

## Older Workers in Minnesota: An Important and Growing Resource

*Report prepared for*

**Minnesota Legislative Task Force On Aging**

**June 5, 2024**

**Kate Schaefers, Ph.D., LP**

### **BACKGROUND**

Minnesota's population is aging. By 2030, Minnesota will be home to almost 1.5 million people ages 65 and older, representing one in five people in the state ([Minnesota Department of Human Services](#)). For Greater Minnesota, the aging trend is even more pronounced: 22.6% of the population in Greater Minnesota will be 65 and older by 2030, more than the state (20.6%) and Metro area (19%) projections ([Center for Rural Policy and Development](#)).

Minnesota's workforce is aging as well. Demographics tell part of the story, but shifting retirement patterns are also a factor. Instead of full stop exits from the workforce, many are opting for alternative ways of working (e.g., part time jobs, new careers, bridge jobs, freelancing, entrepreneurship). Longer working lives, and [unretirement](#) (retiring from one job to find work in another), are here to stay.

Here are some statistics to consider:

- In 2020, almost a quarter (23.8%) of Minnesota jobs were held by people 55 and older ([Minnesota Employment and Economic Development, 2021](#)).
- In 2022, 19% of those 65 and older were in the workforce, compared with 11% in 1987. By 2032, this percentage is expected to grow to 21%. ([Pew Research Center Report, 2023](#)).
- The fastest growing segment of the U.S. workforce is workers age 75 and older ([Pew Research Center, 2023](#)). Labor force participation of those 75 and older is expected to grow by 96.5% by 2030 ([Bureau of Labor Statistics](#)).

Many older workers stay in the workplace because they want to be there ([Rand Research Report, 2019](#)). They crave meaningful work and flexibility, in addition to job stability and good pay ([AARP 2023](#)). They want to use their skills, make an impact, and stay socially connected.

However, for an increasing number of older adults, they work because they need to earn an income. Retirees typically rely on three sources of income: social security, pensions, and personal savings. With the decline in access to pensions (only 22% of non-retirees had access to a pension in 2021, according to the [Federal Reserve](#)), retirees rely on a combination of social security benefits and savings to support their retirements. The average Social Security retirement benefit is modest: in April 2024 the average was \$1,915.26 per month ([Social Security Administration](#)). For many Americans, retirement savings are woefully inadequate, even for those nearing retirement. A recent AARP survey found that 20% of those ages 50 and older have no retirement savings ([AARP, 2024](#)). For 15% of women and 12% of men over the age of 65, social security represents 90% of their income ([Social Security Administration Fact Sheet](#)).

In a 2023 survey, the [National Institute on Retirement Security](#) found that the majority (79%) of Americans believe there is a retirement crisis, about half (55%) worry that they will not be able to save enough in retirement.

Public policy that supports access to workplace retirement plans, like [Secure Choice](#) (taking effect in Minnesota in January, 2025), can make a big difference. According to AARP, those who have access to a workplace savings plan are 15 times more likely to save. Employees with access to automatic payroll deduction are 20 times more likely to save for retirement than those who lack this access ([AARP, 2023](#)).

## **BARRIERS TO CONTINUED WORK**

Those with [physically demanding jobs](#), [health issues](#), or [caregiving responsibilities](#) may be forced to leave the workforce prematurely. These challenges disproportionately impact BIPOC communities ([Schwartz Center for Economic Policy Analysis, 2022](#)) and contribute to racial disparities in poverty rates of older adults.

Ageism is also a persistent barrier. Despite laws protecting older workers ([ADEA](#) protects workers 40 and older from age discrimination in the workplace), [ageism](#), sometimes described as the “last socially acceptable prejudice,” continues to impact people in the workplace. An AARP survey found that two thirds of workers ages 45 and older reported having seen or experienced age discrimination in the workplace ([AARP, 2018](#)).

For older workers who are laid off, the road back to employment is difficult. They face the financial hardship of lost wages, lost earning power, and stepping out of the workforce prematurely without adequate savings to support their families. It takes older workers longer to get reemployed, and often their new positions pay less ([Urban Institute, 2021](#)). According to a [2018 report by the Urban Institute](#), the majority (90%) of older workers who lose their jobs involuntarily end up in jobs that pay less, with a

median drop in income of 42%. Older workers are more likely to encounter long periods of unemployment, less likely to find stable employment, and more likely to face age discrimination when applying for jobs ([Georgetown University Center for Retirement Initiatives, 2019](#)).

## RECOMMENDATIONS

### Support Working Caregivers

Family caregivers are the backbone of the care system in the United States. Minnesota's 530,000 family caregivers provide unpaid care valued at \$10 billion, according to [AARP](#). The importance of family care is all the more salient given the shortage of direct care workers in Minnesota ([Minnesota Department of Human Services](#)) coupled with the growing population of older adults who need care.

Caregiving responsibilities often surface during prime working and child rearing years (the "sandwich generation"). Women are particularly impacted by caregiving: 66% of family caregivers are women, and women spend as much as 50% more time providing care than male caregivers ([Family Caregiver Alliance](#)). On average, family caregivers spend 18 hours per week providing care, with most (61%) juggling caregiving with holding down a job ([AARP, 2023](#)).

Family caregivers often need to adapt their work lives to provide care. Some are forced to leave the workplace to care for family members, risking lost income, career opportunities, and their own long term financial and physical health ([AARP and National Alliance for Caregiving, 2020](#)).

Policies and benefits that target family caregivers can go a long way in supporting caregivers and helping them stay in the workplace. Here are a few examples.

- **Paid leave.** Minnesota's [Paid Leave Act](#) not only helps workers manage the immediate need of caring for loved ones, but it also supports their ability to stay in the workplace. Taking effect in 2026, this legislation will provide financial relief and job protection for caregivers who need to step away from work to care for a loved one.
- **Financial assistance.** Family caregivers spend on average \$7,242 out-of-pocket to fill the care needs of loved ones ([AARP, 2021](#)). This financial strain is greater for some communities, in particular Latinos, African Americans, and younger caregivers. Legislation like the [Credit for Caring Act](#) (U.S. S. 3702/H.R. 7165) would allow family caregivers to offset some of their costs of caregiving.
- **Employer education.** Employers can play an important role in helping their employees manage caregiving while continuing to work. Training managers,

and building a caregiver-friendly culture, are important. Promoting workplace policies that support caregiving, like flexible work arrangements (work from home, reduced hours with benefits, flexible scheduling) can help workers keep their jobs while managing caregiving responsibilities.

### **Expand Support for Alternative Work Options**

Adaptations to the workplace, and expanding working options, opens up opportunities for older workers to continue to work.

- **Build better on and off ramps.** Allow workers to shift job responsibilities as they age. Support phased retirements, downshifts in roles, and restructuring work to better accommodate workers, especially when it comes to physically demanding jobs.
- **Support self employment.** Self-employment increases with age, and offers a viable pathway to employment for many older adults ([Contract Work at Older Ages, 2020](#)). Self employment takes many forms. Independent contractors, business owners, independent consultants, freelancers, those doing gig work, all are considered self-employed. Driven by a number of factors, including ageism/discrimination, desire for more control of their situation, and the need for flexibility, self-employment can provide advantages over traditional wage and salary employment for some workers. Minnesota's Workforce Centers could expand training to empower older workers to pursue self-employment, and help them identify resources and funding options to start businesses or connect with contract work.
- **Support sustainable work.** Today's 24/7 workplace is intense. Employees are doing more with less, and reporting increasing levels of stress and burnout. ([Overload: How Good Jobs Went Bad and What We Can Do About It, 2020](#)) Employees of all ages report feeling overwhelmed and overworked. Redesigning work to better align with people's lives will benefit workers of all ages. Flexibility (scheduling, location, benefits), control over how and where employees work, and benefits for part time work, could all help people stay in the workforce longer.

### **Expand access to retraining and skill building**

With the rapid evolution of technology, the explosion of AI, and disruptions in the way we work, ongoing learning is more important than ever. Employees of all ages will need to retool and re-skill throughout their careers to remain marketable in today's workforce.

- **Provide support for practical skill building.** Invest in short term, focused, skillbuilding training in high demand areas (e.g., certificate programs, microtraining, and boot camps).
- **Offer career change assistance.** Help older adults plan for longer working lives, navigate transitions, and retrain for work that aligns with the next stage of life.
- **Expand apprenticeships and internships with older adults in mind.** For those who take a career break, returning to work is a challenge. Hands-on learning opportunities like internships and apprenticeships can open doors and allow older workers to refresh their skills. However, most internships are designed for new professionals, not experienced workers. Returnships – a bridge back to the workplace for experienced workers – are gaining popularity as a way to help experienced people return to the workforce. Originally targeting professional women who left the workforce to raise children, the idea could be applied to older workers with career breaks.

## FURTHER READING

- Berkman, Lisa F., and Beth C. Truesdale (eds), [\*Overtime: America's Aging Workforce and the Future of Working Longer\*](#) (New York, 2022; online edn, Oxford Academic, 17 Nov. 2022).
- Choi-Allum, Lona. [\*Understanding a Changing Older Workforce: An Examination of Workers Ages 40-Plus\*](#), Washington, DC: AARP Research, January 2023.
- Farrell, C. (2014). [\*Unretirement: How Baby Boomers are Changing the Way We Think About Work, Community, and the Good Life\*](#). United States: Bloomsbury Publishing.
- Kelly E, & Moen P. (2020). [\*Overload: How Good Jobs Went Bad and What We Can Do about It\*](#). Princeton, New Jersey: Princeton University Press.
- Moen, P. (2016). [\*Encore adulthood: Boomers on the edge of risk, renewal, and purpose\*](#). Oxford University Press.
- Moen, P., Kojola, E., & Schaefer, K. (2017, October) [\*Organizational Change Around an Older Workforce\*](#), *The Gerontologist*, Volume 57, Issue 5, October 2017, Pages 847–856.
- Moen, P., Kojola, E., & Schaefer, K. (2017). [\*Boomers at work and in transition. Boomers at Work and in Transition\*](#).

- OECD (2020), [\*Promoting an Age-Inclusive Workforce: Living, Learning and Earning Longer\*](#). OECD Publishing, Paris.
- Schulz, R. (2020). [\*The Intersection of Family Caregiving and Work: Labor Force Participation, Productivity, and Caregiver Well-Being\*](#). In: Czaja, S., Sharit, J., James, J. (eds) *Current and Emerging Trends in Aging and Work*. Springer, Cham.

## **About Kate Schaefers**

Kate Schaefers, Ph.D., L.P. is Director of the [Osher Lifelong Learning institute](#) (OLLI) at the University of Minnesota, part of the College of Continuing and Professional Studies. OLLI is a vibrant learning community for people 50+, offering hundreds of noncredit courses for active, lifelong learners. Prior to joining OLLI, she was Executive Director of University of Minnesota Advanced Careers Initiative, a gap year for experienced professionals as they transition into meaningful post-career lives. She currently serves on the AARP-MN Executive Council, as well as UMN Age Friendly U Council. She is Co-Director of The Nexel Collaborative, a higher education consortium focused on intergenerational learning. She is a licensed psychologist and a graduate of Iowa State University (Ph.D.), University of Minnesota (M.A.), and Loyola University Chicago (B.S.).

## **Contact information:**

Kate Schaefers, Ph.D., LP  
Osher Lifelong Learning Institute at the University of Minnesota  
College of Continuing and Professional Studies  
20 Ruttan Hall  
1994 Buford Avenue  
Saint Paul, MN 55108;

Email: [k-scha@umn.edu](mailto:k-scha@umn.edu)

Phone: 612-625-3118