



ADAPTING TO AN AGING WORKFORCE

April 18-19, 2013
Conference Proceedings

Stanford Center on Longevity
Financial Security Division



STANFORD
CENTER ON
LONGEVITY



MARSH & McLENNAN
COMPANIES

Table of Contents

Attendees	2
Executive Summary	4
Setting the Stage: Demographics/Data Analysis	6
The Employer Point of View: Case Studies	12
Session 1: Compensation and Benefits	14
Session 2: Workforce Management	18
Psychological Perspective from Dr. Laura Carstensen	22
Session 3: Job and Workplace Design	24
Take-Aways	28
Conference Presentation Materials	30

Attendees

Laura Carstensen (Co-Chair) – Farleigh S. Dickinson Jr. Professor in Public Policy and Professor of Psychology, Stanford University; Director, Stanford Center on Longevity

M. Michele Burns (Co-Chair) – Executive Director, Retirement Policy Center Sponsored by Marsh & McLennan Companies; Fellow and Strategic Advisor, Stanford Center on Longevity

Gretchen Addi – Business Lead, IDEO

Janice Angell – Vice President, Compensation and Benefits, 3M Company

Stephen Barley – Associate Chair and Richard W. Weiland Professor in Management Science and Engineering; Co-Director of the Center for Work, Technology, and Organization, School of Engineering, Stanford University

Kathleen Christensen – Program Director, Working Longer, Alfred P. Sloan Foundation

Harry Conaway – Senior Partner and Leader, Washington Resource Group, Mercer (Marsh & McLennan Companies)

Martha Deevy – Senior Research Scholar and Director, Financial Security Division, Stanford Center on Longevity

Tricia Dirks – Senior Vice President, Organizational Effectiveness-Human Resources, Target

Margaret Dyer-Chamberlain – Senior Research Scholar and Managing Director, Stanford Center on Longevity

Marc Freedman – Founder and CEO, Encore.org

Daniel Goldberg – National Director, Workforce Planning and Information Management, Kaiser Permanente

Tami Graham – Director of Global Benefits Design, Intel

Walter Greenleaf – Senior Research Scholar and Director, Mind Division, Stanford Center on Longevity

Rick Guzzo – Partner, Mercer (Marsh & McLennan Companies)

Sally Hass – Workplace Retirement Educator

Adele Hayutin – Senior Research Scholar and Director of Demographic Analysis, Stanford Center on Longevity

Jim Johnson – Chairman and CEO, Johnson Capital Partners

Sonja Kellen – Director of Global Retirement Benefits, Microsoft

Dan Kessler – Professor of Law, Stanford Law School; Senior Fellow, Hoover Institution; David S. and Ann M. Barlow Professor of Political Economy, Stanford Graduate School of Business; Professor, by courtesy, Health Research and Policy, Stanford School of Medicine

Joe Laymon – Vice President, Human Resources, Medical and Security, Chevron

Leslie Mays – Vice President and Chief Inclusion Officer, Avon

Haig Nalbantian – Senior Partner and Co-Founder/Leader, Workforce Sciences Institute, Mercer (Marsh & McLennan Companies)

Kristin Oliver – Executive Vice President, Wal-Mart

Jeffrey Pfeffer – Thomas D. Dee II Professor of Organizational Behavior, Stanford Graduate School of Business

Phyllis Stewart Pires – Director, Worklife Strategy, Stanford University

Phil Pizzo – Professor of Pediatrics and Microbiology & Immunology; Former Dean, Stanford School of Medicine

Randy Pond – Executive Vice President, Operations, Processes, and Systems, Cisco

Gopi Shah Goda – Senior Research Scholar, Stanford Institute for Economic Policy Research

John Shoven – Charles R. Schwab Professor of Economics, Stanford University; Wallace R. Hawley Director, Stanford Institute for Economic Policy Research; Senior Fellow, by courtesy, Hoover Institution

Ken Smith – Senior Research Scholar and Director, Mobility Division, Stanford Center on Longevity

Cary Sparrow – Vice President, Human Resources Performance and Analytics, Cargill

Gene Steuerle – Senior Fellow and Richard B. Fisher Chair, The Urban Institute

Gabrielle Thompson – Vice President, Total Rewards, Cisco

Justin Thornton – Executive Vice President, Head of Compensation and Benefits, Wells Fargo

Lindsey Trimble-O'Connor – Postdoctoral Fellow, Michelle R. Clayman Institute for Gender Research, Stanford University

Annie Valdes – Design Strategist, Health Systems Portfolio, IDEO

Executive Summary

In recent years, the American labor force has aged dramatically.

According to Mitra Toossi of the Bureau of Labor Statistics, the share of the labor force age 55+ grew from 13.1% in 2000 to 19.5% in 2010 and is expected to increase to 25.2% in 2020. This growth is due in part to overall demographic changes; the first baby boomers turned 65 in 2011, and the number of older people will continue to rise sharply as the baby boomers age. But it is also due to increased labor force participation rates among older people. In 2000, 32.4% of people age 55+ were in the labor force; by 2010, this number had climbed to 40.2%. For various reasons, primarily financial necessity, many older people are delaying retirement and staying in the labor force.

How will employers adapt to this change?

Initial research suggests that the aging workforce presents both challenges and opportunities for employers. As Alicia Munnell and Steven Sass noted in their 2008 book, “Working Longer,” while older workers can be valuable sources of knowledge and experience, they are also perceived to be expensive; they generally have higher wages than their younger counterparts and their health insurance can cost more. Further, government policies regarding retirement plans and healthcare programs can sometimes act as disincentives to employing older workers. To optimize the value of the aging workforce, it is important for employers to address these challenges and to identify ways to leverage the knowledge and experience of older workers.

The Conference

Sponsored by Marsh & McLennan Companies, the Stanford Center on Longevity convened a conference in April 2013 to provide a forum for employers to discuss strategies to adapt to the aging workforce. The employers were from large companies and were non-union, except for one employer. As a result, the discussion and ensuing conclusions may not apply to small or mid-sized companies.

The goals of the conference were to:

- Identify current challenges confronted by employers
- Identify current successful strategies
- Brainstorm potential strategies for employers to use
- Develop a list of research questions that need to be addressed

The conference began with a “Setting the Stage” presentation that outlined demographic changes to the U.S. population and labor force and included comparative global data. Adele Hayutin, Senior Research Scholar and Director of Demographic Analysis at the Stanford Center on Longevity highlighted the graying of the U.S. population and described increased labor force participation rates among older people. She also pointed out that there are a number of older people who are not working but could potentially work because they do not have a work disability. This presentation was followed by three

case studies from organizations that have started to respond to these demographic changes: the Canadian government, Weyerhaeuser, and Wal-Mart.

The conference then moved into discussion sessions centered on three broad topics: compensation and benefits, workforce management, and job and workplace design. Attendees identified issues that they have encountered with the aging workforce and began to discuss strategies for responding. Much of the conversation centered on the need to transition older workers out of the workforce, but some companies noted that they may need older talent in the near future. There was a consensus that the multigenerational workforce is the new reality.

Before the last discussion session, Dr. Laura Carstensen offered a psychological perspective on older workers. According to Dr. Carstensen, although speed of cognitive processing declines with age, knowledge increases with age, particularly knowledge within a particular skill set. Older people also tend to be happier and more emotionally stable. These characteristics may make older workers attractive to employers.

A number of important themes emerged from the conference, such as the importance of supporting the multigenerational workforce, the need to create “graceful exits” for older workers, and the opportunity to reimagine the social constructs of work and retirement. (For a more complete list of the themes that emerged, along with questions for future research, please see the “Take-Aways” section of the proceedings.)

Overall, attendees expressed a desire to address the aging workforce sooner rather than later. We hope that this conference served as a first step in this process.



STANFORD
CENTER ON
LONGEVITY

Demographics of the Aging U.S. Workforce

Adele Hayutin, PhD

Senior Research Scholar and Director of Demographic Analysis
Stanford Center on Longevity

© 2013 Stanford Center on Longevity

Setting the Stage: Demographics/Data Analysis

Population Shifts

Three key dimensions characterize emerging population shifts in the United States: continued growth, increased diversity, and aging of the population.

Growth: The U.S. population is projected to grow by 91 million over the next 40 years, from 309 million in 2010 to 400 million in 2050 (Census Bureau 2012). Growth will occur in all age brackets, but most of the growth will be concentrated in the higher ages.

- The number of people age 65+ will more than double, increasing from 13% of total population in 2010 to 21% of total in 2050.
- While the working-age population, age 20-64, will continue to increase, growth in this segment will be much slower than in the past when it was fueled by the baby boomer bulge. This population segment will shrink as a share of total population, from 55% in 2010 to 50% in 2060.
- The population under age 18 will continue to increase, driven by an increase in total number of births, even while number of births per woman declines. The total number of U.S. births is projected to average 4.6 million per year from 2015 to 2060, well above the baby boom peak of 4.3 million births in 1957.

Diversity: The population will be increasingly diverse. The white population will decline by about 10% while the Hispanic population will more than double. The majority white non-Hispanic population is projected to decline from 62% of total population in 2015, to less than majority, 47%, by 2050. In contrast, the Hispanic population will increase from 18% of total population in 2015 to 28% in 2050.

Aging: The short-term population age shift is especially significant for employers as the baby boomers age. Segmenting the conventional working-age population into two parts—age 20-44 and age 45-64—shows the impact of aging baby boomers on labor force composition and points to some of the challenges faced by employers:

- The population of mature workers, age 45-64, has grown rapidly over the last 20 years, but will stabilize over the next 10 years and will begin increasing only when the echo boomers—the children of the baby boomers—begin to turn 45 in 2030.
- The young working-age population, age 20-44, is projected to steadily increase, due to the sustained number of projected births.
- In contrast, the senior working-age population, age 65+, will expand rapidly.

As employers seek to fill new positions or replace existing workers, they will face the boom and bust labor cycle and will need to consider how the age mix of the labor pool has changed. They may need to consider hiring either younger workers or senior workers as the pool of mature workers stabilizes or shrinks. Recruiting and training less-experienced young workers may be an option when older workers leave the workforce. Similarly, retention and possibly retraining of mature workers may become increasingly attractive.

Labor Force Shifts

Composition of the labor force: The composition of the labor force has shifted dramatically since the late 1990s, and even more dramatic shifts are expected. The participation of women and minorities has increased, there has been an influx of foreign-born workers, and the number and share of older workers has been increasing. The labor force will continue to become more diverse in age, ethnicity, and nativity.

Labor force participation: In contrast to declining overall labor force participation, labor force participation among the older population has been steadily increasing since 2000 for both men and women.

- The current 14% participation rate for women age 65+ is the highest it has ever been and is projected to increase to 19% by 2020. The Bureau of Labor Statistics projects that the rate will reach 28% for women age 65-74 and 8% for women age 75+.
- For men age 65+, the current rate of 22% is projected to increase to 27% by 2020, a return to the level registered in 1970. According to Bureau of Labor Statistics projections, 35% of men age 65-74 will be in the labor force along with 13% of men age 75+.

By 2020, workers age 55 and older will account for 25% of the labor force. This share has been steadily increasing since 1990 when workers age 55+ accounted for only 12% of the total. The share of older workers had been as high as 18% in the 1960s and 1970s before baby boomers surged into the labor force.

Although labor force participation has increased among the population age 65+, there may be even further room to expand their labor force participation. While work disabilities still constrain 20% of people age 65+, an increasing number of older people are not constrained by disability and could enter the labor force.

Education

Educational attainment is another consideration in recruiting and replacing older workers, especially as younger generations become better educated.

- There are currently more college graduates under age 50 than over age 50, and there are about an equal number of graduate degree holders under 50 as there are over 50.
- It is also true that today's 65-year-olds are better educated than the 65-year-olds of the past. Moreover, survey results suggest that most employers think older workers are more productive than younger workers.

These education and performance statistics point to the importance of recruiting and retaining well-educated experienced older workers as a complement to recruiting and training well-educated young workers.

Race and ethnicity: Educational attainment varies significantly by race and ethnicity, particularly for high school completion.

- Educational attainment is lowest among Hispanics: 35% of Hispanic adults have not completed high school, compared with 15% of blacks, 11% of Asians, and 8% of whites.
- Asians have the highest educational attainment with 51% having Bachelor's degrees or higher, compared with 35% of whites and 14% for Hispanics.

Geographic Differences

Global context: The U.S. population is young relative to the populations of other rich economies, measured both by median age and percent of the population that is 65 and older. This relative youth gives the U.S. a competitive advantage. Unlike most other advanced economies, the United States has a growing working-age population. In most other advanced economies, including Japan and most of Europe, the working-age population is projected to continue contracting. The United Kingdom and the United States are exceptions. Even among developing economies, working-age population is projected to slow, even while remaining positive. Several countries such as China and Brazil are projected to see slow growth over the next 20 years followed by declines in the subsequent 20 years. China's working-age population is projected to steadily decline after peaking around 2015.

California, the country's most populous state and currently one of the youngest, is now rapidly aging. Nearly 60% of the projected population growth over the next 20 years will occur in the population age 65 and older. The white population will remain stable, but the age structure will shift dramatically toward the upper brackets, with the working-age population declining while the older population increases. In contrast, the Hispanic population gain is concentrated in the working-age population. Variation in educational attainment by race and ethnicity poses enormous challenges for California, where the Hispanic population accounts for about 40% of the statewide total and a rapidly increasing share of the working-age population. Among California's Hispanic adults, 44% have not completed high school, compared with 14% for Asians and 7% for non-Hispanic whites. The educational attainment level is highest among Asians, 48% of whom have completed Bachelor's degrees or higher compared with 38% for non-Hispanic whites and 10% for Hispanics.

Key Discussion Points:

- Considering alternative definitions of “age” will illuminate both challenges and opportunities of aging.
 - Calendar age, or years since birth, is the conventional way of measuring age, but considering “years remaining” will account for evidence that people are living healthier longer, rather than just living longer.
 - Measuring age to reflect the risk of dying supports the claim that 75 is the new 68: Today’s 75-year-old man is the same age, i.e. has the same risk of dying, as a 68-year old in 1970 or a 78-year-old in 2050 (John Shoven).
 - This way of measuring age will lead to different conclusions about how “old” the current population is and how fast it is aging.
 - A related idea is to redefine middle age to reflect the reality that people are willing, able, and wish to continue working beyond the conventional retirement age. So, rather than extending the period of retirement, this age framework would extend the period of work. Old age could be defined as the period when individuals no longer have the functional capacity to work productively.
- Age is an element of workforce diversity, similar to race, ethnicity, and gender.
 - There may be lessons learned from managing diversity that would apply to managing multigenerational workplaces.
 - This framework could help address challenges of using older generations as a resource and using age diversity itself to create value in the organization.
- As workplaces become more diverse by age, race, and ethnicity, it will be important for employers and policy makers to understand differences across industries and employer sizes.
- Income and educational disparities will likely affect individual companies differently, especially in the short run.
 - Over the long term, companies may seek to address the impact of growing economic and educational disparities on their abilities to create and manage effective workforces.
- The globalization of the workforce will also influence how companies respond to these demographic changes.
 - Companies may choose to move jobs to new locations rather than bring people to the jobs.
 - Outsourcing the work or moving the jobs may be a method of addressing talent gaps in the U.S. workforce. Understanding global labor markets will be increasingly important for many companies.

Open Questions:

- Do employers understand the coming population declines in certain age brackets? How might they manage the boom and bust cycles of population change?
- What are the detailed characteristics of the workforce by industry? What is the percent of industry employment by age, education, and type of skills? How do these characteristics vary by company size?
- Global demographics:
 - How do workforce demographics differ across countries? How do these trends affect the global supply of labor and the pressure on wages?
 - What is the Japanese model for employing older workers in second careers or in the contingent workforce? What about Germany and the Scandinavian countries?
 - What policies and practices are being implemented in other economies to adapt to aging workforces?
- How have companies dealt with gender differences in career trajectories?
 - Is there evidence that women's strides in the workplace have actually stalled?
 - How do companies manage or incentivize workers who may not have straight-line career trajectories, especially because they have childcare or elder care responsibilities?
- What are the implications for economic growth as the composition of the workforce ages?
- How will educational disparities affect the future supply of labor?
 - What role have private companies played in addressing training and education of future workers?
- What are the implications of immigration reform for the supply of labor for particular industries? Which industries have been significant employers of foreign-born workers?
- How might companies incorporate demographic information to enhance their human capital management? Can companies leverage such practices to attract and retain workers of all ages?

The Employer Point of View: Case Studies

The case studies showcased three distinct approaches to dealing with the aging workforce. The first case study showed how government can play a role in addressing this issue. The second case study featured a company that has already developed a comprehensive program to support its aging workforce. The third case study showed what it looks like when a company is just starting to think about demographic changes.

Case Study 1 – Public-Private Partnership in Canada (Presented by Rick Guzzo):

- Problem: A shortage of talent threatens to limit Canada’s international trade growth.
- Response:
 - Businesses, education, and government need to work together to close the gap.
 - Businesses need to spread the message about the shortage.
 - Government needs to remove institutional barriers to closing the gap and collect the data necessary to understand the problem.
 - Retirees are a possible source of talent to close the gap.
- Canada may be friendlier than the U.S. to public-private partnerships.

Case Study 2 – Weyerhaeuser (Presented by Sally Hass):

- Problem: As a large number of employees began to reach retirement, the company faced the impending loss of valuable skills.
- Response:
 - To assess the problem, the company completed a demographic study, interviewed employees 55+, interviewed other employers to see what they were doing about this issue, and gathered documentation.
 - The company held an HR summit where they asked executives to come with a list of skills they were concerned about losing; the list of skills was across the board.
 - Based on this research, Weyerhaeuser began a program called “Grey Matters” and implemented a series of HR changes, including a new FTE formula for payroll loading, head count variance to cover longer overlaps, and a pilot life-planning seminar for mid-career employees. The company also instructed managers to incorporate conversations about retirement in performance reviews.
 - The changes generated a lot of excitement among the company’s employees, both old and young. The company learned that what you do for older workers sends a very clear message to younger workers about how they are likely to be treated when they get older.

Case Study 3 – Wal-Mart (Presented by Kristin Oliver):

- Problem: Wal-Mart's workforce spans all ages but in the face of changing demographics, Wal-Mart's 2.5M workers worldwide will likely be significantly represented by older workers.
- Response:
 - Wal-Mart is in the process of completing an employee segmentation analysis that encompasses older workers. The company started an analytics program a year ago to find out what the entire employee base desires and values (such as disability accommodations and flexible schedules).
 - The analytics program found that many older workers want job security; baby boomers are still moving up the ladder in the stores; and there is a population of workers that is interested in moving laterally within the stores to learn new skills.
 - These findings will inform the company's next steps. Wal-Mart is considering: adding a sabbatical plan, offering shorter shifts, making ergonomic adjustments to the workplace, and finding ways to keep work challenging but also flexible.



TALENT • HEALTH • RETIREMENT • INVESTMENTS

ADAPTING TO AN AGING WORKFORCE COMPENSATION STRATEGIES AND PRACTICES

APRIL 18, 2013

Harry Conaway
Washington Resource Group
Mercer



Session 1: Compensation and Benefits

Facilitated by Harry Conaway

The first session was intended to be a discussion of how different compensation and benefits strategies affect the recruitment and retention of older workers. Compensation and benefits were interpreted very broadly and included both monetary and nonmonetary rewards. Within this context, job flexibility was proposed as a benefit and began the discussion. The session then progressed to a discussion about the cost and productivity of older workers in both flexible and traditional employment arrangements. Several companies also offered examples of non-traditional compensation schemes they have implemented that could be used as a retention tool for older workers.

Key Discussion Points:

- Many older workers desire flexible work arrangements, but it can be difficult to measure the productivity of these employees and compensate them accordingly.
 - In a knowledge environment, you can measure productivity by results, but this doesn't work for all jobs.
 - Introducing flexible job arrangements may mean that managers need to lead in a different way. Managers need to be very clear about their expectations.
 - Some companies are constrained in their ability to implement flexible work options because of union contracts.
 - Career flexibility could also refer to different career paths that reflect changing life stages.
 - The Japanese system, in which people live longer and retire later, could provide a model for the U.S. Older Japanese workers often move from large companies to family businesses in their later years and take an associated pay cut.
- Companies only want to hire and retain older workers if they create value – but there is uncertainty about how to evaluate the relative cost and productivity of workers generally, including older workers.
 - Companies today operate in a fiercely competitive environment. The reality is that companies can't pay more for the same work and older workers are often more expensive without being more productive.
 - Older workers have higher healthcare costs than younger workers.
 - Medicare becomes the secondary payer once an individual is employed by a company with more than 20 employees. Thus, employers must pay for the healthcare of their workers even if they are eligible for Medicare. This is equivalent to a "tax on working" at older ages.
 - As we move into a more technology-enabled work environment, there is a growing concern that older workers may not have the appropriate skills to remain productive in their positions.

- Companies have to think about the right compensation strategies for different employee/worker groups for their businesses; for some groups, some companies may choose to more closely match annual productivity and contributions with annual pay and benefits; for other groups, some companies may choose to (continue to) spread out the productivity and pay relationship over time (as baseball teams do with star players).
- Companies can look beyond financial rewards if they understand the non-financial benefits that draw older people to the workplace.
 - People enjoy both the challenge of work and its social aspects.
 - As people grow older, they care more about doing work that they enjoy and that they find meaningful.
 - Companies can tailor jobs to older employees so that they use the skills they most enjoy.
- Some companies are trying non-traditional compensation schemes to motivate and retain workers.
 - Sabbaticals. Ex: One company offers 12-week sabbaticals to all employees.
 - Fellowships. Ex: One company offers a fellowship in the non-profit division of its organization.
 - Monetary rewards. Ex: One company no longer ties compensation to performance ratings. Managers can now give a monetary reward (skis, a trip, a cash reward) right away if someone does something extraordinary during the year.
 - Similar reward systems could be utilized to motivate and retain older workers, especially those who have reached their pay caps.

Conclusions:

- We need to apply a broad global lens when looking at the demographic changes of the U.S. labor force.
 - As companies try to balance the cost vs. productivity vs. compensation/benefits of older workers, some may turn to the global market to find cheaper labor.
 - Some companies may choose to respond to labor shortages by graduating and training younger workers.
- Compensation constructs need to be tailored not only for individual companies but also for specific employee/worker groups within a company.
 - Every company needs to assess whether older workers add value. Longer-service older workers will create value for some companies but not for others.
 - Compensation constructs need to reflect company values and the social contract created with employees.

- There is a growing need for employees with strong technology skills.
 - There is a concern that the mature age segment (45-64) will not have adequate technology skills to keep up with the technological advancements that occur over the next 10-15 years.

Open Questions:

- How do we measure worker productivity?
- How can companies offer flexibility to workers but still maintain productivity?
- How do we create compensation schemes that allow companies to bring in older workers at different levels and compensate them accordingly?
- How can we prepare older workers to succeed in a technology-enabled work environment?
- What are the policy barriers to employing older workers?



TALENT • HEALTH • RETIREMENT • INVESTMENTS

SECURING AND MANAGING AN OLDER WORKFORCE

April 18, 2013

Haig R. Nalbantian
Senior Partner

New York

CONFIDENTIAL

This document contains proprietary methodologies and tools which remain the property of Mercer. These methodologies and tools cannot be used or disclosed without written consent by Mercer.
© 2013, Mercer Human Resource Consulting LLC



Session 2: Workforce Management

Facilitated by Haig Nalbantian

The discussion on workforce management centered on how companies can find, grow, and retain valuable employees throughout their career. Rather than discussing specific strategies, attendees spoke more generally about their workforce management goals. They observed that different strategies may be appropriate for employees at different stages of their careers and that older workers need “graceful exits” that transition them out of the workplace.

Key Discussion Points:

- A company’s strategy for building talent should dictate career paths and compensation.
 - Companies can grow talent from within the organization (“build”) or hire talent that has been developed elsewhere (“buy”).
 - Companies with a “build” strategy may face challenges with diversity because they are consistently drawing from the same pool. But bringing in diverse hires from the outside can be self-defeating if it is contrary to the “build” strategy.
 - Companies with a “build” strategy may have a particular responsibility to help workers prepare for retirement since these employees will be with the company over the course of their careers.
- Companies should explore multiple ways to keep talent.
 - Some companies have “choke points” that prevent employees at mid-career levels from moving up the ladder. It’s important to unblock these choke points to grow talent.
 - Lateral moves may be one way to unblock choke points and keep employees engaged.
- Companies that have a large cohort within the retirement window can create “graceful exits” for older workers by helping them prepare for retirement both financially and psychologically.
 - With the move from defined benefit to defined contribution plans, companies have lost their primary source of influence over their employees’ retirement decisions. Advanced planning will help companies regain some of this influence.
 - Some companies have given a lot of thought to growing an employee throughout his/her career. Companies now need to extend this arc and think about how to create paths out.
 - Off-ramping currently carries a negative connotation, since most employees don’t want to take a demotion in their last few years of work.
 - There may be opportunities to package off-ramping as an honored senior status. One company did this with alumni and emeritus programs.

- Some workforce management strategies are limited in companies with a youth bias.
 - Some firms have decided that they are going to be young firms, so they don't mind losing older workers and may even see it as an advantage.
 - It can be especially hard to talk about retirement in a company with a youth-oriented culture.

Conclusions:

- Companies need to create a variety of paths to retirement for their employees.
- We need to redefine/reimagine off-ramping in a positive way.
- Preparing employees for retirement requires both financial and psychological preparation.

Open Questions:

- How can companies with a youth bias create a more open environment for talking about off-ramping and retirement?
- How can we reimagine off-ramping in a positive way?
- What are different paths employers can use to transition people out of employment?



**STANFORD
CENTER ON
LONGEVITY**

A Psychological Perspective on Older Workers
Laura Carstensen, PhD
Director, Stanford Center on Longevity

Psychological Perspective from Dr. Laura Carstensen

In order to effectively utilize older workers, it is important for employers to understand the evidence-based strengths and limitations of the older population. Dr. Laura Carstensen began Friday morning with a presentation describing the cognitive, emotional, and physical characteristics of older individuals.

Cognition: Dr. Carstensen explained that younger people process new information faster and better, but that the acquisition of knowledge and skills does not stop at any age. For most individuals, cognitive gain in knowledge and expertise compensates for age-related decline in processing speed.

Emotion: Emotional stability greatly improves with age. Older people experience fewer negative emotions, are much better at handling tense situations, and have fewer conflicts than their younger counterparts. Dr. Carstensen noted that emotional stability and regulation play a large role in performance in the workplace.

Health: Dr. Carstensen cited research by John Shoven that shows that, as assessed by mortality risk, the health of the older population is improving: 65-year-olds in 2000 had the same mortality risk as 59-year-olds in 1970. In other words, today's older people are "younger" than yesterday's older people.

Adapting to an Aging Workforce

JOB AND WORKPLACE DESIGN

IDEO Gretchen Addi

Session 3: Job and Workplace Design

Facilitated by Gretchen Addi

The last discussion of the conference was intended to highlight the ways in which job and workplace design shape the experience of the multigenerational workforce. The attendees agreed that the multigenerational workplace is a reality and they discussed ways in which job and workplace design could encourage communication, learning, knowledge transfer, and a positive company culture.

Key Discussion Points:

- The multigenerational workplace is a reality.
 - Aging is part of the diversity and inclusion puzzle.
 - In a multigenerational workplace, all ages benefit from interacting with each other.
 - Potential elements include: reverse mentoring, snowbird programs, and collaborative work spaces at all levels of the organization. Some companies have begun to implement these programs on an ad hoc basis.
 - Age has a unique inclusion lens because everyone has an entry point: we have all been young and we will all be old.
 - It's important to think about behavioral archetypes in addition to age.
- The paradox of the learning environment is that learning and efficiency are often in conflict: corporate culture demands speed and efficiency, but learning is by nature slow and inefficient.
 - Yet learning is important throughout an employee's career. You can't be effective over a 30-40 year range without continuing to develop yourself.
- Knowledge transfer should be an intentional, bi-directional, and positive component of a company's culture.
 - Employees can engage in knowledge transfer throughout their career, not just as they exit.
 - Knowledge transfer from younger employees to older employees can be just as important as knowledge transfer from older employees to younger employees.
 - Both company values and physical space can play a role in facilitating knowledge transfer.
- The physical environment plays an important role in shaping workplace culture and employee output.
 - All workers are cued by their surroundings and physical environment.
 - Companies can use the physical environment to communicate their values, inspire their employees, and facilitate collaboration and knowledge transfer.

Conclusions:

- Aging can't be separated from other dimensions and should be part of a larger conversation about the multigenerational workforce and organizational effectiveness.
- Companies should be more intentional about framing the multigenerational workplace rather than simply responding on an ad hoc basis.
- We need to think about the behavioral archetypes that show up across generations.
- Knowledge transfer has to happen both ways – from older employees to younger employees and vice-versa.

Open Questions:

- How can companies leverage the unique inclusion lens of age to facilitate understanding between older workers and younger workers?
- How can companies balance the need for learning and innovation with the need for efficient and productive work?
- How can companies use the physical environment to promote knowledge transfer among workers?
- How can companies use the physical environment to motivate workers and increase productivity?
- How do people at different ages vary in terms of work space preferences?

Take-Aways

Emerging Themes:

- It is important to create a multigenerational work environment.
 - A lot of companies are implementing programs on an ad hoc basis but it's important to create a more systematic and comprehensive approach to dealing with the aging workforce.
 - Age can be made part of the diversity and inclusion framework that companies are already using, as a way to optimize organizational effectiveness and workplace culture.
 - Cultural implications are profound. How you treat older workers sends a clear message to younger workers about how they are likely to be treated.
 - Many strategies for older workers benefit all workers.
 - Older workers and younger workers have a lot to learn from one another.
 - As we move towards a more technology-enabled work environment, it is becoming increasingly important to facilitate knowledge transfer from younger workers to older workers.
 - Younger workers can learn from the experience and knowledge of older workers.
- We need to reimagine retirement and reframe the discussion about work.
 - It is important to move from a discussion about retirement to a discussion about longevity.
 - We need a new way of conceptualizing working longer that is “beautiful, aspirational, and structurally supported.”
 - We need to develop new language to discuss retirement, especially in youth-oriented companies where there may be a stigma about discussing these issues.
- Companies need to think about how to engineer workplace transitions.
 - Graceful transitions are important throughout an employee's career and in particular at the end of a career – a “graceful exit.”
 - There may be ways to create graceful exits by providing job flexibility, instituting gradual retirement programs, and helping employees plan the next stage of their life.
- Preparing employees for retirement benefits both the employer and the employee.
 - Workforce management provides a way for employers to influence the retirement decisions of their employees.
 - Employers will be able to more predictably manage their workforce if they take an active role in their employees' retirement decisions.
- Preparing for retirement has two components: financial and psychological.
 - To help with financial preparation, companies can help their employees gain financial security.
 - To help with psychological preparation, companies can help employees envision their lives after retirement and educate them about new opportunities.

- There is a growing concern about the large number of older people who will need to work longer but will not be able to find jobs.
 - As they compete against younger workers and a global market, it may be difficult for older workers to find traditional employment.
 - How can we find ways to make this segment of the population productive?
 - What is our social responsibility – as companies and as citizens – in this instance? How do we balance employer interests and societal interests?

Research Questions:

- How do company values and tone affect employee retention and engagement?
- What legal obstacles do companies face as they try to implement policies for older workers?
- What is the taxonomy of the current workforce? Where are people employed?
- What is the distribution of hours and income for the self-employed population? What are they actually doing with their time?
- What kinds of job arrangements would older workers be willing to accept?

Conference Presentation Materials



STANFORD
CENTER ON
LONGEVITY

Demographics of the Aging U.S. Workforce

Selected slides to be included in conference proceedings

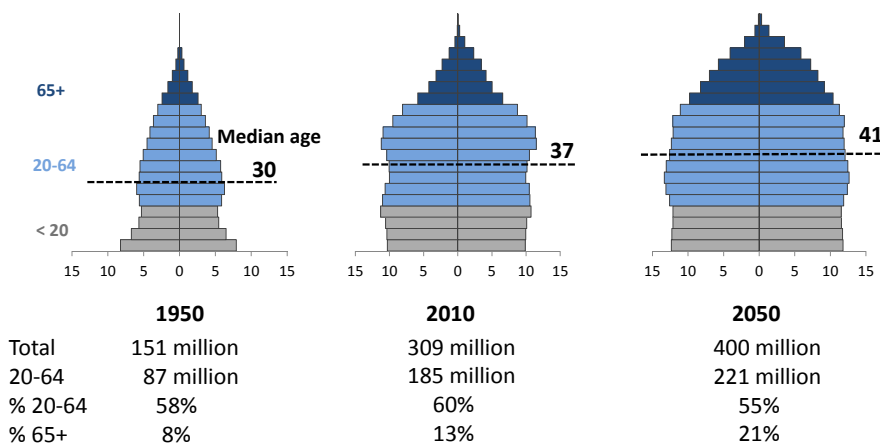
Adele Hayutin, PhD
Senior Research Scholar and Director of Demographic Analysis
Stanford Center on Longevity

© 2013 Stanford Center on Longevity

2

From pyramid to cube as more people reach old age

Total population by age and sex, millions

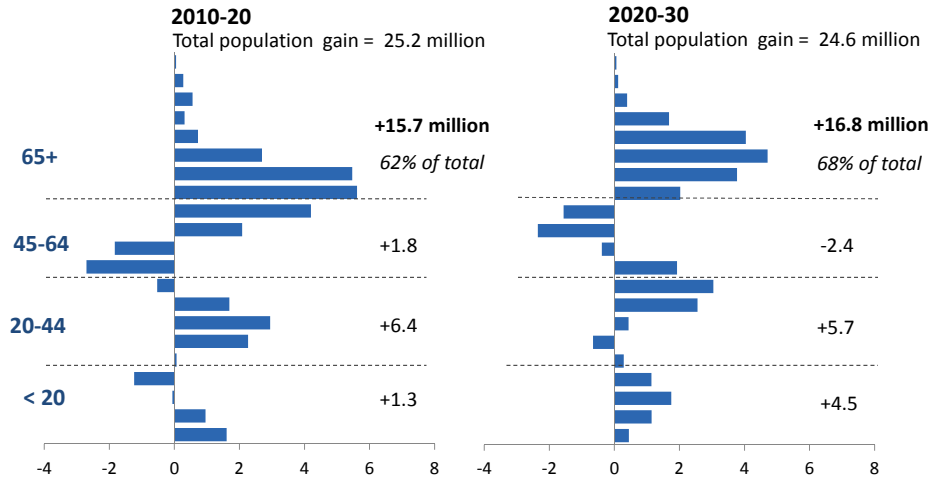


Note: Population by five-year age bracket; males on left, females on right.
Analysis: Stanford Center on Longevity.
Source: U.S. Census Bureau, 2010 and 2012.



Older brackets account for two-thirds of projected population gain

Change in population, by age, millions, 2010-30

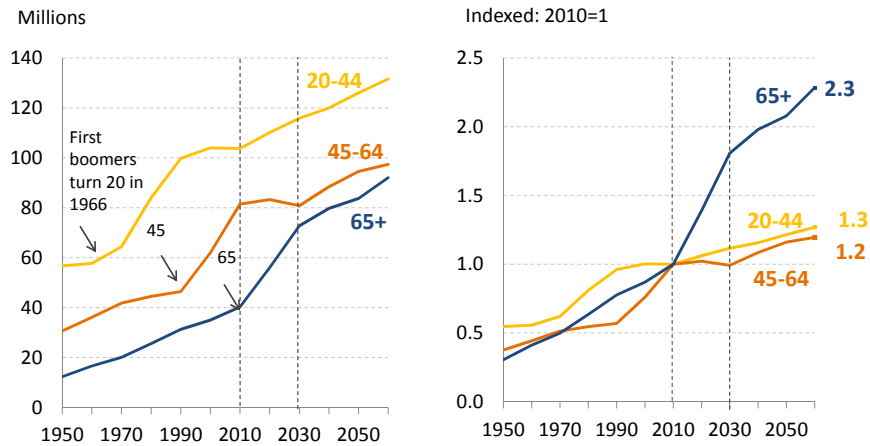


Note: Population by five-year age bracket.
 Analysis: Stanford Center on Longevity.
 Source: U.S. Census Bureau, 2010 and 2012.



No growth in mature working-age population over next 20 years.

Working-age population, 1950-2060

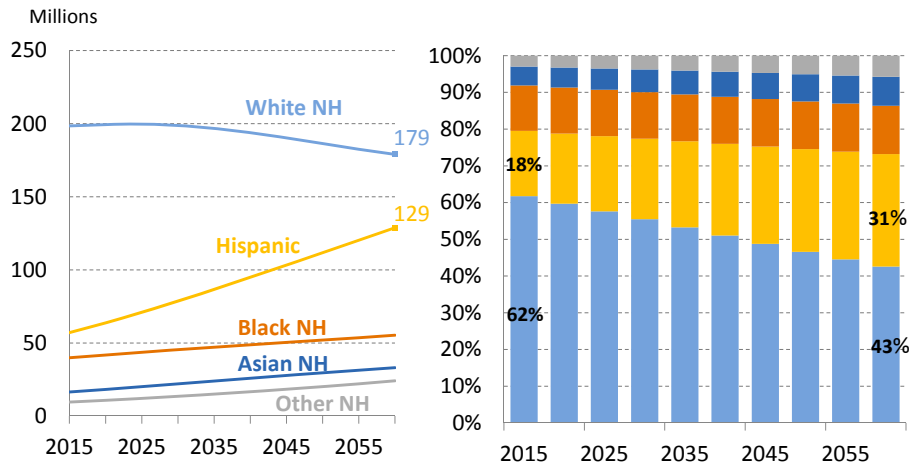


Note: Conventional working age= 20-64.
 Analysis: Stanford Center on Longevity.
 Source: U.S. Census Bureau, 2010 and 2012.



Hispanic population continues sharp rise; white population declines

Population by race and ethnicity, 2015-2060

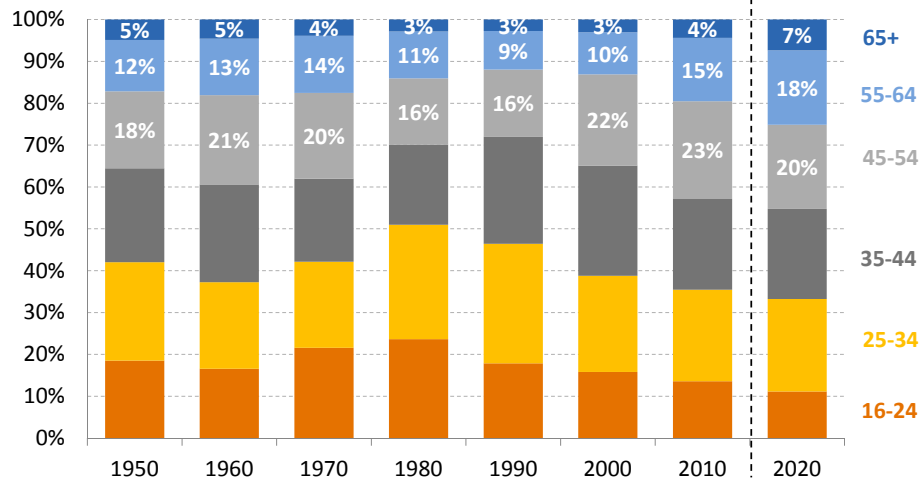


Note: NH = non-Hispanic; Other NH = non-Hispanic and two or more races, American Indian & Alaskan Native, or Native Hawaiian and Pacific Islander.
 Analysis: Stanford Center on Longevity.
 Source: U.S. Census Bureau, 2012.



By 2020, 25% of the labor force will be age 55+, the highest ever.

Percent distribution of the labor force, by age, 1950-2020

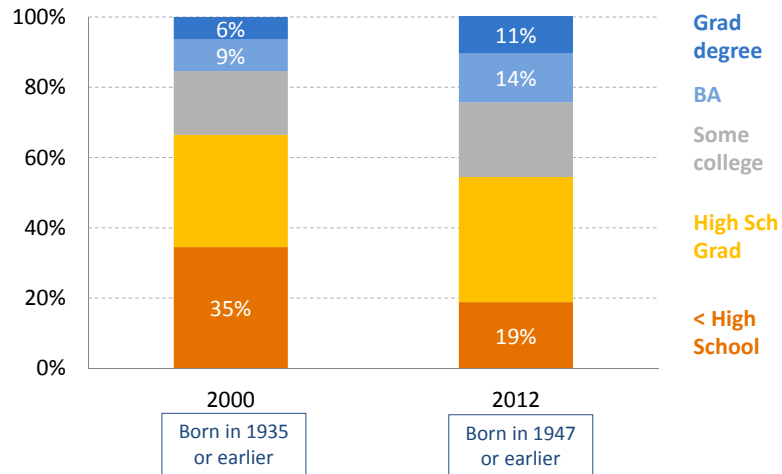


Analysis: Stanford Center on Longevity.
 Source: BLS, 1948-2012.



65-year-olds today are more educated than 65-year-olds in 2000.

Educational attainment of the 65+ population, 2000 and 2012



Analysis: Stanford Center on Longevity.
Source: U.S. Census Bureau, 2000, 2012.



ADAPTING TO AN AGING WORKFORCE COMPENSATION STRATEGIES AND PRACTICES

APRIL 18, 2013

Harry Conaway
Washington Resource Group
Mercer

Compensation Discussion

- Set up, discuss, summarize
- Review
 - Successful and unsuccessful older worker compensation strategies, and why
 - What should be retained and what is missing or could be done differently
 - Outside barriers to more successful strategies
 - Potential strategies for employers to use when compensating older workers – innovations!
 - Unanswered questions, opportunities for analysis and research

Compensation Discussion

The Issue

- Relationship between an older worker's rewards (and the employer's expense) and the business productivity and contributions of the older worker
- Managing that relationship can help an employer manage its talent and take advantage of the labor market more effectively
- Worker rewards/employer expenses
 - Wages, salaries
 - Continue to increase with longer tenure
 - Resistance or reluctance to reduce wages, salary
 - More true with larger employers
 - Worker expectations, morale and culture, status, unions, discrimination risk

MERCER

May 1, 2013

2

Compensation Discussion

The Issue

- Health coverage
 - Employer's aggregate expense – higher for older workforces
 - Rewards to workers
 - Defined benefit approach – rewards increase with age
 - Defined contribution approach – rewards steady
 - Impact of the ACA
- (Re)training
 - Certain expenses increase with age
- Other benefits
 - Disability benefits and management
 - Benefits for or supporting grandchildren, parents and grandparents

MERCER

May 1, 2013

3

Compensation Discussion

The Issue

- Retirement benefit accruals
 - Defined benefit plans
 - Final pay formula – incentive to keep working to normal retirement age as annual benefit accruals increase as service tenure and salary increase (past service)
 - Career average – neutral on working longer as annual benefit accruals relate to current year salary and service
 - Subsidized early retirement
 - Incentive to continue working until eligibility – additional annual accrual as worker approaches early retirement
 - Incentive not to continue working past eligibility – offsetting negative annual accrual as worker continues past early retirement

Compensation Discussion

The Issue

- Retirement benefit accruals
 - Defined contribution plans
 - 401(k) plans – neutral on working longer as annual benefit accruals relate to current year salary and contributions
 - Post-retirement health benefits
 - Post-retirement disability and other benefits

Compensation Discussion

The Issue

- Productivity and contributions of older workers generally
 - Actual or perceived capabilities
 - Strengths and weaknesses generally associated with age and tenure
 - Actual or perceived health & safety risks and expenses
 - Actual or perceived engagement, contributions, and productivity
 - Actual or perceived likelihood to work much longer
- Assess productivity and contributions of particular workers

Compensation Discussion

Attract and Retain Older Workers

- Assess employer's business needs around workforce and gaps between those needs and projected labor market
 - Potential losses through departures of many older workers
 - Costs of departures and rehiring
 - Training and retraining costs
 - Benefits of hiring older workers
 - Attracting and retaining older workers must be business justified
 - Specific assessments by jobs

Compensation Discussion

Attract and Retain Older Workers

- Leadership and other high-level messages
 - Often aimed at early- and mid-career workers
 - Don't resonate with older workers
 - May set intended or unintended culture and messages around age, work and retirement
 - Treatment of older workers now sends strong message to early- and mid-career workers

Compensation Discussion

Attract and Retain Older Workers

- Train employees about discrimination – focus on performance, not on age
 - Concerns about potential legal liabilities, but also change the culture, expectations, and behavior
 - Generally address negative perceptions or stereotypes of older workers by younger workers
 - Focus on younger supervisors and managers
 - More than a legal liability matter
 - More importantly a matter of engagement, productivity, contributions and retention

Compensation Discussion

Attract and Retain Older Workers

- Improve ability to assess capabilities, contributions, and performance of individual older workers and older job seekers
 - Better understanding of age-correlated changes capabilities and contributions/performance
 - Make assessments more at the individual level
 - Greater diversity among capabilities and preferences of older workers
- Redefine work processes to support more older-worker-friendly jobs and activities
 - Age-flexible processes and equipment

Compensation Discussion

Attract and Retain Older Workers

- Redefine career paths and specific jobs to support older workers
 - Break jobs into components
 - Identify components that older workers may excel at
 - Identify components that may be more difficult for older workers
 - Adjustments and accommodations to current jobs
 - Redefine or split job responsibilities
 - New jobs focused on older worker strengths

Compensation Discussion

Attract and Retain Older Workers

- Comp forms that encourage continued work
 - Options
 - Long-term incentives
 - Mandatory deferrals

Compensation Discussion

Attract and Retain Older Workers

- Develop comp patterns and flexibility (increases and decreases) that better link compensation to job changes, worker productivity and contributions
 - Define and measure job cohort and individual productivity and contributions
 - Improve culture and expectations around role and pay changes for older workers
 - Link between job and pay flexibility
 - Extend pay flexibility from wages, salaries to health coverage and retirement
 - More difficult in large companies with knowledge-based workers?

Compensation Discussion

Attract and Retain Older Workers

- Regular career, work and retirement discussions with (all) workers
 - Important to stay in touch with older workers individually – shouldn't be alone to manage themselves – keep them connected
 - Train supervisors and managers to work with older workers
 - Discuss options around jobs, job responsibilities, retirement, and post-retirement (including personal goals and interests)
 - Good way to target particular jobs and older workers for desired treatment

Compensation Discussion

Attract and Retain Older Workers

- Specific measures for older workers or employees (SMOE), or for workers generally with special value for older workers
 - Flexible work
 - Hours
 - Time
 - Location
 - Responsibilities
 - Step downs with lower pay
 - Less management
 - Project work, temporary work
 - Charity assignments
 - Paid time off, sabbaticals, and unpaid time off

Compensation Discussion

Attract and Retain Older Workers

- Less-than-full-time work
 - May or may not result in longer work tenure
- Work with diverse teams
 - High correlation with continued work
 - Reflect employer's engagement in the worker, as well as worker's engagement in the job and employer
- Job sharing
- Social connections
- Training
 - Continuous training (on the job)
 - Step up training and learning (new capabilities and jobs)
 - Overcome real or perceived resistance to retraining and change

Compensation Discussion

Attract and Retain Older Workers

- Intrinsic, non-monetary job rewards
 - Not all rewards need to be monetary
 - Opportunity to contribute, be useful
- Benefit flexibility
- Benefits that support grandchildren, parents, grandparents, and other relatives
- Disability management
- Onsite health benefits

Compensation Discussion

Attract and Retain Older Workers

- Retirement options
 - Phased retirement
 - Less-than-full-time work and partial retirement distributions
 - Health and other benefits
 - Phased retirement may result in more older workers working less
 - Some older workers who do phased retirement would have continued working full time, while others would have quit
 - Full retirement
 - When
 - Retirement benefit accruals cease
 - What are the distribution options?
 - Health and other benefits

MERCER

May 1, 2013

18

Compensation Discussion

Attract and Retain Older Workers

- Work after retirement – planned and unplanned
 - Alumni networks, contractors, consultants, part-time employees
 - Work with same employer or affiliates
 - Modify retirement, health, and other benefits to align with post-retirement work options
- Outplacement assistance
 - Continue work with other employers
- Target hiring efforts at older workers who can do the needed jobs
 - Where are they?
 - How to assess and evaluate job seekers?
 - How to assess job seekers' compensation needs

MERCER

May 1, 2013

19

Compensation Discussion

Attract and Retain Older Workers

- Managing older workers
 - Regular discussions around jobs, career, work, and retirement (above)
 - Train supervisors to supervise older workers
 - Collaboration and flexibility important
 - Help supervisors understand how older-worker work drivers may be different from early- and mid-career workers
 - Moving older workers to phase down and/or exit
 - Orderly severance process
 - Required retirement ages
 - Support reduced work and wages, salaries
 - Important to employer being comfortable attracting/retaining older workers more generally

Compensation Discussion

Attract and Retain Older Workers

- Variables and differences to keep in mind
 - Size of employer – large, small
 - Employer industry
 - Job types
 - Education level
 - Pay level
 - Tenure
 - Gender

Compensation Discussion New Employment Model

- Move from career employment perspective to more annual and more project, piece-work model
 - Career employment perspective
 - Early career, middle career, late career
 - Bring self-employed, independent contractors and small employer flexibility into larger company, combined with comp variability that occurs in these other contexts
 - More effective assessments of annual contributions and productivity by particular older workers
 - Link assessments to annual wages, salaries
 - Link to benefits
 - Health, retirement

Compensation Discussion New End of Career Model

- Enable an employer to provide an older, long-tenure workers moving to phased or full retirement with work options and with compensation and benefits comparable to what a new, different employer could provide (if the worker switched jobs)
 - Don't force older workers to go elsewhere – maintain option for them to get the same/similar deal with long-term employer
 - Need to protect against age-based discrimination
 - Pros and cons of this approach?
 - What is needed to move toward this model?

SECURING AND MANAGING AN OLDER WORKFORCE

April 18, 2013

Haig R. Nalbantian
Senior Partner

New York

CONFIDENTIAL

This document contains proprietary methodologies and tools which remain the property of Mercer. These methodologies and tools cannot be used or disclosed without written consent by Mercer.
© 2013, Mercer Human Resource Consulting LLC.

Key issues for discussion

- Do “seasoned” (older and/or more tenured) employees create business value in your organization
 - How do you know?
 - Does the answer vary across different workforce or business segments?
- Do you actually value seasoned employees in your organization ?
 - If so, which do you value more: general or firm-specific experience?
 - Through what mechanisms do you value experience?
- Applying the Diversity & Inclusion lens:
 - How do older workers fare in your organization?
 - Are there unique challenges in securing and engaging older workers?
- Other issues:
 - Knowledge management
 - The bridge to health
 - To what extent are policies and practices towards older workers driven by consideration of health and health benefits cost?

What We're Seeing

Case Example 1: Confronting the adverse impact of an erosion of employees' return to tenure in a Global Professional Services Company

Situation

- Company, under financial pressure with growth stalled and stock price imploded, is focused on developing an effective talent strategy to strengthen business performance
- With a business strategy that emphasizes highly differentiated service offerings and customer focus, the company orients to a "build" (rather than buy) talent strategy

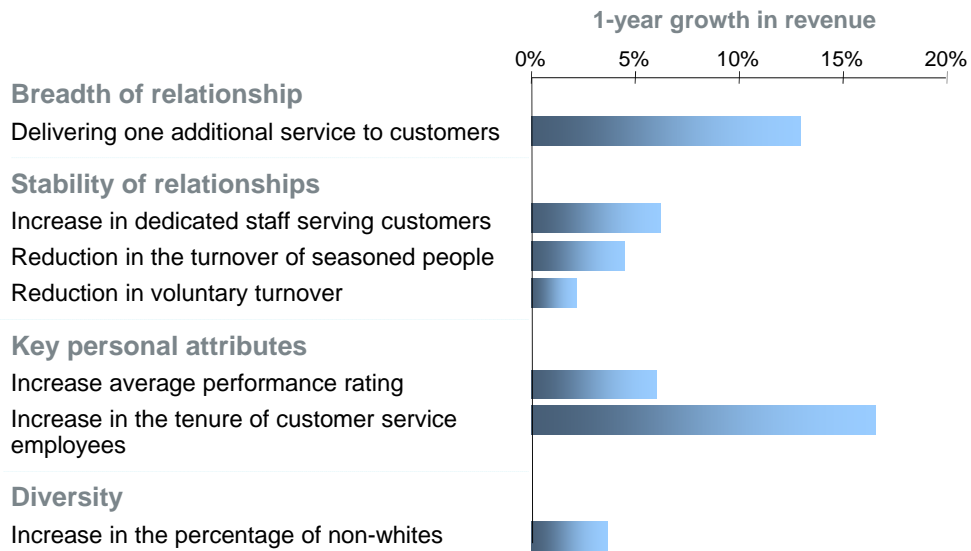
Presenting Problems

- Years of pay containment and freezes, combined with significant pay premia for new hires, has produced a steeply negative "return to tenure" for incumbent employees – each year of service significant reduces **relative** pay, even as evidence shows increased tenure in sales and delivery teams to be a source of value
- This is compounded by a significant deterioration of value of employee 401k plans and virtual obliteration of option values for company executives
- Turnover patterns show short and long terms incentives have no retention value; overall sensitivity of turnover to labor market conditions is high and rising – suggesting an eroding value proposition

Implications

- In this context, financially driven consideration of opportunities to further pare back combined DB and DC plans appear ill-advised
- Could this company really afford to weaken or eliminate the **only** component of their reward system that attributes value to tenure and which differentiates their employment package?
- What adjustments to retirement programs/plan design better support the company's Build talent strategy?

Evidence showed that longer tenure in customer facing roles was indeed a strong driver of year-to-year revenue growth. . .

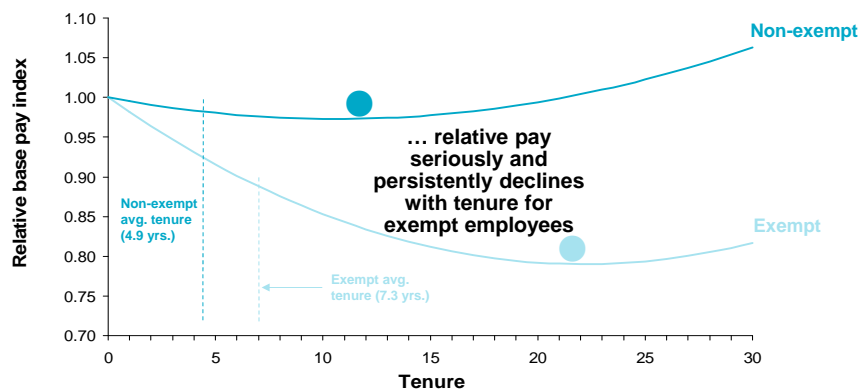


MERCER

May 6, 2013

4

Yet the return to tenure for employees was steeply eroding



The results suggest that firm specific human capital – as measured by tenure – is partially rewarded for non-exempt employees but not exempt employees

MERCER

May 6, 2013

5

Case Example 2: confronting the adverse impact of a loss of incentives to retire at a Global Consumer Products Company

Situation

- Large, branded company facing slow growth, almost all of which is driven by emerging markets, looks to develop a people strategy that fosters greater customer knowledge, faster, better innovation and stronger workforce diversity
- The company has traditionally built its talent from within, successfully relying on a premium rewards and employment package, to get talent to come and stay
- The company closed its DB plan in the late 1990s

Presenting Problems

- Company experiencing significant back-up in its talent flows as more senior employees delay retirement due to erosion of wealth in retirement plans and high uncertainty about their ability to supplement retirement income from work in a weak economy.
- Absent business growth, this back-up in retirements blocks progression of more junior talent, stalling our careers and generating incentives for higher performers or the more marketable among them to leave prematurely.

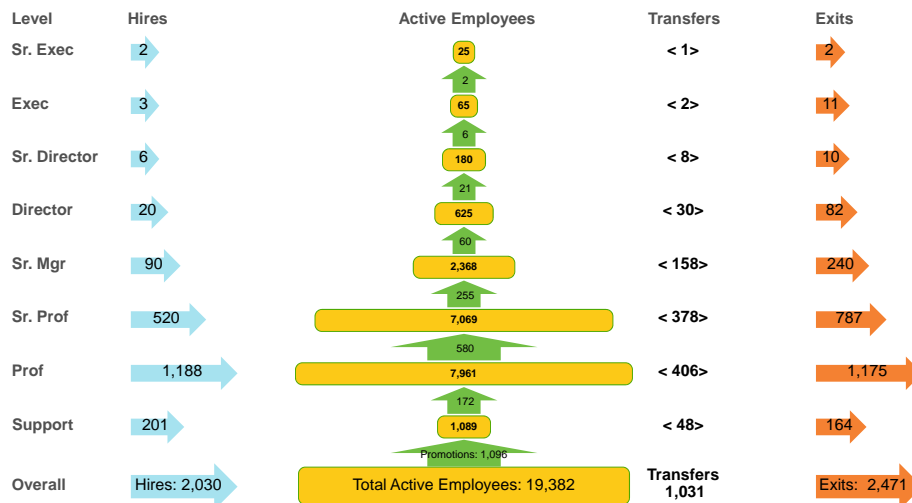
Implications

- Low “velocity” of movement, created *in part* by the existing retirement program is antithetical to successful realization of the company’s “Build” strategy with serious negative consequences to their business
- In this instance, a retirement program that delivered incentives for retirement eligible employees to leave, would outperform one whose incentives are completely disconnected from tenure

MERCER

6

Low Velocity is driven by ILM insulation and limited incentives to retire

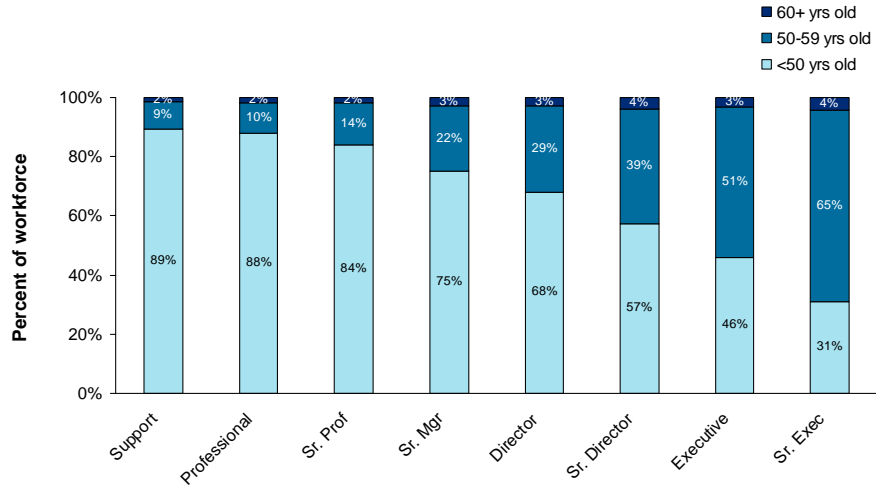


This analysis excludes employees without a level

MERCER

7

Percentage of the workforce at or nearing retirement age
 Low velocity is particularly consequential in the upper ranks



Analysis includes regular salaried employees who are active as of 8/31/2010.

MERCER

8

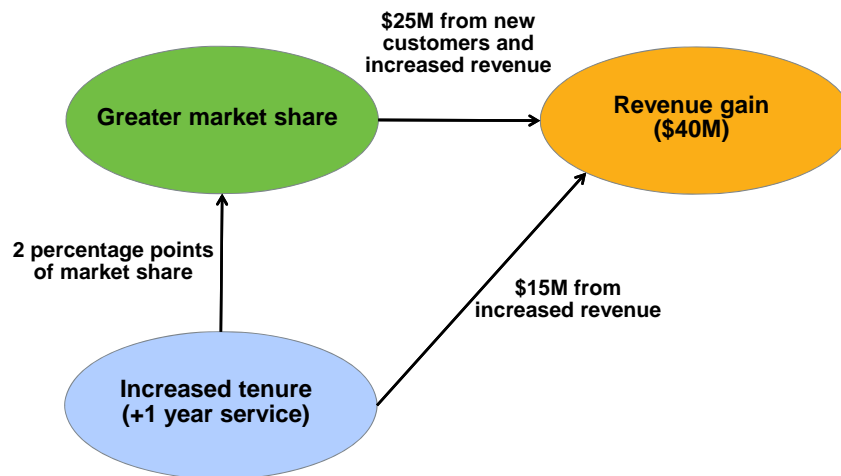
What You Need to Know to Develop Effective Solutions

How can you determine the right solutions for your organization?

Designing the right solutions for your organization requires answers to three questions:

1. What is the value of tenure to the business?
2. Is the value of tenure to employees properly aligned with its value to the business?
3. What is the optimal design of inducements for “on-time” exits from the workforce?

Case example: Value of tenure to the business in financial services – retail
Analysis found each additional year of employee tenure contributed to growth of market share and revenue



The Value Proposition Perspective

Understanding how to optimize the employee value proposition requires assessing both what people *SAY* and what they *DO*

SAY

What employees and employers say as measured through

- Focus groups
- Leadership and HR interviews
- Employee surveys
- Company policies
- Comparative/pattern databases

DO

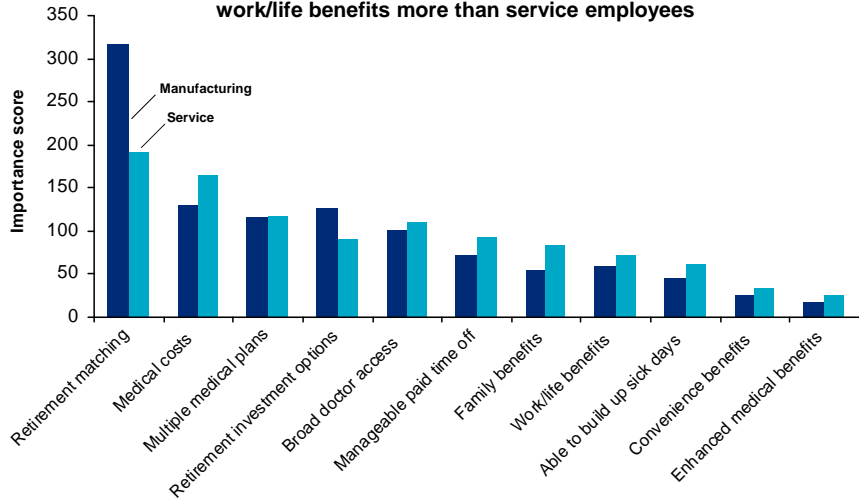
How employees and employers actually behave as measured through

- Individual employee records
- Employee turnover
- Business performance measures such as customer satisfaction, growth, profit and productivity

Complete, verifiable understanding of the interplay between employer action and employee reaction

Some organizations use more sophisticated methods such as conjoint analysis to more reliably elicit employee preferences. . .

At this organization, manufacturing employees value healthcare and work/life benefits more than service employees

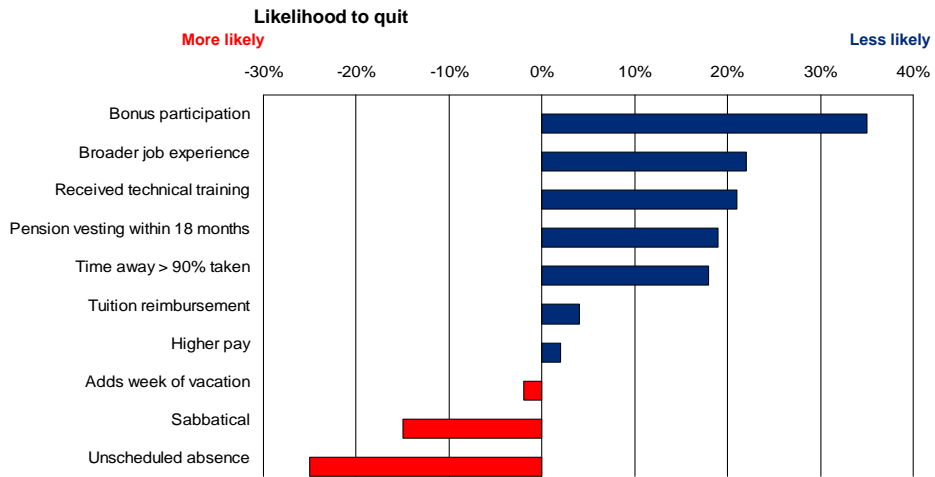


Importance scores were scaled so that the average score is 100. Disguised client sample: Two of the 13 attributes are not shown.

MERCER

. . . others rely on what employees actually do, like this company. . .

Results from statistical analysis of drivers of actual turnover



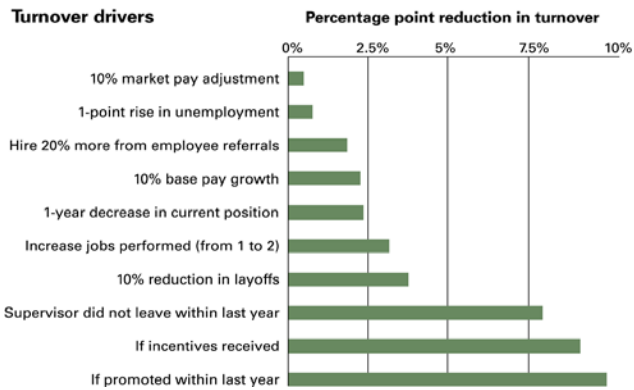
MERCER

May 6, 2013

15

Still others see the value of examining both together as did this regional bank that found that career opportunity and managerial stability – not pay and workload - are what actually mattered

Analysis of actual turnover behavior

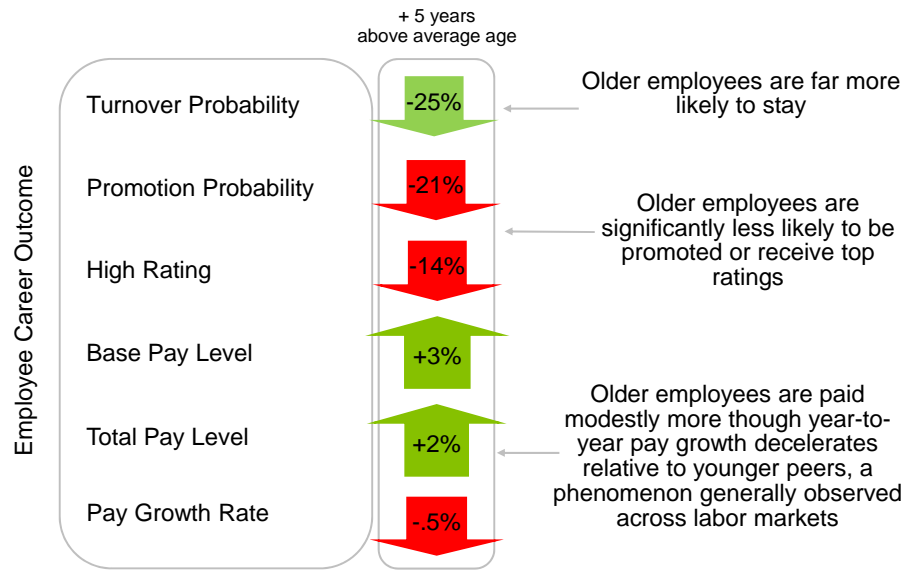


Previous surveys of perceptions suggested that pay and workload were most critical to employee commitment (in this organization). Our analysis of actual behavior showed that career development and management stability most affected retention.

MERCER

The Diversity Perspective

At this large consumer products company, older workers face a significant fall-off in career advancement and ratings, *all else being equal*:



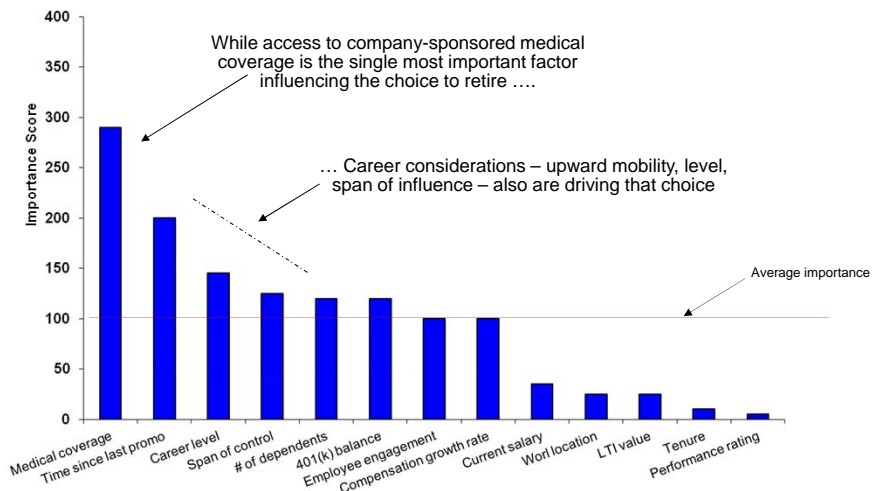
An “option-value” approach to designing retirement incentives

The SAY/DO approach can be applied to empirically identify the factors that influence retirement decisions at your organization

<p style="text-align: center;">Conjoint Analysis of Importance</p> <p>The focus is on stated importance: Employees' judgments about factors influencing the choice to retire</p> <p>Analytic approach: Maximum difference conjoint analysis in a survey-response format</p> <p>Strengths: Easy to administer, leverage points for designing a retirement offer</p>	<p style="text-align: center;">Statistical Modeling of Behavior</p> <p>The focus is on behavior: Retiring or not at the point of eligibility</p> <p>Analytic approach: Statistical modeling of the factors influencing actual choices made by employees</p> <p>Strengths: Company-specific models, leverage points for designing a retirement offer, predicting acceptance</p>
--	--

MERCER

Many factors can influence the choice to retire – hypothetical **SAY** example
Identifying the factors that actually influence retirement decisions is essential to designing the right solutions for “on time” retirement

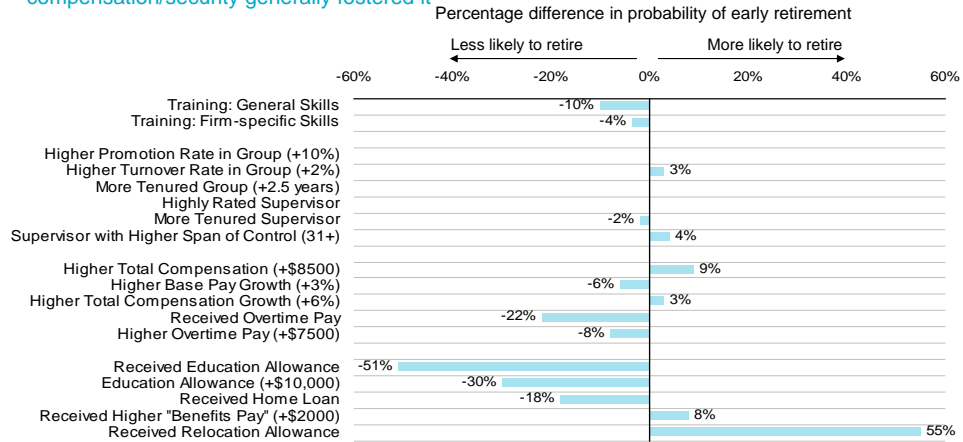


Importance scores are scaled so that the average score is 100.

MERCER

This energy company used Internal Labor Market (ILM) modeling to estimate the drivers of decisions to retire early – an actual “DO” example

Education, training, pay growth and overtime helped delay retirement whereas higher compensation/security generally fostered it



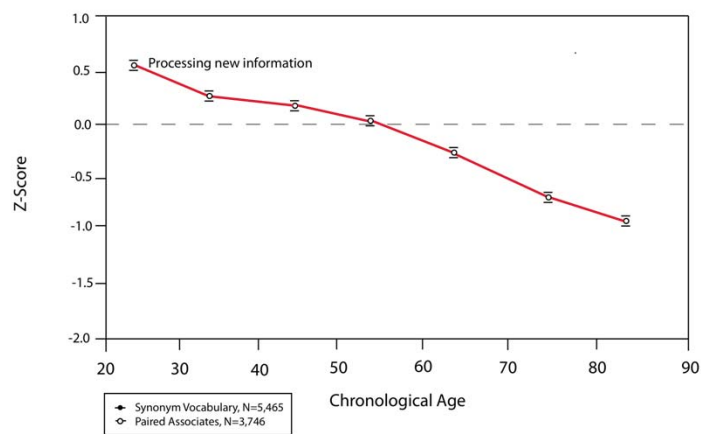
The models on which these results are based control for individual attributes and organizational factors. All effects are significant at the 5% level unless otherwise noted.





A Psychological Perspective on Older Workers
 Laura Carstensen, PhD
 Director, Stanford Center on Longevity

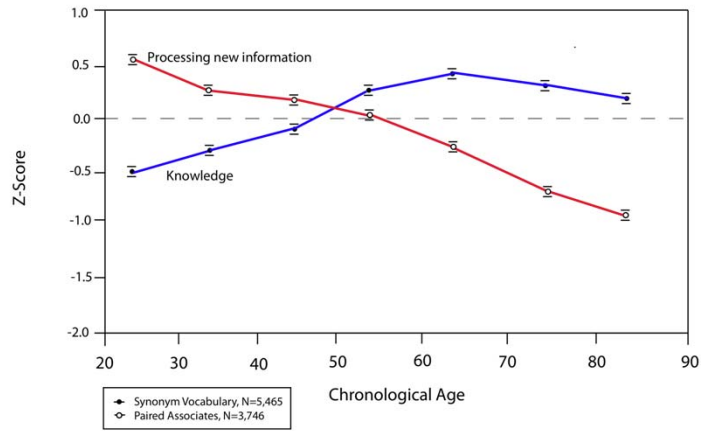
Cognitive decline with age



Salthouse, T. (2010) *Major Issues in Cognitive Aging*



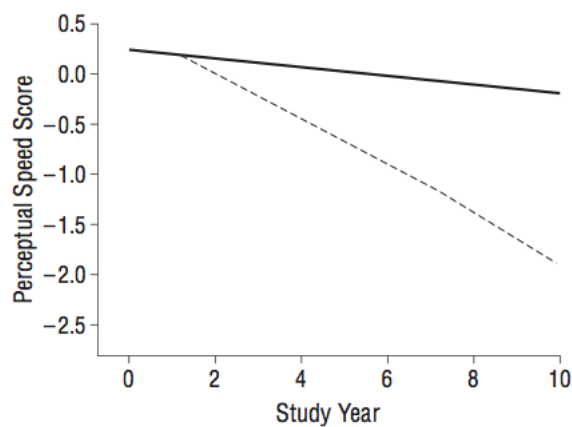
Cognitive gains compensate for declines



Salthouse, T. (2010) *Major Issues in Cognitive Aging*



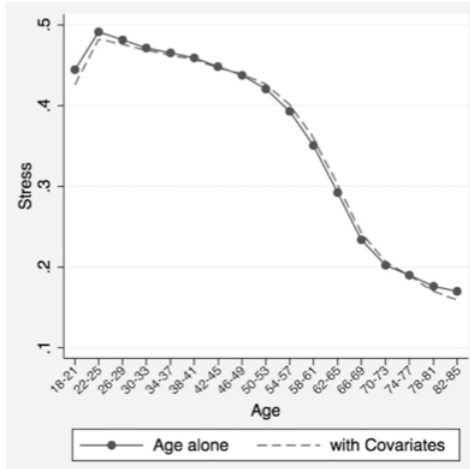
Age-related decline in cognitive processing parsing healthy from those who develop Alzheimer's disease or related disorders



Wilson, R.S., Leurgans, S.E., Boyle, P.A., Bennet, D.A. (2011) *Cognitive Decline in Prodromal Alzheimer Disease and Mild Cognitive Impairment*. *Arch Neuro.*



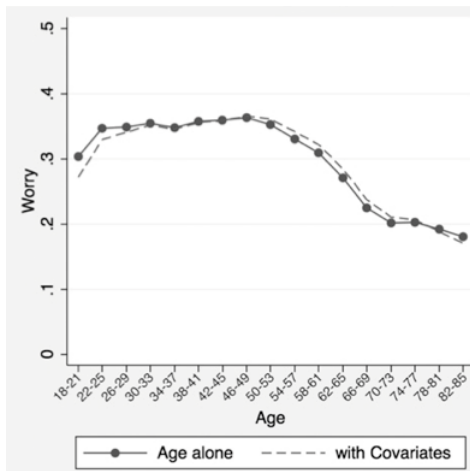
Emotional life improves with age



Arthur A. Stone, Joseph E. Schwartz, Joan E. Broderick, and Angus Deaton
[Proceedings of the National Academy of Sciences](#) (2011)



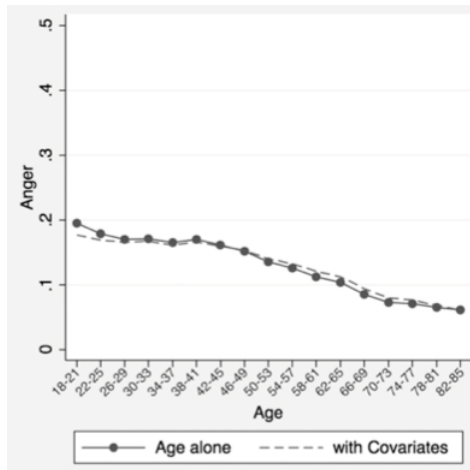
Worry



Arthur A. Stone, Joseph E. Schwartz, Joan E. Broderick, and Angus Deaton
[Proceedings of the National Academy of Sciences](#) (2011)



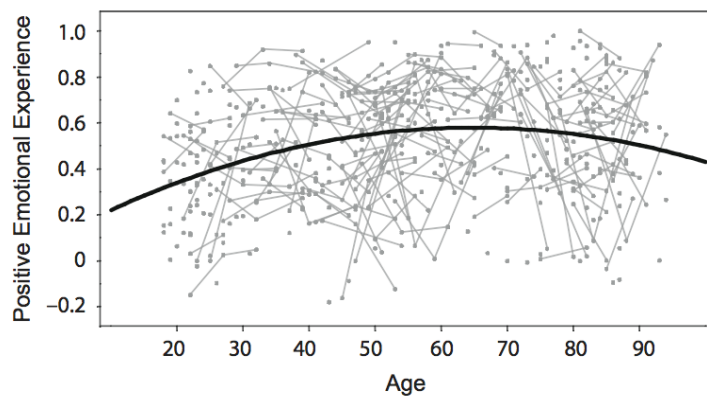
Anger



Arthur A. Stone, Joseph E. Schwartz, Joan E. Broderick, and Angus Deaton
[Proceedings of the National Academy of Sciences](#) (2011)



Not just the Greatest Generation

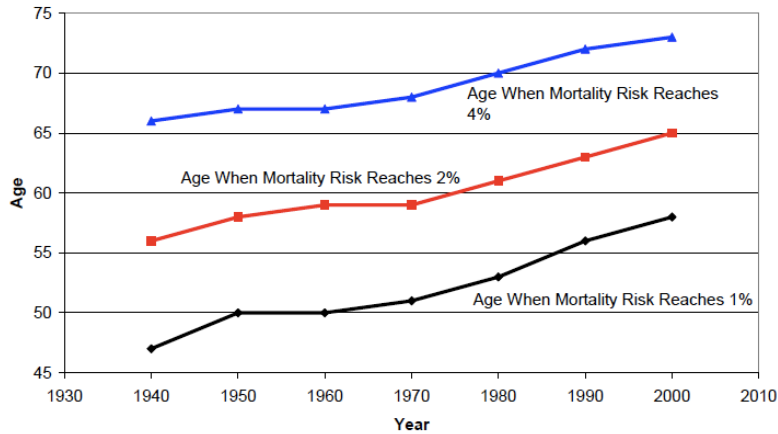


Carstensen, Turan, Scheibe, Ram, Ersner-Hershfield, Samanez-Larkin, Brooks,
& Nesselrode [Psychology and Aging](#) (2011)



Health is improving

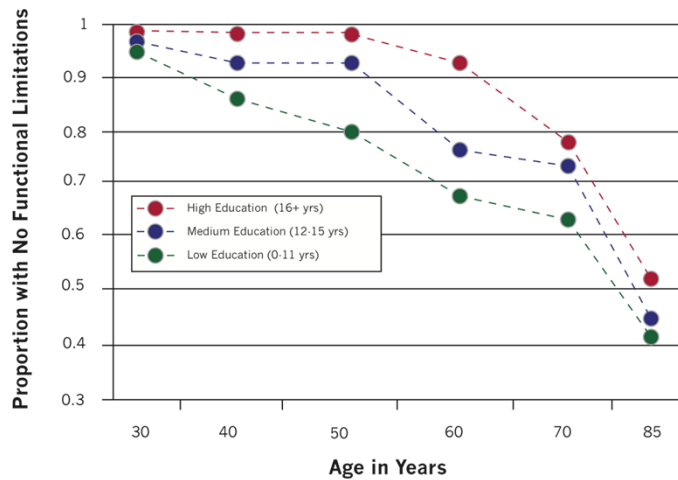
Age of Mortality Milestones for Men, 1940-2000
65 Year Olds in 2000 Had the Same Mortality Risks as 59 Year Olds in 1970



John Shoven, *New Age Thinking: Alternative Ways of Measuring Age, Their Relationship to Labor Force Participation, Government Policies and GDP*



Education matters



House, J. (2005)





EARLY LIFE

MIDDLE LIFE

LATER LIFE



Adapting to an Aging Workforce

JOB AND WORKPLACE DESIGN

IDEO Gretchen Addi





Reality:

By 2020, the age range amongst a team of people will cross 4 generations.

Question:

What is the future workplace for these multi-generational workers?



PS:

What you do for older workers has impact on all workers and sets a tone for who you are as a company.

YOUNG

Ready for change
Eager to learn
More technology capable
Physically stronger
More creative

OLD

More engaged
More loyal
More client focused
More accurate
Better social skills

WHAT ARE THE COMPONENTS THAT YOU HAVE TO WORK WITH:

- **LOCATION** – mine, ours, yours
- **TIME** – core, flex, temp
- **WORK** – physical and virtual

MULTI-GENERATIONAL MEANS SPACES THAT SUPPORT:

- **SHARING**
- **GROWTH**
- **TRADE**
- **REFLECTION**
- **CONNECTION**

SHARING

Exchanging knowledge face-to-face with people of different ages, experiences and skills.

Workplaces for sharing knowledge should facilitate communication and allow the deposit and collection of the knowledge.

GROWTH

Sites for learning and sites for working are increasingly becoming shared territory.

Grow describes the need for working people to continue to develop and enhance skills and knowledge during a career. In a multi-generational workplace, a wealth of skill exists amongst young recently educated workers, these skills co-exist with the knowledge and experience of older workers.

TRADE

A marketplace to trade knowledge between specialties/divisions/organizations and potentially cross geographical and cultural boundaries.

in the 21st century, we are all specialists, we need to exchange by knowing other people and disciplines – it excites and stimulates us.

FOCUS

individual considered work and concentration requires a suitable environment free of clutter and disturbances.

REFLECTION

A network of places for reflection and private thought, away from machines, technology, outside input and activity.

At the current pace of worklife, we need to consider the psychological sustainability of our work styles and be aware of the possibility that ubiquitous technologies can deliver stress as well as work utility.

CONNECTION

An accessible network to link the knowledge of a diverse workforce.

Older workers in particular will crave connection to people of all ages and avoid being cocooned with their peers.

EMERGENT APPROACHES TO CONSIDER:

DOES YOUR WORKPLACE FOSTER A LEARNING CULTURE?

**SUCCESSFUL WORKPLACES ARE MORE
THAN JUST PLACES. THEY ARE LEARNING
EXPERIENCES.**

DOES YOUR WORKPLACE EMPOWER EMPLOYEES TO INNOVATE?

**IT'S MORE THAN TOOLS FOR WORK. IT'S
ABOUT THE BEHAVIORS YOU WANT TO
CULTIVATE.**

IS YOUR WORKPLACE INSPIRATIONAL?

**MULTI-DIMENSIONAL EXPERIENCES
STIMULATE UNCONVENTIONAL
CONNECTIONS. INNOVATIONS NEED
INSPIRATIONS.**

DO YOU WANT TO ~~WORK~~ BE THERE?

**WORKPLACE IS ONE NODE WITHIN A
COMPLEX TALENT ECOLOGY. FOCUSING ON
CREATING RICH WORK EXPERIENCES WILL
ENABLE COMPANIES TO DEVELOP LONG-TERM
VALUES.**

THOUGHTS?

THANK YOU.
IDEO