



European
Commission

2021 Long-term care and pension adequacy

Conference key messages

12-13 July 2021



On 12 and 13 July 2021, the European Commission's **Directorate-General for Employment, Social Affairs and Inclusion** hosted an online conference on **Long-Term Care and Pension Adequacy in an Ageing Society**.

The conference marked the launch of two reports jointly prepared by the Social Protection Committee and the European Commission, the **2021 Pension Adequacy Report**¹ and the **2021 Long-term Care Report**². The two reports analyse the situation of older people in the EU, looking into whether Europeans can maintain **decent living standards in retirement** and whether **long-term care for older people is accessible, affordable and of high quality**.

Over 200 delegates from across the EU attended the event including policy makers at European, national, regional and local level, social partners, academics and researchers, civil society and NGOs.

Setting the scene, **Rita Skrvebiškienė**, Vice-Chair of the Social Protection Committee (SPC), **Gijsbrecht Dekkers**, Chair of the SPC Working Group on Pension Adequacy, and **James Carabott**, Chair of the SPC Working Group on Long-term Care, highlighted the **challenges and opportunities of a rapidly ageing European population**. Such challenges include **maintaining adequate pensions and meeting the increasing demand for long-term care** against the background of **population ageing and broader demographic trends**, persisting **gender inequalities** and overall ambition to ensure **social fairness**.

The structural weaknesses of the long-term care (LTC) systems were exposed and sometimes even compounded by Covid-19, highlighting the urgent need to improve **access, affordability and quality of LTC, while making the sector more attractive to workers and boosting its resilience**. At the same time, the pandemic underlined the importance of care work and the ample room that exists to tap further into the potential of the care and silver economy.

While the majority of the older Europeans are protected against poverty, inequalities persist. To counteract the impact of ageing and changing labour markets, countries are increasingly looking at promoting **longer working life**, extending **coverage** and strengthening **minimum income safeguards**. Pension credits for career breaks are also a good lever to protect pension rights, in particular for women's pensions. Future pensions will increasingly depend on longer careers, raising questions on social fairness for different types of workers. Getting more women onto the labour market is also essential for adequate pensions. Many Member States are reconsidering **financing sources** as social protection funding can no longer be based primarily on declining labour contributions.

In the **first high-level panel of Day 1**, participants reflected **how to ensure available and affordable social protection**. They agreed that social protection systems should continue to be adapted as Europe faces the digital and green transitions, against the background of an ageing population, changing family structures and new ways of work.

¹ <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8397&preview=cHJldkVtcGxOb-3JOYWwhMjAxMjAyMTVwcmV2aWV3>

² <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8396>

The second panel of Day 1 discussed how to involve all stakeholders including NGOs, trade unions and associations in the design of relevant reforms to safeguard the adequacy of the pensions and long-term care systems now and in the future. Panellists discussed the most efficient mix of solutions in terms of social protection policies and investments, and the financing thereof. The discussion was based on insights from the recently published 2021 Ageing Report.

Key messages on the direction of social protection reforms in the light of ageing population

- *The implications of an ageing population must be integrated into the pension reforms currently underway in Member States. To date, the redistributive impact of pension and tax systems has been relatively effective in fighting poverty. However, this will change in future due to the ageing of the European population. Key priorities are **tackling poverty and maintaining income levels in old age, as well as investing in services for the older generation while ensuring intergenerational fairness.***
- *The adequacy and sustainability of pensions can only be guaranteed if its financing is rebalanced and new sources of funding are identified. Options include increasing tax on wealth, VAT and environmental taxation. While the public pension pillar remains essential, supplementary pensions are becoming increasingly important.*
- *There is a strong **gender dimension to poverty in old age.** Across the EU, women have lower pensions than men - on average almost 30% less - because of lower pay, more part-time and shorter working careers than men. While they are more exposed to poverty in old age, they are also generally more in need of LTC.*
- *The number of people potentially in need of LTC in the EU is projected to increase from 30.8 million in 2019 to 38.1 million in 2050. Yet, already now **many people in need of LTC cannot access it.** Limited availability of high quality formal services, high costs and unequal territorial access translate into unmet needs or **high reliance on informal care.** Given its strong societal value and economic potential, **care work should be better valued,** e.g. by ensuring a supporting policy environment and investments. Better working conditions, including better pay and strong social and civil dialogue can help increase the attractiveness of the sector.*
- *Future generations will face the impacts of a shrinking working-age population and the prospect of living a longer life. Investing in the **financial literacy** of people is important to raise their awareness, from the start of their working life, of the importance of contribution to their future pension.*

The session on pension adequacy focused on income inequalities due in part to the increase in non-standard forms of work and low paid jobs. This, along with an ageing population, will have significant implications for pension adequacy and sustainability. Policy levers, such as the introduction of pension credits for care-related breaks, scrapping the mandatory retirement age, ensuring the availability, affordability and good quality of (child)care and reinforcing public pensions would help address those issues.

Key messages on Pensions

- *An increased employment rate is essential to ensure an adequate and sustainable pension system. This means more labour market participation and productivity for both men and women.*
- *The best policy approach starts at birth and aims to improve the work prospects of those most likely to be far from the labour market.*
- *Postponing the effective retirement age, better organising the transition from work to retirement, encouraging innovative, flexible and part-time work are equally important.*
- *Non-standard workers and the self-employed need to have access to pension and decent old age income, but this is also dependant on their contribution to the social protection systems .*
- *Opinions regarding the promotion of occupational pension schemes differed. While some participants were in favour of encouraging workers to take up such schemes, others argued that they will only exacerbate existing inequality and gender gaps. Instead, they argued, public pension financing should be prioritised.*

The session on LTC focused on how to ensure accessible and affordable LTC and workforce as a driver for quality in care. LTC systems should be both adequate and fiscally sustainable. Despite LTC being a growing sector of activity which has increased by one third over the last decade, it still suffers from persistently low wages and poor working conditions. As a result, job retention is a challenge. Efforts are therefore needed to address labour shortages. Possible solutions could be to attract more men into the sector, improve working conditions, incentivise part-time workers to work full time and tap into the labour market potential of the unemployed and informal carers. In terms of productivity, the accomplishment of tasks and daily routines through **technology and robotisation** could significantly help workers and improve the quality of the services provided, allowing workers to focus more on providing care.

Key messages on LTC

- *While LTC has been an under-studied, under-reported and under-discussed social policy topic, it is increasingly gaining political visibility and attention. The COVID-19 crisis laid bare the structural weaknesses of the systems in place.*
- *Women are the main providers of LTC, making up 90% of the formal LTC workforce and 60% of the informal carers. The formal care sector is often characterised by difficult working conditions and low wages, leading to a potential worsening of staff shortages in future. Carers need to be better supported than they currently are to ensure gender equality and social fairness.*
- *An integrated approach to care provision, including healthcare and social care has the potential to improve the quality of care.*
- *Programmes providing entry-level training, supporting recruitment and retention, re-skilling and up-skilling, sustainable workload, and career progression would help address the workforce shortage.*

- *Investing in technological innovations, which reduce bureaucracy and improve efficiency, would also help to improve the attractiveness of the sector.*
- *There remains a significant need for comparable data on all key dimensions of long-term care, to underpin evidence-based policy guidance, monitoring of reforms and the exchange of good practices.*

The wrap-up panel took stock of the main messages highlighted during the conference, focussing on the future of pensions and LTC and the current policy direction at EU and Member State level. It was highlighted that at this stage it is important to gather adequate data, evidence and knowledge of what works and what does not in order to develop the appropriate policies. These policies will require efforts on all sides and a mix of approaches.

Looking to the future

- *In 2020, for the first time in history, individuals over 80 outnumbered children under 5. This represents an opportunity to remodel and restyle the EU's labour market. The potential for job creation linked to ageing will be an important element of making ageing policies successful. The silver and care economies have a strong growth potential and should receive more attention and attract more investment.*
- *Addressing Europe's demographic challenges should build on inclusive labour markets and adapting social protections systems to ensure that age-related expenditure is fairly shared between generations, while ensuring decent standards of living at all stages in life.*
- *The European Commission will review its approach to ageing in view of the different contributions to its Green Paper and continue to implement the European Pillar of Social Rights. It will propose an initiative on LTC in 2022. This will set the framework for policy reform and guide the development of accessible, affordable and quality LTC. The Commission will continue working in parallel with Member States to ensure better access to services, to build a common indicator base and to monitor LTC systems.*
- *The Commission aims to map best practices in providing pension rights and care-related career breaks in pension schemes, work on indicators for pension adequacy, promote the exchange of information among Member States, social partners and stakeholders. Reforms and extending the coverage for non-standard workers and the self-employed will help workers contribute to the system and build entitlements. Countries must balance the adequacy and sustainability of their pension systems, which are two sides of the same coin.*
- *A high level group on access to social protection will be set up in the autumn to discuss the opportunities and challenges for social protection systems linked to changes in the society and the world of work and turn them into proposals for policy measures. Meanwhile, much is expected from the Member States implementation plans in response to the Council's recommendations on access to social protection.*
- *Reforms and progress by Member States will be monitored through the European Semester, based on a revised social scoreboard, and the Social Open Method of Coordination based on common objectives, mutual surveillance of policy reforms and mutual learning.*