



PLANNING FOR THE FUTURE WORKFORCE: LEAVE PATTERNS ACROSS GENERATIONS

Brian Gifford, PhD
Director, Research and Measurement

Betty (Yang) Zong
Research Associate

December 2016

Executive Summary

While most “Baby Boomers” will leave the workforce in the next decade, the Bureau of Labor Statistics (BLS) projects that by 2024, one in five American workers will be age 55 or older. The aging workforce will pose a challenge for employers’ human capital management strategies as well as their efforts to support their employees’ health and productivity. We use IBI’s disability benchmarking data to compare disability outcomes across generations. This includes:

- The proportion of workers who file STD claims, and for what reasons.
- How long claimants are off the job for an STD claim and at what cost in wage replacements and lost productivity (defined as the opportunity costs or foregone revenues or excess labor costs).
- How likely an STD claimant will enter the LTD system and how much LTD age replacements will add to the total costs of a disability incident.

Results

- 9 of every 100 female Baby Boomers are expected to have an STD claim, compared to just 8 per 100 male Baby Boomers. Excluding pregnancy claims, Generation X employees will claim STD benefits at about half this rate, and Millennials at about one-third the rate of Baby Boomers.
- Musculoskeletal claims are more common among Baby Boomers than younger employees, but both Millennials and Generation X employees have slightly higher claims rates for mental health disorders than their counterparts in the Baby Boomer generation. For all groups, however, injuries, musculoskeletal disease and mental health disorders account for nearly half of all non-pregnancy claims.

- Older workers generally have more lost work time than their younger counterparts. The average Baby Boomer on STD loses between 35 and 38 work days, compared to about 32 days for Generation X employees and between 28 and 30 days for Millennials.
- With the exception of Millennials, males tend to have more lost work time than females in their generation. However, the gender gap in wage replacements exceeds the gender gap in lost work days. This likely reflects larger pay differentials as well as differences in disability benefits across industries where male and female employees are concentrated.
- Assuming expected STD and LTD wage replacements and opportunity costs, the final costs for a male Baby Boomer's disability incident is expected to be around \$15,000. Costs for female Baby Boomers (≈\$10,000) are about 25% greater than the costs for Generation X females and about twice the costs for female Millennials. The ratios for male Baby Boomers' costs compared to Generation X and Millennial males are 1.5 (i.e., 50% greater) and 1.9, respectively.
- If today's younger workers experience similar claims rates and costs as their older peers as they age, the approach of this study suggests that the productivity impact of disability in 2025 will be 11% greater than in 2015. By contrast, the labor force itself will grow by only 5% over the same period.¹

Implications for Employers

Because older workers have more and costlier disability leaves, the growth in disability costs to business will outpace labor force growth as the workforce ages. Employers need to recognize their workers' risk of extended disability absences in order to plan for and avoid costly productivity disruptions. Understanding the kinds of conditions that disrupt older workers' ability to remain on the job is the first step towards developing prevention, care management and return-to-work (RTW) strategies to mitigate productivity losses. By the same token, observing lost work-time patterns across generations can give potential insights into the types of conditions that we should be paying attention to now – not only to preserve current productivity, but to minimize the potentially larger losses down the road as today's Generation Xer and Millennial employees age.

¹ U.S. Bureau of Labor Statistics, [Employment Projections: 2014-24](http://www.bls.gov/news.release/ecopro.t01.htm)
<<http://www.bls.gov/news.release/ecopro.t01.htm>>