

# FACTORS AFFECTING RETIREMENT



BOOK 8: NETHERLANDS



<b>Book 8: The Netherlands</b>		Page
8.1	Summary	2
8.2	The labour market situation of older people	2
8.3	Social welfare and pension arrangements	3
8.4	Impacts on labour market and retirement behaviour	5
8.5	Role of human resource policies in influencing the labour force participation of older workers	6
8.6	Older individuals' orientations to work and retirement	8
8.7	Role of labour market policies and collective agreements in extending/contracting working life	12

## 8.1 Summary

- The cost of early exit has risen dramatically in the last 20 years
- Few people remain in employment beyond the age of 60
- The principal exit pathway has been early retirement (VUT)
- This crisis has forced Government and the social partners to address the issue and to consider radical solutions
- VUT is being phased out and replaced by a funded scheme
- A limited amount of flexibility in retirement is emerging in some firms and sectors.

## 8.2 The labour market situation of older people

### Population ageing

As in other countries, the population of The Netherlands is ageing. In the case of men the proportion of the labour force aged 50-64 is predicted to rise from 17 per cent in 1996 to 25 per cent by 2020. Over the same period, the proportion of women in the labour force in this age group is set to rise from 11 per cent to 17 per cent (Henkens 1998). According to de Vroom (1999), among the population aged 20-64, over a fifth (21 per cent) will be in the 55-64 age group by 2040, up from 15 per cent in 1996. In 1996 the 65 and over age group was approximately a fifth the size of the 20-64 age group, but will be almost half the size by 2040 (de Vroom 1999). Goedhard (1998) states that the Dutch population is set to become one of the oldest in Europe. It is the view of the Government that this trend would be of less significance if the average age of exit from the labour force was 65, and that a higher participation rate among those aged 55-64 would result in lower social welfare costs and provide a stronger foundation for financing the public pension scheme (AOW) (de Vroom 1999).

### Employment and unemployment

Employment/population ratios show a decline among men aged 55-64 from 63.2 per cent in 1979 to 31.5 per cent in 1995, before increasing to reach 46.0 per cent by 1998. On the other hand, among women in the same age group employment/population ratios generally show an upward trend during the 1980s and 1990s from 14.0 per cent in 1979 to 20.8 per cent by 1998 (OECD Employment Outlook 1996, 1999).

Figures for 1989 show that the male employment rate decreases markedly between the ages of 50 and 64. Seventy per cent of men aged 50 are in a salaried position, but this decreases to seven per cent among those aged 63-64 (Henkens and Siegers 1995). By contrast, while there is a decrease in the number of those classified as self-employed between the ages of 50 and 64 this is less marked. Also, above the age of 60 the proportion of workers classified as self-employed, at 10 per cent, is greater than those classified as salaried workers. Likewise, among women, while 28 per cent of 50 year olds are classified as salaried workers this decreases to two per cent of the 63-64 age group. Self-employment decreases from eight per cent of 50 year olds to two per cent of the 63-64 age group.

Unemployment rates among men and women in the 55-64 age group have generally been lower than among younger age groups (OECD Employment Outlook, 1996, 1999). On the other hand, older workers are more likely to be long-term unemployed. Figures for 1996 show that 60.5 per cent of unemployed people in the 45-64 age group were long-term unemployed (12 months or more) compared to 50.0 per cent in the 15-64 group (OECD Employment Outlook 1998).

### 8.3 Social welfare and pension arrangements

The age at which an individual becomes eligible for a state pension (AOW) is 65. This is a compulsory pay-as-you-go scheme. It may be supplemented by a pension from a collective scheme to which both worker and employer contribute. The vast majority of employees are covered by a supplementary pension scheme (Delsen 1996a).

According to de Vroom there has been a fundamental change in attitudes, policies and practices towards older workers in recent years, leading not just to welfare reforms but to structural changes to the welfare system. This is for three main reasons:

- i. The increasing cost of exit pathways - in particular the disability (WAO) and early retirement schemes (VUT)
- ii. Labour shortages resulting from the trend towards early exit coupled with an ageing of the population
- iii. Population ageing will result in problems in funding the old age pension scheme (AOW).

De Vroom (1999) states that in the 1990s, fine-tuning of existing social welfare arrangements was attempted at first, but this did not affect the ratio of active to inactive people. What has followed has been a radical shift from a paradigm based on rights and duties to one based on incentives. The 'crisis' in the Dutch welfare system helped create the climate necessary for this change to occur.

Participation rates among older workers are affected by three types of outflow: voluntary early retirement, disability and unemployment (Van Imhoff and Henkens 1998). Early exit pathways are available at both the state and firm/sector level (de Vroom 1999). Van Imhoff and Henkens (1998) state that in the 1980s early retirement (VUT) became the primary and most popular route out of the labour market for older workers and, according to de Vroom (1999) until recently, was most

popular among employers also. Such schemes emerged in the private sector in the 1970s as a more socially acceptable alternative to disability or unemployment, to enable workers who had worked in arduous conditions to retire early and with the added benefit of reducing youth unemployment at a time when large numbers of people were entering the labour market (de Vroom 1996; Henkens 1998). It has also been argued that Government and the social partners approached the problem of youth unemployment with more vigour than was the case in other countries (Henkens 1998).

VUT schemes are based on collective agreements at the firm/sector level. There are approximately 300 schemes. Age of early retirement and benefit levels do not vary much (Henkens 1998). According to Delsen (1996a b) the average age of exit via such schemes is 60 and retirees receive a means tested benefit of between 75-80 per cent of their last gross wage. There is a requirement for 10 years service. Such schemes are funded on a pay-as-you-go basis. However, there are variations in the contribution levels of employers and employees between schemes (Henkens 1998). According to de Vroom, (1999) in the most recently introduced schemes the age at which a person can retire has frequently been increased by one or two years, although transitional arrangements mean that older workers can still exit at the age of 60.

According to Henkens (1998), approximately 75 per cent of the labour force works for an organisation that offers employees the opportunity to retire early. In organisations with collective bargaining agreements coverage rises to 90 per cent. De Vroom quotes figures from 1997 which show that 152,000 individuals were in receipt of an early retirement (VUT) benefit. It is predicted that by the year 2000 this figure will be between 150 and 200 thousand (Henkens 1998).

The disability (WAO) and unemployment (WW) exit pathways have also been popular (de Vroom 1999). The use of the former for labour market reasons was

legitimised by the social partners and Government. The unemployment route has been least popular - both because of the lower income it offers and lower social acceptability. De Vroom quotes figures from 1997 which show that of the 442,000 individuals in receipt of unemployment benefits, 103,000 were aged over 55, and out of 872,000 disability benefit claimants, 346,000 were aged over 55 (de Vroom 1999).

In order to reduce public expenditure the Government in the Netherlands recently announced restrictions on the disability and unemployment routes to early exit. Eligibility rules for incapacity benefit were tightened in 1993 while a Government directive making it possible for employers to target older workers during collective dismissals has been withdrawn. The Government has also announced cutbacks in early retirement via the public sector scheme (Van Imhoff and Henkens 1998).

Since the early 1990s both Government and the social partners have been placing greater emphasis on the role of flexible retirement in increasing participation rates among older workers (de Vroom 1999). Recently, schemes offering greater flexibility in retirement have begun to emerge. For example, experimental part-time VUT schemes have been introduced in some sectors (including the public sector) in order to reduce the costs of early retirement and staff costs more generally, to create jobs for younger workers, but at the same time to retain corporate knowledge. The take up rate for such schemes has been low and many have been abandoned (Delsen 1996a). Henkens and Siegers (1995) state there appears to be little enthusiasm among employees for partial retirement when given the additional option of full-time early exit. For example, in one organisation 15 employees opted for part-time retirement compared 610 who opted for full-time early retirement. According to de Vroom (1999), as yet few firms offer some kind of flexible retirement provision.

Other changes have included attempting to limit the use of early exit pathways. For example, the Government is encouraging the social partners to move away from the use of VUT to 'pre-retirement' schemes, with the latter mainly funded by the individual retiree rather than pay-as-you-go in the case of the former. Another important difference is that VUT schemes are firm or sector specific which means that an individual might lose their right to use that particular scheme if they left the firm. However, 'pre-pension' schemes are portable. According to de Vroom (1999), in 1996 six per cent of workers moved from VUT to 'pre-pension' schemes and it is anticipated that over the next five years the majority will make the transition. De Vroom states that this change will result in higher participation rates among older workers, greater mobility of labour and lower contributions for those still in employment.

#### 8.4 Impacts on labour market and retirement behaviour

As with other economies, although the retirement age is set at 65 in the Netherlands, few people are still in employment at this age. While for men in the age group 15-64 labour force participation rates declined from 90 per cent in 1960 to 75 per cent by 1994, among the 50-64 age group the decline has been much steeper - from 91 per cent to 56 per cent over the same period (Henkens 1998). Among older women there has been an upward trend in participation rates, although the extent to which increasing female participation generally masks a decline in participation rates among older women is unclear. De Vroom (1999) suggests that there has been a pronounced shift in the pattern of labour force exit over time. In 1973 almost a third of men aged 50-64 had left the labour force before the age of 65, 45 per cent started receiving a public pension at the age of 65 and 15 per cent continued in employment after the age of 65. By 1997 the exit process began much earlier - at around the age of 53. In this year over half of men aged 53-60 were economically inactive.

Turning to the situation of women, the pattern of exit has also changed. Participation rates among women aged up to 60 were much higher in 1997 than they were in 1973. While there was a gradual decrease in participation rates with age in 1973 there was a sharp decrease after the age of 50 in 1997. In fact, by the age of 60 the participation rate was lower in 1997 than it had been in 1973 (de Vroom 1999).

According to Liefbroer and Henkens (1999) participation of men and women aged 60-64 had fallen from 74 and 13 per cent respectively in 1971 to 12 and five per cent respectively by 1995. However, de Vroom (1999) points out that, since 1993, the labour force participation rate of men in the 50-64 age group has increased, albeit slightly. According to de Vroom this is a result of fewer men retiring when aged in their 50s. De Vroom ascribes these changes in male

participation rates to a decrease in outflows into disability or unemployment for the reasons outlined above. He also suggests that economic growth in recent years may be a factor. For both men and women the peak age of exit is 60. Comparing participation rates among women in 1993/94 and 1996/97 there was evidence that early exit had increased among those aged 63-64.

Liefbroer and Henkens have examined the average length of working lives of older men. Their research was based on a survey of 4,400 individuals born between 1903 and 1937 and aged between 55 and 90 at the time of interview. A response rate of 61.7 per cent was achieved. Analysis was based on data collected from 1,894 men. They conclude that the average age of retirement is declining with successive cohorts of older men. Thus, among those men born before 1908, 80 per cent worked until the official retirement age whereas, among those born between 1928 and 1932, 90 per cent had retired by the age of 65. Their data also indicate that there has been a marked trend towards retirement before the age of 60 among the younger age cohorts.

Further analysis according to educational level indicated that men with lower levels of education tended to retire at earlier ages. However, these differences were not large, with the median age differences between those with lowest and highest levels of education only being 18 months. Additional analysis indicated that successive age cohorts are spending shorter periods in the labour market, although this trend may have levelled out. For example, the median duration in the labour market for the cohort born between 1903 and 1907 was more than 50 years but for the cohort born between 1928 and 1932 the median duration had fallen to 41 years. The authors point out that the decline in the duration of working lives is much steeper than the decline in the age of retirement. This is because younger cohorts are also tending to enter the labour market later.

The above findings were confirmed by statistical analysis. Additionally, this analysis revealed that having a higher educational level was associated with later withdrawal from the labour market but also a shorter working life. Further analysis showed that differences in the median length of working life between men with elementary levels of education and those with secondary education were relatively small. However, the differences in the length of working lives between these groups and those with a university education were quite marked, although this has reduced over time.

The exit pathways identified above are not independent. Delsen (1996b) and Van Imhoff and Henkens (1998) estimate that among those classified as disabled, between 15 and 50 per cent could be re-classified as unemployed. Van Imhoff and Henkens also state that stability in the number of individuals classified as disabled in the last decade is the result of being able to exit employment via an early retirement scheme. Additionally, Ekamper and Henkens (1993, reported in Henkens and Siegers 1995) state that, in the absence of an early retirement scheme, more than a third of those retiring early would leave employment via the disability route.

According to de Vroom (1996), some 30 per cent of those aged 50-54 and almost 60 per cent of those aged 55-59 are in receipt of disability benefits. Additionally, he states that approximately 90 per cent of individuals eligible for early retirement under a VUT scheme take advantage of this option. He adds that VUT has had unanticipated negative effects. First, the voluntary nature of schemes has meant that firms have lost staff they would have preferred to keep. Second, the cost of such schemes has risen due to their popularity coupled with high replacement rates. Third, the existence of schemes has meant that firms have not introduced age-aware personnel policies.

Analysis of the first two waves of the Dutch CERRA (Centre for Economic Research on Retirement and Ageing) panel survey carried out in 1993 and 1995 of people in the 43-63 age range was carried out in order to examine the incentive effects of early retirement schemes. This study found a strong relationship between such schemes and early exit (Lindeboom 1998).

Van Imhoff and Henkens (1998) report the findings of research aimed at ascertaining the budgetary consequences of alternative social security arrangements affecting older workers in the Dutch public sector (defined as including all sectors covered by the ABP - 'General Civil Pension Fund'). Using ABP data the authors compare different policy scenarios. They conclude that, although reducing early exit as a means of reducing the costs associated with population ageing is now being emphasised by policy makers, whatever approach is taken, substantial savings in terms of public spending will not be achieved.

### **8.5 Role of HR policies in influencing the labour force participation of older workers**

This review has identified a limited amount of research concerning employer's attitudes and practices towards older workers. However, one study carried out by Andries (1994, cited in Goedhard 1998) would suggest that some firms are orienting towards older workers. This study found that 16 per cent of companies surveyed had an active older workers policy and 35 per cent planned activities in this area. A more recent survey of firms in most industrial sectors (excluding agriculture) with more than 10 employees found that 21 per cent were seeking to recruit more older people, 40 per cent had introduced partial retirement schemes and 13 per cent were encouraging workers to stay on until the age of 65 (Remery, Henkens, van Doorne-Huiskes, Ekamper and Schippers 2000).

Henkens (forthcoming) examined the attitudes of 273 supervisors towards the early retirement of subordinates. The supervisors came from a manufacturing firm and were surveyed in 1995. The response rate was 80 per cent. Analysis indicated that a third wanted older subordinates to stop working at the age when they became eligible to take early retirement (60 years of age). On the other hand, 60 per cent stated that continued working would be appropriate for some and five per cent stated that this would be desirable for most older subordinates.

Supervisors were also asked to rate various potential problems which might affect an older worker's performance. The most common were technological change (34 per cent) and workload (25 per cent) followed by outdated know-how (19 per cent). On the other hand dealing with authority and sickness absenteeism were felt to be potential problems by less than 10 per cent of respondents.

Analysis indicated that despite job cutbacks in the manufacturer's operating companies, supervisors' attitudes towards early retirement did not seem to be affected by the need to shed jobs at either operating company or departmental level. Similarly, attitudes towards the early retirement of subordinates showed no relationship with the number of older workers in the operating company or the age of the supervisor. On the other hand, in departments where workers undertook more demanding work supervisors showed a stronger preference for early retirement among older workers.

Further analysis indicated that supervisors' attitudes towards the early retirement of older subordinates were unrelated to job pressure, social relations and technological change. But an anticipated loss of human capital as a result of the departure of older workers was associated with negative attitudes towards their retirement. Also, supervisors who believed that retirement would be beneficial for older workers showed a preference for early retirement among older subordinates.

The issue of age and employment has been on the agenda of the social partners since the early 1990s (de Vroom 1999). According to de Vroom, collective agreements are beginning to feature age-aware human resource policies, although issues concerning VUT schemes and retirement more generally are much more common.

Additionally, in recent years the Dutch 'Foundation of Labour' has issued several policy statements on the employment of older workers (de Vroom 1999). These are significant because they reflect both the positions of the social partners and of Government. For example, in 1997 it issued a policy document 'Age and work' which covered the following range of issues:

- Maintaining employability
- Overcoming age discrimination
- Age aware HRM policy
- Recruitment and selection
- Education and training
- Career development
- Dismissal
- Improving working conditions
- Part-time employment and flexible retirement



## **8.6 Older individuals' orientations to work and retirement**

Henkens and Tazelaar (1994) attempted to model the early retirement decision among a group of Civil Servants surveyed in 1991. The authors report a high response rate to the survey - 79 per cent. Approximately 90 per cent of respondents were men. All were either aged 59 or had 40 years of service and were therefore eligible for early retirement. Among the respondents over three-quarters had opted to take early retirement. The replacement rate of pensions over income was mostly high: half the respondents experienced a drop in income at retirement of only 5-10 per cent, a quarter more than 10 per cent and a quarter less than five per cent. For three-quarters of respondents their partner did not contribute to the household income. The health of respondents was generally good, although one sixth stated that their health was poor. Almost one-third of respondents had one or more dependent children.

A quarter of respondents were expecting to miss their salary while over a fifth were expecting to miss social contacts when they retired. On the other hand, loss of status and self-esteem were considered much less important. Half the respondents felt that retirement would be beneficial for their health. Sixteen per cent felt that their partner would like them to continue in work, while almost a third felt that their colleagues would like them to continue working.

The authors carried out statistical analysis exploring factors affecting the retirement decision. They included the following variables in their analysis: financial context (that is, replacement rate, expected future income from work, income level, gender, marital status, partner's income level and number of dependants), health status, organisational context (that is, unsatisfactory working arrangements and the extent of cutbacks in their department) and the normative context (that is, potential labour market experience, as defined as age minus number of years in education; whether partner has taken early retirement; whether friends had taken early

retirement). They found that these factors together predicted retirement behaviour only weakly.

However, when the individual disposition to retire was taken into account they found a much stronger statistical association (variance explained increased to 23.9 per cent). Thus individuals were less likely to have decided to retire if they felt the financial consequences to be negative, and if they felt that the threat to self-esteem and loss of social contacts/colleagues would be greater. Also, perceived health consequences and problems spending leisure time were also associated with retirement intentions. The authors also report that the support of an individual's spouse/partner was associated with retirement intentions, whereas the support of colleagues was not. The authors add that respondents with more dependants were more likely to state that their spouse/partner was less supportive of early retirement. Also, respondents with friends who had already taken early retirement were likely to anticipate fewer negative consequences than those who did not have friends in this situation.

In a subsequent article based on analysis of the same dataset plus additional data collected in 1994, Henkens and Tazelaar (1997) examined the relationship between retirement intentions and actual retirement behaviour. They found that, among individuals who had indicated that they did not intend to take early retirement when surveyed initially, 45 per cent did in fact take early retirement subsequently. According to the authors, for at least a fifth of respondents there was a discrepancy between retirement intention and actual behaviour. It is interesting to speculate on the extent to which participation in the study did itself influence retirement behaviour on the part of respondents.

Statistical analysis indicated that there were differences in the factors which predicted retirement intentions and actual retirement behaviour. Taking retirement intention first, the authors report that a statistically significant predictor of retirement intention was the number of

dependants. Replacement rate and income of partner showed no relationship with retirement intention. None of these variables showed any relation with actual retirement behaviour. Similarly, while health status significantly predicted retirement intention it was not associated with retirement behaviour.

Organisational context was associated with both retirement intentions and retirement behaviour. Departmental re-organisation at a respondent's workplace and a lack of challenge in a job predicted intentions and actual behaviour. On the other hand, knowing others who had retired already, while a predictor of retirement intentions was not a predictor of actual retirement behaviour.

Additionally, evaluations about the consequences of retirement also predicted intentions and actions. Thus, perceptions about financial drawbacks, a loss of social contacts and a belief that retirement would be beneficial for health predicted intentions and actions. On the other hand, while perceptions about the effects of retirement on self-esteem and perceived ability to fill leisure time predicted retirement intentions they were not associated with actual behaviour.

Support from a partner also predicted both retirement intentions and actions. Workers who perceived that their partners were positively disposed towards their retirement were more likely to both intend to retire and actually retire than those respondents whose partners were indifferent towards their retirement.

The authors add that the probability that single people would retire early was comparable to respondents who perceived their partners' attitude towards early retirement to be negative. Additional analysis also indicated that, in the case of single people, the potential loss of social contacts was more important in the decision making process than in the case of respondents with a partner.

Also the authors did not find evidence of lower correspondence between intentions and actions the further away the respondent was from the date they became eligible for retirement. In addition, they did not find evidence of greater inconsistency between intentions and actions among individuals indicating that they were less well informed about retirement.

Finally, the authors report that respondents who perceived greater encouragement from their partner to retire actually retired more often than would have been expected on the basis of their intentions alone. On the other hand, respondents who received encouragement to continue working retired less often than would have been expected on the basis of their intentions alone. Also, single people who indicated that they would miss the social contact provided by work, retired less often than would have been expected on the basis of their intentions alone.

In another study Henkens and Siegers (1994) examined the characteristics of individuals who had taken early retirement or were planning to do so. The survey took place in 1991. In all, 264 men who had taken early retirement were surveyed. Eighty-nine men who were eligible for retirement and stated that they intended doing so were also interviewed. The two groups did not differ on various background characteristics.

The authors report findings on a range of questions. First, for both groups the vast majority of respondents showed high levels of satisfaction with their present or last job. Among those who were about to retire almost two-thirds reported that they were in good health compared to three-quarters who had already retired. Regarding job performance, among those respondents who had already retired over four-fifths indicated that they still functioned very well immediately prior to their retirement. Additionally, three-quarters of those who were anticipating retiring also indicated that they functioned well.

Almost three-quarters of those who had retired and almost two-thirds of those who intended retiring felt that more use should be made of the qualities of older workers. Also, one third of respondents felt that older workers were encouraged to retire too soon because younger workers were cheaper to employ. Fewer than 10 per cent of respondents in both groups felt that older workers could no longer contribute anything to their work.

Turning to motives for early retirement, respondents were asked to rate items from a list of possible factors. Two-thirds of those who had retired and over four-fifths of those who intended retiring early indicated that they had worked long enough. Almost one third of those who had retired already and over half of those who intended retiring felt that early retirement was 'normal because everyone does so'. Among those who had already retired, that their spouse had wanted them to retire was cited by 28 per cent of respondents while over half of those intending to retire early cited this as a factor. Few respondents in both groups felt that their colleagues wished them to leave. Health and job difficulties were cited as reasons by a minority of respondents. An important motivator to retire was that it enabled the individual to spend time on activities for which they had no time previously.

The authors also divided the reasons for retirement into positive, neutral and negative reasons. Positive reasons (for example, more freedom and relationship with spouse) were more likely to be provided by professionals, those with a high educational level and among those who worked for Government or in the service sector. Neutral reasons (for example, worked long enough and retiring early being the normal thing to do) and negative reasons (for example, health, job difficulty, and pressure to leave) were more commonly provided by individuals from lower occupational levels and lower educational groups, and among individuals working in the industrial sector.

Regarding the replacement rate of income in retirement, the majority of respondents felt that the drop in income would be slight, although over a third felt that their income would drop by a significant amount. Those with a higher final salary, from a higher professional level or with a higher educational level reported less of a drop in income in retirement. Almost two-fifths of those who had retired already stated that they would not have done so if their benefits had been reduced by 10 per cent. Among those anticipating retirement almost three-fifths stated that they would not retire if benefits were 10 per cent lower.

Respondents were also asked about different forms of retirement. Those who had already retired were asked, if there had been a scheme whereby from the age of 60 until 65 they could work half time would they have used it, over one quarter said they would and half said they would not. The rest were undecided. Partial retirement was popular among those who had retired for negative reasons, for example health and job difficulties. Almost two-fifths of those who were yet to retire said that they would make use of such a scheme.

A further question enquired about respondents' intentions if a pension scheme was introduced which offered a higher replacement rate if retirement was delayed. In the case of both those who had retired and those who intended retiring, a quarter stated that they would retire at the age of 60 with a 70 per cent replacement rate. The largest proportion stated that they would retire at the age of 62 with an 80 per cent replacement rate. There were no differences according to educational level and socio-economic group.

Finally, respondents who had already retired were asked a series of questions about leisure. When asked how they enjoyed retirement only three per cent enjoyed it less than they had expected, while almost two-thirds stated that they were never bored. Those who retired for positive reasons were more likely to spend time on hobbies, family activities, travel and reading whereas

those who retired for negative reasons spent more time sleeping, watching television and going shopping.

In a further study Henkens (1999) examined the relationship between retirement intentions and spousal support in a survey of 1,052 employees aged 55-59 years in Dutch organisations. The response rate for the survey was high. Employees were asked questions about their retirement intentions, their health, the consequences of early retirement and organisational context, while spouses were asked whether they were in favour of their partner taking early retirement, about their health, labour market status, the couple's leisure activities and the consequences of their partner's early retirement.

Initial analysis carried out by Henkens showed that intending to retire early among employees and more spousal support for early retirement were associated with:

- a lower likelihood of having dependent children
- more shared leisure activities
- the employee being in poorer health
- the employee having a less challenging job
- the employee having a more physically demanding job and
- a lower likelihood of people in their social network still being in employment.

In addition, among the employees a lower income replacement rate was associated with a weaker intention to retire early. Also, if the partner reported that they were in poor health this was associated with a greater likelihood of them supporting early retirement of their spouse.

Additional analysis indicated that retirement intentions were weaker if older workers anticipated that there would be greater financial drawbacks and if they perceived that there would be problems in them filling their leisure time. Also, workers anticipating that retiring would be beneficial

for their health showed a more positive retirement orientation, while workers who felt that retirement would threaten their self-esteem showed a weaker retirement orientation. Additionally, workers who expected to miss their co-workers more and who perceived their supervisor to be supportive of them remaining in employment showed a weaker orientation to retirement. However, with the level of spousal support included in the analysis, consequences for leisure time activities and the number of friends and family who had retired were no longer statistically significant predictors of workers' retirement intentions. This is indicative of the importance of spousal support in determining retirement behaviour.

In the case of spousal support, this also depended on the extent of perceived financial drawbacks to retirement. In addition, perceived consequences for the older workers' health and for marital quality also influenced their support for retirement. However, further analysis with the employee's retirement intention included as a factor, showed that the number of friends and family who had retired and the extent of perceived financial drawbacks to retirement were no longer statistically significant predictors of spousal support. This indicates that employees' retirement intentions may moderate the effects of these other factors.

Further analysis indicated that, in the case of the retirement intentions of both men and women, the influence of older workers' intentions on spousal support was greater than spousal support on older workers' intentions. But other analysis indicated that older men's retirement intentions were more strongly influenced by the level of spousal support than women's retirement intentions. However, while this is suggestive of female dominance, Henkens also reports analysis which suggests that the influence of male retirement intentions on spousal support is stronger than the influence of female retirement intentions. According to Henkens this indicates that partners influence each other more strongly in the case of men's retirement than women's retirement.

Finally, de Vroom (1999) summarises recent research on factors associated with retirement behaviour among men and women. Taking men first:

- There is a strong relationship between early exit patterns and household composition, with men with older children likely to retire earlier than those with younger children
- Educational level is not strongly associated with early exit
- Self-employed people retire on average two years later than employees
- Those on part-time contracts of 20-34 hours tend to exit later than those on full-time contracts.

Turning to the situation of women:

- There is a strong relationship between early exit patterns and household composition with women with older children likely to retire earlier than those with younger children.
- Single women exit later than married women
- Women with a lower level of education exit between two and three years later than women with a higher level of education
- Self-employed people tend to retire earlier than employees
- Part-time workers tend to exit later than those on full-time contracts.

### **8.7 Role of labour market policies and collective agreements in extending/contracting working life**

De Vroom (1999) and Scheele (1999) have summarised recent initiatives aimed at tackling barriers to the employment of older workers specifically or measures which, while more general, could also benefit older workers:

- Legislation is being introduced which will proscribe age discrimination in recruitment and selection, promotion and training. Employers can claim exemption if the firm or employment are endangered (see also Peters 1999).
- Tax relief for companies providing training to older workers
- Since May 1999 unemployed people aged 57.5 have had to register with the Employment Service and accept appropriate employment
- Legislation is being introduced on the financing of career breaks
- Guidelines on the dismissal of older workers are being revised and a directive which allowed employers to target older workers in the case of collective dismissals was abolished in 1994
- Support for lifelong learning
- The Employment Service has piloted projects aimed at providing job-search advice and support to older workers.

Other areas which are being explored include:

- Reduced national insurance contributions for older workers
- Provision in the calculation of pension benefits to prevent an individual receiving a lower pension if their final salary was reduced
- Raising the state pension age.

Another initiative has been the establishment of the National Age Discrimination Office in 1994 (Eurolink Age 1998). Its aims are to challenge negative stereotyping of older people, to raise public awareness of the issue of age discrimination and to put forward policy options.

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