



# PRESS RELEASE

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## **THE BABYBOOMERS WIN AGAIN**

The RSA is warning that recent proposed changes to pensions and retirement rules will hamper job creation among smaller retailers.

Ken Parsons, Chief Executive of the RSA, said, "Although we understand completely the financial pressures on government and the need to deal with the issue of an aging population, we believe that their decision to force companies into providing pensions for all employees and remove the Default Retirement Age (DRA) will deal a double blow to retailers.

Making businesses of all sizes provide pension provisions from 2012 - even if they only employ a single person - will add yet more cost and create extra administrative burdens at a time when Vince Cable is claiming to want to make life simpler for small businesses.

Meanwhile, the proposed abolition of the Default Retirement Age takes away an employers' ability to retire workers as part of its abolition of the DRA will act as an extra disincentive for small employers to recruit older workers. It could effectively become nearly impossible to dismiss an elderly employee without risking an age discrimination case. If the option of retiring staff at 65 is removed, workers will have the right to work on indefinitely. Everybody becomes less effective at some point in their lives as they age but many of us are unable or unwilling to acknowledge the fact. Having to retain marginally effective employees will be a massive problem and expense to small retail businesses.

These two measures are both in complete contradiction to the Government's need to get the private sector to provide more jobs in the years to come. Every measure that makes employing somebody more expensive or riskier does reduce the number of jobs created, even if it is hard to quantify the specific effect".

Shopkeepers will only be able to use the capability dismissal process to terminate the employment of a worker who is ceasing to be effective. This is a time-consuming, costly and unpleasant process. It is a humiliating way for older people to mark the end of their working lives. It is far better in human terms to have a planned end that leaves them their dignity and self respect.

There is also the issue of elderly people occupying jobs that could have gone to younger people. In retail, shop operators are, however imperfectly, always trying to match the hours employed to the turnover of the business, so job-blocking will have a real effect on employment prospects for younger people.

As a society, this is another example of the baby boomers “wanting it all” at the expense of the following generations.

**Notes for editors:**

**The Rural Shops Alliance (RSA) was formed in April 2001 and now represents over 7,200 independent retail members, employing some 40,700 staff. The RSA – a trade association with a difference – exists to be the campaigning voice of the independent rural retailer and the source for practical support particularly in terms of retail best practice. Many ‘blue chip’ and ‘retail service’ suppliers sponsor and partner the work of the RSA and help the organisation with category management and best retail.**

**More Information:**

**Kenneth Parsons: 01761 462371 or 07980 673675**

**Duty Press Officer: 07092 048546**