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The Challenges of Longevity and Silver Economy

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The Longevity - Silver Economy: What are we to do?
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1. Impact of Longevity

The challenges of the ageing were pointed out at the UN in 1991, when a document entitled "Principles for the Elderly" was adopted, and 20 years later, the "Silver Economy Initiative" was presented within the framework of the influential international OECD group.

It is somewhat surprising that very few people, as well as governments, are aware of the scale and importance of the silver economy. For example, the value of Europe's silver economy, GDP – which is characterised by strong dynamics – rose from €3.7 trillion to €6.4 trillion in the period 2015-2023, reaching 32% of EU GDP. The number of jobs, however, came to 88 million, which translates to 38%. Today, the global silver economy is the third largest economy in the world (after the United States and China).

It is difficult to understand that the world is so slow to adapt to more than obvious changes such as the ageing of the population and that, in public opinion, older people represent for many a group that is primarily a burden and a cost to society. In fact, however, the actual figures are very different: in France only 6% of people over the age of 50 are economically dependent, while the seniors contribute more than half to value added growth, over 30% to productivity growth, and are disposing of most of savings and bank deposits.

The key problem is, of course, the deep-rooted practice of retiring at the age of 65, which was abandoned in Japan and the United States years ago (the share of seniors among employees over 65 is 20% in the United States, and even 23% in Japan). In Japan, a law was passed 5 years ago that leaves the decision to retire to the person concerned and the employer.

In all OECD countries, the age as the legal condition for retirement is slowly increasing – for the time being, mostly by 3-4 years, and the process logically continues as a result of longer life expectancy. In Finland, the proportion of employed seniors rose by 23% in the decade 1997-2007, but not coincidentally -- about 40 measures were taken. In New Zealand and Iceland, the share of seniors still in employment has risen to over 50%, while in Slovenia it remains officially at 5%, with at least the same are working informally – to avoid taxes.

2. The situation in Slovenia

The situation of seniors in Slovenia is not favourable, both in terms of their actual involvement in employment and in terms of the prevailing assessment of their potential to contribute to society as active persons (according to a Eurobarometer survey, the share of positive responses in this regard was 45% in Slovenia, 65% in the EU and 74% in Finland).

It is not surprising if (according to a recent survey in Slovenia) about 80% of seniors do not feel comfortable in their work environment – in Finland this proportion is only 20%. According to experts, taxing legislation (particularly the ZujF law) has "driven" seniors out of the labor market, so to speak.

Slovenian tax legislation is definitely not favourable to the activities of seniors: they lose part of their earned pension, and the taxation of part-time earnings is among the highest in the world.

This shows that we have a double challenge: to create legal and tax conditions that will be conducive to maintaining activity and thus integrating seniors. At the same time, it is necessary to contribute to a shift in the mindset among employers and seniors themselves, demonstrating that silver economy is welcome for both, as well as beneficial for society as a whole.

We have two key documents: the White Paper on Pensions and the Strategy for a Long-Term Society, but unfortunately there are long delays between the definitions in principle and the necessary practical measures. With the adoption of ZUIF law, we have confirmed the mandatory retirement at the age of 65, which shows how much we are lagging behind many developed countries in understanding the complex impact of silver economy. One key problem is that there is still a significant misconception that prolonged activity of seniors affects negatively young people's employment opportunities. This is contradicted by data for countries where the silver economy is well developed and has a proven track record of contributing to economic and overall progress.

Over the last 20 years, quite a few organizations and associations dealing with the issue of seniors have developed in Slovenia: e.g. the annual Festival of Seniors in DIC and the Slovenian University for the Third Age, the Union of Pensioners, the Association of Seniors, Symbiosis between Generations, etc. Recently, even a political party of seniors has been re-established, which is likely to contribute to raising awareness of the issue of seniors and thus the potential of silver economy.

A high-quality silver economy and a good life for seniors naturally requires the regulation of many areas: from adequate pension and tax legislation, a well-functioning labour market, support for new and small businesses, the social protection system, to adequate healthcare, education and active support for inter-generational cooperation.

For Slovenia, it must be said that certain challenges remain in all areas, but Slovenia is distinguished by its safety, which is by no means unimportant for the quality of life of seniors. Given the different regulation of living conditions, Slovenia could even become one of the destinations for pensioners from a number of European countries (like Spain, Portugal, and Greece). This would of course require some additional efforts for state and local government bodies – but could bring a certain, not exactly negligible income.

3. How to support the Slovenian silver economy?

Among the issues that characterize the state of the Slovenian silver economy, it would be necessary to focus primarily on quality research and social activities in the following thematic areas:

- Assess the global situation and trends in longevity and the development of silver economy;
- To examine the development, specificity and challenges of the Slovenian silver economy;
- To present the qualities of successful practices and policies in the world;
- To assess the possible economic and social effects of longevity and successful development of the Slovenian silver economy;
- To offer proposals for measures in favour of the optimal development of the Slovenian silver economy
- To raise awareness of the importance and benefits of longevity and silver economy among seniors, employers, the wider society and in the political-administrative sphere;
- Support existing senior citizens' associations and specialized support organizations;
- Engage the experts and the media more strongly in order to raise awareness of the importance of longevity and benefits of a well-functioning silver economy.

The processing of these issues, the research projects and the formulation of proposals for their solution, and their public presentation, should contribute to the necessary shifts, which are more than necessary.

It is obvious that Slovenia is facing serious challenges in this area, which require intensive activity in the direction of awareness in society as a whole, strengthening political will for constructive and responsible problem solving, and constructive cooperation of all relevant socio-political actors. They need to understand that it is not just a matter of solving the problem of the elderly – who do deserve special attention – but a challenge for adjustment of society, in response to the global demographic changes having taken place over the last few decades and are continuing intensively.

The phenomenon of longevity and the successful development of silver economy is the only logical response to these demographic and other consequent changes. Only companies that are able to respond quickly and qualitatively enough to these changes will be able to use them for accelerated socio-economic development – for the benefit of all their members.