

## NO “GREAT RESIGNATION” FOR OLDER WORKERS—MASS JOB LOSS DROVE THE RETIREMENT SURGE

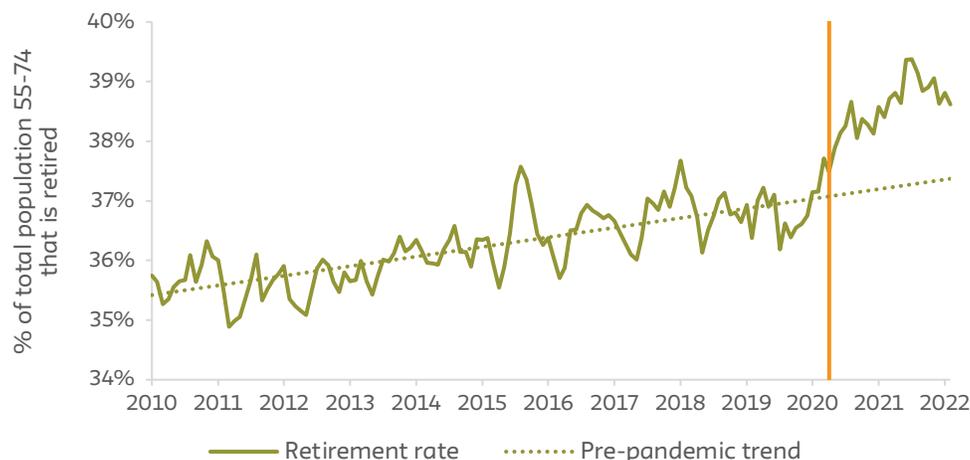
By Barbara Schuster, Siavash Radpour, Eva Conway, and Teresa Ghilarducci

During the pandemic, many older workers did not leave their jobs voluntarily but got pushed out of the labor force. Since March 2020, the size of the retired population between ages 55 and 74 expanded beyond its normal trend by an additional 1.1 million people.<sup>1</sup> While the above-trend retirement rate has fueled the narrative of a “great resignation” among older workers, our research indicates that most of these retirements occurred after periods of unemployment rather than directly from

employment. Retirement after passage through unemployment is a departure from the common pre-pandemic retirement scenario and may be an indicator that many of these excess retirements were involuntary. As we emerge from the pandemic, it remains unclear whether retirees will un- retire and rejoin the labor force, but the special circumstances of their departure will likely play an important role in their decisions going forward.

**Figure 1:** The retirement rate rose sharply in 2020

Retirement rate and pre-pandemic trend for workers ages 55–74, 2010–2022



**Source:** SCEPA calculations based on Current Population Survey data.

**Notes:** The dotted green line shows the predicted retirement rate based on the pre-pandemic trend. The orange line marks the start of the pandemic in April 2020.

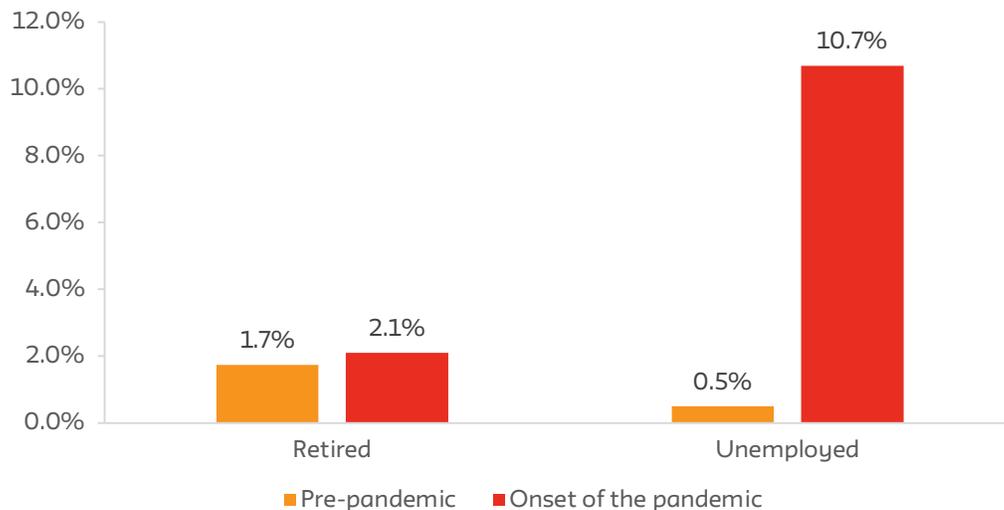
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## The pandemic led to a sharp increase in unemployment

Older workers were [severely impacted](#) by job loss in the early months of the pandemic.<sup>2</sup> In March 2020, 35 million older workers were employed. At least 3.8 million workers ages 55 to 74, or 11 percent of all workers in that

age group, lost their jobs the following month. During this period, the retirement rate remained relatively steady—only 2 percent of workers retired right at the beginning of the pandemic, similar to normal times.

**Figure 2:** Nearly 11% of older workers lost their jobs between March and April 2020 but the retirement rate did not increase significantly  
Share of workers ages 55–74 who lost their jobs or retired between March and April



**Source:** SCEPA calculations based on Current Population Survey data.

**Notes:** Pre-pandemic refers to April 2019 and onset of the pandemic refers to April 2020. The sample includes older workers who were employed in March 2019 or 2020 respectively. Flows from employment to “not in the labor force” for reasons other than retirement and unretirement flows are not depicted.

## Older workers retired after a period in unemployment

One year after the beginning of the pandemic, the number of people who retired from a state of unemployment increased more than tenfold compared to pre-pandemic times. Out of 3.8 million older workers who had a job in March 2020 and became unemployed in April 2020, 400,000 workers were retired involuntarily one year later. The comparison to a normal year illustrates the impact of this mass unemployment: normally, 180,000 older workers would experience job loss in a given

month and 30,000 of them would be retired one year later.

People who retired from a state of unemployment [did not retire by choice](#). In fact, the number of retirees who were employed one year before—the year to year flow from employment to retirement—decreased slightly during the pandemic, which signals that older workers were more likely to postpone retirement if they were able to keep their jobs during this period.<sup>3</sup>

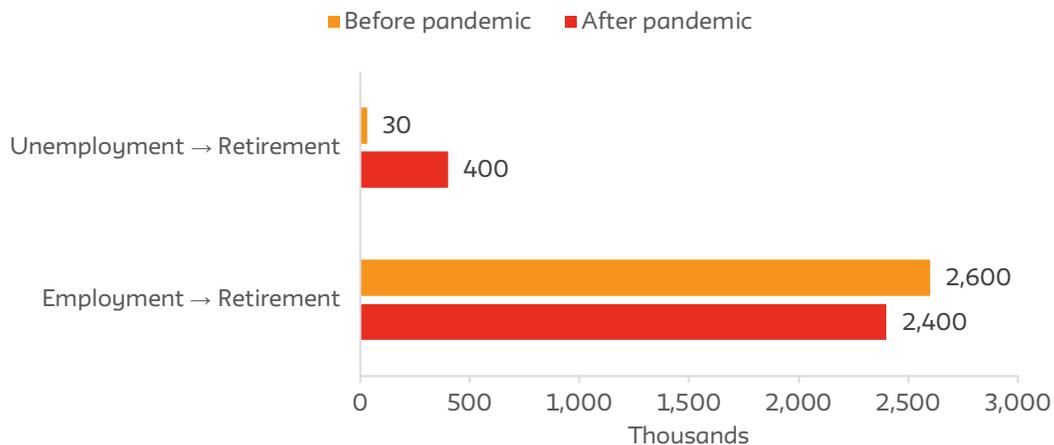
## Will retirees return to the labor force?

As we continue to emerge from the pandemic and the economic landscape remains volatile, it is still too soon to tell whether improved labor market conditions will bring some retirees back into the labor force. While our data show that some older workers are returning, these flows do not make up for excess retirement; [retirement to employment flows](#) are still below or at pre-pandemic levels.<sup>4</sup>

Relatively low wage growth for older workers, among other factors, suggests that a labor demand problem may be at the source of low rates of return to the labor market. While wage growth for young and mid-career workers is significantly above

pre-pandemic levels (from 8.3 and 3.9 percent in February 2020 to 11.4 and 4.4 percent in February 2022, respectively), wage growth for older workers has not exceeded its pre-pandemic peak of 2.6 percent.<sup>5</sup> Low levels of wage growth suggest that the decision to remain retired may not reflect the preferences of many retirees, but rather the lack of demand for their skills and experience. Indeed, given the low rates of [retirement readiness](#) among older workers, one might expect that retirees may “un-retire”.<sup>6</sup> However, many may face countervailing forces in a labor market that has proven [inhospitable](#) to older workers—particularly as employers do not hire older workers.<sup>7</sup>

**Figure 3:** The number of older workers who retired out of unemployment increased drastically  
Adults ages 55–74, comparison between before and after pandemic



**Source:** SCEPA calculations based on Current Population Survey data.

**Notes:** *Before pandemic* refers to observations of adults who were retired in March 2020 and shows their employment status in March 2019 conditional on being employed in February 2019. *After pandemic* illustrates the employment status in April 2020 conditional on employment in March 2020 for individuals who were retired in April 2021. These numbers do not reflect the net total of yearly new retirements since they do not include other flows, such as those from “not in the labor force” to retirement, those retirees who were not employed in March, and unretirement.

## Policy Recommendations

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### Create a Federal Older Workers Bureau

As older workers make up an increasingly large part of the U.S. labor market, it is long past time that we form an Older Workers Bureau (OWB) to hear from older workers and their employers, investigate their needs, coordinate the vast resources of the U.S. government, and modernize age discrimination laws and worker training. An effective OWB fulfills three functions: identify and analyze issues of concern for older workers, devise innovative policies to address these issues, and engage in outreach and education.

### Enforce Anti-Discrimination Laws

Without strict anti-discrimination laws and enforcement, older workers cannot compete for jobs. Several studies document the effectiveness of state and federal anti-discrimination laws in combating age discrimination and increasing employment of older workers.<sup>8</sup> Yet the Age Discrimination in Employment Act (ADEA), which protects older workers from age discrimination, was weakened by a 2009 U.S. Supreme Court Decision. Congress must strengthen the ADEA and ensure that any discrimination motivated by age is illegal.

### Lower Medicare Eligibility Age to 50 & Make Medicare First Payer

Lowering the Medicare age to 50 would ensure laid-off older workers get the care they need. Moreover, making Medicare first payer—having it cover medical expenses before private insurance—would lower firms' costs associated with providing health insurance to older workers. Reducing the health insurance costs related to hiring older workers would help prevent involuntary retirements while increasing older workers' health coverage.<sup>9</sup>

### Advance Workers' Bargaining Power

One of the most effective ways to improve older workers' pay, conditions and retirement options is to expand unions. Across the board, unionization substantially improves workers' access to, coverage in, and use of healthcare plans. Greater access to higher quality healthcare—a typical characteristic of unionized work—is especially important for older workers, for whom the prevention and treatment of chronic illnesses is critical. In addition, union safety values influence safety outcomes in the workplace. What's more, research shows that unionized employees earn far more than their non-unionized counterparts, on average, and provide important workplace protections.<sup>10</sup>

### Make Work More Age-Friendly

Improving health and safety standards and providing paid sick-leave and time off will make the workplace better for all workers—including older workers.<sup>11</sup>

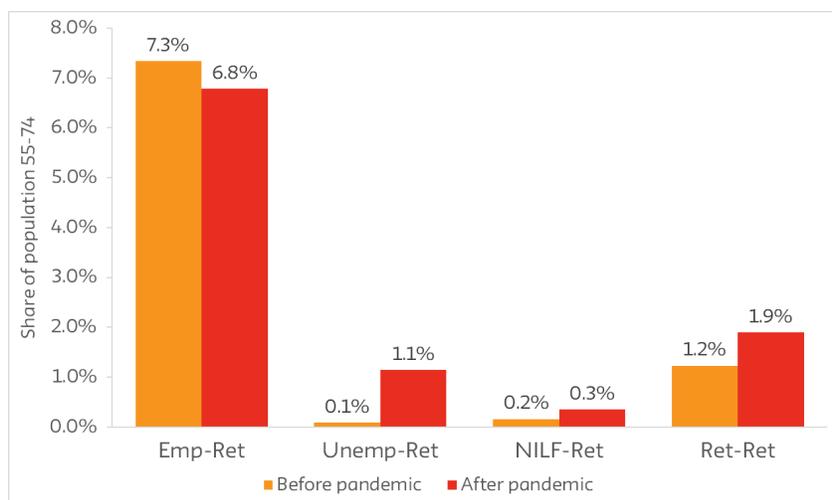
For a complete 10-point list of policy priorities for the new presidential administration to consider, please see our November 2020 report, [“A Policy Agenda for the Biden Administration: Protecting Older Workers & Strengthening Retirement Security.”](#)

## Technical Appendix

We use CPS data for our calculations and make use of the panel setup, which allows us to follow individuals and their labor market characteristics over time. Respondents are surveyed for four consecutive months, and after a pause of eight months they are surveyed again for another four months. This structure enables us to capture job loss during the pandemic by observing older workers from March to April 2020 and to investigate their employment status one year later in April 2021.

Our analysis focuses on flows from different employment statuses in April 2020 to retirement in April 2021 among those who were employed in March 2020. While the share of retirees out of employment decreased from 7.3% to 6.8% after the pandemic, the shares of retirees out of non-employment increased for all categories. The largest jump was from 0.1% to 1.1% in the flow from unemployment to retirement (Unemp-Ret) because of the increase in the unemployment rate which pushed many workers into involuntary retirement. The change in retirement-to-retirement flows (Ret-Ret) is also significant (from 1.2% to 1.9%), however, this increase is not caused by an increase in retirement in April 2020, but a decrease in unretirement flows between April 2020 and April 2021; older workers did not increasingly retire at the beginning of the pandemic. Even after including other flows shown in Figure A1, our numbers do not represent the net increase in retirement because we do not consider the decrease in the unretirement rate among those who were unemployed, “not in the labor force” for other reasons, or retired in March 2020.

**Figure A1:** More older workers retired out of non-employment because of the pandemic  
Adults ages 55–74, comparison of retirement transitions before and after pandemic



**Source:** SCEPA calculations based on Current Population Survey data.

**Notes:** *Before pandemic* refers to observations of adults who were retired in March 2020 and shows their employment status in March 2019 conditional on being employed in February 2019. *After pandemic* illustrates the employment status in April 2020 conditional on employment in March 2020 for individuals who were retired in April 2021. The chart shows the share of the population ages 55-74 among various retirement flows. *Emp-Ret* is the flow from employment to retirement, *Unemp-Ret* is unemployment to retirement, *NILF-Ret* is “not in labor force for other reasons” to retirement, and *Ret-Ret* refers to those adults who remained retired. Unretirement flows are not shown in this chart.

## Endnotes

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<sup>1</sup> Two years after the onset of the pandemic, some older workers who retired earlier than they would have in a normal year, have already reached their "typical" retirement age, and do not appear in the aggregate measure of excess retirement. As a result, the number of excess retirements decreased from its peak of 1.7 million in June 2021 to 1.1 million in February 2022.

<sup>2</sup> Davis, O., Fisher, B., Ghilarducci, T., and Radpour, S. (2020). "A First in Nearly 50 Years, Older Workers Face Higher Unemployment than Mid-Career Workers." Status of Older Workers Report Series. New York, NY. Schwartz Center for Economic Policy Analysis at The New School for Social Research. Retrieved from [https://www.economicpolicyresearch.org/images/Retirement\\_Project/status\\_of\\_older\\_workers\\_reports/Q3\\_2020\\_OWAG\\_V6.pdf](https://www.economicpolicyresearch.org/images/Retirement_Project/status_of_older_workers_reports/Q3_2020_OWAG_V6.pdf)

<sup>3</sup> Farmand, A. and Ghilarducci, T. (2021) "Involuntary Unemployed by Class." Schwartz Center for Economic Policy Analysis and Department of Economics, The New School for Social Research, Research Note Series 2021-02. Retrieved from [https://www.economicpolicyresearch.org/images/docs/research/retirement\\_security/Involuntary\\_Unemployed\\_By\\_Class\\_Research\\_Note\\_2021\\_2\\_08312021.pdf](https://www.economicpolicyresearch.org/images/docs/research/retirement_security/Involuntary_Unemployed_By_Class_Research_Note_2021_2_08312021.pdf)

<sup>4</sup> Davis, O. & Radpour, S. (2021) "Dissecting the Pandemic Retirement Surge." Schwartz Center for Economic Policy Analysis and Department of Economics, The New School for Social Research, Research Note Series 2021-03. Retrieved from [https://www.economicpolicyresearch.org/images/Retirement\\_Project/Research\\_Note\\_Dissecting\\_Retirement\\_Surge\\_2021-03.pdf](https://www.economicpolicyresearch.org/images/Retirement_Project/Research_Note_Dissecting_Retirement_Surge_2021-03.pdf)

<sup>5</sup> Wage Growth Tracker, Federal Reserve Bank of Atlanta. Retrieved from: <https://www.atlantafed.org/chcs/wage-growth-tracker>

<sup>6</sup> Papadopoulos, M., Fisher, B., Ghilarducci, T., and Radpour, S. Retirement Equity Lab. (2020). "Recession Increases Downward Mobility in Retirement: Middle Earners Hit from Both Sides." Status of Older Workers Report Series. New York, NY. Schwartz Center for Economic Policy Analysis at The New School for Social Research. Retrieved from [https://www.economicpolicyresearch.org/images/Retirement\\_Project/status\\_of\\_older\\_workers\\_reports/Q1\\_2020\\_OWAG\\_Final\\_2.pdf](https://www.economicpolicyresearch.org/images/Retirement_Project/status_of_older_workers_reports/Q1_2020_OWAG_Final_2.pdf)

<sup>7</sup> Retirement Equity Lab. (2020). "Older Workers Know They Face an Unfriendly Labor Market." Status of Older Workers Report Series. New York, NY. Schwartz Center for Economic Policy Analysis at The New School for Social Research. Retrieved from [https://www.economicpolicyresearch.org/images/Retirement\\_Project/status\\_of\\_older\\_workers\\_reports/OWAG\\_Q4\\_Design\\_V4\\_02102020.pdf](https://www.economicpolicyresearch.org/images/Retirement_Project/status_of_older_workers_reports/OWAG_Q4_Design_V4_02102020.pdf)

<sup>8</sup> Neumark, David and Joanne Song. (2013). "Do Stronger Age Discrimination Laws Make Social Security Reforms More Effective?" Journal of Public Economics 108: 1–16. Retrieved from: <https://www.nber.org/papers/w17467>. McLaughlin, Joanne Song. (2019). "Age Discrimination Laws, Physical Challenges, and Work Accommodations for Older Adults." Generations 43:3: 59–62. Retrieved from [https://www.jstor.org/stable/26841733#metadata\\_info\\_tab\\_contents](https://www.jstor.org/stable/26841733#metadata_info_tab_contents)

<sup>9</sup> Ghilarducci, T. (2020). The time is now to lower the Medicare age to 50. Forbes. Retrieved from <https://www.forbes.com/sites/teresaghilarducci/2020/04/10/now-more-than-ever-is-time-to-lower-medicare-age-to-50>

<sup>10</sup> Seth Harris (2020). "Increasing employment for older workers with effective protections against employment discrimination", The Brookings Institution. Retrieved from <https://www.brookings.edu/wp-content/uploads/2020/11/ES-11.19.20-Harris.pdf>

<sup>11</sup> Beth Truesdale (2020). "Better jobs, longer working lives: Proposals to improve the low-wage labor market for older workers" The Brookings Institution. Retrieved from <https://www.brookings.edu/wp-content/uploads/2020/11/ES-11.16.20-Truesdale.pdf>