



RETIREMENT

BY KEN DYCHTWALD

The Longevity Revolution

Advances in life expectancy mean retirement as we know it may become extinct.

Living in an age when scientific and technological “miracles” are almost a matter of course, it’s easy to overlook just how remarkable the phenomena of aging and rising longevity are. But consider the fact that throughout 99 percent of all the years that humans have walked the earth, the average life expectancy at birth was less than 18 years. Infectious diseases, childbirth, accidents, violence and other hazards often brought life to an early close. In the past, most people didn’t age—they died.

When the first U.S. census was taken in 1790, half the population was under the age of 16 and less than 2 percent of the 4 million people who responded were 65 and older. Few men and women could expect to live more than 35 to 45 years—about the same as in Europe and Asia. As a result, societies rarely concerned themselves with the needs, problems or aspirations of their aging citizens. The elderly were too few to be of much consequence.

However, beginning in the 20th century, something remarkable began. Thanks to advances in sanitation, public health, food science and modern medicine, most of us will have the opportunity to live long lives.

During the past 100 years, our life expectancy at birth has climbed from an average of 47 to nearly 77 today. We are creating—for the first time—a mass population of long-lived men and women. And it’s important to remember that this longevity revolution is not over.

Already, the longer you live, the longer you’ll get to live. A 65-year-old today has an average life expectancy of 83 years, and there are many indications that with further scientific breakthroughs, living to 90 or even 100 years will become commonplace for today’s middle-aged generation.

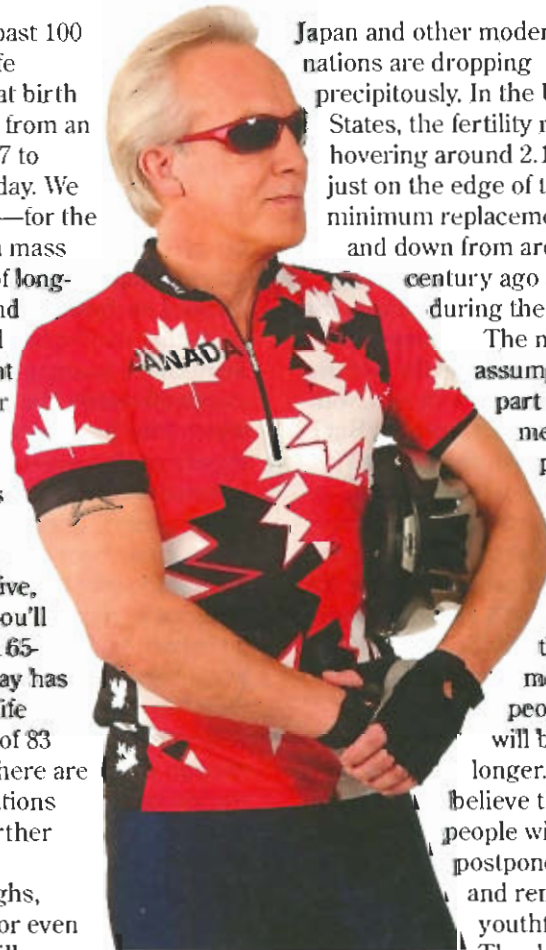
To further compound this phenomenon, at the same time that we’re living longer, fertility rates in the United States, Europe,

Japan and other modernized nations are dropping precipitously. In the United States, the fertility rate is hovering around 2.1—poised just on the edge of the minimum replacement level and down from around 6 a century ago and nearly 4 during the 1950s.

The mistaken assumption on the part of the media and popular culture is that increasing longevity means there will be more old people and they will be old longer. Instead, I believe that most people will elect to postpone old age and remain youthful longer.

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The ultimate effect is a more ageless society, one in which 20-





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year-old students mix with 50- and 80-year-old students—and employees. A lot of the reason that we've had a negative image of aging in our society is the fact that we associate aging with loss, with a shrinking of life's horizon. But in this cyclic model, you can be 70 and learn to surf the Web, you might be 80 and write your first novel. You might be 60 and find your true occupational calling. It's a landscape that's filled with more opportunity than the previous model allowed—or encouraged.

The Coming Brain Drain

The general population is aging and with it, the labor pool. While the ranks of the youngest workers (ages 16 to 24, according to Bureau of Labor Statistics groupings) are growing 15 percent this decade as boomers' children enter the workforce, the 25- to 34-year-old segment is growing at just half that rate, and the workforce population between the ages of 35 and 44—the prime executive-development years—is

actually declining. In the past few years, companies have been so focused on downsizing to contain costs that they've largely neglected a looming threat to their competitiveness, the likes of which they have never before experienced: a severe shortage of talented workers.

As a result, during the next 15 years, 80 percent of the native-born workforce growth in North America is going to be in the over-50 cohort. In the years ahead, when baby boomers start hitting their 60s and contemplating retirement, there won't be nearly enough young people entering the workforce to compensate for the exodus. The Bureau of Labor Statistics projects a shortfall of 10 million workers in the United States in 2010, and in countries where the birthrate is well below the population replacement level (particularly in Western Europe), the shortage will hit sooner, be more severe and remain chronic.

The problem won't just be a lack of bodies. Skills, knowledge,

experience and relationships walk out the door every time somebody retires—and they take time and money to replace. Given the inevitable time lag between the demand for skills and the ability of the educational system to provide them, we'll see a particularly pronounced skill shortage in fast-growing technical fields such as health care.

Ageism in the Workplace

Despite irrefutable evidence of both workforce aging and the untapped talents and reliability of older workers, ageism may be causing many managers to march their companies or organizations straight off a demographic cliff. Currently, most recruiting, training and leadership-development dollars, as well as promotion opportunities, are directed at younger employees, with little thought to the skills and experience that the over-55 crowd can bring to bear on almost any business problem.

According to a recent survey from the Society for Human Resource Management, two-thirds of U.S. employers don't actively recruit older workers, more than half do not actively attempt to retain key ones, 80 percent do not offer any special provisions—such as flexible work arrangements—to appeal to the concerns of mature workers, and 60 percent of CEOs say their companies don't account for workforce aging in their long-term business plans.

In our youth-oriented society, most human resource practices are often explicitly or implicitly biased against older workers, and these biases can seep into the culture in a manner that makes them feel unwelcome. Most important, mature workers will be attracted to a culture that honors their experience and capabilities. Unfortunately, too few companies



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have made this a priority.

It can start with recruiting, in subtle ways such as the choice of words in a job advertisement. Even high-energy, young-in-spirit older workers, for example, may interpret an ad stressing “energy,” “fast-paced,” and “fresh thinking” as implicitly targeting younger workers and dismiss the opportunity out of hand. And it can end with a “golden parachute” in which seasoned workers are ushered out the door.

Training and development activities also tend to favor younger employees. According to the Bureau of Labor Statistics, older workers (age 55-plus) receive on average less than half the amount of training than any of their younger cohorts receive. And yet, many mid-career and older employees require refresher training in areas from information

technology to functional disciplines to cutting-edge management methods.

Retiring Retirement

Retirement, as it's currently understood, is a recent phenomenon. For almost all of history, people worked until they died. It was only during the Great Depression that, desperate to make room in the workforce for young workers—25 percent of whom were unemployed—governments, unions and employers institutionalized retirement programs as we know them today. It's important to keep in mind the fact that when the modern notion of retirement was first articulated in the early decades of the 20th century, the designated retirement age of 65 was longer than the life expectancy at the time.

Today, a new generation of vital and energetic older adults doesn't necessarily want a life of pure leisure; half of today's retirees say they're bored and restless. Last year, the average retiree watched 43 hours of television per week.

A growing number of older adults would rather be in the game instead of relegated to the sidelines. And it's also becoming obvious that most boomers will simply not be able to afford to permanently retire. The recent Merrill Lynch *New Retirement* survey found that nearly 80 percent of boomers plan to work at least part-time during their retirement; just 17 percent say they won't work at all. They're looking for different blends—three days a week, for example, or maybe eight months a year. Many want or need the income, but that's not the only motivator.



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People tend to identify strongly with their work, their disciplines and their careers. Many wish to learn, grow, try new things and be productive indefinitely, through a combination of paid or even volunteer pursuits. They enjoy the sense of self-worth that comes with contributing to a business or other institution, and they enjoy the society of their peers. And since most work today is not nearly as physically demanding as it was decades ago, the overwhelming majority of older adults are definitely capable of extending their productive years.

For all these reasons, the notion of retirement as it has come to be practiced—a one-time event that permanently divides work life from leisure—no longer makes sense. From the standpoint of the employee, flexible- and phased-retirement programs offer opportunities to mix work and other pursuits. For employers, the programs provide an elastic pool of staff on demand and an on-call cadre of experienced people who can work part-time as the business needs them.

In an ideal world, employees would be able to move in and out of the workplace seamlessly, without ever being forced to retire. Employers would offer

flexible work schedules, compensation, pension and benefits arrangements, subject to sensible and straightforward tests of fairness and merit. Employees would have the option of entering a flexible work arrangement not at some fixed age but whenever it's desirable and feasible, putting together an appropriate combination of salary and retirement income. Employers would need reasonable flexibility in selecting employees and legal protection from discrimination claims from those workers not selected. Flex retirement would embrace a variety of trajectories—different work for a former employer, the same type of work for a new employer, a career restart, variable schedules.

However, things don't yet work that way, and truly flexible retirement is not yet possible for most employees. Indeed, according to an Employment Policy Foundation study, 65 percent of employers in the United States would like to offer such flexible retirement, but most feel blocked by regulatory restrictions. The obstacles start with pension and benefits regulations and no less than the Internal Revenue Service, the Employee Retirement Income Security Act and the Age

Discrimination in Employment Act currently have provisions that hinder both an employers' ability to provide satisfactory arrangements to older workers and older adults' ability to remain productive as long as they choose.

Age Power

Late achievement, while multiplying in frequency, isn't altogether new. Grandma Moses didn't start painting until she was almost 80. Groucho Marx launched a new career as a television-show host at 65. George Bernard Shaw was at work on a new play when he died at 94. Galileo published his masterpiece, *Dialogue Concerning the Two New Sciences*, at 74.

We must realize that in this new era, people don't suddenly lose the talent and experience gained over a lifetime at the flip of a switch. It's not good business to push people out the door just because outdated policies say it's time.

On the basis of 30 years of research and observation, I've concluded that the concept of retirement is outdated and should be put out to pasture in favor of a new balance between work and leisure in maturity. Perhaps it's time to retire retirement.

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