

At The Bar

March 2018

The End of Retirement as We Have Known It

by Geoff Pearman*



*Geoff Pearman

"The 20th century gave us the gift of longevity – but for what? The longevity revolution forces us to abandon existing notions of old age and retirement. These old social constructs are quite simply unsustainable in the face of an additional 30 years of life." - Alexander Kalache, President International Longevity Centre.

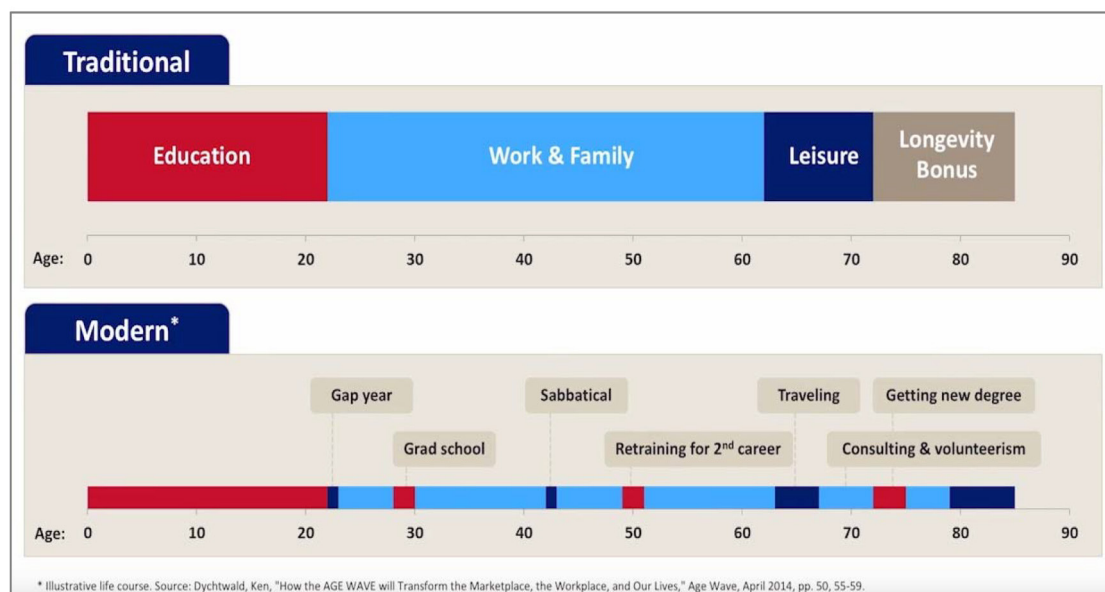
We are living longer and healthier lives. The old life maps that guided our parents are no longer relevant. The boomers are doing what they have always done – challenging the norms and charting a new direction.

In a series of four articles I will explore the implications of this change. In this first article I want to set the scene, proposing that we are already seeing the end of retirement as it has typically been portrayed and dreamed about.

In fact I am going to go as far to suggest that retirement is an outmoded concept that needs to be retired. I can already hear the protests from those in their 30-40's who are dreaming of the time when they will no longer need to work.

The combination of lower birth rates following on from the boomer bulge, and increased life expectancy is going to see a significant increase in the number of older people. The number of people aged 65 plus is expected to grow by 77% from 700,000 in 2016 to 1.24m in 2031. But will this simply mean more retirees?

Increasing numbers of people aged 65 and over are already staying on at work longer. Currently in New Zealand a quarter of people aged 65 and over are still in some form of paid employment (30% of men 18% of women). Of those aged 65-69 forty-four per cent are in paid work. It is expected that number of people still in work will grow to around 300,000 by 2031 up from 166,000 in 2016. They are doing life differently.



We have been socialised into a linear view of life, twenty years of education and training, 40 years of work and family and then the golden years. The challenge we now face is that the 10-15 years we dreamed of post work has now become potentially 30 years. If we subscribe to this linear approach to life it does suggest that in fact many more people will be retiring (even if a little later than previous) and living out their lives as retirees for longer. This has given rise to recent headlines in Australia arguing that their superannuation system is not designed for the ageing population. The rationale being that when the system was conceived it was designed to financially support the period 55 to 75, after all that was the average life expectancy. People are now typically living into their late 80's, more than nine years longer than they did in the 1990s.

We have also been taught to think of life as a series of sequential stages that follow just as day

follows night. Childhood followed by adolescence and then adulthood. The later was then broken up into middle age and old age.

Influential British historian, Peter Laslett, in the 1980's talked about the emergence of a "third age". He described this as a new stage between the end of mid-career and parenting duties and the beginning of dependant old age. Laslett wasn't the first to try and divide up our lives into stages. Shakespeare back in 16th century Britain talked about the seven ages of man in his play *As You Like It*. As early as around 600 BC an Athenian statesman, Solon, divided life into 10 periods of 7 years each.

The latest incarnation of linear thinking has

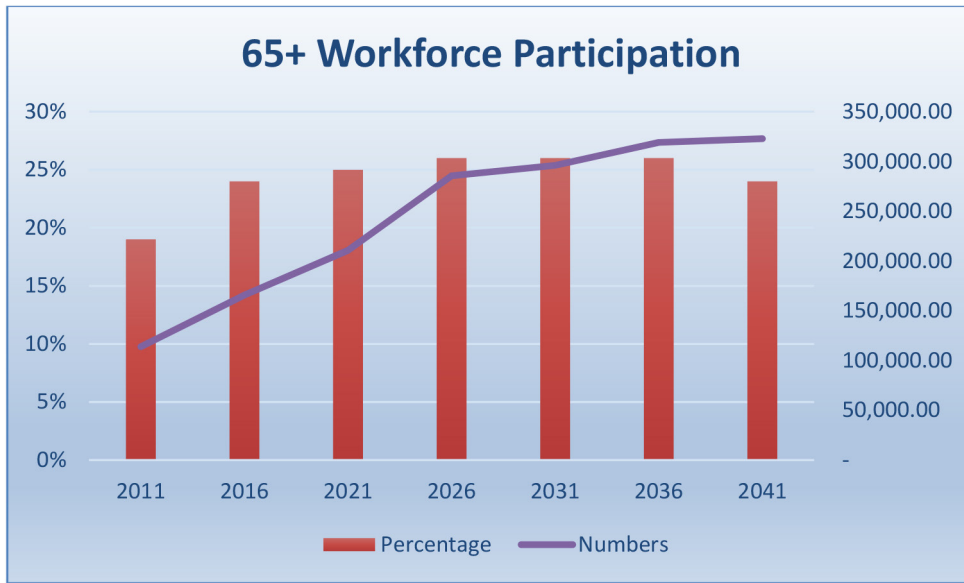
come from the Commission for Financial Capability. They have further divided the "third age" into a Discovery phase (65-74) followed by Endeavour (75-84) and then the Reflection stage (85+). All of this suggests we are programmed to follow predetermined paths throughout life.

Life is more complicated than simply adding up the number of birthdays

we have had and then conforming to a set of expectations passed down about what we should do at different ages and stages. In fact, chronological age is now recognised as the least reliable measure.

American gerontologist and writer, Ken Dychtwald, argues that rather than seeing life as a series of linear and sequential stages roughly approximating the 20,40 10+ model we will increasingly be mixing it up. Why have education just at the front end and defer leisure until we retire? Margaret Mead once whimsically said "*It is utterly false and cruelly arbitrary to put all the play into childhood, all the work into middle age, and all the regrets into old age.*" Why not a gap year in your 40's, why not a degree in your 50's or 70's, why not retraining for an encore career in your 50's or going into business for the first time in your 60's?





Many more people are needing to stay on for financial reasons. New Zealand is one of the few countries to have universal access to a state funded age pension and while it is designed to meet the basic needs of recipients, many find that they need to supplement their income through paid work. The recent Government commissioned report on housing showed that the number of people receiving both New Zealand Superannuation and an Accommodation Supplement payment is growing by 2,000 per year. The authors concluded

there is a growing risk that we will see more and more older people living in housing-related poverty.

We are also seeing a number staying on at work because they dare not think about an alternative. They may not be enamoured by the work they do, but work is what they have always done, their identity is defined by their job and to not be in work is not something to be contemplated. Many will tell you stories of people who died soon after retiring and that is not something they want to bring on.

What is surprising when you talk with people in their fifties is the low level of planning being undertaken. Our estimate is that only around ten per cent of people over 50 have a thought through life stage plan, maybe a few more have a financial plan. In spite of the injunction to at least have a financial plan, people drift. After all if you have not been a planner during your life thus far, why would you suddenly become one in your 50's or 60's?

With increasing numbers of people wanting to stay on in work, what is it they are looking for and what makes work satisfying? The research is consistent. The first thing many older workers are looking for in their work is flexibility and a sense of having some control over their work arrangements. While this may not be possible in all jobs, a degree of choice is important. This may mean the ability to vary start and finish times, to take additional leave, to work shorter weeks and maybe to cut down on the daily commute and work from home if this is feasible.

The second thing many want from work is to be recognised for their ongoing contribution and to be valued for their knowledge and skill.

For many people retirement is no longer the dreamed of destination. Takapuna based HT Group undertook significant research last year examining the lifestyle needs of a group of New Zealanders aged 55-70. They conducted in-depth interviews with more than 60 adults and compared their attitudes and behaviour with that of other age groups in an online survey of 1,363 people. They found a number of cross-cutting themes and identified five orientations. The dream for most was not retirement but rather freedom. As Clare Hall Taylor found: "This age group has a strong disconnect between interior vitality and physiological ageing. They simply do not feel 'old' and, for many, the concept of retirement was unattractive. They are particularly repelled by age-related advertising, so organisations need to be particularly sensitive about the way they communicate with this age group."

New Zealand now has the second highest workforce participation rate of people aged over 55 in the OECD. This is often regarded as being positive as people in work contribute to the economy, pay taxes and have higher levels of disposable income. The Ministry of Social Development has projected that the paid work earnings of the 65 plus population will grow from \$4.8b in 2016 to over \$13.6b by 2041.

People are staying on in paid work through choice because they are healthy, they enjoy what they do, gain personal satisfaction and often say that they still have something to contribute and achieve. They may want greater flexibility, which could be reducing their days or hours of work to factor in other interests or taking longer vacations.




They are not over the hill and do not want to be marginalised or ignored. This ongoing contribution could be made through a changed role where they shed some of their responsibilities and give back through mentoring. Equally it could mean having access to ongoing professional development to remain relevant.

The third thing that many people value is the social aspect. If where they work is a great place to work with good relationships, they will stay on. They want to be respected, have fun and continue to develop and maintain friendships. This is where it is important as you think about a life beyond work to have a transition plan in place and to be developing alternative social networks and interests.

The curious thing about these three factors is that they are also present in the top ten for most employees irrespective of age. In the case of mature aged workers what happens is that factors such as career progression and money become less important, while giving back, making a difference and leaving a legacy become much more important.

American researcher Gail Sheehy in her book *Understanding Mens' Passages* observed that the word "retire" has become synonymous with words such as discard, dismiss, resign, retreat, seclude oneself, be unsociable, go to bed. She, like many others went on to suggest we should retire the word "retire" and replace it with a word that is much more active. She suggests, "redirect". A time in your life when you want to redirect your energies, talents and time.

The reality is that more and more people are choosing the age at which they move to the next stage in their lives or alter the nature of their working life. The point at which we exit paid work will increasingly have little to do with the age of entitlement to an age pension. For a growing number, the intention is to never retire in the traditional sense. They cannot imagine not working in some way, even if it is doing something different or organised to give greater flexibility. Award winning economics journalist Chris Farrell summarises the trend that many of us are shaping – the end of retirement as we have known it:

"We are at the early stages of a long, difficult transition toward a different vision of the elder years, less a model of disengagement from work and neighbourhood to one of continuing engagement in work and community." 

* Geoff Pearman is a consultant, trainer, speaker and author who specialises in the field of age and work. For more information see: www.partnersinchange.co.nz/about/

HT Group's research study found 5 'Life Orientations' – people who differed in their attitudes to work, leisure and finance. Each group had its own distinct view of what 'freedom' meant and how they viewed their current life stage.

Prosperous Enterprisers

– often business owners, they were driven, savvy individuals who achieved a work-life balance that they were satisfied with.

Purpose Seekers

– had a strong desire to maintain a purpose in life. They were determined to try and work as long as they could. Meaningful work was associated with positive wellbeing.

Retirement Embracers

– mainly paid employees, they were counting down to retirement or celebrating the fact that they had now retired. Retirement was associated with positive wellbeing.

Reluctant Sloggers

– felt financially behind and believed that they needed to keep on working for the foreseeable future. A group we believe is growing in size.

Seasoned Survivors

– often long-term beneficiaries they had experienced a tough childhood or had suffered trauma when they were young. They have had a consistently hard life which had left them vulnerable.

