ESRI
RESEARCH
BULLETIN
OCTOBER 2019

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ESRI ECONOMIC & SOCIAL RESEARCH INSTITUTE

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## BACKGROUND

It is well established that population ageing will put upward pressure on the costs of public programmes such as pensions, healthcare and long-term care. One proposed route through which the sustainability of these public programmes can be enhanced is through extended working lives. In 2016 in Ireland nearly 17 per cent of men aged 65+ were working, and 5 per cent of women. A notable feature of older age working in Ireland and other countries is the large share of employment, particularly male employment, that is comprised of the self-employed (over half of men aged 65-74 in employment in Ireland are self-employed). The decision to continue to work in older age involves a complex interaction between health, family and caring responsibilities, and financial resources. Here, we summarise the findings of two recent papers that examined the role of financial resources, and in particular, supplementary pension cover, in determining work at older ages in Ireland.

## DATA AND METHODS

Data from the Irish Longitudinal Study on Ageing (TILDA), a nationally-representative study of the over 50s in Ireland covering the period 2010-2016, were used to examine the determinants of older age working in Ireland. Statistical techniques were employed to examine the predictors of work at older ages among men and women. A key concern was the role played by financial factors, primarily pension income receipt, in employment decisions. Given the large share of self-employment at older ages in Ireland, additional analyses examined the extent to which the increase in self-employment is due to movements into self-employment at older age, and/or delayed retirement among the self-employed.

[1] This Bulletin summaries the findings from two papers:
Nolan, A., Barrett, A., "The Role of Self-Employment in Ireland's Older Workforce", *Journal of the Economics of Ageing*, Available online: https://doi.org/10.1016/j.jeoa.2019.100201
Nolan, A., Barrett, A., "Working beyond Age 65 in Ireland", *Journal of Population Ageing*, Available online: https://doi.org/10.1007/s12062-019-09249-3

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## Results

The results show that lack of pension income is an important determinant of later-life working for both men and women. While women are significantly less likely to work after the age of 65 than men, this effect is stronger among the married than the single households. This is consistent with the explanation that older women without immediate access to family-provided financial support need to work to support themselves. It might also be the case that older married women have caring responsibilities that reduce their employment in older age.

In terms of the self-employed, the analysis finds that the higher proportion of self-employed people at older ages results from lower retirement rates among the self-employed and not from transitions into self-employment as individuals age. Even accounting for their much lower rates of pension cover, the self-employed are significantly less likely to retire than the employed.

## Policy Implications

Recent policy changes such as the increase in the state pension age (SPA), and the extension of the compulsory retirement age to 70 for most civil servants are examples of policies that aim to encourage extended working. Two key implications arise from the analyses conducted in these papers. First, the results highlight the importance of supplementary pension cover in determining later-life working decisions. In the context of current policy objectives to increase supplementary pension cover (e.g., via auto enrolment) and replacement rates, this means that greater efforts to encourage extended working will be required. More attention will need to be paid to the non-financial factors that facilitate longer working lives such as flexibility in hours, the capacity to move down the career ladder, and adjustments to accommodate changing physical demands. However, clearly financial incentives matter, so it is important to design pensions systems in ways that provide positive incentives to continued work while guaranteeing incomes in retirement (e.g., adjusting pension payments in line with the length of contributions).

Second, the results for the self-employed imply that standard approaches to pension provision are less attractive to this group. The analysis suggests that the self-employed see their businesses and continued work as a substitute for pension cover. While this may be a rational approach to financial management in later life, a question must arise over the capacity of this group to withstand financial shocks arising from either business or personal circumstances (e.g., ill-health).

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