

HEALTH WEALTH CAREER

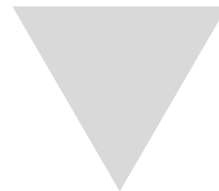
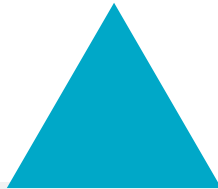
PENSION RESEARCH COUNCIL SYMPOSIUM

ARE EMPLOYERS AGE READY?

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EXECUTIVE SUMMARY



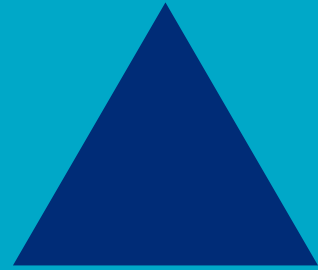
ARE EMPLOYERS AGE READY?

EXECUTIVE SUMMARY

- No – the majority of employers are not
- Why not ?
 - Deep seated myths still exist such as older people are:
 - More expensive
 - More sick
 - Less productive
 - Ageism in recruitment, promotion and performance measurement is rife
 - The burning platform has only just caught fire
- There are around 20 actions that employers can take which will propel them into exemplary age-ready status, which will
 - Ensure they have diverse, top talented teams in developed markets facing labour crises
 - Ensure they can support their future customers - the ageing population is currently the 3rd largest economy in the world and growing

THIS PAPER PROVIDES THE EVIDENCE TO BUST THE MYTHS AND A CHECKLIST OF ACTIONS TO REACH EXEMPLARY STATUS

KEY AREAS FOR ATTENTION



HOW DO EMPLOYERS GET AGE-READY?

Six key areas identified for attention

1. Health risks – physical and mental wellness
2. Financial wellness – affordability of retirement
3. Succession planning – practical approaches to deployment
4. Motivation and commitment – a new paradigm for a longer working life
5. Training and skills – keeping current to adapt to changes to work itself
6. Workplace design – how to adapt and survive

Deep dive into the first three of these

BUT FIRST SOME CONTEXT

How do we define Age-Ready?

'Getting ready for more older workers'

Experience shows all generations can benefit – there is more *sameness* than *difference* when it comes to the challenges of working

The perfect storm is upon us

- Increased longevity and the need to finance it
- Automation, robotics and AI, the 4th Industrial Revolution
 - More life but less jobs – how will that work?
 - Declining pension plan design
- Reduced pension and savings tax advantages and low interest rates
 - Increasing State Pension Ages
 - Mainly a developed world challenge

THE HEALTH AND PRODUCTIVITY DECLINE MYTH

- Over 50s same strength and stamina as muscle decline and aerobic capacity reduce from age 30
 - And many jobs don't need strength and stamina
- Good timekeeping, helping colleagues, better anger management and people skills improve with age
- Work related stress peaks at 50 – more related to workplace conditions than age
- Eyesight and hearing decline with age but aids and glasses are easily available
- Cognitive performance shows no marked decrease until after age 70
- Intelligence, knowledge, language and complex problem solving are resistant to age related declines and improve until age 60
- Under 35s have higher rate of sickness absence (2.6%) than over 50s (2.4%)

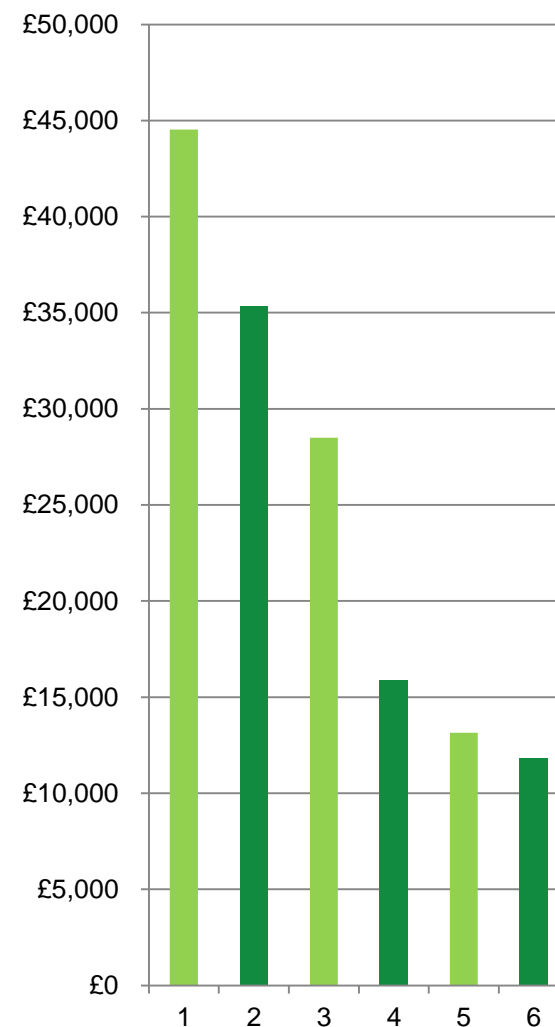
Source: Health and Safety Executive, 2013

FINANCIAL WELLNESS

- ‘Deliberate’ planning for financial security in future
- Two impossible questions:
 - How long will I live?
 - How much will my savings grow?
- Retirement becoming a process not an event
- Employers can help with the planning (only 26%* help employees fully)
- Financial Conduct Authority work streams
 - What happens as the mind ages
 - Engagement and appropriate channels
 - Technical product issues such as age thresholds
 - Regulated advice on funding elder care
 - 3rd party access to bank accounts

*Mercer Age Friendly Research 2015

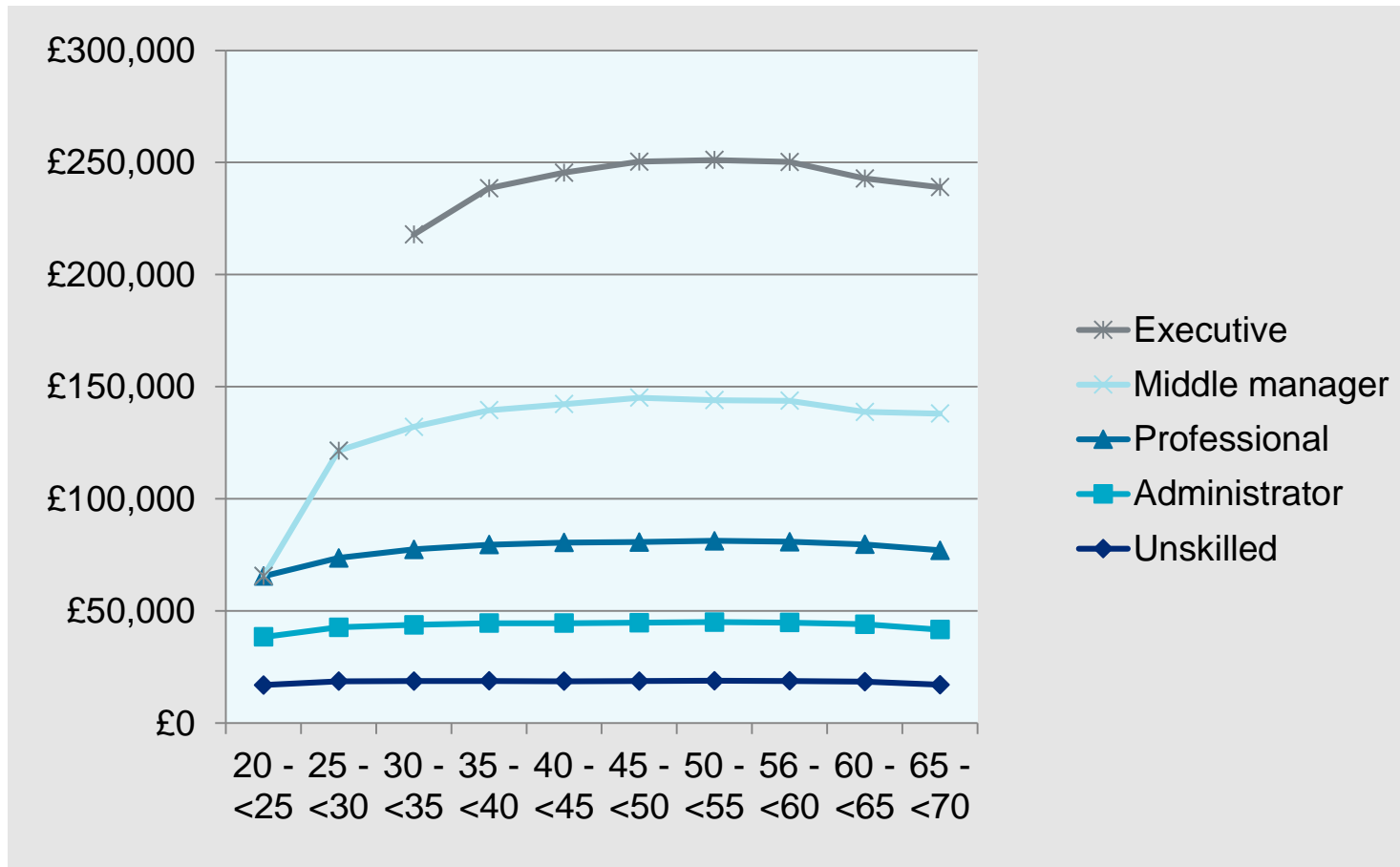
Six scenarios of pensions design DB to DC



Reducing pension levels for mid level professional earning £55k pa

Male Female

SUCCESSION PLANNING – THE PAY MYTH



There is a small decline in pay across all levels by age 50 from between -0.1% to -7.4% per annum depending on age and job level. At the unskilled level, the decline, albeit small, actually starts as early as age 40

SO WHAT CAN BE DONE TO GET AGE-READY?

20+ interventions on the checklist

Figure 4: Checklist – how to become an age ready employer

Age Ready Employer Intervention	Easy quick win Yes/No	Longer term but should do Yes / No	Unlikely to be actioned Yes / No and Why?
1. Collect and analyse age profile data to explore demographic pinch points. You may find you are losing years of experience and struggling to fill the younger worker pipeline at the same time.			
2. Ensure there is an effective long term 'Preparing for Retirement' programme which helps employees understand the financial and social implications of leaving work. This can help with understanding your succession planning challenges too.			
3. Provide advice and support for those caring for ageing relatives and young children alike – the challenges for both categories are similar			
4. Examine health and absence analytics across the various age groups in your organisation and proactively support prevention-better-than-cure-strategies			
etc			







MERCER

MAKE TOMORROW, TODAY