

## EXPECTED YEARS AFTER LABOUR MARKET EXIT

### Key results

The expected years after labour market exit indicator measures the length of expected remaining life expectancy from the time of average labour market exit by gender. In 2016 the OECD average number of expected years in retirement was 18.1 years for men and 22.5 years for women. France had the highest expected duration, equal to 23.6 years for men 27.6 years for women. Korea had the lowest expected years after labour market exit, at 13.0 years for men and 16.2 years for women. The average duration of expected years in retirement across OECD countries has increased over time. In 1970 men in the OECD countries spent on average 11 years in retirement, and women 15 based on this indicator. By 2016 this had increased to 18 and 22 years, respectively.

This indicator illustrates the length of the expected remaining life expectancy from the time of average labour market exit. Men typically can expect to survive fewer years after labour market exit than women: 4.4 years less than women on average in the OECD (Figure 5.10). Women can expect to live more than 25 years after exit in Austria, Belgium, France, Greece, Italy, Luxembourg and Spain (Figure 5.10, Panel A). Similarly, men can expect to survive more than 20 years after labour market exit in Austria, Belgium, Finland, France, Greece, Italy, Luxembourg and Spain (Figure 5.10, Panel B). Women's expected survival duration measured at the average age of labour market exit was below 20 years in Chile, Iceland, Korea, Mexico and Turkey, and men's was below 15 years in Chile, Korea, Mexico and Turkey.

In Hungary, Latvia, Poland and Portugal the gender gap in the expected survival duration was six years or more. Longer periods after labour market exit expose women to old-age income poverty, as in some countries price indexation magnifies the impact of gender pay gaps, observed in all OECD countries, on pension benefits and of longer life expectancies.

The duration of expected survival in emerging countries is fairly low, varying from to 15.6 years in South Africa to 20.0 years in Brazil for women, and from 11.3 and 16.8 years, respectively, for men.

The average length of retirement measured at labour market exit has increased over time. In 1970 men in the OECD countries spent on average 11 years in retirement and by 2016 they could expect an average duration of retirement of 18 years (Figure 5.11, Panel B). Women who could expect to stay in retirement for 15 years on average in 1970, would enjoy a duration of retirement equal to 22 years in 2016

(Figure 5.11, Panel A). The increase in the expected duration of retirement from 1970 to 2014 is due both to a drop in the effective exit age from the labour force and to increased longevity.

The expected years in retirement increased gradually from 1970 to around 2000 because of both a gradual decrease in the effective labour market exit age and increases in life expectancy. After a couple of relatively stable years, the average effective labour market exit age started to increase from 2004. It increased by two years for both men and women between 2004 and 2016.

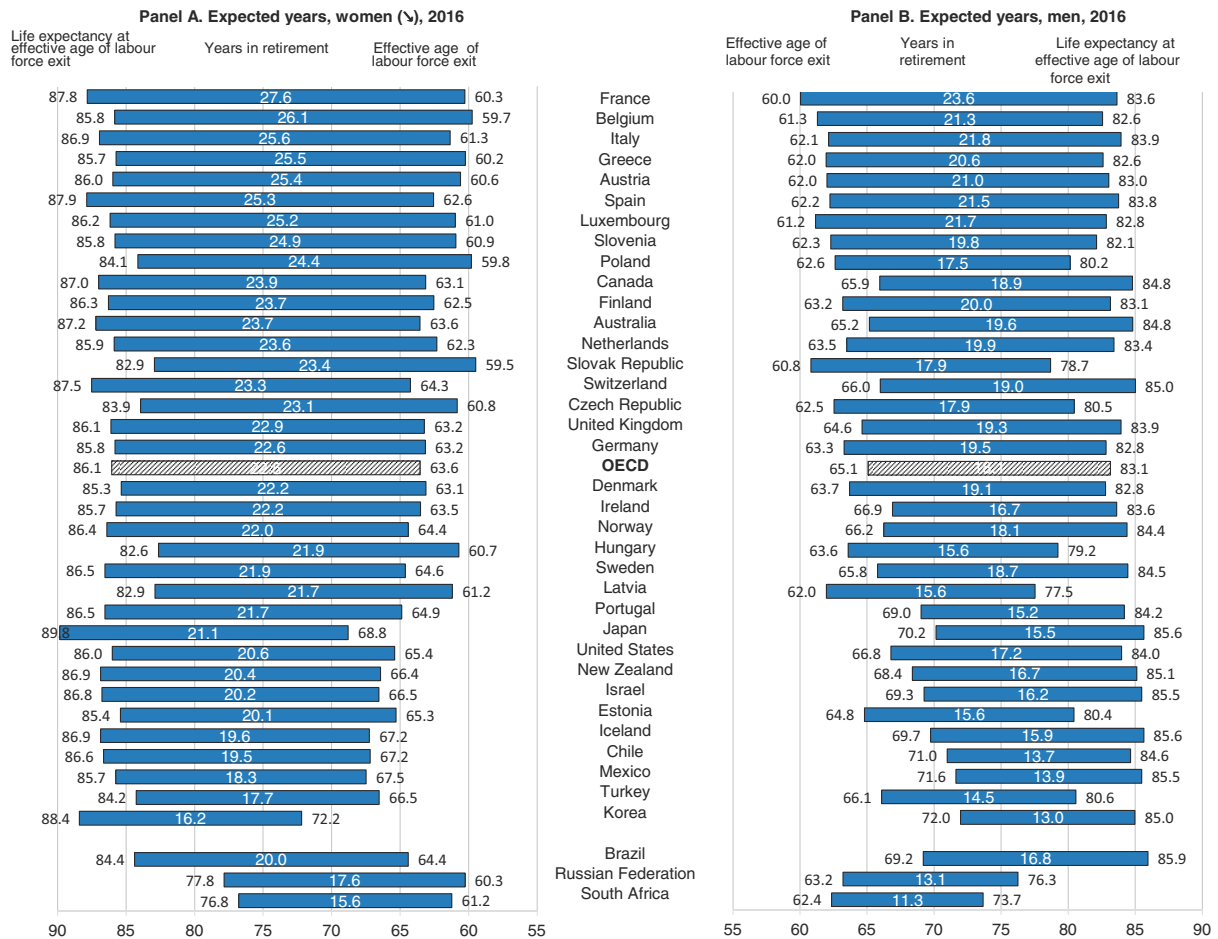
Despite continuing increases in life expectancy there has been a stabilisation of expected years in retirement since the start of the century as life expectancy gains in old age have been offset by the increases in labour market exit age.

### Definition and measurement

Expected years after labour market exit is life expectancy measured at the age of effective labour market exit for men and women. Estimates of remaining life expectancy are calculated based from the UN World Population Prospects, the 2017 revision dataset.

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.

### 5.10. Expected years after labour market exit by gender in 2016

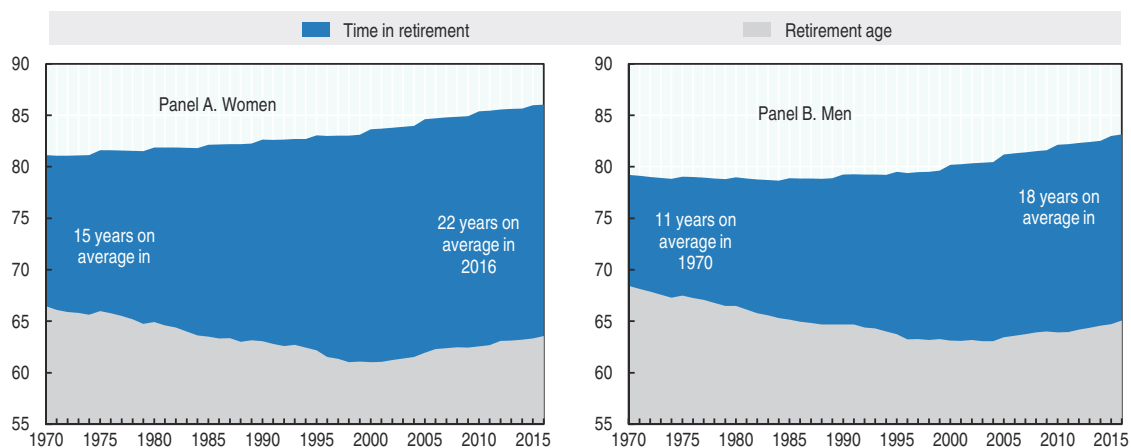


Note: Effective retirement age shown is for five year period 2011-16. Pensionable age is shown for 2016.

Source: OECD estimates based on the results of national labour force surveys and the European Union Labour Force Survey. Life expectancy estimates are calculated from United Nations Population Prospects: 2017 Revision.

StatLink <http://dx.doi.org/10.1787/888933634401>

### 5.11. Average years in retirement across all OECD countries, 1970-201



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. Life expectancy estimates are calculated from United Nations Population Prospects: 2017 Revision.

StatLink <http://dx.doi.org/10.1787/888933634401>



## Chapter 6

# Incomes and poverty of older people

*These three sets of indicators look at the economic situation of older people in recent years. The first indicator examines the income of older people, comparing them with the population as a whole. It also shows the income sources of older people, whether the income comes from publicly provided benefits, occupational transfers, work, or private pensions and other savings.*

*The second indicator looks at poverty of older people. It shows the proportion of older people living on incomes of less than half the national median income. It also compares the poverty rates of older people with poverty rates of the population as a whole.*

*The final indicator presents the “Average worker earnings” that underpin all pension modelling. These data are used widely in the report and many values for parameters and all modelling results for pension entitlements are reported as percentages of national average worker earnings.*

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.



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