

# Employment and Retirement Among the Over 55s: Patterns, Preferences and Issues

## Proceedings of Conference

Yvonne McGivern (Editor)

Jointly organised by



Expert Group on  
**Future Skills Needs**



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As Chairpersons of the National Council on Ageing and Older People (NCAOP) and the Expert Group on Future Skills Needs (EGFSN), it gives us great pleasure to present the Proceedings from the Conference on Employment and Retirement Among the Over 55s: Patterns, Preferences and Issues.

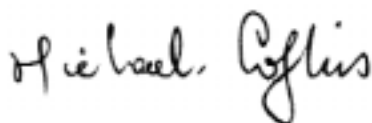
The Conference took place on September 26, 2001 in the Conrad Hotel, Dublin. The Conference was jointly organised by The Expert Group on Future Skills Needs and The National Council on Ageing and Older People. It was opened by Mr Tom Kitt TD, Minister for Labour, Trade and Consumer Affairs at the Department of Enterprise, Trade and Employment and the closing address was given by Mr Peter Cassells, Chairman of Forfás and Executive Chairman of The National Centre for Partnership and Performance. The Conference attracted almost 150 delegates from across the statutory, voluntary and private sectors.

The Conference provided the opportunity for delegates to focus attention on issues of employment and retirement among older Irish people, issues such as preferences for work or retirement and barriers to staying in or returning to the workplace. It also afforded the opportunity to look at initiatives at the European level as well as recent developments in Ireland in relation to age discrimination, pension provision and lifelong learning initiatives.

We would like to express our appreciation to Minister Tom Kitt, TD and Mr Peter Cassells for their addresses to the Conference. We would also like to thank Dr Anna Murphy (Forfás) and Dr Helen Russell and Dr Tony Fahey (ESRI) for presenting their research findings on behalf of EGFSN and NCAOP. Ms Christine Marking (Director, AGE), Ms Ita Mangan (Barrister and Consultant), Mr Ned Costello (DETE), Mr Peter Rigney (ICTU), and Ms Eithne Fitzgerald (TCD) presented excellent papers at the workshops and we would also like to thank them, the workshop Chairpersons and rapporteurs for their work.

On behalf of the NCAOP and EGFSN, we would like to thank the editor, Ms Yvonne McGivern, for her commitment and dedication in preparing the Conference Proceedings. We would also like to thank Bob Carroll, the Council's Director, and Seamus Bannon and Dr Anna Murphy from Forfás for their commitment in the joint planning of this Conference. A very special thanks is due in particular to Ms Michelle Rogers of the National Council on Ageing and Older People who co-ordinated the planning and organisation of the event with considerable assistance from both Forfás and Council administrative staff. Finally, thanks to Mr Eamonn Quinn who prepared the Proceedings for publication and to Sandwell Third Age Arts for providing the image used on the cover of this report.

These Proceedings draw together the results of a number of strands of work on Employment and Retirement by EGFSN, NCAOP and others and we believe they will make a significant contribution to the national debate on older people, both those in retirement and those who continue to contribute to the national economy.



Dr Michael Loftus  
**Chairperson NCAOP**



Mr Daniel O'Hare  
**Chairperson EGFSN**



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# Introduction to Conference Proceedings

# Introduction to Conference Proceedings

**Yvonne McGivern**

*Editor*

This report begins with the Conference Welcome and Introduction by the Chairperson of the National Council on Ageing and Older People, Dr Michael Loftus. This is followed by the Opening Address from Mr Tom Kitt TD, Minister for Labour, Trade and Consumer Affairs at the Department of Enterprise, Trade and Employment. The main body of the report on proceedings follows. It is divided into two sections:

- Section One: Over 55s in the labour force – participation and preferences
- Section Two: Key issues in addressing participation and preferences

Section One contains two papers that describe participation of the over 55s in the labour force in Ireland, the factors affecting participation and the implications for policy.

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Anna Murphy's paper presents the findings from a research study conducted by Public and Corporate Economic Consultants (PACEC). The study was jointly commissioned in 2000 by the Expert Group on Future Skills Needs and the National Competitiveness Council. The research was prompted by the existence of a tight labour market (unemployment in the first quarter of 2001 was at a record low of 3.7 per cent). There were concerns about the effect that a labour and skills shortage might have on economic growth and competitiveness. It was recognised that there was a need to understand the role that older people might play in augmenting the labour supply. The research was designed to determine current levels of participation in the workforce of those over 55, the potential to increase participation and the barriers facing those who want to participate. The research revealed that there is some scope to increase participation of the over 55s. However, it found that there are many barriers to participation, including absence of suitable jobs, lack of flexible working arrangements, concern about the impact of paid employment on pensions and benefits and the existence of age discrimination. The study suggests that government departments and agencies as well as employers have a role to play in addressing these issues. It recommends a number of measures that could be taken, including measures to increase awareness of the importance of older workers; measures to facilitate flexible working practices; full implementation of the National Minimum Wage; availability of information on the impact of paid work on pensions and benefits, and measures to combat age discrimination. While recognising that many programmes and initiatives are already in place, the study finds that to be effective these must be targeted specifically at the over 55s.

Tony Fahey's and Helen Russell's paper presents some of the interim findings of a national survey commissioned in 2001 by the National Council on Ageing and Older People about work and retirement among two groups of 55-69 year olds – those retired and those still working. The survey examined the preferences for, perceptions of and attitudes to aspects of work and retirement. It found that early retirement is common but often unplanned. The two most common causes



are illness or disability and access to redundancy or pension that makes retirement affordable. Among those not yet retired, many plan to retire early. Late retirement is relatively rare, mostly seen among the self-employed. A comparison of the proportion of those who would like to retire and those who would like to take up some paid work shows that there would be no net gain in labour supply. The survey found that retirement is seen as a positive state. It revealed that there is a strong preference for gradual retirement – a wind-down to working life rather than an abrupt end – and at the same time less interest in flexible retirement.

In light of these findings Fahey and Russell recommend that a provision for gradual retirement – a system that facilitates partial retirement and entitlement to partial pension payments before normal retirement age – should be explored. They recognise that there may be many practical difficulties involved in devising such a system, not least the impact on the cost of pension provision, but feel that preference for gradual retirement should be noted in any future reform of pensions.

Section Two looks in detail at some of the key issues affecting older people's participation in the labour market and their preferences for retiring early or later.

First of all, however, by way of introduction, Christine Marking's paper presents an overview of the European Union (EU) social policy initiatives relevant to older workers, in particular, those that relate to employment and discrimination. She points out that the EU has been slow to address social policy issues in general and those relating to older people in particular. However, she shows that in employment and anti-discrimination guidelines for 2001 and the package developed for 2002 that issues relating to older workers are now considered important and will remain on the political and social agenda. Despite this, she believes that much remains to be done. In particular, she believes that the implementation of policies and legislation needs to be monitored closely to ensure that they deliver the outcomes intended.

The workshop following Christine Marking's paper centred on the importance of creating awareness and understanding of the contribution of older people in the workforce and the importance of taking action now, for the sake of today's older people, as well as for future generations.

Ita Mangan's paper sets out a framework for tackling age discrimination in employment and promoting good workplace practices. She identifies the elements of the framework as the provision of adequate legislation, positive action measures and models of good practice. She points out that three key pieces of legislation relating to workplace practices – The Employment Equality Act, The Redundancy Payments Acts and The Unfair Dismissal Acts – have age limits, which mean that those over 65 are not protected in employment. She argues that there is no justification for these age limits. She also argues that a number of exemptions in The Employment Equality Act from the general principle of non-discrimination should not be provided for in legislation. As far as positive action is concerned, she believes that much could be done in terms of training to encourage older people into the labour force. Other measures suggested involve changes in relation to pensions, taxation and benefits. She notes the importance of models of good practice in addressing the issue of older people in the workforce and comments on the lack of such models in Ireland. She finds that the debate on older people remaining in or going back to work concentrates too much on the costs involved if they do not. She concludes that there is much still to be done in tackling ageism in the workplace and promoting good practice and stresses the importance of promoting awareness of the benefits of a diverse workforce.

The workshop that followed Ita Mangan's paper noted the prevalence of age discrimination and the low level of awareness of the issue. Participants found that barriers to employment included a lack of awareness of the value of older workers and workplace cultures and practices that do little to encourage older workers to remain in or rejoin the labour force.

Ned Costello's paper examines the role of training and retraining and the concept of lifelong learning in helping older people remain in and rejoin the workforce. He describes how past under-provision in education has left a significant skills deficit and low levels of literacy among older age groups, and in particular among older women. He argues that lifelong learning in the context of an ageing workforce is crucial for two main reasons: changes in the nature of work that mean we must acquire new skills and demographic changes, which mean a greater reliance on older workers rather than younger ones as a source of new skills. He believes that for lifelong learning to be successful in overcoming barriers to employability for older people it must be part of an overall strategy.

The workshop session following Ned Costello's paper identified barriers to training and retraining and made suggestions as to how these might be overcome.

Peter Rigney's paper addresses the issue of retirement age. He questions the reasons why flexibility on retirement age should be addressed, asking if it is related to the issue of pension funding, the need to increase labour market supply or if it is seen as a tool to manage knowledge in employment or a means of improving the life of older workers. He concludes in the light of this examination that there is no compelling reason to change retirement age in any significant way, believing there to be scope under existing laws and practice to allow the over 65s to remain in the labour force voluntarily and under new contracts.

The workshop that followed Peter Rigney's paper concluded that those who wanted to retire early, that is, before age 65, should be facilitated in doing so. There was, however, some disagreement over whether the fixed age should be changed. There was some support for the introduction of a retirement band from age 60 to 70 rather than the current fixed point at age 65. It was felt that this would give people the option of phasing out their working life gradually rather than abruptly. It was widely felt that in reviewing the implications of any changes to retirement age the preferences of all older people must be taken into account.

Eithne Fitzgerald in her paper examines the nature of different types of pensions, the way in which they influence the choice of retirement age and the implications this has for policy. She points out that economic theory suggests that individuals will continue to choose work over retirement as long as the benefits, both intangible and financial, of continuing to work outweigh the attractions of retirement. She describes how the type of pension and the actuarial treatment of the pension may influence this. She goes on to argue that, in thinking about pension policy, it is preferable to offer flexibility and choice. In this way, the preferences and circumstances of older people, which can vary widely, are better accommodated than if a 'one size fits all' approach were adopted.

The workshop that followed Eithne Fitzgerald's paper emphasised the need for a national pension awareness campaign and expressed concerns about the voluntary nature of pension planning.



## Chairperson's Welcome and Introduction

# Chairperson's Welcome and Introduction

## **Dr Michael Loftus**

*Chairperson, National Council on Ageing and Older People*

This Conference, *Employment and Retirement Among the Over 55s: Patterns, Preferences and Issues*, is jointly hosted by the Expert Group on Future Skills Needs, Forfás and the National Council on Ageing and Older People. The aim of the Conference is to examine the issues surrounding employment and retirement as they relate to older people, and to examine the views and circumstances of older people themselves.

It is sobering to think that as far back as 1983 the body that was the predecessor of the National Council on Ageing and Older People held a similar event entitled *Retirement Age: Fixed or Flexible*. Peter Cassells, who makes the closing address at this conference, addressed that seminar eighteen years ago saying:

*'It appears perfectly legitimate to me that a person who has aged prematurely because of arduous or unhealthy working conditions, or indeed the monotony of their job, should wish to retire early. It is equally legitimate that persons who have retained their capacity and interest for work should wish to remain in employment after the so-called retirement age.'*

While the trend since 1983 has mostly been towards earlier retirement – though less noticeably so in recent years – the obstacles to most older people staying in the workplace (if they wish to do so) remain much the same as they were then. These include a statutory retirement age in some employment and a mandatory retirement age in almost all.

In the recent years of economic growth, interest in older workers has increased. It therefore seemed appropriate to the National Council on Ageing and Older People to seek to identify older people's preferences for employment and retirement. At the same time that the Council had commissioned the Economic and Social Research Institute (ESRI) to undertake this work, the Expert Group on Future Skills Needs was embarking on research on participation rates of older people in the labour force.

In view of the complementary nature of both pieces of research, it seemed appropriate to join forces in organising this Conference. For its part, the Council is pleased that the occasion provides an opportunity to present the preferences of older people in regard to employment and retirement. It hopes that their views and preferences are given first consideration when articulating future policies on older workers and retirement at national and European Union levels. It is our concern:

- to promote active ageing
- to facilitate work/life balance for the individual
- to develop a society for all ages.

To do this effectively, it is clear that we must seek to understand the views and circumstances of a heterogeneous population of older people when forming policies on employment and retirement that affect them. It is equally clear that we must address the obstacles to greater choice that older people face in regard to employment and retirement opportunities.

The Council and the Expert Group on Future Skills Needs hope that the research findings presented at this conference and the discussions at the workshop sessions will provide a framework upon which such policies may be developed.



## Opening Address

# Opening Address

**Tom Kitt, TD**

*Minister for Labour, Trade and Consumer Affairs*

## Introduction

Ireland's economic success over the past decade has resulted in an unprecedented growth in employment. In the last five years the numbers in employment increased by 400,000 or 30 per cent. This has brought undoubted benefits including better opportunities for our working age population and increased standards of living for the population as a whole.

With success, however, come challenges, issues such as maintaining competitiveness, mobilising labour supply and ensuring social inclusion. To address these issues we need new and innovative responses from policy-makers. The government welcomes research, such as that presented here, which helps develop thinking in the area of retention and recruitment of older workers.

## The economic context

The government is aware that the existence of a tight labour market can curtail economic growth through its impact on competitiveness, particularly in terms of wage levels. To date, policies have focussed on increasing participation in the workforce, reducing unemployment and increasing immigration. Given the limited scope to tap further into these sources, and the continued need to tackle labour and skills shortages, the government has given consideration to increasing the participation of older people in the workforce.

However, longer-term perspectives, including demographic trends, equality of opportunity and greater life expectancy, mean that we cannot be shortsighted in our approach. In simple terms, our population and our workforce are getting older. It is estimated that by 2011 the numbers in the 45-64 year old category will grow by 197,000, an increase of 24 per cent. At the same time, the numbers of younger people entering the workforce will fall.

From an economic viewpoint, the issue of retaining people in the workforce longer becomes significant – a reversal of the situation that prevailed in the past when early retirement was encouraged in order to create employment for younger people.

## The social context

In our analysis of the situation, issues of equality and choice should not be overlooked. Giving individuals the choice of whether to remain in or take up employment should be an overriding consideration. Any incentive to work should take an encouraging rather than coercive approach. Older people's participation should be voluntary, based on lifestyle choices rather than economic imperative.

## The research

The research findings presented here address both the economic and the social issues. The study commissioned jointly by the Expert Group on Future Skills Needs and the National Competitiveness Council focuses on labour force participation rates among the over 55s and identifies the barriers to entry perceived by this age group. The study undertaken by the ESRI for the National Council on Ageing and Older People looks at older people's preferences for work and retirement.

The research is timely and coincides with analysis undertaken by the Department of Enterprise, Trade and Employment to identify key issues in relation to older workers. This analysis has identified two important areas where positive action could be taken to enhance the position of older workers:

- pensions, taxes and benefits
- training and retraining.

## Pensions, taxes and benefits

The complicated nature of the relationship between pensions, taxes and benefits undoubtedly affects the participation of those in or approaching pension entitlement. The government's policy of reducing the personal tax burden is designed to act as an incentive for older people to continue working, especially those who may wish to work part-time to supplement their income. We need a further detailed examination of the relationship with pensions and benefits to ensure that full pension entitlements and benefits are retained and that there is no financial disincentive to remaining in or returning to work beyond a certain age.

One approach that needs particular examination is the introduction of an early or part-time pension payment linked to semi-retirement or part-time work, which does not incur additional tax.

Last year 7,500 over 55s took part in FÁS programmes, 1,100 of them on job training. It seems that there is an opportunity to extend the *Preventive Strategy* – where FÁS interview unemployed people before they reach nine months on the Live Register – to the over 55s. This would ensure that older unemployed people are given the opportunity to take up a vacancy or training that matches the skills they have on leaving work.

## The role of employers

If government actions to promote employment opportunities for older people are to be a success in achieving increased participation, it is important that they be carried out in conjunction with employers and their representatives. Given that there is likely to be an increased dependence on older workers in the future, the onus is on employers to pursue the agenda with regard to the recruitment and retention of older workers. The view that experienced and skilled workers are an asset to an organisation, rather than a cost, should be encouraged. Employers who take a pre-emptive approach in adjusting their cultures, career structures and personnel practices to facilitate older workers will be better placed to compete for and retain staff.

## Conclusion

There are four main issues that should inform the debate about participation of older people in the workforce:

- The overriding principle is that of choice. Older people should be able to choose if they want to work, be it part time, full time or voluntarily, or not.
- The role of employers in providing the conditions to allow this to happen. There is no benefit to be had from government action to encourage a longer working life if employers are not seeking to retain older employees.
- The relationship between pensions, tax and benefits must be reviewed to see whether it is possible to provide a greater incentive to extend working life.
- The need to ensure that training and other actions to support workers and those seeking work are appropriate to all age groups.

I would like to thank Forfás and the National Council on Ageing and Older People for undertaking the research presented here and for organising the Conference to disseminate the findings. I have no doubt that the research and the discussion that follows will contribute greatly to the government's deliberations in this field.





## Section One

Over 55s in the  
labour force –  
participation and  
preferences

# Section One

## Over 55s in the labour force – participation and preferences

### Participation of the over 55s in the labour force in Ireland

**Anna Murphy,**

*Senior Policy Analyst, Forfás*

#### Introduction

In 2000 the Expert Group on Future Skills Needs and the National Competitiveness Council commissioned Public and Corporate Economic Consultants (PACEC) to conduct a study of the participation rates of the over 55s in the Irish labour force. Since then, the downturn in the US economy and the attacks of 11 September 2001 have created uncertainty about future economic growth and labour market trends. It is important then to explain the context for the study. It was prompted by the existence of a tight labour market in Ireland – unemployment in the first quarter of 2001 stood at a record low of 3.7 per cent. It was felt that there was a need to increase the labour supply in order to address labour shortages and so help economic growth and ease pressure on wages and competitiveness. Those aged over 55 were considered to be a potential source of labour supply.

The aims of the study were therefore to:

- investigate the extent of participation of the over 55s in the labour force
- identify the potential to increase this
- identify the barriers facing those over 55 to participating in the work-force.

The purpose of this paper is to present the main findings from the survey and the policy recommendations that arise from these.<sup>1</sup>

<sup>1</sup> A full set of findings will be published by Forfás and presented to policy-makers as a contribution to labour market policy formulation.

The labour force increased by about a third between 1990 and 2001, from 1.33 million to 1.78 million. The key contributors to this growth were:

- an increase in the population of working age (i.e. from 15-64), including net immigration
- an increase in labour force participation rates, especially among women
- the unemployed.

In the future, the rate of increase in the population of working age is expected to decline from about 27,000 in 2000 to 12,000 in 2008 (ESRI, 1999). Central Bank forecasts (Summer 2001) for economic growth<sup>2</sup> of 6.5 per cent include an estimated increase of about 59,000 in the labour force. According to the ESRI, the net increase in the population of working age will be about half this (26,000), while it is expected that a further 8,000 of those previously out of work will become employed. This leaves a shortfall between demand and supply of about 25,000 in 2001.

How will this shortfall be met? As current rates of unemployment are very low, the future contribution of the unemployed to the labour force is limited. Other sources – net immigration and an increase in participation rates – will have to increase. In recent years, measures have been taken to increase participation rates of selected target groups – the long-term unemployed (e.g. through back to work schemes) and married women (e.g. through tax individualisation) – and to tackle social exclusion (e.g. through partnership companies). To date, however, there has been no targeted intervention for older workers.

## Key survey findings

### Extent of labour force participation

The study found that job creation in Ireland has been greater than in other EU countries in the 1990s. Although overall participation rates in Ireland increased from 60 per cent in 1992 to 67.4 per cent in 2000, they remained below those of many EU and OECD countries. For example, the UK rate is 75.5 per cent compared to Ireland's 67.4 per cent; Denmark is 80 per cent. This suggests that there is still scope to increase participation rates.

In Ireland there are important differences in participation rates for men and women. Those for men rose slightly in the 1990s to reach 79.1 per cent in 2000 – a figure close to many other OECD states (the UK figure is 83 per cent). Women's participation rates at 55.7 per cent are further behind than most other OECD states. The figure for Denmark is 75.9 per cent; in the UK it is 67.8 per cent.

Participation rates for men in the 55-69 age group are already higher than the EU average so, on this barometer, no increase in the labour force could be expected from this group. The age groups 35-54, however, could contribute an extra 12,000 to the labour force (see Table 1 below).

2 Measured as Gross National Product (GNP).

**Table 1****Scope for increasing the number of economically active males to average EU levels, 1999**

| MALES    |                              |                     |                   |                            |
|----------|------------------------------|---------------------|-------------------|----------------------------|
| Age band | Ireland<br>population (000s) | Ireland<br>% active | EU 15<br>% active | Scope in<br>Ireland (000s) |
| 15-19    | 171.5                        | 33.1                | 30.9              | 0.0                        |
| 20-24    | 164.0                        | 78.1                | 70.9              | 0.0                        |
| 25-29    | 153.2                        | 93.4                | 89.2              | 0.0                        |
| 30-34    | 133.1                        | 94.3                | 95.0              | 0.9                        |
| 35-39    | 132.4                        | 93.3                | 95.5              | 2.9                        |
| 40-44    | 126.7                        | 93.2                | 94.8              | 2.0                        |
| 45-49    | 119.3                        | 88.8                | 93.2              | 5.2                        |
| 50-54    | 112.7                        | 85.5                | 87.2              | 1.9                        |
| 55-59    | 87.8                         | 72.1                | 69.0              | 0.0                        |
| 60-64    | 73.8                         | 55.2                | 32.8              | 0.0                        |
| 65-69    | 62.4                         | 23.8                | 9.4               | 0.0                        |
| TOTAL    |                              |                     |                   | 12.9                       |

Source: PACEC based on CSO Population and Migration Estimates, April 2000 and Eurostat

Participation rates for women aged 55-59 are generally below EU levels: if benchmarked against the EU average, this age group could contribute an extra 8,600 to the labour force. The greatest potential, however, comes from younger age groups, namely those between 35-49. They could contribute 50,900 to the labour force (see Table 2 below).

**Table 2****Scope for increasing the number of economically active females to average EU levels, 1999**

| FEMALES  |                              |                     |                   |                            |
|----------|------------------------------|---------------------|-------------------|----------------------------|
| Age band | Ireland<br>population (000s) | Ireland<br>% active | EU 15<br>% active | Scope in<br>Ireland (000s) |
| 15-19    | 162.4                        | 24.8                | 25.3              | 0.8                        |
| 20-24    | 162.1                        | 70.6                | 61.4              | 0.0                        |
| 25-29    | 149.5                        | 81.0                | 74.8              | 0.0                        |
| 30-34    | 134.6                        | 69.2                | 74.0              | 6.5                        |
| 35-39    | 137.6                        | 64.2                | 73.7              | 13.1                       |
| 40-44    | 128.5                        | 59.7                | 74.0              | 18.4                       |
| 45-49    | 119.1                        | 53.0                | 70.7              | 19.4                       |
| 50-54    | 110.5                        | 44.9                | 61.2              | 18.0                       |
| 55-59    | 85.8                         | 33.5                | 43.5              | 8.6                        |
| 60-64    | 74.3                         | 19.4                | 15.1              | 0.0                        |
| 65-69    | 65.6                         | 5.5                 | 4.2               | 0.0                        |
| TOTAL    |                              |                     |                   | 84.8                       |

Source: PACEC based on CSO Population and Migration Estimates, April 2000 and Eurostat

These calculations show that the potential to increase the number of over 55s in the labour force is small if we use average EU figures as the benchmark. This suggests that policy-makers should look to younger age groups, in particular women, to achieve significant increases in the labour force. However, comparing Ireland's participation rates with those of EU partners is not the only means to estimate the potential increase that can be achieved. An alternative would be to look at the economically inactive population<sup>3</sup> over 55 as the potential market from which new labour market entrants could be drawn. Figures show (Table 3 below) that about 130,000 people between the ages of 55 and 64 (the upper figure being the upper age ceiling for those of working age) were outside the labour force in 2000/01. Of these, by far the largest group is married women aged 55-64 (about 85,000), followed by married men aged between 60-64 (almost 25,000).

3 That is neither employed, unemployed or seeking work.

**Table 3**  
**Over 55s and labour force participation, 2000/2001**

|                 | AGE   | POPULATION | LFPR  | OUTSIDE<br>LABOUR FORCE |
|-----------------|-------|------------|-------|-------------------------|
| Single Women    | 55-59 | 7,100      | 48.2% | 3,678                   |
| Single Women    | 60-64 | 7,500      | 31.8% | 5,115                   |
| Single Women    | 55-64 | 14,600     | 39.8% | 8,793                   |
| Single Women    | 55-59 | 12,800     | 59.3% | 5,210                   |
| Single Women    | 60-64 | 11,600     | 51.1% | 5,672                   |
| Single Women    | 55-64 | 24,400     | 55.4% | 10,882                  |
| Married Men     | 60-64 | 56,000     | 55.7% | 24,808                  |
| Married Women   | 55-59 | 65,700     | 33.2% | 43,888                  |
| Married Women   | 60-64 | 51,200     | 19.5% | 41,216                  |
| Targeted Groups |       | 211, 500   |       | 129, 587                |

Sources: 'Population and Migration Estimates – April 2000', Central Statistics Office, 2000, QNHS Q1 2001, May 2001, CSO

### Encouraging labour force participation

Whether we take the PACEC approach, benchmarking Irish participation rates against EU levels, or whether we take the number of over 55s in the population not in the labour force, questions still remain about:

- the proportion of over 55s not in the labour force that is interested in joining it
- the circumstances under which those not in the labour force can be encouraged to join it.

We need to address these questions in order to estimate the real potential to increase the labour force and to identify the areas in which action might be taken to facilitate this.

PACEC interviewed a sample of 250 people aged between 55 and 69 across Ireland who were not in full-time employment, namely the retired, the unemployed and women in home duties, in order to ascertain their interest and preferences with respect to taking up paid employment. The survey found that about a quarter of those over 55 who are retired or are women engaged in home duties are interested in participating in the labour force, provided that their requirements are met.

About two-thirds of unemployed men are actively seeking work but only a small proportion of them actually expect to be successful. The retired and women in home duties, who together account for over 70 per cent of the economically inactive over 55s, offer the greatest potential to increase labour supply.

However, respondents identified a number of barriers to their participation in the workforce:

- lack of flexible or part-time hours
- low take-home pay
- concerns about reductions in pensions income and benefits as a result of taking up paid employment
- age discrimination
- lack of appropriate skills and education.

The PACEC research found that many of the barriers to employment of older workers in EU and OECD countries were shaped by negative attitudes that flourished between 1975 and 1995. Over this time, early exit from the labour force was encouraged and large numbers of older workers were displaced through redundancy or early retirement. In turn, they have become discouraged by:

- the scarcity of jobs effectively open to them
- the lack of appropriately tailored training and adjustment programmes
- attitudes they themselves have adopted
- the tacit encouragement they have received from benefits agencies to treat social security benefits as retirement pensions.

### Recommendations for policy

**In terms of framing appropriate policies, the PACEC study finds that policy adjustments – for example, changes to pensions and social security provisions, measures to tackle age discrimination, training programmes – can take several years before they are fully implemented and effective. Experience shows that measures to increase awareness of the key issues accompanied by committed government leadership have an impact on the effectiveness of policy. Below we set out suggestions for policy arising from the PACEC research.**

- **Preventing the drift to long-term unemployment and discouragement**

**Policy recommendations include mainstreaming and introducing pilot programmes such as those introduced by Partnership Companies. Older workers that are in vulnerable jobs or industry sectors should be identified and offered tailored assistance to ensure that they can remain in paid employment.**

## ● Facilitating downshifting

Disincentives to downshifting should be identified and removed. These may be embedded in pension schemes or taxation arrangements. Best practices in, for example, the public service should be disseminated to other sectors. The PACEC study found that many employers have negative attitudes to recruiting older workers and have not adjusted employment and recruitment practices to meet the needs of older workers. Hence, measures should be taken to raise awareness of age discrimination and to facilitate the entry of older people into the workforce.

## ● Low pay

Efforts must be made to ensure that the National Minimum Wage is enforced. A relatively small proportion of older workers takes up the Back-To-Work scheme. The effectiveness of schemes that allow workers in new jobs to retain benefit entitlements should be evaluated against schemes elsewhere – for example, those such as the UK scheme for the over 50s that boost pay by a direct cash payment.

## ● Education

Ongoing measures to support adult education and adult literacy should be encouraged as a key element in helping the over 55s into the workplace.

## ● Age discrimination

The public service should take the lead by examining its own employment and pension arrangements to ascertain whether there are groups of employees facing age discrimination. For example, there may be women returners currently unable to put in the years to qualify for a pension but could be enabled to do so, possibly by being allowed to work past retirement age.

## ● Pensions and social security provision

Changes in pension and benefits aimed at encouraging increased participation by older workers should be integrated with other policies that enable them to stay in or return to work. Potential returnees should be facilitated in calculating their overall income on return to work. The survey findings show that potential workers have expectations about total income regardless of source, which influences their decision about retirement. International research shows that people want to achieve about 70 per cent of pre-retirement income when they retire or leave the work.<sup>4</sup> If this holds for Ireland, we must address the need for accurate information about the overall impact of taking up paid employment, not just on pay but on net income.

4 G. Cooper and P. Scherer, 'Can we afford to grow old?', *OECD Observer* No 212, June/July 1998, quoted in PACEC study. [Employment and Retirement Among the Over 55s: Patterns, Preferences and Issues](#)



There is some scope to increase the participation of the over 55s in the workforce. About a quarter of those not in full-time employment say they are interested in taking up paid employment, if their requirements are met. These requirements include flexible working arrangements and adequate take-home pay. Older people's ability to access work is, however, hampered by age discrimination, discouragement from work, low levels of education and concerns about the impact of taking up paid employment on pensions and social security benefits. Whilst recognising the need to consider the broader social and fiscal consequences of policy interventions, there is much that employers, government departments and agencies can do to address these issues.

Many labour-related initiatives already in force partially affect the over 55s but the study finds that measures specifically targeted at the over 55s would better address their particular needs and concerns. This may also be necessary in the light of commitments undertaken by the EU (Stockholm, 2000) to increase the employment rates of older persons by 2010.

Although economic circumstances have changed since the study was commissioned, the findings are relevant to future labour market policy.

Other EU and OECD states are introducing measures to increase participation rates amongst older people, driven by concerns about an ageing population as well as labour market shortages. In Ireland, demographic change is less of a concern now, but it will be after 2006. Given the time lag between the introduction of policy and its implementation, there is now an opportunity to address the obstacles facing older people who wish to take up paid work.

# Older people's preferences for employment and retirement in Ireland

**Tony Fahey** *Senior Research Officer* and **Helen Russell** *Research Officer, Economic and Social Research Institute*

## Introduction

The purpose of this paper is to highlight the key issues in relation to work and retirement among 55-69 year olds in Ireland. The paper focuses on two groups – those at work and the retired. The paper presents some of the interim findings of a survey<sup>5</sup> commissioned by the National Council on Ageing and Older People (NCAOP) and conducted by the ESRI Survey Unit between February and May 2001.

A sample of 817 people aged 55-69 were interviewed by telephone during the February, March, April and May rounds of the ESRI's Monthly Consumer Survey. The sample has been weighted by age, sex, household size and region (using data from the December 2000 Quarterly National Household Survey supplied by the Central Statistical Office) so that it is representative of the national population of 55-69 year olds.

## Age of retirement

The first issue examined is retirement age, both actual retirement age among those who are currently retired and planned retirement age among those still at work. The aim is to establish patterns of early, late and normal-age retirement and to investigate the reasons respondents give for the retirement path they chose.

Table 4 presents actual (in the case of the retired) and planned (in the case of those at work) ages at retirement for these two groups. It should be kept in mind that a small proportion of those aged 65-69 have not yet retired and so are omitted from calculations of actual retirement age, while a somewhat larger proportion of those aged 55-59 have already retired and so are omitted from calculations of planned retirement age.

The data reveal a wide dispersion in retirement age among those currently retired. Across the full age range of retired, only 18 per cent had left work at age 65. A high proportion had retired under age 60: 14 per cent by age 54 and a further 26 per cent between ages 55 and 59. Only 6.4 per cent had retired after age 65. The average age for retirement was 59.2 years. Looking at the retired aged 65-69, the dispersion was somewhat narrower but still only 30 per cent had retired at age 65 and just over 30 per cent had retired by age 60. The average retirement age among this age group was 61.6 years.

5 The survey was part of a broader research project that also looked at issues relating to those in home duties, those who were out of work due to sickness and disability, and the unemployed. A more comprehensive analysis will be presented in the final report to be published early in 2002.

**Table 4**  
**Age of actual and planned retirement**

|                       | Retired (actual)<br>All ages % | 65-69<br>year-olds | At work (planned)<br>all ages % | 55-59<br>year olds |
|-----------------------|--------------------------------|--------------------|---------------------------------|--------------------|
| 54 or under           | 14.0                           | 8.1                | -                               | -                  |
| 55-59                 | 26.0                           | 11.1               | 3.4                             | 6.6                |
| 60                    | 12.3                           | 12.0               | 12.4                            | 22.7               |
| 61 to 64              | 18.4                           | 23.4               | 7.8                             | 6.0                |
| 65                    | 17.9                           | 30.2               | 28.5                            | 27.2               |
| Over 65               | 6.4                            | 8.7                | 15.4                            | 9.9                |
| Don't know            | 5.1                            | 6.6                | 32.5                            | 27.7               |
| N                     | 252                            | 148                | 287                             | 159                |
| Mean age <sup>1</sup> | 59.2                           | 61.6               | 64.0                            | 63.0               |

1 Mean age is calculated excluding the 'don't knows'.

Turning to planned retirement among those still at work, the data show that almost a third of this group do not yet know when they will retire or have no plans. Among the 55-59 year olds, the standard retirement age of 65 is cited by only 27 per cent (though these amount to 37 per cent if the 'don't knows' are excluded). A slightly larger proportion (29 per cent) plan to retire either before or at age 60. Almost 10 per cent of this group say they will retire after age 65.

Generally speaking, among those with a view on this subject, planned retirement age is slightly higher than the actual retirement ages among the retired. Among 55-59 year olds, average planned retirement age is 63 years, compared to an average actual retirement age of 61.6 among 65-69 year olds who have retired.<sup>6</sup>

## Reasons for retirement

Among those who have already retired it is of interest to know if the point of retirement was chosen by the employee, in other words 'did they jump or were they pushed?' Early and late retirement are not identified on the basis of pre-defined age categories but respondents' judgements as to whether their retirement age was early, late or normal for their occupation.

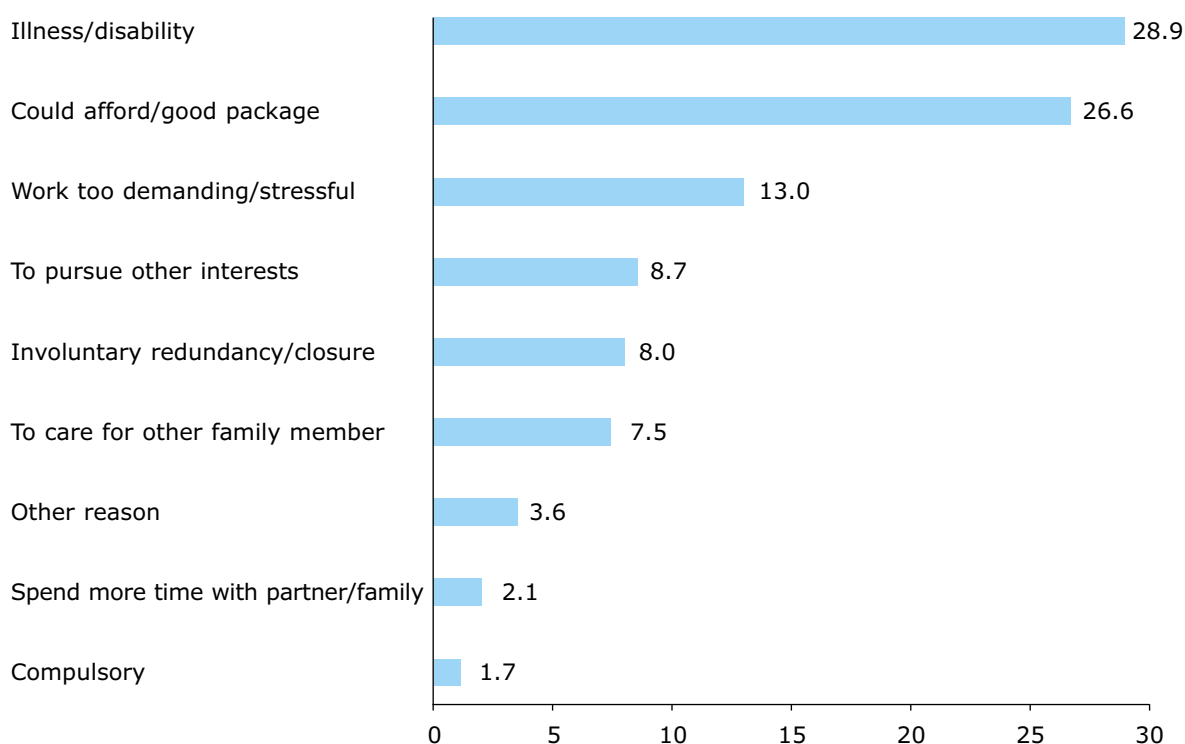
6 How much of this is due to statistical artifact (i.e. the omission of those aged under 65 who have already retired, as noted above); how much is due to the eventual behaviour of those with no advance plans on retirement; and how much is due to discrepancies between what workers plan and what they eventually do is difficult to say using the present data.

Figure 1 shows that the most common reason for early retirement is illness or disability, which accounts for 29 per cent of early retirements. This can be seen as involuntary in the sense that the respondent is likely to have little control over the onset of illness. The second most common reason reflects a voluntary decision based on financial incentives – workers offered a good package to leave early and chose to do so. This group is combined with the group of respondents who said they retired early because they ‘could afford to’. The combined group represents 27 per cent of the total. Thirteen per cent of respondents retired early because the work became too demanding or stressful, while 8 per cent left early because of involuntary redundancy or business closure, both of which again can be seen as ‘push’ factors. A further 18 per cent left employment in order to take on other activities including caring. In these cases the timing of retirement would appear to be voluntary, although in some cases caring may be a necessity rather than a choice.

Among those who are still at work but planning to retire early, the reasons outlined are generally more positive (n=36, table not shown). A quarter of respondents say they will retire early because they will get a good package or can afford to, while 32 per cent anticipate retiring early to pursue other activities. This greater optimism may arise because in general one cannot anticipate redundancy or future illness. However, 23 per cent of the group plan to retire early because they believe that work will be too demanding or stressful for them at that point.

The high incidence of early exits due to illness and overly demanding or stressful work suggests that some early retirement might be prevented if hours or tasks could be reduced or workers moved to jobs that would accommodate declining health or strength. The incidence of early retirement due to involuntary redundancies is low overall. An additional 2 per cent of respondents in the sample defined themselves as unemployed and so were not asked the questions on reasons for retirement.

**Figure 1: Reasons for early retirement among those currently retired**



As shown above, late retirement is fairly uncommon – it is found to be mainly confined to the self-employed. The majority of respondents give a positive reason, continuing either because they enjoy working, want to keep active or want to keep running their own business/farm. However, just over one in five say that they continued working because of insufficient income.

## Satisfaction with retirement

In this section older people's attitudes to and motivations for working and retirement are explored. Their preferences for change – either by taking up paid employment (if they are not currently at work) or by retiring (if they are at work) are examined. General orientation to employment and retirement is also explored by examining respondents' satisfaction with their current status.

### Desire for change

How many people who are at work want to retire and how many people who are retired want to take up paid work? Over a third of those currently at work would like to retire as soon as they can. Among the retired, 29 per cent would like to take up some paid work. Based on these figures, if people were free to follow their preferences the impact on labour supply would be negative: the exit from employment through early retirement among current workers would be greater than the entry into employment of the current retired. It is possible that the negative impact on labour supply would be even greater if the 'added' workers drawn from the retired were to opt for short hours or part-time jobs, therefore not replacing full-time workers who wish to retire early. We did not ask retired respondents if they wanted a full or part-time job. However, among those who defined themselves as 'retired but doing some paid work' the survey found that they worked an average of 16 hours per week; only 10 per cent were working more than 35 hours a week.

### Satisfaction with retirement and work

The survey asked retired respondents about their general attitudes to retirement. Despite around 30 per cent saying that they would like to take up some paid work, their attitudes toward retirement are generally positive. Just over 70 per cent say that they enjoy life more since they retired, while 77 per cent per cent say that not working gives them the opportunity to do things they really want to do. However, 55 per cent miss the social contact that comes with work.

As expected, those among the retired who would like to take up work are less positive about retirement, even though their overall satisfaction with retirement is still quite high. Among those who would like paid work, 60 per cent agree that they enjoy life more since retirement compared to 75 per cent of those who do not want work; 63 per cent see retirement as an opportunity to do other things, compared to 83 per cent of those who do not want to work, and 70 per cent often miss the social side of employment, compared to 49 per cent of those who do not want work. These responses are less positive rather than negative, which suggests that people do not want a return to their situation prior to retirement.

Those in employment were asked a similar range of questions. The findings show that they anticipate both positive and negative aspects of retirement. The majority (68 per cent) believe that retirement will provide them with an opportunity to do things they really want but a similar proportion (57 per cent) expect that they will miss contact with co-workers. Compared to those who are retired, we see that those at work have a somewhat more pessimistic outlook.

The survey also asked those still working about their orientation to work to see if they viewed work as a means of earning money or if there was a non-financial commitment. More than half (55 per cent) agreed that they only work for the money. This is lower than among the retired (65 per cent), suggesting that current workers are more committed to employment. If money is the only reason keeping a significant portion of older workers in their jobs it might be envisaged that better pension provision through the state or private/occupational pensions would lead to an increase in early retirement.

The data show that those who wished to retire as soon as possible had a more positive view of retirement than those who wanted to remain in employment. Among those who wanted to retire, 88 per cent said that they looked forward to having time to do the things they really wanted. Only 59 per cent of those who wanted to stay in work said this. Similarly, only 42 per cent of those wishing to retire believed they would miss being with other people at work compared to 68 per cent of those who do not want to change. Finally, those wishing to retire have a more instrumental view of work than those who want to stay employed: 64 per cent compared to 50 per cent said that they only work for the money. This suggests that financial constraints prevent a significant proportion of older workers from following their retirement preferences.

## Gradual retirement

Looking at what older workers would prefer in comparison with what the current system of retirement offers, the pattern which stands out most clearly is a widespread desire for gradual retirement, that is, reducing the number of hours or days worked per week before stopping completely. This preference is particularly strong among those who are still at work. Some 70 per cent of those at work agree that they would like to retire gradually. Of those who are already retired, 44 per cent say that in retrospect they would have liked to have retired more gradually than they did.

## Retirement age and flexible pension arrangements

Those who had already retired were asked whether they would have chosen a different retirement age if pension arrangements had been more flexible.<sup>7</sup> There was no difference between normal-age retirees and early retirees – 23 per cent of normal-age retirees and 25 per cent of early retirees said that they would have retired at a different age if pension arrangements had been more flexible.

<sup>7</sup> Flexible retirement is retirement at a different age than is allowed at present.

The survey also asked about the extent to which respondents would have continued working if their employers had been more accommodating. A quarter agreed that they would have done so. There was no significant difference between early and normal-age retirees on this issue.

These findings suggest that there is a significant minority of retired people for whom lack of flexibility in either the pension system or employer practices hampered them from retiring at the age or pace they would have preferred.

## Summary

**The main findings from the survey may be summarised as follows:**

- **Early retirement is common. Among all retirees in the sample, over two-thirds retired before age 65; the average retirement age was about 59 years. The average age of retirement among 65-69 year-old retirees (the age group in the sample closest to having completed the transition to retirement) was 61.6 years.**
- **Early retirement is often unplanned. The most common cause, which accounts for one-third of early retirements, is illness or disability; the second most common, accounting for 27 per cent, is access to a voluntary redundancy or pension that makes early retirement affordable.**
- **About one-third of those aged 55-59 plan to retire early, the majority of them at or before age 60. Late retirement is much less common than early retirement and arises mainly among the self-employed.**
- **Preferences are somewhat more pro-retirement than plans: 37 per cent of those still at work would like to retire as soon as possible, slightly higher than the proportion who plan to retire early.**
- **The proportion of the retired who would like to take up some paid work is lower than the proportion of workers who would like to retire. If preferences were to be fully acted on, the net effect on labour supply would be negative.<sup>8</sup>**
- **Retirement is a positive state – the retired are generally satisfied though those who want paid work are somewhat less positive than those who do not want paid work.**
- **There is a strong preference for gradual retirement, that is, to reduce gradually the number of hours or days worked before stopping completely. Approximately seven out of ten of those currently at work in the age range 55-69 would prefer to retire more gradually than is normal in the present system.**
- **Flexible retirement (i.e. retirement at a different age from what is allowed at present) is less of a concern than gradual retirement, but is still an issue for some.**

8 This does not take into account the preferences of those in home duties.

Two major implications for policy follow from these findings. The first arises from the widespread preference among workers for gradual retirement; the second arises from the widespread incidence of sickness and disability as a cause of early retirement.

- The present system causes retirement to act as a sudden guillotine on working life. The vast majority of workers would prefer a different system, one that would allow them to wind down their working life gradually before stopping completely. It would be a complex task to devise a pension and retirement system to allow this to take place on a wide scale without, at the same time, greatly increasing the overall cost of pensions. Thus, for example, it might be feasible to facilitate partial retirement and entitlement to partial pensions before normal retirement age that could be compensated for by partial extension of working life beyond normal retirement age. Many practical difficulties in such a scheme could be envisaged but these may be amenable to imaginative solutions. In any event, such provisions deserve to be explored further. The desire for gradual retirement must be incorporated into the debate on future pension reform.
- The main implications of the relatively high level of sickness and disability as a cause of early retirement relate to health policy. However, there may be scope to take remedial measures in the field of employment policy, particularly in regard to the provision of semi-sheltered or flexible employment for those with health problems. Similarly, early exits from employment because work is too stressful or too demanding may be amenable to changes in the working environment or changes in working hours. The point here is not that improvements in the working or retirement situation of those affected are obvious or easily made but that the issue needs greater attention in policy relating to employment circumstances of older workers with poor health.





## Section Two:

Key issues in  
addressing  
participation and  
preferences

# Section Two:

## Key issues in addressing participation and preferences

### The EU and older workers: current issues

**Christine Marking**

*Director, AGE – European Older People's Platform*

#### Introduction

The aim of this paper is to identify European Union (EU) social policy initiatives relevant to older workers, in particular those that relate to employment and discrimination. Many other current social policy initiatives touch on this issue, such as those in the area of pensions, but for the purposes of this paper I will limit myself to these two.

#### EU Social Policy Agenda

When the EU was created the emphasis lay with economic policy. As a result the EU's competence in social policy is limited. The European Social Fund (ESF) was set up from the start to stimulate initiatives in the area of employment, but mainly with economic aims in mind – to finance job creation and education programmes. While these aims featured high on the political agenda of the Member States, concerted action at the EU level was not taken.

However, since the Treaty of Amsterdam was adopted in 1997 – in fact even before it was ratified by all Member States – it has been possible for the EU to start some real work in the area of employment. One of the first initiatives to be put in place was the 'Employment Strategy'.

The aims of this strategy are to:

- achieve a high level of employability for all groups, including those most distanced from the labour market

- develop skills of those already in work
- broaden the capacity for entrepreneurship and to ensure equal opportunities for men and women.

Interest in the Social Policy Agenda was further demonstrated at the Lisbon Summit in 2000. During the Portuguese presidency a new goal was formulated by the EU Heads of State: that the EU becomes 'the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and social cohesion'. As a result, an ambitious Social Policy Agenda for the next five years was drafted. The agenda includes a number of issues relevant to older people. The two aspects of particular interest here are employment policies and anti-discrimination.

## Employment policies

The employment initiatives are a substantial part of the Social Policy Agenda. A new method of co-operation – the Open Method of Co-ordination – between Member States began at the end of 1997. It entails that the Commission produces Guidelines for Member States' employment policies. On the basis of these guidelines National Action Plans (NAPs) are formulated. Once implemented, reports on the results of the NAPs are submitted to the Commission for evaluation. Those Member States that have not taken sufficient action in the domains indicated by the Guidelines are 'reprimanded'.

Each year the Commission updates the Employment Package. It produces:

- a proposal for new Guidelines for the coming year
- the *Employment in Europe* report, describing developments in employment throughout Europe
- recommendations for the individual Member States in relation to the efforts they are making in the various domains of the Guidelines.

## What is in this for older workers?

The Employment Strategy and Guidelines are built on four pillars:

- employability
- entrepreneurship
- adaptability
- equal opportunities.

The first set of Guidelines, which appeared in 1998, did not mention older workers at all and had a strong focus on youth employment and job creation and training for younger people. Unemployed adults were mentioned: 'Member States would need to try to ensure that unemployed adults would not be out of a job for longer than twelve months'.

The 1999 Guidelines were refined: having been in operation for a year, the first set was found to need some adaptations. The four-pillar structure was maintained, however. It is in the 1999 Guidelines that we see for the first time the notion of 'active ageing' appearing. The idea of active ageing was taken from the Commission's Communication on Ageing, issued to coincide with the United Nations' International Year of Older Persons, 1999. Three guidelines were more or less interesting for older workers:

- ... It is important to develop, in the context of a policy for active ageing, measures such as maintaining working capacity, lifelong learning and other flexible working arrangements, so that older workers are also able to participate actively in working life
- Member States will ... develop possibilities for lifelong learning. Easy access for older workers will be particularly important
- Give special attention to the needs of the disabled, ethnic minorities and other groups and individuals who may be disadvantaged, and develop appropriate forms of preventive and active policies to promote their integration into the labour market.

The Guidelines for 2000 were accompanied for the first time by a set of specific recommendations to Member States. Countries were reprimanded for failing to meet the criteria set by the Guidelines, and measures on older workers featured in this analysis. Ireland was criticised on two counts: lack of effort in encouraging the participation of women in the labour market and the lack of strategy in relation to training and lifelong learning.

Not all Member States were happy about this assessment exercise and the role of the Commission was questioned. Despite this, however, another set of recommendations was issued for 2001. Three guidelines were applicable to older workers:

- In-depth changes in the prevailing social attitudes towards older workers are called for, to help ensure the long-term fairness and sustainability of social security systems and to make the best use of older workers experience.
- Member states ... will develop policies for active ageing with the aim of enhancing the capacity of and incentives for older workers to remain in the labour force as long as possible by:
  - adopting positive measures to maintain working capacity and skills of older workers, ... through sufficient access to education and training, to introduce flexible working arrangements, ... and to raise employers' awareness of the potential of older workers
  - reviewing tax and benefit systems in order to reduce disincentives and make it more attractive for older workers to continue participating in the labour market.
- The development of an employable labour force involves addressing skills gaps and preventing the erosion of skills resulting from unemployment, non-participation and exclusion throughout the life cycle.

For 2001, five horizontal objectives, described as of over-arching importance, were added to the Guidelines. They are:

- enhancing job opportunities, providing adequate incentives for employment, setting national targets for raising employment rates in line with the conclusions of the Lisbon summit
- developing comprehensive and coherent strategies for lifelong learning, setting national targets for participation in further education and training and monitoring progress regularly
- developing a comprehensive partnership with the social partners for the implementation, monitoring and follow-up of the Employment Strategy
- respecting the integrated nature and equal value of the Guidelines
- developing common indicators to evaluate progress, to underpin the setting of benchmarks and identification of good practice.

It is clear from the 2001 Guidelines and the Package recently developed for 2002 that issues that relate to older workers (including anti-discrimination policies) and the development of active ageing policies are considered important and are here to stay. The texts have not changed as such but the Guideline on older workers now has a separate chapter and specific targets have been added. For example, an employment rate for older workers of 50 per cent must be achieved by 2010. In addition, the initial response to the 2002 package in the European Parliament, which focussed on the need to address and strengthen issues in relation to older workers, suggests strongly that the issues surrounding older workers should feature high on the political and social policy agenda.

## Initiatives in relation to age discrimination

Although the EU has no competence in this area, Article 13 of the Treaty of Amsterdam provided the opportunity to take action in relation to discrimination, including discrimination on grounds of age. The Commission acted quickly, producing a Package containing proposals for two Directives and an action programme.

## The Directive on Employment

The Directive on Employment has some flaws in relation to older workers: the number of exceptions together with an escape clause almost justify discrimination on grounds of age. Despite campaigns to change this, it has been adopted. We need to monitor the implementation of the Directive and the national legislation adopted from it in order to see how these exemptions work in practice.

- Text of the Directive: differences in treatment in connection with age may be justified under certain circumstances and therefore require specific provisions. It is thus essential to distinguish between differences in treatment which are justified, in particular by legitimate employment policy, labour market and vocational training objectives, and discrimination which must be banned.

Practical recommendations have been put forward by Eurolink Age and by Foundation, the Commission's own research institute. Further discussion of exemptions in the legislation can be found in Ita Mangan's paper in this report.

## EQUAL

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EQUAL is a special initiative under the Employment Strategy and is designed to complement actions taken under Article 13 of the Treaty of Amsterdam. Its primary objective is to promote new means of combating all forms of discrimination and inequalities in connection with the labour market. The ESF, which is mainly concerned with measures to prevent and combat unemployment, to develop human resources and to promote equal opportunities, is contributing some 33.9 million euro over the period 2000-2006 in Ireland. The Irish government has submitted proposals on how this money will be spent.

## Conclusion

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Although a Social Policy Agenda is now firmly established at EU level and issues relevant to older people are addressed in employment and anti-discrimination policies, much remains to be done. In particular, the implementation of policies and legislation needs to be monitored closely to ensure that they deliver the outcomes intended.

# Workshop

**Chair: Robert Anderson**, *Co-ordinator, Living Conditions, The European Foundation for the Improvement of Living and Working Conditions*

**Rapporteur: Enda McDonnell**, *Forfás*

## Workshop discussion

The workshop discussion focussed on four main points:

- lack of awareness and understanding of the contribution of older people
- influence of economic climate on the level of interest in older workers
- the importance of taking action for today's older people and future generations of older people
- progress on age discrimination.

## Understanding and awareness of the contribution of older people

There was a feeling that, while there is much discussion of the subject, the EU and the Member States still have little real understanding of the contribution that can be made by older people. Participants pointed out that there is no recognition of older people in terms of the new economy, for example, and the role of older people as entrepreneurs – creating businesses and employment – is largely unrecognised.

## Influence of economic climate on interest in older workers

Some participants believed that the current focus on older people was being driven by economic necessity, in particular the demand for labour. It was felt that should economic conditions change for the worse, the government's interest in employment for older people would quickly wane.

It was pointed out that, in terms of training, research shows that workers over the age of 40 are hugely disadvantaged. There is evidence, too, that lifelong learning in reality currently ends for most people at the age of 25. In the light of these findings, it was suggested that this message should be widely promoted to people in these age groups now – those who are indeed the future generation of older people. It was felt that action should be taken early if it is to have an effect on the lives of older people.

However, there was a feeling that a balance should be struck between the needs of today's generation of older people and future generations. It was felt that an over-emphasis on the future was not necessarily a good thing when there were many older people who needed help now.

## Progress on age discrimination

Although it was acknowledged that some progress had been made in Ireland in terms of age discrimination, with the setting-up of the Equality Authority, it was felt employment legislation at the EU level was disappointing in how it deals with age discrimination and equality issues.

The point was also made that while age discrimination strategies are now being put in place, questions remained about how they would be implemented in practice and what effect the exemptions, noted by Christine Marking and Ita Mangan, would have.



# Measures to tackle age discrimination in employment

**Ita Mangan**

*Barrister-at-law and consultant*

## Introduction

The aim of this paper is to set out a basic framework for tackling age discrimination in employment and promoting good workplace practices. The key elements making up this framework are:

- adequate legislation
- positive action measures
- models of good practice.

Below I set out the current situation with regard to each of these elements and make suggestions about what needs to be addressed in order that an effective framework for tackling age discrimination and encouraging the participation of the over 55s in the workplace is in place.

## Legislation

There are three pieces of legislation relating directly to workplace practices:

- the Employment Equality Act
- the Redundancy Payments Acts
- the Unfair Dismissal Acts.

## Age limits

The Employment Equality Act (EEA) outlaws discrimination in employment on the grounds of age. However, it applies only until age 65. This means that people over the age of 65 and still at work do not have the normal employment protections set out under the Act. The same flaw exists in both the Redundancy Payments Acts and the Unfair Dismissal Acts – they do not apply to people aged 66 or over. In my view, there is no justification for these age limits. There should be no arbitrary barriers to people working yet the age limits imposed by these pieces of legislation create such barriers.

The Employment Equality Act allows a number of exemptions from the general principle of non-discrimination. While some of these may seem reasonable, it is my view that they should not be provided for in legislation.

The two exemptions that I believe should not be provided for in legislation are:

- the Defence Forces, Gardaí and prison service are not subject to the age (or disability) discrimination requirements
- acts done in compliance with statutory requirements: nothing in the EEA renders unlawful any act done in compliance with the nominated statutory provisions. In terms of age discrimination, these statutory requirements relate to regulations made for the control of air traffic, standards of aircraft, standards of merchant shipping, welfare of seamen, standards of competence of seamen, medical standards for train drivers and the calculation of the redundancy lump sum payment.

The only logical reason for these exemptions is the possibility that older people might not be able to perform the jobs involved. However, the Act provides that there can be no discrimination if the person is unwilling, unsuitable or unable to perform the duties of the post. It is not necessary therefore to set out other exceptions.

There are other exemptions which, while they may seem to be reasonable and may prove to be reasonable, need to be closely monitored. It is not unlawful to discriminate on the grounds of age or disability where it can be shown that 'there is clear actuarial or other evidence that significantly increased costs would result if the discrimination were not permitted'.

- Setting different ages for retirement for employees or any class of employees, either compulsorily or voluntarily, does not constitute discrimination.
- Setting a maximum age for recruitment which takes account of any cost or period of time involved in training a recruit to the required standard or the need for there to be a reasonable period prior to retirement age during which the recruit will be effective in the job does not constitute discrimination.

Anti-discrimination measures have always been criticised on the grounds that they are expensive to implement. These arguments should be rejected and a careful analysis should be made of any cost-based argument used to justify discrimination.

Positive action is allowed by the Employment Equality Act for people over 50. There is a range of measures that could be used to encourage more older people into the labour force, not least those that relate to training and education targeted specifically at the needs of older workers.

Other measures include:

- a change in the age limits imposed on PRSI contributions – more people aged 66 and over might be willing to continue to work if they were allowed to continue to contribute to PRSI, thus ensuring a better pension at a later stage
- a change in private pension arrangements and the tax relief on pension contributions to provide greater encouragement to stay in the workforce (see Eithne Fitzgerald's paper in this report for more detail on this issue)
- the introduction of extra tax allowances for older people who are earning an income from employment
- a relaxation of the rules in relation to the abatement of public service pensions (as recommended by the Commission on Public Service Pensions) to facilitate the re-employment of public servants beyond retirement age
- the abolition of the requirement to leave work on receipt of the State Retirement Pension.

## Models of good practice

There are very few models of good practice in Ireland. Much can be learned from best practice elsewhere.

### Finland

In 1998 the Finnish government established a five-year National Programme for Ageing Workers (1998-2002). It is probably the best example of a government-sponsored approach to addressing the question of retaining older people and encouraging others back to work. One of its key features is a specifically tailored training and education programme for older workers. More information can be found at the Finnish government's website ([www.government.fi](http://www.government.fi)).

## United Kingdom (UK)

The UK government has issued a Code of Practice on Age Diversity available on the website [www.dfee.gov.uk/agediversity](http://www.dfee.gov.uk/agediversity). The Code sets out good practice in six aspects of the employment cycle: recruitment, selection, promotion, training and development, redundancy and retirement. By its own admission, however, take-up has been poor: only about a quarter of employers have adopted it; most have not even heard of it.

The Employers' Forum on Age (EFA) is an employer-led organisation co-ordinated by Age Concern England that aims to promote the business benefits of a mixed-age workforce as well as to establish good policies and practices. It has estimated that ageism costs the UK economy £31 billion a year. It believes that flexible retirement could boost the economically active population by three million, raising Gross Domestic Product (GDP), a measure of the size of the economy, by £50 billion or more a year. The EFA has developed a strategy, the Commitment to Age Diversity, to fight ageism at work. It asks organisations to measure their commitment against age prejudice and to take the message to employees, customers, suppliers and the wider community. Further details of the strategy can be found at the EFA's website, [www.efa.org.uk](http://www.efa.org.uk).

The debate on older people remaining in or going back to work has concentrated too much on the costs involved if they do not, including the costs of pensions and the viability of pensions for the next generation of workers. Most of the arguments against ageism at work are concerned with economic and commercial considerations – the problems of staff shortages and an ageing workforce. It is important to highlight the positive, rather than cast older people's role in the workforce in a negative way. We should promote awareness of the benefits of a diverse workforce and work at changing the perception that older people do not have the skills for today's workplace, or cannot acquire them.

Employers in the public and the private sector should be encouraged to adopt flexible work arrangements, identified by many groups as an essential element of making employment more attractive and must ensure that their equal opportunities policies address age as well as the other discriminatory grounds.

## Conclusion

There is much still to be done in tackling ageism in the workplace and promoting good practice:

- legislation, in particular the Employment Equality Act, should be extended to apply to those aged over 65
- positive action should be taken to ensure that training and education programmes are tailored to the needs of the over 55s
- action should be taken in relation to pensions, taxation and benefits to ensure that there are no financial disincentives to remaining in work beyond retirement age
- public and private sector organisations should be encouraged to adopt models of good workplace practice that include learning from best practice elsewhere.

# Workshop

**Chair: Niall Crowley** *Chief Executive, The Equality Authority*

**Rapporteur: Aine McDonagh**, *Forfás*

## Workshop discussion

The workshop discussion identified the following key issues in relation to older people in the workplace:

- the prevalence of age discrimination
- the low level of awareness of the issue
- the barriers to employment faced by older workers, in particular:
  - attitudes that fail to recognise the value of older workers
  - workplace cultures and practices
  - the role of formal qualifications in the recruitment process
  - age limits imposed on training schemes.

## The prevalence of age discrimination

It was felt that age discrimination is relatively commonplace yet there is a lack of knowledge about how it operates in the workplace, especially in relation to indirect discrimination. There was general agreement that we need to understand the issue more clearly. It was felt that a dual strategy should be adopted whereby older people are informed about their rights and employers are made aware of their legal obligations in the matter of age discrimination.

Participants suggested a number of ways in which awareness of age discrimination could be increased:

- by publishing the outcome of age discrimination cases
- by fining heavily employers found guilty of age discrimination.

## Overcoming the barriers

### Changing workplace attitudes and workplace culture

Many felt that most current work environments, not just in the IT sector, are more suited to young people. Participants agreed that action should be taken to change this. Suggestions included steps to:

- provide examples of best practice in the public, private and voluntary sectors
- change the attitudes of managers and human resource personnel towards older workers
- increase awareness of the value of older workers, and more specifically, increase awareness of the fact that a workforce which includes older workers can lead to increases in profits, productivity and customer satisfaction
- increase awareness of the success of older entrepreneurs – research shows that people who start businesses when they are older tend to be more successful than younger entrepreneurs
- encourage organisations to adopt flexible working practices that suit all workers, including older ones.

### Challenging the role of formal qualifications

It was felt that many older workers were excluded from the workplace not because they lacked the necessary skills or experience but because they did not have a recognised formal qualification. It was believed that formal qualifications were used as a way of screening candidates that was not always necessary. Participants suggested that:

- the Leaving Certificate should not be used as a prerequisite for a job application
- an accreditation system should be introduced to recognise skills which have been acquired but which are currently not considered as qualifications. (It was noted that FETAC plan to introduce such a system in the future.)

## Removing age limits on training schemes

It was felt that imposing age limits on eligibility for training schemes was unnecessary and discriminatory and that the practice should be stopped.

## An example of good practice

The workshop heard about Tesco Ireland's current policy in relation to the recruitment of older workers. Participants felt that it contained elements of good practice:

- older workers are actively recruited to work in both store and office positions
- no age limit is imposed
- no formal qualifications are sought – all applicants fill out a standard form
- flexible working arrangements are available and workers are encouraged to take them up
- the benefits of employing older workers and the benefits of a diverse workforce are widely recognised in the organisation.

# Training, retraining and lifelong learning for older workers

**Ned Costello** *Chairperson, Taskforce on LifeLong Learning*

## Introduction

The purpose of this paper is to examine the role of training and retraining and the concept of lifelong learning in helping older people to remain in and rejoin the workforce. It is first of all important to set this in the wider economic and social context.

## Demographic change

Ireland's economic performance to date is due to a whole range of circumstances. However, two are particularly relevant in this context: the move from an agricultural to a post-industrial economy, and the fact that we have been surfing a positive demographic wave, which has provided a strong supply of skilled new entrants to the labour force to ease this transition.

The contribution of older people in the workplace will become more significant over the next twenty years as demographic patterns change. Over the past fifteen years there has been a huge increase in the overall size of labour force, with over 400,000 new entrants in the last four years. In 1998 there were 74,100 new entrants aged 18. In ten years' time, by 2012, it is expected that there will be only half this number. In roughly the same time period, the number of older people in the workforce is expected to rise dramatically. In 1996 there were 300,000 people aged 55-64 in the labour force. By 2026 it is estimated that there will be 557,000 almost double the 1996 figure. The same rate of growth is expected among the 65+ age group.

## Labour force activity rates

Labour force activity rates among the 55-69 age group in Ireland are about average compared to the rest of the European Union (EU). Activity rates among men – the proportion of men active in the labour force – are greater than activity rates among women. This is partly explained by the numbers of older men involved in agriculture. However, given the decline in levels of agricultural employment, activity rates among men in this age group are likely to fall in the coming years. As a result, we could find our relative performance in the employment of older people worsening.



The study conducted by PACEC on behalf of the Expert Group on Skills Needs and the National Competitiveness Council – discussed in more detail in Dr Anna Murphy’s paper in this report – identified a range of factors that influence participation in the labour market. These include:

- displacement or involuntary redundancy and early retirement packages
- lack of opportunity to downshift
- low pay
- discrimination on the grounds of age
- inadequate training and assistance with job seeking
- inadequate education.

## Education

The last two – inadequate training and inadequate education – are the focus of the Taskforce on LifeLong Learning. However, these issues cannot be treated in isolation: there would be no point in providing training for older people if they still cannot gain rewarding employment because of the negative influences of some of the other factors. In formulating policy, we must take a holistic approach, not unlike that taken in relation to disability. The Department of Enterprise, Trade and Employment together with FÁS is working towards a more strategic, comprehensive package of solutions that aims to get people into employment, rather than focussing on training alone.

Past under-provision in education has left a significant skills deficit, evidenced by lower attainment levels among older age groups and in particular among older women. Compared to other OECD countries, research (OECD, 1997) shows that Ireland lags behind in the proportion of the population completing upper secondary education. Among the 55-64 age group only one third completed secondary education. Put another way, 600,000 people currently working in Ireland do not have a Leaving Certificate. The research shows that we still have a significant early school-leaving problem. Indeed, the current buoyant labour market has magnified that problem.

Of course, completion rates tell only part of the story. It is possible to complete various levels of the education system and still have significant gaps in attainment, especially in terms of literacy. The International Adult Literacy Survey (OECD, 1997) found that among all of the countries surveyed<sup>9</sup>, Ireland had, apart from Poland, the greatest number of people at the lowest level of literacy level. On a scale of 1 to 5, where 1 is the lowest level of literacy, 25 percent of Irish adults were at level 1. There were substantially lower levels of literacy in older age groups: more than four out of ten Irish people in the 54-65 age group were at level 1.

9 Countries included in IALS were Canada, Germany, Ireland, France, Netherlands, Poland, Sweden, Switzerland, United States, Australia, Belgium, New Zealand and the United Kingdom.

## Lifelong learning

Lifelong learning is not just about more training, it is about equality and quality of life issues. The benefits of lifelong learning are widely acknowledged but few put the concept into practice. To encourage uptake, the Taskforce on LifeLong Learning was set up. Its goal is to develop a National Strategic Framework and signposts for implementation. The vision of the Taskforce is to ensure that:

- everybody has the skills, motivations, supports and tools, resources and time to engage in formal, informal and non-formal learning on a lifelong basis
- we apply our learning to enrich our lives and develop a more prosperous and more inclusive society.

## Lifelong learning and older people

Lifelong learning in the context of an ageing workforce is crucial for a number of reasons. Changes in the nature of work and society mean that we must acquire different skills than were previously needed, such as communication and problem-solving skills and, in addition, the skill of adaptability. As a result of the shift from a predominantly agricultural society through to a post-industrial society within a relatively short space of time, the context for skills development has changed. Due to the demographic changes that Ireland has undergone recently, and will undergo in the future, there is and will continue to be less reliance on new entrants to the labour market as a source of new skills and innovation. The so-called Information Society and the influence of the Internet and ICT have moved the balance away from the accumulation of facts in learning, and away from teaching to learning, with a greater emphasis on the learner.

## Priorities

The priorities of the Taskforce on LifeLong Learning are to:

- strengthen basic skills provision both in initial education and adult education and training to ensure that all citizens have an acceptable level of oral and written communication skills, numeracy and digital literacy
- ensure that providers have relevant and appropriate pedagogical skills
- develop a coherent and consistent system of guidance and information which makes it easy for learners to identify both their learning needs and how to source relevant provision
- significantly restructure third level and training provision away from the predominant model of full-time courses to modular and part-time and more flexible opening hours
- promote diversity of provision with emphasis on quality standards
- strengthen supports for those sections of the community which are currently under-represented at third level, while not foregoing quality

- create a skills ladder with access, transfer and progression at all levels and a clear coherent National Framework of Qualifications which allows for accreditation of prior learning
- encourage employers to increase levels of in-employment training and to facilitate employees who wish to engage in learning outside work
- develop better measurement systems so we know where we are going and how we are doing.

Within many of these priorities there are issues of specific relevance to older people. In relation to basic skills, clear priority attaches to literacy in the conventional sense and computer or digital literacy in relation to information technology.

## Literacy

Adult literacy is a top priority in the first ever White Paper on Adult Education (2000), providing for a national adult literacy programme focussing on those with lowest literacy levels among traditionally disadvantaged groups. The White Paper set out to establish a National Adult Literacy Council, create local adult learning boards with representation from the adult literacy service, and increase the numbers of learners receiving tuition from 13,000 to 18,000 by 2006. It pledges £73.6 million to support the implementation of literacy initiatives. However, information from the National Adult Literacy Agency (NALA) shows that participation of the over 55s in formal literacy schemes is quite low. Computer and digital literacy programmes, on the other hand, are more enthusiastically received.

## Conclusion

For the concept of lifelong learning to be successful it requires a long-term commitment on the part of government and citizens. It requires a significant, systemic shift – it is not achievable with incremental tinkering or short-term approaches. Some but not all of the building blocks are already in place.

Lifelong learning is part of the solution to overcoming barriers to employability for older people. For it to work, however, other barriers to remaining in or rejoining the workforce must be tackled in a holistic way.

Literacy is a particular concern among older age groups and must be addressed. Participation in literacy programmes needs to be encouraged. In terms of employability, the role of lifelong learning must be to ensure that today's 35 year olds have the skills and flexibility to make the choices that mean they are not tomorrow's 55 year old discouraged workers.

# Workshop

**Chair: Roger Fox** *Director of Research, FÁS*

**Rapporteur: Sinead Quill**, *National Council on Ageing and Older People*

## Workshop discussion

The workshop's chair invited participants to:

- identify the barriers to training and retraining
- suggest ways of overcoming these barriers.

## Barriers

The main barriers to training and retraining identified by participants were:

- lack of information about what is available
- lack of flexibility and limited options for those who want to access training on a part-time basis
- difficulty in accessing training because of resource constraints – the cost of transport and the cost of courses
- lack of awareness of the value of training
- effect of negative experiences from previous education or training, on interest in training and retraining
- perceived difficulty of the training, in particular, IT courses
- lack of support for those undertaking training, particularly for women returners, those with disabilities and those learning on their own (via distance and e-learning)
- limited resources for providing community-based education, especially in IT
- lack of knowledge among employers on how to support the training and retraining needs of older workers

- lack of accreditation or recognition of some training among employers
- recruitment difficulties because of lack of understanding of accreditation
- perception that because of the fast pace of change in IT, IT skills are out-of-date and so of limited value by the time training is completed.

## Suggested solutions

Participants suggested a number of ways of overcoming some of the barriers to the uptake of training, retraining and lifelong learning. These were:

- increased awareness of the training available
- increased flexibility in the delivery of training
- greater provision of training in the workplace
- increased targeting of training at vulnerable and disadvantaged groups
- introduction of a personal credit/discount scheme to reduce the costs of training for regular attendees
- promotion of the value and benefits of training and lifelong learning – for enjoyment and personal development as well as work
- clear, straightforward description of courses in brochures and other advertising; courses named in such a way that does not impinge on a person's dignity, for example, literacy courses could be named communication courses
- pace of teaching/training should be adapted, especially on IT courses, to build confidence and to provide experience as well as learning outcomes
- underpinning of information and knowledge acquisition with a guidance and counselling system
- relevant support for vulnerable groups, for example, the provision of readers for the visually impaired
- advice should be made available to employers on how to assess the needs of older workers
- training should be accredited and awareness of accreditation increased among employers
- training should be designed to ensure that skills remain relevant.

# Retirement age: fixed or flexible?

**Peter Rigney**, *Industrial Officer, ICTU and Expert Group on Future Skills Needs*

## Introduction

The purpose of this paper is to address the question of whether retirement age should be fixed or flexible.

## Fixed retirement age

The fixed retirement age arose from the so-called People's Budget of 1906, which led to the introduction in 1908 of old age pensions at age 70. A fixed retirement age has been a feature of our social policy since then and the current retirement age of 65 has been in place for more than half a century. However, the labour market works in such a way that in times of economic downturn the de facto retirement age comes down, and in times of labour shortage, it goes up. In Ireland, our experience until recently has been of high unemployment, and so we have much experience of a lowering of the retirement age.

A review of the literature on pension arrangements across the world shows how embedded in these systems a retirement age of 65 actually is. Retirement age in Ireland is generally in line with that of other OECD countries. What we do not see in Ireland is the early to mid-50s retirement age that applies to transport sector workers in France or in the public sector workers in Italy. Despite these differences, the Irish system is similar to the European model.

## Flexibility in retirement age

The question we should be asking is, 'Why do we want flexibility?'. Is it:

- related to the issue of pension funding?
- related to the need to increase labour market supply?
- a tool to manage knowledge in employments?
- a means of improving the life of older workers?

Let's look at each of these in turn.

## Do we want a flexible retirement because of the pension funding situation?

There has been much talk of a pensions 'time bomb'. However, Ireland's demographic profile, together with steps taken by the National Treasury Management Agency (NTMA) to set up the National Pension Reserve Fund, means that such a time bomb is unlikely to explode. We have in recent years seen a decline in the dependency ratio caused, among other things, by a reduction in unemployment and an increase in immigration. As a result, according to the NTMA, we have today in Ireland five people of working age for every person over 65. Although this will fall to three workers per pensioner in 2025 and to two workers per pensioner in 2046, we are in better shape than most of our EU counterparts. In Europe today, on average, each pensioner has three and a half supporting workers, a ratio that will fall to two by 2020. As the NTMA put it: '... We are uniquely placed to address the [pension] funding question through the National Pension Reserve Fund mechanism'.

## Do we want flexible retirement because of labour market needs?

The decision to retire from paid work is a major one for most people. Those approaching retirement age today will have worked through the 1960s boom, the post 1973 recession, the late 1970s boom, and the truly awful decade that was Ireland in the 1980s. They are likely to be unimpressed by any proposition that the retirement age should be changed on the basis of five years' economic growth, even if it is of exceptional proportions.

The fact of the matter is that older workers have always been a semi-contingent part of the labour force, whose participation level is closely linked to the state of the labour market. The over 55s are a group who, in times of high unemployment, become the target of systematised inducement to leave the labour market.

The PACEC study commissioned by the Expert Group on Future Skills Needs and the National Competitiveness Council, reported in detail in Anna Murphy's paper, gives us a snapshot of the labour market – in all likelihood (given the very recent signs of a downturn) at the peak of the 1990s boom. The findings reveal that one of the influences on the decision to stay in work is the pull exerted by the overheated labour market. However, the findings also show that the solution to the tight labour market does not necessarily lie with the over 55s. The study identified women aged 35-54 as a much larger potential source of labour market entrants than the over 55s.

## Do we want flexible retirement because of knowledge management issues?

One possible driver of a more flexible pension age is the need for knowledge management in organisations. A fixed retirement age switches off knowledge like a light bulb. Only a small number of organisations have a system in place to hand over knowledge to the new generation.

## Do we want flexible retirement in order to improve the lives of older workers?

Of course the major argument for some form of flexibility in retirement age is the quality of working life/organisation of working time argument. This could be a compelling argument. It is supported by Fahey and Russell, who report a strong preference for gradual retirement among a nationally representative sample of older people from the survey conducted on behalf of the National Council on Ageing and Older People (and presented in this report). The argument runs as follows: If you allow people to phase out their involvement in a job through lower and lower weekly attendance, they might adapt better to retirement and live a longer and more fulfilling life. There may well be scope, in the manner of annualised hours, for taking the 880 days that a worker would work from age 61 to 65 and spreading it over five or six years, thus allowing a smoother transition from work to retirement. This might have benefits for employers and workers alike.

## Conclusion

There appears to be no compelling reasons to change retirement age in any significant way. Research evidence shows that there is no great desire among those who have contributed a lifetime in the workforce to stay beyond the age of 65. Indeed, there are reasons to believe that any upward drift in the retirement age would impact adversely on older people in the more vulnerable trades or professions. I believe that there is ample scope under existing laws and practice to allow the over 65s to remain active in the labour markets voluntarily and under new contracts.

Any attempt to increase retirement age, or to introduce negative incentives by way of pension scheme regulations, will be met with strong resistance from trade unions. From a trade union point of view, the concept of flexibility has negative as well as positive connotations: flexibility can mean the over-intensification of work and the rolling back of conditions. A flexible retirement age should offer tangible and demonstrative benefits to all concerned, and unions will examine carefully any measure of positive flexibility to ensure that this is the case.



**Chair: Jackie Harrison**, *Director of Social Policy, IBEC*

**Rapporteur: John Heuston**, *National Council on Ageing and Older People*

## Workshop discussion

The workshop participants highlighted a number of issues in relation to retirement age:

- participants considered the issue of retirement age to be multi-dimensional and complex
- there was general agreement that flexibility in retirement age should not be provided in order to benefit the economy and the labour market but that any flexibility should be designed for the benefit of the individual and society as a whole
- there was some confusion about the reasoning behind a retirement age of 65 and eligibility for the State Retirement Pension at age 66. It was felt that this should be reviewed
- it was felt that those who wanted to retire early, that is, before age 65, should be facilitated in doing so. There was, however, some disagreement over whether the fixed age should be changed. It was felt that the situation was complicated by factors such as insurance provision that meant that even if workers wanted to remain in paid employment beyond the age of 65 there was no option available to do so
- there was some support for the introduction of a retirement band from age 60 to 70 rather than the current fixed point at age 65. It was felt that this would give people the option of phasing out of working life gradually rather than abruptly. There was a suggestion that people be offered the option of receiving the State Pension from the age of 60
- it was widely felt that in reviewing the implications of any changes to retirement age the preferences of all older people must be taken into account.

# The role of pensions in the decision to retire from paid employment

**Eithne Fitzgerald** *Department of Social Studies, Trinity College Dublin*

## Introduction

The purpose of this paper is twofold: to examine the nature of different types of pensions and the way in which they influence the choice of retirement age and to draw conclusions about the implications this has for policy. This is a complex subject that is dealt with here in outline only. A longer version is available from the author.

People now retire significantly earlier<sup>10</sup> than they did a generation or two ago. In the past, public policy in many countries favoured early retirement, particularly as a way of freeing up job opportunities for the young unemployed. As the number of new entrants to the job market falls, there is obvious interest in encouraging existing workers to remain longer at work, in effect discouraging early retirement. Do pensions play a role in encouraging people to retire early? If they do, what sort of change in pension provision would encourage them to stay in the workforce longer?

## Do pensions encourage people to retire early?

People's preferences towards early retirement or working longer are influenced by a range of push and pull factors. Push factors include mandatory early retirement age, dissatisfaction at work and declining health. Job insecurity is another push factor. Pull factors include the availability of a reasonable income and the desire to enjoy life while still in good health. Fahey and Russell examine the incidence of these factors among older workers in Ireland in their paper in this report. The decision to retire usually involves weighing up these factors and examining the costs and benefits involved. Economic theory suggests that individuals will continue to choose work over retirement as long as the benefits, intangible and financial, of continuing to work outweigh the attractions of retirement. Let's look at the decision from the financial point of view.

## What are the financial consequences of retiring early?

People who opt to retire early forgo the income they would have earned in the extra period at work, net of taxes and deductions such as social insurance and pension contributions. Most social security systems in the developed world offer earnings-related pensions. Where pensions are set at a high share of earnings, paid for by high rates of social security contribution, replacement rates - the ratio

10 For convenience, the paper uses 'early retirement' in describing retirement below 65 and 'late retirement' for those leaving work later than age 65.

of net income in retirement to net income at work - will be high, making early retirement look attractive. In Ireland, with flat rate social welfare pensions and correspondingly low social insurance contributions, replacement rates are low for those not in a pensionable job.

## What are the financial consequences of staying in work?

People who continue at work past the minimum pension age forgo the pension benefits they would have received if they retired early. If pensions are set higher for those who retire later and set lower for those who retire early to reflect the longer period of life spent on pension, then there is no built-in incentive to retire earlier. If no such adjustment or only a partial adjustment is made, then the lifetime value of pension received is lower for people who continue to work for longer. The difference in lifetime pension received when you retire at 60 compared to when you retire at 61 can be thought of as a tax on remaining in work for the extra year.

## The influence of the actuarial treatment of early retirement

Some kinds of pension make no actuarial adjustment to reflect the length of period in payment, and some make only a partial adjustment. The actuarial adjustment depends on the type of pension.

- Defined contribution pension schemes work on a similar principle to private savings. Contributions build up to a total from which income in retirement is funded. If someone retires early, the fund has to stretch further and the level of pension paid is adjusted to reflect that. This type of pension is what is called actuarially neutral, with no built-in incentive towards early retirement.
- Defined benefit pensions are those that guarantee a particular level of income throughout retirement, typically expressed as a proportion of earnings. In Ireland, public sector pensions and about three-quarters of private sector pension schemes are of this type. If early retirement does not result in a reduced pension, or where the reduction is less than actuarially warranted, these pension schemes favour early retirement. Typically in a defined benefit scheme, workers contribute for a certain number of years until they have earned maximum pension. Not adding to pension rights for years worked beyond this maximum can also build in actuarial bias. In Ireland, most public service pensions and up to half of private sector defined benefit schemes build in a bias towards early retirement.
- Most social security systems around the world with an early retirement option offer better pensions to the early retired than a strictly actuarial calculation would provide. Because social security pensions have an anti-poverty role as well as an income replacement role, society may not see it as acceptable to lower the pension income of those who retire early to what would be actuarially fair. For example, in Germany, people who retire early can qualify for the same rate of pension as at the standard age. In Ireland, the Old Age Pension at 66 and the Retirement Pension at 65 are at the same rate, with no actuarial bonus for working the extra year. The outcome is that social security systems offering early retirement without full adjustment of pension rates see an exodus into early retirement as soon as minimum pension age is reached. In France, 60 per cent of workers leave the workforce at the minimum early retirement age of 60.

Where the cost of retiring is below its actuarial value, some of that cost is shifted from the individual to society. In effect, society subsidises the early retirement option. Those who continue to work lose this early retirement subsidy. Forgoing the subsidy is therefore equivalent to an additional tax on working. The balance of advantage is tilted towards early retirement and the level of early retirement will be higher than in an actuarially neutral system.

In any market where the cost to the individual is lower than the cost to society, consumption of the good or service tends to be higher than is socially optimal. In principle, early retirement should be an actuarially neutral choice, unless there are countervailing social benefits. Are the benefits to Irish society from setting the price of early retirement low, and thus encouraging more people to retire early, worth the social costs involved? There are some cases where the wider social good may favour early retirement. It is in society's interest, for example, that seriously ill people are free not to work. But each situation where there is departure from neutrality should be looked at on its merits.

### Would actuarially adjusted pensions reduce early retirement in Ireland?

A major OECD study on early retirement calculated how much higher participation in the workforce would be if social security systems were actuarially neutral. Because Ireland's social insurance pensions do not offer an early retirement option, our actuarial bias is lower than countries that do. The OECD calculations for Ireland suggest that participation rates of men aged 55-64 would have been higher if our welfare system were fully neutral. In 1995, 64 per cent of men aged 55-64 were at work. The proportion would have risen to 67.5 per cent (an extra 6,000 men at work) if designated pension elements of our system (such as pension contribution conditions, and Pre-Retirement Allowance) had been actuarially neutral (Blöndal and Scarpetta, 1998). The international experience is that other welfare payments, such as unemployment and disability benefits, often available to older people under less strict rules, can also give a de facto but hidden subsidy to early retirement. If such welfare payments, as well as the pension elements, were actuarially neutral in Ireland, men's participation rate in 1995 would have gone up to 69 per cent, equivalent to 9,000 more at work.

### Pension provision in Ireland

As we have seen above, early retirement is treated differently according to pension type. The type of pension a person has is therefore likely to influence the decision to retire early or remain in work. What types of pension do Irish workers have, and how do they treat early retirement?

## Social welfare pensions

About 1.95 million workers are covered for social insurance pensions (the Retirement Pensions at 65 and Old Age Contributory Pensions at 66, both paid at the same rate). While available a year earlier, people must retire to draw a Retirement Pension (unlike old age pensions, which are purely age-related). Retirement Pension also has more stringent contribution conditions for those with less complete insurance records. Because many people in Ireland have very incomplete social insurance records (reflecting past gaps in coverage of social insurance), the system offers quite generous conditions to qualify for a pension. While maximum pension is earned by those with a weekly average of 48 contributions over the course of working life, people with as low a weekly average as 20 contributions get 98 per cent of the full pension. A corollary of this is that there is little incentive for a worker with a steady history of insurable employment to remain in the workforce to improve pension entitlements. People with intermittent insurance records, such as women returning to work or self-employed people who have been employees, may have an incentive to remain at work long enough to reach the contribution average of 20.

Under social assistance, the non-contributory old age pension is payable from age 66, with an allowance for dependants. A means-tested Pre-Retirement Allowance (PRETA) is payable from age 55, currently at the same rate as unemployment benefit or long-term assistance.

## Social welfare support for early retirement

Ireland has no social insurance-based early retirement pension, and the means-tested Pre-Retirement Allowance accounts for a small minority of the early retired. Internationally, social security payments for unemployment or disability often perform the function of early retirement provisions. Payments that are not subject to a means test and are not reduced by other income are the more attractive for this purpose. In Ireland in 2000, a quarter of men in their late 50s and a third of those in their early 60s were receiving welfare payments; only 30 per cent of these payments were means-tested ones. About half of men aged 55-64 on welfare were on some kind of disability payment. If these various welfare payments are considered to constitute an early retirement package, then delaying retirement by a year means a loss of pension wealth. As Gruber and Wise (1998) comment, this can be considered as an implicit tax on working the additional year. In Ireland, married people on low incomes can face a relatively high tax in terms of benefits foregone if they opt to continue in work.

## Occupational pensions

Less than half the workforce was covered by occupational pensions in 1995, the latest year for which data are available. About 60 per cent of private sector workers and about one-sixth of public sector workers had no occupational pension cover at that date. It is also notable that occupational pension cover is particularly low for workers in their 20s. Indeed, many private sector schemes only provide pension cover for workers over 25. This means that pension cover for lengthening periods in retirement is being earned over quite a short period of working life.

Given the profile of those who have no occupational pension cover - low-paid workers, those working for small companies, retail workers, atypical and young workers - there must be a question mark over whether the new Personal Retirement Savings Accounts, which are purely voluntary, will raise pension coverage to any significant degree. Young workers are probably least likely to take up a

voluntary retirement scheme, yet an early start to pension saving is the easiest way to ensure real choice of retirement age later on at a good pension. Compulsory pension provision is the best way to ensure people are adequately covered.

### Public service pension schemes

Public service pension schemes provide for early retirement on full pension for those who have completed the qualifying years of service. This actuarially favourable arrangement gives a strong financial incentive to retire once minimum qualifying conditions have been met. Fewer than 40 per cent of private sector workers have pension cover from employment, with most in defined benefit pension schemes. Up to half of these are on actuarially favourable terms with a built-in incentive to retire early. The tax breaks documented by Hughes (1999) redistribute resources from those with no second pension to those with one. By reducing the lifetime cost of retirement to the individual (tax breaks on pension contributions are not offset in full by taxes on pension income) they add to the subsidies towards earlier retirement.

## Summary and implications for policy

### Changes to pension arrangements

Both public and private pension arrangements in developed countries tend to favour early retirement and those who retire early do not carry the full actuarial cost. The international evidence is that these actuarially favourable terms have contributed to the steady trend towards earlier retirement.

Provisions that favour early retirement redistribute resources in favour of those who retire early and against those who retire later. Late retirement beyond the standard age is also penalised. Individuals who defer retirement until their late 60s or later rarely receive actuarially fair compensation in terms of higher pensions. Thus fewer people work past 65 than might have chosen to do so if the system were neutral.

In principle, Ireland, with no social insurance early retirement option, has the opportunity to design an actuarially neutral system that does not distort the choice of retirement age. A detailed exercise in designing a specific Early Retirement Pension, however, shows that the interactions with other features of the welfare system make pure actuarial neutrality difficult to achieve in respect of people with little or no other retirement income. The actuarial principle would conflict with the fundamental anti-poverty objective of the social welfare system. If a lowered pension brought someone below the official minimum income, then the State would have to top it up. However, an Early Retirement Pension could be attractive to someone who gets a good pension from work, and for whom social welfare is an addition and not the main retirement income. To someone eligible to draw a different welfare payment, such as unemployment or disability benefit up to age 65, it would be more attractive to do so and then switch to a full-rate Retirement Pension than to opt for a permanently actuarially lowered Early Retirement Pension.

A better choice for many would be to be allowed the option to make higher contributions during the working years in order to fund an earlier state pension. This would allow greater flexibility in choice of retirement date without reducing retirement income. It is recommended that this option be made available through the PRSI system and the proceeds invested in the Social Insurance Fund portion of the National Pension Reserve Fund. This mirrors the recommendation of the Commission on Public Service Pensions that there should be greater flexibility in choice of retirement date in the public service, on a self-funding basis through voluntary higher contributions.

A range of occupations in the public service, such as Gardaí, prison officers and psychiatric nurses, have compulsory retirement dates that are significantly earlier than the norm. The interests of choice and of good management may be better served by offering options such as part-time work, or transfer to less physically demanding duties rather than compulsory retirement at relatively young ages.

## Raising labour force participation

The detail of pension arrangements has an impact on the early retirement decision and it is possible to promote increased labour force participation by varying those conditions, as OECD simulations have shown. International research suggests, however, that the labour supply effects are relatively modest, with factors other than economic incentives explaining most of the change in early retirement behaviour. People with more interesting and challenging work choose to retire later, people in lower paid and manual jobs retire early. Making work more attractive may help increase participation just as effectively as adjusting the financial package for retirement.

An actuarially increased pension rate for those postponing retirement past 65 could evoke some increase in labour supply, but relatively few people in Ireland have remained in the labour force to age 65 to be attracted by further incentives to remain at work. In addition, the payment of Old Age Pension at 66, with no retirement condition, complicates matters. In evaluating the benefits of any increased labour supply that enhanced late pensions might evoke, the deadweight cost of paying higher pensions to those who would have delayed retirement to 66 in any event would need to be taken into account.

Irish social welfare pensions (and the social security payments drawn by many of the early retired) are already low by international standards and relative to incomes and expectations at home. There is unlikely to be significant political support for any actuarial reductions in existing welfare benefits in order to expand the workforce. The option to make higher contributions would be a preferable way to pursue such a goal. To maximise choice, given the wide variation in individuals' circumstances, an actuarially reduced Early Retirement Pension should also be on offer through social insurance, even if the numbers interested prove relatively modest.

Ireland has already made a policy choice about faster pension saving in setting aside some of the proceeds of today's growth to fund the pensions of the future. This is a partial departure from the Pay as You Go (PAYG) principle but because today's pensioners are drawn from a generation reduced in size by emigration, this PAYG burden is relatively light and we can afford to pay our parents' pensions while saving more towards our own. If our society considers that accelerated pension savings are a preferable route to flexible retirement than reduced pension income in retirement,

then the slow start to pensionable working life would need to be radically changed. If we want to retire in our late 50s, it makes sense to start paying into a pension scheme from our early 20s. The fact that our second tier of pension is not compulsory is likely to lead to under-provision by those age groups who see pensions as being remote. The compulsory provision of occupational pensions would increase pension saving from a young age and facilitate choice of retirement age later on.

The choices people make between work and retirement are ultimately very personal ones. Where people's underlying preferences or circumstances vary, it is preferable to offer flexibility and choice rather than a 'one size fits all' policy. Flexibility means offering options to retire early or late and options for gradual retirement through job change or reduced working hours. As a result, people have the chance to maximise their own welfare by making a free choice as to how they live their lives.



# Workshop

**Chair: Tom Finlay Member, *The Pensions Board***

**Rapporteur: Caroline Shalley, *Forfás***

## Workshop discussion

The workshop discussion focussed on three main points:

- the need for flexibility on retirement age
- the need for a national pensions awareness campaign
- the voluntary nature of pension planning.

## Need for flexibility on retirement age

It was felt that there is a need to think why retirement age is set at age 65 and not higher or lower. It was pointed out that one of the main reasons why many people retire in their sixties is that they feel shut out by employers and sometimes made to feel that they are less productive.

## Need for a national pensions awareness campaign

There was a concern that there is a widespread lack of awareness about the importance of pensions. It was pointed out that at present many young people are not aware of how useful and beneficial it is to start a pension early in their working lives and many older people are not aware of their pension rights or benefits. It was felt that a national campaign should be launched to increase awareness and highlight key issues in relation to pensions.

Although it is obligatory for employers to offer the new defined contribution savings plan or PRSAs designed to encourage an increase in second pillar pension coverage, there is no obligation to ensure that employees avail of it, nor is there an obligation on employers to contribute to it. Many people expressed concerns about the voluntary nature of the scheme. It was felt that on the whole it is a bad idea, mainly because young people were unlikely to join the scheme as the idea of retirement and the necessity of a retirement income are remote. Moreover, it was felt that people would argue against making payments on the grounds that it is costly and it lowers take-home pay.

It was felt that consultation between employers and employees on the issue of pensions should be encouraged.



## Closing Address

# Closing Address

**Peter Cassells**

*Chairman, Forfás and Executive Chairman, The National Centre for Partnership and Performance*

## Introduction

The purpose of this paper is to look at the context in which recommendations made in relation to older people's participation in the workforce might be implemented and to look at what can be learned from our experience during previous economic slowdowns.

## The importance of the wider context

We need to view the findings and recommendations presented here not just in terms of older people's contribution to the labour market but in terms of their contribution to society as a whole, particularly as the Irish economy is slowing down. I believe strongly that older people have an important role to play in ensuring that both the economy and society come out of this slowdown in a healthy state.

The slowdown is likely to have a profound effect both on living standards and in terms of the resources available to government to develop provision and services targeted at older people. The transition to the higher living standards we now have was relatively easily made. Unprecedented economic growth rates were driven among other things by our young, well-educated workforce and our success in attracting foreign investment. The budget surplus that resulted enabled the government to make significant tax changes and increase the level of services. The period of stability that followed was brought about by the effectiveness of the partnership model.

As growth falls off, a reduced surplus constrains government spending. In addition, we are moving into a different demographic framework. There are hard choices to be faced. In such a climate we need to draw on the experience, the judgement, the ideas and the involvement of older people in the decision-making process and in formulating appropriate policies. I have never understood, particularly in recent years, why older people do not play a key part in the development of policies that affect them. When we examine the Social Partnership structure there is no significant representation or involvement of older people. If we want the recommendations presented here to be implemented, it is vital to obtain the involvement of both the individuals who will be affected by them and their representative organisations.

In raising these issues and submitting them to the various fora there is much to be learnt from our experiences in the 1980s. We need to make sure that the interest in and the desire to get people back into the labour force is not just driven by the economic climate.

In the 1980s, it was early retirement rather than the first in, first out approach used previously that was the mechanism for reducing the workforce. Early retirement meant that a great deal of experience and knowledge was lost. A second driving force encouraging early retirement at the time, related to the changing nature of work and the influence of information communication technology (ICT), was the perception, particularly on the part of employers, that the only people who could adapt to that changing world were younger people. In the period that we are now entering we need to confront these issues. We need to ensure that those older people who want to stay in the workforce can stay there by choice. We need to de-mystify the area of ICT and promote the idea that older people are capable of adapting quickly to technological innovations. A further lesson to be learnt is that people are changing and their outlook on life is changing. The whole question of work/life balance is important. People now want a workplace that is much more flexible. If we are to have the recommendations suggested here implemented we need to ensure that society and the world of work builds in the flexibilities that meet the needs of older people.

## Conclusion

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The role of the National Centre for Partnership and Performance is to develop the Workplace of the Future. In that context, we will be examining the attitudes of people to older workers and building in the training, the flexibility to ensure that many of these recommendations could be implemented.





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## Appendix A

# Appendix A

## Biographies: speakers and chairs

### **ROBERT ANDERSON**

Rob Anderson is Co-ordinator of the Living Conditions Programme at the European Foundation for the Improvement of Living and Working Conditions, a European Union body. Rob is based in Dublin and his work has included research on ageing in both the workplace and the community.

### **PETER CASSELLS**

Peter Cassells joined the Irish Congress of Trade Unions in 1973, and has been General Secretary of the Union since 1989. He is Chairman of Forfás, the Policy and Advisory Board for Industrial Development in Ireland, and is also Executive Chairman of the National Centre for Partnership and Performance. He is a former member of Ireland's Information Society Commission and of the EU Competitiveness Advisory Group.

### **NED COSTELLO**

Ned Costello is Principal Officer of the Employment and Training Strategy Unit within the Department of Enterprise, Trade and Employment. Ned has responsibility for policy development in the area of skills, continuing vocational training and lifelong learning. He is chair of the Task Force on LifeLong Learning. A graduate of St Patrick's College Drumcondra, he also holds an MSc in Strategic Management from Trinity College.

### **NIAL CROWLEY**

Niall Crowley became Chief Executive of the Equality Authority when it was established in October 1999, following the implementation of the Employment Equality Act, 1998. Niall was a former Director of Pavee Point, a non-governmental organisation which aims to improve the quality of life and living circumstances of Irish Travellers. He has a wide-ranging involvement within the community sector, and has a long standing record of work with Structural Fund issues. He was involved in the creation of the Community Platform of Partnership 2000. Between 1993 and 1997 he was a member of the National Economic and Social Forum. He trained as a civil engineer and worked as a consultant engineer in the private sector before moving to Mozambique to work on public sector construction projects. On his return to Ireland, he took up employment within the community sector.

### **DR TONY FAHEY**

Tony Fahey is a Senior Research Officer in the Economic and Social Research Institute, Dublin. He is a sociologist by training and has published extensively on a range of topics, particularly the family, demography, the elderly, housing and various aspects of social policy. As well as the study on Older People's Preferences for Employment and Retirement in Ireland, he has carried out a number of research projects over the years for the National Council on Ageing and Older People. These include *Health and Autonomy Among the Over 65s in Ireland* (co-authored with Peter Murray and published

in 1994); *Health and Social Care Implications of Population Ageing in Ireland* (published in 1995), and *Income, Deprivation and Well-being Among Older Irish People* (co-authored with Richard Layte and Chris Whelan, ESRI and published in 1999).

### **TOM FINLAY**

Tom Finlay is a member of the Pensions Board. He was the immediate past Chairman of the Irish Association of Pension Funds. Tom is a barrister by profession and has an MSc in Management from Trinity College, Dublin.

### **EITHNE FITZGERALD**

Eithne Fitzgerald lectures in Social Studies at Trinity College. Prior to that she lectured in UCD's Social Policy department. Eithne chairs the Council for Social Welfare. She was Minister for Labour Affairs in the last government, where she introduced the Freedom of Information Act. She was a member of the Commission on Social Welfare, which in the 1980s conducted a major review of the social welfare system.

### **JACKIE HARRISON**

Jackie Harrison is Director of Social Policy in the Irish Business and Employers Confederation. Previous positions in IBEC included Director of Enterprise and Director of the Irish Clothing Manufacturers and Textiles Federation. In 1992 she took leave of absence to work as Special Adviser to Mary Harney, TD, Minister for Environmental Protection. She is also a member of North South, Digital Media and the Irish Research Council for Science, Engineering and Technology.

### **ROGER FOX**

Roger Fox is Director of Planning and Research in FÁS. He is also a member of the Expert Group on Future Skills Needs. His Department has made, and will continue to make, a major input to the Expert Group's work through research on labour market trends, occupational forecasts and analysis of skills shortages. For its part, FÁS has had a long tradition of helping persons to upgrade their skills through retraining. This has included the older unemployed, women wishing to return to work after home duties and people being made redundant. FÁS believes that its experience with these groups will enable it to assist persons aged over 55 to remain in, or re-enter, the workforce.

### **SEAN GORMAN**

Sean Gorman is Assistant Secretary in the Department of Enterprise, Trade and Employment with particular responsibility for labour issues. His portfolio includes immigration policy, European Social Fund and labour market and training issues. In a wide-ranging public service career, he has also been in charge of enterprise and trade policy.

### **DR MICHAEL LOFTUS**

Dr Michael Loftus is a practicing General Practitioner in Crossmolina, Co Mayo, where he is also Chairman of the local Community Council. Well-known for his sporting involvement, he played on the great Mayo team of the 1950s and was President of the Gaelic Athletic Association. He has a keen interest in issues affecting the health and well-being of older people and is particularly enthusiastic about the benefits of health promotion in later life. He is currently Chairman of the National Council on Ageing and Older People, having been appointed by the Minister for Health and Children in December 1998.

### **YVONNE MCGIVERN (EDITOR)**

Yvonne McGivern is a research consultant specialising in consumer and social research. Before setting up her own research practice eight years ago she was Principal Researcher at Consumers' Association, publisher of *Which?* magazine, where she was responsible for the primary research input to articles and campaigns on topics as wide-ranging as health, access to justice, transport and competition policy. She has also worked for an international research agency and in management consultancy. She taught research methods for several years at Queen's University Belfast and currently lectures at Trinity College, Dublin on the MSc in Applied Social Research and on the MSc in Economic Policy Studies. She is writing a book, entitled *The Practice of Market and Social Research*, which will be published by Pearson in 2002.

### **ITA MANGAN**

Ita Mangan is a barrister who has been involved for a long number of years in providing information to the public in general, and the elderly in particular. She worked initially with the Irish Congress of Trade Unions in the areas of information and publications. Subsequently she was an Information Officer with the National Social Service Board (now Comhairle), where she helped set up and service voluntary Citizens' Information Centres. For more than a decade she has been the editor of the Information Journal, *Relate* and was author of numerous NSSB publications on entitlements. She has worked as a consultant to the European Commission Office in Dublin dealing with citizens' rights in the EU. She was Special Advisor to Joan Burton when Minister of State at various Departments in the last Government. She edited *Law and Older People, a Handbook for Service Providers*, published by the National Council on Ageing and Older People in 1998. She is presently engaged as a consultant to the Equality Authority and its Advisory Committee on Equality for Older People.

### **CHRISTINE MARKING**

Christine is a Dutch clinical psychologist. She specialised in psycho-gerontology and social gerontology and worked for several years in a nursing home in The Netherlands where she was involved in assessment and treatment of patients on psycho-geriatric wards and the set-up of support groups for carers. She has worked in market research and as a consultant on ageing to the European Commission in Brussels, where, amongst other things, she was responsible for setting up Europe-wide networks on two projects – one on housing and care and one on the positive contribution of older people to society. Now Director of AGE, Christine works to influence EU policy-making to the benefit of older people and is active in many different policy areas such as disability, social exclusion, equal opportunities, transport and mobility, housing, family care, technology and the information society. She has published several reports on the situation of older people and has been in charge of a number of Belgian Radio contributions on older people.

**DR ANNA MURPHY**

Anna Murphy is senior policy analyst, Enterprise and Trade Division, Forfás. Previous posts include Jean Monnet Fellow, European University Institute, Florence (1999-2000), Lecturer in Politics, University College Dublin (1994-99) and Newman Scholar, UCD (1991-93). She has particular policy expertise in skills, EU trade and enlargement.

**DR HELEN RUSSELL**

Helen Russell joined the Economic and Social Research Institute as a Research Officer in 1998; she was previously a Prize Research Fellow at Nuffield College, Oxford University where she received her DPhil in 1997. For the last ten years she has been researching various aspects of the labour market and quality of life in the British, Irish and European context. She is currently involved in the study on Older People's Preferences for Employment and Retirement in Ireland for the National Council on Ageing and Older People. She is also involved in an EU project on pay inequalities and a study of women in the home who wish to return to employment, education or training for the National Women's Council of Ireland.

**DR DANIEL O'HARE**

Danny O'Hare is the Chairperson of the current Expert Group on Future Skills Needs. A physicist by profession, he has extensive experience in education and public service. He was the first President of Dublin City University (1977 to 1999) and currently chairs the following taskforces: Food Safety Authority, Task Force on Physical Sciences, Ballymun Regeneration Limited and the Review Group on Agriculture and Food Science Higher Education and Research and Development. He serves as a non-executive director of Calor and of MediLab Europe and is a member of the Food Safety Promotion Board.

**PETER RIGNEY**

Peter Rigney is an Industrial Officer with the Irish Congress of Trade Unions. This work involves a mix of industrial relations and policy responsibilities. Peter is responsible for lifelong learning and vocational education and training policies within Congress. A graduate of TCD, Peter is vice president of CEDEFOP, the European Centre for Vocational Training. He is also a member of the government-appointed Expert Group on Future Skills Needs, a Board member of Skillnets, the training networks initiative, and of ADM, the intermediary agency for local social and economic development. He is a member of the governing authority of the National University of Ireland, Maynooth.





## Terms of reference and membership

# Terms of reference

## National Council on Ageing and Older People Terms of Reference

The National Council on Ageing and Older People was established on 19 March 1997 in succession to the National Council for the Elderly (January 1990 to March 1997) and the National Council for the Aged (June 1981 to January 1990).

The functions of the Council are as follows:

1. To advise the Minister for Health on all aspects of ageing and the welfare of older people, either at its own initiative or at the request of the Minister and in particular on:
  - (a) measures to promote the health of older people
  - (b) measures to promote the social inclusion of older people
  - (c) the implementation of the recommendations contained in policy reports commissioned by the Minister for Health
  - (d) methods of ensuring co-ordination between public bodies at national and local level in the planning and provision of services for older people
  - (e) methods of encouraging greater partnership between statutory and voluntary bodies in providing services for older people
  - (f) meeting the needs of the most vulnerable older people
  - (g) means of encouraging positive attitudes to life after 65 years and the process of ageing
  - (h) means of encouraging greater participation by older people
  - (i) whatever action, based on research, is required to plan and develop services for older people.



2. To assist the development of national and regional policies and strategies designed to produce health gain and social gain for older people by:
  - a) undertaking research on the lifestyle and the needs of older people in Ireland
  - b) identifying and promoting models of good practice in the care of older people and service delivery to them
  - c) providing information and advice based on research findings to those involved in the development and/or implementation of policies and services pertaining to the health, well-being and autonomy of older people
  - d) liaising with statutory, voluntary and professional bodies involved in the development and/or implementation of national and regional policies which have as their object health gain or social gain for older people.
3. To promote the health, welfare and autonomy of older people.
4. To promote a better understanding of ageing and older people in Ireland.
5. To liaise with international bodies which have functions similar to the functions of the Council.

The Council may also advise other Ministers, at their request, on aspects of ageing and the welfare of older people which are within the functions of the Council.

# Membership

Chairperson Dr Michael Loftus

|                       |                        |
|-----------------------|------------------------|
| John Brady            | Eamonn Kane            |
| Noel Byrne            | Patricia Lane          |
| Kit Carolan           | Dr Ruth Loane          |
| Janet Convery         | Leonie Lunny           |
| John Cooney           | Mary McDermott         |
| Jim Cousins           | Sylvia Meehan          |
| Paul Cunningham       | Dr Diarmuid McLoughlin |
| Joseph Dooley         | Mary Nally             |
| Iarla Duffy           | Paddy O'Brien          |
| James Flanagan        | Pat O'Leary            |
| Dr John Gibbon        | Mary O'Neill           |
| Prof Faith Gibson     | Martina Queally        |
| Frank Goodwin         | Bernard Thompson       |
| Dr Davida De La Harpe | Peter Sands            |
| John Grant            |                        |

Director Bob Carroll



