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## **The End of Retirement**

Are you ready for a world in which the concept of "retirement" has come to an end?

If not, you'd better be, as this is likely to rapidly emerge as the most significant issue for every organization through the next ten years. That's because right now, we have a "perfect storm" brewing that involves three succinct but inter-related trends that will see the ongoing involvement in the workforce of people well past the age of 65.

### **Skills shortage looming**

Simple demographics suggest that we will soon see a significant skills shortage throughout the North American economy given the ever increasing number of baby boomers entering their retirement years.

Quite simply, a lot of specialized expertise is set to exit our economy, and the potential impact is frightening. For example, it is expected that by 2010 we will see a shortage of up to 400,000 nurses in the US. This is happening just as the health care system will find itself under increasing strain as those same aging baby boomers begin to enter retirement and place additional demands on the system.

That type of reality is looming in every industry and every profession. The Bureau of Labor Statistics, for example, estimates that over the next 10 years, demand for electricians will grow by 23%, or 154,000 new workers. There is already growing alarm over where those skills are going to come from given demographic trends.

What this means is that everyone will soon find themselves in a situation in which they are unable to access and find the talent they need to get the job done.

### **Funding shortfall**

But wait - there's an interesting twist to the retirement issue. Quite likely, many baby boomers will find it increasingly difficult to finance their golden years due to the realization that there are significant shortfalls in both private and public pension plans as a result of past investment decisions.

Add to that the fact that many boomers simply don't participate in any formal pension plans. They lost any semblance of job security through the last decade as a result of ongoing corporate downsizing, outsourcing and offshoring, as well as an increasing reliance by the business world for part time, "freelance-based" work.

The only thing that will carry them into the future is a small government plan and whatever they managed to put away on their own - and they will soon suffer from their reticence in doing the latter.

### **Longer life expectation**

Add to these trends an even more interesting fact -- baby boomers will outlive any previous generation. They'll have a lot of time to kill - and may use this time to earn extra money.

Worldwide, we have witnessed rapid advances in medical knowledge through the last several decades. The Australian Financial Review recently noted, for example, that we will see a 250% increase in the number of people in the 85+ age category. The result is a dramatic lengthening in the period of retirement: men currently aged 55 will likely live for another 32 years on average, while

women will live an additional 36 years.

It just doesn't add up.

Take these three trends, and it seems painfully obvious where we are headed - massive numbers of baby boomers are certainly headed for retirement. Yet, they are going to learn they might be unable to afford it given that the length of time in their sunset years could be a lot longer than the actuarial tables used in pension formulas presumed.

Result? They're going to want to keep on working - just as organizations start realizing they desperately need their skills.

Several issues become readily apparent. First, you've got to prepare - and fast - for a future in which your workforce will consist of an ever-increasing number of people over 65. What types of unique policies might need to be put in place? What do you do with medical and benefits issues?

Second, these individuals won't want to work within the traditional "corporate model." Past their prime, they'll offer to provide the skills you demand on their terms, since they know they will be in the driver's seat. They'll be nomadic workers, able to fulfill their functions and provide their skills from anywhere, even if that means doing so from a golf course via their Blackberry. Your relationship with them will be collaborative, electronic, and likely long-distance.

Third, you'll have to develop unique and innovative methods to attract and maintain the skills these people can provide. They'll be deeply conflicted between their desire for retirement and their need for funds. They'll be sold on values, flexibility and the challenge of the project, not to mention its timing.

Fourth, how will you educate and support their needs? They might not want to hop a plane for a three-day conference to discuss corporate strategy - they might prefer to do it from their own living rooms. Formerly technology adverse, many finally seem to be adapting and will likely use technology to form the basis of the key methods by which they work.

Last but not least, re-examine the concept of retirement now. Start planning for a future involving "phased retirement" that begins at 65 and sees some type of involvement to 75 or beyond. Start talking to key staff to assess their plans and post-retirement stabilities to determine those who might be willing participants.

Whatever you do - start planning now. The clock is ticking.

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