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“The End of Retirement”

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I'm very happy to see so many friends here tonight. There are AARP Board members and staff, Porter Novelli buddies, colleagues from AARP's PR agency, Fleishman Hillard, and many others. And sitting up here with me is Janice Puner, who is an AARP volunteer leader and founder of the AARP Job Hub here in New York City. The Job Hub develops employment opportunities for older workers in New York. With all the layoffs in recent months, Janice and her teammates are expanding their work to include mid-life employee searches as well.

The Institute for Public Relations is dedicated to improving the professional practice of public relations around the world. As a practitioner myself for many years, and now as a client of PR services, and as a user of a great deal of consumer and policy research, I am very pleased to have been asked to present this talk tonight.

The subject of my remarks is the end of retirement, and the profound effect this is going to have on all of us personally and on the marketing of goods and services in America and throughout the industrialized world. So think of this as about you and your future ... and about your ability to reach and motivate and market to this new world that is rapidly emerging.

I come from a family of steel workers in Pittsburgh and when my parents' generation retired, they did it the old-fashioned way. They really retired. I remember my Uncle Andy. He came home from the steel mill one day, put down his lunch bucket, sat down on the porch and said, "That's it. I'm retired." And he was. Except for an afternoon walk to the Italian club, his new domain was that front porch.

The most common definition of retirement has been the end of work. People worked all their adult lives, they turned 65, they quit working. At that time, they were officially retired. To retire, the dictionary says, is to withdraw.

I am somewhat of an exception. I retired from Porter Novelli in 1990 to pursue a second career in public service. We all know people who have switched careers or started over. But now there is a whole different set of circumstances brewing.

Retirement as we have known it, as my Uncle Andy and millions of others practiced it, is largely disappearing. And in its place there is a new, much more vital vision of how most of us will be living as we grow older.

Now people are thinking of retirement as a beginning, not as an ending. We did a survey recently showing that two out of three people 50 and over view this phase of life primarily as a time to begin a new chapter, start new activities and set new goals. Part of this is because the nature of work itself has changed. In Uncle Andy's time, retirement frequently was forced on workers by ill health or the inability to continue physical labor.

We began to notice changes in how people view retirement -- and how they live it -- several years ago. About half our 35 million members now work. Some full time, some part time, some because they want to, some because they have to, but it is not just a function of age any more. And even among those no longer officially employed, retirement is not exactly a time to slow down.

Although people of all ages are involved in this phenomenon, there is one segment that is really redefining aging and retirement, just as they have redefined every other life stage they have passed through -- the 77 million people we call "Baby Boomers."

Boomers -- those born between 1946 and 1964 -- are a large part of American society. And because of their size, their economic influence and their attitude towards life, this group is not just *changing* retirement. They are *revolutionizing* it.

When we ask Boomers how they think of their retirement vs. their parents, they say they will need more money, will be more self-indulgent, be in better health and will live longer in retirement. And they're probably right. In addition, they prefer a range of information sources so they can make their own choices. Clearly, they have an attitude.

There are many myths about Boomers, including that they care only about themselves -- the "Me Generation," that they won't volunteer for community service, that they are all Yuppies and that they aren't joiners. In fact, Boomers are showing a lot of social responsibility, including volunteerism, they are every bit as diverse as the rest of America, and they are joining organizations, if they see the benefits involved. Certainly they are joining AARP.

A Boomer turns 50, the age of eligibility for AARP membership, every 7.5 seconds. That's 1,200 each day and four million for each of the next ten years. And you can bet that we seek them out. I was in Dallas a few weeks ago talking to a business audience. Afterward, a guy came up to me and said, "You know, we're not too worried about Osama bin Laden. When he turns 50, AARP will find him."

And when you turn 50 in today's America, you have half your adult life ahead of you. It's no wonder many are using this marker to think about what they want to do with the rest of their lives.

What is the new vision replacing retirement and what will it take for us to realize it? There are four key elements that the oldest Boomers tell us they see as essential for a satisfying life: work, economic security, good health and personal fulfillment.

The most fundamental change in the concept of retirement is that it is likely to involve work. Our research shows that 80 percent of Boomers expect to continue working in some form past the age

of 65 -- either for the money or for the fun of it. Many will start their own businesses. Others will work part-time. Still others will reinvent themselves and begin new careers, sometimes in order to give something back. This has implications for virtually every part of society: education, government, corporate America, the nonprofits and religious institutions.

Sam Preston, the Dean of the School of Arts and Sciences at Penn, tells me that older people are a major part of today's university students. Some are enjoying life long learning and others are retooling to teach and pursue other career strategies.

In a way, none of this should be surprising, because Boomers as a group have always identified with their careers and employment. It will be only seven years until the first Boomer is eligible for Social Security, and to them, the word "retirement" will connote choice and freedom more than it does withdrawal.

Demographic trends support this. In 1980, there were 15 million workers 55 and older in our labor force. By 2005, there will be over 22 million. And by 2015, nearly one fifth of the American work force will be 55+.

Visionary companies already recognize the importance and value of older workers and have developed policies and practices that appeal to their interests.

Based on their own needs and recognizing the importance that older workers place on lifetime learning, companies are offering career development opportunities, including training, tuition reimbursement and temporary assignments.

They are also offering pension benefits, including retirement savings vehicles and prorated benefits for part-time employees. They are providing options such as part-time work, job sharing, flextime and telecommuting. These are important because many Boomers are now caregivers for their parents, and often for dependent children, so they need and want some flexibility at work.

Of course, we want to encourage this kind of enlightened self-interest in making work more meaningful and fulfilling to older workers. So this fall, AARP for the first time recognized 11 exemplary companies to work for if you're 50+. We're going to make this an annual event.

Although legal protection for older workers begins at age 40, there is still age discrimination in the work place. You still find companies that refuse to hire or promote older workers, coerce them to retire and limit their training opportunities or job responsibilities.

As I said earlier, Boomers have an attitude and often use their considerable leverage with employers to advocate for policies and practices that support older workers. We vigorously support this with our legal and legislative advocacy.

All these changes are making a big difference in the workplace and the marketplace. Let's look at what else will influence changes in retirement.

Building a financially secure retirement has traditionally been thought of as a three-legged stool, with the three legs represented by Social Security, savings and pensions. This concept long held that if people had these three sources of retirement income, they could handle the financial

demands of later years. But today, the traditional three-legged stool does not provide people with the necessary support. There must now be four pillars of financial security: earnings from continued work, Social Security, personal savings and health insurance.

First, Social Security. Without it, most Americans would be unable to achieve financial security in later years. This essential program provides an average of 40 percent of total income for today's retirees. That's a figure that's not projected to change for Boomers. Protecting Social Security, therefore, must be a top priority for our nation's policymakers.

In the old financial security model, we looked at pensions and savings as two separate income sources. Today, we must look at them together as essentially comprising people's savings -- that portion of a financial package that individuals are personally responsible for building.

That's because defined benefit plans, in which employers contributed the bulk of pension benefits, have largely given way to 401(k) plans. Employee contributions to 401(k) plans are often matched at some level by employers. But the challenging task -- and associated risks -- of setting aside some portion of earnings to build savings for retirement has been largely shifted from the employer to the employee.

Saving for retirement is not easy for many Americans. Nearly 90 percent say they save, but about 15 percent say they have a total accumulation of under \$10,000. And speaking of investment skills, some of them are keeping it under the mattress or a similar place. It's true. About one in five say they have stuffed cash away in a safe place in their home as a way to save for retirement vs. about half who save for retirement through a payroll deduction plan at their workplace.

The next pillar in this new model is health insurance. Health care costs are growing so fast that without significant protection from health-related expenses -- especially for prescription drugs and long term care -- virtually no one 50 and over today can be financially secure.

Some HMOs and supplemental health plans offer prescription drug coverage. But Medicare, our government health insurance program for all people over 65, does not. And the average Medicare beneficiary takes 18 prescriptions a year.

The situation with long-term care and end-of-life care in this country is also daunting. Quality and accessibility are far below what we would all expect for our loved ones and ourselves. Yet we are paying premium prices, financially and emotionally, for these services.

Many Boomers are gaining first hand exposure to our fragmented system by serving as caregivers for aging parents. Many are helping out their parents financially at the same time as they are supporting their children and planning their own futures. Consider this: for \$55,000, you can pay for more than two years at a leading university or for a one year's stay in a nursing home.

We need to add prescription drug coverage to Medicare and expand financing for long-term care, to help people live independently as long as possible, age in place and receive services in their own homes.

Each of these pillars of financial security -- earnings from work, Social Security, personal savings and health insurance -- are critical. Americans will be stretching their finances over a longer time period because they are going to be living longer. That's why the third thing Boomers want and need for their later years is good health.

Uncle Andy, the steelworker, was worn out at 65, but older people today are increasingly vital, vigorous and productive, thanks to better food, better technology and changing work demands. We are living longer lives -- 77 for men, 84 for women -- than a century ago. Although all of us are eligible for this longevity bonus, we have to earn it. And increased longevity sometimes means living longer with chronic illnesses and disabilities.

People who intend to reinvent retirement need to take steps to protect their health and wellness. In fact, a lot of steps, at least 30 minutes a day, for at least three days a week. In other words, stay active, regardless of age. The goal is to delay the onset of disease and disability and to live independently for as long as possible.

But we've got quite a way to go. Among people 45-64, only 14 percent regularly engage in moderate physical activity for at least 30 minutes a day.

Boomers recognize the importance of staying fit, yet know they are falling short. We surveyed members aged 50-59, and learned that 41 percent feel they need to do "more" physical activity to meet recommended levels and 29 percent feel they need to do "a lot more." And while there are fewer smokers than older generations, there is more obesity among Boomers than among their parents.

In response, we launched the AARP TriUmph! Classic this year. In seven cities, hundreds of older adults have been swimming, biking and running to the finish line. The response -- from participants, from corporate sponsors and from communities -- has been enthusiastic. Next year, we're expanding to fifteen communities.

We have also partnered with The Robert Wood Johnson Foundation to increase daily physical activity among people 50 and over. Beginning next year in Richmond, Virginia, and Madison, Wisconsin, we will test this new program. Once we have it right at the community level, we intend to expand nationwide.

We're inviting corporations and others to join us. Not only will this initiative improve fitness among people 50 +, it will expand the market for the full range of products and services that support a healthy lifestyle. In addition, employee fitness can pay off in lower health care costs and higher productivity. Companies that recognize this are offering worksite wellness programs, exercise facilities and incentives to stay well.

I've talked about work, economic security and good health in the reinvention of retirement. Personal fulfillment is the final element of the new American dream. Just as we used to think about retirement as the end of work, we also thought about the years after 50 entering a period of loss: empty nests, solitary survivors and isolation.

But our studies show that during their 50s, people experience more life events than in any other decade: remarrying, being parents for first and second families, caring for their own parents, changing jobs and careers and becoming grandparents.

These are years of tremendous change and self-discovery. Spending time with grandchildren, traveling, continued work and learning and community service all can contribute to a sense of well being during these years.

We're responding with career support, a small business center Web site, genealogy information, cruises and other vacation offerings and computer training, among our products and services. People are increasingly innovative.

Take Edward Mazzella, who appeared in *The New York Times*' series of short profiles of the people who died on September 11. Mazzella, as the *Times* described him, worked on Wall Street for over 40 years. His other enduring constant was his family. He and his wife Kay were married for 40 years. He was killed three days before his planned retirement date, September 14.

In 1993, when Mr. Mazzella was 54, he surprised his family and friends by taking up painting. Since then he had completed about 100 watercolors of flowers, sailboats, tree houses and other things that captured his imagination. He framed the paintings and gave them to family members. His children, Susan and Michael, have the most, 15 each.

It seems to me that he was someone who began living the life he wanted long before he stepped into so-called retirement. And who knows what he would have done with that? His was a life filled with work he enjoyed, time with his family, creative expression. He embodied the philosophy we espouse at AARP: age is just a number and life is what you make it.

For many re-inventers of retirement, an important aspect of being personally fulfilled is making a difference. They want to leave a legacy, to give something back. And this is a sentiment they share with older generations. Our research shows that half of all adults over 50 plan for volunteer activities in their blueprints for later life. Still others plan to make service the focus of their work. My sense is that the attack on America and its aftermath have only strengthened this resolve to make a contribution. People want to help keep the nation strong. And they want to do it now.

We've heard a lot from our members and volunteers and staff about this. And so we announced a National Call to Service on December 6 -- to mobilize our 35 million members and staff in community service.

So, on December 6, we're going to volunteer in local organizations -- to build, paint, repair, collect, deliver, drive, mentor, comfort -- whatever it takes to make our communities stronger.

We're also helping in another important way. We've expanded our volunteer grief and loss program to serve the survivors and families of the World Trade Center and Pentagon attacks. We are working with the SBC corporation to make this possible. And to reach more people in need, we expanded the information on grief and loss on our Web site and instituted a toll-free telephone counseling service.

Older Boomers and the generation in front of them have already seen a lot. They've done a lot. And they've accomplished a lot. Now they are determining what they want out of life and how to get it. The old models are being tossed out the window. Retirement -- the Uncle Andy version -- is ending. And in its place, something much more satisfying and diverse and unpredictable is emerging.

The future ain't what it used to be. It's going to be much better, and much more interesting.