

# Pension age in Austria: People are retiring ever later

Those who engage with the debate about Austria's pension system will inevitably come across the topic of the retirement age. Especially those who want to malign the Austrian pension system argue that the age at which people retire would supposedly not change at all while life expectancy keeps rising. "Consequently", they present raising the statutory retirement age as the alleged solution. However, much more relevant than the statutory retirement age is

**when people actually retire – and here, a considerably increasing curve can be detected.**

The sustainable **financing of the pension system** is determined, **first and foremost, on the labour market**. The crucial point is that more people need to get effective access to the labour market as well as good employment opportunities and incomes. This is particularly true for older workers.

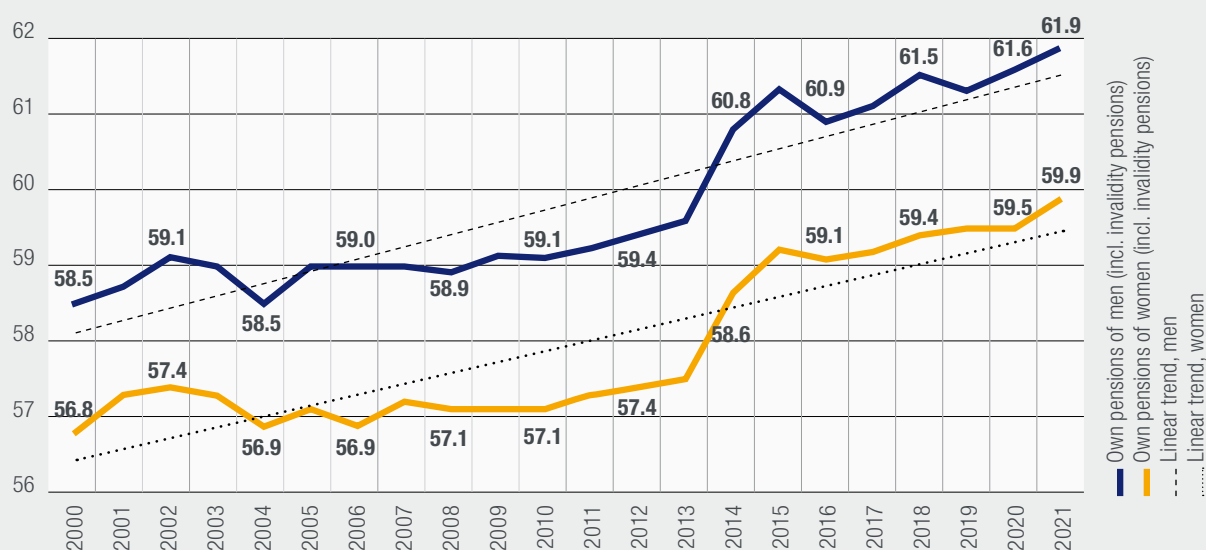
## The effective retirement age is rising considerably

Since 2000, the average retirement age for men has risen by 3.4 years from 58.5 to 61.9 years while that for women has increased by 3.1 years from 56.8 to

59.9 years. In the last ten years alone, the increase for men as well as for women amounted to more than 2 ½ years!

## Average retirement age 2000 – 2021

Pension insurance as a whole, pensions of men and women



Source: Main Association of Austrian Social Security Institutions, statistical data from the social insurance and the pension insurance, reporting years until 2021.

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## Reasons for retirement vary to a great extent – and include old age, illness and long contributory periods

Men's average retirement age of 61.9 years lies noticeably below the statutory retirement age of 65 years. Is that an expression of a "reform deadlock"?

The short answer is no! It is important to note that the calculation of this average value also includes early retirement pensions and invalidity pensions.

People who have acquired at least 40 insurance years may rightly take up an early retirement pension (so-called Korridorpension). The insured persons are financing their earlier retirement themselves through deductions from their pension entitlements. This does not create a fiscal burden for society at all. The average retirement age is, however, primarily depressed

due to pensions related to ill health. Such pensions may become necessary at a relatively early age. To illustrate this point: if 9 out of 10 people retire at the age of 65 while only one person is forced to take up an invalidity pension after a severe occupational injury, the average retirement age of this group is 62.5 years – as opposed to the statutory retirement age of 65 years.

**The calculation of the average retirement age also includes invalidity pensions due to injuries or illnesses. It therefore lies below the statutory retirement age.**

**If the average retirement age is adjusted for demographic distortions, the actual increase is even larger**

The average retirement age is a very important indicator. However, it cannot be interpreted as solely reflecting changes in retirement behaviour as it is also affected by other factors. Thus, the fact that the baby boomer generation is increasingly reaching the age at which people potentially retire early leads to the average retirement age rising less strongly. This is because younger pension cohorts are larger and, therefore,

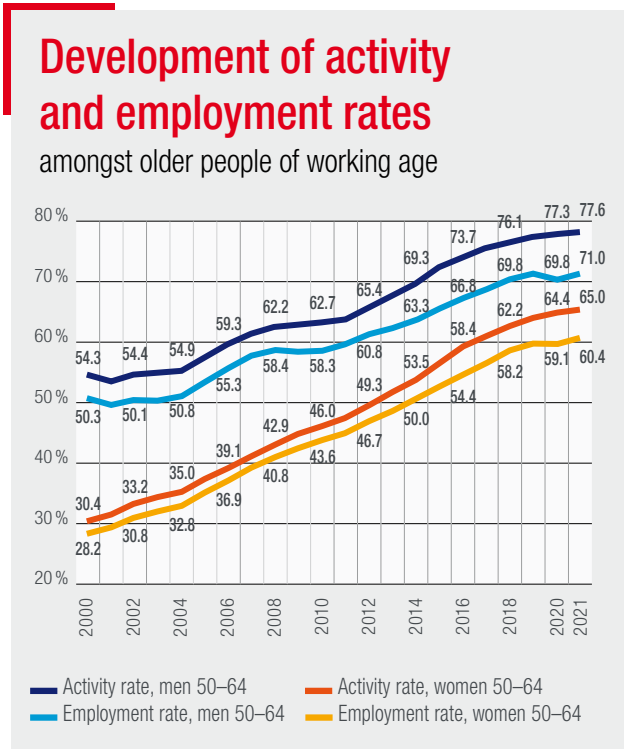
have a higher impact on the calculation of the average value. If the average retirement age is adjusted by accounting for these distortions,<sup>1</sup> there is a pronounced increase by 3.4 years for men and by 2.9 years for women, respectively, for the period between 2010 and 2018 alone! **This demonstrates that the pension system has in fact already been re-oriented towards an increasing effective retirement age.**

**Between 2010 and 2018 alone, the adjusted effective retirement age increased massively (men/women: 3.4/2.9 years). To claim that there would be “no change” is completely wrong!**

1) By calculating the effective retirement age on the basis of retirement probabilities (Statistik Austria in: BMSGPK 2021).

**The labour market participation of older people of working age is considerably increasing, too**

Alongside the rise in the effective retirement age, the labour market participation of older people of working age has also increased considerably. **The activity rates amongst people aged 50 to 64** – i.e., the share of employed and unemployed persons within this cohort – **have since 2000 risen by over 40% for men and have more than doubled for women!** It can also be seen that the activity rates (incl. unemployed persons) have risen more strongly than the employment rates (without unemployed persons). This means that also the share of unemployed persons amongst older people of working age has gone up considerably! What is now especially crucial are substantively **improved labour market opportunities for older workers** so that longer and healthy working lives are actually possible. This also requires drastic changes in the behaviour of employers. A [recent study](#) by the Austrian Economic Research Institute (WIFO) and the Working Life Research Centre, Vienna (FORBA) shows how urgent the need for action in this area is: only one of two women moved directly from employment to retirement!



Source: WIFO (2022).

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