

## **SOCIO-ECONOMIC IMPLICATIONS OF POPULATION AGEING IN MALTA: RISKS AND OPPORTUNITIES**

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**Abstract.** Preliminary figures based on the 2011 Malta Census of Population and Housing indicated that, at end of 2012, 24 per cent of the total population, or 102,026 persons, were aged 60-plus. It is widely recognised that such demographic projections will have profound implications on the different sectors of the economy and society ranging from labour and capital markets, the demand and supply for social and health care services, as well as community housing and institutional care. On the one hand, it is not uncommon to come across popular discourse that pronounces the ageing of population as an ‘agequake’ on a global scale. On the other hand, there is an alternative, optimistic, view of ageing, that sees the coming of population ageing as a positive development. This article explores the interface between the economy and ageing, by outlining the major risks and opportunities associated with an ageing population. The final part of the article recommends areas for further research and policy analysis.

### **Introduction**

Preliminary figures based on the 2011 Malta Census of Population and Housing indicated that, at end of 2012, 24 per cent of the total population, or 102,026 persons, were aged 60-plus (NSO, 2013a), of which 55 per cent were women. The sex ratios for cohorts aged 80-plus in 2012 numbered one male to two females. Population projections indicate that the Maltese population will become increasingly aged in the coming decades. In the period 2012-2035, persons aged 65-plus are projected to increase from 77,190 to around 111,700 – an increase of 44 per cent (NSO, 2011).

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It is widely recognised that such demographic projections will have profound implications on the different sectors of the economy and society ranging from labour and capital markets, the demand and supply for social and health care services, as well as community housing and institutional care. However, a review of the literature indicates that judgements on such effects tend to be placed on opposite sides of a continuum (Formosa, 2013).

On one hand, it is not uncommon to come across popular discourse that pronounces the ageing of population as an ‘agequake’ on a global scale. The terms ‘cataclysmic’, ‘threat’, and ‘crisis’ are commonly banded around in accounts on ageing transitions. One journalist even went as far as to state that “the ramifications of ageing could be serious as the elderly become an additional burden to the traditional scourges of poverty and disease” (Socolovsky, 2002, cited in Boston and Davey, 2006). On the other hand, there is an alternative, optimistic, view of ageing, one that sees ageing trends as an accomplishment. For Kirkwood (1999: 8), global ageing reflects a twofold triumph: “firstly, we have managed ...to begin to bring soaring population growth under control... secondly, we have succeeded...in bringing death rates down”. Indeed, many national policies on ageing – including Malta’s position (Parliamentary Secretariat for the Rights of Persons with Disability and Active Ageing, 2013) – embrace a positive view of human ageing, as policy makers move away from the traditional view of older persons as poor, frail, and unemployable, and instead, perceive ageing as offering various opportunities.

The reality is, of course, somewhere in the middle, in that population ageing brings with it as much risks as opportunities. Whilst the increasing percentages of older persons poses serious challenges – for individuals, families, communities, and the state – it also generates positive prospects and possibilities. This article explores the interface between the economy and ageing, by outlining the major risks and opportunities associated with an ageing population.

The article is divided into five sections. The section that follows this introduction examines labour force trends in the context of population ageing, especially Malta’s low percentage of older workers (particularly females) and the government’s mitigating policies to this effect, the section that follows looks at the recent changes of the pension system and the effect that these will have in the coming years. The fourth section explores state

expenditure on ageing welfare services, and this followed by two sections discussing the risks and opportunities generated by the coming of population ageing. The final section of this article recommends areas for further research and policy analysis.

## **Older Workers**

There is no internationally accepted definition of 'older workers'. Whereas the Organization for Economic Co-operation and Development defines 'older workers' as employees over the age of 55, different research studies utilise different age-brackets when referring to older adults who are still part of the labour market (Debono, 2012). Throughout this article, the term 'older workers' refers to adults in the labour force aged 55 to 64 so as to reflect the data issued by Eurostat and the National Statistics Office (NSO) in Malta. In the period July-September 2013, the inactivity rate<sup>1</sup> among Maltese females in the 55-64 age bracket was 79.4 per cent, while for older male workers, the inactivity rate stood at 41.4 (NSO, 2014a).

According to Eurostat (2014), the employment rate (calculated by dividing the number of employed persons living in private households aged 55 to 64 by the total population of the same age group) for Maltese older workers for the 2006-2012 period show three key inferences: a decrease and increase in the percentage of male and female workers respectively, and an increase in the percentage of 'total' older workers (Table 1). It is noteworthy that Malta's rate of older workers – especially with respect to the female rates – is lower than the European Union (EU) averages.

While in 2013 (July-September) the percentage of male employees aged 55-64 years was 14.0 per cent of all employees, the figure decreases to 8.6 per cent for females (NSO, 2014a). Such figures are far below the European objective of 50 per cent as indicated in the Lisbon Agenda.

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<sup>1</sup> The inactivity rate refers to persons who are not in the labour force (that is they are not employed and not actively looking for a job) expressed as a percentage of the relevant age bracket.

**Table 1**  
**Employment Rate of Older Workers**  
**Aged 55-64 Years by Sex (Malta, EU-28) (%)**

		2006	2007	2008	2009	2010	2011	2012
<b>Malta</b>	<b>Men</b>	49.4	45.9	46.5	45.0	48.2	50.2	51.7
	<b>Women</b>	10.8	11.6	12.4	11.0	13.0	13.7	15.8
	<b>Total</b>	29.8	28.5	29.3	27.8	30.4	31.8	33.6
<b>EU-28</b>	<b>Men</b>	52.5	53.8	54.9	54.7	54.5	55.1	56.3
	<b>Women</b>	34.8	35.8	26.7	37.7	38.5	40.1	41.7
	<b>Total</b>	43.4	44.5	45.5	45.9	46.3	47.3	48.8

*Source: Eurostat, (2014)*

The rate of males in employment aged 65-plus was 2.7 per cent, whereas the figure for females was so low that it is not even given; the rate of all employed persons (male and female) aged 65-plus was 1.9 per cent. The 'average exit age from the labour force' increased from 58.8 years to 60.5 years in between 2003 and 2010—a trend that is similar to the EU-27 change from 61.1 to 61.5 years (Eurostat, 2014). The number of persons still working at pensionable age amounted to 8,156 in 2008, increasing to 10,416 in 2013 (Ministry of the Family and Social Solidarity, personal communication). Statistics for the Census year 2011 reported that most employed older persons held an 'employee' status, with a smaller proportion having an 'own-account worker' status (NSO, 2014b). The 2011 Census also presented data on the type of occupation of workers aged 60-plus, with the majority of workers employed as managers, service and sales workers, and professionals in that respective order.

One finds various efforts on behalf of the government to strengthen the presence of older workers and adults in the labour market. Publicity campaigns to promote active ageing have been carried out on various media such as radio and street billboards. These campaigns have promoted the qualities of older workers among employers, and tried to encourage older workers to improve their employability through lifelong learning (Garzia and Debono, 2009).

The 2008 Government budget policy package included two measures meant to attract older people to the labour market (Debono, 2012). The most significant measure was the change in the legislation so that workers of pensionable age would be able to continue working without losing their pension entitlements, irrespective of the amount they earn. Until 2008, the full pension was safeguarded only if these workers' salary did not exceed the national minimum wage. Although collective agreements in Malta tend not to focus specifically on older workers, there exists a range of practices in industrial relations, often based on the Maltese employment legal framework, that assist older workers to remain employed. For instance, the last-in first-out practice is advantageous for older workers.

The 'Temporary Agency Workers Regulations' which came into effect in December 2011, was launched to help older workers join or remain for a longer time in the labour market, albeit on temporary contracts. Although this policy may seem to be encouraging precarious employment, the fact that it succeeded in allowing a number of older workers to remain in employment, rather than experience redundancy, compensates for such a disconcerting possibility. As regards the training and re-skilling of older workers, the Employment and Training Corporation developed a number of successful schemes which subsidised the employment of persons aged 40 and over. The Employment Aid Programme, launched in 2009, aimed to facilitate access to employment for several disadvantaged social groups by giving financial assistance to those employing them. Debono (2012) argued that despite such policy measures, the government has at times sent contradictory messages with regards to older workers. Whereas the official government position is to extend the employment exit age, the government has embraced a policy of using early retirement schemes as a means of reducing the deficits of ailing public sector companies.

The 2014 Government budget launched a number of further measures targeting the increase of older workers in the community (Ministry of Finance, 2013a). These included a system enabling the long-term unemployed to join the labour market, whereby persons who have been registering as unemployed for more than two years will not have all their unemployment benefit terminated immediately after finding employment. Rather, these benefits will be decreased gradually over a period of three years. In the first year of employment, the beneficiary will retain 65 per

cent of the unemployment benefit. In the second year the individual will retain 45 per cent, while in the third year he or she will retain 25 per cent.

Such a policy measure is in line with international trends in ageing policy aimed at rendering early retirement less attractive for older workers, and therefore one hopes, less frequent. Indeed, there are now a growing number of countries where this 'stick' has been replaced by a 'carrot' in the form of a pension bonus. For example, in Sweden and Belgium the regulations state that every year worked beyond a certain age limit results in a supplementary increase in the individual worker's pension benefits. Such measures have the potential to produce promising results considering the positive relationship between the rate of older workers in the labour market and lower-tax rates at lower ages (Taylor, 2013).

The 2014 Government budget also contained incentives for the employment of older and ageing persons in that employers who hire unemployed persons aged between 45 and 65 years will receive an income tax deduction of €5,800. Moreover, companies will benefit from a tax deduction of 50 per cent (up to a maximum of €400) of the cost of training of these workers. Another measure in the budget was 'tax exemption for older women joining the labour market', in that principal breadwinners whose wives are over 40 years old and who start working after having been out of employment for a period of 5 years or more, and whose pay does not exceed the minimum wage, will benefit from tax reductions.

## **Pensions**

Until the mid-2000s the Maltese pension system was a traditional pay-as-you-go system with contributions from current workers used to finance benefits for current pensioners, at 60 and 61 for women/men (Formosa, 2013). Pensions were determined by a formula based on the average of the best 3 out of the last 10 years' salaries for employees, and the average of the last 10 years' salary for the self-employed, with a pension equal to two-thirds of this average wage for those having contributed to national insurance for 30 years. Fewer years of contribution resulted in linearly reduced pensions, with the minimum years of contribution to collect a pension set at nine. However, a non-contributory pension scheme was available for those who for various reasons never paid national insurance

contributions (Cordina and Borg, 2012). In 2005, a Pensions Working Group was appointed to provide recommendations for the Government to reform the Maltese pension system. Following the submission of a technical report, the government took on board a number of recommendations, which it launched in 2007. According to Cordina and Borg (2011: 6) the changes include:

“(a) A gradual increase in retirement ages for females and males from the current 61 years (in 2011), to 65 years of age by 2026...(b) Parallel to the increase in the statutory retirement age, the required contribution period to be entitled to the full two-thirds pension is gradually lengthened, to reach 40 years by 2026 as opposed to the current 30 years. (c) Prior to the reform, the amount was determined on the basis of the yearly average of the basic wage during the best three years within the last ten years of employment. For self-occupied persons, the best ten years were taken into account. Following the reform, the calculation base will be the yearly average income during the best ten years within the last 40 years, and will be the same for all born after 1961. (d) The guaranteed national minimum pension, now based on the national minimum wage, will be calculated at a rate of 60% of the national median wage, representing a higher rate than presently and offering a minimum that is more in line with the overall level of wages. The maximum pension income is to increase to €20,970 by 2014. Pension benefits are to be calculated in a way that keeps track of increases in national average wages and inflation at 30% and 70%, respectively.”

The impact of this reform started to be felt in 2012, when women born in 1952 turned 60 and had to continue working until 2014. However, as the number of such women is small, more significant impact will be experienced in 2013 when 61 year old men born in 1952 will have to keep working for an extra year.

The pension reform also included amendments that paved the way for second and third pillar pension systems. Whilst the second pillar would make private pensions compulsory, obliging employers and workers to

contribute to the setting up of a private pension fund, the third pillar would provide for the possibility of setting up voluntary pension schemes.

However, the government declined to pass such reforms due to fears of putting additional financial burdens on employers and employees. As Debono (2012 : 3) remarked, the “idea was to postpone the introduction of such measures until the economy is in better shape”, but since 2007 “the Maltese economy entered into more difficult phases, first when it was hit by the international recession of 2008/2009, and more recently, when it started facing pessimistic economic forecasts about the EU economy”. In this respect, the government was widely criticised for its inaction on such urgent issues, with one state-commissioned report even arguing that the further postponement of the second pillar pension would exacerbate problems related to the inadequacy of the average pension replacement rate and this requires, potentially, more drastic measures in the near future (New Pensions Working Group, 2010).

In this regard, there is a strong argument in critical gerontology that privatising pensions could increase class inequality, engendering a distinction between pensioners who remain salient on State pensions and other who can draw upon lifelong investments in privately funded pensions (Formosa, 2009). This position is based on the standpoint “that pensions should be collectively provided, at an adequate standard; that there should be equality and independence between the sexes, and that the system should be democratically run” (Bornat *et al.*, 1985: 76). The issue, of course, is how to achieve such objectives, given that these may not be in the interest of the private sector.

Recent Government budgets included further novel policy directions related to pensions. The 2013 budget continued the path towards pension reform by establishing that contribution credits will be provided to parents born between 1 January 1952 and 31 December 1961 who quit their job to raise their children (Ministry of Finance, 2013a). Moreover, this budget announced a further revision of Supplementary Assistance for those aged 65-plus in cases where household income is below the risk-of-poverty threshold, to ensure that this category is covered by a higher Supplementary Allowance.



The Service Pension initiative was also continued through a further increase of €200 in the exempted amount so that in total the exempted amount has now reached €1,266 per year. The subsequent 2014 budget reiterated previous budget pledges that government will not to increase the retirement age and will continue to pay the full pension to persons who choose to continue working beyond retirement age (Ministry of Finance, 2013b). However, it also announced the commencement of a process that in a gradual manner would lead to a National Minimum Pension equivalent to 60 per cent of the national average wage (Ministry of Finance, 2013b).

Other key policy directions included (i) the establishment of a regulatory framework for private—third pillar—pensions that is accompanied by effective fiscal incentives (a working group has been set up and has already submitted its recommendations, including the type of fiscal incentives that would cost approximately €1.5 million), (ii) full pension for employed widows, and hence, removing the link there currently exists between this pension, income derived from work, and the age of their children, (iii) retaining the measure by which service pensioners continue to benefit gradually from improvements in the two-thirds pension; and (iv), an extension of the 15 per cent income tax rate so that part-time self-employed pensioners will benefit from a preferential income tax rate of 15 per cent on their income as long as it does not exceed the minimum income on which they pay the lowest rate of social security contribution (Ministry of Finance, 2013b). In addition, one must note that the 2012 budget provided an annual ‘senior citizens grant’ of €300 to older persons who have reached their 80th birthday on 1/01/2012, or on a pro-rata basis, who reside either in their own residence or with relatives. The 2013 and 2014 budgets extended this grant to older persons who reached their 78th and 75th birthdays respectively.

## **State Expenditure on Ageing Welfare**

One of the four largest expenditure items of the Maltese government is social protection: “all public and private initiatives that provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks, and enhance the social status and rights of the marginalised” (NSO,

2013b: vii). In 2012, the largest expenditure was on old age pensions (€593.1 million), followed by hospital services (€265.8 million).<sup>2</sup>

The recurrent expenditure on services for ageing welfare emphasises the government's commitment to strengthening of the quality of older persons, whether residing in the community or in long-term care settings. The figures provided indicate that the Maltese government is generous in its welfare service for older persons, especially with respect to residential and rehabilitation services which amount to some €19 million, something that was underlined by the European Commission (2007 : 154):

“The Maltese government has confirmed its commitment to ensure adequate social protection and to consolidate social cohesion. Increasing the overall employment rate (with special attention to measures favouring the participation of women) by investing in human capital, strengthening the welfare system through pension reform, improving access to health-care services and guaranteeing quality health services for all are the four pillars of the Maltese strategy.”

A major problem associated with such generosity relates to the sustainability of the system. Delia (1998: 8) notes that “welfare states start modestly, then commence growing in size and the range of benefits they provide...[so that] social and political reasons create a ratchet effect of benefits once introduced. In fact, despite its positive views on the Maltese social protection system, the European Commission (2007: 155, 156) also criticised it for presenting “little quantification of expected results and indicators are supplied sparingly” and concluded that “in general, the strategy explains that Malta is going through a comprehensive reform, marked by a shift from government provision to a growing emphasis on the responsibilities of the individual.”

As Azzopardi (2011: 75) concluded, such and other caveats signal the need for “a new approach to social policy formulation in the future, a reform that is perhaps well overdue”. One potential way forward is to embed ageing welfare into a mixed economy system in which both the private

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<sup>2</sup> Detailed statistics issued by NSO (2013b) provide a breakdown of state expenditure on pensions for the years 2007-2011. The publication Ministry of Finance (2013b) provides further information on budget vote 28 relating to key state expenditure on ageing-related community and health services

sector and the state direct the economy, reflecting characteristics of both market and planned economies.

## **Implications of Population Ageing: Risks and Opportunities**

The social and economic implications of population ageing are manifold and affect all members of society. As pointed out in the introductory section, population ageing generates both risks and opportunities for the state, individuals, families, and communities.

### *Risks*

Income security is one of the most urgent concerns of older persons worldwide. Investments in pension systems are seen as one of the most important ways to ensure economic independence and reduce poverty in old age. At the same time, in order to realise older person's right to enjoy the highest attainable standard of physical and mental health, older persons need to have access to age-friendly and affordable health-care information and services that meet their needs. An age-friendly physical environment aimed at promoting the development and use of innovative technologies, so as to encourage active ageing, is especially important as people grow older and experience diminished mobility, visual and hearing impairments.

Three key risks are associated with population ageing, namely shortage of skilled labour, greater inequality of well-being among older people and inadequate levels of informal elder care.

### *Shortages of skilled labour*

Population ageing will have significant implications for the labour market. This occurs because participation rates in the labour market among persons above the statutory retirement age have increased since the 1990s.

While there is some uncertainty about how these rates will change over the coming decades, it is clear that policy considerations – ranging from the tax treatment of investment income and eligibility criteria for the receipt of pensions – will be significant influential factors. Moreover, participation in the labour market will also be influenced by health status and well-being,

the attitude of employers towards older workers, labour market conditions, the level and pattern of savings, and the value placed on leisure time. Such a state of affairs will surely result in a reduction of the demand for services associated with younger people and a corresponding rise in the demand for services associated with older people—most notably, health and disability services. This will shift the demand for specific labour market skills, and pointing to the importance of recruiting and retaining an adequate supply of health-care workers. Undoubtedly, workforce issues may prove to be the greatest challenge facing health systems in the future, since the projected increase in the demand for labour across the social and health care services is well above the projected increase in the supply of health-care professionals.

Malta will be competing on the international market for social and health care professionals. Since other developed nations will be seeking to expand their health workforces over the coming decades, the competition will intensify in the future. Whilst there are no easy solutions to these expected labour shortages, possible options include: enhancing the number of training positions in gerontology, third age guidance, and dementia; improving labour productivity, increasing remuneration levels in the interests of improving recruitment and retention of older workers; and changing present, and possibly outdated, modes of service provision (Parliamentary Secretariat for the Rights of Persons with Disability and Active Ageing, 2013).

#### *Greater inequality of well-being among older people*

Although it is probable that average incomes and assets of older persons in the coming years will experience an increase, one needs to pay closer attention to the socio-economic differences within intra-cohort segments.

The average rise in income security levels will be mostly due to higher workforce participation rates, higher levels of personal savings, and a smaller number of children to divide estates among. Against such a scenario, however, one expects particular groups of older persons whose present vulnerability to persistent material disadvantage will continue, and even increase, into old age.

Gender differences in life expectancy mean that many older women will live alone and become exposed to increasing vulnerability, even though older men, who have lower levels of contact with family, run a higher risk of loneliness and isolation (Formosa, 2011). Moreover, many people reaching old age in the future will have fewer offspring to potentially provide support, and a larger proportion will even have no children at all. Studies on accumulative disadvantage lead towards an expectation of increasing diversity of circumstances among incoming older cohorts—in terms, for example, of partnering, homeownership, social networks, financial resources, and asset accumulation (Formosa and Higgs, 2012).

Undoubtedly, social status, income, occupation, education and other central dimensions of the class debate over one and a half centuries, have been present in the discourses about socio-economic implications of ageing.

Formosa (2009) presented a review of the literature on the experience of older people and reported the results of an enquiry about the shifts of social positioning that occur in Malta. Through this analysis based on systematically gathered data, derived from interviews, group discussions and extensive observation, the author produced an account of the ways in which social, cultural and financial capital is either accumulated or lost and how status shifts occur. The net consequence of such trends is a potential greater inequality levels in income and wealth, as well as more diverse levels of social contact, interaction, and support among and between generations.

According to the same author, it is also possible that an expanding and increasingly liberalised rental market will have an impact on incomes of older persons who do not own their place of residence. As a result, it will be necessary to develop policies that ensure at an appropriate level, range and quality of services not merely in the major population centres, but also in smaller and more isolated communities.

The challenge here is to ascertain what is 'appropriate', since it will never be possible to supply the full range of health and elder-care services in every location across Malta. One key way forward in this respect is to ensure that all urban and rural localities subscribe to the principles of age-friendly communities, and the presence of social and health care hubs apportioned equally throughout Malta's regions.

*Inadequate levels of informal elder care*

Another area of concern relates to family, informal, and formal care services for frail and vulnerable older persons. Present and forthcoming policies aiming to increase the participation of older female workers in the labour force are likely to generate difficulties for younger adults to meet elder-care needs for older persons who participate in the labour market and who prolong their work exit. This group may also encounter work-life balance tensions arising from the competing demands of paid work and caring for their grandchildren.

Similarly, current social trends—such as increased emphasis on individual choice and higher female labour force participation—and economic trends—such as higher real wages—have the potential to add more stress on the availability of informal family care for older people. This is especially true for the so-called ‘sandwich generation’ which refers to middle-aged parents, often in paid employment, providing concurrent care and support to dependent children and their ageing parents. As expected, such a state of circumstances tends to result in high levels of stress, role overload, and financial hardship.

There is some debate about the possibility that increase in the supply of formal community care services<sup>3</sup> would lead to a reduction in family care. However evidence shows that, if anything, there seem to be an increase in the hours of care provided by family carers when formal services are available (Izuhara, 2010). It is therefore imperative that whilst policy makers keep in mind that informal care for frail older persons, by family members, friends or neighbours, is likely to remain the most important and popular form of support, policy should not be based on the assumption that family members can and will supply informal care for older persons on a totally voluntary and vacuous basis. In short, strategic plans on elder care are best premised on a mixed-responsibility approach, operating through a framework in which both families and formal services provide the services that they deliver best for the benefit of frail and vulnerable older relatives and friends.

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<sup>3</sup> Formal community care services refer to that range of support provision offered by the state.

### *Opportunities*

Although there are serious challenges arising from population ageing, there are also enormous opportunities that must be seized. During a period when the number of people of traditional working age is shrinking, mature-age workers could become a valuable resource. Creating age-friendly environments not only enhances the social participation of older adults and other groups, but also stimulates business innovation, for example in designing the built environment. Moreover, contrary to the view that older generations are a burden on younger ones, most transfers run down the generational tree rather than up it, especially when viewed across the life course. Grandparents can also give their children the best start in life. Hence, it may be more accurate to talk about the benefits of generational altruism rather than generational burdens.

The potential opportunities associated with population ageing relate to the productivity of ageing and to the so-called silver markets.

### *Productive ageing*

In line with the ideas of Etzioni's (1998) communitarianism, which advocates that human rights and aspirations be inserted into a sense of community, future years will witness increased capacity for retired persons to act as volunteers. Older volunteerism has become a crucial dimension of civic engagement as the traditional type of volunteer – that is, wives whose children are at school – are increasingly joining the paid labour force. Older volunteers can be a valuable resource, a reliable and experienced labour pool (Principi et al., 2014).

Older volunteers work with a range of people ranging from prisoners to abused and neglected children, and in diverse settings such as day-care centres and schools. These activities do not only contribute towards wider socio-economic benefits but also serve to improve the quality of older people's lives. Indeed, the benefits for older adults participating in formal volunteer activities are well-documented.

Volunteerism has been found to soften the effects of ageing on mortality rates, boost self-images and mental outlooks, mitigating the loss of a sense of purpose brought on by retirement, as well as supplementing much needed help in health and education sectors which are now facing labour

shortages. Indeed, the implications of ageing on the provision of social and health care services cannot be explored without consideration of the voluntary body's possible input in the contracts for services. At the same time, older volunteering also brings rewards to non-governmental organisations themselves, ranging from strong levels of commitment and loyalty towards the organisation to higher levels of job efficiency.

The crux here is the extent that the young-old will make considered choices about where to 'invest' their volunteering time. Hence, while there is the capacity for an adequate supply of voluntary effort, there may also be specific shortages of volunteers for some organisations or less attractive activities. This warrants that organisations explicitly recognise the need to be more active in promoting volunteering, establish strategies that attract and retain older volunteers, whilst also being ready to offer compensation packages that may include offering transportation, travel allowances, and free lunches.

### *Silver markets*

The 'silver market' relating to older persons, both as consumers and as a major target for services such as finance, housing, vacations, and leisure activities (including education), is being increasingly recognised as a major economic force. It is estimated that people over the age of 60 hold more than 50 per cent of the wealth in developed societies, with a similar trend occurring in emerging countries. This means that the potential of the 'silver market' is immense.

At the same time, the 'silver industry' sector is predicted to manifest tremendous growth that is driven by a powerful demographic current. In the United States, for instance, every seven seconds, a baby boomer turns 55 – that means 10,000 new customers each day (Kohlbacher and Herstatt, 2010). This enormous 'age wave' will surely continue to drive the growth of silver industries in years to come, as middle-class older consumers in particular are growing in numbers and transforming themselves a strong market segment, especially in economies where birth rates and new younger consumers are falling. Of course, the older market may have slightly different consumer requirements.

Taking travelling as an example, older persons generally wish to have a



longer but deeper understanding of the places they are visiting rather than opting for the younger generation's preference for weekend breaks. Similarly, leaders in the retirement housing industry now recognise that they face a big problem to selling their youth-oriented stock to a new population of ageing boomers. However, this does not mean that companies cannot adapt to such market preferences, especially if one considers the success of companies in the retirement housing field, beginning in the 1960s with Del Webb and Sun City, but now including many others in the senior living industry (Kohlbacher and Herstatt, 2010).

## **Conclusion and Policy Implications**

Given that there is no 'ideal' one-size-fits-all socio-economic system for ageing population, there could be various possible future policy alternatives regarding the extension of working life and the sustainability of social protection measures.

One way to meet the economic challenges of population ageing is by adjusting policies over a wide range of economic and social sectors/activities, especially those that support higher rates of economic growth and employment. However, increasing the awareness of the benefits of working in late midlife and early older adulthood will not by themselves bring improved levels of older workers in the labour market.

Such measures should be supplemented by more aggressive policies that break down age barriers and militate against discrimination in the recruitment and employment of older adults. More specific policy directions in this regard include (i) implementing age-friendly labour market policies such as job-matching, job-search assistance, training, and counselling, (ii) removing barriers and disincentives to work for longer period, and removing incentives that favour early retirement, (iii) provide better training opportunities for older workers, and (iv) increase employment opportunities for older adults living in rural and remote areas through distance learning and training.

Moreover, it is imperative that Maltese citizens are assured an adequate pension. There is no 'magic formula' for permanent financial sustainability in public finances. Achieving a balance between current and future

economic needs requires not only the political will to make tough policy decisions, but also the political ability to persuade the public that its own interest lies in making some sacrifices at present to ensure sustainability of future pension systems (Marin and Zaidi, 2007). There is need for serious discussion on the need to discourage early retirement pathways and of the possibility of rising pension eligibility age in accordance with life expectancy. A pertinent question with regard to a sustainable pension is whether or not Malta should adopt the private funded second pension pillar. Another consideration in this regard relates to the possibility of raising social minimum pension levels.

The United Nations' (2002) in its Regional Plan for Europe proposes the following policy with regard to financial sustainability of social protection systems: (a) preserve and strengthen the basic objectives of social protection, namely to prevent poverty and provide adequate benefit levels for all, (b) establish or develop a regulatory framework for occupational and private pension provision, (c) adapt existing social protection systems to demographic changes and changes in family structures, and (d) pay special attention to the social protection of women and men throughout their life course.

Without putting aside the economic realities of the day, it remains imperative that protection systems contribute to adequate income maintenance, reflecting broader political and social values of social justice and cohesion which place limits on the degrees of inequality or social deprivation a society is willing to tolerate, and to ensure adequate protection for the most vulnerable groups in society.

Indeed, public old-age pension systems were originally introduced to reduce the risk of poverty and income insecurity in later life. In contemporary times, most elders in Malta are covered by public pensions, although one fifth of the older Maltese population is experiencing a risk-of-poverty lifestyle. Such a scenario suggest a post-retirement *status maintenance* where inequalities remain stable with age, and possible *cumulative advantage /disadvantage* trends, whereby social class origins have enduring positive and negative effects that accumulate over time resulting in increased inequality with age (Formosa, 2009). This will occur if large disparities in terms of pension coverage and benefit adequacy continue to be stable or even increase during the latter stages of the life course. In other

words, although population will surely bring a number of opportunities for older persons and society in general, the possible risks should never be underestimated.

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