

# Official retirement age is not the only factor that determines the duration of working life

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Credit: AI-generated image ([disclaimer](#))

The life expectancy of human beings continues to increase. While this is good news for the individual, it does cause difficulties for the pension system. This is why experts as well as some politicians call for the retirement age to be raised further. However, the actual duration of working life is determined only in part by the retirement age defined by

the government. Scientists at the Max Planck Institute for Demographic Research are exploring the impact of other factors such as profession, gender, level of education and the economic situation. Analogous to life expectancy, they strive to estimate the working life expectancy based on these aspects.

On paper it is currently 65 years and seven months. This is the age when a German employee can enter retirement without suffering financial losses. The average German, however, enters retirement before they turn 62. That is more than three years earlier. There is a notable gap between official entitlement and reality, when it comes to the [retirement age](#), and this is true not only for Germany but also for most other industrial countries. On top of this, many people spend periods of time throughout their working life, in which they are not gainfully employed – due to illness, unemployment, training or retraining measures, raising children or caring for relatives.

For the domain of politics it is essential to know, how much of their lives citizens spend actually working. After all, this is what determines the income of the government and social insurance funds. At the Max Planck Institute for Demographic Research, Mikko Myrskylä's team of scientists is working on gathering reliable data about the duration of the working life. Their area of research "Labour Demography" has examined for different nations, when employees are entering retirement, what the reasons are for retiring from their profession earlier than intended, and which long-term developments are beginning to emerge.

The basic rule is as follows: The higher the level of education, the greater the number of working years a 50-year-old has ahead of them. The scientists are speaking of working [life expectancy](#) at the age of 50. Health aspects are particularly likely to play an important role in this context. When considering the entire life, better educated individuals tend to spend more time studying, which shortens the duration of their

working life. Nevertheless, they are less likely to become unemployed, and this increases the duration of their working life. Another important aspect for women is, whether it is common in their respective country that they are gainfully employed, and in which ways a reconciliation of career and family life is promoted.

How much time each person actually spends working, also depends significantly on the [economic situation](#). A study conducted about the years between 1989 and 2012 in Finland shows that the recession of the early 1990s initially reduced the working life expectancy of 50-year-olds. It was only towards the middle of the decade, when the economy began to pick up speed once again that older employees returned to remaining employed for longer.

For Spain the scientists have calculated the effects of the financial crisis that started in 2008 in relation to overall working life expectancy. The results show the number of working years to have decreased from 38 years for men and 33 years for women to 26 years for both sexes. Those affected the least were highly qualified individuals and women, especially older ones. The researchers attribute this to the fact that it was the construction sector in particular that came to a standstill in Spain, and significantly fewer women than men are working in this industry. Similar developments were observed by the researchers for Italy, which was also severely affected by the financial crises.

In another survey it was found that the 2008 [financial crisis](#) had a weaker impact on the working life expectancy of women than on that of men, also in the USA. Here the consequences of the economic downturn varied greatly and partly also in unexpected ways, depending on level of education, gender and population groups. The working life expectancy of 50-year-olds with university degrees, for example, decreased by a surprising extent. The researchers' explanation for this effect is that older university graduates, who lost their work due to the recession,

tended to enter retirement early – unlike other population groups that could not afford to do so.

The exact opposite could be observed for women without any school-leaving qualifications, especially within the population group of Hispanics: Their working life expectancy at age 50 increased. The scientists consider the "added worker effect" to be the reason for this. According to this explanation, the crisis led to many women from poorer sections of the population to take up employment, in order to compensate their husbands' unemployment or lower income.

Mikko Myrskylä and his team are particularly interested in long-term trends. Within the context of a general increase of life expectancy, the question arises, whether working life expectancy is also increasing. The survey conducted in Finland showed that this was actually the case: Here the average number of working years that 50-year-olds have ahead of them increased by one year for men and by as much as two years for women between 2001 and 2012. This increase exceeded the increase of life expectancy. With regard to the pension system, the researchers consider this to be a very positive development.

Meanwhile, a rather different situation could be observed in the USA. On the one hand, working life expectancy for 50-year-olds across all [population groups](#) is higher here than in European countries such as Finland, Great Britain or Spain. On the other hand, however, it remained largely unchanged between 1992 and 2011 – except during the years of the recession, when it decreased.

The researchers are concerned about the significant inequalities within the population, not only in the USA. In future studies, the scientists at the Max Planck Institute for Demographic Research would like to address differences in health, health-related behaviour and disabilities. After all, the political domain requires reliable data for promoting an

extension of the working life, without putting human health at risk.

**More information:** Christian Dudel et al. Working Life Expectancy at Age 50 in the United States and the Impact of the Great Recession, *Demography* (2017). [DOI: 10.1007/s13524-017-0619-6](https://doi.org/10.1007/s13524-017-0619-6)

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