

“PRODUCTIVE AGEING”
ROBERT BUTLER MEMORIAL LECTURE
ILC GLOBAL ALLIANCE

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ROBERT BUTLER

- His vision of productive ageing: work can continue to be rewarding in later life
- Excellent, though extreme, example: CEO of ILC USA worked 60 hours a week till age 83!
- ILC USA continued to benefit from his vast experience and knowledge
- 2006 report 'Ageism in America' highlighted age discrimination in the workplace
- Age discrimination is still a major barrier to productive ageing across the globe

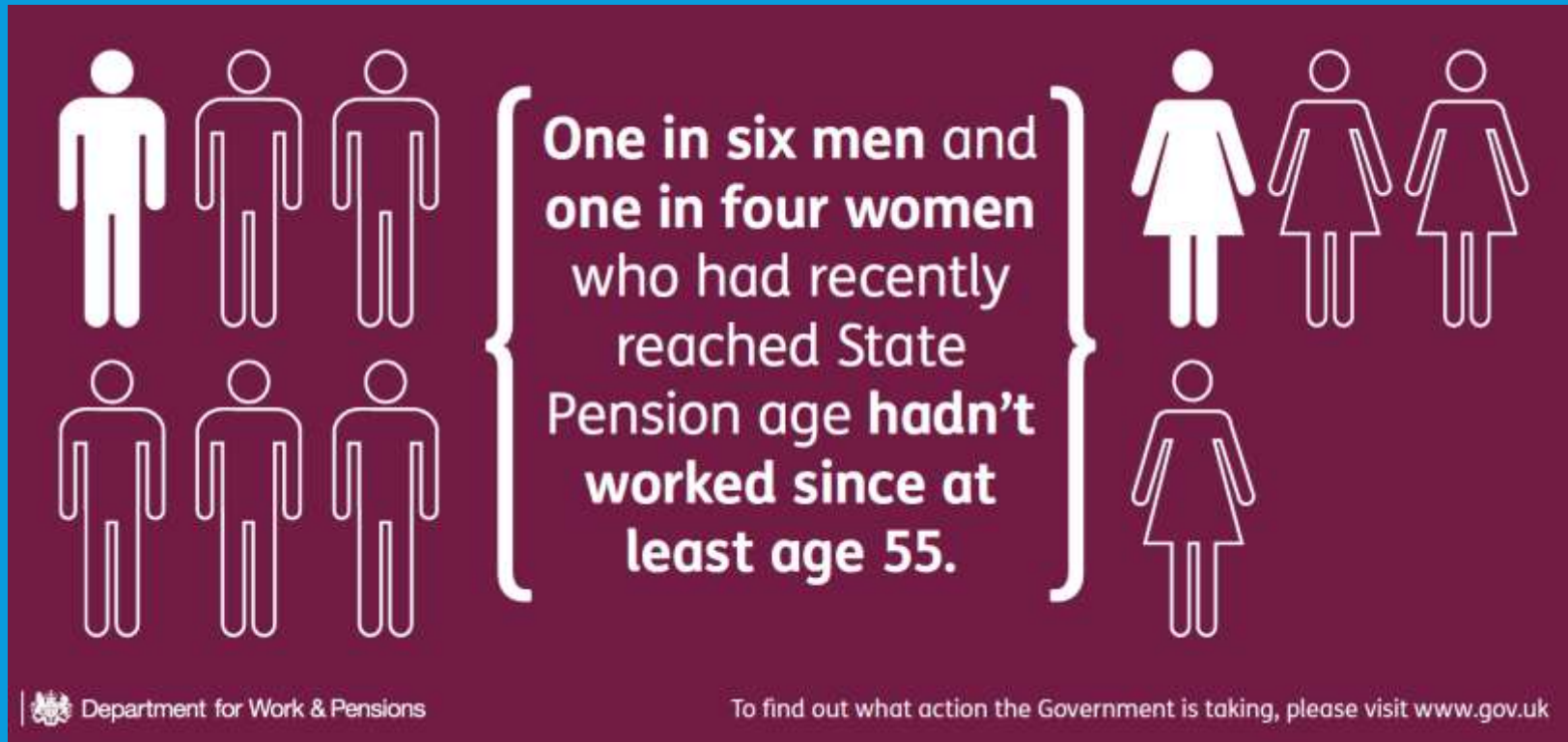
PRODUCTIVE AGEING OR ECONOMIC DECLINE?

- Retirement ages lower than 1950s despite rising life expectancy and lower birth rate
- Sharp rise in labour force withdrawal from age 52 onwards
- Waste of resources
- Lower national income, lower national output, lower employment, lower growth
- Potential for significant economic boost from older workers
- Ageing could and should be far more productive

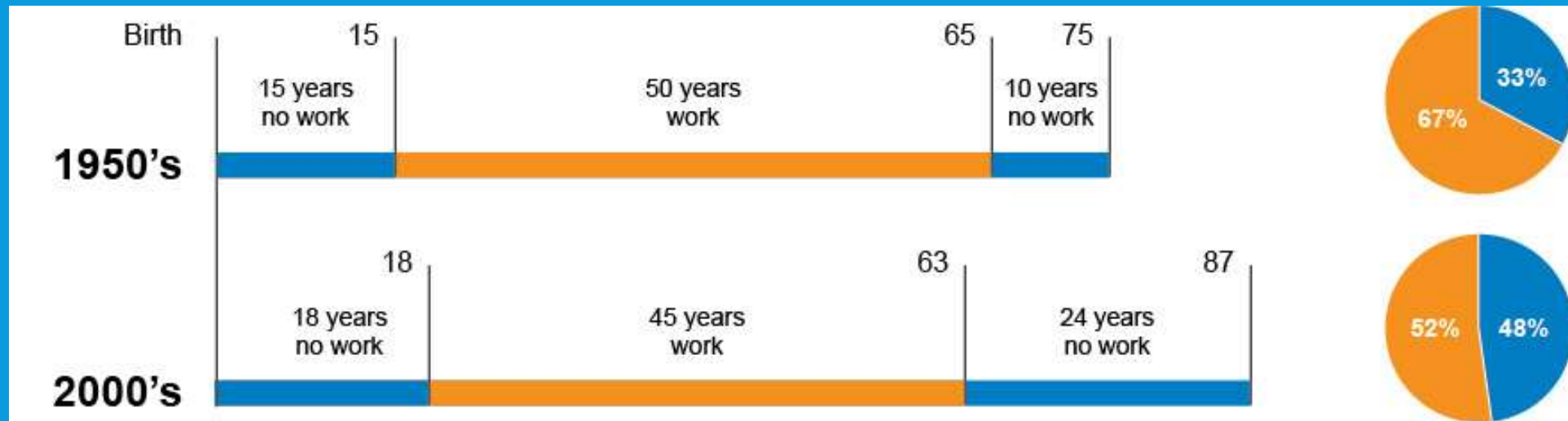
BUT LET'S NOT GO TOO FAR!



EARLY EXIT FROM LABOUR FORCE



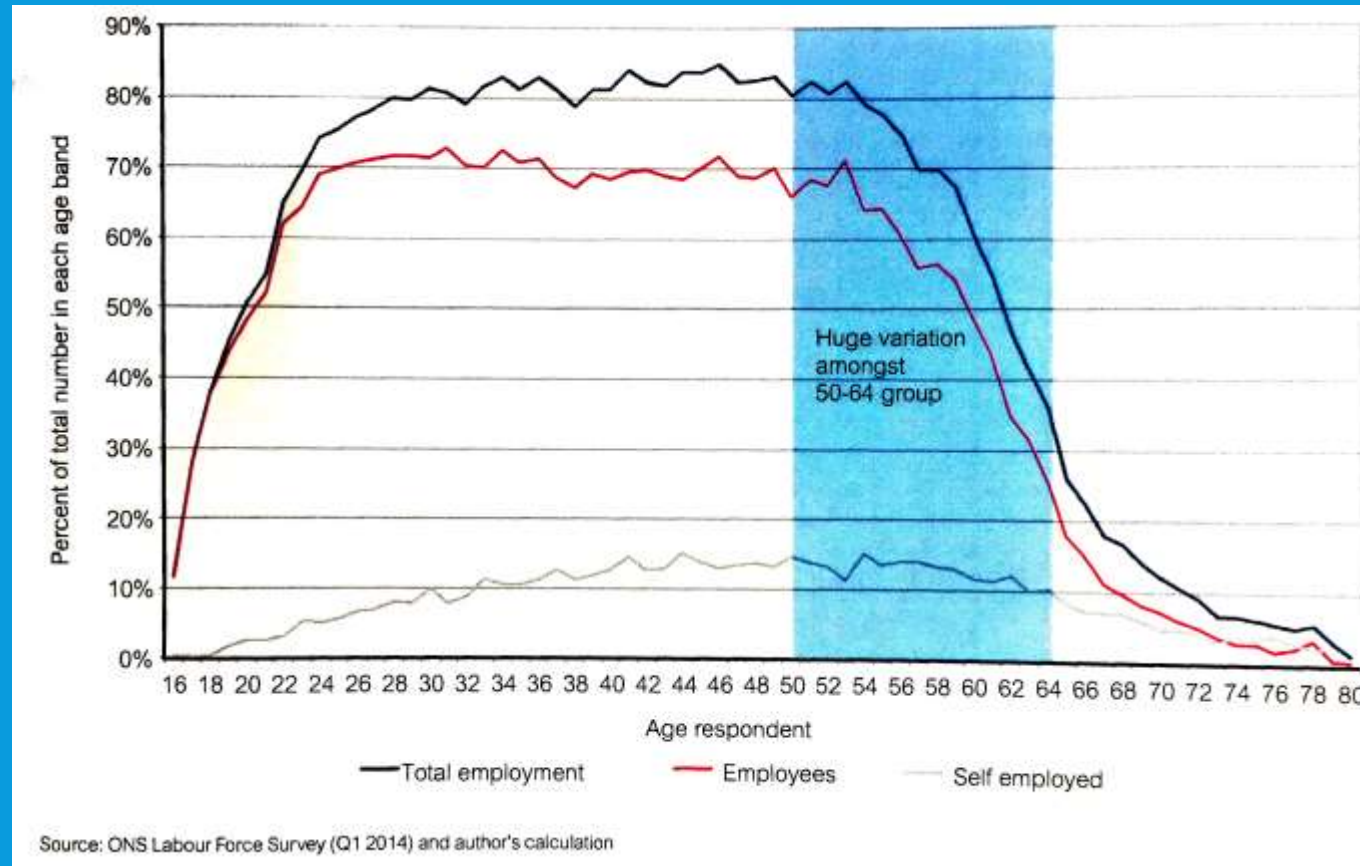
WORK DETACHED FROM LONGEVITY



1950s – work:retirement years ratio 5:1

Now - work:retirement years ratio 2:1

UK LABOUR FORCE PARTICIPATION FALLS FROM 50 +

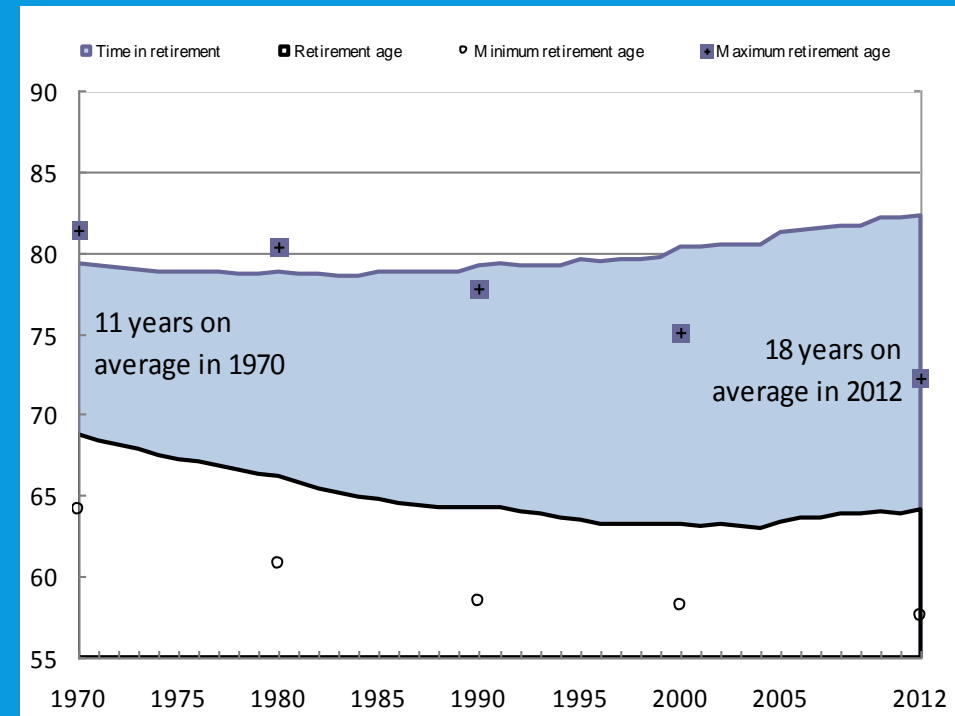
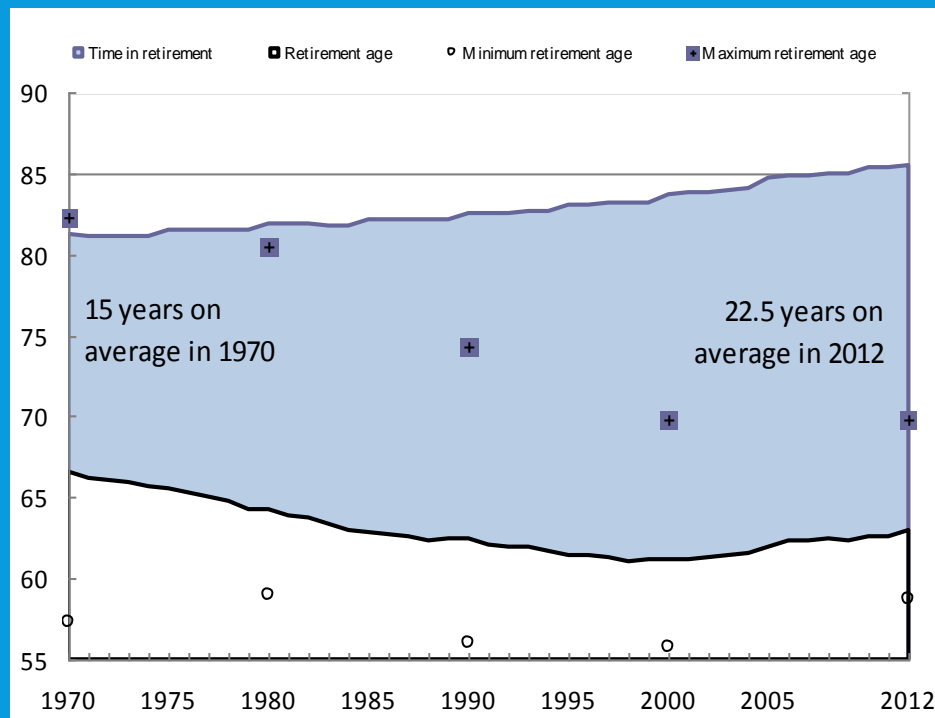


Source: ONS Labour Force Survey (Q1 2014) and author's calculation

Source: The missing million: illuminating the employment challenges of the over-50s

RETIREMENT LENGTH RISING THROUGHOUT OECD

- OECD average retirement increased by more than 50% since 1970
- Men: average retirement lasts 22.5 years (7.5 years more than 1970) +50%
- Women: average retirement lasts 18 years (7 years more than 1970) +64%

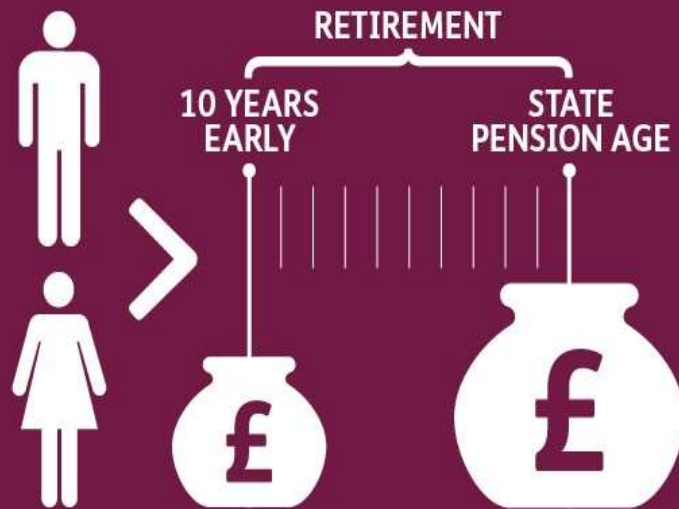


IT'S TIME TO REVOLUTIONISE RETIREMENT

- Longer, healthier lives, less physical strain at work can facilitate retirement revolution
- Longer working lives are inevitable, let's prepare for it
- But not full-time – need flexible working, more self-employment
- Whole new phase of life for 21st Century – new social norms
- Retirement can be a process, not a one-off event
- Lifetime income and output increase

INDIVIDUALS AND ECONOMY LOSING OUT

An average earner retiring **10 years early** could see their pension pot **shrink by a third**, and spread over a much longer retirement.



 Department for Work & Pensions

To find out what action the Government is taking, please visit www.gov.uk

If everyone worked one year longer, GDP could increase by **1%*** (£16 billion in 2013).

*National Institute for Economic and Social Research (2011)



 Department for Work & Pensions

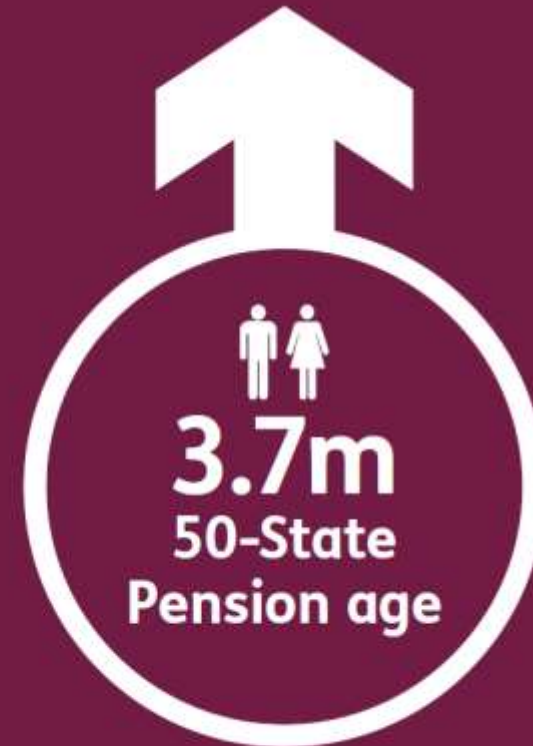
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WE CAN MAKE AGEING MORE PRODUCTIVE

- ½ out of work over-50s unemployed for over 1 year (cf 30% of all adult unemployed)
- Many have caring responsibilities and drop out of work, then cannot come back
- Many become discouraged after facing ageism
- In 1961 90% of UK men age 60-64 were in work, now around 50%
- 2million over-50s are self employed
- Increasing employment for older generations boost overall demand and jobs

AN AGEING UK WORKFORCE

In the next 10 years there will be **700,000** fewer people aged 16-49, but **3.7 million** more people aged 50-State Pension age.



CHALLENGING AGEISM

- Are policymakers frightened to make the case for older workers?
- Employers and individuals cling to old-fashioned stereotypes and prejudices
- Age discrimination is damaging
- Change is starting but needs to accelerate
- Objective assessment of later life working

PRIORITIES FOR POLICY MAKERS

- Lead debate and raise awareness of opportunities and benefits – social norms change slowly
- Remove structural barriers to working longer (e.g. state pension, means-testing, retirement ages)
- Incentives? Regulations?
- Encourage healthy workplaces fit for older workers, with the appropriate flexibilities
- Skills development for older workers: apprenticeships, new careers, training, returners courses
- Make the case to employers

PROMOTING PRODUCTIVE AGEING – 3'R'S

- Later life working agenda
 1. **Retain** – keep older workers in the labour force, (part-time?), don't lose skills
 2. **Retrain** – ongoing workplace training, mid-life review, less physical work
 3. **Recruit** – focus on over-50s unemployed or returning to work after illness/caring
- Changing attitudes to later life working – rethinking retirement and age stereotypes
- Flexibility, individual assessments, encouragement, acceptance

BENEFITS TO BUSINESS

- Retain knowledge, firm-specific skills and experience
- Maintain productivity - avoid skill shortages
- Increase customer satisfaction and profitability
- Larger pool of talent to choose from, especially if part-time
- Staff loyalty

BENEFITS TO INDIVIDUALS

- Financial benefits

Extra years worked	Extra income (average workers, cumulative)	Increase in pension fund (approx.)
1	£25,000	£4,500 (+4%)
2	£50,000	£9,500 (+8%)
3	£75,000	£14,000 (+13%)

- Can also improve physical and mental wellbeing
- Retraining, mentoring, feel valued, social interaction
- New start in your 50s – not the end!

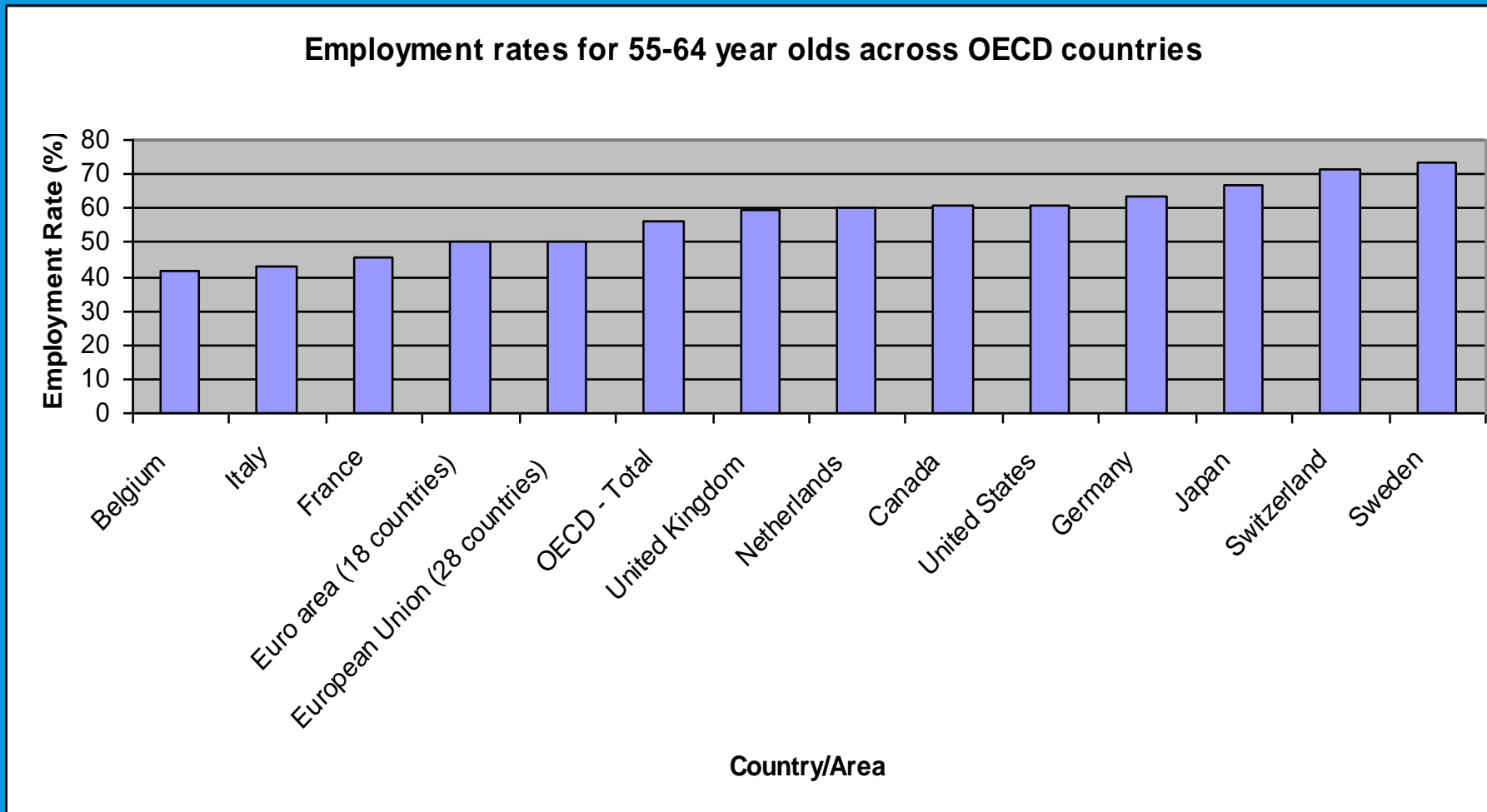
BENEFITS TO SOCIETY AND ECONOMY

- Higher output and national income – better long-term growth
- Increased national wellbeing
- Reduced benefit spending
- Older workers are complementary to young, not substitutes – no crowding out
- Intergenerational cohesion

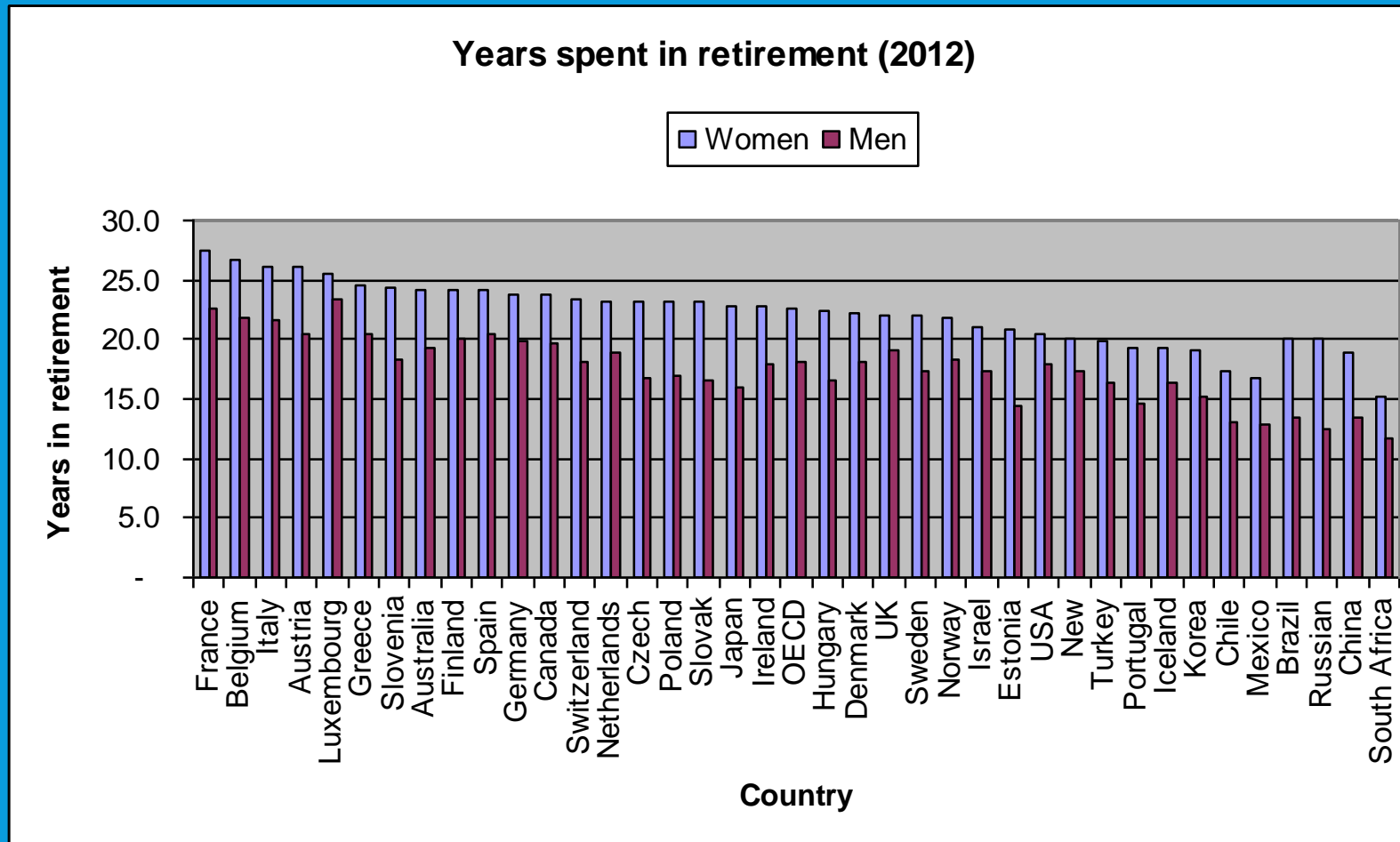
ACTION IN THE UK

- Ended Default Retirement Age
- Extended right to request flexible working
- Tax breaks for older workers (no National Insurance payments)
- Business Champion for Older Workers making the case for later life working
- Support for those off work due to ill health (new 'Health and Work Service')
- Working with Local Enterprise Partnerships (responsible for local growth in England)
- Guidance and toolkits for employers
- Pilot measures for getting older unemployed back to work
- Flexibility in accessing pensions – possibilities to combine work and pension income

INTERNATIONAL COMPARISON



OECD RETIREMENT LENGTH



ACTION AT INTERNATIONAL LEVEL

- European Social Fund – use available funding to best effect for older workers?
- Wide body of UK and international research (e.g. ESRC and ILC research programmes)
- US, Canada, NZ, Australia and UK have outlawed mandatory retirement
- Japan – age 65, Sweden – age 67, France – age 70 – all have seniority wages
- Old age dependency ratio – can we redefine ‘old age’ and ‘dependency’ measures
- Test and evaluate successful policies to retain, retrain and recruit older workers

INITIATIVES TO CONSIDER

- Incentives for employers or individuals to keep working – reduce ageism
- Flexible working, mentoring, generational job sharing
- Retirement and financial planning offered to all age groups
- Carer's leave or 'Family Crisis' leave, combine work and care, gap breaks?
- Continuing education and training – lifelong learning
- Specific help for unemployed older people – retraining for new skills, help carers back to work
- Apprentice schemes, recruit senior people part-time

CONCLUSIONS

- Longer working lives already underway, need to accelerate trends
- 3 'R's – Retain Retrain Recruit
- Higher lifetime income, more growth, improved wellbeing, lower benefit spend, less poverty
- Not about forcing people to work longer - enabling, facilitating, encouraging
- More productive ageing is a win-win for individuals, business and society as a whole
- It's inevitable, it's beneficial, let's embrace it

...THANK YOU FOR LISTENING

You can contact me via DWP: fuller.workinglives@dwp.gsi.gov.uk

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