

Working Longer:
An EU perspective

David Sinclair,
Jessica Watson
and Brian Beach

September 2013
www.ilcuk.org.uk

PRUDENTIAL

ILC®

Our thanks

Thanks to **Matt Hawkins** for his support in the development of the country profiles and to **Michelle McGagh** and **Trinley Walker** for editing and proofreading.

Thanks to all of the participants at our consultation event in Brussels in June 2013. Particular thanks to our speakers at the event, **Rebecca Taylor MEP**, **Oscar Vargas** (Eurofound), **David Lain** (University of Brighton), **Clare Talbot** (Department for Work and Pensions, UK). Thanks particularly to **Maureen O'Neill** (President of the Social Affairs Section, European Economic and Social Committee), for hosting the event.

Thanks also to **Gordon Scott**, **Tim Fassam** and **Prudential** for making this piece of work possible.

This report was first published in September 2013 © ILC-UK 2013

Contents

Executive summary 2
The case for working longer 3
About this report 7
Methodology 7
Introduction 8

Older workers: levels of participation across Europe 9

Participation targets 12
Increases from a low base 12

The case for working longer 16

The demographic context 16
Income: expectation vs reality 18
Reduced working population 20
Migration can only have a limited impact 21
A retirement problem 22
Ageing societies will bring higher public costs 25

What is the EU doing to support working longer? 26

Pensions and retirement 27
Employment law, equality and age diversification 27
Support and promotion of Member State policies 27
Funding research 29

Trends and challenges for Europe to overcome 30

Achieving gender equality 30
Skilling up the older workforce 32
Supporting older people in the recession 34
Matching the demand and supply of older workers 39
Tackling ageism 39
Improving health 43

What should be done to support working longer? 45

Policy focus: Take a life course approach 46
Policy focus: Better use of fiscal incentives 49
Policy focus: Create more, better and appropriate jobs 54
Policy focus: Addressing inequalities 57
Policy focus: Targeted research agenda 59

Ten interesting European initiatives to support older workers 60

Executive Summary

The report sets out the context of an ageing society across Europe and considers the case for extending working lives and the role of EU institutions in this. Using examples from the country profiles (available in a separate appendix), we have identified a number of themes for EU and Member State policy-makers to consider. We have concluded with a set of recommendations for policy-makers across Europe.

Older workers across the EU

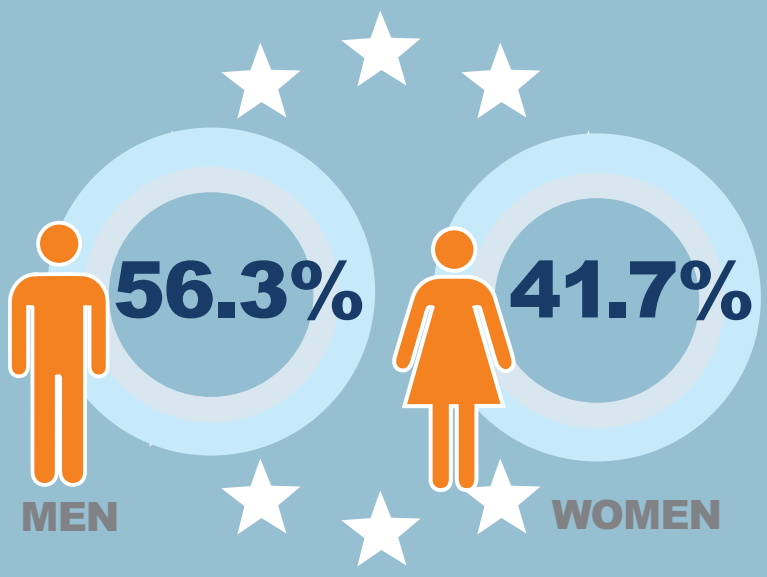
1970s-90s: Long-term falls in the participation of older workers continues due to unemployment; public and private pension schemes incentivising early retirement; and the provision of relatively generous pension schemes and social security.

1995-2007: The long-term falls in employment of older people across Europe begin to reverse as incentives to retire early are reduced.

Post 2007: The growth in the participation of older workers across Europe continues despite the recession. However, unemployment amongst older people increases.

2012 EU-28 employment rate of 55-64 year olds

=48.8%



The case for working longer

- Support people who want and are able to continue working
- Falling levels of working age population and the impact on dependency ratios and skills shortages
- Reductions to and increasing eligibility ages of State Pension Ages in light of the recession means that people may need to work for longer, and should be supported to do so
- Governments wanting to reduce potential future pensioner poverty through early exits from the labour force
- Older workers are likely to play an important part in delivering future economic growth, and extending working lives must be supported in order to achieve this.

Income: expectation vs. reality

As life expectancy increases, European citizens are recognising that they may need to work longer. A Special Eurobarometer survey revealed that the majority of people of working age expected to be capable of doing their current work until they are aged 60 or over. One of the driving factors extending working lives is an expectation that retirement income will not meet needs.

Reduced working population

In the EU, the old-age dependency ratio is expected to more than double, from 28% to 58% (from around four working-age people for every person aged 65 and over to under two working-age people for every person aged 65 and over) between 2010 and 2060.

The impact of migration

Migration could play a greater part in addressing the dependency ratio across Europe. The EU will receive over 60 million net migrants over the next 50 years (yearly average of around 0.2% of the EU population). Although inward migration could play a part in reducing dependency ratios, the EU would require a far higher level of net migration to maintain the current dependency ratio (an additional 11 million migrants by 2020). Older workers are a resource that can be used to address this issue.

The retirement problem

Across Europe, our average retirement age is too low and contributes huge economic cost. A relatively small postponement in retirement by 2060 (2 years for men and 1.3 years for women) would keep the percentage of life spent in retirement constant.

Ageing societies will bring higher public costs

The cost of public pension, social care and particularly health services provision will increase in light of a larger number of older people needing access to these. Across the EU, age-related spending is projected to rise from an annual cost of 25% to 29.1% of GDP between 2010 and 2060. Spending on public pensions is projected to rise from an annual cost of 11.3% of GDP to 12.9% of GDP between 2010 and 2060.

What is the EU doing to support working longer?

Over the past decade, European institutions have invested significant attention into policy initiatives to support and encourage working

longer. European-level support has come from four main directions:

- Pensions and retirement
  - Promoting 'adequate, safe and sustainable' pensions
  - Encouraging Member States to reform public pensions systems
- Employment law, equality and age discrimination
  - Legislating on age discrimination
- Support and promotion of Member States' policies
  - Creating strategies around active ageing and extending working lives
- Funding research
  - Funding programmes such as FP7

Trends and Challenges for Europe to overcome

Our analysis of the 28 EU Member States has revealed a very mixed picture of the extent to which older workers are supported. Our case studies have helped us identify seven major themes to which the EU institutions and Member States must respond if the EU is to make the most of the potential of older workers. Within these seven themes, we have incorporated evidence and good practice from Member States and the EU institutions.

The seven themes we explore are:

Achieving gender equality

In every EU Member State, the life expectancy of women is higher than that of men, by 5.9 years on average. Yet despite living longer across the EU, women participate less in the labour market and retire earlier, although the gender gap has been narrowing somewhat. Increasing the employment rates of older women is important in the context of the equalisation of pension ages across Europe. A number of social factors, such as provision of informal care and divorce have an impact on participation rates of older women in the labour market.

Skilling up the older workforce

The current cohort of older workers in Europe have low levels of education and qualifications compared to younger groups, are more likely to be over-educated, yet under-skilled. This increases the missed opportunity cost of appropriately matched employment. Coverage of lifelong learning and retraining opportunities for older workers is patchy across EU Member States.

Supporting older people in the recession

In all recessions before 2008, older workers were treated as a disposable resource: the first to leave, encouraged by early retirement and generous redundancy schemes. Increasing unemployment over recent years has meant that European policy-makers, particularly at a Member State level, have not had an adequate incentive to invest in policy initiatives to improve access to the workplace for older workers. The recent recession appears to have had less of an impact on older workers than younger, but there are problems around re-employment and long-term unemployment among older age groups.

Matching the demand and supply of older workers

Much of the focus of policy analysis and research on extending working lives is on supply-side issues. There has been less of a focus on the extent to which Europe's economy has been creating the right sort of jobs to meet the needs and wishes of the supply of older workers.

Tackling ageism

Across the EU Member States, the attitudes of individuals and employers towards working longer varies considerably. However, it remains true that, to differing degrees, negative attitudes towards older workers remain a significant cultural barrier across Europe. While ageism is generally recognised as being a significant barrier, there seem to be relatively few initiatives in place to tackle

ingrained ageism in the workplace.

Improving health

Our analysis has found relatively few initiatives by governments or employers to improve the health of older workers. Survey results from employees in ten European countries have shown that health concerns are the biggest worry for citizens in the context of working longer. Institutional reforms (for example, changes to eligibility for pensions) will not be sufficient tools to extend working lives if individuals are withdrawing due to poor health.

Recognising the diversity of the working experience

Older workers across Europe are more likely than other ages to be self-employed, on open-ended contracts, or working part-time. This is not necessarily a negative finding, as it could contribute to keeping older workers active in the workplace for longer.

What should be done to support working longer?

Our analysis leads us to conclude that few, if any, European Member States have created an adequate policy framework to support older workers. As we have seen, there is significant variation in the levels of employment of older workers but even those countries with relatively high levels of employment of older workers cannot afford to be complacent.

Below we set out five priority areas of policy focus for European decision-makers and Member States. Under each of the priority headings we have set out some detailed recommendations.

- Taking a life course approach to working longer
- Considering better use of fiscal incentives to support working longer
- Creating more, better and more appropriate jobs for older workers
- Tackling inequalities
- Ensuring the research agenda contributes to extending working lives

Taking a life course approach to working longer

- A life course approach assumes that governments should avoid regulatory or deregulatory initiatives which create intergenerational unfairness in access to work;
- The EU and Member States should invest research and evaluation into the effectiveness of fiscal and regulatory incentives to work longer. A better understanding of 'what works' would aid European policy-makers;
- The EU and Member States should not seek to 'pitch one generation against another' in creating opportunities for extending working lives;
- The EU and Member States should begin to measure labour market adjusted dependency ratios;
- Member State initiatives to support flexible working should be accessible to people of all ages;
- People of all ages should be supported and encouraged to take up learning opportunities.

Better use of fiscal incentives to support working longer

- The EU is right to continue to promote increases in state pension age as a tool not just for fiscal sustainability, but to nudge an increase in the participation of older workers;
- Member States should not assume that increases in pension age alone would automatically increase retirement age. Member States will also need to do more to support and encourage, rather than just force, working longer;
- The EU should evaluate the impact of

[1]See http://www.esfage.eu/

pension reform on extending working lives;

- Member States should remove any existing incentives for early retirement that remain within their state pension systems;
- Member States should explore policies that consider the impact retirement has on couples, not just individuals.

Creating more, better and more appropriate jobs for older workers

- The EU should better promote the potential to use the European Social Fund to provide more support for older workers;
- The EU and Member States should better promote good practice in workplace and job adaptation. The ESF-Age Network [1] should be widely promoted to employers;
- EU and Member State initiatives to tackle age discrimination should continue;
- The UK's experience of removing the default retirement age should be evaluated by the EU and Member States with a view to speeding a process of ensuring that older people may not legally be discriminated against in employment simply because of their age;
- The EU and Member States should continue to ensure that workplaces are appropriate and safe for an older workforce. Occupational health is likely to be of increasing importance in an ageing society;
- Member States should take a strategic approach to working longer rather than introduce ad-hoc initiatives. The strategic, long-term approach should involve employers, employees and trade unions;
- EU regional policy should support the creation of jobs for people of all ages. It should recognise and respond to the challenges of ageing regions and understand the diversity of approaches needed at a regional level;
- The EU and Member States should focus more attention on demand side solutions to extending working lives, creating the sort of jobs needed for an ageing society;
- The EU and Member States should recognise that public sector spending cuts may have a negative impact on the employment opportunities of older people and initiatives must be put in place to ensure public sector employees can transfer their skills to other sectors.

Addressing inequalities

- The EU and Member States must continue to promote lifelong learning. Age should not influence access to training opportunities;
- The EU and Member States must invest in tackling health inequalities;
- The EU and Member States should explicitly target initiatives at increasing the participation of older women in the workplace;
- The EU and Member States must ensure that care-giving is not a barrier to working longer.

Ensuring the research agenda contributes to extending working lives

- The Commission research agenda must promote 'what works' in extending working lives;
- The Commission and Member States must engage and support researchers interested in better understanding the motivations of extending working lives;
- The Commission research agenda could better understand and promote the best ways the private and public sector can adapt jobs to meet the needs of an ageing society;
- The Commission research agenda must explore how to tackle health inequalities and should monitor age discrimination and its impact on older workers.

About this report

In May 2012, panellists at the European Economic and Social Committee, debating ILC-UK's policy brief on pension saving (Boosting Retirement Saving Across Europe), argued that tackling the European retirement income challenges relies not just on pension provision and policies, but also on extending working lives. They agreed that older people need to be encouraged to increase their working lives by changing employer attitudes to older workers, providing older employees with relevant skills and removing legal barriers to employment.

ILC-UK has undertaken a large amount of research and policy analysis on the topic of employment and age.

Extending working lives: a provocation (2013): Explored the extent to which innovation was responding to the challenges of the working longer agenda.

Cost of our ageing society (2012): Incorporated discussion of macroeconomic importance of extending working lives.

Retirement in flux (2012): Highlighted the need for a new narrative about retirement.

Gradual retirement and pensions policy (2010): Highlighted the barriers to gradual retirement for older workers.

Ageism and age discrimination (2010): Highlighted evidence which made the case for focusing on issues around the demand for older workers rather than supply. Argued that ageism could not explain the historic falls in the proportion of people working into old age.

The future of retirement (2010): Set out the reasons why people retire when they do.

Methodology

In this paper, ILC-UK seeks to explore how the EU and its 28 members have responded to the working longer agenda. We have undertaken a policy and practice literature review alongside a more traditional literature review and produced new tables from European datasets. To inform our findings, we held an expert discussion event in June 2013, at the European Economic and Social Committee in Brussels.

Country profiles of each of the EU-28 and the extent to which they are supporting extending working lives are available as a separate appendix to this report, with examples of activity included throughout the main body of the report.

Our report sets out the context of an ageing society across Europe and considers the case for extending working lives. We set out the current role for EU decision-makers in extending working lives. Using examples from the country profiles, we have identified a number of themes for EU and Member State policy-makers to consider. We have concluded with a set of recommendations for policy-makers across Europe.

Introduction

For well over a decade, European politicians and policy-makers have placed their attention on how they can effectively increase the labour force participation of older workers as part of European employment strategies. In 2001, the *European Council of Stockholm* set a target to increase the employment rate among older workers (55 to 64) in the EU to 50% by 2010, up from 37% in 2000.[2] The *2002 Barcelona Target* then set the ambition of adding five years to the average age at which workers exit the labour market.

As part of the *Lisbon Strategy for Growth and Jobs*, previous targets for 2010 have been replaced by a new strategic plan. The EU's flagship *Europe 2020* growth strategy targets a 75% employment rate for workers aged 20-64 by 2020. Achieving this will require increased participation of older people in the workforce and a reduction in rates of early retirement and labour market exit.

In order to stimulate the labour market in recession periods in the late 1900s, leaving the work force early had been heavily encouraged in a number of EU Member States, establishing a culture of early retirement. Incentives for early retirement have reduced in scale and nature over the past decade, while simultaneously average state pension ages have increased. Policy initiatives have predominantly focussed on either penalising individuals for early retirement or incentivising, through bonuses for deferred payments of pensions, extended working lives.[3]

[2] European Commission (2010) 'Employment in Europe 2010'.
[3] European Foundation for the Improvement of Living and Working Conditions (Eurofound) (2012) 'Employment trends and policies for older workers in the recession'. Brussels: European Foundation for the Improvement of Living and Working Conditions.

Older workers: levels of participation across Europe

Since the mid-1990s the participation of older workers has begun to increase with some countries seeing dramatic increases in the proportion of older people in employment. Some of the most dramatic growth can be found in countries who have recently joined the EU and where previously, the participation levels of older workers were very low.

Across the EU, the employment level of older workers has increased by 10% over the past ten years.[4] However, this figure hides significant Member State variation in the levels of employment of older workers. For example, just 13% of Hungarians aged 60-64 were in work in 2010 compared to over 60% of Swedes.[5] The levels of growth in the proportion of older workers have also varied across Europe.[6]

Despite increases in the levels of employment of older workers, progress in reversing the long-term decline in participation of older workers has been slow. Across Europe, just under one in three of those aged 60-64 are in employment[7], and there are still countries

Older workers in the European Union

1970s-90s:

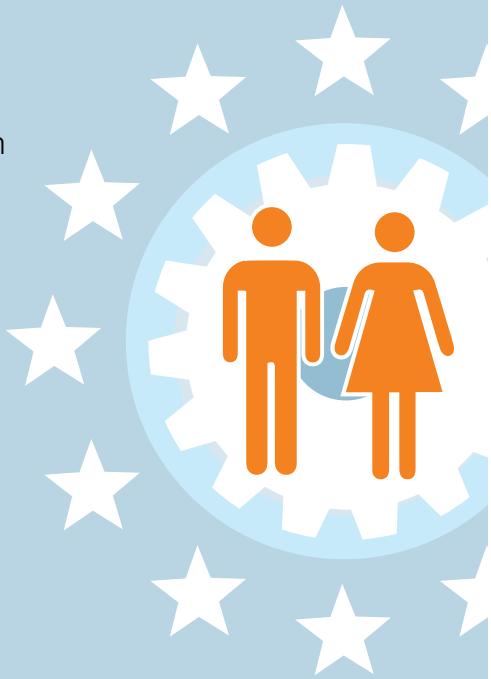
Long-term falls in the participation of older workers continues due to unemployment; public and private pension schemes incentivising early retirement; and the provision of relatively generous pension schemes and social security.

1995-2007:

The long-term falls in employment of older people across Europe begin to reverse as incentives to retire early are reduced.

Post 2007:

The growth in the participation of older workers across Europe continues despite the recession. However, unemployment amongst older people increases.



[4]Eurofound (2012) Ibid.
[5]Eurofound (2012) Ibid.
[6]Sigg, R. & De-Luigi, V. (2007) 'The success of policies aimed at extending working life', International Social Security Association.
[7]Eurofound (2012) Ibid.

The **UK** Pensions Commission, led by Lord Turner, starkly highlighted the precarious situation for future pensioners in the UK. But the messages are relevant throughout Europe and partly explain the increased interest in extending working lives. The Commission posed three options for the future of pensions in the context of demographic change. It pointed out that public spending on pensions would need to increase, that individuals would need to save more, and finally that they will need to work longer. The Commission argued that a balance of these three options was necessary and that the 'do-nothing' option would result in poorer pensioners.[8]

'Britain is running out of workers'

The UK government recently produced a guide on *Employing Older Workers*, arguing that older workers are a 'vital and untapped resource for business'. In publishing the guide, the DWP argued that employers who ignore Britain's growing older population could suffer skills shortages and lose an important competitive edge. *Employing Older Workers* warns that Britain is running out of workers. There are 13.5 million job vacancies, which need to be filled over the next ten years, but only seven million young people are projected to leave school and college over that time.

Launching the guide, Pensions Minister Steve Webb said: 'Older people are the main untapped source of labour in this country. Britain is in a global economic race and we're moving towards a landscape where there will be a set of jobs that employers cannot fill with anyone but experienced older workers. A firm that doesn't make use of the talent pool on offer amongst the over fifties will be left behind.' [9]

The **Netherlands** saw huge falls in employment of older workers between the 1970s and 1990s. Labour marker participation of older men fell from 81% in 1971 to 42% in 1993. This drop has been attributed to 'a generous social security system that has actively promoted early retirement'.[10] Nonetheless, it has also witnessed the sharpest participation level increase among OECD countries during the subsequent decade, up by more than 16%.

Employment reforms introduced after 1995 played a major part in these changes. The Dutch government introduced age discrimination legislation, information campaigns, age-management initiatives, and policies to promote part-time and flexible working.[11]

Alongside these reforms, Dutch citizens saw a move away from collective insurance rights, a reduction in financial incentives to retire early, the removal of early retirement options, and restrictions to unemployment and disability benefits.[12]

[8] Pensions Commission (2006) 'Implementing an integrated package of pensions reforms: The Final Report of the Pensions Commission'
[9] DWP (2013) 'Press release: Older workers are a "vital and untapped resource for business" – Pensions Minister' https://www.gov.uk/government/news/older-workers-are-a-vital-and-untapped-resource-for-business-pensions-minister
[10] Sigg, R. & De-Luigi, V. (2007) Ibid.
[11] Sigg, R. & De-Luigi, V. (2007) Ibid.
[12] Eurofound. (2012) Ibid.

where fewer than 40% of people aged 55-64 are in employment (Slovenia, Malta, Greece, Croatia, Hungary, Belgium and Poland in 2012).[13] In Belgium, France, Slovenia, Greece, Luxembourg, Poland, Croatia and Hungary, fewer than half of older men were in employment in 2012.[14]

Progress for some age groups has been better than others, with 'younger-older' workers (for examples, the under 60s) having higher rates of participation than older groups.

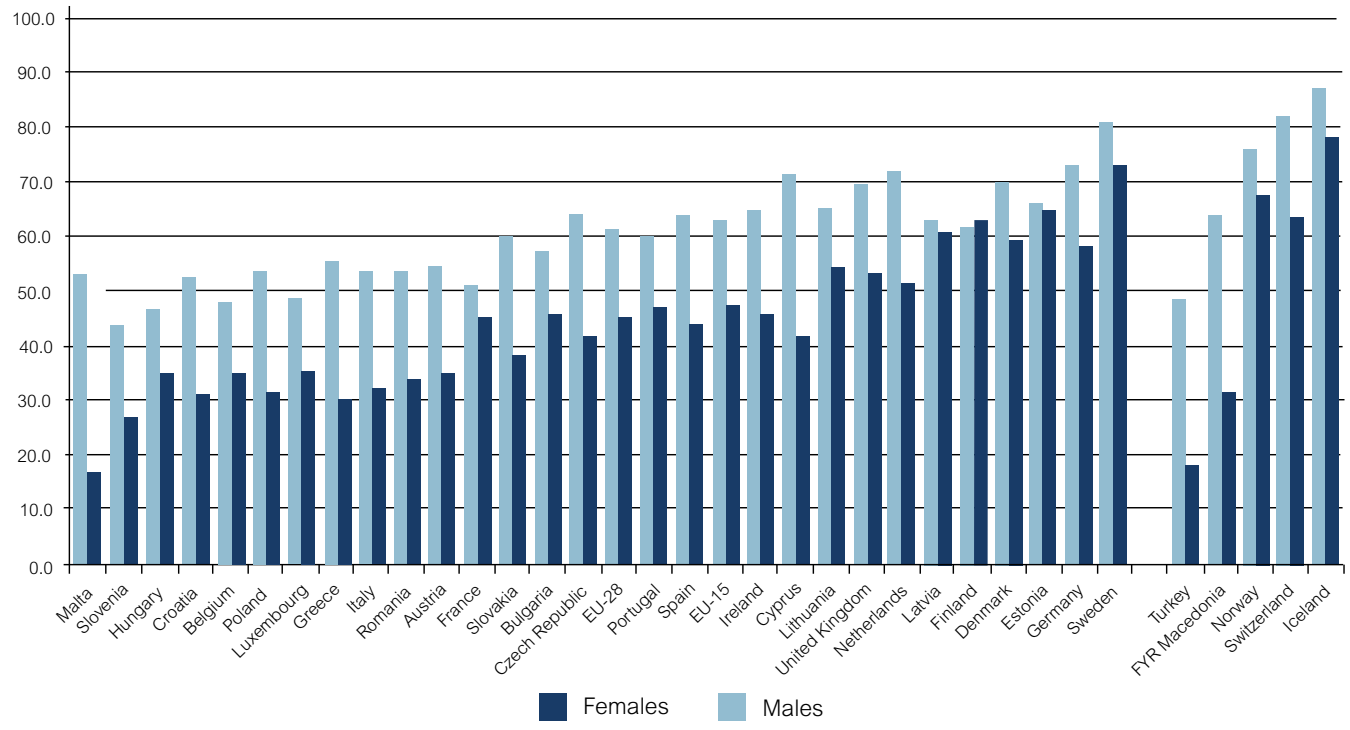
The European Commission have noted:

> 'While about 60% of Europeans aged 55-59 are employed, this percentage is halved for those aged 60-64 – in one third of Member States, no more than one out of five workers in this age group is employed.'[15]

Belgium has a strong culture of early retirement, which puts it among the countries with the lowest levels of older workers. In 2006 the *Solidarity Pact* between Generations was introduced, including a goal to increase the employment levels of the older age group (55+).

Since these measures were introduced, the Belgian government has supported a number of initiatives such as workplace improvements, intergenerational relations in the workplace and health at work schemes.[16] In 2012, the OECD reported that its impact on these fronts had been 'minimal'.[17]

Figure 1: Labour force participation rates by gender for people aged 55-64 in 2012



[13]Eurostat (2013) Employment (main characteristics and rates) – annual averages (lfsi_emp_a).
[14]Eurostat (2013) Ibid.
[15]European Commission (2012) 'European Employment Observatory Review: Employment Policies to Promote Active Ageing 2012'.
[16]Vandenbrande, T., Vandekerckhove, S., Vendramin, P., Velanduc, G., Huys, R., Van Hootegem, G., Hansez, I., Vanroelen, C., Puig-Barrachina, V., Bosmans, K., & De Witte, H. (2013) 'Quality of Work and Employment in Belgium'.
[17]OECD (2012) 'OECD thematic follow-up review of policies to improve labour market prospects for older workers'.

Participation targets

The European Council of Stockholm target to increase the employment rate among older workers aged 55-64 from 37% in 2000 to 50% by 2010 was missed, reaching only 47%.[18,19] By the fourth quarter of 2012, the EU had still failed to meet this target, with a rate of 49.5% according to the OECD and a rate of 48.8% according to EU figures from Eurostat.[20,21] Over the period 2002-2008, the average age of labour market withdrawal among the EU-28 had only increased by an estimated 1.3 years, from 60.1 to 61.4. The subsequent economic crisis has continued to make it difficult for Member States to meet the targets.

Nonetheless, the European Commission recently projected that labour market participation at older ages of 55-64 will increase to around 67% by 2060.[22] They have also estimated that the average age of exit will increase from around 62 to around 64 within the EU, and from around 64 to over 65 in the UK between 2010 and 2060.[23]

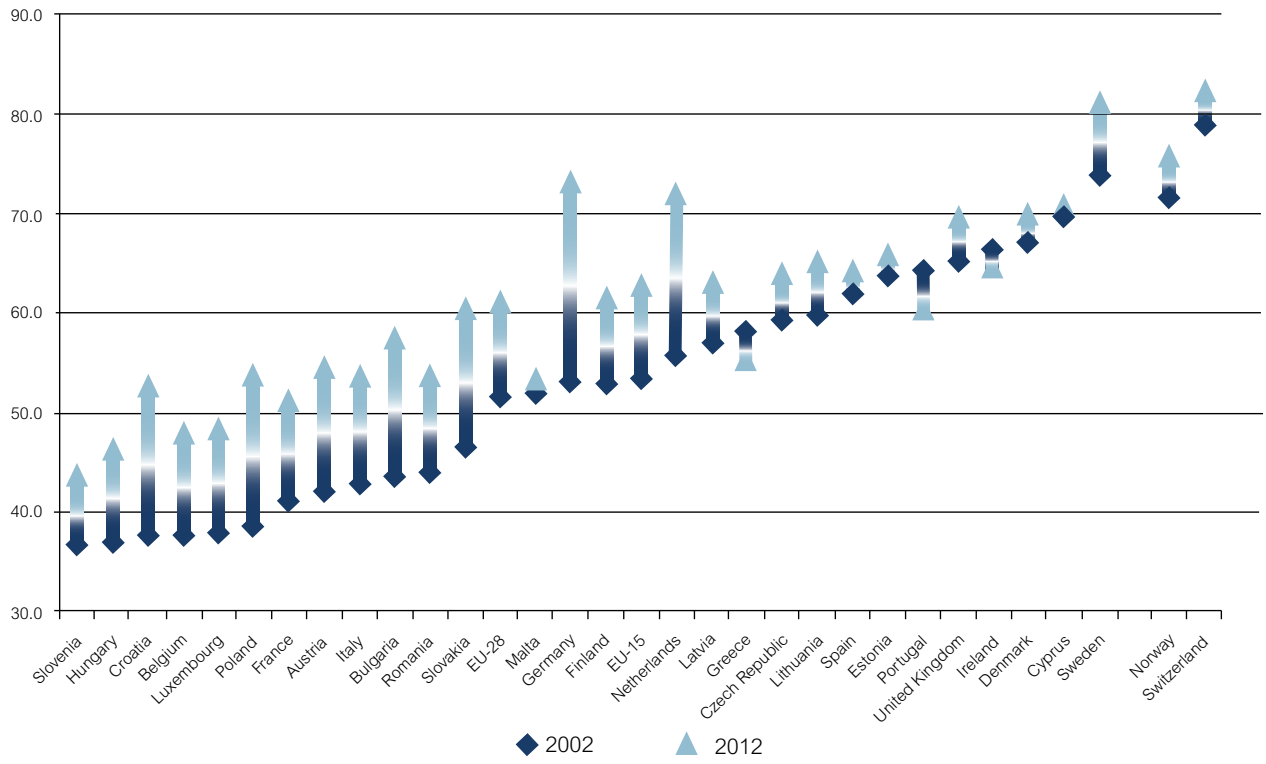
Since 2005, we have witnessed increases in the employment levels of people aged over 65, with the highest growth in Finland, UK, Lithuania, Germany and Austria.[24] This growth is projected to continue.

Increases from a low base

These figures highlight the upward trend in the participation of older people aged 55-64 in the workforce between 2002 and 2012.[25]

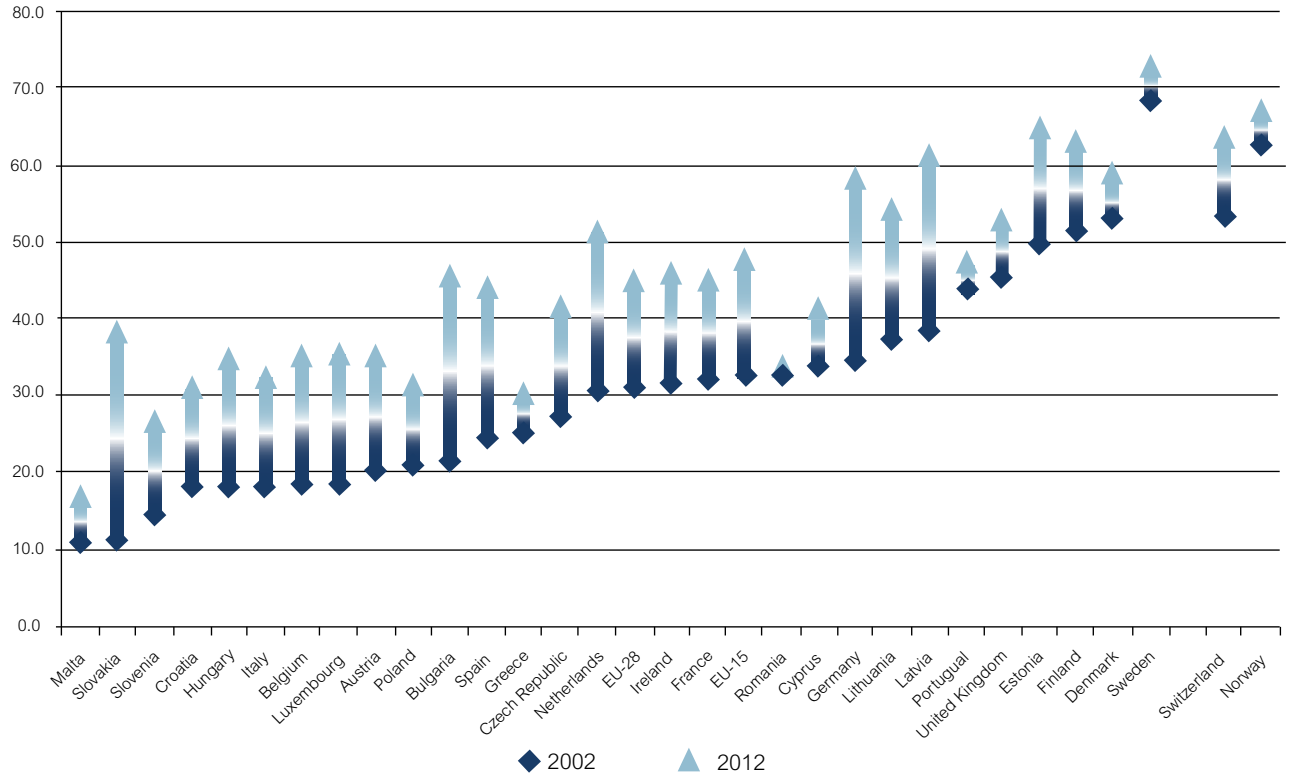
Across almost all EU countries, a growing proportion of people are working longer. It is also worthwhile to note that some of the biggest growth has been witnessed in countries that have acceded to the EU over the past decade or so. This may be partly down to EU social policy and partly because participation levels were actually very low

Figure 2: Changes in labour force participation of males aged 55-64, 2002-2012



[18] Eurofound (2012) Ibid.
[19] European Commission (2010) Ibid.
[20] OECD (2012) Short term labour market statistics. Quarter 4 2012. http://stats.oecd.org/
[21] Eurostat (2013) Employment (main characteristics and rates) – annual averages (lfsi_emp_a).
[22] European Commission (2012) 'The 2012 Ageing Report: Economic and budgetary projections for the 27 EU Member States (2010-2060)'.
[23] European Commission (2012) Ibid.
[24] Eurofound (2012) Ibid.
[25] Eurostat (2013) Population, activity and inactivity – annual averages (lfsi_act_a).

Figure 3: Changes in labour force participation of females aged 55-64, 2002-2012



Low employment rates among older workers in the **Czech Republic** are thought to have a number of causes. First is the frequent use of early retirement schemes; men can retire aged 63 and women can from the age of 59-63, according to the number of children they have had. This is relatively low compared to the rest of Europe. Second is the low level of qualifications of older people compared to younger groups. More than 60% of people aged 50-65 have attained no more than a lower secondary level of education. Amongst those aged 25-39 this figure stands at 49%. Factors such as poor health and negative stereotyping of older people by employers are also believed to be keeping the older Czech population out of work. [27]

prior to accession. In most cases, they remain lower than the EU average. In addition, EU membership has resulted in outward migration of mainly young people from some of these countries, perhaps resulting in more opportunities for older workers.

Member States also tend to have lower living standards than the other ones, and state pension provision is typically less generous, perhaps creating more of a compulsion to work longer.

The graph over the page highlights how the growth in employment rates across Europe has mainly been driven by growth in countries where participation was previously low. [26] However, while labour force participation has increased across Europe, for a small number of EU countries, the proportion of men in employment has fallen. But, these are also the countries which have been hardest hit by the recession: Portugal, Spain, Cyprus, Greece, and Ireland.

[26] Eurostat (2013) Employment (main characteristics and rates) - annual averages (lfsi_emp_a).
[27] Doleželová, H. (n.d.) 'The problem of the employment of older people: Czech Republic'.

Figure 4: Percentage of men aged 55-64 in employment in 2002 and 2012

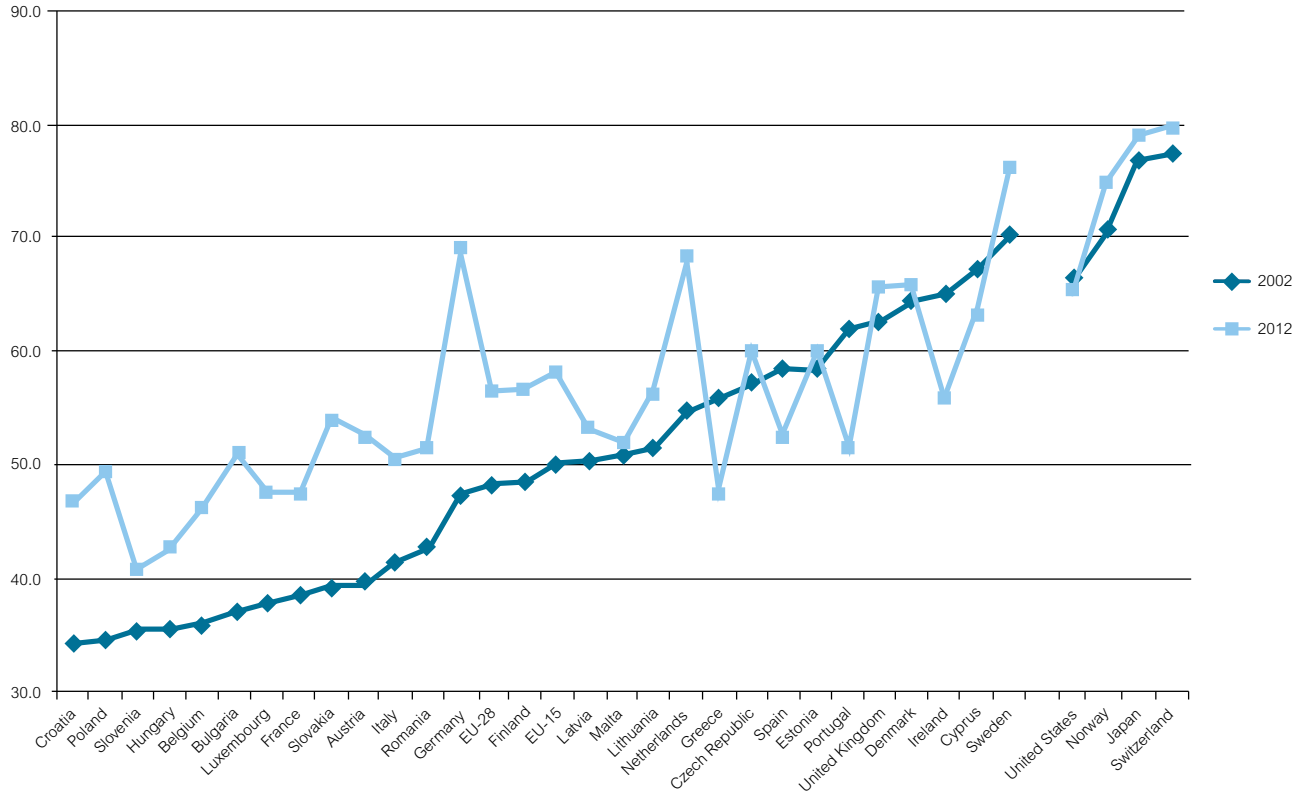
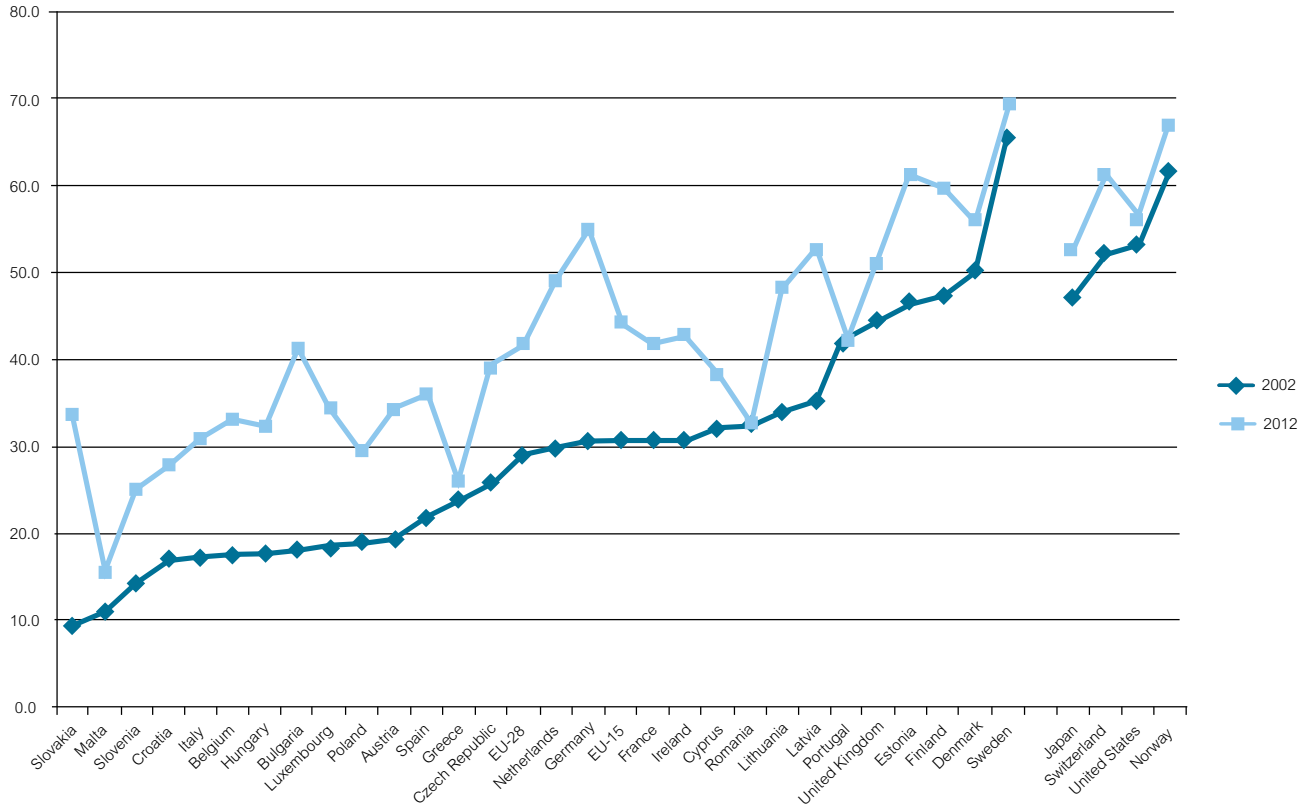


Figure 5: Percentage of women aged 55-64 in employment in 2002 and 2012



Note: *The vertical axes for these two graphs differ slightly, beginning at 30% for Male and at 0% for Female employment rates.*

Across the EU, the percentage of women aged 55-64 in employment has increased. Whilst this is certainly a positive development, the levels in 2002 were very low, and the current employment rates remain low. Only seven countries had employment rates above 50% in 2012.

Looking forward, European policy-makers are expecting the levels of employment participation amongst older people to increase, along with the average age of exit. Across the EU, both indicators are projected to rise steadily, plateauing in around 2040, with around 65% participation of 55-64 year olds and an average exit age of around 64.[28]

[28] European Commission (2012) The 2012 Ageing Report. Economic and budgetary projections for the 27 EU Member States (2010-2060) European Union. Appendix tables UK and EU

The case for working longer

The motivation of Europe's policy-makers to keep older people in the labour market has been driven by a number of factors:

- Demographic change has led governments to recognise the growing dependency ratio and its long-term impact in terms of labour supply. The number of working age adults across Europe has begun to decline across the EU-28.[29] Despite the recession, some sectors of the European economy already suffer from skills shortages.
- The fiscal crisis has contributed to a reduction in the generosity of state pensions or an increase in state pension ages by most European governments. Policy-makers recognise that increasing state pension ages without considering initiatives to extend working lives could be very unfair on older workers.
- Governments have become aware that too many people are falling out of the labour market well ahead of state pension age, potentially resulting in future increases in pensioner poverty.
- There is recognition that the long-term falls in the participation of older workers were neither sustainable nor desirable and needed to be reversed. Between the 1970s and 1990s, the labour market participation of older men across the EU and the OECD fell significantly from around 80% to just over 60%.[30]

'A third of Europeans said recently in a Eurobarometer survey that they would like to stay in work after they have reached the age at which they are entitled to a pension, though not necessarily full-time. But not many Europeans currently get the chance to do so'.[33]

László Andor, Commissioner responsible for employment, social affairs and inclusion

- The lump of labour fallacy, that is, the suggestion that more older people in the workplace results in the unemployment of younger people, has been debunked by economists. The European Commission has said: 'States with the highest employment rates for older workers also have some of the lowest youth unemployment rates.'[31]
- Older workers are likely to play an important part in delivering future EU economic growth. Overall EU GDP growth is expected to be around 1.4% per year on average between 2010 and 2060 in comparison to an average yearly growth of 2.5% for the ten years between 1997 and 2006.[32]

The demographic context

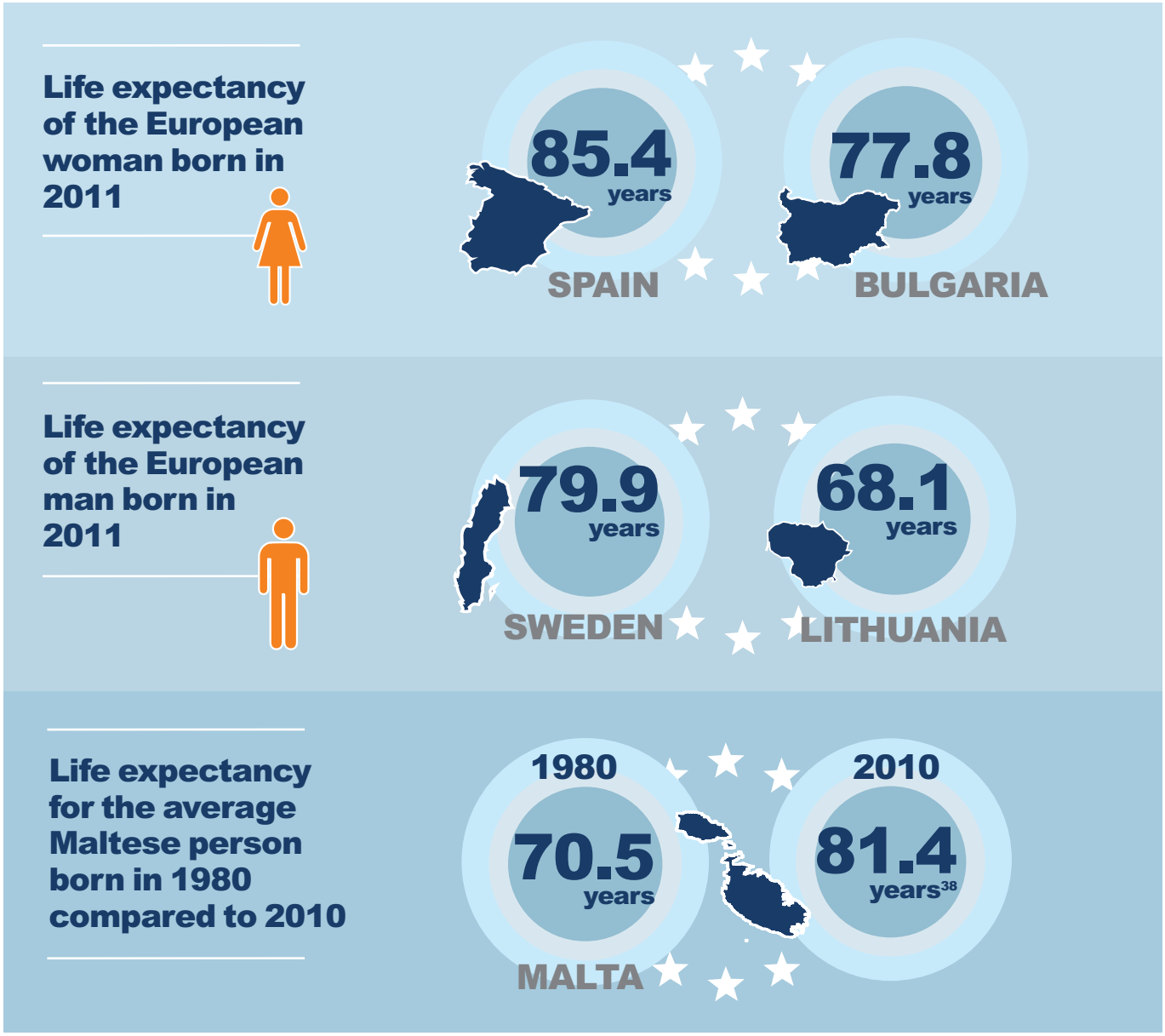
Over the last 50 years, life expectancy across Europe has increased by about ten years[34] and the trend for growing life expectancy

[29] Eurofound (2012) Ibid.
[30] Sigg, R. & De-Luigi, V. (2007) Ibid.
[31] European Commission (2012) 'White Paper: An Agenda for Adequate, Safe and Sustainable Pensions'
[32] ILC-UK (2012) 'Cost of our Ageing Society'.
[33] European Commission (2012) 'The EU Contribution to Active Ageing and Intergenerational Solidarity between Generations'.
[34] Eurostat Statistics Explained (2013) 'Mortality and life expectancy statistics'.

is expected to continue for at least the next half century. The European Commission has estimated that life expectancy at birth is expected to increase by 7.9 years for men and 6.5 years for women between 2010 and 2060.[35]

However, growth in life expectancy across Europe is not equally distributed, with large disparities both between countries, and between men and women.

In light of an older but healthier population, Member States and companies are moving towards age-diversity within their workforce as a potential sustainable labour strategy.[36] Many employers recognise the challenge of demographic changes in terms of labour supply. A 2005 employer survey by Fair Play found a high proportion of employers in five countries across Europe were aware of the impact of demographic change on their recruitment.[37] However, the degree to which it is considered a serious issue in comparison with other threats varies considerably, with, for example, Greek and Spanish employers ranking an ageing population lowest or highest influence respectively.



[35] Eurostat (2013) Statistics Explained 'File:Life expectancy at birth, 1980-2011 (years).png'. http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Life_expectancy_at_birth,_1980-2011_(years).png&filetimestamp=20130129120827

[36] Eurofound (2012) Ibid.

[37] van Beek, A., Henderikse, W., & Schippers, J. (2011) 'Do European employers support longer working lives?', in J. van Loo & M. Launikari (eds.), Working and Ageing: Guidance and counselling for mature learners, European Centre for the Development of Vocational Training.

[38] European Commission (2012) 'The 2012 Ageing Report: Economic and budgetary projections for the 27 EU Member States (2010-2060)'.

Table 1: Degree to which employers think the following developments will affect recruiting problems on the labour market in their own organisations (%)

Adapted from Fair Play employer survey, 2005, OFA fair play employer survey, Hungary, 2008

Developments	EL	ES	HU	NL	UK
Age population	49	67	39	77	38
Labour market shortages	62	64	43	62	72
International competition	62	49	38	71	22
Increasing work place stress	60	45	55	52	44
Unemployment	57	54	30	45	9
Declining birth rate	51	46	49	44	36
Inflow of foreign workers	53	34	13	43	11
Poverty	51	51	58	21	56

Source: Fair play employer survey, 2005; DFA fair play employer survey Hungary, 2008.

Within an ageing society, older people are responsible for a growing proportion of a company's clients. As a result, older employees may be in a strong position to advise their employer about the needs and preferences of the older consumer in service and retail industries.

Income: expectation vs. reality

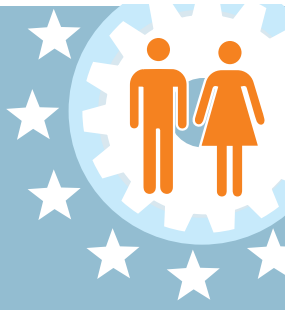
As life expectancy increases, European citizens are recognising that they may need to work longer. A Special Eurobarometer survey conducted in late 2011 revealed that the majority (70%) of people of working age expected to be capable of doing their current work until they are aged 60 or over.[39] In addition, 31% expected to be capable of continuing work until they were 64-69, with 11% positing that they could continue until their 70s.

Elsewhere, a 2010 survey of 7,500 citizens in ten European countries found an expectation among 55% of respondents that working lives would extend beyond current national 'retirement ages'. In Denmark, Ireland and the UK, almost half were 'OK' about the prospect of working longer. Around two-thirds of respondents in Switzerland and Ireland expect to work beyond retirement age, along with almost 75% of employees in France and Germany. Nearly seven in 10 of those who expect to work beyond official retirement ages said they expected to work for two years or more.[40]

At the same time, a European Commission 2012 report on active ageing noted that 'a 2012 Eurobarometer survey showed most Europeans (60%) reject the need for higher retirement ages. Rejection is

[39] European Commission (2012) 'Special Eurobarometer 378: Active Ageing'.
[40] Aon Consulting (2010) 'Expectations vs. Reality: Meeting Europe's Retirement Challenge'.

A Eurostat survey found only 16% of Slovenians would like to work beyond retirement age compared to a European Union average of 33%.[42]

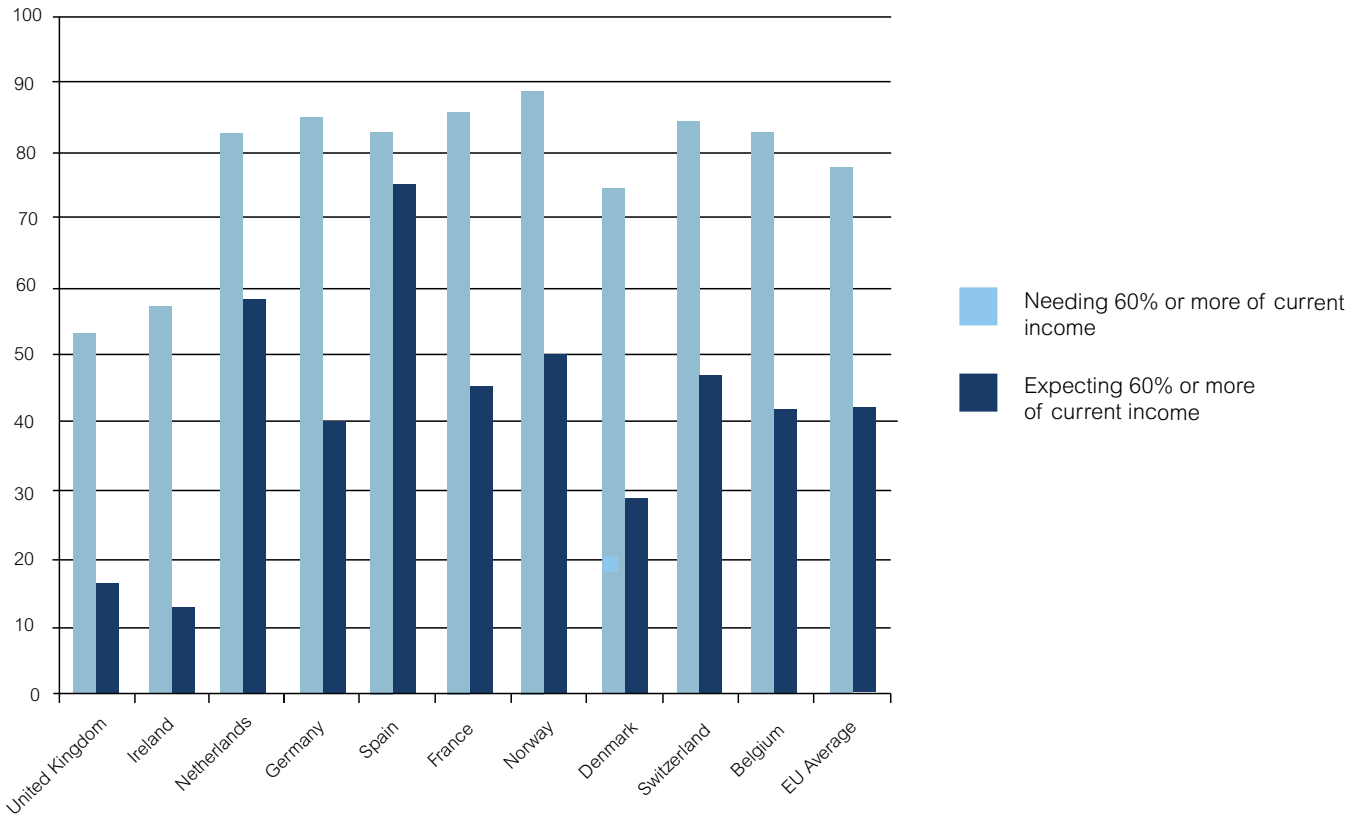


strongest in Romania (87%), Latvia (86%) and Slovakia (83%). Only in Denmark (58%), the Netherlands (55%), Ireland (53%), the UK (51%) and Austria (49%) the majority of respondents agrees on the need for the official retirement age to rise'.[41] Just over six in ten, however, said that individuals should be allowed to work beyond formal 'retirement ages'.

One of the driving factors extending working lives is an expectation that retirement income will not meet needs. An Aon survey found that three-quarters of employees said they needed an income of 60% or more of their current wage to be 'comfortable' in retirement. However, less than half (41%) felt that their pensions would not be able to support this level of income.[43]

Figure 6: The retirement gap: expected income vs expected retirement needs (in %)[44]

Adapted from Aon Consulting (2010) 'Expectations vs. Reality: Meeting Europe's Retirement Challenge



[41] European Commission (2012) 'The EU Contribution to Active Ageing and Intergenerational Solidarity between Generations'.
[42] Cerni, B. (2013) 'Slovenia's Economy Seen Contracting for Fourth Quarter on Demand', Bloomberg, May 30th 2013, http://www.bloomberg.com/news/2013-05-30/slovenia-s-economy-seen-contracting-for-fourth-quarter-on-demand.html
[43] Aon Consulting (2012) Ibid.
[44] Aon Consulting (2012) Ibid.

Reduced working population

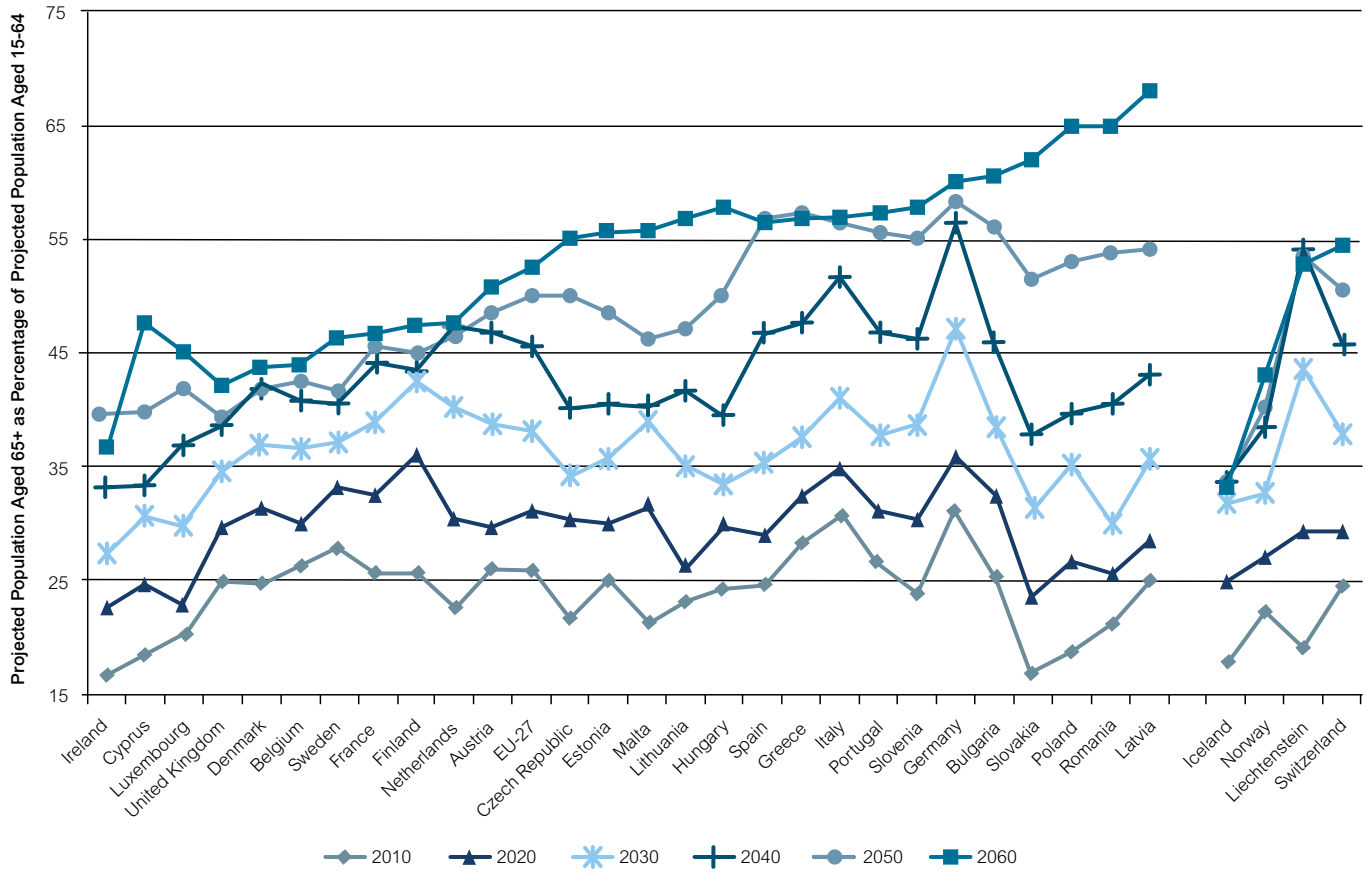
In recent years, the fertility rate across Europe has fallen, leading to a reduced number of people of working age (generally considered aged 15-64). This causes an increase in the old-age dependency ratio, that is, the proportion of people aged 65 and over compared to that of working age. Changes in this measure over time also provide insight into potential shortfalls in public finances with respect to pension and health care provision, as increasing outflows to a greater number of older people are compounded by decreasing income from tax and contributions from the working age population.

In the EU, the old-age dependency ratio is expected to more than double, from 26% to 52.5% (from around four working-age people for every person aged 65 and over, to under two working-age people for every person

Increases in the age of eligibility for state pension benefits in **Denmark** have been at least partly driven by a growing dependency ratio[45] and a desire to encourage people to work longer.

A report published by the **Dutch** Ministry of Interior and Kingdom Relations has suggested that by 2020 'there will be gaps of 30% or more in the employment pool for teachers and policemen, and even higher gaps for nurses'.[46]

Figure 7: Projected old-age dependency ratio, 2010-2060



[45]Eurostat. (2012). Projected old-age dependency ratio. http://epp.eurostat.ec.europa.eu/tgm/graph.do?tab=graph&plugin=1&language=en&pcode=tsdde511&toolbox=type

[46]Ropes, D.C. (2011) 'Intergenerational learning in organisations - A research framework', in J. van Loo & M. Launikari (eds.), Working and Ageing: Guidance and counselling for mature learners, European Centre for the Development of Vocational Training.

aged 65 and over) between 2010 and 2060. Moreover, the economic old-age dependency ratio, which compares the number of inactive people aged 65+ to the number of employed people aged 15-64, is projected to go from 39% to 71% in 2060.[47] This measure is of particular importance and concern with respect to the planning and management of public finances, especially regarding pensions.

The figure on the preceding page shows the old-age dependency ratio among the EU-27 in 2010, along with projections each decade until 2060.[48]

Migration can only have a limited impact

It is conceivable that migration could play a greater part in addressing the dependency ratio across Europe. The EU will receive over 60 million net migrants over the next 50 years (yearly average of around 0.2% of the EU population). Although inward migration could play a part in reducing dependency ratios, the EU would require a far higher level of net migration to maintain the current dependency ratio (an additional 11 million migrants by 2020).[49]

While the working age population across Europe has begun to decline as a whole, there are significant variations across the EU. Bulgaria, Estonia, Germany, Latvia, Lithuania and Romania began declining between 2000 and 2010 while Cyprus and Ireland have actually seen an increase in the working age population. These changes are at least partly a result of migration.[50]

Migration *within* the EU is also expected to contribute to differing demographic trends across Europe. A 2010 survey by Aon found that 88% of Spanish residents wanted to retire

With over a million Bulgarians currently choosing to live and work abroad[51] **Bulgaria** is increasingly suffering from an exodus of people of working age. Eurostat estimates that in 2060 Bulgaria's old-age dependency ratio will hit 60% – and at that stage it will be the fifth highest in Europe.[52] This problem is being confounded by a low-birth rate and by poor public health – the latter of which is prompting people to withdraw from the labour market prematurely.[53]

The **Bulgarian** government has expressed its desire to take action to promote economic activity amongst older workers and tackle this worrying trend towards a reliance on an increasingly small working-age population.[54] The main strategy put in place to achieve this is the *National Strategy for Demographic Development of Bulgaria*, which has set out a policy plan to the year 2020. As part of this, the *Human Resources Development* (HRD) programme aims to promote lifelong learning to help people stay in work for longer. This is being delivered through training schemes and educational programmes, which aim to provide learning opportunities for workers throughout their employed life.[55] In the period 2007-2010 10% of those receiving support from the scheme were aged 55-64.[56]

[47]European Commission (2012) 'The 2012 Ageing Report: Economic and budgetary projections for the 27 EU Member States (2010-2060)'.
[48]Eurostat (2013) Projected old-age dependency ratio (tsdde511).
[49]ILC-UK (2012) 'The cost of our ageing society'.
[50]Eurofound (2012) Ibid.
[51]The Economist. (2012). 'In a rough region'. *The Economist*.
[52]Eurostat. (2012). Projected old-age dependency ratio. http://epp.eurostat.ec.europa.eu/tgm/graph.do?tab=graph&plugin=1&language=en&pcode=tsdde511&toolbox=type
[53]Gebova, T. (2012). 'Policy Paper: Active Ageing in Bulgaria'. European Map of Intergenerational Learning
[54]Gebova, T. (2012). Ibid.
[55]Republic of Bulgaria. (2007, September 1). Operational Programme: *"Human Resources Development"*, 2007-2013. from Ministry of Labour and Social Policy http://www.eufunds.bg/document/468
[56]Gebova, T. (2012). Ibid.

in their home country compared to fewer than 50% of people in the UK.[57] Spain was also an attractive retirement destination for individuals across Europe, with around one in eight survey respondents outside the country stating a preference to retire there.

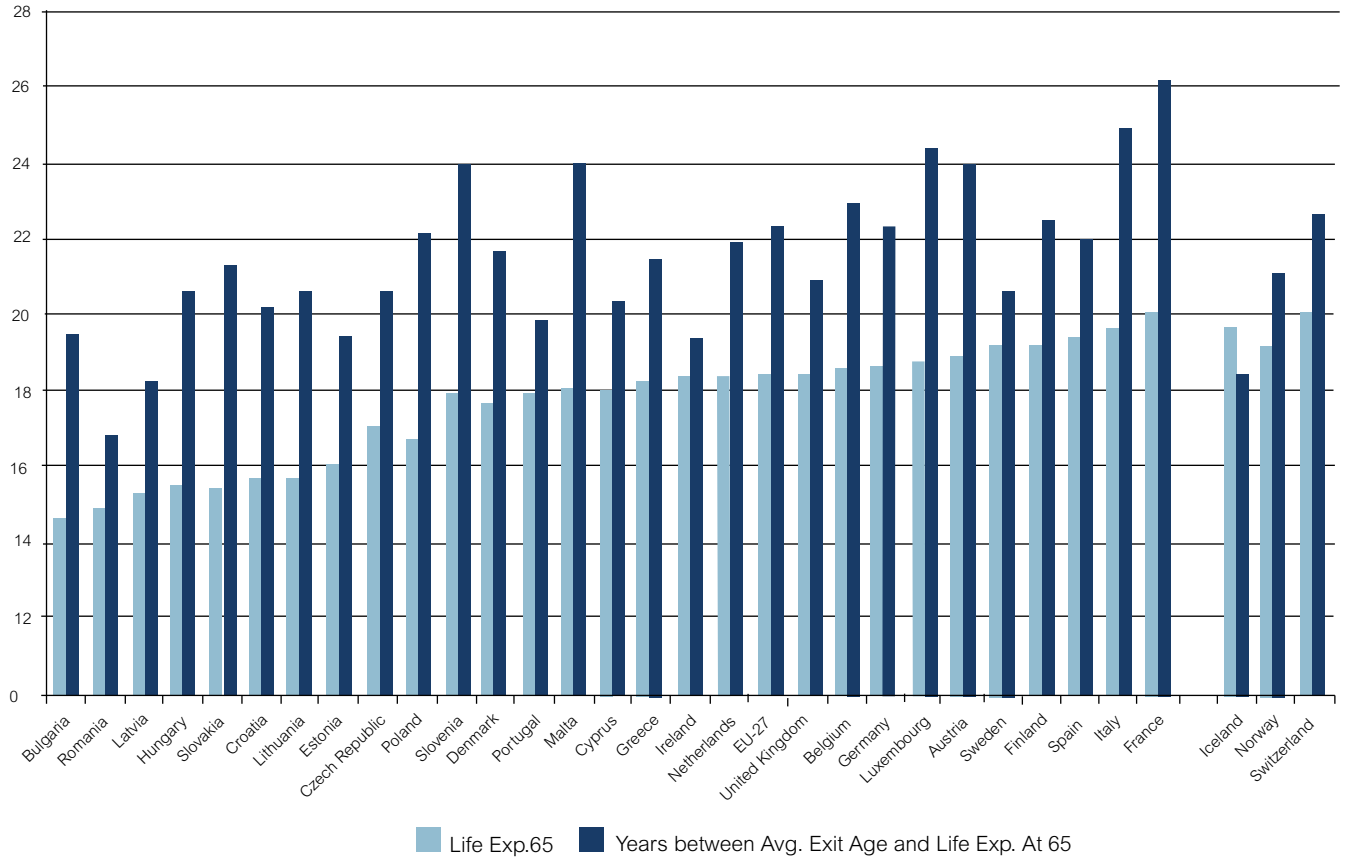
The retirement problem

Europe does not necessarily have an 'ageing problem'. On the contrary, the ageing of society is a major success story, demonstrating a range of developments and improvements in the human condition. However, ILC-UK believes that Europe does have a retirement problem. Across Europe, the average retirement age is too low and contributes huge economic cost due to lost productivity through inactivity combined with fiscal burdens of growing pension obligations.

In 2011, speaking at an ILC-UK seminar, Dame Carol Black highlighted how individuals in the UK are spending longer periods in retirement despite living longer.[58] As an example, she noted that in the UK in 1984, there was a gap of 23 years between retirement and life expectancy of women aged 65 and that this had increased to 26.4 years by 2010.

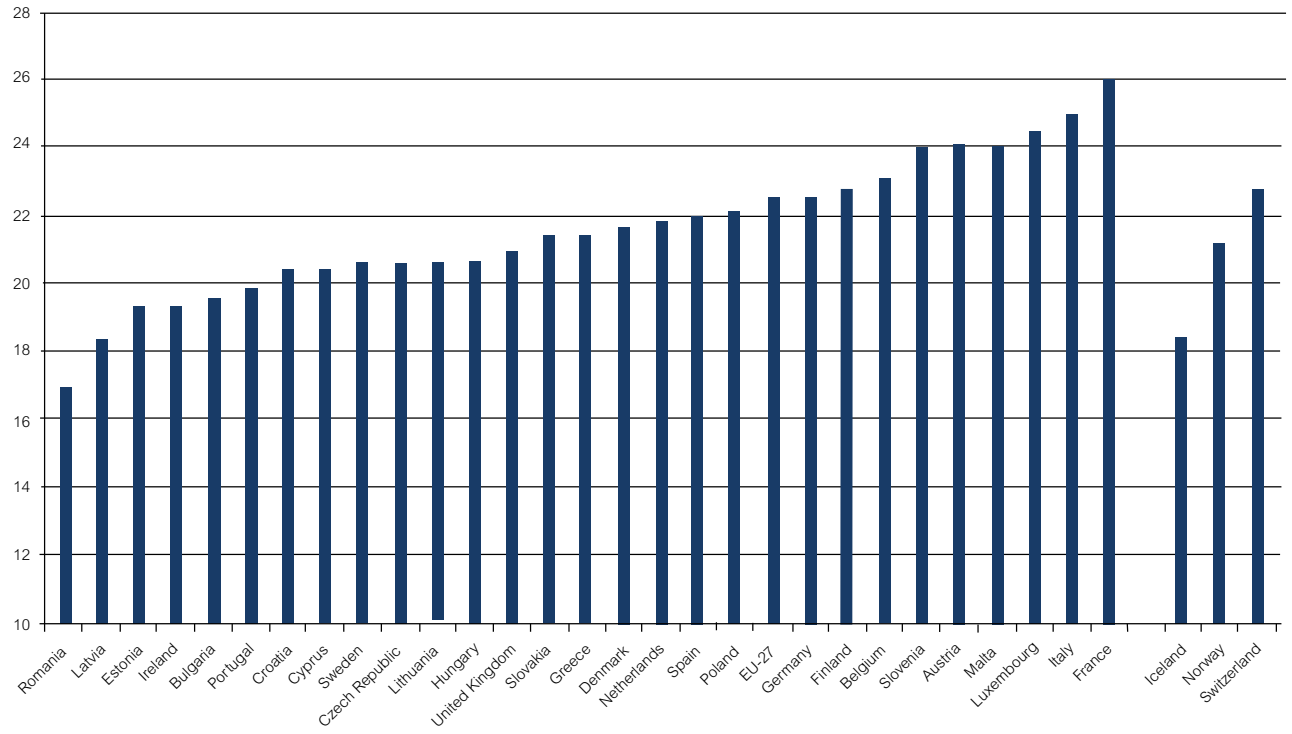
This trend for increasing time spent in retirement is one that is being replicated across Europe, as the figures below show.[59] Where average age of labour market exit has not risen with increases in life expectancy at 65, a disproportionate percentage of the lifespan is spent out of work, for example in France, Italy, Austria, Luxembourg, Malta and Slovenia. This trend is reversed for countries such as Ireland and Sweden.

Figure 8: Life expectancy at 65 and average age of labour market exit, 2005



[57] Aon Consulting (2010) Ibid.
[58] LFS and ONS. Presented by Black, C. (2011) 'Presentation: Trends in the health of older workers'. http://www.slideshare.net/ILC-UK/ilcukactuarial-profession-joint debate-older-workers-health-and-employment-kindly-supported-by-sanofi-pasteur-msd
[59] Eurostat (2013) Life expectancy by age and sex (demo_mlexpec); Average exit age from the labour force - annual data (lfsi_exi_a).

Figure 9: Number of years difference between life expectancy at 65 and average age of labour market exit, 2005



Note on Figures 8 and 9: Average Exit Age for Cyprus and Germany are 2004 figures. All figures are taken from 2005 as this is the last year where data from the majority of countries is available. More recent data from some countries are available via Eurostat (Life expectancy by age and sex (demo_mlexpec); Average exit age from the labour force - annual data (lfsi_exi_a)).

Presenting at an ILC-UK event in 2012, Per Eckefeldt of the European Commission highlighted that a relatively small postponement of retirement by 2060 (two years for men and 1.3 years for women) would keep the percentage of life spent in retirement constant.

Eckefeldt added that, in the context of working longer, if Europe were to consider dependency ratios in relation to those aged 15-74 compared with 75+, rather than 15-64 compared with those aged 65+, the dependency ratio in 2060 would be no higher than it is now.

Since 2011, the European Commission's Annual Growth Survey (AGS)[60] has highlighted the importance of better balancing the years spent working and years in retirement. The surveys have explicitly set out recommendations for growth recognising the challenges of an ageing society. Amongst other recommendations, they have highlighted the need to:

- link the retirement age with increases in life expectancy;
- restrict access to early retirement schemes and other early exit pathways;
- support longer working lives by providing better access to life-long learning;
- adapt workplaces to a more diverse workforce, develop employment opportunities for older workers, and support active and healthy ageing; and
- equalise the pensionable age between men and women.

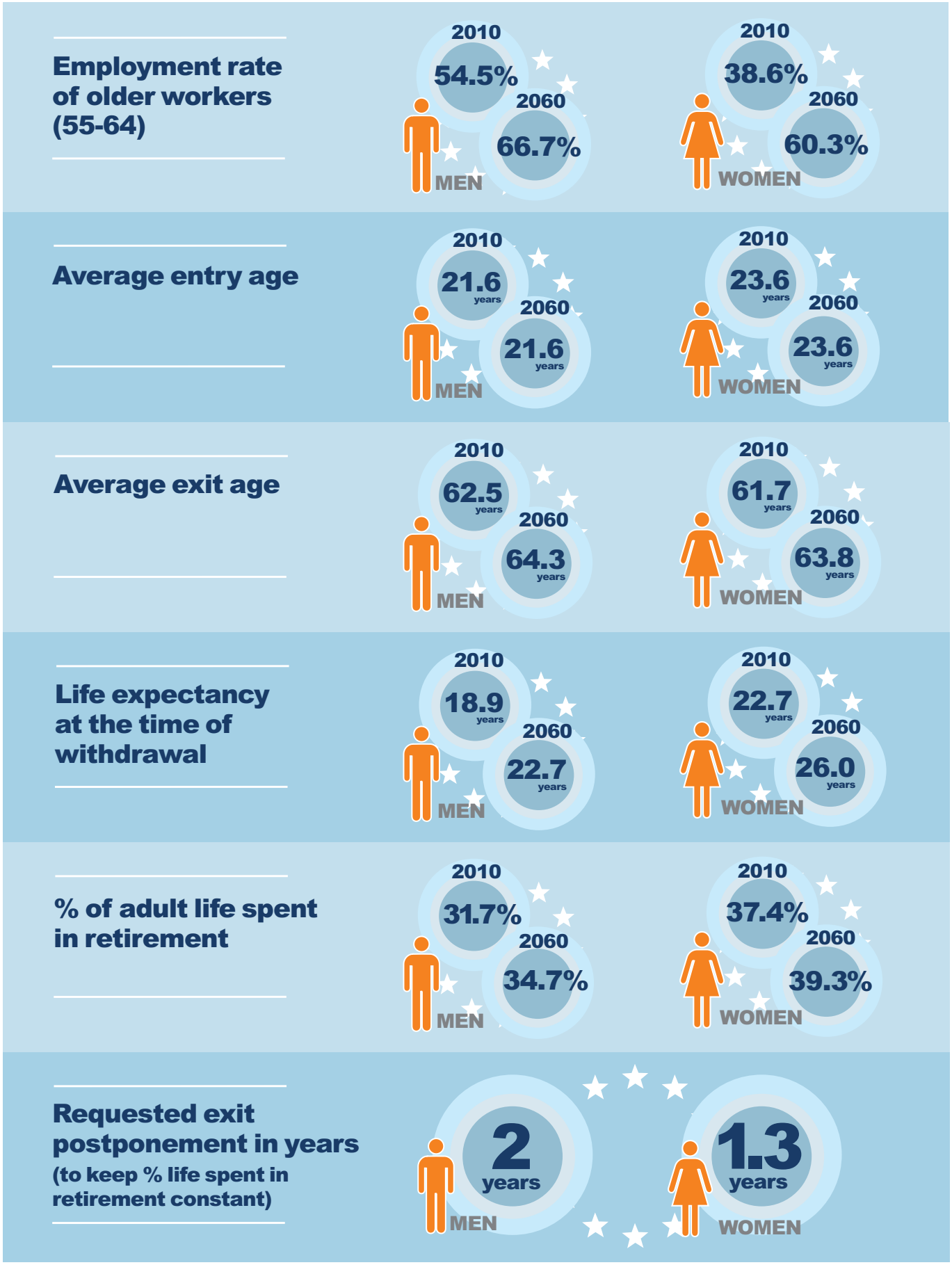
In the 2013 AGS report, it was noted that there had been some positive movement towards fulfilling these goals with a 1.8% increase in the employment rate of older workers between 2008 and 2011, compared to a 1.5% decline in the general employment rate.

[60]See http://www.slideshare.net/ILC-UK/the-cost-of-our-ageing-society-an-ilcuk-and-actuarial-profession-joint-debate-sponsored-by-milliman

[61]See 2011 and 2012 Annual Growth Surveys: COM(2011) 11 final and COM(2011) 815 final: available via http://ec.europa.eu/europe2020/making-it-happen/annual-growth-surveys/index_en.htm.

Table 2: Relative proportions of life spent in retirement and labour market exit ages[61]

See http://www.slideshare.net/ILC-UK/the-cost-of-our-ageing-society-an-ilcuk-and-actuarial-profession-joint-debate-sponsored-by-milliman



Ageing societies will bring higher public costs

'Increasing the effective age of retirement would alleviate the burden of ageing populations.'

Organisation for Economic Cooperation and Development (OECD)[62]

The costs of public pensions, social care, and particularly the provision of health services will increase in light of a larger number of older people needing access to them.[63] Across the EU, age-related spending is projected to rise from an annual cost of 25% to 29.1% of GDP between 2010 and 2060.[64] Spending on public pensions is projected to rise from an annual cost of 11.3% of GDP to 12.9% of GDP between 2010 and 2060. Changes in age-related expenditure are predicted to vary significantly across Europe. Some countries will only see a small increase in age-related expenditure, such as Italy and Portugal. Others will see huge increases, such as Slovenia and Luxembourg, are projected to have age-related expenditure rise by over 10 percentage points of GDP by 2060.[65]

The disparity in the effect of ageing on EU countries is determined by both the introduction of policies to promote longer working as well as reforms to public pensions. Reductions in the generosity of public pensions lower the projected costs of ageing through a decreasing or stabilising effect on pension expenditure.[65] In order to gain a competitive advantage, some of the newer EU members from central and eastern Europe have 'out-liberalised' the west in terms of pension reform.[67] These reforms may have reduced some of the long-term costs of ageing but may also result in future generations of poorer pensioners.

If average retirement ages across Member States do not keep pace with increases to the state pension age, then there exists the danger that states will experience greater demand for unemployment benefits. If older workers find themselves out of work before reaching the increased state pension age, they may end up in registering as unemployed in order to receive benefits until they can receive pension income. As a consequence, the financial burden Member States sought to relieve by delaying the payment of pensions through a higher pension age is essentially transferred to the budget of unemployment benefits. It is important to note that we may be already seeing this trend happening across Europe. As we see later, whilst the proportion of older people active in the labour force has increased over the past decade, so has the proportion of older people who are unemployed.

The EU has projected that spending on unemployment benefits will reduce from an annual cost of 1.1% to 0.7% of GDP between 2010 and 2060, an estimate based on an assumption that there will be a decrease in the structural unemployment rate resulting in higher employment levels. Estimates of the future costs of unemployment benefits across Europe vary, however, with the UK predicting that spending on unemployment benefits will rise from an annual cost of 0.3% to 0.6% of GDP between 2010 and 2060.[69] It will be important for governments to monitor the changes in fiscal outflows to pensions and to unemployment benefits in order to ensure that there is not a substitution effect taking place. Otherwise, the working longer agenda may only yield reduced pension generosity and higher levels of older people in unemployment, unable to officially retire.

[62]OECD (2002) 'Increasing Employment: The Role of Later Retirement'. OECD Economic Outlook, Volume 2002 Issue 2
[63]ILC-UK (2012) 'The cost of our ageing society'.
[64]European Commission (2012) 'The 2012 Ageing Report: Economic and budgetary projections for the 27 EU Member States (2010-2060)'.
[65]European Commission (2012) Ibid.
[66]European Commission (2012) Ibid.
[67]ILC-UK (2011) 'Boosting Retirement Saving Across Europe'.
[68]European Commission (2012) Ibid.
[69]OBR (2012) Box 3.2, Table B, OBR projections of unemployment cannot be directly compared with the European Commission's because of different underlying assumptions

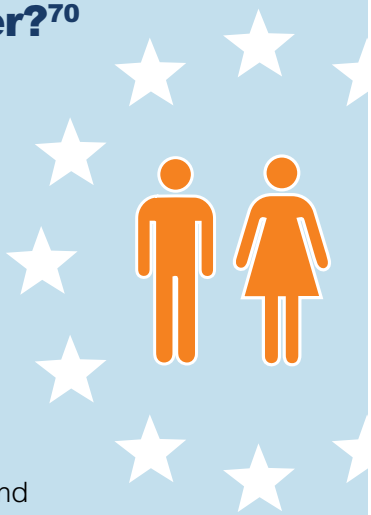
What is the EU doing to support working longer?

Over the past decade, European institutions have invested significant attention into policy initiatives to support and encourage working longer. While much of the policy arena that impacts on older workers is at a Member State level, this report now explores the main European-wide policies and legislation that affect working longer.

European-level support has come from four main directions:

- Pensions and retirement
- Employment law, equality and age discrimination
- Support and promotion of Member States' policies
- Funding research

How is the EU supporting the older worker?[70]



EU legislation supporting active ageing

- Anti-discrimination
- Gender equality legislation
- Health and safety at work
- Social security and free movement

European Structural and Cohesion Funds support active ageing

- European Social Fund
- European Regional Development Fund
- Cohesion Fund
- European Agricultural Fund for Rural Development

Research and innovation

- The seventh framework programme for research and technological development (FP7)
- Cohesion Policy supporting research and innovation
- Competitiveness and Innovation Framework Programme
- Joint programming in research

[70] European Commission (2012) 'The EU Contribution to Active Ageing and Intergenerational Solidarity between Generations'.

Pensions and retirement

While pension policy remains the responsibility of Member States, the European institutions have played an important part in influencing pension reforms over the last decade. *The Lisbon Strategy 2000* encouraged Member States to reform public pensions with a focus on three objectives: enhancing the financial sustainability of the pension systems; reducing pensioner poverty; and modernising systems.

The European Commission White Paper, *An Agenda for Adequate, Safe and Sustainable Pensions*, set out an agenda to tackle problems in relation to the adequacy and sustainability of pension systems. It highlighted two main areas of focus: 'enhancing the opportunities to build up safe, complimentary retirement savings' and 'creating the conditions for a high level of labour force participation of women and men throughout their lives.[71]

The European Commission set up an advisory committee in the area of supplementary pensions in order to find solutions to the obstacles associated with cross-border mobility of workers in the area of supplementary pensions.[72] Cross-national mobility of supplementary pensions has also been guaranteed by a court ruling in 2009.[73]

Employment law, equality and age discrimination

The EU has a long history of equality and human rights legislation relevant to the older worker.

Article 21 of the *EU Charter of Fundamental Rights* states that 'any discrimination based on any ground [– including disability and age –] shall be prohibited'. Article 25 recognises and respects the rights of older people to lead a life of dignity and independence and to participate in social and cultural life.

The Lisbon Treaty signed in 2007 confirmed that 'the Union...shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men [and] solidarity between generations.[74]

In 2000, the EU adopted *Council Directive 2000/78/EC* which set out a framework for tackling discrimination on the grounds of religion or belief, disability, age, or sexual orientation as regards employment and occupation. The directive required Member States to make illegal the unequal treatment of individuals in employment, recruitment, and training. It required Member States to ensure national legislation bans direct and indirect discrimination on the basis of age.[75]

In addition to regulatory activities by European policy-makers, the Commission has funded a range of campaigns against age discrimination, including *For Diversity, Against Discrimination*, since 2003.

In an ageing Europe, health and safety at work is of potentially increased importance. The EU has introduced extensive and wide-ranging legislation to promote health and safety at work. *Council Directive 89/391/EEC* of 12 June 1989 set out to 'encourage improvements in the safety and health of workers at work'; this regulation requires employers to ensure the health and safety of workers.[76]

Support and promotion of Member States' policies

Much of the work that has been done around supporting Member States includes highlighting areas for improvement and providing targets to members for increasing

---

[71] European Commission (2012) 'White Paper: An Agenda for Adequate, Safe and Sustainable Pensions'

[72] See http://europa.eu/legislation_summaries/employment_and_social_policy/social_protection/c10124_en.htm

[73] Commission of the European Communities v Federal Republic of Germany: Case C-269/07. http://eur-lex.europa.eu/LexUriServ/LexUriServ do?uri=CELEX:62007J0269:en:HTML

[74] See http://europa.eu/lisbon_treaty/index_en.htm

[75] Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation Official Journal L 303 , 02/12/2000 P. 0016 - 0022

[78] More information about the EU's work on health and safety is available at http://europa.eu/legislation_summaries/employment_and_social_policy/health_hygiene_safety_at_work/index_en.htm

the participation of older workers. However, concerns have been raised that the focus at a European level has previously been on the need to cut levels of benefits and taxes to ensure fiscal sustainability, and there has been relatively little emphasis on the benefits of people working longer as a socially desirable outcome, advantageous to older workers themselves.[77]

The Europe 2020 Strategy highlights the lower rates of employment participation for people aged 20-64 in Europe compared to other countries in other regions. For older workers (in this case, those aged 55-64) in particular, the Strategy notes that only 46% of this group is working, compared to figures as high as 62% in the US and Japan. While the Strategy does not set any specific targets for the employment of older workers, it establishes the goal for 75% of people aged 20-64 to be in employment by 2020.

The Strategy acknowledges that, in order to achieve this target, those older people not currently in employment (as well as women and migrant workers) should be further involved in the labour market. As part of the Strategy, the Commission will work to focus research and development initiatives on topics such as *European Innovation Partnerships* between Member States and the EU to promote 'technologies to allow older people to...be active in society.[78] The targets set out in Europe 2020 will only be achieved with increased participation of older people in the workforce.

As part of Europe 2020, the *Agenda for New Skills and Jobs* identified the need to address up-skilling in the older workforce, noting that this group is 'particularly vulnerable to economic restructuring'. It calls for a targeted approach to lifelong learning and career guidance in order to benefit vulnerable groups, including older workers.[79] Europe 2020 has also inspired the creation of the European Employment Strategy, which seeks to create more and better jobs throughout the EU.[80]

While the EU has a number of strategies on ageing and extending working lives, the same cannot be said of many EU Member States where few have taken a strategic approach to working longer. One example of a country where a range of initiatives have been introduced is **Finland**. Since the 1990s, the Finnish government has developed a wide range of plans and initiatives. Finland has relatively high levels of employment of older workers, although somewhat lower than some of its Scandinavian neighbours). Nonetheless, it has run a number of initiatives:

- Respect for the Ageing Programme – developing the health, work ability, and well being of the ageing (1990-1996);
- National Programme on Ageing Workers (1998-2002);
- Coping at Work (2000-2003) led by the Ministry of Labour;
- Finnish Workplace Development Programme (TYKES) (2004-2005);
- VETO: Programme for promoting the attractiveness of work-life (2003-2007);
- KESTO: Programme for sustainable work and career development (2004-2007);
- NOSTE: Programme for uplifting the competency of working adults (2003-2007).[81]

[76]More information about the EU's work on health and safety is available at http://europa.eu/legislation_summaries/employment_and_social_policy/health_hygiene_safety_at_work/index_en.htm

[77]Foden, D. & Jepsen, M (2002) 'Active strategies for older workers in the European Union: A comparative analysis of recent experience', in M. Jepsen, D. Foden, & M. Hutsebaut (eds.), Active strategies for older workers in the European Union, European Trade Union Institute.

[78]European Commission (2010) 'Europe 2020: A strategy for smart, sustainable and inclusive growth'

[79]European Commission (2012) 'The EU Contribution to Active Ageing and Intergenerational Solidarity between Generations'.

[80]European Commission (2012) 'Towards a job-rich recovery', COM(2012) 173 final; see also: http://ec.europa.eu/social/main.jsp?catId=101&langId=en

[81]TAEN – The Age and Employment Network (2007) 'Managing the Ageing Workforce: an introductory guide to age management for HR professionals'.

Slovakia has used the €1.5 billion received from the European Social Fund in 2007-2013 to invest in education and training. From 2007-2011, 24,000 new jobs were also created. Although these jobs were not specifically for older people, the project does aim to establish a lifelong learning culture in Slovakia.[83]

The *European Social Fund* (ESF), with a current budget of €75 billion (2007-2013), promotes job creation, supports individuals to improve their skills, and can be used to support older employees. The ESF has been used to support initiatives involving the training of older employees and the adaptation of companies to support increasing employment by older people. Between 2014 and 2020, the ESF budget will increase to €84 billion. In 2011, the Commission proposed active and healthy ageing as one of the investment priorities for the ESF over this new period.[82] Member States will be encouraged to use the ESF to support active and healthy ageing, including extending working lives.

The *ESF-AGE Network* incorporates 14 EU Member States and promotes the role of the ESF in extending working lives. The EU has supported a number of projects to promote shared learning across the EU in relation to demographic change. ActiveAge, for example, was an example of a project to promote mutual learning between nine European cities.

The European Regional Development Fund has a budget of €201 billion (2007-2013) to support initiatives promoting economic and social development at a regional level. [84]

The 2012 *European Year on Active Ageing and Solidarity between the Generations* sought to 'raise awareness of the benefits and possibilities of working longer and stimulate the dissemination of good practices of age management in work places and labour markets'.[85]

The *PROGRESS programme* is a financial instrument supporting the development and co-ordination of EU policy in employment; social inclusion and social protection; working conditions; anti-discrimination; and gender equality.[86]

The EU also supports sharing of good practice across Europe; Member States are expected to co-ordinate their policies using the *Open Method of Co-ordination*, a form of policymaking without legislative compulsion.

Funding Research

The European Commission's main mechanism for funding research is the *Seventh framework programme for research and technological development* (FP7). With a budget of over €50 billion for 2007-2013, FP7 has funded a wide range of research into Europe's ageing society. Europe also supports other research through the *Cohesion Fund* and the *Competitiveness and Innovation Framework Programme.*

The European Innovation Partnership on Active and Healthy Ageing is supporting research and has set a target of increasing the average healthy lifespan by two years by 2020.

[82]European Commission (2012) 'The EU Contribution to Active Ageing and Intergenerational Solidarity between Generations'.
[83]Vagac, L. (2012) 'EEO Review: Employment Policies to Promote Active Ageing, 2012: Slovakia'.
[84]See http://ec.europa.eu/regional_policy/thefunds/regional/index_en.cfm for more information.
[85]European Commission (2012) 'White Paper: An Agenda for Adequate, Safe and Sustainable Pensions'
[86]See http://ec.europa.eu/social/main.jsp?langId=en&catId=327.

Trends and challenges for EU Member States to overcome

Our analysis of the 28 EU Member States has revealed a very mixed picture of the extent to which older workers are supported. Our case studies have helped us identify seven major themes to which the EU institutions and Member States must respond if the EU is to make the most of the potential of older workers. Within these seven themes, we have incorporated evidence and good practice from Member States and the EU institutions.

The seven themes we will explore in more detail are:

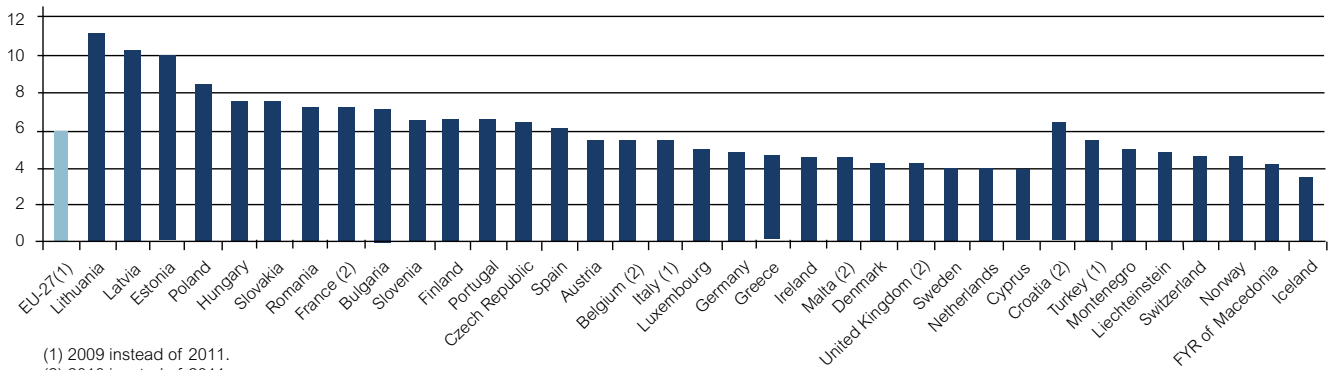
- Achieving gender equality
- Skilling up the older workforce
- Supporting older people in the recession
- Matching the demand and supply of older workers
- Tackling ageism
- Improving health
- Recognising the diversity of the working experience

Achieving gender equality

In every EU Member State, the life expectancy of women is higher than that of men, by 5.9 years on average. Cyprus and the Netherlands see the smallest difference between male and female life expectancy at birth (3.8 years), whilst Lithuania sees the largest gap (11.2 years).[87]

Yet despite living longer across the EU, women participate less in the labour market and retire earlier. These differences in gender are particularly pronounced in southern European countries.[88] Low participation in countries

Figure 10: Differences between life expectancies of men and women across the EU-27, in years [89]



(1) 2009 instead of 2011.
(2) 2010 insetad of 2011.
Source: Euros tat (online data code: demo_miexpec)

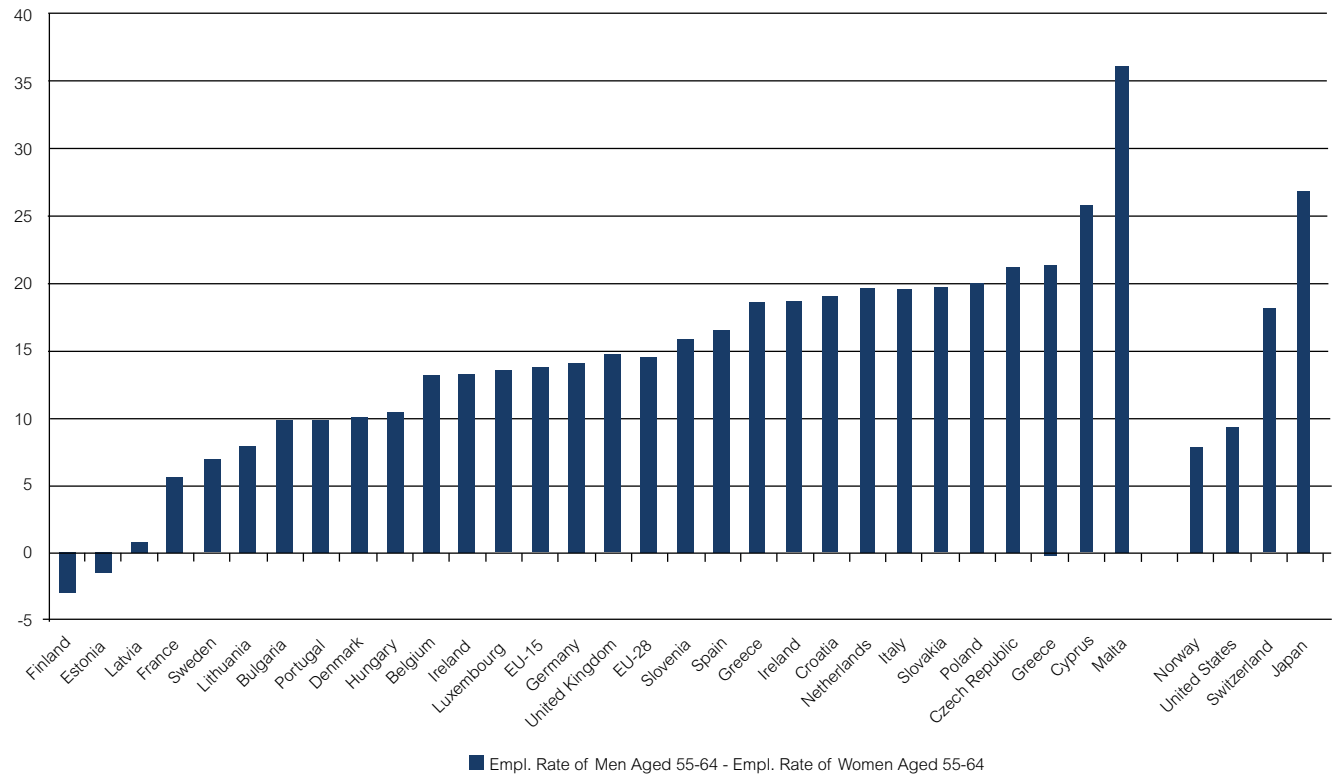
[87] Eurostat (2013) Statistics Explained 'Mortality and life expectancy statistics'.
[88] See Eurofound, (2009) Drawing on experience: older women workers in Europe. Dublin: Eurofound (Foundation findings)
[89] Eurostat (2013) Statistics Explained - File:'Life expectancy at birth, gender gap, 2011' (years, female life expectancy - male life expectancy).png.

such as Italy means that not only are women unable to support the national economy, but their average wealth is only just above the national median.[90] Malta, Cyprus and Greece have the largest gap between the employment levels of older men and women.[91] In only three countries, Estonia, Finland and Latvia, the employment rates of older women are higher than the rate for older men.[92] There has been somewhat of a narrowing of the gender gap in the employment of older workers in the decade up to 2012. The employment rate of older women in 2002 was 29.1% (48.4% for men), while the 2012 rate increased to 41.8% (56.4% for men).[93]

Increasing the employment rates of older women is important in the context of the move towards gender equalisation of pension ages across Europe. As of 2009, 13 Member States had lower pensionable ages for women than for men. However, by 2020, 18 will have equalised pension ages. Five further Member States have long-term plans to equalise

There is a significant gender divide in **Malta**. While 74.6% of males in the 55-59 age group are in employment, the figure shrinks to 22.5% for women. The main reason for this withdrawal from the workforce (generally and also specifically for women) is not due to retirement but a culture in which families are the main care units for the old, young, or disabled.[95]

Figure 11: Gender difference in employment rates of people aged 55-64, 2012[94]



[87] Eurostat (2013) Statistics Explained 'Mortality and life expectancy statistics'.
[88] Eurostat (2013) Statistics Explained - File:'Life expectancy at birth, gender gap, 2011' (years, female life expectancy - male life expectancy).png.
[89] See Eurofound, (2009) Drawing on experience: older women workers in Europe. Dublin: Eurofound (Foundation findings)
[90] Social Situation Observatory (2010) 'Wealth and labour force participation of older women' http://www.socialsituation.eu/monitoring-report/wealth/wealth-and-active-participation-of-elderly-women
[91] Eurofound (2012) Ibid.
[92] Eurofound (2012) Ibid.
[93] Eurostat. (2013) Employment (main characteristics and rates) – annual averages (lfsi_emp_a).
[94] Eurostat. (2013) Employment (main characteristics and rates) – annual averages (lfsi_emp_a).

The Women in the Labour Market project launched by the **Croatian** Employment Service has sought to offer specialised training for women to boost their representation in the labour market.[96]

pension ages, and just four have no legislation in place to do this.[96]

The types of jobs being done by women are also changing. In the UK for example, 30 years ago women's work was mainly low-skilled manual work. Now those women working in their 50s are working at similar levels - if not pay - as men.[97] Indeed, part of the success in high employment rates for women of all ages in the Scandinavian countries has been attributed to the strong role by national governments in creating service sector jobs, such as in education, childcare and health care. These jobs have a traditional gendered dimension to them, but their wide availability also enhances job mobility and opportunity for women to develop skills and combine work and family. In contrast, the low employment rates of women in southern European countries, noted earlier, is often attributed to the prominent role of familialism in these countries, combined with an entrenched culture of clientelism; these factors discourage female labour force participation by increasing the difficulties in combining work and family and limiting access to jobs.

There is increasing research on the work trajectories older women employees. A growing trend of divorce and separation may be contributing to the extension of working lives amongst women. Work in Germany has suggested that German divorced women 'tend to work more often beyond retirement age because of financial necessity'.[99] In the UK, similar studies have shown 'a distinct positive influence of divorce on women's probability to work beyond retirement'.[100]

Whilst the average levels of employment of older women have increased over time, Member States do face a crisis of very low female labour force participation. The European Commission is promoting 'joint work by the Social Protection Committee and Employment Committee on gender specific obstacles to, and opportunities for, extended working lives'.[101]

Skilling up the older workforce

There is a very strong case to be made for further focus by European policy-makers on the skilling-up and retraining of older workers. The current cohort of older workers in Europe have low levels of education and qualifications compared to younger groups, and are more likely to have worked in agriculture and production.[102] Older workers (over the age of 50) are less likely to be over-skilled, but more likely to be over-educated.[103] However, it is not clear that the over-education of older workers is not a bias from under-educated workers' early departure from the labour market through an inability to find employment, health issues, or other barriers. The early departure theory is supported by older workers – particularly those who are under-educated – reporting that they do not believe they have career prospects. Additionally, while rates of over-skilling are not so prevalent in older age groups, they are still a cause of concern; over-educated older workers are most prone to over-skilling, a factor that increases the

[96] Debono, M.(2012) 'EEO Review: Employment Policies to promote active ageing, 2012: Malta', European Employment Observatory. http://www.eu-employment-observatory.net/resources/reviews/Malta-EPPAA-Feb2012-final.pdf
[96] European Commission (2012) 'White Paper: An Agenda for Adequate, Safe and Sustainable Pensions'
[97] McNair, S (2011) 'Learning, work and later life in the UK in: Working and Ageing Guidance and counselling for mature learners'
[98] European Map of Intergenerational Learning (2011) http://www.emil-network.eu/
[99] Scherger, S., Hagemann, S., Hokema A. and Lux, T. (2012) 'Between Privilege and Burden. Work past Retirement Age in Germany and the UK'. Universitat Bremen
[100] Scherger, S. et al. (2012) Ibid.
[101] European Commission (2012) 'White Paper: An Agenda for Adequate, Safe and Sustainable Pensions'
[102] European Commission (2012) 'European Employment Observatory Review: Employment Policies to Promote Active Ageing 2012'.
[103] European Centre for the Development of Vocational Training. (2010) 'The right skills for silver workers: An empirical analysis'
[104] European Centre for the Development of Vocational Training (2010) Ibid.

missed opportunity cost of appropriately matched employment. A number of countries have more success in matching education and skills to jobs, including Bulgaria, the Czech Republic, Slovakia and Lithuania.[105]

Older people in different EU countries are likely to have different levels of access to on-the-job training. In the UK, Finland, and the Netherlands, a relatively high proportion of 50-64 year olds could report having received job-related training in 2002 – 22.8%, 18% and 12.8% respectively. However, just 5.1% of workers in that age category could say the same in France.[108] According to Eurostat, just 0.6% of individuals aged 55-74 were involved in training or education in Lithuania in 2010.[109]

Bulgaria's Social Innovation in Enterprises scheme, with a budget of €38 million, aims to incentivise businesses to retain older workers by:

- Asking older employees to conduct workplace training to pass on their knowledge
- Awareness campaigns to promote the value of long-term training of workers
- Providing funds for workplace-based training schemes

Providing funds for the provision of canteens, childcare, and recreation grounds to help workers balance their competing work-life needs.[106]



€38 million

aims to incentivise businesses to retain older workers

The competitiveness of older people in the **Croatian** labour market is hampered by below average educational attainment, low mobility, and low workplace training for older workers.[107] The **Croatian** government has sought to overcome this skills gap through a number of initiatives:

- The Agency for Vocational Education and Training (VET) carried out an analysis to map skilled occupations by sector and the relevance of VET training schemes. Occupational standards were developed for 26 key occupations, and training programmes were altered to meet them.
- Career Development Centres were created to provide information and support to the unemployed and anyone in employment making an important career decision.

[105] European Centre for the Development of Vocational Training (2010) Ibid.
[106] European Map of Intergenerational Learning (2011) http://www.emil-network.eu/
[107] Crnovic-Pozaic, Sanja (2012) 'EEO Review: Employment policies to promote active ageing: Croatia'. http://www.eu-employment-observatory.net/resources/reviews/Croatia-EPPAA-Mar2012-final.pdf
[108] Forette, F; Salord, JC; Brieu, MA (2008) 'Living Longer, Working Longer: A French Challenge'. Pairs: International Longevity Centre-France.
[109] Gruzevskis, B. (2012) 'EEO Review: Employment policies to promote active ageing, 2012: Lithuania', http://www.eu-employment-observatory.net/resources/reviews/Lithuania-EPPAA-Feb2012-final.pdf

Older workers in **Estonia** do not have the wide-ranging skills or experience that would make them competitive in the job market. The Estonia Unemployment Insurance Fund (EUIF) has therefore invested in mentoring and counselling schemes for older workers. A job mediation adviser works with each client to offer them job-search assistance and help in enrolling on training schemes. Analysis run by the EUIF using data from the Estonian Tax and Customs Board show that the training schemes offered to older workers had a positive impact on their employment chances. The scheme was shown to work most effectively for women and those in short-term unemployment.[110]

Investment in unemployment benefits in **Latvia**, while not focussed on older people, has led to an increased uptake in 'supportive, informal, professional and vocation education programmes by the over-50s'.[111] Latvia has also adopted EU policy guidelines on lifelong learning alongside planning improvements in the legislation and further investment in the lifelong learning system, although progress on this is on-going.[112]

In **Poland,** 350 universities have registered to become Third Age Universities as part of a scheme designed to promote more flexible learning for older people. The **Polish** programme 45/50 PLUS provides on-the-job and vocational training for older people to help them return to the job market.[113]

In order to increase the education and training opportunities available to older workers, the **German** government intends to introduce greater flexibility to working time and open up more sabbaticals for its older workforce. The government has also introduced a programme called WeGebAU which offers subsidised training for 45+ year olds working in SMEs.[114]

A National Skills Strategy was also launched in 2007 that requires an additional 200,000 individuals to go up one level on the National Framework of Qualifications by 2020. The National Training and Employment Agency is also providing modular training courses for workers.[115]

Supporting older people in the recession

In all recessions before 2008, older workers were treated as a disposable resource: the first to leave, encouraged by early retirement and generous redundancy schemes. Recently this position has changed strikingly.[116] Increasing unemployment over recent years has meant that European policy-makers, particularly at a Member State level, have not had an adequate incentive to invest in policy initiatives to improve access to the workplace for older workers. Indeed, the recession has meant that 'early retirement remains in the toolkit of employers' during cuts made as a result of the recession.[117] Recent research by Aranki and Macchiarelli has found increases in shifts into retirement across Europe since 2009 (controlling for income).[118]

[110] European Commission. (2012). 'Peer Pes Paper' - Estonia. Brussels: European Commission.
[111] Eurofound (2011) 'Impact of the recession on age management policies' http://www.eurofound.europa.eu/pubdocs/2011/753/en/1/EF11753EN.pdf
[113] Dimdins, G. (2007) Increasing Employment of Older Workers Through Lifelong Learning: Statements and Comments. http://www.mutual-learning-employment.net/uploads/ModuleXtender/PeerReviews/32/Latvia_IS07.pdf
[113] Sienkiewicz, L. (2012) 'EEO Review: Employment policies to promote active ageing: Poland' http://www.eu-employment-observatory.net/resources/reviews/Poland-EPPAA-Feb2012-final.pdf
[114] Duell, N; Vogler-Ludwig, K. (2012) 'EEO Review: Employment policies to promote active ageing: Germany' http://www.eu-employment-observatory.net/resources/reviews/Germany-EPPAA-Feb2012-final.pdf
[115] OECD (2012) 'OECD Thematic Follow-up Review of Policies to Improve Labour Market Prospects for Older Workers: Ireland'. Paris: OECD.
[116] McNair, S. (2011) Learning, work and later life in the UK in: Working and Ageing Guidance and counselling for mature learners.
[117] Eurofound (2012) Ibid.
[118] Aranki, T. and Macchiarelli, C. Employment Duration and Shifts into Retirement in the EU, LEQS Paper 58/2013, London School of Economics

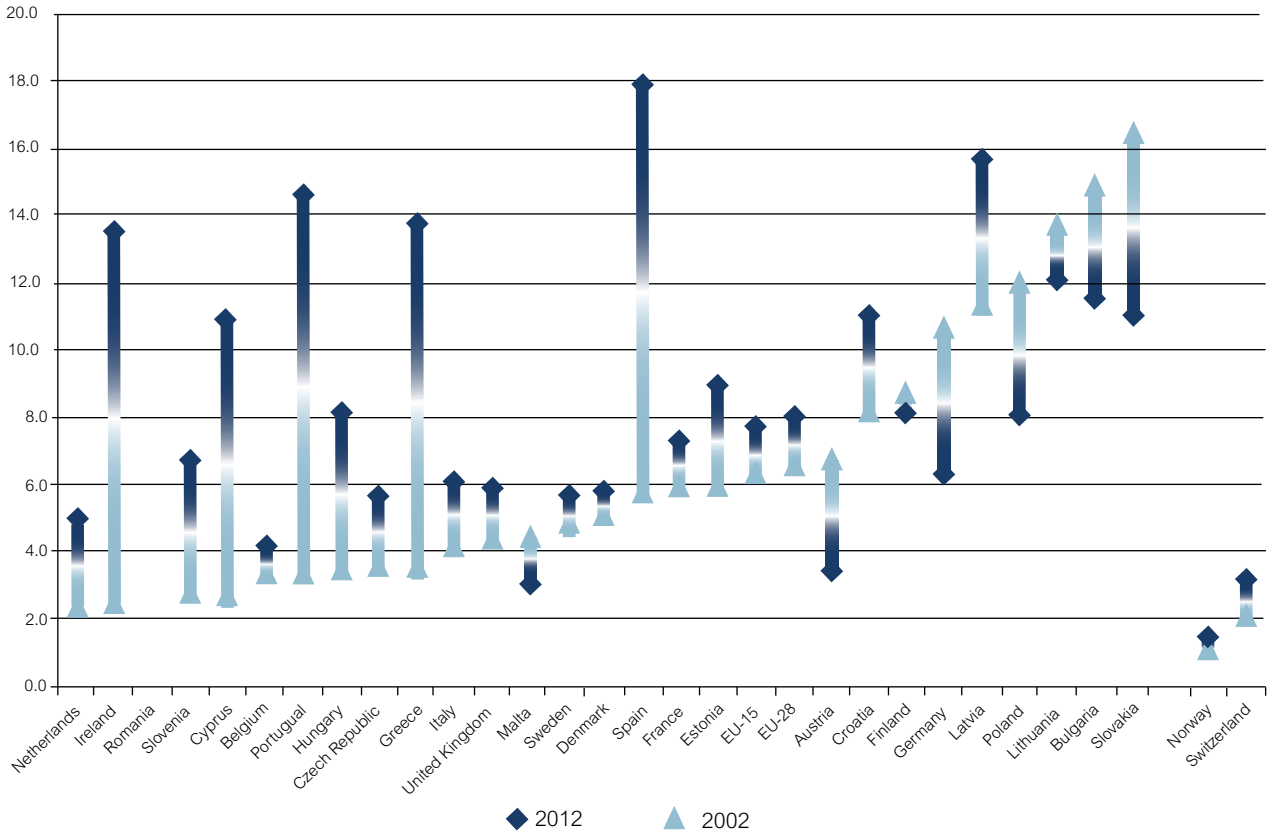
Denmark's unemployment level has trebled since 2008.[119] Some older workers have, to some extent, been shielded from the crash. For those workers aged 55-59, the employment rate of 75.9% in 2010 was the second highest in the EU.[120]

Indeed, as we explore above, Portugal, Spain, Cyprus, Greece, and Ireland, the countries arguably hardest hit due to the economic crises, have seen falls in the employment rates of men aged 55-64. But these countries are not alone; of the 28 Member States just seven - Malta, Austria, Germany, Poland, Bulgaria, Finland and Slovakia – have seen unemployment fall between 2002 and 2012 for men aged 55-64, with Slovakia witnessing the largest fall in unemployment.

Women aged 55-64 have fared better overall in the rates of European unemployment over the decade to 2012, and there have been falls in female unemployment in this age bracket in more countries. A drop has been witnessed in Austria, Finland, Poland, Germany, Bulgaria, and Slovakia, while a marginal fall has been seen in Norway. In Belgium and Italy, the rate has remained static.

Within Member States, there is variation in the levels of employment. In Germany for example, there is less post-retirement employment in the East than the West and in the UK there are more working retirees in Southern England and London than the North.[121]

Figure 12: Unemployment rate of men aged 55-64 in 2002 and 2012.

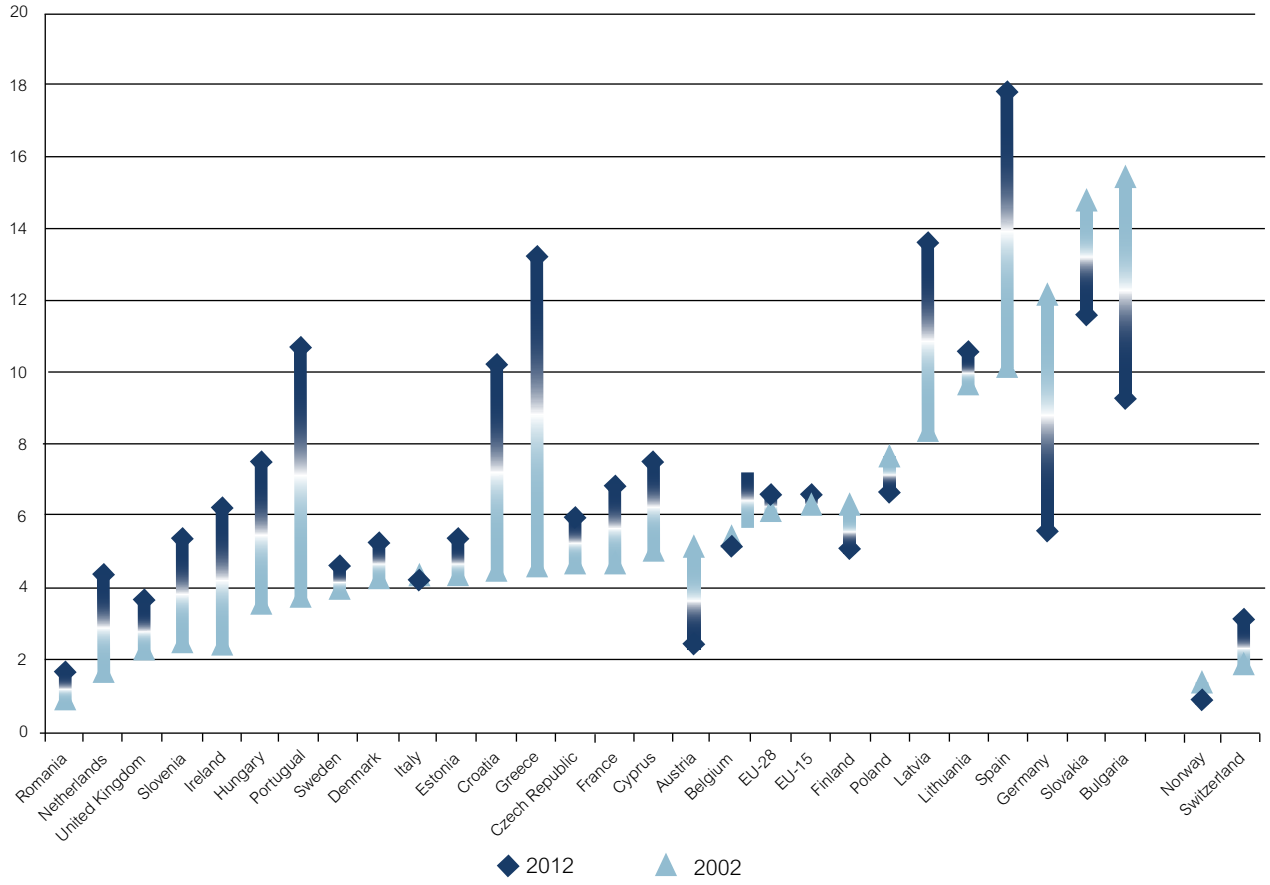


[119] Bloomberg. (2013). 'Denmark Vows to Protect AAA Rating Amid Stimulus Plan'. http://www.bloomberg.com/news/2013-04-04/danish-economy-shrank-less-than-estimated-in-fourth-quarter.html

[120] Madsen, P.K. (2012) 'EEO Review: Employment practices to promote active ageing: Denmark'. http://www.eu-employment-observatory.net/resources/reviews/Denmark-EPPAA-Feb2012-final.pdf

[121] Scherger, S. et al. (2012) Ibid.

Figure 13: Unemployment rate of women aged 55-64 in 2002 and 2012.[122]



The current (2012) unemployment rate in **Finland** is around 7.5%, below the EU average,[123] and the employment levels of older people have increased more than employment overall. However, older workers are often over-represented among those made redundant.[124]

The overall economic activity rate in **Romania** between 2002 and 2008 was fairly stable at between 62% and 63%. However, during this same period, the employment rate of 55-64 year olds increased from 38.5% (2002) to 43.1% (2008). Since 2008 the employment rates of 55-64 year olds has fallen to 40%.[125]

Overall, the recession seen across Europe since 2007 seems to have had less of an impact on older workers than young. Certainly, employment rates of older workers have not fallen in the same way they have for other age groups.[126] Between 2000 and 2010, the youth unemployment rate in Europe rose from 16.1% to 22.9% while the unemployment rate of older workers fell from 7.6% to 6.9%.[127] Again, there was some variation across the EU-28, for example, with a more than 5% increase in unemployment of older workers in Estonia, Ireland, Latvia and Portugal between 2000 and 2010.[128]

[122] Notes: Data on Luxembourg and Malta are unavailable. Figures for the following countries were taken from other years where 2002 data were unavailable: Austria and Lithuania (2001); Romania (2003); Belgium, Croatia, Estonia, Hungary, and Slovenia (2005); and Ireland (2006). Source: Eurostat

[123] Jokinen, E. (24–25 May, 2012) Extending working life straightforwardly – an option for Finland too? Peer Review on "Extending Working Life: The tripartite cooperation and the role of the Center for Senior Policy"

[124] Jokinen, E. (24–25 May, 2012) Ibid.

[125] Mocanu, C. (24-25 May, 2012) How to change attitudes through economic recession and austerity. Peer Review on "Extending Working Life: The tripartite cooperation and the role of the Centre for Senior Policy programme"

[126] Eurofound (2012) Ibid.

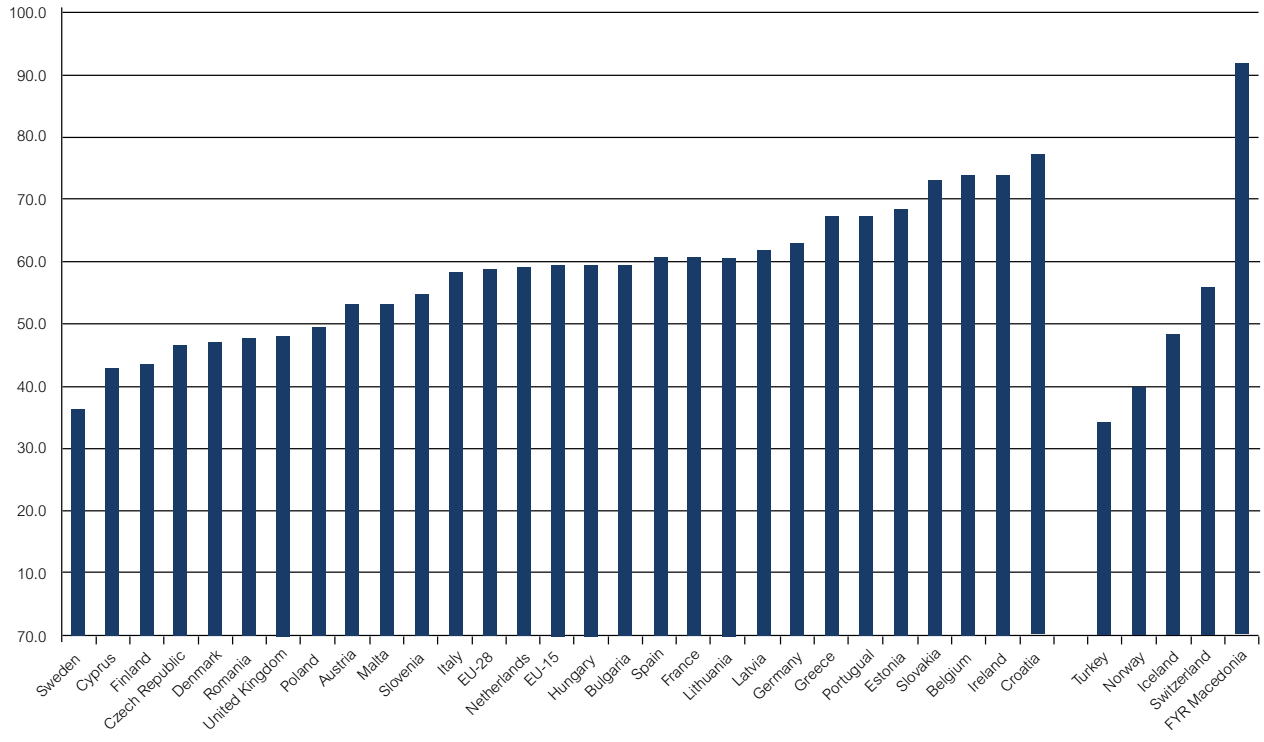
[127] Eurofound (2012) Ibid.

[128] Eurofound (2012) Ibid.

The **Czech Republic's** recession has been its longest on record, but while businesses are letting go of workers, unemployment has not been as dramatic as in some European countries. In the final quarter of 2012, unemployment stood at 7.2%, 3.5 points below the average for the EU.[129] However, employment rates among older people in the Czech Republic have remained low. In 2011, the employment rate of 50-64 year-olds was 59% - below the OECD average of 61.2%. Older employees were also concentrated in the 50-54 age group, with only 25.8% of 60-64 year olds in employment, set against an OECD average of 40%.[130]

Older people have not escaped unscathed however; there are problems around re-employment and long-term unemployment among older age groups. The Draft Joint Employment Report 2009/2010 from the Commission to the European Council indicated that the challenge for older workers due to the crisis was found more in re-employment efforts and less in the risk of job loss.[131] Across Europe, a relatively high proportion of unemployed 55-64 year olds have not worked for 12 months or more as the figure below shows. Where a large number of older workers are in employment, they could be at risk. Across Europe, older workers are 'overrepresented' in the public administration, health and education sectors and have subsequently been disproportionately affected by cuts to public spending, and continue to be at risk as spending cuts continue.[132]

Figure 14: Long-term unemployment (12+ months) as % of total unemployment for people aged 55-64 in 2012[133]



[129] Eurostat. (2013). European Union unemployment rate by sex and age groups - quarterly average, %. http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=une_rt_q&lang=en

[130] OECD. (2012). 'OECD Thematic Follow-up Review of Policies to Improve Labour Market Prospects for Older Workers: Czech Republic' Paris: OECD.

[131] European Commission (2012) Annex – Draft joint Employment Report to the Communications from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions.

[132] Eurofound (2012) Ibid.

[133] Notes: Data from Luxembourg are unavailable. Figures for Malta and Slovenia suffer from low reliability.
Source: Eurostat

The **Czech Republic's** Employment Act of 2006 made it mandatory for unemployed persons aged 50 and over to have an individual action plan delivered through a counselling and career training programme.[134]

McNair discusses the idea of high employment security for those still in work ('insiders'), contrasted with barriers to finding work for those out of work ('outsiders') and the role of this dichotomy in perpetuating long term unemployment for older workers. He argues:

> 'for them [employers], prejudices about older workers remain a powerful barrier, employers continue to suspect that being unemployed indicates incompetence or lack of motivation, and the very factor which makes insiders employable - their tacit skills - is the one most difficult to demonstrate to a potential employer'.[135]

In a number of countries, legislation on hiring standards, for example, minimum contract length, can also provide a disincentive for employers to take on new employees; this also has particular impact on employment for younger age groups.

It is worth noting that there are relatively few advocates for older workers across Europe. Older peoples' organisations tend to see older workers as being relatively low on their priority list; they tend to focus effort on supporting the most vulnerable of the oldest population. At the same time, trade unions, particularly during the recession, have focussed their main efforts on tackling the significant challenge of youth unemployment.

Fit4job 45+ was launched in 2010 in Luxembourg. This provides close proactive supervision of persons who have lost their jobs and offering them tailor-made training.[136]

Belgium introduced 'cellules d'emploi', which facilitates the transition to other employment for workers who lose their job following restructuring.[137]

Romania established the National Council for Elderly (NCE) in 2000, a 'public interest institution…designed to foster social dialogue between the elderly and public authorities'. While it does advocate to government, the NCE has not focussed actively on issues around older workers.

As Mocanu notes: 'The issue of active ageing unfortunately is not and never was on the agenda of NCE'.[138]



Established the National Council for Elderly (NCE) in 2000.

[134] OECD. (2012). 'OECD Thematic Follow-up Review of Policies to Improve Labour Market Prospects for Older Workers: Czech Republic'. Paris: OECD.
[135] McNair, S (2011) 'Learning, work and later life in the UK in: Working and Ageing Guidance and counselling for mature learners'.
[136] OECD (2012) 'OECD Thematic Follow-up Review of Policies to Improve Labour Market Prospects for Older Workers: Luxembourg'. Paris: OECD
[137] Eurofound (2012) Ibid.
[138] Mocanu, C. (24-25 May, 2012) How to change attitudes through economic recession and austerity. Peer Review on "Extending Working Life: The tripartite cooperation and the role of the Centre for Senior Policy programme" Norway. http://www.mutual-learning-employment.net/index.php?mact=PeerReviews,cntnt01,detail,0&cntnt01template=display_by_year&cntnt01year=2012&cntnt01orderby=start_date%20DESC&cntnt01returnid=59&cntnt01item_id=94&cntnt01returnid=59

The **German** government has introduced a job creation scheme for the long-term unemployed aged 58+.[139] Also, their Perspective 50 Plus programme has introduced regional employment pacts for older workers which aim to involve all appropriate regional and local actors to develop strategies for providing more and better employment for older workers.[140]

Matching demand and supply in the labour market

Much of the focus of policy analysis and research on extending working lives is on supply-side issues. There is extensive work looking at the older worker, their skills and what encourages them to work longer or retire.

There has been less of a focus on the extent to which Europe's economy has been creating the right sort of jobs to meet the needs and wishes of the supply of older workers. Indeed, appropriate jobs must be available for older workers to occupy.

There can be significant variation in policies, practices and employment levels of older workers even within a country. Regional structural unemployment sometimes contributes to this fact as does differing degrees of influence by regional governments. Some EU countries have strong regional governments (for example, German Länder, Spanish Autonomous Regions) with sometimes powerful policy-making powers.

McNair argues that in the UK a proportion of wealthy people leave the employment market in their 50s, as do people in poor health or people on low pay. He argues that as we reach our 60s the 'the market divides increasingly between a minority in high skilled professional and technical occupations and a much larger group in relatively low skilled ones'.[141]

European decision-makers need to focus efforts not just on supply side issues, but also focus on the demand for older workers.

Tackling ageism

Across the EU Member States, the attitudes of individuals and employers towards working longer varies considerably. However, it remains true that, to differing degrees, negative attitudes towards older workers remain a significant cultural barrier across Europe.

Recent analysis of the European Social Survey, which questions nearly 55,000 individuals, highlights how the economic contribution of people in their 70s is valued less than that of people in their 20s. In some countries, there was a very significant difference in perception of economic contribution by age.

Academic research has found high levels of discrimination against older workers in **Cyprus**, including from managers.[142]

In **Italy**, a paper by Lazzazara found 'overwhelming evidence of age discrimination against older workers'. It argues that there is an assumption that increasing training opportunities for older workers will overcome this, but low uptake of training places and continued discrimination by employers means they bear little fruit.[143]

---

[139] Frerichs, F. (2006) 'Labour market policies for older workers: Great Britain and Germany compared' http://www.sektion-altern.de/shareddocs/presentations/frerichs.pdf

[140] Forum Partnerships (2006) 'Perspective 50 Plus: Employment pacts for older workers in the regions' http://www.oecd.org/cfe/leed/37729545.pdf

[141] McNair, S (2011) Learning, work and later life in the UK in: Working and Ageing Guidance and counselling for mature learners.

[142] Austin, M, J. and Droussiotis, A. (2004) 'Cypriot managers' perceptions of older workers in Cyprus', European Business Review., Vol. 16 Iss: 1, pp.80 - 92

[143] Lazazzara, A. and Bombelli, M,C. (2011) 'HRM practices for an ageing Italian workforce: the role of training', Journal of European industrial training, 35(8), 808-825.

Despite ageism being a particular challenge in **Estonia,** there are at present few if any efforts made to create an age-friendly culture amongst employers and the general population.[144]

In **Romania**, 'the labour market and its actors are still relatively less positive to older workers'.[145]

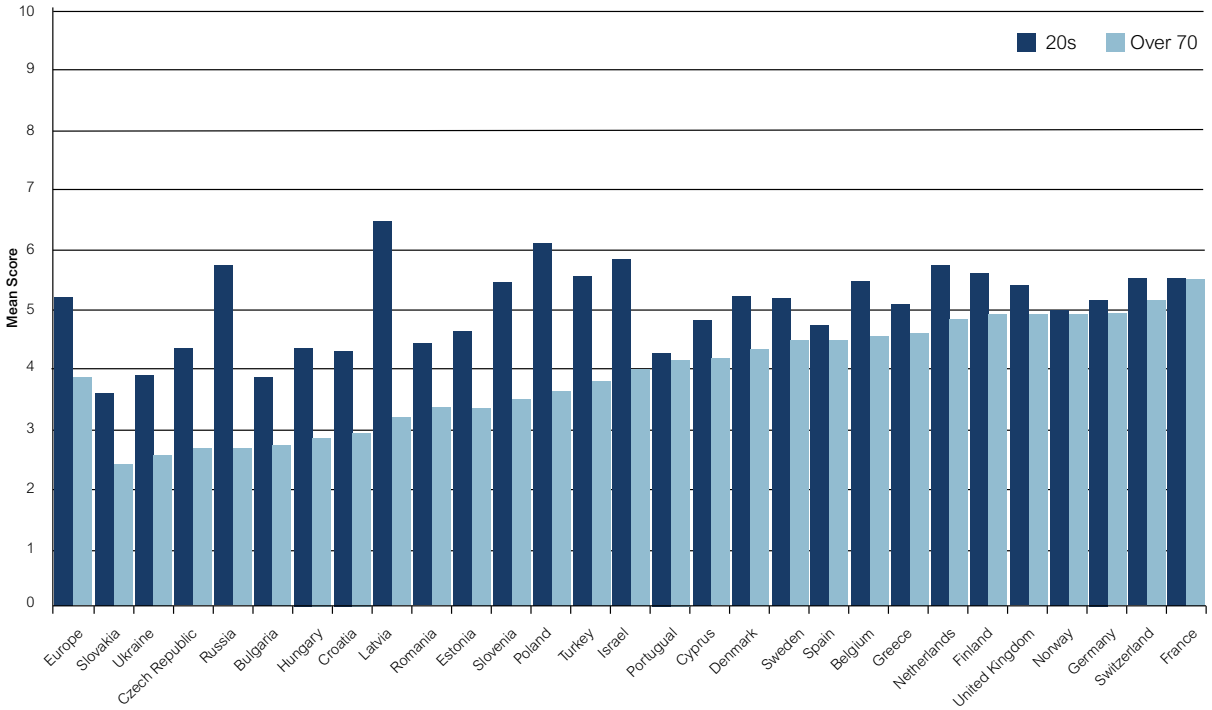
Gebova argues that one of the reasons for the failure of initiatives to increase participation of older workers in **Bulgaria** is that no one public body has been established to tackle the negative stereotypes of older workers and create a culture in which workers of age 50 and above are valued.[146]

Employers in **Greece** tend to view age as an inhibitor to productivity, rather than seeing the benefits that experience and knowledge can bring.[147]

Kelly Services reported that ageism was a bigger issue than gender discrimination in **Hungary**.[148]

A survey of employers from five European countries in 2010 found large numbers of employers opposed to the idea of employees working even past 60, let alone 65 (the soon-to-be statutory retirement age).[149]

Figure 15: Perceived economic contribution for people over 70 and people in their 20s.[150]

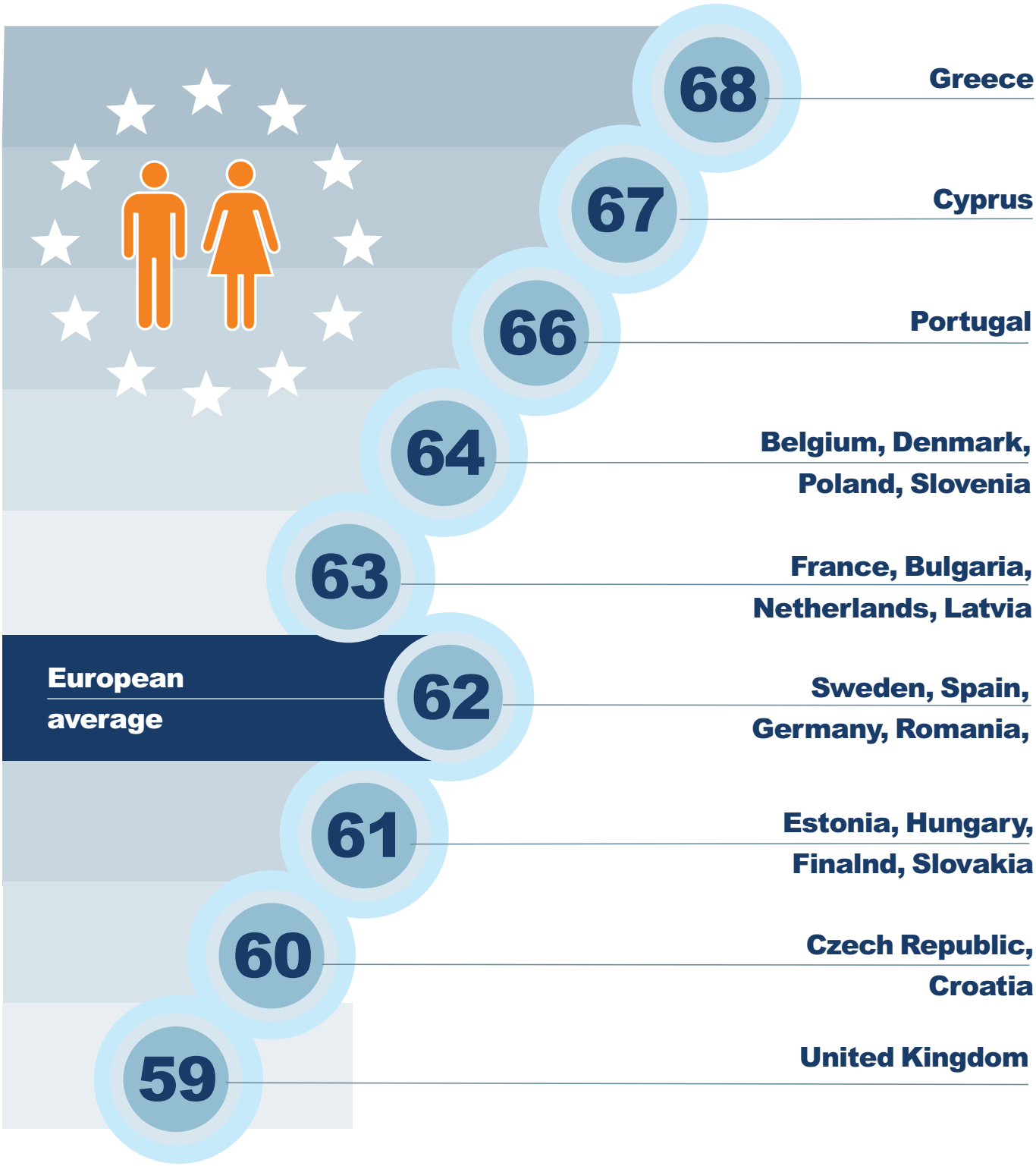


[144] Mutual Learning Programme. (2012). 'Extending working life in Estonia: the need for coherent active ageing policy'. London: GHK Consulting.
[145] Mocanu, C. (24-25 May, 2012) Ibid.
[146] Gebova, T. (2012). Ibid.
[147] van Dalen, H. P., Henkens, K., & and Schippers, J. (2008). 'Dealing with older workers in Europe: a comparative survey of employers' attitudes and actions'. Tiburg: Tiburg University Press
[148] Kelly Services (2006) Kelly Global Workforce Index Survey results http://www.kellyservices.hu/HU/About-Us/Workplace-discrimination-in-Hungary-amongst-the-highest-in-Europe-with-older-workers-facing-new-hurdles/
[149] van Dalen, H.P., Henkens, K., Henderikse, W. and Schippers, J. (2010) 'Do European employers support later retirement?', International Journal of Manpower, Vol. 31 Iss: 3, pp.360 - 373
[150] Age UK (2011) A Snapshot of Ageism in the UK and across Europe.

The same analysis explored perceptions about when old age started. Interestingly, for the majority of countries, old age is perceived to start before official 'retirement ages'. It is possible that these attitudes towards old age contribute to a lack of interest in supporting policy initiatives for older workers.

Figure 16: Perceived start of old age

Adapted from Age UK (2011) A Snapshot of Ageism in the UK and across Europe.



[151] Age UK (2011) A Snapshot of Ageism in the UK and across Europe. Adapted from Figure 1: Perceived start of old age within ESS countries (mean estimated age)

Some governments have imposed financial penalties on enterprises that dismiss older workers, for example in **France.**

The **Czech** State Labour Inspection Office was given additional powers in 2012 to enforce laws against age discrimination in the workplace.[152]

A television and radio campaign entitled National Campaign for the Promotion of Active Ageing was launched in **Portugal**.[153]

Employment Rights Rule Book produced in 2010 in **Ireland** promotes the rights of older people with respect to age discrimination.[154]

While ageism is generally recognised as being a significant barrier, there seem to be relatively few initiatives in place to tackle ingrained ageism in the workplace. Where initiatives have taken place they appear piecemeal in nature and relatively poorly (if at all) evaluated.

Improving health

One of the biggest challenges facing the working longer agenda is poor health of older workers. However, our analysis has found relatively few initiatives by governments or employers to explicitly improve the health of older workers. On the other hand, the EU has undertaken a wide range of initiatives on health and active ageing, despite not actually having direct responsibility for the areas of health policy at a Member State level. Analysis across the EU by Aranki and Macchiarelli found that institutional reforms (for example, changes to eligibility for pensions) will not be sufficient tools to extend working lives if individuals are withdrawing due to poor health. They argued that 'particularly for early retirees, policies aimed at improving the health of the workforce and at keeping people who experience health problems active may be crucial'.[155]

A hugely influential study by Michael Marmot, published in 2010, noted that:

- Labour participation rates fall significantly after the age of 50;
- Those with the longest working life expectancy at 50 are more educated, are homeowners, are married or co-habiting, and are in reasonable health;
- Besides poor health, the reasons for ceasing economic activity at age 50+ include limited skills and increased caring responsibilities.

Marmot argues that reversing these factors will depend on more than healthcare interventions alone.[156]

'We will not have disability-free life expectancy as long as 68 years. If we want people to work longer, we must reduce the social gradient in disability-free life expectancy. If action is not taken, it won't just be the poor, it will be the bottom two-thirds who suffer.' [157]

Michael Marmot (on increased state pension ages in the UK)

Older workers do recognise the impact of health on working longer. Researching the views of employees in ten European countries in 2010, Aon found that health concerns were the biggest worry for citizens in the context of

[152] OECD (2012). 'OECD Thematic Follow-up Review of Policies to Improve Labour Market Prospects for Older Workers: Czech Republic'. Paris: OECD.
[153] Nuamann, R, (2012) 'EEO Review: Employment policies to promote active ageing, 2012, Portugal' http://www.eu-employment-observatory.net/resources/reviews/Portugal-EPPAA-Feb2012-final.pdf
[154] OECD, (2012) 'OECD Thematic Follow-up Review of Policies to Improve Labour Market Prospects for Older Workers: Ireland'. Paris: OECD.
[155] Aranki, T. and Macchiarelli, C. (2013) 'Employment Duration and Shifts into Retirement in the EU'. LEQS Paper 58/2013, London School of Economics.
[156] Black, C. (2011) 'Presentation: Trends in the health of older workers'. http://www.slideshare.net/ILC-UK/ilcukactuarial-profession-joint-debate-older-workers-health-and-employment-kindly-supported-by-sanofi-pasteur-msd
[157] Michael Marmot: Financial Times. 5 November 2011

All **Portuguese** workers of 50+ are now required to carry out annual general medical exams.[160]

Ageing at Work is a European Commission-supported project that develops training for HR professionals on health and age management at a **European level**.[161]

The Work Ability model developed by the **Finnish** Institute of Occupational Health 'offers a framework and set of interventions to help organisations make the necessary adjustments. These include training, improvements to the workplace environment, and workplace programmes to promote well being, to ensure that older workers' capabilities match work demands.'[162]

working longer; 45% of survey respondents were concerned about health as a barrier to working longer. In Germany and Norway, about two-thirds of respondents said this was their main worry. Health was recognised as a major concern in Spain, Switzerland, and Belgium, but in Ireland, the UK, and France, only one-third cited health as a concern.[158]

Speaking at an ILC-UK event in 2011, Dame Carol Black (UK Department for Work and Pensions) quoted work published in the Economist which noted that by 2025 '40% of adults will be obese, and the number of people living and working with chronic conditions will rise steadily, affecting morale, competitiveness, profitability'. She pointed out that only the healthiest businesses will prosper in the future and concurred with the Economist conclusion that 'companies that invest to support employees' health will be fitter to survive'.[159]

The Labour Force Survey in the UK has shown that the majority of older people (aged 50-64) with health conditions are in the workforce rather than being inactive or unemployed.

- Of 7.2 million aged 50-64 in work, three million, or 42%, have a health condition or disability;
- Of the 3.5 million inactive, 2.4 million, or 70%, live with a health condition or disability;
- Of the 0.4 million unemployed, 0.2 million, or 52%, live with a health condition or disability.[163]

German researchers have also recently argued that the health of those working post-retirement is better than the health of other retirees;[164] older people are likely to need to maintain their health to continue to be able to work beyond retirement age.

Recognising the diversity of the working experience

The older workforce across Europe is heterogeneous in the type of work it undertakes. Older workers across Europe are more likely than other ages to be self-employed, on open-ended contracts, or working part-time. This is not necessarily a negative finding, as it could contribute to keeping older workers active in the workplace for longer.[165] In fact, there is a strong argument that creating further part-time jobs could encourage more older people back into employment, as these positions may more

[158] Aon (2010) 'Expectations vs Reality: Meeting Europe's Retirement Challenge' http://www.aon.com/attachments/europes_retirement_challenge.pdf
[159] Black, C. (2011) 'Presentation: Trends in the health of older workers'. http://www.slideshare.net/ILC-UK/ilcukactuarial-profession-joint-debate-older-workers-health-and-employment-kindly-supported-by-sanofi-pasteur-msd
[160] Nuamann, R. (2012) Ibid.
[161] See www.ageingatwork.eu
[162] Centre for Diversity Policy Research and Practice. (2011) 'Managing Flexible Retirement and Extended Working Lives'. Oxford Brookes University.
[163] Labour Force Survey 4 qtr average to June 2011 for men and women aged 50-64 in GB. Presented by Black, C. (2011) 'Presentation: Trends in the health of older workers'. http://www.slideshare.net/ILC-UK/ilcukactuarial-profession-joint-debate-older-workers-health-and-employment-kindly-supported-by-sanofi-pasteur-msd
[164] Scherger, S. et al. (2012) Ibid.
[165] Eurofound (2012) Ibid.

Lithuanian law provides a legal-base for working part-time or with flexible hours, but this is rarely enforced; in 2010, just 8% of Lithuanian workers were working part-time.[166]

A **Cypriot** programme of National Reform, introduced in 2006, developed a number of measures to support older workers, such as a self-employment support programme (self-employment is common among older Cypriots).[167]

easily enable a gradual transition from working life into full retirement.

All-age support for self-employment has a role to play as a different method of encouraging longer working lives. The Special Eurobarometer survey on Active Ageing found that, among white collar workers, those in managerial and 'other' white collar positions expected to be able to continue doing their current work for longer (until the average ages of 63.2 and 61.8 respectively) than manual workers (to 59.9 years on average). However, those who were self-employed reported that they would expect to work longer than any other group (64.9).[168] Supporting older self-employed workers has wider-reaching benefits, as around one in three older self-employed workers is actually an employer.[169]

The complexity of identifying older workers is complicated by undeclared labour. In countries where there are large amounts of undeclared labour, much of this may be from older workers. For example, Italy has a suggested four million undeclared workers, and as many as a million of these may be older workers.[170]

European decision-makers must ensure that as they explore the best ways of extending working lives, they consider older workers outside traditional forms of employment. Further support for self-employment of older workers may act as a job creation tool across Europe.

[166] European Commission (2012) 'European Employment Observatory Review: Employment Policies to Promote Active Ageing 2012', p. 9.
[167] Eurofound. (2007) 'Employment and labour market policies for an ageing workforce and initiatives at the workplace. National overview report: Cyprus.'
[168] Eurobarometer (2012) 'Special Eurobarometer 378 – Active Ageing'.
[169] Eurofound (2012) Ibid.
[170] Foden, D. and Jepsen, M. 2002. ibid.

What should be done to support working longer?

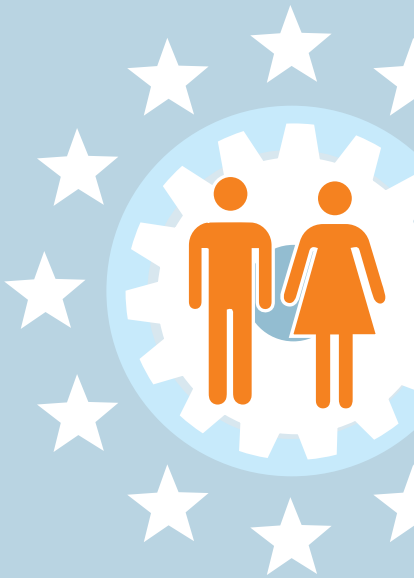
Our analysis leads us to conclude that few, if any, European Member States have created an adequate policy framework to support older workers. As we have seen, there is significant variation in the levels of employment of older workers but even those countries with relatively high levels of employment of older workers cannot afford to be complacent.

The lack of adequate interest may partly be a consequence of the economic recession and the resulting high levels of unemployment across parts of Europe. But unless this situation changes, Member States will face severe economic and social challenges, which is likely to result in poorer pensioners, labour market shortages, and further fiscal challenges for Member States. The EU should be using the recession as a reason to focus more, not less, on the needs of older workers.

Alongside activity by Member States, we have seen increasing activity by European institutions to support the needs of older workers. The Pensions White Paper and the EU Ageing Report have both explicitly highlighted the need to extend the employment levels of older workers. The introduction of age discrimination legislation, investment via the European Social Fund, campaigns against age discrimination, and investment in ageing research are all ways that the EU has set a marker that Member States must do more in this area.

Below we set out five priority areas of policy focus for European decision-makers and Member States. Under each of the priority headings we have set out some detailed recommendations.

- **Taking a life course approach to working longer**
- **Better use of fiscal incentives to support working longer**
- **Creating more, better and more appropriate jobs for older workers**
- **Tackling inequalities**
- **Ensuring the research agenda contributes to extending working lives**



Policy focus:

Take a life course approach

A life course approach assumes that governments should avoid regulatory or deregulatory initiatives which create intergenerational unfairness in access to work;

The EU and Member States should invest research and evaluation into the effectiveness of fiscal and regulatory incentives to work longer. A better understanding of 'what works' would aid European policy-makers;

- The EU and Member States should not seek to 'pitch one generation against another' in creating opportunities for extending working lives;
- The EU and Member States should begin to measure labour market adjusted dependency ratios;
- Member State initiatives to support flexible working should be accessible to people of all ages;
- People of all ages should be supported and encouraged to take up learning opportunities.

Participants in our Brussels debate argued that it is vital that there is no automatic framing of the debate on working longer, which implies older workers are better than young, and vice versa. It is striking that a high percentage of people aged 25-49 across Europe are in employment (78% in 2010), and there is not significant variation across the EU (between 70% in Spain and 85% in Sweden).[171] The difference in overall levels of employment across EU Member States is heavily impacted by the employment levels of older and younger workers.

A life course approach refers to the order and timings of the transitions people make throughout their lives, for example, moving from education to work to retirement. Earlier transitions are seen as vital to understanding later ones, and the 'experience of earlier events forms the context of later events and decisions'.[173] Welfare states are a particularly important shaper of these life course decisions, such as the timing of retirement and giving up work. As such it is important to examine policies which shape people's lives at earlier stages, as these will provide context for decisions to continue or cease working later on. For example, research has found that achieving higher levels of education leads to more hours in paid work over a lifetime, suggesting that maintaining training and retraining throughout the life course may have a greater effect on increasing employment rates for older workers, rather than a policy focus targeting older unemployed people.[174]

Schmid has proposed that opportunities such as flexible working often used to incentivise older workers might be spread across different age groups, making it easier to make transitions between paid work and education, training, or unpaid care work.[175] This would, for example, ease the balancing act of care

It is workers at both ends of the life course who have been hit hardest by the recession in **Croatia**. The Croatian economy is characterised by a very low market turnover with more than 25% of all workers having tenures that last more than 20 years. This means it is very difficult for younger workers to enter the labour market and hard for older workers who lose their jobs to re-enter employment. As a consequence, the unemployment rate for persons of aged 55 and over is roughly 10 points lower than across the rest of the EU.[172]

[171] Eurofound (2012) Ibid.
[172] Gotovac, V. (2011) 'Support Strategies to Recover from the Crisis in South Eastern Europe: Republic of Croatia'. International Labour Organisation.
[173] Cooke, M. (2006) 'Policy changes and the labour force participation of older workers: evidence from six countries'. *Canadian Journal of Aging*; 25(4), 387-400.
[174] Cooke, M. (2006) 'Policy changes and the labour force participation of older workers: evidence from six countries'. *Canadian Journal of Aging*; 25(4), 387-400.
[175] Schmid, G. (2001) 'Enhancing Gender Equality through Transitional Labour Markets'. Transfer: European Review of Labour and Research Vol. 17, No. 7: 227-243.

responsibilities and work at all ages. Schmid argues that with greater support for life events and transitions earlier in life, older people will be encouraged to remain in paid work for longer.

There is, of course, also an intergenerational aspect to this proposal. For example, if the offer of flexibility around paid work is expanded to all those of working age, the group who take up care responsibilities when needed will not be limited to those who do so by dropping out of the labour market early, losing valued skills and expertise.

Across a number of Member States, youth unemployment has led to calls to deregulate the labour market, and in some EU countries this is happening. Some countries allow for the employment of younger people on different terms to older workers. Whilst there may on occasion be a need to undertake positive initiatives to support a specific age group, we are uncomfortable with an approach to policymaking that encourages competition between generations on a non-level playing field.

It is worth noting that there are few limited independent evaluations of initiatives, including fiscal incentives, designed to support older or younger workers in the workplace.[176] Where there is evaluation, the results are frequently contested.

If governments and the EU are to look at future incentives for working longer targeted at a specific age group, it is vital that aims and objectives are clear and that policy is well evaluated.

There are a number of government initiatives on-going in various Member States, although the success of the initiatives varies and their impact often poorly evaluated.

Many countries have considerable scope for improving the future adequacy and sustainability of their pension systems by raising employment rates, and this not just in the higher age groups, but also for groups

Too many initiatives to support extended working lives do not seem to work

A nation-wide measure in **Bulgaria** to encourage businesses to hire unemployed persons of aged 50 and above had, by 2011, hired an estimated 500 people, whilst another scheme (HRD) had been estimated to have helped just 100 older people back into work.[177]

In **Spain**, the government attempted the introduction of partial pension systems. Through this scheme, an older employee could be partially moved into retirement whilst remaining an employee for at least 25% of the time. The remaining time was replaced by a new employee. This programme had poor take-up.[178]

Belgium introduced a 2006 Solidarity Pact between Generations, including a goal to increase the employment levels of the older age group (55+). Since these measures were introduced, the Belgian government has supported a number of initiatives such as workplace improvements, intergenerational relations in the workplace and health at work schemes.[179] In 2012, the OECD reported that its impact on these fronts had been 'minimal'.[180]

[176] Eurofound (2011) 'Helping young workers during the crisis: contributions by social partners and public authorities'.
[177] Gebova, T. (2012). Ibid.
[178] Eurofound (2012) Ibid.
[179] Vandenbrande, T., Vanedkerckhove, S., Vendramin, P., Valenduc, G., Huys, R., Van Hootegem, G., Hansez, I., Vanroelen, C., Puig-Barrachina, V., Bosmans, K. and De Witte, H. (2013) Quality of work and employment in Belgium http://www.vub.ac.be/SOCO/demo/papersonline/R1456a_en.pdf
[180] OECD (2012) 'OECD thematic follow-up review of policies to improve labour market prospects for older workers'. Paris: OECD.

A **Portuguese** New Opportunities Initiative gives preferential access for older people to lifelong learning. So far, however, this has registered a very small number of workers of age 55+.[181]

As of 2008, employees in **Poland** aged 45+ have been able to use the services of the Labour Office for vocational training and financing the cost of personal qualifications. As of 2010, with consent of employees, paid educational leave became permissible. Although these schemes are seen as very progressive, their impact has been limited. In 2010 just 601 employees aged 45+ received training support through the Labour Office.[182]

The **Portuguese** Intervention Programme for the Senior Unemployed was launched to stimulate job creation for older workers. From 2008-2010 this reached just half of the number of unemployed it was expected to reach (an expected 90,000 people).[183]

with lower employment rates such as women, migrants and youths.[184]

As we have presented above, as Europe ages, there are fewer people of 'working age' relative to the numbers of pensioners and younger people, but the economic challenge presented by demographic change will not only be solved by increasing the employment rates of older workers. The economic dependency ratio and the labour market adjusted dependency ratio both take account of the relative number of people in work compared to those not working. In doing so, they take a greater account of the number of adults of working age who are actually working.

Within the EU as a whole, the proportion of the population that is unemployed, retired or inactive (using a labour market adjusted dependency ratio measure) is expected to grow, rising from 47.7% in 2010 to 56.3% in 2050.[185] Whilst some of these will undoubtedly be older people, this figure highlights the need to tackle worklessness across the life course. Older women and people at risk of social exclusion are more likely to be unemployed across their life and governments should continue to focus efforts on getting all adults participating the labour market.

The importance of taking into account employment rates of people of working age is highlighted by the fact that 'if Europe achieves the employment goal of the Europe 2020 strategy of 75% employment rate in the age group 20-64 and further progress is made in the period 2020-2050 the economic dependency ratio will only increase from the current level of 65% to 79% in 2050'.[186]

[181] Nuamann, R. (2012) Ibid.
[182] Sienkiewicz, L. (2012) 'EEO Review: Employment policies to promote active ageing: Poland' http://www.eu-employment-observatory.net/resources/reviews/Poland-EPPAA-Feb2012-final.pdf
[183] Nuamann, R. (2012) Ibid.
[184] European Commission (2012) 'White Paper: An Agenda for Adequate, Safe and Sustainable Pensions'
[185] Guerzoni, Z. (2011) 'Working away at the cost of ageing: the labour market adjusted dependency ratio' http://www.leeftijdenwerk.be/html/pdf/Working_away_at_the_cost_of_ageing_the_labour_market_adjusted_dependency_ratio_EPC_042011.pdf
[186] European Commission (2012) 'White Paper: An Agenda for Adequate, Safe and Sustainable Pensions'

Policy focus:

Better use of fiscal incentives

- The EU is right to continue to promote increases in state pension age as a tool not just for fiscal sustainability, but to nudge an increase in the participation of older workers;
- Member States should not assume that increases in pension age alone would automatically increase retirement age. Member States will also need to do more to support and encourage, rather than just force, working longer;
- The EU should evaluate the impact of pension reform on extending working lives;
- Member States should remove any existing incentives for early retirement that remain within their state pension systems;
- Member States should explore policies that consider the impact retirement has on couples, not just individuals.

Pension systems influence retirement patterns, and hence the supply of labour and the economic dependency ratio.[187] The growth of early retirement during the 1990s was attributed by the OECD, not to increased income and a desire for more leisure time, but to the design of pension policies. In other words, the OECD argued that early retirement had been driven by pension rules.[188]

Over recent years however, governments have reversed this trend and pension reforms over the past decade are more likely to have discouraged rather than encouraged early retirement. Some countries have removed the possibility of early retirement under pension rules (for example, Belgium, Denmark, Finland and Germany). Others have reduced access to unemployment, disability and sickness benefits (for example, Denmark and the Netherlands).[192] This has had an impact on older workers due to the fact that these benefits have been used in effect as a form of early retirement.

Despite recent policy initiatives to limit early retirement across Europe, it remains the case that a number of EU countries still have incentives for early exit from the workforce.

There are positive disincentives in **Hungary** to remain in work because pension wealth actually declines after the age of 60.[189]

Early retirement schemes have played a major part in reducing the participation of older people in the workforce in the **Czech Republic**.[191]



The Lithuanian pension scheme is still structured so as to encourage early retirement.[190]

[187] European Commission (2012) 'White Paper: An Agenda for Adequate, Safe and Sustainable Pensions'
[188] Blondaland, S. and Scarpetta, S. (1998) 'The retirement decision in OECD countries'. OECD Economics Department Working Papers o.2
[189] Eurofound (2012) Employment trends and policies for older workers in the recession.
[190] Gruzevskis, B. (2012) 'EEO Review Employment policies to promote active ageing: Lithuania' http://www.eu-employment-observatory.net/resources/reviews/Lithuania-EPPAA-Feb2012-final.pdf
[191] Doleželová, H. (n.d.) 'The problem of the employment of older people: Czech Republic'.
[192] Sigg, R. and De-Luigi, V. (2007) Ibid.

But most EU countries have removed or reduced incentives for early retirement

A **Portuguese** law that allowed early retirement on reaching 58 has been withdrawn.[193]

In 2010 the **Austrian** government announced an increase to the qualification period for early retirement (on basis of contributory years) as of 2014. The age at which individuals can retire under this scheme will increase from 60 to 62 years for men, and from 55 to 57 years for women. However, despite this move, the European Commission has recently recommended that the country 'take steps to further limit access to the current early retirement scheme for people with long insurance periods and take steps to reduce the transition period for harmonisation of the statutory retirement age between men and women'.[194]

Although the legal age of retirement in **Luxembourg** has remained, the amount has been adjusted to benefit those who choose to work for longer.[195]

Changes to the **Lithuanian** law introduced in January 2012 restricted early retirement to those with not more than five years left until old age retirement, who have paid into state social insurance for at least 30 years, and who are not in receipt of any other benefits.[196]

Options for early retirement in **Latvia** have been curtailed, and those taking early retirement have had the pension rates they receive cut from 80% to 50%.[197]

In the **Czech Republic** the minimum insurance period required for a pension entitlement has been increasing from 25 years to 35 years – the latter threshold will be reached in 2017.[198]

The **French** government has introduced policies to restrict early retirement in the public sector. It also increased taxes between 2007-2008 for firms that made use of early retirement schemes.[199]

Benefit payments to early retirees in **Germany** have also been reduced so that claiming a pension before the age of 65 now results in a cut in benefits of 0.3% per month of early retirement. The retirement age for workers with an assessed degree of disability has also been increased from 60 to 62.[200]

The **Greek** government has reduced pension benefits for those entering retirement between the ages of 60 and 65. It has also introduced changes to pension allowance calculation so that it is based on average earnings over a whole lifetime rather than the five years prior to retirement.[201]

The **Hungarian** government has sought to reduce the incentives within the state pension system to early retirement. It has increased the number of contribution years needed to

[192] Sigg, R. and De-Luigi, V. (2007) Ibid.
[193] Nuamann, R. (2012) 'EEO Review: Employment policies to promote active ageing: Portugal' http://www.eu-employment-observatory.net/resources/reviews/Portugal-EPPAA-Feb2012-final.pdf
[194] OECD (2012) 'OECD Thematic Follow-up review of policies to improve labour market prospects for older workers: Austria' http://www.oecd.org/els/emp/Older%20Workers%20Austria-MOD.pdf
[195] OECD (2012) 'OECD Thematic Follow-up Review of Policies to Improve Labour Market Prospects for Older Workers: Luxembourg'
[196] Gruzevskis, B. (2012) 'EEO Review Employment policies to promote active ageing: Lithuania' http://www.eu-employment-observatory.net/resources/reviews/Lithuania-EPPAA-Feb2012-final.pdf
[197] Eurofound. (2011) Impact of the recession on age management policies http://www.eurofound.europa.eu/pubdocs/2011/753/en/1/EF11753EN.pdf
[198] OECD. (2012). 'OECD Thematic Follow-up Review of Policies to Improve Labour Market Prospects for Older Workers: Czech Republic' Paris: OECD.
[199] Eurofound (2011) 'Older workers and employment'.
[200] Duell, N. and Vogler-Ludwig, K. (2012) "EEO Review: Employment policies to promote active ageing: Germany" http://www.eu-employment-observatory.net/resources/reviews/Germany-EPPAA-Feb2012-final.pdf
[201] Karantinos, D. (2012) 'EEO Review: Employment policies to promote active ageing: Greece'. http://www.eu-employment-observatory.net/resources/reviews/Greece-EPPAA-Feb2012-final.pdf

receive a pension, removed disability pensions, and introduced taxes on pension income from 2013 onwards.

The **Irish** government has introduced a number of cuts to pension benefits including increasing the minimum paid contribution requirement from five years to 10 years, increasing weekly income that can be received with a pension to €200, and the pre-retirement allowance for those aged 55+ has been discontinued.[202]

Retirement policy changes are pushing workers to remain in employment for longer, either through taxes and cuts to benefits as seen above but many are also offering incentives to those who keep working into old age.

In the **UK**, people over state pension age are exempt from paying national insurance.[203]

Changes since 2006 in **Sweden** offer more favourable tax treatment for work related income than pension income.[204]

Reforms in **Croatia** have meant that those who retire early are now subject to between a 0.15% and 0.34% loss every month in the value of their pension. In contrast, people who delay retirement are entitled to a 0.15% monthly increase in the value of their pension.[205]

Reforms to the **Finnish** pension system over the past 10 years have increased the financial incentive for individuals to postpone retirement. Flexible retirement age is offered between ages 63 and 68, with an incentive of an increasing accrual rate on the pension, with 1.5% offered up to the age of 53, 1.9% between 53–62 years and 4.5% between 63 and 68.[206] In 2009, the government linked pension benefits to a life expectancy coefficient and has set out plans to raise the effective retirement age to at least 62.4 years by 2025 with current projections suggesting this target will be met.

In **Germany**, the use of wage subsidies for recruiting older workers increased from 38,400 in 2007 to 51,500 in 2010.[207]

Since 2009 **Italian** employers who hire older workers who have paid in 35 years or more of social security receive a reduction in their social security contribution per worker.[208]

The **Flemish** government has introduced a bonus to companies that employ someone previously unemployed aged over 50.[209]

---

[202]OECD (2012) 'OECD Thematic Follow-up Review of Policies to Improve Labour Market Prospects for Older Workers: Ireland'
[203]See https://www.gov.uk/tax-national-insurance-after-state-pension-age/making-sure-youve-stopped-paying-national-insurance
[204]Eurofound (2012) Employment trends and policies for older workers in the recession.
[205]Crnovic-Pozaic, S. (2012) 'EEO Review - Employment policies to promote active ageing, 2012: Croatia' http://www.eu-employment-observatory.net/resources/reviews/Croatia-EPPAA-Mar2012-final.pdf
[206]European Industrial Relations Observatory online (2013) 'Finland: The role of government and social partners in keeping older workers in the labour market' http://www.eurofound.europa.eu/eiro/studies/tn1210012s/fi1210011q.htm
[207]Duell, N. and Vogler-Ludwig, K. (2012) "EEO Review: Employment policies to promote active ageing: Germany" http://www.eu-employment-observatory.net/resources/reviews/Germany-EPPAA-Feb2012-final.pdf
[208]OECD (2012) 'OECD Thematic Follow-up Review of Policies to Improve Labour Market Prospects for Older Workers: Italy'
[209]OECD (2012) OECD thematic follow-up review of policies to improve labour market prospects for older workers http://www.oecd.org/els/emp/Older%20Workers-BELGIUM-%20TRAD.pdf

In 2010 there were around 4,500 subsidised contracts of employment for older workers in **Slovenia**.[210]

As of 2009, **Polish** employers are exempt from paying into the Labour Fund for employees aged 50+.[211]

In 2010 the social security contribution payable by **Portuguese** employers for older workers was reduced.[212]

In **Sweden**, employers who recruit older workers on long-term contracts are entitled to a subsidy of up to 75% of the older worker's salary.[213]

In **Italy,** public grants are made available to companies who hire managers aged 50+.[214]

In **Greece** employers are offered subsidies through the Social Partners Fund for employing older workers– specifically those five years short of retirement. Private sector firms can also benefit from a Manpower Employment Organisation (OAED) scheme, which encourages them to hire and train registered unemployed workers currently receiving benefits, in exchange for receiving the full amount of benefits to which the beneficiary is entitled.[215]

Employers hiring workers over the age of 50 referred by the **Croatian** Employment Service can receive a wage subsidy. This varies from 30% of the minimum wage for a large employer to 170% of the minimum wage for a small employer.[216]

The Employment and Training Corporation in **Malta** has developed a scheme for subsidising employers who employ people aged 40 and over.[217]

In **Austria**, employers are exempt from unemployment insurance contributions when they recruit a worker aged 50 years or older.[218]

As well as policies affecting individuals, Member States are also incentivising employers to ensure they retain staff past pension age. The availability of pension benefits offered by Member States has the ability to indirectly affect how long individuals remain in employment. Across most of Europe, Member States have increased or begun a process of increasing state pension ages. While the main motivation for doing so has arguably been to reduce the fiscal pressures of an ageing society, increasing the age of eligibility for pensions is the most obvious way in which individual countries are influencing the retirement age of their citizens. The extent to which state pension ages influence retirement ages is likely to vary across Europe. In countries where the state pension makes up a high proportion of income for older people, a rise is likely to have more of a push effect in keeping older workers employed for longer.

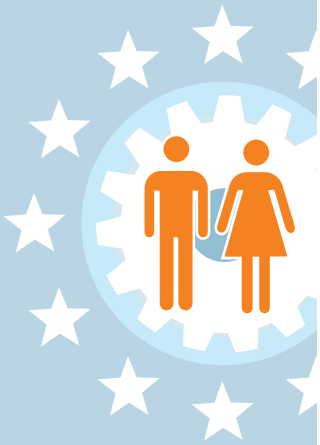
[210] European Commission (2012) 'European Employment Observatory Review: Employment Policies to Promote Active Ageing 2012'
[211] Sienkiewicz, L. (2012) 'EEO Review: Employment policies to promote active ageing: Poland'
[212] Nuamann, R. (2012) 'EEO Review: Employment policies to promote active ageing: Portugal' http://www.eu-employment-observatory.net/resources/reviews/Portugal-EPPAA-Feb2012-final.pdf
[213] Sigg, R. and De-Luigi, V. (2007) Ibid.
[214] OECD (2012) 'OECD Thematic Follow-up Review of Policies to Improve Labour Market Prospects for Older Workers: Italy'
[215] Karantinos, D. (2012) 'EEO Review: Employment policies to promote active ageing: Greece'. http://www.eu-employment-observatory.net/resources/reviews/Greece-EPPAA-Feb2012-final.pdf
[216] Gotovac, V. (2011) 'Support Strategies to Recover from the Crisis in South Eastern Europe: Republic of Croatia'. International Labour Organisation.
[217] Debono, M. (2012) 'EEO Review: Employment Policies to promote active ageing, 2012: Malta' http://www.eu-employment-observatory.net/resources/reviews/Malta-EPPAA-Feb2012-final.pdf
[218] Sigg, R. and De-Luigi, V. (2007) Ibid.

Linking Life expectancy to pension age

'In **Sweden**, pension entitlements are adjusted on the basis of expected life expectancy at the time of retirement'.[219]

The **Greek** government has created an automatic adjustment mechanism that will kick-in in 2020 and will incrementally increase the statutory retirement age in line with increases in average life expectancy.[220]

The **UK** government is exploring how to link pension age to life expectancy.



In the UK, the decline of final salary pension schemes, replaced by less generous defined contribution schemes is likely to encourage older workers to work longer. However, even in the UK, with its mix of private and public pension provision, it is becoming clear that increasing the state pension age does impact on the supply of labour.

Analysis by the Institute for Fiscal studies of the UK government's gradual increase in state pension age for women, which is taking place between 2010 and 2020, found that women's employment rates at 60 increased by 73% when the state pension age was increased to 61. Surprisingly, increasing the state pension age of women has also increased the employment rates of older male partners by 4.2%.[221]

During the expert stakeholder debate in Brussels, participants highlighted the fact that pensions and retirement policy were often targeted at individuals. Yet the decision of when to retire is typically made as part of a couple, and policies fail to address this.

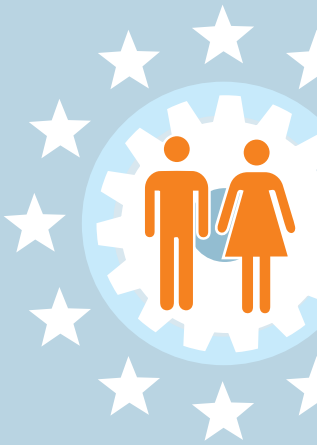
Working whilst claiming a pension

The **French** government has introduced measures to allow simultaneous employment and pensions.[222]

Since 2008 in **Italy**, it has been possible for workers who have reached the minimum limit of contributions to combine pension income with work income.[223]

Estonia's relatively active older labour market is maintained through legislation that allows people to both receive an income and a pension on reaching retirement age.[224]

As of 2008 **Maltese** workers of pensionable age under the age of 65 are able to work without losing pension entitlements. As of 2011, over 10,000 pensioners were still working and receiving a pension thanks to this scheme.[225]



[219] Eurofound (2012) Ibid.
[220] Karantinos, D. (2012) 'EEO Review: Employment policies to promote active ageing: Greece'. http://www.eu-employment-observatory.net/resources/reviews/Greece-EPPAA-Feb2012-final.pdf
[221] Cribb, J., Emmerson, C. and Tetlow, G. (2013) 'Incentives, shocks or signals: Labour supply effects of increasing the female state pension age in the UK.' IFS.
[222] Eurofound (2011) 'Older workers and employment'..
[223] OECD (2012) 'OECD Thematic Follow-up Review of Policies to Improve Labour Market Prospects for Older Workers: Italy'. Paris: OECD.
[224] Madsen, P.K. (2012) 'EEO Review: Employment practices to promote active ageing: Denmark'. http://www.eu-employment-observatory.net/resources/reviews/Denmark-EPPAA-Feb2012-final.pdf
[225] Debono, M. (2012) 'EEO Review: Employment Policies to promote active ageing: Malta'. http://www.eu-employment-observatory.net/resources/reviews/Malta-EPPAA-Feb2012-final.pdf

Policy focus:

Create more, better and appropriate jobs

- The EU should better promote the potential to use the European Social Fund to provide more support for older workers;
- The EU and Member States should better promote good practice in workplace and job adaptation. The ESF-Age Network[226] should be widely promoted to employers;
- EU and Member State initiatives to tackle age discrimination should continue;
- The UK's experience of removing the default retirement age should be evaluated by the EU and Member States with a view to speeding a process of ensuring that older people may not legally be discriminated against in employment simply because of their age;
- The EU and Member States should continue to ensure that workplaces are appropriate and safe for an older workforce. Occupational health is likely to be of increasing importance in an ageing society;
- Member States should take a strategic approach to working longer rather than introduce ad-hoc initiatives. The strategic, long-term approach should involve employers, employees and trade unions;
- EU regional policy should support the creation of jobs for people of all ages. It should recognise and respond to the challenges of ageing regions and understand the diversity of approaches needed at a regional level;
- The EU and Member States should focus more attention on demand side solutions to extending working lives. Creating the sort of jobs for an ageing society;
- The EU and Member States should recognise that public sector spending cuts may have a negative impact on the employment opportunities of older people and initiatives must be put in place to ensure public sector employees can transfer their skills to other sectors.

If the EU is to get more people working into later life, it is vital that more, better and more appropriate jobs for older workers are created. The quality of work is important as 'in most cases, non-material reasons figure more importantly than financial reasons on the whole'. [227] [228] Among other benefits, work provides fulfilment, structure, knowledge transfer, and social contacts. Therefore, financial motivations alone are likely to be inadequate an incentive.

People under pension age mention additional motives for the desire to work post retirement such as working in order to keep fit and active or feeling too young to stop working. [229]

However, the supply of good quality jobs for older people does not meet demand. In the UK, Lain found that workers after retirement age are more likely to be recruited into roles with lower pay, and requiring fewer qualifications.[230] Similarly, Smeaton and McKay show that workers aged over 65 are over-represented in personal service jobs, elementary occupations and agricultural jobs.[231]

In the UK, health and safety has attracted a bad name in the media. It has become a catchphrase for those concerned about increasing regulation on employers. But adaptations to the workplace to meet the needs of an ageing workforce will be important if we are to successfully extend working lives, guaranteeing occupational health will be important. A recent European opinion poll on occupational safety and health found that 87% felt that good occupational health and safety was important if people are to work longer before retirement.[232]

[226] See http://www.esfage.eu/
[227] Scherger, S. et al. (2012) Ibid.
[228] Eurofound (2012b). 'Income from work after retirement'.
[229] Scherger, S. et al. (2012) Ibid.
[230] Lain, D. (2012) 'Working past 65 in the UK and USA: Occupational segregation or integration, Work, Employment and Society', Work, Employment and Society 26 (1): 78-94.
[231] Smeaton, D. and McKay, S. (2003) 'Working after State Pension Age: Quantitative Analysis'.
[232] European Agency for Safety and Health at Work (2012) 'Working better for longer'

Since the early 1990s, the **Finnish** government has introduced a variety of initiatives to extend working lives. The Finnish Institute for Occupational Health (FIOH) carried out an age management programme (1990-1996) to develop the health, work ability, and wellbeing of people aged over 45. The Finnish experience focussed on extending working lives and maintaining ability. Between 1998 and 2002, the National Programme on Ageing Workers, produced a comprehensive training module for training and consultation on age management in the public sector.[223]

In 2008 the **Polish** government launched the Solidarity between Generations Programme which aims to achieve an employment rate of 50% for persons aged 55-64 by 2020. The programme aims to achieve this through a number of schemes including improving working conditions for older people, training for 50+ year olds and encouraging employers to offer services that promote a work/life balance which helps women to take up employment.[234]

Across Europe, there is greater interest in 'age management', with managers taking into account age related factors so that everybody is able to do their job. The European Commission White Paper on Pensions recognised the age management challenge and asks for social partners to get involved in bringing in changes. It suggests development of 'ways of adapting workplace and labour market practices, including career management notably regarding strenuous jobs, so as to facilitate longer working lives for women and men'. It also offers expert advice at an EU level from the European Foundation for the Improvement of Living and Working Conditions and the European Agency for Safety and Health at Work.[235]

An important factor in terms of extending working lives is likely to be the offer of gradual retirement or flexible working. Recent research looking across 26 EU Member States (NB: Germany excluded due to data unavailability) found that flexible working arrangements were important in order to keep people at work beyond the legal retirement age. The researchers argued that the use of partial working schemes could modify retirement patterns towards postponing labour market withdrawal.[236]

Flexible working can take a number of different forms including: part-time working, job share, regular and occasional homeworking, fixed-term contract, flexitime, compressed hours, part-year working, additional planned or unpaid leave, career breaks and bridging jobs.[237] Around 60% of over 50s in the UK would like to continue working after state pension age but on a part-time basis. Two-fifths would like to stay in their current jobs, but with greater flexibility in hours or days worked.[238]

However, whilst there is greater interest and some regulatory support for flexible working, the attitudes of employers or managers towards older employees are 'rarely

'Flexible working probably gives people a sense that the company is looking after them, and hence hopefully a sense of better wellbeing, a sense that they do have a certain degree of empowerment about when they work, within business restrictions, of course'.[239]

[232] TAEN (2007) Managing the Ageing Workforce: an introductory guide to age management for HR professionals, http://www.esfage.eu/sites/esfage/files/attachments/TAEN_Guide_to_Age_Management_Sept_07.pdf
[234] Sienkiewicz, L, (2012) 'EEO Review: Employment policies to promote active ageing: Poland' http://www.eu-employment-observatory.net/resources/reviews/Poland-EPPAA-Feb2012-final.pdf
[235] European Commission (2012) 'White Paper: An Agenda for Adequate, Safe and Sustainable Pensions'
[236] Aranki, T. and Macchiarelli, C. (2013) Ibid.
[237] Centre for Diversity Policy Research and Practice (2011) Ibid.
[238] Equality and Human Rights Commission (2010), *Working Better – The Over 50s, the new work generation.*
[239] Kelliher, C and Anderson,D. (2008) 'For better or for worse? An analysis of how flexible working practices influence employees' perceptions of job quality', International Journal of Human Resources Management, 19(3) pp. 419-431.

France has introduced a gradual retirement scheme, which allows workers to reduce their working hours on reaching 60 (62 in 2017) and receive a proportion of their pension in return.[240] However, take-up has been low and the OECD has argued that the scheme should better support employees in their negotiations with employers.

In 2007, **Austria**, **Norway** and **Spain** introduced phased retirement systems.[241]

Changes to the Labour Code were introduced in 2012 in **Czech Republic** to help increase flexibility in working hours and to reduce severance pay when someone has been employed for two years or less.[242]

Flexible working practices and additional leave have also been introduced in **Slovenia** to encourage people to stay in work for longer. [243]

The **UK** abolished the default retirement age in 2011.

The **French** government has increased the compulsory age of retirement from 65 to 70.[244]

examined in a systematic way'.[245]

Our analysis of the EU-28 suggests that one factor which encourages extended working lives is a strategic approach by government, bringing in employers and trade unions. Successful Dutch policy, for example, was developed through co-operation between the trade unions, the public and public authorities.[246]

As well as influencing workplace and job design, the increased visibility of older people in the workplace may have an influence on the social norm of working longer. It is important that an increased number of older people are visible within the workplace. It is also vital that older people are not forced out of their workplace simply due to their age. The Commission has said it will 'consult the social partners on how unwarranted mandatory retirement ages could be revised in collective agreements and national legislation'.

Asda in the **UK** introduced a flexible working programme in 2008. It developed a 'seasonal colleagues' scheme instead of using temporary workers. Adults of all ages could get a permanent contract to work at peak times over the year. Asda also offers one week unpaid leave for grandparent or carer duties as well as 'Benidorm Leave' – up to three months unpaid leave.[247] [248]

[240] OECD (2012) 'OECD Thematic Follow-up Review of Policies to Improve Labour Market Prospects for Older Workers: Czech Republic'. Paris: OECD.
[241] Sigg, R. and De-Luigi, V. (2007) Ibid.
[242] OECD (2012) 'OECD Thematic Follow-up Review of Policies to Improve Labour Market Prospects for Older Workers: Czech Republic'. Paris: OECD.
[243] Žnidarši, J. and Dimovski, V. (2010) 'Reluctance Towards Older Workers in Slovenia', *International Business and Economics Research Journal*, Vol 9, No. 2, p: 88.
[244] European Commission (2012) 'White Paper: An Agenda for Adequate, Safe and Sustainable Pensions'
[245] Scherger, S. et al. (2012) Ibid.
[246] Roland Sigg and Valentina De-Luigi (2007) The success of policies aimed at extending working life International Social Security Association
[247] Good Practice Case Studies (2011) Age Positive and DWP
[248] Centre for Diversity Policy Research and Practice. (2011) Ibid.

Policy focus:

Addressing inequalities

- The EU and Member States must continue to promote lifelong learning. Age should not influence access to training opportunities;
- The EU and Member States must invest in tackling health inequalities;
- The EU and Member States should explicitly target initiatives at increasing the participation of older women in the workplace;
- The EU and Member States must ensure that care-giving is not a barrier to working longer.

There are many retirees across Europe who do not work but would like to continue in the workplace. Many of these 'were already disadvantaged in the labour market well before retirement'.[249] Older workers tend to have lower qualifications than younger workers.[250] And those who continue in work tend to have higher qualifications than those who leave early. A number of German studies support the argument that 'the educational qualifications of working pensioners tends to be higher than those of other pensioners'. It is vital that older workers have access to training and skills to ensure they are employable.

As noted earlier, tackling health inequalities is a huge challenge for working longer.

'Investing in the prevention of diseases, the promotion of healthy and active ageing and in more cost-effective health systems are important to maintain and maximise a healthy and productive workforce which can continue to work later in life. In turn, this will help reduce early retirement caused by illness, contribute to increase the labour participation of people over 55 and ease some pressure on pensions.'
European Commission[254]

In order to tackle the challenge of older people working longer there needs to be progress in significant inequalities in the employment rates of older women (38.6%) compared to those of men (54.6%).[255]

The low level of qualification of older people compared to younger groups has contributed to low levels of employment in the former in the **Czech Republic**. More than 60% of people between the ages of 50 and 65 have attained no more than a low secondary level of education. Among those aged 25-39 this figure stands at 49%.[251]

In 2008 the proportion of older people enrolled on life-long learning courses in **Greece** was just 0.4% compared to 7.2% for the 25-34 age group.[252]

Participation of adults in education and training is very low in **Slovakia** (0.8% of the 50+ population compared to 4.4% as an average across the EU). The 2011 Lifelong Learning Strategy acknowledged this gap and aims to improve promotion and motivation to participate in lifelong learning.[253]

[249] Eurofound (2012). 'Income from work after retirement'.
[250] Doleželová, H. (n.d.). "The problem of the employment of older people : Czech Republic". Prague.European Commission (2012) EEO Review: Employment Policies to Promote Active Ageing 2012.
[251] Doleželová, H. (n.d.). "The problem of the employment of older people : Czech Republic". Prague.
[252] Karantinos, D. (2012) 'EEO Review: Employment policies to promote active ageing: Greece' . http://www.eu-employment-observatory.net/resources/reviews/Greece-EPPAA-Feb2012-final.pdf
[253] Vagac, L. (2012) 'Employment Policies to Promote Active Ageing, 2012: Slovakia' http://www.eu-employment-observatory.net/resources/reviews/Slovakia-EPPAA-Feb2012-final.pdf
[254] European Commission (2012) 'White Paper: An Agenda for Adequate, Safe and Sustainable Pensions'
[255] European Commission (2012) 'White Paper: An Agenda for Adequate, Safe and Sustainable Pensions'

Europe has a number of tools by which it can work to tackle inequalities in access to employment including the European Social Fund which could play a stronger role in ensuring both that women have greater access to working longer, as well as improving general employability of all older people.[256]

We have identified few initiatives and very limited recognition by Governments across Europe, that care is a significant barrier to extended working lives. Yet we know that caring responsibilities do pull older workers out of the workforce too early. The introduction of measures to support a balance between care and work, or to ameliorate returning to work after a period of informal caring, will be helpful to carers regardless of gender.

[256] European Commission (2012) 'White Paper: An Agenda for Adequate, Safe and Sustainable Pensions'

Policy focus:

A targeted research agenda

- The Commission research agenda must promote 'what works' in extending working lives;
- The Commission and Member States must engage and support researchers interested in better understanding the motivations of extending working lives;
- The Commission research agenda could better understand and promote the best ways the private and public sector can adapt jobs to meet the needs of an ageing society;
- The Commission research agenda must explore how to tackle health inequalities and should monitor age discrimination and its impact on older workers.

The European research agenda offers a significant tool for policy-makers to support extended working lives. Yet there remains a paucity of research and researchers interested in this vital area. Gerontologists are frequently focussed on life post retirement and labour market researchers are more likely to focus on younger people than old. It is important that the EU and Member States support research and researchers interested in developing this area of work.

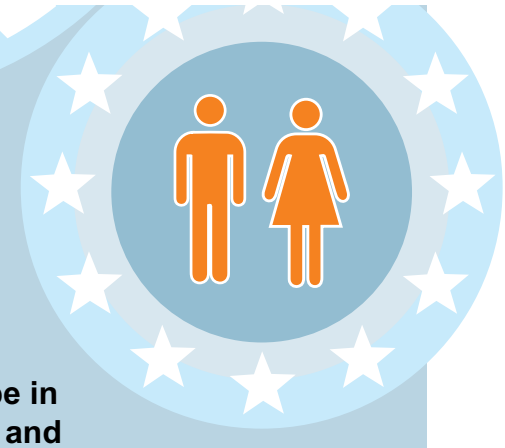
There is a paucity of evaluation of EU and Member State initiatives aimed at extending working lives. It is difficult to prove that fiscal, regulatory or promotional activities deliver the aims set out by policy-makers.

The employment rate of older workers (aged 55-64) was below 50% in 2012 in the EU. But this average masks significant variation between Member States, ranging from 32.9% in Slovenia to 73% in Sweden.[258] Reaching the EU employment target or catching up with the best-performing countries could almost neutralise the effects of population ageing on the weight of pensions in GDP.[259] The EU research agenda could help disseminate information on good practice across Europe.

The **Finnish** government has invested in the KESTO-program (2005–2008), which built up a database for research on extending working life.[257]

[257] Jokinen, E. (24–25 May, 2012) Ibid.
[258] Eurostat (2013) Employment (main characteristics and rates) – annual averages (lfsi_emp_a).
[259] European Commission (2012) 'White Paper: An Agenda for Adequate, Safe and Sustainable Pensions'

Ten interesting European initiatives to support older workers



There is a wealth of ideas and initiatives at play in Europe in a bid to encourage individuals to extend the working life and for employers to regard older employees as an asset. Many EU Member State governments have already put in place a number of changes in order to increase the age at which citizens retire from the workforce, but more needs to be done.

1. Changes since 2006 in **Sweden** offer more favourable treatment for work related income than pension income.
2. Reforms in **Croatia** have meant that those who retire early are now subject to between a 0.15% and 0.34% loss every month in the value of their pension. In contrast, people who delay retirement are entitled to a 0.15% monthly increase in the value of their pension.
3. The **German** government intends to introduce greater flexibility to working time and open up more sabbaticals for its older workforce.
4. In **Sweden**, employers who recruit older workers on long-term contracts are entitled to a subsidy of up to 75% of the older worker's salary.
5. The **French** government has introduced measures to allow simultaneous employment and pensions.
6. As of 2008 **Maltese** workers of pensionable age under the age of 65 are able to work without losing pension entitlements. As of 2011, over 10,000 pensioners were still working and receiving a pension thanks to this scheme.
7. **France** has introduced a gradual retirement scheme, which allows workers to reduce their working hours on reaching 60 (62 in 2017) and receive a proportion of their pension in return.
8. The **Dutch** government introduced age discrimination legislation, information campaigns, age-management initiatives and policies to promote part-time and flexible working.
9. A **Portuguese** New Opportunities Initiative gives preferential access for older people to lifelong learning.
10. The **Finnish** government has invested in the KESTO-program, which built up a database for research on extending working life.

ILC–UK
11 Tufton Street
London
SW1P 3QB
Tel : +44 (0) 20 7340 0440
www.ilcuk.org.uk
Published in September 2013 © ILC-UK 2013