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Rich Boomer, Poor Boomer

Retirement prospects for the not-so-lucky generation

Myra Hamilton
University of Sydney

Clive Hamilton
The Australia Institute

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Summary

Background

The first baby boomers are now starting to retire, a phenomenon with far-reaching social and policy implications explored in this paper, which is part of a larger research project being undertaken by the Australia Institute. Baby boomers have attracted considerable hostility and envy from other generations for their good fortune, perhaps most notoriously their access to free higher education and their luck with the booming property market.

As they approach retirement, the boomers are at the forefront of another significant social change. For much of the twentieth century, 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 their own savings. 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.

At the vanguard of this change, boomers are depicted as the generation that never wants to retire. But this popular view is simplistic and conceals as much as it reveals about the retirement prospects of baby boomers. The boomer generation is often misunderstood as a homogeneous generation, and claims about the behaviour of boomers approaching retirement actually disguise the very diverse circumstances within the generation.

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. 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.

Qualitative research

The research illuminated the diversity of circumstances and attitudes within the boomer generation. The first component of our research was a series of eight focus groups conducted in Sydney Central Business District, Bathurst, Parramatta and Brisbane. The focus group research was followed up by a national opinion survey of baby boomers.

Three main areas of our research highlighted the differences between the experiences and intentions of lower and higher income earners. The difference in income and wealth influenced the timing of retirement, the way in which individuals picture their retirement, and the way that they intend to fund their retirement.

Timing of retirement

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, with respect to retirement prospects, 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 work fewer hours, shift down a gear and enjoy the flexibility to pursue their hobbies and leisure 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. 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. They would like to have the choices available to their high-income counterparts, but if they did they would choose to retire early.

Picturing retirement

There is also a significant difference in the way that higher and lower income earners picture their retirement. Broadly, while both high and low income boomers 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 lower income earners 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.

Funding retirement

Finally, both higher and lower income earners believe that the age pension is not enough to fund a comfortable retirement. Many of the higher income earners intend to fund their retirement through superannuation, with some quoting figures of \$30,000 to \$50,000 of superannuation per annum. Lower income earners were very reluctant to say they would be relying on a full or part pension, with most saying they intended to rely on super. However, when probed, many said they intended to combine a pension with super, sell property or rely on children and a proportion said they did not know how they would fund their retirement. This uncertainty was of great concern for many of the lower income earners.

Quantitative research

The results of a Newspoll 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.

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 on the age pension. These are

much lower than Treasury projections, which anticipate that by 2050 the proportion of people of age pension age in receipt of some form of age pension will be as high as 75 per cent. Our impression from the focus groups is 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 after ‘retirement’.

When asked their reasons for expecting to continue to work beyond the official retirement age, the respondent’s expected retirement income status has a greater effect than current income. Of those who expect to be fully dependent on the age pension (and intend to continue working beyond retirement age), nearly four in five nominate financial need as the main reason for continuing to work, while only 20 per cent nominate job satisfaction or keeping busy. (Women and unmarried boomers are much more likely than others to nominate financial need as the reason for continuing to work.) 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 nominating job satisfaction or keeping busy as their main motivating reason. 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’.

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 was introduced late in their working lives. Thirty-four per cent disagree. Women are more likely to agree with the statement 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. 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.

Implications

The research shows that the perception of the baby boomers as the ‘lucky generation’, happily pioneering a trend towards the end of retirement, is simplistic and misleading. When it comes to retirement, for the most part baby boomers are neither lucky nor confident about their future. First, the ‘unprecedented wealth’ of the boomers is something reserved for a small portion of the generation, with the majority struggling to fund their own retirement. There is a ‘great divide’ between the experiences and expectations of low and high-income boomers.

The popular idea that baby boomers are ‘the generation that will never retire’ is one conditioned very much by the expectations of wealthier boomers, and commentators who stress this theme are reflecting that world. It may be truer to say that retirement is now a concept reserved for the working class. In opposition to the perception of baby boomers as the lucky and wealthy generation, 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 against their will.

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 self-fund in retirement, baby boomers have become the 'bunnies', caught in a situation in which they are being asked to do something they do not have the capacity to do. Because compulsory superannuation was introduced late in their working lives, the boomers have become subject to the new expectations of self-provision without having had the opportunities to save enough to provide fully for retirement. Of course, in this situation, lower income earners are disadvantaged in two ways - as against other generations and against wealthier members of their own generation.

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 60.¹ The first boomers are now starting to retire, a phenomenon with far-reaching social and policy implications explored in this paper, which is part of a larger research project being undertaken by the Australia Institute.

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). The public image of baby boomers is one of a self-satisfied, self-interested and wealthy cohort accustomed to getting its own way (Mackay 1997; Salt 2004). They have used the political system to look after themselves and are seen to be the beneficiaries of two financial windfalls - 'free university education' introduced by the Whitlam Government and the real estate boom of the 1990s and early 2000s.

When they retire, baby boomers will undoubtedly be wealthier, healthier and longer-lived than any previous generation. While their cultural influence has waned, their political and economic influence 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 The end of retirement?

For much of the twentieth century, retirement was understood as a distinct phase of life that began when full-time work stopped and the citizen began living on a pension or their 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. The boomers are increasingly perceived to be at the vanguard of this change, depicted as the generation that will never retire. As we will see, this popular view conceals as much as it reveals about the retirement prospects of baby boomers.

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

¹ Although some extend the period to 1965.

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).²

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, p. 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.

1.3 Baby boomers and retirement incomes policy

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, as a group, the boomer generation will retire healthier and wealthier than any previous generation.

The response to the 'crisis' has been framed in terms of a reworking of assumptions about retirement age and retirement income. According to the Commonwealth 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.

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

² 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.

‘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 fund their own 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).

It appears that, despite being taken very seriously by policymakers, the financial realities have yet to be understood by many boomers themselves. The ABS found that only 25 per cent of the working population over 45 expects 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 couple 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) they require a weekly income of \$868 or a little over \$45,000 per year (Kelly 2005).³ 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).

³ 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 per couple, although the pension comes with certain other associated fringe benefits.

2. Talking about retirement

2.1 Focus group method

The research undertaken for this paper 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 |

2.2 Timing of retirement

When will you retire?

The research reveals a sharp difference between the retirement plans of higher and lower-income baby boomers. 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.

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

“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 described retirement as a ‘change of gear’, another as ‘just a change of career’ (Sydney city, higher income).

For both genders in higher income groups, therefore, the notion of ‘retirement’ as it has traditionally been understood has lost its meaning. Men and women share very similar values and aspirations on the subject.

In contrast to the retirement plans of higher-income boomers, 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)

However, they too were concerned that their employers would not keep them as long as they would like. According to one woman:

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

Thus, 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.

2.3 Picturing retirement

What are your feelings about retirement?

The groups had a series of anxieties associated with retirement. These included anxieties about health, loss of status or self-worth, and financial security. The higher and lower income groups had different experiences of these anxieties.

Health

Perhaps associated with anxieties about the ageing process, many participants expressed deep concerns about 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

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).

Financial security

Anxiety over financial security affects only those with lower incomes. Many (but not all) expressed deep concern; others seemed to just hope that things would turn out alright. The overall impression from the lower income focus groups was that there is a real but unarticulated apprehensiveness about retirement. The popular image of retirement as a golden time of freedom and opportunity to do all the things they have not been able to do was not held by these boomers. 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)

2.4 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 immediate 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 woman summed up the feeling like this:

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

And an overweight man said:

"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". 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 contemplate actually doing it; so it’s easier to accept.

How much is needed?

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.

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 to 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.

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)

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. However, 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)

The pension and entitlements

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)

Both higher and lower income groups therefore thought the age pension was inadequate to live a comfortable retirement. Instead, higher income earners had accumulated some superannuation to fund their retirement, or at least enough to supplement a part pension. Lower income earners had not accumulated as much superannuation. However, they too said they would not be relying on the age pension. Many lower income earners seemed to be trusting their retirement plans to hope or chance.

The participants had a strong awareness that they were being encouraged by government to fund their own retirement, and although most participants said they intended to fund their retirement through superannuation, they also believed strongly 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 was 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)

Both high income earners, who had accumulated significant levels of superannuation, and lower income earners, many of whom hadn’t, agreed that expecting them to self-fund was unfair. Both agreed that they had not had the opportunities to benefit from superannuation that younger generations will have access to. Moreover, they had a strong sense of *generational entitlement*.

3. Survey results

3.1 Survey method

The second component of the research was a Newspan 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 Newspan survey. 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.

3.2 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: Newspan 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 substantially 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: Newspan 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 the 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

3.3 Funding retirement

Table 6 shows the expected financial situation of respondents when they retire. Remarkably, 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 are in denial or 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.

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

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.

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.⁴ 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.

⁴ So fully reliant on age pension may be interpreted as ‘receives the full age pension’, which may be supplemented by private income.

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

3.4 The stranded generation

The survey also asked respondents to indicate whether they agree or disagree with some attitudinal statements, including the following:

“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 10. 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 10 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 11 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 11 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. Myths about baby boomers' retirement

4.1 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, the majority of the generation. 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.

There is also a significant difference in the way that higher and lower income earners picture their retirement. Income is the key determinant in the anxieties that baby boomers feel towards retirement. While most boomers are concerned about the implications of deteriorating health in retirement, higher income earners were concerned about a decline in health status whereas lower income earners tended to be far more concerned with how they would pay for any health problems that arose. Lower income earners were particularly concerned about financial security in retirement. Very few looked forward to a golden age of freedom and relaxation, and most were very apprehensive about how they would support themselves during this time. Higher income earners, on the other hand, were more concerned about the loss of status associated with leaving the labour market and rarely mentioned anxieties about financial security in retirement.

Finally, both higher and lower income earners believe that the age pension is not enough to fund a comfortable retirement. Many of the higher income earners intend to fund their retirement through superannuation, with some quoting figures of \$30,000 to \$50,000 of superannuation per annum. Lower income earners were very reluctant to say they would be relying on a full or part pension, with most saying they intended to rely on super. However, when probed, many said they intended to combine a pension with super, sell property or rely on children and a proportion said they did not know how they would fund their retirement. This uncertainty was of much concern for many of the lower income earners.

4.2 The unlucky generation

A striking finding of this study is that baby boomers strongly support 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. Although most of the recipients nominated superannuation as their main form of income in retirement, 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 to retirement incomes policy 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.

It is clear from this research that the retirement prospects of baby boomers are heavily conditioned by their income and wealth and that the popular perception of boomers living a luxuriant lifestyle on the fruits of their generational fortune are seriously at odds with the reality facing most boomers. A large majority will depend on the age pension in retirement and many feel resentment at the expectations placed on them that they have not been able to live up to. The larger part of the boomer generation, with virtually no assets to support them in retirement, feel anxious about their prospects and hard done by as members of the generation caught in the transition from a retirement income system based on universal entitlement and a new world that emphasises the virtue of self-provision.

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