



# Press release

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## ***Potential labour force remains in tact thanks to the people over 65***

- No long-term shrinkage of the potential labour force expected when the age for entitlement to General Old Age Pension (AOW) is raised
- AOW entitlement age expected to be raised to 68 in 2030
- In 2040, 26 percent of the population will be over 65 compared to the current 16 percent
- More AOW claimants in 2040 despite raising the entitlement age
- Population up by 47 thousand in 2012
- Dutch population expected to reach 17.8 million by 2040 and 17.9 million by 2060

With the proposed raising of the age at which people are entitled to General Old Age Pension (AOW), the number of people aged over 65 in the potential labour force will reach 0.8 million in 2040. This is predicted in the new population forecast by Statistics Netherlands. The total potential labour force, defined as all people aged between 20 and the AOW entitlement age will reach 10.1 million. This is the same number as at the start of 2012. In 2040 the Dutch population is expected to reach 17.8 million, a million more than at the start of 2012.

### ***Potential labour force back to the current level shortly***

Until 2016 the potential labour force is reduced by about 50 thousand. Due to the proposed increase in the AOW entitlement age, there will be growth after this though. By the mid 2020s the potential labour force is expected to be 0.3 million larger than at the start of 2012, and then return to 10.1 million by about 2040. Next, the potential labour force is expected to increase again.

According to the new population forecast, the share of people over 65 in the potential labour force will reach 8 percent in 2040 and 12 percent in 2060. How this age increase will be reflected in the age structure on the work floor depends on the extent to which the labour participation of older people keeps pace with the rise in the AOW entitlement age.

### ***Living longer, working longer***

The Dutch government coalition agreement for 2013-2017 includes a step-by-step increase in the AOW entitlement age from 65 in 2012 to 67 in 2021. After

2021 the rate at which the entitlement age will rise is determined by the developments in life expectancy.

The new population forecast expects the remaining life expectancy at age 65 to rise from the current 19.5 years to 22.5 years in 2040 and to 24.9 years in 2060. This would mean a step-by-step rise in the AOW entitlement age by 3 months once every two to three years. So the entitlement age would reach 68 in 2030 and 69 by 2038. For 2060 the entitlement age is expected to start at 71 years and 6 months. But because developments in life expectancy cannot be predicted with absolute certainty, the entitlement age may be several years higher or lower in 2060.

### ***The greying Dutch population***

In the next few decades the Dutch population will be greying rapidly. The number of people over 65 is expected to rise from the current 2.7 million to 4.7 million in 2040 and stay at about that level. The number of people over 80 is expected to increase from the current 0.7 million to a maximum of 2 million around 2055. After 2040 some 26 percent of the population will be 65 or older, compared to 16 percent early in 2012. The previous population forecast predicted a decrease in the number of people over 65 after 2040. Due to the predicted rise in long-term life expectancy, there will hardly be a decrease according to the new forecast.

### ***Rise in AOW claimants despite rise in entitlement age***

The number of people entitled to the AOW-General Old Age Pension will increase by 1.2 million until 2040. The ratio between this number and the potential labour force, called the grey pressure, will therefore increase. At the start of 2012 there were 3.7 people in the potential labour force for each person entitled to AOW. By 2040 the ratio is expected shrink to 2.6 and by 2060 it is expected to be up to 3.1. If the entitlement age were not raised, then the population forecast predicts a ratio of 2 people in the potential labour force to every AOW claimant in 2040. This ratio is then expected to stay the same for the next twenty years.

### ***Population growth of 47 thousand in 2012***

In 2012 the Dutch population increased by 47 thousand, 27 thousand fewer than in 2011. This is mainly because more migrants left than entered the country. Many migrants from the eastern EU member states left the Netherlands in 2012, possibly due to the deteriorating labour market. Immigration from Asia and Africa also decreased. The number of births was slightly lower while the number of deaths increased.

### ***Population growth of 1.1 million until 2040***

Despite the decreasing population growth in 2012, a considerable population increase is predicted over the next few decades. By 2040 the population in the Netherlands is expected to reach 17.8 million, 1.1 million more than at the start of 2012. A modest year-on-year growth is predicted for the two decades following that. Each year the death rate will exceed the birth rate, but this will be compensated by immigration. The predicted population size in 2060 is 17.9 million.