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# **Baby Boomers and Retirement Dreams, fears and anxieties**

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## Summary

### Background

Having created the cult of youth, it is not surprising that baby boomers now approach old age with a mixture of fear, denial and bravado. The looming 'redundancy' of the boomers is having far-reaching implications for social trends, commercial strategy and government retirement policies. They are active agents in the changing meaning of retirement, just as they have been at the forefront of social transformation for the last 50 years. At the same time, the rise of neo-liberalism in the 1980s saw a shift in the underlying philosophy of social policy and welfare provision towards greater emphasis on self-provision, a pattern reflected in changes in Australia's retirement incomes system.

The age pension is a form of intergenerational income transfer. Generations currently in work pay taxes to support those who have retired but who, in their turn, provided support through taxation to the generation ahead of them. The shift towards self-provision through superannuation involves each generation saving for its own retirement, and this has the potential to disrupt the intergenerational contract.

This paper explores these changes. The research on which it is based had two components. The first was a series of eight focus groups held in Sydney city, Bathurst, Parramatta and Brisbane. The second was a national survey of baby boomers undertaken by Newspoll.

### Qualitative research

#### *Feelings and plans*

When asked about their feelings towards retirement, the overwhelming sense among boomers is that retirement signifies old age and its associated negative stereotypes. Fears about old age meant that, for these baby boomers, the traditional notion of retirement seems repugnant as it represents an image of frailty, disempowerment, decay, redundancy and inactivity. Many seem to fear succumbing to the 'cardigan and slippers' image of the old-age pensioner, the antithesis of the youth culture that boomers created. For the boomers, delaying retirement is a method of fending off old age. This may be partly responsible for the fact that almost all the higher income respondents and a large proportion of the lower income participants in the focus groups plan to work beyond the official retirement age.

The freedom that the baby boomers want to experience in their retirement is not something they want to express through moving house or spending a lot of time travelling. Very few of the participants envisage moving after retirement, and of those who do their plans are vague. These results challenge the expected spread of the 'sea-change phenomenon' as baby boomers retire. There was also little interest 'in grey nomadding'.

Many of the participants expect to be caring for grandchildren in their retirement. However, there are mixed views about this responsibility. Boomer women divide into two groups. Many are looking forward to spending a lot of time with their grandchildren; but a significant number said that continuing to work rather than retiring will provide them with an excuse not to baby sit the grandchildren. These reluctant grandmothers said that they wished to remain in work to side-step the expectations of their children.

Our research also challenges the prevalence of ‘skiing’ (‘spending kid’s inheritance’). Focus group participants made it clear that they do not want to restrict their own spending in retirement but most want their children to inherit something. The notion of deliberately ‘spending the kid’s inheritance’ was certainly absent.

### *The great divide*

While it has often been observed that the idea of retirement has been rejected by baby boomers, it became clear from the focus groups that a sharp divide has opened up between high and low-income baby boomers. Among *high-income boomers* the ‘end-of-retirement’ idea has considerable relevance to their plans and attitudes. Many high-income boomers do indeed reject the traditional notion and see ‘retirement’ as a change of career, one in which they shift down a gear and enjoy the flexibility to pursue their interests.

The circumstances of *low-income boomers* are very different. The poorer half of 50-65 year olds have virtually no wealth to fund their retirement years. They have a more traditional concept of retirement understood as a distinct and welcome transition from work to leisure, if they can have it. However, many believe they will not be able to enjoy a traditional retirement because they will need to continue to work up to and beyond the retirement age for financial reasons. Unlike high-income boomers, low-income boomers are mostly unhappy about needing to work beyond the retirement age. Thus higher income earners expect to work beyond the retirement age because they *want* to while lower income earners expect to work beyond this age because they *have* to.

There is also a significant difference in the way that higher and lower income earners picture their retirement. Broadly, while both are concerned about a decline in health status, lower income earners have the added worry of how they are going to pay for their health costs. This reflects broader concerns about financial security in retirement. Very few look forward to a golden age of freedom and relaxation, and most are very apprehensive about how they will support themselves during this time. Higher income earners, on the other hand, are more concerned about the loss of status associated with leaving the labour market and rarely mention anxieties about financial security in retirement.

### *Raising the retirement age*

Despite the fact the many of the respondents expect for one reason or another to work beyond the official retirement age, there was overwhelming hostility from all groups toward raising the official retirement age, understood to mean the eligibility age for the

pension. The reasons include concerns about ageism, exhaustion and declining health. They also react against being compelled to keep working against their wishes. There is also a strong sense of entitlement based on an implicit contract with the state; by raising the pension eligibility age, the government would be renegeing on a promise, moving the goalposts on them without their consent.

### *Morality of the pension*

When asked to consider differences between age pensioners and self-funded retirees, the participants did not raise moral ideas about responsible citizenship, self-sufficiency, idleness or reliance on the state. Generally, boomers do not view pensioners as second-class citizens. Pensioners are perceived differently but are seen as older, poorer and perhaps more unlucky than self-funded retirees but never as morally inferior. Although self-funded retirees are seen to be responsible, thrifty citizens, this is not accompanied by a moral judgment about the character of people who are not able to provide for themselves in retirement.

When asked how they would feel about being on the age pension as opposed to self-funding, the participants again thought in financial terms. They said that they would not feel good about it because they would be poor, not because they see self-funding as being more virtuous.

When asked if everyone should be entitled to receive the pension the unanimous answer is 'yes'. However, qualifications soon emerge. Idleness forfeits one's right to the pension, and the heavy emphasis on the virtue of hard work was unmistakable. For the participants, a life of hard work conferred entitlement and, conversely, those who did not work, who bludge, are viewed with contempt. Both paying taxes and raising children are seen to be contributions to the community and both deserve recognition and reward.

The use of the phrase 'safety net' occurs frequently. The idea of the age pension as a safety net represents a sharp break with past notions of the pension as an entitlement of citizenship.

### *The stranded generation*

Despite the sentiment among focus group participants that not everyone is deserving of an age pension, they all agreed that the government has a responsibility to provide it. In particular, the participants believed strongly that the government had a responsibility to provide an age pension *specifically to baby boomers*. Boomers believe firmly that they are owed something by government because they 'missed out on super'. They believe that their generation has been 'caught in the middle' because, in an age where self-reliance is expected, they have not had time to accumulate enough super to self-fund. Unlike younger generations, they have not benefited from a full working life of compulsory superannuation and this, they argue, is unfair.

There is also a strong feeling that the government is 'not doing enough' to help people save for their retirement. While all agree that the government has a responsibility to provide a pension, there is a clear view that it also has a responsibility to provide

incentives for people to save. This is not just a shift along neo-liberal lines, from state responsibility to individual responsibility; individual responsibility should be supported and facilitated by the state, a notion that may be described as compulsory self-reliance.

### **Quantitative research**

A Newspan survey of 829 baby boomers confirmed and deepened the results to emerge from the focus groups. Among those currently employed only 43 per cent say they expect to continue to work beyond the official retirement age, although the survey question seems to have been interpreted by many to mean an expectation to continue working at the current job. Many more boomers expect to ‘change careers’ at retirement and either set up a small business or shift to casual work or consulting.

When asked their reasons for expecting to continue to work beyond the official retirement age, the respondent’s anticipated retirement income status was the strongest determining factor. Of those who expect to be fully dependent on the age pension, nearly four in five nominate financial need as the main reason for continuing to work. However, of those who expect to self-fund in retirement four in five nominate job satisfaction or keeping busy as their main motivation. This supports the findings from the focus groups, in which lower income earners were inclined to continue working through necessity, or ‘because they have to’, and higher income earners were more likely to continue working beyond retirement age due to a lifestyle choice or ‘because they want to’.

Remarkably only 12 per cent of boomers expect to be fully reliant on the age pension, with another 46 per cent expecting to be partly reliant. This is consistent with focus group findings which show that almost no-one expects to be on the age pension and almost all, including lower income earners, say they intend to fund their retirement with super. These are much lower than Treasury projections, suggesting that many baby boomers are in denial or have unrealistic expectations about their financial situation in retirement including opportunities to find employment or run small businesses.

### *Attitudes and morals*

The survey explored baby boomers attitudes to four statements concerning status and entitlements.

*Compared to self-funded retirees, age pensioners are seen by society as second-class citizens.*

Despite the findings in the focus groups, nearly half of the respondents (47 per cent) agreed that age pensioners are treated as second-class citizens. Low-income earners are more likely to agree with the statement. And contrary to expectations, those who expect to be on the age pension are much more likely than self-funders to believe that age pensioners are seen as second-class citizens (63 per cent agree compared with 32 per cent).

*People should claim the age pension only as a last resort.*

Traditionally the age pension has been viewed as a right that accrues to those who have worked and paid taxes or who have contributed to society in other ways. Yet in the focus groups it became apparent that many boomers see the age pension becoming less and less an entitlement and increasingly a ‘safety net’. Baby boomers are divided down the middle on this question. High-income earners are more likely than low-income earners to believe that claiming the age pension should not be reserved as a last resort.

*The baby boomer generation has been hard done by because compulsory superannuation was introduced late in their working lives.*

Confirming the sentiment that emerged in the focus groups, 57 per cent agree that the baby boomer generation has been hard done by because compulsory superannuation arrived late in their working lives. Thirty-four per cent disagree. Women are more likely to agree with the statement suggesting that they feel more hard done by than men as many have not been in a position to accumulate as much super as men due to their more intermittent engagement in paid work and their lower salaries. Not surprisingly, those who expect to rely fully on the pension are much more likely than others to believe that boomers have been hard done by.

*It is more important for the government to provide a decent age pension than to give tax concessions to self-funded retirees.*

In some respects responses to this question are the most remarkable results to emerge from the survey. Sixty per cent of baby boomers believe it is more important to provide a decent age pension than to give tax concessions to self-funded retirees. Only 29 per cent opt for the tax concessions over a decent pension. Thus baby boomers are twice as likely to believe that it is more important for the government to provide a decent age pension than to give tax concessions to self-funded retirees.

Not surprisingly, the preference for a decent pension over tax concessions is held much more strongly among those on low incomes and those expecting to rely on the full or part pension. However, even among high-income households and those expecting to be fully self-funding in retirement, opinion is evenly divided, with around half of those who gave an opinion favouring a decent pension over tax concessions, even though they would not personally benefit from the former but would do well from the latter. These results indicate that there is a strong residual sense of social justice among the baby boomers.

### **Boomer myths**

Contrary to their image as successful and self-satisfied, many baby boomers nurse a sense of disappointment, a barely articulated sense that it was not meant to turn out this way. And the perception of the boomers as the ‘lucky generation’, happily pioneering a trend towards the end of retirement, is simplistic and misleading. The ‘unprecedented wealth’ of the boomers is something reserved for a small portion of the generation, with the majority unable to fund their own retirement. The popular idea that baby boomers are ‘the generation that will never retire’ is one conditioned very much by the

expectations of wealthier boomers. It may be truer to say that the traditional notion of retirement is now aspired to only by the working class. The reality for most of these lower income earners is worry about how they will fund their retirement, and this is leading them to delay retirement.

While there is indeed a great intra-generational divide which sees lower income earners suffer significant disadvantage, all boomers share a disadvantage as a generation. At a time when individuals are increasingly expected to fund their own retirement, baby boomers have become the ‘bunnies’, caught in a situation in which they are being asked to do something most do not have the capacity to do because compulsory superannuation was introduced late in their working lives.

### **Social and policy implications**

As a generation, baby boomers are at the heart of a transformation of the contractual underpinnings of post-war Australian society. Traditionally, the age pension was considered an entitlement associated with citizenship that would provide for a modest but comfortable retirement. The move to self-provision in retirement through the promotion of superannuation has shifted expectations about the nature of the entitlement and what constitutes a ‘comfortable’ retirement income.

Our research shows that baby boomers believe that individuals should be encouraged to be self-sufficient, that the government should help them to save, and that compulsory superannuation is a good method of achieving this. Paradoxically, they feel they and others need to be *compelled* by government to save in order to become self-reliant and to facilitate choices in retirement. Government intervention to promote independence from government, and compulsion to foster choice are not seen as contradictory.

By choice or necessity, boomers intend to work beyond the official retirement age, but they react strongly to the idea of being *compelled* to work longer. This seemingly contradictory response may be because compulsory superannuation requires people to put aside money during a period when their incomes are relatively high, while increasing the retirement age is asking people to contribute time at a life stage when time is scarce.

Boomers express support for the principle of self-reliance, and agree that the government should do more to encourage people to save, but they also believe strongly that the government should not abandon age pensioners. Their perception of themselves as the ‘unlucky generation’, missing out on opportunities to save for retirement, helps preserve the idea that dependence on the age pension is not the fault of the recipient, and this sustains the social legitimacy of the age pension.

It thus became clear through the research that, in the context of retirement provision, the concepts of independence and self-provision have been stripped of their moral overtones. This stands in sharp contrast to every other form of welfare payment, where attaining independence from public support confers moral virtue. For the baby boomers public provision is not morally inferior, only *functionally* so, because it results in lower income in retirement.

The research suggests that boomers are at the cusp of a social revolution in which the moral rationale for the age pension is shifting away from the idea of a universal right of citizens to one in which society has an obligation to prevent unfortunates from sinking below an acceptable minimum; it is becoming a last resort in the way that unemployment benefits are. The idea of the age pension as a safety net is a very new one in the social contract underpinning the welfare system and is possible only because of the rapid expansion of private provision in retirement. While the age pension remains legitimate in the eyes of boomers, the emerging perception of the age pension as a safety net has important implications for the direction of attitudes towards the pension. It is indicative of the likelihood that receipt of the age pension will lose social legitimacy in the future.

The new world of private provision has affected attitudes deeply, with most boomers believing that the days of the pension are numbered. The baby boomers may well be the last generation not to moralise about receipt of the pension because they are the last generation to be denied the option of being self-reliant. While pensioners are seen to be 'poor', this state is understood to be one arising out of bad luck rather than a failure of character. However, affluence and individualisation are seeing 'bad luck' interpreted as moral failure. In the next two decades, this development will severely erode public support for the age pension and remove the political obstacles to a government determined to reduce it.





## 1. Rethinking retirement

### 1.1 Boomers as a generation

Baby boomers are usually defined as those born between 1946 and 1961 and who are now aged between 45 and 60.<sup>1</sup> The first boomers are now starting to retire, a phenomenon with far-reaching social and policy implications explored in this report.

Sometimes termed the ‘lucky generation’, the baby boomers were the first generation to grow up in a reasonably affluent and largely peaceful society. According to Mackay, the boomers grew up with the belief in prosperity as a ‘birthright’ (Mackay 1997, p. 60). They are renowned as the generation that, when young, led dramatic social changes in the 60s and 70s through the civil rights, human rights and the feminist movements and the sexual revolution. The liberating potential of these social movements was first enjoyed by this generation.

They were also dubbed ‘the protest generation’ for their campaigns against the Vietnam War and the apartheid regime in South Africa. It was always the case that the boomers who actively participated in those movements constituted a small proportion of the generation, but the spirit of social renewal pervaded the generation and transformed Western society. It is worth pointing out that the leaders of modern conservatism in politics and the media, who have worked at winding back many of the social gains of the protest generation, are themselves baby boomers. According to Hugh Mackay, the combination of growing prosperity and the threat of the Cold War created a generation ‘obsessed with the idea that ‘we’re not here for a long time, we’re here for a good time’ (Mackay 1997, p. 62). This ethos was manifested in the need for ‘instant gratification’, and the focus on self-betterment and personal freedom led some commentators to nickname the boomers the ‘me generation’. This emphasis on the short term meant that the boomers were ‘destined to become poor planners, unenthusiastic savers but voracious consumers’ (Mackay 1997, p. 63).

The boomers were also the first generation to grow up under the influence of the electronic media - television was introduced in Australia in 1956 - which meant that they were more quickly and more heavily influenced by cultural trends abroad, especially in the UK and the USA. They took a global perspective with many travelling overseas to experience different cultures (Olsberg and Winters 2005, p. 89). The size of the boomer generation, along with their radical demands, saw them emerge as the most important generation of the second half of the twentieth century and they have become accustomed to setting the social and cultural agenda in the West. According to Riggs and Turner, the boomers ‘reshaped many social norms, including family composition and living arrangements, assisted by enhanced contraceptive choices, secularisation, and the women’s movement’ (2000, p. 1) and have a reputation for maintaining their cultural and social influence through the decades as they age. Thus they have progressively redefined marriage, parenthood, middle age and menopause and are now turning their attention to old age and retirement.

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<sup>1</sup> Although some extend the period to 1965.

Having created the cult of youth, it is not surprising that the boomers now approach old age with a mixture of fear, denial and bravado. For Mackay, boomers avoid acting their age at any costs (1997, p. 65). The looming 'redundancy' of the boomers is having far-reaching implications for social trends, commercial strategy and government retirement policies.

Boomers as a group are politically powerful, and most institutions in Australia and similar countries remain dominated by them. In the words of a report by Demos, a UK think tank:<sup>2</sup>

The baby boomers have always been seen as a deeply symbolic generation - swollen by a surge of post-war optimism, reaching adulthood in tandem with the 1960s and a new set of social freedoms, consumer innovations and political conflicts. For many of them, challenging received wisdom is deeply embedded in their own self-image. As they age, we should not expect this characteristic to be diminished (Harkin and Huber 2004, p. 11).

However, the claims of boomers to special cultural and social significance are being increasingly challenged by the generations following on. As Generation Xers, born between 1961 and 1976, assume positions of influence in the media, politics, business, universities and cultural institutions, boomers will see their assumption that what they think matters eroded. According to Mackay, Gen Xers are committed to their own freedom and criticise what they see as the 'conformist behaviour' of the boomers (Mackay 1997, p. 135). For Rebecca Huntley, 'the grand, youthful ambitions of the Boomers no longer seem relevant or realistic', and just as Generations Y and X had to adjust to the world created by the boomers, so now do the boomers have to adjust to a world created by their successors (Huntley 2006, pp. 7, 187). Consequently, the boomers have had to re-evaluate their 'iconoclastic view of themselves', at the vanguard of social change (Mackay 1997, pp. 82-4). Nowhere is this criticism thrust upon us with more vigour than in the work of Ryan Heath. In his book *Please Just F\* Off... It's Our Turn Now*, Heath argues

The Boomers might see themselves as permanently young and cool, but their cadre has entered its cranky conservative phase. It's time to bump these Baby Bleaters and their ceaseless cries for more milk, and their figureheads who have all the originality and sophistication of bratty two-year-olds. It's not that they don't have anything to contribute – it just shouldn't be the same contribution in the same roles as they've been giving for decades. It's time for them to move on ... (2006, p. xiv).

Even the war generation, the one that preceded the boomers and now in retirement, seem to take a jaundiced view of the boomers, with many seeing them as spoilt and self-obsessed. In their study on attitudes to retirement, Olsberg and Winters found that many older respondents feel resentful towards the baby boomers, believing that they experienced good fortune and should be prepared to make some sacrifices (Olsberg and Winters 2005, p. 93).

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<sup>2</sup> The Demos study was based on eight focus group discussions with participants aged 40-50 or 50-60 from varying socio-demographic groups and regional locations.

The boomer generation has also been the target of modern conservative critique.

If one looks at contemporary media narratives of the Baby Boomers in the current conservative cultural climate, it is clear that the Baby Boomers have become the embodiment of all that was wrong with the cultural revolutions of the 60s and 70s. It is not surprising that the current narratives position Baby Boomers in such a negative way, considering the conservative political and cultural shift in Australian society (Olsberg and Winters 2005b, p. 93).

When they retire, baby boomers are going to be wealthier, healthier and longer-lived than any previous generation and there is little doubt that, while their cultural influence has waned, their political and economic clout will be disproportionate to their numbers. This will influence decisions about how much of the national economic pie boomers have access to in their retirement.

## 1.2 Rethinking retirement

With the boomers approaching retirement, the minds of policy makers have turned to the fiscal and economic implications of a disproportionately large cohort of the population leaving the workforce and relying more on state funded services. This has given rise to an extended public debate on the looming 'ageing crisis', despite the fact that boomers will retire healthier and wealthier than any previous generation.

The response to the 'crisis' has been framed in terms of a reworking of normative assumptions about retirement age and retirement income. According to Treasury, at a time when the population is ageing, the 'virtue' of self-reliance during retirement should be encouraged (Treasury 2001, p. 2). In 2002, Treasurer Peter Costello commissioned the *Intergenerational Report* in order to examine the implications of an ageing population. Despite the fact that the report found that the ageing of the population did not constitute a crisis but rather a fairly manageable transition, the discourse of an ageing crisis continued to be used by the Coalition Government to promote policy change. The policy argument was that the entry of a large cohort of boomers into retirement will through claims on the age pension put unsustainable pressure on government finances, despite the fact that the projections identify the most critical period as being in the 2030s and 2040s when most boomers will be dead and Generation X will dominate the pension budget. The policy response by Government has been a concerted push towards superannuation and measures to encourage people to participate in the workforce longer.

Prior to the industrial revolution older people did not retire, they just grew old. As incomes rose workers began to enjoy extended leisure time as the working day was reduced and holidays expanded. In the second half of the twentieth century, growth in leisure time became mainly concentrated towards the end of the life cycle and became known as 'retirement' (Schulz 2002, p. 90). It emerged at a time when the welfare state was beginning to flourish and governments began to provide financial support for economically unproductive citizens who had earned their dues. The idea took hold to such an extent that the period of leisure at the end of one's life became perceived as a retirement 'right' (Schulz 2002, p. 94).

For much of the twentieth century, then, retirement was understood as a distinct phase of life that began when full-time work stopped and the worker began living on a pension or own savings. This might be described as the ‘gold watch’ model after the practice among white-collar workers of marking retirement with the presentation of a gold watch to recognise years of loyal service. The concept of ‘retirement’ had less meaning for many women, particularly those who withdrew from the labour market to care for children or take on other unpaid domestic roles, or who otherwise had no or erratic attachment to the labour market.

In more recent times, the line between working full-time and not working has become blurred, with many favouring partial retirement or looking to find other ways of earning income after they leave full-time employment. There has been a growing emphasis on lifestyle and consumption in retirement rather than idleness and leisure, supported by a new rhetoric emphasising that ‘retirees’ have worked hard and deserve their time in the sun.

This reformulation of retirement seems to be driven in part by cultural changes arising from the social transformations of the sixties in which the baby boomer generation gave a new legitimacy and cachet to youthfulness. The attachment to youth culture has seen the baby boomer generation go into denial about its own ageing, including a redefinition of old age and retirement. The boomers who created the cult of youth are now confronted with the unreality of the sixties refrain ‘Hope I die before I get old’. Nonetheless, boomers seem determined to prolong their adolescence and resist the future (Mackay 1997, pp. 65 & 134). In keeping with their ability to rewrite the rules, it seems that the boomers can live up to this lament simply by redefining what is ‘old’, with slogans such as ‘50 is the new 40’. A redefinition of old age - supported by Government ‘Positive Ageing’ campaigns emphasising retirement as an active time of social and cultural involvement - may also have contributed to the perception that retirement is just the next lifestyle phase. This new understanding of retirement is echoed in the Demos study.

Our baby boomer interviewees saw retirement as more of a time for adventure and exploration, even wanting to imitate the ‘gap year’ teenager in travelling to unusual places, meeting local people and discovering other ways of life (Harkin and Huber 2004, p. 21).

Thus the baby boomer generation is approaching retirement at a time when the social norms and meanings surrounding the retirement period and the notion of retirement itself are changing. The boomers are not passively affected by these changes but are active agents in it, just as they have been at the forefront of social transformation for the last 50 years. It is now widely accepted that many boomers plan to postpone retirement until an older age or take a partial retirement. They speak of cutting back on their hours of work or setting up small businesses in order to supplement retirement income (Olsberg quoted in Sampson 2003, p. 1).

In his popular book *The Big Shift*, Bernard Salt argues that baby boomers will bring with them a shift in the way we perceive retirement. He argues that people are increasingly perceiving their 50s and 60s as the next exciting stage of life. For Salt, as the ‘demographic reweighting of our community approaches, the arrogant, fading and

culturally chauvinistic baby boomers will try to impose a new set of cultural values that – don't laugh – makes it trendy to be 50' (Salt, 2004, p. 97). Salt argues we are seeing the emergence of 'a new phase in our life cycles that fits in between full-time work and retirement, and that this phase will become more concrete as the baby boomers get older' (Sampson 2003).

In January 2006, the global insurance company AXA released the latest results from its Retirement Scope project, *Retirement, a new life after work*. It explored anticipated retirement ages and expected forms of income in retirement. The research also explored differences in the perceptions of retirement between the current working population and the retired population, and sought to analyse how the attitudes in Australia compare internationally (AXA 2006, p. 3).<sup>3</sup>

The report found that 60 per cent of the whole working population (not just baby boomers) intend to continue some form of paid work into retirement, whereas only 10 per cent of those already retired hold paid jobs (AXA 2006, 15). This is indicative of shifting cultural understandings about the retirement phase, and could be a result of increasing expectations of retirement income levels. It could also signify a disjunction between the expectations of the working population and the realities of 'retirement' in which it may prove more difficult to find paid jobs.

When asked what thoughts people spontaneously associated with retirement, the most popular were 'rest, peace and quiet' and 'time to devote to myself, freedom', followed by 'holidays, travels' and 'time to do things I like' (AXA 2006, p. 23). AXA divided these responses into 'negative' and 'positive' associations with retirement, finding that 70 per cent of working people and 75 per cent of retired people make positive associations, and 31 per cent of working people make negative associations compared to 17 per cent of retired people.<sup>4</sup> The working population is more concerned about ill health and dependency than retired people (21 per cent to 10 per cent) (2006, p. 23), a result that corresponds to a UK study which found that working people see the years 65-70 as their 'protected time' or the years they could enjoy their retirement before being afflicted by health problems (Harkin and Huber 2004) The AXA study found that for working people 'retirement will be THE moment first for travelling, hobbies and plenty of activities' (2006, p. 25). When respondents were asked about which activities they planned to do in retirement, vastly more workers than retirees mentioned travel plans (55 per cent compared to 22 per cent), but the retirees had more interests, including gardening and DIY.

As we will see, the results of the present study cast doubt on some of these findings. This is perhaps explained by the fact that the AXA study reflected the views of all working age people, while our study focuses specifically on baby boomers, and the latter may have very different attitudes and plans compared with those of Generations X and Y.

In a major study of ageing, using a sample of 7000 men and women aged over 50, Olsberg and Winters sought to analyse retirement in terms of the broader social changes

<sup>3</sup> AXA interviewed by telephone a representative sample of 299 working individuals aged 25 and over and 311 early retired individuals, or those who were retired but under the age 75.

<sup>4</sup> More than one response was possible, hence totals can add to more than 100 per cent.

that alter the way identities are constructed and the ‘narratives’ that underpin future lifestyles and housing intentions (2005a, p. 78). The authors found that ‘there is a significant shift in the values and priorities of older Australians... Aspirations by older Australians for independence, flexibility, consumer and lifestyle choices take precedence, challenging traditional notions of old age and family obligations’ (Olsberg and Winters 2005b, p. 1). This signified the emergence of a new ‘retirement class which expresses strong desires to enjoy the fruit of its labours in active consumption and lifestyle activities’ (Olsberg and Winters 2005a, p. 81).

### *Retirement age*

In its study of baby boomers in the UK, the Institute for Public Policy Research found that the traditional pension age of 65 has become a benchmark around which people plan their lives and that there is considerable hostility to proposals to increase the official retirement age.<sup>5</sup> Opinions ‘varied from feelings of subtle betrayal or resignation to depression and anger’ (Lewis 2005, p. 179). These feelings appear also to hold in Australia. In the AXA study, although working people intended to retire later and continue paid work into retirement, they were hostile towards raising the superannuation preservation age, indicating that even if they were planning to retire later, they wanted the option of drawing down on super earlier (AXA 2006). Moreover, they do not like the feeling of being compelled to work longer. The IPPR study also found that while many planned to work longer, they were very careful to assert their right to choose whether or not to continue working. Also in the UK, the Demos study observed:

Our baby boomers were determined not to be forced to retire, and felt that they might have many fruitful and productive years ahead of them ... they were suspicious of any government which might coerce them to work beyond their formal retirement age (Harkin and Huber 2004, pp. 19-20).

In the AXA survey of retirement plans, the average expected retirement age among all adult working individuals was much older than their ideal retirement age. On average, they gave 54 as their ideal retirement age but set their anticipated retirement age at 62 (AXA 2006, p. 12). It is unclear whether this is due to a ratcheting up of expectations about living standards in retirement, meaning that individuals must work longer than they ‘want’ to in order to accumulate higher retirement incomes. It could also be a result of an emphasis on self-sufficiency in retirement and doubts about the adequacy and availability of the age pension.

Concerns about the availability of the age pension in the future are supported by figures in the AXA research that show a majority of people expect further retirement income reform in Australia. Around 90 per cent of these believe that this will result in people working more years before retirement and around 80 per cent believe that it will mean a reduction in public pension benefits (AXA 2006, p. 77). Australians, more than citizens of most other countries, believe that the age pension will be reduced and that the retirement age will increase (AXA 2006, p. 79).

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<sup>5</sup> The research, conducted in 2005, involved a series of focus groups comprising British men and women aged 25 to 55, and covered higher and lower income earners and those in different regions.

On the other hand, the ideal retirement age of those already retired is 59 years old, older than their *actual* average retirement age which was 57 (AXA 2006, p. 12). This may be because they had become bored or disenfranchised and would have preferred to stay in the workforce longer, or because their retirement incomes had proven insufficient. Australia has one of the youngest ideal retirement ages compared to other OECD countries, although the average anticipated retirement age is the same as in other countries (AXA 2006, p. 13). Australian workers therefore have one of the largest disparities between the age at which they would like to retire and the age at which they envision actually retiring.

### 1.3 Baby boomers and retirement incomes policy

Baby boomers entered the workforce when the predominant form of retirement funding was the age pension. Now, as they approach retirement having spent time in the workforce and in unpaid caring and domestic roles, the emphasis has shifted to private provision through superannuation (Preston and Jefferson 2002, p. 11). The boomer generation was 30-45 years old when the Superannuation Guarantee Charge was introduced in 1992 and therefore sits right in the centre of the transition between the age pension and superannuation. There are concerns among some commentators about the capacity of the baby boomers to accumulate adequate superannuation savings to fund their retirement. In micro-simulations conducted by Preston and Jefferson, a 'comparison of the accumulations of those born in 1950 with those born in 1960 reveals that the former have around half the savings of the latter' (2002, p. 28).

Partially offsetting the parlous state of boomer superannuation savings, baby boomers have been the principal beneficiary of the property price boom and the more recent share price surge which have seen average net wealth in Australia double to \$305,000 in the last decade (Treasury 2006). Analysis by NATSEM indicates that in 2002 the average net wealth of those aged 50-64 was \$240,000, of which \$127,000 was held in the family home and \$56,000 in superannuation (Harding 2005). That is a low amount of superannuation for those late in their working lives. It is also very unequally distributed. As Harding writes: 'In essence, the poorest one-half of 50 to 64 year olds have almost no wealth to help sustain them through the decades of retirement that lie ahead of them' (Harding 2005, pp. 2-3).

Due to their comparatively weak position with respect to private superannuation savings, the baby boomers have become the generation that economists are concerned will create the most significant fiscal pressure in coming decades. Preston and Jefferson conclude that most baby boomers will not be in a position to self-fund their retirement and will remain highly dependent on the pension (2002, p. 29). According to Treasury figures, in 2050, 75 per cent of retirees will still draw an age pension, with around a third claiming a full pension (Treasury, 2002, p. 10), figures that seem unreasonably high.

It appears that the financial realities have yet to be understood by many boomers. The ABS's *Multi-Purpose Household Survey* found that only 25 per cent of the working population over 45 expect a government payment to be their main source of income in retirement (ABS 2006, p. 8). This group had an average intended age of retirement of 64 years. This may reflect their higher expected superannuation savings or unrealistic

expectations about income in retirement. Many of those already retired stated that their main form of income in retirement had actually changed, from some form of self-provision directly after retirement, to the age pension some years later (ABS 2006, p. 5).

According to the Westpac/ASFA Retirement Income Index, for a person retiring in Sydney (which is more expensive than elsewhere in Australia), to live a 'comfortable' lifestyle (more leisure activities, private health insurance, some travel, a reasonable car, and so on) a couple requires a weekly income of \$868 or a little over \$45,000 per year (Kelly 2005).<sup>6</sup> In 2002, a Senate Committee found that the consensus was that an adequate standard of living in retirement would require 70-80 per cent of pre-retirement expenditure, which is equivalent to roughly 60-65 per cent of gross pre-retirement income. (Senate Select Committee on Superannuation 2002, p. xv). The Committee expressed concerns about the adequacy of the savings of baby boomers concluding that this cohort is 'likely to fall well short of the [Committee's proposed] target level of 70-80 per cent of pre-retirement expenditure in retirement ... [and] the current Treasury projection of 60 per cent of pre-retirement expenditure for those on average earnings' (Senate Select Committee on Superannuation 2002, p. 51).

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<sup>6</sup> To live a 'modest' lifestyle a couple requires \$460 per week or \$24,000 per annum. This compares to the pension of a little under \$21,000, although the pension comes with certain other associated fringe benefits.



## 2. Developments in retirement incomes policy

### 2.1 From the pension to self-provision

Prior to the introduction of an age pension, provision for older people was in the form of charitable assistance. Increasing pressure on charitable organisations and growing awareness of an ageing population led commentators and policy makers to explore the possibility of a government provided age pension. The result of this was the introduction in 1900 of an age pension in New South Wales (Kewley 1980, p. 4). In contrast to the charitable relief of the nineteenth century, the new age pension scheme did not require that an individual be destitute, indeed, recipients could own property and have some income (Kewley 1980, p. 9). Commentators stressed that the age pension was a right rather than charity. However, despite being couched in the language of a social right, the age pension was qualified by a series of moral criteria which excluded some groups from eligibility – such as ‘Asiatics’, ‘Aliens’ and Indigenous Australians (Kewley 1980, p. 15). This meant that, rather than being a universal right, it was a right reserved for those perceived to be ‘deserving’. This emphasis on deservingness as a prerequisite for eligibility made policy makers reluctant to introduce a means test on the grounds that it would exclude the most prudent and deserving in the country.<sup>7</sup> Enshrined in the Invalid and Old Age Pensions Act 1908, Australia’s national age pension scheme was introduced in 1909 and it superseded the existing state-based age pension arrangements.<sup>8</sup> The national age pension, based almost entirely on the scheme in New South Wales, was also provided on the grounds that individuals had contributed to the nation throughout their working lives and were entitled to be supported by it in their old age. The pension formed part of a social compact between the individual and the state, in which the citizen would be rewarded for a lifetime of work and paying taxes with a pension that enabled them to enjoy some idle years at the end of life.

However, the rise of neo-liberalism in the 1980s saw a shift in the underlying philosophy of social policy and welfare provision towards greater emphasis on self-reliance or self-provision. Coupled with growing concerns about the fiscal pressures associated with an ageing population, this led many to argue for the desirability of superannuation as a method of reducing pressures on the state and enhancing the incomes of the retired population. In 1992, these debates were consolidated in the Superannuation Guarantee, which finally mandated an agreement made in the eighties between employers and union representatives (Bateman and Piggott 1996, p. 3). The Guarantee requires employers to pay a proportion of their employees’ wages into an approved superannuation fund of their choice. The contribution was designed to be phased in to reach a targeted nine per cent employer contribution and a three per cent employee contribution by 2002, contributing to a fund which can be accessed upon reaching the preservation age of 55 (legislated to rise to 60 by the year 2025) (Bateman and Piggott 1996, p. 29). Superannuation may be taken as a lump sum or an income

<sup>7</sup> For a significant proportion of the century, it was the intention of government, once finances permitted, to abolish or at least significantly liberalise the means test. In 1975, the Whitlam Government abolished the means test for people over 70 although it was reinstated in 1978 (Bateman and Piggott 1996, p. 24).

<sup>8</sup> By this stage, age pension schemes had also been established in Queensland and Victoria but they were less developed and underpinned by very different principles to the scheme in New South Wales (Kewley 1980, p. 9).

stream, but tax incentives encouraged access in the form of income streams, although these incentives were significantly reduced in the announcement of changes to superannuation arrangements made in the 2006 Budget. The scheme is designed to cover all employers and most employees, excluding those earning less than \$450 per month, part-time employees under the age of 18, those over the age of 65, and the self-employed.

The introduction of compulsory superannuation shifted the emphasis of Australia's retirement incomes system. The role of compulsory super was to augment retirement incomes to provide more adequate income replacement in retirement and to ease the burden of an ageing population on the federal budget. The change in direction helped resolve a long-standing debate about the appropriate role of the age pension – as a mechanism for alleviating poverty or a method of income replacement in retirement. It consolidated the age pension's in its role as poverty alleviation. The introduction of compulsory superannuation has thus contributed to a shift in the way we perceive the age pension, from a right of citizenship, to a payment reserved for the economically disadvantaged. Thus throughout the first half of the twentieth century, eligibility for the age pension was reserved for those of good moral character,<sup>9</sup> and this developed into a right for all citizens subject to a means test. The introduction of compulsory super is part of a shift in which the age pension will be increasingly reserved for those in need.

The introduction of compulsory superannuation also initiated another shift in the way the debates surrounding retirement incomes are framed. The emphasis of debate shifted explicitly to the notion of self-sufficiency and from this point many of the changes to the age pension were made with this objective in mind. When the Coalition Government was elected in 1996 one of the first acts of Treasurer Peter Costello was to establish the National Commission of Audit. Its report laid out a philosophy and a series of reform proposals stressing withdrawal of government from a range of activities and the promotion of private provision. In the case of retirement incomes, the Commission urged the new Government to send a new set of messages to the community:

...urgent action is needed to moderate community expectations of government assistance, increase incentives for self-reliance in old age and more equitably share the cost of age-related services funded by government. Unless present expectations are moderated, they will weaken individual perceptions of the need to provide for their own retirement (National Commission of Audit 1996, p. 121).

In addition to pressing the Government to increase incentives for self-reliance, the Commission proposed changes that would have reduced the real value of the pension. While the latter was politically unpalatable - the real value of the pension has been maintained and the means test has been liberalised - there is no doubt that community perceptions of the role of the pension in the social contract have shifted markedly. The view of the pension as a 'right' acquired by a lifetime of good citizenship is fading and in its place has emerged a view that the pension is a safety net for those unable or

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<sup>9</sup> As recently as 1984, the Hawke Government removed the last moral provision from the Social Services Consolidation Act of 1947, excising the provision excluding individuals guilty of 'deserting' their families from eligibility for the pension (Jordan 1989, p. 56).

unwilling to self-provide. The Commission itself argued that promotion of a stronger private savings culture requires ‘ensuring publicly funded retirement income support is targeted tightly on those most in need’ (National Commission of Audit 1996, p. 152). As we will see, the research undertaken for the present study deepens our understanding of these changes.

## 2.2 Shifting attitudes

### *The intergenerational contract*

The age pension is a form of intergenerational income transfer whereby the generations currently in work pay taxes to support those who have now retired but who, in their turn, had provided support through taxation to the generation ahead of them. In Australia, the provision of retirement incomes through intergenerational transfers is being replaced by another form of provision in retirement – capital accumulation (Preston and Jefferson 2002, p. 6). Stimulated both by the introduction of compulsory superannuation and the asset boom of the last 15 years, this has the potential to disrupt the intergenerational contract as capital accumulation involves each generation saving for its own retirement. It has meant a shift in the responsibility for funding retirement from the public sector to the private individual. The baby boomer generation has lost out in the shift.

The Superannuation Guarantee made superannuation available to a large proportion of the population who until then had not had access to it and contributed to a widespread shift in attitudes towards retirement incomes. Firstly, it strengthened the perception that access to the age pension is not so much a right due to citizenship but a response to need. Second, it shifted the emphasis of retirement incomes from a measure designed to keep older citizens from falling into poverty to one designed to perpetuate (albeit at a lower level) the working-life income streams of middle and upper-income earners (Shaver 2001, p. 179). Third, it contributed to rising expectations about how much income is needed in retirement. According to Shaver, it signified the rewriting of the social compact for the provision of income in retirement, ‘assigning a greater share of responsibility to the individual and a greater role in the delivery of support to the private sector’ (Shaver 2001, p. 197).

The Coalition Government has vigorously pursued its intention of increasing self-sufficiency among Australian citizens. In 2001, prior to the election, it produced a report entitled *A Better Superannuation System* stating its objective that superannuation should play a more central role in the retirement incomes system. The report emphasised the role of superannuation in bridging the difference between ‘a basic standard of living in retirement and a comfortable one’ (Treasury 2001, p. 1). With unusual rhetorical flourish, Treasury attempted to appeal to one view of the Australian character.

Australians fundamentally desire self reliance – it is the hallmark of a society built upon the aspirations of generations of pioneers, migrants, self sufficient indigenous Australians and all their descendents. At a time when Australia’s population is ageing, this virtue – building personal self reliance in retirement – will vitally contribute to Australia’s ongoing national prosperity (Treasury 2001, p. 2).

The emphasis in this report was not only on the practical desirability of self-provision but on the ‘virtue’ of self reliance, implying moral excellence among those self-sufficient individuals who fund their retirement through superannuation or private savings. This creates a division between those who self-fund in retirement, and those who rely on the age pension, and destabilises the foundations of the contractual relationship that has always existed between citizens of different generations.

The Howard Government developed these principles with a series of policies designed to encourage and reward saving for retirement. From July 2003, employers were required to make Superannuation Guarantee contributions on behalf of their employees at least quarterly (Treasury 2001, p. 14). Then, in a move to increase incentives to make voluntary contributions, the Government raised the tax deductible threshold for superannuation contributions by the self-employed from \$3,000 to \$5,000 (Treasury; 2004, p. 14). To acknowledge the saving behaviour of higher income earners, the Government increased the upper income limits for the Commonwealth Seniors Health Card, so that higher income earners became eligible for the card ‘in recognition of self-funded retirees’ efforts to save during their working lives’ (Treasury 2004, p. 13). Also in 2003, the Government introduced the superannuation co-contribution, a measure designed to augment the superannuation savings of low and middle-income earners and to act as an incentive to save.

#### *Policy change and social attitudes*

Sheila Shaver and Merrin Thompson sought to examine the impact of the ‘changing discursive policy landscape of social policy citizenship’ - which has occurred with the advent of mutual obligation and its increasing emphasis on self-sufficiency - on the attitudes of Australian citizens towards retirement incomes (2001, p. i). This moved beyond the emphasis on the individual’s attitudes to their own retirement to focus on attitudes towards the role of the state in the provision of retirement incomes. According to Shaver and Thompson, while the right to some welfare payments has been undermined, the right to the age pension has ‘gone largely unchallenged in otherwise widespread public reaction against the legitimacy of welfare support’ (Shaver and Thompson 2001, p. 1). They argue, moreover, that in a policy landscape in which the claims to welfare support are increasingly under threat, the age pension remains a ‘benefit where claims to the status of social right have been most securely institutionalised’ (Shaver and Thompson 2001, p. 1). They argue that while the rhetoric of mutual obligation has not been directly applied to the policy conditions surrounding receipt of the age pension, the discourse nevertheless ‘depreciates the receipt of public benefits and elevates the moral status of self-provision’ more generally, and this has important implications for ‘the way future retirees understand their moral and social status in retirement, and potentially for their personal and financial preparation for this transition’ (Shaver and Thompson 2001, p. 5).

Shaver and Thompson interviewed a group of Australians aged between 41 and 57 about their attitudes to retirement incomes, in an attempt to assess whether or not they resonate with the key themes of the mutual obligation discourse which has penetrated Australia’s political landscape over the last 10-15 years. They found that almost all respondents saw the age pension as a social right of some kind, to which Australians had a universal entitlement (Shaver and Thompson 2001, p. 7). But the historically

targeted nature of the age pension has confused the notion of the social right with the notion of need, and this tension is clearly reflected in the respondents' attitudes. They found that there were generally two strands of thought regarding the age pension. Some considered this right 'as flowing from past contributions to Australian society, mainly through work and the payment of taxes during working life. ... this view sees the means test as unfairly denying reward for virtue in working and saving' (Shaver and Thompson 2001, pp. 10, 8). For these respondents, therefore, the entitlement to the age pension was directly linked to prior contribution. The other strand however, associates the right to the pension with the concept of *need*, and in fact many go as far as to express antagonism towards those who claim the age pension but don't 'need' it (Shaver and Thompson 2001, p. 9). Interestingly, this same group seems more comfortable with 'needy' recipients who have made a contribution to Australia's labour market during their working lives. Finally, there are several others who consider a generous means test to be an appropriate compromise. This group holds the view that pension fringe benefits sufficiently fulfill the requirement of equal entitlement to benefits, and the means-tested pension allows for equality of outcome (Shaver and Thompson 2001, p. 9).

Importantly, those who did see the age pension as a contract or entitlement linked to contribution, did not do so 'in the literalist terms of contractual reciprocity'. They considered it more in terms of a loose or generalised exchange between contribution and entitlement, one that is moral in character (Shaver and Thompson 2001, p. 12). The authors concluded that 'the age pension continues to carry a strong ethos of legitimacy and rightfulness, though respondents are less clear about whether entitlement stems from need or past contribution as worker and taxpayer' (Shaver and Thompson 2001, p. 24). In addition, the respondents' 'strong affirmation' of work as a key social duty indicates a parallel with the rhetoric of mutual obligation.

### **2.3 Measures to delay retirement**

Between 1950 and 1995, the average retirement age fell by 4.2 years for women and 6.4 years for men, to 61.8 and 57.2 respectively, although this trend has been slowing (Ingles 2000, pp. 11, 16). According to the 2004-05 ABS *Retirement and Retirement Intentions Survey* of people over 45 years old, the average retirement age of those who had retired most recently (in the five years prior to the survey) was 61.5 years for men and 58.3 years for women (ABS 2006, p. 4). The Howard Government has introduced a series of policies which have as their aim encouraging individuals to stay longer in the labour market. Under the 1998 Pension Bonus Scheme those who delay retirement and continue to work for at least 20 hours per week receive a tax free lump sum bonus (Daniels 2004a, p. 7). In order to be eligible for the bonus, individuals needed to defer retirement for at least twelve months and be eligible for a full or part pension when applying for the bonus (Treasury 2001, p. 10).

In 2003, the Mature Age Allowance, a social security payment with relaxed activity requirements available only to those over 60, was closed for new claimants following concerns that it was acting as an incentive to retire early (OECD 2005, p. 76). Then in 2004, the Howard Government proposed the introduction of the Mature Age Worker Tax Offset whereby individuals over the age of 55 and still in the workforce, earning between \$10,000 and \$53,000 per year, would be eligible for a tax rebate of up to \$500 (Neilson 2005).

Policies designed to retain mature workers in the labour force are part of a broader initiative to increase individual saving and therefore self-sufficiency in retirement. Part of this initiative has been through changing the way the age pension and superannuation interact. In 1998, the treatment of certain forms of superannuation payments, including allocated pensions and annuities and income streams, were reformed, notably by the removal of asset testing for payments of income streams of at least 15 years (Daniels 2004b, p. 11).

In 2000, the Federal Government also reduced the taper rate for the income test from 50 cents per dollar to 40 cents per dollar, in a further measure to encourage the coexistence of the age pension and private savings in the funding of retirement incomes, and to increase the self-sufficiency of individuals by encouraging them partially to fund their retirement through superannuation savings (Daniels 2004b, p. 12). According to Treasury, these measures 'made the age pension more accessible to self-funded retirees and improved incentives for self-provision in retirement' (Treasury 2004, p. 13). In 2001, the superannuation assets of people over 55 became exempt from the income and assets test altogether (Daniels 2004b, p. 12).

A further measure to encourage mature age workers to remain in the labour market related to the superannuation preservation age. The existing superannuation arrangements specified that individuals over 55 needed to retire or leave employment before accessing their accumulated savings. The Government was concerned that this may have become a disincentive for mature age workers to continue to participate in the labour market (Treasury 2004, p. 10). In response, from 1 July 2005, the Government introduced a provision whereby individuals over the 55 year preservation age may continue to work and access their superannuation savings, but only in the form of a non-commutable income stream. In the 2006 budget far-reaching changes to provisions governing access to superannuation savings effectively raised the retirement age to 60.

### 3. Talking about retirement

#### 3.1 Method

The research combines qualitative and quantitative methods. The qualitative research is described in this section while the results of the quantitative research are discussed in the next section.

A series of structured focus groups was conducted to gauge the feelings and attitudes of baby boomers, aged 45-60, towards a range of issues associated with retirement and retirement incomes. There were eight focus groups, which took place in March and April 2006. Groups were conducted in Sydney Central Business District, Bathurst, Parramatta and Brisbane in order to achieve a cross-section of city, suburban and regional boomers (see Table 1). Each group had between eight and ten participants and the sessions lasted around 90 minutes. Within the groups, at least 70 per cent of participants were full-time or part-time workers (i.e. no more than 30 per cent non-working spouses), and at least 50 per cent across all groups were full-time workers.

Groups were divided by income: the lower-income groups had household incomes less than \$60,000 per annum, and higher-income groups had household incomes in excess of \$70,000 per annum. This was done not only to explore the varying experiences of households by income but also to encourage frankness by minimising the influences of politeness, embarrassment and resentment when discussing personal financial circumstances. Four groups were segregated by gender for similar reasons, although gender differences do not appear to be as marked as income differences in retirement prospects and attitudes. Each mixed group contained at least one, but no more than two, married couples.

**Table 1 Characteristics of focus groups (all participants aged 45-60)**

No.	Gender	Location	Socio economic
1	Male	Sydney	Higher
2	Female	Sydney	Higher
3	Mixed	Bathurst	Lower
4	Mixed	Bathurst	Higher
5	Male	Parramatta	Lower
6	Female	Parramatta	Lower
7	Mixed	Brisbane	Higher
8	Mixed	Brisbane	Lower

Respondents were asked about their feelings towards their own retirement and their attitudes towards retirement and retirement incomes policy more generally. The list of questions used to guide discussion is included in Appendix A. The groups were conducted by an expert facilitator, Ms Christie Breakspear, with the authors as observers.

### 3.2 Timing of retirement

#### *When will you retire? Raising the retirement age?*

Many of the *higher income earner* respondents had difficulty when asked to nominate a retirement age. Some said they planned never to retire, and many said that they did not anticipate a retirement age as such, most intending to ‘phase in’ their retirement. They spoke of winding down gradually after the age of 55, being semi-retired, or working part time. Most were happy to keep on working shorter hours into their 70s. In all groups, where respondents could identify an age of retirement, it was generally the age at which they planned to move out of their ‘career’ to seek other, more flexible forms of work. Moreover, where an age was nominated, it did not signify an exit from the labour market completely, but rather a change in the *type* of paid work. According to the participants, this change could involve setting up their own business, being their own boss, and engaging in more enjoyable work that is slower and more flexible. One man said:

“I just want a lot more freedom. I’d love to work a four-day week.” (Sydney city, higher income)

And according to one woman:

“I have thought long and hard about it. I don’t envisage a full-time retirement.” (Bathurst, higher income)

They spoke of keeping busy and ‘taking control of their own destiny’. According to one man:

“You don’t retire *from* something; you retire *to* something.” (Sydney city, higher income)

They want to be challenged but not stretched. The desire for independence is very strong, seen almost a right that had been earned. The men expressed a strong work ethic and did not like the idea of doing nothing, an explicit rejection of the traditional ‘gold watch’ idea of retirement. One man described retirement as a ‘change of gear’, another as ‘just a change of career’ (Sydney city, higher income).

For both genders, therefore, the notion of ‘retirement’ as it has traditionally been understood has lost its meaning. The higher income men and women share very similar values and aspirations, and there was very little gender difference.

The *lower income groups* subscribed to a much more traditional concept of retirement. Some of the respondents had already retired, but all were involuntary retirements through health or redundancy. When asked when they will retire, many of the



respondents said that they would retire either when they were forced to for health reasons, or when they felt they had accumulated enough money to retire. Overwhelmingly, financial considerations dominated their decision to retire. As a consequence, many discussed working well beyond the official retirement age in order to accumulate more adequate savings for their retirement. Most recognised that their likely retirement age would be some years after the desired age.

“My husband would retire tomorrow if he could. He works at night. He wants to take off in a caravan. I’d like to retire in my late 50s.” (Parramatta, lower income)

This was quite different from the higher income earners for whom the questions ‘when will you retire’ and ‘when would you like to retire’ were the same. For them, they would retire when they decided to retire, without much reference to financial considerations. The lower income group sees the world quite differently. For many, when asked when they would *like* to retire, they nominated 55, 60 and 65. However, there was a strong sense that these ages were constrained by factors outside of their control. Many said they would retire now if they could, but that the actual age at which they would retire would be determined by financial constraints. Some mentioned winning the lottery to illuminate the point that they would retire today if they had the financial means.

“If we all won Lotto, we’d all retire tomorrow.” (Bathurst, lower income)

“If you can afford it, do it now.” (Parramatta, lower income)

Many also said that while they planned to work for as long as they could, this depends on whether their employers are willing to continue employing them. In some circumstances, women were more inclined or more eager to work longer in order to keep busy, to keep mentally stimulated or because they enjoy their work. According to one,

“As long as you can work, you should.” (Bathurst, lower income)

But they too were concerned that their employers would not keep them as long as they would like. Said one woman:

“As long as they want to employ me, I’ll keep working.” (Parramatta, lower income)

The lower income Brisbane group was unique. Until this point, only one or two lower income earners had said as an afterthought that they would continue working even if they won the lottery in order to keep busy. Most others argued that they would retire immediately if they could afford to. However, the Brisbane group, while mostly agreeing that if they had the financial means they would retire earlier, did not cite financial considerations as the main deciding factor influencing their age at retirement. Instead, most argued that they would still work even if they did have the means to retire because they enjoyed the stimulation.

Almost all the higher income respondents and a large proportion of the lower income respondents planned to work beyond the official retirement age. However, higher income earners expect to work beyond the retirement age because they *want* to while lower income earners expect to work beyond this age because they *have* to.

Despite the fact that many of the respondents expect for one reason or another to work beyond the official retirement age, there was overwhelming hostility from all groups toward raising the official retirement age, understood to mean the eligibility age for the pension. The participants were asked: ‘*Now that people are living longer, do you think the retirement age should be raised?*’ A clear series of reasons emerged that formed the basis of this hostility. These were concerns about ageism, exhaustion and declining health, animosity towards compulsion, and a sense of entitlement based on an implicit contract with the state. We comment on each.

### *Ageism*

Many of the respondents had personally experienced ageism in the workplace, expressing concern about the difficulty of finding employment once reaching mid-40s. Many talked about the difficulty of competing against younger workers in a workplace that is biased against older people. Raising the retirement age, therefore, would force many people in their 60s onto unemployment benefits until they became eligible for the pension. In the case of some of the female respondents, they were more concerned about ageism than sexism. As one woman said, the glass ceiling is no longer a problem but ageism is a barrier. In this context, the participants felt that raising the retirement age would be unfair and nonsensical if there were no employers willing to hire and no jobs available. The higher income Brisbane group was an exception to this pattern; most said that ageism had not been a problem for them and that in fact, in their experience, older people had been in demand.

### *Health, exhaustion and type of employment*

There were several aspects of this. First, there was consensus that even though life expectancy is increasing, this would not necessarily constitute an increase in quality of life during old age. For them, despite increasing life expectancy, the number of ‘healthy years’ in retirement would remain the same and these years should be preserved rather than eaten away in paid work. There was a deep anxiety about maximising the number of ‘good years’ between retirement and a decline in health. In addition, many expressed concerns about those individuals who experience health problems leading up to or surrounding retirement age. According to one woman,

“People shouldn’t be forced to work; they may be sick or want to wind down.”  
(Parramatta, lower income)

And one man,

“You just get tired. I’m committed seven days a week to income earning. I want to take control of my own destiny ... to create a very different life-style.”  
(Bathurst, lower income)

Many lower income participants referred to physical exhaustion, clearly thinking of jobs that are physically demanding. The perception among many was that some individuals are in more physically demanding jobs and may be deserving of, and in need of, a 'rest' by the age of 65. This recognition of those in manual labour was stronger from lower income groups but it was present among high income groups as well. There were also concerns that the nature of some jobs made them almost impossible to continue beyond the current retirement age. As one woman said:

“No, it should be up to you. Some are well and truly ready to retire at 65.”  
(Parramatta, lower income).

There was some recognition of the exertion involved in non-manual labour, and the effect that this has, and concern for those who are eager to escape unsatisfying jobs.

“You’d burn out before you retire.” (Bathurst, lower income)

“If you enjoy what you are doing you don’t mind staying on. But many people can’t stand their job and want to get out as soon as they can.” (Sydney city, higher income)

### *Compulsion*

A key source of the opposition to raising the retirement age was a resistance to being compelled to keep working against one’s wishes. This stemmed from the propensity of the participants to value ‘choice’. People should not be forced to work longer, they chorused, despite the fact that almost all intended to continue work of some sort well beyond retirement age. If some want to choose to work for more years, they argued, that’s fine. The sentiment seemed to be that even though they planned to work beyond the current retirement age, they should not be *expected* to. Moreover, they should have the option of claiming the pension at 65. The reaction to the question was not so much to the idea of social fairness but to what they saw as ‘the government’ forcing people to keep on working. Said one man:

“You’ve got to draw a line in the sand; enough’s enough.” (Bathurst, higher income)

### *Contract*

There was also a strong sense among the participants that they were party to an implicit contract with the state according to which they would work until the age of 65 and then the government would make the age pension available if they needed it. There was a strong opinion that, by raising the pension eligibility age, the government would be renegeing on a promise, moving the goalposts on them without their consent. This indicated that the long-standing benchmark of 65 (for men) has become a social norm that people organise their thinking around. One man made the following point:

“When we were young we were told that we’d be working only 20 hours a week and have lots of leisure. Now people are working their guts out. I was exhausted

at 55. And now there is talk of raising the retirement age and keeping us all working longer.” (Bathurst, lower income)

This reflected an underlying sense of disappointment and even resentment among the baby boomers (perhaps more so among the lower income participants) that it hasn’t all turned out as they were led to expect.

In sum, several arguments underpinned hostility towards raising the retirement age. The opposition of the lower income earners tended to stem from concerns that some people are unable to work beyond the current retirement age due to poor health or type of employment. This was in contrast to the opposition towards raising the retirement age expressed by the higher income Sydney city respondents, who objected because ‘people should have the choice to retire at 65’, even if they decide to continue working beyond this age. The lower-income groups did not articulate as clearly as the high-income groups the ‘right’ to have a choice; they focused more on the consequences of being compelled to work longer. Many of the participants actually suggested that the official retirement age should be lower rather than higher.

### **3.3 Picturing retirement**

#### *What are your feelings about retirement? How do you picture your retirement?*

When asked about their feelings towards retirement, the overwhelming initial response of all participants in all groups was that retirement signified old age and its associated negative stereotypes. In fact, when asked about their feelings about retirement, these baby boomers seemed to conflate it with the question of how they felt about being old. This association was automatic.

“You think about retirement as for old people.” (Brisbane, higher income)

“Retirement feels old.” (Sydney city, higher income)

Fears about old age meant that, for these baby boomers, the traditional notion of retirement seems repugnant as it represents an image of frailty, disempowerment, decay, redundancy and inactivity. According to one participant:

“As you get older and more frail, you become more and more of a victim.”  
(Bathurst, higher income)

Many seem to fear succumbing to the ‘cardigan and slippers’ image of the old-age pensioner, the antithesis of the youth culture that boomers created. According to one, when you retire, “you are no longer a functioning, productive, successful individual ...” (Sydney city, higher income).

The assumption that retirement implies old age was accompanied by a widespread perception that old people were treated differently within society, with less respect. The participants did not like the idea of being treated “like a retiree”. Among some groups, there was a strong reaction (particularly among the women) to the often-remarked invisibility of the aged. There was also a widespread view that young people regard old people “as a nuisance and a waste of space” (Parramatta, lower income).

Some argued that they were already experiencing this.

“People aren’t interested in your opinions [anymore].” (Sydney city, higher income)

However, ageism was something the baby boomers were determined not to tolerate.

“I won’t take any of that crap.” (Sydney city, higher income)

“Our generation is getting older en masse, and has a stronger voice.” (Sydney city, higher income)

In this respect, the participants were highly apprehensive about retirement, which for them signified the move into the next life stage (perhaps this exposes the failure of ‘active ageing’ and ‘productive ageing’ campaigns to change the way boomers think about retirement). This had a significant impact on the retirement decisions of the group, or at least how they perceived and spoke about their retirement decisions. For them, if retirement means getting old, then it is important to delay retirement for as long as possible. One male who had reduced his working hours to part time discussed the way people reacted to his new employment status. He said that when he told people he was semi-retired, they said ‘aren’t you lucky’, but when he said that he worked part time, people were likely to express sympathy, assuming that he was unable to find enough work. Despite the more negative response, he still preferred to identify himself as a part time worker (rather than as semi-retired) because to him, semi-retired signified old age and he was not ready for that yet.

Not only did the participants feel strongly that retirement is a sign of old age, but they also believe that retiring would actually hasten the ageing process. Across every group, many were concerned about ‘vegetating’ and growing old quickly once they retire. Moreover, participants were worried that once they retired their ageing process would hasten and their health would decline more quickly, and that remaining in the workforce prevented this misfortune. One group argued that good planning was an important method of avoiding some of this anxiety.

“I don’t want to vegetate.” (Parramatta, lower income)

“It’s about having hobbies and community interests.” (Parramatta, lower income)

In addition to this central concern, the groups had a series of other anxieties associated with their retirement. These included anxieties about health, the unknown, loss of status or self-worth, and financial security.

### *Health*

Perhaps associated with anxieties about the ageing process, there was overwhelming concern expressed towards managing their health in retirement. A key theme in every group was the concern that their health would decline during retirement. One woman said:

“I sometimes get a bit scared; what if something happens to me (if I’m alone).”  
(Parramatta, lower income)

This concern was particularly strong among the lower income groups, although it emerged as a concern in higher income groups as well. Notably, while discussions of health within the higher income groups tended to emphasise concern about a decline in their health status, the health concerns of the lower income groups, while also emphasising declining health, were dominated by how they were going to *fund* their declining health. There was considerable anxiety about relying on the public health system, with many treating the public system as a last resort. In addition, many said that retiring earlier would be desirable because their parents had died only several years into retirement and therefore did not have a chance to enjoy the leisure time at the end of their lives. This was a particular concern for men.

*Loss of status or self-worth, and the unknown*

The participants felt strongly about ‘still being productive’ in their retirement. They were concerned that there is a stigma associated with ‘not being important’, and that this sense of importance stemmed from participation in paid work. Many were concerned about leaving the labour market because they anticipated an associated loss of social status. The higher income earners in particular expressed this concern. Among both men and women, some expressed concerns about being bored or unoccupied in their retirement, wondering how they would derive their sense of self-worth. One participant said he had a “subtle fear of retirement because I don’t know what’s in store for me” (Sydney city, higher income).

From many of the participants, when asked about their feelings towards retirement, there was a sense of anticipation tempered by anxiety about the unknown. The participants agreed that this was part of the reason they intended to retire gradually, to ease into the transition. They were also anxious about managing the transition out of their career jobs, which currently provided them with most of their social networks and their sense of self-worth; they were very aware that this would involve a big adjustment.

*Financial security*

This was an anxiety only among the lower income groups. Many (but definitely not all) of the lower income participants expressed deep anxieties about their financial situations in retirement. The overall impression from the lower income focus groups was that there is a real but unarticulated apprehensiveness about retirement. There was very little sense that it will be a golden time of freedom and opportunity to do all the things they have not been able to do. Money plays the largest part in fuelling this apprehensiveness. Few lower income participants subscribe to the rosy view of relaxation and leisure portrayed by the advertisers of the last stage of life. Much of the concern centres on whether they’ll have enough money to live reasonably comfortably, or to afford to participate in the hobbies they would like to do in their retirement. According to participants in one women’s group:

“I’m terrified (about)... financial security.” (Parramatta, lower income)

“It’s very hard unless your husband has a lot of super.” (Parramatta, lower income)

“Dealing with Centrelink is an absolute nightmare.” (Parramatta, lower income)

### *Moving and travelling*

The freedom that the baby boomers want to experience in their retirement is not something they want to express through moving house or spending a lot of time travelling. Very few of the participants envisage moving after retirement, and of those who do their plans are vague. Although some participants, once it was mentioned, liked the idea of moving to the coast, only one of the 80 or so participants expressed an intention to move near to the beach. Many did not understand why one would move away from friends and networks at a time when one will need them most. A few said that, while they would like to move, they felt bound to their current location, either through their partner’s work, or through the need to be close to children, grandchildren or elderly parents. Others expressed the desire to be close to family and to medical facilities in case their health deteriorates and they need support. These results challenge the expected spread of the ‘sea-change phenomenon’ as baby boomers retire.

“It’s strange to move when you are older, to move away from friends and family.” (Sydney city, higher income)

“I’d love to do a sea-change, but my husband will never retire. And I couldn’t stand to have him at home all of the time.”<sup>10</sup> (Sydney city, higher income)

While some in both the higher and lower income groups did express a desire to travel, both in Australia and overseas, this was not nearly as high on the list of priorities in retirement as expected. In addition, of those who do plan to travel, the trips will be short, rather than spending extended periods travelling. There was very little interest, therefore, ‘in grey nomadding’, and this phenomenon may soon go into decline.

### *Caring for grandchildren*

Many of the participants expect to be caring for grandchildren in their retirement. However, there are mixed views about this responsibility. Among the women, many are looking forward to spending a lot of time with their grandchildren and to helping their children with child care. However, a significant number of women said that continuing to work rather than retiring will provide them with an excuse not to baby sit the grandchildren. These reluctant grandmothers said that they wished to remain in work to side-step the expectations of their children. They resent the way in which ‘younger people (i.e. their children) think it’s the grandparents’ duty to look after them (the grandchildren)’. Views of grandkids were therefore split with some looking forward to spending time with their grandchildren and others developing strategies to avoid being lumbered with them. On the other hand, many of the men were looking forward to

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<sup>10</sup> Notably, many women said that they were not looking forward to their husbands being ‘under their feet’. This is in contrast to some of the men who talked about the importance of retiring at the same time as their partners. They take the view that retiring before their wives did would make them feel guilty or selfish. Women did not express similar sentiments.

taking time to spend with their grandchildren, with several mentioning that they regretted spending too little time with their own children and want to compensate.

### *Hobbies and interests*

In contrast to many of the anxieties that emerged in response to these questions, the participants spoke very positively and with enthusiasm about pursuing hobbies and interests in retirement. To begin with, they stressed the importance of having something to do in retirement. Many talked about the importance of *planning* activities in retirement. This is important, they argued, in order to prevent boredom and ‘vegetating’. Some participants have sophisticated and realistic attitudes towards the retirement process, understanding that it is a transition that one needs to prepare for in more than just financial ways. They recognise that it is important to adjust one’s lifestyle expectations when one retires. One man, for example, had deliberately taken up hobbies leading up to his retirement so that he had developed his interest prior to his retirement and purchased the necessary equipment while he is still earning an income. Participants in the Brisbane groups spoke favourably of Brisbane City Council’s GOLD Program (Growing Older and Living Dangerously), a series of Council subsidised activities, such as yoga, art, cooking and sports, for over 50s designed to help older people keep active and engage with the community.<sup>11</sup>

All agreed that keeping active in retirement is essential, with some citing physical activity and others stressing the importance of continuing to ‘use the brain’. Hobbies and interests include intellectual and artistic pursuits such as tertiary education, musical instruments, and various art forms such as pottery and woodwork. Some intend to combine hobbies with earning some income, such as through cultivating an orchard or selling gourmet food at local markets. For many men, sport fills a significant role in the way they imagine their retirement, whether it be watching, playing or umpiring sport. Some of the lower income earners did argue, though, that it would be ‘lovely’ to have enough money to pursue all the hobbies they pictured in their retirement.

The idea of volunteering was also very popular, particularly among women, with some already involved in voluntary work before retirement. The community-mindedness of many of the lower income women was noticeable, with many saying they want to contribute to the community after retirement.

### **3.4 Age pensioners *versus* self-funded retirees?**

***Do you think society looks on age pensioners and self-funded retirees differently?  
How would you feel about being on the age pension as opposed to self-funding?***

When asked if age pensioners and self-funded retirees were perceived differently, the question was met with puzzlement. The participants were inclined to say ‘yes’, but had difficulty or were reluctant to explain why. The distinctions they came up with were physical and financial. Some talked about the notion that age pensioners are perceived to be ‘old biddies’ with walking canes, whereas self-funded retirees are perceived to be more active and involved in society. Some observed that you wouldn’t be able to tell the

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<sup>11</sup> [www.brisbane.qld.gov.au](http://www.brisbane.qld.gov.au)



difference, suggesting that our abstract question is translated into behaviour on the street. Others said that society treats them differently through the provision of discounts to pensioners only.

However, the more common distinction made was financial or economic. The difference in perception, they said, stemmed from a divide between rich and poor – self-funded retirees are perceived to be rich and age pensioners poor. Self-funded retirees are affluent, they say, and can afford to go shopping while age pensioners cannot. When asked to consider differences between age pensioners and self-funded retirees, the participants did not raise moral ideas about responsible citizenship, self-sufficiency, idleness or reliance on the state. There was widespread agreement that pensioners are not viewed as second-class citizens or suffer any stigma. A few even expressed the view that pensioners are treated *better* than self-funded retirees because they are entitled to various discounts. Only one member spoke of the social stigma associated with being a pensioner. This very vocal participant was intent on criticising the ‘bludgers’ who did not save for retirement. Another said:

“Pensioners haven’t saved.” (Brisbane, higher income)

Some did concede that while they do not judge age pensioners for being on the pension, pensioners may judge themselves as having somehow failed.

For the participants, therefore, while self-funded retirees are seen to have a financial advantage, they are not seen as more virtuous. There was mention of some people taking advantage of opportunities but this did not include any moral censure of those who fail to do likewise. The discussion was couched more in terms of luck than anything else. When asked if self-funded retirees are more respected because they are more independent, one man said:

“No, they are just seen as lucky.” (Parramatta, lower income)

One higher income group dwelt on what they considered to be the coming great social divide between those who will be able to provide for themselves in retirement and those who will not. The divide is marked in large measure by whether someone has been able to buy an investment property.

Some participants believe that, although the public perceive self-funded retirees as being wealthy, this is not in fact the reality and that many self-funded retirees are struggling financially. Some suggested that while age pensioners and self-funders are not perceived differently in terms of social status, perhaps they should be. According to one man:

“Self-funded retirees should be on a pedestal – they should be the best of the best.” (Parramatta, lower income)

Perhaps this indicates that while self-funded retirees are seen to be responsible, thrifty citizens, this is not accompanied by a moral judgment about the character of people who do not self-fund, at least among baby boomers.

It is significant that the respondents who argue that age pensioners should not be stigmatised, are also quick to criticise the moral failings of people on unemployment benefits. This implies that the acceptance and legitimacy of the age pension is due not to a liberal view of social security, but to a belief that the age pension has an elevated status, above other forms of social security payments. The difference arises from a situation in which the misfortune of younger people tends to be blamed on their own individual failure, whereas older people in poor financial shape are seen to have fallen on hard times. The unwillingness to make moral judgments about age pension recipients is due in part to an assumption of prior contribution.

Among the low income groups, there was great hostility directed at Centrelink. Many of the respondents said that in their experience with Centrelink, and that of their friends and family, it had made them feel like second class citizens. So, although these respondents believe that society does not perceive age pensioners as second class citizens, Centrelink and those who worked there do. Perhaps this indicates that the Government is attempting to promote, through the direction and administration of its policies, a certain kind of discourse about the moral character of all welfare recipients, but that with respect to the age pension it is not yet a discourse that has caught on publicly.

When asked how they would feel about being on the age pension as opposed to self-funding, the participants again thought in financial terms. They said that they would not feel good about it because they would have less money, not because they see self funding as being more virtuous or signifying any qualities that they aspire to. Some said that it depends on how much one is accustomed to living on, and the more significant the drop in income, the more difficult it would be to live on the age pension. Some said that they had seen their parents living on the age pension and that they themselves didn't want to live like that.

One of the members of the group mentioned self-esteem and how it is bound up with receipt of the pension. But the group explicitly rejected the idea that living on the pension should mean a lower self-esteem or a loss of self-respect, agreeing that they would not have lower self-worth if living on the pension because they would still have worked all their lives. This indicated that their conceptions of self-respect that are bound up with citizenship derive from their contribution throughout their working lives, not their capacity to save in order to self-fund in retirement.

Despite explicitly rejecting the notion that age pensioners are stigmatised or disrespected, the participants said of self funding:

“I would feel pretty good if I did not have to rely on the pension, because it would mean I had done well in life.” (Bathurst, lower income)

“I'd feel a lot happier in myself if I'd provided for my own retirement.”  
(Bathurst, lower income)

And of receiving the age pension:

“It would be the pits.” (Brisbane, higher income)

“I’d try to avoid it at all costs.” (Bathurst, higher income)

These comments seem to contradict the view that they (and society) do not see pensioners as second-class citizens, and indicate that there may be a stigma that the participants are not acknowledging. Yet the sentiment seemed to be that there is nothing wrong with taking the pension if you have to but they themselves would rather not, both because it means they will be poor but also because they want to feel independent. Perhaps the root of this was the idea that while others would not judge them and that they would not judge others for being on the age pension, most did agree that they may judge themselves. Another explanation is that this may signify a generational shift. There is clearly no stigma attached to current recipients of the age pension but there are some signs of an implicit stigma attached to future receipt of the pension, indicating that receipt of the pension is being slowly de-legitimised. An example of this was the way in which the participants refused to concede that they may need to claim the age pension in their own retirement. Pensioners are not stigmatised by baby boomers now but they will be by younger generations by the time baby boomers retire. Perhaps this is a silent indicator that there are subtle moral judgments attached to *future*, rather than current, receipt of the age pension.

### 3.5 Age pension as entitlement

***Do you think that all Australians are entitled to the age pension when they reach retirement age? Does the government have a responsibility to provide the age pension? Do you think the age pension will still be around in 20 years time?***

When asked if everyone is entitled to the age pension, the response was generally hesitant, followed by a reserved ‘yes’ (the group in Brisbane was again an exception, being the only group to respond with a ‘no’). Participants generally responded in the affirmative initially, followed spontaneously by comments such as ‘because we’ve paid our taxes’ or ‘because we’ve worked hard’. This was perhaps because their initial thought was of their own eligibility, and they were all people who perceived themselves as having contributed. When prompted to think beyond their own entitlements as taxpayers, opinions were complicated. When asked whether non-working mothers who have not been in paid work and had not paid taxes should be entitled to the age pension the responses were unanimous; non-working women have also made an important contribution to society.

“That’s still supporting Australia.” (Bathurst, higher income)

“They are performing a community service.” (Parramatta, lower income)

In fact, many of the respondents – both women and men – believed that non-working women had made a *greater* contribution, for which they had not been financially compensated, and were therefore in some way *more* deserving.

“It’s a tough job and they’re not paid for it” (Parramatta, lower income)

And according to two male participants:

“They’ve probably worked much harder”. (Parramatta, lower income)

“Give them a medal as well [as the pension].” (Brisbane, higher income)

In addition, all participants agreed that non-working women should be eligible because they have been supporting their husbands who have been paying tax, and therefore been paying tax indirectly. The groups conceived of paying taxes in terms of the family unit rather than individually.

However, the ‘yes’ response to universal entitlement was always followed by a series of qualifications. First, while they agreed that everyone should be eligible for the age pension, they expressed strong views about what they perceived to be a lack of recognition for self-funded retirees (recognition of their ‘responsible’ saving behaviour and consequent self-sufficiency). Some participants, particularly higher income men, agreed that self-funded retirees should get tax concessions because “they paid taxes too”. Many believed that self-funded retirees have to pay unfair penalties through taxes (and seemed to be unaware that they do already receive generous tax benefits). Also, many argued that self-funded retirees should at least receive the fringe benefits associated with the pension, especially the Seniors Card (many were unaware that it is not means tested). Some even argued that self-funded retirees should also be eligible for the age pension, implicitly supporting the abolition of the means test.

“It annoys me that we’ll get nothing; but we paid big taxes. We should be entitled to *something*.” (Parramatta, lower income)

“We’ve saved our money and won’t get the pension, while others have lived it up and will go on the pension.” (Brisbane, higher income)

“Someone who has thought ahead should not be penalised.” (Bathurst, lower income)

Nonetheless, the groups distinguished between what they saw to be ‘self-funded retirees’, and the ‘very wealthy’, with many arguing that “the Packers and the Murdochs” should not receive the pension. In addition to the very wealthy, the participants mentioned a series of other exceptions to eligibility for the pension including, for some, immigrants, people who aren’t thrifty (or those who could have saved but have been indulgent throughout their working lives), and ‘bludgers’ who have lived on unemployment benefits throughout their lives. In fact, ‘bludgers’ was a word that was used very frequently, with others speaking of ‘those ferals on welfare’, and ‘people who’ve always been on the dole’. Participants who took a more liberal view of welfare recipients were a small minority and were mostly unwilling to press the point.

The general view was that everyone is potentially eligible for the age pension but idleness forfeits one’s right. The latter was expressed more strongly in the lower income groups. The heavy emphasis on the virtue of hard work was unmistakable. For the participants, a life of hard work conferred nobility and entitlement and, conversely, those who did not work, who bludge, are viewed with contempt. Both paying taxes and raising children are seen to be contributions to the community and both deserve recognition and reward. As a result, if we had asked if everyone was *deserving of*

(rather than eligible for) the age pension, the immediate answer may have been ‘no’ rather than ‘yes’.

The responses very much confirmed the analysis of Shaver and Thomson, that is, that the right to the aged pension has not been challenged, but that notions of deservingness, right, and need have become confused. Almost all see the aged pension as a social right of some kind. Within this, there are two strands of thought. Some see the right to the pension as flowing from past contributions to society (work and tax paying). The other strand associates the right to the pension with need, including antagonism to those who claim the pension but don’t ‘need’ it. Means testing may serve to meet both criteria. There was strong support for the idea of universal access to the pension in cases of need, as a ‘safety net’, but at the same time (and in contradiction) some argued that those who had refused to save for retirement and ‘lived it up’ instead should not be entitled to receive the pension. The use of the phrase ‘safety net’ occurred frequently, yet none seemed to recognise that the idea of the age pension as a safety net represents a sharp break with past notions of the pension as an entitlement of citizenship. For most, the ideal world would be one in which everyone was encouraged to save for their retirement and did so diligently but that if, for no fault of their own, they could not provide for themselves then they should receive the pension. In sum, the thought process about eligibility for the age pension seems to operate like this: people who have worked and saved deserve it but do not need it; people who have not worked or saved need it, but do not deserve it. For the latter group, it is as though the participants were begrudgingly willing to support the provision of the age pension to this group, if only because they concede that there is no alternative.

“Without it, people would be on the street or stealing.” (Bathurst, higher income)

“Fortunately, in Australia no-one’s left to drop by the wayside. Some have worked hard, others have taken it easy.” (Parramatta, lower income)

This was a very appealing concept to all groups and seems to reflect a basic ethical principle, one that has not been eroded by two decades of neo-liberalism and downwards envy, the idea that in the end society has an obligation to keep people from destitution.

Remarkably, when discussing entitlement to the age pension and how this entitlement is earned, the idea of a social insurance scheme was mentioned in several of the groups and supported by many. Here, many expressed their support for a social insurance scheme (the groups mentioned those of Britain, Germany and Singapore) as a method of enforcing contribution and legitimating receipt of the age pension. The social insurance scheme, argued these participants, is something Australia should aspire to. For them, a system in which citizens contribute towards their own social security payments throughout their lives would legitimate a universal age pension.

#### *Government responsibility*

Despite the sentiment among the participants that not everyone is deserving of an age pension, the participants all agreed that the government has a responsibility to provide

it. While several participants agreed on the grounds that ‘we should look after our own’, the overwhelming response was that this responsibility stemmed from some sort of implicit ‘bargain’ that the participants had with the government. For them, they had fulfilled their responsibilities by working and paying taxes throughout their lives, and when they retired it would be the government’s role to fulfill their part of the bargain and make the pension available if they needed it. It would be unfair of the government to ‘shift the goalposts’ this late in the piece. If the government failed to provide the pension, this would be seen as a breach of contract, indeed, a betrayal.

Another view that emerged strongly was that the government had a responsibility to provide an age pension *specifically to baby boomers*. The group had a strong sense that they were owed something by government because baby boomers had ‘missed out on super’. The participants believe that they had been ‘caught in the middle’, whereby they had not had the opportunity to accumulate enough super to self-fund in retirement, yet the government kept telling them that they should be providing for themselves and not reliant on the state. They argued that they were the generation that got caught between the devaluation of the pension and late introduction of super, or that, in an age when greater self-reliance is expected, there was not enough time to accumulate enough super to self-fund. This they argued made their generation worse off. It is not fair.

“Our generation is between a rock and a hard place.” (Parramatta, lower income)

“The government has had 40 years to work out how to fund my retirement.”  
(Bathurst, higher income)

“We’re the first bunnies, the first generation that will have to look after ourselves.” (Parramatta, lower income)

Moreover, they had a strong sense of *generational entitlement*. They were very supportive of the concept of the super co-contribution, arguing that perhaps this should be extended just for baby boomers.

There is also a strong feeling that the government is ‘not doing enough’ to help people fund, organise and save for their retirement. While all agreed that the government has a responsibility to provide a pension, there was a deep sense that it also has a responsibility to encourage people to save. This included support for policies that encourage and facilitate greater self-provision, including increasing the compulsory superannuation contribution above 9 per cent (although a few worry about the burden on small business), cutting contributions taxes and doing something about the fees charged by super funds. In other words, there is very strong support in the community for forced saving – which stands in contrast to the desire for greater choice in other areas, notably the timing of one’s retirement. While all agreed that the government has a responsibility to provide a pension, there is a clear view that it also has a responsibility to encourage people to save. This is not just a shift along neo-liberal lines, from state responsibility to individual responsibility; individual responsibility should be supported and facilitated by the state.

Among many of the participants, there is an awareness that the government is actively putting them “more and more in charge of our own destiny”, including the recognition

that the government is trying to reduce the number of people on the pension. Some members believed that ‘the system’ made it easy for people to rely on welfare, implying that the above trend may be part of a broader objective of making it more difficult to receive social security payments. However, some expressed the view that if this was the objective of government, then there needed to be far more information and advice available. This was not helped by a deep distrust in both government and the banks. Moreover the participants agreed on the idea that if they were expected to take more responsibility for their future circumstances, then they need the advice and knowledge to be able to do so. This advice, they argued, was not currently available.

Therefore, despite the sense that the government had a responsibility to provide the age pension, many believed that the government’s ultimate intention was to phase it out completely. One respondent said

“Sooner or later it’s not going to be there at all fullstop.” (Parramatta, lower income)

When asked if they thought the age pension would still be in existence in 20 years, the immediate response of all participants was ‘no’.

“I don’t think it will be but I think it should be.” (Bathurst, lower income)

“I hope so!” (Brisbane, lower income)

But upon reflection they said that it was in the process of decline but it might be more like thirty or forty years before it will be abolished. Many believed that while it would still be around in twenty years, it would be in a diluted form. Upon further reflection still, the participants discussed the need for some form of safety net, arguing that the government would have no choice but to continue to provide some form of financial support.

“It would be a brave government that got rid of it.” (Brisbane, higher income)

“It can’t not be (available), because people would start dying of poverty.” (Bathurst, lower income)

“There will still be people on low incomes no matter how much they have tried (to save for their retirement).” (Brisbane, higher income)

“There’s got to be a safety net somewhere.” (Parramatta, higher income)

Moreover, while all recognise that the government is pushing everyone towards self-funding, and some recognise that there will be fiscal pressures associated with population ageing, all agree that there will always be a need for the government to provide the pension for the very under-privileged or unlucky. They therefore see a universal right becoming no more than a safety net.

### 3.6 Funding retirement

*Do you think the age pension is enough to live a comfortable retirement? How do you plan to fund your retirement? How much do you think you'll need to fund your retirement?*

When asked whether the age pension is enough to live a comfortable retirement, the knee-jerk response of most participants was 'no'. Both men and women reacted immediately and strongly with 'definitely not'. But on reflection a range of issues emerged. Some argued that the age pension was enough to survive, but not enough to live comfortably. Many said that it was designed for 'subsistence living', and that the current rate of pension was even insufficient for this purpose. Some participants were not aware of the fringe benefits associated with the age pension, and others were, but all agreed that it would be very difficult to live comfortably on the pension. One man described the age pension as 'a pittance'. However, on further consideration, most participants said that if you had to then you could get by, but only if you owned your own home. There was a strong emphasis on home ownership as a means of living more comfortably in retirement, and as the only means of being able to get by on the age pension in retirement. Some mentioned that the age pension level did not take into account declining levels of home ownership.

Most indicated that they could adapt if they needed to, but they would have to forgo luxuries and extras such as theatre and travel. One summed up the feeling like this:

"I know I could live on it, but I wouldn't want to." (Sydney city, higher income)

And according to one overweight male:

"You could survive on it but I'd be a lot thinner." (Brisbane, higher income)

Many of the participants, however, said that you could not live on the pension in Sydney, where costs are higher.

While the participants did concede that the pension would be enough if you owned your own home, they expressed concerns about the ability of the age pension to cover health needs and medicines. This was particularly pertinent as the groups, especially the lower income ones, were all concerned about deteriorating health in older age, and associated escalating health costs. Relying on the age pension, one man argued, would mean that "you'd have to rely on the public health system".

Throughout all groups, the public health system was held in low regard, as something you would use only if you absolutely had to. However, one woman noted that they would have been much better off putting their money into extra super than private health insurance. A further problem the participants foresaw with living on the age pension was one-off, unpredictable expenses, like if the car or fridge broke down.

Taking a more positive tone, some said that their parents were getting by on the pension and a couple even said that they could save some money.



“My parents are on the pension and they live reasonably well. They’re perfectly happy and they’re saving money! But they have an extremely limited range of interests.” (Brisbane, higher income)

This view was shared by both lower and higher income groups, although the latter tended to see it more in terms of “basic necessities only”. According to one higher income earner

“My mum lives on the pension but she can’t buy some of the things she loves, like imported cheese.” (Bathurst, higher income)

Oddly, it seemed that the higher income groups more readily reached the conclusion that one could get by on the pension with a change in lifestyle. Perhaps this was because they do not have to actually contemplate doing it; so it’s easier to accept.

#### *Funding of retirement*

Almost all of the participants said that they had accumulated some superannuation, but they had diverse ideas about how much they would need annually in retirement. The ranges of income elected varied from \$40,000- \$65,000 per annum for higher income earners, to \$30,000- \$35,000 per annum for the lower income earners. The figures referred to the annual income for a couple, with some referring to after tax. There were, of course, some exceptions. Some higher income participants said \$30,000, and one lower income group mentioned \$10,000- \$16,000 (although some seem to have been thinking of an amount for a single person and it was acknowledged that this would be pretty basic), but it was difficult to discern if these responses were a product of the focus group situation in which frugality was seen as a virtue. Nonetheless, there was a clear difference in the expected annual income between higher and lower income earners. In addition, the question asked was ‘how much do you think you’ll need to fund your own retirement plans’, which may have led some to cite a figure that they aspired to but that may not necessarily be realistic.

Some higher income earners specifically said \$30,000- \$50,000 in *superannuation*. A few said that they expected \$65,000 per annum so they could take an overseas trip every two years plus domestic holidays.

“We’ve worked out we’ll need \$65,000 too.” (Brisbane, higher income)

A sign of a disparity *within* the income groups was apparent when someone in the same high income group as the participant who made the above observation said

“To me \$65,000 is a big amount. I never earned that when I worked full-time.” (Brisbane, higher income)

Among lower income earners, some ideally wanted to have an income similar to their pre-retirement income, with one making the intriguing observation:

“Our happiness now should not go backwards.” (Brisbane, lower income)

Others said that they would like to earn in retirement the amount they currently earn after tax, but many realised that this is an unrealistic expectation. Others said that they would aim for approximately two thirds of their current earnings. Most of the higher and lower income participants were accepting of a reduction in income in retirement, through the recognition that you do not need or spend as much when you get older. They talked about making sacrifices now in order to be comfortable in retirement, but also agreed that they would need to adjust their expectations downwards in retirement. They also said that this adjustment would not be too difficult because, at their age, their expenses (except health expenses) were lower and because they had a heightened consumer awareness and were not fooled by advertising. One higher income earner said “I’m kind of over the status thing”, others agreeing that they are not as concerned about “keeping up with the Jones’s”, indicating that they were reducing their discretionary spending.

When asked how they would fund their retirement, virtually none, even in the lower income groups, said they would just go on the pension. Most mentioned superannuation and those who didn’t mentioned other forms of private saving or investment. One or two said they would try and organise their finances so that they were eligible for a part pension because they wanted access to the fringe benefits, not because of the income supplement it would provide. One respondent said that “the age pension would be a bonus but I’m not relying on it because it might not be there”.

Among higher income earners, there was some reluctance to talk about how they would fund their retirement. However, responses came out slowly and the comment of one man seemed to sum it up:

“Super, part-time work and sale of assets as needed. The pre-requisite is to have the mortgage and other debts paid off.” (Bathurst, higher income)

Many of the higher-income women talked about their own superannuation savings, rather than relying on their husbands’ super. They also spoke of properties, some of which were in their own names. Curiously, some of the women in the higher income Sydney city group had not factored their partners into their retirement plans at all. One said that she had only been married five years or so, another said she would have no qualms leaving her partner to do what she needed in retirement, and a third said that her partner would probably die early in retirement due to his lower life expectancy, and so she was planning other arrangements. A few of the higher-income group in Brisbane intended to sell their homes and downsize, and combine the excess money with superannuation, other property and shares.

Among the lower income earners, who were more forthcoming about their financial plans in retirement, most said they intended to fund their retirement through super. But when probed, several said they intended to supplement the part pension with superannuation, or earned income from work. Some said they planned to arrange their affairs to get a part pension. These participants preferred the idea of using the age pension to supplement other income, rather than depending on it. For example, in one group, several had said ‘super’ but when one participant spoke of being on a part pension to get the fringe benefits, others conceded that this is what they were intending to do too. All were careful to say though that they were doing this ‘only for the fringe

benefits'. It is likely that many of the participants in the other lower income groups also intend to do this but did not say so. Instead, when asked the same question, they just said 'super'.

Other low-income earners, when asked how they plan to fund their own retirement, said "I don't know". Some said "No idea". They acknowledged that they would not have enough superannuation but seem unwilling to declare that they will rely on the pension. "Lotto" was an immediate response in one group that attracted a laugh. This seemed to capture a view that they weren't too sure how they would fund their retirement and were hoping that things would work out. (This is in marked contrast to the higher income earners, most of whom had it all worked out.) Few of these lower income earners were willing to say that they would rely on the pension, which may reflect a reluctance to admit to 'failure'. Only one man said he'd happily accept the pension, "it's a bonus". But even his comment implied that the primary responsibility for funding retirement was his own through superannuation, and that the pension would be an added bonus on top of his earnings.

Some of the lower income women said they would have to sell the family home or rely on their children to help out. One said she had very little super and would rely on the pension. Another said her objective was to avoid ever having to deal with Centrelink whose activities she sees as very intrusive.

"They even want to know if you have a money-jar at home. ... The staff treat you as if they're paying it [the pension] out of their own pockets." (Parramatta, lower income)

Throughout all groups there was an overwhelming sense that the age pension is perceived as a last resort. While there is a strong sense of entitlement to it if they need it, many are trying to do all they can to prevent having to rely solely on the age pension in retirement. This is probably very different from their parents' generation, 70 per cent of whom currently rely in full or in part on the age pension. This may be a result of a successful campaign by the Federal Government designed to promote the view that the age pension is only a safety net. The participants frequently used this term.

"The age pension should be a safety net for those who cannot look after themselves." (Parramatta, lower income)

### **3.7 Fairness between generations**

***Do you think it's fair for the generations behind you to fund your retirement? Will you leave an inheritance for your children?***

The participants all strongly agreed that the generation below them had a responsibility to fund the baby boomers' retirement. This was primarily justified by the belief that they, the boomers, had funded the generation before them.

"We funded the one above us." (Sydney city, higher income)

“It’s always been that way.” “The money’s got to come from *somewhere*.”  
(Parramatta, lower income)

In other words, there is a firm belief among boomers in the intergenerational contract. The participants thus believe that they are owed something by the generation below them. This was both in a private and a public sense. In a private sense, many of the participants responded by saying that they either had supported, or were supporting, their own children and that as a consequence, they deserved to have this generation fund their age pensions. For example,

“We raised ‘em.” (Bathurst, lower income)

“We’re supporting those coming up behind us.” (Bathurst, higher income)

In a public sense, there was a perception among some participants that a majority of the generation below them is in receipt of social security payments. As a result, they believe themselves to be ‘funding’ the lives of a whole generation after them. Several of the participants expressed this view. One said that it is reasonable to expect the generation below to fund his retirement because his generation was funding.

“All those kids on the dole and the kids on youth allowance.” (Parramatta, lower income)

Moreover, when asked if the generation after them should fund their retirement, the group agreed that they had funded both the generation before them, and the upbringing of the generation after them.

“We funded *our* parents. We paid taxes to support the generation ahead of us, and we have supported the younger generation (through education etc).”  
(Brisbane, higher income)

The sentiment that they had funded the generation below them was one expressed predominantly by the lower income earners, perhaps reflecting the greater acceptance by higher income earners that they contribute to their children’s upbringing.

There was some hostility towards Generation Y, as if they had not made the most of the opportunities they had. In reference to leaving an inheritance, many of the respondents agreed when one said:

“We owe our kids a good education and a good upbringing ... but we’re entitled to our own life. We’ve worked hard, why would we leave them anything? The house will do. I’m not going to starve in a garret.” (Parramatta, lower income)

Another said:

“The best gift is an education for your children; if there’s something left over they can have it.” (Parramatta, lower income)

The participants had mixed feelings about leaving their children money, saying they would like to enjoy their own assets but also leave some inheritance to their children.

Most had no plans to save in order to leave an inheritance for their children, but are happy for their children to inherit what is left. In contrast to recent media hype about this phenomenon, only one or two of the participants mentioned deliberately using up all of their assets, or ‘skiing’ (spending the kids’ inheritance). One man said:

“No, I’m in the ski-club.” (Parramatta, lower income)

The general sentiment was that the participants would like to leave something for their children but not at the expense of enjoyment of their own retirement. Most of the higher income earners said that they would be leaving money (or at least the house) to their children but would not be sacrificing lifestyle in their retirement in order to leave more. However, this is not an issue they seem to have thought a great deal about. For them, their children were financially secure and would not need or rely on inheritance from their parents. Some thought it more important to help out their kids now by providing funds towards a deposit on a house, or helping fund the education of their grandchildren. However, among the low income participants, many said that they didn’t have a choice about whether they would leave any inheritance for their children because they didn’t have anything to leave. For them, the general view was:

“If I have it then, yes, I’d leave it.” (Bathurst, lower income)

There are mixed feelings about whether baby boomers had it easy. They agree they certainly had it easier than their parents, and that there were more opportunities for them. But younger generations have had it much easier with high levels of affluence. On the other hand, there is deep concern about the difficulty of young people (i.e. their children) to buy their own homes, given the much higher prices of houses (which the boomers themselves have benefited from).

“Kids these days haven’t got a *hope* of getting a house.” (Parramatta, lower income)

In Section 5 we draw together and comment on the data from the focus groups, with the added insight that the survey brings to some of these questions.

## 4. Survey results

### 4.1 Survey method

The second component of the research was a Newspoll survey, designed to examine just how widespread the attitudes and experiences of our focus group participants were. We chose several of the themes that were raised in the focus groups, which were then asked through the Newspoll survey (see Appendix B for the list of questions). A random sample of 829 respondents aged 45-59 were interviewed by telephone over the periods 5-7 May (first round) and 12-14 May (second round) 2006. The sample was stratified to ensure accurate quotas for each state and each telephone area code.

### 4.2 Working intentions

The first question was asked only of those currently in employment (627 respondents).

*Do you expect to continue to work in paid employment, either full time or part time, beyond the current official retirement age of ... 65 (males)/63 (females)?*

The focus group work indicated that there is a widespread expectation among baby boomers that they will continue to work beyond the official retirement age but that the reasons for doing so differ sharply between richer and poorer baby boomers. Richer boomers, who expect to self-fund their retirement, were more likely to nominate life-style reasons while poorer boomers are more likely to mention financial needs. Thus the survey also asked respondents to nominate their main reason for continuing to work in paid employment. Is it mainly for financial needs, job satisfaction or keeping busy?

The results are shown in Tables 2-5.

**Table 2 Do baby boomers expect to work after retirement? By sex and age (%)**

	Total	Sex		Age		
		Male	Female	45-49	50-54	55-59
Yes – Total	43	43	43	40	42	47
Full-time	16	19	11	14	15	19
Part-time	25	21	29	24	26	24
Don't know	2	2	3	3	1	4
No	52	52	52	55	53	45
Don't know	6	6	5	5	5	7

Note: Totals may not add to 100 due to rounding. n = 627 (829 less those not in employment)

Source: Newspoll survey commissioned by the Australia Institute

Among those currently employed only 43 per cent expect to continue to work beyond the official retirement age and of those 58 per cent expect to work only part-time (Table 2). While on the face of it this seems to contradict the conclusion drawn from the focus groups that most boomers expect to keep working, the survey question seems to have been interpreted by many as meaning an expectation to continue working at the current job. Many boomers expect to ‘change careers’ at retirement and either set up a small business or shift to casual work or consulting.

There is no apparent difference in working intentions between men and women, although more women expect to work part-time. Interestingly, those boomers close to retirement (those aged 55-59) are more likely to expect to work beyond the retirement age, perhaps because they will have had less time to accumulate super or because, on the verge of retirement, they have a clearer picture of their financial status. From Table 3 it is apparent that current work status has no influence on expectation about continued work, although part-time workers are much more likely to expect to work part-time. On the other hand, compared to households on more modest incomes, high income households are much less likely to expect to continue working beyond retirement age - 36 per cent compared to half of those from low-income households and a similar proportion among middle-income households.

**Table 3 Do baby boomers expect to work after retirement? By work status and income (%)**

	Total	Work status now		Household income		
		Full-time	Part-time	Less than \$30000	\$30000 to \$69999	\$70000 plus
Yes – Total	43	42	44	51	47	36
Full-time	16	20	6	17	16	14
Part-time	25	20	37	29	28	21
Don’t know	2	3	2	5	2	1
No	52	53	51	48	45	59
Don’t know	6	6	5	1	8	5

Note: Totals may not add to 100 due to rounding. n = 627

Source: Newspoll survey commissioned by the Australia Institute

Tables 4 and 5 report on the reasons baby boomers expect to continue working beyond the retirement age. Forty-seven per cent say they expect to do it for financial reasons while 50 per cent nominate job satisfaction or keeping busy. Women are substantially more likely to nominate financial needs, probably reflecting the more parlous financial situation of older single women (Table 4), a fact confirmed in other studies (Olsberg

2001). In the case of women born in the baby boomer generation, the effects of feminism came far too late for many to have acquired financial independence.

**Table 4 Reasons for baby boomers expecting to work after retirement. By sex and age (%)**

<i>Main reason</i>	Total	Sex		Age		
		Male	Female	45-49	50-54	55-59
Financial needs	47	37	59	45	56	42
Job satisfaction	19	26	11	20	20	17
Keeping busy	31	33	29	33	23	38
Don't know	3	4	1	3	1	4

Note: Totals may not add to 100 due to rounding. n = 266 (829 less those not employed and those not expecting to continue working after retirement)

Source: Newspoll survey commissioned by the Australia Institute

Whereas Table 3 shows that lower income earners are more likely to continue working beyond official retirement age, Table 5 shows that motivation to continue working also varies by income. Low-income earners are more likely to nominate financial need as the reason to keep working beyond retirement age. Of those earning less than \$30,000, 49 per cent nominate financial need as the driving factor to keep working, compared to only 33 per cent of those earning above \$70,000. This is consistent with the thesis that emerged in the focus groups that lower income earners are more likely to keep working beyond retirement age due to necessity whereas higher income earners are more likely to do so through lifestyle choice.

Curiously, 57 per cent of those earning between \$30,000 and \$69,999 nominated financial need as their reason for continuing to work, a larger proportion than the lower income group. Perhaps this is because lower income earners have lower expectations for their retirement incomes, or are aiming only to supplement age pension income, whereas the middle-income group is still aspiring to self-fund.



**Table 5 Reasons for baby boomers expecting to work after retirement. By work status and income (%)**

	Total	Work status now		Household income		
		Full-time	Part-time	Less than \$30000	\$30000 to \$69999	\$70000 plus
<i>Main reason</i>						
Financial needs	47	47	49	49	57	33
Job satisfaction	19	21	15	16	18	24
Keeping busy	31	29	36	35	24	38
Don't know	3	4	0	0	1	5

Note: Totals may not add to 100 due to rounding

Source: Newspoll survey commissioned by the Australia Institute

### 4.3 Funding retirement

Table 6 shows the expected financial situation of respondents when they retire. Only 12 per cent of respondents expect to be fully reliant on the age pension, and 46 per cent expect to be partly reliant on the age pension. This is a total of 58 per cent of respondents who expect to be fully or partly reliant on the age pension. This is quite different to Treasury projections, which anticipate that by 2050 the proportion of people of age pension age in receipt of some form of age pension will have fallen only slightly to 75 per cent. These Treasury projections also suggest that *half* of that 75 per cent (37 per cent) will be reliant on a *full* age pension (Treasury 2002, p 10). Considering that the boomers will retire well before 2050, this suggests that the proportion of baby boomers reliant on some form of pension will be greater than these Treasury figures. The proportion of boomers likely to be reliant on a full or part age pension, therefore, is much greater than the 12 per cent who said in the survey that they expect to rely fully on the pension. It is not clear whether this discrepancy is the result of, on the one hand unrealistic expectations or poor planning by many baby boomers or, on the other, incorrect forecasts by Treasury. Our impression from the focus groups is that many baby boomers have unrealistic expectations about their financial situation in retirement including opportunities to find employment or run small businesses after age 65 (see Olsberg and Winters 2005a).

Also from Table 6, it is clear that more women than men expect to rely on the age pension, particularly in the case of the full age pension - 17 per cent compared to only 8 per cent of men. The corollary of this is that substantially fewer women expect to self-fund in their retirement. This confirms our previous observation that baby boomer women are more likely to nominate financial need as a reason for continuing to work after the official retirement age, reflecting their weaker financial situation.

The proportion of boomers intending to self-fund is the same among the youngest (45-49) and oldest (55-59) cohorts (39 per cent), which is unusual considering the younger

cohort will have an extra decade to access compulsory occupational superannuation and the opportunity to make voluntary contributions. However, a higher proportion of the older cohort expects to be fully dependent on the age pension (15 per cent compared to 9 per cent of 45-49 year olds). This could reflect less time to access compulsory superannuation, or simply the more realistic assessments of those close to retirement.

**Table 6 How do boomers expect to fund their retirement? By sex and age (%)**

<i>Method</i>	Total	Sex		Age		
		Male	Female	45-49	50-54	55-59
Full age pension	12	8	17	9	15	15
Part age pension	46	44	49	47	48	44
Fully self funded	37	44	29	39	33	39
Don't know	5	4	5	6	5	2

Note: Totals may not add to 100 due to rounding

Source: Newspoll survey commissioned by the Australia Institute

Not surprisingly, current work status affects respondents' anticipated retirement status - see Table 7 - with those in full time work much less likely to anticipate relying on the age pension in retirement. Only 9 per cent of those currently in full-time work expect to be fully dependent on the age pension, compared to 20 per cent of people in part-time work who expect to be fully reliant on the age pension. This could reflect the lower incomes of part-time workers, their more precarious attachment to the labour market throughout their working lives, or the inferior access of part-time workers to superannuation.

Expected financial situation in retirement is strongly associated with marital status (Table 7). Only 25 per cent of unmarried boomers expect to self-fund their retirement, compared to 43 per cent of married boomers. In total 53 per cent of married people expect to rely in full or in part on the age pension, compared with 71 per cent of unmarried people. In other words, being married substantially increases financial security and independence in retirement.

**Table 7 How do boomers expect to fund their retirement? By work and marital status (%)**

<i>Method</i>	Total	Work status now		Marital status	
		Full-time	Part-time	Married	Not married
Full age pension	12	9	20	9	20
Part age pension	46	45	50	44	51
Fully self-funded	37	41	28	43	25
Don't know	5	5	2	5	4

Note: Totals may not add to 100 due to rounding

Source: Newspoll survey commissioned by the Australia Institute

The relationship between current income and anticipated retirement income is explored in Table 8. Predictably, as household income increases so does the propensity to self-fund and the expectation of relying on the age pension declines. Only 4 per cent of those earning \$70,000 and above expect to be fully dependent on the age pension, and 57 per cent expect to self-fund. This suggests there is a strong correlation between income and savings. In contrast, among the lower income group, 31 per cent expect to be fully dependent on the age pension. Strikingly, however, 14 per cent of those earning less than \$30,000 still expect to fully self-fund in retirement. A significant proportion of all groups expect to be partly reliant on the age pension, symptomatic of the baby boomers position as ‘the bunnies’, too old to have benefited from a full working life of compulsory superannuation but accumulating enough to make them ineligible for the full age pension.

Table 8 also shows the relationship between respondents’ anticipated financial situation in retirement and their plans to continue working beyond the official retirement age. Of those who intend to continue working beyond official retirement age, 16 per cent expect to be fully reliant on the age pension, and 28 per cent intend to be fully self-funded in retirement. (So fully reliant on age pension actually means “receive the full age pension”?) This is compared to 9 per cent and 47 per cent respectively among those not planning to continue working. Of those continuing to work, 68 per cent expect to be on the full or part age pension, compared to only 50 per cent of those who do not intend to continue working. This shows those with higher retirement savings are less likely to participate in paid work beyond the official retirement age. Nonetheless, a significant proportion (28 per cent) of proclaimed self-funders intend to continue working, which show that continuing to work is by no means confined to those who have lower retirement savings.

**Table 8 How do boomers expect to fund their retirement? By household income and working intentions after retirement (%)**

<i>Method</i>	Total	Household income			Expect to continue working?	
		Less than \$30000	\$30000 to \$69999	\$70000 plus	Yes	No
Full age pension	12	31	16	4	16	9
Part age pension	46	53	56	35	52	41
Fully self-funded	37	14	24	57	28	47
Don't know	5	2	3	4	4	4

Note: Totals may not add to 100 due to rounding

Source: Newspoll survey commissioned by the Australia Institute

Table 9 explores the relationship between boomer's expected retirement income status and their reasons for continuing to work beyond retirement age. Much more than current income, the individual's anticipated retirement income status has a dramatic impact on their motivations for continuing to work beyond official retirement age. Of those who expect to be fully dependent on the age pension (and intend to continue working beyond retirement age), nearly four in five (78 per cent) nominate financial need as the main reason for continuing to work, while only 20 per cent nominate job satisfaction or keeping busy. However, of those who expect to self-fund in retirement (and continue working) only 15 per cent nominate financial need as their key motivating factor, with four in five (79 per cent) nominating job satisfaction or keeping busy as their main motivating reason. Anticipated retirement income, more than any other factor, influences the decisions of individuals to continue working beyond official retirement age. This supports the findings from the focus groups, in which lower income earners were inclined to continue working through necessity, or 'because they have to', and higher income earners were more likely to continue working beyond retirement age due to a lifestyle choice or 'because they want to'.

**Table 9 Reasons for baby boomers expecting to work after retirement. By expected method of funding retirement (%)**

<i>Main reason</i>	Total	Method of funding retirement		
		Full age pension	Part age pension	Fully self-funded
Financial needs	47	78	55	15
Job satisfaction/ keeping busy	50	20	45	79
Don't know	3	2	1	6

Note: Totals may not add to 100 due to rounding. n = 266

Source: Newspoll survey commissioned by the Australia Institute

#### 4.4 Attitudes to pensions and pensioners

The second component of the Newspoll survey asked respondents not about their own plans but about their attitudes towards policy and retirement incomes more generally. Respondents were asked if they agree or disagree with the following four statements.

1. Compared to self-funded retirees, age pensioners are seen by society as second-class citizens.
2. People should claim the age pension only as a last resort.
3. The baby boomer generation has been hard done by because compulsory superannuation was introduced late in their working lives.
4. It is more important for the government to provide a decent age pension than to give tax concessions to self-funded retirees.

The first statement sought to explore attitudes towards the age pension at a social or ethical level. This is particularly significant in the context of a shift in the moral perception and treatment of recipients of other forms of welfare payment. It was also to explore further a view that emerged in the focus groups; while very willing to denigrate recipients of unemployment benefits, participants seemed unwilling to pass moral judgment on age pension recipients. On the other hand, there was a strong feeling amongst lower income participants that, while *society* does not treat age pensioners as second-class citizens, the government does. This was expressed through intense hostility to Centrelink, especially by those who had had to deal with that organisation.

Despite the findings in the focus groups, nearly half of the respondents (47 per cent) agreed that age pensioners are treated as second-class citizens (Table 10). The discrepancy may arise from an unwillingness to criticise pensioners in the groups, but is more likely to have stemmed from divergent interpretations of the survey question. Table 10 shows responses to this statement by sex and household income.

**Table 10 Compared to self-funded retirees age pensioners are seen by society as second-class citizens, by sex and household income (%)**

	Total	Sex		Household income		
		Male	Female	Less than \$30000	\$30000 to \$69999	\$70000 plus
Strongly Agree	27	24	30	41	32	16
Agree	20	21	19	15	21	25
Disagree	20	19	22	15	19	23
Strongly Disagree	27	31	24	22	25	34
Neither/Don't know	6	6	5	7	4	2

Note: Totals may not add to 100 due to rounding. n = 829

Source: Newspoll survey commissioned by the Australia Institute

Low-income earners are more likely to agree with the statement (56 per cent compared to 41 per cent among high-income households). This is very interesting, as a natural hypothesis for this question is that those least likely to rely on the pension would be the most likely to judge themselves as 'better citizens' and others as 'second class'.

However the reverse is true. Those working full time (not shown) and on higher incomes are far less likely to agree with the statement. This may be because lower income earners may have had more personal experience of social stigma, particularly if they have had prior experience with Centrelink. Also, despite a tendency to expect otherwise, lower-income earners tend to be less sympathetic to the structural causes of the position of welfare recipients, with many subscribing to the view that 'if I am struggling financially but have managed to cope, so should they'.

Are those boomers who expect to be pensioners themselves more or less likely to believe that pensioners are viewed as second-class citizens? Despite an urge to assume that potential age pensioners are less likely to judge age pensioners negatively, those who expect to be on the age pension are much more likely than self-funders to agree with the statement - 63 per cent agree compared with 32 per cent, with 50 per cent of those expecting to draw a part pension agreeing (Table 11). Perhaps this is because those who are forced to face the reality of being fully reliant on the age pension are more likely to be realistic (or pessimistic) about the attitudes they may face.

Table 11 also shows the relationship between attitudes to age pensioners and propensity to continue working beyond official retirement age. Those intending to continue working are slightly more likely to believe that age pensioners are perceived as second-class citizens. For some, perhaps this serves as motivation to continue working, so as to avoid or delay receipt of the age pension and thus avoid being perceived as a second-class citizen.

**Table 11 Compared to self-funded retirees age pensioners are seen by society as second-class citizens, by retirement income status and intention to continue working (%)**

	Total	Retirement income status			Expect to continue working?	
		Full age pension	Part age pension	Fully self-funded	Yes	No
Strongly agree	27	37	28	13	25	21
Agree	20	26	22	19	23	20
Disagree	20	13	21	22	19	23
Strongly disagree	27	22	24	43	26	34
Neither/Don't know	6	2	4	4	7	2

Note: Totals may not add to 100 due to rounding. n = 829

Source: Newspoll survey commissioned by the Australia Institute

Next, the survey asked respondents if they agree that ‘People should claim the age pension only as a last resort’. This question was motivated by a paradox that emerged in the focus group discussions. Traditionally the age pension has been viewed as a right that accrues to those who have worked and paid taxes or who have contributed to society in other ways. Yet in the focus groups it became apparent that many boomers see the age pension becoming less and less an entitlement and increasingly a ‘safety net’ for those who have not been able to accumulate enough to self-fund. Those who do not agree that people should claim the pension only as a last resort retain a notion that it is an entitlement and that those who have been able to provide something for themselves should still be able to claim the pension. It is apparent from Table 12 that baby boomers are divided down the middle on this question, although those who disagreed are more likely to do so strongly.

The attitudes of respondents are very similar across sexes and ages (not shown). Indeed, there is very little disparity between responses across all variables. The divergences that do occur seem to be *within* different social groupings, rather than *between* them. According to work status, 41 per cent of those working full time and 45 per cent of those not working at all agree that the age pension should be considered only as a last resort. This is a curiously small difference, particularly considering the obvious way of avoiding reliance on the age pension is through participation in paid work.

It is apparent from Table 12 that high-income earners are more likely than low-income earners to believe that claiming the age pension should not be reserved as a last resort, presumably seeing the age pension as a right (54 per cent to 43 per cent disagree with the statement). This is contrary to the commonsense assumption that higher income earners, the people who are more likely to provide for their own retirement, may be more likely to see the age pension as a safety net, for those at the bottom who have no

choice but to claim it. This sentiment could stem, however, from the perception among many of our focus group participants that self-funded retirees should be entitled to some pension too, or at least to the fringe benefits. The corollary of this is that we would expect lower income earners to be more likely to perceive the age pension as a right that they are entitled to claim, rather than a last resort. This was not the case. Perhaps lower income earners expect that they will be claiming it as a last resort but that other more wealthy individuals should not have access to it unless they *need* it.

**Table 12 People should claim the age pension only as a last resort, by work status and household income (%)**

	Total	Work Status			Household income		
		Full time	Part time	Not at all	Less than \$30000	\$30000 to \$69999	\$70000 plus
Strongly Agree	23	22	25	25	25	24	24
Agree	21	19	26	20	24	25	19
Disagree	17	19	18	12	14	14	22
Strongly Disagree	33	36	24	34	29	33	32
Neither/Don't know	6	4	7	9	8	5	4

Note: Totals may not add to 100 due to rounding

Source: Newspoll survey commissioned by the Australia Institute

Table 13 shows the relationship between respondents' attitude towards the age pension, and their intended retirement income status. Again, there is very little difference in the attitudes of those expecting to be fully dependent on the age pension and those expecting to be fully self-funded. However, those expecting to be fully or partly dependent on the age pension were much more inclined to disagree *strongly*. Curiously, those boomers intending to be *partly* reliant on the age pension were less likely than others to think of the age pension as a safety net. Perhaps this is due to their perception that their claim to the pension is precarious and the corresponding desire to assert their perceived right to it.



**Table 13 People should claim the age pension only as a last resort, by retirement income status and intention to continue working (%)**

	Total	Retirement income status			Expect to continue working?	
		Full age pension	Part age pension	Fully self-funded	Yes	No
Strongly agree	23	26	17	29	27	20
Agree	21	22	23	20	21	22
Disagree	17	7	22	21	18	22
Strongly disagree	33	38	35	26	29	34
Neither/Don't know	6	7	3	4	5	3

Note: Totals may not add to 100 due to rounding. n = 829

Source: Newspoll survey commissioned by the Australia Institute

#### 4.5 The stranded generation

The third attitude explored by the survey was as follows: “The baby boomer generation has been hard done by because compulsory superannuation was introduced late in their working lives”. This sentiment emerged as quite a significant issue in the focus groups. Many of the participants feel cheated, because they now live in an era of growing pressure to self-fund yet had not benefited from a full working life of superannuation, as compulsory super was introduced in 1992. Some have accumulated enough super to exclude them from access to a full age pension. They feel disappointed in government for expecting them to be fully self-funded yet not giving them the opportunity to do so. This seems to have generated among boomers a strong sense of generational entitlement.

Overall, 57 per cent of boomers agree with this statement while 34 per cent disagree - see Table 14. Men are more likely than women to disagree (40 per cent compared with 29 per cent), suggesting that women feel more hard done by than men as many have not been in a position to accumulate as much super as men due to their more intermittent engagement in paid work and their lower salaries.

**Table 14 The baby boomer generation has been hard done by because compulsory superannuation was introduced late in their working lives, by sex and age (%)**

	Total	Sex		Age		
		Male	Female	45-49	50-54	55-59
Strongly agree	38	34	41	31	43	43
Agree	19	20	18	21	20	16
Disagree	19	22	17	22	18	17
Strongly disagree	15	18	12	17	10	17
Neither/Don't know	9	7	11	9	10	7

Note: Totals may not add to 100 due to rounding. n = 829

Source: Newspoll survey commissioned by the Australia Institute

From Table 15 it is clear that retirement income status and household income heavily influence responses to this question. Those who expect to rely fully on the pension are much more likely than others to believe that boomers have been hard done by - 69 per cent agree compared to 49 per cent among those who expect to self-fund. More strikingly 57 per cent of those who expect to go onto the full pension strongly agree with this statement. Those who intend to be partly reliant on the age pension tend to sit closer to full age pensioners than the fully self-funded on this question (61 per cent agree). Clearly, those expecting to be fully dependent on the age pension have benefited least from the introduction of compulsory superannuation. Correlatively, boomers intending to self-fund are likely to have benefited the most from compulsory superannuation. A similar picture emerges when we examine differences in household income. Those with lower salaries need more years of superannuation contributions to accumulate any sort of 'nest egg', and are more likely to feel hard done by.

**Table 15 The baby boomer generation has been hard done by because compulsory superannuation was introduced late in their working lives, by retirement income status and household income (%)**

	Total	Retirement income status			Household income		
		Full age pension	Part age pension	Fully self-funded	Less than \$30000	\$30000 to \$69999	\$70000 plus
Strongly agree	38	57	42	29	43	41	31
Agree	19	12	20	20	18	19	21
Disagree	19	15	23	21	16	18	21
Strongly disagree	15	8	9	24	12	11	20
Neither/Don't know	9	9	7	6	10	10	6

Note: Totals may not add to 100 due to rounding. n = 829

Source: Newspoll survey commissioned by the Australia Institute

#### 4.6 Protecting the pension

The final attitudinal component of the survey asked participants to respond to the following statement: “It is more important for the government to provide a decent age pension than to give tax concessions to self-funded retirees”. This statement was developed out of a number of themes that emerged in the focus groups. The participants expressed two clear views that are potentially contradictory in policy terms. They felt very strongly that the government has a responsibility to provide a decent age pension, but many among both higher and lower income earners also believe strongly that self-funded retirees were being ‘punished’ and deserved to be ‘rewarded’ by government. In addition, as almost none of our participants expected to be fully dependent on the age pension, and almost all had at least some super, we wondered if their unanimous support for the ‘government’s responsibility to provide a decent age pension’ would hold when weighed against tax cuts for self-funded retirees. Would they maintain strong support for the age pension if it meant reductions in tax concessions that would add to their super savings?

Responses to this question by sex and household income are shown in Table 16. In some respects they are the most remarkable results to emerge from the survey. Sixty per cent of baby boomers believe it is more important to provide a decent age pension than to give tax concessions to self-funded retirees. Only 29 per cent opt for the tax concessions over a decent pension.<sup>12</sup> Thus baby boomers are twice as likely to believe

<sup>12</sup> The survey was conducted in two rounds over the periods 5-7 May and 12-14 May. The Federal Budget, which made major changes to superannuation including abolition of the exit tax, was delivered on Tuesday 9 May, between the two rounds. It attracted extensive media coverage suggesting that self-funded retirees were particularly favoured. We tested whether there was any significant difference in the results for the two rounds and found that there were none, except for the responses to the statement here discussed. The proportion of respondents who agreed with the statement that the government should

that it is more important for the government to provide a decent age pension than to give tax concessions to self-funded retirees. Forty per cent strongly agree with this proposition. This suggests that the emphasis of policy over the last decade of limiting pension increases while providing increasingly generous tax concessions for voluntary superannuation contributions inverts the preferences of baby boomers.

**Table 16 It is more important for the government to provide a decent age pension than to give tax concessions to self-funded retirees, by sex and household income (%)**

	Total	Sex		Household income		
		Male	Female	Less than \$30000	\$30000 to \$69999	\$70000 plus
Strongly agree	40	44	36	49	43	29
Agree	20	18	20	20	20	21
Disagree	13	13	13	7	12	16
Strongly disagree	16	16	17	9	14	25
Neither/Don't know	12	9	15	15	12	9

Note: Totals may not add to 100 due to rounding

Source: Newspoll survey commissioned by the Australia Institute

Men appear to be a little more likely to agree strongly. Not surprisingly, the preference for a decent pension over tax concessions is held much more strongly among those on low incomes (Table 16) and those expecting to rely on the full or part pension (Table 17). However, even among high-income households and those expecting to be fully self-funding in retirement, opinion is evenly divided, with around half of those who gave an opinion favouring a decent pension over tax concessions, even though they would not personally benefit from the former but would do well from the latter. These results indicate that there is a strong residual sense of social justice among the baby boomers. They grew up in an era in which it was expected that society would look after people in their retirement.

provide a decent age pension rather than provide tax cuts to self-funders fell from 64 per cent before the budget to 55 per cent after it.

**Table 17 It is more important for the government to provide a decent age pension than to give tax concessions to self-funded retirees, by retirement income status and intention to continue working (%)**

	Total	Retirement income status			Expect to continue working?	
		Full age pension	Part age pension	Fully self-funded	Yes	No
Strongly agree	40	49	41	27	44	31
Agree	20	17	27	16	20	23
Disagree	13	12	13	17	15	14
Strongly disagree	16	10	13	28	13	22
Neither/Don't know	12	13	7	12	9	10

Note: Totals may not add to 100 due to rounding. n = 829

Source: Newspoll survey commissioned by the Australia Institute

## **5. Myths about baby boomers' retirement**

### **5.1 The special generation**

The analysis of baby boomers and retirement which we have investigated through the focus groups and the survey can be divided into two parts. The first covers the personal plans and expectations of baby boomers about their retirement including their plans, anxieties and funding options. The second is a consideration of how the changing perception of retirement and its funding is transforming the contractual basis of Australian society. In this section we focus on the first, the personal aspect, leaving the social aspect to the final section of this paper.

Baby boomers grew up believing that they were a unique generation, and there is no question that as teenagers and young adults they were at the forefront of radical social change. Through our research we became aware of the strength of this perception of specialness among boomers. The future that young boomers imagined in the 1960s and 1970s was understood to be a radical break from the conservatism and rules of their parents' generation, a future that was brighter and freer in a world that would be more peaceful, more just and more caring. Yet it became apparent through the discussions in the focus groups that, as they approach retirement, boomers feel disappointed, a barely articulated sense that it was not meant to turn out this way. These members of the so-called 'lucky generation' feel let down by the promises of freedom and effortlessness of the 1960s and 1970s. Hugh Mackay, who reached similar conclusions, argued that the 'overpromise' of the sixties 'could never have been fulfilled' (1997, p. 71). This pervasive sense of disappointment perhaps helps to explain the contradiction between the widespread view that boomers have had unprecedented wealth, freedom to pursue their own path and power in the world, and the responses of boomers to the survey question in which a substantial majority of boomers feel they have been hard done by as they approach retirement. From this arises strong sense of generational entitlement (explored in the next section).

### **5.2 The great divide**

It has often been observed that the idea of retirement has been rejected by baby boomers. They are the generation that will never retire but will keep on working in one form or another because they enjoy it and want to keep their brains and bodies active. Our research indicates that this is a simplistic conception of boomers' retirement plans; the reality is far more complex. It became clear from the focus groups that, with respect to retirement prospects, a sharp divide has opened up between high and low-income baby boomers. The 'end-of-retirement' idea has considerable relevance to the plans and attitudes of high-income boomers, but their world is a long way from that of low-income boomers. It is worth reminding ourselves that the poorer half of the baby boomer cohort has virtually no wealth that they will be able to draw on in their retirement years (Harding 2005, pp. 2-3); they will depend wholly or in large measure on the age pension

Many high-income boomers do indeed reject the traditional notion and see 'retirement' as a change of career, one in which they work fewer hours, shift down a gear and enjoy

the flexibility to pursue their hobbies and leisure interests. In this next stage of life they expect to have more independence and to be their own bosses. With significant wealth held in superannuation accounts and investment portfolios, high-income boomers could retire early but do not want to. With jobs that provide more fulfilment, self-direction and flexibility they are keen to continue working into their seventies. They tend to derive more satisfaction from their jobs and see continuing work as a means of remaining engaged and active in their 'retirement'. Their choices in the next phase of life will not be constrained by lack of money.

The circumstances of lower-income boomers, who are perhaps a majority, are very different. They have a more traditional concept of retirement in that they understand it as a distinct transition from work to leisure, one to be welcomed. Yet, unlike their parents but in common with richer boomers, many of them also expect to continue to work beyond the official retirement age. However, they will do so for financial rather than lifestyle reasons. The survey indicated that those who expect to rely on the full or part pension are more likely to expect to keep working beyond the official retirement age. Low-income boomers want to retire, and to retire early, but feel they cannot. Many believe they need to continue to work, up to and beyond the retirement age, for financial reasons. They therefore expect to work into their late sixties or early seventies - as long as they can find someone to employ them. Unlike high-income boomers, low-income boomers are mostly unhappy about needing to work beyond the retirement age. They would like to have the choice available to their high-income counterparts, but if they did they would choose to retire.

Thus the popular idea that baby boomers are 'the generation that will never retire' is one conditioned very much by the expectations of higher income boomers, and commentators who stress this theme are reflecting the world of wealthy baby boomers. It may be truer to say that retirement is now a concept reserved for the working class.

### 5.3 Forever young

No baby boomer looks forward to retiring on the age pension. This is partly because they see the pension as being simply inadequate to live in reasonable comfort but also because of perceptions of what it means to be a pensioner. They do not feel they would be stigmatised, or be seen to be second-class citizens, but they do associate being on the pension with being old and decrepit, which for boomers holds a special fear. For the generation that sang along to 'Forever Young' and 'hope I die before I get old', there is a visceral reaction against becoming 'old'. According to Mackay, boomers 'invented the *elastic adolescence*, stretching all the way into middle age' (Mackay 1997, p. 66), but this becomes difficult to maintain as they approach retirement. It became very clear from the focus group discussions that among boomers there is a strong mental association between 'retirement' and 'old'. Many boomers seem to believe, perhaps unconsciously, that they can avoid growing old by refusing to retire. This is reinforced by the belief that work, as opposed to idleness, staves off a decline in one's health.

This helps to explain why virtually none of the participants in the focus groups said that they would be living on the pension in retirement even though in reality it is likely that three quarters will draw the pension, with around half of those on the full pension. Only 12 per cent of survey respondents said they expect to rely on the full pension, with

another 46 per cent expecting to draw a part pension. Many boomers hold on to the hope that in the remaining years before their 'retirement' they will somehow be able to accumulate enough in 'super and investments' to self-fund. These boomers in denial will have to confront a sharp realisation that it's the pension or nothing. This rift between expectations and reality has significant policy implications.

The generation of perpetual youth produced both rich boomers and poor ones. As the imperatives of biology assert themselves, this generation has felt the need to redefine each stage of life so as to stave off acceptance of ageing. They delayed marriage and parenthood and defined 50 as the new 40, 60 as the new 50. So when confronted by the reality of their ageing bodies, new anxieties emerge. Many boomers, especially lower-income ones and women fear declining health. Anxiety about health holds such strength for boomers that it drives many of their plans and aspirations, including their financial considerations in retirement and their resistance to moving. Many lower income earners express deep concerns about how they will fund their health costs in retirement, and fear of declining health contributes to the desire of lower income earners to retire earlier, in order to maximise the number of 'healthy years' post-retirement.

#### 5.4 Activities

The discussion of retirement plans and activities in the focus groups dispelled some of the myths about boomers often mentioned in the media. Despite the movement of some current retirees towards the coast for their retirement, and the development of a huge commercial industry to cater for this 'sea change' phenomenon, this sort of move is not something that appeals to many boomers. Very few plan to move at all, let alone to the coast. 'Why would you?', they ask, when it would involve moving away from family and friends at a time when one loses the social networks associated with work. This can be traced to their fear of social isolation in retirement. In addition, a move to the coast or the country would generally be a move away from medical facilities that, due to the boomers' deep fear of deteriorating health in retirement, they intend to be close to.

This is in contrast to the findings of Olsberg and Winters. They found that, while two-thirds of all those over-50 did not want to move 'in the foreseeable future', 42 per cent of the baby boomer cohort (50-59) said they intended to move (2005a, pp. 43, 79). However, this comparatively high figure could be due to the phrasing of the question, which read 'Do you think in the foreseeable future you might move from your present home?' (2005a, p. 108). A positive response to this question would include all those who may move within their local area, or those who may move at any point between the time of the survey and their retirement. These results, therefore, do not link the decision to move with the retirement process as such.<sup>13</sup>

The prevalence of the 'grey nomad' phenomenon was also challenged by the focus group participants. While the boomers expressed a deep desire to be flexible, this is not

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<sup>13</sup> This discrepancy may also be due to the sample used by the Olsberg and Winters study. The surveys were disseminated through the bi-monthly journal of the National Seniors Association, *50 Something*, that has a readership 'which includes members of over 50s organisations such as self-funded independent retirees and more asset wealthy members of the community who live in their own homes' (Olsberg and Winters 2005, p. 24). This sample may include individuals who are more likely, or in a better financial position, to move.



something they intend to express through being on the road for extended periods of time. While some intend to travel, both internationally and domestically, it is not a priority and the nature of the travel will be short-term.

Certain anxieties associated with retirement, such as social isolation, declining health, and boredom, led the participants to emphasise the importance of keeping busy in retirement, and not ‘vegetating’. Many have a number of hobbies and interests they want to pursue in their retirement. However, in another sign of ‘the great divide’, higher-income boomers have no doubts about enjoying their hobbies and interests in retirement, while lower-income boomers express concerns about being able to afford the hobbies they desire. Notably, many boomer women, especially low-income ones, have plans to put something back into the community through voluntary work.

The attitudes and plans of baby boomers with respect to their grandchildren were unexpected. Boomer women divide into two groups. Some want to be involved in the care of grandchildren, and to help out their own children. Others resent the expectation that they will look after their grandchildren and are making plans to avoid the imposition. “We have done our bit”, say these reluctant grandmothers, “and want to enjoy our retirement”. Some say they intend to keep working in order to have an excuse not to look after the grandchildren. Among men, some want to make up for their neglect of their own children through long working hours.

## 5.5 Intergenerational questions

Baby boomers express strong support for the *public* intergenerational contract, whereby the working population contributes to the tax base that funds the age pension and supports the older non-working population. They do so in the expectation that, when they retire, the generation below will do the same (as discussed in the next section). However, recent media attention has focused on the ‘skiing’ phenomenon, whereby parents live lavish lifestyles once they reach retirement in order to consciously ‘spend the kid’s inheritance’. This implies that increasingly, people reaching retirement are rejecting the traditional norms of familial reciprocity in the private intergenerational transfer of resources – or the *private* intergenerational contract.

However, our research challenges the prevalence of the ‘skiing’ phenomenon. Focus group participants made it clear that they do not want their bequests to be to their own detriment, or impede their spending capacities now, but most wanted their children to inherit something, usually just the family home, even though this differed between higher and lower-income earners. However, very few expressed the intention to spend all of their savings and exhaust all of their assets unless it was going to be necessary for their survival, and the notion of deliberately spending the children’s inheritance was certainly absent (although this may be due to a reluctance to appear selfish in front of one’s peers in a focus group). This implies that the skiing phenomenon has been exaggerated.

## 6. Social and political implications

### 6.1 Compulsory self-reliance

As a generation, baby boomers are at the heart of a transformation of the contractual underpinnings of post-war Australian society. The rise of neo-liberalism in the 1980s saw a shift in the underlying philosophy of welfare provision towards greater emphasis on self-reliance. Retirement incomes have not been exempt from this reorganisation of the welfare state. Over the last 15 years, the value of self-provision in retirement has been strongly reinforced. The result has been the growing importance of superannuation as a method of funding retirement. The emphasis has been both on the importance of superannuation in order to avert a fiscal crisis associated with the ageing population and on the need for individuals to provide for an adequate retirement income, allowing for a 'dignified' retirement.

This direction of welfare reform and the emphasis on self-sufficiency in retirement has subtly altered the way we think about what is natural and acceptable in the funding of retirement incomes. Traditionally, the age pension was considered an entitlement associated with citizenship that would provide for a modest but comfortable retirement. The move to self-provision in retirement through the promotion of superannuation has shifted expectations about the nature of the entitlement and what constitutes a 'comfortable' retirement income.

Our research shows that baby boomers have been persuaded of the virtues of self-provision. They believe that individuals should be encouraged to be self-sufficient, that the government should help them to save, and that compulsory superannuation is a good method of achieving this. They also support the concept of superannuation because it is a means of accumulating an adequate income in retirement. When asked if the rate of compulsory superannuation should be increased from the current nine per cent, there was almost universal assent, with only a small minority of small business owners raising doubts. Moreover, baby boomers are very supportive of the principle of compulsion in the context of superannuation. Paradoxically, they feel they and others need to be compelled by government to save in order to become self-reliant and to facilitate choices in retirement. Government intervention to promote independence from government, and compulsion to foster choice are not seen as contradictory.

Despite their support for compulsion to save, baby boomers do not support measures to compel people to continue working beyond the current retirement age. There is almost universal hostility to the suggestion that, now that people are living longer, the retirement age should be raised. In contrast to the widespread expectation that they themselves will work beyond the official retirement age, either by choice or necessity, baby boomers react strongly to the idea of being compelled to work longer. The touchstone is choice. The individual's choice about when to retire should not be constrained further. Among low-income baby boomers, the immediate reasons given for opposing the raising of the retirement age centre on the *capacity* of people to continue working beyond 65. People are often worn out by then and it would be unfair to force them to keep working. In addition, there may not be jobs available, which would force older workers onto unemployment benefits. But at a deeper level, baby boomers express

moral reasons for their opposition to increasing the retirement age. They argue that they have worked long and hard and deserve to have some good years of leisure before ill health takes over. This sense of deservingness stems from an implicit bargain with the state to the effect that, after a long working life, they are entitled to leisure time once they reach 65. Raising the retirement age, they argue, was not part of the deal and would be unfairly 'shifting the goalposts'.

The discourse in favour of compulsory saving is very different. It is clear that everyone believes in saving for their own retirement, so compulsory superannuation is forcing them to do something they want to do. Some see the compulsion to save while working as giving them more freedom later on, when they retire. They are willing to make sacrifices now in order to have more choices when they retire. So they support compulsory super because they are sympathetic to the idea of being compelled to do something for their own benefit. Although the government argues that encouraging people to work longer is also helping them do something for their own benefit - by giving them more years of saving and fewer years of relying on savings - boomers do not see it this way. The difference is one between money and time. Compulsory superannuation requires people to put aside money during a period when their incomes are relatively high. Increasing the retirement age is asking people to contribute time at a life stage when time is scarce.

## **6.2 The unlucky generation**

A striking finding of this study is that baby boomers are strongly supportive of compulsory superannuation but feel as though they have not had the opportunity to benefit fully from it, as it was introduced late in their working lives. We found that, contrary to the widespread perception of their unprecedented wealth, many baby boomers have very little wealth and feel hard done by as they approach retirement. Many believe that the boomers have been caught out by changes in the retirement income system. The introduction of compulsory superannuation in 1992 meant that few have had the opportunity to save enough to self-fund their retirement. Younger people will make compulsory super contributions for much longer and will therefore be in a much stronger position upon reaching retirement. For boomers there is a sense of unfairness about the changes as they had spent most of their working lives expecting, if only vaguely, that they would be looked after by the government in retirement only to be told too late that they will now be expected to provide for themselves. Fifty seven per cent of survey respondents said that boomers had been hard done by, with nearly four in ten agreeing strongly and only a third disagreeing. Although it remains true that the pension will still be available to these boomers, and probably at levels that would have prevailed if compulsory super had not been introduced, this sense of being the generation that somehow missed out - "we're the bunnies" said one - resonated in the groups, even among those who would have self-funded anyway.

Boomers feel they have been the unlucky generation in two senses. Firstly, they feel that the government expects them to self-provide but they have not had a full working life of compulsory superannuation in order to do so. Second, many feel as though they have nevertheless accumulated enough superannuation to exclude them from eligibility for the full age pension. They therefore find themselves stuck between being unable to fully self-fund yet unlikely to be eligible for the full pension. It is perhaps for this

reason that boomers believe strongly in the ‘intergenerational contract’ under which they expect the generations below them to support their retirement just as boomers supported those ahead of them. This is discussed further in Section 6.4.

### 6.3 Morality of the pension

While boomers express support for the principle of self-reliance, and agree that the government should do more to encourage people to save, they also strongly believe that the government should not abandon age pensioners. Their perception of themselves as the ‘unlucky generation’, missing out on opportunities to save for retirement, helps preserve the idea that dependence on the age pension is not the fault of the recipient, and this sustains the legitimacy of the age pension.

For reasons reflecting both self-interest and social morality boomers believe firmly that the pension should not be discarded in the era of private provision for retirement; 60 per cent agree that the government should give priority to a decent pension before tax concessions for self-funded retirees (only 29 per cent take the opposite view). Although recipients of other forms of social security, such as unemployment benefits and parenting and disability payments, are heavily stigmatised and blamed for their ‘moral failings’, age pensioners remain exempt from moral judgment. According to boomers, age pensioners are not lesser citizens; nor are they considered to be lazy, irresponsible, or ‘bludgers’. But they *are* perceived differently. They are seen as old and poor and sometimes unlucky, but never morally deficient. This indicates that in an age of neoliberal welfare reform baby boomers retain a residual sense of social justice. The corollary of this is that self-funded retirees are rarely assigned elevated status *as citizens*. They are considered lucky rather than virtuous, to be admired for being able to save but not more morally worthy than pensioners. There is a widespread view, however, that self-funded retirees, while being excluded from eligibility for the pension, are entitled to something.

It thus became clear through the research that, in the context of retirement provision, the concepts of independence and self-provision have been stripped of their moral overtones. This stands in sharp contrast to every other form of welfare payment, where attaining independence from public support confers moral virtue. In the retirement incomes domain, independence and self-provision are virtues in a strictly functional sense. For the baby boomers public provision is not morally inferior, only *functionally* so, because it results in lower income in retirement and a lower standard of living. This failure to attach moral judgment to receipt of the age pension stems from the perception that, by the time they reach retirement age, individuals have fulfilled all of their obligations in the social contract and it remains only for the state to fulfill its part of the deal.

Moreover, belief in the virtue of self-provision has not meant a decline in support for public provision through the pension. In a sense, baby boomers feel doubly entitled to the pension: they have worked hard and paid their taxes (or contributed in other ways, such as by raising children); and, they are the unlucky generation who were not given adequate opportunity to provide for themselves. As they see it, in contrast to the generation that will follow them, it would be manifestly unfair to take away the pension when they were not given a chance to save enough to compensate.

#### 6.4 The changing social contract

Although boomers believe firmly that the government should provide an adequate age pension, their attitudes indicate that, for them, the role of the pension itself has changed. The research showed that boomers are at the cusp of a social revolution in which the moral rationale for the age pension is shifting away from the idea of a universal right of citizens to one in which society has an obligation to prevent unfortunates from sinking below an acceptable minimum; it is becoming a safety net in the way that unemployment benefits are. A safety net, of course, is the precaution taken to ensure that tight-rope walkers do not injure themselves if they fall. The metaphor suggests that the pension is now seen as the means of survival should one 'fall off'. In other words, instead of viewing it, as in the past, as a universal entitlement, which most Australians take naturally when they retire, claiming the pension is now seen by many as a last resort.

It is well known that most of Australia's social security system is, and has always been, considered a safety net. Unemployment benefits in particular have, since their introduction, been considered a residual payment for those experiencing periods outside of the labour market. However, while the existence of the means test has meant that the age pension has never been wholly universal, the right to the age pension has been perceived in universal terms, and the application of the idea of a safety net to the age pension is a very new concept in the social contract underpinning the welfare system.

What has been responsible for this transformation? One factor undoubtedly is that the level of the pension is seen to be too low to provide for a reasonably comfortable retirement. The previous generation was more accepting; yet, while the real value of the pension has been maintained, growing affluence and increasing aspirations mean fewer Australians are willing to accept the frugal lifestyle that living on the pension entails.

However, the motivation for such a change is more complex. The perception of the pension as a safety net is possible only if there is a viable alternative. The funding of health care provides a useful parallel. Medicare is now widely seen by the public and described by politicians as a safety net, and can be so described because of the rapid expansion of private health insurance. By nurturing the private health insurance industry and increasing the number of people with private health insurance, the Coalition Government has not only created a viable alternative to the public system (albeit one heavily subsidised) but has reduced the number of people relying on the public system, attempting to confine it to those on low incomes who cannot afford private insurance.

In a similar way, the age pension can be seen as a safety net only because of the rapid expansion of private provision in retirement. Although three-quarters of those currently retired rely in full or in part on the pension, the introduction of compulsory superannuation appears to have created a widespread perception, among boomers as well as younger generations, that self-provision is the norm. Moreover, the higher is the membership levels of the private system, the more the public system comes to be perceived as a last resort for those whose luck or character failed.

Moreover, while the age pension, in the eyes of baby boomers, has not been de-legitimised, the boomers do now think of the pension as a safety net rather than a

universal right of citizenship. We know from our experience in other areas of the welfare state that once a welfare provision shifts from the status of a universal right to a residual safety net, for which only the poor are eligible, the de-legitimisation of that provision is not far away. Perhaps what is preventing the boomers from taking this next step is their position as the ‘bunnies’, which has instilled in them the sense that they have not had the opportunities to save in order to be fully self-reliant, and that a boomer who must rely on the age pension is not to blame. However, future generations who have had full working lives of compulsory superannuation may not hold such sympathy for recipients of the age pension. Thus, while the age pension remains legitimate in the eyes of boomers, their growing perception of the age pension as a safety net has important implications for the direction of attitudes towards the pension. It is indicative of the likelihood that receipt of the age pension will lose social legitimacy in the future.

### **6.5 The future of the pension**

The new world of private provision has affected attitudes deeply with most boomers believing that the days of the pension are numbered. In the minds of boomers the transition of the age pension from an entitlement to a residual safety net is, according to participants, not complete. Almost all believe that within 20 years, the age pension will be diluted so that it takes the form of a very low rate of payment available only to the very poor, as an absolute last resort to keep the most unfortunate retirees from living in the streets. Indeed, some believe that in 20 years the age pension will not exist at all.

This should give pause for reflection. The baby boomers may well be the last generation not to moralise about receipt of the pension because they are the last generation to be denied the option of being self-reliant. While pensioners are seen to be ‘poor’, this state is seen to be one arising out of bad luck rather than a failure of character. However, affluence and individualisation are seeing ‘bad luck’ interpreted as moral failure. When Generation X retires, beginning around 2025, the virtue of self-provision will take on a moral as well as a functional dimension. This development will severely erode public support for the age pension and remove the political obstacles to a government determined to reduce it, in the way recommended by Treasurer Costello’s National Commission of Audit, and hasten the shift from public welfare to private provision. Then the pension will become a safety net designed to catch only those who through laziness, self-indulgence or foolishness fail to provide for their retirement, and these moral reprobates can expect to face a pension regime both frugal and unforgiving.

In general, the individualisation of social problems carried with it the attribution of blame to individuals for their misfortunes and virtue to those who succeed. While baby boomers in our research show they do think in individual rather than structural terms - including strong criticism of the moral failings of most other welfare recipients - they were unanimous in refusing to blame individuals for their misfortune at ending up on the pension. As we have said, they do attribute virtue to those who manage to provide for themselves through their quiet acknowledgment of the worthiness of self-funding. However, all the signs in this research show that baby boomers will be the last generation to have the option of receiving the age pension free of moral stigma.

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## **Appendix A Focus groups guide to discussion**

### *Moderator's introduction*

Introductions

Purpose of group, confidentiality

### **RETIREMENT AGE**

#### **1. Have you thought much about *when* you'd like to retire?**

Do you plan to stop work altogether or phase in your retirement?

At what age would you *prefer* to retire? When do you think you *will* retire?

What things does it depend on?

Probe: enough money; access to pension/super; enjoyment of work; health ...

### **THOUGHTS AND FEELINGS**

#### **2. What are your *feelings* about retirement?**

Anxiety, excitement, ambivalence ...

What are you looking forward to?

No work; leisure; travel; family?

What are your concerns about retirement?

Money; health; loneliness; boredom?

What are you *most* concerned about?

#### **3. How do you *picture* your retirement in your head?**

What will you do? How will you keep busy?

New hobbies? Join clubs? Look after grandkids? Travel? Voluntary work?  
Other forms of gaining income?

Do you plan to move or stay put?

### **PENSIONS**

*Currently 75% of retirees depend wholly or partly on the age pension. For a couple without other income the age pension is currently around \$21,000 a year in total. (For a single person the pension is \$12,700 a year.)*

**5. Do you think the age pension is *enough* to live a comfortable retirement?**

Probe. Why/Why not?

**6. Now that people are living longer, do you think the retirement age (pension eligibility) should be raised** (from 65 for men and rising to same for women over next few years)?

**7. Do you think that all Australians are *entitled* to the age pension when they reach retirement age?**

Probe: Even those who haven't done much paid work? ...

Probe: What do you need to do to earn an entitlement to the age pension?

So is the right to a pension due to past work/taxes or current need?

**8. Do you think society looks upon age pensioners and self-funded retirees differently?**

Probe: Second-class citizens or seniors who deserve looking after? Dignity? Idleness? Valuing self-sufficiency?

Probe: Or just because they are old?

**9. So ... does the government have a *responsibility* to provide an age pension?**

Probe: Why/why not?

**10. Do you think the age pension will still be provided in 20 years' time?**

**FUNDING RETIREMENT**

**11. How do you plan to fund your retirement?**

**12. How would you feel about being on the age pension as opposed to self-funding?**

Probe: questions of self-respect, independence, ...

**13. How much do you think you'll need to fund your own retirement plans?**

Probe: Is that for a single person or a couple? Before tax or after tax?

**GENERATIONAL ISSUES**

**14. Do you think it's reasonable/fair for the generations behind you to fund your retirement?** (i.e. through funding pensions and tax concessions for super)

Probe: ... Have baby boomers had it easy?

Do you plan to leave money for your children?

Probe attitudes: Why?

## Appendix B Newpoll survey questions

Asked of all 45-59 year olds

### ASK IF IN FULL-TIME OR PART-TIME EMPLOYMENT

1. And now some questions about work and retirement. Do you expect to continue to work in paid employment, either full-time or part-time, beyond the current official retirement age of ... 65 (males)/63 (females)?

IF YES            Is that likely to be full-time or part-time work?

### ASK IF YES IN QUESTION 1

2. What is the **main** reason for continuing to work in paid employment? Is it

- Financial needs
- Job Satisfaction
- Keeping busy
- Don't know

### ASK IF IN FULL-TIME OR PART-TIME EMPLOYMENT

3. When you retire, would you expect to be

- Fully dependent on the age pension
- Partly dependent on the age pension
- A fully self-funded retiree
- None/Don't know

### ASK ALL

4. Please tell me if you **agree** or **disagree** with the following statements.

IF AGREE            Is that strongly agree or somewhat agree?

IF DISAGREE        Is that strongly disagree or somewhat disagree?

A. Compared to self-funded retirees, age pensioners are seen by society as second-class citizens

B. People should claim the age pension only as a last resort

C. The baby boomer generation has been hard done by because compulsory superannuation was introduced late in their working lives

D. It is more important for the government to provide a decent age pension than to give tax concessions to self-funded retirees



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