

Retirement

Headlines

Around 15,500 Kirklees residents in their 60s are working and are likely to retire from work in the next few years.

Experience of retirement varies with differing levels of access to social, cultural and economic resources. The loss of a work role that is fundamental to identity and status, and loss of income can result in low life satisfaction and stress for some.

Around 1 in 8 people approaching retirement age will retire on an income below the “pensioner poverty” level; this is a particular challenge for single people.

Those most at risk of the negative impact of retirement are single, have a low educational level, lower income and poor health.

For some, retirement is an opportunity to help others, either through formal volunteering or providing informal care and support to family and friends.

Why is this issue important?

Retirement age is when an employee chooses to retire. Most businesses don't set a compulsory retirement age for their employees. If an employee chooses to work longer they can't be discriminated against. Retirement age is not the same as State Pension age, which can be between 61 and 68, depending when someone was born and if they're male or female. Anyone can carry on working past State Pension age. So the “life transition” of moving from employment into retirement is no longer focused on reaching state retirement age. Between 2006 and 2011 the average age that people in the UK retired was 63.6 for men and 62.3 for women.

In Kirklees there are around 42,000 people in their 60s and this number is expected to remain relatively static over the next 10 years. There is no local data on the number who retire but national data shows that more than half of all men (55%) and 1 in 3 (36%) women aged 60-64 are in employment, as are 1 in 4 (24%) men and 1 in 6 (15%) women aged 65-69. Therefore 1 in 3 (34%) people in their 60s, 15,500 people, are in employment and very likely to make the transition to being retired at some point in the next few years. Locally, we know that approximately 32% of men in their 60s and 24% of women in their 60s (29% of all adults in their 60s) were in employment in 2012. Although this is not a true

measure of the number of people who retire in any year it gives a sense of scale to the numbers affected.

The length of time this cohort can expect to live is changing considerably. In 2012 a 65-year old man could have expected to live for another 17 years on average, to age 82, a 65-year old woman could expect to live for another 20 years, to age 85 on average². This is expected to increase slowly and be in the region of 25 years for men and almost 28 years for women by 2050.

The experience of retirement varies with differing levels of access to social, cultural and economic resources that are important to life satisfaction. These factors include gender, age at retirement, social support, being in a relationship, general health, and employment status before retirement, income levels after retirement and education¹. Retirement usually entails changes to economic circumstances. The loss of paid employment may lead to lower life satisfaction due to financial insecurity and a lower standard of living. On the other hand, for people with substantial financial resources these factors may not be of concern, while for others moving from unemployment to retirement may entail greater financial security if eligible for pension and other investment income. Locally, in 2012 only 7% of retired people said they had money worries all/almost all of the time – significantly lower than the overall Kirklees population (26%) and the lowest of all employment status groups.

It is predicted that 1 in 8 people approaching retirement will retire on an income from state and private pensions of less than the Pension Credit Guarantee level (currently £142.70 per week for single people and £217.90 for couples) and would therefore be reliant on state means tested benefits to ensure they had an income at this level³. The Pension Credit Guarantee level is used nationally as the measure of “pensioner poverty”. The current level is slightly above the “minimum income standard” for pensioner couples, but slightly below for single pensioners. The Census 2011 showed that nearly 1 in 3 (29%) of 55-64 year olds live alone, and half (48%) of those aged 65 and over.

Nationally⁴:

- Around 18% of single pensioners and 6% of pensioner couples have no income other than the state retirement pension and other state benefits. It is a similar number to a decade ago.
- The proportion of workers without a current pension increases as household income decreases (i.e. they are a member of a pension scheme run by their employer or

they have a pension that they arranged for themselves). Two-thirds of those in the poorest fifth do not have a current pension.

- For all ages from 40-60, around a third of workers do not have a current pension. Most workers aged 24 or less do not have a pension.

The proportion of people working at older ages has increased; many people are compelled to leave work before State Pension age due to circumstances beyond their control, such as health problems or the need to provide care for a family member. By the time men and women are aged between 60 and 64, around 30% of them have a disability that limits their ability to work⁵. Work-limiting disability is more common among older people in lower income quintiles, those with lower levels of education and manual workers who are also more likely than those in other occupations to leave work due to health problems. Locally, in 2012, 1 in 10 (11%) adults aged 60-64 years defined their status as long-term sick or disabled.

Disability free life expectancy is a nationally calculated estimate based on averages that tells us how long people live free from disability and long-term illness. In Kirklees the disability free life expectancy when people reach 65 is 8 years for men and 9.5 years for women; this means that people can expect to be healthy and free from long-term health problems well into retirement⁶. Those people living in the poorest areas can expect to spend the last 17 years of life with a disability starting 14 years before the state retirement age of 66, whilst those living in the least deprived areas spend the last 12 years of their life with a disability starting 4 years after retirement⁵.

What significant factors are affecting this issue?

Unfortunately there is very little local data about the experience of retirement in Kirklees, what makes it a positive experience for some and a negative one for others. However, we do know that locally, in 2012, almost 3 in 4 (71%) of adults wholly retired from work said they had a physical or mental health condition that had lasted or was expected to last 12 months or more. Almost half (48%) of retired people had a long-term condition that limited their daily activities. There was also a high prevalence of co-morbidity amongst retired people. For example, 1 in 6 (16%) of retired people had four or more long-term conditions.

There are many social circumstances which may change at retirement. The end of working life can be associated with the loss of a role that is fundamental to identity and social status. This can result in disengagement from society due to the loss of social support and wider networks. However, locally, we know that in 2012, over 8 in 10 (81%) retired people

never (or not often) felt lonely or isolated where they lived and over 9 in 10 (93%) had satisfactory “social connectedness” – amongst the highest of all employment status groups. Social networks and support have been found to be predictors of positive wellbeing across the life course. Social support and integration in the form of contact with family and friends can help maintain a high level of life satisfaction after retirement⁸. The composition of social networks with family members, friends, former co-workers and retired friends may change with retirement.

Retirees may also experience low motivation and boredom if they are unable to replace lost roles with new activities. Locally, in 2012, almost 1 in 3 (32%) retired people were from the least motivated Healthy Foundations (HF) motivation segment; a segment characterised by low levels of self-esteem, feelings of self-control and multiple health problems and risky health behaviours. For some people the disruption brought about by retirement may be associated with low levels of life satisfaction and high levels of stress⁵. However, in Kirklees, in 2012, the average positive wellbeing score of retired people was slightly better than average and similar to that of all people aged over 65 years. In addition levels of overall life satisfaction, feeling worthwhile, happiness and anxiety were very similar to those of the population as a whole. However, for retired people in the least motivated HF segment, these were all significantly worse.

Providing care can affect people’s ability to work at older ages. By the age of 50, three fifths of people still have a living parent and just over a third are grandparents. At the same time, 69% of men aged 50-64 and 63% of women aged 50-59 are in paid employment. This generation of people in their 50s and 60s may thus be combining paid work with care giving, either for young grandchildren while their parents work, or for elderly relatives and others who require care. Some may be doing both, and perhaps also have dependent children still living at home. This “sandwich” or “pivot” generation may therefore have a multiplicity of roles, in both their work and family lives. Locally, we know that over 1 in 5 (21%) of retired people are carers, yet little is known about how care-giving activities figure in the decisions that people in this age group make about remaining in or leaving paid employment⁷.

Taking on a caring role is also viewed positively amongst some individuals and families within this group; people having more time available is often used to ease the burden of those around them who might be caring for children within the family or even close friends. People are also caring for older or disabled relatives and close friends. In some cases people reconnect with family life on a day-to-day level they had not previously experienced¹².

Involvement with volunteering increases with age. The additional time that people may have on their hands is an asset that is being utilised at both a formal and informal level¹⁰. People are supporting activities in their local areas that are of interest to them such as organisations that support people going through similar life experiences to themselves; and also supporting families and close neighbours¹¹. Locally 2 out of 3 (63%) of those aged 65-74 already help out at a local group/club/organisation, compared with 39% of those aged 55-64.

Life experiences shape us all and individuals are often keen to help others going through similar life events, such as major life transitions, difficult circumstances such as money problems or job loss, and experiencing illness or loss¹³. This support is often rewarding for the individual as they feel people are benefiting from their experiences, and also the recipient feels two benefits: firstly that people have been through this before and also reassured by the fact that someone really understands the situation that they are in.

Which groups are most affected by this issue?

The effect of retirement on life satisfaction differs for a range of reasons, depending on the individual circumstances surrounding the retirement transition. The associated change may be negative or positive, or there may be no change at all.

Women may spend many years out of the workforce caring for others and may move in and out of the workforce more frequently as they juggle work and family roles. Therefore the transition from employment to retirement may not have a clearly defined effect on life satisfaction for women because they may have already adapted to changes in employment status earlier in the life course⁷.

There are a number of groups who are more at risk of having limited resources at retirement³:

- Single individuals (whether divorced, widowed or never married) are more at risk of having limited resources than married individuals and, among single individuals; women tend to be more at risk than men⁸.
- Having low education and low numeracy are associated with being at greater risk of having an income of less than the Pension Credit Guarantee level in retirement. However, the relationship between education/numeracy and replacement rates is more complicated because, whilst those with higher education tend to have higher

incomes in retirement, they also tend to have a higher working-life income to replace.

- Those in lower deciles of current income are more at risk of having a pension income at the State Pension age below the Pension Credit Guarantee level. Those in higher income deciles are more at risk of having an income in retirement (either from just pensions or on a broader definition) that replaces less than 67% of their current total family net income.

Where is this causing greatest concern?

The people who are at most risk of having limited resources during their retirement match the areas covered in the deprivation section, namely [Batley](#), [Dewsbury](#) and areas of [Huddersfield](#). However retirement and the factors surrounding it, such as ill health and caring responsibilities are prevalent across Kirklees and no areas should be overlooked.

What could commissioners and service planners consider?

- Develop better quality local insight into the experience of retirement in Kirklees.
- Use a social marketing approach and segmentation tools such as the Healthy Foundations (HF) model to understand the relationship between key life events such as retirement, social circumstances, motivation levels and behaviours in order to target and commission services more appropriately and effectively.
- Enable more people to understand more clearly the retirement income they can expect.
- Encourage a more flexible approach to working so that people can continue in some form of work post State Pension age.
- Recognise social networks stemming from the workplace and how supportive they can be, rather than just investing in new network support for the newly retired.
- Have appropriate support for people struggling with the transition from work to retirement to enable them to establish a new role and purpose to their lives, particularly men.

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