

Different theories of retirement and ageing



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When discussing the subject of retirement, the first issue that one comes across is that of defining what retirement is, and when it occurs. According to Denton and Spencer (2009), the Oxford English Dictionary defines retirement as follows: “ To withdraw from office, or an official position; to give up one’s business or occupation in order to enjoy more leisure or freedom (especially after having made a competence or earned a pension)”. They continue to add that retirement can be voluntary or involuntary; gradual or sudden; temporary or permanent. Hence, there is no one clear definition which embodies all the possible situations.

In contrast, Banks and Smith (2006), argue that retirement is made up of the following characteristics; it is a sudden, rather than a gradual process, it is a permanent and voluntary choice, it equals to drawing a pension, and it is a decision made by the individual rather than cooperatively with household members. This is the concept of retirement that is adopted by most economists. In addition, retirement is a state of mind in the sense that the individual recognizes him/herself as being retired. The definition is hence a subjective one which may mean different things to different people and populations. In itself, it is a broad word which encompasses a number of different elements.

For many workers, retirement is seen as an opportunity of long awaited freedom from the responsibilities and stress of employment. It brings change and marks a transition into the later life stages. It is a time of recreation and travel, and an opportunity to develop new mental and physical routines. Planning and anticipating retirement play an essential part in the lives of many workers and their families. Recently, the new phenomenon of early

retirement has become increasingly more popular (Rosenkoetter & Garris, 2001).

Shaw and Hill (2002) stated that a commonly used definition for retirement is “ an age-related withdrawal from active working life”. However, one has to define what constitutes an “ active working life”. Some researchers have chosen to allow their respondents to classify themselves as to whether they are retired or not. This approach, however, has the disadvantage that the definition of retirement will not be the same for everyone as some people who are working and receiving a previous job pension may consider themselves retired whilst others who have stopped working and are taking care of grandchildren, for instance, do not consider themselves as retired. Hence, different definitions of retirement result in different retirement patterns for men and women. The authors go on to argue that as there is no single best definition for retirement, the definition should be adapted according the question being asked, therefore multiple definitions would be helpful when dealing with specific differences in men and women’s decisions to leave the paid work force.

Origins and History of Retirement

In their respective works, Graebner (1980) and Costa (2000) provide a brief history on the evolution of retirement. Back in the 1850’s, 77% of men who were over 65 years were still working. Not working was viewed as inappropriate and hence people worked as long as they could. In pre-industrial America, most worked in agriculture, and in this area there was no retirement. When a man became too old to do strenuous work such as ploughing, his son would usually take over whilst he shifts to less demanding

chores. Before the Civil War, the elderly were viewed as valued people, for a number of reasons such as their knowledge, hard-work, moral guidance they offered and the contribution in reforming the country. As they grew older, they were still respected and played important roles in the community and families. After the Civil War, though, this began to change. The nation shifted from being primarily rural to an increasingly urban society transformed by industrialization. Unlike agricultural workers, urban workers did not have the familial support to enable them to shift to less strenuous work as they aged. By the 1880's, the American economy relied on manufacturing, and relationships between young and old workers started to become troublesome. The idea of retirement started to develop as a means to deal with these conflicts.

As industrialization grew in the United States, business and government leaders realized that they need to develop a mechanism which would stimulate economic growth whilst assisting in the replacement of less efficient older workers with cheaper, younger ones. The preferred mechanism for this was the mandatory retirement of older workers. With the introduction of machines, one began to realize that older workers were neither fast nor strong enough to operate machinery and this slowed down production. By getting older workers out of the way, the workforce would be replaced with a younger, faster, and more efficient one. Attitudes toward elderly people became increasingly negative. By the early 1900's factory owners restricted the hiring of older people and reinforced retirement policies which were mandatory in order to get rid of the ones already employed. Since many business owners were uncomfortable with the idea of

getting rid of loyal older workers leaving them without any employment and income whatsoever, some of them offered pensions or helped to build company homes for the elderly. By the year 1920, mandatory retirement with a small pension became the preferred method for moving older workers aside. Hence, employers eliminated older workers but in the mean time felt secure that the retired worker would have enough money to survive. Without any doubt, some older workers resisted this plan. Social services were almost inexistent and retirement meant a lower standard of living. Yet, when confronted with so many retirement rules, workers found themselves forced out of their jobs so much so that by the year 1920, almost half of all white male workers over the age of 60 were no longer in the workforce. Still, older workers discovered that retiring and receiving some sort of, even if an insufficient, pension was better than being pushed aside without nothing at all.

The first federal retirement legislation became known as “ The Railroad Retirement Act” of 1935, and was a testing ground for later development. The easiest way out of chronic unemployment in the country became the retirement of all older persons; the only problem was making sure that pensions are available.

Things changed once again during World War II when anyone who could went back to work. This put back the country into full employment once again. However, after the war, retirement was once again the mechanism which controlled costs and employment rates. Even though pensions became increasingly common, many retired workers remained unhappy about the idea of retirement so much so that an alarming number even refused to

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apply for social benefits. Hence, business and governments started to instill ideas to older workers with the idyllic thoughts of leisure, and the well-earned reward of free time at their age. This is when insurance companies started to make large profits out of life insurance policies and when sociologists formed the theories of aging. By the late 1960's, the mythology of retirement was completely assimilated into American's minds.

In the mid-1980's, mandates changed pension rules so that widows were not left without any benefits. Also, social security benefits were increased and as a result, the percent of pensioners living in poverty significantly dropped. By the 1970's and 1980's, pensions were fixed to a retirement formula which depended on the length of service and final salary of the person. This meant that a worker would not know what pension he would receive until he actually retired. To avoid all this, business shifted from traditional defined pension plans to defined contribution plans where they promised that a contribution of a certain amount would be done towards each worker's pension.

Benefits and Drawbacks of Retirement

According to Coni, Davison, and Webster (1992), during retirement income is likely to be reduced, however occupational pensions which are becoming more common offer greater monetary security. Those who have become overly dependent on trappings of their employment may realize that their status has changed and that they miss the company of the work-place. On the other hand, retirement should be looked upon as a time of opportunity, which after all, may last for more than 30 years. If the approach towards retirement is a happy and an enthusiastic one, then it is very likely that it will

live up to expectations. When it comes to learning new material, older learners usually do better due to higher motivation levels, and increased self-knowledge. The authors go on to argue that everybody has to find their own way through old age and retirement, and if one, at his or her age, feel happy and comfortable doing something, then that thing is right for him or her. When it comes to relationships, retirement may be the only time that one can truly live together with their partner since they are no longer kept apart by employment and family, even though difficulties may arise in this regard as well. Regarding fitness, one should keep in mind that the fitter one is, the less likely it is to become ill and the more likely one would make a full and swift recovery. Since the elderly are affected with degenerative changes, attention should be paid to both physical and mental fitness. Muscles waste in a sedentary lifestyle but they have the ability to redevelop and this can be achieved by doing an activity which one enjoys and gives them pleasure. These include; walking the dog, ballroom dancing, and even cultivating a garden. Mental activities should be taken up to develop and maintain the mind by learning, re-learning, or improving a foreign language. Prevention of illness is a lifelong need, and good habits must be started early and maintained throughout. A common reason for eagerly anticipating retirement may be the wish to be freed from a strict routine inflicted by employment, which is understandable, but also inappropriate. Retirement should provide the opportunity of restructuring one's routine. This can be done by establishing enough time for physical activity, some time for learning, time for family and time for one's self. Having said all this, during retirement, one may be faced by unpleasant tasks, decisions, and situations. Therefore, fore-

thinking potential problems such as loneliness, bereavement, becoming a carer, or becoming disabled, will always help to deal with such dilemmas.

Windmill (1992), states that retirement can mean a loss of status, a sense of no longer being a useful society member, losing one's sense of purpose, and becoming part of the 'receiving end' of society. However, one should understand the importance of preparing for retirement so that mental, physical, and social changes do not come by as a shock. Retirement means planning finances, doing leisure activities, and considering health and housing needs.

Eliopoulos (1993) adds that retirement may be the first experience of the impact of ageing for many. It is facilitated by learning how to use, appreciate and gain satisfaction from leisure time, which is also a therapeutic outlet for life stresses. The author also mentions the stages of retirement developed by Robert Atchley in 1975, which, however, not all retirees go through: the remote phase where retirement is anticipated but preparation is seldom done; the near phase when preparation for leaving the job begins; the honeymoon phase which is the euphoric period that follows retirement; the disenchantment phase where depression may be experienced; the reorientation phase where realistic choices are considered; the stability phase when an understanding of a retirement roles is achieved and the termination phase when retirement role is lost due to illness or disability.

Studies suggest this life event may be a stressful even for those experiencing health or financial issues at the time of retirement; however, those who manage to plan out their retirement are less likely to experience

financial burdens. For some, retirement may mean loss of income and identity, loss of status authority, loss of purpose in life and loss of peer contacts (Miller, 1995).

Retirement in Malta

Locally, workers nearing the retirement age may be eligible for a retirement pension. A person would be eligible to a Contributory Retirement Pension if he or she satisfies a number of conditions; the person has reached the retirement age, 61 for males, and 60 for females, the worker has been employed or self-employed for not less than 10 year prior to retirement; the worker has paid at least 156 contributions; and that on the day of retirement, the worker has satisfied the relevant contribution conditions (Ministry of Education, Employment and the Family, 2011).

The General Workers' Union (2009) offers a course entitled "Preparazzjoni għall-Irtirar" (Preparation for Retirement) and also houses a Pensioner's Association whose major task is to "attend to special and particular needs of pensioners and retired workers". It protects rights and interests, and safeguards pension levels and standard of living. Cultural, social, and educational activities are held annually and membership is open to all retired workers.

Planning for Retirement

According to Coni et al., (1992), we should all be planning our own retirement throughout our lives, and that even school-aged children should receive some form of instruction about the topic. This would enable younger people to have a better understanding of what ageing is and learn about

some complexities of being old. Having hobbies and leisure pursuits at a young age may introduce them to activities that they enjoy. Hence, once retired, one would be able to revert to these activities.

Financial planning must also start early because in order for one to have a secure retirement capital, an adequate income must firstly be assured. Unfortunately, attention also needs to be paid towards the possibility of widowhood (especially in women), and that remarriage may be an additional complication.

Rosenkoetter & Garris (2001), state that in a study carried out in 1989, retirement planning was the second strongest predictor of satisfaction amongst male respondents, and in another study in 1997; it was found that retirement planning correlated with positive attitudes towards retirement. By participating in pre-retirement programs or courses, one can start assessing his or her attitudes and preparedness towards retiring. These courses would be most successful if they manage to address financial and health matters. Since retirement may prove a new meaning and value to one's life, pre-retirement counseling assists individuals in their preparation. In an Australian study, it was noted that retirement may be a stressful and challenging event and that planning was directly correlated with successful adaptation.

The authors conclude that post-retirement perceptions of planning most of the time may not correspond with pre-retirement preparation. In their study, more emphasis was placed on financial planning and psychosocial adjustment to their life after employment. There was a significant increase in sedentary activities which may correlate with an increased risk of health

problems found in this age group, hence retirees should be encouraged not only in social interactions, but in physical activity too. Differences were found in planning according to the person's employment position, which relates to the need of developing post-retirement planning programs which are individualized to the type of worker.

In their study, Phua and McNall (2008) concluded that as men age, concern about securing their finances increases and that this issue remains at top priority among people approaching retirement. The authors say that studies show that retirees eventually adjust their spending patterns according to the dynamics of their financial situation. Expectations towards marriage and having children is another issues that affects pre-retirement planning and this includes a need to resolve the conflict between saving and increased demands on financial resources that a family can require.

According to Elder and Rudolph (1999), retirement satisfaction is based on both financial and non-financial variables. Results from their study indicated that attending preretirement courses and planning meetings were positively related to retirement satisfaction. Also, planning out activities correlated with an increased likelihood of retirement satisfaction.

Theories of Ageing

Throughout the years, scientists have been trying to develop theories of ageing in an attempt to answer questions such as " Why do we age?" and " How do we age?". Early sociologic theories, in the 1960's, focused on adjustments of older people towards loss of roles and reference groups.

Theories which are based on these themes include the disengagement, activity, and continuity theories.

In 1961, Cumming and Henry published their first sociologic theory of ageing: the disengagement theory. According to this theory, a process of mutual disengagement takes place during aging where both the individual and the society in which he or she belong withdraw from each other (Redfern, 1996). This process is an inevitable one, and is governed by society's needs which dominate individual needs. This theory further states that older people desire this withdrawal, and as the social contacts of a person diminish, disengagement becomes a circular process that further limits opportunities of interaction (Miller, 1995).

Another theory of ageing is the activity theory which is based on the belief that in order for one to age successfully, he or she must keep active. It was first stated by Havighurst and Albrecht in 1953 who said that social role participation is essential for positive adjustment to old age. In 1963, Havighurst and colleagues created the term " activity theory". In 1972, then, it was Lemon and colleagues who formalized the theory which proposed that older people could only remain psychologically and socially fit if they remained active and that loss of roles in old age affect life satisfaction negatively. Above all, the quality of interaction is more important than the quantity of activity (Miller, 1995).

The continuity (or developmental) theory was put forward by Neugarten in 1968 because none of the other theories successfully explained ageing. According to this theory, a person's coping strategies are in place long

before he or she starts to age, however personality features are continuously dynamic and evolving. Therefore the best way to predict how a person will adjust to ageing is by examining how that same person has adjusted to situations throughout his or her life. This theory hence brings out the importance of the relationship between personality and successful ageing (Miller, 1995).

Some other proposed theories of ageing include; the subculture theory proposed by Rose (1962, 1965), which states that old people have their own norms, beliefs, habits, and expectations and hence have their own subculture, the age stratification theory by Riley in 1972, which explains the interdependencies between age as an element of social structure and ageing and cohorts as a social process. Other theories include the person-environment fit theory and the human needs theory (Miller, 1995).