

# 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](http://www.genevaassociation.org)

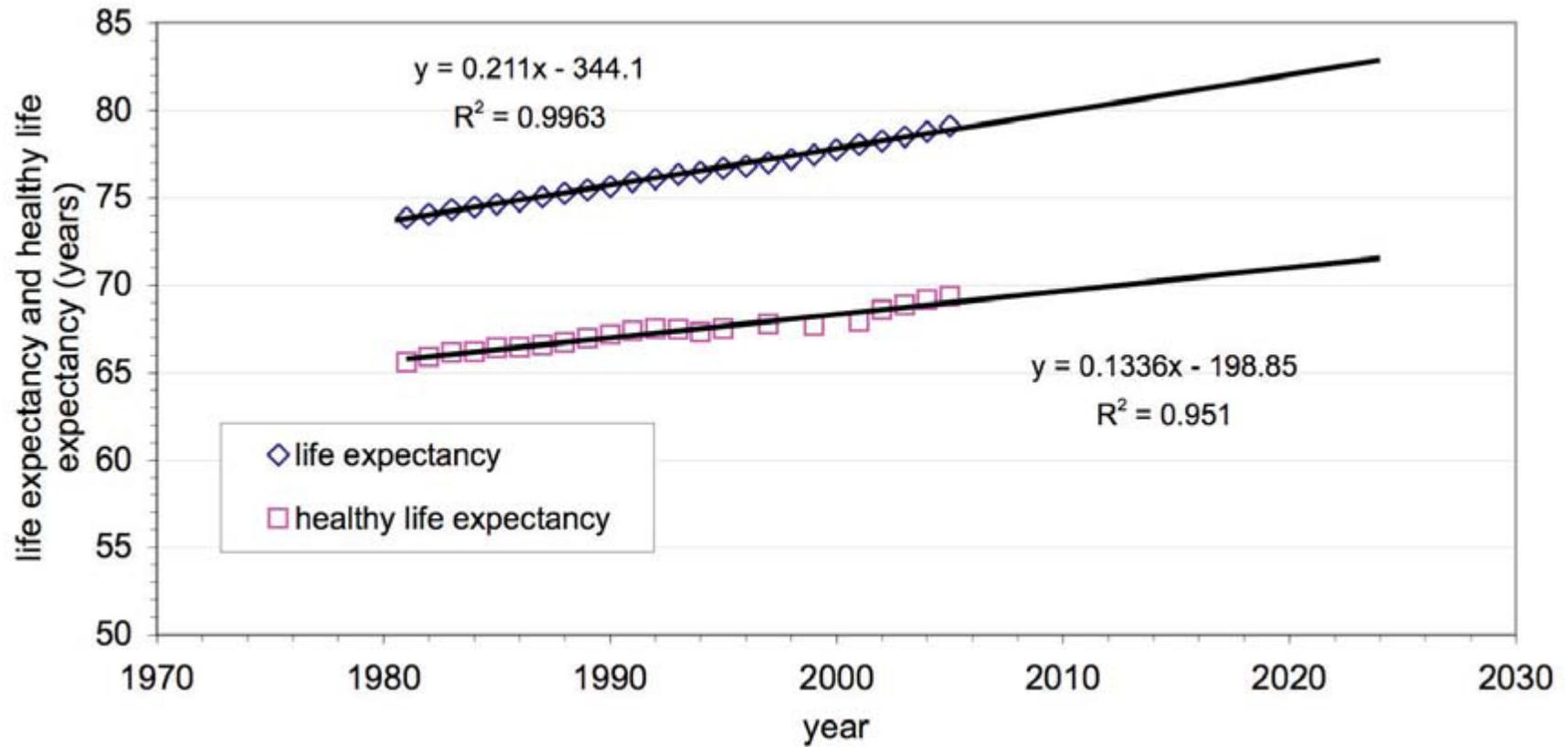
& Silver Workers Institute [www.silverworkers.ch](http://www.silverworkers.ch)

*WORKING BEYOND 60 - Key Policies and Practices in Europe*

Palgrave Macmillan, 2005

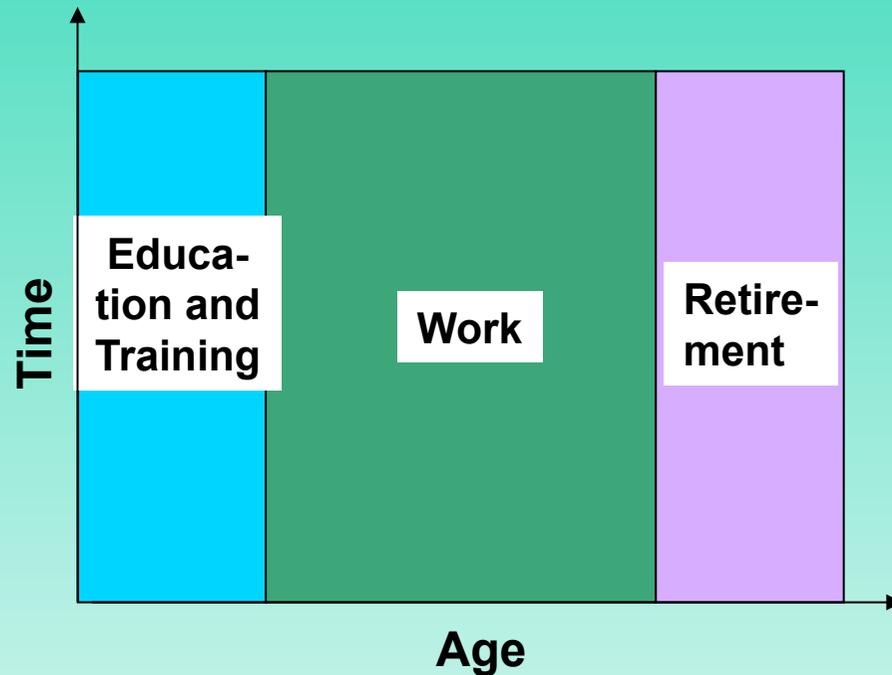
*OPIA Lecture - Vienna 15 June 2010*

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

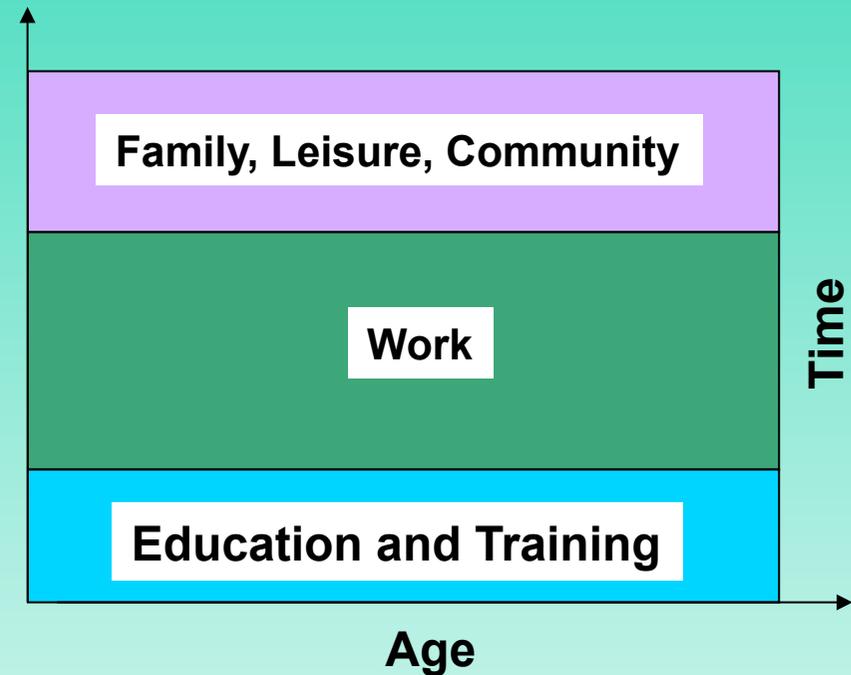


# Life cycle: a new distribution of activities

Traditional distribution of activities



Modern distribution of activities

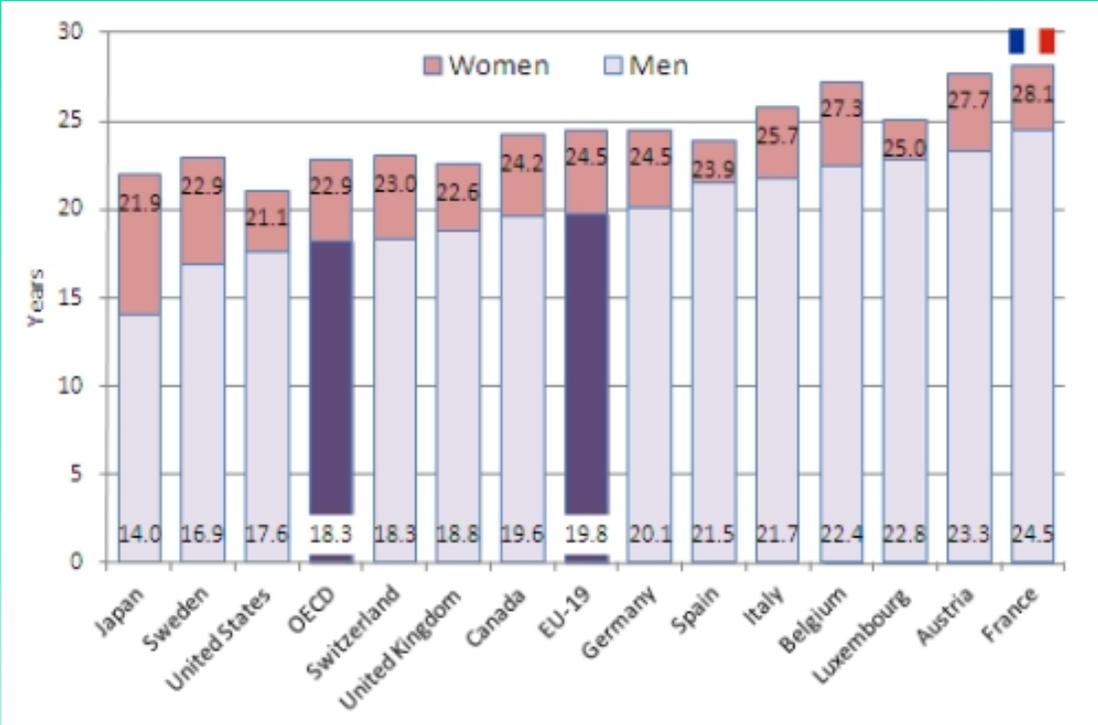


# Retirement expectancy

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

Source : Eurostats 2008, and own calculations

### Estimated years in retirement, by sex, 2007





THE GOOD NEWS IS YOU'RE GOING  
TO LIVE TO BE A HUNDRED

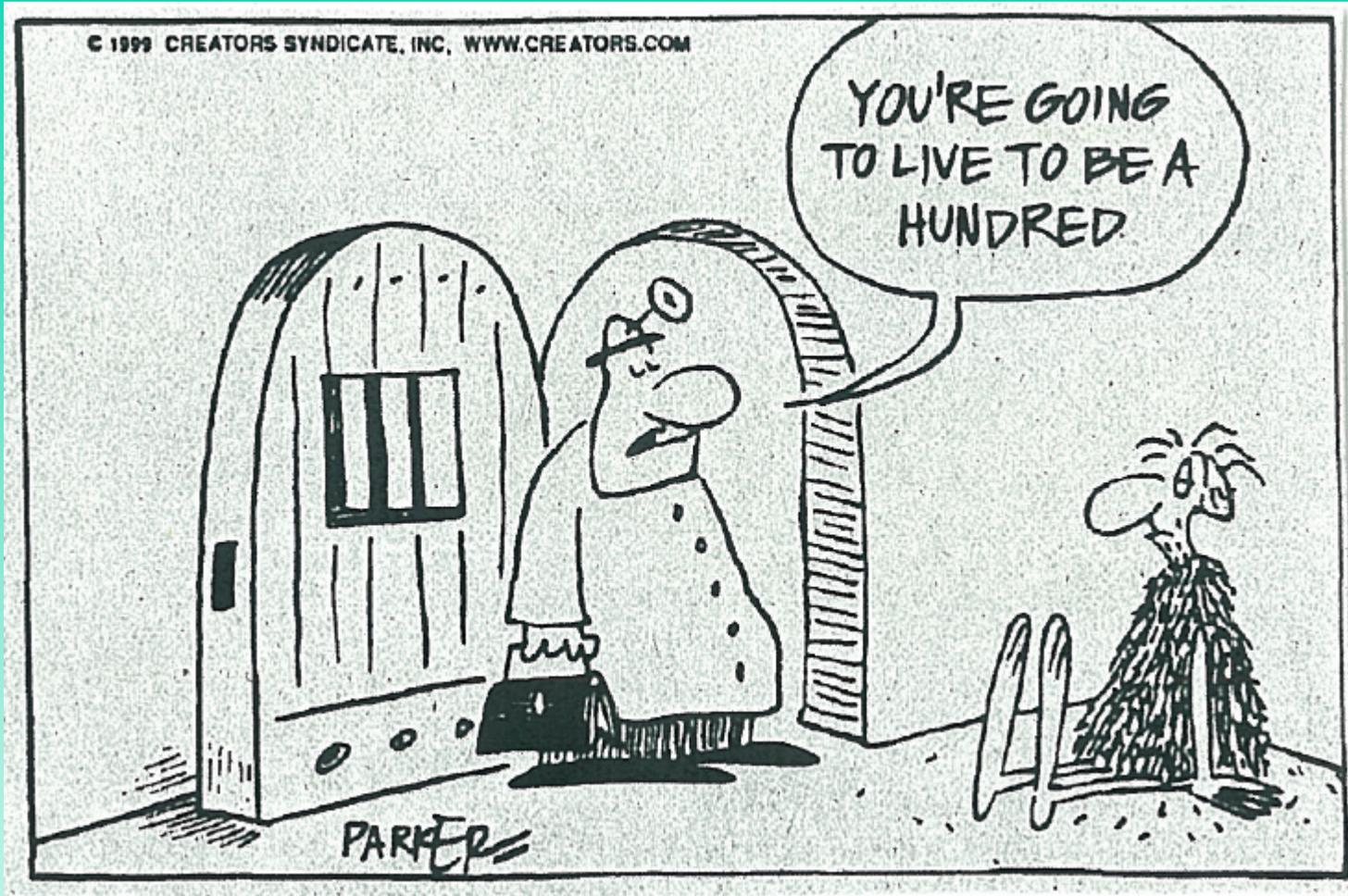
WHAT'S  
THE BAD  
NEWS?

1-8

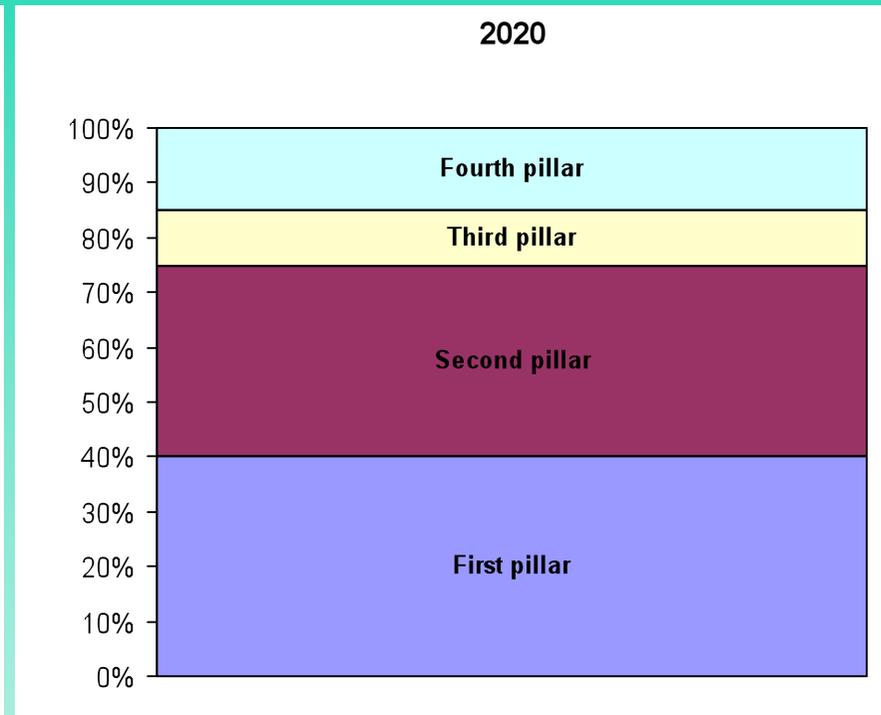
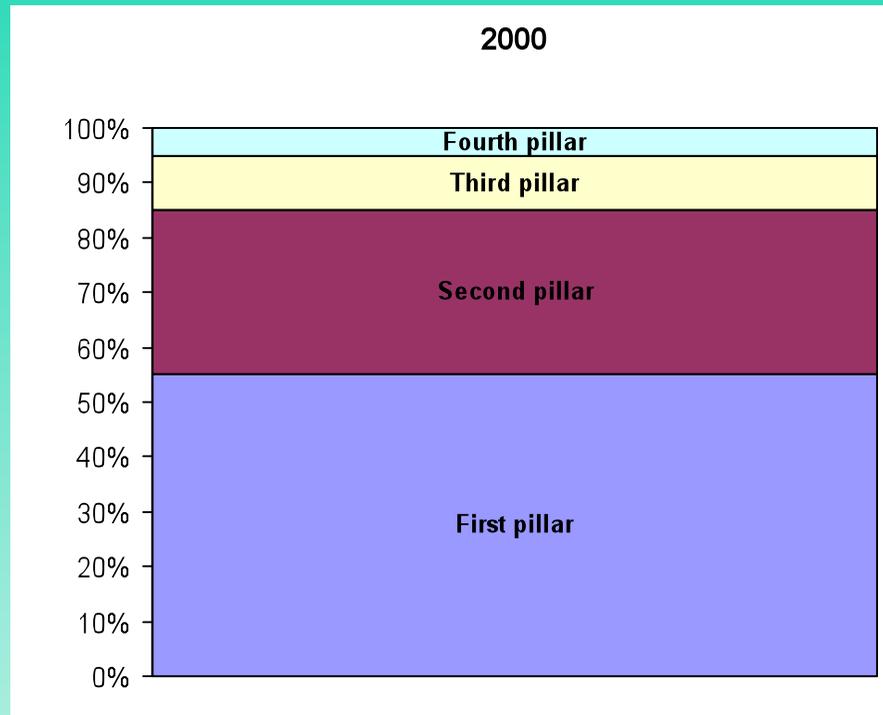
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YOU'RE GOING  
TO LIVE TO BE A  
HUNDRED.

PARKER

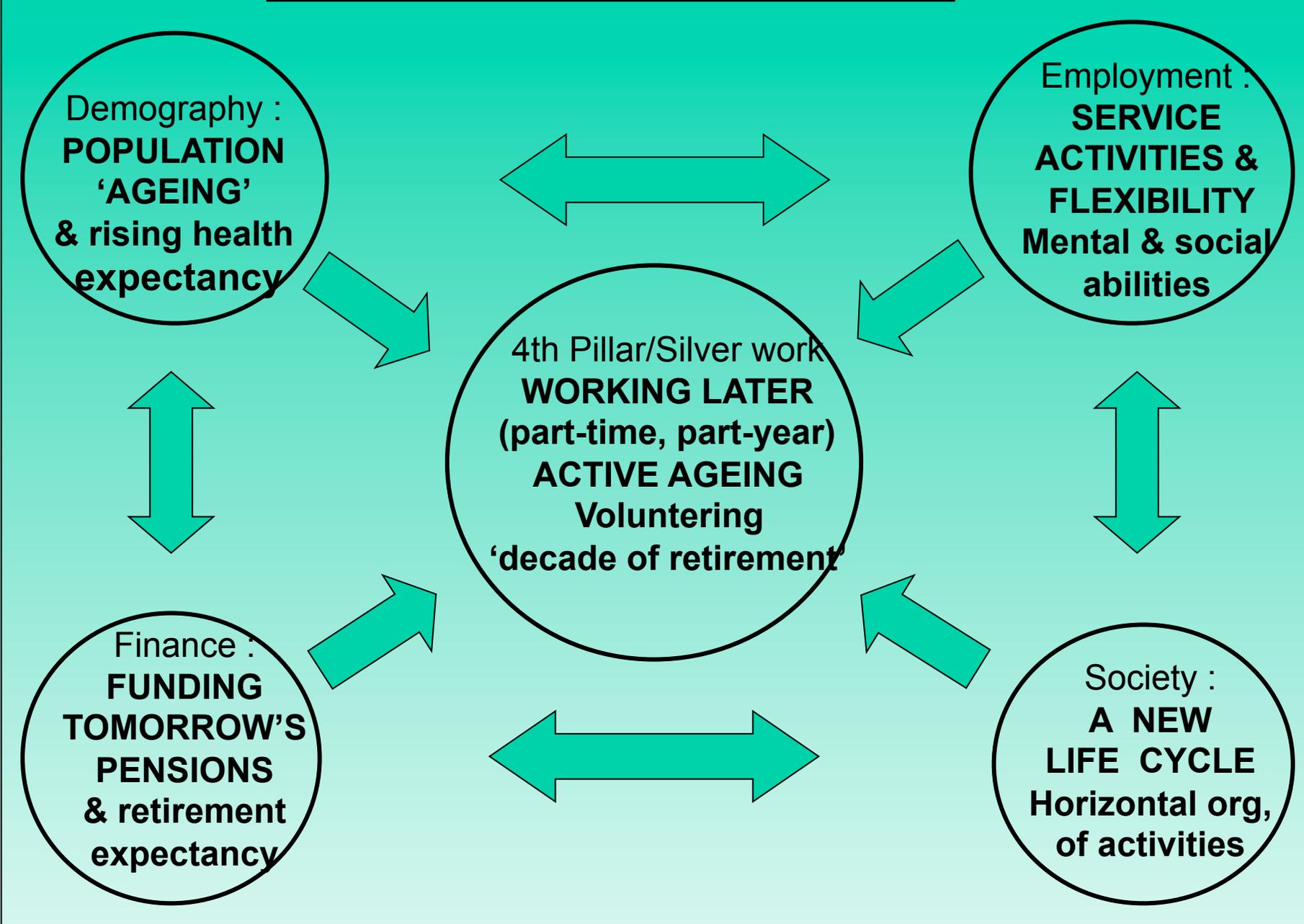


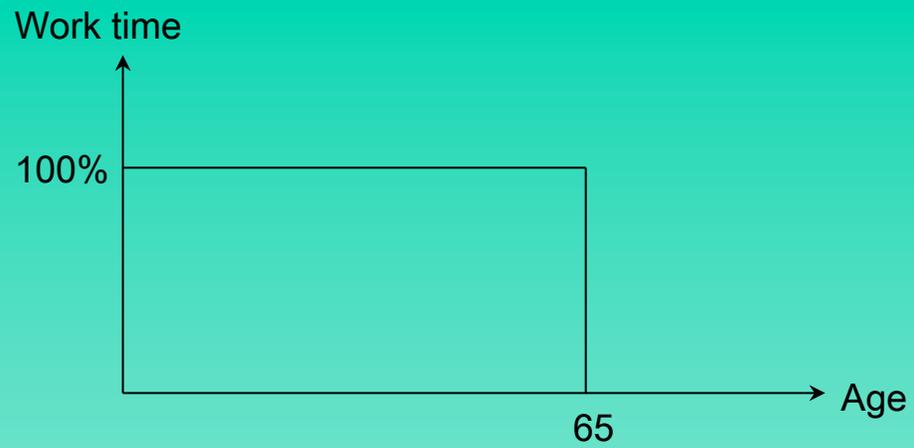
# Share of income from the four pillars, as a percentage of the total income of people over 65 y.



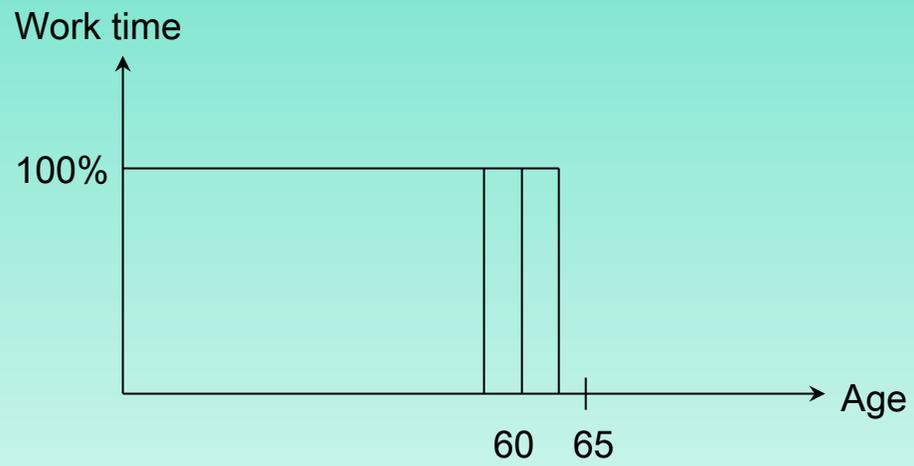
Source: The Geneva Association

# Trends towards a 4th pillar

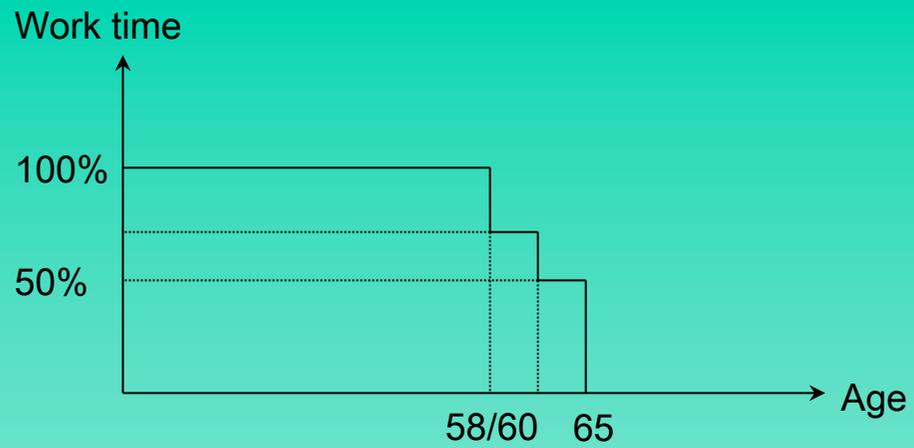




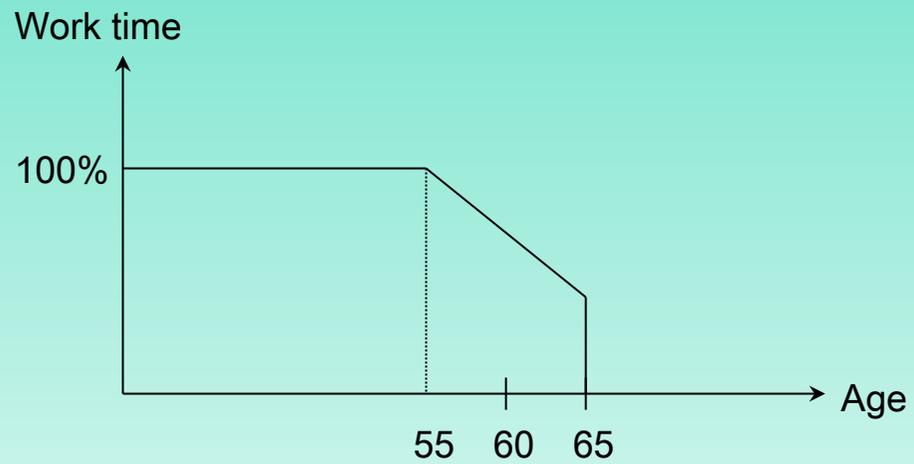
1. The traditional model: over-night retirement



2. Early retirement



### 3. Partial early retirement



### 4. Gradual retirement without any extension of work life

# The Timing of Retirement

## Labour Market

<b>1975-1990/95</b>	<b>From 1990/95-2000</b>	<b>From 2000-2005</b>
<b>The old consensus</b> <b>EARLY RETIREMENT</b>	<b>An emerging consensus</b> <b>FLEXIBLE, GRADUAL</b> <b>&amp; LATER RETIREMENT</b>	<b>An accepted consensus</b> <b>INCREASING PARTICIP. OF</b> <b>'OLDER' WORKERS</b>
<ul style="list-style-type: none"><li>• <b>The State:</b> high unemployment</li><li>• <b>Enterprise:</b><ul style="list-style-type: none"><li>- reduce workforce</li><li>- increase productivity</li></ul></li><li>• <b>Trade Unions / Workers</b><ul style="list-style-type: none"><li>- reduce exit age</li><li>- increase years of retirement in good health</li></ul></li></ul>	<ul style="list-style-type: none"><li>• <b>The State:</b> reform of pensions</li><li>• <b>Enterprise and trade unions</b> new awareness of future challenges (age discrimination)</li></ul>	<ul style="list-style-type: none"><li>• <b>The State:</b> employment policies and incentives</li><li>• <b>Enterprise and Trade unions:</b> Age Manag. Work conditions at end of career</li></ul>

## 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:**

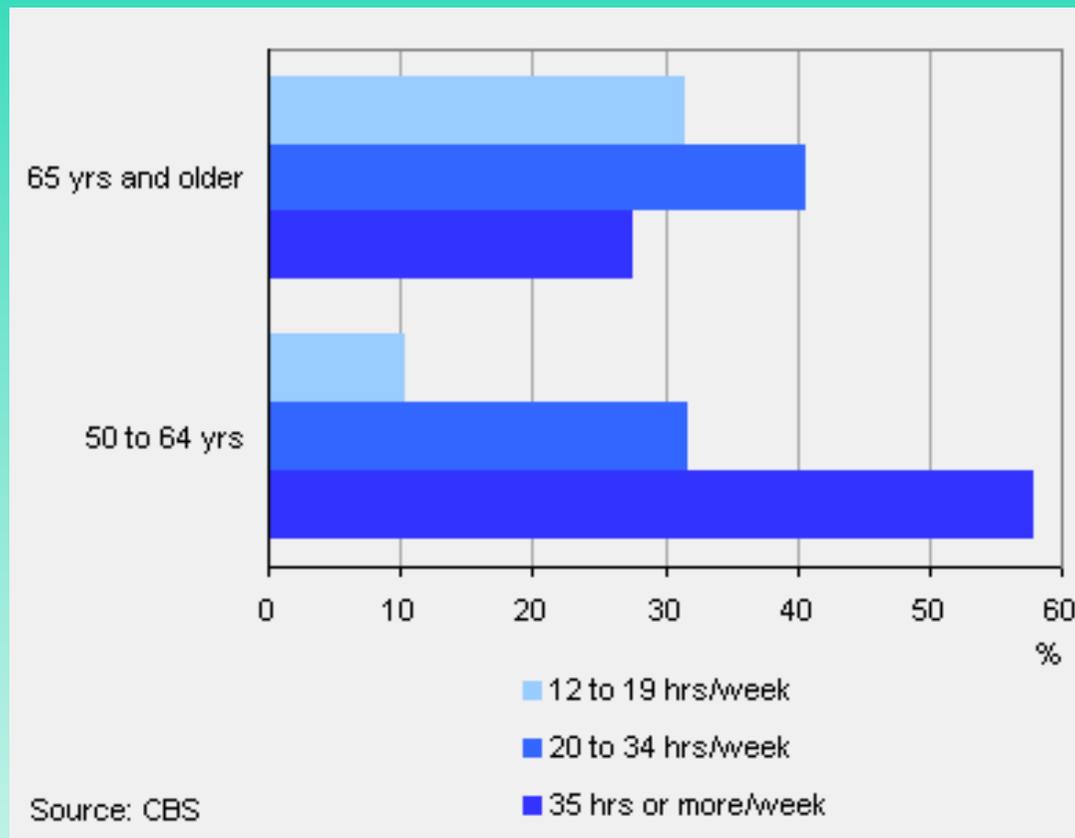
- Reduces cost of 'older' workers (everywhere)
- Reduces absenteeism (eg. Sweden, France)
- Retains skills & experience (transition, 'tutorat')
- Better age-management
- Match customer/employee age & needs (eg. UK)
- ...

### **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**

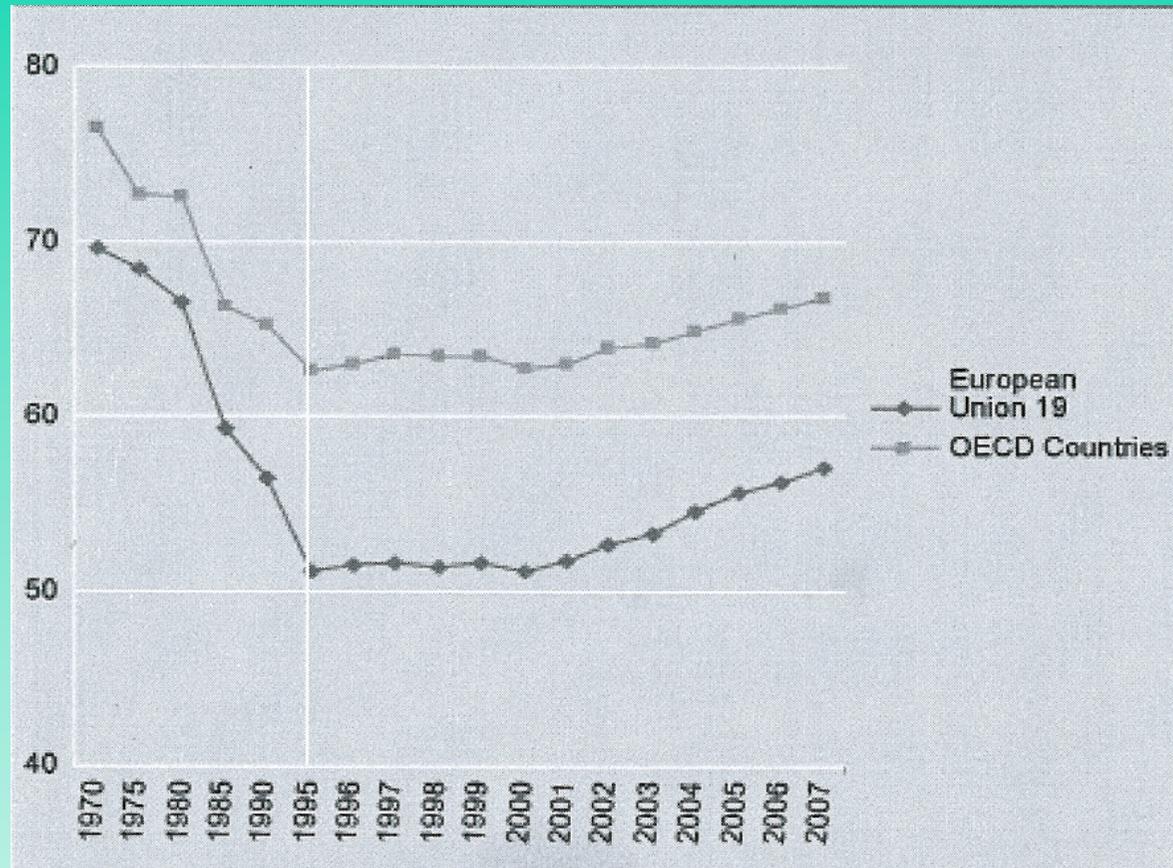
- ++ Drastic pension reform
- Early retirement still the norm
- Insufficient debate and age awareness campaigns

### **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

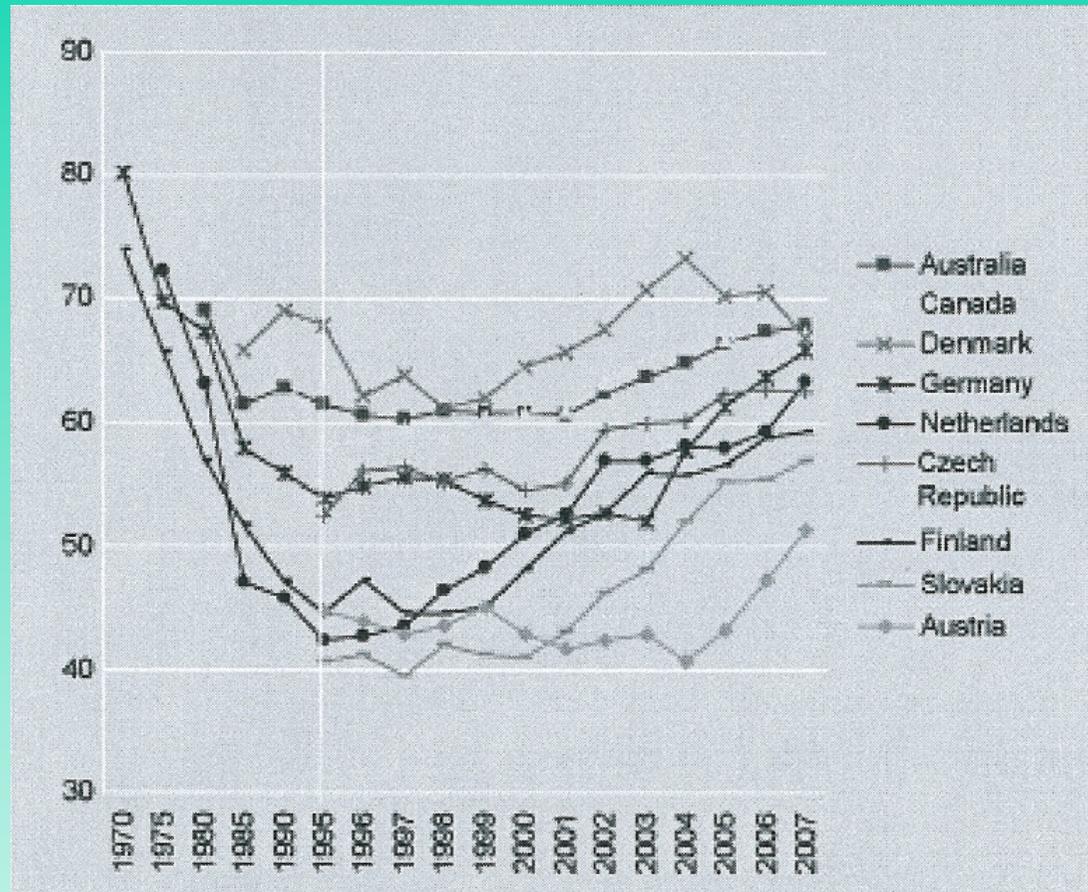
**Source:** *Work beyond 60, 2005, and 2009 up-dates*

## 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)

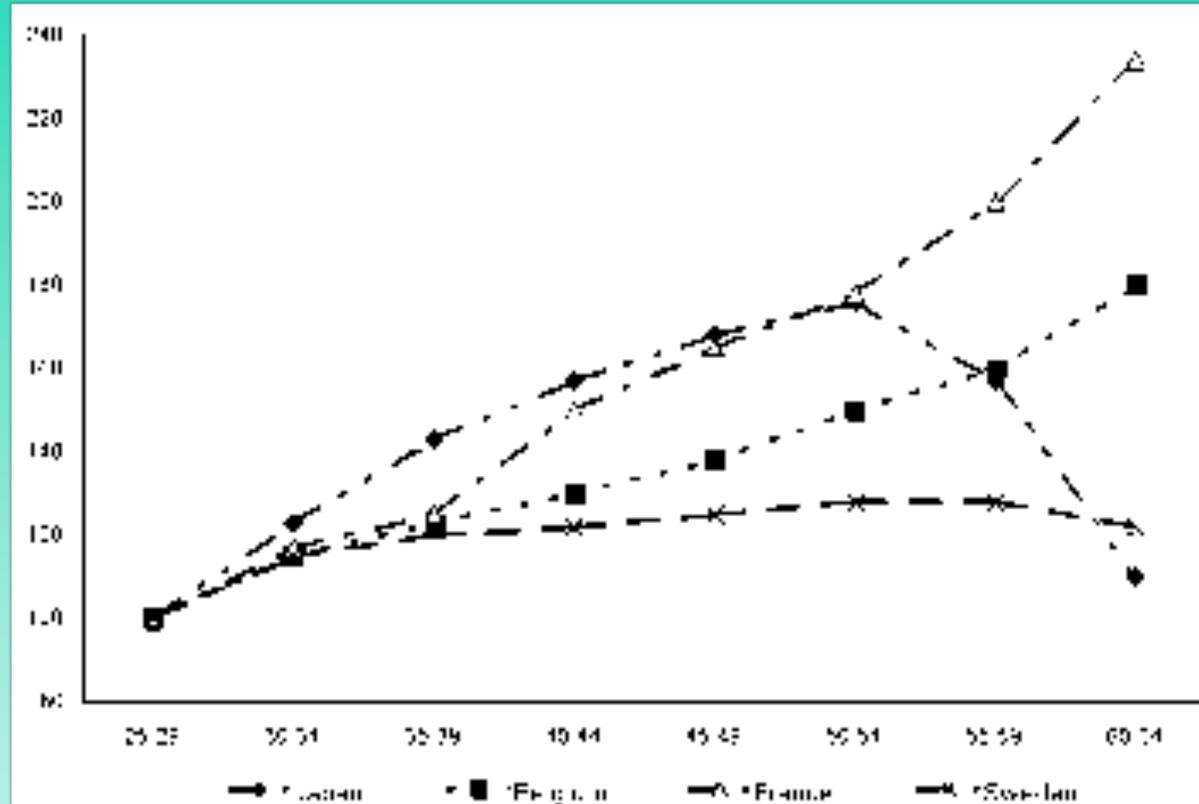


Source: OECD: Database of the active population

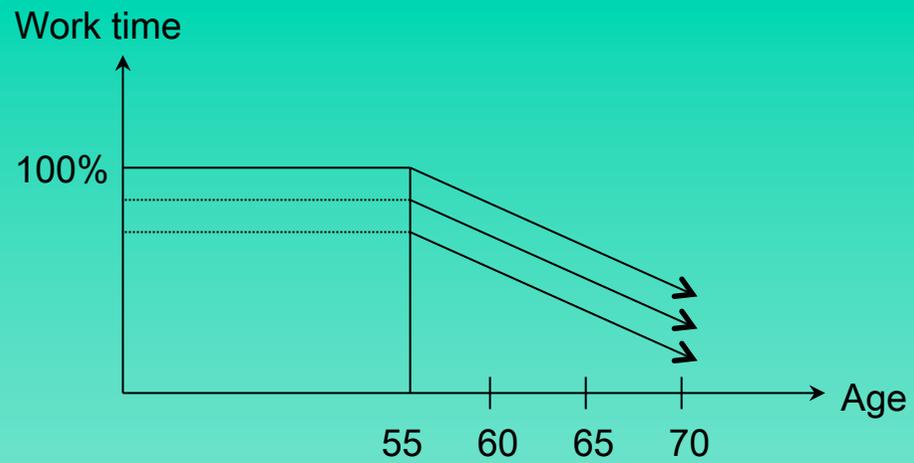
# **KEY PRACTICES FOR WORKING LONGER: age management in companies**

- 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
- ...

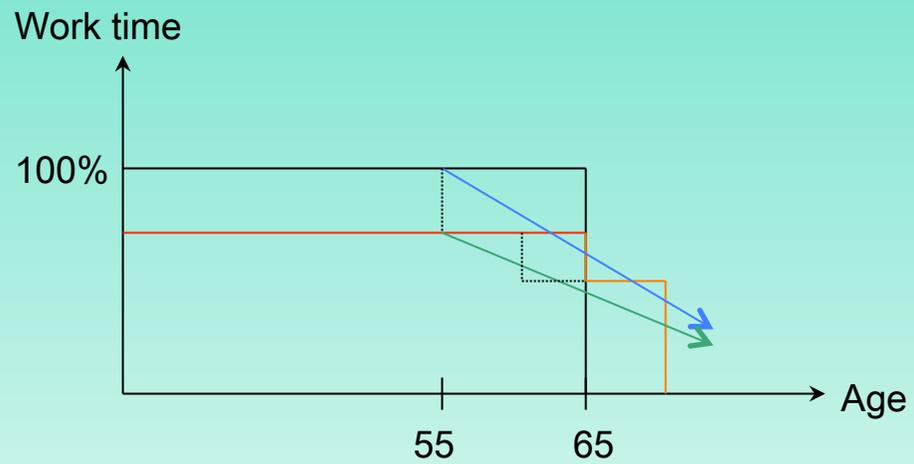
## Male wages by age in four OECD countries (age 25-29=100%)



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 –**

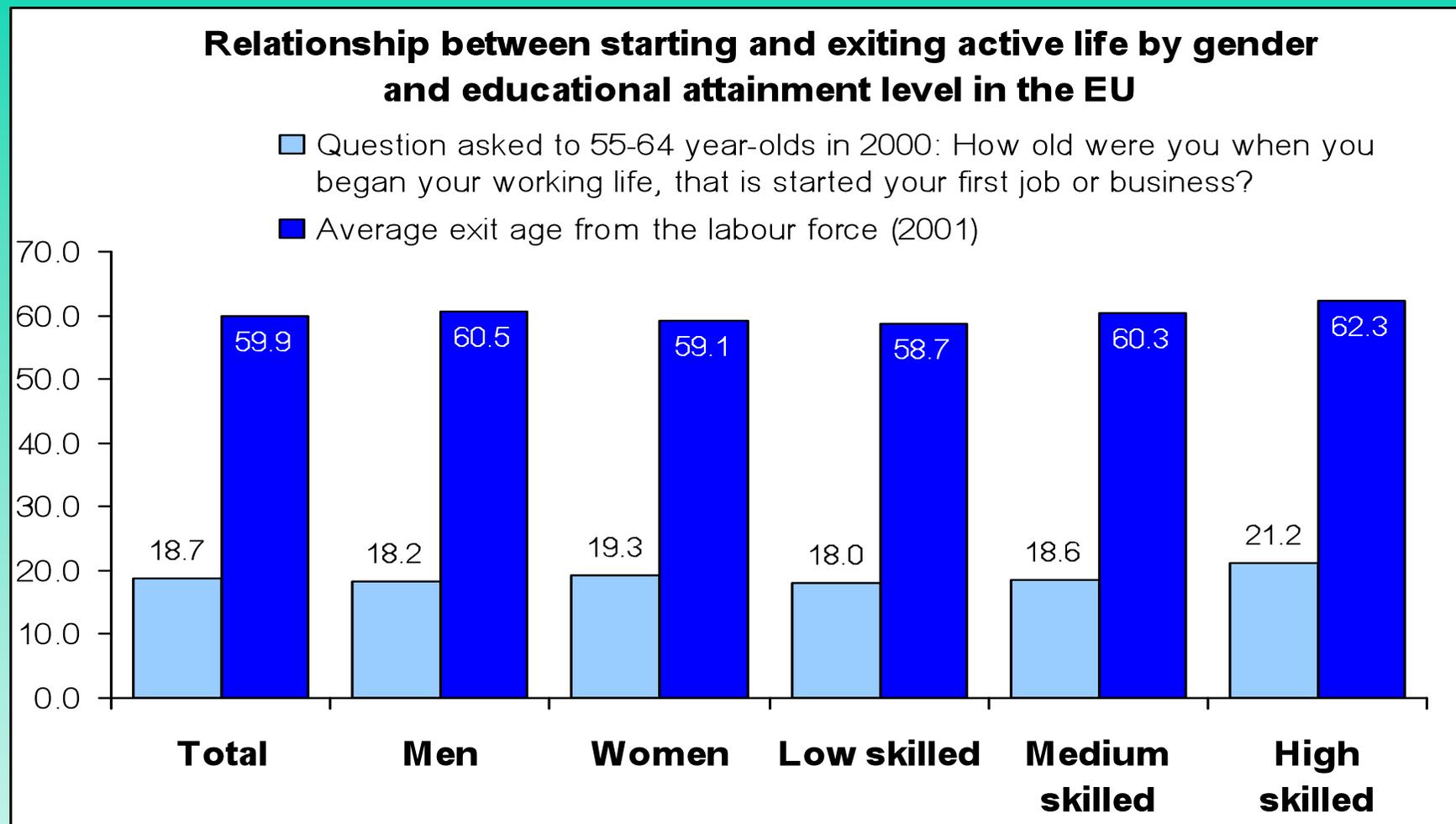
- **Reports by the European Foundation for the Improvement of Living and Working Conditions, Dublin**

*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)

*OPIA Lecture - Vienna 15 June 2010*

**SOCIAL POLICY**  
**PENSION REFORMS**

- restrictive measures
- incentives

**WORKERS/COMMUNITY**  
**NEW LIFE-CYCLE**

- physical & mental abilities
- life-time education
- time management
- ...

***Working longer***  
***+ a 4th pillar***  
***Active ageing***  
**in the economy**  
**and society**

**ECONOMIC POLICY**  
**INCREASING**  
**EMPLOYMENT**

- restrictive measures
- incentives

**ENTERPRISE**  
**AGE MANAGEMENT**

- continuing training
- part-time work patterns
- ergonomics
- ...