
Chapter Five

The Impact of Involuntary Retirement on Mature Age Workers

Introduction

5.1 This chapter examines the impact of unplanned and often early retirement on mature age workers. Although not specifically raised in the Committee's terms of reference, nevertheless the Committee believes that it should address this matter. In doing so, the Committee draws heavily on the research conducted by the NSW Committee on Ageing in its report, *Too Young to Go – A Review of Good Practice in the Employment of Mature Workers*.

The impact of joblessness on individuals

5.2 In its report *Too Young to Go – A Review of Good Practice in the Employment of Mature Workers*, the NSW Committee on Ageing noted a study on the impact of unemployment on mature workers, their families and lifestyles by Lobo and Parker.¹ Lobo and Parker found that the effects of job loss and unemployment on mature age workers tend to be staged, with initial reactions of anger, shock and betrayal often followed by a deeper sense of loss, rejection and failure.²

5.3 Lobo and Parker also made a number of observations on the job search process:

- a) Where workers immediately seek re-employment, the more intensive the job search and more frequent the rejection of applications, the more intense the feelings of personal inadequacy and failure;
- b) Over time, the pattern of application and failure compounds to an extent that many people reduce the intensity of their job search and eventually withdraw entirely as discouraged job seekers;
- c) The longer a person looks for work, the less effective the search tends to become, as a result of both the person's loss of contact with the

1 F.Lobo & S.Parker, *Late Career Unemployment: Impacts on Self, Family and Lifestyles*, HM Leisure Planning Pty Ltd, Williamstown, 1996.

2 See NSW Committee on Ageing, *Too Young to Go – A Review of Good Practice in the Employment of Mature Workers*, 2002, p. 55.

world of work and of his or her diminishing effectiveness in managing time.³

5.4 Beyond the job search process, Lobo and Parker also found that over time, the sense of identity of unemployed people can be quite seriously damaged – they lose the status associated with work, the sense of making a contribution, the contact with colleagues, and outside friends and networks.

5.5 In turn, unemployed people often experience depression, anxiety and general distress, together with low self esteem and confidence, and a reduction in well-being. Indeed, people with a stronger personal commitment to having a job and who undertake more intense job search activity are likely to experience worse mental health during unemployment. After many months of a fruitless job search, depression changes in character, and is often associated with feelings of lethargy, resignation and withdrawal.⁴

5.6 The Committee notes that issues of depression and loss of confidence amongst the jobless were also raised by Dr Linklater from the NSW Committee on Ageing in the hearing on 5 May 2003. Dr Linklater suggested that many people who are retrenched often indicate that they have taken early retirement, because they find it psychologically devastating to be faced with retrenchment at their age.⁵

The impact of joblessness on finances

5.7 In its report *Too Young to Go – A Review of Good Practice in the Employment of Mature Workers*, the NSW Committee on Ageing noted that for most people, job loss or unplanned early retirement have serious financial effects. For many, long-term unemployment carries the high probability of rapidly diminishing economic circumstances and prospects, often ending in long-term dependence on social security. This contrasts bleakly with what was expected to be a period of family consolidation as children became independent and consolidate their own economic security, perhaps with assistance from their parents.

5.8 The NSW Committee on Ageing further noted that unplanned early retirement often means that household expenditure is reduced to necessities and major household service bills or household repayments become a major problem. Expenditure on entertainment and leisure becomes a luxury.⁶

3 Cited in NSW Committee on Ageing, *Too Young to Go – A Review of Good Practice in the Employment of Mature Workers*, 2002, p. 55.

4 Cited in NSW Committee on Ageing, *Too Young to Go – A Review of Good Practice in the Employment of Mature Workers*, 2002, pp. 55-56.

5 *Committee Hansard*, 5 May 2003, p. 78.

6 Cited in NSW Committee on Ageing, *Too Young to Go – A Review of Good Practice in the Employment of Mature Workers*, 2002, p. 56.

The impact of joblessness on families

5.9 The NSW Committee on Ageing noted in its report *Too Young to Go – A Review of Good Practice in the Employment of Mature Workers* that the experience of unemployment may dramatically change the distribution of domestic work and power within the home:

- a) For men, the family reaction can range from one of sympathetic support through to disdain and being seen as less of a real man. The psychological effect of unemployment on mature age men can be transferred to their domestic situation, with the man often feeling less adequate. Anecdotal evidence suggests a high level of family breakdown in these families.
- b) For women, the effects can be more diverse. Some women, although by no means all, may be less likely to perceive their role and status in the family and society based on their employment. For those women who are employed but whose partners are not, the role reversal can be very stressful. For single women, the transition can be especially stressful as they are less likely to have significant superannuation savings or other savings, or to receive redundancy packages.

5.10 The NSW Committee on Ageing further noted that the longer the period of joblessness and the more profound the economic, social, psychological and physical impact, the greater direct and indirect burden placed on immediate family members and the wider society.

5.11 In this regard, the Committee notes that during the hearings, it was provided with evidence of the effects of retrenchment on individual families. The Committee notes the example of a mature age male who was retrenched prior to the age of 50, but was unable to find new work. That event had a very significant effect on the individual's self-esteem and the family's structure and balance. In the particular case cited, the individual involved lost an important part of his identity and was uncertain of his position in society.