

## OECD urges Germany to help older people to remain active

Germany should continue to reform its employment policies and workplace practices to enable older people who wish to continue working to do so, according to a new OECD report.

Today, many older Germans stop working well before reaching the statutory retirement age of 65. As a result, only two out of five people in Germany between the ages of 55 and 64 are employed, well below the ratio in most other OECD countries. By comparison, about three out of five people in this age group are still active in Britain and the US and more than 70% in Sweden.

Unless this situation changes, Germany could face labour shortages, slowing economic growth and worsening public finances, the OECD report warns. The problem is especially acute in the former East German states, where birth rates are lower and many younger, skilled workers have emigrated to take advantage of job opportunities in western Germany.

Part of an OECD series on *Ageing and Employment Policies*, the report on Germany outlines barriers to the employment of older workers and gives policy recommendations for action to overcome them, aimed at both the German government, employers, trade unions and older workers themselves.

While a lot has been done in recent years to encourage older workers to carry on working, it is important that the new government keeps up the momentum of reform. Specifically, the OECD recommends that Germany should:

- *raise the retirement age in line with rising life expectancy.* While the OECD welcomes the incoming government's plans to raise the retirement age in the long term to 67, it says action may be needed earlier than in 2008, as currently planned.
- *introduce job-search requirements for all, irrespective of age.* Incentives to retire before the official retirement age or to withdraw from the labour market by taking advantage of disability pensions or unemployment benefits combined with exemptions from job-search requirements should be removed. Early retirement schemes for the long-term unemployed should be phased out faster. Every person registered as unemployed should be required to look for a job.
- *improve the employability of older workers.* Training programmes for older workers, especially for the low and medium-skilled, are urgently needed in order to help older workers who lose their jobs to find new employment.

For further comment or information, journalists are invited to contact the report's author [Christopher Prinz](#) ([33] 1 45 24 94 83) or the head of the OECD's Thematic Review of Ageing and Employment Policies, [Mark Keese](#) ([33] 1 45 24 87 94).

Figure 1. **The share of older workers and retirees will increase rapidly in the years to come**

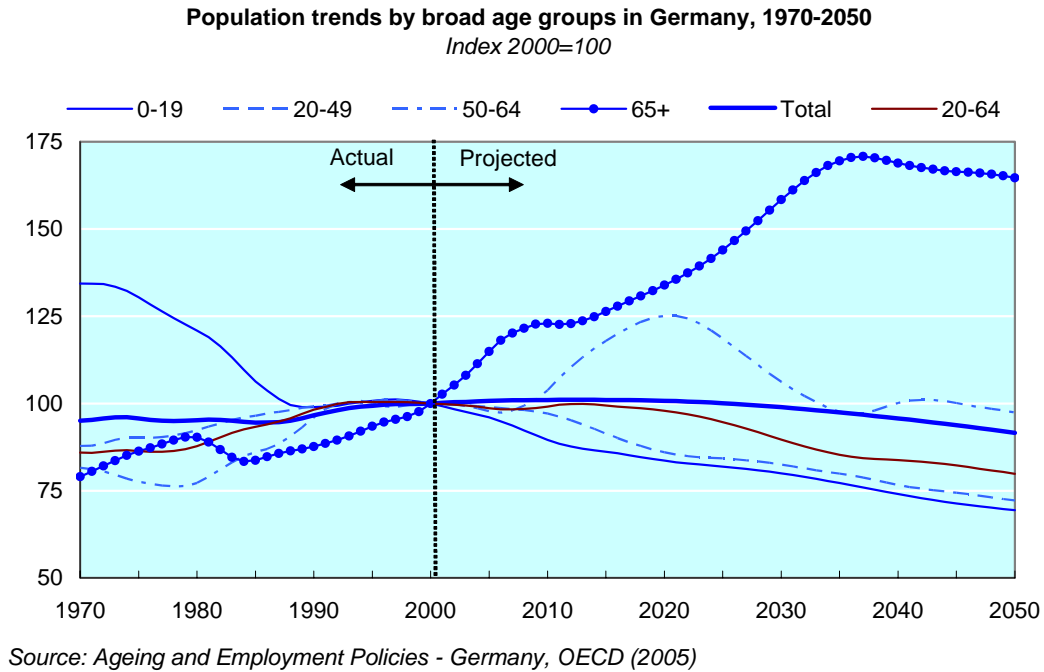


Figure 2. **Marked improvements in participation rates of Germans aged 55-59 and 60-64...**

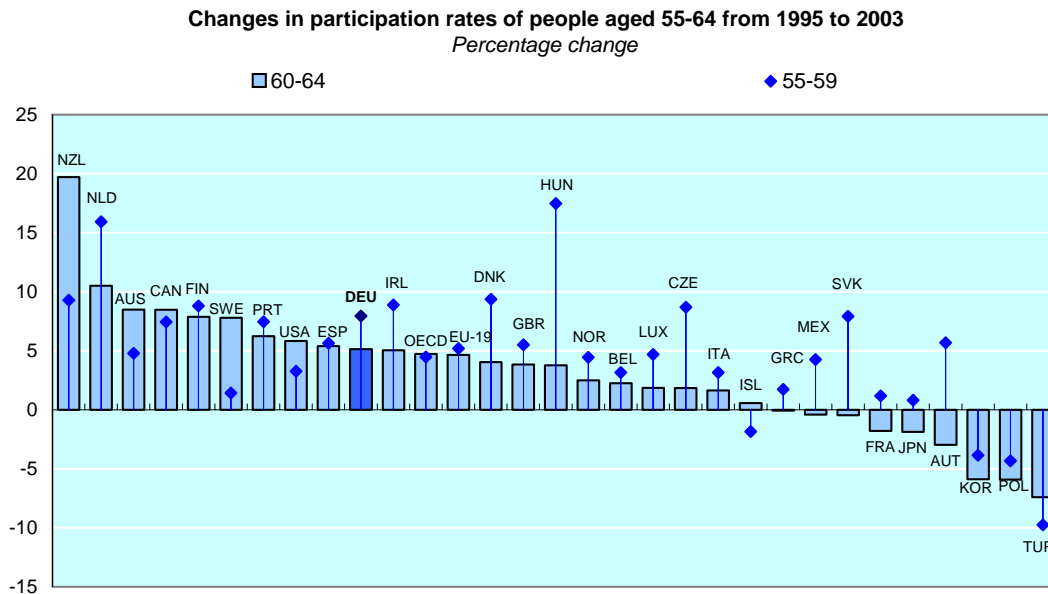
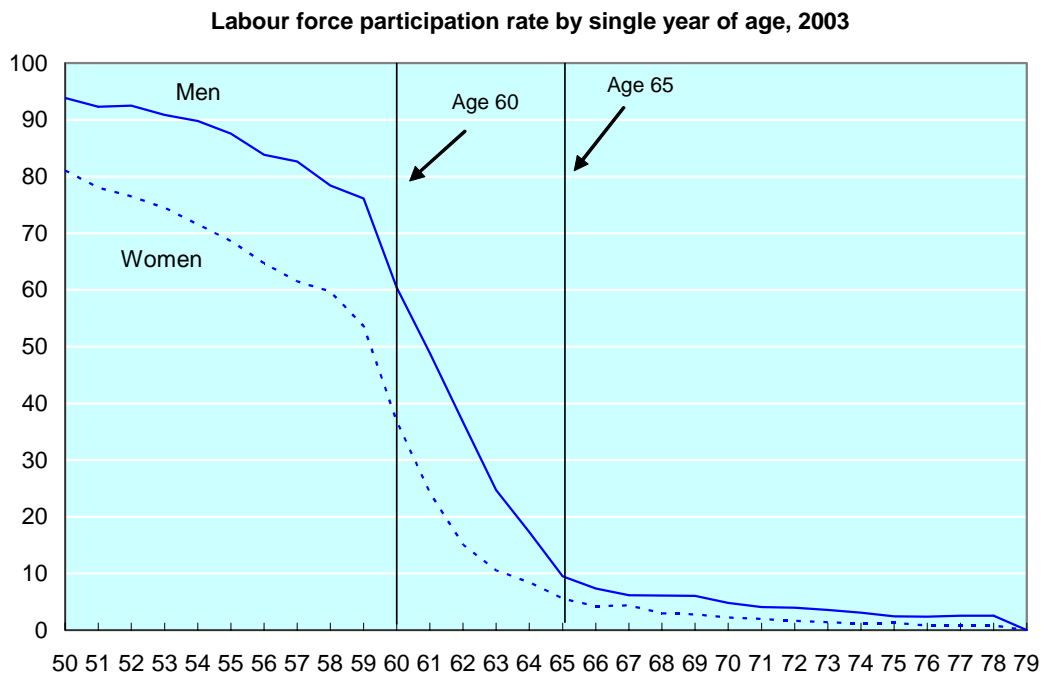


Figure 3. ...but German workers still leave the labour market long before the retirement age



Source: *Ageing and Employment Policies - Germany, OECD (2005)*