

EFFECTIVE AGE OF LABOUR MARKET EXIT

Key results

The average effective age of labour market exit was 65.1 for men and 63.6 for women across OECD countries in 2016. It is ten months higher than the average normal retirement age for men two months higher for women. The lowest effective exit age is found in France for men and in the Slovak Republic for women at 60.0 and 59.5 years, respectively. At the other range of the scale, Korea displayed the highest figures, at 72.0 years for men and 72.2 years for women.

On average across the OECD, the retirement age is 0.8 years lower for men than the effective age of labour market exit age; for women it is 0.2 years lower. However, there is considerable variation between countries. The effective age of exit is 4.4 years lower than the retirement age in Italy for men and 5.3 years lower for women in Belgium. By contrast, the effective labour market exit age is considerably (11 years) higher than the normal retirement age in Korea for both men and women.

The normal retirement age for a person having entered the labour market at age 20 was equal to 64.3 for men and 63.4 for women in 2016 on average across the OECD. Gender gaps in retirement ages exist in 11 OECD countries. In most of them, women's retirement age will increase to converge to men's, and the only countries that will maintain a lower age for women are Chile, Israel, Poland and Switzerland.

The effective age of labour market exit is lower than the retirement age in 20 OECD countries for women, and 15 for men and is lower for both men and women in 13 out of the 35 OECD countries. Moreover, the link between the retirement age and the labour market exit age is not always straightforward. In Chile for example women work until the age of almost 68 on average although the retirement age is only 60 for the DC pension. In Italy, women exit the labour market at age 61 despite the retirement age being 65 years and seven months.

On average the effective retirement age is 65.1 for men and 63.6 for women. Only in Estonia, France, Korea, Spain and Turkey is the effective age of labour market exit higher for women than for men. In Estonia women leave the labour market half a year after men, while in France, Korea, Spain

and Turkey they leave three to four months later than men. In all other OECD countries men exit the labour market after women, with the largest differences observed in Mexico and Portugal (4.2 years).

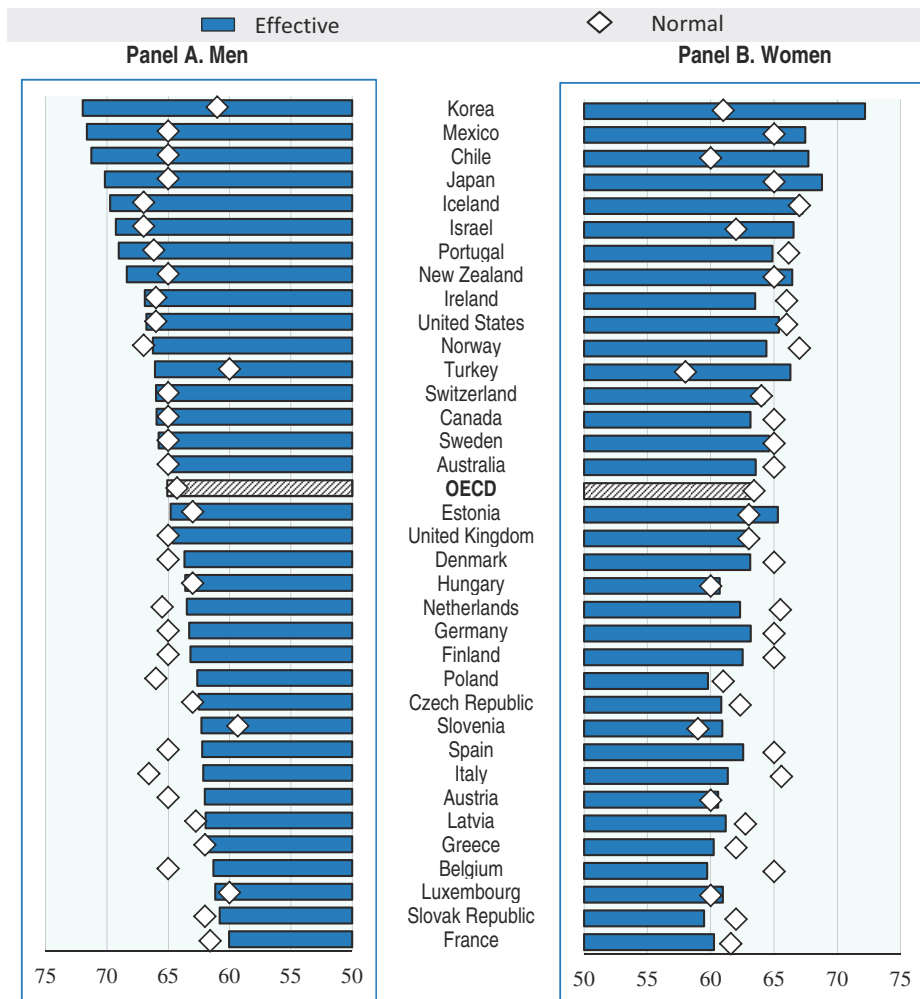
The evolution through time of the average effective exit age displays a trough in the late 1990s for women and the early 2000s for men after several decades of downward trends. In 1970 the average effective exit age was 68.4 years for men and 66.5 years for women, against 63.1 and 61.0 years, respectively, in 2000, with substantial cross-country variations: a low for men of 58.3 years in Hungary and a high of 74.6 years in Mexico; for women, the range in 2000 was 55.8 years also in Hungary and 69.8 years also in Mexico. Since the year 2000, the effective age increased by over five years for men in Hungary and Portugal and by just over six years for women in Estonia, Korea and New Zealand with Turkey increasing by over nine years.

Definition and measurement

The average effective age of retirement is defined as the average age of exit from the labour force for workers aged 40 and over. In order to abstract from compositional effects in the age structure of the population, labour force withdrawals are estimated using changes in labour force participation rates rather than labour force levels. These changes are calculated for each (synthetic) cohort divided into five-year age groups.

The normal retirement age is defined as the age of eligibility to all components of the pension system in 2016, assuming labour market entry at age 20. This age corresponds to indicator 3.4 "Current retirement ages" in Chapter 3).

5.8. Average effective age of labour market exit and normal pensionable age in 2016

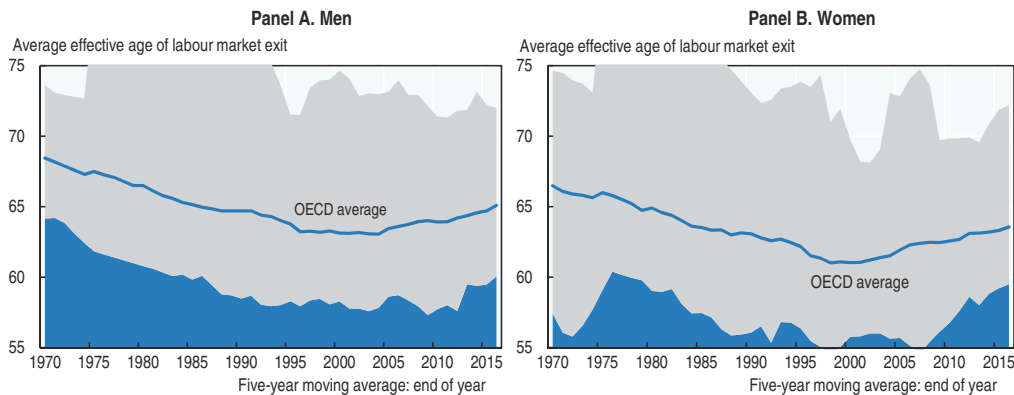


Note: Effective retirement age shown is for five year period 2011-16. Pensionable age is shown for individuals retiring in 2016 and assuming labour market entry at age 20.

Source: OECD estimates based on the results of national labour force surveys and the European Union Labour Force Survey.

StatLink <http://dx.doi.org/10.1787/888933634363>

5.9. Average labour market exit age in OECD countries, 1970-2016



Source: OECD estimates based on the results of national labour force surveys, the European Union Labour Force Survey and, for earlier years in some countries, national censuses.

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