

Macro Roundup Article

Headline: “The Great Retirement Boom”: The Pandemic-Era Surge in Retirements and Implications for Future Labor Force Participation

Article Link: <https://www.federalreserve.gov/econres/feds/the-great-retirement-boom.htm>

Author(s)	Joshua Montes, Christopher Smith and Juliana Dajon
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Tweet: In October 2022, the retired share of the American population was 1½ percentage points above its pre-pandemic trend. These 3.5 million workers account for essentially all of the shortfall in labor force participation rates. @federalreserve

Summary: Despite some improvement in the labor force participation rate for the working-age population since the early stages of the pandemic, the LFPR in October 2022 remained nearly 1½ percentage points below its pre-pandemic, February 2020 level (after making adjustments for changes in population weights introduced from the 2020 Census). The importance of retirements in accounting for this shortfall is illustrated in Figure 1, which shows the percentage of the working-age population that is not in the labor force for different reasons (black line) relative to February 2020, based on responses to the Current Population Survey. While earlier in the pandemic, factors other than retirements were an important contributor to elevated non-participation (such as non-participation while caregiving, the orange line), the percent of the population that was not in the labor force and retired (the [MRH1] “retired share”) has steadily increased and in October 2022 was almost 1½ percentage points above its pre-pandemic level, representing an increase of more than 3½ million retirees and accounting for essentially all of the total shortfall in the LFPR.

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