



Jonathan Cribb

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@TheIFS

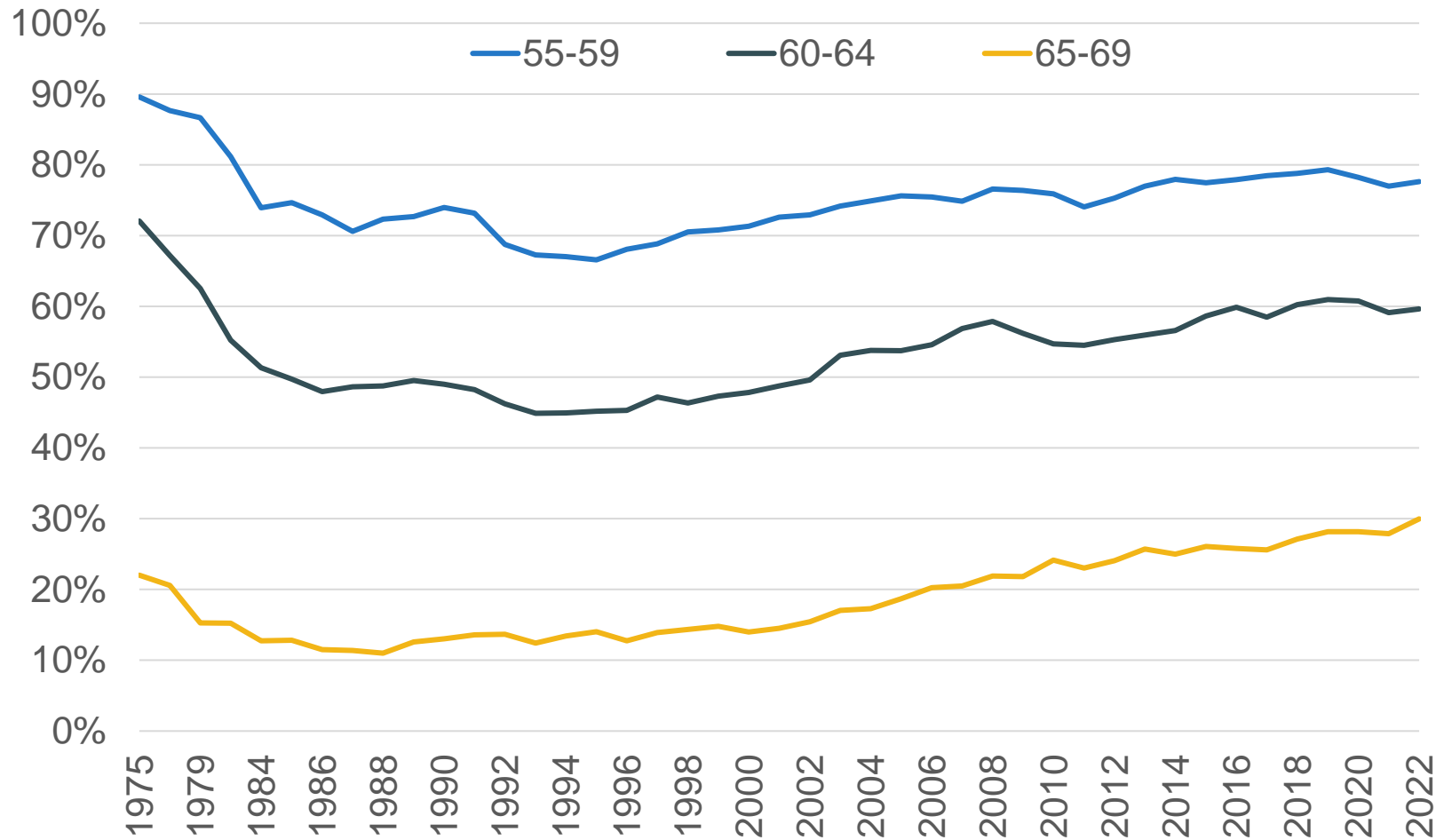
Patterns of work at older ages



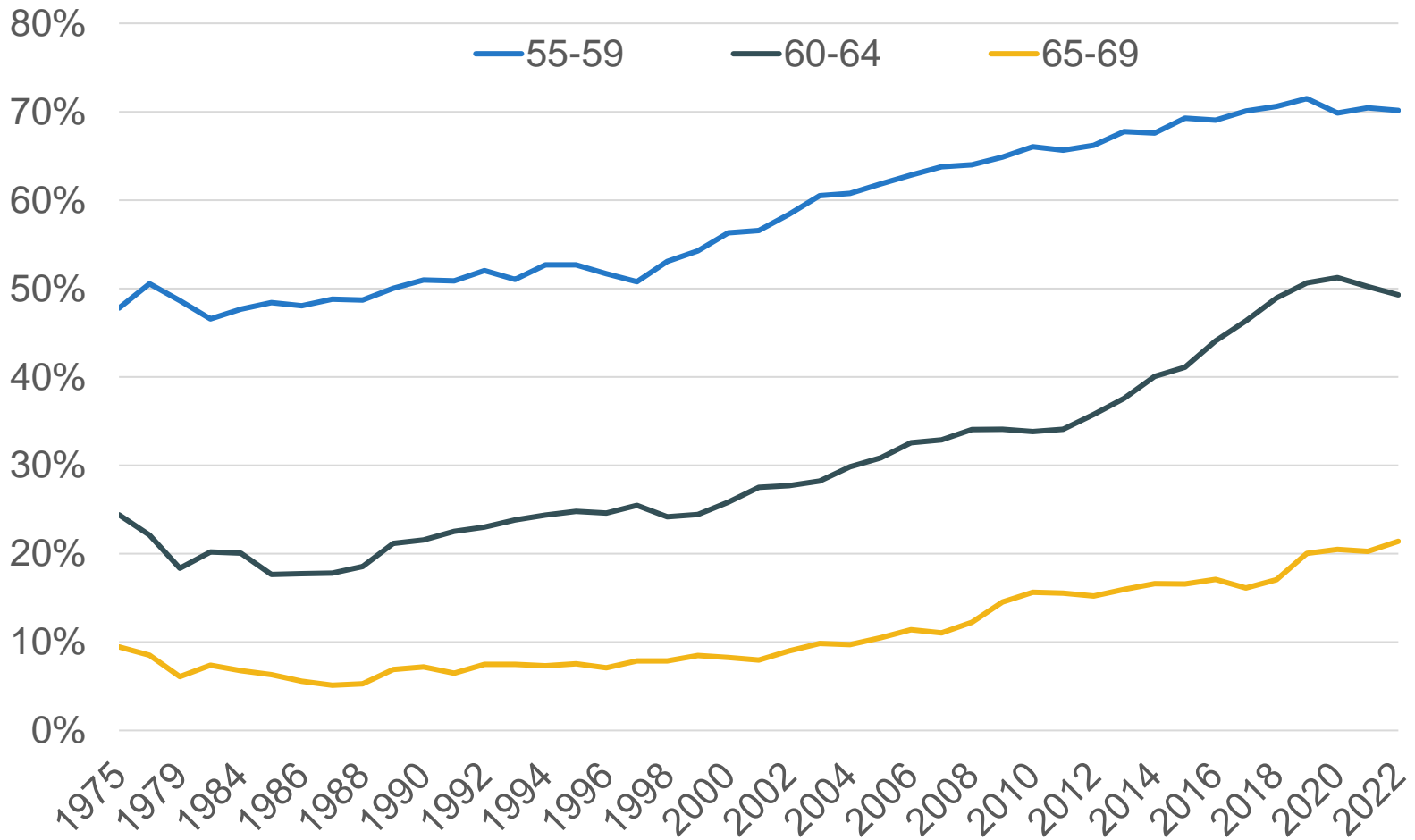
Economic
and Social
Research Council

- Key adjustment to costs of ageing population is for people to **delay retirement**
- Despite increases in employment (for people in 50s and 60s) since the 1990, **significant concern about employment in the run up to SPA**
- **How is this linked to productivity?**
 - Higher employment not necessarily lead to higher output per hour
- But **facilitating employment** (that people want to undertake) can be beneficial for them
 - And reduces dependence on state benefits and boost tax revenues
- **Aim:** Examine key patterns, and determinants, of employment after the age of 50

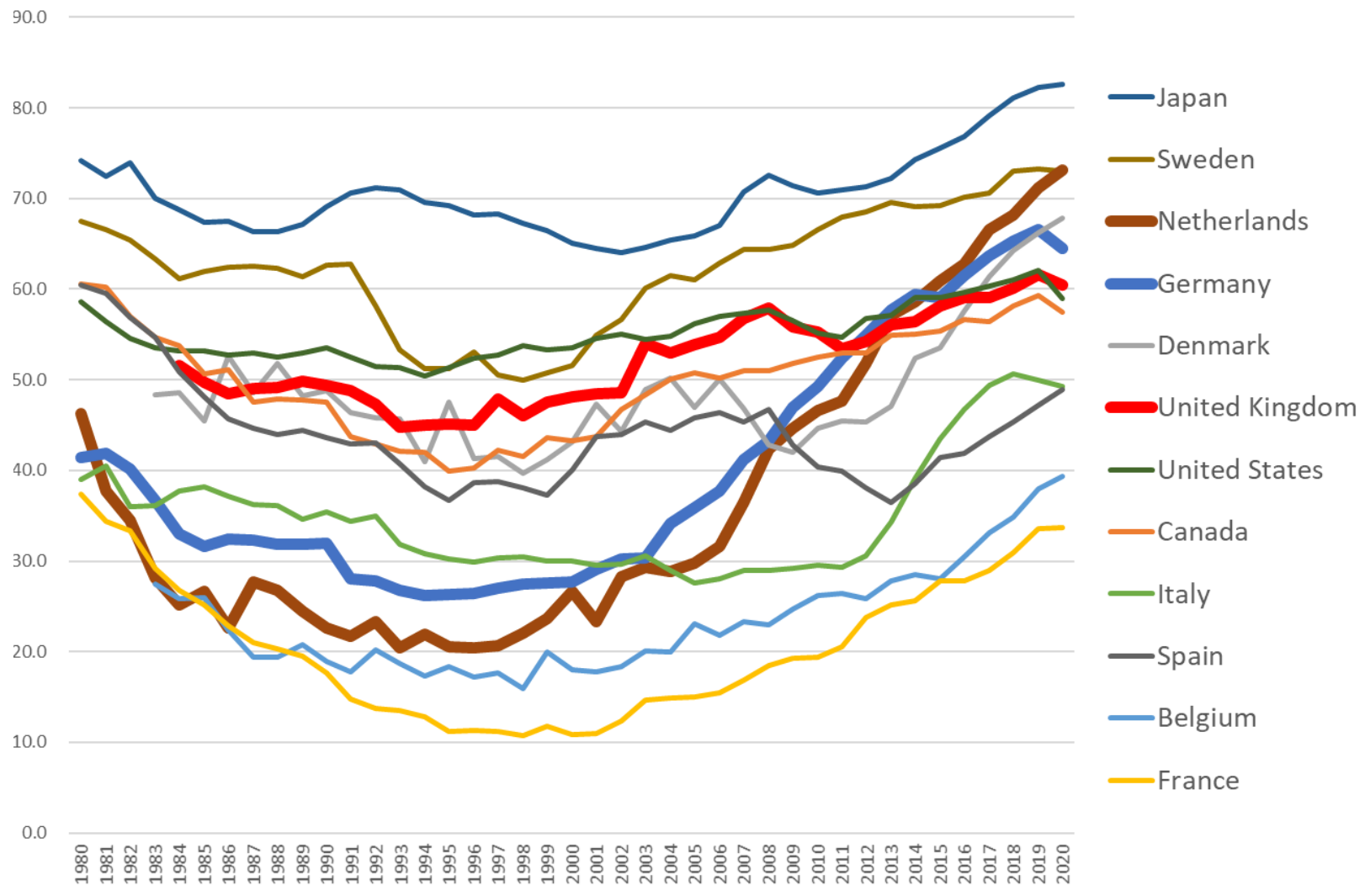
The fall and rise of male employment



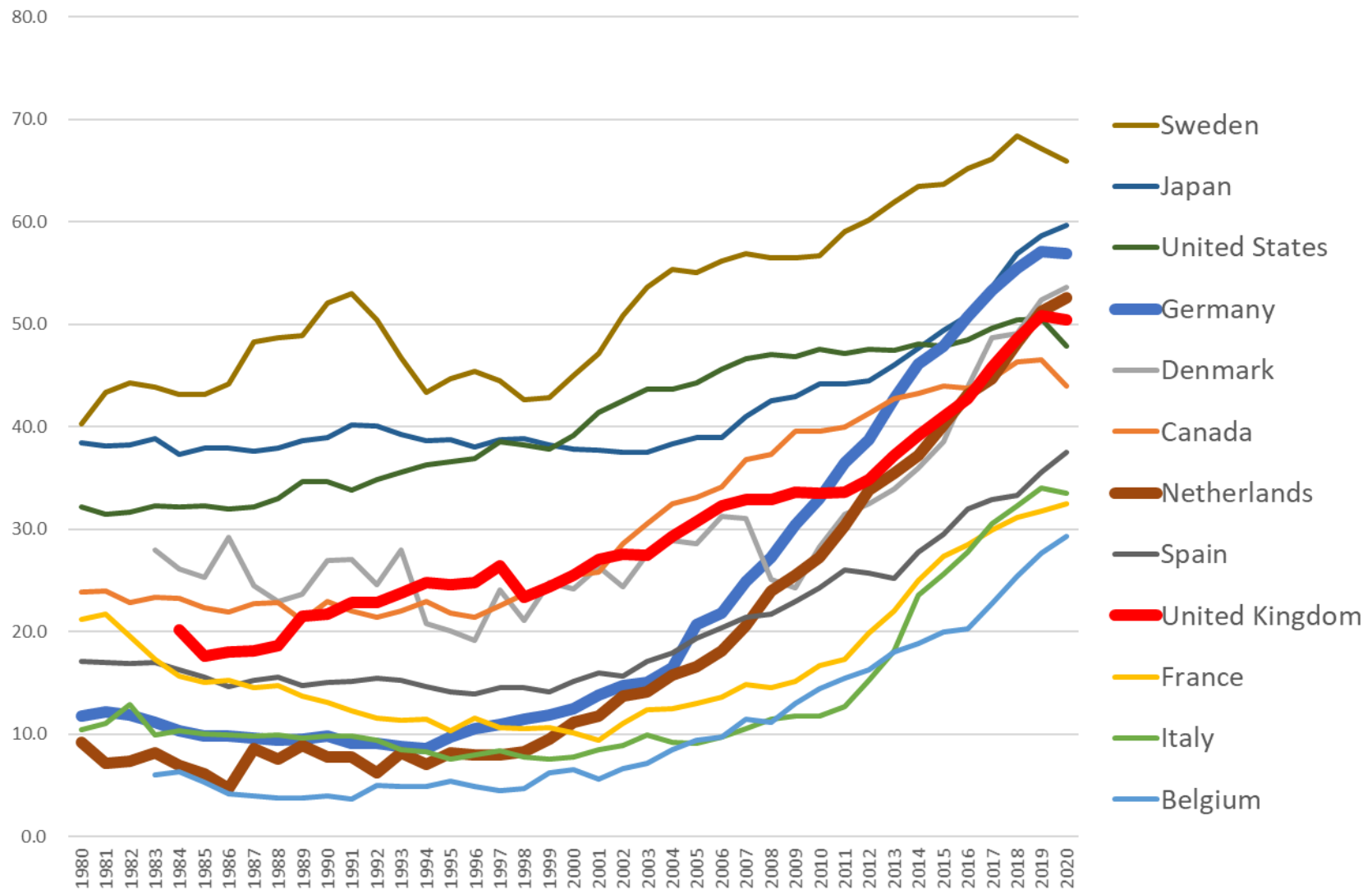
The rise of female employment



Employment rate of men (60-64)



Employment rate of women (60-64)



Source: Börsch-Supan & Coile (2023, NBER ISS Project)

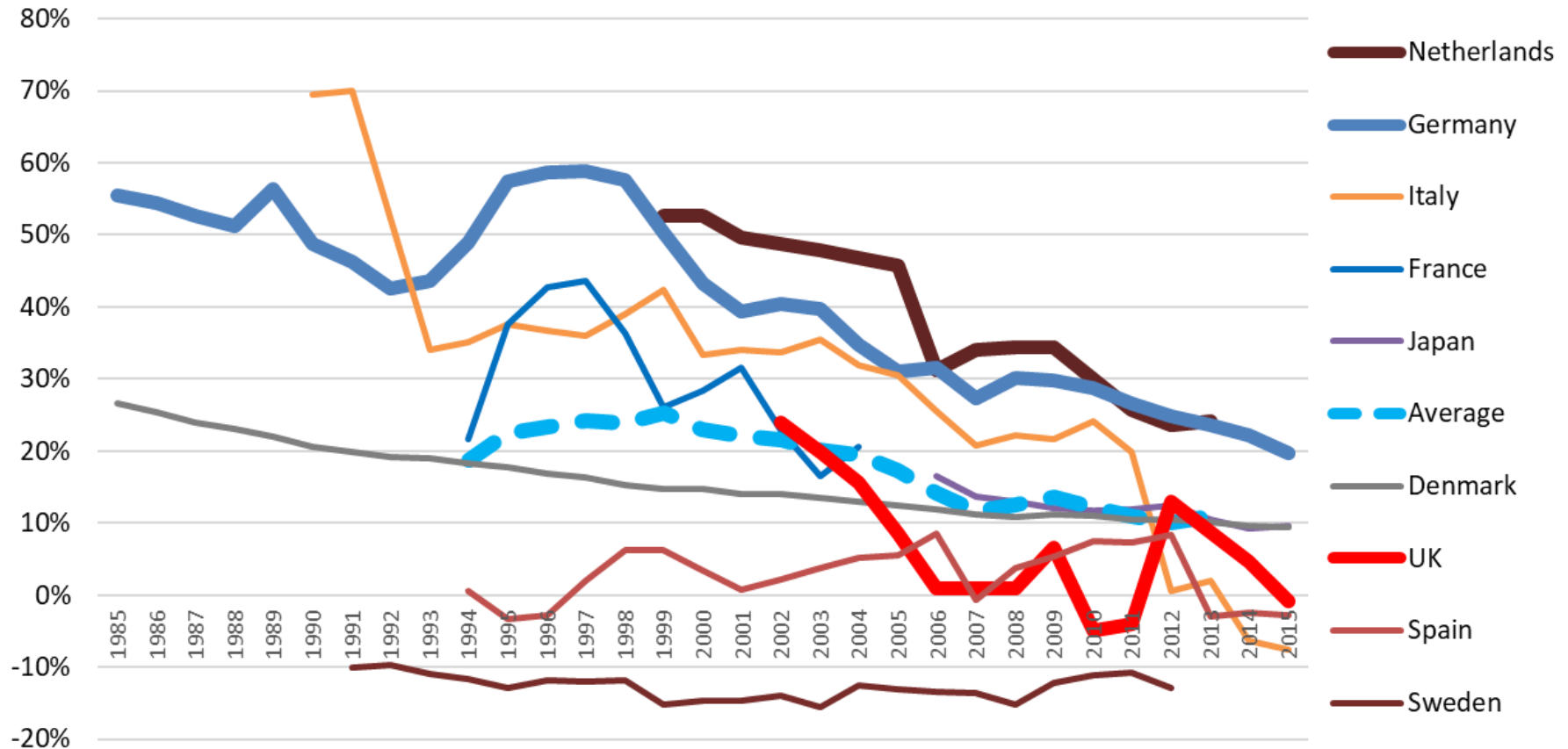
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Some determinants of employment for people in 50s and 60s



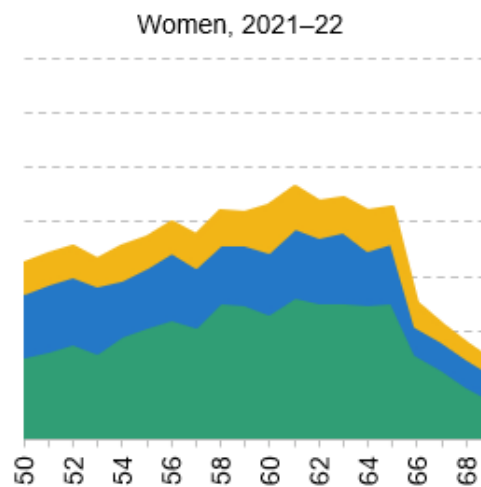
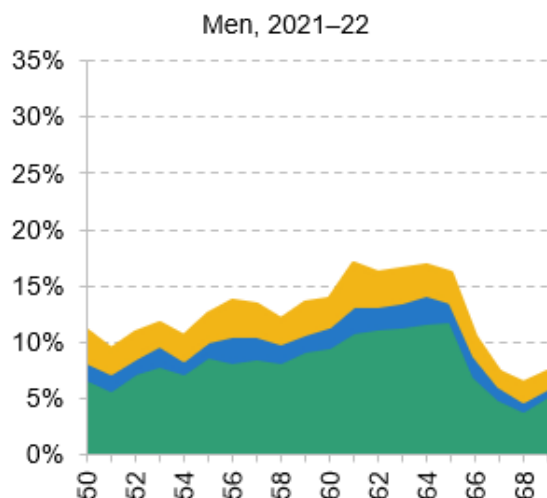
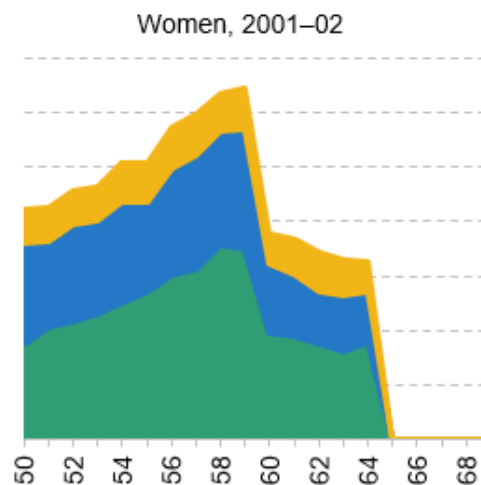
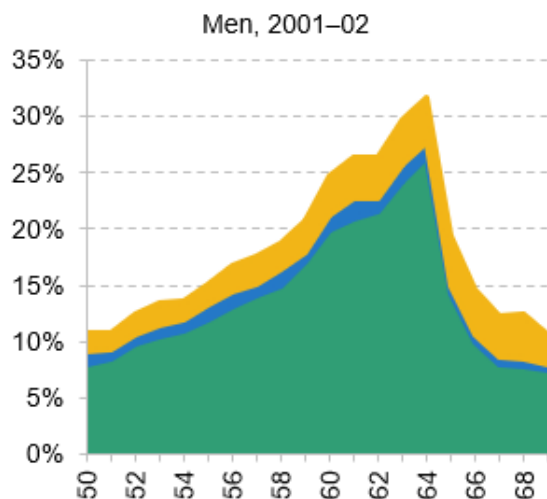
- Financial work incentives
- Labour market attachment (of women) at younger ages
- Wealth
- State pension age
- Health

Implicit taxes on working longer exerted by the tax system

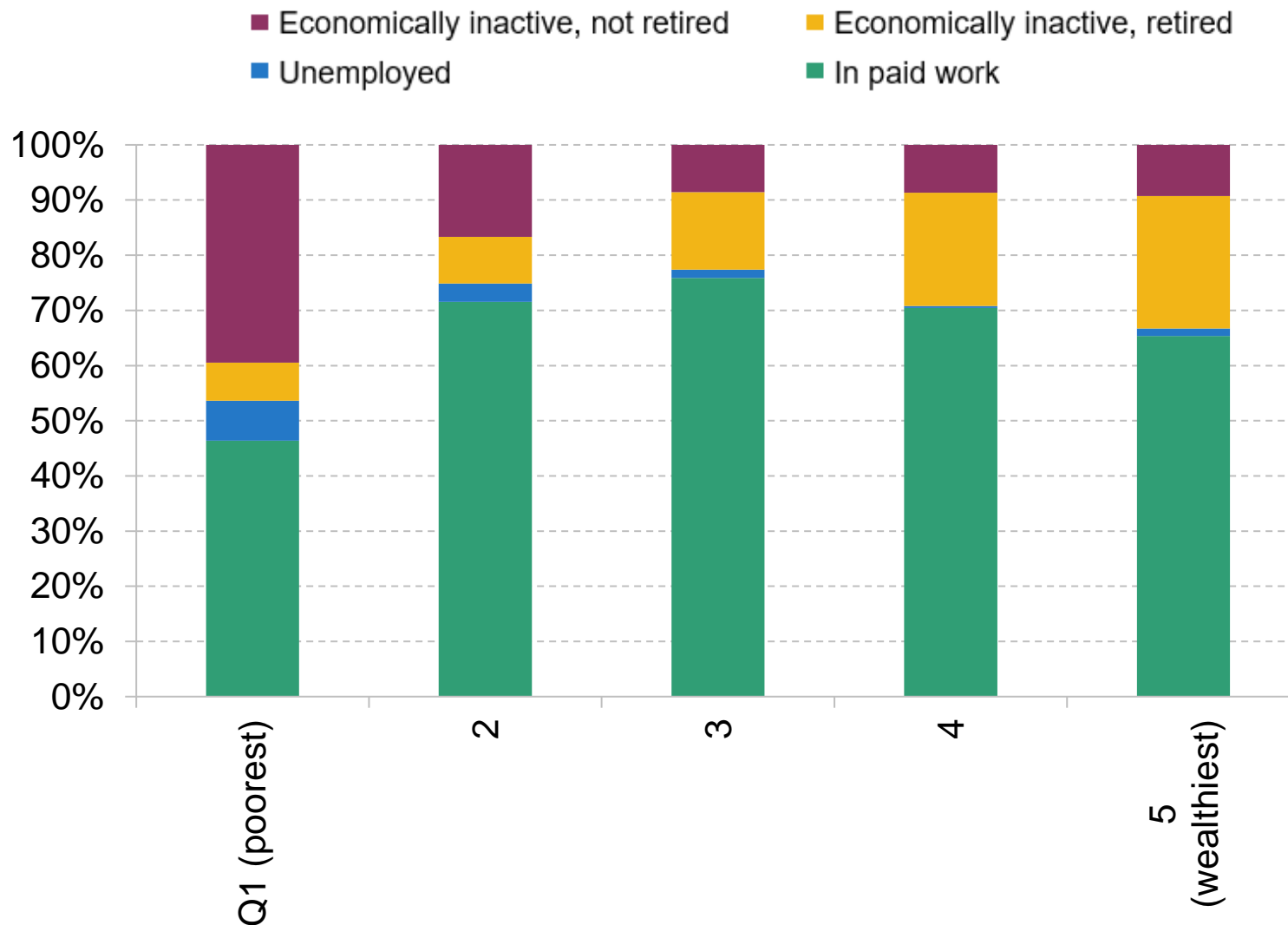


Reasons for inactivity (excl. retirement) ILFS

■ Long-term sick/disabled ■ Looking after family ■ Other



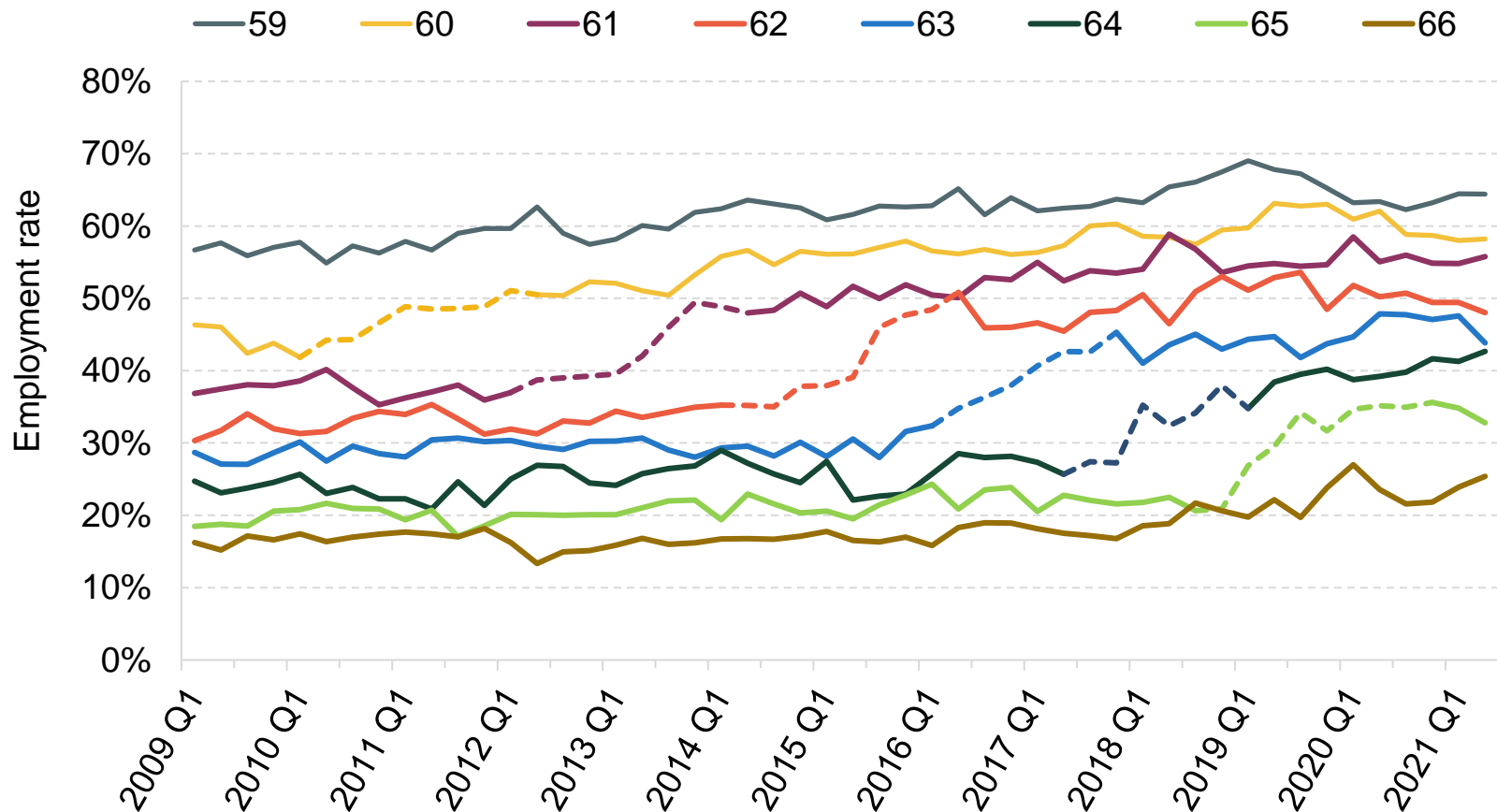
Economic activity of people aged 55–64, by wealth quintile, 2018–19



Some increases in employment caused by increases in state pension age



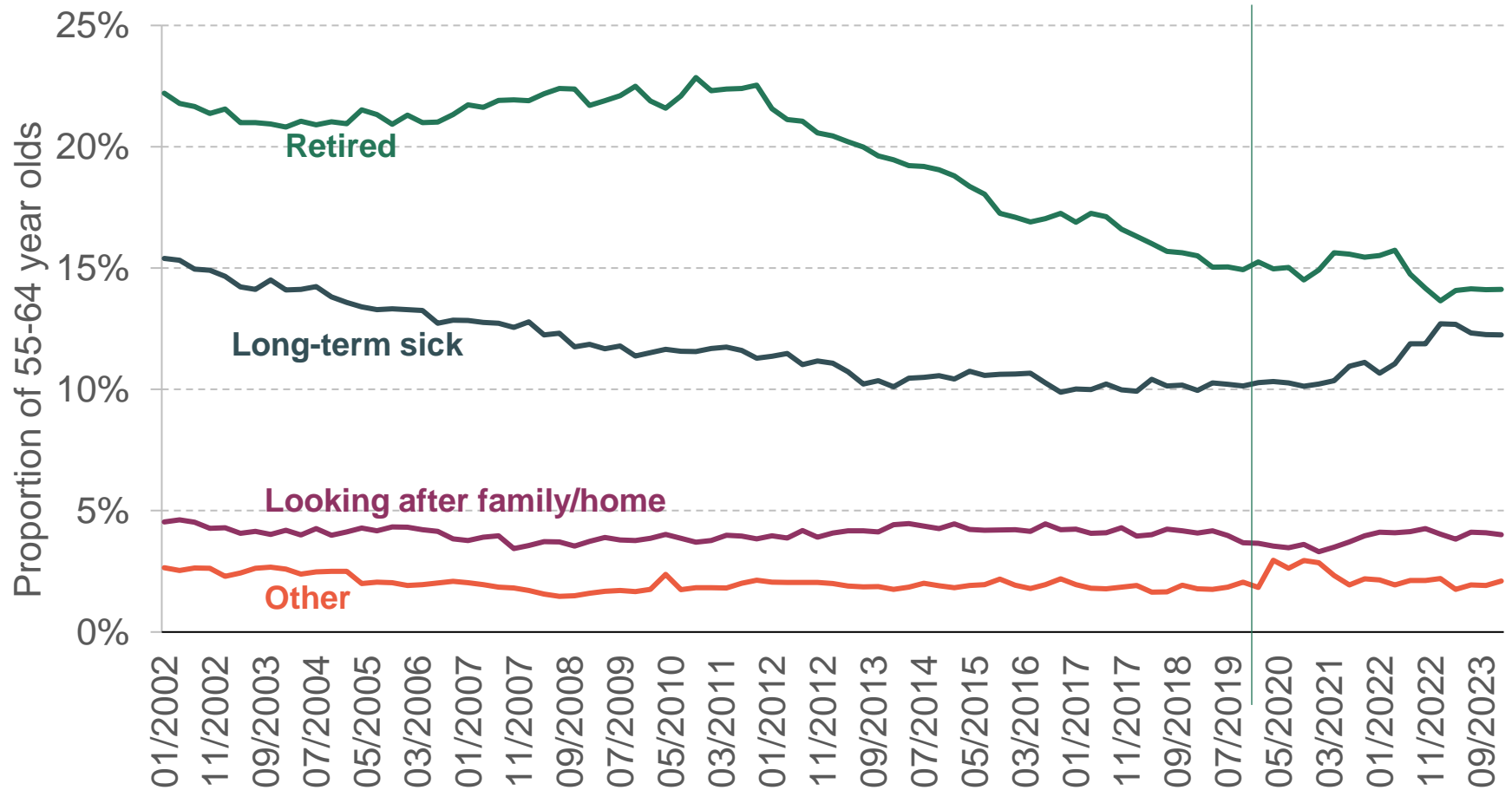
Employment rates of women, by single year of age, 2009 to 2021



Rise in long-term sickness

Inactivity rate by reason amongst 55–64 year olds

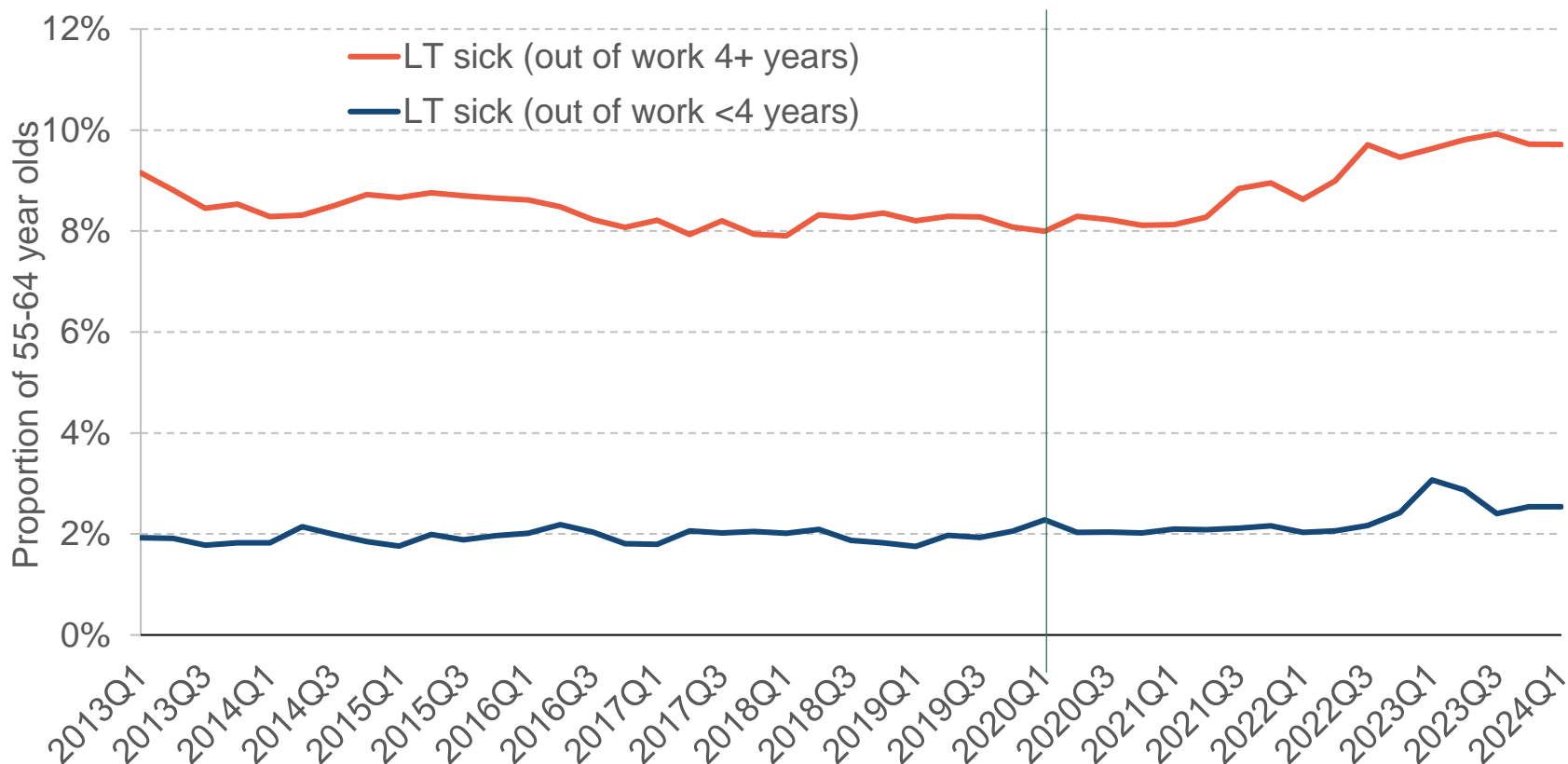
Since
2020Q1



Source: IFS calculations using the Labour Force Survey

...which was concentrated on those who had been out of work for 4+ years

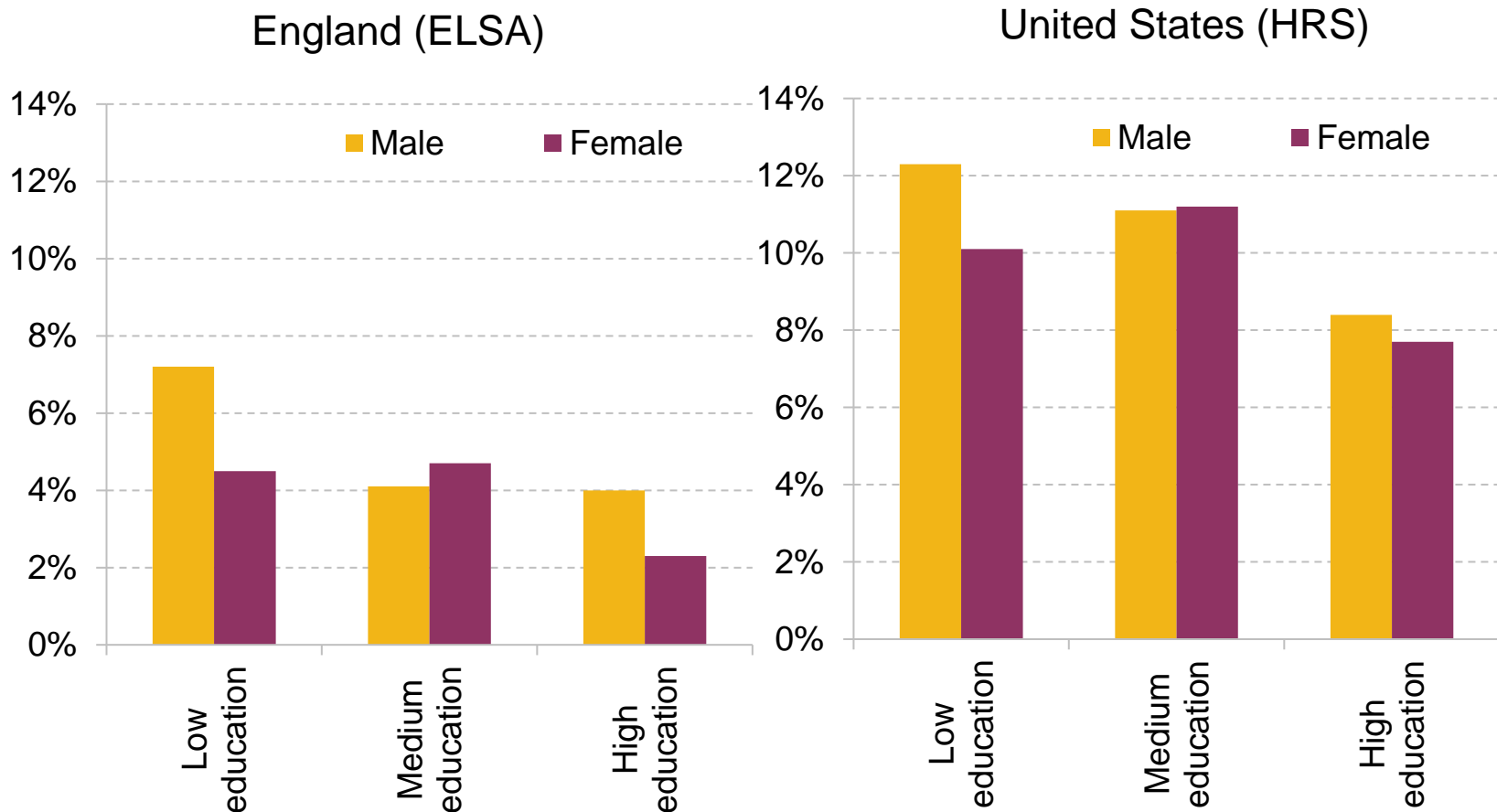
Proportion of 55-64 year olds who are economically inactive due to being long-term sick



Source: IFS calculations using the Labour Force Survey

Small shares of employment decline explained by in health in England

Share of employment decline between ages of 50 and 70 explained by declines in health



Source: Table 6, Blundell, Britton, Costa Dias, and French (2021);

Note: health measured using subjective health but results robust to various definitions and measures of health. .

- Increases in employment for people in 50s and 60s since 1990s. **But:**
 - Male employment rates still lower than 1970s
 - Smaller increases than in some other European countries
 - Some female changes due to falling % looking after family
- **Incentives to work:** important but no easy wins in pension system
- **Wealthier people** generally likely to 'retire' earlier – good private pensions policy doesn't necessarily get more in work
- **Increase in state pension age** – boosts employment by 10 ppts – next rise starts in 2026
- **Health constraints:** can be important but explain a relatively small fraction of employment decline as people age