

Policies and Social Protection Reforms in the EU

Dalila Ghailani and Ramón Peña-Casas, OSE

POLICIES FOR AN AGED WORKFORCE IN EUROPE - PAWEU

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Preliminary remarks

- **Presentation based on the PAWEU project**
- **Descriptive overview of national social protection measures and reforms in employment policies**
- **Main sources used:**
 - **MISSOC comparative tables (last update 1st January 2016)**
 - **LABREF database (2010-2014)**

I. Social Protection Reforms (1)

- Active ageing is connected to old-age, disability/invalidity risks unemployment and social assistance.
- Social security/social assistance contribute to the design of employment policies aiming to retain older workers in the workforce.
- Degree of inclusion of social protection tools in policies varies across MS, depending on national parameters, structure of labour markets, of social protection systems and level of economic developments.
- Overview of measures having a direct impact on employment of older workers and related to :
 - old-age (pensionable age, early retirement, deferred pension, partial pension, accumulation of earnings from work and pensions);
 - accumulation of earnings from work and invalidity/incapacity benefits;
 - unemployment;
 - social assistance.
- Source : MISSOC comparative tables (latest update 1st January 2016)

I. Social Protection Reforms (2)

1. Measures related to old age-schemes

➤ Average pensionable age

- Between 60 (for women in AT and BG) and 65 (SL, BE, DK, ES, LUX, NL) to 66 (IT) or 67 (EL). Not below 60 except in some specific circumstances (58 for women with 5 children in CZ).
- Ongoing process of increasing of pensionable ages : at the end the pension age across the EU will vary from 65 (AT, BG, EE, LT, MT) to 67 (UK, DE, HR, SP, FR, NL, BE) and 68 (DK, IE). Exception : **PL**
- Progressive increase in most countries: from 2012 to 2029 (DE), 2012 to 2026 (LT), 2013 to 2021 (NL), 2014 to 2028 (IE), from 2016 to 2030 (DK) 2017 to 2026 (EE).
- Increase may depend on family situation (CZ) or be related to the birth year (DE, HU, MT) .
- Still different pensionable age for men and women in some MS (AT, BG, HR, GR, LT, MT, UK, RO) but ongoing equalisation (e.g. AT, BG, UK).
- Flexible system of pensionable age in FI (between 63 and 68 years) and SE (from 61 years).

I. Social Protection Reforms (3)

➤ Deferred pension

Additional accruals are earned over the years so that a higher pension will be received when the pensioner decides to start drawing from it. Accrual rate particularly high in some MS. Potentially strong incentive for retirees to keep working.

- Prohibited in LU, MT, NL, IE.
- Unlimited right to postpone the payment (DE, AT, BE, BG, ES, EE, FI, GR, HU (except for judges and civil servants), LV, PL, PT, CZ, RO, UK, SK, SL, SE).
- Limited right in other MS: age limit (CY, HR, FR, IT) or a period of time after pensionable age (DK, LT). Minimum deferral period (90 days in CZ).
- Various mechanisms developed:
 - ✓ granting a bonus as a monthly increase in pensions from 0.5% to 0.9% (HR, CY, EE, FI, DE, HU, SK, SE) or as an annual increase from 0.33% to 12.6% (AT, LT, PL, PT, ES, **UK**);
 - ✓ pension calculated on the basis of extra-contributions and on higher salaries (e.g. BE, EL, MT).
- Increasing contributory periods to access a full pension: up to 40 years in PT, 42,10 years (for men) in IT 43 years in FR, 45 years in BE, up to 38 (men) and 35 (women) years in BG.

I. Social Protection Policy Reforms (4)

➤ Partial retirement

Only seven countries specify partial retirement rules either to create an overall incentive for accumulation of pension and work income, or to facilitate access to work for workers in precarious work situations.

- Simple rules covering a broad scope of potential beneficiaries in FR, DE, SE.
- Significant reduction of working time required in IT, FI and DK.
- Targeted beneficiaries eligible for a partial pension in ES.

➤ Early retirement

- Banned in UK, IE, NL and SE.
- Other MS have decided to phase out (DK, GR, HU, IT, PL) or seriously tighten up access to early retirement (BE, AT, SL).
- Access depending on a very long career record: e.g. 45 years in AT & DE, 42 in IT, 40 in LUX, BE & SL.
- Very small gap between early retirement and statutory retirement : the early retirement option is open for only two years (SP, LV, SK), three years (EE, CZ), and five years (LT).
- Reserved for certain categories of workers as teachers (BG), workers in arduous or hazardous jobs (AT , BG, CY (miners), FR , EL , LV, PL), people who have raised children or taken care of dependent persons (EE, EL, LV) , ...

I. Social Protection Policy Reforms (5)

➤ Right to aggregate earnings from an old-age pension and from a job

- Possible in all Member States except for the NL.
- Unlimited accumulation of job income and old-age pension in most MS.
- Limited accumulation in BE, DK, ES, HU.
- In cases of an early retirement pension: accumulation is either prohibited (HR , EE, MT, LV, LT, RO, SK), or allowed below a certain threshold (e.g.BE, AT, CZ, LU).

I. Social Protection Policy Reforms (6)

2. Aggregation of incapacity/invalidity benefits with earnings from work

- Early exit from the labour market may be an option chosen by older people with reduced working capacities. Providing them with a right to aggregate incapacity/invalidity benefits with earnings from work may be seen as a way to ease their activity.
- Accumulation prohibited in IE, MT.
- Unlimited accumulation : EE, LT, SK, LV, CZ
- Accumulation subject to conditions and limits often based on maximum overall income :
 - if total income below the limit, the pension is granted in full, otherwise it is suspended or reduced in due proportion (AT, PL, BE, DE, GR, UK, LU, FI, FR).
 - SI and LI set other types of conditions and limits based on the degree of work incapacity.

I. Social Protection Reforms (7)

3. Unemployment benefits

- No specific measure for the older unemployed regarding UB in UK, SE, RO, MT, LV, IE, DE, CZ, HR, BG.
- Extended period during which the beneficiary is entitled to unemployment benefits (CY, FI, EL, IT, LT and SI) depending on the age of the beneficiary: 49 (EL), 57 (SL), 60 (CY), LT (5 years prior pension), beneficiary 's insurance record or previous years of employment.
- Specific benefits in cases of restructuring (LU, DE, BE).
- Access to early retirement under certain conditions (ES, NL, SK, PT, PL).
- Special benefits : job seeker aid for older persons in HU, an assistance allowance for unemployed persons over 55 years of age in ES, or a benefit for older unemployed in the mining sector above the age of 52 in AT.

I. Social Protection Reforms (8)

4. Guaranteed minimum income

- MI schemes at national level in almost all MS.
- More tightened conditions and availability for work more tightly enforced for those fit to work BUT for a minority of MS older workers should not be treated like other workers when it comes to job- search/activation measure (e.g. AT, LV, PT, CZ).
- Specific social assistance to people above the pensionable age under eligibility conditions related to age and lack of financial resources.

II. Reforms in Employment Policies (1)

1. Reforms targeted at older workers 2010-2014

- 30 reforms (20 being permanent) aimed directly at older workers in 13 MS (AT, BE, BG, DE, ES, IT, LU, MT, NL, PL SE, SL, UK).
- Main policy domains: ALMP (12), public employment services (5), training policies (3).
- 8 reforms related to labour taxation (mainly in relation to employers' and employees' social security contributions), 7 reforms to job protection legislation (mostly focused on the rules in cases of collective dismissals and the definition of fair dismissal) , 3 reforms targeted at welfare benefits.
- Higher number of reforms in BE (6) and ES (5).

II. Reforms in Employment Policies (2)

3. Reforms targeted at older unemployed 2010-2014

- 42 reforms (21 being permanent) aimed directly at older unemployed in 14 MS (AT, BE, BG, EL, ES,FR, LV, MT, NL, PL PT, RO, SL, SK).
- Main policy domain: ALMP (36 reforms) and unemployment benefits (6 reforms).
- ALMP reforms : mainly related to employment subsidies (18 reforms), reforms of the public employment services (8 reforms) or direct job creation schemes (6 reforms).
- Reforms to unemployment schemes: various kinds.
- Higher number of reforms in BE (9), AT (5), PT (4) and ES (4).

II. Reforms in Employment Policies (3)

3. General reforms impacting older persons 2010-2014

- 18 general reforms impacting the situation of older workers and unemployed introduced in 10 countries (AT, BE, BG,DE, FI,FR, HU, NL,SK).
- Mainly related to training aspects (14), public employment services (3), employment subsidies (1).
- Higher number of reforms in BE (4) and BG (3).

II. Reforms in Employment Policies (4)

4. Comprehensive initiatives on active ageing

- Including national strategies, programmes and social partner agreements.
- Creating the legal framework and conditions to facilitate longer careers by tackling the challenges of ageing societies and workforces, encouraging active ageing across a number of policy fields.
- National strategies developed in BG, EE, CZ, IE, PL, PT and ES , while other countries (CY, FI, HU, LT) have integrated initiatives supporting older workers into a more general approach to labour market reforms.
- Equal opportunities approaches, lifelong learning policies and wider health promotion initiatives, even those not specifically branded as national strategies for active ageing, may also indirectly support greater policy coordination.
- In some countries (BE, DK, DE, FI, FR, IE) these comprehensive approaches result from national level tripartite social dialogue or sectoral social partner negotiations.