BY KEN DYCHTWALD

Who wants to retire? Not many people, according to research recently conducted for HSBC and Age Wave on the future of retirement—at least not if you use the traditional definition of retirement. Of the more than 10,000 people polled in 10 countries on four continents, four out of five (80 percent) said individuals ought to be free to go on working for as long as they want if they are still capable. And almost as many intend to do some kind of work after they reach retirement age.

Work, it seems, is only a problem if you’re forced to do it. When free to choose, people almost universally prefer to remain productive and engaged because it makes them feel valuable and connected to the world. As well, even for those who have plenty saved for retirement, it adds to feelings of financial security. Perhaps most importantly, work bridges the gap between young and old, bringing people of all ages together.

It was Prince Otto von Bismarck, the famous “Iron Chancellor” of Prussia, who set the retirement age at 65 when he invented the modern pension in 1889. It is amazing that this out-of-date marker has persisted so long. When it was set, the average life expectancy in the West was around 45 years—which meant that conveniently few people survived long enough to retire in Bismark’s Germany. In 2000, life expectancy at birth in the West passed 77 years, and yet the standard retirement age is still 65—despite the fact that many people have another two or even three decades of healthy, active life ahead of them at that age.

Golden Years

Retirement at age 65 was further reinforced by state and company policies after the Second World War. This was the age of the “golden years” model of retirement, so called because the phrase was used to advertise Sun City—one of the United States’ first retirement communities.

In the golden years model, life proceeded through a series of predictable stages. Childhood was immediately succeeded by education or apprenticeship; you got hired in your late teens or early 20s, then got married, set up house, and had children. Child-rearing lasted through your 20s and 30s and was succeeded by middle age and more senior jobs, and then, with all items on life’s to-do list neatly ticked off, you retired at 65 to relax and quietly snooze away your few remaining years.

It probably never suited most people to be so regimented, and it certainly doesn’t suit us now. In fact, the rigid conveyor belt that dumped responsibilities and duties in people’s laps—or took them away—according to age is being ignored by growing numbers of us. People have babies later (in Australia and New Zealand, the majority of births will soon be to women in their 30s) or not at all. In the United States, one in five (19 percent) women aged 40 to 44 are childless, compared with just one in 10 (10 percent) in 1980.

And more people are forsaking traditional working patterns, with the number of self-employed jumping by 40 percent in Britain since the mid-1980s, while in Japan the phenomenon of people (one in 10 single people between 20 and 34) jumping freely from job to job and never setting down, has led to the coining of a new word, “freeter,” based on the English phrase “free time.”

More Than One Career

Increasingly what’s occurring throughout the world is that people want to have more than one career, and they want to intersperse their working lives with periods of education—for retraining or for self-development. And, as they mature, they want a time for recreation and travel. In addition, more and more people are self-employed, adding to their skills and steering their careers as they see fit, managing portfolios of different jobs. And “gap years” are now just as likely to be taken by people in their 50s or 60s as by 18-year-olds. In keeping with these changes in working lifestyles, a model seems to be emerging of a retirement that includes cycles of work, leisure, and education. Almost half (48 percent) of the people in our research wanted such a flex-retirement.

History provides us many role models for late-life productivity. Grandma Moses didn’t start painting until she was almost 80. Galileo published his masterpiece,
Some highlights from the HSBC Future of Retirement Study

- Canadians view their later years as a time of reinvention, ambition, and close relationships with friends and family.
- Americans view their later years as a time for opportunity, new careers, and spiritual fulfillment, but are less focused on family or health than other countries.
- The French view these years as a time of dreams and aspirations, but also as a time of worry, and they are concerned about being a burden to their families.
- The British view later life as a time of self-sufficiency, independence, and personal responsibility, counting on neither government nor family to care for them.
- Brazilians view later life as a time for slowing down, relaxing, and spending time with their families, relatives, and friends, and they expect significant support from their children.
- Mexicans see it as a time for continued work and hard-earned financial stability.
- In China, younger generations view retirement as an opportunity for a new life but continued careers, while older generations want to stop working and relax. All Chinese people view family as an important source of happiness and support.
- Respondents from Hong Kong view it as a time for rest, relaxation, and the enjoyment of accumulated wealth, which is seen as the cornerstone of well-being.
- Indians view later life as a time to live with, and be cared for, by their families.
- The Japanese look forward to their later years as a time of good health, family considerations, and continued fulfillment from work.

The growing desire for less rigidity and more personal reinvention in retirement is not just a western phenomenon. People in Asia and South America also aspire to blend periods of leisure, education, and work. This is how 66 percent of Brazilians, 62 percent of Japanese, and half (51 percent) of Chinese in our research plan to retire. Perhaps they have noted Europe and North America’s disillusioning dalliance with the golden years model, and they have moved on.

Previously, retirement was mixed in South America, with some state workers retiring as young as 53 (mandatory in Brazil), but many of the population expecting their children to support them. In Asia, the family also is seen as the source of support in retirement—almost two-thirds of older people in India expect their families to pay for their upkeep after they retire.

But Asian societies are changing, and younger people are less likely to expect to be supported, in due course, by their own children. While half of older respondents from Hong Kong and Mexico expect their families to support them in retirement, fewer than a third of younger respondents have similar expectations. In Japan, six in 10 older people expect care-giving support from their families if they become ill in old age, but only four in 10 of younger Japanese expect the same.

While the new model of retirement is almost universally aspired to, it is in the United States and Canada that it has really taken hold. These are countries where people have conspicuously positive attitudes toward the prospect of their own aging. Two-thirds of people in the United States see retirement as an opportunity for a whole new chapter of life, while nine in 10 Canadians believe older people are interesting to be around, and friendships between people of different generations are common in both countries.

Popular Stereotype

However, contrary to the popular stereotype, Asians polled for the research do not hold their older people in the highest regard. In Hong Kong 33 percent of those polled believe that older people have very little purpose in life, and only 7 percent of Japanese people think that elderly individuals are interesting to be around.

The other conspicuous thing about the United States and Canada is the amount of preparation people do for retirement. More than half of pre-retirees in the United States contribute to private pension plans, while 37 percent of pre-retirees in Canada have consulted an independent financial adviser about their retirements. In those countries, a significant number of people sit down and plan their working lifestyle—both before and after the traditional retirement age. They decide on the way they want to live, take advice, and work out a plan for achieving it.

That, unfortunately, is the rub. The new approach to work and retirement requires much more active involvement from individuals, much more planning, and much more preparation than the old uncontrolled drift into retirement. And again, there are differences here between Europe and America, on the one hand, and Asia and South America on the other.
Of course, people in Europe and North America do more planning in absolute terms, but much less than you might expect, given its importance and the easy availability of financial advice and products. According to our research, only one in every 100 Japanese, three in every 100 Chinese and Brazilians, one in 20 Indians, one in 16 Mexicans, and one in 14 French had been to see a financial adviser in the previous year. This compares with one in five in the United Kingdom, a third in the United States, and, in Canada, 37 percent. And, more than 70 percent of the people polled worldwide had not read even one article on financial planning during the past year.

**Trickiest Part**
Planning doesn't have to be difficult. For most people, the trickiest part is sitting down and envisioning the future: deciding what kind of lifestyle they want, whether they want to travel, how active they want to be, how much work they plan to do, what educational goals they have, and then talking to their partners, friends, and children to make sure that their desires are compatible with their wants and needs.

With that done, the financial steps are relatively easy to clarify. Employees should talk to life planning experts or independent financial advisers to identify how much they need to save and to find ways of saving that have the flexibility and interest rates they need.

Employees should talk to their employers to find out what their options are for more flexible working lives. More and more are seeking flex-time so that they can exert more control over their working hours to fit in with other commitments and priorities. Doing some work from home can also be an option that can help employees balance work and/or childcare. Some would like to take time out—it is not only academics who can take sabbaticals these days—and employers look on this with increasing favor, especially if employees use the time to stretch themselves and acquire new skills. Those working past traditional retirement age should be made aware of employer support for this and how their pension offerings fit changing lifestyles and a more phased approach to retirement.

Ken Dychtwald is president and chief executive of Age Wave, a firm created to guide Fortune 500 companies and government groups in products/service development for baby boomers and mature adults. Contact him at kdychtwald@agewave.com.

**Endnote**
1. To read more about the HSBC/Age Wave study, see *The Future of Retirement: What the world wants*, available at http://www.hsbc.com/hsbc/retirement_future/research-summary.