



MILKEN INSTITUTE
CENTER FOR THE FUTURE OF AGING

July 31, 2017

The Honorable Susan B. Collins
Chairman
Special Committee on Aging
United States Senate
Washington, DC 20510

The Honorable Robert P. Casey, Jr.
Ranking Member
Special Committee on Aging
United States Senate
Washington, DC 20510

Dear Chairman Collins and Ranking Member Casey,

On behalf of the Milken Institute Center for the Future of Aging, we appreciate this opportunity to contribute to a timely and important conversation about older Americans in the workforce. The Center for the Future of Aging is a key part of the Milken Institute, a nonpartisan, nonprofit think tank with domestic offices in Washington, DC and Santa Monica, California. The Center's mission is to improve lives and strengthen societies by promoting healthy, productive, and purposeful aging. Together with our [advisory board](#), the Center is working with leaders in policy, business, academia, philanthropy and media to create a better future for the current generation of older adults and for generations to come.

Scientific advancements have given us the most valuable gift imaginable—more time. Realizing the upside of the longevity dividend may be the greatest opportunity for humanity in the decades ahead. As the massive global demographic shift accelerates, employers —large and small— will play an integral role in creating a better future for workers of all ages.

Enabling ongoing participation in the workforce by older adults is a financial necessity. A 2016 Economic Policy Institute report found that nearly half of American families have no retirement savings. Rising health and other living costs, and potential benefit cuts, increase financial need.

At the Milken Institute Center for the Future of Aging, we seek to elevate the emerging public narrative about the vast potential of older adults. To that end, please find included, research and commentary on the positive attributes of older adults in the workforce, challenges faced by older adults, highlights of demonstrated best practices for age-friendly workplaces as well as recommendations that policymakers can consider to support older workers. We have included materials that outline the importance and potential of older adults and the emerging longevity economy.



Opportunities and Challenges Facing Older Americans in the Workforce

Each day, 10,000 people turn 65 in the United States. People over the age of 60 will account for a quarter of the country's population by 2030.¹ With longevity comes increased labor force participation among older adults that has been rising for several decades and will continue growing. In 2000, less than 13 percent of 65-plus Americans were employed, compared to 19 percent in 2016.² Yet far too many older adults have difficulty finding work. Harnessing the power of this human capital resource is critical to continued economic growth, individual financial security, and positive health outcomes for older adults.

Today's aging adults anticipate longer working lives—for financial need and other deeply felt reasons as well. A growing body of research suggests that purposeful aging, engagement, and working toward goals as we age, offer significant health benefits for older adults and solutions to an array of other societal challenges. It is well documented that purpose is important for longevity as well as vitality, productivity, and lower rates of cognitive decline, stroke, and heart attack. The underpinning of these assertions is not soft science as research has evidenced. In short, opportunities and benefits of older adults in the workforce include:

- **Secure employment provides a critical income stream** at a time when 45% of U.S. working age households have no retirement savings.³
- **Access to healthcare benefits and wellness programs can transfer preventative savings to our healthcare system.** For instance, a recent study examined 10 years of data from a Fortune 100 employer's wellness program. The two component programs reduced the employer's average health care costs by about \$30 per member per month, and disease management was responsible for 87% of those savings with a 30% reduction in hospital admission.⁴
- **Engaging in purposeful aging through employment and volunteering is associated with proven health benefits** that include lower rates of dementia and Alzheimer's according to the Rush Alzheimer's Disease Center. Not only can this become an asset to public health, high engagement rates among older workers have been shown to translate to business results. AARP found that 65% of employees' age 55-plus are considered engaged, compared to younger employee engagement averages of 58% to 60%. And, it takes only a 5% increase

¹ United Nations, 2015. World Population Ageing

² Pew Research Center, 2016. "More Older Americans are working, and working more, than they used to"

³ Bank of America Merrill Lynch, 2016. "The Silver Economy: Global Ageing Primer"

⁴ Harvard Business Review, 2016. "Meet the Wellness Programs that Save Companies Money"



in engagement to achieve 3% incremental revenue growth, according to Aon Hewitt's Global Survey.⁵

However, much of the potential of longer lives remains unrealized, because we haven't addressed the challenges that hinder older adults from aging with purpose and remaining active in the workforce. Ageism and societal attitudes are a detrimental force when it comes to engaging our older population. Effectively shunting older people to society's margins, this cultural negativity is internalized by older adults themselves. We devalue older workers, underestimate them in hiring and promotion, and typecast them in consumer marketing. A few of the many persisting challenges faced by the older American worker include the following:

- **Ageism and discrimination continue to penetrate work and social settings, with perceptions of older adults representing decline and disability.** Researchers at the University of California, Irvine and Tulane University developed a large-scale study of employment discrimination. They found that older "applicants," especially women, were less likely to get callbacks than younger counterparts.⁶ Virtually all forms of media and messaging reinforce these misperceptions of older workers. This is a powerful story about promise for societies everywhere, but it is obscured by a culture bound to pre-21st century ideas.
- **Even though the American workforce spans five generations, only 8% of CEOs include age as a dimension of their diversity and inclusion strategies.**⁷
- **Older workers, being more likely to be among the long-term unemployed, lack opportunities for critical retraining programs.** The U.S. Department of Labor's Taskforce on the Aging of the American Workforce reported that the extent of employer-provided training demonstrates an inverse relationship with employee age. Workers between the ages of 25 and 34 received an average of 37 training hours annually, compared with 9 hours for those employees 50-plus.

From a human capital standpoint, older adults have the capacity to power economic growth as employees and mentors, and as colleagues in intergenerational workforces. Employers have only to embrace their underutilized talents and wisdom to realize mutually beneficial outcomes.

How Employers Are Transforming the Future of Aging

Employers are uniquely positioned to advance smart policies and change attitudes about aging. However, the Boston Consulting Group calculates that fewer than half of

⁵ Aon Hewitt, 2015. 2015 Trends in Global Employee Engagement

⁶ Federal Reserve Bank of San Francisco, 2017. "Age Discrimination and Hiring of Older Adults"

⁷ Price Waterhouse Cooper, 2015. *18th Annual Global CEO Survey*



companies factor longevity into their business strategies in any way.⁸ Forty-five percent consider it in their human resources planning, but less than a third integrate older people into marketing and outreach. Employers should develop and articulate a “longevity strategy” to plan for the growing impact of changing demographics. Six categories with best practices, outlined below, aim to guide a basic framework for employers to implement a longevity strategy that supports an older American workforce.

Hiring Practices: Older workers and job applicants face widespread ageism; nearly two-thirds of workers ages 45 to 74 say they have seen or suffered discrimination based on age, AARP reports. Developing recruitment and retention strategies that are inclusive of multiple generations in the workforce and embrace the value of older adults is an important component of combating ageism.

- The National Institutes of Health (NIH) has an older workforce, half of them over age 50. NIH actively recruits at 50-plus job fairs, and its scientists encourage older colleagues to come to the NIH. The government agency offers benefits such as flexible schedules, telecommuting, vetted back-up elder care, and low-impact exercise classes.

Training and Lifelong Learning: Career training and transition programs help older workers stay current, engaged, and employable. Education reinforces the value of older workers and fosters the growth critical to reinvention and redirection.

- JP Morgan offers a 13- to 19-week re-entry program, with the possibility of a full-time position, for people returning to work after two or more years away. Participants update skills and learn new ones, network with management, and work with a mentor.

Flex Time and Caregiving: Employers can incorporate flexible scheduling for employees who remain vital contributors but may not want or be able to work as many hours. Even part-time work can benefit older adults’ health, scientists say, and, in a self-reinforcing cycle, healthier people are apt to perform better at work and remain active in all arenas.

- CVS Caremark offers the Snowbird Program, a flexible work option that allows older workers to transfer to different CVS pharmacy store regions on a seasonal basis. The company projects an increase in older customers as well as a future shortage of younger workers. CVS says it has significantly higher retention rates for older workers than the industry average.

⁸ The Boston Consulting Group, 2016. “Inclusiveness: In Everyone’s Best Interest”



- United Healthcare launched Solutions for Caregivers, a program for large employers that features in-person, telephone, and online resources designed to help caregivers save money and more effectively assist the people they support. It is available to all large employers with self-funded health plans at no additional charge for employees to use the online services.

Phased Retirement: Many employees who still have years of creativity and productivity to offer are forced out of jobs by ageist policies, such as mandatory retirement or a lack of ongoing work options. One-quarter of workers (26 percent) state that their employer does not do anything to help employees enter retirement.⁹

- Steelcase offers workers a phased retirement program with reduced and part-time hours so they don't have to choose between quitting and continuing full-time. Facing a large number of retiring boomers, especially in the IT and manufacturing departments, Steelcase began the phased retirement plan in 2012.

Health and Wellness: More years do not always mean better years. Longevity loses its luster if not paired with health, which is the most fundamental indicator of our ability to be productive and purposeful throughout life. A healthy population produces better workers and elevates productivity, while health in life's later years diminishes reliance on expensive medical interventions.

- Motion Picture Television Fund provides financial assistance and services to support the well-being of the entertainment community and develops services for older people and those who care for them. It focuses on enabling people to live and age well by urging healthy choices, social connection, and living with a sense of purpose.

Mentoring Opportunities: An effective workforce also lies in intergenerational collaboration, combining young workers' energy and speed with the wisdom and experience of age. Emerging literature suggests that mixed-age teams may outperform both exclusively younger and exclusively older groups, making the bottom-line case for age diversity.

- Michelin has rehired retirees to oversee projects, foster community relations, and facilitate mentoring. Nearly 40 percent of the company's workforce is 50-plus, and they have an average tenure of nearly 24 years. Initiatives for older

⁹ Employee Benefit Research Institute and Greenwald & Associates, 2016. *2016 Retirement Confidence Survey*



workers include a strong focus on wellness, training, and intergenerational mentoring.

Talent, well deployed, is the characteristic that distinguishes great employers and great societies. Research on the aging brain makes the business case for maturity, with buoyant implications for employers who embrace and accommodate older workers. They benefit from strengths that are rarely acknowledged in a culture that glorifies youth while exaggerating the frailties of age. While employers cannot be expected to fill all the health and wealth gaps widened by the demographic shift, they can ensure that older people are valued and comfortable in the workplace and have sufficient resources for healthy, productive, and longer lives.

Policies for Enabling Purposeful Aging in the 21st Century

The pillars of stability for older adults are income and support sources such as Social Security and Medicare, pensions, savings, and investments, as well as health and other forms of insurance. A significant majority of Americans plan to work past age 65 or not retire at all, according to the Transamerica Center for Retirement Studies.¹⁰ That reflects a cultural shift, driven in part by an increasing interest in lifelong stimulation but also economic stress, the transition from defined-benefit to defined-contribution pension plans, and the rising costs of health and long-term care. Policymakers are poised to maximize the contributions of older adults by enabling them to be continued productive participants in the workforce.

Innovations in financial products and services, and the adaptation of these and other tools to a changing demography, are critical to maximizing the health and wealth spans of an aging population. Policymakers are faced with a fruitful opportunity to partner with private sector leaders to ensure all Americans benefit from the longevity dividend. Three recommendations, outlined below, aim to guide a basic framework upon which government officials and policymakers may support the future of aging in the American workplace:

- **Encourage prolonged workforce participation among older adults through incentive-based employer programs and initiatives to enable lifelong productivity and engagement.** Any traditional age limit may contribute to the false assumption that those below it are productive, whereas those above it as unproductive. Programs that offer pre-retirement and career transition support, coaching and counseling, and encore career pathways can make employees more engaged and productive before they move on.

¹⁰ Transamerica Center for Retirement Studies, 2016. *17th Annual Transamerica Retirement Survey of Workers*



- **Protect the rights of older adults against age discrimination in the workplace.** Ageism continues to devalue older workers and older adults across society. Recent research from the Federal Reserve Bank of San Francisco identified compelling evidence stemming from 40,000 made-up resumes that older applicants, especially women, suffer consistent age discrimination.¹¹
- **Strengthen local developments and public private partnerships to create age-friendly environments that improve employment outlooks for older adults across every constituency.** Programs such as the World Health Organization’s Global Network of Age-Friendly Communities and the Milken Institute’s Best Cities for Successful Aging index provide best practices and evidence-based indicators that facilitate this outcome. By innovating for and sustaining initiatives that unite public and private leadership, resources, ideas, and strategies, the future environment for older adults in the workplace will only get better.

With the gift of longevity, new opportunities have emerged for older adults to pursue work and education, social and civic involvement, and lifelong learning. At the same time, this fast-growing cohort wants increased financial security. This profile of vibrant aging defies outmoded stereotypes of geriatric citizens weighing down the economy. To the contrary, when older people actively participate, the benefits flow in all directions. They contribute experience and stability to their workplaces and civic endeavors; financial security helps them bolster the economy as taxpayers and consumers; and engagement enhances their own health and wellness.

To supplement our positions, please find included four publications produced by the Milken Institute Center for the Future of Aging: [Best Cities for Successful Aging](#), which evaluates 380 U.S. Metropolitan areas to determine how well they serve the needs of the aging population; [The Power of Purposeful Aging](#) which outlines the importance of overcoming deeply ingrained bias, and the need to shed light on the potential of older adults; a resource document which informed the Institute’s [Summit on Business and the Future of Aging](#); and [“The Power of an Older Workforce,”](#) an article about the value of older adults in the workforce.

¹¹ Federal Reserve Bank of San Francisco, 2017. “Age Discrimination and Hiring of Older Adults”



MILKEN INSTITUTE
CENTER FOR THE FUTURE OF AGING

Thank you again for engaging the Center on this critical subject and for the Committee's efforts to improve the lives of older Americans.

Sincerely,

Paul H. Irving
Chairman
Milken Institute Center for the Future of Aging

Vivian Vasallo
Managing Director
Milken Institute Center for the Future of Aging

CC: Members of the Special Committee on Aging, United States Senate