

Working beyond 65 – what's realistic?

The influence of health on longer working lives

Background and purpose

In Australia, as in many developed countries, significantly more people will retire in the near future¹. Most of these people will rely on the government to provide them with financial support to maintain a reasonable standard of living.

Extending the working life of people in Australia beyond the traditional age of retirement (65 years of age) has benefits for the individual and governments. The financial burden is reduced for governments and individuals can enjoy a higher standard of living and other benefits.

A 2014 National Seniors Productive Ageing Centre (NSPAC) research report² explores the relationship between health and remaining in the workforce past the age of 65 and the impact of health on the accumulation of wealth.

Research methods

This report used personal, health and work statistics information from the 2010 Household, Income and Labour Dynamics in Australia (HILDA) survey^{3,4} for people aged between 65 and 74.

Details related to the long-term health and employment from the 2009 Survey of Disability, Ageing and Carers (SDAC)⁵ were also used in this report.

Responses to questions from the 2010 HILDA surveys provided information about individual and household wealth, including total household wealth, household financial assets (made up of bank accounts, superannuation, cash investments, equity investments, trust funds and life insurance), household non-financial assets (made up of home assets, other property assets, business assets, collectables and vehicles) and household debt. Descriptive analysis and regression models were used in the report.

Key findings

Working with a chronic health condition

In 2010, there were 1.3 million people aged between 65 and 74. Of these, half (51%) had a chronic health condition and 16% were working.

The proportion of people aged between 65 and 74 in full-time employment with chronic health conditions was similar for people without health conditions. But those with a chronic health condition were less likely to be employed than those without a chronic health condition. Findings show that people in this age group and in good health were almost twice as likely to be employed as those with a chronic health condition.

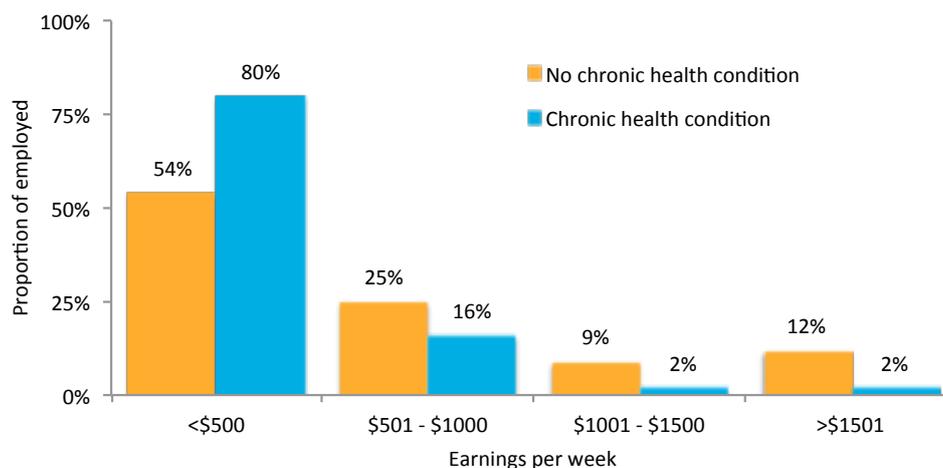
Level of education did not influence the chances of employment. Of those with chronic health conditions, men aged between 65 and 69 were the most likely to be employed.

The most common conditions in people aged between 65 and 74 were arthritis and related disorders, hypertension, back problems, diabetes and heart disease. A person with any of these conditions is more likely to be not working than someone without any chronic health conditions.

Net worth, income and retirement

People with a chronic health condition are disproportionately financially disadvantaged when compared to those in good health. This occurs because of the costs of medical treatment for people and the potential to lose income because of an inability to work when unwell.

Of those working with a chronic health condition, 80% were earning \$500 or less per week, compared to 54% of those without a health condition (Figure 1). For those aged between 65 and 74 who have a health condition and are working for financial reasons, the amount they earn may not be enough to allow them to retire. However, the household net worth of people working was similar irrespective of whether they did or did not have a chronic health condition.

Figure 1: Weekly earnings of people who were employed and aged between 65 and 74, 2010

Source: HILDA Wave 10

Conclusion

The NSPAC report, *What's realistic? The influence of health on Australia's older workers*, quantifies the extent that people aged between 65 and 74 with a chronic health condition were less likely to be employed than those without a chronic health condition. Having a university qualification does not impact the ability of a person with an illness to find employment in these ages. The report also confirms that employed people with a health condition earn lower income than those without a health condition. This leads many employed people with a chronic health condition to believe that the income they earn is not enough to allow them to retire.

¹ Commonwealth of Australia (2007). Intergenerational Report 2007–08. Canberra, Department of The Treasury.

² Schofield D., Callander E., Kelly S., Shrestha R. *What's realistic? The influence of health on Australia's older workers*. Melbourne: National Seniors Productive Ageing Centre: 2014.

³ The Household, Income and Labour Dynamics in Australia (HILDA) Survey was used to collect results for this report. The HILDA Survey is a longitudinal survey where the same households have been questioned every year since 2001. The results from households surveyed in in 2010 (Wave 10) were used for this report [www.melbourneinstitute.com/hilda].

⁴ This information was based on people's self-reported health status when they were asked the following question: "do you have any long-term health condition, impairment or disability (such as these) that restricts you in your everyday activities, and has lasted or is likely to last, for 6 months or more?"

⁵ Australian Bureau of Statistics (2004). Information Paper–Basic Confidentialised Unit Record File: Survey of Disability, Ageing and Carers 2003 (reissue) Canberra, ABS.

Further information

This short report summarises a NSPAC research report: Schofield D., Callander E., Kelly S., Shrestha R. *What's realistic? The influence of health on Australia's older workers*. Melbourne: National Seniors Productive Ageing Centre: 2014 (full report available at www.productiveageing.com.au, or by contacting NSPAC at info@productiveageing.com.au or on 03 9650 6144).

About National Seniors Productive Ageing Centre

National Seniors Australia (NSA) is a non-profit organisation that gives voice to issues that affect Australians aged 50 years and over. It is the largest membership organisation for over-50s in Australia (200,000 members) and the fourth largest in the world.

National Seniors Productive Ageing Centre is an initiative of National Seniors Australia and the Australian Government. The Centre's aim is to improve quality of life for people aged 50 and over by advancing knowledge and understanding of all aspects of productive ageing.

© National Seniors Productive Ageing Centre 2014