

To: Personal Insurance Committee; Statistics Working Group; Long Term Savings Project Group

European Commission publishes report on economic and budgetary impact of ageing

The European Commission (EC) has published its [2021 Ageing Report](#), outlining long-term projections of the economic impact of the ageing population in the EU Member States and Norway, including long-term budgetary projections on pensions, health care, long-term care, and education. The report, covering the 2019–2070 period and providing detailed statistics per individual country, serves to identify policy challenges for governments posed by projected demographic trends.

In terms of general observations, the report indicates that:

- The total population of the EU is projected not only to decline over the long term, but also to experience a significant change in its age structure in the coming decades. The fiscal impact of ageing is projected to represent a significant challenge in almost all Member States.
- By 2070, the EU's share of the total world population is forecast to shrink to 3.7%, from its current value of 5.7% (2020), and the share of the old people in its population will be the second highest globally among large economies;
- The old-age dependency ratio is projected to sharply increase over the long-term, with less than two working-age persons for every person aged 65 and more by 2070.
- In most of the EU Member States, legislated pension reforms are projected to have a significant impact on the labour market participation of workers aged 55-64, with differences across the EU depending on their magnitude and phasing in.
- The expected increase in the participation rates between 55-64 years old is much higher for women.
- However, labour supply for those aged 20 to 64 in the EU is projected to fall by 15.5% over 2019-70, of which 2.8% by 2030 and a further 13.1% between 2030 and 2070.
- In several Member States, a decline of pension spending is projected over the long-term, as a result of past pension reforms, including measures reducing the benefit ratio and increasing the retirement age.
- The minimum pension benefit ratio should remain broadly stable over the long-term, while private pensions would allow completing pensioners' income where available.

Next steps

- The EC is also expected to release a Pension Adequacy Report. The exact date of publication is to be confirmed.

For more info

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