Recent and future patterns of work around state pension age

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Much higher employment rates than a few decades ago

Employment rates of women, in 1975, 1995 and 2021

Source: Figure 1.2 from Cribb and Emmerson (2022)
Much higher employment rates than a few decades ago

Employment rates of men, in 1975, 1995 and 2021

Source: Figure 1.1 from Cribb and Emmerson (2022)
Employment fallen back during the pandemic

Employment rates of 50-69 year old's, 1993-2021

Source: IFS calculation using LFS data from 1992 to 2021
Falls concentrated in part-time work and self employment

Source: Figures 3.1 and 3.4 from Cribb and Emmerson (2022)
Higher state pension age boosts employment - women

Employment rate of 65-, 66-, and 67-year-old women, 2009-2021

Source: Figure 2.4 from Cribb and Emmerson (2022)
Higher state pension age boosts employment - women

Employment rate of 65-, 66-, and 67-year-old women, 2009-2021

State pension age begins to rise from age 65

Effect on age 65 employment: +8 ppts

Source: Figure 2.4 from Cribb and Emmerson (2022)
Higher state pension age boosts employment - men

Effect on age 65 employment: +7 ppts

Source: Figure 2.4 from Cribb and Emmerson (2022)
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Increase in SPA from 65 to 66 leads to rises in income poverty

Absolute income poverty rate (measured after deducting housing costs) of 65 to 67-year-olds

Source: Figure 4.3 from Cribb and Emmerson (2022)
Future patterns of work?

- Predicting/forecasting future employment rates is very hard
  - Between 2011 and 2020, OBR consistently forecast employment rates that were lower than the outturn
  - Since 2020: unexpected rises in inactivity (in particular for people in their 50s and 60s)

- What can we learn about future patterns of work at older ages from recent data?
Significant increases in expected retirement ages

Expected retirement ages of non-retired 40- to 54-year-old men and women

Source: Figure 2.3 from Cribb and Emmerson (2022)
Significant increases in expected retirement ages

Expected retirement ages of non-retired 40- to 54-year-old men and women

Source: Figure 2.3 from Cribb and Emmerson (2022)
Generational differences in employment

Employment rates by age and decade of birth, women

Source: Figure 2.2 from Cribb and Emmerson (2022)
Conclusions

- Employment rates amongst 50- to 69-year olds risen for the best part of three decades
  - Fuelled by generational differences in labour market attachment and rises in state pension ages since 2010
- Pandemic has depressed employment (back to 2018 levels)
  - Driven by falling self-employment amongst men and part-time work amongst women
- Higher state pension age pushes employment but also income poverty
- Generational changes + further pension age rises likely to push up employment rates further