Retirement REDEFINED

By Leslie Limon

A partner in a major worldwide accounting and consulting firm, retiring in June, has an African safari planned for July. A 30-year veteran of a prominent bank, retired since 2000, counts a clean-cookstove project in Haiti among her pro bono development projects. A onetime senior advertising executive decided at 58 that he loved teaching; at 63, he's on the Fordham faculty.

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In recent conversations, not one of these people mentioned "golf" even once, which suggests that what today's retirees have lined up for their golden years is "not your father's retirement." But how reflective are they of national trends?

The big picture

AARP's 2011 survey of a broad swath of baby boomers portrays a generation with "a more realistic, subdued, pessimistic outlook" than just five years ago. The main factor is financial anxiety fueled by skimpy savings, Social Security concerns and longer projected life expectancies.

The survey also shows that boomers—the 76 million people born between 1945 and 1964, or about 8,000 people a day turning 65—are not yet reinventing retirement en masse. Of those already retired, many are, in fact, duplicating their father's retirement.

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One notable exception: People are working longer. A 2012 Transamerica Center for Retirement Studies survey reveals that more than 80 percent of 60-year-olds plan to continue working after 65; more than half cite income and benefits as the reason. Nearly a quarter expect never to retire.

Bureau of Labor Statistics data show that the proportion of U.S. workers between ages 65 and 74 nearly doubled from the mid-1980s to 2011. The bureau projects that 43 percent of workers who are currently 55 and older will be working still in 2020, with an upside: Their presence will counterbalance factors driving the labor force down. A 2007 Ernst & Young report, warning that waves of boomer retirements would lead to "the systemic reduction of business wisdom that extends learning curves, slows otherwise smooth processes and causes duplication of efforts," advocates for retaining older workers.

What about the "lump of labor" theory, which claims that the old are crowding out the young? U.S. economists reject it, citing constant shifts in technology, tastes, and supply and demand that affect wages and prices, cause job changes and create new jobs. Boston College's Center for Retirement Research substantiated the economists' view after analyzing Current Population Survey data from 1977 to 2011. Researchers found "no evidence that increasing the employment of older persons reduces the job opportunities or wage rates of younger persons. If anything, employment of the elderly is positively associated with employment of the young and the prime-aged."

Knowing when to fold 'em

While younger workers may be getting in the door, they may not be moving up very quickly. "Embedded" top executives who create a succession bottleneck are holding back those coming up behind them, maintains succession-planning consultant Patricia Nazemetz (TMC '71, GSAS '89). These executives perpetually consider potential successors to be three to five years away from readiness. "When people at the end of the stream are damming it up," she says, "there's no growth or innovation because no fresh blood is coming in." Because broaching the subject with an embedded executive is delicate, she advocates for succession planning while leaders are still at the top of their game.

At the core of both succession and retirement are questions of stewardship and the transfer of leadership to the next generation. Professor Robert Hurley, director of Fordham's Consortium for Trustworthy Organizations, suggests that great institutions and their boards create trust across generations of leaders by answering key questions well. They consider: What is needed to meet future challenges? What is right for stakeholders? How can we make sure those in power don't "hang on," serving themselves at the expense of all?

At some point, says Hurley, this means that boards—using respect and fairness—must make tough calls.

When leaders do move on, their way can be smoothed by leadership agility, resilience and an exploratory mindset toward a new life chapter. Thomas A. Wright, Felix E. Larkin Distinguished Professor in Management, adds to this list perseverance, industry and self-regulation. Joy in retirement, he says, requires zest, curiosity, a love of learning and restrained optimism. Unfortunately, he sees little effort on the part of public or private organizations to promote these attributes, or even to educate employees on smart retirement planning.

Redefining retirement: The imperatives

Many retirees want part-time employment, but landing part-time work commensurate with one's skills is challenging. This is true even for volunteering in charitable organizations. Says retired Citibank senior manager Judy Bowman (GBA '78), who volunteers part-time in international development, "If the work just involved tasks like filing, they'd lose somebody like me in the first day."

With baby boomers increasingly delaying retirement or seeking flexible employment during retirement, companies must keep up. Nazemetz suggests that companies let managers step down from full-time to part-time to retirement over two to four years, coaching a new hire during that time. This strategy gives the manager income, benefits and planning time—while keeping the talent river flowing. Workers support this idea, according to a 2012 AARP/Society of Human Resource Management survey. Half of the 60-to-69 age group considered formal phased retirement important; among those 50 to 59, two out of three did.

And the imperative for aging executives embedded in their positions? To discover their enlightened self-interest. "What do you want your legacy to be?" asks Nazemetz. "You have worked 25 years to build this operation. The goal is to leave it better than you found it—and give the next generation the opportunity to make it even better."

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