



Key policies to promote longer
working lives

Country note 2007 to 2017

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KEY POLICIES TO PROMOTE LONGER WORKING LIVES IN ESTONIA¹

(*Situation 2007 to mid-2017*)

According to the Late Career Scoreboard at the end of this report (Table 1), the employment rate of older workers is high in Estonia (in 2016, 56.2% for older workers aged 50-74, compared with the EU average of 45.4%). Nevertheless, Estonia could do more to raise the pension age above 65 and combat old-age poverty. In particular, as synthesised in Table 2, Estonia should encourage the social partners to implement better retention and hiring mechanisms targeted at older workers; introduce good practice in managing an age-diverse workforce; promote lifelong learning and development of the adult vocational education and training system; reduce the incidence of arduous/hazardous work; and balance professional and family responsibilities. While Estonia has made progress in providing effective employment services, it should do more to reduce long-term unemployment among older workers. That said, Estonia stepped up efforts to prevent disability benefits from being used as a pathway to exit the labour market through the new Work Ability Allowance. The country also has in place generous regulations for combining pension and work, now a widespread practice.

1. Rewarding work and later retirement

1.1. Enhancing incentives to continue working at an older age

Introduction

Estonia has a multi-pillar pension system. The first pillar is a state pay-as-you-go pension scheme that consists of two tiers: an employment-based old-age pension and survivors' pension scheme; and a flat-rate residence-based national pension guaranteeing a minimum income for those who are not entitled to an employment-related public pension (European Commission, 2012). There are specific pension schemes for certain occupations. The second pillar is a mandatory funded defined contribution pension scheme introduced in 2002, and the third consists of voluntary funded pension schemes.

The elderly are among those groups that have a higher risk of poverty, not least due to the relatively low amount of pensions. In particular, poverty risks for pensioners with a short contribution history, notably to the second pillar, and/or with low wages are relatively high by international standards. To address this issue, Estonia is preparing a reform of the public pension system that increases redistribution among pensioners and raises the pensions of low-income earners (OECD, 2017a).

Raising the statutory age of retirement

The Old Age Pensions on Favourable Conditions Act and the Superannuated Pensions Act were the first steps in a process begun in 2006 to gradually equalise the pension eligibility age for men and women at 63 by 2016. In 2012, the pension age was 63 for men and 61.5 for women (see Leetmaa and Nurmela, 2012). As a part of the long-term fiscal consolidation strategy, the State Pension Insurance Act was

1. This note has been produced by the Ageing and Employment Policy Team with a contribution from Nicola Duell.

amended in 2010 to raise the pensionable age for both men and women gradually (by three months each year) to 65 by 2026. (In 2017 the pension age is 63 years and 3 months.) The qualification period is at least 15 years of pensionable service (OECD, 2017b). Consideration should be given to raising the statutory retirement age above 65 in the future, as has been decided in most European countries. A 2017 pension reform, decided in January of that year, is linking changes in the statutory retirement age to life expectancy from 2027; this reform is in the right direction (Piirits, Masso and Kadarik, 2017).

Facilitating phased retirement

The 2017 pension reform introduced a partial pension scheme. A pension of up to 50% can be awarded upon request.

Better combining of pensions and work income

In general, the Estonian pension insurance system supports working beyond the retirement age due to the possibility of receiving pensions and income from work at the same time, except in case of early retirement pensions. There are now plans to in fact allow combining work and an early retirement pension (flexible pension). In the case of superannuated pensions available for specific groups such as pilots, mariners, miners and some groups of artists – as well as with the special occupational pensions mentioned above – continuing employment in the same occupation is not possible. When combining pensions with work income, contributions are again paid and the pension is recalculated annually. As pension rates are low, older people may have an incentive to work longer (Leetmaa and Nurmela, 2012).

Rewarding longer careers

The public pension can be deferred after the normal pension age, a measure introduced in 2001. Deferring a pension results in an incremental increase of 10.8% per year. During the deferral period, the worker continues to contribute and earn extra pension entitlement (OECD, 2017b).

1.2. Towards restricted use of early retirement schemes

Restricting access to publicly funded early retirement schemes

Early retirement provisions were introduced in 2000. The public pension may be claimed up to three years before the standard age provided the individual doesn't work and the condition of a 15-year qualification period is met. The pension is reduced by 4.8% for each year that an individual retires early (OECD, 2017b). There are plans to lower the early retirement age from three to five years before the pensionable age.

In addition, there are various schemes for particular groups that reduce the standard retirement age by five to ten years, so long as certain contribution conditions have been met (for details see below). According to the Social Insurance Board in 2016, about 18% of new pensioners were recipients of the early retirement pension.

Introducing specific provisions for arduous/hazardous work

There is no legal definition of arduous/hazardous work. The Old-Age Pensions Under Favourable Conditions Act and the Superannuated Pensions Act, carried over from the Soviet era at the beginning of 1990s, regulate specific pension schemes. The Superannuated Pension Act foresees early retirement for certain professional groups (e.g. pilots, mariners, miners and some groups of artists) whose professional abilities decline before the normal retirement age, provided they have the required pensionable service

(from 15 to 25 years, depending on the profession). The Old-Age Pensions Under Favourable Conditions Act divides the occupations considered arduous/hazardous, into two group listings:

- i. List 1: occupations that are particularly hazardous to health and have particularly arduous working conditions; workers have the right to a pension ten years before attaining the normal pension age if they contributed for at least 20 years.
- ii. List 2: occupations that are less hazardous to health and have less arduous working conditions, but are still riskier than usual jobs; workers have the right to a pension five years before normal retirement age if they contributed for at least 25 years.

The lists are fixed by government decree. Old-age pensions under favourable conditions are granted for life. About 11% of all pensioners were receiving a pension under favourable conditions in 2015 (Võrk, Piirits and Masso, 2016).

The median pension age of those retiring between 2010 and 2014 under the Favourable Conditions Pension Act is low: between 56 and 61 for men (depending on the occupation) and between 55 and 60 for women. The median retirement age for superannuated pensions is 52 for men and 59 for women. (See Võrk, Piirits and Masso, 2016 for calculations of micro data from the Estonian National Social Insurance Board.) Nearly three-quarters of people aged 50-59 receiving superannuated pensions, and more than half of those receiving a pension under favourable conditions, are combining work and pensions, mostly with another employer. Forty-five per cent of pensioners under these schemes aged 60-62 continue to work (National Audit Office, compiled by Võrk, Piirits and Masso, 2016). Allowing workers under these schemes to retire at younger ages thus does not appear to be justified. An analysis carried out by the National Audit Office in 2014 found that people receiving an old-age pension under favourable conditions or a superannuated pension were not unhealthier than others. A study on superannuated pensions carried out by the University of Tartu in 2012 concluded that superannuated pensions may be appropriate in some occupations (e.g. miners). The high incidence of combining pension and work, which is only allowed if a different occupation is performed, would suggest a willingness for an openness to occupational mobility, but more research would need to be conducted to analyse this effect. Incentives for increased occupational mobility could be set by means other than paying these specific pensions.

The conditions for old-age pensions for members of the Estonia Defence Forces were made stricter in 2006. Starting in 2007, members of the forces that served for at least 20 years have the right to receive a superannuated pension when they reach the age of 50. Previously, 13 years of service gave members the right to receive a superannuated pension. It is advisable to remove the specific early retirement provisions and promote occupational mobility instead.

From 1 January 2013, special pensions for employees of the State Audit Office and for the Chancellor of Justice, as well as the pension supplement for civil servants and special pensions for judges, have been abolished. The reforms were carried out because special pensions allow early retirement, reduce the labour force, restrict flexibility in the labour market, and hide certain long-term fiscal obligations. These reforms are in the right direction.

According to 2016 statistics from the Estonian Social Insurance Board, there are still about 5% of all new retirees (including those on work incapacity pensions) who take either superannuated pensions or pensions under favourable conditions. Between 2008 and 2010, the share of new pensioners taking up a pension under favourable conditions (List 2) declined from roughly 6% to slightly above 3%. Since then the inflow in relative terms first increased once again and then recently decreased. The share of new pensioners taking up superannuated pensions also decreased between 2007 and 2010, but has increased since then. The

current plan is that new legislation will be approved in 2019 and be in full force by 2040 (Võrk, Piirits and Masso, 2016).

1.3. Preventing welfare benefits from being used as alternative pathways to early retirement

Unemployment (insurance and assistance) benefits

According to the Estonian Unemployment Insurance Act introduced in 2002, a person cannot voluntarily leave the labour market through the unemployment insurance (UI) scheme. The length of UI benefit is not linked to age but varies with the length of contribution records. Periods of unemployment are not credited in the pension scheme. Older workers who remain employed beyond the pensionable age do not pay UI premiums, and accordingly have no right to UI benefits. Eligibility conditions for UI benefits are relatively strict and include active job search and monthly meetings with a job counsellor. Sanctions for failure to comply with such requirements are comparatively severe, and there are indications that they are strictly applied (Browne, 2017). There is no evidence of the sanctions varying with age.

Nonetheless, UI benefits have been used as a pathway to early retirement. Research indicates that following introduction of early retirement pensions, the majority of the early retirees had been unemployed for about two years prior (Leetmaa and Nurmela, 2012).

Social aid

Guaranteed minimum income benefits, introduced in 1995, are available to those who have no or low income from other sources (including unemployment benefits). These amounts are comparatively low. Schemes are run by municipalities that are free to impose job search requirements such as registering as unemployed, and that can withdraw benefits if job offers are refused (Browne, 2017). There is no evidence as to whether municipalities actually do implement the job search requirement for older beneficiaries.

Disability benefits

There is evidence that disability pensions were used in the past as a substitute for unemployment benefits. Inflows have increased during economic recessions, and the share of disability pensioners tends to be higher in regions with higher unemployment rates (Browne, 2017). That share has been increasing since 2007 (Leetmaa and Nurmela, 2012; OECD, 2015).

Before the 2017 reform, those who had a disability assessed to affect at least 40% of their work capacity could claim a disability pension. Recipients of disability pensions were assessed at least once every five years. Those assessed as facing a recognised limitation could keep receiving the disability pension for an indefinite period until retirement age. All recipients could undertake paid work at the same time without incurring a reduction in their benefit entitlements (Browne, 2017).

From 2016, a new Work Ability Allowance replaces the disability benefit. This allowance places the emphasis on work capacity assessment rather than contribution periods; requires those with some work capacity to register as unemployed; and gives participants access to activation measures. New disability benefit claimants have been assessed using this methodology since July 2016. This reform is in the right direction as it focuses on activating people with disabilities.

Inflows to disability benefits (or, from 2017, the Work Ability Allowance) could be reduced by promoting early intervention and opening up the possibility to combine sickness benefits and part-time work. The minimum social security contribution is a disincentive for part-time work.

2. Encouraging employers to retain and hire older workers

2.1. Preventing discrimination in employment on the basis of age

Implementing current or new legislation

The Equal Treatment Act (ETA) entered into force in 2009. The purpose of this act is to ensure protection of persons against discrimination on the grounds of nationality, race, colour, religion or other beliefs, age, disability, or sexual orientation. Discrimination is prohibited in relation to (among other things) employment, remuneration and vocational training. Employers are required to take appropriate measures to protect employees against discrimination, and to inform employees about the rights and obligations provided in an appropriate manner.

The current legal framework for non-discrimination mostly covers the area of employment (as required by Directive 2000/78/EC). The ETA divides the protected areas depending on the nature of the discrimination. It covers discrimination based on religion or belief, age, disability, and sexual orientation only in the area of employment (as required by Directive 2000/78/EC), while discrimination based on racial or ethnic origin and colour is additionally covered in the areas of services and social security (as required by the Directive 2000/43/EC). Due to these differences in scope of protection provided by the ETA, the law has been called unconstitutional by the Chancellor of Justice. Various international and local organisations have also expressed concern for the law's limited scope and difference of treatment it gives to different vulnerable groups. The Ministry of Social Affairs has begun the process of amending the law to widen the scope of protection under the ETA to cover all grounds of discrimination equally.

According to a 2011 Supreme Court decision, a provision of the Health Insurance Act that allowed for unequal provision of sick leave benefits by age has been declared unconstitutional. Previously, workers older than 65 had a right to sickness benefits up to 90 days, while younger workers could get up to 250 days of benefits per year. Also, while younger persons could take a maximum of 182 consecutive days as sickness leave, this was limited to 60 consecutive calendar days for older workers (Leetmaa and Nurmela, 2012).

Action should be taken to raise awareness about age discrimination.

2.2. Taking a balanced approach to employment protection by age

Implementing age-neutral measures

A new Employment Contract Act entered into force in 2009. The act gives the contracting parties more room for negotiating terms that suit their explicit needs, and promotes more flexible forms of work that should be acceptable for older workers. Before cancellation of an employment contract, in particular in cases where an employee has been unable to perform their duties because of poor health or decreased work capacity, the employer has to offer the individual another job if possible. This includes changing the work organisation, providing in-service training, and changing working conditions unless the costs are disproportionately high for the employer. The Employment Contract Act was evaluated in 2012.² Although employees are mostly satisfied with the working conditions agreed upon with their employer, the evaluation found that the level of flexibility is not very high. On the basis of analysis of LFS microdata from 2007 to 2011, an evaluation by Malk (2013) also shows mixed results. A statistically significant impact of EPL was found for outflows from employment but not for inflows into employment.

2. Töölepingu seaduse uuring, published in 2013: www.sm.ee/sites/default/files/content/editors/Ministeerium_kontaktid/Uuringu_ja_analuuusid/Toovaldkond/tls_uuring_raport_uus.pdf (accessed 8 February 2018).

A regulation adopted in 2009 amended compensation amounts in cases where the employment contract is cancelled. Prior to enactment of the Employment Contract Act, compensation in cases of redundancy was higher for workers who had been in service longer. According to the Employment Contract Act, in the case of layoffs, the employer is required to pay an employee compensation equal to one month of their average wage for the employee.

2.3. Discouraging mandatory retirement by employers

By law in general and by sector/occupation, private/public sector, region

In 2007, the Estonian Supreme Court declared dismissals merely on the basis of age illegal. The Court overruled certain provisions of the Public Service Act, which permitted the dismissal of public sector employees over the age of 65 on the grounds of age.

2.4. Encouraging the social partners to implement better retention and hiring mechanisms targeted at older workers

For all older workers

The Estonian Government, through the European Social Fund (ESF) measure to improve the quality of working life, gives the social partners the opportunity to promote and create best practices. The social partners have done so in several areas of labour law, but not those specifically targeting older workers. Further, given the low unionisation rate in Estonia, it seems that more would need to be done to encourage the social partners to put age management on the collective bargaining agenda (Järvis et al., 2017).

In 2013, seminars across Estonia were conducted by the Ministry of Social Affairs to inform employers about demographic changes and encourage them to plan their human resources wisely. In those seminars, employers who already successfully used age management strategies or had programmes specifically for older workers were invited to share their expertise (see good practice examples in Nurmela, Osila and Leetmaa, 2014).

Review of the use of seniority wages

The ETA considers it discriminatory to differentiate employees' pay based solely on their ages. It is possible in a collective agreement to fix different additional benefits based on length of service, although such agreements are not very common.

2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce

For all workers

It is advisable to encourage social partners and single companies to implement instruments for managing an age-diverse workforce. Relevant measures and tools would include sharing knowledge and experience between different age groups; adjusting the work responsibilities of older workers; adjusting the working-time arrangements of older workers; promoting internal job mobility and further training; avoiding age discrimination; and removing mandatory retirement. It is also advisable to detect and share good company practices.

In specific areas such as workplace adjustment

One element of the Work Ability Allowance reform mentioned above is the increased support given to employers. Specialised staff from employer associations are hosting regional conferences to explain the benefits available to firms taking on disabled workers – including the exemption from the minimum social tax – and offer individual training on demand, which reportedly has been very popular. There has however been a very low take-up of refunding from the UI Fund for expenditures involved in adjusting the workplace to the needs of disabled (Browne, 2017).

3. Promoting the employability of workers throughout their working lives

3.1. Enhancing participation in training by workers in their mid- to late careers

Providing guidance services

In 2015, the labour market services of the Public Employment Service (PES) most commonly used by older workers were training and career counselling (Leetmaa and Nurmela, 2012).

Promoting lifelong learning and development of the adult vocational education and training system

According to the Adult Education Development Plan 2009-2013, activities were implemented to encourage adults aged 30 and above to participate in vocational or higher education (Leetmaa and Nurmela, 2012). Middle-aged and older workers and unemployed persons are participating in vocational training. Vocational training in certain fields is free of charge for these groups. More could be done to develop an adult vocational education and training system, providing training tailored to middle-aged and older workers' experience and learning needs.

Setting up mechanisms for recognising and validating skills

No actions relevant to older workers have been taken.

3.2. Providing effective employment assistance to older jobseekers

Promoting an all-age mainstreaming activation approach

The UI Fund offers all jobseekers labour market services that take the personal needs of every participant into account, irrespective of their age. If a person registers themselves as unemployed, an individual action plan is established that specifies the person's education, qualifications, job experiences and other information relevant to finding a job. Twenty active labour market programmes (ALMPs) were established by the Labour Market Services and Benefits Act and the Temporary Employment Programme for the years 2014-15. Overall, expenditures for ALMPs as a percentage of GDP are comparatively low. Spending on ALMPs will no doubt increase in the next few years, as implementation of the Work Ability Allowance reform will require activation of people with disabilities.

According to the “Older Workers in the Labour Market” survey, older jobseekers often do not contact the PES for assistance. Therefore, in 2013 a Campaign for 55+ workers was launched. The purpose was to inform older workers about the possibility of receiving help from the UI Fund, which is the PES provider. To improve outreach to the 55+ age group, ads were published in newspapers inviting the older unemployed to jobseeking workshops in their local PES offices. The campaign was conducted in all regions of Estonia, in Estonian and in Russian.

Until the end of 2014, people reaching retirement age could not register themselves as unemployed, and so most unemployment services were unavailable for this group. At the beginning of 2015, the UI Fund began to offer several ALMPs to these people. Programme services include support in obtaining job qualifications; the offer of labour market training; matching individuals with work practice opportunities; provision of a business start-up subsidy and follow-up support (mentoring); assistance with adaptation of the workplace; and provision of special job aids and equipment. In 2015, people above the age of 55 represented 17% of all new ALMP participants. The most popular services used by this age group were labour market training, career counselling and job-search training. Since 2017 these ALMPs, including their training measures, are also provided to older workers who are still employed.

Targeting workers most at risk of long-term joblessness

The Estonian Unemployment Insurance Fund provides measures and services such as coaching for working life, job clubs and psychological counselling as well as debt and addiction counselling, work practice, work trials and community work. These activities have been set up primarily for the long-term unemployed.

Providing employment/hiring subsidies to firms

Before 2006, employers received a wage subsidy after hiring registered unemployed individuals who had five years or less left before reaching pensionable age. Since the Labour Market Services and Benefits Act entered into force in 2006, a wage subsidy may be paid for the recruitment of unemployed persons irrespective of age who have been registered as unemployed for more than 12 consecutive months and have not found work during that period.

In order to motivate employers to increase part-time work arrangements, new legislation went into effect in 2010 to support the creation of part-time jobs. To this end, the social security contributions of employers have been reduced under certain conditions. The policy is specifically targeted at the long-term unemployed and persons who are working at more than one job, and older people have a higher risk of being long-term unemployed than other age groups. There are also new activities planned using resources from the ESF for the period 2014-2020. The 2016-2020 action plan for the 2016-2023 welfare development plan contains measures to make social services more effective (European Commission, 2017).

No action to provide in-work benefits to older workers has been taken.

Providing other active labour market policies

Specialist counsellors for persons with disabilities will be available to help those claiming the Work Ability Allowance. These counsellors will each have a caseload of around 100 clients, lower than that of regular case managers. Further, measures for people with disabilities are going to be better targeted as a result of the disability pension reform. Occupational rehabilitation programmes are available through the Social Insurance Fund, which also offers services to those not ready for work for a period of two years. These services include special care for those with severe mental health problems; help with everyday life; social skills development; and help with the initial steps towards moving into work, including help putting together a CV and negotiating special arrangements with potential employers.

Processes for identifying the needs and capacities of people with a disability, as well as information sharing among the different institutions, are being improved. People with reduced work ability can access regular ALMPs (often with a longer duration of the measures) and vocational rehabilitation, sheltered employment and specific counselling. The most popular measures have been the ALMPs available for all

unemployed, in particular the provision of work practice and work-related training. With the introduction of the Work Ability Allowance, specific measures for people with disabilities may be more in demand, as groups that are further away from the labour market will be activated. While in 2016 participation in ALMPs was voluntary, activation requirements are set to become stricter. Results in 2016 are encouraging, as over half of those assessed for the Work Ability Allowance were in paid employment a few months later, and 50% of those who participated in ALMPs on a voluntary basis were in paid work. There are plans to carry out an evaluation of the reform between 2018 and 2021 (Browne, 2017).

Among individuals aged 55-64 who reported not being active in the labour market, a higher share was not searching for work because of a disability or illness compared to the EU average (in 2013) (Duell, Thurau and Vetter, 2016). Although it can be assumed that older workers are more likely to have reduced work ability and are therefore more likely to benefit from the intensified activation, it would be useful to monitor their participation in ALMPs and return to the labour market.

3.3. Enhancing job quality for older workers

Strengthening workplace safety and physical and mental health

The Occupational Health and Safety Act obliges employers to conduct risk assessments; these involve identifying workplace risk factors and evaluating their potential threat to the health and safety of employees, taking their age and gender into account. Since 2009, the employer is also required to devise an action plan to address and avoid safety and health risks for their employees on the basis of the risk assessment. The Estonian Labour Inspectorate regularly carries out different activities to raise awareness among employers and employees regarding the importance of good working conditions. The Estonian Labour Inspectorate publishes a journal on this topic four times a year (*Working Life*). It has organised campaigns – on working with machinery (in 2017), on the right to instruction, on job contract negotiations and, with the European Agency for Safety and Health at Work (EU-OSHA) in 2016, on healthy workplaces for all ages.³

Between 2009 and 2015, the share of companies providing health check-ups for their workers has increased, as has the share of workers participating in activities to promote health in their enterprises (Järvis et al., 2017). More could be done at company level to provide check-ups and preventive health measures to all workers. Gaps are larger for blue collar workers as compared to white collar workers, and in small enterprises as compared to medium-sized and large ones.

Reducing the incidence of arduous/hazardous work

No action relevant to older workers has been taken.

Balancing professional and family responsibilities

Estonia ranks among those countries in the EU that have less generous provisions to combine care for family members with work. The Health Insurance Act, in force since 2002, allows employees to temporarily leave their employment to attend to family members needing care. A care allowance is paid for the first seven days (Eurofound, 2015). More could be done to facilitate combining work and care responsibilities.

3. Further information is available (in Estonian only) at www.ti.ee/est/meedia-trukised-statistika/teavitustegevus/kampaaniad/ (accessed 6 February 2018).

Access to long-term care is still rare in Estonia; this is especially due to a shortage of staff, especially nurses, in rural areas. At the same time, institutional long-term care is too expensive and does not include provision of services on demand. The 2016-2023 welfare development plan includes a number of measures to relieve this care burden. The task force on analysing the long-term care burden is expected to prepare policy guidelines and solutions by the end of 2017 (European Commission, 2017).

Table 1. Late Career Scoreboard, Estonia, 2006 and 2016

	Estonia		EU28 ^a		OECD ^a	
	2006	2016	2006	2016	2006	2016
Demographic situation						
-- Old-age dependency ratio ^b	0.28	0.32	0.28	0.32	0.23	0.28
-- Effective labour force exit age ^c (years)						
Men	63.8	64.8	62.0	63.4	63.6	65.1
Women	65.0	65.3	60.5	62.0	62.3	63.6
Employment						
-- Employment rate, 50-74 (% of the age group)	49.9	56.2	38.3	45.4	47.0	50.8
of which 50-54	80.9	83.8	73.1	77.9	73.8	75.7
55-64	58.2	65.1	49.3	55.3	52.7	59.2
65-69	26.9	31.8	9.1	12.1	20.3	25.5
70-74	9.2	16.3	4.4	5.5	12.0	14.6
-- Gender gap in employment, 55-64 ([men-women]/men)	-0.04	-0.04	0.34	0.21	0.32	0.25
Job characteristics						
-- Incidence of part-time work, 55-64 (% of total employment in the age group)	11.3	9.5	22.1	22.2	20.3	21.1
of which voluntary 55-64 (% of part-time work in the age group)	76.1	86.8	85.4	78.9	87.3	85.2
Average number of weekly hours worked	18.7	18.1	17.1	17.5	16.6	16.9
-- Incidence of temporary work, 55-64 (% of employees in the age group)	2.0	1.2	6.9	6.7	8.9	7.9
-- Incidence of self-employment, 55-64 (% of total employment in the age group)	8.4	10.2	24.1	19.7	38.0	32.8
-- Full-time earnings, 55-64 relative to 25-54 (ratio)	-	-	-	-	1.09	1.10
Dynamics						
-- Retention rate ^d after 60 (% of employees t-5)	46.5	50.7	37.1	48.8	40.3	50.3
-- Hiring rate, ^e 55-64 (% of employees in the age group)	8.8	8.9	6.1	5.8	9.2	9.1
Joblessness						
-- Unemployment rate, 55-64 (% of the labour force aged 55-64)	4.1	8.1	6.1	6.4	4.3	4.6
-- Incidence of long-term ^f unemployment, 55-64 (% of total unemployment in the age group)	51.0	44.7	49.8	63.7	26.3	44.3
-- Marginally attached workers, ^g 55-64 (% of population in the age group)	4.5	4.8	2.4	1.9	1.2	1.2
Employability						
-- Share of 55-64 with tertiary education (% of population in the age group)	27.5	36.1	17.2	22.9	20.0	26.2
-- Participation in training, ^h 55-74 (% of employed in the age group)	3.7	13.5	-	8.5	-	-
Relative to employed persons aged 25-54 (ratio)	0.47	0.73	-	0.66	-	-

a) Weighted averages with the exception of the share with tertiary education.

b) The ratio of the population aged 65 and over to the population aged 20-64.

c) Effective exit age over the five-year periods 2001-2006 and 2011-2016. The effective exit age (also called the effective age of retirement) is calculated as a weighted average of the exit ages of each five-year age cohort, starting with the cohort aged 40-44 at the first year, using absolute changes in the labour force participation rate of each cohort as weights.

d) All employees currently aged 60-64 with job tenure of five years or more as a percentage of all employees aged 55-59 five years previously. Year 2006 refers to 2010.

e) Employees aged 55-64 with job tenure of less than one year as a percentage of total employees.

f) Unemployed for more than one year.

g) Persons neither employed, nor actively looking for work, but willing to work and available for taking a job during the survey reference week.

h) Participation in formal and non-formal training in the last four weeks.

Source: OECD estimations from the *OECD Employment Database*, the *OECD Earnings Distribution Database*, *OECD Education at a Glance* and the *Eurostat Database on Education and Training*.

Table 2. **Implementing ageing and employment policies in Estonia, 2007 to mid-2017**

1. Rewarding work and later retirement	
1.1. Enhancing incentives to continue working at an older age	
<i>Raising the statutory age of retirement</i>	+
<i>Facilitating phased retirement</i>	+
<i>Better combining of pensions and work income</i>	✓
<i>Rewarding longer careers</i>	+
1.2. Towards restricted use of early retirement schemes	
<i>Restricting access to publicly funded early retirement schemes</i>	+
<i>Introducing specific provisions for arduous/hazardous work</i>	/
1.3. Preventing welfare benefits from being used as alternative pathways to early retirement	
<i>Unemployment (insurance and assistance) benefits</i>	/
<i>Social aid</i>	/
<i>Disability benefits</i>	++
2. Encouraging employers to retain and hire older workers	
2.1. Preventing discrimination in employment on the basis of age	
<i>Implementing current or new legislation</i>	+
2.2. Taking a balanced approach to employment protection by age	
<i>Implementing age-neutral measures</i>	+
2.3. Discouraging mandatory retirement by employers	
<i>By law in general and by sector/occupation, private/public sector, region</i>	+
2.4. Encouraging the social partners to implement better retention and hiring mechanisms targeted at older workers	
<i>For all older workers</i>	/

<i>Review of the use of seniority wages</i>	/
2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce	
<i>For all workers</i>	/
<i>In specific areas such as workplace adjustment</i>	+
3. Promoting the employability of workers throughout their working lives	
3.1. Enhancing participation in training by workers in their mid- to late careers	
<i>Providing guidance services</i>	+
<i>Promoting lifelong learning and development of the adult vocational education and training system</i>	/
<i>Setting up mechanisms for recognising and validating skills</i>	/
3.2. Providing effective employment assistance to older jobseekers	
<i>Promoting an all-age mainstreaming activation approach</i>	+
<i>Targeting workers most at risk of long-term joblessness</i>	+
<i>Providing employment/hiring subsidies to firms</i>	+?
<i>Providing other active labour market policies</i>	+
3.3. Enhancing job quality for older workers	
<i>Strengthening workplace safety and physical and mental health</i>	+
<i>Reducing the incidence of arduous/hazardous work</i>	/
<i>Balancing professional and family responsibilities</i>	/
++ = Substantial action taken.	
+ = Some action taken, but more could be done.	
+? = Some action taken, but requires further assessment.	
? = Some action taken with negative impact.	
/ = No relevant action taken.	
✓ = No action needed.	
<i>Source:</i> Assessment based mainly on answers by Estonia to several OECD questionnaires.	

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