

## **WORKING IN RETIREMENT: OPPORTUNITIES, BARRIERS & RISKS**

**Dr. Dimpy Mahanta**, Assistant Professor of Psychology, Keshav Mahavidyalaya

Ms. Rashmi Saroha, Student, MA Psychology, North Campus

University of Delhi

Increasing longevity is one of the biggest achievements of the last century. The demographic changes brought about by increased life expectancy are one of the biggest challenges society is facing now. There are increasingly less active citizens to pay for the retired and aging population. This called for the retired and aged to be more actively involved on the professional front. Working *during* retirement used to be considered as an oxymoron. Yet, as growing numbers of workers continue to work for pay during their so-called “retirement”, this is no longer the case. Therefore, an understanding of ‘working in retirement’ is particularly important in light of today’s aging society. The presented paper discusses this theme taking into consideration a number of intervening factors such as, the reasons for people deciding to work after retirement, as well as the reasons for retiring in the first place; various types of works available to the older employees; and barriers to working in retirement. The paper also discusses the retirement risks in terms of financial security, with a special emphasis on retiring women. Apart from this, the implications of the emerging trend of working in retirement for older employees as well as the employers are also presented.

**Key words: retirement, aging society, older employees, barriers**

### **Introduction**

Increasing longevity is one of the biggest success stories of the last century. The perception of youth has been fast undergoing a change as youthfulness becomes less tied to one's chronological age. Rather than shying away from growing old, more people are today embracing their later years and willing to make them count in more than one ways.

There is no denying the fact that the enhanced life expectancy has brought cheers, but at the same time, the resultant demographic changes are one of the biggest challenges societies are now facing. Since many countries are confronted with a reversed demographic pyramid, there are increasingly less active citizens to pay for the retired and aging population. This shifts the

onus on the elderly for supporting themselves. This economic challenge is bound to be manifested in workforce demographics as well. In such a scenario, we may have no alternative but to reconsider features such as retirement age in light of increasing life expectancies. The governments world over are recognising and acknowledging the pressing need and willingness of the older employees to stay in the labour force for longer than they have ever stayed before. Required policy changes are being brought about in order to accommodate this new section of working population.

For instance, in the Netherlands, the Dutch government decided to push the retirement age forward from 65 years to 67 years. Countries like Norway, Poland, Sweden, Iceland, etc. already have retirement age set at 67. Contrary to this emerging trend of expanding work life of older employees, India still has the retirement age fixed at the traditional 60. Politically and socially, India is yet to embrace this change. Even still, the politically set age at which employees are expected to retire seems to be diluting as more and more *retired* employees continue to work in their retirement. This metamorphosis is especially relevant in the light of changing needs and social boundaries.

Looking at the age demographics of the 21st century workforce should be enough to convince us that we must consider the implications of new forms of retirement. The aging of workforce is more than a mere shift in demographics. It has been accompanied by the emergence of new attitudes and expectations about aging, in general, and about the relationships between aging and work, in particular. Working *during* retirement used to be considered as an oxymoron. Yet, as growing numbers of workers continue to work for pay during their so-called “retirement”, this is no longer the case. Therefore, an understanding of ‘working in retirement’ is particularly important in light of today’s aging society and changing mindsets.

### **Working in retirement**

Demographically established, the expected life span is at least 17-19 years after retirement i.e. 15% to 20% of the retiree's life. A lot of time and efforts go into acquiring skills to procure and retain a job. It is therefore understandable that a similar thrust needs to be given to live through the post retirement period. Even more important is to be able to find suitable employment during retirement. There appears to be a growing consensus that early retirement is no longer viable for individuals, employers or national economic performance and that extending working lives is a necessary goal beneficial for all.

## **Literature Review:**

**Brown, Aumann, Pitt-Catsouphes, Galinsky, Bond (July, 2010)** conducted a research titled, "Working in Retirement: A 21st Century Phenomenon" for the Families and Work Institute, New York. The key findings include:

- One in five workers aged 50 and older has a retirement job today; 75% of workers aged 50 and older expect to have retirement jobs in the future.
- People work in retirement for a variety of reasons, including the opportunity to earn more money for a comfortable retirement and because they would be bored if they weren't working.
- Those working in retirement are highly satisfied and engaged in their work.
- Using a number of critical indicators of workplace effectiveness, those working in retirement rate their workplaces more positively than those not yet retired.
- A significant number of employees transition to self employment for their retirement job.
- While those working in retirement work fewer hours, on average, than those not yet retired, the majority of working retirees report working full time and wanting to work the same or more hours.

## **Research studies in India**

**Jayashree (2000)** conducted a study on "Work after Retirement" in urban area of Mangalore in the South Canara District of Karnataka. The study revealed that retired people, contrary to general expectation, wanted to work actively and lead a healthy and long life. The sample was never found to be hopeless, nervous and dependant. Thus, retirement never blocked one's desire for a good life.

**Astige, Shanta B. (2009)** conducted a research with the main objective of knowing the post-retirement plans of college teachers in general and of the male and female population among them in particular through a sample of 160 retired degree college teachers of Gulbarga city. The researcher found that a majority of retired college teachers were still engaged in academic (54%) and non-academic activities (46%) during their retirement. The researcher found that even in retirement the respondents were willing to work and were ambitious and

enthusiastic. But they were restricted by lack of adequate resources such as government aid for research, library facilities, etc.

### **Working in Retirement: The Current Scenario**

Retirement patterns have changed extensively in recent years, and continue to evolve rapidly. No longer indicating an abrupt transition from regular employment, retirement is essentially becoming a process, with several steps between total commitment to work and final exit from the labour force. Formally, this gradual exit is not facilitated in India. The government employees have an age fixed for them to leave the job, while corporate workers, too, face the brunt of an advancing age. But older people today are discovering and reinventing their own routes and the next steps in their “retired” status. For many of them, the critical issue in the “retirement” is that they need to supplement their income. Others simply want to stay involved by participating in some form of work environment. In either of the cases, working during retirement has become the popular choice. Irrespective of the degree of support from the government, the trend is fast catching up.

The concept of working during retirement is especially important in the western world as many western countries are now facing a reversed demographic pyramid. The baby boom generation is reaching maturity, with thousands reaching retirement age each day. This has major financial implications and a wake-up call for policymakers. Policy formulations aim at discouraging early retirement and shifting the retirement risk away from employers. Therefore, many individuals approaching retirement age have to take on the responsibility of managing their retirement resources themselves, while also seeking a balance between fulfilling their dreams and assuring financial security. All this is in the face of demographic and labour market trends, which together have led to concerns about poverty during old age and loss of skills to the economy.

There are a variety of paths that people take after retiring from their primary occupation. There are opportunities of working part-time as well as full-time. They might continue working for the same employer, or choose to switch their employer. Many also become self-employed by opening small businesses. Apart from this, the retired individuals might even change the course of their work and become engaged in a work which is entirely different from what they had been doing for the major part of their lives.

The greatest determinant behind making these choices has to do with the availability of adequate opportunities as well as some of the unfulfilled dreams and aspirations of the people which they had sacrificed for their careers. Maintaining their current standard of living and providing a comfortable to their family understandably leads the way. What the person wants to do and what he/she is able to find as well as the discrepancy between the two go a long way in influencing the choices.

## **Reasons for Working in Retirement**

Retirement implies exiting from the work scenario. But when some of the retirees choose to stick around even when they have achieved an age which was previously thought to be a well deserved break from the tiring work life, it gives rise to an opportunity of asking two interesting questions:

- Why do some people choose to go against the popular norm and return to work in their supposed ‘golden years’?
- If they want to keep working, why do those working in retirement retire in the first place?

**Financial Reasons:** The first thing that stands out as a response to the first question is the financial needs of the retirees. In the light of recent economic downturn, it is understandable that people’s finances have taken a beating and there has been created an emergent need for continued participation on the professional front in order to support the future life.

**Deriving satisfaction:** Yet another popular reason turns out to be the personal sense of fulfilment and involvement which drives the retirees to continue working for keeping themselves engaged in something productive, i.e., a desire to “stay involved”. Brown; Aumann; Pitt-Catsouphes; Galinsky; Bond (2010) found that when those working in retirement have jobs that are challenging and provide learning opportunities, they are most likely to be engaged in their jobs. They also found that those working in retirement are highly satisfied and engaged in their work.

Other reasons can be a need to make up for investment losses, preference for a less structured work environment, and freedom to focus on areas of greatest interest.

Like everyone else in the workforce, people who work in retirement do so for a variety of reasons. Research offers a number of reasons to this regard:

**Brown et al (2010)** found that money was the most cited reason for working in retirement. They found that more than half of the respondents (N=220) reported that they were working in retirement for financial reasons. Additionally, keeping oneself occupied was an important reason. Nearly a third reports that they would be bored if they were not working. Other reasons include wanting to feel productive and useful (18%) and having a job that is fun and enjoyable (15%).

Addressing the second question about the reasons why people retire in the first place if they intend to continue working, three major reasons emerge. The first concerns the health of the retirees. As the age advances, most of the people begin to experience physical and cognitive decline, which makes it difficult for the older employees to continue working at their previous level of performance. As a result, they might themselves choose to retire or they are made to take a premature retirement.

Secondly, they might start facing difficulties at their workplace. For e.g. location of their workplace might be far off, which makes it difficult for them to commute in old age, or the work timings might be erratic and, therefore, not suitable for them. Another possible issue that might rise is the possible loss of skills as a result of old age as well as obsolescence of knowledge might make them redundant for the job.

Thirdly, they may be faced with care-giving demands. They are expected to look after young children of the family, usually their grandchildren, as their own children deal with individual work lives. Apart from this, they might even be involved with giving care to an elderly parent or a spouse or some other dependent.

### **Barriers to Working in Retirement**

As imposing as it might seem, working in retirement may not always be a cakewalk for the older employees. As a result of a number of factors, their plans of post-retirement working might be left in a lurch. Many a times, it so happens that an otherwise willing individual gives up his/her plans of working in retirement when faced with a variety of barriers restricting their success. Broadly, these barriers can be categorized under three heads:

- Personal barriers
- Workplace barriers
- Institutional barriers

*Personal barriers* include:

- Health:** Just as people grow old, they are bound to face a number of health problems including an unavoidable loss of physical and mental capacity. For many of the older employees, these problems become severe to the extent of reducing their performance at work. Poorer health is also associated with a number of problems at work which reduce their productivity and hence act as a barrier to successful employment.
- Family responsibilities:** Many retirees who choose to continue work after retirement face problems originating from an intersection of work and family lives. They have to juggle between work and family responsibilities, especially caring responsibilities. The ease with which a person is able to handle both the role of a worker and a carer, is highly dependent on the availability of flexible working hours, adaptable start and finish times and support from managers (Smeaton et al, 2009). Clearly, in the absence of these supportive factors, family responsibilities act as a barrier to post-retirement working.

*Workplace barriers* include:

- Employer Barriers:** There is an apprehension prevalent among the employers in hiring older workers. These apprehensions form the bedrock of the barriers faced by older employees in finding employment later in their careers. A number of factors contribute to such an attitude, the foremost among them being the general belief about inadequacy of older workers at their jobs. Older employees are seen as less competent and lacking in skills and technological know-how.  
The employer tries to assess the overall productivity of the employee against the compensation he/she has to pay. If the average compensation paid to the older employee comes out to be higher than that being paid to younger employees, and if the cost of hiring a replacement worker turns out to be relatively low, the employer has an incentive to let go of the older workers. Consequently, either they are paid less than the going rate of compensation, or they are offered an early retirement.

- b. **Inflexible Timings:** Another important factor that restricts older employees' choices and opportunities in employment concerns with the inflexibility in work timings. Although flexitime is an emerging trend, it still has to catch up when it comes to accommodating employees with special needs. While the younger employees can manage timings well and also work overtime when required, the older workers sometimes have to face difficulties due to additional responsibilities and health issues.
  
- c. **Poor match between preferred and available jobs:** Although many retired older workers wish to continue working after their retirement, an indispensable condition faced by them remains the type of jobs offered to them. More often than not the jobs the older workers face a situation where there is a poor match between the jobs they desire and the ones offered to them. This results in a need for them to make a choice between accepting an undesirable or low paying job, and returning back to retirement. Therefore, lack of lucrative and appealing opportunities makes it tough for the retired individuals to enter back the workforce in a manner they want to.

### ***Institutional barriers***

There are a large number of economic and institutional barriers to more flexible employment arrangements for older and retired workers. These were not seen as barriers when it was alright to move older employees out of the labour force early in order to make room for the hoard of young adults starting to make their careers. Such mindsets had evolved when life expectancy was shorter than it is now, health at any age was more fragile, and many more jobs were physically demanding. These obsolete beliefs give rise to subtle institutional pressures to retire at a certain age. Stereotypes against older workers and age discrimination too play their part. Also, there are certain social expectations and norms about the appropriate time for the elder workers to leave and make room for younger workers.

All these factors together result in a collective mindset which encourages the elder members of the society to accept retirement and avoid working thereafter. This too becomes a major barrier in the path of retired employees trying to find post-retirement jobs.

### **Post-retirement Risk**

Retirement means much more than just leaving a 9 to 5 job, collecting the lifelong savings, and living leisurely thereafter. As charming as it may seem, retirement is not always easy and smooth. For the middle income groups managing post retirement risk is very important.



A number of issues concern the people of retirement age regarding the finances and future availability of funds as and when required. According to the Society of Actuaries, 2001-2011 Risks and Process of Retirement Surveys, the areas of most concern for retirees include paying for adequate health care in retirement, not having enough money to pay for a long stay in a nursing home or a long period of care at home, and that the value of savings and investments will not keep up with inflation. Other concerns include not being able to maintain a reasonable standard of living for the rest of their life, variation in the income during retirement based on changes in interest rates, possibility of depleting all their savings, the equity they have may not be sufficient to support their retirement plans, and that their spouse/partner may not be able to maintain the same standard of living after their death.

In the light of these areas of concern, it becomes very important for the retiring people to be aware of their financial standing at present as well as what they would want it to be like in future. They need a stock taking of their assets before planning retirement or the career then on. They need to plan well in advance as far as the financial matters, such as managing post-retirement risks, are concerned.

Working in retirement is especially important from financial point of view. Many individuals intend to continue working after retirement keeping in mind the financial add-ons apart from the monthly salary which they draw. These include

- Continuing to receive health insurance from the employer
- Increasing the amount one receives from Social Security
- Having more years to make contributions to investments
- Relying on savings for a shorter period of time

Retiring from one's job and consequently, staying out of work for a significant period forces withdrawal of assets and hence, poses financial risks. Therefore, the retirement age must be decided wisely. As it is also the age of claiming social security and state provided pension, wisely decided retirement age is an important pre-step of financial well being during retirement period.

Financial planning should be specific and done keeping in mind the personal situation of the retiree. Those who have not saved for retirement are especially in need of financial planning. This is because without retirement savings, they would be totally dependent upon social

security. They will be particularly at risk, if they suffer a job loss. On the other hand, they would be relatively immune to fluctuations in the equity markets, if they have not invested much in them. On the other hand, those retired individuals who have accumulated fair amount of wealth will not be insulated against equity market volatility if they are dependent on selling stocks for regular living expenses. This indicates how one individual plans for one's own retirement period, may be entirely different from someone else's requirements.

An important determinant of financial health of one's assets is the economic scenario. In light of current economic conditions, as individuals make retirement decisions, many intend to work longer as they reach their retirement age; and for most that turns out to be a successful strategy. However, merely increasing the length of one's service does not ensure financial security. The wiser choice is to adopt long term measures which guarantee lifelong income, and availing themselves of various risk management products such as annuities, etc instead of sticking to short-term measures such as cutting back on spending or going back to work.

### **Women in Retirement**

It is a demographically accepted that women have a longer life expectancy than men and that they tend to, on average, outlive men by three to four years. As a consequence, they represent a majority of older population. For working women, living longer means spending more years in retirement, and for non-working women, it means being dependent on their spouse's assets for longer. Therefore, an understanding of the post-retirement risks that women face today is particularly important for them.

Women are affected both with regard to their own benefits and their benefits as spouses, survivors and divorced individuals. Many women still collect benefits based on their current or former husband's work record. This situation may be slowly changing; however, as increasingly more women are educated and are now in the work force. This will result in income levels giving them greater benefits than just those based on their husband's earnings.

Because on average women live longer than men, keeping a short planning horizon, not matching their longer lives, is usually a wrong step. They should anticipate having to spend many more years in a disabled condition than their partners. This means women would require a continuous follow of finances for health issues and for a longer duration. There might be a possibility that they even outlive their savings; hence, planning wisely becomes especially important.

Women are also more likely to live without a spouse as compared to men. Therefore, women need to think carefully about what programs will be in place when their husband dies. There are differences in work histories of men and women. Work history affects retirement and earnings in retirement. The higher earner in a couple, most often the husband, would have greater social security and pension benefits, leading to a better continuing income after retirement. This person is also more likely to be able to get employment. Since women earned less than their husbands, at least traditionally, they tend to enjoy lower retirement benefits. Therefore, their husband's earnings even after retirement form a major source of income for them. This is a major reason of a decline in economic status of women at time of widowhood.

These are some of the intervening factors which make it imperative for women to be especially aware of their economic situation and plan wisely for retirement and the life after that.

## **Conclusion and Implications**

Working in retirement can be considered a dually motivated phenomenon. On one hand, it is emerging as a result of changing demographics of the twenty first century, wherein life spans are increasing and people's health is continuously improving. On the other hand, working in retirement is in itself the answer to catering to the demands of the older cohort of today's metamorphosing population. This is a phenomenon which is fast catching up with the pace of new millennium's dynamic workforce. The elderly members of the society are no longer willing to recede into shadows after contributing to the society for so long, and they are increasingly making their presence felt on the work floor.

They are increasingly capable of deciding what they want later in life and are working hard to achieve it. They are now in a position to choose the type of retirement they want for themselves, the type of work they want to do in retirement, and the age at which they want to call it quits. They are seeking jobs suitable to their desires and needs. No doubt there exist problems for them, both professionally and socially. But being able to find a climate of respect, work-life fit, employer support and learning opportunities would make their endeavours successful. If this type of workplace is not available, the opportunity to become their "own boss" is always open to the working retirees.

The challenge that remains to address for older workers who have retired and are seeking a new work situation is to adjust to the probable gap between what they want and what they receive. They need to be able to understand that the characteristics of a desirable job or a desirable workplace may be different for their retirement job than job characteristics that were important for a pre-retirement job. There may be differences in their work experience before and after retirement depending on the workplace settings and other more personal factors. By making little adjustments to the changed environment, along with the family support, the older employees can successfully amalgamate back into the workforce and continue their bit of contribution to the society.

While the older employees have been making efforts on their part, the employers too have an equally important role to play. In this continuously changing work scenario, working in retirement is beneficial to the society as a whole. To some extent, it takes the burden of caring for the elderly off the shoulders of the younger generation. Apart from this, it keeps the elderly busy, active and involved, all of which can contribute to their satisfaction with life. The employers and policy makers have an important role to play in encouraging this practice. Based upon the respective scenarios of various societies, the policy makers and employers should put in efforts to broaden the horizons for the older workers, and make their later life fruitful and satisfying.

How enriching the post-retirement work experience turns out to be for the older employees essentially depends on the employer support and the workplace arrangements they have to offer. Employers need to understand and respect the fact that their attitude and support form an important determinant of the job satisfaction experienced by their older employees. If they are willing to allow a little flexibility into work situations for the older employees (for eg, work timings, work locations, workload etc), it would go a long way in improving their satisfaction and work engagement, thereby encouraging and rewarding their participation in active workforce.

Letting go of the older employees might not always be a wise decision for the employers. An incentive, as it might sometimes appear to be, laying off the older employees might very well prove detrimental to company's health. Older employees who have been working for long years with the same company become virtual repositories of company's knowledge and culture. Their rich experience which is lost when they leave the company, might sometimes prove to be irreplaceable once lost. Older employees can be especially important for

knowledge management in the company. Employers should make efforts to document and utilise rich experience gained by them throughout their working life. Letting the older employees out of the workforce prematurely and without significant contribution to the knowledge database of their company would be a terrible wastage of skill and rich knowledge. Therefore, the onus of successfully integrating the retired employees back into the workforce does not rest on the older employees alone. The policy makers and employers have an equal burden to share.

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