

An aging work force that will not retire

Larry Rubin and Gregory M. Sparzo

If conventional wisdom is to be believed, the baby boomer generation would be retiring in an orderly fashion at a rate of 4+ million per year. However, that generation, born between 1946 and 1964, has rarely, if ever, done anything in an orderly fashion. In fact, the majority of baby boomers are still in the labor force at the highest annual rate for people their age in more than half a century.

And general demographic trends and a series of historic economic events have been combined to redefine retirement for this generation, just as they redefined schooling, work, marriage and family earlier in their lives. The boomers, nearly 80 million of them, disrupted the conventional wisdom, in part, because they were so much larger than their parents' generation – by a lot, nearly double. This forced our society to adapt to them all along the way and will require us to continue to do so.

From 1920 to 1945, there were about 2.75 million babies born each year, with a bit of a dip during the deepest part of the Great Depression. A “boom” was quite apparent starting right after the Second World War when 1946 had 3.6 million babies being born and continued upward from there, never again dipping below 3 million and peaking in 1957 at nearly 4.3 million for the generation. Along the way, this huge cohort not only redefined each life phase but also were not shy about it. Unlike their parents, who grew up during the Great Depression and the uncertainty of the Second World War, boomers mostly grew up in an era of prosperity, safety and a sense of entitlement to a successful and secure future.

In a recent interview, noted demographer and speaker Ken Gronbach, author of books such as *Age Curve How to Profit from the Coming Demographic Storm*, and *Upside: Profiting from the Profound Demographic Shifts Ahead*, told me that “[...] the Boomers will not retire like the GI Generation or the Silent Generation [...] they will be the youngest ‘old’ people we’ve ever seen. They will continue to throw their weight around and will next redefine, retirement, healthcare, and finally ‘deathcare’.” He recently told an association of funeral directors “to prepare to handle 4 million funerals a year into the foreseeable future.”

So, culturally, this large group is disinclined to silently shuffle off the stage. However, there are other reasons for that as well. As of 2018, nearly 30 per cent of boomers between 65 and 72 years of age are still working or looking for work, nearly 50 per cent more than their parents' generation at that age. The two key reasons are far better health for a longer period, on the one hand, and poor planning and what I would call a penchant for hedonism and consumption, on the other hand. Those born in 1930, for example, had an average life expectancy of 58.1 for male individuals and 61.6 for female individuals. Thirty years later, in 1960, it was 66.6 for male individuals and 73.1 for female individuals, and today, men are living to 76 and 78 years and women into their early 80s. The US Census Bureau says that the population of people over 90 was over 2 million in 2010 and will rise to 7.6 million by 2050.

[Gourani \(2019\)](#), in her *Forbes* article, *Leading Multiple Generations in Today's Workforce*, says that the average US employee is getting older and continues to do so. The average annual growth rate of the 55+ group is projected to be three times the rate of the overall

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labor force. According to Gene [Epstein's \(2019\)](#) article in *Barron's*, *Baby Boomers in No Rush to Retire*, as of 2019, all boomers are of the age when people used to start to retire in appreciable numbers. In 1950, for example, there were 10.7 million people over 55 years in the workforce. By 1999, that number was over 17 million, and in 2019, the number was nearly 38 million.

We are living significantly longer than we used to, suggesting that we will need income for significantly longer periods, and we will live healthier lives for decades past the old traditional retirement age of 65. Compounding this fact is the notion that boomers were notoriously poor savers. Demographer Ken Gronbach, referenced earlier, suggests that nearly 50 per cent of boomers have saved practically nothing for retirement. Many were banking on the rise in the value of their homes to fund a retirement “down south” where the weather is warmer, and the costs of living are lower than in the high-demand urban centers of the country. This assumption took a significant hit during the global recession of 2008-2009, when home values fell as much as 15 per cent in some markets, trapping boomers in homes they could not sell and forcing them to stay at their jobs.

This is not all bad news.

As recruiters, my colleague, Larry Rubin and I have witnessed an acute shortage of qualified workers in the USA from the lowest to the highest rungs. This, along with recent state laws on equal pay, has caused wages to rise to unheard levels and unemployment rates to plummet even among traditionally marginalized groups, including minorities, women and even ex-felons. This demand has meant that older workers who desire to stay in the workforce are often encouraged to do so.

All this thinking about how boomers do not want to retire or are retiring later or in novel ways is true, but the fact is that the majority of boomers will eventually retire and take their accumulated knowledge with them. Baby boomers are, in fact, retiring at a rate of about 10,000 per day, and many firms are unprepared for the loss of institutional knowledge.

I recall meeting with the Chief Information Officer of a major insurance company a few years back, who said that one third of his Information Technology staff had been with the company for over 25 years. His big concern was that they had done a poor job of documenting many processes over the years, and much of the institutional knowledge was in the heads of these aging IT staff. When I asked about the company's transition plans to capture that knowledge before it is lost, he told me they have not spent much time on it. Really?

It is hard to believe, but I guess it is like cigarette smoking. The smoker does not see any immediate downside from a single cigarette, even if intellectually they know that there will be a price to pay eventually. The same might be true here. As senior leaders wrestle with the day-to-day urgencies, knowledge capture and planning for boomer retirement takes a back seat [. . .] until it is too late.

Prudent firms are investing now in hiring, mentorship, knowledge management and process evaluation. We believe that process evaluation is critical [. . .] no need to capture and codify processes that could be abandoned or reengineered. We can envision a future state when companies acquire competitors not for their products but for their employees, as internet firms did in the early days just to get access to the software development team.

The next step in this equation is how do thoughtful companies retain these older workers, given the general talent shortages that exist in many industries and the need to buy time to capture the institutional knowledge that resides with them.

In our view, a three-pronged approach is called for. It seems prudent to invest in technologies that improve boomer productivity while allowing opportunities for them to interact, mentor *and learn from* younger peers. Data suggest that the boomer generation wants to keep learning and improving. Retraining, reskilling or redeployment are all similar

ideas that are focused around keeping your knowledge base by training any part of your high-performance workforce that does not have the skills for the next decade. The third prong is for firms to develop flexible work rules and benefits that appeal to boomers and allow them to keep working longer than they might otherwise. In fact, an argument could be made that developing flexible work rules and benefits plans would benefit all the generations in your workforce.

Regardless of the age cohort, technology has contributed to the ability for workers to contribute outside of the conventional downtown high-rise office. The old office paradigm was a holdover from the days of the factory where workers had to be centralized around the manufacturing equipment. The rise of the information economy over the past decades means the “product” can be created and delivered from anywhere. This allows for far more flexibility in terms of where and how the work gets done.

The talent shortage has also pushed employers to be more creative and flexible in who they hire and how they work. In a tight job market, the employers can be picky and even insist that workers comply to rigid or outdated work styles. In [Sparzo's \(2009\)](#) book, *The PWAC Manifesto: Understanding the Skills Gap and Creating a Culture of Competence*, he wrote that the demand for talent would become so acute that employers would not care what the worker looked like as long as they had the critical skills they need.

Combine the explosive growth of communications technology, the ubiquity of the internet and the need for critical talent, smart employers will continue to encourage previously unused assets to join the workforce. This includes women, minorities, the disabled, retirees, veterans, ex-felons, homeless, part timers, freelance gig economy workers, and reskilling existing employees [. . .].

[Knight's \(2014\)](#) *Harvard Business Review's* article, *Managing People from 5 Generations*, suggests some simple steps to start the process of retaining and attracting team members regardless of the age-group to which they belong. Among them are the following:

- Do not dwell on the differences. Focus on the commonalities.
- Avoid reinforcing generational stereotypes, respect that your labor force is made up of individuals.
- Know that the data suggests that generational affinity groups at work are a waste of time.
- Build collaborative relationships. Assign a diverse array of workers to projects and allow them to learn from each other and get to know each other as people.

In summary, here are the key takeaways: for better or worse, your baby boomer employees are still in the workforce when historically they retired by now. That reality can be challenging to manage and to integrate with the multiple other age-groups in your workforce. On the plus side, having so many healthy, experienced workers willing to stay on the job can buy you time to capture their institutional knowledge, create age diversity and reduce pressure in today's highly competitive and talent-short environment, and with some thoughtful changes, the most effective and profitable firms will not only capitalize on that but also position themselves to have a stronger, more flexible and more dynamic workforce when the last boomer has left the workforce for good.

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