



# Active Ageing in Malta: A Labour Market Demographic perspective

## Flexible Retirement



# Top Up Pension Incentive Mechanism to Remain in the Labour Force – 61 years +

	<b>Top-up: Actuarial Negative</b>	<b>Total</b>	<b>2024 Budget top-up Increase</b>	<b>Total</b>
Retire at 62 years	5.0	5.0	6.5%	6.5%
Retire at 63 years	5.5	10.5	7.0%	13.5%
Retire at 64 years	6.0	16.5	7.5%	21.0%
Retire at 65 years	6.5	23.0	8%	29.0%

# Working Longer: A New Culture

2020 Strategic Review (Pg 30 - Published)  
<https://gemma.gov.mt/wp-content/uploads/2021/03/2020-Pensions-Strategic-Review-Document.pdf>

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Rise in the labour supply in the age brackets directly affected by the pension age increase accounted for 5% of the entire rise in the labour supply during recent years.

Whereas:

- Nearly 60% of women and 56% of men born in 1951 – who were unaffected by the reform - who were active, left the labour force by the time they reached age 63
- Born in 1956 the labour force drop-out rates declined to 14% for women and 36% for men.

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In the absence of this change in behaviour, the 50 and over workforce would be approximately 3,500 less than it actually was

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- Disaggregated data, by occupational category and by economic sector confirms that, prior to the pension age changes, there was a pronounced difference in the labour market participation of various groups of full-time workers.
- Pension age rises appear to have led to a convergence of employment behaviour.
- Whereas less than a 1/5 of male workers employed in elementary occupations who were born in 1951 remained in full-time employment after they reached age 61, nearly ¾ of the cohort born in 1957 were still working after that age.

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- Men born in the same birth cohorts who were working as managers, the increase was from 57% to 82%.
- The convergence among women is, if anything, even more pronounced.
- Men working in construction are increasingly working beyond the early exit age. Whereas just 14% of construction workers born in 1951 worked till they reached age 63, the proportion amongst those born in 1956 rose to 61%. Post-61 employment rates, thus, improved substantially in most sector

# Persons Performing Informal Care

[https://ec.europa.eu/eurostat/databrowser/view/ilc\\_ats18\\_\\_custom\\_8721192/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_ats18__custom_8721192/default/table?lang=en)

	Less than 10 hours / wk		From 10 to 19 hours / wk		20 hrs / wk or more	
	Total	Female	Total	Female	Total	Female
EU – 27 countries from 2020 onwards						
55 to 64 years	58.5	54.6	18.8	19.9	22.8	25.5
65 to 74 years	56.7	54.0	17.0	16.9	26.3	29.1
75 years +	47.2	48.5	16.7	15.9	36.1	35.6
<b>Malta</b>						
55 to 64 years	40.6	40.3	19.2	23.2	40.1	36.5
65 to 74 years	48.2	41.9	14.6	18.4	37.3	39.7
75 years +	29.4	27.6	7.5	11.6	63.1	60.8

# Health Life Years at Age 65 Years

[https://ec.europa.eu/eurostat/databrowser/view/tepsr\\_sp320/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/tepsr_sp320/default/table?lang=en)

	2019	2020	2021
EU – 27 countries from 2020 onwards	10.3	9.8	9.7
Male	10.2	9.5	9.5
Female	10.4	10.1	9.9
Malta	14.8	12.8	11.9
Male	14.4	12.6	12.2
Female	15.1	13.0	11.6

# Flexible Retirement

- Two steps of the retirement transition—withdrawal from work and beginning of pension payments—which do not need to happen completely or simultaneously anymore if the transition is flexibilised
- This may lead to a longer transition period between the main working career and full retirement
- More concretely, measures and strategies to flexibilise the retirement transition then relate to the questions of whether and to what extent one can stop working before pension age or continue working after pension age, and of when, how, and under which conditions they can receive a pension

## Active Ageing

A way “to contribute to the general increase of working lives”

Retain experienced staff who are critical to an organisation

Raise the labour market participation of older workers

Avoid potential labour shortages

Improve worker support the health and wellbeing of employees who are approaching the end of their careers. This can help to improve sickness absence rates and productivity, while reducing rates of stress, fatigue and burnout

Increase productivity per hour

Willingness to combine partial pensions with a part-time job but not to work full-time

Ease psychological adjustment to retirement

Partial retirement is similar to retire and return, in that it enables employers to retain experienced colleagues. However, with partial retirement, there is no need for the employee to end their contract of employment in order to take their pension benefits

Facilitate succession planning and mentorship

Delaying opt-out and remaining in meaningful work longer

# Positives of Flexible Retirement

# Replace Existing 'All or Nothing Approach'

Example of how Flexible-retirement can be introduced

Phased draw down of state pension – 40% retiring at 61 years; 50% retiring at 62 years; 60% retiring at 63 years; 75% retiring at 64 years

Minimum hours to remain in employment – 25 hours per week

Contribution paid but as a contribution to inter-generational solidarity

Registered with Jobplus

Formal contract remains in force or new one drawn up

# Supporting Policies: Examples

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**Very positive actuarial rates introduced to encourage persons aged 65+ to 75 years to remain in the labour market either:**

Full time and deferring pension

Flexible retirement and hence lower actuarial rate



**Fiscal incentives to employers for retaining persons over 65 years**



**Financial support through Malta Enterprise to render place of employment age friendly**



**Communications campaign together with employers to encourage employees to remain in employment through flexible retirement at 65 years +**

