



The Generation That Won't Retire

THE FUTURE ROLE OF BABY BOOMERS IN YOUR WORKPLACE

An Express Employment Professionals White Paper



Seven out of 10 pre-retirees say they would like to include some form of work in their retirement years.¹ How is your business preparing?

Retirement and Its Impact on Business

Nearly four in 10 human resources professionals predict that the loss of talent resulting from retirement or departures of workers age 55 and older could be either a problem or crisis for their organization in the near future.² Baby Boomers, those born between 1946 and 1964, are entering retirement age and, thus, pose a threat for companies across all industries.

The good news for employers is that there has been a noticeable shift in retirement expectations. In what could be referred to as “un-retirement,” many pre-retirees expect to retire later, or continue working even after declaring official retirement.

While employers must prepare for the inevitable loss of both workers and experience when this large generation leaves the workforce, more importantly—at least for now—is the need to engage and retain valuable Baby Boomers who delay their retirement or take unconventional paths afterward.

A Look at Today’s Workforce

For the first time ever, five generations are working together.³ There are the Traditionalists, those born before 1946; the Baby Boomers, those born between 1946 and 1964; the Generation Xers, those born between 1965 and 1979; the Millennials, those born between 1980 and 1995; and the Centennials, those born after 1996.

This unprecedented workplace environment is due, in part, to the fact that people are living longer than preceding generations. With that increase in life span comes an increase in career longevity. As a result, the average retirement age has also increased. For most of the past decade, the average age of retirement has stayed around 60.⁴ According to a recent Gallop poll, that number is now 62 for women and 64 for men.⁵

The New Ideal Retirement

Today’s workers are already thinking about their golden years, and their expectations reveal that the later retirement trend is likely to continue. In 2004, 15 percent of workers age 45 and older expected to retire before age 60, compared to 5 percent in 2014. Likewise, 21 percent expected to retire at age 66 or older in 2004. A decade later, that number increased to 36 percent.⁶

Furthermore, the independent research organization at the University of Chicago (NORC), recently conducted a study that revealed a striking figure. According to their results, one in four older workers says they never plan to retire.⁷

For Baby Boomers, the path to retirement is far from traditional because today’s retirees aren’t really retiring—they’re evolving with their careers in order to discover new options, pursue old dreams and live life to the fullest.

According to wealth management firm Merrill Lynch, half of pre-retirees report a desire to launch into a new career rather than continue in their same line of work after retirement.⁸ Trying out new jobs or skills may come with a much lower risk once a career has long been established, leading many to view retirement as an opportunity for career reinvention, rather than elimination. In short, workers’ happiness is no longer defined in terms of dollars, but rather in terms of passion and engagement.

One in four older workers says they never plan to retire.⁷

Engaging the Needs of Five Generations

Because older generations are staying in their jobs for longer periods of time or re-entering the workforce after retirement, finding a balance between all working generations can be a struggle for employers. But, there is good news. Maintaining an efficient, productive work environment that positively benefits the bottom line is possible through workforce engagement.

In fact, according to Aon Hewitt, a human capital and management consulting service, it takes only a 5 percent increase in engagement to achieve 3 percent incremental revenue growth. In other words, a Fortune 1000 company with \$5 billion in revenue could achieve an additional \$150 million in revenue with a 5 percent increase in employee engagement.⁹

Given that, the satisfaction and engagement of employees is something all businesses should invest in. Data from the Bureau of Labor Statistics (BLS) suggests that median-aged workers should become employers' primary focus because, by the year 2024, the average age of the American labor force will have increased from 37.7 in 1994 to 42.4.¹⁰

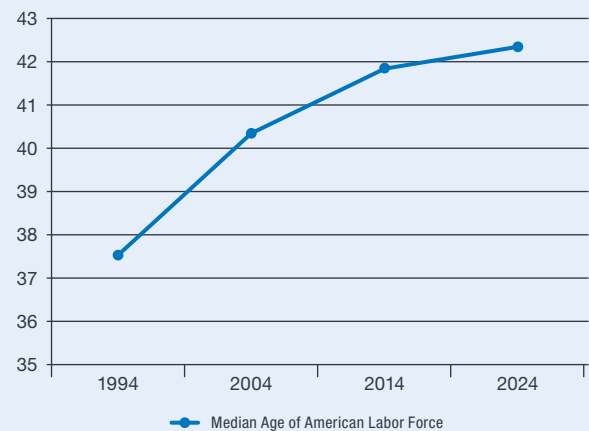
The aging labor force is not only an American phenomenon. In 2001, the proportion of the Canadian labor force who were 55 years and older was 10 percent. In 2009, that number was 17 percent. By 2021, nearly one in four in the labor force is projected to be 55 or older.¹¹ If that projected number becomes a reality, it will be a workforce never before seen in Canada.

The good news for employers is that Baby Boomers are naturally highly engaged and motivated workers. Aon Hewitt points out that 65 percent of employees age 55 and up are considered engaged, while younger employee engagement averages 58 to 60 percent.¹² Additionally, more than eight in 10 workers age 55 and older are motivated to exert extra effort and contribute more than is normally required in their job because they desire to grow in their careers and derive personal satisfaction from their work.¹³

Although it may seem as though Baby Boomers are predisposed to finding their own form of engagement in the workplace, employers must focus on maintaining those levels in order to ensure a positive impact on the bottom line. But, with so many generations in the workplace, what steps can be taken to attract, retain and motivate older workers? It comes down to four key strategies:

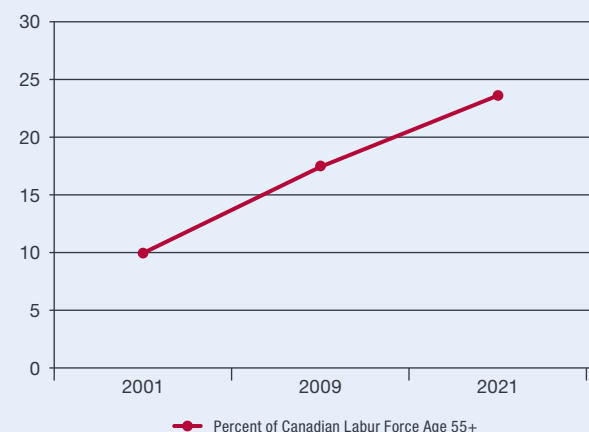
1. Recognizing job satisfaction
2. Allowing for flexibility
3. Fostering inclusion
4. Planning for retirement

MEDIAN AGE OF AMERICAN LABOR FORCE



Source: BLS

PERCENT OF CANADIAN LABOR FORCE AGE 55+



Source: Statistics Canada

1. The Key to Job Satisfaction

Express Employment Professionals, a leading international staffing company, recently polled 944 business leaders and employers across the United States and Canada to discover the main drivers of workplace disengagement. Forty-seven percent of respondents cited poor leadership as the number one factor of disengagement, followed by lack of recognition at 17 percent. An additional 11 percent reported disengagement due to a lack of vested interest in company goals.¹⁴



Source: Express Employment Professionals

After retirement, 34 percent of retirees miss social connections most.¹⁷ In addition to financial needs, psychological and social fulfillment also top the list, followed by enjoyment, feeling useful, interaction and productivity.

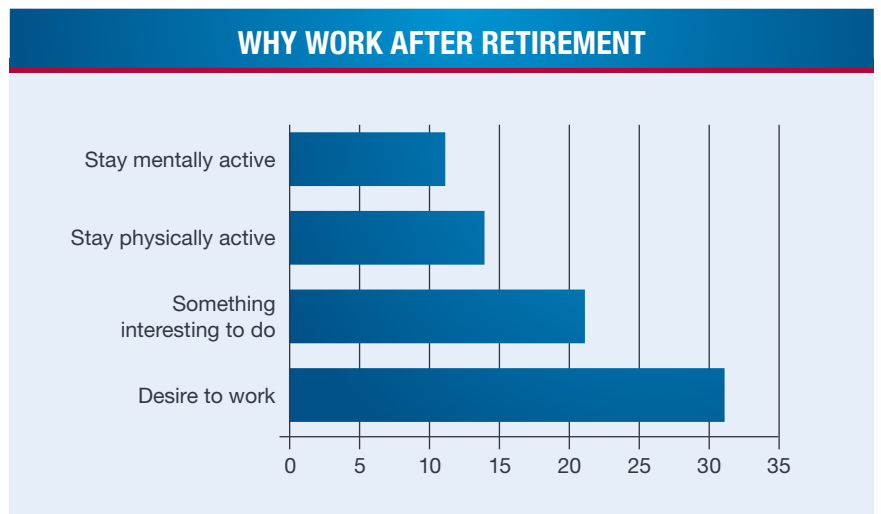
In a study of pre-retirees by AARP, 31 percent of those surveyed reported a desire to keep working after retirement simply because they want to. Another 21 percent reported that working offers them “something interesting to do,” followed by 14 percent who claimed working helps them “stay physically active” and 11 percent who reported it helps them “stay mentally active.”¹⁸

This generation’s desire to find meaningful work, stay mentally active and increase physical activity is something businesses can use to their advantage. By engaging this valuable workforce and allowing opportunities for retired workers or those approaching retirement to fill social voids through a job, companies can retain motivated, valuable employees who are driven more by job satisfaction than a paycheck.

When it comes to finding work after retirement or remaining engaged as retirement approaches, employees often look to companies that actively combat those disengagement risks. For Baby Boomers, the most attractive company environment and culture is one that offers flexible work arrangements, focuses on inclusion, recognizes employee contributions, fosters retiree communications, creates formal mentoring programs, and offers ergonomic changes and design.¹⁵

For those who seek satisfying work after retirement, engagement comes down to work/life balance. Because they’ve already advanced to positions of high responsibility, 80 percent of Baby Boomers report moderate to high levels of stress.¹⁶ Post-retirement and even some pre-retirement workers seek jobs that allow them to find personal satisfaction rather than stress, and many look to fill voids that sudden job vacancy creates.

After retirement, 34% of retirees miss social connections most.¹⁷



Source: AARP

2. Using Flexible Options to Recruit and Retain

According to a recent retirement study, seven out of 10 pre-retirees say they would like to include some form of work in their retirement years. Of those, 39 percent seek flexible work arrangements and 24 percent would like to go back and forth between periods of work and leisure.¹⁹

A 2012 survey from AARP and the Society for Human Resource Management (SHRM) revealed that more than half of those age 50 and older agree that flexible work arrangements—compressed work schedules, formal phased retirement programs and flexible time—are at least somewhat important when it comes to their work preferences.²⁰

Businesses have a number of options when it comes to creating a flexible workplace for their employees. To target both Baby Boomers and Millennials alike, those options include the measurement of results instead of hours spent in the office, alternative work arrangements in the form of telecommuting, flex time, temporary assignments or contract work.

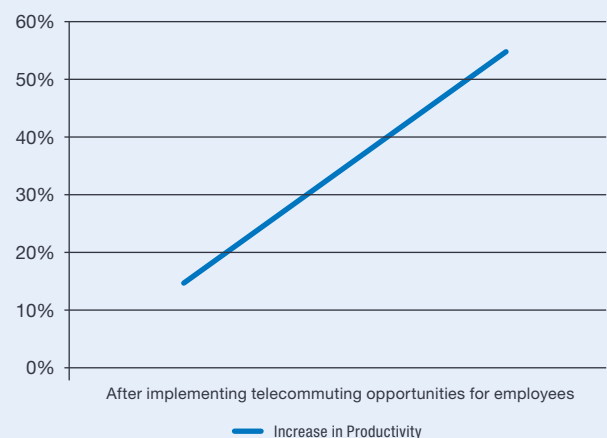
Employers that can create options for flexible work arrangements and reward employees who work hard will increase their ability to recruit and retain the valuable Baby Boomer workers.

Luckily for those employers, the cost of making small, age-related changes that allow for a more flexible work arrangement are low and can ultimately result in greater savings through lower turnover and higher productivity. In fact, Global Workplace Analytics found that companies implementing telecommuting opportunities for employees have seen anywhere from a 15 to 55 percent increase in productivity. Based on current average salaries, this increase would add up to more than six million years of work.²¹

Additionally, finding a balance that gives Baby Boomers and other older generations the opportunity to work part time may help Millennials find the work-life balance they desire by opening doors for them to work flexible hours as well. This arrangement may benefit all employees, and increase engagement across the board.

Seven out of 10 pre-retirees say they would like to include some form of work in their retirement years.¹⁹

PERCENTAGE INCREASE IN PRODUCTIVITY



Source: Global Workplace Analytics

3. Fostering Inclusion and Opportunity

As a whole, Baby Boomers are highly skilled and educated. In the past five years, 30 percent of those ages 50 to 64 have returned to school, compared to 19 percent of those 65 and older.²² One way businesses can help this generation feel engaged and useful is by implementing mentorship programs and networking opportunities that allow Baby Boomers to use their skills and wisdom to mentor younger generations. Mentorship programs help bridge the age gap and create an exchange of knowledge that is beneficial for both generations in the relationship.

Another way to help connect generations in the workplace and allow Baby Boomers to feel valued is to offer cross-training opportunities for all employees. Doing so provides the older generation with a chance to improve skills in areas they may not otherwise have the opportunity to. For example, cross training a computer-savvy Millennial with a Baby Boomer can help the older employee learn valuable technological skills while granting the younger employee access to the traditional soft skills older generations often possess.

Additionally, businesses can benefit from fostering inclusion by simply starting a dialogue about retirement. For many workers, the thought of retirement is intimidating. In fact, NORC reports that more than half of workers say they are anxious about retirement.²³

In addition to offering focus groups and networking opportunities for those who have questions about retirement, reducing workload and gradually transitioning employees from active employment to retirement can help take away some of the anxiety surrounding the life event. Creating these opportunities can also help workers stay loyal and engaged before they retire. A gradual reduction in hours, or a switch to part-time or temporary work, can help employees feel valued as they smoothly transition into their retirement.²⁴



4. The Boomer Benefit and Retirement Planning

Baby Boomers are known for being idealistic, competitive and results-driven employees who plan to stay with one employer long term.²⁵ In fact, 41 percent have stayed or are staying with their employer for more than 20 years, a trait their children and grandchildren likely won't share. In 2014, the average tenure for workers ages 45 to 54 was 7.9 years, while those age 55 to 64 had an average tenure of 10.4 years.²⁶

In fact, a recent study revealed that 77 percent of workers ages 50 and older plan to remain in their current jobs until they stop working completely.²⁷

One reason for Baby Boomers' job longevity is the wider availability of fixed-income retirement planning solutions. Of those previously mentioned 41 percent of employees who stayed with one employer for 20 or more years, about two thirds had a pension.²⁸ Considering a typical pension payout depends on how long an employee works for an employer, it makes sense that employees would choose to stay with one employer longer in order to have a more financially comfortable retirement.

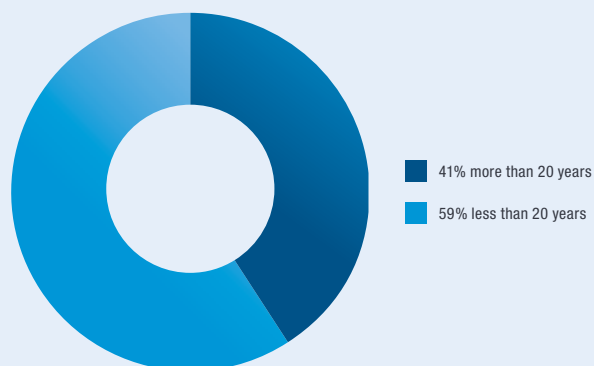
However, BLS reports that pension plans are disappearing. In the early 90s, 35 percent of private workers in the U.S. were covered by these plans compared to 18 percent in 2011.²⁹ The shift from pension plans to 401(k)s essentially eliminated built-in incentives to retire, leading workers to retire a year or two later, on average.³⁰ Additionally, 401(k)s, which are more portable from one employer to another, make the idea of changing jobs more approachable.

Regardless of whether a company offers pension plans, 401(k)s, or neither, retirement planning is especially important for Baby Boomers. They are the "sandwich generation," a term coined in the 1980s to describe workers who need to care for both children and aging parents. More than half of those age 45 and older believe they will be expected to provide support to adult children, 35 percent expect to support grandchildren, 16 percent expect to support parents, and an additional 10 percent expect to provide some form of support to siblings.³¹

Despite their need to support themselves and their families, workers age 50 and older do not cost significantly more to employ than younger workers. Shifting trends in rewards and benefits programs, in addition to the decline in traditional pension plans and health care costs, mean that adding older talent results in minimal overhead increase. Also helping to minimize the cost gap is a move by large employers to performance-based compensation, rather than tenure-based.

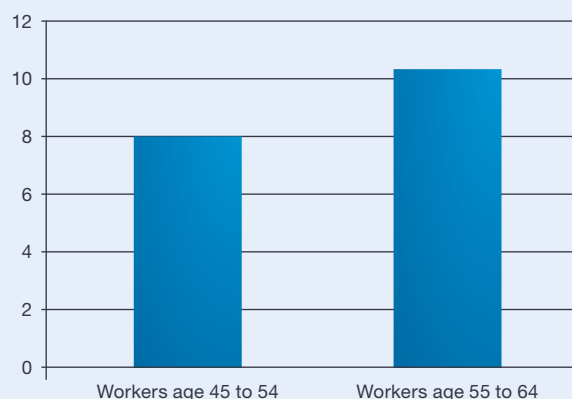
As the workforce ages, companies should focus on how they can educate and prepare their employees for retirement and the associated costs.

WORKPLACE LONGEVITY OF BABY BOOMERS



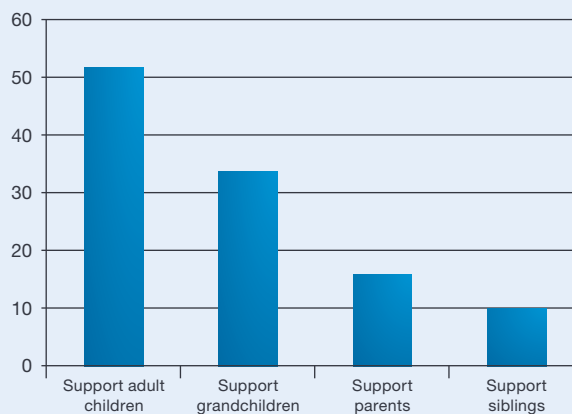
Source: NORC

AVERAGE JOB TENURE (IN YEARS)



Source: NORC

PERCENTAGE OF BABY BOOMERS EXPECTING TO SUPPORT FAMILY



Source: Merrill Lynch

Planning for the Future

There is no doubt that Baby Boomers add tremendous value to organizations due to their high levels of engagement, stability, experience and productivity. They anticipate a long career and have a willingness to work, making them ideal candidates for employers of all sizes and across all industries.

In order to survive this new age of retirement, all employers must be able to recruit, retain and engage this valuable generation. By recognizing job satisfaction, allowing for flexibility, fostering inclusion and planning for retirement, businesses may avoid the costs associated with Baby Boomer turnover. And, as the workforce continues to evolve, employers who successfully engage older workers may find an increase in motivation and retention of younger generations as well.



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