
HAVE WE REACHED THE END OF RETIREMENT?

AFTER WORK – An ageing society. An unaffordable social security system. Old people working longer, youngsters looking for work. Is it time to rethink how we organise our working lives?

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Counting the days until Friday. Packing up your office, saying goodbye to your colleagues, and going home. From Monday on, being idle. The idea of cliff-edge retirement is rarely appealing anymore. Life after work is a fast-changing concept that needs to be adapted to modern times.

Working longer

Yair Piña López is a Mexican physics student who works as an analogue astronaut for NASA. He goes on missions that simulate Mars' conditions on Earth to conduct research that will help design future trips to that planet.

However, as much as he may love his job, Piña plans to retire at around 35 in order to have time to build a family. Lisa Kikuchi, a Japanese entrepreneur in the agri-tech business, dreams of retiring at around 40, to enjoy her life and think about what she has achieved. "Maybe after a decade I'll have the energy again and decide to go back to work and start something new," she says.

Such unorthodox life plans reflect a new reality: Some well-educated young people want their retirement to differ radically from that of their parents. "The Japanese government may be able to support my father and his generation, but I cannot expect the same when my time comes," says Kikuchi, who is 29.

Kikuchi's attitude reflects a growing understanding that individuals must prepare for retirement: Workers need to plan the lifestyle they want and save the money

they will need. Yet early retirement, the way she or Piña imagine it, is a luxury that the vast majority of the world population cannot even dream of. So, is retirement really a planned decision or more about individual circumstances?

Given that people are healthier for longer, the trend seems to be towards people retiring later, not earlier. Many workers have the capacity and motivation to carry on working for longer than the traditional retirement age. Rather than a so-called "cliff-edge" retirement, numerous people are opting for a phased leave-taking, explains George Magnus, a British economist and author of the book "The Age of Ageing." They either do something else a few times a week or keep working in their chosen fields on a part-time or flexible basis.

According to Matt Flynn, the director of the Centre for Research into the Older Workforce in the UK, "what defines the right time for a person to retire is when they are capable of leaving work and have the desire to do so." Everybody should have a stake in managing their career, he says.

For some people, of course, it is much easier to continue working than for others. It becomes especially hard for those who have jobs that require physical strength, such as construction workers, paramedics or firefighters. A better model needs to be created, "in which people can change roles later in life, similar to how younger people change jobs," says Flynn.

Lump of labour fallacy

Not everyone agrees. “Just because you are living longer does not mean that you should cling to your formal job. You should leave space for the younger generations,” says Bogolo Kenewendo, who became Botswana’s Cabinet Minister of Investment, Trade, and Industry in April 2018.

Magnus, however, argues that the belief that there is a fixed amount of work available is what economists call the “lump of labour” fallacy, which seem intuitive at first but lacks empirical evidence to back it up. “In fact, we can let older people keep working or have different occupations for longer in life,” Magnus says. “That should not take away the jobs that might otherwise go to younger people, which will probably be different jobs anyway.” And, at least in the Western world, the ageing problem is not so much about people living longer, but about not having enough children.

But for Kenewendo, making room is not just about vacating a position. She says older people must monitor and direct the younger generations in order “to bridge the gap.” For the 30-year-old economist and politician, retiring means leaving a formal job – but not stopping impact work.

Dream retirement

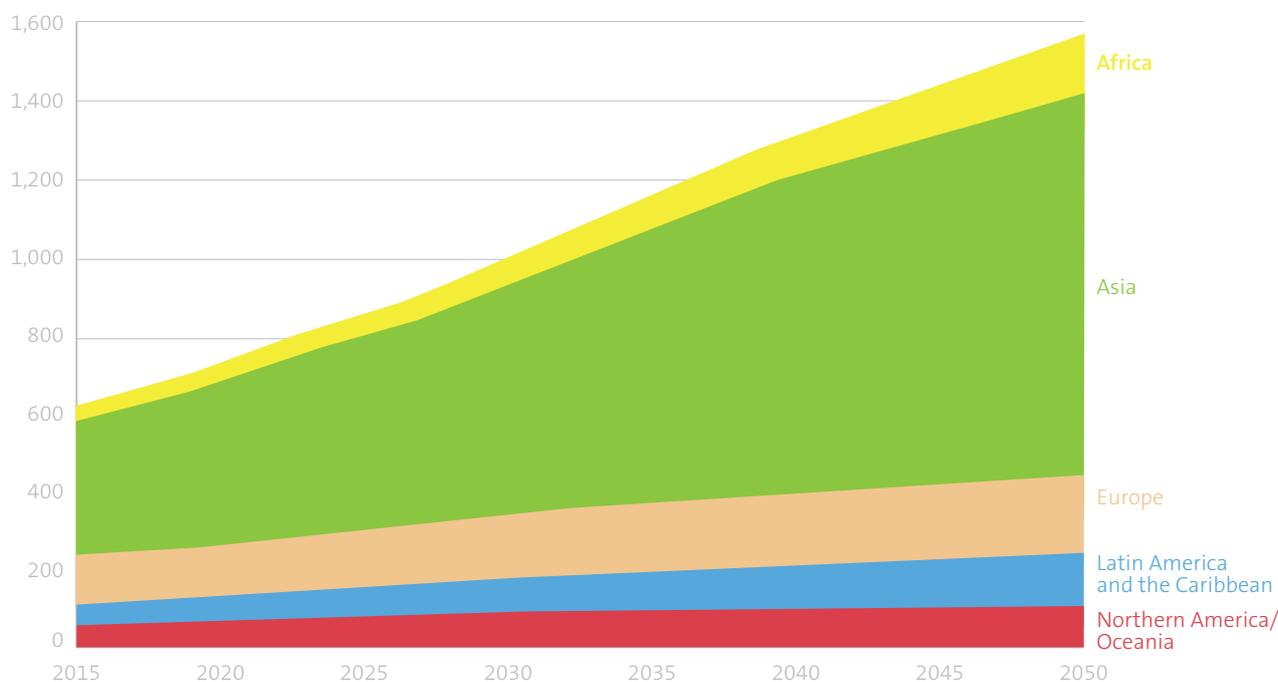
According to Magnus, the social security system is a clear priority when it comes to making different forms of retirement possible. It needs to be changed and adapted: the commitment governments have made to provide pensions and healthcare will someday become unaffordable.

This challenge is something that the younger generation should think about: After all, they are the ones with the strength to demand changes and the ones most affected. But not all have opinions as clear as Piña, Kikuchi, and Kenewendo. Magnus admits it is usually hard to get

young people interested in this topic. “People tend to start thinking about retirement when it is almost time for them to retire,” he says.

That, experts say, is too late. “We need to have a grown-up discussion about entitlements and the tax burden,” says Magnus. “We have to find a ways to fund the ageing society that go beyond simply raising revenues. This is very much about education and productivity.” ♦

The number of people aged 65 and over is expected to more than double in the next 30 years, from 600 million worldwide to over 1.5 billion by 2050. The most dramatic increases will be in Asia and Africa.



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