



Australian Survey of Retirement Attitudes and Motivations

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No 4

Demographic
Analytical Services
Unit

Retirement intentions of Australia's Baby Boomers. An occupational overview

The ASRAM is a nationally representative telephone survey of 2501 Australian workers aged 40-59 years in 2006—essentially Australia's Baby Boom generation.

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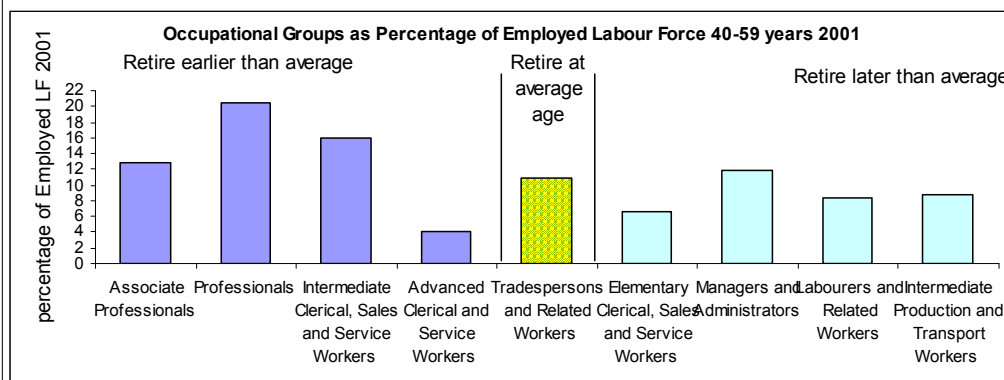
Introduction

Recent studies have examined retirement intentions across a growing number of occupations. The Management Advisory Council's study *Organisational Replacement* (MAC 2003) for example found that approximately 23 per cent of Australia's Public Service would retire over the five year period to 2008 (see also Knox 2003). A study examining the medical professions in Australia similarly concluded that retirement among ageing clinicians and nurses would result in significant workforce shortages within the next five years (Schofield and Beard 2005). While providing extremely valuable information, these studies have generally focussed on individual occupations or industries. This paper puts those studies into a comparative context by presenting findings from the Australian Survey of Retirement Attitudes and Motivations (ASRAM) which collected data by occupation at the one- and two-digit level (as defined using the ANZCO 1996 classification). Overall we found an expected median retirement age of 64.3 years (64.7 for males and 64.0 for females), with that age higher again for those closest to retirement (65.6 years for those currently aged 55-59, compared with 64.1 years for those aged 40-44 years).

Expected retirement age and occupational 'class'

Expected retirement age differs substantially by occupation, 'class' and occupational size. At the one digit level, Associate Professionals and Professionals have the two youngest expected retirement ages (63.8 and 64.0 years respectively), while Intermediate Production and Transport Workers, and Labourers and Related Workers have the oldest (65.8 and 65.5 years).

Associate Professionals and Professionals are also two of the three largest occupational groups, in 2001 accounting for one-third of all employed 40-59 years olds and 14 per cent of the total employed workforce. The second-largest occupation, Intermediate Clerical, Sales and Service Workers, accounts for a further 16 per cent of all 40-59 year old workers, and has the third earliest expected retirement age. By contrast, Intermediate Production and Transport Workers, and Labourers and Related Workers aged 40-59 years together account for just 17 per cent of all workers at those ages and of the total employed workforce.



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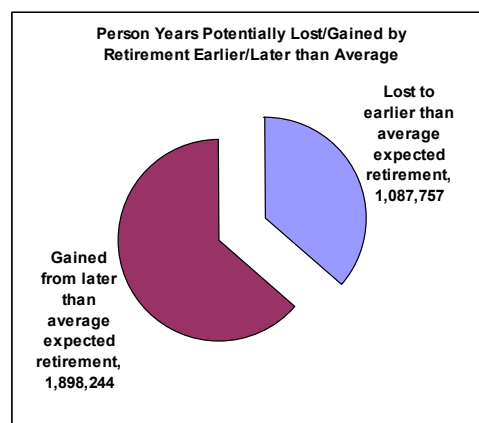
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Potential person-years lost to early retirement

When converted to person-years potentially lost or gained from expected retirement age (by comparison with the national average), the early retiring Professional and Associate Professional occupations generate – at the one-digit level - a combined loss of 436,718 years, while the later retiring Intermediate Production and Transport Workers and Labourers and Related Workers potentially contribute 818,918 person years by staying on. However there is a caveat to these simple calculations because of underlying differences at the two-digit level (which captures 35 occupations).

At the two-digit level, early-retiring occupations stand to lose the Australian labour force just over 1 million person-years of potential working life, while later retiring occupations have the potential to generate an additional 1.9 million person-years. Their net, a potential gain of 810,487 person-years, will be greatly welcomed. However occupations and the skills of the persons within them are not exactly inter-changeable. The findings reinforce arguments which propose that the workers of most 'interest' to the government in terms of delayed retirement – disproportionately Professionals and Associate Professionals - are those most likely to retire early.



Early-retiring occupations stand to lose the Australian labour force just over 1 million person-years of potential working life

Early retirement and 'mission-critical skills'

One of the reasons Professionals and Associate Professionals are of such interest to government and industry is their role in what Sloan (2008) refers to as 'mission-critical skills'. These are skills without which an organisation – potentially many organisations - will struggle to survive. Several such skills are identified on the Australian Department of Immigration and Citizenship critical skills list; however this list is by no means exclusive of those skills which are or will soon be in short supply. According to Sloan, many organisations do not yet (themselves) understand who these persons are, or what these skills or roles are. Among them, for example, we may wish to include Secretaries and Personal Assistants, who anticipate a median retirement age of 63.2 years. Electrical and Electronic Tradespersons, whose members have the overall earliest expected retirement age (62.9 years), and Skilled Agricultural and Horticultural Workers, whose expected retirement age of 63.8 years is also below the national average, must surely include many with highly specialised and difficult-to-replace skills.

When we consider the expected retirement intentions of just six early-retiring white-collar occupations within which mission-critical skills might be considered to disproportionately reside, a potential loss of 626,231 person years is indicated, that is, over half the loss likely to be generated by all early-retiring occupations. Accounting for a sizeable proportion of this loss (44 per cent) are Education Professionals, whose numbers aged 40-59 in 2001 accounted for 6.0 per cent of the 40-59 year workforce and 2.5 per cent of the entire employed labour force. Also of note is that 40-59 year olds comprise a greater proportion of each of these six occupations than they do of the national employed population (42.2 per cent); for them the issue of early retirement (or retention and recruitment) is thus imminent, most acutely so for Education Professionals with 56.8 per cent aged 40-59 years.

Potential Person Years lost to Earlier Than Average Retirement in 'Mission-Critical' Occupations, by Occupational Code				
	Expected Retirement Age	Share (%) of Total 40-59 Year Employed Workforce	Potential Person-Years Lost to Early Retirement	Percentage Aged 40-59 Years
Specialist Managers (12)	64.2	5.4	11,312	52.4
Science/Building/Engineering Professional (21)	63.3	1.8	58,532	42.6
Education Professionals (24)	63.0	6.0	275,214	56.8
Science/Engineering/Related Associate Professionals (31)	63.8	1.6	25,683	46.3
Business/Administration Associate Professionals (32)	63.2	4.6	165,703	45.3
Secretaries/Personal Assistants (51)	63.2	2.4	89,787	47.3
Total 40-59 Years (these six occupations)	...	21.7	626,231	49.8
Total Employed Workforce	64.3	9.1	...	42.2

The early-retiring occupations have greater proportions aged 40-59 years than the national average

The early-retiring occupations disproportionately include those with 'mission-critical' skills

Expected versus preferred retirement age

ASRAM data indicate that Australia's Baby Boomers would prefer to retire 4.1 years earlier than they expect to, at 60.2 years (median). The gap between the two measures is important because, typically, actual retirement falls somewhere in between; it has been argued that some policies such as access to superannuation from age 55 could encourage actual retirement age to slip back toward preferred retirement age rather than upward toward expected age (Walter, Jackson and Felmingham 2008).

At two-digit level the youngest preferred retirement ages belong in the main to blue collar occupations: Automotive Tradespersons (58.3 years), Construction Tradespersons (58.8 years), and Mechanical, Fabrication and Engineering Tradespersons (also 58.8 years). However, for these occupations, gaps between preferred and expected retirement age are also generally the greatest, 7.7, 5.2 and 6.0 years respectively, indicating that actual retirement is likely to be more spread out than for most.

The oldest preferred retirement ages are also found for blue (and green) collar workers: Intermediate Plant Operators (64.3 years), Farmers and Farm Managers (62.7 years), and Skilled Agricultural and Horticultural Workers (62.2 years), but in each case the gap between preferred and expected is relatively short, 3.2, 3.6 and 1.6 years respectively, indicating relative certainty of retirement plans, these being particularly late for Intermediate Plant Operators (67.5) and Farmers and Farm Managers (66.3).

Falling between these extremes, although like several blue collar workers stating relatively low preferred retirement ages, Professionals and Associate Professionals would prefer to retire at 60.1 and 60.5 years respectively, but expect to retire at 63.8 and 64.0 years. In both cases the gaps are relatively short (3.7 and 3.5 years respectively), indicating that for these groups, early retirement is highly likely to occur.

We argue that the gap between preferred and expected retirement age provides a useful indicator of the extent to which intentions are likely to translate into actions, and of the period available for intervention. Of some concern therefore is that six of the seven shortest gaps pertain to early-retiring occupations (as indicated by expected retirement age being lower than the average), while in total nine of the 13 early-retiring occupations have gaps below the average.

The gap between preferred and expected retirement age provides a good indication of the time available for intervention

Six of the seven shortest gaps between preferred and expected retirement age pertain to early-retiring occupations

Factors likely to reinforce expected retirement age

Just on half of ASRAM respondents believe they will need to work beyond their preferred retirement age, with insufficient financial resources given as the main reason by 68 per cent. However, nine of the 13 occupations with earlier than average expected retirement ages had lower than average proportions concerned that financial resources would prevent them from retiring when preferred, while seven had higher than average proportions anticipating private superannuation to be a major source of retirement income. These circumstances are likely to reinforce early retirement expectations.



Nine of the 13 early-retiring occupations have lower than average proportions concerned that insufficient financial resources will prevent them from retiring when preferred

Another key factor likely to reinforce retirement age expectations is the markedly low level of formal discussion about retirement occurring in Australia's occupations. Only nine per cent of all respondents had had 'some' or 'a lot' of discussion about retirement with their supervisor or employer, ranging from zero for seven occupations to 24 per cent for Farmers and Farm Managers. These disparities in part reflect the occupational age structures of the different occupations; also the nature of tenure and autonomy in each. However, two of groups with zero formal discussion have early retirement intentions - Electrical/Electronic Tradespersons (the earliest of all), and Other Intermediate Production and Transport Workers, as do two others with lower than average levels of discussion: Science and Engineering-Related Associate Professionals, and Secretaries and Personal Assistants.

Only nine per cent of ASRAM respondents have had 'some' or 'a lot' of discussion about retirement with their supervisor or employer

In sum, the disparate nature of retirement intentions by occupation means that interventions to delay retirement might more usefully be targeted, rather than directed at a general audience. The fact that half of Australia's Baby Boomers do *not* expect to have to work beyond their preferred retirement age for financial reasons means that interventions need to move beyond the purely financial, while formal discussion about retirement urgently needs to be mandated; the retirement of the Baby Boomer generation needs to be managed at an institutional rather than individual level.

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**The Australian Survey of Retirement
Attitudes and Motivations**

[http://
www.ozretirementsurvey.
com/](http://www.ozretirementsurvey.com/)

Main Points

- Australia's Baby Boomers anticipate a median retirement age of 64.3 years; however substantial differences exist by occupation.
- At two-digit level, occupations with earlier-than-average expected retirement ages stand to lose the Australian labour force 1 million person-years of potential working life, over half of which is generated by just six white collar occupations: Specialist Managers; Science, Building and Engineering Professionals; Education Professionals; Science and Engineering Associate Professionals; Business Administration Associate Professionals; and Secretaries and Personal Assistants.
- Blue collar workers are disproportionately among those with older expected retirement ages and will generate approximately 1.9 million person-years by working on. However their skills will not exactly replace the early-retiring white collar occupations.
- The early-retiring occupations disproportionately contain those with 'mission-critical skills', and have somewhat greater proportions aged 40-59 years than the national average—for example Education Professionals have 56.8 per cent aged 40-59 years compared with the national average of 42.2 per cent.
- The gap between preferred and expected retirement age provides a useful indicator of the extent to which intentions may translate into actions, and of the period available for intervention. Of some concern therefore is that six of the seven shortest gaps pertain to early-retiring occupations, while in total nine of the 13 early-retiring occupations have gaps below the average.
- Very low levels of formal discussion about retirement are occurring across Australia's occupations, several of which have early-retirement intentions.
- In sum, early-retirement intentions are likely to be reinforced by occupational age structures that are already (disproportionately) older than average, short gaps between preferred and expected retirement age, low levels of financial insecurity, high levels of private superannuation, and low levels of discussion about retirement. Responses should thus be targeted, not necessarily financial, and retirement itself managed at an institutional level.

Resources

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Project information

The Australian Survey of Retirement Attitudes and Motivations (ASRAM) is a nationally representative survey of 2501 Australian workers who were aged 40-59 years in 2006 – essentially the Baby Boom generation. The study was funded by an Australian Research Council Grant (Discovery Grant No. DP0557922) and was undertaken by three researchers at the University of Tasmania: Associate Professor Natalie Jackson (Social Demographer), Dr Maggie Walter (Sociologist), and Professor Bruce Felmingham (Economist). The major aim of the ASRAM was to assess the extent to which older workers' retirement intentions and motivations are in line with, and likely to interact with, new government policies designed to encourage later retirement. The fact that it also collected these data by occupation provides a unique opportunity to compare these motivations and intentions across a range of contexts and to consider their policy implications.