

“Will you still need me, when I’m 64?”

1 February 1999

Retirement Commissioner Colin Blair talks about retirement planning issues in light of the change to the Human Rights Act which takes effect from 1 February 1999.

When people mention aging or growing old it always reminds me of the Beatles’ song, “When I’m 64”.

While it seems like just another catchy Lennon and McCartney tune, the song accurately portrays how we fear that people will treat us differently as we get older.

From today, a change to the Human Rights Act makes age discrimination in the workplace illegal. Employers will no longer be able to terminate a person’s employment solely on the basis of their age.

This also means that New Zealanders can no longer be compelled to retire when they become eligible for government superannuation.

In essence, this change in legislation reflects our changing society and is based on the quality of ‘fairness’.

We are an aging population, and a predominantly healthy society. For these reasons we are able to, and often want to, continue making a valuable contribution to the workplace beyond the traditional retirement age.

I am nearing 65, but would regret having to leave the workforce at this time. I think I speak for many people of my generation when I say being 65 today is the equivalent of being 55 year old, only a matter of decades ago.

We have a lot of work left in us, and enjoy the professional and social benefits of working in today’s world. It is only fair that we be able to continue to work if we wish to and have the capacity to do so.

The Human Rights Act change does provide some benefits from a retirement planning perspective, as the latter working years of a person’s life are often good retirement savings years.

This is usually the time when the family has left home, the mortgage is paid off and a good portion of your earnings can now go toward setting yourself up for life after work.

But while the flexibility of being able to work longer is of great benefit from a livelihood and retirement savings perspective, I think it is important to sound a warning: do not fall into the trap of leaving your retirement planning until the last few working years of your life.

It would be unwise to say, “I’ll think about planning for my retirement when I am 50 because I’ll still have 20 years of work ahead of me”.

Many of us cannot afford to leave planning our retirement income until later in life because there is no guarantee we will remain in the workforce beyond a certain age.

Illness is just one reason why you may not be able to continue working beyond 45, let alone 65.

The key is to start planning your retirement early and to always be realistic in your planning.

These two factors always have been, and despite this change in legislation will continue to be, the most important points in effective retirement planning.

Looking at the change from another angle, some employers may have reservations about the change in legislation because they fear that they will be required to carry older staff who are less productive, especially in jobs that are physically demanding.

Indeed, the change raises a number of questions about how employers and employees can work together to effectively manage the end of employees' careers.

It is beneficial for both parties if employers help staff plan for their retirement throughout their working lives because it means that ability and job satisfaction, not financial need, are what will keep staff at work.

Employers can assist their staff, whether they are 25 or 65, to prepare for the realities of retirement through financial planning programmes in the workplace.

Such programmes are not confined to just superannuation schemes. They encompass a range of options, from direct crediting a portion of employees' pay directly into a savings account and providing education programmes at one end of the scale, to subsidised schemes at the other end.

The direct benefit to employers assisting employees in their retirement planning is twofold.

Employees who plan to retire earlier will have the means to do so, and those who wish to stay on are likely to be more comfortable discussing retirement, when the time is right, because they have a sound retirement plan in place.

In light of today's change in Human Rights legislation, I believe the question for all employees is, are you planning effectively for your retirement? And the question for all employers is, are you helping?

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