

Employment in later life, exit from the labour market and extension of working lives

Introduction and context

Europe's demographic ageing presents a profound challenge to labour markets, exacerbating shortages as working-age populations shrink and pension systems strain under growing retiree numbers combined with longer life expectancies after retirement. While the main tension might seem between longer lives and labour market pressures, these tensions are only part of a larger story about the lack of cultural scripts around changes in how retirement intersects with other life course changes. Recent analyses look at how these cultural scripts around later life events like retirement should instead be replaced by a more flexible approach to life course that would better sustain labour markets and the diversity of individual experiences of older ages ([Age Platform, 2023](#)).

The main objective of this current report is to give a short overview of the main challenges and opportunities in later life employment.

While migration can respond to some labour shortages and specific sectors, retention of older workers, extension of working lives, and re-entry of older persons on the labour market represent another set of solutions connected to demographic ageing. These focus is not only on labour force perspectives, but also on larger perspective connected to active ageing inclusion across the lifecourse. Solutions like extending working lives are not equally possible for all workers because of socio-economic inequalities and gender differences in private lives arrangements ([Precupetu, 2024](#)). Working post-retirement sometimes clashes with entrenched ageism and the burdens of care work (especially for women) ([Eurofond, 2025a](#)), trapping many older individuals in a liminal "NEER"¹ status, while revealing stark gaps between normal and effective retirement ages.

Retention of older workers in the labour force has increased. The retention rate increased from 44% in 2010 to 57 % in 2022, but this does not reflect good decent working conditions for all, with one-third of older workers enjoy empowered roles with high job quality, whereas one in five face high-risk positions marked by the greatest job strain ([Eurofound, 2025a](#)). Additionally, there are significant differences in how individuals from each country adopted different exit or post-retirement routes with Estonia (68.7%) Iceland (65.2%), Ireland (57.4%), Lithuania (56.4%), and Sweden having the highest

¹ NEER consists of older persons who are neither in education, employment, nor retirement and they reflect competing trends on the labour market at the intersection of societal representation of old age.

rate for pensioners continuing working or re-entering the labour market, while Romania (3.9%), Greece(7%), and Spain (7.6%) have the lowest share ([Eurostat 2023](#)).

Work exit and retirement routes

Work exit routes

Work exit routes describe how individuals leave the labour market, with patterns shaped by national and local regulations. For older workers, a typology captures multiple transition pathways influenced by health, social policies, and economic conditions. Recent work from [Paths2Include](#) project defines key concepts for analysing older workers' labour market transitions. It outlines timing of exit as the age or duration at which workers leave employment, distinguishing early, on-time, or late exits based on national retirement norms ([Vasile et al. 2025](#)).

The most common routes individuals can choose from are: 1. disability benefit, 2. unemployment, 3. early retirement, 4. becoming economically inactive ([Reeuwijk et al., 2017](#)). Access to social safety nets and labour market institutions, plus education, also affect exit options. Recent findings show that in most European countries, individuals across Europe primarily exit the workforce via public pensions (79%, the leading pathway), followed by own ill health (8%), early retirement incentives (6%), and private occupational pensions (4%) ([Vasile et al., 2025](#)). Exit routes vary notably cross-country, while Germany sees 74% using public pensions and 13% citing ill health, Italy has 89% on public pensions and 7% on private occupational pensions. Greece and Poland exhibit heavy dependence on public pensions (96% each), whereas Denmark features more diverse pathways ([Vasile et al., 2025](#)).

Retirement routes

Population ageing and the growing expectations on longevity urged extensive research on retirement transitions and labour market exits among older individuals. European social policy research employs a multi-institutional framework to examine retirement pathways. Retirement is no longer conceptualised as a singular event in an individual's life, but rather it is analysed as a multi-stage process shaped by institutional regulations, labour market policies, and health-related factors ([Ebbinghaus and Hofäcker, 2013](#)). Retirement emerges from the interaction between national retirement structure and individual circumstances ([Sjoberg, 2022](#)).

Many European countries, including Romania, implemented pension reforms to discourage early exit from the labour market, to promote delayed retirement conditions and longer working lives ([OECD, 2025a](#)). These reforms include raising statutory retirement ages, tightening disability eligibility criteria, and introducing adjustments to encourage later pension claiming. Consequently, the institutional landscape of retirement pathways has gradually shifted from early exit regimes toward active ageing policy and flexible retirement systems ([Ebbinghaus and Hofäcker 2013](#)). As life expectancy continues to rise in Europe, a gradual transition towards extending active participation in the workforce is expected. Gradual retirement sustains the labour supply in ageing societies. However, the retirement trajectories remain heterogeneous and increasingly non-linear, often involving intermediate routes such as partial retirement or bridge employment.

Comparative studies of welfare states highlight structured retirement routes, including statutory, early, and disability retirement pathways or micro-models of people's retirement choices. In the welfare-state typology build by [Esping-Andersen \(1990\)](#), systematic differences in retirement behaviour are observed across regions. Social-democratic regimes, exemplified by the Nordic countries, maintain active labour-market policies and flexible retirement. These regimes offer relatively generous pensions, strong employment protection, and lifelong learning systems ([Hinrichs, 2021](#)). In the Western European countries, like Germany or France, historically promoted early retirement through earnings-related pension schemes and negotiated exits. However, there is a growing strategy toward partial and flexible retirement, encouraging individuals to remain in the workforce beyond the standard retirement age. The liberal regimes rely on incentives for labour market participation and private pension savings.

Romania follows the Central and Eastern European welfare regimes with retirement routes that allow people to benefit from a statutory retirement based on contribution history and early retirement allowing retirement up to five years below statutory age. Older workers leave employment through programs such as disability retirement, which is often linked to health and work-related issues or long-term unemployment schemes ([OECD, 2025b](#)). However, certain professional groups such as military personnel or members of the judicial system may retire earlier or receive more generous benefits. Similar pension structures from the post-socialist regime are with Poland, Hungary, and Czechia.

Challenges of extending working lives

Extending working lives in Europe faces significant obstacles amid population ageing and pension reforms. Key challenges include health issues, discrimination, and structural inequalities that deter older workers' retention and re-employment ([Eurofound 2025b](#)).

Health barriers

Poor health is the primary obstacle, driving early exits via disability pensions, unemployment, or retirement ([Hasselhorn et al., 2022](#)). Older workers report higher work-related health risks and limitations ([Vasile et al., 2025](#)).

Ageism

Despite anti-discrimination laws, ageism can persist in recruitment, promotion, and dismissal across EU states ([Social Europe, 2025](#)). Studies are showing that age-related stereotypes can still function as barriers in organisational recruitment and establishment of older workers, like the idea that ageing workers are not as technologically savvy ([Tufă et al., 2025](#)), or that they are less trainable and adaptable ([Carlsson & Eriksson, 2019](#)). Even though recent analyses signal the need for a greater attention given to workplace practices, attitudes and job quality for older workers ([Social Europe, 2025](#)), other studies highlight disparities in how each country accommodate the needs of older workers and in which domain. Elder care needs in general being given much more policy leverage than the needs of workplace older employees ([Tufă et al., 2025](#)).

Gender and care labour

Women face compounded issues from wage gaps, job insecurity, mental health strains, and caregiving duties, leading to earlier exits, especially in eastern EU countries ([Eurofound 2025a](#)). When women are burdened by caregiving responsibilities, they are at increased risk of exiting the labour market

([Alecú et al., 2025](#)), and this particular risk increases for older women who face caregiving burdens for their family members around retirement years ([Precupetu, 2024](#)).

Workplace factors

Inflexible arrangements, skill mismatches, and arduous jobs deter extension, while the "healthy worker effect" hides poorer conditions for those remaining ([Precupetu 2024](#)). Motivation declines because of the early-retirement norms and preferences and inadequate retraining or lack of availability of phased options. Flexible working arrangements, including viable part-time options for older workers, could improve the situation especially for those with caregiving responsibilities ([European Commission 2024](#)). Moreover, recent works show that a supportive working environment and a focus on digital skills improvement could also help extending working lives better than only raising statutory retirement ages ([Precupetu and Ungreninov, 2025](#)).

Support policies for the employment of older persons and for the extension of working life in Romania

In the past years, the Romanian pension system has undergone substantial reforms aimed at increasing retirement ages and strengthening a connection between contributions and benefits, under a minimum pension safety net. These reforms aligned Romania with the European model of active ageing, emphasising longer careers and independent lives ([OECD, 2025b](#)).

Government programmes provide labour market subsidies and incentives for older unemployed individuals. These measures seek to diminish unemployment and improve labour participation among vulnerable groups including workers aged 45+ and those nearing retirement. The [Law No. 76/2002](#) on unemployment insurance system and stimulation of employment establishes regulations designed at safeguarding individuals against the risk of unemployment. The law promotes a high level of employment and aligns the workforce with the demands of the labour market. The National Employment Agency (ANOFM) is charged with the responsibility of dispensing subsidies to employers who hire unemployed persons, including those in vulnerable categories, individuals over 45 and long-term unemployed individuals. This framework addresses barriers to labour market entry for individuals with lower employability, thus enabling them to make informed decisions regarding their career trajectories.

The inclusion of pensioners in the labour market is facilitated by [Law no. 263/2010](#) which pertains to the unitary public pension system. This law allows individuals who retire at the statutory age to receive income from wages or self-employment alongside their pension. This includes earnings from activities such as copyright work or rental income.

In the past years, various European projects and civil society initiatives emerged in Romania to build the capacity of NGOs in delivering employment services by reducing discrimination, and improving inclusive job placement. Most interventions combine training, counselling, and advocacy to improve older adults' inclusion in the labour market. Currently, the National Agency for Employment is implementing a state-funded program called [FORMACTIV](#) which provides specific benefits for employees and employers over 30 years old. Among the notable NGO initiatives are [Angajez 45+](#) which serves as an awareness and networking platform designed to combat age discrimination in recruitment while facilitating connections between employers and job seekers aged 45 and older, and [SenioriNET](#), a network dedicated to providing services for older individuals, thereby promoting their inclusion and active participation in the community.

What Romanian employers think about older workers. Insights from fieldwork

Recent research based on interviews with employers in Romania collected during the Paths2Include project ([Tufă et al., 2025](#)) revealed several age-related practices that could promote retention:

- a propensity to support older workers to extend their roles as mentors within organisations to maintain knowledge continuity.
- a focus on seeing older workers as a fast labour supply when skills are still developing for younger generations.
- a cost-reduction opportunity in hiring older persons by cutting costs for training.

We hire senior people, so we tend to hire those over 45 rather than... (...), simply seniority. We needed people to become productive very quickly, so they didn't pay much attention to juniors. They didn't invest, they didn't invest in training them
(Human Resources Manager and Learning & Development, private company, over 4000 employees in Romania)

However, there are also several barriers reflected in interviews with employers. While focusing on easier access for older workers informally helps ageing individuals' inclusion, this could be posing barriers for younger candidates, thereby accentuating a generational workforce divide ([Tufă et al., 2025](#)). Managers also reported challenges in leading multigenerational teams and have difficulties in planning age-related policies because of concerns of age-based discrimination, making the focus on ageing diversity rather ambiguous and informal in practice. As pointed out, lack of these age-related tools might be reflected in less resource distribution for senior's skills ([Tufă et al., 2025](#)), leading to less effective retention practices on the long-term and underusage of older persons as a hiring pool ([Precupetu and Ugreninov, 2025](#)).

Conclusions and recommendations

Europe's ageing population change labour markets and pensions, demanding flexible life-course approaches over rigid retirement scripts. While retention of older workers rose to 57% by 2022, inequalities, ageism, care burdens, and poor job quality persist, creating a NEER limbo. Migration helps, but it is necessary to prioritize extending working lives equitably. **To do so, several measures like the promotion of active ageing inclusion, reducing ageism and gender gaps, and enhancing job quality, while tailoring country-specific re-entry strategies could boost low performers (like Romania) in working life extension.**

Older workers' labour market exits follow diverse pathways shaped by national regulations, health, social policies, and economic factors, with public pensions dominating across Europe. Pathways vary by country, which instil the idea that uniformised policies across countries won't support individuals in the same way.

Retirement has evolved from a single event into a multi-stage, non-linear process influenced by institutional reforms promoting longer working lives, such as raised statutory ages and tightened disability criteria in countries like Romania. Welfare regimes differ. Nordic social-democratic models

support flexible retirement with generous pensions. Western Europe shifts from early exits to partial options, liberal regimes incentivize private savings, while Central and Eastern states like Romania offer statutory and early retirement based on contributions, alongside disability and unemployment routes. **Recommendations include fostering gradual retirement, bridge employment, and active ageing policies to sustain labour supply amid population ageing, while tailoring pathways to reduce heterogeneity and encourage delayed exits through lifelong learning and flexible systems.**

Extending working lives in Europe encounters major challenges from population ageing unequally from a health perspective. Pension reforms, health problems, and workplace shortcomings all affect extending working lives. **Targeted policies should prioritize health support, flexible arrangements, and upskilling over mere retirement age increases, as well as viable part-time roles and caregiver accommodations to retain older workers effectively.**

Recent research results show that Romanian employers value older workers for mentoring, quick skill supply, and training cost savings, fostering retention. Yet, informal hiring preferences create barriers for youth, widening generational divides. Multigenerational team leadership challenges and discrimination fears lead to ambiguous age policies, underutilizing seniors' skills long-term. **Feasible recommendations for organisations could be to develop formal age-diversity tools and training for managers on inclusive policies, to promote balanced hiring quotas and multigenerational team strategies, and to invest in skill-sharing programs to encourage older workers' contributions without disadvantaging younger generations.**

In Romania, early retirement is frequently prompted by health issues or physically demanding jobs, rather than pension incentives. Individuals in physically demanding roles and with lower education levels are more likely to retire early due to unemployment or lack of opportunities. **To mitigate this, the adoption of gradual and flexible retirement policies could improve workforce retention and health outcomes for older workers. Therefore, it is imperative to invest in lifelong learning and digital reskilling initiatives for older workers.**

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