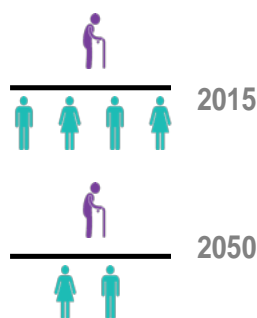


Council Recommendation on Ageing and Employment

On December 2015, the OECD Council adopted a Recommendation that calls for governments to give people better choices and incentives to continue working at an older age for responding to the challenges of rapid population ageing

Populations are ageing rapidly



Across OECD countries, the ratio of elderly people (65 and over) to people of working age (15-64) is projected to rise from 1 in 4 in 2015 to 1 in 2 in 2050

an action plan for strengthening employment opportunities at an older age. The recommendation puts forward an age-friendly policy agenda in three broad areas: i) strengthening incentives for workers to build up longer careers and to continue working at an older age; ii) encouraging employers to retain and hire older workers; and iii) promoting the employability of workers throughout their working lives.

The OECD policy agenda for better work choices and opportunities at an older age

A major social and economic challenge

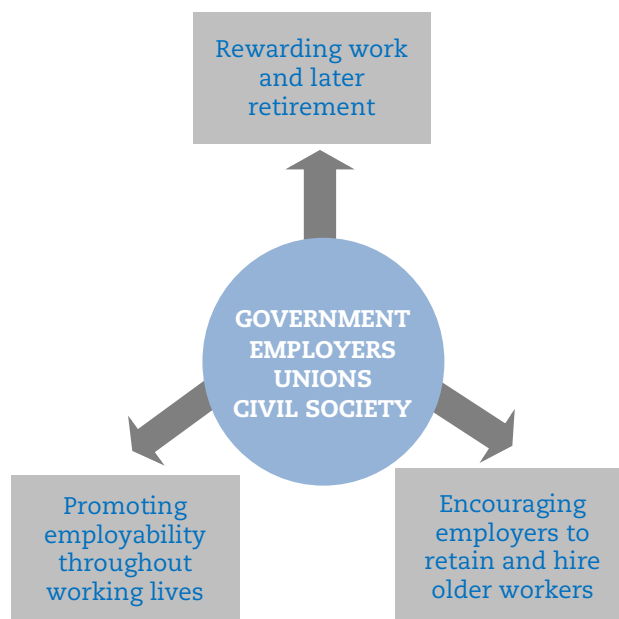
People are living longer, but what is a boon for individuals can be challenging for societies. If nothing is done to change existing work and retirement patterns, the number of retirees per worker in OECD countries is projected on average to rise by 50% over the next four decades.

The pace of ageing will be particularly dramatic in Korea, Poland and Spain. This could dampen the trend of rising living standards observed in previous decades and put enormous pressure on younger generations who will be financing social protection systems. Promoting longer working lives will help share the benefits of longer life expectancy more fairly and will help to ensure that decent incomes in retirement can be ensured on a sustainable basis.

Achieving this objective will require taking a lifecycle perspective to policy making which takes into account all of the factors affecting the length and quality of working lives. The objective should be to ensure that older people have access to better employment choices and opportunities. In the first place, this requires overhauling policies, practices and attitudes that discourage or prevent working at an older age.

The OECD policy recommendations for working better with age

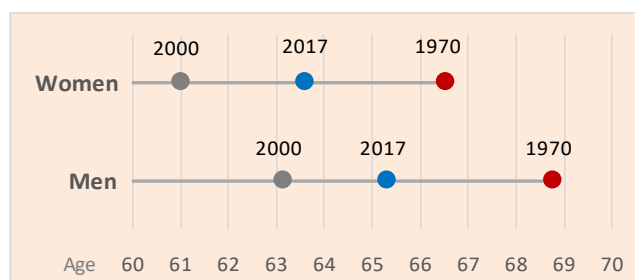
Based on extensive research and country reviews, the OECD Recommendation on Ageing and Employment provides policy makers with



Many countries have already undertaken a number of reforms and consequently employment rates of older people have increased over the past decade in many countries, particularly for those aged 50-59. Despite these encouraging developments, there remains considerable scope for further improvement. On the one hand, there are large differences across countries in the opportunities to work at an older age, even if older workers are considered as more youthful ("65 being the new 55"). On the other hand, much of the policy focus to deliver longer working lives has been in the first area on reforming old-age pensions, restricting early retirement schemes and other

passive benefits, and raising retirement ages. Thanks to these reforms, in almost all OECD countries, the effective retirement age (average age of exit from the labour force) has been rising since the early 2000s for both men and women following a long-term decline.

Effective retirement age is rising



Source: OECD Database on Average Effective Retirement Age.

Policy action in the second (removing employer barriers) and third (promoting employability) areas has been less frequent and sometimes only at the margin. Boosting job retention, but also job mobility and hiring of older workers is crucial to prevent those who lose their job at an older age from becoming long-term unemployed and facing a chaotic transition to late retirement, being too “young” to retire but too “old” to find a new job. Action is also required to sustain and improve the employability of workers through their working lives by, for example, promoting better opportunities for lifelong learning.

Governments cannot face these challenges single-handedly. To make real change happen, the recommendations calls upon social partners, together with older workers themselves and civil society, to play a key role in co-operating with the public authorities to develop and implement specific reforms and measures to promote longer working lives and to facilitate working at an older age.

Monitoring progress and providing support

Policy solutions are evolving gradually in many Member as well as non-Member countries. Benchmarking, learning from innovations and reform experiences in other countries, and sharing the success of effective approaches can spur faster progress in promoting longer working lives.

The OECD Committee of Employment, Labour and Social Affairs (ELSAC) serves as a forum for an exchange of views and for sharing experience

and good practices on matters related to the Recommendation.

In addition, the Employment, Labour and Social Affairs Directorate of the OECD has developed a wide-range of tools and resources to help Governments and other stakeholders to seek answers to common problems and identify good practice in this field. These include:

A scoreboard on older workers

A set of key labour market indicators for older workers

Country case studies

In-depth reviews & synthesis report, identifying key policy issues & recommendations

Policy toolkit

A repository of good practices in OECD countries

The Employment, Labour and Social Affairs Committee will monitor progress on the Recommendation and policy development, including through the use of relevant indicators, comparative data and analytical studies every five years.

Contact

Mark keese, Head of Skills and Employment Division

✉ Mark.Keese@OECD.org,

☎: + 33 1 45 24 87 94

Shruti Singh, Labour market Economist, SAE

✉ Shruti.Singh@oecd.org,

☎: + 33 145 24 19 48

For further information:

<http://www.oecd.org/employment/ageingandemploymentpolicies.htm>

<http://www.oecd.org/health/preventing-ageing-unequally-9789264279087-en.htm>

The council,

HAVING REGARD, to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

HAVING REGARD to the Recommendation of the Council on a General Employment and Manpower Policy [C(76)37];

HAVING REGARD to the Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship [C/MIN(2013)5/FINAL];

WELCOMING the reports towards an Active Society delivered by the OECD since the 1980s and the major in-depth OECD multi-country review of ageing and employment policies conducted since 2003;

CONSIDERING that important steps have already been taken by governments, employers, trade unions and non-governmental organisations to put forward policies and initiatives for reform in the following three broad areas: i) strengthening incentives to carry on working; ii) tackling employment barriers on the side of employers; and iii) improving the employability of workers;

RECOGNISING that there remains considerable scope for further progress towards the objective of an integrated and comprehensive policy approach to achieve longer and better working lives and boost labour market prospects for older people;

RECOGNISING that strong and effective actions by governments, employers, trade unions and nongovernmental organisations are still needed in both the public and private sectors to remove the obstacles to longer and better working lives and monitor the progress in achieving this goal together, including by supporting the efforts of developing and emerging countries;

On the proposal of the Employment, Labour and Social Affairs Committee:

I. RECOMMENDS that Members and non-Members having adhered to this

Recommendation (hereafter the “Adherents”) strengthen incentives for workers to build up longer careers and to continue working at an older age. To this effect, Adherents should, as appropriate:

a) enhance incentives to continue working at an older age: i) by ensuring that the old-age pension system encourages and rewards later retirement in line with increased life expectancy while ensuring adequacy and sustainability of pension payments; and ii) by encouraging longer and more satisfying careers through more flexibility in work retirement transitions, including by promoting phased retirement, better balancing work and care and permitting a combination of pensions with work income

b) restrict the use of publicly-funded early-retirement schemes which encourage workers to leave employment while they are still in good health and able to work;

c) ensure access to welfare benefits, such as unemployment and disability benefits, for all workers, irrespective of their age and status, and monitor that these benefits are used for their original purpose and not to incentivise early retirement for those still able to work.

II. RECOMMENDS that Adherents encourage employers to retain and hire older workers. To this effect, Adherents should, as appropriate:

a) address discrimination in employment on the basis of age by taking measures, such as legislation preventing age discrimination and public-awareness campaigns, to eliminate discrimination in the recruitment, promotion and training process, and in employment retention in collaboration and consultation with employers’ and workers’ representatives;

b) take a balanced approach to employment protection by ensuring that age is not a criterion in determining the level of employment protection while promoting better access to quality jobs for older workers;

c) seek to discourage or further restrict mandatory retirement by employers in close consultation and collaboration with employers’

and workers' representatives, while respecting in a limited number of instances that such practices may be necessary;

d) encourage employer and worker representatives to identify mechanisms to facilitate the retention and hiring of all older workers, even those in vulnerable situations, including reviewing their practices in setting pay to reflect productivity and competences, not age;

e) encourage good practice by employers in managing an age-diverse workforce through public and private initiatives that provide guidance on issues such as promoting a sharing of knowledge and experience across different age groups and adjusting work responsibilities and working-time arrangements to the changing capacities of workers and their family responsibilities over their life course as well as to take account of improvements in the education, health and physical capacities of older workers.

III. RECOMMENDS that Adherents promote the employability of workers throughout their working lives with a view to strengthening employment opportunities at an older age. To this effect, Adherents should as appropriate:

a) enhance participation in training by workers throughout their working lives by providing guidance services and ensuring that training is adjusted to reflect the experience and learning needs of workers at different ages, including strengthening access to work-based training for those in non-standard forms of work, encouraging increased investment in skills development at mid-career and improving the attractiveness of training and its potential returns for older workers by adapting teaching and learning methods and content to their needs;

b) provide effective employment assistance to jobseekers, irrespective of their age, but targeted at those groups most at risk of long-term joblessness while ensuring that older jobseekers have the same obligations as younger jobseekers for receiving unemployment benefits in terms of actively seeking a job, but also the same rights in terms of access to targeted re-employment services;

c) improve working conditions through a broad-based strategy to enhance job quality for workers at all ages, in terms of strengthening workplace safety and physical and mental health, reducing the incidence of hazardous and arduous work, balancing professional and family responsibilities, and facilitating job mobility as a function of the changing experience and capacities of workers.

IV. INVITES the Secretary-General to disseminate this Recommendation.

V. INVITES Adherents to disseminate this Recommendation.

VI. INVITES non-Adherents to take account of and adhere to this Recommendation.

VII. INSTRUCTS the Employment, Labour and Social Affairs Committee to:

a) serve periodically or at the request of Adherents as a forum for an exchange of views and a structured sharing of experiences and good practices on matters related to the Recommendation;

b) support the efforts of Adherents to implement this Recommendation through comparative data, analytical studies and measurable policy indicators;

c) monitor progress and policy development, including through the use of relevant indicators, in the follow up to this Recommendation and report thereon to the Council no later than five years following its adoption and regularly thereafter.