

An elderly man with glasses, wearing a maroon apron over a striped shirt, is focused on pouring a white liquid from a white ceramic pitcher into a white container. The background is softly blurred, showing other ceramic items on a table.

Working longer

212 million – reduction in Chinese workforce by 2020

\$2,500 – median retirement account balance across all US households

Working longer

People are having to work for to support longer retirements. Flexible working practices and policies are emerging, but some employers continue to remain ambivalent about older workers.

People are staying in the workforce longer. In Europe, 50% of 55-64 year-olds continue to work, compared to just 37% a decade earlier. While in the US, the number of people who say they retired after the age of 65 rose from 8% in 1991 to 14% in 2015.

Underlying this of course is longer life expectancy. Older people are healthier - the average 65-year-old today is as healthy as a 58-year-old was 40 years ago - are more active and don't necessarily just want to retire. With better health, older people are looking for ways to continue to be engaged, productive and connected. Moreover, many older people simply can't afford to retire. The National Institute for Retirement Savings estimates that the median retirement account balance across all American households in 2015 was just \$2,500, while just one in three working Americans aged 55-64 has accumulated a year or more of salary in savings. Coupled with lack of a meaningful social safety net, poor access to universal healthcare and far-flung families, these numbers mean that retirement is increasingly challenging for many in the US. In Europe, where social safety nets have been lauded, current policy changes and budget cuts are threatening commonly-held expectations of comfortable retirement. Women everywhere have lower lifetime earnings, take more time off for family caregiving and have longer-life expectancy; older women in particular are looking to get back to the workforce to make ends meet. As a result, the US Department of Labor is seeing increased labour-force participation rate for women age 65 and older, from 8% in 1980 to a forecasted 19% by 2020.

This is adding up to a new kind of retirement – less binary, more nuanced than the traditional notion. To make 40-year working careers 30-year (and more) retirements will require a fresh approach from employers, individuals and policy makers. Some employers are recognizing the benefits of employing older workers. Although memory and processing speed become impaired with age, other capacities, such as judgment, pattern recognition and decision-making, improve. These improved skills are well suited to the advanced knowledge work that makes up our economy as we move from manual to knowledge-based work.

Younger and older workers also tend to benefit from each other's presence and a recent US study found that all ages prefer a mixed-age workforce; surprisingly, older workers used less sick days than younger workers. A survey in the UK by insurance company RIAS found that only one quarter of over-50s had taken time off sick during the previous twelve months, compared to half of those in their twenties. More experience can make older workers more effective as entrepreneurs too. The Kauffman Foundation found that business creation by older adults increased 60% between 1996 and 2012, and entrepreneurs older than 45 were the most successful demographic creating sustainable businesses.

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Beliefs and belonging



The flexible work experience sought by older workers is becoming increasingly possible with the advent of new technology platforms and the 'sharing economy'. Uber reported in 2015 that one quarter of their drivers are over 50; they have more drivers over 50 than under 30. 10% of Airbnb's hosts are over 60, driven by the desire to generate additional revenue (which can serve as an alternative to a reverse mortgage) and to stay connected, social and active.

There is an enormous economic benefit to supporting an older workforce. A June 2014 report by the UK's Department for Work and Pensions found that if there had been as many older people in the workforce (defined as those between the age of 50 and the State pension age) as those in their 40s, British GDP would have risen by 1% in 2013 - a not insignificant number, given trends of shrinking working-age populations. By 2050, working-age populations will have shrunk by a quarter in the advanced economies of South Korea, Japan, Germany and Italy; and the workforce will contract by 21% in less affluent Russia and China. To put this in stark relief, by 2020 China will have 212m fewer workers available - approximately equivalent to the entire population of Brazil. The US fares somewhat better - its working age population is set to expand by 10% due to more

favorable demographics and more migrant workers. Globally, this reduction in labour force over the next 50 years could reduce GDP growth by up to 40%.

As such, a number of countries, particularly in Europe, are developing innovative public policies. In Sweden, employers can qualify for a subsidy of up to 75% for employing older workers; Germany is opening up sabbaticals for its older workforce and the Dutch government has introduced age discrimination legislation and policies to promote flexible working. Japan, having been one of the first 'super aged' societies, provides part-time options for older workers and encourages them to be mentors. In the UK, groups such as Trading Times match employers with 50+ workers while Age of No Retirement aims to have a conversation about creating meaningful and successful longer working lives. In the US, the Columbia Center on Aging and the Center on Aging and Work at Boston College have been developing innovative initiatives to provide data and best practices to support productive later life employment.

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Holding older workers back are subconscious biases in hiring practices such as a desire for very specific qualifications, as well as simply ageism. This can be changed with improved training for line managers, investing in training for people of all ages, retraining for older workers, providing resources for maintaining good employee health, creating more flexible working schedules and providing support for workers who are caring for elderly relatives. The arrival of robots and automation into the workplace will have positive and negative effects: while robots (or smart exoskeletons) could complement an older person's physical attributes, others will provide a way to avoid employing people - of any ages - at all. Similarly, migration by younger workers, from countries affected by environmental disasters, political conflict and continued economic disparities, and willing to do the jobs that locals don't want to, will alter the market. Finally, will pension policies evolve? While someone of typical retirement age is now healthier, it doesn't mean that the pension age should increase, since manual workers and those with lower income and skill levels - precisely those who need pensions the most - have not benefitted to the same extent.

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Related insights

Agelessness



A person's physical age becomes less important as society adapts to the new demographic landscape. New opportunities arise for creators and consumers of all ages, though benefits are often only for the wealthy.

Affordable healthcare



The escalating cost of healthcare is further stressed by the need to support the old and the chronically ill. Spending 20% of GDP on healthcare is seen as unsustainable so hard decisions are taken around budgets and priorities.

Enhanced performance



We are developing key technologies that could integrate humans and data to make us safer, more informed and potentially super-human in performance - but should we?

Imbalanced Population Growth



A growing population adds another billion people but it is also rapidly ageing: a child born next year will live 6 months longer than one born today. While migration helps to rebalance, increasing dependency ratios challenge many.