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AGE Platform Europe submission on Focus Area: Economic Security

This short answer is submitted in reply to the call of the Chair of the Open-Ended Working Group on Ageing (OEWG) to NGOs. AGE Platform Europe (AGE) has ECOSOC status and is accredited to the OEWG since 2012.

As the largest European network of self-advocacy organisations of older people, our position aims to reflect the situation at EU level on behalf of the 40 million older citizens represented by our members. Our contribution is based on written answers received from organisations of older people in several EU Member States and webinars open to all AGE members. It also builds on the AGE barometers of 2019 and 2020.

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1. What are the legal provisions and policy frameworks in your country that guarantees the minimum essential level of the enjoyment of economic, social and cultural rights, in particular the right to an adequate standard of living?

At European level, elements of the right to an adequate standard of living are provided for in the EU Charter of Fundamental Rights¹, the Revised European Social Charter (RESC)² and the EU Pillar of Social Rights (EPSR)³. The majority of these provisions do not target specifically older people, are dispersed and do not cover equally all aspects of this right (e.g., food, clothing, housing and social services). Article 25 of the EU Charter on the rights of the elderly does not clearly refer to an adequate standard of living, but merely mentions the right of older people to live a life of dignity and independence and participation in social and cultural life. Article 23 of RESC on the right of the elderly to social protection calls for measures to ensure adequate resources for a decent life; provision of information about services and facilities; provision of housing suited to their needs and their state of health or of adequate support for adapting their housing; and the health care and the services necessitated by their state. Article 30 of RESC, which focuses on measures to protect against poverty and social exclusion, is probably the most far-reaching provision covering aspects of the right to an adequate standard of living, although not specific to older persons. Paragraphs 21-24 of the 2014 CoE Recommendation on the rights of older persons state that older persons should receive appropriate resources enabling them to have an adequate standard of living and participate in public, economic, social and cultural life, call for adequate measures of support to enable older persons to have housing adapted to their current and future needs and for sufficient supplementary services such as adult day care, nursing care or preparation of meals. These provisions, however, have limitations, as they are either non-binding (e.g., CoE recommendation, EPSR) or they have a limited scope (e.g. EU Charter of Fundamental Rights, which applies only within the remit of EU law and European Charter on Social Rights, which is binding only on those states that have accepted the related provisions). The EPSR also does not include a mechanism for systematic monitoring and review of member States' performance regarding the proclaimed rights.⁴ It is to be implemented by an Action Plan, adopted in 2020, setting targets for progressive realization of some of these rights by 2030. Notably, the Action Plan foresees to reduce poverty and social exclusion by 15 million from the baseline of 2019's levels. Part of the Action Plan will be proposals for a Council recommendation on minimum income and a

¹ Articles 34-36.

² Article 11-14, 16, 23, 30, 31

³ Principles 12-20

⁴ Elements of this are present in the European Semester with the Social Scoreboard, which contains indicators that can be mapped to some rights included in the EPSR, but does not link this to a human rights mechanism

directive on minimum wage. The Council recommendation is particularly relevant for older people, but it is not yet clear if old-age pensions will be covered by it.

2. How is poverty defined in the national policy framework?

Poverty should not be understood only as financial means but also include aspects of general wellbeing, health and social inclusion. Ireland defines poverty as having a standard of living which is below what would be regarded as accepted by society, considering indicators such as if the individual could go for a meal or drink with friends/family⁵.

The EU has a definition of ‘material deprivation’, which complements the monetary definition of poverty⁶, according to which one is ‘materially deprived’ if three out of nine items cannot be accessed by a person. The EU is currently developing the concept of ‘material and social deprivation’, extending the initial list of 9 items to 13, including also access to leisure activity, ability to get together with friends/family for a drink or meal once per month or having ‘pocket money’. Material and social deprivation means not being able to afford five out of these 13 items. AGE considers that the monetary definition of poverty is an important indicator to highlight inequality, and that while material and social deprivation is a large part of this, it does not entirely capture the realities of older persons.⁷ Minimum incomes and social benefits should be assessed for their adequacy against a reference budget calculated based on the price of goods and services necessary to live in dignity, including in situations with health and long-term care needs. There has already been research conducted in a common methodology for reference budgets in 2015.⁸

3. What are challenges faced by older persons living in poverty, including the impact of intersectional discrimination and inequality based on age, gender and other grounds?

⁵ <https://www.gov.ie/en/collection/afb04e-poverty-measurement-and-monitoring/>

⁶ Disposing of an income below 60% of the median wage, ‘at-risk of poverty’ in the EU’s concept

⁷ Older persons might have specific needs that cannot be adequately reflected by a list of items that should apply to ‘all’ with the standard model of working-age people as a baseline. For instance, housing might be considered adequate but not adaptable to support autonomy in case of disability or disease; costs for health and long-term care form a larger part of the necessary budget to live in dignity for many older persons; social isolation and loneliness might mean that a person is deprived despite her theoretically sufficient resources

⁸ Godemé, T., Storms, B., Van Den Bosch, K., Pilot project: developing a common methodology on reference budgets in Europe. <https://ec.europa.eu/social/BlobServlet?docId=14049&langId=fr>

- General issues with having adequate contributory and non-contributory entitlements, especially following the Covid-19 pandemic⁹.
- Gender inequalities within the pension/care gap¹⁰.
- Issues for older migrants and Roma¹¹.
- Issues for people with long-term care needs and their informal caregivers, e.g., lack of financial support or pension credits for caregivers and a general lack of affordable/accessible/ inclusive care options and supporting services¹².
- Increases in digitalisation across all sectors, leading to financial exclusion, issues with digital payments and lack of digital literacy to access services¹³.

⁹ AGE calls for the development of reference budget, which would consider the needs of older persons in order to assess state pensions. Contributory pension schemes result in unequal incomes for older women as women typically collect less pension contributions during their working life due to the fragmented working experiences and family duties. As the world learns the impact of the covid-19 crisis, the long-term impact this will have on pension incomes is yet unknown. One can be sure that older workers who lost their jobs as an ongoing result of the pandemic will lose out on crucial contribution years for their pension entitlements – sometimes the most valuable, as pension accrual towards the end of the working lives are overvalued to encourage longer careers. This adds to the need for non-contributory, adequate pensions.

¹⁰ AGE notes that the gender pension gap has fallen from to 29% on average in member states. However, this hides the higher gaps which are still in place in many states⁵. This problem stems from the multitude of gender equalities during working age, such as the gender wage gap, but also gender segregation in professions and most importantly the gap in providing unpaid care work for children and persons in need for support. Older women aged 65+ face a higher rate of poverty and social exclusion, on average 7% higher than the rates of men. This gap and rate increase for women over 75. Women are more likely to be only eligible for minimum pensions In Belgium, a law that increased minimum pensions for people with long periods of employment (45 years) has an effect of increasing inequalities, as potential beneficiaries are overwhelmingly male.

¹¹ Older persons in the Roma and Traveller communities face a different and significantly more difficult situation due to low employment rates and higher rates of informal, low paid and/or atypical employment. This means many persons in these groups are entitled to low pension supports if at all and may have trouble accessing to minimum pensions. People in these communities also typically struggle with poorer health and limited access to care.

¹² The cost of long-term care and healthcare far exceed the average pension in most member states. An estimated 1 out of 3 households of older people need long-term care but cannot afford it. In Portugal, Alzheimer Portugal reported that 6/10 informal carers were unaware of the governmental supports they were entitled to.

¹³ With technological advances and the digitalisation of many services, inequalities are exacerbated as certain groups are excluded due to their lack of knowledge and/or access to digital technology. This digital divide is significant as the 2019 Fundamental Rights survey showed that just 20% of those aged 75+ use the internet occasionally²¹. Many state services have turned to online methods to manage applications and access to provisions especially during the covid-19 pandemic. Also due to the pandemic, cash payments are often not accepted, and receipts are less common, thus making it more difficult for the ageing population to manage their finances. In order to prevent a further decrease in the economic security of older persons, cash must be maintained as a valid form of payment. Many businesses across the EU have been refusing cash as a method of payment since the covid pandemic, despite a lack of evidence that the use of cash increases covid transmission. An increase in bank closures and a decrease in ATMs across the EU is also having a negative effect on older persons, especially those who live in rural areas.



- 'New' or additional forms of poverty, incl. energy poverty, increase of prices of medicines, privatisation of services e.g., care¹⁴.
- Poor housing and lack of support to make necessary adaptations.
- Fear of stigmatisation in seeking help or governmental supports.

4. What data, statistics and research are available regarding older persons living in poverty?

- In 2019 18.5% (16.1 million) of older persons in the EU27 were at risk of poverty¹⁵.
- In the period of February-March 2021, Eurofound reported that over almost 40% of households consisting of those aged 50+ found themselves considerably worse off than they were 3 months ago¹⁶. Similarly, 40% of these households were unable or struggling to make ends meet in Greece, Slovakia and Latvia during this same time period.
- In 2019, it was reported that 15.8% of men and 19.2% of women over the age of 65 were at risk of poverty in Europe¹⁷.
- A survey by Finance Watch reported that 59% of respondents in EU member states felt their public pension scheme was not sufficient to live a dignified life¹⁸. This figure rose to 78% for eastern states.
- In the EU, women aged 65-79 earn on average 37.2% less than their male counterparts, but this figure ranges between 48 and 26 percent in member states.
- In Portugal it was reported in 2019 that 46.2% of persons who worked for public institutions had pensions below 1000 euros a month, with just over 8% receiving less than 250 euros.

5. What steps have been taken to address economic insecurity and poverty in older age and to ensure the right to an adequate standard of living for older persons?

¹⁴ AGE members noted prices for medical products had increased but illness benefits were not adjusted to reflect this. Italy offers fixed prices for medicinal products and treatments but due to the long waiting times and co-payments, many older people are forced to seek private, more expensive care. Energy poverty is increasing amongst all age groups, but older people are especially vulnerable as they face rising care and medical costs on an already inadequate income.

¹⁵ In 2008 there were 16.7 million people aged 65 and above at risk of poverty and social exclusion, this figure decreased to 14.9 million in 2010 but in 2019 this figure was 16.1 million. The population has grown from 75.7 million in 2008 to 90.5 million in 2019.

¹⁷ In every country in this study the levels of poverty and poverty risk increased for those aged over 75. Other groups cited as having a higher risk were single women, persons with disabilities or health issues and those with a migratory background.

¹⁸ [finance-watch-report-a-wrinkle-in-the-process.pdf](#)

Many countries have come up with plans to tackle their poverty levels, often coming in the form of subsidies and social pensions though these are not high enough to protect their older population. As mentioned above, both contributory and non-contributory schemes exist in many EU states though there is a noted lack of adequacy, specifically inequalities for women and those belonging to ethnic or migrant groups.¹⁹

Pension indexation mechanisms exist in most member States, but these are often inadequate to keep track with the rise of living costs. This means that even adequate pensions at the time of retirement slowly erode over time and become inadequate later during retirement. As an example, older persons in Spain and Cyprus have also faced a loss in purchasing power due to the inefficient indexation systems. In Greece, indexation of pensions will not even begin until 2023 following the severe pension cuts of 2010-2018²⁰.

6. What is the impact of macroeconomic policies on economic insecurity and poverty among older persons and vice versa? What policy options are available and/or implemented in order to expand fiscal space and maximize available resources to ensure economic security and the right to an adequate standard of living for older persons?

The EU is drafting regular Ageing Reports that map the costs to public budgets related to ageing in the very long term (up until 2070). To cope with these costs in the domain of pensions, governments in Europe are raising retirement ages, restricting access to early retirement and taking measures to reduce the rising costs of pension systems. As a result, older persons in these states are facing increased challenges. The Pension Adequacy Report 2021 outlines that while the costs to public budgets are under control, the adequacy of pensions is not ensured over the next decades. While policy attention is put on pensions, the Ageing Report however shows that the greater increases of public spending will stem from increased health and long-term care needs, pointing to future challenges to the ability of the individual to afford health and long-term care.

The current context with high inactivity rates among older workers and job losses related to the COVID crisis puts challenges to older persons due to the high prevalence of ageism in the labour market. Others are forced to quit their physically demanding job due to added health risks of older age.

¹⁹ Older Roma are facing the difficulty of having often spend large parts of their career in the informal economy, thereby not contributing to have adequate pension rights; older persons with a history of migration might have lost any available pension credits in the State they migrated from, leaving them with an incomplete history of pensions contributions

²⁰ [LAW 4670/2020 \(Codified\) - Government Gazette A 43/28.02.2020 - The new insurance law new insurance law new insurance policy \(kodiko.gr\)](#)

Several member states have plans to improve their pension provisions, in terms of both coverage and value, however inequality persists and is rising. Rising retirement age brings new challenges for workers who have had long careers with low income, or those who have health issues.

The EU's framework for economic governance, restricting public spending to maintain 3% GDP of annual new credits and 60% GDP of total public debt have been halted during the pandemic through the triggering of the 'general escape clause', enabling member States to maintain economic security for those economically affected by the crisis. However, a return to the current framework would mean very high pressures to reduce public spending, including on economic security of older persons. AGE therefore calls for only a medium-term, gradual return with more flexibility to member States to make necessary investments in health and long-term care systems and maintaining adequate pensions for current and future generations. High inflation, if maintained over time, will pose additional challenges to pension adequacy, linked to the problems regarding indexation as outlined in question 5. The economic governance framework of the EU contains a social scoreboard, developed based on the European Pillar of Social Rights, with useful indicators regarding the situation of older persons. While these are not sufficiently disaggregated by age group and gender, they form the basis to trigger reforms towards more adequate systems in the European Semester cycle of policy coordination between member states.

7. What good practices are available in terms of ensuring older persons' economic security, including through a life-course approach?

In order to prevent economic insecurity in old age, a life course approach from multiple sectors is needed to equip people throughout the whole life course, with the tools needed to support themselves at an older age. Poverty and social exclusion, lack of education and health issues in childhood and early adulthood are linked to an increased risk of poverty throughout the lifespan, including older age, thus investing in measures which engage people of all ages is pertinent to economic security in older persons.

AGE members noted good practice as informing persons about their opportunities regarding work/pensions, volunteering and training in preparation for the transition from work to retirement. As the 'baby boomer' generation edges towards retirement age, this is a key area for member states to focus on as support for the transition into retirement age is not yet widespread among all sectors.²¹

²¹ The Maltese government had a programme dedicated for persons going through this transition, however this ended in 2021. The Netherlands also put a focus on this issue as some pension funds have offered training to human resources staff so they can inform and support their employees as they move towards the transition.

Key to ensuring that older persons can fulfil their right to an adequate standard of living are adequate pensions (contributory and non-contributory). There is space for both contributory and non-contributory pensions as long as both are adequate for older persons to live a dignified standard of living. A good practice according to ERGO²² is providing adequate statutory minimum pensions regardless of previous employment status. This scheme would need to be enough for older persons to have a dignified standard of living and be accessible to the Roma/Traveller communities. In Turkey, individuals without social security also receive housing supports to facilitate their right to an adequate standard of living.

Another good practice noted by the UN in their 2016 briefing paper on Economic Inequalities in Old Age is for care work, including parental leave and other duties, to be considered for pension credits. Policies providing for income and supporting services during periods of disease, disability, or provision of informal care to children or persons in need for support, as well as the continued accrual of pension rights during these periods are crucial to prevent scarring effects on people's income trajectories. AGE members stressed the importance of such practices in closing the gender pension gap and providing economic security for all.

A further good practice would be for states to allow older persons to work alongside collecting their pension. Allowing this type of transition would provide for a smoother progression from the workforce into retirement for the individual, aiding in both their mental health and economic security. AGE members also noted a benefit for employers who facilitated such an exchange, as it allows the retiree to train their successor, sharing their knowledge and tips to provide a seamless transition for the company.

According to a Finance Watch survey, older persons cited that a preference for in person interaction, lack of trust in digitalised methods and being targeted for fraudulent schemes as reasons why access to local financial services were key to helping their economic security²³. Financial literacy is key as lifespans and number of older persons in Europe increases, there is a need to prepare for longer periods of retirement. Designing easy to use technology to aid older persons would help in a range of issues such as accessing services and maintaining financial literacy whilst supporting the digitisation of the post-covid world.

²² European Roma Grassroots Organization Network

²³ [finance-watch-report-a-wrinkle-in-the-process.pdf](#)

8. What measures are being taken to eliminate ageism and discrimination based on age that prevent older persons to access economic and other productive resources, including financial services, land, adequate housing and the right to inheritance?

At the EU level there is no legal framework prohibiting age discrimination in access to goods and services. Some member states do have national laws protecting older persons against such discrimination, but often fall short. This includes the Equal Status Acts 2000-2004 of Ireland which has limited coverage. In Malta, there is active legislation protecting older persons right to housing due to increased prices in rent, however this has led to cases of discrimination against older persons in the rental market, such as attempts of evictions and/or refusal to rent.

9. What mechanisms are necessary, or already in place, for older persons to lodge complaints and seek redress for denial of their economic security and enjoyment of the right to an adequate standard of living?

The low number of ratifications and declarations of the European Social Charters' provisions on social protection and on collective complaints reduce the effectiveness of complaints at international level. Complaint mechanisms exist, such as national courts or ombudspersons. Not all constitutional courts allow complaints by individuals however, and procedures can be inaccessible because of lack of information, costs or length of procedures. Civil society organisations and equality bodies play an important role when are consulted, run helplines or when they can lodge collective complaints²⁴.

²⁴ <https://social.un.org/ageing-working-group/documents/tenth/Inputs%20NGOs/AGE Platform Europe Social%20Security%20Social%20Protection%20Social%20Protection%20Floors.pdf>