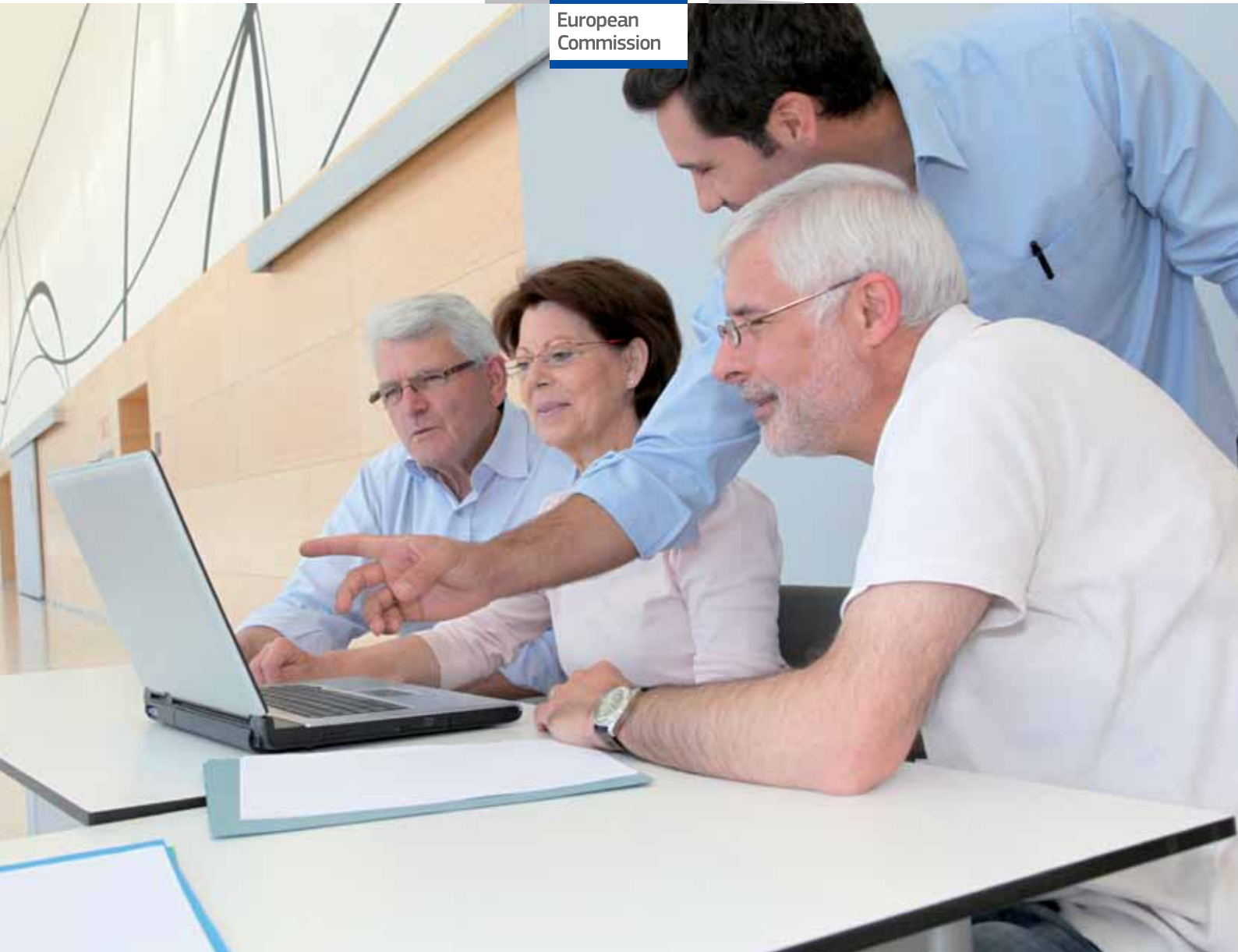




European  
Commission



EEO Review: Employment  
Policies to Promote

# ACTIVE AGEING 2012

Social  
Europe

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## European Commission

Lieve Engelen (Employment, Social Affairs and Inclusion DG, Unit C.1)

## SYSDERM network

**Belgium:** Robert Plasman, DULBEA – Université de Bruxelles (University of Brussels) Brussels

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**Czech Republic:** Daniel Münich, CERGE-EI – Center for Economic Research & Graduate Education (Charles University) – Economics Institute (Czech Academy of Sciences) Prague

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**Slovenia:** Miroљjub Ignjatović, Fakulteta za družbene vede, Univerza v Ljubljani (Faculty of Social Sciences, University of Ljubljana) Ljubljana

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**Norway:** Sissel C Trygstad, Fafo Institutt for arbeidslivs- og velferdsforskning (Fafo Institute of Labour and Social Research) Oslo

## EEO NETWORK SERVICES

**GHK Consulting Limited**  
**30 St Paul's Square**  
**Birmingham**  
**B3 1QZ**  
**UNITED KINGDOM**

**Tel:** +44 (0)121 233 8900

**Fax:** +44 (0)121 212 0308

**E-mail:** eeo@ghkint.com

**Director:** Roger Sumpton

**Managers:** Jo Hawley and Caroline Lambert

**Editors:** Claire Duchemin, Leona Finlay, Anna Manoudi, David Scott

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# 1. Introduction

In January 2012, 33 national articles on the theme of **employment policies to promote active ageing** were commissioned from the European Employment Observatory (EEO) network of SYSDERM experts. This document summarises key messages emerging from these articles and draws links with policy developments, studies and data collected at European level. Further detail on the national-level developments discussed in this report can be found in the national articles, which are available on the EEO website (<http://www.eu-employment-observatory.net/>).

## 1.1. The social and employment impacts of ageing: key challenges for Europe

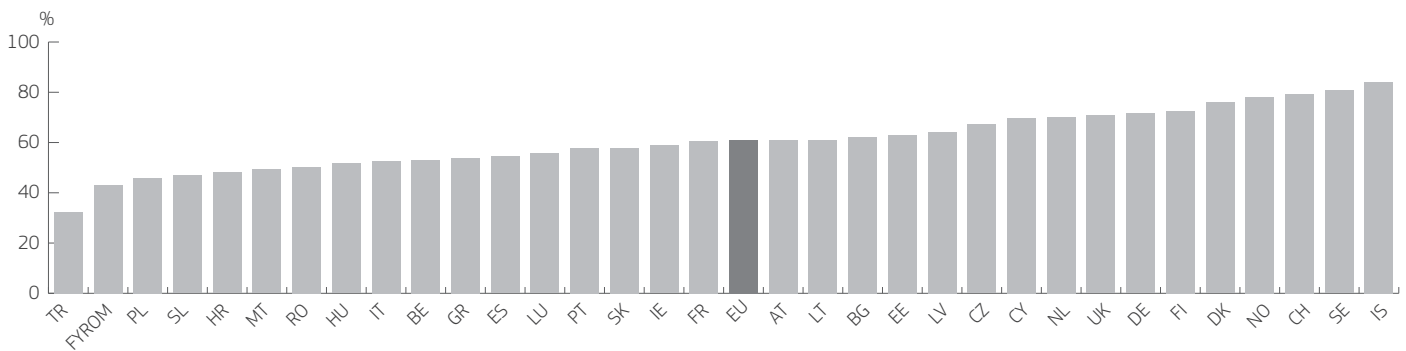
Low fertility rates combined with increasing life expectancy over recent decades have dramatically changed the demographic landscape across European countries. Since 1960, life expectancy has climbed by eight years<sup>1</sup>. As a result, about 30% of the EU population in 2010 was aged 55 and over. The number of workers retiring each year is anticipated to increase sharply and eventually exceed the number of new labour market entrants. According to a recent OECD study, if there is no change in work and retirement patterns in the EU Member States, the old age dependency ratio in the EU may reach almost one older inactive person for every worker by 2050<sup>2</sup>.

Although the ageing process will affect all Member States, it will not do so at a uniform rate. In all cases however, ageing will present challenges for welfare systems and public finances. Coping with an ageing population will require substantial increases in spending on public pensions and on long term-care as a proportion of GDP. It will also require significant increases in public health expenditure, given that per capita spending on health tends to be higher for older people. The projected decline in the size of the working age population in Europe is also likely to translate into much slower rates of economic growth per capita. While numerous factors can help to avoid this scenario, including increases in labour productivity, higher levels of immigration and increased fertility, it is clear that increasing the labour market participation of older people needs to be a crucial component of any policy response.

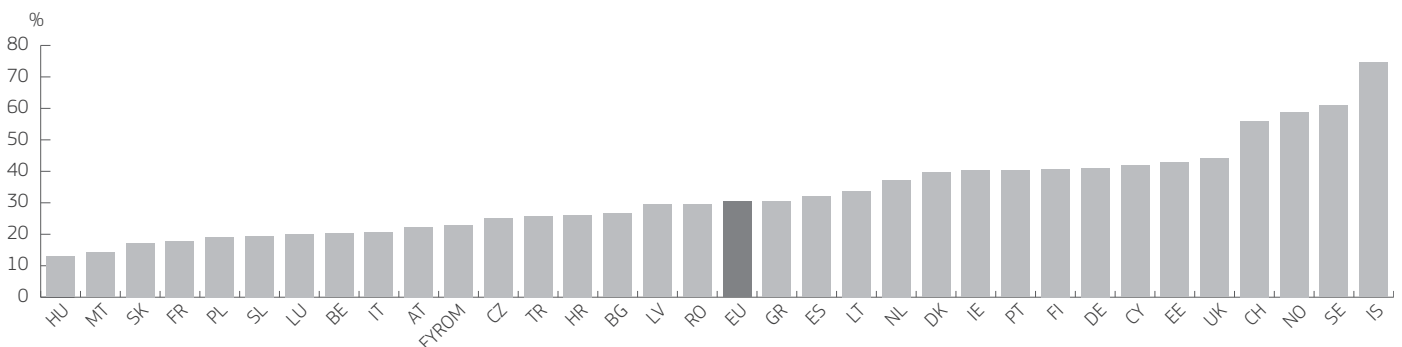
## 1.2. Labour market participation of older workers: an EU-wide overview

Currently, low employment rates among older individuals – especially among those aged 60 and above – are an important concern in most European countries. 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.

Employment rate of 55-59 age group, 2010



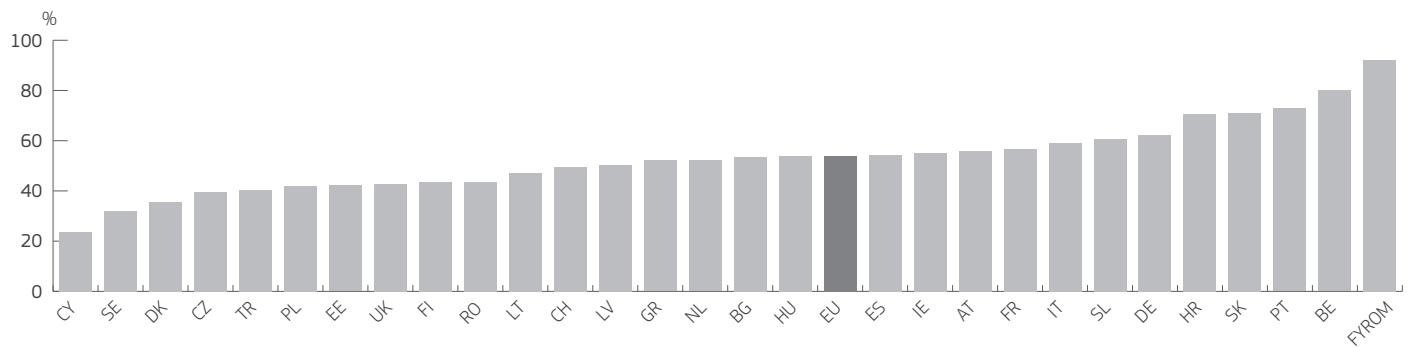
Employment rate of 60-64 age group, 2010



Source: Eurostat, LFS

1 Eurobarometer survey, Internet: <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/10&format=HTML&aged=0&language=EN&guiLanguage=en>  
 2 OECD, Live Longer, Work Longer – A synthesis report, 2006, p. 9

Long term unemployment (12 months or more) as % of unemployment among the 55-64 age group, 2010



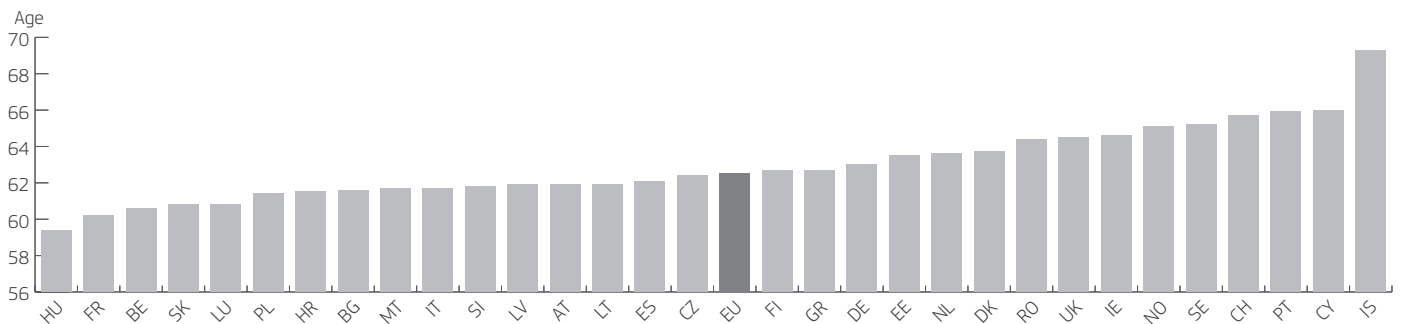
Source: Eurostat, LFS, provisional estimates

A number of other factors can make it more difficult for older workers to stay in employment, such as skills obsolescence. The relatively low qualifications and skills of older groups, along with their higher probability of working in agriculture or production activities, leave them at a particular disadvantage in a context where workers are expected to engage in a continual process of training and retraining and to prioritise the development of IT and other transferable skills. In addition, personal attributes of older workers and value systems (giving greater priority to health and family life) may make them more averse to accepting certain types of work regardless of personal cost<sup>3</sup>, creating challenges to employers in certain industries. However, research suggests that discriminatory attitudes and beliefs toward older workers are actually the main barriers to the labour force retention of older workers. Older workers also face more difficult transitions on the labour market and have a much greater risk of becoming trapped

in long-term unemployment in case of dismissal. As illustrated in the graph above, a large proportion of the unemployed aged 55-64 have been in this situation for at least one year.

Older workers, however, do not form an homogenous group. For example, while typically older workers have lower qualifications than younger workers, there are important variations in their level of educational attainment and skills; older workers also present a variety of employment profiles ranging from demanding and well-rewarded jobs to marginal roles and have different financial status. Another key parameter to take into account when considering labour market outcomes and personal choices of older workers is gender: the participation rate of older women is much lower than older men and women tend to retire earlier, as illustrated in the graphs below. Gender differences are particularly strong in Southern Member States<sup>4</sup>.

Average exit age from the labour force, males, 2010



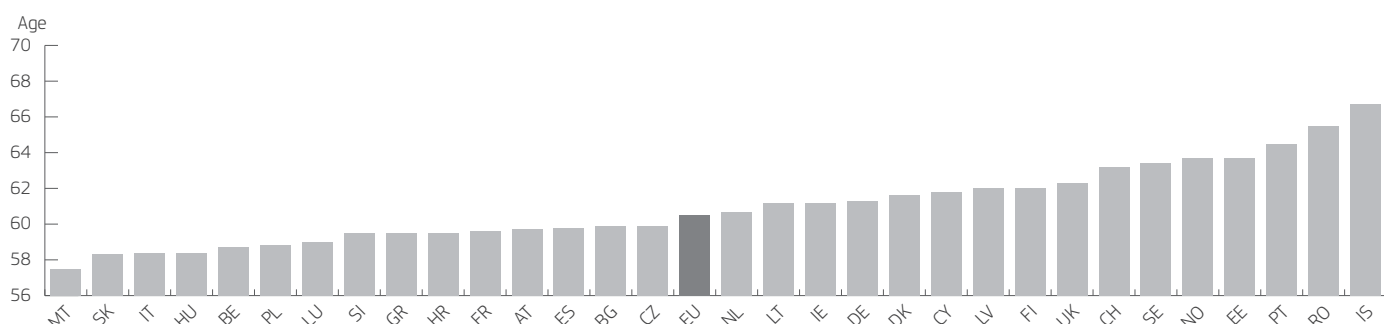
Source: Eurostat, LFS, provisional estimates

3 Cedefop, Working and Ageing, 2010

4 Eurofound, Drawing on experience: older women workers in Europe. Dublin: Eurofound (Foundation findings), 2009.



## Average exit age from the labour force, females, 2010



Source: Eurostat, LFS, provisional estimates

The participation of older workers in the labour market (and their decisions in regard to retirement) are strongly influenced by the national policy environment, particularly in relation to the pension framework, employment protection legislation, wage policies, occupational and wider health care provisions and education and training and active labour market policy provisions. For instance, the current lower levels of employment among older workers partly result from the use of public early retirement schemes in previous decades in a number of countries.

Interestingly, according to a recent Eurobarometer survey published in January 2011<sup>5</sup>, the majority of Europeans believe that their country and local area are 'age-friendly'. 70% of respondents believe that they would be capable of carrying out their current work until the age of 60–64, and one third stated that they would like to continue working after they reach the legal retirement age. This suggests that there is a large scope for the adoption of measures encouraging 'active ageing'.

### 1.3. Policy responses and recent developments in the EU

Awareness of the need to increase labour market participation of older people is growing among national policy-makers. High priority must be given to reforming pension and benefit systems as well as implementing comprehensive active ageing strategies which recognise the issues affecting people toward the end of their working lives. While such interventions fall under the responsibility of Member States, the EU itself encourages the adoption of national age-management policies and strategies via financial instruments (such as the European Social Fund). In addition, the EU has consistently encouraged Member States to coordinate their policies and address common challenges by providing guidelines and targets through the Open Method of Co-ordination.

In March 2000, the European Council set a target employment rate for older workers (aged 55–64) of 50% in 2010 and, from 2000 to 2010, both the **Lisbon Strategy** and the **European Employment Strategy** highlighted the promotion of employment of older workers as a clear objective. Despite

some progress ahead of the economic crisis, this goal was not achieved in the EU as a whole.

While the newer **Europe 2020 strategy** has not set any specific target for the employment of older workers, it explicitly recognises that the general employment target of 75% for women and men aged between 20 and 64 in 2020 can only be achieved by raising the employment rate of older workers. The '**Agenda for New Skills and Jobs**'<sup>6</sup>, one of the Europe 2020 flagship initiatives, acknowledges the importance of prolonging the working lives of older people and calls on Member States to adopt a more targeted approach to lifelong learning and career guidance to ensure that more vulnerable groups, including older workers, are able to benefit.

Encouraging active ageing features as a transversal priority in the set of **guidelines for the employment policies of the Member States**<sup>7</sup> approved in 2010. Indeed, Guideline 7 (Increasing labour market participation of women and men, reducing structural unemployment and promoting job quality) states that '**work-life balance policies with the provision of affordable care and innovation in the manner in which work is organised should be geared to raising employment rates, particularly among [...] older workers**', while Guideline 8 (Developing a skilled workforce responding to labour market needs and promoting lifelong learning) recalls that '**efforts should focus on [...] increasing the employability of older workers**'.

More specific thematic recommendations for Member States have also been laid out in the **2010 Council conclusions on active ageing**<sup>8</sup> that invite Member States and the Commission to '**develop common principles for active ageing which would help public authorities and stakeholders at all levels to pursue active ageing policies, while taking into account the growing diversity of older people**'. In addition, the Council conclusions urge the use of the Open Method of Coordination, the European Employment

5 Internet: <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/10&format=HTML&aged=0&language=EN&guiLanguage=en>

6 Communication from the Commission, 'An Agenda for New Skills and Jobs: A European contribution towards full employment', Strasbourg 23.11.2010, COM (2010)682 final. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0682:FIN:EN:PDF>

7 Council decision of 21 October 2010 on guidelines for the employment policies of the Member States (2010/707/EU); <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:308:0046:0051:EN:PDF>

8 Internet: [http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/lssa/114968.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/lssa/114968.pdf)

Strategy and other instruments and programmes as well as advisory and policy committees (including the Social Protection Committee, the Employment Committee, the Economic Policy Committee or the Group of Experts on Demographic Issues) to foster active ageing. Indeed, active ageing mobilises various EU policy agendas in the employment and social fields<sup>9</sup>. As requested by the Council in December 2011, the Employment and Social Protection Committees will prepare **guiding principles for the three policy areas of active ageing** (namely employment, participation in society and healthy, independent and dignified living) to be adopted by the Council by the end of 2012<sup>10</sup>.

These developments take place in the context of **the European Year 2012 for Active Ageing and Solidarity between Generations**, the goal of which is to increase awareness of the contribution of older workers to society and mobilise the potential of the rapidly growing population in their late 50s and over<sup>11</sup>. Its operational objectives are to raise awareness, spread good practice in policy areas such as employment, public health, information society, transport and social protection and encourage policymakers and stakeholders at all levels to facilitate active ageing.

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9 For instance, the labour market aspects of active ageing have important connections with the EU's new **Disability Strategy** (2010-2020), which recalls that a 'benefit trap' exists in many countries, whereby conditions are attached to the receipt of benefits for people with illnesses or disabilities which do not allow for employment, creating de facto disincentives for some older workers participating in the labour market

10 The EPSCO Council 2 December 2011 invited the Member States and the European Commission to adopt by the end of 2012 common principles of active ageing, covering the areas of employment, participation in society and healthy, independent and dignified living.

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11 European year website: <http://europa.eu/ey2012/ey2012.jsp?langId=en>

## 2. Recent reforms to pensions and benefits relating to older workers

Coinciding with the European Year 2012 for Active Ageing and Solidarity between Generations, the European Commission published in February 2012<sup>12</sup> a **White Paper on adequate, safe and sustainable pensions**. At the EU level, successful reform of pensions systems has been consistently recognised as a priority for the long-term sustainability of public finances<sup>13</sup> and, more recently, as one of the determinant factors to achieve the 75% employment target laid out in the Europe 2020 strategy. The Commission's White Paper on pensions proposes a set of measures to support national reforms. It seeks to create better opportunities for older workers, **to adapt workplace and labour market practices** and to encourage **longer working lives**. The White Paper also proposes the development of complementary **private retirement schemes**, to enhance the **safety of supplementary pension schemes and make them compatible with geographical mobility** and to continue to **monitor** the adequacy, sustainability and safety of pensions and to **support national reforms** from the EU level.

This summary focuses on those aspects of pension reform in EU Member States and Accession Countries that have a potential impact on the participation of older workers in the labour force. Widening the participation of older workers in employment and extending the duration of their participation is seen as part of a solution to the pension crisis and a response to the demographic basis of that crisis, i.e. the growing proportion of older people in the European Union populations.

### 2.1. Retirement schemes

Governments are implementing a range of reforms to improve participation of older workers in the labour market. The ways in which pension reform might be relevant to the increased participation of older workers in the work force include the following;

- By increasing the retirement age and hence the age at which the pension can be drawn and thereby providing a negative incentive to stop working.
- By increasing pension benefits according to additional years worked, providing a positive incentive to continue working.
- Pensions may be adapted to facilitate continued work after retirement including early retirement.
- Reduced access to early retirement schemes will remove incentives to exit the workforce early.

These reforms are examined in turn, in the sections that follow. As a guide to the reader, each sub-section will begin with a summary of some of the key reforms taking place in Europe.

#### 2.1.1. Retirement age reforms

**Summary:** Increasing the statutory age at which workers can retire has become an important measure for increasing participation among older workers in the labour market. As shown below, this is being done gradually in many European countries. Other characteristics of this reform may also include equalising the retirement ages for both sexes as well as making changes to the rules about qualifying for retirement.

Increases in the retirement age have been enacted in most EU Member States. Retirement ages now range from 62 to 69 years. Some of the reforms simultaneously change contribution periods for qualification for the state pension while others focus on equalising retirement ages for men and women. Most countries aim to raise the pension age gradually, either in a medium or long-term horizon:

- The retirement age for both men and women is being increased to 62 years in Slovakia (for women by 2024, men retire at age 62 since 2008).
- The age of retirement will increase to 63 in Romania, by 2030.
- The retirement age – will be increased to 65 in Lithuania and Estonia for both sexes by 2026 while Latvia is introducing reforms that will eventually raise retirement age from 62 to 65 by 2021. Retirement age will rise to 65 by 2024 in Hungary. A reform to increase retirement age to 65 by 2016 in Slovenia has not yet progressed due to opposition.
- Italy will increase retirement age to 66 by 2018.
- The statutory retirement age will gradually increase to 67 for both men and women in Bulgaria, the Czech Republic, Spain and France. Although not yet finalised, this is also proposed as a reform, where plans involve extending the retirement age by one month, every 4 months, until the retirement age of 67 is achieved for men in 2020, and for women in 2040.
- The UK and Ireland have made legislative provisions for the retirement age to increase gradually up to 68. This is to occur by 2028 in Ireland and sometime between 2044 and 2046 in the UK.
- Germany and Sweden are discussing raising retirement age even further up to 69 years, from the current 67 years in both countries.

In **Bulgaria**, according to the recent pension reform (15 December 2011), the retirement age will increase by four months per year, starting in 2012. For the majority of workers, it will increase to 63 years for women (it is currently 60 years) and to 65 years

12 COM(2012) 55 final. Internet: <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1194&furtherNews=yes>

13 This objective was agreed by the European Council in Stockholm in 2001 and further validated by the 2010 Council Conclusions on Adequate, safe and sustainable pensions for all European citizens. Internet: [http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/tsa/118246.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/tsa/118246.pdf)

for men (currently 63 years), together with an increase of the required social insurance length of service. Persons without the required insurance length of service will be entitled to retirement after reaching 67 years for both genders (previously 65 years)<sup>14</sup>.

In **Denmark**, the 2006 reform provided that the age limit for the public old age pension would be gradually increased to 67 years between 2024 and 2027. From 2025 and onwards further changes in the age limits for the Voluntary Early Retirement Pay (VERP) and state old age pension would be implemented if life expectancy increased further. The size of the VERP was unchanged while the contribution period was increased from 25 years to 30 years and must start no later than at age 30.

In **Turkey**, until recently, it was technically possible for women to retire at the age of 38 and for men at the age of 43; however the legal retirement age has been aligned with those applied in the EU through recent reforms. For those registered with a social security institution after April 2008, the retirement age will gradually increase until reaching 65 for both sexes in 2048 (while the previous reform in effect since October 2008 had set the legal retirement age at 58 for women and 60 for men). In order to qualify for pension benefits, one must have paid contributions for 7 200 working days (32 years at 225 working days a year) over the working life (reduced from the original 9 000 days).

In **Germany**, a major reform of the public pension scheme was decided in 2007 and came into force in January 2012, as a result of which the statutory retirement age for those born in 1964 and beyond will gradually increase from the age of 65 to 67 years until 2029. A possible extension of the statutory retirement age (up to 69 years of age) is under debate. In **Spain**, the statutory retirement age has been increased to 67 years while the contributions period for full pension entitlement has increased from 35 to 37 years (38.5 years in case workers want to retire at 65). However, individuals in arduous work are entitled to retire at 65.

As part of **Croatia's** 1999 pension reform, the statutory retirement age was raised from 60 to 65 for men and from 55 to 60 for women. By the end of 2010, an equalisation of statutory retirement age for men and women was announced. After a gradual convergence, equal conditions should be introduced by 2030 when both genders will retire at the age of 65. In **Estonia**, the most influential reform in terms of impact on employment has been the gradual increase in statutory pension age. In 2012 pension age stands at 63 years for men and 61.5 years for women. The pension age for women is gradually being increased to equal the pension age for men, reaching 63 by 2016. From 2017 onwards, the retirement age for both men and women will be raised by three months each year up to 65 years by 2026.

In **France**, the law on pensions adopted in November 2010 enacted a progressive increase in the legal age of retirement from 60 to 62, aiming for an increase in the average at which a full pension is claimed (from the current 65 to 67 years). The

government anti crisis plan at the end of 2011 will speed up this increase so that the legal age for retirement will reach 62 in 2016 or 2017 instead of 2018, and the effective retirement will reach 67 in 2022 instead of 2023. As the pension reform creates difficulties for older jobseekers no longer entitled to unemployment benefits and without enough contributions to retire, the government introduced a 'solidarity transitory allowance' (*allocation transitoire de solidarité, ATS*) which amounts to EUR 1 000 per month for those unemployed people born between 1 July 1951 and 31 December 1953.

For **Finland** in 2009 the government set up a task group to make proposals about raising the statutory pension age. The target was to find appropriate measures by which the current actual retirement age could be raised by at least 3 years by 2025. However, the matter ended in political deadlock with no agreement reached and the task group was disbanded in 2011, although it was then re-launched at the beginning of 2012. Trade unions favoured improvement of softer measures (improvement of working life quality etc) over increases in the pension age.

### No fixed retirement age, Sweden

In **Sweden**, the pension system does not contain a fixed retirement age. Pension cannot be drawn before the age of 61 and there is no legal right for employees to work after the age of 67. The new pension system makes it possible and financially advantageous to gradually leave the workforce after the age of 65 and therefore to postpone the retirement decision. New reforms to the pension system were introduced in 1998 and fully implemented in 2003. Until 2000 a gradual progressive retirement system was in place allowing employees to work reduced hours part time and get partial income compensation from the pension system. This was abolished with the introduction of the new reforms. However it is still possible to retire gradually since it is possible to claim pension benefits at the age of 61 while still being employed. Previous studies have shown the importance of retirement norms as regard exit behaviour. Thus, in Sweden, the age of 67 has become a societal norm when retirement should take place, although 65 years remains the age limit between standard old-age pensions and early pensions in both the mandatory public pension system and the occupational pension schemes. In order to further increase labour supply of senior workers and delay the average year of exit from the labour market the government has announced that it envisages the possibility of raising the age up to which people have a right to remain in work from 67 to 69 years. The government's initiative in this regard appears therefore to be appropriate for delaying and postponing the decision to retire and increase the employment rate of workers older than 65 years.

14 Between 2000 and 2009, the retirement age was increased from 60 to 63 years for men and from 55 to 60 years for women.

### 2.1.2. Additional benefits for additional years worked

**Summary:** Many European countries offer financial incentives to workers who are reaching retirement, to stay in work longer. The incentives, which can be calculated on the basis of contribution periods, can take the form of a lump sum and/or a percentage increase in the final pension. The incentives can be accrued in a variety of timeframes, calculated per additional day, month, quarter or year worked past retirement age.

Many EU Member States, and Iceland, offer financial incentives to encourage employees to stay in the labour market past retirement age. These incentives are in the form of either a lump sum or a percentage enhancing the pension of the older worker (or both, as in Denmark). For example:

- In the **UK**, once the state pension age has been reached, if a person carries on working and defers their pension, they can benefit from an enhanced pension later on or a lump sum payment.
- In **Denmark**, older workers who are eligible for the Voluntary Early Retirement Pension (VERP), but continue working until they turn 65 years, receive a tax-free premium of around EUR 20 000. Workers who postpone taking up the public old age pension will receive a higher pension, when they actually retire. The increase in the pension is calculated on an actuarial basis. The old age pension can be postponed for up to 10 years.
- The **Belgian** government introduced a pension bonus in February 2007 for employees who prolong their working career. It is applicable to all pensions starting from January 2007 to December 2013 and this bonus is valid for life. For wage earners, the bonus is worth EUR 2.21 per day and is valid for each day performed by the employee from their 62<sup>nd</sup> year or after 44 years working. The bonus of a deceased partner is added to the surviving partner's pension. Self-employed retirees also receive a pension bonus under the same conditions as other employees this bonus currently amounts to EUR 175.69 per quarter.

The incentives can be accrued in a variety of timeframes, calculated per additional day, month, quarter or year worked past retirement age, depending on the country. Also, the incentives are often a function of the contribution period. In terms of amounts, the most generous incentives are in the region of 6% per additional year worked, as is being offered in **Germany**, and of similar levels in Cyprus and Iceland, even though incentives are accrued monthly in these latter two countries. In **Cyprus** where under certain conditions, the earliest pensionable age under the General Social Insurance System (GSIS), is 63, the incentive of 0.5% for every month worked past retirement age up to 68 years of age is offered to postpone retirement. Similarly, in **Iceland**, there are strong incentives to delay an exit from the labour market, even beyond the legal pension age of 67. Individuals may postpone seeking a pension from the social security system until the age of 72, in which case the basic pension,

supplementary pension and single-person supplementary pension all increase by 0.5% for each month beyond the age of 67. From the other candidate countries, in **Croatia**, reforms introduced in 2010 created incentives so that people delaying retirement receive 0.15% on each additional month worked after the age of 65, for men, or the going retirement age for a woman which is relevant for the time of retirement. The maximum time extension after statutory retirement age is five years which would provide an additional bonus of 9% on the pension.

In other countries the incentives increase in steps along with the length of the career and/or with age, as the person stays longer in the labour market. For example, in **Spain**, for each year that workers extend their working life, the amount will increase depending on the length of their working career: 2% per year for those with less than 25 years of contributions; 2.75% for those with 25-37 years, and 4% for those with more than 37 years. In all cases, older workers have to be 67 to retire. In case older workers have contributed 38.5 years, their pension rises by 4% per year from 65 onwards. In **Finland**, a flexible retirement scheme was introduced in 2005 which provides incentives for staying longer in work through a stepwise increasing accrual rate (1.5% until the age of 53, 1.9% between 53 and 62 and 4.5% from 63 to 68). The amount of pension paid is reduced by the life expectancy coefficient. The aim at the heart of this reform is to encourage people to go on working in order to obtain full entitlements to the pension. Another aspect of this scheme was the reform of the unemployment pension, abolishing entitlement to it for those born after 1950 and giving them instead an extension of the unemployment benefit until age 65). The part time pension also experienced some changes with an increase in the lower boundary age to 56 years for those born before 1947 and to 58 for those born on or after 1947+).

### 2.1.3. Provisions for working pensioners

**Summary:** While measures to enable retired workers to continue working are in place in a number of countries, a diverse approach is revealed across Europe. Indeed, some countries do not permit people to simultaneously work and draw a pension. Either way, it has been shown that in some cases there is an almost instantaneous impact on the number of working pensioners of introducing or withdrawing these measures (e.g. Slovakia, Latvia). It is felt by some that allowing retired workers to continue working may even contribute to a reduction in the amount of undeclared work being undertaken.

In several countries, including Bulgaria, Denmark Estonia and Malta, legislation allows working pensioners to receive both a salary and a pension. In other countries (such as Belgium, Cyprus and Poland), recent changes go in the opposite direction, discouraging pensioners from working. In both cases, the evidence from a number of countries points to the fact that measures for working pensioners appear to have an almost immediate impact on the number of working pensioners, whether that impact is positive or negative.

In **Slovakia**, in 2011 access to early retirement was further restricted and people were no longer allowed to work if they were

on a pension. This measure it seemed had a positive effect on employment rates as it led to a reduction in the number of disbursed early pensions by 35% by the end of 2011. A similarly immediate effect was noted in **Latvia** in 2009, where, as part of the austerity programme implemented during the economic crisis, the government introduced a 70% tax on the pensions of working pensioners. This had immediate implications for the participation rate of older workers with a 42% reduction in the number of working pensioners from June to July 2009. Following a judgement from the constitutional court in December 2009, this action was reversed and deductions were reimbursed and cancelled going forward.

Examples from the countries where pensioners are encouraged to work include legislative provisions allowing pensioners to receive income from pensions and employment simultaneously and financial incentives for pensioners and/or for their employers. For example, in **Denmark**, it is possible to combine work and the voluntary early retirement pay (VERP) by making proportional deductions from the VERP for each hour worked with the limit that, if weekly working hours exceed 29.6, it is no longer possible to participate in the VERP. In **Sweden**, it is possible since the introduction of the new reforms to the pension system to retire gradually from the age of 61 while still in employment. In **Norway**, the flexible retirement act implemented gradually since 2010 as part of the wider pension reform, rewards work performed after the age of 62 through increased pension benefits and does not restrict combinations of work and pension income.

In **Bulgaria**, if the insurance length of service of a person exceeds that required for retirement and the worker continues to work after reaching pension age, then the person receives an increase in the pension amount for each additional year of insurance service. The current legislation allows working pensioners to receive both a salary and a pension (however, this does not allow an increase of the length of insurance service) even though options are being discussed to change this provision in order to reduce the costs for the Pension Fund. Labour costs for the employers of working pensioners without social insurance contributions are lower than for other workers. Thus, working pensioners are more competitive in the labour market, and this fact provokes some tension between generations, hence the social partners suggest eliminating or changing these practices. In **Estonia**, the pension insurance system generally supports working until retirement age and even beyond that due to low pension rates and the possibility to receive pension and income from work at the same time. In addition, in case of deferred old-age pension, the pension calculated on the basis of the pension formula is increased by 0.9% per month worked after the official retirement age. This, in combination with the increasing retirement age has resulted in relatively high employment rates among older workers past the official retirement age, when compared to other EU countries, even during the economic downturn (and with an employment rate of 18% among 65-69 year olds in Estonia in 2010, compared to 10% for the EU average).

Incentives encouraging pensioners to work are also thought to contribute to combating undeclared work by pensioners. For example, in **Malta**, a 2008 change in the legislation meant that workers of pensionable age under the age of 65 would be able to work without losing their pension entitlements, irrespective of the amount they earn<sup>15</sup>. Until 2008, the full pension was safeguarded only if these workers' salary did not exceed the national minimum wage. This long-awaited measure resulted in a significant increase in persons of pensionable age in employment. By the end of 2011, over 10 000 pensioners were still working and receiving a pension, thanks to the government's legislative changes. The measure may have also reduced undeclared work by pensioners.

Other countries have gone in the opposite direction and have chosen to introduce financial disincentives for older workers to continue working as a pensioner or have introduced stricter rules for doing so. In **Cyprus**, retirement from the public sector is typically at 63 and generous pensions and a large lump sum upon retirement ensure that most employees withdraw at that time. Some individuals go on to some form of private employment and, until recently, highly qualified individuals might have taken on limited-term positions which drew on their prior experience, typically in the public sector. Widely publicised cases of high incomes on top of generous pensions have led to new legislation which now makes it financially unrewarding to remain in the public sector if already on a public pension, leading to a loss of human capital. In the private sector, retirement tends to come later and self-employed individuals often continue in some form of family business until ripe old age. The public pension begins at 65 and this is a time when some people choose to retire. The average age of retirement is just under 63.

In **Poland**, December 2010 legislation gives retired persons the right to combine their pension with remuneration for work if they have: (i) reached the statutory retirement age (that is, 65 years for men and 60 years for women), and (ii) terminated their employment relationship with the given employer before acquiring the right to old-age pension. Before the introduction of these changes a person who had reached retirement age and was entitled to a pension, could work and acquire income up to an unlimited amount. Thus the recently introduced law imposes more stringent limitations on the possibility of combining work and retirement pension. The pension entitlement of these persons and the benefit amount depend on acquired incomes. If monthly income equals more than 130% of average monthly earnings, the benefit is suspended.<sup>16</sup>

<sup>15</sup> Government of Malta, 2007

<sup>16</sup> Act of 17.12.98 on pension benefits from the Social Insurance Fund (Journal of Laws of 2009 No 153, Text 1227 as amended)

#### 2.1.4. Early retirement pension reforms

**Summary:** A diverse approach can be seen across member states in implementing reforms in this area. In general, three types of reform apply to early retirement schemes, including:

- where early retirement schemes remain in place, tightening access by increasing the minimum age at which a worker can take early retirement or increasing the period of contributions required for entitlement;
- increasing the costs (for both employees and employers) of taking early retirement through, for example, cutting the value of a person's old age pension or increasing the social security contributions paid by employers according to the age their employees take early retirement;
- abandoning early retirement entitlements altogether and removing specific forms of early retirement schemes including those awarded on the basis of unemployment (e.g. Austria and Germany).

A number of countries have recently considerably tightened conditions for accessing early retirement (including the Czech Republic, Romania) while some countries have abolished early retirement altogether. Amongst the remaining countries, many have introduced disincentives for retiring early.

Tightening conditions for accessing early retirement usually entails increasing the age at which early retirement is possible, increasing existing penalties for taking early retirement (including penalties for employers) or introducing new penalties. Belgium and Denmark have both increased the age at which early retirement is possible from 60 to 62 and 64, respectively.

In **Belgium**, reforms linked to pensions focused on early retirement and the minimum age at which a worker can draw a pension. This age will be increased progressively from 60 to 62 between 2012 and 2016 (rising by 6 months per year) and workers will need to have worked a minimum of 40 years instead of the current 35 years. In addition, certain rules have been put in place, which prevent the inclusion of certain non-working periods of unemployment in the pension calculation. Early retirement before age 60 is limited to the minimum pension amount, taking into account a maximum of one year voluntary career break. Access to early retirement in situations where workers are being laid-off will be limited. Generally, a worker will need to be older and be able to prove a greater number of working years in order to take advantage of this. The cost to employers will also increase since employers will have to pay increased social security contributions according to the age at which early retirement is taken.

In **Latvia**, it is possible for men and women to apply for early retirement at age 60, two years before the official retirement age. However, to be eligible for early retirement, a person has to have a history of at least 30 years of social security contributions. As in **Slovakia**, it is not possible for employed people to simultaneously

collect an early retirement pension. The retirement age will also increase for those entitled to early old age pensions. There are a specified number of groups who can retire 5 years earlier than the statutory retirement age (parents of disabled children, victims of the Chernobyl nuclear accident, etc.). This age will gradually increase from 2016 to reach 60 years by 2021. In order to discourage early retirement, another measure was implemented in 2009 involving a cut in the early retirement pension from 80% to 50% of the value of a person's old age pension. However, this had the opposite of the intended effect, with an increase in the share of early retirements in 2010 over 2009.

Some countries have abolished some forms of early retirement but still retain the option to do so albeit under much tighter regulations. In **Austria**, early retirement taken on account of reduced capacity to work or unemployment was abolished under the reforms of 2000 and 2003. However, other options for an early exit from the labour market are still available. For instance the 'Hacklerregelung', a regulation for early retirement due to very long insurance records, has been extended to 2013 and will only become less attractive due to tightened regulations as of 2014. In addition, the pension reform of 2004 has introduced:

- The 'heavy labour pension' (Schwerarbeiterpension) which is available to men and women from the age of 60 but is only really relevant for men whose insurance periods total 45 years and who worked in jobs defined as 'heavy labour' for 10 out of 20 years prior to retiring.
- The pension 'corridor' (between the ages of 62 and 68 years) for those with at least 37.5 years of pensionable service. In the negotiations on the austerity package in 2012, it was agreed to gradually increase the number of years of pensionable service up to 40 years, as of 2013.

#### Voluntary Early Retirement Pay (VERP) Reforms, Denmark

In **Denmark**, a prominent element of the 2006 pension reform was a 'gradual and gentle' reform of the Voluntary Early Retirement Pay (VERP), and state old age pension, which has since been the cornerstone of Danish pension policy. The reform implied that, starting in 2019, the age limit for receiving the VERP would gradually be raised from the present 60 years to 62 years in 2022. In December 2011, a further reform reduced the duration of the VERP to three years and gradually increased the age for entering the VERP from 60 to 64 years:

- gradually shortened the duration of the VERP from five to three years;
- sharpened deductions from the VERP for private pension schemes so that it will no longer be beneficial for people with large private pensions to retire early.

The three-year retirement period is fully implemented in 2023, where a person can retire receiving the VERP as

64-year-old and stay on the VERP for three years, before qualifying for the state old age pension at the age of 67. The principle of thereafter adjusting retirement age to increased life expectancy is intact. Since this reform changes early retirement rules significantly, all individuals aged below 60, who have contributed to the VERP, will have the option to get their contributions back during 2012.

Some countries have abolished early retirement altogether, including Hungary, the Netherlands<sup>17</sup> and Sweden. Starting in 2012, all retirement prior to statutory age has been abolished in **Hungary**, with existing pensions being converted into social benefits. Similarly, the **Dutch** government abolished the early retirement arrangement (*Vervroedged Uittreding – VUT*) in 2006. In **Sweden**, before 1997, a combination of labour market and medical reasons could result in early retirement for workers aged 60–64. Since then, early retirement can only be awarded for medical reasons. In 2003, early retirement schemes were definitively abolished and sickness and disability insurances were unified in to one single system. **Iceland** does not have an early retirement pension scheme. Instead the disability pension scheme provides the main exit route from the labour market for people over the age of 60 but still under the official pension age of 67 in the social security system and 65 in the occupational pension funds.

Even countries where early retirement remains, penalties can apply to older workers if they wish to retire before a certain contribution period is completed, cutting a proportion of the pension if a person opts to retire early or retires with a lower contribution period. In **Germany**, pension reforms implemented in the 2000s already restricted the possibility to retire early without pension deductions. Since the pension reform implemented in 2012, a person who has been insured for 45 years (including periods of insured employment, fixed childcare or child-raising period up to age ten) can still retire at age 65 (instead of 67) without any pension deduction. Those with a contribution period of 35 years can still retire at the age of 63, however only with a benefit reduction which will be gradually increased. If retiring before the age of 67, benefits will be reduced by 3.6% per year of early retirement. In addition, specific forms of early retirement schemes have been removed (pensions on the grounds of unemployment or a gradual part-time retirement scheme).

In **Greece**, persons who retire before 65 and who have contributed for less than 40 years face an actuarial penalty of 6% for each year by which their retirement age predates 65, while in **Luxembourg**, the choice is offered of staying in work for 43 years in order to increase pension income or voluntarily opting for only a 40 year active working period, whereby pensions under this scenario are then cut by 15%. As part of **Croatia's** 1999 pension reform, early retirement was discouraged by a monthly reduction

of 0.3% in the pension paid. In 2010, measures to financially discourage early retirement and stimulate late retirement were introduced. Those who retire early lose from 0.15% to 0.34% for every month depending on years of service. For up to 36 years of service the reduction is 0.34% while those with 40 years of service have a 0.15% reduction with several benchmarks in between. In **Romania**, as of January 2011, penalties for early retirement have been raised so as to amount to 0.75 pension points for each month of anticipation of the statutory retirement age. Therefore, application for early retirement, except in rare cases, can result in a severe reduction of the pensioner's income.

## 2.2. Unemployment benefit systems and participation of older workers

**Summary:** A problem may arise for governments where workers may try to exit the labour force early via alternative routes – one such route is the unemployment benefit system. Some countries have put in place reforms to try to circumvent this problem by tightening access for older workers to unemployment benefits and making benefits less generous. This has been achieved through a variety of measures, including:

- restricting the age at which someone in pre-retirement may claim unemployment benefit;
- restricting the duration for which unemployment benefit is paid;
- increasing the age limits for the principle of 'availability to work';
- extending supervision and management of active job search to unemployed older people;
- changing the rules for the unemployed on accepting job offers and;
- tying entitlement to benefits to insurance contributions paid.

On the other hand, in attempting to facilitate older workers to find employment and avoid falling into poverty, other countries have introduced reforms which, for example, increase unemployment benefits for this particular group and/or prolong the period during which these benefits are paid.

The unemployment benefit system can sometimes be used as a means of early retirement for older unemployed workers. Some countries (e.g. Belgium, Germany, and Portugal) have reformed their unemployment benefit systems by introducing stricter rules for the access of older workers to such schemes. For example, in changes to the unemployment benefit system in **Hungary** in 2011, only those five years younger than the statutory retirement age can claim a pre-retirement unemployment benefit (up to 40% of the minimum wage) if they have the required number of service years for eligibility to an old age pension. In **Sweden**, the activation requirements associated with the unemployment

17 For the Netherlands this is true in the sense that the early retirement (*Vervroedged Uittreding – VUT*) scheme has been abolished. However, it does not mean that people cannot go on early retirement anymore. There may be specific schemes employers offer to older workers to go on early retirement and also the employee can save for early retirement via the life course/vitality arrangement.



insurance, together with restrictions on the duration of benefits and requalification of a new benefit period, inhibits people nowadays from using unemployment insurance as a means of early retirement.

The government in **Belgium** have reformed the out-of-work benefits system while simultaneously trying to avoid transferring the onus onto the public welfare services (CPAS). The provisions now include;

- The age supplement (increased benefit) for unemployed older people will only be paid to people aged over 55 (instead of 50), from 1 July 2012.
- The principle of 'availability to work' will now increase to 60 years in 2012 and 65 in job catchment areas where unemployment is low.

The supervision of unemployed people and management of their active job search will be intensified and extended to the unemployed over the age of 50 (up to 55 in 2013 and 58 in 2016) and to those who have taken early retirement.

In **Germany**, the unemployment benefit scheme was used for many years as an early retirement scheme, but the generosity of the scheme has been reduced over time. Up to the end of 2007, older unemployed people, aged 58 and above, were exempt from job-search requirements while still receiving unemployment benefits. A second change introduced in the same year concerned the means-tested unemployment benefit II recipients aged 58 and above, who had been unemployed for more than one year, who have been obliged to enter the old-age pension as early as possible, even on a reduced pension (against the objective of lengthening working lives). In addition, a gradual retirement scheme based on part-time work (*Altersteilzeit*) introduced in 1996 for workers older than 55 years and involving subsidies from the PES was removed in 2009.

In **Portugal**, changes introduced in 2010 in the unemployment benefit scheme have affected older workers. A new rule was introduced so that unemployed people have to accept jobs with a gross salary of 10% or more above the value of their benefit during the first year of unemployment or, after 12 months out of work, accept a gross salary equal to their benefit. If they reject such a job offer, they lose their entitlement to unemployment benefit. Previously, beneficiaries had the right to reject any job paying less than 25% above their benefit rate during the first six months of unemployment, and 10% or less after that. Taking into consideration the very high rate of long term unemployed amongst older workers in Portugal, it can be suggested that these stipulations had a strong impact on, amongst others, unemployed workers aged 55 or more. The same applies to the withdrawal of the temporary extension of the unemployment social allowance (in May 2010), which had also been benefiting the long-term unemployed (EIRO 2010).

Some countries have introduced reforms to their unemployment benefits systems in the absence of compensating job opportunities or other support for unemployed older workers. In **Croatia**, a major change has been made in the Law on mediation and

unemployment benefits related to older unemployed workers who could previously have retired when the first conditions for early retirement. They now have to satisfy certain conditions of statutory old age retirement, 65 for men and 63 for women. At the same time the amount of unemployment benefit was reduced. Unemployed people who have access to permanent unemployment benefits need to fulfil two conditions: they have to have at least 32 years of service and no less than five years before they can become eligible for their old age pension. Previously, these conditions were fulfilled when a person came to the age for early retirement. This is the first time that unemployment legislation has regulated pension rights for the unemployed in a different way than for other insured. The immediate effect has been on long-term unemployed men and women receiving permanent unemployment benefit up until the first employment opportunity or condition for early retirement, as the law defined before. Now they are left without benefit if they are aged 55 – 60 for men and 50 – 55 for women. They have to wait for several more years before they can claim benefit again. In the mean time, job opportunities are not there and employability support is not available due to the austerity measures introduced for financial consolidation in the country.

The current **Serbian** Law on Employment and Insurance against Unemployment was passed in May 2009, and benefit entitlement criteria and especially replacement rates are now less generous compared with the previous law which was in force from 2003 to 2009. The unemployment benefit system in Serbia is designed in the form of unemployment insurance. Eligibility is limited to those losing their job who have previously paid unemployment insurance contributions. According to the current law, the entitlement criteria are that unemployment benefits are paid to the unemployed person depending on years of service. There is not a second-tier protection in the form of unemployment assistance. Actual job search activity of unemployment benefit recipients is low, especially those – mostly older workers – who have enjoyed extremely generous rights stemming from the pre-2003 Law on employment and unemployment insurance. Most of the beneficiaries are unemployed persons with contributions of over 20 years, among whom many are older workers. In 2010, after the passage of the new law, there was a steady decline in this group of beneficiaries, as a combined result of new rules and 'natural' attrition of beneficiaries with rights stemming from 1992 and 2003 laws.

On the other hand, some countries have introduced longer unemployment benefit entitlement periods for the older unemployed (e.g. the Czech Republic, Luxembourg, Slovenia), as a form of security to help older unemployed workers avoid the risk of poverty. In the **Czech Republic**, a longer entitlement period has been introduced for those aged over 50 or 55 while in **Finland**, unemployment pensions were abolished in 2005, instead extending entitlement of unemployment benefit until age 65 and removing the incentive to claim unemployment pensions. Unemployment benefit schemes for older workers in **Luxembourg** have been adapted through a prolongation of payment periods for older jobseekers. The logic is to provide them with more time to look for new jobs and at the same time to help them avoid poverty.

### 2.3. Disability pensions and the circumvention of new rules on pensions

**Summary:** A possible alternative source of income for workers no longer able to access retirement as soon as they might like to, is a disability pension. Evidence of an increase in these types of pension exists for some countries in the context of a tightening of pension rules. It is considered that this may be especially true for women given the considerable extensions in some countries of the age at which they may claim their pension. Tightening access to disability pensions is the overriding theme of reforms in this area. Yet, as with reforms of unemployment benefit systems, some countries are concerned with the impact on older workers of reducing access to early retirement and so have eased access to disability pensions (e.g. Denmark).

There is evidence in a number of countries (including Belgium, Denmark, Estonia, and Slovakia) that disability pensions are on the increase, in order to circumvent the tightening of pension rules.

In **Belgium**, a report to the National Institute of Illness and Disability Insurance in 2011, indicated that the number of disability cases has grown dramatically over the last ten years. The reason for the increase is due mainly to a large increase in the claims for disability pensions among women and older men. Concerning women, the increase in the retirement age from 60 to 65 largely explains this increase according to the Belgian author. Despite this, the employment rate of women and men has significantly increased even during the last recession of 2008-2010 since the implementation of limited access to early retirement.

In **Denmark**, a controversial issue of the 2011 pension reform is the easier access to disability pension, which will be opened for older workers in parallel with the reform of the Voluntary Early Retirement Pay (VERP). Under the heading 'senior disability pension', the new scheme is intended to assist those older workers, who can no longer benefit from the VERP. The new pension is open to older workers with an employment record of at least 20-25 years and with less than five years to enter the old age pension scheme. In principle, the criteria for qualifying for 'senior disability pension' are the same as for normal disability pension. However, the procedure is simplified, because the applicant does not have to undergo the standard procedures with respect to testing their remaining capacity to work. The scheme has therefore been described as a 'fast-track' to disability pension. The number of older workers, who will actually be able to substitute the VERP with a disability pension is however hard to estimate. On the one hand, the new scheme can be criticised for being too restrictive and offering no real alternative to the VERP for older workers, who are worn down after a long working life. On the other hand a 'soft' administration of the law may lead to a large inflow into the senior disability pension.

Statistics on disability pensions in **Slovakia** show a stable increase of recipients since the last reform in 2004. The number of disability pension recipients surpasses the growth of economically

active population; there is however, no analysis available on possible misuse of the disability pension scheme for early exits from the labour force.

In order to limit the misuse of disability pensions and their use instead of early retirement, several other countries (including the Czech Republic, Germany, Hungary, Austria and Romania) have been taking measures to reduce access to disability pensions. In the **Czech Republic**, the government intends to merge the health care, sickness benefits, and disability pension registers in order to limit misuse. In **Hungary**, as a response to the very low ages of exit to a disability pension and the observation that it was often used as an exit from the labour market the system of disability pensions was changed significantly. As of January 2008, a new system of rehabilitation and disability retirement came into effect which focussed on remaining rather than lost working capacities. Instead of an up-front pension benefit, applicants are eligible for a new rehabilitation benefit for three years, which offers active, complex rehabilitation services. Participation is mandatory, but if the recipient is unable to secure employment after three years and the health condition still warrants this, he or she can claim the disability pension as it was before.

### 2.4. Policy impacts on the employment rates of older workers

**Summary:** Because we are looking at relatively recent reforms, there have been few evaluations undertaken to measure the impact of policy measures on the employment rates of older workers. In fact, several national experts argue that it is too early to measure such impact given the relative youth of the reforms implemented, and may ultimately be a difficult exercise given that they have been largely instituted in a period of unprecedented recession and overall reductions in employment across most of Europe. A worrying implication is the possible negative effect on incomes of older people and the consequences for poverty rates. One theme that has been highlighted as important is the impact of the reforms on women's participation in the labour force and on their incomes. This issue has led to controversy in some countries with trade unions resisting changes in pension systems in the expectation of negative impacts on women. Overall, where data is available countries have noted a variety of impacts including an increase in employment of older workers, increases in exit ages from the labour market and increases in the number of workers choosing to work past retirement age.

In **Belgium**, it is envisaged that it will be very difficult to integrate women aged between 55 and 64 into the labour market due to the long periods that they have been out of the labour market. In terms of trying to increase labour market participation by older workers in Belgium another factor considered to prove challenging is how this can be done in a period of recession and declining employment. In this context, trade unions believe that most of these measures will lead to a decrease in income for older people, becoming unemployed in place of getting early retirement. The implications for women of these measures with regard to their periods of unemployment and accounting

for career breaks in calculating their pension entitlements are considered particularly worrying. As a result of these issues, the reform of the pension system has been rejected by trade unions and led to a general strike in January 2012.

In the **UK**, it is expected that activity rates of both men and women will increase but that the equalisation of the state pension age will have the greatest effect on women's participation. Also, it is expected that there will be an increasing demand for part-time work as workers approach the age at which they can take their pension.

Most of the recent reforms in **Croatia** were initiated to make the system more financially sustainable, to achieve some acceptable level of pension, and to try to neutralise the differential effects of various reforms on different groups of pensioners. The employment rates of older workers show a certain increase, which could signal a reluctance to retire due to the low replacement rates of pensions, particularly following some of the reforms.

In **Iceland**, the recent changes to the retirement schemes and development of disability pensions could have some effect on unemployment. In the short-run, raising the level of income that benefit recipients can earn from other sources (wages, capital income, occupational pension funds) should both increase labour market participation and the number of hours worked, thus possibly raising unemployment.

In **Serbia**, pension and unemployment insurance reforms carried out in recent years were both meant, inter alia, to increase the activity and the employment of older workers. Still, employment of older workers in recent years dropped at around the same pace as general employment. The impact of these reforms is very difficult to distinguish from the impact of crisis and restructuring, but judging by the outcomes they have clearly failed to improve conditions in absolute terms and have not had much success in improving relative labour market indicators of older workers.

### The Vitality Arrangement (*Vitaliteitsregeling*), the Netherlands

As of 1 January 2012, previous arrangements were abolished in the Netherlands and will be replaced by the vitality arrangement (*Vitaliteitsregeling*), which will come into force on 1 January 2013. This new arrangement has three main aspects: continued work, mobility, and facilities during the career. First of all, the government wants to encourage people to work up to the official retirement age by giving work bonuses. The work bonus will be available to employees between 61 and 65 years old, and varies between EUR 2 100 and EUR 2 350 a year. Employers are also incentivised to keep older workers through a work bonus of EUR 1 750 being available for employers with employees between 62 and 65 years of age.

Secondly, in order to stimulate mobility among older workers, a mobility bonus will be made available for employers. Hiring

an employee older than 55 means receiving a mobility bonus of EUR 3 500, and hiring a person over 50 who was receiving benefits until then means receiving a double mobility bonus of EUR 7 000. Lastly, the vitality arrangement includes several facilities during a person's career, such as the job-to-job budget (*Van-Werk-Naar-Werk VWNW* budget), which for example facilitates training during unemployment. This vitality arrangement is part of the new pension agreement, one major aspect of which is to raise the official retirement age from 65 to 66 by 2020 and eventually to 67 by 2025.

Where relevant data are available, impacts are evident in many cases, as outlined in the paragraphs that follow. Some countries note an increase in the employment rate of older workers (as in Denmark) or an increase in the exit age from the labour market (as in Germany) or an increase in the share of people who continue to work past retirement age (as in France).

In **Germany**, past reforms of the public pension scheme and the tightening of eligibility for unemployment benefit have already contributed to an increase in effective labour market exit age. Between 2006 and 2009 the average exit of women increased from 61.6 years to 61.9 years and the average exit age of men from 62.1 to 62.6 years. For some observers and the trade-unions, the rise in statutory pension age is however in the first place a means of reducing pension levels and, although lower pensions could in themselves represent an incentive to work longer, the positive impact on employment rates of those nearing retirement age might be less remarkable. Moreover, the introduction of the means-tested unemployment benefit II in 2005 and the shortened entitlement period of the more generous unemployment benefit is likely to have boosted job-search intensity of older workers and increased their acceptance of fixed-term contracts and agency work. However, the change introduced in 2007 of the means-tested unemployment benefit II for recipients aged 58 and older who had been unemployed for more than one year forced them into early retirement on a reduced pension, which is contrary to the objective of lengthening working lives. Evaluation studies indicate that the reservation wage of unemployed people aged 58 and older decreased, but there is also some evidence that it negatively affected the mental health of older workers. An analysis of recruitment rates by age reveals that the relative recruitment probability of older workers in the age group 50+ as compared to younger workers has not improved, while it did for the sub-group 60-64.

In **Estonia**, employment has increased due to those people who are capable of working and who remain in employment longer due to pressure from the increased pension age and incentives generated by the possibility to receive pensions and labour earnings simultaneously (Võrk 2009)<sup>18</sup>. The employment of older workers has decreased during the recession. However, the impact of the increased pension age is evident when comparing the employment rates of women aged 60-64 who are currently facing a higher pension age with those aged 55-59. Employment change is on the

18 Võrk, A. (2009) Labour supply incentives and income support systems in Estonia, IFAU Working paper Series, 2009:31, Uppsala, 2009

positive side for the first group while a decrease of 9 percentage points has occurred for the latter. On the other hand, the share of old-age pensioners who use early retirement pension has also increased slightly during 2007-2010. In 2007, 17% of all new old-age pensioners were receiving early retirement pension. In 2009-2010 the share has increased to 24-25%. Uudeküll and Võrk (2004)<sup>19</sup> show that after the introduction of early retirement pensions in 2000, the majority of people (about 60% in 2004) who started to use them had been unemployed for about two years before retiring. These benefits have acted more as a substitute for the low unemployment and subsistence benefits received by those who were already unemployed or inactive rather than a motivation to directly withdraw from employment (Võrk 2009). Thus, the increasing share of early-retirement pensioners is at least partly the result of increased unemployment during the recession.

In **France**, incentives for older workers to continue working even if they have accumulated enough contributions to retire appears to have increased the share of people who continue to work past retirement age, from 7% in 2003 to 13% in 2010.

The changes in early retirement entitlement in **Hungary** had an effect on older workers, especially in terms of women's employment. While the employment of women dropped sharply at the age of 57 before 2008, such a drop is not observable after 2009. This suggests that the restriction was effective as this is quite the opposite of what one might expect in the context of an economic crisis with no additional effects.

The reforms introduced in **Finland** in the form of the Flexible Retirement Scheme of 2005 has been a clear success according to the Finnish expert, and regarded positively across all stakeholders. In 2009, a goal was set by the national government in agreement with the social partners that the pension expectancy age for 25 year olds would be increased from its then current level of 58.6 years to 62.4 years by 2025. By 2011, the expected pension age for 25 year olds had risen to 60.5 years, and was 62.4 for 50 year-olds. In light of this, the goal of increasing the real pension age by three years should be reachable in the remaining 15 years.

19 Uudeküll, K., Võrk, A. (2004), 'Ennetähtaegne vanaduspension ja selle seos tööturukäitumisega Eestis (Early retirement and its relationship with labour market behaviour)', presentations and articles of the XII science and training conference 'Estonian economic policy perspectives in the European Union', Berlin, Tallinn: BWV, Mattimar OÜ 2004, pp 278-287.

## 3. Assessment of active ageing policies

It has been pointed out that while pension reforms may contribute to an increase in retirement age, they are not able to contribute to improving the situation of older workers which would be the main precondition for increasing the length of careers. This brings us to an assessment of active ageing policies in the EU. Again, each subsection will begin with a summary of some of the key policies or programmes taking place in the countries covered by this review.

### 3.1. Comprehensive approaches to active ageing

**Summary:** There is considerable divergence in the degree to which European countries have pursued active ageing policies. However, it would appear that most countries acknowledge the importance of active ageing programmes as part of a comprehensive approach to securing increased and sustained participation among older workers in the labour force. Ideally, taking a long term approach, active ageing strategies should include workers at the various stages of their working careers as opposed to aiming measures at specific target age groups. Some important aspects of active ageing approaches can be drawn out from countries that have comprehensive programmes in place. For example, social dialogue would appear to be a crucial element to putting active ageing on the agenda. Bringing decision-making processes closer to the workers themselves has been identified in the Netherlands, for example, as an important way forward in this context. The components of a constructive active ageing strategy include:

- a focus on healthy, secure working conditions;
- flexibility within companies to enable older workers to continue working while at the same time putting in place support for employers in their efforts to do so;
- improving responsiveness of PES to the demands of older workers and;
- identifying ways to improve workers' employability via lifelong learning and career development initiatives, and improving attitudes towards older people in general.

According to the World Health Organisation (2002), active ageing **'is the process of optimising opportunities for health, participation and security in order to enhance quality of life as people age'**.<sup>20</sup> Stenner *et al* (2011) state that, in this definition, there is a clear relationship between health opportunities and quality of life.<sup>21</sup> The aspect of this definition of particular interest in this report is participation – it involves 'the optimisation

of activities related to societal spheres such as employment, politics, education, the arts and religion' and aims to employ policies to increase the remunerative and non-remunerative productive contributions older people can make to society.<sup>22</sup> Furthermore, for the goals of active ageing to be realised the WHO (2002) points out that action will need to be comprehensive and based on a multi-sectoral approach involving health and social services, education, labour, finance, social security, housing transport, justice and rural and urban development.<sup>23</sup>

In an assessment of active ageing policies in the EU-27 and accession countries for this summary, we find a mixture of approaches to active ageing. Countries like **Finland** and the **Netherlands** tend not concern themselves with specific age groups but appear to address the challenges of working life in general, viewing working life on a continuum. For these countries too, as well as others, social dialogue is an important feature in their approaches to putting active ageing on the agenda.

An important concept in the **Netherlands** is the concept of sustainable employability. In January 2011, some of the Dutch social partner organisations agreed upon a Social Manifesto in which they outlined a route towards a new form of industrial relations. Among the social partners' ambitions was sustainable employability with a focus on knowledge, vitality, new working conditions, diversity and individual choices. Such sustainable employability does not only concern older workers, but rather encompasses all workers, including people with a high or low level of education, youth, flexible workers, and workers with an open-ended employment contract. The aim of the social partners is concluding collective agreements that take into account the individual capacities and capabilities of workers, e.g. their challenges in combining work and care, keeping their knowledge up-to-date, and protecting and supporting their vitality. The social partners that signed the manifesto very much believe that the decision-making process should be brought closer to the workers, in order to encourage them to work for longer and to persuade them in a positive way to invest in skill development. They argued that ways should be explored to unite and integrate individual needs and interests with company goals. However, the labour participation of older workers is dependent upon a multitude of factors that are strongly interlinked. Financial incentives play a role, but also individual characteristics (e.g. health of the workers), characteristics of the jobs (e.g. physically demanding jobs) investments in lifelong learning (also accessible to older workers) and career paths, all play an important role in the decision either to stay in the labour market or to retire early. Research shows that employment protection legislation (EPL) and anti-discrimination legislation are among a list of factors that do not impact on labour participation.

20 World Health Organisation, Active Ageing: A Policy Framework, 2002. Internet: [http://whqlibdoc.who.int/hq/2002/WHO\\_NMH\\_NPH\\_02.8.pdf](http://whqlibdoc.who.int/hq/2002/WHO_NMH_NPH_02.8.pdf)

21 Stenner, P., T. McFarquhar and A. Bowling (2011). Older people and 'active ageing': subjective aspects of ageing actively. *Journal of Health Psychology*, 16(3), pp. 467–477. Internet: <http://oro.open.ac.uk/30122/2/9BEE017F.pdf>

22 The third component, security, focuses on activities 'designed to ensure the protection, dignity and care (e.g. meeting and respecting the physical, social and financial needs and rights) of those older people unable to guarantee them.' Ibid.

23 Active Ageing: A Policy Framework.

An example of a country which focuses its policies on the target group in question is Poland. In 2008 the Council of Ministers of **Poland** accepted the 'Solidarity between Generations Programme', which focuses active ageing policies in a more comprehensive manner. It focuses on the activities carried out for older persons by public institutions or those which are publicly funded (by both the state and the European Social Fund). The programme targets three age groups: 45-49; 50-54 and 55+, with an objective of increasing the activity of people aged 50+, with the main indicator being to achieve an employment rate of 50% for persons aged 55-64 by 2020. The programme is organised around eight key objectives under the headings of labour market policy and actions limiting the deactivation of workers under the social benefits system.

The programme has had important impact, according to a report on its implementation covering the period of October 2008 to June 2010. These include nine legislative actions by the Ministry of Labour and Social Policy aimed at improving the active ageing institutional framework, improved training and an increase in the level of qualifications for over 106 000 unemployed 45/50+, disabled and employees aged 50+, increased awareness of 2 300 public employment services workers on the vocational activation of people 50+ through training, and finally the implementation of several other information and activation initiatives, as envisaged by the programme. However, experts point out that the observed changes are of limited significance and in the case of 5 out of 13 indicators examined, the observed changes are negative.

Another example of a country targeting policies towards older workers is **Spain**. Many of the elements of a comprehensive active ageing policy are present in its active ageing strategy. This has only recently been developed in the 'Global Strategy for the Employment of Older Workers 2012-2014', launched by the government in November 2011 as a consequence of the Economic and Social Agreement signed with social partners in February 2011. Elements include:

- Promoting healthy and secure working conditions. The new strategy is intended to evaluate specific risks for older workers, and reinforce training and provision of information on healthier labour conditions.
- Enhancing internal flexibility within companies, especially devised for older workers. According to Carrillo Márquez (2007)<sup>24</sup>, 25.9% of older workers would not withdraw from the labour market if they could reduce their working hours. The role of the social dialogue is essential to devise schemes addressing the capacities and needs of older workers.
- Re-adapting Public Employment Services to the demands of older unemployed workers to improve their employability and building better links between employment, social services and training schemes is also incorporated in the strategy.
- Fostering transfer of experience on self-employment between older and younger workers and entrepreneurs. Improving

monetary incentives to become self-employed and stimulating the transfer of experience to young entrepreneurs has also been taken into account within the strategy.

- Combating age-discrimination within companies. The strategy calls for corporate social responsiveness to the positive values associated with keeping older workers in the labour market.

Despite the advances of the strategy, its continued implementation is at risk following the change of government in Spain. Still, it could constitute an adequate first step to further progress.

Other countries like the **UK** and **Norway** have various initiatives, institutional, legislative and other supports in place to facilitate the development of aspects of an active ageing framework. In the **UK**, the government's commitment to active ageing is underpinned by legislation which has now been in place for over five years. The Employment Equality (Age) Regulations legislation was introduced in 2006 and incorporated into the Equality Act 2010. Alongside the legislation, the government designed 'Age positive' initiative to support employers (mostly online) by providing easy access to relevant advice and guidance on employing older workers. However, there have been recent cutbacks in Business Link who hosts it so there is likely to be less local support, especially face-to-face if needed.

Meanwhile, in **Norway**, one key piece of legislation that contributes to prolonging working careers is the Working Environment Act. One of its core goals is to ensure a good and adequate working environment that does not exhaust workers. It contains prohibitions against age discrimination and a requirement for adaptation of the workplace for those who need it. Social partners play an important role in the Centre for Senior Policy, supporting senior employees by presenting and sharing information, influencing attitudes, giving advice and providing new knowledge about older workers and also in the 'IA Agreement' reached with the government in 2001. The goal of the 'IA agreement' is to support all those who can and want to work, to reduce the number of people on sick leave and to prevent older workers being excluded from working life. Companies who enter into the agreement with the Norwegian Labour and welfare Administration (NAV) become an IA-enterprise. An objective of the agreement is to increase the actual retirement age – a reduction in pay-roll tax (employer contributions) for employees over 62 years was introduced as a means to achieve this. Active ageing policies are actively pursued by 9 out of 10 enterprises in Norway according to Midtsundstad and Bogen (2011)<sup>25</sup>. There are four different areas of action:

- Measures to prevent health problems and burnout.
- Measures that enable employees with reduced working ability to continue to work.
- Measures for lifelong learning and continued career development.
- Measures to retain workers aged 62 or older.

24 Carrillo Márquez, D., Protección social de los mayores: la jubilación, Puntos críticos (**Social protection for older people: retirement. Critical points**), Ministry of Labour and Immigration, 2007.

25 Midtsundstad, T. & H. Bogen, 'Different work – different needs. Senior political practice in Norwegian working life'. Fafo Report 10, Fafo, Oslo, 2011.

In 2006, the Norwegian government also published a white paper on active ageing policies with the objective of pursuing such policies more aggressively as well as involving social partners, NGOs, enterprises and the research community. Also, in 2006, all IA-enterprises were committed to introduce their own active ageing policies at the enterprise level.

Other countries, while they have not initiated dedicated programmes on active ageing, operate active ageing policies within the context of wider measures. For example, in **Latvia** two important government documents provide the context for active ageing policies and measures aimed at the employment of older people. These include Latvia's Sustainable Development Strategy 2030 which includes sections on the prevention of age discrimination and the development and inclusion of a programme in social responsibility assessments and enterprise audits and the Latvian National Development Plan 2007-2013, which outlines issues on lifelong learning, access to education, training and skills development and unemployment preventative measures for pre-retirement aged workers. Again, in **Serbia**, the need to support 'active ageing', in order to secure a stable balance between an active and inactive older population as well as to achieve growing labour force participation rates, was first recognised as part of the National Employment Strategy for the period 2005-2010 and reiterated in the new National Employment Strategy adopted for the period 2011-2020. These strategies emphasise the need to tackle the problem of older workers affected by the process of privatisation and restructuring.

In the **former Yugoslav Republic of Macedonia**, authorities have issued the first integral strategy or coordinated approach towards older persons, the 2010-2020 National Strategy for Older Persons (targeting citizens aged over 60). However, the focus of the strategy is more towards ensuring better social and support services and a healthy life for older people, rather than securing greater use of their productive capacity and knowledge. One of the goals of the strategy which is more relevant to active ageing is the integration of older persons in the society. This objective would be achieved through a set of measures such as making use of older people's experience in policy design, inclusion of older citizens in all spheres of social life, greater participation in lifelong learning, generational exchange of knowledge in educational programmes, programmes for active use of time, supporting employers to adapt jobs to the needs of older workers, etc. An Operational Plan for implementation is prepared each year.

## Comprehensive Approach to Active Ageing: Finland

**Finland** has been pursuing a very comprehensive approach to promoting active ageing and extending working life careers. The approach does not concern itself with specific age groups, but addresses the challenges of extending and defragmenting working careers in general, developing the quality of working life and mobilising the work force as a whole.

In 1996 the Finnish government produced a report labelled ***The Aged in Working Life***<sup>26</sup> which formed the turning point in government policies on ageing. A National Programme for Aged Workers was launched together with a special programme aimed at raising the educational level of the aged work-force. The primary target group consisted of employed and unemployed people aged 45-64.

A very comprehensive set of issues were on the agenda to be addressed and included early retirement, employment rate, low re-employment rate of ageing workers, weakening working capacity and low educational level of older workers and lack of information in society on ageing and combating ageism. Other target groups were also included and research, information and training were provided – these included occupational health care and occupational safety staff, labour and education administration staff, employers and workplace communities. According to an independent evaluation, the programme has been very successful and has been an important component of successive government programmes since.

Underpinning this commitment to the principle of active ageing is Finland's long tradition of social dialogue and agreements on issues covering not only wages but also employment and labour market policies and other social policy issues such as work life balance, social welfare and pension schemes, extending working careers, promoting lifelong learning etc. The tradition was broken for a couple of years but returned in 2011 with the Framework Agreement of the Social Partners and specifically devoted a chapter for working life development with implications for the working lives of older workers.

Work is currently ongoing in several working groups to address the following topics;

- extending working careers (age programmes in organisations addressing working-time, education and health check-ups for senior workers);
- developing the labour markets for people with diminished working capacity (based on a special report addressing diminished working capacity, an action programme is being prepared on developing labour markets for part-time work);
- development of personnel planning (flexible working time, reconciliation of work and family life, telework, temporary work, employment of people with diminished working capacity and skills development);
- making new tripartite initiatives by end of 2012 on laws on labour protection addressing- workload effects of working time on work ability and working careers;

26 Pertti Sorsan työryhmä, Ikääntyvät työelämässä, Kom. Mietintö 1996:14, Edita. (Aged in Working Life, Committee report 1996:14.)

- further development of the so called 'Change Security' measures in redundancy situations;
- promoting dissemination of good practices in personnel skills development;
- forming an educational fund which accrues on an 'individual training account' and can be used by the individual for upgrading skills;
- tax initiatives to encourage companies to invest in personnel education.

Some countries have not yet adopted a comprehensive approach to active ageing but are in the process of doing so. **Estonia** for example has plans to introduce an active ageing strategy by the end of 2012. Similarly, **Slovakia** launched a national project entitled 'Active Ageing Strategy' by the Ministry for Labour, Social Affairs and Family in 2011, which should lead to the development of a draft strategy by 2013. An update is planned to the National Programme for the Protection of Older People (1999) in 2012, which will refine it as a National Programme for Active Ageing. The revised programme is expected to take a multi-dimensional approach to active ageing and tackle employment challenges in conjunction with other priority areas such as lifelong learning, health or housing. Other countries like **Iceland** and **Ireland** have seen policies dealing with older people take a back seat in the context of the financial crisis; Iceland's 50+ Initiative was prematurely concluded in 2009 as a result of the recession while the abandonment of the social partnership process in government took away the context for pursuing relevant policies in Ireland.

**Austria** and **Turkey** have yet to put national strategies in place to deal with active ageing issues. In Austria, a coherent active ageing strategy with priorities or targets does not exist, although measures aiming to better use the potential of older people have gained successively more attention over recent years. In Turkey, there are no comprehensive active ageing policies instituted at the national level by the government, although some local initiatives can be found in a few cities (such as the 'healthy ageing' initiative of the municipality of Bursa and the project 'Age-Friendly City of Amasya' the first initiative in Turkey that also include the objective of 'productive' older persons). In the **Czech Republic**, comprehensive strategies have been formulated in the area of ageing policies, although the implementation of these strategies has yet to receive sufficient policy attention. In 2002, the government has approved the National programme of preparation for ageing for 2003 to 2007, which has been followed up by a new strategy for 2008 to 2012<sup>27</sup>. A report on the implementation of the strategy produced by the Government Council for Older Persons and Population Ageing suggests there is little legislative or policy action on most of the proposed agendas.

### 3.2. Lifelong learning programmes, education, training and skills development for older workers

**Summary:** It is generally recognised that education and training are crucial resources for the improvement of, not only the participation of older workers in the labour force and the enhancement of their productive capacities, but also their participation and contribution to society in general. Some countries take the lead in providing robust support for lifelong learning while others have experienced a reduction in support for such initiatives due to the increasing pressure of budgetary constraints. An important aspect of programmes for lifelong learning for some countries has been the provision of support and training for employers on the issue of older workers and lifelong learning. Other initiatives for improving provision in this area include instituting legislation for provision of vocational education and training for adults and older workers (e.g. Poland) and media campaigns to encourage workers to improve their employability (e.g. Malta).

Lifelong learning, a concept closely linked to the concept of continuous education, is defined by the European Commission as 'all learning activity undertaken throughout life with the aim of improving knowledge, skills and competence within a personal, civic, social and/or employment-related perspective.' Since the adoption of the Lisbon Strategy in 2000 – the EU's overarching programme for growth and jobs – the EU's education and training policies have gained momentum. The strategy recognises that knowledge and innovation are crucial resources especially in the face of increasing global competition.

Following up on the earlier Education and Training 2010 work programme which was launched in 2001, the EU and Member States together strengthened co-operation in 2009 with the strategic framework for European cooperation in education and training ("ET 2020"). The approach recognises that high-quality pre-primary, primary, secondary, higher and vocational education and training are fundamental to Europe's success. However, in a rapidly changing world, lifelong learning needs to be a priority – it is the key to employment, economic success and allowing people to participate fully in society<sup>28</sup>.

The importance of adult learning for sustainable employability and mobility is widely acknowledged across the EU. However, it requires still a greater level of recognition and resources than it receives at present. At the moment, adult participation in lifelong learning varies widely and, the European Commission regards it as being too low in many Member States. In 2010, average participation was 9.1%. The European Union has set a target of 15% by 2020 for average participation in lifelong learning across the member states for adults aged 25–64. Action has been taken at the EU level to address these shortcomings. The Education Council adopted a renewed European Agenda for Adult Learning in November 2011.<sup>29</sup>

28 Internet: [http://ec.europa.eu/education/lifelong-learning-policy/framework\\_en.htm](http://ec.europa.eu/education/lifelong-learning-policy/framework_en.htm)

29 Internet: [http://ec.europa.eu/education/lifelong-learning-policy/adult\\_en.htm](http://ec.europa.eu/education/lifelong-learning-policy/adult_en.htm)

27 <http://www.mpsv.cz/cs/5045>



Important questions need to be addressed concerning why participation in lifelong learning varies so widely, and in countries where it is low, to find out why this is so. Of particular concern to this paper is encouraging participation of older workers in education and training. As a first hurdle to improving participation of older workers in training, it is important to address the issues of opportunity, access and support for it, especially among employers. For example, Taylor and Urwin (2001) discovered in their research that while older workers are much less likely than younger workers to participate in employer provided training, this is based mainly on the employer's decision rather than on individual preference not to participate.<sup>30</sup> Other factors for low participation of older workers in training include early exit age from the labour force.

Some countries have very strong supports in place for lifelong learning whilst support has declined in other countries. Both the Finnish and Swedish experts note that empirical evidence suggests high educational attainment is positively correlated with senior employment rates and a higher level of vocational training is associated with greater longevity on the labour market for senior workers. **Finland, Sweden, Austria and Slovakia** are all examples of countries who have introduced strategies to encourage lifelong learning.

In 2002, the **Finnish** Parliamentary Adult Education and Training Committee set up the basis for developing adult vocational training. Emphasising the need for improving the quality of training, the committee proposed a significant increase in vocational, adult education on the basis of an estimated 400 000 workers with no training at all. The committee outcomes have since constituted the context for lifelong learning policies in Finland. A national ESF project 'Opin Ovi'<sup>31</sup> has been operational now for five years to develop one-stop-shops and other guidance service instruments to better reach the adult population and encourage adults to take up vocational training. The 2011 framework agreement with the social partners includes the rights of employees to participate in further training three working days annually. The new government programme includes mapping out possibilities to adopt the individual learning accounts and the cumulative learning eligibility in Finland, widening the tasks of the adult training fund and reforming the law on the study leave.

## Lifelong Learning & On-the-Job Training, Sweden

Lifelong learning (LLL) is an integrated part of the Swedish educational and employment system. One feature of the Swedish LLL system is the considerable opportunity to complete or enhance educational attainment after leaving initial education, either through adult education or through various training courses within the framework of labour market policy. At the work place level, access to on-the-job training or the opportunity for an employee to further develop their skills constitutes also an important component

of the Swedish LLL system. The basic policy orientation regarding public initiatives in terms of adult education is that resources should be directed to those who have the greatest need for education e.g. those who have not had the opportunity of obtaining basic eligibility to higher education or who need education in order to strengthen their position on the labour market. Adult education (AE) takes different educational forms and is organized by different actors, from national and municipal AE, to labour market training for unemployed persons as well as in-service training and skills enhancement at the workplace.

Sweden stands out as a country with high participation rates in formal education (i.e. in regular systems of schools, universities and colleges), non-formal education (learning activities that are not part of formal education programmes) and informal learning (self-learning using printed materials, computers and internet, library and education material etc.) Around 73% of the Swedish population aged 25-64 years in 2006 participated in formal and non-formal adult education under a twelve-month period. Although the incidence of formal and informal training declines by age in Sweden, the participation of older workers (50-64 years old) in training/learning activities remains relatively high.

On-the-job training (OJT) at the company level accounts for 50% of the same underlying population. The data for Sweden reveals that the incidence of OJT declines also with age but is still high among senior workers. There is no obvious explanation why in-service training at workplaces seems to be more prevalent among Swedish older workers than in other EU member states. By international standards, the age-wage profile in Sweden is relatively flat, reflecting a relatively low seniority wage premium. A possible explanation of the high incidence of OJT among senior workers is that employers are more inclined to pay for the training of their employees when the increased productivity of the worker after training does not increase the wage rate proportionally (Acemoglu and Pischke, 1999)<sup>32</sup>. There are also strong reasons to believe, that this low seniority premium contributes to sustain a high employment rate of older workers.

The high incidence of adult training among senior workers in Sweden is also related to the existence of powerful social partners and a well-developed social dialogue. Regular consultations are held with social partners and they are considered as key element in the government's action on issues relating to education, employment and labour market regulations. Access to on the job training and opportunities for an employee to further develop their skills is also largely a matter of discussion and agreement between social partners.

30 Taylor, Philip and Peter Urwin, *Age Participation in Vocational Education and Training*, Work Employment Society, Vol.15, No.4, pp.763-779, Sage, 2001.

31 Internet: <http://www.opinovi.fi/index.php?lang=en>.

32 Acemoglu, D. and J-S. Pischke, 'The Structure of Wages and Investment in General Training', *Journal of Political Economy*, 107, 1999, pp.539-572

Although not focusing exclusively on older people, the **Austrian** Lifelong Learning Strategy 2020 aims to integrate learning into working life by promoting more learning conducive environments in the workplace and promoting training to secure employability. The implementation of the strategy is monitored and accompanied by the task force and a national platform consisting of relevant stakeholders. A first implementation report is scheduled for spring 2012.

**Slovakia** initiated its Lifelong Learning Strategy in 2011. It identified the shortcomings in lifelong learning and identifies priorities for improvement, including reduction of information asymmetry, recognition of learning outcomes, improved promotion and motivation to participate, systemic financial support etc. Whilst various initiatives exist under the heading of lifelong learning for older workers, one limitation of the initiatives in place to improve older workers training and skills is that no formal systematic monitoring and evaluation for these programmes exist.

Examples of countries where support for lifelong learning has diminished in the face of budgetary constraints include the UK and Ireland. In the **UK** a national 'Inquiry into the Future of Lifelong Learning' was introduced and produced its first report in 2009. It underlined the need for learning opportunities in the context of more changeable current circumstances for workers of all ages. Whilst the new government is still committed in principle to the idea of lifelong learning it has been less active in supporting it. Some programmes, e.g. Train to Gain and adult learning courses, have experienced reductions in funding which has counteracted the effects of the initiatives in some cases. The situation for **Ireland** has worsened too as the overall policy context within which lifelong learning policies were pursued, the National (Social) Partnership Agreements, has now been abandoned.

Some countries including **Poland** and **Portugal** have focused part of their strategies on training employers on the issues of older worker participation in lifelong learning. In **Portugal** for example one objective of the National Strategy for Active Ageing (ENEA), devised under the Portuguese National Employment Plan 2005-2008, is to promote the access of older workers to education and training. Two key instruments have been identified to this end; i) preferential access to older and less qualified workers to the VET-systems (vocational education and training) for lifelong learning under the New Opportunities Initiative and the VET courses for adults (EFA) and ii) programmes of consultancy and training for SMEs in order to help older workers within SMEs to access training opportunities. However, the first results of the New Opportunities Initiative (2007) reported a very low percentage of workers over 55 amongst the applications.

A number of countries have instituted a legal basis for the provision of vocational education and training for adults and older workers. In **Poland**, in December 2008 an amendment to the act on the Promotion of Employment and Labour Market Institutions: enables employees aged 45 and over to use the services of the labour office to improve their qualifications by participating in training, financing the costs of exams leading to professional qualifications, postgraduate studies and the use of loans for training on similar principles as for the unemployed; and offers support for employers who invest in training programmes by making it

simpler to establish a training fund, enabling access to labour fund resources for subsidised training for employees aged 45+, allowing higher limits for the financial incentives for employers to invest in the training of older workers. In relation to measures to facilitate the professional qualifications of employees aged over 50 the parliament passed an act to amend the Labour Code and Income Tax Act introducing: paid educational leave for employees to enable them to improve their professional qualifications with the consent of their employer; and additional benefits for such workers, financed by employers such as handbooks, commuting costs, etc. The value of such benefits is exempt from personal income tax.

**Lithuanian** laws stipulate that all residents of Lithuania shall be provided with equal opportunities to raise their qualifications irrespective of their age. Yet, survey data suggest that older people in Lithuania have fewer opportunities to improve their skills. With regard to the training opportunities for older people, an amendment to the Law on Vocational Education and Training of the Republic of Lithuania was enacted in 2008 and underpinned the right to continuing vocational education for improvement of the qualifications possessed by a person or for acquisition of another qualification, including continuing education for unemployed persons and persons warned about dismissal.

Media campaigns have formed the basis for some approaches to increasing participation rates in adult training. In **Malta** in recent years publicity campaigns to promote active ageing have been carried out on various media including radio, television newspapers and street billboards. These campaigns have promoted the quality of older workers among employers and tried to encourage older workers to improve their employability through lifelong learning.

### 3.3. Policies and provisions which improve healthy working conditions and maintain workers' well-being

**Summary:** An essential component to prolonging working life is the improvement of working conditions and focussing policies on the improvement of long-term health. There seems to be scope across European states to introduce measures which positively discriminate towards older workers. Once again, social partner involvement is underlined in some programmes of improvement in this area, e.g. the IA-Agreement in Norway. However, provision in this context has suffered as a result of the financial crisis in some countries, while lack of commitment has proven a barrier to progress in others.

It may be argued that a necessary condition to prolonging working life is the provision of good working conditions. Empirical evidence suggests that employment rates of senior workers are highly sensitive to indicators of job quality, for example, working time, participation in training, work accident rate etc. Gallie (2003), among others, reported that Sweden exhibited the highest index score in job quality partly explaining the high participation rates of older workers.<sup>33</sup> Issues of long-term health

33 Gallie, D. 'The Quality of Working Life: Is Scandinavia Different?' *European Sociological Review*, 19(1), 2003, pp. 61-79.

are central to an ageing workforce. A UK report by the Work Foundation points to the problem that sickness absence is likely to pose as the labour force ages.<sup>34</sup>

Some countries have strategies to improve working conditions but do not necessarily focus on older workers, for example, in Portugal, Ireland and Slovakia. In **Portugal** an objective under the National Strategy for Active Ageing is to 'improve the quality of work' which includes enforcing workplace inspections with particular emphasis on prolonging active work life. However, the report of the national Authority for Working Conditions (2011) does not refer specifically to activities in relation to older workers. In **Ireland**, the Health and Safety Authority is responsible for the administration, enforcement and promotion of all legislation designed to ensure that adequate standards of health and safety apply in the workplace. However, supports apply equally to all workers and do not involve any preferential consideration for older persons. Similarly, in **Slovakia**, labour legislation does not stipulate specific health and safety regulations for older workers in the workplace. However, there is the potential to create preferential conditions for older workers in the form of collective agreements. With respect to working time regulations, the only age-specific provisions of the labour code concern overtime work and night work carried out by health care professionals aged 50+ which may be assigned only upon their consent.

That said, however, the **Slovakian** labour code includes a number of regulations conducive to the employment of older workers and provisions that reward employee seniority. They include

- Flexible work organisation facilitating reconciliation of family and work – job sharing, home work, telework and part-time work.
- Non-standard working arrangements – agreements on work performed outside the employment relationship (referred to as contractual work).
- Differentiated notice period of 1-3 months according to job tenure (3 months if the tenure exceeded 5 years) the same differentiation applies to the entitlement to a severance pay.
- Discharge benefit paid to employees upon termination of contract who become entitled to an old age pension, early old age pension or disability pension.

The importance of raising awareness of health issues among employers, and giving access to information, advice and guidance on how to monitor and improve things in the workplace, is seen in a programme operated in the **UK**. The Health and Wellbeing Award is part of the Investors in People (IIP) programme<sup>35</sup>. Here, the emphasis is on how well people are managed and supported,

34 The Work Foundation, **Healthy Work – Challenges and Opportunities to 2030**, 2009. Internet: [http://www.workfoundation.org/assets/docs/publications/216\\_Bupa\\_report.pdf](http://www.workfoundation.org/assets/docs/publications/216_Bupa_report.pdf)

35 More information on the Health and Wellbeing Award is available at internet: <http://www.investorsinpeople.co.uk/Interactive/Awards/HWAward/Documents/Health%20and%20Wellbeing%20Good%20Practice%20Award%20Leaflet.pdf>.

with a big emphasis on work-life balance, and employers following the award have access to self-diagnostic tools and further support in the lead up to assessment. IIP in general has been operational now for over 20 years and is widely recognised in the UK, although it has greater take-up among larger employers. Furthermore, the recession has seen the programme struggling to maintain numbers of accredited employers and attract new ones, though the Health and Wellbeing Award is relatively new and appears to be popular. Similar goals are pursued in **Norway** through awarding the 'IA-enterprise' status to employers reaching agreement with the Labour and Welfare Administration on arrangements relating to the reduction of sick-leave and of factors excluding older workers. Avoiding burnout and increased sick-leave problems associated with older employees commonly feature in the active aging measures adopted quite widely among employers in Norway. Adoption of such policies is motivated partly by legislation and partly through the 'IA-Agreement' between social partners and government. Increased holidays, reduced hours without reduced pay, and other such measures are sometimes included as means of facilitating and incentivising continued work in later life while off-setting possible health and lifestyle consequences.

Other countries have the legislation in place which would provide an excellent context to improve working conditions for older workers. Since 2010 **French** companies employing between 50 and 300 people must implement an agreement to implement a company action plan relating to the employment of older workers or else pay sanctions amounting to 1% of total wages. While these plans can in principle cover aspects such as the improvement of working conditions and preventative measures relating to strenuous work, it seems that these types of provisions are not common in company action plans.

## Fund for Experiences, Belgium

In **Belgium** the 'Fund for Experiences' subsidises organisations that make adaptations to their workplaces to improve the quality of work for older workers and consequently prolong their working careers. It encourages employers to adapt and improve employment opportunities, working conditions and organisation. An example of the initiatives they support include initiatives that give opportunities to experienced workers to get new experience through a change of job.

Another agreement concerning older workers in Belgium concerns providing a transfer to a less stressful work system for older workers who practice night work for a long time. The provisions of this collective agreement concluded in 1990 include:

- workers 50 years and older with at least 20 years of professional activity in night work can switch to day work if they have serious health problems
- workers older than 55 years with 20 years professional activity in night work can switch to day work on their own request.

### 3.4. Age management policies: Adapting working conditions to changing needs

**Summary:** Age management policies are gaining increased attention among European countries. It would appear that for many countries, when it comes to adapting working conditions to changing needs, many components of age management policies are to be found. Increasing part-time work opportunities seems to be an important aspect of age management policies and yet where legislation has been introduced to incorporate this type of contract, it does not appear to be a popular option. In some countries, encouraging implementation of age management policies includes establishing award systems for companies who do so.

What is age management? A definition provided by Walker (1997) states that it is ‘... **the various dimensions by which human resources are managed within organisations with an explicit focus on ageing and, also, more generally, to the overall management of the workforce ageing via public policy or collective bargaining.**’<sup>36</sup> Walker states that within organisations there are five dimensions to age management including job recruitment (and exit); training, development and promotion; flexible working practices; ergonomics and job design; and changing attitudes towards ageing workers (Casey, Metcalfe & Lakey 1993)<sup>37</sup>.

The European Foundation for the Improvement of Living and Working Conditions, categorises age management interventions as follows: changing attitudes; recruitment; training, development and promotion; health and well being; wage policy; ergonomics and job design; exit policy; redeployment and a separate category to indicate whether or not the approach is ‘comprehensive.’<sup>38</sup>

It would appear therefore that many of the issues which pertain to age management policies are contained throughout this summary, although very little direct reference is made to the term age management in the individual articles. However, where it is mentioned it is done so in the context of what is going on at company level. **Italy, Austria and Lithuania** have introduced legislation to increase opportunities for part-time work. However, there is little evidence for the use of this option in all three countries.

In **Italy** the Budget Law 2007 (Law 296/2006) introduced a specific measure targeted at older workers to support the creation of new jobs and reduce exit from the labour market. This measure (the Solidarity Agreement between Generations) allows for the transformation of contracts of workers over 55 from full- to part-time, while also introducing part-time contracts for people under 25, or people under 30 with a university degree. No evidence is available

on the actual implementation of this measure. The development of part-time work in Italy lags far behind the EU averages. The evidence indicates that there is scope to design further policy measures aiming at increasing the use of part-time working arrangements for the whole population. This should be done within an integrated strategy aiming at lengthening working careers. The result could be an improvement of the work-life balance, retaining many women and older working-age people in the labour market. In **Austria**, the part-time allowance for older workers (Altersteilzeit) was recently reformed, in 2009, as part of the Labour Market Package II, and in 2010. The latter reform created more incentives for older workers above the minimum retirement age to go part-time. Part-time allowance will, from now on, be eligible until the statutory retirement age and not only until the earliest possible retirement age. Nevertheless, it can be assumed that – as in previous years – claims for part-time allowance will be rather limited and will not have any noticeable impact on the employment rate of older workers. In **Lithuania**, there is also a legal base providing opportunities for people to work on a part-time basis in Lithuania (including tele-working). However, such practices are not very often applied in Lithuania.

Other countries have carried out research on the extent of age management practices within companies. In **Germany**, qualitative research based on company case studies revealed that improvements in the implementation of age-management strategies have been made, departing from a quasi-non existence of age management strategies in the 1990s. In the **Czech Republic**, a mapping study of age management practice carried out by Masaryk University<sup>39</sup> suggests that there are still few employer-based age management measures in place.

Other countries, such as **Slovakia** and **Finland**, promote the implementation of age management practices by companies via award systems and activities to promote and disseminate good practice. In **Slovakia**, there is no coherent information available on company-level age management policies. It is assumed that age management practices such as age-specific recruitment and career development, age diversity in workplace design, redeployment etc are employed predominantly in larger, private sector companies with decently functioning human resource management and corporate social responsibility. However, many of the good practices are publicly recognised and honoured by official authorities for example the Ministry of Economy and the Ministry of Labour, as well as civic society institutions e.g. Via Bona Slovakia Awards. In **Finland**, the labour unions proposed already in 2009 that collective agreements should contain a statute that special age programmes should be devised in all organisations. No consensus was reached on this but instead an agreement that a model of good practice of an age programme for companies will be developed during 2012 between the social partners in a special working group. Along these lines, the metal industry – both the employers and unions together – has launched on its own initiative a special pilot programme, comprising 100 companies, where a very comprehensive approach to age management has been piloted and developed.<sup>40</sup> This work will probably act as

36 Walker, A., *Combating Age Barriers in Employment—A European Research Report*, European Foundation, Dublin, 1997.

37 Walker, A, The Emergence of Age Management in Europe, *International Journal of Organisational Behaviour*, Volume 10 (1), 2005, pp. 685-697.

38 TAEN – The Age and Employment Network, *Defining Age Management: Information and Discussion Paper*, [http://taen.org.uk/uploads/resources/Defining\\_Age\\_Management.pdf](http://taen.org.uk/uploads/resources/Defining_Age_Management.pdf)

39 <http://www.esfcr.cz/projekty/strategie-age-managementu-v-ceske-republice>  
<http://www.online.muni.cz/tema/2561-tema-age-management->

40 Internet: <http://www.tyohyvinvointi.info>

a trailblazer for the age programmes in companies. Age management has been addressed in several ways, and by several actors. Continuing the work done already in the National Programme for Ageing Workers, the Finnish Institute of Occupational Health<sup>41</sup> has been very active in promoting and disseminating good practices on well-being at work and age management in conjunction with the European Year of Active Ageing and Solidarity between Generations.<sup>42</sup> The Confederation of Finnish Industries has actively promoted age management by developing and disseminating **a model of managing work-ability**.<sup>43</sup>

### 3.5. Employment services for older workers

**Summary:** European countries have adopted to varying degrees a range of different measures designed to facilitate the reintegration of older workers into employment and to enhance their employability. The use of wage and employment subsidies, career counselling and individualised action plans, job placement and preferential treatment for older workers accessing jobs, training for out-of-work older people, and volunteering initiatives to improve employability of older workers are all examples of measures being implemented to some extent across European countries.

The use of wage and employment subsidies is prominent in the approaches taken by Belgium, Denmark, Greece and Estonia (while it is not specific to unemployed older workers in Estonia) in particular.

#### Employment Services for Older Workers, Greece

In **Greece**, the majority of training and employment programmes benefiting older workers are designed to also benefit broader age groups. This is the case of the (local) integrated programmes for unemployed persons, undertaken regularly during recent years<sup>44</sup>. Under these programmes, special structures are formed with the task to map all enterprises in an area, interview all unemployed workers, help them with the drafting of individual action plans, assess the potential for growth of specific sectors, and submit the findings to the Manpower Employment Organization (OAED) for funding. The integrated programmes for unemployed persons have, up to now, targeted unemployed workers aged 45-64.

There also have been some active measures open exclusively to older workers. This is the case of wage subsidy schemes financed by the Social Partners Fund, LAEK

(Account for Employment and Vocational Training). Under these schemes, enterprises of the private and the broader public sector were subsidised in order to employ unemployed persons who are close to retirement (i.e. five years short of the retirement age). The period of subsidy ranged from 1 to 60 months and the amount of subsidy covered approximately 40% of the wage bill.

Also, the government announced a new placement programme for 5000 older unemployed workers aged 55 - 64 in December 2011. This entails the subsidization of local authority development enterprises in order to hire 5000 older unemployed workers (55-64) at a total cost of EUR 75 million. The subsidy amounts to EUR 25 per full-time working day and can be paid for 24 months (local authority enterprises are obliged to continue employing the beneficiary for another three months, i.e. for 27 months in total). Some of the recent legislative initiatives can also be expected to benefit older workers, This is the case with Law 3845/2010 which stipulates that the prohibition on placing employees in the public sector through temporary employment agencies is lifted for three years, while provision is made for OAED to subsidize temporary employment agencies in hiring unemployed persons aged 55-64 years to work in the public sector.

In **Hungary**, active labour market policies are available to all registered unemployed people but are often specially focussed on disadvantaged groups, such as people above a certain age, through providing extra benefits or access. The traditional form of wage subsidy provides up to 50% of all costs of employment for a disadvantaged worker, including those over 50 years old for up to one year.

In **Denmark**, apart from the 'senior jobs' (whereby all unemployed people aged 55+, that exhaust their right to unemployment benefits, have the right to a 'senior job' with normal pay in the public sector), older unemployed aged 60+, and who are members of an unemployment insurance fund, have the right to activation after six months and not after nine months as for other unemployed aged 30 years and above. Furthermore, all unemployed aged 55+ have the right to make an agreement with an employer to be employed with a wage subsidy that is above the normal rate. The duration is up to six months and the instrument is seen as special support for the older unemployed to return to employment. In **Austria**, the 'Come back' employment subsidy is the main ALMP instrument targeting special groups of registered unemployed, including unemployed men aged 50 years and over or unemployed women aged 45 years and over. The duration and amount of the subsidy vary according to the regional labour market situation. In 2010, about 17000 older unemployed people entered the subsidy scheme. The average duration of the subsidy amounts to about three months, with an average cost per subsidy of EUR 2800. Several evaluations show positive effects, especially for the age group of those aged 45 to 54 years. Due to the effectiveness of this measure, the austerity package includes an increase in the number of subsidised older unemployed people up to another 40000 until 2016.

41 Internet: <http://www.ttl.fi/en/Pages/default.aspx>

42 Internet: [http://www.ttl.fi/partner/aktiivinen\\_ikaantyminen/in\\_english/sivut/default.aspx](http://www.ttl.fi/partner/aktiivinen_ikaantyminen/in_english/sivut/default.aspx)

43 Internet: [http://www.ek.fi/ek/fi/tutkimukset\\_julkaisut/2011/3\\_maalis/Tyokykyjohtamisenmalli.pdf](http://www.ek.fi/ek/fi/tutkimukset_julkaisut/2011/3_maalis/Tyokykyjohtamisenmalli.pdf)

44 Greek Manpower Organisation (OAED), [www.oaed.gr](http://www.oaed.gr)

In the **former Yugoslav Republic of Macedonia**, according to the National Employment Strategy, the target employment rate of older workers (aged 55-64) should be fostered by the use of active labour market policies. In addition to ALMP targeting all workers, there are also specific programmes for older workers, mainly employment subsidies.

A second type of instrument used by some countries is career counselling and the formulation of individual action plans for unemployed persons. In the **UK**, the introduction of an 'all age national careers service' will begin operating in the UK from April 2012. This will incorporate some of the existing services to provide a fuller support through online, telephone and community face-to-face supports. This new all-age service will be delivered through a range of channels including online, telephone and in the community including face-to-face advice and guidance (in Scotland and Wales all-age career services already exist). A problem identified with internet-based support, however, is that it may deter some older workers who are less comfortable with the technology, although face-to-face interviews will also be an option.

In **Estonia**, active labour market measures are offered to those in pre-retirement age, based on their specific needs as outlined in their individual action plan, as for the rest of the unemployed. Still, persons aged between 55 and statutory pension age, are considered as a special labour market risk group. According to Marksoo *et al* (2011)<sup>45</sup>, the most commonly used labour market services among older people are training and career counselling. In 2010, participation in wage subsidy measures also increased; however, the use of these measures is not specific to older workers as they are offered to all unemployed people. Additional labour market measures are also provided through individual projects that are financed through the European Social Fund (ESF). For instance, in 2011, financing was opened for projects supporting return to the labour market for older workers (aged 50-74) and youth (16-24). A total of EUR 6.65 million is to be allocated to such projects.

Thirdly, job placement and preferential treatment for older unemployed workers accessing jobs or employment services feature in the strategies of Poland, Belgium, Slovakia, Greece and Slovenia. In **Belgium**, a measure in the Generation Pact 2005 to improve the employment rate of older workers is the right to outplacement for workers who are older than 45 when they are laid off by their employer. This measure took effect from March 2007. Outplacement provides services and advice by the employer to help the worker find a new job as soon as possible or to develop a self-employed activity. The Flemish government too along with trade unions and employer organisations agreed upon a number of initiatives in October 2008 to help extend the working lives of older people. One of these initiatives similar to the above was in an attempt to match supply and demand for labour, to put in place specialised employment advisers for older people over 50 to research vacancies and propose them to job-seekers. Another aspect of this agreement was to encourage employers to

recruit people aged over 50 via the development of a 'consciousness code of age' by sectoral employer organisations and trade unions which recruitment agencies would adopt. The agreement has also resulted in measures to introduce an outplacement initiative. The outplacement initiative will follow a process of certification, providing a quality label for quality employment agencies).

In **Slovenia**, older workers are defined as one of the most vulnerable groups, and one entitled to somewhat special treatment by the Employment Service of Slovenia. They are going through the same process as any other unemployed person with some extra opportunity for getting priority in participating in the pre-selection for jobs carried out by local offices with employers. Furthermore, they have priority access (together with women) to public works jobs, which could be an ideal opportunity for them to convince future employers of their employability. All this could add to the quicker activation of older unemployed persons.

In **Poland**, the 'Solidarity between Generations Programme' has introduced important actions related to the professionalisation of labour market services for older workers. Training of PES workers and an e-learning platform is being prepared to enable PES staff to better understand and serve the needs of older unemployed people. It is foreseen that 3355 PES employees will take part in training, with 2355 already participating by the end of 2010. The Programme also envisages the promotion and use of job placement and career guidance, including the use of Individual Action Plans (IPD) as a comprehensive method of diagnosing the potential of professional people 50+ and assisting their return to work. In Slovakia, the act on employment services classifies persons aged 50+ as disadvantaged job seekers. The status ensures that they can take advantage from preferential access to most employment services and between 25-30% of all job-seekers are over 50.

Emphasis on training for out-of-work older people is a tool employed by a number of countries including Croatia, Hungary, Austria and Belgium. As noted above, Poland has introduced a programme of training for PES staff to increase awareness of the needs of this group. In **Hungary**, public employment service (PES) offices offer training programmes to the registered unemployed, to people participating in rehabilitation, to other registered PES clients and to employees benefiting from certain support schemes. Training is available to any interested registered jobseeker but more financial assistance is offered to vulnerable groups, such as those over 50 years old. The re-development of the **Croatian** Employment Service aims to provide higher levels of support to the unemployed, particularly those who have entered long-term unemployment. Also, the project, Women on the Labour Market, has clearly outlined some of the needs of the older female population. Employment service changes will provide more support to older unemployed people and promote their employability both through more training and activation and more intensive job search.

Together with trade unions, the regional service for employment in Flanders (VDAB), **Belgium**, organises sessions of information, orientation and in-house training for people over 50 years in particular. There are 25 specialised centres for the over 50s. This programme is called 'Actief 50+'. Meanwhile in **Austria**, training is

45 Marksoo, Ü., Malk, L., Põldis, E., *Vanemaalised Eesti tööturul (Older workers in the Estonian labour market)*, Working Papers of the Ministry of Social Affairs 4/2011, Ministry of Social Affairs, 2011. Available in Estonian at internet: [http://www.sm.ee/fileadmin/meedia/Dokumendid/V2ljaanded/Toimetised/2011/toimetised\\_20114.pdf](http://www.sm.ee/fileadmin/meedia/Dokumendid/V2ljaanded/Toimetised/2011/toimetised_20114.pdf)

a basic principle of three ESF-co financed instruments: the qualification and training counselling of SMEs, training of employees (with a special focus on those older than 45 years) and flexibility counselling. These measures mainly aim at adapting the skills profiles of older workers to current labour market needs and, more generally, to raising awareness within enterprises.

Other countries have introduced volunteering initiatives for older people out of work as a means of improving their employability. Included among these countries are Portugal, Slovenia and the former Yugoslav Republic of Macedonia. In the **former Yugoslav Republic of Macedonia**, in 2009, the government implemented an additional programme of public work in response to the recession, which also involved older workers from the local communities. In **Portugal**, Objective 5 of the National Strategy for Active Ageing is to 'Support the reintegration of older workers in the labour market'. One aspect of this objective is the insertion of older workers into activities of social interest, namely through the New Programme of Senior Voluntary Services and their inclusion in employment schemes.

A range of other more innovative strands are seen in the strategies adopted by Lithuania and Belgium. In **Lithuania**, in order to increase employability of older workers, the PES has opened and is administering the so-called Bank of Seniors, which is a database containing information about pension-age jobseekers by various categories. The purpose of the bank is to provide pension-age people with opportunities to find suitable jobs and, at the same time, to provide employers with information on pension-age jobseekers. The Bank of Seniors has been functioning in Lithuania for about 10 years. However during this period no studies or analyses have been carried out to enable a definitive judgment to be made about the effectiveness of the measure and its impacts on the integration of older people in the labour market. The small number of older jobseekers that are currently registered with the Bank suggests that this measure has failed to attain broad impact in the country and/or gain popularity among employers. Also in **Belgium**, since the introduction of the Generation Pact in 2005, vacations are given to people older than 50 years who return to work and who are not entitled to 4 full weeks of annual holidays after a full period of unemployment or disability during the previous year. For these days, the older worker receives allowances corresponding to 65% of the wage (limited to a maximum)

## Employment Pacts for Older People, Germany

In **Germany**, the Federal Ministry of Labour and Social Affairs has launched a national programme "Perspectives 50plus – employment pacts for older workers in the regions" (*Perspektive 50plus – Beschäftigungspakte für ältere in den Regionen*). In 2011 the third programme period started which will run until 2015. About 78 regional employment pacts have been set up so far; partners include centers as well as a wide range of local stakeholders and key actors such as companies, chambers and various associations, trade

unions, municipalities, training institutions, churches and social service providers. Implemented measures include training in communication skills and job application training, internships and wage subsidies. In 2011, more than 200 000 out of 550 000 older long-term unemployed people could be activated and 70 000 of them were placed on the regular labour market. An earlier evaluation of the first phase of the programme conducted in 2007 showed that the success rested on the combination of individualised counselling and coaching, as well as on proactive and targeted outreaching of the employer. The quality of the pre-selection of candidates for vacancies was highly valued by small enterprises. Both older long-term unemployed people and employers assessed the programme positively.

## 3.6. Employment friendly tax-benefit systems: Making work pay for older workers

**Summary:** A variety of tax-benefit system measures can be used to entice older workers to stay in employment or to return to employment. It is noteworthy that there is a general lack of employment friendly tax-benefit systems in operation across European countries. Where they do exist, they include in-work top-up benefits, exemptions from unemployment insurance contributions and increased tax credits or personal allowances.

Germany, Austria and Belgium are all examples of countries where older unemployed workers can receive additional benefits on top of their wages. In **Germany**, in-work benefits are granted to workers over the age of 50 who accept lower wages in order to avoid or escape unemployment (*Entgeltsicherung für ältere Arbeitnehmer*). In the first year they can get 50% of the net wage difference and 30% in the second year. The number of older workers receiving in-work benefits nearly doubled and reached 19 900 in 2010. In **Austria**, in 2009 the 'New Wage Combination' (Kombilohn neu) or in-work top-up benefits have been introduced for people from the age of 50 and older. If such people take up a full-time job (more than 35 hours a week) with a gross monthly wage between EUR 650 and EUR 1 500, they will get an additional subsidy of EUR 300 per month. If the wage is between EUR 1 500 and EUR 1 700 (gross) per month, the subsidy amounts to EUR 150. The latter also applies in case of part-time employment (below 35 hours per week). This in-work top-up benefit may be granted for a maximum period of one year.

In **Belgium**, some older unemployed (50+) people who return to work can receive an additional payment to their wage, paid by the National Employment Office (NEO). If job seekers have professional experience of (at least) 20 years, they can benefit from this bonus without time limit. Otherwise its payment is limited to three years and the amount decreases from one year to the next. The basic amount of the bonus is EUR 194 per month regardless

of employment contract (full or part-time). The NEO, under the Generation Pact 2005, also provides a 'vacation' allowance corresponding to 65% of a worker's wage (limited to a maximum); this is given to workers older than 50 years who return to work after a period of unemployment or disability during the previous year and who are therefore not entitled to 4 full weeks annual holiday.

Another bonus payable by the Belgian National Ministry of Labour to workers over 50 is one concerning a switch to lighter work. The aim of the initiative is to encourage older workers to remain on the labour market for longer thus increasing their participation levels. From May 2010, an allowance became payable to workers who at their own request switch from more arduous work (carried out for at least 5 years) to lighter duties with the same employment with a consequent loss of monthly gross income of at least EUR 265.30. The allowance amounts to EUR 80 for 12 months for workers under the age of 55, EUR 106 for 24 months for workers aged 55-58 and EUR 133 for 36 months for workers aged over 58 years.

Senior workers are encouraged to stay in employment longer through measures designed around tax credits and personal allowances. In **Sweden**, to encourage longer labour market participation among senior workers the government introduced in 2010 a higher in-work tax credit for people who have turned 65. In 2010, the special employer's contribution on wages, and the tax on income from active business activities were abolished for people over 65. Meanwhile, in the **UK**, the tax-benefit system is not particularly geared to encourage older workers to remain active in the labour market since most of the conditions are the same throughout a person's working life. The personal allowance is higher currently for those aged between 65 and 75 (amounting to around one third more income) and for those aged 75+ (around 36% more income). However these extra age allowances are subject to a maximum income (which include earned income, pensions – including state pension – and interest from investments etc) of GBP24 000 (EUR 28 704) beyond which extra allowance is clawed back at a rate of GBP 1 in every GBP 2 over the limit.

In other countries there is a distinct lack of employment friendly tax-benefit systems and in fact the opposite is the case. In the **Czech Republic**, direct taxes consist of a relatively low flat rate (and a low share on revenue) of the personal income tax and a high flat rate of social security and health contributions. The Czech social security contribution rate, paid by employers, seems extraordinarily high. This is a particularly important issue for workers past the statutory retirement age, who benefit minimally from their additional contributions (and who are not entitled to unemployment insurance benefits). Since 2011, those pensioners who generate labour income exceeding three times the average wage have their pension income, which is normally not subject to personal income tax (PIT), taxed subject to standard PIT. Also, workers on early retirement are not allowed to have labour income.

### 3.7. Incentives for employers to retain and recruit older workers

**Summary:** Government subsidies to employers fall into two broad categories. Many countries subsidise the employment or re-employment of older workers by reducing or eliminating employers' contributions to national insurance or social security. The second category includes cases where the state directly contributes to the costs of employing older workers. This second category of subsidy breaks down into a range of different alternative forms of payment including fixed bonuses, wage subsidies and transfer of unemployment benefits, and seems to be relatively popular among member states; however, there are a number of countries that provide no financial incentives at all to employers for retaining or hiring older employees.

Examples of the countries which reduce or reimburse employers contributions include **Luxembourg, Slovenia, Belgium, Norway, Sweden, Greece, Spain, Poland, Portugal, and Romania**. In the case of Romania, this policy is not so successful and countries which offer no financial incentives for employers to retain or hire older employees, include **Latvia or Slovakia**.

In Poland, under the general subsidised employment scheme there are several possible employment cost reductions for employing persons aged 50+. In the Polish example, both direct and indirect subsidies are given to the employer. Those employing unemployed persons directed to them from the Labour Office can count on refunds of employment costs in the form of<sup>46</sup>:

- Intervention works (a form of employment for especially difficult to employ unemployed people, including persons aged over 50). Employers are reimbursed for social security contributions and up to 80% of the minimum wage for persons aged 50+ who are eligible for pre-retirement benefit (and up to 50% for persons non-eligible for pre-retirement benefit) for 24 months on a monthly basis (or for 48 months if the refund is given every other month),
- Public works – reimbursement of remuneration and social security contributions for eligible persons up to 50% of the average monthly salary (to a maximum of PLN 2 015.44, that is approx. EUR 242) for up to 6 months,
- One-time refund to cover the cost of employer social security contributions – for those employed at least for 12 months by a given employer – up to 300% of the minimum wage (PLN 4 500, approx. EUR 1 075).

In **Luxembourg**, the government has put forward a series of company incentives and protection instruments. Companies can, if they recruit long term jobseekers (i.e. aged 45+) for a permanent work contract or for a fixed-term contract for a period of 18 months, claim for their national insurance contributions to be

<sup>46</sup> As regulated by the Act of 20 April 2004 on the promotion of employment and labour market institutions (Journal of Laws of 2004, No 99, Item 1001, as amended)



partially reimbursed and this for the period of two years (when recruiting a 30+ year old jobseeker), three years (when recruiting a 40+ year old jobseeker) or permanently until the moment of retirement for a 45+ jobseeker. This measure, known as 'aid for the recruitment of older jobseekers' (*aide à l'embauche pour chômeurs ages*), has been adapted for fixed-term contracts of between 18 and 24 months during which the reimbursement takes place only for the duration of the contract.

The New Start Jobs programme in **Sweden** includes a provision to reduce employers' tax contributions for a period equal to the unemployment spell of a new worker. An indirect effective tax break for employers of workers above the age of 65 arises from the fact that employers' contributions to the public disability system stop at 65. The reduced social contributions paid by employers implies an indirect wage subsidy targeted at senior workers older than 65. The employer pays only 10.21% of the wage cost instead of the standard 31%. Similarly, self-employed workers older than 65 pay only 10.21% instead of almost 30%. This effectively incentivises continued employment of over-65s and continued self-employment for the same age group.

In **Spain**, employers are entitled to receive the following rebates in employer social security contributions when they retain older workers within ordinary contracts:

- for workers aged 59 (and with 4 years of service within the company): 40% of contributions;
- for workers aged 60–64 (and with 5 years of service within the company): 50% of contributions;
- for workers aged 65 who have contributed to social security during 35 years: 100% of contributions (the same is implemented when the workers want to re-enter the labour market at 65 with an open-ended contract);
- for workers aged 55+ in the shoe, furniture and toy sector affected by globalisation: 50% of contributions.

In **Romania**, there are two types of subsidy, or more exactly, deductions from the employer's contributions to the unemployment insurance fund, to be granted to employers when hiring. For unemployed individuals above the age of 45, the subsidy runs for 12 months. For individuals three years before their statutory retirement age or alternatively three years before being eligible for early retirement, the subsidy is granted up to the time when the employee reaches statutory pension age, or is eligible for early retirement.

Since January 2011, the so-called 'social reference indicator' which is now fixed at RON 500 (approximately EUR 114) is used as a basis for the calculation of both subsidies, instead of the national minimum salary. As a result, the amount is low and not very attractive; in addition, significant red-tape involved in applying for the subsidy is another reason explaining limited take-up.

The countries which provide other direct subsidies to employers

include Germany, Belgium, Iceland, Croatia, Austria, Greece and Poland. Sometimes the payment to employers comes in the form of a contribution to wage costs. In **Germany**, new specific measures have been introduced to foster recruitment, including mainly wage subsidies (*Eingliederungszuschüsse*) for older workers aged 50 and above and an integration wage subsidy voucher (*Eingliederungsgutschein*). Recruitment of older workers (over 50) can be subsidised for a period of between 12 to 36 months, with a decrease in the subsidy rate of at least 10% after one year. The subsidy level ranges between 30 and 50% of wages. For older workers with disabilities, as well as severely disabled older workers, the subsidy can go up to 70% and for severely disabled people the length of the subsidy period can be lengthened to 60 months for those aged 50 to 55 and to 96 months for those above said age threshold. The participation in wage subsidy measures for recruiting older unemployed people strongly increased between 2007 and 2010 from 38 400 to 51 500. A recent implementation analysis indicated that the wage subsidies for recruiting unemployed people showed good results, but the differentiation by age groups was not useful. The study also stated that the minimum length of the subsidy for older workers was too long and the lack of any obligation for employers to continue employment of the older worker was perceived as increasing the probability of deadweight effects.

In **Malta**, the Employment Aid Programme (EAP), launched in 2009 aims to facilitate access to employment for several disadvantaged social groups by giving financial assistance to those employing them. Among the persons who can benefit from this programme are persons older than 50 years of age who do not have a job or who are in the process of losing their job. Employers receive a subsidy equivalent to 50% of wage costs for the first year of employment of the new worker. In the case of registered disabled persons, aid is given for a longer period of time. The EAP was found to be an effective tool in assisting unemployed persons reintegrate into the labour market. Indeed, between 2009 and 2010, 1 120 grants were approved, a third of which is for Gozo-based companies.

Sometimes the subsidy is in the form of a transfer of job seekers' benefits, for example, in Greece and Iceland. In **Greece**, a scheme launched in December 2011 aims at encouraging private sector enterprises to hire and train registered unemployed workers currently receiving benefits, in exchange for receiving the full amount of benefits that the beneficiary is entitled to. More concretely, subsidised employment lasts for a period of 24 to 30 months, depending on whether training is involved. Upon expiry of the unemployment benefit of the beneficiary, and until the end of the 24-month period, employers are entitled to a 90% reduction in the social security contributions paid for each working day by both the employer and the worker. Employers are entitled to the full amount of the contributions (i.e. 100% reduction) if they offer training, in which case the duration of the programme is extended to 30 months. Training must take place in an accredited training institute, while participating employers undertake the responsibility to continue employing the beneficiary for another 12 months following the expiry of the subsidy period. On top of this restriction and in order to be eligible for participation, employers must keep all personnel (previously working and newly recruited

workers) for the whole of the subsidy period (36-42 months), while they must not have dismissed personnel during a six-month period prior to the application.

In **Iceland**, some of the active labour market policies offered by the Directorate of Labour do amount to subsidies. Thus, individuals entitled to unemployment benefits may seek to be employed for a trial period (up to six months), with the Directorate of Labour paying the unemployment benefits and associated 8% pension contribution directly to the firm in question, which will then top up the payments.

Examples of countries where a bonus payment is made for employing older unemployed people are Spain and France. In **Spain**, companies that recruit older long-term unemployed workers (aged 45 or over) with open-ended contracts are entitled to receive benefits of EUR 1 300 or EUR 1 500 (for women in sectors where they are underrepresented) per year during three years. Also, companies that recruit disabled older workers are entitled to receive EUR 5 700 per year during the full contract period (EUR 6 300 in case of severe disabilities). However, according to Tobes Portillo (2008), 78% of employers think that these effective reductions in employer's social security contributions are not relevant.

In **France**, the 2010 act on pensions had introduced a financial bonus for companies when recruiting unemployed people over the age of 55 for a duration of one year. This measure was replaced in the spring of 2011 by a new bonus of EUR 2 000 and exemptions of social contributions when recruiting unemployed people aged 45 and over under professionalization contract (**contrat de professionnalisation**).

### 3.8. The transfer of experience and knowledge capital

**Summary:** It is notable that few programmes are in place in European countries that capitalise on the knowledge of older employees via the transfer of experience. However, there are nevertheless important examples illustrating the consideration which some are giving to this issue.

In **France**, since the 2010 act on pensions, the costs of tutoring of junior staff by older workers are fully deductible from the professional training tax. In addition, knowledge and skills transmission/tutoring is one of the areas most frequently covered by action plans in individual companies relating to the employment of older workers (mandatory since 2010 in all enterprises with more than 50 employees). In **Latvia**, whilst there is no formal transfer of experience programmes in existence, it is one of eight countries participating in a project called 'Best Agers'. The project is partly financed by the European Union Baltic Sea Region Programme 2007-2013 and its aim is to develop activities in which older professionals work together with different age groups in the fields of business and skills development to generate new ideas and share their expertise and experience.

While important developments are happening in **Bulgaria** in

relation to the transfer of experience and knowledge, their impact is questionable due to lack of interest. The Employment Agency finances apprenticeship programmes for young people, mainly with lower education and qualifications. In 2008, the organisation of the process was improved, so that older workers who have the knowledge and skills can participate as mentors. Additional payment of the mentor during the mentoring is envisaged, but for not more than 24 months. So far, however, interest in this measure has been moderate by both employers and young people, which implies low potential in transferring knowledge through this instrument.

In **Portugal**, the idea of experience transfer is embedded in its national strategy. Objective 4 of the National Strategy for Active Ageing is to 'Enhance the professional experience of older workers' and identifies two key-instruments for its achievement: the National Campaign for the Promotion of Active Ageing and the 'Re-Create the future' project as a way to support the preparation of retirement, with a preventive perspective of inclusion, aiming at personal, social and entrepreneurial development by taking advantage of the individuals' knowledge and experience.

Some innovative active ageing policies in the context of the **Spanish** 'Global Strategy for the Employment of Older Workers 2012-14' include a programme fostering transfer of experience on self-employment between older and younger workers and entrepreneurs. Older self-employed persons only represent 20.8% of the total number of the self-employed (30% for women). In this context, improving monetary incentives to become self-employed and stimulating the transfer of experience to young entrepreneurs has also been taken into account within the Strategy.<sup>47</sup>

### 3.9. Other policies aimed at lengthening working careers: Combating age discrimination in the labour market

**Summary:** A major obstacle in the way of increasing participation of older workers in the labour forces of European countries is age discrimination. According to a recent UK report (see below) ageism is the most common form of discrimination in Europe.<sup>47</sup> Some countries have implemented legislation to ameliorate the situation; however, in some cases limitations exist in the current legislation and need to be addressed. The broad programme of measures contained in any comprehensive active ageing framework should help to combat discrimination against older workers via increasing awareness and training on the benefits of older people in the labour force.

A recent report by Age UK found that the most common form of discrimination suffered in Europe is ageism. Around 35% of people in 28 European countries say they have been unfairly treated because of their age, while 25% say they have experienced sex discrimination and a further 17% say they have

<sup>47</sup> Age UK, A Snapshot of Ageism in the UK and Europe, March 2011. Internet: <http://www.ageuk.org.uk/Documents/ENGB/ID10180%20Snapshot%20of%20Ageism%20in%20Europe.pdf?dtrk=true>

experienced race discrimination. The findings are based on analysis of data from the **European Social Survey 2008** involving 55 000 people from across the age spectrum from 28 countries throughout Europe. The findings reveal that despite recent legislation tackling the issue, age discrimination in employment is still a huge problem.<sup>48</sup>

The Council Directive (2000/78/EC), introduced in 2000, establishes a general framework for equal treatment in employment and covers a number of grounds of discrimination including age. The EU's population is ageing, but there is much evidence that age discrimination is widespread. The Directive is a reaction to that and the consequent desire to encourage greater participation in the labour market by older workers. There are now laws in every member state making discrimination unlawful. However, age discrimination is the only area which permits direct discrimination if the means of achieving legitimate aims are appropriate and necessary (see Slovakian example below), with particular application in employment policy, and for labour market and vocational training objectives.<sup>49</sup>

The **UK** has sought to deal with discrimination-related problems with older workers through the Employment (Age) Regulations legislation (2006) which was incorporated into the Equality Act 2010. **Norway**, similarly, has sought to address discrimination in its Working Environment Act, a piece of legislation which also requires workplace adaptation for older employees. Norway's Annual Holidays Act entitles employees over 60 to an additional week's holiday annually in an attempt to offset exhaustion.

Some countries currently exhibit limitations to their discrimination laws. The **Swedish** Employment Protection Act (EPA 1982), in particular the application of the 'last-in-first-out' principle (LIFO) constitutes de jure a protection for older workers in case of collective redundancies. Another central aspect of the employment protection of older workers is their right to remain at work up to 67 years old. Originally set at age 65, the age limit was extended to 67 in 2001. On the other hand, the current EPA regulation implies that practically all employment protection after 67 vanishes: the employer can terminate the employment contract with one month's notice, without any reason. Furthermore, persons who are 67 years and older can be employed on a fixed

term contract ad infinitum without any justification. This constitutes an effective limit to the coverage of the Anti-Discrimination Act (2009) so far as age is concerned. The Swedish government does, however, envisage increasing the limit from 67 to 69 which will improve things somewhat.

Anti-discrimination laws tend to allow for legitimate policies of positive discrimination especially with respect to age if the means are appropriate and necessary. One example of positive age discrimination occurs in **Slovakia**; while older workers enjoy few special privileges or incentives (reflected in generally very low participation), they do benefit indirectly from preferential treatment given (as a legal obligation) to those categorised as 'disadvantaged' amongst job seekers. Anyone seeking work who is over 50 years of age is denominated 'disadvantaged'.

Anti-discrimination laws can supercede other laws which inadvertently discriminate against groups of people. In **Estonia**, recent changes in legislation aim to reduce discrimination faced by older workers in the labour market. Namely, according to the decision of the Supreme Court, from 2011, a provision of the Health Insurance Act was declared unconstitutional. According to the provision, persons older than 65 years had the right to shorter sickness benefit compared to younger persons. Younger persons had the right to sickness benefit for up to 250 days per year while for persons older than 65, the annual sickness allowance was limited to 90 days. Also, while younger persons could take a maximum of 182 consecutive days as sickness leave, older persons could only take 60 consecutive calendar days. These differences were abolished from the act. Similarly, with the purpose to reduce discrimination against older workers, in 2007 the Estonian Supreme Court declared invalid the articles of the Public Service Act that legally permitted the dismissal of public sector employees aged over 65 years, merely on the basis of their age. Moreover, if the dismissed employee had an employment history of more than five years, the compensation for dismissal based on the employee's age was smaller than that for regular redundancies. Similar articles of the Employment Contracts Act affecting private sector employees were changed a year earlier, in 2006 (see also Nurmela and Karu 2007)<sup>50</sup>.

48 Ibid.

49 Sargeant, M., *The Law on Age Discrimination in the EU*, 2008

50 Nurmela, K., Karu, M., 'Supreme Court bans dismissal of older workers in public sector', **European Industrial Relations Observatory Online**. Available in English at internet: <http://www.eurofound.europa.eu/eiro/2007/10/articles/ee0710019i.htm>

## 4. Conclusions

Awareness of the need to increase labour market participation of older people is growing among national policy-makers and measures such as raising the statutory retirement age, phasing out early retirement schemes and introducing financial incentives into pension systems to prolong working life are already used in many EU Member States. These reforms can have an impact on labour market participation of older workers but an attempt to address the issue comprehensively should also include strategies to improve the supply of lifelong learning and age-adequate workplaces, and develop ways to reconcile work and family life.

The first way in which pensions and benefits have been adapted to address the problem of increasing participation in the labour market among older people in an ageing population is to increase the statutory age at which a person can retire. As section 2 indicates this measure is being applied widely in the European context. Retirement ages now range from 62 to 69 years. Many countries are increasing the retirement age in a gradual way. Simultaneous changes are being implemented to contribution periods for qualification for the state pension in some countries. An important aspect of reform here is equating the retirement ages for men and women.

A second measure to increase participation among older workers is to incentivise people to undertake additional years of work and to delay the uptake of pension entitlements by giving additional pension entitlements for extra time worked beyond the statutory retirement age. These financial incentives generally take the form of either a lump sum or as a percentage enhancing the pension of the older worker, or indeed both. The incentives can be accrued in a variety of timeframes, calculated per additional day, month, quarter or year worked past retirement age, depending on the country. Also, the incentives are often a function of the contribution period. In terms of amounts, the most generous incentives are in the region of 6% per additional year worked.

A third approach is to introduce or support measures enabling those who have retired to continue working while at the same time enjoying pension benefits. However, there is less consistency of approach between European states in this regard: there is also evidence of a trend in the opposite direction, i.e. to disallow pensioners to work while drawing a pension. In both cases, the evidence from a number of countries points to the fact that measures for working pensioners appear to have an almost immediate impact on the number of working pensioners, whether that impact is positive or negative. An additional benefit of incentivising working pensions is believed to be a reduction in the amount of undeclared work being undertaken.

Another approach widely used in member states and accession countries is a tightening of regulations around early retirement entitlement. Reforms have taken the form of increasing the age at which early retirement is possible, increasing the penalties for taking early retirement or complete abolition of early retirement entitlements.

One factor that can undermine attempts to reduce the number of people taking early retirement is where existing unemployment benefit systems offer an alternative means to retiring

early. However, while the ageing population problem has created a rationale leading some countries to reform these benefits, thereby making them less readily available as a means of early retirement, others have increased benefits for older unemployed people out of a concern to protect this vulnerable group from poverty. Evidence exists in some countries for an increase in the uptake of disability pensions during the same period when reforms to state pension have been taking effect.

In assessing the impacts of the reforms it is important to note that they have been introduced relatively recently. As a result few evaluations have been carried out on their impacts. Nevertheless, some countries have witnessed increased participation of older workers in the periods since reform was introduced.

Active ageing strategies must be comprehensive; in addition, appropriate approaches must recognise the common trends which affect many people towards the end of their working lives, while acknowledging the diversity in the concerns and needs of older workers. Interventions can encompass a wide range of measures at various levels<sup>51</sup>:

- at the level of individuals, activities aimed at ensuring that older workers remain employable;
- at the level of enterprises, measures aimed at improving the opportunities for older workers to remain in or return to the workplace (such as changes to workforce planning, recruitment, promotion and exit policies; training and development; flexible working practices; ergonomics and job design; health and well-being policies; and changing attitudes towards ageing workers);
- at the level of policy making, policy and/or strategy frameworks which create the conditions for key stakeholders (including employers, social partners, public employment services, regional and local authorities, adult learning providers and civil society actors) to engage older workers successfully in the labour force.

Approaches to active ageing vary in their breadth and comprehensiveness. Some for example encompass the timeframe of a working life while other approaches focus more on specific age groups, i.e. targeting the older aged groups. Others may take a holistic approach to the worker, focusing on other dimensions of a person's life which might contribute to their employability, e.g. health. Some countries have introduced various initiatives, institutional, legislative and other supports to facilitate the development of aspects of an active ageing framework. However, social dialogue is a constant theme running through many of the countries' reports, featuring very highly in their approaches to putting active ageing on the agenda.

Given the positive relationship between educational attainment and senior worker employment rates and longevity in the labour

51 See the three-level understanding of 'age management' described in A European Age Management Framework: The Way Forward? Equal: European Social Fund, 2007, p. 14.

market, the overriding concern for the EU in relation to lifelong learning is the generally low rate of participation of older workers. It is apparent that some countries have very strong supports in place for lifelong learning whilst support has declined in others for these policies especially in the context of competition for resources during the recent recession. The optimum situation is where lifelong learning becomes an integrated part of any educational and employment system. There have been various initiatives to increase awareness on the merits of lifelong learning via provision of training for employers on the issue of older worker participation in lifelong learning, and media campaigns to promote the value of lifelong learning among older workers themselves and employers.

Long-term health issues are central to an ageing workforce. Policies to improve the working conditions and maintain workers' well-being have been brought to the fore, as awareness of issues around active ageing has increased. Some countries have strategies in place to improve working conditions, but not specifically for older workers. Others have implemented legislation which at the very least provides a good context for improving working conditions for older workers. The importance of raising awareness of health issues among employers and giving access to information, advice and guidance on how to monitor and improve things in the workplace is paramount for any progress in this area.

At the level of the enterprise, age-management policies, or practices within the broad definition of age management, are gaining increasing attention. Research is being carried out in some countries on the extent of age management practices across and within companies. Legislation has been introduced in a number of countries, for example on increasing opportunities for part-time working despite little use of this option in general. There are examples of award systems operating to promote and disseminate good practice in this area.

Employment services for older workers generally include different measures designed to facilitate the reintegration of older workers back into employment and to enhance their employability. The use of wage and employment subsidies, career counselling and individualised action plans, job placement and preferential treatment for older workers accessing jobs, training for out-of-work older people, and volunteering initiatives to improve employability of older workers are all examples of measures being implemented to varying degrees across European countries. A range of other more innovative methods and strategies have also been adopted by some

countries and include for example a database containing information about pension-age jobseekers by various categories with the dual purpose of helping pension age people find suitable jobs and at the same time providing employers with information on jobseekers.

A variety of tax-benefit system measures are employed in various European countries to entice older workers to stay in employment or to return to the work place. These include in-work top-up benefits, exemptions from unemployment insurance contributions and increased tax credits or personal allowances. However, there is overall a notable lack of employment friendly tax-benefit systems in operation.

Incentives targeted at employers to recruit and retain older workers are another way of improving the situation. Subsidies to employers fall into two broad categories including reducing contributions paid by employers to national insurance/social security and different alternative forms of payment for employing older workers including fixed bonuses, wage subsidies and transfer of unemployment benefits.

There seems to be a distinct lack of programmes which capitalise on older workers' knowledge via transfer of experience. However, this is not to say that consideration has not been given to the issue. Making the costs of tutoring junior staff by older workers fully deductible from the professional training tax in France and skills transmission tutoring covered by company action plans are examples of policies in this area. The 'Best Ager' project partly financed by the European Union Baltic Sea Region Programme 2007-2013 aims at developing activities which bring older professionals together with different age groups in the fields of business and skills development to generate new ideas and share their expertise and experience.

Finally, concerning age discrimination, it is reported that ageism is the most common form of discrimination in Europe. This is a significant barrier to the efforts at a European, national and individual level to increase participation of older workers. One of the key instruments for governments however going some way towards combating the problem is to implement legislation to protect against it. Many countries have done this but limitations exist in current legislation and needs to be addressed. The broad programme of measures contained in any comprehensive active ageing framework however should help to combat discrimination against older workers via increasing awareness and training on the benefits of older people in the labour force.

European Commission

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in January 2012, 33 national articles on the theme of employment policies to promote active ageing were commissioned from the European Employment Observatory (EEO) network of SYSDÉM experts. This document summarises key messages emerging from these articles and draws links with policy developments, studies and data collected at European level. Further detail on the national-level developments discussed in this report can be found in the national articles, which are available on the EEO website (<http://www.eu-employment-observatory.net/>).

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