

THE
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Older workers seeing renewed importance

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As the baby boom generation enters retirement age, New England employers will become increasingly dependent on older members of the population - those aged 55 and above - to meet their demand for skilled workers. The ability to retain and recapture these older workers in the labor force will be critical to the economic prosperity of the region over the next decade.

Changing demographics in New England could ultimately stall economic development and job growth in the future, according to a report prepared by Northeastern University's Center for Labor Market Studies. The numbers are significant in Massachusetts, which has a somewhat larger and more rapidly growing share of the older population.

Massachusetts continues to experience substantial net outflows to other states. Combined with its low birthrate, the commonwealth has experienced little population growth and

the state's labor force has grown by just 2.4 percent between 2000 and 2007, ranking us 45th in the nation.

To prepare for the future, private and public leaders must begin to craft strategies now which will remove obstacles for older workers who desire to stay in the work force beyond retirement age.

The Northeastern study found:

The 55 and older population will increase 23 percent from 2005 to 2015. During the same time period, those ages 16 to 54 will decline. As a result, those 55 and older will account for 127 percent of the overall increase in the size of the state's working age population.

The number of residents aged 55 to 64 is expected to rise 27 percent by 2015; residents 65 or older will increase about 20 percent.

More than four in 10 older persons in the eastern part of the state were in the "pre-retirement" ages of 55 to 64 years old.

Only 14 percent of older workers in eastern Massachusetts mix work and retirement.

Among those age 55 and older, the rate of labor force participation in the state is well above that of the nation as a whole - 40.7 percent compared to 36.4 percent for the nation.

In 2004, Massachusetts overall had the eighth lowest birth rate in the nation.

The need for well educated and well trained younger workers continues to influence government policy. But the demographic analysis clearly demonstrates that the graying of the work force would result in labor shortages which will hamper economic growth.

In response to this data, the New England Council recently partnered with Mercer consultants to launch a work force initiative focused on this issue, its implications for retirement systems and programs to encourage employment of older workers.

The region is at a critical juncture. We need to develop specific proposals to encourage the active engagement of older workers in the employment market. Some of these strategies range from age-specific training programs to increasing funding for incumbent worker training to the creation of new definitions or categories of employees which would alleviate obstacles to mixing work and retirement.

The time to craft these proposals is now.

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