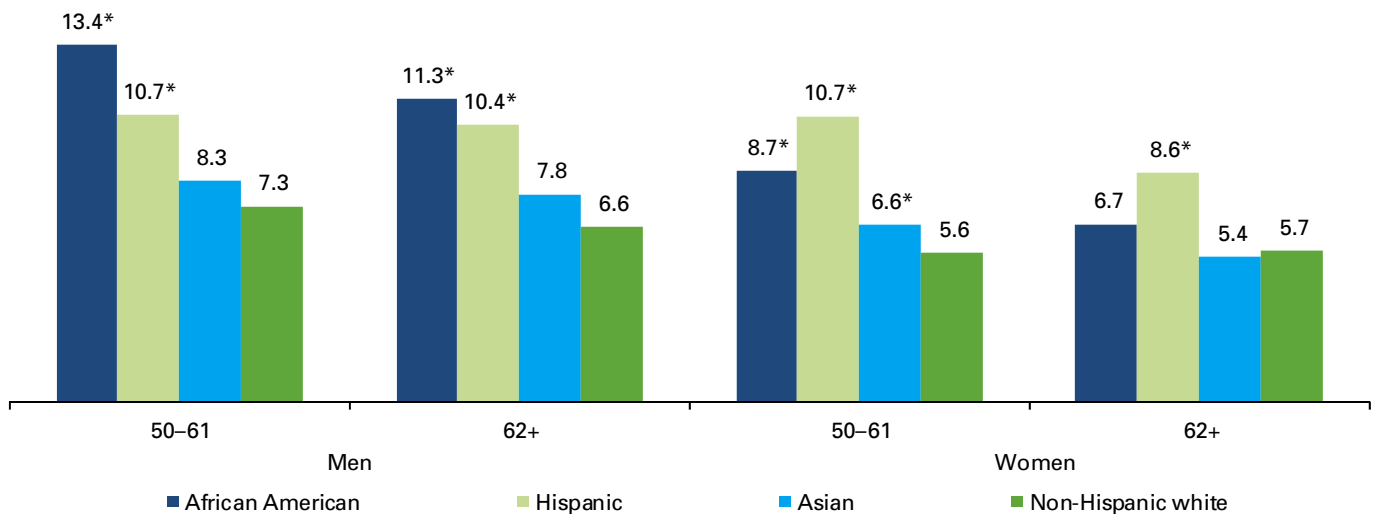
**Figure 10. Percentage of Workers Self-Employed by Age, Race, and Hispanic Origin, Age 50 and Older, 2010**



*Source:* Authors' computations from the monthly files of the 2010 Current Population Survey.

*Notes:* Estimates include both incorporated unincorporated self-employed workers. An asterisk denotes significant difference ( $p < 0.05$ ) from the corresponding estimate for non-Hispanic whites.

**Figure 11. Unemployment Rates by Age, Race, and Hispanic Origin, Age 50 and Older, 2010 (%)**



*Source:* Authors' computations from the monthly files of the 2010 Current Population Survey.

*Notes:* The unemployment rate is the percentage of the labor force that is out of work. Nonworking adults who are not looking for employment are not considered members of the labor force and thus are excluded from the unemployment numbers. An asterisk denotes significant difference ( $p < 0.05$ ) from the corresponding estimate for non-Hispanic whites.