

The Impact of COVID-19 on Older Workers' Employment and Social Security Spillovers

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Key Findings and Policy Implications

This paper assesses the impact of the COVID-19 pandemic and its associated economic downturn on employment and Social Security enrollment among people aged 50-70. It uses data from the Current Population Survey, Google Trends, and Social Security administrative records on applications for retirement and disability benefits. The study finds that:

- Employment dropped substantially more than would have been predicted prior to the pandemic. Among those aged 50-61, employment declined by 8.3 percent, and among those aged 62-70, employment declined by 10.7 percent.
- The biggest reason for the decline was unemployment, which represented 63 percent of the employment decline for people aged 50-61, and 50 percent of the decline for people aged 62-70. For the older group, the second largest explanation for the decline was retirement, accounting for 30 percent of labor force exits. For the younger group, the second largest explanation was reasons other than disability and retirement, which accounted for 30 percent of the decline.
- None of the excess employment decline observed can be attribute to disability. Indeed, departures from the labor force due to disability declined by 4-5 percent, applications for disability insurance declined by 15 percent, and Google search intensity for disability declined by 7 percent.
- Retirement benefit claiming remained largely unchanged overall. As might be expected, however, comparatively more applicants filed for benefits via the internet, rather than in person.

The COVID-19 pandemic and associated mitigation strategies exacted a large economic toll on large portions of the United States population. For older and disabled workers, the effects could be more persistent and fiscally costly, due to potential spillovers onto Social Security. To date, the study findings indicate no mass movement from work to Social Security enrollment. However, the long-term effects of the pandemic on labor markets and Social Security enrollment will remain uncertain until Social Security field offices reopen, extended unemployment benefits expire in September 2021, higher vaccination rates allow the economy to reopen fully, and the redesign of some workplaces and occupations to accommodate the flexibility to work from home converges.

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