



European  
Research Area

# EUROPEAN POLICY BRIEF



**multilinks**

**Project title:** How demographic changes shape intergenerational solidarity, well-being, and social integration: A multilinks framework

**Policy brief #2:** Liefbroer, A.C. (2009). European's opinions on the timing of retirement

## SUMMARY

### Objectives of the research

In this Policy Brief, opinions of Europeans on the timing of retirement are presented and evaluated in the light of European-wide targets set in Stockholm and Barcelona to increase labour force participation of older adults. This focus on the opinions of Europeans on retirement supplements the largely economic perspective usually taken with regard to discussing retirement issues.

### Scientific approach / methodology

This brief is based on an empirical analysis of the opinions of the European population about the timing of retirement, using data from the 2006 wave of the European Social Survey. Data on 23 countries are used.

### New knowledge and/or European added value

Our findings show that the opinions of Europeans on retirement timing are not in favour of increasing the age at retirement. This is true for both younger and older people, with younger people perceiving even lower social age limits to retirement than older people.

### Key messages for policy-makers, businesses, trade unions and civil society actors

Policy makers at the national and European level are well-advised to take the views of their population on retirement into account. Overambitious targets may backfire, and the opinions of different generations on retirement and pensions show solidarity rather than conflict.

**Objectives of the research**

On average, men and women in Europe retire from the labour force long before statutory pension age. For instance, in 2005 the mean age at exit from the labour market in the EU-27 was 60.1 years for men and 59.1 years for women, or three to four years below the average statutory pension in Europe. To counteract shortages on the labour market and the shifting economic dependency ratio, policy responses at the European level have been formulated. At the EU Council summit in Stockholm in 2001, a target was adopted for increasing the average EU employment rate among older women and men (55-64) to 50 % by 2010. At the EU Council summit in Barcelona in 2002, a target was adopted to progressively increase the effective average retirement age in the European Union by five years by 2010. Although the mean age at exit from the labour force has risen by approximately half a year between 2001 and 2005, this increase has been very modest compared to the targets set.

The economic crisis that has hit Europe in the course of 2009, has once again fuelled discussion about the possibilities of raising the labour force participation of older adults. A big problem, though, is that this issue has always been discussed from a purely economic perspective only. In this brief, we argue that it is important to take into account how the general population of Europe feels about labour force participation at higher ages. If the population is supportive of labour force participation at later ages, this would suggest that there is leeway to push for increased labour force participation at these higher ages. If the population does not support participation at these high ages, it will be more difficult to realize the targeted increase in labour force participation among older workers.

**Scientific approach / methodology**

We use data on retirement related issues from 23 European countries that have been collected in the 2006 wave of the European Social Survey (ESS). The ESS is a biennial survey held since 2002. The 2006 wave contained a special module that incorporated questions on Europeans' views with regard to the timing of retirement.

The countries included in this policy brief are all the EU member states with the exception of Italy, Greece, Lithuania and the Czech Republic, plus Norway and Switzerland.

**New knowledge and European added value**

The ESS 2006 had two questions with particular relevance to the issue of retirement timing. The first was: ‘In your opinion, what is the ideal age for a woman (man) to retire permanently?’ The second question was: ‘After what age would you say a woman (man) is generally too old to be working 20 hours or more a week?’. Half the respondents answered the male version of the questions, and the other half the female version.

Figure 1 presents summary measures for all 23 countries jointly. National data have been weighted according to the size of their population. In addition, information on EU targets and on actual retirement timing is included.

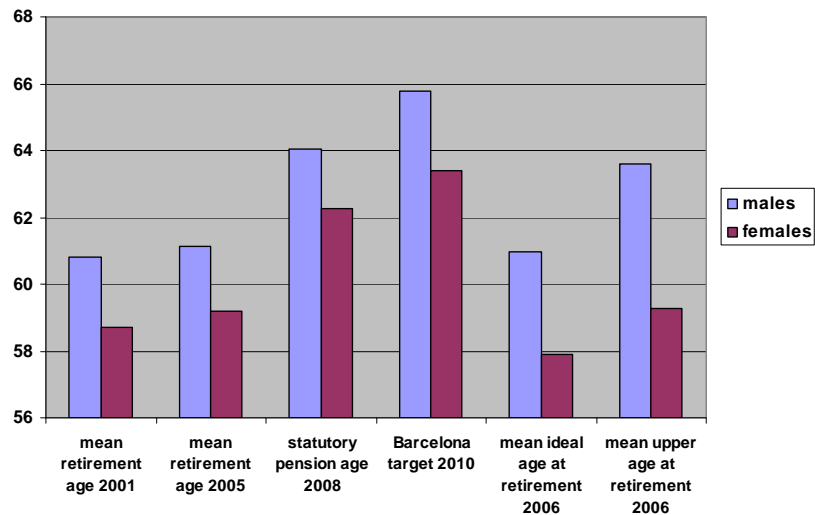


Figure 1 Summary retirement indicators for 23 European countries

The bars at the utmost left show actual mean retirement ages in the EU in 2001. These were 60.8 years for men and 58.7 for women. Next, actual mean retirement age in 2005 is presented. The increase in the mean age at retirement in these 23 countries between 2001 and 2005 has just been 6 months for men and 8 months for women.

The next bars show the average statutory pension age in 2008 and the Barcelona target formulated for 2010. These figures show that the Barcelona target is well over statutory pension age. This is true for all countries in this survey. These figures suggest that reaching the Barcelona target will at least ask for a strong increase in statutory pension age in almost all countries. Although some countries have recently started doing so, the increase in statutory age is usually limited to a maximum of two years and is spread across a large number of years, thereby reducing the likelihood of a huge impact of such policy measures in the near future.

Next, facts about retirement timing across Europe are compared to the expectations of the general population. The mean ideal age at retirement in these countries corresponds closely to the actual mean age at retirement for men (61.0 versus 61.2 years), and is lower than the actual mean age for women (57.9 versus 59.2 years). Thus, if people would have their say, no increase in age at retirement would occur. The mean upper age limit for working more than 20 hours, though, is somewhat higher than the ideal age at retirement. On average, people in these 23 countries feel that men are generally too old to work more than 20 hours a week after the age of 63.6, and women should not work more than 20 hours after age 59.3. These figures are clearly higher than the actual current retirement age, but at the same time still considerably lower than statutory age at retirement and the Barcelona target.

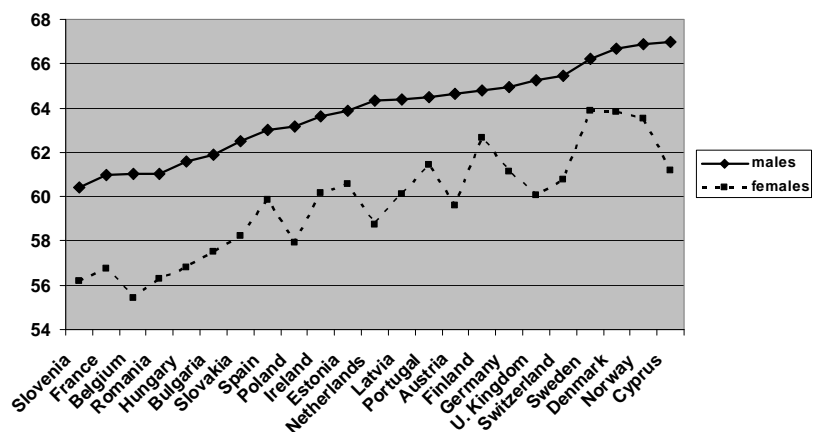


Figure 2 Mean age after which one should not work for more than 20 hours per week, by gender and country

To illustrate the considerable variation in opinions on retirement across Europe, Figure 2 shows the mean age after which respondents feel that men and women should not work for more than 20 hours per week, separately for all countries.

In nine European countries, people feel – on average – that men should not be employed for more than 20 hours a week after age 62. Most of these countries are located in the eastern part of the continent – countries like Slovakia, Romania and Bulgaria –, but some West-European countries like France and Belgium are also ranked among these countries. In six European countries – United Kingdom, Switzerland, Sweden, Denmark, Norway and Cyprus – people feel that men should not be employed for more than 20 hours per week only after age 65 or 66. If one compares the opinion on women working more than 20 hours a week with that on men, some results stand out. First, women are still expected to retire – at least part-time – about

four years earlier than men. Second, individual countries show more or less the same pattern for men and women, with the lowest ages in Belgium, Slovenia, Romania and France, and the highest ages in Sweden, Denmark and Norway. Thus, in some countries public opinion against labour force participation of older adults is much stronger than in other countries. Although there is some indication of an East-West divide in this respect, important deviations from this pattern – like France and Belgium – can also be found.

Finally, we examine whether the young and the old within Europe agree on retirement timing. In Figure 3, we compare the average ideal male age of retirement of persons aged 60 or more and persons under the age of 35.

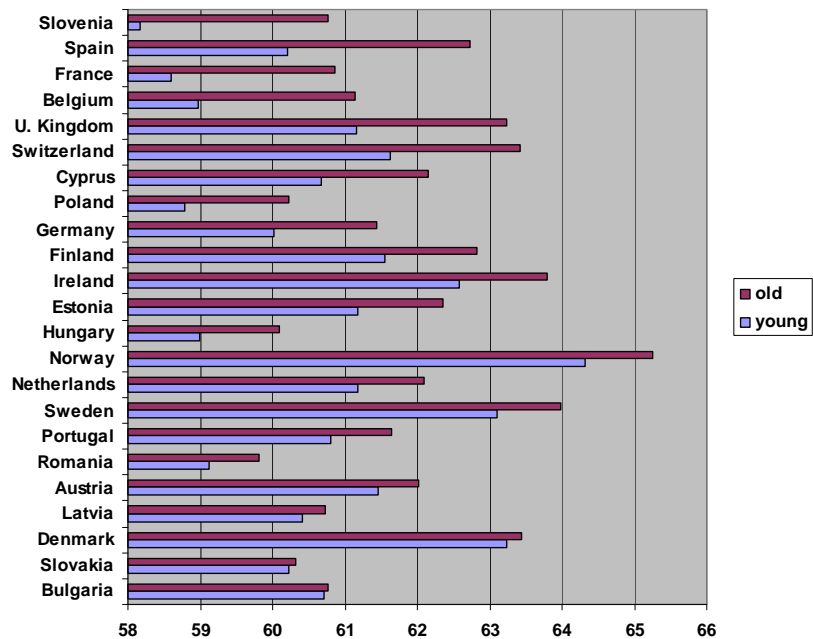


Figure 3 Average ideal retirement age for men as mentioned by persons of age 60 and more and by persons under age 35

The results show that – in all European countries – young adults mention a lower ideal age at retirement than older adults. In countries like Bulgaria, Slovakia and Denmark, the difference in opinion between the two age groups is very small, but in Slovenia, France, Spain and Belgium, the young mention an ideal age at retirement that is more than two years lower than that mentioned by the old.

**Key messages for  
policy-makers,  
businesses,  
trade unions and  
civil society actors**

Stimulating the labour force participation of older adults is a key issue in an ageing Europe. At the European level, the targets set at the EU summits in Stockholm and Barcelona confirm the EU's commitment to this goal. At the national level, the recent economic crisis has fuelled discussions of raising the statutory retirement age – and some countries have recently even decided to do so.

Results from the Multilinks programme show, first of all, that most European countries are still far removed from reaching the Barcelona target on age at retirement. Although the gap is slowly closing, in 2005 the difference between the actual mean retirement age and the Barcelona target was still more than four years. Thus, a large discrepancy between political targets and societal reality exists. More important, however, are our findings that the opinions of European populations on labour force participation of older adults are rather negative. The ideal age at retirement corresponds quite closely to the actual age at retirement, suggesting a reluctance to extend labour force participation beyond current practice. The upper age limit after which men and women are not expected to work more than 20 hours a week, is somewhat higher than the current retirement age, suggesting that part of the population may be persuaded to extend their employment career for some more years at a part-time basis. Finally, it is important to note that large variation in norms on retirement exists in Europe. In some countries, people disapprove of men and women working more than 20 hours a week long before these men and women have reached statutory retirement age. In other countries, people approve of doing so until – slightly – after statutory retirement age.

These findings suggest that policy makers – both at the national and the European level – should pay attention to a number of issues related to the timing of retirement.

First, given the slow increase in labour force participation of older adults and the expressed reluctance of the population to extend participation to older ages, governments may be well-advised to formulate policy targets that are both ambitious and realistic. The current Barcelona target seems to be a little unbalanced in that respect, sacrificing realism for ambition.

Second, given that the upper age limit for part-time retirement is considerably higher than the ideal age at retirement, policies aimed at stimulating part-time employment of older adults may be quite effective in raising the labour force participation of older adults. If the options that are available to older adults are just either to be employed full-time or not employed at all, it is clear that many of them will try to opt for the latter. If, however, a broader spectrum of options – including part-time employment –

is offered, extending their labour force participation for some time may be a much more attractive option.

Third, the large European variation in opinions about retirement suggests that there is a need for country-specific, tailor-made policies. For instance, in countries where the current age at retirement is very low, it may be easier to achieve an increase in full-time employment among older adults than in countries where age at retirement is already relatively advanced. In these latter countries, a strategy to stimulate part-time involvement of older adults on the labour market after they have reached mandatory retirement age may be much more effective than generic measures to postpone retirement.

Fourth, people favour earlier retirement ages for women than for men, even though women generally live longer. This is true across Europe, even in countries where gender equality generally is high. This preference for earlier retirement of women may partially be related to the fact that women often have a partner who is a few years older. If both partners synchronize their retirement decision this will lead to somewhat earlier retirement among women than among men. Policy makers should be aware that retirement is often a couple decision. Given that in many couples the male is still the main breadwinner, stimulating men to retire later may also lead to later retirement of the female partners of these men.

Finally, policy makers should not take a generational divide for granted. Our data show that young adults are not more in favour of raising retirement age than older adults. On the contrary, young adults have a lower ideal age at retirement and a more disapproving stance towards continued labour force participation of older adults than these older adults themselves. Public opinion attempts to persuade people to retire at later ages, should therefore not just be targeted to older adults, but to all age categories.

## PROJECT IDENTITY

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<b>Consortium</b>	Netherlands Interdisciplinary Demographic Institute, Vrije Universiteit Brussel, University of Antwerp, Wissenschaftszentrum Berlin für Sozialforschung, Utrecht University, Estonian Interuniversity Population Research Centre, Dondena Centre for Research on Social Dynamics, Bocconi University
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<b>Budget</b>	€ 1,499,694
<b>Website</b>	<a href="http://www.multilinks-project.eu">www.multilinks-project.eu</a>
<b>Further reading</b>	
<b>Related websites</b>	<a href="http://ess.nsd.uib.no/">http://ess.nsd.uib.no/</a>
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