



COUNTRY FRAMING REPORT

Spain

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Context

Spain has both one of the oldest populations and the lowest levels of employment among the population aged 50 and over in Europe. The universal Spanish social security system dates from 1963. In addition to providing retirement and unemployment benefits, this social protection system provides other forms of support, including benefits for widows and for individuals with work-related disabilities. The pension system is financed through a pay-as-you-go model. There is no law that imposes a mandatory retirement age, although there are some sector-specific regulations—such as civil servants, who retire at age 65, the judges or university professors at 70. The state pension age (SPA)—the age at which an individual can apply for 100% of a retirement pension, based on the number of years worked and the contributions made to the pension system—was 65 for both sexes in Spain until 2011, when it started to gradually increase. The SPA will reach 67 in 2030. Instead the mean age of exit has consistently been below this level for the last three decades, with a mean age of exit of around 62 in 2012.

A range of schemes was created within this system to allow for early retirement. This minimum age as dictated by the law can be advanced to "those groups or professional activities whose work is extremely strenuous, toxic, dangerous or harmful to health nature, and have high levels of disease and mortality," or in the case of "disabled with an equal or greater than 65 percent grade." On the one hand, there are causes of labour character, either because the employer force workers to take early retirement or because workers are members of special schemes for mining or sea, allowing previous regular retirement at age 65. For another side, it is possible the worker leaves their work for reasons of health. This in practice means that workers can leave the labour market from 52 years old. The requirements vary, but they have the following common features: a) its application is generally permitted from age 55; b) first the workers receive unemployment benefit and subsequently the pension; c) companies pay certain allowances to ensure a certain level of income; d) workers can definitely retire after 60 years old.

From 2011 some measures were introduced on the Spanish Pension system: i) the increase in the retirement age (from 65 to 67 years old), ii) the increase in the contributory period used for the calculation of the amount (from 15 to 25 years), iii) and the extension of the number of years of contributions required to access to the maximum pension (from 35 to 37 years).

Women in Spain receive only 36 percent of pensions and their average pension does not reach 60 percent of the masculine ones. Women receive the majority of minimum pensions, hence the very positive impact of the policy of increasing minimum pensions during the period 2004- 2010, especially since 2005, the year in which begins a vigorous policy of revaluations. The widow's pension was born in Spain in the mid-twentieth century to protect, in a family model with strong gender roles, situations of need for women stemming from the death of her husband. Although it had initially markedly welfare character (for widows over 65 who could not work), became then in a replacement income of the deceased, independent of the age of the widow (from 1972) and the existence of other incomes. Since 1983 this right is recognized to widowers on equal terms, and has been modified to fit—not without difficulty and without contradictions—with important social changes such as the increasing of unmarried couples, the divorce Act (1981) or the recognition of same-sex marriage (2005).

The minimum pension scheme is one of the largest programs of the Spanish Old Age pension system. It provides substantial income support for a large number of Spanish pensioners, which has gained it widespread popularity.

Research in Spain on the extending the working life has been mainly framed within the context of welfare state studies and the questions about the sustainability of intergenerational solidarity systems.

In this context the issues that have concerned researchers can be identified as follows:

Retirement timing and early retirement

From labour sociology and demography the studies emphasises on life course, social stratification perspectives and social norms theory –J. Radl, M. Gómez-León and P. Miret-. All of them pay attention to gender, but they do not focus on health. They are empirical analysis at Spanish (Spanish Labour Force Survey, Social Security working histories) or European level (SHARE, European Social Survey). The results show that the retirement age has been rejuvenated from the generation born at 1922 (Gómez-León 2008). The transition rate to early retirement is higher for men with lower education (Miret & Gómez-León 2013). The authors predict that the composition effect of education will contribute an increase of up to 4.5 percentage points to the aggregate participation rate of 55-64 year old men by the year 2020 (Ahn & Mira 2000). The relationship between gender and retirement in Spain is paradoxical. The female employment rate between the ages of 55 and 64 is slightly more than half that of the male rate, whilst the average retirement age amongst women is much higher. The results suggest that women retire later than men above all because, from a financial point of view, they cannot afford to retire any earlier. Once controlled by the duration of the previous working lives, women have a more pronounced trend than men to abandon the labour career. This suggests that low pensions and lack of eligibility for early retirement in the public pension system are essential determinants of female time of retirement (Radl 2013a).

Social class exerts a strong influence on retirement processes, especially on the risk of involuntary retirement. Employment constraints (push factors) and economic incentives (pull factors) affect workers in different class positions in markedly different ways. The groups of workers who retire latest are found at the upper and lower end of the occupational ladder. Ill health and unemployment remain heavy obstacles to prolonging working life in contemporary Western Europe. While there exist significant gender differences in retirement behaviour, these appear to be largely driven by women's lower-class positions. The analyses have demonstrated that the way in which social class influences retirement timing is largely the same for women and for men (Radl 2013b).

Social class has also a strong impact on retirement age norms. The results reveal a complex pattern of gendered norms concerning the timing of retirement. This suggests a multi-level structure of age norms, which are dependent on context conditions at the country level as well as at the level of occupational classes. The findings indeed show that a majority adheres to social norms against working beyond the age of 65. The efficacy of policies which rely only upon economic disincentives to reverse the early exit trend is called into question by widely internalized age norms which are incompatible with later retirement. Instead of merely being faced with monetary punishment for early retirement, actors need to be persuaded that older workers are more productive than often assumed. The relationship between ageism and gender inequality is complex. Early exit from work is generally seen as more appropriate for women than for men. All else being equal, women show a greater level of approval of late retirement than men. While the majority of women thus consider early retirement appropriate for themselves, among work-oriented women gendered age norms probably act as external constraints on their late-career employment perspectives (Radl 2012).

A macro-economics approach –J.I. Conde & V. Galasso– emphasises on political economy of ageing (general equilibrium studies of pension, social security systems), and labour economics studies –S. Jiménez-Martin & team, N. Ahn & P. Mira– focus on retirement behaviour (optimal behaviour/ life cycle model). They pay no attention to gender or health. They are mainly empirical analysis using the Spanish Social Security working histories. The findings support the idea that pension-induced incentives matter for the labour supply behaviour of Spanish workers. While the Spanish system does not pay a particularly generous average pension relative to GDP per capita, its “generosity” concentrates in providing relatively large minimum pensions to individuals with below-average working histories and/or low wages. This fact generates very strong incentives for people to retire as early as possible (Boldrin et al 1999). They find that the incidence of retirement at the age of first entitlement (60) almost triples with respect to that in the economy without minimum pensions, and total early retirement (before or at 60) is almost 50% larger with minimum pensions (Jiménez-Martín et al 2007).

Unemployment regulations are shown to be particularly influential for retirement behaviour, along with the more traditional determinants linked to the pension system (García-Pérez et al 2013). They emphasize the importance of the exit route via unemployment, given its large quantitative incidence among Spanish workers (accounting for more than 2/3 of the transitions into retirement). Economic incentives have a strong impact on labour market decisions in Spain. Unemployment regulations are shown to be particularly influential for retirement behaviour, along with the more traditional determinants linked to the pension system. A natural corollary is that the small reentry rates observed in Spain among workers aged 55 or over are, at least in part, a consequence of an institutional design that subsidizes non- participation over the costly alternative of job seeking (García-Pérez et al 2010). The 2011 pension reform in Spain will generate large increases in labour supply and sizable cuts in pension costs, but these are achieved at the expense of very large welfare losses, especially among unemployed workers (Sánchez et al 2014).

The political support for generous early retirement provisions relies on: (i) the existence of a significant group of elderly workers with incomplete working history, who are not entitled to an old age pension; and (ii) the intragenerational redistribution built in this provision via the utility from leisure that induces low-ability workers to retire early. The majority which supports early retirement in a bidimensional voting game is composed of elderly with incomplete working history and low-ability workers (Conde & Galasso 2003).

Retirement as a couple’s decision

This is an interdisciplinary research interest with studies from labour sociology –L. Recuenco, J. Radl–, labour economics –S. Jiménez-Martin and team, L. Hospido– and demography –M. Gómez-León and P. Miret–. The theoretical perspective emphasises on family life course and transition to retirement, competing risk framework and comparative welfare regimes. All of them pay attention to gender, but they pay only side attention on health. They are empirical analysis at Spanish (Spanish Labour Force Survey) or European level (European Community Household Panel, SHARE). The results show that the effects of all relevant factors on the retirement decision of one spouse depend strongly on whether the other one is working, unemployed, or retired. A working spouse is more likely to retire the more recently the other spouse has retired; this effect is stronger if the wife is the working spouse (García et al 2005, Gómez-León & Miret 2014, Hospido 2015). The results show that spousal labour market participation plays a large role in work-exit transitions even when retirement is involuntary. This finding suggests that

synchronized retirement between spouses in retirement may not exclusively be driven by the way retirement preferences are shaped by the household context. Possibly, homogamy in education, regional job market conditions, and similar exposure to employment risks lead to spouses sharing unobserved characteristics that are associated with job loss. Alternatively, both partners may retire early because of health problems occurring as a consequence of shared unhealthy lifestyle (e.g., smoking and food habits). Another potential explanation is that even in seemingly involuntary labour force withdrawals, workers exert some influence on their retirement age (Radl & Himmelreicher 2015).

Besides the standard evidence that poor health increases the retirement probability, the husband's health affects the couple's retirement decisions much more strongly than the wife's health does (García et al 2005). Women in Social democratic and Christian democratic traditions advance their retirement age by two years because of health problems, while health does not have any significant effect on the retirement age of women in Southern Europe. This diverse behaviour could be explained by the labour motivations of the couple. On the one hand, Southern European women are less integrated in the labour market, and their work-life cycle is shorter with more work interruptions and greater subordination to their partner than in the Christian democratic tradition, but especially when compared with the Social democratic. One possible consequence is that women in the Southern European tradition have a lower probability of achieving the requisite minimum contributions that give them the right to receive a pension, and consequently their retirement is more conditioned by the retirement of their husband when he leaves the labour market, and health has less influence when they undertake their transition to retirement (Recuenco 2013).

Labour participation and health

From labour economics, public economics and labour epidemiology some studies emphasises the relation between health inequalities and labour participation –P. García-Gómez, J.Prieto, L. Artazcoz and team-. The theoretical perspectives refer to political economy of ageing, social security systems and welfare inequalities. All of them are focus on health, but not all pay attention to gender. They are empirical analysis at Spanish (National Health Survey) or European level (SHARE, European Community Household Panel, Working Conditions Survey). The results show that a declining health status slightly affects early retirement decisions (Prieto et al 2002). Health status plays an important role explaining transitions out of employment as individuals in the worst health quintile are twice as likely to retire compared to individuals in the best health quintile. The effects of the incentives from the different social security schemes on employment behaviour seem to be concentrated among individuals in worst health, while all the other groups seem not to be affected (García-Gómez et al 2013). When we look at the effects of mental health we find that it only plays a role in explaining exits out of employment. Individuals with a health deterioration transit not only towards economic inactivity, but also to unemployment. This result raises an important question: if we want to design integration policies to keep individuals at work, it is important to understand the role that health plays when individuals are deciding whether to go back to work (García-Gómez 2008).

Among men aged 50-54 who report being in poor health only 60% still work, while this number exceeds 80% among relatively healthy. Employment rates of healthy and less healthy individuals converge from the 60, age at which retirement plays a predominant role. Health is an important variable in determining the rate of activity among people younger 60 years old, but it becomes less important as the incentives of the pension system become more evident. Wide inequalities in

pre-retirement age disappear or decrease from 65 and especially 75 years old (Jiménez-Martín 2011, Stayanova et al 2008).

Poor health has a greater effect on labour participation of men than of women (Jiménez- Martín 2011). Part-time employment is associated with fewer psychosocial problems among women, but with more psychosocial problems among men in continental Europe and among those engaged in “mini-jobs” in southern European welfare regimes (Bartoll et al 2014).

Motivations and outcomes of retirement

Another set of studies emphasises on motivation and outcomes of retirement. From work and organizational psychology – C.M. Alcover and team–, labour epidemiology – L. Artazcoz and team- and labour economics –S. Jiménez-Martin and team- the studies emphasises on life course transitions and adjustment to retirement and organizational factors. They pay none or little attention to gender, but they observe subject's perceived health and/or mental health as some of the outcomes in post-retirement life. They are empirical analysis for Spain (Disabilities, Deficiencies and Health Status Surveys, Retirement Satisfaction Inventory). The results reinforce the fact that people in general perceive little control over Retirement Decision (RD), or, in other words, RD is, to a good extent, “forced” (Topa et al 2009). Job satisfaction was the worst predictor of RD. This result may be affected by the compulsory nature of retirement age, due to a legal command rather than a real personal decision (Topa et al 2009). Volunteer retirees experienced high levels of freedom and control of their lives after leaving work. Nonvolunteer retirees stated that pressure from their employers was the reason for their early retirement. Early retirees with low skills and basic studies experienced organizational pressures and also health problems, apart from having a poor perception of freedom and control in the removal of activities (Fernández et al 2013).

The results indicated that to continue in active employment is mainly seen as economically beneficial but negative for family life and health. In contrast, early retirement is seen as beneficial for family life and self-actualization but economically negative. The motivation to stay active occupationally depends on the perceived health and social support given at work, but mostly to have a positive vision of being active workforce (Fernández-Castro et al 2015). Poor retirees' mental health is positively correlated to the push factor Pressure from Employer and negatively related to the pull factor Pursue Own Interests (Negrini et al 2013). Findings suggest that mental health depends on both the motivating reasons that lead people to retire early and the personal resources available to them to manage this psychosocial transition (Negrini et al 2013)

Concerning the reasons for early retirement, pursuing personal interests is more important for women than for men. Men highlighted health problems and pressures from employer as reasons for early retirement to a greater extent than women (Fernández et al 2008). Gender plays also a role in forced retirement model. In that case, the transition to post-employment life is more favourable for women. However, this depends on women's not perceiving early retirement as forced upon them for family reasons or the need to care for other family members in poor health, in which case the consequences are more negative (Alcover et al 2012). Being a woman and having a retired spouse also reduce the probabilities of both remaining in employment and returning to work following a spell of inactivity (Jiménez-Martín et al 2006). Finally, forced early retirement owing to organizational reasons is related to poor health indicators among female manual workers. Results highlight the importance of paying more attention to the potential vulnerability of female manual workers in early retirement policies (Artazcoz et al 2010).

Caregiving and retirement

This is an interdisciplinary research interest with studies from labour epidemiology –L. Artazcoz and team, M.M. García Calvente and team-, labour economics –D. Casado, L. Crespo and P. Mira- sociology – S. Sarasa- and demography –J. Spijker-. The theoretical perspective emphasises on long-term care systems, family policy models, multiple roles framework, time availability approach and theories of overburdening and role conflict. All of them pay attention to gender, but only few pay attention on health as an outcome variable. Most of them are empirical analysis at regional or Spanish level (Survey on Disability, Deficiency and Health Status, Survey on Informal Support to the elderly) or at European level (European Community Household Panel, Working Conditions Survey, SHARE). There is also some qualitative analysis. The results show that intensive informal care decreases the probability of employment between 10% and 12% (Moya et al 2010; Sarasa 2006a 2006b). The labour effects appear to be concentrated in intensive carers (more than 28 h/ week), co-resident carers and those who provide care for long periods (Casado et al 2011). However, after an initial spell of informal care, re-employment prospects are often reduced since they often take on new caring responsibilities (Fernández-Méndez 2015).

The labour market effects of caregiving are most apparent among women who care at home or who have been caring for more than one year (García-Gómez 2008). Providing more than 15 weekly hours of informal care reduces the employment probability by 9% for men and 17% for women. Providing more than 85 weekly hours of informal care reduces the likelihood to labour participation by about 20% for men and 28% for women (Fernández-Méndez 2015). Caring for parents in an "intensive" basis causes a 30 percent reduction in daughters' probability of labour force participation (Crespo 2006). In fact, the results show that it's not gender but the role as caregiver that is the main determinant of being employed. When the controlled variable is not mere coexistence, but assuming the role of a caregiver cohabiting, the effect on male employment also becomes negative -the probability of working is half of the men who are no caregivers (Spijker et al 2010).

Results also show that formal care has a positive impact on female labour participation. Expanding supply, making funds for formal care available and changing working patterns will enable these people to remain in the labour market (Fernández-Méndez 2015). Women engaged in high intensity informal care, i.e., caring for a dependent person more than 28 hours a week, are less likely to participate in the labour market than women who do not have to care for dependents, except in the Nordic countries, where intensive informal care is rare. Participation in the labour market depends on the degree of development of formal caregiving services. In the countries of central and northern Europe, where the public long-term care systems are more developed, informal caregiving has less impact on employment (Pardo & Escribano 2014). Middle-aged European women who reported a deterioration of the health of their elderly parents between 2004 and 2006 were less likely to be working in 2006. These correlations grow in size and significance from North to South. This North-South gradient mirrors the negative gradient in the development of long-term formal care systems (Crespo & Mira 2008). Even larger and strongly significant impacts are found for particular combinations of parental disability conditions (e.g., daughters whose parents have dementia). Low-skilled daughters who work but are close to the margin also exhibit larger employment and caregiving impacts (Crespo & Mira 2014).

The studies detect a negative and significant effect of becoming a caregiver on labour income which tends to be offset by a parallel increase in social transfers, except in the case of women

with low levels of education in the Southern countries, for whom they find that social transfers do not compensate the reduction in labour income. Since a large proportion of caregivers in the Southern countries look after their elderly relatives, and the main origin of the transfers in this group are old age benefits accruing to the dependent person, this particular result signals the inadequacy of a system whereby the only source of compensation for the caregiver is the pension entitlements of the receiver of the care (Casado et al 2008).

In Continental and Southern European countries, employment and family demands were associated with poor health status in both sexes, but more consistently among women. The combination of employment and family demands is largely unassociated with health status in countries with dual-earner family policy models (Nordic and Eastern European countries). It is associated with poorer health outcomes among men in countries with market-oriented models (Anglo-Saxon countries), and among women in countries with traditional models (Continental and Southern European) (Artazcoz et al 2013). Authors observed a cultural assumption that women should assume the caregiver role and found that women shouldered the bulk of caregiving responsibilities and did not usually seek support. This might explain the high prevalence of chronic health disorders, stress, anxiety, depression, neglect of health, and social isolation we observed among women caregivers. Because the caregiver role was not socially imposed on men in our setting, men caregivers adopted a flexible attitude and tended to seek external support before their health and quality of life were seriously affected (Del Río et al 2013).

Grandparenting and labour market participation

From sociology of ageing and social demography some studies emphasises the relation between grandparenting and mother's labour participation, social policies, and outcomes in health and social participation –B. Arpino and V. Bordone-. The theoretical perspectives are related to intergenerational solidarity, welfare models (defamilistic/familistic), replace vs. reciprocity theories, active ageing (activities accumulation or competition hypothesis), individuals' social capital, cognitive enrichment theory and models of female labour supply. All of them look for differences by gender but pay little attention to health. They are empirical analysis with a European scope (SHARE). The results show that the effect of grandparental childcare on mothers' labour supply is positive; the benefit of grandparental childcare is stronger for mothers with low education and with young children (Arpino et al 2014). Younger and non-working grandparents are more likely to help their children in taking care of grandchildren on a regular basis, as compared to older grandparents or to their working counterparts. Grandparents are also more likely to help a daughter than a son with childcare, especially if she is in the labour market (Bordone et al 2012).

There is a clear association between the policy context of the country of residence and (daily) grandparenting. Although these characteristics have a similar effect in all the countries considered, the studies identify a clear country-specific pattern, with grandparents in Mediterranean countries being more likely to offer daily care and grandparents in Scandinavian countries much less (Bordone et al 2012)

Regarding the outcomes of grandparenting, there is not significant negative effects of grandchild care on engagement in at least one social activity. However, regular provision of grandchild care has a significant negative effect on the number of activities in which grandmothers participate. For grandmothers only, there's a negative effect on volunteering, engagement in educational or training courses and participation in political or community-related organisation. The negative

effects of grandchild care on participation in social activities that the authors found for grandmothers and not for grandfathers can be explained by the fact that grandchild care provided by grandfathers is likely to be partially mediated by the role of grandmothers (Arpino & Bordone 2016). Regarding health outcomes, they found evidence of an adverse selection mechanism into more intense grandparenting: The grandparents who provided child care more often had characteristics that are negatively associated with cognitive functioning. Instead, grandparenting has a positive effect on verbal fluency (Arpino & Bordone 2014)

Conclusions

In Spain women retire later than men above all because, from a financial point of view, they cannot afford to retire any earlier. On the contrary, there is a pattern of gendered norms concerning the timing of retirement: early exit from work is generally seen as more appropriate for women than for men.

Health is an important variable in determining the rate of activity among people younger than 60 years old, but it becomes less important as the incentives of the pension system become more evident. Poor health has a greater effect on labour participation of men than of women.

The retirement decision of one spouse depends strongly on whether the other one is working, unemployed, or retired. A working spouse is more likely to retire the more recently the other spouse has retired; this effect is stronger if the wife is the working spouse. The husband's health affects the couple's retirement decisions much more strongly than the wife's health does. Women in the Southern European tradition have a lower probability of achieving the requisite minimum contributions that give them the right to receive a pension, and consequently their retirement is more conditioned by the retirement of their husband when he leaves the labour market, and health has less influence when they undertake their transition to retirement.

To continue in active employment is mainly seen as economically beneficial but negative for family life and health. Concerning the reasons for early retirement, pursuing personal interests is more important for women than for men. Men highlighted health problems and pressures from employer as reasons for early retirement to a greater extent than women. In a forced retirement case, the transition to post-employment life is more favourable for women. However, this depends on women's not perceiving early retirement as forced upon them for family reasons or the need to care for other family members in poor health, in which case the consequences are more negative.

Intensive informal care decreases the probability of employment. The labour market effects of caregiving are most apparent among women who care at home or who have been caring for a long period. Even larger and strongly significant impacts are found for particular combinations of parental disability conditions (e.g., daughters whose parents have dementia). But the results show that it's not gender but the role as caregiver that is the main determinant of being employed. For women with low levels of education in the Southern countries social transfers do not compensate the reduction in labour income. The main origin of the transfers in this group are old age benefits accruing to the dependent person, signaling the inadequacy of a system whereby the only source of compensation for the caregiver is the pension entitlements of the receiver of the care. Results also show that formal care has a positive impact on female labour participation. Expanding supply, making funds for formal care available and changing working patterns will enable all the

population to remain in the labour market.

In Southern European countries, employment and family demands were associated with poor health status in both sexes, but more consistently among women. There is a cultural assumption that women should assume the caregiver role and found that women shouldered the bulk of caregiving responsibilities and did not usually seek support. Because the caregiver role was not socially imposed on men in our setting, men caregivers adopted a flexible attitude and tended to seek external support before their health and quality of life were seriously affected.

The effect of grandparental childcare on mothers' labour supply is positive, and stronger for mothers with low education and with young children. Younger and non-working grandparents are more likely to help their children in taking care of grandchildren on a regular basis. Grandparents are also more likely to help a daughter than a son with childcare, especially if she is in the labour market. Regular provision of grandchild care has a significant negative effect on the number of activities in which grandmothers participate. This negative effect does not work for grandfathers. This gender effect can be explained by the fact that grandchild care provided by grandfathers is likely to be partially mediated by the role of grandmothers.

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Ageing situation of the country

Spain has one of the most aged populations in the world due to a combination of persistent (well-)below replacement fertility level and very high life expectancy, including at older ages. Moreover, due to their higher life expectancy ageing affects women more than men. In 2013, 15% of the male, 20% of the female, and 17% of the total population was aged 65 years or over (Table 1).

Table 1. Population and life expectancy characteristics of Spain. 1958, 2013 and 2050.

	Male			Female			Total		
	1958	2013	2050	1958	2013	2050	1958	2013	2050
Population (million)	14.4	23.0	21.1	15.3	23.7	22.6	29.7	46.7	43.7
Proportion aged 65+ (%)	6.7	15.4	35.2	9.1	19.9	39.9	7.9	17.7	37.6
Life expectancy at birth	66.4	80.0	88.6	71.1	85.6	92.4	68.8	82.8	90.5
Life expectancy at age 65	13.2	19.0	25.4	15.3	22.9	28.9	14.4	21.1	27.4

Source: Own calculations based on data from www.mortality.org and www.ine.es.

This process of population aging has become one of the biggest concerns at the political level because of its present and future implications on economic productivity and viability of the pension, health and social protection systems (Doyle et al. 2009; Polder et al. 2002; Wolf and Amirkhanyan 2010). However, it should be mentioned that the analysis of population ageing is currently being reconsidered by a growing group of academics and policy makers. This is mainly due to the fact that the number of years of life expectancy, at whichever age, is greater than that of earlier generations (Sanderson and Scherbov 2010), implying that age (from birth) should not be compared over time without adjusting it for increases in life expectancy. To provide an example, in Spain, a 65 year old female has today the same life expectancy (23 years) as a 55 year old in 1958. Another example is the growing number of countries who are linking pension contributions, benefits or qualifying conditions to life expectancy (OECD 2011).

As said earlier, population ageing is mainly a female phenomenon given their faster increase in life expectancy. But women often also tend to age alone given that they usually marry older men and widows are less likely to remarry. For this reason, the proportion of widowers in the total Spanish population declined throughout the 20th century while it increased for widows (Spijker 2011). At the last census (2011), 2% of the male and 11% of the female population was widowed (www.ine.es), not an insignificant amount. In addition, increasing life expectancy has made widowhood almost exclusively an old-age phenomenon.

Health conditions of different age cohorts

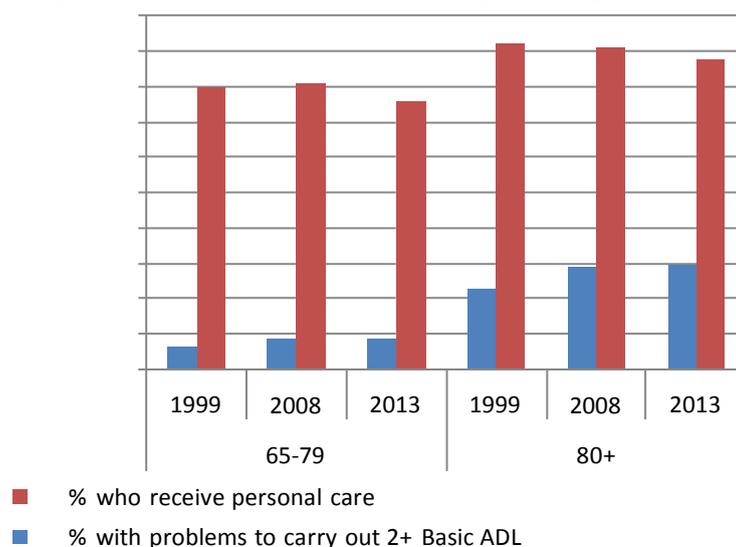
According to the so-called “dynamic equilibrium scenario” (first proposed by (Manton 1982) life expectancy among current and future elderly cohorts in low mortality countries will be higher and severe disability lower than was the case among older elderly cohorts when they were of the same age, but less severe disability will increase due to improved survival rates. However, while the former and latter trends seem to hold for Spain (see Table 1 and 2), the proportion of elderly with severe disability seems to increase as well. For instance, the proportion of elderly with

problems to carry out at least two basic activities of daily living (2+ Basic ADL) increased between 1999 and 2012 (Figure 2). The same applies to the proportion of elderly who are considered dependent (i.e. having a functional disability in activities of daily living and requiring assistance to perform them), although this is partly the result of ageing within the elderly population, as the proportion with 2+ Basic ADL receiving care hasn't really changed over time when we analyse the young-old and old-old separately (Table 2 and Figure 1).

Table 2. Population aged 65+ resident in family households with disability and dependence. Spain, 1999, 2008 and 2012.

	1999		2008		2012	
	Population	%	Population	%	Population	%
Population 65+ (% total)	6,434,523	16.4	7,358,690	16.3	7,826,328	16.9
Pop. and prop. 65+ with any disability	2,072,652	32.2	2,227,100	30.3	2,992,506	38.2
Pop. and prop. 65+ considered dependent	1,097,986#	17.1	1,462,292#	19.5	1,888,228	24.1

Figure 1. Proportion of the population aged 65-79 and 80+ resident in family households with problems to carry out 2+ Basic ADL and disability and dependence. Spain, 1999, 2008 and 2012.



Sources for Table 2 and Figure 1: 1999 and 2008 – The disability surveys EDDDES 1999 and EDAD 2008, verified with data published on the website of the Spanish National Statistics Office (www.ine.es). 2012 – Household population is taken from the 2011 Census (held on 1/11/2011). Disability and dependency data are estimated from SHARE. # As published in (Abellán García et al. 2011).

Employment situation in Spain since 1991

Spain has historically had a more rigid labour-market structure than other western European countries (Jaumotte 2011). In addition, the implementation of labour market deregulation occurred later than in other countries, in part due to the aftermaths of the dictatorship (Sola et al. 2013) and late entry into the European Union (1986). However, the latter played a crucial role in improving living standards and the development of a modern welfare state (Flores Paredes and Nieto Solís 2013) as European funds played a key role in building the infrastructure—transport,

energy, etc.—underlying the later construction boom (López and Rodríguez 2011). Moreover, German, French and Italian multinationals took up key positions within Spain's production structure, buying up most of the big food-industry companies and the public-sector firms that were being privatized. Since the 1990s Spanish macro-economic policy was increasingly determined at European level, structured within the framework of the convergence criteria set for monetary union and neoliberalism, which was openly supported by successive socialist (PSOE) and conservative (PP) governments (ibid.). Indeed, Spain's economy had been an object of particular admiration for Western commentators in the 1990s and early 2000s as it performed much better than the big 4. In the decade following 1995, 7 million jobs were created and the economy grew at a rate of nearly 4 per cent; between 1995 and 2007, the nominal wealth of households increased threefold. Spain's historic specialization in sectors such as tourism and property development seemed perfectly suited to the age of globalization. However, just as hard the Spanish economy grew, was it hit by the economic crisis, first because of the housing bubble, but the destruction of jobs was not confined to construction as it also affected the consumer-goods industry and market services. Owing to the high proportion of employees on short-term and temporary contracts, big businesses were able to reduce their workforces quickly and at very little cost in response to falling demand, which was then in turn further depressed by rising unemployment (López and Rodríguez 2010; López and Rodríguez 2011). The Spanish labour market was still quite different from other countries, as well as dysfunctional, and had changed little since Spain had become a democracy. According to Jaumotte (2011) this was because Spain stood out by strong collective bargaining at the intermediate level (i.e. at the province or industry level, instead of the national or company level). This greatly constrained wage flexibility and led to very high severance payments for permanent workers, a very high unemployment rate and benefits (that could be substantially reduced by decentralizing collective bargaining, thereby reducing excessive wage demands and allowing more wage flexibility and deregulating product markets), and a high share of temporary contracts but few part-time contracts. The aim of the 2012 labour market reforms was therefore to develop a framework which would allow efficient management of labour relations, employment creation, employment stability and to achieve a better balance in the use of open-ended and temporary contracts, although until now the impacts of the reform are mixed (Corral 2015).

Workforce participation in the country by age and sex

Although historically Spain never followed the typical male-breadwinner model because many women worked in the informal labour market and/or in the agricultural sector, as a result of educational expansion that disproportionately affected women (Vila and Mora 1998), the legalization of divorce (Solsona and Simó 2007) and the economic boom (1995-2007) all contributed to rising female labour force participation rates since the early 1980s and thereby drastically reducing gender differences (see Table 3).

On the other hand, despite the fact that the Spanish population structure is among the oldest in Europe, the age at which adults left the labour market fell markedly during the second half of last century, a trend that also took place in other European countries (Christensen et al. 2009; Garrido and Chulià 2005; Gendell 2001; Quinn 1999). For example, despite the increase in life expectancy and the delay in the age of entering the labour market as a result of educational expansion, the average exit age dropped from 68 years in 1960 to 60 in 2001 and about 62 today, i.e. far away from the current retirement age. The increasing use of disability pensions was one reason for this decline, and since the 1980s also because of so-called labour force adjustment plans (ERE) or other collective redundancies. These legal procedures were initially designed to

save companies in a bad short-term economic situation and at the same time guarantee workers certain rights, but today it is an instrument used by many companies to maintain or increase profits. As a result, employment rates of older men declined substantially in the 1980s and early 1990s, but rebounded due to the economic boom, before declining again as a result of the economic recession. Recent labour and retirement policy reforms have not yet shown an effect, as can be observed in the table below. At least in terms of the probability of being employed, women aged 50+ have not been affected by the economic crisis. On the contrary, employment rates have only increased over the last 3 decades.

Table 3: Proportion of the population employed by age and sex. 1986-2015.

AGE	MALES							FEMALES						
	1986	1991	1996	2001	2006	2011	2015	1986	1991	1996	2001	2006	2011	2015
16-19	0.21	0.20	0.15	0.23	0.26	0.08	0.06	0.20	0.15	0.09	0.12	0.16	0.06	0.04
20-24	0.40	0.53	0.42	0.55	0.64	0.36	0.32	0.29	0.35	0.31	0.40	0.52	0.37	0.31
25-29	0.71	0.76	0.67	0.78	0.83	0.65	0.62	0.22	0.44	0.48	0.62	0.71	0.63	0.60
30-34	0.83	0.85	0.79	0.87	0.89	0.74	0.76	0.14	0.43	0.46	0.58	0.70	0.67	0.67
35-39	0.85	0.87	0.84	0.89	0.90	0.78	0.79	0.12	0.39	0.46	0.54	0.67	0.67	0.68
40-44	0.85	0.88	0.84	0.89	0.89	0.77	0.80	0.11	0.32	0.43	0.54	0.64	0.63	0.65
45-49	0.83	0.86	0.83	0.87	0.89	0.76	0.76	0.11	0.27	0.37	0.48	0.60	0.62	0.62
50-54	0.79	0.80	0.78	0.83	0.84	0.74	0.73	0.11	0.23	0.30	0.37	0.50	0.57	0.59
55-59	0.68	0.66	0.63	0.69	0.72	0.66	0.64	0.11	0.19	0.22	0.27	0.37	0.45	0.49
60-64	0.46	0.42	0.39	0.44	0.46	0.40	0.41	0.06	0.14	0.14	0.16	0.20	0.26	0.29
65-69	0.11	0.07	0.05	0.06	0.08	0.06	0.06	0.00	0.04	0.03	0.02	0.03	0.04	0.04
70+	0.02	0.01	0.01	0.01	0.02	0.01	0.01	0.00	0.01	0.00	0.00	0.00	0.01	0.00
16-64	0.64	0.68	0.62	0.72	0.77	0.64	0.64	0.16	0.30	0.33	0.43	0.55	0.53	0.53

Source: Spanish labour force surveys (proportions are the average of each quarter).

Turning to unemployment, Spain's unemployment rate has averaged 17% since 1980 and annual rates have been higher than any other EU15 country for most of the period (<http://ec.europa.eu/eurostat/data/database>, own calculations). Even during the boom years, that saw a strong labor force and wage growth and a sharp reduction in the unemployment rate and difference with other EU15 countries, the minimum level attained in 2007 was still 8% among 15-64 year olds (against, for instance 3% in The Netherlands, 4% in Denmark and 7% in the EU15). Moreover, while the creation of new employment was high, this was particularly concentrated in sectors vulnerable to economic fluctuations such as the construction and tourism industries. Not surprisingly, the difference in unemployment with the EU15 has widened again since the beginning of the crisis in 2008, despite a similar drop in output. The unemployment rate reached a maximum of 26% in 2013 and currently stands at 22% (21% among men and 24% among women; see Table 4), with the situation being far worse among youth (ages 15-24): 51% compared to 20% in the EU15.

Table 4. Proportion of the active workforce unemployed by age and sex. 1986-2015.

AGE	MALES							FEMALES						
	1986	1991	1996	2001	2006	2011	2015	1986	1991	1996	2001	2006	2011	2015
16-19	0.48	0.28	0.44	0.26	0.24	0.65	0.65	0.55	0.40	0.59	0.41	0.37	0.64	0.71
20-24	0.42	0.24	0.34	0.17	0.12	0.44	0.45	0.47	0.36	0.46	0.29	0.18	0.40	0.44
25-29	0.24	0.16	0.24	0.12	0.08	0.27	0.29	0.30	0.29	0.35	0.21	0.13	0.25	0.28
30-34	0.15	0.10	0.17	0.09	0.06	0.21	0.20	0.17	0.22	0.29	0.19	0.10	0.21	0.23
35-39	0.13	0.08	0.12	0.07	0.05	0.18	0.17	0.12	0.19	0.25	0.17	0.10	0.20	0.21
40-44	0.11	0.06	0.12	0.06	0.05	0.18	0.16	0.10	0.16	0.23	0.16	0.10	0.20	0.21
45-49	0.12	0.07	0.11	0.06	0.04	0.17	0.18	0.09	0.13	0.19	0.14	0.08	0.19	0.23
50-54	0.12	0.08	0.12	0.06	0.04	0.16	0.18	0.07	0.12	0.16	0.14	0.10	0.16	0.20
55-59	0.14	0.09	0.13	0.08	0.05	0.16	0.20	0.07	0.08	0.15	0.12	0.08	0.16	0.19
60-64	0.12	0.08	0.08	0.07	0.05	0.14	0.16	0.05	0.05	0.08	0.08	0.06	0.12	0.17
65-69	0.04	0.02	0.01	0.01	0.02	0.01	0.05	0.01	0.02	0.02	0.06	0.02	0.03	0.05
70+	0.02	0.01	0.00	0.00	0.00	0.02	0.02	0.03	0.00	0.00	0.01	0.02	0.02	0.01
16-64	0.20	0.12	0.18	0.09	0.06	0.21	0.21	0.25	0.23	0.30	0.19	0.11	0.22	0.24

Source: Spanish labour force surveys (proportions are the average of each quarter)

Alongside the absolute and relative increase in the population over the age of 65, the economic crisis that has plagued the country since 2008 has increased the uncertainty about the sustainability of the current pension system. Although there has been a clear political will since the start of the century to prolong working life (as attested by the 2013 pension reform that set the retirement age to 67 years), in practice the effective withdrawal from the labor market is occurring at ever younger ages. Older workers are pressured by the state to remain working (and thus reduce the state contribution to the pension fund) but also by the market that uses labor force mechanisms based on economic cycles, which, in times of economic crisis demands young and cheap labor and asks the State to take charge of older and more expensive workers, despite their greater work experience (Gómez-Léon and Miret-Gamundi 2015). As a result, among men aged 50+ pre-retirement, sometimes concealed through unemployment, has often served as a strategy to abandon the labour market.

The Spanish pension system since the 2013 pension reform

The current Spanish public pension system consists of a single, earnings-related benefit in the contribution level, with a means tested minimum pension. There is also a non-contribution means-tested level, which replaces the previous special social assistance scheme. The Independent Authority for Fiscal Responsibility, created in November 2013, oversees the sustainability of public finances as a means for ensuring economic growth and the wellbeing of Spanish society in the medium and long-term. More specific characteristics of the Spanish pension system include (see also OECD, 2015):

- Pension age - The normal pension age has been set to increase from 65 in 2013 to 67 in 2027, but full pension benefits will still be available at age 65 with 38.5 years of contributions (for yearly changes see http://www.seg-social.es/Internet_1/Trabajadores/PrestacionesPension10935/Jubilacion/RegimenGeneral/Jubilacionordinaria/Requisitos/177422).

- Early retirement age - The early-retirement age is increasing in line with the change in legal retirement age from 61 to 63 by 2027 in cases of registered unemployment; the contribution period for involuntary early retirement is increasing from 31 years to 33 years; and for voluntary early retirement, the pensionable age will be 65 and the contribution period will increase to 35 years.
- Late retirement - It is possible to defer the pension benefits withdrawal after normal retirement age. Since March 2013, it is possible for individuals above the normal retirement age to combine retirement benefit receipt and work. However in these cases the amount of the pension benefit is reduced by 50%.
- Pension benefit and indexation - Previously, the benefit accrued according to the following schedule. The first 15 years' of contributions delivered 50% of the earnings base. The next ten years provided an extra 3% per year, 2% per year thereafter. The maximum accrual was 100% of the earnings base, reached after 35 years of pension contributions. Following the recent reform the accrual is still 50% after 15 years, but will for those who retire in 2027 only reach 100% after 38.5 years of full employment (from year 15 every additional month of contributions will increase the accrual by 0.19% per month from months 1 to 248, and 0.18% per month thereafter). The maximum accrual will still be 100% of the earnings base. Earnings during the final 25 years are subsequently used to calculate the benefits, whereby from 2019, the initial pension benefit paid to new retirees will be adjusted every five years based on life-expectancy gains. Since 2014 pension benefits are also indexed annually to a new Adjustment Index calculated according to the number of contributory pensions, the variation of the average pension amount and the balance between revenues and expenses of the Social Security system. There is a minimum pension benefit payable from age 65 equal to EUR 632.90 per month for single pensioners, EUR 780.90 per month for pensioners with a dependent spouse. The maximum pension is EUR 2 554.49 and there are 14 payments per year. There is also a minimum pension benefit equal to EUR 731.90 per month for widows with children and a minimum pension benefit for orphans and a non-contributory pension for people aged 65+ who are not entitled to a contributory pension. Finally, the Spanish government pays contributions for old-age pensions of individuals aged 55 years or older until they reach the retirement age if they have been laid off work. Similar pension credits are paid to women who take leave for childcare (up to three years).

Table 5. Features of pathways to early exit from employment in Spain (year of recent reform*)

Age	Access to (early) exits schemes or social benefits	Years in employment required (min–max)
50	Social benefits (i.e. unemployment up to 2 years)	
52	Early retirement for workers in specific dangerous occupations	15
52-56	Early retirement for disabled workers	15
60	Early retirement schemes for particular workers	15-30
60	Compulsory early retirement	30
61 (2013)		33 (2013)
61	Partial retirement (voluntary)	30
63 (2013)		33 (2013)
65	Full retirement	15-35
65-67 (2013)		15-38.5 (2013)
65	Part work/Part retirement	
65-67 (2013)		
After 65-67 (2013)	Delayed retirement	

Source: Adapted from Gómez-Léon and Miret-Gamundi (2015). *Maximum age or year in 2027.

Concluding remarks

To conclude, it would be an error to think that the main reason that the state will have problems in assuming the cost of retirement or that there will be a shortage of workers is because of population ageing (Spijker and MacInnes 2013). For example, despite the increase in life expectancy and the delay in the age to enter the labour market due to educational expansion, the average retirement age fell from 68 years in 1960 to 60 in 2001. Disability pensions and collective redundancies, the latter currently used by large companies for profit purposes, are behind the low labour force participation rates among older adults. Raising the retirement age will therefore not solve the current crisis of state funds for pensions in Spain, but lowering unemployment, particularly among young people (as it currently stands at 50%), raise the rate of employment of women and people between 50 and 64 years, as well as combat the gray or black economy (that stood at 25% of GDP in 2012).

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