

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

## Measure dimension

Demographic inclusion

## Rating

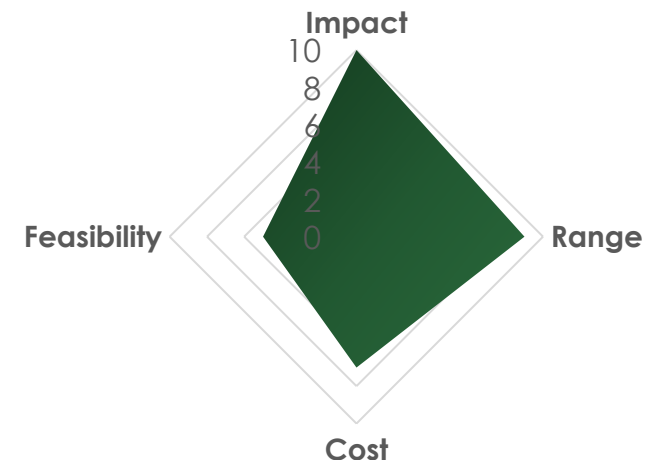
The measure **boosts the work volume significantly** across all industries but faces **political challenges** and costs.

<b>Impact</b>	860'000 more people working and 860'000 less people in retirement (+1 year increase, next 15 years)
<b>Range</b>	Measure affects nearly the whole labour market.
<b>Cost</b>	Costs hinge on the political persuasion effort and the labour condition improvement expenses that require political approval.
<b>Feasibility</b>	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



Score **8**

Rank **1**

Time horizon

**Long term**

## 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