

# **STYBEL PEABODY & ASSOCIATES, INC.**

## Demographics = Destiny

Below is Gwynne Dyer's excellent column about the demographic numbers leaders need to grasp.

These numbers have consequences for individuals and organizations.

### Individuals:

Stop thinking about yourself as a failure if you can't afford to retire at age 65. If you knew that you were going to die at age 68 you could probably afford to retire and live a very nice life!

Stop thinking that you need to be a more conservative investor as you inch towards 65. The number "65" is not important. The real number is "at what age do you expect to die?" To get a realistic number, go visit the 2012 U.S. Census link:

<http://www.census.gov/compendia/statab/2012/tables/12s0106.xls>

Have you begun to think about your "post career" working life? If the entire issue is too easy to put off and too emotional to examine, spend the money on improving your professional life. You've proven that you can't do it alone. You are swimming in uncharted waters. Your parents didn't have to deal with this and you do not have many role models.

The Institute for Career Certification International ([www.careercertification.org](http://www.careercertification.org)) is the global nongovernmental organization that certifies excellence in the field of career management. Look for a certified career management professional near your home.

Spouses, are you sick of hearing your partner singing the 21<sup>st</sup> Century version of "Old Man River?"

"I'm tired of workin' and scared of leavin'"

Consider finding a career professional at [careercertification.org](http://careercertification.org) and making a unique birthday gift that will have more long term value than a \$7,500 Carnival Cruise or the Super Starbuck's Gift Certificate.

### Organizations:

An older consumer population means older-friendly products existing with youthful products. It also requires new forms of employment structure to allow young people upward mobility within your company while capturing the 65+ willingness/ability/conscientiousness.

The only way that will happen is creating more flexible employment options for your older workers.

The degree to which CEOs have not grasped the implications is symbolized by the decision for who attends the company Fourth of July Picnic or Christmas Party. The ones who get invited are W-2 employees. CEOs should insist that all company professionals who touch the lives of consumers should be honored at company celebrations.

New, flexible forms of employment will help individuals and organizations. But these flexible arrangements need to be perceived as part of the fabric of the company and not something outside the fabric.

## THE WORLD IS STEADILY GETTING OLDER

One hesitates to quote Dave Barry, but sometimes you just have to: "Thanks to modern medical advances such as antibiotics, nasal spray, and Diet Coke, it has become routine for people in the civilized world to pass the age of 40, sometimes more than once."

The most startling statistic I have seen in years is this: since the 1840s, life expectancy in the developed countries has increased by three months per year. That rate of increase continues to apply today. Unless it deviates radically from its historic pattern, now almost two centuries old, the children born in 2000 have a life expectancy of around 100 years.

That sounds so extreme that you have to pick the numbers apart before you'll accept them. Let's see. 1840 to now is about 160 years. Life expectancy in the United States and Britain was about 40 in 1850. Today it's about 80. A 40-year increase in 160 years—yup, that's three months more every year.

Of course, you suspect that there's a hidden front-end load in this statistic: that most of the increase in average lifespan came during the first century of this period, when better food, clean water and antibiotics were suppressing the infectious diseases that killed so many people in childhood. And it's true that that's the phenomenon that drove the process in the early decades of the period—but the rate has remained steady right down to the present.

By 1971, the diseases of childhood had been largely suppressed, and as a result life expectancy for a man in Britain, for example, had risen to 68 years. For a woman, it was 72. Most further increases in life expectancy could only come from medical and lifestyle changes that lengthened survival rates in the later decades of life.

But life expectancy at birth went on rising. It is now 77 for a British male, and 81 for a female. British people are living ten years longer than in 1971, which was only 42 years ago. So average lifespan is still going up at the same old rate: three months per year.

And there's more good news for these longer-lived people: the incidence of crippling diseases and disabilities is still mostly a phenomenon of the last decade of life, even though that last decade is now a lot farther down the road. Indeed, demographers now make a distinction between the "young old" (in their 70s and 80s, mostly still independent and in reasonable shape physically) and the "oldest old" (in their 90s and 100s, mostly frail and in need of care).

The same transformation is now taking place in the rapidly industrialising countries like China and India. Indeed, like the industrialisation process itself, it is happening even faster. Life expectancy in China was only 42 years as recently as 1950. It's now 75 years, which means it was going up at SIX months per year for most of that period. (It has now slowed down to about the same pace as in the older developed countries.)

However, there is a rather large economic problem hidden in these statistics. The proportion of the adult population that is over 65 years old, once only a small fraction of the whole, is now heading up towards one-third of the total. It is simply not possible for all of them to "retire" and be supported by the two-thirds who are of "working age".

The problem is even bigger for countries where the birth rate has fallen far below replacement level like China, Japan and Italy. As the elderly population expands, the working-age population in these countries is actually shrinking, and it is possible to foresee a time when there will be as many retired people as there are workers.

That is undoubtedly why a Chinese government think-tank recently recommended that the regime end its one-child policy and allow everyone to have two children. "China has paid a huge social cost and it has resulted in social conflict, high administrative costs, and led indirectly to a long-term gender imbalance." In plain Chinese, what they mean is that people who were only allowed one child were getting rid of the girl babies and trying again.

That particular problem is confined to societies like India and China where sons are still seen as more desirable than daughters. But in virtually every country except those in Africa (most of which still have high birth rates and, in some cases, relatively short lifespans), the economic problem caused by longer life expectancy looms large on the horizon.

Something has to give here, and it is probably the retirement age. Increasing numbers of over-65s are continuing to work, at least part-time. In fact, the latest statistics show that almost half of the increase in employment in Britain since the beginning of the recession in 2008 has been of people over 65, mostly in self-employment or part-time work. Many other countries are experiencing the same phenomenon. Welcome to the new world.

Gwynne Dyer is an independent journalist whose articles are published in 45 countries.

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