News release

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Golden Age Index rates success of countries in harnessing economic power of older workers

Latest report from PwC economists compares employment of older workers across 34 OECD countries and finds that:

- *If **UK** employment rate for workers aged 55-69 was equal to best-performing EU country Sweden, the UK's GDP would be boosted by around £100 billion*
- ***Iceland** tops the table, followed by **New Zealand** , **Sweden**, **Israel** and **Norway***
- ***Chile** is a high riser, but **Greece** and **Turkey** fall furthest in the rankings*
- ***US, Korea, Japan** and **Estonia** make up remaining top 10 positions*

Countries can add billions of dollars to their coffers if they follow best practice in harnessing the potential of their older workers, according to a new PwC report.

The newly-launched Golden Age Index is a weighted average of indicators – including employment, earnings and training - that reflect the labour market impact of workers aged over 55 in 34 Organisation for Economic Co-operation and Development (OECD) countries.

John Hawksworth, PwC Chief Economist and co-author of the report, comments:

> "Given ageing populations across the developed world, it is critical that countries make better use of their older workers to boost economic output and help fund rising state pension and healthcare bills. Our new Golden Age Index identifies which countries are leading the way here, including those in Scandinavia, New Zealand and Israel. The UK is only a middling performer, however, while most Eurozone economies except Finland and Germany are lagging behind. We estimate that adopting the policies and business practices in the highest performing countries like Sweden could boost UK GDP by around 5% in the long run, with potentially even greater gains for lower ranked economies in our index."

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PwC Golden Age Index – key results:

Rank			Country	Index		
2003	2007	2013		2013	2007	2003
1	1	1	Iceland	93.4	93.7	94.1
9	2	2	New Zealand	79.7	71.6	61.2
3	4	3	Sweden	78.2	70.8	68.1
12	11	4	Israel	77.1	65.7	58.9
2	7	5	Norway	74.5	69.8	69.0
14	13	6	Chile	74.4	65.0	56.2
4	5	7	United States	73.4	70.4	68.0
6	6	8	Korea	72.9	70.3	64.8
5	3	9	Japan	71.8	71.0	67.6
13	8	10	Estonia	71.2	69.0	56.8
7	10	11	Switzerland	71.1	65.7	63.7
10	14	12	Denmark	67.1	62.5	60.4
8	12	13	Mexico	65.1	65.4	63.5
15	15	14	Canada	64.3	58.2	53.7
20	17	15	Australia	63.2	55.3	46.9
17	16	16	Finland	62.0	58.0	49.9
11	9	17	Portugal	60.9	66.3	60.2
25	21	18	Germany	58.7	47.3	37.0
16	19	19	United Kingdom	58.1	53.6	50.3
27	26	20	Netherlands	53.4	42.4	35.3
23	23	21	Czech Republic	53.3	46.1	42.8
28	24	22	Austria	50.9	44.5	33.4
22	20	23	Spain	49.4	48.1	43.1
24	25	24	France	48.9	44.3	42.4
18	18	25	Ireland	47.8	55.1	47.9
29	30	26	Italy	42.7	35.4	32.0
33	29	27	Belgium	42.5	36.5	30.2
34	34	28	Slovak Republic	42.4	31.1	22.4
19	22	29	Greece	42.2	46.7	47.1
26	33	30	Poland	42.1	32.0	35.7
30	28	31	Hungary	41.8	37.6	31.9
31	31	32	Luxembourg	41.0	33.9	31.7
32	27	33	Slovenia	39.2	38.1	30.3
21	32	34	Turkey	36.7	33.0	43.6
			Average	59.2	54.5	50.0

The index suggests that governments could consider: further reforms of state pension systems to encourage later retirement; creating greater financial incentives for older workers to remain in, or re-enter, the labour force; introducing new training initiatives to improve the employability of older workers; remove barriers to continued employment and encourage recruitment of older workers; and specifically boost employment rates for older women, which tend to be lower than those for men.

There are also several opportunities and challenges posed by the Golden Age Index for businesses:

- Businesses making better use of the skills and experience of older workers can gain a competitive advantage at a time when the average age of customers is rising.
- Employers may need to rethink their attitudes to training for older workers, so this does not ‘stop at 50’.
- An ageing workforce may demand different approaches to reward in terms of the balance between salary, pensions and healthcare benefits.
- Companies would benefit from doing a comprehensive audit of their age profile that covers recruitment, retention, training, reward and performance.

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Jon Andrews, head of PwC's global people and organisation practice, said:

> "This group of workers is too often over-looked by businesses and Government, but our research shows there could be big economic gains from policies directed at keeping people skilled and motivated to stay in the workforce for longer.
>
> "Measures such as tax rebates for companies taking on older workers, increased spending on retraining older workers including digital skills and apprenticeships, and enforcing age discrimination laws more strictly could all be considered as a way to boost participation of people aged over 55 in the workforce.
>
> "Businesses should be thinking about how they can utilise the skills and experience of older workers. More flexibility, job redesign, career breaks and role shifts could help engage this generation and keep them in the workforce for longer. Training, promotions and performance management should not tail away at 50. More should be done to focus on how we can drive innovation and productivity by harnessing the diversity that results from having a broader range of generations working together. Retirement no longer needs to be a one-time event; we could easily see the rise of the part-time pensioner."

Notes:

1. Methodology: The PwC Golden Age Index combines national performance on the following labour market indicators (with relative weights shown in brackets): Employment rate 55-64 (40%), Employment rate 65-69 (20%), Gender gap in employment, 55-64: ratio men/women (10%), Incidence of part-time work 55-64 (10%), Full time earnings 55-64 relative to 25-54 (10%), Effective average exit age from labour force (5%), Participation in training 55-64 (5%)

   These indicators are normalised, weighted and aggregated to generate index scores for each country. The index scores are on a scale from 0 to 100, with the average value in the base year of 2003 set to 50. However, the average index values for 2007 and 2013 can be higher or lower than this 2003 baseline.

   All data are taken from the OECD. We focus mostly on the 55-64 age group as this is the only one where standardised data are available for a broad range of OECD countries.

2. A copy of the PwC Golden Age Index will be available from 24 June 2015 at www.pwc.co.uk/goldenage

3. PwC helps organisations and individuals create the value they're looking for. We're a network of firms in 157 countries with more than 195,000 people who are committed to delivering quality in assurance, tax and advisory services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

