

▶ HOW AN AGING WORKFORCE IS HELPING ITSELF STAY PRODUCTIVE

What Employers Need to Know



SUMMARY

There are two compelling reasons why Baby Boomers are staying in the workforce longer than prior generations. The first is psychological, as their identity is closely tied to work. The second is tied to financial wellness, as they need to work due to the economic impact of the 2008 financial crisis.¹

In order to remain in the workforce and productive as they age, many Boomers are making their own modifications to how they work. It makes sense for employers to help them in their efforts because as Boomers stay in the workforce longer, they are at greater risk of experiencing short- and long-term disabilities, and may bridge their retirement with a disability, which could result in considerable costs for employers. Disability costs employers 8% to 15% of payroll to date, and those costs are only expected to rise as the population continues to age.²

The Prudential Insurance Company of America (Prudential)'s study on productive aging details cost-effective alternatives to disability that can help bridge Baby Boomers to retirement in a more healthy manner. Our study produced these key results:

- ▶ While aging workers experience physical and cognitive declines, many are leading the way in changing their approach to work to stay productive until retirement.
- ▶ There are cost-effective opportunities for employers to support workers who want to self-modify their approach and bridge the gap to retirement in a healthy manner.
- ▶ Workers over age 50 experience longer disability durations than their younger counterparts, so there's an opportunity for employers to manage associated disability costs of their aging employee population.

ABOUT THE AUTHOR

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Dr. Kristin Tugman has more than 15 years experience as a health and productivity consultant. Her work details a specific cognitive behavioral model to help individuals overcome psychological barriers and return to productivity. In addition, she's the author of several publications on the psychological aspects of disability. A certified rehabilitation counselor and licensed professional counselor, Dr. Tugman earned a master's degree in rehabilitation counseling from Georgia State University and a Ph.D. in industrial and organizational psychology from Capella University.

Dr. Tugman leads a team focused on identifying disability trends that impact Prudential customers and making actionable recommendations to help maximize productivity and minimize absence.

¹ Pew Research Center, "Number of older Americans in the workforce is on the rise," January 2014. <http://www.pewresearch.org/fact-tank/2014/01/07/number-of-older-americans-in-the-workforce-is-on-the-rise/>, retrieved 5/5/2016.

² Hawley, C. E., Diaz, S., & Reid, C. "Healthcare employees' progression through disability benefits." *Work*, 34: 53-66, 2009. <https://www.ncbi.nlm.nih.gov/pubmed/19923676>.

A NEW WORKFORCE IS CHANGING THE WORKPLACE

The discussion around America's aging workforce and population is not new. The U.S. Bureau of Labor Statistics indicated that the 55- to 64-year-old population will increase 36.5% between 2006 and 2016.³

Today, we know that an older population is participating in the workforce at much greater rates than in previous years. For example, the 65- to 74-year old population currently participates in the workforce at a rate of 26% but is expected to increase that participation to 31% by 2022.⁴

As the U.S. workforce ages and workers' physical and cognitive functions decline, there's a body of literature that suggests employees may self-modify their tasks to remain as productive as they once were.⁵

The trend to self-modify activities at work may help to mitigate the likelihood of experiencing a disability among this population. A Cornell study found the over-age-50 population experiences disabilities at rates double that of younger generations (10% vs. 5%).⁶ In addition, studies suggest it takes them longer to recover. Workers over age 40 can be out of work 8 to 18 days longer than their younger counterparts.⁶

To better understand how age can impact productivity, Prudential studied how workers over age 50 self-modify their activities as the potential for short- and long-term disabilities increases.

The methodology behind the research

Prudential studied older workers and their self-modifying behavior from two perspectives. We:

- ▶ Reviewed five years of disability data to verify previous incidence and duration trends.
- ▶ Interviewed employees over age 50 to explore how they work differently today than they did 10 to 20 years ago. These employees were in their occupations an average of 27 years.
- ▶ Gathered trends and patterns that can guide employers in their effort to retain the skills and experience of older workers.



³ Bureau of Labor Statistics, U.S. Department of Labor, The Economics Daily, "Projected growth in labor force participation of seniors, 2006-2016", <http://www.bls.gov/opub/ted/2008/jul/wk4/art04.htm>.

⁴ U.S. Bureau of Labor Statistics, Monthly Labor Review, December 2013. <http://www.bls.gov/opub/mlr/2013/article/labor-force-projections-to-2022-the-labor-force-participation-rate-continues-to-fall.htm>.

⁵ Pew Research Center, "Number of older Americans in the workforce is on the rise," 2014. Retrieved 5/5/2016, www.pewresearch.org; Choi, S.D., "Safety and ergonomic considerations for an aging workforce in the US construction industry," *Work*, 33, 307-315, 2009, https://www.researchgate.net/publication/26817102_Safety_and_ergonomic_considerations_for_an_aging_workforce_in_the_US_construction_industry; and Sanders, M.J. & McCready, J., "A qualitative study of two older workers' adaptation to physically demanding work." *Work*, 32, 111-122, 2009, <https://www.ncbi.nlm.nih.gov/pubmed/19289864>.

⁶ Von Shrader, S. Malzer, V., Bruyere, S., "Perspectives on disability disclosure: The importance of employer practices and workplace climate." *Employee Responsibilities and Rights Journal*, 26, 237-255, 2014, <http://link.springer.com/article/10.1007/s10672-013-9227-9>.

BABY BOOMERS ARE MAKING THEIR OWN MODIFICATIONS TO HELP STAY PRODUCTIVE IN THE WORKPLACE

To help supplement our study of claims data, Prudential interviewed employees over age 50 to learn how they're self-modifying to cope with decreases in physical stamina and memory. Most were honest about how they're adapting to change:

- ▶ They're comfortable being more direct with needs and ways to accomplish work goals.
- ▶ Technology advances are completely changing the way they do their work, with both positive and negative consequences noted.
- ▶ Their priorities changed; for example, taking better care of themselves, spending more time with family and on hobbies.

Older employees develop their own practices to help meet capacity challenges

Our conversations underscored two key areas where employees are self-modifying to maintain productivity: Cognitive ability and physical ability. To maintain their cognitive abilities, all employees used memory tools and techniques such as lists, cellphone tools, and calendars to cope with decreases in memory. Others noted that continuous learning and keeping up with technology helped improve their productivity. Many said they take more time to think through a situation or task before acting.

To adjust to decreases in physical stamina, employees admitted to deliberately slowing down physically, including walking slower and avoiding rushing to a task. They reduced activities that required walking or lifting, and focused on workplace ergonomics, such as proper posture. Among the other modifications made were improving self-care to ensure stamina was at a maximum and increasing work breaks to change from sitting to standing.

An older generation of workers is willing to do more than its fair share to help employees of other generations

We found that self-modification doesn't just refer to an employee's existing duties and activities, but also includes taking on additional roles and responsibilities. Many indicated they're willing to pick up

extra assignments and travel for younger employees who have kids at home. Participants said they were able to "pick up the slack" because their kids are in college or out of the house.

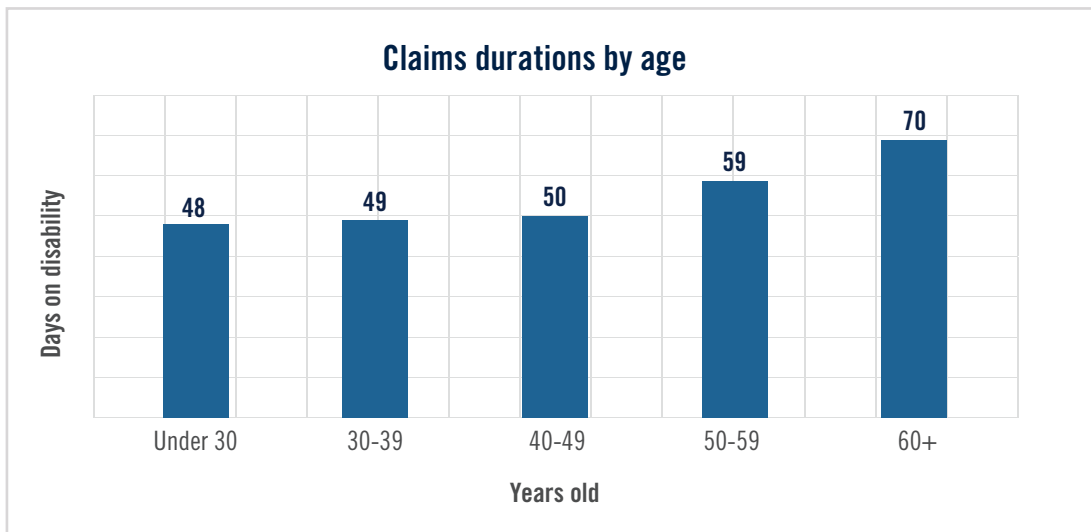
8 top ways employers can help

During our research, we asked Boomers for specific ways employers can help them remain productive. The findings were not only eye-opening but surprisingly easy to implement.

- 1 Create a flexible work environment that allows employees to spend time with family and attend medical appointments.
- 2 Educate employees about retirement and financial planning to improve financial wellness and reduce monetary concerns that may interfere with their ability to work.
- 3 Ensure managers are kept informed on how to support self-modification activities. The supervisor relationship is the key to employee satisfaction.
- 4 Allow more time to complete tasks; for example, teachers may need more planning time.
- 5 Spend more time considering the needs of older employees and how to properly balance the needs and contributions of all generations.
- 6 Provide employees access to ergonomic education and equipment.
- 7 Leverage employees' skills and experience and allow them to transition out of strenuous physical tasks as they approach retirement.
- 8 Create a supportive environment that creates work/life balance. Not only will that help Baby Boomers stay at work, but it will retain Millennials as well.

KEEPING OLDER WORKERS HEALTHY IS KEY TO MANAGING DISABILITY DURATIONS

As part of our study, Prudential reviewed 223,228 short-term disability (STD) and 11,655 long-term disability (LTD) claims from 2011 to 2015. The results were as expected...the average disability duration went up steadily as claimants' age increased. Longer durations have an even greater impact to productivity when combined with the higher rate of disability among older workers. Workers over age 50 accounted for 42% of STD claims and 62% of LTD claims.



Significant increases in disability durations started to occur at age 45, as claimants 45-50 were out of work 3-6 days longer than their 40-45 counterparts. In fact, workers 40-45 were in line with workers age 30-39. Overall, the results are consistent with the aging population statistics in that the disability population is largely over age 50, and an increase in age brings longer disability durations. Given these statistics and the significant impact that a disability can have on an employer's bottom line, employers may be even more compelled to explore ways to help their aging workforce be more healthy and productive.

WHAT EMPLOYERS CAN TAKE AWAY FROM THIS STUDY

Self-modification is a healthy way for employees to maintain productivity as they age, allowing younger workers to take advantage of the knowledge and experience of their Baby Boomer coworkers. There are cost-effective opportunities for employers to support workers who want to self-modify and bridge the gap to retirement in a healthy manner. Some of these include:



Offer more ergonomic evaluations, education, tools, and resources.



Provide access to memory tools, workplace flexibility, and mentoring opportunities.



Allow employees to adjust physical demands when possible.



Assist in financial wellness by educating employees on financial resources that help protect their income and help them prepare for what is likely the next productive stage of their lives.

LET'S TALK ABOUT WHAT YOU CAN DO

Contact your Prudential representative for more ideas for helping create an environment where your employees can remain as productive as possible for as long as they wish to contribute.

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