News release

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Keeping older workers in jobs for longer could increase OECD GDP by $2.6 trillion, says PwC

Golden Age Index measures how well countries are harnessing the economic power of older workers

- **Iceland** tops the table, followed by **New Zealand** and **Sweden**
- **Israel, Germany** and **New Zealand** move up the ranking the most, while **Greece** and **Turkey** fall the furthest
- The **UK** remains in the middle of the table
- Report looks at what this means for government and business

London, 14 June 2016 – OECD[1] countries could add $2.6 trillion to their total GDP if the employment rate for workers aged over 55 was equal to best-performing EU country Sweden, according to PwC economists.

The PwC 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 OECD countries.

The potential GDP boost varies significantly across countries, from around 1% in Norway to around 19% in Greece. Other countries lagging behind in the index could also experience large gains, such as Belgium (15%) and Slovenia (14%). Given its size, the US has the largest potential absolute gain of around $0.5 trillion (around 3% of GDP).

John Hawksworth, PwC Chief Economist and author of the report, says:

> "Between 2015 and 2030, the population of those aged 55 and above in high-income countries is projected to grow by more than a quarter to over 500 million. Rapid population ageing is putting significant pressure on health and social care systems and threatening the financial sustainability of some public and corporate pension arrangements. Countries could offset these higher costs by tapping into their older workforce and so increasing both GDP and tax revenues."

[1] Organisation for Economic Co-operation and Development

PwC Golden Age Index – key results

The **Nordic countries** once again perform strongly on the index, with **Iceland** topping the list and Sweden in third and Norway in sixth place. **Denmark** (12th) and **Finland** (14th) don't perform quite as well as their peers, but still make it into the top half.

Israel, Germany and **New Zealand** have shown the most significant improvement since 2003, primarily driven by an increased employment rate for older workers, especially within the 65-69 age group. **Greece** and **Turkey** have fallen the most in the rankings since 2003, partly due to falling employment rates for older workers.

Despite falling one place in the rankings since 2003 and remaining in the middle of the overall OECD table, the **UK** performs relatively well when compared to the other EU countries (ranking sixth out of 21). The **US** still has the highest ranking of the G7, but has fallen from second place in 2003 to seventh in 2014 as other countries have improved faster.

Rank				Country	Index			
2003	2007	2013	2014		2003	2007	2013	2014
1	1	1	1	Iceland	92.5	92.5	93.0	96.5
9	3	2	2	New Zealand	60.8	71.7	80.7	82.2
4	5	5	3	Sweden	68.3	70.9	76.6	78.2
13	11	3	4	Israel	58.1	65.9	77.4	78.1
8	2	4	5	Estonia	63.1	77.1	76.8	76.4
3	8	8	6	Norway	68.4	69.1	73.7	76.1
2	4	6	7	United States	68.6	71.4	74.5	74.7
14	12	7	8	Chile	57.2	65.8	73.8	74.1
7	7	9	9	Korea	64.0	69.7	72.2	72.3
5	6	10	10	Japan	66.7	70.4	71.4	70.6
10	13	11	11	Switzerland	60.6	62.7	67.3	67.8
11	14	14	12	Denmark	59.6	59.5	63.8	64.6
6	10	12	13	Mexico	64.4	66.0	65.2	64.4
16	15	16	14	Finland	51.2	58.5	63.0	64.1
15	16	13	15	Canada	53.4	58.3	64.7	63.7
20	17	15	16	Australia	45.6	54.8	63.3	62.8
25	20	18	17	Germany	37.0	47.8	60.3	62.4
17	**19**	**19**	**18**	**United Kingdom**	**48.0**	**51.4**	**57.5**	**58.2**
12	9	17	19	Portugal	59.2	67.8	60.9	55.3
21	22	21	20	Czech Republic	43.5	46.5	52.7	54.4
27	26	20	21	Netherlands	33.5	40.9	52.9	53.7
23	23	22	22	France	42.8	45.5	51.1	52.4
18	18	25	23	Ireland	47.5	54.6	49.1	51.9
30	25	23	24	Austria	32.5	41.6	49.8	51.2
24	21	24	25	Spain	42.6	46.8	49.2	49.9
29	27	27	26	Hungary	32.6	38.0	44.3	46.9
28	29	28	27	Italy	33.1	37.0	44.2	46.9
32	31	26	28	Slovak Republic	29.9	36.4	45.3	46.5
34	30	29	29	Belgium	29.0	36.9	44.2	45.3
26	34	31	30	Poland	36.8	33.3	42.6	44.6
31	32	32	31	Luxembourg	30.2	35.7	39.8	43.1
19	24	30	32	Greece	46.2	45.4	43.0	42.0
33	28	33	33	Slovenia	29.7	37.5	38.4	41.9
22	33	34	34	Turkey	43.5	34.4	37.1	37.8
				OECD Average	50.0	54.8	59.4	60.3

Public policy and business implications

The PwC report also looks at what strong performing countries have in common and suggests three key labour market themes that governments should focus on:

- **Encouraging later retirement.** This could be achieved through pension reform or by creating other financial incentives that encourage workers to continue working past the official retirement age.
- **Improving employability.** Policymakers could focus on promoting lifelong education and training, which could upskill older workers and thus potentially reduce unemployment of older workers.

- **Reducing employment barriers for older workers.** Public policy could place an emphasis on tightening regulation around labour market discrimination against older workers.

There are also several opportunities and challenges posed by the Golden Age Index for business. Says John Hawksworth:

> "Businesses should look to adopt flexible working policies, such as 'phased retirement', or expand training programmes to encourage and support their older workforce. They should also take steps to achieve age diversity, for example through opening up apprenticeship schemes to older workers so that they can capitalise on their experience."

To achieve the gains set out in the report, governments and businesses will need to work together, drawing on best practice examples from other countries and companies.

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 women/men (10%), Incidence of part-time work 55-64 (10%), Full time earnings 55-64 relative to 25-54 (10%), Average effective exit age from the labour force (5%), Participation in training: ratio 55-64 to 25-54 (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 OECD value in the base year of 2003 set to 50. However, the average index values for 2007, 2013 and 2014 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 for data reasons. We do, however, include total employment rates for 65-69 year olds in the index and look at all workers over 55 in calculating potential boosts to GDP from higher employment rates for older workers. The latest data available across the broad range of countries covered are for 2014

2. A copy of the PwC Golden Age Index is available at www.pwc.co.uk/goldenage.

3. At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 208,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

