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300 South Westnedge Ave. ♦ Kalamazoo, MI 49007
(269) 343-5541 ♦ Fax (269) 343-7310 ♦ Email: wyrwa@upjohn.org

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CONTACT: RICH WYRWA



Extending Work Life Can Employers Adapt When Employees Want to Delay Retirement?

Robert Clark and Melinda Sandler Morrill

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KALAMAZOO, Mich.— Aging men and women are increasingly remaining in the labor force. Over a 20-year period ending in 2014, the proportion of men in the labor force aged 62–64 increased from 45 percent to 56 percent, while the rate for men aged 65–69 rose from 27 percent to 36 percent. Similar increases were seen for women. The result of the aging of the overall population and increases in labor force participation rates is a more than doubling of workers aged 55 and older, from 15.5 million in 1994 to 33.9 million in 2014.

Most often the reason workers stay in the labor force is that they need to work additional years in order to be able to support an increasing number of years in retirement. But how do employers react to an aging workforce? In a new *WEfocus* series book from the Upjohn Press, ***Extending Work Life: Can Employers Adapt When Employees Want to Delay Retirement?***, authors Robert Clark and Melinda Sandler Morrill are among the first to address this issue. In the process, they provide a thorough assessment of the costs and benefits of accommodating later retirement ages, and they describe options employers may use to create some new form of employment contract with aging workers.

Employer concerns and possible responses

The most prominent issues employers with aging workers face are declining productivity, rising labor and benefits costs, and a suboptimal age distribution of their workforces. According to

Clark and Morrill, employers could respond to these issues by finding new ways to accommodate older workers with, for instance, phased retirement and return-to-work policies. But the success of such policies also depends on tax policies and whether government-provided retirement benefits could be redesigned to play a role in a newly defined employment relationship. According to the authors,

if working longer is deemed to be beneficial for individuals, society, and the economy, government policies could be adopted to increase incentives for individuals to remain in the labor force and for firms to employ older workers. Identifying and removing any real or perceived age discrimination issues associated with phased retirement programs would encourage firms to adopt such plans. Firms could then consider modifying working conditions and compensation policies in order to increase the probability that older workers are cost effective. Redesigned jobs and reduced working hours combined with access to retirement benefits when entering phased retirement could make employees more willing to leave full-time employment and accept these new conditions. Such redesigned jobs may well be more appealing to individuals wishing to prolong their work lives than entering the bridge job market.

In coming years, it is certain that firms will increasingly be confronted with employees who want or need to remain employed. But how employers respond is just beginning to attract the attention of researchers who, according to the authors, need to follow in their footsteps by creating a better framework in which to evaluate the impact of aging workforces on productivity and labor costs.

Robert Clark is the Stephen Zelnak Professor of Economics and Management, Innovation, and Entrepreneurship at Poole College of Management, North Carolina State University. Melinda Sandler Morrill is associate professor of economics at North Carolina State University.

Extending Work Life: Can Employers Adapt When Employees Want to Delay Retirement?, by Robert Clark and Melinda Sandler Morrill, is published by the W.E. Upjohn Institute for Employment Research. February 2017. 88 pp. \$14.99 paper 978-0-88099-528-3 / ebook 978-0-88099-529-0 / PDF is free at http://research.upjohn.org/up_press/243/. Opinions expressed are solely those of the authors. We encourage you to request a review copy of this book. Contact: Rich Wyrwa.

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