

Discussion Paper

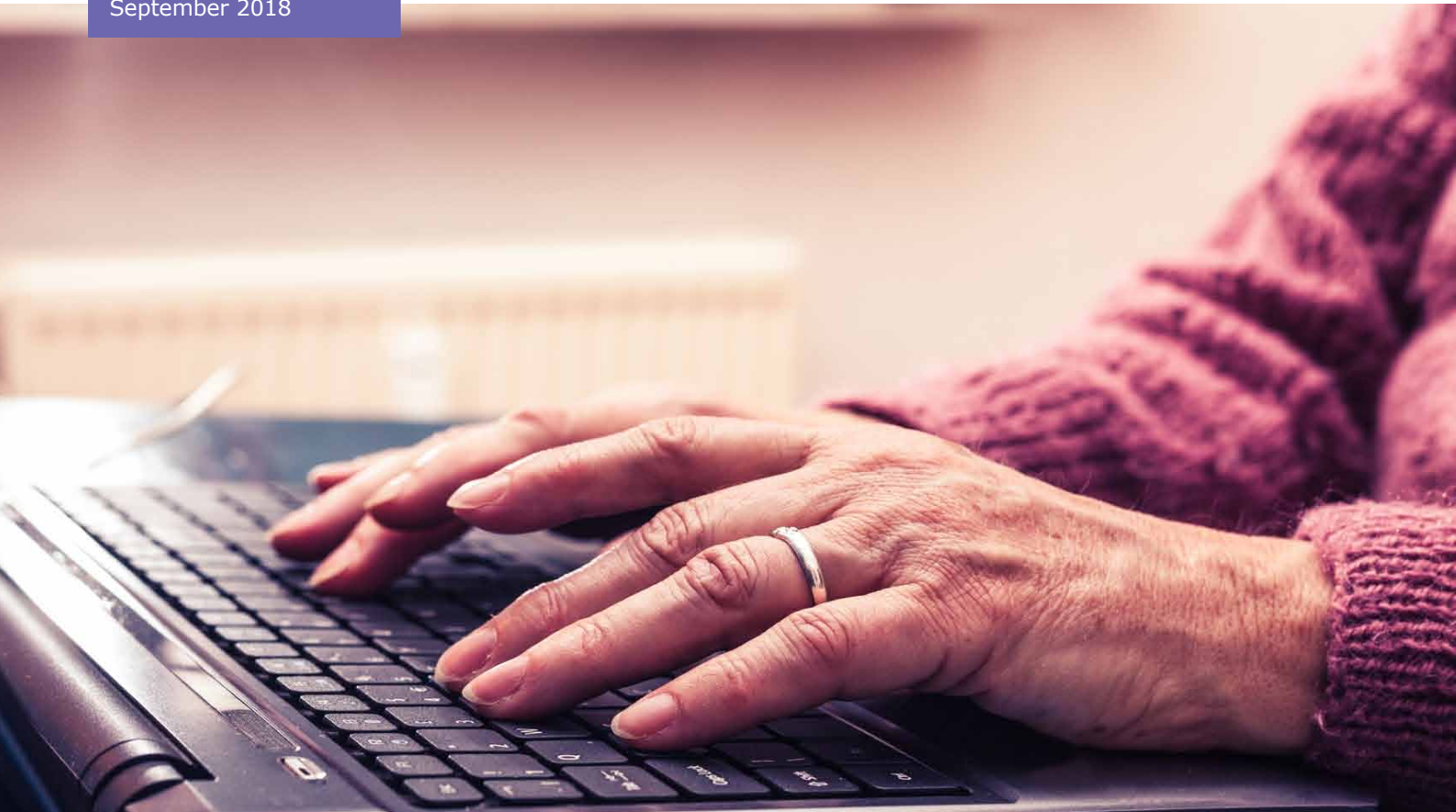
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Ageing Workforce, Social Cohesion and Sustainable Development

Political Challenges within the Baltic Sea Region

Edited by Paul Becker, Johanna Schütz and Ann Zimmermann

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Lithuania

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Various statistical indicators suggest that in less than 25 years, Lithuania will become one of the oldest countries in the European Union (EU) (Eurostat, 2018a; UN Population Division, 2017). This demographic shift has, and will have, a significant economic and social impact. That is why Lithuania, like other EU Member States, is paying increasing attention to the improvement of social security systems and the implementation of active ageing policies.

Population ageing in Lithuania can be summarised using the following indicators:

- The share of the population aged 60 years and over increased from 15.96% in 1990 to 18.8% in 2001 and reached 25.4% in 2017 (Lithuanian Department of Statistics, 1991 (1992), p. 17; Demographic Yearbook, 2000 (2001), p.12; Demographic Yearbook, 2016 (2017), p. 20);
- The share of the population aged 65 years and over during the same period nearly doubled from 10.8% to 19.3% (Lithuanian Department of Statistics, 1991 (1992), p. 17; Demographic Yearbook, 2016 (2017), p. 17);
- Median age increased from 32 to 43 years (Demographic Yearbook, 2016 (2017), pp. 23-24);
- The old-age dependency ratio first increased from 16 in 1990 to 21 in 2001, then to 27.5 in 2014 and 29.3 in 2017 (EU-28: 28.2 in 2014 and 29.9 in 2017) (Eurostat, 2018b).

Although Lithuania is not among the top leaders in ageing in the EU, the pace of ageing during the period since the beginning of the 1990s was among the fastest (Stankūnienė, Baublytė, Žibas & Stumbrys, 2016). Eurostat projections suggest that the pace of ageing will continue to be very fast: By 2050, every third person (32.3%) in Lithuania is expected to be aged 65+, and the population above the age of 60 to constitute 39% of the whole population (Eurostat, 2018c).

Additionally, since 1992, the total population of

Lithuania has been decreasing significantly by one fourth (24%), reaching a low of 2.81 million at the beginning of 2018. The most rapid decline is observed in the child population and among other younger age groups. The population aged 65+ increased by 32.6% over the same period (Stankūnienė, 2017).

› Pension eligibility requirements

The social insurance old-age pension (hereinafter referred to as the 'old-age pension') is the main type of state social security in old age in Lithuania.¹ Individuals are entitled to the old-age pension if they:

- 1) have reached the established old-age pension age², and
- 2) have paid pension social insurance contributions for at least 15 years.

Starting from 2018, the obligatory pension social insurance record requirement (number of years one contributes to the pension system) will increase. In 2018, the mandatory record will be 30 years and will be increased every subsequent year until it reaches 35 years in 2027 (Ministry of Social Security and Labour, 2018).

At the beginning of 2017, the share of the population that qualified for the old-age pension accounted for approximately 23.1% of the total population in Lithuania (Official Statistics Portal of Lithuania, 2018a; DELFI, 31.05.2017). This share is decreasing slightly each year on account of the increasing statutory age for the old-age pension. The effective retirement age in 2016 was 66.1 years (when the official age was 63.4 for men and 61.8 for women) and 63.9 years in 2017 (the official was 63.6 for men and 62.0 for women) (Official Statistics Portal of Lithuania, 2018b).

› Employment of older people

Lithuania has, for quite some time, demonstrated

a higher employment level among older individuals than the EU average (Eurostat, 2018d).

	2011	2012	2013	2014	2015	2016	2017
EU-28	31.3	32.6	34.4	36.6	38.3	40.5	32.6
Lithuania	35.8	37.5	37.8	40.9	45.7	50.3	54.0

Table 1: Employment rates by age and citizenship (60-64 years) (%)

Source: Eurostat, 2018d.

	2011	2012	2013	2014	2015	2016	2017
EU-28	4.8	5.0	5.1	5.3	5.4	5.6	5.8
Lithuania	5.1	5.7	5.2	5.7	6.3	7.9	8.9

Table 2: Employment rates by age and citizenship (65 years or over) (%)

Source: Eurostat, 2018d.

As shown in Table 1 and 2, the employment rate of the 60-64 age group in Lithuania was 54.0% (EU-28: 42.5%) and it was 8.9% for those aged 65+ (EU-28: 5.8%) in 2017.

In 2012, nearly 23% of the population in retirement age continued to work. Moreover, work intensity in terms of working hours per week among persons in retirement age who continue to work actually remains the same, namely 34 hours (in 2012) (Skučiene, Bartkus, Moskvina & Uleckienė, 2015). Furthermore, given shorter life expectancy in Lithuania, especially for men, Lithuanians often spend their whole retirement in employment.

Eurostat data shows that in Lithuania, part-time work is the most widespread among older workers (aged 65 and older) in comparison to other age groups in Lithuania. In 2016, the share of older employees working part-time in Lithuania was 35.3% (EU-28: 57.3%) (Eurostat, 2018e). In many OECD countries, there has been an increase in part-time work among older workers associated with measures to prolong working life, such as flexible retirement schemes (Fagan, Norman, Smith & González Menéndez, 2014). People in pre-retirement age in Lithuania are not interested in part-time work to facilitate their smooth exit from the labour market. Individuals working part-time in the 55-64 age group accounted for only 9.6% in Lithuania in 2016 (EU-28: 22.0%) (Eurostat, 2018e). This is primarily due to low wages affecting the amount of their future pensions. In addition, even though the Labour Code stipulates that part-time work entails no restrictions when calculating the length of service, pursuant to the legislation currently in force, one year of service shall be recor-

ded only if the person earns the minimum monthly wages (MMW) for 12 consecutive months. If the person's annual earnings are lower, a proportionally shorter length of service shall be recorded. In January 2018, the MMW in Lithuania was 400 euros. In the second quarter of 2017, average gross wage of part-time workers in Lithuania was lower than the MMW (Gruzevskis and Braziene, 2017).

It should be noted that only 12% of working pensioners in Lithuania stay in employment for non-financial reasons, whereas the average in the EU-28 is almost at 40% (in Norway and Denmark it exceeds 80%) (Skučiene et al., 2015).

Although employment rates for older people are considerably above the EU-28 average, dynamics of unemployment indicators show that older people have difficulties in staying or being re-employed more frequently: Unemployment among people aged 50 and over is growing, while the overall unemployment rate in the country is falling. On 1 January 2018, there were 61,900 people above 50 registered with the Lithuanian Labour Exchange. They accounted for 40.6% of the total unemployed population and the registered unemployment for this age group was 11.6% (Lietuvos užimtumas, 2017). Moreover, older people are far more often in precarious employment (Gruzevskis and Braziene, 2017), frequently use flexible forms of employment or take less paid jobs. According to the overall 2014 Active Ageing Index, Lithuania ranked 20th out of the EU-28 (UNECE, 2017) with continuous improvement since 2010. In Lithuania, older people seem to be participating more in the family domain than in voluntary activities.

› Lifelong learning

The level of lifelong learning (of people aged 25 to 64) is low in Lithuania compared with the other EU countries: In 2016, it was 6% compared to the EU average of 10.8%. The level of lifelong learning was particularly low in rural territories with 3.7% in comparison to 7% in urban areas (Ministry of Social Security and Labour, 2017).

In order to strengthen learning opportunities for older people, the Lithuanian Government implemented the EU project 'Development of the adult education system by providing key competences to learners' for 2016-2020. The project activities included training administrative staff and other representatives from

the Third-Age Universities (TAU) system in Lithuania under the following course units: 'Adult civic education', 'Adult financial education', 'Healthy living', 'Legal literacy', 'Adult computer literacy' and 'Artistic training'.

› Health, life expectancy and poverty in old age

Despite notable improvements in health during the last 10 years, mortality in Lithuania still persists at unacceptably high levels, predetermining relatively low levels of life expectancy in comparison to other EU countries: According to the estimates for 2016, life expectancy at birth for males was 69.5 years, whereas the corresponding figure for females was higher by 10.5 years (80.0 years) (Statistics Lithuania, 2018). For males, it was the lowest life expectancy indicator among the EU-28. Lithuanian females had only a slightly better position (24th out of the EU-28 countries), ranking above Latvia, Hungary, Romania and Bulgaria (Eurostat, 2018f). Male mortality is a matter of particular concern because male life expectancy in 2016 was only slightly better than the level in the mid-1960s or mid-1980s. Life expectancy at birth of Lithuanian males remains almost nine years lower than the EU average; significant disadvantage persists even compared with other central and eastern European countries (Czech Republic, Estonia and Poland). The unfavourable mortality situation is related to the distorted age- and cause-specific pattern of mortality inherited from the Soviet period. The key features of this pattern include elevated premature mortality due to cardiovascular diseases, external death causes and alcohol-related causes of death. According to the SILC (Statistics on Income and Living Conditions) survey based estimates for 2015, the expectancy of healthy life years at birth for Lithuanian males and females was as low as 54.1 years and 58.8 years (Eurostat, 2018g).

Poverty rates of older people remain high in Lithuania. In 2016, more than one-fourth of the population aged 65 and older (27.7%) were living below the risk-of-

	2008	2009	2010	2011	2012	2013	2014	2015	2016
EU-28			16.0	15.9	14.5	13.7	13.7	14.1	14.6
Lithuania	31.0	23.9	9.6	9.7	18.7	19.4	20.1	25.0	27.7

Table 3: At-risk-of-poverty rate by age – EU-SILC survey (65 years or over)
Source: Eurostat, 2018h.

poverty (Table 3) (Eurostat, 2018h). The average old-age pension in 2016 was 255 euros, which is below the at-risk-of-poverty threshold of 282 euros. In 2017, the average old-age pension awarded to individuals with the qualifying length of service amounted to approximately 287.07 euros. The average old-age pension is around 40% of the national average wage (net) (compared with the EU average of more than 50%). Older people are at greater risk of poverty in large cities, especially if they are single (Ministry of Social Security and Labour, 2017).

There is noticeable age discrimination in Lithuania. A Eurobarometer survey in 2015 (Eurobarometer, 2015) showed that Lithuanians consider age discrimination to be one of the main types of discrimination (together with discrimination based on sexual orientation). Age discrimination was indicated by 50% of Lithuanian respondents. According to the Eurobarometer survey of 2012 (Special Eurobarometer 393, 2012), this type of discrimination was indicated by 59% of Lithuanian respondents. Although this indicates improvement of the situation, the level of discrimination remains rather high in the country (in 2015, the EU's indicator was 45%). Lithuanian respondents identified age discrimination as dominant by different features of discrimination (higher probability of losing a job, lower probability of getting a job, higher probability of lower wages).

› Policy initiatives

In order to enhance the labour market participation and social inclusion of older persons, an 'Action Plan of Motivation of Older People and Promotion of Voluntary Activities (2016-2020)' was approved by the Ministry of Social Security and Labour in 2016. Implementation of the Action Plan includes such activities as involvement of older persons in voluntary activities, guidance and motivation of older persons, self-esteem development, training of generic competences of older persons, i.e. through the organisation of training, awareness raising and information activities.

On 2 January 2015, the Lithuanian Labour Exchange started a project called 'Support for unemployed older people' funded from the EU structural funds and Lithuania's state budget. The project ended on 31 March 2018. It had planned that 14,000 unemployed older people registered with local (territorial) labour exchange offices would participate in

the project implementation and use the opportunity to be active participants in the labour market: 6,200 project participants were offered the opportunity to acquire a new qualification or to improve their existing competences (measure: vocational training), 7,680 project participants were offered the opportunity to re-enter the labour market through subsidised employment (paying wage subsidies to the employer) and 120 project participants who found jobs farther from home were reimbursed for travel and accommodation costs (measure: promoting territorial mobility of the unemployed) (Liuberte, Inga, personal communication, March 16, 2018).

A new European Structural Funds project called 'Use the opportunity' was launched in 2018. The project aims at increasing opportunities for people aged 54+ to integrate and settle in the labour market. In addition to vocational training, there is a new measure offered – recognition of competences acquired through non-formal and informal education (Liuberte, Inga, personal communication, March 16, 2018).

The drafting of the Strategy for Demographic Policy 2018-2030 began in Lithuania in mid-2017. One of the key objectives of the Strategy is to facilitate effective inclusion of older persons into society. The foreseen measures include increasing employment rates for older people, e.g. through reducing social insurance contributions for retirement age employees working in areas (regions) with high unemployment; enable longer (including non-pay) vacations for retirement age employees in the public sector; and, through developing vocational training programmes for the elderly according to local labour market needs. In addition, various forms of social activity, development of social services and institutional support for older people are planned (Seimas, 2018).

› Conclusions and recommendations

Summarising the above material, we should point out that Lithuania in 2005, according to the population ageing process, still belonged to a group of stable countries (the population of 65 years and older was 16% of the total population), but due to very intensive emigration, it will become one of the oldest countries in the EU by 2040.

Employment of older workers in Lithuania is above

the EU-28 average, but representatives of this group more often face discrimination in the labour market, work part-time and are at risk of poverty. Although ageing issues are receiving increasing attention and financing from the Lithuanian Government, in our view, efforts in this area must be intensified even more.

Therefore, it would be appropriate to include the following short-term priorities:

- 1) Provide tax privileges for self-employed persons working past their retirement age, particularly by reducing taxes for one or two years for those who are only just entering self-employment;
- 2) Reduce taxes for older employees (aged 55+ or 60+) in creative jobs (artists, reporters, etc.);
- 3) Set up business incubators for older people;
- 4) Increase funding (including from European Structural Funds) for the activities of non-governmental organisations of older people, to develop a network of such NGOs and diversify their functions;
- 5) Promote volunteering among older people (in particular among seniors), develop a national databank of volunteer opportunities in old age;
- 6) Enhance participation of older people in decision making at the municipal level;
- 7) Considerably increase the overall awareness-raising of the public about population ageing issues, since a dignified and happy old age can be ensured only if relevant steps are taken in young age.

With a view to improving active ageing opportunities in Lithuania in the future, it is appropriate to enhance opportunities for people in retirement age to stay in the labour market, improve the accessibility of adult learning programmes and free-time activities for them. It should be noted that one of the main challenges during the ageing of the society is the necessity to ensure complex solutions to the arising problems.

Footnotes

¹ After the start of the pension accumulation system in 2004, the general pension system in Lithuania has the fol-

lowing constituent parts:

- State social insurance pension (the main pillar);
- Pension accumulation for old-age from social insurance contributions in pension funds (second pillar, supported by state);
- Supplementary accumulation for pensions in life insurance companies or pension funds (third pillar, voluntary).

² In Lithuania, the retirement age for men was 63.8 and for women 62.4 years in 2018. The retirement age will be raised to 65 for both men and women by 2026.

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