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"Survival" of older persons in the labour market:
the case of Lithuania in the EU context

Context:
Lithuania has among the highest rates of employment in the 55+ age group

1. **According to Eurostat, 1 in 5 workers is aged 55+ in the EU**
    - The share of 55+ workers has almost doubled within the last 15 years (from 12% to 20%)

2. **Lithuania is among the EU leaders according to the employment levels of people aged 55+**
    - Employment rates both in pre-retirement and retirement age groups has increased considerably within the last 20 years
    - In the 55-64 age group employment level is at 70%, around 20% in the age group 65-74, around 12% of all old-age pensioners work
    - Employment levels remained high / did not decline even after Covid-19

Lithuanian pension system

- **Social pension** (for those not eligible for PAYG pension)
- **Social insurance old-age pension** (mandatory)
  - PAYG scheme; basic (general revenue) + individual component (contributions)
  - Opportunity for early retirement 5 years before the statutory retirement age
  - Statutory retirement age 65 years for men and women in 2026
- **II pillar funded pension scheme** (automatic enrolment, opt-out system)
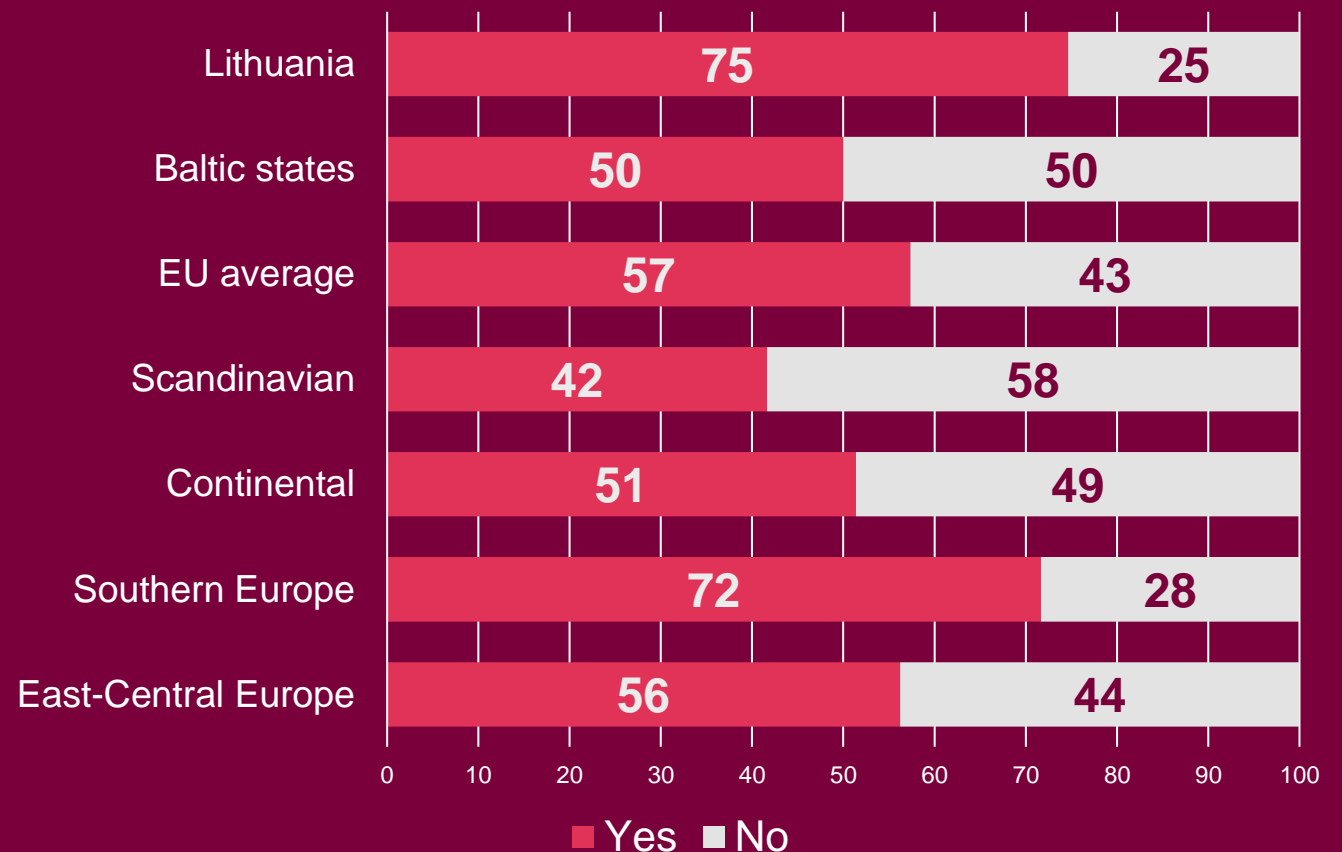- **III pillar individual private pension scheme** (voluntary)

+ benefit for a single person, small pension benefit, state pensions

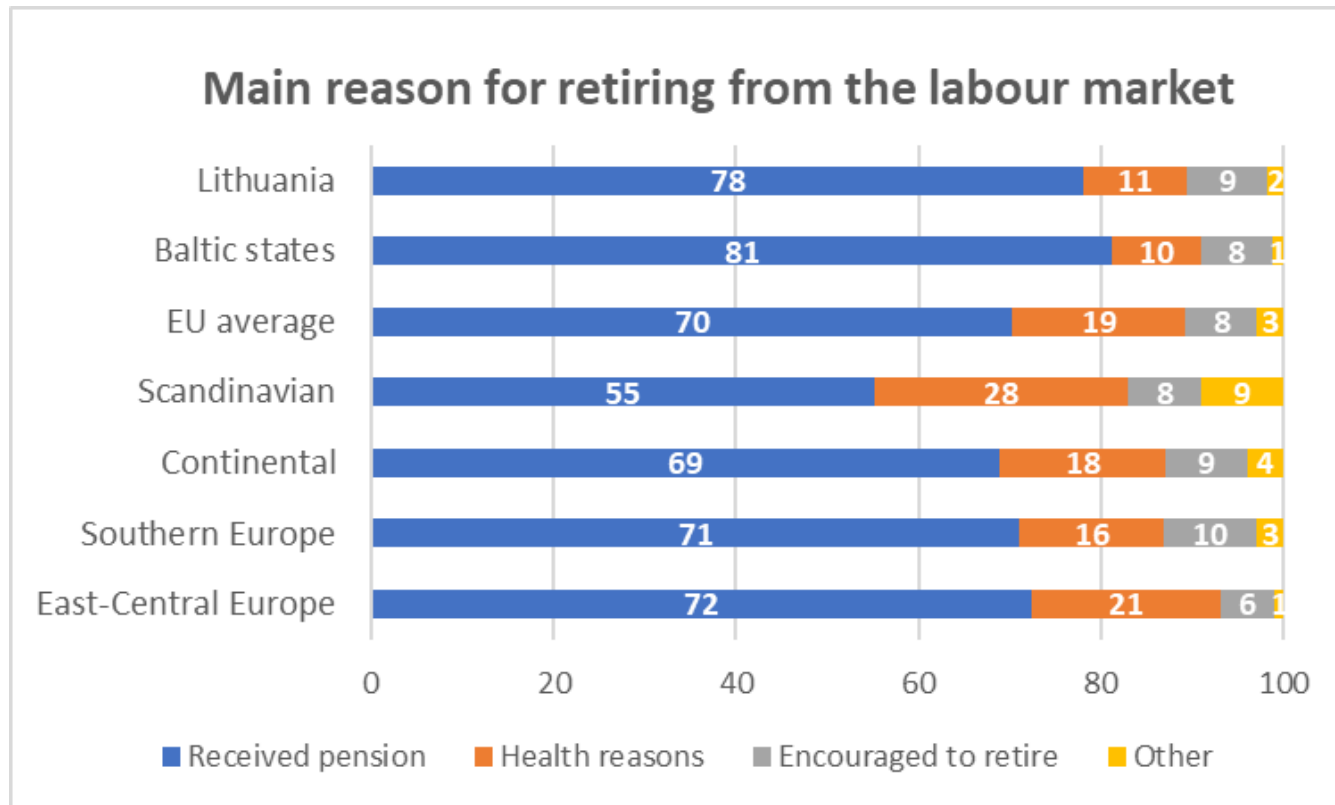# 75% of 55+ workers in Lithuania would like to retire as early as possible

- Similar share only in the Southern European countries;

- In comparison, only around 42% of Scandinavian respondents report to be willing to retire as early as possible from their current job.

Fig. 1. Would you like to retire as early as you can from your present job?

	Yes	No
Lithuania	75	25
Baltic states	50	50
EU average	57	43
Scandinavian	42	58
Continental	51	49
Southern Europe	72	28
East-Central Europe	56	44

Among the dominant – economic motives

Main reason for retiring from the labour market

	Received pension	Health reasons	Encouraged to retire	Other
Lithuania	78	11	9	2
Baltic states	81	10	8	1
EU average	70	19	8	3
Scandinavian	55	28	8	9
Continental	69	18	9	4
Southern Europe	71	16	10	3
East-Central Europe	72	21	6	1

- **In Lithuania and other Baltic countries economic motives for retiring from the labour market dominate,** i.e. possibility to receive old-age pensions (despite its small levels). In other countries health motives have more importance compared to Lithuania.

- **About 1 in 10 workers exit the labour market due to a positive or negative encouragement.**

- **In Scandinavia around 1 in 10 workers retire due to positive voluntary motives.** In Lithuania and elsewhere – about 1-3%.

A gap and a possibility for Lithuania: balancing workloads and wages, increasing autonomy and growth possibilities at work

Reasons for dissatisfaction with one's job

	Physically and psychologically demanding	Small wages	Lack of autonomy and growth opportunities	Lack of recognition and support	Total
Lithuania	61%	60%	38%	26%	65%
Baltic countries	55%	53%	38%	24%	60%
EU average	55%	43%	34%	30%	61%
Scandinavian	45%	38%	18%	23%	43%
Continental	48%	39%	27%	28%	54%
Southern Europe	63%	45%	43%	33%	70%
East-Central Europe	62%	49%	43%	32%	70%

Challenge and possibility for Lithuania – to maintain high employment levels of older persons

Among the determinant of the participation in the labour market in old-age:
(Kairys et al., 2021; Zitikyte, 2021; Aidukaite et al., 2022, etc.)

- **Individual (micro) level**

- **Workplace / company (mezzo) level**
  - ✓ Main determinants of staying longer in the labour market at micro and mezzo levels are health and quality working place.

- **Society / state (macro) level**
  - ✓ Increase in employment in old-age strongly influenced by an increase in the statutory retirement age, possibility to combine old-age pension and work, age-related attitudes.

- **Moreover, push (involuntary) and pull (voluntary) motives can be distinguished.**
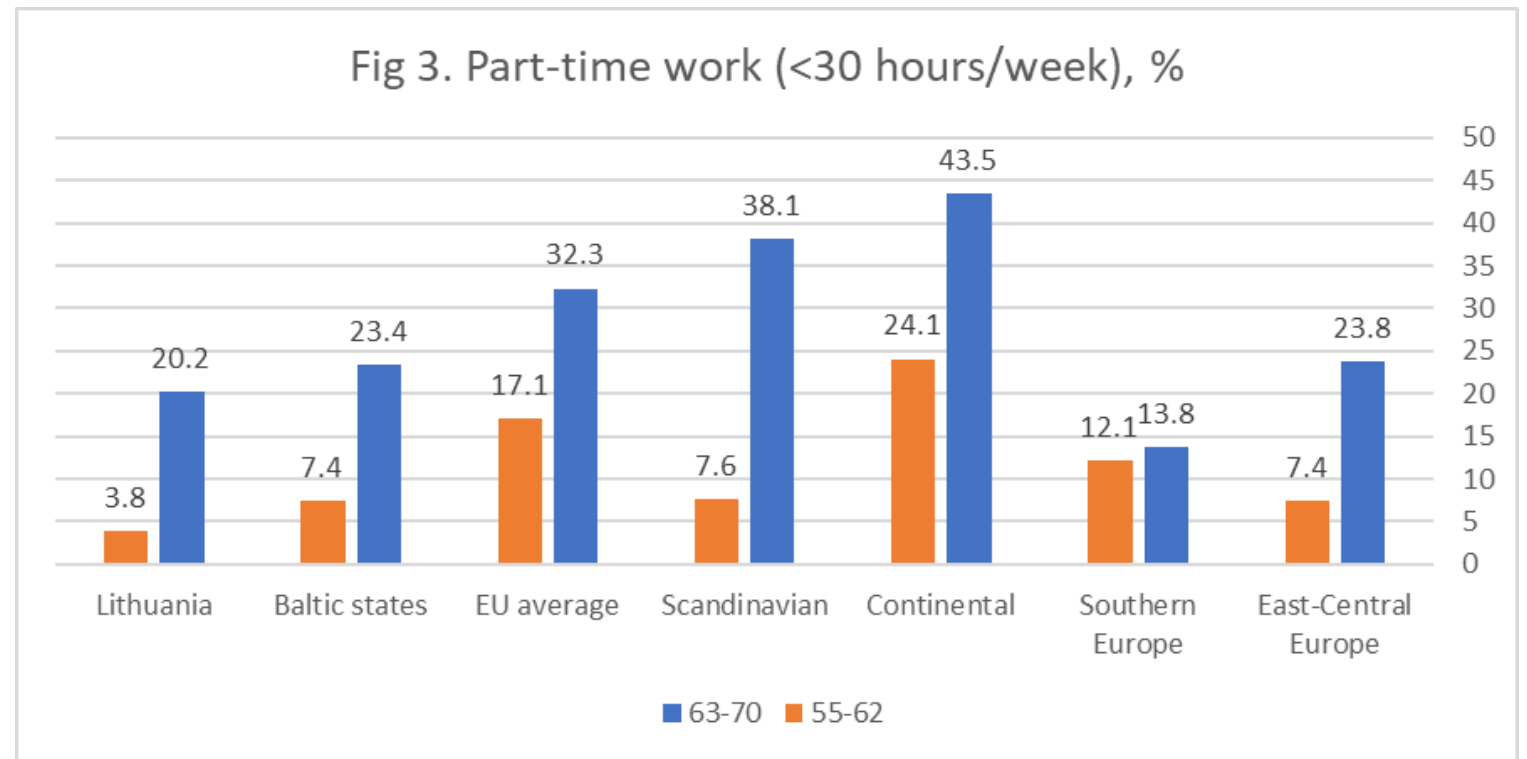
Regression analysis:

- **Data from the Survey of Health, Ageing and Retirement in Europe (SHARE)**
  - Lithuania is only present in waves 7 (2017) and wave 8 (2019) of the data and Covid-19 modules.
  - Analysis is based on wave 8, information imputed from the previous waves where needed.

- **Six multivariable logistic regression models with random intercept predicting the likelihood of working with individuals (level 1) nested in countries (level 2)** (Wahrendorf et al. 2017):
  - Controls: age, care responsibilities, gender, education, health limitations, healthy lifestyle, income, pension size; employment sector, industry, computer needed at work; type of the welfare model, prevalence of part-time work
  - Separate models for age groups 55-70 (a) and 63-70 (b)
  - Separate models for Lithuania (1), EU countries (2) and Scandinavian countries (3)

Other workplace-related factors: importance of work type and qualification

- **Type of employment:** self-employed have higher probabilities to remain in the labour market longer both in pre-retirement and retirement ages. This is a dominant factor in all models – in Lithuania, EU and Scandinavian models. This might appear positive for future trends of employment in old-age.
    - **Directions for improvement: ensure that the main motives for remaining in the labour market among the self-employed are not due to relatively small gained pension rights and amounts.**

- **Use of computers at work and education**: a significant factor in all models. In Lithuania the importance of this factor is around 1.5 times higher compared to the EU average.
    - **Direction for improvement: promote life-long learning, IT literacy, re-skilling and up-skilling.**

- **Sector of employment:** higher probability to remain in the labour market have those in public administration, education and healthcare in Lithuania; the lowest probability in spheres of manufacturing, construction and transport.
    - **Direction for improvement: modernizing more physically demanding jobs, technological advancement, re-skilling and up-skilling.**

Part-time work possibilities are little utilized in Lithuania

- **Probability to work for those aged 55+ is higher in those countries, where part-time work is more common.**

- Only about 4% of people aged 55-62 in Lithuania work part time (17% in the EU); around 20% in the age group 63-70 (32% in the EU).

- Similar situation in other Baltic and East-Central European countries.

- Part-time employment (i.e. bridge-employment) is more common in Scandinavian and Western European countries, especially after reaching retirement age.

Fig 3. Part-time work (<30 hours/week), %

Country	55-62	63-70
Lithuania	3.8	20.2
Baltic states	7.4	23.4
EU average	17.1	32.3
Scandinavian	7.6	38.1
Continental	24.1	43.5
Southern Europe	12.1	13.8
East-Central Europe	7.4	23.8

■ 63-70 ■ 55-62

Employment barriers: health, care responsibilities, lifestyle

1. **Barriers to employment: health limitations and care responsibilities**
   - In Lithuania both health-related and care-related barriers (care responsibilities for elderly parents, spouse or grandchildren) have **more negative impact on employment compared to the EU both in pre-retirement and retirement age**.
   - **The impact of care responsibilities is higher in Lithuania for those of retirement age.** The latter tendencies are not evident in the EU models. Care responsibilities have no significant impact on employment probabilities in old-age in Scandinavian countries.

2. **Healthy lifestyle is relatively much more important in Lithuania compared to the EU average.**
   It includes rare/no alcohol consumption and smoking, engaging in sports at least once per week and physical activities (walking, housework, other non-demanding physical activities) more than once per week.

3. **Gender and whether living with a partner or not has no statistical significance for employment probabilities in old-age in Lithuania.** Different to Lithuania, men have higher probabilities of employment on average in the EU.
   This shows a positive trend for Lithuania, after controlling for other factors (care-related responsibilities, health, etc.)

Direction for improvement:

Healthcare investments, promotion off healthy and active lifestyle, prevention and treatment of chronic diseases and alcohol abuse;

Reduction of demand for informal care through quality long-term care, childcare and other services.

Non-linear impact of the pension size – an opportunity and a challenge for the future of employment in older age in Lithuania

- **The highest probability for those with the smallest and largest pensions,** smaller probabilities for those receiving average pensions. This non-linear trend is stronger in Lithuania compared to the other EU and Scandinavian countries. The role of individual pensions supresses that of joint income of the household.

  - Paradox: a much-needed increase of pensions in Lithuania may reduce economic motives for employment and the overall employment rates in retirement age group.

  - **Directions for improvement:** improving the financial situation in old-age, while reducing barriers in the labour market (related to health, education, work quality, etc.).

Old-age: a bridge or a cliff edge?

✓ Lithuania is among the leaders according to employment levels of people aged 55+.

− One of the main employment motives in old-age group is economic need.

• A Scandinavian recipe for Lithuania:

- • Improve financial situation in old-age
- • Reduce barriers related to health, skills, care responsibilities, work quality and promote flexible work opportunities.

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Questions?

Employment rate, by age class, 2004 and 2019
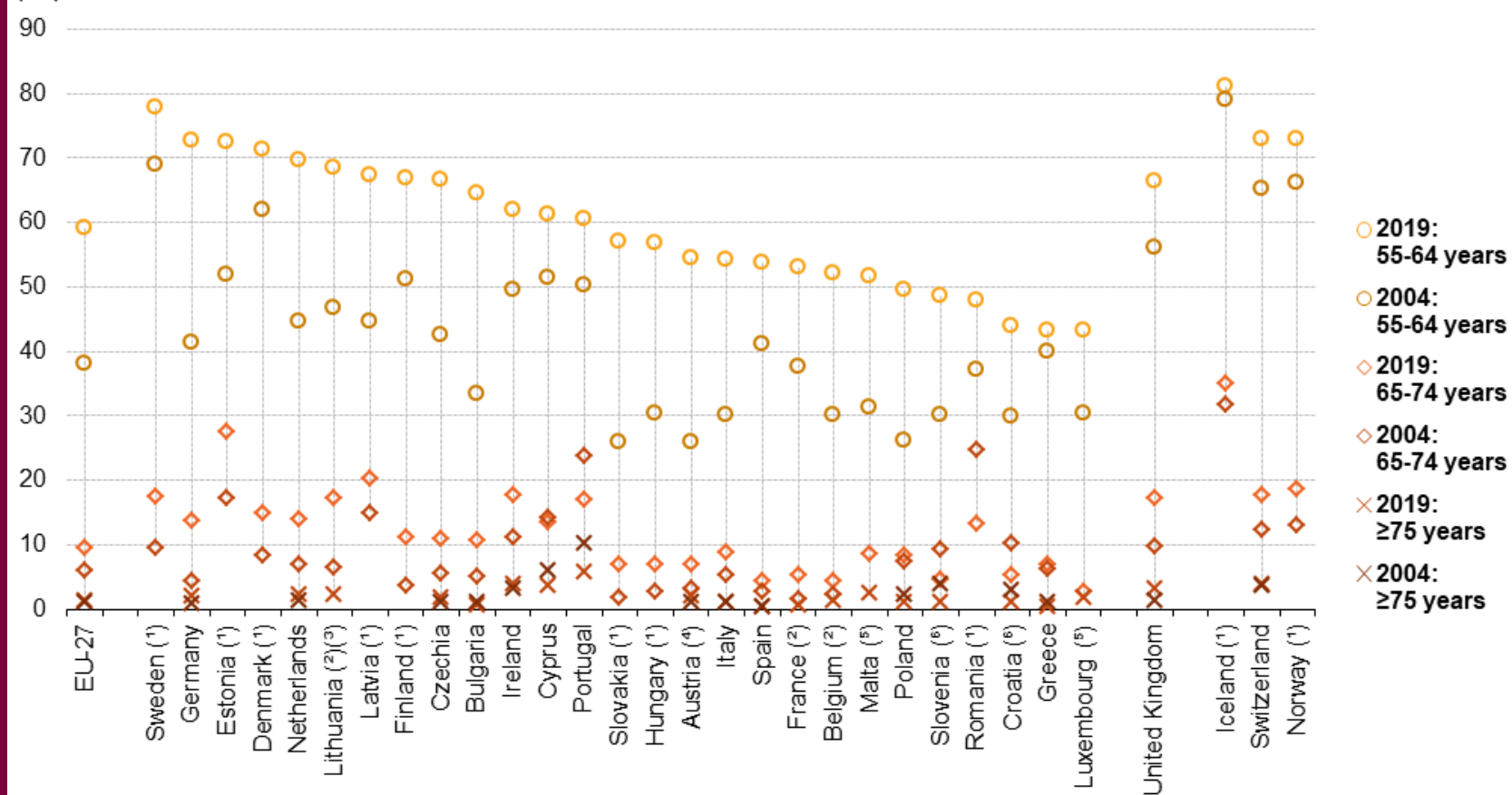
Note: the indicator is defined as the number of people of a certain age who are in employment divided by the total population of the same age group.

(¹) ≥75 years: not available.
(²) ≥75 years for 2004: not available.
(³) 65-74 years for 2004: low reliability.
(⁴) ≥75 years for 2004: low reliability.
(⁵) 65-74 years and ≥75 years for 2004: not available. ≥75 years for 2019: low reliability.
(⁶) ≥75 years: low reliability.

Source: Eurostat (online data code: lfsa_ergan)

Figure 7. Employment rate of people aged 55-64 years (%) in EU-28 and Lithuania, 2000-2019
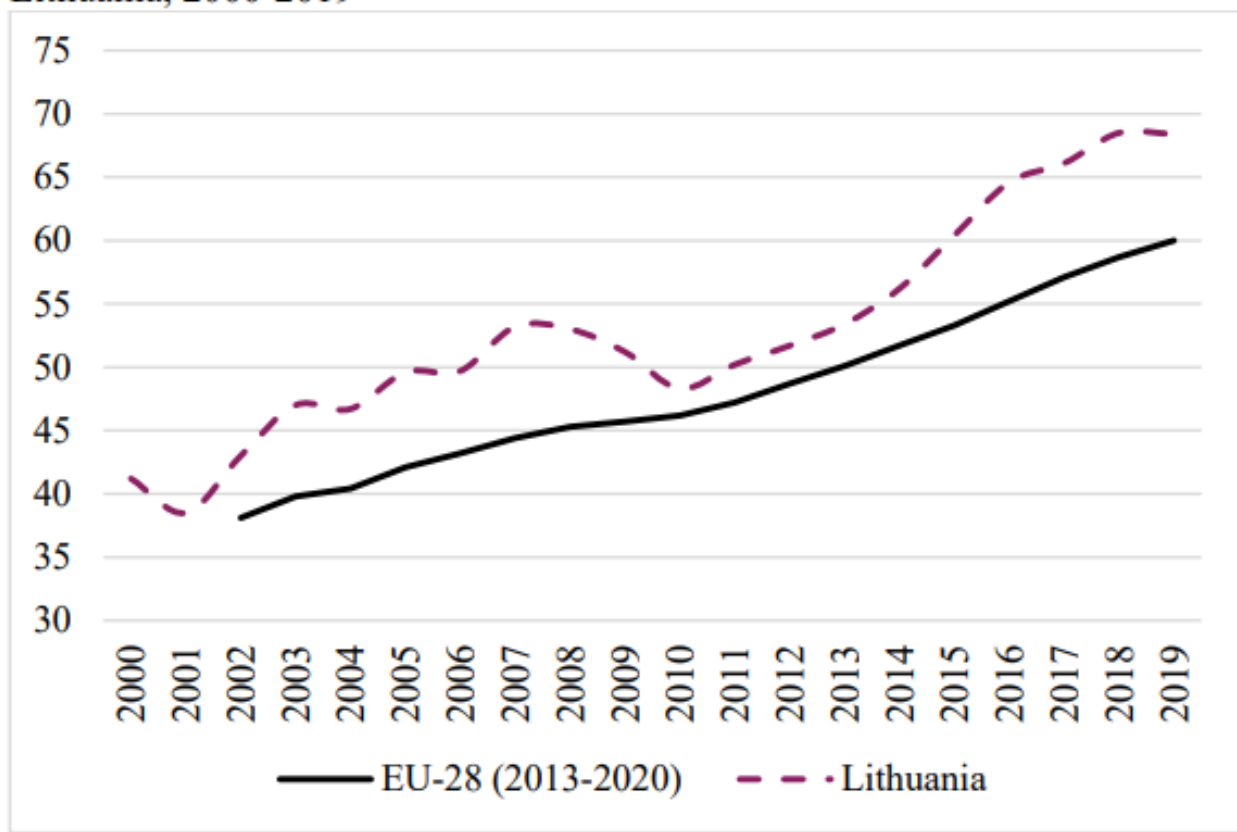
Source: Eurostat

Figure 24. Employment rate by age of 65 years or over (%), 2002-2019

Source: Eurostat

Note: breaks in series, 2005.
Source: Eurostat (online data code: lfsa_egan)

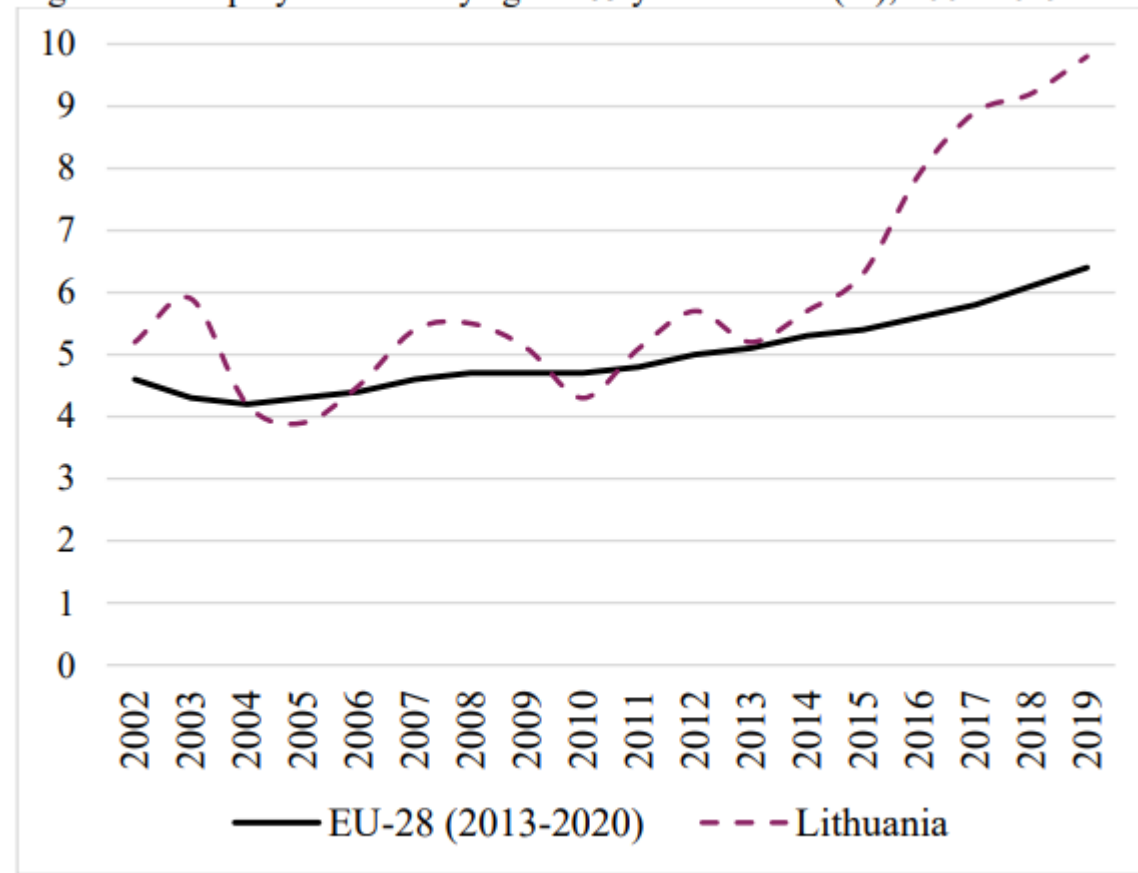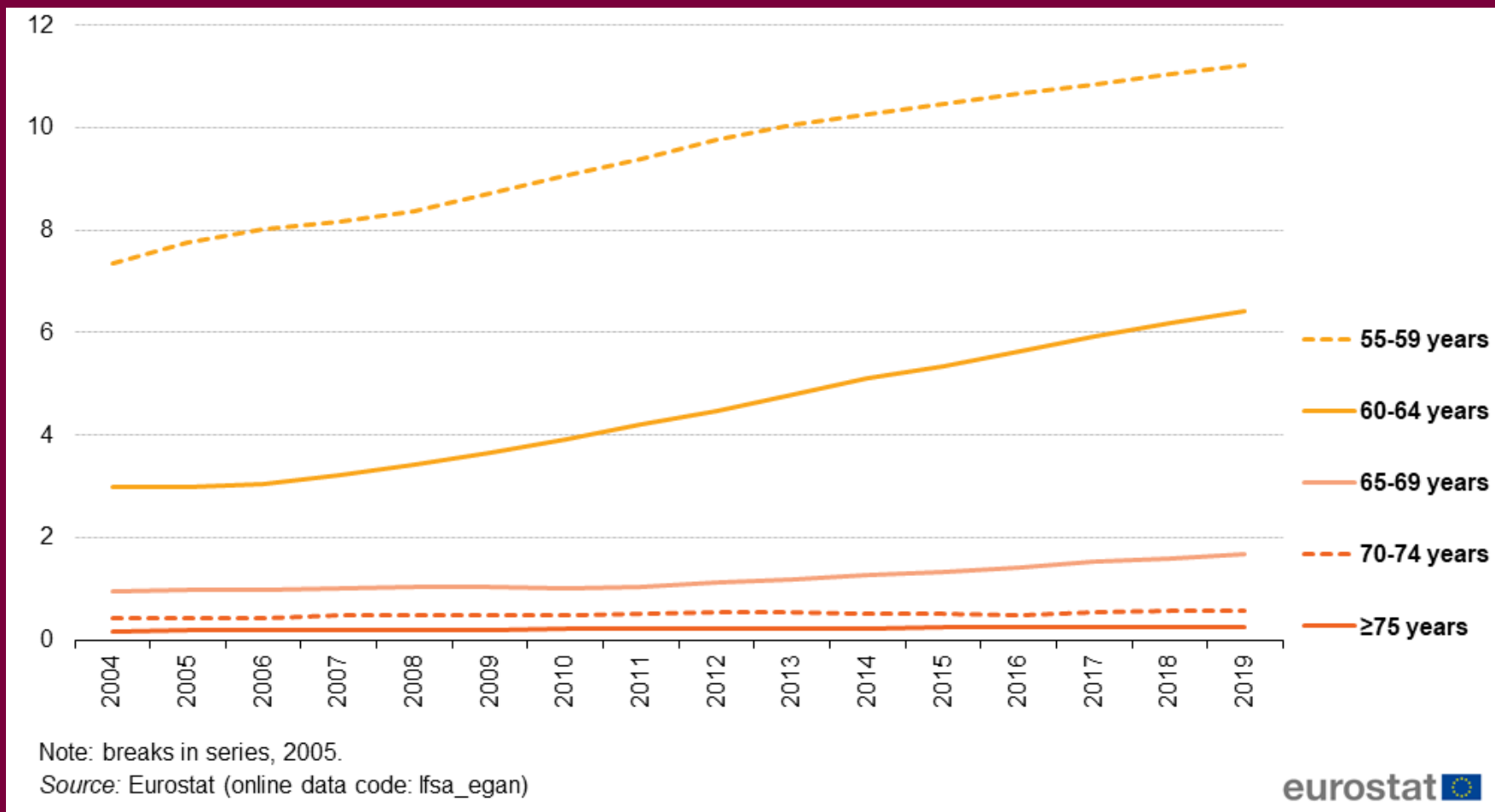|	Model 1a LT (55-70)		Model 1b LT (63-70)		Model 2a EU (55-70)		Model 2b EU (63-70)		Model 3a Scand (55-70)		Model 3b Scand (63-70)	
Micro level	OR	P>z	OR	P>z	OR	P>z	OR	P>z	OR	P>z	OR	P>z
Age	0.787	0.000	0.750	0.000	0.731	0.000	0.746	0.000	0.724	0.000	0.774	0.000
Health limitations	0.226	0.000	0.300	0.000	0.309	0.000	0.416	0.000	0.407	0.000	0.426	0.000
Healthy lifestyle	3.362	0.000	4.017	0.000	1.211	0.001						
Care responsibilities	0.621	0.025	0.417	0.006	0.848	0.003	0.839	0.018				
Gender (male)					1.414	0.000	1.640	0.000			2.154	0.000
Education (ref. none/basic)												
secondary / upper secondary	8.19	0.006			1.294	0.001	1.375	0.003			0.905	0.686
post-secondary / non-tertiary	5.257	0.040			1.417	0.008	1.478	0.022			2.313	0.039
tertiary	9.382	0.004			1.696	0.000	1.808	0.000			0.948	0.836
Household income					1.062	0.000			1.099	0.018		
Pension size			0.083	0.020			0.570	0.000			0.085	0.000
Pension size (sq)			8.263	0.013			1.016	0.000			1.715	0.000

Excluded (non-significant): living with partner, subjective life expetancy, property, chronic diseases, subjective health, sepaarte dimension of healthy lidesyle

	LT (55-70)		LT (63-70)		EU (55-70)		EU (63-70)		Scand (55-70)		Scand (63-70)	
Worplace level	OR	P>z	OR	P>z	OR	P>z	OR	P>z	OR	P>z	OR	P>z
Employment sector (ref. public)												
self-employed	14.961	0.000	20.090	0.000	14.216	0.000	19.286	0.000	7.590	0.000	6.508	0.000
private	3.425	0.000	3.474	0.001	1.680	0.000	1.915	0.000	1.017	0.931	1.006	0.979
Industry (ref. public admin., health, education)												
retail, services	0.549	0.131	0.538	0.224	0.596	0.000	0.584	0.000	0.660	0.080	0.585	0.037
agriculture	0.522	0.067	0.270	0.011	0.372	0.000	0.368	0.000	0.415	0.019	0.632	0.231
manufactoring, transport, construction	0.44	0.004	0.187	0.000	0.544	0.000	0.521	0.000	0.673	0.075	0.615	0.042
Computer needed	3.617	0.000	3.583	0.000	1.967	0.000	1.894	0.000	2.420	0.000	1.630	0.061

Excluded from the models (non-significant): work quality indicators, satisfaction with one's job, accupational status

	Model 1a LT (55-70)		Model 1b LT (63-70)		Model 2a EU (55-70)		Model 2b EU (63-70)		Model 3a Scand (55-70)		Model 3b Scand (63-70)	
Macro level	OR	P>z	OR	P>z	OR	P>z	OR	P>z	OR	P>z	OR	P>z
Type of the welfare model (ref. Baltic)												
Post-Soviet					0.418	0.002	0.334	0.000				
Southern Europe					0.347	0.001	0.268	0.000				
Continental					0.207	0.000	0.113	0.000				
Scandinavian					0.636	0.229	0.406	0.025				
Prevalence of part-time work					18.353	0.005	58.522	0.000				

Excluded from the analaysis: (healthy) life expectancy, expenditure on pensions and health as % of GDP, unepmplyment rate, AROP among the elderly

Obs. N.	684		341		9716		5783		1,162		911	
LR chi2(13)	320.96		123.55		2242.4		921.02		417.05		300.72	
Prob > chi2	0		0		0		0		0		0	
Pseudo R2	0.3391		0.2809						0.2773		0.2402	

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Table 2. Healthy life years at age 65 by gender in EU-28 and Lithuania, 2005-2019

Years	EU-28			Lithuania		
	Total	Males	Females	Total	Males	Females
2005	8.6	8.4	8.7	4.8	5.3	4.4
2006	8.8	8.7	9.0	5.6	5.9	5.4
2007	8.9	8.7	8.9	5.5	5.4	5.6
2008	8.4	8.3	8.5	6.1	5.7	6.5
2009	8.3	8.3	8.3	6.5	6.1	6.8
2010	8.8	8.7	8.8	6.5	6.4	6.7
2011	8.6	8.5	8.6	6.5	6.2	6.7
2012	8.5	8.4	8.5	5.9	5.6	6.1
2013	8.6	8.5	8.5	6.1	5.9	6.3
2014	8.6	8.6	8.6	6.1	6.1	6.1
2015	9.4	9.3	9.4	5.3	5.0	5.5
2016	10.0	9.8	10.1	5.6	5.6	5.6
2017	10.0	9.8	10.1	5.6	5.7	5.6
2018	10.0	9.9	10.0	6.0	5.6	6.3
2019	10.3	10.2	10.4	6.2	6.0	6.4

Source: Eurostat

Table 1. Life expectancy at age 65 in EU-28 and Lithuania (years), 2005-2019

Years	EU-28			Lithuania		
	Total	Males	Females	Total	Males	Females
2005	18.3	16.4	19.9	16.0	13.2	17.9
2006	18.7	16.8	20.4	16.0	13.3	17.9
2007	18.9	16.9	20.5	16.1	13.1	18.2
2008	19.0	17.1	20.6	16.5	13.6	18.4
2009	19.2	17.3	20.8	16.7	13.6	18.8
2010	19.4	17.5	21.0	16.7	13.8	18.8
2011	19.6	17.7	21.3	17.0	14.0	19.2
2012	19.5	17.7	21.1	17.1	14.1	19.2
2013	19.7	17.9	21.3	17.1	14.1	19.2
2014	20.0	18.2	21.6	17.4	14.3	19.5
2015	19.7	17.9	21.2	17.1	14.1	19.2
2016	20.0	18.2	21.6	17.3	14.2	19.4
2017	19.9	18.2	21.5	17.4	14.4	19.4
2018	20.0	18.2	21.5	17.6	14.5	19.7
2019	20.2	18.4	21.8	17.9	14.8	20.0

Source: Eurostat