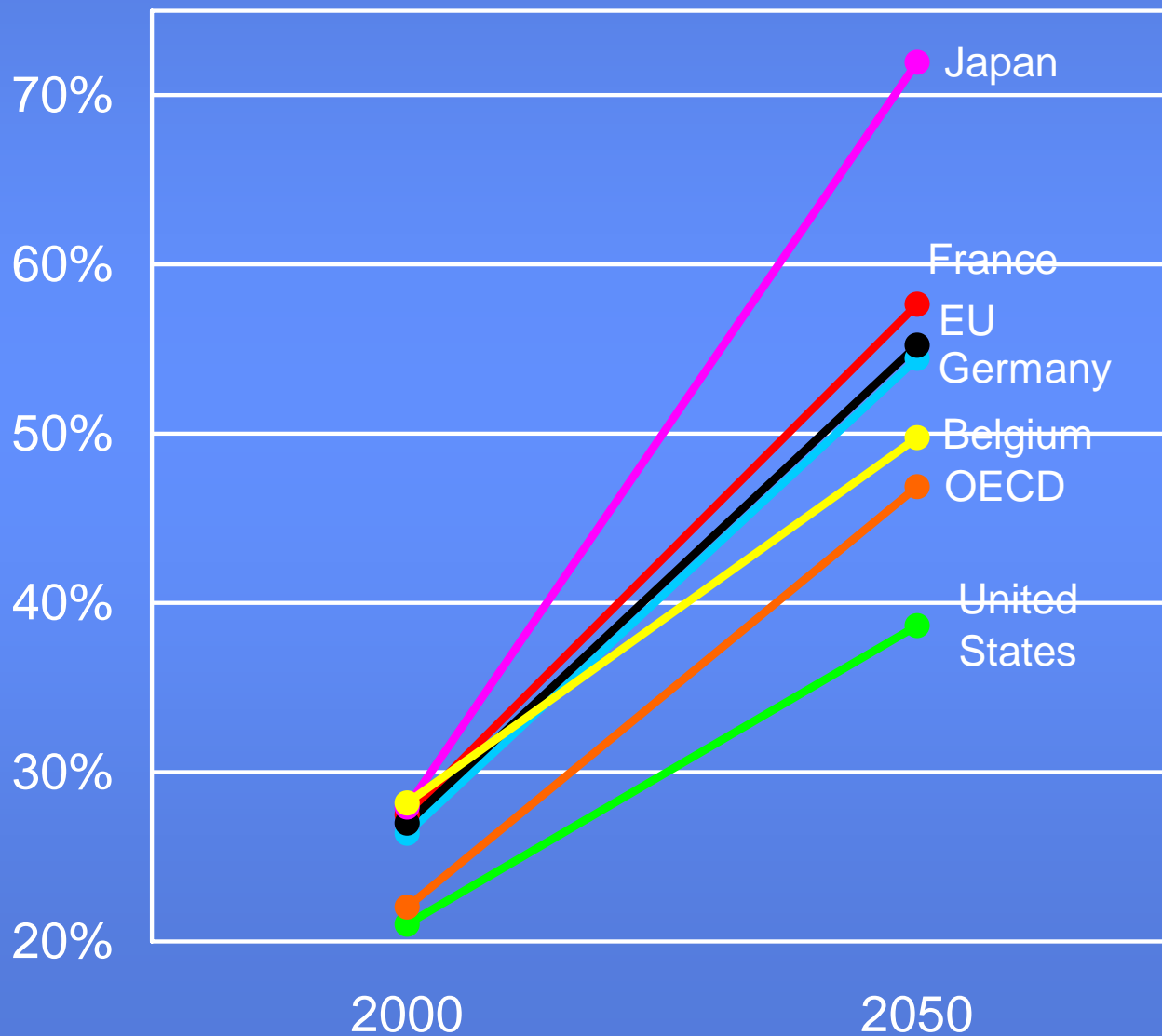


LIVE LONGER, WORK LONGER

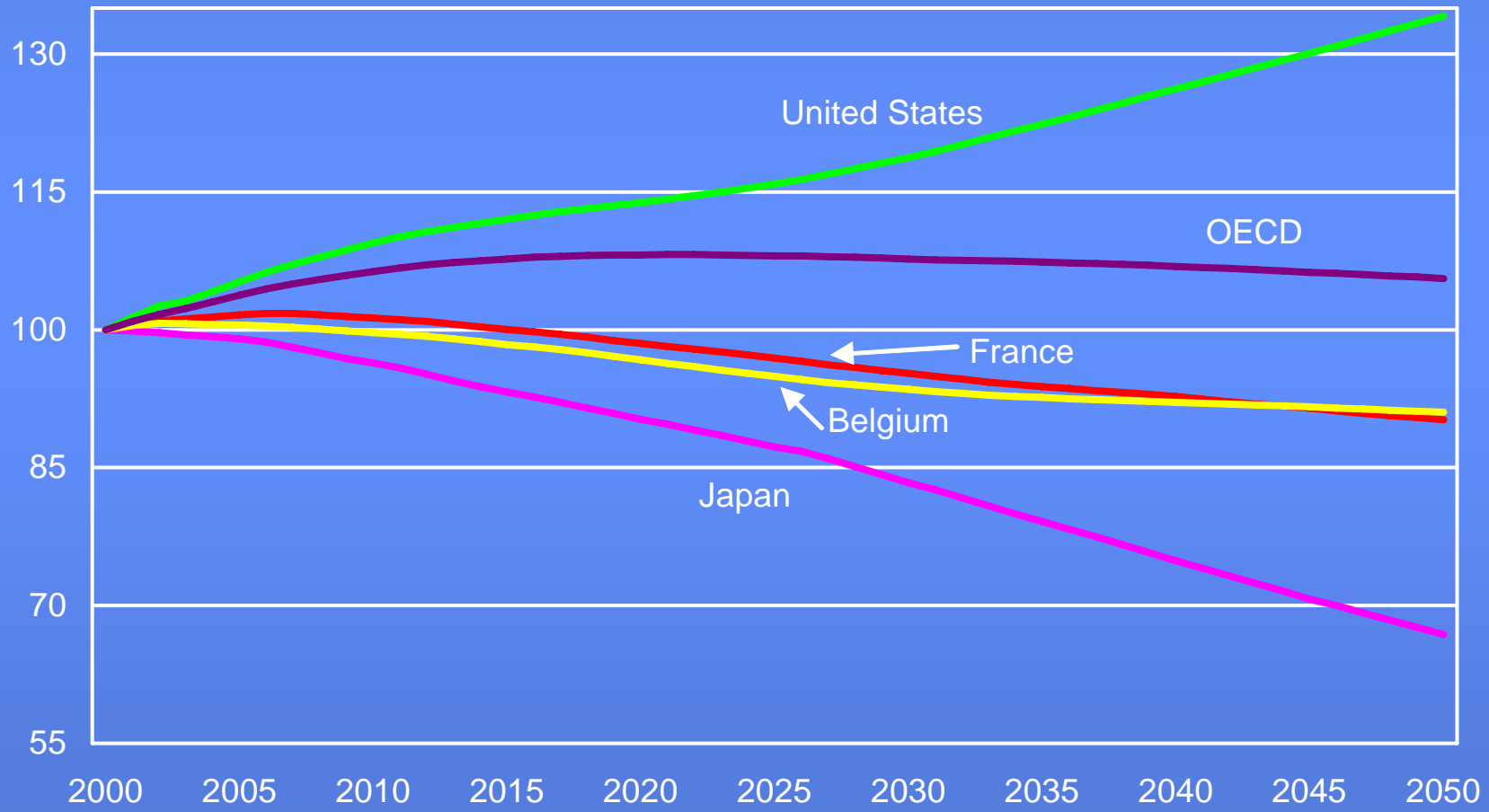
All OECD countries are facing population ageing

The population aged 65+ as a proportion of population aged 20-64



If nothing is done, labour supply will grow more slowly or contract → labour shortages, slower economic growth and unsustainable increases in public social expenditures

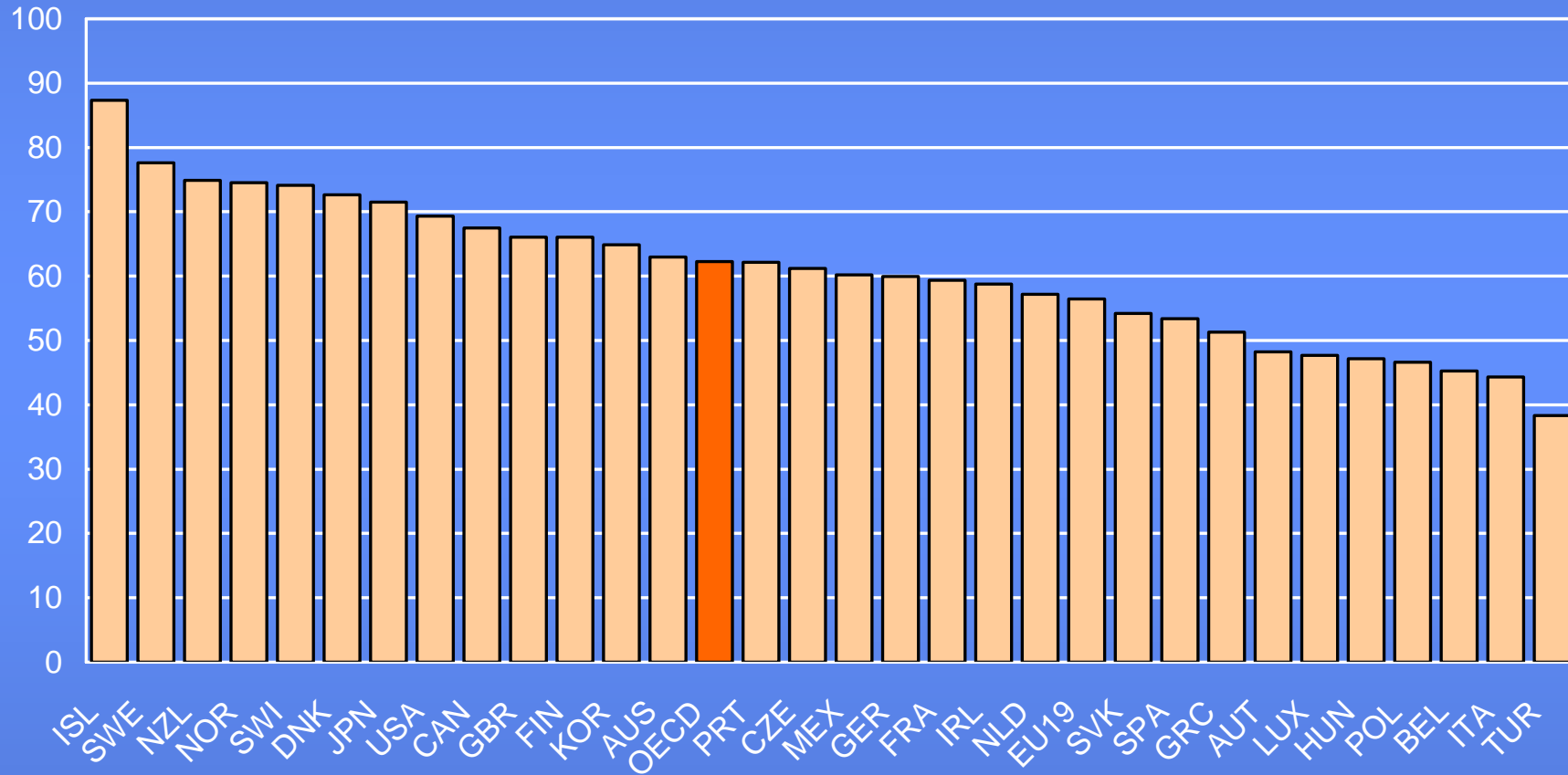
Projected change in labour force, 2000-2050*
Index (2000 = 100)



* Assuming participation rates by age and gender remain unchanged at their current levels

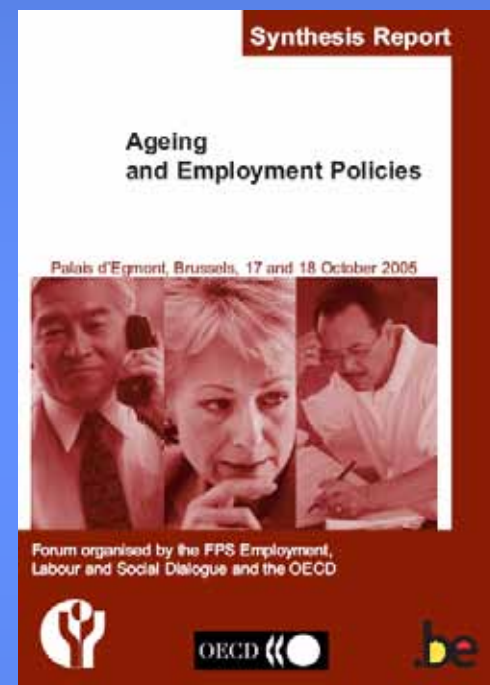
Meeting these challenges will require mobilising more fully the labour resources of older people.

Labour force participation rates of persons aged 50-64, 2004 (%)



But how to encourage people to work longer?

- ❑ OECD has carried out a major study of ***Ageing and Employment Policies***
- ❑ 21 separate country reports
 - Identifying work disincentives and barriers to employment of older people
 - Setting out policy recommendations
- ❑ A synthesis report will be presented to a High-Level Policy Forum in Brussels, 17-18 October 2005



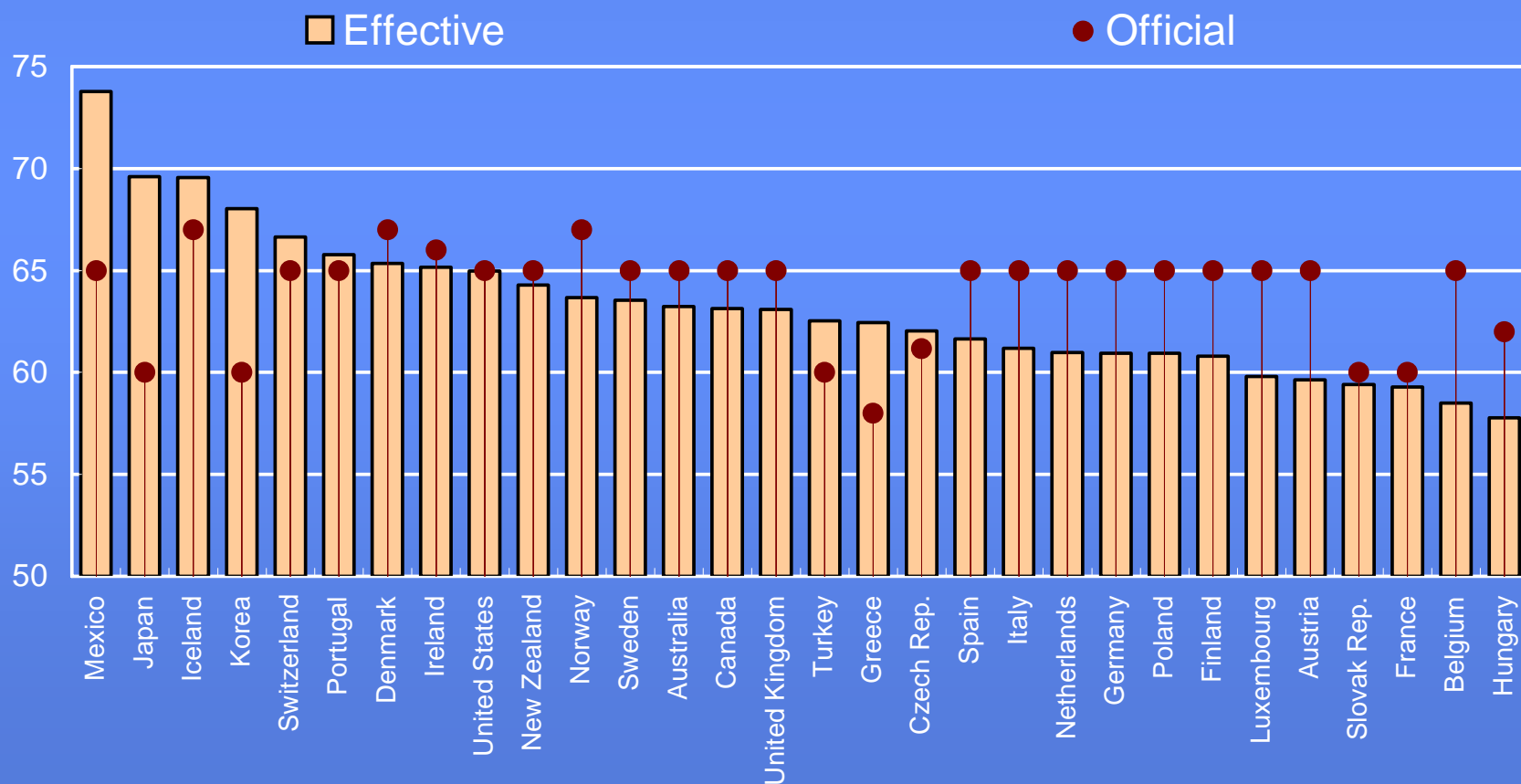
www.oecd.org/olderworkersforum

Three major barriers

- Financial disincentives to working longer
- Reluctance of firms to retain and hire older workers
- Weak employability of older workers

Work disincentives

- ❑ Pension systems and early retirement schemes penalise work at older ages
- ❑ Effective ages of retirement are below official ages in most countries



Improve incentives to continue working

➤ Reward work at later ages

- *Moving towards actuarial neutrality (e.g. Italy, Sweden)*
- *Taking account of rising life expectancy (e.g. Austria, Italy, Finland, Germany, Sweden)*

➤ Reduce early retirement options

- *Phasing out formal early retirement schemes (e.g. Australia, France, Germany)*
- *Ensuring that other welfare benefits are not used as early retirement pathways (e.g. tightening access to disability benefits in the Netherlands)*

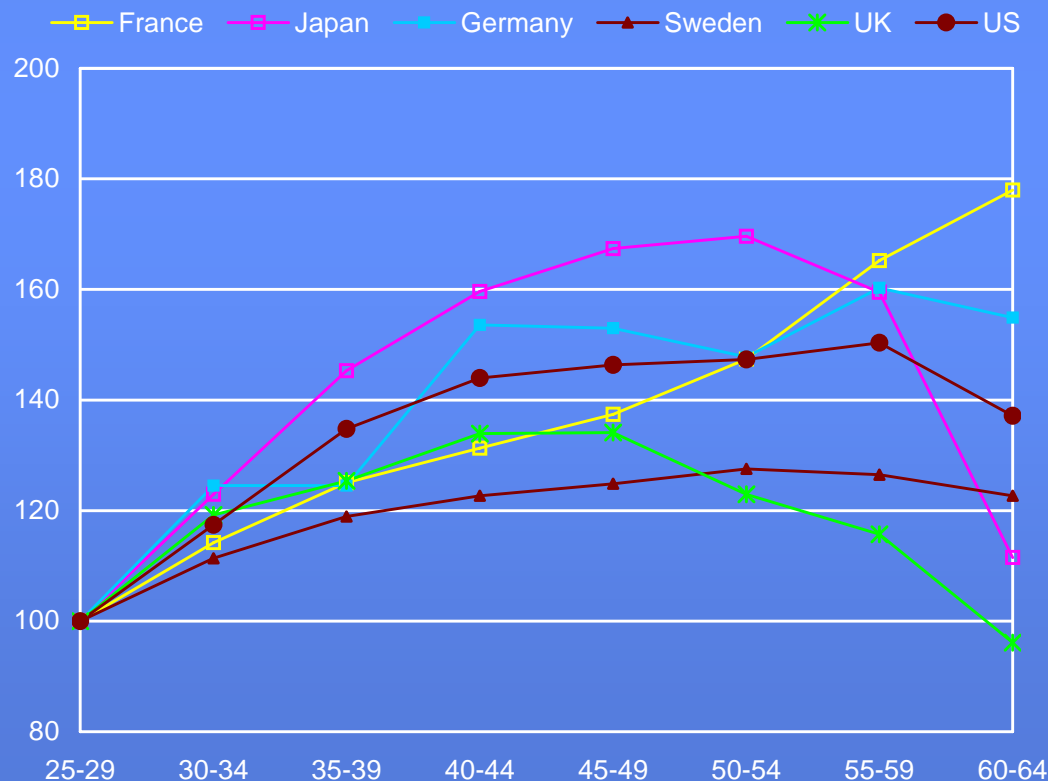
➤ Actively promote participation

- *Increasing pension rights with age (e.g. Australia, UK)*
- *Part-time pension systems (e.g. Finland)*
- *Combining work and pension*

Barriers on the side of employers

- Hiring and retention rates decline steeply after 50, reflecting:
 - Negative employer attitudes, rigid employment protection rules and seniority wages

Age-earnings profiles of men
Index (25-29 =100)



Changing employer practices

➤ Tackle age discrimination

- *Legislation (e.g. as in US)*
- *Information campaigns and guidelines (e.g. UK's Age Positive campaign)*

➤ Align earnings with productivity

- *Wage subsidies (e.g. Austria, Belgium, France, Spain)*
- *Downwards wage flexibility (e.g. Japan after 60)*

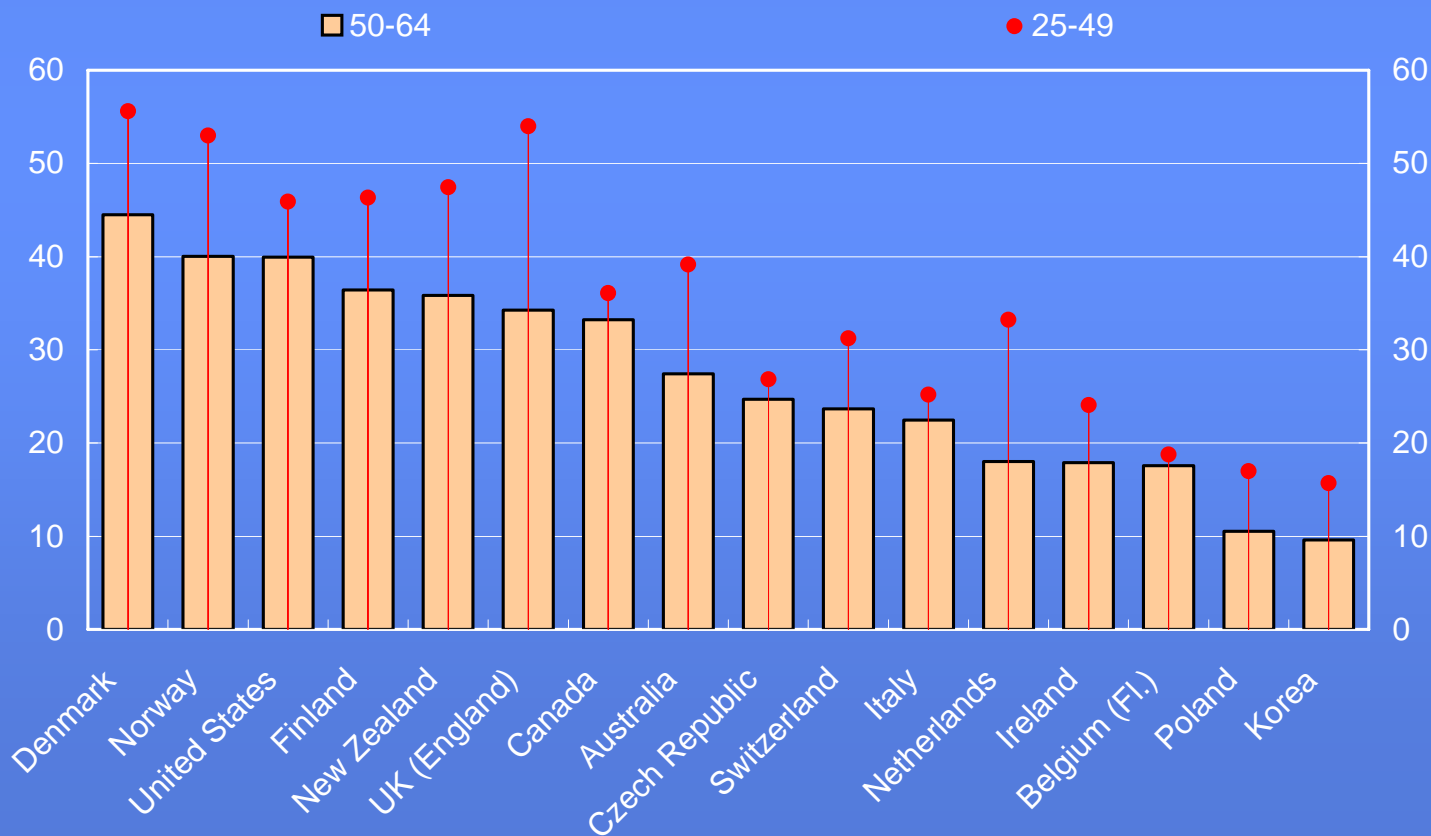
➤ Rethink job protection for older workers

- *e.g. tax on firing older workers in France has not been very effective*

Weak employability

- ❑ Inadequate employment services and poor working conditions
- ❑ Training declines sharply with age

Percentage of employees in age group who received job-related training over the previous year



Strengthen the employability of older workers

- Ensure older unemployed are actively seeking work in exchange for better employment services
 - *e.g. UK New Deal 50+ programme*
- Encourage greater take-up of training
 - *More flexible courses (e.g. short, modular courses in Australia)*
 - *More opportunities for lifelong learning (e.g. national collective agreement in France)*
- Improve the work environment
 - *Greater flexibility in work hours (e.g. Netherlands)*
 - *Adapting working conditions (e.g. special fund in Belgium, various programmes in Finland)*