



Retirement in flux

Changing perceptions of retirement and later life

April 2012

www.ilcuk.org.uk



The International Longevity Centre - UK (ILC-UK) is an independent, non-partisan think-tank dedicated to addressing issues of longevity, ageing and population change. It develops ideas, undertakes research and creates a forum for debate.

The ILC-UK is a registered charity (no. 1080496) incorporated with limited liability in England and Wales (company no. 3798902).

ILC–UK
11 Tufton Street
London
SW1P 3QB

Tel: +44 (0) 20 7340 0440
www.ilcuk.org.uk

This report was first published in April 2012 © ILC-UK 2012

Your views

ILC-UK would welcome your views on this think piece. Please send your thoughts to David Sinclair (davidsinclair@ilcuk.org.uk)

Acknowledgements

ILC-UK is grateful to Swiss Re. Their support allowed us to produce this think piece.

Table of Contents

Introduction	4
The history of retirement	6
Retirement futures.....	9
Citizenship in an ageing society.....	14
Conclusion.....	18
References	20

Introduction

We have designed much of our public policy concerning older people according to an image of life after 65 that is now redundant. The old notion that after this milestone in your life, all you can expect is decline and dependence is hopelessly outdated. We must assume that older people will participate actively in society and in the workplace for longer and to the best of their ability.

But the principal responsibility for retirement saving must rest with the individual and not the state. The state can help support a culture of saving through fiscal measures and by ensuring the social security pension rewards rather than penalises savings.

John Hutton, Daily Telegraph, 13th Feb 2012

Retirement is changing.

For most of human history, most people have worked – either formally or informally – up to or close to the point of death, due simply to economic compulsion.

But the introduction of state supported pensions just over 100 years ago resulted in the emergence of ‘retirement’ as a specific and substantive period of life. Between 1881 and 2008 the economic activity rates of UK men aged 65+ fell from 74 per cent to 10 per cent. Now, the majority of people can expect to live for at least twenty years in retirement.

Retirement for many is a very positive thing. It remains an aspiration and expectation for most of us. And in some ways, recent trends have been positive. Improved health in later life means we have more opportunities in later life to enjoy leisure pursuits.

At the same time, more people are choosing to stay in work longer. Effective retirement ages have increased over recent decades and working longer has a positive well-being effect for many.

But increasing longevity is beginning to challenge the economic reality of retirement for both the state and the individual. It is also beginning to challenge the concept of retirement which has emerged over the last 100 years.

On the fiscal side, faltering growth and the end of generous pension provision may create a compulsion to work for longer. The increasing fiscal burden of an ageing society is emerging alongside the possibility of intergenerational conflict as today’s taxpayers are asked to fund the retirement of today’s retirees. There remains significant uncertainty over the nature and scale of social care funding.

In the workplace, employment opportunities for older people appear to be concentrated in low-quality positions, older workers complain of their particular skills and experiences not being utilised and training not being offered, and ‘age-blindness’, a positive development, has the potential to put employers off offering age-appropriate support to their older employees.

At the same time we face persistent disparity in life expectancy, the problem of isolation, and mobility and mental health problems associated with ‘very old age’.

In this paper, ILC-UK explore how retirement is changing. We take a citizenship approach. Citizenship implies that, in return for recognising our duties such as obeying the law and paying

taxes, we have certain entitlements. The Government's Citizen's Pension is an attempt to overcome the complexity in the relationship between citizenship and retirement, while establishing a solid, universal state pension as the basis for private saving.

But what kind of contributions should people be making in return for this support, beyond paying taxes and, presumably, National Insurance contributions during their working life?

ILC-UK believes that we do have a set of rights and responsibilities in later life. We argue that:

- Older citizens have a responsibility to remain in the labour market, where possible, to enable skills retention and minimise the fiscal burdens on taxpayers. But alongside this, older people should have a right to support from employers, and society more generally, to enable longer working lives.
- Older people should have a right to remain in their own home. It is vital for the well-being of many people. But it is fair that older people draw upon property wealth to help fund care costs.
- Whilst the idea of an *obligation* to volunteer is contradictory, we all have a responsibility to remain active in our communities. Many older people are eager to volunteer in later life as part of an active retirement and opportunities to volunteer must therefore be appropriate: flexible, enjoyable, and oriented towards utilising the skills older people have developed during their working life.

Society needs to abandon the notion that people make contributions in their working life in return for support in retirement. Such an approach implies that retirement marks the point where older people's contributions are no longer necessary or valuable.

Retirement should be considered a process rather than an event.

The history of retirement

The history of retirement is not synonymous with the history of pensions provision, although the two are inevitably closely related. While a period of low activity towards the end of life may have been present in the very earliest societies, with older people relying on familial support, generally speaking pensions provision precedes the emergence of 'retirement' as a specific and substantive period of life.

The earliest forms of formal pension provision in most Western countries relate to military service, introduced in the late-seventeenth and eighteenth centuries. It was only in the late-nineteenth century that state pensions were introduced, most famously by Otto von Bismarck in Germany, albeit typically only for manual industrial workers, with Europe's leaders in fear of the rise of socialism among the working-class.

Of course, most people did not live to see pensionable age, given that ages of entitlement in the earliest state pension systems were set beyond life expectancy (especially for low-income workers). Nevertheless, the era of 'retirement' was born. Bismarck had set Germany's state pension age at 65: as life expectancy increased, the age of 65 continued to serve as a powerful norm for establishing when working age ends and retirement begins (arguably still influencing retirement ages today).

Britain's state pension followed a similar pattern to Germany's. The means-tested, non-contributory Old Age Pension was introduced in 1909. The eligibility age of 70 was above average life expectancy at that time, but life expectancy caught up by the middle of the century – by which time eligibility age had been reduced to 65 for men and 60 for women.

Recent advances in longevity have been a pre-requisite of the emergence of retirement, but the history of longevity is not straightforward. It is believed that during the Neolithic period (8500-3500 BC) life expectancy was around 38 years, but even as late as the Victorian era in the mid-nineteenth century life expectancy in Western countries was only around 40. These figures must be presented, however, with two major caveats. Firstly, life expectancy did rise significantly at certain points during the classical period and the middle ages, but continuous warfare and the rise of large-scale diseases and malnutrition associated with urbanisation also led to periods of declining life expectancy.

Secondly, the relative stability of life expectancy throughout this period masks the growing disparity in life expectancy between rich and poor. Industrialisation and early capitalism created societies stratified by differences in wealth, with concomitant implications for how long individuals lived. Such disparities have been addressed through the emergence of welfare states in the mid-twentieth century, but remain a vital consideration in many people's experience of retirement.

Figure 1: History of the UK pensions system

1670s	First organised pension scheme for Royal Navy officers.
1909	Old Age Pension introduced on 'Pensions Day', 1 January 1909. Means-tested benefit available at age 70.
1921	The budget made tax relief available for the first time for occupational pension schemes. Limits on tax relief were introduced in 1947.
1925	Introduction of a contributory state pension for manual workers and other low-income workers. Eligibility age set at 65.
1946	The National Insurance Act established a contributory state pension available to all. State pension age established at 65 for men and 60 for women, with the number of 'qualifying years' of National Insurance contributions for a full state pension set at 44 for men and 39 for women.
1978	The State Earnings-Related Pension Scheme (SERPS) was introduced to provide a 'top up' to the state pension. An earlier version of the was first introduced in 1958. SERPS also enabled 'contracting out', whereby individuals could opt out of top-up payments in return for lower National Insurance contributions.
1980	The Conservative government abolished the 'earnings link' for indexation of the basic state pension, first introduced in the 1960s. The state pension increased instead in line with inflation.
1990s	Various scandals in the management of occupational pension schemes led to the introduction of new regulations and compensation mechanisms.
2002	The Labour government replaced SERPS with the State Second Pension, a more accessible and progressive top-up pension.
2003	Introduction of Pension Credit, a means-tested benefit designed to eradicate pensioner poverty (progress has been hampered by low take-up rates). Pension Credit replaced the Minimum Income Guarantee element of Income Support, introduced for pensioners in 1999, and was available from age 60.
2005	The Turner Commission, established with cross-party support, made three main recommendations: the reduction of 'qualifying years' for a full basic state pension to 30 for both men and women; the introduction of 'personal accounts' to enable low-cost occupational pension saving with mandatory employer contributions (replacing Labour's 'stakeholder pensions', introduced in 1999); an increase in the state pension age to 68 by 2046 (female state pension was already due to rise to 65 by 2020).
2000s	The closure of 'defined benefit' occupational pension schemes accelerated, alongside the rise in 'defined contribution' schemes whereby the investment and longevity risks are held by individuals rather than their employers. Personal accounts, now rebranded as National Employment Savings Trust (NEST) accounts for introduction in 2012, are based on a defined contribution model.
2010	The Conservative-Liberal Democrat coalition government accelerated the increase in state pension age. It will reach 66 by 2020. In 2011, the government announced plans to increase state pension to 67 by 2028, almost a decade sooner than outlined by the Pensions Commission.
2011	The coalition government announced plans for a single-tier state pension, abolishing the State Second Pension and set at a level higher than Pension Credit guarantee payments. Eligibility is likely to be based on residency rather than contribution records.

Life expectancy has risen rapidly throughout the twentieth century. As noted above, it was above 70 for both men and women in the UK by the middle of the century – when differences in the longevity of men and women were first systematically recorded – and now stands at around 80 for both men and women. The eradication of large-scale infectious diseases and healthcare improvements in Western countries largely explains this advance, but the late-twentieth century has seen the rise of non-communicable diseases among older people: cancer, heart disease and strokes are now the major causes of death in the developed world, and we have witnessed an unprecedented decline of mobility and mental function as ever-greater numbers reach ‘very old age’.

Nevertheless, given an effective retirement age in the UK of around 64 for men, and around 62 for women, we now live in a society whereby the vast majority of people can expect to live for at least twenty years in retirement. The Thatcher government’s decision to break the link between earnings and the state pension means that the state pension is not as generous as it might have become, under indexing rules established in the 1970s, but today’s pensioners benefit from a level of support from the state not available to previous generations – with many in receipt also of generous ‘defined benefit’ pensions from their employers.

Despite the rise of new health problems associated with longevity, retirement is no longer a period of rapid decline and inactivity – although the financial environment surrounding retirement in many ways still bears the hallmark of earlier phases of retirement. This is positive for today’s retirees in many ways, as a right to a comfortable retirement, largely funded by current taxpayers, has been established. But it has significant, negative implications too. For example, the crisis in care funding is emblematic of the fact that the scale and design of formal welfare and support services for older people has not kept pace with increasing longevity. Retirement was a period of life where the state, and then our former employers, provided an income for us, but our families provided care. This reliance on ‘informal’ care is under increasing pressure.

In surveying the history of retirement it is important to acknowledge that the ‘how’, ‘when’ and ‘why’ of labour market withdrawal is not simply a case of individual choice. For most of human history, most people have worked – either formally or informally – up to or close to the point of death, due simply to economic compulsion. But the emergence of retirement as a distinct period of the lifecourse is not necessarily evidence that this compulsion no longer pertains. Instead, it is equally the case that the labour market has in various ways ‘pushed’ older people towards retirement. Age discrimination was identified as a significant problem in the late-twentieth century, with employers less willing to recruit or train older employees, therefore necessitating ‘early’ retirement. Furthermore, John MacNicol’s work on older workers demonstrates the relationship between industrial change and older employment. Many older workers, he argues, were pushed towards retirement from the 1970s onwards in order to minimise the redundancy costs associated with manufacturing decline (MacNicol, 2010). The rise of the services sector helps, in theory, to overcome this practice – yet the technological sophistication of many roles within the service economy may again place older workers at a disadvantage.

Retirement futures

The mid/late-1990s in the UK represented a turning point in experiences and perceptions of retirement. The average age of labour market withdrawal during this period was relatively stable (around 63 for men, and 61 for women), halting several decades of decline. The economic turmoil of the 1970s and 1980s had been replaced by steady economic growth, 'defined benefit' occupational schemes were maturing, and health and lifestyle improvements meant that for many retirees later life was a period of sustained leisure rather than one of 'winding down'.

Already we are seeing this idealistic characterisation of retirement unravel, symbolised in part by the more recent upwards trend in effective retirement ages. There is a 'good news' element to the changes we are witnessing: staying in work for longer has a positive well-being effect for many people, irrespective of financial considerations. Improved health in later life means we have more opportunities to enjoy leisure pursuits – but are also able to earn a living for longer, in order to fund an active retirement. 'Defined contribution' pensions may necessitate working for longer, but at least in part because of an incentive structure that enables flexibility over the lifecourse, arguably more appropriate to emerging modes of employment (Berry, 2011b).

The 'bad news' is that current developments, such as faltering economic growth and the end of generous pension provision, may create a compulsion to work for longer, and employment opportunities for older people appear to be concentrated in low-quality positions. Hierarchical workplace structures may have flattened, but older workers complain of their particular skills and experiences not being utilised and training not being offered. We appear to have eradicated, as a society, age discrimination in a direct sense – but there remain many age-related barriers to career success for older people, including ageist attitudes in the workplace. 'Age-blindness', a result of our success in challenging discrimination, is a positive development in many ways, but not if it disables employers from offering age-appropriate support to their older employees (see McNair & Flynn, 2005; Smeaton et al, 2010).

Some of the challenges facing retirement practice in coming decades include:

- The increasing fiscal burden of an ageing society – and the possibility of intergenerational conflict as today's taxpayers are asked to fund the retirement of today's retirees.
- Uncertainty over the nature and scale of the social care funding system.
- Persistent disparity in life expectancy based on income and geography.
- The problem of isolation in 'very old age' due to the breakdown of traditional families and neighbourhoods.
- Mobility and mental health problems associated with 'very old age'.
- The disruptive nature of technological development.
- The individualisation of the pensions system.

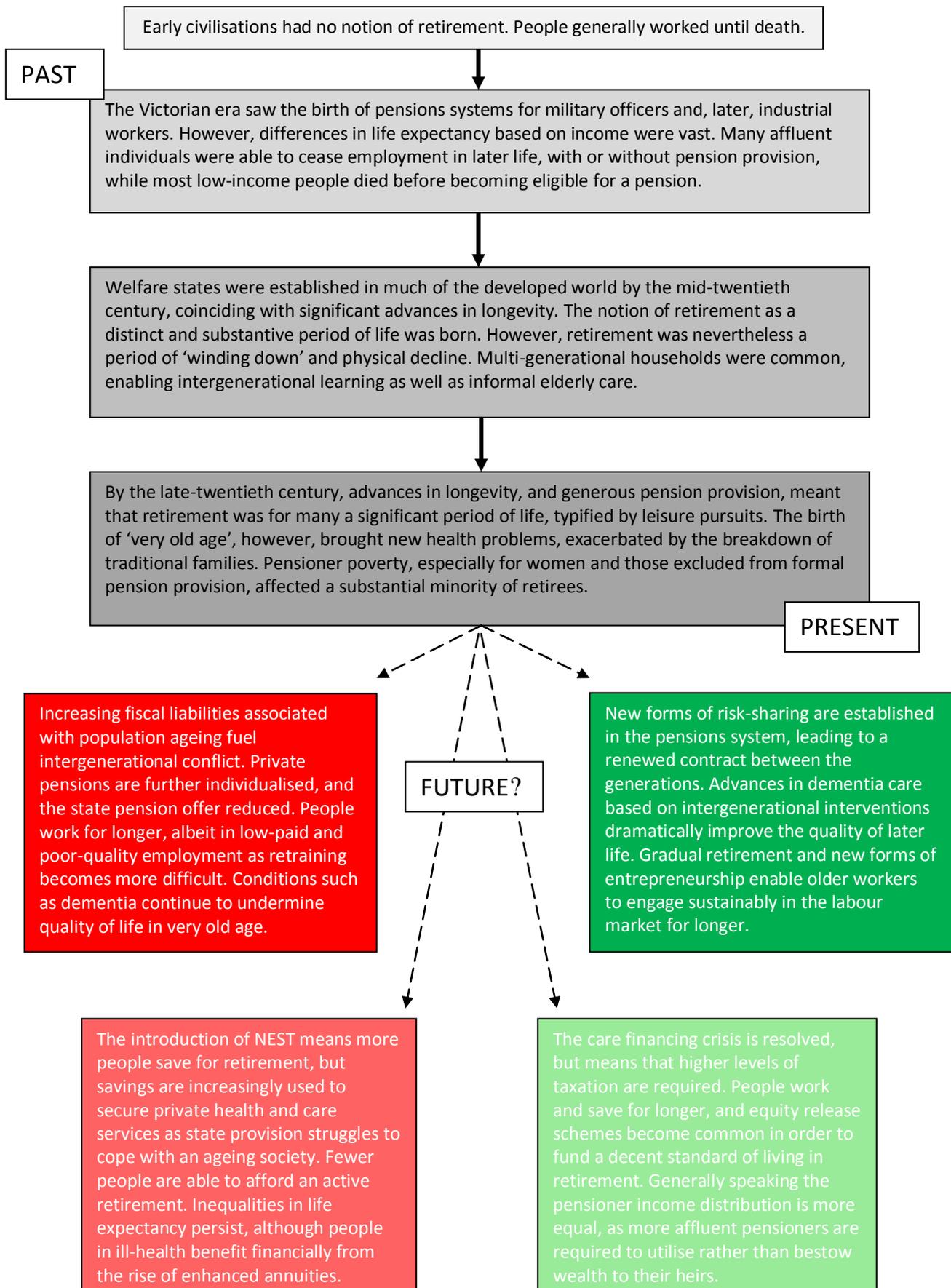
ILC-UK has long advocated 'gradual retirement' as a potential solution to the challenges facing retirement. People should be able to work for longer, albeit in more age-appropriate employment roles. Gradual retirement entails a move towards more flexible employment, although this could

take many forms. The concept of 'downshifting' is important, this generally involves taking on a position within the same organisation, as you approach retirement that involves fewer hours or less responsibility. It represents both a way of promoting a smooth transition to retirement and a measure to increase the participation levels of older workers in the labour market. In addition to reducing the number of hours worked, older workers may move formally into part-time employment. Again, this could be through their existing employer, or by moving into 'bridge employment', that is, a new job in a different organisation more suited to their life-stage (Vickerstaff, 2007).

Gradual retirement will not emerge organically. It requires commitments from employers to support their older workers, and reorient career structures so that the experience of older workers is most effectively utilised. Technological solutions like 'slivers of time' may help older people to engage with the labour market in a more flexible manner. The financial incentive structure must also be geared towards encouraging gradual retirement. Neither 'defined contribution' nor 'defined benefit' systems penalise a move towards part-time employment in later life, but nor do they incentivise gradual retirement. Most importantly, the state pension could offer 'graduated state pension' options so that people could combine income from their state pension and employment (Berry, 2011a).

Is there evidence that the challenges, and opportunities, associated with retirement and working in later life are altering perceptions of retirement? More specifically, are older people now willing to work for longer, and do they see work as part of remaining active in later life? What do people expect later life to look like? What kind of support is society in general willing to offer to retirees? Various surveys conducted in recent years offer insights on these issues. Most directly, Aviva's *Real Retirement* series asked the UK's adult population what they thought 'retirement' meant. The answers given were not straightforward. While 35 per cent agreed that retirement means to give up work, a range of other definitions were offered. 7 per cent believe retirement is synonymous with accessing the state pension, and 6 per cent believe it is the age of 65. But 20 per cent believe retirement means the end of one's main career, even if you continue to work in other ways. 14 per cent believe it is the process of winding down, even if this involves staying in employment, and 11 per cent believe it is the cessation of all work, whether paid or unpaid (Aviva, 2010). In other words, there is growing recognition for the idea that retirement is a process rather than an event.

Figure 2: Retirement: past, present and future



An ILC-UK survey on the prospects for extended working lives demonstrated a strong willingness across all age groups to work for longer in various circumstances. For example:

- 46 per cent of men and women would consider delaying retirement if their employer offered support for reducing their hours, or working more flexibly.
- 41 per cent of men and 39 per cent of women would consider delaying their retirement if they could defer their state pension entitlement in return for higher payments later.
- 43 per cent of men and 41 per cent of women would consider retiring later if they could combine income from their existing employer and an occupational pension.
- Only 2 per cent of men and 3 per cent of women said that *nothing* would make them consider delaying retirement.

These circumstances of course already exist to a large extent – but awareness of state pension deferral and the right to request flexible working, for instance, is very low, even among people approaching retirement. Another circumstance put to survey respondents was the possibility of state pension age rising further and faster than currently planned. Smaller proportions – 37 per cent of men and 34 per cent of women – would consider delaying their retirement in these circumstances. However, this figure rises to 53 per cent among men and women who already work in part-time employment (see Berry, 2011a).

The most extensive surveys on attitudes to retirement have been undertaken by European Union institutions (see European Commission, 2012; Eurostat, 2012). The most recent surveys, published in early-2012, include some fascinating results:

- Over half of respondents do not want to work beyond state pension age, but 65 per cent want to retire gradually.
- The average expected retirement age, based on current employment, is 61.7 (for the UK the figure is 62.8), but this results hides a high proportion of people (31 per cent) expecting to work into their late-60s, and even a significant proportion (11 per cent) expecting to work beyond 70.
- When these results are disaggregated by age, we see expected retirement ages rising with age. The expected retirement age for people age 15-24 is only 56.7, but 66 for people aged 55 or over. This may be evidence that younger people are even more entrenched in their sense of entitlement to retire in full, enabling them to enjoy a long period of leisure in later life.
- On the other hand, it could be indicative of the fact that the nature of retirement is changing: a main career may come to an end, but individuals remain active in both a social and economic capacity. For example, the Eurostat research also shows that around 60 per cent of people aged 15-24, and around 55 per cent of people aged 25-39 would be willing to take on new employment *after* retirement, compared to only 40 per cent of people aged 55 or over.
- Interestingly, self-employed people had an expected retirement age significantly above the average (64.9).
- Around 3 in 4 people, across all age groups, believe there should be more opportunities to work part-time in later life. A similar proportion believe that the lack of opportunities to retire

gradually is the main trigger for retirement, although a slightly higher proportion of the 55+ age group believe that the lack of training opportunities for older people is to blame.

There were interesting, although seemingly contradictory, results around issues of intergenerational fairness. Around four in five people across all age groups agreed that society should provide *more* resources for older people's pensions and care services (although younger groups were more likely to 'somewhat agree' than 'strongly agree'). At the same time, more than half of people across all age groups believe that better employment opportunities for older people harm the prospects of younger people. This suggests that while the appetite to fund decent retirements remains strong, there is a fear that *later* retirements will be problematic for younger generations. This underlines the need to support gradual retirement and address intergenerational relations within the workplace as well as society more generally.

Finally, there is evidence that volunteering may become more common in the future. 73 per cent of EU residents do not undertake any formal voluntary work (although the vast majority have done some form of informal voluntary work in the previous year). A quarter report that they have no interest in volunteering, but half report they would volunteer if they had the time. 72.8 per cent of working-age people plan to volunteer more in retirement (the figure is 82.5 for the UK). Interestingly, among those aged 55 or over, more likely to already be retired, less than a third report that they would volunteer more if they had more time. This suggests perhaps that our appetite to remain active through volunteering in retirement is growing – or more cynically, that working-age people merely use lack of time as an excuse.

Citizenship in an ageing society

At a basic level, citizenship implies that, in return for recognising our duties such as obeying the law and paying taxes, we have certain entitlements. What these entitlements are, of course, have evolved significantly over recent decades and centuries. In the eighteenth century the notion of citizenship was focused on civic rights, such as freedom of thought, speech, association, etc. In the nineteenth century citizenship became central to campaigns to recognise political rights, principally the right to vote: the right to participate in collective decision-making processes has therefore become the key touchstone of modern citizenship. The twentieth century was characterised by growing claims concerning social rights, meaning that citizens were entitled to basic welfare provisions such as medical care, education and housing. The expansion of pensions provision can be directly associated with these trends.

An ageing society problematises these social rights, because a smaller proportion of in-work taxpayers are available to fund the claims on citizenship entitlements of those not in work. However, it is clear that the meaning of citizenship itself has been revised in recent years – with emphasis being placed on responsibilities in place of rights (see Berry & Serra, 2012).

As indicated above, the National Insurance system meant that people made contributions to a progressive social insurance scheme during their working life in order to fund benefits and services needed when they could not make a living from the labour market. This applied to later life or retirement, but also periods of unemployment, ill-health and disability.

In terms of retirement, employers were also involved in funding pension provision. Occupational pension schemes were not universal, but offered risk-sharing arrangements to workers in the public sector and large private sector employers. While outside the boundaries of formal pension provision, the fact that a) occupational pension payments were guaranteed for life, and b) the state has stepped in, through the Financial Assistance Scheme and Pension Protection Fund, to fund occupational pension funds to individuals in the event of scheme insolvency, means that the system of occupational pensions essentially constituted a citizenship entitlement for scheme members.

Two overlapping trends, however, serve to complicate the relationship between citizenship and retirement:

- Occupational pensions no longer offer risk-sharing to the same extent. Public sector pensions will continue to be based on a 'defined benefit' model. This risks the onset of a 'pensions apartheid' between public and private sector workers, although it should be acknowledged that the coalition government's plans for public sector pensions will reduce this divide to some extent.
- The insurance principle is no longer central to state pension provision, undermining the 'rights and responsibilities' basis of pensioner benefits. National Insurance contributions, in practice, have never been ring-fenced to pay for welfare provision. But the reduction in qualifying years required for a full state pension, and the recognition of a range of non-economic contributions, undermines the social insurance model *de jure*. Furthermore, many pensioners now rely on

means-tested, non-contributory Pension Credit payments – with eligibility based on residency not a record of contributions.

Essentially, the UK pensions system has moved away from the notion of citizenship, and towards individualised provision – with state pensions and pensioner benefits forming a safety net to mitigate poverty among those less able to work and contribute to their own pension. The changes documented here are neither straightforwardly positive nor negative. Is it positive to reduce the ‘pensions apartheid’ by reducing public sector occupational pension provision? Is it negative to recognise non-economic contributions to society, or to use means-tested benefits to eradicate pensioner poverty, simply because it undermines citizenship?

Nevertheless, citizenship matters: establishing the rights and responsibilities is important in-itself, but also as a way of ensuring social solidarity. In an ageing society, we must pay attention to the kind of citizenship entitlements and obligations we are creating, often inadvertently, if we are to avoid intergenerational conflict.

The idea of a Citizen’s Pension – first advocated in opposition by current pensions minister Steve Webb MP – is an attempt to overcome the complexity in the relationship between citizenship and retirement, while establishing a solid, universal state pension as the basis for private saving (see Hollis & Kemp, 2010). It would combine the basic and second state pensions, and be set at a level above Pension Credit’s minimum income guarantee. However, while the Citizen’s Pension is to be welcomed in-itself, it does not solve the problem of citizenship in an ageing society: firstly, it gives no indication of the responsibilities required to access the Citizen’s Pension, given that eligibility would be based on residency rather than contributions.¹ Secondly, the entitlements made available through the Citizen’s Pension are minimal (indeed some will get lower state pension payments as a result, and the poorest pensioners already have a guaranteed income from the state at around the Citizen’s Pension level) – the vast majority of people would be required to make additional provision for themselves in order to maintain their standard of living in retirement.

The strength of the Citizen’s Pension proposal is that it establishes without ambiguity what citizens can expect from the state in retirement, irrespective of personal circumstances. We should not overlook, furthermore, that the state will by necessity be spending far greater amounts on older people’s healthcare in coming decades. What kind of contributions should people be making in return for this support, beyond paying taxes and, presumably, National Insurance contributions during their working life? We need to abandon, we argue, the notion that people make contributions in their working life in return for support in retirement, that is, that retirement marks the point where older people’s contributions are no longer necessary or valuable. Continuing as a productive (in the widest sense of the term) member of society in retirement is both a responsibility and a right. We should expect older people to contribute to society in return for support in retirement – but equally, many older people are eager to contribute to society, and we need to ensure opportunities to make meaningful contributions are both available and accessible.

¹ The consultation issued by the Department of Work and Pensions, however, discards the moniker ‘Citizen’s Pension’, and suggests that the ‘single-tier state pension’ would maintain the requirement of National Insurance contributions (with 30 qualifying years required for a full pension). See www.dwp.gov.uk/state-pension-21st-century.

What citizenship means in an ageing society is best explored through concrete examples. Having already discussed pensions provision in depth, below we highlight four further key areas of contention:

- **Employment.** Older citizens have a responsibility to remain in the labour market, where possible, to enable skills retention and minimise fiscal burdens on taxpayers. Yet they have a right to support from employers, and society more generally, to enable longer working lives. This may involve health interventions, but also attention to the orientation of careers over the lifecourse, and new opportunities to retire gradually. It is important, from this perspective, that the eligibility age for Pension Credit rises in line with state pension age, and that the ‘defined contribution’ model of NEST incentivises working for longer. We should recognise the downside of these changes, however, and ensure that employment opportunities for older workers are high quality in nature. Gradual retirement options should allow older workers to contribute their experience to the workforce in a sustainable way.
- **Volunteering.** The implications for older people of the coalition government’s ‘big society’ agenda have not yet been explored in depth, but it is likely to prove valuable to encourage and enable older people to remain active in later life. In relation to employment, it is probably impossible to persuade very affluent workers from retiring early if they are inclined towards leaving the labour market. Everyone, however, irrespective of their financial circumstances, should be persuaded to volunteer more of their time in retirement to help deliver public goods. Of course, the idea of an *obligation* to volunteer is contradictory. It is our contention, however, that many older people are eager to volunteer in later life as part of an active retirement. Opportunities to volunteer must therefore be appropriate: flexible, fun, and oriented towards utilising the skills older people have developed during their working life.
- **Housing and care.** It is difficult to distinguish issues around housing and care in terms of establishing a fair approach to citizenship in an ageing society: as society ages, many older people have been compelled to sell their homes to fund social care provision. Yet remaining in one’s own home is vital for the well-being of many older care recipients – as well as less costly for individuals and the state. Clearly, with their children having ‘flown the nest’, many older people’s homes are ‘under-occupied’. Some commentators have suggested that older people should ‘downsize’ in order to enable young people to get onto the housing market at affordable prices (see Harding, 2007; Hanton, 2011). There may in fact be a strong case for such moves, not least so that older people can move into more age-appropriate accommodation. However, we need to be clear about the risks: moving home could lead to isolation as older people are required to leave the communities they have lived for significant periods of time, or less able to accommodate visiting relatives. There is also significant uncertainty about what the future care funding system will look like. It is fair that older people draw upon property wealth to help fund care costs, to some extent – yet for this reason, under-occupancy cannot be tackled without attention to the implications for care provision. Innovations like ‘extra care’ may provide a solution to both the housing and care dilemmas, but as yet the market remains limited and patchy (Kneale, 2011).
- **End of life care.** One of the most intractable and sensitive problems associated with population ageing and increased longevity is the extent to which resources should be directed

towards extending life where improvements to quality of life are likely to be minimal. Do older citizens, in an ageing society, have a right to have their lives prolonged for as long as possible through intrusive medical interventions – potentially at the expense of treatments for people in ill-health earlier in the lifecourse? There is no easy solution but the emphasis, we argue, should be on improving rather than prolonging life. Longevity is likely to continue to increase as a by-product of such efforts, and of renewed attempts to reorient medical care towards preventative interventions, but should not be an end in-itself. However, while this argument appears to endorse the redirection of medical resources towards younger people, one of the main implications of our approach would be to dramatically increase the resources invested in dementia care. Preventing and mitigating dementia syndromes would significantly improve the quality of life of people in ‘very old age’, but too often resources are directed towards addressing conditions that constitute more direct causes of death, such as cancer (ILC-UK, 2011).

Conclusion

I am Richard and I am perfectly able-bodied thank you and also of perfectly sound mind. What can I do for you?

The chances are I know more than you about most things. I landed on Gold Beach on D-Day then worked as a brewer.

It was a useful life. Defending the realm, then making beer.

Now I am waiting for my telephone to ring. It never does ring.

Better Life, Sir Andrew Motion (for Joseph Rowntree Foundation)

Sir Andrew highlights one of the biggest challenges of old age. Isolation and loneliness are a reality for millions of retirees.

We contest that part of the problem is that the state and society has fewer expectations of us as we age. If we aren't asked to work longer, participate in society, or continue to learn, for example, we assume our skills and talents are not needed. It is an assumption which leads to a feeling of worthlessness.

We expect a lot from younger people. We expect them, for example, to learn, participate, and engage in economic activities. Yet our expectations of older people are often more limited. This is ageist.

If we are to protect the concept and reality of retirement, we must begin to consider what our rights and responsibilities are. We believe that retirees have to have higher expectations of what the state and society can give them in retirement. But alongside that, there are a series of responsibilities for us in retirement.

Over 20 years we have gone from crisis to crisis, slowly recognising that increasing longevity means we can't fund the support in old age which we have grown to expect. The crisis in care funding is emblematic of the fact that the scale and design of formal welfare and support services for older people has not kept pace with increasing longevity.

Yet the question as to "what is the point of retirement" has rarely been considered strategically by policy makers.

Retirement will change. We are at a point of *Retirement in Flux*.

ILC-UK believe that

- Society should begin to explore retirement through the lens of "citizenship". Continuing as a productive member of society in retirement is both a responsibility and a right.
- Government should introduce national "retirement" strategies/policy incorporating all Government activities, not just DWP.

- Government and society must better recognise that retirement is a process rather than an event.
- 'Gradual retirement' should provide a potential solution to the challenges facing retirement. The financial incentive structure must also be geared towards encouraging gradual retirement. Employers must create and support opportunities for gradual retirement.
- We need to abandon the notion that people make contributions in their working life in return for support in retirement, that is, that retirement marks the point where older people's contributions are no longer necessary or valuable.
- We should expect older people to contribute to society in return for support in retirement – but equally, many older people are eager to contribute to society, and we need to ensure opportunities to make meaningful contributions are available.

References

- Aviva (2010) *Real Retirement Report – Issue Two* (Aviva), available at www.aviva.com/data/media-uploads/news/File/pdf/2010/The_Aviva_Real_Retirement_Report_Issue_Two_19May2010.pdf.
- Berry, C (2010) *The future of retirement* (ILC-UK), available at www.ilcuk.org.uk/files/pdf_pdf_134.pdf.
- Berry, C (2011a) *Gradual retirement and pensions policy* (ILC-UK), available at www.ilcuk.org.uk/files/Gradual_Retirement.pdf.
- Berry, C (2011b) *Resuscitating retirement saving: how to help today's young people plan for later life* (ILC-UK), available at www.ilcuk.org.uk/files/pdf_pdf_178.pdf.
- Berry, C & Serra, V (2012) *Financial citizenship: rethinking the state's role in enabling individuals to save* (Friends Provident Foundation/ILC-UK), forthcoming.
- European Commission (2012) *Active ageing – special Eurobarometer 378* (European Commission), available at ec.europa.eu/public_opinion/archives/ebs/ebs_378_en.pdf.
- Eurostat (2012) *Active ageing and solidarity between the generations: a statistical portrait of the European Union 2012* (European Commission), available at epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-EP-11-001/EN/KS-EP-11-001-EN.PDF.
- Harding, E (2007) *Older people's housing and under-occupancy* (ILC-UK), available at www.ilcuk.org.uk/index.php/publications/publication_details/older_peoples_housing_and_under-occupancy.
- Hanton, A (2011) *Hoarding of housing: the intergenerational crisis in the housing market* (Intergenerational Foundation), available at www.if.org.uk/archives/1229/hoarding-of-housing-the-intergenerational-crisis-in-the-housing-market.
- Hollis, P & Kemp, A (eds) (2010) *A New State Pension*, available at www.soapboxcommunications.co.uk/anewstatepension.pdf.
- Hutton, J (13 Feb 2012) Pensions: we have to work longer and save more <http://www.telegraph.co.uk/finance/personalfinance/pensions/9078386/Pensions-we-have-to-work-longer-and-save-more.html>
- ILC-UK (2011) *The future economic, health and social care costs of dementia* (ILC-UK), available at www.ilcuk.org.uk/index.php/publications/publication_details/the_future_economic_health_and_social_care_costs_of_dementia.
- Kneale, D (2011) *Establishing the extra in extra care* (ILC-UK), available at www.ilcuk.org.uk/files/pdf_pdf_193.pdf.
- MacNicol, J (2010) *Ageism and age discrimination: Some analytical issues* (ILC-UK), available at www.ilcuk.org.uk/files/pdf_pdf_139.pdf.
- McNair, S & Flynn, M (2005) *The Age Dimension of Employment Practices: Employer Case Studies* (Department of Trade and Industry).
- Smeaton, D, Vegeris, S & Sahin-Dikmen, M (2009) *Older workers: employment preferences, barriers and solutions* (Equalities and Human Rights Commission).
- Vickerstaff, S. (2007) 'What do older workers want? Gradual retirement' in *Social and Public Policy Review*, 1:1, available at www.uppress.co.uk/socialpolicy_pdf/Vickerstaff.pdf.



ILC-UK
11 Tufton Street
London
SW1P 3QB
Tel : +44 (0) 20 7340 0440
www.ilcuk.org.uk