

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 779 final

Brussels, 9th December 1981

DRAFT COUNCIL RECOMMENDATION

on the principles of a Community policy with
regard to retirement age

(presented by the Commission to the Council)

COM(81) 779 final

time. The Council stressed the importance it attached to the continuation by the Commission of its work on flexible retirement. The Council considered that flexible retirement, which should be voluntary, should be developed in conjunction with measures to facilitate a gradual withdrawal from working life at the end of the worker's career, such as part-time work and longer holidays for older workers.

As a follow-up to that Resolution, on 14 July the Commission presented a Communication, "Community guidelines on flexible retirement" (1) which was discussed by the Standing Committee on Employment at its meeting on 11 December 1980. A broad consensus emerged to the effect that workers should gradually be given the right to choose the time of their retirement, from a given age. This consensus was accompanied by statements of the employers' and workers' viewpoints and the Committee considered that in future account should be taken of specific national circumstances and the fields of competence of the various parties concerned. Accordingly, the Commission was invited to continue its work in this area and present appropriate proposals. With respect to phased retirement (gradual reduction of working hours at the end of a worker's career) the Committee considered that it could be made the subject of a subsequent discussion.

2. The aim of this Recommendation is to reflect this consensus in specific proposals. A Council Recommendation seemed the most appropriate instrument in which to lay down guidelines corresponding to a long-term social policy goal in the Member States while taking into account specific national circumstances and the areas of competence of the various parties concerned.

Similarly, it seemed advisable to make a distinction in the Recommendation between a long-term commitment on the part of the Member States - the achievement of the goal - and the short-term commitment relating to more limited obligations.

3. The long-term commitment is to implement flexible retirement as a common goal of Member States' social policies. This means freedom of choice of the time of retirement from a given age for the entire working population, both employed and self-employed.

(1) COM(80) 393 final.

To this end, Member States are invited (part A of the Recommendation) to adopt the requisite measures to achieve this goal. This can be done gradually within the framework of statutory or occupational schemes (schemes set up under collective agreement, company schemes, etc .) taking as a basis a certain number of principles which reflect the recommendations of the International Labour Organization in this field.

4. These principles provide for more flexibility in the rules applicable to the age at which entitlement to a retirement pension is acquired; the right to freedom of choice with regard to the age of retirement after a given age (identical for men and women in accordance with the principle of equal treatment); certain alternative schemes (e.g. fixed age with the possibility of bringing forward or deferring application for pension, or pension after a given number of insurance years); the right to financial compensation for elderly workers whose working time is being gradually cut down, the right to pursue an occupation subject to certain limits when drawing a pension; and retirement preparation programmes. The conditions governing the introduction of measures offering financial incentives to encourage elderly workers to vacate their jobs are indicated but are not regarded as an integral part of the flexible retirement system.

5. The Commission would make a distinction between the application of these principles, the main concern of which is the improvement of the quality of life and a greater respect for the wishes of the individual and certain early retirement schemes which it has promoted or supported in particular sectors (e.g. steel, fishing) and which, while not running counter to the above principles, are principally employment policy measures.

6. Part B of the Recommendation envisages a further stage of reflection at the Community level after a period of two years, when the Member States are asked to examine and report to the Commission on their retirement systems in the light of the principles set out in the Recommendation. In the light of this review the Commission will report back to the Council on the application of flexible retirement (progress, obstacles, difficulties, costs, etc .) and may make further proposals for the realisation of the common objective, including possibly the fixing of the same minimum age for retirement in all Member States. The Commission will also consider at that time measures to extend the availability of phased retirement arrangements and invites the Member States to give greater attention over the next two years to

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provisional measures designed to avoid the abrupt transition from full-time employment to retirement and to report to the Commission on their experience at the end of this period. In the meantime, the Commission will continue and enlarge its contacts with interested bodies with a view to developing its policy in the field and awaits with interest the results of the European Parliament's current work on "The problem of old age in the Community countries".

4' DRAFT COUNCIL RECOMMENDATION ON THE PRINCIPLES
OF A COMMUNITY POLICY WITH REGARD TO RETIREMENT AGE

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing European Economic Community,
Having regard to the draft Recommendation presented by the Commission,
Having regard to the Opinion of European Parliament,
Having regard to the Opinion of the Economic and Social Committee,

Whereas on 18 December 1979 the Council adopted a Resolution on the adaptation of working time (1);

Whereas a broad consensus was noted in the Standing Committee on Employment to the effect that all workers should gradually be given the right from a certain age to choose the time of their retirement (2);

Whereas there are a great many arguments in favour of a more flexible approach to retirement age, which are mainly related to the objective needs and wishes of the persons concerned, but also to more general policy considerations;

Whereas a flexible retirement system would moreover be likely to contribute towards a solution of the problem of equal treatment for men and women with respect to retirement age;

Whereas a trend towards more flexible systems is emerging in the Member States, which for the time being continue to provide for a fixed retirement age; whereas this trend is manifest in various ways (provisions for flexible retirement incorporated in the law, pensions after a certain number of insurance years, opportunity to apply for a pension earlier or later than the statutory age, bringing down the retirement age for certain categories of persons or for certain arduous or dangerous occupations, early retirement pensions or guaranteed incomes for elderly workers who agree to leave their job before the statutory retirement age to provide job opportunities for unemployed workers or workers threatened with dismissal),

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(1) OJ C 2, 4 January 1980

(2) Standing Committee on Employment, 20th meeting, 11 December 1980

INVITES THE MEMBER STATES

to acknowledge flexible retirement, that is freedom to choose the time of retirement after a given age for all workers, whether employed or self-employed, as one of the aims of their social policy;

RECOMMENDS THE MEMBER STATES

A. To adopt to this end the necessary measures to introduce flexible retirement gradually into the framework of statutory or occupational insurance schemes in accordance with the following principles :

1. To ensure that retirement is voluntary, the rules governing the age from which an old age pension may be drawn should be made more flexible. To this end:
 - After a given age - identical for men and women - workers should be free to choose the time of their retirement.
 - Failing that, and as long as the system stipulates a fixed age for entitlement to a pension, workers should be offered the option, during a specified period, of applying for a pension in advance of the statutory age or requesting its deferment beyond that age. Reductions made to the amount of pensions taken early should not be such as to render pointless the exercise of the option.
 - Increased flexibility as regards the age of entitlement to an old age pension would also be achieved by a system under which entitlement to a pension arose after a given number of years of employment or membership of an insurance scheme.

5. During a given period prior to retirement, elderly workers whose working time is gradually being reduced should receive a special allowance compensating partly or in full for the reduction in their earnings, and their pension rights should not be impaired.
6. Financial incentives to promote the early departure of elderly workers should only be applied for a limited period in the event of exceptional economic circumstances and should not be regarded as an integral part of a flexible retirement system.
7. Workers receiving an old age pension cannot be excluded from all forms of paid employment.
8. Workers who are within two years of the minimum retirement age should have access to appropriate counselling services and retirement preparation programmes.

B. To undertake, as a first stage, an examination of their retirement systems in the light of these principles over the next two years; and to examine also the feasibility of generalising opportunities for phased retirement with a view to easing the transition out of full-time employment into retirement.

Member States shall communicate the results of these examinations to the Commission within two and a half years of the adoption of this Recommendation, to enable it to draw up a report for presentation to the Council within a further six months, on progress made and obstacles encountered in applying flexible retirement and phased retirement, and to propose any other measures needed to achieve common objectives and to ease the transition of workers out of full-time employment into retirement.