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The Netherlands

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1. Introduction

As we already know, many countries are dealing with ageing populations. Eurostat statistics show that this is also the case in the Netherlands. While the proportion of 55 to 59 year olds remained relatively stable during the period 2008-2010, the share of people in the 60-64 and 65+ age groups increased by respectively 0.4 and 0.7 percentage points. By 2010 the proportions of 60 to 64 year olds and people aged 65 years and over amounted to respectively 6.6 % and 14.9 % of the total population.

There appears to be a negative relationship between age group and employment rate. The vast majority of 25 to 54 year olds are employed (i.e. on average 86 % during 2008-2010), as well as the majority of the 55-60 age group (i.e. on average 71 % over the years). But the employment rate drops significantly in older age groups: the Eurostat data indicate that only about 37 % of the Dutch 60 to 64 year olds and about 12 % of the 65 to 69 year olds were employed during the period 2008-2010. Considering that the official retirement age was 65, these numbers suggest that many workers start exiting the labour market in the five years prior to that age.

This trend applies to both men and women in the Netherlands. Although female employment rates are consistently lower than male employment rates, both show strong decreases with age. We see that, at an average of about 82 %, the employment rate is fairly high among 55 to 59 year old men. This percentage drops to about 46 % in the 60-64 age group. Female employment rates in the 60-64 age group are even less than half of those in the 55-59 age group: the rate drops from an average of 59 % to about 27 %. After reaching the retirement age, a small proportion continues working. In the 65-69 age group, about 17 % of men and 7 % of women are still employed.

According to Statistics Netherlands, transitions out of the labour market mostly occur in the youngest (15-24) and the oldest (55+) age groups. Whereas young workers mostly leave the labour market to pursue education, older workers most often leave via early retirement or old age retirement benefits, and a smaller proportion leaves the labour market via other types of social benefits (e.g. unemployment benefits). Moreover, although in most cases labour market exits are temporary, older workers are less likely to return to the labour market. The Eurostat tables support Statistics Netherlands’ findings as the unemployment rates are indeed highest among people over 55 (this is excluding the youngest age groups of below 25. Youth unemployment is generally much higher than unemployment in other age groups in the Netherlands). Additionally, among the long term unemployed (i.e. those who have been unemployed for 12 months or more) more than half is over 55. On average, during the period 2008-2010, 57 % of the long term unemployed were between 55 and 64 years of age.

2. Overview of recent reforms relating to pensions and benefits for older workers

Pension reforms

Several years ago, the Dutch government made a first step towards promoting active ageing by abolishing the early retirement arrangement (Vervroedge Uittreding (VUT)). This arrangement was a fiscally attractive way to retire early and was abolished in 2006, with the exception of those who were 55 years old on 1 January 2005 and those who had already retired via the VUT arrangement. At that time the life course arrangement (Levensloopregeling) came into focus, allowing workers to save a part of their gross wage in
order to, for instance, be able to go on sabbatical leave or to retire early. And furthermore, there was a saving scheme (*Sparloonregeling*), which allowed workers to save an annual maximum amount of money without having to pay extra taxes over that amount. As of 1 January 2012, the life course arrangement and the saving scheme have been abolished and will be replaced by the vitality arrangement (*Vitaliteitsregeling*), which will come into force on 1 January 2013. This new arrangement has three main aspects: continued work, mobility, and facilities during the career. First of all, the government wants to encourage people to work up to the official retirement age by giving work bonuses. The work bonus will be available to employees between 61 and 65 years old, and varies between EUR 2 100 and EUR 2 350 a year. Employers are also incentivised to keep older workers through a work bonus of EUR 1 750 being available for employers with employees between 62 and 65 years of age. Second, in order to stimulate mobility among older workers, a mobility bonus will be made available for employers. Hiring an employee older than 55 means receiving a single mobility bonus of EUR 3 500, and hiring a person over 50 who was receiving benefits until then means receiving a double mobility bonus of EUR 7 000. Lastly, the vitality arrangement includes several facilities during a person’s career, such as the job-to-job budget (*Van-Werk-Naar-Werk budget (VWNW)*), which for example facilitates schooling during unemployment.

This vitality arrangement is part of the new pension agreement, one major aspect of which is to raise the official retirement age from 65 to 66 by 2020 and eventually to 67 by 2025.

According to Statistics Netherlands, the average retirement age in 2011 has risen to 63.1. Between 2000 and 2006, the average age at which Dutch workers retired was consistently 61, but since 2007 that age has started to increase. Moreover, the proportion of workers aged 65 or older upon retirement has doubled during the past five years: from 15 % in 2006 to 30 % in 2011. The proportion of workers retiring before their 60th birthday has also strongly decreased: while 28 % of those retiring in 2006 were younger than 60, this proportion decreased to 6 % in 2011. The abolition of the VUT arrangement in 2006 may well be one of the causes of the increasing retirement age.

**Reforms of unemployment benefits**

The part-time unemployment benefit scheme, *deeltijd-WW*, was implemented in October 2008 and abolished in July 2011. Thanks to this scheme, rather than losing valuable personnel, employers were able to retain them on a part-time basis for a period. The *deeltijd-WW* compensated employees for their temporary loss in income. The temporary arrangement decreased the number of people entering the regular unemployment benefit scheme. Since older workers have more trouble re-entering the labour market than younger workers, this measure may have been a good way to protect them from (long term) unemployment.

**3. Assessment of active ageing policies**

In the Netherlands, employers play, in theory at least, an important role in active ageing. At company level, decisions are made to invest in older workers, to keep them on, or to suggest moving into pre-pension schemes. Active ageing is for a large part agreed upon in human resources management policies or in collective labour agreements. At the national, sectoral and company level there is an awareness of the urgency of active ageing policies. The government is interested in keeping older workers in the labour market, and to keep the social security system financially sustainable (e.g. for pensions and health care). Moreover, the
general belief is still that the ageing of society will result in a labour shortage in the Netherlands in the medium term. This is one of the explanations for the slowly rising unemployment rates during the beginning of the economic crisis: companies decided to hoard labour in the expectation that after the crisis it would be quite difficult to re-hire well-trained staff. Moreover, companies had the financial means to hoard labour (CPB, 2011). Therefore, employers have become more and more willing to think about retaining personnel in the past decades. In 2009, 79 % of Dutch employers expected labour market problems in the next 10 years due to the ageing of the work force (Conen et al., 2011).

In January 2011, some of the Dutch social partner organisations agreed upon a Social Manifesto in which they outlined a route towards a new form of industrial relations. Among the social partners’ ambitions was sustainable employability (Duurzame inzetbaarheid, Dutch social partners, 2011), with a focus on knowledge, vitality, new working conditions, diversity and individual choices. Such sustainable employability does not only concern older workers, but rather encompasses all workers, including people with a high or low level of education, youth, flexible workers, and workers with an open-ended employment contract. The aim of the social partners is concluding collective agreements that take into account the individual capacities and capabilities of workers, e.g. their challenges in combining work and care, keeping their knowledge up-to-date, and protecting and supporting their vitality. The social partners that signed the manifesto very much believe that the decision-making process should be brought closer to the workers, in order to encourage them to work for longer and to persuade them in a positive way to invest in skill development. They argued that ways should be explored to unite and integrate individual needs and interests with company goals. However, the labour participation of older workers is dependent upon a multitude of factors that are strongly interlinked (Gelderblom et al., 2011). Financial incentives play a role, but also individual characteristics (e.g. health of the workers), characteristics of the jobs (e.g. physically demanding jobs), investments in lifelong learning (also accessible to older workers) and career paths, all play an important role in the decision either to stay in the labour market or to retire early. Research shows that employment protection legislation (EPL) does not affect the labour participation of older workers and also anti-discrimination regulations and flexibility in working hours do not play a role (Gelderblom et al., 2011).

Company practices: not very innovative

In practice, however, such company interests seem only occasionally to support active ageing, making older workers in jobs still a disadvantaged group in this respect. Employers’ behaviour in this regard does not seem to be much different than it was a decade ago (compare Bekker et al., 2005), whilst labour market and societal pressures to deal actively with ageing have increased. Most company measures concerning older workers are not very innovative and seem rather to focus on relieving older workers from part of their work or workload. Investment in skills in order to reduce perceived gaps between productivity and labour costs seems to be scarce. Actions thus seem to limit rather than increase the capabilities of older workers. In 2009, Dutch employers were asked what concrete measures they are taking to meet the challenges of their ageing work force (Conen et al., 2011). Only 8 % had special lifelong learning programmes for older workers. Also, demotion was only a practice in 3 % of Dutch companies. Rather, employers use pre-pension schemes (32 %), give extra days of leave (31 %), reduce task intensity (25 %), reduce working hours (20 %), address health and safety issues (28 %) and offer flexible working times (32 %) (a similar
picture emerges in research of SCP, 2012 and CBS, 2010. The percentage of employers that use measures to relieve older worker of (parts of) their job is decreasing, but still forms a major part of measures that employers use for their older personnel (SCP, 2012). Also, employers are accepting of such measures: in 2009, 92 % of employers did not agree with the proposition that ‘older workers are too much relieved from their duties inside companies’. Furthermore, older workers who no longer perform as required tend to be tolerated inside companies (van Dalen et al., 2010). Employers simply seem to wait until the time for (early) retirement has come. Hardly any corrective measures are taken to increase the employability of the underperforming older worker. Younger workers who underperform are, by contrast, not tolerated and are as a result much more often made redundant (van Dalen at al., 2010). This situation of under-investment in older workers and tolerance of their under-performance may add to the perseverance of the negative image of older workers. This is unfortunate as research also shows that being active in schooling and training is likely to have a positive effect on labour market participation of older workers (see review of studies in Gelderblom et al., 2011). Moreover, investing in older workers and making sure that they keep functioning well is likely to contribute to a positive image of older workers, making them more attractive to employers.

Lifelong learning: access to education, training and skills development

The Netherlands scores higher than average on lifelong learning in the EU. However, it does not meet its national target of 20 % (Nieuwenhuis et al., 2011). Moreover the growth rate in lifelong learning is much lower than the growth rate in the best performing EU countries (e.g. Scandinavian countries). This lifelong learning investment is even lower for the older age groups. The percentage of employers that promotes education for older workers decreased from 30 % in 2003 to 21 % in 2009, however, this could also be due to the fact that employers have started preferring generic education and training policies rather than looking at specific target groups (SCP, 2012). Still, the actual participation in training and education is much lower for older workers than for other age categories (see figure 1). The actual participation in post-compulsory school learning has been rising the past decades (also for older workers), but, the gap between participation in learning between younger and older workers remains high.
Based on a comparative study on lifelong learning in the best performing countries, Nieuwenhuis and et al. (2011) conclude that lifelong learning in the Netherlands should become a much more integrated part of a learning culture in which government, economic sectors, employers and employees feel a joint responsibility to invest in learning. The basis of this joint responsibility could be the overlapping interests all parties have in skill development. An integrated financial model would suit this joint responsibility and most probably a policy in which the employee, rather than the employer, is the centre of attention would be more effective. This means more rights to learn, but also more obligations to learn combined with suitable support and access to financial help. In addition, the employee should be offered a stimulating and facilitating environment created by economic sectors, employers and government. Moreover, to create sustainable employability, policy is needed which overcomes the boundaries dividing economic sectors. This could for example involve a regional infrastructure for learning (Nieuwenhuis et al., 2011). About three quarters of Dutch employers indeed want more government intervention in education and training (SCP, 2012).

**Promoting healthy working conditions that maintain workers’ well-being**

As explained in the previous sections, Dutch employers are reluctant to invest in older workers’ capabilities, and instead seek ways to reduce work pressure on older workers. On the one hand, this contributes to workers’ well-being and health, for instance if the measure entails the exemption from irregular hours and shift work. Research has shown that shift work and working at night is especially detrimental to the health of older workers. Measures to relieve older workers of night shifts thus contribute positively to their health (OSA, 2005).
However, the percentage of employers that takes such measures has decreased from 34% in 2001 to 24% in 2009 (SCP, 2012). Measures such as extra days of leave, which are still quite popular, are said to be less relevant for maintaining the health of older workers (OSA, 2005). Health and safety, especially when work is physically or mentally demanding, has an influence on the decision to retire early (Gelderblom et al., 2011).

**Figure 2 - Measures taken by Dutch employers concerning older workers aged over 55, 2001-2009; in percentages**

Source: SCP, 2012

**The image of older workers**

Older workers have gained a more positive image on the part of employers. In addition, more and more people seem to be willing to remain in the labour market for longer. These two facts constitute what might perhaps be called a shift in Dutch views on work and older people. In the 1980s early retirement was still seen as the best thing to do in order to give job opportunities to young people. Such a normative view on work and old age is an important factor in transitions to (pre-) pension and labour participation (Gelderblom et al., 2011). In 2009, only 9% of employers found that workers aged over 55 perform less well compared to younger workers (SCP, 2012). About 19% of employers find that the productivity of older workers is lower than their wage costs. Moreover, the percentage of employers that think that employees should remain in the labour market after the age of 60, has grown from 42% in 2001 to 55% in 2009, although the latter outcome is still only a small majority. In addition, 35% of employers mention that the pension age should be increased in order to improve labour market functioning (SCP, 2012). From the perspective of older workers, it seems that more and more people are willing to continue working until the age of 65. In 2005, 21% of Dutch people said that they would be willing to work until the age of 65 and this has grown to 42% in 2009 (CBS, 2010b). However, older people themselves and people working in the
construction industry, more often mention not wanting to remain employed until the age of 65. The enthusiasm to work after the age of 65 remains low, at 13%.

4. Conclusions

The labour market participation of older workers has been growing steadily in the Netherlands over recent decades. This is partly an autonomous trend. Both the ageing of the population as well as the steadily growing labour participation of women as of the 1970s, have contributed to older workers being active in the labour force. Currently, the unemployment rate of older workers is relatively low. However, if older workers are unemployed, they are often long term unemployed, signalling their disadvantaged labour market position. Over recent decades pre-pension schemes have made early retirement less attractive, restricted, or non-existent. Moreover, the Dutch social partners changed collective agreements in a number of ways: by steadily converting the pay-as-you-go system into capital funding; by allowing higher pension payments if an individual works longer; by lowering expectation levels (pension payments as a percentage of earnings); by increasing the age for receiving early retirement; and by shifting from final salary schemes to pension schemes based on average wages throughout a working career.

Employers play an important role in motivating older workers to remain in the labour market and to invest in their skills and capabilities. Even though employers recognise the labour market challenges related to the ageing of the population, and a growing number of employers think that it is important to work for longer, their active ageing practices are often focused on alleviating conditions for older workers, for instance by giving them extra days of leave. Also, early retirement is still a popular instrument used by employers. Much less attention is paid to lifelong learning and investments in older workers. Still, a positive attitude towards older workers, the willingness to invest in them and freeing them from their negative image, is of pivotal importance for facing the real challenges of an ageing population. In this respect, the suggestion to create policies in which the employee, rather than the employer, is the centre of attention is promising.

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