

DENMARK



Key policies to promote longer
working lives

Country note 2007 to 2017

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Co-funded by the
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This Country Note was produced with the financial assistance of the European Union.

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KEY POLICIES TO PROMOTE LONGER WORKING LIVES IN DENMARK¹

(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 Denmark (in 2016, 51.9% for those aged 55-74, compared with the EU average of 45.4%). Nevertheless, Denmark could do more to raise the rate and enhance job quality by preventing unsatisfactory working conditions as the country's former government did. In particular, as synthesised in Table 2, Denmark, should combine pensions and work income more judiciously, review the use of seniority wages in the public sector, strengthen workplace safety and physical and mental health, and reduce the incidence of arduous/hazardous work. That said, Denmark has taken substantial action in a number of areas: it has raised the statutory age of retirement; removed mandatory ages of retirement; encouraged good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce; promoted an all-age mainstreaming activation approach; and provided innovative active labour market policies such as the Senior Network.

1. Rewarding work and later retirement

1.1. Enhancing incentives to continue working at an older age

Introduction

The universal “old age” public pension is a basic scheme based on residency (first pillar). A means-tested supplementary pension benefit is paid to pensioners who are the most disadvantaged financially. The second pillar covers two different schemes: a mandatory occupation pension scheme based on lump-sum contributions (the Labour Market Supplementary Pension, ATP), and compulsory occupational pension schemes negotiated by the social partners as part of collective agreements. Together the two schemes cover about 90% of the employed workforce. However, ATP membership is voluntary for the self-employed, who are not covered by occupational pension schemes. The third pillar consists of individual, voluntary pension saving encouraged by several tax exemptions.

The Danish pension system is relatively successful in reducing poverty at moderate budgetary costs. At the same time however, the multi-pillar system is complex due to the combination of flat-rate benefits and benefits based on working time or on earnings subject to means-testing. In 2014 the Danish Government established a Pension Commission to analyse the system and present recommendations for specific policy changes in 2016. The commission has highlighted the trade-offs between work incentives, income insurance and distribution in pension systems as main theme of their work. Overall, the incentives to work and save are lowest for people with relatively low incomes, whose effective marginal tax rate can be high. They do not receive appreciable tax deductions for contributions to pension schemes, and can face relatively high effective marginal tax rates on payments they receive from their pension when they retire.

1. This note has been produced by the Ageing and Employment Policy Team.

The Danish Government elected in June 2015 decided to shut down the Pension Commission. The government implemented a reform in 2017 that addresses the problem of high effective marginal tax rates, primarily by:

- i. Raising the limit regarding earnings for a specific type of pension for people who are within five years of retirement age. For this particular pension the payments are taxed, but the pay-outs are tax- and means-exempted, and hence advantageous regarding the effective marginal tax rates in some cases.
- ii. Reserving money for an upcoming reform to address more generally the problem of high effective marginal tax rates.

Raising the statutory age of retirement

The statutory pension age is currently 65, but according to the 2011 Agreement on Later Retirement it will increase gradually to the age of 67 over the period 2019-2022. Subsequently, the retirement age will be linked to changes in life expectancy. The indexation rule is set so that the period during which a person receives an old-age pension will be about 14.5 years based on life expectancy at age 60. Changes in the statutory pension age will be decided 15 years before they enter into force. The first decision was taken by Parliament in 2015; others will follow at five-year intervals. The retirement age can be increased by at most one year every five years; the first increase due to indexation should take place in 2030 to reach the retirement age at 68. However, there was a massive campaign in 2017 from the Danish Confederation of Trade Unions “A Fair Pensionable Age”. According to polls, seven in ten Danes are opposed to a higher retirement age.

The ATP pension age will rise in line with the statutory retirement age.

Better combining pensions (or partial pensions) and work income

According to OECD (2017), income from work up to DKK 60 000 yearly is not taken into consideration when calculating (income testing) the pension supplement or the supplementary pension benefit. No analysis is available to discern whether this ceiling acts as a disincentive to combine work and retirement. There are currently around 40 000 self-employed persons working past the statutory age of retirement.

Facilitating phased retirement and rewarding longer careers

There is no possibility of taking up public old-age pensions early, but take-up could be deferred for up to a maximum of ten years (currently not after age 75). The increment for deferring the pension for a year is the ratio of the period of deferral to average life expectancy at the time the pension is drawn.² From 2011, working at least 750 hours a year is a criterion for receiving an increased pension by deferring take-up. The number of hours in work required to receive the increase was halved over the past decade in order to stimulate people to work longer.

1.2. Towards restricted use of early retirement schemes

Restricting access to publicly funded early retirement schemes

To be eligible for voluntary early retirement pensions (VERPs), workers must be members of an unemployment insurance fund (UIF) for at least 30 years and must have paid early retirement contributions

2. For example, if population projections show life expectancy for a 68-year-old to be 17.1 years, the increment for deferring for a year from age 67 would be $1/17.1 = 5.8\%$ (OECD, 2017).

during this period. Membership is voluntary. Currently, only around three out of four persons in the labour force (counting both employees and the self-employed) are members of a UIF. UIFs managed by the unions are responsible for payment of UIBs, but they also help members in their job-search.

Changes are being made to VERPs that are in the right direction. The VERP age is gradually being increased from 60 in 2014 to 64 in 2023; thereafter it will be linked to improvements in life expectancy, following an indexation rule from 2027. The indexation procedure is similar to the one for the old-age pension, but the indexation decision will be taken 12 years before entering into force, compared with 15 years in advance for the old-age pension.” The duration of a VERP benefit will decrease from five to three years over the period 2018-2023. These new rules will apply to people born after 1 July 1959.

Introducing specific provisions for arduous/hazardous work

The pay-as-you-go, tax-financed disability pension is for people who have permanently lost their work capability. There are no eligibility requirements in relation to contributions or career record. To a limited extent, it is possible to combine disability pension with income from work. The size of the disability pension depends on the civil status and claimant status of the household. In 2016, the taxable disability pension amounted to EUR 2 430 per month for a single person and EUR 2 040 for married and cohabiting people. The amount decreases with income from earnings, pensions, alimony and capital.

Following universal rules, Denmark does not have a policy mix targeted at persons engaged in arduous/hazardous work (AHW). There are no legal definitions or classifications of AHW and no corresponding categorical schemes to address them. However, according to Kvist (2016), a ruling was implemented in the disability pension system for older workers in 2014. It allows for a fast-track procedure: persons do not have to undergo the extensive work tests otherwise obligatory to be able to become eligible to the disability pension. People who have worked an average of at least 27 hours/week over the preceding 20-25 years and are within five years of old-age retirement are eligible to receive a senior disability pension (SDP). However, the fact that far fewer people were granted it than predicted is generally perceived as a sign that the scheme has failed to reach its objective. The SDP was meant to benefit those workers who could not realistically be expected to benefit from the reform’s rehabilitation measures and the higher pension age.

Since 2014, 938 people have been receiving the SDP. In Q2 2017, it was awarded to 74 people, while 1 819 people were awarded a standard disability pension. There is a gender imbalance in SDP awards in favour of men, which may be caused by women having less stable work careers than men.

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

Unemployment (insurance and assistance) benefits

In 2011, legislation to reduce the maximum duration of unemployment insurance benefits (UIBs) from four to two years and to harmonise the length of time it takes to earn the right to claim the benefit to 52 weeks’ work in the past three years passed through the Danish Parliament. This regulation is applicable to workers whose unemployment period began after 1 July 2010.

A relatively rapid phase-in of the shorter maximum duration of UIBs, combined with a difficult labour market, led to an increasing number of people who found themselves without any rights to social benefits. To dampen the negative effects of the reform, people who have exhausted their rights to UIBs in 2013 could be eligible to a special education allowance; the duration of this benefit is a maximum of twelve months for those who became unemployed in the first half of the year, and of six months for those who became unemployed in the second half of the year. Temporary legislation provides those who have

exhausted their rights to other unemployment support in the period 2015-2017 with access to this social assistance with less means-testing.

The UIB reform eases the rules for jobseekers with short or interrupted employment records to extend benefit rights, and could thereby improve incentives for seeking temporary jobs, and for those in temporary jobs, to contribute to the UIB scheme. All in all however, the system remains complex, and has perhaps become even more so due to the 2015 reform (Klein and Aggerstrøm Hansen, 2016).

In June 2016 adjustments were made to the unemployment insurance scheme in the interests of creating better work incentives through rendering the scheme more dynamic. The main purpose is to strengthen the incentive to take on all types of employment during the unemployment benefit period. In the new system, the insured unemployed person can use the hours worked during the benefit period to extend that period from two years to a maximum of three years by taking on work, or save the hours for later application for a new benefit period. Prolongation of the benefit period is largely financed by a reduction in the unemployment benefit rate for UIF members without children: from 82% of the maximum benefit rate to 71.5%. It is still too early to assess the long-term impact of this policy change, in particular for older workers.

Disability benefits

Since 2012, Danish employers have been paying full income for the first 30 days of sickness absence; thereafter, the municipalities take on this responsibility. The municipalities are also in charge of helping sick-listed people back to work.

The caseload of persons receiving disability benefits is relatively high in Denmark, although there has been a small decline for the oldest age groups over recent years. The disability pension reform in June 2012 restricted access to disability benefits to individuals over 40, and introduced a rehabilitation programme stipulation prior to being able to receive the benefit. This rehabilitation programme focuses on assessing the individual's working capacity and lending support for health issues. The "flexjob" scheme, revised at the same time, allows for a reduction in working time or an adaptation of working conditions depending on the needs of the individual. From January 2013, there is no lower limit to the number of hours worked (previously it was 12 hours) with the objective of keeping as many individuals in the labour force as possible. Employers pay salaries for the actual work performed and municipalities pay an extra wage subsidy. The flexjob scheme does not target older people in particular, although more than half (58%) of the individuals in flexjobs in 2017 were above the age of 50. The high shares of middle-aged and older people in the scheme is an argument for regular employability assessments and for putting a stop to granting people over the age of 40 a permanent place after the first five-year period. A thorough analysis is under way on all aspects of the reform; it will be published in 2018.

To further improve outcomes, the rehabilitation process was reformed in 2013 with the aim of giving people individual, tailor-made assistance to come back to work. These programmes are designed by municipalities with the aim of promoting the working capacity of individuals. Reassessment of entitlement has been moved forward from the previous twelve months of benefit receipt to five months. A person who loses entitlement to the benefit but is not able to return to the previous job will be entered into a so-called "resource process". During the resource process, people are granted a benefit at the level of social assistance, but exempted from income testing. A resource process can be granted for periods of one to five years' duration. If the person is not back in work during this period but is still assessed to be a likely candidate for a return later on, further resource process periods can be granted. People can apply for a disability benefit without previous participation in a rehabilitation programme if they have permanently reduced capacity to work; a maximum five years remaining until eligibility for the old-age pension; and recent labour participation of at least 20-25 years measured on a full-time equivalent basis.

Social aid

Reforms were made to the social aid system with the aim of removing inactivity traps and stimulating incentives to work. In October 2016, a social aid benefit ceiling and a work requirement entered into force. The ceiling sets a limit to the total amount of social benefits that can be received and if the limit is exceeded, the housing allowances and special support will be reduced. The work requirement – the so-called 225-hour rule – implies that those recipients who take at least 225 hours of work over 12 months, corresponding to six weeks of full-time work, maintain the right to receive the full amount of social aid benefits. This seems to have had a positive effect: since introduction of the 225 rule, there has been a considerable rise in the number of people who carry out some work while on benefit. A recent analysis from the Ministry of Employment shows that 25% more people on benefit found work in the period from April to September 2016 (Preisler, 2017). However, very few recipients of social aid are older people.

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

Labour market discrimination on the basis of race, colour, religion or belief, political opinion, sexual orientation, age, disability or national, social or ethnic origin is covered by the Act on Prohibition against Discrimination on the Labour Market from 1996, with subsequent amendments. The latest Anti-Discrimination Consolidation Act from 2017 combats age-based discrimination by preventing employers from discriminating either directly or indirectly in recruitment, employment, and dismissal practices. The prohibition in relation to age applies to both older and younger employees.

Collective labour agreements (CLAs) may include age provisions as long as they meet the requirements stipulated under the act. In addition, the act does not prohibit employers, as part of the human resources policy of the company, from offering its older staff special working conditions intended to promote employment opportunities for that part of the company team. For instance, some companies have agreements specifically targeted at “seniors” (the usual term for older workers in Denmark (see more in Section 2.5)).

Launching public awareness campaigns

To raise awareness of age-based discrimination, the Danish Government has undertaken a number of information campaigns and initiatives in co-operation with the social partners since the 1990s. Even so, there has sadly been an increase in the number of age-discrimination complaints, though there are currently few court cases. Nevertheless, the government is planning to launch a public awareness campaign to point out the multiple financial benefits of deferring retirement. The aim is to motivate “seniors” to stay in employment after the statutory retirement age. The campaign is set to take place beginning in Q2 2018.

2.2. Taking a balanced approach to employment protection by age

The overall level of protection of permanent workers against individual and collective dismissals in Denmark approximates the OECD average (OECD, 2015). The introduction in 2010 of minor elements of severance pay (e.g. severance pay for blue collar workers who had been employed for more than three years) is a small step towards more restrictive employment protection. In the CLAs conducted in the private sector in the Q2 2012, trade unions demanded this new element to balance the decline in income security in the UI system due to the declining replacement rate since the early 1980s, the shortening of the duration of UI benefits, and the tightening of rules for regaining the right to UI benefits. With the renewal of CLAs in the private sector in 2017 for instance, the Industry Agreement gives seniors the right to

exchange pension payments for a “senior day off”(up to 32 days a year), a form of phased retirement option.

Implementing age-neutral measures

In Denmark, there is legal protection against dismissals on the basis of age in the Act on Prohibition against Discrimination on the Labour Market (see above). In addition, according to subsequent amendments in the Anti-Discrimination Consolidation Act in 2008, if a worker faces dismissal on the basis of age, they have the opportunity to file a complaint (free of charge) with the Board of Equal Treatment. The board may award compensation and may ignore dismissals to the extent provided for by said acts. The board, which began exercising powers on 1 January 2009, covers all fields of discrimination stipulated in Danish anti-discrimination legislation today. The latest Consolidation Act on the Board of Equal Treatment is from 2016.

2.3. Discouraging mandatory retirement by employers

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

The mandatory retirement age of 70 for civil servants was abolished in 2008. New provisions came into force in January 2016 making it illegal in the private sector for collective or individual agreements to require employees to retire by 70. There is thus currently no mandatory retirement age in Denmark.

In the view of the elderly association *DaneAge*,³ that is a step in the right direction. The association’s main message is that people must have the opportunity to work as long as they have the desire and the qualifications. In addition, many older people today have levels of energy higher than previously seen in this group, and still very much have something to offer.

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

For all older workers

Most CLAs include a framework for specific schemes relating to older workers. Nonetheless, for many experts there is insufficient commitment on the part of employers to implement these measures in their own work environment. Particularly in sectors facing labour shortages, employers should be made more aware of opportunities to enlarge their workforces by hiring older workers.

Review of the use of seniority wages

In Denmark, the Ministry of Employment does not take part in legislation or policies on connections between skills, performance and wages. Wages and working conditions are primarily regulated through CLAs concluded by the private sector social partners at branch or company level and by public sector trade unions and employers’ organisations. Legislation covers specific topics such as health and safety, holiday entitlements, sickness benefits, equal treatment, equal pay and maternity/paternity leave.

According to Andersen (2017), there has been a move from a highly centralised wage-setting system toward a model of so-called “centralised decentralisation” over the past decade. With centralised decentralisation, collective arrangements retain their role of regulating labour market conditions, while wage determination becomes more decentralised. CLAs in the private sector generally link wages to

3. www.aeldresagen.dk/om-aeldresagen/aeldresagen/in-english (accessed 15 February 2018).

performance; by contrast, performance plays only a small role in the public sector wage-setting system. The Danish Productivity Commission, established by the government in 2013 in the face of low levels of productivity growth, has recommended drawing closer connections between skills, performance, and salaries.⁴

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

For all older workers

The social partners in Denmark are very active in supporting older workers, and have jointly developed a website that older workers can use to help them shape their career and foster their health and well-being.⁵ The website has four themes: working life, social networks, spare time, and finances. A series of questions is posed for each theme; these are intended to guide the worker through a number of issues and to help them think actively about their future working life.

Some CLAs contain measures promoting age diversity embedded in a life-course perspective. Employers should be encouraged to implement these measures and opt for a more age-diverse staff. The Working Environment Council for Services has guidelines on diversity called “The inclusive labour market – How do we create room for all?” It includes material on older workers that deals with subjects like senior policy, early retirement and partial pensions (Andersen, Petersen and Fries-Tersch, 2016).

Most private-sector CLAs, such as the trend-setting Industry Agreement 2012-2014, require local company-level agreements in which the parties determine the design of reduced working hours based on the individual’s wishes and the company’s operational needs. Some companies have senior agreements, which are viewed as an opportunity instead of a right. Older workers are a diverse group and not all older workers want specific agreements and working conditions – either because they want to continue on unchanged terms and conditions, or because they are set on retiring at a certain time. However, senior agreements can allow the employer to retain older workers a little longer. Where senior agreements have been arranged, they must comply with general labour legislation and applicable collective agreements. In practice, these agreements can differ considerably from company to company and from person to person at the same workplace. For example, an agreement could be in place to use the older worker for specific tasks or as a temporary worker, even though the employee has retired (CIPD, 2016).

As part of the 2013 CLA in the municipal sector agreed by the social partners, it is possible to make changes to working conditions above the age of 52 until retirement – for example, by reducing working hours or changing work tasks. Senior agreements could be used in situations where there is a need to encourage experienced workers above the age of 54 to stay on, for example the offer of additional pay, retirement benefits, or extra pension. Employees aged 60 are entitled to two days of extra holiday per year, three days from the age of 61, and four days from the time they reach 62. Some groups obtain this right when they reach 58, and some groups have the right to five days each year. In addition, older workers have the right to a special career review each year in which to discuss their wishes and expectations with regard to working life.

The 2014 CLA between the trade unions and the Danish Chamber of Commerce includes several measures that could be implemented in firms. Reduced working hours could be granted to employees above the age

4. <http://produktivitetskommissionen.dk/media/133600/Kommissoriet%20p%C3%A5%20engelsk.pdf> (accessed 15 February 2018).

5. <https://fagligsenior.dk/?lang=nl> (accessed 15 February).

of 60, an arrangement that would be partially financed by money from the occupational pension scheme.⁶ Additional measures could involve redeployment, including flexjobs, retirement jobs, flexible working hours or consultancy. Generally, older workers' employment should be part of the human resource development of the firm and discussed at the general staff appraisal interviews.

The special website *Senior Praksis* established by the Ministry of Employment in 2004 and currently managed by the National Labour Market Authority (STAR), presents information and advice on senior policies at the company level for both employers and employees. What is valuable here is that the website is part of a dynamic and inclusive network to promote a diverse workforce in Denmark.⁷ A task force was appointed in April 2015 to propose initiatives aimed at improving the position of seniors in the labour force. The task force was disbanded by the government elected in June 2015. The incumbent government is planning to appoint a new task force in spring 2018 with the same aim. That task force is set to operate until June 2019.

3. Promoting the employability of workers throughout their working lives

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

Denmark is among the EU countries with the highest level of participation in adult education and continuing training, competence development at work, and liberal adult educational activities. Older workers also participate more frequently in training in Denmark than in most other European countries. Slightly more than 20% of Danish workers aged 55-74 declared in 2016 that they did participate in formal and non-formal training in the past four weeks, much above the EU average (8.5%) (Table 1). This can be attributed to a number of factors: public and private investment in this area is high; education and training activities are related to work; and these activities involve the social partners in the workplace (CIPD, 2016).

The 2016 tripartite agreement between the government and the central organisations of both social partners established an expert committee to find solutions to strengthen adult and continuing training and education. The main challenges are ensuring qualified labour for a Danish labour market facing skilled labour shortages, and adapting all workers to digitalisation and automation. The similar 2017 tripartite agreement provided a funding of DKK 2.5 billion over a four-year period to strengthen the opportunities for adult education and retraining.

3.2. Providing effective employment assistance to older jobseekers

Promoting an all-age mainstreaming activation approach

The 2014 active labour market policy reform aims at shortening the unemployment spells and ensuring sustainable employment, with a preventive focus on the recently unemployed. Following the 2014 reform, the Parliament has amended regulations to simplify activation procedures. Most of the new regulations entered into force in 2015, including changes to the content of the active labour market programmes (ALMPs) and to the organisation of the Public Employment Service (PES, or jobcentres).

6. See for instance the services provided by the occupational pension scheme PFA, at <https://english.pfa.dk/individual/introduction-to-pfa/welcome-to-pfa/> (accessed 16 February 2018).

7. www.seniorpraksis.dk/ (accessed 12 February 2018).

Two important aims are to reduce overlap between the jobcentres and UIFs, and to strengthen the individual's approach to job-search and activation. Co-operation between both institutions will be improved and the sharing of information (including databases) extended, so that jobseekers will have more choice and support. Two measures are particularly important: the job-log and the self-booking system. The unemployed register all job-search activities in a digital joblog. This will help give them an overview and improve the guidance by jobcentres and UIFs about job-search. The unemployed are also responsible for arranging the meetings with the jobcentres and UIFs.

In addition, municipalities must offer better and more individualised support to the unemployed. This entails a state-to-municipality reimbursement for ALMPs provided to the unemployed, which is gradually reduced the longer the individual is unemployed. This “down staircase model” reinforces the economic incentives for municipalities to favour effective active measures and avoid citizens entering into long-term unemployment. A job café is the central element in many municipalities to help unemployment benefit claimants who are ready to work. The job café helps people find concrete work opportunities via online search platforms, in particular through teaching how to contact a business, how to use networks while looking for jobs, how to write a CV, and how to be well prepared for a job interview. The job café is a voluntary measure and people usually apply to join via a job advisor or a jobcentre caseworker.

Targeting workers most at risk of long-term joblessness

Denmark has fewer long-term unemployed than the rest of Europe. The incidence of long-term unemployment (LTU) among the unemployed increases with age however, in Denmark as everywhere else in Europe. In 2016, the LTU incidence was 27% for the age group 25-54 versus 40% for the age group 55-64 in Denmark (respectively 50% and 27% on average in Europe). In addition, according to the OECD (2016), older workers are among the most affected groups of displaced workers in Denmark, as they are penalised in one or several of the following ways: a higher displacement rate; lower re-employment prospects; and a higher earnings/wage penalty when finding a new job. This calls for attention to rapid intervention re-employment services. It is thus welcome that in Denmark, those unemployed over the age of 50 have to be offered an activation programme within three months; for the unemployed aged 30-50, it is within six months.

A booklet entitled “How do people on the fringes of the labour market find paid work?” was prepared in 2016 by the Danish Agency for Labour Market and Recruitment – STAR – which is under the Ministry of Employment (Preisler, 2017). It aims to inspire jobcentres in all municipalities to work even more purposefully helping citizens on the fringes of the labour market find casual jobs which are not backed up by public money support.

An exception to the universal activation approach is the so-called “seniorjob” scheme, which was written into the 2006 Welfare Agreement as part of a package to promote later retirement. As a result, as of 2008 municipalities have to offer a seniorjob to older unemployed persons whose UIB has expired and who are entitled to the VERP scheme within the next five years. Older unemployed people who are not members of a UIF with a VERP scheme are not eligible for a seniorjob, but can be offered universal ALMPs. A seniorjob is subject to contractual terms determined by the CLAs, but is regarded as a sheltered job, and as such cannot provide accrual of new UIBs. According to OECD (2015), the transition rate of a seniorjob into a regular job is low due to well known “lock-in effects” until retirement. The seniorjob scheme should therefore be progressively phased out or at least reformed to generate incentives to return to regular jobs.

In the period 2010-2012, the number of people in seniorjobs was fewer than 200 at any given point. However, due to the difficult labour market situation and the abrupt decrease in the maximum duration of UIBs, the inflow to the scheme increased exponentially: in 2014, 4 872 people were granted a seniorjob. The Ministry of Employment forecasts that the inflow will decrease from 2016, when the shorter duration

of UIB is fully phased in. Accordingly, 4 173 individuals were in a full-time seniorjob in August 2016, and 3 825 in August 2017.

A lump sum (job prize) was introduced in April 2017 and runs for two years. Long-term unemployed having received UIB or social welfare benefits for more than one year by November 2016 receive a job prize equivalent to up to 10% of a person's income for no more than 18 months – a possible total of EUR 6 000. According to Professor Henning Jørgensen, interviewed by Preisler (2017), previous job prize experiences have been very negative in Denmark. "Research shows that a lack of motivation for work is not the primary problem for the long term unemployed. Their problem is rather a lack of opportunity to offer their labour on the open labour market. This is often because the long term unemployed have a lot of other things to deal with, like illness or social problems."

Providing in-work benefits to workers

In 2008, a temporary tax credit arrangement was proposed for persons who would turn 64 between 2010 and 2016 and would stay at work. The aim of the tax credit was to increase employment among seniors by giving individuals greater financial incentive to work longer.

Providing other active labour market policies

The "Senior Network" introduces an innovative practice: unemployed older workers are reaching out to employers directly through participation in teams to find jobs for themselves or to promote other older workers as a resource. These local independent networks receive financing from the public budget (DKK 6.2 million in 2016); in relying on the efforts of members, the networks ensure a dynamic and enthusiastic approach to job-search. There are currently 23 Senior Networks throughout all of Denmark.

As a result of the 2014 reform, DKK 10 million has been allocated for use in initiatives and projects that will improve job matching for older unemployed people. Five projects with five different UIFs have been launched. In particular, they will focus on seniors challenged by fatigue or having outdated skills.

There is a job-rotation scheme that is part of ALMPs. This scheme allows the temporary replacement of employed people taking up education with unemployed people. The employer in the private or the public sector decides which education the employee takes. The employer gets a flat-rate amount of EUR 24 per hour of replacement. There were 903 people in job-rotation schemes in 2016, of which 274 (30%) were older than 50.

3.3. Enhancing job quality for older workers

Strengthening workplace safety and physical and mental health and reducing the incidence of arduous/hazardous work

As a result of the Danish Welfare Agreement of 2006, a specialised body called the Prevention Fund was established in 2007. The fund grants financial assistance to enterprises and organisations interested in initiating innovative measures to reduce attrition in working life and to improve occupational health and safety in the workplace. Most of the measures make no mention of age. From 2012, the government's initiative "A good and long working life for everybody" defines the fund's work in ten measures. The main objective is to prevent burnout and attrition caused by poor safety and health conditions in the workplace, and to secure and retain the citizens' foothold in the labour market. In 2013 the name of the fund changed to the Fund for Better Working Environment and Labour Retention.

To encourage better working lives, this fund launched “Prevention self-help kits” with financial assistance to enterprises in 2012. The kits provide step-by-step instructions for improving health and safety conditions and employees’ health in industries with a high risk of early exit and burnout. These kits are very popular and offered subsidies to enterprises in 13 different industries in 2014. In order to promote a better working life for older workers, the “Senior Starter Kit” was added in 2013. The starter kit helps firms diagnose their senior situation by highlighting health and safety at work specifically for that group as well as providing general information about seniors’ health; promoting dialogue about the qualifications and skills of older workers; and encouraging consideration for the special needs of seniors and for their access to flexible working arrangements. When the Senior Starter Kit was launched, only small and medium-sized enterprises (SMEs) were allowed to apply for it, but this limitation was later removed.

In 2011, a large majority of political parties agreed on a new strategy for the working environment towards 2020. Concrete goals were established for and prioritisation accorded to the Working Environment and the National Working Environment Authority, with a focus on reducing number of accidents at work; improving the physical working environment; and reducing the numbers of people with musculoskeletal disorders. The Minister of Employment has initiated an expert committee with the aim of rethinking the measures of securing occupational health and safety in the workplace. The members in the committee are researchers and representatives of the social partners. The committee chairwoman is the former Minister of Finance. The committee must conclude its work by mid-2018. The committee will report to the government.

Unfortunately, the government elected in 2015 has chosen to cut a large portion of the funds of the National Working Environment Authority for 2016. In addition to this, the Fund for Better Working Environment and Labour Retention has been discontinued, and 2015 was the last year that companies could apply for the different kits. These changes are not leading in the right direction, as promoting prevention of unsatisfactory working conditions in firms is crucial.

Balancing professional and family responsibilities and facilitating job mobility

There is marked progress in these issues, as shown in the CLAs described in Section 2.5.

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

	Denmark		EU28 ^a		OECD ^a	
	2006	2016	2006	2016	2006	2016
Demographic situation						
-- Old-age dependency ratio ^b	0.25	0.33	0.28	0.32	0.23	0.28
-- Effective labour force exit age ^c (years) Men	63.9	63.7	62.0	63.4	63.6	65.1
Women	62.2	63.1	60.5	62.0	62.3	63.6
Employment						
-- Employment rate, 50-74 (% of the age group)	50.8	51.9	38.3	45.4	47.0	50.8
of which 50-54	84.3	83.8	73.1	77.9	73.8	75.7
55-64	60.7	67.8	43.3	55.3	52.7	59.2
65-69	12.3	19.1	9.1	12.1	20.3	25.5
70-74	5.4	8.8	4.4	5.5	12.0	14.6
-- Gender gap in employment, 55-64 ([men-women]/men)	0.19	0.12	0.34	0.21	0.32	0.25
Job characteristics						
-- Incidence of part-time work, 55-64 (% of total employment in the age group)	20.8	22.3	22.1	22.2	20.3	21.1
of which voluntary 55-64 (% of part-time work in the age group)	82.9	86.4	85.4	78.9	87.3	85.2
Average number of weekly hours worked	19.2	17.7	17.1	17.5	16.6	16.9
-- Incidence of temporary work, 55-64 (% of employees in the age group)	4.4	5.9	6.9	6.7	8.9	7.9
-- Incidence of self-employment, 55-64 (% of total employment in the age group)	13.4	11.8	24.1	19.7	38.0	32.8
-- Full-time earnings, ^d 55-64 relative to 25-54 (ratio)	1.02	1.01	-	-	1.09	1.10
Dynamics						
-- Retention rate ^e after 60 (% of employees t-5)	39.8	50.0	37.1	48.8	40.3	50.3
-- Hiring rate, ^f 55-64 (% of employees in the age group)	9.2	10.2	6.1	5.8	9.2	9.1
Joblessness						
-- Unemployment rate, 55-64 (% of the labour force aged 55-64)	3.9	4.0	6.1	6.4	4.3	4.6
-- Incidence of long-term ^g unemployment, 55-64 (% of total unemployment in the age group)	46.7	40.3	49.8	63.7	26.3	44.3
-- Marginally attached workers, ^h 55-64 (% of population in the age group)	0.8	1.6	2.4	1.9	1.2	1.2
Employability						
-- Share of 55-64 with tertiary education (% of population in the age group)	28.5	29.9	17.2	22.9	20.0	26.2
-- Participation in training, ⁱ 55-74 (% of employed in the age group)	24.6	21.5	-	8.5	-	-
Relative to employed persons aged 25-54 (ratio)	0.78	0.74	-	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) Mean gross hourly earnings. Year 2016 refers to 2015.

e) 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.

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

g) Unemployed for more than one year.

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

i) 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 Denmark, 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>Better combining pensions (or partial pensions) and work income</i>	+?
<i>Facilitating phased retirement and 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>Disability benefits</i>	+
<i>Social aid</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>	+
<i>Launching public awareness campaigns</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 older workers</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	+
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 in-work benefits to workers</i>	+
<i>Providing other active labour market policies</i>	++
3.3. Enhancing job quality for older workers	
<i>Strengthening workplace safety and physical/mental health and reducing the incidence of arduous/hazardous work</i>	+?
<i>Balancing professional and family responsibilities and facilitating job mobility</i>	+
<p>++ = 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.</p> <p><i>Source:</i> Assessment based mainly on OECD (2015) and answers by Denmark to several OECD questionnaires.</p>	

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