



Policy brief joint call

**Extended Working Life and its
interaction with Health, Wellbeing
and beyond.**

Extending working life: the challenge for policymakers

This is a briefing document for those responsible for policies which affect older people in the labour market. This includes people in government at national, regional and local levels; in firms which employ older people; and in wider civil society.

It summarises very briefly some key policy lessons emerging from a set of European research projects organised by the European Joint Programming Initiative on Demographic Change “More years: better lives”. The work was carried out by 25 universities and research institutes, from 11 countries, between 2015 and 2018. Researchers came from a wide variety of disciplines, including economics, health, statistics, management, epidemiology, and sociology (details below).

The programme aimed to increase understanding of what extending working life means for the health and wellbeing of older people, and to inform policymakers on steps which can be taken to achieve this without increasing inequality.

The challenge: more pensioners, fewer workers

Life expectancy has been rising in all developed countries for more than a century. But until recently patterns of retirement had not changed. As a result, the proportion of the average life spent in retirement was growing, while fertility rates were falling. A growing retired population, supported by a shrinking workforce presents policymakers with serious challenges.

In response, governments have been seeking ways to extend the length of working life. These include raising or abolishing legal or mandatory retirement ages, changing pension regulations, and offering a variety of incentives to stay in work longer.

However, these measures affect different people differently. Some welcome the opportunity for continuing engagement with the world of work, and the increased earnings. Others face increasing challenges, both to manage the work itself, and to do this alongside other responsibilities, including caring for older relatives. Others resent what they see as withdrawing a right to the well-earned retirement which they had planned for.

These projects all sought to explore how policies to extend working life affect older people. What is the impact on health, and on caring responsibilities, and how do these impacts vary between different groups of people. They have produced a wealth of detailed research evidence and publications (details can be found on the JPI Website).

Seven key policy messages

The projects explored many issues, and produced much useful material to inform policy. Here we summarise seven of the most important policy conclusions.

Age strengthens existing inequalities

Ageing and retirement accentuate existing lifelong patterns of inequality. Although life expectancy overall is increasing, this is not true for all groups of people. **People with low, or no, qualifications, poor self rated health and in jobs which make heavy physical demands, spend more of their retirement in poor health, and die younger.** People who are poor in mid-life are likely to be poor in retirement. Many women are at a financial disadvantage because of lower pay over working life. People who already have health conditions and disabilities are likely to see those problems increase.

Retirement decisions are complex

Decisions about retirement are not only about employment or income, but part of a pattern of interlocking aspirations and constraints. Some people retire because they feel inadequate or unwanted: others because they have commitments or aspirations outside work. When work is well and flexibly organised people are more likely to want to stay. Legislation on pensions and retirement age are not the only factors affecting decisions.

Policies on retirement should adopt a multifaceted approach, recognising the interaction between pensions, health, and working conditions; and supporting individuals to make informed decisions, and employers to make appropriate modifications to working practices.

Fixed retirement ages increase inequality

Different countries have different approaches to retirement and pensions. In some, retirement age and pension age are the same, in some they are different, and in some there is no formal retirement age at all. But most are seeking to raise the age at which most people actually retire.

The most common approach is to index retirement age to life expectancy. However, this fails to recognise that life expectancy, and especially healthy life expectancy, varies greatly. People in physically demanding occupations, in particular, are more likely to suffer physical health problems, and die younger. They are also more likely to become unemployed, ending their working lives on welfare benefits

Indexing to average life expectancy is clearly unfair, but none of the country studies in this programme has found a simple answer. A blanket policy, determining which occupations should have different retirement ages would be difficult to define and politically contentious. An individual based solution would be to link a higher retirement age to a relatively generous disability benefit regime. This could allow people who are physically or mentally unable to work to leave with dignity and security.

Retirement policies should try to avoid blanket rules applying to everyone. They should allow for individual variation in the timing and phasing of retirement, and the financial implications of those choices.

Poor health reduces chances of working longer

Today, most older people are healthier at a given age than a previous generation, and older workers are more likely than young ones to report good work-life balance. However, extending working life means that more people in the workforce are living with multiple health conditions. This especially affects people in physically demanding occupations, who are increasingly likely to be unable to continue, and there has been a significant rise in mental health problems associated with longer

working life. However, there is evidence that good occupational health services can improve productivity and extend working life

Poor physical or mental health is one of the main drivers of early retirement. As usual, the problem is worse for those in more physically demanding roles, with lower qualifications, and for women and disabled people. However, well designed work can produce positive health benefits, especially it seems for some women.

However, poor health in later working life is most often a continuation, or intensifying, of earlier health problems. Although much can be achieved by health interventions aimed at older people, including modifications to work or working conditions, in the long term, better health support earlier in life is likely to reduce problems of early retirement.

Policies should seek to support good occupational health across the lifecourse, and modifications to working practices to allow for changes in people's capabilities and aspirations as they near retirement.

People stay for good work

In many ways, older people want the same things from work as younger ones. The difference is that, at some point, they have the option to retire if the offer of work is unattractive. So making work attractive should be a priority.

The shape of working life has been changing. Some of these changes, like the growth of part-time working and working from home, can make work more attractive to some older workers. But they have a tendency to increase inequality, with higher qualified people most likely to benefit. On the other hand, increased stress, intrusive supervision and rigid demarcation of roles have the opposite effect.

Positive factors associated with longer working lives include variation in the work and a degree of autonomy and flexibility. Those who report a poor match between skills and job say that they would stay longer if that match was better. Training can help people to update skills or acquire new ones, but it is common for older workers to be neglected when training is provided, even though a 50 year old may be in the workforce for another 15 years or more. Where training is provided, it is often for the most advantaged workers.

Strategies to redesign working practices and career patterns have been shown to improve retention and increase productivity. Retention can also be increased by allowing people to move into less physically demanding roles as they age. Supportive human resource management and occupational health services can help increase healthy working life and overall wellbeing.

Policies should encourage employers to support people with training at all ages, and to adapt working practices, to allow variation, flexibility, and adaptation of work to changing physical limitations.

Extending working life impacts on caring responsibilities

Demand for social care for old people is rising rapidly as the population ages. Different countries meet this need with different combinations of formal care, funded by state or individuals, and informal care, provided by family and friends. Across Europe, a quarter of women aged 50-64 provide some care for an older person. With the rise of dual income families, older people, mainly women, have also been playing an increasing role in caring for grandchildren.

The growing shortage of people available to work in the formal care sector is increasing the need for informal care. However pressure to extend paid working life reduces the availability of people to provide that informal care.

Because informal care is not paid for, it is often ignored in assessments of the economics of retirement policy. However, measures which prevent older people from providing such care do have consequences in increased demand for formal care, and the ability of parents to remain in the workforce.

Policies should recognise the interaction between informal care and paid employment, allowing flexibility in hours, and caring leave for those supporting older dependents. They should also consider the role older carers play in enabling parents to remain in the workforce.

Welfare regimes can discourage working longer

Several countries have taken steps recently to strengthen incentives for unemployed people to enter employment. Some have provided training or work coaching. Others have reduced the availability of welfare payments, or introduced punitive sanctions for those who are judged to be not actively seeking work.

Older people experience age discrimination in the labour market, and are more likely to be unemployed than younger ones with equivalent qualifications, so these changes to welfare regimes hit them particularly hard. The projects found evidence that a punitive approach does not increase employment rates, but does have damaging effects on the mental health of some older people, leading to increased depression, and poverty, and the associated costs to the state.

Welfare policies should support health, especially in late middle age, and recognise the costs in mental health of forcing people unwillingly into work which does not match their skills.

Background notes

The programme funded five transnational projects.

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