

EARLY RETIREMENT HAS GONE OUT OF FASHION

Most countries of the EU have early retirement schemes which – with the exception of Finland and Sweden – are however conditional on the number of years worked, on the type of work performed (e.g. heavy physical and/or hazardous occupations), the incidence of unemployment, etc. As a rule, the pension is reduced in the case of early retirement. France, Ireland, the Netherlands and the United States do not permit early retirement, although France grants regular pensions at age 60

which in other countries is the age at which early retirement becomes possible. In the other three countries regular retirement starts at age 65.

In the EU the early retirement of men increased sharply after 1979, but has stagnated since 1995. There are a number of reasons for the rise of early retirement: Higher per capita income permits older people to enjoy more leisure sooner; the increase in unemployment has reduced the chances of older people competing for jobs; many workers leave the labour market early for health reasons; company schemes encourage voluntary early retirement, and the design of public pension schemes has also made early retirement more attractive.

Early Retirement Index^{a)} 1976 to 1998

Country	1979	1983	1990	1995	1998
Austria	57	57
Belgium	...	49	65	64	66
Denmark	...	33	31	32	39
Finland	44	46	53	55	55
France	30	46	54	58	59
Germany	33	37	42	45	44
Greece	...	29	40	39	43
Ireland	22	22	35	36	37
Italy	...	44	48	56	57
Luxembourg	...	62	57	65	65
Netherlands	35	54	54	58	53
Portugal	24	29	34	38	33
Spain	22	28	38	45	42
Sweden	21	23	25	29	29
United Kingdom	...	30	32	38	37
EU	...	37	43	48	48
United States	27	31	32	34	32

^{a)} Early Retirement Index = 100% minus labour force participation rate of men aged 55 to 64.

Source: OECD Employment Outlook 1995, 1997, and 1999.

In the 1990s, many EU countries started to reform their pension systems in order to stem surging budgetary outlays. Partial pension models, increase of the eligibility age, and the reduction of early retirement options made early retirement less attractive and stopped its growth after 1995. In some countries these measures even resulted in a rise of the participation rates of older men, especially in Portugal, the Netherlands, Spain and Germany. W.O.