

Key results

The COVID-19 crisis has had a big impact on employment from 2020 in many countries. Yet, the broad pattern of employment rates across countries and age groups remains structural. The employment rate falls with age in all OECD countries, often sharply. For individuals aged 55 to 59, the average employment rate across all OECD countries was 71.9% in 2020, 50.7% for the 60-64 age group and 22.9% for those aged 65-69. Employment rates for men are higher than for women among older workers in all but two OECD countries, Estonia and Finland, averaging 14 percentage points across all countries. Resulting gender gaps in pensions range from 3% in Estonia to 47% in Japan, with an OECD average of 26%, with men receiving higher levels in all countries.

Recent employment rates have been affected by COVID-19 (Chapter 1), with the impact felt across all age groups. For those aged 55-64 the employment rate decreased by an average of 1.6 percentage points between 2019 and 2020 (Figure 6.10). The greatest decreases were in Chile (-9.9 percentage points), Colombia (-7.0 percentage points) and Costa Rica (-8.0 percentage points). Canada, Mexico, Turkey and the United States were also deeply affected. Conversely in most Central and Eastern European countries, the impact on employment has been lower with employment rates actually increasing. The largest increases were in Hungary (+2.9 percentage points), Poland (+2.3 percentage points) and Slovenia (+1.9 percentage points), with another seven European countries also showing growth of over 1 percentage point. Those countries with a smaller decline in employment rates tend to be those that provided greater protection for workers during the COVID-19 crisis. Yet, the pattern of employment rates across countries and age groups remains broadly structural.

There are large cross-country variations in the employment rates of people aged 55 to 69. In 2020, the Czech Republic had the highest rates for those aged 55 to 59, at 87.4%, Iceland is highest for individuals aged 60-64 at 74.7% and 50.7% is the highest for those aged 65 to 69, in Japan. By contrast, the lowest employment rates were found in Costa Rica and Turkey where employment rates for people aged 55 to 59 were around 55%. At ages 60-64 and 65-69 Luxembourg recorded the lowest employment rates in 2020, with 20.2% and 5.7% respectively.

On average across the OECD the employment rate falls with age, from a high of 71.9% for those aged 55 to 59, falling to 50.7% for those aged 60 to 64 and then to 22.9% for those aged 65 to 69. Amongst those aged 60 to 64 the employment rate is over 70% in Iceland, Japan and New Zealand. However, it is 30% or lower in Austria, Luxembourg, Slovenia and Turkey, all countries with low normal retirement ages.

The employment rates fall sharply, by over 40 percentage points, i.e. twice the OECD average, in Austria, France, Luxembourg, the Slovak Republic and Slovenia when comparing those aged 55 to 59 and those aged 60 to 64. By contrast the fall is by less than 10 percentage points in Iceland, Israel, New Zealand and Turkey, though for the latter the employment rates are 35% or under across all the age groups.

Employment rates for women are lower than that for men in all countries for the 25 to 54 age group with only Estonia and

Finland reversing this pattern for the older 55 to 64 age group, at 10 percentage points and 2 percentage points higher for women, respectively. For older workers the OECD average gender gap is 14 percentage points, slightly higher than for the prime age group at 12 percentage points. The greatest differences in gender gaps for older workers are found in Chile, Colombia, Costa Rica and Mexico, all of which are above 30 percentage points. Only France, Latvia and Lithuania have gender gaps in employment rates for older workers below 5 percentage points.

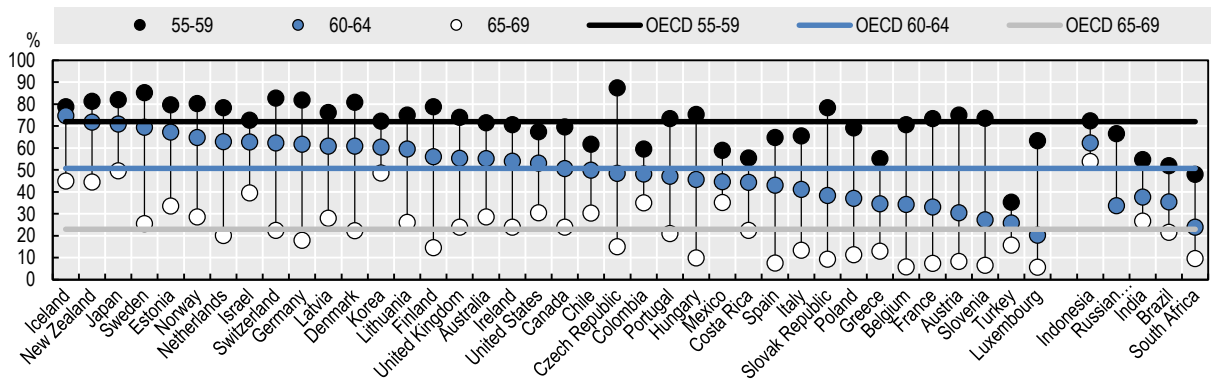
These high employment differences between men and women lead to large differences in pension entitlements, especially as employment gender gaps have historically been even wider. Across the 34 OECD countries where data are available pension payments for men are 26% higher than those for women. The level is 40% or larger in Austria, Japan, Luxembourg, Mexico, the Netherlands and the United Kingdom. By contrast the gap is below 10% in Estonia and the Slovak Republic.

All the OECD countries in the Americas, with the slight exception of Costa Rica, have higher than average employment rates for the 65 to 69 age group but they are all, including Costa Rica, below the OECD average for the two younger age groups. In Australia, Israel, Japan, Korea and New Zealand the employment rates are above the OECD for each age group, except slightly for Australia for the 55-59 age group. By contrast, the employment rates are below the OECD average for all age groups considered in Belgium, Greece, Italy, Luxembourg, Poland, Spain and Turkey.

Definition and measurement

Employment rates are calculated as the ratio of the employed to the total population in the respective age group. Employed people are those (aged 15 or over) who report that they have worked in gainful employment for at least one hour in the previous week or who had a job but were absent from work during the reference week. A gap in retirement income, i.e. a gender pension gap, is the difference between the average retirement income of men and women in the latest year available. It is expressed as a percentage of men's average pension and is calculated over the population of pension beneficiaries aged 65+ for comparability purposes across countries.

Figure 6.7. Employment rates of workers aged 55-59, 60-64 and 65-69 in 2020

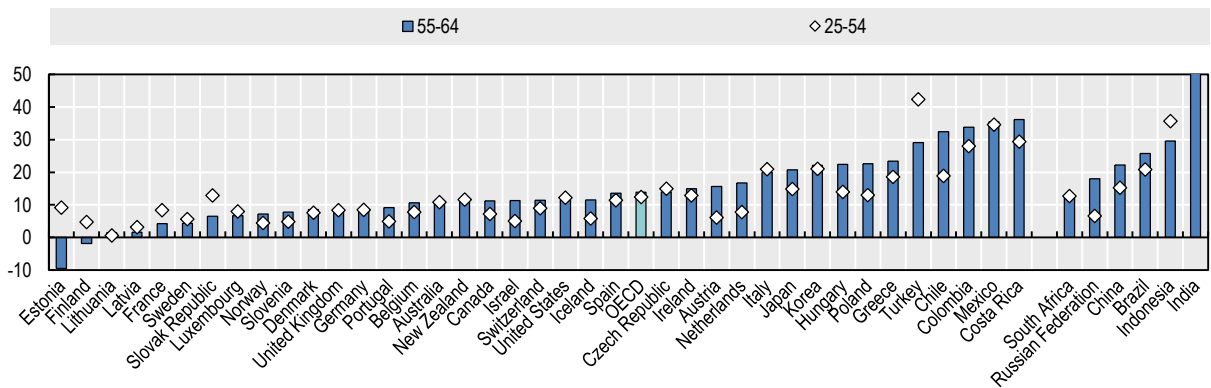


Note: Data for India and Indonesia refer to year 2019. Age group 65-69 data for Russian Federation are unavailable.
Source: OECD database Labour Market Statistics by sex and age: employment-population ratio.

StatLink <https://stat.link/rm6z5a>

Figure 6.8. Gender gap in employment rates by age group, 2020

Percentage-point difference (male – female)

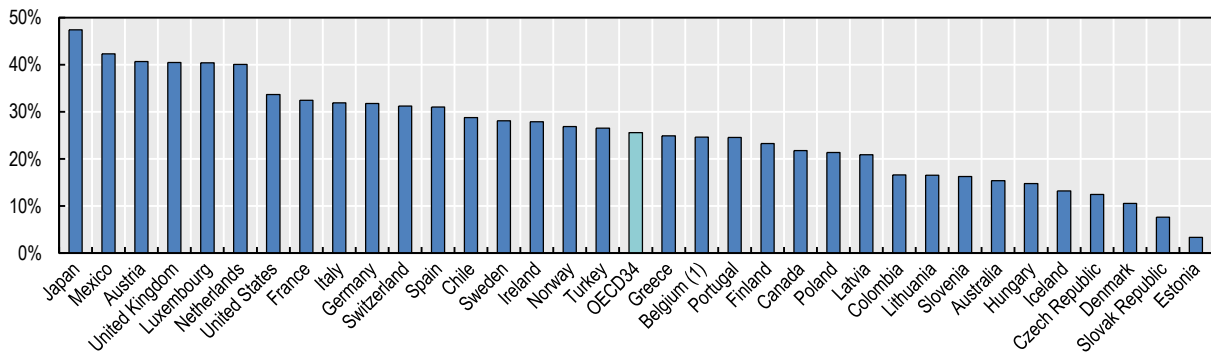


Note: Data for Germany, India and Indonesia refer to 2019. China is for 2010.
Source: OECD database Labour Market Statistics by sex and age: employment-population ratio.

StatLink <https://stat.link/lpu1fy>

Figure 6.9. Gender gap in pensions in selected OECD countries, latest year available

Relative difference between men and women aged 65+ (among pension beneficiaries)



Note: Data come from the latest available survey, conducted in: 2013 for Japan, Luxembourg, the Netherlands, Norway and the Slovak Republic; 2014 for Australia; 2015 for Hungary and Slovenia; and after 2015 for all the other countries. Data refer to 2017 for Iceland and 2018 for Turkey.

(1) In Belgium when partner A's pension rights are less than 25% of those of partner B, the pension of A is not paid out and B receives a family pension (calculated at 75% of wages instead of 60%).

Source: OECD (2021[1]), *Towards Improved Retirement Savings Outcomes for Women*, <https://dx.doi.org/10.1787/f7b48808-en>.

StatLink <https://stat.link/lgw3k6>



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