Clients Working after Retirement

By Susan P. Ascher

While the phrase “working retirement” appears to be an oxymoron, the reality is that men and women reaching the 65-year old retirement age are not ready to pack up their pencils and go home. The reasons vary, but the trend is growing. The prospects of enjoying the golden years of retirement are fading for many older Americans as more and more people are continuing to work beyond the age of retirement.

Today, many workers are postponing retirement due in large part to consumer debt and the economic downturn. There is increasing concern about income security as employers continue to cut back on defined benefit pension plans and retiree health benefits. Often among the first targets of downsizing through early retirement offers, older workers particularly are vulnerable during tough economic times.

- The national unemployment rate climbed to 6.7 percent in November, up from 6.5 percent in October.
- According to the Bureau of Labor Statistics, approximately 25 percent of adults ranging in age from 65–74, or 36.4 million people, are in the workforce. This is up from 19 percent in 2000.
- In 1997, AARP started asking people at what age they planned to retire, and the response was mid- to late 60s. In the latest survey, almost half the respondents said they plan to work into their 70s or beyond.

With 76 million baby boomers on the brink of retirement, the face of the labor market is changing rapidly. Consulting always has been an attractive option for older workers who want to continue working part-time. Today, many older workers are holding onto their full-time jobs as long as they can because consulting roles generally pay less and offer fewer benefits. Yet another challenge: Older workers are not as appealing to employers as their younger counterparts. Older workers often are considered to be set in their ways and overqualified.

In sharp contrast to the challenges facing older workers now, economic forecasts predict that employers who are eager to see their older employees retire today may struggle to retain them in just a few years. This is because a worker shortage is expected as baby boomers retire. The “brain drain” or loss of “tribal knowledge” translates into an estimated 70 million Americans retiring in the next 10 years, and only 40 million workers will be available to replace them.

Companies will need older workers to fill the gap. Faced with this coming workforce shortage, companies slowly are beginning to increase employee retention efforts—providing incentives for older workers who continue working and forging relationships to keep them available for consulting assignments on an as-needed basis. But baby boomers will seek jobs that offer flexibility and lower stress levels. Working jobs that they enjoy and make them feel they are making a difference will become a higher priority than it was earlier in their careers. Employers will need to consider these factors while also accommodating the development and needs of younger workers. Employers face a significant productivity challenge in the clash of different work styles and attitudes between younger and older employees.

Employers will begin to see the value of the older worker once they put stereotypes aside. On the plus side, companies will find that older workers are more loyal and reliable and that they aspire to exceed their employers’ expectations. Many older workers have talents and expertise as well as vitality. People are living longer and they are healthier, and older workers have much to offer in the work environment. They consider themselves tech-savvy and modern. Indeed, today’s 65-year-old is not the 65-year-old of 30 years ago.

From record-setting unemployment rates to worker shortages, from early retirement packages to increased retention efforts, we are on the cusp of a major shift in the dynamic of our workplace.

Susan P. Ascher is president and chief executive officer of The Ascher Group, a provider of human resources contract professionals that has clients ranging from Fortune 500 corporations to emerging growth companies. Contact her at sascher@aschergroup.com.