

The EXTEND project

Exploring pension reforms,
work, and inequalities



Employment
Culture and society
Retirement
Life expectancy
Pensions
Community
International
Health and care
Carers
Transport
Inequalities
Social care

Summary

This report summarises some of the work of the EXTEND project, which examined the impact on social inequalities of policy initiatives and reforms to extend working lives in five European countries. It explores the findings and their implications for policy and practice.

Key findings from the research include:

- The expansion in the numbers and proportion of older people in work over recent years cannot be attributed to reforms increasing pension eligibility age. Instead, multiple factors have played a role in increasing labour force participation in later life. However, these reforms have the potential to exacerbate inequalities.
- Modelling to simulate the effects of recent pension system reforms suggests that moves toward defined contribution (DC) pensions will lead to increased inequalities in pension income and wealth especially among less educated women. While a DC approach is more financially sustainable, it may be less socially sustainable.
- Chronic conditions are strongly associated with early labour market exit, and there are significant gender differences in the conditions experienced, e.g. women are more likely to experience depression and arthritis. Prior working conditions can also impact health in retirement, so efforts to improve working conditions have a vital role to play in reducing health inequalities.
- Looking specifically at the health and care sector (HCS), EXTEND found little evidence of comprehensive approaches being taken to address long-term sickness and labour market exit among employees. The sector appears under-prepared for an ageing workforce, despite recognising finding skilled workers as a key challenge.

Key implications from this work are:

- Policymakers need to consider a wider range of approaches to encouraging work in later life, beyond reforms to pensions

and pension eligibility ages. This should include measures to address health and wellbeing at work, to tackle age discrimination in the workplace, and to support those juggling work and caring.

- Workplaces are fundamental to health and wellbeing, so they should be made a priority setting for health promotion. Employers need to be encouraged and supported to take action toward primary, secondary, and tertiary prevention of ill health. These measures will be particularly important in sectors where early exit is widespread, such as the health and care sector.
- There is a need for ongoing monitoring of the impact of policy on extending working lives. It will be important to monitor the impact of pension age increases on patterns of work and benefit receipt. If policy changes only lead to more years spent drawing on other benefits before taking a state pension, the extending working lives agenda will not be effective in supporting fiscal sustainability.

Authors:

Dr Brian Beach and Geraldine Bedell

Acknowledgements: The authors would like to thank Kate Jopling, Prof Alan Walker, and Dr Daniel Holman, as well as the rest of the EXTEND project team, for their contributions and support in producing this report.

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Introduction: The EXTEND project

Facing an increasingly ageing population and a declining working-age (i.e. aged 16-64) population, governments across Europe have introduced a range of policy initiatives and reforms designed to keep people working longer. This report summarises some of the work of the EXTEND project, which set out to look at the impact of such initiatives on social inequalities.¹

The project involved research and analysis undertaken in five EU member states (Denmark, Finland, Germany, the Netherlands, and the United Kingdom) as part of the EU Joint Programming Initiative, "More Years, Better Lives – The Potential and Challenges of Demographic Change". All five countries have seen increases in the numbers of older workers, and all have experience of the paradigm shift in public policy – moving away from encouraging early retirement to discouraging it – but each has been set against a background of differing welfare state arrangements.

The research was conducted by a consortium of seven partners across the five countries led by the Institute of Gerontology in Dortmund. The partners were:

- University of Sheffield – Professor Alan Walker
- Aalborg University – Professor Dr Per Jensen
- Institute for Work and Technology Gelsenkirchen – Professor Josef Hilbert
- University of Dortmund – Professor Dr Monica Reichert
- University Medical Centre Amsterdam (UMCA) – Professor Dr Dorly J.H. Deeg
- Finnish Institute for Occupational Health – Professor Dr Jukka Vuori
- Institute of Gerontology, University of Dortmund – Professor Gerhard Naegele

¹The website for the EXTEND project can be found at <http://www.extendjpimybl.eu/>

The partners come from a variety of disciplinary backgrounds, including economics, psychology, business administration, gerontology, and sociology. Some 25 researchers worked on quantitative and qualitative analyses, looking at changes in policy and their effects at all levels – in government, businesses and other institutions, and among individuals – recognising that the extending working lives agenda requires coordinated responses.

The EXTEND project looked at both policy measures and work by employers linked to extending working lives and considered the differences between countries and sectors. It also considered health, both as a driving force of labour market exit and as a prime dimension of quality of life in retirement. The project particularly focused on the health and care sector, which is marked by widespread early retirement.

EXTEND aimed to identify innovative responses both around pension and retirement policies and in improving the employability of the ageing workforce, through age management measures for healthy and productive ageing at work.

In this report we examine the policy context for extending working lives, consider the findings of the EXTEND project, and offer thoughts on policy implications.

There were 10 work packages across the EXTEND project. This report primarily draws upon four areas of the project, presented during an ILC stakeholder event held on 3 December 2018.

Extending working lives: Context and background

Demographic change has prompted a fundamental shift in policy in most EU member states with respect to work and retirement in later life. There has been a strong focus on raising retirement ages by increasing the State Pension Age (SPA), on incentivising longer working lives, and on penalising early exit from the workforce.²

Extending working lives is viewed by most experts and policymakers as one of the key ways to address the impacts of demographic trends including:

- The shrinking of the traditional working-age population (aged 16-64);
- The labour market exit of the baby boomer generation;
- A shortage of (qualified) labour; and
- The impact of longevity on the economy, and particularly on the sustainability of social security systems.

In the UK, for example, the government has:

- Enacted legislation to outlaw age discrimination (2006);
- Abolished the default retirement age and prohibited employers from making retirement compulsory on reaching SPA (2011);
- Allowed those who postpone taking the State Pension to receive a larger pension in the future; and
- Exempted those working after SPA from paying National Insurance contributions.

In addition, through successive measures, the UK Government has increased SPA. For women it has been gradually increased to bring it in line with that for men at age 65. Further increases in SPA for both men and women – to ages 66, 67, and 68 – have been

²We should note that State Pension Age (or SPA) is a term used in the UK rather than across all EU member states.

legislated to take place in coming decades. The Cridland Review – an independent review of SPA arrangements for the government published in March 2017 – additionally recommended that SPA rise earlier than previously timetabled, to 68 years by 2037-2039.³

However, while governments have tended to portray state pension age increases as a necessary response to longevity, there has been increasing discussion about the potential for extending working lives to exacerbate inequalities. There is growing recognition that the extending working lives (EWL) agenda poses a “fairness challenge”.⁴

“Recent policy developments create new risks such as old-age poverty that mainly threaten low-skilled workers...As a result of anticipated benefit cuts for earlier pension entrance, these workers have to continue working, although their chances of finding an adequate job are relatively low – either because of their individual health or because of their critical labour market situation.”⁵

At the heart of this debate is an understanding that not everyone is able to respond to the incentives to work longer. Some groups of workers are at higher risk of early and involuntary exit from the workforce. Many of those who experience early exit do so as a result of ill health (which may be job-related), and this can itself contribute to poorer quality of life in retirement.

Various pieces of research have identified groups of workers at risk of disadvantage under the EWL agenda, including those with lower education, those in precarious or manual work, those with unpaid caring responsibilities, and women.⁶ In addition, even following exit from the labour market, quality of life in retirement is strongly influenced by working conditions beforehand.

³The report from the review can be found here: <https://www.gov.uk/government/publications/state-pension-age-independent-review-final-report>

⁴Sinclair et al. (2014)

⁵Hofäcker et al. (2015), p. 223

⁶Hess & Naegele (2018)

Concerns about the risks of linking pension entitlement to life expectancy have been highlighted by AGE Platform Europe.⁷ They have noted that the trends we see in life expectancy and pension reforms may follow the “Matthew Principle”, where positive gains are primarily attained by those already in an advantaged position. For public pension schemes, this means that wealth is redistributed from lower-status groups to higher-status groups.

So far policymakers have failed to find mechanisms to address the unequal impacts of decisions to raise the retirement age or otherwise extend working lives.

As a result, there are risks to the extending working lives agenda. From a systemic perspective, the ambition to extend working lives could stall because some people – and, in some cases, whole sectors of employees – are simply not able to respond in the way intended by such policies and reforms. From an individual perspective, people's quality of life will be impacted by their inability to work for longer.

“Especially in countries with little employment support, those with unstable work careers, employment interruptions and few financial resources are at a high risk of being crowded out from late-career employment and thus from the possibility of ensuring a decent standard of living.”⁸

National policy changes place the onus firmly on employers to recruit and retain older workers. In the UK, the government has appointed a Business Champion for Older Workers, whose initial report called for businesses to take more action around the “three Rs” of retention, retraining, and recruitment.⁹ The Business Champion's work has been continued through Business in the Community, a business-led membership organisation, with a strategy and target to increase the number of workers aged 50-69 by 12% by 2022.¹⁰

⁷AGE Platform Europe (2015)

⁸Hofäcker (2015), p. 1529

⁹ <https://www.gov.uk/government/publications/a-new-vision-for-older-workers-retain-retrain-recruit>

¹⁰<https://age.bitc.org.uk/BusinessChampion>

Alongside support for employers, improving health will also be important if we are to enable more people to work in later life. Recent systematic reviews identify health as the most frequently cited factor preventing people from extending their working lives, especially where people have chronic conditions associated with functional limitations, reduced mobility, pain, and depression. There has been increasing policy focus on health and work in response to Dame Carol Black's previous work as a government advisor on this issue.¹¹

There are also gender-related differences with respect to health and work, as women suffer higher rates of depression and are more likely to exit the workforce as a result of chronic health conditions.

Women are also significantly more likely to exit as a result of informal caring responsibilities. Again, this has been a focus for recent policy, with efforts to address the needs of carers through the 2008 National Carers Strategy and the Carers Action Plan 2018-2020.¹²

The degree to which disadvantage in retirement is shaped by gender was therefore a specific area of inquiry for the EXTEND project.

In summary, there is growing evidence that the groups who are best equipped to take advantage of the extending working lives agenda are more highly educated, more highly skilled, and better paid. Conversely, for disadvantaged workers, the current EWL agenda could lead to involuntary early labour market exit or to workers remaining in unsuitable jobs detrimental to their physical or mental health.

The EXTEND programme sought to address the question of whether current EWL policies had the potential to exacerbate existing social inequalities, by seeking to understand whether or not EWL initiatives might have adverse effects on the health and/or retirement income of workers with lower socioeconomic status.

¹¹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209782/hwwb-working-for-a-healthier-tomorrow.pdf; https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/181060/health-at-work.pdf

¹² <https://www.gov.uk/government/publications/the-national-carers-strategy>; <https://www.gov.uk/government/publications/carers-action-plan-2018-to-2020>

Findings from EXTEND

Reforms to pension ages: A blunt tool for extending working lives

EXTEND considered the extent to which pension reforms have caused a rise in employment among older people. Since the turn of the millennium, Europe has seen significant increases in labour force participation by older workers (aged 55–64), up from 37% to 55% across all member states. Some countries have seen much higher or steeper rises, notably Denmark (56% to 68%) and Germany (37% to 69%).

Much of this increase has been attributed to the policy of raising the age at which people become eligible for public pensions. However, EXTEND found that the expansion in the numbers and proportion of older people in work cannot be attributed to such pension reforms.

Denmark, for example, has seen continuous growth in older workers' labour force participation since 2000, but its pension reforms were not enacted until 2006 and 2011, not implemented until 2014, and will not be fully effective until 2022. Germany has also seen continuous fast growth over the whole period, although its 2007 reforms will not be fully implemented until 2031.

Other factors must therefore be affecting the behaviour of older people with respect to work and retirement. EXTEND identified four other interacting factors which influence the participation of older workers in the labour market: (1) macro-structural changes, (2) changes in discourses, (3) changes in institutions, and (4) individuals' attitudes and dispositions.

- Macro-structural changes: A shift from a welfare to a work society, i.e. from where the population was divided into workers and non-workers to where paid employment is the ideal for all social groups.
- Changes in policy and public discourses: A shift from encouraging early exit (centred on a just redistribution of income and jobs, based on chronological age) to signalling that older people should work longer for a number of reasons, including that they are needed in tight labour markets, that (early) retirement is expensive for society, and that working enhances quality of life as people age.

- Changes in institutions: A shift from decommodification (the extent to which people can maintain an acceptable standard of living independent of employment) to the retrenchment of the welfare state and greater emphasis on market participation. Labour markets have also become more open, while more and more families now include two adults who have to work.
- Individual changes: Work orientation – e.g. people’s motivations in and commitment to work – has strengthened, while health and education have improved.

Recognising these shifts and noting the evidence around employment rates, EXTEND concluded that state pension age reforms have only limited impact on extending working lives. However, they have significant potential to exacerbate social inequalities. In Denmark, for example, the best-off 10% of the population can expect to live 10 years longer than the worst-off 10%.

Workers with lower education may find it harder to remain in the labour market for reasons of either health or their broader ability to work. Yet reforms to state pension ages force them into the impossible choice of exiting the labour market and being penalised financially or remaining in employment even where continued work is damaging to health.

There is a particular concern about the fairness challenge as regards women. Much domestic work and most unpaid care is done by women, which threatens to create new inequalities between men and women as the latter struggle to reconcile longer working lives with caring responsibilities.

There is no single factor that will lead to increased labour force participation in later life; rather, multiple factors are at play. These include:

- A stable economy, combined with a stable demand for labour: this also stimulates employers to do their bit to hire, retain and develop older workers;
- An improvement in working conditions and the promotion of lifelong learning opportunities;

- Explicit attention to the wishes and needs of older women; and
- Avoiding or eliminating precarious work to secure decent standards of living.

Generally speaking, it is more effective to promote employment and reintegration back into the workplace than to penalise those who cannot comply.

EXTEND's work also highlighted the fact that the ways in which countries pursue state pension age increases are not always well-aligned to the objective of EWL. For example, EXTEND examined the case of the recent increase of women's SPA in the UK, which was proposed formally in 1995 and began to be implemented from 2010 (subsequent legislation has accelerated the speed of the increase and proposed further age increases beyond 65). Part of the EXTEND work, using data from the English Longitudinal Study of Ageing (ELSA), showed that three to four years before implementation, 15% of affected women didn't know about the increase in women's SPA.¹³ Furthermore, women who were more disadvantaged (either by being disabled, not in employment, or on a lower income) were less likely to be aware of the reforms. In this way the failure to give people notice disproportionately affected those least able to cope. There was also scant consideration of the labour market potential of the women whose eligibility for state pension had changed – which was and continues to be relatively low.

Linking pensions to life expectancy

Four of the five countries participating in EXTEND have decided to link state pension ages to average life expectancy – though not all have explicitly acknowledged this link due to controversy around the impact on those with lower life expectancy.

One strand of the EXTEND project examined whether the ways in which pension reforms are structured impact inequality.¹⁴ EXTEND considered the two methods that have been used to link SPA to life expectancy in the four participating countries that have done this (it has been discussed in Germany but not yet agreed), modelling their impact on four average workers – a woman with lower education, a

¹³Holman et al. (2018)

¹⁴De Tavernier (2018)

woman with higher education, a man with lower education, and a man with higher education – around 20 years after the reforms had come into effect. The results were compared to the situation just before the reforms were implemented.

Two approaches

The UK and Finland have chosen to link SPA to increased life expectancy by fixing the *share* of adult life that should be spent in retirement. If we assume that between a third and a quarter of life is spent in retirement, a one-year increase in average life expectancy will lead to an increase in pensionable age of around eight months, a two-year increase to around 16 months, etc.

Denmark and the Netherlands have instead defined the period of *years* people should expect to spend in retirement, so that a one-year increase in life expectancy will lead to a one-year increase in retirement age. The period has been set at 14.5 years for Denmark (down from the peak of 18 years it is expected to reach in 2030) and at 18.26 years for the Netherlands.

All four countries use average life expectancy as the point of reference to set the retirement age. Since the life expectancy of people with higher education increases faster than average, and vice versa for those with lower education, those with higher education can expect an extension of years in retirement, while those with lower education can expect a reduction.¹⁵ This effect is even more pronounced for healthy life expectancy.¹⁶ The linking of the official retirement age to average life expectancy thus has considerable potential to increase inequality, benefiting the well off at the expense of the less well off in terms of time spent in paid retirement.

When it comes to the effect on income, it is necessary to take into account the context. In all the countries except Denmark, the changes in state pension ages have been linked to other measures and reforms.

¹⁵For past work on the links between life expectancy and education, see Brønnum-Hansen & Baadsgaard (2008) for Denmark, Valkonen & Martikainen (2006) for Finland, van Baal et al. (2016) for the Netherlands, and the Office for National Statistics (2011) for the UK.

¹⁶ See Brønnum-Hansen & Baadsgaard (2008), Unger & Schulze (2013), and Phillipson (2018).

In Finland and the Netherlands, pensions have been structured around a guaranteed minimum pension and an occupational component, the latter of which are mostly defined benefit schemes. The accrual rates for these pensions have been reduced, so, for people to collect their full pension, they will now have to work longer.

Denmark and the UK have pensions that comprise a basic component and a second pension operated essentially as a contribution-based scheme. The UK has recently implemented more fundamental reforms, moving from a Basic State Pension and State Second Pension to a New State Pension combined with automatic enrolment in an occupational pension through their employer.

Simulation results: Big losses in the UK

From the point of view of social justice, the approach to pension reforms in Finland and the Netherlands looks preferable; in these defined benefit schemes, as pension ages rise everyone loses income over time (compared to before their reforms) but the pensions of those with lower education remain relatively stable.¹⁷ People with large occupational incomes will lose income if they do not work longer, but inequalities decrease, both in terms of monthly income and lifetime pension income. The greatest impact of reducing the financial burden of more retirees is therefore shouldered by the better educated.

In Denmark, where there were no accompanying reforms, we see the net effect of using a defined contribution scheme as a large component of retirement income. There is little change in terms of monthly incomes; however, strong inequalities emerge in terms of pension wealth. Individuals with lower education, for whom the basic pension is an important source of pension income, see their pension wealth shrink due to receiving basic pension benefits over a shorter period. In contrast, people with higher education will manage to offset this effect by working longer and will therefore have more private pension wealth to compensate for this loss.

In the UK, the combined changes will mean that women with lower education will lose about 25% of their monthly pension entitlements under the new system compared to before, although receiving Pension Credit makes this more like a 5% decline (it should be noted

¹⁷We should note that education here is used to reflect socioeconomic status.

that the average woman with lower education will be on Pension Credit). Two factors contribute to this reduction. First, they are affected by the requirement to work five years longer to get the new State Pension (35 years instead of 30). Second, the old State Second Pension (S2P), with a very high contribution rate (40%) on a small band of income above the Lower Earnings Limit, was replaced by the minimum 8% contribution rate under auto-enrolment.¹⁸

Moreover, there have been and continue to be adjustments to account for periods providing care in the UK. Time spent caring can be credited toward the qualifying period for the state pension. However, under S2P, people recognised as providing care were credited as though their earnings reached the maximum of the 40% contribution band; under auto-enrolment, no contributions are made during unpaid care-related absences from employment. As this was not modelled in the simulation, it may mean that the modelling underestimates the fall in women's – particularly those with lower education – retirement incomes.

Overall, the analysis found that in systems with a strong, reliable basic pension that does not depend on contributions, the increase in social inequalities associated with increasing state pension ages is less marked. While defined contribution schemes are more *financially* sustainable, defined benefit schemes (with close monitoring of and perhaps corrections in accrual rates) are preferable from a point of view of *social* sustainability.

If the aim is to decrease inequality, the Dutch or Finnish approaches are more effective. If however the aim is to maximise the (monthly) incomes of the worse off, the Danish route is preferable. The reforms implemented in the United Kingdom are modelled to increase social inequality with respect to pensions the most, with one already disadvantaged group, women with lower education, taking the biggest hit.

Of course, it is not necessarily wrong to link pensionable age to life expectancy – but EXTEND's findings suggest that linking pensionable age to average life expectancy without taking into account education or occupation is (especially without correcting measures) a route to social inequality.

¹⁸In 2011/12, this band ranged from the Lower Earnings Limit of £5,304 to £14,400 (the Low Earnings Threshold).

The influence of health on extending working lives

There is a complex relationship between retirement and health. For some people, quitting work may have a detrimental effect on health, bringing loss of social networks, reduced incentives to stay healthy, and a decrease in mental and physical activity. For others, retirement may provide relief from mentally and physically draining work. Health is shown by systematic reviews to be a very important factor in why people leave the labour market.

Working conditions are also known to influence post-retirement health, and for those with lower socioeconomic status, workplace arrangements may be causing or contributing to poor health.¹⁹

EXTEND researchers found that chronic conditions are strongly implicated in early labour market exit.²⁰ Typically developing 10-15 years before retirement age, such conditions are also associated with functional impairment, pain and depression. While they are often treated in the literature as homogeneous, they have different symptoms in different people and require individualised management regimes. There are often significant gender differences in the prevalence of different conditions, as well as their associated symptoms and complications, with women more likely to experience depression and arthritis, for example.

EXTEND looked at the transition from employment and self-employment onto disability benefit or to being permanently sick or disabled and concluded that the biggest risk factors for health-related employment exit were lung disease, cancer and arthritis. The results were gendered, with arthritis accounting for 30% of women's disability-related exits compared to 20% of men's disability-related exits, while depression accounted for 19% of women's exits compared to 15% of men's.

Consequently, addressing arthritis and depression across the whole life course is an important strategy to reduce disability-related employment exit and could also help address its associated gender inequalities.

¹⁹van der Heide et al. (2013)

²⁰Holman (in press)

Mitigating factors

Across all the participating countries, workers with lower socioeconomic status had worse self-rated health in retirement. The largest inequalities were found in England. Conditions such as obesity and depression affect health in retirement and, while these are present in the whole population, their prevalence is higher among those with lower socioeconomic status.

At the same time, the association between socioeconomic status and health in retirement can partly be explained by the characteristics of prior work, such as the physical, mental, and emotional job demands, lower levels of autonomy, and little variation of tasks. Working conditions thus have a vital role in reducing health inequalities.

EXTEND found significant cross-country differences in post-retirement health across Europe, with the highest (self-rated) health scores in Denmark and the lowest in Estonia. For both men and women, higher social expenditure, as well as higher expenditure on health, old age, housing and on social services (such as cash benefits to low-income households), was associated with better health. The socioeconomic influence on health was found to diminish where there was a higher social expenditure on health, labour markets and unemployment, incapacity, family and (for women) a higher minimum pension replacement rate.

From this it can be concluded that workplace policies and practices and public expenditure both have a role in reducing health inequalities. Pre-retirement health interventions are likely to allow people to continue working longer in good health and to improve the health of retirees, reducing social inequalities in retirement. Macro-factors are also important; an increase in social spending is likely to improve pre-retirement health and reduce post-retirement health inequalities.

The role of employers and organisations in extending working lives

When changes are made to pension policies, there are no differentiations for different sectors of the economy, despite the evidence that, in some sectors, people tend to exit the labour market much earlier than in others.

EXTEND looked at the health and care sector (HCS), where early retirement is more or less the norm.²¹ EXTEND researchers looked at the working conditions of older workers in Finland, Germany, and the UK through 54 interviews in 11 HCS organisations (hospitals and care homes).

The HCS is at the sharp end of debates about inequality (and particularly gendered inequality) as a result of the extending working lives agenda, for a number of reasons including that:

- Demand on the HCS is likely to grow with the ageing population, as more people need care.
- The work is mentally and physically demanding.
- The sector is characterised by long-term absenteeism due to sickness and burnout.
- Early retirement is almost normal.
- Rates of part-time work are high.
- The workforce is predominantly female.
- Pay is low.
- There is a lack of acknowledgement of care work, which can reduce motivation or morale for care workers.
- Many HCS workers are so-called "double-duty carers": as they also provide unpaid care for older family members.

Despite facing particular challenges around its older workforce, the HCS was found to show very limited awareness of age-management practices. Policy changes at national level (e.g. postponing SPA) place a lot of onus on employers to recruit and retain older workers, requiring sophisticated approaches to managing staff right across the life course, including measures starting well in advance of traditional retirement ages. However, EXTEND found scant evidence of comprehensive approaches to life course management of employees across the HCS.

²¹See e.g. Mäcken et al. (2018)

The most common strategies that EXTEND identified as being adopted in an attempt to address long-term sickness and labour market exit among HCS workers were:

- Recruitment – e.g. ensuring no age restrictions were in place;
- Qualification and competence development – including for those close to retirement;
- Transition into retirement – offering employees the opportunity to work past SPA.

EXTEND concluded that the HCS was under-prepared for an ageing workforce, despite recognition that a lack of skilled workers was the key challenge for the future. While nearly all the 11 organisations considered in the research had implemented one or two measures, mostly related to health promotion and flexible working, comprehensive strategies were missing. The measures taken tended not to consider the work environment, nor did they address the needs of particular workers – failing to comprehend, for example, that flexible working and reduced hours are rarely taken up by the employees with lowest incomes due to income losses.

Examples of good practice

Having found national policies liable, in some cases, to increase social inequalities, and businesses often slow to respond with effective measures to extend working lives, the EXTEND partners looked for examples of good practice. The team were interested in examples at any level: transnational, national (government), meso (businesses, social enterprises and partners), or micro (individual). Ten examples were highlighted:

- The Danish early retirement scheme (Efterløn), established in 1979 with the aim of tackling social inequalities in life expectancy
- Finnish and Dutch pension policies guaranteeing a basic income protection when increasing retirement age
- The Finnish "National Program on Ageing Workers (FINPAW)", which encourages workplace health promotion, with the aim of helping older workers adapt to changing work environments, as

well as raising awareness of issues related to ageing

- The German "Perspektive 50plus – Beschäftigungspakte für Ältere in den Regionen", which aims to reintegrate multi-disadvantaged older long-term unemployed people back into the labour market at the local and regional level
- The Demographic Collective Agreement, agreed in 2006 by the iron and steel industry in Germany to address the challenges of demographic ageing in the labour market
- The German "Later Life Work Index", which is a diagnostic tool to evaluate and to improve organisational age-management practices and thus better working conditions for an age-inclusive workforce. It is the first of its kind in the world
- The Finnish Life Course Management-approach, which aims at promoting healthy and sustainable careers throughout the whole of working life by fostering individuals' career management in situations of career transitions
- A scheme by the UK not-for-profit organisation South Yorkshire Housing Association, which provides local housing and care with employment policies that are heavily geared towards diversity, flexibility and supporting employees' wellbeing
- The Sozial-Holding der Stadt Mönchengladbach in Germany, which has an award-winning history of good practice in comprehensive corporate age-management and has recently moved to "life-course oriented personnel policies"
- The Finnish "Engagement for Late Career (ELC) program", which aims to reduce senior employees' (55+) perceptions of age discrimination at work and increase their engagement

These programmes variously raised awareness of the needs of older workers; campaigned against negative stereotypes of ageing; demonstrated the value of life course approaches; showed the value of local and bottom-up approaches to supporting older workers; and demonstrated the merit of individual support for workers who have the greatest need.

EXTEND's work demonstrates that there are many kinds of good practice in extending working lives but that these remain isolated rather than forming part of a coordinated effort to address the problem of widening social inequalities in later life. Furthermore, very few approaches aimed directly to reduce social inequalities, confirming EXTEND's core assumption that this is something that is persistently overlooked, both in policymaking and in efforts at the level of the company and the individual to extend working lives.

Life course management: A trial led by the Finnish Institute of Occupational Health

As part of EXTEND, the Finnish Institute of Occupational Health tested a life course management programme designed to equip employees to deal with the particular problems they face as they become older workers.

Working environments are prone to reflect stereotypical perceptions of older workers as resistant to change and less able to learn, and perceptions of age discrimination have been found to affect disengagement from work and attitudes to retirement.²²

The Finnish programme was employee-centred and was designed to encourage workers to find their own ways of countering the pressures they faced and enhance intrinsic motivation to remain at work. It was tested in a randomised controlled trial in 17 Finnish organisations.

The Intervention: The programme consisted of four four-hour sessions (16 hours in total) in which a trainer supported between 10 and 15 voluntary participants aged 55+ to discuss the late-career setbacks they faced and how to manage their working lives. The groups identified goals and potential solutions then tested them out, practising in small groups. Peer support and feedback were seen as crucial elements in the work.

Conclusions: The results showed that when workers can actively manage their own late careers, there are long-term beneficial effects on motivation and work engagement. The programme was found to diminish concern about age discrimination and give workers a longer perspective on their careers. It proved particularly effective for employees with lower educational attainment and those with a younger supervisor.

Employees reported higher levels of wellbeing and motivations and felt they were making better career decisions. The Finnish Institute of Occupational Health concludes that there are benefits for employers from the scheme in the early prevention of work disability and enhanced motivation and competence at work. And for society, this relatively simple intervention promises better careers and less disability due to mental ill-health.

²²Damman et al. 2013; Bayl-Smith & Griffin, 2014.

Implications for policy

EXTEND's work has demonstrated that, without further action, current policies designed to support the extension of working lives risk creating social inequality and exacerbating existing inequalities. Below we draw out some of the key areas for action.

- EXTEND has demonstrated the gendered aspect of work and retirement. It will be vital that policy changes responding to demographic ageing are assessed for their wider equality impact.
- EXTEND's work demonstrates that countries beyond the UK have managed to implement reforms to state pension without exacerbating social inequalities to the same extent as the UK approach. As the UK continues to review its arrangements around state pension age it should look to the examples of other countries.
- EXTEND's work has demonstrated that having a reliable basic pension component reduces the risk of social inequalities when pension ages are adjusted in line with average longevity increases. The UK Government should consider how to ensure that more people have access to a good state pension in later life.
- EXTEND's work demonstrates a need for wider approaches to encouraging work in later life, beyond reforms to pensions and SPA. This is particularly important because those policies have not been the main driver behind increases in employment rates of older workers since 2000. Instead we need measures to address health and wellbeing at work, to tackle age discrimination in the workplace, and to support those juggling work and caring.
- Workplaces are fundamental to health and wellbeing, so they should be a priority setting for health promotion. Employers need to be encouraged and supported to take action toward primary, secondary, and tertiary prevention of ill health and disengagement from work, e.g. through ergonomic adjustments, job and retirement flexibility, and psychosocial support and

assistance in the management of illnesses. These measures will be particularly important in sectors where early exit is widespread, such as the health and care sector.

- Policymakers and employers must also urgently address ageism in the workplace, which continues to impact individuals' opportunities to work in later life. Action is needed both to tackle specific examples of age discrimination in the workplace and to shift the wider discourse around age and work.
- The struggle to combine work with caring responsibilities often ends in unintentional part-time work and involuntary early retirement, with risky consequences for financial security before and after retirement. Carers need more access to flexible working, and governments should examine the case for measures such as statutory carers' leave.
- Finally, there is a need for ongoing monitoring of the impact of policy change in relation to extending working lives, and in particular the impact of SPA increases on patterns of work and benefit receipt. If policy changes are not effective in extending working lives across society, and instead only lead to more years spent drawing on other benefits before taking the State Pension, the EWL agenda will not be effective in supporting fiscal sustainability.

Appendix: Work packages of the EXTEND project

- WP 1:** Developing a conceptual framework
- WP 2:** Policies intended to prolong working lives and their effects on social inequalities
- WP 3:** Indexing retirement/pension policies to residual life expectancy
- WP 4:** Social inequalities and their effect on disability-free life expectancy and workability
- WP 5:** Social inequalities and their effect on post-retirement health
- WP 6:** The effect of private caring responsibilities on EWL – The case of “double-duty carers” in the health and care sector
- WP 7(1):** Working conditions and work design as hindrances and opportunities within the health and care sector
- WP 7(2):** The Finnish Institute of Occupational Health’s approach to late career management
- WP 8:** Examples of good practices to avoid/overcome social inequalities
- WP 9:** A cost-benefit economic evaluation of good practices

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**International
Longevity Centre UK**

11 Tufton Street

London

SW1P 3QB

Tel : +44 (0) 20 7340 0440

www.ilcuk.org.uk

Published in April 2019 © ILC-UK 2019

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