

Annex to the press release: Government measures to increase employment among people over 55 years of age

Government parties decided on measures to boost employment among people over the age of 55. In line with the decisions made in the Government budget session, the proposed measures aim to improve working capacity and wellbeing at work among older people, strengthen skills and reinforce protection in the event of restructuring, taking into account businesses of different sizes.

The Ministry of Finance has assessed the potential impact of these measures on employment and public finances. According to the assessment, the measures will provide employment for around 10,300 people. Employment is expected to increase by around 9,100 jobs by the end of 2029, with an additional temporary growth impact of around 1,200 jobs. Altogether, the proposed measures are estimated to strengthen public finances by approximately EUR 165 million.

Measures:

- 1) Extended unemployment allowance:
 - It will no longer be possible for older unemployed persons to extend their unemployment allowance (pathway to retirement).
 - The amendment will enter into force gradually starting in 2023 (the age limit for extended unemployment allowance will increase by one year/age group starting with people born in 1963, and the possibility of extending unemployment allowance will be abolished completely for people born in or after 1965).

- 2) Protection in the event of restructuring:
 - In addition to the protections currently in place, a new restructuring protection package will be introduced for all people over 55 years of age who have been working for the same employer for more than five years.
 - The Employment Fund will finance two months of training and one month of redundancy compensation corresponding to the employee's salary. This will not have an effect on the start of unemployment allowance.
 - Employment leave will be extended to 5–15 –25 days
 - The restructuring protection package will be financed using a restructuring protection fee that consists of an equal share paid by the employer responsible for the layoff and a joint contribution. The share of the fee paid by the employer responsible for the layoff will take into account the conditions of the current experience-rating system, such as the size of the employer and the duration of the employment relationship. The share paid by the employer will be paid upon the employee's dismissal. The joint contribution will be financed from all employers by increasing employers' unemployment insurance contribution.
 - During the further preparations, the Government will decide on the gradual entry into force of the restructuring protection package starting in 2023, taking into account the current experience-rating system and the new restructuring protection fee as a whole.

- 3) Pay subsidy:
 - People aged 55 and over who have been unemployed for 24 months during the past 28 months will have the right to a 70 per cent pay subsidy for 25 working hours per week

for a period of 10 months. The rules for calculating the prior work requirement will be the same as for other forms of pay subsidy.

- These amendments will enter into force on 1 January 2023.

4) Earned income deduction:

- The maximum amount of the earned income deduction (EUR 200/year) will be increased for people over 60 years of age in order to promote employment.
- The amendment will enter into force 1 January 2023.

5) TE Services:

- In future, employees will be able to use employment leave to map their skills and working capacity and to start training as part of restructuring protection.
- The re-employment of dismissed employees will be accelerated so that employees can register as jobseekers, map their skills and working capacity and draw up an employment plan at the time of the dismissal.
- These amendments will enter into force on 1 January 2023.

6) Part-time work and continuing to work:

- People aged 55 years and older who have worked for the same employer for three years will be given better opportunities to switch to part-time work if they so wish, taking into account the special needs of the employer but without creating a subjective right. This will be achieved by making amendments to the Working Hours Act and, where necessary, the Employment Contracts Act so that the employers of people aged 55 years and older who wish to switch to part-time work will have the same obligations as employers whose employees apply for part-time work on health or social grounds. The employer's obligation to arrange part-time work with partial sickness allowance and partial disability pension will be reviewed.
- Employees' ability to continue to work will be promoted through amendments to the Occupational Safety and Health Act emphasising the importance of taking into account age and ageing and the physical and mental strain of work in actions that are part of the employer's duty to ensure the safety and health of employees at work.
- The proposals of the rehabilitation committee (14–15, 16, 18–19, 20, 23–26, 42–43) will be implemented.
- These amendments will enter into force on 1 January 2023.

The necessary legislative amendments concerning labour working life social security reforms will be prepared in tripartite cooperation, taking into account the effects of the measures on the position of employers of different sizes.