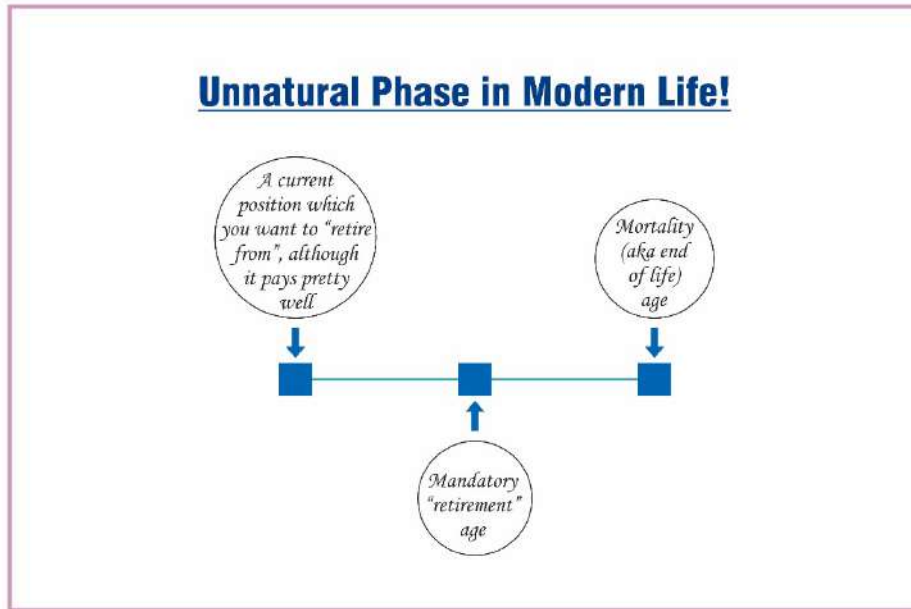


Chapter 5

THE ORIGIN OF RETIREMENT

5 THE ORIGIN OF RETIREMENT



This is how your typical modern-day retirement timeline looks like. Firstly, you’re probably in a current position, in a job, in the business, or in the occupation that is not your passion. You want to retire to but you don’t, because for now, it pays pretty well. And then you have your mandatory retirement age, it could be around at the range of fifty to sixty-five depending on which country you are in and your mortality age or end of life. Now the thing is retirement is an Unnatural phase in modern life.

Industrial Revolution

Industrialization Age - Where it all began

The Industrial Revolution

Mass production → the new mode of work
Each individual forms only a part of a system
Workers are replaceable via retraining
“Work” offers little emotional reward except \$ kind
Older/mature worker = inefficient and threat

Industrial Revolution is the age, is the time where it all began. When it comes to the industrial age we're talking about mass production, factories everything is a new mode of work. Each individual in an industry or a factory essentially only forms a part of a bigger system. The fact is when you are only one part of a bigger system you are easily replaceable. When the new people come in, it just gets them training to get them up to the standard of what is required of them. Again a new people need not know the whole system and it is sufficient for him to only know part of the system. So everyone has its responsibility to form part of a system. If one part breaks down, the system does not work. Every part is meant normally by more than one person and that's the fact, the nature of work when it comes to a factory in an industrial environment.

The term "work" actually offers very little emotional reward except for the monetary kind. When it comes to an industry, the more mature or older a worker gets, it is being seen as very inefficient as compared to a young guy. Probably you can get the same work from a younger guy and pay him a lot less to do the same work, to fund part of the system rather than paying the old guy. Due to age, although he has more experience he is probably slower or probably more inefficient. Any experienced people, once they have accumulated a certain amount of experience, they are quite hard to change and quite hard to retain compared to a new or younger worker. In the industrial environment, everyone has a shelf life. We need to retire the older worker, which in one way or another a threat to progress, and that is how the concept of retirement begins. We need to retire people who are older and mature and who are a threat to any kind of progress or change in that industrial environment.

A shift in the nature of work & way of life



Now, this causes another snowball effect which shifts the nature of work and the way of life. Now just imagine before that industrial revolution in the 1940s or around that time every person is a craftsman. Your carpenter, your plumber jobs are normally treated like blue-collar jobs. In today's modern society, craftsmen are specializing in a certain level of expertise of skills that are being gathered and accumulated over the years. Now you compare that as an industrial worker during this kind of the scope of work started, during and after the industrial environment and till today. But the more common thing is a lot of people are the office worker, could be an engineer or manager or in senior management level. But just think about this concept, essentially you are no different than an operator or low-level worker or blue-collar worker that forms part of a system in an industrial environment as compared to someone who is a craftsman and specializes in certain crafts that defines its identity in that kind of vocation of skill set.

A shift in the financial aspect of life

The shifts in the financial aspect of life



Self-Sufficiency





Company Dependency - Paycheck = Means to an end

And let's look at what it costs the next kind of effect. The next effect is causing shifts in the financial aspect of life. Now a craftsman is self-sufficient meaning that he does not need to depend on any organization other than his skillset and expertise which are owned over the years to earn or make a living. Compared to an industrial worker during those days or even in modern times compared to an office worker, actually there is a very blurred line between an industry worker and an office worker in today's world and there are a blue-collar office worker and white-collar environment. Essentially I would think that from a retirement standpoint the scope or the angle we are looking at is the same. You're dependent on a company or a monthly paycheck to survive, you are not self-sufficient. The thing is you only pick a part of the system not the system as a whole, a skillset limited to areas only. The one thing of course you can commercialize your skillset is to go to another industry or a similar industry, in a similar job scope but you do not control the whole process of broader the business. Therefore we depend on the company for a paycheck and that means money that is still rife from work is nothing more than a means to an end.

The Need for Pension/Retirement Funds

The Need for Pension/Retirement Funds



What would retirees live on without a job?
Answer: Defined Benefit Pension Plan
Tax the larger, younger working population
Pay the smaller, older retirees population

The other problem is when the industrial revolution starts, is the fact that a country and in an industry if you're to retire older workers or mature workers, people who are over 40, who are attracted to progress or change. The other question is how would these kinds of people who are still alive, how would these so-called retirees live without a job. So there is a need to set up something such as pension or retirement funds. Now pension fund is different from the retirement fund. A pension fund is a defined benefit pension plan of funds. How pension works are the fact that the whole economy whether its government or the companies or organization, will tax the younger working population. It makes the majority of the working population in any country tax, the larger younger population, and uses this tax to pay the small the older retirees' population which makes up a smaller amount. So this is how it originates.

The Need for Pension/Retirement Funds



What would retirees live on without a job?
Answer: Defined Contribution Retirement Plan
To mandate regular contribution into public retirement scheme. Contributions are locked until mandatory retirement age.

The other way of actually implementing this is to support and to have stronger retirees, who can still live on without a job. A retirement fund is slightly different from pension funds. A defined contribution retirement means that if the company or the law and the government will mandate a regular contribution of every actively working individual who's driving an income, is to mandate them to regularly contribute to a public retirement scheme normally managed by the government. But in modern days, the government may have outsourced this function to a large financial institution. This kind of contribution is not that your own money is contributing to a public pension, but this gain returns over the years. Upon the mandatory retirement age, you can liquidate that but before the mandatory retirement age, this kind of money contributes to your retirement fund and will be locked until your mandatory retirement age.

Realities of Retirement**The Realities of Retirement in 1940****Meager Lifestyle, Bare Sustenance**

The origin of retirement is not defined in the realities of retirement. When during or when it stuck in during the industrial revolution, people have a meager lifestyle bare sustenance. To give you a vision of how this looks like, it looks like this in modern-day. We're not talking about things like enjoying life or going on vacation because the amount of retirement money that's available to you is bare can sustain a basic decent lifestyle. It's a very miserable picture when these retirement concepts start to originate because you are probably living in that apartment alone if you don't have kids. You are living in a very basic apartment and there's barely any little space to move around. Retirement is not something people are looking for because it's a very desolate, very bleak, and very sad picture.

Retirement Pitch in Modern Day**The Retirement Pitch in Modern Day****Reward for years of labor & loyal 'work'**

Over the years things have evolved because it has to do a lot with a financial institution or financial retirement products. The early retirement in today's sense is a picture of luxury and is the ultimate reward for your labor and your loyalty to your organization over so many years. And there are promising things like sipping martinis on the beach and going on vacation or a cruise vacation or you're going for golfing, seven days a week.



In today's retirement, the picture is a lot different because they are projecting it something as a reward that you get at the end of the day from your hard work over a long period of years what we call the retirement Nirvana. You have to attribute this to financial service companies that seize opportunities to structure all the financial products so that the painting, the good the nirvana of retirement long in the future they're coming up with financial and investment solution that is kept for retirement and this is the so-called culprit or the cause that portraying in this kind of retirement picture. So you can see there's a stark contrast of modern-day retirement compared to the real bleak and set and desolate kind of retirement image when this retirement concept was all regionally started back in the industrial revolution.