

Key results

The expected life years after labour market exit indicator measures the remaining life expectancy at the average age of labour market exit by gender. In 2020, the OECD average was 23.8 years for women and 19.5 years for men. Greece had the highest expected duration for women equal to 28.4 years, with Luxembourg highest for men at 24.0 years. The lowest remaining life expectancy equalled 14.0 years for men and 20.1 years for women in Latvia. The average number of expected life years after labour market exit across OECD countries has sharply increased over time. In 1970, women and men in the OECD countries spent on average 16.0 and 12.0 years of their life after labour market exit, respectively. By 2020, this had increased by about eight years to 23.8 years for women and 19.5 years for men.

This indicator measures the remaining life expectancy at the average age of labour market exit. Women can expect to live 26 years or more after exiting the labour market in Belgium, France, Greece, Italy, Luxembourg and Spain (Figure 6.16, Panel B). Similarly, men can expect to survive more than 22 years after labour market exit in the same countries (Figure 6.16, Panel A). Women's remaining life expectancy at the average age of labour market exit was below 21 years in Estonia, Latvia and Mexico, and men's was below 17 years, in these three countries and in Lithuania.

Men typically can expect to live 4.3 years less than women after labour market exit on average in the OECD (Figure 6.16). In Costa Rica, Colombia, Hungary, Latvia, Lithuania and Poland, the gender gap was six years or more. This gap between men and women is due to both higher life expectancy and lower labour market exit age among women. The gender gap in life expectancy at 65 years is equal to 3.2 years on average (see above in this chapter) while the gender gap in average labour market exit age is equal to 1.4 years (Figure 6.14). Longer periods after labour market exit expose women to old-age income poverty (cf. Chapter 7), as in some countries price indexation magnifies the impact of gender pay gaps, observed in all OECD countries, on pension benefits and of longer life expectancies.

The average length of life after labour market exit has increased over time. In 1970 men in the OECD countries spent on average 12.0 years after their exit from the labour market while

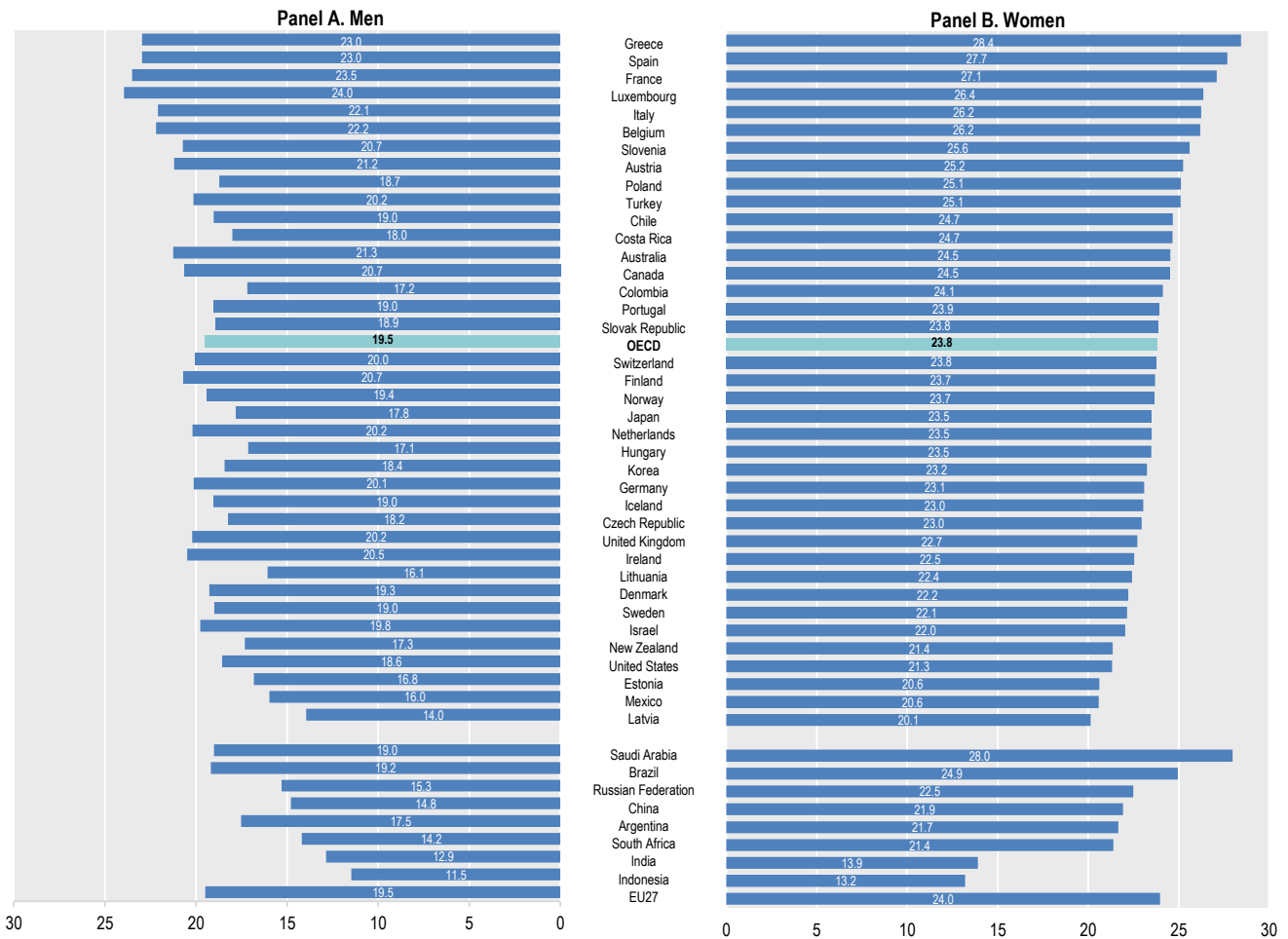
by 2020 they could expect a duration of 19.5 years (Figure 6.17, Panel B). Women's life expectancy at labour market exit equalled 16.0 years on average in the OECD in 1970, which increased to 23.8 years in 2020 (Figure 6.17, Panel A). The increase in the expected lifetime after labour market exit from 1970 to around 2000 is due to both a drop in the effective exit age from the labour force and increased longevity. Since then, expected life years after exit from the labour market have rather stabilised as continuing life expectancy gains in old age have been offset by increases in labour market exit ages.

Definition and measurement

Expected life years after labour market exit for women and men is measured as the respective remaining life expectancy at the average age of effective labour market exit. Estimates of remaining life expectancy are calculated based on the UN World Population Prospects – The 2019 Revision dataset.

The average effective age of labour market exit is defined as the average age of exit from the labour force for workers aged 40 and over. In order to abstract from compositional effects in the age structure of the population, labour force withdrawals are estimated using changes in labour force participation rates rather than labour force levels. These changes are calculated for each (synthetic) cohort divided into five-year age groups. From this edition of *Pensions at a Glance*, each age group is weighted by its average population share among OECD countries.

Figure 6.16. Remaining life expectancy at average labour market exit age, by gender in 2020

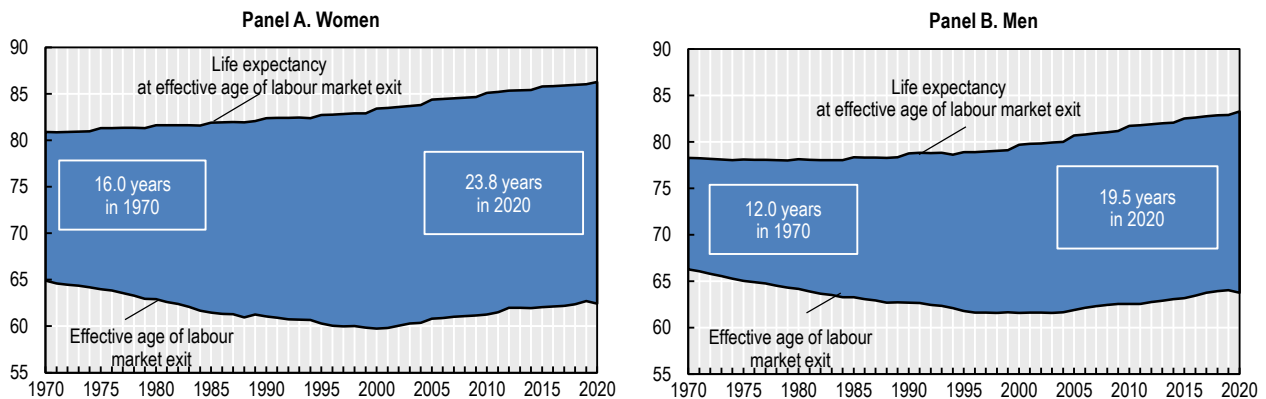


Note: Numbers in parenthesis indicate the average effective age of labour market exit in 2020 by gender. Life expectancy at labour market exit is based on period-specific mortality rates.

Source: OECD calculations based on United Nations Population Prospects: 2019 Revision, exit ages: see previous section.

StatLink <https://stat.link/ej5ixw>

Figure 6.17. Expected life years after labour market exit, OECD average 1970-2020



Note: Life expectancy at labour market exit is based on period-specific mortality rates.

Source: OECD calculations based on United Nations Population Prospects: 2019 Revision, exit ages: see previous section.

StatLink <https://stat.link/j79e2q>

6. FURTHER READING

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