

# RETIREMENT, WORK, AND LIFESTYLE



With no fixed retirement age, the government wants you to work longer until you are eligible for the age pension at 65 and rising to 67 by 2023. There are lifestyle implications for retirees.

As the average life expectancy for men and women is now above 80 years of age, retirement may stretch 20, 25 or 30 years – longer than you may have first thought. It means retirees are potentially nearly facing as many years being “retired” as they have been in the workforce – but without the responsibilities faced in younger years like building a career, raising children and paying off a mortgage.

When individuals consider their retirement, several factors come into place. The external reality of events which may be through illness (yours or a family member’s), retrenchment so if you have been retrenched in your late 50s retirement or semi-retirement may be an option, or due to family responsibilities.

Simultaneously, there is also the internal transition to retirement through deep seated psychological factors with the conscious and subconscious part of one’s brain.

There are two models to retirement that can be contrasted: **Old** and **New** Retirement. Individuals will choose the retirement that suits them that is based on several factors: their exposure to retirement, their values, lifestyle and health.

The **old model** of retirement was one of ending, where there is an end work date and individuals are expected to lead a quiet, restful and peaceful life. There are no challenges, work projects, deadlines or decisions that are required.

We have seen one family member live from meal to meal with sleep in the middle. When we ask: ‘how was your day, the response is ‘I made a salad’, or ‘I paid a bill.’ Although he is happy, we are left to wonder if there is more to life.

Dr Richard Johnson, Founder of Retirement Options, describes the **new** retirement as ‘a new beginning, the start of a new life journey with vastly expanded proportion.’

Retirement will give individuals the freedom to do what they have always wanted to do. We have seen the family travel without a time restriction, undertake voluntary work because they want to give back to the community, stay active through exercise, spend time on their hobbies, and look after their grandchildren.

In the ‘new beginning,’ instead of retiring from work completely, work can be undertaken in a new capacity with reduced hours and commitment. A phased retirement allows the employee to reduce work hours in his or her current job.

## Productivity Commission's Recommendation

That the eligibility for age pensions rise to 70 years, for some people it may mean a longer working life until they are eligible for a pension. A phased retirement arrangement could involve:

- reducing the number of hours and/or working days
- job-sharing
- changing position and responsibilities to a less stressful or labour-intensive job
- taking on a training or mentoring role to younger people entering the industry or the organisation
- "retiring" as an employee but working as a consultant
- continuing to work full-time with additional purchased leave entitlements and other flexible working arrangements
- work projects

*Sam was employed full time as a TAFE teacher. With the cutback to TAFE funding, Sam considered the next phase of his career. He no longer wanted to commit to the insecurity of his role. He possesses experience and skills in teaching and training and is well qualified. He set up a consultancy business running training programs for organisations. He is developing his skills in sales, marketing and business development. He has a business mentor to guide him to grow his business. He is seeking job flexibility where he can choose the hours he works, working from home and being in control of his life. He sees the consultancy business as his new career in the new phase of his life.*

For some people, a new work role in stark contrast to their previous can be considered. One example is to be a fitness instructor for senior people. Janice has an extensive history in management roles in the community sector. A few years ago, feeling burnt out and not having time to do what she wanted, she recognised that she cannot maintain this capacity of work indefinitely. She began to plan the next phase of her life. She changed her employer and work role and began to study a fitness instructor course where she wants to work with senior people. She is reducing her work hours to combine her current role and the new career she aims to pursue in the coming years. She is already making the transition into the next phase of her career.

There are **benefits** to both the individual and the employer to introduce a phased retirement scheme.



Whilst remaining in the workforce, an individual can earn an income and perhaps additional superannuation. Importantly, individuals have a sense of purpose, mental stimulation through their involvement at work; they remain connected with work friends and colleagues, can attend work functions, maintain their social status, self-esteem and remain physically active.

For an employer, the benefits mean that they retain the knowledge and skills for longer, address a skills shortages of qualified workers, employ staff who understand the needs of the business, train and mentor younger workers, and have a diversity of age groups, skills and experience in the workplace.

Currently, phased retirement is an individual arrangement that one makes with his or her employer. With individuals living longer, being in better health and with more resources available, a phased retirement may be a trend to reshape the labour force and remain competitive in today's marketplace.



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