

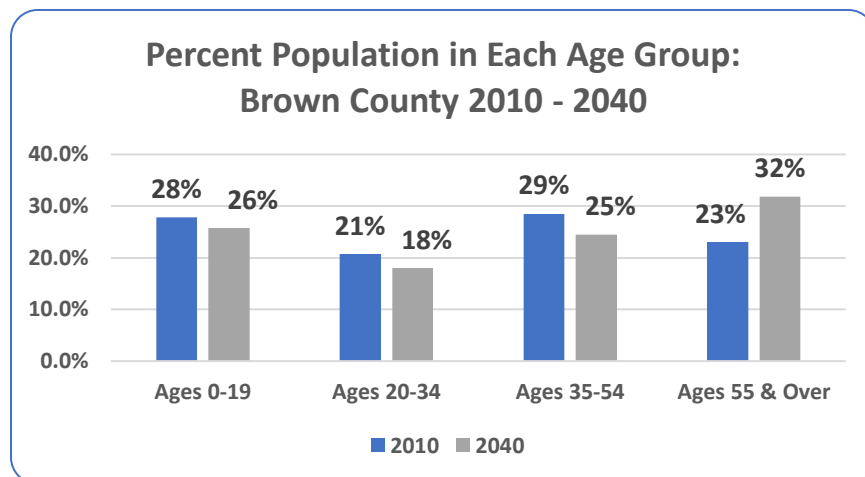
A Natural Workforce Solution: Retain Your Retirees!

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Greater Green Bay organizations are being challenged to find workers with the right skillsets to meet employers' needs. They address this challenge with two strategies: 1) **Attract & retain** new workers from outside the Green Bay area, and 2) **Grow our own** by training and retraining individuals already living in our area.

The "attract & retain" strategy is a significant challenge, but three local advantages might offer some success: digital access, the successes of Tiletown Tech, and the work of our Chamber of Commerce. That strategy alone, however, is not likely to meet our needs for the future. It will be important to focus future efforts on the "grow our own" strategy. Still, these two strategies are slow to provide the workers we need. A more immediate way to fill our workforce needs is simply to retain our retirees! Our aging population makes it a natural choice.

An aging Green Bay area population will have workforce impact. Aging will affect the availability of people in the workforce as well as the demands for a workforce to serve the needs of that same aging



population. This graph suggests that the pool of the workforce in all age groups under age 55, our primary workforce to date, will decrease. At the same time the percentage of individuals in the 55-and-older group will increase significantly by 2040.

Each day approximately 10,000 Baby Boomers turn 65. By 2030 all of the Baby

Boom generation will have reached the retirement age of 65. Ken Dychtwald and Robert Morrison, in their new book, *What Retirees Want*, present evidence that the 65-and-older age group may provide an opportunity to buttress the workforce. In 1990, 12% of those aged 65 and older were in the U.S. labor force; by 2020 that had increased to 20%.

Why have we seen this increase in labor force participation by the 65+ age groups? Dychtwald & Morrison cite four factors: 1) Increasing life expectancy has led to retirements that might last 20 – 30 years; 2) Changing from defined benefits to defined contributions in the financing of retirement makes retirees more dependent on the unreliable performance of their 401k accounts; 3) Economic uncertainty (and I would add concern over rising health care costs) followed the great recession of 2007-2009; and 4) Seniors now expect a purposeful retirement life in which they feel actively contributing, socially interactive, and fulfilled.

Signals that the retirement age group might indeed be a source of opportunity for meeting workforce needs can be found in our own area, nationally, and internationally.

Global Signals

- Japanese companies are raising retirement age. In the next four decades, Japan's population is projected to shrink from 127 million to 88 million, with the proportion of those over 65 swelling to almost 40 percent from the current 28 percent, according to the National Institute of Population and Social Security Research. <https://www.reuters.com/article/us-japan-companies-retirement-age/most-japanese-companies-look-to-raise-retirement-age-reuters-poll-idUSKBN1A42P4>
- Electronics retailer [Nojima](#) has decided to let employees work until they are 80 years old if they wish, raising its retirement age from 65 to retain experienced workers in a graying Japan. <https://asia.nikkei.com/Business/Retail/Japan-retailer-pushes-limit-of-retirement-age-making-80-the-new-65>
- Fifty-seven percent of workers globally expect a phased transition into retirement and envision working in some capacity in retirement, based on a survey of 14,400 workers and 1,600 retired people surveyed across 15 countries: Australia, Brazil, Canada, China, France, Germany, Hungary, India, Japan, the Netherlands, Poland, Spain, Turkey, the United Kingdom, and the United States. The survey was conducted online by Aegon Center for Longevity and Retirement in early 2020. <https://www.aegon.com/contentassets/837487b7a02b4980bac44cd4ad526558/aegon-retirement-readiness-report-2020.pdf>

National Signals

- Phased retirement programs which allow employees to return to work while collecting some specific benefits are getting more attention. Employees in phased retirement programs may be limited in the number of hours they can work each week, and the programs could last months or years or indefinitely.
- According to the Society for Human Resource Management, while few employers are offering phased retirement programs, the percentage of workers involved is increasing. <https://www.hrdiver.com/news/as-the-workforce-ages-phased-retirement-grows/557485/>
- Willis Towers Watson's Longer Working Careers Research in the U.S. found that 69% of employees wish employers would make working past conventional retirement age easier, with over a third expecting to defer retirement until after age 70. <file:///C:/Users/Dave/AppData/Local/Temp/working-late-managing-the-wave-of-us-retirement.pdf>
- Wisconsin has the tenth-smallest pension shortfall of \$3.6 billion. The pension funds of our neighboring states are in weaker positions: Illinois - \$140.6 billion shortfall, Michigan - \$37.6 billion shortfall, Minnesota - \$15.2 billion shortfall and Iowa - \$6.5 billion shortfall. <https://www.usatoday.com/story/money/2020/12/11/every-states-pension-crisis-ranked/115099952/>

- The [total debt burden for Americans over age 70 increased 543%](https://www.marketwatch.com/story/many-retirees-are-buried-in-debt-how-can-they-get-out-2020-11-11) from 1999 through 2019, to \$1.1 trillion, according to the Federal Reserve Bank of New York. For those in their 60s, debt grew 471% to \$2.14 trillion. <https://www.marketwatch.com/story/many-retirees-are-buried-in-debt-how-can-they-get-out-2020-11-11>

Local Signals

- The 2019 NEW Manufacturing Alliance Retirement Intentions study found that 74% of employees of manufacturing companies in northeast Wisconsin are contemplating working after they retire. Most (58%) would prefer part-time, year-round employment, and 52% prefer a flexible schedule. <https://newmfgalliance.org/resources/>
- The Ariens company has established a Sunset Transition Plan that allows workers to transition gradually to full retirement. <https://newmfgalliance.org/media/2060/ariens-retiree-sunset-program-3-5-2018.pdf>

Factors to consider when developing your “Retain your Retirees” Plan

Employers certainly face challenges when long-term employees retire. You might consider:

- Likelihood of finding workers with similar skill levels
- Danger of losing institutional knowledge
- Ease of transferring knowledge from retirees to new workers
- Added retirement costs, reducing the prospects of hiring other needed workers
- Possible increase in the cost of health care benefits
- Potential increase in wage and salary costs
- Danger of stifling the advancement of younger workers
- Potential *benefits* to your organization
- Unique challenges of a phased retirement program
- Characteristics of a phased retirement program that might address these challenges
- Local models to help you think through your phased retirement program

The signals clearly indicate that the challenge of an aging population could be a workforce advantage for organizations that can design a thoughtful, equitable and beneficial plan to retain retirees.