

# Aviva's Real Retirement Report **Part 1**

Over-50s Workforce Tribes

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**#AvivaRRR**



Retirement  
Investments  
Insurance  
Health

# Welcome to Aviva's Real Retirement Report 2017 – Part 1

There are now almost 10 million over-50s in work<sup>1</sup>, representing nearly a third of the overall workforce, and an increase of 1.6 million or 20% in the six years since the Default Retirement Age (DRA) was abolished on 1 October 2011. Over the same period, over-65s in work have increased by 307,000 or 36% to 1.2 million.

With the state pension age in flux and life expectancy rising, later retirement is a growing reality for many in the UK today – but their experiences are far from uniform. This latest edition of Aviva's Real Retirement Report series digs beneath the headline figures to explore the breadth of experiences, challenges and motivations that characterise the fastest-growing part of the UK workforce.

It shows nearly two in five workers have made a significant career change since turning 50, while over-65s are more likely to cite job satisfaction than financial need as a motivation to stay in work, with many showing an entrepreneurial streak in later life. But important questions remain about when and how many people can afford to retire, if at all, especially those with financial responsibilities to family to take into account.

Our insights are many and varied. However, three themes emerge.

<sup>1</sup> ONS Table A05: Labour market by age group: People by economic activity and age (seasonally adjusted). There are 9,938,000 workers aged 50 and above and 32,073,000 workers aged 16 and over (September 2017)



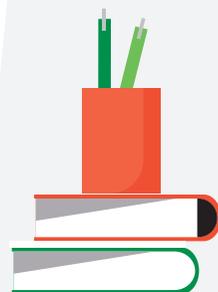
**Lindsey Rix,**  
Managing Director  
Savings and Retirement at Aviva

## 1 The ingredients of work satisfaction change as we age

Most older employees enjoy work, with three in four over the age of 50 saying they are satisfied with their working lives. The importance of job satisfaction, however, changes as we age. When we are in our late 40s and early 50s, money is one of the most important aspects of working life. However in later life it is job fulfilment and a work-life balance that matters most. This has implications for how employers can help older employees deliver their best.

Our research also shows that levels of work satisfaction increase as we age. In our late forties, almost three quarters of us report that we are satisfied at work. This rises to an impressive nine in ten when we reach our late 60s.

One of the few areas where satisfaction is relatively low among over-50s is that of career progression, suggesting many employers are too quick to assume that our work aspirations have peaked as we enter later life.



<sup>2</sup> DWP, Economic Labour Market status of individuals aged 50 and over, September 2017

## 2 Employers must do more to help support a fuller working life

Our report contains good and bad feedback for employers.

Encouragingly, our research identifies no overwhelming evidence of discrimination against older workers. Most over-50s workers believe their employers value their experience; few strongly feel that their age may jeopardise their job security; and only one in five feel that their needs are placed behind those of their younger colleagues.

However, our research also finds that specific support for older workers is a rare offering. Disappointingly, only a small minority of over-50s workers believe their employer provides tailored job support for their age group. Older workers will continue to play a bigger and bigger role in the economy in the years to come. They are a population that increasingly accept this trend, and many appear able to achieve great work satisfaction as they age. This however is despite the support offered by their employers, not because of it.

While much is written about the needs and aspirations of “millennials”, it is arguably the competition for the talents of older workers which is set to intensify the most. The winning employers will be those that can listen and adapt to the needs of this population. Age must be no barrier to our opportunity to contribute.

## 3 There is an increasing acceptance of the likelihood of a longer working life

Finally, our report shows the message of a likely longer working life appears to be getting through. Our research finds that the average age at which over-50s expect to retire is 66. Only around one in ten expect to fully retire before the age of 65 and the majority now expect to retire later than they did ten years ago.

This expectation is ahead of current experience. The latest official figures show that the employment rate drops significantly as people progress through their fifties<sup>2</sup>. Today you are more likely to be retired in your early sixties, than not. Our research suggests people expect this to change in the not-too-distant future.

Asked why they expect to be working longer, money is the number one reason for those in their late forties and early fifties. This changes as we age and is most notable when reaching the age of 65-69. Money is replaced by a desire for the mental stimulation and social interaction that work can bring. These are arguably more positive motivations than the need to “put food on the dinner table”. The winning employers will be those that support employee saving as they progress through their career, and those that can meet the “softer” wants of workers as they enter later life.

# Mapping the **over-50s** workforce 'Tribes'

**P**eople's varied work plans and motivations in later life help to identify a number of 'tribes' within the over-50s workforce. For many people, the reality of longer working lives and the contrasting experiences this involves means they will identify with more than one of these groups, particularly as their circumstances and priorities evolve with age.

Money is often described as a major motive for working longer, but Aviva's research challenges any assumption that this is universally true – at least for today's over-50s. While 52% say they are only still working because of their financial needs, a significant 40% are more motivated to work for satisfaction or fulfilment.

The findings also highlight key differences between age groups. While those aged 65+ are more likely to be working for satisfaction or social contact, those aged 50-64 are more likely to be driven by financial need – including their families' needs – and also to have sacrificed their savings ability in pursuit of workplace satisfaction.

This raises important questions about whether this younger age group will be able to enjoy the same experience beyond 65 of working without financial pressures unless they act now to plan their finances – and are helped by employers, industry and government to do so.

Over-50s workforce 'Tribes'				
Tribe	Size	% of over-50s	Description	More likely to occur among these groups
Staying put	6,258,409	63	Happy to conclude their career in their current job or company	Those aged 65-69 (77%), working part time (69%), in the public sector (68%)
Financially driven	5,165,671	52	Only working still for their financial needs	Those aged 50-54 (62%), working full time (59%), divorced. Separated or widowed (59%)
Satisfaction seekers	3,973,593	40	More motivated to work for satisfaction and fulfilment than financial needs	Those aged 70+ (66%), own their home outright (48%), self-employed (50%)
Job hoppers	3,874,253	39	Have made a significant job change since turning 50	Those aged 70+ (54%), divorced, separated or widowed (43%), working part time (55%), in the private sector (44%)
Workplace socialites	3,079,534	31	More motivated to work for social contact than financial need	Those aged 70+ (49%), married/with a partner (33%), working part time (41%)
Career surgeons	2,284,816	23	Experiencing more career success post-50 than pre-50	Those aged 70+ (36%), self-employed (28%), own their home outright (26%)
Aspiring job switchers	1,688,777	17	Expect to move jobs or companies at least once before they retire	Those aged 50-54 (31%), single (26%), working full time (20%), in the private sector (21%)
Savings sacrificers	1,688,777	17	Sacrificed ability to save for more comfortable retirement for better job satisfaction/fulfilment	Those aged 50-54 (23%), self-employed (20%), in social/council housing (21%)
Flat-out workers	1,291,418	13	Do not ever expect to retire fully	Those aged 50-54 (14%), divorced/separated/widowed (16%), self-employed (24%)
Family funders	993,398	10	Only working still to support their adult children's financial needs	Those aged 50-54 (13%), married (12%), own their home with a mortgage (14%)
	695,379	7	Only working still to support their parents' financial needs	Those aged 50-54 (10%), working full time (9%), married/with a partner (9%)

Please note respondents may fall into more than one of the above categories depending on their responses.

# How satisfied are over-50s with their current jobs and working conditions?

## Key findings:

- ★ More than three in four (76%) over-50s workers are satisfied with their working lives
- ★ Yet 10% are dissatisfied, with salary the biggest bone of contention (18%)
- ★ 5.2 million (52%) over-50s workers admit they are still in work purely to fulfil their financial needs, but from 65 onwards workers are more likely to be motivated by job satisfaction than money

## Work-life balance is key on the approach to retirement

Over-50s workers are more likely to their work-life balance than any other aspect of working life. Nearly nine in ten (88%) over-50s say this is important, closely followed by job satisfaction (85%) and the number of hours worked (81%).

However, when asked to identify the single most important factor of working life, salary comes first for one in three (33%), ahead of job satisfaction (21%), work/life balance (15%) and job security (10%). Salary is significantly more likely to be the top priority of those dissatisfied with their working lives (44%) than those who are satisfied (29%).

Career progression becomes less of a priority as older workers near retirement, although one in four (24%) still rank opportunities for career progression as important. Reaching the age of 55 appears to be the turning point, with those aged 55-59 (23%) less likely to consider this an important factor than those aged 50-54 (40%).

However, career progression less likely to be ranked as important overall compared to the number of hours worked (81%) and salary (79%).

## Three in four over-50s are satisfied with their working life

More than three in four (76%) over-50s are satisfied with their overall working life. Satisfaction with working life increases significantly over the age of 65, perhaps as people pursue different roles, flexible working hours or voluntary work and their working life becomes less financially motivated. Over-50s workers who are self-employed are significantly more likely to be satisfied with their jobs (84%) than those who work part-time (78%) or full-time (70%).

However, one in ten over-50s workers are dissatisfied with their working life (leaving 14% with a neutral opinion). Those aged 55-59 are the most likely age group to be dissatisfied with their jobs (13%). At an industry level, over-50s working in administrative and support services (19%) and manufacturing (15%) industries are the most dissatisfied.

Salary is the most common area of dissatisfaction among over-50s workers (18%), followed by employee benefit provision (16%). Female full-time workers are notably unhappier with their salary (25%) than men working full-time (20%).

## Salary the most important factor of working life

Most important aspect of working life	All	Satisfied with working life	Dissatisfied with working life
Salary	33	29	44
Job satisfaction/fulfilment	21	24	10
Work/life balance	15	16	13
Job security	10	10	11
Number of hours you work	6	6	5



## Career satisfaction peaks among over-65s

There are currently 1.2 million workers in the UK aged 65 and above. Aviva's research suggests the vast majority of these (91%) are happy and fulfilled in the workplace. For many, career success and satisfaction has only increased with age as more than one in three (34%) over-65s are experiencing more career satisfaction and fulfilment since turning 50.

Only 32% of this age group say financial needs are the only reason they're still working, with 60% saying job satisfaction is more of a motivation to continue working.

Nearly all of this group expect to retire with their current employer (96%) and are loyal workers, with almost one in three (31%) having been with their current employer for 20 years or more.

## Working under financial strain

Almost one in five (19%) over-50s workers have financial dependents – the equivalent of 1.8 million people. These are mostly their children, with 18% of over-50s workers having children who are financially dependent on them.

Nearly two in five (36%) of those with financial dependents say they will retire later than originally planned because of their children's financial needs. A third (32%) agree their children's financial needs are the only reason they are still working.

At the same time, more than one in ten (12%) over-50s workers with financial dependents say their parents' or partner's financial needs, including healthcare, are the only reason they're still working. One in ten (8%) with dependents are already concerned about balancing work while caring for a relative and an additional 35% think this will concern them in the future.

One in six (16%) over-50s workers with dependent parents or children say their responsibilities to younger family members

have limited their future career prospects beyond their current age, while 13% say their responsibilities to older family members have had the same effect.



## Retirement on hold for those struggling financially

One in two over-50s (52%, or 5.2 million people) are only still working because of their financial needs. However, while many cannot afford to retire, as many as two in five (40%) or 4.0 million over-50s workers are still working by choice, stating satisfaction and fulfilment is more of a motivation than money.

Generally, as people near retirement, satisfaction and fulfilment become more important while financial need becomes less so. Financial needs alone will keep more than half of people in work up until 64, but from 65 onwards satisfaction and fulfilment emerges as a more common motivation. This is an encouraging indication that older workers are saving enough for their retirement to enable work to become a labour of love.

## Job satisfaction becomes more important than financial needs as over-50s age

%

% who of over-50s still working who agree	Over-50s	50-54	55-59	60-64	65-69	70+
Satisfied overall with working life	76	73	72	71	91	90
My financial needs are the only reason that I'm still working	52	62	54	54	36	28
Satisfaction and fulfilment is more of a motivation for me to keep working than financial need	40	31	34	39	53	66

# What motivates over-50s to make significant career changes?

## Key findings:

- ★ Three in five (61%) over-50s workers have not moved jobs or companies since turning 50
- ★ However, there is a sizeable population of 'job hoppers', with almost 4 million workers making significant job changes since turning 50
- ★ 1.4 million workers have become their own boss since turning 50

## Majority of over-50s plan to retire in their current job

**A**viva's research shows that when it comes to making career changes, over-50s can be reluctant to move on, even if they are dissatisfied with their current role. Three in five (65%) employees who are unhappy with their working life have not made a career change past the age of 50.

On average, over-50s workers have been with their current employer for 11 years. Those who are dissatisfied at work have been with their employer for the same length of time as those who are satisfied (11 years). This reluctance to move could be due to a sense of inertia, or financial reasons, such as being unwilling to put salary and/or pension provision on the line so close to retirement.

Across the over-50s workforce, three in five (61%) have not moved jobs or companies (including taking a promotion) since they turned 50. Indeed, the majority of the older workforce intend to make no further career changes, with 83% of over-50s – or 8.2 million people – planning to retire in their current job (although the proportion who say they are happy to retire in their current job is notably lower at 63%).



# What motivates over-50s to make significant career changes?

continued

## But almost 4 million workers have made significant career changes since turning 50

While the majority of the UK's older workers are choosing to stay put, there is still a sizeable chunk of the workforce who are willing to make significant job changes after the age of 50.

Two in five (39%) workers have moved jobs or company since turning 50 and almost one in five (17%) of over-50s plan to move jobs again before they retire.

Younger employees are the most likely to make a career move, with around one in three (31%) of those aged 50-54 planning to make a career change ahead of retirement. However this willingness to make significant job changes drops considerably from the age of 55 onwards, suggesting the early 50s is the key time for making a career move.

## Almost one in three 50-54s will change jobs again before retiring

% who agree	Over-50s	50-54	55-59	60-64	65-69	70+
Yes, I expect to move companies or jobs again before I retire	17	31	21	11	5	3

Employment status also appears to be a factor, with full-time workers much more likely to change careers (20%) compared to part-time (16%) and self-employed workers (11%).

Over-50s working in the public sector are less likely to move jobs ahead of retiring (16% vs. 21% of over-50s private sector workers). This is likely to be due to public sector workers having access to desirable final salary or defined benefit (DB) pension schemes.

# 39%

workers

have moved jobs or company since turning 50

# 16% vs. 21%

of over 50s in a private sector are less likely to move jobs ahead of retiring



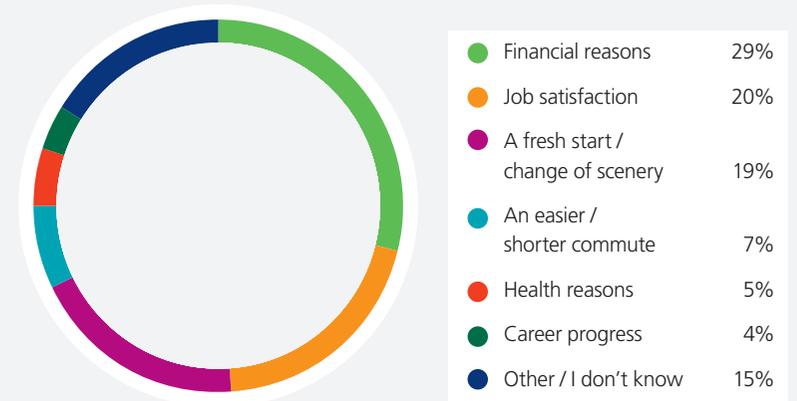
## Motivations behind job hopping

The biggest motivation for over-50s looking to make a job move is financial reasons (29%) followed by job satisfaction (20%) and a fresh start (19%).

Career progression is less of a concern for over-50s, with just 4% claiming this to be their main motivation.



## Financial reasons and job satisfaction motivate over-50s' career move



# What motivates over-50s to make significant career changes?

continued

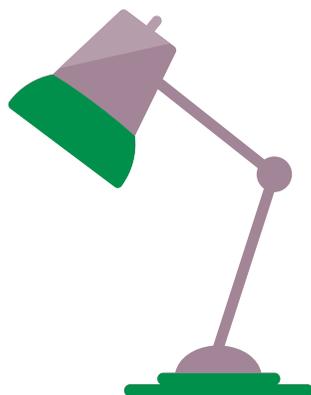
## 1.4 million workers have become their own boss since turning 50

The most popular job change for over-50s is embarking on a “wind down” job as a stepping stone to retirement, with more than one in three (36%) having done this or interested in doing this in the future<sup>3</sup>. This is followed by taking on a part-time voluntary role after ‘retiring’ (33%).

While some may be choosing to “wind down” their career ahead of retirement, others are choosing to embrace change with almost one in five (17%) over-50s expressing an interest in getting a job in a new industry or career.

Proving the entrepreneurial spirit remains strong past the age of 50, more than one in ten (13%) over-50s have shown an interest in setting up their own business or becoming self-employed in a totally different industry, with 8% having already done this. Overall, 14% of over-50s have become their own boss past the age of 50, the equivalent of 1.4 million people.

ONS data shows that over-50s account for 43% of those who start their own businesses<sup>4</sup>, while separate research suggests the number of firms run by the over-55s has risen 63 per cent in the past 10 years<sup>5</sup>.



# 1 in 5

of over 50s have expressed an interest in a career change

<sup>3</sup> Includes those who are interesting in making this change, but will ultimately be unable to due to circumstance

<sup>4</sup> 16 February 2017, Financial Times, Over-50s are the new business start-up generation

<sup>5</sup> 21 August 2017, Barclays, Baby boomer generation transforms UK’s business landscape in a decade

## Popular career changes among over-50s job hoppers

%	Interested in doing this	Have already done this
Take on a part-time, voluntary role after ‘retiring’	26	7
Embark on a ‘wind-down’ job or role as a stepping stone to retirement	25	11
Get a job in a new industry / new career	17	7
Take on a more advisory or project based role	17	6
Take on a part-time, voluntary role alongside my fulltime career	15	6
Establish a portfolio career e.g. working in multiple part-time jobs	14	5
Take on a completely different role within the same company	14	4
Leave a secure job to move to another company	13	6
Set up my own business/ become self-employed in a different industry to the one I worked in before	13	8



While two in five (42%) job hoppers didn’t have to make any compromises when changing careers in their 50s, some had to face difficult financial decisions including; accepting a lower salary (37%), dipping into savings (25%) and stopping (12%) or reducing (8%) their pension contributions. Others reported greater stress on their health and wellbeing (10%).



# Working for longer

## – over-50s delay retirement plans

### Key findings:

- ★ Three in five (62%) or 3.6 million over-50s workers will retire later than planned, rising to 73% of women
- ★ Aviva's research suggests over-50s workers will stop working full-time at 63, before retiring completely at 66
- ★ But 48% will work beyond the age of 65 and 13% will work until they drop



### 3.6 million over-50s workers will retire later than planned

**A**lmost three in five (59%) over-50s workers know when they expect to retire. Among these, 62% or 3.6 million people say this is older than they thought it would be ten years ago, with only 5% saying it is younger.

Older workers are more likely to expect to retire later than originally anticipated, rising from 55% of 50-54s to 63% of 65-74s, presumably as they find themselves still working in their late 60s and early 70s.

Interestingly, nearly three quarters (73%) of women expect to retire at a later date than they thought they would a decade ago, significantly higher than the proportion of men (55%). This is likely to be influenced by changes to the state pension age which mean women will retire at 66 by 2020, up from the original age of 60.

### Older workers looking to wind down before retiring fully

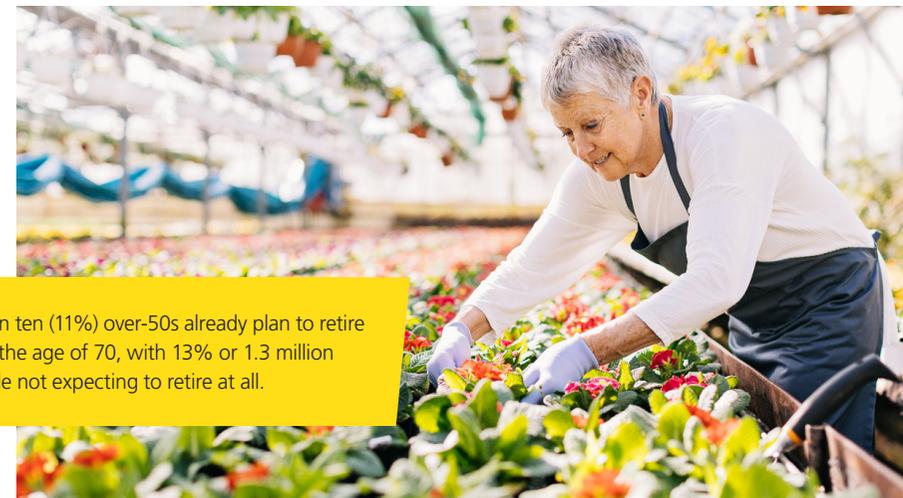
In another sign of delaying retirement, a significant proportion of over-50s approaching retirement prefer to wind down their responsibilities before taking the plunge into retired life.

According to Aviva's research, the average age over-50s expect to stop working full-time is 63. But over-50s do not expect to retire completely until they are an average age of 66 – three years later. This suggests many intend to work in a part-time or voluntary capacity as they 'wind down' into retirement.

Interestingly, average retirement ages do not differ by gender, with both men and women planning to stop working completely at 66. This is a reversal of historic trends where women tended to leave the workforce earlier due to being able to access their state pension at a younger age.

### Retirement plans in flux as state pension goalposts move

%	Over-50s	50-54	55-64	65-74	Men	Women
% who will retire later than expected	62	55	64	63	55	73



One in ten (11%) over-50s already plan to retire after the age of 70, with 13% or 1.3 million people not expecting to retire at all.



# Working for longer – over-50s delay retirement plans continued

Nearly half of (48%) over-50s now expect to work past the age of 65 – the former Default Retirement Age.

One in ten (11%) over-50s already plan to retire after the age of 70, with 13% or 1.3 million people not expecting to retire at all.

When it comes to accessing private pension savings, over-50s expect to do this at an average age of 63, suggesting they will be drawing on these funds before they have stopped working completely. However, 65-74 year olds expect to access their private pension at 66, later than 55-64's expectation of 62. This suggests the process of planning retirement finances also evolves as workers age.



More than one in ten (13%) over-50s workers, or 1.3 million people, do not think they will ever retire fully.



## Over-50s expect to draw on private pension before retiring completely

	Over-50s	50-54	55-64	65-74	Self-employed	Public sector	Private sector
Expected retirement age	66	64	65	71	69	65	65
Expected age of access to private pension	63	62	62	66	64	63	63

### Reasons for retiring later

According to Aviva's research, among those retiring later than planned, over two in five (43%) say it is because they do not have enough in their pension savings to retire. Meanwhile, just under one in three (32%) say the rising cost of living means they cannot afford to stop working.

However, more than one in three (34%) plan to retire later because they enjoy the mental stimulation of their job and would be bored without it, while more than one in four (27%) say they would be lonely without the social interaction of working.

Part-time workers are more likely to retire later because they enjoy the mental stimulation of their job than those working full-time (38% vs 28%) and because they would be lonely without the social interaction of working (32% vs. 23%).

This suggests they may already have experienced these factors after winding down to a part-time role, or decided to work part-time rather than fully retire because of these concerns.

### Reasons for retiring later

	Overall	Men	Women	Full-time	Part-time
I do not have enough in my pension savings to retire when I wanted to	43	43	42	49	35
I enjoy the mental stimulation of my job and think I would be bored without it	34	34	34	28	38
The cost of living has risen so I cannot afford to stop working	32	29	36	34	32
I enjoy the social interaction of working and would be lonely without it	27	29	26	23	32

# Thinking about working for longer?

## What you need to consider

### Top tips for those considering working for longer:

✔ **Full-time vs. part-time:** Aviva's research finds a third (33%) of over-50s workers agree the ability to reduce working hours or go part-time is more important for their age group. If you would prefer to move part-time, be sure to have a conversation with your line manager (or most suitable member of staff) to see whether this is possible and what kind of arrangement could be put in place.

✔ **Be aware of your financial needs:** More than half (52%) of older workers in Aviva's research are only working to meet financial needs, so being aware of these is important. Part-time workers have the same rights to a workplace pension scheme as those working full-time. However, as your earnings are likely to be lower, your pension benefits are also likely to be reduced<sup>6</sup>. It may also mean you can afford to contribute less to your pension yourself. Make sure you are aware of how much is in your pension pot(s), how much you expect to need in retirement and how much more you need to save to be able to afford this. Scaling back working hours too early could make saving for a comfortable retirement difficult.

<sup>6</sup> The Pensions Advisory Service, Working part-time

✔ **Workplace support:** One in five (21%) over-50s workers say their employer offers specific support for their age group. Are there any forms of support you need to enable you to work for longer, such as the ability to work from home, health and wellbeing support or new skills training? If so, be sure to contact your HR department to see whether these are on offer.

✔ **Career review:** Aviva's research finds 23% of older workers have experienced more career success since turning 50. To enjoy a more fulfilling and successful career, it may not be necessary to move companies or careers. A sideways move to a different department or area of the business can refresh your working life.

✔ **Family support:** Almost one in five (19%) older workers in Aviva's research have financial dependents (including children or parents). Family can therefore play a key role in decisions around working for longer. Be sure to talk honestly about this with family members. This avoids any confusion if relatives are relying on your support in other areas e.g. childcare and also means you can lean on them for support or advice.

### One million more older workers by 2022

In February 2017, Business in the Community and the Business Champion for Older Workers launched a target for one million more older people (aged 50 and over) in work by 2022. This is equivalent to every UK employer increasing their number of workers aged 50-69 by 12% by 2022. Aviva endorses and accepts this challenge.



The target is aimed at supporting older people who want the same range of options and opportunities as younger colleagues, and to be properly recognised for their experience and expertise.

We also endorse the three Business in the Community and Business Champion for Older Workers recommendations for employers. These are 1) understand your workplace profile and assess your data by age, 2) listen to your older employees' wants, needs and perspectives and 3) act to transform your workplace to better support older employees.

To find out more, please visit: <https://age.bitc.org.uk/BusinessChampion>.



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# Methodology

The Real Retirement Report is designed and produced by Aviva in consultation with ICM Research and Instinctif Partners. The Real Retirement tracking series has been running since 2010 and totals 29,568 interviews among the population over the age of 55 years, including 1,177 in July 2017 for the latest wave of tracking data (Q2 2017). This edition examines data from 3,327 UK adults aged 50 and over, of whom 1,829 are still working.

## Technical notes:

- A median is described as the numeric value separating the upper half of a sample, a population, or a probability distribution, from the lower half. Thus for this report, the median is the person who is the utter middle of a sample. All figures are medians unless otherwise specified and are referred to as 'typical' rather than 'average' (mean).
- A mean is a single value that is derived by adding all the values on a list together and then dividing by the number of items on said list. This can be skewed by particularly high or low values.

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