Ageing Baby Boomers in Australia:

Understanding the effects of the global financial crisis

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Productive Ageing Centre
National Seniors Australia

Publisher NSPAC ABN 81 101 126 587 ISBN 978-0-9871249-7-5

Australian Government
Department of Health and Ageing

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Foreword

Australia is being transformed by population ageing, along with social, economic, and policy change. We are at a critical demographic turning point because the baby boom cohort - the 5.5 million people born between 1946 and 1965 - has begun to turn 65 years of age. People now in their fifties will be bringing to later life a range of life experiences and expectations that are profoundly different from those of previous generations.

The baby boomers are the first generation to face the new 'third age' with its unprecedented expectation of a decade or two of relatively healthy life after retirement. Individuals, governments, and employers are becoming increasingly aware that baby boomers' retirement from the workforce will have a major bearing on Australia's economic and social well-being as well as the future of younger generations. However, empirical evidence for informing a productive and healthy retirement is lacking in current research and the recent financial crisis has called what little we do know into question.

The Ageing Baby Boomers in Australia (ABBA)[1] project aims to generate a body of knowledge that informs constructive action for better retirement. It does this by analysing existing datasets in Australia (Household Income and Labour Dynamics in Australia) and the United States of America (Health and Retirement Survey), and by collecting new Australian data on retirement planning and expectations through a national survey and focus group methodologies.

This is the second NSPAC report from the ABBA project. The first, *My Generation: Are Australian baby boomers the retiring kind*? summarised existing knowledge about the retirement plans and expectations.

This report closely examines the influence of the global financial crisis on baby boomers' retirement decision making, retirement expectations, and their well-being in general. The findings show that the most at risk during times of financial insecurity are lower socioeconomic groups, women and those in poor health. It also looks at what lessons can be learned should baby boomers and proceeding generations face similar crises in the future.

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February 2012

1 Ageing Baby Boomers in Australia (ABBA): Informing Actions for Better Retirement- Australian Research Council Linkage Project 2008-2011(LP0082748)

Acknowledgements

This report was compiled by Jack Noone and based on the research of Hal Kendig, Yvonne Wells, Kate O'Loughlin, Deborah Black, Martin Snoke, John van Holsteyn, and Nancy Humpel of the University of Sydney. This report and the associated research were funded by the National Seniors Productive Ageing Centre.

National Seniors Australia and the National Seniors Productive Ageing Centre gratefully acknowledge the financial and other support provided by the Australian Government to the National Seniors Productive Ageing Centre project.

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Ageing Baby Boomers in Australia

INTRODUCTION

The ‘baby boomers’, those Australians born between 1946 and 1965, are starting to turn 65 years old. Many are retiring from work, or planning to retire soon. When they do leave the workforce, governments, employers and younger generations will feel the impacts in all sorts of ways, from skills shortages in vital sectors to pressures on health budgets. But the biggest adjustment will be for the baby boomers themselves.

How will they go about retiring? Have they planned well, so that they can lead a productive life out of the paid workforce? How will retirement affect their well-being? Do they have goals for retirement, and strategies to get there? How do unprecedented events such as the global financial crisis affect their plans?

This report addresses our first three research aims within the specific context of the global financial crisis (GFC). Our focus group interviews were completed during the early days of the GFC (late 2008) and data collection for the national survey began approximately one year after the GFC took effect (mid 2009). This has given us the unique opportunity to examine the influence of the GFC on baby boomers’ financial security, retirement expectations, and their well-being in general.

The Ageing Baby Boomers in Australia (ABBA) project seeks to generate a body of knowledge that informs constructive action for better retirement. It does this by analysing existing datasets in Australia (Household Income and Labour Dynamics in Australia) and the United States (Health and Retirement Survey), and by collecting new Australian data on retirement planning and expectations through a national survey and focus group methodologies.

The specific aims of the ABBA project are:

1. To determine the diverse pathways, timing, and processes of retirement from paid work, and their consequences for adjustment, well being, and unpaid productivity after retirement.
2. To identify key factors in retirement preparedness and their impacts on quality of life after retirement.
3. To identify individuals' expectations for, and experiences of, retirement and the strategies by which they attempt to achieve their retirement goals.
4. To assess how expectations for retirement are shaped by the economic, social, and policy context in Australia as contrasted with the United States of America.

The global financial crisis

In late 2007, countries around the Western World began to experience unprecedented falls in their financial markets and superannuation holdings. For example, Australian superannuation balances dropped by 25% in a very short period of time (OECD, 2009), challenging both workers' and retirees' plans and expectations for retirement (e.g. Earl & Muratore, 2009; Higgins & Roberts, 2011). However, research has also suggested that Australia was less affected by the GFC compared to countries such as the USA, which also had to contend with a ten trillion dollar loss in housing. In contrast, Australia has seen only modest increases in unemployment rates, and superannuation balances are now beginning to recover. Snoke et al (2011) and O'Loughlin et al., (2010) have argued that Australia's relatively strong recovery is due to a strong resource demand from China and a stimulus package instigated by the Australian Government in 2008.

The aim of this summary report is to examine the effects of the GFC in order to better inform positive action for protecting baby boomers' well-being in retirement. Following a description of the project's methodology, we start by identifying who has been affected the most by the GFC by drawing primarily on our comprehensive national survey. We then go on to examine how the GFC has affected baby boomers' retirement plans, finances, satisfaction with life circumstances, and their expectations of the future. We achieve this by drawing upon the survey and an extensive set of focus group interviews undertaken around Australia.

METHODOLOGY

Procedures – focus groups

Participants for the focus groups were recruited from the National Seniors Australia (NSA) membership database. The study was advertised through NSA's media sources and members contacted research staff if they were interested in taking part in the focus groups. A total of 73 NSA members agreed to participate, forming 15 focus groups. Nine were held in capital cities, three in regional areas, and three in the Territories.

The focus groups were carried out between September and December in 2008 when the GFC was just starting to take effect. Semi-structured interviews enabled the participants to explore the meaning of retirement, their retirement planning, changes to superannuation, their health, and expectations of age care. The interview guide also focused on the effects of the GFC on the participants' lives, their income, and expectations for retirement. The interviews took, on average, 90 minutes to complete and the data were coded and analysed using NVivo software.

Procedures – national telephone survey

Participants for the national telephone survey were recruited by random digit dialling between June and July 2009, which was approximately one year after the GFC took effect. Those between 50 and 64 years of age were eligible to complete the survey and only one respondent per family was interviewed. Stratification by state/territory was performed and each stratum was monitored for equal representation of gender and age.

A total of 1009 participants (67% response rate) agreed to take part in the survey. Retired baby boomers comprised 30% of the sample with paid and unpaid workers making up the difference. There were approximately equal numbers of men (47%) and women (53%) in the sample.

The survey collected data on health status, expectations of health care, social well-being, volunteer activities, retirement planning and expectations of retirement. Specific questions also assessed the effects of the GFC on retirement plans, income, superannuation contributions, and expectations of paid employment.

Analysis

In order to identify those most affected by the GFC, this report focuses on a key question asked in the national survey: "Would you say that you (and your family living with you) are better off or worse off financially than you were a year ago?" (i.e., when the GFC had taken effect). Participants responded on a three point scale (worse off, about the same, better off). Those who responded "about the same" or "better off" were coded separately as "financially secure" for comparisons with those who responded "worse off" (financially insecure) following the onset of the GFC.

In the following sections, we will identify the socioeconomic, demographic, and health characteristics of baby boomers most affected by the GFC. We will also examine how the GFC has affected their retirement decision making, their expectations for the future and their well-being at late middle age. Where possible, quotes from the focus groups are integrated with the findings from our national survey to help clarify who the GFC has affected, how it has affected baby boomers' finances, and how it has affected their expectations for the future and their general well-being.

WHO IS AFFECTED BY THE GFC?

Just over 40% of the baby boomers were financially insecure (worse off) following the onset of the GFC. However, there were also a significant proportion of baby boomers who were not affected (44%), or who were actually in a stronger financial position (15%). The purpose of this section is to explore the factors that differentiate financially insecure groups from those who continued to progress through the GFC relatively unscathed.

The factors we examined included retirement status, age, socioeconomic status, health, marital status, and gender. Table 1 provides a breakdown of those affected/not affected by the GFC according to socioeconomic, demographic and health factors and our main findings are presented below. Table 2, which is presented at the end of this section, provides the Spearman's correlations between the study variables.

Table 1 *Demographic, Socioeconomic and Health Status According to Financial Security and Insecurity following the GFC*

Study variables		**Financially insecure (%)**	**Financially secure (%)**
Retirement status*	Retired	46.7	53.3
	Working	38.9	61.1
Age**	50-54	32.6	67.4
	55-59	40.7	59.3
	60-64	47.8	52.2
Occupation (or past occupation)	Manager	37.5	62.5
	Professional	41.2	58.8
	Technical & Trade	40.6	59.4
	Community and Personal	32.2	67.8
	Clerical and Administration	46.4	53.6
	Sales	50.9	49.1
	Machinery Drivers / Operators	39.1	60.9
	Labourers	42.2	57.8
Income*	< $15,000	41.8	58.2
	$15,001 to $25,000	50.0	50.0
	$25,001 to $50,000	50.0	50.0
	$50,001 to $75,000	44.6	55.4
	$75,001 to $100,000	31.4	68.6
	$100,001 to $150,000	38.7	61.3
	> $150,000	36.4	63.6
Education	No secondary qual	39.8	60.2
	Secondary qual	43.2	56.8
	Tafe/Diploma/Trade	40.8	59.2
	Bachelors or higher	41.7	58.3
Chronic disease*	0	37.7	62.3
	1	40.9	59.1
	2	39.7	60.3
	3 or more	53.4	46.6
Self-rated health*	Poor	62.3	37.7
	Fair	42.1	57.9
	Good	41.6	58.4
	Very Good	39.1	60.9
	Excellent	36.1	63.9
Marital status	Living alone	41.3	58.7
	Living with partner	41.2	58.8
Gender*	Male	37.6	62.4
	Female	44.8	55.2

Note: Statistical tests were performed with Chi-Square analyses. *p.05, **p.001

Retirement status and age

The results from our national survey showed that retired baby boomers were more likely to be financially insecure following the GFC compared to workers. Approximately 47% of retirees were worse off following the GFC compared to only 39% of workers (O'Loughlin et al., 2010). Likewise, older baby boomers were more likely to be affected by the GFC than younger baby boomers. Thirty three percent of 50 to 54 year olds were worse off compared to 48% of those aged 60 to 64.

The results displayed in Figure 1 indicate that age is more strongly associated with financial insecurity for workers than retirees. For example, less than a third of the youngest working baby boomers were affected by the GFC compared to approximately half of the youngest retirees. It may be that the youngest working baby boomers will have more time to save and wait for the financial markets to recover, whereas all retirees and the oldest working baby boomers do not have this same luxury. Indeed older workers were just as likely to be affected by the GFC as older retirees.

It appears that retired baby boomers are affected by the GFC regardless of age, perhaps because they are more likely than working baby boomers to be on a fixed income that is dictated by unstable financial markets.

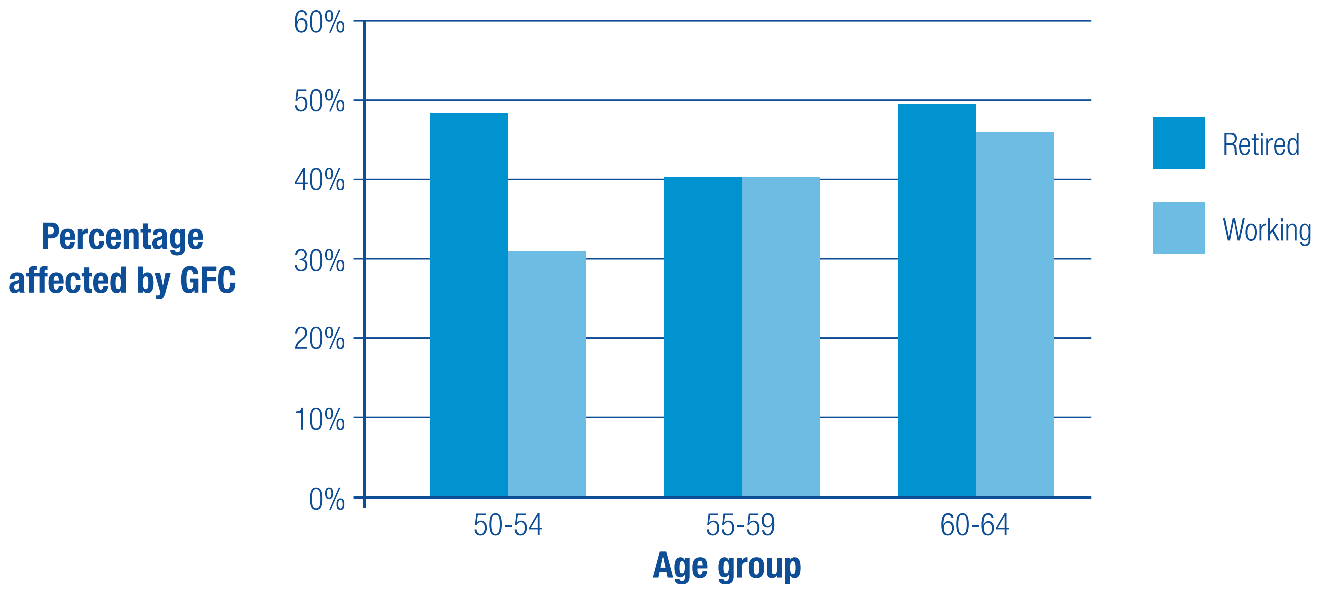
Socioeconomic status

Our results suggest that the least wealthy in our communities were the most affected by the GFC. For example, 50% of those with stated household incomes between $15,000 and $50,000 were categorised as financially insecure compared to only 36% in the highest income category. However, there was no relationship between financial insecurity following the GFC and occupational status or educational qualifications.

Health status

Those most affected by the GFC also tended to have the poorest health. For example, co-morbidity of chronic diseases including diabetes, cancer, and cardio vascular disease was associated with financial insecurity following the GFC. Table 1 shows that only 38% of those with no chronic disease were worse off after the GFC compared to 53% of those with three or more co-morbid diseases. Subjective ratings of health were also associated with financial insecurity. Sixty two percent of those with poor health were affected by the GFC compared to only 36% of those reporting excellent health.

Figure 1 *Percentage of baby boomers affected by the GFC according to retirement status and age*



Marital status

Married and single baby boomers were equally likely to report being affected by the GFC. While those living alone tend to have lower levels of household income (see Table 2), this appeared to not affect ratings of financial insecurity at the time.

Gender

Our research has shown that women were more affected by the GFC compared to men, regardless of their marital status (O'Loughlin et al., 2010). For example, Table 1 shows that approximately 38% of men were negatively affected by the GFC compared to 45% of women. We have argued that women's greater financial vulnerability may be due to their higher representation in part-time and casual employment and the resultant disadvantage in superannuation holdings compared to men. This argument is reflected in a comment from one of our female focus group participants:

Summary

Those most affected by the GFC include women, older baby boomers, retirees, those on low incomes, and those in the poorest of health. These findings, along with the significant correlations in Table 2, suggest that the effects of the GFC on baby boomers' financial security are inextricably linked to levels of socioeconomic status.

While there were clear income discrepancies in those affected and not affected by the GFC, household income was also associated with the other markers of financial insecurity. For example, the correlations in Table 2 indicate that women reported lower household incomes as did older baby boomers, retirees, and those with poor health. In the following section we examine how the GFC has influenced baby boomers' retirement plans and financial behaviours.

> *"Yes, I'm a person who was - I'm a mother who worked part-time all my life and I didn't pick up super until somewhere around about 1988, so I've been in and out of the workforce with a minimal amount - when they finally gathered it all into the same fund, they had to go to six super funds to find all of my money to put it in, I can't live on my super."*

***Table 2** Spearman's Correlations+ Between Financial Security and the Demographic and Socioeconomic Variables*

	1	2	3	4	5	6	7	8
Insecure vs. secure	.							
Working vs. retired	-.07*	.						
Age	.12**	-.35**	.					
Income	.10**	.32**	-2.9**	.				
Education	-.01	.14**	-.12**	.32**	.			
Disease co-mobility	-.08*	-.18**	.13**	-.23**	-.12**	.		
Self-rated health	.08*	.16**	-.05	.26**	.18**	-.45**	.	
Marital status	.00	.04	-.03	.45**	.06	-.07*	.08*	.
Gender	-.07*	-.04	.01	-.10**	-.03	-.02	.09**	-.08*

Note: *p<.05,**p<.001. +Spearman's correlations measure the strength of the relationship between two variables. The stronger a negative relationship, the closer Spearman's correlation will be to -1. Conversely, the stronger a positive relationship, the closer Spearman's correlation will be to 1.

HOW IS THE GFC AFFECTING BABY BOOMERS' RETIREMENT FINANCES?

In this section we examine the effects of the GFC on baby boomers' financial satisfaction, retirement plans, their superannuation contributions and access, and their plans to return to work (retirees only). Table 3 provides a comprehensive breakdown of the relevant variables for those both affected/not affected by the GFC, and our key findings are discussed below. Again, we draw on the themes and specific quotes from the focus group interviews to support and expand upon the findings from the national survey.

Financial satisfaction

Financial satisfaction was significantly lower for those most affected by the GFC. Table 3 shows that 21% of those who remained financially secure after the crisis were "very satisfied" with their finances compared to only 8% of those left financially vulnerable following the GFC.

Retirement plans

According to our survey research, approximately one third of baby boomers were expecting to postpone their retirement (O'Loughlin et al., 2010). For workers affected by the GFC, this proportion rose to just over 50% compared to only 27% for the financially secure. This finding was corroborated by focus group participants who indicated that financial difficulties left them little choice but to continue working longer than expected. For example, a male worker reflecting on the GFC and the timing of his retirement stated:

> *"We have to work longer because what we had twelve months ago is not what we've got now, like we have to work longer to achieve our goals…. it's sort of instead of, as I said, instead of retiring in two years I better wait another four or five years before I retire."*

Interestingly, the GFC did not appear to impact on levels of financial planning for retirement. Approximately the same percentage (22%) of those affected or not affected by the GFC were planning "very little" compared to approximately 20% and 19%, respectively, who were planning "a lot".

Table 3 *The effects of the GFC on Financial Satisfaction, Retirement Plans, and Superannuation Options*

Study variables		**Financially insecure (%)**	**Financially secure (%)**
Financial satisfaction* **	Very dissatisfied	11.5	1.7
	Dissatisfied	21.6	10.6
	Neither satisfied or disatisfied	16.1	10.5
	Satisfied	42.8	56.7
	Very satisfied	7.9	20.6
Will postpone retirement***	Yes	50.6	27.4
	No	49.4	72.6
Retirement planning	Very little	22.0	22.2
	A little	18.7	17.3
	Some	39.6	41.6
	A lot	19.8	18.9
More money into superannuation	Yes	43.1	43.7
	No	56.9	56.3
Will take transition to retirement option**	Yes	33.8	20.4
	No	59.9	71.4
	Not sure	7.2	8.2
Pension bonus scheme	Yes	35.4	35.6
	No	46.9	55.2
	Not sure	17.1	9.2
Returning to or increase work* (Retirees only)	Yes	24.5	16.4
	No	75.5	83.6

Note: Statistical tests were performed with Chi-Square analyses. *p<.05, **p<.01, ***p<.001.

Superannuation

A similar proportion (approximately 43%) of baby boomers affected and not affected by the GFC had decided to increase their voluntary contributions to superannuation. However, it is also important to note that approximately one third of the working baby boomers were not making any voluntary contributions to superannuation regardless of whether they were affected by the GFC or not. There was also a small proportion that had decided to put less into their superannuation funds following the GFC.
For example, one working female stated:

> *Previously I was putting extra money into my super, but now I'm not going to do that anymore because that's just going - you don't know where it's going, you can't trust where it's going so I keep that extra money and I've put it aside.*

The "Transition to Retirement" option allows workers aged 55 to 64 years to access their superannuation funds while still working. Our results showed that proportionally more workers affected by the GFC expected to take up this option (34%) compared to those who were unaffected (20%). Approximately 7.5% of all workers were not sure if they would take up the Transition to Retirement option regardless of whether they were affected by the GFC or not.

The "Pension Bonus Scheme" allows an older worker who defers claiming an Age Pension and remains in the workforce to receive a tax-free lump sum bonus when they start the pension. Approximately 35% of baby boomers expected to take up the Pension Bonus Scheme whether they were affected or not by the GFC. However, those experiencing financial insecurity at this time were almost twice as likely to be unsure about taking up this option (17% versus 9%). In other words, there was substantial indecision among those most affected by the financial crisis.

Returning to work

Despite the widespread financial effects of the GFC, only 24% of retirees affected by the crisis expected to return to work or increase the paid work they were already doing. This proportion was even lower for those who were not financially affected by the GFC (16%). These results suggest that retired baby boomers are dealing with the GFC and resultant decreases in superannuation balances in different ways to working baby boomers. For example, our focus group findings showed that some retirees planned to reduce their spending and "hang on" or "adjust" until the financial markets improved (Humpel et al., 2010). One participant stated:

> *I think you can sort of plan for retirement like we did, suddenly there's a world crash and your retirement funds are cut by two thirds and you suddenly think, well that plan is out the window, I'll have to adjust, and I think we tend to do that, because we're the baby boomers, we actually adjust pretty well.*

Our results have also shown that many retirees couldn't return to work due to poor health.
For example, one male retiree indicated that a degenerative bone condition had forced him into retirement. For him, retirement was going to be "an interesting time". Approximately 17% of our survey participants retired due to poor health and the same proportion of working baby boomers expected this to be the reason they would retire.

Summary

The GFC has had a significant impact on baby boomers' financial satisfaction, work and retirement plans, and their superannuation-based decision making. Workers most affected by the crisis are set to stay in paid employment longer than anticipated and appear to be contributing more to their superannuation plans than pre-GFC. Interestingly, working baby boomers affected by the crisis are more likely to withdraw superannuation funds earlier at the expense of tax bonuses. This reveals diversity in financial plans that was also evident in our focus group interviews (Humpel et al., 2010). For retirees, it appears that a "hang in there" approach to dealing with the crisis is commonplace, with only 25% expecting to return to work. For retirees not able to return to work, reduced spending is one of the few options available to them. As one of our focus group participants stated:

> *You've just got to, as my Mum says, 'cut your cloth according to your yardage'.*

HOW IS THE GFC AFFECTING BABY BOOMERS' LIFE SATISFACTION AND THEIR EXPECTATIONS OF THE FUTURE?

In this section we examine how the GFC is associated with baby boomers' general life satisfaction, optimism for their retirement years, and their confidence in Australia's health care system.

In the health care sub-section we asked respondents how confident they were that they would be able to access quality health care in the future. We also queried their confidence in being able to pay for doctor's visits, prescription medications, and for their long term health care, should they need it.

Table 4 provides a comprehensive summary and our main findings are presented below.

Table 4 *The Effects of the GFC on Life Satisfaction, Retirement Optimism, and Expectations of Health Care*

Study variables		Financially insecure (%)	Financially secure (%)
Life satisfaction* **	Not at all satisfied	1.9	0.5
	Not very satisfied	9.4	6.1
	Satisfied	49.8	39.8
	Very Satisfied	38.9	53.6
Optimism for retirement years* **	Not at all optimistic	7.1	3.6
	Fairly optimistic	11.8	7.9
	Optimistic	60.3	55.7
	Very optimistic	20.8	32.8
Confident you will have access to quality health care in your retirement years?* **	Not at all confident	11.3	6.1
	Not too confident	20.9	16.7
	Somewhat confident	46.9	46.7
	Very confident	20.9	30.5
Confident you will be able to pay for medical expenses such as doctor visits?* **	Not at all confident	22.6	32.5
	Not too confident	49.0	48.9
	Somewhat confident	21.2	13.8
	Very confident	7.2	4.7
Confident you will be able to pay for perscription drugs in your retirement years?* **	Not at all confident	20.0	16.0
	Not too confident	33.2	26.5
	Somewhat confident	36.8	42.2
	Very confident	10.1	15.3
Confident you will be able to pay for long term care, such as nursing home or home health care?* **	Not at all confident	10.6	4.2
	Not too confident	20.4	17.4
	Somewhat confident	48.6	51.4
	Very confident	20.4	27.0

Note: Statistical tests were performed with Chi-Square analyses. *p<.05, **p<.01, ***p<.001.

Life satisfaction

Not surprisingly, those most affected by the GFC were also less satisfied with their life in general. Almost 40% of the financially insecure were very satisfied with their life, compared to 50% of those who were unaffected by the crisis. However, it is important to note that almost 90% of those who were affected by the GFC were still either satisfied or very satisfied with their life. In other words, despite the widespread financial affects of the GFC, this group of baby boomers was remarkably positive in terms of their life outlook.

Optimism for retirement

Just over 80% of those affected by the GFC and 88% of those who were not affected were either optimistic or very optimistic about their retirement years. Nevertheless, our results do indicate that the financially secure were significantly more likely to be very optimistic (33%) compared to those who were negatively affected by the economic crisis (21%).

This attitude was nicely summed up by a female retiree:

> *“One never knows what’s around the corner now, so keep an optimistic attitude, it will sort itself out one way or the other. I just live within whatever means I’ve got at the time, whatever it may be.”*

Expectations of health care

Expectations of health care were somewhat more pessimistic than the participants’ life satisfaction and optimism for the future. For each of the questions on future health care, those who were most affected by the GFC were the least confident they would be able to pay for health care, nursing home, or home help. For example, Table 4 shows that only 20% of financially insecure baby boomers felt very confident they would be able to access quality health care in the future compared to 30% of those that remained financially secure.

Summary

Those most affected by the GFC were significantly less satisfied and optimistic than those who were unaffected. However, our national sample of baby boomers was quite satisfied with their life in general and optimistic about their retirement years despite the widespread affects of the financial crisis. This highlights a remarkable resilience in working and retired baby boomers even when superannuation balances have dropped and financial uncertainty is evident.

Expectations of future health care tell a different story. Our results point to great variation in baby boomers’ perceptions of the Australian health system, with some very optimistic about the types of care that will be available to them in the future and others who were not. Those most affected by the GFC had the most negative perceptions of the affordability of their future health care.

DISCUSSION

The GFC has had far reaching effects for retired and working baby boomers across different life circumstances. Lower socioeconomic status is the common thread that links those most affected. Women, older baby boomers, retirees, and those in poor health reported the lowest levels of household income and have been identified as the most financially insecure following the GFC. It is these groups that are most at risk for poverty in later life, particularly if financial markets are slow to recover or new financial crises arise.

The GFC has undoubtedly triggered working baby boomers to rethink their retirement plans and preparations and, to a lesser extent, retirees' plans to return to the workforce. For example, some working baby boomers have decided to make more voluntary superannuation contributions, while others will withdraw their superannuation balances early at the expense of tax bonuses down the track.

These different coping strategies may reflect diversity in current versus future financial needs. For instance, a decline in the financial markets may have forced some baby boomers to withdraw superannuation prematurely while promoting others to think more to the future.

Although the GFC hit retired baby boomers' finances relatively heavily, their options for dealing with the GFC appeared more restricted compared to those still working. Many retirees talked about reducing their spending while only a minority were planning to return to work and this was particularly apparent for those in poor health.

Baby boomers' life satisfaction, retirement optimism and expectations of health care also appeared to be influenced by the GFC. Our sample of baby boomers generally had a positive attitude towards their current life circumstances and their future retirement, be it in or out of the workforce. Whether their retirement will be as good as expected will depend, in part, on the health care they are afforded by future governments. This is where opinions differed greatly across the sample generally and across those who were affected and not so affected by the financial crisis.

Nevertheless, despite the negative effects of the GFC on retirement finances and health care expectations, baby boomers remain resilient to its effects. This generalisation should not mask the financial difficulties that the most vulnerable in our communities are currently experiencing and may experience in the future.

Policy implications

The Australian Government's productive ageing strategy aims to prolong older adults' working lives through retraining, encouraging employers to offer part-time work and flexible hours, and by supporting older workers in general. This policy was, in part, developed in response to population ageing and the anticipated strain on social security systems when the baby boomers move into retirement. Likewise, the Treasury's series of Intergenerational Reports argue that one of the primary means for coping with the financial costs of population ageing is to increase both labour force participation and productivity. This has created a unique situation between a government that encourages the extension of working lives and an ageing population of baby boomers who have expressed a desire (or need) to stay in the workforce, or to return to paid work from retirement. This effectively sets the context for governments, employers, and late middle aged adults to work together for mutual benefit.

Our research has shown that lower socioeconomic groups are the most at risk for extreme poverty in retirement, and that these vulnerable groups have been differentially affected by the GFC. However, current government policy is set to increase eligibility for the age pension to 67 years by 2017 and confidence in the Federal Government's continued ability to fund the aged pension is questionable at best (O'Loughlin et al., 2010). Insecurity surrounding the Age Pension may be detrimental for lower socioeconomic groups, as this is likely to be their major source of income.

Moreover, decreases in superannuation holdings may mean that many baby boomers may be unable to accumulate enough superannuation to fully support themselves in retirement. This problem was echoed in our focus group interviews with some expressing frustration at what they saw as an "unrealistic" expectation from the government to self-fund their retirement. These points highlight the importance of the increase in compulsory superannuation from 9% to 12% by the end of the decade and the continuation of tax free benefits on superannuation for those over 60 (see Snoke et al., 2011). However, unstable financial markets, the rising retirement age, and consumer distrust and frustration suggest that much work is needed by governments, employers and individuals so that baby boomers' relatively high levels of life satisfaction and optimism are realised in retirement and into later life.

Conclusions

Baby boomers' retirement plans, financial decision making, and expectations of retirement were indeed challenged in the early days of the GFC. However, our focus groups and national survey highlighted diversity in coping mechanisms and great resilience when such mechanisms were not available. For example, those unable to continue in paid employment or return to work have reduced their spending accordingly as they wait for the financial markets to recover. Yet many still maintain a positive attitude towards the future, despite the financial uncertainty they face. The question now is how long the effects of the GFC will last and whether baby boomers and proceeding generations will face similar crises in the future.

Our research has shown that the most at risk during times of financial insecurity are lower socioeconomic groups, women, and those in poor health.

Based on our research, there are some lessons for the future:

- If researchers, governments, and employees are to work towards "future proofing" against future financial crises, then it is these more vunerable groups that should be the focus.
- Employers and governments need to concentrate on making workplaces more welcoming to older workers. One of the best ways to do this is to reduce ageism in hiring practices and work cultures. In any future financial crisis, those needing to re-enter the workforce or prolong their working life should not face entrenched negative attitudes to older workers.
- Plummeting superannuation reserves during the GFC caused distress and anxiety and changed retirement plans for older Australians. Superannuation needs to be easily understood, with transparent investment options and reliable advice. Employers, unions and governments should work together to make this happen.
- Some respondents had little confidence in government's ability to deliver adequate health care in their retirement years. Policy developers in the health and retirement planning areas should talk to each other.
- The resilience and coping strategies shown by baby boomers in the face of the GFC were highlighted in this report. Programs to help older people stay healthy and socially engaged are important in their own right, for the well-being benefits they bring. In any future financial crises they are especially important. Active, engaged seniors are more likely to have the physical and social resilience to deal with financial stress.

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ABOUT THE NATIONAL SENIORS PRODUCTIVE AGEING CENTRE

The National Seniors Productive Ageing Centre is an initiative of National Seniors Australia and the Department of Health and Ageing to advance research into issues of productive ageing. The Centre's aim is to advance knowledge and understanding of all aspects of productive ageing to improve the quality of life of people aged 50 and over.

The Centre's key objectives are to:

- Support quality consumer oriented research informed by the experience of people aged 50 and over;
- Inform Government, business and the community on productive ageing across the life course;
- Raise awareness of research findings which are useful for mature age people; and
- Be a leading centre for research, education and information on productive ageing in Australia.

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