



GREEN PAPER ON AGEING

BusinessEurope's response to public consultation

April 2021

This position constitutes **BusinessEurope's response to public consultation on the Green Paper on Ageing** published on 27 January. Our contribution discusses different aspects of ageing and their consequences for labour market and pensions systems, education and healthcare provision as well as changing demand for products and services that accommodate needs of "silvering" society and economy.

Key messages

- **Laying the foundations:** an inter-generational approach is necessary to prepare the ground for active ageing. It is a multi-faceted task: it concerns mental and physical condition of each individual, appropriate education choice facilitating transition to the labour market, good knowledge basis to pursue lifelong learning throughout working life and smoothly moving into retirement with a policy objective to foster longer careers and a dose of individual choice. It is a shared responsibility between state, enterprise and individuals.
- **Making the most of our working lives:** a long and satisfying professional career is based on individuals making the right education choices in the young years, ability to adapt to change and willingness to upskill and reskill when needed throughout their careers, as well as flexibility to ensure work-life balance at different stages of one's professional career. Adapted training opportunities and supporting social provisions such as affordable, accessible and good quality childcare and long-term care are crucial in this respect. Activating the inactive through well-designed active labour market policies is a condition for bringing more people into the workforce, which will be a key condition to cope with the financial consequences of ageing. Diverse forms of work and flexible contractual arrangements with well-designed incentives are highly needed, as well as promoting entrepreneurship support, to increase labour market participation rate, including options for those further from the labour market.
- **New opportunities and challenges in retirement:** living longer requires longer contribution to the social security system so it may be sustainable and fair for all. Those elderly who can work should be supported in continuing their professional activity through appropriate pension-related incentives to stay active, training measures, flexible work organisation and/or adjustment of working time. Those who wish to retire should be supported in staying active and living independently as long as possible.



Consultation response

- **Meeting the growing need of an ageing population** should be perceived as a stimulus to developing new products and services (“silver economy”). The increasing elderly population requires more diverse and personalised options for long-term care, including digital solutions. While ensuring affordable and good quality long-term care – LTC - services, it is important to seek different partnerships to ensure they are organisationally and financially sustainable, and accessible to all.
- **Financial viability and fairness of social security systems:** As part of debates on the future of the Welfare State, the Commission should develop every year with Member States a report documenting the cost dynamics of national social security systems: access to such a data would enable reflection on financing active ageing policies and financial consequence of different policy options, taking into account the need to reduce the tax- wedge on labour.

Preliminary remarks

We welcome that the Commission has adopted **the life-course perspective** in its approach to discussing challenges linked to ageing. Life-course approach stresses the importance of preparing solid basis for later stages in life from the very beginning, and in many areas. These include, among others, promoting healthy lifestyles, which includes tackling health illiteracy, ensuring good quality education and lifelong learning options, facilitating longer and flexible professional careers as well as putting in place sustainable and adequate public pension schemes, complemented by supplementary pensions and/or private savings. Last but not least, it requires adopting economy to the needs of “silver economy” with changed demand for products and services including their delivery.

Challenges linked to ageing cannot be effectively addressed without taking into account **inter-generational solidarity**. The European Social Partners in their Framework Agreement on Active Ageing and Inter-Generational Approach of March 2017 (later referred as FA 2017) extensively addressed both aspects. This framework agreement is based on the principle that ensuring active ageing and the inter- generational approach requires a shared commitment on the part of employers, workers and their representatives. The following two definitions of active ageing and inter-generational approach were included in the above-mentioned FA 2017:

*“**Active ageing** is about optimising opportunities for workers of all ages to work in good quality, productive and healthy conditions until legal retirement age, based on mutual commitment and motivation of employers and workers.*

***Inter-generational approach** refers to building on the strengths and the objective situation of all generations, improving mutual understanding and supporting cooperation and solidarity between generations at the workplace”.*



The aims of the FA 2017 were the following:

- Increasing the awareness and understanding of employers, workers and their representatives of the challenges and opportunities from demographic change;
- Providing employers, workers and their representatives at all levels with practical approaches and/or measures to promote and manage active ageing in an effective manner;
- Ensuring and maintaining a healthy, safe and productive working environment;
- Fostering innovative life-cycle approaches with productive and quality jobs to enable people to remain in work until legal retirement age;
- Facilitating exchanges, mutual cooperation and fostering concrete actions to transfer knowledge and experience between generations at the workplace.

Concrete actions proposed by social partners and examples of successful implementations can be found in the relevant parts of this paper.

Finally, while addressing the issue of ageing, a deep reflection is necessary concerning children, the youth and young workers so severely impacted by the Covid-19 crisis. As the pandemic continues, the extraordinary measures such as online learning, lack of social contacts, lack of regular physical activity, lack of cultural and social live events, became a “new normal”. Consequences of this deprivation will be long-term and far-reaching. Available data shows that school-age children being supported by their families navigate through the crisis better than those in a less privileged situations. As a result, the gap between the two groups grows. A term of “pandemics generations” starts to be used among social researchers.

As for the youth and young adults, their education process is disrupted. Over half of those in education expect that their studies will be delayed and/or education curricula reduced. As a consequence, their transition to labour market may be more difficult and take longer. Their social skills will be also less developed. The young already in the labour market faces also significant pressures with work opportunities coming to a halt (the case reported by one in six young people) or working hours being significantly reduced. According to the Eurostat, the youth unemployment (aged 15-24) was 14.9%, down from its peak of 24,4% in 2013. However, in August 2020 it stood already at 17,6% and is expected to rise further. This translates into lack of opportunities to generate income, delays moving out from parents’ home and starting families, causing significant demographic impact. These gloomy perspectives impact also mental wellbeing of the youth and weaken the good start for a healthy and active life leading to “happy ageing”.



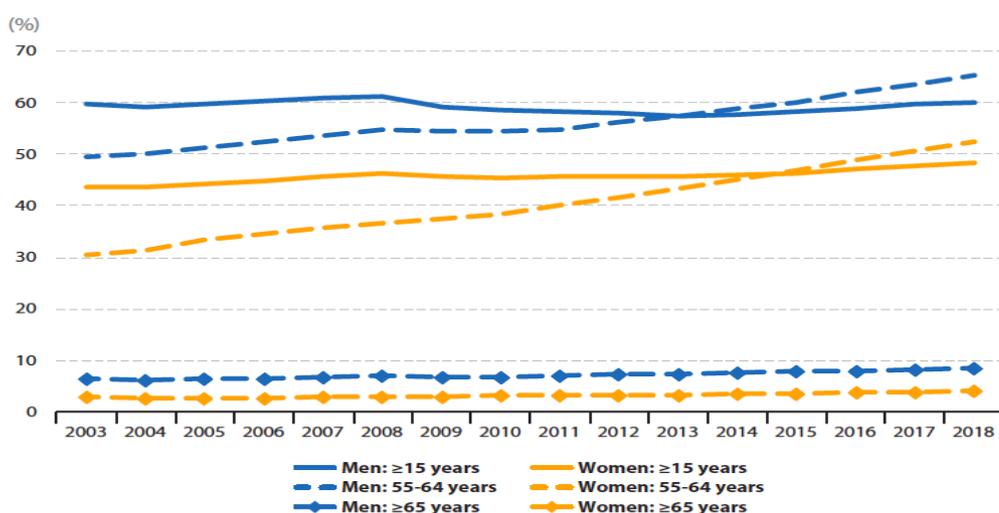
Longer lives call for longer careers

Longer lives will challenge our economies and influence perspectives of productivity as well as economic growth. They have serious consequences for fiscal sustainability, health and long-term care provisions and social cohesion.

The condition for sustainability of any policies is economic growth and wealth creation that enable adequate contribution to the social security systems either through social security contributions or taxes. **Ageing population puts a lot of pressure on public budgets.** The challenge is twofold: increasing public healthcare cost - from around 7% of GDP in 2015 to over 11% of GDP in 2050 – is the main driver, but pensions and long-term care expenditures are also expected to increase by about 1.7 pp and 0.8 pp, respectively. The growing old-age dependency ratio will shrink the tax base with fewer workers paying income tax. As a result, via increasing expenditure and a shrinking tax base, population ageing will place further stress on public finances or on resources earmarked for funding other policies in favour of youth, such as the education policy.

The Europeans not only live longer but also, in most cases, **are healthier and able to work longer.** To make this a reality, an important priority on European labour markets is to increase employment rate of older workers, an issue that has been addressed by the EU social partners through the 2017 EU autonomous framework agreement on active ageing and an inter-generational approach. Positively, the employment rate of older workers (55-64 age cohort) has increased in the last decade from 45,9% in 2011 to 59,1% in 2019 for the EU 27. Further progress is needed, in particular in countries where older workers' employment rates continue to be under the EU average.

Graph 1. Employment rate, by sex and age class, EU-28 (2003-2018)



Note: the indicator is defined as the number of people of a certain age who are in employment divided by the total population of the same age group. Breaks in series: 2005.

Source: Eurostat (online data code: ifsa_ergan)



Declining working age population hinders Europe's long-term growth potential. To avoid a negative adverse effect of this demographic trend, **extending working lives and raising productivity are important measures** to consider and implement.

Our recommendation: *Extending working lives and supporting meaningful professional careers*

- There is an urgent need and substantial to keep promoting and facilitating higher employment participation of older workers in nearly all Member States.
- **Policies to extend working lives** should be two-folded: on one hand they should **reduce incentives to retire early and reward longer careers** (pension system related), on the other hand they should **support companies** so they can accommodate both enterprises' and older workers' needs (for example, the need of flexible work arrangements, support for re-skilling and upskilling and/or adequate organization of physical workplaces and work organisation).
- **Strategic assessment of the workforce demography** is a good practice to anticipate changes in the workforce structure and introduce necessary adaptations.

Strategic assessment of the workforce demography (FA 2017)

In their framework agreement social partners proposed carrying periodic strategic assessments of the workforce demography. These assessments should include:

- Current and projected age pyramid, including gender aspects;
- Skills, qualifications and experience;
- Working conditions;
- Job specific health and safety consideration in particular for arduous occupations;
- Development linked to digitalization and innovations.

Our members' actions

Bulgaria: joint social partners' project to conduct strategic assessment of the demographic characteristics of the employees at the branch level to develop new policies, programs and practical tools such as workplace design, electronic tool for H&S risk assessment, stress prevention and management or tools to facilitate knowledge transfer between generations

- **Ensuring that older people maintain their employability** and have access to better employment choices (i.e. career guidance or job matching by public or private employment services) is likely to help them find their place in the labour market that will increasingly require constant adaptation of skills and job changes. In particular, equipping workers, with a focus on older workers, in **appropriate digital skills** is a must to enable longer working careers and



prepare all workers for a more digital labour market/economy¹ (this issue is addressed in more detail further in the text). Older workers are better prepared to update their skills, if they have **access to lifelong learning throughout their career**. To enhance employability of older workers and improve the matching of labour demand and supply, **cooperation between public and private employment services** should be strengthened.

- **National labour laws and employment policies** need to be assessed and, where necessary, adjusted **to incentivize employers to create employment**. It is essential that the attention is paid in legislation and/or collective bargaining to disincentives to hire older workers, such as seniority based pay systems, and make sure that they are removed, where needed. Moreover, there is also a need for the active labour market policies (ALMPs), which target on older labour force, so their skills become more attractive to employers.
- Collective agreements play an important role in promoting longer working lives as they include sector or company-specific provisions on maintaining employability (i.e. shared responsibility of upskilling/re-skilling initiatives, both as regards to their financing and outcomes, which also depend on individual's motivation).
- **Senior entrepreneurship** is another way of prolonging working life and making it more adaptable to the rhythm/pace desired by older workers. As in case of any start-ups facilitating access to finance, organisational support and appropriate training opportunities are necessary to make senior interested in setting up and running their own business. Removing disincentives in tax and social security systems is equally important.
- **Working conditions** (for example, nature of work or work organizations) **should be adapted to the capacities** and changes in general conditions **of older workers**. These adaptations should be **reasonable from the employers' point of view**: not all work posts can be adapted nor it is financially viable to do so. However, whenever possible, a life course approach should be adopted to help workers remain in a good health and avoid accumulation of individual disadvantages that later require costly interventions or may even unable working.

Tools/measures to support health and safety at the workplace (FA 2017)

In their framework agreement social partners proposed concrete actions:

- Adjustment of work processes and workplaces;
- Re-distribution/allocation of tasks to workers;
- Effective prevention strategies and risk assessment, taking into account existing legal obligations, incl. H&S at the workplace training;

¹ Digitalisation and digital skills are addressed in more detail later in the text (see pp.13-14).



- Voluntary health promotion, i.e. awareness raising actions;
- Knowledge-building of management at the appropriate levels to address possible challenges and solutions;
- H&S measures related to the physical and psychological health of workers;
- Review of H&S measures between management and H&S representatives.

Our members' actions

- ✓ **Belgium:** a pilot project to prevent burnout to draw conclusions and draft recommendations.
- ✓ **Bulgaria:** striving for working environment promoting health and safety, adapted to the needs of different generations at the work place.
- ✓ **Czech Republic:** social partners' guide on how to keep workers, particularly older, in good health.
- ✓ **Sweden:** a multi-faceted *Hållbart arbetsliv* program including such studies as "Working place strategies for a sustainable working life – attractive jobs and adjustments of work in relation to the workers' job abilities" and "Paths to a sustainable digital working-life".

- **"Phase-out" retirement** is an interesting option to extend working lives. It enables gradual decrease of working time and keeps in employment those who still feel apt to work, but are not interested/ find it too demanding to work full-time. There are different patterns of organizing phased retirement: it can take a form of a regular part-time work, but can also foresee longer breaks, for example a week per month or even ceasing professional activity during summer months during which older people may want to leave or spend time with their grandchildren.
- Flexible labour markets and availability of diverse forms of work are other measures that support phasing out retirement. These contractual arrangements allow elder workers to shape their work as they desire, and according to their ability.

Extending working lives: examples from our member organisations

Chosen actions

- ✓ **Belgium:** the German-speaking Community, the AKTIF and ACTIF+ support schemes provide subsidies to employers who hire the unemployed job seekers. The AKTIF scheme focuses specifically on workers aged 50+ who lost their jobs. The Employment Plan for Older Workers, a sectoral programme, stipulates reduction of the workload towards the end of the working life with a compensation of the lost earnings (via special supplement to unemployment benefit for the unemployed aged 60). In some sectors workers aged 55+ are exempted from weekend work. The "2020 Training Plan": a programme for the Brussels-based workers aged 55+ to improve their participation in the labour market.
- ✓ **Norway:** Inclusive Workplace Agreement (IA Agreement) and Centre for Senior Policy - a resource centre run by social partners dedicated to the stimulation and development of policies concerning older workers in the workplace.



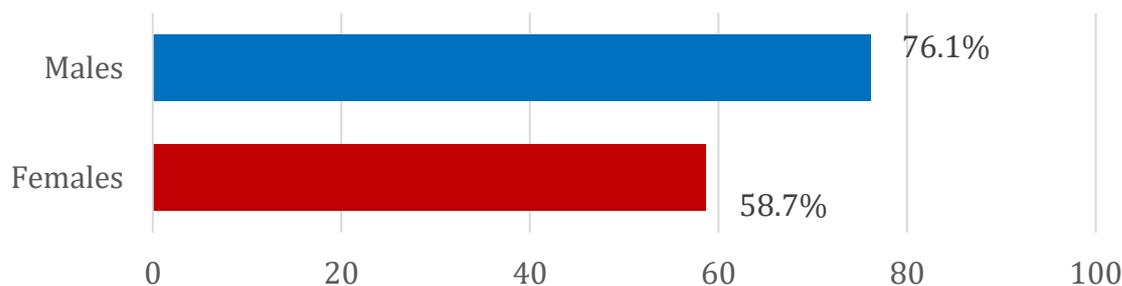
- ✓ **The Netherlands:** subsidized career development guidance (*Ontwikkeladvies*)
- ✓ **Czech Republic:** project “Go on! 50+” in the Moravian-Silesian Region“ supports elderly job seekers registered in the Labour Office. Advisory and educational activities are made available, such as work diagnostics, retraining, and individual counselling.
- ✓ **Poland:** members of the national Social Dialogue Council signed an agreement on cooperation on issues related to older workers (2019). The agreement includes provisions related to working time (i.e. additional break, more flexible working time for older worker, support for training programmes for older workers or promoting health at the workplace).
- ✓ **Portugal:** the tripartite agreement “contract generation” signed in June 2018 - foresees incentives for companies to hire, simultaneously and with open ended labour contracts, people looking for their first job and long or very long term unemployed (aged 45+).

➤ *Gender aspect of ageing*

There are still important gender-related challenges that should be taken into account while discussing ageing and longer working lives.

The gap between female and male employment persists in all age groups. It stood for 17,4 percentage points in 2019 while analysing full-time equivalent for male and female workers².

Graph 1. Employment: age group (20-64), FTE (full-time equivalent), in 2019



Source: Eurostat data (EU27), Josef Woess for the European Social Partners' seminar on demographic change (November 2020).

² FTE needs to be taken into account to assess correctly gender gap since women are more likely to work part-time despite more women than men obtaining a university degree. This is why this estimation is higher than the 11,7 percentage points quoted by the Green Paper based on the available Eurostat data, and make a significant difference in problem identification/scale.



Lower employment rate among women leads to lower pensions. Additionally, **women live longer** than men. As a result, female pensioners consist majority of pensioners. At the same time, over the course of life most women often **share a higher burden of caring responsibilities** related to raising children and later to taking care of dependent family members. This situation hinders their ability to build up adequate pension rights and, in its extreme form, can lead to **a higher risk of old-age poverty for women** as well as exclusion in terms of access to pension entitlements.

Uneven share of household duties between men and women often causes lower female employment rate. Women are more often responsible for such tasks, and, as a consequence, are not able to work as many hours as they would like. Increasing women's participation in the labour market is key to promote gender equality.

To achieve this, it is essential for Member States to increase and ensure better **availability, affordability and quality of care facilities**, in particular for children, but also for elderly and other dependent relatives, according to the national needs. Member States should assess the functioning of their labour markets and welfare systems, to make sure that women and men have equal opportunities to work.

Advancing gender equality requires **tackling gender segregation**, as well as **breaking down gender stereotypes**. Gender stereotypes have, in fact, a strong influence on the existing division of labour between men and women, both in a family, in the workplace and in society at large. These factors may narrow women's career perspectives and thus contribute in inequalities in society.

Moving towards greater gender equality in labour markets, politics, and any other sectors of society calls for **changing attitudes and beliefs in society**. Policy-makers and social partners should work together to ensure that education systems promote gender equality, to raise public awareness regarding the impact of gender stereotypes, and to promote a positive narrative in which men and women can both grasp economic opportunities. This is one of the fundamental aspects of solid grounds for creating equal opportunities at every stage on one's life.

Our recommendation: *Supporting female employment and ensuring access to more accurate data*

- EU and national policy efforts should focus first to achieve **progress on reducing the gender employment gap** by removing obstacles to female employment, achieve a more equal employment participation of men and women across sectors, and good care solutions provided so that both men and women can work, while taking care of their families.
- Progressing on employment participation of women will be the main vector supporting a reduction of the gender pay and pension gaps. In parallel, there is a continuous need to promote changing attitudes and beliefs in society and **reshape gender stereotypes**.
- There is a need for **better gender equality statistics** when it comes to employment participation of men and women. It is important to not compare only employment rates, but ensure that the statistics capture also the different



use of part-time work by men and women. Further research is also needed to assess the link between the gender employment gap, on the one hand, and the gender pay and pension gaps, on the other hand.

Intergenerational solidarity

All workers should be valued according to their abilities, skills and knowledge, irrespective of age, avoiding stereotyping and overcoming barriers between age groups. The intergenerational solidarity should be a guiding principle in organising workplace, setting up working conditions and working time as well as providing training. Intergeneration solidarity also implies natural “inflow” of young workers into the enterprise and equally natural “outflow” of older workers from the enterprise: recruitment processes should be fit to fill in enterprises’ skills needs and there should be no regulations distorting these processes.

Whenever possible, **adaptable work organisation** should be facilitated, promoted and encouraged. This should be done collectively and/or individually, in accordance with the social dialogue practices at the workplace. Managers should be encouraged to identify and implement possible improvements in terms of task allocation, and to maintain and improve health and safety at work and productivity of the workers they manage.

Social partners at the appropriate levels strive to create a working environment that enables workers of all ages to work together and enhance inter-generational solidarity. Mutual transfer of knowledge and experience between workers of different ages is a good example of such efforts.

Tools/measures to achieve inter-generational solidarity (FA 2017)

In their framework agreement social partners proposed concrete actions:

- Distributing tasks according to ability/skills/knowledge;
- Tutoring/mentoring/coaching schemes to welcome and introduce younger workers to their working environment, including paths to allow them to fulfil their potential;
- Knowledge/skills transfer programmes between workers of different wages, including IT and digital skills, transversal skills, customer or relations skills;
- The creation of knowledge banks to capture specific know-how and professional intelligence developed in-house and pass it on to newcomers;
- Awareness-raising and promotion of age diversity, especially by setting up mixed-age teams;
- Collaboration with education institutions and public employment services to ease transitions into and within labour market.

Our members’ actions

- ✓ **Austria:** the Federation of Austrian Industries (IV) in Carinthia organized an event called “Olderwork- successful generation management” in October 2019.
- ✓ **Czech Republic:** social partners contribute to developing national strategies and solutions on the youth employment, employment of people 50+ and active ageing. Project “Internships in Companies - Learning



through Experience” aims to support training of those 50+. Pilot project: “Generational tandem” - employer can obtain a wage contribution from Labour Office for his/her employee close to retirement age, if a new post for job seekers with low or no work experience is created.

- ✓ **Portugal:** a pilot project - intergenerational team takes part in development program; the program includes mentoring component.
- ✓ **Spain:** “Intergenerational Training Chain” – the volunteers - retired experts with technical skills share their know-how and experience with the unemployed. Under “Hand-over contract” retired workers transfer their knowledge to workers hired on such contracts (a part of the working day is dedicated to training).
- ✓ **Sweden:** a new research program “*Unga i arbetslivet*” (“Young people in working life”) started in 2019. The program includes eight different projects that aim at, a.o., facilitating introduction to working lives, preventing occupational diseases and introducing safe way of working.

Predictable retirement and active ageing

All workers will need to/want to retire at some point. Individuals need to be prepared for this stage throughout their working lives. Firstly, they need to understand the architecture of the pensions systems and the relation between the duration of working life, contributions made and the earned pension.

Retirement age should correspond to demographic changes and preserve sustainability of pension systems. It should be set in such a way that encourages longer professional activity, whenever possible, and adequate pensions, once retired. It is also in the interest of both employers and workers that there is certainty with regard to a predictable or set retirement age in order to ensure, amongst other things, the personal and professional dignity of older workers’ transition from employment.

While early retirement should be discouraged, **allowing to work beyond pensionable age needs to be balanced in view of the double need to prolong working lives to finance social protection sustainably, and to leaving space for enterprises’ to recruit new entrants on the labour markets.**

Ensuring inter-generational fairness of financing our social security systems is very important. BusinessEurope calls on the Commission and the Member States to prepare a report once a year on the future cost dynamics of social security systems (e.g. for the next decade) taking into account the need to reduce the tax wedge on labour to support job creation. Such information would help to raise awareness on the expected changes in social security contributions (or taxes, depending on the systems) and how Member States want to finance ensure the financial sustainability of their social security systems while investing in active ageing measures and changes on the labour market in general. **This proposal is a key business proposal in view of the high-level group on the future of the Welfare State announced by the Commission in its European Pillar of Social Rights Action Plan.**



➤ Pensions

The positive development of longer life expectancy has put into question the sustainability of pension systems across Europe. Depending on an individual country, there is today either an **urgent or continuous need to reform pension systems**. Such reform should address the need to secure financial sustainability of the pension systems as well as their inter-generational solidarity. In some countries, a better balance needs to be found between the interest of the growing number of pension receivers and those paying contributions.

Individuals are co-creators of their financial wellbeing during retirement. It is obvious that **public pensions need to be complemented by additional financial solutions**. These include occupational pensions, private pension plans, private savings to name just a few. In any case, each person needs to come up with his/her “individual pension strategy” to ensure comfortable retirement.

Our recommendation: *Reforming pension systems*

- **Pension sustainability is one of the main challenges.** While the duration of working life is increasing, the duration of retirement is expected to grow even faster as life expectancy continues to increase. The challenge is to find progressive, clear and reliable solutions to pensions reforms in all countries that ensure at all times a balance between working life and retirement, and to sustain adequate pensions for the next generation.
- **Financing of adequate and sustainable pensions is a joint responsibility.** Employers contribute to mandatory pension schemes. In some Member States employers contribute also to collective retirement schemes for their employees (occupational schemes), which now are by large DC schemes (defined contribution). These schemes can be designed and/or managed by social partners. Individuals should be encouraged to save money for retirement, e.g. by investing in private pension funds.
- Member States should provide financial and regulatory incentives **encouraging social partners to set up collective pension plans** that ensure risk sharing between members, while respecting the autonomous competences of the social partners and the sponsoring companies³.
- **Pensions need to follow labour market developments:** the ability of pension systems to cover different types of economic activity (e.g. platform work, gig economy or self-employment) will have significant consequences on the future adequacy of old-age incomes.
- **Supplementary pensions schemes** (e.g. occupational pension schemes, private funds) **need to remain an attractive option for employers** to continue, and when possible reinforce, their contributions to pension adequacy. In many Member States, including those facing the most urgent

³ European Commission (2019), *Final Report of the High-Level Group of Experts on Pensions*, Brussels.



need of their pension system reform, the coverage of any type of supplementary pensions remains low and the national policy framework in some countries requires important reforms.

- Pan-European Personal Pensions Product (PEPP) is one of the options to complement statutory pensions scheme and provide additional retirement savings.
- If we want sustainable pensions, it is **essential to create or keep a pension-friendly legal environment** (social and labour law, tax law, prudential law, supervision). This is needed because pension policies can influence people's behaviour toward pension savings for better or worse.
- In some Member States **occupational schemes provide up to half of pension income**. Medium to high supplementary pension coverage is mostly found in countries characterized by an active role of social partners and collective bargaining. The legal and prudential environment should therefore encourage employers and employees making contributions into occupational pension plans and, in doing so, creating or strengthen a pillar pension system which is truly sustainable.
- Member States should reserve **tax and/or financial incentives in both the saving and pay-out phase for supplementary pensions** meeting minimum quality requirements. These incentives should reflect the diversity in characteristics of types of pensions and the related social policy of a Member State⁴.
- **People trust in pension systems is low**. At the same time their understanding of pension systems' architecture and basic financial knowledge are very limited. As a result, **gaining citizens' support for the necessary reforms remains a challenge**; it is also an important success factor. However, it is important not to overestimate the impact of information. There is a trade off between the precision of pension information and its clarity.
- Last but not least, both policy makers and citizens - pensioners of today and those of tomorrow – need to understand **urgency and inevitability of reforms**. Positively, some Member States have started their reforms and are progressing with changes. Necessary pensions reforms should not be hijacked by political weakness as the consequences of not reforming the systems now will bring serious negative results in the nearest future. Measures aimed at promoting longer professional activity, later withdrawal from the labour market as well as equal conditions in accruing pensions rights should be in the core of each Member State reform agenda.

⁴ Idem



➤ *Active ageing: at work and beyond*

Active ageing means keeping people active and motivated in longer careers. Professional activity keeps people in shape, prolongs their dynamism and regularly engages their cognitive skills as well as may require more physical activity. It is especially important in case of longer lives after retiring.

While **older people are still at work**, activation is done in a natural way while performing their job. This is still the case while work is continued part-time or an individual opts for a “phase-out” retirement (not finishing completely professional activity at once, but alternating it with longer and/or regular breaks).

Older workers, especially those with highly demanded skills or very specific, “niche” skills, can be **potential mentors** to share their valuable experience of work with their younger colleagues. Depending on their workforce characteristics, some employers see value in organising mentorship programs with a participation of a their “70+” colleagues, sometimes such programmes are called “silver collar” mentorship programmes.

Active ageing while still employed is a **shared responsibility** (state, employers and workers). To ensure the best results, company-specific measures should be incentivised.

Keeping older individuals active after they have retired is a challenge. It can be done via different volunteering activities, opportunities to take up further education or training – this time not work-related, but purely for pleasure.

EU can support Member States in promoting different activities, within the framework of labour markets or outside of such a framework, for their older citizens. As gender stereotypes, active ageing should be addressed at an early stage and continue to be addressed over the life-course as active youth and adult life will most likely lead to active older part of life.

Skills: up-skilling, reskilling and “recycling” skills

Up-skilling and re-skilling are key elements of ensuring that companies have a **sufficiently skilled workforce to respond to their evolving needs**. This is especially true in case of older workers with longer working careers as their competences might have become obsolete due to the changes on the labour market, particularly those induced by digitalisation, demographic change and the greening of economy. Mature workers may also need more often to “recycle” their skills: to refresh them, to learn how to use them in a different way/context or to acquire new skills on the basis of the existing ones.

In case of older workers, participation in lifelong learning and VET are basic conditions for maintaining employability and making longer working lives a reality. It has to be noted that often lack of “basic digital skills”, for example not using the computer or other ICT equipment at all, is a barrier for taking up any more advanced training. In such situation a pre-training measures would be required to prepare such “digitally illiterate” individuals for further learning.



One of the main challenge is also ensuring **access to appropriate skilling programmes** (form- and content-wise), and uptake by older participants. This can be done by developing specific training programmes based on previous education/acquired competences, enriching them with a motivational module or using more interactive training methods. Employers should be involved in a timely manner to contribute to updating curricula and qualification profiles so they correspond to changing labour market needs and specificities of their sectors/companies.

In case of **lifelong learning opportunities for older workers**, involvement of social partners as well as public and private employment services seems to be of utmost importance. Their joint efforts should aim at designing appropriate programmes adapted to the national/regional/local contexts, taking into account older workers' specific needs and ways of learning. Appropriate support and incentives (financial and non-financial) should also be envisaged to help companies and social partners to fulfil this role. The financial incentives are crucial, taking into consideration that the older workers have fewer years to recoup the cost of training investment.

The challenge is to increase the provision of, and participation in, life-long learning with the EU average for adult participation in education and training standing at around 11% and some way short of the 2020 target of 15%. Participation of workers over 65 years is even lower and is associated with a lack of motivation to up or re-skill. Nevertheless, with people working longer across Europe, it is important that older workers have access to, and are motivated to take part in, job-related training. In this respect it is important that training responds to local labour market needs in order for it to seem relevant to older workers. Furthermore, it is necessary to put in place and link up appropriate learning and support structures as concerns learning, the use of technology and ICT skills acquisition in particular. Unemployed older workers may also need additional support in relation to job searching, writing a CV or preparing for a job interview. Additionally, the on-going impact of Covid-19 is likely to influence labour markets and impact upon the provision of education and training for some time to come. One of the groups the most negatively affected by this trend are likely to be older workers.

With private resources for training likely to be constrained over the coming years as companies seek to stabilise and regain lost ground in the wake of the Covid pandemic, it will be particularly important to look at how to better incentivise private sector investment in training including through making use of available resources, in combination with public-private partnerships. It will also be necessary to incentivise employees, particularly older workers to take part in training. Incentives can be financial, such as a cost-sharing model between government, employers and workers that can be introduced through various means, including training vouchers or accounts; or a tax deduction for workers taking part in training. It can also include non-financial incentives, such as embedding a clear job-oriented perspective into training, taking into account evolving labour market needs, which can increase productivity and the innovation capacity within companies that in turn enables companies to adapt their production process and service delivery, including in response to digitalisation. This will serve to enhance the longer-term employability of employees, which is especially important for older workers. There also needs to be



flexibility in terms of when training takes place, striking a balance between training provision during working time and outside of working time. It is important that these aspects of training provision and content are taken into account in view of the EU's various funding streams, including the implementation of activities under the Pact for Skills and the use of funds available under the Recovery and Resilience Facility as well as the European Social Fund. The available funding should be easy to access with as "lean" as possible administrative requirements.

In this respect, taking responsibility for continuous training – both financial and result-wise - is important. By the same token, employers have a role to play in identifying, such as through skills assessment, and providing training that is relevant to the individual needs of the workers and related to the role that they perform in the company and taking into account how their job may evolve in future. The way in which employers approach this is for them to decide at company level and in consultation with trade unions, as appropriate.

Tools/measures to support skills and competence management (FA 2017)

In their framework agreement social partners proposed concrete actions:

- Awareness-raising towards management and workers' representatives on skills needs in an age perspective;
- Training for workers of all ages, aiming to maintain and further develop necessary knowledge and competences throughout their careers to remain at work until legal retirement age;
- Facilitate and support personal career development and mobility;
- Motivate and increase participation in training to ensure up-to-date skills in particular digital skills;
- Embedding age management into a broader skills development;
- Identifying formal and informal competences that workers have acquired in the course of their working life.

Our members' actions

- ✓ **Austria:** social partners have carried out work on voluntary return to work of workers with health issues. The focus of the project is how to prevent work related diseases and promote solutions enhancing professional capacity of workers with chronic diseases.
- ✓ **Belgium (Flanders):** vocational training has been encouraged during the Covid-19 pandemic by enlarging online courses offer.
- ✓ **Germany:** Public Employment Agency's delivers programme to train of low-skilled and older workers from the SMEs sector (*WeGebAU*)
- ✓ **Latvia:** during the Covid-19 outbreak LBAS (trade union) stressed the urgent need to facilitate improvement of digital skills of elderly workers as they were clearly a disadvantaged group due to the lack of these skills.
- ✓ **The Netherlands:** lifelong learning programme within the framework of the "from work-to-work" scheme.
- ✓ **Portugal:** teams of line manager, HR person and occupation health physician evaluate the type of a performed job and propose necessary changes, i.e. change of assigned tasks or of an equipment. On-going IT training and e-learning training programs.



- ✓ **Sweden:** “Sobona” programme provides tools and inspiration for diversity and inclusion, including for those 55+.

➤ *Digital skills*

Digital skills are one of the basic conditions for active ageing as they stimulate cognitive skills, social contacts and widen learning options for those who wish to pursue development path. Telemedicine, smartphone apps and biosensors become crucial for those with some physical and/or mental limitations and they extend their ability for independent living.

European citizens are too far behind on **digital skills**. On average, 57% of EU citizens only have basic digital skills and this greatly diverges across Member States (e.g. Denmark 70% and Bulgaria 29%). This also slows the uptake of digital services by citizens. The results are much worse among those aged over 65.

In case of **older workers**, provision of **digital skills requires special attention**. They are crucial for those still employed to keep up with changing labour market needs and new work organisation. It has to be taken into account that digital skills are not “natural” and intuitive competence for the majority of elder people as they are for younger cohorts. Therefore training of digital skills for older workers may require a more individual approach, offering more time to rehearse newly acquired skills as well as provide more motivation and encouragement to training participants than in case of their younger colleagues.

Digital skills are also very important - or even more - **for those already retired** as they guarantee connection with the society, access to information, culture and to essential services, such as e-health. This role of “digital social connectivity” has become even more evident during the pandemic crisis and consecutive lockdowns. Those seniors who were “digitally-literate” were better placed to cope with a sudden “closure” in their daily life. This ability has become even more important for those living in single-person households.

While appropriate training provision is of utmost importance, **the infrastructure** that would facilitate online and blended learning shall not be forgotten. EU should also envisage supporting Member States in designing and financing learning opportunities for those already retired as a means of active ageing. Additionally, in case of older people there is a need for human support to manage technology. This component, decisive for technology uptake, should also be included in the relevant programmes/initiatives. Last but not least, EU has a role in promoting benchmarking and mutual learning practices as well as disseminating examples of effective initiatives.

In conclusion, digital skills enter into the set of the new “basic” skills. They enable older individuals participation in social life and access to e-services such as e-health provisions for example. They extend individual’s independence and contribute to active and happy ageing.



Digitalisation

The Green Paper addresses extensively the issue of digitalisation and how this process changes products, service provisions and social interactions.

Digitalisation opens **new perspectives for those living in remote areas independent on age**: it facilitates access to education and training for all, guarantees access to services and enables professional activity, also for those with some physical or mental limitations as well as older individuals willing to work. The recent Covid-19 crisis and a prolonged requirement of working from home have also proven usefulness and possibility of a wider use of telework. Digitalisation and use of digital tools, including possibilities provided by automation, robotisation, and telework, enables making reasonable accommodation at the workplace. Social and technological innovation, such as e-health, mobile health, telemedicine, integrated care or smart apps further develop and change ways of providing LTC. With a help of remote monitoring healthcare models the ability of independent living for older individuals is extended.

There are two conditions to make the most out of technological progress: already mentioned **digital skills and appropriate infrastructure**. Only the combination of the two contributes to improved connectivity, going well beyond territorial aspect.

Digital skills are necessary so that the older tech users can benefit from the solution's digitalisation offers in a secure way. During the Covid-pandemic volume of on-line shopping and number of financial transactions have increased. At the same time the attempts to steal personal data has become more numerous. It is usually the elderly individuals, "not born with tech", who were a more vulnerable target of phishing scams.

Entire sectors are transforming and through this, new opportunities are being created for businesses to deliver solutions for Europe. "**Security by design**" should be utilised as a principle when **developing components for 5G infrastructure**. This will help the cybersecurity level of the entire 5G ecosystem from the start. Europe's Research and Innovation programmes could provide tools and competence development in this crucial area. This is not limited to just network security (holistically including security of: products, networks, configurations of the network and operations), but indeed all applications linked to the network that deliver sensitive solutions (e.g. smart transport, e-health and IoT).

"Silver" economy

Modern societies get older. The demand for products and services follows this trend to better reflect needs and preferences of older individuals. The "silver" economy is expected to grow by about 5% a year from 3.7 EUR trn in 2015 to 5.7 trn EUR in 2025.

The change is seen in the **product design**: for example mobile phones can be equipped with bigger letters, and the elderly may even prefer older types of mobile phones, not the smart phones which are difficult to operate. The "silver" mobile phones can have less information on the interface and/or even fewer functions. The



same goes for the design on PC: the elderly, especially with the sight impairment, may appreciate easily accessible voice function.

Service design may also be different for this group of customers. The initial phase of the service provision may be longer to establish contact, build trust and explain available options. Some “introductory training” may be necessary to ease older customers into using the service, i.e. managing digital invoices, placing orders over phone etc.

Regarding **accessibility in society** more generally, in manufacturing, we are increasingly moving towards tailored solutions for individual customers and production on demand. Aiming to achieve products that can be used by as many people as possible is an excellent design approach, but the idea of ‘design for all’ in practice will be near impossible for economic operators to achieve and runs counter to this trend to personalise products to the wishes of the individual. We would rather ensure interoperability, so that for example you can add an app or other extra feature to enhance accessibility.

While we agree that all individuals should have equal access to products and services, we should also consider the regulatory complexity for smaller companies. Whilst it is not appropriate to weigh up costs for companies compared to rights of people elderly individuals or people with disabilities for example, it is still important that the impact assessments for any new proposals in this area show the impact of the proposed legislation for companies, including on innovation and SMEs.

Further **increase of “silver economy” will shape economy and create jobs**. The “elderly-tailored” services will be found in the tourism sector, wellness, cosmetics, textile and clothing and culture. A significant part of the market is related to personal and assisted mobility, banking, culture, and safety. There will be more and more developments in the field of assistive technologies, service robotics as well as smart apps and biosensors for remote diagnosis. There is a lot of growth potential in this “niche” of the economy - it should not be stifled by premature attempts to regulate it.

Territorial aspects will influence the way services for elderly are provided: in densely populated areas they will most likely rely more on personal contacts, while in more remote ones they will be more “digital” and community-based. Assisting older people is easier in more populated/urban areas, than in a less populated, rural ones where the economy of scale do not exist and the commuting time is longer. In this case any “mobile” services i.e. mobile banking via social worker or a post-person can be a solution.

Long-term care provisions

The available data rings the bell: the number of Europeans aged 80+ is forecasted to rise from almost 5% in 2016 to 13% in 2070. It will imply increases in public spending on long-term care (LTC) from almost 30% to over 51%, respectively. Increasing cost threatens sustainability of the current LTC provisions, especially that it is raising faster than expenditure on health and pensions. Both population ageing and technological advancement put a strong pressure on public health expenditure to increase in the coming years: already in 2013, the OECD suggested that in the



absence of policy reforms, public expenditure on health and LTC could reach 14% of GDP by 2060⁵. In this context, developing broad concepts to facilitate independent living is crucial to lessen financial burden of the current system.

Apart from longer lives, other important societal trends bearing consequence for LTC include: shrinking population which translates into smaller, often “child-less” families, growing number of single-person households, relative increase in the number of working women and increasing retirement age. All these trends result in serious changes in the way long-term care for dependent family members can and should be provided.

As in the case of childcare facilities, available, accessible, affordable and quality **long-term care provisions** are essential for family members - caretakers to work. Given that women are still predominantly in charge of caring duties, long-term care is particularly important in increasing women’s employment, thereby making an essential contribution to gender equality and to reduce the gender pay gap.

Quality, accessibility and affordability of long-term care aiming at stimulating and supporting individual’s independence as long as possible, is also important in terms of older persons’ quality of life and quality of ageing in general.

At present LTC provision relies heavily on informal care. The **shortage of professional carers** working in the formal economy is already a problem across the EU. There should be different options available in LTC provisions. They can range from regular “monitoring” visits of a carer, through a more specialized visits of para- or medical personnel to a more permanent presence of “professional relative” as a professional career is in the geriatric care management. LTC may be performed on a daily basis, but there is also increasing need for weekend/longer holiday breaks for carers-family members.

All these so much needed services are likely to **generate new jobs with different skills requirements**. The new skill-set required by modern “professional relatives” becomes more and more diverse. The “traditional” care-related skills and soft skills have been enriched with digital skills and technological expertise needed to use e-health option and technologies, for example telemedicine or smart apps that monitor general condition of a patient. There is also job creation potential related to services supporting families with LTC duties. They range from counselling and/or psychological support, through temporary spells in care homes while a family member-carer needs to take a break to special “rest homes” for relatives who care for their older family member.

LTC provision is organized in a very different way across the EU. It can be provided by diverse vendors (public, private or non-governmental organisations), delivered in different contexts (home, institutionalised care) and financed in various ways (in cash benefits, in kind benefits, out-of pocket payments). The funds to finance LTC can be also generated in different ways: through taxes, mandatory

⁵ De La Maisonneuve, C., Oliveira Martins, J. (2013), *Public spending on care and long-term health: a new set of projections*, OECD Economic Policy Papers No.6, p.7.



social security and voluntary private insurance. Significant differences can be observed not only among Member States, but also within a single country. What is common for all Member States is the unsustainability of the existing model and rapidly increasing need for LTC services. Depending on the national context, each Member State should find its own model of LTC provision, including building strong partnerships with the private providers, in order to keep healthcare costs under control.

LTC provision has been subject to reforms in the majority of EU Member States over the last decade. The three main trends in the undertaken reforms include: readjusting the LTC policy mix and moving away from residential care towards home care and community care, attempts to enhance financial sustainability and improving access to and affordability of care, including by improving the status of informal carers.

Given the diversity of national traditions and functioning solutions, the complexity of LTC being a mix of health and social care as well as the mix of formal and informal care, coordinating efforts at the EU level is challenging. Since there is no comparable data, the EU should exchange information with other data producers, namely the OECD and WHO, to improve knowledge and monitoring of LTC needs and provision. The EU's SPC and its Indicators Sub-Group can play an important role in this respect. Last but not least, Member States should agree on a set of common indicators to assess the quality of LTC.

There are, however, important issues that can be addresses via coordinated action at the EU level: encouraging Member States to provide comprehensive social protection to cover the need for care in old age and, as in case of pensions, raising awareness of a financial fragility of the existing model and urgent need to complement it with complementary/private savings. The EU shall encourage Member States to closely monitor accessibility, affordability and quality of residential care, while semi-residential care should be a priority for investment as it can play a significant role between home and residential care. Monitoring and reporting on the adequacy of the quality LTC should be built into the European Semester process. At the same time, Member States should be encouraged to exchange good practices, i.e. via collecting cases studies, setting up networks of practitioners and providers or organising peer reviews on development of LTC provisions. As far as the EU funding is concerned, the ESF could be used to develop home care, assist in the improvement of skills and support for informal carer (i.e. training, counselling, respite care) as well as professional services. It is important not only to earmarked specific share of the ESF+ for the LTC-related expenses, but also ensure they are easily accessible.

Last but not least, it is important to adapt LTC provision to the changing demographic context of an ageing society with bigger number of older people. However, LTC infrastructure is costly and therefore it is important to ensure that national strategies aiming to develop LTC are fully compatible with sound public finances, with an appropriate repartition of costs between social security institutions and the individual users.
