

**WORK IN RETIREMENT: CAREER
REINVENTIONS AND THE NEW
RETIREMENT WORKSCAPE**

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WORK IN RETIREMENT: CAREER REINVENTIONS AND THE NEW RETIREMENT WORKSCAPE

WEDNESDAY, JUNE 24, 2015

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, DC.

The Committee met, pursuant to notice, at 2:02 p.m., Room 562, Dirksen Senate Office Building, Hon. Susan M. Collins, Chairman of the Committee, presiding.

Present: Senators Collins, Cotton, Sasse, McCaskill, Casey, Donnelly, Warren, and Kaine.

OPENING STATEMENT OF SENATOR SUSAN M. COLLINS, CHAIRMAN

The CHAIRMAN. This hearing will come to order.

Good afternoon. In the iconic 1985 film “Back to the Future,” Marty and Doc ride in a time machine 30 years back in time. They end up in 1955, the middle of the Baby Boom, where they save the past and then blast off again to an impossibly distant future, the year 2015. That film comes to mind as I think about the changes we are seeing in how seniors approach work in retirement, the topic of today’s hearing.

In many ways, the Baby Boom generation is leading us back to the future where seniors stay actively engaged in the workforce, contributing their years of wisdom and experience to employers and colleagues while shoring up their own financial security.

For most of the past century, seniors have been withdrawing from the workforce as Americans came to view retirement as a time of uninterrupted rest and leisure that could last for decades. By the year 2000, only 32 percent of Americans aged 55 and older were still working, and the average age of retirement had dropped to just 63, but the Baby Boom generation has reversed this trend. Today 40 percent of workers 55 and older remain in the workforce, a ratio not seen since the Eisenhower administration.

The Baby Boomers are remaining in the workforce longer for many reasons, but one leading reason is the need for financial security. Many Americans today do not have the resources they need to live comfortably in retirement without working.

It used to be said that retirement security was a three-legged stool—the first leg being an employer-provided pension; the second, Social Security; and the third, retirement savings, but with the estimated \$7.7 trillion gap between what Americans ages 32 to 64

have saved and what they will actually need for retirement, that third leg has become wobbly, and a fourth leg—continued work—has been added to the stool.

Experts tell us that the reengagement of seniors in the workforce could not have come at a better time for our economy. According to human resources professionals, 40 percent of U.S. employers are struggling to fill jobs with qualified workers and could face a crisis if they lose their older workers, but employers do not need these workers just to fill positions. They also need their talent, their institutional knowledge, and especially their strong work ethic. Compared to younger employees, with all due respect to my staff, workers aged 55 and older are significantly more engaged in their work. In fact, an engaged workforce is so important to the bottom line that a Fortune 1000 company could improve its profits by \$150 million a year if its entire workforce were as engaged as older workers, according to the AARP.

As we will hear from our witnesses today, financial needs are not the only reason that Baby Boomers want to continue working. They also want to stay active, mentally and physically. Working also helps seniors stay socially connected and preserve a strong sense of purpose and self-worth.

More than half in this generation who do retire return to the workforce after just a few years. They use this break to catch their breath and retool, sometimes for less stressful work, because these retirees can rely on Social Security, Medicare, and other sources of retirement income, they have the flexibility to pursue work on their own terms.

Taking a break from the workforce is not without risk, however. Seniors may find that their skills have become out of date and that they have lost touch with key contacts and business trends. Some of them face unspoken and misguided bias that is difficult to prove but widely reported. Whatever the reason, it takes twice as long for a senior to find a new job than it does for a younger person, and the job hunt can be especially tough on workers laid off late in their careers.

As this generation heads back to the workforce, employers who want to attract and keep older workers should recognize that many return to work because they want to, not just because they have to. These workers are looking for flexible workplaces where they can continue to contribute and where their skills will be valued.

Our witnesses today have a wealth of knowledge on how attitudes toward work and retirement are changing today and what it means for employers and for older Americans. I very much look forward to their testimony today.

I am now very pleased to turn to our Ranking Member, Senator McCaskill, for her statement.

**OPENING STATEMENT OF SENATOR
CLAIRE McCASKILL, RANKING MEMBER**

Senator McCASKILL. Thank you, Senator Collins. I want to thank you for holding this hearing.

I am sad to say, from looking at the numbers, that it appears to me that most of us on this Committee would be deemed “older

workers.” The most recent AARP study defines an older worker as over 50—except for Tom Cotton.

I can see him over there kind of——

The CHAIRMAN. He is too young.

Senator McCASKILL. He is gloating, is what he is doing.

The most recent AARP study defines an older worker as over 50, so I will reluctantly confess to meeting that threshold, easily, but I think our own personal experiences can add a certain level of expertise to this conversation in terms of our capacity to grow and change over time.

Many of us Baby Boomers are dealing with a much different work landscape than the one we entered decades back. Yet we are a competitive bunch, so I have trouble with this concept that we cannot adapt to changing technologies to stay relevant in today’s economy, and that AARP study, “A Business Case for Workers Age 50 and Above,” goes a long way to debunk this myth, along with many others. More than nine in ten workers over 50 have a computer, tablet, or smartphone, and those numbers have been growing significantly in the last three years alone. Fewer than one in five of the seniors surveyed felt they had trouble keeping up with the technology needed to do their jobs, so do not tell me that you cannot teach an “older” dog new tricks, and do not tell me that older workers cost too much.

Due to the shifts in our pension systems away from defined benefits, adding a worker over 50 is not that much different to a company’s bottom line than adding younger workers, according to the AARP.

The fact of the matter is our workforce is getting older. In under a decade, more than one in three workers will be older than 50. In Missouri today, more than one in five workers is 55 and older. It is true some older workers want to stay employed to feel productive and challenged, but many other Americans, I hasten to say that I believe the majority of other Americans, are doing so out of necessity.

This is a new era of retirement. Few people have that pension check for life and instead must set aside their own money for their golden years, and longer life spans mean we are talking about retirements that could last for decades, so it is no wonder why older Americans are a bit nervous to stop working altogether.

The smart companies have already figured out the changing demographics and have developed ways to capitalize in the skills and experience that this large group of workers can bring to the table. One of those companies is represented here today, and I do not know if I am going to pronounce this right: Bon Secours? Is that right?

The CHAIRMAN. Close.

Senator McCASKILL. Bon Secours Virginia Health System has for years recognized that it makes no sense to see its best and brightest workers walk out the door at age 55 when most nurses tend to leave the hospital floor, so to combat this brain drain, they have developed a phased retirement system that employs these young workers in a variety of roles, such as quality review, teaching, and analyzing care. They have also adjusted their benefits packages so these older workers would not be penalized for reducing hours.

Today the program is so successful that it works across demographics. This culture of flexible work schedules is good not just for the older worker but for the reservist, the mother, or any other employee who cannot work a full 40-hour schedule, but still brings essential skills to the job.

SSM Health Care in St. Louis offers its own phased retirement system, allowing employees over 62 to collect their pension while working a more flexible schedule. Hundreds of its employees have already taken advantage of this plan.

I should also point out that while working longer is a viable option for those seeking a way to build a more secure retirement, it is not the answer for everyone. We should recognize that some people have spent years working jobs that are so physically demanding that asking them to do any kind of work into their 70's is just not realistic. We will still need to work to develop strategies for this group of workers, but that should not stop us from exploring more ways to help older workers stay engaged and continue to earn an income if they so choose.

With that in mind, I look forward to hearing the testimony from today's panel, and I thank all of you very much for being here.

The CHAIRMAN. Thank you very much for your testimony. I will confess before this entire room that it was the Ranking Member who convinced me that I had to get an iPhone. I did indeed.

We are also pleased to be joined by I believe the person who is the youngest member of the Senate. Is that accurate, Senator Cotton?

Senator COTTON. It is, but I am old in spirit.

The CHAIRMAN. We are very pleased to have you here as well.

Now we will turn to our panel of witnesses. First we will hear from Dr. Sara Rix. Dr. Rix recently retired from her position as a senior strategic policy adviser for the AARP and is now a consultant specializing in working and aging issues.

We will then hear from Susan Nordman, who is the owner of Erda, a specialty handbag company located in rural Dexter, Maine. She will testify about her experience starting over in a new field at an older age, as well as her experience in employing an older workforce, and I particularly want to thank her for traveling down from Maine to be with us today.

Third, we will hear from Kerry Hannon, an author, a New York Times columnist, and a contributing editor for Forbes.

Finally, we will hear from James Godwin, the vice president of human resources at Bon Secours Virginia Health System in Richmond, Virginia.

Thank you all for being with us today. We look forward to hearing from you, and we will start with Dr. Rix.

STATEMENT OF SARA E. RIX, PH.D., WORKING AND AGING CONSULTANT, WASHINGTON, D.C.

Dr. RIX. Thank you, Chairman Collins and Ranking Member McCaskill, for inviting me to testify today about the challenges and opportunities involved in prolonging working life. Prolonged employment stands to benefit employers facing labor and skills shortages, and the economy, but it can also greatly enhance the retirement security of workers and their families by increasing Social Se-

curity benefits by as much as eight percent per year of delayed receipt, by giving workers more time to save and benefit from a 401(k) match, if offered, and by reducing the time, the number of years spent in retirement and, thus, the supplemental income needed for retirement years.

Older workers already are working longer, are remaining longer in the workforce. One statistic readily highlights this point. Among persons 65 to 69, those we have traditionally thought of as retirement age, the labor force participation rate has risen from about 18 percent in 1985 to nearly 32 percent in 2014, or by over 70 percent. We cannot credit any single policy or program for higher participation rates at older ages. The older population is extremely diverse and responds in different ways to different incentives and disincentives. Rising educational attainment does seem to be a major determinant, accounting for perhaps half of the increase in participation among older men, according to one study.

Up to 80 percent of workers say they expect to work in retirement, and we have just heard some of the reasons. They need the money, of course, but they also enjoy what they are doing. They want to remain active; they hope to make a contribution. Yet far fewer workers actually remain in the labor force than say they expect to because of job loss, ill health, and caregiving responsibilities. Others may be unable to find the opportunities that could keep them at work: less demanding jobs, new career options, good part-time jobs, and more flexible work schedules, for example.

When to retire is a decision over which workers have some control, not total control but more than they have over the stock market or housing values. Exercising that control by working longer is what I think we have been seeing, including during the recent recession when labor force participation rates rose for older workers but fell for younger ones.

Employers, however, have considerable say in what workers can and will do. On the plus side, employers tend to be very positive about older workers when it comes to attributes such as loyalty, dependability, customer relationships, and the like, but on the minus side, many employers harbor negative attitudes about older worker costs and technological competence. The new AARP survey just mentioned may alleviate some of those concerns about cost and performance.

Moreover, if employers need workers, they will do what is necessary to obtain and retain an adequate supply, and that will include drawing upon what is available: older people ready and eager to work.

Just what public policy initiatives would encourage even more employment at older ages in a scalable, cost-efficient manner and in a way that does not pit generations against one another is not so obvious. In my written testimony, I offer several suggestions, and there are many others in addition. If I could identify only one this afternoon, it would be to promote older workers' skills development to ensure that those workers have the qualifications they need to find work, change jobs or careers, or reenter the labor force after retirement. This means more money for the Nation's workforce development system as well as monitoring older worker outcomes under the new Workforce Innovation and Opportunity Act.

In addition, it is also incumbent upon us to promote life-long learning to make sure that tomorrow's older workers do not face the same employment barriers that today's do. This will not be inexpensive, but before going further with other policy proposals, I suggest that we might be well served by taking stock of what we know and do not know about what actually fosters longer work lives so that appropriate policies can be crafted to achieve our objectives. Hence, I shall conclude with an appeal for more funding for the Department of Labor to address a range of questions about how best to incentivize more older workers to work even longer and more employers to hire and retain them.

Thank you.

The CHAIRMAN. Thank you very much for your excellent testimony.

Ms. Nordman.

**STATEMENT OF SUSAN E. NORDMAN,
OWNER, ERDA, DEXTER, MAINE**

Ms. NORDMAN. Chairman Collins, Ranking Member McCaskill, distinguished members, thank you for inviting me to testify. My name is Susan Nordman. I am the owner of Erda, a small manufacturing company and the maker of Erda handbags. I grew up in rural Maine in the late 1960's in an agricultural community. Like many of my peers, I left home for college and employment. I settled in the New York City area and built a life with a family and several successful businesses. It had always been my intention to return home to the State of Maine. In 2006, my husband and I packed up and headed north, planning to retire. We settled outside of Portland and within driving distance to Boston.

In 2012, a business broker sent me a listing on a small company in northern Maine. The company was intriguing, but the location was not: too far north, too remote, too rural. The idea was dropped until a year later when I saw a display of Erda handbags in a gallery. The bright colors and quirky shapes demanded further investigation.

The facility was in an old barn in the middle of a cornfield in the middle of nowhere. As soon as I walked in, I was hooked. The smell of the leather, bright rolls of fabric, and a group of women stitching was mesmerizing, and there was opportunity. The company had fallen into disrepair and was poorly managed. I knew I could fix this. I bought the company in late 2013.

Along with the asset purchase, I inherited a group of older women. If I moved the company too far, they would all be unemployed. Corliss is 64, Georgia is 69, and the rest of us saw our 60th birthdays together. I felt an obligation to find a solution that did not leave them behind.

We moved one town over to Dexter, Maine. Warren Buffett had improved most of the infrastructure in the town for Dexter Shoes, so we had reliable electricity and a road the UPS truck could drive on. The equipment needed updating, and the new space gave me the opportunity to design a more ergonomic workplace for my older workers.

Two questions are asked of me when the topic of older workers comes up:

Do older workers cost more? The answer is older workers cost different. I had to take into consideration my older workers when purchasing equipment. I have an older workforce. Many stitching places, including New Balance and L.L. Bean, have machines that require the workers to stand at the machine. An older worker has difficulty with this style of equipment. The equipment I purchased was more costly, but it led to a better product and improved production time.

The second question I get asked is: Is it harder to train an older worker? Are they too set in their ways? This question is usually asked by a younger person. The image of an old dog comes to mind, and I have to laugh. When did we become old dogs? The answer to the question is: No, it is not harder to teach an older person. I have found that an older worker is quick to assimilate new ideas, in part because they have a larger set of experiential building blocks on which to pin a new concept. I suspect that an old dog who does not like new tricks was once a young dog that had an aversion to new tricks.

Staying mentally active was my primary reason for starting a new career. I recognized the importance of this, and I have created a workplace that is more studio than factory. Each bag is made one at a time by one person. This gives each person a variety of duties and creates ownership and pride in their work.

An older worker tends to be more balanced in their personal lives. Work is important, but it does not dominate. Each employee sets their own hours at Erda. It is a benefit that costs me very little and goes a long way to making a better workplace.

My employees are paid hourly, not by the piece. They get sick days, holidays, and vacations. We break for Qi Gong sessions every morning, and we have a massage therapist come in once a month.

Financial necessity dictates the need to work for most of my employees. They worry about the longevity of Social Security and health care costs. We are a small company, but you can find our handbags throughout the country in galleries, museum stores, and some national parks. We are predominantly an older group with two under thirty's learning the trade. A workplace that includes older workers is more balanced and more interesting. I do not know what role, if any, Government should play in this issue. It is certainly worth discussing. For now, we will keep making our handbags and learning from one another, old to young and young to old.

Thank you for hearing my testimony.

The CHAIRMAN. Thank you very much for your testimony. I understand that you have one of your handbags with you.

Ms. NORDMAN. I do, but it is not the pretty one. They made me take pretty ones, but I—

The CHAIRMAN. Well, you are welcome to put it up there so that—

Ms. NORDMAN. I elected to have my waxed canvas.

The CHAIRMAN. So that we could see it. We should have asked you to bring a display.

Senator MCCASKILL. I am looking at their Web page. Speaking of technology, I can put one in the cart right now.

The CHAIRMAN. Always a step ahead. That is impressive.

Ms. Hannon.

**STATEMENT OF KERRY HANNON,
CONTRIBUTING EDITOR, FORBES, WASHINGTON, D.C.**

Ms. HANNON. Chairman Collins, Ranking Member McCaskill, members of the Committee, thank you for inviting me to testify before the Special Committee on Aging and for focusing your attention on the challenges Americans over 50 face in the workplace. I have spent three decades covering all aspects of businesses, careers, and personal finance, and I am alarmed by the disconnect between employers and older workers.

Work at an older age is becoming increasingly common. Yes, some retirees have always taken part-time jobs out of financial need or to shore up retirement accounts, to stave off boredom. What is different now is that today's Baby Boomers are either continuing to work much longer or approaching work not as an after-thought but as a pillar of their retirement plan. The numbers tell the story.

In 1991, just 11 percent of workers expected to retire after age 65, according to the Employee Benefit Research Institute's 2015 Retirement Confidence Survey. Today, more than three times that number expect to retire after age 65, and 10 percent do not plan to retire. Two-thirds of workers say they plan to work for pay in retirement.

Here is the hitch: Many workers say they are going to work in retirement, but a very small percentage do, but working for pay a few years longer can make a huge difference in financial security as we age. I suspect one of the reasons why people are not continuing to work is they cannot find a job, and give up.

As I travel around the country speaking to audiences of people over 50 who are looking for jobs, I see a palpable fear in their eyes that they are going to outlive their money. Simply put, they need to work, but when it comes to getting a job, it is a struggle. I am not going to sugar-coat it. Here is what I find and I advise. An employer is concerned that an older worker is not up for the job, that they do not have the stamina and the energy. A lot of people come up to me and say, you know, "Do I need to get Botox? Should I dye my hair to look younger?" I say, "No. You need a fitness program. You need to be physically fit, and it is one of the best things you can do." You give off a certain energy, and a can-do spirit, it goes a long way to fighting ageism.

The second thing employers worry about is that you are not up to speed with technology, and you know what? They might be right. In today's work world, that is nonnegotiable. I encourage workers to take courses at a community college or local library to ramp it up. Learning is imperative if you want to stay relevant in the workplace.

The third thing they are going to worry about is that you are not going to play nicely with the other kids, and by that I mean younger workers, or be comfortable with a younger boss. That is quite possible. It is about fitting into the culture. You need to go out of your way to show that you have had great multigenerational work relationships.

Employers are also going to worry that you are overqualified for the job you are applying for or are not going to be happy with the salary that they can offer you and you will resent it in time. It is

a stark reality. Many older workers I know who do find work go back to work at lower salaries than they had with their last employer.

Sometimes older workers opt to start their own businesses or switch careers, but money is the biggest stumbling block when you go that route. You will probably have to start off at a lower salary, and if you are starting your own business, you will have the cost of startup and probably will not be able to pay yourself a salary for a while, so you really need to be financially fit before you start down that path. Debt is a dream killer.

I always remind workers to not give up, to think of ways that they can redeploy their skills to other fields and to not get stuck trying to replicate their old jobs. There are opportunities in the nonprofit arena, health care, with small business, with startups, with small associations, where your expertise is valued, and if you are out of work right now, do something. Keep your resume alive by volunteering for a cause you care about. You never know who you might meet who can point you to another opportunity, or your work could even turn into a full-time job. Be willing to take on a contract or a consulting job because it can fill those employment gaps on your resume.

Finally, money aside, working gives us something to get up in the morning for. Work gives us a sense of purpose, feeling connected, and needed. Work makes us feel relevant. In fact, studies show it keeps us healthier and it keeps our minds sharper.

I could go on, but my time is up. Again, I want to thank the Committee for inviting me to be here today.

The CHAIRMAN. Thank you so much for your testimony.

Mr. Godwin.

**STATEMENT OF JAMES C. GODWIN, JR., VICE
PRESIDENT OF HUMAN RESOURCES, BON SECOURS
VIRGINIA HEALTH SYSTEM, RICHMOND, VIRGINIA**

Mr. GODWIN. Good afternoon, Chairman Collins, Ranking Member McCaskill, and distinguished members of the Special Committee on Aging. On behalf of the more than 13,000 employees of Bon Secours Virginia Health System, I thank you for this opportunity to share insights on how we attract and retain older workers as part of our health care ministry.

My name is Jim Godwin, and I am the vice president of human resources for Bon Secours Virginia. Today, I will share: an overview of our workforce; why we value the experience, knowledge and expertise of older workers; and how they contribute to our success and culture.

As a Roman Catholic, nonprofit health care system, Bon Secours Virginia is part of the Maryland-based Bon Secours Health System, with some 22,000 employees in six States.

Bon Secours Virginia has 8,400 employees in Richmond and 5,000 employees in Hampton Roads, Virginia. With five hospitals in the Richmond area, three in Hampton Roads, dozens of ambulatory care sites and support centers, along with a college of nursing and a school of medical imaging, we take our mission of "providing good help to those in need" to heart.

The Sisters of Bon Secours, who started our ministry in 1824 in Paris, remain a guiding force for our shared values, mission, and vision. Nearly all of the Sisters are 60 years old or older, and many continue serving as leaders well into their 80's and 90's, providing strategic direction and guidance. For us, workers of this age are common, and we celebrate their vision, wisdom, and contributions.

In our Virginia health system, 35 percent of our employees are 50 or older; 11 percent are in their 60's. We have 126 employees in their 70's and a remarkable 12 in their 80's. Some 82 percent of our workforce is female, and more than one-third are nurses.

We value each employee and his or her unique qualities and life experiences. We believe our older workers' wisdom and institutional knowledge are invaluable.

Let me tell you about some of our long-time employees. I will start with Nettie Coleman, who works for me in Employee Wellness. She turns 81 this year. She has worked for us for an amazing 58 years so far, starting in 1957. She tried retirement for a few months, but her respect and passion for her work drew her back. After nearly six decades, Nettie still works part time in new hire pre-placement, conducting physicals, drawing blood, and helping to induct new employees to our workplace.

Our oldest employee is Virginia Abbott. Virginia is 89 and celebrates 29 years of service with us this year. Outside of her incredible work stamina, what is so amazing about Virginia is that she did not even come to work for us until she was 60 years old, and yet she has been with us almost 30 years. Currently, we have five employees with 49 years of service. Clearly, work is the new foundation of youth for these distinguished employees.

We also have many employees launching "Encore Careers." A former high school administrator and a professional firefighter both recently graduated from the Bon Secours Memorial College of Nursing with bachelor's degrees in nursing. Both of these men are over 50 years old and are enjoying second careers in our health system. Another recent graduate was 62 years old.

Bon Secours is committed to our culture that attracts, retains, and values workers that are over 50 years old. In fact, AARP has ranked us a "Best Employer for Workers over 50" since 2003.

We have been on Working Mother magazine's top 100 places for working mothers for 16 years and in the top 10 twice. Gallup has named Bon Secours Health System to its prestigious international listing of Great Workplaces annually since 2011.

These accolades benefit Bon Secours Virginia as an organization because we are able to attract and retain a highly engaged and productive workforce—of all ages and life stages. This directly benefits our patients, who have better care experiences and rate us higher on patient satisfaction surveys.

Let me share with you how experienced nurses benefit patient care.

The Robert Wood Johnson Foundation reports that RNs are, on average, spending more time in the workforce—about two and half more years than their peers did back in the 1980's and 1990's. That is a good thing for Bon Secours. We need them.

As nurses age, they report higher levels of career and job satisfaction. Some 80 to 85 percent of nurses report being satisfied with

their careers—much higher than other professions. That means that as more Baby Boomer nurses age, they are more likely to be satisfied and more likely to keep working. That kind of experience and knowledge is invaluable when it comes to patient care and patient safety.

However, working in a hospital setting can be hard on nurses due to the physical challenges. Our patients are much heavier than they were in the past, and heavier patients means more workers are prone to injury. That is why we have implemented mobility-lift teams to help older workers with the regular turning of bed-bound patients. We have seen a drop in injuries and a reduction in muscle fatigue among older nurses as a result.

Our workforce is changing, and we are working hard to address those changes. America continues to face a nursing shortage. Finding the right nurses for the right jobs at the right time remains difficult. We are going to need to keep our health care employees satisfied with their careers because the demand for health care is growing.

At the same time, people are living longer and healthier lives, and the majority of U.S. workers are delaying their retirement.

By offering initiatives such as phased retirement, flexible work schedules, and intergenerational programming, Bon Secours has been successful in retaining its valuable older workers. Today we have about 100 Virginia employees who receive both a retirement check and a paycheck from us.

Our comprehensive benefits are attractive and flexible; our onsite family centers are a good example where we allow employees to have their grandchildren in our daycare centers as well as their parents. We also have elder care programs that benefit older workers who are in the sandwich generation where they are having to provide care for their parents as well as often for their children or their children who have returned home after graduating from college.

In closing, I remind you to remember employees at Bon Secours Virginia—like our 89-year-old Virginia Abbott, who is a wonderful lady, people who keep working beyond their typical retirement age—allow us to keep our mission viable and alive, and thank you for the opportunity to share our story today.

The CHAIRMAN. Thank you, Mr. Godwin.

Ms. Nordman, you mentioned in your testimony that you had run a number of other businesses before you returned home to Maine. I am assuming that those businesses probably had a younger workforce than the workforce that you now employ. Is that true or not necessarily?

Ms. NORDMAN. That is true, but I have never hired on the basis of age or anything. I always try and get employees who are going to fit into the team. At one point I had 37 employees in one company, and we really did run the gamut of, you know, 20-somethings all the way up to 55, was probably the oldest at that time.

The CHAIRMAN. With older employees, do you find that there is less turnover?

Ms. NORDMAN. Less turnover, less texting, less boyfriend drama. Yes.

The CHAIRMAN. All advantages of hiring an older worker.

Ms. NORDMAN. Yes, yes.

The CHAIRMAN. No doubt about it, and if you have less turnover, then you are spending less on retraining?

Ms. NORDMAN. I am spending less on retraining. I am spending less on integrating—when you bring a new person into a tight-knit group, it takes a lot of wiggling for that person to finally settle in and become part of the group, so the better I can retain a worker, the better it is for the company, which is why it takes me so long to hire. The process for me is at least three weeks, because I want the right person.

The CHAIRMAN. Thank you.

Dr. Rix, skill development programs, and both you and Ms. Hannon have mentioned the importance of skill development, but Federal skill development programs are often aimed at young workers. We have some excellent apprenticeship programs, for example, that are aimed at people who are just coming out of community colleges or technical schools. We have other programs that tend to be aimed at people who are younger, and yet it may well be that an older worker, particularly one who has been out of the workforce for a while and has difficulty, as Ms. Hannon pointed out, in coming back into the workforce, may need a refresher on their skills or entirely new skills.

I see this in Maine where we have had paper mills close down, and people have worked for decades making very good paper, and they are excellent paper makers, but that is what they have done their whole life, and they are frequently in their 50's, and all of a sudden they are faced with having to switch careers.

I would be interested in any comments that each of you might have on current Federal programs or other programs that you may be aware of and whether they do a good job of helping older workers. One that I know of in the Department of Labor is called the "Senior Community Service Employment Program," and it is aimed at lower-income individuals aged 55 or older, but it has been pretty criticized for a number of reasons, but do either of you have any suggestions for us as we look at Federal job training programs? I will start with Dr. Rix and then go to Ms. Hannon.

Dr. RIX. Well, you have hit on one of the—

The CHAIRMAN. I am going to ask you to turn on your mic. Thank you.

Dr. RIX. You have mentioned one of the major federally funded employment training programs for older workers. You are quite correct that we have not invested the Federal resources in older workers. It did appear they were singled out in the Job Training Partnership Act; for example, there was a special set-aside for older workers that did not make it into the Workforce Investment Act, and they have been singled out once again as a group with special barriers to employment in the Workforce Innovation Opportunity Act.

I think what we need to do is some—what I would recommend is more older worker specialists in the American Job Centers that can help older workers be directed to programs in the community that may provide them with the appropriate skills. I am not suggesting that the Federal Government set up special programs along the lines of the Senior Community Service Employment Program

but, rather, make the financial resources available to workers through the Job Centers or through other mechanisms along with the guidance that workers need about where the jobs are going to be and what type of training they need to obtain in order to get those jobs.

A big problem that workers have faced in the job training environment is that they often engage in training, often using their own hard-earned resources, only to find that those training opportunities lead nowhere as far as jobs are concerned.

We have to start at a very basic level and understanding what the labor market opportunities are in a particular area, namely, what the jobs are, where they are going to be, working closely with employers, job training providers, and Government entities with the resources to help older workers and, indeed, workers of all ages know what they need to do to get what they want, to find good, secure employment providing decent jobs and benefits.

The CHAIRMAN. Thank you.

Ms. Hannon.

Ms. HANNON. I agree with Dr. Rix's points there. I think a really important thing is helping older workers identify the skills they have. They may have been at that plant for all those years, and they do not even see what they are good at anymore. They do not recognize what it is.

The one-stop career centers often have coaching available there, and if there is a way to—a lot of individuals I have talked to find that working with a coach actually helps them identify skills that they have and how they can redeploy those. It gives them confidence and sort of lifts them out of the depression that they often fall into. I think it is a very important resource if we could expand that to a certain degree in those centers.

I think employers, if someone is currently involved, the tax incentive to offer educational assistance for employees is often a nice thing, if employees—not all employers offer that. I think only 60 percent do, or something, it is so small, it is not a huge number, but I do believe that if employees have access to even, you know, education that they can pay for with dollars that are not taxed, it would be fantastic to encourage that, because you have to continue motivating that learning cycle in order to move into these jobs, and as we discussed here, these certificate programs are terrific, but some of them lead nowhere, so you really need to be cautious about people taking that path to a quick hit to learn a new skill.

I find that it is important to identify, you know, where these opportunities are going to be, and the Department of Labor has the Occupation Handbook, which I like a lot. I think there is great—they identify fastest-growing industries, things that are coming up down the road, and they spell out: What certifications do you need to do this job? What is the median salary? It gives workers some starting point. It is a great research.

The CHAIRMAN. Thank you.

Senator McCaskill.

Senator McCASKILL. Thank you.

Let me ask first, Mr. Godwin, was your, I would call it, “culture of flexibility” born out of necessity due to the nursing shortage? Or

did it happen organically because of the recognition of the organization of the skills that were walking out the door?

Mr. GODWIN. Well, the shortages of health care workers in general, not just nurses, have caused health care employers across the Nation to have to be more flexible. Being a 24/7 operation, it is in some ways easier for us to be flexible, of course, because we have such a wide variety of types of jobs as well as schedules and so forth, so in health care, we have historically had mostly female workers, and because of how things were in the 1950's and so forth, you know, we had to be in a position to work around school schedules and working moms and so forth.

That flexibility transcends all aspects of our workforce. Being flexible helps older workers. It also helps working mothers. It also helps reservists and National Guardsmen and all sorts of other employees.

Senator MCCASKILL. Right.

Mr. GODWIN. It is organic in that sense.

Senator MCCASKILL. Well, it just seems that the flexibility of work schedules is something that has, I think, become much more prevalent in the last decade, but still, I think there are a lot of segments of our economy out there that have not recognized the validity of flexibility, whether it is age of workers or whether it is hours at work.

I noticed, Ms. Nordman, that you have flexibility for your workers in terms of their schedules. How many employees do you have right now?

Ms. NORDMAN. We have ten employees, and we are looking to hire two more.

Senator MCCASKILL. You know, for older workers, one of the things that I think is a big topic that really has not been discussed extensively yet is the—what is the challenges of health care for older workers, especially those between 50 and 65, because that is before they are eligible for Medicare, and in many small businesses, there is not health care provided. I assume you do not provide health care at your business.

Ms. NORDMAN. We do not provide health care, and Annie, two of her paychecks go to pay for their health care, and Corliss, probably two of her paychecks each week go to pay for their health care.

Senator MCCASKILL. I am aware that your—you mentioned in your written testimony that their pay was about \$25,000 a year, \$12 an hour.

Ms. NORDMAN. Yes, and I am a high payer for my area.

Senator MCCASKILL. You are a high payer for your area, and I believe that your State is similar to my State in that they have not expanded Medicaid under the Affordable Care Act.

Ms. NORDMAN. No, I do not believe they have.

Senator MCCASKILL. Your workers cannot qualify for subsidies. The irony is that they are too poor to qualify for subsidies.

Ms. NORDMAN. Yes.

Senator MCCASKILL. If they made a little bit more, their health insurance would go dramatically down.

Ms. NORDMAN. Right.

Senator MCCASKILL. Because they would be entitled to subsidies under the act.

Ms. NORDMAN. Right.

Senator McCASKILL. Your State, like Missouri, has refused the Federal dollars that were identified that could make a big difference in terms—

Ms. NORDMAN. It would make a big difference.

Senator McCASKILL. For these older workers—who are working hard.

Ms. NORDMAN. Really hard.

Senator McCASKILL. It is not as if they are sitting at home. They are not a—I think the typical vision that people have of a Medicaid recipient, these are people who are working and providing great value to your company.

Ms. NORDMAN. Yes, they are.

Senator McCASKILL. What about pre-existing conditions? I noticed also in your testimony that two of your workers had had cancer.

Ms. NORDMAN. Two of my workers have had cancer, and it is an issue for them.

Senator McCASKILL. If we did not have the ability to not discriminate against pre-existing conditions, that would be even more difficult for them in terms of their ability to get insurance.

Ms. NORDMAN. It would be very difficult for them.

Senator McCASKILL. Ms. Hannon or Dr. Rix, I am assuming that the ability to change jobs and retrain at an older age has been dictated up until very recently many times by the fact that you did not want to leave your job if you had health care because if you had the nerve to be sick before, you could not go get insurance somewhere else because, in fact, you had a pre-existing condition, so I am assuming that there is more portability now for older workers that want to follow a dream or want to start a business or what to do something differently.

Dr. RIX. I suspect that is the case. However, access to health care still involves money. You have to pay for it. It is not free.

Senator McCASKILL. Right.

Dr. RIX. The continuing high costs of health care may be still preventing some people from following, pursuing that dream.

Senator McCASKILL. Right, because they have the benefit in a job, and they would have to be paying for it themselves if they started their business—

Dr. RIX. Yes.

Senator McCASKILL [continuing]. or perhaps went to work somewhere that was a much smaller company that was not required to provide any benefit at all.

Dr. RIX. Yes, especially if they were not paid very much in that—

Senator McCASKILL. Right.

Ms. HANNON. I think that is true, very much true. I think it has the illusion of creating portability for people, which in reality might not be as much as we would hope to be. I work for myself, and I know that it has become more expensive for me with the new situation.

Senator McCASKILL. You are a single business, an LLC?

Ms. HANNON. Yes.

Senator McCASKILL. Okay. Thank you very much.

The CHAIRMAN. Senator Warren.

Senator WARREN. Thank you, Madam Chair.

I want to ask about another aspect of seniors working. One of the biggest economic challenges facing older workers is the increased risk of becoming disabled and unable to work, particularly because the likelihood of disability increases sharply with age, so from age 40 to 50, a worker's chance of becoming disabled doubles, and from age 50 to 60 it doubles once again. Social Security Disability Insurance is the only way that millions of these workers stay out of poverty when they get hurt.

Now, people sometimes think of the disability program as separate from retirement age Social Security, but both programs are about helping seniors. Fully 70 percent of Social Security Disability Insurance beneficiaries are in their 50's and their 60's.

Dr. Rix, as a former senior policy adviser for the AARP, you are an expert on the economic hardships facing older workers. Can you explain how the Social Security disability system works?

Dr. RIX. Well, it works very much like the Social Security retired workers program. It is an income or earnings protection program that protects workers from loss of earning in the face of severe disability, and that is disability that is estimated to last at least a year or result in death. It is not a program for malingerers. The criteria for eligibility for SSDI are very strict, and many individuals who apply for disability benefits never receive them.

Senator WARREN. Okay. Just like regular Social Security, disability insurance is something people earn from working, while they are working. Is that right?

Dr. RIX. Yes, from a portion of their taxes. Yes.

Senator WARREN. Okay, just to make sure I have got it.

Dr. RIX. Yes.

Senator WARREN. Why is the program so important to the financial security of older workers?

Dr. RIX. The disability program?

Senator WARREN. Yes.

Dr. RIX. I think for the very reasons that you expressed, older workers—and I do want to emphasize that disability can occur at any age, and most older workers are not disabled, but as you mentioned, they are more likely to become disabled with age, and that modest benefit that they receive from the SSDI program is often all or a very significant portion of the income the household receives, and that is because they are generally unable to work or are very, very limited in what they can do, so their earnings are very low as well.

Senator WARREN. I understand that the modest benefits—they are about \$1,165 a month, and they keep about 6.6 million disabled Americans from falling into poverty. Does that sound about right, Dr. Rix?

Dr. RIX. It does.

Senator WARREN. Sometimes the retirement fund runs low, and sometimes the disability fund runs low. We have got these two funds in Social Security. Usually this is not a big deal. The Government regularly transfers money back and forth between the two Social Security programs, retirement and disability. We have done it 11 times before in both directions that it has moved, but next

year is different. The disability fund this time will need a transfer, but the very first thing the House Republicans did when they came back in January, literally on the first day of the new Congress, was to pass a new rule to prevent a routine transfer to the disability fund.

Now, let us be clear. This is an invented Social Security crisis, taking the disability system hostage in a war to dismantle Social Security inch by inch. If they get their way, the House Republicans will force disabled Americans, most of them seniors, to face a 20-percent cut in their Social Security checks next year.

Dr. Rix, the House Republicans argue that we need to gut the Social Security disability program in order to save it. Do you disagree?

Dr. RIX. I do disagree. I think that the Social Security disability system needs reform, but it does not need gutting. It is too important to today's disabled Americans, regardless of age, and I for one would resist any attempt to gut the program if I were in a position to do so.

Senator WARREN. Thank you very much. When we talk about working seniors and what it means to be a working senior, I just want to be clear about this one. This is a ploy that does not fool anyone. It is an attack on seniors, and it is time to stop playing games with the economic stability of millions of seniors who depend on Social Security to live with dignity. Thank you, Dr. Rix.

Thank you, Madam Chairman.

The CHAIRMAN. Senator Casey, perhaps you can help us get back on topic.

Senator CASEY. Thank you very much for the panel's testimony. I did not hear all of it, but I have looked at it, and I wanted to highlight the fact that I do not know the exact average for the age of U.S. Senators, but we are above 55, I think, so we are listening carefully to recommendations for today. I think Senator Donnelly is like 24. He brings it way down, but other than that, we are all getting close to that age, if we are not there already.

I wanted to start with Mr. Godwin. I know that in your testimony you focused on, among other things, intergenerational services, and you have got obviously some expertise in this, but one number that stood out for me, in addition to what—Dr. Rix in her testimony talked about the participation rate or labor force participation rate of older workers going from about 18 percent in 1985, increasing by 70 percent to a number like 32 percent in 2014, so a huge increase in the labor force participation rate.

One thing I was not aware of until the hearing was that 2.7 million grandparents are responsible for their grandchildren and the challenges that come with that in any event, but especially in the event where that grandparent is both working and responsible for their grandchildren. I know that is not the only burden they might face, but in those circumstances where there is both the challenge of getting a job after a certain age but then also having an additional burden, can you give us some advice or some suggestions as to the best ways that companies can alleviate some of that burden?

Mr. GODWIN. Well, I think we find at Bon Secours that our benefits for young mothers apply equally well to those who are now having to care for their grandchildren. We do see a growing num-

ber of our older workers who are now raising their grandchildren, sometimes with their child in the home with them who is for some reason unable to care for the grandchild and sometimes without. We have the advantage of having onsite child care at a number of our facilities, and we put that in 20 or 25 years when it was for working mothers, primarily, but now that plays very well for us with employees able to put their grandchildren in those same centers.

When you couple that with the flexible work schedules we have, it means that the grandparent, just like the young mother, can have a flexible schedule for getting children on and off the bus, for dealing with when children are ill and have to have well visits with their physicians and so forth, but it is the same package; it is the same mind-set for us. The age of the employee is, frankly, irrelevant to that benefit.

Senator CASEY. I know one of the realizations that animates or undergirds this discussion is what older workers, as you have all highlighted in one way or another, can bring to a workforce, not simply the deep reservoir of experience and skill, but often both wit and wisdom at the same time.

What we try to do at hearings like this, in addition to learning and hearing suggestions about the current State of a challenge or a problem or an opportunity, are the things that we can do legislatively to move it forward. Sometimes there is not. Sometimes there is no legislative remedy or strategy, but I guess just in the remaining time I have, if we can go, starting with you, Dr. Rix, and move to my right, just kind of one top-line suggestion that you would hope we would work on either by way of strengthening or changing a policy or introducing some new legislative or policy change.

Dr. RIX. Well, there are a number—I think I mentioned in my oral testimony that additional resources for training and retraining older workers would be at the top of my list, but there are a number of other perhaps some less dramatic and maybe less impactful recommendations, and one would be to expand the Age Discrimination and Employment Act's jurisdictional threshold to businesses with 15 or more employees rather than the current 20-plus. That would protect more older workers.

Requiring employers to provide paid family leave programs should make it easier for middle-aged and older workers with caregiving responsibilities among others to combine those responsibilities with paid work.

Eliminating some of the impediments to formal phased retirement programs might additionally enable workers to obtain the work schedules that many of them tell us they are interested in.

You might want to take a look at—rather than my going through all of them right now, take a look at those recommendations in the written testimony.

Senator CASEY. Thank you. I know we are—

Dr. RIX. If I could say one other thing, though, I do think that most of the burden rests squarely on the shoulders of employers, and it is up to them to provide the job opportunities to older workers. While legislative initiatives might help somewhat, if employers do not want or need older workers, then I am not sure there is much that policy can do to change that.

Senator CASEY. We are out of time, maybe for our remaining witnesses, we will submit something for the record. Thank you very much.

The CHAIRMAN. Senator Casey, if you do want to have the rest of the witnesses respond, I would be happy to have them do so.

Senator CASEY. Is this a lightning round?

The CHAIRMAN. Yes.

Senator CASEY. As long as the Chairman will allow you to answer, that is how much time you have.

Ms. NORDMAN. Well, as an employer, I agree it is our responsibility. I think it is our responsibility to not discriminate on any level and to provide a workplace that is safe and friendly and productive. I do agree that it is on us, you know, to provide jobs for older workers.

Senator CASEY. Thank you.

Ms. HANNON. A couple of quick highlights. I think to encourage a more flexible workforce, work arrangements, because older workers really want autonomy. They want to be able to work from home. It does not have to cost more to retrofit your office, if you can do that.

I think a commitment to the community college system, who already has 50-plus programs for education. If there is any way we could build on what they are offering today, I think that is great.

There is a wonderful consortium recently in New York City that Encore.org brought together with the universities around the country trying to figure out how can we deal with this segment of our population that needs education, which we have ignored for years. It is not the young people; it is the old folks. We need programs for them.

Finally, I think the idea of financing, making financing easier for senior entrepreneurs to have access to that. A lot of people in this age group really do want to start their own business. They want to be their own boss, and it is really hard to get loans for them.

Senator CASEY. Thank you.

Mr. GODWIN. I would add, as Senator Kaine knows, we have a high percentage of veterans in Virginia, and I would ask you to preserve and enhance the educational benefits for veterans. That really benefits the older population as well.

Senator CASEY. Thanks very much.

The CHAIRMAN. Thank you.

Senator Kaine.

Senator KAINE. Thank you, Madam Chair, and thanks to the witnesses, and Mr. Godwin, welcome from our home town.

You know, I came to the hearing really thinking about the work needs of older workers, and what I found myself thinking in your testimony is this question of flexibility for workers. Mr. Godwin, your testimony is about your particular industry. It is not just for older workers. It was for in a health care field that was very much dominated by women workers. It was schedules that were appropriately flexed for family needs, and so you guys may have been kind of culturally a pioneer, some of the flexible work arrangements, and yet that really does seem to be a broader trend for older workers and others.

My dad sold his manufacturing business and decided he wanted to just be a volunteer for a local Catholic Charities organization and volunteer one or two days a week. Then they said, "Well, we would really like to hire you." "Well, I do not want to be hired because I want more flexibility." They struck a deal where he is working like a day or two a week as a volunteer and then being paid for a day or two a week, but with flexibility every week in terms of how many days he works. My dad is 80 years old, and his arrangement is very similar to my middle son, who is an artist and works in a restaurant just enough hours to make enough money to do his art, which is what he really wants to do, and he said that everybody who works at the restaurant is just like him. They are all artists. They are all working enough to have an income that will support their artistic passion.

It strikes me that we are maybe moving into a new age of work where the traditional sort of 40-hour work week, the 9-to-5 is probably less and less the case, whether it is for seniors or others.

Senator Warner, my colleague in Virginia, recently gave a great speech. He said, "If you see a young person, do not ask them, 'Where do you work?' Ask them, 'What are you working on?'" That is a much a better question for their particular condition.

I applaud you guys at Bon Secours for being a pioneer on the flexibility side. How hard is that for you as a human relations professional? You guys are open 24/7/365, so you have a lot of staffing slots to fill, but if we can put the word out to more and more employers that flexibility is a great way to find great workers who want flexibility, I think it is a highly prized thing if you are a worker and you want flexibility and you can find an employer that will give it.

As a human relations professional, what challenges does that pose to your organization?

Mr. GODWIN. Well, the challenge is—and what I would challenge the lawmakers and employers to look at is flexibility is not just about scheduling. It is about telecommuting, and it is about the nature of the work and how you redesign the workspace, so flexibility is a lot more than just scheduling.

The challenge for us, I think, has been over time to keep reinventing ourselves. We do not rest on our laurels and think that whatever idea we have come up with now is going to fit how things are going to be five years from now. We are constantly studying, we are constantly looking at other employers, learning from panels like this, and from a lot of the awards we apply for, for employer awards, because there is a lot to be learned there as well, to see how we can continually improve that. You cannot just do it like you are doing it now. You have to continually change.

Senator KAINE. The fact that you guys have—Bon Secours has been so awarded since 2005 by AARP and others as a great place for older workers has been a real tribute to that culture, and I applaud you for that, but yes, I think the hearing is really getting at the notion that not just for older workers but for a lot of folks, just the world of work is changing and the way—you know, people used to go to work for one organization and stay with an organization for their entire life. You do not see that happening much anymore,

either, so there is flexibility in who you work with during a career, and this is getting at it.

Dr. Rix, I could not resist in the questions about Social Security disability, which was not my intent, but you said you think we do need to reform it, but obviously, we do not want to gut Social Security to reform Social Security disability, but I would love to hear your thoughts for us, because I think we do have to grapple with the notion of Social Security disability and, in fact, reforms of it, so that people who are disabled and need it know that they can count on it, so I would just be curious as to your thoughts about reform, because we do have to tackle it.

Dr. RIX. Well, if you would indulge me, I would really prefer to defer to my colleagues who are far more expert on the disability insurance program than I am. It is a complicated system. There have been reform proposals for years and years, and I think I will leave it to the true Social Security.

Senator KAINE. Well, I would love to talk to some of the folks with your organization about it. You know, I think sometimes there is a tendency, if you talk about reform, that, you know, the bells go off and people say you are trying to gut the program. You know, we have been willing, Congress corporately has been willing since Social Security passed in the 1930's to make adjustments and tweaks to keep it actuarially sound so that, you know, we can have it there for us and it can be there for the next generation, and I do not want to be like the first generation of Congress that is unwilling to make changes to make sure that it is there for the next, so I do think there is need for reforms, and if your organization has ideas about that, I would be quite interested in it. With that, thank you, Madam Chair.

The CHAIRMAN. Thank you very much, Senator. We enjoyed hearing your exchange with your constituent.

One of the takeaways that I have from this hearing is that older workers often are more dependable, bring certain skills, allow employers to avoid retraining and turnover that may occur with a younger workforce, but that flexibility is very important to them, and I think it is very interesting that Ms. Nordman's testimony was that she has a worker who comes in very early in the day to start working, and Mr. Godwin also talked about flexible hours and making sure that grandchildren could come to the daycare center.

It seems to me that another lesson from this hearing is that we need to tailor more of our programs to make sure that people have the skills that are for the jobs that exist, that there is often a mismatch between job training and the jobs that actually are out there, and I was interested to learn of the Occupational Handbook that Ms. Hannon mentioned, and Dr. Rix also talked about the need to better align the training and education for the workforce for older workers, or any workers, with the jobs that are actually out there, so I think this has been a very interesting exploration of this issue.

One of the goals of our Committee is to explore the issue of retirement security. In our State of Maine, the State that Ms. Nordman and I live in, one out of three retired individuals lives only on Social Security, and the average Social Security benefit is less than \$16,000 a year, so the kind of jobs that Ms. Nordman is

providing in an area of the State that is very rural and does not have a lot of employers is so essential to the financial security of those workers that you are employing, and indeed, I would wager that it is the difference between a comfortable standard of living and poverty for many of them, because if they are living on just their Social Security, they are going to have a very difficult time.

I just want to express my personal appreciation for your willingness to leave the more affluent urban areas of our State and come to rural Maine, buy a business, keep it alive, grow it, and employ older workers. You are really making the kind of difference that a good employer can make, and in the end, it does come down to employers being able to do what you are doing, what Mr. Godwin is doing, to accommodate workers, and in return you get a wonderfully loyal, devoted, and hardworking workforce, as both of you have explained.

I also very much appreciate our two technical experts for being here today and sharing your expertise with the Committee as we continue to explore this issue.

I think this is an issue that has not received the attention that it deserves, and I think we are facing a tsunami of retirees who will find that they are going to outlive their savings, that they have not prepared for their retirement, and working longer or working part-time or returning to work is a very important part of financial security for older Americans, and that is a message that I hope our Committee is helping to disseminate.

I want to thank you all very much for being here today. I want to see if our Ranking Member has any closing comments that she would like to make.

Senator McCASKILL. No, and I just want to clarify that my points about the challenges of health care for workers between 50 and 65, I understand, Ms. Nordman, you are doing something that is very unusual in our country, and that is, trying to revitalize manufacturing in rural communities. I grew up for part of my childhood in a town called Lebanon, Missouri, where we had a facility that was manufacturing jeans, and it is, of course, long gone, and many other facilities like that across Missouri and rural communities that provided important manufacturing opportunities.

I get the challenges, and I get that what you are doing and the fact that you have got ten and you are looking for two more, that shows that you are smart and you are doing the right thing and you are expanding your workers, because obviously you have got demand and you are producing something that people want to buy, so congratulations on that, and to all of you, thank you very much.

The CHAIRMAN. Thank you so much for being here today. Thank you for your extraordinary participation always in putting together this hearing. I want to note that Senator Sasse was also here for part of the hearing today, and I want to thank all of our witnesses for their contributions.

The hearing record will remain open for additional testimony and questions until Friday, July 10th. We are giving the holiday week to have a little bit of additional time, and I also want to thank the Committee staff for their hard work.

This concludes our hearing.

[Whereupon, at 3:16 p.m., the Committee was adjourned.]

APPENDIX

Prepared Witness Statements

Written Testimony of Sara E. Rix, PhD

Consultant, Work and Aging

United States Senate Special Committee on Aging

Hearing on Working in Retirement: Career Reinventions and the New Workspace

Wednesday, June 24, 2015, 2:15 p.m., Dirksen Senate Office Building, Room 562

Chairman Collins, Ranking Member McCaskill, and Members of the Committee, thank you for the opportunity to testify today about the growing attachment of older people to the workforce and the challenges and opportunities involved in fostering further increases. Prolonged employment stands to benefit those who continue to work and their families, employers facing labor and skills shortages, and the economy.

Participation Rates for Older Workers Have Been on the Increase

Over the four decades that I have focused on the aging workforce, patterns of work among older Americans have undergone substantial changes. At the start of my career, labor force participation rates at older ages were still in their post-war decline, the result of the seemingly ever earlier retirement of men. However, around the mid-1980s, things began to change. The decline came to a halt and eventually began to reverse itself. One statistic highlights this point. Among people ages 65 to 69, an age group long thought of as “retirement age,” the participation rate rose from about 18 percent in 1985 to nearly 32 percent in 2014, or by over 70 percent (figure 1).¹ Even at the oldest ages—75 and above—people are more likely to be in the labor force today than they were 20 or 30 years ago.

Increases have occurred among both men and women but have been greater among women (figure 2). As participation rates have risen, the percentage of workers opting for Social Security retired worker benefits at the earliest opportunity (age 62) has fallen.²

At ages 65 and older, the United States has some of the highest labor force participation rates of all advanced economies (figure 3), even though most workers have retired by 65.

Even during what is referred to as the Great Recession, participation rates at older ages rose while falling for younger age groups (table 1). The percent employed (employment-to-population ratio) among people ages 55 and older remained fairly stable but fell for younger age groups (table 2).

Why the Changes in Participation at Older Ages?

What accounts for the increases we have been witnessing? Some of the more recent developments were undoubtedly due to the economic turmoil of the recession. Older workers seemed to remain in the labor force longer than in some previous recessions, likely worried

about their savings and investments, along with home values, and aware of the difficulties they would face in finding another job should they later want or need one. They were wise to worry and remain at work as long as they could; the recession was not kind to the older unemployed.

But as we know, increased participation at older ages was underway well before the recession began. There is, however, no clear-cut explanation for rising participation rates, little that we can point to and declare with assurance that it explains the shift in behavior and that more of the same would have yet more of an impact. The older population is very diverse and has likely responded differently to different work incentives and retirement disincentives. We can say, nonetheless, that while the boomer cohorts might reshape retirement as we know it, they cannot take credit for the turn-about in participation rates at older ages. That began before they reached retirement age.

An extensive literature on changing retirement patterns leads to inconsistent conclusions about the impact of legislative changes on older workers, with some scholars arguing that various initiatives explain at least some of the changing participation and others offering more cautionary notes on the same legislation. Rising educational attainment does seem to be an important determinant. At all ages, the better educated are more likely to be employed than their less well-educated counterparts. Brookings economist Gary Burtless estimates that more than half of the increase in the labor force participation of men ages 60 to 74 is due to rising educational attainment.³ He goes on to warn, however, that educational gains are slowing, which may slow further increases in participation.

In responding to numerous surveys over the years, workers themselves report that they are working or expect to work in retirement for a variety of reasons—financial and nonfinancial. Money and access to health care are, of course, of considerable importance, but so are the desire to remain active, make a contribution, and maintain social relationships at work. Furthermore, these workers often enjoy what they are doing.⁴ But when pressed to indicate the major reason for working, money bubbles to the top.

Financial factors are likely to influence work and retirement decisions even more in the future, as growing numbers of workers reach retirement age with no promised lifetime pension benefits and savings and investments that are inadequate to maintain pre-retirement living standards, pay out-of-pocket health expenses, and cover long-term care needs. Working longer can make a great deal of sense when it comes to ultimate income security in retirement. Social Security benefits increase by about 8 percent for each year that receipt is delayed from ages 62 to 70. Each year of work is another year to save, contribute to a 401(k), and collect an employer match if offered. It is also one less year of retirement to finance. The Congressional Budget Office has estimated that workers who put off collecting Social Security until age 70 would receive nearly twice what they would have received at age 62, thus lowering the need for supplemental savings.⁵

Of course, it is probably unrealistic to expect most people to work until 70—very few actually do now, but even one year longer at work can have a positive impact financial well-being in retirement. Workers have long been telling us that they expect to work in retirement,⁶ although far fewer actually do so. Ill health and job loss coupled with difficulty finding subsequent work propel many older workers out of the labor force before they are ready to go. Also, with age, retirement may begin to look more attractive.

More flexible work options and better part-time jobs might enable many workers with health limitations to remain in the labor force and might make continued employment more appealing to those who are physically able to work full-time but are eager to find time to engage in other activities. A majority of employers with 50 or more employees offer flexible work options to some of their workers but few do to all.⁷ Consequently, older workers who want less intensive work options may not be able to find them. It is worth noting that, despite the fact that sizable proportions of older workers say they expect to work part-time in retirement, full-time work and not part-time has been on the increase, at least among workers ages 65 and older.⁸ Much of this is likely due to rising educational attainment among older workers, since better educated workers have more appealing jobs that tend to be more conducive to full-time work. Some of it, however, may be because good part-time jobs are scarce.

What Do We Want to Accomplish?

In 2000, the European Union (EU) articulated a full employment goal that would require increasing the employment of older workers.⁹ Two specific targets toward that end were subsequently identified—an increase by 2010 to 50 percent in the employment of people ages 55 to 64 (Stockholm target, 2001) and an increase also by 2010 in the effective retirement age, or age at which workers actually retire (Barcelona Target, 2002). EU member countries were to report annually on progress made to achieve those goals. Although neither target was reached by the EU as a whole by 2010, substantial progress in older worker employment occurred throughout the EU.

I am not suggesting that EU's goals are appropriate for the United States. Indeed, the employment rate of people ages 55 to 64 in the U.S. at the time the Stockholm target was announced was higher than the EU goal for 2010. But member countries knew what they were aiming for and could work on policies that would move them forward.

Although there certainly seems to be growing interest in the problems of and prospects for an aging workforce and older workers in policy circles, older workers have not been high on the public policy agenda in the United States, especially when compared to Europe and Japan. And despite the fact that the U.S. has had nothing comparable to the EU employment targets, older workers have not been totally ignored when it comes to public policy. Among the initiatives of note are:

- The Age Discrimination in Employment Act of 1967, including the prohibition of mandatory retirement in most occupations as of 1986;
- The gradual increase in the age of eligibility for full Social Security benefits from 65 to 67;
- The phase-in of a more actuarially fair delayed retirement credit paid to workers who postpone collecting Social Security benefits between the full benefit eligibility age and age 70.
- Liberalization of the Social Security earnings test and, since 2000, elimination of the test for workers above the full eligibility age, thus enabling them to earn as much as they want to without loss of benefits;
- Passage of the Pension Protection Act of 2006, which allows (but does not require) in-service distribution of defined benefit pensions to workers at age 62.
- Enactment in 2012 of legislation allowing Federal employees to phase into retirement while working part-time and receiving proportionately reduced pensions.

Moving Forward

Despite growing recognition that working later in life has many benefits, what the end goal is has not been clearly articulated. Until we know the goal, effective policies to prolong working life beyond what is likely to occur without intervention might prove elusive. Economists Alan Gustman and Thomas Steinmeier, in a paper for the Employment and Training Administration, call for identifying the labor market failure(s) we may be trying to correct with public policy and making sure any policies address failures in a cost-effective way.¹⁰ Another question that tends to get short shrift is just what is meant when we talk about older workers, and whether efforts should specifically target some age groups as opposed to others. The Age Discrimination in Employment Act, for example, protects a huge proportion of the population, that aged 40 and older. How effectively can broad-based policies address the challenges faced by the 40-plus workforce? What incentivizes a 45-year-old workers may not do the trick for workers in their late 60s.

Moving forward will likely require concerted action on several fronts, assuming that we come to some agreement about where we want to go. The why of working is easily answered: Americans are going to need to work longer to survive comfortably in retirement, or they will have to settle for a reduced standard of living. The growing demands on Social Security and Medicare are another major reason to keep more people working longer—but how many and for how long?

In a March 12, 2015 hearing before this committee (Bridging the Gap: How Prepared Are Americans for Retirement?), Alicia Munnell underscored the importance of working longer to promote financial security in retirement. Toward that end, she recommended a shift in the Social Security Administration's educational efforts to (1) emphasize age 70 as the appropriate age to retire and (2) make it clear why retirement at that age is such a good idea.¹¹ The

decisionmaking burden is on the individual. Although workers do not always have total control over their retirement decisions—ill health and job loss may get in the way—they have more control over when to retire than over what the stock market will do. Growing numbers of workers seem to recognize that, and more might follow if they were better informed about what delayed retirement can mean to them.

Employers, however, have a great deal to say about what workers will do. A key factor will be labor demand. On the plus side, employers tend to hold positive attitudes about older workers when it comes to personal attributes such as loyalty, dependability, customer relationships, and the like. But on the minus, many harbor negative attitudes about older worker costs and technological competence. A new AARP study may alleviate some concerns about cost and performance.¹² Moreover, if employers need workers, they will do what is necessary to obtain and retain an adequate supply, and that will include drawing upon what is available—older people ready and eager to work. Examples of expanded and innovative employer programs to retain older workers, especially nurses, can be seen in the health care industry, which has faced skills shortages. In the 1980s, as the last of the boomers had entered the labor force, only to be followed by a much smaller cohort of entry-level workers, the fast food industry reached out to non-traditional workers, including older ones.

Judging from the rising labor force participation rates at older ages, more employers are retaining older workers. (Although older workers are more likely than younger workers to be self-employed, self-employment is not what is driving the increase in participation rates.) It could be, as economist David Neumark has speculated, that “the principal effect of the ADEA may have been to strengthen the bonds leading to long-term employment relationships by reducing the incentives for firms to terminate older employees whose pay may be higher than productivity.”¹³ But it might also be because older workers who remain in the labor force tend to be better educated than their nonworking peers and thus might be up to doing the job, dispelling a few stereotypes along the way. Certainly, high engagement levels seem to characterize these older workers.¹⁴

Just what public policy initiatives would foster employment at older ages in a scalable, cost-efficient manner and in a way that does not pit generations against one other is not obvious. While most of the following would undoubtedly have some positive impact on the numbers, they are not without potential adverse consequences either.

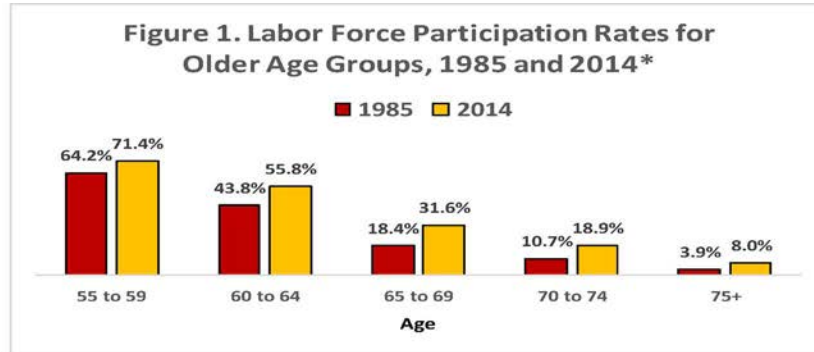
- Raising the early and/or full ages of eligibility for Social Security benefits would likely keep many more older Americans in the labor force because they could not afford to leave if their benefits were reduced even more than they are at present. However, such increases would impose considerable financial hardship on the sick and disabled, on the unemployed, and on caregivers unless adequate social safety net programs are in place to protect them, and they are not there now.

- Eliminating some of the impediments employers face in providing formal phased retirement programs might benefit some workers, although care would have to be taken to ensure that other worker protections are not undermined in the process. The concern also exists that phased retirement might encourage workers to scale back their work hours sooner than they otherwise would once they had the option of combining fewer hours with prorated pension benefits. How to ensure that phased retirement lengthens worklives becomes a central question.
- Enhancing the attractiveness of part-time and contingent work through, for example, pro-rated benefits for less than full-time work, would likely appeal to workers but not necessarily employers. Such jobs could, as might be the case with phased retirement, cause some premature reduction in work hours, although they might also enable other workers to remain in the labor force well beyond their intended retirement age.
- Eliminating the Social Security earnings test for workers below the full benefit eligibility age could encourage greater work effort on the part of early beneficiaries, although it might also prompt workers to opt for reduced benefits earlier than otherwise.
- Offering tax or other incentives to employers to hire and retain older workers might make older workers more attractive to employers, but they also might stigmatize those workers and send a signal that they cannot stand on their own.
- Requiring that employers to provide paid family leave programs should make it easier for middle-aged and older workers with caregiving responsibilities, among others, to combine those responsibilities with paid employment.
- Expanding the ADEA's jurisdictional threshold to businesses with 15 or more employees, rather than the current 20-plus, would protect more older workers. Ensuring that the Equal Employment Opportunity Commission has the necessary resources to investigate and resolve age discrimination charges would better protect older workers as well.
- Promoting older worker skills development is necessary to ensure that these workers, especially the unemployed, have the skills they need to qualify for jobs that pay well and offer decent benefits and promotion opportunities. This means more money for the nation's workforce development system, as well as monitoring older worker outcomes under the new Workforce Innovation and Opportunity Act (WIOA). If working lives are to be extended, far more attention needs to be paid to older worker training and retraining than has been in the past. This will not be inexpensive. In addition, it is also incumbent upon us to promote life-long learning to make sure that tomorrow's older workers do not face the same employment barriers that today's older workers do.

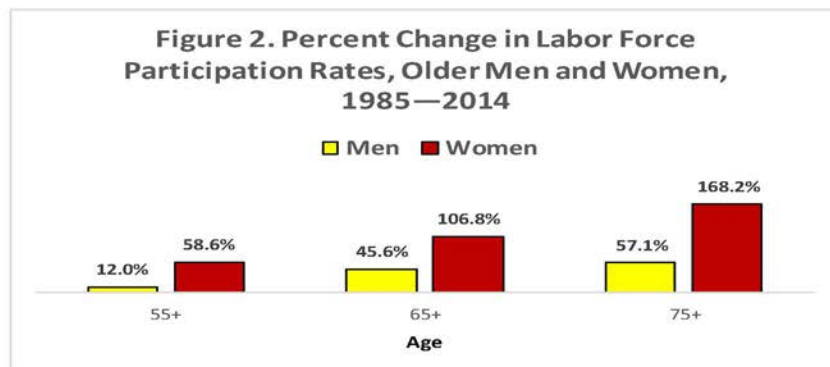
But before going further with specific policy proposals, we might best be served by taking stock of what we know about older workers and what they actually need and want to remain in the labor force. We really do not know all that much about what would, in fact, have a measurable impact on work patterns.

And what about employers? We also need more and better information on how employers are responding to today's economic and demographic challenges. Is there something crucial missing in our employer knowledge base? Why aren't more of them offering the types of work options and opportunities that we think are needed to raise the average retirement age further? Are those options too costly? Are negative stereotypes operating? Have employers faced problems in hiring and retention that research has ignored? Are employers aware of research that favorably compares older workers to younger ones? Or have they just not needed to do anything yet and won't until they have to? Could better designed research projects inform us about what may be discouraging employers from accommodating more older workers? A more thorough understanding of employer issues might make it possible to craft better policies and programs to meet the needs of all those older workers we want to keep employed. So I shall come to an end with an appeal for more funding for the Department of Labor to address a range of questions about older workers and employers that have been glossed over so far.

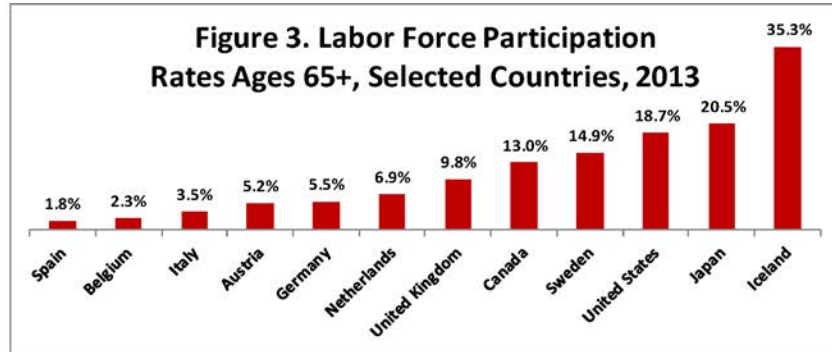
In conclusion, I am relatively sanguine about the employment prospects of the well-educated older workers who have decent jobs and want to retain them for a few more years. To the extent that they keep their skills current, demonstrate their flexibility and adaptability, and remain engaged and productive, they should continue to be of value to their employers. However, I worry about the older unemployed, whose problems need more attention than I have given in this testimony. Moreover, it is one thing for those of us with good educations and good jobs to tout the virtues of working longer. It is quite another thing when it comes to the very large proportion of workers who check and bag our groceries, care for our aged relatives in nursing homes and assisted living facilities, serve our lattes, clean our offices, and otherwise do the things vital to keeping our world in order. These are not necessarily jobs that workers want to be doing well into their 60s, a fact that we should keep in mind as we ponder where we all fit in the new workspace.



Source: U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, at <http://data.bls.gov/pdq/querytool.jsp?survey=ln>, accessed June 18, 2015.



Source: Calculated from U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, at <http://data.bls.gov/pdq/querytool.jsp?survey=ln>, accessed June 21, 2015.



Source: Organization for Economic Cooperation and Development (OECD), Labor Force Participation Rates for Age 65 and Over (Paris: OECD 2013), at <https://data.oecd.org/emp/labour-force-participation-rate.htm#indicator-chart>, accessed June 22, 2015.

Table 1. Labor Force Participation Rates by Age Group, 2007-2014 (in percentages)*			
Year	Age		
	16 to 24	25 to 54	55+
2007	59.4	83.0	38.6
2008	58.8	83.1	39.4
2009	56.9	82.6	40.0
2010	55.2	82.2	40.2
2011	55.0	81.6	40.2
2012	54.9	81.4	40.5
2013	55.0	81.0	40.3
2014	55.0	80.9	40.0

Source: U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, at <http://data.bls.gov/pdq/querytool.jsp?survey=ln>, accessed June 22, 2015.

*Annual averages. The Great Recession officially began in December 2007 and ended in June 2009.

**Table 2. Employment-to-Population Ratios by Age Group, 2007-2014
(in percentages)***

Year	Age		
	16 to 24	25 to 54	55+
2007	53.1	79.9	37.4
2008	51.2	79.1	37.9
2009	46.9	75.8	37.3
2010	45.0	75.1	37.4
2011	45.5	75.1	37.6
2012	46.0	75.7	38.0
2013	46.5	75.9	38.2
2014	47.6	76.7	38.2

Source: U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, at <http://data.bls.gov/pdq/querytool.jsp?survey=ln>, accessed June 22, 2015.

*Percent of age group employed, annual averages. . The Great Recession officially began in December 2007 and ended in June 2009.

¹ U.S. Department of Labor, Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, at <http://data.bls.gov/pdq/querytool.jsp?survey=ln>. Accessed June 18, 2015

² Social Security Administration (SSA), *Annual Statistical Supplement to the Social Security Bulletin, 2014* (Washington, DC: SSA, 2015), Table 6.B5, at <http://www.ssa.gov/policy/docs/statcomps/supplement/>.

³ Gary Burtless, *Can Educational Attainment Explain the Rise in Labor Force Participation at Older Ages*, IB #13-13 (Chestnut Hill, MA: Center for Retirement Research, 2013), at http://crr.bc.edu/wp-content/uploads/2013/09/IB_13-13-508x.pdf.

⁴ See, for example, AARP, *Staying Ahead of the Curve 2013: The AARP Work and Career Study* (Washington, DC: AARP, 2014), at http://www.aarp.org/content/dam/aarp/research/surveys_statistics/general/2014/Staying-Ahead-of-the-Curve-2013-The-Work-and-Career-Study-AARP-res-gen.pdf.

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- ⁵ Congressional Budget Office (CBO), *Retirement Age and the Need for Saving*, Economic and Budget Issue Brief (Washington, DC: CBO, 2004), at <https://www.cbo.gov/sites/default/files/05-12-retireagesaving.pdf>.
- ⁶ AARP, *Baby Boomers Envision What's Next?* (Washington, DC: AARP, 2011), at <http://assets.aarp.org/rgcenter/general/boomers-envision-retirement-2011.pdf>.
- ⁷ Kenneth Matos and Ellen Galinsky, 2014 National Study of Employers (New York: Families and Work Institute, 2014), at <http://familiesandwork.org/downloads/2014NationalStudyOfEmployers.pdf>.
- ⁸ Author's calculations of the Current Population Survey for 2004 and 2014.
- ⁹ Fritz von Nordheim, "EU Policies in Support of Member State Efforts to Retain, Reinforce, and Re-Integrate Older Workers in Employment," in H. Buck and B. Dworschack (eds.), *Ageing and Work in Europe* (Stuttgart: Fraunhofer Institute for Industrial Engineering, 2003), pp. 9-26.
- ¹⁰ Alan L. Gustman and Thomas L. Steinmeier, *Older Workers and the Labor Market/Labor Market Policies for the Older Worker*, Employment and Training Administration Occasional Paper 2005-13 (Washington, DC: U.S. Department of Labor 2005), at http://wdr.doleta.gov/research/FullText_Documents/Older%20Workers%20and%20the%20Labor%20Market%20-%20Labor%20Market%20Policies%20for%20Older%20Workers%20Report.pdf.
- ¹¹ Alicia H. Munnell, "Falling Short: The Coming Retirement Crisis and What to Do About It," Testimony before the U.S. Senate Special Committee on Aging, Bridging the Gap: How Prepared Are Americans for Retirement?, March 12, 2015, at http://www.aging.senate.gov/imo/media/doc/Munnell_3_12_15.pdf.
- ¹² AARP, *A Business Case for Workers Age 50+: A Look at the Value of Experience*, Report prepared by Aon Hewitt (Washington, DC: AARP, 2015), at http://www.aarp.org/content/dam/aarp/research/surveys_statistics/general/2015/A-Business-Case-Report-for-Workers%20Age%2050Plus-res-gen.pdf.
- ¹³ David Neumark, *Reassessing the Age Discrimination in Employment Act* (Washington, DC: AARP 2008), p.30, at <http://www.aarp.org/content/dam/aarp/ppi/reassessing-the-age-discrimination-in-employment-act.pdf.pdf>.
- ¹⁴ AARP, *A Business Case for Workers Age 50+*, op cit.

Testimony of Susan E Nordman

Special Committee on Aging

Hearing Title:

“Work in Retirement: Career Reinventions and the New Retirement Workscape”

Chairman Collins, Ranking Member McCaskill, distinguished committee members. Thank you for inviting me to testify today.

My name is Susan Nordman. I am the owner of Erda, a small artisan manufacturing company and the maker of Erda Handbags. I grew up in rural Maine in the late 1960's in an agricultural community. Like many of my peers, I left my rural community for college and employment. I settled in the New York City area and built a life with a family and several successful businesses. My intention had always been to return home to Maine. The beauty and ruggedness of the landscape never stopped calling me. In 2006, my husband and I packed up and headed north, leaving the congestion and noise behind. We settled outside Portland and within driving distance to Boston. Starbucks, Whole Foods and Dim Sum all within reach.

In 2012, a business broker sent me a listing about a small manufacturing company in the rural town of Cambridge, Maine. The company was intriguing but the location was an impediment. Too far north, too remote and far too rural. The idea was dropped until we stopped for coffee in Gardiner and wandered into the Center for Maine Crafts one Saturday almost a year later. Just inside the door, in the middle of the gallery, was a huge display of Erda handbags. The bright colors and quirky shapes demanded further investigation.

The facility was in a barn in the middle of a corn field, in the middle of nowhere. As soon as I walked in I was hooked. The smell of the leather, bright rolls of fabric and a group of women stitching was nothing short of mesmerizing. And there was opportunity. The company had fallen into quiet disrepair and suffered from poor management, I could see many areas of improvement and several areas of expansion. I purchased the company in October of 2013.

The physical location needed immediate attention. The idea of working in a barn in the middle of a corn field sounds romantic, the reality is unreliable internet, a cold drafty building and electric power that goes out every time the wind blows. I also had a work force issue. I had inherited a talented group of women, each one an artisan in their own right. If I moved the company too far, they would all be unemployed. Corliss is 64, Georgia was 69 and the rest of us saw our 60th birthdays together. I felt an obligation to find a solution that did not leave them behind.

We found a foreclosed building in the adjacent town of Dexter. The town had a history of manufacturing dating back to the 1800's with woolen mills and more recently Dexter Shoe. Almost all of the jobs have moved overseas but the talent is still here, albeit a bit older.

Moving to a new location meant reliable electricity, and a road the UPS truck could drive on. It also gave me the opportunity to design a workplace that was ergonomically better for my older workers.

Corliss spends most of her day standing, with her right shoulder raised, cutting fabric one bag at a time. By the end of the day her right shoulder is higher and contracted. Solution; lower table, fatigue mat and a two ton hydraulic die cutting press to click out the fabric and leather 12 at a time. Her duties were adjusted, giving her more time at a seated machine and less repetitive motion.

In some cases our sewing machines are 100 years older than we are. To raise the foot of the machine requires moving a bar with the operator's knee. This put a lateral stress on old hip joints. Solution; modern sewing machines with automatic knee lift and thread cutting.

The need for ergonomic equipment was not completely age of worker dependent. The old hips may have groaned a bit louder, announcing the issue, but young hips suffered just as much.

When I am asked "do older workers cost more?" the answer is "they cost different". When updating equipment, I had to take into consideration the physical limitations in an older body, I have an older workforce. The cost of the equipment I purchased was magnitudes higher than less automated sewing machines. The benefit for the company goes beyond a work force

that is less physically stressed. The improvement in time and quality goes directly to the bottom line. The return on the investment in new machines will be under three years.

The age of my employees has posed the need for human body considerations and adjustment, but it also represents a wealth of talent and knowledge. Preserving critical knowledge before it leaves is vital to the longevity of any business. The skills that my employees possess requires hands on learning. My older employees have more years into the process and exposure to more teachers. Annie can “stitch in a Ditch” better than anyone I know. The tricks to measuring a piece and finding dead center in under 4 seconds takes a bit of practice. With time and training new workers can learn these skills, but only if someone is there to teach them.

I do not hire on the basis of age one way or the other. I hire on skill and compatibility with the group. It takes me longer to hire, usually a candidate goes through a three week process from initial meeting to final decision. Problem solving and creativity are assessed, as well as a group audition to see how each candidate functions as a part of a team. We all come to a decision together, and each team member has a say. Slowing the hiring process down has helped to ensure a good fit and the right person for the job.

We recently hired two under 30's to join our team. Their age was not a consideration in the hiring process. They simply were the best candidates. I pair one younger worker with an older worker, practicing a knowledge exchange. Both age groups have the advantage of learning from each other. Group demonstrations and shared lessons help to expand our knowledge base and improve product quality.

The shared lessons have the added benefit of forming a cohesive team that expands into a support system beyond the work place. The exchange is not one sided, when Corliss needed to fly alone for the first time in her life, her younger tech savvy partner helped her navigate the situation by printing out a map of the airport and showing her how to make her connection.

Staying mentally active is a strong reason for working past retirement age. I recognize this and have created a work place that is more studio than factory. Each handbag is made one at a time by one worker. This gives us a truly handcrafted product and it requires each employee to

perform a variety of task throughout the day. It eliminates the assembly line style of production, and keeps everyone engaged in the process.

The ability to engage with others and form workplace friendship adds to job satisfaction and employee retention. We practice a loose style of democracy, with almost everything getting a vote. From fabric to leather color to where the pocket should go, all gets voted on. This helps create a team and forms consensus among the group. It gives everyone a say and a sense of validation. I retain veto privileges, I try to use them judicially.

Financial necessity dictates the need to work for most of my older workers. Retirement is not an option. Corliss has four generations living together under her roof. She comes into work early in the morning so that she can meet the school bus when her great grandchildren arrive home. She hopes to be able to retire at age 70, but isn't hopeful. Her biggest concern is the cost of her health care, she pays more the \$750 a month to cover her family. She earns under \$12.00 per hour.

Two of Annie's weekly paychecks go to health care premiums, her scoliosis and hands will force her to retire next year. I am currently designing products that will be easier on her hands to keep her employed longer.

Laurie has no plans to retire, she has survived lung cancer and says she will work until she can't move any longer. She worries about the longevity of Social Security and health care costs. I suspect that Laurie would work regardless of financial need, her creativity requires an outlet.

Sully just received her Social Security statement of expected benefits and doesn't know how she could retire on \$1100 per month. Her employment at Erda is necessary for her financial stability and adds a cushion to her budget. It is the difference between just putting food on the table and being able to go camping or have a dog. Her biggest fear is being a valuable member of the team, as a cancer survivor she knows firsthand the vulnerability of her body. The expressed insecurity resounds through the group. I was not aware of the group's feelings until we started discussing the topic for this hearing. How do we meet our financial obligations going forward as our earning capacity diminishes?

I worry about what happens when I lose my older workforce. I have a work force that is steeped in the traditions of manufacturing and working with their hands. The jobs have been gone long enough that the newer generation has no idea what manufacturing is and certainly never had a summer job in a woolen mill running shuttles back and forth. An immigrant population can answer some of those needs or I may be left outsourcing overseas.

I am often asked if it is harder to train an older worker, are they too set in their ways? The image of an old dog lying on the couch, ready to snap at anyone walking by comes to mind and I have to laugh. When did we become old dogs? How hard is to teach Algebra to a teenage boy? Breaking down stereo types has to be one of the first things to happen when confronting the aging workscape.

Ease of learning has nothing to do with age. I have found that older workers embrace new methods quickly and easily. When I added a French seam to a design, we all gathered round the computer and watched a youtube video to see how it was executed. The older staff picked it up immediately and expanded the concept into other areas, the younger crew was right behind them. In part, the quick assimilation of new techniques in an older worker comes from having a larger set of experiential building blocks on which to pin a new concept. I suspect the old dog that has trouble with a few new tricks was once a young dog that had trouble with new tricks.

An older worker tends to be more balanced with their personally life, while work is important it does not dominate. Each employee sets their own hours at Erda. Some elect to come as early as 5:30 and others elect to work nine hour days and take a half day on Friday. It is a benefit that costs me very little and goes a long way to making a better work place and a sense of autonomy for each individual. The flexible schedule is necessary so that family obligations can be met.

My employees are paid hourly, not by the piece. They get sick days, holiday and vacations. We break for Qi Gong sessions every morning at 10 am, shaking and tapping to keep joints loose and moving. Once a month massage sessions help to ease tight shoulders.

We are a small company, but you can find our handbags throughout the United States in galleries, museum stores and some national parks. Up until recently we were in Acadia National Park. When an out of state company took over the management of the park stores many of the

Maine businesses were left out. Giving small business access to these markets would go a long way towards our sustainability.

A workplace that includes older workers is more balanced, more representative of real life. An integrated workplace is more rewarding and more interesting. I don't know what role, if any the government should play in this issue. For now we keep making our handbags and learning from one another old to young and young to old.

Thank you for taking the time to hear my testimony.

Statement of Kerry Hannon

Submitted to the

Senate Special Committee on Aging

before their *HEARING: Work in Retirement: Career Reinventions and the New Retirement Workscape.*

June 24, 2015

Chairman Collins, Ranking Member McCaskill, Members of the Committee...

Thank you for inviting me to testify today before the Special Committee on Aging and for focusing your attention on the challenges Americans over 50 face in the workplace and shining a light on the value of older workers.

I'm [Kerry Hannon](#) AARP's job expert, a New York Times columnist and author of 10 books, including *Great Jobs for Everyone 50+*; *Finding Work That Keeps You Happy and Healthy*... *And Pays the Bills* and *Getting a Job After 50 For Dummies* which will be published this fall.

I've spent three decades covering all aspects of business, careers, and personal finance and am increasingly alarmed by the disconnect between employers and older workers.

We're too old to hire, but not ready to retire

Work at an older age is becoming increasingly common.

Yes, some retirees have always taken part-time jobs out of financial need to shore up retirement accounts, or stave off boredom. What's different now is that baby boomers are either continuing to work much longer or approaching work not as an afterthought but as a pillar of their "retirement" plans, as oxymoronic as that sounds.

I'm delighted that Senator Susan Collins is here today. Senator Collins, you have been one of the leading voices for many years in advocating for value of older workers.

Moreover, with Maine's aging population comes an aging workforce, and a significant challenge for employers: Within the next 20 years, nearly half the state's current workers are going to reach traditional retirement age, according to the Maine Department of Labor. At least 40 percent of the current Maine workforce will be 65 or older.

And that segment of the population — 65 and older — is the only one anticipated to grow. The number of people of prime working age — ages 25 to 54 — is expected to decrease through 2030. There are not enough younger workers to fill the gap left by retiring older workers.

And Senator McCaskill, I know you strongly believe that the ability of Missourians to find good-paying jobs is the key to economic success for the state, and have made private sector job growth and better business opportunities a top priority in the Senate.

Meantime, you have supported tax and other incentives to spur investment in renewable energy technology and create "green jobs" that will expand and strengthen our economy. Green jobs, I believe, are a growing field for workers over 50, and one that appeals to those who are looking for jobs with a social purpose and meaning.

I'm looking forward to hearing the testimony of my fellow presenters will also add substance to my argument:

Jim Godwin is Vice President of Human Resources for the Bon Secours Virginia Health System in Richmond and Hampton Roads, which has been recognized by AARP as a Best

Company for Employees Over 50 each year since 2003. About one-third of Bon Secours Virginia's 12,200 employees are 50 or older, with the oldest having recently turned 91, I'm told.

Sue Nordman, the owner of Erda handbags, a small business in Dexter, Maine, knows first-hand the value of older workers. Most of her employers making the Erda bags are over age 60.

Sara E. Rix, is a former senior strategic policy advisor with the AARP Public Policy Institute, has written and spoken on older workers, an aging society, and economic security issues for more than 30 years.

Each of us here today because we deeply believe and are dedicated to the social and economic well-being of Americans over 50 which, of course, converts into national economic well-being.

Keeping older workers on the job is a win all around. Older workers contribute to the economy in a plethora of ways from paying taxes to spending and investing.

The Numbers Tell the Tale

- As the population ages, the workforce is aging right along with it. The trend is rooted not just in longevity, but in the realization that continuing income will help sustain these later years—especially as employer pensions recede into the past.
- U.S. employees 65 and older now outnumber teenagers in the workforce for the first time since 1948. In 2002, workers 50 and older comprised 24.6 percent of the workforce. By 2012, they represented 32.3 percent. And by 2022, they're projected to be 35.4 percent of the total workforce.
- By 2029, when all of the baby boomers will be 65 years and over, more than 20 percent of the total U.S. population will be over the age of 65, according to the [U.S. Census Bureau](#).
- In 1991, just 11 percent of workers expected to retire after age 65, according to the Employee Benefit Research Institute's 2015 [Retirement Confidence Survey](#). Twenty-four years later, in 2015, 36 percent of workers report that they expect to retire after age 65, and 10 percent don't plan to retire at all. At the same time, the percentage of workers expecting to retire before age 65 has decreased, from 50 percent in 1991 to 25 percent in 2015.
- In 2015, Two-thirds of workers said they plan to work for pay in retirement, up from 61 percent in 2001, according to the Employee Benefit Research Institute's [Retirement Confidence Survey](#).
- The nonprofit Transamerica Center for Retirement Studies' [report](#), "Baby Boomer Workers are Revolutionizing Retirement: Are They and Their Employers Ready?" found that sixty-five percent of Baby Boomer workers plan to work past age 65 or do not plan to retire. Slightly more than half (52 percent) plan to continue working after they retire. Given widespread savings shortfalls, it is not surprising that 62 percent of the Baby Boomer workers who plan to work in retirement and/or past age 65 indicate that their main reason is income or health benefits.

Working longer can help provide for a secure retirement

Planning to stay on the job a few years longer can make a huge difference for financial security as we age.

As I travel around the country speaking to audiences of 50-plus who are actively looking for jobs, I see a palpable fear in their eyes that they will outlive their money.

For many people, the mixture of longer lives, meager savings and no idea what their ongoing healthcare and other expenses will be down the road is daunting. Simply put, they need to work.

When it comes to re-entering the workforce after a bout of unemployment, the reality for many older workers is that they may make less money in their next job, at least initially.

In the recent survey “The Long Road Back: Struggling to Find Work After Unemployment,” AARP’s Public Policy Institute found that almost half of people ages 45 to 64 who were unemployed for some time during the past five years, are making less. And more than half (53 percent) had an occupation different from the one they had before becoming unemployed, according to the survey.

And for those workers who do currently have a job, it’s a struggle to hang on, as they inch towards the age 65 line in the proverbial retirement sandbox.

Ageism is alive and well in the workplace.

I’m not going to sugarcoat it.

More than half the people aged 50 and older who participated in a recent AARP survey said they had either experienced or witnessed age discrimination in the workplace.

James S. Kunen, 66, teaches English as a second language at the Center for Immigrant Education and Training at LaGuardia Community College in Queens. When he was let go as the director of corporate communications at Time Warner during a round of layoffs, Mr. Kunen confronted the core questions: What is it he could do? Where did his skills translate to a job? And who would hire him, given his age?

Many older job seekers know age discrimination, although tough to prove, is a fact of life. But increasingly they are finding jobs at smaller organizations, including nonprofits, start-ups, small trade associations and niche educational programs. Typically, these are employers that operate with a spare staff and depend on the experience and expertise that comes with age.

“When I initially sent out résumés to commercial language schools, the only school that responded was one run by a person as old as I was,” said Mr. Kunen, “And I was interviewed by 30-year-olds who totally didn’t ‘get’ me,” he said. “You can sense it immediately; it’s like being on a bad blind date.”

For Mr. Kunen, patience and persistence paid off. Today, he spends 16 hours a week in the classroom teaching two courses. “It gives me an income that makes a significant difference when added to my pension and Social Security.”

Like Mr. Kunen, even people with retirement savings see earning some income as a safety net as they age. “In my research, the first thing I hear from older workers looking for a job is that they need to work,” said Ofer Sharone, an assistant professor at the MIT Sloan School of Management, author of “Flawed System/Flawed Self: Job Searching and Unemployment Experiences” and founder of the nonprofit Institute for Career Transitions.

“They may be over 60 and very close to traditional retirement age, but they feel they don’t have the resources to retire. And many are feeling healthy. They’re at the top of their game and wanting to make a contribution,” Mr. Sharone said.

But the older a person is, the harder it is to get a job.

“With each decade the length it takes to get re-employed is longer,” he said. The average duration of unemployment for those over 55 is nearly a year, compared with seven months for someone younger.

Employers hesitate for myriad reasons, and some of their assumptions may not be valid.

“Most of these turn out not to be accurate when you do the research. But nonetheless they are tenaciously held,” Mr. Sharone said.

Some employers believe older people only want to work for a short time, compared with younger people. “When researchers look at that question, it is actually the opposite,” Mr. Sharone said. “The older worker tends to be more loyal and stick around longer than the younger worker. The younger worker is moving around to acquire new skills.”

Another obstacle is the perception that older workers are less productive and energetic. “Older workers are as productive as any other age group,” Mr. Sharone said. “The variations are between workers, not age groups.”

Some employers also believe older job applicants expect high salaries or are overqualified. “Most people are happy and willing to go back to a position they had a few years ago, if it gets them back doing work they’re qualified to do and want to do,” Mr. Sharone said.

Moving into a new arena as Mr. Kunen did can sidestep that issue. It makes sense to an employer that someone who does not have experience will work for less, Mr. Sharone said.

A lack of technology aptitude is a common worry. “People over 60 are often perceived as technophobes,” said Nancy Collamer, a career coach and author of “Second-Act Careers: 50+ Ways to Profit From Your Passions During Semi-Retirement.”

Career coaching can pay off.

“You want someone who understands the obstacles and can help guide and motivate you,” Mr. Sharone said. The federally financed One-Stop Career Centers typically provide free counseling. Many local colleges and community libraries also offer free workshops with career coaches.

“Academic research also convincingly shows that more than half of all jobs come through a network,” said Chris Farrell, the author of “Unretirement: How Baby Boomers Are

Changing the Way We Think About Work, Community and the Good Life.” “My suspicion is that the percentage is even higher for 60-plus workers.”

For some older workers, it makes sense to explore consulting and contract work.

“There does not seem to be much discrimination in the part-time, temporary, project-based and seasonal job hiring areas,” said Art Koff, founder of a job board, RetiredBrains.com.

Tallying the Benefits of Staying in the Workforce

Here are three money-wise reasons for workers to stay in the workforce as long as they can:

1. The more earning years when you can build savings in a defined contribution plan like a 401(k) or an Individual Retirement Account (IRA), the better off you’ll be down the road. Your monthly Social Security payment will grow, too, the longer you work (until age 70).
2. The longer you work, the longer you delay tapping retirement funds, which can continue to grow.
3. It can provide income to pay for health insurance until you’re eligible for Medicare at 65. Fewer employers are offering their retired workers medical benefits, and those who do are ramping up the amount retirees must contribute to the cost of coverage. Even better, you might even find a job that offers you access to a health plan.

Non-monetary benefits of working longer

Money aside, there’s another big reason you may want to keep working in some adaptation: a sense of “well-being,” according to Marcie Pitt-Catsouphes, director of the Sloan Center on Aging and Work at Boston College. The Center’s 2012 report, *Life & Times in an Aging Society*, found that for people over 50, it’s important to be engaged—not just involved.

Work gives us a sense of purpose, feeling connected and needed. It makes us feel relevant. It’s hard to pin a precise paycheck to that, but it’s real.

Moreover, it keeps our minds sharper. Researchers from the RAND Center for the Study of Aging and the University of Michigan published a study showing that cognitive performance levels decline faster in countries that have younger retirement ages.

Older people who do paid or volunteer work are found to have significantly lower levels of depression. A French study revealed strong evidence of a link between retirement postponement and decreased risk of developing dementia.

Today’s 60-year-old might reasonably plan to work at least part-time for another 15 years, figures Marc Freedman, author of *The Big Shift: Navigating The New Stage Beyond Midlife* and founder and CEO of Encore.org, a nonprofit that promotes second acts for the greater good. “That changes the entire equation about what you want to do, what’s possible to do, and whether it is worth investing up front for additional education,” he says.

“The entire concept of you work and then retire is over for most people,” Kevin Cahill, an economist with The Sloan Center on Aging & Work at Boston College, explained to me.

“Retirement is a process. People gradually fade out of the workforce. About 60 percent of the career workers take on a job after exiting their main career. We call these bridge jobs.”

Noting a change in the current workforce

Many CEOs are increasingly aware that they need to have 50-plus workers on board.

Employers are getting worried about their future workforce. In a recent [survey](#) by the Society for Human Resource Management (SHRM), one-third of HR professionals predicted that the loss of talent resulting from retirements or departures of workers age 55 and older would be either a problem or a crisis for their organization in the next six to ten years.

The Manpower Group 2014 Talent Shortage Survey found that 40 percent of U.S. employers reported difficulty in filling jobs. The day is coming when employers are going to embrace the value of older workers. They don’t have a choice. There are, however, some sober challenges, which I discuss below.

Employers say they plan to hire retired employees as consultants or temporary workers, offer flexible work arrangements and design part-time positions to attract older workers, according to the report. But most aren’t doing anything—yet.

Corporate executives and policy makers would be wise to focus on how they can keep older workers productively on the job longer.

Here’s why. As the economy gains momentum, plenty of jobs will be created between now and 2030, and there will not be enough younger workers to fill the need as millions of boomers leave the workforce.

Workplace experts predict that there will be a future shortage of trained workers for key jobs in a broad swath of professions from education to engineering to healthcare and beyond. Older workers will need not only to stay on the job, but have core training to stay relevant.

Here are some challenges:

Who is going to pay for that training? Most labor market experts I have interviewed say the government and private employers need to ramp up more training programs for older workers and create workplaces that make it easier for them to do their jobs.

Employers don’t want to spend for it, especially small businesses. They’ve already cut to the bone to stay competitive globally in recent years and this kind of spending is a tough sell.

Conceivably, as I discussed in a speech at a Future of Workforce Development Conference held by the Federal Reserve Banks of Kansas City and Atlanta, one way to provide the needed training is through the community college system. The coursework could be offered at an affordable cost for the worker. Depending on who foots the bill, employers or employees could receive tax incentives to ease the tuition bill.

What skills will we need? There’s a palpable need for employers to provide a roadmap, so we’re all pulling in the same direction. The key will be for employers to cast an eye to the future and identify what skills need to be ramped up so older workers can stay on the job productively.

The training disconnect already exists. I speak frequently to 50+ workers around the country about the need to keep their skills up-to-date and to constantly being adding to their toolkit to keep a toehold in the workplace.

Many are willing to add the training at their own cost, but have no idea what they should be concentrating on, where the demand will be, and how much they should invest in their future.

Who will pay for the cost of retaining older workers? Contrary to common perception, workers age 50-plus don't cost significantly more than younger workers, according to the report "A Business Case for Workers Age 50+: A Look at the Value of Experience 2015," commissioned by AARP and conducted by Aon Hewitt.

One savings that immediately comes to mind: firms often don't have the time to squander while a younger worker ramps up skills and knowledge. Companies are slowly realizing that to stay competitive, it's smarter to seek out and hire experienced workers, who can step in and do the job right now and solve an existing problem. And it can save money. Depending on a worker's position and industry, the total cost of replacing someone can range from thousands of dollars to as much as one-and-a-half times your annual salary.

Retaining older workers reduces the one-time costs of turnover, which range from \$7,400 to \$31,700 or more per employee, according to AARP's most recent survey. This cost includes the time and money that go hand-in-hand with recruiting and advertising your job, bringing people in for an interview, and training a new hire.

The Aging Workforce survey, part of a three-year national Aging Workforce Initiative by SHRM and the SHRM Foundation and funded by the Alfred P. Sloan Foundation, also found that the top advantages of older workers were having more work experience (cited by 77 percent of respondents), being more mature/professional (71 percent), and having a stronger work ethic (70 percent).

In addition, an international report came out last week that caught my attention and may be instructive to our thinking about the older worker issue in the U.S. [Golden Aging Prospects for Healthy, Active, and Prosperous Aging in Europe and Central Asia](#) is authored by Maurizio Bussolo, Johannes Koettl, and Emily Sinnott. Maurizio Bussolo is Lead Economist in the Office of the Chief Economist for Europe and Central Asia at the World Bank.

"More often than not, the aging of a population is a source of concern, given the potential for higher health care and pension costs, increasing dependency, lower growth, unsustainable fiscal deficits, and intergenerational tensions," the authors write. "Demographic trends are frequently viewed as unstoppable and as an inevitable cause of increasing economic costs. However, individuals and firms change their behavior in response to changing conditions, and policy can help or hinder adaptation to demographic shifts."

"There is already some evidence that active older individuals today have better health and maintain their cognitive skills longer than their inactive counterparts and older individuals of previous generations. Productivity does not inevitably decline with age, and skills shift with aging." Some highlights from the report:

- Adjustments in labor and pension laws and improved incentives to keep investing in human capital throughout an individual's working life would facilitate increased participation and productivity of the elderly in the labor market.
- To offset these steps, the biggest savings can be achieved by reducing the incentives for early retirement and making it attractive to work beyond 65, or to a level where there are about 15 years of remaining life expectancy at the age of effective retirement.
- For clues about what policies keep older people employed, it is useful to look at Iceland, which has the highest employment rates for older people in Europe and among OECD countries (Eurostat). First, the pension system has lower future benefits for workers who retire early, a high retirement age (67 for both men and women over the past three decades), and strong incentives to work even longer. Training rates for older workers are among the highest in the world: among workers aged 55–64, 40 percent have participated in informal education
- Firms can also help improve the productivity of older workers. Some effective mechanisms include workplace adjustments, reassignment to age-specific tasks, mixed-age working teams, reduced work time, and well-designed lifelong learning.

We need more flexible work options

Telecommuting employees are happier and more loyal, and they have fewer unscheduled absences, according to a survey by outplacement firm Challenger, Gray & Christmas. My research and interviews with hundreds of workers have clearly shown a similar finding.

Workers over 50, like me, need and want to work, but we face caregiving demands, from elderly parents or ailing spouses. Family-friendly practices such as flextime and shared or part-time jobs are possible solutions.

- More than three quarters of employers in the United States report allowing at least some workers to periodically change their starting and quitting times, although just a quarter of employers say that they allow most of their employees to do so, according to “Work-Life Balance and the Economics of Workplace Flexibility,” a June 2014 report by the Council of Economic Advisers.
- A company that encourages work-life balance practices for its employees can boost productivity, according to a study of more than 700 firms in the United States, the United Kingdom, France, and Germany, the Council of Economics Advisors reported. The authors say that this correlation could be driven by a third factor—good management. Well-managed firms have higher productivity and tend to embrace flexible workplace practices.
- Twenty-nine percent of employers reported allowing some workers to share jobs, and 36 percent reported allowing at least some to move from full-time to part-time work and back again while remaining at the same position or level, according to the 2014 National Study of Employers..
- More than half of employers allowed at least some workers to phase into retirement by working reduced hours, and 18 percent allowed most or all of their employees to do so, according to the National Study of Employers.

- A Sloan Center on Aging and Work at Boston College study on flexible work arrangements found that only 20 percent of companies offered a variety of flexible options to most of their workers.
- In the United States, President Barack Obama signed a Presidential Memorandum in June 2014 urging every agency in the federal government, as much as possible, to expand flexible workplace policies and give federal workers the right to request a flexible work arrangement without fear of retaliation.

We need more employers to offer phased retirement programs. “This vision of a flexible, phased transition to retirement cannot be accomplished without employers having programs and employment practices in place to facilitate it,” according to Catherine Collinson, president of the nonprofit Transamerica Institute and its Transamerica Center for Retirement Studies division.

The Transamerica study survey found a deep disconnect between Baby Boomer workers’ expectations and employers’ retirement realities: Only 48 percent of employers have practices in place to enable shifting from full-time to part-time and even fewer (37 percent) allow taking on new positions that are less stressful or demanding.

We need employers to examine their policies in regard to demographic change.

Many CEOs these days give lip service to the notion of keeping workers on board as they slide over into what was once considered retirement age.

The Society for Human Resource Management (SHRM) found that organizations are unprepared for an aging workforce, with just over one-third of organizations examining policies and practices to address the demographic change.

SHRM’s [The Aging Workforce Survey](#) found that an additional 20 percent of organizations had examined their workforce and determined that no changes in policies and practices were necessary.

The survey of HR professionals, part of a three-year national Aging Workforce Initiative by SHRM and the SHRM Foundation and funded by the Alfred P. Sloan Foundation, reported that one-half of survey respondents said they track the percentage of their workers eligible to retire within the next one to two years, and 10 percent of employees would be eligible within two years.

About one-half of HR professionals did not think the potential loss of talent during the next one to two years would have an impact on their industry or organization. But one-third thought it would be a problem or a crisis for their industry and organization in the next six to 10 years.

For years, AARP has shined a light on firms that value older workers and offer these kinds of programs. For example, one of my favorites is Scripps Health, where employees can elect to participate in a formal phased retirement program. Full-time employees are eligible to move to part-time work on a permanent or temporary basis, and if you work 16-plus hours per week receive individual and family medical coverage and more.

The reason for not offering this kind of program I suspect is because it's a pretty expensive perk to offer an employee-fewer hours and full benefits. Even fewer hours and some access to health and retirement plans for a period of time isn't economically feasible for many small firms and nonprofits who aren't likely to forget the tailspin that 2008 recession unleashed.

The federal government is modeling how it can be done. A new federal-employee phased retirement program began accepting applications last fall. Federal employees who take phased retirement will work 20 hours a week and receive half their pay and half their retirement annuity payout. A requirement: to devote 20 percent of their time mentoring other federal employees, who will probably take over the reins from them when they finally move on.

This will be a slow moving show though. As Chris Farrell, my respected colleague and author of the insightful new book wrote in a PBS Next Avenue post, the Congressional Budget Office estimates that 1,000 workers will take advantage of the program initially, a small fraction of the federal government's two million-person workforce.

Still, forecasts are that the phased retirement will become available for many federal near-retirees in 2015 and 2016 and "the impact could eventually be huge."

The hope is that this program will be a model for private companies to add formal phased retirement initiatives to their benefits offerings.

Private sector examples to applaud:

At Herman Miller in Zeeland, Mich., where about a quarter of the company's workforce is 55+, the company has instituted programs with built-in flexibility. Workers can take six to 12 consecutive weeks off during the year. They aren't paid during that time, but keep their benefits and length of service toward their pension.

The firm also has a "flex retirement" plan, allowing an employee who's 60 or over and has at least five years of service at the company to plan an exit over six months to two years. The flex-retirement employee puts together a plan to teach the ropes of his or her job to a replacement.

Another example is AGL Resources, a natural gas distribution company based in Atlanta, Ga., lets its retired workers return on a part-time or project basis and participate in company benefits, such as its 401(k) plan.

We need to create more corporate programs to help employees shift to second careers in both nonprofit and for-profit enterprises.

There are plenty of innovative ways to offer phased in retirement that I know can percolate up with some elbow grease, if employers are willing to put their muscle behind their mouth.

Intel Corporation, for instance, is offering its retirees an innovative way to segue to work in a nonprofit while holding their hand via paid health benefits and an internship.

Two years ago, the company introduced the Intel Encore Career Fellowship — a program that pays a one-year, \$25,000 stipend to help retiring employees transition into post-retirement careers with a nonprofit organization. So far, 200 retiring Intel employees have

become Encore Fellows,” said Julie Wirt, Intel’s global human resources retirement design manager. “And the momentum for the program is clearly building,” she said. “It’s not only a retirement benefit for our employees, it’s having an impact on communities around the country.”

Intel isn’t the only company to test this kind of transition program. There have been Encore Fellows at an increasing number of businesses. Hewlett-Packard, for example, is a founding sponsor of the Encore Fellow program, and Goldman Sachs Urban Investment Group has also participated. Nonprofit groups that have participated include organizations like the Roadrunner Food Bank of New Mexico, Habitat for Humanity, the Brevard Zoo in Melbourne, Fla., and the Center for Fathers and Families in Sacramento.

Last year, Intel also started a pilot program that pays the tuition for retiring employees to go back to school through UCLA Extension continuing education certificate programs and a small-business incubator that offers mentoring and business planning advice for those pondering entrepreneurship.

Some other innovative programs:

When he was 5 years old, Steven Elson built pretend skyscrapers out of blocks. It was the start of a love affair with buildings.

At 60, his passion hasn’t subsided. Today, after being laid off from a top commercial real estate job in Connecticut in 2008, he is working in the nonprofit sector, overseeing the development of affordable housing projects.

For the reconstruction of his career, Mr. Elson can partly thank EncoreHartford, a 16-week fellowship program he completed last summer. Begun by the University of Connecticut’s Nonprofit Leadership Program and now in its fifth year, it has helped more than 100 unemployed corporate professionals, mostly older than 50, make the transition to professional and managerial jobs in the state’s nonprofit sector. The average salary: \$50,000.

WHEN she was just 10 years old, Mary Jackson began her teaching career on the back porch of her family’s home in Easley, S.C.

It was there that she set up her chalkboard and led her imaginary classroom. “I would use my yardstick to tap my make-believe students who misbehaved, or didn’t get the right answer,” Ms. Jackson said. Her passion led her to earn a teaching degree at the University of Virginia in 1977, but her career took a detour when, after graduation, she accepted a position at IBM.

After three decades with Big Blue, she retired, and now Ms. Jackson, a 59-year-old former IBM project management executive, is finally in the classroom, and not just imagining it. She teaches math and science to fifth graders at Lockheed Elementary in Marietta, Ga.

Ms. Jackson credited her move to a second career as a teacher, in part, to the support of IBM’s Transition to Teaching program, begun in 2006. The program reimbursed \$15,000 of her expenses to become certified as a teacher (or, in her case, recertified), a task she accomplished while still at IBM. The program also allowed her to work with her manager to adapt her class work to her day-to-day job responsibilities, and even provided networking

assistance to help her get a foot in the door for her initial job interview with the school district.

And Ms. Jackson's initial teaching salary was about one-third of her ending salary with IBM, or around \$47,000. But she does have health and retirement benefits.

We need employers to offer opportunities for a range of career moves within an organization.

In her book, "The Career Lattice: Combat Brain Drain, Improve Company Culture, and Attract Top Talent," author Joanne Cleaver explores how unlike up-or-off ladders, lattices are diagonal frameworks that offer a range of potential next moves for workers. On the lattice, when you make a lateral move, you aren't being pushed aside. Instead, you're getting a chance to cultivate new, related skills and experiences that can position you for a traditional promotion or a different job altogether. In other words, "over" is the new "up." The research that grounds her book indicates that about 30 percent of American employers currently offer some sort of purposeful lateral career moves, even if they don't use the term "lattice."

Late-career lateral moves are developing as a way to free up sought-after promotions for younger workers while using the experience of older workers.

Herb Johnson, 61, has spent his entire professional life in the tire industry, logging more than three decades at Michelin, where he was a former director of the brand's motorsports division and director of community relations. Now he's the chief diversity officer, responsible for making the firm's internal employee relations stronger, building loyalty, and motivating employees to be part of the company's mission. Johnson has had several career transition talks with his bosses during his decades at the firm. Each time, he got the green light to change course—and a jolt of fresh energy, he told me in an interview for my book: *Love Your Job: The New Rules for Career Happiness*.

Changing focus for Johnson didn't mean downshifting to easier work. At Michelin, if you're interested in a change in assignment, you talk to your immediate supervisor," he told me. "In Michelin's HR department, however, we all have been assigned a "career manager" we work with from our first day at work to build our careers. The company's aim is to adapt to your career aspirations and to implement your plan over time. So I consulted with my career manager about whether it was a possible move for me, and how I should get my name into the field of those who were being considered for the position. Then I made it a point to express my interest to others within the organization."

We need employers to offer more educational and career development opportunities.

Some of those reluctant retirees want, or need, to keep working in some fashion, but to get hired, they must first expand their skill set. The need to offer more educational options that can lead to jobs for older adults is gaining traction.

- Around half of employers offer education assistance, and you might not even need to be studying something directly linked to your work. Generally, you don't have to pay federal income tax on the first \$5,250 of assistance.

We need more programs like the American Association of Community Colleges' Plus 50 Initiative.

It's designed to help students 50-plus train for new jobs. Instead of ending education in our teens or 20s, let's help people gain new skills in their 40s... 60s... and 80s as well. Education providers need to get creative about offering practical content in user-friendly, flexible arrangements.

In March, deans, provosts and vice presidents from 22 institutions, including Arizona State University, Columbia University, Community College of Vermont, Cornell University, Denison University, Tulane University, U.C.L.A. and the University of Washington, held a daylong summit at New York University spearheaded by Encore.org to discuss future curriculums and collaborations. Their mission was to work together on ways to create intergenerational, age-friendly institutions and build a network to help students who want to reboot to service-oriented work.

Among the challenges are how to provide courses for those in an aging population who lack the time or financial resources for full-blown degree-based programs.

"It makes no sense, however, to have an educational system that ends in the 20s when people are likely to be working into their 80s," said Laura L. Carstensen, founding director of the Stanford Center on Longevity. "We need to rethink these things."

- The government can help people finance later-life education by changing federal loan rules to support part-time, non-degree programs.
- Sometimes older students can negotiate for a fast-track degree by getting the college to waive some required courses because of work and life experience. In recent years, community colleges have reached out to adults interested in practical continuing education.
- If President Obama's proposal for free tuition at community colleges becomes law, even more older students are likely to participate.
- We need more older-student grants scholarships or fellowships.
- We need more free or discounted college tuition. Nearly 60 percent of U.S. colleges and universities let older students take classes either tuition-free or at rock-bottom prices.

The Emerging Gray Jobs Market.

As the population ages, jobs like senior fitness trainer and other jobs in health care, housing and other areas are on the rise. By 2050, according to Pew Research projections, about one in five Americans will be over 65, up from 13 percent of the United States population now. This demographic shift is already creating new fields and opportunities for workers of all ages.

"As tens of millions of people live into their 80s and 90s, we'll need millions of others in their 50s and 60s and 70s to help care for them — not just within families, but through second careers," said Encore.org's Freedman. "They'll be able to fill millions of positions we

will need to fill — as nurses, home health aides, health navigators and roles we’ve yet to even define,” he said.

Certain workers are already clearly in demand, including fitness coaches people who modify homes to make them safer, certified financial planners and people who can offer monthly help with finances and bill-paying.

Foster Senior Entrepreneurship

In 2009, the Ewing Marion Kauffman Foundation report “The Coming Entrepreneurship Boom” predicted that the United States would soon see an entrepreneurship boom, “not in spite of an aging population but because of it.” Entrepreneurs ages 55 to 65 accounted for 26 percent of all startups in 2014, up from 15 percent in 1996, according to the Kauffman Index of Entrepreneurial Activity.

With life expectancy rising, Boomers continue to be an important economic force for years to come.

A Senate hearing last February, titled “*In Search of a Second Act: The Challenges and Advantages of Senior Entrepreneurship*,” explored issues like illegal age bias by lending organizations and the need to develop tax incentives for senior start-ups. One idea discussed was expanding initiatives like the State Employee Assistance Program to allow long-term unemployed older adults to use their unemployment benefits to start a business.

“It makes sense to consider reforms to the unemployment insurance program that would help people get back to work,” said Senator Susan M. Collins, Republican of Maine, of the Senate Special Committee on Aging. “This could be through assistance to help people start their own businesses.”

And a variant of traditional family businesses: so-called legacy partnerships. The partnerships are started at or near the older partner’s retirement from a lifelong career, so two generations bring complementary assets to a new business. The assets are typically capital and experience from the older partner and energy, technical expertise or online marketing skills from the younger.

“Many seniors are creating legacy businesses alongside a younger member of their family,” said Elizabeth Isele, co-founder of Senior Entrepreneurship Works, a nonprofit that helps workers over 50 start businesses. “It’s a winning formula for both generations.”

In some demographic groups, too, multigenerational start-ups are leading the way, Ms. Isele said. For example, Hispanic entrepreneurs are creating more legacy businesses than any other demographic, according to Yanira Cruz, head of the National Hispanic Council on Aging. “The economic downturn hit this population very hard,” Ms. Cruz said. The result has been family members working together to create small retail businesses like florist shops, restaurants and other businesses in the food industry, and service businesses like cleaning companies.”

We need to improve access to finance, support matching and networking of investors and entrepreneurs, provide grants for business startups where loans are not feasible, and to develop tax incentives for seniors starting businesses.

Summary

Finally, I've recently returned from my fellowship at Columbia University's Robert N. Butler Columbia Aging Center Age Boom Academy. Twenty of us heard experts from organizations such as the World Health Organization, the United Nations, Columbia, the International Longevity Center and New York City's Health & Human Services Department share their research and thinking about aging.

One of my takeaways:

"There's a lot of doom and gloom and crepe hanging about the aging population," said Linda P. Fried, Dean, Mailman School of Public Health, Columbia University. "How can we create benefits from longer lives?" she asked. "Why are we not looking at the consequences of early retirements?"

Fried added: "We must invest in education to keep older workers engaged. They will stay healthier and there will be less demand on health system."

Her final message that clings to me: "Let's build a society where we want to get old."

I could go on, but my time is up. Again, I want to thank the committee for inviting me to be here today to weigh in on this vital issue.

Kerry Hannon,

Author, Columnist and AARP Jobs Expert and Author of *Great Jobs for Everyone 50+: Finding Work That Keeps You Happy and Healthy ... and Pays the Bills*

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United States Senate Special Committee on Aging
Room 562, Dirksen Senate Office Building
Hearing: Work in Retirement: Career Reinvention and the New Retirement Workscape
2:15 p.m. - Wednesday, June 24, 2015

Good afternoon. Chairman Collins, Ranking Member McCaskill, and distinguished members of the Special Committee on Aging. On behalf of the more than 13,000 employees of Bon Secours Virginia Health System, I thank you for this opportunity to share insights on how we attract and retain older workers as part of our health care ministry.

My name is Jim Godwin, and I am the Vice President of Human Resources for Bon Secours Virginia. Today, I will share:

- an overview of our workforce,
- why we value the experience, knowledge and expertise of older workers, and
- how they contribute to our success and culture.

As a Catholic, nonprofit health care system, Bon Secours Virginia is part of Maryland-based Bon Secours Health System Inc., with some 22,000 employees in six states.

Bon Secours Virginia has 8,400 employees in Richmond and 5,000 employees in Hampton Roads. With five hospitals in the Richmond area, three in Hampton Roads, and dozens of ambulatory care sites and support services, we take our mission of “providing good help to those in need” to heart.

The Sisters of Bon Secours, who started our ministry in Paris in 1824, remain a guiding force for our shared values, mission and vision. Many of the Sisters are over 60

and continue serving as leaders well into their 80s and 90s, providing strategic direction and guidance. For us, workers of this age are common, and we celebrate their vision, wisdom and contributions.

In our Virginia health system, 35 percent of employees are 50 or older and 11 percent are in their 60s. We have 126 employees in their 70s and a remarkable 12 in their 80s. Some 82 percent of our workforce is female, and more than one-third are nurses.

We value each employee and his or her unique qualities and life experiences. We believe our older workers' wisdom and institutional knowledge are invaluable.

Let me tell you about some of our long-time employees:

I'll start with **Nettie Coleman**, who turns 81 this year. She has worked with us for an amazing 58 years so far. She tried retirement for a few months, but her respect and passion for her work drew her back. After nearly six decades, Nettie still works part time in pre-placement, conducting physicals, drawing blood and helping new employees.

Our oldest employee is **Virginia Abbott**. She is 89 and celebrates 29 years of service this year. Outside of her incredible work stamina, what's so amazing about Virginia's story is that she didn't even come to work for us until she was 60.

Currently, we have five employees with 49 years of service. Clearly, work is the new foundation of youth for these distinguished employees.

We also have many employees launching "**Encore Careers.**" A former high school administrator and a professional firefighter recently graduated from our Bon Secours Memorial College of Nursing. Both of these men are 50+, and are enjoying second careers in our health system. Another recent graduate was 62 years old.

Bon Secours Virginia is committed to our culture that attracts, values, retains and celebrates our 50+ workers. In fact, AARP has ranked us a "Best Employer for Workers over 50" since 2003.

We've been on *Working Mother* magazine's top 100 places for working mothers for 16 years and in the top 10 twice. Gallup has named Bon Secours Health System to its prestigious international listing of Great Workplaces annually since 2011.

These accolades benefit Bon Secours Virginia as an organization, because we're able to attract and retain a highly engaged and productive workforce – of all ages and life stages. This directly benefits our patients, who have better care experiences and rate us higher on patient satisfaction surveys.

Let me share how experienced nurses benefit patient care.

The Robert Wood Johnson Foundation reports that RNs are, on average, spending more time in the workforce — about 2.5 more years than did their peers back in the 1980s and 1990s. That's a good thing for Bon Secours Virginia.

As nurses age, they report higher levels of career and job satisfaction. Some 80 to 85 percent of nurses report being satisfied with their careers – much higher than other professions.

That means that as more Baby Boomer nurses age, they're more likely to be satisfied and more likely to keep working. That kind of experience and knowledge is invaluable when it comes to patient care and safety.

However, working in a hospital setting can be hard on nurses due to the physical challenges. That's why we have mobility-lift teams to help our older workers with the regular turning of bed-bound patients. We've seen a drop in injuries and a reduction in muscle fatigue among older nurses.

Our health care workforce is changing, and we're working hard to address those changes. America continues to face a nursing shortage. Finding the right nurses for the right jobs at the right time is increasingly difficult.

We're going to need to keep our health care employees satisfied with their careers, because the demand for health care is growing. The Affordable Care Act ensures that more people have access to health insurance. People over 65 tend to consume two to four times more health care than younger folks, and a growing population with chronic conditions adds to the demand for care.

At the same time, people are living longer, healthier lives. And the majority of U.S. workers are interested in delaying retirement. With these factors in play, there is no better time to reach out to older workers.

By offering initiatives such as phased retirement, flexible work schedules and intergenerational programming, Bon Secours Virginia has been successful in retaining its valuable older workers. In fact, we have about 100 Virginia employees who receive both a retirement check and a paycheck from us. Also, anyone working 16 hours or more for us is eligible for our benefits.

Employers committed to a culture of aging must proactively address why older workers leave. We've found that flexibility addresses nearly all of them. Preventing attrition through flexibility involves creative thinking and a willingness to try new approaches.

Our comprehensive and generous benefits are attractive, flexible and creative as we help support employees and their families. For example, grandchildren of our employees are eligible to attend our on-site Family Care Centers. Our older workers utilize our award-winning Employee Wellness Services to maintain healthy and active lifestyles. Life-long education and training help us attract and keep older workers, so we offer classes to encourage engagement, to facilitate job growth and to retrain for lateral moves.

Our CEO Peter J. Bernard regularly hears from our older workers over special lunches. In our journey to attract and retain older workers, we have made significant progress by constantly improving programs and policies through creative and innovative approaches.

In closing, I ask you to remember employees at Bon Secours Virginia – like our 89-year-old Virginia Abbott – and others who keep working far beyond the typical retirement years and help us pursue our mission of providing good help to those in need.

Thank you for this opportunity to share our story. I welcome any questions.