

Compendium

Participation rates in the UK - 2014 - 3. Older people

Those who are participating with the labour market by being either in employment or unemployed and searching for work. It will look at specific groups, including women and the elderly to analysis the recent trends in participation rates.



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1 . Abstract

The participation rates of older people, focusing on the participation of all individuals aged 50 and over. With 2010 marking the start of incremental increases in women's State Pension Age to 65 by 2018, those aged 50 and over are divided into two groups – those aged 50 to State Pension Age and those over State Pension Age - so as to account for this change.

2 . Key points

- 75.3% of people aged between 50 and State Pension Age were participating in the labour market in the final quarter of 2014, along with 12.1% of people beyond State Pension Age
- Almost half of all those working past their State Pension Age were doing so because they were not ready to stop work
- Breaking down by types of work, over two thirds of people working past their State Pension Age were working part-time and 36.2% were self-employed
- 17.3% of people working past their State Pension Age were working in Professional Occupations
- Over 4 In 5 employees working past their State Pension Age started work with their current employer before 2010.
- In 2014, the highest participation rate for those aged 50 to State Pension Age was seen in the East of England and those beyond State Pension Age it was the South East

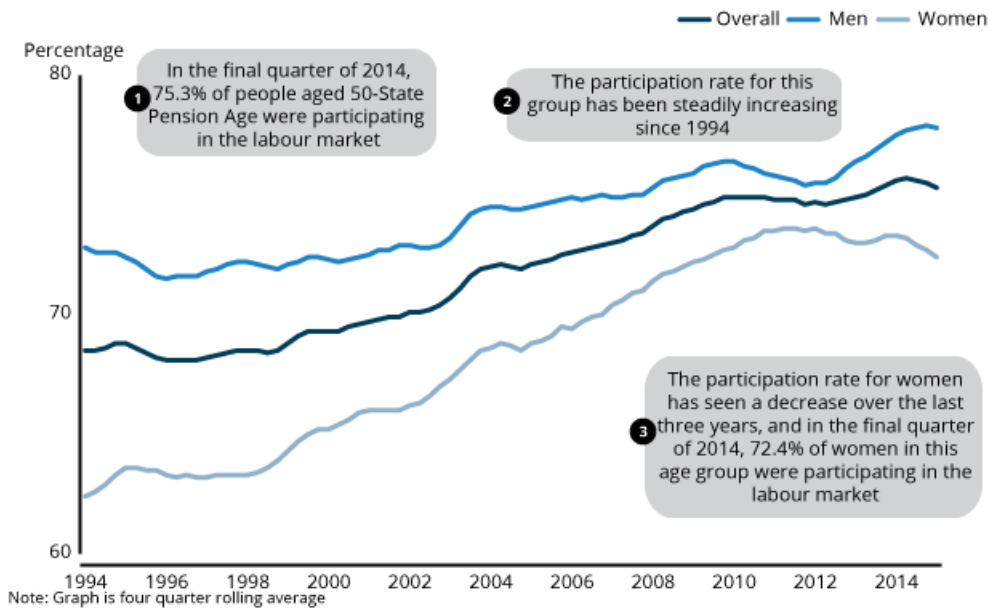
This section will look at the participation rates of older people, focusing on the participation of all individuals aged 50 and over. With 2010 marking the start of incremental increases in women's State Pension Age to 65 by 2018, those aged 50 and over are divided into two groups – those aged 50 to State Pension Age and those over State Pension Age - so as to account for this change, as being retired is a predominant reason not to participate in the labour market. Further information on this policy change can be [found here](#).

Participation in the labour market, also known as economically active, includes all individuals who are either in work ([in employment](#)) or actively looking for work ([unemployed](#)). Those who are not participating are referred to as [inactive](#).

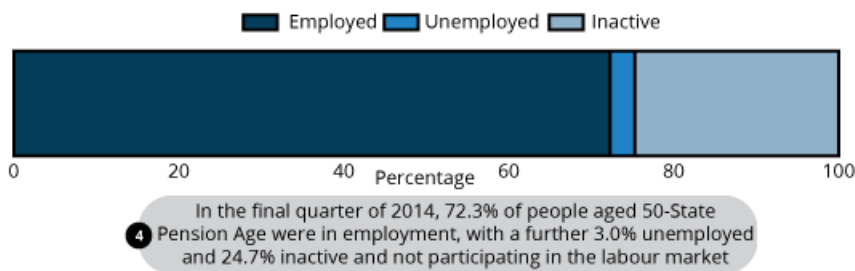
3 . Participation rates for those aged 50 and over

Labour market status of those aged 50-State Pension Age, Jan-Mar 1994 to Oct-Dec 2014, UK

75.3% of people aged between 50 and State Pension Age were participating in the labour market



Labour market status breakdown for all people aged 50-State Pension Age



Source: Labour Force Survey - Office for National Statistics

Notes:

1. 50-State Pension Age here, takes into account the incremental increases in female State Pension Age since 2010

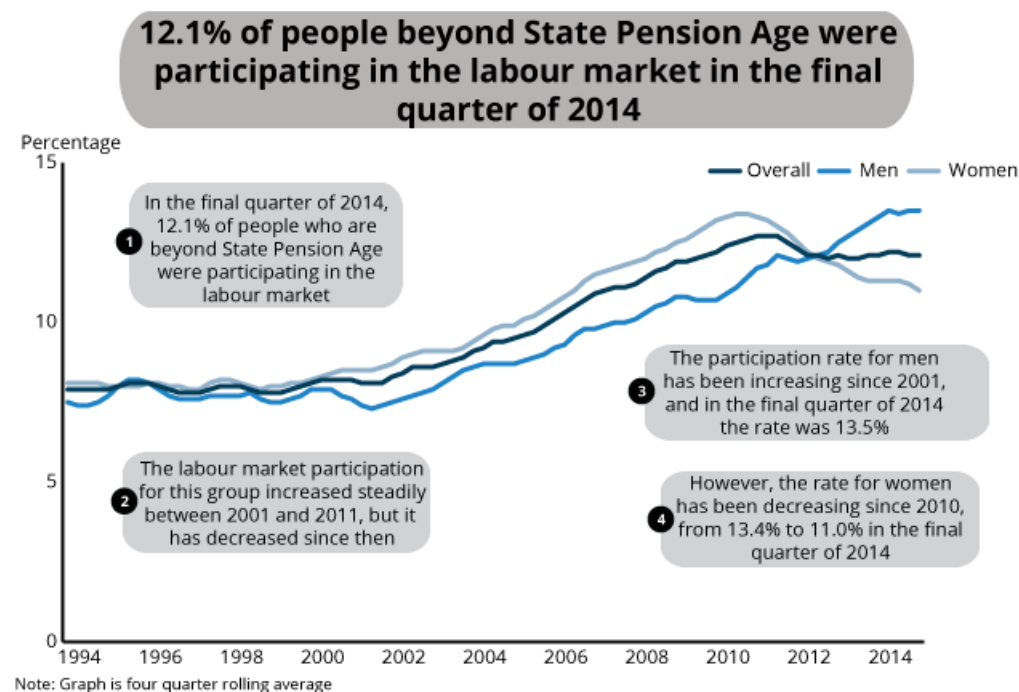
In the final quarter of 2014, 75.3% of people aged between 50 and State Pension Age were participating in the UK labour market. The participation rate for this age group has been increasing steadily since 1994 when the participation rate was 68.5%, although it is worth noting that the rate was relatively flat between 2009 and 2010 following the economic downturn in 2008/09.

Looking at the final quarter of 2014 and breaking the participation rate down, 72.3% of people of this age group were in employment, 3.0% were unemployed, with the remaining 24.7% being inactive for reasons including looking after the family or home, being sick or disabled or because they have retired.

Breaking down by gender, the participation rate for women had been on a strong upwards trend since 1994, although participation has lessened over the last three years, from a peak of 73.6% in the final quarter of 2011 to 72.4% in the final quarter of 2014. This is likely to be influenced by the increased State Pension Age coming into force as it will result in the inclusion of more older females who are more likely to be inactive.

Similarly, the rate for men has been increasing steadily since 1994, although at a slower rate than that for women. While participation fell during the worst of the 2008/09 downturn, 2012 saw a renewal in participation of males between 50 and State Pension Age, and in the final quarter of 2014 the rate reached 77.8%.

Labour market status of those aged over State Pension Age, Jan-Mar 1994 to Oct-Dec 2014, UK



Source: Labour Force Survey - Office for National Statistics

Notes:

1. The use of State Pension Age, takes into account the incremental increases in female State Pension Age since 2010

For those beyond State Pension Age, 12.1% of people who were beyond State Pension Age were participating in the labour market in the final quarter of 2014, of which 11.8% were employed and 0.3% were unemployed. The labour market participation rate for this group increased steadily between 2001 and 2011, increasing from 8.1% to 12.7% over the period. Since then the participation rate has decreased to 12.1% in the final quarter of 2014. However, this overall picture masks the gender differences in participation rates in recent years. Since 2011, the participation rate for men who are beyond their State Pension Age has continued increasing, to stand at 13.5% in the final quarter of 2014. For women, in the same age group, participation rate has been on a downwards trend since 2010, from 13.4% to 11.0% in the final quarter of 2014.

This is unsurprising, as it coincides with increases in the State Pension Age for women, thereby raising the lower limit of this age range. It may mean women are less likely to continue working past their new higher State Pension Age as a result. Further information on this policy change can be found [Policy change information](#).

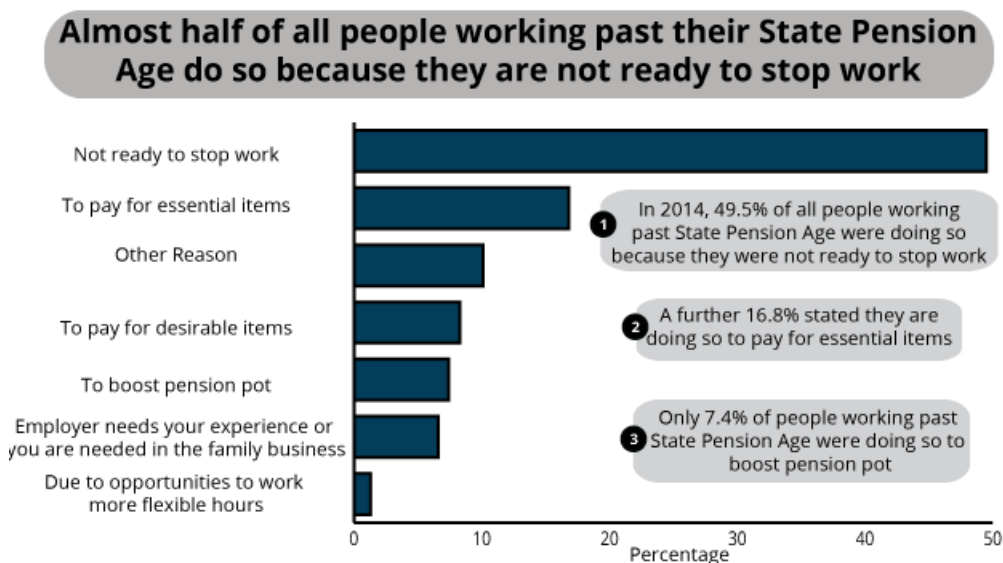
To focus on this age group, we can look at the reasons why they are still in work.

Notes for Participation rates for those aged 50 and over

1. 50-State Pension Age here, takes into account the incremental increases in female State Pension Age since 2010

4 . Why people are working past their State Pension Age

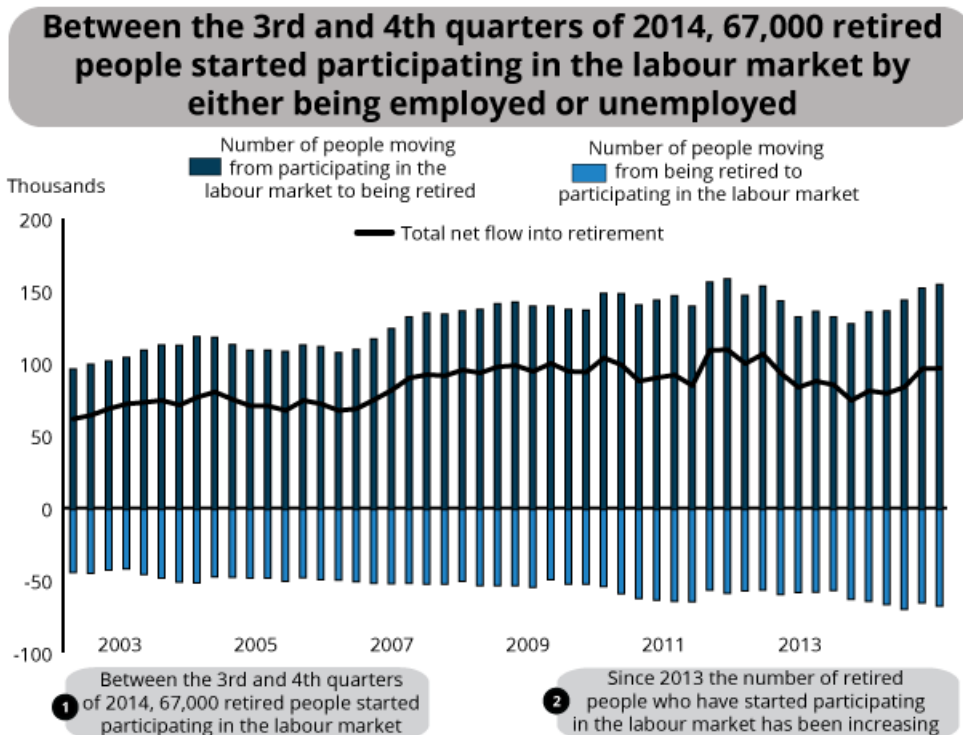
Reason why people are working past their State Pension Age, 2014, UK



Source: Labour Force Survey - Office for National Statistics

In 2014, 49.5% of all people working past State Pension Age were doing so because they were not ready to stop work. The second most common reason given for continuing to work was that they had to pay for essential items (16.8%). Only 7.4% of people working past State Pension Age said they were doing so because they had to boost their pension pot. This is based upon the first answer given and will not necessarily reflect if an individual gave more than one reason.

Contributions to the net flow into retirement, Jan-Mar 2003 to Oct-Dec 2014, UK



Source: Labour Force Survey - Office for National Statistics

Notes:

1. Aged 16 and over
2. Retirement is determined by individual's reason for being inactive on the Labour Force Survey

Assuming that participation of older people would be impacted by policy changes (such as increases in State Pension Age) and changes in domestic economic conditions, it could prove useful to look at the movements of people into and out of retirement.

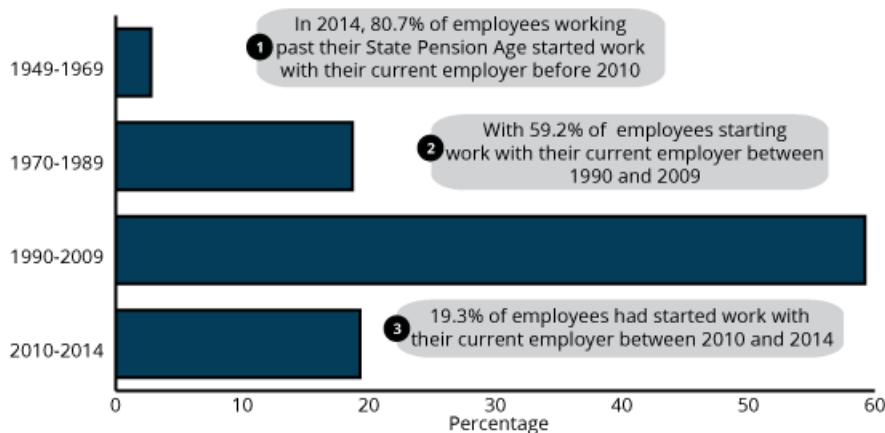
Taking a four quarter rolling average – so as to remove any seasonal affect – of flows in and out of retirement – classified by reason for inactivity – for those aged 16 and over we can observe the changes in those participating becoming retired and those retired, participating in the labour market.

Initially, the net flow into retirement – which is made up of flows from active to retired minus flows from retired into active for all ages – remained fairly constant with the onset of the 2008/09 downturn. This is despite flows out of retirement increasing from around 54,000 to 64,000 between the start of 2009 and mid-2011, suggesting previously retired people were re-entering the labour market. The larger impact appears to come around the start of 2012, as flows into retirement began to contract – possibly as individuals postpone their retirement - slowing the net flow into retirement overall up to the end of 2013.

Since late 2013, there has been renewed growth in the number of those leaving the labour market and entering retirement, and while on average 67,000 in 2014 chose to flow in to the labour market, the net flow into retirement has returned to levels not dissimilar to 2008.

Longevity of employment for those working past State Pension Age

Over 4 in 5 employees working past their State Pension Age started work with their current employer before 2010



Note: This only includes employees and does not include self-employed workers

Source: Labour Force Survey - Office for National Statistics

Notes:

1. State Pension Age here, takes into account the incremental increases in female State Pension Age since 2010
2. This only includes employees
3. Datasets used are for April to June 2014

While it does not appear that the poor economic climate drove people out of retirement nor that the flows into retirement have been stemmed in recent years, we could look at whether this increase in participation is as a result of workers remaining in the labour market past State Pension Age but changing jobs.

Looking at employees working past their State Pension Age by longevity of employment, in 2014, 80.7% had started work with their current employer before 2010, note that these figures do not include those workers who are self-employed.

2.8% of employees working past their State Pension Age started work with their current employers between 1949 and 1969, 18.7% started between 1970 and 1989 and 59.2% started between 1990 and 2009. Only 19.3% of people working past their State Pension Age started work with their current employer since 2010.

Notes for Why people are working past their State Pension Age

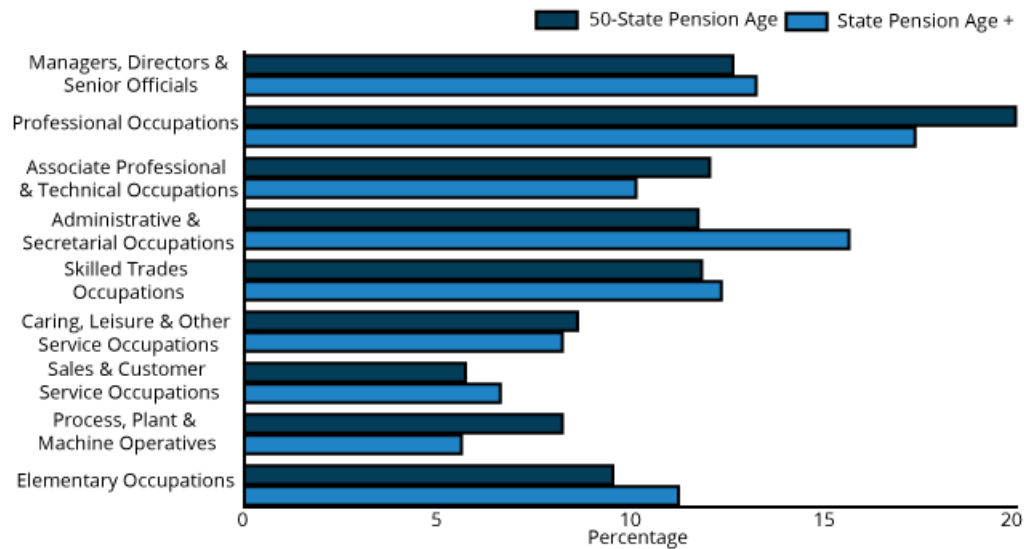
1. State Pension Age here, takes into account the incremental increases in female State Pension Age since 2010

5 . Job characteristics of those age 50 and over

Taking a snapshot for 2014 – using data from the second quarter – we are able to see a breakdown in job types held by those aged 50 and over.

Participation rates of older people aged 50 and over by occupation group, 2014, UK

17.3% of people working past their State Pension Age were working in Professional Occupations



1 In 2014, 17.3% of all people working past State Pension Age were working in Professional Occupations.

2 19.9% of workers aged 50-State Pension Age were working in Professional Occupations.

The top 3 job roles for those working past State Pension Age;

Teaching & Educational Professionals



77,000 workers

Secretarial & Related Occupations



77,000 workers

Agricultural & Related Trades



69,000 workers

Source: Labour Force Survey - Office for National Statistics

Notes:

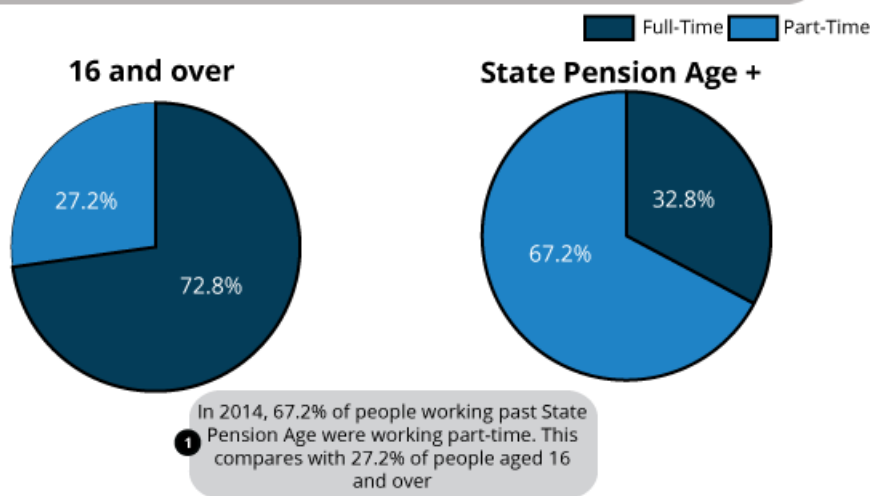
1. Occupation group is based on the Standard Occupation Classification (SOC) 2010 major groups
2. Occupation group is based on the Standard Occupation Classification (SOC) 2010 minor groups
3. Datasets used are for April to June 2014

Looking firstly at a breakdown by major occupation groups, 19.9% of those aged between 50 and State Pension Age were working in Professional Occupations in 2014. A further 12.6% working in Manager, Director & Senior Officials Occupations, and 12.0% working in Associate Professional & Technical Occupations. Breaking this down further by minor occupation groups, the top three job roles for these workers were Teaching and Education Professionals (428,000), Caring Personal Service Occupations (349,000) and Road Transport Drivers (317,000).

Doing the same for people working past their State Pension Age, the breakdown is relatively similar. Professional Occupations is the top major occupation accounting for 17.3%, while a further 15.6% worked in Administrative and Secretarial Occupations, and 13.2% worked in Manager, Director and Senior Officials Occupations. For job roles, the top three were Teaching and Educational Professionals (77,000), Secretarial and Related Occupations (77,000) and Agricultural and Related Trades (69,000).

Full-time/part-time split of those working past State Pension Age, 2014, UK

67.2% of people working past State Pension Age were working part-time



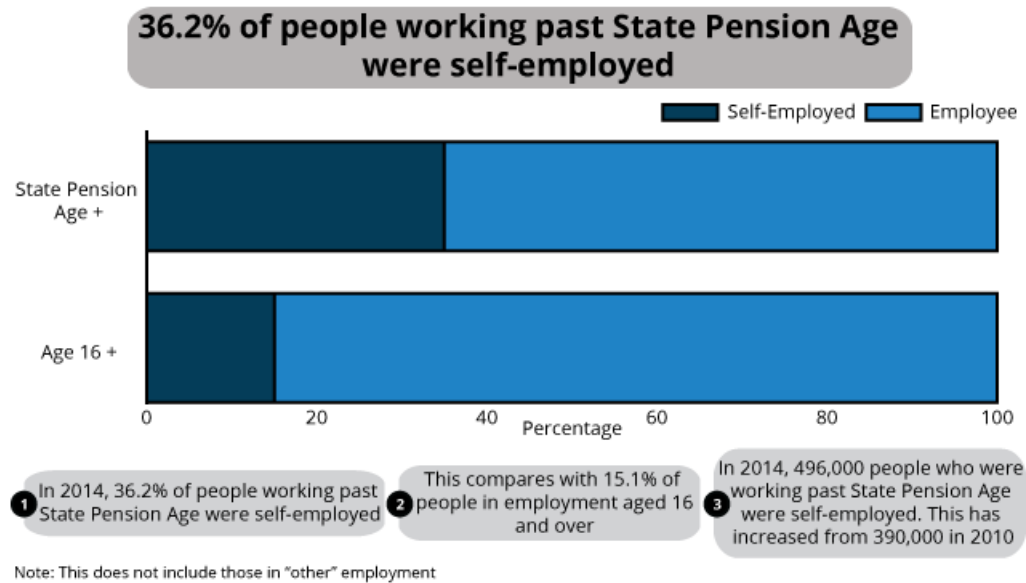
Source: Labour Force Survey - Office for National Statistics

Notes:

1. State Pension Age here, takes into account the incremental increases in female State Pension Age since 2010
2. Datasets used are for April to June 2014

Looking at the split by type of employment, around one quarter (26.4%) of workers between the age of 50 and State Pension Age were working part-time which is not dissimilar to those aged 16 and over. For those working past their State Pension Age on the other hand, part-time workers make up a much larger proportion, accounting for 67.2% of workers in 2014.

Employee/self-employed split of those working past State Pension Age, 2014, UK



Source: Labour Force Survey - Office for National Statistics

Notes:

1. Based on a person's main job
2. State Pension Age here, takes into account the incremental increases in female State Pension Age since 2010
3. Datasets used are for April to June 2014

Looking at those either in employment or self employed – not including those classified as in “other employment”² – the breakdown for those aged 50 to State Pension Age is similar to that for all aged 16 and over, as 80.6% of workers were employees in 2014. Of all those working past their State Pension Age, 63.8% of workers were employees, while 36.2% - over one third – were self-employed.

Comparing this with the same breakdown in 2010 – when changes to the State Pension Age began to be implemented - the number of people who are self-employed working past their State Pension Age has increased by over 100,000, from 390,000 to 496,000 in 2014. At the same time, the number of employees working past their State Pension Age has fallen, dropping from over 1 million to 874,000 by 2014.

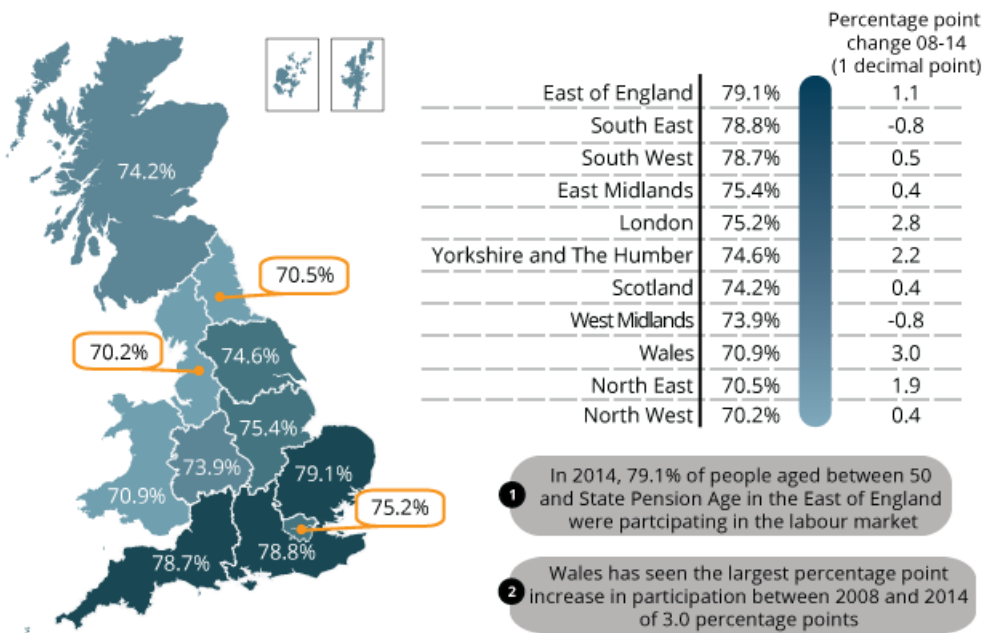
Notes for Job characteristics of those age 50 and over

1. State Pension Age here, takes into account the incremental increases in female State Pension Age since 2010
2. "Other employment" includes government employment & training programmes, and unpaid family workers

6 . Regional and international comparisons

Participation rate of older people aged 50-State Pension Age by regions of England and devolved nations of Great Britain

In 2014, the highest participation rate for those aged 50-State Pension Age was seen in the East of England



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Note: Excludes Northern Ireland due to small sample sizes

Source: Annual Population Survey (APS) - Office for National Statistics

Notes:

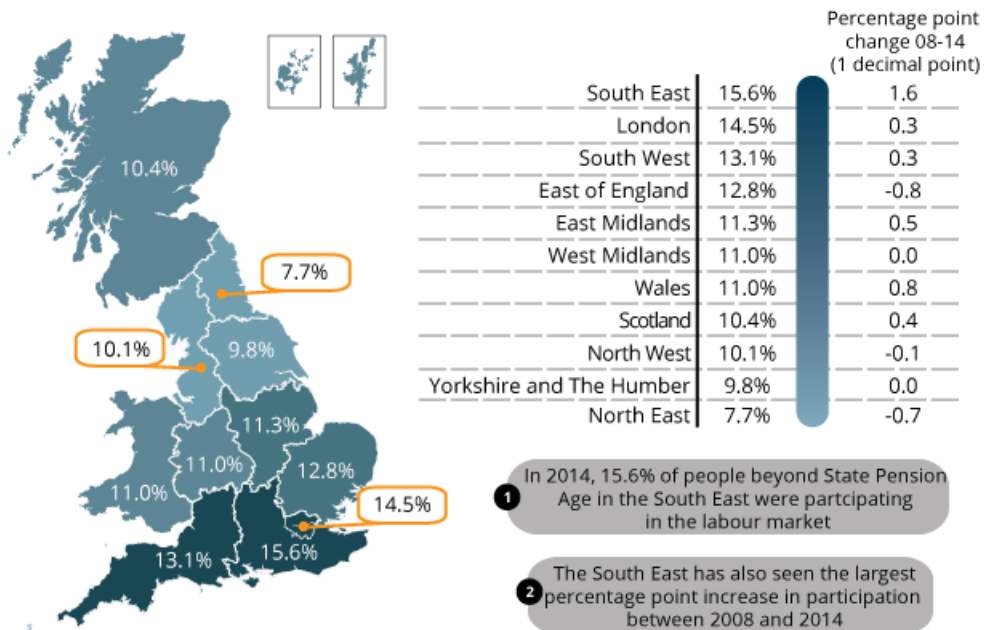
1. 50-State Pension Age, takes into account the incremental increases in female State Pension Age since 2010

79.1% of all those aged between 50 and State Pension Age in the East of England were participating in the labour market in 2014. This was the highest percentage of any region of England and devolved countries of Great Britain. The second and third highest percentages were seen in the South East and South West where the participation rate was 78.8% and 78.7% respectively.

For those aged between 50 and State Pension Age Wales has seen the largest percentage point increase (3.0pp) in participation rate between 2008 and 2014. Wales was followed by London which saw a 2.8 percentage point increase. The South East and the West Midlands both saw decreases of 0.8 percentage points between 2008 and 2014.

Participation rate of older people aged over State Pension Age by regions of England and devolved nations of Great Britain

In 2014, the South East of England saw the highest participation rate for those beyond State Pension Age



- 1 In 2014, 15.6% of people beyond State Pension Age in the South East were participating in the labour market
- 2 The South East has also seen the largest percentage point increase in participation between 2008 and 2014

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 Note: Excludes Northern Ireland due to small sample sizes

Source: Annual Population Survey (APS) - Office for National Statistics

Notes:

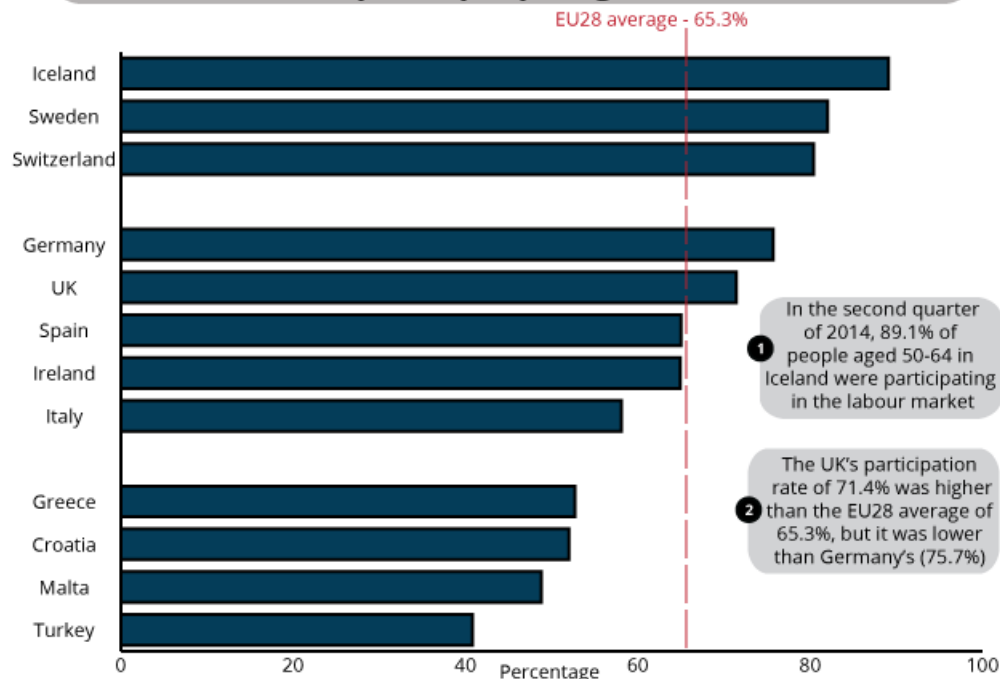
- 1. Over State Pension Age, takes into account the incremental increases in female State Pension Age since 2010

In 2014, 15.6% of people beyond their State Pension Age in the South East of England were participating in the labour market. London saw the second highest percentage (14.5%) of people beyond their State Pension Age participating in the labour market, followed by the South West (13.1%).

Between 2008 and 2014, the South East has seen the largest percentage point increase (1.6pp) in the participation rate of people beyond their State Pension Age. Wales saw the second largest increase, 0.8 percentage points, over the period. The largest decrease, of -0.8 percentage points, was seen in the East of England. The North East, North West and Yorkshire and The Humber have also seen decreases in the participation rate of people beyond their State Pension Age between 2008 and 2014.

Participation of people aged 50 to 64 by European country, 2014

In 2014, Iceland had the highest participation rate in Europe for people aged 50-64



Note: European Analysis is not available for the age range 50-State Pension Age so 50-64 has been used

Source: Eurostat

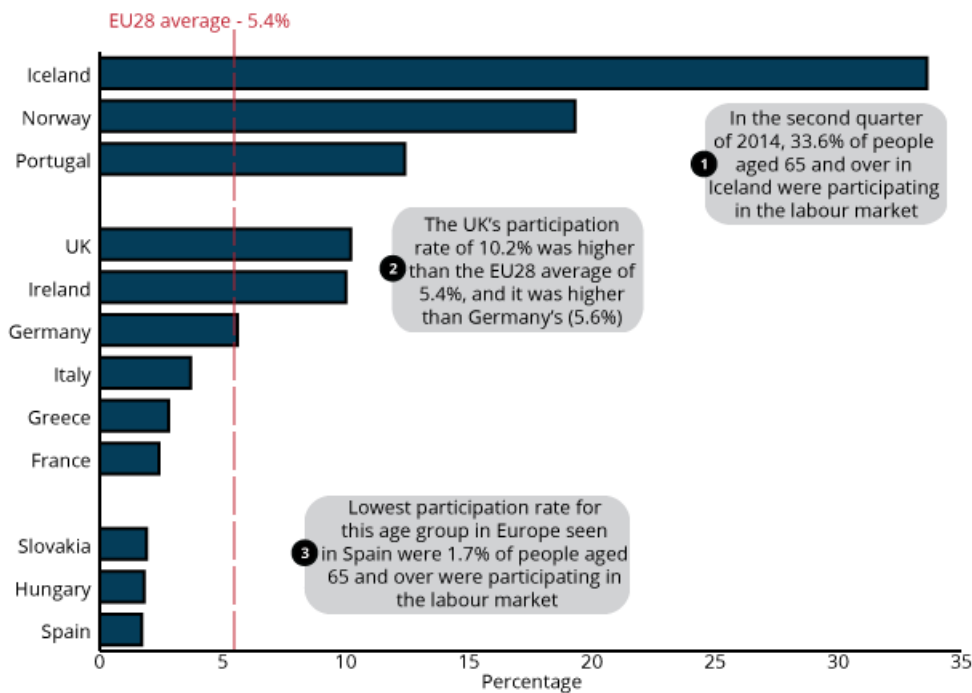
Notes:

1. Datasets used are for Q2/April-June 2014

89.1% of people aged 50-64 in Iceland were participating in the labour market in 2014, which was the highest percentage of any European country. Eurostat data is only available for 50-64 so it is not possible to look at those aged 50 to State Pension Age. The lowest percentage, of 40.8% was seen in Turkey. The UK, with a participation rate of 71.4% is above the EU28 average of 65.3% but it is below the participation rate of Germany where 75.7% of people in this age group are participating with the labour market.

Participation of those aged 65 and over by European country, 2014

In 2014, Iceland had the highest participation rate in Europe for people aged 65 and over



Source: Eurostat

Notes:

1. Datasets used are for Q2/April-June 2014

In 2014, 33.6% of people aged 65 and over in Iceland are participating with the labour market, which is the highest percentage of any European country. Eurostat data is only available for those aged 65 and over so it is not possible to look at those over State Pension Age. The lowest percentage of people aged 65 and over participating in the labour market was seen in Spain where 1.7% of people of this age group were participating.

10.2% of people aged 65 and over in the UK were participating with the labour market. This is a higher percentage than the EU28 average (5.4%) and other major European nations such as Germany (5.6%) and France (2.4%).

7. Background notes

1. All single period UK analysis (such as occupation, full time/part time breakdowns) use the quarterly Labour Force Survey person datasets for April to June 2014 (except for information on why workers are working past their State Pension Age which uses the Annual Population Survey Jan-Dec 2014).

The analysis of flows in and out of retirement uses the 2 Quarter Longitudinal Labour Force Survey 2003-2014 and are four quarter rolling averages.

All UK time series analysis uses the quarterly Labour Force Survey person datasets and are four quarter rolling averages.

Further information about the Labour Force Survey (LFS) is available from:

[The LFS User Guide](#) and analysis of women with and without dependent children utilises the LFS Household datasets April-June quarters 1996-2014.

The Labour Force Survey household datasets are to be used for analysis at a household or at family level. Household datasets are weighted differently to person datasets, in that each person in a household is given the same weight. This ensures that weighted estimates at the household level are consistent. When using the household datasets to give estimates of the total number of people, the different weighting procedure will give marginally different estimates to those from the person datasets.

All regional analysis uses the Annual Population Survey datasets for January to December 2014.

All European analysis uses the European Labour Force Survey datasets for Quarter 2 for 2008 and 2014.

2. Labour Market Participation includes all those who are employed or unemployed and activity seeking work. The participation rate, also known as the activity rate, shows the percentage of a given population that are engaging with the UK labour market.
3. State Pension Age change information: State Pension Age for women was originally set to be equalised with men's by the Pensions Act 1995, with it proposed to increase gradually from 60 to 65 between 2010 and 2020. Subsequent Pensions Acts (2007, 2011 and 2014) and the Chancellor's Autumn statement in 2013 then sped up this process and raised State Pension Age even further, with SPA now scheduled to increase to 65 for women by 2018. State Pension Age will then be raised for both men and women to 66 by 2020 and 67 by 2028. The government has indicated SPA will continue to be reviewed every 5 years (2017 first review).

To illustrate what the changes mean, for women born in 1950 or before, State Pension Age remained 60, for women born after 1950 their State Pension Age gradually increases depending on exactly when they were born, for example, for women born in late 1951, State Pension Age is likely to be 61, if born in 1952, State Pension Age likely to be 62.

4. **The following link provides details of [what qualifications classify an individual as a graduate](#).**
5. Occupation group is based on the Standard Occupation Classification (SOC) 2010 major and minor groups.
6. For European comparisons of participation between Q2 2008 and Q2 2014. Note for analysis of the participation rate for those aged 65 and over no information was available for Malta in Q2 2008.
7. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk