



PRESS RELEASE

AGF research suggests:

Raising statutory retirement age will have no effect if poor health is the underlying reason for inactivity

Health is an extremely important factor in the retirement decision for both men and women in the UK and Germany. The Anglo-German Foundation funded study 'Health, Retirement and Inequality: can Germany and the UK learn from each other?' suggests that the size of the health effect is larger than that of pension entitlement and income in both countries. Health shocks rather than a continual level of poor health are important in the retirement decision.

These findings have considerable policy implications: Designing financial incentives to encourage people to work for longer may not be sufficient as a policy tool if people are leaving the labour market involuntarily due to health problems. Raising the statutory retirement age will have no effect if poor health is the underlying reason for inactivity. There is a need to improve the health of the work force and facilitate continued work for people with health problems and disabilities.

An integrated approach between primary health care providers and employers is necessary and this is not easily facilitated within the current systems of either the UK or Germany.

Some hope is provided by the UK Pathways to Work scheme (and the Want2work schemes in Wales), designed to help people on incapacity benefit to get back into work. These schemes provide specific health advice and might be usefully extended more generally to help older workers with health problems.

Currently schemes tend to target only those workers who have already left the labour force whereas it is more effective to design policy that helps older workers to remain economically active.

Once individuals leave the labour market, their skills start to deteriorate so it is better to retain some level of labour market activity, for example by allowing more flexible working arrangements to cope with health problems.

The recent 'New Quality of Work' initiative in Germany, with its aim of promoting employment for older workers, may be a way forward in terms of an integrated approach. However, thus far it is not sufficiently specific in its policy tools. This initiative could learn from the initial successes of the UK Pathways scheme in combining health and work advice.

A summary

is downloadable from the Anglo-German Foundation website at www.agf.org.uk/pubs/publications.htm

The full text of the study

is downloadable from the University of Sheffield website at www.shef.ac.uk/economics/research/areas/health_and_wellbeing.html

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