

Living longer, working better – Work after retirement



Over the past five years employment rates among workers aged 65 to 74 years increased by 15% in the EU27 (Eurostat, 2011). Most people in this age group are pensioners, demonstrating that it has become more common for pensioners to take on paid employment, albeit starting from a fairly low level.

There are two reasons why pensioners are increasingly involved in paid work. First, many want to work. This group sees work as a way to contribute to society, to be in contact with others, and to keep active. Improved health among pensioners has contributed to the growth of this group. Second, many pensioners need to work. For them, income after retirement from state pensions, occupational pensions, accumulated savings and other sources is just too low. Work after retirement has unfortunately proven necessary to supplement their income. During the financial and economic crisis, this group has increased dramatically in size, while opportunities to find appropriate work have become scarcer.

Some pensioners work because they want to, others because they cannot afford to live adequately on their retirement income.

Not enough income to retire

The need to work can stem from low income and high expenses. In their lives, many pensioners may have passed through long periods without work or in part-time work, due to unemployment or care commitments. As a consequence, limited contributions to occupational pension schemes have left them with low pension entitlements. A large drop in income is another reason: some pensioners need to work to maintain their living standards and fulfill financial commitments. Paradoxically, higher income groups are more likely to experience such drops. Pensioners in need of work also might have high costs, often as a result of healthcare expenditure. Current decreases in public spending have reduced public services, adding to the financial burden of pensioners, especially those with limited access to informal care. Many pensioners are informal carers themselves. It can be hard to combine care responsibilities with paid work, however large the need for additional income.

Where in the EU do pensioners work?

In some Member States it is much more common for pensioners to work than in others. In Portugal, Romania, the UK and Cyprus, employment rates among pensioners are particularly high. Belgium, Slovakia and France, in contrast, have very few pensioners who work.

Over the past five years, work beyond retirement has become more common in almost all Member States. Currently, around 10% of 65- to 69-year-olds are employed in the EU27, compared to 8.7% five years ago. The change has been most dramatic in Finland, the Netherlands, Sweden and the UK. Of the 'new' Member States, Bulgaria and Lithuania also showed marked increases. In only a few countries has it become less common for pensioners to work, especially in Latvia and Portugal. These are two countries that have suffered particularly from the economic crisis, with fewer opportunities available for pensioners who need or want to work.



Which pensioners work?

In all Member States the employment rate among older workers is higher for men than for women. The gap is particularly large in Cyprus, Ireland and Portugal. In Spain, France and Slovakia the difference is smallest. Age and education also matter. Young pensioners are more likely to work than older ones. The employment rate among people aged between 70 and 74 years is half that of those aged between 65 and 69 years. The better educated are also more likely to work. For pensioners with tertiary education the employment rate is more than twice as high as the average for the 65- to 74-year-old age group overall.

What kind of work do pensioners do?

Pensioners can be found in almost all economic sectors. Farming is a particularly common occupation for pensioners in some countries (for example, Portugal and Romania), while pensioners elsewhere are relatively often involved in consultancy services (for example, Sweden). Pensioners are frequently self-employed. More than half of workers above 65 work part-time, while younger workers are three times less likely to do so. Some pensioners also have undeclared work, which is difficult to investigate.

Companies employ retired workers to make use of the expertise they have accumulated over their working lives or to combat labour shortages.

How can work after retirement be facilitated?

For those who want or need to work, governments can play a role by shaping labour markets, equal opportunity and social protection policies as well as tax and benefit systems. For example, in Sweden, employers are exempt from payroll taxes for all employees over the age of 65. A pilot scheme in Italy offered workers who were about to retire the possibility to postpone retirement by three years, and add employer and employee social security contributions to their income.

Companies can also play a role with measures aimed at attracting and retaining pensioners. Examples include the Ship Design and Research Centre in Poland, where 7% of its employees are retirees. Most of them work in areas where they hold expertise that the company does not want to lose. As pensions in Poland can be low compared to the increasing cost of living, work has become a necessity for many, even for the relatively well-off. A recent national law, however, requires pensioners to resign and re-apply for their jobs to continue receiving a pension alongside their income from work. For some this might mean the end of their employment.

Some companies also specifically recruit older workers. One example is Seniorjobbarna in Sweden, which conducts agency work in areas such as crafts, cleaning and gardening; another is the Austrian Senior Expert Pool. It provides consultancy services, mainly in management or in highly specialised technical areas. In both cases, the possibility to work part-time and with flexible working hours was considered crucial in attracting and retaining retirees.

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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