

The Business Case for Older Workers: A Good Investment at any Time By AARP

A new landmark report issued by AARP challenges myths about workers aged 50 and older and shows that any additional costs are minimal at most, but the productive advantages of these employees make them far more cost-effective than generally believed by many employers.

The Business Case for Workers Age 50+: Planning for Tomorrow's Talent Needs in Today's Competitive Environment, prepared by global professional services firm Towers Perrin for AARP noted that there is a common business perception that 50+ workers "cost more" than younger workers.

The AARP/Towers Perrin analysis found that the extra per-employee total compensation cost of retaining or attracting 50+ workers ranges from negligible to 3% in key industries. At the same time, research found that older workers are more motivated to exceed expectations on the job than younger workers.

An earlier Towers Perrin report found that motivation is highly correlated with engagement. The report concluded that both engagement and motivation increases with age. Moreover, this research found a strong relationship between employee engagement and financial performance, showing that companies with higher levels of employee engagement tend to outperform those with lower levels of engagement.

The study comes at a time when projections show that by 2012, nearly 20% of the workforce will be age 55 or older, an increase from under 13% in 2000. This pattern is expected to continue, with AARP surveys finding that more than two-thirds (68%) of 50- to 70-year-old workers say they plan to work well into their retirement years. AARP commissioned the study to assess the strength of the business case for investing an employer's resources in retaining and attracting workers 50+. Towers Perrin developed the analysis based on a comprehensive review of proprietary sources, AARP research, public sources, and other third party sources including demographic data, benefit program data on over 700 companies, and research with workers and employers.

The report highlights four industries including energy, financial services, health care and retail but the findings can apply to many companies in other sectors.

Among the major findings of the report:

- The extra per-employee total compensation cost of enhanced retention of 50+ workers is modest, not exceeding 3% per year for the industries and positions studied. Offsetting factors are turnover-related costs of replacing veteran employees with deep institutional knowledge and job-related know-how, and the time it takes to select and train new workers.
- In the case of hiring older workers, average age-based total compensation cost differences are negligible and hover around 1% per year for the four positions examined.
- Fifty-plus workers are more motivated to exceed expectations on the job than their younger counterparts, based on new analysis of data collected in a 2003 Towers Perrin study of more than 35,000 employees.
- Without exception, the 10 major employers interviewed for the study said that age 50+ workers have experience and other desirable traits that translate into a tremendous plus for their businesses.

[Link to Executive Summary and Full Report](#)