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NOTE

From:	Presidency
To:	Permanent Representatives Committee/Council
Subject:	European Semester 2025: Challenges of the silver transformation – Incentives and systemic solutions for promoting voluntary, extended professional activity of older persons - Policy debate

Delegations will find attached a Presidency steering note on the above subject, with a view to the policy debate at the Council (EPSCO) on 10 March 2025.

Currently, older people are often exposed to a high risk of poverty, while their continued contribution to economy and society is not fully recognised. Underestimation and even discrimination or exclusion cast a shadow over the later years of many older people.

Although the activity and employment rates of persons aged 55 to 64 have increased since 2009, they still remain significantly lower than those of prime age workers, especially among older women, suggesting that there remains untapped potential for further activation. The rate of long-term unemployment (12 months or more) is also much higher among older workers than in other age groups. Activating older people can help mitigate the adverse impact of population ageing on the EU workforce, and the expected increase in skills and labour shortages. Tailored policies are needed to address the specific barriers to employment that older people face, such as age discrimination in hiring. Employment policies tend to focus mainly on adults of 'working age' limiting access to employment opportunities or adult education and training for people of pension age. Moreover, the limited availability of care services weighs on the informal care responsibilities of older women and negatively affects their labour market participation.

Digital technology is often seen as a way to provide solutions for an ageing workforce. However, possibly more could be done to ensure the necessary digital skills, as well as accessibility, affordability and availability of new technologies, which raises a number of problems, including a clear risk of exclusion of some people.

Beyond specific services for older people, such as long-term care, reducing vulnerability and promoting inclusion of older people requires equal access to mainstream services. Ageing is still largely viewed through the lens of cost, rather than how increased longevity can be seized as an opportunity, and remains a low priority on most governments' agendas.

National policies should mainstream ageing and appropriate support mechanisms for older people into social and economic planning. Employment, working conditions, health, transport, housing and welfare policies should take into account the needs of older people. These sectoral objectives should also be integrated into broader social strategies.

Pension systems can also facilitate longer working lives, particularly by enabling individuals to combine pension with continued professional activity or by increasing incentives to extended participation. Factors to be taken into account include the fair treatment of workers' early entering the labour market or employed in physically demanding or dangerous jobs, or combining job with family and care responsibilities, the need to preserve opportunities for redistribution among income-generating groups, and the protection of career breaks.

At EU level, the Council Conclusions on Mainstreaming Ageing in Public Policies, the European Pillar of Social Rights Action Plan and the European Care Strategy all emphasise the importance of ensuring that older workers and older people continue to be actively included in the labour market and broader society. To increase social convergence and build a stronger Social Europe, the Commission has set a target of 78% of Europeans being employed by 2030. Many of the principles of the European Pillar of Social Rights are relevant for active and healthy ageing – from access to education and life-long learning and equal opportunities, income and pensions to long-term care and healthcare or fair working conditions. To achieve this, the EU and the EU Member States will need to continue investing in quality and inclusive jobs and working conditions for all, including older workers.

The Pillar's Action Plan has translated into a substantial number and scope of initiatives put forward by the European Commission in the social field, many of which have a direct impact on older people. The European Skills Agenda includes actions to make training pathways more flexible and fit for ageing societies in a lifelong perspective. Anticipating and managing change in the context of ageing societies is also one of the priorities of the EU Strategic Framework on Health and Safety at Work 2021-2027.

Demographic changes pose new challenges for us and require, inter alia, longer working lives. Policy response to these challenges must take into account popular discontent with the proposals for increasing retirement age and therefore look for ways to positively stimulate voluntary labour market activity. First, we need to remove the barriers that older workers currently face in order to remain in the labour market and offer tailor-made solutions to ensure a high quality of working life. Member States, as well as the European institutions, need to adopt an approach that reflects the realities of the life course and the impact of employment on an individual's life, embracing the full potential and experience of older people in the labour market and society. Some of the proposed measures are moving in the right direction, such as a strong focus on lifelong learning.

Given the heterogeneity of the labour market, including the diversity of sectors, professions, types of jobs and contracts, we should identify policies and practices to empower older workers.

While many of the public policies which can help empower older people are primarily the competence of the Member States, population ageing has a considerable impact on labour supply, and the long-term sustainability of public finances. As such, it is a challenge which commands attention in the framework of the European Semester of economic and employment policies coordination. In this context, it is important to adopt a holistic approach by giving equal weight to policies which support active ageing, the voluntary extension of working lives and the empowerment of older people in society.

In recent years, the EU has undergone profound changes, adapting its political priorities to the challenges ahead. The EU is determined to ensure its sustainable prosperity and competitiveness while strengthening the social market economy and protecting its sovereignty, economic security and global influence.

As the central mechanism for coordinating the economic and employment policies of the Member States, the European Semester provides the framework for the implementation of the necessary investments and reforms. The European Semester will continue to identify socio-economic challenges and provide guidance on the policy actions needed to address them, in order to improve the EU's competitiveness, sustainability and social fairness.

The aim of the 2025 European Semester is to make the EU more competitive and future-proof by supporting progress towards a green, digital, inclusive and resilient economy.

So far, the Semester has analysed challenges related to ageing and also analysed in some respects the potential of older workers, recommending more training and job creation in the health and long-term care sector, which is necessary to respond to the increasing demand for care services linked to population ageing, and also looking at the importance of older workers' labour market integration to respond to skills and labour shortages. However, it could possibly further emphasise older people as a workforce resource with skills, experience, and potential, or on improving health or healthy life years. The low employment rates of older people in the labour market and their causes should be taken into account.

In light of the EU Care Strategy (2022) and the Council Recommendation on access to affordable high-quality long-term care (2023), confirming the role of the Semester in delivering the Strategy, we believe that attention should be paid to health and long-term care policies from a patient-centred perspective. The Semester should also continue to take into account the rates of poverty and social exclusion of older people, especially older women, at EU level. In the area of lifelong learning and skills, the low participation of older people in adult education could be mentioned.

If our goal is to increase efforts to promote a resilient economy and social inclusion, then we need to consider the way in which we want the European Semester to analyse public policies on ageing in general, and positive incentives for longer working lives in particular, and make recommendations to Member States accordingly.

In this context, ministers were invited to express their views on the following questions:

- 1) *What policy incentives does your country use to promote longer working lives?*
 - 2) *Do you think that the European Semester already provides sufficient attention to ageing-related challenges and opportunities, or that more attention should be devoted to some of them, and in that case which?*
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