

Expected life years after labour market exit

Key Results

The expected life years after labour market exit indicator measures the remaining life expectancy at the average age of labour market exit by gender. In 2022, the OECD average was 22.8 years for women and 18.4 years for men. Luxembourg had the highest expected duration for women equal to 27.8 years, with France highest for men at 23.3 years. The lowest remaining life expectancy equalled 14.0 years for men in Lithuania and 18.1 years for women in Mexico. The average number of expected life years after labour market exit across OECD countries has sharply increased over time. In 1972, women and men in the OECD countries could expect to live about six years fewer after labour market exit compared to now.

This indicator measures the remaining life expectancy at the average age of labour market exit. Women can expect to live 26 years or more after exiting the labour market in France, Luxembourg, Slovenia and Spain (Figure 6.15, Panel B). Similarly, men can expect to survive more than 22 years after labour market exit in Belgium, France, Luxembourg and Spain (Figure 6.15, Panel A). Women's remaining life expectancy at the average age of labour market exit was below 20 years in Lithuania and Mexico, and men's was below 15 years, in these two countries and in Colombia, Costa Rica and Hungary.

Men typically can expect to live 4.3 years less than women after labour market exit on average in the OECD (Figure 6.15). In Costa Rica, Colombia, Greece, Hungary and Poland, the gender gap was six years or more. This gap between men and women is due to both higher life expectancy and lower labour market exit age among women. The gender gap in life expectancy at 65 years is equal to 3.2 years on average (see above in this chapter) while the gender gap in average labour market exit age is equal to 1.2 years (Figure 6.13). Longer periods after labour market exit expose women to old-age income poverty (cf. Chapter 7), as in some countries price indexation magnifies the impact of gender pay gaps, observed in all OECD countries, on pension benefits.

The average length of life after labour market exit has increased over time. In 1972 men in OECD countries spent on average 12.5 years of life after their exit from the labour market while by 2022 they could expect a duration of 18.4 years (Figure 6.16, Panel B). Women's life expectancy at labour market exit equalled 16.5 years on average in the OECD in 1972, which increased to 22.8 years in 2022 (Figure 6.16, Panel A).

The increase in the expected lifetime after labour market exit from 1972 to around 2000 is due to both a drop in the

effective exit age from the labour force and increased longevity. Since then, expected life years after exit from the labour market have rather stabilised as continuing life expectancy gains in old age have been offset by increases in labour market exit ages.

Definition and measurement

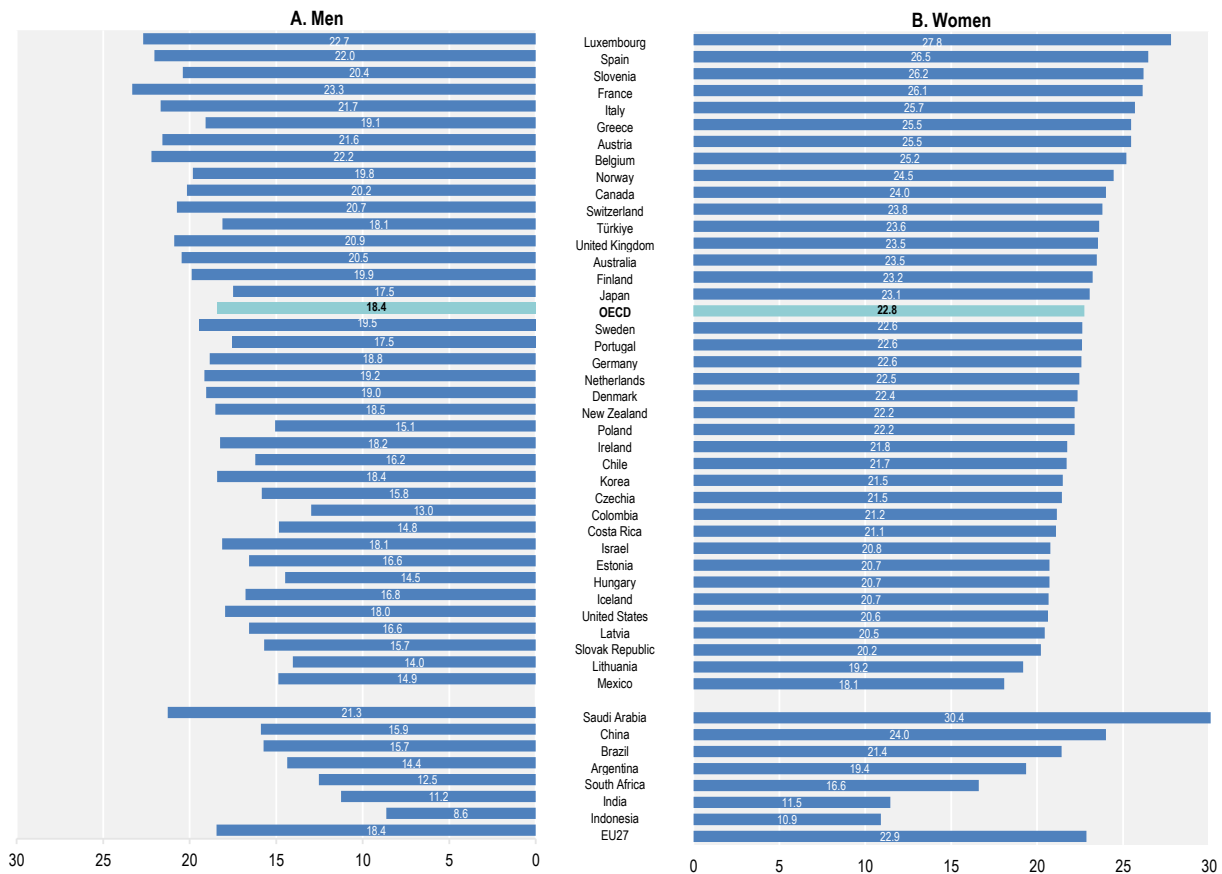
Expected life years after labour market exit for women and men is measured as the respective remaining life expectancy at the average age of effective labour market exit. Estimates of remaining life expectancy are calculated based on the UN World Population Prospects – The 2022 Revision dataset.

The average effective age of labour market exit is defined as the average age of exit from the labour force for workers aged 40 and over. In order to abstract from compositional effects in the age structure of the population, labour force withdrawals are estimated using changes in labour force participation rates rather than labour force levels. These changes are calculated for each (synthetic) cohort divided into five-year age groups. Each age group is weighted by its average population share among OECD countries. Based on this methodology, absolute numbers for a given country should be interpreted cautiously. However, comparisons across countries or through time within countries are robust.

Further reading

Boulhol, H. and M. Keese (2021), *A method for calculating the average age of labour market exit*, OECD, <https://www.oecd.org/els/soc/Labour-Market-Exit-Age-Methodology.pdf>.

Figure 6.15. Remaining life expectancy at average labour market exit age, by gender in 2022

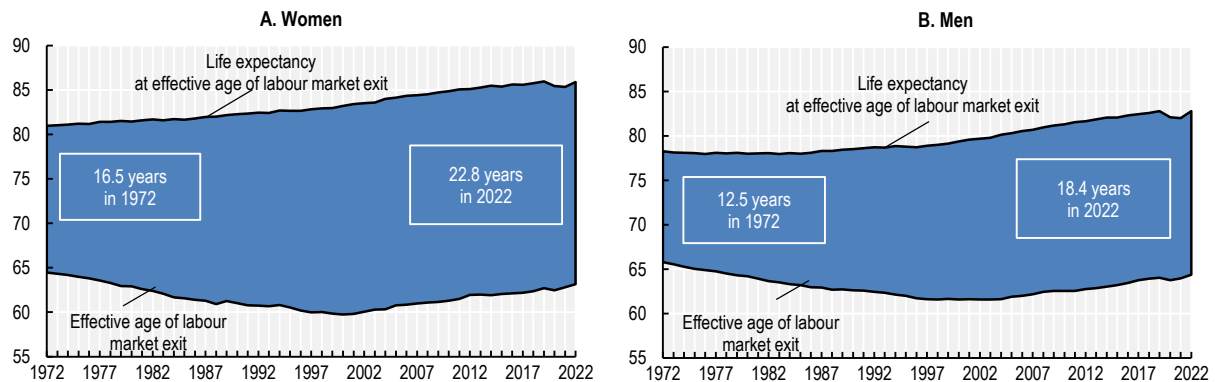


Note: Numbers in parenthesis indicate the average effective age of labour market exit in 2022 by gender. Life expectancy at labour market exit is based on period-specific mortality rates.

Source: OECD calculations based on United Nations Population Prospects: 2022 Revision, exit ages: see previous section.

StatLink <https://stat.link/2m493q>

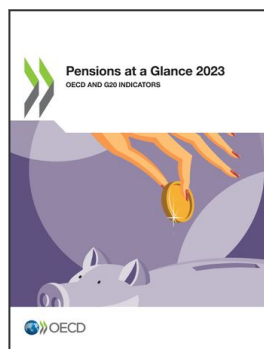
Figure 6.16. Expected life years after labour market exit, OECD average 1972-2022



Note: Life expectancy at labour market exit is based on period-specific mortality rates.

Source: OECD calculations based on United Nations Population Prospects: 2022 Revision, exit ages: see previous section.

StatLink <https://stat.link/4jxiyq>



From:

Pensions at a Glance 2023

OECD and G20 Indicators

Access the complete publication at:

<https://doi.org/10.1787/678055dd-en>

Please cite this chapter as:

OECD (2023), “Expected life years after labour market exit”, in *Pensions at a Glance 2023: OECD and G20 Indicators*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/4a18ef84-en>

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