

AGEING
WORKFORCE
READY



UNRETIREMENT

TRANSITION PATHWAYS IN
RETIREMENT



Going by names like ‘unretirement’, ‘encore career’, ‘bridge employment’ or ‘second act’, the timing, shape and meaning of retirement is transforming.

In reality **retirement is a pathway of transitions** and may be anything from phasing gradually out of a job to staying on as a consultant to entering an entirely new field to starting a business.



ABOUT THE AWR PROJECT

The Ageing Workforce Ready (AWR) project is an innovative collaboration between Australia's largest industry superannuation fund AustralianSuper, and organisational psychology practitioners, Transitioning Well.

The project is funded through WorkSafe Victoria's WorkWell Mental Health Improvement Fund and aims to protect and promote the mental health and wellbeing of ageing workers in the public transport industry.

Improvements will be achieved through the delivery of resources and advice to a pilot group of Victorian workplaces and their employees.

For more information visit:
www.awrproject.com.au



TRANSPORT INDUSTRY AND THE AGEING WORKFORCE

The transport industry has particularly high rates of older employees. For example, in Australia the average age of a bus or coach driver is 55 years old.¹ Through interviews and focus groups conducted by the Ageing Workforce Ready project, we have learned:

Public transport is an attractive 'unretirement' option: We spoke to many people who had previously held a wide variety of roles, from senior managers to small business owners to trades people. Some people hadn't planned to become a driver, and others were pursuing a lifelong love of buses or trams.

Employers can help people 'unretire': In bus companies particularly, drivers often retire from permanent work and take on a casual position. Sometimes this is part of their plan, and sometimes people realise they need additional income or that they miss working. For drivers who have left on good terms, there is often a job waiting for them if they want it.

INTRODUCTION

169,000

People in Australia who had previously retired from the labour force were **planning to look for, or take up, work in the future.**²

70%

Of Australians plan to take some form of retirement; and of those who plan to retire, **only 23% plan to retire fully.**³

56%

Of Australians who aren't yet retired are **worried about not having enough savings** to live comfortably when they retire.⁴

9/10

Americans feel there should be **more ways for retirees to use their talents and knowledge** for the benefit of their communities and society.⁵

Unretirement is returning to the workforce in some capacity after having previously retired.⁶

Transition pathways in retirement that include 'unretirement' are becoming increasingly common and are predicted to grow given longer life expectancies, insufficient retirement incomes, and older adults' desire to remain socially engaged.^{7,8,9}

PEOPLE 'UNRETIRE' FOR MANY REASONS

One of the most common reasons for unretiring is financial needs.⁶

Retirement savings are becoming insufficient with the rising cost of living and increased longevity. Gratton and Scott (2017) estimated that someone born in the UK in 1998 would need to save over 25% of their income each year to be able to retire at 65 years.¹⁰ Research shows that approximately half (42%) of Australians who returned to the labour force after retiring, did so because of 'financial needs'.¹¹

The second most common reason for unretiring is being 'bored' and needing something to do (32%).¹¹ Indeed, many people 'unretire' due to reasons unrelated to finances, such as returning to work to gain a sense of purpose lost after retiring or for social reasons. People may return to the same industry they were in prior to retiring or opt for something completely new. In instances where people 'unretire' for non-financial reasons, they may opt for volunteering and unpaid roles.

For some (*like Ivan in our example*) they retire from a job in an industry where they are no longer fit to work but find employment capability within another industry.

Meet Ivan, a carpenter who at age 51 had to hand in his tools after a serious injury. The last thing he wanted was a retirement sitting at home, especially when he had a good 15 years of work still in him.

A friend told him about [skillscheck.com.au](https://www.skillscheck.com.au) and he was pleased to discover he qualified. Through the Skills Checkpoint Program he received a career assessment and one-on-one career guidance.

Ivan decided to retrain in a different industry which didn't require hours of manual labour. He 'unretired' so to say, and re-entered the workforce a year later as a bus driver.

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MANY PEOPLE ARE CHOOSING TO STAY IN THE WORKFORCE TO OLDER AGES OR GO BACK TO WORK IN RETIREMENT. ACCORDING TO ABS DATA, THE MAIN REASONS PEOPLE DO THAT ARE FINANCIAL NECESSITY AND BOREDOM.

NATIONAL SENIORS AUSTRALIA



THE ROLE OF EMPLOYERS IN UNRETIREMENT

In a society where people want to, and need to work longer, ‘unretirement’ is an increasingly popular option.

For ‘unretirement’ to be viable, employers have an important role to play. Employers need to:

1. Remove any age discrimination in their recruitment processes.
2. Remove age discrimination from procurement.
3. Actively support employees to transition post retirement.
4. Establish a formal alumni program.

In the remainder of this paper, we seek to provide further insight into each of these four points.



1. RECRUITMENT

A study by AHRI & AHRC (2021) found that 46.7% of respondents from the HR community reported that there was an age above which their organisation would be reluctant to recruit.¹²

The age cut-offs indicated have not changed greatly since the 2018 survey and was put at over 50 years by 12.6% of participants.

Recent research out of the UK found that over a third of people in their 50s and 60s feel at a disadvantage in applying for jobs—more than any other age group.¹³ Further, just under a third (29%) of participants had been told they were unlikely to be successful for a job role due to having too much experience. Bias against older individuals is commonplace, and negative stereotypes can lead to older applicants being turned down for a position.¹⁴

Individuals and employers miss out when older people looking for work are not hired.

Research consistently shows that there are many benefits to hiring older employees, including good attendance and punctuality, positive attitude, high motivation, and low turnover.¹⁵ The Australian Human Rights Commission (AHRC) reports that mature-aged workers contribute to greater innovation, increased productivity, access to a larger talent pool, and improved customer engagement.¹⁶ Organisations also benefit from older workers bringing maturity, insight, and wisdom to the workforce.

Moreover, age discrimination is illegal.

Older workers are unfortunately more likely to experience age discrimination at work than any other age group. Age discrimination involves being treated unfairly or bullied because of your age, and despite it being illegal, is experienced by many at work.¹⁶ Experiences of discrimination can be especially harmful to mental health, with research showing strong links between discrimination, stress, and poor mental health.¹⁷

Having fair and evidence-based hiring processes in place, which use mixed-aged interview panels and focus on skills and abilities, help older job seekers secure employment.

When leaders have an awareness of unfounded biases and barriers, and the proven benefits of hiring older job seekers, they can then challenge preconceptions and stereotypes that reduce the likelihood of older people being recruited.

Over and above this, employers can offer a streamlined hiring process for retired employees wishing to return to the workplace.

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2. PROCUREMENT

Best practice labour procurement practices place value on the talent of older workers who are self-employed or undertaking contract work, and recognise the advantages they can bring.

Research from the US shows that prior experience within a specific industry predicts greater rates of entrepreneurial success, rejecting the common assumption that youth is a key trait of successful entrepreneurs.¹⁸

Rather, the wealth of knowledge older workers have accumulated throughout their careers puts them in a good place to start their own businesses and they are more likely to be successful entrepreneurs.

ACCORDING TO CENSUS DATA, IN AUSTRALIA, 61% OF SMALL BUSINESS OWNERS ARE OVER THE AGE OF 45.¹⁹

As life-expectancy increases, many are starting their businesses later in life to extend their careers, or to try a path not taken previously.

Further, a study with more than 7,000 respondents, found people who are avoiding traditional retirement are three times more likely to be small-business owners and entrepreneurs, compared to those in pre-retirement careers.²⁰

Many older workers who have formally retired from an organisation, may 'unretire' and re-enter the industry in a contractor or consultant role.

Organisations can benefit from the maturity and experience of 'unretired' workers, and harness their talent, through labour procurement of contractor or consulting workers.

Matured aged consultants and contractors can help younger work teams innovate and problem solve ideas, as they often have practical experience and knowledge about what does and doesn't work.

Whilst the population ages, and organisations increasingly benefit from the experience and wisdom of 'unretired' contract and consultant workers, it is imperative that organisations take measures to ensure age discrimination does not occur in the labour procurement process.

Age discrimination is illegal in Australia, and the legislation applies to all aspects of employment, including contract and consultant workers.²¹

'UNRETIRED' CONSULTANT OR CONTRACTOR WORKERS CAN JOIN PRE-ESTABLISHED TEAMS AND OFFER THEIR EXPERTISE, BUILT ACROSS DECADES OF WORKING WITHIN THE INDUSTRY.



3. RETIREMENT TRANSITION SUPPORT

AWR's 'The Age Difference' describes pre-retirement transition support and this transition support ideally continues into retirement.²²

While there is no typical retirement experience, early research into the progression of retirement adjustment found that it can often be defined by five phases;²³ and retirees benefit from support as they navigate the disenchantment and reorientation phases:

1. Honeymoon:

This is the exciting time when we get some rest and tick off the ideas and goals on our bucket-list.

2. Disenchantment:

A few months, or perhaps a year later we may start wondering why retirement isn't as much fun as we expected. We may be surprised at how retirees are viewed and the assumptions that others attach to that label. Others feel adrift and some may experience stronger feelings of depression.

3. Reorientation:

As we navigate the disenchantment phase with the support of family, friends, and professionals, we learn how to make retirement work for us. This phase is not necessarily easy and investing in time for self-reflection is vital.

4. Stability:

We settle into the rhythms and routines we want once we have some clarity about our new identity, friendship and support networks, day-to-day activities, and the role we want to play in society.

5. Termination:

This is the eventual loss of independence due to illness and disability.

When people retire it is common to experience loss, for example, lost friendships in the workplace, lost identity or status, and lost benefits and perks associated with work. Disengaging from work life, can have the following effects:²⁴

- Decision paralysis.
- Partial identity disruption.
- Diminished self-trust.
- Experience of a post retirement void.
- Death anxiety.

There are also gains to be made when leaving the workforce, including:

- Development of a retirement/life structure.
- Search for meaningful engagement.
- Critical nurturing of social relationships.

For many, the biggest psychological challenge associated with retirement is the loss of a work-life structure and the task of building a retirement-life structure.²⁵

The first few years after a person retires is a critical period for wellbeing. The connections made or kept and the activities undertaken can help combat effects of identity disruption, experiencing a post retirement void, search for meaningful engagement and the nurturing of social relationships.

Research shows that joining new groups supports wellbeing and the transition to retirement.²⁶ For example, joining an interest group, either face to face or online, provides not only entertainment, but also connection, improved wellbeing and assists with adjusting to retirement.

Employers play a crucial role in providing retirement transition support. Research conducted by AustralianSuper (2020) found that pre-retirees who receive assistance from employers are more likely to have higher retirement confidence.²⁷

By providing training and tools in transition planning, along with opportunities for maintaining work connections, employers can make a tangible difference to people in retirement. At a very simple level, employers can easily offer former employees access to the Employee Assistance Program (EAP).



**SOCIAL CONNECTION
PROMOTES GOOD
MENTAL HEALTH**



4. ALUMNI PROGRAMS

Alumni programs facilitate social relationships and can help support newly retired individuals.

Remaining in contact with former colleagues can reduce the identity disruption and post retirement void commonly felt immediately after disengaging from the workforce.

This is critical for mental health and wellbeing in the immediate years after retiring, as people develop their own retirement-life structure and make new social connections who will hopefully become their social support through the later stages of life.

Moreover, alumni programs can also play a role in recent retirees re-entering the workforce, if their decision to leave the workforce proves to be premature. An article in Forbes (2019) described that from a talent acquisition perspective, employee alumni are often great candidates for recruitment as they are skilled, experienced, trained, aware of the company culture and have a strong understanding of what working at the organisation is like.²⁸

A successful alumni program is ideally designed with input from older workers and recent retirees. Looking at other organisations' alumni programs can also provide best-practice idea.

A case study featured in Forbes (2019) provided the following ideas:²⁸

Successful alumni programs involve existing employees. Opening the program to both current and former employees, is beneficial for organisations as the program can be used for multiple purposes, beyond just maintaining connection with retired employees. Having a mixture of current and retired employees involved enables the organisation to harness the maturity and wisdom from retired employees, and learn from experienced alumni, whom in some cases may have been industry leaders and influencers.

The success of an alumni program should be evaluated through data. This could include collecting and analysing data about the growth of alumni numbers, participant engagement, sentiment and rehires (or unretirees).

Alumni programs should adapt. Using data gathered about the alumni program, along with feedback from current alumni and pre-retirees, organisations can consider ways to restructure the program to better engage the alumni network.

WHAT MIGHT A GOOD ALUMNI PROGRAM LOOK LIKE?

Formal communication channels with retired employees (e.g. online alumni platform, company newsletters and emails).

Informal communication channels with retired employees (e.g. social media platforms, text-messaging).

Inviting retired employees to alumni-specific events (e.g. holding a social gathering for retired workers).

Inviting retired employees to work functions (e.g. extending invitations to the company end-of-year party to current and retired employees).

Informal social visits from retired employees (e.g. allowing old employees to drop-by the tearoom to socialise with current staff).

CONCLUSION

Retirement can feel like a big once off decision, but it doesn't have to be that way. As highlighted in this paper, there are many transition pathways in retirement, including the decision to 'unretire'.

In the current work climate, we expect to see an increase in 'unretirement' across industries. To stay ahead of this trend, and capture the benefits from experienced workers, businesses must act to assist the 'unretirement' process of former employees, and retired workers from other industries.

Organisation leaders can play their part by making 'unretirement' more accessible through offering support through the transition to retirement, recruiting experienced workers and countering age discrimination. Further, by supporting those who have retired from their organisation through best-practice alumni programs, leaders can support the mental health of their former employees and facilitate a transition back into the workforce for 'unretirees.'



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