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FERPA's reactions to the Joint Report of the Commission and the Social Protection Committee of the European Union on Long-term Care and Adequacy of Pensions in an Ageing Society

FERPA welcomes the quality and the richness of this new Joint Report which deals both with the adequacy of pensions in an ageing society and with long-term care, even if it arrives with a certain delay in relation to current events, which can be understood. It is very interesting to bring together in one report the two approaches, one on pension adequacy and the other on long-term care. Indeed, they have related consequences on the living conditions of elderly and retired people and condition their possibilities to "live in dignity" and to "have an adequate income", in accordance with pillars 14 and 15 of the European Social Rights Framework.

Regarding the adequacy of pensions, as underlined in this Report and confirming its own studies, FERPA deplores "that after a decade of improvement, no further progress (has) been made to reduce the risk of poverty or social exclusion of older people in the European Union...(or) that they have even slightly increased since 2016". Thus, the extent of poverty among older people has continued to increase progressively over the last three years, i.e., as the Report also notes: poor older people are increasingly outpacing the rest of the population. And if the overall target in the EU is to reduce the number of poor people by 15 million, what target is set for the retired and elderly?
On the other hand, growing income inequality is a real threat to social cohesion in the EU.
This is why, as FERPA demands, a minimum public pension should be introduced in all EU countries, but above all this minimum pension should be higher than the poverty threshold of the country concerned, which is far from being the case in the EU countries. The current system of pension indexation should also be improved, as in many countries it does not cover the loss of purchasing power of pensioners.

Another worrying observation is that "gender inequalities increase in old age" and "they are even greater than in the working population". Of course, for FERPA as for ETUC, the answer lies in equal pay for men and women in working life, but this is not enough to compensate for the non-acquisition of pension rights for career breaks, in particular for the education or care of children, and now even elderly parents. As called for by FERPA and suggested by the Report, an adequate response would also be the introduction of pension credits to compensate for these career breaks.

Contrary to what is said in the Report, in order to maintain adequate pensions, FERPA does not believe that the solution would be to increase the length of careers, in other words to raise the legal retirement age or to adjust it to life expectancy. This ignores the worrying fact that people are entering the labour market later and later. In other words, the answer to the sustainability of pensions lies in the development of employment and quality employment and in combating youth unemployment.

Another element of response to ensure the sustainability of pensions, and which is mentioned in the Report and supported by FERPA, is to rethink the modes of financing social protection and pensions in particular, especially as the income from work is decreasing as well as the employers' contribution to pension schemes. Today, the financing of pensions is essentially based on contributions based on salaries. In the end, this method of financing may prove to be a brake on the hiring of new employees and thus on the development of quality employment. The tax system could be put to greater use by exploring other avenues of fiscal resources.

As FERPA has been denouncing for many years and as the Report recognises, the pension reforms carried out in recent years have led to a fall in the income of retired people. It is urgent that other reforms are undertaken, less focused on the economy but more on social issues and social cohesion.

For FERPA, the development of supplementary pension schemes, especially defined contribution schemes - even if they exist - does not seem to be the adequate answer to the adequacy of pension systems. First of all, they are unequal: indeed, only people with sufficient income can contribute to them. Moreover, only people with permanent contracts are concerned, all atypical and precarious contracts are excluded. And finally, for the retired person, the amount of his or her pension will depend on the financial markets of the moment and on stock market fluctuations.

And if it is difficult today to measure the consequences of the impact of the pandemic on the elderly, as the Report acknowledges, it would be unacceptable for FERPA if retired people were to bear the brunt of it alone, for example by lowering the amount of their pensions or by reducing or blocking social budgets and, in particular, those for social protection.

As far as long-term care is concerned, FERPA agrees with the findings of the Report and the information given therein, as they are in line with its own analyses and findings. For example, the foreseeable increase of long-term care in the coming years, due to the fact that life expectancy is increasing, even if long-term care is not exclusive to the elderly: at any age, people can become dependent.

The pandemic has highlighted the problems that existed within institutions for dependent elderly people and that FERPA wishes to underline and denounce: insufficient qualified staff, little social and salary recognition for the - mainly female - staff working there, priority given to financial profitability at the expense of quality, etc...

This issue is closely linked to that of the adequacy of pensions and it is alarming to note that over the last three years, too many elderly Europeans, mostly women, cannot afford the necessary long-term care. And the Report gives the example that one in three people cannot afford home care.

As for care facilities for the elderly, the challenges are immense both in terms of financial "affordability" and geographical access.

The working conditions of the staff sometimes have consequences for the elderly residents, leading to abuse. In these sectors, a real social dialogue should be set up to regulate working conditions, training/qualification and salaries.

For FERPA, it is alarming that too many elderly people cannot access the quality treatment and care they need.

As for informal care, for FERPA, the role of "carers" must be economically and socially recognised.

More generally, the long-term care sector is a real source of jobs, but on the condition that there are real opportunities for qualifications in these professions, particularly with regard to the development of new technologies, and above all social recognition in relation to the human role that all the staff involved, whether at home or in institutions, play in an ageing society.

Faced with these challenges, human and financial resources will have to be made available, both at European and national level, and there will have to be a real political will in all Member States to implement principle 18 of the European Pillar of Social Rights, which stipulates that "everyone has the right to affordable and good quality long-term care services, in particular home care and community-based services".

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