



Employment and labour market policies for an ageing workforce and initiatives at the workplace

National overview report: Portugal

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Situation of older workers in Portugal

The total Portuguese population is 10.6 million. of which 2.63 million are between 45 and 64 years old, with a rate of employment of 69.6%, and 1.84 million are 65 years old or more, with a rate of employment of 18%. The employment rate of people aged 45-64 and 65+ years rises every year, and this is particularly true for women, as we can observe in table 1. The actual percentage of unemployment for the total population is 8.2% and the age group with the smaller rate of unemployment are those 45 years old and over, that is 5.7% (INE, 2006).

Table 1: *Employment rate by age groups and gender along several years*

Age group	gender	1998	1999	2000	2001	2002	2003	2004	2005	2006
45-64	MW	65.6	66.0	67.0	67.3	67.9	68.3	68.4	69.3	69.6
	Men	79.2	78.6	78.9	78.5	78.5	79.1	77.9	77.7	78.3
	Women	53.2	54.7	56.1	57.2	58.1	58.4	59.6	61.5	61.7
65+	MW	17.1	17.1	18.0	18.7	18.9	18.7	17.9	18.0	18.0
	Men	23.6	23.6	25.0	25.9	25.7	25.8	25.6	24.6	24.6
	Women	12.5	12.5	12.9	13.6	14.1	13.6	12.4	13.2	13.2

The Eurostat report (2006-2007) used an indicator based in EU Labour Force Survey that considers the employment rate of older workers as the number of people aged 55-64 in employment divided by the total population of the same age group. In this case the total employment rate of older Portuguese workers in 2006 is 50.1%, 6.5 points above the EU rate which is 43.6%. The employment rate of older Portuguese females rose about 10 points in a decade and is now 42.8%, higher than the rate for the EU which is 34.9%. The rate of employment of older Portuguese males was in 2006 58.2% also higher than the equivalent rate in the European Union which is 52.8%.

The average age at which active persons definitely withdraw from labour market is relatively stable in five years time (2001-2005) and was in 2005 63.1 years for the total Portuguese workers, slightly above the Euro area that is 60.7 years. Curiously the average age of retirement is slightly higher for women (63.8) than for men, 62.4 years.

Role of public actors in fostering active ageing in Portugal

During the 80's and the 90's the way to solve the unemployment of the new generations was to facilitate and even encourage the anticipation of retirement. Currently although policies are changing, the employment of older workers cannot be considered an important issue and is mostly absent in the media. In the sequence of the approval of the agreement between government and social partners of the new law of social security foundation, *Jornal de Negócios* (Magazine of Business) published an article supporting active aging and the need to keep or reintegrate workers 55 years old and over, namely to avoid the rupture of social security system (Rebelo, 2006). Recently in a scientific Portuguese journal some authors (e.g. Centeno, 2006) express concerns about the sustainability of the social security system supporting, in general, the need to eliminate the age barriers in employment and the preservation of retirement pensions.

According to Eurobarometer (2001), about 56% of the Portuguese agree that people will generally take their retirement earlier to regulate the labour market. This percentage was high above the EU15 mean (32.5%). On the other hand there was a strong opposition to the postponement of retirement age. In a Portuguese study (IESE/EUREQUIPA, 2004) about the retirement age 49% said it should be before 65 years; 24% were of the opinion that 65 years was all right; another 24% said that each one should be able to decide at what age to retire and only 2% agreed with the idea of retirement after

65 years of age. It seems that the workers auto-discriminate themselves from active life. Centeno (2006) believes that in Portugal one major problem is the clear division of different cohorts by education level. The Portuguese work system is still based on low wages and low education (qualification) and in this kind of system life-long learning is not considered as important. As a consequence, it is not viewed as profitable to invest in the qualification of older workers.

Public initiatives for fostering active ageing

In the Programme of the XXVII Constitutional Government in Portugal (since 2005), the chapter of New Social Policies states that to reach higher employment rates and productivity, active aging should be implemented. These include adopting policies that contribute to the permanency of old workers in their jobs, profiting from their experience and minimizing the expenditure with anticipation of retirement. To achieve this goal it is vital that the age of retirement goes in parallel with the average life expectancy. The compromise goes to progressively approximate the existent different regimes of social protection, namely in what concerns the age of retirement, reducing inequities that still exist between citizens rights. The government assumes that all the new civil servants will enter the General Regime of Social Security. These principles are being implemented, namely in what concerns the retirement age, now 65 years, independently of the number of work years. In the public administration the calculation of pensions changed from considering the 10 best years of the last 15 years of salaries to a calculation based on the whole working life. This reform faces strong opposition from the unions of civil servants.

Actual retirement policy

In the Resolution of the Ministry Council n° 141/2006, 25th October it is stated: Reinforce the incentives to active aging, through a new national strategy for active aging and adopting flexible mechanisms of the age of retirement. In what concerns the anticipation of retirement a neutral and fair reduction factor by month of anticipation in the amount of the pension is introduced. Similarly, the regime of postponement of retirement will be benefited by each month of effective work after the age of retirement, depending on the contribution during the career. At the same time a bonus has been implemented for those who could retire without any restrictions but choose to keep working. To introduce a sustainability factor related to life expectancy in the calculation of future pensions, the formula relates the average life expectancy in 2006 and the one observed in the year previous to the pensions request. This new pension regime begins in 2008.

The Basic Law of Social Security (Law n° 4/2007, 16 January) the article n°63, 2 declares: The law can consider measures of flexibility of the legal age of retirement to have the right to pensions, through mechanisms of reduction or introduction of bonus in the case of anticipation or postpone of legal retirement. There will be a reinforcement of incentives to active aging through a new national strategy for active aging and the implementation of flexibility in the age of retirement favouring long contributing careers.

In the National Plan for Employment (2005) the aim n°18 “Promoting a perspective of work based in the life cycle” is settled: support to active aging, including appropriate work conditions, better occupational health, and adequate incentives to work and disincentives to retirement; modern system of social protection, including pensions and health care assuring social adequacy, financial survival and capacity to respond to the change of needs, in order to promote participation and a better retention in the work system as well as a longer active life.

Actions of Social Partners/Collective agreements

In October 10th 2006, there was an agreement, obtained by the Economic and Social Council (Permanent Commission of Social Accord) between the government and social partners, around the new directives about retirement presented above, the calculation of pensions, and protections of long contributing careers, as described above.

Conclusions

Compared to other European countries, the employment rate of old workers is considerably high. However, the level of education and qualification of Portuguese workers, particularly the old cohorts, is still very low. This will penalise older workers as they will have more difficulties in fulfilling the requirements of new jobs. It seems that the investment in life long education is still short and employers don't think the investment in older worker is worthwhile.

On the other hand, workers are not very enthusiastic about postponing retirement, particularly when their jobs are not very inspiring and waged. Young people tend to think that the maintenance of old workers in their jobs is conditioning their own access to employment. In that sense, the general population doesn't favour the raising of retirement age, and unions are still fighting against this new policy. Civil servants particularly are protesting against changes in their social security system, now becoming similar to the one of the workers in private companies. Changes in the retirement system are the most visible part of the active aging policy but we hardly envisage parallel changes in work policy in public or private companies, recruitment policies or redesign of work position and time flexibility for older workers.

The government intentions and principals do not however consider the current labour market trends, namely in the diffused industrialised areas (North and mid-West coast of Portugal). In such areas most often redundancy becomes permanent due to high age and low qualifications of the workers. Currently, there seem to be no policies which can address this problem effectively regardless to government's commitment.

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Author: Constanca Paul, Instituto de Ciências Biomédicas Abel Salazar, Porto

Project coordination: Institute of Gerontology at the University of Dortmund