



Unretirement:

A Phenomenon That's

Here to Stay

June 2023

Aging is a natural part of human life and work is an essential component for many. Although our ways of living surely differ and evolve over time, work and retirement have undergone some significant changes, as of late. Unretirement, the phenomenon of returning to work after formal retirement, is a growing trend among people from many walks of life, for multiple reasons. We aim to further understand this relatively new feature of the employment landscape and how it differs for various groups, across various countries. It is critical to provide agency for individuals who must or want to pursue unretirement, enabling them to choose the best actions to take.

This report examines the growing trend, in many countries, for older people to unretire, either by choice or out of necessity. This trend spans workers with different skill levels, family compositions, marital and socioeconomic status. It asks:

- What does unretirement mean?
- Who unretires and why?
- How can workers make better-informed choices to thrive in this new environment?
- What can companies and governments do to support the needs of the unretired?

The piece draws on a literature review, the findings of a recent survey of approximately 1,700 workers across six countries (Japan, Mexico, South Africa, Spain, the United Kingdom, and the United States) conducted by the Innovation Foundation, and one-on-one interviews with experts from academia, business, and the advocacy community.

Unretirement: what it is and what the current trends are

The definition of unretirement is to return to the workforce after retirement, either by choice or necessity.¹ Unretirement is different from not retiring at all or pivoting into another type of work.

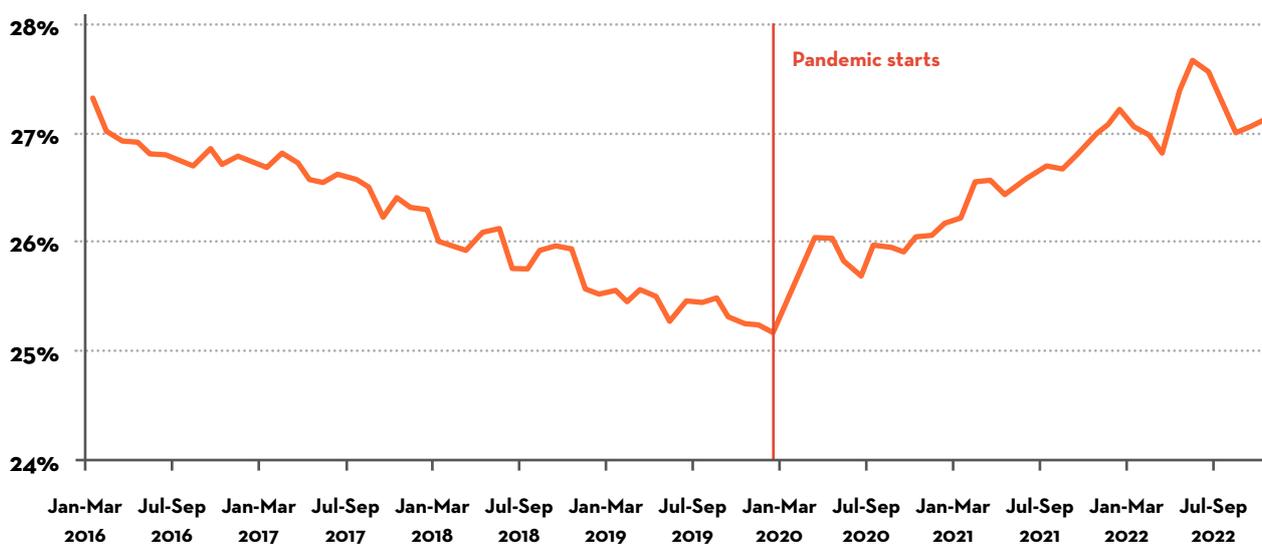
Unretirement is a fairly recent trend. It picked up pace after the COVID-19 pandemic,² which saw what some dubbed the “great retirement” as many mature workers exited the workforce.

This trend seems to be in reverse, with an increasing number of 50–65-year-olds returning to work after being economically inactive in the last quarter of 2022 (see Figure 1).³ Unretirement is becoming more common worldwide as well,⁴ as part of a wider shift in attitudes towards work and retirement – as Dr. Andrew Scott, Professor of Economics at the London Business School, stated in our interview:

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I think we're seeing a shift in the nature of work. Retirement used to be a binary decision, you either worked or you didn't, and everyone stopped work at the same time. Now we're seeing a much more continuous process.

Figure 1. Share of economically inactive 50-64-year-old people



Source: <https://ifs.org.uk/articles/new-data-show-signs-over-50s-returning-workforce>

According to the United States Bureau of Labour Statistics, more American workers are unretiring post-pandemic, and those numbers have almost reached pre-pandemic levels again (see Figure 2).⁵ Looking forward, it will be interesting to see what happens with unretirement numbers as the global economy faces challenges of inflation, increased living costs and other uncertainties. These factors may make people unretire for different reasons and maybe even multiple times. According to Richard Eisenberg, unretired freelance writer and editor:

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You might find 3 stages in unretirement: long goodbye, messy middle and the new beginning.



Figure 2:
Percentage of retired workers returning to work January 2019 to March 2022

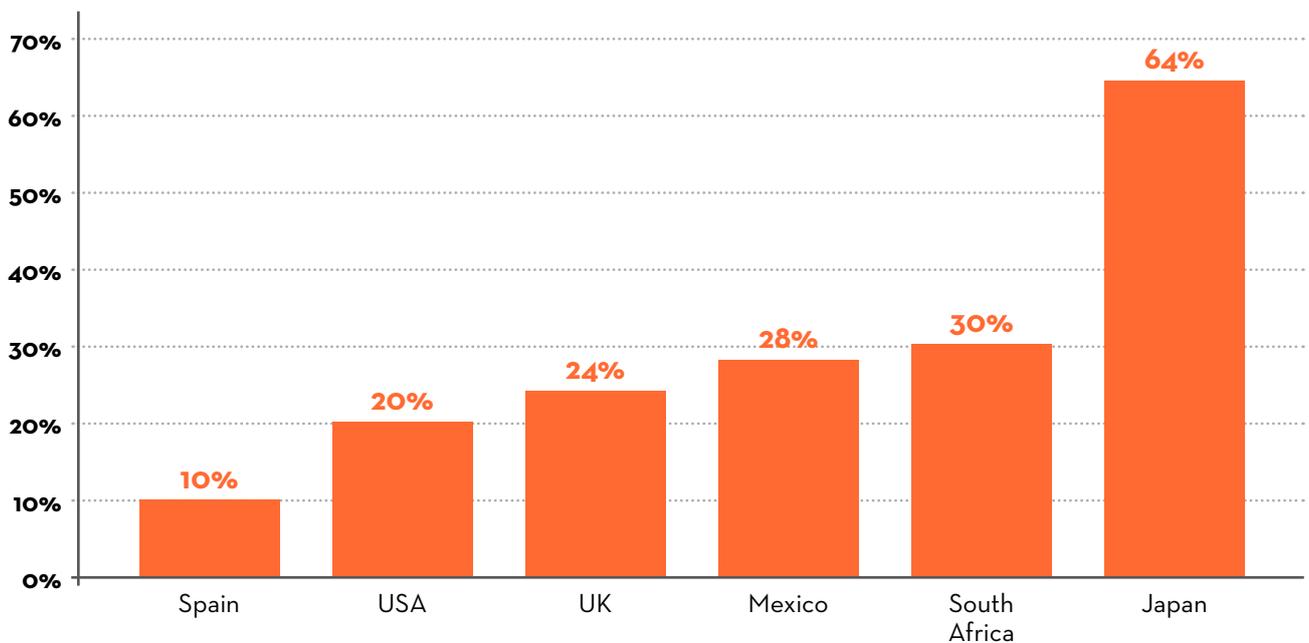


Source: <https://www.hiringlab.org/2022/04/14/unretirements-rise/>

Across the six countries surveyed, an average of 33% of retired workers are unretiring. Retired workers from Japan (64%) are most likely to return to the workforce, seemingly due to the interplay of demographic shifts, longevity, cultural characteristics, and significant labour shortages. The proportion of unretired is next highest in South Africa (30%) and Mexico (28%), where explanations include the influence of the informal economy and lack of pension benefits. Spain (10%) has the lowest number of unretired, potentially due to higher net replacement rates in the pension system

(see Figure 3).⁶ Net replacement rate is defined as the individual net pension entitlement divided by the net pre-retirement earnings. It is important to mention that overall, there is a gap in age-segmented data on unretirement, which renders a part of the workforce invisible. This data gap can be due to the lag in public data availability, and due to unretirement being a relatively new phenomenon. The Innovation Foundation survey contributed to filling that data gap and gives us an approximation or a direction for further research and action.

Figure 3: Percentage of people who unretire, by country



Source: <https://www.adecco-jobs.com/-/media/project/adeccogroup/pdf-files/2023-june/mature-workers-insight-survey.pdf/>



Who is unretiring?

Both high-skilled workers (41%) and low-skilled workers (39%) are more likely to unretire than mid-skilled workers (30%).⁶ One possible explanation is that mid-skilled jobs are proving easier to automate than jobs at either end of the spectrum, which can lead to the reduction or even elimination of those jobs for the traditional human workforce.⁷ Our survey suggests another partial explanation: mid-level workers are less willing to take

lower-level positions than they previously held (46%, compared to 57% of high-skilled workers and 48% of low-skilled workers). Additionally, financial needs are more relevant for lower skilled workers and personal fulfilment is more relevant for high-skilled workers. The proportion of retirees willing to unretire into a lower-level job was highest in South Africa (61%) and Japan (58%), and lowest in Spain (18%).

What are the drivers?

Our survey indicated two main reasons why mature workers unretire: financial needs and personal fulfilment. There is a stark contrast between high and low-skilled workers, and a remarkable lack of unretirement in the middle.

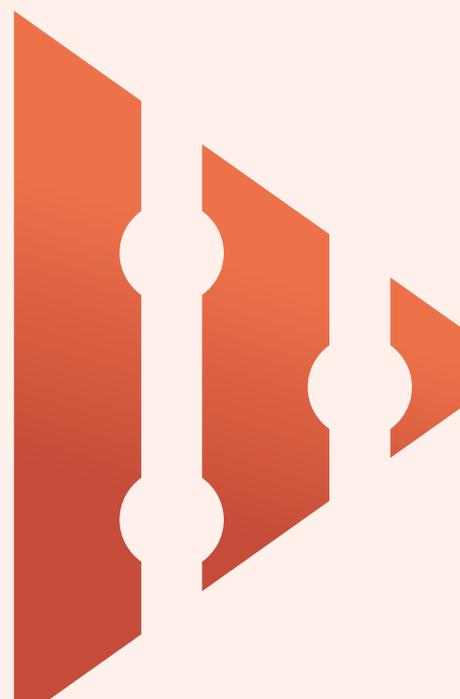
Low-skilled workers are more likely to unretire because they cannot afford to stay retired. Such economic concerns are particularly

pronounced in Japan, South Africa, and the USA, where poverty rates among older and low-skilled workers are high, above 20%.

High-skilled workers, by contrast, are more likely to cite personal fulfilment as their reason for unretirement. Nonetheless, income can also motivate high-skilled workers, according to expert interviewee Dr. Andrew Scott:

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Older people in general tend to be disproportionately in higher paid jobs and high prestige jobs... And of course, if you're in a high wage job, that's attractive, if you also get enjoyment from your work, that makes it more attractive. And if you're in a job that's not physically demanding, and you're in good health, then you're going to work again.



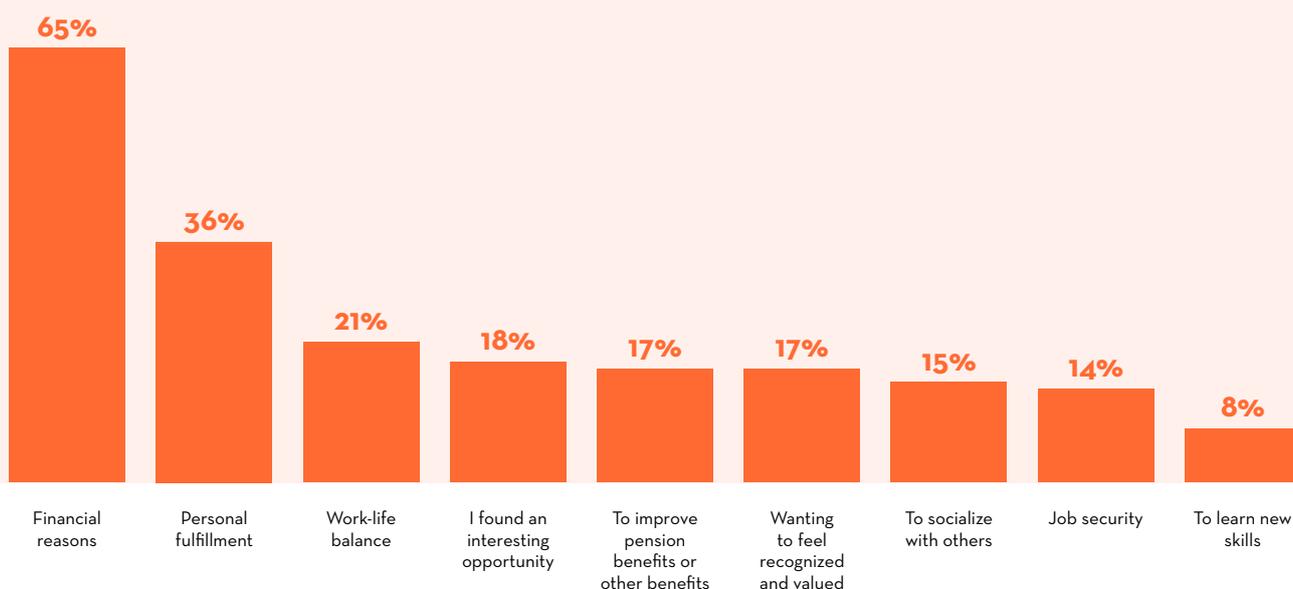
Unretirement is not only about the individual. Our survey indicates a relationship between an individual's financial responsibilities and unretirement. As we expected, primary income earners in their households are more likely to unretire (37% vs 22% of those who are not the main earner). Relatedly, unretirement is more prevalent among men (40%) than women (24%).⁶ Those with dependent relatives are more likely to unretire (42%). Sometimes retired workers want to earn again so they can financially help their adult children or grandchildren.

Marital status can also influence someone's choice or ability to unretire. If a spouse passes

away and used to be the primary income earner, the remaining spouse may be forced to unretire to make ends meet. In other cases, getting divorced creates additional expenses that necessitate unretirement, especially if there is a large discrepancy in the earnings of the former partners.

Unretirement is about more than work. Other reasons for unretirement cited in our survey include the desire for social interactions that come with work. Anecdotally, others have found a deeper benefit from unretirement: it can restore a sense of purpose and meaning that comes from contributing to a community (see Figure 4).⁸

Figure 4: Motivations to return to work



Source: <https://www.adecco-jobs.com/-/media/project/adeccogroup/pdf-files/2023-june/mature-workers-insight-survey.pdf>

Unretirement is also about mental stimulation and the desire to learn new skills. Many studies indicate that keeping an active mind helps fight depression and dementia, indicating the potential for unretirement to boost mental health.⁹ While the great retirement during the COVID-19 pandemic was partly attributable to older workers wanting to minimize their exposure to the virus, the unretirement boom may also therefore be offering some positive

health outcomes.¹⁰ Learning new skills not only makes unretired workers more marketable but also helps to keep the mind active.¹¹ It is not always easy for mature workers to upskill: two-thirds have not participated in training programmes in the past three years, and 55% say it is challenging to find positions that match their expertise.⁶ Therefore, investing in upskilling and reskilling for older workers can have multiple layers of benefits.

Unretirees as an untapped pool of talent

Companies that hire unretiring mature workers report tangible advantages.¹² Such workers can have skills and institutional knowledge that younger workers lack, enabling them to act as mentors, trainers, and teachers. A growing body of evidence says diverse teams are more effective, and diversity in age is part of that.¹³ While older workers may not necessarily be more productive than younger workers, there is some evidence to suggest that older workers perform better at work, which has important business implications.¹⁴ Unretired workers can bring new perspectives to teams because of their life experiences. Dr. Lona Choi-Allum, Senior Research Advisor at AARP points to another advantage with unretirees:

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Having a multigenerational workforce increases overall job satisfaction, which translates into higher retention.

Overall, the efficiency and productive capacity of mature unretired workers is ripe for further research.

Creating an enabling environment

However, integrating unretirees is not easy and not all companies are set up to provide a welcoming and comfortable environment for unretirees to thrive. While many companies find it daunting to set up new systems and structures, creating enabling environments is not a new phenomenon. For example, much can be learned from companies that have cultivated a culture of adapting to people with disabilities or other specific challenges. Nicole Jorwic, Chief of Advocacy and Campaigns at Caring Across Generations, says:

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Companies that have experience hiring people with disabilities, not that I'm equating aging with a disability, but these companies have experience modifying their work environment for people with different capabilities.

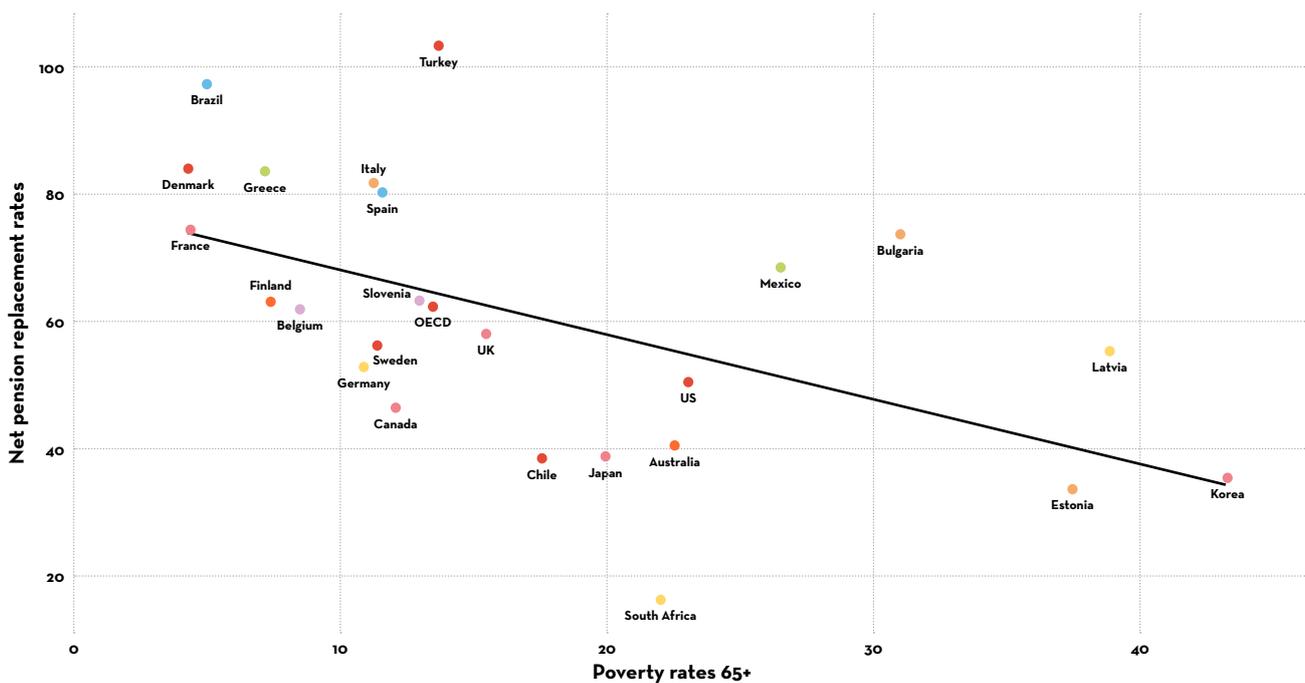


Barriers facing those who want or need to unretire

Despite the advantages of unretirement to both companies and individuals, substantial barriers limit the options of retired workers who want to unretire. These include:

- **Pension penalties:** Unretirement can be a double-edged sword. In some countries, pension systems can create a disincentive to unretirement as mature workers face losing part or all their benefits if they take part-time work or start their own business.¹⁵ There is also the challenge of high net pension replacement rates and high poverty rates at older ages (see Figure 5). If the wages of a worker were low in the first place and their pension payments are based on that wage, their pension payments may not keep pace with rising costs and inflation. Thus, on the lower end of the income spectrum, mature workers can find unretirement as a worthwhile path, but it may not worth it for others on the higher end of the income scale.

Figure 5: Global net replacement rates and old age poverty rates, 2022



Source: Innovation Foundation produced graph using OECD (2022), Poverty rate (indicator) data

- **Health barriers:** If workers are compromised by health conditions which impede them from adequately performing the duties of their job, they face the risk of being fired or simply not hired. Some health issues may seem mild, such as a loss of dexterity or decreased vision, but nonetheless can render a job exceedingly difficult. Furthermore, these mild conditions may not qualify a mature worker for any type of disability insurance or stipend but may still be a barrier for them to find paid work. Research finds that poor health is a major reason why individuals who want to unretire may be unable to do so.¹⁶ Some jobs require more physical strength, stamina, or flexibility than others. According to our survey in the six countries, health limitations are especially likely to affect low-skilled individuals (40%) and those who have



previous experience of jobs that are physically demanding (51%). The top three sectors in which workers have health issues that impact their ability to perform their job are repair and maintenance (48%), restaurant and food service (45%) and healthcare (38%).⁶ Michael Rochat, talent driver, shared his experience on retirement and mentioned:

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You need two conditions for successful
unretirement: health and ability.
It doesn't work with only one or the other.

- **Technological barriers:** The perception that mature workers are not technologically savvy can lead to bias against them, which, in its strongest form, is age discrimination. Mature workers may have to learn new digital systems and skills. However, this may be a less significant issue than is commonly believed for mature workers. Our survey found only 5% of unretired workers say they face “a great deal” of challenges with technology in the workplace - such as using online reporting tools, digital communications and social media, or technologically advanced equipment. Mature workers can be resilient and can learn new technological systems with proper training and commitment.
- **Sector transition:** Unwillingness to change sectors can also be a barrier to unretirement. In our survey, just 21% of mature workers say they are open to transitioning to a new professional activity. This is higher in sectors undergoing rapid technological transformation, such as marketing and professional and business services (over 35%), IT, and repair and maintenance, where jobs are more likely to be displaced by automation. These workers may find it difficult to change sectors due to fear, rigidity, or lack of other skills.

• **Age discrimination:** While age discrimination is prevalent, it is a nuanced topic that differs by geography and sector. For example, expert interviewee Junji Miyawaki, Suntory CHRO, states that age discrimination is very rare in Japan: “*all are respected.*” Elsewhere, however, it can be a significant problem. In our survey of the six countries, age discrimination was reported most often in Mexico (30%) and South Africa (24%). High-skilled workers (23%) are slightly more likely to report age discrimination than mid- and low-skilled workers (20%), and women (23%) are more likely to report it than men (17%). Ageism is also reported more in certain sectors, such as marketing and advertising (43%) than in other. From whom the discrimination is experienced also varies. When asked about the sources of age-related discrimination in the workplace, mature workers point to senior managers (41%), younger colleagues (38%), and other colleagues (28%).⁶ Age discrimination can occur in the workplace, or even during the job recruitment process. Susanne, advertising professional, sums up the problem stating that “*recruiters are biased against someone who looks like your mom.*” Age discrimination can have a very negative effect on the self-esteem of mature workers and their desire to find other work.

However, it is not one-sided. Dr. Andrew Scott cautions that while age discrimination is an important barrier, mature workers must also demonstrate their capacity to adapt:

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Ageism is a massive problem, I mean, it’s quite striking. And, of course, ageism is compounded with other forms of discrimination. Then perversely, I’d also say that people shouldn’t just blame age discrimination. You’re also going to need to look a little bit at what you can offer and what you can bring. And of course, we all tend to be aware of what’s made us successful, and the human capital has got us to where we are. But you must recognize you have to change that. And you must adapt and learn.



Solutions require an ecosystem approach

What can governments and companies do to increase the agency of the unretired?

Unretirement offers many potential benefits – to companies and the unretired themselves, as explored above, but also to governments. Having an increased number of unretired workers in the workforce helps the overall economy and the resilience of social safety nets. Companies and governments can work together to unlock those benefits by taking a range of actions to address the barriers to unretirement and increase the agency of individuals wanting to unretire.

1. Create innovative training programmes for mature workers. Some countries, such as Germany and Italy, have experienced success with apprenticeship-type training programmes, in which mature workers are paired with a current worker who guides and tutors them in developing whatever new skills they need.¹⁷ These programmes have proven more effective than classroom-based training for older workers.

2. Facilitate self-employment as a viable option. Our survey found that only 22% of mature workers consider self-employment as a plausible next chapter in their career. The figure is higher for high-skilled workers (26%) and younger retirees (27% of those aged 55-63). Those who are not considering

this option cite lack of access to capital and networks among their reasons. In countries where the fewest mature workers consider self-employment – Japan (7%), UK (7%), and Spain (11%) – regulatory frameworks may also play a role.²

3. Promote good health into old age. Many pieces have been written on what governments and companies can do to encourage health into old age, but even when policies are well understood they are not always followed.¹⁸ Japan, with its sizable mature working population, can serve as an example of governmental and societal methods to encourage health throughout a long life.¹⁹



4. Ensure pension systems do not penalize unretirement. In our survey, one in seven respondents cited pension penalties for work as an important factor in their unwillingness to work again.⁶ Rules that

take away some or all of retirees' pension payments, if they engage in work, are counterproductive. They especially harm low-skilled workers and those in middle-income countries.

5. Tackle the culture of age discrimination. In some cases, age discrimination is state-sanctioned and explicit. For example, in a bid to tackle youth unemployment, the law in South Africa enables companies to

fire a worker without giving a reason once they reach a certain age.²⁰ Dr. Leon Geffen, Director of the Samson Institute for Ageing Research states:

“

Employees working for South African state institutions, educational institutions and many private sector companies have an enforced retirement age when people turn 65. So to my mind, that's pretty ageist. And it doesn't mean that because you have suddenly reached the age of 65, that you're no longer competent to continue work, but you are forced to retire.

Christophe Bally, entrepreneur, is convinced that:

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Companies should invest in people early before retirement and help them make that transition.



These types of laws can be revisited to enable mature workers to have increased choices. In other cases, age discrimination is part of organisational culture. Companies can provide training to help employees understand that age discrimination is just as harmful as other

types of discrimination. They can work to foster a culture that includes mature workers at all levels, not just in management, and recognizes their potential both to teach others and to learn new skills themselves.

Skanska

Skanska, a multinational construction, and development company based in Sweden, provides comprehensive mental health programmes geared specifically to issues faced by older workers.²¹ These programmes include mental health literacy, counselling, and support groups. The company ensures easy access to general medical practitioners, to help workers maintain their physical as well as mental health. It provides housing subsidies for older workers if needed, to ensure they have a safe place to live, and offers financial education services to help mature workers manage their money, savings, or pensions. Skanska helps mature workers to train others, retaining institutional knowledge through an apprenticeship programme in which mature workers teach their skills to younger counterparts.²² Skanska is a great example of a company that works with segments of mature workers in more physical labour environments. Many think that computer-based work is more favourable to mature workers, but Skanska's programmes show that progress can also be made in the construction sector.



Unilever

Unilever, a multinational personal care products company based in the UK, developed a programme called U-Work to provide flexibility and opportunities for all staff – including innovative options that can help mature and unretired workers to thrive and feel more comfortable at work.²³ The programme offers flexible working hours as well as work-from-home options – enabling, for example, short bursts of full-time work with pauses of several days in between. As a worker ages, they can reduce the amount of time they work without penalty. U-work is built to combine workers of different age groups into teams who can learn from each other. It provides for lifelong learning, with courses designed for mature workers. Overall, U-work is a notable example of a programme designed with the understanding that mature workers are a key component of the workforce.²⁴



Mexico

The Mexican Senate recently unanimously approved legislation that would require Mexican companies to hire 5% of their workforce from people over the age of 60,²⁵ who comprise 38% of the population.²⁵ While the current retirement age in Mexico is between 60 and 65 years of age, many people return to work because pensions are low. The policy has not yet been implemented, and it remains unclear how it could affect overall unemployment in Mexico. Some are concerned that it could negatively affect youth unemployment.²⁶ However, this approach could alter the labour force in Mexico in ways that improve the agency of older workers.²⁷



Singapore

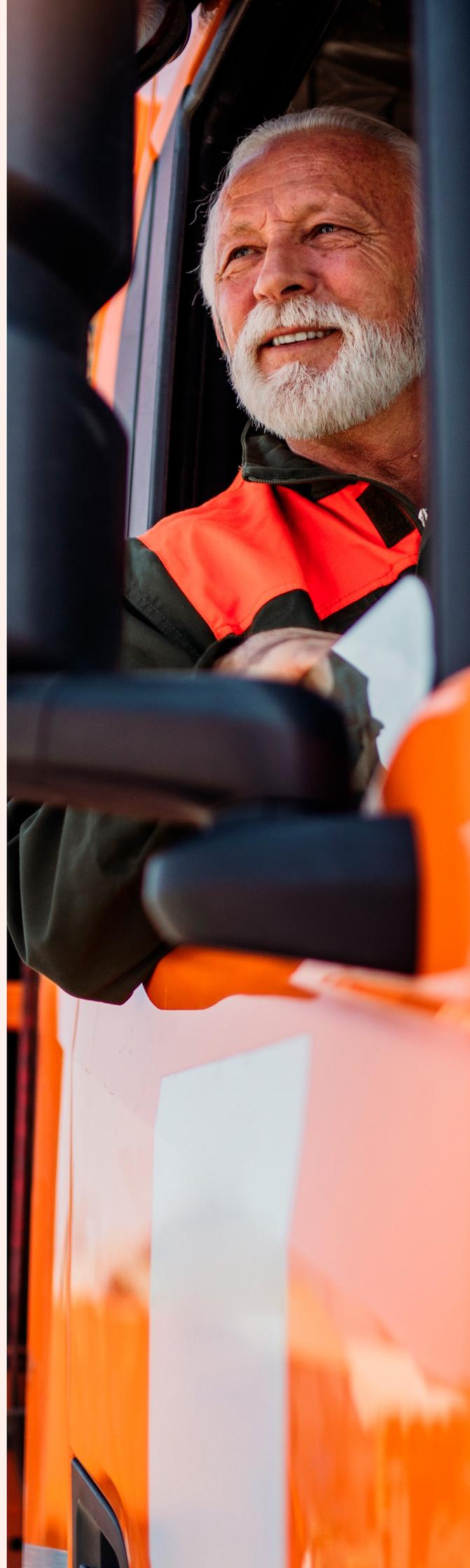
The city-state is getting older. By 2030, one in four Singaporeans will be older than 65. They currently have policies that require companies to offer re-employment to workers when they hit the retirement age of 63, spanning to at least 68. The government also provides wage offset grants for companies that employ people aged 65 and above that earn a certain wage. These methods, and more, could be applied in other high-income countries and may be a sign of new employment practices to come.²⁸



The path ahead

Unretirement is a complex issue. It is not going away, and societies must act to embrace its potential. The differing needs and desires of low-skilled and high-skilled unretirees will need to be better understood, and then addressed through an ecosystem approach including changing government and company policies, education, and training. Companies can learn from each other - and so can countries and individuals, including across socioeconomic levels.

The Innovation Foundation focuses on finding and supporting populations who are falling out or in danger of falling out of the workforce. Within the unretired, particularly vulnerable segments include, as mentioned above, workers who do not have a sufficient safety net, those suffering from health issues and low-skilled workers who lack training opportunities. This study is part of our iterative Scan process. As such, it will inform our choice of projects - with the hope to also inspire many other actors - to create better support mechanisms to ensure that mature workers who want or need to re-enter the workforce have the information and agency needed to choose the best options for them.



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