

**Series Topics**

- The changing face of workforce demographics
- Myths about older workers
- Multi-generational interaction at the workplace
- Elder care benefits
- Leveraging the changing demographics
- Marketing to the older consumer

All newsletter issues are available as PDFs at <http://www.uni.edu/iacagorg/business.htm>

Please contact us with comments, questions or suggestions...

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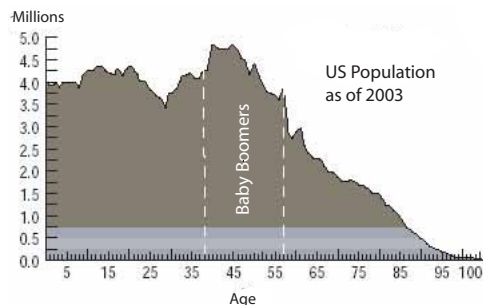
This information is part of a series of brief publications from the Iowa Consortium for Applied Gerontology (IaCAG) located at the University of Northern Iowa. It is designed to raise awareness about the aging population in Iowa and how these changes may impact businesses, employees, and consumers.

**The Changing Face of Workforce Demographics**

**U.S. Population and Workforce Statistics**

The make-up of the U.S. population is changing dramatically. This will impact the workforce and business community throughout the country, including Iowa.

- In 2003, there were 77.7 million Baby Boomers, representing 27.5% of the population.<sup>1</sup>
- By 2008, 40% of workers will be age 45 and older compared to 33% in 1998, an increase of 17 million older workers.<sup>2</sup>
- It is estimated that the median age of the labor force will rise from 38.7 in 1998 to 40.7 in 2008.<sup>2</sup>
- Labor force growth is expected to slow from 1.1% per year in the 1990s to 0.36% per year from 2010 to 2020.<sup>3</sup>



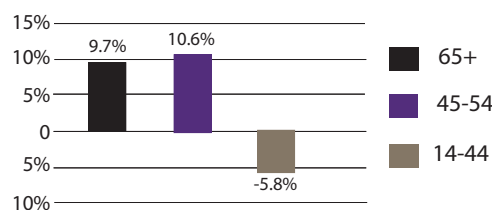
Source: Metlife Mature Market Institute Analysis, U.S. Census Bureau

**Impact on Iowa Businesses**

In 2002, 20% or more of Iowa workers in educational services, real estate, transit, and mining/quarrying were 55 years and older. Workers aged 65 years and older were most likely to be employed in health services, business services, and wholesale trade.<sup>3</sup>

- As shown in the following graph, in just three years (1999-2002) the percentage of workers over 65 grew nearly 10%, workers between 45-54 increased just over 10%, but workers between 14-44 have decreased almost 6%, a trend that is predicted to continue.<sup>3</sup>

Percent change in Iowa Workforce Composition (1999-2002)



Businesses in Iowa will have to plan for and respond to these demographic changes in order to address the needs of older workers as well as aging consumers.

## Changing Workforce Demographics: Impact on Businesses

People born between 1946 and 1964 are called 'Baby Boomers.' According to the US Census Bureau, there were approximately 77.7 million Baby Boomers in 2003. This generation has an enormous impact on the economy of our nation as both employees and consumers. By the year 2008, the Baby Boomers will comprise 45% of the total US workforce. The labor force growth will also slow from 1.1% per year in the 1990s to 0.36 % per year from 2010 to 2020. By 2030, 20% of the entire population will be Baby Boomers. These changing demographics indicate that there will be fewer younger workers entering the workforce, which will require businesses to rely on the skills, knowledge, and availability of older workers.

*"Federal laws shouldn't discourage employers from retaining, retraining or employing older workers. And there shouldn't be disincentives that push aging workers out of the workplace."*

- Sen. Charles Grassley

Although these changes will have a wide-ranging effect on the economy, the following areas will be most visibly impacted:

- **Businesses that employ the largest number of older workers are likely to face a knowledge drain as these workers retire;**
- **Changes in consumer buying patterns and preferences will impact demand and, ultimately, the production of goods and services that appeal to the aging consumer;**
- **Businesses will face financial implications regarding providing health care benefits to older workers;**
- **Policy changes will occur that are geared toward accommodating the needs of older workers, such as recruiting, training, and providing benefits.**

Changes in national workforce demographics are also reflected in the Iowa population. According to the Local Employment Dynamics (LED) for Iowa, there was an approximate 10% increase in the number of older workers in the 45+ age group from 1999 to 2002. At the same time, workers 14-44 had decreased from 69% in 1999 to 65% in 2002. Businesses will have to prepare themselves and adapt policies to be more receptive to the needs of the older worker in order to stay competitive.

These changing trends in US demographics have the potential to dictate serious changes for US businesses. With significant changes in workforce demographics looming, there is a need to take a closer look at the potential impact on businesses. Two areas that are particularly important are consumer composition and workforce dynamics; businesses will need to identify problems that they may face due to the aging workforce and seek new opportunities to work with and meet the needs of aging consumers.

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### Sources

1. <http://www.metlife.com/WPSAssets/84324382701071068242V1FPre-Retirees.pdf>
2. <http://www.bls.gov/opub/mlr/2000/07/art2exc.htm>
3. <http://www.census.gov/prod/2004pubs/led-ow-ia.pdf>

More information on this topic is available at:

- <http://lehd.dsd.census.gov/led/>
- <http://www.census.gov/prod/2004pubs/led-ow-ia.pdf>
- <http://www.bls.gov/opub/mlr/2000/07/art2exc.htm>
- <http://grassley.senate.gov/cgl/2000/cg0-04-06.htm>
- <http://www.metlife.com/WPSAssets/84324382701071068242V1FPre-Retirees.pdf>

IaCAG has been working actively with prominent regional businesses to create further awareness of this and other issues concerning management of an aging workforce and consumer base.

Visit our website at <http://www.iacag.org> for more information on other aging issues

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