

Retirement from the labour market: current European gender patterns and trends

The aging of population and its prolonged working life and delayed retirement are topics of growing interest. If the increase in life expectancy is reflected in the extension of working life, we should find a delay in retirement age, in other words, an increase in the age at which labour market is abandoned.

Thus, the interest of this research is revealing possible trends over time, gender patterns and other socio demographic characteristics. In addition, the strength of the analysis is the ability to make a European comparison with twenty-eight countries.

For the analysis we have used the Labour Force Survey and the corresponding modules to the transition from work to retirement of this survey which were carried out in 2006 and in 2012. This survey is conducted for each national statistical institute and standardized at European level by the Eurostat. It is carried out on households asking for all members' relationship with the labour market. However, these specific modules are only answered for those aged between 50 and 69 who are working or had worked beyond their 50 anniversary.

The analysis will compare 2006 with 2012, being took the first picture in a period of economic expansion and the second in first years of the economic crisis.

We exclude those countries which did not have both years of the retirement module (Switzerland, Croatia and Malta). As a result, we include the following list of countries: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, Greece, Hungary, Ireland, Iceland, Italy, Lithuania, Luxembourg, Latvia, Netherlands, Norway, Poland, Portugal, Romania, Sweden, Slovenia, Slovakia and United Kingdom.

The technique used is event history analysis, focusing on the age at which a person started to receive a retirement pension as our dependant variable. *"Event history analysis studies transitions across a set of discrete states, including the length of time intervals between entry to and exit from specific states."* (Blossfeld et al., 2007)

Thus, the necessary first step is deciding which people enter our analysis and therefore, are the object of our study. We are interested in all persons between 50 and 69 years of age who were receiving retirement or early retirement or those who were entitled to collect it later on, that is, those who were working or unemployed at the time of the survey.

To identify these cases it is necessary to create a new variable for each year, as the list of variables in both questionnaires differ, since the year 2012 compliance was improved based on weaknesses located in 2006.

Thus, for 2006 individuals exposed and that had already experience the event are identified through the variable **"Age at which person started to receive an individual retirement pension"**, with the following categories:

97- Does not receive an individual retirement pension even though is entitled to

98- Is not/not yet entitled to an individual retirement pension

99- Not applicable (not included in the filter)

Blank- No answer

It will be coded as receiving a pension all those who answered with an age to that question who meet the age, and population in risk as those categorised as 97 or 98, or 99 or missing values in this variable who are unemployed (although last employment was before the age of 50).

In the case of 2012 we have a first variable (“**Person receives a pension**”) that tells us who is receiving a pension and who is not, this variable will be combined with another which indicates who is receiving an “old-age pension” (“**Type of pension(s)**”). This variable has several options:

Old-age pension. Statutory scheme.
Old-age pension. Occupational scheme
Old-age pension. Personal scheme
Old-age pension. Scheme unknown
Unemployment pension
Disability pension
Survivor’s pension
Other pension(s) or type of pension unknown
99999999 Not applicable (not included in the filter)

We are interested in the first four options but also the fifth option, by definition, also enter into our analysis: *“Early retirement benefits for labour market reasons (unemployment pension) are periodic payments to older workers who retire before reaching the legal or standard retirement age due to unemployment or to job reduction caused by economic measures such as restructuring of an industrial sector or of a business. These payments normally cease when the beneficiary becomes entitled to an old age pension. These benefits only exists in some Member States and the number of persons concerned are quite limited (on this respect see above second footnote on ESPROSS).”* (EUROSTAT, 2010). Unfortunately, the age of retirement for this group is missing.

We will include as well individuals who were currently unemployed but which last employment was before the age of 50.

We are aware that during recoding and reformulation of variables, cases of interest are lost. However, given the complexity of the system for each country, we have considered that this procedure is the most complete and make sure that countries are comparable through the standardization of the Labour Force Survey.

Therefore the first step, as already mentioned, is to identify those cases that will not be in our analysis. In Table 1 this indicator is shown by country, age and sex. We started focusing on gender differentiation since the existence of a significant gap in some countries is evident. This is the case, for example, of the countries of southern Europe (Spain, Italy and Portugal) where the difference is remarkable.

We realise that in virtually all countries the female participation in the labour force is increasing, being that a cohort effect rather than an effect of a particular economic situation.

So the first objective of this research is to analyse the demographic characteristics of this group of people who do not enter in our analysis: sex, education level, marital status ... all by year and country.

Table 1. Data censored from the left by country, year and sex.

	Male				Female			
	2006		2012		2006		2012	
	N	%	N	%	N	%	N	%
Austria	560	13.06	0	0.00	441	12.65	0	0.00
Belgium	587	17.89	400	13.23	1757	49.53	1148	35.69
Bulgaria	745	16.73	632	12.84	824	15.68	653	11.59
Cyprus	35	3.29	47	3.58	440	38.10	410	29.73
Czech Republic	3	0.05	226	3.65	7	0.10	404	5.72
Germany	1425	23.01	200	4.31	2461	37.33	151	4.19
Denmark	184	9.88	167	5.22	325	15.82	276	8.00
Estonia	185	8.38	114	7.78	233	8.82	161	9.12
Spain	678	6.15	835	6.24	5830	47.46	4842	33.21
Finland	166	4.76	326	8.35	161	4.34	357	8.46
Greece	972	10.40	935	11.68	5137	51.77	4065	46.78
Hungary	1904	19.58	1544	17.89	2867	24.14	2220	20.97
Ireland	137	2.08	906	14.71	110	2.60	2377	37.51
Iceland	23	5.62	31	6.30	43	9.60	52	11.30
Italy	2816	12.90	1291	6.96	12077	50.77	8728	42.31
Lithuania	97	9.53	162	7.79	138	10.87	278	10.66
Luxembourg	112	4.75	162	5.86	1174	48.81	1050	35.21
Latvia	84	17.21	79	7.98	130	19.55	136	9.80
Norway	73	2.96	380	12.84	78	3.35	562	18.61
Poland	1063	18.06	2159	16.91	1935	28.07	3698	24.82
Portugal	386	7.10	434	8.15	1787	28.61	1603	25.51
Romania	772	9.84	1222	14.85	2100	23.05	2682	28.58
Sweden	234	3.55	3	0.05	291	4.35	3	0.05
Slovenia	234	10.13	241	11.58	495	21.01	367	17.08
Slovakia	259	8.14	225	6.64	436	11.26	392	9.57
United Kingdom	2179	16.00	916	8.90	3867	26.39	2049	18.20

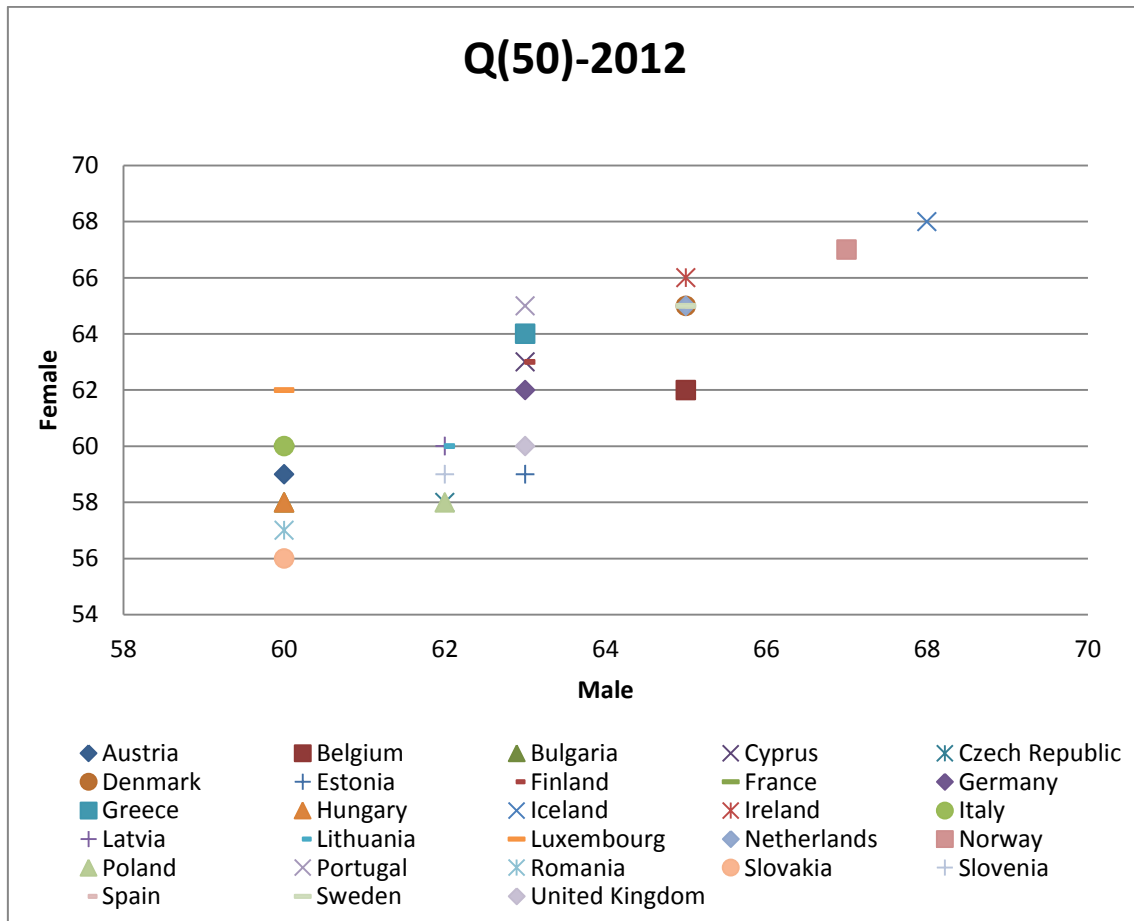
Source: Made by myself. Labour Force Survey.

We need the variable "retirement age" which will result from the age at which they received the first old-age pension for those who are already retired, and the current age for those who are in risk but not yet retired.

The first results can be seen in Figure 1, where the second quartile (median) is represented by gender and country. We will build a typology of countries along with some analysis using COX techniques to help us explain this gap between sexes and between countries; we will use sociodemographic variables such as educational attainment and marital status.

We explain differences and particularities, patterns by countries or groups of countries and changes over time.

Figure 1: Second quartile of the age of retirement by country and sex. Year 2012.



Source: Made by myself. Labour Force Survey.

References:

Event History Analysis with Stata, Blossfeld, H.P. et al. 2007

Explanatory notes, list of variables and filters. Transition from work to retirement. European Commission, EUROSTAT. 2010