

**Brief**

**Prepared by the General Secretariat of the Council, under the direction of the President of the COR**

**Summary:** This dossier seeks to better understand the links between health status and working conditions on the retention of older workers in employment. The first part deals with the link between the state of health of seniors and their retirement. The second part of the dossier tackle the importance of working conditions for job retention. Finally, the third part theoretically questions the problem of health and the conditions for job retention employment in a universal system with a defined return.

*I – Health status of older people on the labor market and retirement*

- **What are the cross-relationships between work and the end of working life at the end of one's career?** The link between work and health is a mostly virtuous relationship, via various channels such as the absence of risky behavior, access to health care or favorable living conditions. However, health problems can affect career trajectories. The data confirms the association between a degraded health status and non-employment or early labour market exit for people over 50 years of age. However, at older ages, the influence of job retention on health is a controversial issue; in particular, it could have a deleterious effect on the health of low-skilled persons who are required to do arduous work (*document no 3*).
- **What are the current regulations?** Several arrangements allow to retire before the legal retirement age or to waive the required condition of insurance duration to benefit from a full rate pension (with no penalty) for health reasons, in order to correct the observed consequences of the state of health of the insured persons concerned. Access to these arrangements varies according to the scheme a worker suffering from a disability or incapacity (whatever its origin, occupational or non-occupational) belongs (*document no. 2*).
- **What is the scope of activity limitations?** Between the ages of 55 and 69, 10% of people report severe activity limitations and 20% moderate limitations. In 2017, the life expectancy at age 65 without limitations is 10.8 years for women (against 10.6 in 2014) and 9.2 years for men (against 10.3 years in 2014) (*document no 4*).
- **How does health condition influence the decision to retire?** Among the 11% of new retirees in 2015 and 2016 who describe their health status as bad or very bad in the *Retirement Motivations Survey*, health was the main reason for retiring, and most of these insured persons actually validated disability or sickness benefit periods after 50 years or obtained the full disability or incapacity rate (*document no 5*).
- **Does the current system adequately correct the observed consequences of the health status of the incapacitated or ex-disabled?** Life expectancy at age 62 for beneficiaries of a pension for incapacity or ex-disabled would be lower than that of holders of a normal pension of at least 4 years; the full rate without reference to career duration does not fully compensate for that as the retirement of incapacitated or ex-disabled is only 2 years earlier on average (*document no 6*).
- **What is the situation of France in terms of exposure to hardship factors?** Compared to five European countries, France ranks in the second position in terms of exposure to hardship. The relatively better position of France -if we consider only seniors- suggests that these, even if they are subject to a significant proportion of physical hardship constraints, remain relatively protected compared to all workers. Some of the working conditions remain stable or deteriorate until the age of 55 before improving (reduction of exposure to physical risks,

reduction of weekly working time in particular), even if these results are necessarily influenced by the job structure (*document no 7*).

## *II – Conditions for keeping older workers in employment*

- **What does the current regulation provide?** As the regulations currently stand, there are two types of approach to the arrangements that allow for early retirement due to the working conditions to which the insured person has been subjected during his or her career: an "individualized" approach in which the working conditions of the insured person are taken into account independently of the job performed (personal prevention account in particular or early retirement for long careers); and a "job" approach by which eligibility for the early retirement scheme is not functional but statutory and linked to affiliation of a specific status (active categories of the civil service) (*document no 8*).
- **What is the employment situation of seniors?** Between 2001 and 2014, job mobility was low between the ages of 50 and 59, and was clearly much more affected by regulatory changes at the end of career than by fluctuations in economic activity (*document no 9*). The DARES also reports a 16-point increase in the labor force participation rate of seniors since 2008, along with a 0.5-point rise in the unemployment rate in 2018 (*document no 9bis*).
- **Is job satisfaction, which partly explains job retention, evenly distributed?** According to the data in *document no 11*, job satisfaction is very similar between men and women, and has decreased slightly since 2010. It is stronger the healthier you are. The satisfaction of working people after 60 is always higher than that of the 50-59 age group, due to a selection bias among potential workers aged over 59: on average, only the most satisfied with their job remain employed at an age when retirement is possible.
- **What are the issues for public policies?** Recent work by France Stratégie (*document no 10*) shows that despite the challenge of training for older workers who want or need to change jobs, there is less access to training for employees over 50, this at all levels of qualifications, the decline occurring earlier for employees and blue-collar workers. Likewise, the *documents no 12 and 13* show that one of the challenges for public policies would be to promote incentives, monitoring and support arrangements which are themselves "sustainable", with a medium / long term perspective, particularly in the areas of occupational health and occupational mobility.

## *III – The issue of health and job retention in a universal system with a defined return: what adaptations are possible?*

- **How can measures correcting the consequences of health or working conditions be implemented in a universal defined-return system?** In a universal system, compensation or prevention schemes should be generalized in the name of the principle of equality or universality, unless derogations are based on objective criteria. If the same occupation is carried out in the public or private sector with a similar exposure to risk factors, the rules should be identical (*document no 14*). For a defined-return system, a health problem or exposure to arduous factors that does not allow the insured to contribute may be offset by entitlements corresponding to the loss of contribution. If this problem generates an *ex ante* lower life expectancy, an early retirement scheme with entitlements corresponding to the difference in retirement length is preferable to the same scheme with adjustment of annuity divisor, for readability reasons. These additional rights would be financed by taxation or by a specific contribution, within a solidarity component of the system.