ILC Europe Network

Policy priorities for the 2024-29 EU political cycle

Demographic change: the current situation in Europe

Europe's population is ageing.

By 2100, nearly 1 in 3 EU citizens will be aged 65 or older.[1]

We need to address the social, economic and health challenges associated with demographic change to create more fulfilling longer lives.

The 2024-29 EU political cycle presents an opportunity to make meaningful policy changes that helps to create an ageing society that works for everyone.

How do we prepare for longer lives in Europe?

We need to take actions now to ensure we can all age meaningfully for longer. We believe Member States and EU policymakers need to focus on three areas to enable longer, healthier and more prosperous lives:

1. **The longevity dividend:** We need to support older adults to participate in the labour market and retail economy.
2. **Healthy ageing and prevention:** We need to keep people living healthier for longer and prevent ill-health.
3. **Stronger communities:** We need to strengthen our communities and ensure they work for people of all ages.

1. The longevity dividend

The challenge: Europe's ageing population may lead to economic stagnation unless economies begin to adapt to an older workforce and consumer base.

The EU has the second lowest work span – the expected number of years spent being economically active – among other blocs, at just 28.8 years.[2]

Early retirement due to poor health or negative attitudes towards working longer will inhibit economic activity.

Political and economic blocs	Life span (years)	Health span (years)	Work span (years)	Income GDP/head, constant prices, ppp ($000s)	Environmental performance (0-100)	Happiness	Global Rank	Change in Global Rank 2019-2022
Nordic co-operation	82.9	71.9	32.2	59.7	71.8	7.4	1	0
G7	81.0	69.3	30.2	50.0	57.0	6.5	2	0
European Union	81.1	70.5	28.8	33.9	59.5	6.6	3	0
United States-Mexico-Canada Agreement	77.7	66.1	30.8	48.1	49.6	6.7	4	-1
Organisation for Economic Co-operation and Development	80.1	69.2	30.2	39.0	53.2	6.5	5	0
Asia-Pacific Economic Cooperation	77.0	67.3	32.7	18.4	34.7	6.2	6	0
Community of Latin American and Caribbean States	73.7	64.7	31.3	8.3	42.8	6.3	7	0
G20	74.3	64.4	30.2	15.0	32.3	5.7	8	0
Association of Southeast Asian Nations	71.5	63.2	32.9	4.8	28.1	5.8	9	0
BRICS	72.6	63.0	29.9	6.9	26.6	5.4	10	0
African Union	62.5	55.7	31.6	2.0	31.8	4.2	11	0
Commonwealth	67.1	57.9	28.3	4.8	25.7	4.7	12	0

Opportunities to reap the benefits of the longevity dividend

Given the EU's working age population is set to fall by 7 million people by 2030,[3] keeping people in work for longer will be crucial.

Existing ILC research has highlighted that from 2006 to 2014, gross earnings by those aged 50+ in the EU rose from 12% to 14% of GDP, and from 27% to 33% of total earnings in the bloc.[4]

Therefore, European economies are increasingly reliant on older workers and consumers. We need to create economies that work for all ages, both in terms of employment and spending opportunities.

Policy ambitions to reap the benefits of the longevity dividend

Europe needs to adapt to older consumers and workers to maximise the economic benefits of an ageing society. How must Europe capitalise on the longevity dividend?

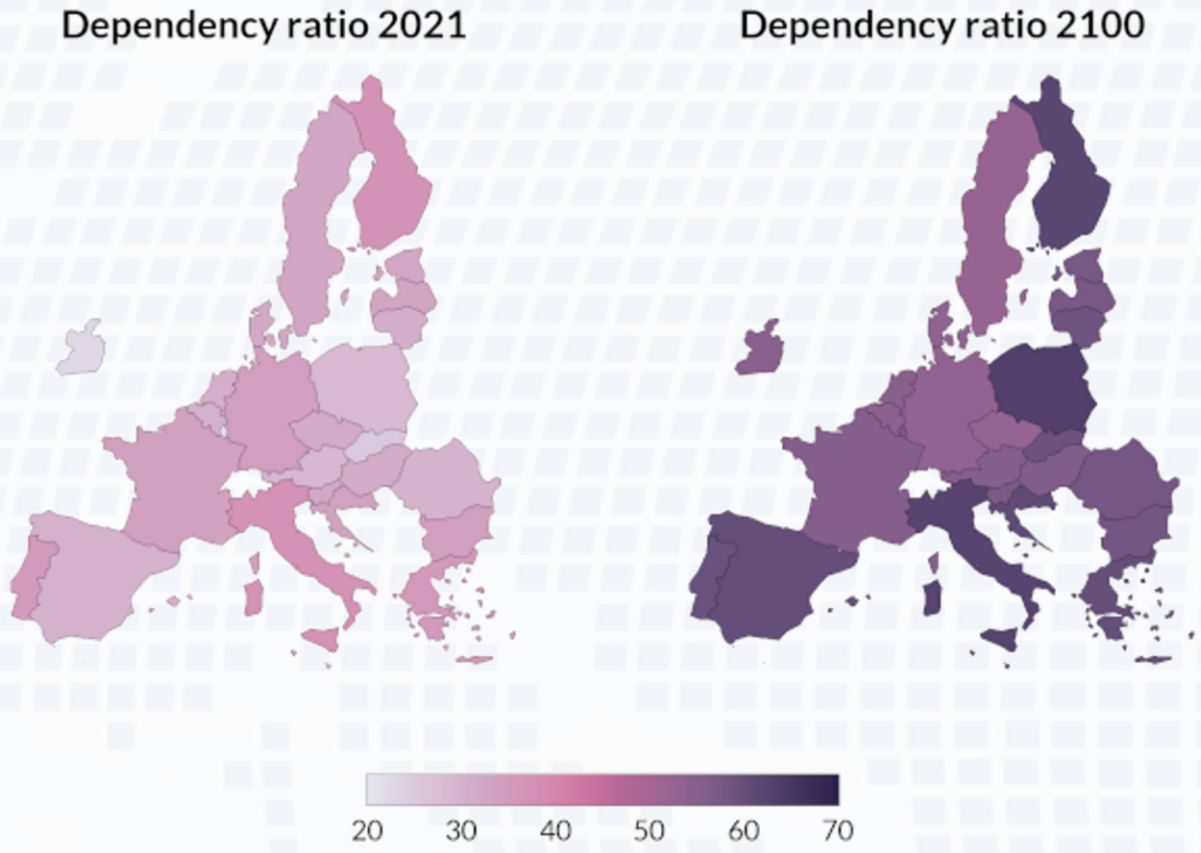
- **Mandatory retirement ages should be removed across Member States to reduce age-based discrimination.**
- **Existing Council principles on lifelong learning[5] need to be promoted by Member States to ensure older Europeans can adapt their skills and retrain for work.**
- **Local authorities should focus on creating urban environments where people can access basic services within a 15-minute walk or bike ride.**

2. Healthy ageing and prevention

The challenge: Demographic shifts will result in a declining workforce and increased healthcare costs.

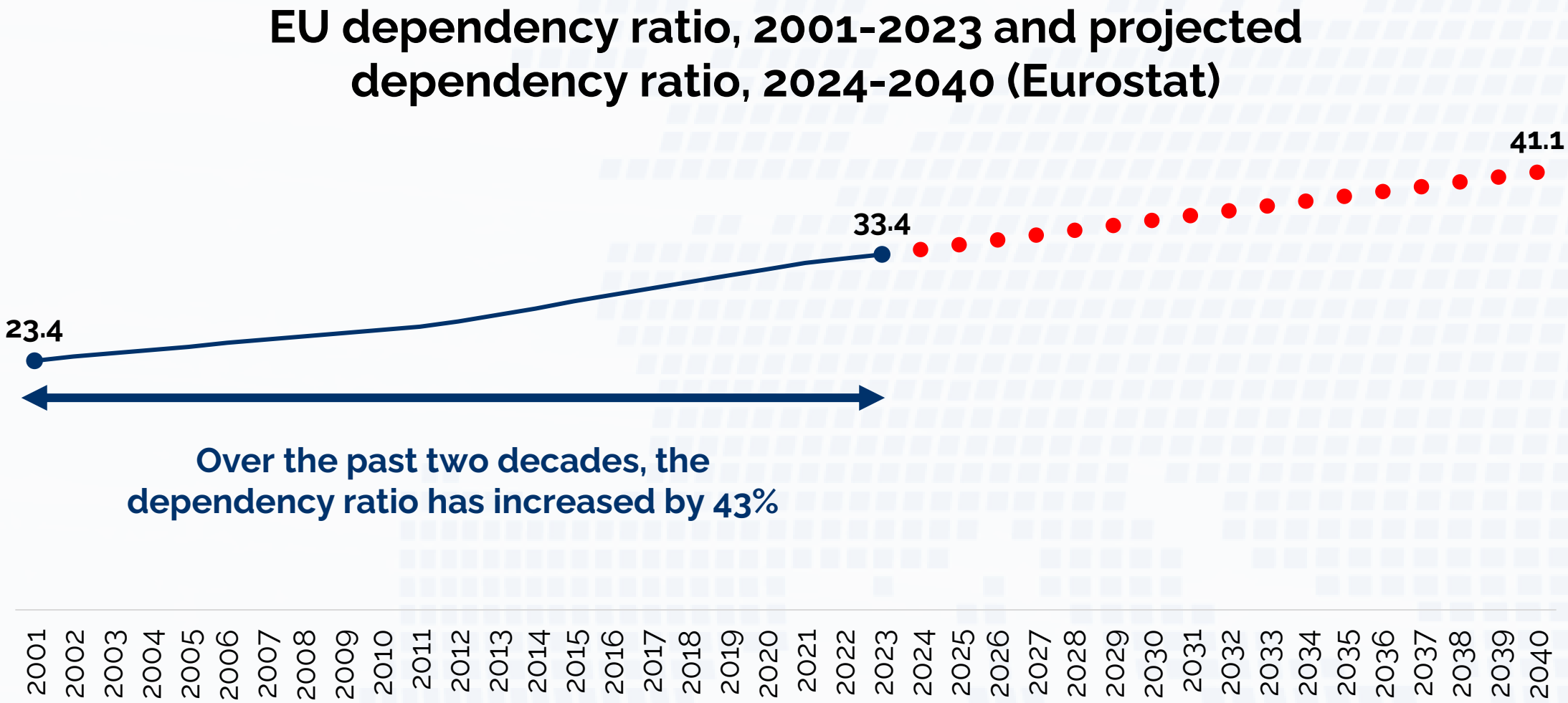
While life expectancy in the EU is high (81.1 years), healthy life expectancy is just 70.5 years: the average EU citizen spends 10.6 years in poor health.[6]

The EU's ageing population will result in a sharp increase in its dependency ratio*: by 2040, for every 100 working-age people, there will be 41 over-65s. By 2100, this figure will be 57.[7]



*The ratio between the number of persons aged 65 and over and the number of persons aged between 15 and 64. The value is expressed per 100 persons of working age (15-64).

The EU's dependency ratio is set to increase 23% by 2040



Opportunities to create a healthier Europe

Poor health across Europe comes at a price: the total cost of ageing populations and a shrinking workforce (spending on pensions, health care, long-term care etc.) is expected to reach 26.7% of GDP by 2070.[8]

Yet increasing preventative health spend by just 0.1 percentage points can unlock a 9% increase in annual spending by people aged 60+.[9]

The social and economic case for better health is evident. Spending more on preventative healthcare will help people to live healthier for longer, while boosting economic activity and reducing the burden on healthcare systems.

Policy ambitions for a healthy European population

Remaining healthier for longer is important: those who stay in good health are more likely to work, spend and volunteer in later life.[10] How can Europe remain healthier for longer?

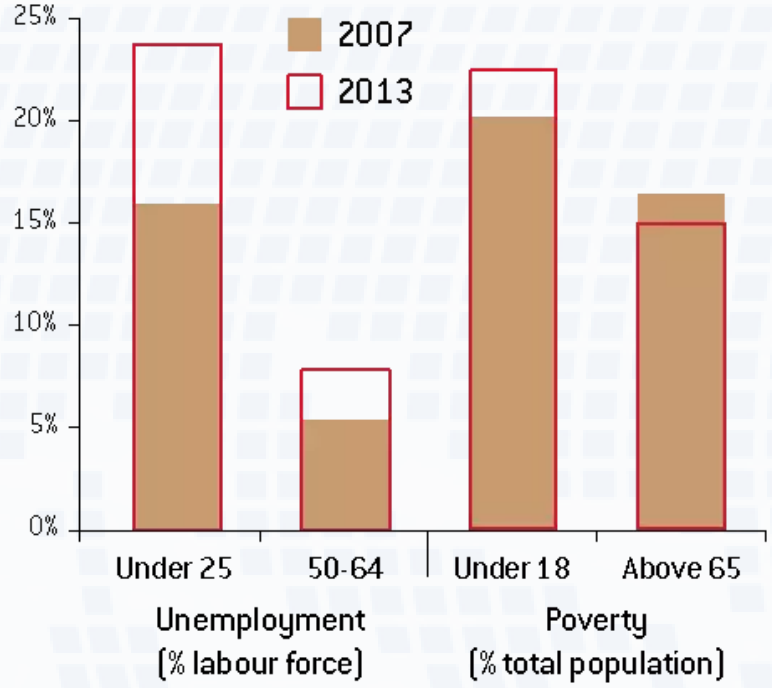
- **EU Member States should spend at least 6% of their healthcare budgets on prevention.**
- **The EU should establish a "Healthy Ageing and Prevention Strategy" similar to the Beating Cancer Plan.**
- **The Commission should include health prevention in its health portfolio, establishing a Commissioner for "Health Promotion and Food Safety".**

3. Stronger communities

The challenge: Social isolation and intergenerational inequalities are undermining ageing societies.

13% of EU citizens report feeling lonely most of the time.[11] Meanwhile, the economic crisis in Europe during the 2010s shifted intergenerational inequalities: younger generations faced a higher increase in unemployment and poverty.[12]

Figure 1: Pre and post-crisis material deprivation rate and unemployment rate in the EU



Opportunities to strengthen communities across Europe

Addressing intergenerational inequalities, reducing ageism and improving social mobility is crucial to strengthen social cohesion between different generations.

Initiatives such as the European Day of Solidarity between Generations (29 April) highlights the need to reduce ageism and negative attitudes towards certain age groups.[13]

The Mobility4EU Action Plan also showcases how transport across the EU needs to focus on social aspects, like mobility, inclusivity, accessibility, affordability, automation and safety, in order to support people of all ages.[14]

Policy ambitions to create stronger communities across Europe

Intergenerational solidarity across Europe is crucial to ensure social cohesion between all age groups. Policies are needed to create stronger communities and better connections.

- **Multigenerational community hubs should be introduced across Europe to bring all age groups together.**
- **European arts and cultural programmes should be subsidised for all people, like existing programmes in Germany, France, Italy and Spain.**
- **The existing EU directive on carers' leave[15] should be increased from 5 working days per year and include more guarantees on flexible working.**

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