

LIVING LONGER, WORKING LONGER?

Key policies and practices in Europe

Geneviève Reday-Mulvey

Research Programme 'The Four Pillars'

(Social security, pensions, insurance, employment)

The Geneva Association www.genevaassociation.org

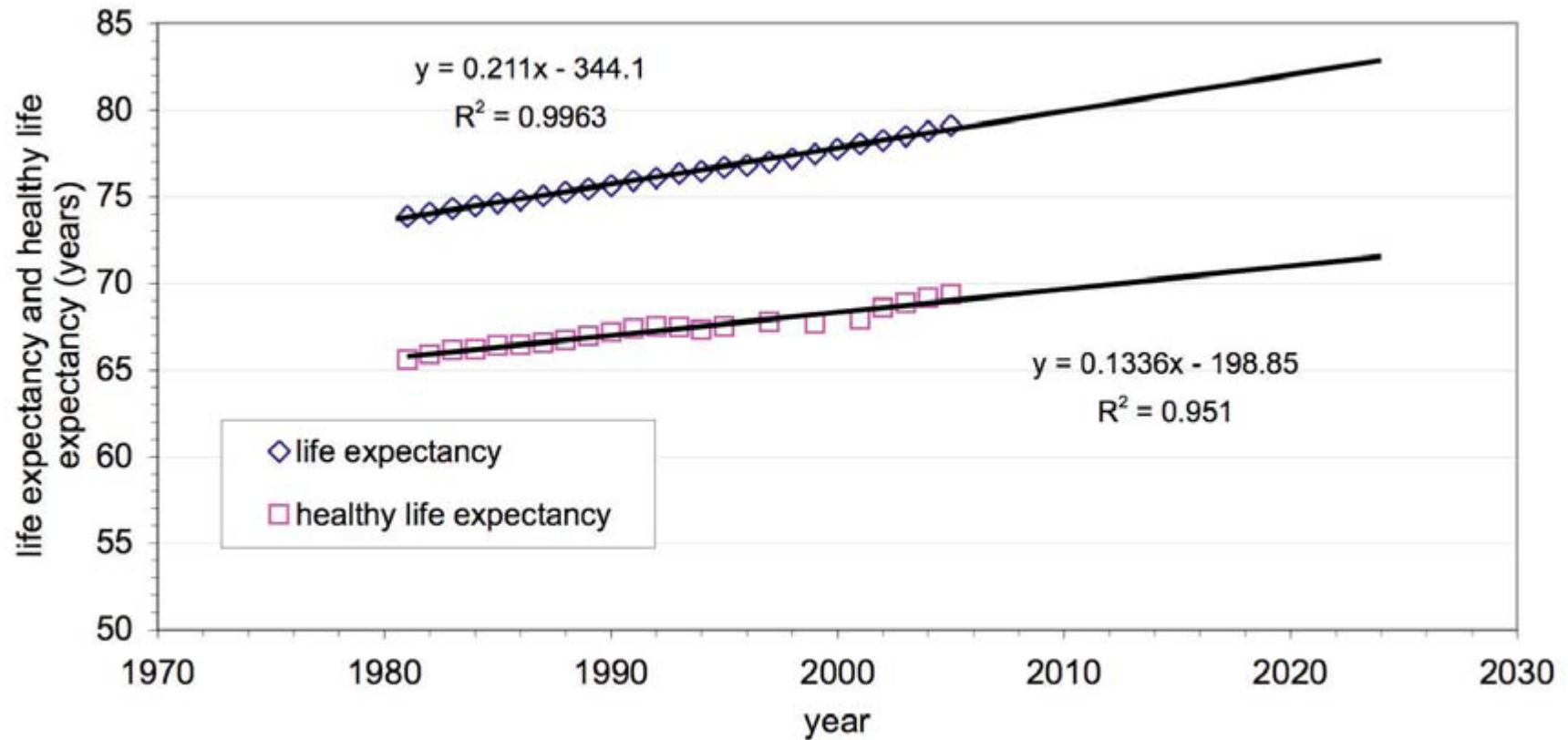
& Silver Workers Institute www.silverworkers.ch

WORKING BEYOND 60 - Key Policies and Practices in Europe

Palgrave Macmillan, 2005

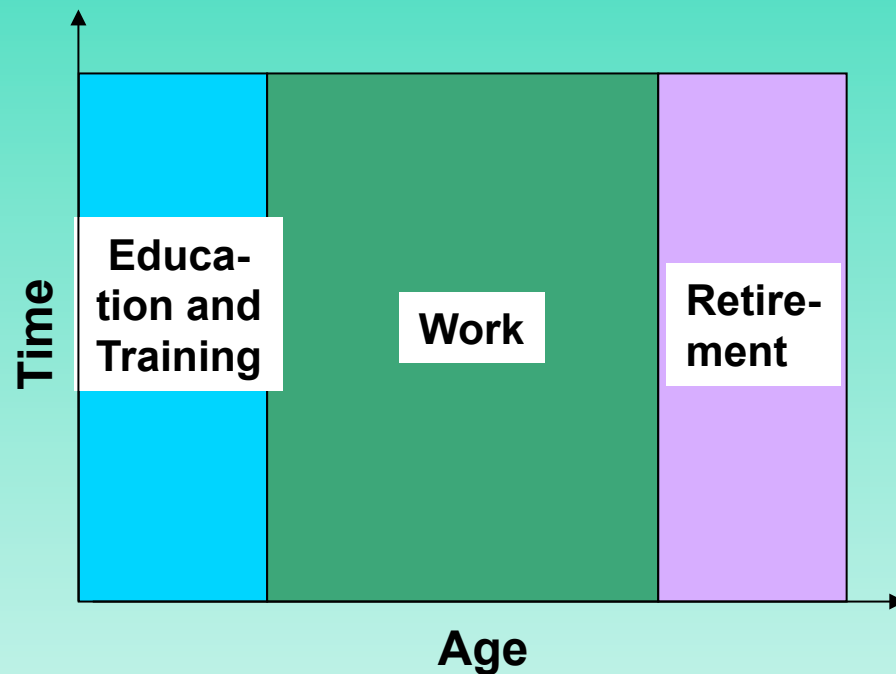
OPIA Lecture - Vienna 15 June 2010

Joint male and female life expectancy (LE) and healthy life expectancy (HLE) at birth (source ONS) in the UK

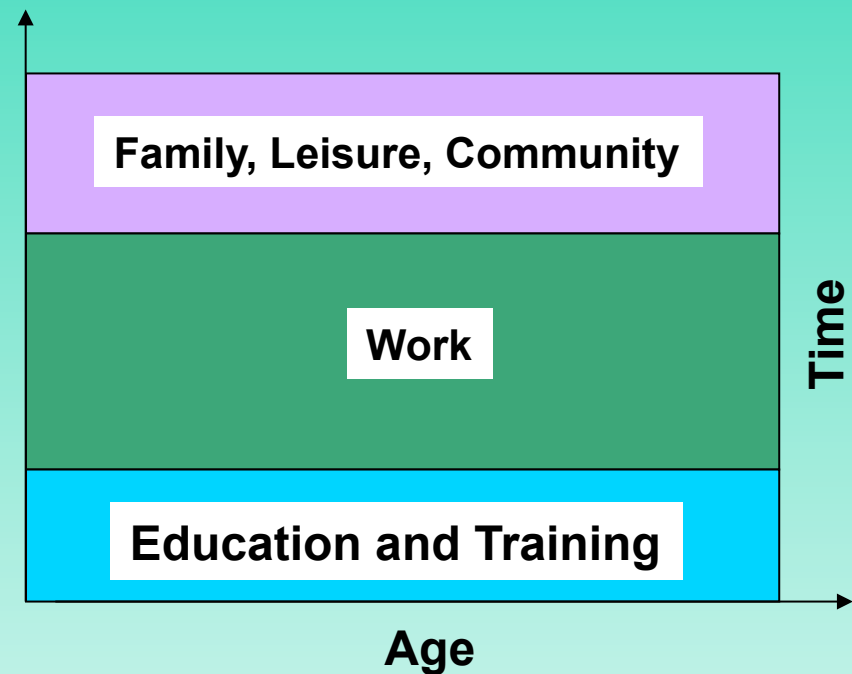


Life cycle: a new distribution of activities

Traditional distribution of activities



Modern distribution of activities

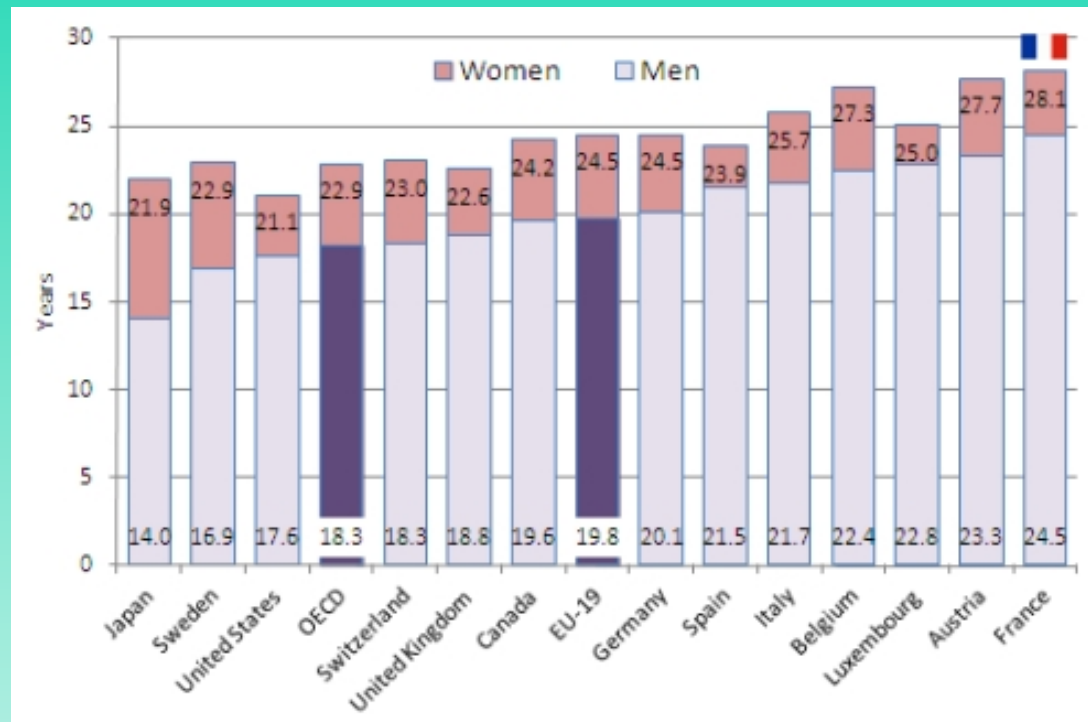


Retirement expectancy

| | Average age of exit from work | | Life expectancy at 65 | | Retirement expectancy | |
|----------------------|-------------------------------|-------------|-----------------------|------|-----------------------|-------------|
| | Men | Women | Men | Wom. | Men | Women |
| Denmark | 62.1 | 60.8 | 16.2 | 19.1 | 19.1 | 23.3 |
| <u>France</u> | <u>59.1</u> | <u>58.9</u> | 18.2 | 22.6 | <u>23.1</u> | <u>28.7</u> |
| Germany | 62.1 | 60.5 | 17.2 | 20.5 | 20.1 | 25.0 |
| Italy | 60.2 | 59.6 | 18.8 | 21.8 | 23.6 | 26.2 |
| Netherlands | 63.1 | 61.8 | 16.8 | 20.6 | 18.7 | 23.8 |
| <u>Sweden</u> | <u>63.7</u> | <u>63.3</u> | 17.7 | 20.9 | <u>18.1</u> | <u>22.6</u> |
| UK | 62.9 | 62.1 | 17.3 | 19.6 | 19.4 | 22.5 |

Source : Eurostats 2008, and own calculations

Estimated years in retirement, by sex, 2007

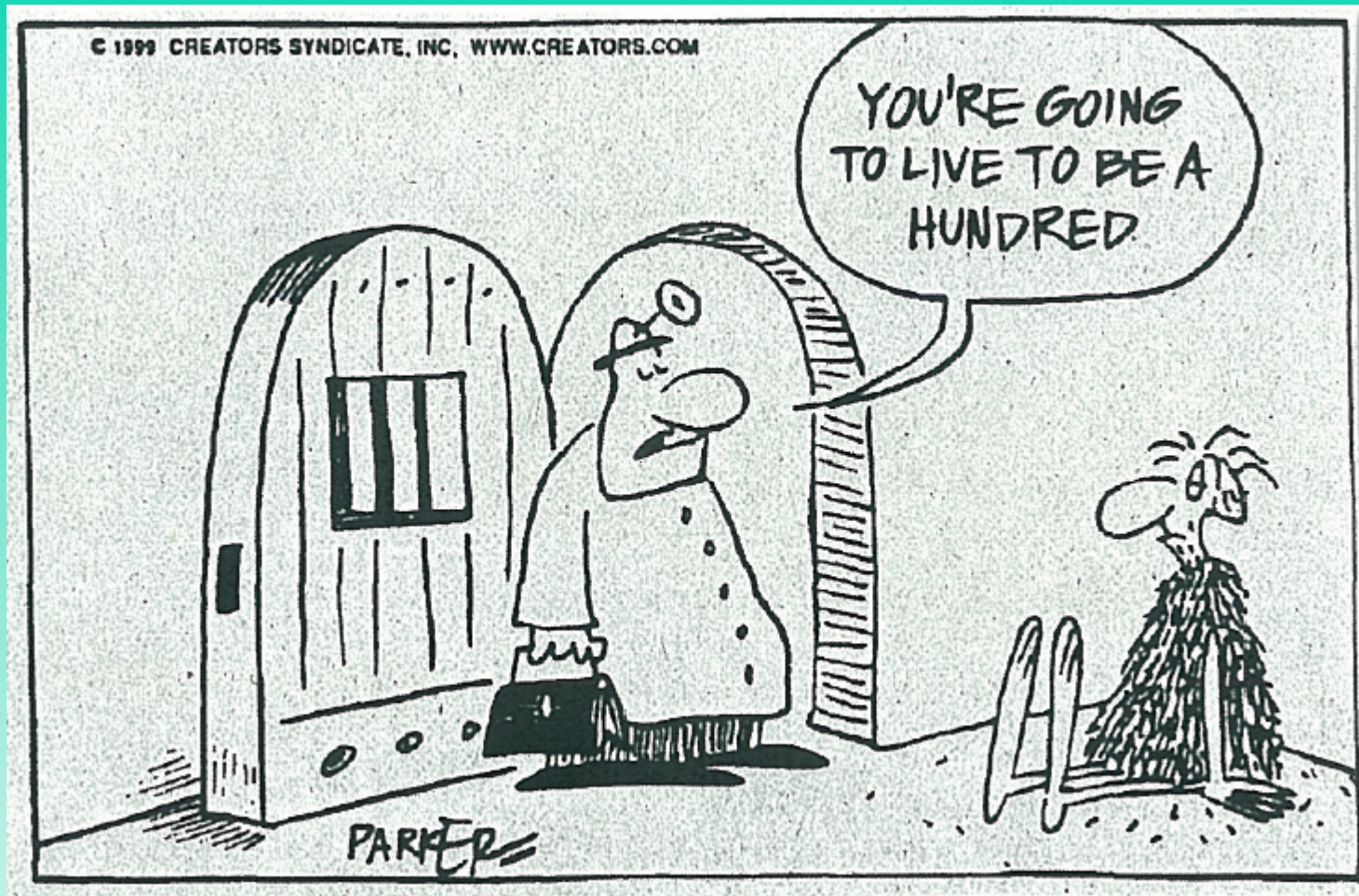




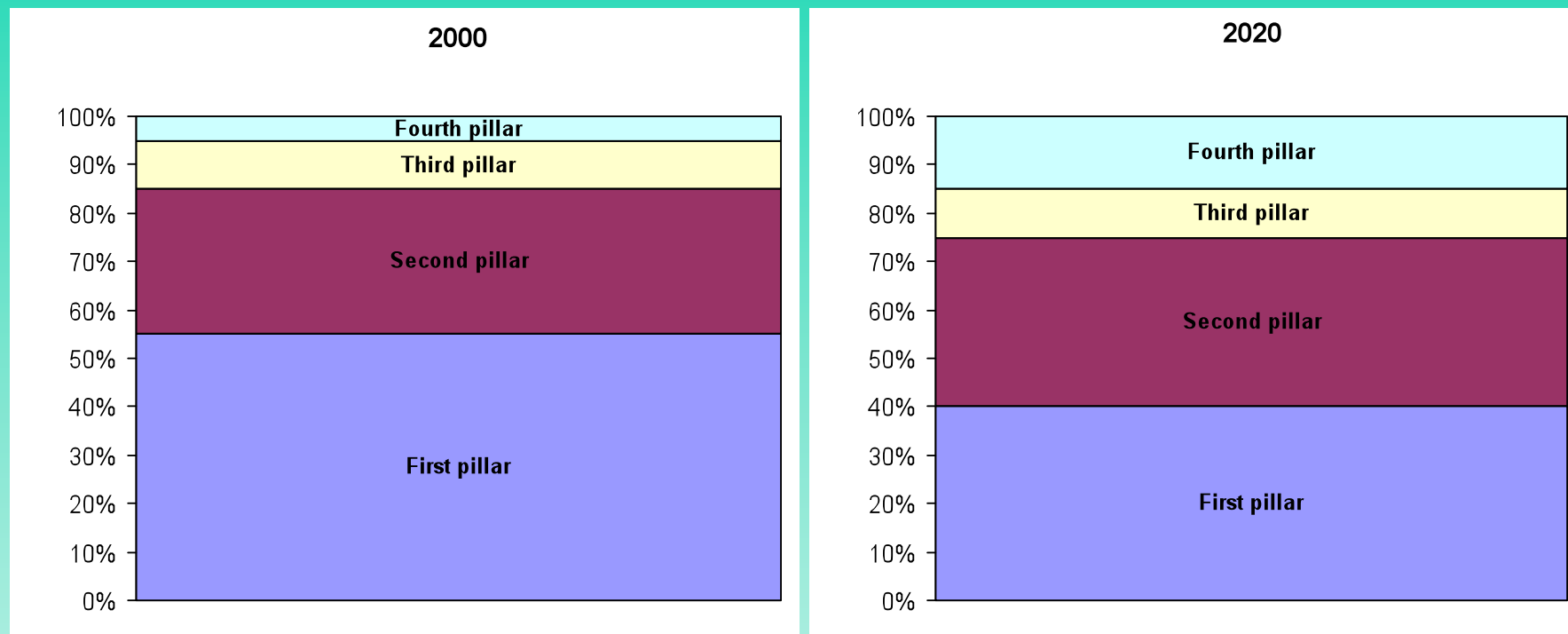
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YOU'RE GOING
TO LIVE TO BE A
HUNDRED

PARKER

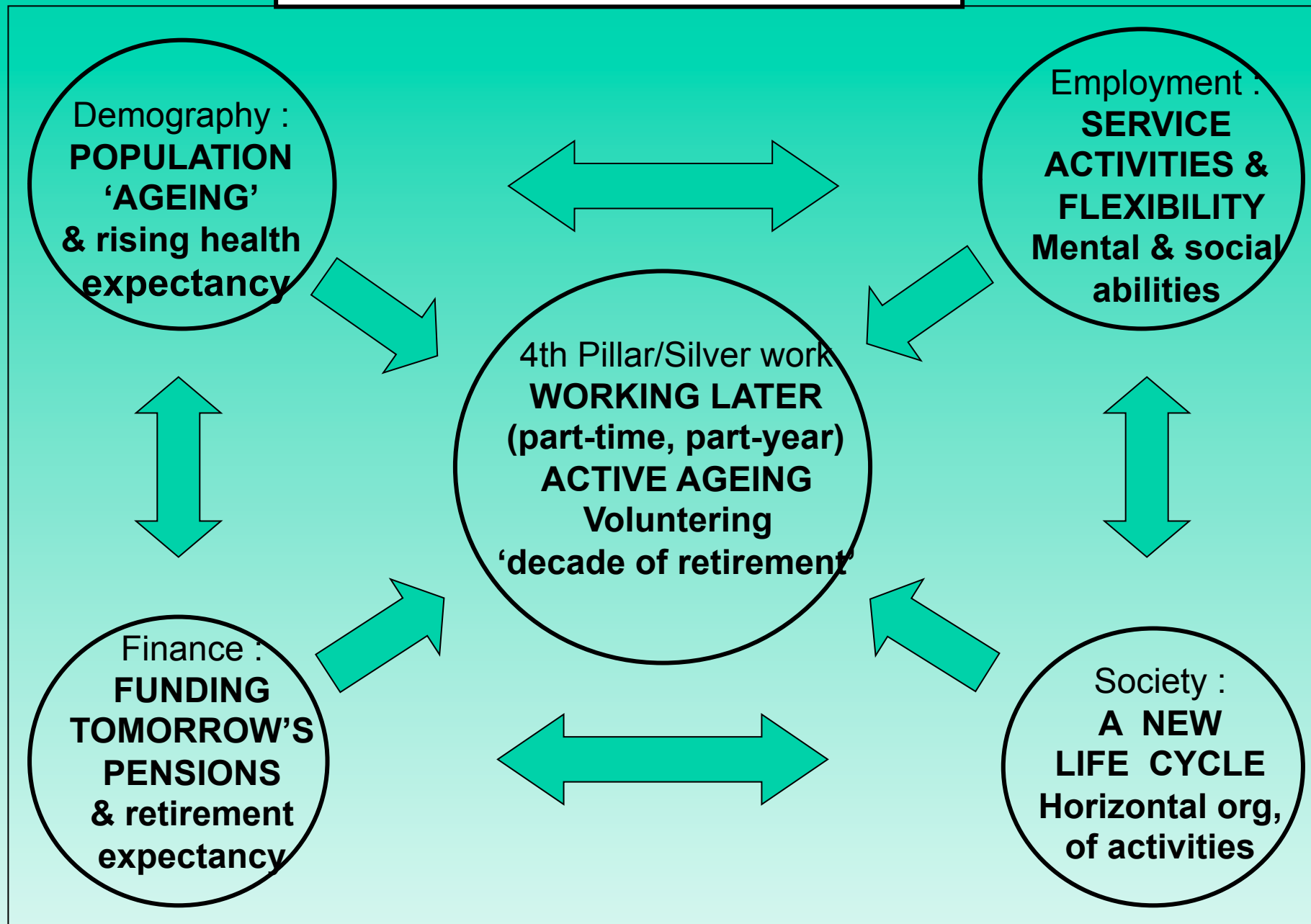


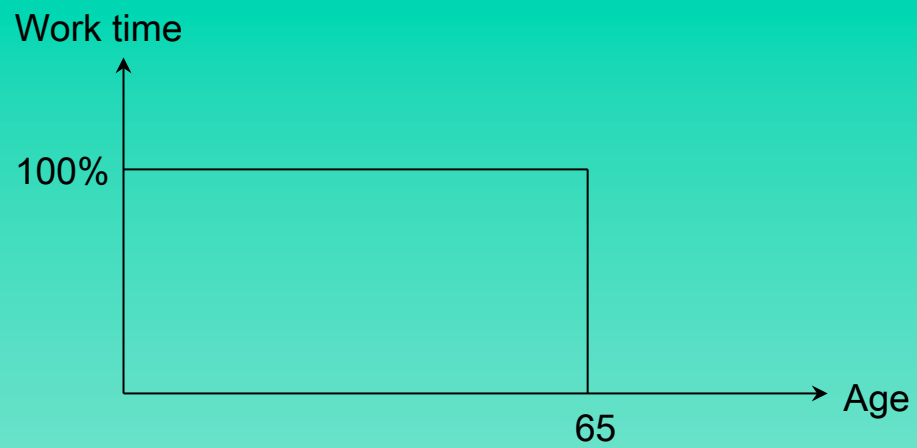
Share of income from the four pillars, as a percentage of the total income of people over 65 y.



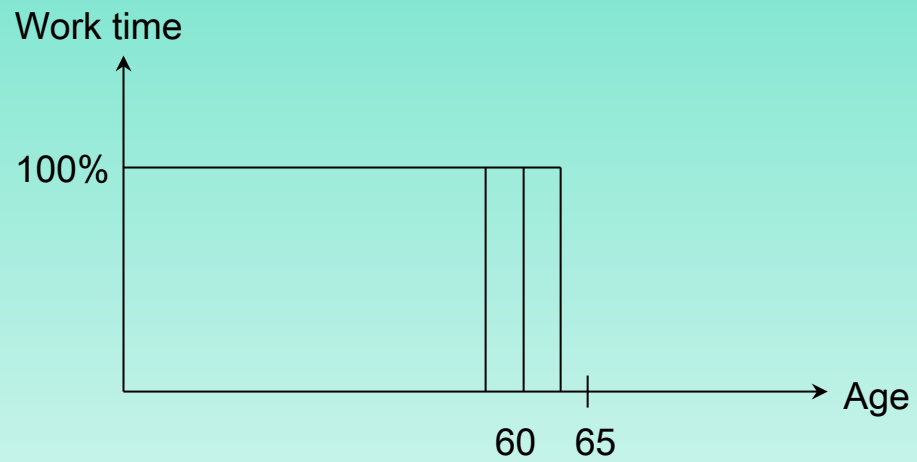
Source: The Geneva Association

Trends towards a 4th pillar

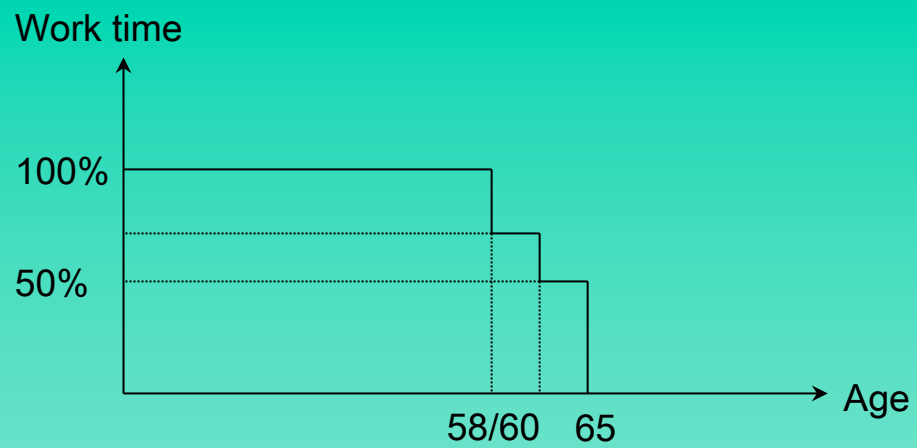




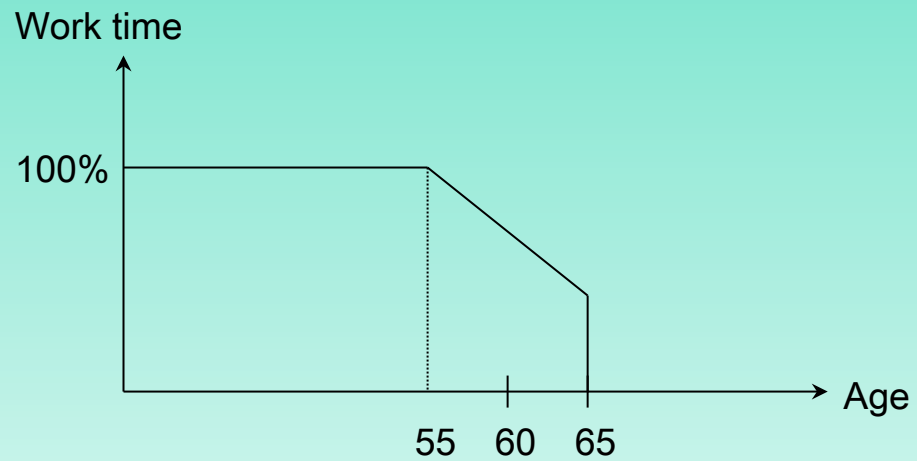
1. The traditional model: over-night retirement



2. Early retirement



3. Partial early retirement



4. Gradual retirement without any extension of work life

The Timing of Retirement

Labour Market

1975-1990/95
The old consensus
EARLY RETIREMENT

- **The State:** high unemployment
- **Enterprise:**
 - reduce workforce
 - increase productivity
- **Trade Unions / Workers**
 - reduce exit age
 - increase years of retirement in good health

From 1990/95-2000
An emerging consensus
FLEXIBLE, GRADUAL
& LATER RETIREMENT

- **The State:** reform of pensions
- **Enterprise and trade unions**
new awareness of future challenges
(age discrimination)

From 2000-2005
An accepted consensus
INCREASING PARTICIP. OF
'OLDER' WORKERS

- **The State:** employment policies and incentives
- **Enterprise and Trade unions:** Age Manag.
Work conditions at end of career

Social Policies

KEY POLICIES

1. SOCIAL POLICY - Pension Reforms

Restrictive Measures

- increasing the number of contribution years
- reducing benefits slightly
- devising new modes of financing
- ...

Incentives

- developing 2nd pillar pensions
- encouraging personal pensions (3rd pillar)
- strengthening the link between pensions and contribution years
- fostering flexible, *à la carte* retirement
- allowing a cumulation of the pension with earnings from work
- ...



WORKING LONGER & ACTIVE AGEING in THE ECONOMY and SOCIETY

Restrictive Measures

- raising the labour-exit age
- reducing early retirement access
- reducing disability benefit access
- reducing unemployment benefit access
- ...

Incentives

- reintegrate workers aged 55 years and more
- increasing the participation of women
- adjusting work conditions at the end of career :
continuing training, part-time work, ...
- making labour exit more flexible
- providing incentives in the form of subsidies
- enacting anti-discrimination laws
- fostering good practice (codes etc.)
- ...



2. ECONOMIC POLICY - Employment Reforms **Increase participation of +55-65 year olds**

Benefits of part-time work at end of career

For the employer:

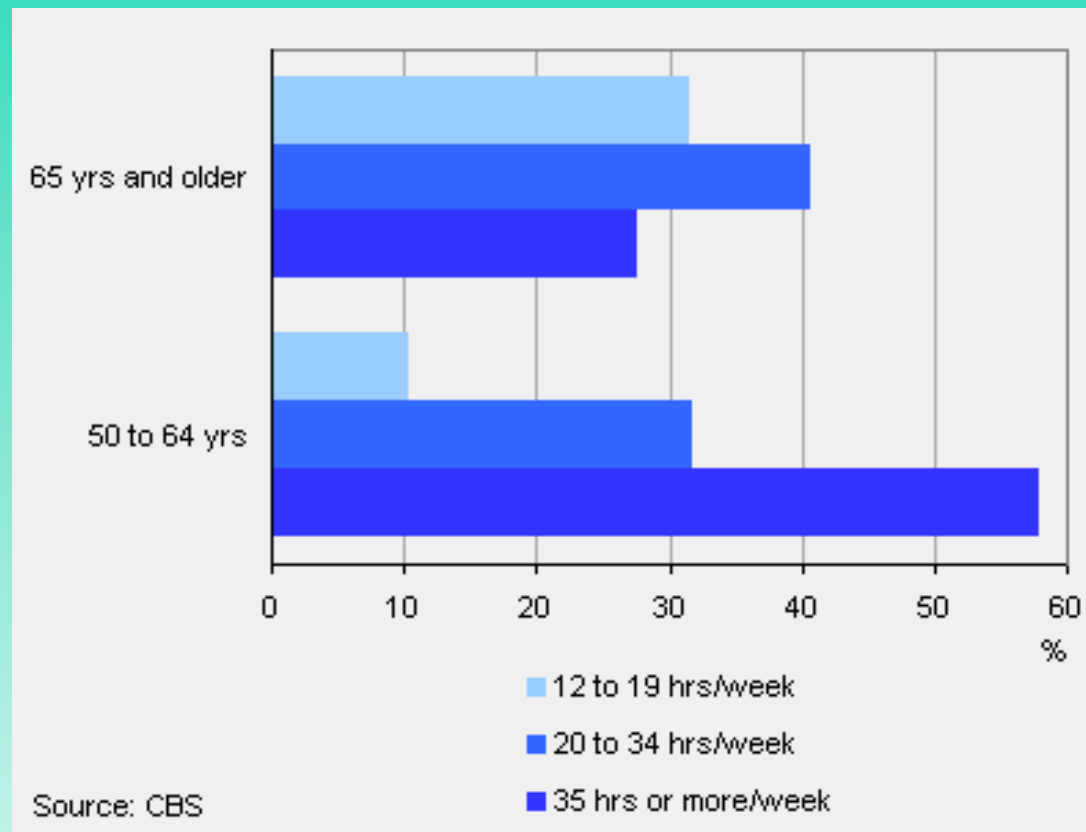
- Reduces cost of 'older' workers (everywhere)
- Reduces absenteeism (eg. Sweden, France)
- Retains skills & experience (transition, 'tutorat')
- Better age-management
- Match customer/employee age & needs (eg. UK)
- ...

For the employee:

- Provides a transition 'flexible retirement' (eg. UK)
- Adapts to changing abilities (eg. NL)
- Reduces stress and increases recuperation time
- Increases choice and satisfaction (eg. NL, FR, SE, DE)
- ...

Trends towards a fourth pillar (left side: constraints, right side: opportunities)

Over-50s in work by working hours, 2009



KEY POLICIES

Comparative country synthesis with strong factors + and needed improvements -

I Countries with **global** policies

Finland

- ++ Information and age awareness campaigns of all actors *Experience, a national treasury*
- ++ Models and practice in firms of improved health at work and work ability/capacity
- + Pension reform linked to life expectancy and including partial pensions
- Develop more part-time work and transitions to retirement

Denmark

- ++ Reduction of exit roads, in particular disability (now *working capacity*)
- + Adaptation of working time and conditions, e.g. *soft jobs*
- + Incentives to employers and employees

The United Kingdom

- ++ Campaigns to convince employers, e.g. *Age Diversity, Age positive*
- + Flexible retirement and working time
- + Incentives to employees (employment credit)
- Improve state pension benefits

The Netherlands

- ++ Reduction of exit roads, in particular early retirement (public) and disability
- ++ Promotion of part-time and atypical work
- + Legislation against age discrimination
- Encourage more full-time work

II Countries with **partial** policies

Germany

- + Pension reform will reduce 1st pillar and extend 2nd pillar
- ++ Studies on age management and experimental firm practice
- + Ergonomics, continuing training, esp. in large firms
- Insufficient practice

France

- + Pension reform will extend work life
- + Improvements in career planning, training and part-time work, esp. in large firms
- Early exit still in practice
- Insufficient debate and age awareness campaigns

Italy

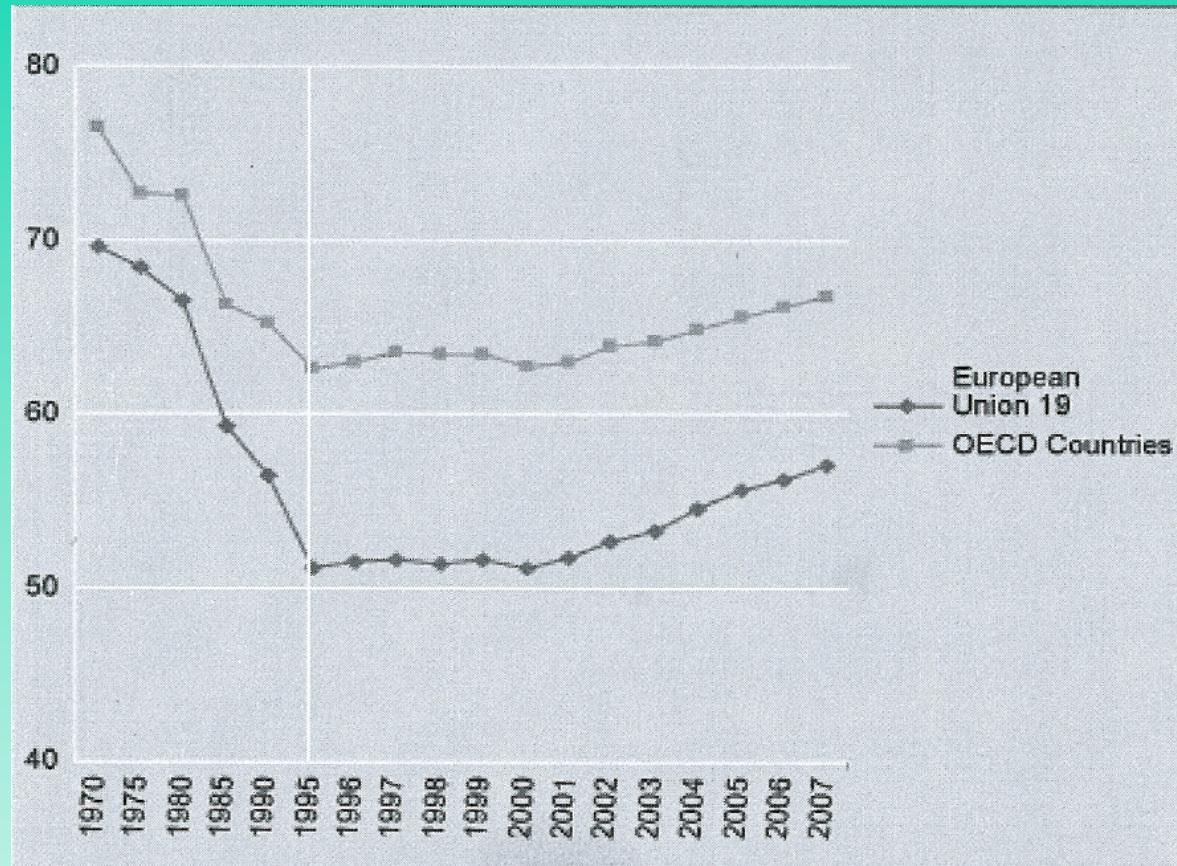
- ++ Drastic pension reform
- Early retirement still the norm
- Insufficient debate and age awareness campaigns

Switzerland

- ++ High level of employment and continuing training
- + Part-time work common, in part. women
- Early retirement still being currently developed
- Lack of policies and of incentives, insufficient flexibility

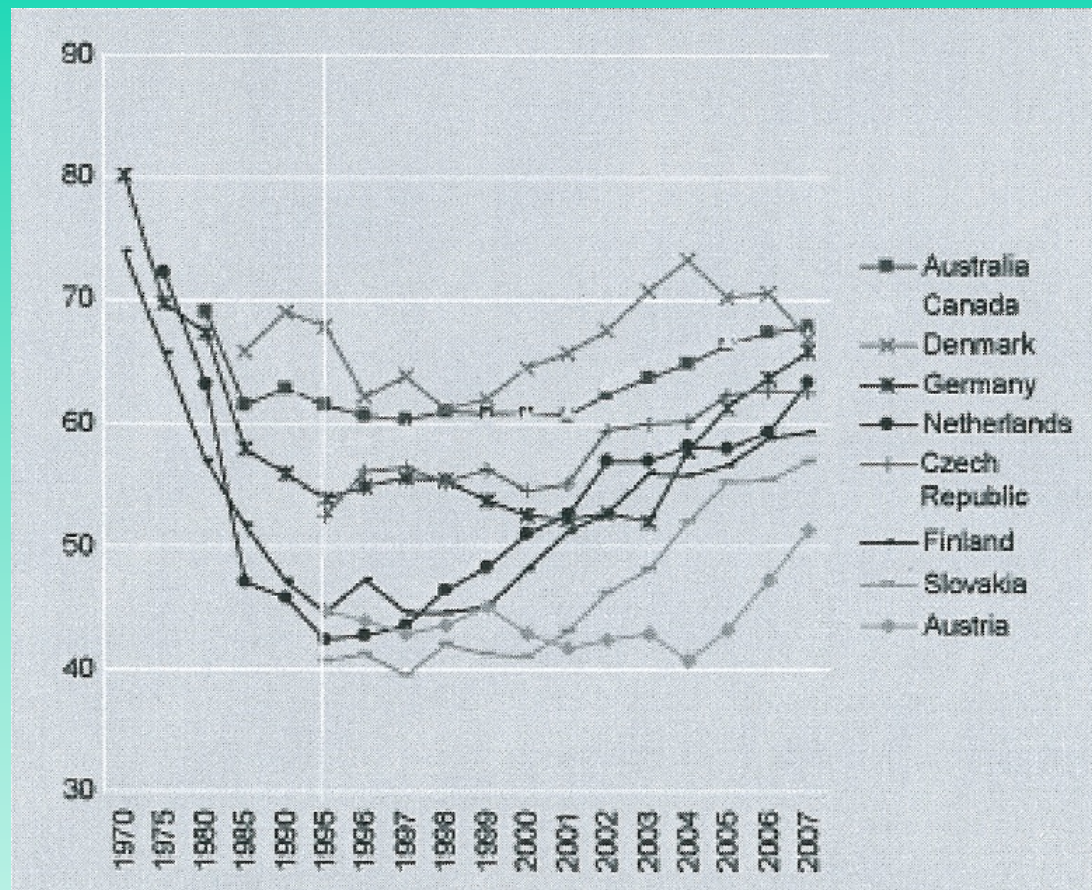
Source: *Work beyond 60, 2005, and 2009 up-dates*

Employment rates in OECD countries and in the EU (19 countries), men aged between 55-64



Source: OECD: Database of the active population

Countries with increased employment rates for men aged between 55 and 64 (selection of countries)

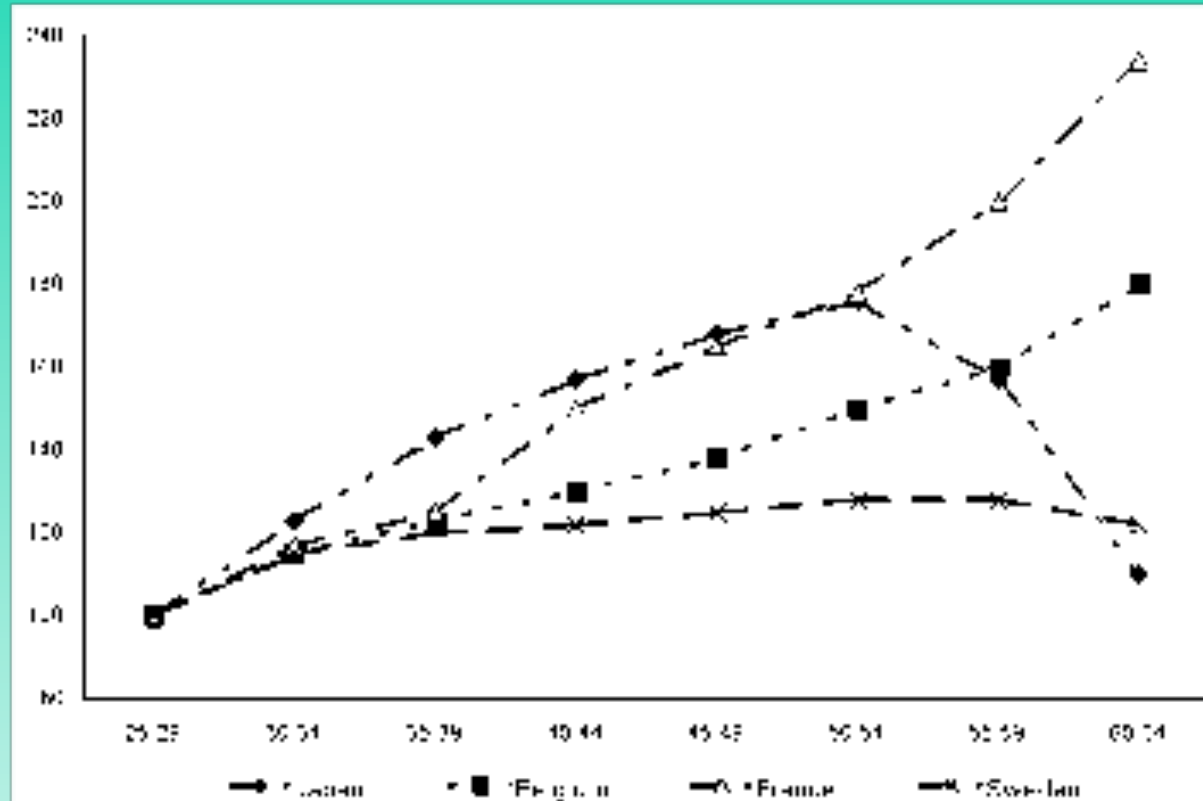


Source: OECD: Database of the active population

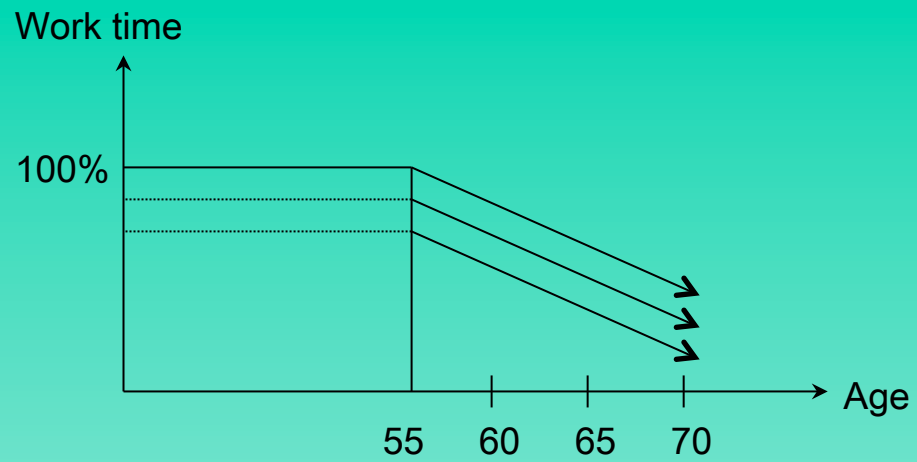
KEY PRACTICES FOR WORKING LONGER: **age management in companies**

- Reduction of work time, PTW, gradual retirement
- Career planning
- Continuing vocational training and lifelong education
- Ergonomics
- Reduction of the importance of seniority wages
- Adapt pension regulations
- Anti-age discrimination: EU 15 Member States
- Codes of practice & diversity
- ...

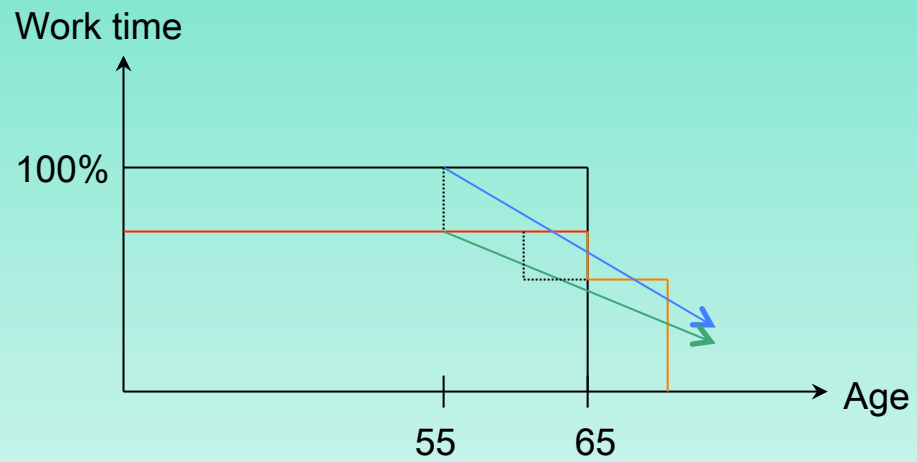
Male wages by age in four OECD countries (age 25-29=100%)



Source: Pestieau, P. (2003): Raising the Age of Retirement to Ensure a Better Retirement, in: The Geneva Papers on Risk and Insurance, Vol. 28 No.4, p. 690.



5. Gradual retirement with an extension of work life



6. Diversity of end-of-career patterns

KEY PRACTICES FOR WORKING LONGER: **age management in companies –**

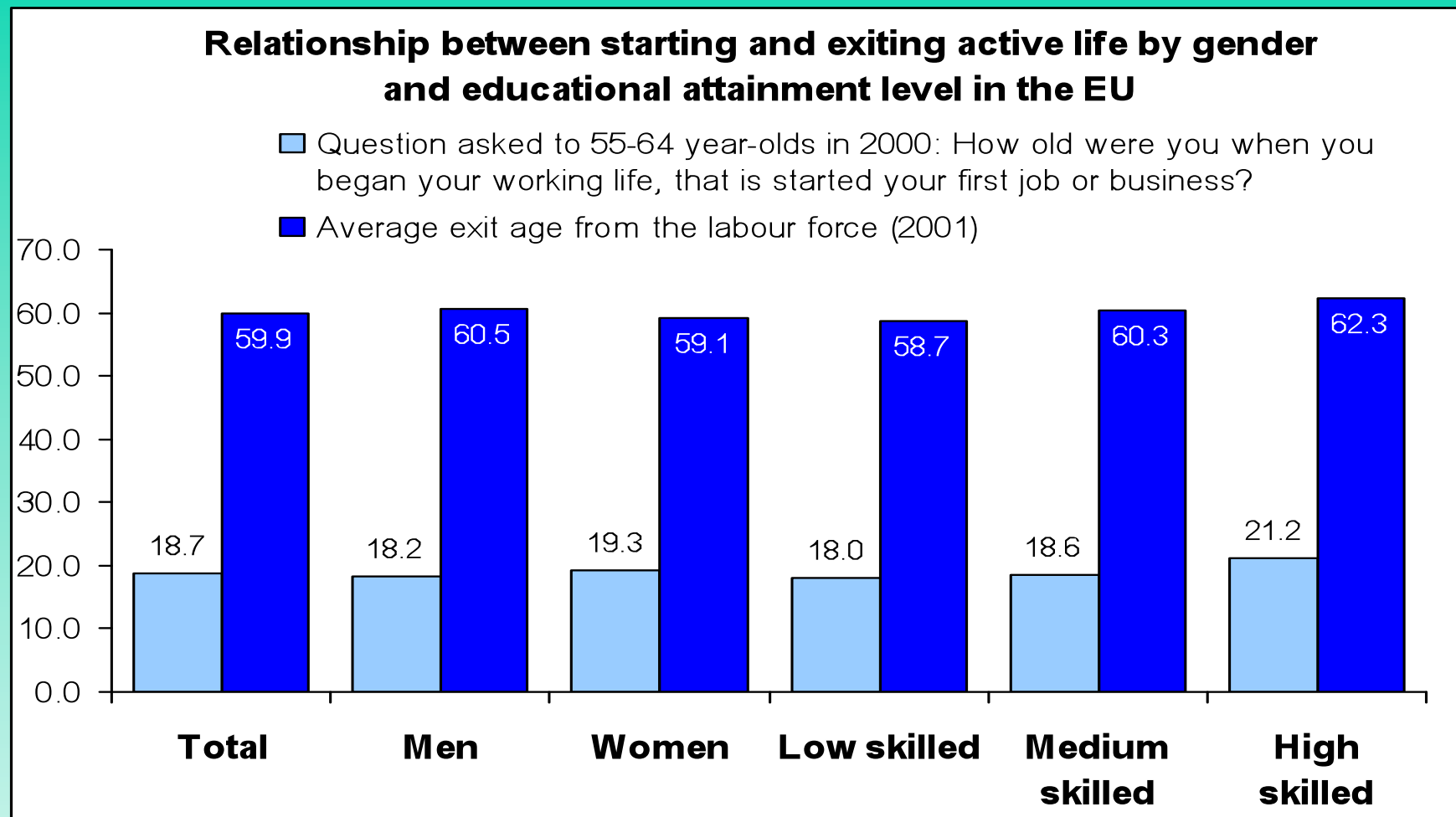
- **Reports by the European Foundation for the Improvement of Living and Working Conditions, Dublin**

Eg. 2009 Foundation findings - Drawing on experience: Older women workers in Europe, with company cases

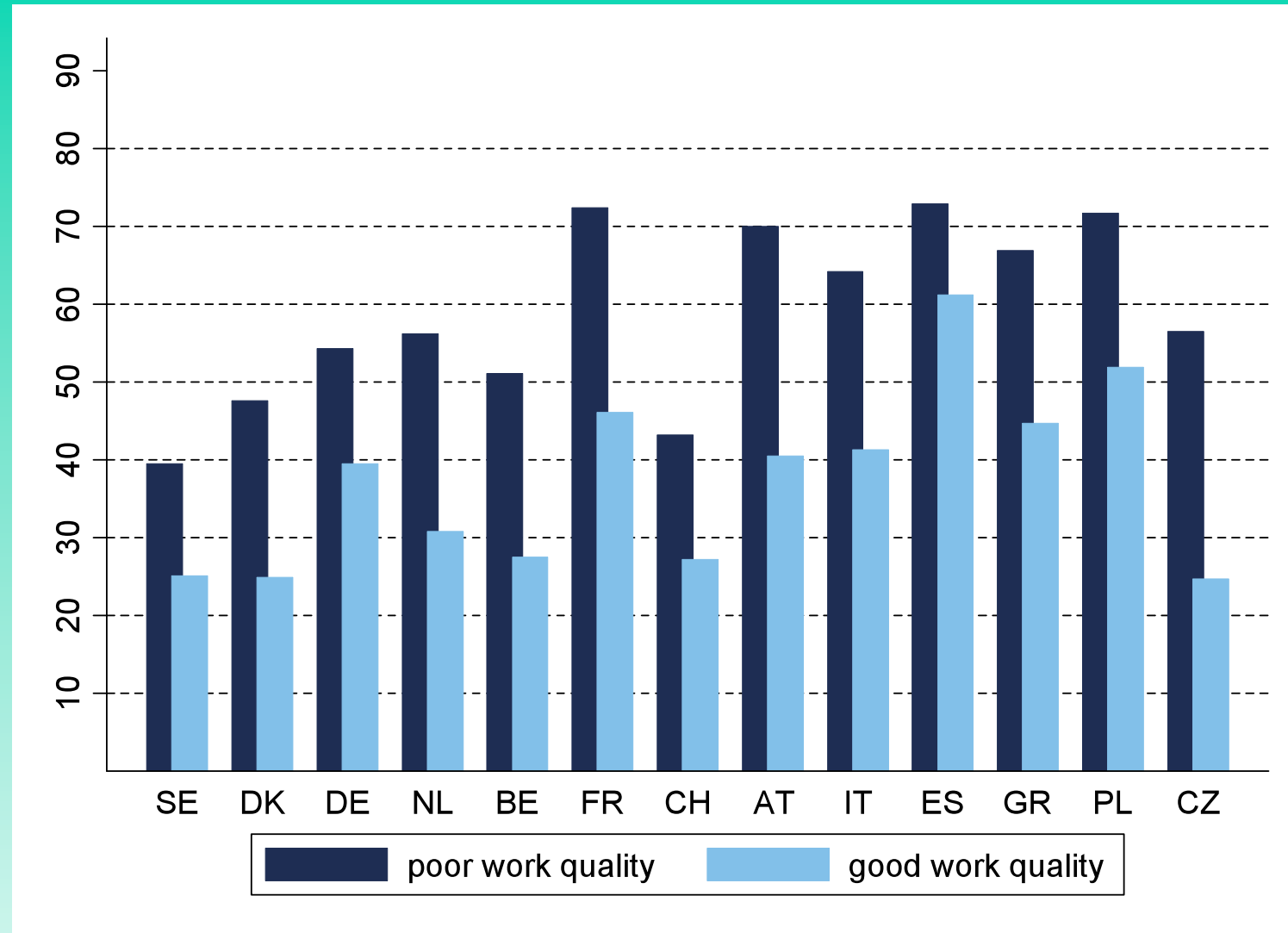
Eg. A European portfolio of good practice, Ph. Taylor & A. Walker

- **Company cases in my book *Working beyond 60....***
- **Employment Forum on Age, UK**
- **Union Patronale Suisse, CH**
- **SilveR (European project) and France**

Starting/ exiting active life by gender and education – EU15



Intended early retirement by quality of work (SHARE, 2009)



Conclusions

The need to rethink pensions and work and in a **counter-ageing society**

Key policy recommendations for a long-term holistic approach

1. The need for better ***coordination*** of social and economic policies (& partnership public/private)
2. The need for ***diversity*** and ***flexibility*** of ends of career
3. The need for a well-informed ***debate*** & ***communication*** (employers, employees, authorities, media, general public)
4. The need for ***additional policies*** (family policies, controlled immigration, improved quality of work)

