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## 13th Session of the United Nations Open-Ended Working Group on Ageing (2023)

AGE Platform Europe submission on Economic Security

This answer is submitted in reply to the call of the Chair of the Open-Ended Working Group on Ageing (OEWG) to non-governmental organisations. AGE Platform Europe (AGE) has ECOSOC status and is accredited to the OEWG since 2012.

As the largest European network of self-advocacy organisations of older people, our position aims to reflect the situation at EU level on behalf of the 40 million older citizens represented by our members. Our contribution is based on written answers received from organisations of older people in several EU Member States and webinars open to all AGE members.

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## Focus Area 2: Economic Security

### Definition

1. How are the key human rights relating to older persons' economic security defined in the national legislation in your country? If definitions are not available, how should such rights be defined considering relevant existing national, regional, and international legal frameworks?

The right to economic security should include comprehensive protections to ensure that everyone, without discrimination of any kind is able to live dignified, autonomous and independent lives, and to fully participate in society with an adequate standard of living. This includes equal access to the labour market, guarantee of adequate minimum wages, adequate pensions providing for income security, adequate social protection in the events of sickness, disability, unemployment, and care need, access to housing, clothing, food and water, a life free from poverty and social exclusion, and support services for autonomous and independent living. Social protection benefits should reflect the contributions made throughout the lifetime, including unpaid contributions such as care provided to relatives. Benefits should continually evolve in line with living costs to maintain at least the same real value over time. Access to benefits should be designed in an accessible way, with clear information and both digital and non-digital access. Similarly, the accessibility of banking and payments as essential services that are necessary for enjoying economic security should be protected.

### Scope of the rights

2. Please provide references to existing national legal standards relating to older persons' economic security on normative elements such as: a) right to social security; including regular adjustment of benefits with changes in living costs; b) right to adequate standard of living, including housing, clothing, food and water, among others; c) right to work; and whether a national minimum wage or any alternative mechanism is in place to ensure an adequate standard of living, and whether a system of indexation and regular adjustment exists; d) prohibition of all forms of discrimination against older persons on the basis of age, alone or combined with other grounds, in all matters related to economic security; e) the connections between relevant economic, social and cultural rights with the right to freedom of expression, including freedom to seek, receive and impart information; and rights to peaceful assembly and freedom of association; f) active, free and meaningful participation of older persons and their representative organizations in all matters related to ensuring their economic security, including in political processes; g) access to prompt remedies and redress when older persons' above mentioned rights are violated.

There are several European provisions on social protection and adequate standard of living as described in our 2022 submission on this topic. However, all these provisions have limitations in terms of coverage and scope.

Since 2022, the EU adopted the [Council recommendation on Adequate Minimum Income](#),<sup>1</sup> which can have an important impact on revising inadequate pensions and other social benefits to enable

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<sup>1</sup> The Recommendation on Adequate Minimum Income Ensuring Active Inclusion sets out the aim for EU Member States to introduce or improve existing minimum income schemes at an adequate level. The notion of 'adequacy' retained in the recommendation is the at-risk of poverty threshold (60% of median income) or the

economic security, also of older persons. However, it falls short of being a binding legal instrument and therefore cannot be considered as a document guaranteeing economic security.

The EU has also adopted a [directive on adequate minimum wages](#)<sup>2</sup>, which has a role in ensuring economic security for older persons participating in the labour market. While the Directive does not explicitly rule out minimum wages below the national at-risk of poverty threshold, mechanisms to set minimum wages must take this threshold into account.

**General policy measures** are set out in the [Action Plan on the European Pillar of Social Rights](#), confirmed by Member States in the [Porto Declaration](#), which sets the aim of reducing poverty and social exclusion by 15 million by 2030 and increasing employment rates to 78 %. UNECE Member States have also [committed to the implementation of the Madrid International Plan of Action on Ageing in 2022](#), which includes principle 23 on ‘sustainable, inclusive and equitable pension schemes’, ‘establishing pension entitlements that account for periods of unpaid care over the life-course and prevent old-age poverty’. Principle 22 aims to ‘improve active labour market policies that respond to an ageing workforce.’

**The European Union monitors economic security** regarding older persons in its Social Scoreboard using the indicators on employment rates, poverty and social exclusion and aggregate replacement ratio of pensions. Every three years, the [Pension Adequacy Reports](#) give a picture on the ability of pension systems to guarantee adequate income in older age, while the 2021 [SPC Report on Long-Term Care](#) analysed the risk of not being able to afford access to long-term care and the challenge to economic security of having to pay for care.

### State obligations

3. What measures and special considerations should be undertaken by the State to respect, protect and fulfil the above-mentioned rights to ensure older persons’ economic security?
  - Ensure inclusive labour markets for all categories of older workers
  - Provide adequate income support and social protection, including pension credits, to carers
  - Actively include older persons’ organisations in decision-making regarding economic security
  - Ensure regular, statutory and adequate indexation of pensions and other benefits relevant to older persons (housing allowance, unemployment benefit, minimum income, energy benefits etc.)

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monetary value of necessary goods and services, including nutrition, housing, healthcare and essential services, or other levels comparable to these. The Council recommendation explicitly includes old-age and disability pensions in its scope. Member States should reach the adequate level of minimum income by 2030 and levels must be regularly adapted. The Council Recommendation further calls for increasing coverage and reducing non-take up of minimum income, access to inclusive labour markets with individual support, based on a review after three months of receiving minimum income. It also calls for ensuring access to enabling services. An important provision allows the combination of minimum income with income from work, to create an enabling hierarchy and pathways for transitions back into the labour market.

<sup>2</sup> The Directive sets out an obligation to create a supportive framework for social dialogue where less than 80% of workers are covered by social dialogue and to set statutory minimum wages based on clear criteria and regular updating. It also calls for establishing consultative bodies for issues relating to minimum wages. Variations for different professions are allowed if they have a legitimate objective, are justified, proportionate, non-discriminatory and kept to a minimum.

- When economic security is threatened, supportive measures must be non-discriminatory, all while targeting in particular the most vulnerable, i.e. persons with the lowest incomes and the least possibility to adapt consumption patterns
- To give a picture of the adequacy of incomes, States should develop reference budgets, built on baskets of goods and services that take account of the different needs of older persons according to their household composition, health status, urban or rural dwelling etc.
- Develop plans to fight the non-take-up of social benefits
- Ensure accessibility of public services giving access to social benefits
- Apply an intersectional approach as to recognise and tackle multiple and intersecting forms of discrimination that some marginalised groups face, older persons with disabilities, older Roma, older refugees or migrants should be better considered, notably in terms of economic security

### Implementation

4. What are the best practices and main challenges faced by your country in the adoption and implementation of the above-mentioned normative framework to ensure older persons' economic security?

[Our analysis of governments' reactions to the 2022 inflation spike](#) showed that older persons are not always considered, at least not considered equally, in decisions relating to economic security. Some examples are:

- While employees and social benefit recipients in Germany received tax breaks and cash vouchers, pensioners and students had to campaign for several months before receiving a similar support package
- Pension indexations partly compensated for increased inflation, but in some cases this was made before inflation increased even more substantially and took some time to adjust later. In many cases, pension indexation is only a political decision and not grounded in law or similar statutes and an objective methodology, such as inflation
- Some blanket measures adopted had regressive redistributive effects, for example when high-income earners consume more of a subsidized good than low-income earners
- Some groups of older persons were left out of governmental support measures. For instance, support was often directed to households, while persons living in long-term care settings were not reached and had to pay for the increased costs.

Furthermore, these issues remain with the implementation of economic security:

- There is a lack of data, particularly regarding the economic situation of the oldest old, as all people 75+ are grouped together in one category in poverty statistics, and persons living in institutional settings are often excluded from them
- Policies are often adopted without a cross-cutting analysis of their impact on different groups, such as older persons. In many cases, older persons' organisations are not included in decision-making regarding economic security. In some States, social partners are consulted in such decisions, but this is not a guarantee for including the voice of older persons.
- Labour markets are not sufficiently inclusive to older workers, and participation rates of older persons in the labour market are very low.
- Digitalisation and rapid obsolescence of skills poses a problem for older workers to maintain employment and income.

- Similarly, the digitalisation of public services, such as access to social benefits and pensions, solidifies the digital gap and can leave some older persons without access, information or control about their economic security.
- The digitalisation of banking creates similar issues of exclusion of some older persons to the management of their personal finances
- In times of economic crisis, older workers might lose their job and therefore lose out from the last years of contribution to the pension systems, which often have higher accrual rates to encourage longer working lives
- The costs of long-term care often outweigh the income from pensions. 60% of persons receiving long-term care services are at risk of poverty and social exclusion even after receiving public support (SPC report on long-term care).