

How Did Older Workers Fare in 2009?

Richard W. Johnson and Corina Mommaerts
The Urban Institute

March 4, 2010

Executive Summary

(The full report is available at <http://www.urban.org/publications/412039.html>.)

The year 2009 was one of the worst for workers since the Great Depression. Total nonfarm payroll employment fell by 4.7 million. The average monthly unemployment rate for men reached 10.3 percent, the highest rate since these records began in 1948. Female workers fared only slightly better. Their 2009 average monthly unemployment rate was 8.1 percent, the highest rate since 1983.

High unemployment has attracted much attention, but there has been less consideration of how older workers have fared. In past recessions unemployment has remained relatively low for older workers, whose seniority often protected them during rounds of layoffs. However, age might not protect older workers as well as it once did, because workplaces are now less regularized and labor unions are less powerful. And the 2008 stock market collapse, which wiped out trillions of dollars of retirement savings, appears to have raised fears about the affordability of retirement and discouraged many older workers from leaving the workforce.

This report describes how older workers fared in 2009. It focuses on age differences in unemployment rates (the share of the workforce that is out of work and looking for employment), labor force participation rates (the share of the population that is employed or unemployed), employment rates (the share of the population that is employed), the duration of unemployment spells, and earnings. Analyses compare 2009 outcomes with those in 2007, when unemployment fell to its lowest level after the 2001 recession. Data come from the Current Population Survey, a monthly survey of about 50,000 households that serves as the basis for the federal government's official unemployment statistics.

Unemployment rates for older workers soared in 2009, although they were even higher for younger workers. Older unemployed workers were more likely than their younger counterparts to be out of work for many months.

- On average, 1.5 million workers age 55 to 64 and 421,000 workers age 65 and older were unemployed each month in 2009, more than double the number in 2007.
- The unemployment rate reached all-time highs (since records began in 1948) for older men and women. The 2009 unemployment rate was 7.2 percent for men age 55 to 64 and 6.7 percent for men age 65 and older. For women, the 2009 unemployment rate was 6.0 percent at age 55 to 64 and 6.1 percent at age 65 and older.
- Unemployment rates were much higher at younger ages in 2009. The unemployment rate at age 35 to 44 was 7.9 percent, for example, exceeding the rate at age 55 to 61 by 18 percent and the rate at age 70 to 74 by 30 percent.
- Unemployment in 2009 was more common for men than women of all ages—including older adults—because the recession hit male-dominated industries like construction and manufacturing particularly hard. In 2009, 14.3 percent of construction workers age 55 and older and 10.9 percent

of older manufacturing workers were unemployed, well above the overall 2009 unemployment rate of 6.5 percent for adults age 55 and older.

- Construction, manufacturing, trade, and professional and business services accounted for nearly two-thirds of unemployed men age 55 and older in 2009. About two-thirds of unemployed women age 55 and older in 2009 came from trade, professional and business services, health care, manufacturing, and education.
- As in past years, 2009 unemployment rates were much higher among older African Americans, Hispanics, and workers with limited education than other older workers. Among men age 55 to 64, for example, about 11 percent of Hispanic workers and 10 percent of African American workers were unemployed, compared with 6 percent of non-Hispanic white workers. About 10 percent of female workers age 55 to 64 without high school diplomas were unemployed in 2009, compared with about 5 percent of their counterparts with college degrees.
- Older unemployed workers spent more time out of work in 2009 than their younger counterparts. More than two-fifths of out-of-work men age 62 to 69 in 2009 were unemployed for more than six months, compared with just less than one-third of out-of-work men age 35 to 44. In December 2009, nearly half of unemployed men age 55 to 61 were out of work for more than six months.

Other 2009 developments were more positive for older workers. The share of adults employed fell at age 25 to 54 but not at age 62 and older. Also, earnings for full-time workers age 65 and older grew rapidly between 2007 and 2009.

- Employment rates did not decline in 2009 for men or women age 62 and older. Between 2007 and 2009, the share of men employed grew 3 percent at ages 62 to 64 and 70 to 74. Employment rates did not change significantly for women age 62 to 74 or for men ages 65 to 69 and 75 and older.
- Rising unemployment did not reduce older adults' employment rates last year because the share participating in the labor force increased. The surge in labor force participation at older ages contributed to higher unemployment, as some participants were unable to find work, but also maintained overall employment rates.
- Older men's employment gains were concentrated among those with at least some post-high-school education. Employment rates did not increase for men with no more than a high school diploma.
- Between 2007 and 2009, earnings grew rapidly for full-time workers age 65 and older. Real median weekly earnings increased about 11 percent for men and 9 percent for women. Real earnings did not increase, however, for men age 55 to 64, and increased 3.5 percent for women age 55 to 64.

While older adults' participation rates grew between 2007 and 2009, increasing numbers of seniors also began collecting Social Security retirement benefits. In 2009, 1.3 million men and 1.9 million women age 62 and older began receiving payments, the most new awards since Social Security began paying benefits in 1940. This surge resulted partly from the growth in the age-62 population as the boomers grew older, but mostly from older Americans' increased likelihood of claiming Social Security.

Although many questions remain about how older workers fared in 2009, our early examination underscores the need to invest more in older workers, especially as aging baby boomers transform the workplace. The aging population will increase the number of workers age 55 and older by a third over the coming decade. Their numbers could grow even more rapidly if labor force participation rates continue to grow at older ages. Yet, our labor and employment policies have not kept pace. The high unemployment rate and long duration of unemployment spells among older workers in 2009 highlight the need for better workforce development programs for older workers.