Early Retirement

- decreasing the unemployment rate
- reducing the working lifetime
- replacing the normal retirement age

→ flexible old-age system
## Early Retirement

<table>
<thead>
<tr>
<th>Country</th>
<th>Unemployment rate</th>
<th>Normal retirement age</th>
<th>Early retirement age</th>
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<tr>
<td></td>
<td>Mar 2000</td>
<td>Mar 1999</td>
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<tr>
<td>Switzerland</td>
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<td>3.1%</td>
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</tr>
<tr>
<td>Netherlands</td>
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</tr>
<tr>
<td>Japan</td>
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<tr>
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<tr>
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<tr>
<td>Canada</td>
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<tr>
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<td>Spain</td>
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<td>16.9%</td>
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</tbody>
</table>

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## German State Pension Scheme

### Retirement ages in 2000

- **normal**: age 65 - no limit for additional earnings
- **1929/1957**: age 60 (since at least 12 months unemployment or severely handicapped)
- **1972**: age 63 (more than 35 years of membership)
- **females only**
- **1957**: age 60 (more than 10 years of membership within last 20 years)

**strictly limited employment earnings until age 65**
German State Pension Scheme

• **Retirement age after 2006**
  
  **normal:** age 65 - no limit for additional earnings
  
  **early:**
  
  age 63 (severely handicapped)
  
  age 60 (since at least 12 months unemployment or 24 months partly retired)
  
  age 62 (more than 35 years membership)

  **strictly limited employment earnings until age 65**

  **reduced benefits if old-age pension starts before aged 65**

Pre-retirement

• **59er approach**
  
  • retirement at age 59
  
  • 12 months unemployment
  
  • early state pension at age 60

• **Employer’s costs:**
  
  • lump sum
  
  • refunding of unemployment benefits (1982)
  
  • refunding of early state pension until age 63 (1984)
Pre-retirement

- **According to Pre-retirement law 1984**
  - retirement at age 58 or later
  - benefits at least 65% of final pay
  - social security contributions mandatory

- **Employer’s duties:**
  - pre-retirement benefits
  - contributing to social security
  - replacing retiring employee by unemployed person
  - refund of 35% of pre-retirement costs

Partial or Stepwise Retirement

- **Partial retirement law 1988**
  - reducing daily working hours by half
  - **Refunds to employers**
    - retiring employee
      - aged 58 or more
      - having worked full time for at least 3 years within last 5 years
      - gets at least 70% of full time salary and additional contributions to social security
      - is replaced by an unemployed person
Partial or Stepwise Retirement

- **Partial pension 1992**
  - 33 %, 50 % or 66 % of full old-age pension
  - higher limits for employment earnings until age 65
  - no legal right for changing to part-time employment

- **Partial retirement law 1996**
  - reducing working time by half
    - daily (continuous arrangement)
    - weekly
    - over 5 years (block arrangement)
  - Refunds to employers if retiring employee
    - aged 55 or more
    - having worked full time for at least 3 years within last 5 years
    - gets at least 70 % of full time salary and additional contributions to social security
    - is replaced by an unemployed person
  - Early old-age pension at age 60 after 2 years of partial retirement
Partial or Stepwise Retirement

- **Partial retirement law 1999**
  - reducing working time by half
    - daily (continuous arrangement)
    - weekly
    - over 5 years or more (block arrangement)
  - Refunds to employers if retiring employee
    - aged 55 or more
    - having worked full time for at least 3 years within last 5 years
    - gets at least 70% of equivalent pay and additional contributions to social security
    - is replaced by an unemployed person, not necessarily directly
  - **Early old-age pension at age 60 after 2 years of partial retirement**