

# Active ageing and longer working lives

## Key policy choices in Finland

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# The need for structural reform

- Respond to population ageing
  - Reduce inflow into sickness and disability benefits
    - ❑ Use of disability schemes to cushion job losses
  - Increase outflow from disability benefits / disability pensions
    - ❑ Improve cooperation of rehabilitation authorities
      - Earlier and ongoing information exchange
      - Avoid that PES involvement is coming too late
  - Address sectoral labour shortages
    - ❑ Labour shortages are less urgent in the short term
  - Tackle exclusion and utilise labour sources
    - ❑ Labour market exclusion of ageing jobseekers and for health reasons
  - Control public spending
  - Maintain economic growth



# *Job retention vs new hiring*

- legislation and regulations to keep ageing workers in work will often serve to protect the jobs of *existing* workers. At the same time, these measures can reduce hiring opportunities for ageing jobseekers because employers form a view that the various imposed responsibilities are so onerous and contracts with those workers legally so difficult to terminate, that it is safer not to take on any ageing workers because of the (potential) health issues.
- Labour costs by age or risks related to age



# The National Programme on Ageing Workers (1998 – 2002) 1/3

- Objective: to strengthen the status of ageing persons in the labour market as well as to improve their possibilities of staying at work and help them get employment.
- The programme consisted of comprehensive information and training projects carried out simultaneously in different administrative sectors
  - influencing general attitudes
  - attention to developing managerial skills and management culture. The purpose was to educate managers to take account of the age aspect when planning tasks and directing operations, and to develop good practices.
  - life-long learning (improving the knowledge and skills of adults with an incomplete basic education and poor vocational skills): conversion education, tailored training programmes, professional exams, apprenticeship systems and working life-oriented continuing studies for the vocational post-secondary level
    - The share of those having a degree for 55–64yrs have risen from 10 % (year 1970) to 69 % (year 2010)



# The National Programme on Ageing Workers (1998 – 2002) 2/3

- Services: Securing labour market integration of all those who would wish to work
  - coherent service provision / joint services / easy to access / one stop services (LAFOS: Cooperation of municipalities, SII and PES)
  - Development the transitional labour market (promoting employability: combining wage subsidies and skill management , e.g. labour market training)
  - job coaching

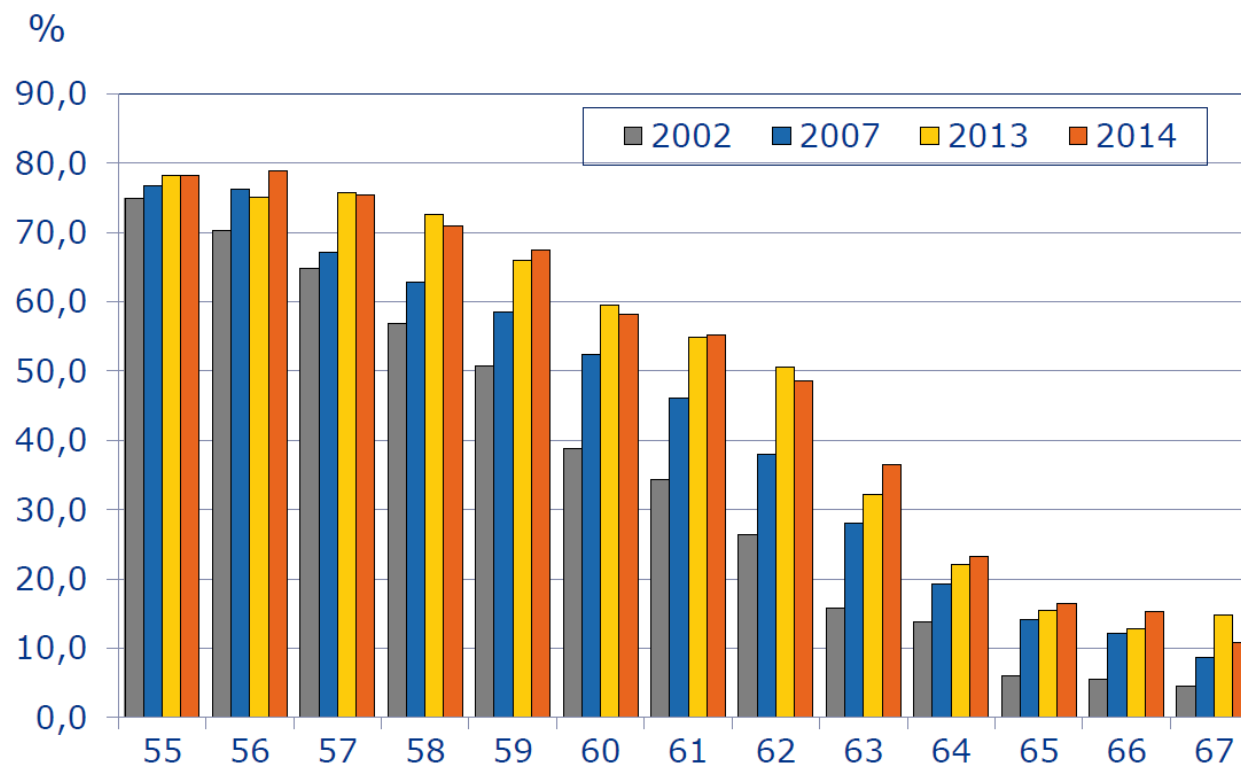


# The National Programme on Ageing Workers (1998 – 2002) 3/3

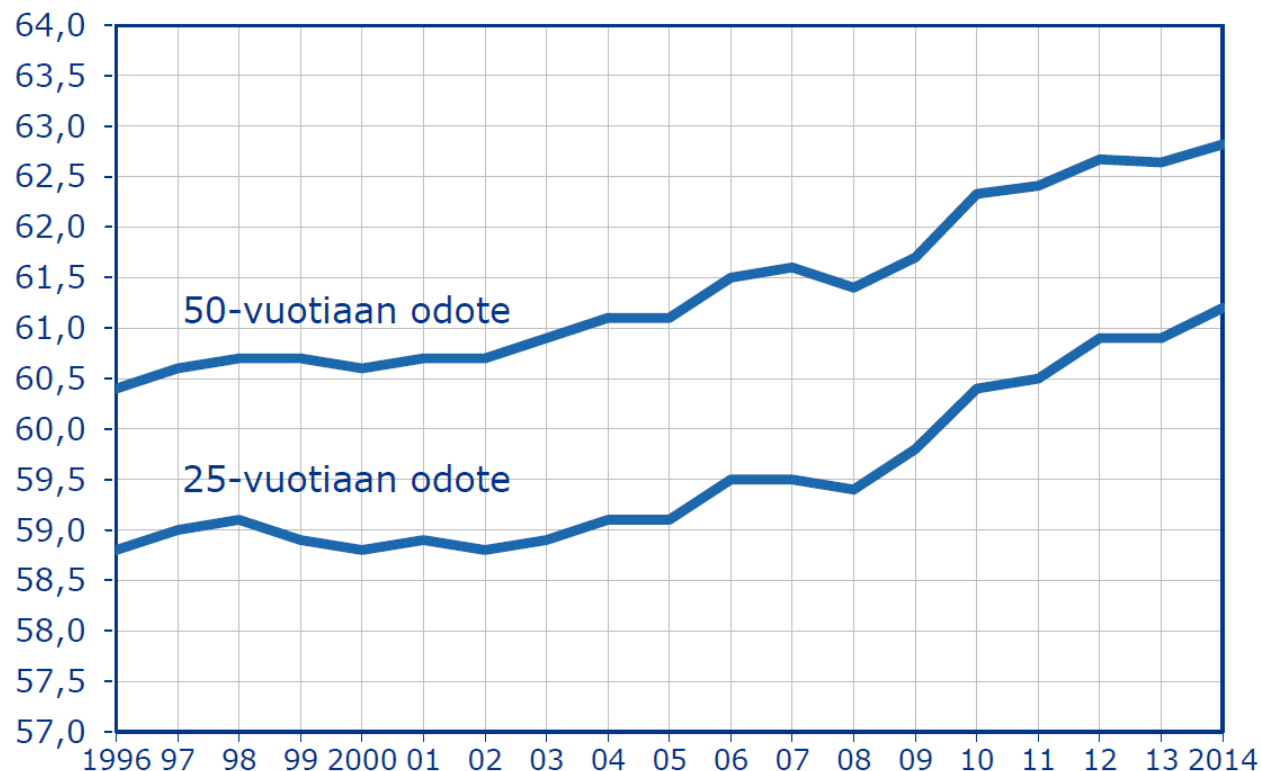
- Comprehensive developments in legislation were also achieved under the "umbrella" of the programme.
  - New Occupational Health Care Act 2002
    - employers are required to organize and pay for preventive services for all workers regardless of the size, industrial sector or form of the enterprise. Both private and public sectors are covered. Curative services are voluntary, but they are included in 80% of the service agreements.
  - Pension legislation reform 2000 and 2005
    - Restricting benefits & changing their content to encourage people to continue working
    - Flexible retirement age
    - Priority of rehabilitation over pension
    - Experience-rated disability pension contributions based on disability pension claims (last employers responsibility)
  - Sickness insurance act 2004
    - Possibility of gradual return from sick leave / partial disability allowance



# Changes on employment rate by age cohorts 55-67

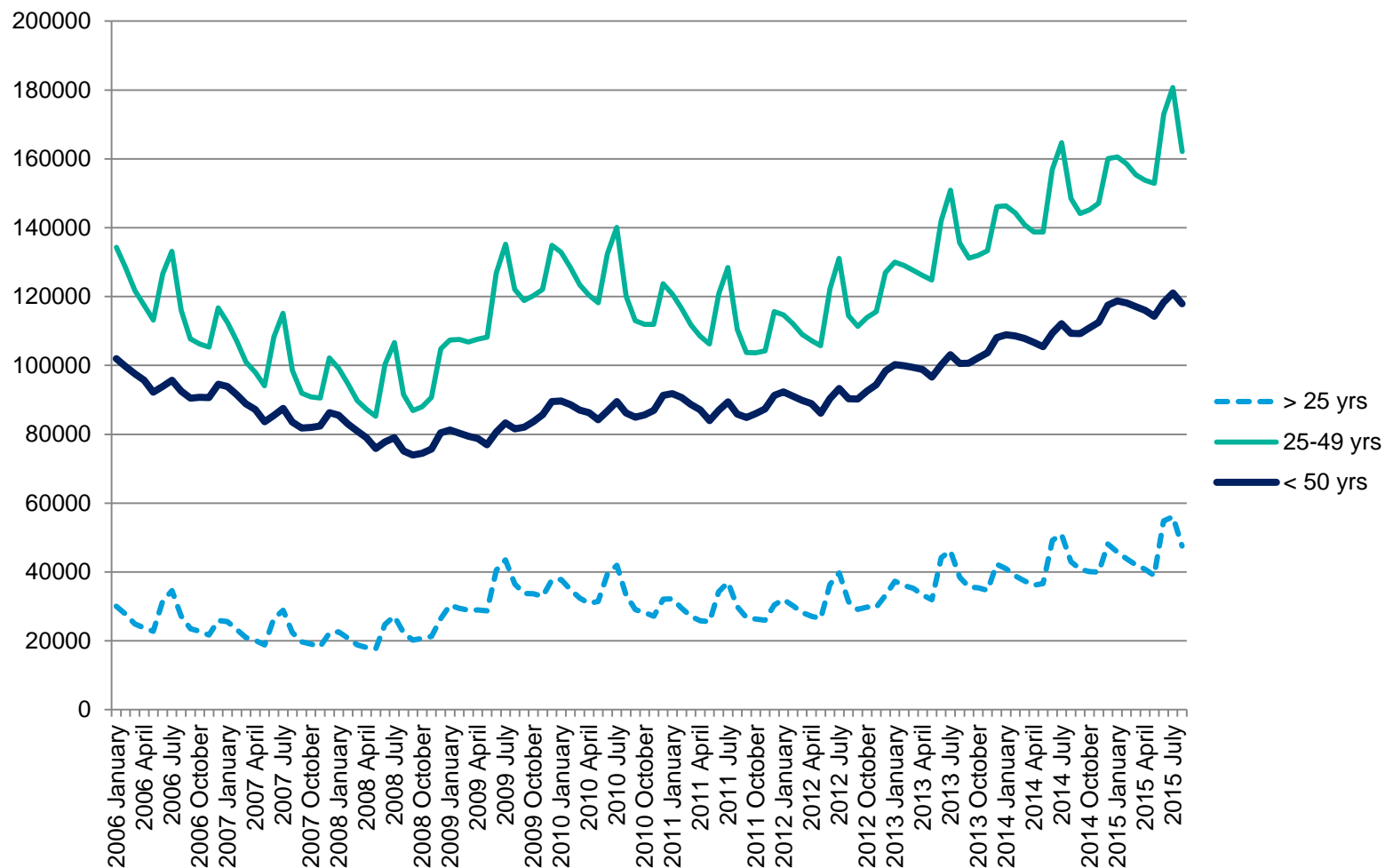


# The expected effective retirement age for 50 and 25 year olds in 1996-2014

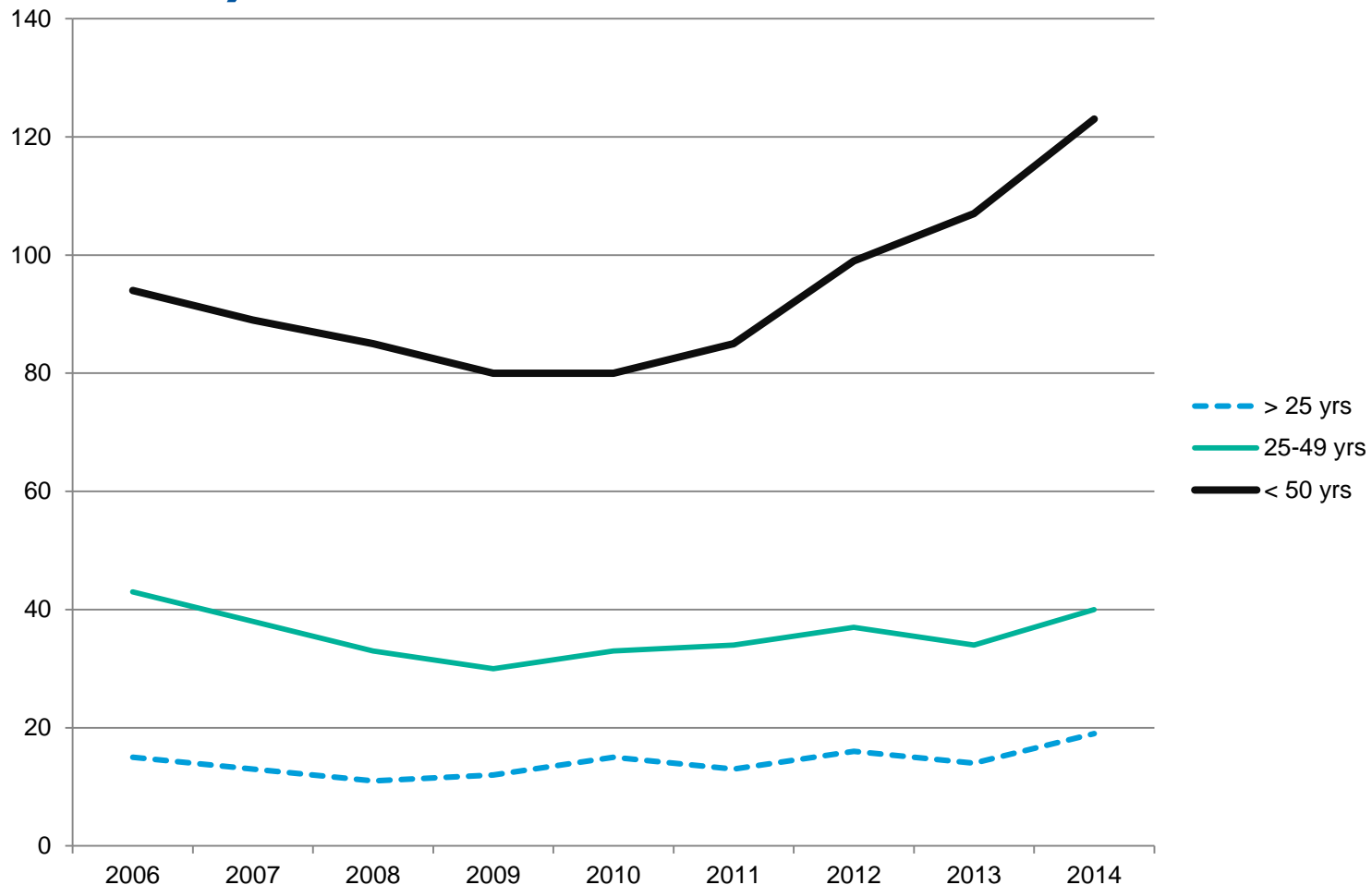




# Unemployed jobseekers by age groups



# The average duration of unemployment (months)



# Future challenges and solutions

- Consolidate the extensive employer responsibilities eg. the experience-rating system
  - Counterbalance resulting hiring disincentives
- Socio-economic differences in health/ Improvement of sickness management
  - Universal OHS coverage, including for the jobless
  - Gear unemployed who are sick towards an early intervention process
  - Integrating PES and vocational rehabilitation
- Make work pay
  - Gradual phase out of (full and partial) disability benefit

