

Economic labour market status of individuals aged 50 and over, trends over time: September 2017 (experimental)

Data for 1950 to 2017

Annual

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Official
Experimental

This publication details the trends over time in the economic labour market status of individuals aged 50 and over. Analysis is provided on the three headline measures announced in the Fuller Working Lives (FWL) Strategy 2017 that the government will use to monitor progress on FWL.¹

The UK has an ageing population and workforce, therefore, it is of growing importance to understand the economic labour market status of individuals approaching, at and above State Pension age (SPa) and how trends are changing over time.

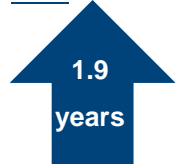
Main stories

Note: Throughout this publication, all data using the Labour Force Survey (LFS) refer to the United Kingdom (UK) except for 1992 – 1994 which is Great Britain (GB) only. A grey area in a graph indicates when data is GB only. The pre-1992 estimates are not directly comparable to later periods due to changes in survey design and a different reference period; before 1992, data refers to March-May rather than April-June. Therefore pre-1994 data are used to indicate broad trends rather than make direct comparisons. For average age of exit from the labour market, we link LFS Q2 analysis and ONS data (from 1984 onwards) to Blöndal and Scarpetta's data (pre-1984).²

Average Age of Exit

Has increased over the past two decades

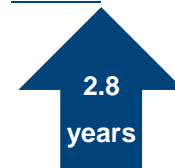
Male



2017: 65.1 years old.

1997: 63.2 years old.

Female

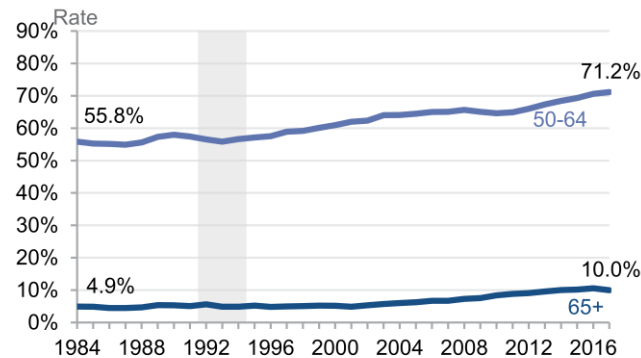


2017: 63.6 years old.

1997: 60.8 years old.

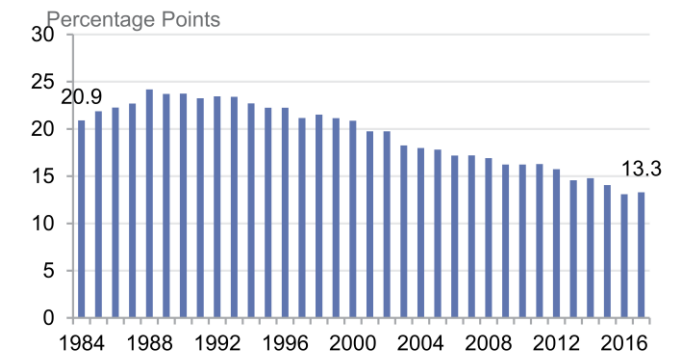
50+ Employment Rates

Are increasing over time



Employment Rate Gap

Between 50-64 & 35-49 year olds is closing



¹ DWP (2017). *Fuller Working Lives: A Partnership Approach*. Available at: <https://www.gov.uk/government/publications/fuller-working-lives-a-partnership-approach>

² Average exit age: Blöndal, S. and S. Scarpetta (1999) "The Retirement Decision in OECD Countries", ONS Pension Trends and LFS Q2 Analysis.

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Comments? Feedback is welcome

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What you need to know

This is the second annual publication on the economic labour market status of individuals aged 50 and over. This provides more detailed breakdowns of the labour market outcomes of older workers over time than is routinely published by the Office for National Statistics (ONS) in their monthly Labour Market Statistics. To better align with the timing of data releases, the publication date has been changed since last year to allow an additional two years of data to be included.

Recent trends in employment should be considered in the context of changes to SPa. Since 2010, female SPa has been gradually increasing from 60 years, rising to 65 years old by November 2018, at which point it will equal male SPa. After this point, SPa for all individuals will increase to 66 years by October 2020 and to 67 years by 2028. The recent SPa Review outlined the planned increase in SPa to 68 years over the period 2037-2039.³

Research has so far explored the impacts of SPa equalisation on females aged 60 and 61 and has found that these increases have caused a statistically significant increase to employment.⁴ However the increases in labour force participation of females aged 50 and over, that we have seen over the period of these statistics, are not wholly attributable to increases in SPa.

Statistical Measures

All of the changes discussed in this release have been tested at the 95 per cent significance level and are statistically significant unless specifically stated. This publication includes data on several statistical measures including:

- The **average age of exit** from the labour market, which is the age at which people aged 50 and over are most likely, on average, to leave the labour force and is calculated using the static model.
- The **employment rate** is calculated by dividing the employment level for those in the age group by the population for that age group. The data is also split by full time and part time, although this may not sum to total employment as not everyone reports their full time/part time status in the survey.
- The **employment rate gap** is calculated by comparing the employment rates of 50-64 and 35-49 year olds.
- The **inactivity rate** is calculated by dividing the inactivity level for those in the age group by the population for that age group.⁵
- The **unemployment rate** is calculated by dividing the unemployment level for those in the age group by the total number of economically active individuals for that age group.

³ DWP (2017). *State Pension age review*. Available at:

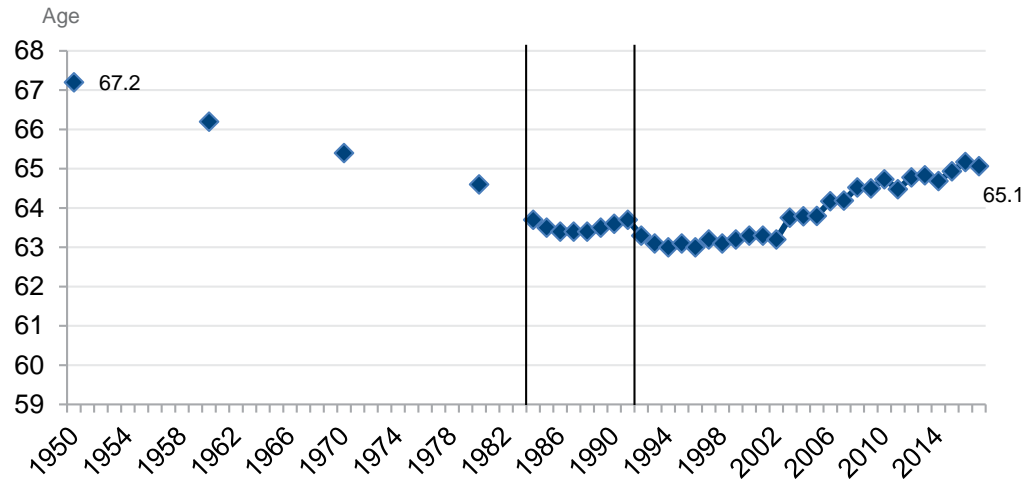
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/630065/state-pension-age-review-final-report.pdf

⁴ "Labour supply effects of increasing the female state pension age in the UK from age 60 to 62" J. Cribb, C. Emmerson and G. Tetlow (IFS 2014). "Incentives, shocks or signals: labour supply effects of increasing the female state pension age in the UK" J. Cribb, C. Emmerson and G. Tetlow (IFS 2013).

⁵ It is best practice to exclude individuals aged 65 years and over from the headline rate of economic inactivity (unless specifically focussed on 65+ age groups), due to the large impact made by the retired population. Please see the "About These Statistics" section for further definitions.

Average Age of Exit from the Labour Market, 1950 to 2017 by gender

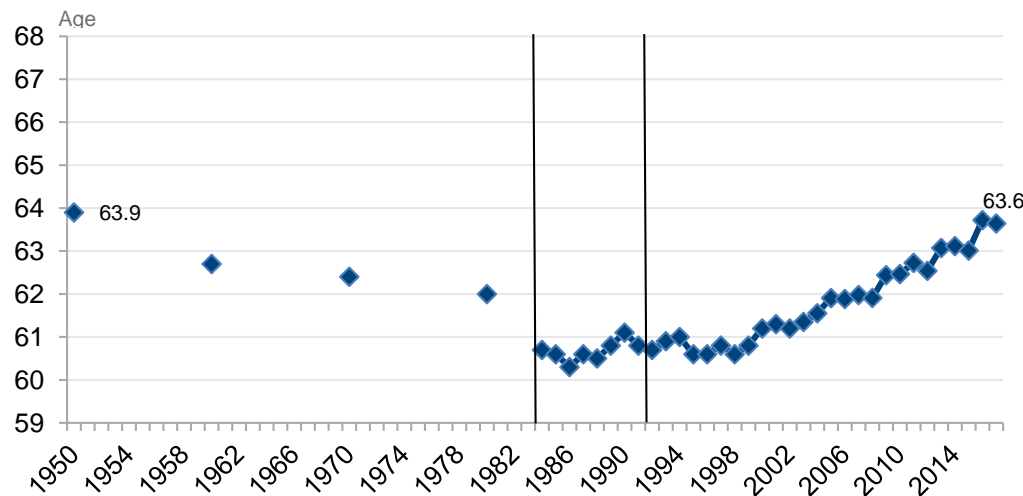
Male



Note: Line denotes a change to the data source.

- Due to the methodology used, caution should be applied when looking at year on year changes of the average age of exit of those aged 50 and over from the labour market. For more information on this please see the **Background Information and Methodology**.
- Note: Changes in average age of exit have not been significance tested.
- In 2017, the male average age of exit from the labour market was 65.1 years old.
- Since 1996, the lowest average age of exit, it has increased by 2.1 years from 63.0 years old.
- The current average age of exit is lower than it was in 1950 (67.2 years old).
- From 1985 to 2017, average age of exit from the labour market increased by 1.6 years for males, from 63.5 to 65.1 years old.

Female



Note: Line denotes a change to the data source.

- Note: Changes in average age of exit have not been significance tested.
- In 2017, the female average age of exit from the labour market was 63.6 years old.
- Since 1986, the lowest average age of exit, it has increased by 3.3 years from 60.3 years old.
- The current average age of exit is similar to the 1950 level of 63.9 years old.
- From 1985 to 2009 (before the change to female SPa), the average age of exit from the labour market increased by 1.8 years for females from 60.6 years old to 62.4 years old.
- Between 2009 and 2014, when female SPa increased to 62, the average age of exit increased by 0.7 years to 63.1 years. It has increased by a further 0.5 years to 63.6 years old in 2017, during which time, female SPa increased to 63 years old in May 2016.

Economic Status, 1984 – 2017 (as a proportion of the population)

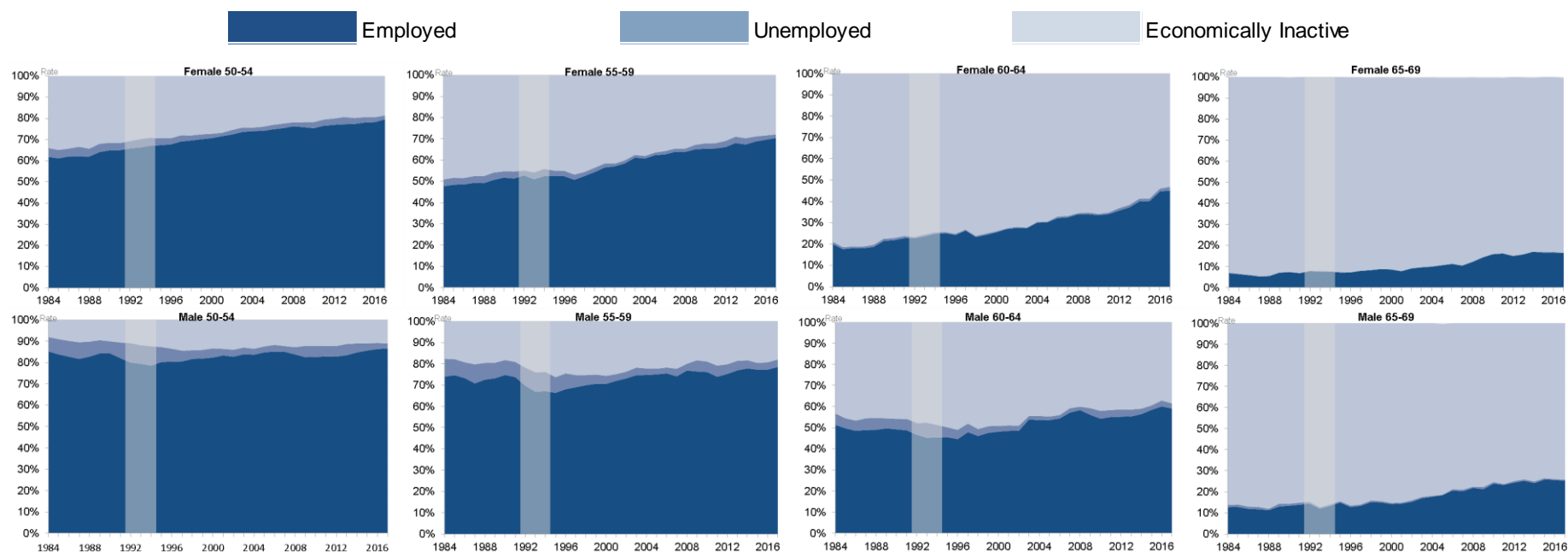
Trends over time: Across all age bands, employment rates have increased over time for both genders.

- The largest percentage point (pp) increases from 1997 to 2017 occurred for females aged 55-59 and 60-64 years old, as they approach and pass current SPa:
 - The female employment rate for 55-59 year olds has increased by 19.7 pp from 50.7 per cent in 1997 to 70.4 per cent in 2017.
 - For females aged 60-64 years old, the increase is 18.8pp, from 26.4 per cent in 1997 to 45.2 per cent in 2017.
- For males, the largest percentage point increases from 1997 to 2017 occurred in the 60-64 and 65-69 year old age groups, as they approach and pass current SPa:
 - The male employment rate for 60-64 year olds has increased by 11.2 pp from 47.9 per cent in 1997 to 59.1 per cent in 2017.
 - For males aged 65-69 years old, the increase is 11.9 pp, from 13.4 per cent in 1997 to 25.3 percent in 2017.

Comparisons between age bands: For both genders, the employment rate in a given year decreases as the age band increases.

- In 2017, the biggest decrease in employment occurs between the 60-64 year olds and 65-69 year age groups for males and females (33.8 pp and 28.7 pp respectively).
- A notable decrease has also occurred for females between ages 55-59 years old and 60-64 years old (25.2 pp).
- The number of individuals unemployed as a proportion of the population is relatively small for both genders across all age bands. For those aged 65–69 years old, the proportion is negligible and therefore is not clear on the charts.

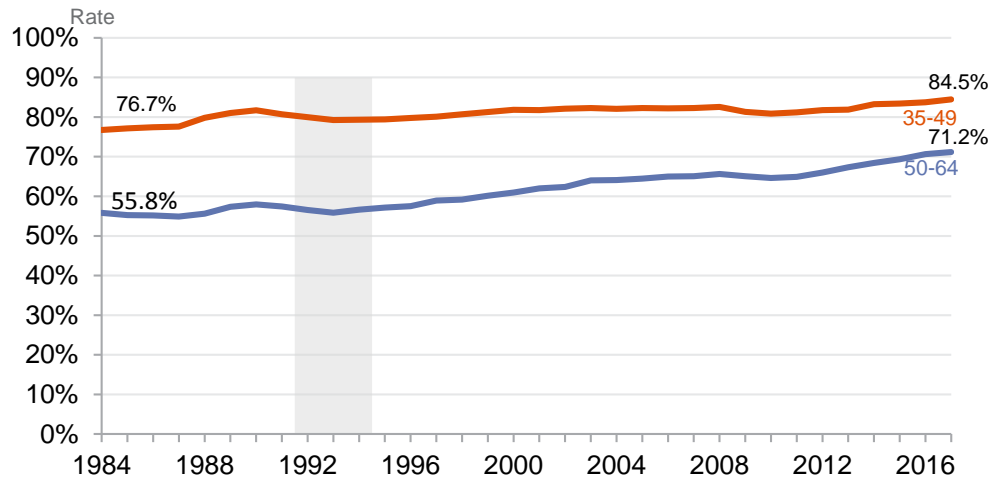
Five year age bands, by gender



Please note: the number of individuals unemployed as a proportion of the population (shown in the charts above) is not the same as the unemployment rate; the **unemployment rate** is the number of individuals unemployed in an age group as a proportion of the total number of **economically active individuals** for that age group.

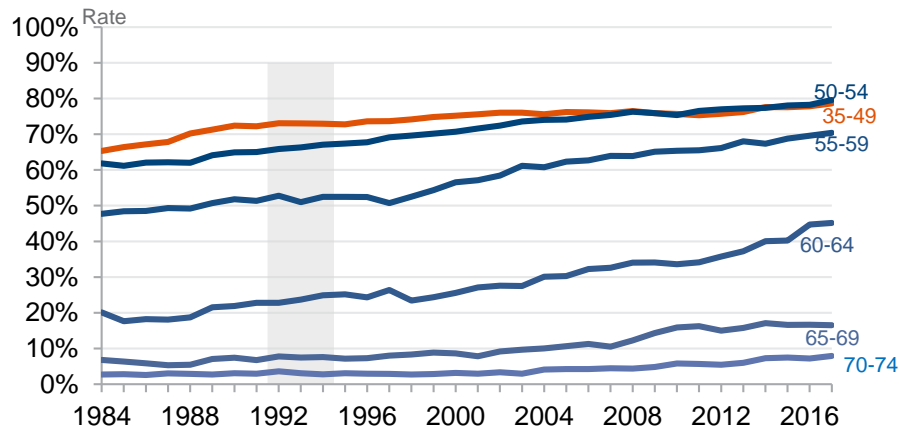
Employment rates and employment rate gap, 1984-2017, by gender and age bands

All Individuals, aged 35-49 and 50-64

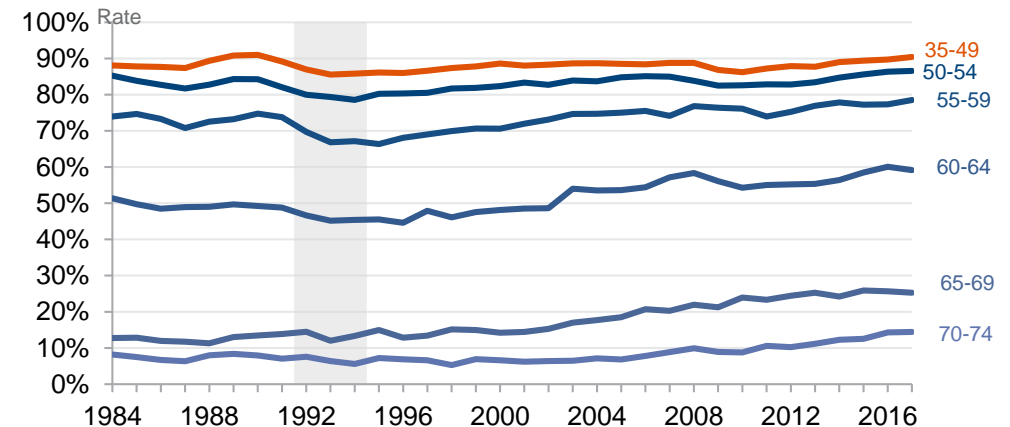


- In 2017, the **employment rate gap** between 50–64 and 35–49 year olds was 13.3 pp (35–49 employment rate of 84.5 per cent, 50–64 employment rate of 71.2 per cent). The gap has narrowed from 21.2 pp by 7.9 pp since 1997.
- This trend is largely driven by increases in 50-64 female employment. In 2017 the female gap was 12.2 pp. This has narrowed by 10.9pp since 1997. For males, in 2017 the gap is 14.4 pp, narrowing by 4.8 pp since 1997.
- There have been increases in **employment rates** for both genders across all five year age bands over time, with the largest increases occurring for females aged 55–59 and 60–64 years old.⁶ Employment rates for all 65–69 and 70–74 year olds have doubled between 1997 and 2017, from 10.5 per cent to 20.8 per cent and from 4.5 per cent to 11.0 per cent respectively. This indicates that a greater proportion of individuals are working beyond SPa.
- In 2011, the employment rate for females aged 50–54 (76.6 per cent) overtook the rate for 35–49 year olds (75.3 per cent) and remains higher in 2017 (79.6 per cent and 78.7 per cent) (these differences are not statistically significant).

Female, five year age band



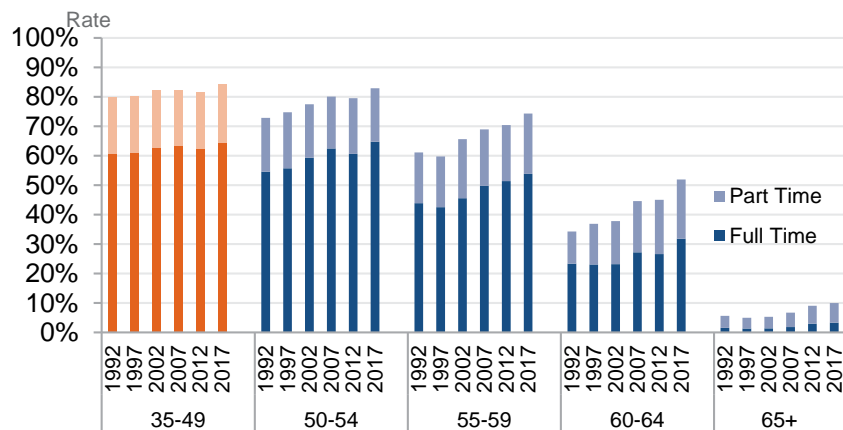
Male, five year age band



⁶ To note: SPa increases have occurred for females aged 60–64 years old.

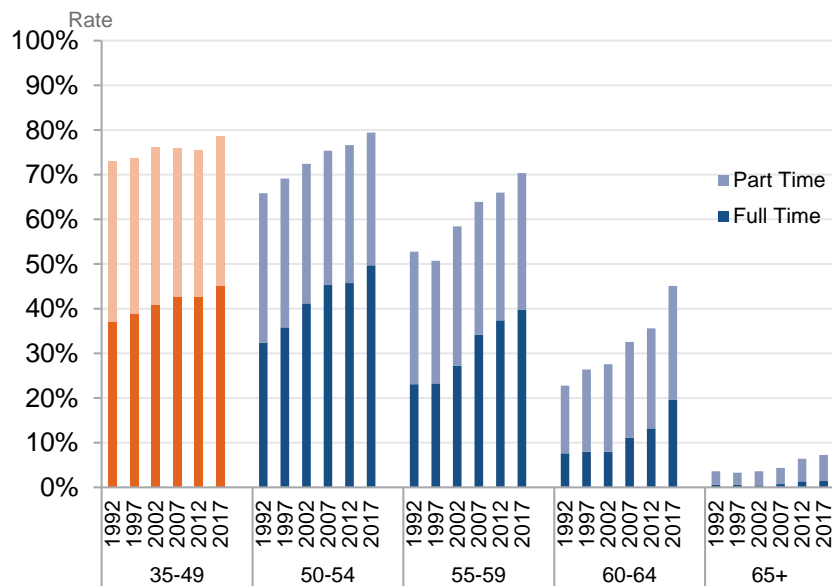
Proportion in full time and part time employment, by gender and age bands, 1992 – 2017

All individuals

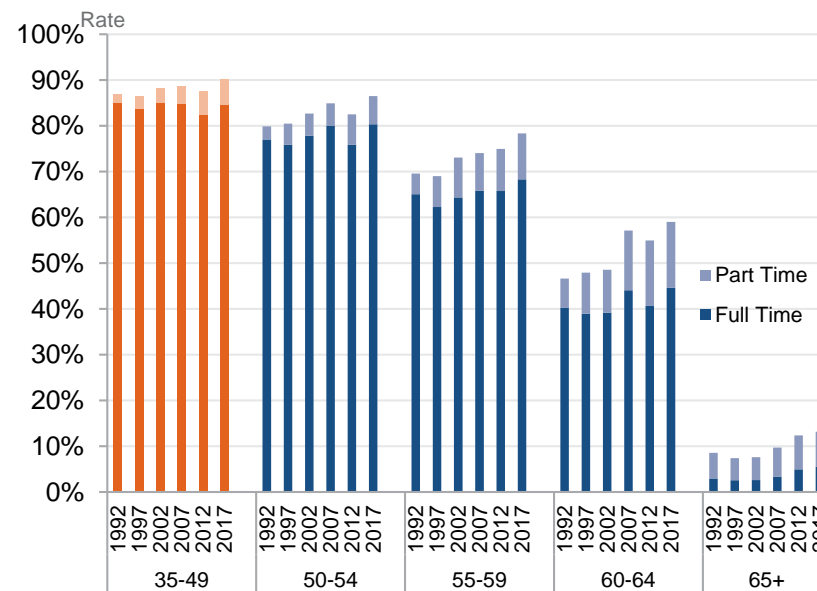


- The proportion of the population working full time/part time is similar for 35-49 year olds and 50-54 year olds. In 2017, 64.6 per cent of 35-49 year olds were in full time work compared to 64.8 per cent of 50-54 year olds (the difference between these rates is not statistically significant).
- For a given year, between ages 50-54 to 60-64 there is a decline in the proportion of females in full time employment (from 49.7 per cent to 19.6 per cent in 2017) and part time employment (from 29.7 per cent to 25.5 per cent).
- For males, however, as age bands increase from 50-54 to 60-64 there is a decline in the proportion in full time employment (from 80.4 per cent to 44.6 per cent in 2017) but an increase in part time employment proportions (from 6.1 per cent to 14.4 per cent in 2017).

Female

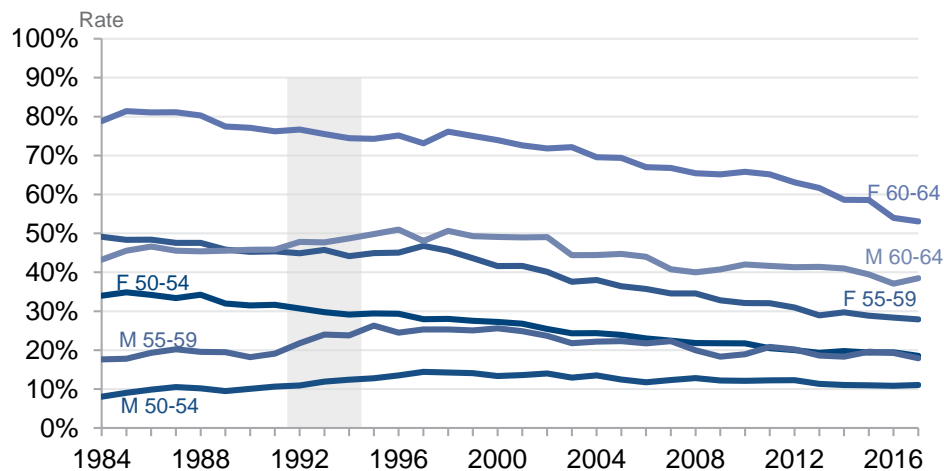


Male



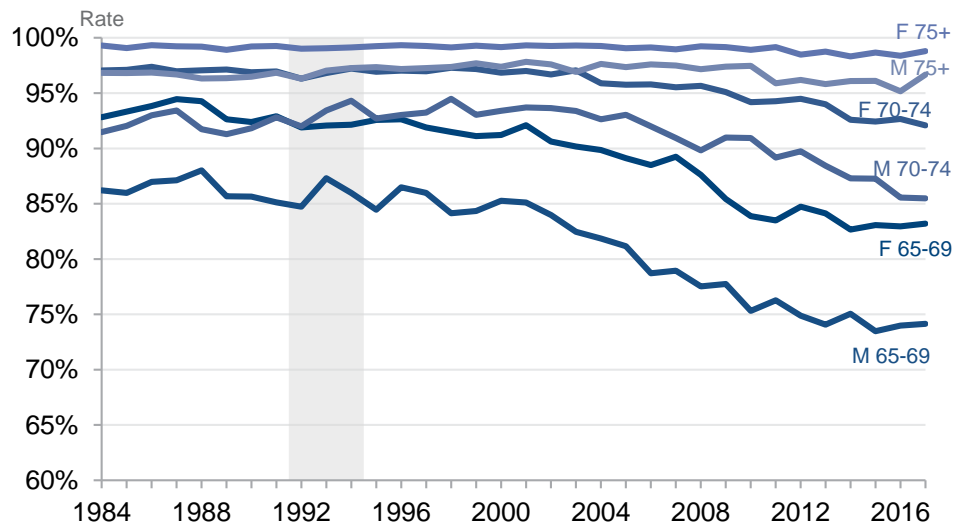
Economic Inactivity Rates, 1984 – 2017, by five year age band and gender

Individuals aged 50-64 years old



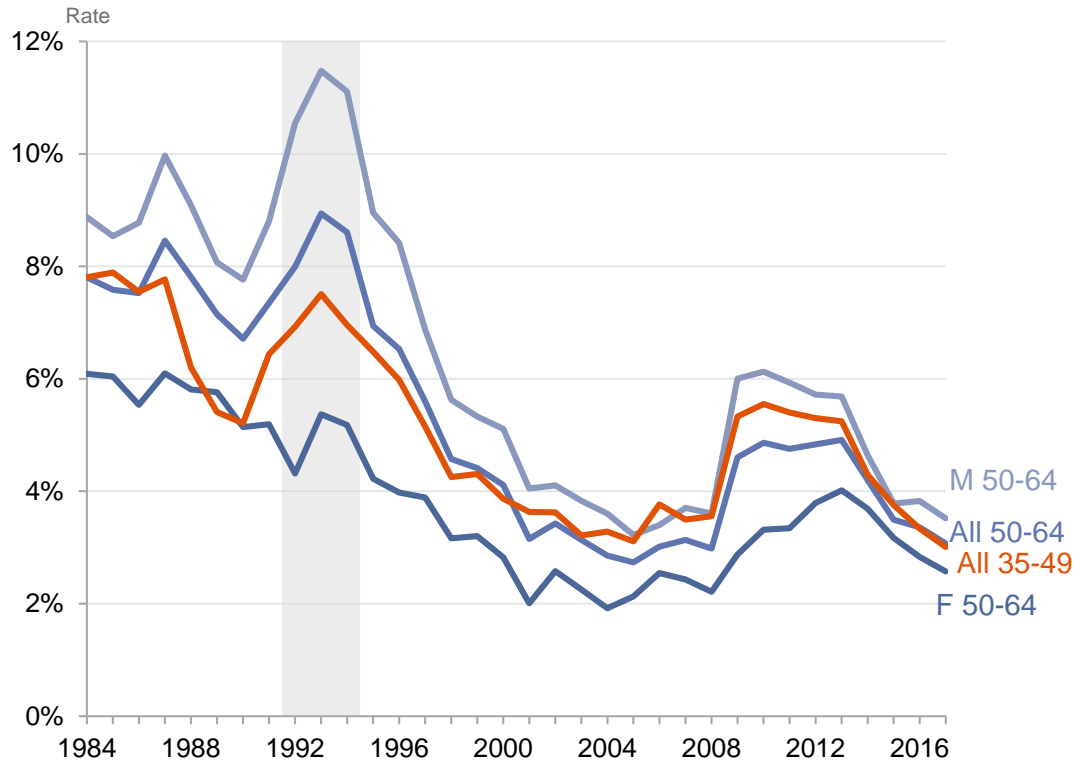
- Since 1997, the largest percentage point decrease in economic inactivity rates has occurred for females aged 55-59 and 60-64; this corresponds with the increases in employment rates over this time period. To note: SPa increases have occurred for females aged 60–64 from 2010 onwards.
- Economic inactivity rates have declined since 1997 by 18.9 pp for 55–59 year old females (from 46.8 per cent in 1997 to 27.9 per cent in 2017) and 20.0 pp for 60–64 year old females (from 73.1 per cent in 1997 to 53.1 per cent in 2017).
- Male economic inactivity rates are similar across all age bands now to the levels seen in 1984, having remained relatively constant over this period of time.

Individuals aged 65 years old and over



- For individuals aged 65 years and over, the largest decrease in economic inactivity rates since 1997 occurs in the 65-69 year old age band (10.3 pp).
- For females in this age group, an 8.7 pp decrease occurred (from 91.9 per cent in 1997 to 83.2 per cent in 2017) and for males, an 11.9 pp decrease occurred (from 86.0 per cent in 1997 to 74.1 per cent in 2017).
- The effect of individuals working past SPa are shown by the fall in economic inactivity rates for both genders in the 65–69 and 70–74 age bands.

Unemployment Rates, 1984 – 2017 by gender



- To note: smaller sample sizes in this group can lead to short term fluctuations in the time series. Due to smaller sample sizes, unemployment figures are presented for 50-64 year olds as one group.
- Unemployment rates for individuals aged 50–64 years old follow a similar overall trend to the rates for those aged 35 – 49. In 2017, the unemployment rate for all individuals aged 50-64 years old was 3.1 per cent and 3.0 per cent for 35-49 year olds. (The difference between these rates is not statistically significant).
- Unemployment rates continue to recover from the 2008 recession with the 50–64 unemployment rate in 2017 similar to that of 2008 (3.5 per cent and 3.6 per cent respectively) for males and at 2.6 per cent and 2.2 per cent for females (0.4 percentage points above pre-recession). (The difference between these rates is not statistically significant).

About these statistics

These Official Statistics have been compiled using data from the LFS which is produced by the ONS, and follow the same definitions used in their Labour Market Statistics bulletin.⁷ They have been developed using guidelines set out by the UK Statistics Authority. Due to changes made in this year's publication they continue to be badged as Experimental Official Statistics and now include average age of exit from the labour market and more in depth statistics on the employment rate gap between 50-64 year olds and 35-49 year olds. These align with the three headline FWL measures announced in the FWL Strategy 2017.⁸ The methodology of using static average age of exit will be considered for future iterations of this release.⁹ Users are invited to comment on the development and relevance of these statistics at this stage.

Statistical significance

Statistical significance is a technical concept that states whether or not an estimated value is likely to have arisen only from random variations in the sampling. It is most often used when talking about a change or a difference: a significant change or difference is one that is not likely to be due only to the sampling, and therefore is likely to be a real change/difference. Plotting estimates and their confidence intervals (a measure of the uncertainty of an estimate) gives an indication of whether or not a difference is significant. If the confidence intervals of two estimates do not overlap, the estimates are significantly different.

Definitions and Methodology

Everybody aged 16 or over is defined as either employed, unemployed or economically inactive.

- The **employment level** is the number of individuals in work including those working part-time.
- The **unemployment level** is the number of individuals who are classed as unemployed. Individuals that are not working are classed as unemployed if they have been looking for work within the last four weeks and are able to start work within the next two weeks. A common misconception is that the unemployment statistics are a count of individuals on benefits; this is not the case as they include unemployed individuals not claiming benefits.
- The **economic inactivity level** is the number of jobless individuals who have not been looking for work within the last four weeks or who are unable to start work within the next two weeks. Examples of economically inactive individuals include individuals not looking for work because they are students, looking after the family or home, because of illness or disability or they have retired.
- Economically active** is defined as those in employment plus those who are unemployed.

These statistics also measure the **average age of exit from the labour market** by linking LFS Q2 analysis and ONS data (from 1984 onwards) to Blöndal and Scarpetta's data (pre-1984). For this reason, comparisons to pre-1984 data are for illustrative purposes only. As mentioned above, average age of exit is currently modelled using the static model, also used by the International Labour Organisation (ILO) and ONS, but this has its limitations. More information on this is provided in the **Background Information and Methodology**.

The analysis throughout this publication is based on unrounded rates and levels, whereas the rates and levels presented in the Data Tables are rounded to the nearest decimal place and 1,000. For this reason, secondary analysis on the tables may not match what is presented throughout these statistics.

Where to find out more

This document, the summary tables and background information for the statistics, can be found here:

<https://www.gov.uk/government/statistics/announcements/economic-labour-market-status-of-individuals-aged-50-and-over-trends-over-time-september-2017-experimental>

More information about the LFS can be found here:

<http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/qmis/labourforcesurvey/lfsqmi>

⁷ For more information on the LFS see the Background Information and Methodology document released alongside these statistics.

⁸ DWP (2017). *Fuller Working Lives: A Partnership Approach*. Available at: <https://www.gov.uk/government/publications/fuller-working-lives-a-partnership-approach>

⁹ For more information on the average age of exit from the labour market see the Background Information and Methodology document released alongside these statistics.