



The Future of Work & Shifting Age Demographics

March 2024



What you will learn from this report

In this report, we will share how the change in global demographics is impacting the Future of Work, what we need to understand about the largest growing cohort of workers in their mid-to-late careers or 'sandwich generation', and how different countries or companies are managing the needs of this cohort of workers.

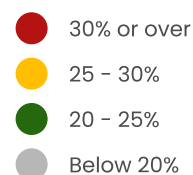
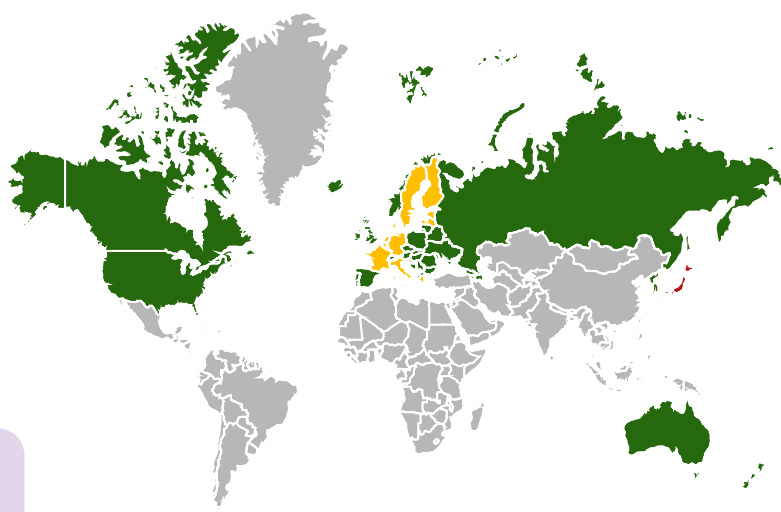
Global Population Trends

The era of the ageing workforce and global ageing population has arrived. This irreversible global trend is already impacting all advanced economies in the world and will continue to do so for the next 30 years.

By 2030 there will be 34 nations where more than 20% of the population is over 65. Globally, 1 in 10 people are aged 65 or above; by 2050, this becomes 1 in 6 people.

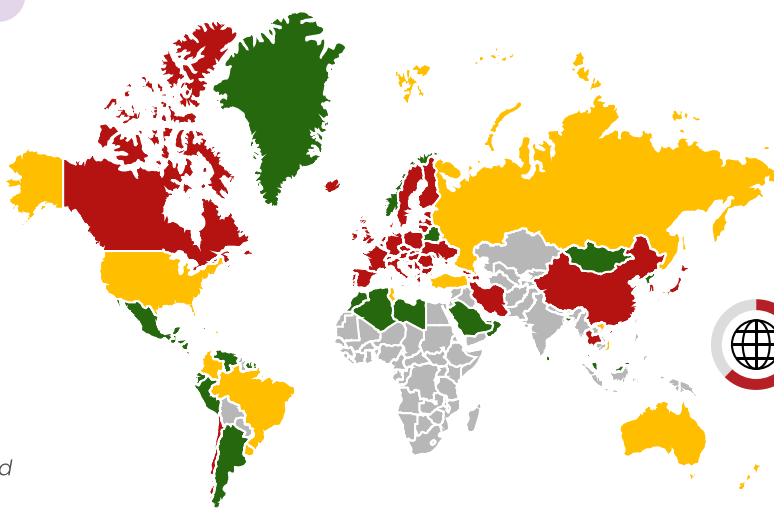
Where 20% or more of the population is 60 years or older

2015



TODAY
living to
70 - 80 years old
is no longer a rarity in
many parts of the world

2050



Asia will account for 62.3%
of the world's population
over 65 years old by 2050.



Followed by
Europe with 12.6%

Source: United Nations World
Social Report 2023

To exacerbate this, almost all advanced economies in the world are also witnessing a dwindling birth rate. According to the World Economic Forum, in 2022, 41 countries started seeing a declining population; by 2050, 88 countries will fall into this category.

Shrinking birthrates and an ageing workforce will have a direct impact on how businesses operate. Mid- to late-career workers, and sandwich generation workers will become the fastest growing and largest cohort in the workforce.

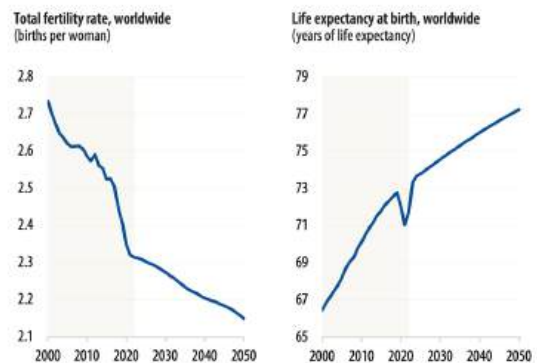
The needs of this talent base will grow and change, and employers will want to review and shift their benefits to meet the needs of this workforce in order to stay competitive in the war for talent, to ensure they can attract and retain the best talent.

Helping this cohort of employees stay in the workforce as long as possible in the most productive way will be imperative. Governments will increasingly be keen to work with businesses to address this in order to stay competitive as a nation and keep economies growing.

Chart 2

Aging population

People are living longer and having fewer children, leading to a greater proportion of elderly in the population.



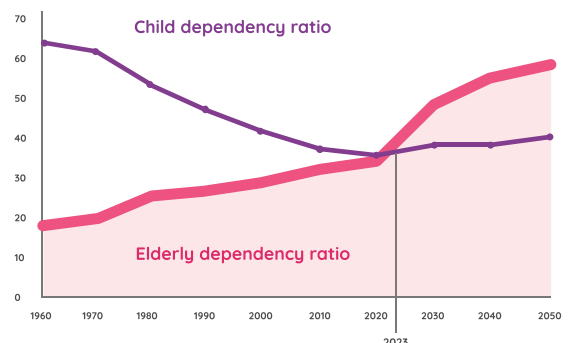
Sources: United Nations Department of Economic and Social Affairs, Population Division, World Population Prospects, 2022 Revision.

Source: International Monetary Fund
"Ageing is the real population bomb" June 2023

The UK's workforce age demographic

Over the last twenty years, the UK has seen an increase of 4 million workers aged 50+ totalling 11 million workers today. Generation X (aged 43-58) employees now make up 33% of the UK workforce (Source: Office for National Statistics, UK)

Notably, in 2023, for the first time in history, the UK workforce also began to look after more adult dependents over 65, than under 15 years of age.



Source: ONS UK

UK dwindling birth rates

The UK has seen a steady decline in birth rates over the past few decades. Today, 44% of families in the UK have only one child (vs. 49% in continental Europe). Due to dwindling birth rates and greater longevity, this family configuration puts considerable financial strains and time pressures on the working adults who are juggling care for elderly parents and children.



Source: asiapacificcurriculum.ca

Governments in China (well known for its former one-child policy) and Singapore have started offering incentives for more births, but families have been reluctant to have more children due to an already high cost for children's education, cost of living and caring for elderly parents etc.

Due to this duality, the UK government (like many others) have viewed workplace pension contributions as key to helping support people once they retire, hoping to relieve the working generation from the financial burdens of the retired generation. The UK government will inevitably also need to increase the State Pension Age to balance the books.

UK state pension age will go up

The current UK pension age for retirement is 66 for both men and women. This will rise to 67 by 2026 or 2028 based on research forecasts.

According to the [International Longevity Centre](#), the UK will need to increase its state pension age to 71 to maintain the number of workers per retiree by 2050.

The same can be seen across Europe. In Germany, by 2031, the statutory retirement age will be 67. In Norway, it is already 67. Last year, the French government tried to increase the retirement age from 62 to 64 through a pension reform bill, resulting in [riots and protests on the streets](#).



French MP Sébastien Delogu holds a protest sign reading 'No to 64 years old' at the National Assembly in Paris

Source: BBC News, March 2023
CHRISTOPHE PETIT TESSON/EPA-EFE/REX/Shutterstock

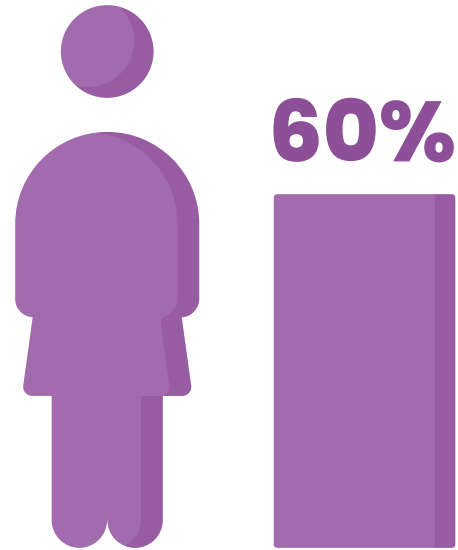
How does this impact the UK workforce?

Shifting age demographics means mid- to late-career workers and the sandwich generation will play an increasingly important part in the UK workforce. They will be shouldering the considerable burden of meeting the needs of supporting elderly parents, children and the responsibilities at work.

To have a truly effective strategy around the Future of Work, employers must adapt benefits to match the changing needs of the ageing workforce, by first understanding the pressures facing this cohort of workers.

By the time someone is 50, they have a 50% likelihood of becoming an adult carer, sometimes also referred to as an “unpaid carer”.

For women, in the last 5 years, we have seen menopause support take off in the workplace, and this has been critical to keeping women in the workforce. The majority of the same women will also go through adult caregiving responsibilities on top of their menopause journey. In short, menopause and family adult caregiving will be a simultaneous challenge for the majority of women in the sandwich generation or at their mid- to late-career stage.



Women form almost 60% of carers in the workplace, and are **4 times more likely to go part-time or quit their job due to caregiving duties**; married women are more likely to manage the care of their ‘in-laws’ as well as their own parents and potentially children. This directly exacerbates the gender pay gap and pension gap for women. Today, women retire on average with pension savings of £69,000, compared to £205,000 for men. This means in order to close the gap, a female individual would need to start pension saving at just three years old, to retire with the same amount of money as a working man.

Nevertheless, caring does not just impact women. 40% of adult carers are men, with this number increasing if they are unmarried or divorced or have an ailing spouse.



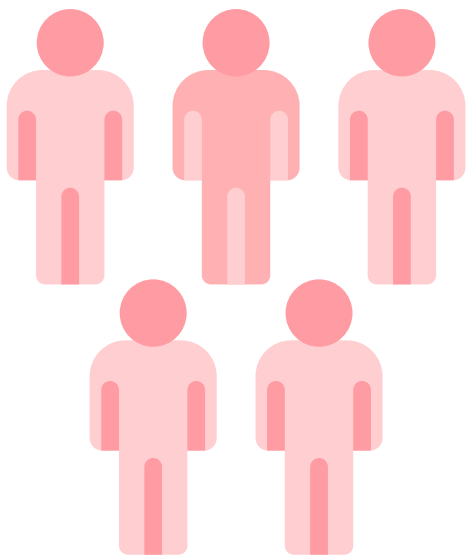
As 44% of UK families have only one child, the only child (regardless of gender) will become the default support system for an elderly parent, for example. In short, adult caring and carers in the workplace will impact all genders, and all workplaces across the country.

The nation has already seen large numbers of over 50s leaving the workforce for a multitude of reasons. But with an ageing population, this trend is worrying if it cannot be reversed. It is a complex picture. In addition to recent trends of over 50s leaving the workforce, there is also a rise in chronic health issues for people aged 50 and above. We are living longer, but getting sicker, earlier, for longer.

Employers and governments need to address the root cause of these issues to tackle the realities of an ageing population inside and outside of the workplace.



What challenges do the ageing workforce face?



According to CarersUK, **1 in 5 people in the workforce are now carers**, totalling 7.6 million carers in the workplace, who are juggling both work and adult caring responsibilities. By the time someone is 50, they have a 50% chance of becoming a carer in the workplace.

Poor mental well-being and time pressures:

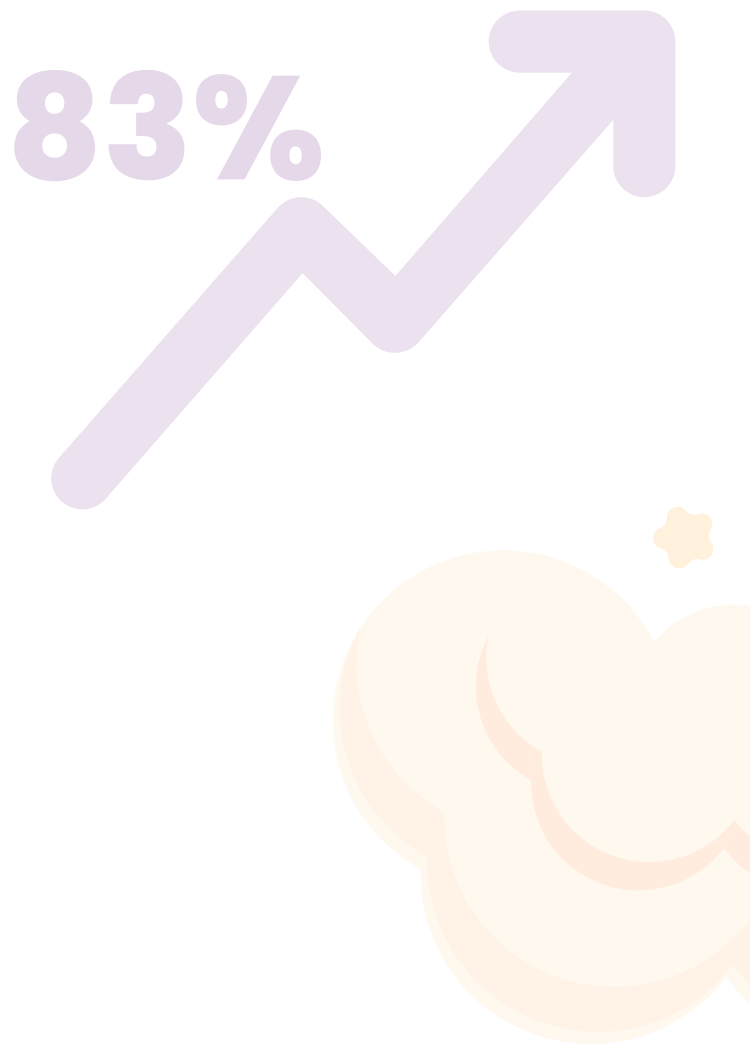
Caring for an adult loved one is stressful. 27% of carers in the workplace report they have 'poor' or 'very poor' mental health, which increases to 31% for those caring for more than 50 hours a week.

According to KareHero's recent survey with Phoenix Group, the average carer in the workplace was spending 33+ hours looking after an adult dependent on top of their daily work.

At times of health escalations for their loved ones, an employee will **spend more than 150 hours trying to navigate the adult social care system**, attempting to understand what support is available and trying to get some form of support from the healthcare system, sometimes with very little luck. **Up to 83% of carers self-report feeling isolated, depressed and lonely in their caring role.**

Due to the nature of adult caregiving responsibilities, KareHero has found that family carers tend to put themselves last. They will try their best to manage work deadlines and the needs of their loved one before their own mental and physical well-being. That is why **10% of all carers will suffer caregiving burnout each year**, and permanently leave the workforce.

However, **time pressure is only one major challenge**. Financial pressures are also very real.



Financial pressures of carers in the workplace

For the sandwich generation worker, 48% provide financial support to their grown children, and **25% are also financially supporting their parents** (as parents may have depleted their savings due to care costs. The cost of caring is the single most expensive cost for retirees in the UK, costing anywhere up to £150k over the course of post-retirement life).

Carers, especially sandwich generation carers, are more likely to struggle to balance their finances versus the general population, according to the [Office for National Statistics](#).

1 in 3 people say they are 'just about getting by' financially, and 1 in 10 are 'finding it difficult' or 'very difficult' to cope. Only 17% say they are 'living comfortably', compared with 32% of the general population.

When looking after an adult, sometimes having the legal authority to do so is very important based on their health situation, and most employees are unaware of this until it's too late. Going at it alone can be scary and getting the wrong advice leads to costly and delayed support.



Challenges faced by the employers

As mentioned above, **1 in 5 workers are carers in the workplace**, due to lack of support carers will take an average **6.6 days more days in increased absenteeism than a non-carer employee. Carers self-report that they feel their productivity falls by 50%** and **10% of caregivers burnout and leave the workforce**, equating to **600 people a day**. In 2023, 22% of carers in the workplace reduced their working hours because of their higher levels of care responsibilities.



Exhaustion, stress and caregiver burnout lead to absenteeism, which reduces both employee and business productivity.

Recognising carers in the workplace: Some businesses don't feel there is a problem within their workforce, but in fact most carers in the workplace don't realise they are a carer – so they don't know that they are suffering from caregiver burnout or that they can get support.

There are still many employees who believe they are “just being a good son, daughter, spouse or grandchild” to an ailing family member who needs help, but all their paid time off is being used going to hospital appointments, talking to doctors, sorting out care or performing the care.

The paid time off is often just a window to fully focus on their caring responsibilities, and little respite is available for them.



The opportunities for employers to support the ageing workforce

For the ageing worker, often they have spent 25+ years in the workforce, they are in the prime of their careers, many are seasoned people managers or possess high levels of institutional knowledge and skills that have been earned over time. They act as a mature and stabilising pillar to the existing workforce, generally more resilient at times of high uncertainty, as they have experienced several economic recessions and understand the impact both on the psychology and the productivity of the workforce.

Employers can approach this rich cohort of employees by combining their existing skills with new re-skilling opportunities, along with additional structural support for them, knowing that there is a high likelihood they will be juggling caring responsibilities outside of work.

Setting up this cohort of employees for success requires a 2-pronged approach:

FIRST: Setting up the foundations of the company to support carers in the workplace

- Diagnostic tools and support tools:** Using surveys to understand people's needs, easy access to care experts, a library of resources and ongoing practical guidance for carers is important. Giving employees the tools to help them during their different life stages or care needs for themselves or their loved ones is key.
- Embracing the whole employee for their whole caring journey:** With the advent of the Carers Leave Act and Flexible Working Act on April 6th 2024, all businesses need to identify carers in the workplace and should also consider a multi-year strategy of support for carers in the workplace, regardless of the stage of caring they are in. Having these conversations early can help alleviate the chances of caregiver burnout.
- Removing the stigma around talking about adult care in the workplace:** Based on self-reported survey results, many employees still feel embarrassed to discuss challenges they are facing with their caring responsibilities. There is a level of anxiety and guilt that they are not doing enough to support their parents or they will be passed over for promotion. However, bringing this narrative into the open encourages more employees to reach out for help. In a real case study, in its annual carers survey Phoenix Group saw a modest number of people answer the survey about caring responsibilities. By the next annual survey, the number of respondents increased by more than 200% enabling crucial insights for the company to better support its carers.
- Creating carers community networks:** Organisations need to **promote carer-inclusive workplaces** and open communication among employees and managers to stop this trend of workplace absenteeism due to caregiving responsibilities.
- Reviewing all company benefits** through a caring lens creates an integrated approach to those who need care support. Organisations need to demonstrate how they will assist carers through effective policies and strategies and complementary benefits.

Training for people managers to recognise carers can be a real unlock to catching carers early on in their journey before employees burnout. This can create a strong impact by having a conversation about flexible working early on.

SECOND: Helping the employee support their family loved ones and themselves in caring situations

Getting ahead of the caring journey: Understanding, finding and funding care, or even setting up care inside the home by themselves is a key consideration for carers in the workplace. Providing education ahead of crisis management in caring is important as well as supporting employees who are starting to become anxious about how to look after their parents when they get older. Employers can help employees navigate through what they need to know from the legal, financial and healthcare aspects so that the employee can plan the journey and have important family conversations earlier.

Offering real practical support to carers in the workplace: Caring for an adult can be a complex journey and sometimes that involves looking after more than one adult in a care situation. Based on KareHero's experience, it is not uncommon to find employees supporting one parent with dementia, and another with terminal cancer. Having the support in place to simplify the complex adult social care system the family needs to go through, as the carer goes through the caring journey is key.

Financial planning for themselves and their loved ones is an important conversation to have. On average, 48% of adults provide financial support to their grown children, and **25% of working adults supporting their parents financially as well**. This can involve difficult navigation of how much to save for themselves versus how much to contribute to their loved ones' finances.

Emergency care or ongoing caring needs: When an employee is faced with an emergency, e.g. an emergency hospital admission, an employee wants to be given immediate support to navigate the stressful healthcare system and expedite hospital discharge if necessary.

Long-term care needs can lead to long term mental anxiety: Despite feeling they are at breaking point, **3 out of 4 carers in the workplace continue to provide care to a loved one outside of work** – with many employees suffering with increased anxiety and mental strain. Providing mental well-being support through communities and resolving complexities that are heightening stress for the employee and the family is vital.



Lessons we can learn from other countries

According to a study from Bain, approximately 150 million jobs will shift to workers 55 and older by the end of the decade globally. With this backdrop, it is helpful to understand what governments in other countries are doing to support the ageing workforce.

JAPAN

In Japan, 1 in 3 people are over 65. By 2030, almost 40% of the workforce will be over 55 years old. As the fastest growing ageing population with the greatest longevity in the world, employers and the Japanese government have embraced the need to cater to an ageing workforce and their care needs. Hybrid working and carers communities are now quite commonplace in a culture where being in the office was once mandatory.

Latest legislation also enables carers in the workplace to take up to 93 days off in three instalments per year per eligible family member over the course of a year. Employers pay up to two-thirds of the employee's regular wage while taking nursing care leave.

In 2023, Prime Minister Fumio Kishada pledged around US\$7.6 billion to train workers for more high-skilled jobs over the next five years to address Japan's labour shortage. In their pledge to integrate older workers into the workforce, The Labour Act focused on supporting older adults to work until age 70, urging employers to raise the mandatory retirement age to 70.

In some cases, companies scrapped employee age limits and abolished retirement ages altogether to encourage more workforce participation in a tight labour market.

GERMANY

In Germany, 22% of the nation is over 65, one of the oldest in the European Union. Embracing this reality, Germany's state pension age will increase to 67 by 2031. They have already introduced flexible retirement options, and have established targeted programmes for an older worker to provide employment opportunities, education and training and to improve workplace conditions for older employees.

The retirement system in Germany also effectively facilitates the transfer of knowledge between generations in the workplace, by encouraging workers close to retirement age to stay in employment but reduce their workload until switching from full-time employment to full-time retirement. This enables older staff to maintain a sense of purpose and encourages unity among the working generations.

USA

Americans over the age of 65 will increase from 58 million in 2022 to 82 million by 2050 (a 47% increase). 1 in 5 people are now over 65, which will come close to 1 in 4 in the coming decades. Workers aged 75 and older are the fastest-growing age group in the workforce in the US, which has more than quadrupled in size since 1964; 9% of adults aged 75 and older are employed today, about twice the share who were working in 1987 (4%).

Changes to the Social Security system, which raised the age that workers receive their full retirement benefits from 65 to 67, likely have encouraged older adults to delay retirement and continue working, according to labour economists.

Employers have also made changes to employee benefits, shifting their retirement plan offerings toward defined contribution plans such as 401(k)s and away from defined benefit plans. The old-style pensions incentivised workers to retire at a specific age, whereas defined contribution plans do not encourage early retirement.

Conclusion

The ageing workforce brings opportunities and challenges to the workplace. By the time an employee turns 50 in the UK, there is a 50% chance they will be a carer for a loved one in their family. By the time they get to 60, they are 70% likely to be a carer and then also grappling with their own chronic care conditions, or potential illnesses.

Adult care will be a universal journey for all employees as individuals and for their families. It's time critical for employers to get ahead of this. The interest for adult care or elderly care support as an employee benefit has increased by more than 200% in the past 12 months which is a reflection of the challenges facing the ageing workforce.

As a nation, we are living for longer, but we are also getting sicker, earlier. While employees need access to PMI, more can be done to prevent the onset of healthcare emergencies and chronic care conditions – both for individual employees and their family members. Good educational resources, proper support structures for carers as a benefit can have a significant positive impact for employers and the employee, reducing the potential for employees themselves to fall ill and reduce healthcare escalations for family loved ones.

Lastly, it's important to remember that while the majority of adult/elderly care will commence for mid-career employees or the sandwich generation, 40% of carers in the UK are under the age of 40. Employees in their 20s or 30s may be caring for a parent or sibling with a long term disability, chronic or terminal conditions and still require support.

These realities all need to be thought through, if an employer wants to stay competitive and retain the best talent possible.

As KareHero's Founder CEO, Stephanie Leung says: "Every major economy in the world is facing a shrinking workforce and an ageing population. Governments, employers and working family caregivers will need to work together to adapt to this new reality."

If you have any questions about this report, please contact Gemma at:
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