

# The Insecurity of JOB Security

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Over the last several decades we have looked back to our grandparents, parents, and in many cases even our own life experiences and have been given the impression that a job means security and if we become better educated and work hard that our careers and incomes will continue to advance as we grow older. However, the facts may be quite different than our perception.

For those of us who have been analyzing the facts... there seems to be definite growing signs of "ageism" and growing forms of age discrimination. Whatever our age, many are committed to believing those issues are happening to others or that often occurs to people five years older from whatever age that we're 'currently' at! The facts strongly suggest that is an unrealistic measurement tool. The real facts (according to at least two independent state studies) suggest that age of discrimination starts at age 45! Much lower than what many are willing to admit. The consequence of not recognizing the trends can be very costly.

Here are disturbing figures:

- People past the age of 45 that are looking for a new job can often wait as much as twice as long (or longer) to find a job versus younger age groups (this wait can cripple one's savings)
- There are often 3 people applying for every new job (often times those other candidates are much younger)
- Length of replacement jobs are often shorter than previously held jobs (typical average is 2 ½ yrs for people past the age of 45). Once you lose that job... you're now even older and competing with even younger competitors for the next job and often seeing any savings during that period completely dissolve.
- We are often seeing peak incomes declining once one passes the age of 45 (not unusual for many to see their income decrease 20-30% IF one finds a job). We are simply not seeing our incomes continue to rise as our experience grows. Often just the opposite is happening.
- One of an employer's biggest and fastest growing expenses are healthcare related costs. Those costs and risks are obviously higher as one grows older. A single major illness can significantly impact the operating costs of a small to midsize business owner. In recent years, business owners are becoming acutely aware of these risks and are cautious about assuming those growing risks and reacting in ways that can negatively impact those growing older.
- A company's healthcare cost is often directly related to the average age and gender of their employees. These costs are expected to rise significantly under the Affordable Care Act. Men in particular often live shorter lives – cost for insuring a male past the age of 45 can rise significantly compared with men in their 30's. Insurance and management consulting firms are quietly discouraging business owners to reduce the 'average age' of their personnel. This equates to discouraging companies from hiring older employees or letting older employees go... this is often being done legally by offering severance packages with agreements that prevent the employee was filing age discrimination or unlawful termination suits. SMART employers looking to decrease cost and improve profits are recognizing this!

- If you are working in mid size to larger corporations you may have already seen how companies are acquiring other companies which often result in layoffs. These layoffs are often directed at the older tenured personnel.
- Outsourcing has become an effective tool in cutting higher operational and managerial expenses. While hire an expensive employee when you can outsource those services and only use and pay for it when needed?

One would think that knowledge and experience is extremely valuable and that years of experience would be worth acquiring and keeping. .. so why are the trends suggesting older experience employees are not as valued? The answer may be found in technology.

Why is this happening?

Simply stated... One is either an asset or a liability. Some assets provide a better return on investment and therefore are worth more. As that return on investment of the older asset decreases or another newer asset can replace that more expensive asset the value of the older asset diminishes.

Illustrations:

- The mature experience employee is now not the only source of information.
- The mature experience employee was once the 'brains' of the business... now much of that information can be stored and accessed in a computer for \$1000 versus hiring someone that may cost tens of thousands of dollars more.
- Rather than hiring a full time experienced and expensive employee, employers can now outsource that resource needs and only pay for it when they need it.
- Information and seminars and answers are often available FREE via the internet. Even the federal government has agencies (SCORE, SBDC, SBA) that will provide you FREE consulting services to reduce the need and expense of keeping experience and more costly employees.

How to regain control and better security.

- Retrain – Re-invent yourself. This may be difficult or costly.
- Focus on careers where there is growing demand and shrinking personnel resources
- Consider buying a business

The argument of business ownership.

Business ownership is one of the few areas where one can gain greater control of one's own destiny and provide greater 'long-term' security while not only providing an income stream but also providing equity and long term income and wealth protection NOT provided with many JOBS.

Business ownership does come with risks. However, one of the most difficult things for many to understand is that it's often virtually impossible to eliminate risk unless one also eliminates opportunity. For many approaching or passing the age of 45... the risk of business ownership may be less than the risk of job insecurity, declining lengths of employment, declining pay scales and other factors. Also be aware that if you lose a job it is becoming increasingly more difficult to find a replacement (especially at that pay scale one once had).

Take the case of a recent trip to Walmart. My wife had to run in for a few things and I got into a discussion with a very friendly and energetic gentleman who was Walmart's greeter. This gentleman was once a vice president of sales for a company where he had worked for 5 years before being "laid off" at the age of 57. He was then unemployed for 3 years before agreeing to accept the job at Walmart six months prior to our discussion due to running out of savings and erosion of his retirement funds. He had this sense that someone would hire him because of many past accomplishments... even after "50 - 100" applications and interviews, no such luck. This gentleman definitely had skills, maturity, experience and other attributes but no one seemed to want them. Those attributes could be very effective in his own business.

The perception is that the cost of owning a business is expensive. Not true!!! Technology and the resources of a business broker can actually reduce the costs and risks of buying a business. There are now a variety of innovative programs to help you buy a business including an innovative program that allows you to use your retirement funds tax, penalty and debt free. Best of all the government will assume as much as 40%+ of the financial risk of the investment (Contact [Larry@benetrends.com](mailto:Larry@benetrends.com) to learn more)

Real average earnings:

For someone making \$75,000 per year that works 2 ½ years and then is laid off and takes a year to find a job (not unusual – even though many do not think that it will take that long)... one's average yearly income is really closer to \$52,000. But many don't want to accept a job unless it's paying them what they have made 'previously'. It is simply the law of 'supply and demand'. When there are often 3 (often GOOD, younger) applicants for every job we will probably continue to see declining wages.

Summation:

We can no longer expect job or income security. We can no longer allow fear or anxiety to cause us to be stagnant. We MUST be proactive rather than reactive and most importantly be willing to make change and realize that it's no longer our parent's or grandparent's economy or job market.

Even with a job, it may be short lived and in many cases we will see incomes continue to deteriorate as we grow older. Also be aware that when you are an employee you are building wealth for someone else. When you own your own business you are not only generating an income but you are also building wealth and equity often worth 3-4 times more than your profits and income. We simply have to determine whether we should be proactive or reactive. The cost of being reactive is often proving to be more costly than many imagine.

With that being said, buying a business is not right for everyone. There are risks with business ownership as well as being an employee. Consider owning a business. A word of caution... don't wait... work with a sense of urgency. Every week that you are without a job you are eroding precious savings that will be critical to maximizing your ability to be successful. Many often wait too long then when they have eroded much of their savings and end up without the ability to acquire the "right" business.

A great resource is using a LINK business broker who can often help you at no charge to find the "right" business that can match your investment resources, skills, and personality to the "right" business. They can also often help you determine your funding options and limits.

Best wishes in your search and building greater security for you and your family!