

Working longer: paid employment beyond age 65 years

David Blane

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Abstract At present, among British people aged 65-69 years, some one-in-five men and one-in-ten women are in paid employment or self-employed; proportions which are among the highest in Europe. Within mainland Europe such employees mostly are working fulltime with permanent contracts in low stress jobs; and those changing jobs in their mid-60s tend to find new employment in the lower paid parts of either the non-manual or manual sectors of the economy. Raising the state pension age, first to 65 years for women, then to 68 for all, will shift a present minority practice into a normative expectation on all. With what effect? Can present circumstances be used as a guide to the future? Almost certainly not. The change in state pension age will bring a big challenge for occupational health. Datasets used: Study of Health, Ageing and Retirement in Europe (SHARE) with some English Longitudinal Study of Ageing (ELSA) and Decennial Census.

Speaker David Blane is Professor emeritus of Imperial College London and Professorial research associate of University College London. Formerly (2008-2012) he was deputy director of ESRC International Centre for Life Course Studies in Society and Health (ICLS).

Notes ICLS hosted a policy seminar on Extending working life and Health at UCL in June 2015. The seminar was chaired by Richard Bartholomew, (former), Chief Research Officer, Children, Young People and Families Directorate, Department for Education and the presentations co-ordinated by Tarani Chandola, Professor of Medical Sociology University of Manchester and ICLS Co-investigator. Transcripts from this event, including this paper, have been made available via the ICLS Occasional Paper Series. This series allows all (those who were or were not able to attend) to read an account of the presentation. Other papers in the series include:

OP16.2 Who works beyond the state pension age and are there health benefits? Giorgio Di Gessa , KCL

OP 16.3 The impact of working beyond state pension age on volunteering, caregiving and well-being. Katey Mathews, Manchester University

OP16.4 Geographic inequalities, health and exit from the work force. Emily Murray, UCL



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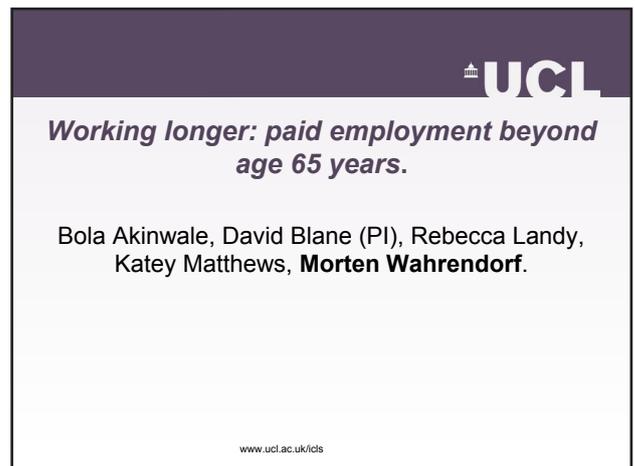
Working longer: paid employment beyond age 65 years

David Blane, June 2015

SLIDE 1

Good afternoon. My name is David Blane. I am a professorial research associate of University College London and a member of ESRC International Centre for Life Course Studies in Society and Health (ICLS).

The people listed on the slide are co-authors of what I'm going to say. Morten Wahrendorf is emphasised because most of the results come from his work. Collectively we are a strange thing in the academic world because, apart from me, we are a volunteer project working group, including Katey Matthews who is making a separate presentation.

A presentation slide with a dark purple header containing the UCL logo. The main text is white on a light grey background. The title is 'Working longer: paid employment beyond age 65 years.' Below the title, the authors are listed: 'Bola Akinwale, David Blane (PI), Rebecca Landy, Katey Matthews, Morten Wahrendorf.' At the bottom right, the URL 'www.ucl.ac.uk/icls' is visible.

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Working longer: paid employment beyond age 65 years.

Bola Akinwale, David Blane (PI), Rebecca Landy, Katey Matthews, **Morten Wahrendorf.**

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SLIDE 2

Two big things have happened recently . One is that now, for the first time in human history, most people live in cities; the other is that in countries like UK human beings mostly don't die in middle age anymore. The increase in life expectancy at middle age is extraordinary.

The policy implications of people living longer is being addressed not only in the UK in terms of research programmes but also in most other European countries which have similar research programmes.

One, 'Pension system reform and inequality among older workers' is a German programme example, with similar ones elsewhere. In Germany there's a much clearer recognition than in the UK about the policy context of this change: they relate the old policy of early retirement to the de-industrialisation which affected Europe in the 1980s and 1990s; and they see the change in policy to one of active

A presentation slide with a dark purple header containing the UCL logo. The title is 'Background' in bold. Below the title, there is a bulleted list of two points. The first point discusses a policy switch in many countries of Europe from early retirement to active ageing, mentioning the move from de-industrialisation to globalisation. The second point mentions research initiatives like 'New Dynamics of Ageing' and 'Extending working lives' in the UK, and 'Pensions, system reforms & inequality among older workers' in Germany.

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Background

- Policy switch in many countries of Europe from early retirement to active ageing (move from de-industrialisation to globalisation ?).
- Accompanied by funder-led research initiatives eg. *New Dynamics of Ageing* and *Extending working lives* (UK) and *Pensions, system reforms & inequality among older workers* (Germany).

ageing as part of globalisation. In the UK there's much less discussion about that.

SLIDE 3

This slide shows the people who are working in paid employment beyond the present state pension age at ages 65 to 69 years. As you can see, it's very much a minority practice in England at the moment. Although England has one of the highest rates in Europe, it's still only 20% of men and 10% of women working in paid employment at ages 65-69 years.

Raising the State Pension Age will turn a minority practice into a normative expectation on all. We are moving into interesting territory. Footnote: ELSA = English Longitudinal Study of Ageing. SHARE = Study of Health, Ageing and Retirement in Europe.



Present proportion of 65-69 year-olds in England employed or self-employed (ELSA/SHARE).

| | England | Europe (range x country) |
|-------|---|--------------------------|
| Men | 18.2% (4 th highest in Europe) | 26.1-0.0% |
| Women | 9.9% (3 rd highest in Europe) | 21.7-0.0% |

Working 65-69 in Britain: 1/5 men; 1/10 women

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SLIDE 4

When you look at the workers who work beyond the state pension age, beyond 65 years in Europe they're nearly all employees (in the following tables I put first the 65-70 year olds followed by 55-60 years olds, to emphasise change from the years of working life).

As you can see, among women the proportion of who are working at older ages as employees is a little higher than during the years of working life, whereas among men the proportionate change is greatest among the self-employed. So most older workers are employees or self-employed men.



Employment status of European workers aged 65-70 years and 55-60 years; proportions (SHARE).

| | 65-70 year-olds | | 55-60 year-olds | |
|----------------|-----------------|-----|-----------------|-----|
| | Women | Men | Women | Men |
| Employees | 75% | 55 | 70 | 70 |
| Civil servants | 5% | 5 | 20 | 10 |
| Self-employed | 20% | 40 | 10 | 20 |

Most 65-70 workers in Europe are employees or self-employed men.

SLIDE 5

If you look at the hours and job security of those working beyond 65, most are working full-time and have permanent contracts. Part-time workers are only about one-third of the total and less than one-fifth have short-term contracts.



Hours & conditions of those presently employed at ages 65-70 years and 55-60 years; women & men combined (SHARE).

| | | 65-70 years | 55-60 years |
|------------------|------------|-------------|-------------|
| | | Hours | |
| | Fulltime | 65% | 70 |
| | Part-time | 35% | 30 |
| Type of contract | | | |
| | Permanent | 86% | 92 |
| | Short-term | 14% | 8 |

Most 65-70 workers in Europe are fulltime & permanent.

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SLIDE 6

This slide reports two measures of work stress: Siegrist's effort-reward imbalance; and Karasek's job control (where the slide says high effort- reward imbalance, it means high imbalance & high stress; similarly, where it says that low job control is high, it means high job stress).

As you can see, when you compare the people who continue working after age 65 years with those at a younger ages, people shun the jobs with high effort-reward imbalance and those that have low autonomy & job control. And the jobs which are popular after age 65 years are those with low effort- reward imbalance and



Level of occupational stress experienced by employed 65-70 & 55-60 year-olds (SHARE).

| | | 65-70 years | | 55-60 years | |
|-------------------------|--------|-------------|-----|-------------|-----|
| | | Women | Men | Women | Men |
| Effort-Reward Imbalance | High | 20% | 20 | 30% | 33 |
| | Medium | 30% | 35 | 35% | 34 |
| | Low | 50% | 45 | 35% | 33 |
| Low Control | High | 18% | 18 | 25% | 21 |
| | Medium | 32% | 24 | 29% | 30 |
| | Low | 50% | 58 | 46% | 49 |

65-70 workers in Europe shun high occupational stress jobs.

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high autonomy & job control.

People working over 65 in Europe shun high occupational stress jobs.

SLIDE 7

In terms of social class, you can see that older workers in Europe are attracted to jobs in the advantaged social classes, with the proportion of professional and managerial employees of social classes I & II increasing somewhat at older ages. Among manual workers in contrast (social class IIIM skilled manual; social class IV semi-skilled manual; social class V unskilled manual), the proportions change little. The big change is that those who work beyond age 65 years shun skilled non-manual jobs of social class IIIN.



Social class (Registrar General) distribution of those employed at ages 65-70 years and 55-60 years (SHARE)

| Social class | 65-70 years | 55-60 years |
|--------------|-------------|-------------|
| I | 27% | 21 |
| II | 15% | 13 |
| IIIN | 26% | 36 |
| IIIM | 16% | 15 |
| IV | 4% | 5 |
| V | 12% | 10 |

65-70 workers in Europe attracted to social class I & II jobs.

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SLIDE 8

This slide compares all those who work beyond age 65 years with those who changed jobs around the state pension age (older workers who had been in their present job for less than six years).

If you draw an imaginary line between social class IIIN and social class IIIM, you have white collar workers above the line and blue collar workers below. As you can see, within each of the blue and white collar groups, older workers who changed jobs recently are more likely to be employed in the low paid, most disadvantaged



Social class (Registrar General) distribution of those employed at ages 65-70 years x length of time in job (SHARE).

| Social Class | All 65-70 years | Less than 6 years |
|--------------|-----------------|-------------------|
| I | 27% | 24 |
| II | 15% | 11 |
| IIIN | 26% | 28 |
| IIIM | 15% | 11 |
| IV | 4% | 6 |
| V | 12% | 20 |

Late job change associated with social class disadvantage within both non-manual and manual sectors.

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SLIDE 8 ... CONTINUED

occupations.

So late job changes are associated with social disadvantage within both non-manual and manual sectors.

SLIDE 9

So to summarise: a minority of people in early old age work beyond 65 years, about 10% of women and 20% of men. This minority mostly work as employees, full-time with permanent contracts in low stress jobs. And that those who change jobs around the state pension age are more likely to work in the lower paid parts of both the non-manual and manual sectors.

65-70 workers now: summary.

A minority of people in early old age work beyond 65 years (1/10 women, 1/5 men); of these:

- Mostly working as employees, fulltime with permanent contracts in low stress jobs.
- Those changing jobs around state pension age are more likely to find new work in the lower paid parts of both the non-manual and manual sectors.

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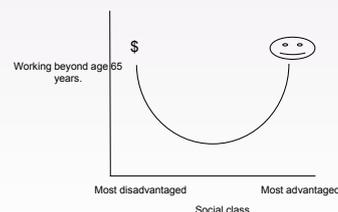
SLIDE 10

This slide shows how Moritz Hess, of the German project mentioned earlier, sees the situation: the probability of working beyond 65 years has a U-shaped social distribution, being lowest in the middle and highest among the most advantaged social class and, to a lesser extent, among the most disadvantaged social class.

Importantly, the motivation of these two groups differs: the most advantaged continue working because they enjoy it - it's a pleasure ; the disadvantaged, in contrast, are more likely to continue working for financial reasons – they need the money.

When I started the project I assumed most people who worked beyond age 65 years would be in disadvantaged group, so was surprised to find the high levels of working beyond 65 in the most advantaged social class. Now I think of it as catching up: the advantaged mostly went to university, so didn't start paid employment until four, five, six, seven years after those who left school at the minimum school leaving age, so working longer makes up for starting later.

Social class and present prevalence of working past age 65 years: motivations.



Graph courtesy of Moritz Hess.

SLIDE 11

Raising the state pension age first to age 65 for women and then to 68 for all will shift a present minority practice into a normative expectation on all women and men

In terms of the likely effect of this change, can present circumstances be used as a guide to the future. Can we assume that when everybody has to work until age 68 years that mostly they will be enjoying it? I suspect the answer is almost certainly not. Many of the conscripts will be in poor health. Many will find that the jobs they get will have high effort-reward imbalance and low job control, reducing their quality of life. Many will be torn between volunteering, informal caring and paid employment. And I think an aspect which largely has gone unnoticed is the challenge it will pose for occupational health, about which I'll say a bit more soon.

The big question.

- Raising the state pension age, first to 65 years for women, then to age 68 for all, will shift a present minority practice into a normative expectation on all. With what effect?
- **Can present circumstances be used as a guide to the future?** Almost certainly not.
- Many conscripts will be in poor health. Many will find that high ERI-low control jobs reduce their quality of life. Many will be torn between informal caring, volunteering and paid employment.
- A big challenge for occupational health.

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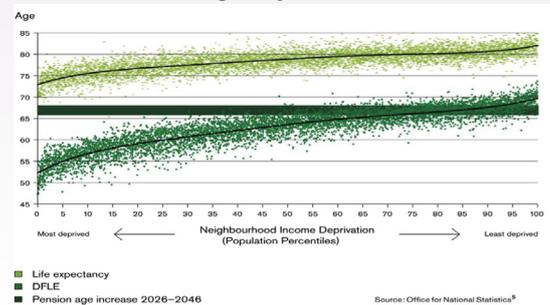
SLIDE 12

This slide shows some information from the Office for National Statistics. On the vertical axis is disability-free life expectancy; on the horizontal axis neighbourhood income or deprivation.

For present purposes, ignore the top line (life expectancy) and look at the lower one (disability-free life expectancy). As you can see, at the present retirement age of 65, something like two-thirds of the areas have most people with at least one limiting long-standing illness, a figure that will increase to around 90% by the time the state pension age reaches age 68 years, unless levels of health improve before then.

Hence the challenge to occupational health.

Disability-free life expectancy at birth x deprivation of area of residence at age 65 years



SLIDE 13

How can we predict what's going to happen?

One of the ways is to look at countries where the state pension age has already been increased beyond 65 years. Our project compares England with Norway, Czech Republic and Italy each of which were chosen to represent different types of welfare state regimes. We have parallel analyses under way in these countries so we'll see whether there's much difference.

A second way is simulation modelling. Bola Akinwale and Rebecca Landy will take baseline frequencies from the Office of National Statistics Longitudinal Study and transition probabilities from the British Household Panel Survey and use those to try and project what's likely to happen.

We continue to be interested in other possibilities.

How to predict what will happen ?

1. Look at countries where state pension age already has been increased beyond age 65 years (project will compare Norway, Czech Republic, Italy, England).
2. Simulation modelling (project will take baseline frequencies from ONS Longitudinal Study and transition probabilities from British Household Panel Survey).
3. Any other ideas ?

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SLIDE 14

Finally, what are the occupational health implications raising the state pension age?

A large number of older workers will re-join or stay in paid employment with many suffering from at least one limiting long-standing illness. Occupational health services at present have quite modest resources and possibly inappropriate training to meet this challenge. How will those who work in occupational health identify the older employees on whom they should concentrate?

Occupational health.

- Raising the state pension age will mean that several million older workers remain in paid employment.
- Most will suffer from at least one limiting long-term illness.
- How will occupational health services know on which of these workers to concentrate their limited resources ?

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SLIDE 15



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