

SPECIAL REPORT

The new old: Footloose and fancy-free

Retirement is out, new portfolio careers are in

The recently retired may have a promising future as entrepreneurs and giggers



Print edition | [Special report](#)

Jul 6th 2017

IN THE SHADOW of towering apartment blocks in Nowon-gu, a suburb of Seoul, employees of CJ Logistics, a large South Korean delivery company, gather at the local welfare centre. A truck pulls up and the group, mostly men in their 70s, leap to their feet to unload parcels. “It’s far better than staying at home,” says Eun Ho Lee, a chirpy 77-year-old who in his younger days ran a bedlinen business. Like so many of his generation in this country, he has no pension and lives mainly on his

savings, so the 800,000-900,000 won (\$700-800) he makes from this job are welcome. He cannot imagine himself ever leaving.

There are drawbacks to older workers, admits a local supervisor; they carry fewer boxes and are sometimes slower than their younger colleagues. But since the company pays its employees per delivery, that does not matter, and the unhurried chattiness of this side of the business, the “Senior Parcel Delivery Service”, seems to appeal to customers.

In the rich world, and especially in Europe, the debate about retirement tends to focus on intergenerational conflict: pay-as-you-go public pension schemes mean that the young, in effect, are paying for the old. But if older people were to carry on working for longer, the resulting economic boost would benefit young and old alike, generating extra growth. The average 65-year-old in the rich world can now expect to live for another 20 years, half of them free of disability. If people in “older” countries, such as Germany, Japan and Spain, were to delay retirement by 2-2.5 years per decade between 2010 and 2050, it would be enough to offset the effect of demographic change, according to Andrew Mason, of the University of Hawaii, and Ronald Lee, of the University of California, Berkeley.

Older workers may be forgiven if they feel confused about whether or not they are wanted. In the period after the second world war, Britons preparing for retirement were told that “your economy needs you.” Then, from the 1970s onwards, they (and many fellow Europeans) were urged to make way for the young, causing large numbers to take early retirement even as life expectancy was rising. At the same time fertility rates were dropping, conjuring up the risk of future labour shortages. By the 1990s governments and employers realised they were making pension promises they would not be able to keep. The idea that there is only a finite number of jobs to go round—the “lump of labour”—was more widely exposed as a fallacy. It became fashionable to argue that “we must work till we drop.”

A work ethic like no other

The baby-boomer generation, known for its energy and assertiveness, has embraced that creed, but on its own terms. Many of its members had always been planning to work past their formal retirement age, both for the fun of it and because they needed the money. Aegon, an insurer, found in a recent survey that

more than half of workers over 55 were hoping for a flexible transition to retirement, but only a quarter said their employers would let them work part-time. Age discrimination in both retention and recruitment is also a serious obstacle to keeping people in work for longer. One American study involving 40,000 fictitious CVs sent in response to advertised vacancies for low-skilled jobs found that applicants between 49 and 51 had 19% fewer callbacks than those aged 29 to 31 with otherwise identical CVs. For the 64-66 age group the difference was 35%.

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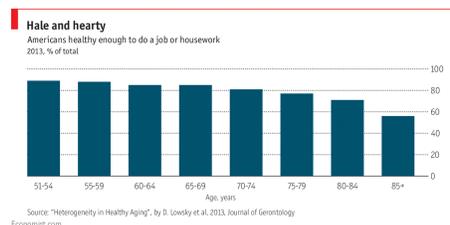
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In response to such discrimination and inflexibility, some boomers try their luck in the gig economy. Though gigging is usually seen as something that young people do, in many ways it suits older people better. They are often content to work part-time, are not looking for career progression and are better able to deal with the precariousness of such jobs. A quarter of

drivers for Uber, an on-demand taxi service, are over 50. More broadly, a quarter of all Americans who say they work in the “sharing economy” are over 55, according to PwC, a consultancy.

“Now I manage my own future. I manage my own life,” says Aykut Durgun, a 60-year-old former retail manager who drives his beautifully kept Mazda 5 for Uber and Lyft, another ride-hailing firm, in San Francisco. The change from managing 40 people to being ordered around by a 20-year-old in the back seat took some getting used to, but he loves the socialising, flexibility and challenge of navigating the city’s grid. The money isn’t bad either; he earns about \$6,000 a month before tax and sees no reason to slow down: “It’s the best way to prevent dementia.”

It helps that the gig economy has moved well beyond delivering pizzas or people. Businesses that offer on-demand lawyers, accountants, teachers and personal assistants are finding plenty of recruits among older people. Wahve (short for Work At Home Vintage Experts), a New York-based company, provides work for hundreds of former finance and insurance professionals, mostly in their 60s and



70s. “Carriers and brokers have huge talent problems, it takes years to train an underwriter,” says Sharon Emek, the firm’s 71-year-old founder. She realised boomers were retiring from the workforce but didn’t want to stop working; so now they are “pre-tiring”.

Startup generation

The boomers are also becoming entrepreneurs. In America those between 55 and 65 are now 65% more likely to start up companies than those between 20 and 34, according to the Kauffman Foundation. In Britain 40% of new founders are over 50, and almost 60% of the over-70s who are still working are self-employed, which says as much about the limitations of conventional workplaces as about these seniors’ entrepreneurial spirit.

In Japan and South Korea, which are among the world’s fastest-ageing societies, large companies tend to get rid of older workers as they approach 60, and many of those workers then start a business. Some employers, including Hyundai, now also help older workers make the transition to life as an entrepreneur.

But “it’s not employers’ job to save society. They need to see the business case for older workers,” says Laura Carstensen of Stanford University. That requires a few myths about older workers to be tackled; mainly that they are less able-bodied, inventive and productive than the young. This may have been true 50 years ago, but both the workplace and the workers have changed. Over the past decades the point at which workers are physically no longer able to work has shifted much further up the age range. The idea that only the young can innovate has also been successfully challenged.

Whether older workers are less productive than younger ones is harder to say. In fields where physical prowess matters, such as sports, it is obvious. But in many areas performance does not necessarily decline with advancing age. And even in jobs where it might, there are often ways of getting round it.

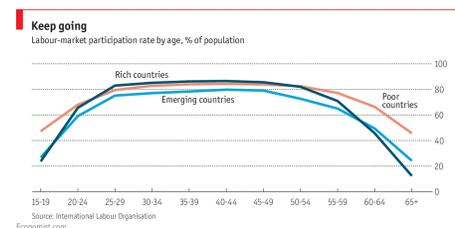
As Gernot Sendowski, head of diversity at Deutsche Bank in Germany, explains: “In operational work older employees can be slower, but they make up for that with fewer mistakes, so in total they are no less productive. If we had teams with only

older people, they'd be too slow; if we had teams with only younger ones, there'd be too many mistakes." The bank's answer is to deploy multigenerational teams.

Mercer, a consultancy, has also found that older workers' contribution is more likely to show up in group performance than in traditional individual performance metrics (how many widgets someone makes per hour). "It seems the contribution of older workers materialises in the increased productivity of those around them," says Haig Nalbantian, a partner in the firm. In repetitive work, productivity does seem to fall with age, but in knowledge-based jobs, age seems to make no difference to performance, finds Axel Börsch-Supan, of the Max-Planck Institute in Munich. And when such jobs also require social skills (as in the case of financial advisers, for example), productivity actually increases with age, he adds. That should give older knowledge workers an advantage in the world of artificial intelligence (AI), where social skills may be at a premium.

All this bodes better for high-skilled older workers than for low-skilled ones. "Who gets to stay healthy is not random; education is by far the top predictor," says Ms Carstensen. And more highly educated Americans are more likely to work on for longer, write David Bloom, from Harvard University, and colleagues. It has also become clear that some work can be good for both physical and cognitive health. This helps explain the substantial gap in both general and healthy life expectancy between skilled and unskilled workers, which could grow wider unless everyone has access to lifelong learning to make them more adaptable.

Fortunately the sort of changes to working life that older workers are looking for—flexible hours, a workplace designed with wellness in mind, the opportunity to keep learning—are also just the sort of things that millennials demand from prospective employers. And if employers keep their costs down by getting rid of age-related perks, such as seniority-based pay and promotion, they will have less reason to shun older people—and make the workplace fairer and more productive for everyone.



One large economic contribution made by older people that does not show up in the numbers is unpaid work. In Italy and Portugal around one grandmother in five

provides daily care for a grandchild, estimates Karen Glaser from King's College London. That frees parents to go out to work, saving huge sums on child care. In Britain unpaid older caregivers save the state around £11.4bn per year, according to Age UK, a charity.

Apart from providing support within the family, a quarter of people also aspire to doing some voluntary work after retirement, according to a recent study by Aegon. In America the over-55s formally volunteered 3.3bn hours in 2016, making an economic contribution worth \$78bn, says the Corporation for National and Community Service, a federal agency. A number of studies have found that this benefits not only the good causes they work for but also their own physical and mental health.

This article appeared in the Special report section of the print edition under the headline "Footloose and fancy-free"

The new old

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