

Macro Roundup Article

Headline: [Pandemic Labor Force Participation and Net Worth Fluctuations](#)

Article Link: <https://research.stlouisfed.org/wp/more/2023-010>

Author(s)	Miguel Faria e Castro and Samuel Jordan-Wood
Publication	Federal Reserve Bank of St. Louis
Publication Date	May 12, 2023

Tweet: A wealth effect from the rise in asset prices during the pandemic period can explain over 80% of the 2.2M “excess retirements” from 2019-21 among US workers aged 55+. @mfariacastro

Summary: The U.S. labor force participation rate (LFPR) experienced a record drop during the early pandemic. While it has since recovered to 62.2% as of December 2022, it was still 1.41 pp below its pre-pandemic peak. This gap is explained mostly by a permanent decline in the LFPR for workers older than 55. Table 2 shows that between 45% and 82% of the 2.2 million excess retirements can be explained by wealth effects for those aged 55-70 or 55 and older. For the entire 2019-2022 period, between 20% and 36% of the 3.3 million excess retirements can be explained by wealth effects. Related: Retirements, Net Worth, and the Fall and Rise of Labor Force Participation

Primary Topic: Business Cycle

Topics: Business Cycle, Financial Markets, GDP, Government/NGO, Unemployment/Participation, Weekly, Workforce

Permalink: <https://www.edwardconard.com/macro-roundup/a-wealth-effect-from-the-rise-in-asset-prices-during-the-pandemic-period-can-explain-over-80-of-the-2-2m-excess-retirements-from-2019-21-among-us-workers-aged-55-mfariacastro?view=detail>

Featured Image Link: <https://www.edwardconard.com/wp-content/uploads/2023/05/Screenshot-2023-05-12-at-10.41.24-AM.png>