Key policy directions to encourage longer working careers

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Meeting the challenge of ageing will require more older people to work
Key policy directions OECD countries are taking to encourage working longer

**Rewarding work**
- Pension reform to cut implicit tax on working
- Closing other early retirement pathways
- Giving better options for phased retirement

**Changing employer practices**
- Legislation and information campaigns to promote age diversity
- Aligning labour costs with productivity
- Protecting employment opportunities not jobs

**Improving employability**
- Providing suitable training opportunities at all ages
- Giving better help for older jobseekers
- Improving the work environment

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1. **Rewarding work**

- Where early-retirement pathways have been heavily used, notably in Europe, a number of reforms have taken place:
  - Access to formal early retirement restricted or closed (e.g. Austria, Belgium, France)
  - Tighter qualifying conditions for other pathways such as disability benefits (e.g. Denmark, Netherlands, UK) and unemployment benefits (e.g. Austria, Finland, Netherlands)
  - (also) Higher pension eligibility age for men and women (e.g. Denmark, Germany, Italy, UK)

- Country experience shows that, unless reform is comprehensive, risk of substitution between early-retirement pathways
  - The phasing out of formal early retirement schemes in Belgium and France has been offset by a rise in the number of older unemployed exempt from active job search
  - Disability benefits still a major early-retirement pathway in many OECD countries
Rewarding work (cont.)

Consequently, effective retirement age still well below official retirement age in many countries.

Effective age of retirement for men and the official age, 2000-2005

2. Change employer attitudes

Negative employer attitudes but also labour costs that rise with age faster than productivity.
3. Lack of employability

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

Tackling early retirement

- Closing off exit routes is necessary. Much progress has been made.
- To go further requires changes in the labour market
- Many of these changes are beyond the control of government – need to be tougher on unions and employers
Further information

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