## Strong installed culture favouring early retirement

Early retirement means stopping work before the normal retirement age. It goes against active aging when work exit is recommended with no alternative route for the worker to consider maintaining his activity. Recently, an OECD report has concluded that early retirement (including anticipated retirement, early retirement due to reduced capacity to work, and early retirement for labour market reasons) is still common in many countries as it is shown in the Figure 1:

**Figure 1. Early retirement among persons who receive an old-age pension (%)**



Source: OECD.

Under which circumstances do workers want to retire earlier? Typically, an early withdrawal from the labour market reduces pension rights and entails a financial penalty. Furthermore, leaving the work environment may bring negative consequences when people’s life has been structured for decades around their occupation. However, research has shown that there are several factors involved in the decision to leave the job market earlier such as the socio-economic background, job conditions, career length, (re)training opportunities, financial affordability of retirement, characteristics of retirement system, health status, shrinking labour demand at older ages, age-friendliness of working conditions, caregiving responsibilities, macroeconomic conditions, and spouse’s working status. This is a long thought-provoking list which may be a good trigger for discussion: which of these factors have to do with industrial relations’ features that might be adapted to facilitate social partners’ dialogue on active ageing?

Findings from a 2012 European survey indicated that the average age up to which people expected to do their current job was 61.7 years. Some 42% felt that they could go on to 65 years and beyond, and only one in ten believed to be able to go until the age of 70 or beyond. Generally speaking, the idea of working longer is not installed yet in the social partners’ value system. Experts assert that European employers are often still opting for the easy way out, via exit strategies, instead of formulating strategies that promote active aging.

In fact, our own research has thrown some light on how installed is the culture prone to early retirement. For instance, in Spain social partners acknowledge that early retirement is still a valid way to get new, younger, and cheaper workforce. Companies’ collective imaginary understands that employees will do everything to work the least time possible. Therefore, employers’ and employees’ mentalities fit together around the advantageous character of early retirement in some instances.

Similarly to Spain, in Italy the majority of the companies prefer to facilitate early retirement for older workers. Actually, early retirement is still the main channel to deal with an ageing workforce in the country. Why? Because it is believed that hiring young workers is more economically convenient and these workers are more flexible at physical and mental level. However, it has been acknowledged that the latter mindset lives side by side with a fear that older workers whose professionality is hardly replaceable can have access to early retirement.

In the UK, while some older workers are able to extend working life beyond normal retirement age, many are still retiring early because of a health problem, work disruption or change in family situation. Major changes to work can lead older workers to choose to retire early rather if coping with change proves difficult.

## A possible solution: Better information, work conditions and training programmes

How to motivate workers who have been socialized in the culture of early retirement, to help them understand and be willing to consider possible extending their work lives?

Union representatives in the UK have argued that **interventions from employers to address issues of work intensification** could persuade some older workers to extend working life, but expressed scepticism that such support would materialise. They contended that older workers are fatigued by the increased intensification from work.

Italian unionists insist that **whatever line of action should reflect the conditions and interests of the single worker**. Therefore, just making exit routes increasingly restrictive disregarding the particular situation of the worker don’t seem to be an effective way forward in the right direction.

International discussions —some of them lead by OECD— on how to counter the early retirement culture through social dialogue initiatives have recommended implementation of measures like the following:

* **Improvement of available information:**
  + To promote well-informed choices between work and retirement.
  + To facilitate easily understandable information – especially to older workers with poor financial literacy – about the financial implications of early or late retirement.
* **Paying more attention to health conditions at work.**
* **Supporting training programmes for older workers to sharpen their skills:**
  + In the specific case of low-skilled workers, facilitating job change in mid-career and at an older age would be desirable.
* Increasing opportunities for **more flexibility in work arrangements and retirement entry**, e.g. teleworking, part-time work, compressed work schedule, and formal phased retirement programmes.

In Poland, examples of highly negative consequences of early retirement in ‘uniformed’ professions have been underlined. Dissemination of these consequences may help workers to understand and appraise much better both pros and cons of early retirement.

In Italy, almost all participants in ASPIRE workshops recalled the role of collective bargaining in regulating Intergenerational Solidarity Pacts, which have been signed in several sectors. This scheme is also promoted by the legislator and, in some sectors, is supported by bilateral funds established by social partners at sectoral level. Although the main purpose is that of raising youth employment, they also promote the involvement of older people, by **creating a link between different generations**, in terms of skill transfer and creation of job opportunities. Facilitating opportunities for satisfactory intergenerational collaboration may be as well a means for older workers to reconsider their tendency to opt out of retiring earlier.

We’d need to include here a link to a successful case in which early retirement culture has been countered. Any suggestions?

## Questions to consider

1. To what extent a culture favouring early retirement is installed in your particular work context?
2. Is detailed and friendly information on pros and cons of early retirement available for workers?
3. Have social partners explore measure for more flexible work arrangements and retirement entry?
4. Do we have in place instruments to address issues of work intensification among older workers properly?