

UNECE in-depth policy discussion on ageing: Combating inequalities in older age

► Overcoming old-age inequalities through decent work for all

▶ Agenda

- ▶ I. Setting the scene: Why do we need an ageing workforce
- ▶ II. How do we get there? Policy entry points & recommendations



▶ I. Setting the scene: Why do we need an ageing workforce



▶ Setting the scene: some stunning facts about ageing

- ▶ A person born today in Europe has a 50% chance to become 100 years old (and this is even higher in Japan) & women have a higher life expectancy than men.
- ▶ In Japan, people have a life expectancy of 84.95 years (women 87.97 and men 81.91)
- ▶ Longevity has doubled since 1900, which is the fastest change ever
- ▶ The old age population (65+) will grow by over 300% over the course of this century by comparison to the working age population (15-65) which will grow by less than 50%
- ▶ Developing countries will age most rapidly: less developed countries will see their older populations rise by nearly 350%. Developed countries are likely to see more subdued growth in their older age populations, rising by around 70% (but then they are already “old”)
- ▶ When pensions were introduced in Germany in 1889, life expectancy was just above 40 year, which means that almost nobody reached the age of retirement and entitlement for a pension. Today the average life expectancy is above 80, indicating that the far majority of people will ask for their pension and do so for a very long time

► Some economic consequences of ageing

1. Changes in labour supply

2. Changes in dependency ratios

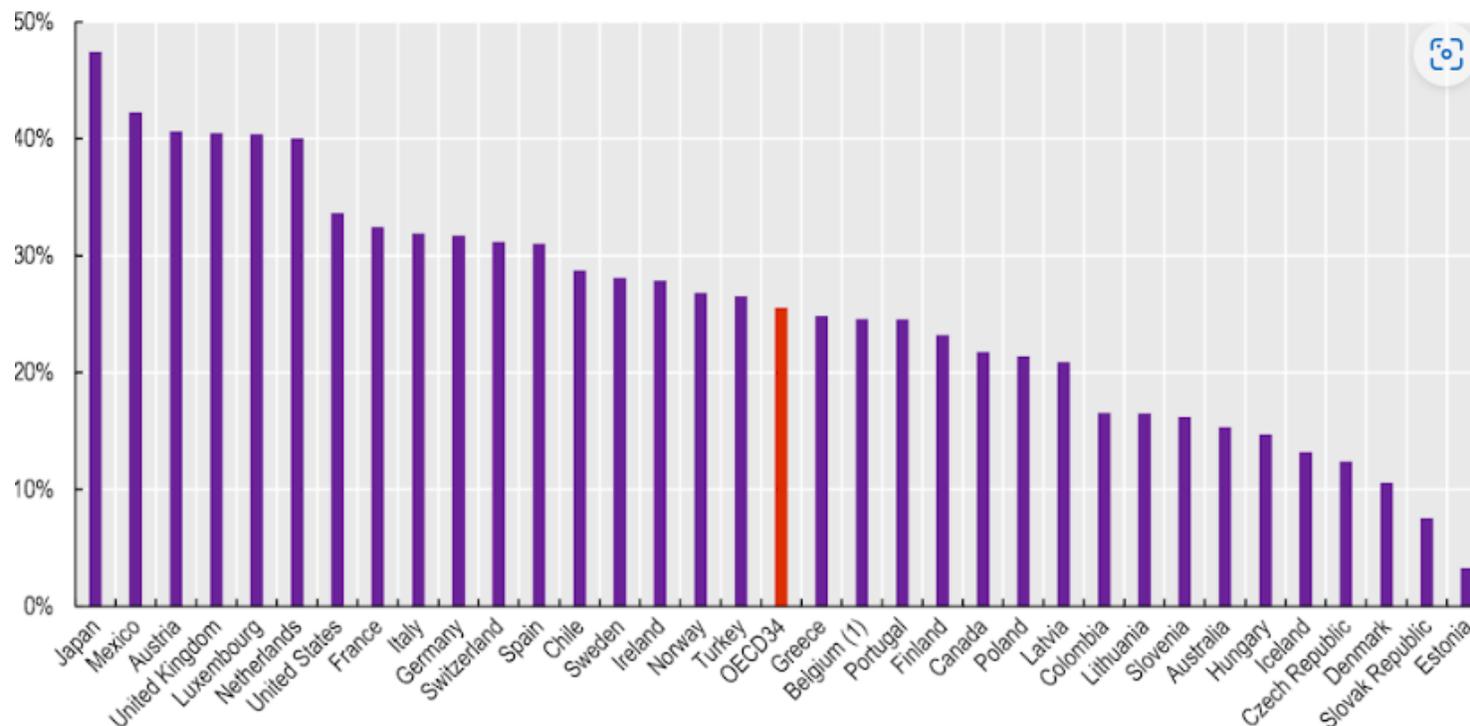
3. Changes in consumption

4. Changes in transitions

▶ Realities to change:

- **Gender gap in pensions (23% across OECD countries)**
- **Increasing poverty amongst older people**

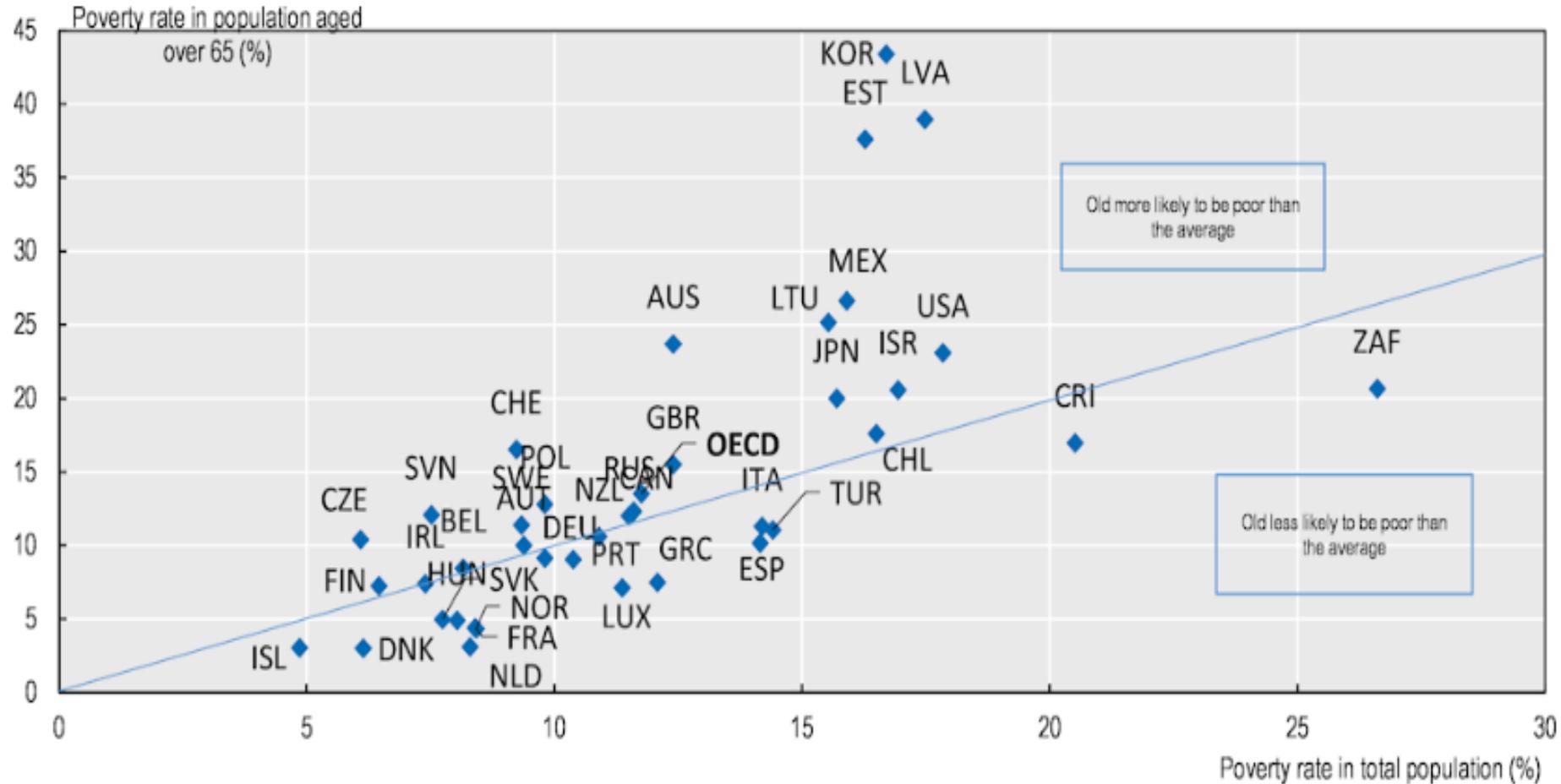
Figure 1.1. **Gender gap in pensions in selected OECD countries, latest year available**
Relative difference between men and women aged 65+ (among pension beneficiaries)



Note: The gender gap in pensions is calculated as the difference between the mean retirement income of men and women (aged 65+) over the mean retirement income of men (aged 65+), among pension beneficiaries. Calculations are based on the LIS, except for: France, Latvia and Portugal where the HFCS (Wave 3) was used; and Iceland, Sweden and Turkey where results come from the EU-SILC (published on Eurostat's website). Data come from the latest available survey, conducted in: 2013 for Japan, Luxembourg, the Netherlands, Norway and the Slovak Republic; 2014 for Australia; 2015 for Hungary and Slovenia; and after 2015 for all the other countries. Data refer to 2017 for Iceland and 2018 for Turkey. (1) In Belgium when partner A's pension rights are less than 25% of those of partner B, the pension of A is not paid out and B receives a family pension (calculated at 75% of wages instead of 60%).

Source: OECD calculations based on the LIS and the HFCS; Eurostat (for the EU-SILC).

Figure 7.2. Income poverty rates by age: older vs. total population, latest available year



Note: Data are for 2018 except for some countries; see note of Table 7.1 for details.

Source: *OECD Income Distribution Database*, <http://www.oecd.org/social/income-distribution-database.htm> (July 2021 version).

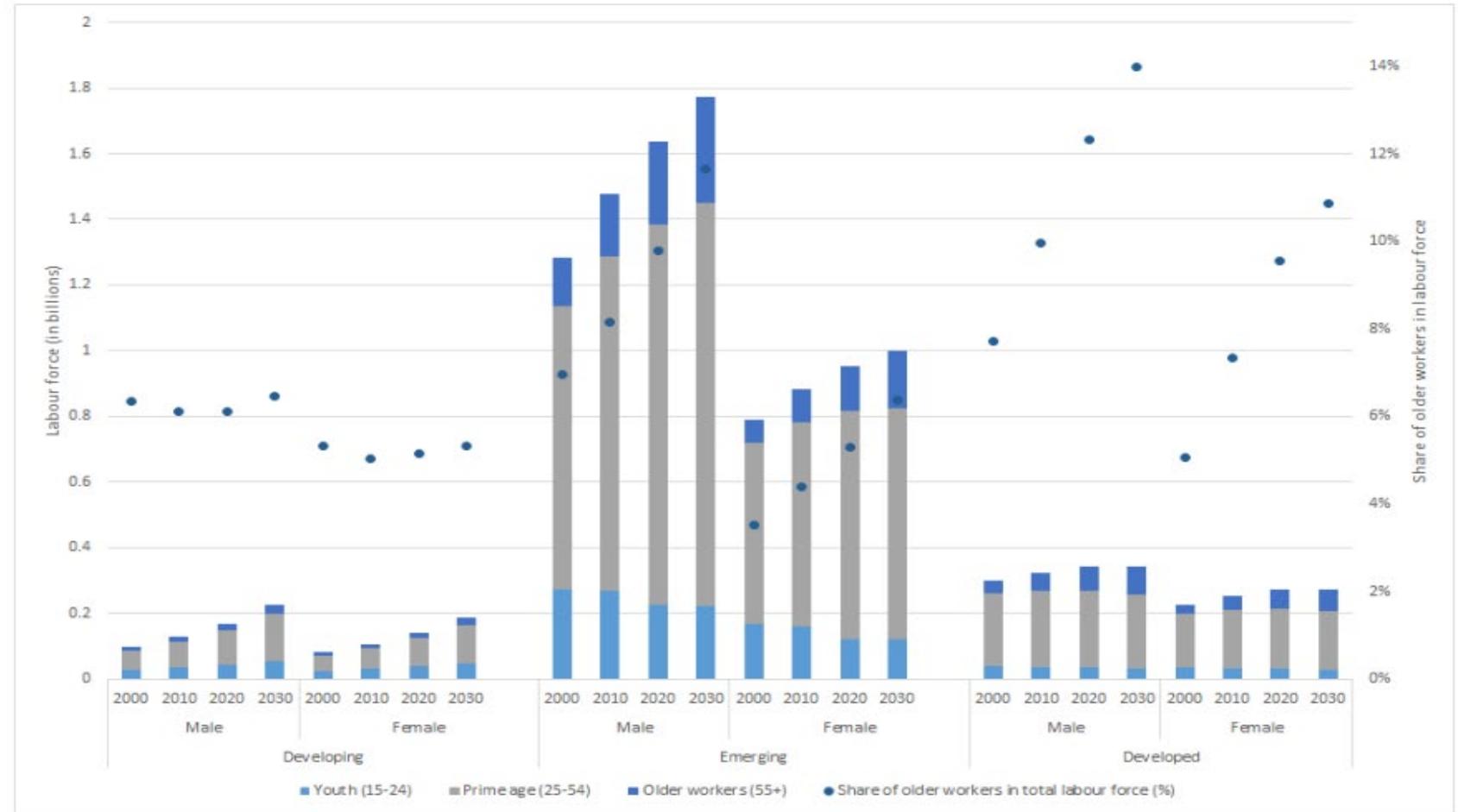
▶ Agenda

- ▶ II. How do we get there? Policy entry points & recommendations

Composition of labour force (in billions) and share of older workers, by sex and income group, 2000-2030

Labour force composition – so good news

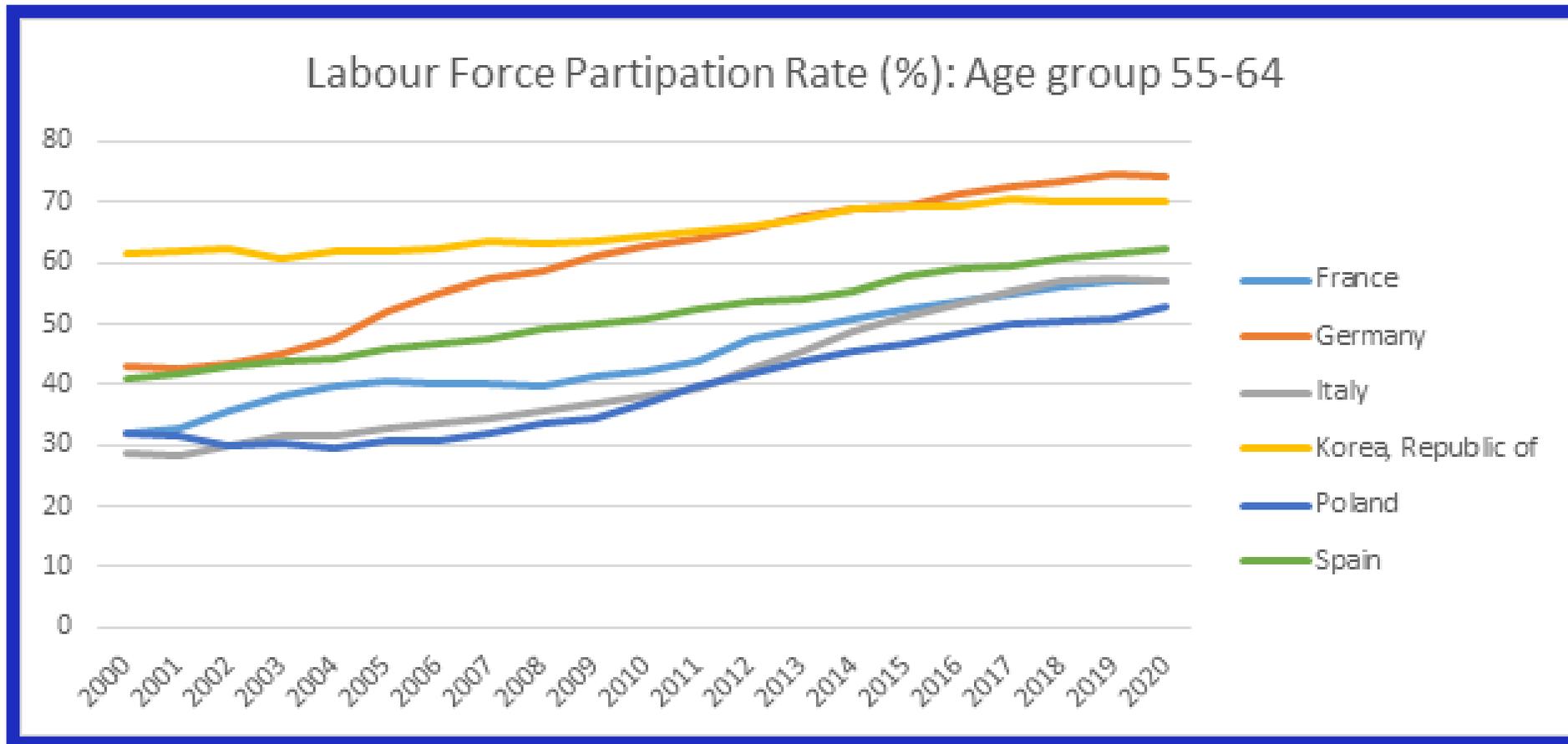
- ▶ Growing number of older workers in the future labour force



Source: calculations based on ILO LFEP database

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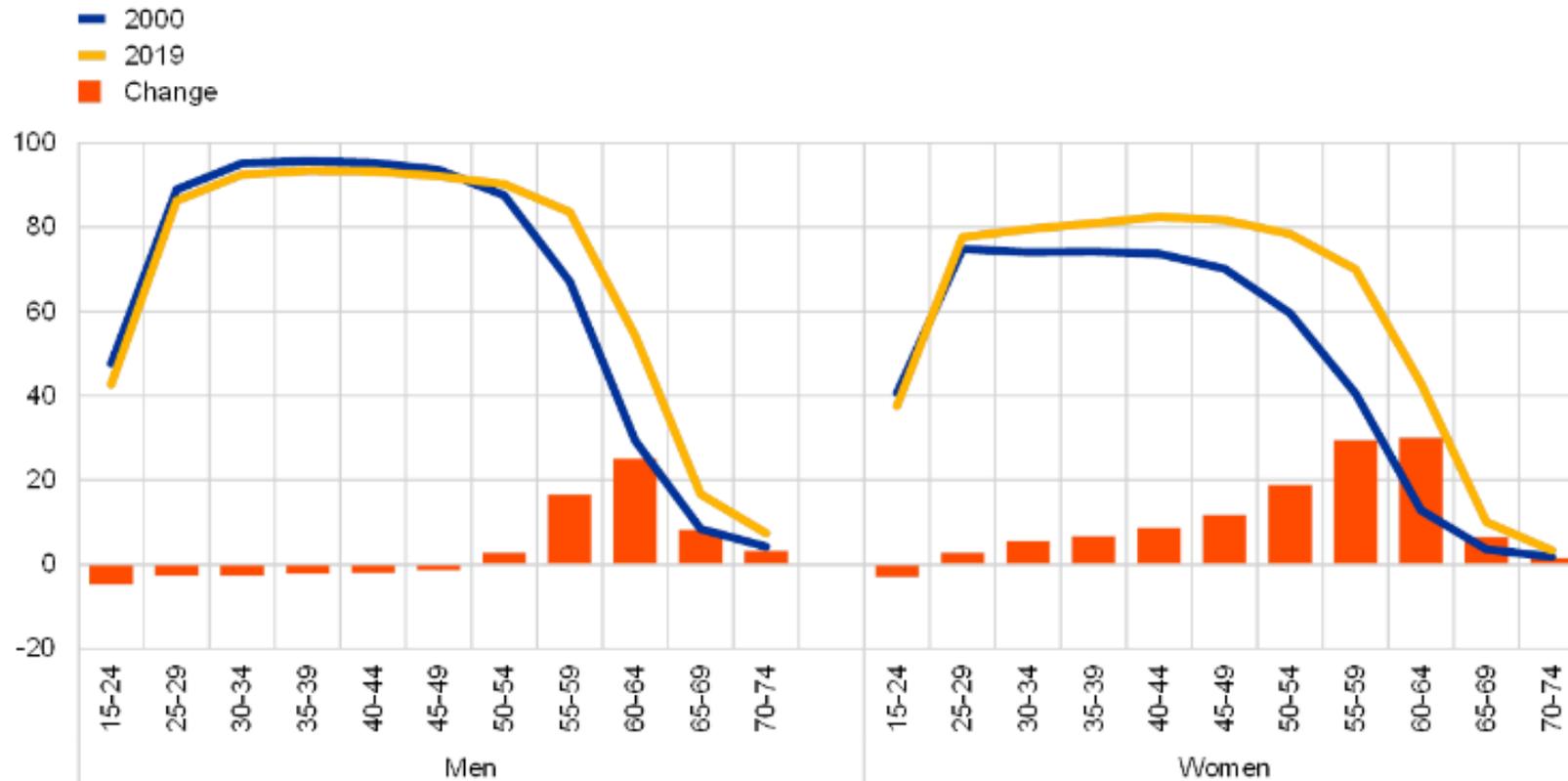
Changes in labour supply is happening



Source: Schmidt-Klau, D., Delautre, G. & Weiss, J. (2022). Older workers' transitions and active ageing. A global perspective and policy implications

Labour force participation rate by gender and age groups in the euro area

(percentage of the respective population and percentage point changes)



Sources: Eurostat.

► Preconditions to make the increasing labour force participation a win-win situation

- Take into account the needs of workers and employers
- Given older workers decent work opportunities
- Ensure acceptance in societies (decent work for all)

Policy entry points

Increasing labour supply



Active (work) ageing



Better understanding & better data

Fight against
ageism



Life course approaches



► Policy recommendations

- Don't expect general policies to trickle down to older people
- Think about quality and quantity
- Supply-Demand-Matching
- Equal opportunities for women and men
- Targeted policies to less linear work lives (from three-stage to multistage model)
- Lifelong learning
- Strengthen social protection and income security, including pension credits for care work
- Policies to support new working patterns and active ageing
- Fighting against ageism
- Policies need to keep in mind other mega drivers (digitalization, decarbonization, globalization)



Thank you!