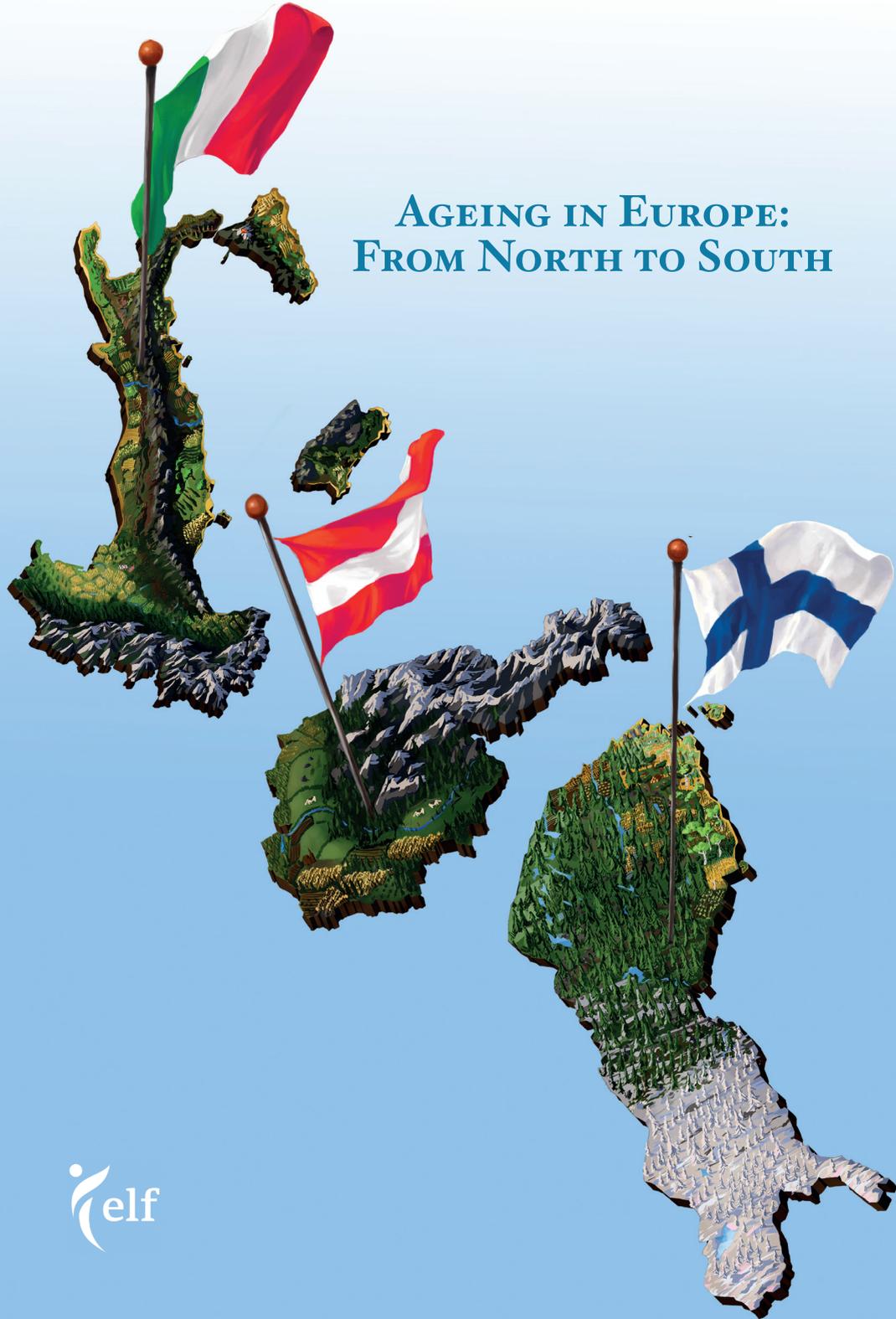


AGEING IN EUROPE: FROM NORTH TO SOUTH



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Ageing in Europe: From North to South
AGEING WELL AS AN EXPORT: LOOKING AT
THE EUROPEAN STATISTICS AND BEYOND
BEST POLICY AND PRACTICE RECOMMENDATIONS
FROM FINLAND, AUSTRIA AND ITALY



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WHAT IS ELF?

THE EUROPEAN LIBERAL FORUM (ELF) is the official political foundation of the European Liberal Party, the ALDE Party. Together with 47 member organisations, we work all over Europe to bring new ideas into the political debate, to provide a platform for discussion, and to empower citizens to make their voices heard.

ELF was founded in 2007 to strengthen the liberal and democrat movement in Europe. Our work is guided by liberal ideals and a belief in the principle of freedom. We stand for a future-oriented Europe that offers opportunities for every citizen.

ELF is engaged on all political levels, from the local to the European. We bring together a diverse network of national foundations, think tanks and other experts. At the same time, we are also close to, but independent from, the ALDE Party and other Liberal actors in Europe. In this role, our forum serves as a space for an open and informed exchange of views between a wide range of different actors.

WHAT IS SVENSKA BILDNINGSFÖRBUNDET (FIN)?

SVENSKA BILDNINGSFÖRBUNDET (SBF) brings together the Swedish-speaking and bilingual population in Finland, promotes lively educational activities and constructive societal discussions. SBF promotes the understanding of the international community and the development of the European integration.

SBF organises courses, seminars, and conferences, as well as study circles and other educational activities. SBF builds networks between different interest groups that share SBF's goals.

SBF's activities are divided into five fields of activities: regular educational activities and seminars; the think-tank Agenda; Liberal praktik -internship program and the Leadership Academy as well as projects conducted in cooperation with partners. All these fields operate under SBF.

SYNOPSIS OF REPORT

This white paper report covers three parts: 1) synthesising EU wide statistics of key indicators related to the ageing population, 2) describing and comparing country-specific cases (country-specific data and national ageing policy agendas) and, finally, 3) the formulation of consensus-based recommendations - based on the synthesis of statistical data from selected key indicators and best practice policy examples identified from the partner countries. In the framework of this project, we will compare and contrast how the prerequisites for ageing are described and viewed in the EU member states, in order to learn from each other and exchange best practice examples with regard to policymaking. In order to do so the project will also provide a statistical outlook on key factors of ageing for all EU member states. The expected outcome of the project is a brief inventory of facilitators/opportunities and obstacles/challenges in the partner countries related to the ageing population and its welfare.

CHAPTER I: AGEING IN EUROPE



AUTHOR:
DR. ANNA K. FORSMAN

I.1 EQUAL AGEING IN THE EU? THE NUMBERS AT A GLANCE

SETTING THE SCENE

IN 2013 KATHERINE Swartz identified two main factors that are changing the face of OECD countries. First, the rapid ageing of the populations, where Japan was leading with 23% of its population aged 65 years or older. Germany, Italy, and Sweden were close behind with 20–21%; Belgium, the Netherlands, Portugal, Spain, France, Austria, Hungary, and the United Kingdom had 16–18%; and the United States had just over 13% of the population aged 65 years or older. The second factor mentioned in this report was the financial crisis in Europe, with spill over effects on the United States and other countries, which has greatly increased concerns about financing the ageing populations' needs for health care services and social welfare benefits. Debates about intergenerational responsibilities are evident in current research studies examining how countries are revising programmes that target the promotion and protection of health and social welfare of the ageing population.

In Europe, there is a great diversity in welfare models and their emphasis on institutional support versus support received from the family. Starting from the North, the Nordic Welfare Model builds on progressive taxation, and offers highly developed institutional social welfare. However, the well-known Nordic model actually covers countries with low-income disparity and growing economies, as well as countries with higher income disparity and economic stagnation. The Continental model has similarities with the Nordic model and is based on the principle of security and a system of subsidies which

are not conditioned to employability, while the Anglo-Saxon model covers a lower level of expenditures compared to the other models mentioned. Here, the subsidies are directed to a higher extent to the working-age population and to a lower extent to pensions and access to subsidies is conditioned to employability. The Mediterranean Model of familistic welfare systems builds on generous state pensions, employment-related welfare benefits and labour market regulation.

Based on open access EU wide data we will in this section compare the prerequisites for an active and healthy ageing across EU member states, looking at selected indicators related to the following topics:

1. Social welfare system and policies related to ageing (including pension systems and policies relevant for older workers and related reform trends)
2. Life expectancy and self-rated health (including healthy ageing indicators)
3. Digitalisation and related trends among the ageing population that supports active ageing and social inclusion

1.2 POPULATION DEVELOPMENT IN THE EUROPEAN REGION

Statistics on population change and the structure of population are increasingly used to support policymaking and to provide the opportunity to monitor demographic behaviour within various contexts. In particular, this concerns demographic developments that focus on a likely reduction in the working-age segment of the population or a corresponding increase in the number of older persons. Statistics on population development may be used to support a range of different analyses, including studies relating to population ageing and its effects on the sustainability of public finance and welfare, or the economic and social impact of demographic change on society.

THE POPULATION OF the EU-27 increased during 2019 by 0.9 million people (Eurostat, 2019). Population growth was unevenly distributed across the EU Member States: a total of 18 Member States observed an increase in their respective populations, while the population fell in the remaining 9 Member States. Malta, Luxembourg, Cyprus, and Ireland recorded the highest population growth rates in 2019, with increases above 10.0 per 1 000 persons, five times the EU-27 average of 2.0 per 1 000 persons. Among these four EU Member States with the highest rates of population growth, the fastest expansion in population was recorded in Malta with an increase of 41.7 per 1 000 persons. The largest relative decreases in population were reported by Bulgaria (-7.0 per 1 000 persons), Latvia (-6.4 per 1 000 persons), Romania (-5.0 per 1 000 persons) and Croatia (-4.4 per 1 000 persons) (Eurostat, 2019).

Table 1.

Population ageing in the EU Region the recent decade

(Source: Eurostat)

EU wide healthy and active ageing indicator (EU-27)	2010	2015	2019
Life expectancy at birth, years	80	81	82
Population aged 65 years and over as % of total population	17.5 %	18.9 %	19.7 %
Old age dependency ratio (the number of people aged 65 and over in relation to hundred people aged 15-64)	26.1 %	28.8. %	29.9 %

Figure 1 shows the demographic development for EU27 from 1960 up until today, as well as the corresponding curves for the four countries in special focus in this report (Italy, Austria and Finland). Further, in Figure 2, the expected population development is illustrated, where a clear decrease in total population rates (given in millions) can be depicted looking at the whole EU region and most of the countries in focus.

Among the 18 EU Member States where the population increased in 2019, 10 recorded both a natural increase and positive net migration contributing to their population growth. In Czechia, Germany, Estonia, Portugal, Spain, Slovenia and Finland, the positive net migration was the sole driver of population growth, as natural population change was negative. Of the 9 EU Member States that reported a reduction in their level of population during 2019, Greece, Italy, Hungary and Poland recorded a decline in the population solely due to negative natural change, while net migration was positive.

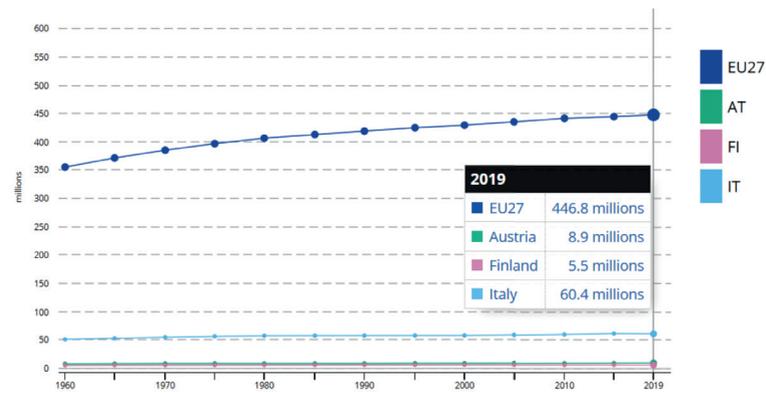


Figure 1. The demographic development for EU27, as well as for Italy, Austria and Finland from 1960-2019 (datasource: Eurostat).

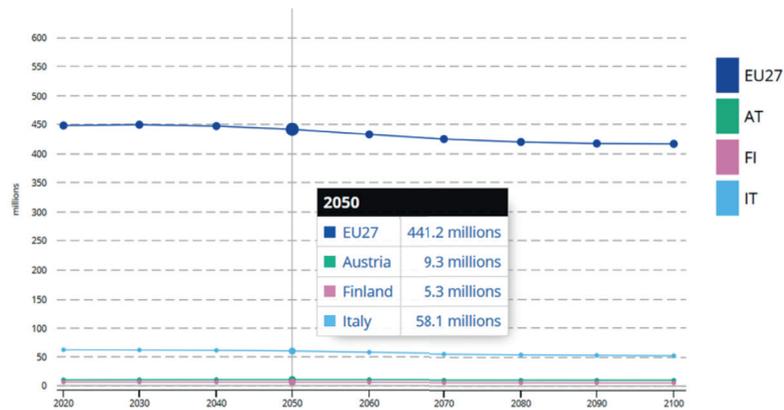


Figure 2. The expected population development for EU27, as well as for Italy, Austria and Finland year 2020 onwards (datasource: Eurostat).

1.3 EU-WIDE INDICATORS FOR HEALTHY AND ACTIVE AGEING

THERE ARE DIFFERENT ways of defining older people, views and perceptions on both ageing and on who is an older adult vary. Statistics on ageing generally categorise older people as being above a certain age threshold. For example, the United Nations defines older people as those aged 60 years or more (United Nations, 2013). Also, the threshold of 65 years is frequently used in statistical information reported by e.g., Eurostat or the World Health Organization.

There were 101 million older people - defined here as those aged 65 years or more - living in the EU region at the start of 2018. This equated to almost one fifth (around 20 %) of the total EU population (Eurostat, 2019). During the next three decades, the number of older people in the European Union is predicted to increase, peaking at 149 million inhabitants in 2050. Their relative share of the total population will also gradually increase and is projected to reach 28,5 % in 2050.

The demographic changes described above have led to a growing number and share of older people and this process of demographic ageing can be considered a success story in many ways. For a large number of people there is much to enjoy and look forward to in later life - especially if these later years of life are spent in good health. Older people are quite often satisfied with life and many feel a strong connection to their families, friends and local communities (Lara et al., 2019).

Nevertheless, the growing number and share of older people within society comes with a range of potential economic challenges (Eurostat, 2019). Some forecasts suggest that population ageing will likely put forth downward pressure on economic growth, as well as

lead to higher social costs and impact on the sustainability of government finances. These arguments are centred on the assumption that the old-age dependency ratio (i.e., the number of older citizens in relation to the number of working-age citizens) will continue to rise. This may lead to continuously increased burden on government finances, changes to the pension systems. Others argue that population ageing should not be viewed as a barrier for economic growth and that it may instead provide an incentive for developing new goods and services in society - for example, housing or health and social care services adapted to the needs of an ageing population. It has been noted that in some EU Member States, the population ageing has led to a growing proportion of affluent older people choosing to spend more, and thereby opening up for new markets and service development strategies.

No matter which of these predictions you are inclined to support, it is evident that the promotion and protection of active and healthy ageing is a key to a European sustainable society. Therefore, this report is focused on various indicators that carry actionable knowledge in how to support perceived health and wellbeing among older adults – taking a closer look at the social prerequisites and circumstances central in achieving better health and wellbeing. These indicators are as follows:

Life expectancy

In 2018, women aged 65 years living in the EU-27 could expect to live for an additional 21.6 years and men of the same age an additional 18.1 years (Eurostat, 2020). On average, this means 20 additional years after 65. Further, across the EU-27, women aged 65 years could expect to live

an additional 10.0 years of their remaining lives in a healthy condition, while the corresponding figure for men aged 65 years was 9.8 years. In general, those older people who were living in EU Member States with higher life expectancy tended to spend a lower proportion of their elderly lives with health problems. For example, compare the situation for older people in Sweden (with relatively high life expectancy) – who, on average, spent the vast majority of their later years in relatively good health – with that in Slovakia (with lower life expectancy), where older people spent approximately one-fourth of their remaining lifespan in relatively good health. The country case reports in Chapter 2 of this report target both the increased life expectancy, as well as other health and well-being indicators relevant to population ageing.

Self-rated health and perceived life satisfaction

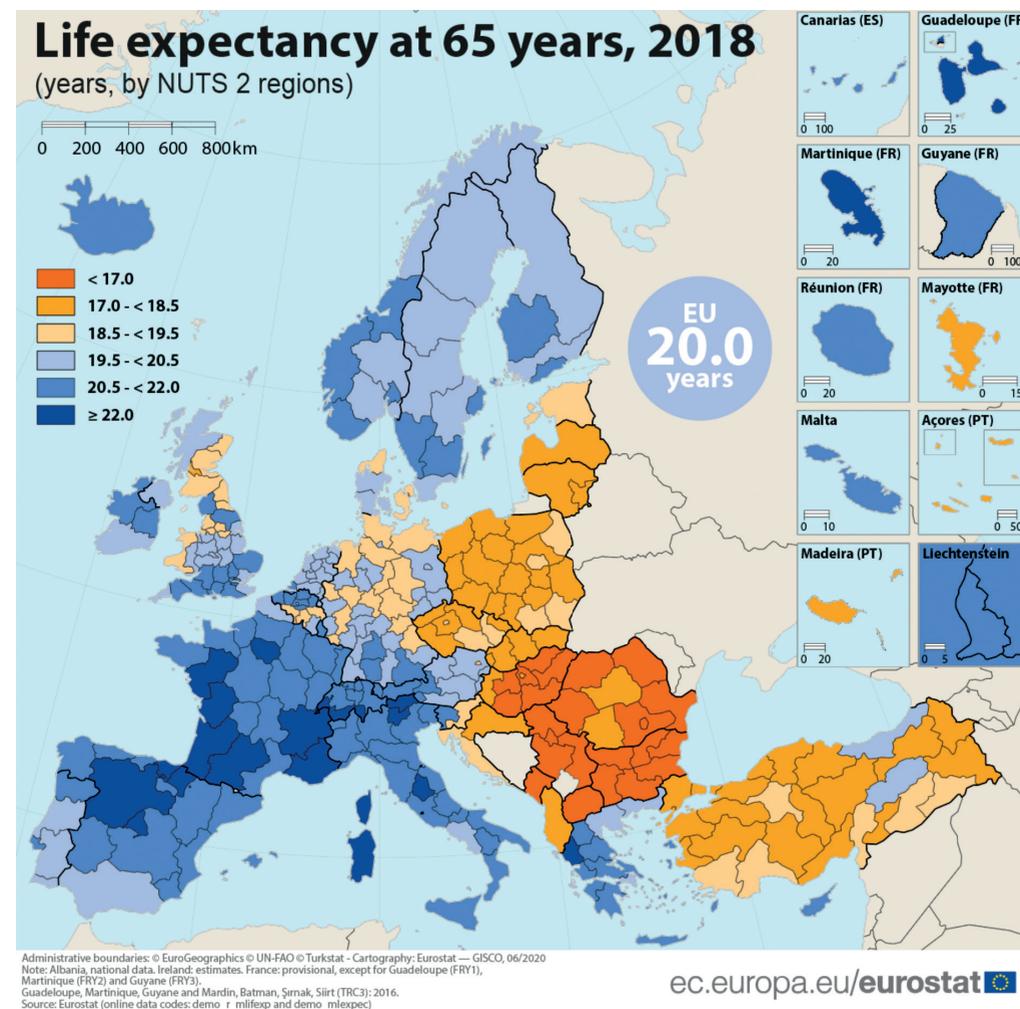
In 2018, nearly 70 % of the EU-27 adult population (aged 16 years or more) considered their own health to be good or very good. To compare, almost 50 % of older adults (aged 65-74 years) in the region perceived their health to be good or very good, compared to one third among those aged 75-84 years and one fifth among people aged 85 years or more. Looking at gender differences, a higher proportion of older men than older women tended to perceive their own health as good or very good. Across the EU Region, Ireland recorded the highest shares of older women (nearly 70 %) and older men (around 65 %) perceiving their own health as good or very good. Ireland was also the only Member State to record a higher proportion of older women than older men perceiving their own health as good or very good. By contrast, the share of older men perceiving their own health as good or very good was more than 10.0 percentage points higher

than the corresponding share for older women in Spain, Malta, Cyprus and Romania (where the largest difference was recorded). Another significant difference was found in the data looking at income level, where older people with high incomes were more likely to perceive their own health as good or very good across the region. Thus, the social gradient of health and wellbeing is evident (e.g., Marmot, 2015), looking both at the gender and socio-economic differences in perceived health and wellbeing identified from the data (Eurostat, 2019).

Retirement and social welfare

Population ageing may carry challenges for our welfare systems and public finances across the EU Region. On average, the EU Member States spend more than a quarter of their GDP on social protection, most of it for the benefit of older people in the form of e.g., pensions and health and social care services. Further, the economic recession periods have brought large public deficits and debt burdens at a time when the large post-war cohorts are retiring from the labour market. Indeed, according to Eurostat statistics (Eurostat, 2020), the old age dependency ratio in 2040 is projected to be 46,4 % for the EU-27 Region.

In the EU Member States, the most general retirement age is 65 years, but many countries are looking to raise it. Increasingly, the retirement age is being linked to life expectancy. In some EU countries, the retirement age is different for men and women. In these cases, women have a lower retirement age. As a rule, as the retirement ages rise across the EU Region, women's retirement ages will be the same as those of men. In this report, the authors provide more in-depth analyses and research regarding pension systems and related opportunities and challenges ahead following the demographic changes.



Source: https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo_r_mlifexp&lang=en

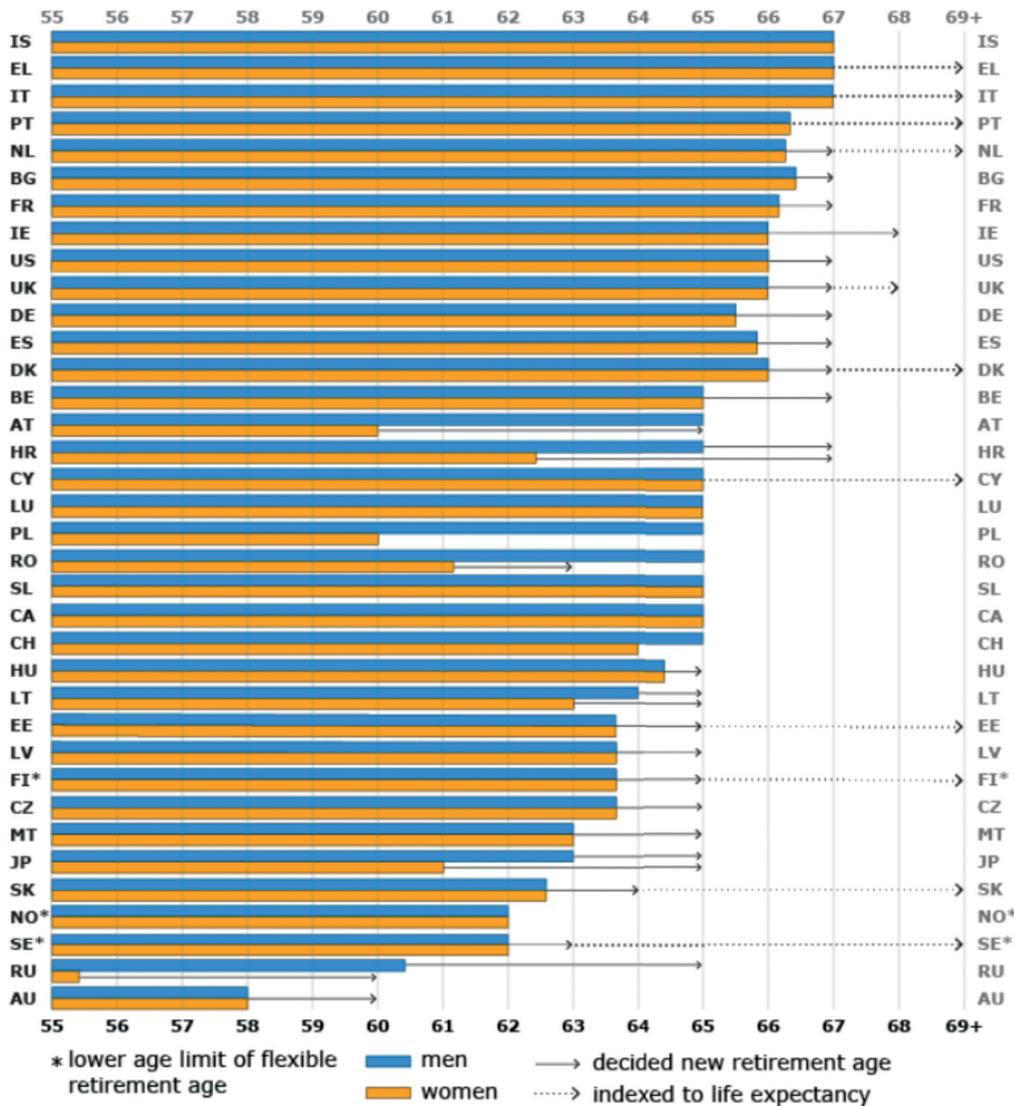


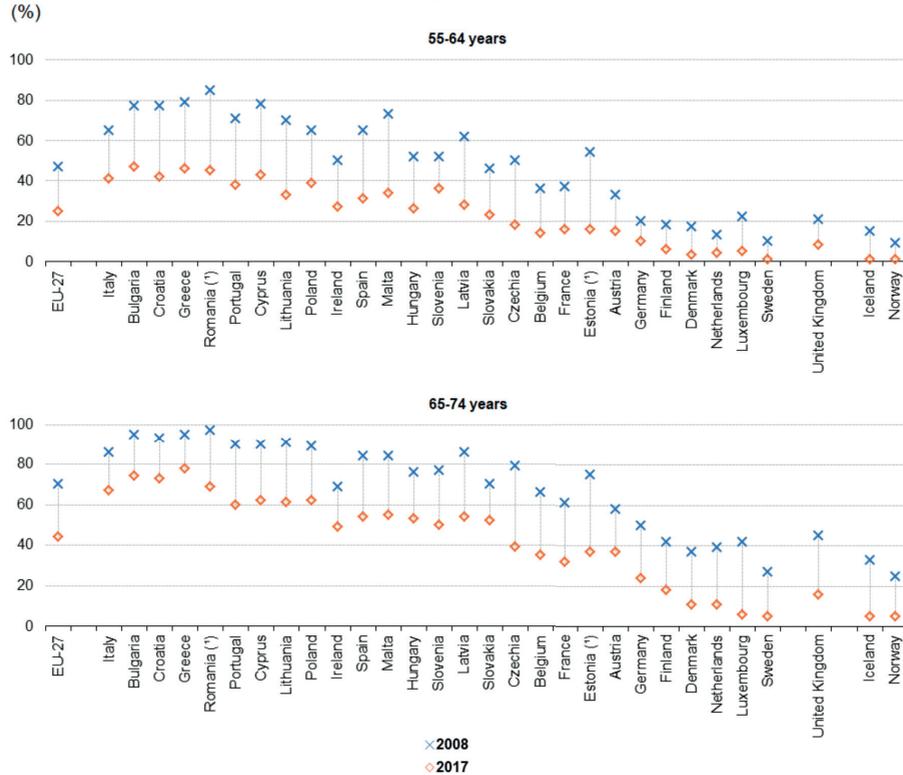
Figure 3. The earnings-related retirement age across Europe, as well as the national retirement age (if it deviates from the first) and men's and women's retirement ages (if they differ from each other) (Source: <https://www.etk.fi/en/work-and-pensions-abroad/international-comparisons/retirement-ages/>).

Digitalisation and the digital divide

More than three quarters of all adults in the EU made use of the internet on a daily basis (Eurostat, 2020). Older men tend to be more likely than older women to make use of digital technologies; this may be linked to older men having been more exposed to new technologies in the workplace (either due to their choice of occupation or because of a higher proportion of men than women found in the workforce). Looking at the statistics regarding the older segment of the population, 43 % of people aged 65-74 were not using the internet in the EU member states in 2019. They were therefore three times as likely as all adults (aged 16-74 years) not to have used the internet.

The proportion of individuals who have never used the internet halved from 42 % in 2006 to 21 % in 2013 (Eurostat, 2016). However, this trend has slowed down in recent years (Eurostat, 2020) and large digital divides remain as regards levels of non-use by country. While many EU citizens may find it difficult to imagine life without the internet, there are in fact widespread disparities between EU regions in terms of daily use of the internet. As a rule, northern and western regions generally report higher levels than southern or eastern regions when it comes to the use of the internet and ICT technologies. Also, the proportion of adults making daily use of the internet was usually relatively high in capital and other urban regions whereas it was generally lower in more rural or remote regions. For example, in Bulgaria and Greece the share of older people that had not used the internet was 47 percentage points higher than the share for the whole of the adult population. This difference was between 39 and 46 percentage points in e.g., Slovakia, Croatia, Poland, Lithuania, and Portugal.

People never having used a computer, by age class, 2008 and 2017



Note: the figure is ranked on the share of the adult population (16-74 years) never having used a computer (2017).

(*) Break in series.

Source: Eurostat (online data code: isoc_ci_dfp_cu)

eurostat

Figure 4. Internet use in the older population segment across EU Region (Source: Eurostat, 2020; accessed via: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Ageing_Europe_-_statistics_on_social_life_and_opinions).

The case studies

IN THE COMING chapters the authors will present national population-based data and information on country-specific policies with case descriptions.

The Finnish chapter focuses on the social indicators of health and wellbeing, with a particular emphasis on the subjective dimension and the mental wellbeing aspects of ageing and health. Further, best practice policy examples are described, where a person-centred approach in supporting health and wellbeing in later life on the older individuals' own terms is highlighted.

The Austrian chapter is divided in three parts, focusing on the sustainability of the Austrian pension system, the potential of older persons in employment and fairness in the financing of long-term care.

The Italian chapter provides an in-depth analysis of the ageing population using descriptive statistics and taking into account the Italian "chronical" issues of the low natality index as well as the ever-growing ageing trend. These challenges could be addressed by national policies, included but not limited to fostering integration between young and elderly classes, and between native and naturalized older Italians. In this regard, it is fundamental to highlight both the importance of a 'medical and scientific approach', as well as the relevance of the psychological standpoint underlying active and healthy ageing conditions and ageing in general.

Concerning Italian excellences, the chapter highlights how a general easy access to facilities and leisure, as well as the historical solid importance given by the Italian culture and customs to family relationships, makes ageing a highly tolerable process, at least on a

psychological and affective standpoint. Also, the so-called 'Mediterranean diet' and Italian excellences in the agri-food sector benefits healthy ageing.

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CHAPTER 2: FINLAND



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WHERE DO WE EXCEL IN OUR COUNTRY?

THIS CHAPTER WILL focus on the social indicators of health and well-being, with a particular emphasis on the subjective dimension and the mental wellbeing aspects of ageing and health. The author has been involved in several national and international research projects alike, where these knowledge areas have been of core interest. The basis for this sub chapter is therefore the data and knowledge obtained through these research activities.

2.1 A BRIEF OVERVIEW BASED ON NATIONAL STATISTICS

LOOKING AT STATISTICAL information on welfare and health in the ageing population in Finland (Sotkanet, 2020), you can see that, overall, the ageing segment of the population spend their later years in good or very good health (see Table 2). For example, over 50 % of people aged 65 years or over rate their health and their quality of life alike as good or very good. In terms of social inclusion, less than 10 % of people aged 65 years or over report that they feel lonely, despite the fact that nearly 50 % of people aged 75 years and older are living alone. Only a minority report that they lack social support or help and few are according to the national statistics in a poor financial situation.

The retirement age in Finland, as well as in several other Nordic countries, is flexible. That means that a person can take out their pension within a certain age range, starting from 63 years. The retirement age does not differ by gender and the general retirement age for the national pension is 65 years. In Finland the national pension amount depends on how long you have lived in Finland between the ages of 16 and 65 (Eurostat, 2020).

Table 2.**Country statistics on the demographic situation and related ageing health and wellbeing indicators.¹**

Healthy and active ageing indicator (data from national statistics, 2018)	
Experienced difficulties to take care of oneself (% out of the population aged 75 years and over)	11.1 %
Experienced lack of help (% out of the population aged 65 years and over)	7.8 %
Self-rated health as moderate or poor (% out of the population aged 65 years and over)	48.0 %
Self-rated quality of life as good or very good (% out of the population aged 65 years and over)	51.1 %
Poor financial situation (little or no earnings-related pension recipients aged 65 years or over, % out of the population)	2.0 %
Living alone (% out of the population aged 75 years and over)	47 %
Experiencing loneliness (% out of the population aged 65 years and over)	7.2 %
Social participation - organisation/voluntary activities (% out of the population aged 65 years and over)	29.3 %

¹ *Sotkanet database (accessed November 10th 2020)*

2.2 THE EMMY PROJECT ON MENTAL WELLBEING AMONG THE OLDEST OLD AND RELATED WELFARE MODEL DETERMINANTS AND POLICIES

THE EMMY PROJECT was an interdisciplinary and mixed methods comparative study on the impact of welfare systems on mental wellbeing among the oldest old (defined as 80 years and over) in Finland, Italy, Norway and Spain, during the years 2017-2019². The project was funded by the More Years Better Lives Joint Programming Initiative³.

The mixed methods project explored the concept of mental wellbeing in oldest old age by qualitative methods, outlined the multidimensional components of mental wellbeing using European Social Survey data, and investigated links between welfare systems and mental wellbeing.

According to the qualitative study findings (Lara et al., 2019), based on interview data material encompassing 117 participants aged 80 years or over, the mental wellbeing concept covers four dimensions: functional, social, personal and environmental. Staying physically and mentally healthy and maintaining independence, having close relationships with others, and insightful experiences with friends positively contributed to mental wellbeing. Additionally, engagement in fruitful or inspiring activities contributed to enhance personal de-

² *For more information, please visit: <https://tbl.fi/en/web/tblfi-en/research-and-expertwork/projects-and-programmes/european-welfare-models-and-mental-wellbeing-in-final-years-of-life-emmy-> (accessed November 16th 2020)*

³ *For more information, please visit: <https://www.jp-demographic.eu/> (accessed November 16th 2020)*

velopment, which, in turn, had beneficial effects on mental wellbeing. Having a positive outlook on life was also found to be associated with mental wellbeing – and all these aspects were found from the interview data regardless of the geographical context.

However, small differences could be noted depending on the welfare systems and cultural norms when comparing the data from North and South regions of Europe. For example, strong interactions with the closest family seemed to be key for mental wellbeing in Spain and Italy, while their Nordic counterparts perceived, on a slightly lower level, that both informal relationships and formal social participation were important indicators for mental wellbeing. Additionally, Finnish and Norwegian participants described the value of autonomy to a greater extent, corresponding with their cultural principle of self-determination. Furthermore, the Nordic respondents most frequently emphasised the outdoor environment, offering great opportunities for activities enhancing an active ageing. These interview study findings strengthen the dynamic and multidimensional characteristics of the wellbeing concept, at the same time as it points to important priority areas when shaping policy and practice initiatives and actions.

The EMMY project also covered quantitative analyses assessing the impact of welfare systems on mental wellbeing in oldest old age in comparison to younger ages using existing data from the European Social Survey (ESS). The ESS has been performed in 7 rounds and includes core modules, as well as rotating modules covering topics relevant to the wellbeing construct. In the analyses performed in the EMMY project, data from Round 6 (2012) were used. To ensure comparability the analyses were restricted to the 24 EU and EFTA countries participating in round 6 Round. Further, system level vari-

ables were derived from different web-based data sources such as ESS Multilevel Data, Eurostat, OECD, and WHO. Different approaches to measure the welfare system were used.

As a result of an exploratory factor analysis based on ESS data (Kalseth et al., 2020, unpublished data), mental wellbeing among the oldest old were found to be representable by six or alternatively 5 factors (in the latter case the two first factor below constitutes one common factor) including the following:

- Evaluative wellbeing (life satisfaction)
- Positive emotional wellbeing (positive affect)
- Positive psychological functioning (autonomy, competence, self-esteem)
- Meaning and flow (presence and engagement);
- Positive and supportive relationships (support, respect, appreciation).
- Social engagement (social activities and interactions)

The results from the modelling analyses based on EU wide data indicated for example that:

- Welfare state models matter for wellbeing in the oldest old.
- More developed welfare state and universalistic, service-based care regimes are associated with higher wellbeing in later life than poorly developed welfare state and family-based care regimes
- Welfare state models impact mental wellbeing by improving health outcomes and reducing inequalities and enhancing social trust

Furthermore, a large scoping review of legislations, policies and plans approved from 2007 to 2018 in four European countries (Finland, Norway, Spain and Italy) was performed. The repository contained a fairly comprehensive selection of legislations, policies and plans which are considered to have an effect on the mental wellbeing of the oldest old. All the documents included in the policy analysis were classified using a list of dimensions and sub-categories derived from the other studies conducted within the project. In this study, two cases were selected from each country representing more innovative approaches which could potentially inform future policy development in Europe for the oldest old age group. The data consisted of 271 policy documents (42 from Finland, 90 from Norway, 59 from Italy and 80 from Spain).

2.3 AGEING AND HEALTH POLICY EXAMPLES FROM FINLAND

The first policy case identified from Finland in the study conducted within the EMMY project is a national law called “Act on Supporting the Functional Capacity of the Older Population and on Social and Health Services for Older Persons⁴” approved in 2012. The objectives of the Act were to:

1. Support the wellbeing, health, functional capacity and independent living of the older population;
2. Improve the opportunities of the older population to participate in the preparation of decisions influencing their living conditions and in developing the services they need in the municipality;

⁴ For more information, please visit: <https://www.finlex.fi/en/laki/kaanokset/2012/en20120980> (accessed November 16th 2020)

3. Improve the access of older persons to social and health care services of a high quality as well as guidance in using other services that are available to them in accordance with their individual needs and in good time when their impaired functional capacity so requires; and
4. Strengthens older adults’ opportunities to influence the content and way of provision of the social and health care services provided for them, and to contribute to deciding on the choices regarding them.

This Act lays down provisions on:

- local authorities’ responsibility for supporting the wellbeing, health, functional capacity and independent living of the older population and for securing the social and health care services;
- investigation of older persons’ service needs and responding to them;
- ensuring the quality of services provided for older persons.

This particular Act obligates local authorities to regularly gather feedback from service users (i.e., older adults), their family members and others close to them, as well as municipal staff. An older adult’s need for social and health care services supporting his or her wellbeing, health, functional capacity and independent living is therefore investigated comprehensively together with the older person and as necessary, their family members or an appointed guardian. Furthermore, when developing a service plan, the older adult and (as necessary) significant others, must discuss the options to ensure a comprehensive set of services. The older adults’ views on these options must be recorded in the plan, and services must be developed on the basis of the feedback gathered on a regular basis from the older adult, his or

her significant others, as well as the service provider. Local authorities must publish information on how long older adults must wait to obtain social services at least every six months. The Act encompasses those who have reached the eligible age for receiving retirement (old age) pension, as well as any older adults whose physical, cognitive, mental or social functional capacity is impaired due to illnesses or injuries that have begun, increased or worsened with older age. The law further supports individualised social and health care services in regard to content and way of provision, with the overall aim of promoting and maintaining wellbeing, health, functional capacity and independent living. It also supports possibilities of older adults' being heard on a collective level via 'Councils for Older People'.

The second case selected from Finland is the Active Age programme 2012-2017⁵ which was a national programme carried out in 2012-17, involving 31 development projects by Non-Governmental Organisations (NGO's) in the areas of welfare, public health and human rights. In this programme, a range of methods to promote social inclusion and psychosocial wellbeing among older people were developed, and the scope of the projects varied, i.e., work could be carried out locally, regionally and nationally. The aims of the programme included:

⁵ For more information, please visit: https://issuu.com/eloisaika/docs/belmikirja_in_english_062018_per_si (accessed November 16th 2020)

- influencing attitudes of society and citizens to strengthen positive age identity;
- enabling and creating conditions for older people to be active members of their community and to lead meaningful lives;
- developing local cooperation models for improving wellbeing, identifying problems, and timely intervention and assistance.

The programme featured promotion of psychosocial wellbeing as a focal point, emphasizing the importance of social inclusion for healthy and active ageing.

2.4 CONCLUDING REMARKS

WHILE CONTEMPORARY CONCEPTS of healthy ageing may be expanding to encompass more positive, resource-focused perspectives, such as preserving and improving opportunities for social and mental well-being, quality of life, and life-course transitions, most empirical research on ageing still tends to focus on negative aspects such as mortality, morbidity, and disability (Depp & Jeste, 2006; Cosco et al., 2014). Regarding older adults and mental well-being, a paradox has been highlighted in the limited but growing literature - even though ageing is associated with increased risks of disability and ill-health, mental well-being tends to increase from middle age to very old age, (Hansen & Slagsvold, 2012; Steptoe, Deaton, & Stone, 2015). It is therefore fitting to explore the key aspects and causal mechanisms of mental well-being in later life, including a focus on the oldest old age group and their own experiences. This limited but growing body of

research is needed in order to meet contemporary challenges related to the demo-graphic transition and ageing society. Supporting and increasing mental well-being into oldest old age is an important and timely line of inquiry. Including a stronger focus on mental well-being could further bolster the healthy ageing approach and offer unique opportunities for interventions and policy development (Nordmyr et al., 2020).

Based on the data and policy examples provided in this chapter, a few important observations can be summarized and discussed. For instance, more developed welfare state systems seem to be associated with higher wellbeing in the oldest age population (80 years or older). Here, the well-known concepts related to the Nordic Welfare Models are relevant and the EMMY project results show that universalistic, service-based care regimes are associated with higher MWB than family-based care regimes. These seem to have a positive impact on the reported experienced wellbeing among the oldest old groups through e.g., reducing inequalities and enhancing social trust. Thus, the social structures and circumstances are key factors to both monitor and modify when it comes to promoting and protecting healthy and active ageing.

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CHAPTER 3: AUSTRIA



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Michael Fuchs

3.1 THE AUSTRIAN PENSION SYSTEM BETWEEN ADEQUACY AND FINANCIAL SUSTAINABILITY

3.1.1 BASIC CHARACTERISTICS OF THE AUSTRIAN PENSION SYSTEM

THE BY FAR most important source for the provision of retirement income in Austria is the statutory pension system (first pillar). The second (company pensions) and third pillar (private pensions) are still of rather limited importance (EC 2018b, 190). Austria features a gross public pension spending of almost 14% of GDP which represents one of the highest within the EU (EC 2020, 30). About one quarter of overall spending is not covered by contributions but rather financed by general tax revenues.

Contribution rates to the first pillar within total 22.8% are comparatively high and represent the lion's share of the labour tax burden in Austria, but also finance invalidity benefits (EC 2020, 30; OECD 2019, 196). The statutory pension scheme is organised as DB PAYG- scheme. The current standard retirement age is 65 for men and 60 for women. Female pension age will be gradually raised as from 2024, reaching 65 years in 2033.

The formula for the calculation of benefits underwent substantial reforms after 2000. The contribution base was expanded from the best 15 years to lifetime earnings while the accrual rate was reduced from 2 to 1.78% per year. The reforms targeted also a harmonization of civil servants' pensions with that of private sector employees. From 2014 pensions for all persons born after 1954 are calculated entirely under the new pension account system (EC 2018b, 189).

Under the pressure of the financial and state debt crisis as well as stricter EU-budget norms reforms further aimed at a reduction of influx to early retirement and invalidity pensions, with the goal to increase effective retirement age. However, different schemes of early retirement still exist. Flexible retirement rules as well as rewarding deferred retirement have been recently adopted (EC 2018a, 103; EC 2020, 30).

Some parameters intended to soften the possible negative consequences of the reforms, especially for women. The minimum number of contribution years due to gainful work required for an old-age pension was reduced from 15 to seven years (on top, at least eight years of other pension qualifying periods are compulsory). In addition, the assessment base for child-raising periods was raised substantially.

The pension system does not provide a minimum pension. Instead, there is a means-tested pension-top-up for persons entitled to a (low) pension. Repeatedly as from 2008, an above average indexation of pension top ups and low pensions occurred (EC 2018b, 191ff). However, basically pension top-ups are still below the related at-risk-of poverty thresholds.

3.1.2 CURRENT SITUATION AND RECENT DEVELOPMENTS

ON AVERAGE, HIGH spending translates into rather generous average benefits and comparatively high average replacement ratios. Theoretical net replacement rates for the new base case reached 86.1% (84.8%) for men (women) in 2016,¹ while average net replacement rates across

¹ Relative to average earnings; new base case: assumption of 40 insurance years up to the standard retirement age.

retirees amounted to 83.4% (76.6%) (EC 2018a, 114; EC 2018b, 197).

Due to reform steps (tightening access to early retirement and the reform of invalidity pensions) the effective retirement age increased by six (eleven) months for men (women) since 2014 and amounted to 61.3 (59.5) years in 2019 (DV 2020, 23). In the same period, employment rates in the age group 55-64 increased by 14.0pp (15.75pp) pp to 63.1% (46.0%) for men (women) (Statistik Austria 2020a). However, there is still a considerable gap to the standard retirement age: 3.7 (0.5) years for men (women) and employment rates of persons aged 55-64 are still below EU-average. Furthermore, the pension system shows a rather long retirement duration leading to high average pension wealth of 16.7 (18.2) for men (women).² The remaining life expectancy at labour market exit (men: 63.5 years, women: 60.8 years)³ in 2018 amounted to 19.3 (25.0) years for men (women) (OECD 2019, 159/161/181).⁴ Despite a high European standard related to adequacy of pensions, the prevailing equivalence-principle strengthened with the reforms after 2000 kept the distributional impact on a low level: with high average incomes on the one hand, the pension system results in comparatively low benefits for specific groups without continuing and stable employment careers as well as a considerable at-risk-of poverty rate for people in retirement age on the other hand (EC 2018b, 188/193; EC 2020, 31).

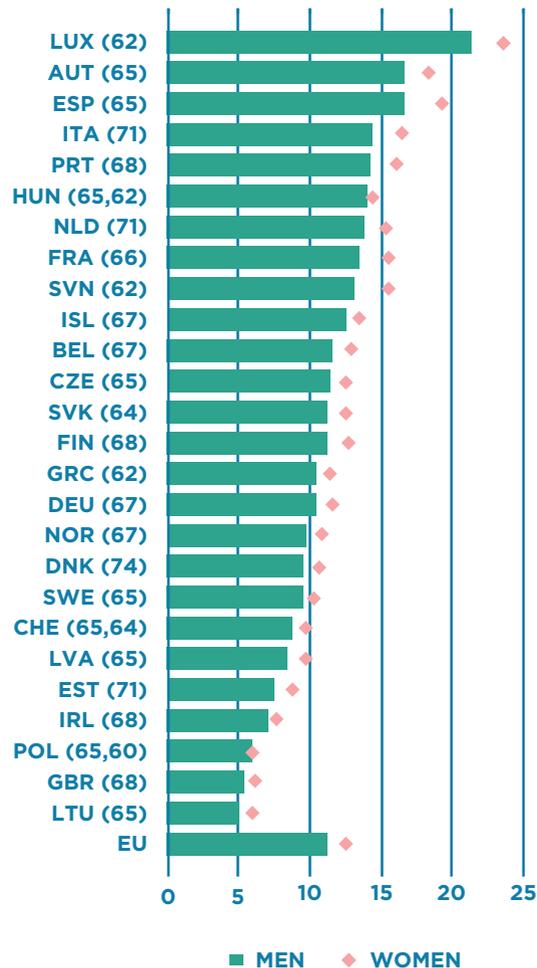
² Pension wealth relative to individual earnings before retirement measures the total discounted value of the lifetime flow of all retirement incomes in mandatory pension schemes at retirement age; for Austria calculated at age 65; used measure: net at 1.0 multiple of mean.

³ Different estimation method compared to effective retirement age.

⁴ Healthy life years at age 65 were estimated to 7.9 (7.7) years for men (women) in 2015 (EC 2018b, 196).

FIGURE 1.

Net pension wealth for average earners by gender, OECD Europe



Furthermore, in spite of some improvements in the pension formula for women and an above-average female employment rate in a European comparison, there are significant gender differences in poverty of persons 65+(2019: men 10%, women 17%). About two thirds of pension top-up recipients (in total about 10% of all pension recipients) are women (EC 2018b, 194; Statistik Austria 2020b). Substantial gender labour market differences still lead also to the fourth highest gender gap in pensions within the European Union (38.7%). Data of the 2017 pension access cohort show that the different levels of earned income over the course of working life explain 55%, the lower number of working years 41% and the different levels of partial insurance (unemployment and childcare periods) about 4% of the gap (EC 2018a, 73; Mayrhuber/Mairhuber 2020, 1). OECD (2019, 164) criticises that childcare credits are better suited for short interruptions and/or low-income earners (OECD 2019, 164).

Political decisions on a pension package on the edge of the latest national elections in 2019 include among other things a staggered pension indexation beyond the stipulated CPI; an increase of pension-top-up by 3,6% and the introduction of the pension bonus (substantial increase of pension-top-up in case of 30 and 40 contribution years and early retirement after 45 contribution years without any deductions).

While pension indexation, higher pension-top-up and pension bonus could be possibly still justified in the sense that they mostly benefit pensioners with low incomes, the early retirement path without any deductions clearly undermines previous efforts to increase the effective retirement age and challenges the fairness issue (Budgetdienst 2020, 8ff; EC 2020, 30f).

3.1.3 FUTURE CHALLENGES

FUTURE CHALLENGES OF the Austrian pension system relate to the financial sustainability of public finances, issues of (intergenerational) fairness and labour market conditions in flux, to name only a few. Current increases of pension expenditure are caused by the recent political pension package mentioned above (corresponding additional budgetary costs are estimated at 0.2% of GDP in 2020) (EC 2020, 30f), the (upcoming) retirement of the baby boom generation as well as reduced revenues and increased spending in the course of the COVID-crisis.⁵

The current government programme envisages measures to further increase the effective retirement age without implementing a substantial pension reform (EC 2020, 30), but the crisis might also recall political debates on unsustainable pension rights (ETUI 2020, 4), at least in a middle and long-term perspective relating also to forecasted high increase of the economic old-age dependency ratio (15-64 years) of currently slightly above one third to 60% in 2056. For the same year remaining life expectancy at 65 is projected with 22.3 (25.4) years for men (women) (EC 2018b, 197).

In addition, based on current legislation, Austria features high future effective annual accrual and theoretical replacement rates, the latter calculated with unisex 84.8% for the new base case in 2056). At the same time the system will continue reproducing inequalities related to the continuity of careers and/ or earned income in pension

⁵ Also, the longer-term effects of the crisis are projected to be massive both for financial sustainability and social adequacy of the pension system: lower benefits due to GDP decline, more limited wage base and (less valid for Austria) poor performance of financial markets (Natali 2020, 4).

entitlements. Thus, the growing divergences related to both social protection and risks on the labour market (e.g., single-person businesses, atypical employment, platform work) poses a threat, especially for younger generations (EC 2018b, 194/197; OECD 2019, 136).

A further social challenge relates to the ongoing gender pension gap. The rising unemployment and the increasing need to perform more (unpaid) care work as a result of the COVID-crisis will imply additional negative consequences for female pension entitlements (Mayrhuber/Mairhuber 2020, 1). Most promising for counter steering seems to be ex ante measures concerning an improvement of working conditions in order to increase female labour market participation, contribution years, working hours and employment incomes as well as a containment of career breaks by means of an extension of institutional childcare and professional care for the elderly as well as a more gender-balanced distribution of unpaid work. Provided that older women will be employed, the equalisation of the standard pension age of women with that for men can also contribute to closing the gender gap. Promising ex post measures could consist of improving care-related credits as well as pension splitting regulations for couples instead of/ in addition to widow(er)'s pensions. However, careful balancing is required as a better crediting of child and elderly care periods could also prolong existing gender differences on the labour market, and splitting will not increase total pension entitlements of parents (AK 2020; Mayrhuber/Mairhuber 2020, 6f).

Anyway, projected increases in total public pension spending (forecasted peak of around 15% of GDP in 2035/40, when most baby boomers will have retired) are above EU-average as well. According to the European Commission (2020, 30) these increase will either reduce the budgetary scope for other political areas or increases the government debt level.

TABLE 1.

Projections of public expenditure on pensions, % GDP, OECD Europe

	2015-2016	2020	2030	2040	2050	2060
Austria	13.8	13.9	14.4	14.9	14.6	14.7
Belgium	12.1	12.6	13.8	14.5	14.7	14.9
Czech Republic	8.2	8.1	8.2	9.2	10.8	11.6
Denmark	10.0	9.3	8.6	8.2	7.8	7.5
Estonia	8.1	7.8	7.2	7.1	7.1	6.9
Finland	13.4	13.8	14.8	13.9	13.2	13.5
France	15.0	15.0	15.4	15.1	13.8	12.5
Germany	10.1	10.3	11.5	12.0	12.2	12.5
Greece	17.3	13.4	12.0	12.9	12.5	11.5
Hungary	9.7	9.0	8.4	9.4	10.6	11.1
Iceland	3.3				3.5	
Ireland	5.0	5.1	5.8	6.7	7.4	7.2
Italy	15.6	15.6	17.2	18.7	17.3	15.1
Latvia	7.4	6.8	6.2	6.3	6.1	5.6
Lithuania	6.9	7.0	7.1	7.0	6.5	6.0
Luxembourg	9.0	9.0	10.2	11.5	13.0	16.0
Netherlands	7.3	7.0	7.5	8.5	8.2	7.9
Norway	10.7	11.0	11.7	11.9	12.0	12.5
Poland	11.2	11.1	11.0	10.8	11.2	11.1
Portugal	13.5	13.6	14.3	14.7	13.7	12.0
Slovak Republic	8.6	8.3	7.6	7.8	8.8	9.9
Slovenia	10.9	11.0	12.0	14.2	15.6	15.2
Spain	12.2	12.3	12.6	13.9	13.9	11.4
Sweden	8.2	7.6	7.2	6.8	6.6	7.0
Switzerland	9.8				10.7	
United Kingdom	7.7	7.7	8.0	8.6	8.3	8.9
EU28	10.3	10.0	10.2	10.6	10.7	10.7

Note: OECD28 figure shows only countries for which complete data between 2010-2015 and 2050 are available. EU28 figure is a simple average of member states (not the weighted average published by the European Commission). Pension schemes for civil servants and other public-sector workers are generally included in the calculations for EU member states: see European Commission (2015), 2015 Ageing Report.

Source: European Commission (2015), 2015 Ageing Report; Standard & Poor's (2016), Global Aging 2016: 58 Shades of Gray: Argentina, Brazil, Canada, Chile, China, India, Indonesia, Israel, Japan, Korea, Mexico, New Zealand, Russian Federation, Saudi Arabia, South Africa, Switzerland, Turkey and the United States; Standard & Poor's (2013), Global Aging 2013: Rising to the Challenge: Iceland; Australia: 2015 Intergenerational Report Australia in 2055. Figures are based on the proposed policy as at the 2015 Intergenerational Report. There have been significant changes to the proposed Age Pension and Disability Support Pension policy since then which would have an impact on these projections.

Thus, employability and labour market participation of older workers as well as further closing the gap between the effective and the standard retirement age as two sides of the same coin remain important issues. Here, a further drawback of early retirement pathways (to date a somewhat political back and forth strategy) and an effective reform of invalidity pensions (so far mainly a shift of benefit recipients from invalidity pensions to rehabilitation benefits) should be pursued. The latter should include a focus on psychiatric diseases, an intensification of prevention and early intervention strategies and more target-oriented rehabilitation (EC 2018b, 191ff).

Although the continuation of the targeted increase of lower retirement incomes may be justified with a view on the adequacy of pensions, an indexation beyond the stipulated CPI might further pose the financial sustainability of the pension system at risk (EC 2020, 30).

Both in terms of fairness and financial sustainability, the reduced contribution rate for self-employed topped up with taxes but equal benefits provided (OECD 2019, 82) and the partly long-term and generous transition regulations for civil servants (Korecky 2018) could be questioned.

Finally, as a reaction to the ongoing increase of life expectancy, the potential implementation of automatic adjustments in the pension formula (EC 2018b, 192) with the main controllable parameter standard pension age and/ or a(nother) decrease of the accrual rate could be contemplated but are currently hardly on the political agenda.

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3.2 THE REALISATION OF THE POTENTIAL OF OLDER PERSONS THROUGH EMPLOYMENT AND ITS DETERMINANTS

THE POPULATION AGEING has widespread substantial implications for current and future social and economic policies in Europe. The framework of “active ageing” emerged over ten years ago to respond to demographical and social change and attempting for complex cross-sectional capacity building of older persons. In practice, the main direction of effort and rhetoric remained in the sphere of extending working lives and working longer (e.g., the recent European social partners’ autonomous framework agreement on active ageing and an inter-generational approach (European Trade Union Confederation, 2017)) and even here the response at all levels of the policy was rather limited. On the macro-level, the policies mainly included raising the pension age, partly implementing defined contribution pensions, and closing exits to early retirement and invalidity/disability benefits. Some countries implemented measures to improve working conditions and to ensure the training and retraining of workers, thereby, in general, taking no notice of gender, health, educational, income etc. inequalities of the “third age workers”. On the meso level, less than 20% of European companies reported in 2006 having recruitment and retention policies specifically designed for older workers (Cedefop, 2015). Later data on stereotypes, age management practices and the transition between employment and retirement is often not available, indicating a rather low priority of the issue on the political agenda.

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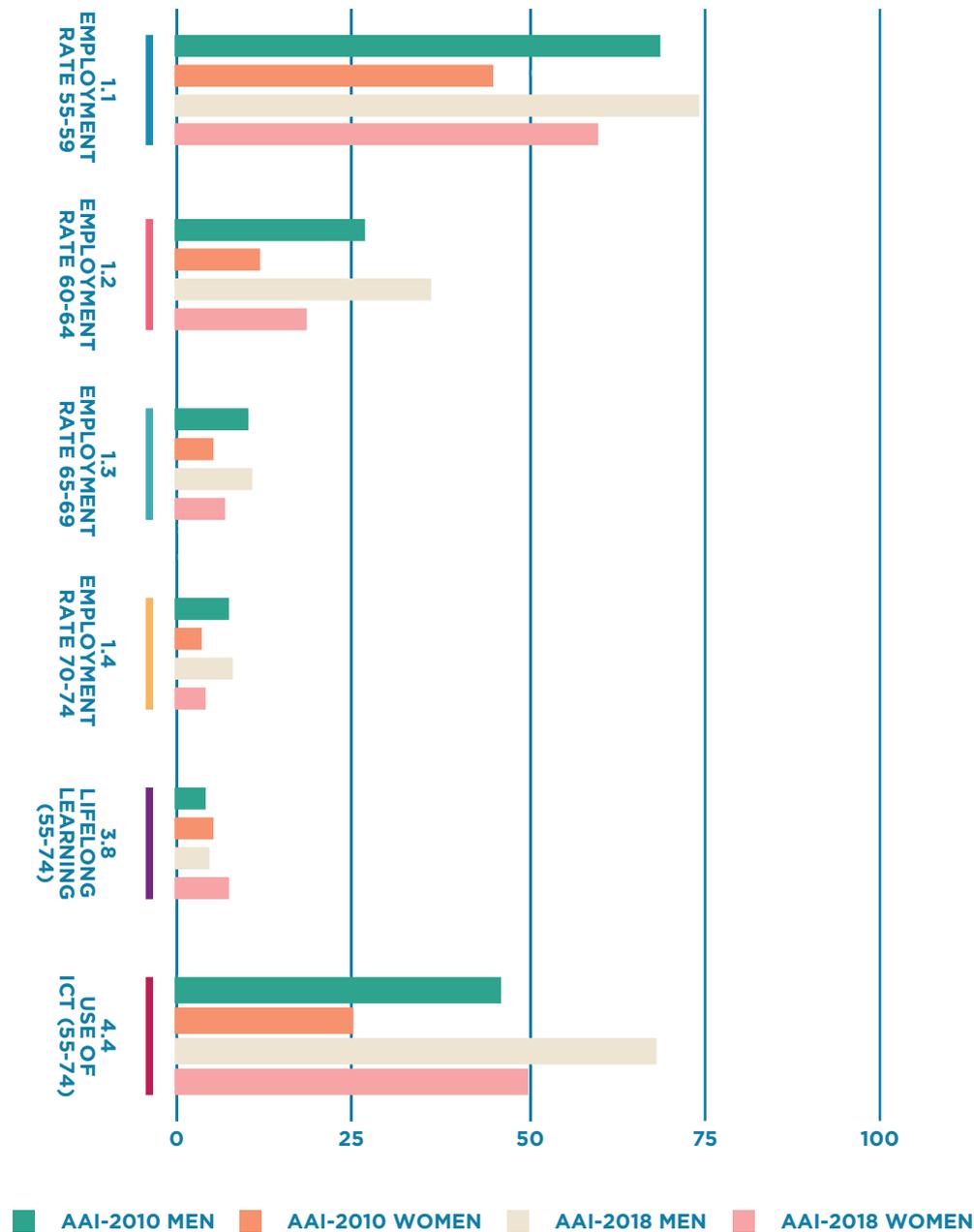
The Active Ageing Index for Austria shows a significant increase in the use of ICT as well as in employment rates of people 60-64 years old between 2008 (AAI-2010) and 2016 (AAI-2018) (UNECE / European Commission, 2019). In contrast, the employment rates of the other age groups (55-59, 65-69 and 70-74) remained at the previously achieved and relatively low levels, the same as life-long learning. The dynamics of indicators for women exceeds the corresponding values for men in all the relevant indicators (Fig. 1). Thus, besides further modernisation of the pension system (see also the relevant chapter for Austria) there is a need for appropriate policy measures to support employment and to create the proper motivation and conditions for achieving it.

Correspondingly the Council Declaration on the European Year for Active Ageing and Solidarity between Generations recommends that the work potential of older people should be utilised through "lifelong learning systems, active ageing policies which enable both women and men to remain in employment for longer, health and safety at work policies and the promotion of healthy ageing as a continuous process across the lifecycle"(Council of the European Union, 2012, p. 5).

This chapter aims to evaluate the evolution of third age employment in Austria over the last ten years, its determinants and the existing inequalities. As employment is highly dependent on the enabling environment and conditions and policies at the micro, meso and macro levels we are also identifying policies that have had a positive impact on working life extension as well as potential gaps that can hinder further development in the fields of continuing vocational education and training, healthy working conditions, age management strategies, available employment services, prevention of ageism and reconciliation of work and care obligations.

FIGURE 1.

Active Ageing Index, Austria, selected indicators (UNECE, 2018).



3.2.1 GENERAL FRAMEWORK FOR ACTIVE AGEING IN AUSTRIA

THE EXTENSION OF the working life in Austria in the third age is initiated and supported by a variety of policies and programs at different levels. Apart from the restrictions to use early retirement schemes and disability benefits as a proxy to early retirement, which is described in the AT-chapter on pensions, several main pillars of measures could be elicited: labour market regulations and age-management, training and digitalisation, and anti-ageism.

The main pillar of Austrian active ageing policies, the Federal Plan for Senior Citizens "Age and Future" (Bundesplan für Seniorinnen und Senioren "Alter und Zukunft"), was adopted in 2012 and based upon the Madrid International Plan of Action on Ageing (MIPAA) and the UNECE Regional Implementation Strategy of Berlin 2002 (RIS). It sets objectives in 14 areas, including social and political participation, economic situation, health promotion, gender issues, care, social security, media, discrimination and violence, migrants etc. Two areas, which directly relate to the chapter at hand, are "work and "education and lifelong learning". In the text of the Federal Plan, the negative consequences of age stereotypes and prejudice are openly stated. In the employment domain, two main aims are dedicated to anchoring age and life-course appropriate working conditions (working hours, work processes, work organisation forms, health standards); as well as the development and implementation of proactive labour market measures to maintain employability of older people. The proposed recommendations include the shift in perceptions or the development of a new social understanding of the older persons' employment, health promotion in the workplace, ensuring conditions for lifelong

learning, providing equal opportunities disregarding gender, migration background, skills level and care obligations.

Concerning lifelong learning, the Plan acknowledges the underdevelopment of the educational and ICT projects, especially in rural areas and small towns, as well as the inadequately tailored offers to age group and life situation-specific needs. The aims include the creation of infrastructure for low-threshold barrier-free participation, but for some reasons are dedicated mainly to the population in the post-employment phase, negating the benefits of the life-course approach. The deprivation of the employed older persons of education and training is one of the core push-factors that prevent their retainment (Bundesministerium für Soziales, Gesundheit, Pflege und Konsumentenschutz, 2012).

3.2.2 LABOUR MARKET DEVELOPMENTS

ACCORDING TO THE Eurostat population projections up to 2050 Austrian population aged 50+ will increase from 41.0% of the total population to 46.9%, being slightly lower than the EU-27 average. In relative terms, the majority of the change is attributed to the age group 80+ (52.2% of the sum of the bi-directional changes) while the share of the group 65-69 years is going to increase by 3 per cent points and the share of the younger age group (50-64) – decrease by 2.4 per cent points. In absolute values, those aged 50-64 will decrease from 1.96 million in 2020 to 1.79 million people in 2050, while the age group 65-79 will increase from 1.22 million to 1.60 million. The oldest age group (80+) more than doubles from the current 0,47 million (Eurostat, 2020).

Over the past ten years, with the exception of persons 65+ Austria has experienced significant progress in increasing the activity in the labour market, especially for men and women near the standard retirement age (65 men, 60 women) (Table 1). The unemployment rate in 2019 for aged 50-64 was 3.4%, which is significantly lower than the EU-27 average of 5.1% (Eurostat, 2019a). However, older people are more severely affected by long-term unemployment and on average experience longer unemployment periods. Due to the Country Report of the European Commission, the absolute number of long-term unemployed aged 50+ increased between 2008 (11,000) and 2018 (44,000) more than four times, which corresponds to the rise of the share of long-term unemployed in that age group from 24% to 45% (European Commission 2020). The statistics point to the fact that in Austria there is a below-average risk to become unemployed in the third age. Still, once unemployed, it is challenging to find a new job in an age when a person is regarded as too old to work, but still too young to retire. Correspondingly, retirement out of unemployment status represents a relatively widespread transition pattern. Another revealed point of interest is that both men and women unfold a gap between actual and planned retirement age, i.e., older persons plan to work longer than it is later embodied in reality (Mairhuber et al., 2015).

TABLE 1.

**Activity rate in % for the population aged 50+, Austria 2009/2019
(Eurostat, 2019a)**

ACTIVITY RATE, %	MALES 2009	MALES 2019	FEMALES 2009	FEMALES 2019
From 50 to 54 years	85.2	90.2	75.2	85.6
From 55 to 59 years	71	82.5	47.9	70.5
From 60 to 64 years	27.9	44.4	13	19.8
From 65 to 69 years	10.8	11.4	6.2	6.1
From 70 to 74 years	8.3	7.6	4.4	3.4
75 years or over	4.7	2.9	1	1.5

Employment in Austria is considerably dependent on the educational attainment: in 2019, those with education level lower than secondary, featuring an employment level of 46.5% in the age group 50-64 and 2.8% in the age group 65+, while for those possessing tertiary education the corresponding figures are 80.2% and 10.1%. (Eurostat, 2019a) With 48.3% of the employed women aged 50-64 and 89.2% aged 65+ part-time employment applies primarily to women (men: 8.8% and 68.5%). Since 2009 a gradual increase for men (6% for aged 50-64 and 1.2% for aged 65+) and more rapid for women (8.5% and 15.4% correspondingly) is visible (Eurostat, 2019a).

In the younger age group (50-64), 9.5 % (Eurostat, 2019a) of those working part-time (both sexes together) stated that it was involuntary (statistics for the group 65+ are not available). The major defined reason is family and personal responsibilities – 25% of men and 28.9% of women (Eurostat, 2019a) indicated it as a barrier for full employment, which reflects insufficient political attention and action to measures aimed at ensuring a balance between family and work-life related to care responsibilities both for children and incapacitated relatives. Quantitative studies show that caregivers in Austria exhibit higher levels of perceived work-family conflict (Haas et al., 2020) and that grandparenthood, irrespective of actually provided care time, is connected with preferences for earlier retirement (Mairhuber et al., 2015). Other widespread barriers to full-time employment include the impossibility of finding a corresponding position (11.4% of men and 9.1% of women) as well as own illness and disability (11.2% of men and 5.4% of women) (Eurostat, 2019a).

3.2.3 AGE-MANAGEMENT INITIATIVES

AUSTRIAN INITIATIVES in the labour market are focused on the implementation of age-neutral measures. For example, for reasons of facilitating employment in third age changes in the Labour Constitution Act (Arbeitsverfassungsgesetz) allowed the dismissing of newly hired employees 50+ in the first two years of employment (International Labour Organization, 2020). There was also a contraction of the bonus-malus system and sector-specific employment quotas, flattening of the wage curves in many sectors, which should reduce the costs of employers and ensure their greater interest in employment and retention of older workers.

On the meso-level companies are provided with consultancy support (Arbeit und Alter, n.d.) and special initiatives to implement age-diverse management strategies. The measures are focusing on the notion of the age-appropriate work design, underlining life-long perspective and appropriate working conditions for all generations, at the same time offering specific compensatory measures for the older age group. One example of the good practices encouragement is the “Demographic counselling” programme (Demografieberatung), which is financed by the European Social Fund and the Federal Ministry of Labour, Family and Youth (Demografieberatung für Beschäftigte und Betriebe, n.d.). The initiative proposes tailor-made solutions that take into account the needs of a particular company and its employees in the fields of work design, leadership and culture, human resources, knowledge and skills and health and is free of charge for the companies.

One of the major initiatives dedicated to employability and re-

tention of older workers is early intervention programme fitzwork², which since 2013 is available in all the regions. It provides free and voluntary advice for employees and job seekers with health problems (fitzwork for people) and helps companies to promote the workability and health of their employees (fitzwork for companies). It offers occupational medical and psychological evaluation, education and qualification advice, support with grants, offers and contacting the responsible institutions etc. On the regional level, several additional initiatives, like Wage Network³ operate.

The Minister of Social Affairs awards special NESTOR GOLD quality seal (NESTOR GOLD Gütesiegel) biannually to companies whose organisational structure is multigenerational and age-appropriate and in which the potentials and needs of employees of all ages and in all phases of life are taken into account (Bundesministerium für Soziales, Gesundheit, Pflege und Konsumentenschutz, 2019). In the course of this process, companies and organisations are supported not only in the development of measures but also in the actual implementation and quality assurance. The system of 29 indicators in the four fields of action provides a comprehensive and clear work structure towards age-diversity management, which can be used separated from the NESTOR GOLD competition.

² For other examples of fitzwork consultation services visit <https://fitzwork.at/>

³ <https://www.wage.at/>

3.2.4 MEASURES TO FOSTER EMPLOYABILITY

IN ADDITION TO the general PES services independent of age, special targeting of older workers is also provided. One of the campaigns - Action 20,000 (Aktion 20.000) was aimed to provide 20,000 subsidised jobs in municipalities, non-profit organisations and social enterprises for the long-term unemployed aged 50+ with the federal government assuming wage and ancillary wage costs up to 100 per cent for a maximum of two years (Arbeit+, n.d.). Following a change of government, the programme was terminated earlier than originally planned, with only 4,000 places being created. Although the scientific perception of the initiative being somewhat controversial, the primary evaluation was rather positive (Portal der Arbeiterkammer, 2019b). and was repeated on the regional level by the city of Vienna in "Joboffensive 50 plus" (Wiener ArbeitnehmerInnen Förderungsfonds, n.d.), which enlarged the list of possible places for employment by adding the private companies while shortening the coverage period to one year. Following another change of government, at the end of 2019, a new edition of Action 20,000 was proposed, under the program "Chance 45". It was expected to create 40,000 jobs for people over the age of 45 who have been unemployed for more than two years at additional costs of 7,000 euro per person and year compared to traditional measures (Portal der Arbeiterkammer, 2019a).

The initiative "Employment 50+" (Beschäftigungsinitiative 50+) is a special constant program of the AMS, which is aimed at unemployed candidates registered for more than 90 days (if the jobseekers have health limitations or long unemployment spells the waiting period is not applied) and provides them with easy access to activation meas-

ures. For 2019 and 2020, a total of € 50 million has been reserved for the creation and promotion of jobs for older jobseekers, especially the long-term unemployed (Österreichs Digitales Amt, 2020a). One of the measures under this initiative is the Integration allowance (Eingliederungsbeihilfe) for the long-term unemployed 50+ (Arbeitsmarktservice, 2020b). Under that regulation, the company hiring an eligible candidate receives a grant, while the specific amount and duration are discussed on a case-by-case base. Another in-work benefit is "Kombilohnbeihilfe", basically a top-up benefit for unemployed of all ages, but can be significantly prolonged for older unemployed (28 weeks as standard, one year if unemployed for more than three months and 50+, three years if unemployed for more than 182 days and 59+ or completed vocational rehabilitation) (Arbeitsmarktservice, 2020d).

3.2.5 JOB QUALITY AND SAFETY

THE MAIN DOCUMENT in the field of job safety is the Occupational Safety and Health Strategy 2013 - 2020 (Österreichische ArbeitnehmerInnenschutzstrategie 2013-2020) (Bundesministerium für Arbeit, Soziales und Konsumentenschutz, 2020). The strategy aims at the reduction of work-related health risks, improvement of risk assessment and strengthening of awareness and progress in initial and further education and training (both at school and in universities) for occupational safety and health. All the proposed measures are age-neutral, except for that older workers are described as a special group along with pregnant women, nursing mothers, and young people (diversity).

The Austrian labour market regulations also include options for

the reconciliation of work and family care obligations, relevant for the older age group. Two possibilities are available – full-time (Pflegerkarenz, up to three months) and part-time care leave (Pflegeteilzeit) (Portal der Arbeiterkammer, n.d.).

The missing policy areas which could restrain the necessary development of employment in older ages are; existing practices of forced retirement by employers once an old-age pension can be claimed (although appeal before the court is possible), weak support of work-family balance (which is illustrated by statistics on involuntary part-time arrangements due to care obligations) and limitations of combining pensions with work income. Concerning the latter: unemployment benefits and pensions cannot be combined; employment – only with the low ceiling of €460,66 a month (Finanz.at portal, 2020) and under old-age part-time schemes. However, although somewhat controversial, within the framework of old age part-time schemes, Altersteilzeit exists in two forms – a block-work model (Blockzeitmodell, which represents de facto subsidised early retirement) and continuing part-time model (Kontinuierliche Altersteilzeit), that encourages gradual retirement. The other, partial retirement scheme, Teilpension, introduces the possibility of reduction of work time by 40-60% (Österreichs Digitales Amt, n.d.).

3.2.6 LIFE-LONG LEARNING

THE PARTICIPATION RATE in education and training remains rather low (although, there is a slight rise since 2009), 6,5% of men aged 55-64 (other disaggregations are not provided) indicated that they were

engaged in life-long learning activities last four weeks, and 8.6% of women (Eurostat, 2019b). The indicators are slightly higher than the EU average. Participation during the previous 12 months could be more representative of the situation of engagement in education and training, but the latest data are available for 2016 only. The participation rate for 55-64 years old in Austria was 41.3% in both formal and non-formal education, which is 9 per cent points higher than the EU average, but still 22 per cent points lower than the indicator for the group of 35-54 years. 17.1% of those not participating in education and training stated that they encountered difficulties (even distribution between personal and not personal reasons), others didn't want to. It's remarkable that in 2007 only 8.6 % stated having difficulties, which from the one side shows the positive trend in the attitude and perception of training in that age group, but from the other side – reveals the remaining barriers (Eurostat, 2019b).

In Austria, there is a diverse range of programmes aimed at life-long learning and additional training measures for older employees. The main framework is provided by the Austrian Lifelong Learning Strategy 2020, which aims at enriching the quality of life via education in the post-employment phase (UNESCO Institute for Lifelong Learning, 2011). One of the key players in this field – Public Employment Services (Austrian Public Employment Service - AMS), which on the one hand provides direct training measures for the older employees (Qualifizierung für Beschäftigte) and on the other hand – consultations for employers. The latter include, e.g., Impulse advice for businesses on demand (Impulsberatung für Betriebe) and provides guidance on general and HR management, including age-diversity aspects (Arbeitsmarktservice, 2020c). Another form of training is the so-called

Implacement foundations (Implacementstiftung), which provides an instrument for recruiting and company-oriented qualification of new employees simultaneously based on the partial co-financing (Arbeitsmarktservice, 2020a). There is also a special form of professional education, combined with apprenticeship - Systematic Competence training (Kompetenz mit System), which provides 3-level courses for 16 professions and apprenticeship certificate for those, returning to work, changing the career or not having the formal vocational training (Arbeitsmarktservice, 2020e). In Austria, further education funding for employees as well as educational leave is provided. The measures are dedicated to all age groups and are mainly offered on the regional level, e.g., via Vienna Employment Promotion Fund (WAFF)⁴. Educational leave can be full (Bildungskarenz) or part-time (Bildungsteilzeit): reduction in working hours 25-50% of the previous normal working hours, but at least 10 hours per week) and should last at least two months for full option (max one year) and four months (max two years) (Bock-Schappelwein et al., 2020). A significant part of the life-long learning programs is developed and provided at the regional level (e.g., movement Personal- und Unternehmensberatung, n.d.; Wiener ArbeitnehmerInnen Förderungsfonds., n.d.).

⁴ <https://www.waff.at/>

3.2.7 DIGITALISATION

A SEPARATE AREA of training is presented by the courses in the field of ICT. The initiative “Digitization for everyone” (Digitalisierung für alle) is aimed at the promotion of the spread of all types of communication technologies and facilitation of access for all people; it supports educational institutions in the planning and implementation of educational offers for senior citizens by providing training materials and free consultations, sharing the know-how of senior digital education, awarding best practices and building a community of those engaged in the initiative (Digitalseniorinnen, n.d.). The programme is sponsored by the Federal Ministry for Social Affairs, Health, Care and Consumer Protection and is functioning the basis of the Austrian Institute for Applied Telecommunications.

The government portal (Österreichs Digitales Amt, 2020b) also provides tips and good practices for the Internet for older (Internet für Senioren) including online payment and privacy issues. The platform www.help.gv.at, offers special training for the older senior citizens to deal with “virtual administration”. Overall, however, this area is more informative, a national program of the digitalisation of the older population is not available. No special programs and measures that are providing older people with Internet access or gadgets (including services for their maintenance and updating) exist, which leads to rather low progress, largely due to the entry of later generations into the target age groups.

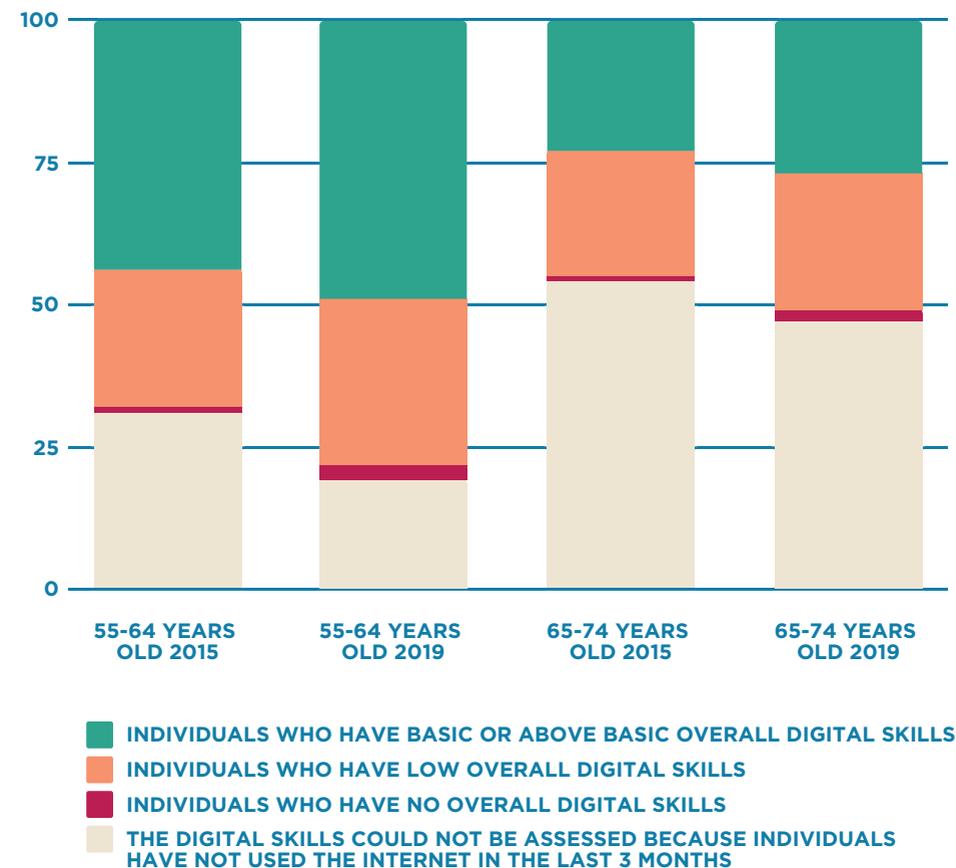
Despite the lack of holistic approach, the described programmes allowed some progress regarding the digitalisation of the older population groups, almost half of the individuals aged 55-64 years showed

basic or above basic overall digital skills in 2019. Yet nearly one-third of the respondents have not used the Internet during the last three months. With the older age group, the situation is almost reversed: 47% haven't used the Internet, and only 27% have sufficient overall skills (Fig. 2). 59% of individuals aged 55-64 state that they used the Internet for interaction with public authorities within the last 12 months (35% in 2009), for the group 65-74 the indicator is expectedly lower, 35% (11% in 2009). Beyond e-governance, the Internet was used during the last year for email exchange (65% of those aged 55-64 and 44% of those aged 65-74), for instant messaging (63% and 36% correspondingly), finding information about goods and services (50% and 30%), Internet banking (48% and 27%), reading news (45% and 32%), seeking health information (43% and 31%), social networking (30% and 15%) and telephoning, including video calls (27 and 17%). Only 5% of the population group 55-64 years and 1% of those aged 65-74 were doing online courses, which remains an unused educational possibility (Eurostat, n.d.).

Digitalisation is gaining special importance in connection with the containment measures regarding COVID-19 pandemic - the significant number of services, including shopping, receiving government services and benefits, payment of receipts etc., shifted to online. Physical communication and contacts were limited, and doctor visits were largely transformed into telemedicine. Without the necessary ICT skills, older people can be cut off from social welfare and social connections; and the term social distance can acquire its literal destructive meaning.

FIGURE 2.

Digitalisation of the older adults, Austria (Eurostat)



3.2.8 ANTI-AGEISM

MEASURES TO COMBAT and prevent ageism are often represented only by anti-discrimination legislation, that is regulated by the implementation of the Equal Treatment Act on the national level and are supported by the public awareness campaigns, like those under the Federal Plan for Senior Citizens or launched by PES. In Austria on the national level, the Equal Treatment Law (Gleichbehandlungsgesetz) includes only protection from age discrimination in employment, disregarding areas like access to goods and services, insurance, public transportation etc. But even in the labour market, the primary measures are presented in the form of information materials, like, e.g., the brochure on professional training for employees over 45 in SMEs (Norbert, 2020).

Unfortunately, the situation on ageism is not regularly monitored. The Federal Chancellery and the Federal Ministry of Labour, Social Affairs and Consumer Protection submit a report every two years on the implementation of the Equal Treatment Act. Still, it concerns only direct cases of discrimination, prohibited by law, while other important aspects as negative stereotypes and prejudice remain unrevealed. In 2014 a survey by the Austrian Public Service was conducted and reported evidence for negative attitudes towards older workers as unwilling or not able to flexibly adapt, too expensive, less innovative and more frequently sick, than average (Haas, Gstrein, Bildsteiner, 2020).

Currently, the only data that can be used for measuring the magnitude of ageism is the 4th round of the ESS survey, collected in 2008. Unfortunately, more recent data are not available. Regarding the age

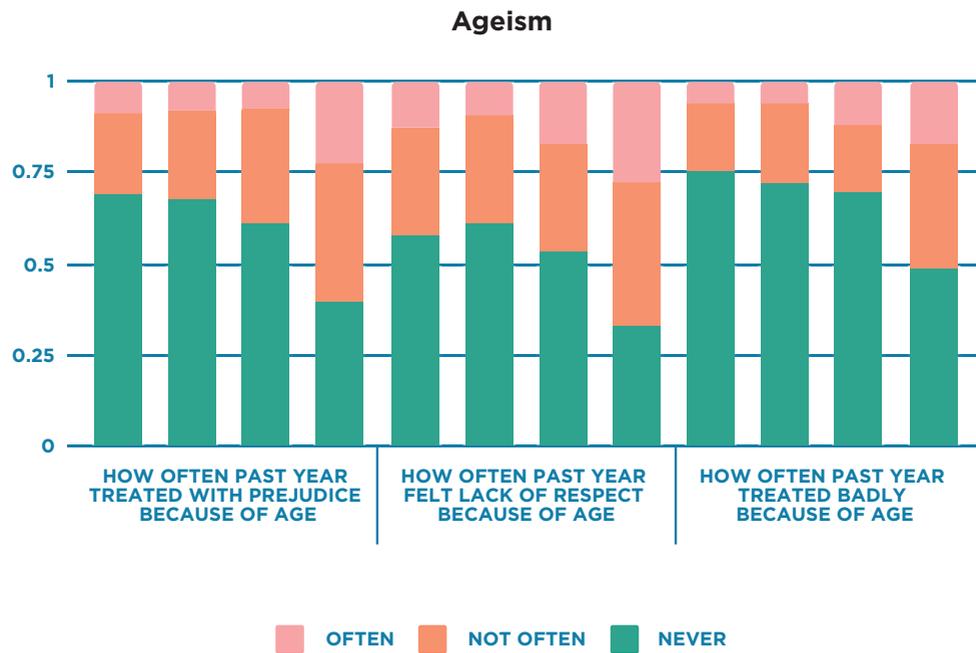
stereotypes, 22% of the respondents stated that there is no universal age when a person starts being considered old, and it depends on the person. Whom those, who identified the age, more than third named 60 or earlier, the medium was 69 years.

The presence of ageism, defined here via the prejudice, lack of respect and discrimination, clearly increases along with age, with age group 55-64 almost no different from the younger population and then the magnitude increasing dramatically with 61% of aged 75+ experiencing prejudice, 67% - lack of respect and 52% - bad treatment because of the age (Fig. 3).

The development of a holistic participatory-based and multi-stakeholder programme on combating ageism is urgently required. It should include measures against direct discrimination and to overcome negative stereotypes and prejudices towards people because of their age in various spheres of society, including employment, access to goods and services, medicine, technology, representation in the media etc. But in the first instance, it is necessary to ensure the collection and analysis of statistics that allow exploring the prevalence and depth of ageism in Austrian society.

FIGURE 3.

Magnitude of ageism towards older adults in Austria (ESS)



3.2.9 CONCLUSION

AUSTRIA SHOWS SIGNIFICANT progress regarding the extension of working life for the younger groups of older workers, increased life-long learning among the older population. However, the areas of digitalisation and combating ageism still reveals barriers for the realisation of the active ageing concept. Although women show a substantial improvement in all the domains, gender differences remain profound. In general, companies are more willing to retain older workers. Still, in case being dismissed or dropping out of the labour market, the return turns out to be more than challenging despite both general and age-tailored programs and measures for reducing unemployment.

Despite still existing manifold constructions sites to await further reform steps, the obvious advantage of the Austrian path in the related policy fields (e.g., pensions, labour market policy, health, education etc.) is the multi-stakeholder approach and the engagement of interested parties on all political levels, including local. More substantial attention is now paid to early awareness-raising about health and work and age-management, including low-threshold early intervention counselling programmes for employees, unemployed and employers. Various public campaigns, corresponding websites and printed materials ensure considerable availability of and access to information to the end-users.

The labour market policies are provided via the public employment service that pays intensified attention to the needs of older persons, or via various direct measures to foster employment and to provide job opportunities, including options for education and job-matching skills training.

Nevertheless, several uncovered or at least insufficiently followed areas hinder the further realisation of the potential of older people in the labour market: there are no distinctive policies aimed at discouraging the dismissal of employees once entitled to an (early) old-age pension, there is only a limited package dedicated to work-family reconciliation (while care responsibilities are one of the main reasons for part-time employment or even inactivity), the lack of a holistic program for life-long learning and digitalisation skills of the older population, as well as the lack of both (age and gender-disaggregated) data and strategy on combating ageism. Basically, the Federal Plan provides an excellent full-fledged theoretical framework for active ageing in Austria, but the practical implementation of the indicated directions remains underdeveloped.

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3.3 FAIRNESS IN THE FINANCING OF LONG-TERM CARE?

3.3.1 THE CASE OF THE ABOLITION OF ASSET-RELATED CONTRIBUTIONS TO RESIDENTIAL CARE IN AUSTRIA

INCREASING COSTS OF long-term care due to demographic ageing pose a major challenge to welfare states. Besides fiscal implications, aspects of inter- and intragenerational equity also need to be addressed. Even though only a small share of care recipients is cared for in residential care, this institutional setting is associated with the highest public expenses (Statistik Austria, 2020). Private contributions and fees for residential care are a popular co-financing tool in Europe. Such out-of-pocket payments on the one hand moderate public expenditure but, on the other hand, also impact demand for residential care (Colombo et al., 2011). Additionally, they have distributional effects between care home users as well as between individuals with and without care needs. This chapter discusses the financing of long-term care in Austria focusing on a controversial reform regarding the co-financing of residential care: the abolition of asset-related contributions (Pflegerregress) in 2018. This reform seems to have increased demand for residential care and according to findings from literature primarily benefited low- and medium-income individuals.

3.3.2 A BRIEF OVERVIEW ON THE FINANCING AND THE PROVISION OF LONG-TERM CARE IN AUSTRIA

THE PROVISION OF long-term care in Austria is mostly in the responsibility of the federal states, with some aspects being regulated at different government levels. This results in many regional differences in care services and related costs. The most important monetary benefit related to long-term care is the care allowance introduced in 1993. Although paid directly to the person in need of care, its main purpose is to support family caregivers and compensate costs of informal care. In general, it serves as a contribution to care expenses as the benefit level in most cases does not suffice to fully cover costs of care services (Rodrigues et al., 2017). The benefit amount is staggered and increases with the level and type of care required. The Austrian care allowance is financed by general taxation. Since its introduction, both expenditure and number of recipients of the benefit have almost doubled. As a response, eligibility criteria for the entrance level of care allowance were tightened in 2015 by raising the threshold of monthly care demand needed to qualify for the benefit (BMASGK, 2019). At the same time, the benefit, which had only rarely been increased and which had significantly lost in real value, was made subject to regular indexation.

The dominant model of long-term care provision in Austria is still informal care at home. It is estimated that 10 % of the population is involved in providing family care to dependent relatives. However, the increase in female employment participation caused a partial shift to formal care arrangements: professional mobile services as well as the 24-hour care model gained considerable importance in past years.

Both alternative arrangements have the major advantage of allowing the care recipient to remain at home.

Mobile care addresses care recipients with rather low care needs. Professional mobile care givers visit the person in need weekly or multiple times a day – depending on care needs – and provide assistance with daily activities such as housekeeping, body care and shopping. They also support informal caregivers. In the 24-hour care model two care-givers who are usually workers from Eastern European countries rotate in fortnightly shifts. During a shift they live in the household of the care recipient to care for the dependent person throughout the day. Users of 24-hour care whose net income does not exceed € 2,500 per month receive an allowance from the Austrian welfare state. The allowance was introduced with the intention to formalize 24-hour care and cover social insurance contributions of caregivers (BMASGK, 2019; Rodrigues et al., 2017).

Residential care is the care arrangement that is associated with the highest cost of long-term care. Like in most European countries the co-financing of residential care in Austria primarily relies on income-related out-of-pocket payments. The federalist structure of the Austrian welfare state is strongly reflected in differences in costs and regulations for its co-financing. Thus, private costs of in-patient care vary considerably between regions with rates ranging from € 2,700 to € 4,800 per month (Rechnungshof, 2020). Income-related out-of-pocket payments are based on the resident's pension income as well as the received care allowance. In cases where income related out-of-pocket payments did not suffice to cover stipulated fees prior to 2018, asset-related out-of-pocket payments were collected. Again, there were considerable regional differences regarding corresponding

regulations. The exemption amount varied between € 4,000 and € 12,700. Additionally, there were strong regional disparities regarding the consideration of the spouse's assets and how long a recourse on heirs and preceding donations was possible (Rechnungshof, 2020). However, the recourse lost its importance in past decades. Despite some back and forth in a few federal states, there was a general trend to abstain from its enforcement from 2008 onwards, as it was a lengthy process with often limited financial gains.

TABLE 1.

Recipients and expenditures of the care allowance and different care arrangements in Austria

		2013	2014	2015	2016	2017	2018
Care allowance	Recipients	451 159	457 576	452 601	455 354	458 783	462 179
	Expenditures (million €)	2 477	2 494	2 530	2 570	2 551	2 663
Mobile care	Care recipients	236 081	140 391	145 324	147 037	149 442	153 486
	Gross exp. (million €)	539	570	592	616	619	638
24-hour care	Care recipients	16 611	19 308	21 940	23 836	25 281	24 692
	Gross exp. (million €)	105	123	139	151	159	158
Residential care*	Care recipients	84 571	85 731	87 651	86 566	85 880	98 585
	Gross exp. (million €)	2 546	2 681	2 725	2 798	2 837	3 191

* including alternative housing

Source: BMASGK 2018; BMASGK 2019, Statistik Austria, Pflegedienstleistungsstatistik

3.3.3 A REFORM TO INCREASE FINANCIAL FAIRNESS?

CONTINUOUS REGULATORY CHANGES and disparities between Austrian regions increased the unpredictability of private costs of residential care prior to the reform. Differences in costs of care homes, exemption amounts of asset-based contributions as well as practices regarding the recourse of other kin resulted in unequal treatment of users of care homes and their families across the country. Against this background, in 2018 the Austrian Federal government passed a law abolishing asset-based contribution to residential care. Hence, also related recourses of other kinds were legally terminated, following the practice of many federal states in past years. This reform left income-based out-of-pocket payments as the only form of co-financing of residential care. To offset revenue losses the Federal government agreed to provide compensation payments to the regions.

The main argument brought forward by the Social Democratic Party, which pushed for the reform, was to eliminate the injustice between those individuals who have to move to a care home and therefore deplete their assets and other individuals in need of care. Proponents of the reform argue that individuals in need of residential care should not be put at risk of impoverishment by being forced to deplete their assets to meet costs of residential care.

The termination of asset-related out-of-pocket payments increased equity between care home users because the reform ended differences in the regulations on co-financing between regions. However, the reform also induced inequality between care recipients in residential care and those in other care arrangements because the waiving of asset-based contributions only addressed in-patient care in care

homes. Other asset-related out-of-pocket payments in alternative care arrangements (like mobile care and 24-hours care) remained in place.

The fairness of using out-of-pocket payments to finance care in general must also be discussed. It is often argued that out-of-pocket payments should reflect a person's financial ability. Especially in old age, assets are compared to income likely to better reflect one's ability to pay (Colombo et al., 2011). However, asset-based contributions that need to be paid only when income-related contributions do not meet costs for care, impact individuals with low incomes and assets stronger than individuals with high incomes and assets (Muir, 2017). A study assessing a potential reduction of asset-based contributions in England found that low- and middle-income individuals would benefit most as high-income individuals are able to cover expenses by their income alone and are therefore often not liable to asset-related payments (Hancock et al., 2007).

In addition, the need for residential care is related to people's income: There is a positive relationship between income and health (OECD, 2019) which means that richer individuals are less likely to require residential care. Additionally, wealthier individuals are more likely to afford the infrastructure needed to obtain 24-hour care including an additional room for the caregiver. Hence, rich individuals are less likely to have to move to a care home.

3.3.4 COSTS AND DEMAND EFFECTS CAUSED BY THE REFORM

ABOLISHING THE ASSET-RELATED contributions to residential care was assumed to result in an increase in demand due to reduced costs

of care provision. Prior to the reform the number of persons in care homes remained quite stable at around 86,000 persons. In 2018 the number of care home users increased by 15 % reaching almost 99,00 residents (see table 1). A part of this remarkable increase can certainly be attributed to the discontinuation of asset-related out-of-pocket payments. However, there are numerous interlinked factors influencing the decision to move to a care home, like the availability of places as well as the access and availability of alternative care arrangements. The increase in those alternative long-term care arrangements turned out much more moderate than the increase in residential care and followed patterns of previous years. Subsidized 24-hour care even recorded a slight decrease in demand between 2017 and 2018.

As demand for residential care increased also related public expenditures went up. The decision to waive asset-based contribution was based on an estimation of additional costs amounting to € 100 million per year. Instead, in 2018 gross expenditures for residential care increased by 12.5 % which corresponds to € 350 million. Estimations suggest that from the actual increase in costs a substantial share, namely € 300 million, can be attributed to the waiver of asset-based contributions. This is also in line with the actual compensatory amount that was transferred from the Federal to regional governments to offset revenue shortfalls caused by the reform. The revenue gap resulting from the reform is estimated to increase to € 600 million per year by 2030 (Firgo & Famira-Mühlberger, 2020).

3.3.5 CONCLUSION

GIVEN DEMOGRAPHIC FORECASTS the provision and financing of long-term care will remain one of the core challenges of European welfare states. Besides the financial sustainability also fairness between care recipients as well as between individuals with and without care needs plays an important role. This chapter discussed the example of an abolition of asset-related out-of-pocket payments to residential care in Austria.

When assessing the fairness of co-financing schemes under the condition that these should reflect the care recipient's ability to pay, a poor targeting can be attributed to asset-based contribution. In general, richer individuals are less dependent on long-term care due to generally better health conditions. High-income individuals are particularly less likely to have to move to a care home since they can afford the infrastructure to obtain home-based care services such as 24-hour care. Evidence from England also shows that that co-financing schemes requiring asset-based contributions have a regressive effect because they impact low-income individuals more strongly (Hancock et al., 2007; Muir, 2017). Therefore, the waiver of asset-based contributions to residential care in Austria most likely benefited low- and medium-income groups.

To increase social protection and reduce the risk of impoverishment due to care dependency there is a strong argument for a better distribution of the costs of care. This can be achieved by reducing the focus on out-of-pocket payments and by sharing the burden of the financing of long-term care between individuals with and without care needs within but also between generations.

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CHAPTER 4: ITALY



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FROM THE EVER-GROWING AGING TREND TO AN APPARENTLY SOLID PENSION SYSTEM. THE ITALIAN CULTURE AND CUSTOMS AS AN ASSET, AND THE DRAMATIC FORESEEABLE FUTURE FOR ‘MILLENNIALS’.

4.1 INTRODUCTION AND STATISTICS

ACCORDING TO A study carried out by the International Institute for Applied System Analysis (IIASA) – Aging Demographic Data Sheet 2018¹, a 22.4% share of the Italian population is aged 65 or older (raking 2nd worldwide in the list of the “oldest” countries), and life expectancy for both sexes is 84 years (ranking 6th)²; moreover, according to CIA (Central Intelligence Agency) sources as of 2017 Italy ranks 206th (out 224 countries) in the Total Fertility Rate list, with a

¹ *International Institute for Applied Systems Analysis (IIASA), Aging Demographic Data Sheet 2018 (Laxenburg, Austria: IIASA, 2018), <https://iiasa.ac.at/web/home/research/researchPrograms/WorldPopulation/PublicationsMediaCoverage/ModelsData/Data-sheets.html> (accessed November 9, 2020)*

² *World Population Prospects 2019, Life expectancy at birth for both sexes combined (years), United Nations Population Division, <https://www.un.org/development/desa/publications/world-population-prospects-2019-highlights.html> (accessed November 9, 2020)*

score of 1.14³, and 212th (out of 223 countries) in the list of countries by birth rate, with a score of 8,5 births per 1,000 people as of 2017⁴; finally, according to the World Bank Data, as of 2018 Italy has a rate of 7 births per 1,000 people⁵.

Analysing such statistics, it is possible to highlight, on one hand, flaws affecting the Italian system – as data on low natality index and ever-growing aging trends suggest; on the other hand, high life expectancy represents an advantage in active and healthy ageing in Italy compared to other countries.

Concerning the first focus, such issues of low natality and ever-growing aging trend (44.3 average age and the 18.2% of the population under 20 years old⁶) affect the Italian age pyramid in a way that has progressively changed from a triangular to a trapezoidal shape for less about 30 years (Fig. 1).

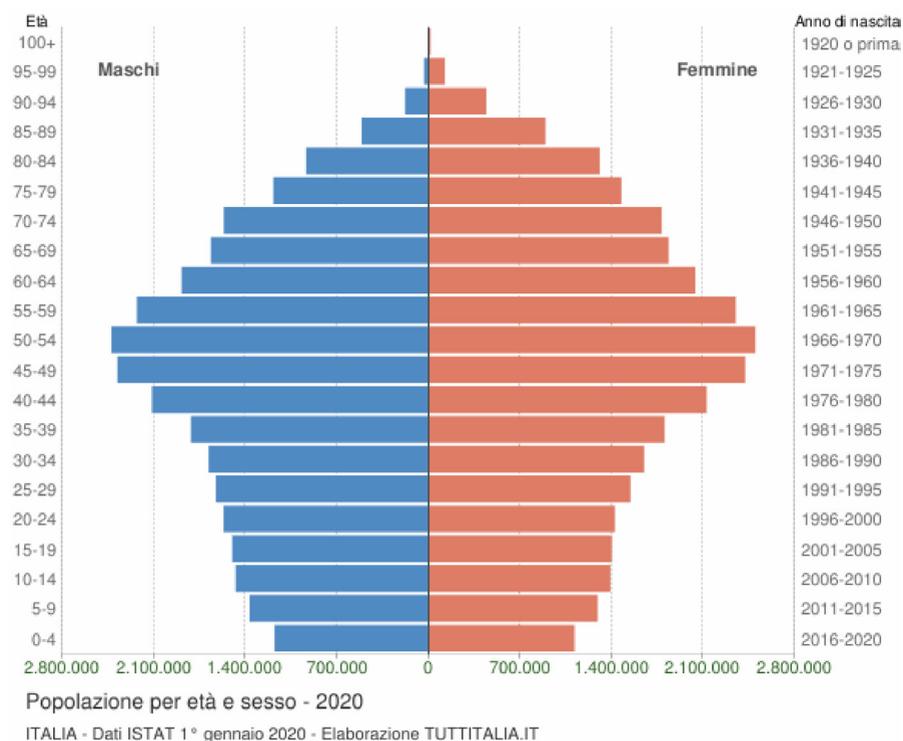


Fig. 1 Official Italian age pyramid as of year 2020.⁷

Another important factor to consider in the Italian case is the merger of immigrant populations. The Europe-wide immigration phenomenon has enlarged the basal and central age components of the “pyramid”: as of January 1st, 2020, the number of foreign residents in Italy assesses at 5,306.548 million individuals, representing the 8,8%

⁷ <https://www.tuttitalia.it/statistiche/popolazione-eta-sesso-stato-civile-2020/> (accessed October 31/2020)

³ CIA, *The world factbook, 2017, Country comparison, total fertility rate*, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2127rank.html> (accessed November 9, 2020)

⁴ *Index mundi, Country comparison, birth rate*, <https://www.indexmundi.com/g/r.aspx?v=25> (accessed November 9, 2020)

⁵ *World Bank Data, Birth rate crude (per 1,000 people)*, <https://data.worldbank.org/indicator/SPDYN.CBRT.IN>, (accessed November 9, 2020)

⁶ *World Data info, The average age in global comparison*, <https://www.worlddata.info/average-age.php>, (accessed November 9, 2020)

of the entire population residing in the country⁸. Of this number, only the 4,9%⁹ ages over 65 at the present day, thus suggesting that the next decades will be crucial in facing different challenges in terms of population aging – as the highest number of foreign residents is currently in its central age.

Therefore, further challenges include the integration not only between young and elderly classes but also between native and naturalized older Italians (Fig. 2).

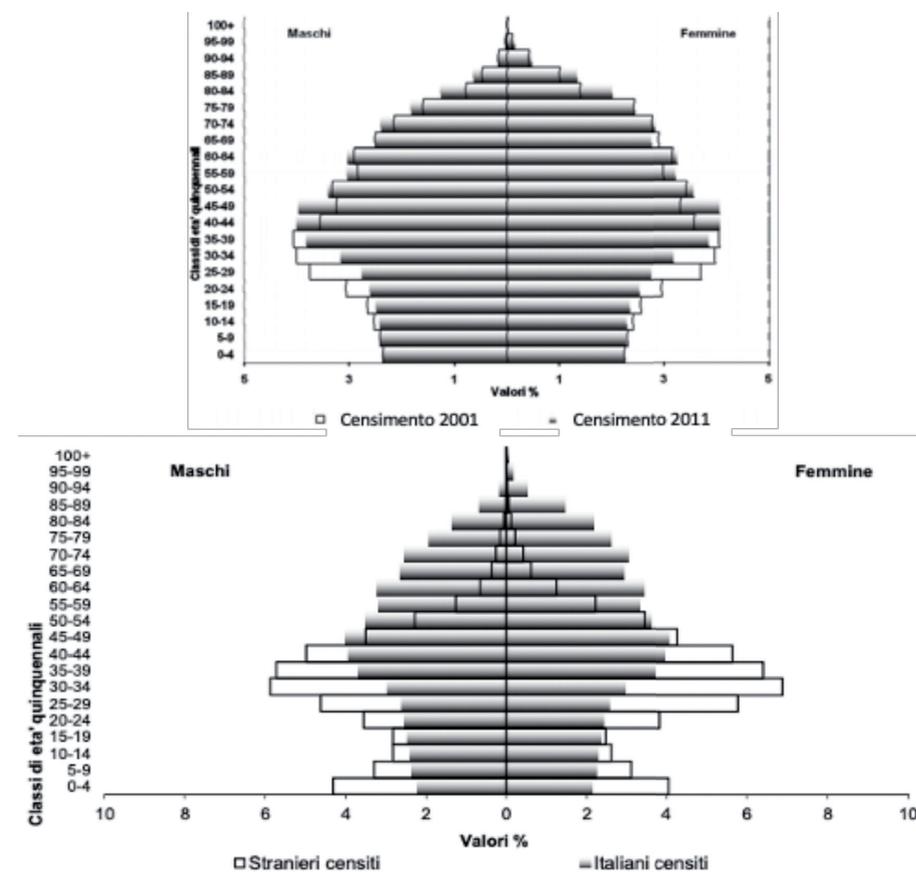


Fig. 2. Different decade-based (top panel) and ethnicity-based (bottom panel) prevalence within the Italian population¹⁰.

⁸ http://dati.istat.it/Index.aspx?DataSetCode=DCIS_POPSTRRES1 (accessed November 16/2020)

⁹ <https://www.tuttitalia.it/statistiche/cittadini-stranieri-2019/> (accessed November 16/2020)

¹⁰ https://www.istat.it/it/files/2012/12/volume_popolazione-legale_XV_censimento_popolazione.pdf (accessed October 31/2020)

4.2 ITALIAN STRENGTHS IN ACTIVE AND HEALTHY AGEING

Ageing in Italy might be an advantage compared to aging in other countries (basically, compared to the rest of the world except Japan) where life expectancy is lower: in fact, high life expectancy rate finds its roots in the following.

1. National policies and pension system.

It is paramount to highlight two main policies: the provisions of the National Plan on Chronicity 2016, issued by the Italian Ministry of Health¹¹, and the Italian pension system – in its diversified and winding shapes.

The former deals with a number of proposed plans and solutions in order to safeguard an active and healthy ageing, such as:

- a general ‘medical design’ focusing on the needs of individuals affected by chronicity, as well as on provisions, guidelines, and key elements in order to achieve chronicity’s efficient management (adherence; prevention; suitability; domestic treatment; information, education, and empowerment; awareness and expertise).
- a suggested macro-process on the management of an individual affected by chronicity (Stratification and targeting; campaigns promoting prevention; management of the patients; tailored actions; qualitative treatment evaluation), including a subsequent monitoring of implemented plans.

¹¹ *Ministero della Salute, Direzione Generale della Programmazione Sanitaria, Piano Nazionale della Cronicità, http://www.salute.gov.it/imgs/C_17_pubblicazioni_2584_allegato.pdf, (accessed November 9, 2020)*

- an important cross-sectorial reference to assistance to chronicity, whose most relevant factors include social inequalities, fragility, and vulnerability; digital healthcare; the role of Associations and relatives in safeguarding individuals affected by chronicity.

Concerning the mechanisms of the Italian pension system, it is fundamental to stress that those are regulated by ‘special laws’ and managed by social security institutions (mainly INPS – National Institute of Social Security), according to article 38 of Italian Constitution, in terms of which “Every citizen unable to work and without the necessary means of subsistence is entitled to welfare support. Workers have the right to be assured adequate means for their needs and necessities in the case of [...] old age [...]. Responsibilities under this article are entrusted to entities and institutions established by or supported by the State”.

The contributory rationale of pensions (replacing former retributive system), currently at the basis of the Italian system, was first introduced with Law no. 335 in 1995 (“Riforma Dini”), according to which pensions received by former workers are based on the number of contributions paid by the individual throughout its ‘working’ life. Particularly, an individual had the right to benefit of pensions at any age with a seniority of 35 years or, alternatively, at an age of 55/60 years for women and 60/65 years for men, but with a contextual minimum 20 years of contributions.

The subsequent Law no. 214/2011 (“Riforma Fornero”) raised the pension age with a seniority of 41 years for women and 42 for men or, alternatively, at an age of 62 years for women, 66 for men, with a contextual minimum 20 years of contributions.

Lastly, the recent introduction of the Decree-Law no. 4/2019 (so-called “100 quota”, effective until December 31st, 2020) provides pension age for individuals with combined 62 years of age and 38 years of seniority, as well as the possibility of an early pension for those with at least 42 years and ten months of seniority for men, 41 years and 10 months for women.

As the above-mentioned analysis shows, we have seen how, despite its instability, pension system and social policies in Italy represent one of its points of strengths in an active and healthy aging, as:

- The Constitutional right to the entitlement to welfare support in case of old age, makes it not only likely, but necessary for governments to give priority to these kinds of policies;
- Elder persons are economically self-sufficient, because they rely on a monthly pension income and can count on bank savings accumulated through the years;
- Despite the growing trend to mononuclear families (singles; couples with no children or only one child) observed in Italy as all over Europe, elder persons represent a safe funding source for their enlarged families, now that new generations risk their job much easier than before.

4.3 EFFICIENT STANDARDS OF LIVING – INCLUDING NUTRITION

Diet composition is fundamental for nation-wide illness prevention plans, particularly in terms of antioxidant-rich foods or high-salt/high-fat content (anti-aging and pro-aging factors, respectively). All the above holds true also in consideration of the increased food intake

and lower energy expenditure, with consequent increased fat mass, which has been observed in immigrants during the last two decades and of the possible positive effects of diet-related cross-contamination between Mediterranean and Asian styles after giving up trans fatty acid-rich fried oils so often consumed by Central Asian populations¹². This, also recalling the importance of adopting effective inter-cultural exchange policies.

On this side, according to Bloomberg Global Health Index study on the world’s ‘healthiest’ nations¹³, as of 2020 Italy ranks 2nd with a score of 91.59, in consideration of a variety of factors such as environmental factors, active lifestyles and stick to vegetable – and olive oil – rich diets, which led to better cholesterol and overall well-being¹⁴, leading to reductions in chronic conditions such as heart disease, stroke, Type 2 diabetes and dementia.

It is not a mystery that Italian people are used to walking or drinking a glass of wine in the sun with friends at any age, and to taste good food and other pleasures of life every day. This keeps them younger than chronological age until or widowhood suddenly causes an emotional shock thus reversing this positive attitude.

¹² Gupta L, Khandelwal, D., *Pragmatic selection of cooking oils (J Pak Med Assoc. 2017 Jun;67(6):957-958).*

¹³ <https://www.bloomberg.com/news/articles/2019-02-24/spain-tops-italy-as-world-s-healthiest-nation-while-u-s-slips>

¹⁴ <https://www.cntraveler.com/gallery/healthiest-countries-in-the-world> (accessed November 9, 2020)

4.4 ITALIAN CUSTOMS AND CULTURE – INCLUDING FAMILY RELATIONSHIPS, LEISURE, AND ACTIVITIES

Physiological aging means a process of progressive functional impairment (circulatory, respiratory, and other systems), evenly enough distributed over time, with no apparent pathology, whose major components are:

- atrophy of tissues and organs, which develop slowly, leading ultimately to death;
- polymorphic amyloid and lipofuscinosis degeneration/accumulation;
- internal and external cell dehydration (body fluids reduced from 60% of body weight in younger people and adults, to about 45% of body weight in the elderly);
- increased fat and reduced muscle tissue.

However, what mostly interests within the present context is psychosocial aging, characterized by:

- constructive attitude – characterized by the acceptance of old age, internal integration, and harmonious interaction with others;
- dependence on attitude – characterized by an increase in dependency and passivity;
- defensive posture – for those who refuse to accept help from others, even though they need it. People are closed in, perceiving old age in a pessimistic way;
- attitude of hostility towards the world – occurs in those who are aggressive, suspicious, and dissatisfied with contact with others, thereby isolating themselves socially;

- attitude of hostility towards themselves – referring to those who are self-critical, not believing that they are able to affect their own lives.

The activity of elderly people can be divided into formal (volunteering, association, politics), informal (contact with family, friends, acquaintances) and solitary (hobbies, reading) It is believed that one of the most important forms of active aging, leading to a sense of usefulness and prestige, is contacts with family, relatives and neighbours. The family is the natural environment from which older people expect spiritual, physical or material support. According to gerontologists, self-activity is a factor which determines the health in 50%¹⁵.

Modern society promotes youth, progress, development, efficiency, and cost-effectiveness. It is therefore often difficult for elderly people to be personally fulfilled, active, and to have the right to take initiatives on retirement, thus accelerating psychosocial aging, manifested as depression, apathy and indifference to the environment. However, highly developed societies attempt to create the possibility to fulfil their social functioning, understood as belonging to a network of social relationships, providing social support, continuing with social roles, and the realization of interests, passions, or hobbies¹⁶.

¹⁵ Dziechciaz M, Filip R, *Biological psychological and social determinants of old age: Bio-psycho-social aspects of human aging (Annals of Agricultural and Environmental Medicine 2014, Vol 21, No 4, 835–838)*

¹⁶ Dziechciaz M, Filip R, *Id.*

Furthermore, urban health is a major determinant of chronic non-communicable diseases, including diabetes among the other oxidative stress related pathologies often accompanying aging, through socio-economic factors including isolation-dependent depressed mood, and environmental limitations to physical activity besides pollution per se. This has to be, and in fact is, addressed by our government as part of the national Prevention Plan 2020-2025¹⁷.

What represents the most relevant features of Italian society concerning aging on this standpoint, is due to that, as well as to cultural awareness enabling all Italians to maintain relationships, older people are tightly linked to their sons and nephews, who visit them at least once a month and are used to keep in touch by phone or email almost daily.

The three points analysed so far, somehow show what slows down the negative effects of aging, as witnessed by the high prevalence of centenarians and slightly longer lifespan observed in Italy as compared to the rest of Europe¹⁸.

¹⁷ http://www.salute.gov.it/imgs/C_17_notizie_5029_0_file.pdf (accessed October 31/2020)

¹⁸ <https://www.dire.it/24-07-2019/355929-litalia-e-il-paese-piu-longevo-deuropa-sono-quasi-15mila-i-centenari/> (accessed October 31/2020)

4.5 WEAKNESSES

On the other hand, there are still current flaws and challenges to be addressed by Italian policymakers.

- a) Also due to organizational defects, in most cases, those who for any reasons have to live confined in residential homes feel lonely and depressed, which – also due to sedentary lifestyle - eventually lead to frailty and even disability¹⁹. Northern Europe, which has great, long-lasting experience with retirement homes where elderly people can live an active social life, dance with their peers, cultivate hobbies and so on, might serve as an example for Italian government as for that.
- b) Social inequalities may represent one of the most relevant factors in determining health conditions, thereby empowering a not always present social and health equity is paramount. Actions needed require efforts in order to enforce a number of actions with the aim of enhancing daily lifestyle, as well as countering inequalities in resources distribution.
- c) There exist, mostly in rural spots of the country, problems of digital accessibility and literacy. The progress of technological advancement could imply a gap between those who are “educated” to the use of technologies and those who aren’t (mostly the elder), thus implying the possibility of social exclusion for the latter; on the contrary, it is observed that digital literacy may enhance for the 50% the chance for the elder to perform daily life activities

¹⁹ https://www.redattoresociale.it/articolo/notiziario/strutture_per_anziani_il_difficile_rapporto_con_i_familiari (accessed October 31/2020)

and to reduce the symptoms of depression, representing a ‘social inclusion lever’²⁰. This being said, despite growing efforts made by the community to safeguard an inclusive technologies education for the elder, data show how in Italy only 34% (comparing to the 52% EU average) of people over 65 use the internet, probably in reason of the low digital literacy²¹.

d) Finally, a brief insight should be made on the active and healthy ageing perspective for today’s young people (or early-grown-ups), especially in light of the social security and pension system. In Italy, as of December 2019 youth unemployment rate assesses on a dramatic 28,9% for the 15-24 years cluster, and 14,7% (plus 26,1% of inactivity) for the 25-34 years cluster²², numbers that are set to increase due to the recent spread of the Covid-19 pandemic. With these statistics, unless a turnaround happens soon, it is difficult to imagine how, in the future, the pension system will still be efficient and likely to safeguard the future elders’ their Constitutional right to welfare support.

²⁰ Paolo Marizza, *Digitale come leva di Inclusionione*, 9 settembre 2019, available at <https://www.pmi.it/tecnologia/prodotti-e-servizi-ict/312526/invecchiamento-digitale-come-leva-di-inclusionione.html> (accessed November 9, 2020)

²¹ ISTAT, *Rapporto annuale 2019. La situazione del paese*, pp. 161-165, <https://www.istat.it/it/archivio/230897> (accessed November 9, 2020)

²² ISTAT, *Occupati e Disoccupati, Dicembre 2019*, https://www.istat.it/it/files//2020/01/CS_Occupati-disoccupati_DICEMBRE_2019.pdf (accessed November 9, 2020)

5. AGEING AS AN EXPORT: RECOMMENDATIONS AND BEST POLICY PRACTICES

BASED ON THE individual chapters included in Section 2 of this report, all authors met for a round table discussion to agree on a set of recommendations for European policymakers regarding ageing and health in the EU region. A summary of the concluding remarks from this discussion is included in this section of the report as follows.

5.1 PENSION SYSTEMS AND INTERGENERATIONAL FAIRNESS

THE AUTHORS RECOGNISE in this report that population ageing may provoke several challenges for the welfare systems and public finances of the EU region. The EU Member States spend, on average, more than a quarter of their GDP on social protection, most of it for the benefit of older people in the form of pensions, health and long-term care. The key question is, as highlighted in the country case descriptions included in this report, whether and how these achievements related to social security can be maintained in the current economic and demographic context, in order neither to reduce the budgetary scope for other political areas nor to dramatically increase the government debt level. The authors also highlight the importance of intergenerational fairness, where both the adequacy and financial sustainability of the pension systems should be viewed both from the perspective of older and younger generations and their varying needs and expectations respectively.

5.2 DIGITALISATION AS A DRIVER FOR EQUALITY

WITH A GROWING share of day-to-day tasks being carried out online, the ability to use modern technologies becomes increasingly important to ensure everyone can participate in the digital society. Although the internet is an almost constant part of the lives of many Europeans, some people are excluded to a greater or lesser extent, resulting in the so-called digital divide. One of the population groups at risk for digital exclusion is older adults. While younger generations may find it difficult to imagine life without a smartphone or a laptop, there are still about 25 % of people aged 55-64 years and more than 40 % of people aged 65-74 years in the EU-27 who have never used a computer. Further, there are wide disparities between EU regions in terms of daily use of the internet, with northern and western regions generally recording higher levels than southern or eastern counterparts. In the report, the authors highlight the importance of equal opportunities to access online services.

It is essential to avoid stereotypical views of older adults, such as that they would not be interested or have the necessary skills to use digital services and ICT devices. The digital divide is a barrier for e.g. social inclusion and connectedness, teleworking and home-officing, access to telemedicine, online education and online shopping, which hamper the realisation of the potential of the older persons. To combat the digital divide and related inequalities, the authors recommend free education and platforms to digital access, as well as the provision of digital devices for those not being able to afford them or their service costs. Further, the authors recommend widely implemented fostering campaigns on the benefits of digital inclusion

and the resources that digital services carry. Furthermore, we need to ask older people what they (really) want and need by involving older end-users in the design and development of new online services, in order to make sure that these are perceived as accessible, affordable, useful and user-friendly.

5.3 ATTITUDES TOWARDS AGEING AND WHY COMMUNICATION MATTERS

AGEING IS PERCEIVED by many as a threat instead of one of the greatest achievements. The growing number of older people tends to be seen as a burden on the working-age population. These fears, however, tend to disregard the fact that an increasing number of older people are in good health, have valuable skills and experiences and are at the same time willing to make a significant contribution to society. The authors acknowledge the challenges related to ageism and stereotypical views and perceptions related to ageing and older people. At the same time, there is a lack of data and research on ageism and its mechanisms and prevention strategies. Besides, to highlight the need to fill the knowledge gaps around ageism in the EU region, the authors would like to raise the important role of everyday communication, in policy, science, media and colloquial language, as the way we talk about ageing and older people mirrors our attitudes and perceptions. Negative attitudes towards ageing and the ageing population can be decreased by careful and conscientious avoidance of ageist expressions and incautious choice of words when discussing ageing, or by being careful not to generalise and homogenise this diverse and rich in its

potential age group. There are many heterogeneous groups within the large group of older people, and ageing is something that concerns everyone, today or tomorrow, it is not just about older adults.

5.4 HEALTHY AGEING: WHAT IS IT EXACTLY?

WE ARE LIVING longer, and the proportion of older people in the European region is on the rise. In 2018, women aged 65 years living in the EU-27 could expect to live for an additional 21 years and men of the same age - a further 18 years. Whether the growing numbers of older people in the EU are living their later years in good health is a crucial consideration for policymakers. Additional years of life spent in an unhealthy condition (limitations in functioning or disability) are likely to result in extra demand for supplementary healthcare or long-term care services – in addition to great suffering for the older individuals and reduced opportunities for their contribution to the society. Across the EU-27, women and men aged 65 years could expect to live an additional 10 years of their remaining lives in a healthy condition. Here, the authors see room for improvement, especially in terms of policies favouring both socialisation and European-wide adoption of antioxidant-rich diets since early adulthood. Significant indicators and determinants of healthy ageing are discussed in the country case descriptions. The authors would like to highlight the subjective dimension of health in later life, which means that personal experiences also need to be captured when measuring healthy ageing and its determinants. In 2018, around 70% of the EU-27 adult population (aged 16 years or more) considered their health as good

or very good. Just less than half of the older adults aged 65-74 years perceived their health to be good or very good, a share that fell to less than one third among those aged 75-84 years and to around one fifth for those aged 85 years or more. In addition to measures to promote healthy ageing and intrinsic capacity of the older adults, it is important to pay attention to the enabling environment, to make sure that even some deterioration in health conditions do not prevent older persons from activities that are important and valuable for them and the society. The group strongly suggests urban health promotion as one of the strategies to overcome the mentioned problems by fighting pollution (as the major determinant of chronic oxidative stress-related non-communicable diseases) and environmental limitations to physical activity. Moreover, implementing adequate policies on traffic rules concerning pedestrian safety (especially in urban areas), would highly decrease risk factors associated with fatal accidents due to pedestrian road traffic injuries.

What is ageing like in different parts of Europe? What can we learn from each other, in order to secure a safe, healthy and dignified old age for all Europeans?

Based on open access EU wide data this report compares the prerequisites for an active and healthy ageing across EU member states, looking at selected indicators related to the following topics: Social welfare system and policies related to ageing, life expectancy and self-rated health and digitalisation.

The book also presents three case studies on ageing in Finland, Austria and Italy, thus the title Ageing in Europe: From North to South.

The Finnish chapter focuses on the social indicators of health and wellbeing, with a particular emphasis on the subjective dimension and the mental well-being aspects of ageing and health.

The Austrian chapter is divided in three parts, focusing on the sustainability of the Austrian pension system, the potential of older persons in employment and fairness in the financing of long-term care.

The Italian chapter highlights how a general easy access to facilities and leisure, as well as the historical solid importance given by the Italian culture and customs to family relationships, makes ageing a highly tolerable process.