



Brussels, 27.1.2021  
COM(2021) 50 final

## **GREEN PAPER**

### **ON AGEING**

**Fostering solidarity and responsibility between generations**

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## 1. Introduction

**Ageing** affects every aspect of our lives, throughout our lives. As the current pandemic continues to challenge us, and as we fight to protect lives and livelihoods, we must not lose sight of a remarkable development: never before have so many Europeans enjoyed such long lives. This is a major achievement that is underpinned by the EU's social market economy.

In the last five decades, life expectancy at birth has increased by about 10 years for both men and women. The demographic profiles of EU regions vary widely, notably between urban and rural areas, with some places ageing significantly and others expanding their working-age population. Europe is by no means the only continent with an ageing population, but the process is most advanced here. As way of illustration, today's median age in Europe<sup>1</sup> of 42.5 years is more than double the figure for Africa. This gap will remain large in the coming decades.

**This trend is having a significant impact on people's everyday lives and on our societies.** It has implications for economic growth, fiscal sustainability, health and long-term care, well-being and social cohesion. In addition, the pandemic's disproportionate impact on older people – in terms of hospitalisations and deaths - has highlighted some of the challenges an ageing population poses on health and social care. But ageing also provides new opportunities for creating new jobs, fostering social fairness and boosting prosperity, for instance in the 'silver' and care economies.

Member States are addressing the impacts of ageing by improving education and skills systems, encouraging longer and fuller working lives, and advancing reforms of social protection and pension systems. However, given the scale, speed and impact this trend will have across society, we also need to look at **new approaches** and ensure that our policies are fit for purpose in an era of major change – from the twin green and digital transitions to new forms of work and the threat of pandemics.

The purpose of this green paper is to launch a **broad policy debate on ageing** to discuss options on how to anticipate and respond to the challenges and opportunities it brings, notably taking into account the UN 2030 Agenda for Sustainable Development and UN Decade for Healthy Ageing. Competences for dealing with the effects of ageing are largely in the hands of Member States and the EU is well placed to identify key issues and trends and support action on ageing at national, regional and local level. It can help Member States and regions develop their own, tailor-made policy responses to ageing.

The European Pillar of Social Rights<sup>2</sup> sets out a number of principles that relate directly or indirectly to areas impacted by ageing, such as on old age income and pensions, long-term care, health care, inclusion of people with disabilities, social protection, work-life balance

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<sup>1</sup> Europe refers here to the entire continent. Source: the [2019 Revision of UN World Population Prospects](#). Eurostat online data table demo\_pjanind indicates 43.7 years as the 2019 median age for EU-27.

<sup>2</sup> [https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles\\_en](https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles_en)

and education, training and life-long learning. The Commission will soon put forward an action plan to support the full implementation of the European Pillar of Social Rights.

This green paper takes a **life-cycle approach** that reflects the universal impact of ageing and focuses on both the personal and wider societal implications of ageing. These include everything from lifelong learning and healthy lifestyles to how to fund adequate pensions or the need for increased productivity and a large enough workforce to sustain healthcare and long-term care for older people.

The life-cycle approach takes into account the fact that the traditional stages of education and training, work and retirement are becoming less rigidly defined and more flexible. It also reflects the fact that responding to population ageing is a question of striking the right balance between sustainable solutions for our welfare system and strengthening **intergenerational solidarity and fairness between both young and old**. There are many interdependencies across generations that create challenges, opportunities and questions for our societies. This is why young people – and those of all ages – should play an active part in shaping our policy response.

This Commission has put demography high on the **EU policy agenda**. In June 2020, it presented a report<sup>3</sup> setting out the key facts of demographic change and its likely impacts. This green paper is the first outcome of this report and launches a debate on one of the defining demographic transformations in Europe. The debate will be inclusive and build on the work of other EU institutions and bodies<sup>4</sup> who are actively engaged in the debate on demographic challenges.

## 2. Laying the foundations

The years from early childhood to young adulthood affect us for the rest of our lives. What we experience, what we learn, the habits we adopt are all factors that shape our future prospects, health and well-being. **Laying the right foundations** early on can help prevent, limit and postpone some of the challenges linked to ageing.

There are two policy concepts, in particular, that can enable a thriving ageing society: healthy and active ageing, and lifelong learning. Both approaches work best when they start at an early age, as they are relevant for the entire life-cycle. Importantly, high levels of education and good health are mutually reinforcing.

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<sup>3</sup> [Report on the impact of demographic change in Europe](#) (COM(2020) 241 final, 17.6.2020).

<sup>4</sup> For example Council conclusions on demographic challenges – the way ahead (8668/20 of 8.6.2020); Council conclusions on human rights, participation and well-being of older persons in the era of digitalisation (11717/2/20 of 9.10.2020); Opinion of the European Economic and Social Committee on “Demographic challenges in the EU in light of economic and development inequalities” of 5 May 2020 and opinion of the Committee of the Regions on “Demographic change: proposals on measuring and tackling its negative effects in the EU regions” of 14 October 2020. The European Parliament is also preparing a report on “Old continent growing older – possibilities and challenges related to ageing policy post 2020”.

## *2.1. Healthy and active ageing*

**Healthy and active ageing** is about promoting healthy lifestyles throughout our lives and includes our consumption and nutrition patterns and our levels of physical and social activity. It helps reduce the risk of obesity, diabetes and other non-communicable diseases which are on the rise. Cardiovascular diseases and cancer are the key causes of avoidable deaths for people under 75 years in Europe<sup>5</sup>. Healthy and active ageing has a positive impact on the labour market, employment rates and our social protection systems, and thereby on the growth and productivity of the economy.

Healthy and active ageing is a personal choice and responsibility, but it depends heavily on the environment in which people live, work and socialise. **Public policies can play a significant supporting role.** Proactive measures can help prevent and detect illness and protect people from the effects of ill health. They can help ensure that healthy and active ageing becomes an easier choice, including for those in situations of vulnerability. There are innovative ways of promoting healthy lifestyles among children and young people, including through safe digital technology, games, learning platforms and apps. Personalised medicine can help identify, at an early stage, people who are at risk of developing particular diseases later in life.

While Member States are responsible for their health policies, the EU can support Member State action, including through the new EU4Health programme, for example in the fight against cancer, dementia, mental health, and promoting healthy nutrition and diets as well as regular physical activity. To support this, Europe's Beating Cancer Plan is set up to address the whole disease pathway, from prevention to survivorship. Monitoring and exchanging information on national health initiatives may help to reduce the differences of approach and provision among and within countries.

## *2.2. Education and training in a lifelong learning perspective*

**Lifelong learning** - investing in people's knowledge, skills and competences throughout their lives - forms part of the response to the challenges of ageing. Continuous investment in learning has many positive effects: acquiring and updating skills helps people remain employable, succeed in job transitions and advance professionally, keeping them in work and adding to job satisfaction. In a fast-changing world, lifelong learning is a necessity, as careers and education opportunities change at a rapid pace. Continued learning can also help to delay the onset of dementia and prevent cognitive decline related to old age. It is also a way for older people to play an active role in society. Developing citizenship competences is important for lifelong democratic participation.

Lifelong learning is most effective when it starts early in life. The first years of life are critical for developing cognitive and social skills. Evidence shows that access to high-quality **early childhood** education and care has a lasting effect on achievement in school and beyond. Despite improvements in **school education and training**, too many young people still leave school early and have major problems with basic skills, such as reading, science and mathematics. The same is true for adults. It is alarming that one in five young people in

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<sup>5</sup> Source: Eurostat online data table: HLTH\_CD\_APR and [Preventable and treatable mortality statistics](#)

Europe lacks basic digital skills. Students from disadvantaged backgrounds are overrepresented among underachievers. Evidence also suggests a risk of a low-skills trap whereby people with more skills tend to engage more often in learning activities, while people with lower basic skills do not.

There is a large potential for developing the skills of older people, as well as to improve how they are validated and how career guidance is made available. **Adult education and training** helps to improve employability in a changing world of work as evolving skills needs in particular due to green and digital transitions bring potential for new jobs.

This is all at the core of the implementation of the European Skills Agenda recently adopted by the Commission<sup>6</sup>. In addition, with the creation of a European Education Area<sup>7</sup> by 2025, we are working towards access to quality education for all, taking particular account of those more at risk of underachievement and social exclusion.

### *2.3. Territorial aspects in access to education*

Access to high-quality education and training cannot be taken for granted, especially in **low populated regions**, where people may have to travel long distances to the relevant facilities. The combination of low birth rates and emigration of young people can reduce the demand for schooling in rural and remote regions.

This can lead to a vicious circle: the number of children can fall to such a low level that it is difficult to justify maintaining a school. This in turn makes it less attractive for families with children to move to or remain in such a region.

The shift to **distance learning** stimulated by the COVID-19 outbreak has provided some lessons for the use of digital technology in education and training. However, it has further highlighted inequalities faced by rural communities in accessing digital services. Rural and remote areas are more likely to need investment in connectivity and less likely to have access to affordable, high-quality broadband, as well as the devices and skills needed to make use of it. For some children this meant being unable to continue lessons during the pandemic, widening pre-existing inequalities with peers in better-serviced regions. New approaches can blend classroom teaching with high-quality digital learning to improve access to education and training, both in urban and rural areas. The Digital Education Plan<sup>8</sup> proposes a comprehensive approach to digital learning and education at EU level.

- 1. How can healthy and active ageing policies be promoted from an early age and throughout the life span for everyone? How can children and young people be better equipped for the prospect of a longer life expectancy? What kind of support can the EU provide to the Member States?*
- 2. What are the most significant obstacles to lifelong learning across the life-cycle? At what stage in life could addressing those obstacles make most difference? How should this be tackled specifically in rural and remote areas?*

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<sup>6</sup> COM(2020) 274 final, 1.7.2020

<sup>7</sup> COM(2020) 625 final, 30.9.2020

<sup>8</sup> COM(2020) 624 final, 30.9.2020

### 3. Making the most of our working lives

The EU's working-age population has been shrinking for a decade and this is projected to continue<sup>9</sup>. With the overall population remaining constant, the risk of labour shortages increases. This in turn makes it difficult to sustain production and service provision and ultimately has an impact on our prosperity and well-being. To compensate for the **shrinking working-age population**, the EU and its Member States should promote policies that bring more people into the labour market, enable longer working lives and improve productivity. The potential of less developed regions, i.e. regions with a GDP per head below 75% of the EU average, could also be better exploited with appropriate investment to support regional levelling-up.

#### 3.1. Bringing more people into the workforce

High labour-market participation and longer working lives can mitigate the problem of an ageing society with a shrinking working-age population<sup>10</sup>. However, discrimination at work – or when looking for work – is widespread and can affect certain groups more. Ensuring that people with a minority racial or ethnic background can fully deploy their potential will lead to better social and economic outcomes for all. In this respect, continued work on building a Union of Equality and fully implementing existing legal instruments is key.

Employment rates among **women** (aged 20-64) in the EU remain 11.7 percentage points lower than those among men, and more women tend to work part time despite more women than men obtaining a university degree<sup>11</sup>.

Measures to promote equal participation of women and men in both paid and unpaid family work can help boost employment rates among women, including by supporting people and families to achieve better reconciliation between work and private life. Action to improve **gender equality** in the labour market and close the gender gap could enhance men's participation in household work and family care - if coupled with structural measures reforming the tax and welfare systems. The EU Gender Equality Strategy 2020-2025<sup>12</sup> has already set out a number of key actions in this area.

Recent data<sup>13</sup> show that 5.4% of women (and 2.2% of men) aged 18-64 have reduced their working time, or have taken employment breaks of more than a month to care for ill and/or older relatives with disabilities. Better availability of quality childcare, formal long-term care and support for informal carers would not only help to meet the increasing needs of older people, but also enable more workers - in particular women - to enter and remain in the labour market.

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<sup>9</sup> Source: Eurostat online tables demo\_pjan and proj\_19np

<sup>10</sup> JRC, [Demographic Scenarios for the EU: Migration, Population and Education](#), 2019.

<sup>11</sup> Source: Eurostat online table lfsi\_emp\_a

<sup>12</sup> COM(2020) 152 final, 5.3.2020

<sup>13</sup> Labour Force Survey, [Care for incapacitated relatives](#).

If enabled to pursue work that reflects their qualifications and skills, **people with a migrant background** could be better integrated. This would contribute to improved social cohesion, economic growth and reduction of inequalities.

**Legal migration** can help fill skills shortages and therefore address labour market needs. Highly educated migrants are more likely than average to be over-qualified for the job they are doing. Harnessing the potential of migrant women is particularly challenging as a result of structural barriers, such as access to high-quality and affordable childcare. The Commission presented in November 2020 a new Action Plan on Integration and Inclusion 2021-2027<sup>14</sup>, which takes into account the different situation of migrant populations and supports Member States and other relevant stakeholders in finding the adequate response in their integration and inclusion policies. As a follow-up to the New Pact on Migration and Asylum<sup>15</sup>, the Commission recently concluded a public consultation on the future of EU legal migration and will propose a number of measures including a ‘talent and skills’ package with options for developing an EU talent pool.

There is also potential to address labour shortages by increasing employment among **people with disabilities**, which requires reasonable accommodation and an accessible work environment.

Despite recent increases, the employment rate among **older workers** in the EU remains lower than the average. Only 59.1% of those aged 55-64 were employed in 2019 versus 73.1% of all those aged 20-64<sup>16</sup>. After the age of 50, the risk of long-term unemployment increases<sup>17</sup>. Many older workers face difficulties when it comes to recruitment, access to training opportunities, job transitions and age-adapted tasks. Facilitating the labour market participation of older persons could be better encouraged, including for example with fiscal incentives for employers to recruit older workers.

In some sectors, such as agriculture, people continue to work into old age, either out of choice or because of their living conditions, the lack of a potential transferee, or because of low pension provision. Physical aspects – whether ergonomic or to do with accessibility – and flexible working conditions would allow older workers to postpone their retirement should they choose to do so. Accidents at work and occupational diseases are more dangerous as people get older. Good **working conditions**, including sound occupational safety and health, help protect the health of workers of all ages, thus promoting well-being and reducing early retirement rates. Digital technologies can support workers and offer better adapted working environments, with ICT-based personalised systems, wearables and mobile health applications.

**Senior entrepreneurship** can prolong working lives, reduce old-age unemployment, improve the social inclusion of older individuals and enhance innovation through start-ups. It can foster intergenerational learning and ensure knowledge transfer. Raising awareness of entrepreneurship as a late-career option can help counter ageism as a potential barrier to such

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<sup>14</sup> COM(2020) 758 final, 24.11.2020.

<sup>15</sup> COM(2020) 609 final, 23.9.2020

<sup>16</sup> Source: Eurostat online table lfsi\_emp\_a

<sup>17</sup> Source: lfsa\_upgan



activity. Public policy can support senior entrepreneurs by removing disincentives in tax and social security systems, providing well-targeted advice and ensuring access to finance.

### *3.2. Productivity, innovation and business opportunities*

Productivity growth has slowed in all advanced economies in recent decades. Against the backdrop of a shrinking working-age population, **higher productivity** is key to underpinning sustainable and inclusive economic growth and higher living standards in the EU. The green and digital transitions present an opportunity to reignite productivity growth by promoting **innovation** in the form of new technologies and business models. Innovation can also help improve resource efficiency while labour-saving technologies can mitigate the challenges of a shrinking working-age population.

Adequate and efficient **investment in research and development and intangible assets in general** is central to stimulate innovation and foster adoption of new technologies. An efficient public administration and judiciary system, a supportive business environment, effective competition policies, and a fair, transparent and efficient system of subsidies and taxation coherent with long-term objectives of socio-environmental sustainability also play a role in supporting productivity and innovation.

One of the opportunities for the EU is the ‘**silver economy**’ – this term refers to a general shift in demand for products and services that reflects the specific needs and preferences of older people. The silver economy is expected to grow by about 5% a year from EUR 3.7 trillion in 2015 to EUR 5.7 trillion in 2025<sup>18</sup>.

The silver economy can open up new **job opportunities** in sectors such as tourism, smart homes that support independent living, assistive technologies, accessible products and services, service robotics, wellness, cosmetics and fashion, safety, culture, personal and automated mobility, and banking. **Scientific and medical innovation** will also boost opportunities for technology developers and highly skilled health staff and carers, while delivering the breakthrough needed to respond to an ageing society.

Telemedicine, smartphone apps and biosensors for remote diagnosis and monitoring can improve patient outcomes. New assistive technologies may extend the autonomy, independence and participation of older people with disabilities. A developed market of **products and services for healthy and active ageing** could improve the efficiency of health and social care systems, potentially making them more sustainable.

### *3.3. Employment and productivity – a territorial perspective*

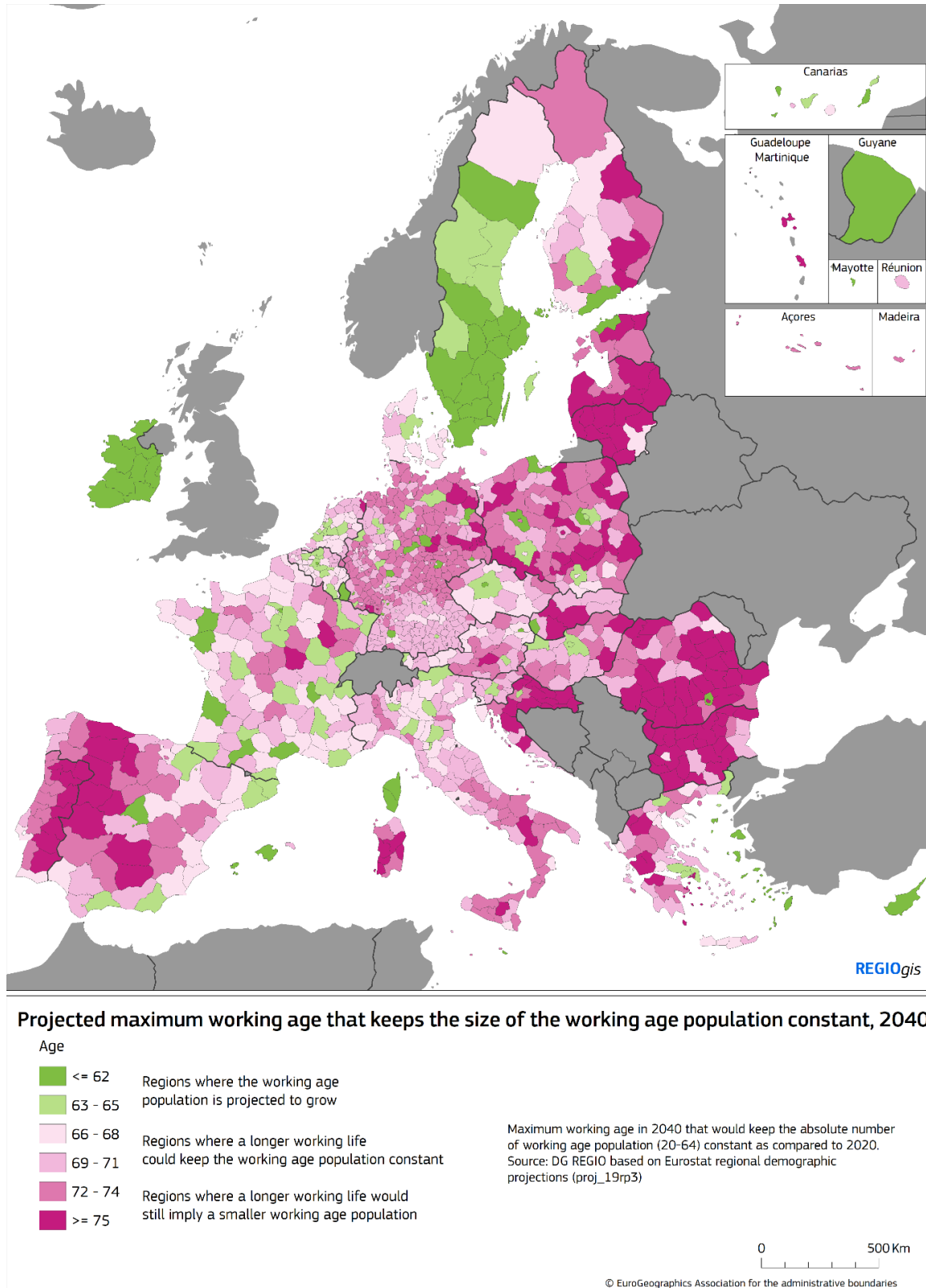
The map below shows the increase in working life needed to counter population ageing in the EU regions. Only one in five regions of the EU is projected to have a growing working age population between 2020 and 2040. These regions often include the capital city, another large city and/or their suburbs. Firms in the few regions with a growing working age population will find it easier to fill their vacancies and expand their business. Firms in regions with a shrinking working-age population, however, are more likely to face labour shortages in the

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<sup>18</sup> <https://ec.europa.eu/digital-single-market/en/news/silver-economy-study-how-stimulate-economy-hundreds-millions-euros-year>

absence of increased labour mobility. As a result, they will have to invest more in labour saving technology and innovation just to produce the same amount of goods or services.

**Map 1. Projected maximum working age that keeps the size of the working-age population constant, 2040**



The **potential of less developed regions, including rural regions**, can be further explored, for example to use opportunities emerging in the silver economy. Cohesion policy plays a significant role in supporting their development. Rural areas in Europe vary greatly with some performing well in economic and social terms and others in economic and/or social decline. The quality of life is often considered to be better in rural areas than in cities. The closeness to nature, clean air, sense of community and cheaper housing appeal to people from cities. If equipped with sufficient basic infrastructure, transport facilities and conditions for economic activity, they can be attractive both for working-age people as well as for an ageing population.

**Digital connectivity** can also help remote territories with access to quality education and quality job opportunities, as demonstrated during the COVID-19 crisis. The crisis has also highlighted the potential of telework for some professions as a way of avoiding commuting with all its consequences for air pollution and time use.

**Infrastructure** - from transport to schools, connectivity to housing or postal networks to healthcare - and the provision of **services**, such as education and training, health and long-term care, can enhance opportunities for development, if adapted to local needs.

3. *What innovative policy measures to improve participation in the labour market, in particular by older workers, should be considered more closely?*
4. *Is there a need for more policies and action at EU level that support senior entrepreneurship? What type of support is needed at EU level and how can we build on the successful social innovation examples of mentorship between young and older entrepreneurs?*
5. *How can EU policies help less developed regions and rural areas to manage ageing and depopulation? How can EU territories affected by the twin depopulation and ageing challenges make better use of the silver economy?*

#### 4. New opportunities and challenges in retirement

Never before in European history have so many people enjoyed such long and healthy lives. More people than ever remain active for longer, extend their work careers and participate in social activities after retiring. Thanks to healthier lifestyles and medical progress (improved prevention, diagnosis and treatment of disease), most retirees are fit and can choose how to spend their time<sup>19</sup>. These new realities change our perception of ageing, shining a light on the important contribution older people make to society and economy through intergenerational learning and cohesion.

At the same time, the retirement stage presents challenges to individuals but also to the social protection systems that support them. Ensuring the adequacy, affordability and sustainability of pension systems requires us to critically assess how fit the current pension systems are to deal with a fast ageing population.

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<sup>19</sup> Source: Eurostat's [2020 edition of Ageing Europe](#)

#### 4.1. *Staying active*

**Volunteering** activities can promote intergenerational solidarity and cooperation, creating value and benefiting young and old alike in terms of knowledge, experience and self-esteem. At the same time, volunteering has an important economic value. Data show that about a fifth of 65-74 year-olds participate in formal volunteering while people aged 75+ also remain engaged when their health allows<sup>20</sup>. During the COVID-19 pandemic, retirees have helped the community by returning as medical or nursing staff, or providing voluntary services to relieve others in their everyday lives.

Many, especially older women, **are unpaid carers**, mainly within their families (for their parents, partners, children, or grandchildren), thereby helping the generation of core working age to balance work and family life.

**Intergenerational learning**, including mentoring or experience sharing, allows the young and old to exchange knowledge and competencies. A lot of intergenerational learning happens informally in the community, in activities around libraries and museums, cultural, sports or other associations, religious institutions, etc.

Active **mobility** also supports active ageing. Walking and cycling are popular in many Member States, including among people over 65. New forms of electric mobility, mainly electric bicycles, are already providing a flexible response to some older people's mobility needs and allowing them to use an active mode of transport while reducing their transport emissions.

#### 4.2. *Old-age poverty*

For most people, retirement comes with a drop in income and, for some, the threat of **old-age poverty**. As people grow old, they face increasing financial risks relating, for instance, to the need for healthcare and especially long-term care.

Pensions are the main source of income for most retirees. To ensure that they remain adequate in view of increased life expectancy, people will have to work longer in future. Nevertheless, some will still run a higher risk of old-age poverty than others, including energy poverty. This concerns in particular those who earned low incomes, had career breaks or were in jobs or trades that provided limited protection, such as non-standard workers and the self-employed.

The risk continues to be higher for specific groups. **Women** tend to earn less, have shorter, less linear careers, work part-time and take on more unpaid care responsibilities. Women's pensions in the EU are on average 29.5% lower than men's<sup>21</sup>. In 2019, 37% of third country **migrants** were at risk of poverty and social exclusion against 22% of EU mobile citizens<sup>22</sup>. In the coming years, they may face higher risks of old-age poverty due to shorter careers within the EU.

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<sup>20</sup> For more information see Eurostat online table: ilc\_scp19

<sup>21</sup> Source: Eurostat online table ilc\_pnp13.

<sup>22</sup> Source: Eurostat online table ilc\_peps05

**Older people with disabilities** can face particular problems. Working-age people who develop a disability often benefit from labour market-related support to compensate for loss of income and extra expenditure. While this is insufficient in many cases, people acquiring a disability after retirement are often ineligible for these benefits.

### **Box 1. Autonomy, participation and rights of older people**

The European Pillar of Social Rights serves as a compass on the path to better working and living conditions for all, regardless of age, and genuine social rights. It includes a number of principles that focus on the challenges of ageing.

Older people often find themselves in a situation of vulnerability; some in more ways than one, for instance, those with ill health or a disability<sup>23</sup>, those from an ethnic or religious minority or those who are LGBTQI. Some may need assistance directly related to protecting themselves or their assets, such as taking care of finances or managing medical treatment. This has also been highlighted in the recent New Consumer Agenda<sup>24</sup>. In addition, vulnerable older persons may also face risk of abuse such as through neglect, or physical or mental violence. The heavy toll on vulnerable older people during the pandemic underlines the importance of protecting their autonomy, as well as their health and living conditions.

Access to goods, services, including public services, and participation in political, social and cultural life increasingly requires digital skills. Technological developments may amplify older persons' vulnerability, for example if they are less familiar or at ease with digital tools, or have limited access to digital technology. This may make them more prone to fraud, scams and rogue trading as we have seen during the pandemic and lockdowns. Older people living abroad or owning assets abroad may also be particularly vulnerable due to the barriers of foreign languages and unknown administrative and legal systems and specific measures for protection may be needed in cross-border situations.

The growth in the number of older people in the EU brings specific security and safety concerns, as organised criminals may target them, for instance with house calls, street cons, burglary, pickpocketing or other scams and crimes.

In order to enable older people to enjoy their rights and autonomy and participate in society to the fullest extent possible, such situations of vulnerability need to be taken into account and, where necessary, be addressed specifically by policymakers at all levels.

### **4.3. Adequate, fair and sustainable pension systems**

The challenge of maintaining adequate, fair and sustainable **pensions in an ageing society** and the need for people to accumulate additional savings have been highlighted repeatedly, notably in Pension Adequacy Reports published jointly by Council and Commission<sup>25</sup>. However, in the absence of further reforms, more pensioners and fewer people of working

<sup>23</sup> The EU is committed to the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) to protect the rights and dignity of persons with disabilities.

<sup>24</sup> COM(2020) 696 final, 13.11.2020

<sup>25</sup> Every three years the Council and the Commission publish jointly the Ageing Report and the Pension Adequacy Report (next editions will be published in 2021).

age are likely to lead to higher contribution rates and lower pension replacement rates in order to ensure the sustainability of public finances. Such developments may create a double burden for the younger generations and thus raise questions of intergenerational fairness.

Longer working lives are a key answer to this. According to the most recent Eurostat population projection, the EU old age dependency ratio<sup>26</sup> in 2040 would only remain at the same level as in 2020 if working life were extended to the age of 70. There are, however, significant variations between Member States, which show the different challenges across Europe. To keep the national old age dependency ratio constant in 2040 relative to 2020, projections suggest that Malta, Hungary and Sweden would have to extend working life only to 68, while Lithuania and Luxembourg would have to extend it to 72. Already in 2019, the old age dependency ratio varied substantially from 22 in Luxembourg to 39 in Italy and 38 in Finland<sup>27</sup>.

Pension systems could support longer working lives by adjusting retirement ages or career requirements, accrual rates or benefits automatically to reflect higher life expectancy. Limiting **early retirement** to objectively warranted cases, establishing a general right to work beyond pensionable age and flexible retirement schemes, can help to make pension systems both adequate and sustainable.

Reforms to modernise pension systems need to carefully consider the **redistribution and fairness logic** of pension systems. Factors that could be taken into account include the increasing demographic burden on future generations, a fair treatment of workers who enter the labour market early, the redistributive capacity across income groups, the protection of family-related career breaks and the phasing-out of preferential pension schemes.

Pensions allowing for dignified living standards in old age should be available to those who will not be able to have longer working lives in the future. This could be achieved, for instance, through pension credits, minimum pensions, pensions based on residence and social assistance targeted at, or also available to older people.

Ensuring that pension systems cover different types of economic activity, for instance by **extending access** to more types of workers and to self-employed, would help safeguard their adequacy and contribution base and mitigate inequalities within the labour market. As changes in the economy and the world of work could affect the contribution base, Member States may need to reconsider how their social protection systems are resourced.

Citizens need to be made aware of the status of their retirement entitlements. High quality, safe and cost-effective **supplementary pensions**, including the pan-European personal pension product (PEPP)<sup>28</sup>, that complement statutory pension schemes can provide additional retirement savings. Policies to facilitate and encourage participation in supplementary pension schemes should consider their fiscal cost and distributive effect, and strike a balance

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<sup>26</sup> Old age dependency ratio used here is the ratio between the number of persons aged 65 and over and the number of persons aged between 20 and 64. The value is expressed per 100 persons of working age (15-64).

<sup>27</sup> Source: Eurostat online table proj\_19np and calculations made by Commission's Directorate-General for Regional and Urban Policy, more information available [here](#).

<sup>28</sup> PEPP is a voluntary personal pension scheme due to be rolled out in 2022 that will offer consumers a new pan-European product to save for retirement. Cf. Regulation (EU) 2019/1238 of 20 June 2019.



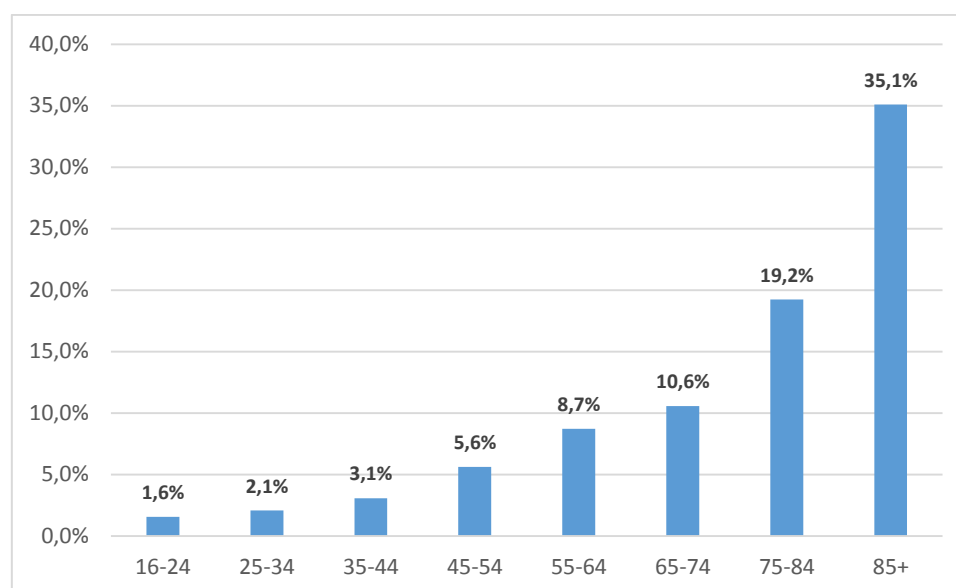
between broad and inclusive coverage and safeguards against the effects of market volatility on the one hand and cost-effectiveness on the other.

- 6. How could volunteering by older people and intergenerational learning be better supported, including across borders, to foster knowledge sharing and civic engagement? What role could a digital platform or other initiatives at EU level play and to whom should such initiatives be addressed? How could volunteering by young people together with and towards older people be combined into cross-generational initiatives?*
- 7. Which services and enabling environment would need to be put in place or improved in order to ensure the autonomy, independence and rights of older people and enable their participation in society?*
- 8. How can the EU support vulnerable older persons who are not in a position to protect their own financial and personal interests, in particular in cross-border situations?*
- 9. How can the EU support Member States' efforts to ensure more fairness in the social protection systems across generations, gender, age and income groups, ensuring that they remain fiscally sound?*
- 10. How can the risks of poverty in old age be reduced and addressed?*
- 11. How can we ensure adequate pensions for those (mainly women) who spend large periods of their working life in unremunerated work (often care provision)?*
- 12. What role could supplementary pensions play in ensuring adequate retirement incomes? How could they be extended throughout the EU and what would be the EU's role in this process?*

## **5. Meeting the growing needs of an ageing population**

Despite improved healthy life expectancy, the older you get the higher the chance of illness or disability. Gradually, many older people become frail and dependent on **long-term care**.

**Figure 1. EU dependency rates<sup>29</sup> increase with age, 2015-2019**



Source: Calculation of the Commission's Directorate-General for Economic and Financial Affairs based on Eurostat online data table hlth\_silc\_06

Health promotion and disease prevention, in the form of healthy lifestyles, health and safety at work, and active social lives can help limit or postpone these problems. Supporting policies, such as urban renewal, revitalised rural areas and accessibility in buildings and transport, can help make life easier, in particular for people with limited mobility.

While such policies can help mitigate the overall challenge, ageing and longevity will invariably lead to a structural increase in overall demand for healthcare and long-term care services<sup>30</sup>. This is exacerbated for some remote and rural regions that typically face challenges in terms of quality and scale of the social services provided.

The way societies prepare for ageing needs to go beyond economic issues and quality, affordable services. We have to think about how generations live together. One concern is the increasing risk of **loneliness and social isolation** both among younger and older people, as experienced by many not least during the COVID-19 pandemic. While less visible, this has a real impact on our economic, social and healthcare systems and deserves the attention of the policy-makers.

### *5.1. Meeting the health and long-term care needs of an ageing population*

As a result of demographic change, there will be more older patients suffering from chronic and, in many cases, multiple diseases. Almost half of persons 65 years or older are perceived as having a disability or long standing activity limitation. In addition, the effects of climate change, natural disasters and environmental degradation and pollution tend to

<sup>29</sup> Note: The dependency rates are calculated as a five-year average of annual self-perceived long-standing severe limitations in usual activities due to health problem.

<sup>30</sup> Principles 16 and 18 of the European Pillar of Social Rights set out 'the right to timely access to affordable, preventive and curative healthcare of good quality' and 'the right to affordable long-term care services of good quality, in particular home care and community-based care'.



disproportionately increase pressure on older people's health. This will increase the need for **healthcare** and other care or support services.

Although healthcare and long-term care systems will both need to respond to increased demand, they face different challenges, such as with regard to their workforce, social protection coverage or quality standards.

A comprehensive policy response may involve investing in quality services and infrastructure, as well as in healthcare research and innovation, ensuring the access to healthcare, offering attractive working conditions to address staff shortages and exploiting innovative technology to improve efficiency. Technological progress makes it possible to provide certain services and therapies in new ways, rather than in hospitals. Greater provision of ambulatory and community care **infrastructure** not only provides better health and social care, it can also allow older people to take part in social and well-being activities.

There is a potential of 8 million job openings in the health and social care sector in the next 10 years. This will require more specialists and up- and re-skilling of workers, which will notably be addressed through the Pact for Skills launched in November 2020. Also, in order to address the lack of healthcare staff, **cross-border mobility** of staff could play a role. In 2018, EU citizens working in a Member State other than their own represented almost 5% of the health and long-term care workforce, while immigrants from outside the EU accounted for 9.1%<sup>31</sup>. Integrating health and long-term care considerations in existing legal migration channels may also improve the use of the skills of the migrants in the EU.

The number of people potentially in need of **long-term care** is expected to increase from 19.5 million in 2016 to 23.6 million in 2030 and 30.5 million in 2050 in the EU27<sup>32</sup>. Relying on informal carers is no more sustainable, as help from family members is increasingly difficult to ensure, with families having fewer children, living further apart, and women participating more in the labour market.

Member States face common challenges in long-term care, which include ensuring **access**, **affordability** and **quality**, of long-term care, as well as adequate **workforce**. Many in need of care cannot access it due to gaps in supply, high costs, and a lack of social protection or insurance coverage to ensure affordability. Without adequate social protection, the need for long-term care can push individuals into poverty. This risk needs to be squared with maintaining the systems' fiscal sustainability in an ageing society.

**Quality** long-term care is important to ensure personal dignity, choice, well-being, as well as to avoid unnecessary hospitalisations. Currently, there are different quality standards and interpretations across the EU and Member States are at different stages of quality assurance. It is important to note that there are different ways of delivering quality long-term care. Offering community-based service provision for older people in need of long-term care, including those with disabilities, can support their right to live independently in the community, as long as this is possible. Residential or other services, on the other hand, may secure the provision of care services that exceed the capacities of community-based settings.

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<sup>31</sup> JRC, *Health care and long-term care workforce: Demographic challenges and potential contribution of migration and digital technology*, <https://publications.jrc.ec.europa.eu/repository/handle/JRC121698>

<sup>32</sup> Projections from the Ageing Report 2018.

Recruiting and retaining qualified **staff** to work in long-term care is difficult given low pay and demanding working conditions. This adds pressure on informal carers - usually women - who struggle to balance care and paid work, often with costs for society such as negative effects on health and well-being, reduced participation in the labour market and reduced income.

As underlined in the Communication on a strong social Europe for just transitions<sup>33</sup>, developing **strong long-term care systems** will improve access to affordable and quality long-term care, ensure dignified lives in old age and boost the job opportunities in the care economy. A joint European Commission and Social Protection Committee Report, to be published in 2021, will shed light on the state of play of long-term care systems across the EU as well as the impact of the COVID-19 pandemic.

The large-scale introduction of **social and technological innovation**, such as e-health, mobile health, telecare, integrated care or independent living, could substantially improve the efficiency of health and long-term care systems. Remote monitoring healthcare models, in particular those that include patients and family members in the care team, have shown clear benefits for patients with chronic disease<sup>34</sup>.

**Integration of care** through close cooperation and information-sharing between professionals, patients and their carers (including informal carers) has the potential to contain the rising costs of health and social care and at the same time help older people to remain independent for longer and increase their well-being.

**Social enterprises** and non-profit organisations, (in particular, mutual societies), have been used increasingly to deliver health and social care services, including for older people. They can be effective because of their local roots and knowledge and their explicit social objectives.

The EU supports Member States in advancing long-term care systems and reforms through analytical work, mutual exchanges, policy guidance, as well as EU funding. Challenges in long-term care and health care are also reflected in the European Semester. The EU facilitates coordination of national social security systems, protecting the rights of persons moving within Europe, including their access to long-term care benefits<sup>35</sup>. Several initiatives will help improve the situation of informal carers and ensure adequate pay in the sector, such as the Directive on work-life balance, or the proposal for a Directive on adequate minimum wages<sup>36</sup>. In the context of COVID-19, the analysis of its impact on long-term care<sup>37</sup> and guidance provided on managing the pandemic in the long-term care settings<sup>38</sup> highlight the structural weaknesses.

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<sup>33</sup> COM(2020) 14 final, 14.1.2020

<sup>34</sup> *Transforming the future of ageing*, SAPEA (2019) <https://www.sapea.info/wp-content/uploads/tfa-report.pdf>

<sup>35</sup> Regulation (EC) No 883/2004 of 29 April 2004.

<sup>36</sup> Directive (EU) 2019/1158 of 20 June 2019 and COM(2020)682 final, 28.10.2020.

<sup>37</sup> A joint European Commission and Social Protection Committee Report to be published in 2021.

<sup>38</sup> <https://www.ecdc.europa.eu/en/publications-data/surveillance-COVID-19-long-term-care-facilities-EU-EEA>

## *5.2. Mobility, connectivity and accessibility*

Ageing societies in Europe represent a demographic trend that is likely to shape **mobility** patterns in the future. Public transport providers will have to adapt to an increasing number of passengers with disabilities or reduced mobility and invest in barrier-free smart transport infrastructure and vehicles. With a predominantly female older population, mobility may need to focus more on the specific needs of women in terms of time and purpose of travel, route and travel distance as well as safety.

The **automation and digitalisation** of transport can help reduce the number of accidents, improve travel and transport operations, promote multimodality, lower energy consumption and pollution, and optimise the use of resources and infrastructure. On the other hand, they also present challenges for older people who lack basic digital skills or have limited internet access. Those challenges are particularly relevant for older people residing in rural areas.

Varying needs and capacities of older people should be taken into account in the organisation of **urban infrastructure and services**. Many cities already take into account health, gender equality and other considerations in their urban mobility plans. Accessibility contributes to social inclusion. Adapted housing solutions and ‘smart homes’ with sensors and automated systems for electrical appliances, lighting and heating can improve the safety of older people living alone and increase product durability and reusability.

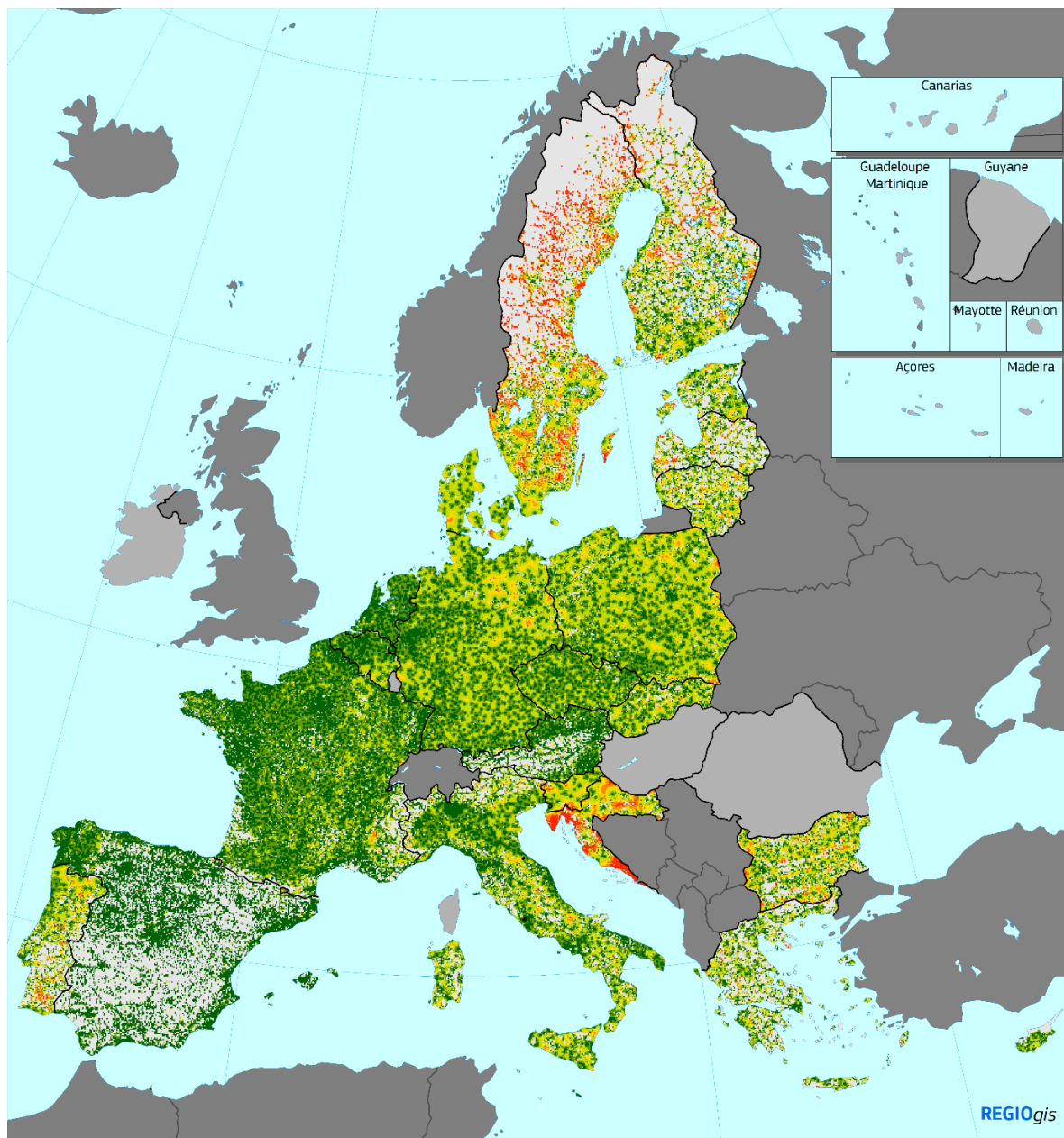
## *5.3. Territorial differences in access to care and services*

Although most EU countries have achieved universal coverage for a core set of health services, the range of services and the degree of cost-sharing vary significantly across countries. Effective access to care can be restricted for financial reasons, staff shortages, long waiting times and excessive distance to travel to the closest health care facility. Some Member States record problems in **access to healthcare** in rural and peripheral areas. These areas are known as ‘medical deserts’<sup>39</sup>. Regional disparities in access to healthcare have gained a new momentum during the COVID-19 pandemic. This is equally relevant for access to long-term care services and infrastructure.

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<sup>39</sup> Source: Eurostat online table: hlth\_silc\_21. See also the [map of health care facilities in the EU](#).

**Map 2. Driving time to the nearest health care facility**



**Driving time to the nearest health care facility**

Minutes

- < 5
- 5 - 10
- 10 - 20
- 20 - 30
- 30 - 40
- > 40
- Unpopulated
- No Data

Sources:  
Eurostat, based on official national data sources

0 500 km

© EuroGeographics Association for the administrative boundaries

Technology can help improve access to healthcare for older people, in particular in remote areas. **Digital solutions** play an important role in closing the gaps and are becoming

increasingly common, for instance for teleconsultations. This will require appropriate training and support in the use of such tools.

Low population densities make it difficult for rural municipalities to offer cost-effective, regular and convenient public **transport** that is also accessible and affordable for older people. If local facilities, such as shops, banks, healthcare, etc. close down, people have to travel further to access these services, an issue which may disproportionately affect older rural residents. Innovative, community-based, sometimes mobile service solutions can help to fill the gaps, maintaining access to services in low populated areas.

### **Box 2. Addressing the needs of all generations**

One of the big issues in the debate on how to respond to ageing is intergenerational fairness. The challenge is to maintain an adequate level of social protection without putting an excessive burden on the shrinking working-age population whose contributions represent the biggest financing source for social systems. Shifting the tax burden from labour to pollution, as proposed in the European Green Deal, may offer new solutions. In the absence of further reforms, the increasing diversity in the labour market has fewer people covered by and contributing to social protection systems.

The sustainability of public finances needs to be closely monitored, especially for countries with high public debt. Currently, the total cost of age-related public expenditure exceeds 25% of GDP in the EU as a whole. In the *2018 Ageing Report*, these costs were projected to increase by 1.1 percentage points (pp) by 2070, with an increase of 3 pp or more in 11 Member States. The rise is driven mainly by spending on long-term care and healthcare in line with the need to adequately meet the needs of an ageing population. In addition, the fall-out of fighting COVID-19 and the economic consequences of lockdown measures have posed further challenges.

In practice, however, the rise in age-related spending may prove to be even higher, for example, if past pension reforms are reversed or new reforms are adopted that increase spending. In the area of healthcare and long-term care, technological progress could help improve the quality of services, but may also lead to higher expenditure; similarly, better access to affordable long-term care may require additional public financing.

Fiscal sustainability and adequacy are two faces of the same coin, as Europe is strongly committed to upholding its high social standards. Policy measures can help reconcile social and fiscal sustainability by prolonging working lives as well as increasing coverage and rethinking social protection systems.

### **5.4. Improving well-being through intergenerational solidarity**

The growing share of older people may mean that policies are needed to address social and emotional needs, such as safety and social interaction. Social intermixing is limited by the fact that age groups cluster in different neighbourhoods and regions according to residential preferences that depend on their stage of life. Young students tend to gravitate towards city centres, young families settle in suburbs, while older people move to less densely populated

areas and at higher distances from city centres. These patterns of movement according to age<sup>40</sup> can have implications for **intergenerational cohesion**.

It is estimated that around 30 million adults in the EU frequently feel **lonely**<sup>41</sup>. Loneliness affects all age groups. Factors such as poor health, unfavourable economic circumstances and living alone are associated with higher levels of loneliness.

The COVID-19 crisis has highlighted the general importance of **mental health**. Lockdowns have had a significant impact on very old, frail people living in residential care, who often do not have access to - or the skills to use - digital communication. Investing in digital skills, community development and intergenerational cohesion can prevent the deterioration of mental health and well-being and reduce inequalities.

Healthy older people are able to contribute substantially to the production of social and economic value in our societies. Wasting their cognitive skills is not only detrimental to their mental and physical health and well-being, but also a missed opportunity for the community.

There is a growing, but still nascent, tendency to arrange ‘**multi-generational housing**’, sometimes in the form of housing cooperatives, which can provide companionship for older residents, the transfer of skills and knowledge for younger residents, and valuable social interactions for all.

13. *How can the EU support Member States’ efforts to reconcile adequate and affordable healthcare and long-term care coverage with fiscal and financial sustainability?*
14. *How could the EU support Member States in addressing common long-term care challenges? What objectives and measures should be pursued through an EU policy framework addressing challenges such as accessibility, quality, affordability or working conditions? What are the considerations to be made for areas with low population density?*
15. *How can older people reap the benefits of the digitalisation of mobility and health services? How can the accessibility, availability, affordability and safety of public transport options for older persons, notably in rural and remote areas, be improved?*
16. *Are we sufficiently aware of the causes of and impacts of loneliness in our policy making? Which steps could be taken to help prevent loneliness and social isolation among older people? Which support can the EU give?*
17. *Which role can multigenerational living and housing play in urban and rural planning in addressing the challenges of an ageing population? How could it be better harnessed?*

## 6. Outlook

Ageing and its challenges and opportunities are present throughout our lives but our perspectives change. Many young people today find it difficult to join the labour market and the current COVID-19 crisis has worsened the situation. In the longer term, the prospect of a longer life expectancy than their grandparents’ generation informs many of the choices young

<sup>40</sup> JRC, *Demographic landscape of EU territories — challenges and opportunities in diversely ageing regions*, <https://publications.jrc.ec.europa.eu/repository/handle/JRC123046>.

<sup>41</sup> JRC, Policy brief: *Loneliness – an unequally shared burden in Europe*, 2019



people make, including on education, work life, career breaks. This in turn has impacts on their health, and their place in the economy and society. At the same time, today's older generation brings the contributions, needs and expectations of their lifetime. All together, they form part of a society and economy that needs to ensure prosperity, success and well-being for all its members. Addressing the challenges and opportunities of ageing is therefore an individual and collective responsibility.

As discussed in this green paper, there are many ways of preventing or limiting the negative consequences of ageing on our society. These include promoting healthy and active ageing, improving the resilience of our health and care systems, improving labour market performance, modernising social protection and fostering legal migration and integration as part of a policy mix, striving for higher productivity and efficiency across the board.

The EU can face them with the commitment and engagement of young and older people, fostering intergenerational solidarity and responsibility with enabling policies, and at the same time leading the way in developing a supportive, dynamic society.

The Recovery and Resilience Facility, the key recovery instrument at the heart of NextGenerationEU, aims to support Member States in doing this, enabling them to enhance their economic growth potential, job creation, and economic and social resilience in the way out of the current crisis. NextGenerationEU is at the same time a vehicle of intergenerational support and fairness, facilitating a sustainable economic recovery over the medium- and long-term that should benefit the generations to come, through a combination of ambitious reforms and investments by Member States.

However, ageing is not just about sustaining growth and the welfare state. It is also about our societies as a whole and how we interact across generations. In parallel with our policy response to the socio-economic impact of ageing, we have to discuss how to ensure that everyone can participate in our societies. This calls for an active involvement of both young and old in the discussion.

Ultimately, the debate on policies to address the challenges and opportunities of ageing is one of both immediate and long-term solutions. It requires a forward-looking reflection on the impacts and alternatives in this demographic transition inside the EU as well as its consequences for Europe's role in the world. Such forward thinking could inform the debate and support long-term sustainable policy choices to the benefit of every age.

## **HOW TO TAKE PART IN THE CONSULTATION**

This green paper launches a 12-week public consultation. The Commission will take all contributions into consideration in its future work and provide feedback on the results. We invite you to submit your contribution using the electronic form, which you can find at the following address:

<https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12722-Green-Paper-on-Ageing>

Using the electronic response form will make it easier to process your opinions. However, you can also send a written contribution to the following address:

Green paper on ageing

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