

# Learning by Example— Best-practice Strategies and Initiatives from 10 Countries

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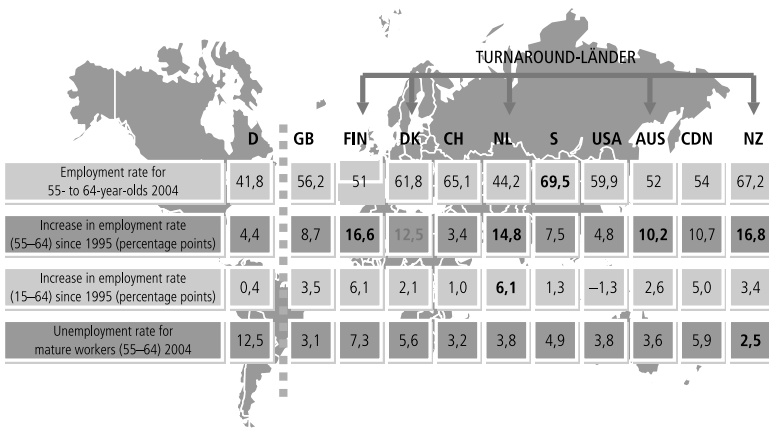
## **International research: In search of answers, approaches and models**

The following considerations—as stipulated in the objectives of this year’s prize—were of primary importance for conducting international research for the 2006 Carl Bertelsmann Prize:

- The research focuses on the target group of 40- to 65-year-olds, since successful initiatives for increasing the economic and societal activity of elders need to be prepared early on.
- The heart of the research is furthermore devoted to better integration of older people into the labor market, since, in our experience, those who are actively working are also more involved in society.
- The research focuses primarily on “turnaround countries,” with secondary attention to countries that traditionally make good use of older people’s potential for active involvement.
- Lastly, special consideration will be given for the collaborative work done by relevant societal actors from the realms of politics, employer-employee relations, business and industry, and civil society.

Initially, we are limiting the research to the 30 OECD nations. For these countries, we compared the level and dynamics of selected demographic and employment policy indicators. This included labor market data on participation in the workforce, unemployment, employment and the entrepreneurial activities of the 55- to 64-year-old cohort, as well as the elderly ratio (the number of persons of retirement age per 100 persons of working age). The discussion of the data produced a select group that includes Australia, Canada, Denmark,

**Fig. 1: Selected Labor Market Indicators**



Source: OECD 2005, GEM 2004

Finland, Great Britain, the Netherlands, New Zealand, Sweden, Switzerland and the United States. Key indicators for these countries are laid out in the following overview:

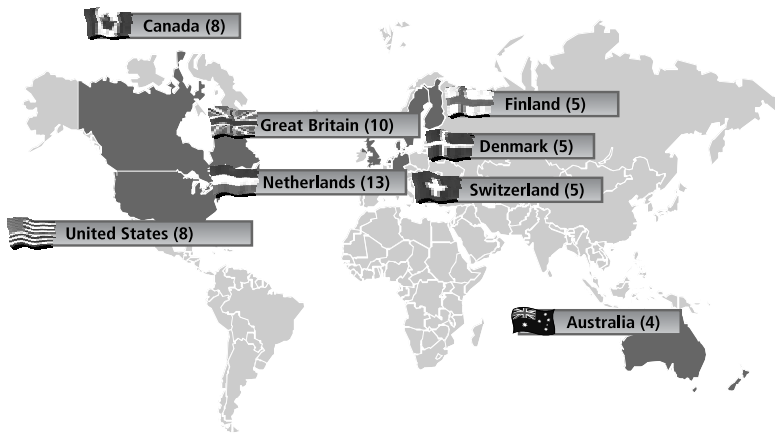
The objective of the international research was to use statistical analysis to get a sense of the conditions framing the integration of older workers into the labor force and into their communities, as well as to identify innovative strategies, initiatives and measures that help increase the labor force participation rate and the willingness of older people to become involved. An initial phase—which consisted primarily of database, Internet and literature analyses, as well as in-depth discussions among multipliers and representatives of government agencies, research institutes, associations, unions, employer organizations, and so forth—was able to identify 58 initiatives. These included approaches

- for raising awareness and for sociopolitical agenda setting,
- for changing the basic legal framework through legislative policies, financial incentive systems, and the like
- for making older people more employable,
- for making the work environment more accessible to older people,
- for promoting civic engagement and
- for integrated general strategies that are pursuing several or all of these approaches.

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**Fig. 2: First Research Phase: Analysed Initiatives (by country)**

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The following figure shows how the initiatives from the first research phase are distributed by country:

In the next phase of the research, the 58 initiatives were assessed using the following six criteria:

1. **Transferability:** The initiatives should not be dependent on special regional, national or structural conditions, and should present as few hurdles as possible for implementation in Germany.
2. **Target-group relevance:** The goal is to increase the labor force participation rate of those 55 and older and to enhance civic engagement, starting in middle age. This means that the target group of 40- to 65-year-olds should profit from the initiatives.
3. **Effect on the system:** The initiatives should stimulate reform.
4. **Sociopolitical signaling:** The initiatives should spark a discussion about active aging and what multidimensional employment concepts could look like.
5. **Degree of agreement:** The initiatives need to be supported cooperatively by as many of the involved actors as possible.
6. **Sustainability:** The initiatives should not be structured for the short-term, but provide a long-term solution to a problem and strengthen social cohesion.

Twelve of the 58 initiatives were selected because they rated positively for most of these criteria. From this long list, we chose the four initia-

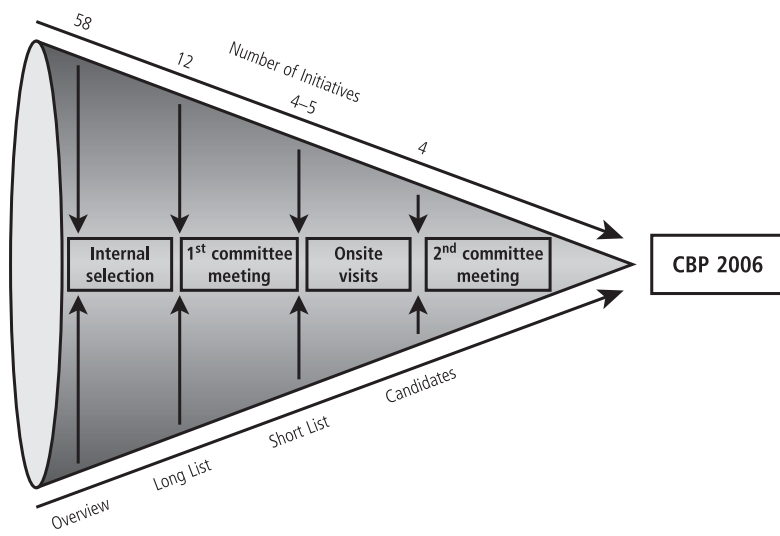
tives with the best ratings and observed them in the field in the second research phase. This applied to initiatives in the following countries:

- Australia: National Strategy for an Ageing Australia
- Finland: Finnish National Programme for Ageing Workers
- Great Britain: New Deal 50 plus
- Netherlands: Taskforce Ouderen en Arbeid

The objective of the visits was to validate the information gathered in the first research phase and to get estimations of the efficiency and effectiveness of the initiatives. Along with discussions with those directly responsible, outside evaluations by qualified third parties from political and academic realms relevant to the initiatives were also taken into account.

A working committee convened by the Bertelsmann Stiftung accompanied the research process. Briefed on the outcomes of the separate phases, committee members took an active role in the selection process and used their expertise to help fine-tune the proceedings and assist in decision-making. The following figure illustrates an overview of the research process from start to finish.

**Fig. 3: Research Procedure**



The following reports outline how the ten analyzed countries actively employ the elderly and engage them in society. The focus is less on providing a comprehensive picture of the labor market and social security system, and more on documenting successful recent reforms relating to the criteria listed above.

## **Australia: Whole-of-government approach<sup>2</sup>**

Despite a good economic situation and relatively moderate demographic trends, in Australia there is a strong awareness of the challenges of an aging society. The establishment of a separate Ministry for Ageing underscored the political importance of dealing appropriately and fairly with aging and older people. In launching its National Strategy for an Ageing Australia, the ministry in turn set the stage for an in-depth conversation about the consequences of demographic change.

The initial focus of the political activities was funding research on demographic change to generate a factual basis for next steps. One of the influential outcomes is the “Economic Implications of an Ageing Australia” report by the Productivity Commission, a government advisory board on economic issues (Productivity Commission 2005). This report specifically clarified the financial impact of demographic change on Australia’s old-age pension and health care systems. Numerous other institutes and research institutions have worked on developing strategies for dealing specifically with the consequences of aging for politics, business and industry and the population at large.

Civic engagement is key to creating living and working conditions accommodated to older people, particularly in rural areas. Outside of the cities, the population density in Australia is very low, and in rural areas this leads to problems such as how to create a (health care) infrastructure. The result of this situation is strong community spirit and social cohesion, particularly in the areas of social assistance and emergency services.

2 Franziska Maier also contributed to this report.

## Economic and societal challenges of active aging

Australia is currently profiting from a strong overall economy, due in part to the utilization of newly discovered mineral resources. Australia has been experiencing a phase of continuous economic growth since the early 1990s. From 1992 to 2003, the gross national product increased on average around 3.8 percent annually—a much stronger growth rate than the United States, for example. The labor market is also profiting from economic growth: The unemployment rate is less than five percent. Around 100,000 people immigrate to Australia every year under a demand-driven immigration policy.

Despite the good economic situation, older workers in Australia also face problems in the labor market. Even though participation in the workforce by older people is higher than the OECD average, around one-third of all Australians over 45 are economically inactive. Actually, between the ages of 60 and 65, the inactivity rate increases from around 50 to almost 80 percent. In general, participation in the workforce by older people in Australia is lower than that of younger cohorts. The workforce participation rate of 55- to 65-year-old workers is 48 percent, while the participation rate for those under 55 is almost 80 percent.

Nearly 20 percent of the potential labor force received income support in 2003, a trend that increased with age and consisted largely of state supports in the form of old-age pensions, disability pensions, unemployment benefits for older persons and general unemployment support. Australian workers took early retirement options so frequently that studies refer to a “culture of early retirement.” More than 75 percent of men and 95 percent of women plan to retire before turning 65. However, since the mid-1990s Australia has witnessed a reversal of the trend regarding participation in the workforce by older people: The effective retirement age has risen since 1993 and now is 63 years of age for men and 61 for women.

Demographic trends in Australia resemble those in European countries, although to a lesser degree. The baby boomers, who will be retiring in the next few years, make up a larger percentage of the population than all other age cohorts. Workers aged 45+ will account for around 85 percent of potential labor force growth in 2012. The steady aging of the population and the potential workforce over the upcoming decades will hamper economic growth and bring a significant increase in public expenditures, particularly in the health care sector.

## Effective measures for promoting participation in the workforce

Despite the overall positive trends, Australia also needs to take better advantage of the potential of older people, and for longer periods, since this is the only way to sustain financing for the health care system and compensate for the increasing labor shortage. Since the late 1990s, policymakers and the society at large have become increasingly aware of the challenges of demographic change. Spurred by the International Year of Seniors in 1999, the Australian government, through the Department of Health and Ageing, developed the National Strategy for an Ageing Australia. Addressing key areas that will be affected by population aging, the strategy presents a descriptive analysis of the challenges, a statement of long- and medium-term goals and a list of recommended actions to meet those goals.

### **National Strategy for an Ageing Australia (NSAA)**

“The National Strategy provides us with a long-term strategic framework while setting realistic directions for short- to medium-term action. We intend to use it as a blueprint for our actions and decisions with respect to population ageing. It will serve as strategic framework to underpin the Government’s leadership role in encouraging the development of appropriate economic and social policies.”

Prime Minister John Howard (2001)

The NSAA arose out of six theme-specific discussion papers. The papers were widely distributed throughout the community as part of an extended consultation, and over 300 formal responses were received to inform the policy process. The development of the strategy was supervised and monitored by an inter-agency reference group consisting of the Minister for Ageing (chair), Minister for Health and Ageing, Minister for Family and Community Services, Minister Assisting the Prime Minister on the Status of Women, Assistant Treasurer and the Minister for Veterans’ Affairs. The resulting strategy paper, “National Strategy for an Ageing Australia: An Older Australia, Challenges and Opportunities for All,” was published by then Minister for Ageing Hon. Kevin Andrews in 2002.

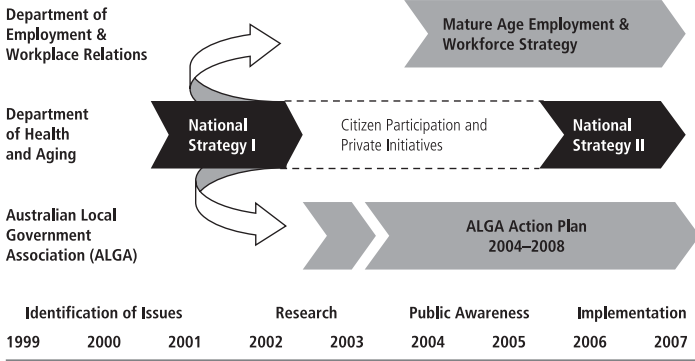
The strategy covers the key areas 1) Retirement income system: with the goal of a secure and sustainable, financially solid retirement income system and financial security in old age; 2) A changing workforce: with the goal of removing barriers to the continued participation of older workers in the workforce; 3) Attitudes, lifestyle and community support: with the goal of promoting a positive image of older people and a public, private and municipal infrastructure that ensures the support and the active societal participation of older people; 4) Healthy aging across the lifespan: with the goal of supporting infrastructure, research and prevention; and 5) "World class care": with the goal of supporting a comprehensive, diversified and sustainable privately funded and government-supported system of health care.

The NSAA serves to define a strategic framework, the goals of which will be met by varied stakeholders through future political programs and measures on the federal, state and municipal levels. "The actions detailed in the National Strategy are broad and intended to set directions for activity rather than describe specific activities that governments, businesses, communities and others could take." To ensure that the strategy remains a "dynamic document" and a driving force for change, an ongoing monitoring of progress in meeting the goals was established, with regular review and refinement of the strategic thematic areas and goals occurring every three years. Parallel to the NSAA strategic document, a line item (funding program) of the same name was inserted into the 2000 to 2001 budget. This funding program will primarily fund interdisciplinary research on aging, to the tune of 6.1 million Australian dollars over four years.

Through an agreement between the Department of Health and Ageing and the Australian Local Government Association (ALGA), the goals of the National Strategy are being worked out at the local level. ALGA represents the common interests of the more than 700 Australian local governments, similar to the German Städtetag (Association of Cities), and serves these governments by developing strategies. ALGA developed the "Australian Local Government Population Ageing Action Plan 2004–2008" (currently being revised), which analyzes the challenges that an aging population presents to local governments and suggests possible solutions. The action plan is funded by the government in the amount of 400,000 Australian dollars. The goal of the action plan is to



**Fig. 4: Whole-of-Government Approach**



heighten awareness and help local governments meet demographic challenges. The ALGA aims to have every council develop a local aging strategy and their own action plan with measures and infrastructure that accommodate the aging population and older people.

*Statutory reforms and legal policies*

The needs-based social security system in Australia was conceived as a basic welfare system for maintaining a minimum standard of living. Old-age pensions basically rest on a two-pillar system: the state-managed old-age pension and an occupational pension (superannuation). Employers have been required to donate to occupational pension funds since the introduction of the Superannuation Guarantee in 2003; superannuation now covers 90 percent of Australian workers (OECD 2006).

Since the mid-1990s, the government has countered the early retirement tendency with a comprehensive mix of policies. Starting in 1999, compulsory retirement and early retirement have been gradually eliminated and the legal retirement age has been raised. Men are eligible for an old-age pension starting at age 65; for women the age of eligibility depends on year of birth—it is 60.5 for women born before 1936 and 65 for women born after 1949. The age for accessing occupational pensions (superannuation) is also being gradually raised—

between 2015 and 2025 from the current age of 55 to 60. At the same time, steps have been taken to expand options for those receiving occupational pensions to continue working.

In 2003, the mature age allowance, a transitional pension for unemployed persons between the ages of 60 and 64, was eliminated. This allowance meant the jobless no longer had to actively look for work or participate in educational and training programs, and it automatically transitioned them into the government old-age pension program. In mid-2006, changes have made it more difficult to access disability benefits. Twenty percent of Australian men between the ages of 60 and 64 get disability benefits, and these benefits could be characterized as quasi early retirement (for information: Productivity Commission).

As an incentive to stay in the workforce, massive tax breaks were introduced for older workers (Mature Age Worker Tax). For workers over 55 there is a reduced tax rate; for workers past retirement age there is no tax on income up to 20,500 Australian dollars. Since 1998, if workers remain in the workforce after reaching retirement age, they are also eligible for a pension bonus, a lump sum paid out annually over a period of five years.

The described reforms are being complemented by comprehensive antidiscrimination legislation. There have been state laws banning age discrimination on the books since 1977 (for example, New South Wales, Anti-Discrimination Act). Nationwide legislation followed in 2004 with the Australian Federal Age Discrimination Act.

### *Labor market policy measures*

Accompanying the national strategy, the Department of Employment and Workforce Relations developed the Mature Age Employment and Workplace Strategy (MAEWS) 2004–2005, an initiative that aims to increase the labor force participation rate of older persons. With a total of 12.1 million Australian dollars, three areas are being funded over four years:

- 1) Jobwise Outreach sets up workshops, funds self-help groups and provides information for older jobseekers at the Jobwise website.
- 2) The Mature Age Workplace Strategy offers employers workshops on the subject of the aging workforce and a practical guide with information and checklists.

- 3) The Mature Age Industry Strategy gears its activities toward the industrial sector, particularly toward fields that have many employment opportunities for older workers.

Additional measures focus on improving employability with these measures and others:

- Technical and Further Education (TAFE) courses for older people
- standardizing continuing education offerings with the establishment of the continuing education guidelines called the Australian Qualifications Framework (AQF), which were introduced in 1995 and contain special provisions for older people
- helping older workers gain specific skills, for example under the auspices of Basic IT Enabling Skills for Older Workers (BITES)

#### *Other actors and initiatives*

In addition to the activities on national, state and municipal levels, various NGOs are active in these areas. For example, approximately 270,000 Australians aged over 50 and 1,500 organizations have joined forces in the COTA (formerly Council on the Ageing) National Seniors Partnership. As an advocacy group for older persons, the federation offers its members a vast range of services and benefits and is an influential vehicle for contributing to policy debates affecting older people. The federation played an active role in developing the National Strategy, and its research arm is supported with public funding.

#### **National Seniors**

National Seniors is financed by membership dues. In return, members receive discounts, for example on local public transportation fares; social support through regional networks; and the opportunity to influence the political process through the national organization. The advocacy is done using a "bottom up" approach: As a part of local and inter-regional conferences all members have the opportunity to air problems and concerns. The topics that the chair of the executive board

presents to the relevant government minister are decided at a conference held every six months. Topics that are taken up by National Seniors range from the safety of older drivers to innovative support structures in business and industry for volunteer involvement of older workers.

Research institutions and businesses have also recognized the need for expert advice. One of the leading consulting organizations for Australian TOP 500 companies is the Australian Partnership for Business Work & Ageing (BWA), a social enterprise based at Swinburne University of Technology in Melbourne and directed by Prof. Louise Rolland. The institute assists companies with issues arising from the intersection of research, corporate and public policy; it receives money from the Australian government to do this.

### **Business-case-oriented consulting**

Business Work & Ageing (BWA) takes an integrated, multilevel approach to consulting. Using five steps—from a status quo analysis of the business to a final complete analysis—it develops and implements company-specific projects and measures to meet the challenges of an aging workforce. Because of the incipient labor shortage, large Australian firms are aware that recruiting, training and employing older workers will be one of the keys to success if they are to remain competitive in the future. Strategies range from using older workers to choose staff to specific training concepts to train older workers for job profiles that have been avoided, such as call center work. BWA has created a human resource management handbook that provides an overview of their experiences in the field.

## **Summary**

Australia is not immune to demographic changes, but the country as a whole is well equipped to deal with these challenges. On the one hand, the economic situation is excellent compared to that of many

other OECD nations, with consistent growth creating a labor market that offers nearly full employment. On the other hand, federal, municipal, business and individual initiatives have made communities aware of the challenges of an aging population early on in the game. In support of this, successive reforms have created incentives for staying in the workforce longer.

The process of developing the National Strategy was exemplary in marshalling interministerial cooperation and extensive consultation with and coordination of all levels of government and societal actors. It has made an important contribution to the development of today's whole-of-government approach to the challenges Australia faces with an aging society. For the first time, the strategy presented the wide-ranging consequences of demographic change as a coherent whole that was taken seriously at the highest political levels. Measures are now underway to fine-tune the strategy, fleshing out its strategic goals with action plans and measurable criteria.

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## Canada: The beginnings of awareness for demographic challenges<sup>3</sup>

Canada's steady economic growth presents favorable conditions for overcoming the challenges posed by demographic change. Two key features characterize the Canadian situation: a high immigration rate and marked regional disparities.

3 Rani Sharma contributed to this report.

As a traditional magnet country for immigration, Canada largely compensates for aging and the natural population decline through immigration. The annual immigration rate currently lies at 0.8 percent and thus corresponds roughly with the government's goal in its active immigration policy, which it has set at around one percent annually.

The nation's second specific feature lies in its population aging structures, which vary widely from region to region. A glance at Canada's provinces and territories shows a number of examples, such as in Newfoundland and Labrador on the country's east coast, where the population over age 50 will total 50 percent of the overall population by the year 2026, more than 20 percentage points above the national average.

Facts like these have long influenced the political and social discourse regarding the impact of an aging population. The National Council on Aging, a commission within the Ministry of Health, has compiled data of this type since the mid-1980s. Nevertheless, Canada's efforts to assess economic and societal impact in comparison with other countries are still in their infancy: strategic, pan-Canadian approaches to addressing the problems looming ahead are relatively few indeed.

### **Economic and societal challenges to active aging**

A positive economic outlook and a high immigration rate—particularly for people of working age—are cushioning the effects of demographic change. However, 20 percent of Canadians will be age 65 or over by the year 2025; the ratio of employed persons to those of retirement age will have dropped from 5:1 (2004) to 3:1.

But with regard to international standings, the situation of seniors in the labor market is nonetheless positive overall. The unemployment rate for those aged 55 to 64 was only 5.9 percent in 2004, and thus above the OECD average for this age group. However, there were significant differences between the genders. Among those aged 55 to 59, three-fourths of the men were employed, but only two-thirds of women. For those between the ages of 60 and 64, barely half the men were active in the labor force, and a scant one-third of the women (OECD 2006).

Canadian labor law does not cite a specific legal retirement age. Age-related conditions or regulations for entering retirement are set by the pension eligibility requirements from the Old Age Security (OAS) and the Canada/Québec Pension Plan (C/QPP). People are allowed to retire between the ages of 60 and 70, and since full benefits generally take effect at age 65, this can be counted as the unofficial retirement age in Canada.

In this context, the way the average retirement age has developed is rather surprising and interesting: during the mid-1970s, Canadians worked until the age of 65.1 years. This dropped to its lowest point in 2000 at approximately age 60, and has since begun to climb again slowly. In 2004, Canadians retired at an average age of 61.7.

This development can be largely traced back to economizing measures in the public sector during the 1990s. To reduce the size of the labor pool, the government pursued a policy of promoting an early exit from the workforce and mandatory retirement. Given the economic situation at the time, the measures were attractive to workers, creating incentives for early retirement.

The concrete option of mandatory retirement for age-related reasons, and its inclusion in countless collective bargaining agreements, further solidified the trend of an early exit from the working world. Mandatory retirement signifies a company's legal right to force an employee into retirement due to age. The employer can exercise this option anytime after the employee's 65th birthday, regardless of that individual's wishes.

## **Effective measures for promoting participation in the workforce**

The Canadian approach to maintaining and promoting labor market participation focuses less on seniors as a specific target group than on maintaining employability throughout a worker's lifetime. One telling expression of this is the division of institutional responsibilities between government ministries.

In 1993, the government founded the Ministry for Human Resources and Social Development, thereby merging the areas of labor market, education, youth and pension policy into one agency. Their objective: to operate from a "lifelong" perspective and ensure

above all that the transition phases between school, professional training, career and retirement run smoothly.

In general, labor market policy in Canada shows a growing trend toward activation. Signs of this include the transformation of the unemployment program into “employment insurance” accompanied by a tightening of restrictions on benefits, such as a shorter support period (down from 50 to 45 weeks). In the 1990s, the primary objective for reform measures was the orientation of labor market policy toward a preventative and active employment policy.

Today’s labor market policy toolbox encompasses a broad array of active and passive benefits and services. The central idea is that the entire population is addressed equally—there is no focus on any specific target group. The only exception to this rule is an initiative to support Canada’s native peoples. The remaining services provide support to the population in the area of wage-replacement benefits, employment agency services, continuing education and training, improving work conditions as well as labor legislation.

Within the constraints of federal program guidelines and fiscal structures, labor market policy measures—both federal programs and separate initiatives—are implemented at the provincial level. Specific regional conditions and needs can be reflected in the regulatory instruments known as labor market development agreements and labor market partnership agreements.

While European nations in particular have a good deal of experience with programs specifically for mature workers, Canada is still on the starting block in this arena. Pilot projects test new approaches and strategies, but the government still only expands upon and implements positive outcomes within the confines of existing programs. The Older Workers Pilot Projects Initiative (OWPPI) is one example of this strategy in practice. To assess the outcome of individual projects in a national context, the state conducts evaluations at both the regional and national levels. This makes it possible to compile individual results and apply particularly successful programs nationwide.



### **Older Workers Pilot Projects Initiative**

The Older Workers Pilot Projects Initiative (OWPPI) is an initiative of the Canadian federal government in cooperation with the provincial/territorial governments. Its objective: to reintegrate displaced older workers into sustainable employment and keep aging workers threatened by early retirement in the workforce. The project budget for 1999 to 2002 was C\$30 million, with an additional C\$25 million allocated through 2006. With up to 125 projects in progress throughout the country, a diverse array of measures has succeeded in extending employment and reintegrating mature workers into the labor market. Because the projects operate on a traditional grant basis, those running the projects decide on the scope and management of their projects without many restrictions. Thus, the individual projects cannot be categorized by topic. All pilot projects are evaluated in terms of how well they promote the national program objectives, and the program depends on annual funding renewals. Initial findings of the federal evaluation confirm the initiative's overall success, showing progress in heightened awareness among employers as well as quantifiable success in the reintegration of displaced aging workers (Human Resources and Skills Development Canada 2005).

Activities and projects vary widely from region to region, reflecting the decentralized organization and structure of Canada's labor market policy. Every province except Alberta and Ontario is conducting a number of projects under the OWPPI umbrella—projects that demonstrate the wide range of provincial interest levels in employment for mature workers. Québec has developed its own regional strategy for supporting employment among aging workers and raising labor market participation in that age group, an approach that goes above and beyond the pilot initiative.

### **Stratégie gouvernementale à l'intention des travailleurs des 45+**

The *Stratégie gouvernementale à l'intention des travailleurs des 45+* is part of the province's Horizon 2005 action plan and the government of Québec's *Vers le plein emploi* guiding strategy. The plan works to raise awareness and align the labor market with the needs of mature workers. The *Stratégie 45+* program supports workers over age 45 in four key areas—raising awareness, farsighted management of human capital, aligning structures and measures, and promoting lifelong learning. The Ministry of Labour heads the project; representatives of unions and management as well as a number of civic figures participated in developing the concept. The project not only aims to reintegrate displaced older workers and raise employment rates among older workers, but especially seeks to keep people employed and employable to full retirement age. In January 2002, the Ministry of Labour launched the *Stratégie 45+* program for a period of three years with an overall budget of C\$15 million.

In Canada, the move to restructure the transition from employment to retirement resonates with discussions on abolishing age-based mandatory retirement as an option. Although the country does not have a uniform national strategy, one after another of the provinces and territories have taken steps to specifically prohibit age discrimination in their human rights codes. Mandatory retirement after age 65 is still legal in five provinces (British Columbia, Saskatchewan, Nova Scotia, New Brunswick, and Newfoundland and Labrador). However, the public discourse is guided more by a commitment to antidiscrimination policy than by intentional efforts to extend workforce participation for aging workers.

Canada's pension system offers strong incentives for extending employment beyond age 65, with a monthly increase of 0.5 percent in the state pension up to age 70. In contrast, early retirement is penalized with a 0.5 percent monthly deduction. Current pension law does not explicitly outline any steps for gradual transition into retirement, but many regional collective bargaining agreements are picking up the slack in this area. Areas affected by this include managing work schedules and vacation time, continuing education options, regula-

tion of financial security in part-time employment among aging workers, as well as general antidiscrimination regulations (Human Resources Development Canada 2002).

The option of combining gainful employment with drawing a pension exists in principle, but tax laws currently exclude the possibility of building pension eligibility and drawing a pension at the same time. Yet since the 1990s, the number of gainfully employed Canadians receiving pension checks has more than doubled to over 16 percent today. People come to this decision largely due to financial difficulties arising from low pension payments.

The current group of pensioners is characterized by a high percentage of self-employment (35.6 percent of men and 27.1 percent of women between ages 60 and 64 are self-employed) and a strong sense of civic engagement. Thirty percent of those between age 45 and 54, 28 percent between ages 55 and 65, and even 18 percent of those above age 65 spend at least 150 hours per year volunteering.

## Summary

Key stakeholders are aware of the problems arising from a declining and aging population, and especially from the looming retirement of the baby boomer generation. However, the country still lacks an overall political strategy, an action plan that tackles the societal consequences within a long-term reform policy program. The idea that both greater and longer labor market participation among seniors can be an important tool for cushioning the effects of demographic change is slowly taking root in Canada as well. On the national level, the Older Workers Pilot Project Initiative in particular indicates that this subject is gaining in significance.

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## **Denmark: Flexicurity approach for labor market policy<sup>4</sup>**

After a major turning point for the economy in the early 1990s, the Danish government changed course and implemented proactive labor market policies, which had already, by 1994, lowered the unemployment rate. Since that time, Denmark has seen much stronger economic growth than the other OECD nations. Meanwhile, with an unemployment rate of 5.4 percent, nearly full employment has prevailed.

As is also the case in other Scandinavian countries, the employment trend in Denmark for older workers has been positive since the 1990s. The main reason for this, aside from the stable economy, is consistent reforms of the labor market and of social security systems. Rigorous cuts to early retirement options, as well as the implementation of the “flexicurity” model, which encourages flexible labor market policies adapted to regional situations, were the main contributing factors for the rise in the number of older workers in the labor force.

## **Economic and societal challenges of active aging**

Denmark is less affected by demographic changes than many other OECD nations. However, population forecasts assume that for Denmark, too, the percentage of people aged 65+ will climb, from 14 percent in 2000 to 22 percent in 2030.

In Denmark, the workforce participation rate is traditionally noticeably higher than international reference values. For example, 65.5 percent of 55- to 64-year-olds are gainfully employed. A notable characteristic of the Danish labor market is the high presence of women in the workforce. The total workforce participation rate of women is 76.1 percent, the third highest in the OECD comparison. For 55- to 64-year-old women, it is 57.6 percent. This puts Denmark in fifth place.

4 Franziska Maier contributed to this report.

However, Denmark's demographic trends are seen as a future structural obstacle for growth because the composition of the Danish potential workforce will change a great deal. According to OECD forecasts (OECD 2005: 34 f.), by 2050 the potential workforce in Denmark will fall by 11 percent; this trend is well above average compared to other nations. At the same time, the percentage of older workers is climbing from today's 24 percent to 40 percent in 2035. For the economy to continue prospering, it must do more to tap the potential of older workers.

### **Effective measures for promoting participation in the workforce**

One area affected by the reform packages of the 1990s was the statutory framework that concerns the employment of older workers. In particular, the reforms contained provisions making it harder to leave the workforce via early retirement and reducing the financial incentives of early retirement.

Early retirement (*Efterlon*) was established in 1978 during times of high general unemployment to ease the way for older workers to leave the workforce, thus freeing up jobs for younger workers. It was amended in 1992 to include "transitional benefits" (*Overgangsydelse*) for the chronically unemployed starting at age 55, and modified again in 1994 to lower that threshold to age 50. This system offered relatively high unemployment benefits for low-income earners in particular. Although an early partial reform in 1996 eliminated the transitional benefits for the older long-term unemployed, in 1999 nearly 180,000 Danes took early retirement.

The 1999 pension reforms reduced levels of pension payments by two-thirds. In addition, they tightened the eligibility criteria for early retirement: The contributions that had been linked with voluntary unemployment insurance were transferred to a personal system. The decision to take early retirement has to be made by the time a person is 34 years old—the age at which workers need to start making contributions. According to the regulations currently in force, only those who have made contributions for at least 25 of the last 30 years worked are eligible for early retirement benefits. Lastly, starting in 1999, workers who remain in the workforce past age 62 get a tax break.

The 1999 reforms cost the ruling Social Democrats more than one-third of their electoral votes, in large part because the majority of the population had come to view the option of early retirement as their right. Today, continued utilization of early retirement is seen as the largest obstacle to increasing participation in the workforce by older people and, according to the Danish minister of labor, is the main reason why there will soon be a labor shortage.

The fact that the retirement age was lowered from 67 to 65 in the wake of the reforms needs to be viewed in the context of Denmark's efforts to consolidate the budget. Because workers could now access regular pensions earlier, fewer workers opted for early retirement, a much more costly system for the treasury.

In addition to the social welfare and pension reforms, Denmark has been overhauling labor market systems since 1993. The main objective was to increase the efficiency of active labor market policies by focusing more on concrete labor market demands. To do this, Denmark established regional labor market councils made up of representatives from the employment administration, municipalities and labor and management, and the councils set priorities for local implementation of labor market policies guided by national objectives.

Since 1994 the unemployed and those seeking employment have had the right, and the responsibility, to participate in reintegration measures. The respective measures are based on individual action plans that present different ways of rejoining the workforce, taking into account a person's abilities and interests as much as a region's need for a certain type of worker.

For the reintegration of older people, it turned out that in many cases the problem was their insufficient or outdated training and education. In response, numerous measures for qualifying and training were put into place and the upper limit for claiming individual reintegration benefits was raised from 50 years of age to 55. Today government expenditures for qualification measures as part of active labor market policies in Denmark are the highest by far compared to the other OECD countries; in 2004 they amounted to 0.5 percent of gross national product. The funds are used, for example, for comprehensive training measures that are implemented in municipal and local technical schools. But the unwavering focus on lifelong learning also has its critics. Specifically, critics see the government education measures as a way of keeping the official unemployment numbers low, since

people who participate in training programs are not included in unemployment statistics.

In 1997, to help human resources departments think outside the box and to raise public and political awareness about the situation of older workers in the labor force, the government convened the Senior Policy Initiative Committee.

### **Senior Policy Initiative Committee**

The committee convened by the Ministry of Labor brought together representatives from management and labor groups and relevant government ministries, as well as academic experts. The committee's objectives were to advise the minister of labor on senior citizen policy issues, to identify areas where action was needed, and to develop specific public policy. Another concern was supporting local and regional stakeholders, for example by helping them share ideas and experiences.

In 1997 and 1998 the committee organized a series of conferences and workshops on employment policies and working conditions for older people. In 1998, the government also earmarked 25 million Danish crowns for a "senior citizen pool" to fund 86 innovative pilot projects.

The Senior Policy Initiative Committee was responsible for overseeing and evaluating these pilot projects. In November 1999, results were published in a final report entitled "Seniors and the labor market—now and in the future." In addition to analyzing Denmark's situation in view of demographic change and the labor market for older workers, the report outlined measures for enhancing the situation of seniors in companies and in the labor market. The Ministry of Labor disseminated the information in seminars for companies, organizations, educational institutions and employment agencies.

Important measures that have emerged from the groundwork laid by the Senior Policy Initiative Committee include the SME consulting service Raadgivning and proactive senior networks.

### **SME consulting service Raadgivning**

The consulting service Raadgivning primarily serves small and medium-sized enterprises. Companies can use its services when they are planning to make special agreements for older workers in management. Originally the Ministry of Labor provided the consulting services through its staffers.

But the range of services developed by the Ministry was not as successful as hoped, so in 2004 the consulting service was subcontracted to outside institutions (cf. [www.seniorpraksis.dk/raadgivning/kontakt\\_konsulenter/](http://www.seniorpraksis.dk/raadgivning/kontakt_konsulenter/)). In the vast majority of cases, the consultants make the initial contact with companies. Then a company is offered a five-hour individualized consultation that addresses the challenges and conditions it faces.

The consulting services range from raising awareness at the management level and advising on working hours and labor law questions to setting up mentoring systems so younger and older employees can learn from one another. In general, the consulting services focus on developing age-accommodated company policies. The Ministry of Labor fully funds the consulting program.

### **Proactive senior citizen networks**

In compliance with the core ideas behind capitalized labor market policies, proactive senior citizen networks have been funded since early 2000. The networks are set up autonomously by unemployed people aged 50 and older and are funded by the Ministry of Labor for up to 225,000 Danish crowns (approx. 27,000 euros) per year. There are now 27 senior citizen networks throughout Denmark with 30 to 60 members each. Participation largely depends on the initiative of the unemployed individuals, who learn about a network's existence from their local employment office ([www.senior-erhverv.dk](http://www.senior-erhverv.dk)).

The networks have their own small offices and attempt to make contact with local employers to find new jobs for their members. This approach is driven by the conviction that personal relationships are a particularly helpful to getting jobs.



The Danish government's most recent measure is a comprehensive image campaign launched in early 2006 by the Ministry of Labor. With numerous reports on television and in print media, older people are being addressed directly as a target group to convince them to stay in the workforce longer. This is largely accomplished by playing up the potential for personal development that working can offer, even in one's last years of employment; financial incentives are discussed to a lesser degree. The campaign has a budget of seven million Danish crowns (approx. one million euros).

In conjunction with the campaign, the Ministry of Labor organized six national conferences at which employers were presented options for managing age-related operational issues.

## Summary

The well-timed labor market reforms of the 1990s have made Denmark, along with Great Britain, the most deregulated labor market in the European Union. This—along with a healthy economy and moderate demographic trends—is the main reason for the country's relatively minor problems compared to Germany when it comes to integrating older people into the workforce.

As a result, the recommendations developed by the Senior Policy Initiative Committee for increasing participation in the workforce by older people were implemented only as pilot projects, turning into "luxury programs" that did not have any particular impact on the system, according to the experts.

With the change of government in 2006, the Danish government has initiated new activities, most prominent among them the above-mentioned image campaign and conferences. According to Minister of Employment Claus Hjort Frederiksen, their main goal is to change attitudes in society and business and industry, and to emphasize the significance of older workers for the Danish economy.

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## **Finland: All in one boat<sup>5</sup>**

The Finnish economy underwent dramatic changes in the 1990s. In the first half of the decade, the collapse of the Soviet Union sent it reeling into a major crisis.<sup>6</sup> Since the Finnish economy has embarked on a new multiyear growth trend since the mid-1990s, there were grounds for concern relating to rising pension expenses and the availability and qualifications of the labor pool. The baby boom generation was nearing retirement age—Finland is aging earlier than most OECD countries—and the number of early retirees was also rising at an alarming pace.

The restructuring of the economy from one that produces and processes raw materials to a technology-based economy changed companies and their employees’ work. Continuing education opportunities combined with appropriate job placement services were recognized as critical to the employment of older jobless persons, particularly those with a lower education level. Ever since, political and programmatic discussions have focused on how older workers can be brought into or kept in the workplace despite health-related problems and out-dated qualifications.

The Finnish government, which examined this issue extensively and launched the National Programme for Ageing Workers (FIN-PAW) between 1998 and 2002, was aware from the very start that effective reforms could not be implemented unless the “early retire-

5 Rani Sharma contributed to this report.

6 While economic growth still came to six percent in 1989, it was down to zero in 1990 and even hit negative six percent (GNP growth) in 1991. The Finnish economy stagnated until 1994, but has been experiencing a steady upturn ever since.

ment culture” that is also prevalent in Finland could be transformed into a “culture of a longer working life.” Research findings were also brought into the public debate that showed that the level of satisfaction of people of retirement age was largely determined by their level of satisfaction at work during their final years of employment. As the standard of living is now high in Finland, the discussion there has focused on how to promote well-being at work rather than on pessimistic scenarios of self-sacrifice and an obligation to work longer.

### **Economic and societal challenges of active aging**

In 1994, overall employment plummeted to 60 percent, marking the low point of the economic crisis in Finland. The structural crisis sent unemployment rates soaring to previously unheard of levels, and the unemployment rate among workers aged 55 to 59 exceeded 20 percent for several years in succession. However, labor market data have improved steadily since then, thanks to the Finnish government’s concerted efforts. The economic recovery brought overall unemployment down to 8.8 percent and unemployment among 55- to 64-year-olds to 7.3 percent by 2004 (OECD 2004).

The upturn also resulted in a higher employment rate among older workers. That rate is currently 55 percent, a good ten percent higher than the European average (EU15). This trend confirms that older workers were able to withstand structural change and participate in their country’s economic recovery when targeted measures were taken to make up common deficiencies such as lower levels of qualification.

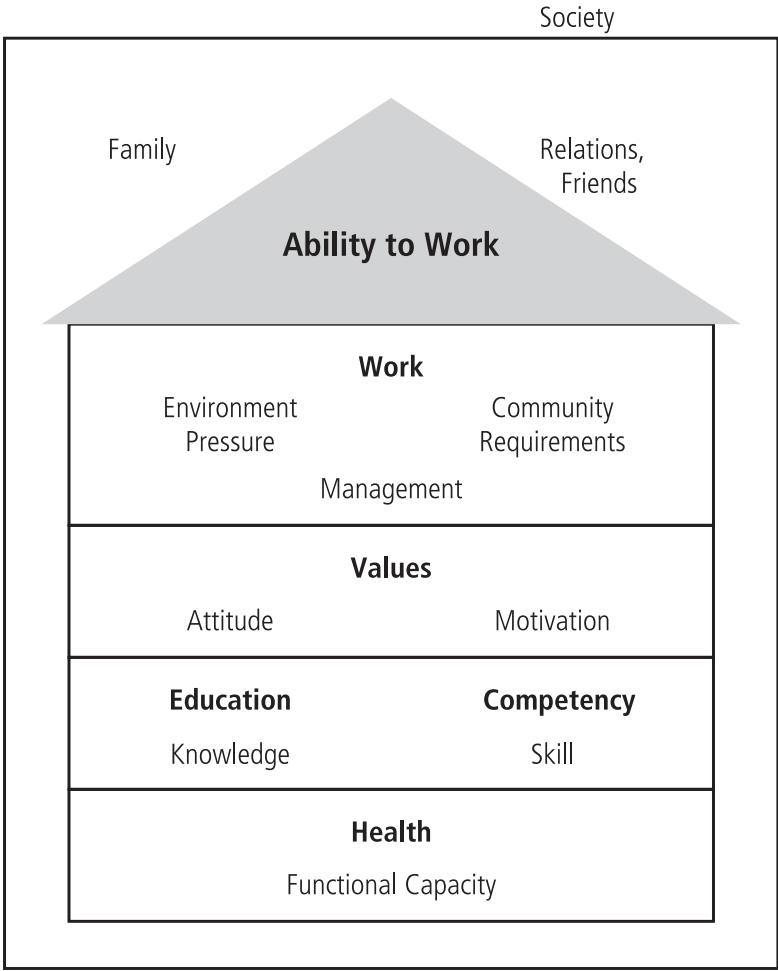
The positive employment trend among older workers is not only the result of more favorable economic conditions. The Finnish government has reformed existing pension legislation and established programs to promote longer working lives. According to Finland’s official statistics, the effective retirement age has risen 1.2 years since 1995, to 59.1 in 2005.

Nevertheless, the successful changes made are still only the beginning, since future demographic trends will present further challenges for the Finnish economy and Finnish society. For example, Finland’s population is aging far faster than those of other European countries, with the over-65 age group set to reach 26 percent by the year 2030.

**Effective measures for promoting participation in the workforce**

Finland’s efforts to keep people in the workforce longer have focused on developing a comprehensive approach to determining and improving each individual’s “work ability.” This approach is based primarily on research conducted by the Finnish Institute of Occupational

**Fig. 5: House of Work Ability**



Source: own illustration, based on Ilmarinen and Tempel 2005

Health (FIOH). The FIOH defines “work ability” as “a person’s—a woman’s or a man’s—potential to complete a given task in a given time. The development of the individual’s functional capacity must always be placed in context with the work requirements.”

Thus, the concept of work ability covers far more than occupational health. It forms the very basis of creating age- and aging-appropriate working and employment conditions and encompasses skills and qualifications as well as appropriate work environments and organization. The following diagram illustrates the factors that must be considered in a “house of work ability”.

In a house of work ability, each floor builds on the floor below it. Individual work ability comprises three factors—values, competence, and health—and is either enhanced or impaired by the fourth factor, work. The factors that determine work ability influence and interact with each other. The concept of work ability addresses the question of how workers’ potential can be maintained and developed so that workers reach retirement age in the best possible health and companies can operate successfully on the market (Ilmarinen and Tempel 2002).

Between 1998 and 2002, the Finnish government established the National Programme for Ageing Workers (FINPAW) based on the concept of “work ability.” The program was designed and implemented as a concerted effort on the part of all major stakeholders (Ministry of Social Affairs and Health 2002).

### **The National Programme for Ageing Workers**

The National Programme for Ageing Workers (FINPAW) is based on a fundamental policy statement made by the Finnish government in February 1997. The statement’s proposals were drawn up by the government committee on improving employment conditions for aging and older workers. The aims of the program were to support the employability of workers over age 45, to reduce exclusion of this age group from the labor market and to lower early retirement rates. The Finnish government set clear targets for achieving these aims. For example, the FINPAW is to help extend effective working lives by two to three years and help bring the employment rates of older workers into balance with those of 35- to 45-year-olds.

The program was conducted jointly by the Ministry of Social Affairs and Health, the Ministry of Education and the Ministry of Labor. It was allocated a 4.2 million budget for the five-year program period. Management of the FINPAW followed the Finnish tradition of tripartite policy-making. Thus, the program's advisory board included representatives from various ministries, unions and management and other political and social stakeholders.

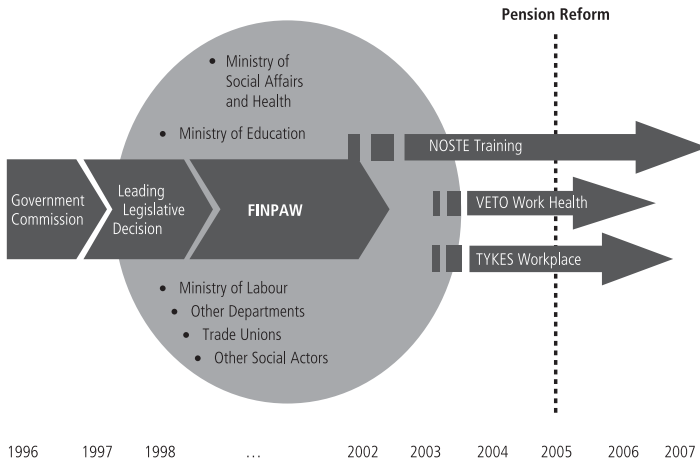
With proposals for supporting both individual working capacity and the ability to find work, the FINPAW focuses on employees and their work ability as well as employers. For example, in addition to the individual's work ability and willingness to remain in work, it also addresses the willingness of companies to keep their employees in work. Although work ability forms the basis of employability, it is not enough in itself. Employability is also influenced by external factors such as labor market and pension legislation, support and service systems, and measures aimed at preventing age discrimination. From the FINPAW's perspective, these factors should form a mutually supportive system of incentives to guide and encourage older workers to remain in the workforce until the legal retirement age.

Forty individual projects were carried out under the program, each of which had a specific emphasis. Because of the broad range of projects, the FINPAW can be described as a research program, an informational campaign and a framework for projects relating to age-appropriate human resources management, creating conducive support structures, (adult) education and health promotion.

The project activities' target groups included the older workers themselves but also their managers, instructors and/or trainers and the staff of labor market organizations. The FINPAW also involved legislative activities that brought about necessary changes to old-age, unemployment and disability pensions in several stages.

Since 2002, the various ministries have launched numerous successor programs to supplement the effects of the national program (see Figure 6). Particularly noteworthy programs include NOSTE (skills-building for older workers), VETO (in-company practices to extend working life) and TYKES (improving workplaces and work organization). These programs are aided by inter-ministerial advisory boards and support the implementation and continuation of the national program. Parallel to

**Fig. 6: "All in one boat"**



these activities, an additional pension reform aimed at raising the retirement age by another two to three years was carried out in 2005.

A key component of reform efforts in Finland is the pension reform that took effect in early 2005 and was aimed at further raising the retirement age. In concrete terms, it introduced a variable retirement age of 63 to 68, with employees receiving more financial benefits for retiring later. For example, a person's pension entitlement increases by 1.5 percent each year between ages 18 and 52, by 1.9 percent each year from age 53 to 62, by 4.5 percent each year between ages 63 and 68, and then by 0.4 percent each month thereafter. In addition, the reform introduced stricter criteria for receiving a disability pension and raised the age qualification for unemployment benefits. All of the social partners were involved in the pension reform negotiations in Finland. The consensus among all major actors is also reflected in the fact that aspects of work ability and active aging were included in the TUPO, Finland's framework agreement on income policy, which is renegotiated every two years.

In addition to the program packages mentioned above, Finland's active labor market policy has also intensified its focus on older workers.

For example, since 1998, employment services have been instructed to step up their efforts to place older unemployed persons in work. The number of such jobs for older workers has doubled from three to six percent. In addition, special measures have been introduced for older long-time unemployed persons. This initiative began with a needs analysis to determine which counseling and services this target group needed. The concluding report lists measures that could improve guidance for older long-time unemployed persons and promote skills-building and good health among these individuals, along with ways to assess work ability and alternatives to old-age pensions. The initiative also generated an extensive knowledge base about long-time unemployment among older workers. The measures cited in the report were implemented gradually beginning in 1998, at first in model cities and then nationwide. Those collaborating on the measures included employment services, social insurance offices (SII), local public health departments, private health centers and hospitals.

Under one measure, persons aged 50 to 58 who have been continuously unemployed for more than one year are summoned to interviews at the employment services office. In these interviews, employment counselors seek to determine the unemployed person's individual situation, wishes and skills. The counselor then puts together a customized package of measures for the individual. Unemployed persons who do not attend the interview may face consequences such as a reduction in their unemployment benefits. However, this program has not been as successful as expected. The general conclusion is that the measures aimed at bringing older workers back into employment have been less successful than those aimed at keeping older employees in their jobs longer.

## **Summary**

In Finland, demographic change is viewed and approached as a task to be dealt with by all of society. The work ability of older persons is no longer merely the subject of academic research. It now forms the basis of a political reform agenda in Finland that has already produced considerable results.

The FINPAW included all stakeholders and sought to achieve political support for necessary reforms of the pension and social



insurance system. Political investments in soft factors such as addressing age stereotypes and in programs that promote the work ability of older workers aim to increase acceptance of considerable changes in pensions and early retirement provisions among the general public and the social partners.

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## Great Britain: New deal for age diversity<sup>7</sup>

The aging of society and the employment situation of older workers have taken on growing importance in the political debate in Great Britain over the past several years. The recently released Turner Report on the state of public pensions has been discussed far beyond the confines of the specialist community. The implementation of effective tools to address the impact of demographic change on the labor market and the social security system is among the most urgent topics of current domestic policy debates.

The political concepts focus on raising the retirement age, reducing the options for early retirement and (re)integrating older people into working life. In addition, policy makers are seeking ways to make employers aware of the benefits of employing older workers and to encourage them to hire more seniors and treat them equally.

<sup>7</sup> Ulf Glöckner contributed to this report.

This is all happening against the backdrop of a new law against age discrimination at work, which will enter into force in October 2006.

Apart from employment, civic involvement is another way in which the potential and abilities of older people can benefit society. In general, volunteer work has always been highly regarded and enjoyed a strong tradition in Great Britain. However, the willingness of persons over age 65 to get involved is astonishingly low. This can be attributed to insufficient insurance coverage of seniors doing volunteer work. This is one area in which the British government sees a key opportunity for promoting civic involvement among seniors.

### **Economic and societal challenges of active aging**

Great Britain is expected to undergo the same demographic shifts as all Western industrialized countries. Age structures will change, with the average age rising as the over-65 age group grows. This age group will nearly double, rising from 12 to 23 percent of the population between 2000 and 2030. At the same time, the absolute number of people under age 25 will decline only slightly, decreasing from 32 to 27 percent of the population—less than in comparable European countries. Therefore, unlike Germany's, Great Britain's population will continue to grow as the average age rises (OECD 2004).

Participation of older workers in employment is high compared with other countries. While the average employment rate of older workers in the EU15 was 45 percent in 2004, the rate in Great Britain at the same point in time was far higher, 58 percent. Unemployment among older workers is also below the European average. In 2004, the average unemployment rate for 55- to 64-year-olds in the EU15 was 6.6 percent, while the rate in Great Britain was not even half that, just 3.1 percent.

Despite what looks like a promising employment situation for older workers at the moment, there is still pressure to take policy action in Great Britain. The number of people over age 65 who are no longer available to the labor market is growing in both relative and absolute terms, and the labor force will continue to age in the years ahead. Between 2005 and 2030, the share of Great Britain's labor force that is between ages 55 and 64 is expected to grow from 21 to 27 percent.

A continuing trend toward early retirement would further burden the public pension systems and produce a shortage of specialists on the labor market. Thus, there is an urgent need to keep the growing number of older workers in the labor force for as long as possible and to ensure their employability at a high level through professional continuing education opportunities.

### **Effective measures for promoting participation in the workforce**

Demand for older workers in Great Britain has changed in line with economic cycles since the end of World War II. In periods of economic growth such as the 1950s, older workers were encouraged to remain in work for as long as possible. During the recessionary period of the 1970s and early 1980s, older workers were the first to leave the workforce, either voluntarily or against their will. Although these trends were created by business strategies, they were also promoted by the social policies of the respective British governments.

For example, the 1977 Job Release Scheme was used to encourage older workers to retire early during a period of high unemployment by providing a tax-free allowance until their pension payments began. However, the country's rapid economic growth since the mid-1980s and growing insight into the consequences of the emerging demographic trend resulted in the view that older workers should be encouraged and empowered to remain actively employed until—and even beyond—the normal retirement age, a view that has prevailed ever since.

Early efforts in this direction, such as the Getting-On campaign, were launched by the Conservative government in the early 1990s. This educational campaign involved the widespread mailing of informational materials and sought to sensitize employers and encourage them to employ and offer continuing education and training to older workers. Another political initiative by the Conservative party was the 1990 pilot scheme known as 50 plus Job Start Allowance, which sought to encourage older long-time unemployed persons to take part-time jobs as a transition to full-time employment.

The Labor party supported this idea when it was in the opposition and continued in the same vein after taking power in 1997. Since then, numerous political initiatives have been launched with the aim

of extending working lives (Walker 2002; Ferichs and Taylor 2005). The following is a brief outline of the three most important such initiatives.

The Code of Practice on Age Diversity in Employment, published in 1999, set out standards for employers with respect to the recruitment, employment and promotion of older workers. The code's contents were developed and disseminated by the government in collaboration with unions and management, intermediaries and special-interest organizations. Implementation of the recommended practices is voluntary. The Code of Practice was not designed as a binding legislative instrument but rather as good practice guidance. However, evaluations soon showed that the Code of Practice was little known among employers and was only being implemented sporadically.

After the reelection of the Labor government in 2001, the Age Positive campaign was launched using the Code of Practice as a basis. Age Positive is a broadly based public awareness campaign that promotes the benefits of employing a mixed-age workforce. The campaign also addresses the interests and needs of older workers and gets the word out about available services and support. The campaign uses a broad range of media relations work, diverse activities, publications, seminars and workshops to generate public interest in these topics.

New Deal 50 plus is part of the Labor government's reform program New Deal for Welfare—Empowering People to Work, which has been implemented since Tony Blair took office in 1997. Advisory services, tax incentives and educational support help put older people who have been unemployed for more than six months back into work. The newly formed Department of Work and Pensions is responsible for program policy. Implementation is carried out by Job-center Plus, Britain's national employment agency.

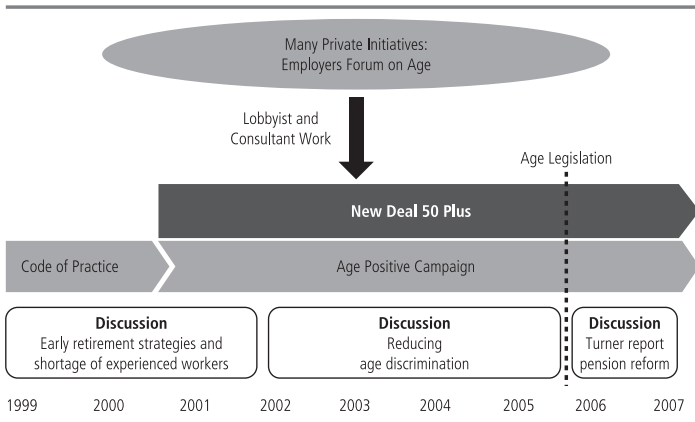
### **New Deal 50 plus**

With New Deal 50 plus, the British government initiated a labor market policy program that focuses exclusively on older workers. The aim of this legislative initiative is to help people over age 50 who have been unemployed and receiving government unemployment benefits for more

than six months build skills and get back to work. Thus, New Deal 50 plus is aimed primarily at helping older long-time unemployed people.

Participation in New Deal 50 plus is voluntary and essentially covers three benefits. Special Jobcenter Plus advisors offer older jobseekers *personalized advice* and support for finding employment. An *employment credit* gives older workers who take on low-paying work or self-employment a wage cost subsidy for one year. And the *training grant* offers financial support for older workers who are in work to improve existing skills and acquire new ones.

**Fig. 7: New Deal for Age Diversity**



Assessments of the program’s effectiveness have shown varied results. Successes include the fact that some 250,000 older workers have been brought back into the labor market. The employment credit has proven to be a useful tool that the target group has made considerable use of. However, as a form of wage subsidization, it has also been a target for the program’s critics. Evaluations of the credit indicate that older workers run the risk of becoming unemployed again once the wage subsidy runs out. New Deal 50 plus, with its exclusive focus on older workers, has raised awareness of this topic in British society and among the relevant actors. On the whole, the program seems capable of achieving good results when the overall economic situation is positive. But it remains unclear how it would fare during recessionary periods.

The current discussion on improving the employment situation of older workers is shaped by new legislation that will enter into force in October 2006. This legislation is the national implementation of an EU directive and bans age discrimination in personnel decisions.

### **Age discrimination legislation**

On October 1, 2006, legislation outlawing age discrimination at work will take effect in Great Britain. With the new regulations, the British government is implementing EU directives on outlawing discrimination at work. The law is shaping the current debate on older workers' participation in the workforce.

It is aimed at preventing discrimination against older workers with respect to recruiting, promotion and training. Employers using age as a basis for personnel decisions will be in violation of the law. Once the law takes effect, employers will no longer be permitted to force employees into early retirement. They will also have to consider requests from employees to work beyond age 65.

The Department of Work and Pensions established the Age Partnership Group, a network of all relevant public, private and intermediary actors, in 2002 to sufficiently prepare employers for the new regulations. The network's Be Ready public awareness campaign primarily involves sending out informational materials to employers to prepare them for the antidiscrimination law.

Trade unions are also part of the consortium. They have welcomed the anti-ageism legislation, but have expressed concern that employers might use the laws to establish retirement rules that force workers to remain in work longer than they would like.

British employers themselves launched a noteworthy initiative in the mid-1990s that is still ongoing. Several well-known employers established the Employers Forum on Age in order to effectively counteract the trend toward early retirement. The Forum's aims are to fight age discrimination at work and promote age diversity at work. For this purpose, the forum developed a comprehensive range of advisory services to support age management in member companies. In

addition, the forum advises the British government on issues relating to age-appropriate labor market conditions.

### **Employers Forum on Age**

The Employers Forum on Age is a nongovernmental organization (NGO) that seeks to sensitize companies to the importance of mixed-age workforces and to provide them with concrete assistance. The forum also influences policy and legislative decision-making through its membership in political bodies and ongoing campaigning and lobbying.

The Employers Forum on Age was established in 1996 by leading British companies in collaboration with the NGO Age Concern. Its membership now includes more than 240 companies and numerous industry organizations and associations of small and mid-sized companies. The forum's mission is shaped by ethical and social considerations as well as business considerations. On the one hand, exclusion of older workers is undesirable from a social perspective and will entail legal sanctions once the antidiscrimination law takes effect. On the other, companies suffer a competitive disadvantage if they lack the experience and expertise of older workers.

In exchange for their paid membership in the forum, companies receive various advisory services for implementing their own age diversity management. These services include workshops, master classes, training seminars, PR and poster campaigns and informational materials as well as studies that provide best-practice documentation of the implementation options and successes of age diversity management.

The forum's member network gives it the clout it needs for successful political lobbying. The forum's core and founding members include large, well-known British companies. The entire network of companies employs around 14 percent of the British workforce. The forum's participation in the political process has it working with the relevant actors in the field, including policy makers at the administrative level and other intermediary and nongovernmental organizations. Regular consultations with specialist committees enable the forum to have a direct influence on policy making.

Britain, too, has gradually reformed its pension system to keep people in work longer. For example, in 2002, the minimum age for drawing on private retirement funds was raised to 55. The age at which women can receive public pensions is also being raised in stages, from 60 now to 65 by 2020. Thus, men and women alike will not be able to receive public pension benefits before age 65. Finally, employees who have reached retirement age will in future have more flexibility with respect to leaving the workforce. Workers who decide to postpone retirement can receive higher retirement benefits in exchange for staying in work longer, with retirement benefits increasing by 10.4 percent for each additional year of employment (Elder 2005).

The public- and private-sector efforts to make it easier for older workers to remain in the workforce are supplemented by efforts to promote volunteerism and civic involvement as an option for older people to benefit society.

One of the latest government initiatives to promote volunteer work among older people is a program entitled Volunteering Initiative for the Third Age (VITA), launched by the British Home Office in 2005. The program aims to spark interest in volunteer work among retirees and remove barriers to their participation. VITA seeks to draw public awareness to the issue and organizes related conferences, PR campaigns, best practice guidance and the like. Another aim is to improve the framework conditions for volunteer work. Although there is certainly plenty of willingness among seniors in Great Britain to engage in volunteer work, many insurance companies define older people as a risk group and therefore do not offer sufficient insurance coverage for their involvement.

A government initiative is seeking to promote volunteer work among seniors who are still working. In 2001, the Home Office established the Experience Corps, which recruits people over age 50 and helps find volunteer work for them. A database was set up for the initiative and now includes 200,000 willing volunteers and numerous volunteer opportunities.



## Summary

The initiatives and strategies described above show that the potential of older citizens is highly valued in Great Britain. This is due in no small part to the success of numerous informational campaigns that have been launched by the government and supported by private-sector actors since the end of the 1990s. Labor market policies like New Deal 50 plus and the implementation of age diversity strategies within companies are encouraging and enabling people to remain in work longer. In addition, pension reforms and the introduction of an antidiscrimination law are improving the conditions for a longer working life.

The many initiatives aimed at promoting civic involvement among seniors testify to the recognition of seniors' potential outside the world of work as well. Given that there will be more seniors in Great Britain in the future and rising life expectancies are enabling seniors to remain active longer, this group is an increasingly important social resource.

But there is still much to be done. Although the British government has posted successes in reintegrating seniors into the labor market, it still has not developed an overall strategy that promotes longer working lives and takes into account the aging of the workforce.

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## **The Netherlands: Let 1,000 flowers bloom<sup>8</sup>**

From a demographic perspective, the year 2005 was a milestone in Dutch history. For the first time, over 2.5 million citizens were receiving a state pension—about 15 percent of the total population. This development will peak in the year 2037, according to the calculations of Statistics Netherlands (CBS); by then almost 24 percent of the population will be receiving a federal pension check.

One of the main effects of this development is the rising cost of pension insurance. The government, the parties to labor contract negotiations, and companies—both employers and employees—all agree that something must be done to counter the effects of the aging society. On one side, the country needs to increase labor market participation among older workers; on the other, the government needs to strengthen incentives for businesses to keep older workers on their payrolls longer.

One outstanding characteristic of politics in the Netherlands: the close tripartite cooperation among the government, employers' organizations and labor unions, and their regular exchange on social developments. Called the polder model, it is also used to promote employment among aging workers. For example, the government works with the Labour Foundation (Stichting van de Arbeid, STAR), a coalition of employers and unions that had already published recommendations for age-aware personnel policy in 1997. As the government's main advisory body, the Social and Economic Council of the Netherlands (Sociaal-Economische Raad, SER)—a group made up of trade union and industry representatives as well as other independent members—is also taking part in the discussion on how to increase labor market participation among seniors.

### **Economic and societal challenges to active aging**

Just as in most European nations, the Netherlands' ratio between pensioners and those of working age will change drastically in the future. Low birth rates and high life expectancies will increase the

8 Klaudia Lehmann contributed to this report.

ratio from its current 23:100 to 43:100 by the year 2040 (Netherlands Bureau for Economic Policy Analysis 2006).

Relatively few people in the Netherlands over age 55 are integrated into the working world; however, the country was able to raise the employment rate among 55- to 64-year-olds by a full 15 percent to 46.3 percent overall between 1999 and 2004. This places the Netherlands at slightly below the OECD average of 50 percent (OECD 2005).

The legal retirement age is 65 for both men and women, but men actually retire at age 61 on average and women at 59. Labor market participation drops accordingly after age 60, and the low employment level is especially noticeable for women. While 56.8 percent of people aged 55 to 59 are employed, only 18.5 percent of 60- to 64-year-olds still work. The employment rate for men aged 60 to 64 is 25.3 percent, but only 11.7 percent of women in this age group still work. Furthermore, 64 percent of employed women between the ages of 50 and 64 work part-time (OECD 2003).

In the Netherlands, volunteering—both before and after retirement—is very popular. In 2004, 61 percent of 55- to 64-year-olds gave their time as volunteers (CBS Statistics Netherlands 2006).

### **Effective measures for promoting participation in the workforce**

Early retirement has become less appealing for both employers and employees in recent years. At the same time, pressure on recipients of unemployment benefits to actively search for a job increased noticeably. The corresponding legislative reforms led to massive protests in the Netherlands in 2004.

The most common ways older workers could exit the labor market prematurely were early retirement programs and occupational disability and unemployment benefits insurance plans. To address these, the government, employers' organizations and trade unions were able to reach agreement on the following reforms to boost labor market participation in the future:

- *Early retirement (VUT)*: Up until 2004, early retirement was not only easy to manage, it even came with tax advantages. The benefits were financed in a paygo, or pay-as-you-go, system and were largely independent of the number of years recipients had paid into the plan. The tax advantages were abolished in 2004, and the

retirement insurance program was switched over to a fully-funded pension system. Since then, anyone choosing early retirement has to count on making financial concessions.

- *Occupational disability (WAO)*: A new system regulating occupational disability took effect on January 1, 2006, one that places a great responsibility on both employers and employees during the first two years of occupational disability. Employers must continue to pay the employee's wages for two years, and employees only receive full disability benefits if they are declared permanently unable to work. Workers who are partially disabled receive benefits only if they fully utilize their remaining employment capabilities.
- *Unemployment benefits insurance (WW)*: Generous laws governing unemployment benefits insurance helped smooth the way to early retirement for older workers. Until the reform passed in 2003, unemployed workers could collect benefits for up to five years at 70 percent of their previous salary, and after that at 70 percent of minimum wage. In addition, unemployed persons above age 57.5 were not required to seek employment. The follow-up benefits (after the first five years) were abolished in August 2003, and January 2004 saw a new measure take effect requiring unemployed persons over age 57.5 to actively seek employment as well. Those let go after their 64th birthday remain exempt from having to search for a job.

One noteworthy detail in the legal reform: unemployed workers over 57.5 years of age do not need to actively seek employment if they volunteer for over 20 hours per week or are a caregiver (informal care). This exception shows just how important volunteering is in the Netherlands.

In addition to the tightened restrictions in the early retirement system and the push to return to employment, the Netherlands is essentially implementing the following measures to maintain and promote employment:

An antidiscrimination law aims to prevent older workers from facing disadvantages in the work place, such as in job application and hiring processes, promotions, professional training and integration into the working world.

The government has also created incentives for businesses to keep older workers on their rosters; these include the "Tijdelijke subsidier-

egeling stimuleren leeftijdsbewust beleid” subsidy plan, in which companies receive wage subsidies of up to 40,000 when they hire someone over age 55.

One excellent example of flexibility in the transition to retirement is the new “levensloopregeling” (Life Course Saving Scheme), where employed individuals can take advantage of the opportunity to save money for a partial or early retirement.

### **Levensloopregeling**

The Life Course Saving Scheme (LCSS) enables people to finance a leave from work of up to two years, above and beyond regular savings (a maximum of 12 percent of gross annual income). Leave can be taken for family purposes, continuing education, civic engagement, sabbaticals, early retirement or other similar activities. The law replaces elements of the Wage Saving Scheme (similar to the VWL plan in Germany) and of early retirement. The model has been criticized for favoring high-income male workers, because women with major family responsibilities and low-income earners are unable to save up for leave (such as family leave).

Since the LCSS only came into effect in January 2006, the program cannot be fully evaluated yet. The general opinion among those interviewed is that the LCSS idea is innovative, but it still needs to prove itself in practice. It also needs further adjustment to truly fulfill its purpose.

In addition to these macro-political steering efforts, the government’s activities have included raising awareness and public relations campaigns. These efforts targeted change agents and interest groups in particular, but also the public at large. Since the 1990s, a number of influential actors in the field (researchers, the Plan expert network, the Social and Economic Council of the Netherlands) have emphasized the need to raise public awareness to ease acceptance of the reforms. By founding the Taskforce Ouderen en Arbeid (Taskforce on Older People and Employment), the country has taken to heart these recommendations and paid heed to the growing pressure to act. It serves as an additional measure to political reform efforts toward

maintaining and increasing labor market participation among mature workers.

### **Taskforce Ouderen en Arbeid**

The Taskforce on Older People and Employment was launched in 2001 by the Ministry for Social Affairs and Employment. Its mandate was to raise awareness about the aging population and its effects on the labor market and society. In keeping with its motto, Let 1,000 Flowers Bloom, it worked to formulate examples for best practices and recommendations for policymakers. Aware that a number of interesting regional and sectoral projects were in the works and to some extent already in place, program operations focused on a comprehensive integration of these individual projects.

The taskforce operated under the leadership of Ed Nijpels, a politician from the liberal camp. Members included representatives of employers' associations and unions, professors, top business executives and a representative of the king. Although not members themselves, government representatives were integrated into the taskforce as permanent observers. This gave the group direct contact with the appropriate ministries and departments without endangering the initiative's political independence. Taking the different interests of various members into account proved to be both boon and bane to the taskforce's work.

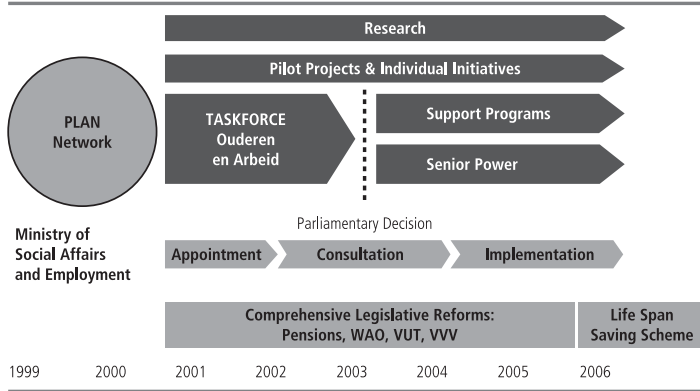
The taskforce's main contribution was to boost public awareness on the problematic issues of labor market participation among mature workers and place the subject of active aging on the government's agenda. The group concluded its work in 2003 with a compiled catalogue of recommendations (Taskforce on Older People and Employment 2002, 2003a, 2003b).

The prominence of the taskforce's members generated a great deal of attention in the public as well as with certain interest groups. Wide-ranging public campaigns have a high profile and thus exercise an influence on public opinion. While the taskforce focused particularly on taking stock and finding successful real-world examples, realizing and implementing recommendations was not part of its mandate.

The objectives and recommendations for action formulated by the taskforce are currently being implemented in the "Senior Power—

Werken met ervaring” project with financial support from the Ministry for Social Affairs and Employment. The project budget amounts to 28 over 2.5 years. The funds will be used for ongoing research in the field, support for identified best practices and subsidies for businesses that hire unemployed older workers.

**Fig. 8: Let 1,000 Flowers Bloom**



In accordance with the government’s April 2004 cabinet position, “Encouraging older people to continue to work,” adopted upon the taskforce’s recommendations, the Dutch government is currently pursuing two main objectives. First, they plan to improve information policy on the new pension and labor market policy regulations to promote greater labor market participation among aging workers. Second, they are working to involve others, such as human resources managers and employment agency workers, more closely in the process of raising public awareness.

## Summary

The employment trend for older workers in the Netherlands is on an upward track. The already increased workforce participation for that age group is due to political reforms that limit opportunities for early retirement and give individuals greater control over when they retire.

One important success factor in the positive employment trend for seniors is the economic upswing in the Netherlands. The current discussion on active aging needs to be viewed in this context. If the economy slows down in the coming years, the Netherlands will quickly face a labor shortage. The age structure of the population already shows that the number of potential workers will shrink in the future.

The taskforce strongly influenced the public debate on integrating seniors into the labor market and helped unify public opinion. The influential stakeholders in Dutch society have recognized the significance and consequences of demographic change and are working together to master the challenge it poses.

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## New Zealand: Vision for positive aging<sup>9</sup>

In the 1980s, New Zealand was on the verge of national bankruptcy with double-digit inflation. Reasons for this include an overdeveloped welfare state and the resulting budget deficit as well as the country's extreme exclusion from the global economy. The country found its

9 Georg Klose contributed to this report.



way out of the crisis through a political change of course and now perceives itself as a neoliberal state. Since that time, New Zealand's economy has grown by about four percent annually, and the unemployment rate is correspondingly low.

New Zealand is generally regarded as a poster child for liberal reform, with the lowest levels of regulation of the OECD countries. The guiding principles of liberalism are also having an impact on the public discourse on demographic change. The discussion is not limited to economic or social aspects, but focuses in particular on independence for seniors and active aging, participation of seniors in community life, and valuing aging members of society.

### **Economic and societal challenges to active aging**

Demographic change is less severe in New Zealand than in other OECD countries. From 1990 to 2000, the percentage of those over age 65 has only risen by 0.7 percent to 12 percent of the total population. This places New Zealand below the OECD average of 13.8 percent, similar to the United States and Canada. The aging rate is moderated by high birth rates in the Maori population and high immigration rates for young people.

Nevertheless, population aging will become noticeable in New Zealand over the next 50 years as well. According to Statistics New Zealand, half of the country's potential workforce will be over age 42 by the year 2012 (Equal Employment Opportunities Trust 2006); the percentage of the potential workforce over age 65 will more than double.

New Zealand's labor market ranks better than average on many key indicators compared to other OECD states. At 3.9 percent, the unemployment rate is one of the lowest in the OECD rankings; the overall employment rate of approximately 80 percent for residents between ages 15 and 64 is the fifth highest. Comprehensive reforms during the mid 1990s have slowed the retreat of mature workers from the working world. Whereas only 30 percent of people aged 55 to 64 worked full-time in 1992, in 2002 the figure rose to 55 percent. The percentage of workers over age 65—the legal retirement age—is currently at 11 percent. Even three percent of 85-year-olds are still employed.

Positive economic developments are tied to the neoliberal reforms implemented to address the desolate economic situation. But the challenge of demographic change was not the focus of political objectives. The successful integration of aging workers into the labor market is less a result of a targeted policy or strategy than a side effect of the general economic upswing.

### **Effective measures for promoting participation in the workforce**

Because of the positive state of the labor market, the issue of employing aging workers has received little attention in the political discourse thus far. The public debate is limited to financing the pension system. Healthcare and care options for the rising number of seniors suffering from dementia and other illnesses have become another hot topic. In keeping with its neoliberal principles, the state always emphasizes personal responsibility for planning ahead financially and managing the transition to retirement.

The definitive structure for integrating aging workers into the labor market came with the legal reforms in the early 1990s as part of the country's turn to neoliberalism. In place of the principle of an all-encompassing welfare state, the social insurance systems adopted the principle of a basic benefit. The federal pension, called a superannuation, is financed through taxes in New Zealand and ensures every retiree a basic pension regardless of prior earnings, family situation and number of household members. Because the low pension payments only amount to about 40 to 65 percent of the average income nationwide, the federal pension is more or less a poverty prevention measure.

The pension concept has been altered further in recent years. For example, the legal retirement age has been gradually raised from age 60 to 65 since 1992. As a result, the employment rate for the 60+ age group has doubled from 25 percent in 1992 to 52 percent in 2001.

The government has recently opened up the possibility of earning extra income in addition to drawing a pension. The limit for additional tax-free income is set at NZ\$4,160 per year for singles and NZ\$6,240 for married couples, and income beyond that is subject to a 25 percent tax rate. The pension itself is subject to full taxation.

Since the 1980s, individual retirement planning has taken on a heightened significance in New Zealand as well. As in Australia, it is

concentrated in real estate—over 80 percent of pensioners in New Zealand are homeowners. Tax breaks promote financial planning in the form of pension funds or other similar types of accounts.

The social consequences of an aging workforce have only recently entered the public discourse, with research institutions leading the way. One of the main issues up for discussion is how to create and maintain appropriate living conditions for aging with dignity, and within that context to address employment for aging workers. For example, the New Zealand Institute of Research for Ageing formulated an eight-point action plan to raise awareness in the business community about the challenges of demographic change.

A survey conducted by the New Zealand Equal Employment Opportunities Trust in April 2006 documented New Zealanders' willingness to work later in life—most of those surveyed plan to work at least to full retirement age (Equal Employment Opportunities Trust 2006). The main reason: insufficient financial planning. One common complaint was a lack of flexibility within companies regarding phased transitions into retirement.

New Zealand's laws against discrimination in the workplace are defined in the New Zealand Equal Employment Opportunities Act. This serves to protect New Zealand's ethnic minorities in particular from discrimination, but also covers gender and age discrimination as well. However, further specific regulations against age-related discrimination are nowhere to be found.

### **New Zealand's Positive Ageing Strategy**

New Zealand has firmly established equal treatment for every age group as a fundamental guiding principle in every aspect of its society. This basic principle has been embedded in the country's Positive Ageing Strategy since 1999. The strategy aims to ensure equal social participation, the feeling of being valued and economic prosperity in later life.

The "Vision for positive ageing" (Ministry of Social Policy 2001: 12) presents this definition: "Our vision is for a society where people can age positively, where older people are highly valued and where they are recognized as an integral part of families and communities. New Zealand will be a positive place in which to age when older people can say

they live in a society that values them, acknowledges their contributions and encourages their participation.”

The government’s action plan for implementing the Positive Ageing Strategy outlines a host of goals: helping seniors lead a satisfying and healthy life; creating opportunities for seniors to participate in family and community life; promoting a positive attitude toward seniors; acknowledging aging and the aged as part of life; recognizing the strengths and values of ethnic minority seniors and respecting their cultural diversity; ensuring older people in urban and rural areas a safe and pleasant living environment; and encouraging seniors to take responsibility for their own personal development.

Guaranteeing income and improving older workers’ chances for employment are an integral part of the strategy. The fields of action identified in the plan address options for improving opportunities for labor market participation past age 65, among other things. In accordance with the general discourse in New Zealand, this concept is not presented as a necessary social and fiscal policy measure, but rather as part of individuals’ responsibility for providing for their old age.

The Positive Ageing Strategy is headed and financed by the Office for Senior Citizens in New Zealand’s Ministry of Social Development, but the office also has a cross-disciplinary mandate. It sees itself as representing the interests of seniors, and provides support and advising for the Minister for Seniors, Ruth Dyson, who also works under the auspices of the Ministry of Social Development. The strategy is implemented with annual action plans, underpinned by specific fields for action. A monitoring and reporting process evaluates and documents progress in the Positive Ageing Strategy.

## Summary

The awareness that an aging workforce will present the reformed social security systems with new challenges, and that it will be necessary to ensure seniors’ steady integration into the labor market over the long term, is growing slowly in New Zealand. Reasons for this include positive economic development and the slow progression of demographic change in comparison to the OECD average. Both devel-

opments defuse the pressure somewhat and render it less immediately noticeable.

In this context, the country's Positive Ageing Strategy and its establishment of an office and ministry specifically for seniors primarily reflect its view of itself as a liberal society with a highly developed sense of responsibility for caring for its aging members. However, this is not tied to any systematic policy program to promote active aging. The strategy creates the framework and defines fields of action without implementing concrete measures.

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## Sweden: Leader in creating an effective legal framework<sup>10</sup>

For years, Sweden has led the way in successfully shaping the legal framework for integrating older workers. Since the 1970s, the government has focused its policy efforts on three key areas to ensure employability among mature workers:

- optimizing the insurance systems (pension system, health and unemployment insurance)
- improving working conditions (flexible work schedules, lifelong learning and health)
- reintegrating older workers into the labor market

Further efforts aim to raise public awareness on aging issues. Their objective is to integrate every age group into political and social decision-making processes, thus enabling all Swedish citizens to age actively and safely.

10 Fernando Reimann contributed to this report.

## Economic and societal challenges to active aging

Sweden was mired in a deep recession at the beginning of the 1990s. Older workers—as in many other northern European countries—were given the option of an early exit from the workforce as a way to reduce unemployment in the younger population. However, the Swedish government has been trying to reverse the early retirement trend since the late 1990s. And they have been successful: the employment rate for aging workers is far above average compared to other countries. In 2004, the employment rate for 55- to 64-year-olds was 68.6 percent (66.3 percent for women, 70.8 for men). For the 60 to 64 age group, 2004 saw an employment rate of 58.4 percent, up from only 50 percent in 1999 (Eurostat 2006).

Adequately interpreting the current status of Sweden's labor market requires considering four key features that stand out in international comparison (Eurostat 2006 and OECD 2003):

1. The percentage of women who work has traditionally been high and is scarcely different from that of men. There are a number of reasons for this. Since the early 1970s, taxation has no longer been based on the household or married couple status, but rather on the individual, which gives women more incentive to work. Furthermore, Sweden has a well-established care structure for children and seniors, which makes it easier for women to combine family and career. In 2005, the employment rate for women was at 76 percent, only 4.5 percentage points below the men's rate of 80.5 percent (Eurostat 2006).
2. Compared to other European countries, wages and salaries in Sweden are less influenced by the seniority principle, meaning that they do not climb automatically with age or number of years on the job. Thus, aging employees barely generate extra costs for businesses, so there is little incentive for age-related hiring or dismissal measures.
3. At 23 percent, Sweden's part-time employment rate is the third highest of the EU15 countries (2003). The EU15 average is 17 percent.
4. To promote working longer among seniors, the government gradually introduced a new pension system from 1999 to 2001 that gives people more flexibility in when they want to retire and offers them financial incentives for staying in the workforce longer.

Employees can retire at age 61 but are penalized with a 28 percent actuarial deduction from their pension benefits. For every further year that they work, the benefit eligibility increases: by age 65, it reaches 100 percent; by age 67, it is 119 percent and at age 70, it totals 156 percent. The decrease or increase of pension benefits is for the entire retirement period. Also, Sweden no longer has a legal age limit for employment.

Studies by the Swedish Ministry of Social Affairs have shown that a negative image of older workers still prevails in Swedish businesses, as it does elsewhere. Prejudices against seniors range from lower productivity to a lack of flexibility and closed-mindedness toward innovation. These opinions vary depending upon the industry and age structure among employees. Thus, employers in the education and health industries have a comparatively positive attitude toward their older workers. However, overall willingness in the business community to hire older workers is rather low, and few companies are enthused about their remaining on the job longer.

### **Effective measures for promoting participation in the workforce**

The legal framework conditions are having a positive effect on the integration of older workers in Sweden's labor market. The increase in the average retirement age from 61.7 to 63.2 percent just in 2001 to 2002 confirms the success of the reform measures.

Current initiatives to maintain and improve employability as well as improving work quality take center stage among a host of activities aimed at enabling older workers to stay in the workforce longer. The country's action plan for employment from 2002 followed the Scandinavian school of thought, aiming to modernize work organization and processes, improve working environments, combat work-related illnesses and promote lifelong learning (Regierungskansliet 2005).

Flexible forms of work were developed as an alternative to a premature exit from the working world. One typical example of flexible organization is the widely practiced concept of mentoring, in which aging workers act as mentors to younger employees and at the same time decrease their work hours, smoothing the transition from work to retirement for both employers and employees. Large Swedish com-

panies such as Flextronics, a high-tech company, and SSAB Borlänge, a steel company, have this type of program in place. The Senior 2005 Commission, a parliamentary commission on long-term planning for senior policy in Sweden headed by the Ministry of Social Affairs, also called for creating even more flexibility in work schedules for seniors.

### **Senior 2005 Commission**

The Senior 2005 Commission's main objective was to establish conditions for a future-oriented and sustainable senior policy (Ministry of Health and Social Affairs 2003).

The goal is to ensure every Swedish citizen the right to grow older in safety and independence. Seniors should live independently and be able to actively participate in the economy and society. They should be treated with respect and have access to high-quality care. In this context, the commission focuses mainly on

- community access for disabled seniors
- development of IT aids for seniors in the home and in care facilities
- the quality of in-home and inpatient care
- the role of family members in in-home and inpatient care
- opportunities for seniors to participate in cultural life
- the different needs and situations of men and women
- the specific needs and situations of immigrant seniors
- senior participation in the workforce—post-retirement as well

Another focal interest of the Swedish government is promoting lifelong learning. One significant measure in this area is the adult education initiative launched in 1997 with the goal of improving qualification and training levels and reducing unemployment. This initiative gives 100,000 people, especially unemployed people with a less-advanced education, the opportunity every year to receive a higher level of education as a basis for ongoing lifelong learning.

To promote continuing education for older workers in particular, the Swedish government offers stipends to people between age 51 and 55 to enroll in university courses relating to their professions. However, this offer is only valid for courses in fields with a shortage of skilled labor.



For more than ten years now, Sweden has also actively pursued a labor market policy for reintegrating unemployed older workers. By 1993, the government was already working with the Forum 50+ NGO to found institutions that would raise public awareness about the problems facing older workers in the labor market. To improve the employment rate for workers over age 50, Forum 50+ collaborated with federal employment offices to initiate a project targeting unemployed workers in that age group to improve their chances for long-term employment and expand existing strategies pursued by state employment programs.

In 2000, the Swedish government introduced one of the most significant labor market policy initiatives in recent years, the Swedish Activity Guarantee (Vogt 2003). The guarantee covers education and qualification measures, job-search assistance and subsidized jobs for gaining professional experience.

The assistance program which works to reintegrate unemployed older workers into the labor market targets those over age 57 who have already participated in the activity guarantee for three months. Companies receive a subsidy totaling 75 percent of employee wages over a period of 24 months for each newly hired employee.

To avoid work-related illnesses, the government adopted an 11-point program in 2001 (Vogt 2003). In addition to making general recommendations for reforming the health care system, it contains concrete strategies for improving professional rehabilitation and avoiding health impairment in the workplace.

### **Program for better health in working life**

The Swedish government initiated the 11-point program for better health in working life together with employers' associations and unions to stem the swelling tide of sick leave and healthcare costs. The program covers the following eleven points:

1. national objectives for healthier working life
2. tripartite talks between the government, employers' associations and unions
3. economic incentives for the employer to prevent poor health
4. development of action on the work environment

5. health audits
6. pilot projects to reduce the incidence of poor health within the public sector
7. reform of the rehabilitation system, with focus on the individual
8. amendment of existing legislation with the aim of raising the quality of rehabilitation
9. procedures for sick leave
10. improved statistics and research concerning poor health
11. improved access to treatment in the health and medical care system

Efforts to better align work environments with the needs of older workers aimed to reduce illness and lengthen their working life. Even before undertaking the pension reform, the government sought to reduce the number of occupational disability beneficiaries by offering them the option of working for up to three years without endangering their eligibility for disability benefits. However, at the end of one year less than 0.5 percent of recipients had taken advantage of this opportunity.

In 2003, the Swedish government introduced employment support for long-term disability recipients to ease their reentry into the workplace. To also give employers greater responsibility for early and active reintegration, the duration of wage payments in case of illness was increased from two to three weeks.

## **Summary**

Active participation in the economy and society among seniors has increased markedly in Sweden. Until recently, the reintegration of unemployed older workers was a particular focal point in the political discourse right alongside pension reform. However, the report submitted by the Senior 2005 parliamentary commission reveals that the challenges accompanying population aging need to be discussed further and in depth. The unique features of Sweden's social, economic and labor market policy constellation are the main reasons for the high employment rate for mature workers in comparison to other

European countries. These primarily include high labor market participation levels among women, restrictions governing early retirement and the lack of emphasis on the seniority principle in the Swedish wage system.

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## Switzerland: An exemplary policy mix<sup>11</sup>

As far as employment for mature workers is concerned, Switzerland takes top honors internationally. At 65.1 percent, the employment rate for 55- to 64-year-olds in 2004 was clearly better than the OECD average (OECD 2006). Switzerland's relatively good starting point is reflected in the low unemployment rate for older workers. Between 1995 and 2004, it did rise slightly, from 3.1 to 3.2 percent, but again, the OECD average was clearly higher, at 4.7 percent.

Notably, Switzerland is one of the relatively few countries where the true retirement age approaches the legal retirement age. Early retirement in Switzerland is relatively rare (Bertelsmann Stiftung 2006: 2). In contrast to a number of other European countries, Switzerland is well equipped for the challenges of demographic change in the matter of employing older workers.

11 Nadine Ehrenbrusthoff contributed to this report.

### **An exemplary policy mix**

Credit for this success in integrating mature workers into the labor market largely goes to a favorable institutional framework. Effective retirement security incentives are set for employees, with actuarially correct reductions to the federal Old Age and Survivors Insurance (AHV) that make early retirement expensive and therefore unappealing. This is especially true since the corporate and private provisions (the second and third pillars of the Swiss retirement system) only partially fill the benefit gap. In addition, access to early retirement instruments is not easy from a legal standpoint, and few Swiss workers follow alternative paths to early retirement.

It also appears that a Swiss employee's increasing age does not have a detrimental effect on continuing education behavior. Research shows that except for those over 60, younger and older workers are equally likely to take part in continuing education, and that older employees have equal access to subsidies for continuing education.

When it comes to the demand for older workers, the salient feature is logical age-earnings curves that are adjusted for productivity differences using performance-based incentive pay.

Switzerland's labor market is characterized by comparatively sparse regulation. Labor laws contain enough latitude to make for flexible working arrangements. An important factor in the overall arrangement is the relaxed protection against dismissal. The lack of this social policy constraint reduces potential dismissal costs and raises the likelihood of rehiring older workers. An important point that complements the successful overall political arrangement in Switzerland is the continual reworking of the Swiss Old Age and Survivors Insurance (AHV). Together with Disability Insurance (IV), it constitutes the federal component and most important pillar of the Swiss social welfare system.

Even in Switzerland, though, demographic aging lends increasing significance to mature workers' participation in the labor market—a realization that is relatively new. Exactly because Switzerland is in a good situation and has traditionally demonstrated a high employment rate for older workers, this issue has so far received much less attention as a potential problem than in other industrialized nations.

But now there are indications that encouraging older workers is catching the public eye. The legislation packet passed by the Bundesrat at the end of 2005 in favor of mature employee participation in the workplace is of key importance.

### **Economic and social challenges to active aging**

In spite of good conditions, Switzerland—like other European countries—is faced with a considerable demographic challenge. Demographic developments mean that in the coming 10 to 15 years, smaller numbers of the population will be of employable age. This leads to a noticeable shift in the age structure, mirrored in the change in the percentage of seniors, which will rise from 14.6 percent (1990) to 20 percent in 2020. Despite its positive trends in employing mature workers, Switzerland needs to take steps to prolong its citizens' working life.

Since January 1, 2005, the legal retirement age is 65 for men, 64 for women. The average retirement age in Switzerland is currently 63.2, just under the legal pension age and about two years later than the European average.

But the Swiss do also choose to leave the workplace early if they can. This trend toward early retirement plainly grew in the 1990s, largely in response to the economic downturn that prevailed in Switzerland from 1991 to 1997 (Bertelsmann Stiftung and BDA 2003: 122).

AHV offers the possibility of taking pension distributions up to two years early or pushing them back a maximum of five years. Allowing people to receive retirement benefits early increases the relatively high number of early retirees just below the legal pension age. While roughly four percent of men aged 55 to 59 are retired, nearly half of 64-year-old men have taken that step. Women show a similar trend, though less pronounced: the higher the age, the higher the percentage of early retirees. The increasing numbers of disability cases, early pension benefits and early retirement could lead to a noticeable decline in older workers in the Swiss labor market. Despite a good initial situation, enhancements are needed to encourage employment for older workers.

## *Social engagement before and after employment*

Citizen involvement in political and social life has always been an institution in Switzerland. A quarter of the population volunteers regularly, with those between 40 and 54 years of age contributing the most. Volunteers are usually well educated, living with a partner and children, as well as professionals and homemakers. Civic engagement is most common among people whose age, training, family or job situations equip them with good skills and good integration into society (Schön-Bühlmann 2004: 92 f.).

With age, willingness to serve declines slightly (46 percent of 40- to 54-year-olds, 43 percent of 62- to 74-year-olds). For those over 74, willingness declines sharply (23 percent). In addition, services provided by older seniors increasingly take the form of neighborhood help, watching children, transport services and similar support (informal volunteering).

In spite of the undisputed value of community service in Swiss society, trends indicate that its citizens are retreating from social responsibility. The data from surveys of Swiss workers in 1997 and 2000 show a roughly two percent decline in volunteerism. In addition, there are signs of a structural change in the volunteering and association landscape in Switzerland. Membership in traditional organizations such as churches, political parties and large social welfare institutions is declining. The trend is toward less formalization and time-limited commitments (Münzel 2004: 47–49). Young people especially find volunteering less attractive; this raises the expectations placed on retirees, who will represent an increasingly important source of future volunteers.

### **Effective measures for promoting participation in the workforce**

The Swiss have recognized that the continuing trend toward early retirement hinders economic growth and puts great strains on the social welfare system. The Bundesrat has developed measures to stabilize mature workers' participation in the labor market over the long term.

Social insurance incentives are meant to insure that older workers remain in the workforce until the legal retirement age—or even lon-

ger. To that end, the Federal Department of Home Affairs (EDI) and the Federal Department of Economic Affairs (EDV) jointly created a committee on “Aging Worker Participation” that crafted measures addressing social insurance, health in the workplace and employability issues (Prognos AG 2006: 40). Based on their report, the Bundesrat approved a package of measures at the end of 2005 intended to improve labor market participation for aging workers.

### **Aging worker participation committee report**

The committee identified three concrete goals, designed to make it possible to maintain or increase the high level of employment in mature workers. The highest goal is an incentive-neutral reform of social policy that opens up the possibility of reducing work hours or changing positions without jeopardizing pensions. At the same time, incentives for continuing to work until the legal retirement age should be created. The second goal strives to improve labor market opportunities for older workers, particularly through measures dealing with how jobs are advertised. The third goal is making working conditions more appropriate for older workers, focusing on maintaining employability and motivation.

This packet of measures presents reform proposals with no concrete steps for implementation. The EDI will flesh out the proposals and present them to the Bundesrat by mid-2006 in the form of draft legislation with comments (Kottmann 2006: 11).

With the exception of the federal initiative encouraging employability in older workers, there are few concrete projects in Switzerland that deal with this subject. There are only a few isolated initiatives at the corporate level. The Innovage project at the MIGROS Cooperative is an example. Drawing on the German federal pilot project EFI, the company is set to launch a project that puts the management and leadership experience of retired people to work for the common good. Also initiated by MIGROS is the Midlife Power Program, which attempts to retain mature workers through consultation, continuing education and coaching. Another example comes from ABB Schweiz, which supports equal opportunities for older and younger employees through their Generation 50 plus project (Merz 2006: 29–31).

But in general, there are no widespread models or initiatives in Switzerland dedicated to promoting the employment of mature workers. The reason for this is simply a lack of pressure to act—explained by a relatively good starting position for the integration of older workers.

As far as social engagement in Switzerland is concerned, there is little legal precedent at the federal level to directly encourage volunteerism. However, some cantons do regulate volunteering. Up until now, the Canton of Vaud has been alone in protecting volunteering and promoting community service associations in its new constitution (Münzel 2004: 36 f.). Given public institutions' stretched budgets, an increasing number of strategies are addressing how to bring in mature workers to take on social work. As early as 1995, a commission report called "Aging in Switzerland" urged retirees to commit to community service.

An important tool for recognizing and encouraging volunteerism in Switzerland was created in 2001 with the Community Service Card. Like a report card, it documents time spent and assigns credit for the experience and skills gained in volunteer and honorary work. At the time the Community Service Card was introduced, Swiss community service organizations and their representatives in the cantonal parliaments repeatedly called for a tax deduction or an AHV bonus for community service. Though many canton governments expressed and reiterated their support for the idea, in the face of current debate about financing social insurance, no canton executive has taken steps to implement it (Münzel 2004: 39 f.).

## **Summary**

In comparison with other countries, Switzerland is in a very good position as far as integrating older workers is concerned. This comfortable position means that the topic of reactivating mature workers has not received the same attention as it has in other industrialized nations. Switzerland's success in integrating aging workers into the workforce can be traced to the country's generally successful work incentive policy mix.

This background also frames the current discussion about active aging in Switzerland. Security in old age rests on three pillars in a



retirement system that is considered sound in principle, with current reforms seen more as measures that optimize a generally well-functioning institutional arrangement.

The volunteer sector has a long tradition in Switzerland but does not receive concerted support. Volunteer work takes place locally, and its organization is primarily decentralized. Action is still needed to foster further networking of volunteer work and to carry on works in progress like the Swiss Community Service Card.

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## **United States: Active nonprofit sector<sup>12</sup>**

The United States has above-average growth and employment trends. Because of virtual full employment, there are already visible indications of a labor shortage. The problem will continue to worsen despite massive immigration, presenting the need to mobilize older workers in the United States more effectively than in the past. It has been recognized that this will require more training and continuing education for older workers; in the international comparison, the United States, along with Germany, had the lowest retraining rates of older workers.

In addition, American policymakers urgently need to address the problem of poverty among senior citizens. In 2000, the poverty rate for those aged 64 and over was 24.6 percent, which is more than ten percentage points higher than the OECD average of 13.9 percent. Accordingly, these issues are high on the domestic agenda for the Bush administration's second term.

### **Economic and societal challenges to active aging**

Public debate about demographic change has not been as fierce in the United States as in Europe. There are many reasons for this. Chief among them is probably the low ratio of senior citizens, as the influx of immigrants keeps the phenomenon of an aging America in check. The percentage of the total population made up by those aged 65 and over only grew from 8.1 percent in 1950 to 12.4 percent in 2005 (OECD 2006a).

However, a glance at aging trends shows that the percentage of the workforce over 55 will climb from 20 percent in 2000 to 25.4 percent in 2020. The percentage of wage earners over 65 will rise from today's three percent to more than five percent in 2020 (OECD 2005: 47). The large numbers of baby boomers born in the 1950s and 1960s and expected to leave the workforce starting in 2010 will present special challenges to the American labor market.

In retrospect, the integration of senior citizens into the workforce can actually be seen as positive. With an employment rate of around 60 percent in 2004, the percentage of gainfully employed 55- to 64-

12 Anja Backhaus contributed to this report.

year-olds has risen in the past ten years by more than ten percentage points. These figures put the United States well ahead of the EU, where the corresponding figure is 50.9 percent. And with 13.9 percent of 65- to 69-year-olds employed in 2004, the United States ranks in the top five internationally for that age bracket (OECD 2006b: 28).

One fact to keep in mind when interpreting these high employment rates is that self-employment is more widespread in Anglo-Saxon countries than in Europe. The United States is third behind New Zealand and Australia when it comes to starting up new businesses. The percentage of people 55 to 64 years old who are involved in entrepreneurial activity is, at 6.5 percent, relatively high (Minniti and Bygrave 2003: 15).

Current projections for 2006 from the Bureau of Labor Statistics show the unemployment rate continuing to fall for those aged 55+, and for women in particular. For example, that rate dropped by 0.5 percentage points in one year, to three percent in April 2006. Compared to most European countries, long-term unemployment is hardly a factor for 55- to 64-year-olds.

In the United States, the trend toward taking early retirement was halted in the mid-1980s and has slowly been reversing since then. In 2003, the actual ages of retirement of 64.7 for men and 63.6 for women were very close to the regular retirement age of 65. The latter has been increasing gradually since 2000, and by 2027 it will be 67 years of age.

The day-to-day political discussions in the United States indicate that government pension benefits (Social Security) and the reform of that system represent one of the major challenges facing policymakers in terms of the aging population (cf. *The Economist* 2006; *The New York Times* 2005). The Social Security system created in 1935 is considered outdated despite numerous reforms, since it contains misguided incentives such as early access to benefits. Around 15 percent of men and women take early retirement, starting at age 62. An additional 14 percent of men and just under 20 percent of women decide to leave the workforce between the ages of 62 and 65 (OECD 2005: 87).

There is a long tradition of civic engagement in the United States (Salamon 2001). As a result, an extensive network of volunteer organizations has formed. The landscape of civic engagement is notable not just for its broad scope, but for its varied programs that specifi-

cally counter the weak and basically undifferentiated system of federal and state social welfare programs. In contrast to European countries, programs focus less on culture and leisure, and more on continuing education, social services, health and information services at the local level.

### **Effective measures for promoting participation in the workforce**

In his State of the Union address on February 2, 2005, President George W. Bush declared that he would make Social Security reform a top priority for his second term. The features of the proposed new funded pension scheme suggest that the Republican party had set its sights on a “New Deal” in social and economic policy similar to that embarked on by New Labour in Great Britain. Future tax cuts would presumably enable Americans to control a greater portion of their retirement savings themselves. At the same time, the proposed Social Security reforms would set the stage for greater personal responsibility by creating personal retirement accounts. Advocates for the Bush model argue that this is the only way to safeguard Social Security for future generations after the baby boomers retire (Carpenter 2005; Graser 2001).

Due to the low participation of older workers in continuing education, this group has been increasingly targeted by the federal government’s worker training policies in recent years. The 1998 Workforce Investment Act (WIA) created a modern legal framework for financing training measures for older workers. For example, the only federal program offering long-term support and continuing education for low-income older workers—the Senior Community Service Employment Program (SCSEP)—was launched in 2000. A national action plan that gives older workers ready access to on-the-job training has yet to appear.

In 2006, the government convened an interagency task force that for the first time is addressing barriers to employment for older workers.

### **Task Force on the Aging of the American Workforce**

The task force, which was convened to build on the “Protocol for Serving Older Workers” issued in 2005 by the Department of Labor’s Employment and Training Administration, is made up of representatives from the following agencies and offices: Department of Commerce, Department of Education, Department of Health and Human Services, Department of Labor, Department of Transportation, Department of the Treasury, Equal Employment Opportunity Commission, Small Business Administration and Social Security Administration.

The task force’s main objective is to generate strategies for breaking down the four main barriers to employment. The main focuses are

- the transition from working to retirement, particularly from the aspect of “gradual” retirement
- continuing education and training, particularly for jobs that involve a high degree of communication and technology
- preventative healthcare
- general barriers to employment

The task force, which met for the first time in May 2006, is to create a final report by early 2007 with outcomes and recommendations for the government.

Flanking these political activities is strong involvement by nongovernmental organizations (NGOs), which lobby for better integration of older people into the labor force and into society in general. Using targeted public-relations campaigns, they aim to break down prejudices, promote the concept of positive aging, and create a dynamic image of older people involved in work and community life. A prime example of this is the AARP (formerly American Association of Retired Persons), a national nonprofit organization (AARP 2005). In cooperation with other organizations such as the National Council on Aging (NCOA), the National Able Network, and Experience Works, AARP has been able to create an extensive network that views itself as lobbying for a better quality of life, more employment opportunities and a new societal vision for older people.

## **AARP (formerly American Association of Retired Persons)**

With 36 million members, the private initiative founded by Dr. Ethel Percy Andrus in 1958 is today the largest national interest group for people aged 50 and over. The organization's mission is to offer comprehensive services for "mature citizens," workers aged 50 and older and senior citizens, both in the private and public spheres.

AARP's diverse activities can be grouped into two broad program areas:

- consultancy regarding fair employment practices for older workers, employability, legal counsel and volunteering
- influencing political and societal discussions using studies, media relations and lobbying

Thus, for example, the organization has its own research institute, the AARP Public Research Institute (PRI), which carries out studies on older workers in the relevant societal and subject areas and publicizes them effectively. In 2005, the institute commissioned the "Business Case for Workers Age 50+: Planning Tomorrow's Talent Needs in Today's Competitive Environment" study, which analyzed, among other things, the successful best practices of companies with exemplary human resources management and integration of older workers into the fabric of the company. Furthermore, every year the AARP presents the AARP Award to businesses and individuals who have rendered outstanding services regarding the integration of older people into the labor force and society.

Along with "age-positive" campaigns and national conferences, AARP Services initiates a variety of programs. With the Global Aging Program started in 1958, the AARP, in collaboration with the U.N. Economic and Security Council, became committed to the issues related to an aging population. The AARP has partnered with Home Depot's National Hiring Partnerships program since 2004, helping older workers find jobs at the national home-improvement retailer. In addition, the Alliance for an Experienced Workforce, an alliance of different organizations and companies, works for better employability of older workers. This alliance views itself as a lobbying group that advocates on national, state and regional levels.

Another prominent nongovernmental organization is OASIS, which focuses on the problem of the low participation of older workers in continuing education.

### **OASIS**

Since its founding in the 1980s in Missouri, OASIS has been improving the quality of life and work of older workers (aged 50+) with targeted training and continuing education measures. At its educational centers in 26 cities, including Denver, Houston, and Washington, D.C., OASIS plans and implements community projects geared toward local needs. Networks and collaborative agreements, for example with local companies, institutions and nonprofit agencies, are initiated for training, recreational activities and community aid projects.

For her remarkable life's work, which has served more than 350,000 adults and engaged the energy of 10,000 volunteers, OASIS founder Marylen Mann was honored with the AARP Impact Award in December 2005.

### **Summary**

The United States does very well in an international comparison when it comes to integrating older people into the workforce. Largely because the issue has not become a pressing problem, the public pays little heed to the demographic shift and its effects. There are not (yet) any sweeping political or strategic programs that address the consequences of an aging workforce. The recently convened task force could help political leaders become more aware of the situation. Currently, top priority goes to restructuring the framework in place for separate subfields such as Social Security funding and job training for older persons.

Signals of sociopolitical movement toward long-term systemic changes come largely from initiatives in the nonprofit sector. The calls for political action increasingly focus on the improvement of training measures for older people as well as the transition from the workplace to retirement.

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## Lessons for Germany

International research on aging makes it clear that our ever-increasing lifespan can provide us with not just a longer retirement, but also an extended professionally and socially active time. Many in Germany still hold the notion that older people who remain in the workplace deny



job opportunities to younger people. This has been clearly refuted by experiences in other countries. The fact often overlooked is that early withdrawal from the workplace reduces our economy's total productivity because it diminishes the accumulated knowledge and skill of our workforce. At the same time, it makes labor more expensive because it entails higher social expenditures that we must finance through higher payroll expenses—and this in turn reduces demand for workers. As a rule, countries with higher employment rates for aging workers and a correspondingly lower fiscal burden show stronger economic growth and less unemployment across all age groups.

Whether the transition to retirement occurs earlier or later and whether it brings an end to or a new focus on other activities—in the family circle, in clubs and associations, in religious, cultural or social institutions—depends on many factors. The attractiveness of pensions and other salary replacements in comparison with potential work income is unquestionably a crucial factor. But employability at an advanced age as well as companies' recruitment and termination practices also play an important role. Each of these, in turn, is considerably influenced by the regulatory setting—not just social and labor policies, but also education policies, health policies, and labor and collective bargaining laws.

Rivaling the complexity of these influential factors is the diversity of departure points for government and private initiatives to enhance or prolong the active phase of life in the countries surveyed. These can be divided roughly into two groups. The first group comprises initiatives that aim to enhance or prolong the gainful employment of older workers. These start with labor market policies to reintegrate older unemployed workers and programs to improve employability with continuing education and preventative healthcare. They also include efforts to raise employers' awareness of age- and aging-appropriate personnel management, as well as the reform of labor and collective bargaining laws to reduce age discrimination.

Initiatives in the second group work on the level of society at large. Their goal is to increase public awareness of the challenges—but also the opportunities—that come from demographic change, not only as they relate to the labor market, but also as they affect the entire community. On the one hand, they lay the groundwork for the needed reforms; on the other hand, they strengthen civic engagement and relieve the government of social tasks.

Of course, not all reforms are equally effective, nor can their success all be measured in the same way. Some focus on short-term effects, others on mid- to long-term changes in employment and behavior patterns. In addition, many target a limited region or a very specific age level, skill set or employment status, while others take a broader approach and have a wider effect on the employment system and the overall labor market. Finally, initiatives differ in the coordination of their agents' efforts—from government offices at different levels to collective bargaining partners and special interest groups—with the result that each has a different impact on society.

The effectiveness of strategies and initiatives is often tied to the distinctive features of a society's values and traditions, its economic and political setting, as well as its economic development. What works in one country may not prove as effective and successful in another country. At the same time, Germany can learn from exemplary programs and best practice strategies in the countries studied.

A *first lesson* from international research is that removing financial incentives to early retirement represents a necessary, though by no means sufficient, condition for keeping workers active longer. Even raising the legal retirement age does not accomplish much on its own. Taken in isolation, these measures provoke understandable resistance from those affected, who put a damper on advancing policy reforms. This contributes to a negative image of aging and reinforces the impression that an aging society entails greater intergenerational conflict. We can learn from countries such as Sweden and Switzerland, where the employment rate for older workers—and, as a rule, the level of civic engagement—is traditionally relatively high. Even more clearly, countries such as Australia, Finland, New Zealand and Denmark, which have successfully reversed their employment trends, demonstrate that additional reforms are needed.

If the active phase of life is to extend later—and this is the *second lesson*—the traditional view of aging must change. As life expectancy increases, each stage of life gains in significance; retirement is steadily shedding its image as “leftover” time. Today's 60- and 70-year-olds are generally more vital and capable than before; we cannot call them elderly or aged. Their abilities and experience constitute a resource that becomes all the more significant as the generations behind them decline in number. At the same time, their purchasing power makes them an increasingly important consumer group driving economic

development. If we see seniors in this light—and if they do the same—it becomes easier to understand pending reforms as creating opportunity rather than eroding traditional living standards. This change in mindset, as undertaken in Australia and New Zealand, is needed to insure social cohesion in an aging population and has proven itself as an essential foundation for economic and social reforms.

A *third lesson* to be drawn is that all the players involved must pull together as much as possible. Even the most purposeful structural reform, even the most well-designed incentive program, can amount to nothing if lawmakers, administration, collective bargaining partners, special interest groups and even social organizations chug along on their separate paths or even work against each other, whether because their assumptions diverge or because there is no recognizable overall strategy. The National Australian Strategy, which grew from a comprehensive participation process, and the genesis of the National Programme for Ageing Workers illustrate how comprehensive and early inclusion of all stakeholders promotes acceptance of reforms and also raises their effectiveness by helping ensure broad implementation.

The steps that policy makers must take to increase gainful employment among older workers go beyond labor market reform. A crucial task is to promote the reintegration of older unemployed workers through training programs, salary subsidies and intensive job-search help from the employment office, as seen in Great Britain and Denmark. An even more important task, however, is to keep older workers from bearing the brunt of unemployment in the first place. The Work Ability project developed in Finland illustrates how policies in other arenas, especially education and health care, can contribute to ensuring employability. But incentives to lifelong learning and fitness must start at a younger age, not wait until the working years are drawing to a close.

And so a *fourth lesson* is this: to ensure the continuity of reforms and incentive programs in different political fields, interdepartmentally established goals must guide departmental measures and determine the division of tasks. Well-meaning but uncoordinated solo initiatives are often the opposite of good policy.

A *fifth lesson* is directly connected to this. Strategies for increasing employment among aging workers should not stop at describing agents and instruments for removing existing barriers or creating

new employment opportunities; they must include measurable or at least verifiable goals. In addition, they must define a timeframe for meeting these targets. The latter is especially important for measures affecting the institutional framework, since experience shows that their effects take considerable time to emerge. Thus, for example, the monitoring of reforms in Australia and in the Scandinavian countries depended on concrete targets for raising the retirement age or successfully reintegrating older unemployed workers. Progress can only be measured using clear targets and timelines, and this is the only way to recognize whether and where adjustments are needed.

Even though the ultimate responsibility for developing and implementing a target strategy lies with politicians, the employers' associations and labor unions involved in contract negotiations must do their part to maximize gainful employment among older workers. This is the *sixth lesson*. It is important that they do not block the dismantling of flawed early retirement incentives. But that is not all; they must make an active contribution, not the least of which involves salary agreements that keep pay aligned with productivity as workers advance in age. Clauses providing for wage guarantees with protection against downgrading, age-based salary increases, and periods of notice for dismissal that increase with age may appear to serve older workers well, but they also make their labor more expensive, reducing their chances of reentry into the regular labor market should they become unemployed. The collective bargaining partners must also support innovative labor rules that encourage continuing education, keeping this benefit from ending at forty, as is often the case in Germany. The Dutch "levensloopregeling" program mentioned earlier offers an interesting approach that may serve as a good starting point.

The outcome of any reform initiated by policy makers and the collective bargaining partners is ultimately decided by everyday life in the business world. This leads to a *seventh lesson*, that reforms will remain incomplete unless and until companies change their mindset about human resources management. Companies must recognize the need to compete in the marketplace with an older workforce, because younger generations will be fewer in number and social systems will be unable to subsidize the departure of older workers at the same level. Innovations in workplace organization, work schedules, job training and continuing education will become absolutely necessary. And these measures must include workers of all ages, address-

ing future employability for today's young workers as well as integrating today's older employees. This kind of age management must be a central theme in future organizational and human resources development. Examples from Great Britain and Australia clearly demonstrate ways to guide companies as they successfully implement their age management strategies.

An *eighth lesson* that can be drawn from international research touches on the importance of rethinking social attitudes at the individual level. As the option of "one job for life" disappears, and as skill-set requirements evolve along with careers, it becomes more important for every individual to demonstrate flexibility, mobility, and self-enterprise—in short, to take personal responsibility for making a living. This philosophy forms the foundation for the liberal social designs in New Zealand and Australia. Just as we have come to accept that we cannot rely entirely on social security systems for our old age but must also make our own provisions, so too we must learn to regard staying employable and active in later life as a matter of personal responsibility.