

Austria: Government does away with early retirement model

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Austria's conservative/green government coalition has decided to gradually abolish one of the country's models for early retirement, called the 'blocked progressive retirement' model by 2029. The system involves public subsidies of early retirement and it was originally introduced to enable a smooth transition into retirement. According to the trade unions, the is a step aimed at keeping workers in employment for as long as possible before the statutory retirement age and it particularly hit vulnerable groups in the labour market.

Blocked early retirement can be started five years before normal retirement age and it can be used over a period of five years. Employees who can reduce their working hours by between 40% and 60%, receive 50% of their lost wages. In return, the employers receive part-time retirement benefits from the state and has the obligation to hire a replacement for the individual employee/worker that goes on partial retirement. This provision will fortunately remain in place. The parties in the Austrian government argue that the scheme does not fulfil any essential labour market policy objectives, but rather has the character of an early old-age pension.

The government wants to gradually eliminate reimbursement of expenses for the block time variant in order to reduce the incentives for this model. From 2024 to 2027, the share to be compensated is to fall from the current 50% to 20% and thereafter by 10% per year. Partial retirement benefits will - according to the government's plan - no longer exist from 2029 onwards. They do not want to stimulate early retirement with public funds.

PRO-GE's view is the contrary as the subsidy to the employer for blocked partial retirement of an individual worker is linked to the obligation to hire a replacement worker and it is cost-efficient. If one compares the average "costs" of 10,000 euros per blocked partial retirement with the average unemployment benefit of 12,850 euros per year, even those who only see the figures, must realise that the abolishment of blocked progressive retirement is counterproductive.

The social democratic party and the trade unions have all protested this measure, which further augment 'the many setbacks suffered by workers in recent years', says social democrat Rainer Wimmer, who points out that women have often opted for the block model, as have shift workers, who cannot choose any other existing model for early retirement due to the nature of their work. 'After the abolition of the pension without deduction after 45 years of work, this is the next measure that amounts to a slap in the face for workers', says the president of PRO-GE, Reinhold Binder, who believes that many workers are unable to make it to their statutory retirement age due to the physical and mental strain of their work.

In Austria, there have also been worsened conditions for carers, for example deteriorated parental leaves. On 20 September, the Austrian trade union confederation (ÖGB) with its affiliates, such as PRO-GE, staged an action. It was a four-kilometre-long human chain to underline demands to the government for measures to dampen inflation and combat the cost-of-living crisis.