Boomers’ retirement will hit hard, and many businesses say they aren’t prepared

BY DIANE STAFFORD - THE KANSAS CITY STAR
01/19/2015 9:11 PM | Updated: 01/20/2015 11:08 AM

Utilities are one sector that could be hit hard by retirements the next few years. In many sectors more than one-fourth of workers are 55 and older, but for utilities, health care, religious and nonprofit organizations, and government agencies, it’s more than 20 percent. TAMMY LJUNGBLAD / THE KANSAS CITY STAR

Every 10th worker in America is eligible to retire this year or next.

Depending on your work situation, that may not be a startling estimate. If you’re in an organization that cut staff more than that during the recession, or in a venture populated by young people, you might shrug off impending retirements.

But in many organizations, the loss of experienced employees — presumably workplace survivors because of their needed skills — could pack a punch.

The U.S. Bureau of Labor Statistics forecasts that nearly one in four members of the U.S.
labor force will soon be 55 years old or older. That’s up from about one in eight in 2002.

The baby boom exodus from the workplace already has grabbed human resources officers’ attention. Some boomers were downsized and haven’t returned to work. Some left because of disability. Many others voluntarily are taking early or planned retirement because they are financially comfortable.

When the bulk of the 76.4 million members of the baby boom generation were in their prime working years, 80 percent of them participated in the labor force. The labor bureau sees the boomers’ participation rate plummeting to 40 percent after age 55.

Already, the percentage of retired baby boomers has nearly doubled just since 2010. At the same time, every member of the big “baby boom echo” — the millennial generation — is now of working age.

Is the boomers’ “institutional memory” being passed along? Will their “mature experience” be missed? And is the boomers’ well-regarded work ethic replicable?

Some human resource officers are asking these questions and preparing answers. Others admit to being unprepared for the demographic change in their workforces.

A new survey by the Society for Human Resource Management found that one-third of organizations fear that the potential loss of older-worker talent could be a problem for their industry or organization.

“Definitely. We are concerned. We have a lot of long-term workers, a lot of baby boomers,” said Jill Crutchfield, director of human resources at North Kansas City Hospital, which employs about 3,000 workers.

Crutchfield said the hospital was working diligently to ease boomers’ departure by offering them part-time and job-changing options rather than losing them outright. It’s also beefing up its recruitment and retention of younger workers, especially in its nursing core.

“Maybe 10 percent of our staff is likely to retire in the next year or so, so it’s a big topic of discussion,” Crutchfield said. “A lot of what we know comes from experience, so we worry a lot about the knowledge transfer.”

Formal and informal mentoring is encouraged, she said. But that’s most effective if both
older and younger workers can be kept on board.

Employers around the country and in most professions have found that younger workers are more apt to change jobs frequently than boomers. For hiring, training and mentoring programs to be cost-effective to organizations, the millennials need to stay awhile.

The human resource society’s survey found that just one-fifth of organizations have done in-depth assessments about what the retirement of older workers means to them in terms of filling potential skills gaps.

Only one-third of the survey responders said their organizations had taken specific steps to fill those gaps. One in five said their organizations had no strategies to transfer knowledge from older to younger workers.

That’s a problem that KCP&L is trying to avoid. Human resources director Kelly Murphy said the utility may be ahead of some organizations’ planning because “we provide a critical infrastructure service. We have to look around the corner.”

Looking ahead means reaching down into the school systems to support science and technology education and programs, such as robotics, that will excite young people about entering the industry. It means setting up programs for millennials at work and encouraging their participation in metro-wide organizations that trumpet the area as a vibrant place to work.

“Twenty percent of our workforce is eligible to retire in the next year or so,” Murphy said. “The fact that they’re retirement-eligible doesn’t mean they’ll walk out the door. Our turnover is less than that, and what actually happens is based partly on the economy.”

But the statistic itself demands attention. That’s why results of the human resource society’s survey surprised some practitioners who see that the challenge of replacing departing boomers goes beyond attracting and retaining younger workers.

The society reported that more than half of the organizations surveyed said they don’t actively recruit other older workers. And that’s somewhat ironic. The same survey respondents listed these “advantages” they get from older workers compared with younger ones:

- More work experience, 77 percent.
• More maturity or professionalism, 71 percent.

• Stronger work ethic, 70 percent.

• Able to serve as mentors to younger workers, 63 percent.

• More reliable, 59 percent.

Tina Uridge, executive director of Clay County Senior Services, an organization financed by county taxes that works with about 50 nonprofit organizations, said she sees high priority placed on trying to retain experienced workers.

“They have the institutional knowledge, the emotional maturity,” Uridge said of the tenured nonprofit and social service employees she encounters. “And in small organizations like mine — we have just 3½ employees — it’s essentially to have a lot of cross training and teamwork.”

New employees can’t always jump in and immediately fill the shoes of departing workers, she said. That’s partly why, as many nonprofits are losing their long-time executive team, that nonprofit boards are appointing interim to gain experience and test the position before completely passing the baton.

The human resource society ended its recent survey report with an alert to fellow practitioners:

“Simply determining what percentage of their workforce is age 55 or older and projecting how this proportion may evolve in the years ahead are a few basic data points every HR professional should know.”

It urged organizations to find ways to get older workers to delay retirement, partly by convincing managers to support job options such as part-time hours, job-sharing, flexible vacation or time-off scheduling, and other phased-retirement alternatives.

Fortunately for most places of employment, boomer retirements are more of a steady stream than a gush.
“Many boomers want to remain in the workforce,” said Cathy Boyer-Shesol, project manager of the KC Communities for All Ages initiative at the Mid-America Regional Council. “It’s a combination of wanting to and having to remain. As a whole, their work ethic is strong, and that’s been a great benefit for employers.”

One goal of her project is the “education of employers that this is a vital pool of employees” — workers who can be retained with some creativity.

"Some don’t need a paycheck. They just want to stay involved,” Boyer-Shesol said.

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WHERE OLDER WORKERS ARE

Health care, nonprofits, government, and utilities are industries likely to be most affected by baby boomer retirements. According to the “Preparing for an Aging Workforce” report, here are the shares of 55-and-older workers, by industry:

29.9% Health care and social assistance

29.5% Religious, grantmaking, civic, and similar nonprofits

29.3% Government agencies

29.1% Utilities

28.7% Finance, insurance and real estate

27% Mining, quarrying, oil and gas extraction

26.6% Manufacturing

26% Information, scientific and technical services

24.4% Educational services

24.2% Construction, repair and maintenance

23.1% Wholesale trade, transportation and warehousing, retail trade, accommodation and food services
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Source: Society for Human Resource Management

AGE DISTRIBUTION OF THE U.S. LABOR FORCE

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Source: U.S. Bureau of Labor Statistics

STEPS TAKEN TO RETAIN OR RECRUIT OLDER WORKERS

48% Offer reduced or part-time hours
40% Hire back as consultants or temps
37% Allow telework or other flexible schedules
30% Create or redesign position as a “bridge” to retirement
30% Offer phased retirement
29% Provide training to upgrade skills
27% Offer transfer to reduced-responsibility job
24% Increase training or cross-training
23% Increase recruiting of older workers with skills being lost to others’ retirements
23% Offer wellness programs