

Increasing the effective retirement age through flexible working opportunities, financial incentives and the promotion of lifelong learning

Measure dimension

Improved inclusion of demographic groups in the labour market

Rating

The measure **boosts the work volume significantly** across all industries but faces **political challenges** and costs.

Impact 860'000 more people working and 860'000 less people in retirement (+1 year increase, next 15 years)

Range Measure affects nearly the whole labour market.

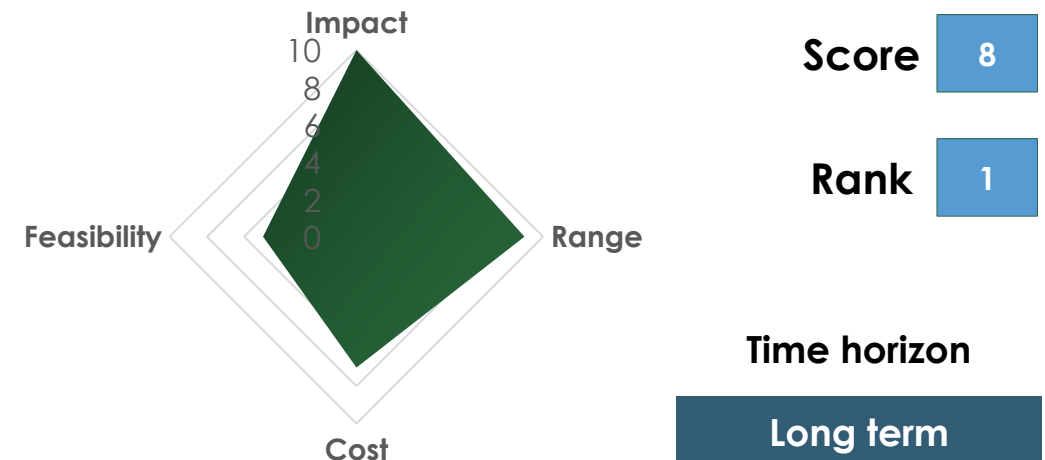
Cost Costs hinge on the political persuasion effort and the labour condition improvement expenses that require political approval.

Feasibility Retirement age increased not long ago, politically difficult to increase again, under the current conditions, people do not wish to work any longer.

Implementation to date in Germany

Step-by-step increase of the retirement age from 65 to 67

- Retirement age **raised to 67** in 2012.
- Early retirement leads to a 0.3% monthly pension reduction (3.6% yearly).
- **Effective** retirement age is **63,2**.
- The increase in the retirement age **sparked mixed reactions** and led to debates on its impact and necessity.



In order to raise the retirement age in the future, appropriate measures must be taken now

Cross-referencing for validation

- Germany's current retirement age of 67 is relatively **favorable compared to other** Western European countries. Implementing a further increase is challenging due to previous adjustments.
- In 2016, the average **effective** retirement age in **OECD** countries was 65.1 years for men and 63.6 years for women. (Germany: 63.2)
- The average effective retirement age in Germany is **below the OECD average**, although the **regular retirement age is lower** in many countries.

Country	Retirement age	Plans to increase
Switzerland	64/65	65 (for all)
France	62	64
Great Britain	66	Probably
Netherlands	66.3	Yes
Sweden	65	Other measures

Specific recommendations for action

Creating work incentives for post-retirement to raise the effective retirement age.

- **Flexible work options:** Offer part-time and phased retirement opportunities to accommodate older workers needs.
- **Financial incentives:** Provide rewards or bonuses for delaying retirement, such as increased pension benefits.
- **Promote lifelong learning:** Encourage ongoing education and skill development to keep older individuals competitive in the job market.