



The 'guts' of the Ageing Population Opportunity **A briefing paper for the Wise Society meeting on 26th January**

In short – from the mid 1940's more people were born, fewer died and more are living to be older. For the first time in history, there will be more older than younger people and the balance of those over 65 will be significantly increased. The oldest old population group – those over 80, will grow in size the most. So, unless we have world war, natural disasters, plague or divine intervention, we have a new paradigm ahead of us. We can choose to see this as a problem or as an opportunity.

Facts and statistics

- **There is a 'bulge' of retirees over the next 20-30 years**
- **The dependency ratio today is 0.53. In 2051 it will be 0.71**
- **By 2050 1 in 4 people will be over 65. Today it is 1 in 8.**
- **The problem is Global in developed countries. Europe and Japan seem to be most affected.**
- **The oldest old – over 80 - is the group increasing in number the fastest**
- **Physical and mental incapacity over 65 is a major concern**
- **Dementia currently occurs at a rate of 1 in 1000 up to age 65 then climbs to 1 in 5 over 80. This does not include those with brain damage (strokes, tumours, damage from falls)**
- **There will be fewer working-aged employees to fill jobs**
- **Many over 60's want to work but can't get appropriate work**
- **All family members will be affected**
- **Age discrimination and abolition of mandatory retirement will affect employers**
- **According the EEO Trust* fact sheet, only about 50% of employers are taking this situation seriously**

General

The 'ageing population' refers to the increase in older people in the mix of society over the next 30 years. Often this is confused with the wave of Baby Boomers that are just reaching retirement. Baby Boomers is a term referring to the generation of post war babies born between 1945 and 1964 who are said to share some similar characteristics. However, research shows that they are far from a homogeneous group.* The NZ department of Statistics claims that the ageing population issue also includes those born up to the 70's.*

Increase in numbers

The 'bulge' of this period occurred mainly because of an increase in births and longevity:

- Post war renewal – more babies were born
- Fewer deaths at birth due to new medical discoveries
- Fewer deaths in adulthood due to the above
- More people living to be older because of medical discoveries

Decrease in births from the 1970's

The wide use of the contraceptive pill in the 1970's led to women controlling childbirth and the next few generations. In wealthy countries, women pursued careers and lifestyle choosing to have fewer children. This imbalance of the generations will lead to a significant shift in the dependency ratio in most first world countries over the next 20 years. The first Baby Boomers retire this year – it has already started! A new increased birth rate seems to have begun in the past decade – but it won't impact in the next few decades.

What is the dependency ratio?

This figure is calculated on the basis of those earning to those being supported. Generally speaking, the number of children under working age plus the number of retired constitutes the supported group. Everyone in between is assumed to be working to support them.

For example, if 80% are earning and 20% are being supported, then society can support the 20% easily. On the other hand, if there are 20% supporting the 80% there will be serious difficulties. This assumes that all the people in the middle years are working – that retired people are non-earning and that we don't have child labour! Any one of these factors can shift the dependency reality if not the age related ratio.

Sources of information:*

The following are good sources of information and statistics:

EEO Trust - Great knowledge and advisory base. See especially:
Workplace Age and Gender July 2009
Ageing workforce fact sheet
Power point presentation 'Effectively managing an ageing workforce'

NZ Department of statistics

'Demographic aspects of NZ's ageing population' 2006

NZ Department of Labour

'Workforce 2020'

Neilson Report for the Hope Foundation – research on ageing

'New insights into the experienced generation' July 2009

NZ Institute for Research on Ageing

'Maximising the potential of older workers' 2007

Videos:

Gregory Petsko: 'The coming neurological epidemic'

Articles on www.janisgrummitt.com:

'All wise people are old but not all old people are wise' (blog)

'Opportunities of the Ageing population' (blog)

'What is a wise society and why do we need it?' (page)

Also see various articles and discussions on the Wise Society LinkedIn group.

For anyone interested in a discussion about the implications and possible solutions, I have written a paper 'Potential consequences and opportunities for Wisdom in an ageing society'.

Challenges and Opportunities for Wisdom in an Ageing Society

Challenges

There is very little awareness amongst the public in NZ. There have been many warnings over the past 10 years from various concerned departments and agencies. Politically it has not risen to the top of most agendas. Worldwide, it has just started to be recognised as a serious concern. Consequently, most commentary about this issue has been about negative consequences rather than the opportunities.

- **Generational split and civil unrest**

The Global financial crisis has exacerbated the employment problem. The question of jobs has now become a major issue in countries where there is simply not enough work for those who need to stay working longer and those starting out in the workforce. France and other European countries have recently been in the news as for outbreaks of riots over job availability and pension payments. Will there be enough jobs in New Zealand to satisfy the growing number of people who need them?

- **Extra pressure on health systems**

An inevitable increase (some call it the coming tsunami) of dementia will hit health services as more and more people live to be older and they are kept alive. It is a simple fact that we all deteriorate physically as we age; some of us also deteriorate mentally. Cases of dementia rise exponentially after the age of 80 and many more of us are living to that age.

- **Pressure on managing work and family**

Pressure on parents and grandparents will be increased; working while having responsibility for parents and older relatives will be added to the stress of caring for children and grandchildren. Many younger generations could be overwhelmed by all caring for children or grand children and parents.

- **The economics of paying pensions**

Most countries are struggling to see how they can fulfil a promise to pay made many years ago. In some countries, politicians have appropriated (or stolen) money set aside for this purpose to use on more imminent political needs. Many people over 60 simply are resigned to get a reduced pension paid later. Many over 60's are insecure about their futures. On the other hand, paying pensions and

supporting this expanded dependent group could bankrupt or seriously compromise whole economies.

- **Cultural barriers**

Despite the fact that most people over 60 say they would like to work – there are very few ‘jobs’ for them. A culture of ageism and lack of internet and modern technology know-how in people over 50 combine to disadvantage them. In addition, most also want to change pace and have a different type of work which uses their wisdom of experience rather than their raw energy and full-on dedication. Elders are getting stuck between a rock and a hard place.

In addition to the ‘myths’ of the older worker, younger people are becoming aware that they will bear the burden of earning to support older people and eventually supporting them literally as they become infirm. After years of adaptation to work and wealth prioritisation, western cultures seem poorly adapted to supporting family members. The emphasis is on government and employer support rather than extended family.

- **Voting and power**

The over 60s may be at a difficult cross roads at work, but there are a disproportionate number of us in the population who can vote. Many say that unless a law is passed to prevent voting over a certain age, there will be far more power in the ‘oldies’ vote. This may not be a good thing if this power is simply used for self serving gain. Politicians will certainly be focusing on the aged voter as a group. Alienating younger voters would be a sad outcome for our culture as a whole.

Time to focus on the opportunities

Continuing to focus on the problems of the ageing population may lead to self fulfilling prophecies. There are many opportunities. Whether or not we take them will depend upon awareness and leadership by everyone.

Some potential opportunities

These are my views. I am greatly optimistic about the future. I believe that this time is one of enormous shift to a better way of working and living together.

- **More older leaders and influencers**

The world is changing. The recent economic collapse and the build up of communication about global survival has led to a great deal of openness to change. Leaders are emerging with new ethical, human and sustainable approaches; they are mainly elders over 60. This is the great opportunity of a population with many older people. With age we have the ability to develop empathy, a sense of ethical altruism, a desire for collaboration rather than competitiveness and an ability to mentally 'connect the dots'.

Nelson Mandela has started 'The Elders' – a group of elder statesmen from around the world who work for peace; Film stars, are stepping up following a long line of influencers from Sir Bob Geldoff to the recent actions by George Clooney and others - they continue to make a stand for peace and humanity; business people such as Bill Gates and Warren Buffett are successfully encouraging their peers to donate a percentage of their earnings willingly towards a greater good while many companies are following the example of Anita Rodick of the body shop by looking for more ethical ways of doing business in third world countries. In New Zealand, Lisa Err (Ex Lisa's Humus) has started a new political party called the Awareness party to gather people together for contributing to the change in a positive way.

You may see these people as 'nutters', extreme optimists, or even opportunists taking advantage of the present circumstances, but you must admit that we live in exciting times and people are emerging to promote a peaceful revolution. Personally, I think it is interesting that these leaders are almost all over 60.

- **Rethinking work**

Managing change has been the 'holy grail' in business for the past decade. Now it is happening and cannot be avoided. Work simply cannot be 'tweaked' to adapt to the changes that are accumulating around work and employment.

The concept of 'a job' is relatively recent, dating from the Industrial Revolution and depended on a large number of employers creating specific roles. 'Jobs' may no longer be a real option for the future in New Zealand. Around the world as 'jobs' migrate to developing countries where labour is cheaper, the concept could be moribund soon as well. As always, as a small country we are facing the problems of the world first.

- **Taking and building personal responsibility**

Research and knowledge about health and ageing is growing along with survival rates. We know how to offset dementia; we know how to build a brain that gets wiser; however, the existing culture has been focused on external responsibility 'the government will provide', 'I have a right to my pension', 'the culture is to blame for the lack of jobs', business needs to step up and create more jobs for over 60s'....and so on.

It is only by us taking personal responsibility for ourselves and our families that we can move forwards. Government and business can provide fair and effective frameworks but we must preserve our health and develop our brains to be as fit and effective as we can to serve the community. Very few people know much at all about their brain or care much (other than the odd trip to the gym) about their bodies. We can do better and we can help our parents and employees to do better. Rights and responsibilities must be better balanced.

- **Wiser communities and workplaces**

We should be able to create far wiser workplaces and communities with the knowledge, experience and compassion of elders amongst us. We just need to use our potential well and all take responsibility for contributing. Focusing on wiser workplaces and communities is the first step towards building them. Here are some practical suggestions:

10 Practical Actions for Building Wisdom

1. Challenge myths – involve everyone in the conversation. Raise awareness of role models. Build new myths into the culture
2. Focus all generations on working together for shared success; encourage age diversity in working groups and teams
3. Change established roles at work. Introduce mentoring and other roles in leadership that recognise wisdom. Give these roles 'mana'
4. Encourage everyone to exercise their bodies and brains regularly and develop good habits
5. Give leadership roles to wise employees and enable others to find alternate fields of contribution in the community. No aged quota system!
6. Help employees to confidently transition one work phase of their lives to the next. Tribal communities do this well – we don't
7. Expect people to take responsibility for their future; support them by translating research into 'can do' habits for personal development and deferring dementia
8. Raise awareness – talk to everyone about the potential of a wiser society. Role model – be the change you want to see. Be positive.
9. Help people to aspire to being wise – make it as attractive as an MBA but don't allow wisdom to be confused with intellect
- 10 Start by taking responsibility for yourself and your family and take a positive lead.