

Baby Boomers Come of (Retirement) Age



Area Development Site and Facility Planning

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The looming age of retirement for the single largest sector of the population challenges both workers and employers.

IN EVERY STATE, every industry, a quiet cultural change is slowly but surely reshaping America's work force. The nation's 77 million baby boomers are beginning to bow out of the work force. And that's big news in HR land.

So what's the fallout, besides a run on buying golf course housing? The labor pool is beginning to diminish, that's what. Moreover, recruitment and retention efforts must be revved up again, and somehow the knowledge that boomers possess must be captured to pass on to those still cleated to the corporate ladder.

There is good news, thankfully. It seems that perhaps Anns should rethink the whole mindset of 65 being the magical age employees should be booted from the ranks. The notion that "old fogy" brain iog kicks in automatically at this stage in life, making older employees intellectual liabilities, may in fact be wrong-headed.

According to an article written by HR Answers of Tualatin, Oregon, "studies comparing 65-year-olds to 30year-olds have indicated... there is no reduction in intelligence, memory, accuracy, speed, learning ability, etc. as one ages. However, this misconception has led older workers to be concerned about discrimination, despite legislation protecting against age discrimination. Because of this, they hesitate to re-enter the work force or stay in it. It becomes a selffulfilling prophecy."

Obviously this information - plus the increased longevity of today's Americans helps turn the notion of forced retirement on its head. When still-valuable segments of a firm's work force reach retirement age, perhaps the HR department should not only consider ways of retaining them, but should also start tapping the 65-and-older crowd in recruiting replacements for those that do wind up leaving.

Sadly, roadblocks to this commonsense approach often arise within companies themselves, which perpetuate policies - some legal, some, not - that discourage people from remaining past age 65. Moreover, private pension rules also have created "disincentives" for workers to remain in the work force.

According to recent survey results provided by the Canadian Labour and Business Centre, the upcoming challenge of educating/training replacement workers in Canada will vary depending on organization size. "Smaller firms have lower expected proportions of retirees, and consequently anticipate less severe replacement problems and less activity in addressing the replacement of retirees," notes the report. "The age of the work force in small organizations means replacing retirees will pose fewer recruitment problems and stimulate more training activities. For large organizations, the opposite observations tend to be found."

Related to this, Canadian employers are facing a growing national, politically-charged push to end mandatory retirement, as reported back in January by the Canadian newspaper Globe and Mail. Indeed, Prime Minister Paul Martin has gone on record saying that people "should really be allowed to work as long as they want to work, and as long as they can make a contribution."

Some entire industries will be impacted more than others. For example, an expected up-tick in retirements over the next 10 years is jump-starting a new hiring and marketing campaign in the freight railroad industry, according to a May story by the Associated Press.

"At the end of last year, about 220,000 workers were employed by the [industry] nationwide," stated the article. "About 40 percent of that labor force is eligible to retire by 2014, according to the Association of American Railroads (AAR)." To counteract this, the AAR estimates that 80,000 new workers will be hired by the end of the decade and that 60,000 more employees will be on board by 2014.

Of course, it's not just seniors and companies who will suffer from the coming retirement wave. In a 1998 think tank discussion of the matter, Eugene Steuerle noted the adverse effect this wave will have on the younger generation. Senior fellow at the Urban Institute, Steuerle served at the U.S. Treasury Department under four presidents and was the principal official for tax policy. He pointed out that upcoming retirees will put more burden on younger generations to pay not just for Social security but for Medicare and Medicaid, for defense, for maintenance of our court system, and for education and welfare. The decline in the relative number of taxpayers affects all these programs. It affects even the posture of the nation vis-à-vis other nations of the world.

Who knew the power vacuum the baby boomer retirees would leave? Clearly the wake-up call has been heard on this issue by some companies. Now it's up to the rest of employers to ditch any "head-in-the-sand" attitudes about it and begin preparing for the inevitable.

[Sidebar]

"People should really be allowed to work as long as they want to work, and as long as they can make a contribution."

[Author Affiliation]

By Lisa A. Bastian, CBC

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