

# Summary of the Final Report of the FACTAGE project - Fairer ACTIVE AGEing for Europe.

Contract - BR/164/A4/FACTAGE-BE

## Context

The FACTAGE project ([www.factage.eu](http://www.factage.eu)) starts from the premise that there is substantial scope for increasing the length of average working lives and active ageing in its many facets, but realising this potential requires paying careful attention to questions of equality concerning the elderly, not least prospectively. Furthermore, there is the fundamental issue of how to adapt the requirement to work longer with intergenerational distribution concerns.

Based on multidisciplinary research, including demographers, economist, political scientist, and sociologists, FACTAGE aims at providing evidence on policy approaches across EU countries that are favourable to extending working careers and improving well-being in later life, whilst also generating wider societal, micro-, and macroeconomic benefits.

FACTAGE has a strong focus on broad stakeholder outreach and has engaged in multiple forms of consultation and interaction with stakeholders throughout the life-cycle of the project.

## Objectives

FACTAGE aims to generate and disseminate findings in response to the following questions:

- How do levels in (healthy) life expectancy differ across socio-economic groups in EU countries?
- How do the pension and labour market policy measures designed to expand working lives (current and future) interact with these trends in mortality and healthy life expectancy?
- What role is played in that process by the different institutional arrangements within EU member states?
- How do differential longevity gains and longer working careers affect (in)equality in the experience of ageing and well-being among older people?
- How do longer working lives and grandparental childcare affect labour supply.

The FACTAGE project relied primarily on structured literature surveys and a quantitative methodological approach, including statistical analysis and causal modelling, analysing secondary national and EU level data sources within the fields of economics, demography, sociology, and political science. Furthermore, the project included methodological research on how to utilise existing EU data sources to estimate socio-economic differences in life expectancy.

## Results

### *Changing labour markets: factors related to longer working lives and well-being.*

A number of studies were conducted to look at changing labour market conditions of older workers. Employment rates among 55-64 year olds have but many other indicators of labour market conditions have remained relatively static.

An extension to these research paper studied if earlier retirement affected health of women in Germany. Results suggest that earlier retirement led to improvement in self-assed health and life satisfaction at ages 60 to 62 years old, though our estimates are not significant at conventional levels.

### *Changing labour markets – emerging inequalities*

Grandparental childcare is prevalent throughout Europe. In the context of the policy drive to increase the length of working lives for people aged 55+ this may have several implications. Less time may be available to provide grandparental childcare as the effective retirement age increases; or conversely increasing retirement ages may be less effective in generating labour supply because grandparents choose to devote time to grandparenting. The first study shows that becoming a grandmother lowers employment rates. A second study looked at the effect of grandparental care on mother's labour supply. Results showed that mothers with access to grandparental childcare were more likely to work. No effect was found for fathers.

One study investigated how longer working lives affects domestic divisions of labour. The results suggest that working longer may perpetuate unequal divisions of domestic labour, though more research is needed to clearly disentangle cause and effect as well as covering additional countries.

Two studies investigated skills mismatch among older workers. One looked at data from the UK whereas the other used the PIAAC data from Austria, Germany, Belgium (Flanders), Spain and England. In general, older worker – while having lower overall level of skills – tend to more prone to overuse their skills than younger generations. This implies that there is less potential risk of skill loss.

### *Comparative Assessment of Differential Health and Mortality*

Socio-economic differences in mortality have been known to exist for a long time. A systematic review of the literature on socio-economic divergences in life and healthy life expectancy at the point of retirement revealed large differences across European countries, and that such estimates are not systematically provided for some EU countries. A feasibility study demonstrated that the harmonized longitudinal microdata from EU-SILC can be used to obtain estimates socio-economic inequality in life-expectancy. The researchers further provided recommendations for improving the devised method.

### *Inequalities, the life-course and pension systems*

One study explored to what extent socio-economic differences in health have increased from 2004 to 2015. The study confirmed the findings from the structured literature survey of substantial health inequalities; however, the study also documents sustained improvements in health for both men and women across socioeconomic groups. The trends in health inequalities observed over the period show more distinct patterns. Health inequalities between groups with low and high educational attainment have remained constant. However, comparing trends in groups divided by household income indicates that health inequality for men has widened markedly, whereas this is not the case for women.

Socio-economic differences in health and life-expectancy at age of retirement raises questions of fairness of pension systems. Two contributions were made relating to this debate. One contribution

discussed options to address inequalities, the other contribution noted the problems of identifying individual life-expectancy.

Investment in training is one factor identified as being important for employers looking to accommodate older workers in the workplace. One study followed the lives of a cohort born in 1958 in England, Scotland, and Wales. The study found that training declined with age and was undertaken more by men than women at all ages and more by people with higher qualifications and in less physically demanding jobs. Related to this topic another study looked at the relationship between job satisfaction and the length of working lives. In a hypothetical counterfactual situation where all older workers are very satisfied with their job, people would, on average, work around three months longer before retiring than they presently do.

### **Conclusions and recommendations**

Here we emphasize seven sets of findings.

- A method was developed to estimate socio-economic differences in life-expectancy based on the EU-SILC database. This will allow for within EU cross-country comparison in the level and development of socio-economic differences in life-expectancy.
- Addressing socio-economic differences in life-expectancy via the pension system is complicated by the fact that health and age of death varies a lot within socio-economics groups.
- A structured literature survey showed that inequalities in life expectancy and healthy life expectancy LE and in HE by level of educational attainment at age 50 are large but varies across EU countries. A study showed mixed results when it came to the development in inequalities
- Results suggest that longer working lives may perpetuate unequal divisions of domestic labour, though more research is needed to clearly disentangle cause and effect as well as covering additional countries.
- Employment rates among people aged 50-64 years have increased significantly in many countries in the past two decades. However, many indicators of labour market conditions have remained relatively static. Disaggregating by gender and employment rarely changes the conclusion. As an example, we find little evidence that increasing the employment rate of the 55-59-year olds relative to the 45-49-year olds has led to increases in part-time, temporary and self-employment in general.
- Grandmothers (on average) reduce their employment quite substantially upon becoming grandmothers; as a mirror of that, daughters labour is supply is considerably higher when grandparental care is available. Both findings have implications for the total labour supply effect of increasing retirement ages as this likely lowers potential childcare by grandparents.
- Increasing 'on the job' satisfaction – by providing better working conditions – only has a small effect on length of working live of senior workers (aged 50-64). The primary reason is that a large majority of worker are already very satisfied or satisfied with their job. Those with lower job satisfaction, though, would work longer if job satisfaction could be improved. This suggests that improved working conditions will have little overall effect on working lives via job satisfaction (though, there could be an effect through improved health).

**Keywords: Older workers, inequality, labour market, life expectancy, pensions**