

ANALYSIS

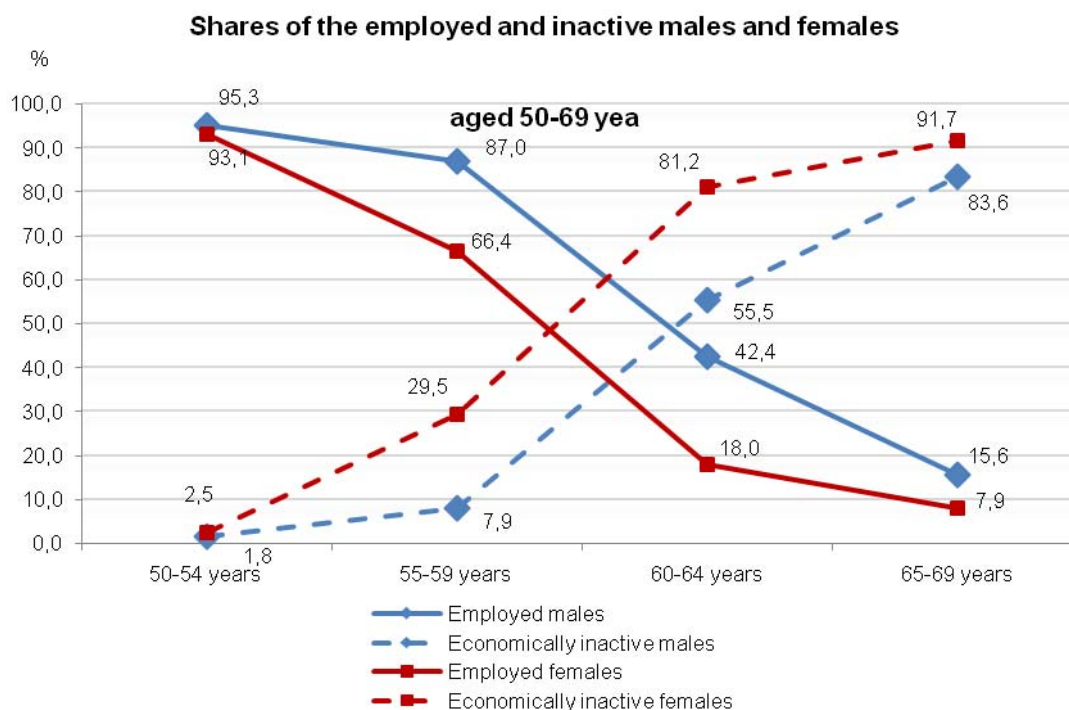
QUARTER OF MILLION OF PENSIONERS WANTED TO WORK

In 2012 respondents aged 50-69 years were interviewed, within the Labour Force Sample Survey (LFSS), about their retirement. Transition from economic activity into inactivity has been going very quick in the Czech Republic and has been concentrated in the time when people become entitled to earn old-age pension and in a few subsequent years. 244 thousand inactive pensioners stated they had wanted to continue in their work in the moment their economic activities were terminated.

The Czech Republic belongs to the EU Member States, which feature an above-average employment rate in the all wide group of productive age of 20-64 years. While Czech males demonstrate a significantly higher employment rate than the EU27 average, it is a different case for females that are below the Union average. This is, first of all, caused by the retirement age limit established to bear the entitlement for the old-age pension. A vast majority of the population terminates their work activities once this limit has been attained, or shortly after.

According to the results of the Ad-Hoc Module 2012 on “Transition from work into retirement“ over three quarters of all respondents in the group of the aged 55-59 years have been working, yet in the next five-year age group of 60-64 years there were merely thirty percent of the population still at work. This turn is clearly visible both in males (the share of the employed males drops by over a half from 87% down to 42.4%), and especially in females (the share of the employed females plummets from two thirds in the age group 55-59 years down to 18% in the age group of younger female sexagenarians). This is unambiguously transition into the category of economically inactive, because unemployment is already low once the age of sixty years has been attained.

ANALYSIS



Source: CZSO - LFSS

Methodological note: The Ad Hoc Module 2012 on “Transition from work into retirement” was targeted to the respondents of the age group 50-69 years. The survey was carried out over the whole year in a selected sample of individual households and results were grossed up to the whole population of the Czech Republic as the annual average.

Active life in the Czech Republic still shorter than the Union average

Eurostat publishes values of the indicator of the duration of working life. It is defined on the basis of a probability model combining demographic data and the LFSS results. It shows the expected average duration of working activities of a 15-year-old person on the labour market. Overall, the duration of working life is affected by numerous factors as, for instance, duration of education, caring for children, and substantially also by the time when activities of the labour market are terminated.

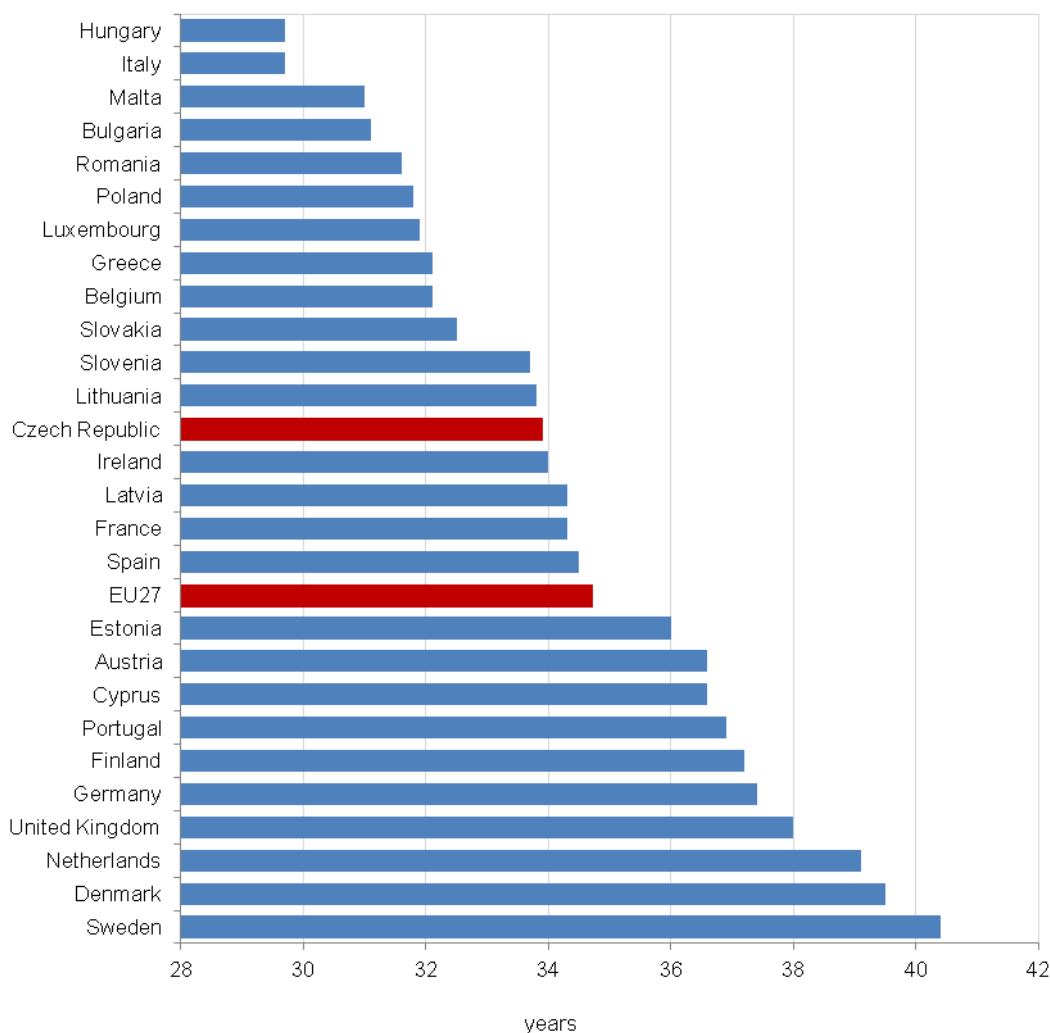
According to data for 2011 the duration of working life reached 34.7 years on average for the whole EU, but in the Czech Republic it was 33.9 years. The expected duration of working life of the Czech males (37.2 years) differs from the average duration of working activities of males in the EU27 just little. That of females was mere 30.5 years and was by 1.4 years shorter than the expected average duration of working activities of females in the EU27.

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Duration of working life of persons aged 15+ years in 2011



Source: CZSO - LFSS

Great differences in working activities of males and females aged 60-64 years persist

The employment rate in the Czech Republic has been high in both males and females up to sixty years of age. The employment rate of the aged 60-64 years is then affected not solely by the extent of participation of old-age pensioners, yet also the fact that a number of persons, namely males, have not been entitled to earn old-age pension and also the fact some of active

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males and females have already been entitled to old-age pension but have not applied for so far.

In the group of old-age pensioners aged 60-64 years there were more females at work than males, this was, however, determined by a different age limit for retirement. When expressed relatively, there were more males than females of the old-age pensioners participating. Taking into account that after grossing up to the whole population there were still one hundred thousand males not entitled for old-age pension, or have not applied for yet, then the total number of working males is twice as high as that of females of this age.

It is clear that at present the highest difference in the economic activities of males and females is concentrated in the group of younger sexagenarians. The number of working male pensioners aged 65-69 years is, however, higher than that of female pensioners yet there were overall 68 thousand persons of this age working, which affects the total employment just a little. Working activities in this age have, however, undoubtedly a positive impact on the economic positions of respective persons.

Old-age pensioners and persons not earning pension aged 55-69 years by economic position

Economic position	Thousand					
	Persons earning regular or premature old-age pension			Persons earning no pension		
	55-59 years	60-64 years	65-69 years	55-59 years	60-64 years	65-69 years
	Total					
Total	98.8	549.4	593.2	491.9	121.7	5.4
Of which:						
The employed	13.3	86.2	62.3	460.9	115.5	5.4
Economically inactive	83.8	457.6	527.4	7.4	3.8	-
	Males					
Total	8.4	203.1	261.9	276.5	105.8	3.9
Of which:						
The employed	2.1	36.1	37.7	260.2	99.9	3.9
Economically inactive	5.8	164.1	222.0	3.2	3.7	-
	Females					
Total	90.3	346.4	331.4	215.4	15.9	1.5
Of which:						
The employed	11.2	50.1	24.6	200.7	15.6	1.5
Economically inactive	77.9	293.5	305.3	4.2	.	-

Source: CZSO – LFSS

Economically inactive pensioners terminated their working activities mostly because they reached the age limit for old-age retirement, or when it was possible to earn some other type of pension (as disability or widower's pension, for instance). These reasons dominated in both males and females were given by 86% of interviewed pensioners. The third most frequent

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reason was health causes of respondents (7%), more frequently given by males as a result of their occupations. The health reasons were most frequent in craft and related trades workers, plant and machine operators, and assemblers, and in service and sales workers. Every twentieth pensioner stated that the main reason for his/her retirement from active life was a loss of their job and impossibility to find some other one. This reason was most frequently given in the same groups of occupations as in the case of the activity termination for health reasons.

Many of inactive pensioners would like to work further

Over one fifth (21.5%) of inactive pensioners aged up to seventy years stated that they wanted to continue working in time their work activities were terminated. This means, when the AHM 2012 results are recalculated to demographic data that these pensioners accounted for 244 thousand. Thus inactive pensioners form a significant work force reserve, use of which is troublesome under the current conditions at the labour market.

In a number of countries of West Europe persons of pre-retirement and retirement age use the option to reduce the number of worked hours and prolong their working activities this way. Yet under the total amount of the average reimbursement for work and salary differentiation in the Czech Republic it cannot be expected that such a system would find a quick deployment in the Czech Republic practise. This holds not solely for pensioners but especially for persons, for whom the income from working activities is essential to economically safeguard the workers and their family members. Just a small number of persons, who do not earn old-age pension, employs or expects to employee the reduction of work hours. On the contrary, every second pensioner works for a shorter work hours. Majority of them also stated they would like to work for the period from one to three years.

Over 80% of working pensioners gave financial security as a reason for staying at work (secured income, combined pension and income earned simultaneously). One fifth of active pensioners worked mainly for non-financial reasons. Respondents stated they liked the job, or they wanted to keep social contacts at their workplaces. The non-financial reasons are also the cases when respondents were not able to find a replacing person for the job or find a person who they would pass over the business activities to. Those who relatively most frequently gave non-financial reasons were from the groups of professionals, technicians and associate professionals, and service and sales workers.

Majority of fifty-year-old persons uses a system of supplementary pension insurance

The public broadly discusses the issues of economic security of the retired. Options of the current system of supplementary pension insurance are used by majority of present time fifty-year-old persons. Over two thirds (68.3%) of respondents aged 50-59 years answered the question, if they would have been entitled to earn a rent from supplementary pension insurance, positively.

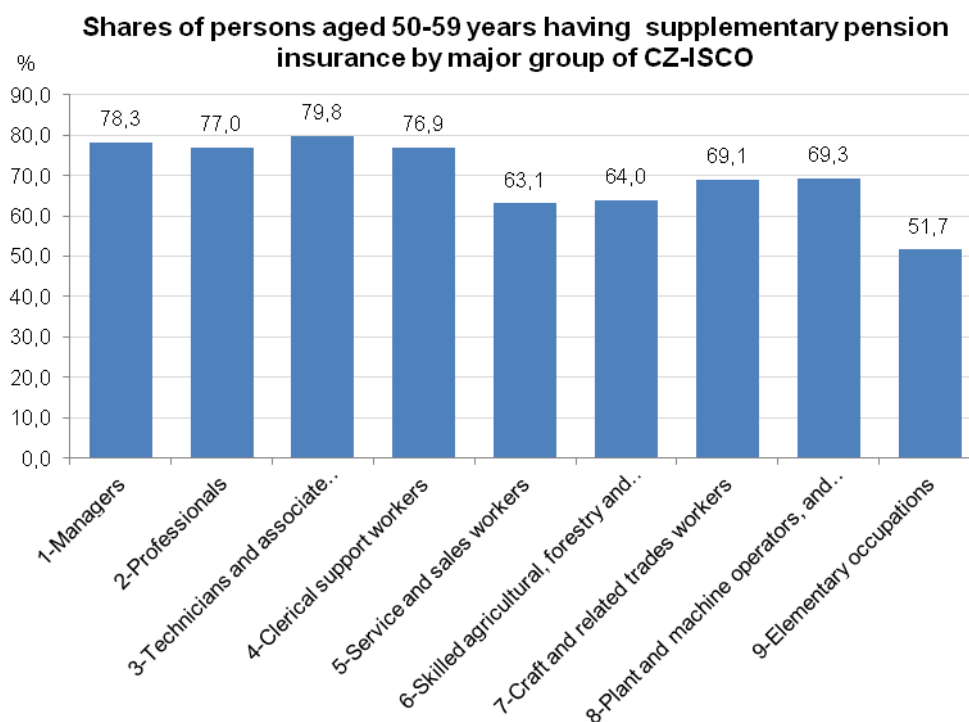
The Ad Hoc Module 2012 results, however, indicate a certain differentiation by position of respondents. The share of fifty-year-old persons having supplementary pension insurance is

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close to eighty percent for the main groups of jobs of managers, professionals, technicians and associate professionals, and clerical support workers. A significantly lower share of those having supplementary pension insurance is in the group of service and sales workers, and among manual workers, including plant and machine operators, and assemblers, The lowest share of persons having supplementary pension insurance can be found in the group of elementary occupations where merely one half of respondents have such insurance policy.



Source: CZSO - LFSS, AHM 2012

The large main groups of service and sales workers and that of craft and related trades workers feature an above average share of own-account workers (the self-employed without employees). This may be one of the causes of a relatively lower frequency of having supplementary pension insurance in these occupations. While the group of the self-employed with employees shows the highest share of the fifty-year-old persons with supplementary pension insurance (84%) at all, the numerous group of the own-account workers demonstrates a different situation. The total share of fifty-year-old persons having supplementary insurance of the self-employed without employees (own-account workers) was mere two thirds (65.7%). The share of the employees having supplementary pension insurance (71.2%) is higher than that of own-account workers by 5.5 percentage points. Family workers also show a higher share of those with supplementary pension insurance virtually almost identical with that of the employees.

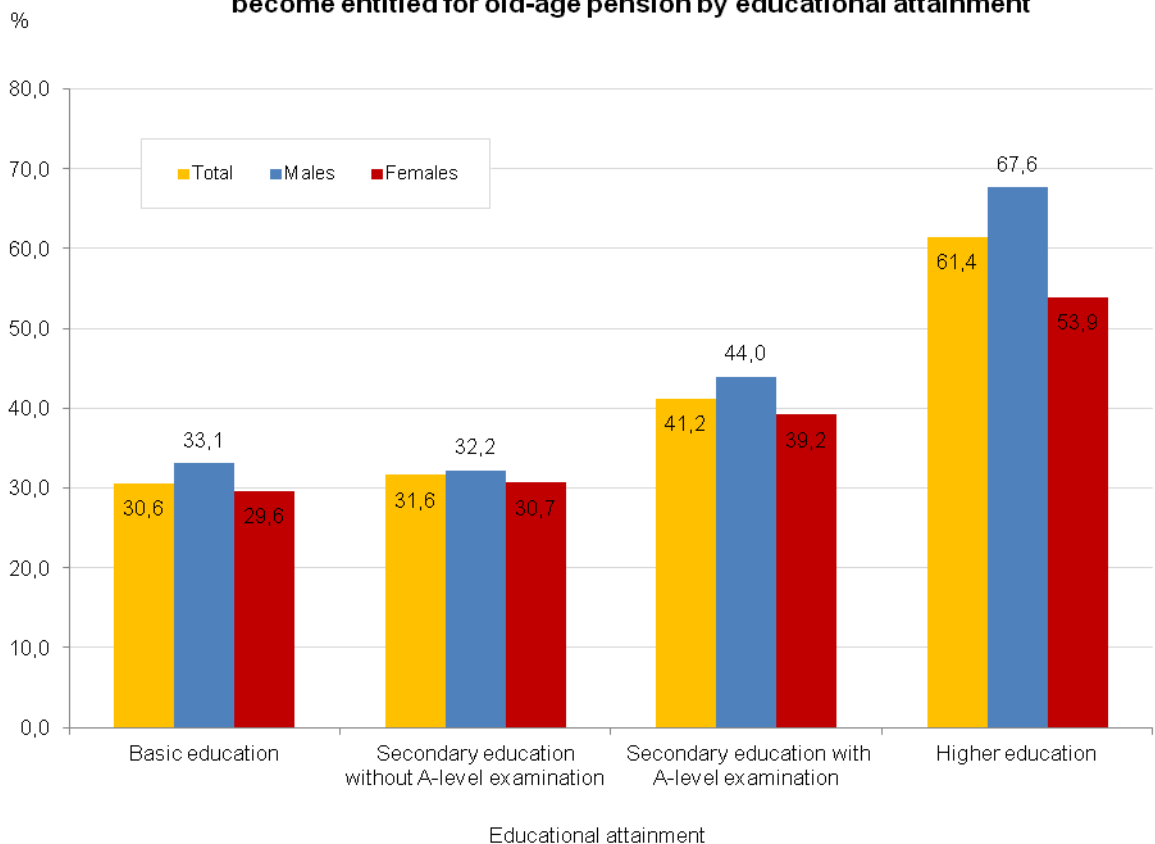
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Working respondent older than fifty were asked if they would like to work even they had reached the age limit for the old-age retirement. Answers differed a lot depending on their educational attainment. In the group of persons with basic education only less than one third would like to continue to work, yet among higher education graduates the number was twice as high.

Intention of respondents aged over 50 years to stay at work after they have become entitled for old-age pension by educational attainment



Source: CZSO - LFSS, AHM 2012

The share of respondents having supplementary pension insurance in the position of own-account workers is lower than that in the category of employees. Majority of the self-employed, including the self-employed without employees, however intend to continue in their activities even after they have reached the age entitling for old-age pension. While merely one third of employees wishes to work after they have reached the old-age retirement limit there are two thirds of own-account workers who wants to stay at work even after. In the group of the self-employed with employees there are even over 78% those willing to continue to work. This is an extraordinary different view of activities in the post-productive age. Thus numerous own-account

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workers assume that they would compensate their lower pension insurance by their prolonged working activities.