

An Investigation on the Effects of Increased Retirement Age in the  
Public Service:  
A Case of Ndola District Administration Office.  
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**Abstract**

*The Government's new policy on retirement age from 55 to 65 years was hang on the belief that increasing the statutory retirement age was non discriminative especially against those who were willing to work longer. This paper discusses the effects of the policy focusing on the Copper belt province in Ndola district. The main and specific research objectives were to establish government intentions over the new retirement age and to establish whether earlier consultations were made as regards the new retirement age, to also find out workers' willingness to retire at 65 years and to also spell out problems which government would face with the increased retirement age. Fifty (50) public service workers were randomly picked in the study and the implications gathered surrounding this decision were that, most retirees would not benefit from their earned income and that, it also created barrier to entry of new graduates in the public service*

**Keywords:** *Policy, statutory retirement, retirement age, randomly, implications*

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## 1.0 Introduction

When Government claims that people still want to work even after reaching retirement age may not be justified to the effect of the new policy on retirement age from 55 to 65 years though President Sata clearly insisted. This paper is a study on the effects of the new retirement age and reasons that led government to increase the retirement age. The study was conducted on the Copperbelt in Ndola involving fifty public service workers that were randomly picked in this study.

Retirement is when a person stops working entirely. However, there are three main types of retirement namely; early retirement, statutory retirement and late retirement. Ordinarily retirement happens upon reaching a determined age and due to physical limitations a person often is no longer allowed to work as a result of illness, accident, or even through personal choice. Many people choose to retire when they are eligible for private business and prompt early retirement which can take place at any age. Early retirement for instance usually occurs before becoming eligible for government or employer support through retirement funds. Retirees need to rely on personal savings and investments.

For some people, retirement means no income, benefits, company house, vehicle, or other incentives and these reasons make workers to fear retirement. Many retired individuals are cut off from social contacts and as a result experience feelings of isolation. Early mortality may even occur due to discontinuation of these facilities and enjoyments. Statutory Instrument no. 63 of 2014<sup>[1]</sup> was Government policy on increased retirement age in the Public Service from the initial 55 to 65 years.

## 1.1 Statement of the Problem

The delivery of Statutory Instrument number 63 of 2014 which was Government policy on increased retirement age brought anxiety and loss of productivity at the same time excitement amongst public service workers. Others saw the need to maintain a proper retirement and adequate pension system that was not to deprive workers of their hard earned income. Thus, the important issue of retirement needed to be resolved so that retirees would enjoy their transition to retirement. The researcher proposed to examine that increased retirement age would not translate into workers' suffering in waiting for their benefits and huge government indebtedness which could have an economic impact on the treasury.

## 1.2 Justification

The issue of increase in retirement age was important because it had to be in line with the number of years an individual was expected to live. Life expectancy in Zambia according to 2010<sup>[2]</sup> census report stood at 51.2 for both sexes. Therefore, an increase in the retirement age deprives the worker's right to retirement as per his/her wish. If the policy issues remained unresolved the retirees' fears not to enjoy what they have worked for as they would die before they reached the proposed retirement age. Government would benefit from this delayed payment since the current value of terminal benefits would not be same compared to the future value.

## 1.3 Purpose of the study

The main purpose of this research was to establish the effects of the policy and workers' reactions in this increased retirement age.

## 1.4 Overall Objective

The main reason of conducting this research was to assess whether government decision on increase of retirement age was well received by the workers. The study would act as platform

between government and workers on reasons of mutual interest.

## 1.5 Specific Objectives

1.5.1 To investigate the reasons that led government to increasing retirement age from 55 to 65 years.

1.5.2 To find out workers' willingness to retire at 65 years.

1.5.3 To spell out problems that the government would face with increased retirement age.

1.5.4 To examine the effects of increased retirement age on productivity and service delivery.

## 1.6 Research Questions

1.6.1 What are the reasons that led Government to increase retirement age from 55 to 65?

1.6.2 Are the public service workers willing to retire at age 65?

1.6.3 What problems will Government face with increased retirement age?

1.6.4 What are the effects of increased retirement age on productivity and service delivery?

## 1.7 Significance of the Study

The importance of the study was to show the relevance as well as likely benefits from the research findings. The findings of this study would be useful in providing necessary information and insights pertaining to the increased retirement age in the public service from 55 to 65 years; understanding Government's intentions and workers' willingness to retire. The research would equally add to existing literature and as a way of providing a theoretical framework. The findings of this research would assist Government, pension schemes, trade unions and the workers to negotiate for improved conditions on retirement Melgosa (2012)<sup>[3]</sup>.

## 1.8 Conceptual/Theoretical Framework

A conceptual framework represents the researcher's combination of literature on how to make clear an observable fact. It outlines the actions required in the course of the study given his past knowledge and that of other researchers' as well as his clarification on the research subject. As McGaghie *et al.* (2001)<sup>[4]</sup>, put it: The conceptual framework "sets the stage" for the presentation of the particular research question that drives the investigation being reported based on the problem statement. According to Statutory Instrument number 63 of 2014, Government's policy on increased retirement age, brought anxiety, and loss of productivity at the same time excitement amongst public service workers. Therefore, there was need to maintain a proper retirement and adequate pension system that may not deprive workers of their hard earned income. Since the issue of retirement was of great importance, it was necessary that it got resolved so that retirees would enjoy their transition to retirement properly. The researcher proposed to investigate the effects of government policy to increase retirement age and public service workers' willingness to retire at the new proposed age of 65 years in awake of other roaming effects poised as economic effects. It is a common factor that age is a dependant variable and plays an important role in making future decisions and therefore, has to be handled properly for each decision made concerns age.

However, the origin of retirement age before 1997 started with females retiring at 50 years and males at 55 years. This was later repealed by Act number 35; SI 31 of 1997 article 33<sup>[5]</sup> which amalgamated the two retirement ages to make 55 years for both sexes. The increase in retirement in the Zambian scenario has not conformed to the life expectancy as is the case in developed countries

## 1.9 Limitation of the Study

The study was limited to one town and did not cover the private sector as it was not covered by the statutory instrument number 63 of 2014.

Some respondents could sensationalise the study and this also affected responses due to fear.

## 2.0 Literature Review

For insight purposes, Brown (2006)<sup>[6]</sup> stated that 62 and 65 were the ages most frequently reported as being the usual retirement ages (URAs) and he further stated that in one study, only about 13 percent of the participants reported an age other than 62 or 65 as being the URA. In some countries, the age at which a person retired differed for males and females. Sometimes jobs that were considered dangerous, or that were exceptionally exhausting, have an earlier retirement age. Many professionals for examples scientists, lawyers and other academic professors may work well in their 70s, whereas many actors, models, athletes and musicians worked only until their 30s.

Governments needed to raise retirement ages gradually to address increasing life expectancy in order to ensure that their national pension systems were both affordable and adequate according to 2012 Organization for Economic Cooperation and Development (OECD) report<sup>[7]</sup>. At a time of heightened global economic uncertainty, such reforms could also play a crucial role in governments' responses to the crisis, contributing to fiscal consolidation at the same time as boosting growth.

In Zambia, the decision to have issued Statutory Instrument (SI) no. 63 resulted in regulation to increase retirement age from 55 to 65, there had been a public outcry by public service workers as well as the unemployed on the implications such decision would bring in the working fraternity. Some arguments were that the aged workers may not put in their best and as such would be liability to the treasury while others contended that the young ones may not be able to get employment easily since the older ones would still occupy those positions that they were supposed to fill. Retirement age and life expectancy were closely interlinked. According to world life expectancy, Zambia's life expectancy history since 1960 had

not seen significant improvements to warrant upward adjustment of retirement age.

## Zambia Life Expectancy History 1960-2011

Year	Male	Female	All
1960	43.8	46.8	45.3
1970	47.6	50.8	49.2
1980	50.0	53.4	51.7
1990	45.9	50.3	48.0
2000	38.9	40.3	39.6
2011	53.5	55.8	54.7

Source: [www.worldlifeexpectancy.com](http://www.worldlifeexpectancy.com)

Mukanga (2013)<sup>[8]</sup> also argued that “the current pensionable age makes it difficult for Zambia to maintain an adequate pension system. Increasing the pensionable age would lead to greater solvency. As people work longer, a higher retirement age would increase revenues coming into the pension system. Greater solvency may also have benefited individuals if the larger pension fund was coupled with proper innovative management of funds. The scale of this impact was likely to be immediate. Increasing the retirement age tomorrow would mean that the next 10 years no one would retire and therefore, no new retirees would be paid for the next 10 years, but there would be greater revenue pouring in! This was likely to translate in a huge reserve of funds which could make a substantial impact, if appropriately channelled. For example, a larger pool of funds may have enabled NAPSA (or government) to engage in supporting “normal profit” social enterprises- helping widen access to credit and other things that would in the long term empower Zambians and deliver “more money in the pockets.” It was therefore, for the above mentioned reasons that prompted the researcher to investigate as to whether most workers were for the idea of increased retirement age or not.

According to the Draft Zambian Constitution (2014)<sup>[9]</sup> “Public Service” means the Judiciary, the Civil Service, the Defence Forces, the Police and Prison Service, the Teaching Service and the Zambia Security Intelligence Service. The Civil Service include office of the Secretary to the Cabinet, Secretary to the Treasury, Deputy

Secretary to the Cabinet, Civil Servants, the members of staff of the Civil Service Commission and other public officers as prescribed in the Civil Service. Functions of the Civil Service include day to day operations of administration of Government, appointments, confirmations, promotions and hearing of appeals from officers in the Civil Service, excluding Constitutional office holders.

Lusakavoice (2015) <sup>[10]</sup> said, a technical committee of two trade union mother bodies set up to look at the revision of the retirement age supported the upward adjustment. Federation of Free Trade Unions of Zambia - FFTUZ-President Chingati Msiska said his union and the Zambia Congress of Trade Unions-ZCTU-were in support of the new policy measure on retirement. Mr. Msiska said government officials had been on record supporting the adjustment saying it would help restructure the pension scheme so that retiring workers do not become destitute. Mr. Msiska added that government had honestly stated that the pension houses like the Local Authority Superannuation Fund-LASF-and the Public Service Pensions Fund had no money to pay pensioners at the moment. He said the measure had the potential to enable pension houses collect enough funds and prevent them from going bankrupt. Mr. Msiska had spoken during a media briefing in Lusaka. Government in 2014 announced the upward adjustment of retirement age from 55 to 65 years.

“The word “retirement” was not always a welcome word to those nearing their apparent “golden years”. Many people dread reaching the retirement age and yet it was a challenge almost everyone would have to face. For as much, retirement means no income, no benefits, no company house or vehicle and no incentives and that; many retired individuals are cut off from their social contacts and as a result, experienced feelings of isolation Chuunga (2012 p3.) <sup>[11]</sup>. the bottom line has remained retirement ending the participation in the workforce due to age. Retirement has been associated with many problems. But when retirement occurs before becoming eligible for support and funds from

government or employer provided sources. This entailed that those whose retirement came early may initially need to rely on their savings and investments to support themselves.

According to Brown (2006) individuals’ expectations about retirement could have important consequences for their retirement decisions. Kahneman et al (1979) <sup>[12]</sup> gave example that expectations could lead to the establishment of reference points. Knoll (2011) <sup>[13]</sup> further added that reference points could change how individuals interpreted outcomes, including those involving social security claiming ages. Preparing for retirement should thus start immediately one was employed. This means that one has not to wait until has got retirement package. This would enable one not to be under any pressure when the time comes.

### 3.0 Methodology

Methodology was a part that explained how the study was conducted. Included herein were research design, sample and sampling procedures, research instruments and procedures for data analysis.

### 3.1 Research Design

Conventional knowledge holds that a research design would typically include how data were to be collected, what instruments and how the instruments would be used and the intended means for analyzing data collected.

Ngoma (2006) <sup>[14]</sup> stated that “research design was the set of logical steps taken by a researcher to answer research questions” It was the blue print, pattern or recipe for the study and determined the methods to be used by the researcher to obtain subjects, collect data and interpret the results.

The researcher used quantitative and qualitative or description analysis. As Walliman (2011) <sup>[15]</sup> stated; “Quantitative analysis dealt with data in the form of numbers and uses mathematical operations to investigate their properties. The levels of measurement used in the collection of

the data i.e. nominal, ordinal, interval and ratio, were an important factor in choosing the type of analysis that was applicable, as was the numbers of cases involved". It determined the relationship between one independent variable and dependent variable in the population. "While in qualitative research is the definition of the concepts and process of investigation that would be more tentative and explorative than in quantitative research. This research was an exploratory non-experimental study to rely on both quantitative and qualitative data analysis.

The research was conducted in uncontrolled environment to get real issues and actual information from the public service workers who were affected by the increased retirement age.

### 3.2 Target population

According to Chuma et al (2007) [16], target population was defined as "any group of individuals that had one or more characteristics in common that were of interest to the researcher". The target population were the Ndola Urban public service workers in Ndola Urban district.

### 3.3 Sample and Sampling Procedure

Workers in all departments were listed to provide a frame from which individual interviews were conducted. The sample interval was determined by the total number (N) of workers (1607) divided by the sample size (n) 50 in this case. I.e.  $N/n = \text{Interval (I)} = 1607/50 = 32.14$ . A random start RS was picked from which (I) was added until the desired sample of 50 was achieved.

### 3.4 Research Instruments

This was a "description of all types of activities that participants were asked to perform as prescribed" Ngoma (2006).

The instruments used in the research were structured questionnaires, list of workers in government ministries and departments in Ndola Urban which equally define the study site. The method of data collection was direct method or face to face interviews using structured questionnaires and recorded interviews.

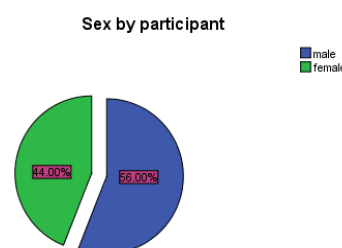
### 3.5 Data Collection and Analysis

This was the "process of collecting and analysing data which involved transcribing, interviews, reading and reading through data in order to identify those items which merged" Ngoma (2006). It involved giving meaning to different units of data that emerged by generating matrices and creating codes using symbols, letters and colours.

Therefore, data from questionnaires was entered and analyzed using Statistical Package for Social Scientists (SPSS) version 16.0 and presented quantitatively and qualitatively. The analysis of data has been presented in frequency tables and other meaningful graphs.

### 4.0 Research findings and discussions

This chapter highlights findings from the research Figure 1



From the study, figure 1 indicates the number of participants in the survey. 56 % of the participants indicated to be males while 44% indicated to be females respectively.

Figure 2

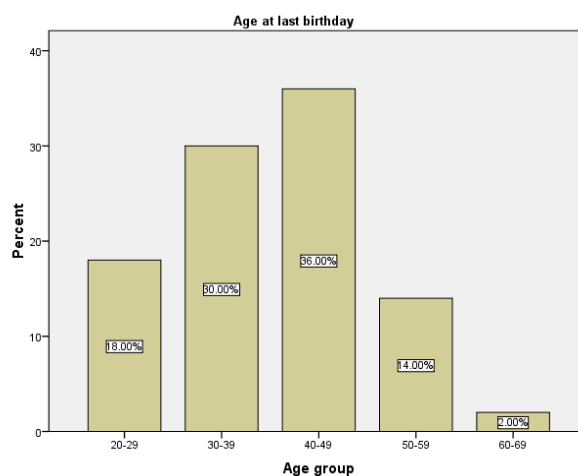
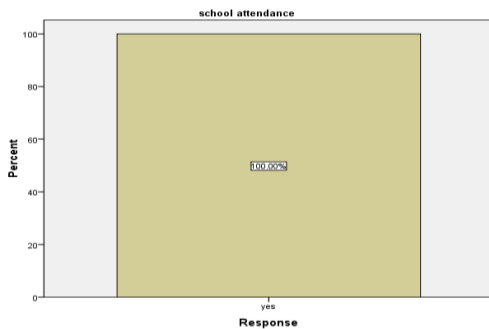


Figure 2, shows that the highest frequency occurred in the age group 40-49 recording 36% of the total followed by 30-39 age group recording 30% while the least frequency of the respondents occurred in the age group 60-69 recording only 2%.

Figure 3



The above figure 3 indicates that all the participants in the survey reported that they had attended school.

Figure 4

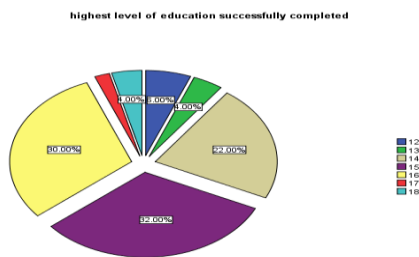


Figure 4 shows the highest level of education successfully completed at secondary, college or university. It indicates that the highest number of years completed of schooling was 15 years recording 32% and followed those who spent 16 years of schooling recording 30% respectively.

Figure 5

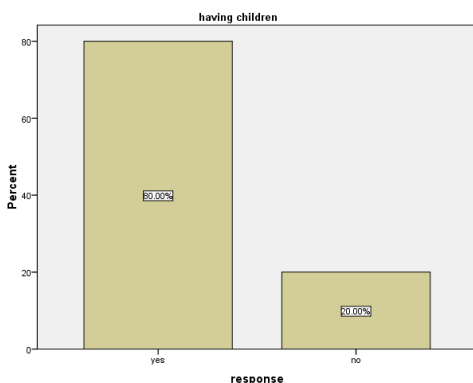
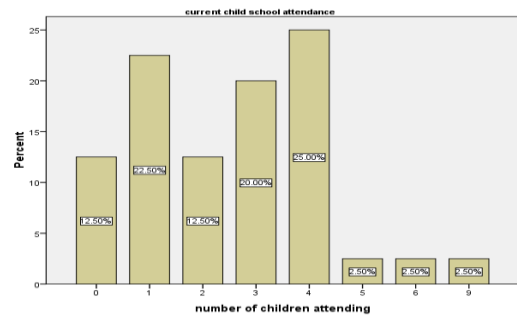


Figure 5 shows the number of respondents who reported having children. 80% responded to have children while 20% indicated having no children at all.

Figure 6



Of those that reported having children the highest number of children attending school was 4 at 25% followed by 1 at 22.5% while the least numbers recorded, were 5, 6, and 9 all recording 2.5% each.

Figure 7

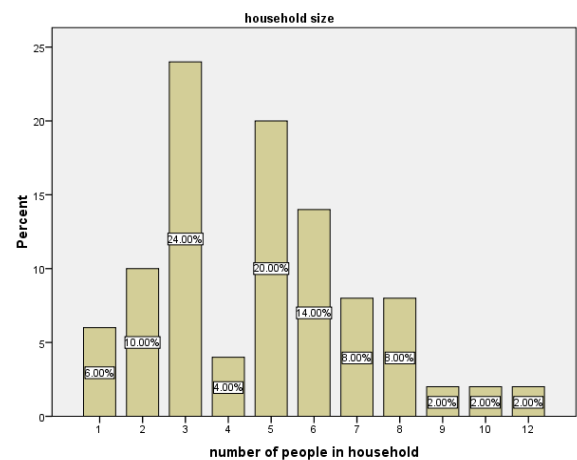


Figure 7 shows the number of people in the household. The highest number of household members recorded was 3 with 24% followed by 5 with 20% while the least recorded was 9, 10 and 12 respectively each recording 2%.

**Figure 8**

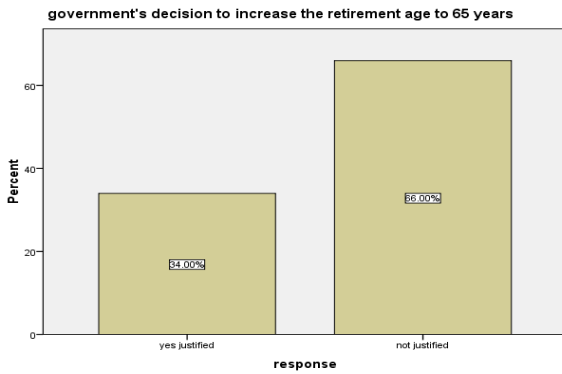
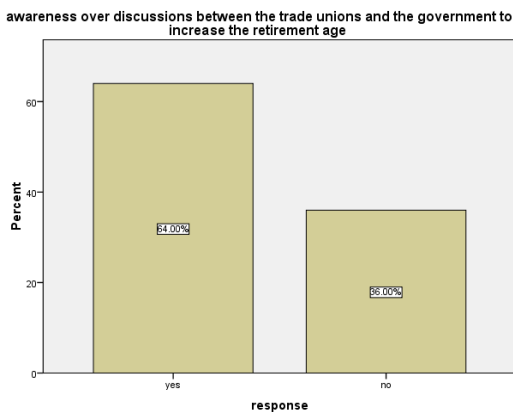


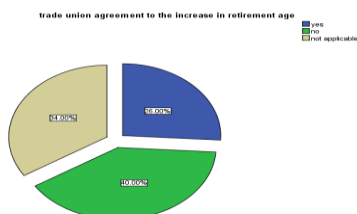
Figure 8 shows responses as to whether government’s decision to increase the retirement age was justified or not. 66% disagreed with government’s decision to increase retirement to 65 as not justified while 44 % said government’s decision was justified.

**Figure 9**



On public service workers’ awareness over the discussions between the trade union movement and the government, **figure 9** shows that 64% of the public service workers said that they were aware of the discussions to increase the retirement age while 36% indicated ignorance over the matter.

**Figure 10**



From the graph in figure 10, 40% indicated that the union did not agree to the increase in the retirement age while 26% said that the government and the union had agreed on the increase in retirement age while 34% indicated a not applicable response.

**Figure 11**

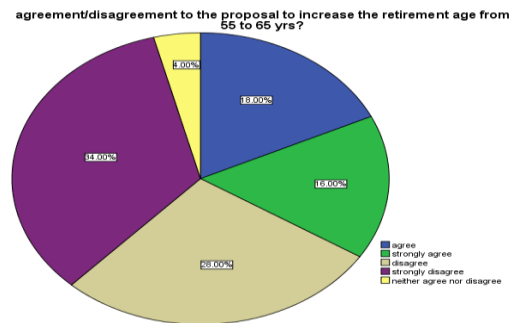
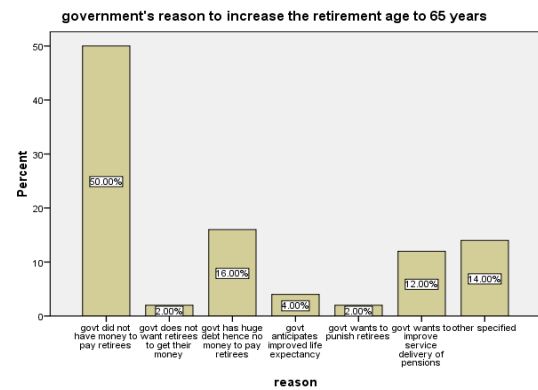


Figure 11 shows agreement/disagreement to the proposal to increase the retirement age from 55 to 65 years. 34% strongly disagreed 28% disagreed 18% agreed 16% strongly agreed and 4% neither agreed nor disagreed to the proposal to increase the retirement age from 55 to 65 years

**Figure 12**



On the reasons for government to increase retirement age from 55 to 65 years figure 12, indicates that 50% of the participants said that the reason for government to increase the retirement age to 65 years was due to its inability to pay retirees. 16% said government had huge debt and therefore had no money to pay retirees while 12% indicated that government wanted to improve service delivery of pension houses to the retirees.



**Figure 13**

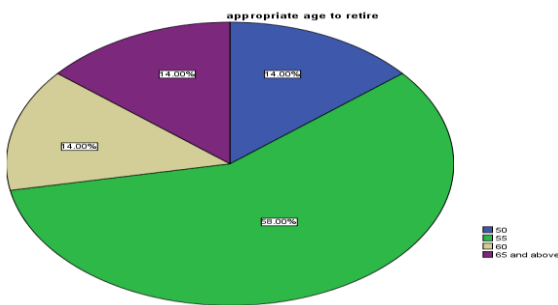


Figure 13 shows the appropriate age to retire. 58% preferred to retire at 55 while those opting to retire much earlier or later than 55 years stood at 14 % each.

**Figure 14**

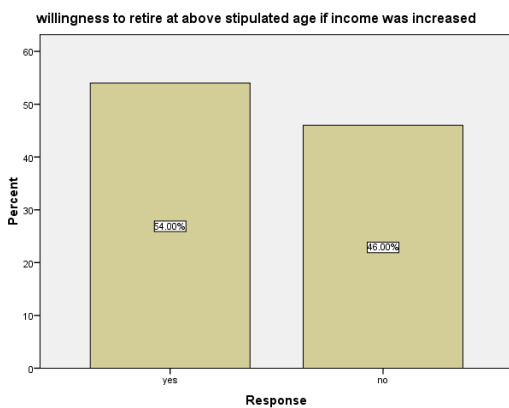
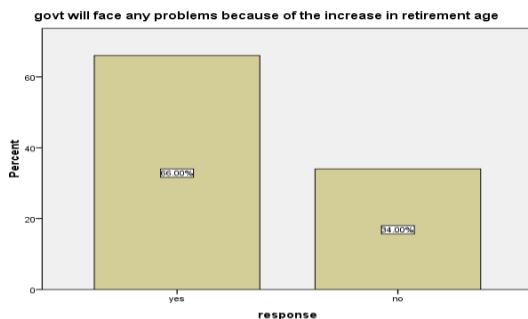


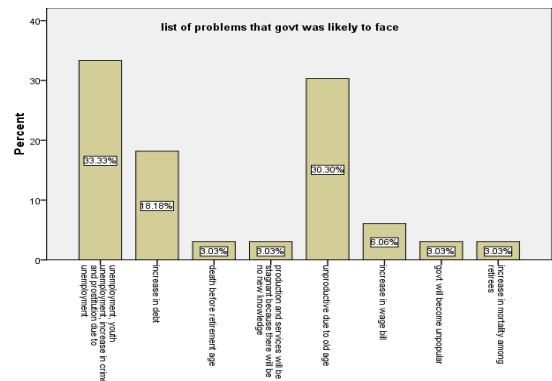
Figure 14 shows willingness to retire at above specified age if income was increased. 54% confirmed that if their income was increased they would continue working until the specified age while 46% gave evidence against.

**Figure 15**



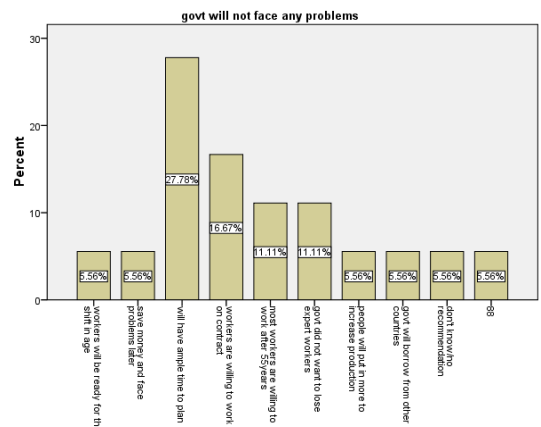
The study reveals that 66% of the respondents indicated that government was likely to face problems because of the increase in retirement age while 34% said it was not likely to face any problems.

**Figure 16**



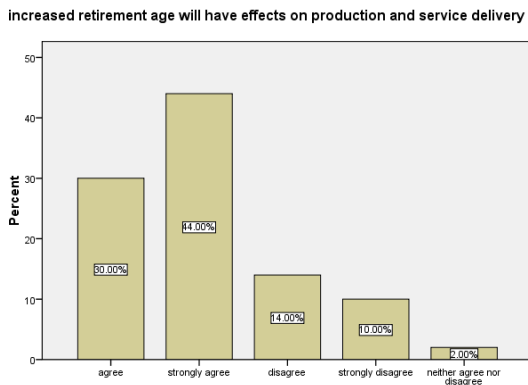
On the major problems government was likely to face, figure 16 lists the most common ones amongst others: - (i) Unemployment, increase in crime and prostitution due to unemployment ii) Unproductive due to old age iii) Increase in debt (iv) Increase in wage bill

**Figure 17**



For those that said government was not going to face any problems, figure 17 lists amongst other major reasons as given below :- i) Government would have ample time to plan. ii) Workers were willing to work on contract iii) Government did not want to lose expert workers iv) Most workers were willing to work after 55 years

**Figure 18**



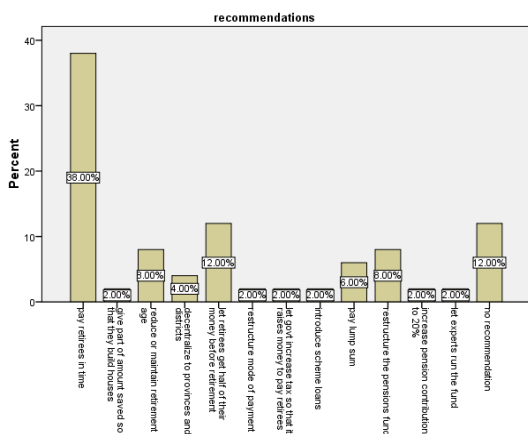
From the chart in figure 18, it is evident that 44% strongly agreed, 30% agreed, 14% disagreed, 10% strongly disagreed and 2% neither agreed nor disagreed.

## 4.1 Conclusion

The research deduced that government increased retirement age due to its inability to pay retirees, huge indebtedness and non-availability of money to pay retirees. The study further observes that public service workers in Ndola preferred retiring at 55 years and not 65 years whereby roaming effects included unemployment, illegalities and prostitution due to unemployment, unproductivity and many more.

## 4.2 Recommendations

**Figure 19**



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