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Opinion of the European Economic and Social Committee
Older people in employment – systemic factors in choosing to work for longer
(exploratory opinion requested by the Polish Presidency of the Council of the EU)

(C/2025/2017)

Rapporteur: **Krzysztof BALON**

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Request from the Polish Presidency of the Council	Letter 6.9.2024
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Employment, Social Affairs and Citizenship
Adopted in section	4.2.2025
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Outcome of vote (for/against/abstentions)	146/3/4

1. Conclusions and recommendations

1.1. On 6 September 2024 the Government of the Republic of Poland wrote to the EESC requesting an exploratory opinion on *Older people in employment – systemic factors in choosing to work for longer*. The European Economic and Social Committee (EESC) shares the view of the Polish Presidency of the Council of the European Union, according to which the professional activation of older people has become one of the key challenges for public policy. Since the average healthy life expectancy is increasing in the EU, the professional activity of older people has the potential to positively influence not only the economic development, but also their well-being through better financial, social and health conditions, as well as intergenerational solidarity in society.

1.2. In this context the Committee would also like to accentuate the conclusions of the own-initiative opinion of 18 September 2024 on *Promoting European intergenerational solidarity* ⁽¹⁾. It therefore welcomes the approach of the Polish Government, as well as the request for examples of best practices in providing services to older people which enable them to remain in employment for as long as possible.

1.3. At the same time the EESC notes that the 15th principle of the European Pillar of Social Rights (the right to a pension commensurate to their contributions and ensuring an adequate income to a dignified life in old age) ⁽²⁾ should be fully implemented.

⁽¹⁾ Opinion of the European Economic and Social Committee – Promoting European intergenerational solidarity – towards an EU horizontal approach (own-initiative opinion) (OJ C, C/2024/6869, 28.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6869/oj>).

⁽²⁾ <https://ec.europa.eu/social/main.jsp?catId=1606&langId=en>.

1.4. Supporting employment for older people requires coordinated actions involving different areas of public policy. This has also been reflected in the opinions already adopted by the EESC: *European Strategy for Older Persons* ⁽³⁾ and *Promoting European intergenerational solidarity – towards an EU horizontal approach* ⁽⁴⁾.

1.5. The creation of quality jobs with a working environment that encourages all age groups to enter and stay on the labour market is an important aspect. In this context social partners play a key role. Therefore, the Committee encourages continued social dialogue in this area, taking into account the provisions of the *European Social Partners' Autonomous Framework Agreement on Active Ageing and an Inter-generational Approach* ⁽⁵⁾.

1.6. Another factor in increasing the employment of older people is the creation of multi-generational work teams. In one of the already adopted opinions ⁽⁶⁾, the EESC notes that such teams are more productive than single-generation teams. In addition, they enable the transfer of skills and experiences of older workers to younger ones, as well as the skills of younger workers to their older colleagues. The EESC has already requested the European Commission ⁽⁷⁾ to adopt a recommendation calling on the Member States to ensure the presence of workers from different generations and their cooperation in the workplace.

1.7. Instruments that support the employment of older people include: (a) creating an enabling working environment that encourages seniors to stay longer on the labour market where they wish to do so, (b) maintaining and increasing qualifications through lifelong learning policies, (c) measures which allow the combination of work and care responsibilities for elderly relatives, including universally accessible and affordable high quality care services and (d) promoting longer working lives, and (e) combatting age related discrimination and other factors that prevent older workers from remaining in the labour market. Social economy entities, civil society organisations and social partners have a key role to play in all of these areas.

1.8. A number of Member States have already implemented rules and best practices to encourage voluntary extension of working lives. Some examples are described in Chapter 4 of this opinion.

1.9. Taking the above into account and considering that public policy in these areas falls primarily within the competence of the Member States, the Committee suggests that the European Commission, in cooperation with the EESC, social partners and other civil society organisations, creates a forum for the exchange of good practices between Member States. Such practices could include: (a) removing obstacles to combining a pension with paid work, (b) tax breaks for those who decide to extend their working life, (c) support measures for employment services to assist older job-seekers and for companies to create jobs and to promote employment opportunities for older people, (d) promoting the advantages of longer working lives where possible, or (e) provision of services which allow to combine work with care for elderly relatives.

1.10. Thereafter, taking into account the results of the forum's discussions, a 'toolbox' of best practices may be published by the European Commission. Such a document should also include the explanation of the concept of voluntarily longer working lives, in particular with regard to combatting age discrimination and the elimination of possible economic constraints that would lead to the commencement or continuity of work after reaching statutory retirement age.

⁽³⁾ OJ C 349, 29.9.2023, p. 28.

⁽⁴⁾ Opinion of the European Economic and Social Committee – Promoting European intergenerational solidarity – towards an EU horizontal approach (own-initiative opinion), point 1.4 (OJ C, C/2024/6869, 28.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6869/oj>).

⁽⁵⁾ <https://www.etuc.org/sites/default/files/circular/file/2019-07/European%20Social%20Partners%E2%80%99%20Autonomous%20Framework%20Agreement%20on%20Active%20Ageing.pdf>.

⁽⁶⁾ Opinion of the European Economic and Social Committee – Promoting European intergenerational solidarity – towards an EU horizontal approach (own-initiative opinion) (OJ C, C/2024/6869, 28.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6869/oj>).

⁽⁷⁾ Opinion of the European Economic and Social Committee – Promoting European intergenerational solidarity – towards an EU horizontal approach (own-initiative opinion) (OJ C, C/2024/6869, 28.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6869/oj>).

2. Background to the request from the Polish Presidency of the Council of the EU

2.1. The age structure in the EU-27 population is changing. From 2002 to 2022, the share of the 65+ age group in the population increased from 16 % to 21 %⁽⁸⁾. The number of people over 65 per 100 is projected to increase so that by the end of 21. century there will be 59,7 people aged 65 or older for every 100 people aged between 15-64⁽⁹⁾.

2.2. The ageing of the EU population leads, among other things, to a decrease in the size of the workforce. However, this decrease is not evenly distributed across all age groups. The labour market participation rate of people aged 20-64 is projected to increase from 79,4 % in 2022 to 82,7 % by 2070 and from 65,4 % to 75,5 % in the case of people aged 55-64. This upward trend reflects the cumulative impact of pension reforms on older age groups leaving the labour market and the gradual increase in women's participation in the labour market⁽¹⁰⁾. It is therefore appropriate to take further measures to support an increase in labour market participation of people aged 64 and above.

2.3. Most pension systems in the Member States operate on a pay-as-you-go basis. Due to a raise in average life expectancy, the pension payment period increases. In order to stabilise pension systems many member states have raised, or consider raising, the pensionable age. Increasing the labour market participation of elderly people, coupled with postponing the decision to retire, helps make pension systems more sustainable.

2.4. There is an increase in both the average life and the average healthy life expectancy, despite variations in the Member States. Therefore, as the EESC pointed out in one of its previously adopted opinions⁽¹¹⁾, it is worth considering, whether those additional healthy years could be spent not only in retirement, but also in longer working lives, granted the individual wants to work longer. However, raising the retirement age would not be feasible in the case of highly physically and psychologically demanding labour.

3. General comments

3.1. Supporting employment for older people and their willingness to continue work beyond pensionable age requires coordinated actions involving different areas of public policy. In their design and implementation, it is imperative to seek solutions which on one hand do not force older people to continue working and, on the other, do not encourage inactivity.

3.2. The creation of quality jobs and an enabling working environment that encourages all age groups to enter and stay on the labour market, which takes into account health aspects and the possibility of part-time work, are important. Older employees need appropriate work organisation, including promotion of the development of their skills and competencies, and building an atmosphere of support and appreciation for their contribution to their employers' development.

3.3. Furthermore, effective lifelong learning policies are needed, developed and implemented in cooperation with social partners and other civil society organisations, as is supporting entrepreneurship among older people, including within the social economy.

3.4. It is important to highlight the benefits of creating multi-generational teams in the workplace. In one of already adopted opinions⁽¹²⁾, the EESC notes that multi-generational teams at work are more productive than single-generation teams, which is backed by empirical research⁽¹³⁾. A multi-generational workplace enables the transfer of skills, including the so-called fading skills, to younger workers.

⁽⁸⁾ *Demography of Europe – 2023 edition*, as quoted from the EESC opinion on *The impact of demography on Social Europe* (OJ C, C/2024/6867, 28.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6867/oj>).

⁽⁹⁾ *Projected old-age dependency ratio*, quoted from the EESC opinion on *The impact of demography on Social Europe* (OJ C, C/2024/6867, 28.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6867/oj>, ELI: <http://data.europa.eu/eli/C/2024/6867/oj>).

⁽¹⁰⁾ European Commission 2024 *Ageing report*, p. 4.

⁽¹¹⁾ Opinion of the European Economic and Social Committee – Promoting European intergenerational solidarity – towards an EU horizontal approach (own-initiative opinion) (OJ C, C/2024/6869, 28.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6869/oj>).

⁽¹²⁾ Opinion of the European Economic and Social Committee – Promoting European intergenerational solidarity – towards an EU horizontal approach (own-initiative opinion), point 3.1 (OJ C, C/2024/6869, 28.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6869/oj>).

⁽¹³⁾ E.g. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7732046/>.

3.5. Creating multigenerational teams is an effective way to fight age discrimination, against young and old alike. Preventing age discrimination is necessary to support employability of older workers, and their recognition on the labour market.

3.6. The EESC has already asked the European Commission ⁽¹⁴⁾ to adopt a recommendation calling on the Member States to take account of intergenerational aspects in the labour market, in particular by establishing appropriate and fair employment standards for all generations, and ensuring the participation of different generations and their cooperation in the workplace.

3.7. The pension systems should be designed in a way that facilitates remaining in employment for longer, if a worker wishes to do so. Many countries are already introducing incentives to remain in employment beyond the statutory pensionable age, including increases in future pensions, tax measures, such as tax breaks for those extending their working lives, as well as solutions to enable combining work and family responsibilities. People over the age of 60, especially women, increasingly provide everyday care for their elderly parents. Access to quality and affordable services, notably long-term care and fair distribution of family care responsibilities between men and women, are key to extending working lives. In this context, services for older people provided by NGOs and social economy entities can play a key role alongside quality public services.

3.8. It may also be useful to maintain links with the workplace post retirement. Voluntary sharing of professional experience between older people and young workers, e.g. in the form of mentoring, can not only make a valuable contribution to the professional development of young people, but also counteract the risk of unwanted loneliness, mental illness and a deteriorating quality of life after retirement.

3.9. A positive attitude to work and the possibility to extend working life should also be promoted whenever desired and possible. The effectiveness of incentives for extending work life requires an active information policy on the part of public authorities as well as social partners and civil society organisations, in addition to measures to tackle age discrimination in the labour market.

3.10. All these aspects should be taken into account in the social dialogue between employers and workers. In this context, the EESC welcomes the *European Social Partners' Autonomous Framework Agreement on Active Ageing and an Intergenerational Approach* ⁽¹⁵⁾. Furthermore, the promotion of longer employment should become part of civil dialogue between generations and to help strengthen intergenerational solidarity.

3.11. The EESC calls for the above-mentioned actions, as well as those that aim to prevent exclusion of older people from the labour market to be taken into consideration in the future European Strategy for Older Persons. The Committee has already argued in favour of such a strategy in one of its opinions ⁽¹⁶⁾.

4. Regulations and good practices for supporting voluntarily longer working lives in selected Member States

4.1. Austria: Workers who have reached retirement age and acquired the right to a pension but still continue to work are, to a certain limit, exempt from paying their share of pension contributions. This allows the net wage level to increase in relation to gross wage. In addition, in the case of older workers who have not yet reached retirement age, contributions to certain social security schemes – unemployment and accident insurance – are reduced which creates incentives both for employers to hire such people and for employees to continue working. If a worker defers retirement he/she is entitled to receive a supplement to the pension.

⁽¹⁴⁾ Opinion of the European Economic and Social Committee – Promoting European intergenerational solidarity – towards an EU horizontal approach (own-initiative opinion) (OJ C, C/2024/6869, 28.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6869/oj>).

⁽¹⁵⁾ <https://www.etuc.org/sites/default/files/circular/file/2019-07/European%20Social%20Partners%E2%80%99%20Autonomous%20Framework%20Agreement%20on%20Active%20Ageing.pdf>.

⁽¹⁶⁾ OJ C 349, 29.9.2023, p. 28.

4.2. Estonia: The replacement rate for pensions is 34,4 % (the EU average is 68,8 %), which compels many pensioners to continue working to maintain their standard of living. Employment is made easier as the pension is not reduced while working and pension is paid in full regardless of employment status. Since 2021, a flexible pension system has made it possible to defer the exercise of pension rights for five years after reaching the retirement age. Deferred pensions increase by 0,9 % for each deferred month, which means that delaying retirement by one year increases the pension by 10,8 %. Other factors contributing to maintaining employment in retirement age include flexible working arrangements, e.g. part-time or remote work, lifelong learning initiatives which help older workers remain competitive and maintains a positive attitude towards experienced workers among employers.

4.3. France: On 14 November 2024, the social partners concluded an agreement obliging them to enter into negotiations every 3 years on the employment and work of seniors. A professional interview is held when the employee reaches the age of 45 to consider adapting the employee's workstation, prevent situations of professional burnout and discuss the wish for mobility or professional retraining. Another meeting is held between the ages of 58 and 60 to discuss job retention and the possibility of end-of-career arrangements (including flexible retirement, which is available from the age of 60, allowing employees to receive a part of their pension while working a reduced number of hours). The agreement introduces, on an experimental basis and for a period of 5 years, the experience enhancement contract for jobseekers aged 60 and over. The contract is subject to the same rules as a permanent contract (except for retirement). The employer is informed of the expected date of acquiring a full pension. There are special compensation conditions for jobseekers aged 55 and over, including an extension of the duration of compensation in the event of training. Legislation provides that an employer who hires a jobseeker aged 45 or over under a professionalisation contract is entitled to financial assistance/exemption from social security contributions.

4.4. Spain: The 'active retirement' scheme allows employees to combine a pension with work while retaining the right to 50 % of the pension. The deferred pension scheme encourages employees to retire later than retirement age, which increases the pension by 4 % per year, with the possibility of a one-off payment or combining both options. In November 2024, both systems were covered by a special agreement between the social partners and ratified by the government, thus making it possible to combine active retirement with incentives to stay in employment. The agreement also establishes a new pension guarantee scheme.

4.5. Lithuania: A variety of measures are being implemented to support voluntary extensions of working life. Lithuania promotes flexible forms of employment such as part-time, contract or remote work. Such arrangements are beneficial both for workers, who can adapt their working hours to their health or personal needs, and for employers, who gain access to experienced workers without the need to hire them full-time. Lithuania's pension system allows for phased retirement and people who continue to work beyond retirement age can receive additional benefits or a higher pension. This is a motivating factor that encourages older people to remain active in the workforce. Older people can remain competitive in the labour market and their marginalisation can be countered through: (a) training in digital and professional skills for people over 50 as part of programmes co-financed by the EU and national funds, (b) measures to support the health and well-being of older employees, such as adapting workplaces, health programmes and regular preventive exams. Additionally, employers are encouraged to hire older employees through various tax breaks, grants and programmes which support the recruitment and adaptation of older people in the workplace. The government's 'Active Ageing' programme promotes seniors' professional and social activity.

4.6. Hungary: In Hungary, employment has reached a historic high also among older workers. Since 2010 the number of employed people over 50 grew at the fifth fastest rate in the European Union, while the growth rate for those over 65 was the third highest. According to the latest measurement of the Central Statistical Office, the number of employed persons over the age of 65 currently amounts to 120 000 (68 000 men and 52 000 women), while their number exceeded 130 000 in the summer months thanks to seasonal employment. The significant improvement is indicated by the fact that in the same period of 2010 barely 30 000 employees over the age of 65 worked in Hungary. A detailed analysis of the employment situation of the working-age population indicates that employment and economic activity are increasing in Hungary in all age groups over 45. The same trend applies to the retired population over 65. They are the ones who return

to the labour market in large numbers and start looking for work. The labour market activity of pre-retirement age groups in Hungary significantly exceeds the EU average. The previously applicable retirement age of 60 for men and 55 for women increased uniformly to 65, while various channels of early retirement ceased to exist. The only exception to this is the Women-40 programme, which allows women to leave the labour market before retirement age when they reach 40 years of employment. At the same time, practical experience shows that a very significant proportion of women subsequently return to the labour market and are gainfully employed in addition to retirement. It may also be an obvious connection with the Women-40 programme that employment alongside retirement has accelerated most dynamically in recent years. At the same time, the number of male employees among workers aged over 50 persistently exceeds that of women, while the oldest age group is characterised by lower than average unemployment.

4.7. Poland: People who continue to work despite reaching retirement age and do not receive a pension are exempt from personal income tax on certain incomes. Women over 60 and men over 65 may benefit from the tax break if they do not receive a pension or a survivor's pension despite being entitled to either. The exemption applies, in particular, to income from employment contracts, economic activities which are subject to a 19 % flat tax rate, a 5 % rate (IP Box relief) and a flat-rate payment on recorded income, provided that the taxable person is subject to social security contributions on this income. This exemption may be used if the amount of income does not exceed PLN 85 528 in the tax year. People receiving a pension can also register with the employment office as jobseekers. The cost of jobs for older people can be partially refunded from public funds.

4.8. Sweden: Flexible pension – In Sweden, one can choose to receive a pension starting at age 63. A person can decide to receive a certain percentage of the pension: 25 %, 50 %, 75 % or 100 %. It is possible to receive a pension and work at the same time, and if someone changes their mind and decides to return to full-time work, they can also put their pension on hold. Since 2023, in Sweden there has been the right to work until the age of 69, while working beyond that age is subject to the employer's consent.

Brussels, 27 February 2025.

The President
of the European Economic and Social Committee
Oliver RÖPKE