

# **Understanding Factors Affecting Retirement Intentions - Show me the money**

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**APS Industrial/Organisational Psychology Conference  
Manly, June 2009**

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# Background

- > Australia's working population is still getting older
  - > Encouraging older workers to continue working has become a government initiative
  - > In 2002 the Federal Government estimated that the cost of government services, due to the ageing of the population would rise 20% over the next 40 years, creating a large gap between spending and revenue (Intergenerational Report 2002).
  - > Costs associated with health care, social services likely to pose challenges for any Government
  - > Recent developments – GFC, pension increase, raising retirement age all indicate that it would be a good thing for mature age workers to delay retirement
  - > Understanding the reasons why mature aged workers decide to voluntarily retire may mitigate some of the impacts of an ageing population

# Previous Research on Retirement Intentions

- > Complex!
  - > Encouraging older workers to continue working has become a government initiative
  - > Beehr (1986) - personal factors (e.g., personality type, health and economic wellbeing) as well as environmental factors (e.g., job characteristics, attainment of rewards, leisure pursuits)
  - > Taylor and Shore (1995) - personal factors (such as health and financial situation), psychological factors (such as attitudes towards retirement, retirement self efficacy and leisure orientation), and job/organisational factors (such as job satisfaction and organisational commitment).
  - > (Beehr, 1986). Push factors are those that contribute to a withdrawal from work (e.g. failing health, stress), whilst pull factors are those that may entice the worker to remain in the workforce (e.g. challenging work, career development).
  - > No clear taxonomy (way of categorizing factors affecting retirement intentions)

# Previous Research on Retirement Intentions (cont.)

## > Summary

- > Perceptual age (vs chronological age), overall wealth or financial stability, marital status, employment status of the spouse, attitudes toward retirement, health, gender, opportunities for career change and development, workload, career commitment and occupational goal attainment; availability of part time work

## Aims

- > To identify those factors that affect the decision to retire (and delay withdrawal from the workplace) thereby increasing the participation rate of mature age workers, using qualitative data.

## Method

- > Analysed data from the Voice Project Climate Survey.
- > Organisational survey measuring 31 lower-order work practices.
- > Introduced an open ended question that was specifically aimed at eliciting information about retirement decisions
- > “If you are considering retiring in the next five years, what could your employer do to encourage you to continue working rather than retire?”

## Participants

- > Analysed data collected in 2007 from the Voice Project Climate Survey.
- > 158 respondents from a total sample of 3622

<b>Gender</b>	Male = 59 (39%)	Female = 94 (61%)	
<b>Salary</b>	Low income  (<\$39,999) = 70 (47%)	Middle Income  (\$40,000- \$99,999) = 63 (42%)	High Income  (\$100,000 or more) = 17 (11%)
<b>Seniority</b>	Low  = 91 (59%)	Middle  = 50 (32%)	High  = 14 (9%)

# Results - Analysis of open-ended responses showing percentage of respondents commenting by theme

	<b>Pay/ Rewards</b>	<b>Part-Time Work</b>	<b>Flexibility</b>
<b>Overall</b>	<b>30.3%</b>	<b>15.2%</b>	<b>12.7%</b>
Male	35.6%	15.3%	15.3%
Female	28.7%	14.9%	11.7%
Low Income	41.4%	4.3%	4.3%
Middle Income	27.0%	25.4%	22.2%
High Income	5.9%	17.6%	17.6%
Low Seniority	40.7%	12.1%	8.8%
Middle Seniority	21.9%	19.2%	9.6%
High Seniority	14.3%	21.4%	21.4%

## Discussion/Questions

- > When considered in total the data suggest that better pay, the possibility of part-time work, and flexibility have the potential to delay the decision to retire
- > Financial incentives, perhaps not surprisingly, appear to have more potential to delay the retirement decision for those on lower incomes, who have less seniority
- > From an employer's perspective increased pay may, in fact, be a simpler solution than creating more part-time work opportunities or implementing flexible work practices
- > Vrisakis (2008) suggested that for mature age workers employee's sense of wellness may have more of an impact on participation rates than do rewards and remuneration – but different methodology
- > If wellness and stress was one of the most important predictors of intention to stay – is there perhaps a link between (workplace) flexibility and wellness

## Conclusion

- > How effective are non monetary based strategies aimed at delaying retirement?
- > GFC? Do we need to do anything? (Perhaps collect more data)
- > Should we just keep raising the retirement age?
- > If employers ignore other retention strategies aimed at mature aged workers (due to the above), what happens when economic circumstances change?