

Active Ageing Strategies to Strengthen Social Inclusion

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Introduction

In the beginning of 90s Slovenia had to face problems, related to lower competitiveness and economic growth as a result of shift into the market economy. Becoming independent state, Slovenia lost traditional markets and had had to reorient towards new, more demanded markets. The mentioned "strategy of survival" required capacity rationalisation, on the other side there have been many large factories enterprises which could not cope with higher quality demand, requested from new trade partners. In the mentioned transition period, early retirement schemes become an existence solution to many, often low-skilled older people who would otherwise face open unemployment.

However, trend of early retirements in 90s resulted in low employment rate in age group 55-64 years as well as in low average exit age for Slovenia. The number of the elderly (those 65 years or older) in the population is increasing. The Peer Review is therefore a good experience to learn from Finland how to attract older people into employment, and what is still more important, to enable them to remain active.

1. Situation in the labour market for older people

Raising the employment rate of older people (55-64 years) is one of the priorities in the Slovenian labour market. The figures show a slow yet positive increase: the employment rate increased from 19.1 % in 1996 to 32.6% in 2006, which is however still below the EU-25 average (2006: 43.6%). The share of older women in work increased to 21% in 2006 (1996: 11.5%). According to the plans, the active ageing strategy is due to be completed by the end of 2007, its most important goal being for Slovenia to achieve the Lisbon Strategy target of a 50% average employment rate in the 55-64 age group by 2010.¹

1.1 Pension reform

According to the European Commission's assessment, Slovenia is one of the countries with a high risk to its long-term fiscal sustainability primarily on the grounds of the expected substantial deterioration in the fiscal perspective in 2005-2015. The pension system reform, which was enacted in 1999 and took effect in 2000, is yielding positive results. Since the introduction of the pension reform in 1999 the average retirement age has risen by 2 years. In 2004, a considerable rise of the employment rate in the 55-64 age group was recorded.

¹ Although a slight rise in the birth rate is expected, demographic estimates anticipate the ageing of the population and a shrinking of the working age population after 2006. No major immigration flows affecting demographic trends are expected.

The key changes in the pension reform of 1999 for the fiscal sustainability, part of which is being gradually enforced, are: (i) gradual raising of the full retirement age (to 61 years for women and 63 years for men). Retirement before this age results in a lower pension, while retirement after this age results in a higher pension. In the transition period until 2013 for women who will have a sufficiently long insurance period (which is being prolonged from 35 to 38 years) despite not yet reaching the full retirement age, the age at which the amount of the pension will not be reduced will be gradually increased from 53 years in 1999 to 58 years in 2014 and will thus become the same as for men.

Other conditions under which insured persons can retire before reaching their full retirement age no longer exist. In this way the possibility of early retirement has been practically eliminated; (ii) a gradual lowering of total accrual rates as a result of the decrease in the annual accrual rate from 2.0% to 1.5% from 2000 onwards; (iii) a gradual prolongation of the reference period for calculating the pension from 10 to 18 best successive years of insurance; and (iv) a decrease in the annual indexations of pensions for old retired persons due to the levelling of their pensions with newly retired persons who have worse retirement conditions.

The beneficial effects of the measures were also visible in 2006; for example, in the steady increase in the number of people who postponed their retirement beyond the old-age retirement age threshold (6% of all old-age pensions claimed), the continuing rise in the average retirement age since the start of the pension reform (2 years and 4 months between 1999 and 2006), the relatively steady and balanced number of pensioners (up 1.2% from 2005) and workers (up 1.5% from 2005), and the preservation of the ratio between workers and pensioners at the 2004 level (1.7:1). In 2006 the share of pensions in GDP remained roughly the same as in 2005 (10.62%).

This year the responsible expert group has already prepared draft amendments to the Pension and Disability Insurance Act, but the proposal has not yet been presented to the social partners or discussed by the Government and the National Assembly². Regarding supplementary pension insurance the primary aims are to increase participation in supplementary pension schemes and raise the level of premiums paid in private pension plans, giving individuals the opportunity to invest in the second (equity) pillar to compensate for lower pensions in the first pillar. Slovenia is drafting a special supplementary pension insurance act that will facilitate the growth and development of supplementary pension insurance.

² The proposal covers measures that will increase or retain the current share of active insured persons, prolong the active period of each individual, and keep the appropriate ratio between the active and the retired population due to the adjustment of the system to the ageing population and other unfavourable demographic trends. The proposal envisages a simplification of the existing bonus-malus system. According to the proposal, the decision of every person to stay employed should be stimulated with the possibility of flexible regulation of partial retirement for a minimum of two to a maximum of eight hours. The aim of supplementing the institute of voluntary entry into compulsory insurance is to eliminate the selective nature of access to this form of insurance, which was at first mostly intended for the socially most vulnerable persons. The proposed liberalisation of conditions for voluntary inclusion in compulsory insurance should provide for insurance and entitlement to benefits from the pension insurance system also for people performing occasional work who, according to the present system, cannot be included in pension insurance.

In general, social protection system and actions against poverty and social exclusion are comparable³. However, as Slovenia has specifics in its pension system (inherited from the previous system) and is currently amending the existing legislation, it is difficult to compare the systems and the transferability. However, it gives us a good practise how to implement measures which add to efforts reducing fiscal pressures and increase the employment rate (Source: Reform Program for Achieving the Lisbon Strategy Goals – Implementation report 2007)

1.2 Active measures for elderly in employment

Having relatively low employment prospects, older unemployed persons also have priority when participating in other active employment policy measures such as public works and activities co-funded by the European Social Fund (assistance in the employment of long-term unemployed women and projects of non-market employment programmes).

Within the framework of the priority measure Developing Integrated Programmes for Employing Older People, new employment of older people is being stimulated as a sub-activity of the active employment policy for 2006, which is co-financed by the European Social Fund. The second activity is the reimbursement of contributions for employers who hire an unemployed person older than 55 who has been registered with the Employment Service of Slovenia for over 12 months or a registered unemployed person over 55 with an occupation that is not sought in the labour market. The objective of the measure is to increase the employment rate among older people, with the secondary goal being to improve the employability of people from the target group.

The activity Promotion of New Employment of Older People commenced in the second half of 2005. Older people are also included in local employment programmes – public works.

Within the Operative Programme of Human Resource Development in the new programming period (2007–2013), special programmes for eliminating labour market and employment discrimination will be implemented along with measures intended for the employment of older people. The campaign 'Ease Your Burden' and the competition for awards to companies 'Best Practice in Health and Safety at Work 2007' are being carried out in 2007 (Source: Reform Program for Achieving the Lisbon Strategy Goals – Implementation report 2007)

In general, Slovenia can learn a lot from Finland how to invest into human capital and potential of older people. However, there is a difference which needs to be emphasized. While in Finland there has been seen an increase in educational attainment (34% of older people in 2005 have university degree), Slovenia still faces the problem of many older people without sufficient skills and competences. Another big challenge is the public awareness regarding older generation. Especially in the case of SMEs one does not appreciate skills, experiences, know-how and social networks, possible mentorship bridges older workers can offer. Usually they do not invest into older people's up-skilling and consequently into their higher productivity as they consider HR investment a cost and not an investment in a long term.

³ Amendments to the Employment and Insurance against Unemployment Act that were adopted in July 2006, as well as the Social Security Act have significantly reformed the system of financial social assistance.

We would like to get additional information how Finland succeeded in transfer of FINPAW measures to organisations' management (changing attitude towards older people and investment into human capital, which is described to be generous). Does Finland have any good practice how to use and manage the potential of highly educated older retired workers in R&R? What is the legal basis for their activity? Finally, which institutions are included into the network of trainers in age management?

1.3 Active ageing strategy in Slovenia

In 2006 the Ministry of Labour, Family, and Social Affairs started drafting the national Active ageing strategy, which represents an action plan of active ageing in the field of labour market and employment as well as a supplement to the »Strategy for the Protection of Older People by 2010«, which was adopted by the Government in September 2006 as the umbrella strategy enabling the preservation of solidarity and co-existence among older, middle-aged, and younger generations and quality ageing and care of the rapidly growing older generation. Due to its characteristics and development variables, the active ageing strategy will be a living document and due to the inclusion of measures related to European funds (Operative Programme of Human Resource Development) it is planned for the 2007–2013 period.

The target population of the active ageing strategy is people aged over 45. The strategy should be finished by the end of 2007. In 2006 the Employment Service of Slovenia started preparing a study on the employment of older people, which is still underway. The purpose of the study is to prepare the strategy of informing the general public and thus changing their prejudice and attitudes regarding older unemployed persons.

Finland has developed many additional sub-strategies and projects since FINPAW. Were they implemented as a consequence of first FINPAW assessments in general or simply more ambitious "action plans" to accelerate the most urgent measures? Did you put additional efforts to include into the process also pension associations? According to Slovene experiences, they can represent a very important source of knowledge and are be actively involved into improvements of existing legislation and actins, linked to active ageing and social inclusion of older persons.

2. Useful solutions out of the Finnish model

Finland has presented a holistic approach towards active ageing strategies to strengthen social inclusion which can be very useful in further measures Slovenia is implementing or intends to. However, to approach Finnish achievements, it is urgent for Slovenia to follow Finland and to gather into the action all the relevant actors, institutions and policies to enable synergy and efficiency of needed reforms. As many countries have different structure of older workers (also low skilled), it might be useful to learn, which sectors (beside industry pilot programmes) employed most of older workers and availability of jobs for older in general (social economy, personal services...). PES (and private agencies) is one of the most important actors to provide adequate actions/programs/measure to enable social inclusion for unemployed older persons; it would be interesting to hear about PES contribution in policies implementation.

General remark: as demographic challenges are one of the most relevant topics, to improve the visibility of measures, related to older people, more horizontal approach in describing reform and measures in framework of National Strategy Reports on Social protection and Social Inclusion (and other reports as well) would be needed to enable more effective sharing of good practices, monitoring and assessing the progress of older in the society.

National sources:

<http://www.umar.gov.si/aprojekt/asrs/ssd-new.pdf>

http://www.mddsz.gov.si/fileadmin/mddsz.gov.si/pageuploads/dokumenti_pdf/npsszsv_06_08_a_n_vsebina.pdf

<http://www.mddsz.gov.si/en/legislation/>

Reform Program for Achieving the Lisbon Strategy Goals – Implementation report 2007