

Health, Work, and Retirement Survey

Summary report for the 2006 data wave.

- Work and Retirement -

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A research Collaboration between

The School of
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Massey University

The Health
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The New Zealand
Institute for
Research on Aging

The Centre for Māori Health
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CONTENTS

ECONOMIC ACTIVITIES OF OLDER NEW ZEALANDERS.....	4
ANTICIPATED FINANCES IN RETIREMENT	9
ANTICIPATED ADJUSTMENT TO RETIREMENT.....	11
WORK FACTORS AND RETIREMENT INTENTIONS	11
LEISURE	13
PATHWAYS TO RETIREMENT	16
EXPECTED RETIREMENT LIVING STANDARDS	19
FUTURE ECONOMIC TRENDS.....	21
REASONS TO RETIRE	23
RETIREMENT PLANNING.....	24
VOLUNTARY VERSUS INVOLUNTARY RETIREMENT	26
CURRENT LIVING STANDARDS	26
RETIREMENT ADJUSTMENT	27
CONCLUDING COMMENTS	28

The demographic trend in New Zealand toward a slower growing and rapidly ageing population has implications for workforce participation. By 2012, fifty percent of the New Zealand labour force will be older than 42 years of age, compared to 39 years in 2001 and 36 years in 1991 (Statistics New Zealand, 2005a) – see Table 1.

Table 1:
New Zealand's Projected Labour Force

Year at 30 June	Total by Age Group (years)					Median Age
	15-24	25-44	45-64	65+	Total	
	Number (000)					
2006	372	941	784	61	2,157	40.8
2011	386	915	887	74	2,262	41.9
2016	386	910	946	90	2,331	42.6
2021	381	921	971	102	2,376	42.6
2026	378	945	952	118	2,392	42.5
2031	365	963	931	128	2,388	42.4
2036	356	955	934	133	2,378	42.8
2041	359	934	954	130	2,377	43.1
2046	363	919	975	126	2,382	43.3
2051	361	906	988	127	2,382	43.6

Source: Statistics New Zealand, Series 5M (2005a)

The age dependency ratio, provides a “crude measure” (Statistics New Zealand, 2000) of how many people aged 65 years and over each person aged 15 – 64 years has to support. This ratio is predicted to increase from 18 per 100 (in 2004) to 45 per 100 in 2051. A more useful comparison can be made that takes into account the fact that not everyone in the latter group is in the workforce, and that there are people over 65 years old in paid employment. In 2001 there were slightly more people in the labour force¹ (1.97 million) than not (1.92 million)². Statistics New Zealand (2004) project that as the baby boomers retire, the non-labour force will grow at a faster rate than the labour force and there will be “more people not in the labour force than in the labour force by 2029” (p.4). The number of those aged 65 and over *not* in the labour force at 2001 was 420,000. Current projections suggest this number will increase dramatically to 820,000 in 2026, and to 1.2 million by 2051. However, along with this increase, will come a concomitant rise in the number aged over 65 who remain in the paid workforce, from an estimated 38,000 in 2001 to around 130,000 after 2031 (Statistics New Zealand, 2005b).

1 Statistics New Zealand include in this group those aged 15 years and over who regularly work for one or more hours per week for financial gain, or work without pay in a family business, or are unemployed and actively seeking part-time or full-time work.

2 Statistics New Zealand include in this group those under 15 years, students who do not work for pay, the unemployed not currently seeking work, those with child-caring responsibilities, people who work without pay and retirees.

These changes to the nature and structure of our population and workforce pose considerable challenges for a number of areas in society. Severe skill shortages are anticipated (Davey, 2006). There will be pressure on pension and superannuation provision, health budgets and other expenditure related to older adults (Wilson & Rodway, 2006). The Health, Work and Retirement (HWR) study seeks to identify and understand the factors that keep older workers happy and productive, and retirees healthy and independent.

The HWR study included a detailed series of questions relating to work participation and retirement. Work-related variables included current work participation, occupation, job and career satisfaction, work involvement, career commitment, and social relationships at work. Retirement-related variables included attitudes toward retirement, anticipated retirement age, retirement planning, desirability of bridging employment, and retirement expectations regarding anticipated finances, and adjustment. As the sample included participants already retired, these respondents were asked about their previous work situation, the circumstances surrounding their retirement (voluntary or forced, partial or complete) and their current retirement adjustment. These questions and scales are based on the questionnaires designed for the Health and Retirement Study in the USA and previously well-validated scales on retirement and ageing.

Economic Activities of Older New Zealanders

Respondents were asked to report their current employment status: full-time paid employment; part-time paid employment; retired, no paid work; full-time homemaker; full-time student; unemployed and seeking work; not in workforce for other reason. Focusing on those in work and those retired (all other activities are grouped into “all other”) it is clear that the great majority of our HWR sample are in paid employment in their younger years while retirement begins to increase in the mid to late sixties (see Figure 1). If we break this down into age bands (see Figure 2) this trend becomes more apparent. In the youngest age group, 81.6% of participants were in paid employment (compared to 80.1% of the New Zealand population aged 55 to 59 years). Our sample had slightly more 60 to 64 year olds working than the New Zealand population, 68.7% compared to 63.6%. The labour force participant rate for 65+ in the population is 14%. For our 65 to 70 year olds it was 34.9% (Statistics New Zealand, 2007a).

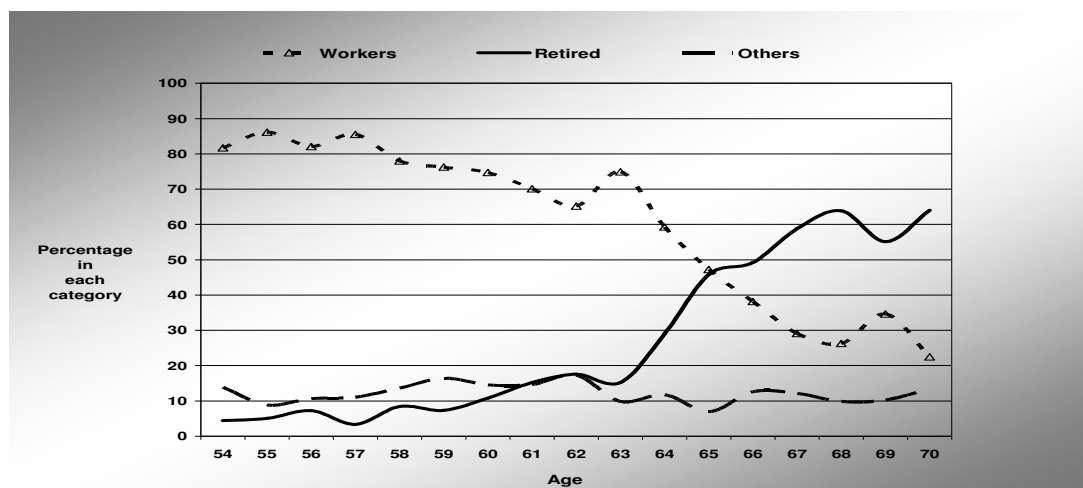


Figure 1. Self-reported economic activity by age.

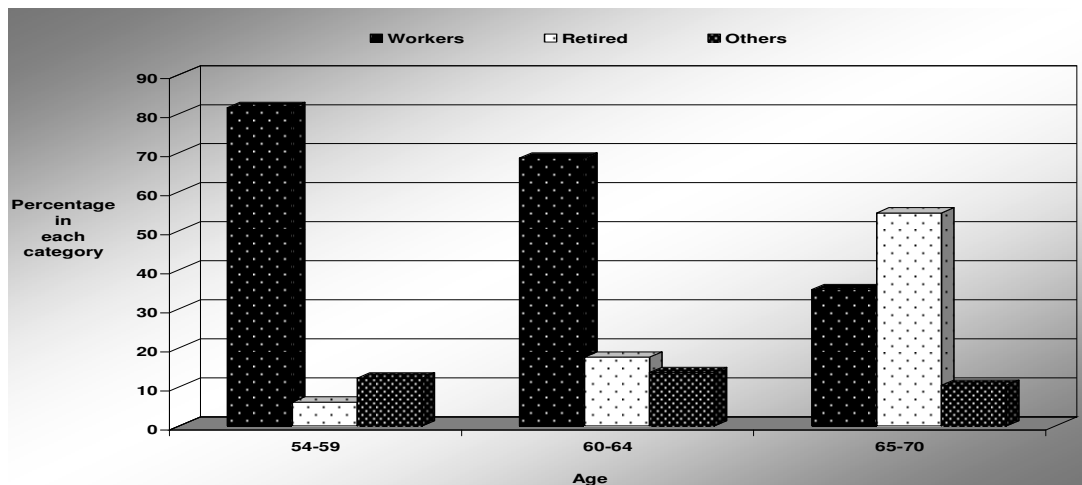


Figure 2. Economic activity by age bands.

The prevalence of working is generally lower for women across all three age bands with only 25% of women still in paid work from 65 to 70 years compared to 45% of men (see Figures 3 and 4). Work was the main economic activity reported across the four ethnic groups examined (New Zealand European, Māori, Pasifika peoples and New Zealand European and Māori), although “Other” economic activities were more common among Māori and Pasifika Peoples ($p < .001$). These include “full-time homemaker”, “full-time student”, “unemployed and seeking work” and “not in workforce for other reason”.

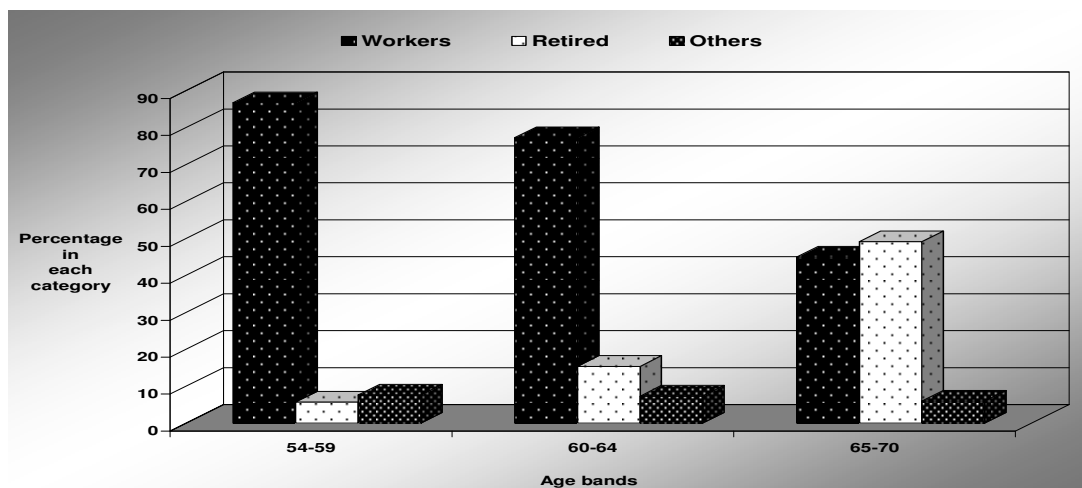


Figure 3. Economic activities for men across age bands.

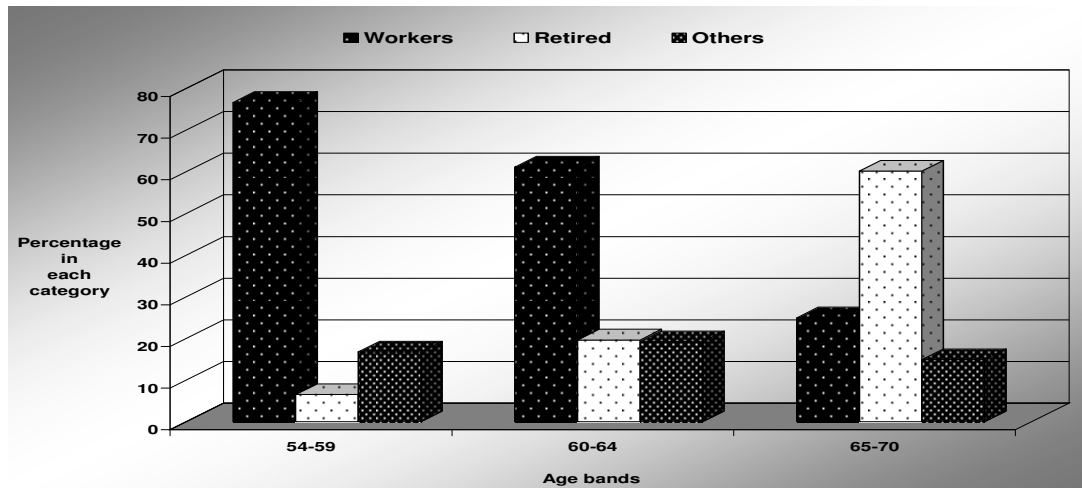


Figure 4. Economic activities for women across age bands.

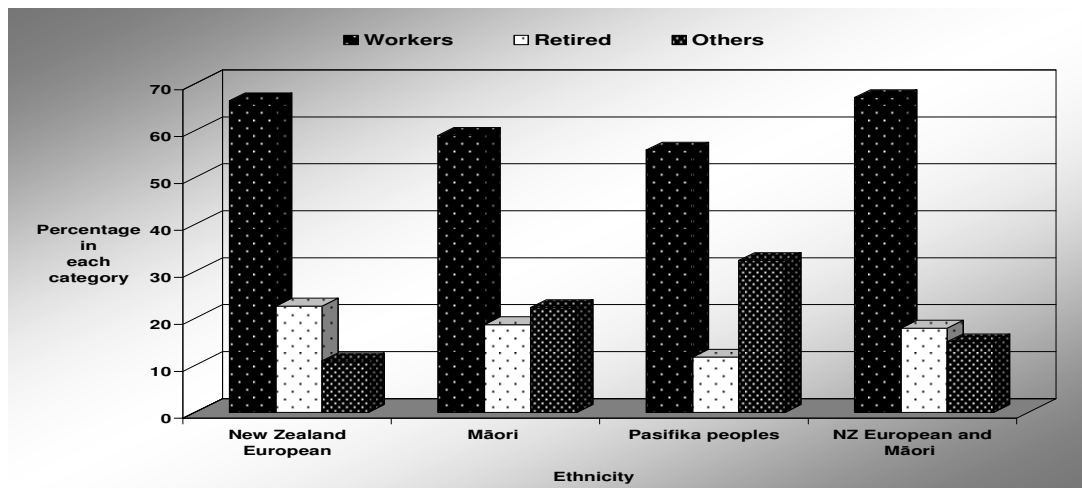


Figure 5. Economic activity by ethnicity.

One of the main determinants of work or retirement status is individual health status. We measured aspects of quality of life using the SF – 36 scale which provides summary component scores for physical and mental health (see the Methodology chapter for a detailed description of this scale). Some early research suggests that retirees report poorer mental health than workers (Aldwin & Revenson, 1987; Mirowsky & Ross, 1992; Gall, Evans & Howard, 1997), while more recent research from large epidemiological and longitudinal studies suggests retirees actually report fewer depressive symptoms and higher positive well-being (Drentea, 2002; Mein, Martikainen, Hemmingway, Stansfeld, & Marmot, 2003; Reitzes, Mutran & Fernandez, 1996). In the current study, ANOVA tests showed that differences in SF - 36 mental health component scores were significant across age bands ($p < .001$) and economic activity ($p < .001$) and there was a significant interaction between age and type of economic activity ($p < .001$). Mental health scores were lower for retirees and those in other activities compared to workers. Figure 6 shows that mental health scores increased with age for workers but decreased slightly for those in retirement as they aged. Mental health scores were similar for the two younger age groups in the “Other” category but rose sharply for the 65 to 70 age band.

Physical health, as measured by the SF - 36 physical health component score, declined with age ($p<.001$) and across economic activity ($p<.001$) with workers in better health than retirees. There was a significant interaction between age and economic activity for physical health, with bigger decreases in health scores for the retirees as age increased. These findings are similar to those reported in the Health chapter where relationships between health and work status (including full-time and part-time workers) are examined in more detail.

ANOVA tests also showed that differences in SF - 36 mental and physical health component scores were significant across ethnicity ($p<.001$). Overall New Zealand European and New Zealand European and Māori ethnic groups' mental health scores were significantly higher than Māori scores; physical health scores were significantly lower for both Māori and Pasifika peoples compared to the other two ethnic groups. There were significant interactions between ethnicity and type of economic activity ($p<.001$), although mental and physical health mean scores generally declined for all ethnic groups from worker, to retiree, to other, Pasifika peoples' scores declined markedly for the retiree group compared to the other two groups with means of 35.99 for mental health and 38.92 for physical health compared to means of 50.39 and 50.33 for all retirees respectively (see Figure 7).

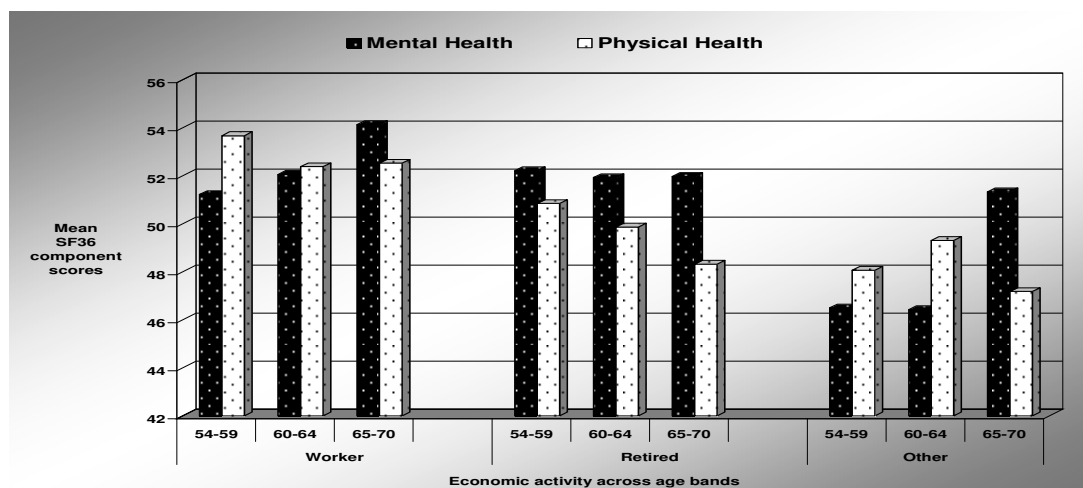


Figure 6. Economic activity by physical and mental health across age bands.

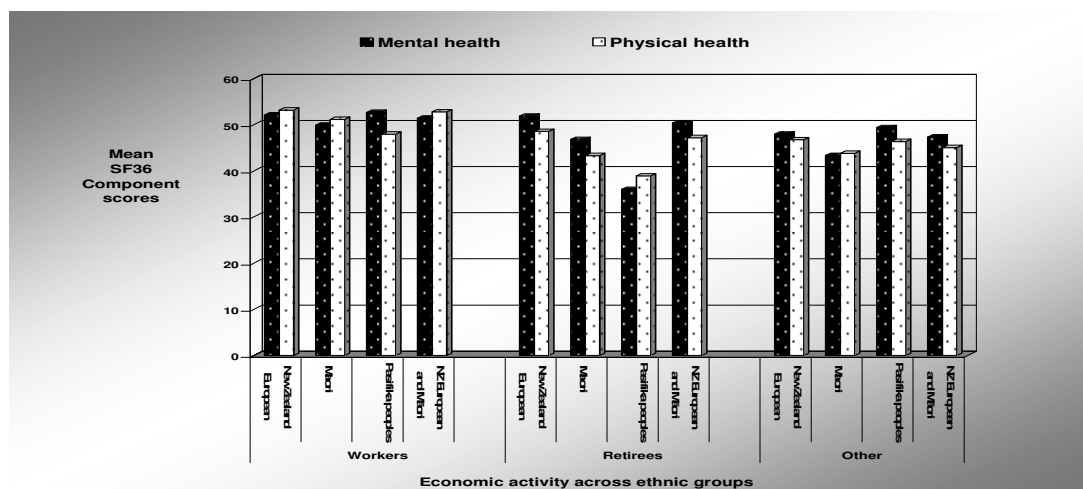


Figure 7. Economic activity by physical and mental health across ethnicity.

Health is by far the most studied variable relative to retirement. However, by the 1970s and 80s, the putative health effects of retirement had been found, through both cross-sectional and longitudinal studies, to be largely non-existent (e.g. Atchley, 1975; Palmore et. al, 1985; Parnes et. al, 1985; Streib & Schneider, 1971). Poor health tended to lead to retirement rather than the other way round. This is not to say that retirement does not have potential physical and mental health consequences, rather as Atchley (2003) notes, people bring to the work-retirement transition their own ability to adapt - retirement does not under normal circumstances cause poor health to occur. In a review of ageing at work, Hansson et. al (1997) suggest that the beginnings of poor health are present before the decision to retire is made, and that health deterioration is a normal part of the ageing process. However, poor health during retirement tends to predict low morale for both men and women and often predicts poor adjustment to retirement.

Examining the economic activity of all participants in more detail, just over 61% of the sample indicated they were in some paid employment (Figure 8). Less than 1% of men said they were homemakers whereas 300 women (9%) indicated that this was their current situation.

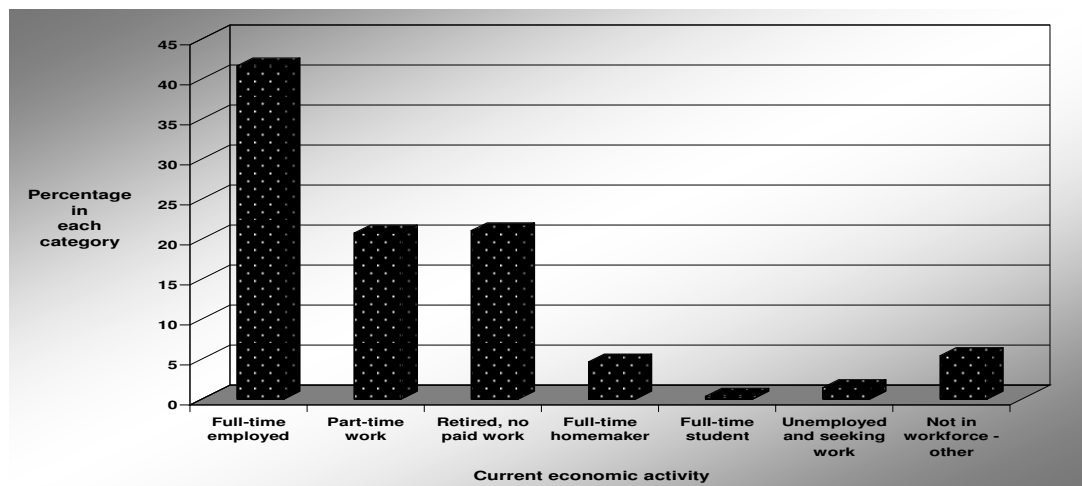


Figure 8. All economic activities.

Looking at the distribution of full-time versus part-time employment across gender, age and ethnicity for those participants who indicated they were in paid employment, we can see that full-time employment decreases across all age bands and women are more likely to be in part-time employment across all age bands and ethnicities compared to men (Figures 9 and 10).

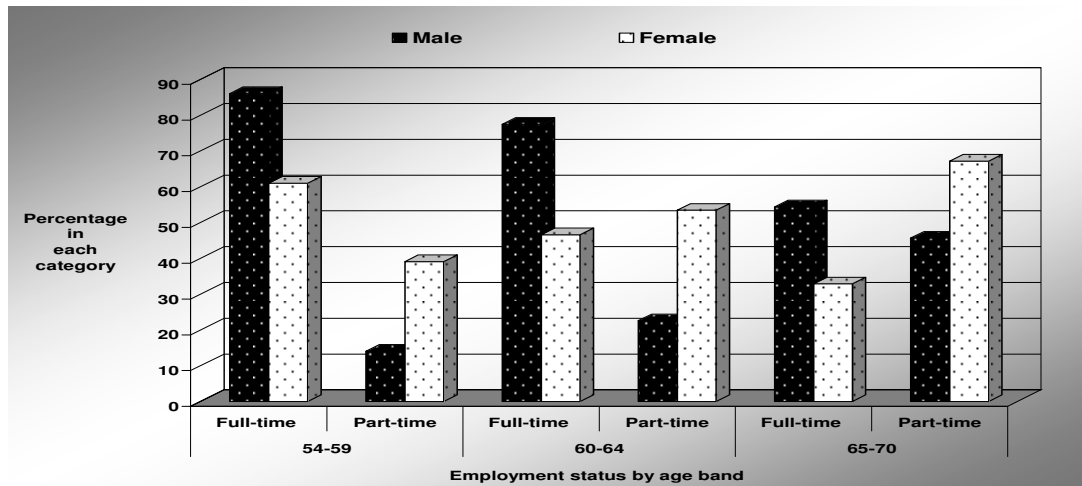


Figure 9. Men and women in full-time and part-time employment across age bands.

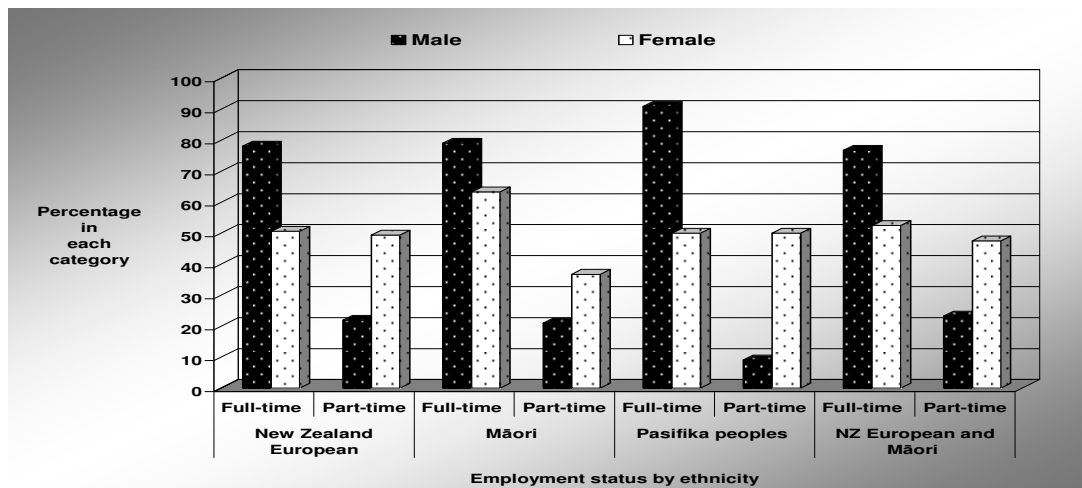


Figure 10. Men and women in full-time and part-time employment across ethnicity.

Anticipated Finances in Retirement

As with health status, retirement finances is a consistent predictor of wellbeing in retirement. Due to the often intermittent workforce participation occasioned by child-bearing and child-raising, women have reduced opportunities to accumulate wealth over their working lives compared to men. Women are more likely to work in jobs with lower pay and have fewer opportunities for promotion (Glass, Conrad & Kilpatrick, 1998; Talaga & Beehr, 1995). They are also less likely to have access to or belong to high yielding superannuation schemes. This greatly reduces their potential retirement income (Haveman, 2003). Together these factors result in lower average incomes for women in retirement compared to men. For instance, in New Zealand the average pre-tax weekly income for men aged 65 and over not in the workforce is \$383 compared to \$351 for women in the same group (Statistics New Zealand, 2007b). In addition, due to increased life expectancy, women are likely to spend more time in retirement than men and are thus more than twice as likely to live in poverty in old age as they rely for longer on accumulated savings (Walby, 1999). Participants in the HWR study still in the workforce were asked about their anticipated financial situation at future retirement e.g. “I worry about the standard of

living I will have in retirement”. Women were more likely to be concerned about their financial situation when they retired than men ($p<.001$). Younger participants were more concerned than older participants, with the 65 to 70 age group the least concerned about future retirement finances ($p<.001$). This was true of both men and women across the age bands but again, women at each age band were more worried about their future retirement finances (see Figure 11).

Previous research has found that Māori are considerably more disadvantaged than non-Māori as they reach retirement. Stevenson et al. (2002) found those Māori most at risk of poor living standards in retirement tended to rely solely on New Zealand Superannuation (NZS) for income and had no savings or assets. In the current study, European participants were more confident about their future retirement finances compared to Māori ($p<.01$), but there were no other significant differences between ethnic groups on this variable (see Figure 12).

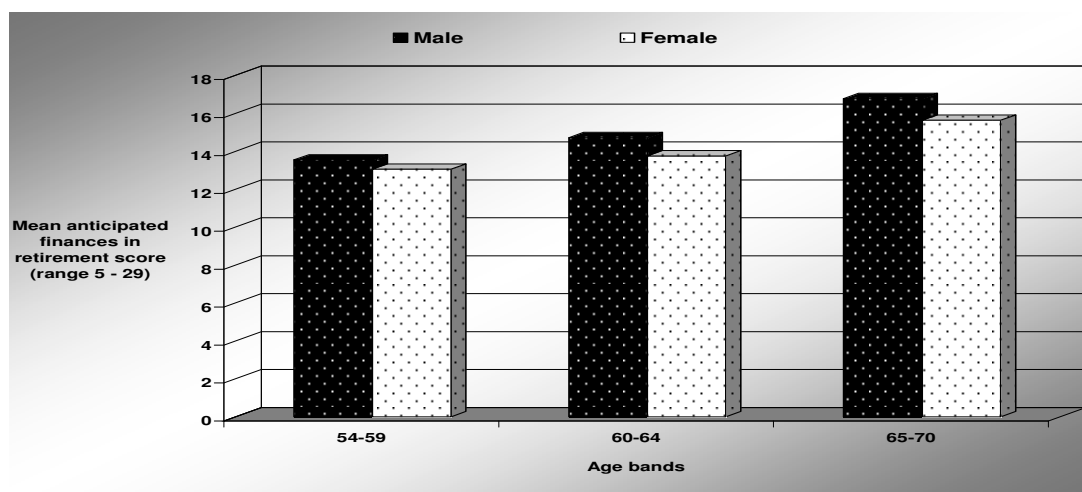


Figure 11. Anticipated finances in retirement by gender and age.

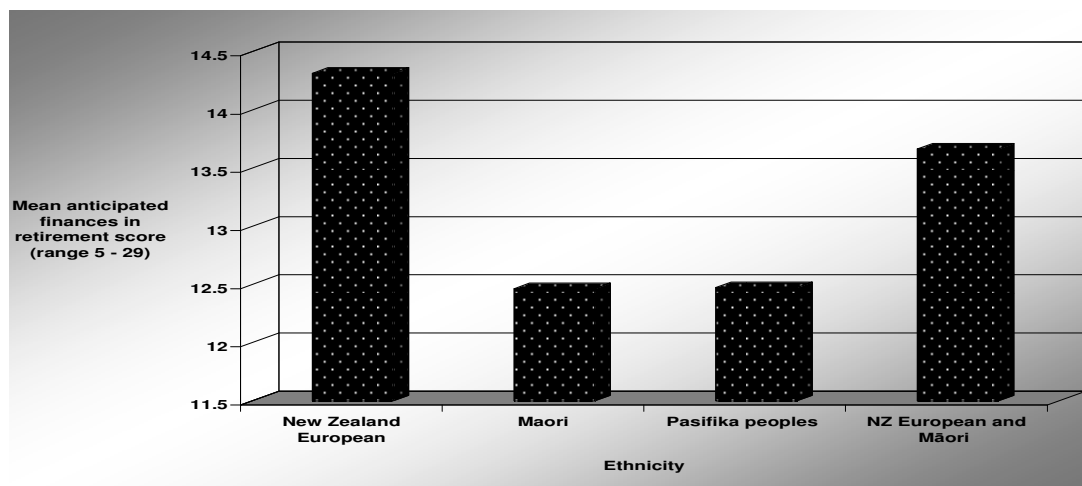


Figure 12. Anticipated finances in retirement by ethnicity.

Anticipated Adjustment to Retirement

Various research studies suggest that approximately 30 percent of retirees find either the retirement transition stressful or the state of being retired stressful (Matthews, Brown, Davis & Denton, 1982; Bosse, Aldwing, Levnsen & Workman-Daniels, 1991; Brathwaite, Gibson & Bosly-Craft, 1986). In the HWR study most people still in the workforce anticipated they would have little difficulty adjusting to retirement with only 16% reporting they did not feel confident about adjusting well. There were no differences in anticipated adjustment between men and women. The oldest group (aged 65 to 70) were slightly less confident in their ability to adjust to retirement compared to the two younger groups ($p < .05$).

There has been little research investigating retirement experiences across cultural groups. Most studies have investigated racial differences in adjustment, particularly within the United States, on working class retirees (Price, 1998). While these studies tend to find differences in adjustment between black and white Americans (Fernandez, Multran, Reitzes & Sudha, 1998; McGoldrick, 1994; Richardson & Kilty, 1992) these differences can largely be accounted for by differences in finances and health between these groups (Price, 1998). In the HWR study we have already seen that Māori and Pasifika peoples had poorer health and lower standards of living than other ethnic groups. It is not surprising then that, Māori and Pasifika ethnic groups, on average, anticipated poorer retirement adjustment than the New Zealand European and New Zealand European and Māori ethnic groups.

Work Factors and Retirement Intentions

A number of career and work factors may influence decisions about retirement and adjustment to retirement, although findings have been equivocal. For instance, job dissatisfaction has been negatively related to retirement intentions in some studies (e.g. Hanisch & Hulin, 1990; Sibbald, Bojke, & Gravelle, 2003) but not in others (Taylor & Shore, 1995). Organisational commitment has been found to predict intended retirement age (Adams, Prescher, Beehr & Lepisto, 2002; Taylor & Shore, 1995) with the more committed intending to retire later. Adams (1999) found career commitment positively related to planned retirement age but in a later study found no such relationship to retirement intentions (Adams et al., 2002).

HWR participants were asked how committed they were to their current career. The majority of respondents were positively committed to their careers (64%), were satisfied to some extent with their careers (75%), and experienced moderate to high levels of job satisfaction (84%). Women experienced less career satisfaction than men ($p < .001$), though there were no significant differences between men and women in their commitment to their careers or their satisfaction with their job. The older age band (65 to 70) reported the highest levels of career commitment and career and job satisfaction compared to the younger age groups ($p < .001$). There were no significant differences on these three variables across ethnic groups.

We asked those still in the workforce at what age they intended to fully retire. Job satisfaction was unrelated to retirement intentions for our participants. However, both career commitment and career satisfaction were significantly related to the age at which people intended to retire with those committed to and satisfied with their careers intending to retire at a later age ($p < .001$).

The extent to which people feel involved in their job or work in general has also been proposed as a correlate of retirement related variables. Gee and Baillie (1999) found that personal job involvement, but not general work involvement, was associated with negative retirement expectations. Conversely, Adams et al. (2002) found job involvement positively related to retirement intentions with those more involved in their job intending to retire sooner. It may be, as the authors suggest, that those highly involved in their jobs are more likely to suffer from burnout which in turn leads to early retirement. In the current study, the work involvement scale used includes items such as “Work should be considered central to life”. Men ($p<.001$) and older workers ($p<.001$) were more likely to rate highly on the work involvement scale. European New Zealanders scored the lowest on this scale and were the least involved in their work compared to other ethnic groups ($p<.001$), with Māori reporting the highest work involvement scores on average. For all participants, work involvement was positively related to retirement intentions, with greater involvement related to older intended retirement age ($p<.001$).

Stressful working conditions have also been related to retirement behaviour. For instance, jobs with high physical strain or physical demand tend to lead to earlier retirement (Blekesaune & Solem, 2005; Krause et al., 1997), as do jobs with high job demands and low job control or autonomy (Karasek’s demand-control model) (Elovainio, Forma, Kivimäki, Sinervo, Sutinen, & Laine, 2005; Hayward, Grady, Hardy & Sommers, 1989; Siegrist, Wahrendorf, van dem Knesebeck, Juges & Borsch-Supan, 2007). Of the HWR participants still in the workforce, nearly 28% reported that their job was stressful. Younger workers reported higher stress levels than older workers ($p<.001$) but there were no significant differences in stress levels between men and women or across ethnic groups. For all workers job stress was negatively correlated with intended retirement age, with those who reported greater stress also anticipating an earlier retirement ($p<.001$).

As discussed in more detail in the chapter on social support, there is considerable evidence that for older adults, effective social supports are a major contributor to quality of life and provide a protective mechanism against major and minor stressors (Siebert, Mutran, & Reitzes, 1999). In the work environment, social support is a key factor in occupational stress models of work-related health outcomes. Although specific workplace social support is less a focus of research than general social support, it has been associated with poor health outcomes (e.g. Johnson & Hall, 1994). There is also some suggestion that workplace social support can act as an important factor in career and retirement decision making processes (Greller & Richtermeyer, 2006).

Most workers in the HWR study agreed they worked in a supportive work environment (71%), however, women workers rated their levels of social support received at work slightly higher than men ($p<.001$). There were no significant differences in perceived work social support across age or ethnicity and no overall relationship between workplace social support and retirement intentions. However, those that reported higher levels of workplace social support also reported higher levels of wellbeing on the SF – 35 mental health component scale.

Leisure

Leisure pursuits are often conceptualised as exerting a “pull” on workers toward retirement. For instance, knowing one has a “leisure repertoire” (Mobily, Lemke & Gisin, 1991) to call upon in retirement may favourably dispose individuals to earlier retirement (Beehr, 1986). Whereas those with few leisure interests may seek to delay retirement in order to maintain a sense of structure and status to their lives (Rosenkoetter & Garris, 2001).

Working participants were asked about their current leisure experiences and their leisure orientation. Males were slightly more likely to be involved in hobbies, projects and clubs when not working compared to females ($p < .05$), however, surprisingly they were more likely to agree that when they were not working they didn’t know what to do with their time ($p < .001$). Males were also more likely to wish they had more leisure time ($p < .01$) – see Figures 13, 14 and 15.

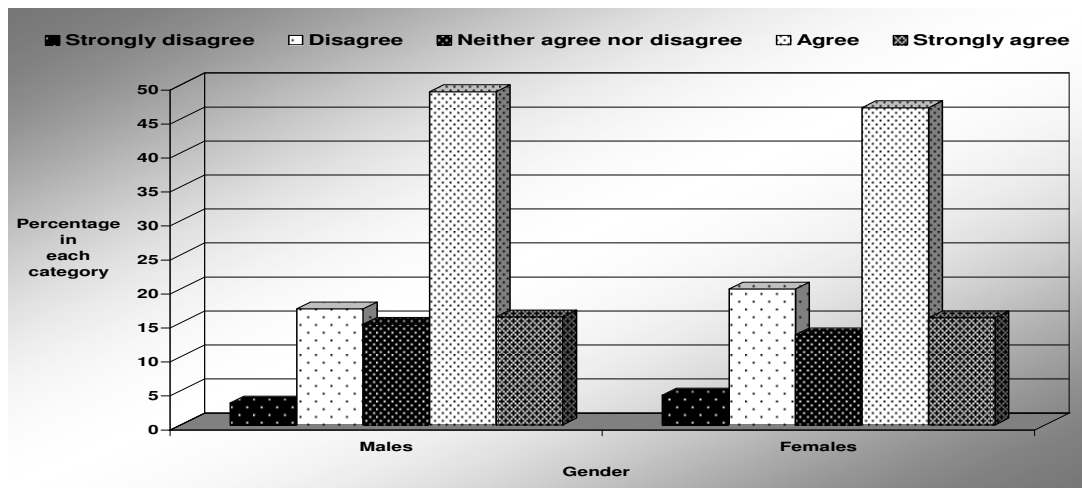


Figure 13. Current leisure experience by gender – “When I am not working, my time is filled with non-work interests such as hobbies, clubs and projects”.

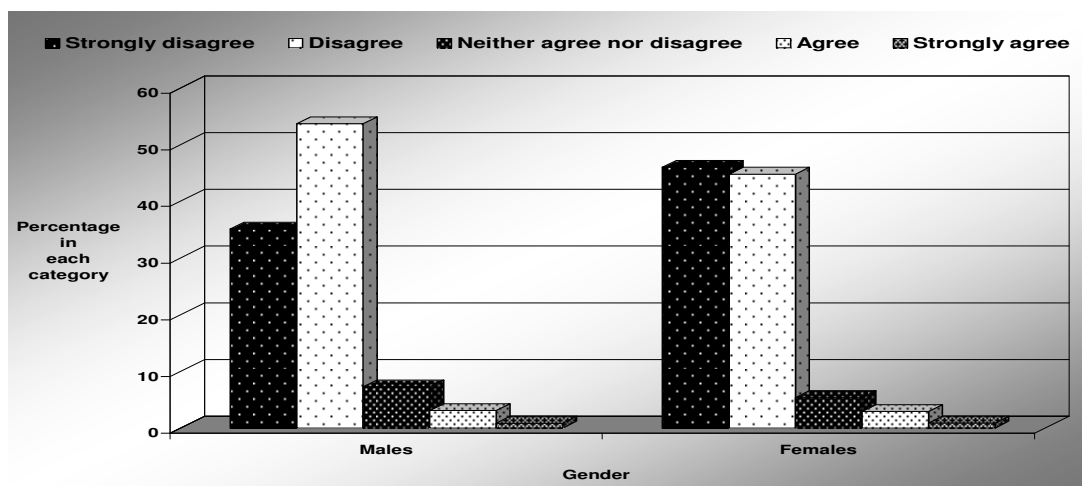


Figure 14. Current leisure experience by gender – “When I am not working, I don’t know what to do with my time”.

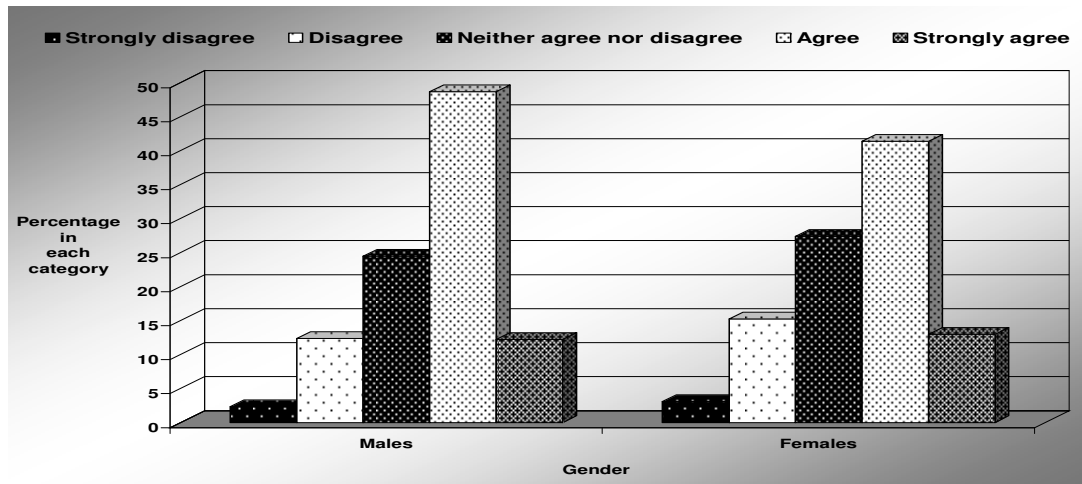


Figure 15. Current leisure experience by gender – “I wish I had more leisure time”.

Older workers were more likely than younger workers to fill their time with hobbies, clubs and projects ($p < .01$) but less likely to wish for more leisure time ($p < .001$) – see Figures 16 and 17.

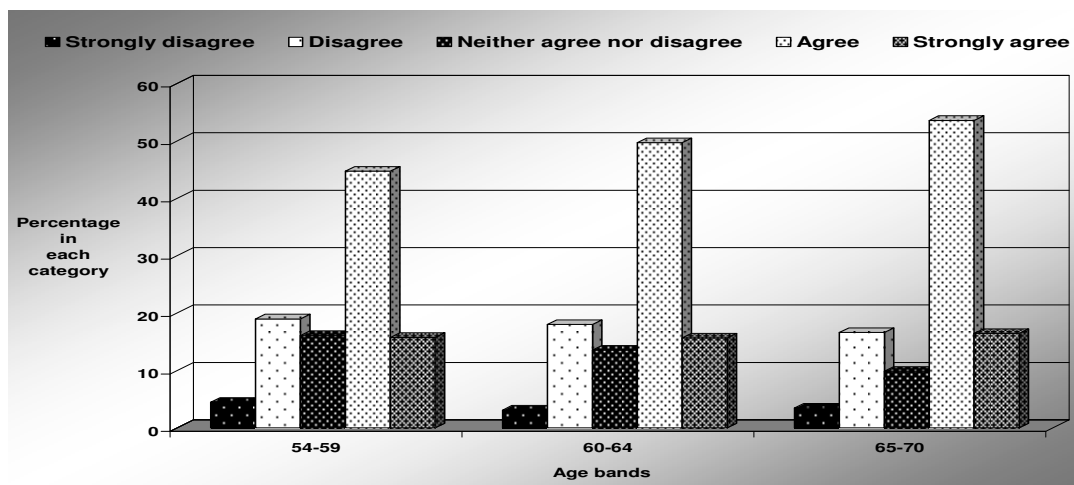


Figure 16. Current leisure experience by age – “When I am not working, my time is filled with non-work interests such as hobbies, clubs and projects”.

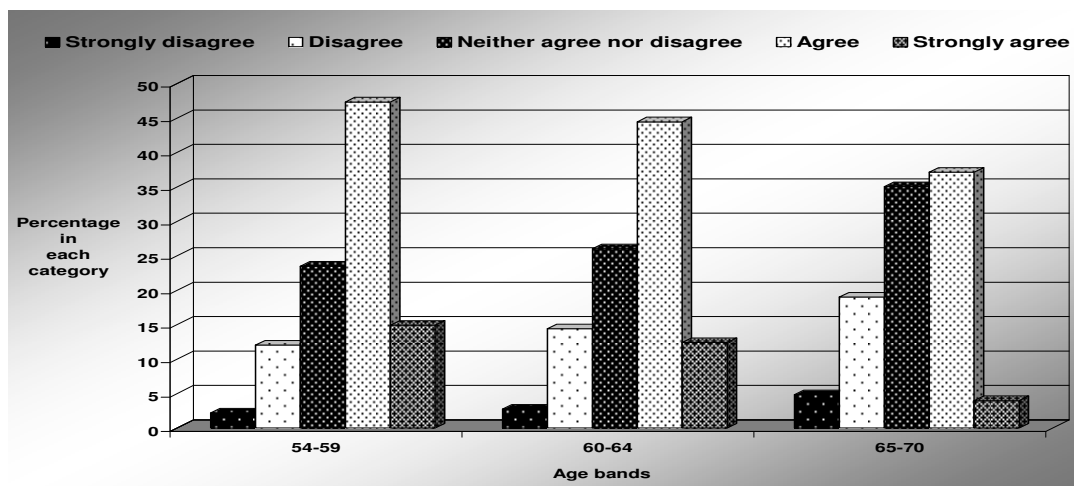


Figure 17. Current leisure experience by age – “I wish I had more leisure time”.

Examining current leisure experiences across ethnic groups we can see that Māori and New Zealand European were significantly more likely to be involved in hobbies, projects and clubs when not working ($p<.001$). Māori and Pasifika peoples were more likely to want to take it easy when not working ($p<.001$) but surprisingly were also more likely to agree that they didn't know what to do with their time when not working ($p<.001$) – see Figures 18, 19 and 20.

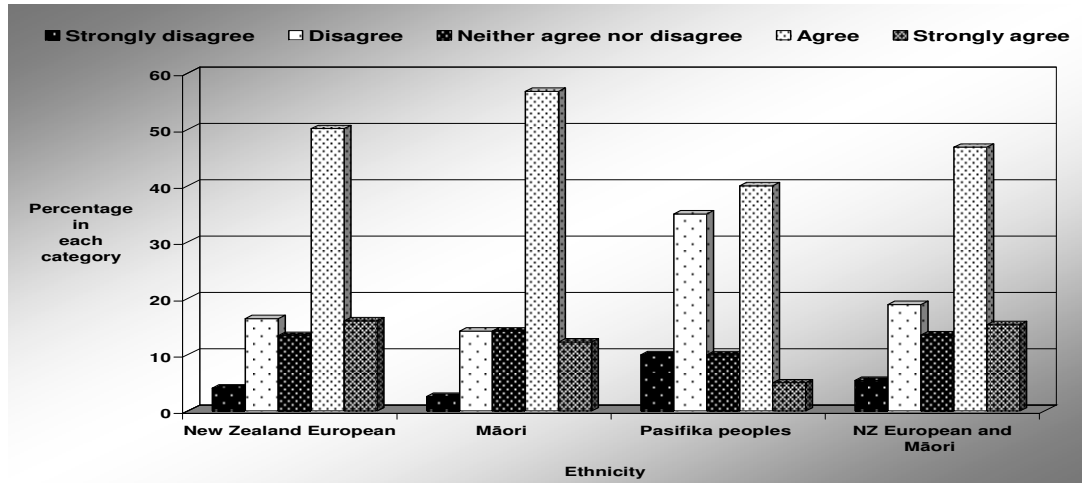


Figure 18. Current leisure experience by ethnicity – “When I am not working, my time is filled with non-work interests such as hobbies, clubs and projects”.

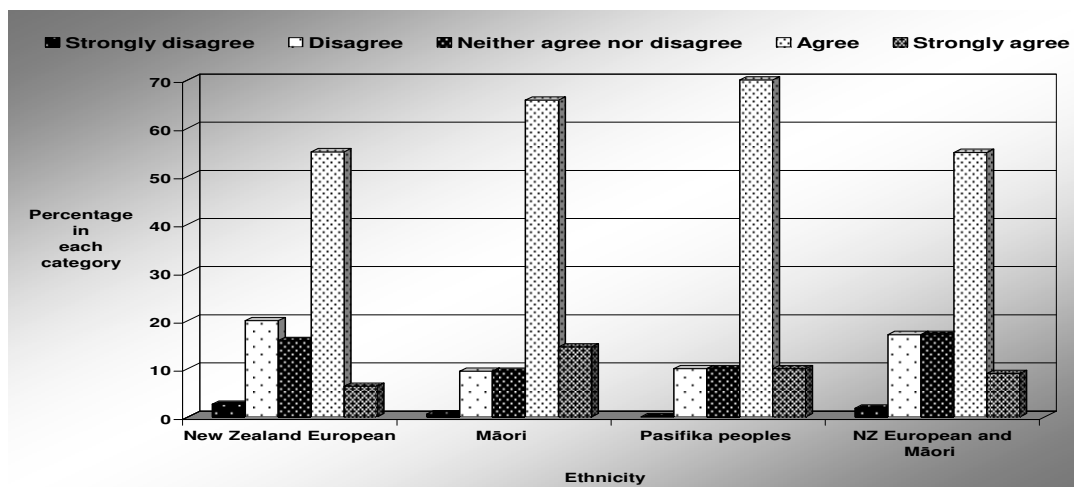


Figure 19. Current leisure experience by ethnicity – “When I am not working I like to take it easy”.

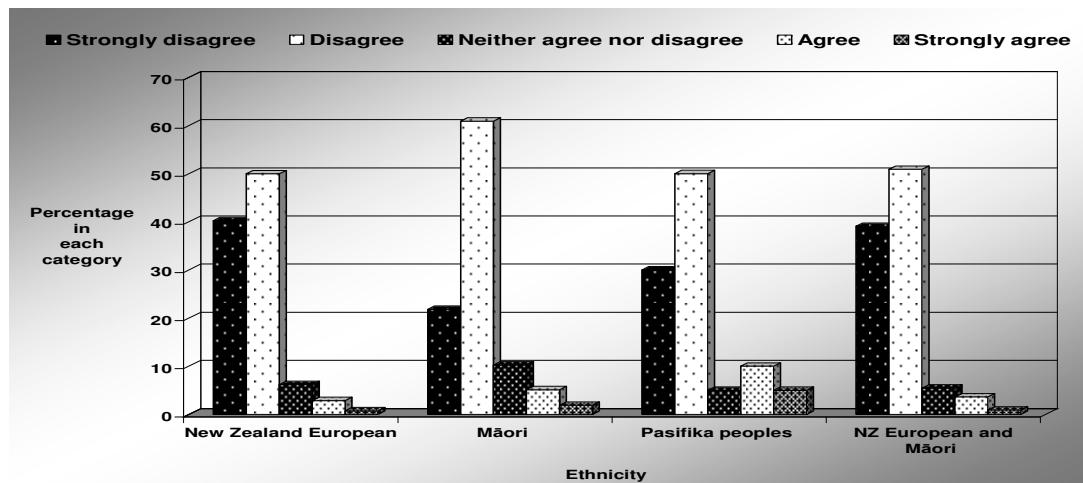


Figure 20. Current leisure experience by ethnicity – “When I am not working, I don’t know what to do with my time”.

Pathways to Retirement

The 60s and 70s saw a trend toward early retirement (Markides & Cooper, 1987). The average retirement age in 1950 was 67, by 1980 it was 63 (Moody, 2002), and by 1995 for a number of OECD countries this had dropped to below 60 for males (OECD, 1998). Restructuring in the 1980s and 1990s, saw the introduction by many organisations of early retirement incentives to encourage older workers to leave the workforce, thereby further decreasing workforce participation for older workers. This trend toward early retirement appears to be on the wane (Moody, 2002), and in fact labour force participation by workers over 65 is increasing in New Zealand. With an increasing skill shortage projected to continue it is even more important to retain older workers. As Davey and Cornwall (2003, p.15) argue, we need to be “maximising the potential of older workers”.

We asked our full-time working participants when they intended to retire completely from paid employment. The mean age of intended retirement was 67 years (sd=5.7 years), with a median age of 65 years. However 46% said they would retire completely at 65 years of age, with another 20% indicating 70 would be their retirement age.

We further examined how likely participants thought it would be that they would still be in employment at 62 years and at 65 years. Of those younger than 62, 35% were absolutely certain they would be working full-time past the age of 62, with another 26% indicating they thought it likely they would still be working at that age. Nearly 27% thought it either unlikely or there would be absolutely no chance they would be in full-time work at 62 years of age (see Figure 22). Men were more likely to agree that they would be in full-time employment at aged 62 ($p<.001$) as were Māori and New Zealand Europeans ($p<.01$) – see Figures 23 and 24.

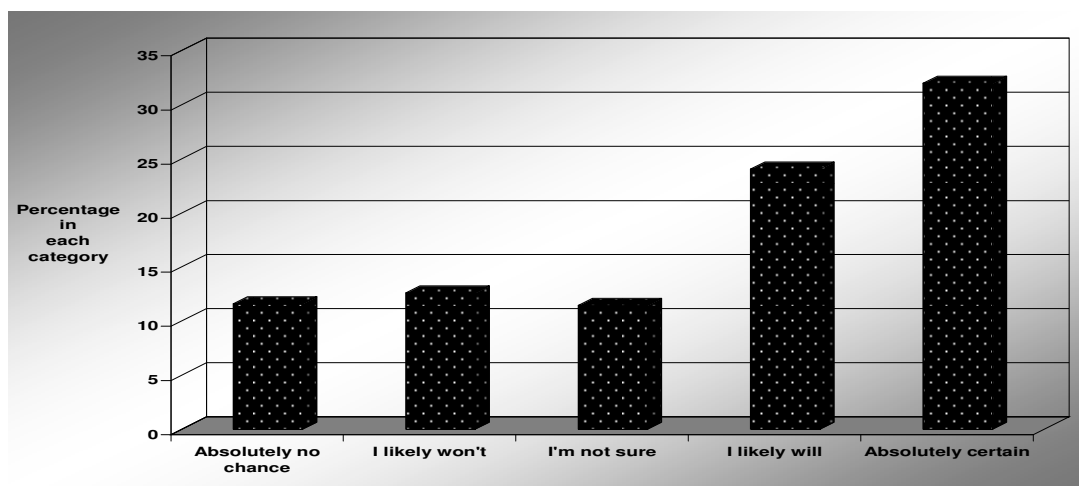


Figure 22. How likely to be in full-time employment aged 62 years.

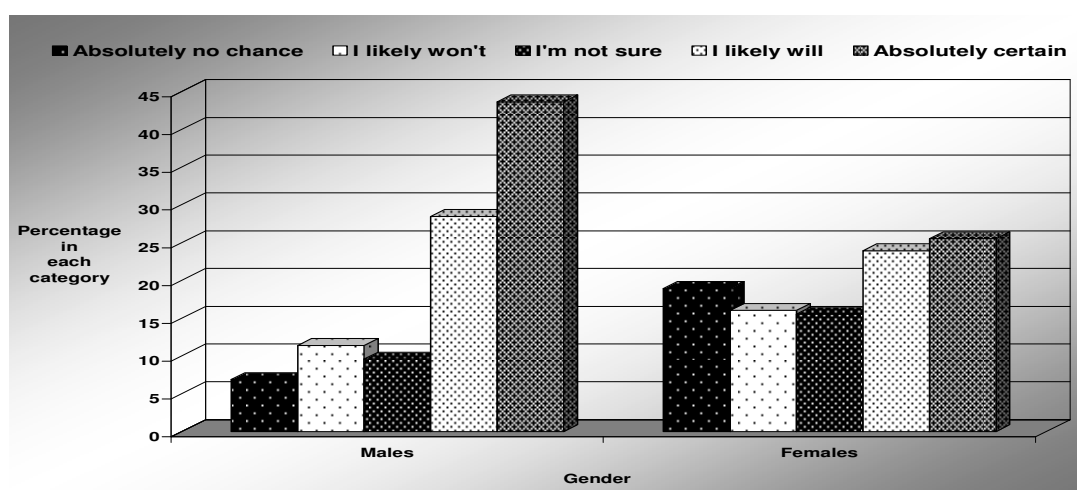


Figure 23. How likely to be in full-time employment aged 62 years by gender.

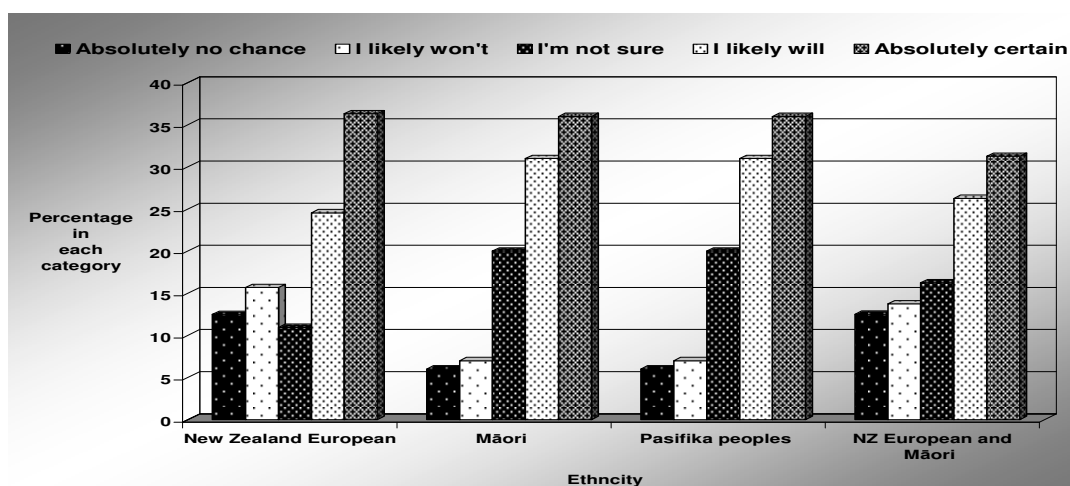


Figure 24. How likely to be in full-time employment aged 62 years by ethnicity.

When looking at all respondents currently in work under the age of 65, 19% were absolutely certain they would still be working full-time at 65, with another 26% indicating they thought it likely they would still be working full-time at that age. Just

over 35% of the 55 to 64 years old respondents currently employed thought it either unlikely or there would be absolutely no chance they would be in full-time work at 65 years of age (see Figure 25).

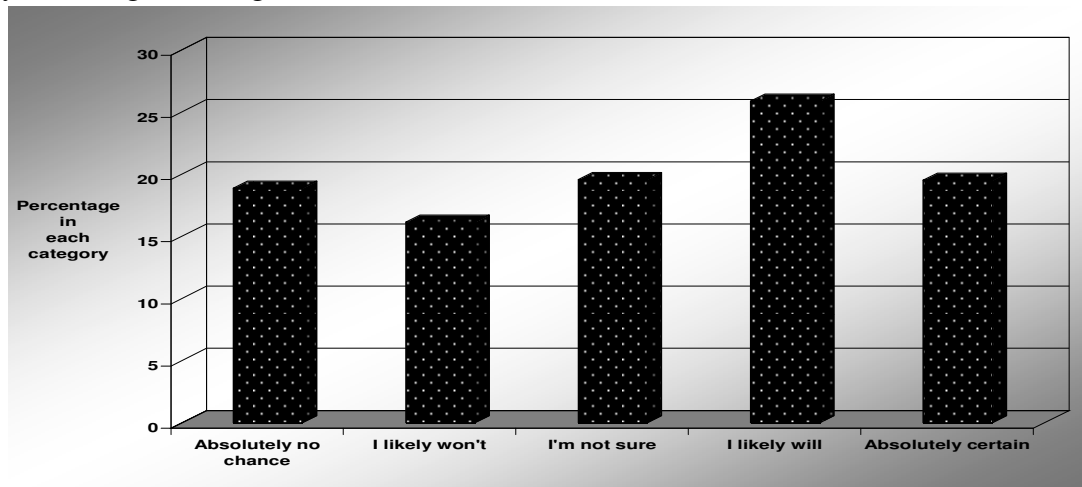


Figure 25. How likely to be in full-time employment aged 65.

In this age group men were much more certain about seeing themselves still in full-time employment at 65 (44%) than women (25%) ($p < .001$), as were New Zealand European and Māori participants ($p < .01$) – see Figures 26 and 27.

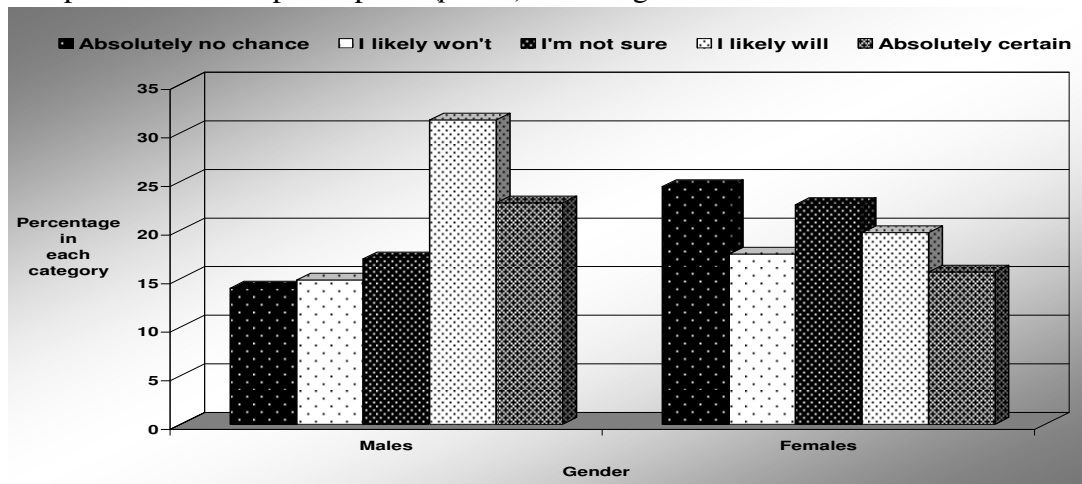


Figure 26. How likely to be in full-time employment aged 65 by gender.

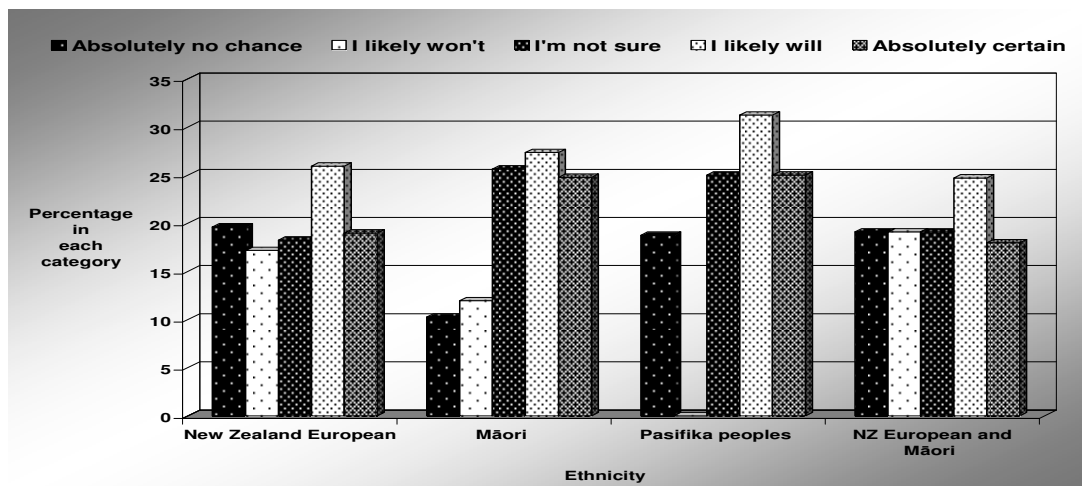


Figure 27. How likely to be in full-time employment aged 65 by ethnicity.

Szinovacz, Ekerdt and Vinick (1992) have argued that due to societal changes over the past few decades that have seen an increase in the labour force participation of middle-aged wives, retirement has become a couple's event. There is evidence to suggest that mismatched retirement timing for couples is associated with poorer retirement wellbeing, particularly for husbands when they retire before wives (Szinovacz & Davey, 2004; Szinovacz & Davey, 2005). We asked those currently married or partnered who were working full-time, whether they expected their spouse/partner to retire at the same time as they did. More females expected their partner to retire at the same time as they did compared to men ($p<.001$) – see Figure 28.

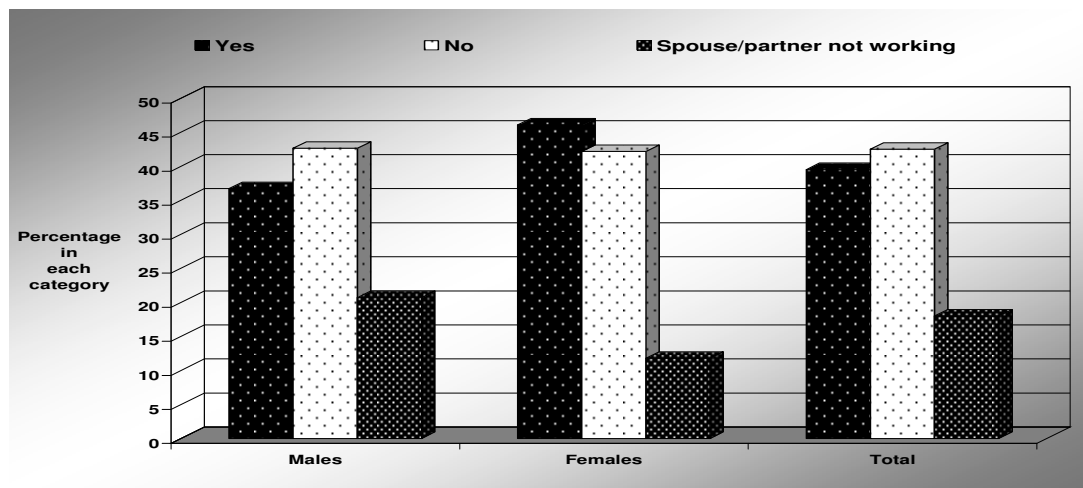


Figure 28. Do you expect your spouse/partner to retire at about the same time as you?

Expected Retirement Living Standards

As noted earlier, financial status is a consistent predictor of retirement adjustment and continued independence and wellbeing in retirement. Those still in full-time work were asked what they thought would happen to their living standards when they and their spouse/partner retired. A large percentage of respondents stated that they thought their living standards would stay the same in their retirement (44%), although a further 48.6% thought they would decline somewhat to a lot.

Clearly one of the factors that will influence perceptions of future living standards is the current living standards of individuals. We used the Economic Living Standards Index (ELSI; Ministry of Social Development, 2005) to assess participants' current situation. This scale measures self-reported ownership restrictions (e.g. "Do you have or have access to home contents insurance?"), social participation restrictions (e.g. "Do you have holidays away from home every year?"), and ratings of material standard of living (e.g. "How would you rate your material standard of living?"). ANOVA tests showed current living standards were related to expected retirement living standards ($p<.0001$). Not surprisingly those who rated their current living standards positively were more likely to anticipate maintaining these standards in retirement (see Figure 29).

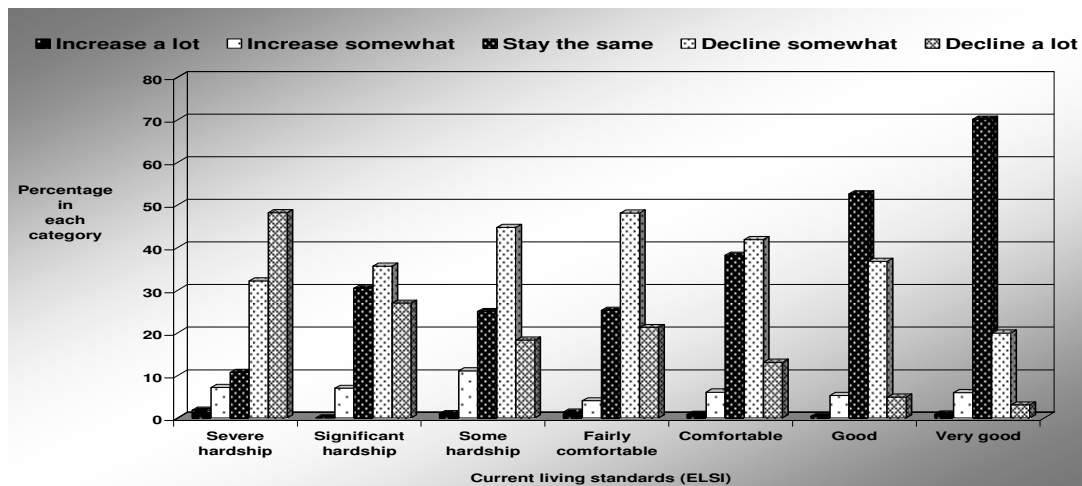


Figure 29. Expected retirement living standards by current living standards for full-time workers.

Although there was no difference between men and women on expected retirement living standards, there was a significant interaction between gender and current living standards on future expectations of retirement living standards ($p < .001$) (see Figure 30). For instance, of those who rated themselves as currently in severe hardship, men were more likely to expect their retirement living standards to decline a lot compared to females (63% and 23% respectively). For the groups that rated their current living standard as very good, nearly 75% of women thought their living standards would remain the same in retirement compared to 62% of men.

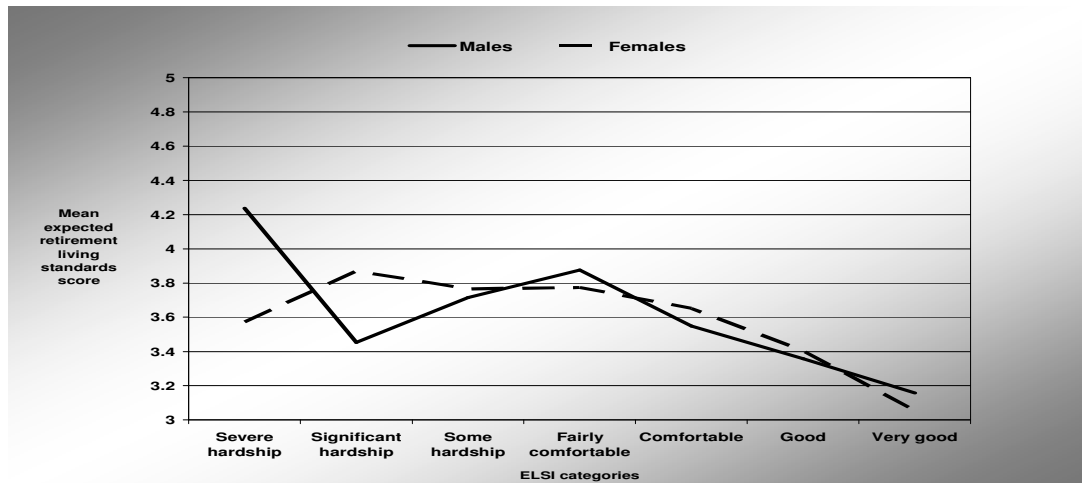


Figure 30. Expected retirement living standards (1= Increase a lot, 2=Increase somewhat, 3= stay the same, 4=Decline somewhat, 5=Decline a lot) by current living standards (ELSI) and gender for full-time workers.

There was no significant difference in expected retirement living standards across the three age bands. However, expected retirement living standards were significantly different across ethnic groups ($p < .001$). Pasifika peoples were significantly more likely to expect their retirement living standards to remain the same or improve than the other three groups. The New Zealand European and New Zealand European and Māori groups were the least positive about any possible improvement in future retirement living standards (see Figure 31). Due to small sub-

group sample sizes tests for interaction between age and current living standards, and ethnicity and current living standards on expected retirement living standards were not undertaken.



Figure 31. Expected retirement living standards by ethnic group for full-time workers.

Future Economic Trends

New Zealand Superannuation (NZS) is a universal, flat-rate pension determined by age and residency (Cook, 2006). Clearly the ageing population structure raises concerns for many about the ability of the Government to continue to sustainably provide a universal pension in the future. However, New Zealand is in a better position than most OECD countries with regard to sustainability. The current cost of NZS is 3.6% of gross domestic product (GDP). This is expected to rise to 8% of GDP by 2051 (Retirement Commission, 2007). This compares to an average 10% of GDP across the OECD with some countries expenditure on retirement income predicted to rise to between 14 and 20% of GDP in the next 20 years (Retirement Commission, 2007). Currently around 60 percent of the population aged 65 years and over rely on NZS as their most significant source of income (Cook, 2006). We asked all HWR participants what they thought about the future effects of economic trends and government policy. The majority of participants felt somewhat uncertain about how economic trends would affect their lives in retirement. Those in full-time employment were significantly more concerned about future economic trends than part-time workers and retirees ($p < .001$) (see Figure 32). Participants were also concerned whether the government would financially support them in their retirement. Retirees were the least concerned about future government support and full-time workers were the most concerned ($p < .001$) (see Figure 33).

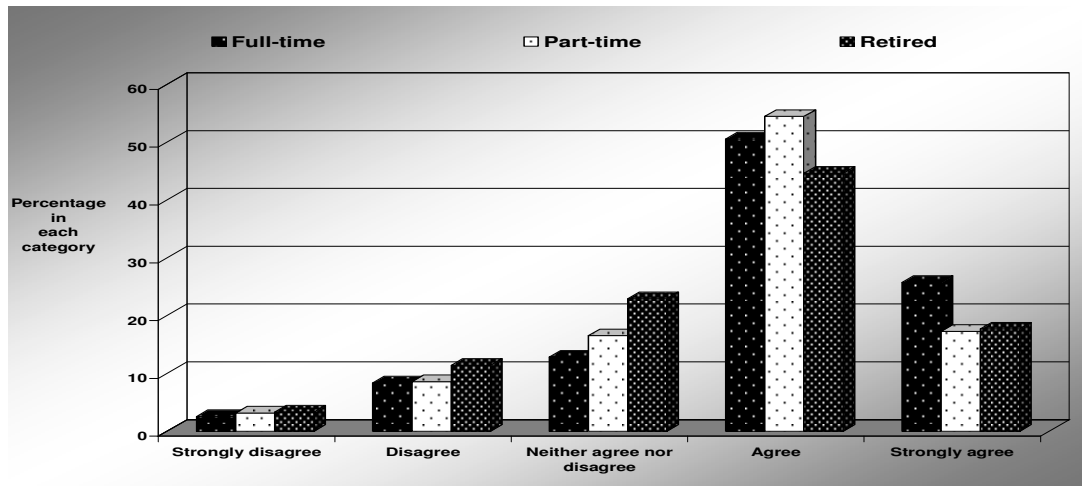


Figure 32. “I feel uncertain about how economic trends will affect my life in retirement”.

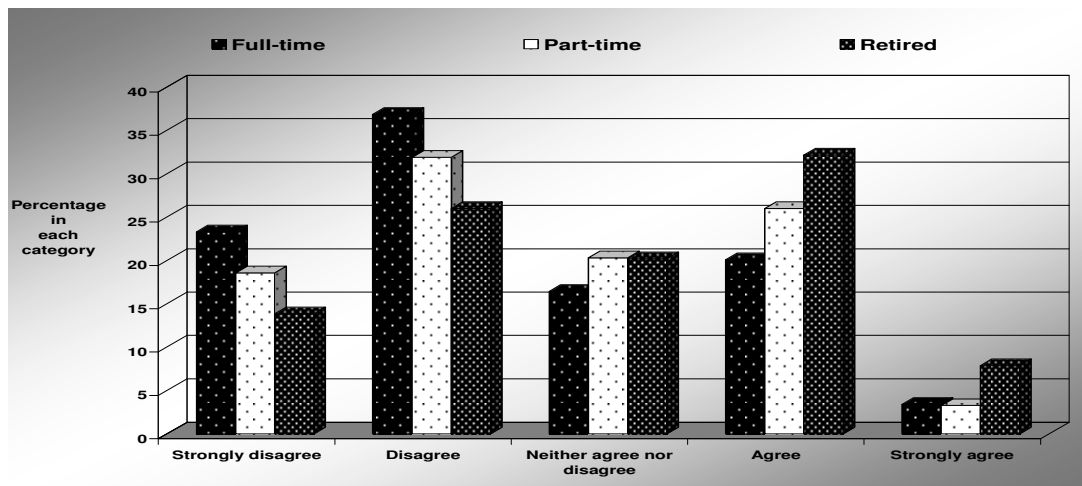


Figure 33. “I feel secure that the government will financially support me in retirement”.

For many older workers withdrawal from the workforce is now characterised by a more gradual process in which they may reduce their hours of work or have fewer responsibilities (Cavanaugh & Blanchard-Fields, 2002). This “bridge employment” may also involve temporary or contract positions. Feldman (1994) described bridge employment as a “transition into some part-time, self-employment or temporary work after full-time employment ends and permanent retirement begins” (p.286). This type of employment may offer the opportunity to enhance existing superannuation payments (Doeringer, 1990), or it may be the only type of paid work available before eligibility for such benefits occurs (Atchley & Barousch, 2004).

We asked current full-time workers whether, when they retired, they wanted to stop paid employment completely or continue in some form of paid employment. The great majority (70.6%) wanted to continue in some form of paid employment rather than completely stop their involvement in the workplace.

While bridging employment is clearly considered an ideal option by older workers, these people are often the first group to be targeted for early retirement

options, or considered for redundancy during market declines. Forced versus voluntary retirement has been found to influence retirement adjustment and health and wellbeing in retirement (Herzog, House & Morgan, 1991; Swan, Dame & Carmelli, 1991; Shultz, Morton & Weckerle, 1998). Working HWR participants were asked if they felt pressure to retire. Overall, 10.5% had felt some pressure to retire. This pressure was unsurprisingly felt more strongly by older workers with only 7.4% of 55-59 year olds feeling pressured compared to 10.6% and 13.2% for 60-64 year olds and 65-70 year olds respectively ($p<.001$) (see Figure 34). Māori and Pasifika people were slightly more likely to report feeling pressure to retire ($p<.001$). There was no significant difference across gender.

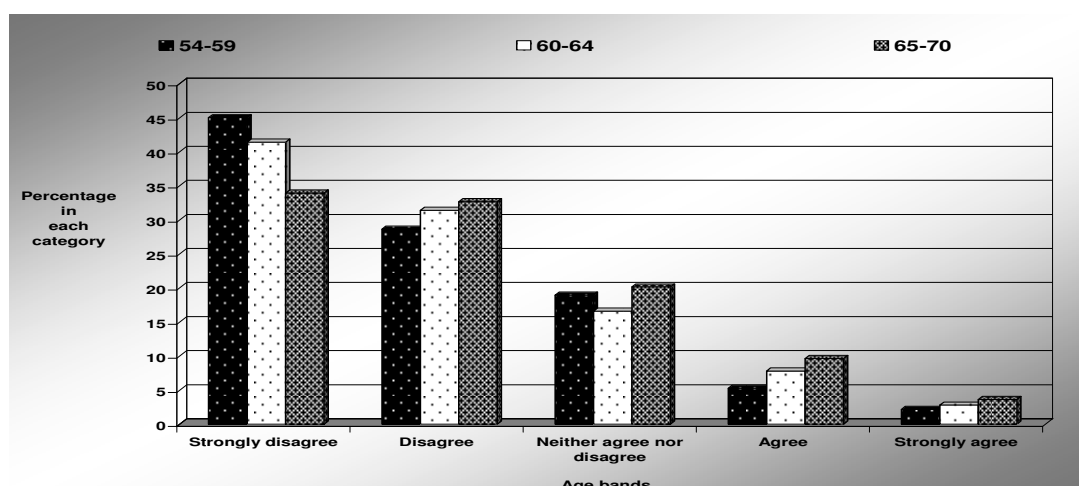


Figure 34. “I feel pressure to retire”.

Reasons to Retire

Workers were presented with a number of reasons why people retire and asked to rate how important these reasons would be for their own retirement decision. Table 2 shows a large percentage of workers thought that poor health of themselves or family members could be “very important” for them. Nearly a fifth also thought their employer’s policy toward older workers could potentially be an important reason to retire. The least important reason to retire was “not liking the work”.

Table 2. Workers Ratings of the Importance of Reasons for Retirement.

Reason People Retire	% of workers who rated as “Very Important”
Poor health	45.7
Health of family members	30.7
Want to do other things	20.9
Don’t need to work – have enough money	20.3
Employer policy toward older workers	19.0
Can’t find work	16.0
Partner about to retire	14.1
Don’t get on with boss	12.2
Work not appreciated	10.1
Don’t like the work	10.2

Workers *and* retirees were also asked about the positive and negative aspects of retirement. These aspects of retirement are listed in Tables 3 and 4. Spending time with family was rated as a very important, good aspect about retirement for both workers and retirees. Leisure activities and just being able to take it easy were also rated as good things about retirement by a large percentage of participants. The lack of pressure afforded by retirement was rated more highly by retirees than workers. Less than 18% of all participants rated voluntary work as very important in retirement. Financial concerns were rated as quite bothersome by a large percentage of participants as was the possibility of illness and/or disability, however both these issues were less likely to be rated as a concern by retirees. Loss of the work role and being bored in retirement did not seem to be rated as particularly bothersome.

Table 3. Workers' and retirees' ratings of the positive aspects of retirement.

Good things about retirement	% who rated as "Very Important"	
	Workers	Retirees
More time with grandchildren	50.5	51.3
More time with spouse/partner	49.6	53.7
More time for hobbies/sports	40.0	38.2
Chance to travel	34.5	28.6
Lack of pressure	34.3	40.0
Being own boss	28.8	27.5
Able to take it easy	27.0	29.1
More time for volunteer work	17.7	15.8

Table 4. Workers' and retirees' ratings of the negative aspects of retirement.

Bad things about retirement	% who rated as "Bothered a lot"	
	Workers	Retirees
Inflation and cost of living	34.4	28.5
Not enough money to get by	30.6	21.4
Illness or disability	30.4	24.5
Not being productive	10.4	8.3
Being bored	9.1	5.8
Missing workmates	6.3	5.3

Retirement Planning

Planning for retirement is not only likely to enhance the adequacy of individuals' wealth accumulation and retirement savings but there is evidence that planning also has positive psychological benefits such as reduced retirement-related anxiety and depression, better retirement adjustment and higher levels of retirement satisfaction (Elder & Rudolph, 1999; Feldman, 1994; Taylor-Carter & Cook, 1997). The HWR participants still in work were asked about the amount of planning they had undertaken for their retirement. Fifty-four percent had thought about retirement "some" to "a lot", however 22% had hardly thought about it at all (see Figure 35).

There was a similar pattern of responses across gender and to some extent across age, however in the oldest group just over 30% had thought about retirement “hardly at all” ($p<.001$). Māori and Pasifika peoples were less likely to have thought about retirement than New Zealand Europeans and NZ European and Māori ethnic groups ($p<.001$).

Of those with a spouse or partner, the majority (52%) had discussed retirement with their spouse/partner, although 20% had hardly discussed retirement at all. Males and females did not differ on how much they had discussed retirement with their spouse or partner, however, Māori and Pasifika peoples were less likely to have talked to their spouse or partner compared to New Zealand Europeans ($p<.001$). The mid-aged group (60-64 years) were the least likely to have discussed retirement with their spouse or partner ($p<.01$).

Less than 30% of participants had discussed retirement to any great extent with their friends and co-workers, however men were slightly more likely than women to talk to friends and co-workers about retirement ($p<.01$). There were no differences across age or ethnicity on this retirement planning variable. It is clear that participants are much more likely to discuss retirement with their spouse than friends and co-workers.

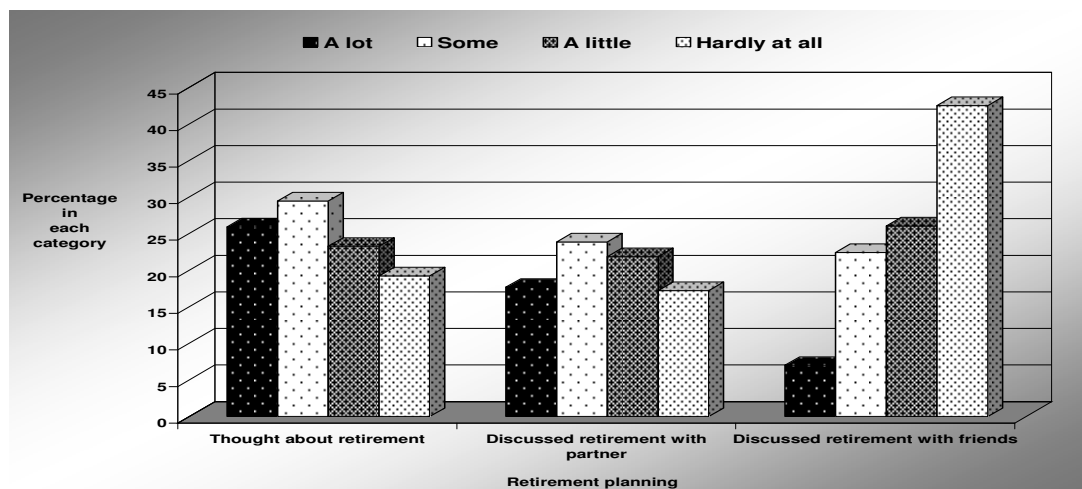


Figure 35. Workers' retirement planning.

Voluntary versus Involuntary Retirement

As noted earlier, involuntary or forced retirement can have an impact on health and wellbeing and how well one adjusts to retirement. Of those HWR participants who indicated they were partly or completely retired, 24% stated that retirement was an involuntary decision. Examining age bands we can see that the proportion of forced retirements was higher for the two younger age groups ($p<.001$) – see Figure 36. Of those completely retired who said their retirement was voluntary, approximately 11% also said they had felt some pressure to retire.

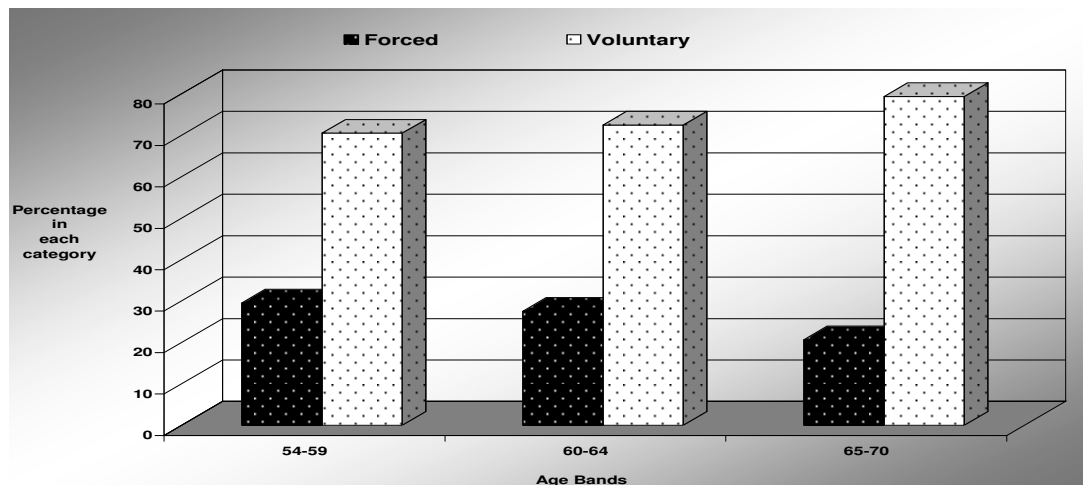


Figure 36. Forced versus voluntary retirement by age bands.

Current Living Standards

We first asked retirees whether prior to retirement they had expected their living standards to change in retirement. The majority had expected them to stay the same (45.2%) or decline somewhat (37.7%). Just under 8% had thought their living standards would increase.

Using the Economic Living Standards Index (ELSI) to assess retirees' current situation, approximately 48% of retirees would be assessed as having a good or very good standard of living. A further 35% would be rated fairly comfortable or comfortable; however 18% could be categorised as experiencing some degree of hardship with over 5% experiencing severe hardship (see Figure 37). Compared to those still in paid employment, retirees were on average less comfortably off, and proportionally, experienced more hardship compared to part-time and full-time workers ($p<.001$).

Examining retirees' subjective appraisal of their retirement standard of living and income (see Figure 38), it can be seen that a significant proportion experience some degree of worry over their current situation.

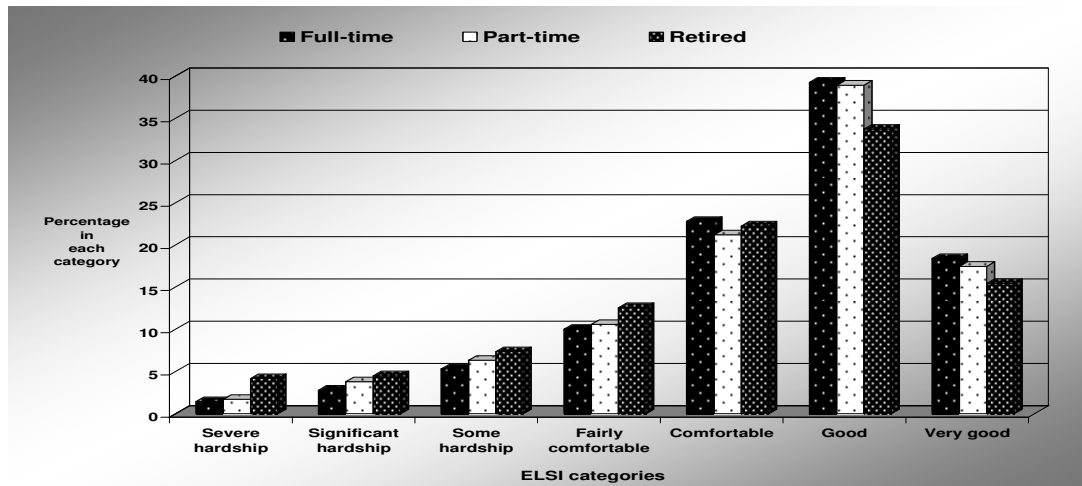


Figure 37. Economic living standards by work status.

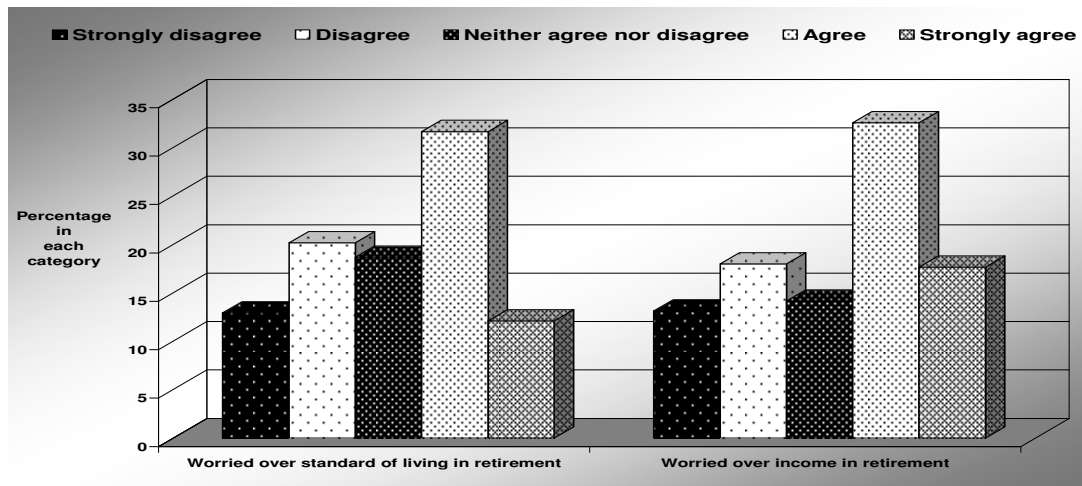


Figure 38. Worry over retirement finances for those completely retired.

Retirement Adjustment

Those who were completely retired were asked about their adjustment to the state of retirement. The majority agreed they were confident they were adjusting easily, and that they expected to enjoy retirement – see Figure 39. Women were more confident than men about their ability to adjust to retirement ($p < .001$). Finally, retirees were asked to think about how their retirement years will compare to their working years: 45% believe their retirement years will be better than their working years, while 41% thought they would be about the same. 14% thought their retirement years would not be as good as their working years.

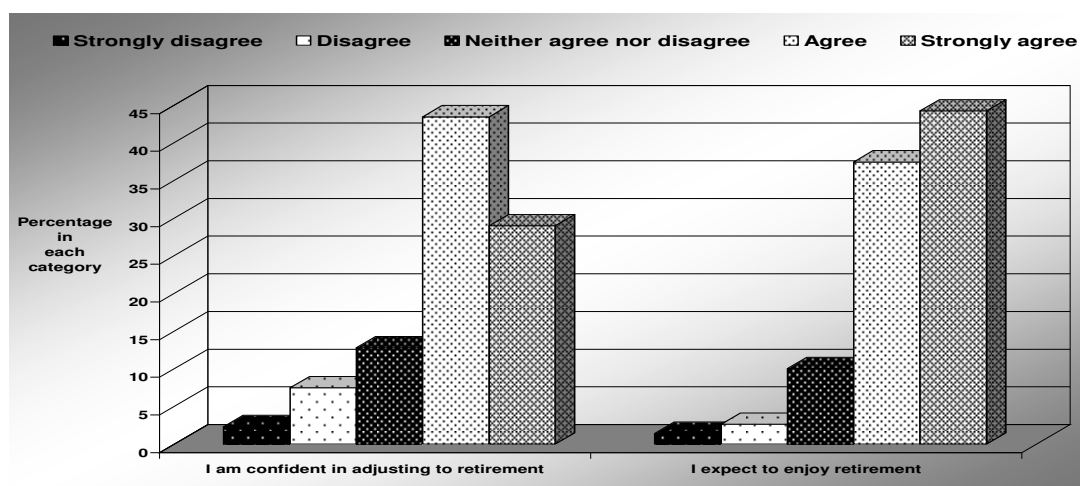


Figure 39. Levels of retirement adjustment for retirees.

Concluding Comments

The great majority of our HWR sample is in paid employment, particularly in their younger years. Retirement begins to increase in the mid to late sixties, however even in our 65 to 70 year olds 34.9% were still in some form of paid employment. This is in line with the increasing workforce participation of older New Zealanders. In fact, nearly three quarters of our working sample expressed a desire to continue in some form of part-time paid employment after their intended retirement age. Looking at the health of our participants in relation to their economic activity, mental health tended to be rated lower for retirees and those in other economic activities compared to workers. When looking at age, mental health scores increased with age for workers but decreased with age for those in retirement, indicating a potential protective benefit for the work role on mental health in later life. In contrast, physical health decreased across all age groups for all participants irrespective of economic activity.

Concern about future finances is often cited as an incentive for continued workforce participation. Workers in our study indicated varying levels of worry over their anticipated retirement finances, however, women at all ages reported the greatest worry. This finding no doubt reflects the greatly reduced opportunities women have across their work lives to accumulate wealth.

As Atchley (2003) has noted, most people adjust well to retirement, and the majority of the HWR participants still in the workforce anticipated little difficulty in adjusting. However, older workers and Māori and Pasifika peoples were less confident about their ability to adjust to retirement in the future. This is not surprising given that the poorer health and lower standards of living reported by these groups in the current study are factors consistently related to poorer adjustment.

A number of our working participants had felt pressure to retire and this was more strongly felt by older workers, and Māori and Pasifika peoples. The mean age for intended retirement was 67 years with nearly half of the working participants expecting to be retired completely by age 65. Around a quarter of our workers found their jobs stressful and these participants intended retiring earlier. However, those who felt more involved with their work and those committed and satisfied with their careers intend retiring, on average, at a later age. These findings suggest that organisations can potentially extend the workforce participation of older workers by

enriching the work environment to maximise satisfaction and involvement for individuals.

Nearly half of the working respondents thought their living standards would decline in retirement however a large percentage thought they would stay the same. Women appeared more optimistic about their future living standards compared to men and again this could be a reflection of their current living standards. That is, as men are more likely to earn more and accumulate more wealth over their working lives, they are likely to experience and expect a greater decline in living standards at the end of paid employment compared to women. Overall, most of our participants were concerned about future economic trends and their effects on retirement living standards. Current workers were particularly concerned about the Government's ability to support them financially in their retirement. Although both main political parties have emphasised their commitment to the current age of eligibility for New Zealand Superannuation (65 years), the Retirement Commission recently questioned the sustainability of this age criterion. Clearly our participants felt some uncertainty regarding future Government superannuation support. Given this concern it is then somewhat surprising that a significant percentage of our working participants had done little in the way of planning for retirement. Planning consisted largely of discussing retirement with their spouse or partner.

Workers and retirees were very similar in their ratings of the positive things about retirement with extra time to spend with family and spouse rated very highly for both groups. Not surprisingly the most highly rated negative things about retirement for both workers and retirees involved health and financial issues, such as inflation and the cost of living. Nearly 50% of our retirees were classified as having a good or very good standard of living, however, 18% were experiencing some degree of hardship with over 5% experiencing severe hardship. Overall retirees were less comfortably off and experienced more hardship compared than workers, although surprisingly retirees were slightly more positive about the financial and health aspects of retirement than workers (this may reflect some form of downward social comparison). Similar to the levels of anticipated retirement adjustment reported by workers', the majority of retirees felt they were adjusting well and looked forward to their continued experience of a happy retirement.

These findings provide a baseline snapshot of the current work and retirement experiences of our HWR participants. With our longitudinal design we will be able to track changes in individual's work and retirement situation and the relationship of these changes to health and well-being.

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