

Living longer, working better – Europe's coming of age



Europeans are living longer than ever before, on average ten years more than in 1960. This greater life expectancy coincides with another demographic development: fewer children are being born, which will mean fewer people paying into state pension and healthcare systems and a smaller pool of potential carers.

There is no standard, global definition of 'older worker'. In the EU policy context, the term refers to a worker aged between 55 and 64 years.

The increased life span is great news – particularly if accompanied by more years in good health – but also poses many questions for individuals, their families and social systems. How long do I need to work? Can I even afford to retire? Does society recognise my contribution in providing care and volunteering?

Policymakers have reflected increasingly on the role of older people in society, both as economic and social providers of resources and users of services. If current levels of productivity and pensions are to be maintained, more people will have to work for longer.

Dealing with the demographics

Europe is getting older. The ratio of Europeans over 65 years to the working population (known as the old-age-dependency ratio) has increased steadily from 21% in 1990 to 26% in 2010. This figure is projected to reach 34% by 2025 and 52% by 2060. This means that the ratio of the population of working age population will decrease from four for every dependant to just two for every dependant by 2060.

The changing demographics have an impact on the composition of the European workforce. It has become older and comprises more women and migrants. Birth rates in Europe are currently below the replacement threshold, meaning that not enough children are born to keep the population numbers steady.

Valuing skills and experience

The economic crisis has intensified the spotlight on the question of sustainable social systems. Some workers might not be able to afford retirement and might have to continue working beyond the age of 65. Retirement from paid work at the age of 65, and usually earlier, has been the norm in the EU until recently.

Investment in training and further education for anyone over the age of 55 was often regarded as a waste of resources. Early retirement was frequently used as a tool in restructuring, particularly in sectors that were struggling to remain profitable in the face of international competition, but also in the public sector. However, in recent years some Member States have moved to raise the retirement age (for example, Germany has increased it to 67 years) and sought ways to encourage workers to stay in their jobs longer.

Currently, migration is the main reason for population growth in Europe, but Eurostat predicts that the working population will shrink after 2018.

This promotion of employment opportunities for an ageing workforce requires new thinking at company, national and EU level. In particular, it means introducing policies that maintain and promote the health of all employees, develop and update the skills of workers throughout their working lives. It also means providing suitable working conditions, including measures to reconcile work with family and care responsibilities and better transitions, from school to work to time taken off. Companies also need to pay more attention to work demands and risk of burnout, which can lead to problems with keeping workers or reintegrating them after a time out.



Taking a life-course perspective

Ideally, company policies should reflect a broader life-course perspective. By adapting career paths to the needs of workers at various stages in their lives, companies can maintain workers' motivation and health. This applies especially to facilitating transitions between working and non-working periods at all stages of the working life, where workers take time off, for instance, for further education, for childcare or elderly care responsibilities, or for making a gradual transition towards retirement. Companies with family-friendly workplace policies can play an important and active role in showing how this can be achieved in practice. Focusing on the realities of people's life courses has helped to increase employment rates, in particular of women, who tend to take more breaks in their working lives and who would benefit from better transitional arrangements. Investing in high-quality working conditions also means assessing the physical and mental strains of the workplace and improving these. The more workers are exposed to ergonomic and psychosocial risks – those in high-strain jobs who have limited autonomy to deal with high levels of demands – the less they are likely to expect to be able for their job at a later age.

Caring for the older generation

As the number and needs of dependent older people increase, the care sector has had to develop in parallel. Traditional family structures, where several generations lived together and the extended family lived nearby, have become less common. While most care is still provided by spouses and adult children, the role of formal paid care workers has become more important. The goal set by the European Commission to increase women's employment rates will create new challenges for work-life balance, as women tend to shoulder most responsibility in caring for family members.

Higher employment rates among women and older workers need to be supported by lifelong access to suitable training and by measures in the form of childcare and elderly care to make it possible for people to work.

How to reconcile work and caring responsibilities is a key issue for workers at all ages. Policymakers are looking for sustainable strategies to deal with this, for example, by providing tax breaks for those employing carers. The increasing demand for workers in the care sector also raises concerns about the labour supply, as well as about the qualifications of carers and their working conditions. In this context, migrants often make up a large part of the workforce, so the care sector is

also an important testing ground for policies directed towards the integration of migrants and the transferability of qualifications.

Keeping workers at work for longer

Many Member States are reviewing their tax and benefits systems in order to find ways to encourage workers to remain in the labour market for longer. These include such measures as making early retirement less financially attractive, making it more difficult to remain on unemployment, invalidity or early pension benefits until retirement, promoting flexible phased retirement solutions, and combining pensions with part-time work. The policy emphasis is on lifelong learning and improving workers' skills throughout their working lives. The EU's Active Ageing Strategy proposes tax benefits for companies that recruit older workers and adapting the labour market to the needs of older workers. And increasingly, businesses are coming up with policies and practices to tackle issues regarding health, work organisation, training and work-life balance for their older workforce.

Further information

This fact sheet forms part of the Eurofound resource pack on *Living longer, working better – Active ageing in Europe*. The pack explores the impact of an ageing society and workforce, providing insights into developments at EU, national and company level.

For a copy of the pack or for further information on this area of activity, please send an email to: active-ageing@eurofound.europa.eu

To view the resource pack online and all other Eurofound materials on this topic, please visit: www.eurofound.europa.eu/resourcepacks/activeageing.htm

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