

PHYSICALLY DEMANDING JOBS AND INVOLUNTARY RETIREMENT WORSEN RETIREMENT INSECURITY

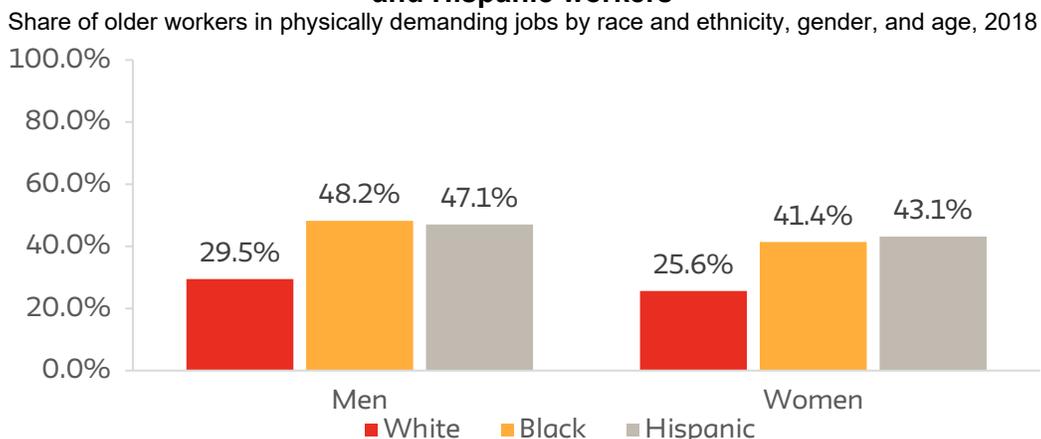
By Jessica Forden, Siavash Radpour, Eva Conway, Christopher Cook, and Teresa Ghilarducci

Contrary to the hope that technology and machines have made work easier for most, more than 25 percent of older white workers and over 40 percent of older Black and Hispanic workers toil in physically demanding jobs.

These realities have crucial implications for the retirement security of older workers. Physically demanding jobs make it more difficult for older workers to continue working at older ages as such jobs can be harsh on aging bodies and cause health problems. This puts older workers at risk of involuntarily

exiting the labor force earlier than planned, creating significant financial hurdles to a secure retirement. For these reasons, though working longer may help mitigate today's growing retirement insecurity, it is not a viable solution to the retirement crisis. As the share of older workers in the labor force increases in the next decade due to demographic changes,¹ policymakers should support higher quality jobs for older workers while also ensuring that those who are no longer able to work can retire with financial security.

Figure 1: Many older workers are in physically demanding jobs, especially older Black and Hispanic workers



Source: Economic Policy Institute (EPI) and Schwartz Center for Economic Policy Analysis (SCEPA) analysis of RAND Health and Retirement Study (HRS) data.

Notes: Workers are in a physically demanding job if they answered that their job requires “lots of physical effort” “all” or “most” of the time. The sample includes full- and part-time workers ages 55 to 64 participating in the HRS survey. The HRS only includes individuals over the age of 50 and does not include younger people. Hispanic refers to Hispanic of any race while white and Black refer to non-Hispanic white and non-Hispanic Black people.

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Older workers are in physically demanding jobs that can harm their ability to work longer

Technological advances have eased work's physical burdens, but in part due to the increasing share of older workers in the labor force, many of the jobs available to them are physically difficult. Among men over age 62, the most common jobs available include delivery work, truck driving, janitorial and cleaning services, and farming and ranching—all physically demanding and difficult. For women in the same age group, common jobs include personal care, nursing, and childcare, all of which are physically strenuous.² We classify jobs as physically demanding if workers report that their job requires “lots of physical effort” “all” or “most” of the time.

Progress in shifting work to less physically taxing jobs has been slow and unequal. Between 2009 and 2014, the share of workers aged 58 and older who had physically difficult jobs barely changed.³ The declines in physically demanding jobs are

also uneven across demographic groups, with women and older Black workers less likely to see declines in the physical demands of their jobs. Between 1992 and 2014, the share of older men ages 55–62 who were in physically burdensome jobs decreased by 3 percent, while the portion of older women doing such work rose by the same amount. Likewise, the share of older white workers whose jobs required significant physical effort decreased by 7 percent during this period—significantly more than the 1 percent decrease among older Black workers.⁴

Physically demanding jobs are hard on the body and cumulative exposure to these demands can lead to declines in reported health, particularly for older workers.⁵ Unable to work in physically strenuous jobs, these workers may be forced to exit the labor force earlier than anticipated.

More than half of older workers who retired between the ages of 55–64 did so involuntarily

Among the workers who retire between the ages of 55 to 64, over half do so involuntarily. These rates are even higher for older Black and Hispanic workers, with over 60 percent retiring involuntarily.

Why? Though job loss is the primary reason, involuntary retirement is also driven by health issues, such as those brought on by working in physically demanding jobs. For example, the National Academy of Social Insurance estimates that in 2012, more than eight million older workers were forced to retire earlier than anticipated due to health problems.⁶ Indeed, evidence indicates that physical job demands are a predictor of early

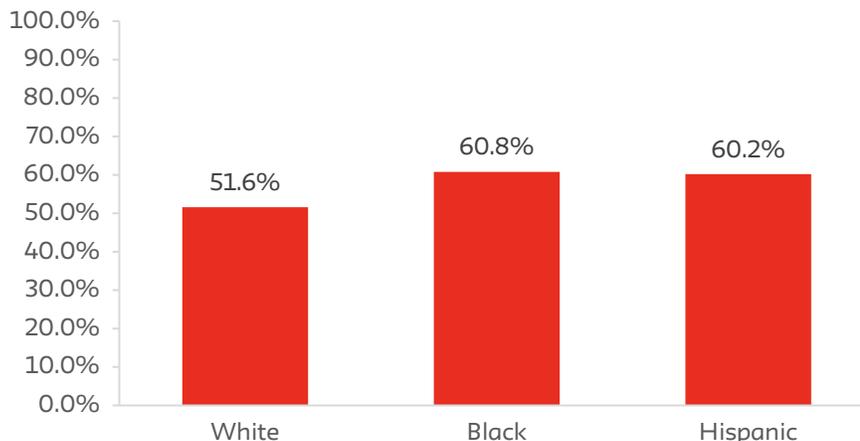
retirement. One study suggests that increased physical demands on the job are associated with a 10-percent greater probability of being retired.⁷

Older workers who retire earlier than planned may suffer serious financial impacts from being less prepared for retirement than anticipated.⁸ For example, 65 percent of Americans expect that they will have to work past the Social Security normal retirement age (66–67) to have enough money to retire. Yet due to physically taxing jobs, many of these workers may not be able to do so.⁹ Many workers are thus caught in a difficult circumstance from which there is no

escape—they may need to work into older age to support themselves and prepare for retirement, but the jobs that are available to them are the very same jobs that may push

them out of the workforce earlier than anticipated (see the appendix for the effects on older workers ages 65 and over).

Figure 2: Most older workers who retire before age 65 do so involuntarily
Share of retired older workers ages 55–64 who retired involuntarily, by race and ethnicity (2014–2018 pooled data)



Source: SCEPA calculations based on Current Population Survey data.

Notes: The sample includes individuals who reported being retired in the current survey but working in the previous one. Involuntary retirement is defined as retirement preceded by poor health or disability (including poor mental health or stress); by a layoff, business closure, or ownership change; or by changes in working conditions or compensation. Hispanic refers to Hispanic of any race while white and Black refer to non-Hispanic white and non-Hispanic Black people.

Policy Recommendations

Policymakers should take a two-pronged approach and advance policies and programs to bolster retirement security while also investing in good jobs for older workers.

Make Work More Age-Friendly and Enforce Anti-Discrimination Laws

Improving health and safety standards and providing paid sick leave and time off for all workers is vital for creating age-friendly workplaces.¹⁰ However, without strict anti-discrimination laws and enforcement, older workers cannot compete for good jobs. The Age Discrimination in Employment Act (ADEA) was weakened by a 2009 Supreme Court decision. Congress must strengthen the ADEA and ensure that any age discrimination is illegal.

Strengthen Worker Bargaining Power

One of the most effective ways to improve older workers' pay, conditions, and retirement options is to expand unions.¹¹ Unionization improves all workers' pay and access to retirement and healthcare plans. Greater access to higher quality healthcare—typical of unionized work—is especially important for older workers for whom prevention and treatment of chronic illnesses is critical. Union safety values and practices also help protect workers' immediate and long-term health.

Lower Medicare Eligibility Age to 50 & Make Medicare First Payer

Lowering the Medicare age to 50 would ensure that laid-off older workers get the care they need. Making Medicare first payer—having it cover medical expenses before private insurance—would also lower firms’ costs associated with providing health insurance to older workers. Reducing health insurance costs related to hiring older workers would help prevent involuntary retirement while improving older workers’ health coverage.¹²

Fix the Retirement System’s Structural Flaws

Congress should ensure that all workers have retirement plans to complement state-sponsored plans through the creation of [a public option retirement plan](#). This federal plan would provide workers with a secure and accessible way to save for retirement and supplement their Social Security benefits. Funded by employer and employee contributions throughout a worker’s career along with a refundable tax credit, the plan should be portable when a worker changes or loses their job.¹³

Expand Social Security

Congress should [expand Social Security benefits](#) and increase the Special Minimum Benefit above the poverty level.¹⁴ Increasing Social Security benefits and instituting a minimum benefit would soften the blow to workers who are forced to retire before they are ready and would prevent many from falling into poverty.

Create a Federal Older Workers Bureau

As older workers make up a growing portion of the U.S. labor market, it is long past time that we create 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 within the Department of Labor would fulfill three functions: identifying and analyzing older workers’ concerns, devising innovative policies to address these issues, and engaging in outreach and education.

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

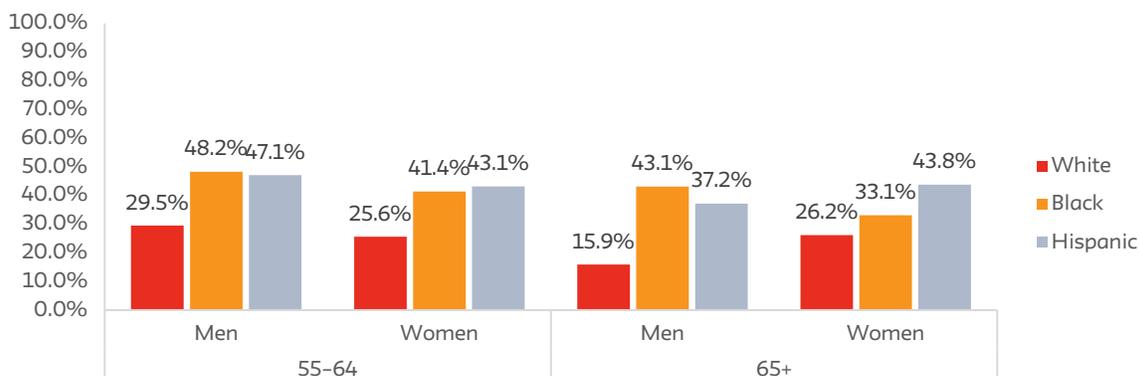
Note: The charts in this report are from the upcoming Older Workers and Retirement Security Chartbook, a joint project with the Economic Policy Institute (EPI) which will provide advocates, researchers, and policy makers with shareable charts and statistics to help illustrate the challenges facing older workers. SCEPA would like to thank RRF Foundation for Aging for its generous support of this project. For more information, please contact scepa@newschool.edu.

Appendix

While older white men with a college degree in age-friendly jobs often continue working past age 65, those in physically demanding jobs are more likely to retire. As a result, the share of physically demanding jobs among older white men decreases from 29.5 percent for ages 55–64 to 15.9 percent for ages 65 and over (Figure A1).

Figure A1: Many older workers are in physically demanding jobs, especially older Black and Hispanic workers

Share of retired older workers in physically demanding jobs, by age, race and ethnicity, 2018



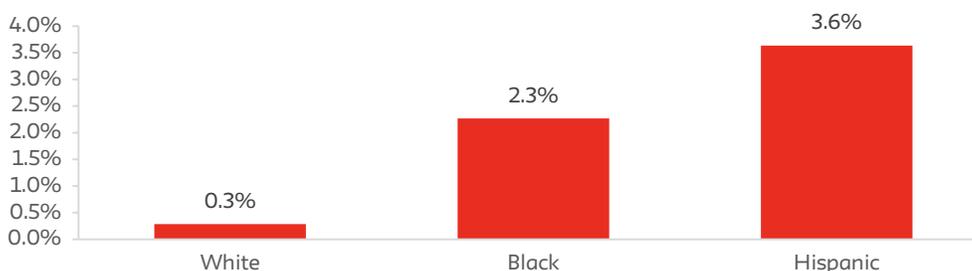
Source: Economic Policy Institute (EPI) and Schwartz Center for Economic Policy Analysis (SCEPA) analysis of Health and Retirement Study data (RAND 2022; University of Michigan 2022).

Notes: Workers are in a physically demanding job if they answered that their job requires “lots of physical effort” “all” or “most” of the time. The sample includes full- and part-time workers ages 55 to 64 participating in the Health and Retirement Study (HRS) survey. Hispanic refers to Hispanic of any race while white and Black refer to non-Hispanic white and non-Hispanic Black people.

However, Black and Hispanic workers—who are more likely to work in physically demanding jobs and have fewer retirement resources—face an impossible choice between working in difficult jobs or living in poverty in retirement. As these older workers get pushed out of the labor force, their poverty rates increase after age 65 (Figure A2).

Figure A2: Black and Hispanic people experience an increase in poverty as they age

Increase in poverty rates between age groups 55–64 and 65+, by race and ethnicity (2020)



Source: Schwartz Center for Economic Policy Analysis (SCEPA) analysis of Annual Social and Economic Supplement to the Current Population Survey data (CPS-ASEC 2021).

Notes: Hispanic refers to Hispanic of any race while white and Black refer to non-Hispanic white and non-Hispanic Black people. Estimates of poverty rates are based on the Supplemental Poverty Measure (SPM), an alternative poverty measure published by the Census Bureau since 2010.

Endnotes

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WHY FOCUS ON OLDER WORKERS

Over the past twenty years, older workers have made up the vast majority of the expansion of the labor market. While the number of young workers shrank and the number of workers ages 25-54 grew by 1.1 million, the number of older workers increased by more than 18.1 million. Looking forward, out of 7.7 million workers expected to be added to the economy by 2031, 3.8 million will be workers over 55, further increasing the share of older workers in the labor force. The aging American workforce and the lack of retirement readiness will shape employment patterns, the direction of public policy, and the strength of bargaining power for all American workers.



Source: Bureau of Labor Statistics (2022). Employment Projections. Table 3.1 - Civilian labor force by age, sex, race, and ethnicity, 2001, 2011, 2021, and projected 2031.
<https://www.bls.gov/emp/tables/civilian-labor-force-summary.htm>

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