

Global Report on Aging

Winter 2004



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▶ WORLD PERSPECTIVES

Employment Will Pay Off

By **Anna Diamantopoulou**, European Commissioner for Employment and Social Affairs

Improving the employment and employability of older workers has always been a key component of the European Employment Strategy, which was launched in 1997 with a view to creating more and better jobs in Europe. The current level of workers between 55 and 64 in the European labor market is 40%, as compared to 36% in 1997. People over 55 have a wealth of experience to offer the labor market, and have a right to work. In recognition of this fact, the countries that make up the European Union—its Member States—have developed a number of policy initiatives which constitute

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▶ **LABOR FORCE PARTICIPATION RATES OF PERSONS 55-64 AND 65+, Selected Countries, 1990 and 1999/2000 (%)**

	AGED 55-64		AGED 65+	
	1990	'99/2000	1990	'99/2000
Australia	44.1	46.9	4.9	5.7
Canada	49.3	51.2	6.8	6.0
Denmark	57.1	56.6	7.4	1.9
France	38.1	37.2	2.4	—
Germany	—	44.7	—	2.8
Iceland	82.7	87.1	30.5	21.6
Italy	35.9	28.3	3.4	3.4
Japan	64.7	66.5	24.3	22.6
Sweden	70.5	68.6	8.5	7.3
U.K.	53	52.1	5.5	5.4
U.S.	55.9	59.2	11.8	12.8

Source: International Labor Office (ILO), Key Indicators of the Labor Market, 2001-2002, (Geneva: ILO, 2002).

Age Can Work— The Business Case

By **Katie Lahey**, Chief Executive, Business Council of Australia

Earlier this year, the Business Council of Australia (BCA), together with the Australian Council of Trade Unions commissioned research that examined the factors influencing labor force participation decisions of older individuals and policy responses both in Australia and overseas.

One important message from this report was that, for some people, the decision to exit the workforce is not always

an entirely voluntary one. While in Australia we like to adopt a rosy interpretation of early exit from the workforce—these are the workers choosing to retire and head to the coast—the reality is often markedly different.

Older workers can be discouraged from job searching and they are sometimes discriminated against. From the perspective of older job seekers, there is evidence to suggest that age is seen as a

major impediment to gaining employment. And we know that older workers, particularly males, have been vulnerable to downsizing and restructuring.

Low workforce participation rates amongst older Australians have significant implications for labor supply, economic growth and the government's budget outlook. Recent research from the Department of Treasury

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► WORLD PERSPECTIVES

Employment Will Pay Off

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a comprehensive approach to the problems of making work after age 55 as possible, attractive and common for Europeans as work in prime age.

The low level of older workers in the European labor market has its roots in economic restructuring, the erosion of workability and age-unfriendly labor market pressures and work place practices. But it has not been helped by public policies offering access to early retirement and limiting access to placement and training services. Over time, wasteful practices of age management became the norm. They gave rise to a culture of early retirement expectations and practices. Managers, ageing workers and younger colleagues all began to expect work careers to end several years before workers became eligible for an old age pension—and to plan and act accordingly. Yet, it was not least because older workers faced reduced opportunities at work, high risk of redundancy and low chances of finding a new job, that early retirement appeared attractive.

The cost to society in production and taxes foregone and in extra pension expenditure is already very considerable. Since the EU is confronted with the prospect of an ageing and shrinking labor force, a continuation of present patterns of early retirement does not just threaten the sustainability of pension systems but also greatly accentuates problems of labor supply.

Against that background, the EU has set itself two important objectives by 2010: to increase the employment rate of older workers to 50%; and to delay by five years the age at which people stop working. These complementary goals are pursued through a set of policies aimed at combating age discrimination, securing the employability of older workers, establishing good age management in work places and changing tax/benefit structures to make working longer pay. Policy makers are seeking to address problems related to demand as well as to supply, to involve all sections of society with an interest in this issue and to develop a combination of curative strategies for the present and preventive strategies for the longer term.

There is also a strong link with social policy: European Member States are presently implementing an EU directive

outlawing discrimination in employment including on grounds of age. This legislation offers legal protection for individuals and sends a strong signal to all parties that age discrimination must come to an end.

The European Employment Strategy has a dual focus on policies to ensure that present and future working generations remain active as they grow older and on ways to prolong the participation of today's older workers. The strategy, which shifts the emphasis from passive to active responses to the employment problems of older workers, includes measures to provide an attractive and adaptable work environment, improve opportunities for maintaining employability and enhance support for taking up and staying longer in employment. When companies are restructuring, laying off older workers cannot be the principal response to personnel issues, and the EU has

called on employers and trade unions to commit to better age management in work places. Agreements have been made in specific industrial sectors to ensure this is the case.

The European Union has established 11 common objectives on pensions and higher employment rates for older workers are seen as a core element in making pension systems financially durable. Postponing retirement by extending working lives stands out as the single most powerful policy response to the problem of rising pension costs. Member States are presently reviewing incentives in retirement related tax/benefit systems and examining how best to ensure that these reward and promote longer working lives and later retirement.

European goals are ambitious and progress has so far been moderate. Yet, policy efforts are about to reach critical mass and the latest data on employment rates are quite encouraging. Indeed, despite all the difficulties ahead, it would seem that Member States before the end of the decade have a real possibility to return to older workers their rightful share in Europe's labor supply and employment.

The quest for longer working lives is neither popular nor easy. But if Europe is to use its labor resources in a sensible way, it is clearly necessary. ◀

“...older workers are seen as a core element in making pension systems financially durable.”

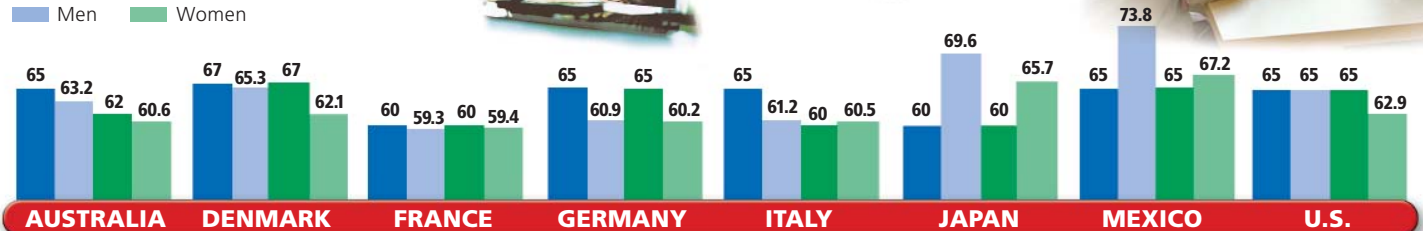
WORLD PERSPECTIVES

- **OFFICIAL RETIREMENT AGE**
■ Men ■ Women
- **EFFECTIVE RETIREMENT AGE**
■ Men ■ Women

Source: OECD estimates derived from the European and national labor force surveys*



Retirement— At What Age?



* The average effective age of retirement is derived from the observed decline in participation rates over a 5-year period for cohorts of workers (by 5-year age groups) aged 40 and over.

Age Can Work—The Business Case

(Continued from page 1)

shows that if we can achieve higher participation among mature-age individuals, this could translate to economic growth being nearly 10% higher in 20 years time, with growth remaining that much higher for the next 20 years. These economic factors are clearly an important reason for looking to increase the participation for older individuals. But there is also a strong business case for better supporting the ongoing participation of older individuals. Business needs to think about how it will maintain the relevant skills and experience needed in its workforce and how to maintain required staff levels in a shrinking labor market. As the baby boomers have just begun to hit 'early retirement' age, the reality is that this is a challenge for business to be addressing now. Better supporting the labor force participation of older Australians will increase the supply of labor and the pool of skills and experience available to companies—which is a plus for business, and obviously the broader economy.

Diversity in a workforce, including age diversity, can provide competitive advantages to a business. In increasingly competitive and complex markets, it is unlikely that a largely homogenous workforce will provide the depth and breadth of skills necessary to deal with new challenges and problems as they emerge. Diversity of skills and experiences can increase confidence in the ability of an organization to respond to, and manage well, the risks they face in increasingly complex business environments and markets. Greater diversity increases the range of ideas, experiences and possible solutions to draw upon. The demographic make-up of a company's customer base can be an important factor influencing the appropriate composition of a company's workforce. Customers like being served by people who understand them and their preferences. The types of services and products that people demand will also change as the population ages. Age diversity in the workforce can give businesses access

to workers who better understand the preferences of those in the wider community. Having established that there is a business case for supporting older workers, the obvious question is where to go from here. The Government has a significant role to play. Adopting anti-discrimination legislation and ensuring that superannuation, welfare and taxation policies do not provide disincentives to participate are very important.

Ultimately, however, we must achieve significant and widespread cultural change regarding the benefits of older individuals staying in the workforce. We need to bring about a shift in attitudes towards older workers, similar to that achieved in regard to the participation of women in the workforce. To promote discussion and debate about the need for ongoing participation of older individuals in the workforce as well as possible strategies for business to achieve this, the BCA released a business guide for supporting older workers. This guide does not seek to provide answers or recommend specific strategies—it is simply not possible to articulate strategies that will work for all companies and all individuals. Rather, the BCA has sought to raise questions for businesses and their employees to consider, as a means of initiating responses appropriate to a company and its employees.

It is important to recognize, however, that supporting ongoing participation is a shared responsibility. Individuals must also take responsibility for planning for their financial security and ensuring that they remain productive and valued members of the workforce. This means taking responsibility for, and being pro-active in, maintaining skills and training and overall employability.

The BCA publications referred to in this article can be found at www.bca.com.au ◀

▶ FROM THE CEO



“Age discrimination will not go away in any part of the world until employers, employees, the courts, and society in general accept the premise that individuals have the right to remain productive members of society and to be judged on their ability, and not their age.”

Common Sense: The Case for Age Discrimination Law

Many in the developed world are weighing methods to keep people in the labor force longer. When considering the option of continued employment for older workers, there is a strong case for having laws protecting all workers from discrimination based on age. Very few countries in the world have such laws—Australia, New Zealand, Ireland, Finland, the United States. The European Union (EU), recognizing age discrimination legislation as an imperative to removing one barrier to employment of older workers, is taking action.

In November 2000, the EU Council of Ministers adopted the European Directive on Equal Treatment, requiring all 15 EU Member States to introduce legislation prohibiting discrimination in employment on the grounds of age, sexual orientation, religion and belief, and disability by 2006.

The U.S. made a similar commitment over 35 years ago, when it enacted the Age Discrimination in Employment Act (ADEA) in 1967. The ADEA protects employees age 40 and older from arbitrary age discrimination in employment, promotes the employment of older workers and helps employers and workers find ways of dealing with the problems that arise from the impact of age on employment.

While a united Europe is just beginning to address this important issue, the decision of the EU to condemn discrimination based on age should be applauded. In the last 36 years, the ADEA has made a huge difference in the work lives of Americans age 40 and older. It has virtually eliminated mandatory retirement. Age limits in hiring, which were ubiquitous prior to 1967, are now a thing of the past.

The ADEA also protects U.S. workers from age-based harassment in the workplace and requires employers to provide the same benefits to older workers as they provide to younger workers or to spend an equal amount on benefits for the two groups. Because of the ADEA, older workers may not be denied training, promotions or any other term or condition of employment because of age.

Despite the progress that has been made in the United States, much remains to be done to achieve the goal of true equality in the workplace. While the ADEA has led to the elimination of the most overt discriminatory practices that caused the U.S. Congress to pass the law 36 years ago, age discrimination continues to be pervasive in the United States labor force.

In fact, charges of age discrimination filed with the Equal Employment Opportunity Commission (EEOC) have increased 41% since 1999. While part of this increase may be attributable to an increasing number

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International Approaches to Long-Term Care Financing and Delivery



Aging populations around the world are accelerating the search for ways to enhance independence and meet with dignity the needs of those requiring long-term care services. The U.S., like other developed nations, is grappling with the challenge of addressing issues of access, cost, and quality in long-term care. "Consumers with disabilities want long-term independence, not long-term care," Bill Novelli, AARP CEO, emphatically stated. "They want options and choices, and they fear losing independence and control."

To learn how other developed countries are addressing these issues through growth in community based-services, consumer-directed care, universal public programs, and other approaches and best practices, AARP's Global Aging Program convened an International

Forum on Long-Term Care to hear from health ministers, senior health officials and international experts representing Australia, Germany, Japan, New Zealand and the Netherlands.

Jeremy Hurst, Head of the Health Policy Unit of the Organization for Economic

spending, with private spending even more concentrated in institutional care, although there are increasing attempts to shift more resources to care in a home-based setting. The study also examines policy issues and trends related to consumer-directed care, as support for home

home—15% with out any assistance," said New Zealand Health Minister Annette King, addressing the forum. "Most people entering residential care are now highly dependent and often only have a short time to live. That demonstrates how successful we are in helping people retain their independence in their own homes for far longer than used to be the case," King added. New Zealand provides universal long-term residential care, home support services, and assistance for caregivers, funded by national tax revenues and cost sharing by beneficiaries. Funds are administered by 21 district health boards, elected within their communities and charged with funding primary health care, community health services, hospital based services, and long-term support for older people, providing the

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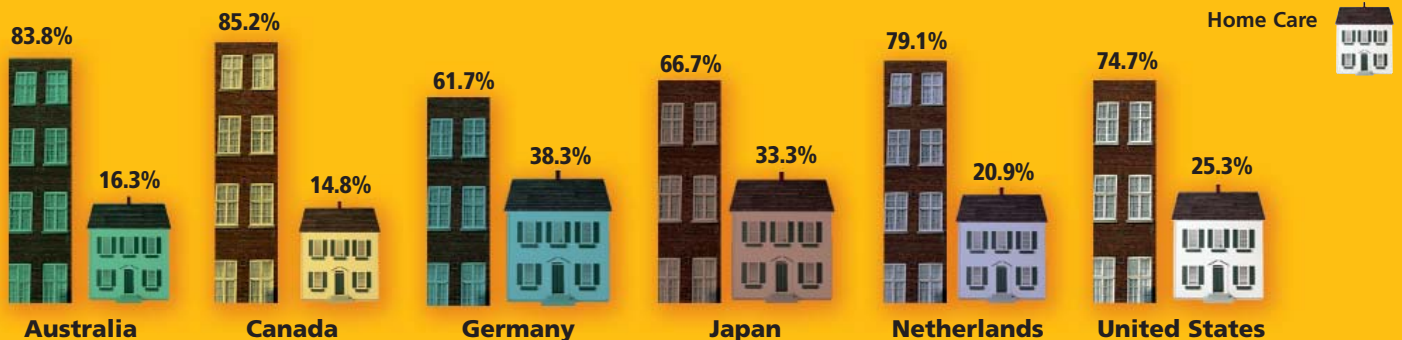
"Consumers with disabilities want long-term independence, not long-term care."

Cooperation and Development (OECD), presented preliminary findings of a 2004 OECD long-term care study spanning 19 countries. Key findings include that some countries spend up to 2.5% of their GDP on long-term care, although most spend less; expenditures on long-term care are concentrated on the very old, and; institutional care still dominates

and community-based care as an alternative to institutional care is growing and policies to sustain the efforts of informal caregivers are gaining in popularity.

"Efforts are made to keep people within their communities as long as possible, and indeed, even among those age 85 and older, 72% live at

▶ INSTITUTIONAL AND HOME-CARE SPENDING AS A SHARE OF TOTAL LONG-TERM CARE SPENDING, 2000 (% OF TOTAL LTC)



Source: OECD Health Data for 2003; Australian Department of Health and Aging; Japan's spending is derived from OECD and Fukawa, T., Effects of Population Aging on Public Health and Long-Term Care Insurance in Japan and Germany, in Journal of Population and Social Security: Social Security Study 1(2), December 2002; Analysis AARP Public Policy Institute

▶ FROM THE EDITOR



“...proposed policy changes are small, don’t fully meet the challenge, or address the interrelatedness of the health, welfare, long-term care policies—but they are a start.”

Sunset of Doom, Dawning of the Boom

Two years ago just after joining AARP, I made my first trip to Europe to meet with leaders, inside and outside government, concerned with aging issues. The conversations contained two distinct messages: first, that to the extent anyone had thought of it at all, they viewed demography as calamity—that just around the corner was the “aging meltdown,” the pension “time bomb,” the “coming age-quake,” and; second, that, yes, indeed the aging of the population was going to require actions, but that no one really wanted to face those quite yet. To coin the cliché: what a difference a year made.

In 2003, major economies in the developed world began to propose policy changes that altered destiny ever so slightly, and with that, started to put in place the mechanisms for adjusting to a world in which 60 years old is the new 30, and the average life expectancy is 66 compared with 46.5, 50 years ago.

Germany, Japan, France and other OECD countries have begun the process of implementing reforms to their state health and pension systems and national retirement ages. Prime Minister Silvio Berlusconi of Italy worked with the country’s influential labor unions on pension reforms that keep Italians in the labor force for 40 years instead of 35 years before they are able to draw a pension. In Japan, a country legally obliged to review economic reforms, the Minister for Health, Labor and Welfare recently proposed raising the premium for the “kosei nenkin” public pension scheme for salaried workers from 13.58% to as high as 20 percent of their incomes to help prepare for their ever-growing retired population. German Chancellor Gerhard Schroeder is pushing forward with his proposed pension reforms, turning the tide of political opposition from within his own party to support the reforms. The European Commission’s “Future of Europe Employment Strategy,” set ambitious goals when calling for Member States to increase by five years the average age of retirement by 2010, and increase the employment rate for persons age 55 to 64 to 50%; up from 38.8%. Three years into the Strategy, progress has been minimal, with age 55 to 64 employment at 40.1%.

France faced tragedy with the death of approximately 15,000 older persons in the summer’s heat wave. In recognition of the country’s dire need to provide for its older population, French citizens forfeited the annual Pentecost holiday to help finance the country’s health systems.

While reforms can be politically challenging, nations are equally looking at ways to encourage positive citizen action in support of older populations. As this Report demonstrates, at a global level we are experiencing increased recognition of the value of older workers, a resource, heretofore, left untapped.

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▶ FROM THE EDITOR

Sunset of Doom, Dawning of the Boom

(Continued from page 6)

European nongovernmental organizations have escalated their efforts to press national implementation of the EU's age discrimination directive. In the U.S., companies such as Volkswagen and Roche, among others, have been recognized by AARP in its annual list of the Best Employers for Workers Over 50 for their active recruiting, training and knowledge utilization of older workers. Struggling with the lowest birth rate in Europe, Italy recently introduced a "baby benefit" government payment available to citizens after the birth of their second child.

In most cases, the proposed policy changes are small, don't fully meet the challenge, or address the interrelatedness of the health, welfare, long-term care policies—

but they are a start. Even the language has changed in some places—not just "doom and gloom", but talk of the "longevity bonus", "the 20 new years of life", "the aging boom" and a shift to a policy debate that begins to see the opportunities of a healthier, wealthier boomer and post boomer population. In 2004, we will watch to see if the momentum continues. ◀



Nancy LeaMond
Director, AARP International Affairs

▶ FROM THE CEO

Common Sense: The Case for Age Discrimination Law

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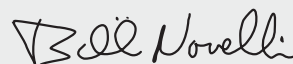
of older workers, it is also an indication that more subtle forms of age discrimination continue to hinder older workers' attempts to secure and retain employment. Further, the growing number of age discrimination charges suggests that employers attempting to comply with the ADEA may still harbor stereotypes and unfounded assumptions about older workers.

Age discrimination will not go away in any part of the world until employers, employees, the courts, and society in general accept the premise that individuals have the right to remain productive members of society and to be judged on their ability, and not their age.

In Europe, countries are taking steps to lessen pressures on pension systems and concerns over adequate retirement income by responding to mandates for—and desires by—older workers who

choose to stay employed longer. Hopefully, the case for age discrimination law will spread to more and more countries around the globe. Without it, continued employment is a concept, simply rhetoric with no reality in sight.

And the reality is this: as current demographic trends continue, employers are going to face worker shortages. Older workers provide a valuable solution to that problem. So, removing a barrier and putting effective age discrimination laws into place makes good social and economic sense. But more than that, it's simply common sense. ◀



William D. Novelli
CEO, AARP

▶ GLOBAL AGING FOCUS ON AGE DISCRIMINATION

Few nations worldwide, through statutory mechanisms, have outlawed discrimination in employment on the basis of age. In fact, in some countries, employer advertisements clearly state the age range of potential employment candidates being sought, thus discouraging older workers from consideration. In other countries, laws require persons to exit the labor force by a certain age. Yet, in a handful of countries, positive legislative steps have been taken to implement anti-age discrimination protections in employment. While laws alone cannot halt ageism in employment, they are the foundation to curtail practices and perceptions driving older workers to exit the labor force. Following are highlights of laws and pending proposals from around the world.

Australia

Australia introduced age discrimination legislation in June 2003, being the first country to propose a law that, in addition to employment, also covers access to goods, services, facilities, land, housing and education. The Age Discrimination Bill 2003 grants powers to the Human Rights and Equal Opportunity Commission to heighten public awareness, educate Australians about age discrimination, and handle age discrimination complaints. Introduction of the Bill is the culmination of an extensive consultation period and is a result of cross-government priorities including the National Strategy for an Aging Australia, the issues arising from the Treasurer's Intergenerational Report, and continuing welfare reform.

United States

Legislation prohibiting age discrimination in the United States dates back to 1967's Age Discrimination in Employment Act (ADEA). At that time, approximately half of all private job openings explicitly barred applicants over age 55, and a quarter barred those over age 45.

are sometimes protected by state law. Exempt from the law are elected officials, independent contractors, partners in a partnership, military personnel, and non-US citizens working outside the United States.

The Older Workers Benefit Protection Act (OWBPA) of 1990 amended several of the ADEA's articles to add protection against age discrimination in employee benefits and against unfair waivers of rights and claims under the ADEA.

European Union

Prohibition of age discrimination in employment in Europe stems from the 2000 European Union Employment Directive on Equal Treatment prompting the development of age discrimination legislation in Member States. The Directive mandates all EU Member States introduce legislation prohibiting direct and indirect age discrimination in work by 2006. The Directive sets a rather broad framework, leaving it up to each individual country to decide on the specifics of legislation such as whether to ban mandatory retirement.

Implementing age discrimination legislation will, in many ways, improve the path towards reaching the European Employment Strategy employment targets for older workers (55-64) from the current 38% to 50% by 2010.

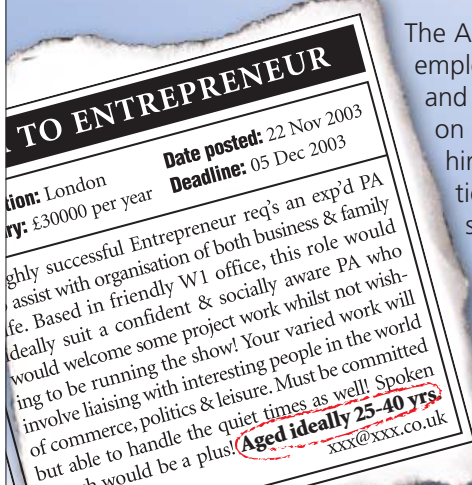
Following are some of the EU country developments in implementing age discrimination laws.

Belgium

A new general anti-discrimination law was adopted in February 2003, prohibiting discrimination on many grounds, including age, and in application to various contexts, including employment, and supply of goods and services. The new law also broadens the competencies of the Centre for Equal Opportunities and the Fight Against Racism. Previously, Article 3 of the Act of 13 February 1998 on Employment Promotion prohibited imposing a maximum age when recruiting employees.

It is worth noting that in regard to employment, the new legislation provides protection for workers who initiate a procedure against an employer on the grounds of discrimination. The law provides, among other measures, for the reinstatement of workers unfairly dismissed in these circumstances, or a compensation equivalent to six months' pay.

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The ADEA covers employees over 40 and specifies bans on discrimination in hiring, firing, promotion, layoff, compensation, benefits, job assignments, and training. Younger workers under age 40 are not protected by the ADEA, but

▶ GLOBAL AGING FOCUS ON AGE DISCRIMINATION

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Finland

The new Finnish Constitution of 2000 explicitly prohibits any discrimination on the basis of racial or ethnic origin, religion or belief, age and disability. In addition, the Contracts of Employment Act revised in June 2001 and the Penal Code implemented in 1995 also provide protection against age discrimination. The scope of protection covers all employees and job seekers and covers pay, and working conditions, including those under collective agreements.

Finland was one of the first countries in the EU to have actively reversed their policy on aging workers. Via its National Programme on Aging Workers launched in 1998, Finland sought to promote older workers' participation in the labor force, particularly improving the employment opportunities of people aged over 45. The Programme sought to reduce age discrimination and premature retirement by promoting practical learning and developing links between health, education and working life.

Ireland

Ireland is one of the few EU countries to have already implemented age discrimination legislation. The Employment Equality Act of 1998 prohibits discrimination, both direct and indirect, in relation to access to and conditions of employment and promotion. It protects all workers age 18-65 in the public and private sectors, as well as persons receiving services of employment agencies or represented by trade unions. Defense forces, police forces and the prison service are exempted.

In addition, the Equal Status Bill of 1999 covers discrimination on the grounds of age, but in a more general sense, and applies to all persons age 18 or over. Further, the Equal Status Act introduced in February 2000 prohibits discrimination in the provision of goods, services, disposal of property and access to education, on any grounds covered by the Employment Equality Act of 1998.

The Netherlands

Though awaiting Senate approval, the Dutch Parliament passed age discrimination legislation in September 2003. The law, expected to be implemented in March 2004, bans any differentiation in employment based on age, including hiring, promotion and dismissal. It also applies to vocational education and guidance, and membership in employers' and employees' organizations. The Commission on Equal

Treatment will oversee the implementation of the law.

Previously, prohibition of age discrimination was not included under the General Equal Treatment Act of 1994, covering discrimination on the basis of sex, race, religion, political conviction, or marital status. Since 1994, the Netherlands has utilized the National Age Discrimination Office (LBL) to help combat age discrimination. Previous proposal attempts in 1997 and 1999 were criticized for having too limited a range and not covering training, promotion and working conditions within labor.

United Kingdom

The UK government is very eager to introduce age discrimination legislation in line with the EU Directive even before the deadline of 2006. In the latest development, in October 2003, the government announced a single equality commission, provisionally named the Commission for Equality and Human Rights (CEHR), to replace the three existing organizations tackling race, sex and disability discrimination, and to undertake the introduction of age discrimination laws.

As a precursor to legislation, in 1999 the government adopted a voluntary Code of Practice on Age Diversity in Employment, a set of Good Practice standards to help employers recognize the business benefits of an age diverse workforce. Then in early 2001, the government set up the Age Advisory Group (AAG) composed of a diverse group of experts to provide guidance on implementing age discrimination legislation and advise on the impact it will have on employers.

The UK is currently seeking views on the proposals presented in a consultation document entitled *Equality and Diversity: Age Matters*. Proposals include abolition of mandatory retirement ages or age 70 as a default retirement age. ◀



▶ MAKING IT BETTER

New Job, New Skills, New Outlook – an Employee's Viewpoint

By **Mary Ferris**, Associate, Adecco Employment Services

One day my husband showed me an article in *Newsday* about a company called Adecco and suggested I apply for a job there. He knew how much I wanted to work even though I had been out of the labor market for years. I was 57 years old.

My husband and I wrote a letter to Ralph Bruno, the Adecco employee featured in the article, who responded almost immediately, saying I should contact him. I figured, why not? At least I could say I had tried.

I hadn't worked much until then. After taking some business courses in high school, my first job was as a typist at Morgan Guaranty in New York City. I progressed up the ranks, becoming a stenographer and then a secretary. When I left the workforce to start a family, I never realized how long it would be before I returned to office work.

When I met with Ralph, he put me at ease immediately. Everyone I spoke with at the company made me feel valued and comfortable. Before I knew it, they offered me a job, with the part-time hours I wanted. They said that even though I didn't have much experience, my desire to work and intelligence would help me learn the necessary skills.

I have been with Adecco for three months now. Peggy, my job coach, has patiently taught me computer programs like Outlook and Excel, which I use to process new memberships to Adecco's online ordering system. I've also recently taken on some new responsibilities organizing media clippings. I think I'm beginning to learn something about business, and would be prepared to work in other office settings—but I want to stay with my friends at Adecco.



Adecco has made a huge difference in my life. Not only did they give me a job, they understood that working a flexible schedule is important to me. I also appreciate the benefits Adecco offers, such as health care and a 401(k). I'm already using their online training to learn new skills, and I may even take advantage of their tuition reimbursement program.

Many of my friends say that they would quit their jobs if they only could. I want to work for as long as I feel well enough to do so.

Adecco Employment Services is one of 25 winners of the 2003 AARP Best Employers for Workers Over 50 program. ◀

***Do you know of an interesting best practice, product,
or service that is helping to improve the lives of the age 50+ population?
Tell us about it. E-mail us at intlaffairs@aarp.org or fax us at
+1 202 434 2454.***

AARP Best Employers for Workers Over 50

The AARP Best Employers for Workers Over 50 program honors U.S. employers who recognize the value of mature workers. The 2003 25 Best Employers for Workers Over 50 were selected based on exemplary workplace policies and practices including: recruitment, training opportunities, health benefits, pension plans and alternative work arrangements.



SSM Health Care — St. Louis

www.ssmhealth.com
Health Care network that delivers patient care in the St. Louis, Missouri region.

St. Mary's Medical Center Inc.

www.st-marys.org
Regional medical center in the tri-state region of West Virginia, Ohio, and Kentucky, specializing in cardiac, oncology, trauma, and neuroscience services.

Ultratech, Inc.

www.ultratech.com
Designs, manufactures, and markets photo-lithography equipment used in the fabrication of semiconductor and nanotechnology devices.

Volkswagen of America, Inc.

www.vw.com
Manufacturer of passenger cars.

West

www.westgroup.com
Provides integrated information solutions to the U.S. legal market.

Whirlpool Corporation

www.whirlpoolcorp.com
Manufacturer and marketer of major home appliances.

Adecco Employment Services

www.usadecco.com
A staffing and human resource company that places temporary and full-time employees at client locations.

The Aerospace Corporation

www.aero.org
Independent, nonprofit organization that applies science and technology toward solving critical issues in the US space program.

Augusta Health Care Inc.

www.augustamed.com
Independent, nonprofit community health care system.

Baptist Health South Florida

www.baptisthealth.net
Nonprofit health care organization with several hospitals.

Bon Secours Richmond Health System

www.bonsecours.com
Nonprofit, multifacility health care system with three hospitals and more than 24 outpatient service sites.

Brethren Village

www.bv.org
Nonprofit continuing care retirement community offering choices and services to keep residents living independently for as long as possible.

Children's Health System

www.chsys.org
Pediatric health care system comprised of Children's Hospital and a network of primary and specialty care offices in the state of Alabama.

Deere & Company

www.johndeere.com
Manufactures, distributes, and finances a broad range of agricultural, construction, forestry, commercial and consumer equipment.

Farmers Insurance Group of Companies

www.farmers.com
Third-largest writer of private passenger automobile and homeowners insurance.

First Tennessee National Corporation

www.firsttennessee.com
Nationwide, independent institution providing financial services to individuals and businesses.

Freeport Health Network

www.fhn.org
Nonprofit organization comprised, in part, of a hospital, clinic, nursing home and physician offices, and offering home health, hospice, and mental health services.

Hoffmann-La Roche Inc.

www.rocheusa.com
Leading innovator of medicines and services that enhance people's health, well-being, and quality of life.

Lincoln Financial Group

www.lfg.com
Provides financial and security products to individuals and businesses.

Massachusetts Institute of Technology

www.mit.edu
Advances knowledge and educates students in science, technology, and other areas of scholarship.

The MITRE Corporation

www.mitre.org
Private, nonprofit corporation working in the public interest for agencies of the federal government.

The Ohio State University Medical Center

<http://medicalcenter.osu.edu>
Provides health care in the central Ohio area and works to advance medical knowledge.

Pinnacle West Capital Corporation

www.pinnaclewest.com
Generates, sells, and delivers electricity and energy-related products and services in the western United States.

Principal Financial Group

www.principal.com
Offers businesses, individuals, and institutional clients financial products and services.

Scottsdale Healthcare

www.SHC.org
A two-hospital health system and the city of Scottsdale, Arizona's largest employer.

► POLICY FORUM

Pension at 67 a Necessity

By Bert Ruerup,

Chairman, Commission for a Sustainable Financing of the Social Security Systems (Germany)

The pay-as-you-go statutory pension insurance will continue to be the major pillar of old-age security in Germany. Nevertheless, this system is confronted with considerable demographic challenges. The share of the population over 65 will increase above proportion in relation to the working age population. This results from declining birth rates since the late 1960s/early 1970s, rising life expectancy, and from baby boom cohorts born after World War II reaching retirement age beginning in 2020. As a result, the ratio of those who are of pension age to

those who are of working age will only be one in two persons in 2040, compared to one in roughly four persons today.

Moreover, rising life expectancy leads to longer periods of pension payments. Since 1960, life expectancy of 65 year-olds has risen by three years for men and by four and a half years for women. Another increase by two and a half years for men and three years for women can be expected over the next 30 years.

Against this scenario, pension insurance benefit cuts are unavoidable. In addition

to the measures envisaged by the Federal Government in the Pension Insurance Sustainability Act, it is absolutely necessary to extend working life from 65 to 67 years. Adjusting the period of economic activity to a rising life expectancy means longer contribution periods and shorter periods of pension payments with cost-containing effects. At the same time, however, the extended period of contribution payments stabilizes the replacement rate. Increasing the statutory pension age thus leads to a broad distribution of the burden between generations and

makes demands on future generations of pensioners who will have longer pension payment periods due to a rising life expectancy.

We plan to continue giving employees the option to claim an early, although reduced, pension in the future. The age limit for claiming an early pension is to be raised by two years parallel to the regular age limit. Persons having completed 45 years of payment contributions may claim an old-age pension up to five years earlier, and will accordingly receive a reduced pension. The

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More Opportunities – Not Just Later Retirement

By Ursula Engelen-Kefer,

Deputy Chairperson of the Confederation of German Trade Unions (DGB)

The Rürup Commission, a governmental commission for the sustainability of Germany's social security financing has made several disputed suggestions. Certainly one of the most controversial ideas of the commission is to increase the statutory retirement age from 65 up to 67. This suggestion is part of a whole bundle of measures which will cut back social security. The higher retirement age, a new pension

formula, higher burdens for pensioners in financing the long-term care insurance—all these suggestions follow the Commission's aim to diminish financing costs of an aging society. In addition to these suggestions, the government plans to cut unemployment benefits, and increase the tax burden on social insurance pensions. Together, these measures increase the risk of old age poverty and undermine the ability of social security to

provide an appropriate contribution to the living standard of old people.

Subsequently, the majority of the Rürup Commission, and the government, failed to recognize that the sustainability of social security systems cannot be achieved only by looking at the contribution side. The sustainability and the acceptance of these systems also depend on appropriate and adequate benefit levels

to avoid poverty in old age. The suggestion to increase the retirement age to 67 is highly unpopular. For many people the proposal sounds almost absurd: currently pensioners leave the labor market at an average age of 60.5 years. In Eastern Germany, the actual retirement age is about 58.7 years. Because of disability claims, retirement age has been going down dramatically

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► POLICY FORUM

Pension at 67 a Necessity

(Continued from page 12)

proposal made time and again, to grant early retirement without deductions, has to be rejected, since the relevant factor for calculating pension levels would no longer be the level of contributions, but rather the time pattern of contribution payments.

While it is necessary to bring the effective average pension age closer to the statutory pension age, this cannot replace the proposal to increase pension age. It is true that by deferring the effective pension age, pension payments start at a later stage; however, the extended phase of economic activity leads

to higher pension claims, without deductions. Consequently, this method means only temporary relief for the statutory pension insurance.

Raising the regular age limit makes sense only if a considerably stronger labor force participation of older people can be achieved. In the future, companies will have to involve older employees more strongly and make use of their experiences. In addition, employers have to offer lifelong further qualification programmes, and employees have to accept such offers. The concepts of prevention and rehabilitation will also gain in importance since employees must remain

healthy for an extended working life. An international comparison reveals that there is room for raising the employment rate of older workers in Germany.

It will not be possible to implement the pension age increase to 67 years at short notice. Both the Commission for a Sustainable Financing of the Social Security Systems and the Commission for Social Security suggest to gradually introduce the increase as of 2011.

Due to demographic developments, increasing statutory pension age in the long term is unavoidable. We hope that the legal basis is established soon so that all those concerned have as

much security as possible for planning their future, and so the long-term sustainability of the statutory pension insurance is made possible. ◀

More Opportunities – Not Just Later Retirement

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since Germany's reunification. Additionally, 600,000 Germans between age 55 and 65 are unemployed. These facts reflect the depressing situation in the labor market, especially for older employees.

The situation for older employees can improve in the next years and decades. But the Rürup Commission assumes that in 2010 the unemployment rate will still be at about 8%, and by 2020

it will go down by only a further 1%. Even in the far future, many people will not be able to work until age 67. Some will leave their jobs voluntarily; but most will not have a real chance to work that long—especially those who started to work at a very young age and those who work in physically demanding jobs. Therefore, the suggested higher retirement age is socially lopsided and unfair. The German trade unions have accepted that we must increase the effective retirement age. We agreed in a tripartite

dialogue with the government and the employers' associations to take action in order to improve the labor market opportunities of older employees. But we still have not achieved enough improvement. Much more must be done before we can discuss a higher statutory retirement age. We demand that the government returns to a fair and just path of reforming the welfare state. ◀



1	OFFICIAL RETIREMENT AGE	
	Me	65
	Women	65
2	LABOR FORCE PARTICIPATION RATES IN 1999/2000	
	Age 55-64	44.7%
	Age 65+	2.8%
3	PUBLIC PENSION COST AS A % OF GDP	
	In 2000	11.8%
4	PUBLIC PENSION WAGE REPLACEMENT RATE	
	In 2001	71%
5	ANTI-AGE DISCRIMINATION LEGISLATION	
	No	

Sources:
 (1) OECD Employment Outlook 2003
 (2) ILO Key Indicators of the Labor Market, 2001-2002
 (3) OECD, Fiscal Implications of Ageing: Projections of Age-Related Spending, 2001
 (4) European Policy Committee, Annual Report on Structural Reforms 2003

International Approaches to Long-Term Care Financing and Delivery



(Continued from page 5)

opportunity to develop a continuum of care, and to focus on health promotion and disease prevention.

Significant reforms also have been undertaken in Australia over the past 20 years. Philip Davies, Deputy Secretary of the Australian Department of Health and Aging, noted in particular the introduction of a service provision benchmark for residential care, substantial expansion of non-residential care options, and increased funding for programs to assist caregivers. As with New Zealand and other developed nations, quality assurance and staffing remain important issues.

A number of developed countries are experimenting with providing consumer-directed home care programs to enhance choice and promote independence for those requiring long-term care services. Joshua Wiener, principal author of an AARP Public Policy Institute commissioned study, "Consumer-Directed Care in The Netherlands, England, and Germany," reported on the growing movement in these countries to allow consumers to direct their own care services by hiring, monitoring, and even firing their

own home care workers. "Consumer-directed care is likely to play an increasingly important role as a way of empowering people with disabilities," Wiener said, as programs offer participants more control over their care and foster competition among providers which should result in better quality and more cost-effective services.

In Germany, approximately 90% of the population is covered through a public social insurance approach, financed by employer mandated insurance shared equally by employers and employees. Franz Knieps, Director General for Health Care, Health Insurance and Nursing Services at the Federal Ministry for Health and Social Security, de-



"Some countries spend up to 2.5% of their GDP on long-term care."

P.J. van de Kastele, Deputy Director for Residential and Domiciliary Care and Senior's Policy in the Ministry of Health, Welfare and Sports in The Netherlands, provided details of The Netherlands' consumer-directed program which offers cash benefits in the form of "personal budgets" allowing beneficiaries to select and pay service providers directly. The Netherlands' policy is to let older people remain in their homes, delivering necessary care there as long as possible. As van de Kastele emphasized, "We try to implement our vision on the delivery of care by accenting the planning of homes in which it is possible to deliver care—homes without thresholds, as we call them."

scribed Germany's consumer-directed program in which beneficiaries can choose cash, services, or a mix of the two. Home care, day care, and assistive devices are covered. In addition, respite care of up to four weeks per year is provided to family caregivers. Experiences in providing consumer-directed care services in both The Netherlands and in Germany suggest that both countries are successfully making progress in giving people with disabilities more control over the services they require, and therefore a greater sense of independence and control over their lives.

John Creighton Campbell, Professor of Political Science

at the University of Michigan, and an expert on long-term care policy in Japan, reported on the progress of Japan's public, mandatory long-term care insurance program implemented in 2000. All individuals over the age of 40 pay premiums based on income, and all those age 65 and over are eligible for services, with a 10% coinsurance payment. Eligibility is not means tested, but is determined by need for assistance with activities of daily living (ADLs). Both in-home and institutional services are available. According to Campbell, "The Japanese experience demonstrates that providing access to long-term care services is feasible and that costs can be kept down by providing services only and not offering a cash benefit, as beneficiaries will use only what services they need, whereas almost everyone will take cash when offered."

"Governments," Novelli concluded, "need to look beyond the immediate budget crunch and make systemic changes to promote consumer choice and enhance the quality of services." ◀

▶ INTERNATIONAL NEWS ROUNDUP

European Union



CROSS BORDER SOCIAL SECURITY RULES SIMPLIFIED

New EU legislation coordinates social security systems easing mobility of workers from one Member State to another without losing social security benefits. Passed by EU employment ministers, the legislation is expected to go into effect in 2006.

France



PENTECOST HOLIDAY ELIMINATED TO PAY FOR THE ELDERLY

Prime Minister Jean-Pierre Raffarin announced the elimination of the Pentecost Monday holiday, asking the French to work an extra day to raise funds for new programs aimed at improving the lives of both the elderly and the disabled. Costing 9 billion euro (\$10 billion) over the next four years, the programs are also to safeguard against catastrophes like the summer 2003 heatwave that killed nearly 15,000 people in France.

Germany



LANDMARK REFORMS PASS

The German Parliament approved sweeping reform reducing monthly premium payments for the national public health care system from 14.3 percent of an employee's gross income to 12.15 percent by 2006. The German government also announced the freezing of pension levels for 2004. For the first time in postwar Germany, pensions will not rise to correspond to inflation rates. Pensioners will also be required to pay full contributions to the country's obligatory long-term care insurance scheme. These measures will result in pension payout reductions of 0.85 percent.

Italy



BERLUSCONI CALLS FOR LONGER WORKING LIVES

Massive strikes paralyzed Italy when its three largest unions protested a proposed increase in the retirement age. The Berlusconi government plans an increase in the required pension contribution period from 35 to 40 years for men under 65 and women under 60, effective in 2008. The government also plans to offer bonuses to workers to continue working even past their pensionable age. The Italian government also announced a cash bonus for the birth of a second child, in an effort to boost slumping fertility rates.

Japan



MINISTRIES DIVERGE OVER PENSION REFORM

Japan's finance and welfare ministries are competing over what should be done to address pension reform as one factor to help with Japan's economic recovery. The Finance

Minister has proposed an approximately 19% cut in benefits and raising the eligibility age for public pensions, even past the proposed 65 years. However, the Health, Labor and Welfare Minister has proposed increasing the employee and employer benefit contributions from a combined 13.58% to 20% and reducing pension benefits from 59% to somewhere in the low to mid 50% range.

South Korea



NATIONAL PENSION FUND FACES DEPLETION

In a report to the President, the Korea Development Institute released a warning that the national pension fund is expected to be exhausted by 2047 unless the current system of low contributions and large benefits is not over-hauled. The report also suggested that in order to maintain pensions for government workers, the premium rate for government employees would need to be raised from 17 percent to 40%.

Switzerland



WOMEN TO RETIRE LATER

The Swiss Parliament approved a bill, due to come into effect in 2009, raising women's retirement age from the current 63 to 65 years. Men will continue to retire at 65. Forecasts estimate the change saves the government 330 million USD a year. The new measure also reduces early retirement benefits.

United Kingdom



NEW EQUALITY BODY ESTABLISHED

UK Trade and Industry Secretary Patricia Hewitt announced the formation of the new Equality Commission, bringing together the work of three existing equality commissions—the Commission for Racial Equality, the Equal Opportunities Commission and the Disability Rights Commission. The new body will oversee new laws prohibiting workplace discrimination on age, religion or belief, and sexual orientation.

United States



HISTORIC MEDICARE LEGISLATION PASSES

In the most dramatic overhaul of Medicare, the US public health system for the elderly and disabled, a 400 billion USD reform package passed the US Congress. The new law establishes a prescription drug benefit under Medicare including additional help for low income beneficiaries and those with high drug costs; tax incentives for employers currently providing retiree health benefits to continue to do so; a pilot program beginning in 2010 that allows Medicare to compete against private insurance options. The hotly contested legislation narrowly passed through both the House and Senate.

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AARP is a 35 million member non-governmental organization representing and addressing the needs and interests of persons age 50 and over. We lead positive social change and enhance the quality of life for people age 50 and over through social policy, group buying arrangements, communications, advocacy, and community service.

“I don't believe in mandatory retirement... I think that people should really be allowed to work as long as they want to work, and as long as they can make a contribution.”

Paul Martin,
Prime Minister, Canada

“A policy aimed at a long-term economic dynamism must lay the foundations to avoid older employees being excluded at an increasingly early age from the labor market.”

Joseph Deiss, Economics Minister, Switzerland

“The welfare state, created to carry man from cradle to grave, is in crisis because it has functioned in an unbalanced way: It produces too few cradles and few graves.”

Giulio Tremonti,
Economy Minister, Italy

“Business is getting the message in terms of the importance of supporting the on-going participation of older workers. It is a message about valuing diversity and enhancing competitiveness, maintaining labor supply, and better matching the workforce with clients and customers.”

John Denton,
Business Council of Australia

“The U.S. is paying the lion's share of the cost of developing drugs. That is not a sustainable or fair situation.”

Dr. Mark B. McClellan,
Commissioner, U.S. Food & Drug Administration

▶ AARP GLOBAL AGING PROGRAM UPCOMING EVENTS

FEBRUARY 5, 2004

Partners for Building a Society for all Ages: Governments & NGOs Working to Improve Public Sector Effectiveness

Exploring how governments and NGOs can improve the effectiveness of the public sector, models of good practices for implementation of the Madrid Plan of Action on Ageing will be offered during this program.

Sponsors: AARP and the NGO Committee on Ageing/NY
New York, NY, USA

MARCH 4, 2004

Adequacy and Sustainability of Retirement Income Systems:

Looking at employment and pension prospects in Europe and the United States, leading policymakers and thinkers introduce practical proposals for achieving both adequate and sustainable retirement security.

Sponsor: AARP and Center for European Policy Studies
Brussels, Belgium

See full event proceedings at www.aarp.org/international-events
International events calendar can be found at www.aarp.org/international-calendar

Questions about upcoming AARP Global Aging Program events should be directed to intlaffairs@aarp.org