

Macro Roundup Article

Headline: [Retirements, Net Worth, and the Fall and Rise of Labor Force Participation](#)

Article Link: <https://www.stlouisfed.org/on-the-economy/2023/jan/retirements-net-worth-labor-force-participation>

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Tweet: [. @mfariacastro at @stlouisfed estimates that the decline in asset values in 2022 drove 170,000 workers aged 51-65 back into the labor force. This represents 16% of the increase in LFP from Jan through Oct 2022.](#)

Summary: The figure above plots the estimated average change in net worth per head of household age category during 2022. People between the ages of 55 and 74 lost, on average, over \$100,000 in net worth due to falling asset returns between January and October 2022. This partly reverses some of the net worth gains in 2020-21, which were particularly high for these age groups. This is explained by the high exposure (in absolute terms) of people in these age groups to asset classes such as stocks and bonds, which performed reasonably well in 2020-21 but posted significant negative returns during 2022. Focusing on only people between the ages of 51 and 65, whose decision to participate in the labor force tends to be more sensitive to wealth effects, we find that the decline in asset values may have caused an extra 170,000 people to return to the labor force. This corresponds to an increase in the LFP rate of 0.06 percentage points, or about 16% of the total increase observed through October 2022.

Primary Topic: Unemployment/Participation

Topics: Database, Factoid, Government/NGO, Sell-by Date, Unemployment/Participation, Weekly

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Featured Image

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