Ageing and life course policies

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Overview

- Introduction
- Use of phased retirement systems for older workers
- Policy overview Belgium
- Career break system in Belgium
- Effects of the career break system
- International perspective
  - Comparison with the Dutch life course scheme
  - Other OECD countries
- Conclusion
Introduction

- Type and urgency of older worker challenge varies greatly among OECD-countries
- Variety of policy approaches e.g. holistic or more dispersed, central or decentral
- Many possible influencing factors
  - Possibility to combine work and personal life could be important determinant from an employee perspective
  - Experience with specific policy measures for career modulation?
Use of phased retirement systems

- Concept of phased retirement
  - Gradual transition between work and retirement, use of end of career schemes
  - Working time reduction, part time retirement, work load reduction, suspension from inconvenient working hours
- Early retirement still more often used than phased retirement
- Netherlands and Belgium use phased retirement relatively more often (European perspective)
Policy overview Belgium

- Signs of improvement but still important older worker problem
- Policy changes since 2002-2003
  - Changes pension system e.g. equalisation of pension age men/women
  - Social security contributions (labour cost) unemployed 45+ and employees 58+
  - Outplacement right 45+
  - Generation Pact
  - « Activation » of 50+ unemployed
Career break system Belgium

- Complex regulation with conditions depending on sector, size of company, region, seniority of employee, age, et al.

- Current system
  - Time credit in private sector: a right for every employee to one year of full time career break or a longer period of part time break (temporary part time work)
  - Basic monthly allowance between 100 € and 614 € PT

- End of career module for 50+ employees
  - Until retirement, 50% or 1/5 reduction of working time
  - Higher allowance
Career break system Belgium

Policy objectives

- Short term
  - Combination of work and family life
  - Reduce workload for over 50 workers by reducing their working time

- Long term
  - Redistribution of work over the life course supporting longer careers
Effects of the career break scheme

- **Coverage**
  - Strong increase in number of users
  - Dominance of 50+, women, public and other services sectors, two earner families

- **Costs**
  - Strong annual increase in direct expenditure
  - 607 million euro in 2006
  - Other costs need to be taken into account
## Effects of the career break scheme

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<tr>
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<th><strong>Positive/pull</strong> (increase of labour supply, attraction towards labour market)</th>
<th><strong>Negative/push</strong> (decrease of labour supply, stimulating exit from labour market)</th>
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<tbody>
<tr>
<td><strong>Direct</strong></td>
<td>• Number of persons in employment stable during career break</td>
<td>• Decrease of number of persons in employment after career break</td>
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<td>• Part time workers increasing their number of hours worked after break</td>
<td>• Decrease in number of hours worked after break</td>
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<td><strong>Indirect</strong></td>
<td>• Replacement effect</td>
<td>• Stop working earlier than foreseen (counterfactual situation)</td>
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<td>• Prevention of early exit</td>
<td>• No postponement of retirement age (alternative)</td>
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<td>• Enabling start-ups</td>
<td>• Decrease number of hours worked after break (counterfactual situation)</td>
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<td>• Making LM more attractive, especially for women</td>
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<td><strong>Other indirect effects</strong></td>
<td>• Transitional careers</td>
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<td>• Long career breaks</td>
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<td>• Costs and benefits for employers influence use of CB</td>
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International perspective

- Netherlands
  - Policy changes
  - Life course scheme
  - Comparison with Belgian career break scheme

- Other OECD countries
  - Part time pensions (Finland, Sweden)
  - Bridge jobs (US, Japan)
Conclusion

- Wide range of instruments facilitating transition between work and retirement
- Life course schemes BE and NL are rather unique
- Effects of Belgian CB scheme positive and negative/push and pull
- Conditions to enhance effectiveness can be derived