

Supporting ageing workforce key to tackling future US economic challenges

24/01/2018 – Providing American seniors with better work incentives and opportunities will be crucial for the United States to meet the challenges of its rapidly ageing population. By 2028, more than one in five Americans will be aged 65 and over, up from fewer than one in six today, according to a new OECD report.

Working Better with Age and Fighting Unequal Ageing in the United States

finds that employment rates among older workers in the United States are above the average across OECD countries. In 2016, 62% of all 55-64 year olds were employed compared with the OECD average of 59%. However, employment rates are much lower among some older population groups. Early retirement is prevalent among workers from vulnerable socio-economic backgrounds, often occurring as soon as Social Security benefits become available at age 62. Poverty among seniors is a challenge: more than 20% of people aged 65 and over have incomes below the relative poverty line – defined as half of the median disposable household income – compared with the OECD average of less than 13%.

“More needs to be done to promote greater inclusiveness at old age and foster better, longer working lives for all Americans. A comprehensive policy approach is needed to help individuals overcome disadvantages over their life course,” said OECD Secretary-General Angel Gurría, launching the report at the World Economic Forum in Davos. “This could both help reduce old-age poverty and strengthen public finances by reducing public outlays on Social Security.”

The report stresses the importance of fostering more flexible transitions to retirement, for example through a combination of part-time work and pension incomes. This can help older workers to remain employed longer. Currently, however, only around 40% of older workers in the United States aged 65 and over are working part-time compared with over 65% in OECD countries such as Germany and the United Kingdom.

Among its other recommendations, the OECD suggests the following approaches:

- *Promote well-informed choices between work and retirement.*
Provide easily understandable information – especially to seniors with poor financial literacy – about the financial implications of early or late retirement.
- *Support businesses in providing older workers with good jobs.*
With relatively little employment protection and no mandatory retirement age, the willingness of US firms to hire and retain older workers is key to better employment opportunities for older workers. The experience of

other OECD countries can help key stakeholders in the United States identify best practices in the private sector to recruit, retain and retrain older workers. For instance, according to the Fuller Working Lives Business Strategy Group in the United Kingdom, it is crucial to improve awareness of line managers of issues affecting older workers' employment, so that they can provide effective support.

- *Provide equal opportunities for workers to upgrade their skills throughout their working lives.*

For workers in their mid-to-late careers, training and upskilling is essential to foster inclusive employment. The digital transformation makes this even more important. If no action is taken, the prospects of future generations of older workers in the United States and of US economy at large would be negatively impacted.

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