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"Will the tax system, particularly the present tax treatment of savings, need to change to meet those future superannuation demands?"

**Terry Baucher**
27

# Jenée Tibshraeny looks at killing ageism to help keep the silver tsunami employed as the population ages and New Zealand suffers a skills shortage

Posted in Personal Finance June 22, 2016 - 04:34pm, **Jenée Tibshraeny** Twe G+1 0

**By Jenée Tibshraeny**

Here's a hypothetical scenario that's becoming increasingly common:

Jim and Judy are 63 years old. They've paid off their mortgage and their kids have finally become financially independent.

They're on track to spend more time on the golf course and less in the office.

But they're not there yet. Realistically they don't have enough in the kitty to see them through 30 years of retirement. They're fit and able, socially engaged with their workplaces, and not ready to completely throw in the towel.

Yet one day calamity strikes. Jim is pushed out of the business strategy job he has had at a big firm for 15 years. The company's undergone a major restructure, and he has been told he's no longer 'the right fit'.

Judy's part-time job doing the books for a local mechanic provides hardly enough income for them to pay their weekly bills, let alone add to their retirement nest egg.

Jim - who has hired a number of people in his time - is now scrambling to put a CV together. Equipped with 40 years of experience, he has a 'Bachelor in Life', but nothing close to the Masters degrees the others gunning for the jobs he's applying for have.

Jim has worked his way up to earning $90,000 a year, but he's not even getting interviews for jobs offering this sort of salary.

He can either take a $30,000 pay cut to get a mid-level job, retrain, or start his own business. Neither of these options featured in his life plan.

What's more, he'll probably need to work for an extra few years - maybe to age 70.

Judy will also have to get another job so she has full time work. This will once again be a tall order as the book-keeping she has been doing has been largely paper-based, so she'll have to learn how to use a new computer system to do a similar job elsewhere.

Jim and Judy arguably face a 'first world problem', when compared to the number of New Zealanders physically unable to work or those on much lower wages, but their situation is problematic nonetheless.

If there are enough Jims and Judys among our ageing population, their 'first world problems' also accumulate to become a big national problem.

**Our workforce is ageing with our population**

Speaking at an ageing workforce forum put on by the Commission for Financial Capability this week, Massey University's Pro Vice Chancellor, Paul Spoonley, highlighted the fact 6% of our labour force is made up of people

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over the age of 65, as 22% of people in this demographic still do paid work.

This figure is expected to jump to 9%-13% by 2038, as the participation rate of over 65s in the labour force is expected to increase to as much as 31%.

Independent economist Shamubeel Eaqub says: “This is the magic year. We are going to have more old people than young people this year; more over 65s than under 15s.

“New Zealand will never be young again. The question is not so much what will happen in terms of our ageing population, but what will we do with it?”

**Ageism in the workplace**

Greg McAllister, the general manager of the recruitment consultancy OCG, is concerned a number of people simply don’t have enough money to retire at 65.

In fact, a large portion of New Zealanders are already working past 65 in comparison to other OECD countries. For example, the participation rate of over 65s in the labour force in the UK is only 10% and Australia, 12% (as at 2013).

Yet McAllister says whether people are working for longer because they have to, or because they want to; the environment they are in is tough.

“I can tell you about the 50-year-olds, the 60-year-olds, the 70-year-olds who want to work, who are able to work and who are willing to work. And they are perplexed when they talk to prospective employers… about why it is that an individual with so much experience, so much to offer, so willing to be flexible, so willing to reduce their expectations around salary, can’t get their résumé through the gate, can’t get a conversation with a hiring manager and are given throw away lines like, ‘you’re simply too experienced’,” he says.

“I don’t think we deliberately discriminate, and I think in the public domain we would be very careful about words that even reflected that possibility, but I’m telling you now I am quite sure there is age-related bias everywhere.”

The Commission for Financial Capability’s David Boyle says: “Older workers bring skills, experience and, often, loyalty to an organisation. Their input can be invaluable, but they can need support, such as training or flexibility around their role, in order for them to keep working.

“It’s a question of attitude as well. I’ve heard from people in their 60s and even their 50s who say they feel invisible or overlooked in favour of younger workers.”

**Regional New Zealanders hit hardest**

The difficulties those in their 50s, 60s and 70s face getting jobs are exaggerated in smaller towns suffering from de-population and thus jobs droughts.

Massey’s Spoonley says that while there are still slightly more under 15s than over 65s in Auckland, it’s a different story in other parts of the country, where there is more growth among the over 65s than there is among the under 15s.

For example, the number of over 65s in Taranaki overtook the number of under 15s last year, and Hawke’s Bay is expected to follow suit next year.

Eaqub notes young people, leaving the regions for better opportunities elsewhere, are major contributors to the population drain New Zealand’s towns are suffering from.

“In places that are depopulating, it’s very difficult for them [people nearing retirement] to have access to work even if they want to. And try selling a house in Eketahuna and moving up to Auckland for a job.”

Eaqub makes a passing comment that perhaps the Government should give those who would like to leave a dying town a $5000 relocation grant, rather than offering this to beneficiaries who leave Auckland.

**The risks around the rise of the 65-year-old new business owner**

The general manager of Business Mentors New Zealand, Lisa Ford, is concerned a striking number of those over the age of 60 are hesitantly starting their own businesses, because they’re unable to get work elsewhere.

She says those with specialised skills are starting their own consultancy businesses, while others are starting businesses in areas where they have no experience.

In fact, 28% of the small to mediums sized enterprise (SME) owners over the age of 60 that Business Mentors NZ has worked with, have had their businesses for less than a year.

Only 17% have been in business for more than 20 years and 51% work from home.

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The comment stream

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For your own good, consider some kind of diversification. No-one can predict the future so it's wise not to have all your eggs in one...
**mfd** on: **Terry Baucher wonders if it is time to look ...**

He comes across as as thick as two short planks. National now has a huge problem, no one I can see has JK's personal charisma. National's...
**steven** on: **English and Coleman to contest bid for...**

They don't need to. They're buying up robotics firm, along with their IP and skilled staff. https://www.therobotreport.com/news/chinese-...
**Anarkist** on: **Kiwi analyst Michael Parker on why r...**

Well then, if you are presently paying your fair share of

The thing that concerns Ford is that 76% don't have business plans, let alone exit strategies around how they're going to get some value from their businesses when they eventually want to retire.

People who don't have the financial literacy are getting into business at a time they can't afford to make financial mistakes, because they feel they have no other option.

**We can't afford to be ageist**

Yet research shows New Zealand employers can't afford to be ageist.

Of the 500 companies - ranging from those with fewer than five employees to those with more than 200 - that the Commission for Financial Capability has surveyed, 69% agree there is a shortage of highly experienced workers in their industries. The same portion is concerned about losing skills and experience when older workers retire.

Yet 83% have no policies or strategies in place for workers aged over 50, regardless of whether they're engaged with manual or office work, or whether they're large or small organisations.

**Changing with the times**

The Commission's Boyle says: "As we live longer and the age of our workforce increases it's clear that employers need to consider how they manage – and benefit from – their older employees.

"Of those who have introduced strategies or policies, they include flexible working hours, job design, an organisational culture that is supportive of older workers and planned phased retirement such as moving to part-time work.

"I know of some companies that make work more flexible for their older staff, for example with part-time mentoring roles to tap into that experience. It's often a win-win for everyone.

"But I also speak to people who feel like they've been put on the scrap heap, and would like to work but can't, when they still have a lot to offer. Continuing to work can give them purpose and greater self-esteem, as well as helping their financial wellbeing."

McAllister agrees, adding employers also need to help younger managers manage their older workers, and better approach the issues older workers face.

On the flipside, he maintains older workers also need to recalibrate their expectations.

He sees opportunities for older workers to get more contractual or part-time work, as OCG's research shows there's been a rise in the number of these contingent workers over the past year, with projections for the next five years indicating the number of contingent workers will continue to rise.

With baby boomers already a critical part of this segment of the labour force, he calls for employers to keep older workers in mind when filling these roles.

Business Mentors' Ford agrees flexibility is key for this demographic, suggesting older workers could even job share with young mums for example.

Yet she recognises the practicalities of this are difficult, particularly for SMEs that have limited resources. She maintains some Government policy adjustments may be needed to help businesses facilitate more flexibility.

**We welcome your help to improve our coverage of this issue. Any examples or experiences to relate? Any links to other news, data or research to shed more light on this? Any insight or views on what might happen next or what should happen next? Any errors to correct?**

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## 22 Comments

by **keywest** | Wed, 22/06/2016 - 18:27

6

I would hire a 55 year old over a 25 year old all day long.

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by **robi** | Wed, 22/06/2016 - 19:15

6

Many people live fulfilling lives on only a little more than the income from superannuation. I suggest the Jim and Judys have had plenty of advantages and need to learn better budgeting skills. A $30,000 pay cut would still leave them a joint income in excess of $60,000 per year and a mortgage free home - don't see too much to complain about there. Probably more a case of failure to prepare.

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by **TimfromTaupo** | Thu, 23/06/2016 - 10:03

1

Nail, Head. Poor baby boomers who have earned well above minimum wages for decades (probably) and purchased their home long enough ago to presumably live centrally and to have bought for an affordable price.

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taxes, you should have nothing to worry about. I'd be pretty certain that any...
**Chris-M on: Gareth Morgan's Opportunities Party t...**

Not so sure, no one wants Andrew Little, Labour and the Greens even more IMHO. Whinee P must be grinning ear to ear right now.
**steven on: English and Coleman to contest bid for...**

I believe all the current mess of taxes were thought of by economists. I believe the current RBNZ is full of economists. So Yes, yes I...
**Noncents on: Gareth Morgan's Opportunities Part...**

Regardless of whether Gareth gains any political traction, raising such issues, adds to the political discourse and applies certain...
**gingerninja on: Gareth Morgan's Opportunities Par...**

...You are most definitely taxed on capital gains in shares, given that fair value is a function of dividend yield. But hey, as always,...
**nymad on: Gareth Morgan's Opportunities Party ta...**

The noise of Bill's supporters support is remarkable. Can't hear a thing.
**Henry_Tull on: English and Coleman to contest bi...**

Yes Bill is setting himself up to go out as a two-time-loser Bryce Edwards in Stuff today calls Key's departure a "hospital pass" Sure is
**two otherguys on: English and Coleman to contes...**

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by **jamesy** | Wed, 22/06/2016 - 21:07 **7**

We hired a female programmer in her 50s a year ago. One of the best hires we have made, compared to some of the young flakes that crashed and burned.

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by **Kakapo** | Wed, 22/06/2016 - 21:13 **11**

.And how many HR departments would have chucked that CV out in the first pass because of flawed assumption that she wasn't young and vibrant enough, or somesuch bollocks? The idiocy that HR departments promulgate, like moronic ageism and pseudo-scientific testing, and lazy automated keyword selection, has a lot to answer for. If we're looking for the underlying causes for NZ's crappy productivity, HR practice is one of the first rocks to turn over.

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by **sharetrader** | Wed, 22/06/2016 - 21:24 **1**

HR the new growth industry,

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by **moa man** | Wed, 22/06/2016 - 22:00 **0**

Getting in at the ground floor. HR that is. All care but no responsibilty
HR takes care of the initial hiring,pockets their dime.
The rest, well blame on the mid mangers.

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by **Henry_Tull** | Thu, 23/06/2016 - 09:01 **0**

and from a current example.

play from approx. 4:20
http://www.radionz.co.nz/audio/player/201805496

http://www.radionz.co.nz/national/programmes/checkpoint/audio/201805496/...

smh.

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by **Kakapo** | Thu, 23/06/2016 - 07:41 **1**

HR's one of the many things where the people who are supposed to get something done are an active hindrance to getting it done. Few weeks ago there was a story about some branch of KFC that was crashing and burning because they couldn't get staff. No shortage of good people applying, but manager wasn't able to just check through the forms, talk to a few people, and sign them up, as if we were in a sane world. Applicants had to apply centrally through some amazingly dysfunctional Head Office computer system, and wouldn't be contacted for months, if at all. When HR policy makes it practically impossible to get somebody to work a till and pressure-fry chicken in an automatic machine, something is very, very, wrong.

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by **DFTBA** | Thu, 23/06/2016 - 12:02 **0**

oh no, HR is a bygone term now.
.
They're now increasingly known as the "people and talent" department..
.
ggnnnrrrnnnn

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by **Kakapo** | Thu, 23/06/2016 - 13:23 **0**

A friend of mine in the USA worked for a place where they changed Human Resources to the Happiness Centre. Don't you just want to track down whoever came up with that and kick them in the throat?

She says it was 'interesting' to be laid off by the Happiness Centre.

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by **rastus** | Thu, 23/06/2016 - 09:08 **0**

Miscrosoft has purchased Linked-In. Add in all the info posted on facebook. It's not hard to guess who will be selecting you next co- worker. Thinking further ahead, once the big players get hold of the Dunedin Multidisciplinary Study one will get selected on worth before even crawling.

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by **murray86** | Thu, 23/06/2016 - 07:04 5

As one of those older workers, with a degree and post-graduate diploma this article is totally accurate about job hunting. Even Government departments suffer from the ageism virus. It is about the attitude of the people in the organisation. I watch younger people get the well paid jobs then end up advising them how to do it. Naturally they get the credit while I am invisible. they are also more mobile staying only long enough to put the position in their CV and then moving on to the next bigger and brighter thing.

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by **KH** | Thu, 23/06/2016 - 08:06 0

Age experience and low cunning ace youthfull energy every time.

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by **sharetrader** | Thu, 23/06/2016 - 08:50 2

Experience is the thing young managers hate the most who wants someone around that has been through something 2 or 3 times before and knows more than those at the top.
A lot of young management are very insecure and don't know how to tap into the talent below them

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by **moe** | Thu, 23/06/2016 - 10:16 1

Or perhaps, managers want to avoid hiring people who think they know it all because they are older. That is certainly something which is relevant in my experience. Often I just want someone to do a job and who will do what they're told, not someone who gives it the old "back in my day....".

In my sector, we are top heavy in 'older' people and quite often we are very inefficient/unproductive/noncompetitive because of it. The world is changing fast and people need to be able to adapt and embrace change. Unfortunately, the last thing I want is a older person who pulls on the handbrake or panics each time we want to make a change.

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by **murray86** | Thu, 23/06/2016 - 11:20 1

That is about attitudes that are not constrained to age bands. change management is the way to deal with it. Perhaps some of those you refer to could be trained in change management to enable themselves to better deal with it while they sell it to their staff? Plus the "back in my day...." can be very relevant. i cannot count the number of times organisations I've seen had to re-learn the lessons of history simply because they didn't want to listen to the old heads. There are many reasons why some are resistant to change, and these need to be dealt with constructively or the cost of that change can cripple the process.

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by **KH** | Thu, 23/06/2016 - 09:02 3

A thirty year old in a good job in Auckland is no different from Jim and Judy. They can find themselves out, and it's not so easy to get back in. Jim and Judy's situation is a story universal across New Zealand and for all ages. First problem is that we are a low income country. Most people make just enough - but not enough to really make themselves secure, when most jobs are fragile. But we have a government that is not interested in that. They can only see GDP growth, and population growth, but are not interested in the progress of the inhabitants. Second is that we are a high cost country for us all, including Jim and Judy. This government allows the suppression of free markets in favour of big business. Again the interests of the inhabitants are disregarded, and Jim and Judy pay excessively for energy, groceries, financial services and everything else. The inhabitants pay the taxes, big foreign owned business channel huge amounts of money offshore tax free.
Our nation should aim to lift incomes across the board, support the population of which Jim and Judy are care examples, and increase their security by doing so.

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by **rastus** | Thu, 23/06/2016 - 10:03 2

Jim and Jan are 63 years old. In two years they will get neary $34k in super. Add in a couple of low paid jobs and it's looking pretty sweet with no mortgage.

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by **OpenPensionResolutn** | Thu, 23/06/2016 - 10:26 5

Jim and Judy's kids are Gen XY. They have huge student debt, sky high rents, and can't afford to buy a house, have children or live a life worth any enthusiasm.

They are planning to emigrate, taking Jim and Judy's grandchildren with them. They feel guilty about leaving their parents at this age, but see no other option.

Oh well. There's always Skype.

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by **gordon** | Thu, 23/06/2016 - 11:38 0

OPR are you sure about this. A lot of the X generation I know have successful businesses and multiple rental properties so they are going no where soon. Y are so busy travelling overseas and having fun and do not seem too worried about their financial futures. I have to admire them for that as I am a boomer who started saving for retirement when I began working. I did not travel overseas until I was 42 however I have done quite a bit since I retired.

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by **redcows** | Thu, 23/06/2016 - 10:31

**2** 👍

Farming has this problem. Always there are ongoing ad campaigns trying to intice youngsters into farming. Meanwhile there's a huge number of ex sharemilkers managers etc who have left the industry because there simply wasn't a place for them in it. I worried about getting back into it in my 40s, turns out employers actually appreciate experience and getting it done is better than doing it a hundred mile an hour and stuffing most of it up.
The MIL spent her last ten years of work in insurance and such teaching youngsters how to be her manager as they knew sweet stuff all but got the job ahead of her every time. One of the problems was that those new to the job don't see that the changes implemented by management are change for changes/ managers sake because they haven't been there long enough.

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