



Interactions

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Retirement at 70, 80 or 90?

The world is badly prepared for rapid rise in life expectancy

EVERY year I exchange Christmas greetings with friends in England whom I first met in university. They are in their seventies and they spend Christmas with their parents who are over 100. Centenarians are not uncommon in Europe. In Malaysia, life expectancy is now 75 years and increasing every year. Since life expectancy is a statistical average weighed down by juvenile mortality, a healthy Malaysian who has survived the juvenile stage can actually expect to live to over 80. Soon, it will not be unusual for Malaysians to live to 90 or 100.

The rapid increase in life expectancy is a global phenomenon that has taken the world by surprise, and the world is badly prepared for the consequences.

During the past century, Western countries have built up social security systems in which active workers are taxed to support the retired. Such a system is sustainable if the national economy grows from year to year, and if the number of active workers comfortably exceeds the number of retirees.

The system becomes unbalanced if retirees become too many for the active workers to support. The system is rapidly becoming unbalanced in Europe due to increase in life expectancy coupled with decline in economic productivity. As a result Europe is in trouble. Even Japan, with its highly disciplined and hard-working people, is under pressure.

The recent decision by the Government to

raise the retirement age to 60 can only be a temporary fix. Productivity will drop if organisations stagnate due to the slowing down of internal processes of renewal. Compulsory retirement has always been the default (automatic) mechanism driving promotion, recruitment and organisational renewal in government and other slow-moving bureaucracies. Remove this, and we can expect increased bureaucratic stagnation for the next few years. Then, as the present beneficiaries approach 60, there will be demands to raise the retirement age further. Otherwise, what will people do until they are 80, 90 or 100?

The better solution would be to encourage people to take responsibility for their own lives instead of relying on delayed retirement, pensions and subsidies. All these goodies do not appear by magic. They have to be paid for from taxes.

Ten years ago, I gave a talk on retirement to staff at the Forest Research Institute Malaysia (FRIM). At that time, the retirement age was 55. I asked the audience to visualise what they would do at 60, 70 and 80. This was a shocking idea. Government servants with assured pensions rarely think about their post-retirement future, and almost none had realised they were going to live much longer than their predecessors. Then last year, one of the members of that audience came to thank me. He had taken my advice and gotten himself qualified as a tourist guide. He had

also persuaded several others to do the same. Now they are specialist nature guides, using their knowledge of forests and nature to good advantage.

Drop in status

Those who occupy managerial positions might not consider becoming tourist guides, because of a perceived drop in status. We cannot deny that there are social pressures that discourage retired people from going back to work. Some may fear loss of status or of being ridiculed by friends. Their children may not want to look as if they do not support their parents. Those who want to work may not find willing employers. Ex-managers might have problems adjusting to non-managerial work – would they be able to roll up their sleeves and work or would they try to boss others?

Attitudes will have to be changed. The key is to make people realise that that we are going to live longer than previous generations – very much longer, and unless they have ample savings or continuous income, they are likely to spend their last 15 to 30 years in poverty.

The Government can change work and retirement attitudes through various means, to make senior citizens productive assets rather than wasting liabilities. It could, for example, exempt people from income tax after a certain age. This will spur people to

plan and prepare themselves for income-generating activities in their senior years. The Government could also provide more incentives to those sectors of the economy that can generate diverse opportunities in employment. One of these sectors is tourism, which creates many opportunities in hospitality, transport, food, entertainment, arts and crafts.

Another sector with good potential is boutique agriculture, in which innovative growers challenge themselves to produce special products for niche markets. A lot of people buy land with the intention of retiring as hobby-farmers, but are eventually defeated by insufficient farming skills. New agricultural courses could be developed to help senior farmers achieve their dreams. Indeed, education itself is a growth industry that can expand to help senior people acquire new skills.

Our senior years should ideally be when our hobbies, skills and interests are merged into pleasurable productive work. With the children already grown up, fewer financial responsibilities, and greater maturity of judgement, the years after 50 could be the most productive and enjoyable years of our lives.

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