



# Economic Inequalities in Old Age

60+  
COUNTS

Economic inequalities exist both between older persons and the rest of the population and among older persons themselves, leaving many excluded from prosperity, resources and decent work. Only a minority of the global population accumulates enough savings and other assets to provide for their own economic security in old age. Many older persons work until they are no longer able to or until they are legally required to retire, and also rely on family support and on pensions, where they are available.

Disparities in old age in income and wealth, access to financial services and employment often reflect accumulated disadvantage due to one's location, gender, socio-economic status and other characteristics, ageist attitudes and practices, and lacking or inadequate laws and policies—or their enforcement—that provide for equality and minimum standards of living. Inequalities in old age, as with other inequalities, limit participation, economic growth and social cohesion. In the context of rapid population ageing, they take on greater urgency. Between 2015 and 2030, the number of people aged 60 and over is expected to increase from 901 million to 1.4 billion.<sup>1</sup> Moreover, the regions most disadvantaged by inequalities are those where most older persons live and where population ageing is projected to occur rapidly in the coming decades.

**“Inequalities accrue and get reinforced over a person’s life. They come home to roost in later years, often exacerbating each other and causing greater disadvantage.”**

Source: Richard Jolly, “Inequality and ageing”, in *Facing the Facts: The Truth About Ageing and Development*, Age International (London, 2014).

The Sustainable Development Goals<sup>2</sup> give priority attention to promoting equality and inclusion. Goal 10 is to reduce inequality within and among countries. Among the targets laid out to achieve the goal are to “ensure equal opportunity and reduce inequalities of outcome,” including through measures to eliminate discrimination, and to “empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.” In addition, Goal 5 is to achieve gender equality and empower all women and girls, among whose targets are ending “all forms of discrimination against all women and girls everywhere,” recognizing and valuing unpaid care and domestic work, and providing equal rights to economic resources and “access to ownership and control over land and other forms of property, financial services, inheritance and natural resources.”

<sup>1</sup> United Nations, *World Population Ageing 2015* (ST/ESA/SER.A/390).

<sup>2</sup> United Nations General Assembly, *Resolution on transforming our world: the 2030 Agenda for Sustainable Development*, 21 October 2015 (A/RES/70/1).



## Income security: pensions are key, yet reach just half of all older people and are not always sufficient

**“Income security is not a given at any age, but the majority of the world’s older people find themselves having to work longer out of necessity – even until their final years.”**

Source: Richard Jolly, “Inequality and ageing”, in *Facing the Facts: The Truth About Ageing and Development*, Age International (London, 2014).

In conjunction with work or instead of it, older persons often depend on family members and on pensions for income. Yet ongoing social and economic changes, ranging from smaller family sizes to growing insecurity in labour markets, as well as increased longevity are straining the economic support traditionally provided by families.<sup>3</sup> The income security of older persons is thus largely dependent on the availability of social protection schemes and the level of benefits they provide.

Social security is a universally-recognized human right.<sup>4</sup> Yet between 2010 and 2012, just over half—51.5 per cent—of the global population above statutory pensionable age received an old-age pension.<sup>5</sup> Moreover, under existing provisions, only 42 per cent of today’s working population is expected to receive an old-age pension in the future. Access to pensions is therefore highly unequal and largely corresponds to inequalities in the labour market and in employment which disproportionately affect vulnerable groups. Based on global data, there is significant variation by region and between the formal and informal economies, as well as by gender and between urban and rural locations.

### *Pension coverage is typically higher in more developed regions with large formal sectors*

Pension coverage is highest—above 90 per cent—in Europe and North America.<sup>6</sup> In Latin America and the Caribbean and Asia and the Pacific, coverage is moderate, at 56 per cent and 47 per cent, respectively. Lower levels of coverage are found in North Africa, at 37 per cent, in the Middle East, at 30 per cent, and in sub-Saharan Africa, at just 17 per cent. In lower-income countries, non-wage or non-salary jobs without formal contracts and in the informal sector tend to predominate and are less likely to be covered by contributory pensions, leaving older persons vulnerable to income insecurity and poverty. While many countries offer pensions through multiple types of contributory schemes (which require individuals to make contributions that determine their benefits entitlement) and non-contributory schemes (which typically require no contributions from individuals or their employers), 77 countries (almost 70 per cent of low-income countries for which information is available) provide contributory schemes that only cover workers in the formal economy and exceptionally some groups of self-employed workers. Just nine countries provide non-contributory pensions to all older persons, and three provide them to all older persons who pass a means test.

<sup>3</sup> United Nations General Assembly, *Report of the Secretary-General on follow-up to the Second World Assembly on Ageing*, 26 July 2012 (A/67/188).

<sup>4</sup> See Article 22 of the Universal Declaration of Human Rights and Article 9 of the International Covenant on Economic, Social and Cultural Rights.

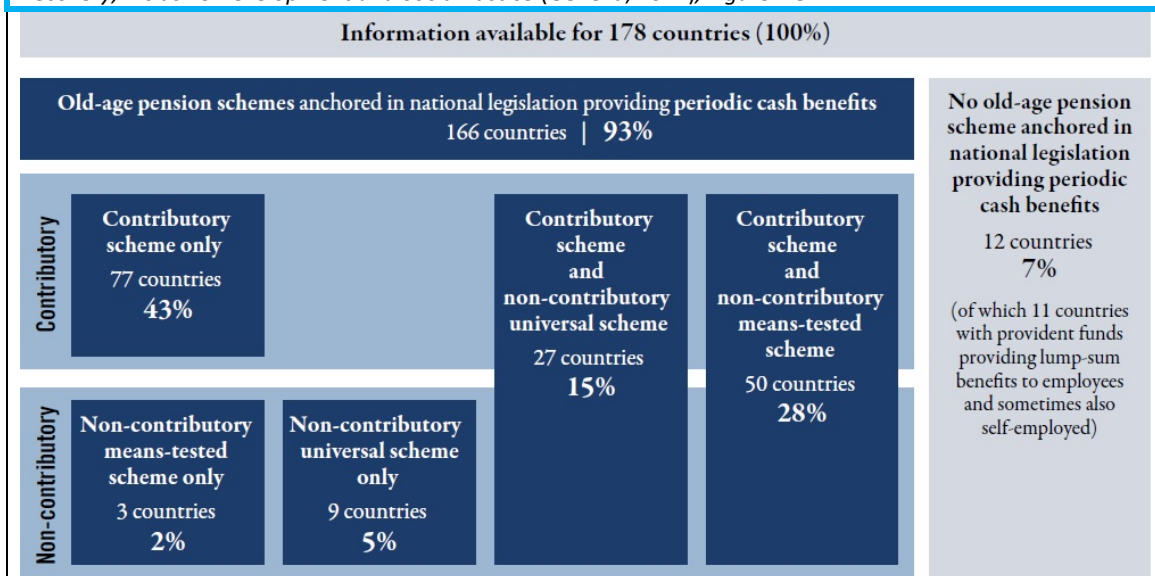
<sup>5</sup> International Labour Organization, *World Social Protection Report 2014/15: Building Economic Recovery, Inclusive Development and Social Justice* (Geneva, 2014).

<sup>6</sup> Ibid.



**Figure 1: Overview of old-age pension schemes anchored in national legislation, by type of scheme, 2012/13**

Source: International Labour Organization, *World Social Protection Report 2014/15: Building Economic Recovery, Inclusive Development and Social Justice* (Geneva, 2014), Figure 4.3

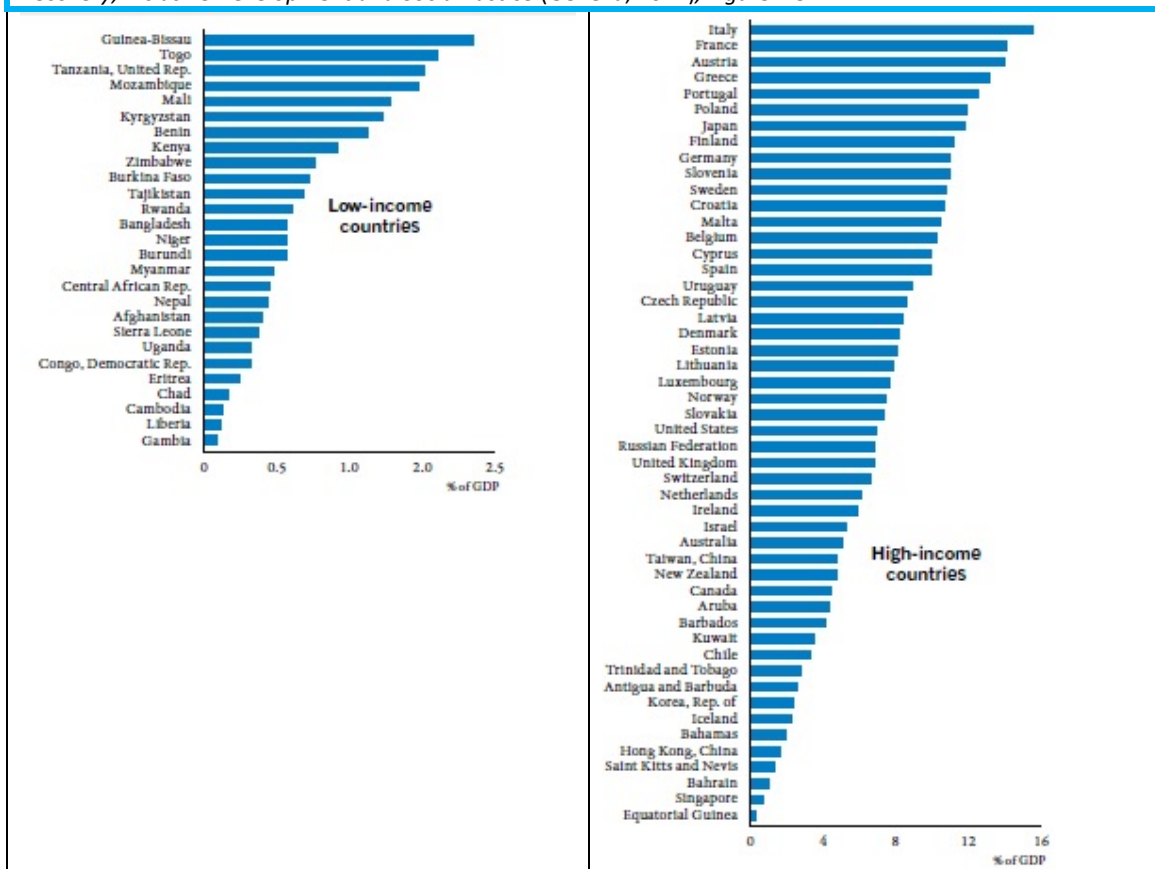


Between 2000 and 2010/2012, pension coverage expanded notably across countries, including to informal workers.<sup>7</sup> Even so, given regional patterns of public social protection spending on pensions and other benefits for older persons, as well as patterns in the availability and affordability of health care for older persons, which also greatly influences their income security, the rights to retirement and to old-age income security are enjoyed far more in higher-income countries than in lower-income countries.

<sup>7</sup> Ibid.

**Figure 2: Non-health public social protection expenditure on pensions and other benefits for older persons, 2010/11 (percentage of GDP)**

Source: International Labour Organization, *World Social Protection Report 2014/15: Building Economic Recovery, Inclusive Development and Social Justice* (Geneva, 2014), Figure 4.5



However, in higher-income countries, whose populations already have large proportions of older persons and which have broad pension coverage, many Governments are raising retirement age thresholds, restricting early retirement, providing incentives for deferred retirement, and taking other measures to lower the rising costs of pension systems in order to enhance their financial sustainability.<sup>8</sup> Yet higher retirement ages can pose a challenge to some older persons in cases where, for instance, an individual approaching retirement age has lost her job, given the prevalence of age discrimination in the labour market, or a job is physically demanding. Some countries have also ended, or are planning to end, restrictions on simultaneously receiving full social security and pension benefits and income generated from work.<sup>9</sup> In less developed countries, workers engaged in the formal economy have been subject to long-established, mandatory retirement ages that are relatively low, often between 50 and 55 years. However, most older workers are engaged in informal, rural occupations.

<sup>8</sup> Ibid. and United Nations General Assembly, *Report of the Secretary-General on follow-up to the Second World Assembly on Ageing*, 26 July 2012 (A/67/188).

<sup>9</sup> United Nations General Assembly, *Report of the Secretary-General on follow-up to the Second World Assembly on Ageing*, 19 July 2013 (A/68/167).



Within countries of the Organization for Economic Cooperation and Development (OECD), public pensions have the greatest impact on those at the bottom of the income distribution. They account for on average more than 80 per cent of the income of those in the lowest four deciles, with 5 to 9 per cent of their income derived from employment.<sup>10</sup> Among those in the top four deciles, employment-generated income comprises 20-40 per cent of total income. In these countries, the lowest rates of poverty are found where public pension coverage is most extensive and where those pensions comprise the largest share of older persons' incomes. In countries outside the OECD with large informal sectors, this relationship holds only where there is extensive non-contributory pension coverage. Oftentimes, where pensions exist, they are at levels insufficient to provide income security. In the case of Thailand, for example, the achievement of universal pension coverage through a non-contributory old-age allowance that increases with each decade of old age has made an important contribution to reduced poverty among older persons.<sup>11</sup> However, the maximum monthly allowance provided by the scheme amounts to approximately just 38 per cent of the monthly poverty line in 2014.

### *Disparities by gender and rural/urban residency*

Older women disproportionately experience income insecurity. Their pension coverage rates for contributory schemes are lower than men's, often significantly so, as are the benefits they receive from them.<sup>12</sup> This is largely due to women's lower levels of labour force participation and wages, the large number of women working in informal jobs, and the fact that women often have shorter and interrupted careers due to child-bearing and care-giving for children and other family members in need. It also reflects women's unequal access to resources and opportunities throughout the life course. Older women who are racial and ethnic minorities or migrants or who have a disability may be at greater risk of income poverty than other women.<sup>13</sup> At the same time, women tend to live longer than men and so require income for longer periods of time.

In several countries in the Latin American and Caribbean region with low overall pension coverage, coverage rates among older women are less than half those among older men. Globally, Egypt and Jordan have the greatest coverage gaps, with men seven to eight times more likely than women to receive a pension. Yet even where coverage is generally equal, differences in benefit levels can be striking. Throughout the European Union, the value of women's pensions is 40 per cent less than men's.<sup>14</sup>

The prevalent structure of contributory pension schemes thereby produces unequal outcomes for women in old age. However, some progress has been made to reduce these effects. In particular, more countries are crediting pension accounts during maternity and parental leave as well as recognizing care work.<sup>15</sup> Additionally, blatantly discriminatory elements of pension schemes are

<sup>10</sup> International Labour Organization, *World Social Protection Report 2014/15: Building Economic Recovery, Inclusive Development and Social Justice* (Geneva, 2014).

<sup>11</sup> James Canonge and Loveleen De, "Universal social protection: universal pensions in Thailand", paper prepared for the Social Protection Interagency Cooperation Board, 2016.

<sup>12</sup> United Nations General Assembly, *Report of the Secretary-General on Follow-up to the Second World Assembly on Ageing*, 24 July 2016 (A/69/180).

<sup>13</sup> Sue Westwood, "I may be older, but I ain't no 'elder'": A critique of "elder law", *Temple Political & Civil Rights Law Review*, vol. 21, No. 2 (Spring 2012), pp. 485-510; Monica Townson, *Women's Poverty and the Recession* (Ottawa, Canadian Centre for Policy Alternatives, 2009).

<sup>14</sup> United Nations Entity for Gender Equality and the Empowerment of Women, "Protecting women's income security in old age: toward gender-responsive pension systems", Policy Brief, No. 3 (New York, UN Women, 2015). Available from <http://www.unwomen.org/en/digital-library/publications/2015/12/women-income-security-in-old-age>.

<sup>15</sup> United Nations General Assembly, *Report of the Secretary-General on Follow-up to the Second World Assembly on Ageing*, 24 July 2016 (A/69/180).



increasingly being challenged and eliminated. For instance, statutory pensionable ages that were lower for women than for men are being equalized—though remain in 52 countries.<sup>16</sup>

Inequality in pension coverage is also evident between rural and urban locations.<sup>17</sup> In many countries, older rural residents are considerably less likely to receive a pension than are older urban residents, owing to rural labour markets in which jobs are typically informal and insecure. Often, these disparities intersect with those related to gender, as women are frequently overrepresented in rural populations. Some efforts to extend the reach of contributory pension schemes are reducing rural coverage gaps, with several countries such as Brazil taking specific measures to include agricultural and rural workers.

In addition to expanding contributory pension systems, countries are increasingly initiating and strengthening government-financed non-contributory systems. Often called social pensions, these are not based on employment history and therefore do not replicate discriminatory and other patterns in job eligibility, paths and wages that often disadvantage women, ethnic minorities, persons with disabilities and other vulnerable groups. Non-contributory systems have shown promise in reducing old-age income insecurity. The system put into effect by the Plurinational State of Bolivia, for instance, has achieved a 91 per cent coverage rate among persons over aged 60 and cut the poverty rate by 14 per cent.<sup>18</sup> Older women, in particular, are benefitting from the scheme, with significantly more women than men receiving the pension both nationally and in rural areas.<sup>19</sup>

## Wealth: many older persons are disadvantaged in accessing and securing valuable assets

**“By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.”**

Source: United Nations General Assembly, *Resolution on transforming our world: the 2030 Agenda for Sustainable Development*, 21 October 2015 (A/RES/70/1), Sustainable Development Goal 1, target 4.

Alongside income, wealth is a fundamental element of economic security. Amidst a global trend of jobless growth and job instability and insecurity, wealth—or assets such as homes or land and savings or other types of financial instruments—is growing in importance for households’ financial stability. Yet wealth inequality is higher than income inequality. Assets can produce interest or dividends, be sold or rented, or used as collateral for loans. Especially throughout old age, as prospects for

<sup>16</sup> International Labour Organization, *World Social Protection Report 2014/15: Building Economic Recovery, Inclusive Development and Social Justice* (Geneva, 2014, annex IV, table B.6).

<sup>17</sup> *Ibid.*

<sup>18</sup> Fabio Durán-Valverde and Tomas Barbero, “Universal pensions for older persons: Plurinational State of Bolivia”, Building Social Protection Floors - Country Note Series (Geneva, International Labour Organization, June 2016). Available from <http://www.social-protection.org/gimi/gess/RessourcePDF.action?ressource.ressourceId=53696>.

<sup>19</sup> International Labour Organization, *World Social Protection Report 2014/15: Building Economic Recovery, Inclusive Development and Social Justice* (Geneva, 2014).



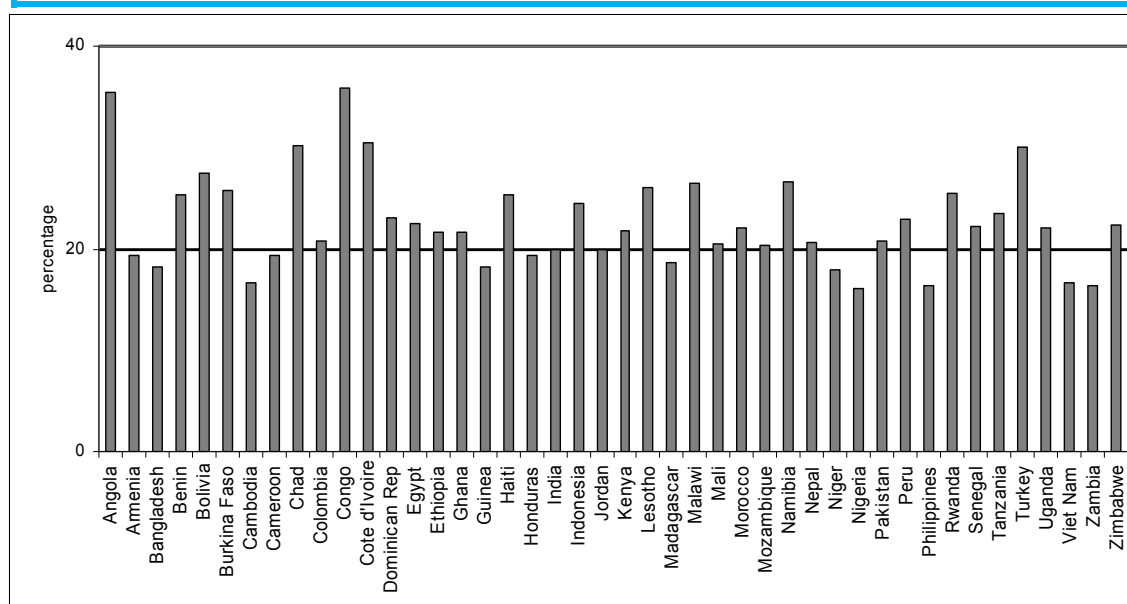
employment income diminish, wealth assumes an increasingly significant function. In some countries, households headed by older persons tend to possess more of certain assets than those headed by younger persons, having accumulated more over a longer period of time. Yet even these households may not have cash assets or assets that can easily be converted into cash, or have access to regular or secure income. In other cases, older persons will have sold down their assets to meet immediate needs or have put them in the care of family members.

### Disparities in wealth are observed by age, country and sex

Figure 3 shows the percentage of older persons in several developing and emerging economies that are in the bottom wealth quintile, as estimated using DHS surveys.<sup>20</sup> The DHS wealth index is calculated with data on household ownership of assets such as televisions and types of access to drinking water. Based on this indicator, older persons are poorer than the average population in 30 out of the 44 countries shown. In developed countries, older persons typically fare better in terms of wealth. Out of a sample of seven OECD countries, older persons aged 65 and over have a greater net worth (2005 US\$) than the total population average in six countries. In Japan and the United States, net worth increases steadily with age, such that older persons are in fact better off than all other age groups.<sup>21</sup>

**Figure 3: Percentage of older persons in the bottom wealth quintile, late 2000s**

Source: United Nations, *Report of the World Social Situation 2013: Inequality Matters* (United Nations publication, Sales No. 13.IV.2).



Note: The chart shows the percentage of older persons who own an equal or lower amount of wealth per capita as the poorest 20 per cent of the total population.

<sup>20</sup> United Nations, *Report of the World Social Situation 2013: Inequality Matters* (United Nations publication, Sales No. 13.IV.2).

<sup>21</sup> Agnese Vitali, Arnstein Aassve and Frank F. Furstenberg, "Wealth inequalities across generations", Working Paper, No. 46 (ESRC Centre for Population Change, Southampton, March 2014). Available from [http://www.cpc.ac.uk/publications/cpc\\_working\\_papers/pdf/2014\\_WP46\\_Wealth\\_Inequalities\\_Across\\_Generations\\_Vitali\\_et\\_al.pdf](http://www.cpc.ac.uk/publications/cpc_working_papers/pdf/2014_WP46_Wealth_Inequalities_Across_Generations_Vitali_et_al.pdf).



Disparities in wealth also exist among older persons. Gender and other forms of discrimination and stereotyping as well as time spent out of the labour market have often led or contributed to fewer opportunities for women and girls and less investment in their productive capabilities. This results in worse employment outcomes for women and less means with which to purchase and accumulate land, property and other assets that can help to support them in old age. For instance, in the United States in 2012, single white older men had 9 per cent more median wealth than single white older women, and a full 160 per cent more wealth than single older women of color.<sup>22</sup>

In law and practice, discrimination has also meant that the right to own and control assets is not guaranteed to all women. In many countries, female-headed households, including divorced, separated, widowed and unmarried older women, are especially at risk of economic insecurity.<sup>23</sup> According to the World Bank's *Women, Business and the Law 2016*, female surviving spouses in 35 of 173 economies—in the East Asia and Pacific, South Asian, sub-Saharan African and Middle East and North African regions—do not have inheritance rights that are equal to male surviving spouses and may therefore lose their homes and land. Some women are also pressured by family members to hand over some or all of the inheritance which they are able to access.<sup>24</sup>

There has been, however, a positive trend among countries in undertaking legal reforms to promote gender equality in inheritance, property and land ownership.<sup>25</sup> Some countries have issued individual or joint property and land titles for rural and indigenous women and housing subsidies for women who live in poverty and belong to other marginalized groups.

## Unequal access to financial services

Access to financial services can enable people of all ages to secure loans for the purchase of a home or to start or expand a business, and can provide or strengthen insurance against poor health and travel risks. Yet legal protection of equality and non-discrimination on the basis of age remains lacking outside of the areas of employment and occupation that exist in the United States and European Union member States. Older persons therefore continue to face unequal access to services and goods, including financial services, often due to discriminatory practices and attitudes. Some insurance providers and financial institutions explicitly apply age restrictions on products and impose additional fees on older clients that are in many cases cited as discriminatory practice.<sup>26</sup> In most countries, policymakers and researchers have paid little attention to inequality in this area.

One study conducted by AGE Platform Europe in 2011 provides much-needed insight into the financial exclusion of older persons in the European Union.<sup>27</sup> It found that age discrimination was widespread, particularly with regard to travel insurance, complementary health insurance, mortgages and loans. Insurance companies in the region frequently offer limited coverage to—and require high, sometimes prohibitive, surcharges and penalties from—clients above a certain age

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<sup>22</sup> Institute for Women's Policy Research, "Wealth inequality and asset depletion among single early baby boomers: differences by gender, race/ethnicity and home ownership in retirement readiness", IWPR Fact Sheet, No. D509 (Washington, D.C., January 2017). Available from <https://iwpr.org/wp-content/uploads/2017/02/D509.pdf>.

<sup>23</sup> United Nations General Assembly, *Report of the Secretary-General on Follow-up to the International Year of Older Persons: Second World Assembly on Ageing*, 24 July 2015 (A/70/185).

<sup>24</sup> World Bank, *Women, Business and the Law 2016: Getting to Equal* (Washington, D.C., World Bank, 2015).

<sup>25</sup> United Nations Economic and Social Council, *Report of the Secretary-General on review and appraisal of the implementation of the Beijing Declaration and Platform for Action and the outcomes of the twenty-third special session of the General Assembly*, 15 December 2014 (E.CN.6/2015/3).

<sup>26</sup> United Nations General Assembly, *Report of the Secretary-General on follow-up to the Second World Assembly on Ageing*, 26 July 2012 (A/67/188).

<sup>27</sup> *Ibid.*





threshold, as low as 59 years. In some cases, older persons are simply not permitted to purchase certain policies. At the same time, banks in many countries restrict access to long-term loans and mortgages by older individuals, usually above the ages of 65 or 70. Such restrictions effectively limit older persons' ability to enjoy income security and to access basic services and decent housing.

In developing countries, older persons have also typically been excluded from access to small business loans and microfinance services on the basis of their age, despite evidence of their having a higher than average repayment rate.<sup>28</sup> However, some initiatives have been undertaken to expand older persons' access to small loans and other support in business development, including by HelpAge in Canada and Kenya.

### *Employment: inequality in access, outcomes and exits*

**“Older persons should be enabled to continue with income-generating work for as long as they want and for as long as they are able to do so productively.”**

*Source:* United Nations, Political Declaration and Madrid International Plan of Action on Ageing, *Report of the Second World Assembly on Ageing, Madrid, 8-12 April 2002* (United Nations publication, Sales No. E.02.IV.4), para 23.

Employment is crucial to older persons' economic security, providing income and in some cases pension and other benefits. In addition, jobs are associated with positive self-esteem and recognition by family and community members as well as greater social connections. The range of benefits generated by decent work apply to older persons in much the same way as they do to other age groups. Yet older persons confront distinct barriers to both securing and retaining employment, reflecting and resulting in age-based discrimination and compounding inequalities among older persons.<sup>29</sup>

As noted earlier, many older persons who are physically able to do so work past retirement age out of financial need or a desire to remain active. In many cases, older persons who wish to retire do not enjoy the ability to do so. In others, those who would like to continue working are unable to find or retain jobs or are deterred by retirement incentives or conversely by penalties on work-related income. The right of older persons to work on an equal basis with others is not universally recognized.<sup>30</sup> For example, some countries enforce mandatory retirement at a fixed age, often as part of efforts to ease high rates of youth employment. The claim that mandatory retirement for older workers opens up jobs for young workers, however, lacks empirical evidence.<sup>31</sup> Rather, evidence shows that early retirement has not led to more jobs for youth, and instead suggests that

<sup>28</sup> Ibid.

<sup>29</sup> See United Nations Economic and Social Council, *Report of the Secretary-General on further implementation of the Madrid International Plan of Action on Ageing, 2002*, 16 December 2013 (E/CN.5/2014/4); United Nations General Assembly, *Report of the Secretary-General on follow-up to the Second World Assembly on Ageing*, 19 July 2013 (A/68/167); United Nations General Assembly, *Report of the Secretary-General on follow-up to the Second World Assembly on Ageing*, 26 July 2012 (A/67/188); and United Nations General Assembly, *Report of the Secretary-General on Follow-up to the International Year of Older Persons: Second World Assembly on Ageing*, 24 July 2015 (A/70/185).

<sup>30</sup> United Nations General Assembly, *Report of the Secretary-General on Follow-up to the International Year of Older Persons: Second World Assembly on Ageing*, 24 July 2015 (A/70/185).

<sup>31</sup> Ibid.



policies which promote the employment of older persons benefit both older and young workers.<sup>32</sup> In addition, broader concerns remain about the right of older persons to also enjoy “equality of opportunity and treatment” with regard to all aspects of work and employment conditions in all sectors, such as benefits and training.<sup>33</sup>

### *Labour force participation rates show regional and gender disparities*

Considerable differences are evident in older persons’ labour force participation between developed countries and developing countries. In the least developed countries, where many jobs are in the informal sector with limited or no benefits and prospects for advancement and where few have access to pensions, older persons tend to remain in the labour force as long as possible. In more developed regions, those who continue to work after the statutory retirement age in these countries prefer to do so, need to complement inadequate pensions, or choose to postpone access to those pensions schemes which are more favorable when taken later in life. The lower levels of economic activity, however, also reflect obstacles to obtaining and staying in jobs.<sup>34</sup> Overall, where there is a low proportion of older persons receiving a pension, there is likely to be high labour force participation at older ages.<sup>35</sup> This suggests that many older persons in developing countries are not in a position to choose whether or not to continue working because of economic insecurity.

Estimates of labour force participation rates for those aged 65 and over in 2016 were highest for both men and women in Africa, Asia and the Pacific, and Latin America and the Caribbean, and lowest in Central and South-Eastern Europe (non-European Union (EU)) and the Commonwealth of Independent States (CIS), developed economies and Europe, and the Middle East.<sup>36</sup> Among men aged 65 and over, the global average rate was 29 per cent, ranging widely from 53 per cent in Africa to 13 per cent in both Central and South-Eastern Europe (non-EU) and the CIS as well as developed economies and Europe. Among women aged 65 and over, the global average was around half—at nearly 16 per cent—and ranged from 34 per cent in Africa to 7 per cent in both Central and South-Eastern Europe (non-EU) and the CIS as well as developed economies and Europe, with less variation observed across regions. Since 1990, economic activity among older men on average has decreased in less developed countries and increased in more developed ones, following general trends in increased pension access and levels.<sup>37</sup> However, between 2012 and 2016, rates have remained steady in Africa and the Middle East and declined slightly in other regions.<sup>38</sup> In contrast, among older women on average, economic activity has increased across regions since 1990, largely reflecting overall increases in female labour force participation.<sup>39</sup> Between 2012 and 2016, while rates changed little in most regions, they increased by 8 per cent in the Middle East and by 6 per cent in Asia and the Pacific.<sup>40</sup> While noting the overall increases in older women’s economic activity, the sizable

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<sup>32</sup> International Labour Organization, *An Analysis: Young and older workers: two sides of the same coin*, 2012; René Böheim, “The effect of early retirement schemes on youth employment”, IZA World of Labour 2014. Available from <http://wol.iza.org/articles/effect-of-early-retirement-schemes-on-youth-employment.pdf>. In Ibid.

<sup>33</sup> United Nations General Assembly, *Report of the Independent Expert on the enjoyment of all human rights by older persons*, 8 July 2016 (A/HRC/33/44).

<sup>34</sup> United Nations General Assembly, *Report of the Secretary-General on follow-up to the Second World Assembly on Ageing*, 26 July 2012 (A/67/188).

<sup>35</sup> United Nations General Assembly, *Report of the Secretary-General on Follow-up to the International Year of Older Persons: Second World Assembly on Ageing*, 24 July 2015 (A/70/185).

<sup>36</sup> Calculated from International Labour Organization, *Key Indicators of the Labour Market*, 9<sup>th</sup> Edition, ILO. Available from [www.ilo.org/kilm](http://www.ilo.org/kilm).

<sup>37</sup> United Nations, *World Population Ageing 2015* (ST/ESA/SER.A/390).

<sup>38</sup> Calculated from International Labour Organization, *Key Indicators of the Labour Market*, 9<sup>th</sup> Edition, ILO. Available from [www.ilo.org/kilm](http://www.ilo.org/kilm).

<sup>39</sup> United Nations, *World Population Ageing 2015* (ST/ESA/SER.A/390).

<sup>40</sup> Calculated from International Labour Organization, *Key Indicators of the Labour Market*, 9<sup>th</sup> Edition, ILO. Available from [www.ilo.org/kilm](http://www.ilo.org/kilm).



gender gaps that remain also reflect the interaction of age and gender bias experienced by women in the labour market.

Governments are increasingly attentive to the economic benefits that can accrue from older persons' participation in the labour force—not only for the individuals themselves and their households, but also for societies—and have instituted measures to support their economic activities. Some of these measures, particularly those undertaken in more developed regions, are connected to efforts to shift more responsibility for retirement security onto individuals with the aim of strengthening the sustainability of government pension schemes as well as to cope with labour shortages.

### *Long-term unemployment disproportionately affects older persons*

It is expected that older workers do not participate in the labour market in equal numbers as do younger workers, given the availability of pensions for some, a common wish to pursue other goals or interests during retirement years, as well as the increased health risks, mainly of decreased functional ability, associated with advancing age. However, in an equal labour market, unemployment rates—that is, of those actively seeking employment who are unable to find it—should be similar across age groups. Yet older workers in fact have disproportionately higher rates of long-term unemployment, often significantly so.

In 2015 in countries of the Organization for Economic Cooperation and Development (OECD), the rate of long-term unemployment for persons aged 55 and over was 42.6 per cent compared to 37.3 per cent for persons aged 25 to 54 and 19.8 per cent for youth aged 15 to 24.<sup>41</sup> In some countries, such as Austria and Germany, measures adopted to help older workers remain active in the labour market have shown some success in reducing their long-term unemployment.<sup>42</sup> However, in other countries such as Greece, Ireland, Spain and the United States, long-term unemployment among older persons has increased notably due to poor economic conditions. The high rates of long-term unemployment among older persons are directly linked to age-based discrimination in employment hiring and promotion as well as in access to training.

### *Age-based discrimination affects workers through multiple channels*

Age-based discriminatory attitudes and practices are encountered in recruitment and in the workplace and are also reflected in various employment regulations, resulting in unequal employment outcomes. In addition to age thresholds in some countries at which retirement is mandatory, some older persons are also confronted with thresholds that apply to compensation, income insurance and essential professional licensing.<sup>43</sup>

A 2012 Eurobarometer survey found that age discrimination was more prevalent in the workplace than in other contexts, with one of every five citizens stating they either personally experienced or witnessed it.<sup>44</sup> Employers' negative perceptions of older workers have long been a major barrier

<sup>41</sup> Organization for Economic Cooperation and Development, OECD Employment and Labour Market Statistics, OECD iLibrary. Available from [http://www.oecd-ilibrary.org/employment/data/oecd-employment-and-labour-market-statistics\\_ifs-data-en](http://www.oecd-ilibrary.org/employment/data/oecd-employment-and-labour-market-statistics_ifs-data-en) (accessed 30 August 2016).

<sup>42</sup> United Nations General Assembly, *Report of the Secretary-General on follow-up to the Second World Assembly on Ageing*, 19 July 2013 (A/68/167) and *Ibid.*

<sup>43</sup> United Nations General Assembly, *Report of the Secretary-General on Follow-up to the Second World Assembly on Ageing*, 24 July 2016 (A/69/180).

<sup>44</sup> European Commission, "Active ageing", Special Eurobarometer, No. 378 (January 2012). Available from [http://ec.europa.eu/public\\_opinion/archives/ebs/ebs\\_378\\_en.pdf](http://ec.europa.eu/public_opinion/archives/ebs/ebs_378_en.pdf).



to old persons' labour market participation.<sup>45</sup> An OECD report showed that most employers in nearly all of its member countries studied had stereotypical views about older workers and their perceived weaknesses which impacted decisions related to hiring and retention.<sup>46</sup> It also emphasized that such negative perceptions undermined labour market reforms, including the promotion of some age-friendly employment practices such as part-time employment.

### *Approaches to addressing age inequality in employment are varied*

In addition to pension reforms aimed at extending working life, Governments of many developed countries and some developing countries have adopted other measures in recent years to facilitate older persons' economic participation. To counter negative perceptions of older workers, some countries such as Australia and Finland have launched communication campaigns to encourage a more positive image of older workers.<sup>47</sup> A number, including France and Singapore, are offering subsidies or tax reductions to employers who hire, rehire or retrain older workers.<sup>48</sup> For instance, a 2010 French law allowed companies that hire workers aged 55 and older for a period of at least six months to be eligible for subsidies.

Several countries, including Japan in 2008, have passed legislation or amended existing provisions to allow for more flexible working arrangements for older workers such as part-time employment or flexible hours. Flexible working arrangements improve working conditions for older workers, give them greater choice of work options and allow for smoother transitions from work into retirement.<sup>49</sup>

A growing number of countries has adopted age anti-discrimination legislation to promote equality in job seeking and retention as well as training.<sup>50</sup> A 2008 study published by the ILO identified approximately 50 countries world-wide with some form of legislation that prohibits age discrimination in employment. The Plurinational State of Bolivia and Serbia are among additional countries that have recently approved such laws.<sup>51</sup> Moreover, in Europe, European Union Directive 2000/78/EC established a general framework that prohibits discrimination in employment and occupation due to age and other grounds.<sup>52</sup>

The effects of such anti-discrimination legislation on inequality in national employment and judicial practices has differed among countries. An assessment of the application of the EU Directive by a civil society network found that it has served to challenge the ageist views of employers in many countries, but that discrimination in employment persisted and in fact worsened amidst the recent economic crisis.<sup>53</sup> The assessment also pointed to the difficulty of proving age discrimination on the basis of existing national standards and to nominal penalties.

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<sup>45</sup> Organization for Economic Cooperation and Development, *Live Longer, Work Longer* (Paris, OECD Publishing, 2006).

<sup>46</sup> Ibid.

<sup>47</sup> United Nations General Assembly, *Report of the Secretary-General on follow-up to the Second World Assembly on Ageing*, 26 July 2012 (A/67/188) and United Nations Population Fund and HelpAge International, *Ageing in the Twenty-first Century: A Celebration and A Challenge* (New York and London, 2012).

<sup>48</sup> United Nations General Assembly, *Report of the Secretary-General on follow-up to the Second World Assembly on Ageing*, 19 July 2013 (A/68/167).

<sup>49</sup> Ibid.

<sup>50</sup> Ibid.

<sup>51</sup> United Nations Population Fund and HelpAge International, *Ageing in the Twenty-first Century: A Celebration and A Challenge* (New York and London, 2012).

<sup>52</sup> United Nations General Assembly, *Report of the Secretary-General on follow-up to the Second World Assembly on Ageing*, 19 July 2013 (A/68/167)

<sup>53</sup> Ibid.



## Priority policy issues to be considered

Inequality is an ethical, social, economic and political challenge.<sup>54</sup> Economic inequality hinders the participation of older persons and other disadvantaged groups and undermines their well-being, adversely impacts growth and stability, and concentrates power. In other words, the inequalities experienced by older persons and others affect not only them, but all of society. In order to tackle these inequalities and to promote the rights and full economic inclusion of older persons, the following policy suggestions are proposed:

- Explore options to provide universal pension coverage with benefits that ensure income security for all in old age;
- Ensure the availability of affordable, high-quality and accessible social services, including health care and long-term care, to all older persons;
- Promote and support initiatives to facilitate the participation of older persons in the labour market, including through life-long learning opportunities and flexible working arrangements, and to counter negative perceptions of older workers;
- Introduce and revise legislation to promote equality and non-discrimination on the basis of age in social protection policies and programming, employment (eg, to tackle discrimination in hiring, promotion and retention and to ensure the right to work and to retire), the provision of insurance and financial services, and ownership and control of property and other assets, and undertake measures to prevent multiple discrimination against older persons;
- Mainstream ageing and gender considerations in the implementation and monitoring of the Sustainable Development Goals to help prevent all older persons from being left behind.

## For further detailed reading

- International Labour Organization. *World Social Protection Report 2014/15: Building Economic Recovery, Inclusive Development and Social Justice*. Geneva, 2014.
- United Nations. Political Declaration and Madrid International Plan of Action on Ageing. *Report of the Second World Assembly on Ageing, Madrid, 8-12 April 2002*. United Nations publication, Sales No. E.02.IV.4, chap. I, resolution 1, annex II.
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- United Nations. *World Population Ageing 2015*. ST/ESA/SER.A/390.
- United Nations, Entity for Gender Equality and the Empowerment of Women. Protecting women's income security in old age: toward gender-responsive pension systems. Policy Brief, No. 3. New York, UN Women, 2015. Available from <http://www.unwomen.org/en/digital-library/publications/2015/12/women-income-security-in-old-age>.

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<sup>54</sup> *Report on the World Social Situation 2013: Inequality Matters* (United Nations publication, Sales. No. 13.IV.2).



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