Rethinking retirement:

The impact of demographic change and the pandemic on retirement planning in the 2020s

February 2021

Contents

1 Introduction

This report has been prepared as part of a broader contribution by The Demographics Group to the ASFA Conference 2021. (See also "Personas" presentation.)

The coming of COVID-19 has coincided with a number of demographic and cultural changes in Australia prompting the question of what retirement might look like later in the decade. The 2020s was always going to be a period of transition as Baby Boomers retreated from the workforce placing pressure on resources.

However, the pandemic has pressed the reset button – not just with regard to the retirement plans for many, but also in the way Australians work, in the kind of businesses that prosper, and even in matters like trade and alliance relationships.

It also appears that the pandemic has accelerated the widespread acceptance of digital transformation. Indeed, it is fair to say that the retiree of the future will be more technologically proficient in matters like customer interactions.

The balance of this report looks at the change in life expectancy, the rise of a super retirement class (that is, retiree Baby Boomers), the societal impact of the baby bust, changes in the way the retirement years are perceived (for example, more people choosing to work), trends in accommodation for the elderly, for retirees, for active seniors as well as a review of the (occasionally outrageous) lifestyle expectations of the next generation of retirees.

There is also a chapter on various retirement 'personas' developed to showcase the lifestyles of those in retirement or planning for their retirement in the 2020s and beyond.

The report concludes with a summary of main points and observations.

2

The demographics of ageing

There is no great revelation about the ageing of modern Australia. It is a demographic process that has been underway for more than a century. Improved public health and medical support have extended the life cycle and especially in the developed world. In 1940 the life expectancy of the average Australian was 63 years: a bit more for women and a bit less for men.

Eighty years later and life expectancy has extended to an average of 83 years. The grandparents of today's Millennial generation got 20 fewer years of life, on average. The issue is that the extra years gifted to the lifecycle for today's Australians aren't added to youth or even to middle age. No, the extra years of life are added to the end of life creating, for the first time in history, an extensive retiree class.

Australians have had access to an Age Pension for more than a century. But when it was introduced (in 1911) access was set at age 65 for men and at age 60 for women. Men typically died before getting access to a retirement pension. And in many respects this was a sensible arrangement given the modest pre-income-tax tax-base of the Australian economy.

Fast forward to 2021 and Australians aged 65+ comprise 4.2 million or 16 per cent of the national population. Just over 40 years ago in 1980 the number of people aged 65+ (and largely eligible for an Age Pension) was 1.4 million or barely 10 per cent of the population (see **graphic 1**).

More significant, however, is the fact in 1980 the 1.4 million Australians aged 65+ were supported (indirectly via work and taxation) by 9.6 million people aged 15-64. In broad terms this converts to a ratio of almost seven 'workers' per 'retiree'.

Today the number of workers per retiree is closer to four and by 2040 it will be three. And the reason is that Australians are living longer, the retirement cohort is surging because Baby Boomers (born 1946-1964) are retiring. Indeed the first Baby Boomer turned 65 in 2011 as an initial step towards a so-called baby bust of the 2020s (see **Section 5**).

The use of terms like Baby Boomer, Generation X, Millennial and others is somewhat controversial in that it is illogical to ascribe common behaviours to a cohort based solely on birthyear. However, the reason why "generations" is such a popular term is that many in business (and the media) find these "handles" convenient ways of referring to different markets defined by age or life stage.

Graphic 1: Increasing the burden: Australian population by life stage 1980-2040

Year	0-14	15-64	65+
1980	3,710,994	9,571,085	1,413,277
2000	3,943,342	12,721,200	2,364,260
2020	4,880,412	16,847,793	4,145,275
2040	6,070,021	21,186,984	6,346,371

Data source: ABS Population Estimates and Projections

The demographics of ageing

Plus, there is an element of truth to so-called generational traits in that consumer behaviour that is often learnt by common experience with, say, the Great Depression or with post-war austerity. The parents of Baby Boomers, for example, were necessarily frugal. When they retired in the 1980s many in this generation adapted to their straitened circumstances.

The opposite is sometimes said to apply to the Millennial generation (1984-1998) who matured to adulthood in small, dual-income, families during Australia's long boom (1992-2020).

The Baby Boomers first breached the retirement cohort during the 2010s and will come to dominate this later stage of the lifecycle during the 2020s.

Generation-X (1965-1983) will trip across the 65-line in 2030 and eventually this generation will come to dominate the retirement cohorts during the 2030s and 2040s. (Note that there isn't consensus agreement on the precise years that relate to each generation; definitions can vary by a few years.)

The issue is that the very foundations of the retirement industry, accommodation, funding (including superannuation) and consumer behaviour are set in place by the values and the demographic weight of the preceding generation. At any point in time it is up to the newcomers, to the new retirement class, to impose their values, to leverage their demographic and cultural influence to create a new version of the retirement lifestyle.

Retirement in the 2020s for example will be shaped by the coming of COVID-19, by the surge in Baby Boomer numbers, by the pressures effected by the baby bust (that is, more workers leaving than entering the workforce) and perhaps by the rapid uptake in technology.

Retirement in the 2030s on the other hand will be shaped by an easing of demographic pressures, perhaps by the diversion of public spending towards, say, defence, as opposed to, say, retiree support.

Retirement in the 2040s might be redefined entirely as life expectancy by that time pushes well into the 90s.

3

The rise of older workers

One of the responses to the ageing population has been the rise of older workers.

The idea of retiring with a pension at the age of 65 was regarded as a goal, as a reward for working hard, by the generations that preceded the Baby Boomers (that is, collectively 'pre-boomers'). And especially for workers working in an economy dominated by manufacturing and agriculture: the bodies of working men and women simply 'wore out' by their early 60s. Working-on wasn't an option.

But with the transition of the Australian economy to skilled knowledge work a new kind of worker emerged: the office worker or, more recently, the knowledge worker. The Baby Boomer generation was the first cohort of Australians to have had wide access to a university education (literally from 1972 onwards).

The back-half of the boomers (that is, those born 1954-1964), including those who had access to fee-free tertiary education, present to the post-65 stage of the lifecycle from 2020 onwards.

The concept of retirement in the 2020s will be shaped, in part at least, by a surge in university educated retirees and/or workers, the so-called Work-on Baby Boomers. (I am tempted to extend this to "Work-on Baby Boomers Looking for Extra Savings" purely in order to create the acronym WOBBLES, but maybe that's a step too far.)

The number of Australians aged 65+ still in the workforce in November 2020 was 616,000 or 4.8 per cent of the entire workforce. This number comprised more men (369,000) than women (247,000). Some 40 years earlier, in November 1980, the 65+ workforce numbered 90,000 including 69,000 men (see **graphic 2**).

Graphic 2: Pandemic reshapes workforce: employment by age group February-November 2020

Age group	Male		Female		Total		Change Feb-20 to Nov-20			Change Feb-20 to Nov-20 (%)		
	Feb-20	Nov-20	Feb-20	Nov-20	Feb-20	Nov-20	Male	Female	Total	Male	Female	Total
15-19 years	326,644	313,497	348,658	340,213	675,301	653,710	-13,146	-8,445	-21,591	-4.0%	-2.4%	-3.2%
20-24 years	651,280	617,874	623,582	568,427	1,274,862	1,186,302	-33,406	-55,155	-88,560	-5.1%	-8.8%	-6.9%
25-29 years	795,545	805,718	739,283	701,705	1,534,828	1,507,423	10,173	-37,578	-27,405	1.3%	-5.1%	-1.8%
30-34 years	839,769	809,079	733,972	718,716	1,573,741	1,527,796	-30,690	-15,255	-45,945	-3.7%	-2.1%	-2.9%
35-39 years	811,171	808,552	685,527	708,229	1,496,697	1,516,782	-2,619	22,703	20,084	-0.3%	3.3%	1.3%
40-44 years	704,208	715,667	622,768	625,878	1,326,975	1,341,545	11,460	3,110	14,569	1.6%	0.5%	1.1%
45-49 years	721,504	709,363	671,357	657,026	1,392,861	1,366,389	-12,142	- 14,331	-26,473	-1.7%	-2.1%	-1.9%
50-54 years	647,295	645,798	603,116	612,643	1,250,411	1,258,441	-1,497	9,526	8,029	-0.2%	1.6%	0.6%
55-59 years	585,734	581,503	542,609	538,422	1,128,343	1,119,925	-4,231	- 4,187	-8,417	-0.7%	-0.8%	-0.7%
60-64 years	436,875	438,122	358,891	376,740	795,766	814,862	1,247	17,849	19,097	0.3%	5.0%	2.4%
65 years and over	354,749	368,618	243,694	247,256	598,443	615,873	13,869	3,562	17,431	3.9%	1.5%	2.9%
Total	6,874,773	6,813,792	6,173,456	6,095,256	13,048,229	12,909,048	-60,981	-78,200	-139,181	-0.9%	-1.3%	-1.1%

Data source: ABS Labour Force

The rise of older workers

The rising contribution to the workforce made by those who, theoretically, "could retire" seems to have reached an (upward) inflection point around 2006 (see **graphic 3**).

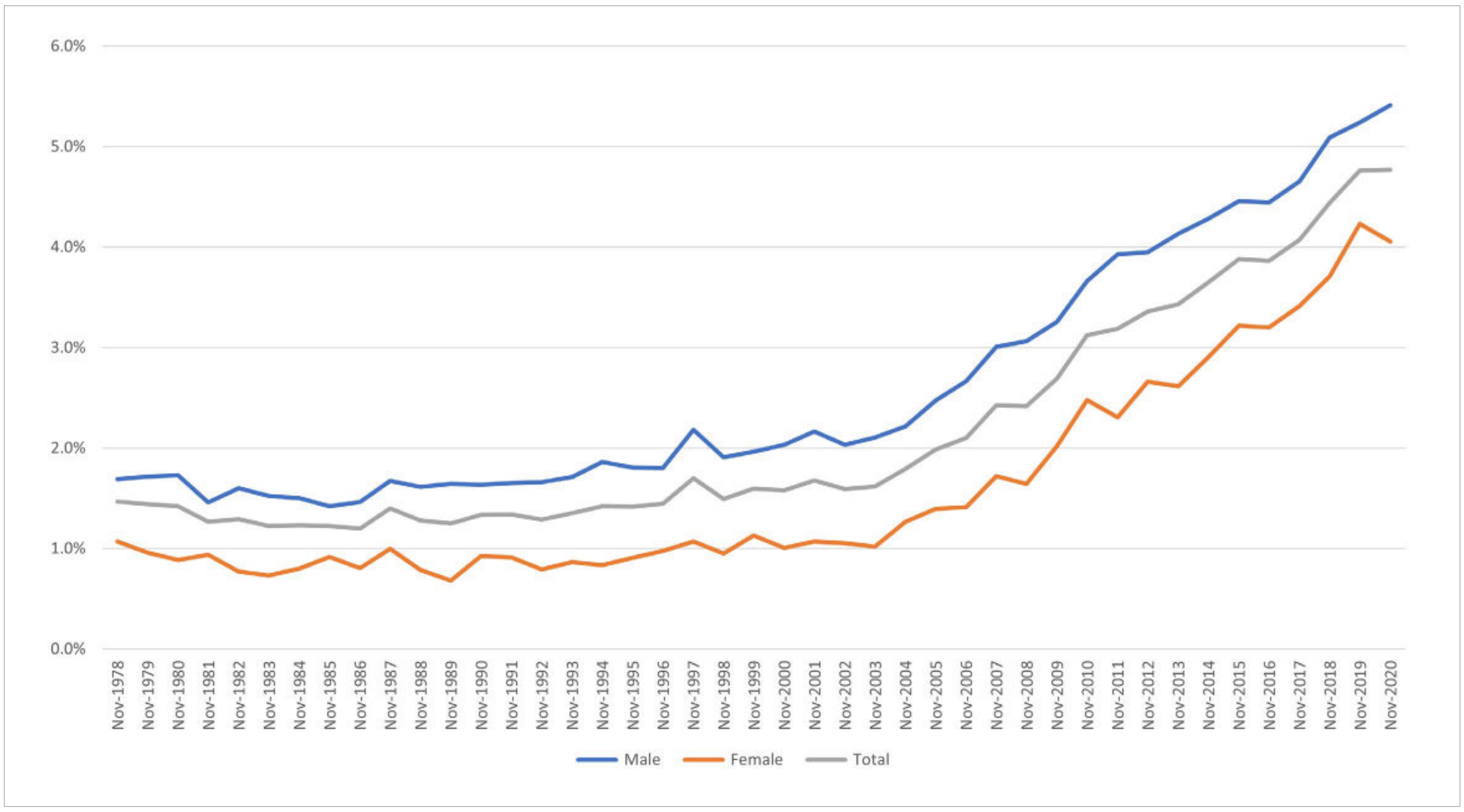
And women do indeed seem to be closing the 'workforce participation gap' in the 65-and-over cohort. In November 1986 female workers aged 65+ comprised 0.8 per cent of the national workforce as compared with 1.7 per cent for men. However by November 2020, older female workers accounted for 4.1 per cent of the workforce as compared with 5.4 per cent for men.

The impact of COVID-19 on workforce participation has been patchy although most job losses have applied to the young and especially to young women. Between February and November 2020 (covering the first eight months of the pandemic), there was an increase in the number of older Australians (regardless of gender) remaining in, or returning to, the workforce (see again **graphic 2**).

Job losses over the eight months to November applied to all cohorts under the age of 35. Indeed, there was a net loss of 89,000 jobs alone in the 20-24 cohort and a further net loss of 46,000 in the 30-34 cohort between February and November. The pandemic has taken the jobs of the young and appears to have encouraged older workers to remain in the workforce.

This raises the question of the kind of jobs that support older workers. The Australian Bureau of Statistics provides estimates of the number of workers by gender and age at quarterly intervals. The top ten jobs held by male and female workers aged 65+ in November 2020 show that men and women dominate roughly half these 'big occupations' and that the other half is shared (see **graphic 4**).

Graphic 3: Inflection towards older workers: percentage total workforce aged 65+ by gender, November 1978-November 2020



Data source: ABS Labour Force

The rise of older workers

Older male workers for example dominate the occupations of Road and Rail Drivers (26,491 jobs), Design, Engineering, Science and Transport Professionals (14,180) and Other Labourers (13,649).

Older women on the other hand dominate the occupations of Numerical Clerks (21,652 jobs), General Clerical Workers (18,172) and Carers and Aides (12,915).

Jobs that support older workers of both genders include Farmers and Farm Managers (40,297 males, 16,750 females), Educational Professionals (22,071 females, 10,657 males) and Business, Human Resources and Marketing Professionals (20,640 males, 10,701 females).

Older women seem to find work in clerical and caring roles whereas older men find work in farming, construction and management.

It seems logical that as more tertiary-educated Baby Boomers reach the so-called retirement age of 65 later in the 2020s, there will be greater workforce participation by this expansive age group. Indeed the Work-on Baby Boomer is likely to gather momentum within the workforce and culturally in post-pandemic Australia.

Graphic 4: Jobs for older workers: top 10 occupations (4-digit) for males and females, November 2020

65+, Male		
Rank	Occupation	Total persons employed
1	Farmers and Farm Managers	40,297
2	Specialist Managers	29,446
3	Road and Rail Drivers	26,491
4	Business, Human Resource and Marketing Professionals	20,640
5	Hospitality, Retail and Service Managers	17,473
6	Design, Engineering, Science and Transport Professionals	14,180
7	Health Professionals	13,681
8	Other Labourers	13,649
9	Automotive and Engineering Trades Workers	13,366
10	Sales Representatives and Agents	13,238

65+, Female		
Rank	Occupation	Total persons employed
1	Education Professionals	22,071
2	Numerical Clerks	21,652
3	General Clerical Workers	18,172
4	Farmers and Farm Managers	16,750
5	Health Professionals	15,642
6	Carers and Aides	12,915
7	Hospitality, Retail and Service Managers	12,299
8	Business, Human Resource and Marketing Professionals	10,701
9	Sales Assistants and Salespersons	10,025
10	Inquiry Clerks and Receptionists	9,991

Data source: ABS Labour Force

4

Accommodating retirees and the frail elderly

The number of Australians aged 65+ in 2021 is estimated to be 4.3 million, up from 2.4 million at the turn of the 21st Century. This number has increased at roughly 100,000 per year for the last decade (see **graphic 5a**).

The vast majority of this growth is shaped by cohort progression. In fact, in any single year over the age of 65 the number of immigrants (mostly family reunion) contributes less than one per cent to that cohort population (see **graphic 5b**).

In other words, the demand for retiree accommodation in any decade isn't significantly affected by the rise or fall in immigration in that year or even in that decade. The impact of such change is more likely to be felt over the course of a generation.

The coming of COVID-19 may well negatively impact the demand for (young people's) housing (that is, fewer immigrants) in the 2020s, however within this timeframe it will only marginally impact demand for retirement accommodation.

The 2016 Census shows the accommodation choices made by older Australians (see **graphic 6**). Other than private dwellings the most popular forms of accommodation for Australians aged 65+ at this time were as follows:

- 640,000 lived in assisted living accommodation which equates to 17 per cent of the 65+ population. This market appears to be growing at a rate of 20,000 per year based on intercensal calculations
- 184,000 lived in a self-contained retirement village. This equated to 5 per cent of the 65+ population. This market seems to be growing at a rate of about 10,000 per year
- 128,000 live in nursing homes. This is about 4 per cent of the 65+ population. There was very little growth in the nursing home population between the last two censuses. (Generally the modern preference is for extended in-home care.)
- 57,000 live in accommodation for the aged that is not self-contained which means that residents share some facilities such as common living and eating areas. This kind of facility accommodates 2 per cent of the 65+ population and appears to be growing at a rate of 10,000 per year.

The census suggests that just over one million (that is 1.009 million) Australians, or 27 per cent of all Australians aged 65+ at this time, lived in some form of defined retirement accommodation. The vast majority lived in assisted living (640,000) accommodation (requiring assistance with a core activity), while a further 184,000 made the choice to live in self-contained accommodation within a retirement village.

However, this still leaves 2.7 million or 73 per cent who lived in private accommodation of some sort at this time.

It may be said that up to the coming of COVID-19 three out of four Australians aged 65+ had chosen to remain in the family home or some kind of equivalent.

However I suspect this reflects the young skew of 65+ population at the time of the last census. In 2016 Baby Boomers largely clustered in the 65-69 cohort and so were more likely to have been "in work" and indeed "at home", whereas progressively throughout the 2020s as this cohort ages further into their 70s other accommodation (and care) options are sure to emerge.

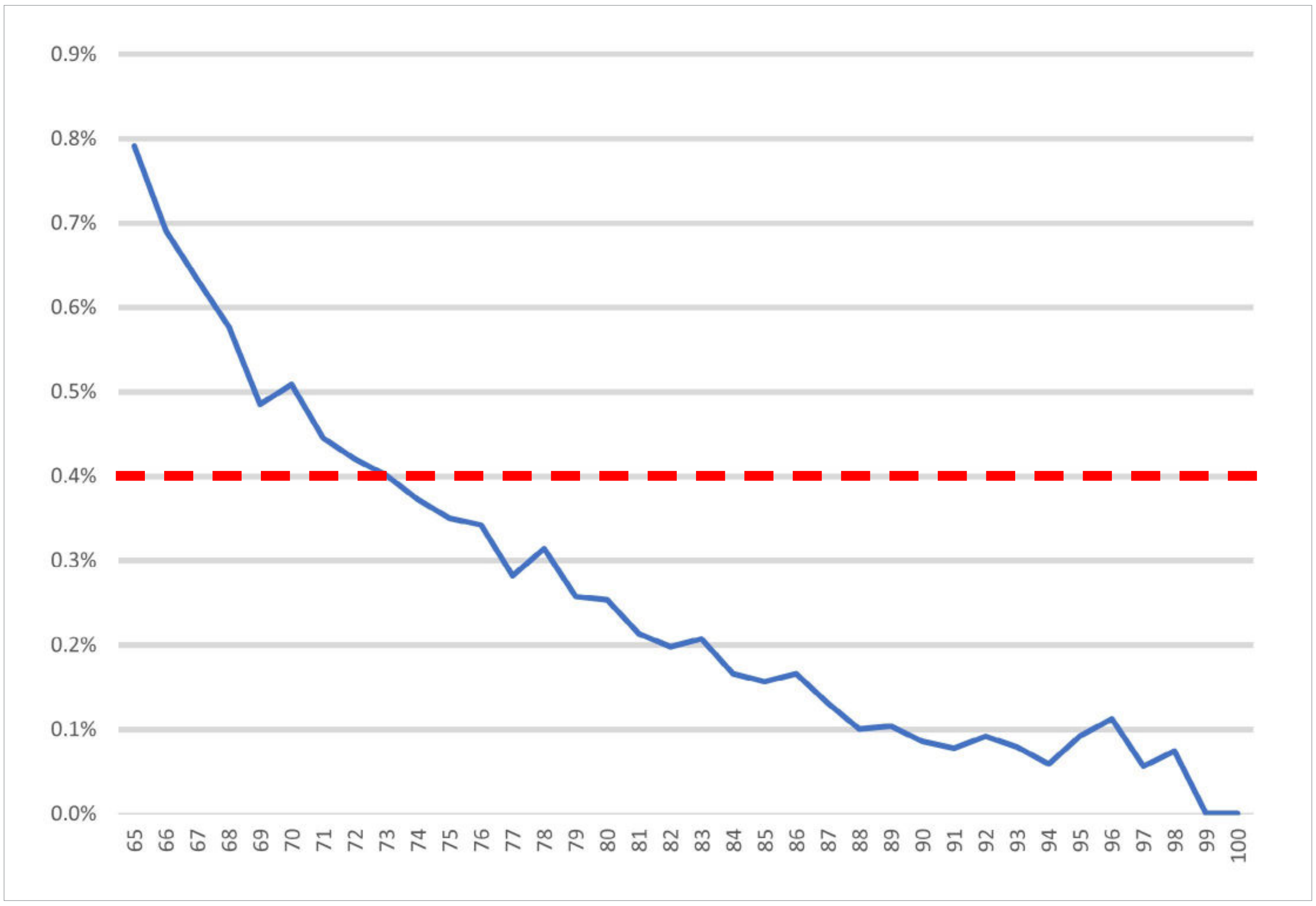
Accommodating retirees and the frail elderly

Graphic 5(a): Predictable increases: annual growth in 65+ population 2000-2030

Year	65+	Annual change (#)	Annual change (%)
2000	2,364,260	42,634	1.8%
2001	2,419,070	54,810	2.3%
2002	2,465,669	46,599	1.9%
2003	2,511,327	45,658	1.9%
2004	2,558,857	47,530	1.9%
2005	2,611,879	53,022	2.1%
2006	2,664,064	52,185	2.0%
2007	2,736,610	72,546	2.7%
2008	2,805,167	68,557	2.5%
2009	2,890,566	85,399	3.0%
2010	2,986,675	96,109	3.3%
2011	3,087,911	101,236	3.4%
2012	3,213,853	125,942	4.1%
2013	3,330,378	116,525	3.6%
2014	3,442,148	111,770	3.4%
2015	3,554,304	112,156	3.3%
2016	3,672,251	117,947	3.3%
2017	3,790,842	118,591	3.2%
2018	3,912,975	122,133	3.2%
2019	4,038,131	125,156	3.2%
2020	4,145,275	107,144	2.7%
2021	4,271,505	126,230	3.0%
2022	4,397,463	125,958	2.9%
2023	4,526,677	129,214	2.9%
2024	4,656,293	129,616	2.9%
2025	4,788,483	132,190	2.8%
2026	4,925,741	137,258	2.9%
2027	5,059,231	133,490	2.7%
2028	5,188,776	129,545	2.6%
2029	5,310,524	121,748	2.3%
2030	5,415,563	105,039	2.0%

Data source: ABS Population Estimates and Projections

Graphic 5(b): Recent older arrivals: Percentage population recent (last 12 months) immigrants by single year of age over 65, 2016 Census



Data source: ABS Census, 2016

Graphic 6: Accommodating older Australians: 65+ population in retirement accommodation, 2011 & 2016

Year	65+ population	Accommodation for the retired or aged (not self-contained)	Accommodation for the retired or aged (not self-contained) (%)	Nursing home	Nursing home (%)	Assisted living	Assisted living (%)	Retirement village (self-contained)	Retirement village (self-contained) (%)
2011	3,012,281	46,763	1.6%	123,024	4.1%	537,281	17.8%	137,470	4.6%
2016	3,676,762	57,282	1.6%	127,896	3.5%	640,291	17.4%	184,236	5.0%
Change 2011-16	664,481	10,519	0.0%	4,872	-0.6%	103,010	-0.4%	46,766	0.4%

Data source: ABS Census, 2016

5

Impact of the baby bust

The baby bust of the 2020s will be one of the three biggest demographic issues impacting Australia in 80 years. The other two were women 'returning to the workforce' in the 1970s and the baby boom of the 1950s. A baby bust is said to follow a baby boom by 70 years: it occurs when more workers exit the workforce at age 65 than enter the workforce at age 15. Australia has been on a baby bust trajectory for decades.

Indeed, demographers have been warning of a baby bust for many years including Australian educated Canadian academic David K Foot who wrote a best-selling book on the topic Boom, Bust & Echo (1996). The argument being that a post-war baby boom inevitably will lead to a baby bust in the 2020s.

The baby bust thesis is that the tax base of countries like Canada, the United States, Australia and others expanded as a generation of Baby Boomers entered the workforce in their early 20s (over 1966-1984) at a faster rate than 60-somethings exited the workforce.

The net effect of the baby boom was an increase in the tax base in the late-20th and early-21st centuries as developed-world workforces swelled.

The baby bust issue (in Australia at least) officially starts from 2011 when the first Baby Boomer (born 1946) turned 65. The so-called bust has continued as boomers (born late 1940s) exited the workforce at a faster rate than Millennials (born mid-1980s to late-1990s) could enter the workforce in their early 20s.

As a consequence of the baby bust the rate of growth in the workforce decelerates during the 2020s (see **graphic 7**).

However, the baby bust in Australia was moderated by an uptick in international migration from the mid-2000s onwards and which was largely focused on skilled migration and foreign student programs (see **graphic 8**).

Indeed, net annual growth in the working age (15-64) population had hovered around the 150,000-mark for 40 years prior to 2020, but over the following 40 years (based on pre-Covid projections) net annual growth in this cohort reduces to 100,000 or less (see **graphic 9**).

Net annual growth in the retirement (65+) population lifted from an average of 40,000 over the 40 years to 2010 and rises to an average of 120,000 during the early 2020s. Indeed, peak growth in the 'retirement cohort' is expected in 2026. The federal budget will be stretched for another two election cycles before pressure eases on the demand for retirement funding and services.

The problem is that the strong growth during the productive years (say, 1980-2020), when more Baby Boomers poured into the productive taxpaying stage of the lifecycle, is now being replaced by weaker growth (say, 2020-2040) as boomers exit the workforce and transition into their long retirement.

In simple terms the baby boom of the 1950s is being followed by a baby bust (and a pandemic) of the 2020s.

This demographic trajectory is partially offset in Australia by a relatively high birth rate (for a developed nation), by strong levels of overseas immigration aimed at skilled youth, and by a program of importing guest workers.

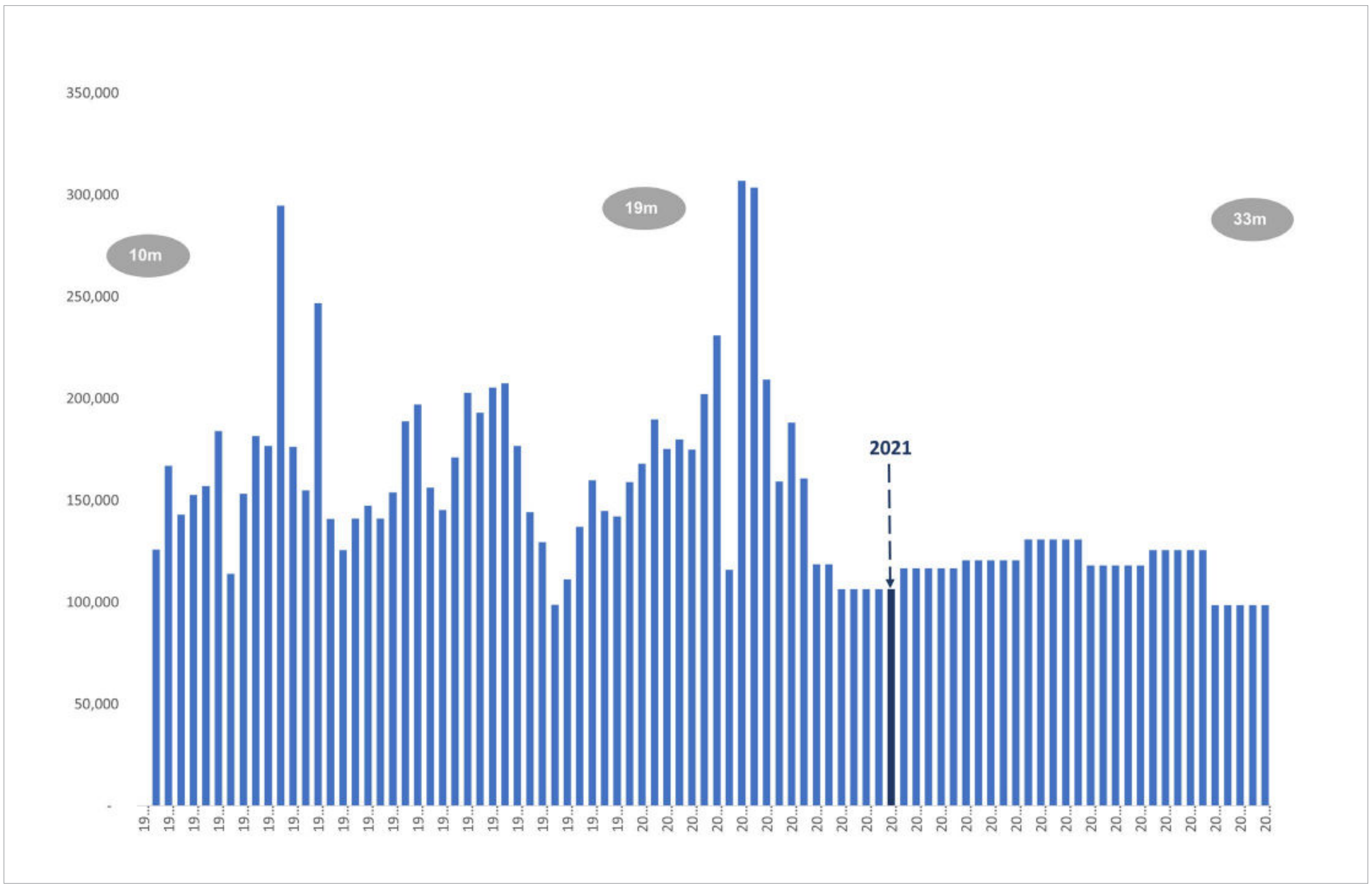
The coming of COVID-19 is expected to block the traditional avenues by which the effects of the baby bust are moderated.

The great challenge for Australia, and for other nations shaped by the post-war baby boom, is to maintain service delivery to retirees including the Age Pension and healthcare support despite a slowdown in workforce growth.

The alternative is to redefine community expectations about the lifestyle that can be expected in retirement.

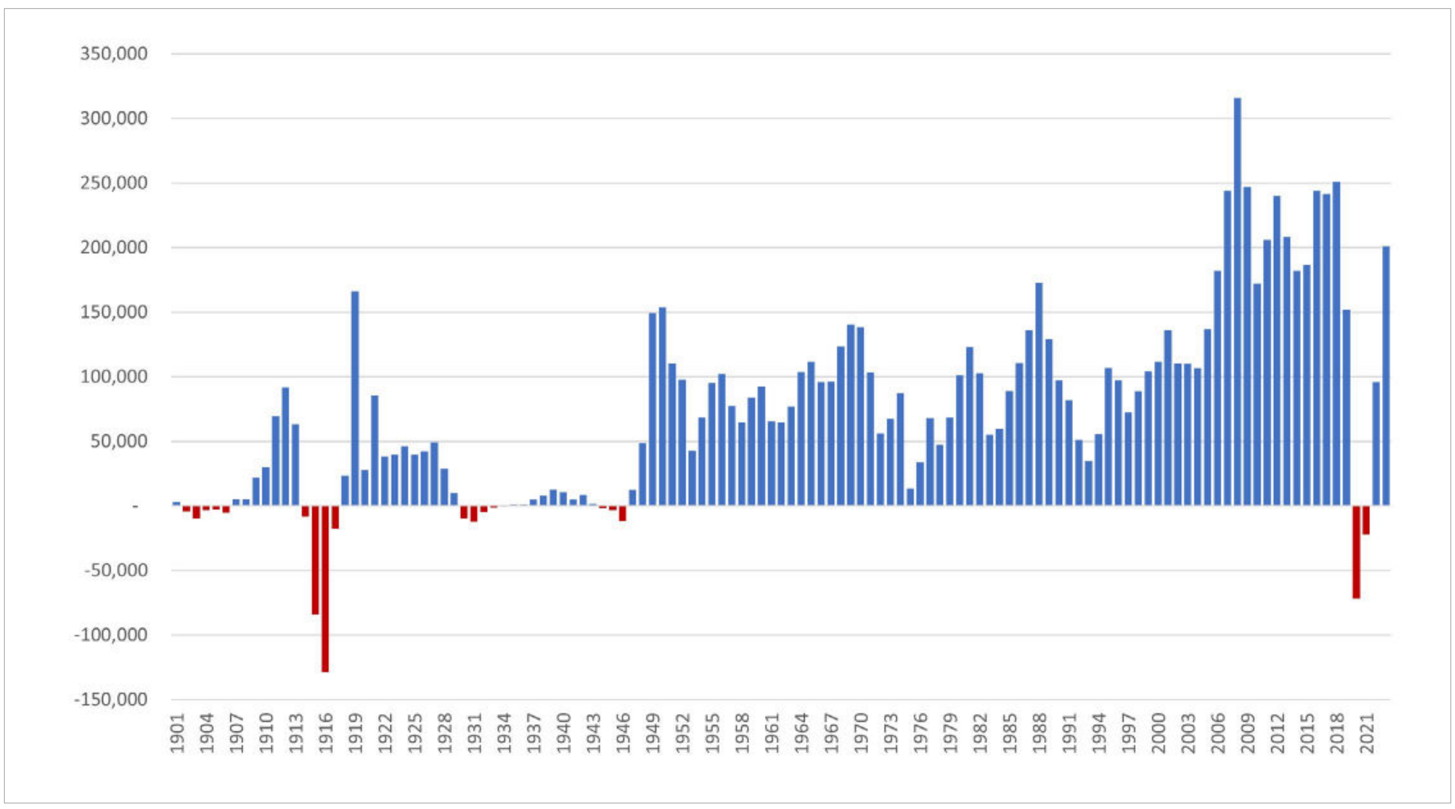
Impact of the baby bust

Graphic 7: Step change in workforce: net annual growth in Australian population 15-64, 1966-2066



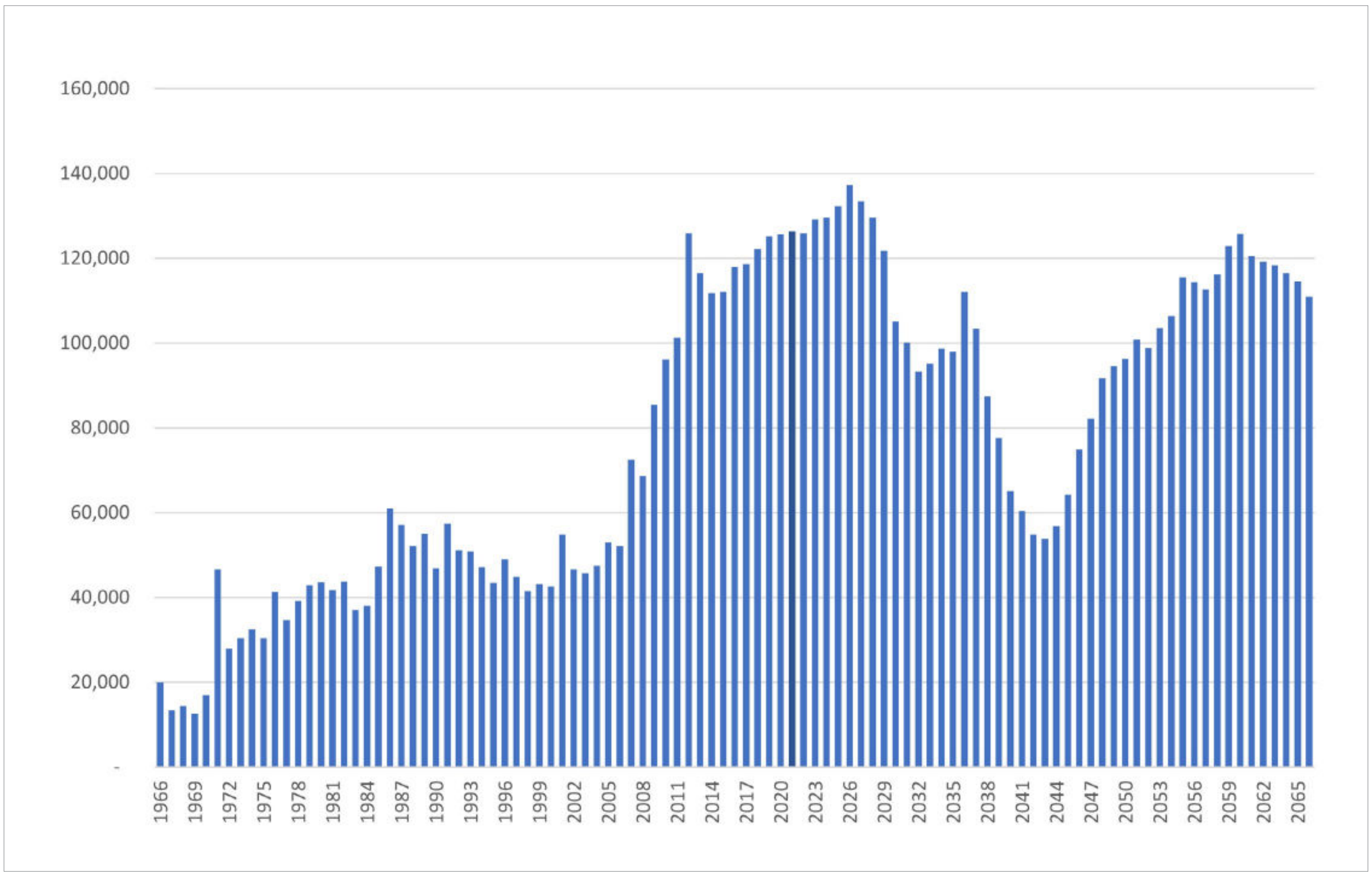
Data source: ABS Historic, Estimated and Projected population

Graphic 8. The longest boom: net overseas immigration to Australia, 1901-2024



Data source: ABS; Australian Federal Budget 2020; The Demographics Group

Graphic 9. Boomer's retirement mountain: net annual change in Australian population 65+, 1966-2066



Data source: ABS Historic, Estimated and Projected population

6

Outlook for retiree personas

There are structural factors that shape planning for retirement including the capacity of the nation to support a retirement cohort and community expectations about the quality of life expected in retirement.

Add to this the effects of the pandemic (including the drawdown on superannuation), the prospects of diminished immigration, the changing ethnicity and culture of Australian society, and the outlook for retirement can vary from different perspectives.

We have developed five "personas" to consider how retirement might be reimagined from different perspectives in 2021 (see **graphic 10**).

- Meet young professional couple Matt & Natasha, Millennials in their mid-30s currently renting in the inner suburbs of Sydney. They have one child and would like another. They need a family home not too far from their city workplaces. They have drawn down on their super balances and are looking to buy a family home. They argue they need a house now not superannuation later. They see "home ownership" as a more important part of achieving financial independence than investing in superannuation that may benefit their lifestyle in 30 years.
- Meet middle-aged Michelle a recently divorced mother of two (aged 17 & 19) living in Melbourne's Burwood. Michelle is a contractor with the Victorian Government and is concerned about job security going forward. She still has a mortgage and doesn't feel she has enough in superannuation. The pandemic has shaken her self-confidence; she is concerned that if she loses her job she may not get another job at the same level (she's thinks the world has "moved on"); she wants reassurance about the quality of life that awaits her in retirement (in 2035).
- Meet Aussie battlers Justin & Jennifer both in their mid-50s with three adult kids living nearby in Melbourne's western suburbs. Justin works at a warehouse while Jennifer works at a supermarket. They still have a mortgage on their family home. They want to retire at 65, which means 2030. They have a modest super balance, but they also have a strong "she'll be right" attitude. They say they have always managed and they'll "get by" in retirement with a bit of super and the pension.
- Meet first-wave Baby Boomers David & Linda both in their late 60s who sold their family home and business in Queensland's Roma and "did a bit of a seachange" by retiring to Brisbane's Cleveland a few years ago. They shuttle between Cleveland and their kids interstate, visiting grandkids, and pursuing their hobbies and interests. They are concerned that the value of their nest egg, and the quality of their retirement, could be whittled away by constant changes to benefits and concessions.
- Meet Franco & Maria, both in their early 70s living in the family home in Adelaide. Franco is a semi-retired accountant. Maria says he'll never stop working. Franco is determined that his kids and grandkids will be left a legacy. He is concerned that the rules around which he has developed his retirement plan could be changed. Franco wants everything to remain just as it is today.

The five personas must plan for retirement lifestyles that range from the here and now and 30 years into the future.

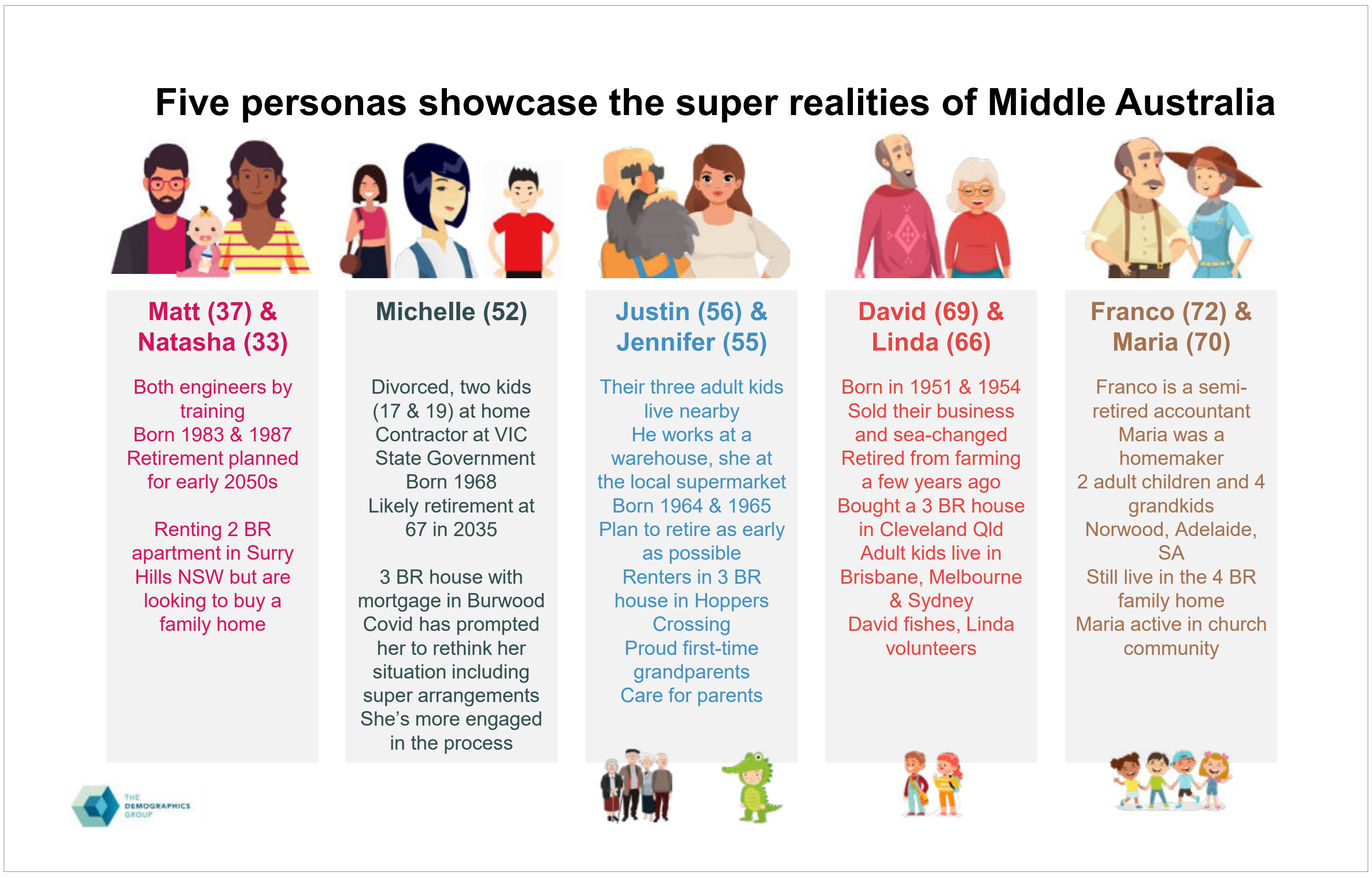
Those currently in retirement (David & Linda and Franco & Maria) are concerned about sovereign risk, about the possibility of change to existing arrangements.

Michelle is fearful about the uncertainty of the future and about the demand for her skillset. The pandemic has unsettled her sense of security.

Like Michelle, Justin & Jennifer are also looking at retirement next decade, but they have a much more relaxed attitude towards the future. Maybe they're too relaxed?

Young Matt & Natasha have relegated retirement planning to a low priority in their lives.

Graphic 10: Five personas rethinking retirement during 2021



Data source: The Demographics Group

7

Summary points

This report considers how retirement planning might be reimagined during the 2020s from the perspective of 2021 following the coming of COVID-19 and as Baby Boomers press more fully into the retirement years. The main findings are as follows:

1. Life expectancy rising: Life expectancy is extending the post work stage of the lifecycle otherwise known as 'retirement'. It is only in the post-war era that the Australian life expectancy has exceeded 65 (the year at which men have been eligible for the Age Pension since it was introduced in 1911). Prior to WWII most Australians died in their early 60s. Retirement planning let alone retirement funding is an issue that has gathered momentum as the Australian lifespan has expanded.

2. Retiree population rising: The 2020s was always going to be a period of intense pressure on retirement funding due to the effects of the so-called baby bust. The baby boom of the 1950s converts into a baby bust in the 2020s as Baby Boomers exit the workforce. Without an offsetting boost to births or a program of youthful immigration, the rate of growth in the tax base subsides (with the baby bust) placing pressure on the national capacity to maintain retirement concessions and support. The number of Australians aged 65+ will continue to rise every year to 2026 before subsiding.

3. Work-on Baby-Boomers rising: The coming of COVID-19 has increased the national debt, reduced the superannuation savings of many, threatened (if not eliminated) businesses in hospitality and tourism, and changed many aspects of consumer behaviour (such as greater focus on security; more comfortable with technology). The pandemic has also changed the way we work and triggered a realignment of trade arrangements and alliances. It has stopped overseas immigration and has severely dented the international education industry. It is likely that skilled labour will be in even greater demand in the 2020s prompting many Baby Boomers to remain in the workforce.

4. 84,000+ additional 'older workers' by 2030: The proportion of the workforce comprised of workers aged 65+ was 4.8 per cent or 616,000 workers in November 2020. The number of Australians aged 65+ will lift from 4.1 million in 2020 to 5.4 million in 2030. It is possible if not likely that the proportion of the workforce comprised by the 65+ cohort will lift over the coming decade to, say, five per cent (if not more). This share of a 2030 workforce of, say, 14 million equates to 700,000 workers aged 65+ which is an extra 84,000 'older workers' than was the measured in November 2020.

5. More retirement accommodation required: The 2016 census shows that 73 per cent of the population aged 65+ lives in some form of private accommodation. The remaining 27 per cent live in various forms of retirement housing or in assisted care or assisted living arrangements. The most common non-private accommodation is assisted living (17 percentage points) followed by those who live independently within a retirement village (5 percentage points) and the remainder being cared for in a nursing home (4 percentage points). A 27-per-cent share of the 2020 population aged 65+ equates to 1.1 million; the same share applied to the 2030 population aged 65+ equates to 1.5 million. During the 2020s underlying demographic change can be expected to lift demand for 'retirement accommodation' (as defined in the census) by an average of 40,000 residents per year.

Summary points

6. Retirement planning must navigate priorities and risk: Consideration of how retirement planning might be reimagined during the 2020s from the perspective of five "personas" shows a number of consistent themes. Those within retirement are likely to be most concerned about retaining existing rules and concessions. Those approaching retirement are likely to be concerned about job security and having sufficient funds although others can be disengaged taking a "she'll be right" approach. Young Australians not looking to retire for three decades or more could well question the rationale of the entire superannuation system. Indeed, rethinking retirement in the 2020s very much depends on the vantage point of those doing the rethinking.

7. Forget the Fokkers, meet the WOBBLES: Finally, this work has thrown up a new lifeform that is sure to gather momentum during the 2020s: this refers to the rise of the Work-on Baby Boomer Looking for Extra Savings otherwise known as the WOBBLES. There are two factors driving the WOBBLES: (a) the rise of tertiary-educated Baby Boomers from the mid-1970s now pushing into retirement and keen to boost super balances by working on; and (b) the impact of COVID-19 in stymieing the inflow of skilled workers (including foreign students) from 2020 onwards leading to heightened demand for older knowledge workers to 'work on'. The 2020s could well be the decade of the WOBBLES.

asfa
the voice of super