

# SILVER WORKERS IN ITALY

## 1 GENERAL INFORMATION ABOUT ITALY

### 1.1. Political and contextual background

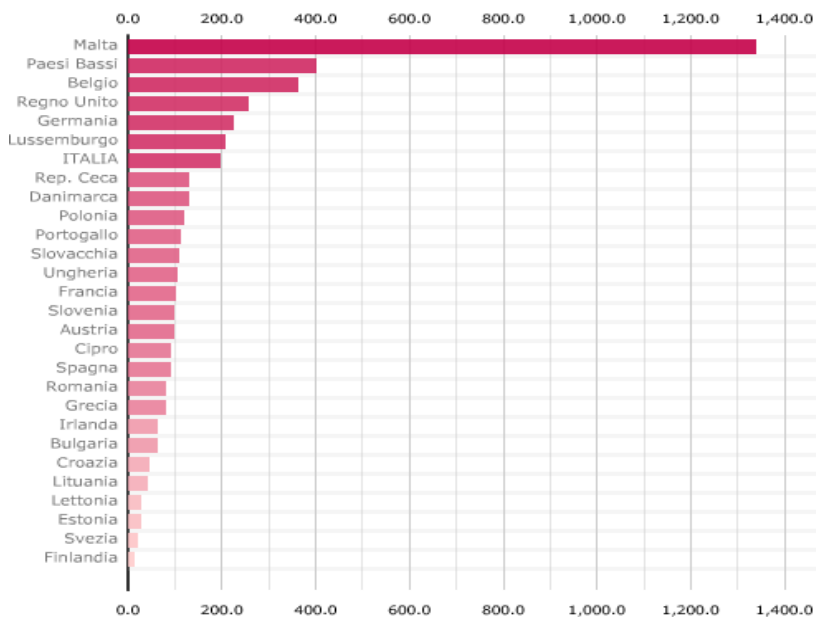
Italy is a peninsula with a total surface area of 302 km<sup>2</sup> and density rate of 201 inhabitants per km<sup>2</sup>. In 2015, the Italian population was approximately 60.8 million of inhabitants (6.7% compared to 2001), among whom more than 5 million of people are foreigners.

The Country's administration is entrusted to Municipalities, Provinces, Metropolitan cities and Regions. Italy is one of the EU countries with the highest population density [Fig 1].



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[Fig.1] Densità abitativa in Europa

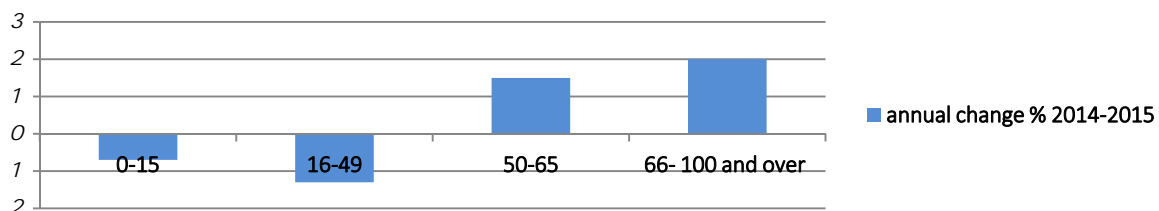


According to ISTAT<sup>1</sup>, 21.4% of the total population is comprised in the age group 50-64 whilst over 65s account for 20.5%. Both percentages are increasing year by year.

Although the growth of the Italian population was flat between 2014 and 2015, there was a decrease in the youngest population and an increase in the elderly population. More in details: age group 0-15 decreased by 0.7% and age group 16-49 by 1.3%. While, age group 50-65 increased by 1.5% (from 12.8 to 13 million) and age group 65+ by 2% (from 12.2 to 12.5 million)

[Tab.1]

[Tab. 1] Popolazione in base alle fasce di età, variazioni annuali 2014/2015



UIL Elaboration based on: Istat data

<sup>1</sup> Istituto Nazionale Italiano di Statistica (Italian National Institute of Statistics)

Demographics projections show that a negative balance of the population (difference between births and deaths) will be stable in the future. By 2065, the Italian populations will get older and older. One of the causes of the ageing population stems from the increasing longevity. At the beginning of 20th century, life expectancy was 42, while today is 80 and the median age 44.4.

The Censis Foundation<sup>2</sup>, in its *Rapporto sulla situazione sociale del Paese 2015* (“2015 Report on the Italian social situation”), emphasizes that public expenditure, for insurance and welfare systems, amounts to 30.7% of the Italian GDP. These data are slightly higher than the EU average, and also higher than Portuguese, Spanish and British public expenditures, that are 28.4%, 25.9%, and 30.5% respectively. In 2015 Italian public expenditure increased by 0.9% compared to the previous year- another sign of an ageing population.

Along with the ageing population, in the short term, we will witness an increase in the number of old people employed. This is due to the recent pension system reform that extended to 67 the retirement age and raised from 35 to 42 the years of contributions needed –which triggers considerable distortive effects in the labor market.

The results of this reform had a negative impact both on workers close to retirement age, young workers (as it reduced their chances to enter the labour market), and on the indexing of pensions. Moreover, the reform created a big problem for many elderly workers (so called “*esodati*”) who are in the difficult position of neither working nor earning a pension. These people agreed to stop working at the time of the reform, with the unmet promise of some form of income support which they eventually did not get – neither in the form of a pension nor of any financial supports under the new retirement age and contribution age rules.

Another factor playing a role in the Italian context is emigration. As of the 1st January 2015<sup>3</sup>, Italian people living abroad were more than 4.6 million, with an increase of 3.3% compared to the previous year. Over 44% of the Italian emigrants belong to the age group 25-39. In addition, many people aged 65+ (about 923K) live abroad, and 7,000 of them left Italy in 2014. The main cause of this flow is due to the effects of the economic crisis, such as lack of employment and a high tax burden which reduced citizens’ purchasing power.

In recent years, social and wage inequalities have increased as well. In 2013, relative poverty affected 16.6% of population, with a peak of 31.1% in Southern Italy, while absolute poverty amounted to 9.9% (with a peak of 14.8% in Southern Italy).

As to occupation, unemployment and inactivity rates increased.

It should be noted that, in addition to the pension system reform of 2012, there have been in Italy three different Governments in recent years, and each of them also reformed the labour market. The last and most important reform known as the “Jobs Act” was adopted in 2014. The reform modified the flexibility rules on hiring and firing as well as passive (social safety nets) and active labour market policies.

The last two Italian Stability Laws and the several labour market reforms introduced incentives to foster market labour inclusion, both for young people (e.g. Youth Guarantee) and over-50s (through incentives for enterprises hiring unemployed people or workers on redundancy). However, the internal labour demand is still flat, showing sufferings on the Italian labour market with repercussions on the social context.

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<sup>2</sup> Centro Studi Investimenti Sociali. Italian Socio-Economic Research Institute

<sup>3</sup> “Rapporto italiani nel mondo 2015”, by AIRE (Anagrafe Italiani Residenti all’Estero)

## 1.2. Macroeconomics data

According to ISTAT (*Annuario statistico italiano 2015*), in 2014 the Italian Gross Domestic Product (GDP) at market prices was € 1,616,254 million at current value, with a decrease of 0.4% compared to 2013.

[Fig.2] EU-28 GDP.  
Concatenated values with 2010 as base reference  
2010-2014, in milion euros

PAESI	Valori assoluti					Variazioni percentuali			
	2010	2011	2012	2013	2014	2011/ 2010	2012/ 2011	2013/ 2012	2014/ 2013
Italia	1.605.694	1.615.117	1.570.372	1.543.702	1.537.125	0,6	-2,8	-1,7	-0,4
Austria	294.208	303.244	305.924	306.622	307.555	3,1	0,9	0,2	0,3
Belgio	365.747	371.666	372.011	373.094	377.073	1,6	0,1	0,3	1,1
Bulgaria	36.764	37.493	37.678	38.079	38.729	2,0	0,5	1,1	1,7
Cipro	19.063	19.113	18.657	17.658	17.259	0,3	-2,4	-5,4	-2,3
Croazia	45.004	44.878	43.896	43.484	43.310	-0,3	-2,2	-0,9	-0,4
Danimarca	241.517	244.300	242.699	241.519	244.258	1,2	-0,7	-0,5	1,1
Estonia	14.709	15.925	16.665	16.937	17.290	8,3	4,7	1,6	2,1
Finlandia	187.100	191.910	189.173	186.673	186.460	2,6	-1,4	-1,3	-0,1
Francia	1.998.481	2.040.034	2.046.855	2.052.691	2.060.420	2,1	0,3	0,3	0,4
Germania	2.576.220	2.668.706	2.678.754	2.681.587	2.724.610	3,6	0,4	0,1	1,6
Grecia	226.210	206.159	192.611	185.108	186.541	-8,9	-6,6	-3,9	0,8
Irlanda	164.928	169.502	168.971	169.264	177.358	2,8	-0,3	0,2	4,8
Lettonia	18.015	18.915	19.830	20.668	21.156	5,0	4,8	4,2	2,4
Lituania	28.001	29.714	30.854	31.859	32.799	6,1	3,8	3,3	2,9
Lussemburgo	39.371	40.398	40.332	41.135	....	2,6	-0,2	2,0	.....
Malta	6.600	6.748	6.917	7.105	7.357	2,3	2,5	2,7	3,5
Paesi Bassi	631.512	642.018	631.837	627.253	632.735	1,7	-1,6	-0,7	0,9
Polonia	369.816	376.950	383.588	390.218	403.659	4,8	1,8	1,7	3,4
Portogallo	179.930	176.643	169.527	166.807	168.313	-1,8	-4,0	-1,6	0,9
Regno Unito	1.816.615	1.846.502	1.858.671	1.889.614	1.942.927	1,6	0,7	1,7	2,8
Repubblica Ceca	156.370	159.440	158.152	157.042	160.170	2,0	-0,8	-0,7	2,0
Romania	126.746	128.085	128.906	133.276	136.950	1,1	0,6	3,4	2,8
Slovacchia	67.204	69.021	70.127	71.126	72.840	2,7	1,6	1,4	2,4
Slovenia	36.220	36.442	35.480	35.126	36.052	0,6	-2,6	-1,0	2,6
Spagna	1.080.913	1.074.237	1.051.799	1.038.862	1.053.296	-0,6	-2,1	-1,2	1,4
Svezia	369.077	378.910	377.825	382.671	390.844	2,7	-0,3	1,3	2,1
Ungheria	97.815	99.582	98.110	99.607	103.228	1,8	-1,5	1,5	3,6
Uem (b)	9.479.403	9.646.952	9.567.576	9.522.987	9.627.863	1,8	-0,8	-0,5	1,1
Ue 28	12.789.853	13.011.720	12.947.901	12.953.658	13.122.035	1,7	-0,5	0,0	1,3

Fonte: Eurostat, National accounts  
(a) Dati aggiornati al 12 maggio 2015. Eventuali differenze rispetto a quanto appare in altre pubblicazioni o banche dati nazionali ed internazionali possono dipendere da arrotondamenti o dal fatto che uno stato, stato, non ha fornito le ultime rilevazioni del dato.

Real gross household disposable income at current prices increased by 0.2%, but the final monetary consumption expenditure also increased by 0.5%. Propensity to save by household decreased to 8,6%.

The overall fiscal pressure was equal to 43.4%: one of the highest at in Europe and obviously above the EU average (40% of the GDP).

The expenditure for social protection, in 2014, amounted to € 487.4 billion (+1.9% compared to 2013) accounting for 30.2% of the GDP.

The expenditure for unemployment allowances was approximately € 11.6 billion (+2.5% compared to 2013).

### Labor Market data (January-September 2015):

- Employed people: 22,433 million with an increase of 226,000 employed people compared to 2014, but with a decrease of 657,000 jobs in comparison to 2008, i.e. the last year pre-crisis.
- Employed (55-64): 3,683 million (+5.8% compared to the same period of 2014) of whom 2.7 million were employees (93.8% with a permanent contract).

- Employed (over 65s): 496,000 (+29K as compared to 2014), of whom 112.000 employees (91% with a permanent contract).
- Although between 2008 and 2015 there have been significant job losses (over 650,000 jobs), the employment rate for over-50s has grown: an occupational increase of 33.3% was recorded in the age group 55-64 and of 26.5% for people aged 65 and over. Conversely, the employment rate decreased by 28.5% in the youngest age group 15-34 and by 10.9% in the age group 35-44.
- Employment rate (age 15-64): 56.2% (+0.6% compared to 2014, but decreasing compared to 2010 (-0.5%).
- Employment rate (age 55-64): 48.2% (+2.3% compared to the same period in 2014 and increasing by 11.8% compared to 2010).

Between 2014 and 2015, the over-50s employment rate recorded an increase of 2.3% in the age group 55-64, whilst the employment rate decreased by 0.1 points in the youngest age group 15-34, remaining equal to 38.9% (during the period January-September 2015).

- Unemployed (age 15 and over): 3,027 million (decreasing by 148,000 units compared to 2014, but increasing by 1.3 million units compared to 2008).
- Unemployed (age 55-64): 213,000 (increasing by 17,000 compared to 2014 and by 134,000 compared to 2008).
- Unemployed (over-65s): 26,000 (increasing by 5,000 compared to 2014 and by 20,000 compared to 2008).

The age group 15-34 (1.5 million unemployed people) recorded an increase of 576,000 people who are seeking for a job, between 2008 and 2015. Whereas, among over-50s, the unemployed people are now 154,000 more than 2008.

- Long-term unemployed (age 15 and over): 1.8 million people (decreasing by 172,000 units compared to 2014 (-0.6%), but increasing by 1 million people compared to 2008).
- Unemployment rate (age 55-64): 5.5% (increasing by 0.2% compared to 2014).
- Inactive people (age 15-64): 14 million units (decreasing more than 200,000 compared to 2014).
- Inactive because are discouraged (age 15-64): 1.9 million people (decreasing by 44,000 units compared to 2014).
- Inactive because are discouraged (age 55-64): 393,000 people (increasing by 31,000 units compared to 2014, but increasing by 160,000 compared to 2008).
- Inactive due to family reason (age 55-64): 460,000 people (decreasing by 30,000 units compared to 2014, but increasing by 41,000 people compared to 2008).
- In the age group 15-34, in 2015, inactive people are 6.3 million units (increasing by 26,000 people compared to 2014 and by 354,000 units compared to 2008).
- Inactive because they retired or other reasons (age 55-64): more than 2.3 million people (decreasing by 194,000 people compared to 2014 and by over 1 million units compared to 2008).

The remarkable reduction in inactive people for reasons linked to retirement it is probably due to the extension of pensionable age, foreseen by the recent reform in 2012.

**Social “safety net” systems (lay-off schemes):** in 2015, there has been a massive use of Special Lay-off Fund (CIGS), which covers about 400 million hours (-29.2% compared to the previous year), followed by Ordinary Lay-Off Schemes (CIGO) with 180.3 million hours (-28.1% compared to the previous year) and by the Lay-Off

Fund for exceptional cases (CIGS *in deroga*) with 97.5 million hours (-58.9% compared to 2014). In 2015, Lay-Off Schemes preserved about 332,000 workplaces, which would otherwise be threatened by unemployment.

**Pensions:** in Italy in 2014 there were 16.3 million retired people (-134,000 compared to 2013), of which 11 million receiving compensation for contributions paid by workers during their working life, whilst the rest of the retired people benefiting from social welfare scheme (e.g. social pensions, invalidity pensions, survivors' pensions). The former receive an average gross retirement income per person equal to € 17,000 (+ € 400 compared to 2013), while the latter receive between € 5,000 and € 8,000 annually.

Women represent 52.9% of the retired population and receive an average gross retirement income which is about € 6,000 lower than men's.

The 26% of pensioners get less than € 500 per month.

Families with at least one retired person are 12.4 million. For two thirds of them, pension represents over 75% of the family income and for 26.5% of the families pensions represent the only source of income.

Poverty risk is very high for retired people.

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## 2 INSTITUTIONAL FRAMEWORK

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### 2.1. Main public bodies and other organization interested in silver workers

In Italy there are several Public Institutions and competent bodies interested in silver workers. Among the Institutions, the Government and Regions through their national and regional policies focused on over-50s.

Another important Institution is the I.N.P.S. (*Istituto Nazionale di Previdenza Sociale*), the Italian National Social Security Institution, which allocates retirement payments, unemployment benefits and mobility contributions to workers who lost their job.

Another organization focusing on Silver Workers is the *Patronato*, the Trade Union related assistance institutes (UIL has its own *patronato*, called ITAL). It provides free assistance and consultancy services in social and welfare systems.

Finally, other organizations include third-age universities and voluntary associations.

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### 2.2 Current policies for silver workers

Many policies and actions have been undertaken in favour of Silver Workers during the years of crisis.

National Institutions are more focused on workers over-50s, also due to the increasingly ageing population and the increase in the statutory retirement age introduced by the 2012 reform.

There are effective measures and incentives aimed at reintegrating into the labour market people forced out of the production processes, as well as educational pathways to retrain workers during adulthood.

At the national level, a measure named "*Staffetta generazionale*" (i.e. generational relay) has been introduced, even if it has not been exploited very much. It allows young people to enter the labour market with an apprenticeship contract, allowing at the same time a less traumatic exit for over-50s that are close to retire by offering them a part-time contract.

There are **many national and regional incentives** for the introduction/re-introduction of over-50s into the labour market. Among national ones, there is an economic incentive introduced by pension's reform in 2012: a measure aimed at hiring unemployed over-50s for at least 12 months by granting to employers hiring an employee (with a permanent/fixed-term contract or personnel leasing contract) a 50% reduction of social security contributions for 12 months.

A project, « Manager to work », has been funded by the Ministry of Labour, through the European Social Fund, under the action « Welfare to work » for policy of redeployment 2012-2014.

It is a direct measure to integrate manager over-50s which foresees incentives for self-employment with a bonus not only for employers who hire unemployed managers, but also for the creation of new enterprises and forms of self-employment.

For workers **laid-off under redundancy fund** for at least 24 months (or unemployed for 24 months), there is an economic incentive for employers who hire them with a permanent contract. The employer is entitled to get a reduction of social security contributions by 50% for 36 months. This rule is applicable not only to over-50s but to all workers who are laid-off under the redundancy fund.

There are other economic incentives for employers who hire, with a fixed-term contract, workers who have been redundant (very often they are over-50s).

From 2011 is it possible to hire workers who have been redundant with an **apprenticeship contract** (which otherwise usually only applies to the age group 18-29). Thus, making it possible to hire also over-50s.

Moreover, there are **incentives for self-entrepreneurship and self-employment** (Legislative Decree No. 185/2000). These are measures to support the creation of small businesses and forms of self-employment by unemployed or first-time jobseekers.

There are also financial advantages (non-refundable funds and subsidised loans) financing self-employment, microenterprises and franchising.

In 2013, with a national Law, measures of encouragement of self-entrepreneurship and self-employment for people living in southern Italy have been funded again.

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## 3 REGULATORY FRAMEWORK

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### 3.1 Legal framework for silver workers

Different laws deal with Silver Workers. Most of the incentives described in the previous paragraph have been established with national laws.

The last measure, chronologically speaking, is the one introduced by the Stability Laws (2015 and 2016).

The Law includes incentives (e.g. relief on contributions) for employers who hire workers with a permanent contract, or convert fixed-term contract in new permanent contracts. This rule applies to all workers, regardless of their age, gender or where they reside. Hence, it also applies to over-50s.

In 2015, about 890,000 people have been hired with a permanent contract, thanks to this incentive; 17.2% of them are over-50s (152,525 people – 103,000 were men and approximately 50,000 women).

The incentive converted fixed-term contracts into permanent contracts for 270,000 workers (15.9% of them were over-50s).

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### 3.2 Latest labor market and pensions Reforms

Since 2012, there have been three different Governments, each of which adopted different labour market reforms. An array of new regulations and the reform of active labour market policies, where the efficiency of public employment services plays a key role. Indeed, the latter should foster the integration between active and passive labour market policies through job vacancies posting and vocational training.

Italy devotes just 0.03% of its GDP (€ 500 million) to public employment services, while the EU average is 0.25%. Moreover, the training system has to be adapted to the needs of specific target groups, and be linked to the new requirements of the Italian economic development.

The last labour reform (Jobs Act), which focused on increasing flexibility, risks to open unemployment's doors even sooner (time of lay-off schemes are reduced and it could be easier for employers to fire workers).

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## 6. SILVER WORKERS IN THE CONTEXT OF EDUCATION AND TRAINING

Based on the level of education, over-50s can be divided in two age groups: people aged 50-64, of whom 4.3 million have an intermediate school degree; and over-65s, of whom over 7.6 million only completed primary school.

Finally, 2.3 million silver workers have a university degree.

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## 7. CHALLENGES AND OPPORTUNITIES FOR SILVER WORKERS

Active ageing is becoming increasingly important within the framework of European and national policies. The European Commission itself, in 2011, described the topic as “the key to face challenges of an ever increasing number of elderly people in our society and encouraging old people to remain active by working longer and by retiring later, by engaging in volunteering activities post-retirement, and leading a healthy and independent life”.

It is clear that the deep demographic change, partly due to low birth rates, forces people to think about policies to adopt for over-50s.

The approach to the silver workers’ topic should be transversal and shall include work, training, a flow of thoughts between old and new generations, the social security issue, as well as the cultural context, in which the over-50 is considered as an active actor of a continuous process.

Many studies show that productivity does not decrease with the workers’ age. Rather, productivity decreases, regardless of the age of the worker, without an investment in the human capital.

The opportunities that over-50s could offer depend on policies and actions that fully exploit their working potential.

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## 8. SOURCES

- Annual Report of the Italian National Institute of Statistics (ISTAT)
- EUROSTAT
- “Incentives for over-50s: mapping national and regional interventions in 2014 – ADAPT (Association for International and Comparative Studies in Labour and Industrial relations)
- INPS - Italian National Social Security Institution
- ISTAT - Italian National Institute of Statistics
- Report on Italians in the World” by the Migrantes Foundation (*Fondazione Migrantes*)
- Report on Italian Social Situation in 2015 by CENSIS (*Centro Studi Investimenti Sociali*)