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FROM BOOM TO IMBALANCE

HOW POPULATION CHANGE IS STRAINING PUBLIC PENSION SYSTEMS IN THE UNITED STATES

By Diana Elliott, Sara Srygley, and Beth Jarosz

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Executive Summary

Looking Beyond the Retirement Age

Public pension plans hold trillions of dollars in assets and are responsible for the current and future retirement security of millions of Americans. In recent years, though, questions have arisen about the financial sustainability of such plans.

Baby Boomers have exited the labor force in large numbers over the last decade, meaning they are now drawing payments from thousands of public pension systems across the United States. Without sufficient planning for demographic change, public pension plans will face fiscal challenges in the very near future.

In this brief, we test different scenarios to understand how policy levers could change the population of retirees in the coming decades and affect the demand on state and local public pensions. Among our findings:

- **The retirement rate has risen notably in recent years.** The retirement rate among 59- to 77-year-olds increased from 7.9% to 8.3% between 2014–2016 and 2021–2023, adding 3.7 million retirees in this age group.

- **By 2050, nearly a quarter (23.2%) of the U.S. population will be retirees.** Meanwhile, the share of the total population in the labor force in 2050 will be just 56.4%, down three percentage points from 2024.

- **Between 2024 and 2050, the share of retirees will grow quickly.** If our current assumptions about the age of retirement and the population of older Americans hold true, the ratio of retirees to workers will increase from 0.32 in 2024 to 0.41 in 2050. The population of retirees will rise from over 53 million in 2024 to nearly 71 million by 2050. On average, over 3.2 million new retirements will happen each year over this 26-year period.

- **Increasing the minimum retirement age by two years—a popular policy proposal—would do little to change these trends.** The rise in the ratio of retirees to workers would slow, but by a small magnitude. This policy change would lead to just 4.3 million fewer retirees overall by 2050.

- **If workers retired two years earlier, the number of retirees would grow.** Such early retirements would culminate in 7.9 million more retirees by 2050 than currently expected.

- **Events such as gradual declines in hiring and retention challenges or an immediate shock resulting in layoffs or closures (like the COVID-19 pandemic) would also increase the number of retirees in the public sector.** Such occurrences would result in 1 to 2 million more retirees relative to younger workers by 2050, over and above demographic change.

- **Our aging workforce is driving major changes.** In all scenarios, the number of retirees relative to younger workers increases over time as the United States becomes an older country.

State and local governments need to address the reality that aging Baby Boomers will affect pension plans for decades to come. As we demonstrate, adjustments to retirement policies do very little to counteract the demographic pressures these plans will face. Solutions such as drawing un- and underemployed workers into the government, addressing fiscal challenges sooner rather than later, and creating flexibility in how pension plans are designed could help address these pressures. Without interventions, the failure to confront our demographic reality will lead to an increased burden for everyone.

Uncertainty about the fiscal viability of public pensions jeopardizes the retirement of people who power daily life in American communities, including public safety and transportation workers.

A Retirement System in Flux

Public pension plans, an important source of retirement income for state and local government employees, are being transformed by demographic change. Several demographic forces—including the aging of the Baby Boomers, lower fertility rates, and longer lives—are pushing the United States toward a tipping point where more people will be drawing from public pension systems than contributing to them.

Consequently, many questions have arisen about the future fiscal viability of these systems. Such uncertainty jeopardizes the retirement of individuals who directly contribute to and safeguard our communities, including educators, librarians, public safety personnel, and public works employees.

From Boom to Imbalance assesses what we know about older workers today— their engagement with work and their plans to retire—and what this state of affairs means for retirement systems, including public pension plans. We then examine what the future of retirement might look like in the United States. Our original analyses include forward-looking projections that model how different demographic assumptions and retirement policies might affect the future of the public sector workforce.

We find that policy changes *marginally* affect the number of future retirees. But the magnitude of demographic changes by 2050 will create a smaller pool of active workers contributing to pension systems at the same time that more retirees are being supported by them. States will face an increasing dilemma about how to support these costs in an increasingly aging country. As current pension systems become less sustainable, bolder policy solutions will be needed to ensure future generations of public workers receive the retirement support they have earned.

The Changing Face of the Labor Force

Since the COVID-19 pandemic, Baby Boomers have been retiring in large numbers,[1] contributing to rapid changes in the demographics of the labor force.

In this section, we explore what retirement looks like today, including how Baby Boomers are experiencing the transition out of the labor force. We also examine how the composition of the labor force is changing, not only because of retirements but also due to other, larger demographic shifts, including declining fertility, increased longevity, and stalled immigration.

How Baby Boomers Are Transforming Retirement

The Baby Boom generation—born between 1946 and 1964 during the post-World War II surge in births—has transformed American institutions with each life milestone. For more than 70 years, families, schools, and workplaces have adapted to accommodate their outsized influence. Today, Baby Boomers are transforming retirement, in part simply because of their large population size. But how many have actually retired, and what does this retirement look like?

Retirement Is No Longer One-Size-Fits-All

Defining Baby Boomer retirement is not straightforward; there are more pathways to retirement now than in the past. For prior generations of workers, the trajectory seemed clearer: work, retire, and in many cases, receive a pension. But pensions and other defined benefit plans are less prevalent in the United States today.[2] And, in previous decades, pension eligibility was more often tied to age than to other factors,[3] prompting a delineated and permanent separation from paid work. As employers have transitioned in recent decades to defined contribution plans such as 401(k)s and 403(b)s, retirement is increasingly contingent on individual decisions instead of employer guarantees.

Today's retirement reality is further complicated by factors such as rising disability rates, caregiving responsibilities, ageism, and an increasingly precarious economic experience for retirees that often necessitates working longer or returning to paid work in order to live comfortably.

Disability may curtail labor force participation. Some Baby Boomers have left the workforce before full retirement due to disability, but it's hard to fully quantify how many. As of April 2024, 7.3 million people in the United States were receiving disability payments, and of those, 74% were ages 50 and older.[4] As disabilities increase with age, engagement in the workforce declines. Workers in their late 50s or early 60s who report new disabilities are significantly more likely to leave the labor force before full retirement age than those who do not.[5]

Further, recent polling shows that 35% of working age adults who are not in the labor force report disability or illness as the reason for exiting paid work.[6] And workforce participation is lower among older adults who previously performed blue-collar jobs, which tend to be more physically demanding, compared with their white-collar peers.[7] Notably, among older workers who transitioned to Social Security Disability Insurance in 2023, musculoskeletal conditions—which limit participation in work requiring standing, lifting, or bending—were the most common diagnosis.[8]

In recent years, symptoms of long COVID may be another factor affecting labor force participation and disability rates among older workers. The U.S. Social Security Administration defines disability as being "unable to do any substantial gainful work activity because of any medically determinable physical or mental impairment(s) that has lasted, or can be expected to last, for a continuous period of at least 12 months."[9] However, long COVID remains poorly understood by health providers because of its wide-ranging symptoms and uneven expression of illness,[10] making its classification as a disability complicated. But we do know it is impacting paid work. One study of nearly 4,000 international patients reporting long COVID found that 45% had reduced their work schedule, and an additional 22% were not working at the time due to symptoms.[11] Some have estimated long COVID is preventing as many as 4 million people in the United States from being fully engaged in work.[12]

Other outside pressures may force older workers to retire earlier than planned. Older workers may also be exiting the workforce due to other, often unexpected circumstances that make it challenging to reenter paid work, such as caregiving responsibilities, poor health (outside of disability), and layoffs. In 2024, half of retirees separated from paid work sooner than they had anticipated, with 70% citing reasons beyond their control.[13]

Most of the people providing care for older adults are women, and these responsibilities may be affecting their engagement in paid work. A recent study estimated that in 2015, 8.8 million caregivers to older adults were also employed, and almost one-quarter of them experienced a loss of work productivity in the prior month. Women made up 60% of these employed caregivers, and they were three times more likely to miss work than male caregivers.[14] Regardless of their employment status, nearly one-quarter of women ages 55 and older provide care to others, and employed women in this age group spend an average of two hours per day in such labor.[15] Among all Americans caring for adults, 16% reported that they had stopped working for pay because of their caregiving responsibilities.[16]

Layoffs, particularly when workers are older, can also limit full employment and contribute to unintended exits from the labor force. A recent analysis of data following the COVID-19 pandemic showed that unemployment was associated with an uptick in retirements for older workers.[17] Further, ageism contributes to unemployment, layoffs, and difficulty in rehiring older workers. While ageism is notoriously hard to identify, an overwhelming share of older workers say they perceive it in the workplace.[18] In 2021, over three-quarters of older workers reported having witnessed or experienced first-hand age discrimination, the

Outside pressures—including caregiving responsibilities, poor health, or job layoffs—may force older workers to exit the workforce earlier than they'd planned.

highest level since AARP started tracking this indicator in 2003.[19] Many older workers may be involuntarily retiring because of workplace conditions, rather than leaving the workplace on their own terms.

Some continue to work into older ages. Others may "retire" but continue to work in some capacity, and others still may never retire either by choice or necessity. Financial insecurity and a lack of retirement savings are contributing factors in working into later age. A recent survey from AARP finds that one in five Americans over the age of 50 report they have no retirement savings.[20] Just two in 10 workers over age 25 are very confident they will have enough money to live comfortably in retirement.[21]

While the share of older workers in the overall labor force has been rising slowly over time, just 9.5% of the civilian labor force is projected to be over the age of 65 in 2030. [22] But reality differs considerably from expectations. In 2024, while 75% of workers anticipated holding jobs in retirement, just 30% of retirees were actually working.[23] Among those, just 3% worked full time, while the remainder worked part time, a combination of full- and part-time schedules, or in seasonal or sporadic positions.[24]

The Changing Definition of Retirement Creates Measurement Challenges

The current variability of retirement in the United States makes it difficult to identify, measure, and describe retirees. Researchers traditionally rely on government data, such as from the Social Security Administration, to identify retirees, but even these data show retirement as a flexible status.

The Social Security Administration considers individuals to be "retired" when they begin collecting benefits. But Social Security data do not identify who has fully left the labor force. In 2022, 61% of new beneficiaries claimed Social Security before reaching full retirement age (age 67 for those born in 1960 and later),[25] with many continuing to work for pay or returning to work after "retiring."[26] The Social Security Administration levies a small benefits penalty on individuals who claim Social Security and earn money above certain income thresholds if they have not reached full retirement age. But those who are of full retirement age are not penalized, meaning they can work *and* receive their total Social Security benefits.[27] Working while "retired" and receiving Social Security benefits is possible.

Other government surveys, such as the Current Population Survey (CPS), provide point-in-time data that identify who is of retirement age, collecting pension or Social Security benefits, and not working or looking for work. But we know that nearly a quarter of retirees who work do so in a seasonal or sporadic way.[28] So, an individual could be both "retired" and "in the labor force" in the same year.

An important challenge to understanding retirement is simply identifying *who* is retired. Whether by choice or necessity, Baby Boomers and the generations behind them are following a more discontinuous path to retirement than prior generations, meaning older workers could ebb and flow in and out of paid work.

How Many Baby Boomers Have Retired?

If we consider age 65 as our marker, the demographic evidence suggests most Baby Boomers have already retired. Why is age 65 important? The typical worker expects to retire at age 65,[29] likely because Medicare benefits start at that age, allowing workers to receive lower-cost health care coverage that is not tied to employer benefits.[30]

How many Baby Boomers are eligible for these benefits now? As of 2022, there were nearly 69 million Baby Boomers ages 58 to 76, and 57% were 65 and older. By 2030, all Baby Boomers will be 65 and older.[31] All but the youngest Baby Boomers are eligible to receive full Social Security benefits by age 66,[32] and nearly 90% of those ages 65 and older were already receiving benefits at the end of 2023.[33]

Though the aforementioned measurement challenges make it hard to know for sure, it's likely most Baby Boomers are reducing their ties to work or fully retiring before age 65. The minimum age to claim Social Security benefits is 62, and the typical retiree reports separating from the workforce at that age.[34] As of 2022, over 51.3 million Baby Boomers were over age 62—or nearly 75% of the cohort overall.[35] As Figure 1 shows, the number of retirees steadily increases from ages 62 through 70, marking the 60s as the critical decade for retirement.

FIGURE 1

BABY BOOMERS ARE RETIRING IN THEIR 60S
NUMBER IN TOTAL POPULATION AND RETIRED POPULATION BY AGE, 2023
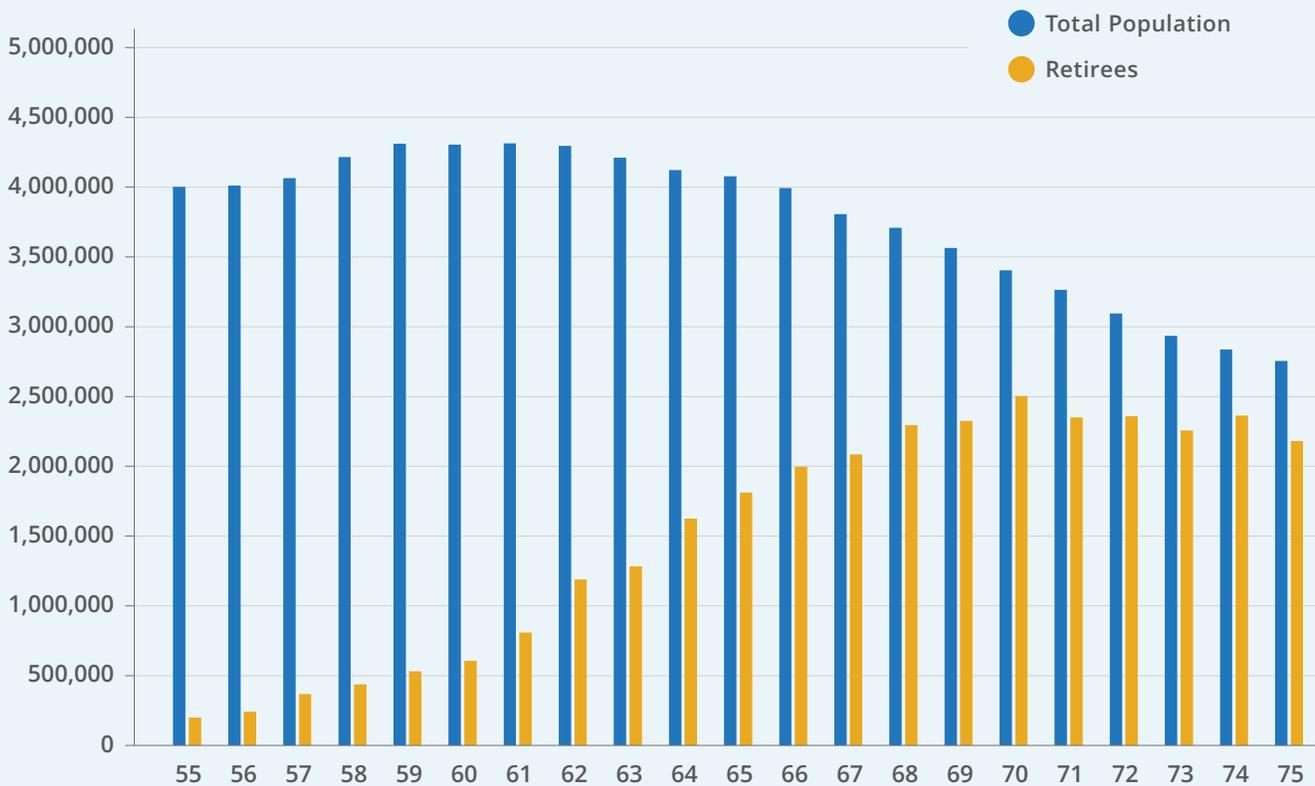
Source: PRB analysis of data from the U.S. Census Bureau, 2023 Current Population Survey Annual Social and Economic Supplement, accessed at IPUMS, CPS.

Note: Data include civilian, non-institutionalized adults ages 55–75.

The Sheer Size of the Retiring Baby Boomer Cohort Is Transforming the Labor Force

The Baby Boomer generation derives its name from the explosion in births that happened in the United States after World War II. At their peak, there were 78.8 million Baby Boomers in 1999.[36] In the single year from 1945 to 1946, over half a million babies were born.[37] As Baby Boomers have transitioned through life, they have changed American institutions. Although they are no longer the largest living generation—Millennials have surpassed them as more Baby Boomers have died[38]—they continue to skew the country's age structure older. As a result, during the 15-year period from 2018 to 2033, the share of Americans ages 70 and older was projected to grow by 54% for a net increase of 19 million people.[39]

As Baby Boomers retire, the share of the U.S. population that is employed continues to decline; this figure was over 63% in 2007 (just before the Great Recession) and hovered near 60% in January 2024.[40] In addition, the share of people dependent on the working-age population has grown since 2010 as the U.S. population has aged so notably—a greying that shows no signs of abating.[41]

Such demographic trends have significant implications for the future health of public pension systems and Social Security. With Baby Boomers exiting paid labor and living longer, expenses for Social Security are expected to rise until at least 2093.[42]

A Future With Fewer Younger Workers

As Baby Boomers are retiring, the United States is also experiencing record low fertility[43] and higher life expectancy.[44] Fewer future workers are being born to replace retirees, and Baby Boomers are expected to live longer, drawing money from retirement systems, including public pension plans, over a longer period.

Decades of Low Fertility Affect the Labor Force

Nearly every year since 2007, the total fertility rate in the United States has fallen by at least 2% on average; fertility has been below replacement level in most years since 1971 and has been consistently below replacement since 2008.[45] This means today's teenagers—those now entering working age—were born at the start of an era of fewer births. We are at the cusp of a prolonged phase where there are fewer future workers being born to replace retirees.

Immigration Keeps the Population Size and Labor Force Stable

U.S. immigration policies are an important reason for the country's buoyant labor market. Today, 14.3% of the U.S. population is foreign born, a rate that has grown since 1970 (although it remains lower than in 1910, for example).[46] Immigration has kept the American population relatively stable in recent years. Between 2021 and 2022, the U.S. population grew by nearly 1.4 million, and about two-thirds of that growth was due to immigration.[47] From 2023 to 2024, immigration saved over 450 U.S. counties from population loss.[48]

In recent years, charged rhetoric and resistance around immigration have colored the policy discourse on labor force needs. But the evidence suggests that immigration is positive for the U.S. labor market. In 2022, immigrants made up an estimated 17% of the total civilian labor force.[49] Further, an influx of immigrants from 2022 to 2023 helped to stabilize overheated labor markets by helping to fill residual staffing shortages from the COVID-19 pandemic.[50]

But just because an immigrant is in the United States doesn't mean they can work right away—it takes months to get a work permit, and renewals for existing permits face backlogs as long as 16 months.[51] In recent years, these sizable delays have blocked employment for people who are legally authorized to work.

Rising Longevity Grows the Beneficiary Pool

Life expectancy has generally improved in the United States over time, despite fluctuations in the last decade.[52] Today's 70-year-old men and women are anticipated to draw Social Security benefits, on average, for another 14 and 16 years, respectively.[53] Because longevity has increased over time for older Americans, additional pressures are put on already-strained retirement systems to support more beneficiaries.

Increasing life expectancy is one factor straining pension systems—though some older adults continue to work, in some capacity, past retirement age.

Public Pension Systems Are Confronting Demographic Change

Public pension systems have been around for over 100 years and have evolved considerably since their inception.

In 1957, New York state passed the first law guaranteeing retirement benefits for public employees, covering New York City police officers who were injured during duty. Over time, such pensions expanded to other first responders and eventually to state service employees.[54] As of 2022, an estimated 4,000 public pension plans serve former state and local government employees.[55]

Although many of these plans have been around for years, they've evolved over time in response to high costs and changing demographics. Broad changes in public pension plans include adjusting the levels of benefits received, the time required to vest, and minimum contributions from employers and employees.[56] Although many plans started closing the gap between unfunded pension obligations and retiree health care costs in 2021—primarily because of large investment gains that year—states held $1.27 trillion in pensions debt in 2022.[57]

Demographic change will continue to put pressure on what state and local government pension plans will owe toward future payments. Across all public pension plans in the United States in fiscal year 2022, there were 1.24 active employees for every retired person.[58] This means that there are still more active employees contributing to plans than retirees drawing from them. But these ratios vary widely by state; Michigan's ratio of 0.8 workers to retirees[59] is attributed to the closure of the Michigan State Employees' Retirement System to new employees in 1996.[60] Framed as cost savings for the state, this move has forced the plan to sell its assets to cover retirees' pensions.[61] While extreme, Michigan's experience shows potential consequences for pension systems when the pool of contributors shrinks.

Overall, state and local government workers in 2022 contributed about 16% of revenue to pension plans, while 57% came from government contributions and 28% from investments.[62] However, investment returns are variable, and with demographics working against the labor force, governments may have to increase their contributions in the coming decades to meet their obligations to former employees.

Retirement systems everywhere are confronting demographic challenges and the need to raise revenue in response. Because Social Security and most pension systems in the United States are primarily pay-as-you-go in design,[63] today's workers support today's retirees. With birth cohorts behind Baby Boomers shrinking over time, the future fiscal viability of U.S. public pension systems is less certain.

Pension Systems Were Not Designed for Current Demographic Trends

Over the next decade, all Baby Boomers will reach full retirement age, making them eligible to collect benefits from pensions, Social Security, and other sources of savings. Pension systems were designed in a very different demographic reality, and they failed to account for the major population shifts happening today. The number of "mature" pension plans, where more people are retiring than actively paying into the system, has grown and will continue to increase over time.

In the next section, we explore scenarios to better understand how current demographic trends might affect the future of retirement and public pension systems (see Appendix A for our detailed methodology).

As of 2022, an estimated 4,000 public pension plans serve former state and local government employees, including many firefighters.
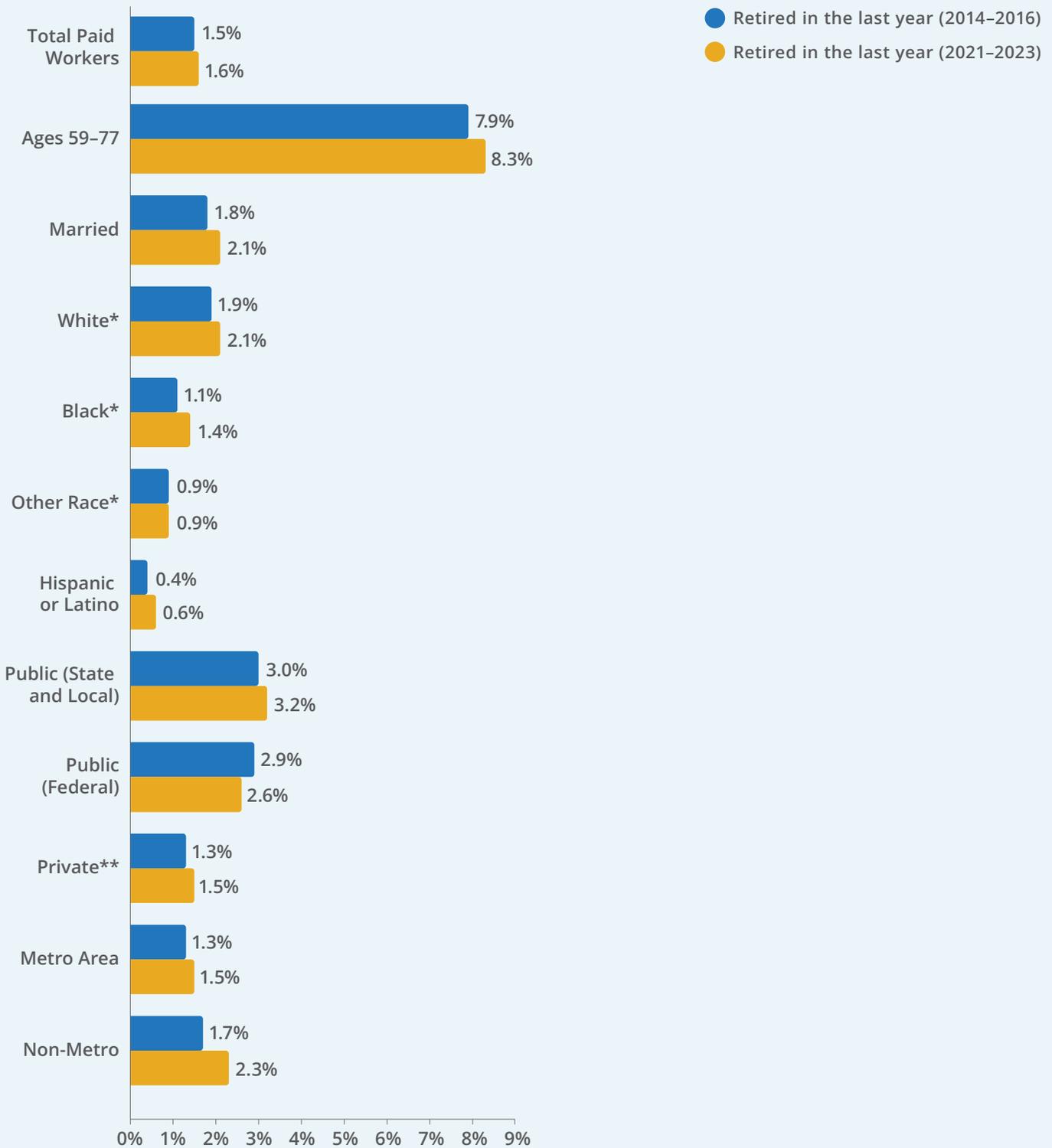
Findings

The Retirement Rate Is Rising

The demographics of the U.S. working and retired populations have changed over the past decade, in part reflecting how the country is aging. Figure 2 compares retirement rates among different groups from roughly 10 years ago (2014 to 2016) to more recent years (2021 to 2023). Here, we defined retirement rate as the share of the civilian population ages 15 and older who reported working in the past year but now lists their employment status as "retired."

For the overall working population, the retirement rate was fairly stable at 1.5% from 2014 to 2016 and 1.6% from 2021 to 2023. For those of prime retirement age (ages 59 to 77), the average retirement rate was predictably higher—7.9% from 2014 to 2016 and 8.3% from 2021 to 2023. Further, the number of 59- to 77-year-olds in the total U.S. population increased by nearly 3.7 million between the two periods, consistent with the aging of Baby Boomers into retirement age (see Appendix B, Table 1).

The retirement rate for Baby Boomers grew by 0.4 percentage points between the two periods, reinforcing that this cohort has accelerated its exit from the labor force in recent years. This uptick could reflect the tail end of the "pandemic retirement surge" that happened between 2019 and 2021 and prompted more vulnerable older workers to retire sooner.[64]

Meanwhile, growing shares of recent retirees outside of metropolitan areas may be, in part, attributed to the rise of older adults moving to areas with a lower cost of living and more nature and recreational opportunities in their retirement years.[65] Some rural areas in Appalachia that were depopulating just a decade or so ago are now seeing influxes of retirees drawn to areas with plentiful recreation, lower costs of living, and advantageous tax structures.[66]

FIGURE 2

BABY BOOMERS HAVE ACCELERATED THEIR RETIREMENTS IN RECENT YEARS
RETIREMENT RATE IN THE PAST YEAR BY SELECT CHARACTERISTICS, 2014–2016 AND 2021–2023

● Retired in the last year (2014–2016)
● Retired in the last year (2021–2023)

Characteristic	2014–2016	2021–2023
Total Paid Workers	1.5%	1.6%
Ages 59–77	7.9%	8.3%
Married	1.8%	2.1%
White*	1.9%	2.1%
Black*	1.1%	1.4%
Other Race*	0.9%	0.9%
Hispanic or Latino	0.4%	0.6%
Public (State and Local)	3.0%	3.2%
Public (Federal)	2.9%	2.6%
Private**	1.3%	1.5%
Metro Area	1.3%	1.5%
Non-Metro	1.7%	2.3%

Source: PRB analysis of data from the U.S. Census Bureau, 2014-2016 and 2019-2023 Current Population Survey Annual Social and Economic Supplement, accessed at IPUMS, CPS.

Note: Data include non-institutionalized civilians ages 15 and older who reported working in the last year and since retired.

* Non-Hispanic

** Private sector includes incorporated self-employed

Most State and Local Public Sector Workers Are Women

Over the last decade, the share of women in the state and local public sector has increased slightly; today, just over 60% of these workers are women (Figure 3). This exceeds women's representation in the total U.S. workforce (47.1%), likely because most of these workers are in education,[67] a field that remains dominated by women. Although the share of U.S. workers who identify as Hispanic/Latino has also increased, a smaller portion of this group (13%) works in state and local government roles relative to the private sector (19.4%).

Meanwhile, median income has grown for all U.S. workers over the last decade, including those in the public sector (Appendix B, Table 2). In the 2021–2023 period, the median household income for state and local public workers was $118,349, nearly 32% higher than for all U.S. workers ($89,804) and a $7,000 increase from the 2014–2016 period. This is in line with broader trends in the economy; apart from a drop during the pandemic, U.S. median household income has generally increased, reflecting a strong labor market from 2021–2023.[68]

Women make up 60% of all state and local public sector employees. Part of the reason for this is that many of these employees work in education, a field that remains dominated by women.

FIGURE 3

SIX IN 10 STATE AND LOCAL PUBLIC SECTOR WORKERS ARE WOMEN
SHARE OF WORKERS IN KEY DEMOGRAPHICS, BY SECTOR, 2021–2023

Women
- All Workers: 47%
- Public (State and Local): 61%
- Public (Federal): 44%
- Private**: 46%

Ages 59–77
- All Workers: 15%
- Public (State and Local): 17%
- Public (Federal): 18%
- Private**: 14%

Married
- All Workers: 52%
- Public (State and Local): 60%
- Public (Federal): 58%
- Private**: 50%

White*
- All Workers: 61%
- Public (State and Local): 66%
- Public (Federal): 58%
- Private**: 60%

Black*
- All Workers: 12%
- Public (State and Local): 14%
- Public (Federal): 20%
- Private**: 12%

Other Race*
- All Workers: 9%
- Public (State and Local): 7%
- Public (Federal): 11%
- Private**: 9%

Hispanic or Latino
- All Workers: 19%
- Public (State and Local): 13%
- Public (Federal): 11%
- Private**: 19%

Legend:
- ● All Workers
- ● Public (State and Local)
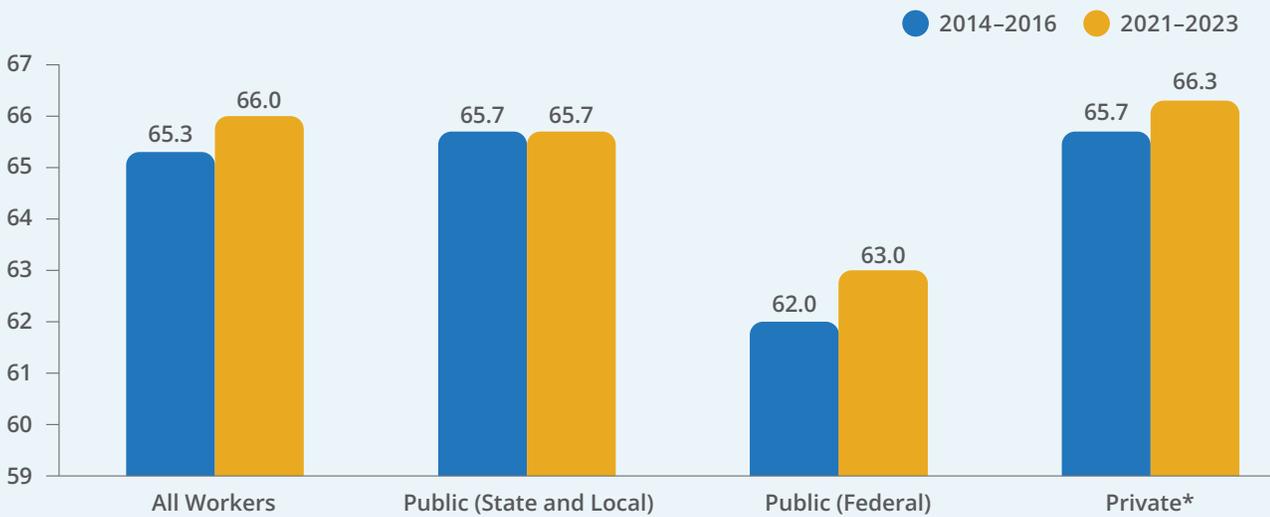- ● Public (Federal)
- ● Private**

Source: PRB analysis of data from the U.S. Census Bureau, 2021–2023 Current Population Survey Annual Social and Economic Supplement, accessed at IPUMS, CPS.

Note: Data include non-institutionalized civilians ages 15 and older.

* Non-Hispanic

** Private sector includes incorporated self employed.

FIGURE 4

MOST WORKERS ARE RETIRING LATER, EXCEPT IN THE STATE AND LOCAL PUBLIC SECTOR
MEDIAN AGE OF RECENT RETIREES, OVERALL AND BY SECTOR, 2014–2016 AND 2021–2023

● 2014–2016 ● 2021–2023

Source: PRB analysis of data from the U.S. Census Bureau, 2014–2016 and 2021–2023 Current Population Survey Annual Social and Economic Supplement accessed at IPUMS, CPS.

Note: Data include non-institutionalized civilians ages 15 and older who reported working in the last year and since retired.

* Private sector includes incorporated self employed.

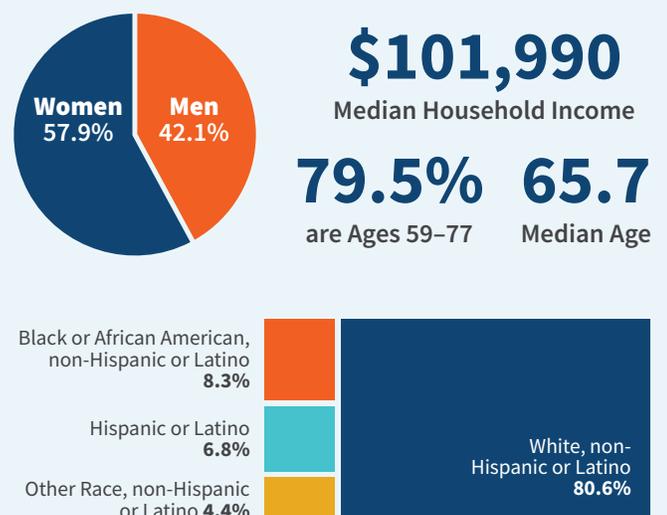## People Are Retiring Later in Life

Looking at recent retirees, they are unsurprisingly older than the whole of the workforce in each sector. The typical retiree from 2021 to 2023 was slightly older (66.0 years) than from 2014 to 2016 (65.3 years). While federal workers in both the public and private sectors retired at later ages from 2021 to 2023, state and local government employees retired at the same age (Figure 4; Appendix B, Table 3).

Other characteristics of recent retirees generally reflect differences in the composition of the workforce in each sector. Recent retirees from the state and local public sector are more likely to be women, white, non-Hispanic or Latino, and to have a median household income slightly higher than private sector workers (Appendix B, Table 3). Notably, the typical state and local government retiree is retiring the year they turn 65, suggesting they are waiting until they are eligible for Medicare and are around full retirement age (Figure 5).

FIGURE 5

THE TYPICAL STATE AND LOCAL PUBLIC SECTOR WORKER IS RETIRING AT FULL RETIREMENT AGE
DEMOGRAPHICS OF THE RECENTLY-RETIRED STATE AND LOCAL GOVERNMENT WORKFORCE, 2021–2023

Women 57.9% Men 42.1%

$101,990
Median Household Income

79.5%
are Ages 59–77

65.7
Median Age

Black or African American, non-Hispanic or Latino **8.3%**

Hispanic or Latino **6.8%**

Other Race, non-Hispanic or Latino **4.4%**

White, non-Hispanic or Latino **80.6%**

Source: PRB analysis of U.S. Census Bureau, American Community Survey 1-year Estimates, 2021 through 2023.

The Share of Retirees Will Grow Through 2050, Posing Challenges for State and Local Public Pension Systems

Looking ahead, we see that the labor force will continue to shrink, while retirees become a larger group. By 2050, nearly a quarter (23.2%) of the total U.S. population will be retirees. Between 2024 and 2050, we project that, on average, 3,204,688 new retirements will happen each year. These numbers reflect not only the aging of the Baby Boomers into retirement and their anticipated longevity but the growing ranks of Gen X and younger Millennials who will have entered retirement by then. Keeping with historical trends, we project that just 56.4% of the U.S. population ages 15 and older will be in the labor force in 2050, representing a three percentage point drop from 2024 (Figure 6).

In addition, in the public sector workforce of 2050, the share of Hispanic/Latino workers will increase by five percentage points compared to 2024—reaching nearly 19%. (Table 1).

	2024	2050
In Labor Force	(59.4%)	(56.4%)
Retired	(19.2%)	(23.2%)
Not in Labor Force	(19.4%)	(18.4%)
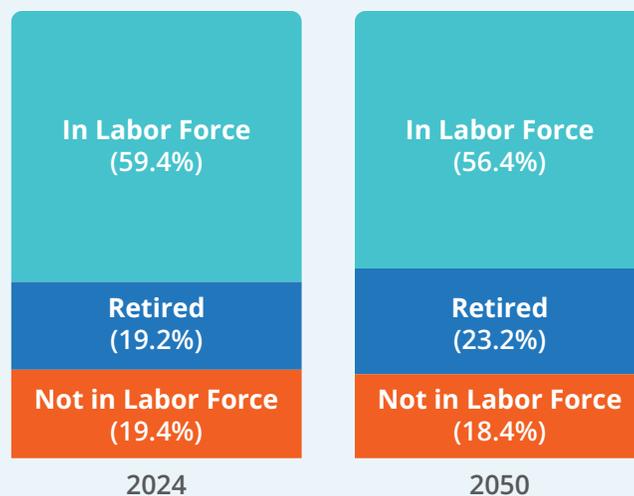
Source: PRB projections of labor force participation based on U.S. Census Bureau, Current Population Survey and Population Estimates data.

Note: Totals do not equal 100% because of differences between the methodologies of the CPS and Population Estimates data. CPS data include non-institutionalized civilians ages 15 and older; Population Estimates data include all persons ages 15 and older.

TABLE 1

THE WORKFORCE IN 2050 IS YOUNGER, MORE HISPANIC/LATINO
PROJECTED DEMOGRAPHICS OF THE PUBLIC SECTOR WORKFORCE, 2024 AND 2050

	2024	2050	**Change** (in percentage points)
Male	39.6%	39.6%	0.0
Female	60.4%	60.4%	0.0
White	65.0%	55.1%	-9.9
Black	14.0%	15.4%	1.4
Other	7.6%	11.0%	3.4
Hispanic/Latino	13.4%	18.5%	5.1
Under age 35	27.1%	23.7%	-3.4
Ages 35–54	47.6%	49.9%	2.3
Over age 55	25.4%	26.4%	1.0

Source: PRB projections of IPUMS CPS data.

Notes: Race variables (White, Black, Other) do not include Hispanic/Latino identifying people. PP: percentage points.

Effects of Changes to the Federal Retirement Age

Our projections of the future labor force and retirees are based on current knowledge and assumptions. But what would happen if policymakers shifted requirements for retirement upwards to later ages? Or if more people left the labor force earlier? We introduce scenarios that explore what changes, if any, a two-year adjustment to the retirement age would have on the ratio of retirees to active workers (Figure 7).

If our current assumptions hold, and people continue to retire at around the same ages as today, the ratio of retirees to workers increases from 0.32 in 2024 to 0.41 in 2050. Another way to interpret this shift is that, all else equal, demographic changes alone will increase the ratio of retirees relative to workers, resulting in 17.4 million more retirees in 2050 than in 2024.
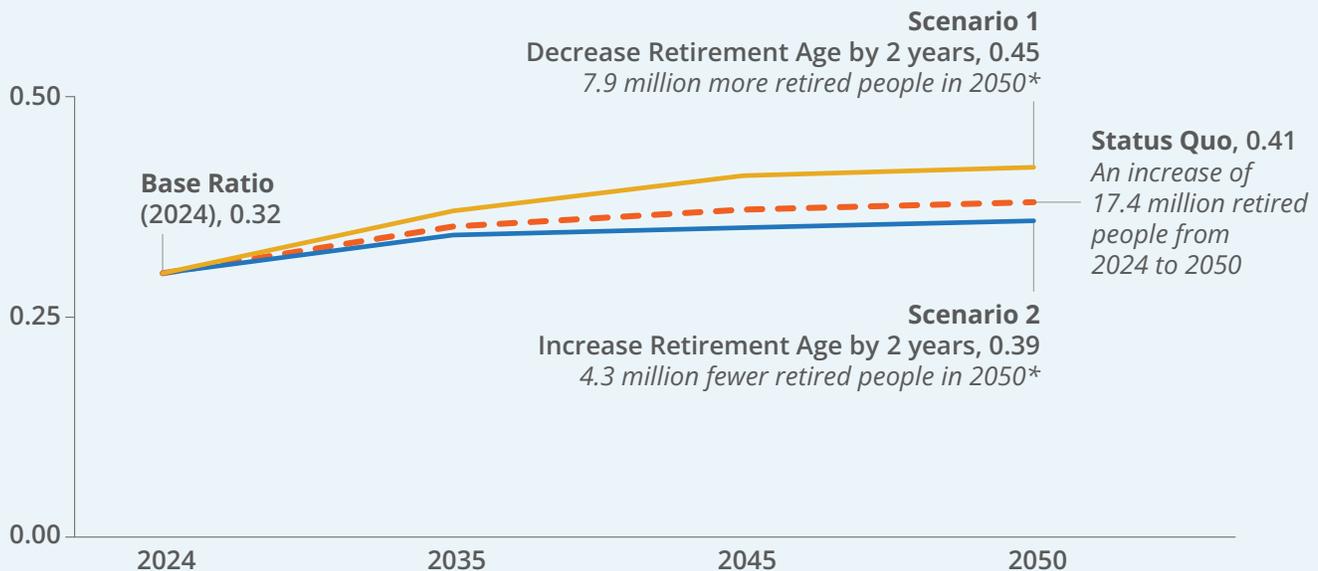
But much could happen in the next quarter century, including policy changes. One common suggestion is increasing the federal retirement age, potentially from 67 to 70, thus limiting Social Security benefits for individuals who retire sooner[69] and incentivizing delayed retirement. To understand the effects of such a policy, we introduce a scenario where the federal retirement age is increased by two years to 67. Here, we find that the ratio of retirees to workers in 2050 is slightly lower (at 0.39), but not as low as one might assume, in part because of the outsized effect of demographic changes. The result is just 4.3 million fewer retired people than if the retirement age stays the same.

Another prospective shift is that people retire sooner—due to stress or disabilities produced by physically demanding work, for example. If the retirement age decreases by two years, the ratio of retirees to workers increases slightly (to 0.45) by 2050, and there are 7.9 million more retirees than we anticipate given current assumptions. Such an outcome would put additional strain on pension systems that rely on revenue from workers to support retirees.

FIGURE 7

BY 2050, THERE WILL BE FOUR RETIREES FOR EVERY 10 WORKERS
PROJECTED NUMBER OF RETIRED PEOPLE FOR EACH PERSON IN THE LABOR FORCE, 2024–2050

Scenario 1
Decrease Retirement Age by 2 years, 0.45
7.9 million more retired people in 2050*

Status Quo, 0.41
An increase of 17.4 million retired people from 2024 to 2050

Base Ratio
(2024), 0.32

Scenario 2
Increase Retirement Age by 2 years, 0.39
4.3 million fewer retired people in 2050*

Source: PRB projections of the workforce and retiree population, using U.S. Census Bureau, Current Population Survey, and Population Estimates data.

Note: The adjustment factor to reflect increases to the retirement age was computed for those 65 and older with a shift in retirement ages for 65- to 70-year-olds. The adjustment factor for a decrease in retirement age was computed for those 55 and older with a shift in retirement among 55- to 70-year-olds. The base estimate of retirees in 2024 is 53,462,390 and the number of retirees projected for 2050 is 70,846,776.

* Compared with the status quo.

Effects of Cuts to the State and Local Public Sector Workforce

In another set of scenarios, we look specifically at the public sector (Figure 8) and whether workforce declines would affect the ratio of retirees to workers. Such declines could mean less revenue for public pension systems because current employees generally contribute a small share of funds. Overall, our baseline projections show a gradual increase in the number of retirees relative to state and local government employees, from 0.32 in 2024 to 0.37 by 2050.
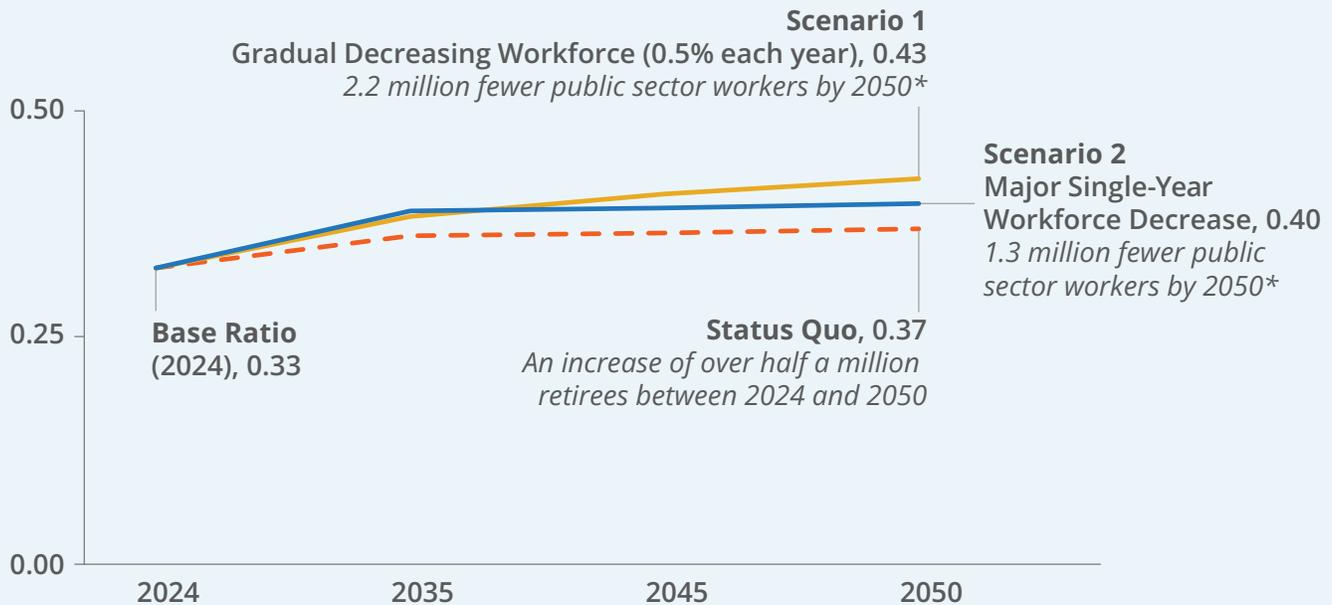
In the first scenario, we assume a gradual decline to the state and local government workforce, which could be relevant given our aging U.S. population. For example, state and local governments could begin to downsize their public education workforce if school enrollment declines. In some communities, this downsizing may be because parents are moving their children toward home schooling or private options, while elsewhere, it may be spurred by declining numbers of school-age children.[70] Although the overall U.S. population under age 18 is not anticipated to shrink in number by 2060,[71] it is likely that some communities will see notable changes in the population of children and will restructure their public education system to adjust. If we assume a gradually shrinking workforce of 0.5% for every year between 2024 and 2050, we see 2.2 million fewer state and local government employees by 2050 and an overall higher ratio of retirees to employees (0.43).

In our second scenario, we assume a one-time employment shock, similar to what occurred during the COVID-19 pandemic. State and local governments lost 1.4 million employees between February and May 2020, after which point employment started slowly increasing. However, COVID-era employment losses lingered and did not fully recover until September 2023.[72] In such a scenario—especially if employment does not rebound—we see a loss of 1.3 million workers by 2050 and a ratio of retirees to employed people of 0.40.

FIGURE 8

REDUCTIONS IN THE PUBLIC SECTOR WORKFORCE WILL MEAN FEWER WORKERS TO SUPPORT RETIREES BY 2050
PROJECTED RATIO OF RETIREES TO ACTIVE WORKERS IN THE PUBLIC SECTOR, 2024–2050

Scenario 1
Gradual Decreasing Workforce (0.5% each year), 0.43
2.2 million fewer public sector workers by 2050*

Scenario 2
Major Single-Year Workforce Decrease, 0.40
1.3 million fewer public sector workers by 2050*

Base Ratio (2024), 0.33

Status Quo, 0.37
An increase of over half a million retirees between 2024 and 2050

Source: PRB projections of the public sector workforce and retiree population, using U.S. Census Bureau, Current Population Survey and Population Estimates data.

Note: Public sector scenarios assume stable rates of retirement. The base estimate of public sector retirees in 2024 is 18,120,823 and the number of retirees projected for 2050 is 18,652,137.

* Compared with the status quo.

How Policies Could Help Sustain Public Pensions

The workforce of 2050 will have more retirees drawing from pension systems. As the ratio of retirees to workers rises over time, there will likely be shortfalls of revenue in pension systems and more people needing payments. In all our scenarios, the changing age structure of the United States is an unstoppable force; no matter what, the ratio of retirees to workers grows. No policy change can change the fact that pension systems will be strained by a growing pool of retirees.

All systems designed to support retirees—from state and local pensions to national programs like Social Security—will feel the effects. As birth rates drop and longevity climbs, the ranks of retirees are growing and are likely to draw money from the systems for longer. Acknowledging rising life expectancy, several countries have recently raised their retirement ages. Slovakia and Sweden recently linked their minimum retirement ages to life expectancy—following the pattern of several other OECD countries—in recognition that if people are living longer, they will need to work longer to support their pension systems.[73] But such shifts are not always popular. In France, attempts to skirt typical political processes to raise the retirement age from 62 to 64 sparked monthslong protests in 2023.[74] As of 2025, the U.S. Social Security system is projected to be able to pay full benefits only until 2033, a recent downgrade in its future financial sustainability. One contributor to this precarity is the declining fertility rate in the United States, resulting in fewer future workers to support the growing ranks of older recipients.[75]

As we explored in this Bulletin, strategies such as raising the retirement age may slow the trend marginally. Other strategies proposed by some policymakers— such as reducing the size of the government workforce—create immediate short-term challenges by curtailing revenue collected from current employees to support retirees. Below we present other policy options that could either change the composition of the workforce or modify the structure of pension systems. All share the goal of creating more long-term financial sustainability.

Engaging the Un- and Underemployed in Paid Work

Since September 2021, the unemployment rate in the United States has sat below 5%, a level that's called full employment.[76] Yet, certain groups have much higher rates of un- and underemployment or have left the labor force entirely. For example, people with disabilities face an unemployment rate double that of people without disabilities, or 7.5% in 2024.[77] Historically, women with children under age 6 have had lower labor force participation rates than women with older children (68.3% versus 78.0% in 2024).[78] And, even during periods of economic growth, the justice-involved population—people who have experienced incarceration, probation or parole, or other contacts with the criminal justice system—faces lower levels of employment than their peers with the same skills.[79] These are just a few of many groups who could be better engaged with paid work.

The policies and programs that could better engage these groups in work are often of minimal cost or effort to implement but require employers' flexibility and commitment. Among a survey of 5,406 employers between 2019 and 2024, six in 10 employers who provided accommodations to workers with disabilities reported no cost to do so, and another third reported a one-time cost of $300.[80] Employers' more flexible approaches to work arrangements in recent years—including remote work—had been a boon for working women with young children. But recent rollbacks of these policies have prompted many women to quit in recent months.[81] Further, while employers in 36 states and more than 150 cities and counties are banned from asking about involvement in the criminal justice system in the job application process, discrimination persists and prevents many candidates from being hired.[82] Employers, including state and local governments, have an important role to play in both creating more flexible and inclusive workplace policies and preventing discrimination in hiring, but these efforts often fall short in implementation. Expanding who is in the workplace often requires small changes to practice that yield tremendous benefits, including more engaged employees from more diverse backgrounds.

Many positions in state and local government could be filled by un- and underemployed people in the community. In recent years, state and local government hiring has outpaced the private sector.[83] But recent reports suggest that state and local funding could be affected by recent cuts in federal government funding.[84] Should hiring become a challenge in the future, having younger workers paying into the system could improve the fiscal viability of pension systems. Some states, such as Ohio, have used unfilled state government roles to act as training on-ramps for people with disabilities.[85] Not only does this program help those with disabilities gain valuable work experience and pay, but it also creates candidates to fill permanent vacancies within state government.

Further, there are benefits at the community level to expanding employment opportunities. The more people who are employed in communities, the more revenue state and local governments will collect in income taxes, boosting state budgets. This connection is so important that many states have recently downgraded their revenue forecasts in anticipation of downshifts in employment due to economic change.[86] And more state and local revenue may improve the fiscal viability of pension plans. While such revenue may not be directly funneled into pension funds, government contributions overall are important and constitute over half of all pension plan revenue.[87]

Employers play an important role in creating more flexible and inclusive workplaces. Small changes to practice, like allowing remote work, can yield tremendous benefits.

Creating More Flexible Policies Around Pension Eligibility and/or Compensation

Public sector employees often must reach a certain age or tenure to retire with a pension. The formula for calculating individuals' benefits amount is typically based upon their highest three years of salary. Such formulas benefit workers who are further along in their career and tenure within the government. Further, over the arc of a decades-long career in government, younger workers pay more into the system upfront, while older and longer-tenured workers pay a fractional amount at the end of their careers relative to what they will soon receive.[88]

Thus, many pension systems serve as "golden handcuffs" by keeping workers tethered to their jobs for long periods. This may act to disincentivize older workers from leaving roles and culminate in greater payouts when they retire.[89] Meanwhile, other pension systems penalize workers who stay past a certain age by having declining payouts after a pre-determined age (for example, age 55), disincentivizing older workers from staying.[90]

The average job tenure for all workers in the U.S. in 2024 was 3.9 years—the lowest since January 2002—and this decline is especially notable for younger workers who have increasingly shorter stints at jobs.[91] The length of time to qualify for a pension may be a barrier to recruiting younger employees into some government roles if they do not plan to stay for their entire career.[92] Meanwhile, surveys of public safety workers (police officers and firefighters) have found that pensions are viewed positively and may help employers retain workers.[93]

With high job change among younger people and possible penalties for older workers who stay in their roles, pension systems can be unfairly rigid. Building some flexibility into these systems could create a more equitable system for both younger and older workers. The result could be both a more viable long-term workforce *and* more stable pension systems.

Modifying the Financial Structure of Pension Systems

Aside from demographic challenges, fiscal challenges related to the management of funds threaten the health of pension systems. Many states have had to adjust the financial structure of their plans for long-term viability.

A large body of literature documents how states and municipalities have adapted their pension systems over time; we will not cover this in detail in this report. But it's noteworthy that some states have addressed their fiscal management challenges by shifting more risk to employees over time through defined contribution plans, such as 401(k)s, while simultaneously cutting their own contributions to pensions; Rhode Island[94] and Tennessee[95] have taken such approaches in recent years. In the case of Rhode Island, such changes were controversial because they resulted in cuts to what state employees would receive.[96] Other states have taken more measured approaches to boost their reserves, such as adjusting cost-of-living equations for retirees and basing their projections for future funding on more conservative models.[97]

The average job tenure for U.S. workers in 2024 was about four years—the shortest in over two decades. The length of time to qualify for a pension may be acting as a barrier to recruiting younger employees into some government roles.

Conclusion
Working Toward a Balanced Future

Baby Boomers have changed every major institution they have engaged with over the life course—and retirement is no exception. Their fluid approach to exiting the workforce, willingness to work at older ages, and growing life expectancy have culminated in a set of conditions that are changing what retirement looks like. And now their sheer numbers are impacting the future financial outlook for state and local pensions as Baby Boomers continue their transition from workers to retirees.

Pension officials already have their eyes on the aging population and its effects on the long-term fiscal health of their plans. In Washington state, officials have documented Baby Boomers' transition into retirement and are anticipating future challenges for their pension plans, including a rapid escalation in the ratio of retirees to workers after 2028 that could result in an increasingly negative cash flow in the coming decades.[98]

This is just one example of a state identifying the growing crisis that pension plans across the United States will face in the next decade and beyond. Pension plans were already showing some signs of distress; future pension obligations have been severely undervalued for some time.[99] State and local governments will undoubtedly need to raise additional revenue for their pension funds as the number of beneficiaries continues to grow. History teaches us that if state and local governments don't shore up future imbalances in their pension funds soon—especially as the number of retirees grows over the next decade—the weight of these challenges will place greater burdens on all residents.[100]

Although the aging of the U.S. population and its workforce will be hard to counter with policy, solutions may exist in plain sight. The sooner state and local governments take action and confront the reality of an aging world, the brighter the outlook for all.

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Appendix A: Methodology

Data

We use Current Population Survey (CPS) data for our core analyses, specifically findings from the IPUMS CPS.[101] We limit our analysis to respondents ages 15 and over in the non-institutional civilian population—in other words, those who do not reside in group quarters such as military barracks, prisons, dormitories, or nursing homes. These are the same data and universe used by the U.S. Bureau of Labor Statistics to derive official employment statistics, such as the unemployment rate, for the United States.

To understand change over time, we look at present-day and prior data. Because retirement is a low-incidence occurrence in the general population, we combine three years of CPS data to produce all our estimates. For our present-day data, we use 2021 to 2023 CPS data to produce descriptive data about the state of retirement using three-year averages for the period.

For our prior data, we aggregate three years of data from 2014 to 2016 and produce averages for those years. We selected this period for comparison for several reasons. First, it was well before the COVID-19 pandemic, which we know changed the retirement plans of many older Americans. Second, it was during a similar point in the business cycle as our more recent data, so it is more comparable in economic terms.[102] Third, it was in a period when most people retiring were also Baby Boomers.

Key Variables

Because individuals may cycle in and out of paid work even as retirees, there is no one variable in the CPS that classifies someone as permanently retired. To analyze retirement status, we create several variables to determine who may have recently retired:

- **To understand who retired in the past year**, we first identify wage and salary workers who were employed in either the current or past year (CPS IPUMS variable CLASSWLY) and/or the previous week (CPS IPUMS variable CLASSWKR) to understand who was working in the past year. We then look at their current employment status (EMPSTAT) to determine who ages 35 and older reports their current labor force status as retired.

- **To determine recent retirees from the public sector** (versus the private sector or the self-employed), we again use the variables CLASSWLY and CLASSWKR. In those variables, individuals ages 35 and older who worked in the last year report what their longest job was and the employment sector they were in (for example, self-employment, private, public, armed forces, or family business). We can further determine who worked in the public sector in either the federal or in state and local governments. Those who report being retired and having last worked in the public sector—and specifically in state and local government—are the focus of additional pension analyses.

Methods

In our study, we produce both descriptive findings and projections to 2050 to understand future patterns of retirement and pension usage.

In our descriptive tables, we characterize the current labor force and recent retirees compared with our prior time period. We also provide detailed comparisons between the public and private sector workers.

For projections of future working and retired populations, we use data from the CPS and the U.S. Census Bureau's main series of population projections to produce estimates. For each of the below ratios derived from the CPS, data are produced by age, race/ethnicity, and sex and then projected into the future by those same demographic categories according to the Census Bureau's projections data.

Projections

- **For projections of the future labor force**, we create a ratio of people in the labor force relative to the total population. The benchmark is provided below; slight variations when compared with CPS-only estimates can be explained by differences in methodology.

SOURCE	TIMEFRAME	ESTIMATE
PRB calculation (Census Pop. x CPS Ratio)	2024	166.220 million (projected)
BLS CPS[103]	2023 (annual average)	167.116 million

- **For projections of the public sector workforce**—and specifically, the state and local government workforce—we create a ratio of people working in that sector relative to the total population. Our base-year projection for public-sector workers differs slightly from other sources but is the right order of magnitude. For example, the Census of Governments may include personnel who are not included in the Current Employment Statistics data.

SOURCE	TIMEFRAME	ESTIMATE
PRB calculation (Census Pop. x CPS Ratio)	2024	18.120 million (projected)
BLS Current Employment Statistics[104]	2023 (annual average)	18.556 million
BLS Current Employment Statistics	2024 (March)	20.276 million
Census of Governments[105]	2022	19.2 million

- **For projections of future retirees**, we use a ratio of people who are 35 and older and retired relative to the total population and limit our universe to those ages 35 and older. Finding a "number of retired people" (including those who don't receive Social Security) is challenging as most publications on retirement describe the population ages 65+ as a proxy. But our base year projection is comparable to the Social Security Administration's estimate of retired workers.

SOURCE	TIMEFRAME	ESTIMATE
PRB calculation (Census Pop. x CPS Ratio)	2024	53.462 million (projected)
Social Security Admin "retired workers"[106]	June 2024	51.2 million
Social Security Admin "OASDI beneficiaries"[107]	2022	65.4 million

- **For projections of retired people collecting state and local pension income**, we use a ratio of retired people ages 35 and older who report pension income (as a primary or secondary source of income) from a state or local pension relative to our calculated projections of the universe of future retirees. There is a substantial difference between our base-year projection and other sources. PRB's calculations using the CPS account for those actively receiving pension money, while the Census of Governments and the Public Plans Database may also include those who are vested *but not yet taking disbursements*.

SOURCE	TIMEFRAME	ESTIMATE
PRB calculation (Retired persons x public pension $ ratio)	2024	5.9 million (projected)
Census of Governments[108]	2022	12.0 million
Public Plans Database[109]	2022	11.1 million

Scenarios

We then test out different scenarios to understand the future workforce relative to retirees and the future viability of the state and local public pension system under different conditions:

- **The future workforce and share of retirees could be affected by mandated increases** to the federal retirement age. We explore what would happen if the retirement age increased by two years by 2050 (one year in 2035, one additional year in 2045). To do so, we:

  · Use single year of age rates of retirement (retired population as share of full population).

- Beginning in 2035, apply the retirement rate for the next age younger to 65- to 70-year-olds. Beginning in 2045, we apply the rate for two years younger.

- Compute the difference between the total retirement rate in the base year for those 65 and older with the adjusted rate for those 65 and older, after shifting rates for 65- to 70-year-olds.

- Apply the adjustment factor to those 65 and older in the retirement population projections.

- Utilize the ratio formula in the base scenario, subbing in the adjusted population projections for retired persons.

- **To understand what would happen if more Americans retired early**, we also explore decreasing the retirement age by two years by 2050 (one year in 2035, one additional year in 2045). To do so, we:

  - Use single year of age rates of retirement (retired population as a share of full population).

  - Beginning in 2035, apply retirement rate for the next age older to 55- to 70-year-olds. Beginning in 2045, we apply the rate for two years older.

  - Compute the difference between the total retirement rate in the base year for 65 and older with the adjusted rate for 65 and older, after shifting rates for 55- to 70-year-olds.

  - Apply the adjustment factor to 65 and older in the retirement population projections.

  - Utilize the ratio formula in the base scenario, subbing in the adjusted population projections for retired persons.

- **We also explore what would happen to public pension systems if the state and local government workforce shrinks over time.** We decrease the population projections of the public workforce for all age groups by 5% every 10 years beginning in 2025 and then calculate the ratio of pension receivers to workers.

- **During the COVID-19 pandemic, older workers retired at higher rates than anticipated** and future events could similarly cause another sudden drop in the public sector workforce. To test this scenario, we apply a 7% decrease in 2035 to all age groups and maintain that lower level for all years after 2035. We then compute the ratio of public sector workers to those remaining in the public sector workforce.

Limitations

The projections presented here are limited by the quality of the data available. In other words, understanding the future through projections requires robust data and assumptions from the past and present. There will undoubtedly be a future event that will impact retirement outcomes that we cannot yet account for in our scenarios. No one could have anticipated COVID-19, but the pandemic had a dramatic impact on society, including on the timing of retirements for millions of Americans.

Another limitation is the challenge of measuring retirement accurately in most data sources. Because retirement can be a fluid status with retirees moving between paid work and retirement, it is not captured well in most standard point-in-time surveys. The CPS is the best data source for understanding employment data and especially fluid employment statuses. A household is included in the CPS for four months, is off for eight months, and then is followed up again for four months.[110] Even then, it's conceivable that their employment and retirement don't align with these reporting time periods.

The results reported here reflect the best U.S. labor force data available and plausible scenarios based on sound assumptions. Interpret the data in this report not as a prediction of the future but as our best understanding of future scenarios based on present knowledge.

The sooner decisionmakers take action and confront the reality of an aging society, the brighter the outlook for all.

Appendix B: Tables

Table 1: Retirement Rates Have Increased in Recent Years

Retirement in the Past Year Among the Civilian Labor Force, by Select Characteristics, 2014–2016 and 2021–2023

	2014–2016 Average*			2021–2023 Average*		
	Total	**Retired in Last Year**		**Total**	**Retired in Last Year**	
		Number	Percent		Number	Percent
Total Paid Workers*	159,996,697	2,339,815	1.5	168,226,416	2,757,937	1.6
Men	84,217,626	1,157,514	1.4	88,567,548	1,368,708	1.5
Women	75,779,071	1,182,301	1.6	79,658,868	1,389,230	1.7
Ages 59–77	23,550,261	1,861,987	7.9	27,235,551	2,250,226	8.3
Married	86,287,759	1,570,842	1.8	87,386,731	1,852,173	2.1
RACE/ETHNICITY						
White, Non-Hispanic or Latino	104,198,983	1,931,650	1.9	102,744,981	2,159,335	2.1
Black or African American, Non-Hispanic or Latino	17,638,104	186,607	1.1	19,813,980	271,035	1.4
Other Race, Non-Hispanic or Latino	12,631,293	111,717	0.9	15,162,595	135,450	0.9
Hispanic or Latino	25,528,316	109,841	0.4	30,504,861	192,117	0.6
SECTOR OF EMPLOYMENT LAST YEAR						
Public (State and Local)	18,422,481	547,055	3.0	18,788,693	597,821	3.2
Public (Federal)	3,964,883	114,947	2.9	4,350,435	113,815	2.6
Private**	127,898,437	1,677,028	1.3	135,217,264	2,043,561	1.5
GEOGRAPHY*						
Metro Area	115,600,107	1,552,098	1.3	126,265,415	1,897,453	1.5
Non-Metro	21,414,303	358,910	1.7	19,308,158	453,601	2.3

Data sources: PRB analysis of U.S. Census Bureau, Current Population Survey, 2014-2023.

* Data include civilians ages 15 and older who worked in a wage and salary job in the previous year (including self-employed incorporated, private sector, federal, state and local government workers).

** Private sector also includes those who are the incorporated self-employed.

*** Excludes cases where metro status is not identified.

Table 2: Six in 10 State and Local Government Workers Are Women

Demographic Characteristics of Workers, by Sector, 2014–2016 and 2021–2023

	Share of Workers (2014–2016 Average)				Share of Workers (2021–2023 Average)			
	All Workers*	Public Sector (State and Local)	Public Sector (Federal)	Private Sector	All Workers*	Public Sector (State and Local)	Public Sector (Federal)	Private Sector
Men	53.0%	39.8%	55.6%	54.1%	52.9%	39.4%	55.7%	54.2%
Women	47.0%	60.2%	44.4%	45.9%	47.1%	60.6%	44.3%	45.8%
Ages 59–77	13.9%	16.5%	14.5%	12.6%	15.4%	16.7%	17.7%	14.2%
Median Age (Years)	42.0	44.7	46.3	40.3	41.0	44.7	45.3	40.0
Married	53.7%	61.8%	60.4%	51.5%	51.8%	59.9%	58.3%	49.8%
Median Household Income (2023 Dollars)	$82,205	$112,171	$126,805	$98,218	$89,804	$118,349	$137,622	$109,198
RACE/ETHNICITY								
White, Non-Hispanic or Latino	64.4%	68.6%	60.4%	63.4%	60.5%	65.8%	58.2%	59.5%
Black or African American, Non-Hispanic or Latino	11.4%	13.9%	18.4%	11.2%	12.0%	13.9%	20.4%	11.7%
Other Race, Non-Hispanic or Latino	7.9%	6.6%	10.7%	8.1%	9.1%	7.4%	10.7%	9.4%
Hispanic or Latino	16.3%	10.9%	10.5%	17.3%	18.5%	13.0%	10.7%	19.4%

Data sources: PRB analysis of U.S. Census Bureau, Current Population Survey, 2014-2023.

* "All Workers" includes civilian workers ages 15 and older (including state and local government, federal, private sector (including incorporated self-employed), and unincorporated self-employed and unpaid family workers). Individuals who have never worked, are unable to work, are retired, or otherwise not in the labor force are excluded from the sample.

Table 3: Recent Retirees From State and Local Government Are More Likely to Be Older, Women Compared With Federal Peers

Demographic Characteristics of Recent Retirees, by Sector, 2014–2016 and 2021–2023

	Share of Recently Retired Workers (2014–2016 Average)				Share of Recently Retired Workers (2021–2023 Average)			
	All Workers*	Public Sector (State and Local)	Public Sector (Federal)	Private Sector	All Workers*	Public Sector (State and Local)	Public Sector (Federal)	Private Sector
Men	49.5%	35.8%	60.2%	53.2%	49.6%	42.1%	52.7%	51.6%
Women	50.5%	64.2%	39.8%	46.8%	50.4%	57.9%	47.3%	48.4%
Ages 59–77	79.6%	79.5%	68.3%	80.4%	81.6%	79.5%	68.6%	82.9%
Median Age (Years)	65.3	65.7	62.0	65.7	66.0	65.7	63.0	66.3
Married	67.1%	64.9%	66.9%	67.9%	67.2%	64.1%	58.6%	68.6%
Median Household Income (2023 Dollars)	$89,495	$98,031	$110,846	$87,349	$97,623	$101,990	$122,799	$97,828
RACE/ETHNICITY								
White, Non-Hispanic or Latino	82.6%	81.6%	77.0%	82.8%	78.3%	80.6%	57.3%	78.8%
Black or African American, Non-Hispanic or Latino	8.0%	10.4%	16.3%	6.9%	9.8%	8.3%	22.0%	9.6%
Other Race, Non-Hispanic or Latino	4.9%	3.0%	4.7%	5.4%	4.9%	4.4%	10.5%	4.8%
Hispanic or Latino	4.7%	4.9%	2.1%	4.9%	7.0%	6.8%	10.2%	6.9%

Data sources: PRB analysis of U.S. Census Bureau, Current Population Survey, 2014-2023.

* "All Workers" includes civilian workers ages 15 and older (including state and local government, federal, private sector (including incorporated self-employed), and unincorporated self-employed and unpaid family workers). Individuals who have never worked, are unable to work, are retired, or otherwise not in the labor force are excluded from the sample.

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FROM BOOM TO IMBALANCE

HOW POPULATION CHANGE IS STRAINING PUBLIC PENSION SYSTEMS IN THE UNITED STATES

Public pension plans, an important source of retirement income for state and local government employees, are being transformed by demographic change. Several demographic forces—including the aging of the Baby Boomers, lower fertility rates, and longer lives—are pushing the United States toward a tipping point where more people will be drawing from public pension systems than contributing to them. Consequently, many questions have arisen about the future fiscal viability of these systems. Such uncertainty jeopardizes the retirement of individuals who directly contribute to and safeguard our communities, including educators, librarians, public safety personnel, and public works employees.

From Boom to Imbalance assesses what we know about older workers today—their engagement with work and their plans to retire—and what this state of affairs means for retirement systems, including public pension plans. We then examine what the future of retirement might look like in the United States. Our original analyses include forward-looking projections that model how different demographic assumptions and retirement policies might affect the future of the public sector workforce.

We find that policy changes *marginally* affect the number of future retirees. But the magnitude of demographic changes by 2050 will create a smaller pool of active workers contributing to pension systems at the same time that more retirees are being supported by them. States will face an increasing dilemma about how to support these costs in an increasingly aging country. As current pension systems become less sustainable, bolder policy solutions will be needed to ensure future generations of public workers receive the retirement support they have earned.

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