# Late career & retirement

Career
Transition
Series

Paper 9

# About the career transition series

## About these guides

These guides are a nine-part series developed to share research-led practices on career transitions to help support mentally healthy workplaces. In this series, you will find best practice strategies along with the stories of organisations supporting their people through eight key transitions. We share first-hand accounts of the career transitions many of us will experience in our lifetimes, whether it is having a baby or a career change, a personal crisis, or retiring from the workforce altogether.

## Why these guides exist

Developed by the National Mental Health Commission in partnership with Transitioning Well, these guides emerged as part of the National Workplace Initiative (NWI) after early research and consultation highlighted the toll of a number of career transition points on the mental health of employees. These guides are based on the findings of this Green Paper. They blend published research, insights from experts, and first-hand stories of individuals who have experienced or supported their people through transitions. We thank everyone who contributed to these guides and the organisations who permitted us to share their unique stories.

## What these guides aim to do

- Recognise the impact of career transitions on workplaces and workers

- Inform workplace leaders and individuals about the importance of supporting transitions throughout the career journey

- Showcase how organisations can support workers across the life cycle in helping to promote and sustain mental health at work

- Share inspiring examples of forward-thinking organisations implementing research-led practices to proactively support career transitions.

# Organisational-led approaches to support mentally healthy workplaces

Those who retire involuntarily due to illness, disability or redundancy face higher risks of poor mental health in retirement, highlighting the importance of supporting older employees to plan retirement on their own terms.[1]

## About this transition

Globally, the population is ageing. According to the Australian Bureau of Statistics, about 15% of the Australian population were aged over 65 in 2017, and this is expected to increase to 20% by 2037. There are more older Australians (e.g. 50 years or over) participating in the workforce, jumping from 47% in early 2000, to over 65% today. These changes are driven by various factors including increased cost of living, longer lifespans, low fertility rates etc. all leading to longer working lives.

As the population ages, the nature of retirement is changing, and it is important for organisations to be aware of this. Historically, retirement was a standard process of a quick and permanent exit from full-time work at 65 years of age. Now there is no formal retirement age in most circumstances, and people are working longer either by choice or necessity. Some workers are seeking alternative forms of retirement, including phased retirement, transitioning into unpaid work, entering an entirely new field, or starting a business.

## Key Messages

1.  As the population ages, many older workers look forward to their late career and retirement, however each experience can be different and there are a range of mental health risks.

2.  Retirement and other late career transitions can bring change and loss of identity, relationships and daily routine, causing psychological distress and a sense of feeling overwhelmed.

3.  Organisations that understand and support individuals through this life phase may see a range of benefits, including higher staff motivation and engagement, better transfer of knowledge to colleagues, fewer injuries at work and a reputation post-exit. Individuals also experience better mental health and wellbeing, including a positive sense of personal identity, self-esteem and social connections during late career.

> "The five-generation workforce is an emerging reality. In order to maintain economic growth, employers and governments must recognize the productive opportunity of older workers."
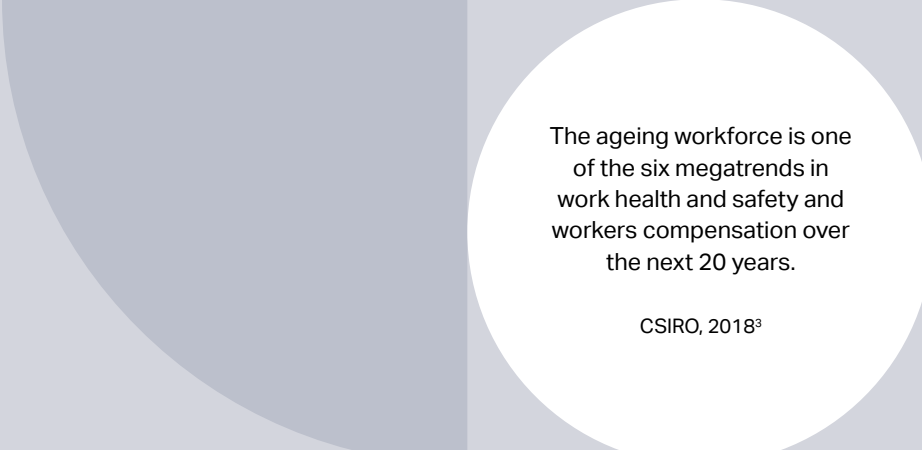
Jo Jenkins, CEO, AARP, 2019.

According to the Australian Bureau of Statistics, another growing trend is the proportion of people 'unretiring' or returning to the workforce in some capacity after having previously retired often driven by financial need or boredom. Of the 70% of Australians who plan to take some form of retirement, only 23% plan to retire fully. Further, 169,000 people in Australia who had previously retired were planning to look for or take up work in the future.

'Late career' can be defined as when individuals adjust to the idea of upcoming retirement. This experience varies greatly for everyone and varies over time for individuals. Circumstances can change quickly, requiring people to adjust and adapt (e.g. diagnosis of an illness, retirement of a partner).

As discussed in a recent White Paper[2] on late career, for some it is a period of growth into leadership and more responsibility (speeding up), others may experience a maintenance period (staying), and some may choose to reduce their hours (slowing down). For others, their late career decisions are outside their control due to redundancy or personal circumstances (shifting). This can be the hardest transition, partly because control is an important protective factor in any transition, and because ageism within hiring practices can make it incredibly hard for older workers to find a new job.
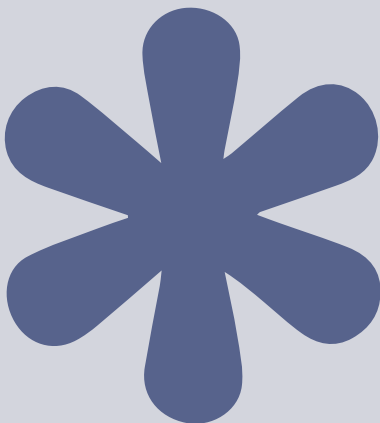
# Key considerations

The ageing workforce is one of the six megatrends in work health and safety and workers compensation over the next 20 years.

CSIRO, 2018[3]

Australians are increasingly working to older ages, with participation rates of older Australians having more than doubled in the past 20 years.

Australian Institute of Health and Welfare, 2021[4]

**42%** of Australians returned to the labour force after retiring because of 'financial needs' and **32%** resulting from being 'bored' and 'needing something to do'.

Australian Bureau of Statistics, 2017[5]

# Why it is important for an organisation to support this transition

While many people look forward to retirement, this transition often comes with significant change, anxiety about the future, and loss of identity, meaning, relationships and structure. Together these can create psychological distress. Often retirees can feel overwhelmed by the adjustments and choices that come with this transition. When pre-retirees receive assistance from their employer in the lead-up to retirement, they are more likely to feel confident about their wellbeing and finances.

Ageism is common and can impact an individual's mental health and wellbeing, resulting in a range of adverse workplace outcomes. In the workplace, an older worker can experience 'stereotype threat' when the older worker feels others see them as confirming an age-related stereotype. Research by the Centre for Workplace Excellence (University of South Australia)[6] found 'stereotype threat' can be triggered by various situations such as comparisons with younger workers, managers making assumptions about career or retirement plans, and being overlooked for training. It can make work more stressful for older workers, eventually resulting in lower work engagement and performance.

Discrimination and 'stereotype threat' are often driven by myths about the skills, motivations, and capabilities of older employees, and can happen from recruitment onwards. For example, about one in 10 Australian organisations report they are unlikely to hire someone who is over 50 years old. It is not surprising then that many older jobseekers report being 'shut out' and unable to gain new employment.[7] Adults who experience ageism in the workplace are also likely to retire earlier than anticipated or desired.

Improving employment prospects and supporting positive transitions into retirement or other late career options for older Australians allows for individual and organisational benefits, beyond just the financial benefits. Good work is good for mental health and wellbeing, and supports personal identity, self-esteem and social connections during late career. As older workers transition into retirement, they can create organisational value in a range of roles, such as organisational alumni and mentors.

## Risks and their impacts on the team/ organisation

From an organisational perspective, an ageing population presents unique opportunities and risks. Having older workers within an organisation contributes to greater innovation, increased productivity, access to a larger talent pool, and improved customer engagement. By contrast, organisations that are unprepared for an ageing workforce may face skill shortages, loss of knowledge and experience, person-job fit mismatches, discrimination claims and premature exits.

Perhaps more importantly, when people feel the need to hide their experience of age-related decline, it prevents necessary work adjustments being made. This, in turn, can result in physical or mental injury along with compensation claims.

The types of initiatives that improve support for older workers frequently support age-diversity and inclusion more broadly. That is, by creating a work environment that is good for older workers, organisations are creating an environment that is good for everyone. Even when age-specific interventions are advantageous, they can be integrated into a broader wellbeing program that considers the needs of all ages and life-stages.

Organisations that effectively support older workers will see many benefits, including positive morale, higher staff motivation, better attendance and punctuality, and low turnover. Moreover, these tangible benefits can continue beyond retirement due to the positive relationship that is established between employers and their alumni.

# What people say about late career and retirement transitions

## Employers

"Our retirement conversations are now much more holistic. We consider the social and wellbeing aspects, not just the financial aspect."

## Managers

"Most of the guys I work with haven't thought about what they will do in retirement. They might be OK for the first week but then what? We are used to having structure, schedules and routine, but what do you do when that all stops? So I reckon using resources [to work this life stage out] is brilliant!"

"I've talked to a few people about the transition to retirement and what this could look like for them in terms of changing their hours and working more flexibly. The manager training helped me feel more confident to have these conversations with our staff and direct them to where they needed to go for more information or to progress decisions around retirement transitions."

## Employees

"A guide could be very helpful, especially for people new to Australia. It's hard knowing where to go, what to do, or who to talk to when you're thinking about retiring."

# 4 ways new managers can internalise the transition

According to Nancy K Schlossberg, a leading expert in transitions and career development, a transition is defined as any event or non-event that changes our roles, relationships, routines and assumptions.[8]

In redundancies and career changes this transition may look like this:

### Roles
"My sense of self is changing: what do I say when people ask 'what do you do?'"

### Relationships
"I'm spending more time at home and this could cause conflict with my partner."

### Routines
"I need to find a new structure for my days and weeks."

### Assumptions
"I'm losing touch, and no longer bring value to the workplace."

# Why late career and retirement can feel disorientating

The 'mid-life crisis' is a commonly talked about phenomenon. Reflecting on late career in 'mid-life' can bring our values and assumptions into focus and may surface some unexpected thoughts and feelings, which can be disorientating and even confronting.

Planning for retirement and late career is complex with people simultaneously looking forward to endless leisure time, worries about finances, needing a sense of direction and purpose, having new and perhaps difficult conversations with loved ones, as well as being faced with their own mortality. Many aspects of late career and retirement feel outside people's control which is one of the key factors that make this a difficult and stressful transition.

# Common challenges

**A meaningful legacy**

In the context of late career and retirement, legacy goes beyond money or property. When people talk of their legacy, it is about leaving a mark on the world or knowing that friends, colleagues or clients have in some way benefited from their efforts. Late career planning involves being intentional about legacy, and this may involve changing jobs or ramping down paid work so individuals can find greater fulfilment in volunteer or family activities.

**Fear of the unknown**

While retirement may be advertised as one long holiday, the reality is that people are often not equipped to manage unstructured leisure time. Work provides identity, clear roles and routines, as well as social interactions and a sense of purpose and value. Retirement can be associated with a fear of the unknown. Fear can lead people to avoid planning altogether, and they suddenly find they have worked full-time right up to retirement without taking the opportunity to create new identities and connections in their personal lives.

**Work adjustments**

Many age-related stereotypes are myths, but most people experience age-related decline of some nature. The specifics vary from person to person—it may be strength, sight, hearing, short-term memory—for example it may or may not impact people's capacity to work. However, fear of being stereotyped or discriminated against leads people to hide physical and mental changes. In some circumstances, avoidable injury occurs at work with detrimental impacts on people's lives and retirement.

**Making assumptions**

Often people are too busy, or complacent, or afraid to check out their assumptions or to check in with others. For example, it is very easy to assume that flexible work is not an option, or that we should retire when our spouse does, or that our superannuation balance needs to be higher. When people avoid difficult conversations with their manager, partner or superannuation fund, they may miss the opportunity to better prepare themselves for wellbeing in late career and retirement.

**Making decisions**

For some people, this is the first time in their lives they have been 'free' to follow their own path. Throughout life we are often influenced by the needs and priorities of our families and loved ones, and may lack self-awareness or recognition about what we want for ourselves. Being able to consider our own future can be exciting, but also daunting and confusing. People may benefit from the support of friends or professionals to explore options and learn how to write their own script.

# Tips for supporting successful transitions to late career and retirement

## For Organisations

### Raise awareness and listen to employees

- **Raise awareness of the value and benefits of an ageing workforce** by educating senior leaders about ageism, 'stereotype threat,' and implicit bias. Examine the assumptions made about age at each stage of the employee life cycle from recruitment to retirement and integrate ageing workforce considerations into strategic planning.

- **Educate people about older workers** to dispel myths and stereotypes about ageing. Older workers are a heterogeneous group that span at least two generations. Peoples needs change from late career through to retirement, and differ between individuals.

- **Assess the supports available to older workers.** Listen to older employees to understand their needs and concerns, analyse workforce data, and review existing policies and practices. Use feedback and data to identify specific risks and opportunities relating to late career and transition to retirement.

### Review policies and processes

- **Ensure recruitment processes are free from discrimination and bias.** Develop recruitment material that is attractive to older people. Consider age diversity when choosing the make-up of the interview panel. Incorporate 'blind recruitment' where possible (applicants do not disclose their age or other identifying information and are instead judged only against inherent job requirements).

- **Enable knowledge transfer** through formal and informal mechanisms. Introduce mentoring or buddy systems that facilitate two-way learning across different age groups. Succession planning is also an important part of this knowledge transfer and can help individuals feel comfortable and prepared to retire.

- **Be open to flexible working arrangements.** Flexibility is valuable for all ages and people 55 years or older are entitled to request flexible working arrangements. Best practice flexible working arrangements go far beyond part-time work or work-from-home. Options that appeal to older workers may differ from other life-stages and include longer periods of leave for travel, 'lifestyle rosters', and ramping down to retirement.

# Tips for supporting successful transitions to late career and retirement

## For Organisations

### Upskill managers and supervisors

- **Encourage flexible work conversations.** Ensure managers understand best practice flexible working arrangements and have the skills to discuss options with people wanting to ramp down to retirement. Using trial periods can be an effective mechanism to test assumptions around flexible work limitations.

- **Train managers in proactively managing fitness for work.** Managers benefit from a thorough understanding of compliance and legal considerations relating to age discrimination and fitness for work. They need to be equipped to have supportive conversations around work adjustments in the context of inherent work requirements.

- **Normalise late career conversations.** Don't wait until pre-retirement to talk about the retirement transition. Integrate career conversations into the employee management framework, and train managers in how to have the conversations across all life-stages.

- **Introduce a structured transition to retirement approach** where managers are trained in how to initiate timely and constructive retirement conversations. Managers also need to be able to direct people to relevant programs and support, and feel confident checking-in with former employees after they have retired.

### Pre- and post- retirement support

- **Deliver age-specific support programs** about topics such as health promotion, financial management, community engagement and volunteer work, elder care, and mental health. These programs could be offered specifically to older workers or integrated into an age-inclusive wellbeing program.

- **Support retirement planning** through coaching and workshops for pre-retirees and supporting managers to have appropriate retirement conversations. Give easy access to planning and support tools and resources. Retirement planning needs to go beyond financial planning and be inclusive of wellbeing in retirement.

- **Maintain connection with retired employees** through initiatives such as annual gatherings, newsletters, or social media group. Alumni groups provide mutual support and social connections, as well as enabling employers to access the knowledge and capabilities of retirees if necessary.

# Tips for supporting successful transitions to late career and retirement

## For Individuals

- **Good planning** is one of the most effective strategies individuals can do to support their late career and retirement. Taking control over how we move into retirement is associated with increased satisfaction, enabling people to maintain and create the supports needed to ensure a successful transition.

- **Set personal goals**. Planning should go beyond just the financials and consider other aspects of wellbeing such as social connections, family, relationships, health, learning, and work (including volunteer work and hobbies). Use values or personal drivers as a framework for setting goals and talk about them with a significant other.

- **Late career conversations.** Initiating conversations with managers about work is important for older workers' mental health and wellbeing. This may be around flexible work options, mentoring younger workers and/or learning and development opportunities. Prepare for these conversations so it is clear what the request is, why it is important, and how it can be implemented effectively and fairly within the work context.

- **Seek professional support.** Often people seek professional advice for financial planning, but equally, many people benefit from coaching to set personal goals and to prepare more thoroughly for late career and retirement conversations at work
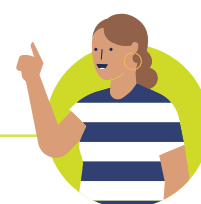
### Feeling overwhelmed and not sure where to start?

The Ageing Workforce Ready Project found that even in a workforce with an average age of 55 years, people often did not think about or plan for their wellbeing in retirement. Normalising career conversations across all age-groups in an organisation can help overcome concerns about discrimination, while giving people the tools and skills to proactively plan for their health, wealth, work and social life in late career and retirement.

# Late Career Transition
# Case study

## At a glance

- Reflecting wider industry trends, LaTrobe Valley Bus Lines (LVBL) was confronted with the challenge of a tight labour market.

- They were receiving a significant amount of older job applicants and recognised they may be missing out on opportunities because of recruitment biases.

- To address this, LVBL introduced a range of measures from training to tackle bias to ensuring best practice recruitment policies and procedures.

**Latrobe Valley Bus Lines is proudly part of The Dineen Group of Companies and has been serving the public transport needs of Latrobe Valley and Gippsland residents since 1948.**

**LVBL is the only bus company in Australia and New Zealand to have achieved B Corp Certification. Their ethos is 'local people supporting local people' and walk their talk by supporting and donating to a number of grassroots community organisations and charities.**

## Activities and outcomes

- **Participated in training** to tackle myths/biases about older workers and raise awareness about the benefits that they can bring to organisations.

- **Invested in building an age-inclusive culture** that aspires to retain older workers and values their contribution.

- **Raised awareness of the value and benefits of an ageing workforce** by educating senior leaders about implicit bias and their role in stereotyping older workers.

- **Shared practical information** to ensure best-practice recruitment policies/procedures are in place to limit biases throughout the hiring process.

"We learned that taking the time to address recruitment-related biases is absolutely worthwhile and doing it has brought lots of value to our organisation."

Ashley Brill, Human Resources and Marketing Manager at Latrobe Valley Bus Lines

## Key results

"Before these initiatives we may not have recruited older workers because of age-related concerns, but since then we have recently hired two older individuals as drivers. After the training and changes we decided to give them a go and we're glad we did—both employees are fantastic and add a lot of value to the organisation"

### Key Takeaway

We learned that addressing recruitment-related biases and investing in an age-inclusive culture is incredibly valuable.

## Advice for others

- **The training around myths and stereotypes about older employees was invaluable.** As a result, our leaders and team members in the organisations learned a lot about false assumptions and how to mitigate these in the workplace.

- **Older workers add a lot of value.** Give older job applications a chance or, where possible, engage in blind recruitment, removing barriers for older workers to gain employment and minimising age-related bias. If we hadn't completed this training ourselves, we would have missed out on two great employees.

- **A good starting point is to review your organisational policies and recruitment processes.** As an employer, you have a legal responsibility to prevent age discrimination and harassment from occurring in the workplace. However, beyond your legal responsibilities as an employer, there is a good business case to empower your organisation to recruit and retain older workers and harness the power and innovation of a multigenerational workforce.

# Worth a read

**Ageing Workforce Ready Project.**
WorkSafe, 2022.
*Read here*: https://awrproject.com.au/resources/#/

**Life Checks**
Australian Government
*Read here*: https://www.lifechecks.gov.au

**Older Workers Resource Hub**
Australian Human Rights Commission, 2021.
*Read here*: https://humanrights.gov.au/olderworkers

**Mature Age Hub**
Department of Education, Skills and Employment, 2022.
*Read here*: https://www.dese.gov.au/mature-age-hub

**Experience+ – Make Age an Advantage. Investing in Experience Tool Kit**
Australian Government, 2012
*Read here*: https://blog.aigroup.com.au/wp-content/uploads/Investing-in-Experience-Toolkit.pdf

**Building a better workplace:**
**One mature-age worker at a time**
University of South Australia, 2017
*Read here*: https://unisa.edu.au/siteassets/media-centre/docs/publications/unisabusiness/unisabusiness-issue10.pdf

# Read more in this series:

**Paper 1**
Career Transitions Series: General Principles

**Paper 2**
Career Transition Series: Entering the Workforce and Young Worker Transitions

**Paper 3**
Career Transition Series: Learning to Lead *(this guide)*

**Paper 4**
Career Transition Series: Parenting and Caring

**Paper 5**
Career Transition Series: Redundancy and Career Change

**Paper 6**
Career Transitions Series: Health-Related Changes

**Paper 7**
Career Transition Series: Relocation

**Paper 8**
Career Transitions Series: Crisis and Career Shocks

**Paper 9**
Career Transitions Series: Late Career and Retirement

Click here to read the other papers in this series

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# This resource was created as part of the National Workplace Initiative.

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## Acknowledgements