When your bosses put you out to pasture at 50

The last decade has seen a rise in the number of employees being forced or enticed into early retirement

SOLEDAD ALCALDE, Madrid

Four years ago, when he was 52, Manuel Dobladó’s life changed. For the previous 38 years he had worked at a bank, where he entered at the lowest level and worked his way up to auditor. Suddenly, he was being offered early retirement. Although he enjoyed his work, he accepted the offer and happily traded the financial security for an improved quality of life. “It’s been like a second childhood,” he now says.

Growing numbers of Spaniards are following his example, as companies here reduce or regenerate their staff through early retirement. New, younger employees will not enjoy the perks and benefits of their seniors. However, there are no exact figures, nor estimates, on the number of people taking early retirement, as Spanish law does not recognize the status of the early retired.

But a 2000 government report entitled Labor and Early Retirement pointed to an annual figure of 50,000 people aged between 50 and 65 retiring early. Of them, about 20,000 work for large companies.

Sandalio Gómez, a professor of labor relations at Spain’s leading business school, IESE, is the author of a report on the impact of early retirement on individuals, companies, and the pension system. He is highly critical of firms that use early retirement as an integral part of their strategy rather than as a periodic measure to be negotiated with trade unions to resolve in the least traumatic way possible the need to reduce staff. “We are losing our intellectual capital. We cannot afford the luxury of having people aged 50 and over being removed from the equation,” says Gómez. “Companies are only interested in the bottom line, and they do not take into account that what is most valuable in a worker is precisely that which cannot be quantified.”

Jesus Pérez agrees. The executive secretary of the UGT trade union says, “This isn’t about people asking to take early retirement, but that even while they are still able to be productive, they are being expelled from the work market. It is a waste of a valuable resource.”

Both agree that EU policy, as well as an agreement reached between the government and trade unions in the 1990s, recommended encouraging employees to continue working up to retirement age as a means of maintaining valuable contributions to the pension system.

The problem is made worse by the fact that people are starting to work at a later age, and being encouraged to leave younger, thus reducing a person’s working life. “And the worst part is that a message is being sent to the workforce that an individual’s contribution is of no value,” adds Sandalio Gómez. He says that from about age 48 onward, people begin to disassociate themselves from their work.

Manuel Dobladó has since become the president of Jubileu, an organization that represents retired people from the financial services sector. “Early retirement is usually offered to people precisely at a time when they have the most to offer in terms of experience and energy. They move you aside on the basis of your age, when they could at least assess your knowledge or state of health.” For many people with a family to support, he adds, a freeze in their salary can be a serious setback.

The IESE report was based on eight large companies employing a total of 170,000 people. It concludes: “Early retirement plans are seen as inevitable, and are presented as the only alternative.” Early retirement may be voluntary, but it often takes place amid veiled threats of sackings, being moved to other cities, new responsibilities, demotivation, and loss of variable salary, for example.

If older people are being forced to accept early retirement because not working is seen as the best solution, it nevertheless carries a psychological cost. “Retirement Syndrome is more common in people who have taken early retirement,” says Pérez.

Pilar Varela, a psychologist and the author of a book on the effects of early retirement, says it all depends on whether it is voluntary or forced. “It has to do with the balance between satisfaction in the workplace and the satisfaction of family life,” she says. “When work brings problems, then retiring can feel like liberation.” But she adds that each case depends on the individual’s character, self-image, and resources to start a new life. “We tend to define ourselves too much by our profession or by what we do,” she insists. “Sometimes we are more of a taxi driver, doctor, or salesperson than who we really are.” She warns that if one’s identity is tied up with one’s profession, then early retirement can bring about a crisis. “It is often easier for women, because in general, even at the highest level, they maintain an interest in other roles,” she says.