

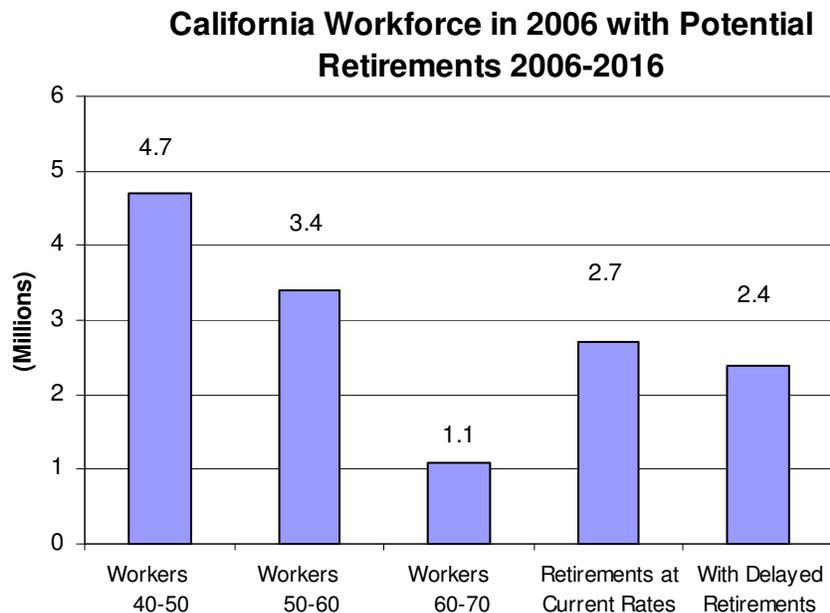
California's Coming Retirement Wave

The first baby boomers turned 60 in 2006. There are now approximately 10.2 million Californians aged 40 to 60 of which 8.1 million are in the state's labor force. Another 2.7 million residents are aged 60 to 70 and 1.1 million of these Californians are still in the workforce.

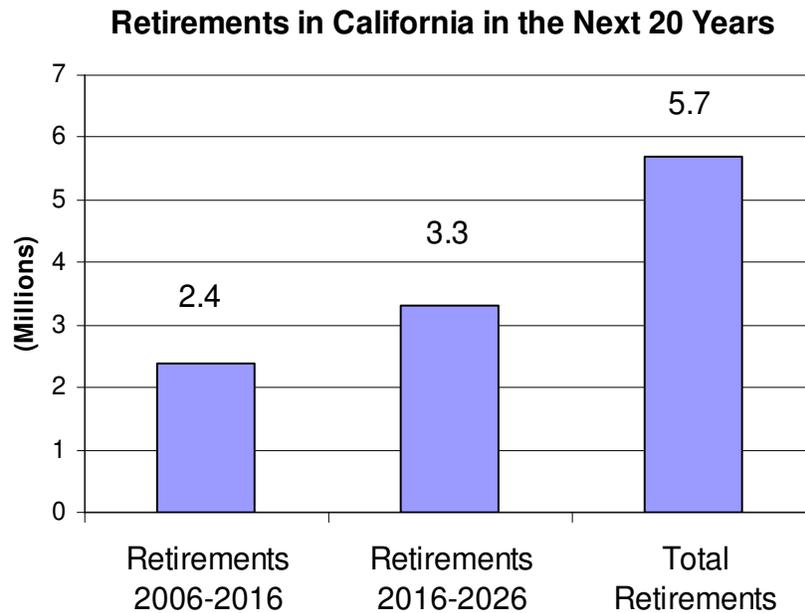
This *Numbers in the News* examines the coming retirement wave, looks at the possible impact of delayed retirement and explores the related opportunities and challenges for California's economy and families.

During the next ten years 2.7 million workers currently aged 40 and older in California will retire if current retirement rates continue. It is likely that some workers will delay retirement and stay in the workforce longer than normal during the next 10 to 20 years as better health and financial incentives have an impact on retirement decisions.

The impact of these delayed retirements will reduce retirements during the next ten years to 2.4 million from the 2.7 million projected based on current rates.



The retirement wave intensifies during the following ten years. Between 2016 and 2026, 3.3 million baby boomers will retire after taking account of the decisions of some workers to delay retirement. During the next 20 years 5.7 million Californians will retire.



Implications of the Coming Wave of Retirements

- Job opportunities will include the jobs made available through retirements as well as through job growth. In many occupations the number of job openings related to retirements will exceed the number of added jobs. In fact job openings will occur in occupations where the overall job levels are falling. It is important that education and adult workforce strategies do not focus exclusively on new industries and occupations with job growth.
- Although many jobs will require specialized post-secondary education and training, it is not true that most jobs will require a four-year degree. The California economy will have a variety of workforce needs and the choices facing students and workers are far more complex and exciting than being either a well-educated professional or a low-paid service worker.
- Younger workers who are already in the workforce will replace many of the retiring baby boomers. While a focus on improving high-school graduation and college completion rates is important, it is equally important to develop strategies to allow current workers to acquire additional skills to replace retiring baby boomers.
- The new emphasis on career technical education will be helpful in converting California's workforce challenges into opportunities, especially if we find ways to open career technical education opportunities to existing workers as well as students.

- The people entering California's workforce during the next 20 years will be new immigrants and the children and grandchildren of recent immigrants. More information on the coming workforce transformation in California is covered in the workforce section of CCSCE's website www.ccsce.com and in a new book *Immigrants and Boomers* by Dowell Myers of USC. The recent report *Tough Choices or Tough Times* by the National Center on Education and the Economy is another good source for these issues.

Technical Note

The retirement projections were developed using population projections prepared by the California Department of Finance and labor force participation rate projections of the U.S. Bureau of Labor Statistics (BLS). Labor force participation declines sharply as workers reach age 60 and beyond. The labor force participation rates shown below are for California in 2005 and projected to 2016. BLS projects that participation rates will increase for workers over 50 as some workers delay retirement. For example 44% of workers aged 60 to 70 are projected to work in 2016, up from the current 39% for these workers.

