Workers' Comp

The rising retirement rate is changing the U.S. workforce

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The average number of baby boomers who retire from the U.S. work force has been slowly growing over the last 10 years, as the population that “boomed” after the second world war have reached retirement age. But 2020 saw a big jump in the retirement rate, according to Pew Research Center, with over 3 million more people retiring than in 2019. Some workers left the labor force by choice; others were forced into early retirement.

What’s driving this rising in retirement? The pandemic was a big factor. Industries such as hospitality and retail were hit hard during the shutdown; restaurant closures alone accounted for nearly 2.5 million lost jobs due to COVID-19. And although many businesses reopened their doors, older workers often hesitated to return. Some were able to tighten their belts financially and decided that going back to work was not worth it. Many worried about their health before vaccines were available. They may have suffered through the illness or took care of loved ones who were sick. Some lost family or friends. Many baby boomers who were already close to retirement age decided they wanted to enjoy as much of their remaining years as possible. As Morgan Freeman’s character “Red” says in The Shawshank Redemption, “Get busy living, or get busy dying.”

So what does this mean for the workforce?

- Fewer workers overall: There’s a labor shortage, particularly in industries where employees cannot work from home. Job losses in manufacturing, distribution, and transportation have disrupted the supply chain and inflated prices.

- Loss of talent and expertise: Baby boomers account for a huge percentage of the U.S. workforce, and their approaching retirement was already worrisome before the pandemic. Their decades of skill and experience will be missed as business struggle to find mentors for college graduates and other younger workers.

- Greater demands on Social Security and pension payouts: In 2020, more people than ever before decided not to work past age 67. As a disproportionate number of workers reach this age, social and financial safety nets will strain to accommodate them.

The rising retirement rate will likely affect the world of workers’ compensation too. Older workers tend to be injured at work less often than their younger cohorts, being generally more cautious and careful in their movements. But when they do get hurt, such as from falling at work, their recovery tends to take longer and be more expensive. Many have comorbidities such as high blood pressure or arthritis. Baby boomers are at higher risk from fatal injuries at work as well. As they leave the workforce in droves—about 10,000 a day—we expect

to see changes in the types of claims, their medical needs, and their time away from work.



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