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# Bust for the 'Baby-Boomers': the Real Mid-life Crisis

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## Abstract

*Mature age people, that is those aged over 45 years, who become unemployed have a greater chance than any other age cohort of going on to become long-term unemployed or under-employed. This scenario has far-reaching implications and consequences for the 'baby-boomer' generation, most of whom commenced their working lives with expectations that full-time, life-time employment would continue to be available for them. This was coupled with the traditional expectation that some form of a state-funded aged pension would be received by the majority of people, which would be augmented for many by personal savings and assets to facilitate a comfortable lifestyle in their retirement. Dramatic shifts in the labour market, changes to eligibility criteria for both income support while unemployed, and for the pension itself, plus the shift toward increasing reliance on self-funded retirement provision have resulted in these expectations being severely undermined for the growing numbers of unemployed mature age workers. This paper traces these recent policy changes and explores their contradictions and ramifications, particularly in terms of financial well-being, for people who, in mid-life, find themselves facing the unforeseen and daunting spectre of being without waged work.*

## Introduction

This paper examines the labour market experience and retirement prospects of the 'baby boomer' generation, that is, those people born between 1946 and 1964. The paper outlines two major trends, firstly, the changing nature of work and, secondly, the increased emphasis by governments that individuals wholly or partly self-fund their retirement years via occupational superannuation. Importantly, these two trends have emerged during the working lives of the 'baby boomers'. We argue that the reduced working time and consequent capacity to save occasioned by the first trend calls into question the likelihood of the second. Notwithstanding wide-sweeping social changes in the 1960s and 1970s, the overall scenario for 'baby boomers' was a future geared around stability of expectations regarding work, financial consolidation, and an age pension (albeit modest) on retirement for the majority of people. As the rest of this paper will demonstrate, a changing labour market and recent policy shifts – in particular around employment, income support and age pensions – have challenged and in many cases undermined these expectations for the growing numbers of 'baby boomers' who are today's mature age unemployed.

## The Changing Nature of Work

### Background

'Baby boomers' were born during a period generally recognised as a time of unprecedented overall economic growth and prosperity in Australia (Bell and Head 1994; Langmore & Quiggin 1994). Industry and manufacturing were the key areas of growth and employment, a scenario facilitated by protectionist trade, monetary and fiscal policies, while continued high levels of employment were also achieved via the adoption of other Keynesian-style economic strategies – as evidenced in the 1945 White Paper *Full Employment in Australi*a, which demonstrated the state's commitment to providing employment opportunities (Kerr & Savelsberg 1999). Strong industrial representation via both a well organised trades union movement and a long history of arbitration (dating back to the 1907 Harvester Judgment) ensured overall favourable conditions for workers, while the Beveridgean-style welfare state which emerged alongside Keynesianism gave security of income provision to those outside the labour market (Castles 1985; Jones 1990). In general this period was arguably a time of relative prosperity and security for workers, and set the scene for expectations regarding working life.

Given the domination of industry/manufacturing up until the 1970s (the period during which most 'baby boomers' entered the labour force) there was a high demand for skilled, semi-skilled and unskilled labour in those typically male-dominated sectors. In addition, similar low to medium levels of expertise were also needed in the labour-intensive banking, clerical, retail and other emerging service-sector occupations – typically dominated by females. Hence, the majority of 'baby boomers' made rapid and relatively easy transitions from fairly low levels of education into apprenticeships or other forms of on-the-job training – and full-time employment (Baird, Gregory & Gruen 1981). However the expectations that, for men, employment would continue to be full-time, life-time until retirement age of 65 years, and that most 'baby boomer' women would return to work (usually part-time) after maternity and child-rearing to augment the family income (Kaplan 1996; Kerr 1999) have been severely challenged by the changing nature of work over the last three decades.

## A Changing Employment Mileu

The changing nature of work and hence employment has been well documented in the literature, with the shift from Fordism to post-Fordism occasioning an overall fragmentation, casualisation, specialisation and insecurity in the labour market (Healey 1994; Probert 1994; ACOSS 1996; Gregory & Hunter 1996). Many jobs (especially in the manufacturing sector) have disappeared, the increasing focus on specialisation has concomitant flexible skill requirements of employees, and the very character of the labour market has been transformed from a regulated, predominantly full-time structure to one characterised by contractual, part-time, short-term and precarious employment (Campbell 1997; Barbara 1999; Kerr & Savelsberg 1999). Of great significance is the growing incidence and seeming intractability of unemployment and more particularly long-term unemployment since the mid-1970s.

## Implications for 'Baby Boomers'

There has been an emerging trend for mature-age people, that is those aged over 45 years – the 'baby boomers', to lose their jobs in the changed labour market, as their skills have been out-dated and/or superseded. As Carson and Kerr (1999) demonstrate, widespread mature age unemployment is a relatively new phenomenon and is of particular concern because mature age people who lose their jobs are more likely than other groups to join the ranks of the long-term unemployed.

Mature age people represent a group which is currently experiencing significant disadvantage in the Australian labour market. In 1998, 18.3 percent of all workers seeking employment were aged over 45 years, while the duration of under-employment (that is, the overall length of time when one is employed for fewer hours than desired) is significantly higher for older workers, being an average of 80 weeks for males aged over 45, compared with 20 weeks for 15 to 19 year olds (ABS 2000). Workers aged 45-54 are also more likely to be employed on a casual basis, with 43.2 percent of all employed persons in this age group (our 'baby boomers') being employed as casuals in 1998 (ABS 1999a).

It is important to note that, while females in this age group have traditionally been employed on a casual basis, 17.4 percent of this 43.2 percent comprised 45-54 year old males – a group not usually associated with casual work. Indeed, the percentage of 45-54 year old males in casual work (as percentage of all employed males in this cohort) rose from 7.8 percent in 1988 to 17.4 percent in 1998, a period during which 69 percent of the net growth in the number of employees was in casual employment (ABS 1999a). In addition, in September 1998, women aged over 45 years represented 65 percent of all discouraged female jobseekers, while men over 55 represented 49 percent of all discouraged male jobseekers (ABS 2000).

Of great significance is the overall ageing of the labour force. More than 80 percent of the projected growth in the labour force between 1998 and 2016 will be in the 45+ age group, that is, the 'baby boomers'. In 1998, 10 percent of the labour force were aged 55 and over, but this group is projected to account for almost half of all the growth in the labour force. The 60-64 years age group will grow most rapidly, accounting for less than 3 percent of the labour force in 1998, but accounting for 15 percent of the total growth in the labour force between 1998 and 2016 (ABS 2000). These projections demonstrate the impact of the demographic bulge that represents the 'baby boomers', as they continue to swell the overall proportion of mature age people in the labour force.

The projections of growth in the age profile of the labour force outlined above demonstrate that there will be an enormous increase in the number of 'baby boomers' seeking work post-1998 until their retirement age. These estimates are very important given the current employment status of older workers, as there is no indication that current employment trends will change substantially.

The current employment profile of people aged over 45 years is therefore increasingly tenuous, with casual, under- and un- employment being prevalent amongst this group, many of whom become discouraged and give up in their attempts to find work once they do indeed become unemployed. Unemployment for mature age people – the 'baby boomers' – is high and has every likelihood of increasing as a proportion of total labour force experience.

It is also important to note at this point there are growing numbers of the 'baby boomer' generation who are working but are underemployed and require 'top up' income support. For example, of people aged 45-54 who are still working, 18 percent rely on income support in addition to their wage, reflecting the trend noted for the proportion of older people combining employment and income support to increase over the past two decades – signalling a greater up-take of low paid part-time/casual work (FaCS 2000; Pech & Landt 2001). This is highly significant when related to financial capacity, as people requiring 'top up' income support to exist are in no position to save toward their future retirement.

Therefore, plans predicated on expectations of life-time, full-time employment are seriously jeopardised. Times spent out of work, or in precarious employment undermine capacity to fulfill long-held expectations and to save. While saving for retirement will be discussed below, a key example here is home ownership. Australia's tradition of extremely high levels of home ownership was carried on by the 'baby boomers', with the trend being for couples to finish paying off their mortgage and consolidate personal finances during the period between child-rearing and retirement, a period when increasingly both partners were working (Jones 1990; Kaplan 1996) – but which is now no longer the case for many. The current scenario is that many mature age people find themselves with no (or too little) work, a mortgage to service, insufficient funds for retirement and having to rely on income support which is undergoing unexpected (for them) policy shifts.

## Income Support/Maintenance Policy

The 'baby boomers' grew up during an era when Beveridgean-style welfare policy provided a safety net alongside what Castles (1985) termed the 'wage earners welfare state'. Liberal policy orientation and concomitant tighter targeting of welfare benefits has resulted in shifts to three key areas of income support/maintenance policy which impact directly on 'baby boomers', particularly in relation to their long-term financial plans for their retirement years. Changes to the nature of income support, age pensions and superannuation will be addressed in turn.

### Income Support While Unemployed

There have been widespread changes to income support for a range of welfare recipients over recent years (particularly noticeable since the 1996 Coalition budget), with tighter targeting and more stringent eligibility criteria. A number of key changes (as identified by the House of Representatives Standing Committee on Employment, Education and Workplace Relations, 2000) are particularly relevant to mature age unemployed people and their financial future.

For example, liquid assets (which include cash, shares, bank deposits and other assets which may be easily sold) must be drawn on, down to a savings threshold of $2500 if single and $5000 for a couple before income support can be accessed. Similarly any wages earned, accumulated leave or liquid assets retained if short-term, part-time or casual work opportunities are taken up are assessed before income support is reinstated when the person becomes unemployed again. There is a waiting period of 13 weeks after becoming unemployed before income support can be accessed, plus there is also a waiting period to return to Intensive Assistance programmes if people find work but lose it within 12 months. Furthermore, until 1st July 2001 when the legislation was amended, but not revoked, unemployed people 55 years and over who had been in receipt of unemployment benefits for 39 weeks had to draw down their superannuation before being eligible for any further benefits – that is, use up any accrued superannuation to support themselves. (The shortcomings of the amendments will be discussed below).

## Age Pension

Even if labour market behaviour is not predicated on anticipated receipt of an age pension, the tradition of a pension for most people as a 'reward' for working has been a long held expectation in Australia (Castles 1985). The 1908 Old Age and Invalid Pensions Act saw the introduction of a means-tested pension, which was – and has remained – the basis of public welfare provision. In the years since the 'baby boomers' entered the workforce, there have been a number of reconfigurations, the overall impact of which has been a change in the operation and outcomes of the system in regards to what 'baby boomers' expected when they entered the workforce and what they will receive when they exit it.

While changes such as the introduction of a tapered means test in 1969 and removal of property from the means test in 1976 can initially be seen to promote easier accessibility to and capacity for greater retention of the age pension (resulting in 75 percent of people aged over 65 years receiving a pension or part-pension in the early to mid 1970s) there is a discernible shift from the early 1980s, with an increasing trend toward regarding the pension as a "targeted payment serving the 'really needy'" (Harris 2001, p. 9). While in 1981 almost every age pensioner received the full-rate pension, this figure had fallen to 67 percent in 2001, with more being in receipt of a part-pension (Anthony 2001, p. 2) – arguably reflecting tighter eligibility criteria. In addition, the introduction in 1995 of a sliding scale applicable to women born after 1936 to bring women's pensionable age in line with men's means that women born after 1949 (our 'baby boomers') are no longer potentially eligible for a pension at age 60, but must wait till they are 65. Another factor has been the introduction in 1998 of the Pension Bonus Scheme to encourage people to continue working beyond the age at which they become potentially eligible for the age pension, thus delaying receipt of the benefit. Hence, the scenario for 'baby boomers' in terms of their expectations regarding receipt of an age pension have undergone significant change since their entry into the labour force. Moreover, at the same time as policy regarding age pensions has undergone change, there have been significant changes to superannuation policy.

## Superannuation

In addition to the age pension, superannuation and private savings (in the form of income and assets) have been the other two planks in retirement income provision in Australia. As Olsberg (1997) notes, occupational superannuation has been slow to develop as common practice in Australia, although it has a long history dating back to first schemes involving the major banks and then the public sector during the latter part of the nineteenth century. Yet restrictions within the public sector schemes essentially limited full benefits to senior, long-serving employees and eliminated most women from claiming any benefit at all because until 1979 they had to resign from permanent positions when they married, while in the private sector superannuation was traditionally limited to the professional and management levels – thus excluding not only most manual workers but also women (Kerr 1999). Hence in the 1960s only a third of all employees were covered by occupational superannuation. There was little change during the following 20 years, with only 49.2 percent of male (22.2 percent low/73.3 percent high income earners) and 39.5 percent of female (19.9 percent low/70.2 percent high income earners) employees being in receipt of superannuation in the early 1980s (ABS 1984, cited Harris 2001).

While a succession of inquiries in the 1920s, 1930s 1960s and 1970s into the desirability of a national insurance and/or national superannuation scheme came to no avail, the superannuation issue re-emerged during a period of importance to the 'baby boomers' and were manifested in policy changes which had their origins in 1986, under the Hawke/Keating Labor regime. The decision by Labor to introduce an employer-funded, compulsory Superannuation Guarantee Charge (SGC) in 1992 was fuelled by several factors. Since its inception in 1908, the age pension has not been based on income-related contributions made during a person's working life, but rather it has been funded from general taxation revenue. With the ageing population, lack of a national superannuation scheme and overall slow uptake of occupational superannuation, governments were clearly faced with a challenge in terms of funding retirement income from general tax revenue. Despite moves made by Labor in conjunction with the ACTU and via Accord agreements, which increased the number of employees covered by occupational superannuation from 39 percent in 1984 to 73 percent in 1991 (Willis 1995), there remained significant numbers of people without cover. This occurred because many employees were not covered by an award, and there was a high rate of non-compliance among small employers. Given that, as Harris (2001 p. 6) maintains '…occupational superannuation…was to be the lynch-pin of Labor's [retirement income] policy' there was obviously a need to ensure that as many employees as possible were covered.

Labor's expectations of occupational superannuation have been carried on by the Coalition government, with the focus remaining on the goal of older people being less reliant on the age pension and able to wholly or partly self-fund their retirement income (DFaCS 1999, cited Preston & Austen 2001). The impetus for this focus can be demonstrated by considering projected age distributions, which show that the population aged over 65 years will increase from three million to five million between 2011 and 2031 (ABS 1999b). Of significance to this paper is that the ageing of the 'baby boomers' resulted in the number of people aged between 45 and 64 increasing by 30 percent between 1988 and 1998. The first of the 'old' 'baby boomers' will begin turning 55 in 2001 and hence would begin to be eligible for the age pension in 2011 (ABS 1999c). Given that in 1996 72 percent of women and 65.1 percent of men of retirement age were reliant on the age pension as their principal source of income (ABS 1996/97), it is obvious that provision of retirement income in the future is a cause of concern as the tax base diminishes and the aged dependency ratio increases (ABS 1999c).

It should be noted that since the introduction of the SGC, there has been a significant increase in the number of people covered by superannuation, with 61.5 percent of men/55.7 percent women being covered in 1990, and 96.7 percent/97.3 percent respectively in 1999 (ABS Cat. 6334.0 and 6310.0, cited Preston & Austen 2001). However, as highlighted above, the majority of our 'baby boomers' did not have occupational super prior to the SGC and will most likely require other income support in retirement.

## The Perils of Linking Work and Welfare

Changes to the overall nature of employment and the labour market, labour market policy, income support policy and occupational superannuation goals point to a scenario in which high levels of unemployment are coupled with increasingly targeted welfare benefits and an ever-growing focus on self-funded retirement. While these changes are not unique to Australia in that they reflect the forces of global economies and represent the trend amongst OECD countries to move away from social democratic principles toward a neo-liberal regime, their effects are arguably experienced differently in Australia due to a long history of relying on labour market intervention to secure welfare objectives (Harris 2001). The linking of work and welfare has succeeded in fostering strong industrial citizenship at the expense of broader social citizenship (Kerr & Savelsberg 1999, p. 234). In terms of this paper, we argue that while this anomaly has serious ramifications for many workers as collective bargaining has given way to individualisation in the workplace (for example, via enterprise bargaining and contractualism), and welfare is no longer seen as a right but as a privilege, the flow-on effects are felt much more profoundly by groups of disadvantaged workers – including mature age unemployed.

### Implications for Unemployed 'Baby Boomers'

While there are many emotional, physical, psychological and social implications for unemployed 'baby boomers', this paper focuses on employment and financial implications.

### Restructuring and Retraining

For 'baby boomers' the intersections of the broad changes outlined above have particular implications and give rise to problems because, in effect, the rules of the game have changed in mid- match. People in the 45 to 54 age bracket have typically not expected to become unemployed and have structured their long-term plans – particularly financial plans – around remaining in employment. According to ABS data (1998), most people leave work before they originally planned to, while a FaCS survey (2000) found that 92 percent of males and 77 percent of females who had exited the workforce early would prefer to still be working if they could. Mature age unemployment is usually involuntary.

The demographic profile of unemployed mature age people reflects the employment trends and dominant social norms of their youth. For example, of all mature-age unemployed in 1998, 49.6 percent did not complete Year 12 at school, while 14.3 percent completed school but did not gain post secondary qualifications, 20.9 percent had a vocational qualification, and 15.2 percent a diploma or degree (ABS 1998). This is consistent with the early school-leaving trends outlined earlier in the paper, as young people were able to move relatively easily into unskilled/semi-skilled jobs in industry/manufacturing or the service sectors, or undertake apprenticeships. Links can then be drawn with FaCS data (2000) which revealed that of those aged over 45 and on income support, in addition to age, lack of specific skills, training and qualifications were cited as significant barriers to gaining employment.

As Langmore and Quiggin (1994) and MacNeill (1995) maintain, many mature age people have previously been employed in sectors which have either disappeared or have been severely diminished – for example traditional manufacturing jobs, with prospects of re-employment in these sectors being very slim. Given changing requirements of the various sectors in terms of skills/training/qualifications of workers, re-employment thus becomes even more problematic for unemployed 'baby boomers'. Indeed, Landt and Nicholls found that males with a trade were seven times more likely than university-educated males to be on income support (2001, p. 16), reflecting once again the changing nature of work and the ensuing need for different skills and training. In addition, anecdotal evidence points to the fact that many older workers who have been performing a job for many years but do not have formal qualifications and are then retrenched find they are unable to compete with younger, qualified workers (Carson & Kerr 1999).

Given the current labour market scenario, re-employment for mature age workers (if it occurs at all) will most likely be in a different form and on a different basis than it has been for them in the past. That is, they may need to work in a different field and will probably have casual, part-time or other similar forms of fragmented and precarious labour force attachment – a situation which is difficult to adjust to if one has anticipated the security of full-time or regular part-time work (Healey 1994; Gregory & Hunter 1996). In addition, precarious employment – while being the form most likely to be available – is particularly problematic for older workers, as, rather than being a 'bridge' in terms of respite from unemployment or a conduit toward more secure employment arrangements, it is likely to be a 'trap' for workers who are seeking full-time work (Sloan, Carson & Doube 1992; Burgess and Campbell 1998; Burgess et al. 1999).

## Capacity to Prepare for and Provide in Retirement

Whether unemployed or under-employed, there is a range of financial issues confronting 'baby boomers' at a critical time in life when consolidating finances for the future is an imperative. A most important point is that the shifts in income support policy (including age pensions) and the focus on occupational superannuation have come into force at a time of economic downturn and subsequent strain on the labour market. As Harris maintains, '…occupational benefits now accrue in a time of industrial insecurity' (2001, p. 10). In addition, the anticipated shift to superannuation as the principal source of retirement income is occurring at a time when the majority of people have been covered by superannuation for a very short time (for many only since the introduction of SGC in 1992) and hence have low levels of accrued benefit and will still rely heavily on the age pension. Hence, people in their forties are quite aware of the need to prepare for their long-term financial future (Kerr 1999), but losing one's job seriously jeopardises the capacity to prepare. Unemployment in the 45+ bracket raises issues regarding the financial status of families which should at this stage be at the peak of their earning capacity and beginning to save for their retirement (Davies 1997). The financial issues arising are far-reaching and inter-connected, as detailed below:

- To be effective as a major source of retirement income, superannuation must be taken out early, contributed to on a continuous basis and preserved as long as possible (Carew 1995). As Preston and Austen (2001) demonstrate, even if employed full-time, 'old' 'baby boomers' could expect, at retirement age, to accrue a total superannuation of $46,000 (males)/$39,000 (females) and 'young' 'baby boomers' $149,000/$129,000 respectively under the SGC, annuities generated from these amounts fall far short of the 60-75 percent of pre-retirement income suggested by financial planners as being an adequate retirement income. This would leave the majority of 'baby boomers' dependent on the age pension as their principal form of income. The ramifications are obvious if people in this cohort are unemployed and hence not able to continue contributing to their superannuation fund, perpetuating the trend noted by Preston and Austen for more than one fifth of Australians aged over 65 to live in poverty if they rely solely on welfare benefits;.

- A very important consideration is that, due to the compounding nature of superannuation, the greatest growth occurs during the final few years in the 'run up' to exiting work and drawing down on super. This is a time of massive consolidation of assets to take into retirement (Carew 1995). People who become unemployed and can no longer contribute to super, or who have to draw down that super prematurely are gravely disadvantaged in that they are unable to take advantage of that final spurt of financial growth;

- Because superannuation has not been universal (in the form of a national scheme) but occupational (and therefore selective) many 'baby boomers' have invested in other assets (such as shares/rental property etc) toward their retirement income – and as these are asset tested against receiving unemployment benefits, the result has been that unemployed mature age people have to 'cash in' their assets in order to receive any income support. This then exacerbates the likelihood of living in poverty if the only form of income support is the age pension, given the tradition of many people augmenting the (meagre) pension with private means and assets accrued during their working lives;

- The recently-announced abolition of superannuation withdrawal income rules for Centrelink customers between 55 years and pension age is not without restrictions. Although withdrawals will now be exempted from the assets test, they will *not* be exempted from the means test. Hence, if any income is derived from funds withdrawn from super, that income will be subject to the usual means test. In addition, the exemption does not apply to any part of superannuation that has been converted to an allocated pension/annuity. In effect, this means that if mature age unemployed people in receipt of benefits have found the benefit insufficient to support them and have converted all or part of their superannuation to one of the income streams above (for example to augment their benefit or to pay off a mortgage), that income stream continues to be assessed as part of the means test.

- Given the propensity for home ownership, most Australians are still paying off a mortgage in their late forties/early fifties, with a second income – usually from a female spouse – being used to achieve this end (Kaplan 1996; Kerr 1999). Unemployed 'baby boomers' are hence placed in the invidious position of having a mortgage and no job to service it. Under existing regulations, any accrued superannuation cannot be accessed for mortgage repayments until the individual has been unemployed for 6 months. As noted by House of Representatives Standing Committee on Employment, Education and Work Place

Relations (2000), this quite often results in mature age unemployed people failing to meet their mortgage payments and ultimately losing their home. In addition, as Winter (1999) argues, home ownership plays a key role in the stability of low-costs in retirement, plus a home is an asset that can be liquidated in retirement. The latter point is a major factor given the current nursing home funding issue which sees the growing necessity for older people to have significant assets to be cashed in, in order to 'buy' a nursing home place if and when that is needed. The implications for those who lose their homes in mid-life are obvious when the need for supported care comes in later life.

- A further issue highlighted by FaCS (2000) is that a significant number of unemployed people over 45 years are still supporting dependent children. This then has significant implications for intergenerational poverty;

- Treasury estimates that in Australia, income support while unemployed replaces only one third of the net wages and superannuation benefits lost from work – a much lower level than exists in many other OECD countries. Australia is thus at the lower end of replacement ratios in OECD countries and hence becoming unemployed not only restricts capacity in terms of day-to-day living but seriously jeopardises the capacity to prepare and save for retirement;

- As income replacement is at such a low level, this places unemployed people – in this case the 'baby boomers' – in a situation in which their capacity to consume and hence participate in society at anticipated levels into their retirement is seriously compromised. According to Harris (2001, p. 10), this precipitates a scenario '…whereby poorer households may now actually experience lessened integration, particularly in relation to their better placed peers'. Social exclusion is therefore experienced as material and relative social deprivation in terms of reduced spending power by those who are distinguished by their status as unemployed and in receipt of income support which is argued to be only marginally (if at all) above the poverty line (King 1999; King, Baekaard & Harding 1999).

## Conclusion

In Australia, income support in retirement has been traditionally based on an age pension supplemented by private income, assets and savings. In recent years a more universal system of occupational superannuation has been added to the savings component. In a very important sense, despite policy vacillations, there has been consistency over time as welfare has remained linked to work. What has changed is that Australia has been incorporated in to the neo-liberal project in ways that illustrate how the importation of ideas might not fit local circumstances.

Australia has been distinctive in that the age pension was non-contributory, but recent moves to introduce a contributory superannuation scheme (in line with overseas trends) has occurred within a context of comparatively high rates of unemployment in Australia. The argument presented in this paper is that the work/welfare nexus upon which Australia has traditionally relied is at odds with the two key precepts of the neo-liberal project, that is firstly the restructuring of the labour market and secondly a focus on self-reliance. The work/welfare nexus in a marginal economy highlights the tensions between these two precepts. Restructuring of the labour market promotes flexible employment, but the resulting levels of high unemployment and precarious forms of employment do not provide the necessary conditions to facilitate self-reliance in the form of superannuation savings.

As the nature of the labour market changes and employment becomes more precarious, as labour market programmes no longer focus on job creation, and as income support measures are increasingly targeted in the push to self-sufficiency, the cumulative effects of incremental change undermine the possibility of integration of the two precepts – and 'baby boomers' are paying the price. The issues faced by unemployed 'baby-boomers' demonstrate a major flaw in the neo-liberal project, as the two precepts (flexible employment in a restructured labour market and self-sufficiency) are inconsistent and indeed contradictory in terms of outcomes for disadvantaged groups of workers. For 'baby boomers', the long-held expectations of full-time, life-time employment and an age pension which would underpin any other accrued savings have gone. These presumed benefits of work cannot be assured or assumed.

Previous research (Kerr 1999; Preston & Austen 2001) has demonstrated that, due to their traditional patterns of interrupted labour force participation and propensity to be employed on part-time/casual basis, women fare much worse than do men in the superannuation stakes. This paper argues that the same case can now be argued about growing numbers of 'baby boomer' males who face similar restrictions in their capacity to fulfill expectations that they wholly or partly self-fund their retirement. There is a growing divide between those who are able to self-fund their retirement and those who need to rely on some form of income support in their latter years. Inequality is exacerbated between groups of older Australians, depending on their capacity to work and save, and consequent capacity for self-provision in retirement. The system is not working – and neither are growing numbers of mature age people.

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