



Longer working lives through pension reforms



Longer working lives through pension reforms

European Commission

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Introduction

Across Europe, demographic change has been posing significant challenges for pension provision. Nearly all EU Member States are reforming their social protection systems in order to promote longer working lives. And they all see increases in the effective retirement age as a key means of adapting pension systems to ageing populations. The importance of reducing early exits from the labour market was also emphasised in the joint Opinion on Active Ageing adopted by the EU's Employment Committee (EMCO) and its Social Protection Committee (SPC) in May 2007.

Increasing employment among older workers is decisive for real progress in ensuring long-term adequacy and sustainability of our pension schemes. In the past labour market adjustments were often carried out at the expense of older workers. Enterprises supported by social partners and accommodating legislation concentrated lay offs on workers five to ten years

from retirement who then received some transitory benefits before moving to pensions. Signalling that early exit no longer is an option for handling labour market adjustments through changes to social protection legislation is vital. But a broader strategy that improves employment opportunities for older people, address age discrimination and promote active age management will be needed.

As early exit routes are closed and the pensionable age raised some flexibility will still be required. People need a certain range of choices on how they move from employment to retirement. Many wish to work full time until they leave the labour market. Others consider a gradual process more in line with their desires. Health status may reinforce such needs. Avoiding that measures intended to accommodate choice are used to push older workers out will be important.

Sharing experience on how to avoid early leaving while giving realistic choices for flexibility including pension eligibility conditions, the design of incentives and the provision of appropriate employment opportunities for older people can obviously help Member States to achieve these goals. That is why the Social Protection Committee recently carried out two horizontal studies on 'promoting longer working lives through pension reforms'.

Flexibility

The first study⁽¹⁾ looks at flexibility in retirement age provision and how early retirement, deferred retirement and partial

retirement are regulated. It pulls together evidence from Member States on how flexible retirement ages contribute to longer working lives.

Early exits

The second study⁽²⁾ focuses on paths of early exit from labour markets. It examines how the design of early retirement schemes, disability benefits and survivors or private pensions can influence retirement behaviour.

The present brochure summarises and synthesises the two studies and reflects their main conclusions.

⁽¹⁾ *Promoting longer working lives through pension reforms – first part: Flexibility in retirement age provision*, Social Protection Committee, European Commission, Brussels, April 2007.
http://ec.europa.eu/employment_social/spsi/docs/social_protection_committee/spc_flexible_age_report_en.pdf

⁽²⁾ *Promoting longer working lives through pension reforms – second part: Early Exits from the labour market*, Social Protection Committee, European Commission, Brussels, February 2008.
http://ec.europa.eu/employment_social/spsi/docs/social_protection_committee/spc_study_on_early_exits_final_en.pdf

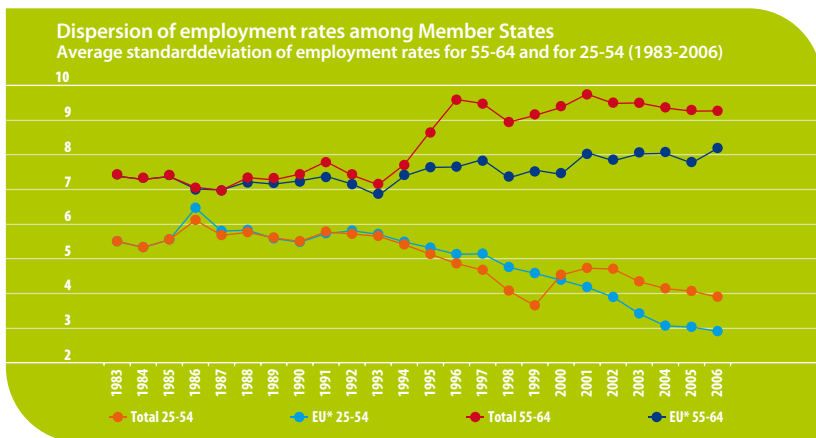
The challenge: closing the pension gap

The pension challenge in an ageing society is to increase the effective retirement age. There should be a balance between the number of years during which a person contributes to the pension system and the number of years when she or he benefits from the system. **Since the 1960s, the average exit age from the labour market has decreased. This decline runs counter to the substantial increase in life expectancy over the same period.**

The sustainability of pensions hinges on **closing the gap between the currently**

low employment rates of older people and the continuing increase in life expectancy at the age of 60.

In the EU25, the employment rate of older workers rose from 37% in 2000 to 44% in 2006. But **the European target of 50% employment among those aged 55-64 has certainly not yet been reached.** The employment rates for men in that age group are currently lower than they were several decades ago, despite improvements in health.



Source: Labour Force Survey. Note: Total for all Member States available, EU* for a group of Member States where are available all the period long (BE, DK, DE, IE, EL, FR, IT, LU, NL, UK).

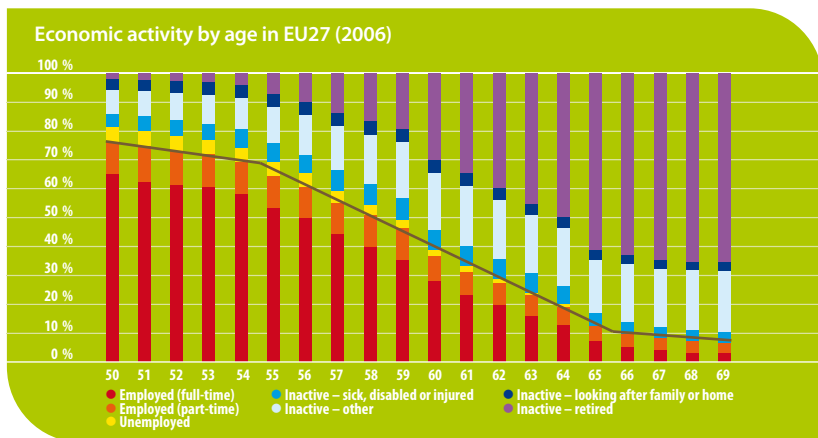
Dependency ratio will double

If pension levels are to be both adequate and sustainable, the 50% goal will have to be not just met but exceeded. Public pension expenditures are set to rise by 2.2 percentage points of GDP in the EU25 by 2050. Eurostat's baseline scenario is that demographic pressure on pension systems, as measured by demographic dependency ratios (for instance, population aged 65+ as a share of population aged 15-64) will more than double between 2004 and 2050, from 25% to 53%.

The impact of reforms of early exits on the employment rates of older people is central.

Employment rates decline significantly as workers get older, and this effect clearly accelerates between the ages of 55 and 64. The proportion of those retiring increases significantly at ages 60 and 65, reflecting the important influence of pension provisions.

In 2006, the average employment rate in the EU27 was 73% at age 50-54, 56% at 55-59, and 28% at 60-64. While the gap between 50-54 and 55-59 has been declining over the past decade that between 55-59 and 60-64 has been increasing.



Source: LFS.

But these averages obscure major differences between Member States. Despite the recent improvements, the employment rate of older workers lies below or around 30% in a number of countries. Only in a few does it exceed 55% (Denmark, Sweden and the United Kingdom). **Progress can be slower in Member States where the employment rate of older workers is low. This indicates a need for enhanced efforts.**

Inactivity (for sickness or other reasons) increases significantly throughout the EU from the age bracket 50-54 to the age bracket 55-59, and then remains roughly constant at age 60-64, before declining slightly from 65 onwards.

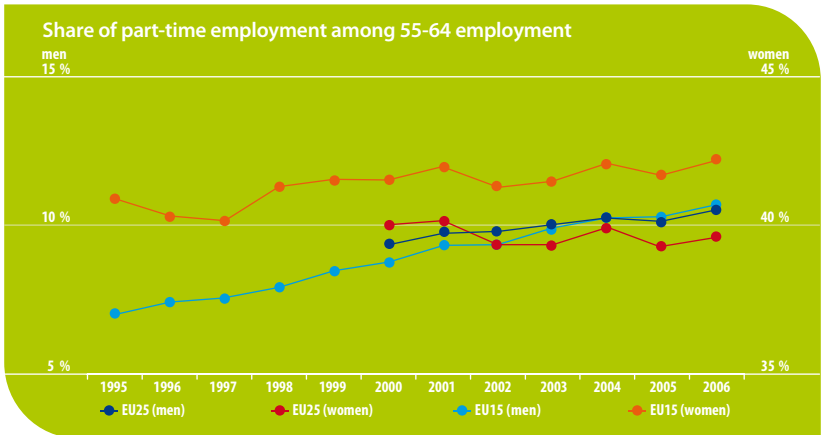
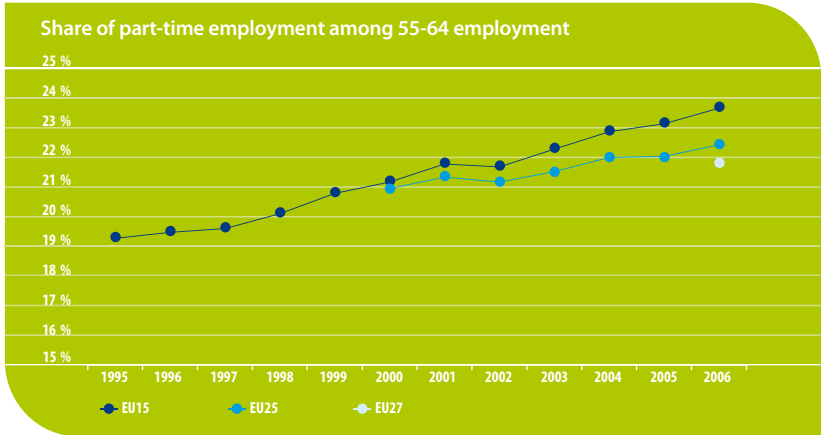
Diverging retirement patterns across the EU

The diverging retirement patterns across the EU largely reflect differences in the availability of early exit routes and in the pensionable age in statutory schemes.

Flexible retirement paths can promote longer working lives

The number of exits directly out of full time employment into retirement declined in the EU25 between 2000 and 2006. This may be a good thing if it corresponds to people needs and if it is compatible with ensuring an adequate pension. If flexible arrangements allow people to stay longer in employment they could even contribute to a comparatively better pension without putting an additional burden on the pension systems.

For instance, **the increase in the employment of older workers over the past decade is partly due to a rise in part-time work**, notably by men. About 25% of employment among older workers in the EU15 is now part-time (22.5% in the EU25 and 22% in the EU27).



Source: Labour Force Survey, quarterly data (2nd quarter).

Currently, about 10% of active people aged 50+ have reduced or plan to reduce their working hours before retirement, while 50% definitely do not intend to do so.

Most transitions from work into retirement are not direct. Only 35% of older workers leave their last job or business to take up a pension. 20% take up an early retirement benefit, 13% leave due to unemployment and 12% for reasons of long-term sickness or disability. At higher ages, the proportion of those leaving to take up a pension increases regularly.

Different countries, different exits

But these proportions vary considerably from one Member State to another, especially for those aged 55-64. Exits where people take up a pension as they leave work are particularly low in some Member States. The share of exits through unemployment lies at around 15% on average and is rarely lower than 10%. But it can exceed 25%. The share of exits for long-term sickness or disability is also generally around 15%, but is lower than 5% in some Member States and over 25% in others.

Gender gap

In the age group 55-64, the employment rate for men is 53%, but for women it is

only 36%. Although women have begun to catch up, this is a slow process. Among people of this age in the EU25, employment has increased by 6 points for men and by 8 points for women since 2000. So **there is a need to pay particular attention to the situation of women as they approach retirement age.** Gender differences in employment can have important consequences for pension outcomes. Gender harmonisation of eligibility ages in pension schemes will also reduce gender differences in employment rates of older workers.

Skills gap

The increase in the employment rate for those aged 55-64 has been relatively slower for the less qualified. For lower-qualified people of this age, the rise has been just 5 points, compared to 6 or 7 points for their medium to highly qualified contemporaries. By contrast, the evolution in employment rates for the less qualified was more favourable in the age bracket 25-54, probably reflecting targeted employment measures. These uneven trends raise concerns as working longer is central to accruing pension rights. **More effort is needed to target groups with weaker progress, including people with lower levels of education.**

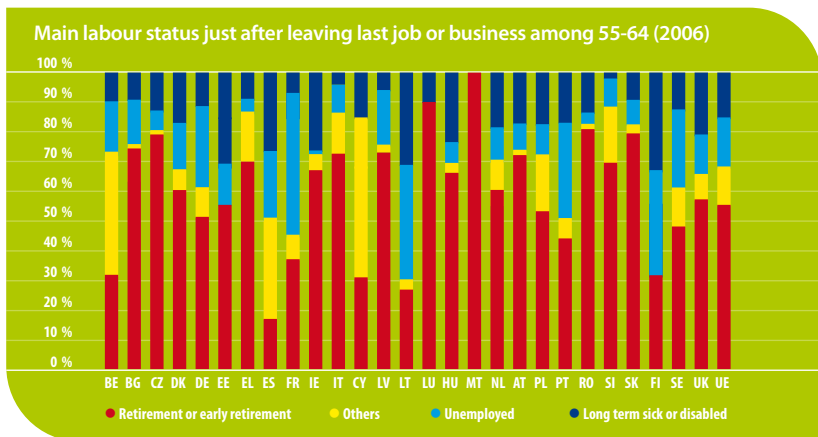
Early paths of exit from the labour market

Early retirement, unemployment benefits and disability benefits are often used as early exit paths by those aged 55-59. Take-up of private pensions and survivors' benefits can also be important in some Member States.

Europe-wide, about 20% of those aged 55-59 took an early exit path. However, this figure varies greatly across the EU, ranging from 5% to 40%. Average take-up in the 60-64 age bracket is also around 20%, but here the national divergences are even more marked – from 'negligible' all the way

up to 50%. Broadly Member States can be divided into three groups:

- Low take-up (less than 10%): Spain, Czech Republic, Cyprus, Germany, Portugal, Ireland and Latvia.
- Medium take-up (between 10% and 20%): France, Bulgaria, Denmark, Estonia, Slovenia, Slovakia and the United Kingdom.
- High take-up (more than 20%): Belgium, Luxembourg, Poland, Hungary, the Netherlands, Lithuania, Romania, Finland and Sweden.



Source: 2006 ad hoc module LFS.

Early retirement schemes

Early retirement benefits is the main benefit in case of early labour market exit. In 14 Member States, there are specific early retirement schemes open to all categories of the population. Only in a few countries are they explicitly made available in case of economic restructuring or unemployment.

In most Member States, certain categories of worker – generally those in hazardous and/or physically demanding jobs – can retire before standard age, and in a few cases they can then receive pension benefits that have not been actuarially reduced. Long careers or long insurance records may also qualify people for early retirement in a few countries.

It is now widely accepted that **there is no trade-off between the employment of younger people and that of older people.** International comparisons show that restricting the labour supply of older workers can actually reduce overall employment, as it generates an additional cost to social protection systems.

Member States are tackling **reform of early retirement schemes** in different ways. Clearly, general pension scheme changes that modify statutory retirement ages also interfere with early retirement. Pension eligibility is generally part of employment conditions, so negotiations between the social partners often have an important role to play in the adaptation of these schemes.

A first dimension **is to ensure that employers bear all or at least a significant share of the costs of early retirement benefits.** Secondly, **particularly demanding or hazardous jobs can be compensated through higher pay,** rather than leaving the State to shoulder the whole compensation burden in the form of earlier retirement. Thirdly, in some Member States, **eligibility rules are being tightened** – for instance by increasing the eligibility age. Some countries are also either reducing the levels of benefits provided by special schemes or closing the schemes.

For all schemes **improving working conditions** is crucial so that the nature of the job is less harmful to workers' health. Promotion of **retraining** and a **change of occupation** when the previous one becomes too physically challenging are other possibilities.

Unemployment benefits – special rules for older workers

Unemployment benefits may be used as a de facto early exit route. Around 10% of people aged 55-59 are on unemployment benefits in Belgium and France. Elsewhere levels are generally lower. In a number of countries, rather specific unemployment schemes are available to older beneficiaries. While 0.7% is the normal unemployment rate for the 60-64 age group, over 15% of those aged 60-64 may be covered by these specific schemes.

In most Member States there are special, more favourable rules for older unemployed workers. Benefits may be higher or may be received over longer periods than for younger workers. In some cases, specific benefits are paid after the expiration of standard unemployment benefits. Conditions regarding availability for work and job-seeking are often relaxed for the unemployed over the age of 55. This tends to transform unemployment benefits for older people into early retirement pensions.

But in a number of Member States, there are hardly any differences between unemployment eligibility rules for older workers and those for other population groups.

Treating dismissed older workers as if they had hardly any chance of finding another job diminishes their labour market participation. Older unemployed workers do need a good social safety net, but it should be used only together with determined labour market integration efforts.

Recent shifts in policy orientations can be observed, particularly placing the emphasis on **activation measures**, such as training and in some cases wage cost subsidies for older people returning to the labour market, together with **assistance to employers** for the adaptation of premises and equipment. In some Member States, specific rules for older workers are progressively being phased out, or the minimum age of eligibility for is being raised. Legislation against age discrimination in employment is a must to complement other measures.

Invalidity benefits – passive or active?

Invalidity benefits, due to their specific nature or to lack of control over access to the schemes, have become one of the main early exit paths in some countries. Around or more than 20% of people aged 55-59 are on invalidity benefits in Estonia, Hungary, Lithuania, Malta, Romania and Sweden. The take-up is over 10% in Bulgaria, Denmark, Finland, Latvia, the Netherlands, Poland, Slovenia, Slovakia and the United Kingdom. In most but not all countries, take-up declines in the 60-64 age bracket.

These divergences raise **serious questions about the justification for the high take-ups in certain countries.** Many people with health problems can work, and want to work. Helping them to do so is potentially a 'win-win' policy – for the people themselves and for the economy as a whole.

Attitudes are changing. Several Member States have altered their disability schemes, making assessment of incapacity to work more objective and broader or incorporating a greater variety of factors to be analysed. There is also a new focus on **finding an occupation or work conditions matched to the person.** Measures may include offering flexitime regimes and telework, combining partial incapacity to work with partial work regimes, retraining, counselling, internships in enterprises, and adapting workplaces (often with State funding) to special needs. Some countries offer **incentives to employers** to take on people with reduced work capacity. The prevention of invalidity, through the promotion of healthier working conditions and lifestyles, can also make an important contribution.

In some countries, recipients of a disability pension are not allowed to work. Others impose restrictions on the hours worked or the wage earned and/or other income received. These provisions could act as barriers to labour market integration.

Private pensions

In a few Member States, early exits through supplementary private pensions used to be a common practice, though it is now diminishing or has stopped. In some EU countries, private pension benefits are actuarially reduced in case of early withdrawal. But this may not actually influence labour market exit, as employees are often unaware of these reductions.

Taxation and social contributions

In most Member States, pension benefits are often taxed more favourably than other income. However, some withdraw or reduce this favourable treatment in the case of an early exit from the labour market. **Exempting older workers and their employers from social contributions can be a strong employment incentive.** Most EU countries have measures in place that reduce the cost of employing older workers.

Combining benefits and earnings

In many Member States, it is possible to combine earned income with the receipt

of early exit benefits. However, countries often use earnings thresholds or benefit reductions to ensure that the social protection objectives of the benefits are achieved without resulting in high benefit/wage combinations, whilst still supporting a parallel objective of increasing labour market participation. Most Member States have taken a softer attitude on the issue of combining pensions with earned income once an individual has passed the pensionable age in statutory schemes.

Recent take-up trends for early exit benefits

In recent years, most Member States have reported declines in the take-up of early exit benefits - especially early retirement (Germany, France, Hungary), unemployment benefit (Spain, France, Poland, United Kingdom) and disability benefit (Germany, Denmark, Luxembourg, the Netherlands, Poland, United Kingdom). Conversely, increases have been registered in a few Member States in recent years as regards early retirement (Belgium, Romania), unemployment benefits (Luxembourg) or disability benefits (Estonia, Lithuania and Sweden).

Flexibility in retirement age provision

The design of social protection systems has a strong impact on effective retirement ages. So it is useful to investigate the extent to which the rules on early and deferred retirement have an impact on the age at which individuals choose (or are compelled) to retire.

Conditions for early retirement and for deferment

EU countries, reflecting the diversity of social security systems, report many different rules and regulations governing the possibility of early retirement within the mandatory pension scheme.

In some countries, early retirement is permitted for those who fulfil certain contribution requirements and also as recognition for long working or particularly 'arduous' careers. Contribution year requirements vary from 15 to 37 years. But in the majority of Member States, the number of years required is between 30 and 35. These conditions entitle individuals to retire 2, 3 or up to 5 years before the standard age, depending on the country. Greece and

Slovakia allow retirement at any age, providing certain contribution conditions are met.

A second common feature of early retirement conditions is that a number of countries list certain occupations as special cases, entitling these workers to early exits as a result of a 'harder' working life.

Austria intends to phase out early retirement, and Poland only permits this option for those born before 1949, except in the case of miners. Some Member States includes raising children among the criteria for early retirement.

Member States report a more consistent approach to the rules relating to deferred retirement, and generally allow unlimited deferral. Of those countries that do not, Denmark allows 10 years' deferral when an individual works for at least 1500 hours a year, while Lithuania allows deferral for 5 years, and Greece and Cyprus allow deferral to age 67 and age 68 respectively.

Rules on minimum eligibility age

A related point is how far people are fully aware of how early and flexible retirement affect their pensions. For instance, research in the United Kingdom indicates **a lack of awareness of the link between work and pension income**, as only around a third of people who had retired voluntarily before the State pension age had considered the financial implications of doing so.

A commission on the Danish welfare system considered whether a more flexible old age pension should be introduced through access to early retirement, but it came out against such reforms. One reason given was that access to an early pension reduced in line with actuarial principles will create a group of old age pensioners with an unacceptably low income.

Conditions for partial pensions

Partial pensions, where individuals can take a share of their pension whilst continuing to work (under particular share, age and accrual conditions) are found in some Member States (Germany, Spain, France, Italy, the Netherlands, Finland and Sweden). These arrangements concern only a small fraction of pensioners: at most 10% before 65 and no more than 1% around 65. The possibility of drawing a partial pension should not be confused with the issue of early retirement paths, as it is not necessarily used for that purpose.

Working and receiving pensions

The possibility of receiving a complete pension while continuing to work is another key element of flexibility. Individuals' motives for choosing this option include reducing the number of hours worked and accruing further pension rights in order to ensure a higher pension in the future.

Sweden possibly offers the most flexibility, allowing individuals to stop all or part of their pension and continue working at any age, without constraints on earned income. Employers' organisations and trade unions determine the scope of the supplementary pension scheme and therefore also whether corresponding part-time pensions can be granted.

Most Member States place limits on the amount that can be earned when receiving a complete pension, in particular for those retiring prior to the standard age. Some countries allow individuals to continue accruing pension rights when working and drawing a pension, whereas the United Kingdom and Ireland do not permit additional contributions to future pensions.

Incentives to work longer

Incentives to postpone retirement range from no specific incentives to additional increases in pension benefit of about 10% for an additional year at work. **If economic incentives to retire later are too low,**

they may not have the desired effect. But if they are too high, the cost to the public purse may be significant. There is also a risk of subsidising those who would in any case have postponed retirement.

The available evidence generally suggests that increases in pensions are now ranging between 4% and 8% a year, depending notably on age, careers and mortality tables. The relative increase in pensions is currently about 5% a year. So it would be useful to develop indicators on incentives to work longer.

Currently, Member States may be classed into three groups, according to the extent of change in replacement rates⁽³⁾ in statutory pensions for a worker at average wage around a given retirement age:

- Those with relatively high increases in replacement rates (Czech Republic, Estonia, Spain before 65, Cyprus after 65, Austria, Portugal, Finland before 65, Poland, the United Kingdom after 65).

⁽³⁾ Replacement rates show the level of pensions as a percentage of previous individual earnings before retirement (at the moment of take-up of pension).

- Those with relatively low increases in replacement rates (Belgium, Denmark after 65, Ireland after 65, Malta, Cyprus, Lithuania before 65, Luxembourg after 65, the Netherlands after 65).
- Those with average increases in replacement rates (Germany, Greece, France, Italy, Latvia, Lithuania after 65, Hungary after 62, Poland after 65, Slovenia, Slovakia, Sweden).

The design of incentives is probably most important between the ages of 60 and 65.

The relatively lower levels of incentives for lower wage earners should be reviewed, for reasons of efficiency, equity and also adequacy. This entails examining, at the very least, both the design of minimum income provision for older people and interactions with earnings-related statutory pensions.

Information

Most Member States have internet sites and brochures to provide information to future

pension beneficiaries. Some countries send out specific individual information on pension accruals. But presenting information in a form that people can understand and absorb is difficult notably when retirement rules become more complex. **Broad and complete information must be provided on the effects of reforms for individuals and on the potential impact of their choices.**

What people want from flexible retirement

Research suggests that **older workers would welcome more choice in how they manage their working lives in the period up to and beyond retirement,** including options to downscale or downshift work commitments, to retire gradually, to choose when they retire and whether to continue working past the standard age. In practice, however, the demand for flexible retirement have appeared rather limited. This may in part be due to institutional barriers.

Future trends

Future take-up trends for early exit benefits

In most Member States a general decline in early exits is expected in the future. But it is expected to remain at current levels in Sweden and to increase in Ireland, Lithuania (due to the maturation of disability schemes) and Romania. Recent reforms, demographic factors and the maturation of schemes all have an influence on these trends. Clearly, **developments in the labour market will also have a strong influence on future extent of early exit.**

Recently enacted reforms are expected to induce declines in a number of Member States.

Future employment behaviour

Some countries (Belgium, Poland and Romania) foresee difficulties in reaching the EU employment targets for older people.

In several Member States, positive changes are expected from the recent early exit reforms (Belgium, Ireland, Netherlands,

Estonia, Slovenia, Slovakia, Austria and Finland). In the Netherlands, a rise of 2 years in the exit age is expected between 2000 and 2020, notably following the reform of disability pensions. In Lithuania, an increase in overall employment rates is expected, especially under the assumption that specific measures for civil servants are abolished.

Income situation of older people

Several Member States project a worsening income situation for the elderly. In Belgium, a reduction in benefit ratios between 2005 and 2050 is anticipated due to the evolution of social policy parameters. In Hungary, a decrease in pension levels is projected in the long run as the number of people using early exit routes is increasing. In Romania, low levels of pension benefits combined with a high take-up of early pensions have led to an increase in poverty levels. In Estonia, where the employment rate of older workers exceeds the EU target, the current low level of pensions is seen as one of the reasons for this high participation.

On the other hand in Lithuania, where benefits from early exit schemes are not actuarially adjusted, they could contribute positively to the income situation of older people. In the Netherlands, the prospects are uncertain as the income of older people is expected to increase faster than that of younger generations, but an incomplete building up of public pension rights could also result in a growing number of older people relying on supplementary social assistance. In Sweden, it is expected that increased labour force participation will ensure adequate pensions. In Finland as well, the 2005 pension reform is not expected to change the average pension rate significantly for those who are now starting their working lives. Increases in accrued pension rights through working longer are expected to compensate for the decreasing effect of the life expectancy coefficient included in the pension reform. The United Kingdom also emphasises that getting people back into work will improve their income situation.

Projected spending on early exit benefits

Member States generally expect a decrease in spending on early exit schemes, due to a fall in the number of beneficiaries. A few Member States, however, do not anticipate significant changes in such spending (Estonia and Latvia).

In Belgium, the forecast reduction is from 1.5 % of GDP to 1.1 % by 2050. In Germany, decreases in contribution rates indicate that raising the retirement age to 67 by 2030 would lower the statutory pension insurance's contribution rate by 0.5 percentage point. In Hungary, projections by the Ministry of Finance suggest a gradual decline in the share of old age expenditure coverage payments disbursed to early retirees from 12.2 % to about 6 % by 2020, as a result of tightened eligibility conditions. In Ireland, early exit schemes will form a lower percentage of overall old age expenditure, due to planned reforms improving participation of older workers and the impact of ageing on old age payments.

In the Netherlands, public expenditure on disability pension schemes is expected to decrease from 12.9% of total age-related public expenditure in 2006 to 10.1% in 2020 and 6.8% in 2040. In Poland, expenditures for pre-retirement benefits and allowances are expected to gradually decrease (as a result of closing several exit paths) until 2050, when they could represent just 0.06% of GDP. In Sweden, the projections include unchanged labour force participation amongst those aged 55-64 for the next 10 years, which means the relative spending will decrease.

Expected future take-up of flexible retirement age

Most Member States expect that the take-up of more flexible paths out of the labour market will rise over the coming decades, whether through increased part-time work, increased deferral or a decrease in exits at earlier ages. Changes in take-up are expected to have more impact on the adequacy of pensions than on the levels of pension expenditure.

Pension deferral – the way forward?

Pension deferral might, in the future, offer greater flexibility, in terms both of the amount drawn and deferred and of allowing people more flexibility to move in and out of work after state pension age. This second flexibility would mean offering people the chance to draw their pension when they need the income and defer it again when they can support themselves through work. However, this would increase complexity and will need careful consideration once research findings are available.

Likely impact on the employment of older workers

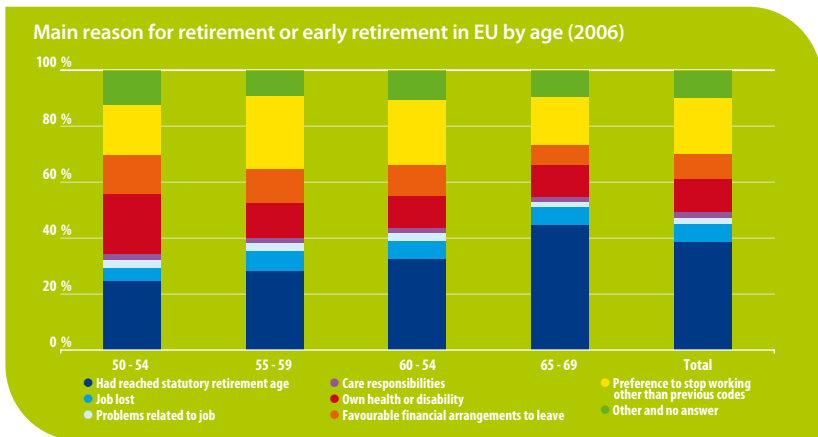
A number of factors influence the employment rate of older workers, and it is difficult to estimate the separate impact of flexible retirement. Member States generally provided qualitative rather than quantitative evaluations. More empirical evaluation is needed. The effects of labour market conditions, of taxation and of older people's health levels also need to be taken into account.

In conclusion

- **If pensions are to be both sustainable and adequate, more people will need to stay in work for longer.**
- Although the employment rate of older people has increased over the last decade, **much still needs to be done to reach the EU target of 50 % employment among older workers – which is a bare minimum on the road to sustainability.**
- Given the current high take-up levels **for early exit benefits** and the significant drop in employment

rates from age 55 onwards, it seems that **more steps will be needed in a number of Member States** in order to achieve more systematic reforms of these schemes and reduce significantly the length of the period between the end of the last job and the take-up of a statutory pension.

- Most Member States are currently reviewing or reforming the conditions for taking up **pensions**, by **introducing more flexibility in the choice of the path from work to retirement.**



Source: 2006 ad hoc module LFS.

— Steps to reform early exits and increase retirement age flexibility should be part of a **holistic approach to creating labour market opportunities for older workers and for less skilled workers**. Retraining is a vital part of this strategy, as well as preventing early retirement by strengthening prevention and improving workplace health and safety standards.

— **Evaluation of the effect of current reforms** is uneven among Member States. Steps are needed to achieve more systematic, empirical assessments, and not just simulations. In particular, hard evidence is needed of the effects achieved on the employment paths of older workers and on the composition of incomes. This implies greater investment in **evaluation tools**.

European Commission

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