Executive Summary
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Purpose of study

This report presents findings from a telephone survey of nationally representative sample of 55-69 year olds in Ireland (n=817) which was carried out in the period February - May 2001. The purpose of the survey was to examine older people’s preferences, attitudes and experiences regarding work and retirement.

Work and retirement

The population aged 55-69 can be divided into three main groups – those at work (who account for over a third), the retired (who account for less than one third) and those in home duties (who account for under 30 per cent). The latter group is almost entirely female, while almost all men in this age range are either at work or retired.

Among the retired, the average age of retirement was approximately 59 and the largest group of retirements occurred between ages 55-59. Over half of the currently retired had thus retired early. Illness or disability was the most common reason for early retirement (accounting for almost one third of the early retired) and voluntary redundancy or early retirement packages were the second most common reason (20 per cent of early retired). There was little consistent variance in the incidence of early retirement by educational or occupational level; the relationship was different for actual and planned retirement.

Among those still at work, only a minority (approximately one in four) had planned to retire early. One third did not know when they would retire and 29 per cent planned to retire at age 65.

Generally speaking, late retirement was exceptional both in actuality among the currently retired (6 per cent of whom had retired after age 65) and in the plans of those currently at work (15 per cent of whom intended to retire late).
Preferences and attitudes

The preferences as opposed to the plans or actual behaviour of the entire sample aged 55-69 showed that substantial minorities wished to change their current employment status: 37 per cent of those at work wished to retire as soon as possible while 26 per cent of the non-employed (the retired, those in home duties and others) wished to take up some paid work. The latter group is larger in absolute terms than the former, so that if all older individuals were able to act on these preferences, there would be a small net increase in the numbers of people at work. However, the precise significance of this increased participation cannot be predicted from the current results, since it would entail complex trade-offs between full-time and part-time employment and might have little overall impact on the number of person-days of labour supplied.

The attitudes of the retired and those in home duties to their current situation were for the most part extremely favourable. Within these two groups, those who wanted a change were found to be significantly less satisfied with their current situation, but it was not the case that they were dissatisfied. Even the retired who wanted paid work gave no indication that they wanted anything like a reversal to their pre-retirement position.

Satisfaction with retirement was found to be strongly linked to financial position, health status and circumstances of retirement (ie satisfaction was higher where retirement was a positive life choice). Previous occupation was also associated with satisfaction with retirement – those from professional/managerial and other non-manual jobs were most likely to have a favourable view of retirement. Therefore it is not the case that those with more rewarding jobs miss employment the most. It would appear that differences in resources may provide a better account of these occupational differences.

Individual characteristics such as income, health status, marital status and education were not useful predictors of satisfaction among those in home duties. Only a desire for paid work was found to be linked to the satisfaction levels of this group.

Those in the 55 - 69 age group who were still in work generally viewed retirement in a positive light, looking forward to more freedom to do things they really wanted to do. However the majority (57 per cent) anticipated that they would miss the social aspect of employment. While over a third of the group wanted to retire as
soon as possible and an even greater proportion (55 per cent) said they were only working for the money. This suggests that if financial incentives changed they would retire earlier.

Finally the group who were most dissatisfied with their current situation were those who were unemployed or permanently sick and disabled. Over a third of this group disagreed or strongly disagreed that being at home was very satisfying. A high proportion of the unemployed wanted to improve their situation by taking up paid work. However, this seemed a less likely escape option for the sick and disabled.

Gradual and flexible retirement

Looking at the relationship between what older workers would prefer and what the present retirement system offers, the most significant patterns arise in relation to gradual retirement. Approximately seven out of ten of those currently at work in the age range 55-69 would prefer to retire more gradually than is normal in the present system. This desire is consistent across those planning to retire early and those planning to retire at normal age and across the main occupational categories.

Among those who are already retired, a somewhat smaller proportion – less than half – say that in retrospect they would have preferred to have retired more gradually than they actually did. There is also a significant minority of retired people (between one fifth and a quarter) for whom lack of flexibility in either the pension system or employer practices hampered them from retiring at the age or pace they would have preferred.

These findings would suggest that any effort to adjust the present pension and retirement system to suit the preferences of older workers should pay a great deal of attention to mechanisms which allow for gradual and flexible retirement. It is not possible from the information gathered for the present study to assess what impact such mechanisms might have on the overall labour supply. Under a gradual or flexible retirement system, workers would be likely to reduce their labour time earlier than they would under the present more rigid system, but they might compensate by continuing to work beyond the present normal retirement age. It is quite possible, therefore, that given the right mix of incentives the overall net effect on the labour supply would be neutral but that otherwise an important gain would be achieved because retirement patterns would more closely match the preferences of workers.
**Women in the home**

Those who are neither at work nor retired consist principally of women in home duties who for the most part have been detached from the labour force for a long time (over a third have never had a paid job and a further 37 per cent have been out of paid work since before their mid-thirties). Three quarters of these have no desire to take up paid work, citing the attractions or demands of working in the home as the main reasons. A quarter of women in home duties say that would like to take up paid work, and this desire is strongest among those who have been in paid work at some time after age 50. The main obstacles they point to as reasons for not having a paid job is their lack of work experience and skills and employers’ preference for younger workers.

**Voluntary activity**

One in three 55-69 year olds participates in the activities of voluntary organisations (that is, excluding informal helping activity between neighbours or relatives). These voluntary activists contributed an average of over six hours voluntary work per week. Voluntary activity of this kind was more common among those with paid employment (particularly among those who were partially employed and partially retired) than among those who had no paid work.

**Education and training**

Less than one in five (18 per cent) of the retired had taken a pre-retirement course. Though this proportion is low, it represents an increase since the early 1980s. Apart from pre-retirement courses, participation in other forms of training or education was low and was largely confined to participation in job-related training among those still at work.

**Key policy implications**

The most striking policy-relevant finding from the present study is the widespread preference among workers for gradual retirement. The present system causes
retirement to act as a sudden guillotine on working life. The vast majority of workers would prefer a different system which would allow them to wind down their working life gradually before stopping completely. Therefore, there is a strong case for devising a pension and retirement system which would allow workers to fulfil that preference on a wide scale, particularly since it would appear feasible to do so in a way which would have a neutral impact on pension costs and the overall labour supply. It might be possible, for example, to facilitate partial retirement and entitlement to partial pensions before normal retirement age which could be compensated for by partial extension of working life beyond normal retirement age. Many practical difficulties in such a scheme could be envisaged but these may be amenable to imaginative solutions. In any event, such provisions deserve to be explored a great deal further and the widespread desire for gradual retirement needs to be noted as a major concern for future policy on pensions and retirement age.

A second major implication arises from the widespread incidence of sickness and disability as causes of early retirement. Some of the reported incidence in this area may be a disguise for other reasons for early retirement, such as inability to find work or disaffection with the kind of work which is available. However, evidence on reported illness among those citing this reason for early retirement suggests that underlying health problems are widespread and are a serious impediment to an active working life. While the primary implications of this pattern arise in the field of health policy, there may also be scope to take remedial measures in the field of employment policy, particularly in regard to the provision of semi-sheltered or flexible employment for those with health problems. Again, the point to be made here is not that improvements in the working or retirement situations of workers affected by sickness or disability are obvious or easily made but that the issue needs greater attention in policy relating to the employment circumstances of older workers.

As a final point, the present survey indicates that the older population does not contain a large reservoir of untapped labour supply. There are many older people at present not in paid work who would like to take up paid jobs, but their significance for the labour supply is counter balanced by the large numbers of older workers who would like to retire as soon as possible. If pensions and retirement systems for older people were made more flexible so as to facilitate movement over and back across the boundary between employment and retirement, the net effect on the labour supply of these counter balancing tendencies would probably be slight. This is not to say that such flexibility is thereby unnecessary or unimportant, since apart from any effects it might have on the labour supply, it could help fulfil the preferences of many older people and so lead to valuable gains in their quality of life.