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Retiring Retirement

In an interview, life-cycle expert Maddy Dychtwald says that planning for life past 65 is more important now than ever before.



THE FUTURIST: Longevity is encouraging people to explore different approaches to work schedules and changing the way we live. You have a book out on the subject.

Maddy Dychtwald: I do. *Cycles: How We Will Live, Work, and Buy* talks about a new model of life. Age is being redefined. We're moving from a linear to a cyclic life plan. We used to define 50 as over the hill. That's just not the case any more. People now have the opportunity to reinvent themselves throughout adulthood.

FUTURIST: Why is that?

Dychtwald: We're in a longevity revolution of a kind that's never been seen before. A hundred years ago, the average life expectancy was 47; today it's 77. That's huge! We've seen a 30-year increase in 100 years.

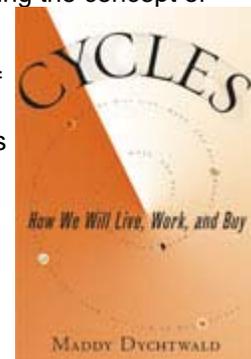
FUTURIST: The rewards of longer life seem obvious—more flexibility, a more broad and meaningful life experience. What might be some of the risks?

Dychtwald: The model that's emerging frees us from some of the limitations we've faced for generations—where your position in life was determined in many respects by how old you were. The reality is quite a different thing. It's frightening for us not just as individuals but as a society, because the paradigms that we have in place are based on the concept that people go to school until the age of 25 or so, work, and then retire at around the age of 65. Our social, political structure has emerged around these set boundaries. But the bureaucracies we have in place are no longer relevant to who we are as a society and where we want to go.

FUTURIST: How might different bureaucracies and institutions adapt to this change?

Dychtwald: The adapting is happening at the grassroots level. People are questioning the concept of traditional retirement because a lot of people can't afford to retire. Instead, people are leaving their first career and going on to a second. We did a study on behalf of one of our clients and we asked people what they wanted to do in the second half of life; 42% said they wanted to cycle between work and leisure-time activities. People want to continue working beyond the traditional retirement age, but not as hard or as inflexibly. Many want to go into their own business. More than 50% of them said they wanted to try a whole new line of work.

What it takes to do that is something else again. First, if you're going to try that, you have to do some great planning. You've got to sit down and recognize that you may live 100 years or longer. Ask yourself, How can I take breaks from working to reinvent myself for a new career.'



FUTURIST: *Do you think the rewards and fun to be found in re-careering and reinventing oneself are going to be evenly distributed across socio-economic lines? Or does coming into it with a lot of money and education give you an advantage that just increases with time?*

Dychtwald: Reinvention takes money, frankly. People that don't have any financial wherewithal are going to be even more limited in life. Likewise, education is going to be a big ticket item going into the future, just as it has been over the last several decades. We're already in an economy where your intellectual commodities are just more valuable than your physical strengths.

The composition of the workforce is transforming itself, especially in the United States. That's something that will work to the benefit of everyone in terms of giving people the chance to re-invent themselves individually. In 1980, 51% of the workforce was under the age of 35. In 2000, 50% of the workforce was between the age of 35 and 54. In 2011, half of all U.S. workers will be over the age of 45. Going into the future, there are going to be fewer younger adults working. The potential exists for a shortage of younger workers and a need for older workers. Labor-force participation by people over the age of 55 is going to need to increase by 25% in order for the United States simply to maintain current levels of productivity.

There's a need to reeducate and retrain people. You're going to see corporations take on that task. They haven't yet. They've done a poor job of paying attention to this and trying to recruit older workers. We've heard mutterings over the last 10 years about changing these things, but no one's done anything about it. They don't take it seriously, just like they don't take the debacle with Medicare and Social Security seriously. This could lead to intergenerational strife and possibly even age wars.

FUTURIST: *What might an age war look like? Could you give me scenario? In France, for instance, we recently saw a lot of young people angry about the fact that benefits that have existed for generations are being cut just as they're entering the workforce, so they took to the streets. Is this something that might realistically happen in the United States?*

Dychtwald: Keep in mind, we keep hearing about the social security trust fund and what its depletion might mean and Medicare is a much bigger issue with much larger ramifications. But politicians aren't willing to address it. They're only willing to tip-toe around Social Security because there's a debacle unfolding in front of their eyes. When these entitlements were first put in place, the realities were completely different. There were 40 workers for every one retiree and average life expectancy was 62 and a half. So policy makers chose 65 as the age to issue retirement benefits. These were meant to form a safety net—not an entitlement lasting 20 or 25 years.

As average life expectancy keeps rising, the costs will increase, and that's a terrible burden to put on our children, who are the young people just entering the workforce. So, I think that intergenerational war in the United State will take the opposite form from what's taking place in France. Young people won't march for benefits; they'll march to stop benefits for others. I think that young people are going to say, "Off with their heads. We don't want to take care of older adults to the extent that it cuts into our paychecks." The whole idea of the government entitlements that allow people to retire on social security for 20 to 25 years will soon be a thing of the past. It was an experiment that worked for a short period of time.

FUTURIST: *So you think more Gen Xers will open up to the idea of ending entitlement programs because they probably won't be able to participate in them?*

Dychtwald: A group of Gen Xers recently surveyed said they that they thought it was more likely that they would meet an extraterrestrial than see Social Security payments in their lifetime. It's an emotional trigger-point. Numerically, and thus politically, Gen X is a comparatively small cohort. There are only about 46 million of them. Millennials are very different. They're very close to their parents. There's a lot of confluence between the generations and a lot of sharing back and forth. I think that comraderie they feel and the synergy they develop will help bridge that gap so we don't have an age war. I think the two generations will figure out how to work together pretty effectively.

FUTURIST: *Why do you think careers that offer only material rewards are less appealing now than they were during previous decades?*

Dychtwald: It was the boomer generation that moved workforce forward, particularly the women of the boomer generation, who have really been pioneers for both men and women of the younger generation. They're the pioneers of the idea that you can move into and out of the workforce a little bit more fluidly, the fact that you can work from home and be just as productive if not more productive, the idea that you can change careers, that you need to plan for your educational sabbatical. It was baby-boomer women who really pushed corporations to support these concepts.

FUTURIST: *Do you see today's younger generations perpetuating those beliefs and trends?*

Dychtwald: One of the things I talk about in my book, if we look back to the 1950s, we find that the generation before the boomers, what Tom Brokaw calls "the greatest generation," was the generation of guys with jobs for life, with pensions, the ones who were loyal to a particular job. The boomers were much more interested in developing themselves, having more than one employer, having a careerpath. I think that Gen X is the recipient of all the good that came from that. There's a flipside to that, though. The greatest generation had one thing that is largely gone today, stability, in the form of both job security and retirement security in pensions. It was disappearing during the baby-boomer phase, but today it's something of a dinosaur.

We're now in the individual economy, where the individual takes on a lot of the parenting roles we once associated with the corporation. Workers in this new economy will need to have portable pensions and benefits. Present-day laws throughout much of the United States stand in the way of that, but we are seeing the beginning of more portable pensions. The good news/bad news on that is that you're responsible for your own career path. Younger workers need to understand finances and begin saving and investing at a very young age. They'll have to handle their own health insurance—with all the complication that entails—and they're going to have to take charge of their own health issues early on.

Can young people take on all of that and still forge their own career path? No, it's way too much. So I think we'll see the rise of a new professional class to guide people through those choices about investments and retirement, as well as health insurance, private school, and life plan decisions. You won't go down to Merrill Lynch and select from plan A, B, and C. It will become more of a relationship. You'll have to ask yourself, do I need to go back to school in five years? If I take time off from work, how will I pay for that? These are things you'll have to think about for yourself. No one is going to think of them for you. That's a very different paradigm than what we've lived under. That's both exciting and also very scary.

About the Interviewee

Maddy Dychtwald is the author of *Cycles: How We Live, Work, and Buy*. Free Press 2003. Learn more at www.agewave.com. She will be in attendance at [WorldFuture 2008](#), the annual conference of the World Future Society.

This interview was conducted by FUTURIST senior editor [Patrick Tucker](#).