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

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

Preliminary figures based on the 2011 Census indicated that, at end of 2012, 24 per cent of the total population, or 102,026 persons, were aged 60-plus (NSO, 2013a). The largest share of the older population is made up of women, with 55 per cent of the total. In fact, the sex ratios for cohorts aged 80-plus in 2012 numbered one male to two females. Population projections venture 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 (ibid. 2011).

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 finds 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 bandied around in customary 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: 1). On the other hand, one locates 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, perceiving ageing as offering a myriad of opportunities.

The reality is, of course, is somewhere in the middle, in that population ageing brings with it as much as 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 that interface between the economy and ageing, by outlining the major risks and opportunities associated with an ageing population. This article is divided into five sections. Whilst the subsequent part to this introduction examines labour force trends in the context of population ageing, especially Malta's low percentage of older workers (especially females) and the government's mitigating policies to this effect, the second section looks at the recent changes of the pension system and the effect that these will have in the coming years. The third section explores state expenditure on ageing welfare services, followed by two sections discussing the risks and opportunities generated by the coming of population ageing. The final part brings this article to a close by recommending areas for further research and 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 chapter, the term 'older workers' refers to adults in the labour force who are 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 - persons who are classified as neither employed nor unemployed - among Maltese females in the 55-64 age bracket was - at 79.4 per cent (NSO, 2014a). For older male workers, the inactivity rate stood at 41.4 (ibid.).

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 4.1). It is noteworthy that Malta's rate of older workers - especially with respect to the female and total rates - is lower than the European Union (EU) averages.

Table 4.1: Employment rate of older workers aged 55-64 years by sex (Malta, EU-28) (%)

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

Source: Eurostat, (2014)

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 defined by the Lisbon agenda. The percentage of male employees aged 65-plus was 2.7 per cent, whereas the figure for females is so low that it is not forwarded; the total percentage of employees aged 65-plus was 1.9 (ibid.). As far as the 'average exit age from the labour force' is concerned, this figure increased from 58.8 years to 60.5 years in the 2003-2010 period - a trend that similar to the EU-27 movement (from 61.1 to 61.5) (Eurostat, 2014). The number of persons still working at pensionable age amounted to 8,156 (2008), 9,036 (2009), 10,206 (2010), 10,304 (2011), 11,602 (2012), and 10,416 (2013) (Ministry of the Family and Social Solidarity, personal communication). Statistics for the Census year 2011 reported that the majority of employed older persons held an 'employee' status followed by 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 (ibid.)

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 Budget 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 some industrial relations practices, 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 (ibid.). The 'Temporary Agency Workers Regulations' which came into effect in December 2011, was launched to help older workers join or remain further in the labour market, albeit on temporary contracts. As regards the training and re-skilling of older workers, the Employment and Training Corportation has developed a number of successful schemes which subsidised the employment of persons aged 40 and over. For instance, the Employment Aid Programme (EAP), launched in 2009, aimed to facilitate access to employment for several disadvantaged social groups by giving financial assistance to those employing them (ibid). Nevertheless, despite such positive 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 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. The budget also contained incentives for the employment of older and ageing persons as it announced that employers who hire persons aged between 45 and 65 years old, who have been registering as unemployed for the previous three 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 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 and launched in 2007. It is worth quoting from Cordina and Borg to understand the full effects of the various reforms:

> [i] A gradual increase in retirement ages for females and males from the current 61 years (in 2011), to 65 years of age by 2026…[ii] 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. [iii] 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. [iv] 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. (Cordina and Borg, 2011: 6)

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 only exacerbate the issue relating to the adequacy of the average pension replacement rate and, thereby, require, potentially, more drastic measures in the near future (New Pensions Working Group, 2010). Public opinion, however, remains divided, as others believe that the introduction of the second pillar pension, fearing that it would raise labour costs and reduce workers' disposable income. At the same time, prominent stakeholders put pressure on the government to ensure that the sustainability of pensions is safeguarded through various policies ranging from private pensions to the taxation of luxury goods.

Recent national 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 the process so that in a gradual manner we would arrive at a National Minimum Pension equivalent to 60 per cent of the national average wage (ibid.). 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 (ibid.). 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). *Social Protection: Malta and the EU 2012* (ibid.) reported that, in 2012, the largest expenditure was on old age pensions (€593.1 million), followed by hospital services (€265.8 million) and public debt transactions (€218.2 million).

Table 4.8: State expenditure on pensions by beneficiaries and amount: 2007, 2011

	2007		2011	
	Benefic.	**€**	**Benefic.**	**€**
Injury pension	355	349,984	310	346,242
Invalidity pension	1,608	5,442,458	654	2,409,422
Decreased National Minimum Pension	106	513,164	89	454,980
Increased National Minimum Pension	1,320	9,295,000	1,969	13,954,367
Increased Retirement Pension	2,242	11,853,923	2,705	16,150,404
National Minimum Pension	6,197	27,686,593	6,042	29,597,416
Retirement Pension	8,782	42,064,948	8,876	47,775,362
Two-thirds Pension	24,745	170,733,836	34,488	259,788,872
Survivor's pension	4,473	25,508,690	5,844	40,202,145
Widows' pension	841	8,791,200	318	7,381,011
Old age pension	4,836	16,108,412	4,939	18,520,290

Source: NSO, (2013b)

Statistics issued by NSO provided a breakdown of state expenditure on pensions for the years 2007-2011 (table 4.8). The same statistics also note an increase in the amount spent - and number of tickets sold - on Gozo ferry subsidies for persons aged 60-plus (2007-2011). Approximately, €261,686 were spent on this subsidy in 2007, with almost 80,380 tickets sold. By 2011, the amount spent had increased to €1.2 million, while the number of tickets had risen to 230,781. The government also provides subsidies for older persons' (60-plus) bus tickets. The years 2007-2011 witnessed a decrease in subsidised tickets - from 4,156,099 to 3,121,816 but - yet - still an increase in financial subsidies - from €997,154 to €1,654,318.

Table 4.9: Ministry for the Family and Social Solidarity - Vote 28 Expenditure Recurrent (€)

	Actual 2012	**Approved 2013**	**Estimated 2014**
Homes for the Elderly	3,374,442	4,000 ,000	4,000,000
Residential care in private homes	4,842,066	5,000,000	5,000,000
Anzjan tas-Sena	4,694	5,000	5,000
Mellieha Home for the Elderly	3,400,000	3,650,000	3,650,000
Zammit Clapp Hospital - PPP	15,409	1,904,00	1,604,000
National Dementia Strategy*	15,409	200,000	100,000
Welfare Initiatives for the Elderly	21,804	23,000	20,000
National Council for Senior Citizens	10,000	12,000	10,000
Home Care/Help Services Scheme	0	330,000	500,000
Meals on Wheels	49,998	50,000	50,000
Community Homes - Day centres	99,553	100,000	100,000
Incontinence service	229,625	250,000	250,000
Welfare Committee	3,788,717	3,850,000	3,600,00
Karen Grech Rehabilitation Centre**	10,449,996	11,100,00	12,000,000

Source: Ministry for Finance (2013b) * Ministry for Health funds reversed to Ministry for the Family and Social Solidarity. ** Ministry for Health

Table 4.9 notes key state expenditure on ageing-related community and health services. The recurrent expenditure on services for ageing welfare emphasises Malta's commitment to strengthening of the quality of older persons, whether residing in the community or in long-term care settings. The above figures confirm 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 Euros, something that was underlined by the European Commission:

> 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. (European Commission, 2007 : 154)

Yet, the sustainability of the free for all system is presently undergoing serious questioning. This occurred because “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 (Delia, 1998: 8). 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 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 chapter, population ageing generates both risks and opportunities for the state, individuals, families, and communities.

From risks…

Among the most urgent concerns of older persons worldwide is income security. The global economic crisis has exacerbated the financial pressure to ensure both economic security and access to health care in old age. 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 must have access to age-friendly and affordable health-care information and services that meet their needs. An age-friendly physical environment promotes the development and use of innovative technologies, that encourage active ageing, is especially important as people grow older and experience diminished mobility, visual and hearing impairments. The following three subsets focus on three key risks associated with the coming of population ageing.

<u>Shortages of skilled labour</u>. 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 it is no understatement, to assert that the significance of recruiting and retaining an adequate supply of health-care workers should not be take too lightly. 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. At the same time, 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 over the coming decades. 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 future will experience an increase in future years, 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, larger inheritances, 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 becomes 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). 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. As a result, it will be critically appropriate 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. Of course, 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. In addition to the ambiguities about labour supply for formal health services in the future, concerns also arise about 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 will generate difficulties for adults in mid-life and early older adulthood to meet elder-care tasks at the same time that they are participating in the labour market and encouraged to prolong their work exit. This group may also encounter work-life balance tensions arising from the competing demands of paid work and caring from their grandchildren. Similarly, current social trends - such as more 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 providing concurrent care and support to dependent children and their ageing parents, and who are often in paid employment. As expected, such a state of circumstances tends to result in high levels of stress, role overload, and financial hardship. Unfortunately, policies in elder care have traditionally been characterised by a concern that a greater supply of formal services would lead to a lower supply of family care, when the 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 - either by family members, friends or neighbours - is likely to remain the most important and popular form of support, policy guidelines must take care not to assume 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.

…to opportunities

Although there are serious challenges arising from population ageing, which must be weighed, understood, and in some cases adapted to, 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 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 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 also give their children the best start in life they can. Hence, it may be more accurate to talk about generational altruism rather than generational burdens. The following two subsets focus on two potential opportunities associated with population ageing.

<u>Productive ageing</u>. Since younger older adults are expected to be healthier and better educated, 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. Nowadays, older volunteers are viewed as 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.

<u>Silver markets.</u> The ‘silver market’ of 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 (ibid.). Yet, much more imagination is needed is to develop models that will appeal to the next generation of older people. Enterprises must utilise branding strategies based on something more than age, embrace tactics of age-less marketing, relying less on conventional forms of marketing and more on the so-called 'viral marketing' based on moral cohesion, whilst adding new product lines that are appealing to incoming cohorts of older persons.

CONCLUSION

Given that that there is no 'ideal' one-size-fits-all socio-economic system for ageing population, one must carry out detailed discussion on 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. Unemployment is an obvious waste of productive resources and creates a situation of full employment will help to raise the total resources available in any given economy. 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 must 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 direction include implementing (i) age-friendly labour market policies such as job-matching, job-search assistance, training, and counselling, (ii) remove barriers and disincentives to work longer, and incentives that favour early retirement, (iii) better training of older workers, (iv) increase employment opportunities for older adults living in rural and remote areas through distance learning and training.

Secondly, it is imperative that Maltese citizens are assured adequate pensions. There is no 'magic formula' that will help us to help us come out of the European recession or ensure a permanent financial sustainability in public finances in view of population ageing. Achieving a delicate balance between current and future economic and social policy issues requires not only the political will to make tough policy decisions, but also political dexterity in persuading the public that its own interest lies in making some sacrifices to ensure sustainability of future pension systems (Marin and Zaidi, 2007). There is need of an urgent and serious discussion of the need to avoid early retirement pathways and of the possibility of rising pension eligibility age in accordance with health life expectancy. Pertinent questions include: Should we move towards the private funded 2nd pillar? Or, are parametric adjustments to the Pay-as-you-go system sufficient? What regulations are required, at the national and the European level? What simpler, more direct, policies to address poverty in later life, especially those that do not stigmatise poor older adults? Is raising social minimum pension levels the way forward, and if yes, is it politically feasible?

Finally, steps should be taken to ensure financial sustainability of social protection systems. The latter face many challenges, but most especially, adapting to changes in family structure, unstable work patterns, and age profile of populations. Following the advice of the United Nations' (2002) regional plan for Europe, the following policy objectives should be met as part of this commitment: (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 ensure adequate protection for the most vulnerable groups in society.

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