

New Research of U.S. Labor Force Participation and Employment Finds Shrinking Prime-Age Worker Population Being Filled by Older Workers

- However, labor force participation rate of those ages 65 or older has not reached its pre-pandemic level while the rate for prime age workers has reached previous level -

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(Washington, D.C.) – A new research report published today by the Employee Benefit Research Institute (EBRI) taking a historical look at labor force participation and employment data in the United States found the prime working age population (25–64 years old) has significantly fallen and is being filled by older workers. At the same time, the labor force participation rate of those ages 65 or older has not reached its pre-pandemic level, while that of the prime working age population has reached that level.

The report, “Trends in Labor Force Participation and Employment of Americans Ages 16 or Older,” examines the U.S. civilian labor force through December 2023, using data from the U.S. Census Bureau’s Current Population Survey.

As the Baby Boom generation has aged, the American labor force has also grown older. The new research evaluates several labor force questions relating to the civilian noninstitutionalized American population, including the labor force participation rates by age and gender, shares of the U.S. population and the U.S. civilian labor force by age and gender. This study examines these trends as far back as 1975.

Key findings in the report include:

- The share of the labor force that is of prime working ages (ages 25–64) has significantly fallen since the mid-1990s despite the labor force participation rates of individuals of these ages remaining near mid-1990s levels. The decrease is being driven by the smaller number of people of these ages (meaning that younger and older Americans are needed to cover this decrease). So far, the older population has been filling the gap in the labor force, as those younger than age 25 are at near record-low levels for their share of the labor force.
- Beginning in 2008, the U.S. population (ages 16 or older) became increasingly composed of those ages 65 or older. By 2023, this age category made up the largest share of the population. Americans ages 16–24 made up the smallest proportion of this population, while those ages 45–54 made up the second smallest share.
- When analyzing the U.S. population ages 16 or older by age and gender, females ages 65 or older made up the largest proportion by a sizable margin. However, males of the same ages tended to make up a comparatively larger share of the labor force than females, with the labor force gaps being smallest among the youngest and oldest age ranges.
- The labor force participation rates of those ages 16 or older were overall relatively constant from 1975–2023. However, participation rates rose for females and fell for males, though both genders had lower participation rates in 2023 than in 2008.
- Labor force participation rates of White Americans ages 16 and older declined from 2000–2023, with the rates for Black and Hispanic Americans also being lower in 2023 than in 2000. However, the labor force participation rates for Black and Hispanic Americans increased sharply from 2021–2023 after falling in 2020, while this was not the case for White Americans.

“Despite the difference in labor force participation (LFP) rates between 1975 and 2023 being less than 2 percentage points, significant changes in labor force patterns and composition have occurred over the past several decades. The LFP rates decreased for men and increased for women over this timespan, though female LFP rates have trended down since the 1990s, resulting in a lower overall LFP in recent years. A large decline in the LFP rate was observed among those ages 16–19 at the beginning of the 2000s, while those ages 65 and over have had an increase in the LFP rate,” explained Craig Copeland, director, Wealth Benefits Research, EBRI. “The age of the labor force will play an important role in companies’ work force development. At present, the aging of the Baby Boom generation has resulted in an increased share of older individuals in the labor force. However, members of this generation are almost all at least in their 60s, and the next generation, Gen X, is much smaller. So, a decrease in the share of workers ages 55 or older is imminent. How quickly this outcome results will be determined by whether the Baby Boom generation has continual higher labor force participation rates at ages over 65 than what has occurred in the past.”

To view a summary of the research report, “Trends in Labor Force Participation and Employment of Americans Ages 16 or Older,” visit <https://www.ebri.org/publications/research-publications/issue-briefs/content/trends-in-labor-force-participation-and-employment-of-americans-ages-16-or-older>.

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(Media Note: To receive the complete research report, email Ron Dresner at dresner@ebri.org).